

**EMERGING FROM THE SHADOWS: A CASE STUDY OF GOLETA  
INCORPORATION**

By

**UMA KRISHNAN**

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Professor Briavel Holcomb  
and approved by

*David Holcomb*

*Briavel Holcomb*

*Julia S. Rubin*  
*Margaret J. Simon*

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# **ABSTRACT OF THE DISSERTATION**

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### **INCORPORATION**

by **UMA KRISHNAN**

**Dissertation Director:**

**Professor Briavel Holcomb**

Local governance struggles including municipal incorporations and city annexations have been the subjects of public and scholarly debates on metropolitan area administrations and their effects on land use, urban services and quality of life issues for area residents. Central to this dissertation is one such governance struggle that took place in the California's Goleta Valley.

Goleta Valley lies in the sun drenched southern California coastline. It remained a large densely populated unincorporated area in Santa Barbara County. Casting a shadow on the Valley's identity was its glamorous neighbor, the City of Santa Barbara. During the time period 1970-1995, one annexation proposal and three slightly different incorporation referendums were defeated at the polls. The focus of this dissertation is the fifth and successful incorporation bid that resulted in cityhood for Goleta in the year 2001.

The research question that is addressed by this thesis is how and why Goleta Valley was able to incorporate successfully while competing against a reactionary and defensive annexation bid by the City of Santa Barbara. The research also attempts to discern the differences between the successful effort and earlier

unsuccessful initiatives. The research strategy applied was the case study method. The logic of employing a single-case study design is based on the rationale that Goleta incorporation was a revelatory case that held the significant possibility of uncovering aspects of the incorporation process that were previously unknown in the literature.

The research findings reveal varying levels of support for separate incorporation theories. In contrast to the theorization of a single strong motive, the case reveals that the proponents in fact have multiple equally strong motives. Further, the Goleta case demonstrates that standard linear regressions will not fully explain successful incorporations. Instead, hedonic regressions or logit models are better suited to explain the effect of “residual” factors in incorporation struggles. In the Goleta case, “ground politics” and “access to funding resources” played a significant role in making the initiative a success. Goleta incorporation also renders some support for Marxian incorporation theories. Additionally, Goleta highlights the role that the boundary entrepreneurs play in shaping local governance battles.

## ACKNOWLEDGEMENTS

The quest to attain a doctoral degree is undeniably long and arduous. Also, it is certainly not a solitary journey. It is only through the support of the dissertation committee, family members and friends that one is able to complete this voyage. As I get ready to successfully complete my dissertation, I take this opportunity to acknowledge contributions and also express my gratitude to many people.

I begin with a heartfelt “thank you” to my advisor Briavel Holcomb whose invaluable guidance, encouragement and kindness astonishes and humbles me. I surely could not have done it without the right mix of academic discipline and freedom provided by Bria. My other three committee members are equally praiseworthy. I would like to thank David Listokin, Julia Sass Rubin and Marcelo Diversi for their valuable input, interest and kindness. Once again, I would like to say that I am deeply grateful to my entire committee.

My life in Goleta was rich in experience and learning. There are many in the Valley that I wish to thank. I begin with the time, encouragement and insights provided by Margaret Connell, founding member of Goleta*NOW!* and the first Mayor of Goleta. I also wish to thank people like Matt, Bob Braitman, and several County and City staff for their insights. Thank you to the people of Goleta Valley.

I would like to close this acknowledgement with utmost gratitude to my family. This work could not have been completed without Sunil, my husband, shouldering a disproportionate amount of household responsibilities. My gratitude and love to Utsav, my young nine year old for making no demands on my time and assistance as I worked. I thank my mother and father for their inspiration and prayers, and all members of the Krishnan and Kapoor family for their support and pride in my accomplishment.

## **DEDICATION**

**For my parents, Lakshmi (Ammal) & Anantha Harihara Krishnan (Appaji)**

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## CHAPTER ONE

### INTRODUCTION

Much has changed over the nearly 240 years since Fr. Crespi, the diarist of the Portola expedition, referred to the narrow coastal plain that we know today as the Goleta Valley as "The Good Land" (Walker A. Tompkins, *Goleta: The Good Land*, 1966). What remains unchanged is the perception of the area's residents that they live in a special environmental setting.

Goleta General Plan (2006: 1-1)

#### 1.1 STATEMENT OF THE PROBLEM

In the year 2001 my family relocated to a geographic area that was then commonly referred to as the Goleta Valley. At the time, to a newcomer like myself, the most distinguishing feature of this beautiful sun drenched place nestled between the Pacific Ocean on one side and the Santa Ynez Mountain on the other seemed to be Goleta's proximity to its glamorous and popular neighbor, the City of Santa Barbara. I recollect explaining my location to family and friends on several occasions as being "right next to Santa Barbara"! In fact, a location search in *Wikipedia*, the online Encyclopedia used to bring up the following identical map for both Goleta and Santa Barbara, symbolic of the identity crisis apparently resonating in the Goleta Valley:

**Figure 1.1**  
**Map Location of Goleta & Santa Barbara**



Source: Wikipedia, 2007

About the same time period Goleta Valley was rampant with discussions of “Cityhood”, “Incorporation”, “Annexation” and last but not the least “please be supportive of Measure H”. At the time, most of the above discussion did not make much sense to me. I felt like a curious bystander who really did not have much understanding of these events as well as someone who really did not have much stake in this process *Measure H* or its outcome. However, coming months revealed that I was indeed wrong and that the creation of political jurisdictions does have an impact on all its residents.

Media Accounts of Goleta’s incorporation efforts were a source of information for uninformed residents like me. These narratives mentioned that *Measure H*, a ballot initiative for the year 2001, was in fact the fifth attempt at incorporation by Goleta residents. The following chronology of incorporation efforts has been reproduced from the local newspaper, *Santa Barbara News Press* (June 2<sup>nd</sup> 1999):

**Table 1.1**

**Chronology of Goleta Incorporation Proposals**

Year	Initiative
1987	<u>Measure Q</u> : Cityhood for an area that included the Goleta Valley and sections of neighborhood called Hope Ranch. The Measure was defeated with 66% of votes against it.
1990	<u>Measure V</u> : Cityhood for most of Goleta Valley but without a section called Isla Vista. The Measure lost with 55.5% of votes opposed.
1993	<u>Measure S-93</u> : Cityhood for boundary similar to Measure V. The Measure was defeated with 57 percent of the ballots against.
1997	A proposal for Goleta Beach to include Isla Vista but exclude eastern sections of a neighborhood called Patterson failed to qualify for the ballot for lack of petition signatures and funding.
2001	<u>Measure H</u> : Cityhood for Goleta Valley that excluded Isla Vista but included the Patterson neighborhood.

Source: Santa Barbara News-Press, June 2<sup>nd</sup>, 1999

In addition to the chronology, the newspapers mentioned an agency called LAFCO (Local Agency Formation Commission) as having to play some critical role in this process of incorporation. I learnt that LAFCO essentially oversaw the incorporation process based on a 1985 California State Act – the Cortese-Knox Local Government Reorganization Act. In sum, it appeared to me that the incorporation was rather complicated with several groups/organizations playing various roles but somehow the eventual decision resting with Goleta Valley residents like me! I also learnt that the incorporation attempt had been complicated by a defensive annexation bid by the City of Santa Barbara. Historically, the City had ignored several past appeals for annexation by Goleta residents. The eventual outcome of this *incorporation* vs. *annexation* struggle in the Goleta Valley was incorporation, resulting in the creation of a brand new city, the City of Goleta.

On November 6<sup>th</sup>, 2001 *Measure H* was approved by registered voters within the City boundaries and “the City of Goleta” was proudly incorporated in February 2002. As a casual bystander, I realized that at the least, I should provide my geographic reference as “Goleta City Resident” as opposed to referencing “next to Santa Barbara”. In the coming months, I continued to receive literature detailing various aspects of Goleta including information on the new Council and the Mayor, where to go for urban services, the new initiatives and a myriad other items. By then I knew that I had indeed been “affected” by a phenomenon I did not fully understand or had not been a part off.

In the period subsequent to Goleta’s incorporation, I became employed by the County of Santa Barbara and became aware of the following:

- The County still provided some urban services to the City of Goleta commonly referred to as the “shared services”.
- The “County” as an entity seemed to have an uneasy relationship with the “City of Goleta”. While the political personalities on either side were rather familiar with each other, it appeared as if each side was assessing and trying to understand the new roles and responsibilities of the other.

- City of Santa Barbara seemed to have withdrawn all interests in the Goleta Valley it had strived so hard to annex.
- A little known Organization called the Santa Barbara LAFCO that had appeared to play a prominent part while Goleta Cityhood initiative was underway seemed to be fading back into anonymity once again.

While I was rather intrigued by all of the above, I felt further confused as well. For someone who took pride in being a scholar of public policy as well as an employee of the public sector, this lack of clarity was somewhat frustrating. Consequently, I found myself pondering over the question, *“How and why did formerly Goleta Valley become a City?”* Also, I found myself thinking, *“Why did it take 15 years for Goleta Valley to attain Cityhood and why did the annexation bid fail?”* – after all, the City of Santa Barbara was rich and powerful and conditions seemed to favor annexation and not incorporation. Of course, adding to the intrigue was the City of Santa Barbara’s sudden aggressive move to annex the Goleta Valley while historically for several decades, the City had shown absolutely no interest towards this annexation.

The above musings form the foundation of this research – a case study of Goleta Incorporation. Central to the study are the following set of questions:

**How and why did Goleta Valley become the City of Goleta? Why did Goleta Valley not get annexed and become a part of the City of Santa Barbara? Why did it take five attempts for this area to attain Cityhood while two other smaller areas within Santa Barbara County, the City of Solvang (1985) and the City of Buellton (1992) were able to successfully incorporate in the same time period that Goleta Valley was striving for Cityhood? Was the outcome “equitable” and if yes, for whom? What is the contribution of this empirical study to the local governance and city formation debates?**

Several studies attempt to understand what causes formation of local municipalities using both quantitative and qualitative analysis. The intent of this inquiry is to specifically focus on Goleta Valley and conduct a qualitative case study to get insights on why it was finally able to incorporate as a “City” in 2002.

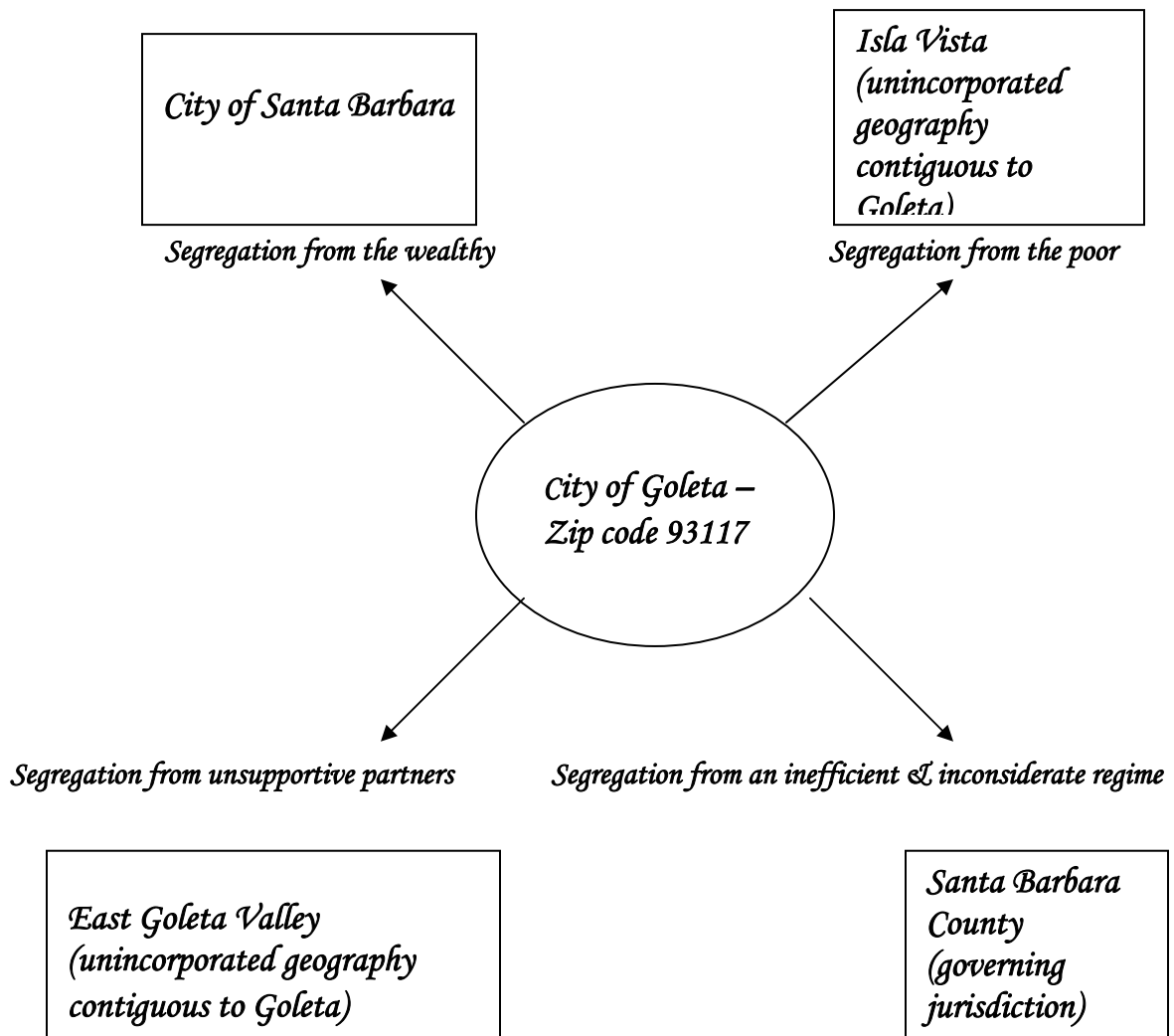
## 1.2 GOLETA AS A CASE STUDY: RATIONALE

Understandably, for a scholarly research it is imperative to highlight why a single case study research on Goleta Valley warrants justification. Several geographic areas have struggled for various reasons and incorporated while other areas have failed to incorporate in California and other states. So, what is the rationale behind focusing an inquiry on the incorporation of Goleta, a rather small city? The simplified answer to this question is the author's contention that the ***incorporation of Goleta has certain revealing potential***- potential that can help to fill some of the gaps that exists in the local governance debates. The relevant literature is largely fragmented. Actions like incorporation, annexation, city-county consolidation or special district formations are all addressed separately. For instance, theories largely tend to address why city formations *occur or fail to occur* but rarely explain what determines the outcome when all alternatives have an equal chance of occurrence. In other words, if conditions favor both annexation and incorporation, what determines the outcome? Or, as in the Goleta case, what are the factors that are responsible for making the less likely option (incorporation) to be the actual outcome while the predicted outcome (annexation) did not occur. Also, there are several cases of local municipalities being formed as a defensive action against hostile annexation but far few cases in which annexation is attempted as a defense against incorporation. The Goleta Valley annexation vs. incorporation struggle offers an opportunity to study both annexation and incorporation under a common framework and interpret the findings that can be applied to both. The study is an opportunity to weigh the set of legislative ease/difficulty that govern annexation/incorporation efforts in the state of California and help generalize outcomes when local governance alternatives present themselves simultaneously. There are additional reasons that

make Goleta incorporation a good case for scholarly purposes. Subsequent narrative provides a highlight of the compelling reasons:

- The incorporation of Goleta was characterized by a rather distinct segregation- not a clear case of class or race segregation as has been the case in many previous incorporations over the years. The segregation as carved out by a specific geography was meant to serve a variety of purposes:

**Figure 1.2**  
**The Segregation Dynamics in Goleta Incorporation**



Source: Illustrated by Uma Krishnan



- The Goleta incorporation distinctly highlights the power as well struggles of grass- roots activism as played out by GoletNow! that was at the center of final successful incorporation struggle. As GoletaNow! was a small group of activists, the case study provides an opportunity to examine individual objectives that motivate political entrepreneurship. Previous studies on city formation/annexation have tended to focus on collective benefits such as efficiency, scale economies in service provision or tax rates. But institutional changes also have distributive consequences for individuals and groups. As several of the GoletaNow! members ran for the Goleta City Council, the case study is an opportunity to examine selective costs and benefits that motivated the incorporation attempt.
- The parallel annexation attempt by the City of Santa Barbara *after* incorporation attempts were underway is an intriguing aspect of Goleta Valley incorporation. The City had been apathetic towards annexing this contiguous geography for decades.
- While not "unique", the reorganization of Goleta Valley has been acknowledged as "complex" by LAFCO itself. In a survey conducted in 1988 by the California Association of LAFCO (CALAFCO) to get a collective snapshot of the activities of various LAFCOs, the Goleta effort has been described as an example of complex reorganization:

Various Goleta reorganization proposals have involved incorporations, annexations to Santa Barbara and mergers, subsidiary districts, dissolutions and detachments affecting different combinations of the 13 agencies providing services in the area. The issues are complex because the area is populous (over 60,000), opinions are diverse, and services are fragmented.

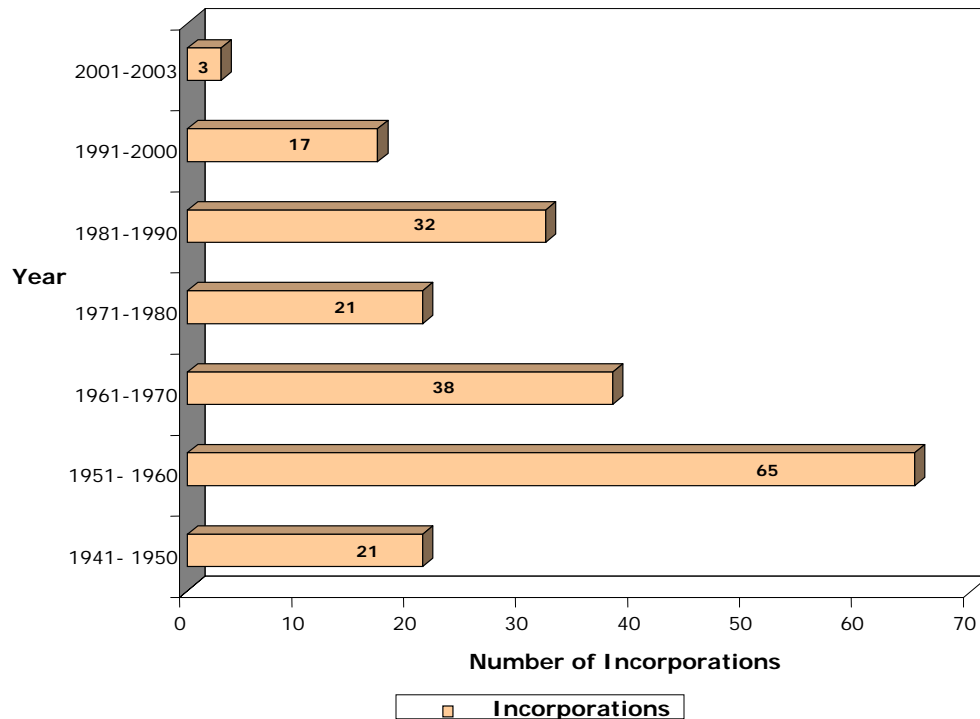
**(CALAFCO, 1988: 43)**

Besides the above compelling reasons, there are other reasons that make Goleta a good case to study:

- While the 1980s was a period that saw many new cities springing up in California, the current decade saw the formation of only three cities. In fact Goleta was the only "new city" that incorporated in 2002:

Figure 1.3

## City Incorporations in California: 1940s to 2003



Source: Illustrated by Uma Krishnan with data from CALAFCO, 2007

- Goleta had to try five times before it became a city. The variations in the attempts can provide insights about traditional predictors of municipal boundary formation. Goleta also provides a situation to understand whether different set of predictors propel incorporation moves at different periods of time.
- Goleta incorporation is a good case to understand the role of control over local land use decisions and long range planning on city formations.

While one can debate whether the above noted specific arguments warrant a case study of Goleta incorporation, there are also generic concerns tied to the socio-economic isolation that is forced upon unincorporated pockets. These are fragmented geographies that get left out involuntarily as adjacent communities cleverly carve viable geographic boundaries for incorporation purposes. In the Goleta case, the unincorporated pocket of Isla Vista offers an opportunity to understand the *political and socio-economic isolation* that can occur due to creation of a new City. In this

study, I will be looking at the role and place of Isla Vista, a small unincorporated pocket that is largely home to two groups of residents. Students who attend the University of Santa Barbara constitute one group while low-income renter households constitute the other group. It is my contention that the low-income renters in Isla Vista could not really participate in the Goleta incorporation process and remained politically isolated. This isolation is accentuated by the fact that the University is responsible for planning in parts of Isla Vista geography while parts of it fall under the County's jurisdiction. The creation of Goleta left the renters in Isla Vista completely in the fringes – likely to be overlooked by the University, the new City of Goleta, the City of Santa Barbara and the governing jurisdiction of Santa Barbara County. Understanding the impact of Goleta incorporation on Isla Vista offers another good reason for undertaking this study. The study is an opportunity to examine whether creation of new municipalities offer high quality of life for some while imposing the costs of urban social decay on those groups least able to afford them. If there are clear economically or socially disadvantaged losers in an incorporation struggle, then existing local jurisdictions need to acknowledge their presence and cooperatively design policy initiatives to address their needs.

The adequacy of state statutes that govern incorporation/annexation has long since been an issue of interest in local governance debates. In California, the creation of LAFCO was a response to reform city formation process. In the case of government reorganizations, LAFCOs have virtually unlimited power to deny an incorporation proposal, modify it, or impose conditions of approval. LAFCOs can exclude territory proposed for incorporation. Within limits LAFCOs can impose conditions pertaining to matters such as public debt, taxes or assessment. The powers of LAFCOs are legislative and quasi-legislative in nature, and the state legislature has provided LAFCOs considerable discretion in implementing the law regarding regulation of the boundaries of cities and special districts (Detwiler, 1989).

The State rarely intervenes in the incorporation process, except to modify the basic legal framework for incorporation. Although LAFCOs must follow strict procedural guidelines in processing a municipal incorporation proposal, most of the criteria they address in the review process are advisory rather than mandatory. With few exceptions, state law allows each county LAFCO to adopt its own standards for review of municipal incorporation proposals. As a result, the implementation of the incorporation law differs vastly between LAFCOs, making one incorporation somewhat different from the other. Consequently, individual incorporations within California like that of the City of Goleta can provide insight regarding the role and effectiveness of a local LAFCO. While a comparison of different LAFCOs in California is beyond the scope of this study, the findings about the Santa Barbara LAFCO will be a valuable contribution towards a future comprehensive effort in this direction.

Finally, a research into this process may provide information for deciding whether or not interventions in local governance matters (either for consolidation or for fragmentation) should in fact be a public priority. If all local governance changes, be it creation of new cities or expansion of existing entities result in a win-win situation for area residents then perhaps the process should be left as a status quo.

### **1.3 OVERVIEW OF THE DISSERTATION**

This thesis is an inquiry regarding the reasons that lead to the successful incorporation of Goleta Valley during an attempt that spanned the time period 1999-2002. The literature is rich with studies and theories that explain the causal factors that influence formation of new cities and also expansion of cities through annexations. The following chapter, Chapter 2 details relevant studies that provide a framework for understanding the incorporation of Goleta Valley and also the reasons for the failure of the annexation attempts by the City of Santa Barbara. The

theoretical offerings from the review will be used to test the applicability of the propositions detailed in the subsequent chapter.

Chapter 3 presents the research strategy that was used in this study and also the research questions and hypothesis framing the inquiry.

The incorporation of Goleta was attempted four other times prior to the final attempt. Chapter 4 details the history of the Goleta valley and also the history of the various attempts at incorporation and annexation at various periods of time.

Chapter 5 presents the complete case study of the Goleta Valley incorporation that was successful. In addition to presenting the details of the process, the chapter will also match the evidence provided by the case for various hypotheses presented earlier on.

Finally, Chapter 6 provides a discussion of the conclusions that can be drawn from this case and also the implications for future research in the topic area of city formations.

## CHAPTER TWO

### LITERATURE REVIEW

While the incorporationists in these minimal communities are emphatic that “local control” is what is needed for better environmental planning, the case for local control as a substitute for regional planning has not been established.

Gary Miller (1981: 98)

Much has been written about city incorporations, annexations and city-county consolidations in the literature on local governments. Consequently, there is a vast body of work that has looked into a variety of topics including why cities form or expand, why a city-county consolidation occurs or what are the consequences of metropolitan fragmentation or consolidation. In order to appropriately understand and explain the inquiry on Goleta incorporation, it is imperative to review the existing body of literature. The intent of this chapter is essentially an attempt to document existing answers to a set of questions including but not limited to:

- What is the extent of information and analysis (as applicable to the incorporation issue) that already exists?
- Does the literature review reveal any gaps regarding city formation debate? How much of Goleta incorporation can be explained using existing theories and what aspects will remain unexplained?
- In light of the literature review, what will be the contribution of the Goleta incorporation study?

To adequately discuss distinct issues related to incorporation, this chapter is broken into the following sections:

- A discussion of municipal incorporations in general.
- A discussion of Local Agency Formation Commission (LAFCO) in California.
- Theories of incorporation/municipal boundary formation.
- A discussion of existing gap in the research pool and to place the proposed Goleta incorporation case study in that gap.

## 2.1 MUNICIPAL INCORPORATIONS

The terms “municipal incorporation” and “cityhood” are often used interchangeably. The basic understanding that most people have about incorporation is that it is a type of “local governance” that creates an extra tier of government – the city government. It is highly likely that area residents may be unable to clearly distinguish the governance rights and responsibilities of various tiers of government including the city, the county, the special districts etc. The inter-relationships among these local government entities are even less clear. In sum, a generic definition of what is a “municipal incorporation” may go like this:

Municipal Incorporation is a process of boundary formation that creates a new tier of government called the “City” in general. The size and boundaries of the newly created city may or may not make logical sense. Further, certain functions including delivery of urban services and local land use decisions will rest in the hand of the city government.

According to the most recent Census of Governments (2007) there are 19,492 municipal governments in the United States. The number of cities in various states differs vastly. States like Wisconsin, Texas, and Illinois have over 1000 incorporated cities while other states like Rhode Island, Maine and New Hampshire have fewer than 20 cities. California falls somewhere in the middle with 478 incorporated cities (Census 2007). For the purposes of the census, a “municipal government” refers to “political subdivisions within which a municipal corporation has been established to provide general local government for a specific population concentration in a defined area, and includes all active government units officially designated as cities, boroughs (except in Alaska), towns (except in Minnesota, New York, Wisconsin, and six New England states) and villages.” This count excludes places that are governmentally inactive. The Census characterizes the distribution of population residing in the cities as:

- More than 174 million people live in areas with municipal governments;
- 76 Million of those live in cities with a population of at least 100,000;
- With the population of the U.S. in 2000 being 281,421, 906, approximately 62 percent of the people live in a city;

It is clear from the above statistics that “cities” play an important role in local governance of a vast majority of the nation’s population. The following table provides a break down on number and size of the cities in the country:

**Table 2.1**

**NUMBER OF CITIES IN VARIOUS POPULATION CATEGORIES**

<b>Population range</b>	<b>Number of cities in range</b>
300,000 or more	58
200,000-299,999	30
100,000-199,999	153
50,000-99,999	364
25,000-49,999	643
10,000-24,999	1,436
5,000-9,999	1,637
2,500-4,999	2,070
1,000-2,499	3,677
Less than 1,000	9,361

**Source: 2002 Census of Governments. Volume 1, Number 1, Government Organization (Government Census tabulations for 2007 have not yet been released)**

Interestingly, the Constitution of the United States of America does not mention local governments. Local governments are created by and regulated by the states. This means that to speak about cities or other forms of local government in the United States is to speak about fifty distinct legal and political situations. The states outline the powers of municipal governments in charters. So, it will not be incorrect to surmise that individual state charter’s have a significant impact on the nature and number of incorporations within its boundary lines. Historically, there are four forms of local governments in the United States:



- the mayor-council;
- council-manager;
- commission; and
- town meeting.

In 2001, the National League of Cities (NLC) commissioned a study to examine questions about city councils in the United States and to determine how councils and their members have changed over the past two decades, drawing on earlier NLC surveys in 1979 and 1989. The results of this study revealed the existing mix of cities to be:

- Council-Manager form of government with 58%;
- Mayor-Council form of government with 38%;
- Other form of government with 4% (Including the commission and town meeting)

The study further indicated that the distinctions between the mayor-council and the council-manager forms are becoming smaller and smaller. City officials continually change the structure of the municipal government. Those cities with a primarily mayor-council form often adopt features to improve management, while council-manager cities adopt features to increase their political responsiveness, and leadership.

While *"What is a City government?"* can be simplified, the question of *"How is a City government formed?"* and *"Why do city governments form?"* are harder to answer. It is important to note that the process of city formation is rather different from state to state (as determined by individual state charters). In a similar vein, there are different causal theories that explain why places choose to incorporate and pursue local governance. The subsequent sections address the *how* and *why* of local boundary formation respectively.

## 2.2 THE PROCESS OF CITY INCORPORATION & ROLE OF LAFCO

### (1) Incorporation Process

As municipal incorporations are determined by the respective state charters, the process varies rather widely. A good example of how incorporation occurs in California is the following excerpt that appears in the *League of California Cities* website:

#### How a City is Created

To become an incorporated city, a community must first seek approval from the Local Agency Formation Commission (LAFCO). This Commission takes into account several factors. One is that the proposed boundaries include no “islands” of unincorporated areas within the city and that the boundaries are geographically logical. A city may not occupy territory in more than one county. Other factors are that the area proposing to incorporate has sufficient tax base and social cohesiveness for the new local government to govern itself in a responsible way. Another requirement is that the proponents of the new city must negotiate a tax-sharing agreement with their county (for details, see the Cortese-Knox-Hertzberg Act in the California Government Code, section 56021).

After LAFCO approval, the county then holds an incorporation election within the new area. If a majority of those who vote favor incorporation, LAFCO then declares the territory incorporated and sends a notice of the incorporation to the secretary of State for recording. From that time on, the city maintains its own identity and begins to govern itself. A newly incorporated city will remain so unless its citizens, in the future, vote to abolish the municipality or to consolidate it with some other city.

Source: <http://www.cacities.org>

It is important to note that formation of new cities specifically in California, become complicated due to the very procedure that guides them. In the above excerpt, it is mentioned that LAFCO requires proposed boundaries to be “geographically logical” and that the new city has to have “social cohesiveness”. Understandably there are no guidelines to measure the above concepts and by its very definition gives extraordinary powers to LAFCOs in the role of creation of cities in the State of California. In contrast, the process of incorporation differs in different states. While the role of LAFCO will be examined in detail later in this section, the stark differences in incorporation process can be better understood by looking at existing processes in

a few states. The states of Florida, Georgia and Kentucky have comparable number of cities: 411, 535, and 419 respectively (Census 2007). In contrast Arizona, a very fast growing state has only 90 cities while the state of Texas that is almost as large as California has 1209 incorporated cities nearly double that of California. With the intent of providing a flavor on the variations that exist when it comes to incorporation procedures, the subsequent narrative provides brief details of the relevant procedures in the aforementioned states.

Florida is a state that has seen several incorporations since the 1990s. As explained by the Florida League of Cities, the process is somewhat different here than in California. In this state, communities considering incorporation usually begin with a group of residents who seek *services* or *self-governance* over certain issues. Contact with their state representative often is the next step as incorporation requires a special act of the Florida Legislature (Chapter 165, Florida Statutes). Without the legislative delegation's approval, the incorporation effort cannot move forward. The key steps in the incorporation are as follows:

- A community agrees to pursue incorporation;
- A charter is prepared;
- A feasibility study is conducted;
- Interim service delivery proposals are developed;
- The special act must be approved by the legislature.
- If act is approved, a referendum is held within the community and if this passes by majority vote, then the municipality is created. This referendum is not a requirement in state law.

(Florida Statutes, Chapter 165)

As can be noted, while the process in Florida has similarities with California in terms of proponents and appropriate studies to ensure fiscal soundness of the area being incorporated, there are differences as well. There is no equivalent of a LAFCO in Florida and also no mandatory requirement for a referendum. So, the existence of a distinct agency to facilitate boundary incorporation is a unique feature of California.

The state of Georgia has an incorporation process that is closer to the one in Florida. While there is no special agency to facilitate incorporation, the institutional framework that exists in the state is far less encouraging of boundary formation. Consequently, a large proportion of the state's population actually lives in unincorporated areas. Before new municipalities can be created or existing cities can extend their boundaries, Georgia lawmakers traditionally require a consensus in support of the change from the affected county's delegation to the state legislature. This is called the "local courtesy rule" that in effect discourages incorporation. Because municipalities are creatures of the Georgia state legislature, their boundaries, their structure, and even their existence can be altered or abolished by the state.

The state of Arizona has a statutory framework that favors annexation over incorporations. The rapid expansion of Phoenix exemplifies the State's inclination towards metropolitan consolidation. Acting under Arizona state law authority, the county board of supervisors has been designated as the administrative agency which actually grants the final incorporation. The board acts only after the people in the community have clearly expressed their opinion about incorporation either through direct petition or an election. There are two basic legal requirements for incorporation. First, a community considering incorporation must have a population of at least 1,500 people. The second basic legal requirement necessary for incorporation is that the area must be a "community". A community is defined in state law as a locality in which a body of people resides in more or less proximity having common interests in such services as public health, public protection, fire protection and water which bind together the people of the area, and where the people are acquainted and mingle in business, social, educational and recreational activities. The process of incorporation occurs through a petition process that may or may not be followed by an election. An incorporation without election requires the

signatures of two-thirds of the qualified electors (registered voters) residing within the area proposed for incorporation on a petition addressed to the county board of supervisors. If the board is satisfied that two-thirds of the qualified electors residing in the area have signed the petition and that the area meets the population and community requirements, the board orders the area incorporated. The second method of incorporation requires that ten percent of the qualified electors residing within the area proposed for incorporation petition the board of supervisors to call an election on the question of incorporation. If the supervisors are satisfied that ten percent of the qualified electors residing within the area have signed the petition and the area meets the legal requirements of population and community, then the board, within sixty days after the filing of the petition, calls an election on the question of incorporation. The actual election must be held not later than one hundred eighty days after the filing of the petition on one of the four consolidated election dates.

In Texas the original method of incorporation of cities under the Republic of Texas, and later the State of Texas, was by special law. In other words, the Congress or the Legislature passed a bill, very similar in appearance to a modern home rule charter that incorporated a city and delineated its powers and duties. For the most part, special law cities had no annexation authority. To expand the city's boundaries, the Congress or Legislature had to amend the law that created the city. However, both incorporation and annexation laws have changed considerably since then. Presently, Texas permits incorporation of three different types of cities based on the population of the area under consideration. It is interesting to note that once a city has incorporated, annexation laws permits it to continue expansion through relatively easy annexation procedures.

A community in Texas can incorporate as a city based on its population and territory. The Texas Local Government Code provides territorial requirements for incorporation as general-law municipality. The Code states that:

A community may not incorporate as a general-law municipality unless it meets the following territorial requirements:

- A community with fewer than 2,000 inhabitants must have not more than two square miles of surface area;
- A community with 2,001 to 4,999 inhabitants must have not more than four square miles of surface area; and
- A community with 5,001 to 9,999 inhabitants must have not more than nine square miles of surface area.

(Texas Local Government Code, §5.901)

Even when a community meets the general requirements for incorporating as a general-law municipality, it needs to make a decision on what type of a municipality it will be: Type A, Type B or Type C. The Texas law has specific incorporation requirements for each of these Typologies. The following table provides a summary of the requirements that characterize each of these typologies:

**Table 2.2**  
**Requirements for Incorporations, Texas**

<b>Population</b>	<b>Constitutes</b>	<b>Type</b>	<b>Requirement to County Judge</b>
>=600	Unincorporated city or town	A	Application to incorporate signed by at least 50 qualified voters
201 -9999	Unincorporated town, or village	B	Application to incorporate signed by at least 50 qualified voters
201-4999	Unincorporated city, town, or village	C	Petition signed by at least 10% of qualified voters

**Source: Texas Local Government Code, Sections 6.001, 7.001, & 8.001**

Consequently, Texas provides opportunities for communities to incorporate in three different ways. Upon incorporation, the annexation laws aid the incorporated cities to expand through annexations that no longer require a judicial process. The current annexation laws make it easier for incorporated municipalities to annex contiguous territories based on geography and urban service provisions. The Code (Texas Code, Section 41.003) states that an area adjacent to the municipality may become part of the municipality via adoption of an ordinance:

- The records of the municipality indicate that the area has been a part of the municipality for at least the preceding 20 years;
- The municipality has provided municipal services, including police protection, to the area and has otherwise treated the area as a part of the municipality during the preceding 20 years;
- There has not been a final judicial determination during the preceding 20 years that the area is outside the boundaries of the municipality; and
- There is no pending lawsuit that challenges the inclusion of the area as part of the municipality

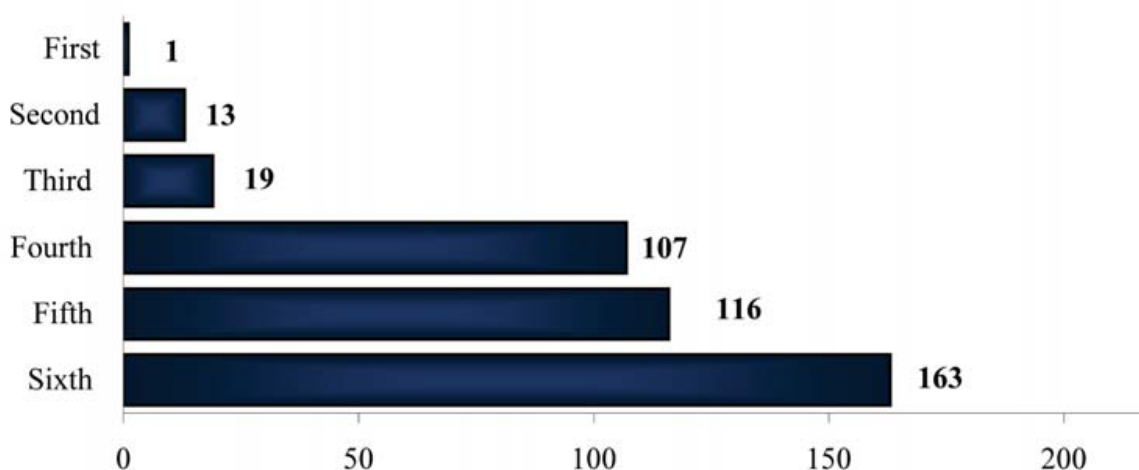
(Texas Local Government Code, §41.003)

While the law does limit annual annexation to about 10 percent of the incorporated area, a Texan city can expand essentially through ordinances. Such procedures for annexations and incorporations are quite different from the previously described rules in Arizona or Georgia.

Similar to Texas, historically Kentucky's statutory framework makes both annexation and incorporation relatively easy. Extremely large number of new cities incorporated in Kentucky between 1950 and 1990. In this forty year period, 90 new cities incorporated in the State. Kentucky statutes allow cities to be divided into six classes based on population. The ease of incorporation is reflected in the fact that two-thirds of Kentucky's cities are in the fifth or sixth class. Out of 419 cities, 75 percent (283 cities) have populations of fewer than 3000 people. The following graph illustrates the ease with which areas can get incorporated creating a highly fragmented regional governance system:

Figure 2.1

### Cities by Current Classification



Source: Kentucky League of Cities Report, 2008

Interestingly, the fragmentation applies only to urban services as numerous municipalities provide their own set of services like police, fire protection, water and sewer. However, this fragmentation of metropolitan area has not automatically translated into urban sprawl for the State. While over 53 percent of Kentucky's population lives in cities, the city boundaries encompass only about 4 percent of the State's land area (Kentucky Cities, 2008)

This pattern is rather similar to California before the creation of LAFCO, when rather small areas could incorporate without much administrative difficulties and consequently the state saw a huge proliferation of local governing units. The main impetus behind the creation of LAFCO was to curtail metropolitan fragmentation and guide the growth of California in an orderly fashion. Kentucky took a completely contrasting position to California when it came to legislations regarding incorporations. For instance, when incorporations were easy in California, it was difficult in Kentucky and vice versa.

Until the late nineteenth Century, cities in Kentucky were incorporated by charters granted by the General Assembly, and the power and privileges of cities



were strictly constrained (Share 1982). Undemanding standards for establishing new cities were complemented by laws that made it easy for existing cities to annex. The General Assembly adopted a “municipal determination” framework that gave cities substantial power to force annexation on unwilling landowners. Although the legislature enacted separate statutes for each of the six classes of cities, the annexation rules governing first-class cities are illustrative. First-class cities (Population > 100,000) could unilaterally initiate the annexation of a contiguous area by passing an ordinance identifying the territory. If no objections are filed by residents of that area within thirty days, the city could pass a final ordinance bringing the area into the city. While the General Assembly has amended the state’s incorporation statutes a number of times since then, the changes are incremental and not dramatic. In 1978 and 1979, Louisville and Jefferson County worked unsuccessfully for the passage of state legislation that would establish a commission (LAFCO equivalent) to plan the reorganization and consolidation of local governments in the metropolitan area (Nunn, 1981)

Presently, the Kentucky Statutes stipulate that a petition signed by two-thirds of the registered voters be filed with the County Circuit Court. The Court conducts a hearing on the petition and can grant or deny the status of a “city” for the boundary that is being proposed. The court essentially evaluates whether the following conditions are being met:

- At least three hundred (300) persons reside in the territory sought to be incorporated;
- Incorporation constitutes a reasonable way of providing the public services sought by the voters or property owners of the territory, and there is no other reasonable way of providing the services;
- The territory is contiguous;
- The territory is able to provide necessary city services to its residents within a reasonable period after its incorporation; and
- The interest of other areas and adjacent local governments is not unreasonably prejudiced by the incorporation.

( Kentucky Revenue Statues, §81.050)

In sum, it is clear that individual state regulatory review processes have some similarities but vast differences as well. Also, it will not be unreasonable to surmise that the nature of the statutory frameworks do play a role in determining boundary changes be it incorporation, annexations or consolidations, within state jurisdictions. Reverting back to California, a discussion of *how* municipal jurisdictions get incorporated needs to look into the role of LAFCO. The remainder of this section details the functions of a LAFCO in the incorporation of California cities.

## **(2) Role of LAFCO**

### **Situation before the creation of LAFCOs**

An interesting aspect of California's population growth in the mid twentieth century is that the growth largely occurred in the urban fringes of the state. The Comprehensive Statistical Survey of population location in the state found that:

From 1950- 1960, the overall growth rate of urban fringe areas was 112%, an average annual increase of 11%. Central cities of metropolitan areas accounted for only about one-fifth of the State's total population increase for the decade, and only increased at an annual average rate of 2.6% It is also significant that the growth rate in non-metropolitan areas was 33 % in this 10 year period. (Comprehensive Statistical Survey, 1965)

It could be argued that in the interest of orderly growth and the rational provision of urban services, the major type of change in governmental structure in the state should have been rigorous annexation of fringe lands to existing cities. However, California's annexation statutes were rather tough at the time. The process required approval of a majority of voters in any area proposed for annexation. Many other states had comparatively lax annexation statutes. At the same time, the state had very permissive laws on incorporation. The only requirement concerning incorporation was that there be at least 500 inhabitants within the community. Because of the laxity of requirements prior to 1963, many cities were incorporated

“defensively” to prevent annexation by other contiguous cities, or to seal off areas as tax shelters (Foley et. al., 1965).

Meanwhile, a complex web of special districts sprouted all over the state to provide urban services in many areas that were left out of area annexations as well as incorporations. These entities were authorized by California’s complex special district laws that actually made formation of most types of districts relatively easy. As a consequence, the number of special districts also grew enormously during the 1950s. In sum, the difficulties and the competition involved in annexation, combined with the relative ease of incorporation and special district formation, together produced myriad local forms in California. Consequently, the effort to find an effective legislative solution to address boundary formation issues had become rather critical by the early 1960s.

### **Brief history of the LAFCO act**

California experienced a tremendous boom in population and housing post World War II. The proliferation of street car and automotive suburbs, the need for urban service provisions, city annexation “wars” and emergence of limited purpose special districts brought in tremendous pressure on California to appropriately address local governance issues. Clearly, the existing laws had become inadequate to tackle the urban sprawl.

Beginning in the mid 1950s, the California state legislature made concerted efforts to address the chaos that had come to characterize creation of new municipalities and expansion of existing ones. The debate about regulations covered a range of alternatives on how to regulate the state review process regarding local governance. Discussions ranged from only minor modifications of the existing system to the creation of a state board with power to initiate proposals, which would be

subject to approval by voters or municipal bodies. Other state models, particularly those of Texas, Alaska, and Virginia, offered illustrations of widely different approaches towards regulation of municipal boundary changes. Virginia was notable amongst the state in that the regulatory power regarding boundary issues was vested in the judiciary. During the California debate, consideration for this option was distinctly absent as majority stakeholders felt that the courts were ill-equipped for the technical fact-finding needed in municipal boundary cases and also that this process will be slow and costly, if handled by the courts. After initial considerations, the state also discarded modifications toward less regulation, as was the case in Texas, or more, as was the case in Alaska.

Within the narrowed range of choices, debate crystallized around the proposal of four influential groups: the Governor's Commission on Metro Area Problems, the County Supervisors Association of California, the League of California Cities, and the Office of the State Attorney General. Through a series of hearings, and the Interim Committee on Municipal and County Government under the leadership of Assemblyman John T. Knox prepared the statute for legislative passage (State of California Interim Reports, 1959-1961). In its final form, the LAFCO law provided for bringing together a number of review functions: annexation, incorporation, and special district formations. The premise for this approach was that the various review functions were essentially different aspects of a single problem.

The form in which the LAFCO legislation was finally introduced reflected the deep divisions in political philosophy and approach among the groups concerned. The legislation was offered as two separate bills. Assembly Bill 1662, introduced by Assemblyman Knox, reflected the views of the Governor's Commission and in effect proposed a state level commission to control municipal formations. Senate Bill 861 was introduced by state Senator Eugene Nisbet that essentially proposed county level commissions to review annexations. The bill that eventually emerged was a

compromise that agreed both formations and annexations to be reviewed by the sort of County level board suggested in the senate annexation bill. The expression of this compromise was the *Knox-Nisbet Act of 1963* that became operative on September 20, 1963.

The legislative solution for the local governance crisis took the form of independent local commissions called the LAFCOs (Local Agency Formation Commissions). The LAFCOs were designed to be independent local regulatory commissions with no state appointments. There was to be a LAFCO in every California County consisting generally of two county supervisors, two city representatives, and a public member. Latter some LAFCOs opted to include two more members from special districts as was the case in Santa Barbara LAFCO. By early 1964 LAFCOs were functioning in all nearly all California counties (LAFCO, 2007). The LAFCO was characterized with several features that distinguished it from all other state regulatory schemes:

- LAFCOs are located at the county level and each LAFCO is independent;
- They draw together city and county politicians as well as representation from the public;
- LAFCOs integrate review of all the most important types of local governmental structure change: city annexations, city incorporations, city disincorporations, and various changes in special districts;
- LAFCOs are empowered and encouraged to make studies and plans as well as to review problems that come to them on an ad hoc basis;
- The LAFCO decisions are subject to no significant review by higher bodies or courts. So in essence the LAFCO decision is final and there is no system of appeals, special exceptions, "variances" or the like.

(LAFCO, 2007)

The above provisions were at the heart of LAFCOs' powers and distinguished it from all other existing regulatory entities. As is the case with any legislation, the subsequent decades did bring in several revisions, some of which were minor while the others were substantial. The following table provides a highlight of the legislative history of LAFCO:

Figure 2.2

## LAFCO Legislative History

<b><u>Legislative History</u></b>	
➤	<b>1963 Knox-Nisbit Act – the beginning</b> <i>LAFCOs created to regulate</i>
➤	<b>1965 District Reorganization Act (DRA)</b> <i>Clean-up the procedures</i>
➤	<b>1971 Requirement for spheres of influence</b> <i>LAFCOs are to plan too</i>
➤	<b>1972 Allow special districts on LAFCO with control of latent powers</b>
➤	<b>1977 Municipal Organization Act (MORGA)</b> <i>Clean up more procedures</i>
➤	<b>1983 Deadlines to prepare spheres</b> <i>LAFCOs must plan now</i>
➤	<b>1985 Cortese-Knox Local Government Reorganization Act</b> <i>Recodification</i>
➤	<b>1985 AB 1335 – Gotch Bill</b> <i>Additional reforms – LAFCO can initiate proposals</i>
➤	<b>2000 Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000</b>

Source: LAFCO 101, 2007

The first major reorganization concerning LAFCO was the Cortese-Knox Local Government Reorganization Act of 1985, which was itself a consolidation of three major laws governing boundary changes: the Knox-Nisbet Act of 1963, the District Reorganization Act of 1965 and the Municipal Organization Act of 1977. These three laws contained many parallel and duplicative provisions. However, similar procedures varied slightly from one law to another, and the procedures necessary for one type of boundary change were found in different sections of the three laws. Although at

the time of its passage, MORGA was the most current revision of city annexation statutes, many cities in the state were still required to use DRA so that areas being annexed could be simultaneously detached from special districts. All three laws contained application and hearing procedures for LAFCOs, but there were inconsistencies among them. This made city and district boundary changes unnecessarily confusing and complicated for local agencies and LAFCOs, as well as for residents and property owners. The next major reorganization took place nearly 15 years later in the year 2000.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 was a comprehensive revision of the 1985 act. Speaker Robert M. Hertzberg introduced AB 2838 with the intent to address existing weaknesses within the law and also to make the law responsive to relatively new growth issues like sustainable development and affordable housing. Following are the highlights of the revision:

- Broaden LAFCO funding formula;
- LAFCO is the conducting authority for changes;
- Periodic sphere of influence updates;
- Municipal Service Reviews to update spheres;
- City/communication on city sphere expansions;
- Requires cities to prezone land;
- Adds new factors – water supply, regional housing;
- Mandates LAFCO independence.

