BLACK DIAMOND CITY COUNCIL MINUTES
November 7, 2013
Council Chamber, 25510 Lawson Street, Black Diamond, Washington

CALL TO ORDER, FLAG SALUTE:

Mayor Olness called the regular meeting to order at 7:00 p.m. and lead us all in the Flag Salute.

ROLL CALL:

PRESENT: Councilmembers Deady, Goodwin, Edelman, Benson and Taylor.

ABSENT: None.

Staff present: Andrew Williamson, Executive Director of Engineering Services/Ec. Dev.; Stacey Welsh, Community Development Director; Aaron Nix, Natural Resources/Parks Director; Mayene Miller, Finance Director; Greg Smith, Fire Chief; Jamey Kiblinger, Police Chief; Mark Hoppen, City Administrator; Chris Bacha, City Attorney and Brenda L. Martinez, City Clerk.

PRESENTATIONS: None

PUBLIC COMMENTS:

Bob Edelman, Black Diamond discussed interest in the CFD and asked Council to suspend the rules to allow 10 minutes for presentations rather than 5 minutes.

A **motion** was made by Councilmember Benson and **seconded** by Councilmember Deady to suspend Council Rules for public hearings to allow individuals to speak for 10 minutes and groups to speak for 15 minutes. Motion **passed** (5-0).

Carol Lynn Harp, Black Diamond commented on the Attorney contract before Council and believes there needs to be independent review.

Judith Carrier, Green Valley Road discussed why Green Valley Road residents are involved in Black Diamond and the developments.

Robert Taeschner, Black Diamond thanked Councilmember Goodwin for all the time and service to the City of Black Diamond. He thanked the other Councilmembers too.

PUBLIC HEARINGS:

Black Diamond CFD No. 2013-1

City Administrator Hoppen discussed this is a funding mechanism and the City Attorney will be going through the process.

City Attorney Bacha noted that before Council tonight is a public hearing regarding a petition to form CFD No. 2013-1. The petition was filed by petitioners BD Village Partners, LP and YarrowBay Development LLC, owners of 100% of the property located within the proposed District boundaries. He noted if the Council was to take action to approve formation of the CFD No. 2013-1, this CFD would be the first authorized in Washington State under the legislation adopted in 2011. Because this is a new process under Washington State Law and a new type of special taxing district, the purpose of these remarks are primarily to provide an overview of the formation process and the role of the City Council. He further noted his remarks are not intended to focus upon the merits of the petition or upon the specific proposal contacted in the petition. He then went through the legislation and its background, filing and transmittal of a petition, completeness, costs of formation, public hearing notice required, Council rules, the hearing process, criteria and right of appeal.

Colin Lund, YarrowBay gave a presentation regarding CFD 2013-1. Mr. Lund noted there are eight projects proposed in the CFD and believes this is a better CFD than what was proposed last time. He reviewed with Council the following eight projects: 1) S.R. 169/Roberts Drive/Black Diamond-Ravensdale Road Interim Intersection- $1.75 mil project, 2) Pipeline Road Water Maine Extension $2.3 mil project, 3) Pipeline Road (tie to interim Improvement)- $9.6 mil project- he noted this is a new project and added at Council's suggestion, 4) Lake Sawyer/Pipeline Road Roundabout – $1.1 mil project - these are the offsite improvements the CFD would be funding. Onsite projects include 5) Onsite Spin Road- $7 mil project, 6) Onsite Ring Road – $4.7 mil project, 7) Stormwater Detention Pond – $1.76 mil project, 8) Sanitary Sewer Lift Station – $1.5 mil project. He noted spending a lot of time determining the dollar amounts for each project and this will also happen once the District is formed and they will go through them as well. Total is about $30 million and about $15.5 million can be contributed from the properties. YarrowBay is obligated to pay the difference. He discussed the three criteria's the Council relies on and he touched on how these improvements will be a benefit to the City and noted it will kick start jobs in the City. He discussed how the proposed CFD is consistent with the Growth Management Act (GMA) and how it is a benefit to the petitioner.

Mayor Olness opened the public hearing at 7:38:55 p.m.

