



# INDEPENDENT LA JOLLA

## **Independent La Jolla Statement of Purpose**

Independent La Jolla is a membership based community organization comprised of citizens united by their deep concern for La Jolla's future under its current structure as part of the City of San Diego.

La Jolla is one of America's great historic and environmental jewels. Whether its visitors hail from nearby neighboring communities or halfway around the world, they are drawn to La Jolla's astonishing physical beauty and its distinctive residential business and cultural community. It is a treasure worth preserving.

Yet under its present legal status, La Jolla is subject to the laws and actions of the City of San Diego, a municipality that has undergone dramatic growth and change in recent years. That growth has increasingly put San Diego's priorities as a City at direct odds with those of La Jolla as a community.

La Jolla's very shoreline and skylines are controlled by the San Diego City government. Past decisions made by the City relating to critical qualities of life issues - from land use and historical preservation to environmental impact and municipal services - have reflected a consistent disregard for the stated preferences of La Jolla's 45,000 residents.

Most of all, the characteristics that have made La Jolla such a distinctive destination for visitors and residents are steadily eroding as a result of these decisions. Unchecked, they threaten to destroy La Jolla's unique identity, preservation and quality of life.

Independent La Jolla believes that the long-term interest of both the City of San Diego and the community of La Jolla would best be served if La Jolla were granted status as an independent City.

For this reason, Independent La Jolla applied for and was approved as a 501 © (4) organization. A pre-approval Notification has been presented regarding 501 © (3) tax-exempt status.

## **Intent**

The transition of La Jolla from a General Law Village to a General Law City would be an opportunity for La Jolla to adopt the most autonomous and locally controlled form of municipal government permitted under the Constitution and Statutes of the State of California.

By resolution dated January 15<sup>th</sup> 2002, Independent La Jolla incorporated and established a committee to prepare for the City of La Jolla Feasibility Study, a committee of the whole. The Feasibility Study covered all aspects of the City of La Jolla, from municipal matters to taxation and Governmental structure. The purpose of the committee was to investigate and determine which form of government would best serve the current Village of La Jolla. The committee studied the advantages and disadvantages of incorporating the Village as a General Law City, including the future needs and requirements of the municipality and the costs and effects of such a transition. The committee examined applicable state statutes, charters of newly formed cities, ordinances of the Village of La Jolla, the organizational structure of the Village government and administrative staff, tax records, assessments and election procedures of the Village and the affected City of San Diego.

After careful review facts, Berkeley-based firm Economic Planning Systems was hired to draft a Feasibility System, with the intent to show with long-term City sustainment, or the failure of same.

Once completed, the Feasibility Study was then presented to the City of San Diego for vetting and concurrence that the City of La Jolla would receive enough revenue from taxation dollar (the amortization of TOT, Sales and Property Tax) to be self-supporting and also to maintain a timely payment schedule of Revenue Mitigation payments to the City of San Diego over a 7-year period. This study appeared publicly in several periodicals as public record.

## **City Framework**

All 468 California cities are municipal corporations. Their formation is provided for in the state constitution, and they fall into three categories: general law cities (more than four out of five cities in California), charter cities, and one consolidated City and county (San Francisco).

General Law cities derive their powers from and organize their governments according to acts of the legislature. The fundamental law of these cities is found in the state Government Code, which enumerates their powers and specifies their structure. Charter cities are formed when citizens specifically frame and adopt a charter or document to establish the organization and basic law of the City. The constitution guarantees to these charter cities a large measure of "home rule," granting to them, independent of the legislature, direct control over local affairs. Such affairs include the ability to contract work projects done in the City. There are 83 charter cities in California.

The discernment between General Law and Charter cities is found in the degree of control which the state government may exercise over them. Charter cities have more freedom to innovate and to pass ordinances according to local need. General Law cities nevertheless also have considerable choice in

their form of municipal government, and fairly broad powers over local affairs. Because the legislature has tended to give general law cities the same control over internal matters that the constitution grants to Charter cities, the original distinction between the two forms of City authority has been somewhat blurred. The City of La Jolla would be designated as a General Law City.