It is interesting to note that the revision came about in the year 2000 and as is the case with any revision to the statutes, there is time lag between passage of the law and the rule taking effect. The Goleta incorporation petition was actually filed in December 1999 before the passage of the Reorganization Act of 2000. Consequently, all of Goleta incorporation communications refer to the applicable law as “Cortese-Knox Act” and there is no mention or discussion of the newly revised 2000 Act. The application of 1985 legislation as opposed to the 2000 revision provides a basis for examining whether or not any changes to the law may have changed the outcome of the political boundary formation that played out in the Goleta Valley during the time

period 1999-2001. Of particular interest is the fact that whether any of the revisions may have strengthened the consideration of the annexation proposal that was put forth by the City of Santa Barbara. The author will be addressing this issue in the concluding chapter.

### **Incorporation in California**

In California, the process of incorporation can be initiated in two ways: (1) initiation by petition and (2) initiation by resolution.

#### **Initiation by petition**

Initiation of an incorporation proposal occurs when either registered voters or landowners in the affected territory request a boundary change. Usually registered voters sign a petition circulated in an inhabited area while landowners do so in uninhabited areas. However, for landowner-voter special districts only landowners sign the petitions, even if the area is inhabited. Before a LAFCO reviews any proposal, anywhere from 5% to 25% of the affected voters or landowners, depending upon the type of boundary change, must sign a petition. A city incorporation proposal in fact needs at least 25% of the voters within the proposed incorporated area to sign a petition.

#### **Initiation by resolution**

Initiation of an incorporation proposal can also occur when the governing body of an affected local agency proposes a change of organization or reorganization. Any City or a special district that overlaps the affected territory is an affected local agency. A county is always an affected agency because its boundaries include all of the cities and special districts in that county. Therefore, county supervisors can initiate any boundary change in its county.



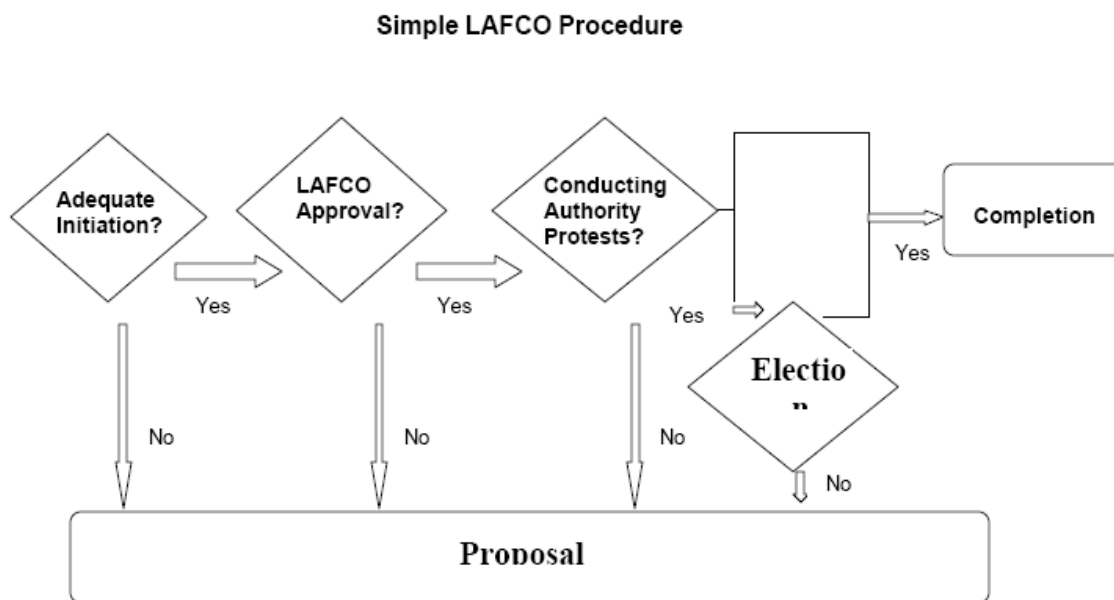
In general, municipal incorporation proposals arise within the community. The Goleta incorporation proposal was in fact initiated by a signing campaign of the residents. In very few instances, the governing board initiates an incorporation proposal in response to requests by community groups that may find the initiation excessively costly or the process too complex. In addition to these two types of initiations, a LAFCO can directly initiate boundary changes. Originally, LAFCOs had only a reactive role regarding boundary changes because the commissions acted on proposals submitted by other agencies or voters. During the recession in the early 1990s, however, the Legislature decided that reducing the number of special districts could save scarce revenues (LAFCO, 2007) and extended the power of LAFCOs. However, a LAFCO cannot initiate all types of changes. While it can initiate special district consolidations, dissolutions, mergers, subsidiary districts, or related reorganization, it can not initiate district annexations and any other city boundary changes.

Initiation is only the first step toward boundary formation. Every change of organization or reorganization requires four, sometimes five, steps:

- Initiation
- LAFCO Review
- Conducting Authority Protests
- Possible Election
- Completion

The following illustration reproduced from CALAFCO's incorporation guide provides details of the procedure:

Figure 2.3



Source: LAFCO 2007

In sum, the creation and the subsequent evolution of LAFCO was California's answer to regulating municipal reorganizations. It is clear that LAFCOs have local roots and were designed not to be typical state agencies. Further, they were tasked with several purposes like discouraging urban sprawl, promoting orderly growth, preserving agriculture & open space, and assuring efficient, sustainable public services. While a discussion of LAFCOs sheds light on "how" incorporation occurs in California, it is also important to understand "why" incorporations occur. While institutional frameworks like the LAFCO do play a part in fostering or curbing creation of new municipalities, there are other reasons that motivate communities to band together and incorporate. Scholars have identified a variety of reasons including but not limited to tax avoidance, preference in urban services, control over land use and race/class segregation. The subsequent section reviews various dominant theories and studies that aim to explain why certain places choose to incorporate while others

do not and also what are the various causal factors that affect creation of municipalities.

### **2.3 THEORIES OF MUNICIPAL INCORPORATIONS**

Scholars from a variety of disciplines like public administration, political science, urban planning, economics etc. have remained interested in understanding creation of new cities. Consequently, there are many studies that explain formation of cities in several different ways. The literature also offers a wide range of factors that can be looked upon as “causes” for incorporations. However, prior to presenting a review of significant studies on incorporations, a discussion of Proposition 13 in California is necessary. The passage of this proposal is specific to California and has a definite place in a discussion involving incentives and causal factors of municipal incorporations. Since its passage in 1978, Proposition 13 managed to create a significant fiscal incentive for city formation in California.

#### **Proposition 13: Fiscal Incentive for Municipal Incorporation**

Prior to passage of Proposition 13, the property tax was the primary funding source for local governments in California. Each local government in the state imposed an *ad valorem* rate on property within its jurisdiction, and the total effective tax rate was the sum of the tax rates imposed by all the local governments that served a particular property. In the late 1970s, the average combined property tax exceeded 2% of assessed value. However, this decade saw steep increases in housing prices and aggressive local reassessment practices. The combination of these forces lead to rapid increases in the property tax liabilities of homeowners. The

upward climb in property tax, a large budget surplus, and legislative inaction on property tax limitations, led to the passage of Proposition 13 in 1978.

Proposition 13 reduced the total combined property tax rate to one percent of assessed value. It prohibited all increases in *ad valorem* taxes on real property, and required voter approval for other tax increases. It also limited growth in the taxable assessed value to two percent per year, with reassessment at full market value upon sale. Proposition 13 dramatically changed the revenue composition of counties while its impact on city revenues was far less extensive. After 1978, counties became less reliant on property taxes and more on state grants and charges for services. While cities share of property tax revenue also declined, they tried to compensate through local taxing sources like the business franchise and occupancy taxes. Many cities also increased a variety of service charges. This significant change in revenue structure had a direct impact upon municipal incorporations.

The passage of Proposition 13 created powerful incentives for municipal incorporation by directly curtailing the fiscal powers of local lawmakers. Prior to enactment of Proposition 13, city governments had relatively unbridled powers to tax. The council of the newly incorporated city could enact an additional property tax rate by majority vote, and the voters could not repeal tax increases by referendum. Consequently, the threat of property tax increase accompanied most municipal incorporations. Many successful incorporations before the passage of Proposition 13 had in fact involved communities that had nonresidential sources of revenue, such as the retail sales tax or hotel tax, or were threatened with annexation by another higher tax city (Miller, 1981).

Proposition 13 had the effect of making local tax base more or less fixed. The restriction on property tax rates made the property tax allocation a net-sum game, enabling residents to substantially improve their fiscal standing through incorporation. By incorporating, a community could increase its share of this fixed

tax base by capturing revenues that otherwise went to the county or to other cities in the state without risking unpopular property tax increase. The result was a proliferation of municipal incorporation in the 1980-1990 decade. According to LAFCO records, 32 new cities incorporated in this decade as compared to 21 new incorporations of the previous decade.

### **Explanations: Why Communities Form Cities?**

Literature is rich with studies that explain the process of local government formations. Consequently, a variety of reasons are offered to shed light on municipal incorporations. Based on the nature of “reasons”, the studies roughly fall into two broad categories: (1) *theories of incorporation that cover political, social and not so pure economic reasons* and (2) *theories of incorporation that offer pure economic reasons*. In addition to these two schools of thought, there are studies that have used *econometric models* to understand formation and/or changes in municipal boundaries. It is important to note that the theories co-exist and are not necessarily mutually exclusive. This is mainly because of the difficulty of disentangling political, social and economic factors with purity and also to highlight the fact that motivations for incorporation can be rather complex and need not necessarily be dominated by a single reason like “tax avoidance”. This was certainly the case in Goleta incorporation where no single reason seemed to dominate the effort. The following narrative covers significant studies that have looked at municipal incorporations based on aforementioned categorizations.

### **Theories of Incorporation: politics, class and not so pure economics**

While the studies in this group differ in terms of the reasons that are offered for incorporation, they do agree on one thing - that the cities are not primarily urban services providers. This agreement sets them apart from the theorists in the economic group. Collectively, the theories offered by this group offer a wide variety of reasons for communities seeking incorporation: political reasons, class based reasons and reasons that can not be classified as pure economics. Some motivations for creation of new municipalities include:

- To reduce taxes for inhabitants of unincorporated areas by preventing annexation to high-tax neighbors and/or petitioning for annexation to low-tax neighbors;
- Exclusion of poorer people by incorporating as an independent municipality and exercising exclusionary land use controls to discourage in-migration of low-income households;
- Exclusion of a groups of people based on race factors;
- Expression of unique political, economic or environmental preferences that are contrary to existing metropolitan government;
- Control over resident taxes, especially if a high taxing adjacent municipality is attempting annexation;
- Local control over land use decisions;
- Creation of a favorable business environment through various means like infrastructure improvements and/or other pro-business tax policies.

(Danielson 1976; Fleischymann 1986; Hoch, 1981; Miller 1981; Moeser and Dennis 1982; Teaford, 1979)

There are several seminal studies that examine the political motivations behind the creation of cities. Teaford (1979) isolates “political autonomy” as the lead cause driving incorporations. He argued that since the early twentieth century, the advantages of political autonomy have been so great, that it would be irrational for rich suburban communities not to seek separate incorporation. Further, by refusing to join the central city, suburban residents can function as free-riders who obtain the advantages of urban life without paying their fair share of metropolitan costs. In this study, Teaford structured his history of suburban incorporation around two major time periods defined in terms of broad trends in annexation and incorporation: (i) 1850-1910, when suburban voters had the power to reject annexation but voluntarily elected to consolidate with the central city in order to obtain superior urban services, particularly access to safe drinking water; and (ii) 1910-1940, when changing technologies and institutional innovations (for example, the development of metropolitan service districts and inter-governmental contractual agreements) made it possible for suburbs to spurn central city annexation efforts, because they could achieve equal or higher levels of service than the central city. According to Teaford, central cities usually wanted to annex their suburbs; but most states had adopted statutes that allowed fringe residents to veto annexation and/or incorporate separately, if they wanted to do so. The emergence of many cities in California renders factual strength to this argument.

Using a framework similar to Teaford, Jackson (1985) explains incorporation as a form of resistance to annexation. In instances where metropolitan problems are viewed as unsolvable, isolation through incorporation is viewed as a sensible solution. The author concludes that elite suburbs are communities encapsulated from the crises of urban capitalism, yet able to benefit and enjoy the system’s largesse (Jackson, 1985). In another acclaimed study, Gary Miller (1981) examined the political motivations behind the creation of “contract cities” in Los Angeles County. In

keeping with the central tenant of this school of thought, Miller argued that citizens of unincorporated areas were not motivated by service concerns in seeking municipal incorporations. According to Miller, in only one of the many incorporation proposals he examined did the proponents of the measure appear to seek an increased level of municipal services. In contrast, Miller argued that incorporation sprang from desire on the part of wealthy homeowners or business people to escape aggressive annexation by poorer, high property tax rate cities:

....the most basic and pervasive common denominator for incorporation was the avoidance of high property taxation. It was explicitly used as the central theme in most incorporation campaigns, even in incorporations 20 years before the Jarvis Amendment. Where the leaders of an incorporation campaign were unable to convince the electorate that the city would not require a high property tax, the incorporation failed at the polls. (Miller, 1981:62)

It is important to note that Miller's argument about "defensive incorporation" is in direct contradiction to the Goleta incorporation. The annexation attempt by the City of Santa Barbara was in fact the "defensive" move. At minimum, the Goleta case challenges Miller's assumptions. There were some additional assertions in Miller's work (1981) that also do not fit the Goleta case well.

Miller argued that other concerns, such as articulation of community demand for services, the preservation of community identity, or a desire for local control over land use policy were unimportant. He inferred that incorporations do not enhance efficiency, but merely redistributed income in favor of the wealthy and also segregated poor minority population. While the reasons for Goleta incorporation will be examined in detail latter in this thesis, it is noteworthy that community identity and control over land use did play a very significant part during the successful effort.

The roles of segregation and zoning as factors motivating incorporation have been offered by other scholars. In a study in 1973, Linowes and Allensworth noted that, in practice, local control over zoning powers "can and does frequently spell racial discrimination, economic segregation and social class division." They argued that organized suburban homeowners accomplished this through zoning laws that



require minimum lot sizes, and exclude multi-family dwellings. According to the authors (Linowes & Allensworth, 1973) zoning laws were the primary means of protecting and isolating the single-family residence from the “influences of the city”. Along this line Popper (1980) finds that relatively wealthy white suburban communities have used zoning to “keep out unwanted minorities and the poor.” Long and Schneider (1981) found that a “major motivation of restrictive land use policies of many suburbs is racial.” Rabin (1987) emphasized that “the land use-related policies and practices of government, at all levels, have been, and in many cases continue to be, important influences of both the creation and the perpetuation of racially segregated housing patterns. However, a different shade of segregation that is more relevant to Goleta incorporation have been offered by other scholars.

Goel et.al (1988) argued that under certain conditions, incorporations have been advocated as a way to increase minority local empowerment. The authors argued that incorporation can be used by minority communities to win “local control over their government and the creation of conditions for balanced economic development”. This perspective emphasized improving citizen representation by incorporating small, minority-controlled cities and in some ways promotes the value of decentralizing administration. In pressing for minority incorporation, these scholars consciously depart from the traditional civil rights paradigm that emphasizes integration into the dominant society. Rather, this view contends that when integrationist strategies fail, incorporation is a form of empowerment that promotes cultural identity, group pride and local control that will primarily benefit minority community. In particular, local control over zoning and planning is cited as providing the opportunity to promote a community’s economic development while protecting against displacement of low-income residents from gentrifying development (Goel, et. al. 1988). This study provides some helpful insights to understand Goleta incorporation. While Goel et. al refer to race as a basis for minority communities, the

residents who desired incorporation in Goleta valley perceived themselves as “minorities” on the basis of City of Santa Barbara’s lack of interest or effort to annex the valley. Consequently, they struggled to become an incorporated city. I will be further examining this hypothesis in the latter chapters.

In sum a variety of reasons like low taxes, race/class segregation, controls over local land use and community pride have been offered as reasons that motivate communities to incorporate. It is significant to note that the studies in this group do not help us *predict* municipal change but help us focus on what were major motivations that lead to boundary changes and who gets to make boundary change decisions. In contrast to the political theories, there are the economic theories that explain city incorporation largely as a consequence of economic reasons.

### **Economic Theories of Incorporation**

Two distinct bodies of economic theory attempt to explain the process of municipal boundary formation. The first, rooted in public choice theory, the *Tiebout Model*, is often used to justify the proliferation of small, independent suburban jurisdictions (Tiebout, 1956). The second, based on Marxist theories of class conflict, is usually cited to support metropolitan governance and consolidation (Hill 1974, Hoch 1985). Both, however, emerge from the same foundations: an assumption that economic factors shape the spatial pattern of local governments and recognition that aggregating metropolitan populations in different ways changes the benefits and burdens of government for individuals and groups.

(i) Public Choice Model

While the traditional incorporation theories proposed that *differences in attitude towards scale of redistribution or attitude towards taxation* caused areas to incorporate, the competing economic self-sorting theory advanced a different cause. The followers of this theory attributed *different tastes in public goods* to be the root cause for formation of cities.

In 1956 Charles Tiebout, a political economist proposed this self-sorting economic model to explain city formation. Tiebout explained the formation of new cities essentially as another way of building choice and greater efficiency into the coercive governmental production of public goods. Tiebout viewed public goods just as regular market goods and the formation of new cities as a decentralization phenomenon promoting market efficiency. In other words, city formation occurred as area residents sorted themselves into jurisdictions that would provide the best and most suitable collection of public goods for each specific group (Tiebout, 1956). According to Tiebout, the major advantage of decentralized service provision in a metropolitan area is the broader choice of public services offered to voters as compared to a single, centralized provider (Tiebout, 1956).

The remarkable claim made by Tiebout was that giving individuals a choice (through the use of incorporation) serves not only to reassert individual autonomy but also to restore efficient individual autonomy, that is, the invisible hand. When faced with a choice of jurisdictions, each providing a different mix of public services, the people in a metropolitan area will sort themselves out on the basis of similar tastes for public goods. So, if the existing mix did not meet required specification, then area residents will create a desirable mix of choice through the formation of a brand new city. Tiebout (1956) observed that households can “vote with their feet”, selecting the municipality that best matches their public goods preferences. By

judiciously selecting the community in which they live, households can avoid paying for the production of public services they do not want. According to Tiebout, households with similar tastes will cluster together. Public service production will be more efficient because local taxes will support only the public services for which residents are willing to pay.

Tiebout's original model assumed that localities would use a simple head tax to fund public services. Hamilton (1975) expanded the model to include property taxes. Opponents of this theory disagreed with the pure economic rationale of the model. Ellickson (1973), Henderson (1985) and others have demonstrated that public service/property tax rate sorting can produce both inter-jurisdictions income segregation and coercive policies like exclusionary land use control designed to maintain segregation over time.

Tiebout's view was in direct opposition to the traditional reform position with regard to metropolitan government. The traditional reform position was that too many governments operating in a single metropolitan area inhibited efficiency, accountability and equity. The numerous small governments were thought to be too small to achieve economies of scale and too numerous to deal effectively with area-wide problems. Furthermore, fragmentation inhibited accountability and was thought to perpetuate inequitable distribution of resources in a metro area. The followers of Tiebout, who came to be called the public choice school, dismantled much of the traditional consolidationist argument. Small local governments, they maintained, were more accountable than large, comprehensive governments with their immobile, unresponsive bureaucracies. While it is necessary to have some large, comprehensive layers of local government to deal with metropolitan problems, other problems can be dealt with progressively smaller layers of local government right down to the neighborhood level. While it is hard to establish a winner among these two schools of thought, the arrival of Tiebout's model did establish normative

implications for analyzing proposals for incorporation as well newly incorporated areas.

The connection between patterns of residential migration and provision of urban services has drawn extensive theoretical and empirical inquiry since Tiebout's (1956) study. Ostrom (1994) concluded that Tiebout's perspective provided normative support for what he termed as "polycentric" system of governance, where competitive rivalry between service providers enhanced sensitivity to the relative benefits and costs of public services.

Several recent studies in this area evaluate aggregate service levels to test the efficiency of the polycentric regions while others gauge the "microfoundations" of the theory questioning the behavioral assumptions underlying Tiebout's model. For example, Hiekkila (1996) finds that jurisdictions in Southern California show evidence of sorting around demographic characteristics likely to associate with service preferences. Stein (1987) finds differentiation of service bundles across metropolitan governments but little evidence of a relationship between residential sorting and service choices. Tiebout's Model and its extensions typically assume the existence of numerous municipalities that represent a wide range of possible public service/property tax rate combinations. They do not explain how those jurisdictions emerge. Several economists have explored the question of whether and how a community composed of households and heterogeneous preferences will separate into stable Tiebout communities (Henderson 1991). The studies sometimes assume particular mechanisms for new community formation. Henderson (1991) explores the implication of an auction process to allocate land and a developer-led community formation process. It is important to note that the Tiebout model itself does not dictate any particular system.

Empirical testing of the Tiebout model has produced mixed support. In an early study, Oates (1969) used Tiebout framework to assess the effects of property

taxes and public services on property values. He hypothesized that with Tiebout sorting, "property taxes would be higher in a community the more attractive is its package of public goods." Analyzing the relationship between taxes, school expenditures and property values in suburban New Jersey municipalities in the New York metropolitan area, Oates concluded that higher price was being paid by individuals who desired better services or better schools. He interprets this as evidence to support Tiebout's assumptions. Some scholars have questioned Oates's theoretical assumption.

Hamilton (1975) and Brueckner (1978) question Oates's empirical support for Tiebout equilibrium by emphasizing that taxes will function purely as the entry price to the community and the public service package it offers. Consequently, there should be no relationship between local taxes and housing prices. Brueckner (1978) shows in his study that given identical units and efficient provision of public goods, a marginal increase in taxes and public expenditure will have no effect on property values precisely because public good provision has been chosen to maximize property values. Hoyt (1990) points out that empirical studies of Tiebout have attempted to determine whether public service provision is efficient, but fail to identify why it is so. Evidence of efficient public service provision does not in itself prove that residential mobility is responsible for the efficiency. In a 1978 study Epple et al. point out that the confusion in the empirical literature testing Tiebout's model stem from a tendency to derive econometric hypotheses from intuitive arguments about the implications of Tiebout. There is little theoretical clarity about the characteristics of Tiebout equilibrium, much less the appropriate means of testing for the existence of Tiebout sorting.

It is important to recognize the limitations of the analogy between Tiebout's modeling and boundary change decisions. Although it helps us to understand the preferences of individual households, it breaks down if used to evaluate outcomes.

The power of the Tiebout Model is that it shows how individual, self-interested household location decisions can interact to produce an efficient result. Boundary change decisions, however, are usually made collectively. Even if individual households are consulted, there is no assurance that everyone will be satisfied by the group decision, and individuals can opt out only by making a normal Tiebout move after the boundary change has been made. While Tiebout's model builds around individual choices regarding urban services, the Marxist theory explains boundary formation in terms of class conflicts and uneven economic development of capitalist urbanization.

(ii) Marxist Theory and Incorporation

Maintaining roots in economic theories of Karl Marx, several scholars explain municipal incorporation somewhat differently than the Tiebout's model. Economics and politics causes this fragmentation of local governance. According to Hill (1974), "a decentralized, fragmented metropolitan governmental pattern facilitates the maintenance and perpetuation of class and status group privilege":

Advantaged classes and status groups in the metropolitan community seek to maximize control over scarce resources and maintain life-style values through homogenous and complementary residential groupings. In the context of fragmented system of governments in the metropolis, municipal government becomes an institutional arrangement for promoting and protecting the unequal distribution of scarce resources. (Hill, 1974: 1559)

Hill supports this claim with statistics showing that the larger the number of municipal governments in the metropolitan community, the greater the income homogeneity within specific municipalities. Ostrom (1983) identifies methodological problems in Hill's analysis. One of the weaknesses that she notes is that Hill improperly uses median household income as a surrogate measure for the tax base of a jurisdiction (Ostrom, 1983). Since that measure does not take commercial and

industrial properties into account, it may not be an accurate indicator of the fiscal resources of a municipality.

Markusen (1978) argues that nineteenth century industrial capitalism created "new class interests, which battled over the control of local government." These class conflicts ultimately produced today's fragmented metropolis- "a political configuration unique among capitalist countries: strong separate suburban government units that serve class-based neighborhoods but avoid production-associated costs that central cities incur". In another study Markusen (1975) proposed that annexation and consolidation decisions are affected by cyclical fluctuations in the economy. She presents a complex model in which local government tax/service decisions are shaped by seven factors: local government utility functions, local government production functions, budget constraints, local government handicaps, spillovers the municipality can capture from other areas, the price of labor, and the level of income within the jurisdiction. She contends that by examining each factor that bears upon tax and service differentials across communities and by gauging its sensitivity to cyclical movements, we can assess the impact of economic boom or downturn on attitudes and efforts toward structural reform in metropolitan areas (Markusen, 1975). Markusen's model has extremely high data requirements and so the model has not been substantiated by notable empirical studies based on this framework.

Hoch (1984) presents a case study of boundary change processes in suburban Los Angeles County and asserts that the legal structure of incorporation favors members of the capitalist class and that the organizations effectively supporting or preventing incorporation are capitalist and middle-class organizations.

Hoch notes that boundary change procedures in California included requirements that owners of a certain percentage of affected property request and/or approve proposed changes. With respect to incorporation efforts, this allowed



holders of large amounts of capital to exercise disproportionate control at the agenda-setting stage. Hoch also argues that the high financial and organizational costs of boundary change election campaigns reinforced the importance of support from business interests.

### **Econometric Models of Incorporation**

Several studies attempt to explain municipal incorporation primarily on quantitative methods and develop models of boundary formation processes. For instance Nelson (1990) uses multiple regression analysis to identify preference structure, environmental, and state regulatory factors that explain the number of local governments in 296 SMSAs 1982. The three dependent variables that Nelson identifies are: (1) the number of local governments within the metropolitan area with taxing authority in 1982; (2) the number of general purpose local governments in 1982; and (3) the number of special district governments in 1982. He models these variables as a function of independent variables, including population growth between 1960 to 1980, total metropolitan population and land area in 1980, and state law as of 1975-1977. Nelson does achieve high R-square values and finds statistically significant relationships. However, critics caution that in essence, Nelson model attempts to explain current local government structure – the product of long histories of changing economic, institutional, and demographic forces – with independent variables that measure only current conditions.

Other studies have avoided this problem by modeling municipal annexation or incorporation activity during specific periods. In *The formation of American local governments*, Burns (1994) uses Poisson regressions to model the formation of new municipalities and special districts. In her study, Burns analyzes 200 randomly

selected counties and avoids focusing on local government formation with metropolitan areas:

I want to generalize to counties in the United States – without an urban bias in the analysis. The question the analysis addresses is why governments form in the United States, not why they form in population centers in the United States. (Burns, 1994:130).

In her study, Burns includes 13 independent variables, each of which captures one of five factors that might drive the formation of municipal governments: (1) services; (2) taxes; (3) race; (4) supply; and (5) entrepreneurs (Burns, 1994). Burns runs separate regression for each decade since 1950, holding the model specification constant across all decades. Based on the regressions, she concludes that municipalities were created to provide new services until the 1960s, when municipalities began to increase their taxes rapidly. After that Burns argues, “citizens lost interest in new cities’ ability to provide services,” turning instead to special districts for public services (Burns, 1994). Indeed, the desire for lower taxes became an increasingly important motive for municipal formation. By 1980s, avoiding higher taxes appears to have been virtually the only reason citizens created new cities (Burns, 1994). Burns also finds that racial concerns strongly motivated municipal formations in the 1950s and 1960s and also that the impact of procedural rules for incorporation does not strongly influence creation of new cities (Burns, 1994).

Within this group of studies that use econometric models significantly, there are some that focus specifically on boundary change decisions. This approach enables the investigator to examine the behavior of decision makers who influence boundary changes. In a 1994 study, Musso modeled the incorporation decisions of 1980 Census Designated Places (CDP) in California. Her analysis is divided into two parts. First, she used a probit model to predict whether or not a 1980 CDP would hold an incorporation referendum between 1980 and 1992. She found that CDP population, CDP median house value, and county population and retail sales growth are significant predictors of whether or not an election would occur (Musso, 1994).

Second, for those jurisdictions in which an incorporation attempt was made, she used a logit model to identify factors that may have influenced voters. She found that voters were more likely to support incorporation if their county's population is growing rapidly. Voters also tend to support incorporation proposals that include higher spending on police forces and they tend to support incorporation if their community is racially homogenous than the surrounding area (Musso, 1994).

In another study, Musso (2001) formalized and extended the work of Miller (1981) and Burns (1994) through an analysis of voting behavior regarding 70 city formation proposals in California between 1980 and 1990. The study examined the extent to which city formation facilitates the clustering of city residents around service preferences. This study found evidence that formation of new cities through municipal incorporations supports residential sorting around service preferences. However, the added contribution to the literature was the finding that city formation supports population sorting primarily through a process the author calls *agenda-setting*, wherein political entrepreneurs initiate governance change in communities likely to gain from incorporation (Musso, 2001). Of course, there are several other empirical studies that follow this pattern of quantitative testing of various causal factors that lead to municipal boundary changes. However, it is important to acknowledge that there are in fact studies that offer approaches that do not necessarily fall into the categories that have been detailed above. One particular study that offers a somewhat different framework is rather relevant to the Goleta inquiry. The next section details the work of Feiock and Carr (2001) that offers an institutional choice framework to examine and interpret change in local boundaries.

### **Institutional Political Economy Approach**

In a 2001 article, Feiock and Carr develop an institutional choice framework to examine and interpret change in local boundaries and provide a single explanation for the use of varied instruments to create new cities and expand old ones. The authors contend that the literature on local boundary changes is rather fragmented and offer rather distinct frameworks to address various types of boundary changes like incorporations, annexations, or city-county consolidations (Feiock and Carr, 2001). Further, the authors offer a framework that provides a more general model of institutional choice and institutional entrepreneurship that can be applied to incorporations, annexations and consolidations of local governance units. The core offering of this work is expressed as follows:

Boundary decisions are viewed as the product of actors' seeking particular outcomes within a context of existing governments and established rules governing boundary change. Selective costs and benefits, rather than collective costs and benefits, are most likely to provide incentives for institutional entrepreneurship and collective action. Such a framework is valuable because it integrates the fragmented literatures on local boundaries, provides a linkage between boundary choices and policy outcomes at the local level and can guide empirical research into causes and consequences of boundary change. (Feiock and Carr, 2001:382)

Previous study of institutional change in local government has tended to focus on collective benefits such as efficiency, scale economies in service provision, and managerial professionalism. Although institutional changes have collective effects, they also have distributive consequences for individuals and groups. Feiock and Carr argue that these selective costs and benefits, rather than collective costs and benefits, are most likely to provide incentives for institutional entrepreneurship and collective action.

Municipal boundaries determine who is included within a jurisdiction, the nature of arrangements of service provisions within the boundary, patterns of economic development and the exercise of political power. Boundary decisions carry

important distributional implications because they can determine whose preferences are decisive in public choice. The institutional choice framework for boundary change that Feiock and Carr (2001) build describe boundary decisions as the product of actors' seeking particular outcomes within a local context of existing governments and established rules governing boundary change. This framework provides a single explanation for the use of various instruments to create new boundaries or expand old ones. The authors (Feiock & Carr, 2001) bring to attention the role public entrepreneurs play in boundary change that identifies "boundary entrepreneurs" and identifies the actors that support or oppose boundary change issues. This requires specification of key actors in the process and their motivations for redrawing existing jurisdictions. Annexation, consolidation, incorporation, and special districts are sometimes available as alternative mechanisms for boundary change, but the choices among them are not distributionally neutral. The parties are motivated to cooperate and participate in efforts to change boundaries in pursuit of distributional advantage. Organizational changes do not necessarily benefit everyone but instead benefit some people more than others. It is these selective distributional benefits of boundary change that provide the incentives for boundary entrepreneurs.

Feiock and Carr (2001) identify three potential groups as the likely "boundary entrepreneurs": *Public officials, business associations and resident/citizen organizations*. The authors contend that it is combination of collective and selective incentives that motivates these groups to seek boundary change. Importantly, those factors that explain boundary change decisions in one community or period of time maybe less important in others, as actors shape the context of boundary change and this context shapes future motivations, strategies, and actors. Such a framework is important to the field of urban politics because it provides a linkage between the boundary choices and policy outcomes at the local level. The authors offer this

framework as a valuable tool for empirical research. The framework offers three useful propositions for conducting an empirical investigation:

- The preference of each type of actor for various types of boundary change will be a function of the expectations they hold regarding selective benefits derived from the specific type of boundary change.
- The mobilization of these actors in pursuit of their boundary interests will be a function of the distributive payoffs as defined by state laws and local context, the difficulty of pursuing their boundary choice as determined by state rules and existing configuration of boundaries, and the abilities and resources of the actors.
- The success of various actors in pursuing collective action to change boundaries may be different at the agenda-setting stage than at the approval stage.

(Feiock and Carr, 2001)

It is important to note that the Goleta inquiry offers a good fit to empirically test the role of “boundary entrepreneurs” proposed in the above framework. The case study offers an opportunity to examine state-level rules and local-level actors together. As proposed by Feiock and Carr (2001) such a work can contribute to our understanding of local politics and urban governance by accounting for boundary decisions as the product of actors’ seeking specific outcomes within the constraints imposed by the existing organization of governments and intergovernmental rules. In addition to the Goleta inquiry offering an opportunity to assess whether boundary entrepreneurs in fact have selective goals, it also offers other possibilities.

## **2.4 MOTIVATIONS SURROUNDING ANNEXATIONS**

A defensive annexation attempt by the City of Santa Barbara was an interesting and intriguing part of the Goleta incorporation struggle. This section provides a brief review of the motivations that prompt local governments to initiate annexation of adjacent unincorporated areas.

Municipalities pursue annexation for various reasons. Some scholars have argued that annexation is an important tool for municipal governments because the relative ease by which a locality can annex affects its ability to preserve and enhance its economic base (Cho 1969; Gabler 1971; Muller and Dawson 1976; Fleischmann 1986). Others argue that annexation is a tool for the orderly growth of a region (Reynolds 1992) and others maintain that political motivations drive annexation (Austin 1999).

Historically, annexation has been pursued to offset the fiscal implications of the migration of middle and upper income people fleeing central cities, which may lead to a situation of fiscal stress. Rubin (1982) offers the migration-tax base model of fiscal stress, which attributes fiscal stress to population and employment shifts and their effects on the city revenue base. The theory suggests that the selective migration of population from the city to outlying areas imposes expenditure demands on the city, as a high proportion of economically disadvantaged residents are left behind. At the same time, the city tax base erodes because of the exodus of the middle class and loss of employment. Furthermore, fringe residents may continue to work in central cities using municipal services and contributing to even higher city spending. Rubin's explanation for annexation does not fit the City of Santa Barbara's place in the metropolitan area primarily because the City has a vibrant central city and has not been losing population or employment. The explanation offered by Reynolds (1992) better fits the stated intent behind the City of Santa Barbara's annexation attempt during the 2001 Goleta incorporation.

Cities also have political motivations for annexation. One motive for the consolidation that created what is now New York City was to dilute the influence of Tamany Hall in the region by adding middle class voters from outlying areas to the city electorate (Jackson 1985). In a more recent study Austin (1999) attempts to understand the relative importance of political and economic motives to annexation

and disentangles them in a unified theoretical model coupled with empirical evidence. The model identified economic factors affecting annexation, including fiscal gains and losses, and political factors, such as tastes for discrimination. There are of course other explanations offered for annexation.

Annexation policy is pursued as a solution to preventing fragmentation of metropolitan areas. The end result of a series of aggressive annexations is less fragmentation as the central city comprises a greater fraction of a region's land area. Although results are inconclusive, scholars argue that an excessively decentralized system of governments may result in inefficient and expensive government (Sjoquits 1982; Miller 2002; Ulfarsson and Carruthers 2006). Of course, these arguments counter the position taken by the public-choice theorists detailed earlier in the chapter. Interestingly, the debate amongst public-choice theorists and those advocating reform strategies like city-county consolidation, annexation, and the merging of municipalities continues fifty years after early public choice scholars began their 'well-crafted intellectual attack' against the reform perspective (Stephens and Wikstrom 2000). The City of Santa Barbara's apathy towards making a move toward annexation of Goleta Valley calls to question the City's intent towards metropolitan governance. However, avoiding metropolitan fragmentation was one of the reasons that the city offered during its annexation attempt. There was another reason that the city offered to qualify its annexation – one of growth management.

Annexation policies are pursued by municipalities as part of growth management strategy. Advocates of annexation argue that annexation guarantees that growth occurs in an orderly manner adhering to sound principles of land-use planning (Reynolds 1992). According to Kelley (1993), communities may actively annex territory that fits into general expansion plans, as it allows for controlled growth on the urban fringe. Annexation power, including the refusal to annex, is one of the more effective devices in the growth management tool box. While the City of



Santa Barbara did cite growth management as the prime intent in its efforts to annex Goleta Valley, it is noteworthy that previous efforts by Goleta residents to get annexed to Santa Barbara had failed to produce any serious interest on part of the City. So, the defensive annexation while Goleta was making a serious attempt to get incorporated offers itself as a gap in the annexation literature and a scholarly reason for undertaking the Goleta inquiry. The subsequent section details other reasons that provide credibility for the Goleta study.

## 2.5 EXISTING GAPS IN LITERATURE

It is clear from the above review of the literature on municipal incorporation that there are varying explanations on why incorporation occurs and what, in effect, are the predictors of boundary changes. It is also clear that no theoretical framework has gone unchallenged. Similarly, empirical studies offer varying degrees of support for specific schools of thought- be it Tiebout's model or Miller's approach. Additionally, many empirical works on municipal incorporation rely heavily on the analysis of aggregate data. Such an approach ignores the political and institutional context in which boundary creation/change decisions are made. Additionally, aggregate analysis fails to adequately investigate the factors that act as "triggers" for creation of new municipalities. An inquiry such the proposed study of Goleta Valley offers the luxury of examining the motivations and explanatory factors in careful detail. The proposed inquiry offers another advantage.

As detailed earlier, the Goleta Valley incorporation was rather complex. The case appears to offer empirical support for more than one theoretical framework. The inquiry offers the potential to test the validity of the ***multiplicity of motives*** while determining local governance issues as opposed to having "one dominant cause" like tax avoidance or race/class exclusion. Additionally, this particular incorporation

struggle stretched over 15 years and 5 separate initiatives seeking incorporation. An understanding of the differences in these initiatives can help in understanding whether explanation of boundary changes vary with each specific instance. In other words, the Goleta study can help us understand whether causal explanations tend to differ when the efforts are spread over time and being spearheaded by different groups of people. If motivations to seek local governance changes do tend to change over time then should theoretical frameworks include a temporal aspect? Additionally, the Goleta inquiry can help understand whether or not there is need for the existence of a “winning mix” of causal factors to eventually bring about incorporation in places that face protracted battle for boundary change.

Most empirical studies of municipal incorporations do not include a participant observation component. I was a resident of the Goleta Valley while the last and successful initiative was taking shape. This vantage point and certain degree of familiarity with the leaders of this movement can help in better understanding substantive issues related to the creation of the City of Goleta. The next chapter provides research strategy details of the proposed inquiry into Goleta incorporation.

## CHAPTER THREE

### RESEARCH STRATEGY: A CASE STUDY APPROACH

The essence of the case study, the central tendency among all types of case study, is that it tries to illuminate a decision or a set of decisions: why they were taken, how they were implemented, and with what result.

Wilbur Schramm (1971: 6)

The City of Goleta was formally incorporated in 2002, after several different types of attempts to change its political status as an unincorporated county area. These attempts stretched over a period of nearly two decades. This thesis is an attempt to understand and answer specific research questions designed to explain *how* and *why* Goleta Valley was able to incorporate during the last successful endeavor lasting from early 2000 to the end of the referendum in November 2001. The explanation will also look into the parallel and reactionary annexation attempts by the City of Santa Barbara that had historically not shown an interest in acquiring this adjacent geography. As mentioned in the introductory chapter, the *incorporation* vs. *annexation* battle that was played out in Goleta Valley is rich in its complexities. This real-life interplay of events, players and regulations all need to be woven together to get a holistic explanation of the outcome. Additionally, I had the opportunity to observe the Goleta Valley politics as I was living there at the time. This provided a chance for participant observation including attendance at public meetings, familiarity with political activists several of whom lived in my very neighborhood and also to listen and sense the mood in the Valley.

Admittedly, there are several ways one could take to investigate a research situation. The choice of a specific research strategy is based on a number of different things including the nature of the research questions, time, scope and skills of the

investigator. Weighing in all the relevant criteria, I decided to use the *case study approach* to address and understand the Goleta incorporation.

The next section presents an overview of case study method. The subsequent section details aspects specific to the Goleta valley incorporation case. In the last section, I present my research questions and hypotheses.

### **3.1 CASE STUDY RESEARCH**

#### **(1) Introduction to case study method**

The field of research methodologies offers a number of different strategies to study a particular research problem. The strategies are not mutually exclusive and there are instances when two strategies can be equally effective or can be used together. However, there are situations in which a specific strategy has a distinct advantage. For the *case study*, this is when:

A “how” or “why” question is being asked about a contemporary set of events, over which the investigator has little or no control. (Yin, 1988:20)

Case study was differentiated from other research designs by what Cronbach (1975) who called it an “interpretation in context”. By concentrating on a single phenomenon or entity (the case), the researcher aims to uncover the interaction of significant characteristics of the phenomenon. The approach is to focus on holistic description and explanations. Several scholars offer several definitions of the case study that were congruent with the above descriptions. In his earlier works, Yin (1981a, 1981b) offers what is considered to be a technical definition of case study. He defines a case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context when the boundaries between the

phenomenon and context are not clearly evident and in which multiple sources of evidence are used. Others have offered less technical definitions. Merriam (1989) defines a case study as “an examination of a specific phenomenon, such as a program, an event, a process, an institution, or a social group. Stake (in Denzin & Lincoln, 2002) broadens this definition. He indicates that a case study is both a process of inquiry about the case and the product of that inquiry. In sum, a case study approach to research is a way of conducting mainly qualitative inquiry, commonly used when it is impossible to control all of the variables that are of interest to the researcher.

## **(2) Types of Case Studies**

Yin (2003) states that at least six kinds of case studies can be identified based on a 2 x 3 matrix. In the first instance research can be based on a single case or on multiple cases. A single case study focuses on a single case only, but multiple case studies include two or more cases within the same study. He then classifies case studies as *exploratory*, *descriptive*, or *explanatory* (causal). An *exploratory case study* aims at defining the questions and hypotheses of a subsequent study or at determining the feasibility of the desired research procedures. A *descriptive case study* presents a complete description of a phenomenon within its context. An *explanatory case study* presents data that explains how events occurred and reflects a cause and effect relationship (Yin, 2003). His classification of case studies can be illustrated as follows:

**Table 3.1**  
**Typology of Case Studies**

	Single Case Study	Multiple Case Studies
<b>Exploratory</b>	Type 1	Type 2
<b>Descriptive</b>	Type 3	Type 4
<b>Explanatory</b>	Type 5	Type 6

Source: Yin, 2003

Based on the above classification scheme, the Goleta Case is a Type 5 study.

### **(3) Advantages and Disadvantages of Case Studies**

Similar to any other research method, the case study approach has both advantages and disadvantages. The primary strengths of case study method are the depth and flexibility of analysis of a contemporary situation that it makes possible. By concentrating research effort on the detailed study of a specified occurrence of a phenomenon, the analysis can pay attention to context, consider a large range of variables simultaneously as they unfold in the situation, adapt the research design as understanding of both the questions and answers develop, and thereby provide a much richer explanation of the subject of interest (Duncan 1979).

The strengths of case study method are enhanced by the dominance of qualitative data. Yin (1989) argues that the emphasis of qualitative data contributes to a richness of understanding of phenomenon in context. Duncan (1979) writes that quantitative methods by themselves may ignore much of the process phenomenon associated with a particular research question so that a real understanding of what's happened may not exist." Of course, gaining this richness of understanding from the use of case study method and qualitative data involves trade-offs. Yin (1994) calls them the "prejudices" against case study research.

Yin (1994) identified three prejudices against case study strategy beginning with, lack of rigor of case study research. He acknowledges that case study researchers had possibly been sloppy in the past and had allowed biased views to influence conclusions but he also defended this claim and suggested that case study research was often confused with case study teaching and that bias was possibly, just as prevalent in experiments and quantitative analysis as well (Yin 1994).

The two other prejudices that Yin (1994) identified were: (i) case studies provided little basis for scientific generalizations and (ii) case studies took too long and resulted in massive documentation. For the accusation of "lack of scientific generalization", Yin (1994) argues that the same question can be applied to experiments. He states that case studies like experiments were generalizable to theoretical propositions and not to populations or universes. In this sense, the case study like the experiment, did not present a "sample", and the researcher's goal was to expand and generalize theories (analytic generalizations) and not to enumerate frequencies (statistical generalizations). For the third accusation, Yin (1994) acknowledges that the complaint may have been appropriate in the past and with better design, this was not necessarily the case in the future.

Mitchell (1983) provides an extended discussion of a similar point. He also argues that the reason that people often criticize the specificity of case studies is that they fail to recognize that case studies have different criteria of generality than traditional quantitative research methods. Traditional methods use a combination of statistical and causal or theoretical inferences to argue generalizability of results. First, statistical theory is used to design a representative sample of the population or situation. The findings from the sample or situation then can be extrapolated to the whole population – a case of statistical inference. To generalize about the nature of the relationships between variables that is about causality, the researcher must use theoretical inference. By showing how the findings and research design relate to a

body of theory, the researcher can generalize about causal relationship exhibited by the findings. Mitchell (1983) argues that case studies rely only on theoretical inferences and so the criteria for generalizable findings from both single and multiple case studies should be whether or not theoretically relevant characteristics are reflected in the case(s) in a similar manner. In sum, it is important to note that the generality of case study findings then depends on the use of analytic induction, a process of generalizing by abstracting from the specific, rather than the deductive logic of more traditional methods. The following table recapitulates some of the advantages and disadvantages that is inherent to the case study method:

**Table 3.2**

**Advantages & Disadvantages of Case Study Research**

Advantages	Disadvantages
<p><u>Holistic</u></p> <ul style="list-style-type: none"> <li>• Depth of analysis</li> <li>• Realistic</li> <li>• Analysis within context</li> <li>• Extensive range of variables</li> </ul> <p><u>High Internal validity</u></p> <ul style="list-style-type: none"> <li>• Comprehensive understanding</li> <li>• Direct observation</li> <li>• Multiple sources of evidence</li> </ul> <p><u>Adaptive</u></p> <ul style="list-style-type: none"> <li>• Questions can be changed</li> <li>• Data sources can be changed</li> </ul>	<p><u>Researcher Bias</u></p> <ul style="list-style-type: none"> <li>• Observation bias</li> <li>• Interpretation bias</li> <li>• Participation bias</li> </ul> <p><u>Low External Validity</u></p> <ul style="list-style-type: none"> <li>• Low generality</li> <li>• Lack of control</li> <li>• Difficult to replicate</li> </ul> <p><u>Costly</u></p> <ul style="list-style-type: none"> <li>• Volume of Data</li> <li>• Duration of research</li> </ul>

Source: Drawn from Duncun (1979) and Yin (1994)

**(4) Justification for case study as a research strategy**

Drawing from the above discussion, it is clear that the case study method is very suitable for investigation of contextually rich events contemporary events.



Additionally, it is good strategy when the researcher can exercise little or no control over the variables. These identified attributes make it highly appropriate for the investigation of Goleta incorporation, a contemporary rich event in which the researcher is attempting to answer the how and why questions. In addition, it is important to note that while methodological disadvantages exists, that need not be the basis for rejecting the choice of this approach. Recognizing the weaknesses, I have made efforts to mitigate where possible the potential pitfalls of a case study research. Having discussed some of the general features of case study method and its appropriateness for this study, following is a discussion on specific details of the case study design used to study Goleta incorporation.

### **3.2 GOLETA CASE STUDY DESIGN**

#### **(1) Goleta incorporation: a single case study**

The Case study method is a powerful research method that can be applied to seek explanation of causal links in real life situations that are too complex for the survey or experimental strategies (Yin, 1988). The Goleta incorporation was certainly a complex process that involved various public agencies, area residents and a grass-roots organization. The case study method provides an appropriate framework to accommodate not just the varied group of participants (public agencies, activists and area residents) but also provides an opportunity to understand relevant processes that happened at a certain time and place. A case study approach to understand Goleta Valley's incorporation will enable this inquiry to retain the holistic and meaningful characteristics of real-life events such the formation of *GoletaNow!*, the role of LAFCO and the parallel annexation efforts.

There are two types of case study designs: the *single case* design and the *multiple case* design. The single-case study is an appropriate design under several circumstances. One rationale for a single case is when it represents a *critical case* in testing a well-formulated theory. A much acclaimed example of a single case study is the work by Neal Gross et al. who focused on a single school in their book, *Implementing Organizational Innovations (1971)*. The school was selected because it had a prior history of innovation and could not be claimed to suffer from “barriers to innovations.” In the prevailing theories, such barriers had been prominently cited as the major reason that innovations failed. Gross et al. showed that, in this school, an innovation also failed but the failure could not be attributed to any barriers. Implementation processes, rather than barriers, appeared to account for the outcomes. In this manner, the book, though limited to a single case, represents a watershed innovation theory. Prior to the study, analysts had focused on the identification of barriers; since the study, the literature has been much more dominated by the implementation process.

There are two other rationales for conducting a single case study. If a case *extreme* or *unique* then it offers a sound justification for a single case study. The field of clinical psychology offers several good examples of unique case studies. Yin's (1978) work on documenting a rare syndrome called prosopagnosia provides a good illustration of unique case study. This syndrome refers to the inability of a patient to recognize familiar faces. Given visual cues alone, such patients are unable to recognize friends and family members and in some cases their own image in a mirror. The syndrome is the result of a brain injury but occurs very rarely. So, a single case study becomes appropriate with every new patient. There are several instances in urban planning that also render themselves well for a single case study situation. Presently, the City of Youngstown in Ohio is trying out a policy of “restrained growth”. Instead of the usual plans for expansion, Youngstown is trying

to restrict growth in viable areas of the City by taking away urban services from areas that are in various stages of decay. The idea is to nurture growth in healthy areas as opposed to run down areas as a survival strategy. While this strategy may have been tried before, it is certainly not a common practice. City planning efforts are most often geared towards “planning for growth” or “planning for redevelopment” and such “planning for shrinkage” is certainly uncommon. So this rare approach is good for a single case study. In addition to this rationale of “extreme/unique”, conducting single case studies have yet another rationale. Such studies fall under the category of *revealing* case studies.