Brian Derdowski, Issaquah speaking on behalf of Save Black Diamond. Described the documents he will put in the record, Virginia Tax Review document - he read an excerpt from the document, he noted the point is the community loses with this type of financing; California Dreaming examining the great tax revolt of Chula Vista, CA; newspaper article from the San Diego Report, read quote from the book "Paradise Lost". He noted spending 40 years researching the effects of planned communities; he noted what CFDs can construct and how the boundaries and functions can be changed and it will have a life of its own. He noted that sometimes the details get in the way and the big picture is where the Council is now. He noted Council will be creating a special government that has the power to enter into contracts, levy taxes and even build schools and he noted no Board Members are elected and a minority of the Council will sit on this board. He noted this being taxation

without representation and this will be the first one in the State. He noted if the bonds fail how this will be perceived, it will taint the representation of the City, and whether the bonds tank relies upon the Board and the Board will be creating two different cities. A large part of the Community said in the poll they did that and they are not interested in doing this. He noted two different scenarios one where they borrow and invest money and the melaroo way (The CFD way) of bonded indebtedness. He applauded Council for approaching this in a very professional way and asked them to cut through all the haze and do they want to create an unelected government within our government who can tax and he hopes they say no.

Cindy Proctor, Enumclaw distributed to Council her public comments which are attached an incorporated into the minutes.

Gwenn Maxfield, Covington Water District noted there being a 98-acre of The Villages MPD in their water district service area which was approved in 1989. She noted the win-win-win would be that the district has infrastructure at the border of the development and would significantly reduce the cost to the development and the win for Black Diamond and Tacoma is to honor the contractual agreements. First point, the costs of the water structure are misleading in the CFD and second point, Covington Water District is a partner with the Regional Water Supply System, and they all have an interest of being made whole and have an interest in serving that area. Covington Water District is very interested in working with the City and developer to provide water to the 98-acres that are in the district and asked that staff work with them. Ms. Maxfield's comments are attached and incorporated into the minutes.

Brian Borgstadt noted the Hearing Examiner stipulated that the developer was to look towards both the City and the district for water for the 98-acres and as to date this has not taken place. Mr. Borgstadt reviewed with Council material he distributed along with diagrams that are also attached and incorporated into the minutes.

Robert Taeschner, Black Diamond noted the majorities in the room have raised children and one of the basic things parents stress is the difference between want and need and this is a decision between want and need. We have in our midst a figurative child who has made certain obligations that they do not wish to meet on their own. Often a fight is begun by a brat who causes two factions to want to settle things. They are asking you to settle things within 30-days and Mr. Derdowski and he brought up a very important point that we live in "a" City now and when new folks move in they will be obligating themselves for a tax other folks who live here are not responsible and he does not want to be responsible if those new homeowners walk away from their mortgages. He discussed living on Queen Anne Hill and the billboard that said, "The last person out of the City - turn off the lights". You don't want to put people in this situation and if they create a fight why should we have to get ourselves involved in it. He noted if you create the CFDs you create two cities and how are we going to ask the residents of this City to separate from - I want and what you need. What you need is to meet obligations to which you incur. He noted the traffic heading North on the Issaquah-Hobart road. He noted his 53 years as an educator and participating in a strike because folks said no, they were not going to pay more taxes. You have always got to consider what we need as a City. We need peace among all the folks who live in the City. Yes, we are going to grow, but we can do this with reason and the Council holds all the

marbles and represents the citizenry of Black Diamond the citizenry has said enough in the last two elections.

Bob Edelman, Black Diamond read from his written comments which are attached and incorporated into the minutes.

Bill Bryant, Black Diamond noted not being for the CFD and everything they want, they are already obligated to pay for at their expense. He noted YarrowBay adding the agreement to build a new Fire Station earlier and Council should not base their decision on this and YarrowBay's proposal is biased and this is just a way to shift the cost to future tax payers, if they want to know why this happened it would be because of this Council if it is passed. He also noted Pipeline Road shows it touches his property and YarrowBay and the City do not own this property.

Bill McDermott, Black Diamond referred to comments that were made this evening and noted never buying anything with encumbrances. He distributed to Council a petition in opposition of the CFD.

