



Agenda Item C.1
DISCUSSION/ACTION ITEM
Meeting Date: February 17, 2009

TO: Mayor and Councilmembers
FROM: Daniel Singer, City Manager
SUBJECT: Sanitary District Detachment Update

RECOMMENDATION:

Receive a verbal update from staff and the Council's ad-hoc committee on the Goleta West Sanitary District detachment application and provide further direction or input on the subject.

BACKGROUND:

On February 3, 2009, the City Council gave direction to the City Manager to move forward with an application to the Local Area Formation Commission ("LAFCO") to pursue detachment from the Goleta West Sanitary District (the "District"). The District, speaking on the matter, asked the Council to support further discussions and negotiations between our two entities. In response, Council initiated two actions; first, to submit our application for detachment to LAFCO, and second, to establish a sub-committee of the Council to work with staff and pursue further discussions with the District. Mayor Aceves and Councilmember Easton were appointed to the sub-committee.

The Council also asked staff to agendize this matter for the evening session of the February 17, 2009 City Council meeting in order to provide an update on the discussions with the District.

DISCUSSION:

On February 4, 2009, the City contacted the District to schedule a meeting between our respective sub-committees and staff members. A tentative date of February 11, 2009 was established to allow for any recommendations which might come out of that meeting to be presented to the Council at the February 17, 2009, meeting. Unfortunately, the District did not accept the meeting invitation and questioned the value of meeting with the City in light of the LAFCO application submittal (see attached correspondence from the District). A meeting between our two organizations is still being pursued by City staff.

On February 5, 2009, the City submitted the completed application to LAFCO. LAFCO has now issued a Notice of Receipt of Application Materials letter (copy attached) and has initiated requests for further information from both the Goleta Sanitary District and Goleta West Sanitary District.

Since the afternoon City Council meeting of February 3, 2009, the District has held three public meetings (albeit one was solely a closed session discussion pursuing legal challenges to the City's detachment proposal). District agendas for these meetings along with corresponding minutes are attached for Council's review. The February 10, 2009 agenda represents direction given by the District Board at their February 3, 2009 meeting to pursue numerous options inconsistent with the City's detachment application and includes options related to expending District reserves. Minutes from this meeting are not yet available.

On February 9, 2009, the City's sub-committee met with staff to review these and other matters pertaining to the detachment application. The committee may have additional information to share with Council at the February 17, 2009 meeting, however in light of the fact that the District and City were not able to meet prior to the Council meeting, there may be little, if any, new information to share. As a result, this report, and any additional information provided at the Council meeting is designed as an update on this subject; no Council action is anticipated at this time.

Submitted By:

Reviewed By:

Daniel Singer
City Manager

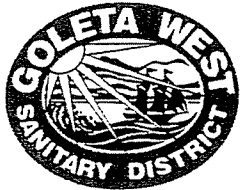
Michelle Greene
Admin. Services Director

Attachments:

1. Correspondence from the Goleta West Sanitary District
2. LAFCO Notice of Receipt of Application Materials
3. Goleta West Sanitary District Special Board Meeting Agendas and Minutes

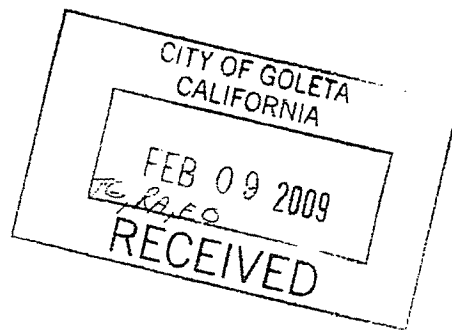
ATTACHMENT 1

Correspondence from the Goleta West Sanitary District



P.O. Box 4, Goleta, CA 93116-0004

805 / 968-2617 • FAX 805 / 562-8987



February 6, 2009

BY HAND DELIVERY

Mr. Daniel Singer
City of Goleta
130 Cremona Drive
Goleta, CA 93117

Dear Mr. Singer:

The District has been contacted by a representative from your office to set up a meeting between two members of the City Council, two members of the Goleta West Board, and staff from the City and the District.