In a revelatory case study, the investigator has an opportunity to observe and analyze a phenomenon previously inaccessible to scientific investigation. Elliot Liebow's *Tally's Corner* (1967) is a perfect example of a revelatory case study in which the author was able to gain insights on a subculture among poor black men that helped them cope with unemployment and failures. The phenomenon had only been obscurely understood prior to this study.

My research inquiry on Goleta incorporation is indeed a single case study. However, it does not fully satisfy the aforementioned rationales for conducting a single case study. City incorporation theories have been around for a long time and so a recent incorporation can not be critical case. Also, while the incorporation has certain distinct features, it is certainly not an unique or extreme case. However, I would like to make a case for the Goleta incorporation partially on revelatory grounds. As I was a Goleta resident at the time, I got access to observe an incorporation that actually succeeded and a defensive annexation that did not succeed. While struggles of incorporation and annexation are certainly ubiquitous, it is far less frequent that a surprise annexation is attempted as an effort to thwart an incorporation that is underway. It needs to be noted here that the City of Santa Barbara had had years of easy opportunity to annex the contiguous land of Goleta

valley. So, it is my contention that by being there at the time of this parallel incorporation-annexation struggle, I was preview to a phenomenon that is not readily “accessible” or something that routinely happens. Based on existing theories, an annexation should have been the likely outcome- especially since the City of Santa Barbara had the necessary resources. Also, historically, residents of Goleta Valley had sought annexation by Santa Barbara on various occasions. However, when annexation was eventually attempted, it failed. So, at minimum, the Goleta study has the potential to reveal that the global theories do not in fact fully explain ground level realities. While theories can guide the framework for explanation, substantive “add-ons” are required when seeking explanation for real life phenomenon. This is particularly true when seeking to explain an event that involves people and politics. There are two other reasons that I offer as justification for doing a single case study.

The incorporation in Goleta left a small group of low-income renters living in Isla Vista as clear losers. While in my narrative, I will address the issue of losers at length, it is important to document every single case of small unincorporated pockets that get “cut off” when successful incorporations occur. In that regard, Goleta study can be considered as a prelude for future studies that should look into segments of population who are left as small fragments when crafty incorporations occur. While one of LAFCO’s objectives is to discourage such scattered fragmentation, clearly these continue to occur and every such case needs attention to ensure fair services and just policies. The last justification for doing a case study is a more practical one. As a part time researcher with limited resources and needing to complete this study within a reasonable time span, it was not possible to do more than one case in the required depth. Consequently, I focused my full effort on the single case of Goleta incorporation.

## (2) Components of Research Designs

A research design is like the “blueprint” of research that addresses at least four problems: what questions to study, what data are relevant, what data to collect, and how to analyze the results (Philliber et al., 1980). As explained in the earlier section, this thesis involves a single-case study design. The design has certain essential components. Yin (1988) identifies the following five core components of a case study research design:

1. a study’s questions;
2. its propositions, if any;
3. its unit (s) of analysis;
4. the logic linking the data to the propositions; and
5. the criteria for interpreting the findings.

### 1. Study Questions

The first component of a case study deals with the “research questions” that will be addressed through a particular inquiry. While the introductory chapter of this thesis lays out a series of research questions that will be addressed, central to the inquiry are the following questions:

**How and why did Goleta Valley become the City of Goleta? Why did Goleta Valley not get annexed and become a part of the City of Santa Barbara? Why did it take five attempts for this area to attain Cityhood while two other smaller areas within Santa Barbara County, the City of Solvang (1985) and the City of Buellton (1992) were able to successfully incorporate in the same time period that Goleta Valley was striving for Cityhood? Was the outcome “equitable” and if yes, for whom? What is the contribution of this empirical study to the local governance and city formation debates?**

## 2. Study propositions

The second component of a case study is “propositions”. While some case studies can lead to the development of a brand new theory, others help ascertain or refute established theories. Establishing propositions in a case study directs attention to something that should be examined within the scope of the inquiry. As elaborated in the literature review chapter, the explanation for municipal incorporations has been provided by various studies from different fields like economics and public administration. I will present a set of research hypotheses in the subsequent section of this chapter that highlight what the author believes to be the explanatory factors that lead to the incorporation of Goleta. In sum, the Goleta case study is an “analytic generalization” attempt in which previously developed theories of municipal incorporations have been used as a template with which to compare the empirical results of the case study.

## 3. Unit of Analysis

The third component of a case study is the “Unit of Analysis”. In a case study, a “case” may be an individual, an organization, a project or an event. In the Goleta incorporation, it is evident that the case is “Incorporation of Goleta” – a political process. However, the process is actually carried out by residents and/or organizations. In case of Goleta incorporation there are six distinct entities that have a prominent place in the incorporation process:

- a. GoletaNOW! : the grass-roots organization that initiated the process;
- b. City of Santa Barbara: jurisdiction that desired to annex Goleta;
- c. County of Santa Barbara: the jurisdiction governing Goleta Valley;

- d. Santa Barbara LAFCO: the state agency the oversees incorporations;
- e. Special Districts: taxing jurisdictions in Goleta Valley;
- f. Interest groups: Goleta Roundtable & Isla Vista Community Activists.

The above listed groups are in fact the different units of analysis for the Goleta incorporation case study. So while the study is a single case study design, it has embedded units of analysis.

#### 4. *Linking data to propositions*

The fourth component of a case study concerns linking data to the propositions. This component represents the data analysis step in a case study. This can be done in a number of ways. The most prevalent approach for case studies is the idea of “patter-matching” described by Campbell (1975), whereby several pieces of information from the case study may be related to some theoretical proposition. This case study on Goleta incorporation follows a special type of pattern-matching, called the “explanation-building”. This process essentially aims to “explain” a phenomenon by stipulating a set of causal links about it. These causal links are similar to the independent variables in an experiment that can cause variations in the dependent variables. In most studies, just like in this particular inquiry, the links are complex and difficult to measure in any precise manner. So, the explanation-building occurs in narrative form.

### 5. Criteria for interpreting the findings

The fifth and final component of case study is about having a “criteria for interpreting the findings”. This concerns decision regarding the extent to which case study findings have to match or differ from existing theories. There is no precise way of setting criteria. In the Goleta case study, the basic criteria for interpreting the findings is driven by a combination of “best-fit” and “contrasting” with rival explanations.

### **Sources of Evidence for the Case Study**

Evidence for case studies primarily comes from the following six different sources:

- documents,
- archival records,
- interviews,
- direct observation,
- participant-observation, and
- physical artifacts.

In this case study of Goleta, the evidence was collected from all of the aforementioned sources except physical artifacts. As the incorporation process is an administrative procedure, a plethora of documents provide valuable imprints of the process. This includes government staff reports (both from the County & the City of Santa Barbara), community notices, correspondences, resolutions and other relevant documents related to the process. In addition, Santa Barbara LAFCO provided extensive primary source case material including agency memos, public meeting minutes and the Environmental Impact Analysis report. The US Census Bureau was the source of relevant demographic and housing characteristics data. Regular newsletters that were published by GoletaNow! were a very valuable source of



evidence in this case study. Additionally, Margaret Connell, one of the original members of GoletaNow! generously shared several meeting notes and correspondence related to the organization's activities during the incorporation struggle period. These documents provide insights into the organization's sentiments and strategies as they moved through the incorporation process. They also provide evidence regarding the activists' motivation for incorporation.

Besides documents, archival records mainly in the form of newspaper accounts on all incorporation attempts provided comprehensive accounts of the various attempts. Both formal and informal interviews of significant participants greatly enhanced the inquiry. The last source of evidence comes from my experience as a Goleta resident during the last phase of the incorporation in 2001. While there had been no plans to structure an inquiry into Goleta's incorporation at the time, I have also drawn on my experience as an observer of the incorporation to offer an explanation of Cityhood for Goleta.

The following section of this chapter details the set of research questions that will guide this inquiry and the author's hypotheses regarding them.

### **3.3 RESEARCH QUESTIONS & HYPOTHESES**

To effectively capture the complexities of the incorporation process, the central questions elaborated in the previous section have been split into a string of short and specific questions. The strategy is that by answering these specific questions, the explanation to the overarching questions of **how** and **why** Goleta Valley became a city will emerge.

The analysis addresses the following research questions:

- 1. Why did residents of the Goleta Valley initiate a fifth incorporation attempt? Who initiated the incorporation process? Did the reasons offered for incorporation differ from the previous attempts?**

**H1:** The different incorporation attempts were not a “continuum”. The desire to become a City came in waves and was energized by different groups of people. As the final and successful attempt closely followed the successful adoption of a “Goleta Valley Redevelopment” plan, the confidence inspired by that served as motivation to start a fresh incorporation attempt.

**2. How did Goleta Valley differ from its neighbor(s) in terms of economic or demographic characteristics? Were these characteristics changing during the years of incorporation attempts? What was the demographic profile of the residents in the boundary carved for inclusion in the incorporation?**

**H2:** Goleta Valley was a rather large urbanized area. Considered as a whole, it was not significantly different from the City of Santa Barbara in either demographic or economic characteristics. However, the Valley comprised of specific homogenous economic pockets that had conflicting desires about whom and how their area should be governed.

**3. Who were the major participants during the final incorporation attempt and was there a difference in the way the incorporation movement was organized?**

**H3:** The incorporation effort essentially succeeded because of the role played by the “boundary entrepreneurs”. While the incorporation effort was characterized by grass root activism, it was the combination of collective goals and selective gains sought by members of GoletaNOW! that made the incorporation successful.

**4. Did the Goleta incorporation produce clear “winners” and “losers”? If yes, who were they?**

**H4:** The Goleta residents who desired a City of their own were the immediate winners. However, the losers in this struggle were not necessarily the residents who opposed the Measure. The clear losers were a group of low-income renters in Isla Vista. They were losers not just because they were successfully excluded from

becoming part of the City of Goleta but also because the added fragmentation of local governance managed to isolate this group even further.

**5. What specifically were the causal determinants of Goleta incorporation? Does the incorporation of Goleta provide empirical support for any of the theories of municipal boundary formations? If yes, does it support one specific theory or actually separate theories?**

**H5(a):** The incorporation of Goleta provides empirical support for the existence of multiple causal factors. It is a strong case that demonstrates that incorporations are motivated by complex aspirations for collective gain and individual benefits and are not motivated by a single overarching purpose like “tax avoidance” or “urban services”.

**H5(b):** The confluence of several factors lead to the successful incorporation of Goleta. Control over land use decisions, retention of tax revenues and the desire for “political stature” were dominant reasons that explain Goleta incorporation. However, the Goleta incorporation reveals that existing theories will not fully explain the reason for successful incorporation.

**H5(c):** The existence of several causal factors (both economic & political) was particularly critical to Goleta incorporation. The valley had previously attempted four unsuccessful incorporation attempts. When there is such precedence, it takes several equally strong factors to motivate the residents to try incorporation bid yet again. In such case, a single dominant factor can not be a sufficient reason.

**H5(d):** In the Goleta Valley incorporation, the historic apathetic attitude maintained by the City of Santa Barbara also played a significant role in pushing the residents to seek incorporation. The City of Santa Barbara’s disinterest in annexing this rather large urbanized area propelled a certain group to galvanize and attempt

incorporation as an expression of defiance and anger towards an uncooperative administration.

**H5(e):** Defensive actions by governing jurisdictions fail more because of the perceived aggression that necessarily due to the shortcomings of the action itself. In the Goleta Valley incorporation, the defensive annexation that was attempted by the City of Santa Barbara failed essentially due to the ill feelings that it generated with the County of Santa Barbara than due to traditional reasons like loss of tax revenues, <http://www.portlandonline.com/planning/index.cfm?c=38338> imposition of undesirable developments, likelihood of tax increases or provision of undesired mix of urban services.

### **3.4 SUMMARY OF GOLETA CASE STUDY DESIGN**

This chapter describes the case study design and data collection method used to address the incorporation of Goleta Valley. The problematic is a single case study with six embedded units of analysis. The final successful incorporation efforts that began in late 1999 and ended with the passage of Measure H in November of 2001 form the contemporary time boundaries for the study. Multiple sources of data collection have been built into the case design to take advantage of this strength of case study method.

The chapter also lays out five research questions that are central to the inquiry. Accompanying the questions are relevant hypotheses derived from the various theories of incorporations. The next chapter provides a history of the Goleta Valley and also accounts of various failed incorporation attempts, a necessary background to understand the final successful incorporation attempt.

## CHAPTER FOUR

### GOLETA VALLEY: INCORPORATION & ANNEXATION HISTORY

Sporadic attempts were made to incorporate Goleta, without success. A community promotional project known as the Magnolia Festival petered out for lack of patronage. There has never been much empathy between the wealthy lemon growers and the townspeople. Efforts to annex Goleta to the City of Santa Barbara only tended to rouse resentment of long standing. The valley complained, with reason, the Goleta's light was always being hidden under Santa Barbara's bushel.

Walker A. Tompkins (1966: 317-318)

#### 4.1 HISTORY OF GOLETA VALLEY

The Goleta Valley sits between the Santa Ynez Mountain and the Pacific Ocean. For thousands of years, the Central Coast and Goleta Valley was the home of seafaring and house building people called the Chumash or Canalino (Tompkins, 1966). A number of Chumash towns or villages of various sizes were located in the Goleta Valley and were known as Helo, Alkash, Helyik and S'apxilil. The central feature of the Goleta Valley then was a large lagoon that covered most of the valley and opened to the ocean on the south side (Tompkins, 1966).

In 1769 the Portola expedition, sent by Spain to colonize the northern territories, passed through the Goleta Valley. The soldiers were impressed by the island in the middle of the lagoon and they named it Mescaltitlan after a similar island in their home province of Nayarit, Mexico (Ruhge, 1991). The Portola expedition established presidios and mission churches at San Diego and Monterey. The missionaries took possession of the land and held it in trust for the Indians. After this expedition came the Mexicans. In 1775 the De Anza expedition from Mexico passed through the Goleta Valley on its way to San

Francisco where that presidio and Mission Dolores were established. Seven years later, another Mexican expedition was sent to establish a fourth and last presidio in upper California. At first Goleta Valley was considered for the site but the presence of thousands of Chumash Indians there helped change the location to present day Santa Barbara. In 1786 the mission was founded two miles from the presidio. By 1790, the mission had established cattle herds and farms in the Goleta Valley. In 1803 the sub-mission church of San Miguel was established in the Goleta Valley. It served the Indian ranchers there until its destruction in the 1812 earthquake, which also destroyed the mission in Santa Barbara (Ruhge, 1991).

In 1821 Mexico won independence from Spain. Santa Barbara Mission was rebuilt and continued to grow as did all the missions in California until 1833 when all mission lands were confiscated and eventually distributed to various families and individuals as "land grants". In 1842 the Irishman, Nicolas Den, received the first Mexican land grant in the valley. Four years later, his father-in-law Daniel Hill, another Irishman, received the La Goleta land grant. In that same year John Fremont, the American explorer and soldier, passed through the valley twice on his campaigns to capture California. The Gold Rush began in 1848, making both cattle ranchers, Den and Hill, wealthy from the sale of beef to the miners in the gold fields (Ruhge, 1991). In 1886, Thomas Hope purchased the two land grants to the east of La Goleta, thus placing the whole valley in the hands of the three Irishmen-Den, Hill and Hope. The character of the valley was changed with the deaths of Den in 1862 and Hill in 1865 and the great droughts of 1863 and 1864. These events caused the first subdivisions of the ranchos. Locally famous names like Hollister, Cooper, Stow, Winchester,

Sexton and Kellogg began to appear in the valley. Farms, dairies and ranches became the character of the Goleta Valley until the 1940's (Ruhge, 1991).

In 1869 the villages of "La Patera", and "Goleta" began. A post office was established at Goleta in 1875 placing the name "Goleta" officially on the landscape. This name was probably picked because of the La Goleta land grant. (The word "Goleta" is Spanish for small ship or schooner.) The post office was moved to La Patera in 1936, bringing with it the Goleta name and changing the town location to the western end of Hollister Avenue (Ruhge, 1991).

Transportation was an integral part of the Goleta Valley. The Southern Pacific Railroad reached Goleta in 1887 where the rails ended at a turntable in the Ellwood area. The route was completed in 1901 through to San Francisco. An airport was begun at Hollister and Fairview Avenues in 1928. Hangars were added in 1932 and United Airlines service began in 1936. WWII saw the airport vastly improved with Navy funds and the establishment of the Marine's Flying Leatherneck base. Construction of the base led to the elimination of the Chumash villages on and around Mescaltilan Island. At the end of the war in 1946, the airport was turned over to the City of Santa Barbara and later annexed to that city as their airport. Other parts of the Marine base were turned over to the University of California in Santa Barbara and became their new campus in the Goleta Valley (Tompkins, 1966).

The arrival of the University of California campus in 1954, the development of Lake Cachuma in the 1950s, the construction of an aerospace company campus by Studebaker-Packard Corporation, and the expansion of the airport changed the Goleta Valley forever from a prosperous farming region to a high technology research area and an urban bedroom community. From a small rural

town surrounded by a valley of lemon orchards and walnut groves, Goleta had transformed into a densely populated community of suburban neighborhoods and high tech business parks. An integral part of this transformation was a rapid growth in population. As can be noted from the following table, the valley population more than doubled in 1950-1960 and nearly tripled in 1960-1970:

**Table 4.1**  
**Population in Goleta Valley**

Year	Population
1920	1,600
1930	3,300
1940	4,600
1950	8,100
1960	19,026
1970	54,000

**Source: US Census 1920-1970**

Population growth changed the status of the valley from “rural” to “urban” and by mid-1960s, Goleta Valley had become the largest urbanized unincorporated area in California State. Urbanization brought along with it, its typical ailments: growing traffic congestion at major intersections, a loss of nearly 1,000 acres of lemon and avocado groves making way for high-tech industrial complexes or housing tracts and



a speedy decline of Goleta's old downtown (Santa Barbara County Land & Population Report, November 2000). The residents of the Valley were becoming increasingly concerned with the changing character of the Valley. In addition, they had another concern.

The rapid rate of urbanization in Goleta Valley brought along with it a greater need for new and improved municipal services. The governing jurisdiction, the County of Santa Barbara was perceived as lacking in its abilities to provide appropriate level of urban services. At the same time, there was discontent in the Valley that the residents had to pay rather high property taxes and assessment fees with absolutely no control over the land use and growth. The resentment against the County continued to fester all through the 1960s and consequently there were several attempts to change the local governance in the Valley. However, while there was strong agreement on "need for change", there was no consensus on desired form of governance. Many in the Valley desired to be annexed by the City of Santa Barbara while there were several who wanted to incorporate into a new city. Even among those who desired a new city, there was hardly any agreement on the desired boundary for the city- particularly on the issue of whether or not the student dominated neighborhood of Isla Vista should be included in the City or not. Concurrently, Isla Vista was making its own efforts to incorporate into a city. Several attempts to both initiate a cityhood drive as well as to get annexed by Santa Barbara were undertaken by the Valley residents through the time period 1960-2000. Most efforts did not make it past the initial proposal stage for various reasons. In the time period 1970-2000, one annexation attempt and three cityhood proposals were voted on and rejected by the area residents. Subsequent sections detail attempts that preceded the ballot measures, the failed annexation attempt and the failed incorporation efforts in the Goleta Valley.

## **4.2 EARLY GOVERNANCE STRUGGLES: 1960-1970S**

The subject of local governance had been a topic of discussion, analysis and controversy in the Goleta Valley as far back as early 1960s. Of the many early efforts, a major attempt to incorporate Goleta began in May 1961. A citizens committee, formed in 1958 by James T. Lindsay, held a pro-incorporation meeting to discuss the future political changes and boundaries of a likely city (Settle, 1967). Subsequent to some studies, the President of the Goleta Chamber of Commerce put together an incorporation committee in May 1961 and within days presented a proposal to the County Boundary Commission (LAFCOs had not come into existence at the time) (Settle, 1967). An informal poll of the members of Chamber showed that 38 percent were in favor of incorporation, 46.5 percent were undecided and 15 percent had no comment. None of the members openly stated that they were alterably opposed (Settle, 1967).

A latent opposition began to arise with the September 13<sup>th</sup>, 1961 filing of notice of intent to circulate petitions. Many ranchers and property owners in the valley were strongly opposed to the incorporation and started a petition to obtain signatures of the electorate representing 51 percent of the total assessed valuation within the proposed boundaries. In comparison, the proponents had only filed a petition with signatures from 25 percent of property owners with the County board. Consequently, the incorporation proposal met with defeat. The opponents of cityhood gave reasons of political and economic fragmentation in the Valley and argued that any incorporation would only hinder overall community development (Settle, 1967). In addition to providing an historic account of the 1961 incorporation attempt, Settle (1967) also conducted a random survey of nearly 400 residents in Goleta and Santa Barbara to gain insight on local opinions concerning annexation, incorporation and the maintenance of status quo. The results of the survey capture the indecisiveness

that plagued the Valley for decades regarding the governance issue. The results also support the simmering dissatisfaction of the local residents with the County government.

Following excerpts from Settle's survey results highlight opinions of local area residents in the governance matter back in 1967:

**Figure 4.1**

**Excerpts from Allen Settle's Survey of 1967**

Possibly the most interesting finding was that the survey results indicated that a majority of voters in the Goleta Valley are opposed to remaining under the control of the County Government, and that that they are willing to approve either annexation to the City of Santa Barbara or the establishment of a new City of Goleta or West Barbara – provided they do not have to pay an increase in property taxes. When both areas were asked whether they would vote for including their area within the city limits of the City of Santa Barbara if it meant no increases in property taxes the results were as follows:

**Goleta**

Yes on annexation to the City of Santa Barbara –	48.2%
No on annexation to the City of Santa Barbara –	41.0%
No opinion	– 10.8%

**Santa Barbara**

Yes on annexation of Goleta	– 57.5%
No on annexation of Goleta	– 26.3%
No opinion	– 16.2%

Apparently the Goleta electorate would also vote for the establishment of a new City of Goleta or West Santa Barbara if they did not have to pay any additional property taxes:

**Incorporation of Goleta**

Approve incorporation	– 56.6%
Oppose incorporation	– 33.1%
No opinion	– 10.3%

Source: Survey Conducted by Allen K. Settle, MA Thesis, 1967

Settle noted that that interestingly many of the people who said they voted yes for annexation also said they would vote yes for incorporation and vice versa. The

survey also found that while the residents were undecided on form of government, there was much unity in opposition to the existing government. On the question of "maintain status quo" the response was as follows:

Maintain Status Quo

Opposed to the status quo	– 57.2%
Prefer the status quo	– 26.5%
No opinion	– 16.3%

Settle (1967: 72)

While this survey was conducted over three decades prior to the successful incorporation of Goleta, it appears as if same feelings lingered on through the passage of time. Several incorporation and annexation attempts in whole or parts of Goleta Valley since the 1960s provide evidence for desire to change the status quo on one hand and on the other demonstrate the lack of agreement on the form of government that was desired.

In early seventies, two interesting studies explored the feasibility of both annexation and incorporation in the Goleta Valley. The first one was a consultant study by the firm Arthur D. Little that was commissioned by the Santa Barbara County-Cities Area Planning Council. The study was called the *"Plan for allocation of public service responsibilities and governmental development in Santa Barbara County."* After a thorough review of all factors, the Little Study concluded that the most desirable alternative was annexation of the entire Goleta Valley, including Isla Vista and Hope ranch to the City of Santa Barbara. Following are some excerpts taken from the Little Study that proved relevant even after 30 years:

Larger governments generally have more stable revenues because they have larger and broader sources of revenue. Thus a city including Santa Barbara and the Goleta Valley would have more stable revenues than either alone during period of fluctuation in the national economy.

Over the long-run, creation of a separate city in the in the Goleta Valley could prove seriously detrimental to the long-term fiscal stability of Santa Barbara. City residents may shop in the suburbs, while suburban shopping in the City may decline as a proportion of total consumption. New businesses will form in the valley, reinforcing this trend as the labor force spread itself out over a larger area; a smaller proportion of employees will work in downtown Santa Barbara. From the point of view of possible new city in the valley, growth will not

necessarily produce adequate revenues. The new city would be in constant search for larger revenues and under serious strain to provide the kinds of services its residents want. As a result it will undoubtedly seek to increase its tax base in a manner which will minimize the need for new expenditures, an approach that will be pursued simultaneously by Santa Barbara. A competitive situation will probably develop in which each city attempts to offer the most attractive lures to desirable new businesses and new developments, in order to main services at a reasonable cost. We believe that this will, as it has in so many other cases, lead to a situation where both have more to lose than to gain.

Both the Goleta Valley and Santa Barbara participate in one economy and have common social and cultural opportunities and problems. It is our impression that differing views are as common within these areas as between them, and that jurisdictional boundaries do not delineate marked differences in attitudes toward governmental action or toward the problems which affect all of them. Many neighborhoods within the City of Santa Barbara appear to be as different from one another as they are from those outside the city; while neighborhoods within the Goleta Valley share as much in common, in many respects, with neighborhoods within the City as they a share with each other, apart from geographical location and current governmental form.

Fortunately, the metropolitan Santa Barbara area has not been divided up into many small cities, each with its own jurisdiction, competing with each other for resources and conflicting with each other over policy. The area is in excellent position to take advantage of the mistakes made in other areas. We believe that annexation of the Goleta Valley to Santa Barbara would achieve this; it would give a political voice to those in each area concerning matters that involve each, and would increase the potential resources of the entire area.

Arthur D. Little Study (1972:5)

The other study was a consultant study sponsored by the UCSB Two-tier Government Committee. The Consultant, John M. Sanger, released a document in 1973 called *"Report on the Feasibility of Implementing a Two-tier Government System in the South Coast."* Interestingly, this report had a similar suggestion. Sanger concluded in his study to UCSB that annexation of the entire Goleta Valley to the City of Santa Barbara – under a two-tier form of government – is "decidedly preferable" to incorporation of the Goleta Valley (Sanger, 1973). The idea of a two-tier system had been first proposed by another report called the Bollens Report prepared for UCSB in early 1971. This system advocated "centralization of area wide services and decentralization of powers, to individual communities, over local services and concerns (Bollens report, 1971). Sanger's report stated that a two-tier structure would "reduce the fiscal advantage and protect the overall economic tax base," for Santa Barbara and for Goleta, "residents would be able to determine some of their own spending priorities and would have more control over taxes and local

services.” (Sanger, 1973). Sanger's recommendations for a two-tier arrangement for annexation included:

- Planning and zoning power should be shared between the city and the community governments. “The city should have responsibility for adoption of a general plan for the entire city, on the basis of input from communities and recommendations from a planning commission which includes community representatives.” Community boards of each district would classify properties into zones and perform functions usually performed by a planning commission for their areas.
- Communities should have some control over property tax rates within their areas and be able to levy property taxes solely within the community, but only on residential property, to finance special or higher levels of service not provided uniformly through the city. By levying only on residential property, competition among communities for industrial and commercial tax bases can be prevented.
- Each Community should have exclusive use of a utility tax, such as currently levied by the City of Santa Barbara, to finance community services.
- The City should have exclusive responsibility for water supply, sewage collection, disposal and reclamation, harbor, airport, inter-community streets and transit, fire protection, maintenance of centralized law enforcements services and other matters primarily of area wide concern.

Sanger Report ( 1973)

In stark contrast to the recommendations of the studies, in October 1973, three separate proposals for incorporations, one for Goleta Valley including Isla Vista and Hope Ranch and two separate applications from Hope Ranch and Isla Vista were filed with LAFCO (LAFCO Staff Report, 1973). The agency evaluated all three proposals concurrently, as it deemed that the real issue was about the future governmental structure of the entire South Coast area.

The incorporation for Goleta Valley that included Isla Vista was proposed by the Goleta Chamber of Commerce and cited reasons two reasons: (1) dissatisfaction with the County due to lack of responsiveness to needs and desires of the Valley residents and (2) inability of special districts in providing services to a large urbanized area like the Goleta Valley (LAFCO Staff Report, 1973). LAFCO was in agreement that the Valley had indeed become urbanized and that in the interest of efficiency and economy, special districts should give way to a municipal type of government. However, LAFCO staff differed with the incorporation proposal based on

the financial outlook for the new city. The report cited the impact of a change in state legislation, AB 1179 that was to become effective in 1974. This legislation was to reduce by one-third the amount of State subvention monies that was made available to newly incorporated cities. With this cut back in state aid, LAFCO felt that the Goleta proposal will not result in a financially feasible city. Instead, the recommendation again came down in favor of annexation:

While it is true that this new legislation would also reduce subventions to the City of Santa Barbara if it were to annex the Goleta Valley, the staff still believes that with proper coordination and cooperation, annexation might prove to be the most favorable solution in terms of costs and benefits for the residents of the Goleta Valley as well as for the residents of Santa Barbara. This does not mean that every sub-area will benefit equally, but that in general, large majority will benefit.

LAFCO Staff Report (1973)

Consequently, LAFCO's recommendation was a "denial without prejudice" which essentially meant that the Goleta proposal would be kept as a viable alternative that could be brought back for consideration at a latter time.

The fate of the Isla Vista incorporation proposal was similar yet different. The LAFCO staff felt that the financial adequacy of the proposal was questionable and actually recommended that the application be "denied with prejudice". This essentially meant that incorporation of Isla Vista was not a viable alternative and could not be brought back for consideration (LAFCO Staff Report, 1973).

Hope Ranch was a wealthier section of the Goleta Valley that had actually filed for incorporation a year earlier in 1972. However, that application had been denied by LAFCO without prejudice. Consequently, the Hope Ranch Park's Committee refiled the original application on October 30, 1973 as LAFCO was considering the other two incorporation proposals. The primary concerns of the proponents had been control over land use and zoning and increased police protection. All other government services were considered to be adequate. LAFCO's recommendation for the Hope Ranch proposal was the same as that for Isla Vista- "deny with prejudice".

However, the reason was not financial infeasibility as Hope Ranch was a wealthy neighborhood. The reason was based on preventing fragmentation of Goleta Valley and the recommendation by staff was:

It is recommended that the proposal for incorporation be denied or that it be held in abeyance until proposal for the larger part of the Goleta Valley can be considered.

LAFCO Staff Report, 1973

It is interesting to note the apathy of the City of Santa Barbara while three separate incorporation proposals were being weighed in by LAFCO. The staff report clearly communicates its desire for the Valley to be annexed and not separate incorporations. The following excerpt conveys the frustration that was felt by LAFCO staff:

It is unfortunate that the Santa Barbara City Council has not yet made a determination regarding which action – incorporation or annexation – they might favor for Goleta.

LAFCO Staff Report, 1973

This reluctance to make a decision had also been noted earlier in the Sanger report (1973):

.....the City of Santa Barbara is not likely to decide its policy on annexation of the Goleta Valley until next spring.

Sanger Report, 1973

The Little Study had had similar recommendation for the future of Goleta Valley:

If annexation is not approved by the City Council of Santa Barbara or by the voters, incorporation of the Goleta Valley should be approved and annexation of Hope Ranch to Santa Barbara should be encouraged or planned for the future.

Recommendation #15, Little study, 1972



As the various stakeholder in the Valley waited for action from the City of Santa Barbara, the decision in favor of a Valleywide annexation did not come till Spring 1974.

#### **4.3 ANNEXATION ATTEMPTS TO SANTA BARBARA**

Similar to the desire for incorporation, several Valley residents desired an annexation to the neighboring City of Santa Barbara. However, the City viewed the Valley as a cost burden and had historically shown reluctance to make any annexation moves, despite several studies like the Little Study, the Sanger Report and even the LAFCO Staff Report that explicitly appealed for an annexation of the entire Goleta Valley to the City of Santa Barbara. The group that desired annexation had been particularly energized after the Little Study came out. A citizens group called the "Goleta Government Group (GGG)" was strongly advocating an annexation of the Valley even as the Goleta Chamber was pursuing the incorporation path. The group was holding several meeting in the Valley to push for annexation and they came out with their own report intended to evaluate and rank governance options for the area. Of course, annexation received the highest ranking and some of the reasons offered were as follows:

- Under annexation, residents of the entire Goleta-Santa Barbara area would have a say in land use control and services of the area, "thereby assuring that the quality of life desired could be maintained throughout most of the South Coast." If Goleta incorporated, the Valley would have no influence on decisions made in the City of Santa Barbara that could have a direct effect on the Goleta Valley, "especially in matters such as water, air pollution and the airport." Excluding Isla Vista from Goleta incorporation would result in two communities (Santa Barbara and I.V.) on both sides of Goleta which would have great effect on Goleta, but over which Goleta would have no control or influence.
- Annexation would provide the best governmental unit in terms of economies derived from efficient delivery of services and capital improvements.
- Annexation would create a city that would include all types of population and business, with access to all existing tax base. The incorporation proposals, split the urban tax base in two.

- Annexation would create a population base large enough to contain enough diverse interest groups to assure that one particular group could not always be in the majority forcing its will on other, minority interest groups.

GGG Report, October 1973

The citizen interest actually prompted the LAFCO to request the County Board of Supervisors for sponsoring and pursuing an annexation proposal of the Goleta Valley to the City of Santa Barbara with various terms and conditions requiring amendments to the Charter of the City of Santa Barbara which would alter the form of government of the City. It is noteworthy that the first annexation attempt that made it to the ballot originated from the County, upon request from LAFCO.

In the time period from May, 1974 to December 31, 1974, the County hired a consultant to undertake the following:

- Preparation of a Resolution of Application for Reorganization of Districts in the Goleta Valley including annexation of the Goleta Valley to Santa Barbara, which was adopted by the Board of Supervisors, with amendments, and submitted to the Santa Barbara LAFCO.
- Coordination of efforts by County, City, and special district officials to resolve issues and provide for a workable reorganization.
- Analysis of the financial impacts of the proposed reorganization.
- Consultation with the interested citizens and citizen groups on specific issues and on the proposal.
- Design and conduct a survey by a subcontractor of voter attitudes on satisfaction with local government, desire for local government reorganization, alternative proposals and related issues.
- Preparation of a draft resolution making determinations which was adopted with amendments by the Santa Barbara LAFCO and forwarded to the Board of Supervisors for its consideration and adoption, leading to an election in March, 1975.
- Preparation, in consultation with the City Attorney of draft charter amendments required by the LAFCO resolution for presentation to the City Council of Santa Barbara for its consideration and submission to the voters at an election in March, 1975.

Final report of Consultant's Activities, 1974

The Consultant's summary report claimed that all work necessary to bring the reorganization to the voters in March, 1975 had been completed and that the election would be held. The voters were to decide whether the recommendations for governmental reorganization were to take place or not. In conclusion, the report said that while this whole endeavor was concerned with implementation of the findings of

the County sponsored Little Study, the end product in this case would not be another report, but rather a decision – by the voters – on whether or not to change the structure of local government in the South Coast.

On March 4, 1975 elections were held to decide whether residents in the City of Santa Barbara and Goleta Valley would approve an annexation of Goleta Valley including Hope Ranch, I.V. and UCSB to the City of Santa Barbara. When votes were counted, the initiative had been defeated by 3-1 margin. Out of the total votes that were cast, there had been only 9,565 “Yes” votes while 27,891 “No” votes were cast by residents in the City and Goleta (County Election Office Results, 1975). The defeat was even more dramatic in specific neighborhoods. In Isla Vista the margin was 10 to 1 against annexation and 8 to 1 in Hope Ranch. After such a thrashing at the polls, all efforts for an annexation were curbed for next several years. Eleven years later in 1986, the Isla Vista Recreation and Park District tried to initiate another annexation in response to a proposal that the County had filed with LAFCO for the incorporation of a portion of the Valley. In response to these proposals, LAFCO requested the City of Santa Barbara to consider and participate in the annexation proposal.

Responding to LAFCO’s request, the City Administrator prepared a staff report on annexation that was intended to inform the Council on major issues surrounding the annexation. The report did suggest that if the City was to become involved in a serious review of the annexation option, the staff’s opinion was that the City should file its own application with LAFCO (City Staff Report, 1986). The report detailed several major issues that needed to be dealt with if an application for annexation was going to be filed:

- Appropriate boundaries for inclusion
- Special Districts
- Items to be negotiated with the County
- City Charter and Ordinances
- Levels of service

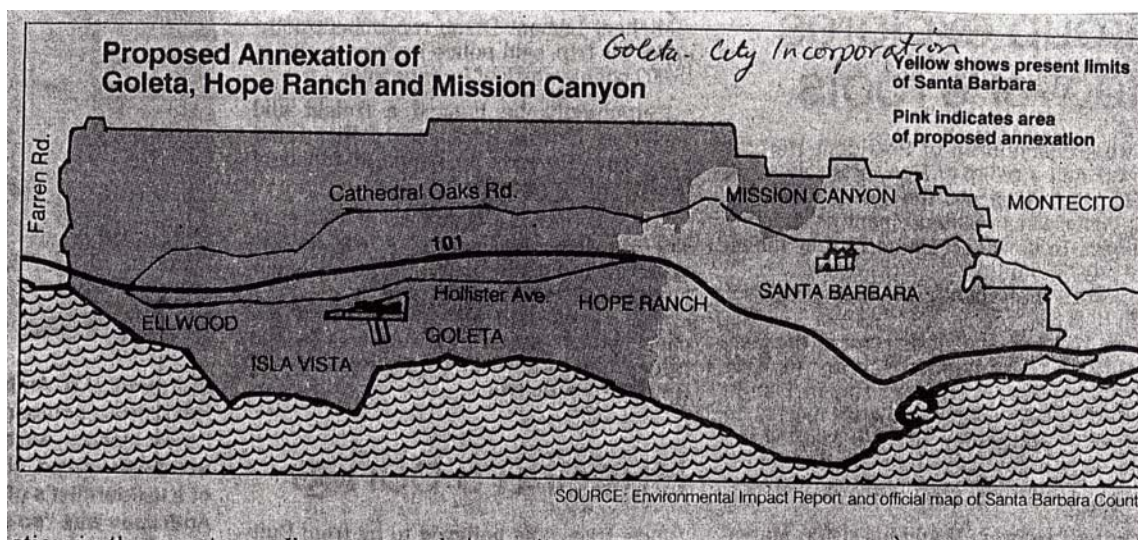
- Land-use planning

City Staff Report, 1986

The Santa Barbara City Council made a decision to get involved in the annexation issue and actually filed for an annexation proposal that included the entire Goleta Valley, Hope Ranch and Mission Canyon. Further, to conduct the required Environmental Impact Report (EIR), the City contracted out a study that would look at both environmental and economic issues. The area under consideration for annexation looked as follows:

**Figure 4.2**

**Proposed Annexation Boundary, 1986**



**Source: Environmental Impact Report, 1986**

It was on the basis of the EIR that City Council actually voted to withdraw its application for annexation.

The Economic Research Associates (ERA) prepared the EIR for the annexation proposal. This report concluded that a single city could not generate the revenues needed to maintain present levels of service in areas such as Mission Canyon, Hope ranch and Isla Vista (ERA Report, 1987). This conclusion in turn convinced the City

Council that providing services for the Goleta Valley would be too costly and prompted them to abandon the possibility of annexing the area. On April 28th 1987, on a 5-1 vote, the City Council voted to withdraw its involvement in a potential reorganization of the region's government (Santa Barbara New-Press, April 29, 1987). The lone dissent came from Councilman Sid Smith who said that his opposition was largely symbolic. "I'm very concerned with what we're doing today," Smith told the Council. "I feel in my heart annexation is the way to go. I'm concerned about the future of Santa Barbara... I think 50 years from now we will look at this as one of the most important votes on the City Council (Santa Barbara New-Press, April 29, 1987). Smith did acknowledge that the research firm's analysis made it clear that annexation would be a tremendous financial burden on the city, but said he was concerned that Goleta area residents could now wind up having to make a choice on its government organization without all choices. "There is a real strong possibility that somewhere down the road it will be said, 'If we had only known about annexation.' That's what bothers me," Smith said (Santa Barbara New-Press, April 29, 1987).

Based on the EIR and City's withdrawal, LAFCO denied the annexation application by the Isla Vista Special District as well. Two months latter, LAFCO actually approved the incorporation proposal that actually made it to the ballot. The subsequent section will detail that incorporation effort called the Measure Q, which also failed to succeed at the polls in November 1987. When the next effort was mounted for incorporation in 1989, a group again tried annexation as well. A group called Committee for Greater Santa Barbara filed yet another annexation proposal that had to be withdrawn due to lack of funding for required studies. The City of Santa Barbara raised the curtain on the annexation idea only in 1998 when a grass roots group called "Committee for One" requested the City to revive annexation. At

this time, The City agreed to launch a preliminary examination of annexation setting the ground for yet another clash over local governance at the turn of the century.

#### **4.4 FAILED INCORPORATION OF 1987 : MEASURE Q**

The first community effort for Goleta Cityhood that actually made it to the ballot was the Measure Q in November 1987. However, this effort started several years back. Discouraged by the significant defeat of the 1975 annexation initiative, neither annexation nor incorporation efforts gained any momentum in the ensuing years. Subsequently, in 1982 a group called 'Goletans Organized for Orderly Development (GOOD)' tried to propose an incorporation that sought cityhood for the entire Goleta Valley. This proposal died a premature death after failing to gain support from Isla Vista residents. At the time, Isla Vista objected to the joint city's proposed "ward system" that would allow each district within the Valley to elect its own City Council representative (Santa Barbara News-Press, January 9<sup>th</sup>, 1986). Instead, they tried to incorporate a City of Isla Vista that was denied by the LAFCO.

In late 1985, GOOD submitted a separate application to LAFCO for the incorporation of Goleta Valley that excluded both Isla Vista and UCSB. However, the group did not have resources to fund the required EIR and requested the County to pay \$26,150 towards the environmental study (Santa Barbara News-Press, January 9<sup>th</sup>, 1986). The County's response was "no" to the request but favored an alternate option for incorporation – the entire Goleta Valley. The proposal actually came from the County's Administrative Officer, David Elbaum who was leaning towards the incorporation of the entire Valley and not leave out unincorporated islands. He further recommended to the County Board that a comprehensive EIR be funded that could examine both a Valleywide incorporation option and also a Goleta-only option. He was of the opinion that an analysis of the environmental consequence of both

options will enable LAFCO in making a final decision (Santa Barbara News-Press, January 9<sup>th</sup>, 1986). Milton Ritchie, President of GOOD was amenable to consideration of this alternate option saying that what mattered most was the incorporation issue to make it to the Nov 4, 1987.

In April, 1986 the County filed a separate incorporation proposal that included the entire Goleta Valley, just as its Administrator had suggested. Many details including a name for the new city were left out for LAFCO to refine as and when it made a decision between the County and GOOD's proposals. In the interim, the County was even willing to delay relevant proceeding to give the City of Santa Barbara an opportunity to pursue annexation – a widely favored options among local agencies. However, the City dropped its plan for annexation and it came down to a LAFCO decision on which proposal was to make it to the ballot.

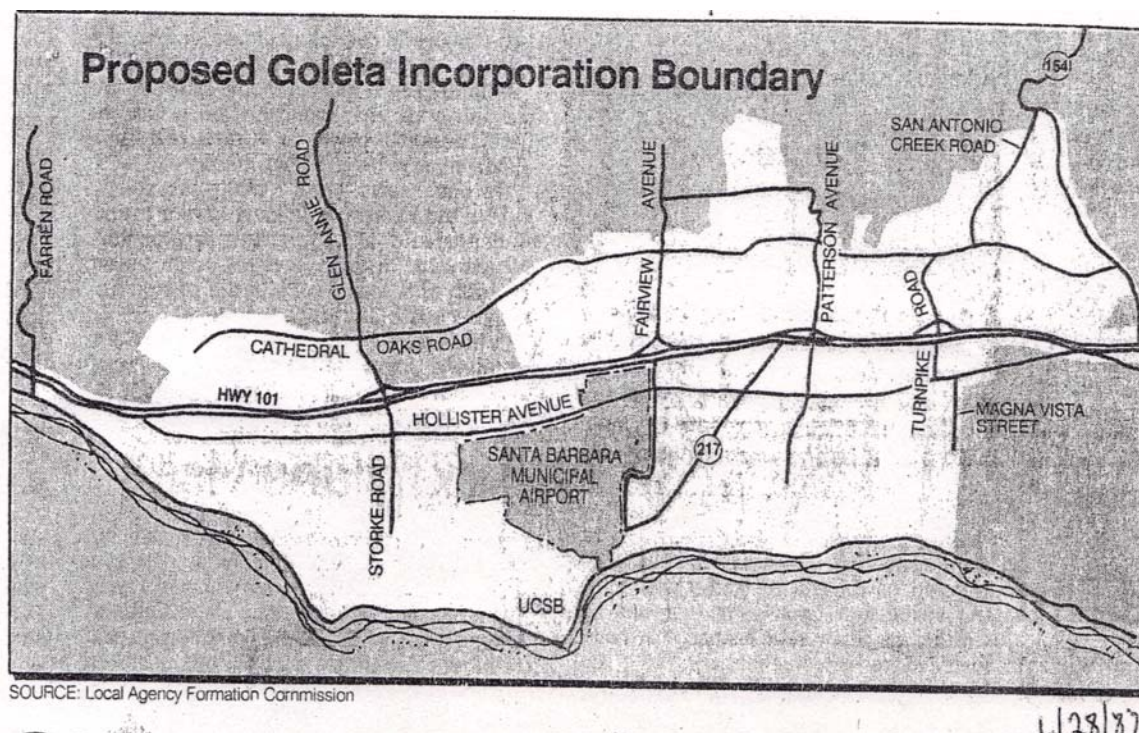
The LAFCO decision came in early May 1987. Before a packed audience, the LAFCO Board unanimously approved the County backed incorporation plan for the Goleta Valley. This proposal included most of the valley and called for the creation of a new city of 65,000 people including Isla Vista, UCSB and all urbanized areas west of Santa Barbara to around Winchester Canyon. Hope Ranch and the airport were excluded from the proposed boundary (Santa Barbara News-Press, May 5<sup>th</sup>, 1987). The GOOD proposal had been for Goleta-only, looking to create a much smaller city of about 29,000 people. At this LAFCO meeting, proponents who supported the GOOD proposal warned that LAFCO was wasting time sending the county incorporation measure before voters because the idea was doomed to fail. "The GOOD proposal for Goleta only (without Isla Vista) is a winner at the polls, " said the organization's President, Richard Martinez (Santa Barbara News-Press, May 5<sup>th</sup>, 1987). But a sizable measure of public support was shown for the County's incorporation measure. According to the county's private consultant, the new Goleta-Isla Vista city could post a budget surplus of at least \$2 million by the year

2000, or much more if citizens chose to raise taxes (Santa Barbara News-Press, May 5th<sup>th</sup>, 1987).

In June 1987, the County approved the Measure Q that called for the creation of a new city of about 62,000 people that included Goleta, Isla Vista and UCSB. The proposed boundary for the City looked as follows:

**Figure 4.3**

**Proposed Goleta Incorporation Boundary, 1987**



Source: LAFCO, 1987

Measure Q was set to go to the polls on Nov 3, 1987. If approved by the voters, the new city was to become the second largest in Santa Barbara County right behind the City of Santa Barbara. No protests had been received and even GOOD was encouraged by the fact that at least one group, the Isla Vista Association backed the County's proposal. Several members from GOOD started making plans for election campaign and there was some optimism on being able to achieve cityhood. However,



the local newspaper reported that there was no clear consensus among the Valley electorate and that the outcome of Measure Q was rather uncertain. There were about 37,800 people registered to vote on Measure Q and there was plenty of speculation on what may be the final outcome of the election. The cityhood proponents continued to fear that residents in zip code 93111 who vocally objected to the idea being associated with Goleta rather than Santa Barbara may have a significant impact. Then there was worry that the Isla Vista neighborhood with about 7,600 voters may also chip away support for the passage of Measure Q. So both the proponents and opponents waited in trepidation for the ballot outcome. When the outcome was released, it was rather unexpected- an unexpectedly strong defeat.

Measure Q, the incorporation proposal that called for a combined city of Goleta and Isla Vista – was strongly defeated at the polls. The results indicated that 34 percent were in favor and 66 percent opposed to the Measure. The defeat occurred throughout the Goleta Valley. In the eastern Valley, essentially zip codes 93110 and 93111, the Goleta incorporation was defeated 23 percent to 77 percent. In the Goleta 93117 area, exclusive of Isla Vista, Measure Q was defeated 44 percent to 56 percent. Surprisingly, in Isla Vista the Measure came closest to passing with 48 percent voting in favor and 52 percent voting against the Measure (County Election Office, 1987).

The defeat actually held a silver lining for the original GOOD incorporation proposal. Earlier that year, when LAFCO had denied GOOD's proposal it was "without prejudice". Also, LAFCO had decided that should the county-backed proposal fail at the polls, the competing proposal that had been filed by GOOD would be reconsidered. So from the ashes of Measure Q arose the next incorporation drive, the Measure V. While none of the differences that existed within the various neighborhoods of Goleta Valley had been settled, another cityhood initiative did

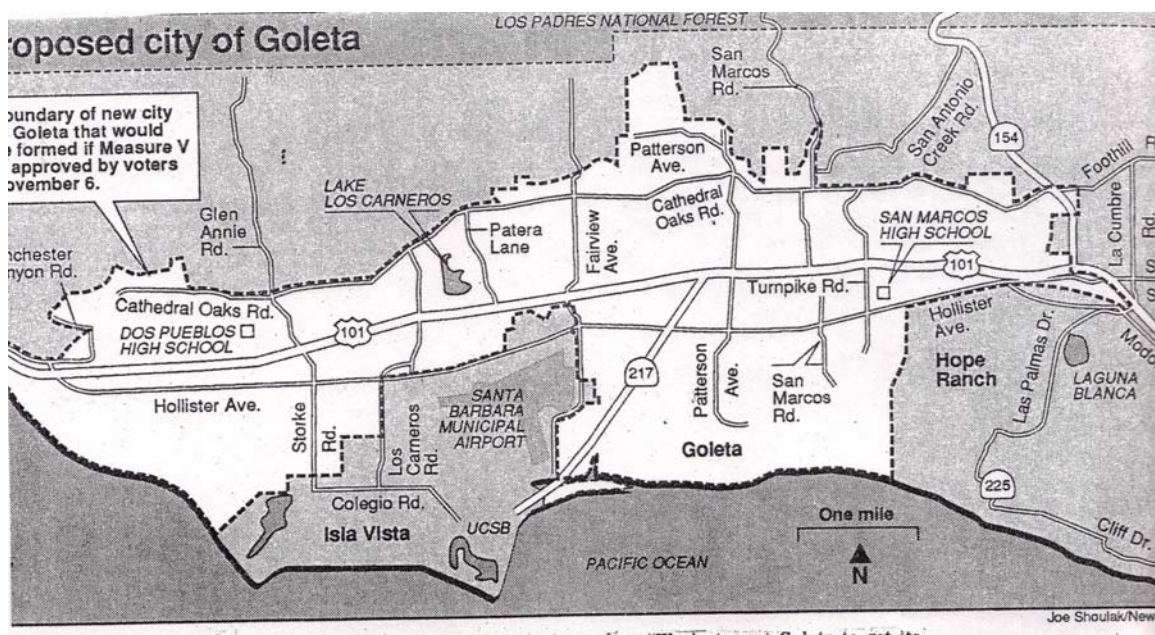
make its way to the ballot in November 1990. The proposal covered nearly the entire Valley, all except for the Isla Vista neighborhood.