Sheila Hoefig, Black Diamond thanked Council who have served and will no longer be on the Council. She noted being one of the people who lived in melaroo and has first-hand knowledge of this type of financing tool. She noted folks telling them to not get involved with anything in melaroo and the first place real estate agents took them was melaroo. The big problem is you never know what the real cost of your house is. She noted you have a young generation coming in and they see a brand new home and they want it now and it pulls them in and then the economy tanks and they can't pay. The foreclosure rate on non-melaroo homes is low compared to those homes with melaroo. The costs of the homes are what are different and they did not purchase a home with a melaroo and would do it again. What we have here is competition, but what would get in is the people who don't realize what they have in the purchase price. HOAs in the area suffered as the homes foreclosed and the area degraded.

Erika Morgan, Black Diamond noted sending Council an email and read it into the record, she noted not being in support of a CFD. She is fully aware the City has no independent financial obligation and is jittery about the developer having so much say. She noted a good lawyer can always find an advantage for the developer and everything the citizens have drafted have protected the city's structure and not the citizens and she noted the citizens not being ready to put their finances in jeopardy. The truth of the matter is that until the land is developed the land is really worthless, and if you can't develop it you could grow trees on it. She doesn't know how a bond would even be issued and the EIS was programmatic and is just too much and as a business woman she would not put any money down on this project. In her business experience she doesn't know how this project will be a financial success.

Bill Wheeler, Black Diamond commented he does not feel Council should make Black Diamond a guinea pig and that is what we would be. We would have to work out all the bugs and flaws and there is no assurance this financing tool would work here, there are always unintended consequences. What is the reward to the City, the second Fire Station? It was written in the Development Agreement that we would get a Fire Station after the 750th

house is built. If YarrowBay builds the station now, we would have to fund the operation of the station without the help of the extra 750 homes and the City budget cannot take on that type of expense. What are the risks to the City? It is a new law, we don't know what the risks are, this has no upside only risks. He discussed the same caution should be exercised as the Council did regarding the moratorium on marijuana. A certainty is that in order to do your due diligence you will be putting in extra time in addition to the time you already put in for your Council position all for no pay. He discussed the water purchased by previous Council's for the developments. Don't turn Black Diamond into a guinea pig.

Judy Baxley, Black Diamond commented she testified that fire response times are good now, but feels they will not be with increased traffic. She noted a person coming to her house to sign a petition in support of a new Fire Station. She noted this as a "scare tactic" as response times are good and she also noted the person who came to her house did not identify herself as a YarrowBay employee.

Mario Sorci, Black Diamond discussed the petition that was distributed to Council and noted the fire response time as reported by the Fire Chief is about 10 minutes. Whether the CFD is approved those folks in the old part of town should get the same response times as those folks around Lake Sawyer. He noted gathering around 197 signatures in the past two days and they will continue to collect signatures. His goal is to get a Fire Station with emergency services earlier. He urged Council to go back and look at the notes from the Fire Chief and encouraged Council to put something on the station noting it is not a manned station and nobody has responded from it.

Robbin Taylor, Black Diamond commented on the previous CFD rescinded by this Council and a carrot was dangled with the Fire Station. It was not dangled to this Council, but rather a carrot that has been dangled to the public. She noted the fire station that is being dangled in front of the Council and public is a fire station that the City should already have in place. The satellite station that is spoken of in the MPDs is in The Villages and she believes the fire station needs to be put aside, so please do not bite the fire station carrot when considering the CFDs.

Dianna Boxx, Black Diamond commented on serving 25 years on the Fire Department and when she retired the City was getting rid of the Fire Department and contracted with District 44. We no longer have a Fire Station, because prior Council would not put on the ballot to build a new one, instead a new Fire Station was built at Lake Sawyer and it was supposed to be a satellite station and this finally became our headquarters and it came to a point that we could not get volunteers as Black Diamond had no fire station to respond from. She remembered the Fire Chief talking about a new fire station that was going to be built with new protection. She noted folks who think they get good response times are wrong you can't respond to areas of Black Diamond in six minutes. YarrowBay is going to build a Fire Station, a satellite station and the City needs to put on the ballot a new Fire Station.