When District representatives suggested a meeting at Tuesday's City Council meeting, it was with the intent of discussing the issues prior to the submission of the detachment proposal to LAFCo. The District learned yesterday that the application has been filed with LAFCo by the City, and thus it is no longer possible to have the kind of pre-filing meeting we envisioned.

However, if the City would like to open discussions with the District, we would be happy to meet with you. Please let us know.

Sincerely,

Mark Nation
General Manager/Superintendent

cc. GWSD Board of Directors
General Counsel

ATTACHMENT 2

LAFCO Notice of Receipt of Application Materials

LAFCO

Santa Barbara Local Agency Formation Commission

105 East Anapamu Street ♦ Santa Barbara CA 93101

805/568-3391 ♦ FAX 805/647-7647

www.sblafco.org ♦ lafco@sblafco.org

CITY OF GOLETA
CALIFORNIA

NOTICE OF RECEIPT OF APPLICATION MATERIALS

FEB 10 2009

RECEIVED

February 6, 2009

This notice is written to inform you that the Santa Barbara Local Agency Formation Commission has received application materials for the following proposal:

Proposal No. LAFCO 09-1
Short Title City of Goleta Detachment from Goleta West Sanitary District
Size Approximately 2,421 acres (4 square miles)
Location That portion of the Goleta West Sanitary District which is located within the City of Goleta, generally from La Patera Lane on the east to the Barcara Resort on the west
APNs Numerous

Government Code Section 56658 (b) requires that this notice be given to all interested, affected and subject agencies, the County Committee on School District Organization and superintendent of each school district that overlies the proposal area.

The LAFCO staff has made no determinations about the accuracy or completeness of the application. Government Code Section 56658(e) requires that no application be accepted for filing for at least twenty (20) days after this notice is issued.

For further information about the application received please contact the LAFCO office.



MARY EVERETT
Clerk to the Commission

cc: Each Member of the Commission

ATTACHMENT 3

**Goleta West Sanitary District Special Board Meeting Agendas
and Minutes**

F. Other Directors' Reports:

11. ADJOURNMENT:

Written materials relating to an item on this Agenda that are distributed to the Goleta West Sanitary District within 72 hours before it is to consider the item at this meeting will be made available for public inspection at the District administrative offices located at UCSB Campus, Parking Lot 32, Santa Barbara, CA, during normal business hours.

The Goleta West Sanitary District Board Room is accessible to people with disabilities. If additional accommodations for the disabled are needed please call the District's Office Manager at (805) 968-2617 or e-mail your request to info@goletawest.com in advance of the meeting.

NEXT RESOLUTION NO. 715

NEXT ORDINANCE 79

**GOLETA WEST SANITARY DISTRICT
Special Board Meeting
AGENDA
Date: February 10, 2009
7:15 P.M.
UCSB Campus, Parking Lot 32
Santa Barbara, CA 93106
(District Office)**

1. **CALL TO ORDER:**
2. **ROLL CALL: Members: President Lewis, Director Bearman,
Director Geyer, Director McFarland, Director Meyer**
3. **APPROVE THE ORDER OF THE AGENDA:**
4. **APPROVAL OF THE MINUTES FROM:
Special Meeting of February 2, 2009
Regular Meeting of February 3, 2009
Special Meeting of February 5, 2009**
5. **QUESTIONS / COMMENTS FROM THE PUBLIC ON ANY ITEM NOT ON THE
AGENDA:**

BUSINESS (The Board will discuss and may take action on the following items.)

6. **DISCUSSION OF HOLDING A SEWER FEE INCREASE PUBLIC HEARING**
7. **APPROVAL OF LEGAL SERVICES AGREEMENT WITH COLANTUONO & LEVIN,
PC**
8. **WORKSHOP REGARDING GOLETA WEST SANITARY DISTRICT HEADQUARTERS
NEEDS ASSESSMENT**
9. **CLOSED SESSION: Conference with Legal Counsel—Anticipated Litigation
Initiation of Litigation pursuant to subdivision (c) of Section 54956.9 (one case)**
10. **ADJOURNMENT:**

**MINUTES OF THE SPECIAL MEETING
OF THE GOLETA WEST SANITARY DISTRICT
UCSB CAMPUS, PARKING LOT 32, SANTA BARBARA, CALIFORNIA
February 2, 2009**

CALL TO ORDER

President Lewis called the meeting to order at 7:15 p.m.