Advantages of a General Law City include but are not limited to:

- 1) Assures that State-collected locally shared taxes are returned to and used in the area of most dense population and highest municipal service demand.
- 2) Eliminates confusion over zoning authority and the authority of the current Village to enforce ordinances and other local regulatory authority.
- 3) Establishes a uniform method for property assessments, as there will be an assessor appointed by and answerable to the City performing all assessing services.
- 4) Joint contractual relations, such as fire protection and disaster control need not be severed with the current City, but are consolidated by a single City authority and contracted via SLA benchmarking.
- 5) Permits financial flexibility and latitude to accommodate local needs.
- 6) A Board of Review appointed by and answerable to the new City.

Disadvantages of a General Law City include but are not limited to:

- 1) An assessor appointed by and answerable to the City performing all assessing services must be compensated from City coffers.
- 2) A Board of Review appointed by and answerable to the City requires that City residents must be available and willing to serve.
- 3) Collecting taxes for the County and potentially the Schools (all as applicable) will require additional time and expense.
- 4) Conducting Village and City elections will require time, manpower and expense.

The Feasibility Study was an attempt to present an objective analysis of the factors that may influence a decision to remain a Village or to continue to seek City Status. In this situation, experience has proven that it is important to have comparative data before incorporating. As officials and citizens become aware of the differences between Villages and Cities, they realize that incorporating as a City is possible and may better meet the needs of their community.

## **LAFCO Management**

All new City incorporations, with or without a change in boundaries, are managed by the state-funded Local Agency Formation Commission, or LAFCO.

LAFCO manages the Incorporation process, which is as follows:

### **Part I**

- Define Alternatives to Secession
- Consult with LAFCO on City Type
- Submit Fiscal Feasibility Plan
- Define Logical Boundaries
- Facilitate Early Discussions with Affected Agencies
- Initial Fiscal Feasibility Review
- Initiation By Petition of Registered Voters (Election fees)
- Formation of Incorporation Proposal
- Submission of Service Plan
- Submission of Revenue Neutrality Plan
- Map and Legal Description of Boundaries
- Municipal Services Review (Police, Animal Control, Police Protection)

### **Part II**

- LAFCO Staff Analysis of Proposal
- Establish Base Year Costs
- Calculate Property Tax Transfer
- Develop Budget Projections
- Establish Budget Projections: Revenue (Franchise fees, Road related revenue, Transportation tax related revenue)
- Establish Budget Projections: Expenditures
- Determine an appropriations budget
- Determine an appropriations limit
- Effective date and transitions period
- Indicate financial feasibility
- Revenue neutrality process including method of calculation
- Negotiate process of mitigation payments
- Integration of CEQA with the recommendation
- Executive officer's Report of Incorporation process
- State Controller's review of CFA

- Commission hearing and decision
- Elections for incorporation

**Common Questions submitted by La Jolla Constituents:**

*What is the reason for doing this?*

The preservation, enhancement and protection of La Jolla. La Jolla is now subject to the laws and actions of the City of San Diego, which has undergone dramatic growth and change in recent years. That growth has increasingly put San Diego's priorities as a City at direct odds with those of La Jolla as a community.

The City of San Diego is so large (330 square miles) that the cities of Manhattan, Pittsburgh, Boston, San Francisco and Cleveland all fit inside the City of San Diego's square mileage.

Some of our main goals:

- Enhance police, fire and lifeguard services
- Protection of the La Jolla Planned District Ordinance
- Increase local voice
- Enhanced quality of life for residents
- La Jolla community standards vs. San Diego City standards
- More community projects with less money
- Create a La Jolla Unified School District
- Preserve, enhance and protect parks and beaches
- Control Zoning
- We believe our efforts will benefit all La Jollans and San Diegans who visit our community

*What are the boundaries of the proposed City of La Jolla?*

It is based on the current Zip Code 92037 postal carrier route, to enable contiguous boundaries without the formation of isolated islands of land.