Colin Lund, YarrowBay commented tonight you are being asked to consider forming CFD 2013-1 and asked Council to step back and to set aside any biases Councilmembers may have and consider what is truly good for Black Diamond. He noted holding many public workshops with Council and noted it was highly suggested by a few Councilmembers to

change the projects on the CFD. He noted the fees that would be generated by the CFD permits. City staff can work on those projects and it will help fund employees. He noted in the eight projects it is 30 million dollars' worth of projects and the CFD will fund about 15 million and this will free up money to build the fire station. He noted that most folks cannot go to a car lot and pay cash for a new car, most elect finance. He noted this is a funding mechanism and the purchaser of the house may elect to pay it off or elect to pay it off over time. He doesn't know how lending institution will look at this. He noted the bonds are sold at 3 to 4 ½% and are low risk bonds. If they were high risk, they would be at 12 to 15 %. Most importantly it does free up capital to facilitate the early construction of the fire station and YarrowBay per the Development agreement will provide the equipment, so it is not only the design, construction, but the equipment too. He noted Mr. Taylor giving a presentation to Council regarding the state of the level of service for fire and it was a dismal time. He noted a fire on their property in Black Diamond on Lawson Hill and the response time to the fire was between 9 and 10 minutes. He noted honoring the changes asked for in the current CFD. He noted not being melaroo or California and this is completely different law and asked Council to get educated on this. Most improvements will be outside the developer's property and this will not be two cities and the benefits will benefit all. This is not taxation without representation. The developer could be paying this CFD until lots are sold. This is not a separate government it is a district and we cannot create law and cannot administer law. He asked Council to really heart-fully consider what the best is for Black Diamond.

Megan Nelson, YarrowBay asked for the opportunity to review the documents received tonight and would like to provide a response to the Council should they wish. CFD Board cannot change the boundaries on the CFD. The only way this could happen is if it is brought back to Council. They cannot change the projects and should this happen a new petition would have to be brought back to Council. Ms. Nelson discussed comments made by Ms. Proctor.

MaryAnn McDermott, Black Diamond commented that YarrowBay has done a really hard job to convince folks The Villages will be a good thing. She noted that voters spoke this week and they do not want growth, so her message to YarrowBay is, they like it small and rural and are not interested growth.

Carol Lynn Harp, Black Diamond commented the improvements included in the CFD are already improvements that YarrowBay is obligated to build through the Development Agreements. She asked why not use traditional financing and if that can't be used maybe there is a reason. Where will this station be built and how soon will it be built. Is the CFD really going to provide construction jobs and is the CFD a benefit to the city or hope to get from the development. Is a CFD necessary to install the infrastructure that is already required?

Judith Carrier, Green Valley Road commented on the eight different projects the CFD will build and those projects are the same as those required in the development agreements so she doesn't see a difference as these projects will still be built. It seems to her that we need to look at this closely, during the hearings there are still questions that need answers and she was confused by what she has read. The roads in Phase 1A will be extended further south

than those in 1A, if there is an extension of those roads what does this mean legally for the City and for those in the CFD? She realizes we can't see the future, but we need to know before we can act. People have complained about the division of the City by the developments. When the Lake Sawyer area was annexed a similar situation divided the City and it still does. The disharmony happening again will create another division in the City and how will those folks feel that the Council decided that they should pay a higher tax. She hopes the City can come back together in time and thinks this is a dilemma.

Mayor Olness closed the public hearing at 9:36:44 p.m.

Councilmember Goodwin left the meeting at 9:36 p.m.

Mayor Olness called a 5 minute recess at 9:37:31 p.m.
Mayor Olness called the meeting back to order at 9:46:20 p.m.

City Attorney Bacha suggested that Council decide a date that they will start their deliberations.

Councilmember Taylor noted that Council should start deliberations at the next regularly scheduled Council meeting and if they have any additional items that Council would like from staff to please send that request to the Mayor.