#### 4.5 FAILED INCORPORATION OF 1990 : MEASURE V

State law requires a two-year wait before an incorporation proposal can be resubmitted, after it has been defeated at the polls. Fortunately for the pro-cityhood group GOOD, the defeated proposal had not been theirs. And so soon after the crushing defeat of Measure Q, efforts were revived for another incorporation battle. The main difference was in the boundary that was proposed. The new city was to encompass the entire Goleta Valley, all except the Isla Vista neighborhood. The proponents had the strong support of the Goleta Chamber of Commerce and many observers saw Measure V as a confrontation of growth versus no-growth. It was widely believed that the pro-growth group strongly desired cityhood. Also, learning from the previous election results, the proposed city took a different shape:

**Figure 4.4**

#### **Proposed Goleta Incorporation Boundary, 1990**



Source: LAFCO, 1990

The city proposed for incorporation ran a zigzag course and excluded Isla Vista, UCSB and Hope ranch. The reasoning offered was that the Isla Vista community was too different from the rest of Goleta. Justin Ruhge, Goleta historian described the situation as, "the residents of Goleta do not want students telling them what they can do. Students are just transients anyway (Santa Barbara News-Press, October 28<sup>th</sup>, 1990)." During the 1990 incorporation effort, there was also talk of retaining local revenues.

During most of the previous incorporation attempts, the cityhood debates had been dominated by land use control and lack of services. However, with Measure V discussion began to focus on retention of tax base. The proponents complained that most of the tax revenues that was being collected was being dispensed throughout the County and not in Goleta Valley. Also, during this time the County was in the midst of economic woes and so the proponents campaigned that the only way for Goletans to avoid local tax increases was by approving Measure V (Santa Barbara New-Press, September 6<sup>th</sup>, 1990). This was the first time "tax avoidance" had entered the discussion on incorporation.

The proponents were quite vocal on the tax avoidance issue. "The only certainty of avoiding tax increases is by separating ourselves from the county," which governs all of the Goleta Valley said Larry Roberts, a spokesman for the group. Unless Goleta incorporates, "the residents of this area, the businesses of this area and the schools of this area have no choice but to suffer from the multi-million (budget) deficit" facing the county, said Roberts (Santa Barbara New-Press, September 6<sup>th</sup>, 1990). The President of the Goleta Valley Chamber of Commerce echoed this sentiment and added that "keeping taxes within our local community to enhance the community (Santa Barbara New-Press, September 6<sup>th</sup>, 1990)."

Despite lack of whole hearted support from the County, LAFCO recommended that Measure V be placed on the November 1990 ballot. However LAFCO did

recommend that the new city in fact continue existing service districts and also continue contracting urban services like police protection and road repair. When the initiative was voted on, the results seemed to take the dream of cityhood just a little bit further- the proponents were not there quite yet, but were certainly closer.

Measure V increased its support considerably from the 1987 Measure Q – from a 34 percent yes vote overall to 44.5 percent. The Measure was still clobbered in the eastern valley. In the 93111 zip code area, Measure V received only 30 percent yes vote while the 93117 zip code, 48.6 percent had voted in favor (County Election Results, 1990). In sum, even without Isla Vista, there was a big split in the Goleta Valley. However, the proponents were rather encouraged by the results and made a decision to bring the initiative back to the polls rather quickly. Consequently, after the customary two years Goleta incorporation was back on the ballot for a special election in June 1993: the Measure S-93.

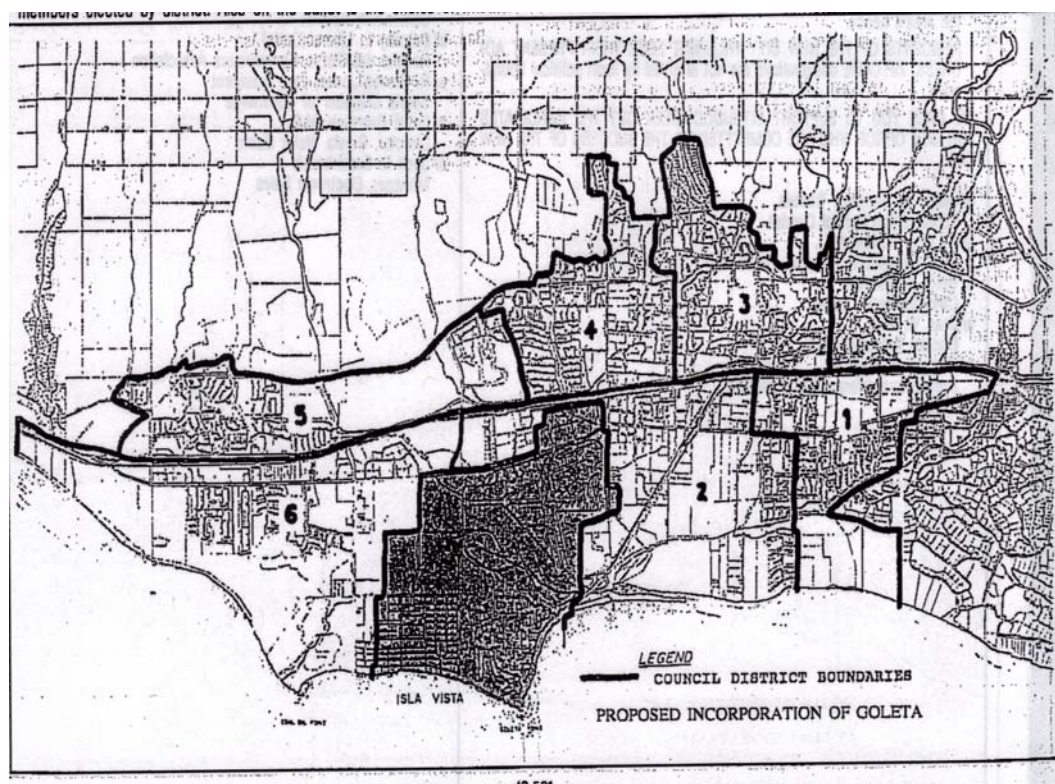
#### **4.6 FAILED INCORPORATION OF 1993: MEASURE S-93**

After the defeat of the incorporation proposal in November 1990, the efforts for cityhood picked up rather quickly. In June 1991, GOOD sent a letter to the Goleta Water Board requesting this special district to file for incorporation on their behalf (Santa Barbara New-Press, July 2<sup>nd</sup>, 1991). The Water Board had been extremely supportive of the GOOD proposal in the earlier round. The idea behind the request was to be able to avoid collecting thousand of signatures yet again. The special districts could file for incorporation through a resolution. The water Board however, turned GOOD's request down citing their desire to focus on water issues. So, the group collected signatures once again and filed a proposal for incorporation with LAFCO. While the boundary of the proposed city stayed essentially the same,

there were other differences. Differences that the proponents felt will lead them to their dream – the dream of a City of Goleta.

The boundary proposed for incorporation was the same as Measure V with Isla Vista being excluded:

**Figure 4.5**  
**Proposed Goleta Incorporation Boundary, 1993**



Source: LAFCO, 1993

While the boundary remained essentially the same, there were three procedural items that were different. It was on the basis of these that the proponents were feeling very optimistic. The first was the timing of the election. Effort were being made to get the cityhood initiative to the ballot as a special June election. No other items were on the ballot. In contrast, the 1990 election had been placed on a general election ballot when it presumably had less of a chance of passing. The

second issue was that the City Council and Mayor for the new city were being elected concurrently. This had not been the case in 1990. The third issue had to do with the name of the city. In 1990 the proposed name for the city was Goleta. For 1993, the decision was made to put that issue on the ballot as well. The voters had to choose between "Goleta" and "Santa Barbara West". This was to assuage the residents of the east Goleta Valley who identified themselves with Santa Barbara more than Goleta.

LAFCO approved this proposal called the Measure S-93 on March 4<sup>th</sup>, 1993. The election was to be held on June 8<sup>th</sup>, 1993. In an impartial analysis by LAFCO the objectives of the proposed analysis were stated as local decision making and accountability relative to use of revenues, land use planning, and other urban services such as police, parks and road (LAFCO Analysis, 1993). The voters were to elect seven members to the city council, one being the Mayor from city at large and six council members elected by districts. The effective date of incorporation was to be December 1, 1993. The proponents were riding a wave of optimism.

Despite all optimism, Measure-S93 failed to pass at the ballot. It received only a 42.9 percent yes vote, down from the 44.5 percent yes vote for Measure V. Nearly 12,000 people cast their votes but only 5,013 voted "yes". The Measure got pounded particularly in the eastern valley. Only 26.8 percent voted yes while 48 percent supported the proposal in the western half of the valley. One popular reason that was offered to explain the defeat was that the area was in the throes of a recession and that in combination with the state-mandated revenue neutrality act of 1993 managed to evoke fear in the mind of voters who were concerned that the proposed city would be doomed to economic calamity (Valley Voice, November 1993). As a group, GOOD was completely crushed and the members essentially disbanded. Nearly five years later another pro-city group formed to attempt incorporation. That effort faded away rather quickly.

#### **4.7 FAILED PETITION DRIVE: PROPOSAL FOR CITY OF GOLETA BEACH**

In 1998, a group called the Committee for the Incorporation of Goleta Beach tried to revive an incorporation proposal for mostly the western part of Goleta Valley. However, this proposal was aimed to include Isla Vista and UCSB. The proponents were aiming for a city of nearly 52,000 people. This initiative did not even make it to the application stage. The petition drive aimed to get signatures from at least 25 percent of the registered voters in the proposed area failed and so did the initiative. However, the discontent in the valley had grown rather loud and this motivated area residents to elect two new supervisors, Susan Rose and Gail Marshall to the County seat. Both made campaign promises to change the “status quo” in governance in Goleta Valley. This essentially set the stage for the final successful effort for incorporation.

#### **4.8 CONCLUDING THOUGHTS**

The history of incorporation and annexation attempts in the Goleta Valley is rather revealing. It is clear that for decades while Goleta was attempting to shape its governance future, it was not sure whether it needed to incorporate or be annexed. It is also evident that as the Valley continued to grow, the desire of the neighborhoods within the valley got increasingly fragmented. If not for the regulatory framework that was in place, a number of cities including Goleta, Isla Vista, and Hope Ranch may have sprung up in the Valley. The eastern Goleta Valley residents may have waited to get annexed by the City of Santa Barbara. However, as most of the residents in the Valley passed an opportunity to get annexed to Santa Barbara in 1975 the seeds of fragmentation remained in place. No serious

subsequent efforts for annexation were made while a number of attempts to incorporate various parts of Goleta Valley cropped up. None succeeded. In keeping with history, it was to be expected that the next serious attempt whether incorporation or annexation would bring about all too familiar issues and expose the fragmentation within the valley. As in the past, it was hard to predict the outcome as the Valley waited for renewed efforts and leadership that would change its destiny and help realize the collective dream of "change in status quo".



## CHAPTER FIVE

### CITYHOOD FOR GOLETA!

"We're going to be a city at last," "We've been working on it for 20 years. We're going to have local control over our area and we will be able to keep our tax dollars to ourselves."

Remarks by Jean Blois, Member, First Goleta City Council (November 6<sup>th</sup>, 2001)

Nearly twelve years and four failed attempts later, renewed efforts by a grass roots organization called *GoletaNow!* lead to the incorporation of Goleta in November 2001. Measure H, the Goleta cityhood proposal, was approved on Nov. 6th 2001, by 57.6 percent of the voters. Of more than 15,000 eligible voters, 5,512 cast ballots. Pursuant to the passage of the ballot measure, a relevant LAFCO ordinance declared the creation of a new City, the City of Goleta in the southern coast of Santa Barbara County. The intent of this chapter is to offer a qualitative analysis using the case study approach to understand why this particular attempt resulted in a successful incorporation while the earlier attempts had failed. As detailed in the research methods chapter, the case study was essentially conducted using the "explanation-building" approach. There were six distinct entities that played a prominent role in the incorporation process:

- a. *GoletaNOW!* : the grass-roots organization that initiated the process;
- b. City of Santa Barbara: jurisdiction that desired to annex Goleta;
- c. County of Santa Barbara: the jurisdiction governing Goleta Valley;
- d. Santa Barbara LAFCO: the state agency the oversees incorporations;
- e. Special Districts: taxing jurisdictions in Goleta Valley;
- f. Interest groups: Goleta Roundtable and Isla Vista Community Activists.

Consequently, it was imperative to examine each one of them to get a complete answer to why Goleta Valley was able to incorporate. Each entity was researched to get answers to the following broad questions tied to Goleta incorporation:

- **Who/what was this entity in relation to Goleta incorporation process?**
- **What was the position of this entity when it came to incorporation?**
- **What was the likely impact of the proposal on this entity?**
- **What action did this entity take during the incorporation period to get to the outcome it desired? If the entity's actions did not succeed, why not?**

As elaborated in the methodology chapter, to understand the role and position of each specified research unit, a variety of sources were used. These include many public documents and archival records. Noteworthy are original newsletters called *GoletaNOW!* that the grass-roots organization was publishing at regular intervals to share their position, garner public support and for fund raising during the course of the incorporation battle. Also, of great value were actual handwritten notes and e-mails that Margaret Connell, a member of *GoletaNOW!* generously shared with the researcher. Due to the highly administrative nature of the incorporation, the County and the City of Santa Barbara, Santa Barbara LAFCO, all published many reports. I have extensively used these sources as well. Additionally, I conducted some personal interviews to understand aspects of the incorporation that can not be fully captured by reports and newsletters. Finally, I have also drawn from notes taken during public forums and other participant observations opportunities that I was able to avail by virtue of being a Goleta resident at the time of the incorporation attempt. So, the remainder of this chapter will examine each of the aforementioned entity and highlight its role in the Goleta incorporation and build an explanation regarding Goleta incorporation. The final section will evaluate each of the hypothesis based on the

explanation building in the prior sections and seek a comprehensive response to the central question of how and why Goleta successfully became a city.

## 5.1 GOLETANOW! – HISTORY & ROLE IN GOLETA’S INCORPORATION

*GoletaNow!* was a grassroots group that spearheaded the city incorporation efforts from 1999-2001. *GoletaNow!* committee as the group called itself, was a nine member group joined together with the intent of creating an autonomous jurisdiction to be called the City of Goleta. The stated goal of this committee was:

The goal of the GoletaNow! Committee is to bring a ballot measure for the City of Goleta before the people of Goleta. (*GoletaNow!* 1999)

Several concerned residents of the Goleta Valley Community had met and discussed their governance concerns since the failed 1997 incorporation attempt that failed even to make it to the ballot. Finally, in Spring 1999, nine participants from these informal groups formed the *GoletaNow!* Committee to take on an incorporation attempt- an attempt that was determined to usher in the new City of Goleta. While all the nine members of the Committee had equal passion to see the creation of a City of Goleta, the background and experience of the members had differences. Some of the members had years of experience with the process of governance while some had none aside from voting. The following table provides background highlights of each of the nine members:

Table 5.1

**GoletaNow! Committee Members**

<b>Member Name</b>	<b>Member Background</b>
Kitty Bednar	A 13 year resident of the Goleta Valley who worked as an Administrative Secretary. She had been a member of a politically active volunteer committee called the Goleta Roundtable.
Cynthia Brock	A 20 year resident of the Goleta Valley who worked as a Graphic Designer. She had been member of a politically active volunteer committee called the Goleta Roundtable.
Margaret Connell	A 34 year resident of the Goleta Valley who had retired as the Public Affairs Director of Planned Parenthood. She was the founding member of Santa Barbara Women's Political Committee.
Patricia English	A 22 year resident of the Goleta Valley who had retired as a Technical Writer. She had been a member of a politically active volunteer committee called the Goleta Roundtable.
Jeffrey E. Haight	A 6 year resident of the Goleta Valley who worked as a Structural Engineer. He served as the Director of Santa Barbara Shores Homeowners Association.
Sean Halsey	A 22 year resident of the Goleta Valley who worked as an Electric-Motor prototype technician. He had been a member of a politically active volunteer committee called the Goleta Roundtable.
Jack Hawxhurst	A 28 year resident of the Goleta Valley who had retired after working as a Research Scientist. He had served in various politically active committees including the Goleta Roundtable.
Jonny D. Wallis	A 31 year resident of the Goleta Valley who worked as a Research Attorney. She had served in various politically active committees including the Goleta Roundtable.
Bob Wignot	A 20 year resident of the Goleta Valley who worked as a Water Agency Manager. He had been a member of a politically active volunteer committee called the Goleta Roundtable.

Source: *GoletaNow! Publications, 1999*

It is interesting to note that all but one of the members (Jeffrey E. Haight) had lived in the Valley for a long time and who had also had the benefit of witnessing (while not actively participating) in the earlier failed attempts at incorporation. It is also interesting to note that all the members had been affiliated with Goleta Roundtable, a politically active voluntary committee.

The efforts toward incorporation lasted well over two years since the creation of *GoletaNow!* By no means was this a smooth process. However, the opposition to incorporation did not come from just the traditional opponents like resident groups in impact areas, other politically active committees and the County. The largest and unexpected opposition came from the City of Santa Barbara! While a subsequent section will detail the annexation efforts, it needs to be noted that *GoletaNow!* faced intense opposition and struggle to get the incorporation issue on to the November 2001 ballot. Subsequent timeline traces the early history of *GoletaNow!*

### **Spring 1999**

It was in early spring 1999, that the nine member team formed the *GoletaNow!* Committee. The Committee spent the next couple of months researching the following issues:

- Pertinent laws and requirements for incorporation in California;
- Lessons to learn and mistakes to avoid from past incorporation attempts;
- Voting patterns from previous incorporation ballot measures.

After consulting with LAFCO, the committee drafted the incorporation proposal and prepared for the petition campaign.

### **Summer & Fall 1999**

In June 1999 *GoletaNow!* launched the cityhood campaign with a press conference on the steps of the Goleta Community Center and then held the first volunteer recruiting event and garnered the first 30 volunteers. The

Committee and over 100 volunteers gathered over 4800 signatures on the cityhood proposal.

### **November 1999**

On November 30<sup>th</sup>, 1999 *GoletaNow!* and numerous volunteers held a press conference on the steps of the Goleta Community Center to announce that they had gathered enough signatures to qualify for LAFCO consideration of the incorporation proposal. Following the announcement, everyone rode an Airbus to the Santa Barbara County Courthouse where the 4800 signatures were ceremoniously presented to the LAFCO Executive Director. (Valley Voice, Nov 1999). It is important to that the signature drive was a purely grassroots drive during which volunteers went door-to-door in Goleta's neighborhoods collecting signatures. This drive also gave *GoletaNow!* to informally gauge the sentiments of the residents in the proposed boundary towards cityhood and self-governance.

### **December 1999**

On December 29<sup>th</sup>, 1999 LAFCO certified the proposal to be complete and eligible for review.

With the start of the new millennium, LAFCO set the wheels of incorporation in motion by holding public hearings to determine the scope of the Comprehensive Fiscal Analysis (CFA)<sup>1</sup> that was required for incorporation proposals and also selected a consultant to perform the CFA. *GoletaNow!* spent the next few months trying to raise funds to cover the cost of the mandated CFA and other campaign related expenses. Before describing the next sequence of significant events, it is important

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<sup>1</sup> The purpose of the CFA is to essentially document: (i) costs for the city to provide public services and facilities during the three fiscal years following the incorporation; (ii) city revenues during the three years following incorporation and; (iii) costs for affected local agencies during the three fiscal years following incorporation.

to present the arguments that were laid out by *GoletaNow!* while gathering signatures for the incorporation petition. Importantly, the advocates of the movement address pertinent questions tied to Goleta incorporation efforts.

*GoletaNow!* published a four page brochure soliciting signatures by registered voters to file with the LAFCO. The first two pages of the brochure discussed nature and details of the proposal while the third page served as a collection instrument for signatures. The last page simply held address details (see Appendix for actual brochure). A reproduction of the four significant questions that were addressed in this flyer include:

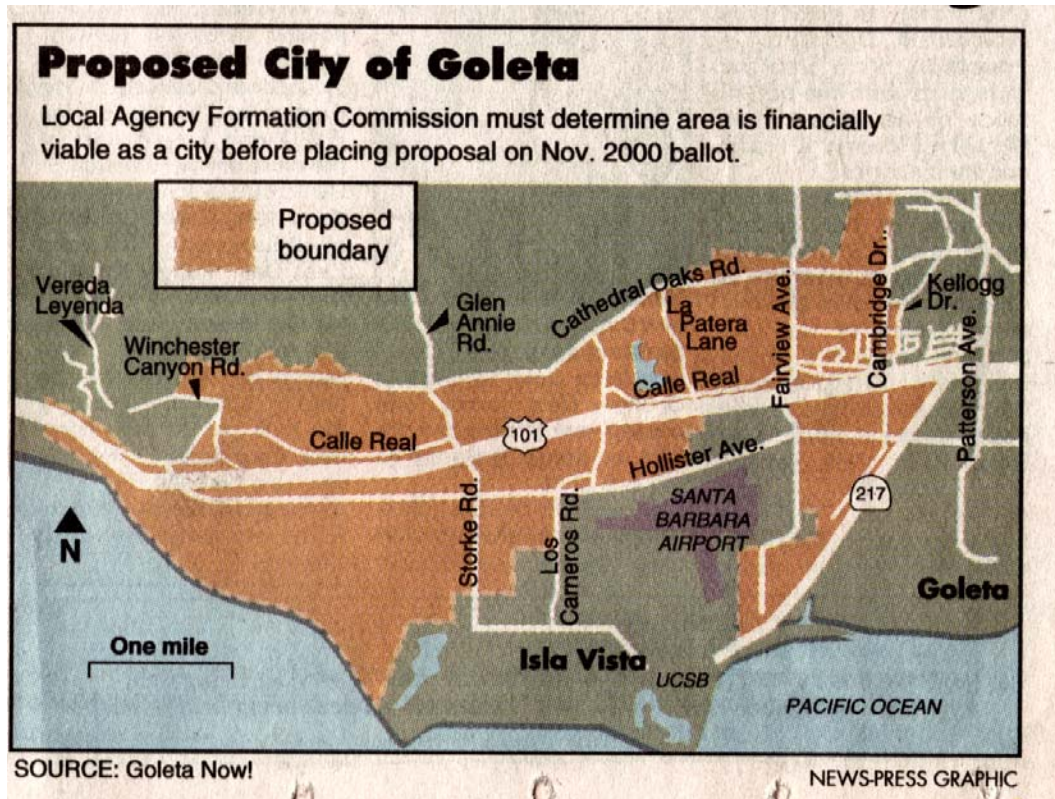
**1. What boundaries are proposed for Goleta?**

Only "Goleta 93117" addresses are included. Isla Vista and University of Santa Barbara (UCSB) are not a part of the proposed city. All Santa Barbara zip codes are excluded because residents in those areas have voted heavily against becoming part of a city of Goleta in the past.

*GoletaNow!* (1999)

The following graphic reproduced from the local newspaper Santa Barbara News-Press dated January 19<sup>th</sup>, 2000 provides a clear picture of the boundary that was crafted for incorporation:

Figure 5.1

**GoletaNow! City Proposal**

In a separate flyer that was used to solicit volunteers for the incorporation movement, *GoletaNow!* explained the assumptions and criteria for boundary selection as follows:

- The city should comprise those neighborhoods that consider themselves first, and foremost, Goleta;
- The city needs to be financially viable;
- The city needs to be perceived as politically balanced;
- The city boundaries must present good governance to the LAFCO;
- The City needs to provide for local self-determination for those neighborhoods where there are still many planning decisions to be made.

Referring to the above boundary, *GoletaNow!* called it as the area that in fact met the above assumptions and criteria and elaborated upon it as:

North: to the urban boundary line as defined in the Goleta Community Plan (GCP)  
 South: to the ocean, excluding the airport, UCSB, and Isla Vista  
 East: to the extent of the 93117 Zip code  
 West: to the urban boundary line as defined in the GCP.



The flyer mentioned that adjacent neighborhoods of *Patterson Avenue, Isla Vista, Rancho Embarcadero* – did not match the assumptions and criteria as well as the included neighborhoods. Any change in local governance could change that situation and, in the future, any of these neighborhoods may choose to join the new city (*GoletaNow!* 1999).

The flyer intended to seek signatures for the incorporation petition also included three other significant questions:

**2. Why should we have a city government?**

With a city, the people can choose candidates who reflect their preferences for managing the city, as well as vote directly on Goleta initiatives. A city government will be directly accountable and immediately responsible of our community.

**3. How will cityhood affect our taxes?**

Taxes cannot be increased without a direct vote of the citizens affected, so incorporating as a city doesn't mean higher taxes for Goleta. It does mean that the burgeoning revenue from recent development approval will be reinvested here, where the impacts will be felt. It also means that state and federal funds available only for cities will now come to Goleta. These revenues will be a tremendous benefit for our local economy, as well as our quality of life.

**4. Why does Goleta need cityhood now?**

*Goleta needs a city now because it is growing.*

*The economy is booming and Goleta is growing.*

*There is sufficient water and Goleta is growing.*

Currently, decisions about managing the economy-fueled expansion in Goleta are made at the county level where they are based on what is in the best interest of the county as a whole, not on what is best for Goleta.

A city is the means for Goletans to assume local control of decisions affecting their streets, homes, and daily lives. The issue is not the outcome of the planning decisions for Goleta; the issue is who is making those decisions. Goletans should make those decisions.

- As city residents, Goletans can put local ordinances into place that reflect what they want in their neighborhoods, in their community.
- Voter-approved initiatives will give Goleta voters control of the growth rate in Goleta.
- As a city, Goleta can prevent other jurisdictions from putting their less desirable projects in the Goleta Valley.
- As a city, Goleta collects the mitigation funds from future growth and keeps them here to offset the impacts of density, gridlock, and loss of open space.

*GoletaNow!* (1999)<sup>2</sup>

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<sup>2</sup> See Appendix 1 for a copy of original the *GoletaNow!* flyer

In the petition that was submitted to LAFCO to initiate the process of incorporation, the reasons for seeking incorporation were listed more succinctly:

The reasons for the proposal are to (a) increase local control and accountability for decisions affecting the community through a locally elected City Council, (b) retain local tax revenues for use in the community to support municipal programs and services, (c) promote cost-effective services tailored to the needs of local residents and landowners, (d) increase opportunities for participation in civic and governmental activities, and (e) promote orderly governmental boundaries.

Petition submitted to LAFCO, 1999<sup>3</sup>

It is significant to note that the core reasons provided by Goleta/Now! to promote incorporation included local land use control and control over tax revenues (not tax avoidance). Before further examining the causal factors tied to Goleta incorporation, a timeline of incorporation related processes will help understand how the initiative proceeded after the original petition was accepted by LAFCO:

**Table 5.2 Goleta Incorporation – Project Timeline**

Year 2000	
April 6	Contract with Economic Planning Systems (EPS) for CFA, subject to secure funding for each phase.
April/Aug	EPS Phase I – preparation of initial (Fatal Flaw) Fiscal Analysis.  June/July – LAFCO, County and proponents negotiate definition of revenue neutrality.
July 17	County departments begin generating data for base year 1999-2000.
Sep/Dec	EPS prepares draft CFA Sep - EPS receives base year data from the County Nov – EPS completes data analysis Dec- Draft property tax exchange figures available
Dec/Feb	EPS prepares incorporation terms and conditions. <ul style="list-style-type: none"> <li>• Initial municipal operations &amp; Facilities Plan</li> <li>• Conclude negotiations with affected agencies</li> <li>• Draft incorporation terms and conditions</li> </ul>

<sup>3</sup> See Appendix 2 for a copy of the *Petition of Registered Voters to Incorporate the City of Goleta* that was submitted to Santa Barbara LAFCO to initiate the incorporation process.

Year 2001	
Jan/Feb	Prepare Executive Officer Report with draft terms and conditions
Feb/June	Public review and LAFCO hearing process  Jan 4 – Public forum on administrative draft CFA March 1 – LAFCO public forum on draft CFA April 5 - LAFCO hearing on the incorporation May 3 – Continued LAFCO hearing and approval of the incorporation
June/July	Board of Supervisors (County) conducts protest hearing, calls Nov 6 election
July 6	Elections department deadline for County to place item on Nov 2001 ballot (124 days prior to election)
Aug 13 – Sep 8	Nomination period for city council members (113 to 88 days prior to election)
August	LAFCO approves impartial analysis
November 6	Election Day
November 20	Board of Supervisors approves canvass of election
To be determined	Effective date of incorporation

**Source: Goleta Incorporation – Project Status Report No. 1, LAFCO 2000**

Looking at the above timeline chart, it is easy to conclude that all aspects of the incorporation had been carefully laid out and proceeded without any hurdles. However, reality is often complicated and the process of incorporation was no exception. A number of challenges arose as the incorporation was moving forward: the LAFCO contract with Economic & Planning Systems (EPS) to prepare the CFA was for an amount not to exceed \$98,620, a fairly substantial amount for a grass roots organization to raise; the CFA needed to document that the city envisioned will be financially viable; LAFCO had the power to impose specific terms and conditions including alternate boundaries; any other unanticipated public reaction; changing sentiments of the affected governing jurisdictions. The biggest challenge that arose was in fact tied to an unexpected move from the adjacent municipal jurisdiction of the City of Santa Barbara!

Subsequent to the filing of incorporation petition by *GoletaNow!* in a highly surprising move, the City of Santa Barbara submitted a competing proposal to annex all of the Goleta Valley and several additional unincorporated areas that essentially engulfed the entire metro area. As the proposal was submitted within 60 days of the incorporation proposal (February 2000), it was binding on LAFCO to consider the annexation proposal alongside the incorporation proposal. The City of Santa Barbara was a long established governing entity that obviously had both the revenue stream and technical expertise to move forward with their annexation bid. While it is rather common for existing jurisdictions to annex contiguous unincorporated pockets, this proposal was very large in scope with rather unexpected in timing. The residents (at least some) of Goleta Valley had desired to become part of the City of Santa Barbara for decades, only to be slighted by the City. For example, in 1975 an effort annex Goleta to the city of Santa Barbara was defeated by 3-1 margin in Santa Barbara and Goleta. So, the annexation bid by the City was perceived to be rather hostile by the proponents of the City of Goleta. The County of Santa Barbara too was rather surprised by the move. While the next section on the City of Santa Barbara's annexation move will detail relevant aspects of the proposal, it is important to note this unexpected and huge challenge that cropped up for *GoletaNow!* the proponents of the City of Goleta. Also of importance is the fact that there was not much within the powers of *GoletaNow!* to challenge its opponents. They could only wait and watch as the two competing proposals were being evaluated by the LAFCO as well as the County.

Moving briefly away from the discussion of *GoletaNow!* , it is pertinent to lay out the key points of difference between an incorporation proposal and an annexation proposal in the State of California. While both moves essentially impact the lives of the residents in terms of public services and the taxes that they pay, in general it is also about whether an area becomes a new political entity (like Goleta)

or becomes part of an existing entity like the City of Santa Barbara. The following excerpt reproduced from a Board Letter written for the County administration details the key points of difference between an incorporation and annexation very well:

**Figure 5. 2**  
**Excerpts from County Board Letter**

Several key areas emerge as significant differences between incorporation and annexation which relate to the role of the County and the Board of Supervisors. Most significant is that the incorporation is driven by LAFCO with clear and tested guidelines and the involvement of the County, while annexation is driven mutual agreement and collaboration of the City and the County with support and ratification from LAFCO.

Incorporation	Annexation
Mandatory Process: County must engage; LAFCO can impose incorporation	Discretionary Process: County can choose to engage; LAFCO may not impose annexation
Executive Officer and LAFCO has broad authority on boundaries, terms and conditions	Executive Officer and LAFCO have more limited authority on boundaries, terms, and conditions
County must discuss revenue neutrality with proponents and LAFCO; detailed guidelines	Negotiated property tax exchange with the City; few guidelines to form or content
LAFCO can alter fiscal agreements	LAFCO cannot alter fiscal agreements
Defined service transition period	No defined service transition period

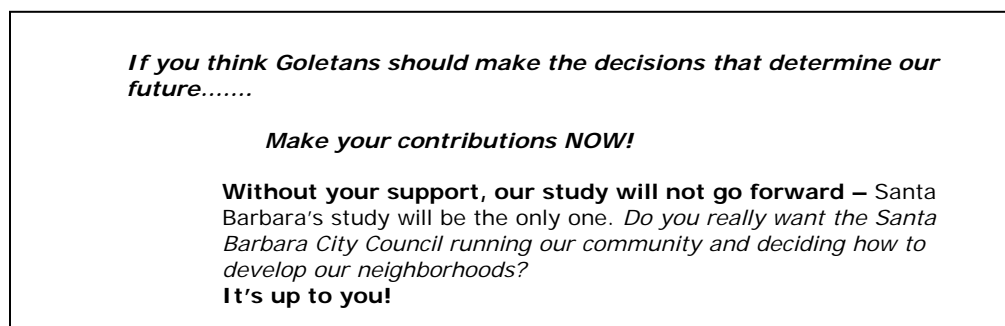
**SB County Board Letter, June 2000**

It is clear from the above details on differences that LAFCO did not have much regulatory influence on annexation as it had on incorporation. So, in the event of a consensual attitude between the County and the City of Santa Barbara, an annexation of the Goleta Valley was a rather likely threat for the incorporation efforts. In any case, the powers of *GoletaNow!* to impact the annexation process was limited at best.

While there was not much that the proponents of *GoletaNow!* could do against the annexation efforts, they also had to face the usual challenge that accompanies any efforts that are political in nature – the challenge to raise enough funds to cover the CFA. When the incorporation petition was approved by LAFCO, the County of Santa Barbara was forced to engage in the process. At the same time as the petition triggered the need for a CFA, *GoletaNow!* was legally responsible to fund the study estimated to be about \$100,000 – a substantially large amount for a small grass roots organization made up of volunteers. While the County agreed to pay \$80,000 dollars toward the study, this amount was appropriated over two consequent fiscal years: (i) FY 1999-2000: \$65,000 and (ii) FY 2000-2001: \$15,000 (LAFCO Report, 2000).

While the County appropriations took a tremendous pressure off *GoletaNow!* raising at least \$15,000 to successfully complete a study was no easy task for the organization. Adding to the distress, the City of Santa Barbara effortlessly allocated \$100,000 from the City budget for their annexation CFA study! Needless to say that the proponents felt very challenged and channeled their energy toward fund raising. It is relevant to note here that the residents of the proposed boundary were certainly not wealthy and raising large sums of money was certainly a daunting task. The creativity of *GoletaNow!* in using desperation as a tactics for raising funds is evident from the following flyer that was mailed to the residents:

**Figure 5.3 Fund Raising Tactics by GoletaNOW!**



Source: *GoletaNow!* Flyer, spring 2000

Based on the language of the flyer, it is clear that the proponents of incorporation were also full of entrepreneurship. While later in this chapter there will be a more detailed description of the *Special Districts* in Goleta Valley, it is relevant to discuss their role in financial contribution for the incorporation proposal.

During the incorporation proposal, there were five special districts serving the unincorporated Goleta Valley: *the Goleta Water District, Goleta Sanitary District, Goleta West Sanitary District, the Embarcadero Municipal Improvement District, and the Isla Vista Recreation and Parks District*. Significantly, the incorporation proposal did not include any change in the special districts serving the region. However, the alternate boundaries suggested for consideration by the LAFCO included an objective of looking into potential dissolution of special districts or detachment of the areas within the city from these districts. Additionally, the annexation proposal would have automatically made the special districts into subsidiary districts with the Santa Barbara City Council seating their boards and their asset becoming city property. So, another tactics that was pursued by the proponents of cityhood was to solicit funds from these special districts to fund the CFA.

Goleta/Now! hoped that each of the five Special Districts in the Valley will put up \$7,500 to help fund the CFA. Consequently, members of the GoletaNOW! met with each of the five Districts and solicited contributions by stressing that if only the Santa Barbara annexation proposal were to move forward, then there was the eminent threat of the districts being either dissolved or losing autonomy. Historically, the special districts in the area tended to stay out the local governance struggles. Echoing this sentiment, then Director of the Goleta West Sanitary District Director Larry Meyer said, "We did take a stance to stay neutral in the past." He further added, "I' am suspicious of political forces behind the proposal." (Valley Voice, March 2000). However, collectively the districts felt that the latest set of competing proposals, both incorporation and annexation had the potential to directly

affect all of them and hence may be a policy-bending factor. Summing the situation, were the comments of Goleta Sanitary District Director John Carter: "This affects us all. The question now becomes whether we want strongly enough to do something about it (Valley Voice, March 2000)." While after collective deliberations, the special districts did not make the desired contributions for the CFA, they could not carry out the long-standing policy of "staying out of political matters" either.

In the ensuing months, members of Goleta*NOW!* continued their fund raising efforts to be able to pay for the CFA. As they now had to raise just about \$20,000, the task did not seem as indomitable as they had originally thought. There still was resentment at the City for having so effortlessly funded the Annexation Feasibility Analysis (AFA). Both the studies were being done by the same consulting firm, the EPS. It was expected that the results of the preliminary CFA and AFA would come out in August, 2000 determining which proposal, the incorporation or the annexation was a feasible option. When the studies came out, the claim was that both the options were in fact feasible and if both processes moved forward, it would eventually be LAFCO that will make determination on which proposal will make it to the November 2001 ballot. As luck would have it in September 2000, the breakdown of tax sharing agreement, a state-mandated requirement for completion of the annexation proposal lead to the untimely withdrawal of the competition. This left the incorporation proponents with two completely different challenges: (i) the revenue neutrality agreement and (ii) final boundary decision for the new city.

#### **(i) The Revenue Neutrality Agreement**

LAFCO cannot approve a new city unless it finds the following are substantially equal:



- Revenues currently received by the County that would, except for the new city, would go to the County, and;
- Expenditures currently made by the County for services which will be provided by the new city.

Even without the agreement LAFCO can still approve the new city, but only if:

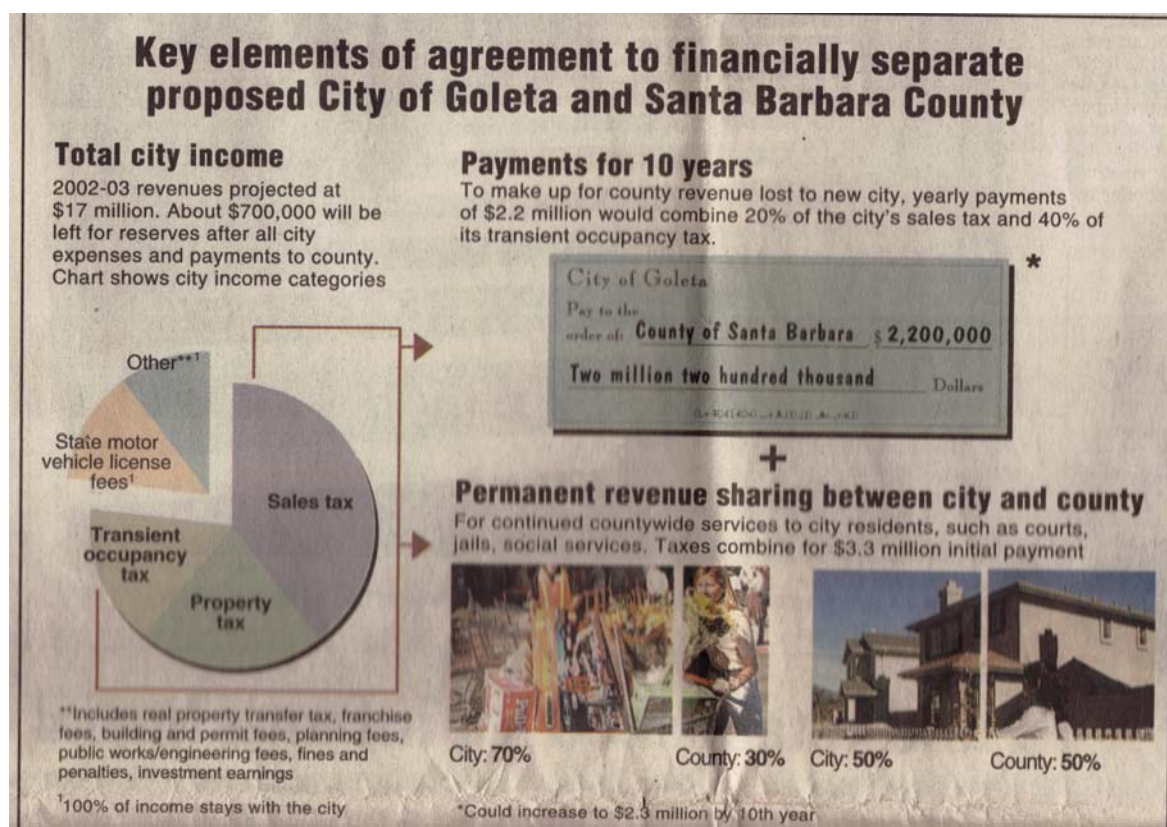
- All subject agencies agree, or;
- Negative fiscal effects are mitigated by LAFCO imposed terms and conditions.

Goleta*NOW!* Newsletter, August 2000

In the Goleta Valley incorporation situation, the County faced loss of revenues that was assumed to be not equal to cut down in expenditure. Consequently, the two parties were in intense negotiations for over five months. The chief negotiator from Goleta*NOW!* was Jonny Wallis while the main bargainer for the County was William Chiat. As admitted by the negotiators on either side, the issues were very complex with several sticking points. The negotiations embraced a slew of cityhood issues: how to craft the most frugal service contracts with the county for such things as police and firefighting services; what portion of the county's remaining debt for Santa Barbara Shores County Park should become the new city's debt; how much deferred county road maintenance should be done at county expense after cityhood; and how much should the county charge the city for its share of regional services such as courts and jails (Santa Barbara News-Press, March 12<sup>th</sup>, 2001). Another question was just how soon the new city government should actually take power after the election. The County was required to continue providing all services for the remaining fiscal year but the new city needed to reimburse the county later for the cost (Santa Barbara News-Press, March 12<sup>th</sup>, 2001). Despite complexities, the teams were under pressure to finish the talks by mid-March. "That is the deadline..... and we need to stick to that," said Chiat (Santa Barbara News-Press, March 12<sup>th</sup>, 2001).

Furious negotiations lead to an agreement that was published in the local newspaper three days before the County Board voted unanimously to approve it. "I am pleased with it, because it lessens the impacts to the county-something we are required to do under the law- and still produces a city that is financially sound for now and into the future, " said Jonny Wallis, chief negotiator for the cityhood proponents (Santa Barbara News-Press, March 17<sup>th</sup>, 2001). Both negotiating teams said that the pact was a win-win deal and so the Board approval was not much of a surprise. Voting on the pact, County Supervisor Joni Gray said the negotiators who crafted the agreement were "brilliant," (Santa Barbara News-Press, March 17<sup>th</sup>, 2001). The following graphic from the News-Press provides the key elements of the pact that was agreed upon by members of GoletaNOW! and the Santa Barbara County Board:

**Figure 5.4 Revenue Neutrality Agreement between GoletaNOW! & County**



Source: Santa Barbara County (Published in Santa Barbara News-Press, March 17th, 2001)

At the heart of the agreement was an annual payment of \$2.2 million to the County by the newly incorporated city for a period of 10 years. This was essentially to make up for lost revenues. There were some other components in this pact as well:

- The county would swallow the projected \$2.1 million in costs to continue existing services to the city area for the five months of fiscal 2001-2002 needed for the new government to set itself up.
- The County would loan the new city \$100,000 for its first expenses after formal incorporation on Feb 1, 2002.
- The City would postpone \$1.5 million of its first mitigation payment for 11 years to get a jump-start on its savings.
- County roads, sidewalks, land, parks and open spaces, including Lake Los Carnerous and Santa Barbara Shores County Park, would become city property. The County would keep its fire stations and Flood Control District property.
- Contracts with the county for services such as law enforcement protection, firefighting, parks maintenance and road work would be for five years for cost efficiencies.
- If the commission redirects the Goleta West Sanitary District's \$800,000 annual property taxes to the new city, 70 percent would go to the county for spending, but only on more Goleta-area firefighting equipment.
- The City would take over the Old Town Redevelopment Project. If Isla Vista were added to the cityhood proposal, however, the county would remain responsible for the Isla Vista Redevelopment Agency. Part of the property taxes from the Storke Ranch subdivision would continue to go to the redevelopment area, although the tract would be inside the new city boundaries.
- The City would be joining the county's housing consortium, ensuring that the county will qualify for federal grants that are expected to increase greatly after census counts are confirmed.

**Santa Barbara News-Press, March 21<sup>st</sup>, 2001**

The revenue neutrality agreement filled a key gap for LAFCO as it was preparing a cityhood measure to meet tight deadlines for the Nov. 6<sup>th</sup>, 2001 ballot. Before the proposal could be placed on the ballot, the Commission needed to accept the agreement and final fiscal analysis of the proposed city as well as set the final boundaries. That was all slated to happen in May 2001.

### **(ii) The Final Boundary Decision**

Setting the proposed city's final boundaries was the major remaining hurdle for the proponents of cityhood. The original Goleta*NOW!* essentially called for inclusion of zip code area 93117 with exclusion of the small island of Isla Vista/UCSB. LAFCO in turn proposed some alternate boundaries for consideration to be included in the CFA study. Most contentious of these was the Isla Vista pocket. Many Isla Vista residents wanted to be included in the new city while Goleta*NOW!* leaders insisted that adding those areas would guarantee defeat at the polls. Their claim was that a city that included Isla Vista would be politically dominated by that neighborhood. The final decision of course rested with the LAFCO Commission. The decision came out in favor of the proponents at a dramatic meeting on May 3, 2001. As a Goleta resident at the time, I attended this meeting out of curiosity and had the opportunity to witness the anger and disappointment felt by the pro-Isla Vista Community Activists. The LAFCO Commission voted 6-1 to accept a boundary that was very close to the original boundary with small additional parcels for inclusion. The Goleta*NOW!* proposal called for a city of about 28,000 people that largely covered the 93117 zip code excluding Isla Vista and UCSB. At the suggestion of various commissioners and the panel's executive officer, a 14-acre agricultural parcel owned by Westerfield LLC was slated for inclusion in the new city as was a small neighborhood north of Highway 101 and small parcels south of the Highway. I will elaborate more on the specific boundaries as part of the LAFCO discussion. But for Goleta*NOW!* the exclusion of Isla Vista/UCSB was a majority victory. I witnessed members of Goleta*NOW!* beaming and hugging each other. One of them, Jack Hawxhurst, raised his arms dramatically, bowed to the commissioners and said, "The voters thank you." Two other Goleta*NOW!* leaders said they were "thrilled" and "exulted" by the

commission. As an observant, the contrast in feeling expressed by the proponents and the pro-Isla Vista group was like day and night.

Once the boundary decisions were made only one procedural formality remained: a mandatory protest hearing. Unless a majority of the registered voters in the proposed city submit written protests, the County Board of Supervisors were required to call for the election. The Board needed to move quickly to meet the election office deadlines.

### **Ballot "Measure H2001" - Goleta Cityhood**

The extremely significant milestone of a formal request by the County Board calling for the placement of the Goleta Cityhood measure came on July 11<sup>th</sup>, 2001 after a Board meeting held at the North County office in Santa Maria. The decision again was unanimous with a 5-0 vote. While there were about 75 protestors, this number did not even come close to the required 50 percent. The Goleta*NOW!* proposal that had been introduced in late 1999 had survived nearly 18 months of review and controversial boundary adjustments by LAFCO, as well as months of intense wrangling among the proponents and county negotiators over sharing the newly incorporated city's revenues. After the long gestation, "We've got a baby today," said Patty English, a Goleta*NOW!* spokeswoman. "Now we have to nurture it. Now is the final campaign (Santa Barbara News-Press, July 11, 2001)." The following illustration drawn from the Santa Barbara New-Press details key elements of Measure H2001<sup>4</sup>:

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<sup>4</sup> See Appendix for copy of full text of Measure H2001

**Figure 5.5**  
**Key Elements of Measure H2001**

### **I. Vital Statistics**

- Name: City of Goleta
- Area: About 5,400 acres, mostly within 93117 Zip code area, excluding Isla Vista and UCSB
- Population: 96,00 households, 28600 people. There were 15,042 registered voters as of July 9, 2001.
- Effective date of incorporation: Feb 1, 2002

### **II. Voter Choices**

- Governing Body: A five-member city council would be elected. Initially, the top three vote-getters would serve four years. The two candidates with the next-highest number of votes would serve two years. After that, all council members would serve four-year terms. The first mayor would be the candidate with the most votes. After that, the job would go each year to a different council member.
- Method: Voters would choose whether future city councils would be elected at large, or by district.

### **III. Transition**

- Loan: The county would lend the city \$1.5 million for organizational expenses.
- Funding: The county would turn over \$2.5 million in property taxes from the city area.
- The county would turn over taxes, developer fees, special assessments and state and federal grants set aside for the new city. The money was collected primarily for new parks, road repairs, transportation planning, street lights, the library, and housing programs.