*Why is this possible now and was never possible before?*

There was a brief effort to pursue City-hood in the early 1990's. Due to recent changes in California State law, and the stated "neutrality" of the current Mayor and District 1 Councilperson, we no longer face the legal and political constraints blocking our efforts, and can now apply for Cityhood with the expectation that it will succeed. Legislative changes now ensure that any original City cannot simple

block the request of an underlying Village to Incorporate.

*Can we afford to be our own City?*

Yes, given the high property values, excellent sales and hotel tax revenues, there was always the real likelihood that La Jolla could deliver services at lower costs than the City of San Diego. This was then proven in the Feasibility Study.

*What is a Feasibility Study?*

It is a study that Independent La Jolla commissioned neutral auditing firm to undertake so as to provide an exemplar as to whether a City of La Jolla could function and thrive as a City. The study determined if enough money is currently generated from La Jolla (sales tax, property tax, automobile license fees, other existing fees and taxes) to supply services to La Jollans long-term. The Study also investigated the potential impacts to the rest of the City of San Diego, as a result of secession.

*What is LAFCO?*

LAFCO is a State-mandated regional agency (Local Agency Formation Commission), which analyzes the results of the Feasibility Study and ensures that the entire Incorporation process is handled appropriately. In addition to State-paid employees, it is comprised of:

- One San Diego City council member
- Two San Diego County board of supervisor's members
- Two representatives from incorporated cities
- One public representative

*How is this balloted?*

Once the Feasibility Study is updated for 3012-13 and other legal processes are completed, a petition of La Jolla residents calling for the "secession" will be circulated. Once the petition is finalized, an election will be held in the proposed Boundaries of the City of La Jolla and a separate election within the rest of the City of San Diego. A simple majority (50% plus one vote) must approve the measure in the San Diego City vote. 25% of registered voters within La Jolla must approve in the La Jolla vote. In both cases, the numbers are derived from Registered Voters.

*How is our new City Council elected?*

On the same ballot, La Jollans will choose a City Council. The top candidates will become the first City Council.

*Do these officials have to be residents of La Jolla?*

Yes, only “qualified electors” -- Registered voters within the proposed City limits may run for City Council.

*How much do we pay the elected officials?*

Most small municipalities pay their City council a monthly stipend (from a few hundred, to several thousand) for serving on the City council.

*Who manages the City Funds—i.e. investments, insurance (City of San Diego is self-insured for liability)- how is this addressed?*

Most government agencies in San Diego County have their investments in a “pool” which maximizes returns and ensures additional oversight and security.

Small liabilities are usually paid with reserves. Cities are not required to have “insurance” the way private businesses and individuals are.

*Will my Property Taxes go up?*

Proposition 13 prevents any property taxes from going up as a result of secession.

*Where do the revenues come from for roads, sewer and infrastructure?*

The water and sewer system will continue to be funded by “user fees.” However, the City of San Diego transfers millions of dollars a year in these revenues out of the water and sewer system, requiring that ratepayers pay more than is required to maintain and repair the system. The new La Jolla City Council can ensure that all sewer/water revenues stay in the system.

*What about fire, police and lifeguards?*

The new City council will be responsible for determining the best way to supply these services. The City of Coronado has its own Police/Fire and Life guard services. The City of Del Mar and Solana Beach have their own fire and life guard services but “contract” with the SD County Sheriff’s for police protection. Initially, it is likely that La Jolla will ‘contract” with the City and or County of San Diego until the new City council determines how to supply the highest quality service at the lowest impact to the tax payer. There are currently three fire stations, a police station and a substation within La Jolla’s boundaries. We

are entitled to keep those buildings as part of our own new City.

*What about the post office?*

We already have our own post office that we are trying to keep from closure, and our own sub-annex, plus our own zip code 92037.