Property Tax

Finance Director Miller noted that tonight is to hear public testimony on the two ordinances that will be before Council. She noted one is a maximum levy dollar amount and a second one to approve the 1% increase over last year's levy which is allowed for cities under 10,000 population. King County has sent a preliminary levy limit worksheet showing last year's levy of $1,407,904 and the allowed increase of $14,079 for a total base levy of $1,421,983 which does not include new construction.

Mayor Olness opened the public hearing at 9:50:36 p.m.

Mayor Olness noted that the change in Council Rules only applied for the first public hearing.

Mayor Olness closed the public hearing at 9:51:09 p.m.

UNFINISHED BUSINESS: None

NEW BUSINESS:

Resolution No. 13-896, authorizing the Mayor to execute an addendum to the agreement for Police Services for Valley Communications for 2014

Chief Kiblinger reported this is our yearly addendum to our contract with Valley Communications for dispatch services. This is an increase from $36.58 per call to $37.48.

A **motion** was made by Councilmember Deady and **seconded** by Councilmember Taylor to adopt Resolution No. 13-896, authorizing the Mayor to execute an addendum to the agreement for Police Services for Valley Communications for 2014. Motion **passed** (4-0).

Ordinance No. 13-1014, relating to the time period for hearing on impoundment of vehicles; amending Chapter 10.16.050 of the Black Diamond Municipal Code; providing for severability; and establishing an effective date

Chief Kiblinger reported this is an amendment to the Black Diamond Municipal Code 10.16.050 (Redemption of Impound Vehicles), specifically section (D) (2) changing the time period for the hearing from 5 to 10 days, but no later than the next available court date. This allows the hearing to occur during our regularly held court days.

A **motion** was made by Councilmember Deady and **seconded** by Councilmember Taylor to adopt Ordinance No. 13-1014, relating to the time period for hearing on impoundment of vehicles; amending Chapter 10.16.050 of the Black Diamond Municipal Code; providing for severability; and establishing an effective date. Motion **passed** (4-0).

Resolution No. 13-897, authorizing the purchase of street signs from Traffic Safety Supply Company in Portland, Oregon

Executive Director of Engineering Services/Ec. Dev. Williamson reported this is a combination of WSDOT and the Public Works department for the purchase and installation of street signs. City forces will be installing the signs and City labor will be reimbursed by the grant. Staff solicited quotes form five vendors and Traffic Safety Supply Company from Portland, Oregon provided the best quote. Signs purchased will be replacing signs that fall below minimum requirements for retro-reflectivity. There are a few new signs being purchased which will create better signage in certain parts of the City.

A **motion** was made by Councilmember Edelman and **seconded** by Councilmember Benson to adopt Resolution No. 13-897, authorizing the purchase of street signs from Traffic Safety Supply Company in Portland, Oregon. Motion **passed** (4-0).

Resolution No. 13-898, authorizing the Mayor to execute an 2013-2015 contract for Legal Services with Kenyon Disend, PLLC

Mayor Olness reported the current agreement expired December 31, 2013 and the new agreement contains a less than 10% increase in hourly rates and the agreement is for two years.

Councilmember Taylor asked that we go through the Request for Proposal (RFP) process and see what is out there.

Councilmember Edelman would like to have this advertised and have the candidates come before Council for an interview and does recommend entering into a contract with the current City Attorney on a month-to-month basis to carry us through first quarter of next year.

Resolution No. 13-898, authorizing the Mayor to execute an 2013-2015 contract for Legal Services with Kenyon Disend, PLLC died for lack of motion.

DEPARTMENT REPORTS:

Public Works – Mr. Williamson reported that the City has been awarded a $50,000 grant form DOE plus an additional $120,000 from DOE for design.

MAYOR'S REPORT:

Mayor Olness reported:

- Participated in Make a Difference Day
- Praised Dan Dal Santo for his help on a water issue
- November 5 Oral Boards
- Received King County letter
- Civil Service Vacancy
- Planning Commission interviews next week
- Town Hall meeting on November 14
- Special Meeting December 2
- City Offices will be closed November 11th for Veterans Day

COUNCIL REPORTS:

Councilmember Edelman noted working on the Lake Sawyer project on Make a Difference Day; Vine Maple Place fundraiser.