Source: Santa Barbara New-Press, July 11<sup>th</sup>, 2001

### **Goleta Council Race**

With all hurdles cleared and the proposal making it to the ballot, the next excitement in the Valley was the council race. On a Monday evening, Jul 10<sup>th</sup> 2001, I

found the Goleta Public Library packed with hopeful candidates. As an onlooker, I found that this meeting was meant as an orientation for potential candidates for seats on the first city council. There must have been close to 50 people! I remembered that almost a month ago I had read the announcement that Jack Hawxhurst, one of the *GoletaNow!* founding members had announced his candidacy. Undoubtedly, other members from *GoletaNOW!* were also considering council runs. Many were at this library gathering. I learnt that the filing for candidates was to officially open on July 16<sup>th</sup>, 2001. When the filing period closed in August, five of the *GoletaNOW!* members were running for the council seats. There were seven additional candidates as well. From among the proponents Jean Blois, Margaret Connell, Jack Hawxhurst, Cynthia Brock and Jonny Wallis had chosen to contest for council seats. Then there were locally well known candidates like David Bearman who had a long history of involvement in Goleta politics. He served on the Goleta West Sanitary District Board and had been vocal in advocating for the inclusion of Isla Vista in the new city. From the locals I came to know that Bearman had taken part in the 1993 incorporation election and had actually placed second. The candidate list also included Bob Poole, the Chief of Goleta Valley Chamber of Commerce.

The *GoletaNOW!* members all ran on similar platforms and in favor of the creation of a City of Goleta, excluding Isla Vista and eastern Goleta. Interestingly, in several candidates forum hopefuls like David Bearman and William Gilbert opposed the Measure H as it excluded Isla Vista and eastern Goleta. At the same time original proponents like Jonny Wallis strongly supported the exclusion of Isla Vista and spoke of the possibilities of annexation at a future date. In any case, there were spirited debates on a variety of subjects like affordable housing, tax revenues, districts versus at-large city elections and the issue of Isla Vista annexation. While vigorous campaigning continued, it was far less dramatic than the actual battle to get the issue on the ballot.

When election results came out late Nov 6<sup>th</sup> there was much to celebrate for the Goleta*NOW!* group. Measure H passed with about 58% votes making Goleta a newly incorporated city. The Cityhood proposal –which had failed twice in the past when Isla Vista was included in the boundaries – was voted on by nearly 6,000 registered voters in the area. It won by about a 15 percent margin with 3,196 yes votes and 2,316 no votes. Also, all five founding members of Goleta*NOW!* were elected to the Council with Margaret Connell getting the most votes and becoming Goleta's first Mayor-Elect. Noteworthy was the low turn out at the polls- especially after such an intense battle over the future of governance in the Goleta Valley. The successful council candidates shrugged aside the low turn out and rejoiced at the passing of the Measure. "I feel great," Goleta City Council-Elect Jonny Wallis said. "This was always about local control and controlling our finances. Having a council that is accessible and accountable to the people it represents (Daily Nexus Online, Nov 7<sup>th</sup>, 2001)."

Another successful candidate, Jean Blois said the passage of the Measure will give residents the ability to control the amount of and nature of Goleta development. At the same time unsuccessful candidates like Bearman said, "The people of Goleta took a look at this with their eyes open. They did know there were some risks, and I certainly hope the winners prove us wrong." (Daily Nexus Online, Nov 7<sup>th</sup>, 2001).

Regardless of low turn out and skepticism around the future and financial feasibility of the City of Goleta, the incorporation was successful and the city came into existence at beginning of the following year. But this is just the story as seen from the incorporation angle. The subsequent section covers the Goleta Valley case from the lens of the annexation proposal with the City of Santa Barbara at the helm.



## 5.2 CITY OF SANTA BARBARA – THE ANNEXATION BATTLE

In direct competition to the incorporation efforts of *GoletaNow!* a parallel effort to change the local governance of Goleta Valley came about in the form of an annexation proposal. On February 22, 2000 the City of Santa Barbara approved and submitted to LAFCO a proposal for the annexation to the City the entire Goleta Valley with nearly 80,000 residents. An annexation this extensive would have doubled the population of the existing city. Interestingly, the annexation proposal came up just two months after *GoletaNOW!*'s petition for incorporation was certified by LAFCO. The incorporation proposal covered a much smaller area, the area primarily to the west of Goleta Valley into the new City of Goleta while the City of Santa Barbara's proposal covered the entire Goleta Valley and several additional unincorporated areas. This competing move by the City of Santa Barbara was not just unexpected but rather dramatic in terms of its timing.

Historically, the City of Santa Barbara had never made any moves to annex such a large urban area as the Goleta Valley despite repeated requests at varying times by area residents. An excerpt from a summary sheet put out by the City of Santa Barbara clearly makes an admission to this history:

Over the past number of years the City Council has received requests from Goleta residents to study the feasibility of annexation of the Goleta Valley. Most recently, these requests were received from the *Committee for One* in January 1998 and the Goleta Roundtable in January 2000. The annexation study is responding to these requests. The City Council believes that it is important to study annexation because Santa Barbara and Goleta share the same community issues and the future of both areas is connected. Since *GoletaNow!* recently submitted a proposal to establish a new city in the western area of Goleta, an annexation study must be undertaken for both options to be considered.

City of Santa Barbara, Annexation Summary Sheet, June 2000

It is important to note here that while the annexation move seemed abrupt and aggressive, a part explanation of the timing can be found in the Cortese-Knox Local Government Reorganization Act of 1985, administered at the local level by the

LAFCO. This act specifies the process and responsibilities for the organization or reorganization of local governments including the annexation or incorporation of unincorporated areas into a city. According to this act, when an alternate organizational change is proposed (the annexation proposal) within 60 days of filing of an original move (the incorporation of City of Goleta), then LAFCO must consider the annexation proposal as well when it takes action on the incorporation proposal (Cortese-Knox Act, 1985). So, if the City nurtured any desire for annexation of some or parts of Goleta Valley, they were prodded into action by the 60 days time limit. However most county residents were not familiar with such rules of local governance and consequently, the annexation proposal seemed like a hostile bid to derail a smaller scale grass-roots effort that was underway.

The filing of the incorporation proposal by Goleta*NOW!* in December 1999 automatically set up the City for a rival proposal, if in case the City of Santa Barbara had desires to annex Goleta Valley. Galvanizing into quick motion, the City Council members voted unanimously on February 16<sup>th</sup>, 2000 to proceed with the preparation of a formal application to annex the entire Goleta Valley. In attendance at this public session were also the members of Goleta*NOW!* The public comments offered by one of the members of this group sums up their sentiments:

"You do not have a scintilla of evidence that anyone in Santa Barbara supports annexation. I'm appalled and dumbfounded by the City's annexation proposal. We have played by all the rules."

Remarks by Jonny Wallis, Goleta*NOW!* member recorded in the Minutes of Public Hearing, Santa Barbara City Council February 15, 2000

There were some supporters in the crowd as well. Santa Barbara resident Rob Anderson, a long term resident of Goleta lauded the Council for pushing for a regional approach to local government. He encouraged the City to proceed with an annexation application but added that in addition to the state mandated study into the new city's

financial feasibility, its political popularity should also be looked into. "I think this is going to be a difficult sell," especially to voters in western Goleta, Anderson told the Council (Minutes City Council, Feb 15, 2000). As a set back, the City's response time lost a full 6 days during this session when LAFCO's legal counsel informed the city administration that the originally planned Feb 28<sup>th</sup> deadline would be moved up to Feb 22<sup>nd</sup> because of revised calculations of the approval of the competing application from Goleta *NOW!*

Up against this revised deadline (February 22<sup>nd</sup>, 2000, 5:00pm), the Santa Barbara City Council voted unanimously on that very day to file a formal annexation proposal. This decision did not involve any public input process and came rather abruptly. In several interviews after this decision, all seven council members from the City voiced the opinion that this was the right time for Santa Barbara to seriously consider expansion into Goleta. The primary reason offered was that the City was considering annexing Goleta amid growing public discussion about how to take a regional approach to major issues such as traffic, population growth, affordable housing and creek and ocean quality. The City Council hearing on the annexation proposal was held in the Council Chambers late in the afternoon of Feb 22<sup>nd</sup>, 2000. During the course of my research, I was able to avail minutes from that public hearing. It was clear that the Santa Barbara City Council strongly desired to move forward with an aggressive proposal for a variety of reasons, including the one about a regional approach to urban planning issues in the South Coast. The following excerpts from that hearing reveal a range of reasons and emotions on part of each of the seven council members tied to the annexation move:

**Figure 5.6****Excerpts of Reactions from the Santa Barbara City Council**

**"What happens in Santa Barbara affects Goleta and what happens in Goleta affects Santa Barbara. I think we are one area."**

**Harriet Miller, Mayor**

**"The area from Santa Barbara through Goleta is clearly one urbanized community. It shares one inextricably linked economy. Also, if just 30,000 people end up forming a City of Goleta, that would leave 50,000 people living in an unincorporated area between the new municipality and Santa Barbara."**

**Tom Roberts, Councilman**

**"Now is the time to petition (for annexation) because we have worked toward this particular petition for over two years. "**

**Marty Blum, Councilwoman**

**"I have long felt that governance for this region should be for the region as a whole. At the present time the two board members who represent the area do not live here. If Santa Barbara annexed Goleta, voters here would get to elect their own council members, and have more influence on regional matters."**

**Dan Secord, Councilwoman**

**"If not now when? And if not us, who? We have been talking about this for a long time. As the urban center of the South Coast, Santa Barbara should lead the local discussion about regional government."**

**Gil Garcia, Councilman**

**"We are beginning to acknowledge as a community – this whole South Coast – that there has been a lot of change taking place, and that it is not all good. Hard facts churned out by the annexation feasibility study will help prevail over emotions and anecdotal assumptions about regional government."**

**Rusty Fairly, Councilman**

**"An annexation application will help start what I hope will be an active public debate about regional government. Let's get the folks who don't always participate to say what they think."**

**Gregg Hart, Councilman**

**Source: Minutes of Public Hearing, Santa Barbara City Council February 22, 2000**

As a consequence of the City's move, by February 2000, the Santa Barbara LAFCO was considering two very separate local governance future for the Goleta Valley – (i) the creation of a very small City of Goleta and (ii) an extensive annexation of the entire Goleta Valley, resulting in the creation of a City of Santa Barbara that would be double its original size in population and area.

While both incorporation and annexation are governed by Cortese-Knox and LAFCO, the process, decision-makers, and actions associated with the two are very different. Most significantly, the incorporation is driven by LAFCO with clear and tested guidelines and the involvement of the County, while annexation is driven by mutual agreement and collaboration of the City and the County with support and ratification from LAFCO. It is noteworthy that by the state of California's regulatory design, incorporation is more heavily regulated and harder to achieve while annexation driven by cooperation is easier to achieve. Understandably, the annexation move by the City of Santa Barbara was not good news for all the proponents of incorporation, particularly GoletaNOW!. After the City of Santa Barbara filed for annexation, LAFCO was left with two starkly different proposals for the future of Goleta Valley – a rather limited incorporation and a sweeping annexation! The proposals were not just different in scope but were also different in terms of LAFCO's regulatory powers towards evaluation of the two proposals. The subsequent narratives detail the scope of the proposed annexation and also the steps and timelines associated with the proposal.

The annexation proposal filed by the City of Santa Barbara covered all unincorporated areas in the Goleta Valley and beyond. This area stretched west all the way to the Urban Limit Line. The following figure illustrates the vast annexation boundary determined by the City:

Figure 5.7

**Annexation Boundary Proposed by the City of Santa Barbara, 2000**

Source: Santa Barbara New Press, June 28<sup>th</sup>, 2000

The boundary proposed for annexation stretched not just through all of urbanized Goleta but also included the communities of Hope Ranch, University of Santa Barbara, Isla Vista, Ellwood and Rancho Embarcadero – some that vocally desired annexation and some that wanted to remain unincorporated. The illustration also highlights the differences in land area in the two proposals. It is evident that the proposed annexation area was nearly twice the size of the proposed incorporation. The following statement drawn from a County staff report (June 2000) emphasizes the size of the proposed annexation:

.....most of the professionals in this business contacted by the staff have referred to this annexation as unprecedented in California.

County Staff Report, June 2000

Of course, the two competing proposals had other fundamental differences. The following table details the basic dissimilarities:

**Table 5.3 Comparison of Proposals: Incorporation vs. Annexation**

<b>Santa Barbara Annexation</b>	<b>Goleta cityhood</b>
<b><u>Area:</u></b> The entire Goleta Valley up to the west edge of urban zone, Mission Canyon and Las Positas Canyon.	<b><u>Area:</u></b> The 93117 zip code that covered the western half of the Goleta Valley to edge of urban zone, excluding Isla Vista and UCSB.
<b><u>Population:</u></b> More than 80,000	<b><u>Population:</u></b> About 30,000
<b><u>Essential services:</u></b> Land use planning, water, sewer, police, fire protection to be provided by the City. Level of service to match services in current city within 10 years.	<b><u>Essential services:</u></b> Planning by the City. Police and fire services to be provided under contract by the County. Water and sewer service to be provided by existing utility districts under contract.
<b><u>Government:</u></b> Mayor elected at large and eight-member city council, with three elected at large and five elected by district from existing city and annexation area.	<b><u>Government:</u></b> Five-member city council elected at large. Mayor chosen from among seated council members.

**Source:** Annexation Proposal, Incorporation Proposal, 2000

In addition to the vast difference in area and population, the two proposals also differed in their impact upon the special districts in the area. The incorporation proposal called for the districts to be left intact. The annexation proposal called for five of the districts to become subsidiaries of the City: *Goleta Water District*, *Goleta Sanitary District*, *Goleta West Sanitary District*, *the Isla Vista Recreation and Parks District* and the tiny *Embarcadero Municipal Improvement District*. While the districts were not going to be dissolved, the City Council would act as their board of directors. Additionally, the *Goleta Cemetery District* and sewer and lighting districts in Mission Canyon would be dissolved, as would the old *Goleta Vector Control District*.

The annexation proposal called for a nine council member governance of the expanded city - five picked in district or ward style elections, with three members and the mayor elected at large in citywide vote. The current City Council would be dissolved as part of the Goleta annexation. If voters approved a new city, they at the

same time would be asked to elect a new council representing the entire area. While the governance proposals were vastly different, the timelines for the process were not. By law, the two proposals were to move forward in tandem conducting tasks, some of which were similar and some vastly different. The following table provides the details on the steps involved in the annexation proposals and the associated timeline:

**Table 5.4**  
**Annexation Steps and Timeline**

Application submitted but not accepted for filing until a property tax exchange agreement is submitted.	February 22, 2000
Selection of a fiscal consultant.	April
Initiation of preliminary "fatal flaw" analysis.	April
County and City generate data, consultant draft report.	May-June
Development of initial principles for property tax negotiation.	June-August
Board and Council extension of negotiation period.	July
Preliminary Annexation Fiscal Analysis (AFA) presentation to City and County.	Late August
City Council determination to proceed.	September
Negotiation on property tax exchange.	September-January, 2001
Environmental review.	September-January
City adopts environmental review.	February
Council and Board each agree to property tax exchange agreement.	February
Board action to either detach or dissolve affected Special Districts.	March
LAFCO accepts application for filing.	March
LAFCO Executive Officer prepares report with limited terms and conditions.	March-April
LAFCO considers annexation proposal with incorporation proposal and determines which proposal will proceed.	May



LAFCO sends annexation to Council for protest hearing.	May
Council holds protest hearing.	July
Dual elections held in City and in area to be annexed –both must vote majority yes.	November 6, 2001

**Source: County Staff Report, June 2000**

While the City Council rushed through the decision and managed to file an annexation proposal by the deadline, the process lacked a very essential element – public participation! The Independent, a local Santa Barbara publication echoed this sentiment as follows:

From the beginning, there was something unreal about the annexation effort. In a city where even minor decisions are preceded by an exhausting public process, there was almost none at all for annexation. That would all come later, the council decided, setting aside \$500,000 for such a campaign! (The Independent, September 28, 2000)

It was indeed true that the City did not launch the public campaign till summer, 2000. Just like the incorporation, annexation proposals are also expensive. The fiscal analysis, negotiations and public campaigning were all expenses that the City needed to pay for. While the City was affluent, it still needed large sums of money to move forward with the annexation proposal. It was then that lady luck smiled at the City!

Just as the City was to embark on a public campaign, it was left with an unexpected excess of \$924,022 after a lawsuit over the 1994 Orange County bankruptcy. Consequently, Santa Barbara's resources for Goleta annexation expenses were given a big boost when in early May, the City Council set aside \$500,000 from the lawsuit settlement as annexation reserve. The reserve was to mainly fund public outreach efforts, environmental impact studies and tax consultants' costs. Calling this allocation a "Pricey Pursuit", Independent (local newspaper published the following specific details:

**Figure 5.8**  
**A Pricey Pursuit**

<b>Here is where the money is going:</b>	
<b>Public outreach (Moore Lacofano Goltsman)</b>	<b>\$135,000</b>
<b>Environmental review (Rincon Consultants)</b>	<b>\$115,000</b>
<b>Financial feasibility study (EPS) Goltsman)</b>	<b>\$100,000</b>
<b>Governance structure issues (Rose Institute)</b>	<b>\$50,000</b>
<b>Legal services (Richards, Watson &amp; Gershon)</b>	<b>\$50,000</b>
<b>Fiscal consultant (Rosenow Spivacek Group, Inc.)</b>	<b>\$25,000</b>

**Source: The Independent, June 15, 2000**

The disparity in resources between the proponents of annexation and incorporation could not have been more striking – the City with nearly \$500,000 annexation reserve and Goleta*NOW!* trying to raise \$15,000 to cover the cost of fiscal analysis study!

The publicity campaign got underway in early June 2000. The first two outreach efforts were “town hall” style meetings followed by a “speakers bureau”, through which city planners and other bureaucrats involved in the annexation effort spoke before the community, neighborhood and civic groups. The City’s hope was to sell the idea of “regional governance” to South Coast voters and spark participation in the annexation process. In these campaign efforts, the Council members tried to address several questions that had come up since the annexation proposal was put forth and also tried to make the package palatable to the community. For example, addressing some mobile home residents of the Goleta Valley, Council members pledged to keep intact present rent control protections (The Independent, June 15, 2000). There were several other concerns as well. Some people had wondered how the delivery of basic city services, such as water, sewer and trash pick up would be affected. Others were concerned about the fate of land-use planning decisions, while some wanted to know if Goleta residents would have to pay Santa Barbara’s 6

percent utility task (Santa Barbara News Press, May 3, 2000). The City's response to the utility tax concern was that while the tax would indeed be extended into annexed areas, all that tax money will be spent on repairing roads and streets in those neighborhoods. Driven by the concern of their incorporation proposal, the members of GoletaNOW! were a stable presence in all of the City's public forums. Following are excerpts from original notes written and shared by Margaret Connell, member of GoletaNOW! who attended all the public meetings:

**June 19, 2000 (Faulkner Gallery, Santa Barbara Public Library)**

First meeting for the purpose of public campaign. Attendance: approx. 50 people.

**Marty Blum**: "We are just getting started and it is not something that is a done deal."

**Main event** : Slide show – what the city's footprint will look like following annexation and details of annexation procedures.

**Paul Casey (from City)**: "Santa Barbara and Goleta share so many issues that affect both communities collectively. The annexation is all about regional approach to major issues such as traffic, population growth, affordable housing and creek-and beach-water quality."

**Audience questions:**

1. Levels of Service?
2. How will the new council be chosen?

**June 29, 2000 ( Goleta Public Library)**

Second meeting for the purpose of public campaign. Attendance: approx. 350 people. Mostly Goleta residents.

**Main event** : Presentation by Paul Casey and then Q & A session.

**Q & A session:**

1. Levels of Service?

The City's intent is to bring Goleta's services up to Santa Barbara. But details of County-City transfer not yet worked out. The preliminary plan is to phase services and aim for match in 10 years.

2. Will the City levy the 6 percent utility tax immediately?

Yes. But the City will spend all the utility tax money collected in Goleta for the first five years to repair Goleta's streets and sidewalks.

**Public comments**

- The City is built out and wants Goleta's remaining vacant land as a "dumping ground" for undesirable housing and businesses.
- "If we don't keep control of western Goleta...they are going to put things here they had never dream of putting in Santa Barbara or Montecito (Henry)
- "Santa Barbara has had zero interest in Goleta being part of the city in the past 20 years. Now that Goleta is making strong economic showing, the city is interested! (Don)
- Mobile home rent control should stay in place. If not 2000 people will vote against it!

**Session End (Harriet Miller, Mayor's comment :** Our purpose was to present the proposal. Clearly some people have strong opinions already.

(Hand written notes of Margaret Connell, member GoletaNOW!, 2000)

It is clear from the above notes that the residents in the proposed incorporation boundary appeared to be against the annexation proposal for a variety of reasons- the very reasons for which they desired incorporation. Also, the parallel annexation proposal and the public campaign was indeed causing worry for the GoletaNOW! committee and consequently the members were trying to keep abreast of all public annexation related activities. Consequently, the annexation cast an added burden for the proponents of incorporation. Regardless of sentiments, the City continued on with its campaign all through the summer of 2000.

The City continued its community outreach in a variety of different ways. To share annexation related information, website called the [www.ci.santa-barbara.ca.us/annexation](http://www.ci.santa-barbara.ca.us/annexation) with an e-mail link for community questions. The City officials made appearances on Radio and TV and had meetings with the special districts members. They met with members of the Goleta Valley of Chambers. The City cast the efforts not as advocacy but as an information gathering process. A city official commenting on the process claimed, "The City is not on the advocacy road and we still need to gather more information. The City Council's intent from the get-go was to have open conversations about Goleta's best governance options before

the final proposal is even submitted (Valley Voice, Goleta's Community Newspaper, May 10, 2000)." On June 23<sup>rd</sup>, 2000, Goleta's Community Newspaper published a editorial that provided a great illustration of the extent of animosity between the West Goleta residents and the City of Santa Barbara. Following excerpts from the editorial highlight the resentment of Goleta residents who viewed annexation very unfavorably:

**Figure 5.9**

**Valley Voice Editorial**

**Annex Year in Santa Barbara**

**"Red Rover, Red Rover, send Goleta right over"**

Perhaps we missed it, but we don't recall giving the Santa Barbara City government the signal to come gobble us up. Maybe they took the Camino Real marketplace and the Old Town Revitalization project as attempts on our part to make ourselves worthy of disappearing into their Mediterranean fantasy. Or maybe revenue enhancement has something to do with it.

Now, it would be disingenuous of us to pretend that we are utterly immune to the glamour of Santa Barbara, or to the snobbish thrill of having that glittering stage set for a return address. And the sheer effortless of it is rather appealing: becoming a Santa Barbaran without having to move an inch.

Nevertheless we must rouse ourselves from such Santa Barbara dreaming. Like the male seducer of countless cautionary tales, the Santa Barbara government just wants our body, not our soul. And after they have gotten what they wanted – our tax base – you can bet they won't respect us in the morning. When they see us coming, perhaps with their child in our arms, they will cross to the other side of the street and pretend not to recognize us.

Santa Barbara and Goleta are two very different communities, with very different histories. They are as culturally distant from each other as Protestant Minneapolis and Catholic Saint Paul, although they do not have the comforting buffer of the Mississippi river to enforce the separation. In terms of continuous human habitation, in fact, Goleta's history is far older than Santa Barbara's, for the Chumash settlements were all located in what is now Goleta – and they thought that what is now Santa Barbara was the pits.

The overwhelming majority of the residents of both towns are aware of, and comfortable with, their separate identities. We hope, and confidently expect, that the recent efforts of the Santa Barbara City Council to sell annexation to their citizens will be met with a huge yawn of indifference.

Source: Editorial from Valley Voice, Goleta's Community Newspaper, June 23, 2000

The above editorial provides a great glimpse of the resentment that several Goleta residents felt towards the City of Santa Barbara. So despite the expensive and extensive campaign the City undertook, the Valley remained divided in terms of the future of local governance. Also, the residents who were to be affected by the annexation did not have any control over their governance destiny at this mid-point – not till the proposal reached the ballot box. However, it was a strange lack of control, a regulatory gap in annexation, that in fact brought the annexation to a grinding halt. The annexation never got an opportunity to reach LAFCO's desk and compete with the incorporation proposal for the ballot box. The County of Santa Barbara abruptly ended the ambitious annexation project one Monday in September, 2000.

At the heart of an annexation proposal in California is a Revenue and Taxation Code requirement that there must be agreement between the City and County of Santa Barbara for an exchange of property taxes. No such agreement was in place when the City filed the annexation proposal with LAFCO. Hence the application that was filed by the City was not yet complete. If the City and the County were not to reach a tax agreement by the time the proposal came before LAFCO for approval, the Commission's consideration of annexation would consist of examining the application and identifying that it is incomplete, and to proceed with the incorporation proposal (County Staff Report, June 7<sup>th</sup>, 2000).

A Comprehensive Fiscal Analysis (CFA) is not required for annexations by Cortese-Knox. However, the California Revenue and Taxation Code indicates, "The City and the County shall mutually select a third-party consultant to perform a comprehensive fiscal analysis.... (§99, California Code)". While the content and details of the CFA are well defined, the requirements of the annexation analysis are undefined. However, in order to negotiate a property tax exchange agreement and to provide the community with equivalent analyses of both proposals, the City and County agreed to prepare a comparable analysis of the annexation as was being

created for the incorporation (County Staff Report, June 7<sup>th</sup>, 2000). The City agreed to fund the full projected cost of \$98,000 for the Annexation Fiscal Analysis (AFA) and included the County as an equal partner and co-signer to the contract. As with the CFA (for incorporation), the AFA was to be conducted in two phases. The County agreed to participate in the first phase: the preliminary "fatal flaw" analysis. Participation and further action in Phase II was contingent upon the results from Phase I. Both the "fatal flaw" analysis for both the City (annexation) and the *GoletaNow!* had been contracted out to the same private firm called Economic Planning & Systems (EPS) and both studies were released at the same time in late August, 2000. The studies separately concluded that each respective proposal was viable. The County was slated to lose money with either plan. According to the EPS consultant Walter Keiser, an annexation would cost the county \$5.7 million, while cityhood would cost it \$4.7 million (The Independent, September 28, 2000). In either instance, Keiser said, was the gap not insurmountable; all that was required was a willingness to talk (The Independent, September 28, 2000).

In a dramatic meeting on September 25<sup>th</sup>, 2000 the County's Board of Supervisors cast an unanimous vote to pull the plug on annexation. It was a special meeting that stretched well into the night. The delegation from City Hall- including Mayor Harriet Miller, other City Council members and bureaucrats sat through arguments, presentation and a verdict- the demise of annexation proposal. The following picture that appeared in Santa Barbara's local newspaper Independent, captures the daze experienced by the City's leadership:

**Figure 5.10**  
**Defeat of Annexation Proposal**



**Photo Caption:** It was a long night for Mayor Harriet Miller (left), city planner Paul Casey, and city administrator Sandra Tripp- Jones as they watched Santa Barbara's annexation proposal go up in flames. Despite claims to the contrary, they still insist the city could have provided Goletans not just the same services they get now, but more and better.

**Source:** The Independent, September 28, 2000

The minutes of this meeting reveal the forceful manner in which the Council presented their views about the proposed annexation and then the eventual vote on not to proceed with any further negotiations for property tax exchange with the City. Members of the County's team expressed grave doubts that they could continue to serve the poor, the elderly, and the very young if the City of Santa Barbara were to take control of the Goleta Valley and all the revenues that area produces (County Minutes, Sep 25<sup>th</sup>, 2000). The County also claimed that the City had understated the true impact of annexation on the County Finances. The County provided their own estimate and predicted that their shortfall will be \$10.2 million and not the professed \$5.7 million. During his presentation County Auditor Bob Geis made the following argument: "the City would impose a \$11 per month/ per household brand new utility tax. This tax is at the crux of the city's fiscal strategy for making annexation work. It



is the worst kind of tax, it affects everybody. It is a poor tax because it taxes the poor. Your fatal flaw is right there!"

While the Supervisors made conciliatory remarks on working with the City on regional issues, in an unilateral move, the County of Santa Barbara put an end to the ambitious annexation effort brought forth by the City of Santa Barbara. Subsequent comments from the City of Santa Barbara squarely laid the blame on the County and the lack of its willingness to engage in any meaningful property exchange discussions. They contended that ultimately, whatever story the numbers tell, the real decision about annexation should have been made by the voters of Goleta and Santa Barbara, and not by County Administrator Michael Brown and the Board of Supervisors. Even a year latter, as a staff member of the County's Housing and Community Development Department, it was my experience that this annexation battle had wedged a deep political rift between the City and the County, which actually continued to cast its shadow on working cooperatively on several regional issues including homelessness and specific housing projects.

### **5.3 COUNTY OF SANTA BARBARA – LOSS OF GOLETA VALLEY**

The Constitution describes counties as "legal subdivisions of the State," and counties play a role in local service provisions. First they act as local agents of the state, administering programs including public health and public assistance, trial courts, jails and elections. Counties also collect property taxes on behalf of cities and special districts. In addition, most counties provide a variety of other urban services that an incorporated city provides like parks and recreation, libraries and in unincorporated areas, police, road maintenance, planning and zoning and waste disposal. In line with this administrative role, the County of Santa Barbara had been responsible for the governance of Goleta valley all through its existence. However, as

Goleta Valley continued to grow and urbanize, the disconnect and discontent with the County governance had continued to grow in the Valley. This discontent had sown the seeds for both the incorporation and annexation attempts that had been tried and failed over the decades. When Goleta*NOW!* was mobilizing resources to file for incorporation, many Valley residents were unhappy with the County for another local reason. This problem with the County being Goleta's "City" government had to do with the fact that during the year 1999, none of the Supervisors were in fact from Goleta. The two Supervisors who shared representation of the Goleta Valley on County Board were Susan Rose and Gail Marshall, neither of whom lived in Goleta Valley. This caused resentment among many Valley residents that such a large urban area had no true political representation in the County seat. As a consequence of the festering dissatisfaction with their governance, the County found itself in the middle of the vigorous incorporation/annexation debate in December 1999.

As the two proposals made its way to Santa Barbara LAFCO, the County found itself tangled with both the proposals. With the incorporation, the County's participation was mandatory while with the annexation, its role was discretionary. Also, while the County realized the inevitability of having to relinquish the administrative rights to the growing Goleta Valley, the Board was not exactly prepared either for the incorporation or for the annexation. However, it was the annexation that caught them completely by surprise, as the City had completely failed to engage the County in any way prior to filing the proposal in February 2000. But regardless of whichever proposal was to make its way to the ballot, the County was looking at loss of jurisdictional control and loss of revenues. Understandably, the Board was not vocal in the support of either incorporation or annexation.

In the months after LAFCO received the separate proposals for the governance of Goleta Valley, the County Board held several hearings to follow the progress of both the proposals. While both the City and Goleta*NOW!* had contracted

with Economic Planning Systems (EPS) to conduct Phase I of two separate fiscal studies for the incorporation and the annexation called the preliminary “Fatal Flaw” analysis, the County staff was engaged in generating appropriate data for them. The studies were estimated to cost approximately \$98,000 each. The City of Santa Barbara was completely funding the AFA while the County had agreed to fund \$80,000 for the CFA tied to the incorporation. That had left Golet/NOW! with the task of having to raise nearly \$20,000 dollars for the study to move forward. In the earlier year, the County had set-aside funds to undertake Goleta governance issue. It was this money that the Board provided for partially funding the CFA.

In early June the Board held a hearing to get an update on both the proposals and to decide a future course of action on the two proposals. The staff informed the Board that several project teams including the Auditor-Controller, County Administrator, County Counsel, Sheriff, Fire, Public Works, Planning & Development, Personnel, Parks, treasurer-Tax Collector, Clerk-Recorder-Assessor and General Services were working collaboratively with the incorporation proponents and the City of Santa Barbara staff (County Board Letter, June 7, 2000). The Board Letter further detailed the key decision points that the Supervisors would have to make during the processes. The following table reproduced from the original letter details the key actions that the County faced for the two separate proposals:

**Table 5.5 County Timelines for Incorporation & Annexation Proposals**

<u>Timeframe</u>	<u>Incorporation</u>	<u>Annexation</u>
18 July		Resolution to extend tax exchange negotiation time period
Late August	Receive Preliminary “Fatal Flaw” Analysis	Receive Preliminary “Fatal Flaw” Analysis
September	Board study session on final proposals based on fiscal analyses	Board study session on final proposals based on fiscal analyses

Mid-September		Determine whether or not a second phase of the AFA is feasible
Late-September	Adopt LAFCO definition and principles of revenue neutrality	Adopt principles of tax exchange negotiation.
December	Receive draft Comprehensive Fiscal Analysis	Receive draft Annexation Fiscal Analysis
January-February	Adopt terms and conditions	Determine whether or not to have a property tax exchange agreement
Early April	Provide input to Board LAFCO members as appropriate	Provide input to Board LAFCO members as appropriate
Mid-June	Conduct protest hearing	Conduct protest hearing
Early-July	Call for November 6 <sup>th</sup> incorporation election	Call for November 6 <sup>th</sup> in City and in area to be annexed
6 <sup>th</sup> November	ELECTION DAY	ELECTION DAY
20 <sup>th</sup> November	Approve canvass of election	Approve canvass of election

**Source: County Board Letter, June 7<sup>th</sup>, 2000**

At the June meeting, the Board asked the staff a number of questions concerning the impact of both annexation and incorporation:

- What is not being done as a result of the resources being devoted to these two proposals?
- Is a vote required for annexation?
- What is the potential impact upon County employees?

The questions reflect the deep concern that the Board had about the impending changes to its jurisdictional control, be it annexation or be it incorporation. The following month there was another Board meeting- this time to extend the negotiation time for the Property Tax Exchange Agreement between the County and the City of Santa Barbara. The State Revenue and Taxation Code calls for the City and the County to determine the amount and agree to an exchange of tax revenues

in a negotiation period not to exceed 60 days (California Revenue Code, Section 99b). That 60 days was initiated on April 26, 2000 and ended in June 25, 2000 with not much progress. So through a County Resolution, a six month extension to continue tax exchange negotiation was put in place. The following excerpt from the staff report accompanying the resolution read:

Since the County and the City did not reach a tax revenue exchange agreement within the 60 days, §99e requires that the City and County "... mutually select a third party consultant to perform a comprehensive, independent fiscal analysis..." The County and the City have selected Economic Planning Systems (EPS) to perform that analysis, which is underway. Unfortunately, the statute only provides 30 days to complete the analysis and reach an agreement to exchange tax revenues. We are currently within the 30-day window, which ends on July 25, 2000. The 30-day timeframe is obviously unrealistic, particularly since the preliminary fiscal analysis on which to base the agreements will not be available until early September, and the final analysis is not expected until December. Therefore staff has developed the attached resolution to extend the timeframe to conduct the analysis and negotiate a tax exchange agreement for adoption by both your Board and the City Council. Staff estimates the 180 days is sufficient to conduct all the required activities and is consistent with the project timeframe for a November, 2001 election. This extension will also save your Board time and expense by obviating the necessity for inevitable periodic extensions.

County Board Letter, July 7<sup>th</sup> 2000

Of course, this agreed upon resolution to extend the negotiation period was very crucial for the proposal to move forward. Strangely, the resolution also included a mutual agreement, something that in fact nixed the annexation proposal completely. The resolution read:

#### **Figure 5.11 Excerpts from City-County Joint Resolution**

**NOW, THEREFORE, CITY AND COUNTY MUTUALLY RESOLVE AS FOLLOWS:**

1. Pursuant to California Revenue and Tax Code section 99 (e)(2), City and County agree to extend the time within which to agree upon an exchange of property tax revenues (section 99(e)(1) (A) until they have:
  - a) Received the completed fiscal analysis; and
  - b) Had a reasonable amount of time, not to exceed 180 days from the date of this Resolution, to consider its content and negotiate a property tax exchange.
2. City and County agree that, after completion of the preliminary annexation fiscal analysis, either of them may unilaterally terminate the time extension upon 30 days' written notice.

**Source: Resolution of the City of Santa Barbara & the County of Santa Barbara, July 18, 2000**

As a consequence of this resolution, in September 2000, the Board of Supervisors voted 5-0 not to grant a second 90 day extension for the County and the City of Santa Barbara to negotiate a tax-exchange agreement just days after the results of the AFA came out. In a marathon seven hour session, the Board claimed that there was compelling evidence that the required mitigation for annexation of Goleta to the City of Santa Barbara would amount to \$11-13 million per year, not the \$5-6 million previously estimated by the City. Further, the Board noted that the required mitigations to the County would be paid by taxing Goletans through a 6% utility tax that would force Goleta households to pay nearly \$11 per month to offset the costs of annexation (Minutes of Meeting, September 25, 2000). The Board also discussed the issue of levels of services. Annexation would have resulted in a two-tier process with Goletans paying higher taxes than what they were currently paying yet receiving lower levels of services than residents of the existing City of Santa Barbara for an unspecified period of time. Further, some services would be reduced. For example, the City had outlined a 30% reduction in law enforcement in Goleta in their plan. Then there were some non-fiscal issues that the Board highlighted.

Members of the Board noted that lack of demonstrated community support for the annexation. Annexation was supported by a small group of Goletans and crafted by a Santa Barbara Council of seven. The Board called that unacceptable and questioned whether even a reconstituted City Council would provide responsive and responsible decision making for Goleta (Minutes of Meeting, September 25, 2000). In sum, citing a variety of fiscal and non-fiscal reasons, the County Board of Supervisors ended an ambitious annexation effort by the City of Santa Barbara. Understandably, the Santa Barbara City Council members were left with a bitter aftertaste. In an interview to the News-Press, Councilwoman Marty Blum said: "I have a lot of hard feelings about what happened. They were almost hostile" (News-Press, September, 28, 2000). Other comments from the City Council ranged from,

“the County did not give us enough time to refute; I just wish there was more honesty in the conversation; there was not the slightest semblance of objectivity.” While state law allowed the City to seek mediation and arbitration to reach a tax-trade agreement by October 19, 2000, the City Council deciding that this was unrealistic, proceeded to withdraw its annexation application. Consequently, as of late September 2000, there was only the incorporation proposal left for the Goleta Valley.

While annexation was out of contention, there was still no guarantee that the incorporation will succeed. There were several tasks and milestones that needed to be achieved for that proposal to make it to the ballot. The one task that required significant County involvement and cooperation with potential to stall the incorporation proposal was the negotiations of revenue neutrality agreement. This was the incorporation equivalent of the tax exchange in the annexation proposal. The difference here was that the LAFCO would stay involved in the process as a mediator and also that the County did not have any powers to terminate the process or the proposal. In the same meeting in which the Board rejected the annexation proposal, they also reluctantly embraced the incorporation. The key findings that had emerged from the preliminary CFA were listed as:

- Goleta can be fiscally viable as a city.
- Municipal service levels will be at least equal to existing levels.
- The feasibility of incorporation is sensitive to assumptions regarding tax-generating uses.
- Revenues transferred to the new City are not “substantially equal” with expenditures transferred.
- The terms of payments needed to mitigate anticipated fiscal impacts have yet to be determined by the County and negotiated with the proponents.
- Other agencies serving the Goleta area will not be significantly affected by the incorporation.
- The boundary alternatives are shown not to adversely affect fiscal feasibility of Goleta.

- Boundary alternatives may influence feasibility in ways not reflected in the fiscal analysis,

County Board Letter, September 25, 2000.

The thorny issue of negotiating a revenue neutrality arises from the need for a mitigation payment to the County that results from the transfer of revenues to the new city which in most cases are claimed by the county to be “not substantially equal” to the expenditures transferred. The fiscal studies help in determining the estimated loss of revenues. In the event of a loss, a mitigation payment amounts to a debt the new city must pay the County in order to make the County whole, where incorporation causes a greater reduction in County revenue than concomitant reductions in delivery of services. Equalizing these two elements is generally referred to as “revenue neutrality.” The Cortese-Knox Act (§56845) requires that ....“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.” In case of Santa Barbara County, the negotiations meant figuring out how Goleta was going to pay back an estimated deficit of \$5.8 million. The following illustration of details the County’s sentiment regarding the negotiations with Goleta *NOW!*:



**Figure 5.12****Excerpts from Draft Principles for Revenue Neutrality Discussions**

A great deal of work needs to be done to craft a revenue neutrality agreement which achieves fiscal feasibility for the proposed city and allows the County to continue to provide the existing levels of countywide services to all residents, and municipal services to the remaining unincorporated areas. With the LAFCO's Executive officer as facilitator, County staff and the proponents are negotiating the necessary revenue neutrality agreement for recommendation to LAFCO. The first product of those negotiations is the Principles for Revenue Neutrality, presented as "Attachment 1" to this letter, for your Board's review and adoption. The principles have been adopted by the proponents.

**Attachment 1****Draft Principles of Revenue Neutrality for Incorporation:**

1. Assure the initial fiscal feasibility of the City.
2. Minimize potential negative impacts on the County resulting from incorporation.
3. Not decrease the service levels of either the City or the County.
4. Provide incentives for future annexations to the City of Goleta.
5. Avoid litigation.

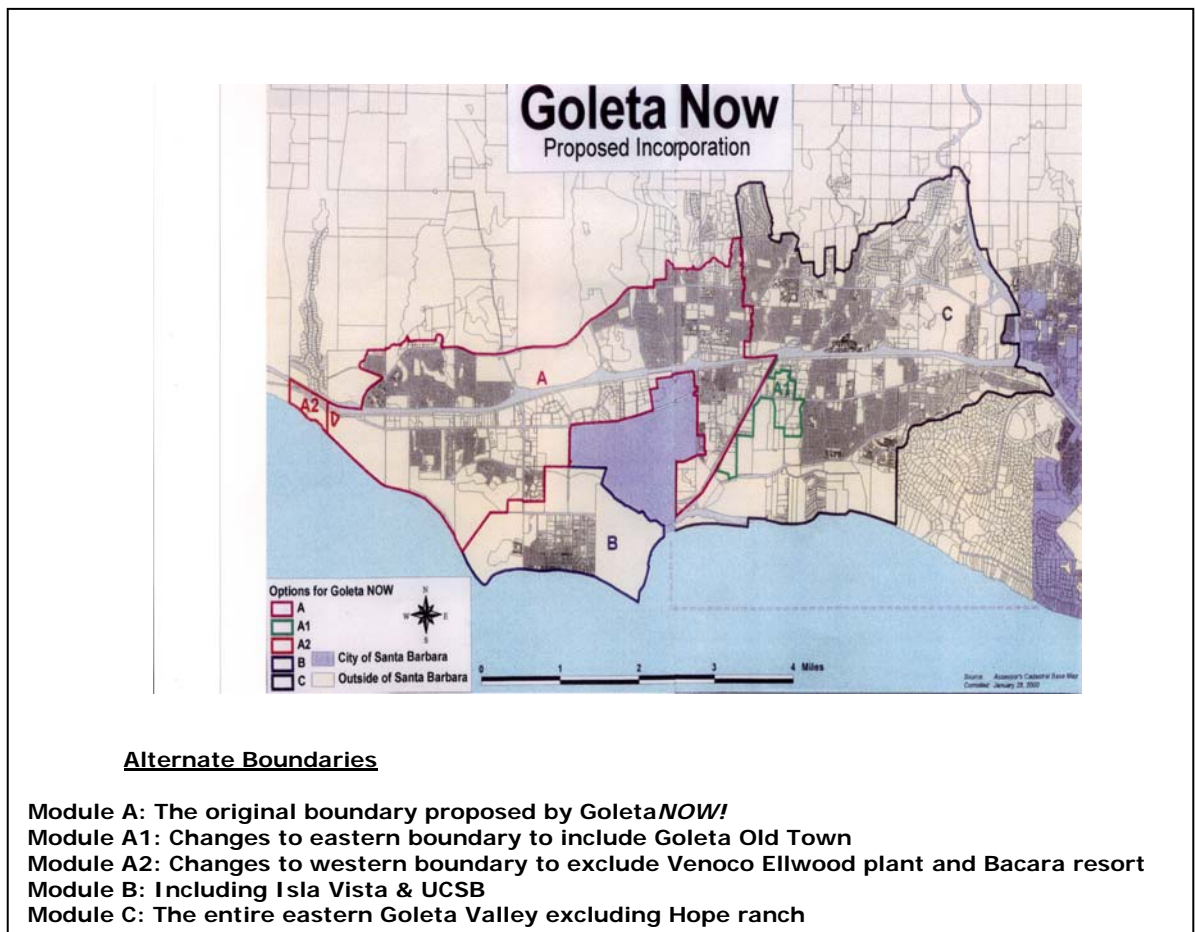
Source: County Board Letter, September 25, 2000.

In the ensuing months, the County staff met regularly with the proponents of incorporation to negotiate a revenue neutrality agreement and draft terms and conditions. By the end of the year 2000, tentative conceptual agreements had been reached in areas such as housing related grants and programs, parks, redevelopment areas, and community service district resources (County Board Letter, November 21, 2000). Yet other areas remained including roads, flood control, and energy facility regulations. Much of the fiscal-related negotiations had been left pending the boundary configurations for the new city. As mentioned in the section on GoletaNOW!, LAFCO had recommended study of alternate boundaries to the one

proposed by the proponents of cityhood. The suggestions included the two variations of boundary originally proposed by GoletaNOW! (Modules A, A1, A2), Module B and Module C. The following map illustrates the boundary configurations that were under consideration:

**Figure 5.13**

**Alternate Boundaries under Consideration**



Source: Assessor's Cadastral Base Map, 2000

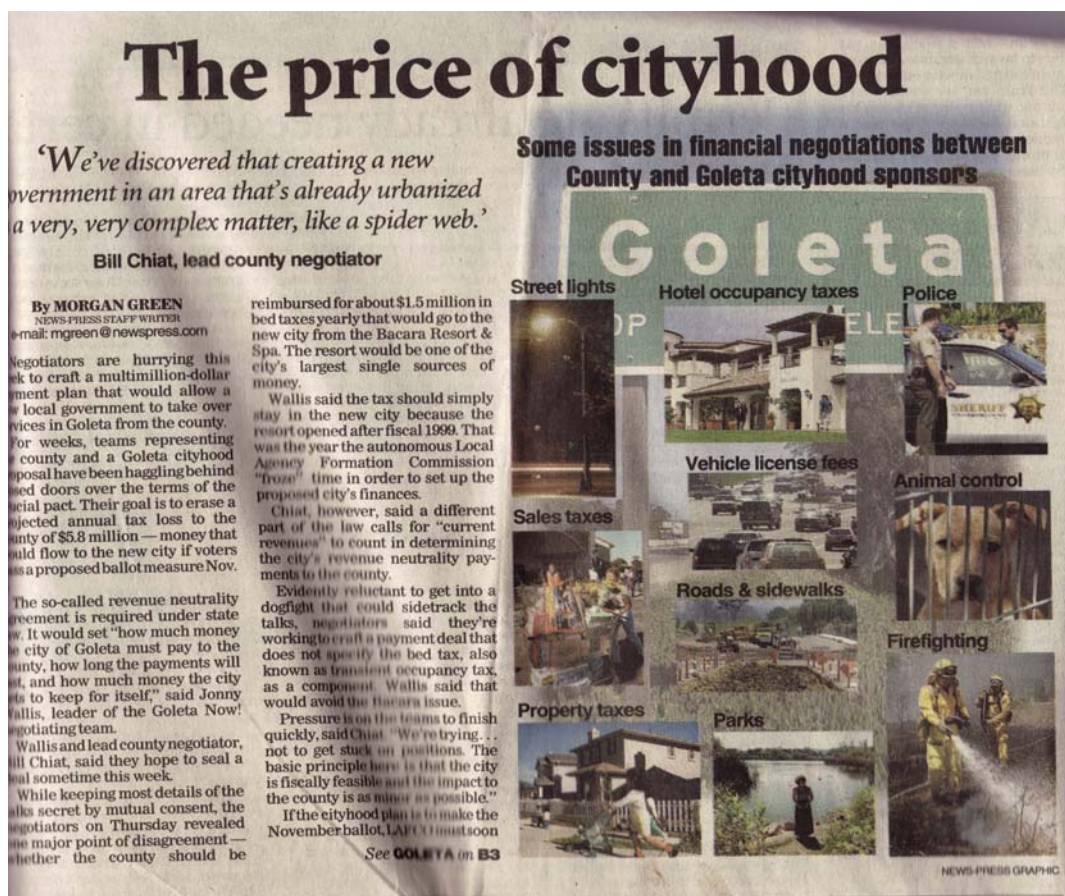
While the County did not have any powers in determining what the eventual boundary for the new city may be, much of the fiscal negotiations being boundary dependent had not progressed much. Since fiscal issues are directly related to the boundary of the new city, the negotiating team recognized the difficulty and futility

of the fiscal agreement if LAFCO ultimately changes the boundaries (County Board Letter, November 2000). Realizing this difficulty, LAFCO decided to establish boundaries by early 2001. The County in the meanwhile was determined to conclude negotiations on non-boundary issues by December 2000 in order to concentrate on fiscal issues once the boundaries were established and the final CFA was completed. It so happened that the negotiations were settled in late March, almost a month before LAFCO finalized the boundaries for the new city.

My family moved to the Goleta Valley in Spring 2001 while the neutrality agreements must have been at a crescendo. While I was completely unaware of the intense cityhood efforts, the papers were full of captivating news and captions:

Figure 5.14

### Revenue Neutrality Talks



Source: Santa Barbara New-Press, March 12, 2001

From the newspaper article I gathered that Jonny Wallis (a neighbor who lived four doors away) was the leader of the negotiating team on behalf of GoletaNOW! and William Chiat, was the lead County negotiator. The quote from Bill Chiat from the above article highlighted the complexity, "we've discovered that creating a new government in an area that's already urbanized is a very, very complex matter, like a spider web' (News-Press, March 12, 2001). The article mentioned that Goleta cityhood proposal was the first in the County that was subject to the state's revenue neutrality rules. The proponents and the County had been in negotiations for weeks and one major point of disagreement had to do with reimbursement for about \$1.5 million in bed taxes yearly that would go to the new city from the Bacara Resort & Spa. The County had originally lobbied with LAFCO to keep the Bacara resort in its jurisdiction claiming that it was not an urban facility that needed city services. However, LAFCO had been leaning against the exclusion of this area, forcing the County to claim that resource as lost revenue. In order for the cityhood plan to make it to November 2001 ballot, the negotiators strived hard to find an amicable ground for their disagreement. I was to read about the results of these negotiations a week later.