BOARD MEMBERS PRESENT

Dave Bearman, M.D.
Craig Geyer
Dr. David C. Lewis
Larry D. Meyer

BOARD MEMBER ABSENT

Gary L. McFarland

STAFF PRESENT

Diane P. Powers, Secretary; Mr. Mark Nation, General Manager/Superintendent; Mr. Steven A. Amerikaner, General Counsel

OTHERS PRESENT

Ms. Alexandra M. Barnhill, Brownstein, Hyatt, Farber, Schreck; Mr. George W. Emerson and Mr. John R. Fox, Directors, Goleta Sanitary District; Ms. Kathy Johnson and Ms. Kathleen Werner; Mr. Bert Bertrando, Director, Goleta Water District; Mr. William R. Gilbert; Mr. Roger Lagerquist and Mr. Ken Warfield, Isla Vista Association; Dan Singer, City of Goleta

ORDER OF THE AGENDA

There was no change to the order of the agenda.

PUBLIC INPUT

There was no public input presented at this time.

BUSINESS

1) DISCUSSION REGARDING CITY OF GOLETA DETACHMENT PROPOSAL

A letter prepared by Counsel and dated February 3, 2009 to the City of Goleta was distributed to the Board. Mr. Steven A. Amerikaner reported that the Board appointed Ad-Hoc Committee had met on two occasions and that the letter is a result of those meetings. Director Bearman asked if the questions posed by the Board at the January 27, 2009 Special Board Meeting had been addressed. Mr. Amerikaner replied to the affirmative. Counsel requested that the Board review the letter and authorize signature and delivery to the City of Goleta for their City Council Meeting on February 3, 2009. Mr. Amerikaner then reviewed portions of the letter with the Board.

Mr. Ken Warfield commented that he is angry that the District is sitting on so much money since that motivated the City of Goleta Detachment Proposal. Director Bearman replied that an explanation is needed as to where the funds are being directed and that the District may want to revisit merger with the Goleta Sanitary District.

President Lewis remarked that the District has determined it is better to remain as it is rather than building its own treatment plant.

Mr. Bert Bertrando advised the Board that the 20 million dollars set aside for the Goleta Sanitary District plant upgrade should somehow be protected since the upgrade is State mandated. He wanted to know if the funds could be placed in a trust fund. Mr. Amerikaner replied that additional research is required and that he will check into ways to preserve the District's reserve funds. Mr. Bertrando queried that if the City of Goleta is interested in running a sewer service then why not also detach the area east of Los Carneros from Goleta Sanitary District. Director Meyer said that he is not sure the City of Goleta knew what they were buying into. He believes that they are buying into a negative cash deal since they will be required to give some monies to the County.

Director Geyer stated that he is very pleased with the letter prepared by Counsel.

Director Bearman said that the detachment proposal is basically a tax increase masquerading as a fee increase. He went on to say that the move to full secondary treatment is just the first step and that tertiary treatment is eventually to follow. Director Bearman added that merger with the Goleta Sanitary District would help to furnish funds for this purpose. He recognized that the City of Goleta is making this issue more of a mess and wanted to know where the complete LAFCO report is. Director Geyer pointed out that additional monies will need to be available to finance the higher cost of operating the upgraded treatment plant.

Director Bearman encouraged the Board to appear at the City of Goleta Council Meeting with questions aimed at how this detachment proposal is good for the people of the Goleta Valley. Director Meyer mentioned that this proposal is not a winning proposition for the City. Director Geyer acknowledged that the City of Goleta wants the District's property tax revenue and that they should have contacted the District first prior to preparing the Detachment Proposal. Director Meyer observed that if the City is so desperate for funds then they should seriously think about a utility tax.

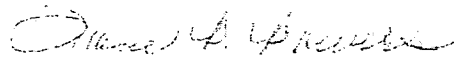
(09-02-12)

Upon a motion by Director Geyer, seconded by Director Bearman the Board unanimously approved the January 3, 2009 letter to the City of Goleta as written.

Mr. John R. Fox informed the Board that the Goleta Sanitary District will have a representative at the February 3, 2009 City of Goleta Council Meeting. He went on to say that he understands that the District's property tax should be used for wastewater purposes and street sweeping and should not be used to bail out the City of Goleta.