*Where is the City Hall?*

Our historic City hall is on the corner of Wall Street and Herschel Street (the old fire station).

*What about our Library?*

We will have the opportunity to either join with the County Library system or stay with the City library system.

*Does more money go out of La Jolla than comes back in services?*

A quote from a letter to the president of the La Jolla Town Council in August of 2002, written by the then director of the financial management dept. of the City of San Diego-Ernie Anderson, states that "All of the measures listed indicate that services are being provided to La Jolla in an amount approximately equal to or greater than the proportionate share of the population or the revenue generated within La Jolla."

*Can we have our own school district?*

Yes, it is an option that can be undertaken.

*Do the auto license fees go to the new City of La Jolla?*

Yes.

*Does the City of San Diego need La Jolla financially?*

As the Feasibility Study indicated that La Jolla generates more money than it uses, there is a clause in the new law stating La Jolla will have to pay the City of San Diego Revenue Mitigation (i.e. alimony) for the next seven years. Our contention is that, if managed properly, La Jolla can provide more and better services for less money. The intention is not to take anything away from the City of San Diego, but make La Jolla a better community for all of San Diego.

*What is the population of La Jolla?*

Approximately 45,000.



*What is the population of San Diego?*

Approximately 1,300,000

*Why do I as a La Jolla citizen want to do this? What is in it for me?*

Protection and control of our parks and beaches, schools, local control and an unencumbered voice in our community. It also gives us the ability to set our own priorities for how money is spent, such as roads, beaches, parks and schools. We will have the ability to create the unique character that small cities like Carmel, Del Mar, Solana Beach, and Coronado have created.

### **Funding Goals**

As stands, La Jolla is part of the City of San Diego, whose political leadership, staff resources, and focus are centered downtown, far removed from the important community needs we all share.

As a result of San Diego's growth, we La Jollans have seen a continued drain of our tax dollars, while services diminished, and the quality of life we are committed to protecting is threatened. We are convinced the time for the City of La Jolla is now.

Phase I was completed in 2005 - for the legally required fiscal and economic study, to show that we have the financial resources to be our own, independent City. There was a brief effort to pursue Cityhood in the early 1990's. Due to recent changes in State law, and the stated "neutrality" of the current Mayor and District 1 Councilperson, we no longer face the legal and political constraints we faced last time, and can now apply for City-hood with the expectation that it will succeed.

All intervening paperwork has been completed, and the next steps are an updating of the 2005 Feasibility Study to factor in 2014 tax medians, which costs \$40,000; A metes-and-bounds map to augment the map approved by LAFCO that is self-contained and logical but not yet surveyed by a Certified Assessor, at a cost of \$40,000; The payment of State fees (\$2.00 per Registered Voter in 92037) to culminate in a Ballot Measure and Vote in La Jolla. The total for this effort is \$120,000.

The next substantial Funding milestone is the costs associated with the Final Vote, which is the City of San Diego Vote. A majority of 50% plus one voter is needed for this to pass and then be ratified in State Legislature. The cost of same is estimated to be \$1.8M. This number plus the above-mentioned \$120,000 covers the costs through to State Ratification. More information on the Legislative process in this regard may be found at:

[http://clerk.assembly.ca.gov//clerk/BILLSLEGISLATURE/Leg\\_Procedure.pdf](http://clerk.assembly.ca.gov//clerk/BILLSLEGISLATURE/Leg_Procedure.pdf)

It is important to note that the Ratification for an Annexation under the Cortez Knox Hertzberg Act of

2000 (as La Jolla's Incorporation would be) are considered time-of-the-essence Ratifications, as they have already passed vote in both affected municipalities.

### **Forward-Thinking Intent**

We at Independent La Jolla are convinced that we not only have the financial resources to operate our own City, but have the talent, energy, and creativity within our community to succeed in forming a City of La Jolla. Then we will have the ability to control our own destiny, protect our property values and ensure that the quality of life we cherish is preserved and protected and make La Jolla a better place for the benefit of all of San Diego.

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