The newspaper accounts on Saturday, March 17<sup>th</sup>, 2001 announced that the proponents of the City of Goleta and the County had reached an agreement on equalizing the shift of responsibilities, taxes and assets between the County and the new city. This state required agreement, scheduled to be considered by the Board of Supervisors on Tuesday, March 19<sup>th</sup>, 2001, was described by the cityhood proponents and county negotiators as the "cure" for a \$5.8 million annual hemorrhage of county taxes that would result if the proposed city was approved by voters on November 6<sup>th</sup>, 2001. Under the so-called "revenue neutrality agreement," the county would give its blessing to the new city in exchange for getting paid \$2.2 million annually for 10 years. The payments would be comprised of 20 percent of

the city's sales tax and 40 percent of its hotel "bed" tax. In sum, under the pact, County was to receive \$2.2 million dollars for the next 10 years to make up for revenues the County no longer would receive from within the new city (Santa Barbara News-Press, March 17<sup>th</sup>, 2001). In addition, the County would continue to portions of property tax and sales tax in perpetuity. The Board of Supervisors unanimously approved the agreement two days latter. At the time, the reaction was one of satisfaction for both the parties. "I am really pleased," said Jonny Wallis, the chief negotiator from Goleta*NOW!* "This is a giant step forward for cityhood. It takes a lot of uncertainty out of the picture." (Valley Voice, March 23, 2001). Speaking on behalf of the County, Bill Chiat said, "We wanted to create a city that is fiscally feasible and still minimize the impact on the county." (Valley Voice, March 23, 2001). The fact faced virtually no public opposition. All that remained was LAFCO to make a final decision on the boundary for the new city and to formally accept the revenue agreement. The County on the other hand was left with the responsibility of approving the Goleta cityhood measure for the ballot by a June deadline. However, the final hurdle of boundary determination was cleared in July.

On July 12<sup>th</sup>, 2001 in another unanimous decision the County Board of Supervisors officially called for an election on the municipal incorporation proposal put forth by Goleta*NOW!* The Suprevisors' vote was the final action in a nearly 18 month process of qualifying the cityhood plan for the ballot. The proposed city essentially would cover the 93117 zip code area, except for Isla Vista and UCSB. The 5,400 acre area had about 28,500 residents and included 15,042 registered voters as per county election officials (Santa Barbara News-Press, July 11, 2001). Of course there were a few protestors. Board Chairwoman Joni Gray cut short comments by some protestors who had gathered in Santa Barbara to speak via a video hookup while the hearing was being held in the County's administrative building in Santa Maria. While this County action may have permitted a City of

Goleta, the County was not a loser either what with a revenue stream and additional contracting firmly in place.

#### **5.4 SANTA BARBARA LAFCO– INCORPORATION OR ANNEXATION?**

Similar to other LAFCOs in California, the Santa Barbara LAFCO was the state-mandated commission in Santa Barbara County whose role was to evaluate all proposed new or changed governmental jurisdictions such as cities or special districts. The LAFCO in Santa Barbara was a seven-member commission that included two county supervisors, two city representatives, two special district representatives and a public member. The board make up was a reflection of California's intent to spread the powers of local governance issues equally amongst existing administrative units to ensure orderly growth.

The Santa Barbara LAFCO was not a well known agency in the County until the 2000 incorporation battle got underway. The agency shared a space in the County administrative building and essentially had very few staff members- an Executive Officer and a support staff. It was the Executive Officer, Bob Braitman, who played a critical role on behalf of LAFCO in the creation of Goleta. The 53-year old Braitman had made a name for himself throughout the state as an incorporation specialist. His credits included the incorporation of the City of Moorpark in the neighboring Ventura County, where Braitman was then heading Ventura LAFCO. The comments from Leta Yancy-Sutton who became Moorpark's first-ever Mayor in 1981 were, "Goleta residents should consider themselves fortunate to have Braitman running the LAFCO show. He knew LAFCO inside and out and will do a great job." (Valley Voice, December 1999). The expression of confidence in Braitman came from other locals as well. According to county planner Matt Dobberteen, " From what I

have seen of him publicly, and this is particularly crucial as a LAFCO officer, he is very good at demystifying what LAFCO does. In a possible incorporation process, it is particularly important that people understand what LAFCO does" (Valley Voice, December 1999). In sum, the feeling towards Santa Barbara LAFCO was rather positive as the incorporation proposal got underway.

In December 1999, once the incorporation proposal was filed by GoletaNOW!, LAFCO issued a *Certificate of Sufficiency* and officially set the local governance matter in motion. In a detailed memo, Braitman outlined the process and role of LAFCO to the proponents of incorporation. His memo provided the following:

- An outline of activities for incorporating a City of Goleta
- Excerpts from the Government Code defining the fiscal study LAFCO must prepare

Additionally, Braitman wrote:

LAFCO is prohibited from approving an incorporation unless it finds that new city will be financially feasible. Moreover, LAFCO cannot approve an incorporation unless it finds that the revenues that will be lost to the County are substantially equal to the County's reduced service costs. Otherwise LAFCO must impose ways to mitigate the adverse financial impact of the County in its terms and conditions for the incorporation.

Santa Barbara LAFCO Memo, December, 20, 1999.

At the heart of LAFCO's role in the creation of a new city were two tasks: (i) a required LAFCO study, the Comprehensive Fiscal Analysis (CFA) and, (ii) required LAFCO findings on fiscal feasibility and revenue neutrality followed by a vote on the incorporation proposal. The subsequent narrative will detail Santa Barbara LAFCO's role in the CFA and Revenue neutrality that significantly shaped the Goleta incorporation.

#### **(i) Comprehensive Fiscal Analysis (CFA)**

The CFA is a critical component of the LAFCO evaluation that essentially documents:

- Costs for the city to provide public services and facilities during the three fiscal years following the incorporation.

- City revenues during the three years following incorporation.
- Costs for affected local agencies during the three fiscal years following the incorporation.

GoletaNOW! Newsletter, January 2000

In case of the Goleta Valley Incorporation CFA, the LAFCO contracted with a consultant group called Economic Planning & Systems (EPS) to conduct the study. As per regulation, the proponents were expected to bear the cost of the study estimated to be about \$98,620. While raising this amount was a challenge for GoletaNOW! , they were able to raise \$14,000 and with a County contribution of \$80,000, the study was able to secure funding. LAFCO in turn shaped the scope of the CFA by suggesting that two alternate boundaries be studied along with the original proposal. The alternate boundaries were called the “Modules”.

Following two public-input meetings in January, the LAFCO board adopted a motion on February 3, 2000 that modified the original incorporation CFA study to include two items: (i) Alternative Boundaries and (ii) Special District Alternatives. The alternative boundaries that were recommended for inclusion were:

- **Module A:** the GoletaNOW! proposal boundaries –the 93117 zip code boundary to the northern and western urban boundary line, excluding IV and UCSB.
- **Module B:** Isla Vista, the UCSB campus, and other state-owned properties.
- **Module C:** eastern Goleta Valley – the remaining area within the urban area of the Goleta Community Plan excluding Hope Ranch.

Two alternatives to Module A were also included:

- **Module A1:** redefined the eastern boundary of Module A to include all of the Goleta Old Town Redevelopment area.
- **Module A2:** redefined the western boundary of Module A to exclude the Venoco Ellwood plant and the Bacara resort.

Source: LAFCO Minutes, February 3, 2000



Although the Goleta *NOW!* proposal did not include dissolving or detaching from any of the existing special districts, or any change in the delivery of their services, the LAFCO study was to include alternatives for special districts as well:

- Dissolving special districts that are located within the new city.
- Detachment of the area within the new city from such districts.
- The effects of integrating existing district services into a new City government.

LAFCO Minutes, February 3, 2000

Just as the Goleta incorporation CFA was moving forward, the City of Santa Barbara submitted a parallel annexation proposal on February 22, 2000. The proposal called for the annexation of the entire Goleta Valley to the City of Santa Barbara. LAFCO accepted the proposal but deemed it incomplete as a tax sharing agreement between the City and County had not occurred. LAFCO did not issue *Certificate of Filing* as the proposal was not complete. However, at the agency's suggestion, the City agreed to also contract with EPS to prepare a report called the Annexation Fiscal Analysis (AFA) voluntarily to facilitate an eventual discussion of governance options for the Goleta Valley. Further, LAFCO agreed to mediate the time constraints and priorities that EPS faced as a consequence of having to work on both the CFA and the AFA.

In fall 2000, EPS released preliminary CFA and AFA to facilitate a comparison of the completely different governance options. The studies found that both proposals were feasible and this meant that LAFCO would have to make a decision on which of the proposals will make it to the ballot. By law, incorporation and annexation could not appear on the same ballot. However, the County's unilateral termination of the tax exchange negotiations lead to the demise of the annexation proposal leaving LAFCO to focus exclusively on the incorporation.

The final CFA was released in April 2001 and it became part of the LAFCO Executive Officer's report. The report also included findings that were required for

LAFCO to approve the incorporation for the ballot. Subsequent to the completion of these reports, LAFCO conducted a number of public sessions to make determination on the final boundary for incorporation. The agency was also involved in brokering the revenue neutrality agreement between the cityhood proponents and the County. While the drama that may have come to play with LAFCO having to decide between annexation and incorporation was avoided, there was plenty of anger and emotions as LAFCO moved ahead and finalized a boundary for incorporation. The following section details the events that surrounded determination of the eventual boundary for the City of Goleta and also the LAFCO's involvement in the revenue neutrality agreement.

(ii) **LAFCO Findings –fiscal feasibility and revenue neutrality**

Following the completion of the CFA, the LAFCO launched a major public campaign to inform and to also hear public testimony. The Commission also intended to make a decision on the boundaries and move on to other tasks required to put the issue on the ballot. LAFCO slated meetings for May 3, 10, 24 and 31. Several sessions were scheduled in anticipation of potentially heated public debate. As I was a resident of Goleta at the time, I attended the May 3<sup>rd</sup> meeting in which the LAFCO commission decided to keep the original boundaries that excluded Isla Vista and UCSB. At this meeting, I was privy to the palpable anger expressed by the pro-Isla Vista group. This decision was the key and most controversial issue before the commission and it passed 6-1 with only one voting member representing special districts voting against the exclusion of Isla Vista. I will provide more details of this meeting in the section on Isla Vista community groups that passionately lobbied for the inclusion of their territory in the new city being proposed. The Commission was

deeply influenced by Braitman's report, "Incorporation of the City of Goleta" (April 26, 2001). In the section on "Incorporation Boundaries", Braitman wrote:

The Goleta Valley is unified in many ways, sharing the same coastal landforms, climate, traffic system and water supply. In other ways it is fragmented, both governmentally and in terms of community identity.

Incorporation of the City of Goleta (LAFCO 99-20), April 26, 2001

Commenting specifically on the boundary carved by Goleta*NOW!*, Braitman wrote:

The eastern and western portions of the Goleta Valley have separate zip codes that appear to greatly influence community identification. The eastern portion is largely in "Santa Barbara CA 93111" while much of the western area is within "Goleta CA 93117."

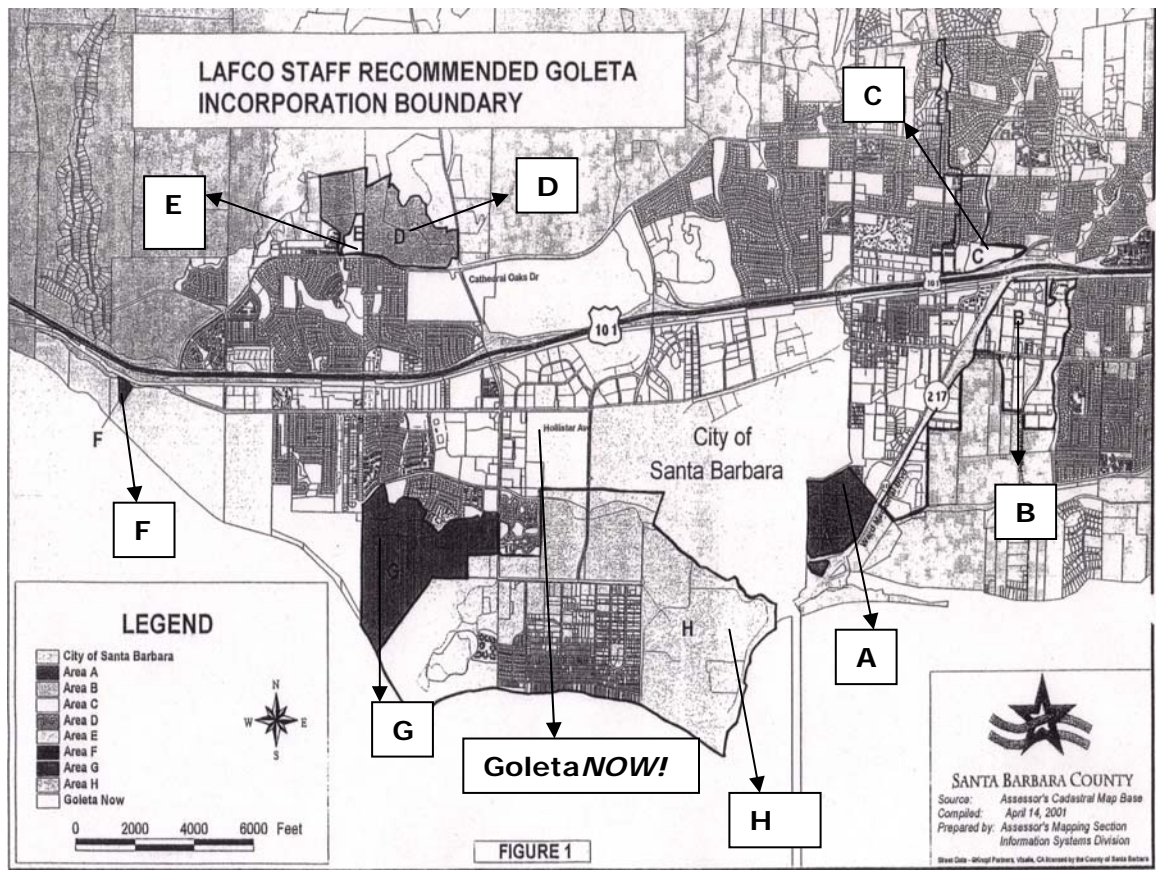
Such differences may appear to be minor or even cosmetic to those who do not live in the area, there is ample evidence that they are true dividing lines in how people perceive or identify with their community.

Incorporation of the City of Goleta (LAFCO 99-20), April 26, 2001

Braitman recommended only minor modifications to the original boundary that Goleta*NOW!* proposed. The following map shows the final boundary for the new city:

Figure 5.15

### LAFCO Recommended Goleta Incorporation Boundary



Source: Incorporation of the City of Goleta (LAFCO 99-20), April 26, 2001

The staff recommendation in terms of areas to be included or excluded came down as follows:

- **Area A:** Small parcels belonging to Goleta Sanitary District recommended for exclusion.
- **Area B:** Goleta Old Town Redevelopment Area recommended for inclusion.
- **Area C:** Small parcels east of Kellogg Avenue recommended for inclusion.
- **Area D:** Glen Annie Golf Course recommended for exclusion.
- **Area E:** Westerfield parcel recommended for exclusion.
- **Area F:** Venoco onshore oil processing facility recommended for inclusion.
- **Area G:** North Campus area recommended for exclusion.
- **Area H:** Isla Vista/UCSB recommended for exclusion.

Of course the decision regarding "Area H" (Isla Vista/UCSB) was the hardest to justify. Elaborating on this particular boundary, Braitman wrote:

**This boundary question presents staff with the greatest difficulty since it is perhaps the most contentious issue confronting the Commission as it reviews the proposed incorporation, at least judging from the volume of heartfelt correspondence and public testimony.**

**It is also clear that the fiscal viability of the new city, at least through the first 10 years, is much more robust if it includes Isla Vista/UCSB. However, while fiscal feasibility is an important factor that the Commission must contemplate, but it also takes into account a variety of other considerations, including less measurable matters such as the effects of the proposed action on adjacent areas, mutual social and economic interests and the local governmental structure.**

**Staff recommendation: The defining factor for the staff is community identity, which is a perception of those who reside within various portions of the Goleta Valley. On this basis the staff recommends that Isla Vista/UCSB not be included in the incorporation at this time.**

**Incorporation of the City of Goleta (LAFCO 99-20), April 26, 2001**

When the LAFCO Commission cast the final decision vote on the boundary issue, it was completely in line with Braitman's recommendation. Isla Vista/UCSB were left out of the new city and in effect became an "unincorporated island" something that LAFCO diligently seeks to avoid. While the perception of "community" is somewhat true, it was not something uniformly felt by all Goleta residents or Isla Vista residents. Some residents like myself, were too new to make up our minds either way. So while some who were advocating for the inclusion were deeply disappointed, the proposal moved right along with only the revenue neutrality to be finalized between the proponents and the County.

Even as the feasibility study and boundary decisions were proceeding, talks were also underway between members of GoletaNOW! and the County officials on the critical revenue neutrality which was to dictate how assets and revenues would be transferred to the new government. LAFCO's role involved stepping in as the mediator if in case the two parties failed to come to an agreement. While the negotiations were intense, the proponents of GoletaNOW! and the County were able to come to an agreement by the end of March 2001. While Braitman was a presence at the

negotiations, he never really had to step in despite LAFCO's extensive powers to shape the revenue neutrality agreement. In late May, LAFCO accepted the agreement and moved the Goleta cityhood proposal back to the County Board of Supervisors for a required protest hearing. So in case of the Goleta Cityhood proposal, LAFCO ended up playing a very significant role in final boundary determination and less of an influence in the revenue neutrality agreement. However, LAFCO had two additional roles to perform before voters could cast their ballot and decide the future of the Valley:

- Conduct pro-test hearings and vote on challenges if any, to the incorporation proposal.
- If the election is successful, then LAFCO records the proceedings and files a certificate of completion with the State Board of Equalization and County Assessor and complete the incorporation process.

In case of Goleta, there indeed was a small scale unsuccessful protest that LAFCO rebuffed and the proposal made it to the November 2001 ballot and the eventual formation of the City of Goleta. The subsequent section describes the last of LAFCO's roles in shaping the future of Goleta.

### **Santa Barbara LAFCO's final role in Goleta Incorporation**

On June 4, 2001 just two days before the County deadline to formally place the incorporation proposal on the ballot, an eight-member group filed a request under a deadline for appeals to LAFCO. The group who called themselves the Goleta Valley Citizens for Better Government (GVCBG) strongly felt that the CFA was ultimately flawed. The protestors claimed that the proposed city would be unable to support itself- failing a basic state test for new cities. Essentially they claimed that the proposed city was not financially feasible due to California's energy crisis happening at that time. The claim was that the State's crisis would have an impact

on the City's costs, while a predicted downturn in the economy would bring the new city's revenues down. The group said that these two factors should have been considered in the fiscal analysis (Santa Barbara News Press, June 6<sup>th</sup>, 2001). The GVCBG's memorandum that was filed with LAFCO stated that:

Summarizing, GVCBG believes that the Goleta*NOW!* proposal would create a city that is extremely marginal financially, that could be bankrupted during its first three full years of operation, or later in the ten years projected, by any of a number of likely events.

GVCBG Memorandum, July 2<sup>nd</sup>, 2001

LAFCO decided to take up the appeal and vote on it on July 5<sup>th</sup>, 2001. A vote in favor of the protestors would have meant the end to the incorporation battle.

The protest hearing was conducted at the County administration building on July 5<sup>th</sup>, 2001. Driven by interest, I attend this meeting as well. However, it was far less dramatic than the May 5<sup>th</sup> meeting in which the decision was made to approve the incorporation proposal. Following are excerpts from my notes at this meeting:

**LAFCO is rejecting the critics' challenge with 6-0 vote. Chair Campbell said, "I am looking for new and compelling evidence and I just see speculation." Ken (Goleta resident) is still adamant and vocal in his protest against cityhood.**

**John Fox (sole dissenter in last meeting) agreed with the cityhood critics concerns but cast a vote against them: "let it go to the voters."**

**Source: Notes scribbled by Uma Krishnan, May 2001**

The LAFCO Commissioners basically agreed that the protestors had not offered any new or concrete evidence to warrant overturning their previous approval of the Goleta*NOW!* proposal. With this vote, the Goleta Cityhood proposal cleared the final hurdle and was passed by nearly 58% of the voters.

## **5.5 SPECIAL DISTRICTS: ROLE & IMPACT ON GOLETA GOVERNANCE**

Special districts are the most numerous form of local government in California. The powers of special districts are considerably more restricted than those of cities and counties. Districts usually collect a portion of the property tax, special

assessments, and fees. In return of the charges, the districts provide a single type of service, such as fire protection, sanitation etc. Then there are community services districts that provide a mix of services to the residents of unincorporated areas. An important distinction between the cities/counties and special districts is that the districts have no control over land use. During the incorporation attempt of 2000, there were five special districts in Goleta that had in fact been serving the Valley for decades:

- **The Goleta Water District:** treatment and transport of drinking and irrigation water to Goleta's nearly 80,000 residents, cattle ranches and orchards all the way to Gaviota, the western edge of the valley.
- **The Goleta Sanitary District:** responsible for providing the sewer system for the eastern half of the valley. The agency also owned Goleta's only sewage treatment plant.
- **The Goleta West Sanitary District:** responsible for operating the sewer system and street sweeping service for the western half of the valley. It sent its wastewater to the Goleta Sanitary plant for treatment.
- **The Embarcadero Municipal Improvement District:** responsible for governing a semi-rural enclave of nearly 150 homes at the west end of the valley. Its duties include overseeing the neighborhood's parks, sewer services, garbage collection and street repairs.
- **The Isla Vista Recreation and Parks District:** responsible for overseeing the parks in the Isla Vista neighborhood of roughly 20,000 people alongside UCSB and controls the venues for most community functions.

**Santa Barbara News-Press, March 31, 2000**

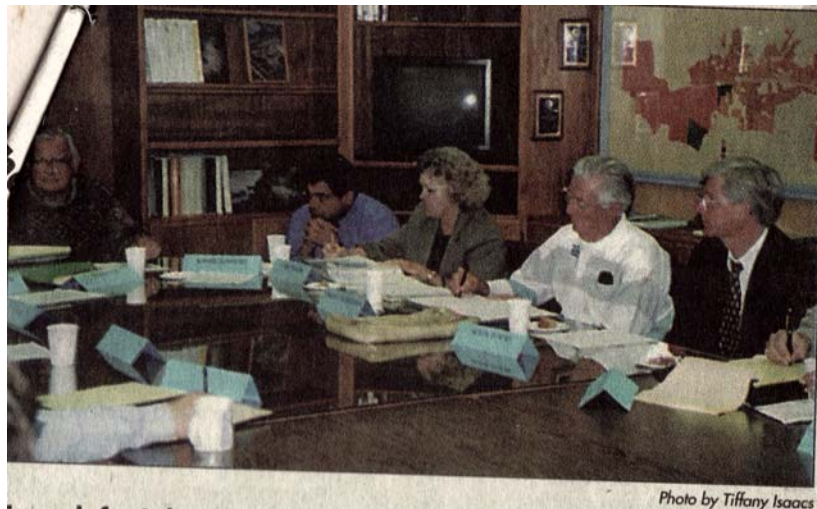
These five districts were to be impacted by both annexation and the incorporation proposals and had much at stake in terms of their independence. As the annexation proposal covered a much larger area, the proposal called for dissolution of three rather small special districts: *the Goleta Cemetery District, the Goleta Vector Control District and the Sewer and Light District of Mission Canyon*. These three districts did not get involved in any of the combined deliberations that were undertaken by the five relatively large and specialized special districts. They simply adopted a wait and watch approach as events were unfolding.



In early 2000, subsequent to the filing of incorporation and annexation proposals, debates started emerging amongst the special districts regarding their collective future. Historically, these districts had stayed out of governance politics and independent. However, with serious annexation and incorporation proposals underway, the districts were faced with the unknown: *operate as usual, be dissolved or be subsidiaries to the new form of government*. So in March 2000, the board members of the special districts held a joint meeting in memorable history to discuss the relevant course of action. The following photograph appearing in the local newspaper captured this moment:

**Figure 5.16**

**Meeting of Special Districts**



**Caption:** From left, John Fox, Kamil Azoury, Carey Rodgers, Jack Cunningham and Kevin Walsh discuss the fate of Goleta special distracits at an adhoc committee meeting March 27, 2000 (Source: Valley Voice, April 5<sup>th</sup>, 2000)

Under the Cortese-Knox law any special district (or other jurisdiction) affected by a proposed reorganization has 70 days to submit their own proposal. Since the annexation proposal in particular proposed to subsume or dissolve a number of special districts, these agencies had the ability to submit alternative proposals. So the special districts in Goleta Valley were facing a deadline of July 7<sup>th</sup>, 2000 to offer

any kind of response to the incorporation and annexation proposal. The Santa Barbara annexation proposal was the most worrisome to the district leaders as this plan would essentially make them city subsidiaries, with the Santa Barbara City Council taking over as the boards of directors. The cityhood for the western half of the valley carried uncertainties as well. The Goleta*NOW!* cityhood proposal called for the new city to leave the districts intact, and simply contract their services. But a future Goleta City Council could very well seek to take over them.

When the delegates of the five special districts got together in March 2000, the collective sentiment that emerged was that the districts should remain intact whether Goleta becomes a city or is annexed into Santa Barbara. "Cityhood and annexation are threats to the districts," said Elbert Tranatow, a Goleta Sanitary District board member (Santa Barbara News-Press, Friday, March 31, 2000). At the same meeting, the President of the Goleta Water District Board, Jack Cunningham commented, "None of the districts wants to get the ax." The comments of John Fox, a Goleta Sanitary District Board member clearly communicated the desire for continued independence to operate in the Valley:

The overlapping districts fill several public needs, principally water and sewer service. The boards have been Goleta's only locally elected officials in the community's history, which has included several previous attempts at cityhood. The reason the districts should keep operating with their own elected boards, their own jurisdiction, and their limited specialized duties is because we are doing a good job! The districts do their job more efficiently than a municipal government could!

Santa Barbara New-Press, Friday, March 31, 2000.

Although delegates at this session were not empowered to make any decisions, several hoped for collective action soon. It was up to LAFCO to decide whether cityhood or annexation qualified for a vote as well as the fate of the special districts. Interestingly, there was one voice of dissent in this seemingly collective desire to remain independent- the voice of Ken Hendrickson.

Ken Hendrickson was a member of the Goleta West Sanitary District Board since the mid 1950s and he expressed the feeling that the attempts to preserve the districts was merely small-town politics. "It is just these guys trying to keep their little fiefdoms," (News-Press, March 31, 2000). Ken's additional remarks offered an explanation:

With no local government in Goleta, the districts have historically played an important role in local affairs. For instance, the Goleta Water District effectively slowed the community's development by maintaining a moratorium on new water connections for about 26 years, through 1997!

Santa Barbara New-Press, Friday, March 31, 2000.

Despite the dissenting opinion, the districts appeared to be headed towards requesting to remain independent. In this adhoc committee meeting, the members also discussed the issue of whether or not to provide funding for the CFA study that was already underway.

As the proponents of the incorporation proposal before LAFCO, Goleta*NOW!* was responsible for gathering funds to cover the fiscal analysis (CFA). The total cost was estimated at \$100,000. The County had allocated an initial \$65,000 and a subsequent amount of \$15,000 from the following year's budget. That still left Goleta*NOW!* trying to raise about \$20,000. So the proponents decided to approach the special districts for help. While the original incorporation filed by Goleta*NOW!* called for leaving the special districts intact, LAFCO by law had suggested study of alternate boundaries as well as alternate scenarios involving the special districts. Some of the alternatives added by LAFCO could lead to the dissolution or detachment of parts of the special districts. So concluding that special districts did have stake in seeing that a comprehensive professional study be accomplished, Goleta*NOW!* had sought funding from the agencies. However, the reaction at the March meeting was not favorable at all. David Schwartz, the Director of Embarcadero District called the grass roots group a bulldozer that "won't change anything, not one *i*, not one *t*."

(Valley Voice, April 5<sup>th</sup>, 2000). Along these lines, John Fox from the Sanitary District suggested that the five districts, as a group, should not fund Goleta*NOW!*. (Valley Voice, April 5<sup>th</sup>, 2000). Others agreed and some comments expressed resentments more vocally. The board member from the Isla Vista District remarked, "This particular study is contributing to our demise. We are about to get a real bum deal. We are left so stranded." (Valley Voice, April 5<sup>th</sup>, 2000).

The delegation representing various districts also decided to request each of the full board to draft a letter to the Santa Barbara City Council asking for an amendment to the annexation proposal that would allow for a third option – operations as normal. The adhoc representatives agreed to go back to their respective boards and further discuss these issues and reconvene in April, specifically to decide whether the districts wanted to make a formal request to be left alone. Despite one the dissenting opinion, the districts appeared to be headed towards requesting to remain independent. Of course, each individual district's full board had to vote on the response separately. That decision came in May 2000 and was not certainly in favor of annexation.

In April, 2000, each of Goleta's five special districts took action to state that they wanted to be kept intact should Goleta be annexed to the City of Santa Barbara. The districts unanimously voted to notify LAFCO that alternate annexation proposals were in the works. "We are just letting LAFCO know that we have something in the fire," Goleta Water Board Director Jack Cunningham explained to his board. "It is not quite cooked yet, but we will have it for you (LAFCO) in the next 70 days." (Valley Voice, May 3<sup>rd</sup>, 2000). Depending upon on the date the notices of intent arrived at LAFCO, the districts had until July 7<sup>th</sup> or 8<sup>th</sup> to submit alternatives to becoming city subsidiaries. The districts planned yet another meeting for May 19<sup>th</sup> 2000 to decide whether they should pool their efforts, or separately craft annexation alternatives. The water and sewer agencies were in favor of pooling efforts and in fact contracting

with Santa Barbara while the Isla Vista and Embarcadero were leaning towards crafting their own proposals. Isla Vista District was concerned about issues like completion of a community center project, keeping the parks pesticide free, and continuing to provide free recreation programs for the area's low-income youth while the Embarcadero wanted their unique enclave of 150 homes at Goleta's western edge to remain independent. As the California local reorganization law permitted as many as six proposals to be considered concurrently, the special districts had the choice to submit one or more alternatives. However, the special districts were in fact spared the submission of any alternate annexation plan.

In late June 2000, the Santa Barbara City Council authorized negotiations of special agreements with unincorporated Goleta's five independent districts. Consequently, it was agreed that any annexation would leave the special districts intact for the foreseeable future. This removed the politically sensitive question of replacing the special district leadership with the City Council if annexation was approved by Santa Barbara and Goleta voters. It was agreed that the expanded City will cut separate deal with each of the five special districts that will ensure their respective independence regardless of changes in local governance structures (Santa Barbara News-Press, June 14, 2000). However, in September, the County put a halt to the negotiations with the City, thereby ending the annexation proposal while the incorporation moved right along. Luckily for the special districts, LAFCO made a decision to keep the five special districts in tact as the issue moved to the ballot. So, the special districts came out independent yet vulnerable out of the governance battle in the Goleta Valley.

## 5.6 INTEREST GROUPS

A variety of interest groups always shape debates on local governance matters. These can be neighborhood associations, citizen advocacy groups, local chamber of commerce or other non-profit think tanks that participate in local debates in a variety of different ways. In the Goleta Valley governance struggle, there were two interest groups that played interesting and completely different roles in shaping the incorporation struggle – *Goleta Roundtable* and *Isla Vista Community Activists*. Subsequent sections will detail the roles that these two groups played in the successful Goleta incorporation.

### **Goleta Roundtable**

The Goleta Roundtable was an open group of citizens of widely diverse backgrounds, experience, and opinions who organized together in August 1998 for the purpose of involving the entire community in a dialog about the future of governance in Goleta. The mission of the *Goleta Roundtable* was to identify and analyze a broad range of alternative forms of governance options for the community. At the onset this group was not selecting or advocating any option before the analysis of the full range of options was complete (Goleta Roundtable Letter, January 2000). Interestingly, the formation of this group sowed the seeds for the eventual creation of *GoletaNOW!* a few months later.

The Roundtable had 20 members and several active volunteers. The group met monthly to brainstorm various governance options for the Goleta Valley. Among the members were Ken Taylor, a strong annexation advocate and also Jonny Wallis and Bob Wignot, the founding members of *GoletaNOW!*. History has it that the Roundtable formed a Core team to actually work the various options to secure a

consensus of the Roundtable. However, a few members, including Jonny Wallis and Bob Wignot grew impatient with the Roundtable progress in May 1999 and initiated the Goleta*NOW!* effort that moved on to file an incorporation proposal for the western half of the Valley. The Roundtable continued their effort and presented their effort to explore all forms of governance and issued a “white-paper” to LAFCO in January, 2000.

Soon after Goleta*NOW!* submitted the incorporation proposal to LAFCO, the Roundtable submitted a letter and a report titled “Goleta Roundtable Summary of Governance Options” as their recommendations for the alternatives to be studied along with the Goleta*NOW!* incorporation proposal that was before the board. The Roundtable offered the following eight governance options with one essentially being the Goleta*NOW!* proposal:

1. **Status Quo**
2. **Creation of Area Planning Commission**
3. **Split of North and South County**
4. **Annexation of eastern Part of Goleta Valley to City of Santa Barbara**
5. **Annexation of entire urban area of Goleta Valley to City of Santa Barbara**
6. **Incorporation of entire urban area of Goleta Valley**
7. **Incorporation of the western Goleta Valley, including Isla Vista and UCSB**
8. **Incorporation of the western Goleta Valley, excluding Isla Vista & UCSB**  
(GoletaNow! proposal)

**Goleta Roundtable Letter to LAFCO, January 10, 2000**

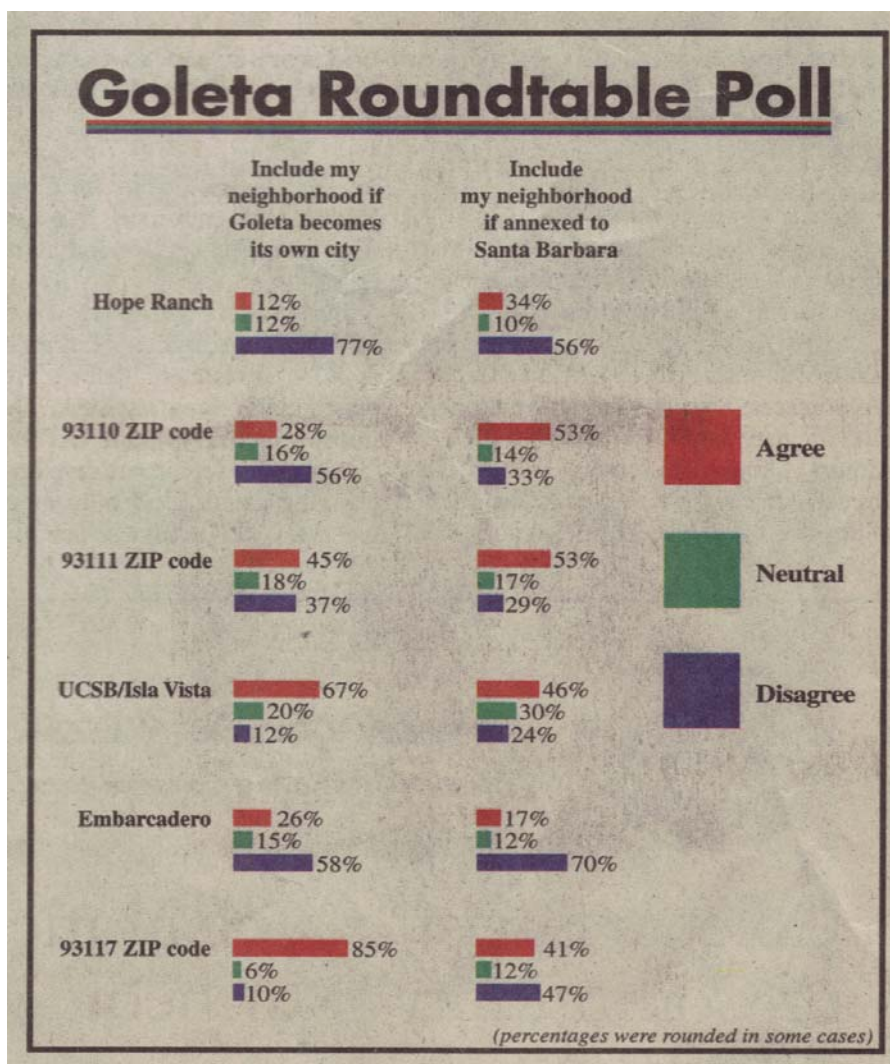
The letter drew attention to the fact that Options #2 & #3 were not LAFCO issues. These had been included to ensure that the document truly represented a broad range of governance options for the community. The Roundtable viewed the remaining set of six options as achievable that they believed merited further study. The paper detailed each option along with major financial and non-financial issues that would likely characterize each of the options. In sum, the paper formed the

basis for many stakeholder discussions that occurred in Goleta in the spring and summer of 2000, prior to the official release of the preliminary CFA and AFA. Due to the Roundtable's request, LAFCO expanded their study for *GoletaNOW!* to include alternate incorporations boundaries while the City of Santa Barbara accepted the request to study the annexation option. In addition to effectively widening possibilities for governance, the Roundtable had a few other contributions.

In March 2000, the Roundtable conducted a rather revealing poll that captured the much divided sentiments of the Goleta Valley. The poll was randomly sent to 5,753 registered voters in Hope Ranch, Embarcadero, UCSB, Isla Vista and Goleta that drew responses from nearly 1,341 registered voters revealed that there was no valley-wide consensus for or against annexation or incorporation (Valley Voice, March 22<sup>nd</sup>, 2000). The poll essentially indicated that Goletans were not quite sure of what they want in terms of governance. The pollsters concluded that the survey did show that the Valley was ready for change. Another conclusion was that an annexation desire was well and alive and the one final conclusion was that the Goletans were certainly banded together at the neighborhood level. As can be noted from the above table, the Hope Ranch respondents wanted to be left out of both plans as did the Embarcadero residents. The majority of residents in the *GoletaNOW!* proposal wanted to be in the new city as did residents of Isla Vista. The eastern half of the valley wanted to become part of the City of Santa Barbara. The following illustration reproduced from Valley Voice provides captures the summary of the survey findings:



**Figure 5.17**  
**Goleta Roundtable Poll**



Source: Valley Voice, March 22<sup>nd</sup>, 2000

The Roundtable also played a significant role in garnering crucial funding for the fiscal feasibility studies. In the year 1999, County Supervisors, Gail Marshall and Susan Rose had attended several of the Roundtable meetings and in a show of support had set-aside \$75,000 in the 1999-2000 budget to study governance issues

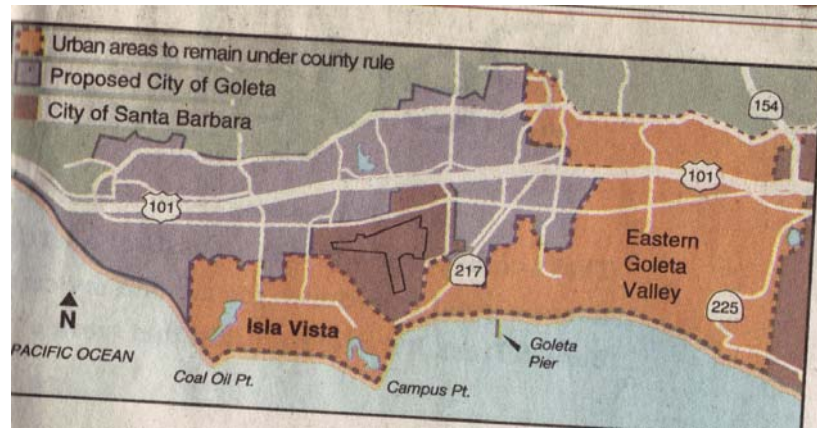
in the Valley. But for this appropriation from the County, the CFA could not have been financed. In addition they also requested the City, the University of Santa Barbara and all special districts to fund LAFCO studies that will evaluate a multiple set of governance options.

As the studies got underway, the Roundtable continued to thrive but shifted its focus. The group determined that their goal would be to stay informed on the annexation and incorporation processes. Also, the Roundtable created a website [www. Silcom.com/~Goleta1](http://www.Silcom.com/~Goleta1) to keep the community informed of developments in the incorporation and annexation matters. Further, the Roundtable decided that its goals will be reworked when milestones in the process arose such as the “fatal flaw analysis” during which LAFCO was to decide if there was anything intrinsically wrong with either proposal. Even after annexation was nixed, the Roundtable continued to act as watchdog and be vocal about findings and recommendations. However, their role and purpose waned as incorporation marched right along to the ballot.

### **Isla Vista Community Activists**

The Isla Vista neighborhood was a small area covering about 2.2 sq miles that fell between the southwestern edge of the Goleta Valley and the Ocean. The name Isla Vista actually came from the first subdivision that was built there in 1925. Geographically, it appeared as if Isla Vista formed a “box” and this box was essentially left out of the Goleta*NOW!* incorporation proposal. During the incorporation debate, it was assumed that the Isla Vista area held nearly 20,000 residents. However, a large majority of the residents were students at the University of Santa Barbara who shared the area with a group of largely Hispanic low-income renters. The following map provides the location of Isla Vista:

**Figure 5.18**  
**Map of Isla Vista**



The Roundtable white paper described Isla Vista as follows:

The residents of Isla Vista and UCSB are perceived to be a "block" liberal vote and a threat to political balance by some. Long-time homeowners may question having a city in which a large segment of students who are only residents for short amount of time make decisions resulting in long-term effects. In addition, Isla Vista has a unique civic identity and may not choose to be part of a larger Goleta.

Goleta Roundtable, Summary of Governance Options, January, 2000

The Census Bureau designated this area as a CDP (Census Designated Place) and its figures indicated that the area was home to nearly 18,344 people and that there were 5,264 housing units in Isla Vista (Census 2000). The ethnic make-up put the Hispanic population at just over 20 percent. Further, the median income for a household in the CPD was \$16,151, and the median income for a family was \$26,250. A staggering 63% of the population and 29% percent of families were below the poverty line (Census 2000). Of course, the non-family residents living below the poverty line were essentially college students with little or no income.

The housing units in Isla Vista were largely multi-family rental units owned mostly non-resident property owners. This pattern of development was a consequence of events going back to 1950s. Although Isla Vista had been subdivided

in the 1920s, it did not yet have zoning. A battle ensued in the early 1950s between homeowners who wanted a mixture of single-family dwellings and apartments, and non-resident property owners who wanted the maximum density possible. The non-resident property owners own, and all three Isla Vista subdivisions were zoned for apartments. While a small area was latter rezoned for single family residential, only a very small percent of Isla Vista's property owners are residents (History Committee Report, IVRPD, 2000).

Isla Vista (IV) had its own history of failed cityhood movements that were rooted in three separate communal riots in the year 1970. The riots which were the consequence of racial tensions between the small community of African-American students and the local law enforcement brought national notoriety to the area. But the events also managed to attract a number of enthusiastic community builders to Isla Vista (History Committee Report, IVRPD, 2000). The enthusiasts and the community formed a now-defunct Isla-Vista Community Council (IVCC) that was funded by the University. This Council was the first chief mover behind initial Isla Vista cityhood movements. It was just the first of several attempts that never made it past LAFCO.

The history of the cityhood movements in Isla Vista are very revealing of the pattern of disinterest that both the County and UCSB had shown towards a change in local governance for this area. In a November 1972 plebiscite held by IVCC, 83 percent of Isla Vista voters favored incorporation (Strand, 1994). But both the University and the County opposed the idea of a City of Isla Vista, and favored the idea of annexing IV, Goleta, and Hope Ranch to Santa Barbara and creating a two-tiered regional government. This idea was also supported by LAFCO, but rejected by the voters 3-1 in a November 1975 election (Strand, 1994). However, the cityhood advocates continued to push for incorporation. Between 1974 and 1985, ten incorporation proposals for IV were submitted to LAFCO, all rejected (Strand, 1994).

In between IV cityhood proposals there were alternate suggestions for a joint city of Isla Vista and Goleta, or annexing the entire Goleta Valley including I.V. to Santa Barbara. In this interim, the area adjacent to IV organized and separated themselves and moved ahead with several Goleta Cityhood movements. The 2000 incorporation proposal put forth by Goleta*NOW!* was the one that essentially excluded Isla Vista by citing reasons of “separate community” and “fiscally infeasible”.

As the proposal was moving forward, a group of community activists from Isla Vista vocally argued for the inclusion of their area in the new City of Goleta. It included people like Harriett Phillips, who was also a member of the Goleta Roundtable. Harriett argued that Goleta and Isla Vista did not merely share geography and sewage facilities but in fact both areas knew what it feels like to be neglected and used by more powerful entities. Both have been forced to find self governance in obscure special districts and government bodies (Independent, April, 2001). While the activists were not banded together under one name, collectively their arguments was that combining Isla Vista and Goleta had the makings of an economically viable and dynamic city, capable of giving voice to a meaningful number of residents. The Independent wrote an editorial imploring to the proponents and LAFCO that Isla Vista should be included in the Goleta Cityhood proposal. Following is an excerpt from the editorial:

The only reason not to include Isla Vista as part of the proposed City of Goleta –now under consideration by LAFCO and the County Board of Supervisors – is political fear: a fear that if Isla Vista and its unruly residents are included, all sensible citizens in Goleta will surely reject such a proposal when it appears on the ballot this November. This fear has been repeated so many time that it's come to be regarded as an immutable law of physics. But why should such sensible people reject so sensible a solution?

Some cityhood advocates contend they can come back to annex Isla Vista later, but for now, they – and the rest of us- must settle for a sure thing. We don't buy it. Because of the fiscal arithmetic of state law, the financial payoff for annexing Isla Vista later isn't nearly as large and enticing as including it now. Because of that, we have no faith that any future annexation will ever occur. The time to get it right is now. Later will be too late.

The Independent, April 26, 2001

Despite the vocal opposition expressed by many activists at the exclusion of Goleta, the final decision that came from LAFCO was not favorable. In April 2001, the Executive Officer's Report struck down Isla Vista inclusion. The staff recommendation read as follows:

The defining factor for the staff is community identity, which is a perception of those who reside within various portions of the Goleta Valley. On this basis the staff recommends that Isla Vista/UCSB not be included in the incorporation at this time. In our view demographics make Isla Vista/UCSB a demonstrably different community than the remainder of the incorporation area. While there are exceptions, the community identity of Goletans does not generally include this area devoted largely to college student housing.

The LAFCO board cast a formal vote on May 3<sup>rd</sup>, 2001 to exclude IV and the UCSB campus from the Goleta incorporation boundaries. "We are devastated," said Peggy Soutar, a long-time resident and member of the Isla Vista Recreation and Park District board of directors. "I'm still in shock." (The Independent, May 10, 2001). Regardless of strong pleas from the pro-Isla Vista people that their community would be left with very little chance of self-governance unless it were included as part of the new city of Goleta, LAFCO commissioners voted 6- to-1 to go along with staff recommendation to send to Goleta Valley voters a proposed city of about 30,000 residents and leave out east Goleta (essentially the 93110 and 93111 zip code areas) and IV/UCSB (LAFCO Minutes, May 3, 2001). The only dissenting vote came from John Cox, member of the Goleta Sanitary District who said that the city configuration was small and unfair to the rest of the population (LAFCO Minutes, May 3, 2001). The following photograph and caption in the local newspapers article captures the sentiments of the pro-Isla Vista very well:

**Figure 5.19**  
**Exclusion of Isla Vista**



Source: The Independent, May 10, 2001

As a Goleta resident interested in the ongoing incorporation saga, I had attended this meeting – simply to observe and listen. As an observer with no vested stake in the final decision, the following is what I scribbled behind a copy of the meeting agenda:

**County Supervisor (Gail Marshall) casting final vote- before she is done a group (perhaps pro-Isla Vistans?) are streaming out the door. Angry and frustrated (I think). They are expressing their disappointment rather loudly outside the door.**

**Notes scribbled by Uma Krishnan, May 2001**

The newspaper article in The Independent corroborated what I witnessed during this LAFCO session. The article mentioned, “Audible groans were heard from throughout the room. The current meeting was already a torturous, nail-biting session.” (The



Independent, May 10, 2001). At the same meeting, Bob Braitman, the Executive Officer of LAFCO told the audience that Isla Vista should not be disheartened as the County will continue to provide services to Isla Vista. Also he expressed hopes that the new city of Goleta may annex Isla Vista in the future (LAFCO Minutes, May 3, 2001).

Interestingly, even after the Goleta*NOW!* proposal made it to the ballot as Measure H, several candidates who were running for Goleta Council expressed their anguish at Isla Vista having been excluded from the proposed new city. In a candidate forum organized by the League of Women Voters, David Bearman a candidate for Goleta Council said that UCSB students and Isla Vista residents should be included:

There are about 6,000 UCSB students who live in Goleta – and certainly, if not previously, in this time of heightened concern with democracy, they ought to participate. They ought to participate because the University is part of the community. While these students will only be here for four years, there will be other students that follow them. And furthermore, the average Californian only lives in one place for 3.5 years. They have as much responsibility as the average Californian has for their community.

Remarks by David Bearman published in Daliynexus, October 15, 2001

Goleta of course went on to become a city when Measure H passed on November 6<sup>th</sup>, 2001 while activist Harriett Phillips described herself as, “We’re the orphans.” This sentiment was shared by many other Isla Vista residents. The consolation prize that was offered was that UCSB, the County and the IVRPD were starting a process to develop an IV Master Plan called the Re-Vision Isla Vista for revitalizing Isla Vista (News-Press, June 10, 2001). The effort was touted as an unique partnership intended to create a template for complete redesign that would solve chronic woes- overcrowding, shortage of parking space, deteriorating housing, and an shortage of many public amenities Some are hopeful of the Re-vision, while others are mounting another cityhood campaign -this time for Isla Vista!