ADJOURNMENT

There being no further business, President Lewis adjourned the meeting at 7:59 p.m.



Diane P. Powers, Secretary

APPROVED



Dr. David C. Lewis, President

**MINUTES OF THE REGULAR MEETING
OF THE GOLETA WEST SANITARY DISTRICT
UCSB CAMPUS, PARKING LOT 32, SANTA BARBARA, CALIFORNIA
February 3, 2009**

CALL TO ORDER

President Lewis called the meeting to order at 7:15 p.m.

BOARD MEMBERS PRESENT

Dave Bearman, M.D.
Craig Geyer
Dr. David C. Lewis
Gary L. McFarland
Larry D. Meyer

STAFF PRESENT

Diane P. Powers, Secretary; Mr. Mark Nation, General Manager/Superintendent; Mr. Mr. Steven A. Amerikaner, General Counsel

OTHERS PRESENT

Ms. Alexandra M. Barnhill, Brownstein, Hyatt, Farber, Schreck; Mr. George W. Emerson and Mr. John R. Fox, Directors, Goleta Sanitary District, Mr. Ken Warfield and Mr. Roger Lagerquist, Isla Vista Association; Mr. Joshua Molina, Daily Sound

APPROVE THE ORDER OF THE AGENDA

There was no change to the order of the agenda.

MINUTES

(09-02-13)

Upon a motion by Director Meyer, seconded by Director Geyer the Board unanimously approved the minutes of the regular meeting of January 20, 2009 as written.

(09-02-14)

Upon a motion by Director Meyer, seconded by Director Geyer the Board unanimously approved the minutes of the Special Meeting of January 27, 2009 as amended.

PUBLIC INPUT

There was no public input presented at this time

BUSINESS

1) **Discussion of proposed Detachment of the City of Goleta from Goleta West Sanitary District**

Mr. Steven A. Amerikaner provided a report on the January 3, 2009 City of Goleta Council Meeting. He informed the Board that all those who addressed the Council members spoke against the proposal. Mr. Amerikaner went on to say that the Goleta City

Council formed an Ad-Hoc Committee to meet with the District's Ad-Hoc Committee and to report back to the Council in two week's time. He reported that the City Council voted unanimously to proceed with their application to LAFCO for the detachment of the Goleta West Sanitary District. The LAFCO hearing is scheduled for sometime in March.

Director Geyer commented that the City believes the District's funds are safe with them. Director Bearman asked what would happen if the District were to propose merger with the Goleta Sanitary District to LAFCO at the same time that the City of Goleta submits their proposal for detachment. Ms. Barnhill replied that competing proposals would require LAFCO to prioritize one proposal. She explained that further research is required. Mr. Lagerquist pointed out that the City Manager does not believe that there will be any rate increase and that the District has been saving monies for 30 years when they only knew for 5 years that the funds would be needed for the treatment plant upgrade. The City Manager believes that the District has hoarded the monies and kept it from the public good and that the City would do a better job of managing the funds. Director Meyer mentioned that a treatment plant cannot operate for more than 20 years without some type of upgrade. Director Bearman responded that the Board has been committed for many years to go full secondary and that the City does not know what they are talking about. He added that the District should remain on its current path and make good government arguments.

Mr. Fox commented that the City Manager does not have a good understanding of Prop. 1A. Director Geyer pointed out that the City Manager said this is about the money. He recommended that the Board place the monies earmarked for the plant upgrade into a dedicated account that the City of Goleta would not be able to attach. Director McFarland stated that the City has a desperate need for our monies and wants a Closed Session scheduled to discuss the District's legal options. President Lewis concurred. Director Bearman replied that the Board should react reasonably and that legal options are crucial. Mr. Amerikaner reminded the Board that any arguments are not going to change the City's process. He further commented that his office will analyze the LAFCO application and asked the Board what issues they want the Ad-Hoc Committee to address.

Director Meyer remarked that the City believes that they will secure all the District's funds. Director McFarland stated that it is of great importance that the District educates its constituents. Director Bearman commented that another meeting should be scheduled for next week.