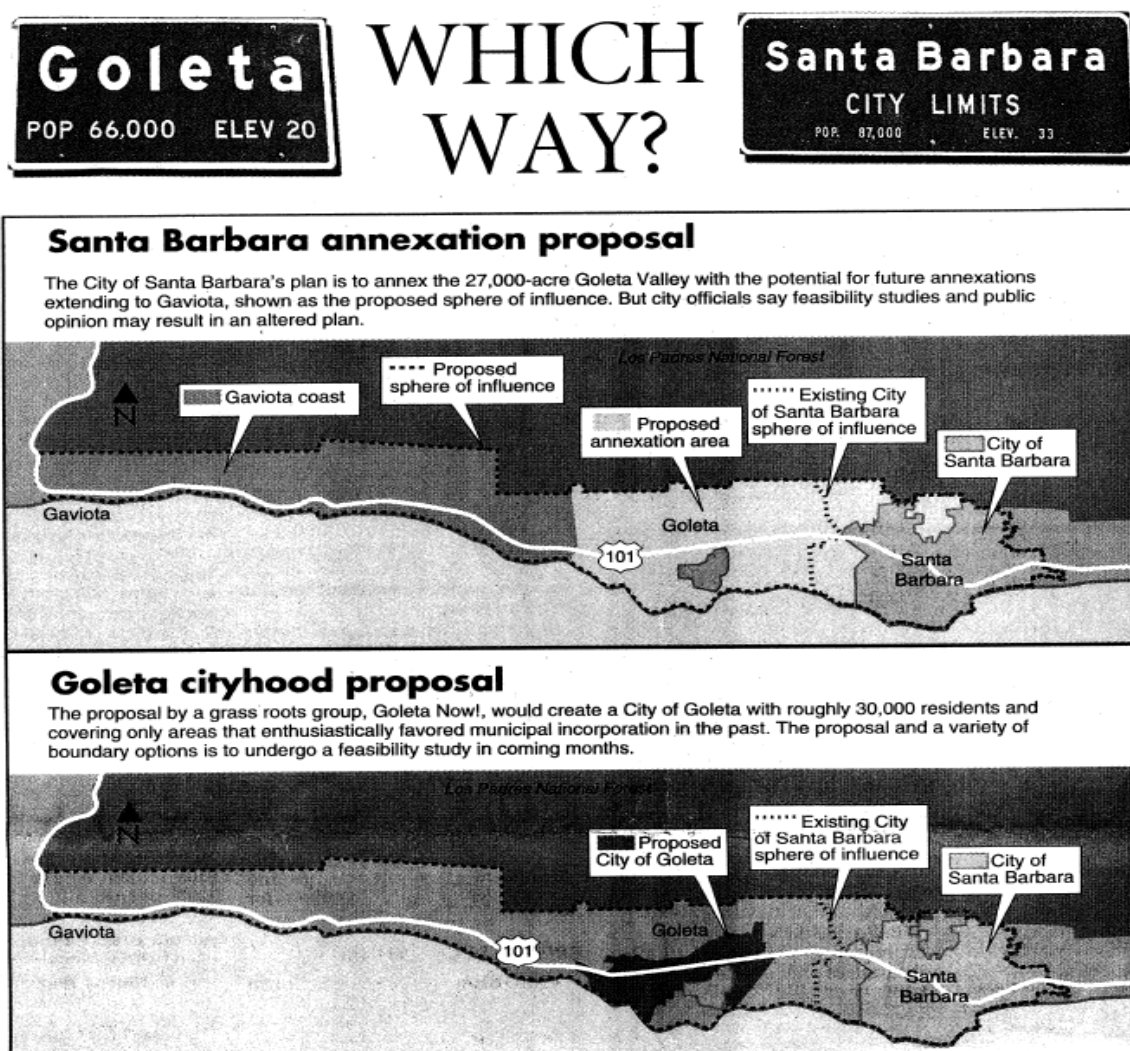


## 5.7 ANALYSIS & CONCLUSIONS

The Goleta Valley Community with nearly 80,000 residents was the largest unincorporated urban area in Santa Barbara Coast in the late 1990s. As the area continued to grow in population, the dissatisfaction in a number of unincorporated neighborhood communities was also growing. In turn, the County just seemed incapable of providing the type of urban amenities (like planning) desired by the Valley people. However discontented Goletans may have been about their fate at the hands of county government, it was also true that they had never been able to agree on what form of government that they wanted. Bearing testimony to this state of affairs was the fact that since 1973, Goletans had pushed for and then voted against four separate cityhood proposals. At the same time, they had pushed for and then voted against one proposal for annexation. In between, there were various proposals for change in local governance that were initiated and then dropped. In essence, the Goleta Valley's struggle for changing their "unincorporated" status was a mosaic of incorporation and annexation bids and losses. At the beginning of the new millennium, Goleta found itself in similar crossroads yet again. In December 1999, the grass-roots group *GoletaNOW!* filed an incorporation petition for the western part of Goleta with roughly a population of 29,000. This essentially covered the zip code area 93117. Interestingly, the proponents left out the Isla Vista neighborhood and the UCSB campus, an area occupied mostly by students and a large number of renter households. The rationale offered was the distinct differences between the communities of Goleta and Isla Vista and that most people in Goleta would not vote for a cityhood proposal if it included Isla Vista. In response to this, the City of Santa Barbara filed a very ambitious annexation proposal for the entire Goleta Valley. The City offered pressing regional issues as the premise for the annexation bid. The officials claimed that regional problems like how to maintain a

balance between jobs and housing, how to keep creeks from polluting the beaches, and how to reduce the clog of traffic demanded regional cooperation. The City offered that this cooperation would best be served by consolidation of local governmental units and not further fragmentation. The solution hence was to consider the feasibility of a City of Santa Barbara that included all of the Goleta Valley- doubling in population and in land area. The following graphic that appeared in the Santa Barbara News-Press captures the Goleta Valley governance debate in early 2000:

Figure 5.20 Goleta Valley's Dilemma



Source: Santa Barbara News-Press, March 24<sup>th</sup>, 2000

The central objective of this research inquiry was to conduct a case study of the successful Goleta incorporation that lasted from 1999-2001, so as to understand “how” and “why” a part of the Goleta Valley became the City of Goleta. In the context of the graphic on the previous page, why was the annexation to the City of Santa Barbara not the road taken? I sought the answer to the main question through a process of “explanation building” in which I examined six significant units of analysis in relation to their roles in the incorporation battle and the consequences that were in store for them, depending on the outcome. The units were: *the grass-roots group GoletaNOW! who initiated the incorporation, the City of Santa Barbara, the County of Santa Barbara, the Santa Barbara LAFCO, the Special Districts in the area and the Interests Groups*. The previous sections provide an account of the final incorporation bid and offer a collective explanation of real life event. However, for a scholarly exercise, ground realities need to be matched with existing theories to test how well they “fit” or “not fit” these academic explanations. This exercise had been articulated through a set of hypotheses on the reasons for Goleta’s successful incorporation. The remainder of this section will examine each of my hypothesis and evaluate it based on the knowledge accumulated through the process of the Goleta case study.

### **Research Hypotheses and Evaluations**

**1. Why did residents of the Goleta Valley initiate a fifth incorporation attempt? Who initiated the incorporation process? Did the reasons offered for incorporation differ from the previous attempts?**

**H1:** The different incorporation attempts were not a “continuum”. The desire to become a City came in waves and was energized by different groups of people. As the final and successful attempt closely followed the successful adoption of a “Goleta

Valley Redevelopment” plan, the confidence inspired by that served as motivation to start a fresh incorporation attempt.

As revealed by the chronology and description of the incorporation attempts, it is clear that each attempt was initiated differently and each bid proposed a somewhat different boundary. Also, after the failure of each bid, the group that took the initiative dismantled and no one carried on the incorporation torch. So in essence there was no “continuum”. At the same time, Goleta Valley experienced tremendous population and economic growth in the latter half of the 1990s. With growth came active demand for urban amenities, including planning- something more typically delivered by municipal governments than by county agencies. Still, a very successful planning effort that lead to the creation of “Goleta Valley Redevelopment Plan” in 1993 must have inspired some community activists to initiate an incorporation and claim further local control – the reference here is to cityhood Measure S-93 that in fact failed with 57 percent voting against it. This is actually a perspective offered by Matt Dobertein, a County Planner who had lead the 1993 planning effort. During the process of my case study, I had the opportunity to have a conversation with Matt and his thinking on the subject was:

**While it is not possible to establish any causal relation between 1993 Goleta Plan and the successful incorporation of 1999, the community took tremendous pride in its creation. I have recollections of active participation and enthusiasm. When the Plan was adopted by the County Board, the Community took that as a confidence booster. The 1993 incorporation try was rather hasty and the 1997 lacked organizational efforts. However during the 1993 Plan process active participants like Jonny Wallis must have given incorporation a lot of thought. There must have been others, all waiting for the right opportunity. So, it is my thinking that the 1993 Goleta Plan must have planted seeds for attempting incorporation. Of course, that alone may not have been the motivation for the 1999 attempt. Make sure you talk to Margaret Connell.**

**Source: Conversation with Matt Dobertein, County Planner, November 2003**

However through the process of explanation building, I have come to a somewhat modified conclusion about my initial hypothesis. While I was correct about incorporation attempts not being a continuum, the assumption that the Goleta Plan

was the reason for motivating the 1999 Goleta incorporation is not correct. A look into the activities of the think tank Goleta Roundtable, leads me to conclude that it was the inspiration and work that was conducted by this group that spun off the grass-roots group Goleta*NOW!* Some in the original discussion group tasked with studying a variety of governance option for Goleta Valley got impatient and moved on to form Goleta*NOW!* in May 1999 and channelized their energies on collecting signatures for filing the incorporation petition. While there may have been individual reasons and motivations, the confidence and knowledge that came from being a spin-off of Goleta Roundtable did trigger the incorporation attempt. One of the founding members and the first Mayor of Goleta, Margaret Connell agrees. In an informal interview I had with her in October 2003, she said:

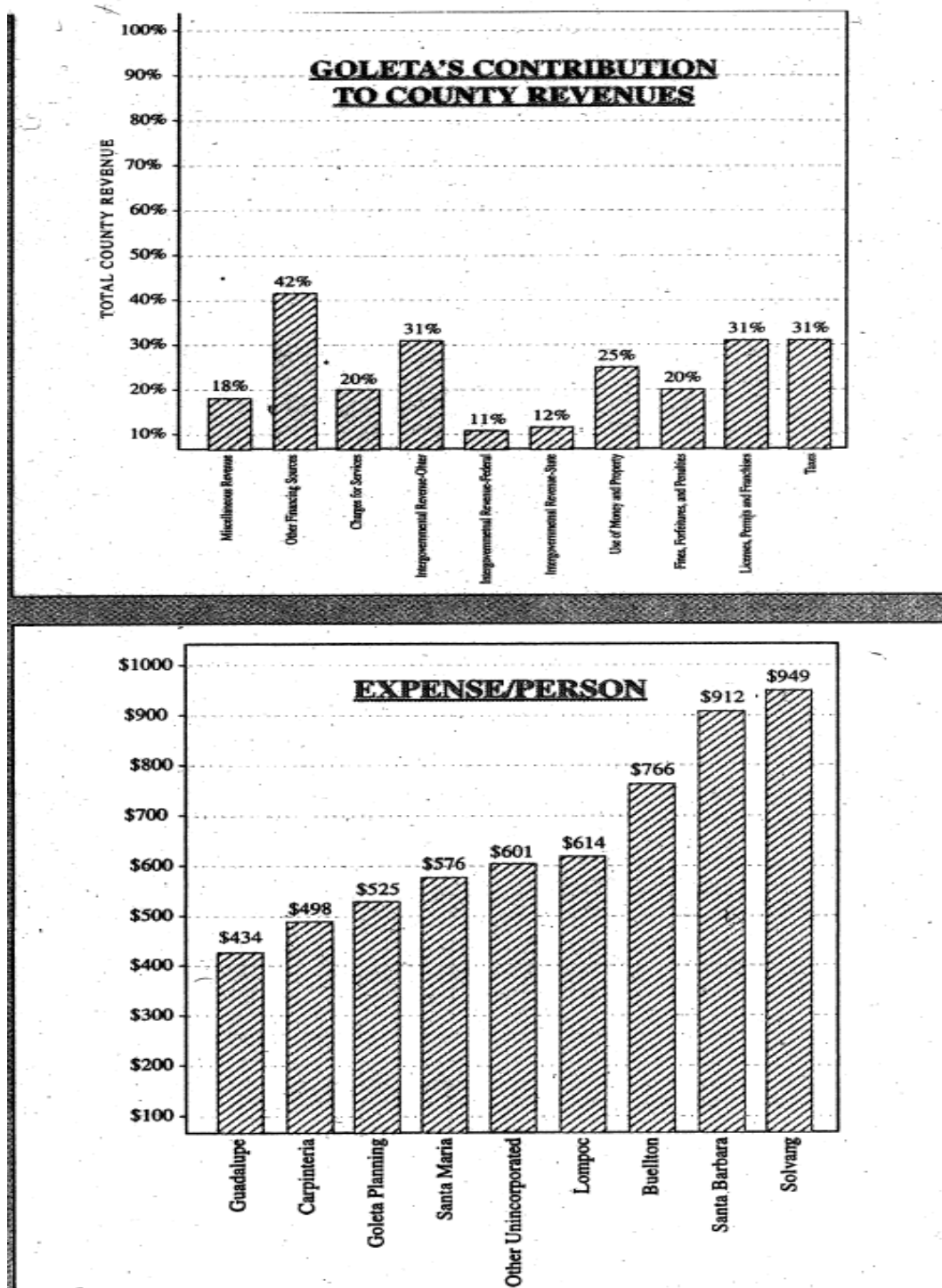
**My personal motivation for forming Goleta*NOW!* and fighting for incorporation is primarily connected to the loss of walnut and lemon groves in Goleta Valley. In 1997, returning from a trip to England I was hit by a sense of personal loss when I drove past housing that all used to be lemon groves. The locals need to control the land use decisions as opposed to a County that does not have a single Board member who lives in the Valley. That was my motivation and that was our message as proponents of the City of Goleta.**

**Source: Conversation with Margaret Connell, Mayor City of Goleta, October 2003**

Margaret Connell also mentioned another reason behind the incorporation drive. Prior to the incorporation proposal, many Goletans believed that they were over taxed and under-represented. In fact, this feeling had been around for decades during which the Goleta activists had claimed their community had been a “cash cow” for the County, while services for the community had lagged. The suspected local spending deficit fueled indignation and passions behind a succession of cityhood movements. Of course at the time all this was speculation. In late 1998, the third district Supervisor Gail Marshall had commissioned a team whose mission was to compare the revenues generated by Goleta against County expenditures in the

region. This team was called the Goleta Revenue and Expenditure Analysis Team (GREAT).

Figure 5.21 Findings of GREAT Study



Source: Valley Voice, November 10<sup>th</sup>, 1999

According to the GREAT study, Goleta revenues were nearly \$4million more than what it got from the County in the 1997-98 fiscal year (\$89.2 million in revenues versus \$85.3 million in expenditures). Furthermore, the study revealed that based on an average expenditure per person, the spending for Goleta Planning Area was \$524.67 that in fact ranked seventh among nine assigned regions (Valley Voice, November 10<sup>th</sup>, 1999). GoletaNOW! whose efforts were already underway were energized by the findings. Cynthia Brock, the leader of GoletaNOW! commented, "We're getting urban impacts without being fully compensated for it. Now we have the research to back it up." (Valley Voice, November 10<sup>th</sup>, 1999).

Based on the above analysis, I conclude that a fifth incorporation effort was initiated by a small group of grass roots activists GoletaNOW! mainly to gain control over land use and also to keep local revenues within the community. There was also the discontent with County administration. While these reasons were not different from the reasons that motivated earlier bids, this effort had the advantage of knowledge brought on by the Goleta Roundtable work and also some research evidence like the GREAT study. The earlier attempts did not have these elements.

**2. How did Goleta Valley differ from its neighbor(s) in terms of economic or demographic characteristics? Were these characteristics changing during the years of incorporation attempts? What was the demographic profile of the residents in the boundary carved for inclusion in the incorporation?**

**H2:** Goleta Valley was a rather large urbanized area. Considered as a whole, it was not significantly different from the City of Santa Barbara in either demographic or economic characteristics. However, the Valley comprised of specific homogenous economic pockets that had conflicting desires about whom and how their area should be governed.

The Goleta Valley was the largest unincorporated area in the Santa Barbara Coast in the 1990s. While the 2000 Census data had not yet been released at the time of the incorporation bid, state estimates put the number at over 80,000 residents. The area to the west of Goleta Valley that had been proposed by GoletaNOW! for incorporation had nearly 28,000 residents. The Isla Vista neighborhood population was estimated at about 18,000. Santa Barbara County as a whole had nearly 400,000 residents with approximately 159,000 (nearly 40 percent) people living in unincorporated areas. The entire County also had a similar ethnic make-up with Hispanics making up the largest minority group. The following table provides a snap shot of Santa Barbara County's population trend:

### 30 Year Population Trends Santa Barbara County

	Population	% of Total County Population	County Population Change
1970			1970-1980 34,370 13.0% Change
Incorporated Cities	138,375	52.4%	
Unincorporated Area	125,949	47.6%	
Total County	264,324	100%	
1980			1980-1990 70,914 23.7% change
Incorporated Cities	154,830	51.8%	
Unincorporated Area	143,864	48.2%	
Total County	298,694	100%	
1990			1990-2000 29,739 8.0% change
Incorporated Cities	208,471	56.4%	
Unincorporated Area	161,137	43.6%	
Total County	369,608	100%	
2000			
Incorporated Cities	239,864	60.1%	
Unincorporated Area	159,483	39.9%	
Total County	399,347	100%	

Source: U.S. Census 2000, 100 Percent Data

Note: Unincorporated areas include population of City of Goleta, which incorporated in 2002 (population 28,810).



As can be noted from the above table, the County as a whole was gaining population all through the 1990s and the decrease in County population was merely a consequence of areas like Buellton, Solvang and latter Goleta choosing to incorporate.

The City of Santa Barbara was also not dramatically different in demographic characteristics than the Goleta Valley. The following table that appeared in the preliminary AFA gives an idea of the demographic assumptions and baseline land use:

**Table 5.7 Demographic Profile Documented in the AFA**

<b>Demographic &amp; Land Use Assumptions</b>	<b>Existing City of Santa Barbara</b>	<b>Proposed Annexation Area</b>
Population	92,826	86,187
Registered Voters	47,343	43,957
Voters as % of Pop.	51%	51%
Employment	92,300	34,300
Housing Units	36,835	26,655
# of Businesses	10,091	3, 750
Total Urban Area (Sq. miles)	19.8	25,7
Retail Development	9,418,098	3,499,900
Commercial Development	21,975,500	8,166,410

**Source: Preliminary AFA for City of Santa Barbara, EPS 2000**

Based on numbers alone, it is somewhat hard to discern differences in demographic characteristics between Goleta Valley and the City of Santa Barbara. Additionally, the City clearly appears jobs rich with a much larger scale of

commercial development. It is also noteworthy that both areas appeared to have equal number of registered voters who would have made a vote on annexation (if it had made it to the ballot) rather interesting. California requires that annexation be approved by residents living in the existing city as well as by residents living in the area to be annexed. While the larger urban area appeared to share demographic similarities, the neighborhoods within the Valley did have economic differences. Interestingly, the economic differences were not all evident. Measures like the Median Household Income made Goleta Valley seem far wealthier than the City of Santa Barbara. However, in terms measures like the Median Home Price, the housing value in the City was getting close to \$600,000 while the Valley homes were at \$400,000. The homes in the Hope Ranch neighborhood that wanted to be left out of both annexation and incorporation had homes that were valued at over \$1,000,000. The following table provides a snapshot of the economic characteristics of Goleta Valley and the City of Santa Barbara:

**Table 5.8 Economic Characteristics of Goleta & Santa Barbara**

	<b>Goleta Valley</b>		<b>Santa Barbara (City)</b>	
<b>Economic Characteristics</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
In labor force (population 16 years and over)	28956	65.7	50,741	67
Median household income in 1999 (dollars)	60314	(X)	47,498	(X)
Median family income in 1999 (dollars)	67956	(X)	57,880	(X)
Per capita income in 1999 (dollars)	28890	(X)	26,466	(X)
Families below poverty level	403	2.9	1,488	7.7
Individuals below poverty level	3672	6.7	11,846	13.4
<b>Housing Characteristics</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Single-family owner-occupied homes	10832		12557	
Median value (dollars)	425700	(X)	479800	(X)

**Source: Census 2000**

Based on the above table, it is logical to conclude that the City of Santa Barbara is worse off economically than the Goleta Valley. However, the common

sentiment in the Valley and the City was the reverse. The City certainly had wealth it could call its own, glamour and name recognition. The Goleta Valley on the other hand could not make any such claims. Also, the housing value in early 2000 was much higher in the City of Santa Barbara than in Goleta. As a Valley resident at the time of the incorporation, my family had considered the City of Santa Barbara completely unaffordable and was simply renting a house in Goleta. So the City of Santa Barbara did enjoy a perception of economic prosperity at the time. The difference between the zip code areas 93117 and 93111 is also rather interesting:

**Table 5.9 Demographic Differences in Valley Zip Codes**

<b>General Information:</b>		
<b>ZIP</b>	<b><u>93117</u></b>	<b><u>93111</u></b>
Population:	49,970	16,470
Density*:	277.5	2,314.0
Housing Units:	15,893	5,855
Land Area (sq. mi.):	180.1	7.1
Water Area (sq. mi.):	0.2	
* People per square land mile		
<b>Educational Achievement:</b>		
<b>ZIP</b>	<b><u>93117</u></b>	<b><u>93111</u></b>
<9th grade:	7.5%	3.6%
9-12th:	8.5%	6.4%
H.S. grad:	17.9%	18.3%
Some coll.:	21.0%	23.3%
2 yr deg.:	8.3%	8.4%
4 yr deg.:	21.6%	23.8%
Grad/prof:	15.2%	16.2%
H.S. +:	84.0%	90.0%
4 yr+:	36.8%	40.0%
<b>Household Income:</b>		
<b>ZIP</b>	<b><u>93117</u></b>	<b><u>93111</u></b>
<\$10,000:	13.8%	2.6%
\$10,000-\$14,999:	7.4%	2.9%
\$15,000-\$24,999:	12.1%	4.1%
\$25,000-\$34,999:	11.5%	9.6%
\$35,000-\$49,999:	14.1%	12.3%
\$50,000-\$74,999:	17.6%	24.3%
\$75,000-\$99,999:	11.6%	15.9%
\$100,000-\$149,999:	7.4%	19.9%
\$150,000-\$199,999:	2.7%	4.4%
\$200,000+:	1.9%	4.0%
Median:	\$40,901	\$68,087
<b>Unemployment/Poverty:</b>		
<b>ZIP</b>	<b><u>93117</u></b>	<b><u>93111</u></b>
Unemployed:	5.5%	1.8%
Below Poverty. Line:	27.0%	4.5%

Source: Census 2000

The Census 2000 numbers had not been released at the time of the incorporation bid and the hence the proponents had carved the cityhood boundary based on community perceptions of inter-neighborhood differences and the history of voting positions in prior incorporation bids. The data released by the Census at the zip code level actually validated the neighborhood perceptions.

The Isla Vista/UCSB which was excluded from the proposed City was actually inside the 93117 zip code. The area essentially constituted of census tracts 29.02, 29.11 and 29.12 and when the census data at the tract level was released, it too confirmed ground realities. According to the Census, the area had nearly 18,500 residents with 1,208 families. There were 5,264 housing units at an average density of 2,478 units/sq mi. About 20% of the population was Hispanic or Latino of any race. The Census data was also telling in terms of the economic situation of the Isla Vista residents. The Median Household Income of the area was \$16,151 and the Median Family Income was \$26, 250. Further, 62.8% of the population and 28.6% of families were below the poverty line.

**Table 5.10 Housing characteristics of the Isla Vista Area**

<b>HOUSEHOLD POPULATION</b>		
<b>Population in occupied housing units</b>	<b>15,296</b>	<b>100</b>
Owner-occupied housing units	685	4.5
Renter-occupied housing units	14,611	95.5
<b>HOUSEHOLD TYPE</b>		
<b>Owner-occupied housing units</b>	<b>237</b>	<b>100</b>
Family households	182	76.8
Married-couple family	158	66.7
Male householder, no wife present	6	2.5
Female householder, no husband present	18	7.6
Nonfamily households	55	23.2
<b>Renter-occupied housing units</b>	<b>4,927</b>	<b>100</b>
Family households	1,024	20.8
Married-couple family	688	14
Male householder, no wife present	107	2.2
Female householder, no husband present	229	4.6
Nonfamily households	3,903	79.2
<b>HISPANIC OR LATINO</b>		
<b>Total population</b>	<b>18,344</b>	<b>100</b>
Hispanic or Latino (of any race)	3,671	20
Not Hispanic or Latino	14,673	80

Source: 2000 census

In sum, a consideration of available demographic and economic data confirms the similarities and differences in the area. Neighborhoods were in fact more homogenous and the Goleta boundary that was carved for incorporation did extract itself not just from economically more prosperous areas like the zip code 93111, but also from rather poor areas like the Isla Vista. As an opponent of the new City had remarked- this is Goletamandering!

**6 Who were the major participants during the final incorporation attempt and was there a difference in the way the incorporation movement was organized?**

**H3:** The incorporation effort essentially succeeded because of the role played by the “boundary entrepreneurs”. While the incorporation effort was characterized by grass root activism, it was the combination of collective goals and selective gains sought by members of Goleta*NOW!* that made the incorporation successful.

The case study again offers partial support for the above hypothesis. As the proponents of incorporation for the western half of Goleta Valley, the grass-roots group Goleta*NOW!* indeed played a central and major role. However, the role of the County and Santa Barbara LAFCO should not be overlooked as well. LAFCO had regulatory oversight while County was a mandatory participant. The Special Districts had a role to play, but that was far less consequential. The same holds true for the role of Goleta Roundtable or the pro Isla-Vista group. The case details also revealed something else- the role that was played by the City of Santa Barbara with its parallel annexation proposal. By filing a competing what seemed like an aggressive annexation proposal, the City actually acted as a catalyst for incorporation. As annexation was unilaterally terminated by the County, politically it would have been harder for the County to reject the incorporation, especially since the proposed City was deemed to be fiscally feasible. Also, the revenue neutrality pact ensured

minimum impact for the County. So the incorporation bid moved right along and made it to the ballot. The voters who passed the Measure H2001 also came in at the finish line and handed victory to the proponents.

In sum, the quartet of Goleta*NOW!*, the County, the Santa Barbara LAFCO and the City all played a role in brining the incorporation to the ballot while a majority of voters in the proposed boundary lead Goleta to the eventual incorporation. Also, the grass roots activism that was followed by Goleta*NOW!* along with a shrewd approach towards the proposed boundary for Goleta helped them to eventually succeed in their efforts.

**7 Did the Goleta incorporation produce clear “winners” and “losers”? If yes, who were they?**

**H4:** The Goleta residents who desired a city of their own were the immediate winners. However, the losers in this struggle were not necessarily the residents who opposed the Measure. The clear losers were a group of low-income renters in Isla Vista. They were losers not just because they were successfully excluded from becoming part of the City of Goleta but also because the added fragmentation of local governance managed to isolate this group even further.

The case study does render support for “winners” and “losers” in the incorporation battle. Evidently, proponents Goleta*NOW!* all of whom also became City Council members were the frontline winners. Of course all those who supported and voted for the Measure were also the winners. Based on the deal that was cut between the proponents and the County, the latter entity was a winner too. The revenue neutrality pact ensured a secured funding stream of \$2.2 million for a period of 10 years. In addition, the deal had minimum impact on the County staff and it was also contracted to provide several services like Police, Public Works and Fire. By Goleta being a minimal city, the County was ensured adequate presence in the

Valley. Among the winners were also the five Special Districts in the Valley that were left alone in spite of the creation of a new City of Goleta.

Similar to frontline winners there were losers. Clearly, Isla Vista was left out as an unincorporated island. But it is within this island, that frontline losers can be found. While it is debatable how the student community in Isla Vista were impacted, it is the low-income renters, whose time in the neighborhood cannot be assumed to be temporary, were left out. With the carving of a City of Goleta boundary, these residents became a much smaller group, left to the mercy of the County for any and all urban services. Also with less revenues coming in, the County in the future may feel far less inclined to enhance urban amenities for area residents. In any case, these residents were left far more vulnerable as a consequence of Goleta's incorporation. Also among the losers was the eastern part of Goleta Valley, the zip code 93111 that had in fact desired annexation. With the City of Santa Barbara being completely crushed, the likelihood that this area will see any change in governance is not that great. Then there is the City of Santa Barbara that in fact failed in its annexation bid. As a County employee in the period after the incorporation, I am also inclined to think that "regional cooperation" also suffered a set-back. This was evident in the lack of cooperation and enthusiasm that was experienced by the staff at the County and the City for joint projects. The wedge that was driven by the annexation fight is bound to take some time to heal.

**8 What specifically were the causal determinants of Goleta incorporation? Does the incorporation of Goleta provide empirical support for any of the theories of municipal boundary formations? If yes, does it support one specific theory or actually separate theories?**

**H5(a):** The incorporation of Goleta provides empirical support for the existence of multiple causal factors. It is a strong case that demonstrates that incorporations are motivated by complex aspirations for collective gain and individual

benefits and are not motivated by a single overarching purpose like “tax avoidance” or “urban services”.

The case study does support the existence of multiple causal factors. By the very admission of the proponents, the desire for land use control, a locally accountable government and control over local revenues were the causal factors that lead to Goleta incorporation. In addition, the individual aspirations of the members of Goleta*NOW!* also played a part in shaping the City. The fact that the City decided to keep the Special Districts intact and that they were to contract several services from the County takes away support for theories that identify the “desire for urban services” as a reason for incorporation. Tax avoidance can also be ruled out as a cause. Also while there are shades of economic segregation in the manner in which Isla Vista was left out, my familiarity with several of the proponents leads me to conclude that the decision to leave Isla Vista was a matter of practical judgment as opposed to a deliberate attempt at segregation. Members like Margaret Connell are in fact very sympathetic to the cause of Isla Vista renters but strongly felt that Goleta would never incorporate if either Isla Vista or the eastern part of the Valley was included as part of the proposed City.

**H5(b):** The confluence of several factors lead to the successful incorporation of Goleta. Control over land use decisions, retention of tax revenues and the desire for “political stature” were dominant reasons that explain Goleta incorporation. However, the Goleta incorporation reveals that existing theories will not fully explain the reason for successful incorporation.

While the case study provides evidence for the a combination of factors like control over land use, retention of revenues and accountable government as various reasons for Goleta incorporation, the study was also revealing in terms of the



unexplained “residual”. In case of Goleta there were two things that also need to be included in the bundle of causal factors:

- The parallel annexation bid by the City of Santa Barbara that failed;
- The \$80,000 in funding that was provided by the County for the CFA.

In case of Goleta, when the City of Santa Barbara filed a competing annexation proposal, the prospects for incorporation actually appeared to dim, especially since the City was able to set-aside nearly \$500,000 with complete ease for the fiscal feasibility study as well as public campaigning. The Goleta*NOW!* was a small grass roots group with very little resources. However, the annexation was incomplete with the property exchange agreement with the County not in place. The County Board, angered by the extent of the proposal and the unexpectedness of the proposal filing, unilaterally ended talks with the City and put a procedural end to the annexation. Partly driven by the public perception that was likely to occur if the only remaining option of incorporation was also not supported, the County was forced into cooperation. In addition, the LAFCO had far greater control over the incorporation process. The agency had the powers to impose a revenue neutrality agreement and could have forced the County’s cooperation. This sequence of events or “local politics” played a significant role in the Goleta incorporation.

Also, the incorporation process has regulatory hurdles. The CFA is a compulsory expensive study that needs to be done to determine the financial feasibility of the future City. The estimated cost was \$100,000, a huge sum for a community group. However, the fact that earlier in the year Gail Marshal, a County Supervisor, had set-aside \$80,000 helped fund the study. In absence of this funding, the incorporation would not have moved beyond the proposal stage. This essentially means that availability of adequate financial resources also influence whether or not an area is able to incorporate. Existing theories do not allude to the role of financial resources, while explaining incorporation.

**H5(c):** The existence of several causal factors (both economic & political) was particularly critical to Goleta incorporation. The valley had previously attempted four unsuccessful incorporation attempts. When there is such precedence, it takes several equally strong factors to motivate the residents to try incorporation bid yet again. In such case, a single dominant factor can not be a sufficient reason.

The existence of multiple causal factors was indeed true in case of Goleta. While the desire for controlling local land use may have been dominant, as a Goleta resident, I could sense that many area residents were highly motivated by the issue of revenue retention. There was a lot of indignation at the County's perceived apathy in fixing sidewalks and pavements, lack of park services and inadequate public safety services that should have come to Goleta in lieu of all the revenue it generated. Also, a lack of real representation in the County seat (none of the Supervisors really lived in the Valley) was a major motivation. It was not one factor alone, but a combination of all these factors that lead to the eventual incorporation of Goleta.

**H5(d):** In the Goleta Valley incorporation, the historic apathetic attitude maintained by the City of Santa Barbara also played a significant role in pushing the residents to seek incorporation. The City of Santa Barbara's disinterest in annexing this rather large urbanized area propelled a certain group to galvanize and attempt incorporation as an expression of defiance and anger towards an uncooperative administration.

Over the years, the City of Santa Barbara had ample opportunity and resources to initiate annexation of large parts of the Goleta Valley. The City had in fact not paid any heed to several initiatives by various local groups. In addition to Council rejection, there was also the public rejection. The people of Santa Barbara had actually voted against an earlier annexation attempt. As the Valley began to

prosper, the residents of Goleta were certainly motivated to find their own identity, especially since the City of Santa Barbara did not seem to want it. The eastern part of the Valley that was adjacent to the City still seemed to desire a merger with the City. Consequently, the residents of 93117 made a move to cut the 93111 residents out and carve a new identity for their community. The City's apathy was certainly a reason for the Goleta*NOW!* group to spin-off from the Roundtable as the members felt a certain impatience in the consideration of annexation as an option in light of the history of lack of interest shown by Santa Barbara. The group strongly felt that if a change was to occur in Goleta Valley, it had to be a selective incorporation as they did not foresee any annexation attempt.

**H5(e):** Defensive actions by governing jurisdictions fail more because of the perceived aggression than necessarily due to the shortcomings of the action itself. In the Goleta Valley incorporation, the defensive annexation that was attempted by the City of Santa Barbara failed essentially due to the ill feelings that it generated with the County of Santa Barbara than due to traditional reasons like loss of tax revenues, imposition of undesirable developments, and likelihood of tax increases or provision of undesired mix of urban services.

In case of Goleta, the reactionary filing of an annexation bid that was very extensive did indeed generate ill feelings amongst the public and also the County. There had been no public engagements before the proposal was filed. This was rather unusual for the City of Santa Barbara. However, procedurally, LAFCO required that an alternate proposal be filed within 60 days of the first proposal. The City was partly complying with the rules. However, the public at large did not know this and the combination of drama and scale of annexation made them appear far more aggressive than intended. However, the Goleta annexation did not fail because of the aggressive nature of the proposal. It failed more due to the lack of discussions with

the County on their intent to annex. Consequently, the property exchange agreement talks started off on a bad note. While it is debatable, the County could have been compensated for the loss of revenues that would have been brought on by the annexation. But in addition to the revenues, relinquishing administrative control over the entire Goleta Valley must have had an impact on the County's unwillingness to cooperate with the City. The lack of consultation provided a great cover for whatever may have been the real grievance for the County and gave them the opportunity to claim "lack of grass-roots support" for the annexation and turn it down.

### **Final Thoughts**

The Goleta Valley incorporation battle was indeed rich in complexities and divisive in outcome. While the vast majority of Goletans did want urban government, historically there had been no agreement on the preferred form of government. Consequently, there had been several failed attempts at both incorporation and annexation. However, the last incorporation bid that lasted from December 1999 to November 2001 was indeed an appropriate time for the battle to take shape. Many of the traditional reasons that act as "causal factors" for incorporation did indeed exist in the Valley: a strong desire for local control of land use, desire to keep revenues locally and to achieve some form of "self-governance". In addition, the case reveals that the presence of "boundary entrepreneurs" driven by collective as well as personal aspirations play a very crucial role in the final outcome. But it is also clear that this bundle alone is not sufficient to ensure success. Local politics and availability of resources deeply influence the outcome in incorporation bids. The Goleta politics is a great example of how such events play out in the governance battles.

The incorporation of Goleta can not be narrated without bringing in the annexation attempt. The events of the Valley also illustrate the need for theorists to consider “likely outcomes” in local governance and not just “likelihood of a certain outcome”. By this I am referring to the traditional approach of separation between the incorporation and annexation theories. Goleta case reveals that causal factors for incorporation and annexation can exist side by side. Viewed from the perspective of the City of Santa Barbara, the Valley was ripe for annexation for a number of reasons. Significantly, the Goleta Valley had new sales tax revenues streams to offer. The Valley also had a population base that could stop the political power from shifting to the North County area. Additionally, an expansion for the City would have helped in taking the lead and shaping regional issues like population growth, transportation matters and the housing crisis. However, in case of Goleta the outcome was dominantly shaped by local politics than the strength or the influence of a certain causal factor. If relation between the County and the City had been amicable, it is possible that annexation proposal may have defeated the incorporation bid. In addition, if the annexation proposal had been smaller in scale it may have survived. In any case, as both proposals were moving forward, it would have been rather hard to predict the outcome.

The Goleta case is also interesting in that it highlights how governance matters go through so many procedural requirements before in fact getting to the voting public. While public is certainly involved as the proposals move forward, they are not necessarily in control of the outcome till it gets to the ballot. However, the power of plebiscite rests in making the final decision on the ballot measure. Despite all efforts, if voters had rejected Measure H2001, Goleta may not have still become a city!

## CHAPTER SIX

### CONCLUSIONS & FUTURE IMPLICATIONS

*"People form cities because they want local control over the growth and development over their communities. Moreover, they want services tailored to their particular needs and visions and they want greater control over how those services are performed and plans are carried out."*

Testimony of League of California Cities to Governance Commission (Commission on Local Governance, 2000: 15)

The study of Goleta incorporation using qualitative case study approach reveals the complexities that accompany local governance struggles. The empirical evidence suggests that local government reorganizations are considerably more complicated than what existing studies suggest. In contrast to the "quiet consensus" asserted by Burns (1994) or the "quite revolt" suggested by Miller (1981), the Goleta case asserts that the process of local government formation is rather noisy and filled with complicated motives, heated politics and burdened by California's regulatory framework for local government reorganization. The subsequent section presents some conclusions that can be drawn from the empirical evidence provided by the Goleta incorporation. I begin with the analytical generalizations presented by the Goleta case through a process of comparing the practical results with selected theories of incorporation offered by the literature. The approach is to evaluate which may be the "best-fit" theory and which theory gets challenged by the five different incorporation proposals. I also briefly examine California's regulatory framework in comparison to other states and also the lessons for "Smart Growth" that the State offers. I conclude the section with a discussion of the merits offered by revelatory case studies including an opportunity for participant observation and its usefulness for the research project.

## 6.1 CONCLUSIONS FROM THE GOLETA INCORPORATION

### (1) Theoretical Implications

Findings from the Goleta incorporation offers different levels of support for seminal and separate theories of incorporation that have been reviewed in an earlier chapter of this dissertation. Noteworthy and of great relevance to the Goleta incorporation are Tiebout's public choice model, Miller's quite tax revolt, Burns's assertion of quite consensus and Marx's class conflicts as it relates to control of public institutions. Interestingly, the empirical results from the successful Goleta incorporation bid relates somewhat differently with each of the aforementioned theories.

Tiebout (1956) hypothesized that city formation occurs as area residents sort themselves into jurisdictions that would provide the best and most suitable collection of public goods for each specific group and that residential sorting facilitates efficiency of local service provision. In the successful incorporation initiative, the proponents refrained from any discussion of preferred service levels for Goleta. Noteworthy is the fact that arguments about service quality were not even part of the cityhood campaign rhetoric. Based on facts that were out in the open, the Goleta incorporation does not render support for Tiebout's theory. In contrast, the earlier incorporation attempts included documented discussions on lack of urban services in the incorporated area. However, Goleta also supports Tiebout's theory of residential sorting. This support is not based on Tiebout's primary focus on fiscal policy but is actually based on enhanced control over local land use which in effect is a regulatory incentive. So by crafting a specific boundary that left out Isla Vista and east Goleta, the west Goleta residents sorted themselves into a residential community with homogenous preferences for land use and other environmental concerns. By being a

Lakewood style minimal city, Goleta did not seek any changes in service levels or special districts but did sort itself into a community that was homogenous in terms of preferences for regulatory incentives.

Miller (1981) argued that “city makers” are motivated by a single overriding concern to defend against annexation by poorer or high-tax cities. The Goleta case totally challenges Miller’s claims. As was revealed by the case, places incorporate not necessarily for a single overarching purpose but for a variety of reasons. Also, the reasons can be equally strong as was the case in Goleta. Control over land use and retention of tax base carried equal weight and seemed to reinforce each other. Also, historically Goleta had desired annexation by the City of Santa Barbara and so the theory of a defensive incorporation does not fit at all. The Goleta case is more of a “defiant incorporation” and not a case of “defensive incorporation.”

A study that holds prominence within the literature on incorporation is Nancy Burns’ (1994) work. It is important to note that Burns’ work does not deal exclusively with the creation of new municipalities but includes both special districts and municipal governments. Burns presents an empirical model that includes a test of a theory of incorporation success, not a theory of why incorporation is undertaken. Burns uses Poisson regressions and includes thirteen independent variables, each of which captures one of the five factors that might drive the formation of municipal governments: (1) services; (2) taxes; (3) race; (4) supply (ease of creating new governments); and (5) entrepreneurs. While it appears that the Goleta success may be fully explained away by one or more of Burns independent variables, I contend that there is bound to be unexplained “residual” when it comes to Goleta. As revealed by the case study, “ground politics” was the residual in Goleta cityhood formation. The City of Santa Barbara filed a competing annexation proposal soon after the incorporation proposal had been filed. Many in the Valley had desired



annexation to Santa Barbara over the decades only to be shunned by the City. However, due to the discord between the County and the City, the annexation proposal never reached the ballot and was nixed by Santa Barbara County. But by rejecting one of the two available proposals, the County elevated the incorporation proposal in stature and made it seem more viable. Also, politically it would have been hard for the County to reject incorporation especially after the CFA deemed the City financially viable. So, cities form not just because of what the locals living in the area desire, be it control over land or services or tax base capture. Cities like Goleta also form because the County makes a decision on how much of jurisdictional control it is willing to give up and plays a significant role in incorporation. Additionally, "access to resources" is an important residual. If the County had not appropriated funding for the CFA, the proponents of cityhood would not have been able to proceed with the incorporation bid. Based on the existence of unexplained residuals, the suggestion for the empirical methodology is the use of models like the hedonic regressions or logit models rather than standard regression models that can simulate only linear relationships. For instance, the hedonic models can accommodate non-linearity, variable interaction, or other complex valuation situations that a log-linear model like the Poisson regression cannot. If a logit model is used, dichotomous independent variable that operationalizes whether an incorporation effort is under consideration or is underway can be effectively modeled.

The role of political entrepreneurs in Goleta incorporation also does not fit well with Burns' explanation. Burns argues that such proponents seek incorporation as a protection against annexation by high-tax neighbors. The Goleta cityhood proponents were largely motivated by concerns for land use and tax revenue retention. Also, it is important to note that four of the nine GoletaNOW! members did not run for any council seats and so their motivation must not have been any

personal gain other than to secure cityhood for Goleta. However, the role of the grass-roots organization Goleta*NOW!* provides strong empirical evidence for the recent theorization by Feiock and Carr (2008). These authors highlight the role of public entrepreneurs who see selective distributional incentives in the collective action of any type of boundary change, be it incorporation, annexation or city-county consolidation. As demonstrated by the Goleta case, the process of involvement in an incorporation battle calls for individual costs in the form of time or other resource commitments. If the members of Goleta*NOW!* had not perceived selective gains, the chances of their continued involvement might have been slim to none. So, the Goleta case study contributes towards the understanding of local politics and urban governance by accounting for boundary decisions as the product of actors' seeking specific outcomes within the constraints imposed by the existing organization of governments and intergovernmental rules.

Building on Marxist theory, Hill (1974) contented that advantaged classes and status groups in the metropolitan community seek to maximize control over scarce resources and maintain life-style values through homogenous resources and complimentary residential groupings. The successful local governance struggle in Goleta does demonstrate class struggle. But the struggle is far more complex than simply a struggle for control over resources by advantaged groups. If competing governmental units are to be categorized as "politically advantaged" then the struggle between the County and the City of Santa Barbara renders support for Marxian type of class struggle. It was struggle to gain control over electorate and resources that was offered by Goleta Valley. However, the decades long struggle between the small homogenous pockets like East Goleta, West Goleta, Isla Vista and Hope Ranch to challenge existing governance was not simply a matter of struggle between advantaged classes. For instance, residents of Isla Vista had far less

economic resources than the other unincorporated communities and yet the residents desired their own City of Isla Vista. Their numerous unsuccessful efforts to create a city with the exclusion of all other unincorporated communities in the Valley challenges the application of Marxian theory. The struggle here was over “social factors” and “community identity.” The Goleta Valley also witnessed struggles between the unincorporated communities and the City of Santa Barbara. This again is not simply a case of class conflict. The 1975 annexation attempt for the entire Valley was defeated by a wider margin in the communities of Isla Vista and Hope Ranch. This indicates a struggle that transcends pure “economic classes”. The evidence from Goleta also challenges some assertions made by Hoch (1981, 1984). Basing his work on Marxian model, Hoch contends that the legal structure of incorporation favors members of the capitalist class and that the organizations effectively supporting or preventing incorporation are capitalist and middle-class organizations. The proponents of the successful incorporation were grass-roots activists and not wealthy capitalists. Also, the legal structure was not automatically in favor of the proponents. If wealth was the determinant in incorporation struggle, the competing annexation proposal by the City of Santa Barbara should have prevailed. So, class struggle did exist, but it was not all about class of “economically advantaged classes.” The classic Marxian class struggle actually surfaces in the conflict between West Goleta residents and the people of Isla Vista. Isla Vista that would have cast an economic burden on Goleta was left out of the proposed boundary and the legal framework reinforced this exclusion.

The Goleta incorporation offers support for tax base capture as well. As evident in the successful incorporation, revenues from commercial establishments give great confidence to areas that desire incorporation. The financial fortunes of Goleta Valley greatly improved when the Calle Real Mall was built in 1997. In

addition, the Bacara luxury resort that was completed in 2000, added bed tax as a new revenue stream for Goleta. All this new wealth did serve as a causal factor in the formation of Goleta. Capturing tax base also motivates a desire for annexation. The sudden interest of Santa Barbara in annexing Goleta Valley had a lot to do with the new found prosperity of the area. In the past the City had specifically rejected annexation citing reasons of increased costs of providing services. But with new sources of revenues in place, Goleta began to seem like much more of an asset than it had in the past several decades.

The Goleta case also reveals complexities in term of "exclusionary reasons". The area that incorporated was not significantly different in terms of racial composition than the surrounding neighborhoods. So Goleta incorporation was not about racial exclusion. However, income exclusion did play a part in the incorporation. The traditional reason of excluding low-income neighborhoods surfaced in the form of Isla Vista exclusion. However, the exclusion of eastern parts of Goleta was more of an exclusion of "cityhood opponents". The residents in this part of the valley had historically favored annexation to the City of Santa Barbara. Fearing yet another defeat, the proponents carved a boundary that was most likely to pass at the ballot. Thus far all discussions have been about the successful incorporation bid. As detailed in the earlier chapter, three earlier incorporation proposals were defeated at the polls in 1987, 1990 and 1993. Another bid in 1997 failed at the petition stage. The following table illustrates the connections between the earlier attempts and existing theories of municipal incorporations:

Table 6.1

## Early Incorporation Initiatives &amp; Applicable Theories

Initiative	Applicable Theory
<p><b>1987:</b> Cityhood for an area that included the Goleta Valley and sections of neighborhood called Hope Ranch. The Measure was defeated with 66% of votes against it.</p>	<p><b><u>Theory of Electoral Choice:</u></b> The observed outcome in this incorporation election can be theorized to reflect that the voters did not perceive benefits in creating a new city as compared to advantages that the status quo offered (Struthers and Young, 1989; Lupia, 1994). The failure of this initiative also supports Tiebout's efficiency argument.</p>
<p><b>1990:</b> Cityhood for most of Goleta Valley but without a section called Isla Vista. The Measure lost with 55.5% of votes opposed.</p>	<p><b><u>Pro-growth politics; Miller's tax avoidance theory; Marxian class struggle; exclusion:</u></b> The observed outcome in this incorporation election can be related to all of the above theories. The proposal originated with pro-growth supporters who were very vocal about tax avoidance as well. Isla Vista was excluded for economic and social reasons. However, the initiative was defeated as a consequence of class struggle based on "community identity" between residents to the east and west of Goleta Valley.</p>
<p><b>1993:</b> Cityhood for boundary similar to Measure V. The Measure was defeated with 57 percent of the ballots against.</p>	<p><b><u>Pro-growth politics; Marxian class struggle; exclusion; theory of electoral choice:</u></b> The observed outcome in this incorporation election can be related to all of the above theories. This was the same proposal as that of 1990 with procedural differences. The initiative was defeated not just due to identity struggle between east and east Goleta but also due to economically rationale behavior on part of the voter. California was in the midst of a recession in 1993 and the Revenue Neutrality Act had been passed. This caused concerns regarding the economic feasibility of a new city</p>

	and lead to the eventual defeat of the proposal.
<b>1997:</b> proposal for Goleta Beach to include Isla Vista but exclude eastern sections of a neighborhood called Patterson failed to qualify for the ballot for lack of petition signatures and funding.	<b>Theory of Boundary/Institutional Entrepreneurship:</b> The proponents failed in the collective action of signature collection showing weakness in public entrepreneurship put forth by Feicok and Carr (2008).

**Source: Compiled by Uma Krishnan, 2009**

Based on the above review of theoretical implications, I contend that the Goleta incorporation provides empirical support for separate theories of municipal incorporations while challenging others. Significantly, the Goleta incorporation asserts that incorporation bids are undertaken for multiple equally strong motives. In instances such as the Goleta case, the cost and time commitment involved in the process dictates that the reasons be multiple and include selective distributive gains from this collective action. Also, a comparison of applicable theories to the separate initiative reveals that proponents get motivated for different reasons at different periods of time and fail or succeed for different reasons.