Mr. Amerikaner observed that the City is only interested in revenue enhancement and not in running a sanitary district or updating a treatment plant. He suggested that the District's Ad-Hoc Committee discuss alternatives to detachment when meeting with the City's Ad-Hoc Committee. Director McFarland responded that the City of Goleta should just dissolve as an alternative to LAFCO. Director Geyer asked if the District would consider surrendering its property tax in lieu of detachment.

Mr. Amerikaner stated that the District should deal with the detachment proceeding with LAFCO and litigate if necessary. For the sake of time, Mr. Amerikaner asked the Board what they are most interested in accomplishing.

Director McFarland: Do not negotiate forfeiting District funds. The City should look at alternatives rather than solving their problems by coming to the District.

Director Geyer: The District has reserves for a reason and he would entertain giving the City the District's property tax stream.

Director Meyer: Do not negotiate reserves; reluctant to give up property tax.

Director Bearman: Agrees with Director McFarland. District funds have been earmarked for sewer services. Put the detachment to a vote of the rate payers. The City of Goleta is a failed government entity. What are our responsibilities, what were we elected to do?

The Board scheduled a Closed Session Meeting for Thursday February 5, 2009 at 7:15 p.m.

2) Review FY 2008-2009 Second Quarter Financial Report

(09-02-15)

Upon a motion by Director Geyer, seconded by Director Bearman the Board unanimously approved the FY 2008-2009 Second Quarter Financial Report as presented.

COMMUNICATIONS

The communications were noted as received.

REPORTS

Operating Report

Staff provided a written report to the Board, which has been made a part of these minutes.

Mr. Mark Nation provided a brief review of said report.

Finance Committee

The topic of the Finance Committee Meeting was addressed as an item under business.

Ad-Hoc Committee Meeting

The topic of the Ad-Hoc Committee Meeting was addressed as an item under business.

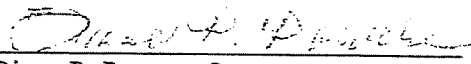
Goleta Sanitary District Board Meeting

Director Meyer provided a report on the February 2, 2009 Goleta Sanitary District Board Meeting.

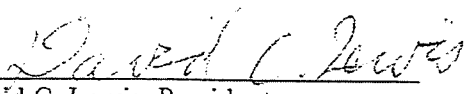
ADJOURNMENT

There being no further business, President Lewis adjourned the meeting at 8:40 p.m.

Minutes of the Regular Meeting
of the Goleta West Sanitary District
February 3, 2009
Page 4


Diane P. Powers, Secretary

APPROVED


Dr. David C. Lewis, President

**MINUTES OF THE SPECIAL MEETING
OF THE GOLETA WEST SANITARY DISTRICT
UCSB CAMPUS, PARKING LOT 32, SANTA BARBARA, CALIFORNIA
February 5, 2009**

CALL TO ORDER

President Lewis called the meeting to order at 7:15 p.m.

BOARD MEMBERS PRESENT

Dave Bearman, M.D.
Craig Geyer
Dr. David C. Lewis
Gary L. McFarland
Larry D. Meyer (arrived 7:16 p.m.)

STAFF PRESENT

Diane P. Powers, Secretary; Mr. Mark Nation, General Manager/Superintendent; Mr. Steven A. Amerikaner, General Counsel

OTHERS PRESENT

Ms. Alexandra M. Barnhill, Brownstein, Hyatt, Farber, Schreck

ORDER OF THE AGENDA

There was no change to the order of the agenda.

PUBLIC INPUT

There was no public input presented at this time.

BUSINESS

- CLOSED SESSION: Conference with Legal Counsel—Anticipated Litigation Initiation of Litigation pursuant to subdivision © of Section 54956.9 (one case)**

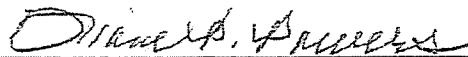
The Board went into Closed Session at 7:17 p.m.

The Board returned to open session at 8:58 p.m.

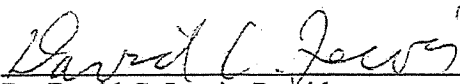
No action was taken.

ADJOURNMENT

There being no further business, President Lewis adjourned the meeting at 8:59 p.m.


Diane P. Powers, Secretary

APPROVED



Dr. David C. Lewis, President