## **(2) Impact of Guiding Legislature**

In 1997, the California State legislature enacted AB 1484 that established the Commission on Local Governance for the 21<sup>st</sup> century. The intent behind establishing this Commission was to assess governance issues and make appropriate recommendations, directing special attention to the Cortese-Knox Local Government reorganization Act of 1985, the 57 LAFCOs governed by the Act, and citizen

participation in local government. The motivation behind this initiative to reform California's system of governance yet again was cited as surging growth, dynamic changes, and greater diversity than the world has ever known (Governance Commission, 2000). Tasked with the responsibility of a complete reexamination of the fundamental structure of governance in California, the Commission suggested a significant overhaul of the 1985 Cortese-Knox Act. The Commission published its recommendations in a January 2000 report called *Growth Within Bounds*. Then Speaker Robert M. Hertzberg introduced AB 2838 concurrently and his bill incorporated many of the recommendations in the Governance Commission's report. The bill was enacted into law and its current title is the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Of course, the proponents of incorporation in Goleta Valley had filed their application in late December 1999, just before this new law was to have guided the formation of a City of Goleta. While One can only speculate whether the outcome of the competing proposals for the governance of Goleta Valley may have been different if in fact the guiding legislation had been the 2000 version of California's Government reorganization Act, it is still worth an examination as I conclude this research inquiry on Goleta incorporation. But before that, it is imperative to synthesize the results of this case study on Goleta's successful incorporation in February 2002. Central to this inquiry was a single case study that was aimed to examine how and why a portion of Goleta Valley was able to incorporate into a city. The Valley was the largest unincorporated area in California in the 1990s with nearly 90,000 residents and had attempted to incorporate and/or get annexed to the City of Santa Barbara multiple times that spread over several decades. While one can not draw generalizations from a single case, as claimed, I conclude that the case study was revealing. It was revealing in a number of ways.

A discussion on the pattern of growth of cities either through incorporations or through annexations would be incomplete without talking about the regulatory framework in individual states. California has been grappling with this issue ever since the LAFCOs were created in 1963. After rampant growth of new cities for several decades since the 1960s, California's intent was to limit unchecked fragmentation of metropolitan areas. So changes to local governance legislations were intended to make incorporations rather difficult. For instance, in 1985, legislation was passed which consolidated the Knox-Nisbet Act, the DRA, and MORGA into one statute, named the Cortese-Knox Local Government Reorganization Act of 1985. As per the Governance Commission Report (1997), the only significant change in this reform package was the requirement that any area proposed for incorporation must have at least 500 registered voters residing in the proposed city. This was aimed, in part, at eliminating the types of incorporations which occurred from the 1950s to 1970s for the purpose of protecting an industrial area from annexation by an adjoining city (Commission, 2000). At the same time not much significant change has been done towards annexation. Consequently, in the time period 1990-2000 there was a 50 percent drop in new city formations (CALAFCO, 2007). As mentioned earlier, the legislation went through a major revision and was enacted into a law in January 2000. But as the Goleta incorporation proposal had been filed just days earlier, the proposal was not subject to the revised version. While there were several changes in the legislation, the following had the potential to impact the Goleta outcome differently:

**The Commission recommends that LAFCOs be required to adopt and maintain written policies, procedures, and guidelines. This recommendation was drafted into Government Code §56375.**

Santa Barbara LAFCO did not have written procedures or guidelines at the time and hence its decision regarding the exclusion of Isla Vista was not an existing rule. The



decision was based on “community differences” and so there was no foreseeing outcomes. Written guidelines may have helped Isla Vista Activists to be more prepared for the outcome and perhaps poise themselves for a Goleta annexation at a latter date. Instead, the acrimony still continues. Also, if written guidelines exist then proponents will have a better idea on how the alternate options will be weighed. In the Goleta case, this would have helped stakeholders in understanding how two starkly different options, one incorporation and one annexation would be evaluated by LAFCO if in fact both options had made it past the sufficiency stage.

**The Commission recommends that LAFCO be permitted to establish criteria for filing a request for reconsideration. This recommendation was drafted into Government Code §56875.**

If the above provision had been place, the Isla Vista activities would have had another opportunity to request LAFCO for reconsideration of their resolution that left the neighborhood out of the finalized boundary for Goleta.

**The Commission recommends that proponents of a change in organizations (e.g., incorporation or annexation) be required to file a notice with LAFCO of their intention to circulate a petition. Under current law, the first required notice to LAFCO is the actual filing of all petition signatures, which initiates LAFCO’s certification of signatures and commencement of procedures. This recommendation was drafted into Government Code §56700.3**

If the above provision had been place, the City of Santa Barbara would have been aware of the incorporation efforts a lot sooner and may not have had to file an annexation that seemed rather defensive. Instead of a top down council resolution, they too could have had public engagements regarding annexation. If enough local support had not been there, then City could have saved time, effort and money that was spent towards an unsuccessful annexation effort. Also, the City would have had more time for discussions with the County regarding their intent to annex Goleta.

The aforementioned are just a few of the changes in governance legislations that had potential to impact Goleta Valley reorganization. This leads me to conclude that “timing” too was a factor in helping the Goleta incorporation proposal to succeed after decades of struggle during which annexation had been viewed as a better option for the Valley.

### **(3) Comparison of State Regulatory Frameworks**

State laws on local government reorganizations vary greatly as illustrated by discussions in the literature review chapter of this dissertation. With the creation of LAFCOs, California took the quasi-legislative path as opposed to a legislative or judiciary approach adopted by other states like Georgia and Virginia respectively. By creating a locally based state agency like the LAFCO, the State was able to introduce an additional layer of planning oversight in a process that the county supervisors had performed virtually alone. As a consequence, California did witness abatement in number of municipal incorporations that had peaked during the 1950-60 time period. However, the State has also seen drop in large scale annexations while the urban sprawl continued. The extensive 2000 revision of the 1985 Reorganization Act seeks to further enhance the powers of LAFCO to include preservation of open spaces and prime agricultural land and also sustainable development. This implies that California continues to struggle with its regulatory framework to curb urban sprawl and achieve orderly growth. Similar to California, other states like Arizona, Georgia and Florida continue to face sprawl and issues of disorderly growth. It needs to be noted that in all these states, the population is continuing to grow rapidly and so issues of metropolitan governance will have serious implications.

In contrast to California, Arizona statutes have favored annexations. Consequently, the ability of suburbs to form separate cities have been rather limited.

At the same time, it is easy for cities like Phoenix to control and initiate annexations that have resulted to vast expansion of existing cities. While the metropolitan areas in the State remain consolidated, central cities are facing issues with efficient service delivery and infrastructure provisions even as urban sprawl continues.

Georgia requires legislative action from the General Assembly for boundary change decisions. Based on "local courtesy rule", the affected county's local delegation to the General assembly must reach a consensus in support of the change before the Assembly itself votes on the issue. Due to this framework, both fringe incorporations as well as annexations can be effectively blocked. The consequence of this structure plays out as large unincorporated pockets under county jurisdictions. The counties in turn struggle to provide urban services and planning for large urbanized areas, just like the Santa Barbara County.

Compared to California, Kentucky had relatively low statutory standard for incorporation. But the State has relatively easy annexation procedure as well. It is perhaps this ease in annexation that has fueled the fragmentation on Kentucky's metropolitan area. Because incorporation was the only effective defense against annexation, many unincorporated communities incorporated to form new cities. Until 1980, new cities could have as few as 125 residents. So in this State, fragmentation and its impact of economic redistribution is a significant issue of concern.

In sum, the pattern of municipal boundary changes can be attributed, in part, to the legal rules that govern annexation, incorporation or city-county consolidations. The lesson from California is that merely the creation of quasi-legislative agencies alone can not assure orderly growth or prevent urban sprawl or the creation of unincorporated islands like the Isla Vista in Santa Barbara County. However, presence of agencies like the LAFCO does add some planning oversight and keeps

the balance of power in check. Regardless of framework, states need to strive for “Smart Growth” approach that can facilitate effective and efficient use of limited resources like land, water and non-renewable energy resources.

### **(3) Smart Growth through Regional Planning**

Smart growth is the urban planning and transportation theory that concentrates growth in the center of a city to avoid urban sprawl and advocates compact, transit-oriented, walkable, bicycle-friendly land use, including neighborhood schools, complete streets, mixed-use development with a range of housing choices. Smart growth values long-range, regional considerations of sustainability over a short-term focus. Its goals are to achieve a unique sense of community and place, expand the range of transportation, employment, and housing choices, equitably distribute the costs and benefits of development, preserve and enhance natural and cultural resources and promote public health. Such planning calls for strong regional decision making. States like Maryland, New Jersey, Oregon and Tennessee have attempted smart growth through various measures. For instance, Maryland has enacted a statewide smart growth plan while New Jersey has a State Planning Commission that designates areas for development, redevelopment and conservation statewide. Oregon State has a urban growth boundary to capture all development and has also designated urban and rural reserves. It is only in the latest revision of the local government reorganization act, does California make attempts for pursuing a smart growth policy for the State as a whole.

The Cortese-Knox-Hertzberg Act of 2000 enhances LAFCO’s regulatory powers in ways that specifically foster smart growth. A significant legislative power that has been added includes requirement of LAFCO approval for extension of major

“backbone” infrastructure projects (water, sewer, wastewater, or roads) to previously undeveloped or underdeveloped or an unincorporated area. Another requirement includes. Another smart growth initiative includes the requirement that LAFCOs update the “Spheres of Influence” every five years in relevant jurisdictional areas. In sum, California is making a strong regulatory attempt to induce smart growth all across the State. While these are sustainable planning efforts, only time will tell the effectiveness of such policies.

#### **(4) Use of Single-Case Design & Participant Observation**

The literature on municipal incorporation reveals a dearth of empirical studies that use the case study approach to understand how and why geographical areas engage in local governance struggles either for creation of a new city or for expansion of existing ones. Part of the reason for this void lies in the fact that such struggles occur over extended periods of time presenting practical difficulties like lack of time and resources for scholars. In addition, the case study approach is subjected to the criticism of lack of generalizability based on a single case. However, I contend that opportunity such as the Goleta incorporation battle where the researcher was a resident as well provides a great opportunity for conducting a revealing case study, albeit a single case.

A revelatory single municipal incorporation holds the significant possibility of uncovering many aspects of incorporation not well understood or overlooked because one is investigating the topic at a level of detail unfamiliar to those interested in municipal incorporation. Additionally, the vantage point of participant observation provides extraordinary access to witness the triumphs and tribulations of local actors and administrative agencies that are much vested in the process. Witnessing public debates on issues like reasons for and against incorporation or appropriate

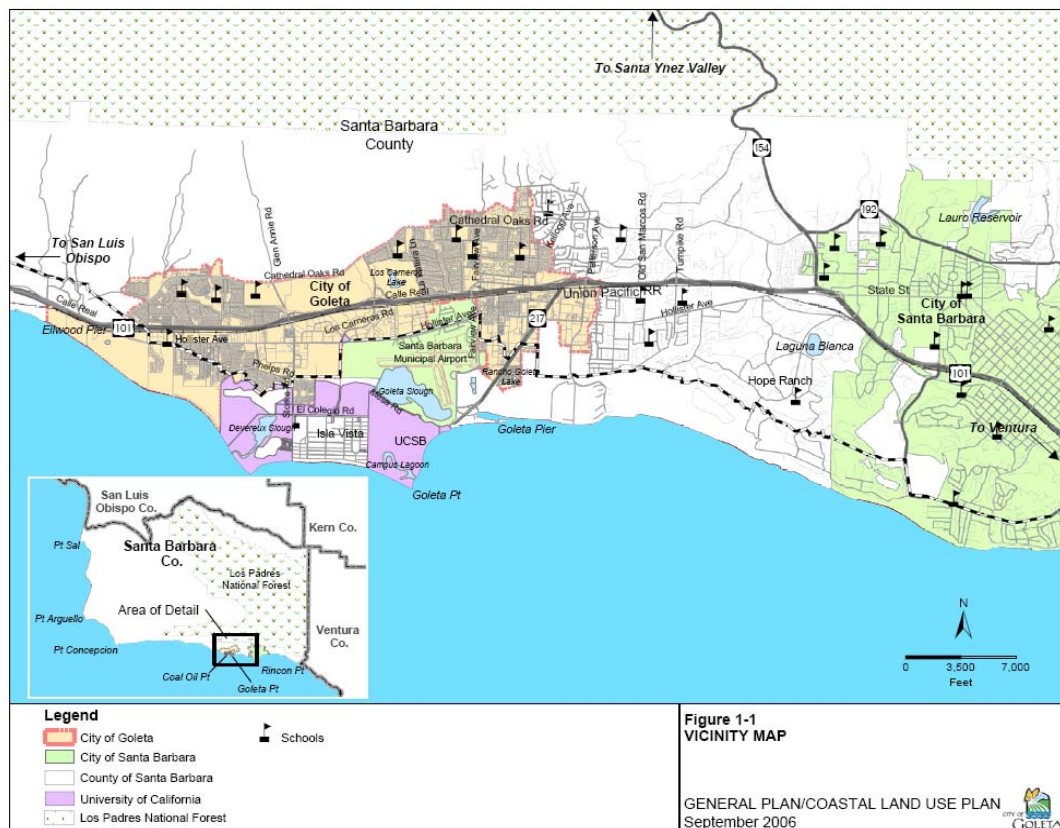
boundaries for inclusion or exclusion greatly enhances knowledge applicable at the micro-level empirical analysis. Indeed, being a participant observant in the Goleta incorporation has enriched my knowledge of how a process actually unfolds and culminates in either failure or success as it works its way through the regulatory framework of California State. A knowledge not readily found in the literature.

## 6.2 CONSEQUENCES OF GOLETA INCORPORATION

If pictures can tell a story, the following map reproduced from the Goleta General Plan 2006 speaks loud and clear regarding “fragmentation” of local government in the South Coast of Santa Barbara County:

**Figure 6.1**

### **Local Governmental Units in Santa Barbara County South**



**Source: Goleta General Plan, 2006**

It is clear that the Valley got split between the cities of Goleta and Santa Barbara, the unincorporated pockets of Santa Barbara County and the planning area that falls under the jurisdiction of UCSB. However, fragmentation in itself is not the problem. The case in point is the neglect of Isla Vista community even prior to the creation of Goleta. Also, if consolidation alone could solve all urban problems, then New York City, one of the earliest examples of large-scale consolidations, would not have problems like homelessness, social stratification or inadequate housing and health services. So there are several issues to consider:

**(1) Has Isla Vista become much more isolated and neglected than ever before?**

While I do not have any proof, having been a resident of Goleta Valley until summer 2005, I am inclined to say that the answer is "no". With the Revision, an area planning process having been completed there are hopes that the quality of life will improve for area residents. Additionally, the County is forced by requirements in federal programs like the Community Development Block Grant (CDBG) to fund projects specifically in "low-income neighborhoods" like the Isla Vista. So in terms of economic neglect, Isla Vista has not become worse off. However, politically the area has indeed become worse off. The likelihood that this area will ever get "home rule" is slim to none. The City of Goleta is still young and preoccupied with local issues to consider an annexation. So by not their own choice, Isla Vista will remain an unincorporated island, completely inconsistent with the precept of orderly development legislated by the Cortese-Knox Act. The residents in eastern Goleta may still get annexed by the City of Santa Barbara, but Isla Vista is far more likely to remain as this island.

**(2) Has the struggle for financial resources between jurisdictions gotten worse?**

Yes, the struggle for resources has indeed gotten worse due to the incorporation of Goleta. A very good example is the availability of federal CDBG funds. As a completely unforeseen consequence, upon incorporation Goleta was declared a "Principle City" by HUD and became a CDBG entitlement jurisdiction in the year 2003. This derailed cooperative efforts that had been underway for over a year between Goleta and the County to form a CDBG Consortium that could have qualified a much larger area as an entitlement jurisdiction. Instead, on one hand the County's chances to get CDBG funds dimmed considerably while on the other Goleta qualified for funds that were rather small for undertaking housing or economic development projects of significance.

The tussle over financial resources is nowhere more evident than the fight brewing between the City of Goleta and the County. On the basis of the revenue neutrality agreement that was negotiated with Goleta *NOW!* the County was to receive 50 percent of property taxes, 50 percent of sales taxes and 40 percent of hotel bed taxes. Ten years after incorporation, in 2012, all bed taxes and 20 percent of the sales taxes would revert to the City, but the County would still get 50 percent of property taxes and 30 percent of the sales taxes in perpetuity. With escalating property values since 2002, the amount of revenue retained by the County has increased each year, way beyond the cost of providing services (Independent, March 2008). Clearly, this has made the City of Goleta rather unhappy and it has opened a dialogue with the County on negotiating changes to the original revenue neutrality agreement. The Goleta City Council has also discussed the possibility of a ballot initiative or even litigation to move things forward (Independent, March 2008). So it is fair to say that fragmentation does indeed intensify competition for resources.



**(3) How are regional issues like population growth, traffic impact and environmental issues being handled?**

Since 1966, the regional planning agency called the Santa Barbara County Association of Governments (SBCAG) has been tasked with handling regional issues in the southern coast of Santa Barbara. The agency is an association of city and county governments in Santa Barbara County. It is governed by a 13 member board of directors consisting of all five county supervisors and one city council member from each of the eight cities within the County. The eighth member is indeed from the City of Goleta.

SBCAG's primary purpose has been to assist local governments in solving common problems and addressing public policy issues that are regional or multi-jurisdictional such as traffic, housing, air quality, and growth. So in terms of impact on regional issues, the presence of a regional planning agency like the SBCAG has indeed mitigated the effect of further fragmentation. While a new incorporation meant yet another representation to contend with, it certainly did not automatically mean more fragmentation in regional cooperation. The effectiveness of SBCAG in addressing regional issues since the addition of new city opens itself to implications for future research.

### **6.3 IMPLICATIONS FOR FUTURE RESEARCH**

The case study research on Goleta incorporation points to several areas for future research. Based on the core topic of the case study, the logical issue that open up for research is: How do these newly formed cities perform? Do they stay viable? Do the residents of newly formed cities feel satisfied with the change in governance? Also, what is the impact of the new jurisdiction on the surrounding

areas? What is the level of cooperation between the new entity and other administrative units? So, an interesting and valuable research issue to undertake would be a systematic and comparative study of how new cities perform, including Goleta and other new cities in the State.

Tied to the Goleta case, two other areas offer the potential to be better understood. The first area for future research is a study of the impact of revenue neutrality agreements since it was put in place in 1993. There have been some discussions along the lines that this requirement is merely alimony for the County and that it casts undue burden on the new city. A study that closely looks at the consequence of financial agreements will be helpful for future negotiations. The second area would be to study and systematically document the impact of fragmentation on regional planning issues. It will be interesting to study whether having an additional member in SBCAG has been beneficial or a hindrance in discussions of regional problems. Similarly, other regional planning agencies can be studied to understand the consequence of metropolitan fragmentation on regional planning.

The Goleta case reveals yet another area for future research and deliberations. This is regarding the weakness in the tax exchange agreement that allows unilateral termination of an annexation proposal by either of the parties. This shifts the balance of power away from LAFCO to participating County and City. For an effective regulatory oversight, this provision in the taxation code needs amendment based on thorough review.

Additionally, the Goleta case study does have a suggestion for theories that explain municipal boundary change. It points to the fact that besides urban services, exclusion, tax base capture, land use or tax avoidance other factors, localized factors do exist. So the message to the theorists is that further research, not just a single case like Goleta, is likely to identify additional factors that play a role in municipal

boundary changes. In conclusion, issues of local governance will continue to perpetuate the interests of scholars, politicians and residents in times to come.

### What boundaries are proposed for Goleta?

- The city should comprise those neighborhoods that consider themselves first, and foremost, Goleta.
- The city needs to be financially viable.
- The city needs to be perceived as politically balanced.
- The city boundaries must represent good governance to the Local Agency Formation Commission (LAFCO).
- The city needs to provide for local self-determination for those neighborhoods where there are still many planning decisions to be made.

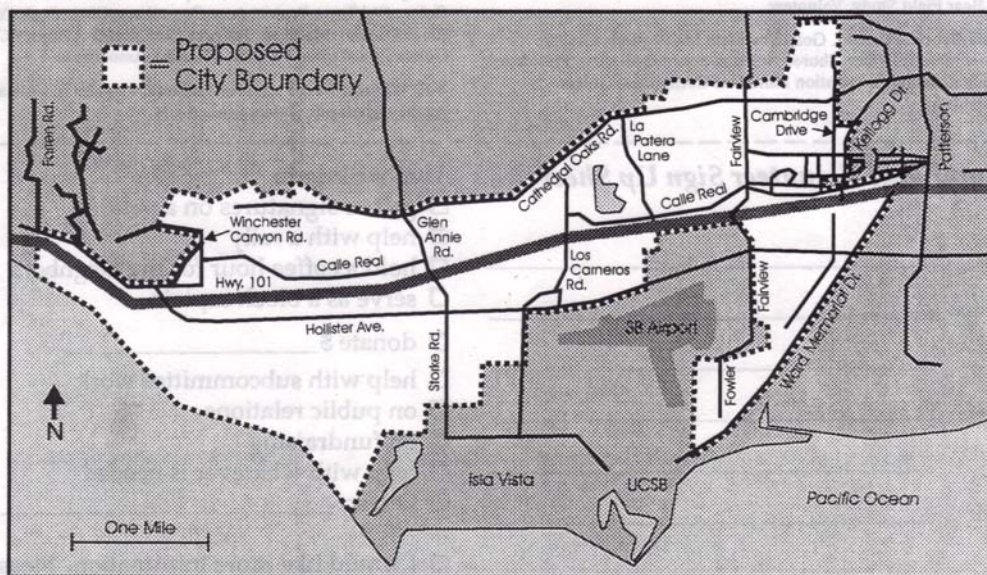
West: to the urban boundary line as defined in the GCP

Other neighborhoods—Patterson Avenue, Isla Vista, Rancho Embarcadero—did not match the assumptions and criteria as well as the included neighborhoods. Any change in local governance could change that situation and, in the future, any of these neighborhoods may choose to join the new city.

*There is sufficient water and Goleta is growing.*

A city is the means for Goletans to assume local control of decisions affecting their streets, homes, and daily lives. The issue is not the outcome of the planning decisions for Goleta; the issue is who is making those decisions. Goletans should be making those decisions.

- As city residents, Goletans can put local ordinances into place that reflect what they want in their neighborhoods, in their community.
- Voter-approved initiatives will give Goleta voters control of the growth rate in Goleta.
- As a city, Goleta can prevent other jurisdictions from putting their less desirable projects in the Goleta Valley.
- As a city, Goleta collects the mitigation funds from future growth and keeps them here to offset the impacts of density, gridlock, and loss of open space.



To contact the **GoletaNow!** Committee, call: 683-4648 or 964-5562



### Why is a city government different?

With a city, the people can vote directly on Goleta initiatives, as well as choose candidates who reflect their preferences for managing the city. In this way, a city is a type of government directly accountable and immediately responsible to the people of a community. This direct accountability is something that the people of Goleta don't have now.

A city government will be responsive to Goletans in ways that the county cannot be. Those making decisions about Goleta issues will be directly elected by city residents. They will be from Goleta and familiar with Goleta. Their actions will be guided first by the wishes of the people of Goleta, by what is best for Goleta. Unlike the county Supervisors, they will not be required to consider the county as a whole when making decisions that affect the life and welfare of Goletans.

### Who is the GoletaNow! Committee?

The **GoletaNow!** Committee is a grassroots group formed in Spring 1999 in support of two principles: first, that self-determination is central to American life, and second, that it is time for the people of Goleta to have the means of self-determination, to make the decisions that shape their neighborhoods and their community.

#### Committee Goal

The goal of the **GoletaNow!** Committee is to bring a ballot measure for the City of Goleta before the people of Goleta.

#### Committee Members

We are people of Goleta. Some of us have years of experience with the processes of governance; some of us have absolutely none aside from voting.

**Kitty Bednar:** Old Town, 12-year resident; Administrative Secretary, Copyeditor; Goleta Old Town Project Area Committee, Secretary; Goleta Roundtable; California Department of Fish and Game annual Black Bear Field Study, Volunteer.

**Cynthia Brock:** Ellwood, Goleta resident for 19 years; Graphic Designer; Santa Barbara Shores Homeowners Association, President; Citizen's Planning Association Land Use Committee, Goleta Roundtable.

### How will cityhood affect our taxes?

Incorporating as a city doesn't mean automatic higher taxes for Goleta. Taxes **cannot** be increased without a **direct** vote of the citizens affected. The county will continue to collect taxes as it always has; that won't change.

What will change is how much tax revenue is available to Goleta residents. The city will retain the property taxes gathered within the city. Beyond that, the city will also receive additional hotel-bed tax revenue, sales tax revenue, and gas tax revenue, which will add millions per year to Goleta city revenue. Most importantly, tax revenue generated in Goleta will now be available to Goletans to spend as they see fit.

**Margaret Connell:** El Encanto, 33 years in Goleta; Public Affairs Director, Planned Parenthood, retired; Santa Barbara School Board, 1975-1992; Santa Barbara Women's Political Committee, founding member, President 1997, 1998.

**Patricia English:** El Encanto, 21 years in Goleta; Technical Writer; Goleta Roundtable; Society for Technical Communication, co-founder Santa Barbara County chapter.

**Jeffrey E. Haight:** Ellwood, Five years in Goleta; Structural Engineer; Santa Barbara Shores Homeowners Association, Director.

**Sean Halsey:** El Encanto, 21 years in Goleta; Electric-Motor Prototype Technician; Old Town Project Area Committee attendee, Goleta Roundtable.

**Jack Hawxhurst:** East Fairview, 27 years in Goleta; Research Scientist, retired; Patterson Area Neighborhoods Association (PANA); Goleta Roundtable; Citizens Planning Association of Santa Barbara County; Comprehensive Planning Committee.

**Jonny D. Wallis:** Old Town, 30-year resident; Research Attorney; Goleta Old Town Project Area Committee, Chair; Park Commissioner, Third District; Member: Tajiguas Community Advisory Committee, Goleta Roundtable, Citizens Planning Association.

**Bob Wignot:** West Fairview-LaPatera; 19 years in Goleta; Water Agency Manager; Goleta Roundtable.

### GoletaNow! Volunteer Sign Up Sheet

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

e-mail: \_\_\_\_\_

#### I am willing to

- ☐ gather signatures on a petition
- ☐ help with a rally
- ☐ hold a coffee hour for my neighbors
- ☐ serve as a block captain
- ☐ donate \$ \_\_\_\_\_
- ☐ help with subcommittee work
- ☐ on public relations
- ☐ on fundraising
- ☐ help with whatever is needed
- ☐ Other: \_\_\_\_\_

☐ I would like more information. Please call me.

11/4/99

Send to: **GoletaNow!** Committee, 5701 Gato Avenue, Goleta CA 93117



## Appendix 2

### Petition of Registered Voters to Incorporate the City of Goleta

The undersigned, by their signatures hereon, petition the Santa Barbara Local Agency Formation Commission for approval of a proposed incorporation and stipulate as follows:

1. This proposal is made, and it is requested that proceedings be taken, pursuant to the Cortese/Knox Local Government Reorganization Act of 1985, commencing with Section 56000 of the California Government Code.
2. This proposal consists of the following changes of organization: Incorporation of a new City.
3. The boundaries of the proposed changes include a portion of the Goleta Valley extending on the east along the 93117 postal ZIP code boundary north on Ward Memorial Boulevard, west on Calle Real, north to Kellogg Avenue to Coralino Road to Cambridge Drive to Patterson Avenue; on the north, following the Urban Rural Boundary Line from the intersection of Cambridge Drive and Patterson Avenue south to La Goleta Road, including Volante Place, Santa Marguerita Drive, and Serenidad Place, to Cumberland Drive, west on Cathedral Oaks Road, including Northgate Drive, Brandon Drive, Paseo del Pinon, Rancho Langlo Road, Rio Vista Road, and Winchester Canyon Road, southwest to Calle Real to Farren Road; on the west, proceeding south from Farren Road to the Pacific Ocean; on the south, excluding Isla Vista, the University of California at Santa Barbara, and the Santa Barbara City Airport, and including the area east of Fairview Avenue and Fowler Road to Ward Memorial Boulevard. A map of the boundaries of the proposed changes is set forth in attached Exhibit A and by reference incorporated herein.
4. The reasons for the proposal are to (a) increase local control and accountability for decisions affecting the community through a locally elected City Council, (b) retain local tax revenues for use in the community to support municipal programs and services, (c) promote cost-effective services tailored to the needs of local residents and landowners, (d) increase opportunities for participation in civic and governmental activities, and (e) promote orderly governmental boundaries.
5. It is desired that the proposal be subject to the terms and conditions set forth as follows:
  - A. Single Ballot Question - The question of incorporation, all related boundary changes, and all terms and conditions shall be presented as one question on the ballot.
  - B. Name - This City shall be the City of Goleta.
  - C. Effective Date - The effective date of the incorporation shall be January 1, 2001, or as soon thereafter as possible.
  - D. Legislative Body - The City shall be governed by a 5-member City Council elected at large.
  - E. Future Elections of City Council Members - The election to confirm the question of the incorporation shall present the question of whether the members of the City Council in future elections shall be elected by district by division or at large.
  - F. Council Terms of Office - The terms of office of the City Council members shall be four years. Of the first elected legislative body, the terms of the 3 members of the City Council with the largest popular vote shall be 4 years. Of the first elected legislative body, the terms of the 2 members of the City Council with the least popular vote shall be 2 years.
  - G. Selection of Mayor - It is the desire of the electorate that the term of office of Mayor be one year and that the position be rotated among all members of the City Council. It is intended that the City Council candidate receiving the greatest number of votes during the incorporation election shall serve as the first Mayor of the City, followed by the candidate who receives the next highest number of votes, and so forth, provided that in no instance shall a member of the City Council serve a second term as Mayor until all members have served a first term.
  - H. First City Council Meeting - In addition to all other means authorized by law, the first meeting of the City Council may be called by notice given in a lawful manner by any three members of the City Council.
  - I. Form of Organization - The City shall have a city manager and the City Council shall appoint the city manager who shall fill the positions of city clerk and city treasurer by appointment.
  - J. Provisional Appropriations Limit - LAFCO shall establish a provisional appropriations limit sufficient to accommodate reasonable and possible future increases in proceeds of taxes received by the City.

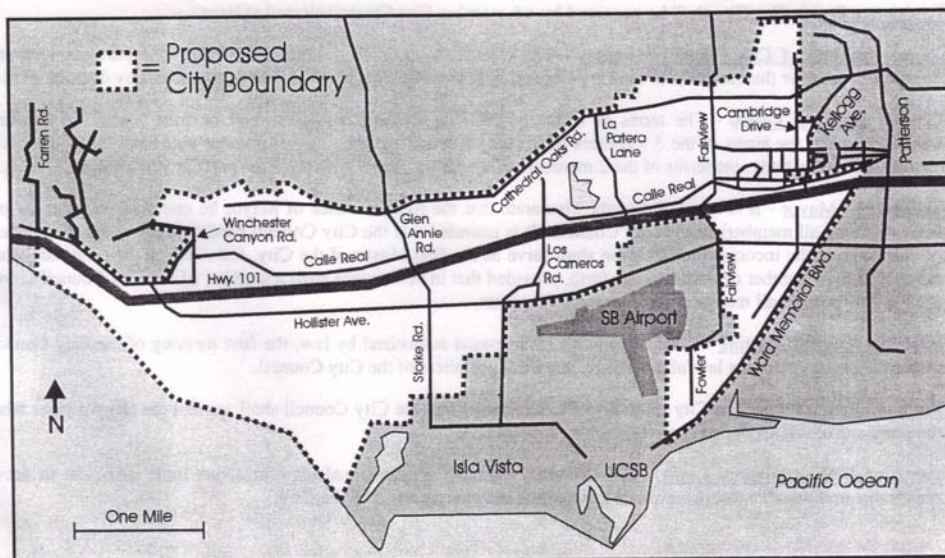
- K. Continuation of Existing General Taxes - The City shall be authorized to continue to levy as general taxes of the City those general taxes which are from time to time levied by the County including (1) a sales and use tax collected under contract with the State Board of Equalization and returned to the City pursuant to applicable law, (2) a transient occupancy tax on gross receipts of hotels, motels, and similar facilities within the City and returned by the operators of such facilities pursuant to local ordinance, (3) a business license tax to be collected by the City pursuant to local ordinance, and (4) all other applicable general taxes presently imposed by the County to be collected by the same method of collection as used by the County.
- L. Continuation of Charges, Fees, and Assessments - The City shall be authorized to continue to levy charges, fees, and assessments of the City which are from time to time levied by the County or any of the subject agencies of this incorporation.
- M. Transfer of County Assets
- (1) On the date of incorporation, or as soon thereafter as practicable, the County shall transfer to the City a proportionate share of all assets, physical and personal, monies or funds, including cash on hand and monies due but uncollected, of the County and of County-governed districts for which services the City will become responsible after incorporation, said share to be determined by LAFCO based upon its evaluation.
  - (2) On the date of incorporation, or as soon thereafter as practicable, County-owned properties and other physical assets situated within the incorporation area shall be transferred to and become the property of the City without payment of compensation by the City to the County, said assets to be determined by LAFCO based upon its evaluation.
6. The proposal is consistent with the spheres of influence of all affected districts.
  7. The persons signing this petition have signed as registered voters.
  8. The following persons are designated as chief petitioners to receive copies of the notice of hearing and the Executive Officer's Report on this proposal at the addresses shown:

Jonny D. Wallis  
5701 Gato Avenue  
Goleta, CA 93117  
(805) 964-5562

John (Jack) P. Hawxhurst  
5664 Stow Canyon Road  
Goleta, CA 93117  
(805) 683-9068

Cynthia J. Brock  
7629 Pismo Beach Circle  
Goleta, CA 93117  
(805) 968-4821

#### EXHIBIT A





# **Petition of Registered Voters to Incorporate the City of Goleta**

## **NOTICE TO THE PUBLIC**

**THIS PETITION MAY BE CIRCULATED BY A PAID SIGNATURE GATHERER OR A VOLUNTEER. YOU HAVE THE RIGHT TO ASK.**

Official Use Only

1.	(Print Name) _____	(Residence Address ONLY) _____ (City) (ZIP Code)	(Date) _____	
2.	(Print Name) _____	(Residence Address ONLY) _____ (City) (ZIP Code)	(Date) _____	
3.	(Print Name) _____	(Residence Address ONLY) _____ (City) (ZIP Code)	(Date) _____	
4.	(Print Name) _____	(Residence Address ONLY) _____ (City) (ZIP Code)	(Date) _____	
5.	(Print Name) _____	(Residence Address ONLY) _____ (City) (ZIP Code)	(Date) _____	
6.	(Print Name) _____	(Residence Address ONLY) _____ (City) (ZIP Code)	(Date) _____	
7.	(Print Name) _____	(Residence Address ONLY) _____ (City) (ZIP Code)	(Date) _____	
8.	(Print Name) _____	(Residence Address ONLY) _____ (City) (ZIP Code)	(Date) _____	



### Appendix 3

#### Full Text of Measure H2001

##### FULL TEXT FOR MEASURE H2001

##### RESOLUTION OF THE SANTA BARBARA LOCAL AGENCY FORMATION COMMISSION MAKING DETERMINATIONS AND APPROVING THE INCORPORATION OF THE CITY OF GOLETA SUBJECT TO SPECIFIC TERMS AND CONDITIONS

WHEREAS, a proposal to incorporate the City of Goleta was filed with the Executive Officer of the Santa Barbara Local Agency Formation Commission pursuant to the Cortese/Knox Local Government Reorganization Act (Section 56000 et seq. of the Government Code; and

WHEREAS, at the times and in the manner required by law the Executive Officer has given notice of the Commission's consideration of the proposal; and

WHEREAS, the Executive Officer, pursuant to Government Code section 56833.1 prepared or cause to be prepared a Comprehensive Fiscal Analysis of the proposed incorporation and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the Executive Officer, pursuant to Government Code section 56833 reviewed the proposed incorporation and prepared a report including recommendations, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, the Commission, on April 26, considered the proposed incorporation and the report of the Executive Officer, and considered the factors determined by the Commission to be relevant to this incorporation, including, but not limited to, the factors specified in Government Code section 56841; and

WHEREAS, the Commission heard, discussed and considered all oral and written testimony related to the proposal including, but not limited to, the Executive Officer's report and recommendation, the Comprehensive Fiscal Analysis, the environmental document, spheres of influence and applicable general and specific plans; and

WHEREAS, this Commission heard and received all oral and written protests, objections and evidence which we, and all persons present were given an opportunity to hear and be heard with respect to the proposed incorporation and the report of the Executive Officer; and

WHEREAS, the Local Agency Formation Commission finds the proposal to be in the best interests of the affected area and the total organization of local governmental agencies within Santa Barbara County, and

WHEREAS, this resolution includes as Exhibit A, attached hereto and made a part hereof, the "Revenue Neutrality Agreement by and Between the County of Santa Barbara and the City of Goleta" as approved by the Board of Supervisors on March 20, 2001, ("Revenue Neutrality Agreement") and specific provisions of that agreement in the text of this resolution are denoted by parenthetical references.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Santa Barbara Local Agency Formation Commission as follows:

### **Compliance with CEQA**

1. The Commission certifies that pursuant to the California Environmental Quality Act, the Commission revised the project description to reflect the boundaries selected for the proposed City of Goleta and considered the Negative Declaration for the proposed incorporation together with comments received during the public review process.
2. The Commission adopts the Negative Declaration as revised to reflect the boundaries selected for the proposed City of Goleta as attached as Exhibit B. The Commission finds on the basis of the whole record before it, including the initial study and comments received, that there is no substantial evidence that the project will have a significant effect on the environment, that the Negative Declaration reflects the Commission's independent judgment and analysis, and that it is adequate for this proposal. The Commission further finds that changes in the project description added after circulation of the Negative Declaration do not change its conclusions or require recirculation.
3. The Negative Declaration and other documents and materials that constitute the record of proceedings upon which the Commission's decision is based are located at the office of the Santa Barbara LAFCO, 105 East Anapamu Street, Santa Barbara CA 923101. The custodian of the documents is the LAFCO Executive Officer, Bob Braitman.

### **Findings for Incorporation**

4. The Commission determines pursuant to Government Code sections 56375.1 and 56833.1 I that:
  - A. The proposed City is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the first three fiscal years following incorporation; and
  - B. The incorporation of the proposed City is consistent with the intent of the Cortese-Knox Local Government Reorganization Act of 1985, Government Code sections 56001, 56300, 56301 and 56377 and the adopted policies of the Santa Barbara Local Agency Formation Commission; and
  - C. The Comprehensive Fiscal Analysis has been prepared and reviewed pursuant to

Government Code section 56833.1.

### **Incorporation Boundaries**

5. City Boundaries - The Commission approves, subject to the terms and conditions herein, the proposed incorporation of the City of Goleta with boundaries as described on the map attached hereto and included herein as Exhibit C and subject the terms and conditions as contained in this resolution.

### **Organization of the City Government**

6. Name of the City - The new city shall be the City of Goleta.

7. Election of the City Council - The city shall be governed by a five-member city council elected at large.

8. Terms of office - The terms of office of the city council members shall be four years. Of the first elected legislative body, the terms of the three members of the city council with the largest popular votes shall be four years. Of the first elected legislative body, the terms of the two members of the city council with the least popular vote shall be two years.

9. Selection of mayor - It is the intent of the electorate that the term of the office of mayor shall be one year and that position shall be rotated among all members of the city council. It is also intended that the city council candidate receiving the greatest number of votes during the incorporation election shall serve as the first mayor of the city, followed by the candidate who receives the next highest number of votes, and so forth, provided that a member of the city council shall not serve a second term as mayor until all members have served a first term.

10. Appointment of City staff - The city shall have a city manager and the city council shall appoint the city manager who shall fill the positions of city clerk and city treasurer by appointment.

### **Effective Date of the Incorporation**

11. Effective Date - The effective date of the incorporation is February, 2002. (RNA 2.3)

### **Extension of Services**

12. Service Provision - The County shall continue to provide existing municipal services, including but not limited to law enforcement services, to the City from the Effective Date through June 30, 2002 at or above the Current Level of Service provided to the proposed incorporation area. Such services may be extended or truncated by agreement of the parties during this period of time. (RNA 3. 1)

13. Long-Term Contracting for Future Services - The County will extend these services from June 30, 2002 and/or provide an enhanced level of services on terms mutually agreed upon by contract between the City and the County. The City will contract with the County for Sheriff, Public Works and Park services. Such contracts shall be for an initial term of at least five years. (RNA 3.2)

14. Transition Year Costs Waiver - The County will waive reimbursement of Transition Year costs of services that would normally be reimbursed by the City up to a maximum amount of \$2,500,000 for costs attributable to general fund resources and up to a maximum amount of \$1,500,000 for road fund expenditures. (RNA 3.3)

### **City Base Year Property Tax**

15. Base year property tax - The Commission determines that the amount of base property tax transferred to the new City pursuant to Government Code section 56375(q) and section 56842 shall be \$2,503,527 for Option I and \$3,728,772 for Option 2.

### **Revenue Transfers.**

16. Set-aside Funds - The County shall provide accounting for the purposes of distribution of all funds set aside for use in the proposed incorporated area, including but not limited to Quimby and park fees, Measure D, GTIP, and County Service Area (CSA) No 3 ) funds, state and federal grant amounts, and fees paid to the County for services not yet delivered. (RNA 4. 1)

17. Mitigation Obligation - In order for LAFCO to make the revenue neutrality findings under Government Code subsection 56845(c) as set forth in Section 30 hereof, the parties understand and agree as follows (RNA 4.2):

A. Ongoing obligations - After incorporation of the City, the County will continue to have ongoing obligations to provide public services to the City and its residents and that such services are reasonably estimated to amount to \$3,300,000 during the first complete fiscal year following incorporation. In order to insure that the effect of incorporation is neutral as to the County, the parties agree to the following allocations of tax revenues in perpetuity (RNA 4.2. 1):

(i) Property tax generated by property located within the City and which would otherwise accrue entirely to the City, commencing on the Effective Date will be shared equally by the parties;

(ii) 30% of the 1% retail sales tax revenues allocable to the City shall be allocated to the County.

B. Mitigation Period Obligations - During the Mitigation Period tax revenues will be allocated as follows (RNA 4.22):

(i) An additional 20% of the 1% retail sales tax revenues allocable to the City shall be

allocated to the County;

(ii) 40% of the transient occupancy tax ("TOT") generated by TOT taxpayers which exist within the City and are in existence on the Effective Date at the TOT rate then in effect shall be allocated to the County. All TOT revenues generated by any TOT taxpaying entities whose facilities are constructed after the Effective Date or that is derived from any increase in the TOT rate on existing and future taxpayers shall be allocated 100% to the City.

C. Transition Year revenues - During the Transition Year tax revenues will be allocated in the same manner as during the Mitigation Period, as detailed in paragraph 4.2.2 of this agreement on a pro-rated basis (RNA 4.2.3).

D. Transition Year Payment - During the Transition Year the County will pay to the City \$1,500,000. In the eleventh complete fiscal year of the City's existence the City will pay \$1,500,000 to the County.

18. Pre-payment - The City may pre-pay the amount deferred to fiscal year 11 as set forth in paragraph 4.2.4 of the Revenue Neutrality Agreement without penalty on terms mutually agreed upon by the City and the County. (RNA 4.3)

19. Treasurer-Tax Collector and administrative services - During the transition period and the mitigation period, County's Treasurer-Tax Collector will collect, allocate and distribute the Transient Occupancy Tax referred to in Paragraph 4.2.2 of the Revenue Neutrality Agreement at no charge to the City. (RNA 4.4)

20. Transfer of real property - The County will transfer to the City all real property currently held by the County within the City boundaries with the following exceptions: (RNA 4.5)

A. Fire Station 11;

B. An easement for Fire Station 14;

C. An easement for a prospective fire station at Santa Barbara Shores Park, should the County Fire District locate a fire station there;

D. All Flood Control District real property.

21. Transfer of park property - Upon transfer of all park real property from the County to the City pursuant to paragraph 4.5 of the Revenue Neutrality Agreement, all fixtures, equipment and personal property located on the park real property shall transfer to the City with that park real property. (RNA 4.6)

22. Home, McKinney and Community Development Block Grant ("CDBG") - The County currently contracts for housing funds with the Home, McKinney and CDBG

programs. The City shall participate in the Home, McKinney and CDBG consortia at least through completion of the programs' current contracts. (RNA 4.7)

23. County Service Area No. 3 (CSA 3) - The area within the City shall be detached from CSA3 concurrent with the incorporation and as a result the City shall receive (1) the proceeds from assessments for lighting and library services previously received by CSA 3 together with the obligation to provide those services and (2) the property tax previously received by CSA 3. (RNA 4.8)

24. Goleta Community Center - The County and the City will work cooperatively to obtain a transfer of the sublease of the Goleta Community Center from the County to the City. (RNA 4.8)

25. Santa Barbara Shores Park - Upon transfer of park real property pursuant to paragraph 4.5 of this agreement the City shall assume payment responsibility for the existing County Certificate of Participation associated with Santa Barbara Shores in accordance with Exhibit A attached to the Revenue Neutrality Agreement. The City's first payment will be made on or before March 1, 2002 to the County. (RNA 4.10)

26. Redevelopment agencies - The City shall establish a Redevelopment Agency (RDA). All assets and liabilities of the County's Old Town RDA project area shall transfer from the County RDA to the City RDA. The City shall not expand the boundaries of the Old Town RDA project area, nor shall the City establish any new project arm during the Transition Year or the Mitigation Period. The City shall not be entitled to the property tax increment associated with the real property known as Storke Ranch except upon dissolution of the Isla Vista RDA project area. The City shall assume sole planning authority for the real property known as Storke Ranch. At such time as the Isla Vista REDA project area ceases to exist, the property tax increment associated with the real property known as Storke Ranch shall revert to the City. (RNA 4.11)

27. Change in property tax allocation factors - In the event that the property taxes currently received by Goleta West Sanitary District within boundaries of the City are reallocated, the City and County shall share in the manner set forth in this paragraph. (RNA 4.12)

A. Any increased property tax revenues that may result from a change in the allocation factor ("the revenues") shall be shared, 70% to the County and 30% to the City, so long as the City boundaries do not include Isla Vista.

B. As an incentive for the future annexation of the neighborhood known as Isla Vista, in the event that the City annexes Isla Vista, the City shall be entitled to 70% of the revenues and the County shall be entitled to 30%.

C. County's share of the revenues shall be transferred in its entirety to the County Fire District.

28. Startup loan - Legal and administrative services from the date of the incorporation election to the effective date are legitimate expenses of the City. In order to facilitate the incorporation process, the County shall advance up to \$100,000 at the Treasurer's pool interest rate during the period between the incorporation election and the effective date for professional and administrative services necessary to complete the process of incorporation subject to reimbursement from the City during the Transition Year. (RNA 4.13)

29. Equalizing Payme (RNA5.4)

A. Payment to County - Should the calculation of property taxes prepared pursuant to Government Code Section 56842 be modified as a result of a court action brought pursuant to Government Code subsection 56842(h), or as a result of legislative action with retroactive application, to provide that a larger percentage be retained by the County and a smaller percentage transferred to the City than that specified by LAFCO pursuant to Government Code Section 56842 in approving the Incorporation, the City shall transfer the amount of annual property tax resulting from such difference to the County for the purpose of maintaining revenue neutrality pursuant to Government Code Section 56845 and this Agreement

B. Payment to City - Should the calculation prepared pursuant to Government Code Section 56842 be modified as a result of a court action brought pursuant to Government Code subsection 56842(h), or as a result of legislative action with retroactive application, to provide that a smaller percentage be retained by the County and a larger percentage transfer to the City than that specified by LAFCO pursuant to Government Code Section 56842 in approving the Incorporation, the County shall make an equalizing payment to the City.

### **Revenue Neutrality Findings**

30. Revenue neutral - 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 subsections 56845(c)(1) and (2) as follows:

1) That the County has agreed to the incorporation 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 Revenue Neutrality Agreement 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 terms and conditions contained herein are integral to the approval of the 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 enactments of the Commission.

### **Provisional Appropriations Limit**

31. Provisional appropriations limit - Pursuant to Government Code section 56842.6, the provisional appropriations limit submitted for voter approval shall be \$24,100,000.

### **Continuation of Fees and Charges**

32. Continuation of fees and charges - The new city shall have the authority to levy, fix and collect in the same manner previously authorized charges, fees assessments and taxes within the city boundaries, including those provided for County Service Area No. 3, and for County Service Area No. 31 if the Isla Vista area is included within the City.

### **Sphere of Influence for the City of Goleta**

33. The Commission shall adopt a sphere of influence for the City of Goleta within one year of the date of incorporation, as specified in Government Code section 56426.5.

### **Assessed Value Within the Proposed City**

34. The assessed value for property tax calculation purposes within the area of the proposed incorporation is as shown on the Comprehensive Fiscal Analysis.

### **Registered Voters Within the Proposed City**

35. Pursuant to Government Code section 56375(h), the number of registered voters within the proposed incorporation as shown within the Comprehensive Fiscal Analysis.

### **Consistency With Spheres Of Influence**

36. The proposed incorporation is consistent with the spheres of influence of all affected local agencies.

### **Subsequent Proceedings**

37. All subsequent proceedings in connection with this reorganization shall be conducted



only in compliance with the approved boundaries set forth in the attachments and any terms and conditions specified in this resolution.

### **Acceptance of Findings and Recommendations**

38. Pursuant to Government Code Section 56852.3 the Commission hereby accepts the findings and recommendations made in the Executive Officer's Report prepared pursuant to Government Code Section 56833 and the fiscal analysis prepared pursuant to Section 56833.1, except that the Commission modified the recommendations of the Executive Officer by adding the Westfield parcel (Area E) to the proposed City boundaries. The reason for this change was to avoid splitting the parcel between two jurisdictions, recognizing that access to the parcel would be from the City.

### **Distribution of this Resolution**

39. The Executive Officer is hereby authorized and directed to mail certified copies of this Resolution as provided in Section 56853 of the Government Code.

This resolution was adopted on May 3, 2001, and is effective on the date signed by the Chair.

AYES Campbell, Dewees, Marshall, Orach, Rose, Umenhofer  
NOES Fox  
ABSTAINS none

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## CURRICULUM VITA

### UMA KRISHNAN

#### EDUCATION

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1983-1987	M.Sc.Tech (Economics), Birla Institute of Tech. and Sciences, Pilani, Rajasthan, India.
1991-1993	M.P.A. (Economic development), Levin College of Urban Affairs, Cleveland State University, Cleveland, Ohio.
2009	Ph.D., Urban Planning & Policy Development, Rutgers, The State University of New Jersey, New Brunswick, New Jersey.

#### EXPERIENCE

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1987-1991	Policy Analyst, Central Electronics Engineering Research Institute, Pilani, Rajasthan, India.
1998-2001	Research Specialist, NJ Commerce & Economic Growth Commission, Trenton, New Jersey.
2002-2005	Housing Specialist, Dept. of Housing & Community Development, Santa Barbara County, California.
2006-2009	City Planner (Urban Demographer), Bureau of Planning & Sustainable Development, City of Portland, Oregon.

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