Councilmember Taylor reported on Ad Hoc Committee and they are continuing to meet to determine the adequacy and inadequacy of Level of Service for fire service in Black Diamond. The City is the fire authority for the city even though it contracts with the Fire Department.

ATTORNEY REPORT: None

PUBLIC COMMENTS:

Brian Derdowski, Issaquah thanked Councilmember Taylor for comments on fire service. He also commented on the letter from King County regarding The Reserve at Woodlands.

Erika Morgan, Black Diamond commented on also wanting to work at Lake Sawyer on the scotch broom removal.

CONSENT AGENDA:

A **motion** was made by Councilmember Benson and **seconded** by Councilmember Edelman to adopt the Consent Agenda. Motion **passed** with all voting in favor (4-0). The Consent Agenda was approved as follows:

Claim Checks – November 7, 2013 No. 40148 through No. 40218 (voided checks 40147, 40155) in the amount of $105,546.03
Payroll Checks – September 30, 2013, No. 18134 through No. 18153 and ACH Pay in the amount of $240,299.70
Minutes – Council Meeting of October 17, 2013, Town Hall Meeting of September 12, 2013 and Workstudy Notes of October 30, 2013.

EXECUTIVE SESSION:

Mayor Olness announced an Executive Session at 10:14:52 p.m. to discuss with Legal Counsel potential litigation pursuant to RCW 42.30.110(1)(i). No action was anticipated to follow the Executive Session, which was expected to last approximately 10 minutes.

The regular meeting was called back to order at 10:28:10 p.m.

ADJOURNMENT:

A **motion** was made by Councilmember Benson and **seconded** by Councilmember Deady to adjourn the meeting. Motion **passed** with all voting in favor (4-0).

ATTEST:

Rebecca Olness, Mayor

Rachel Pitzel, Deputy City Clerk

The Powers of a Community Facilities District

36.145.090

Powers.

(1) A community facilities district created in accordance with this chapter is an independently governed, special purpose district, vested with the corporate authority included under Article VII, section 9 of the state Constitution to make local improvements by special assessment in accordance with this chapter. Nothing in this chapter exempts the public improvements and facilities provided by a district from the regulatory and land use permitting requirements of the county, city, or town in which the improvements are to be located.

(2) Subject to the terms and conditions of an approved petition, a community facilities district has the powers necessary to carry out the specific purposes authorized under this chapter in order to carry out the specific objectives, plan, and facilities identified in the approved petition including, but not limited to, the authority to:

(a) Acquire, purchase, hold, lease, finance, manage, occupy, construct, and sell real and personal property, facilities, or any interest therein, either inside or outside of the boundaries of the district, except that any such property, facilities, or interests outside the boundaries of the district must directly serve facilities or benefit properties within the district;

(b) Finance and construct facilities authorized under this chapter;

(c) Enter into and perform any and all contracts;

(d) Levy and enforce the collection of special assessments against the property included within a district;

(e) Enter into lease-purchase agreements with or without an option to purchase;

(f) Enter into executory conditional sales contracts, leases, and installment promissory notes;

(g) Borrow money to the extent and in the manner authorized by this chapter;

(h) Hold in trust property useful to accomplishment of the authority granted under this chapter;

(i) Issue revenue bonds in accordance with chapter 39.46 RCW and assessment bonds in accordance with chapter 35.45 RCW, and the requirements of this chapter, payable from revenue or assessments, respectively, of the district that is legally available to be pledged to secure the bonds;

(j) Contract with any municipal corporation, governmental, or private agencies to carry out the purposes authorized by this chapter;

(k) Sue and be sued;

(l) Accept and receive on behalf of the district any money or property donated, devised, or bequeathed to the district and carry out the terms of the donation, devise, or bequest, if it is within the powers granted by law to community facilities districts or, in the absence of such terms, expend or use the money or property for district purposes as determined by the board of supervisors;

(m) Transfer to any county, city, or other municipal corporation, without compensation, any property or other assets of the district; and

(n) Do any and all lawful acts required and expedient to carry out the express authority provided in this chapter.

[2010 c 7 § 401.]

Public Tax Dollars for Private Suburban Development: A First Report on a National Phenomenon

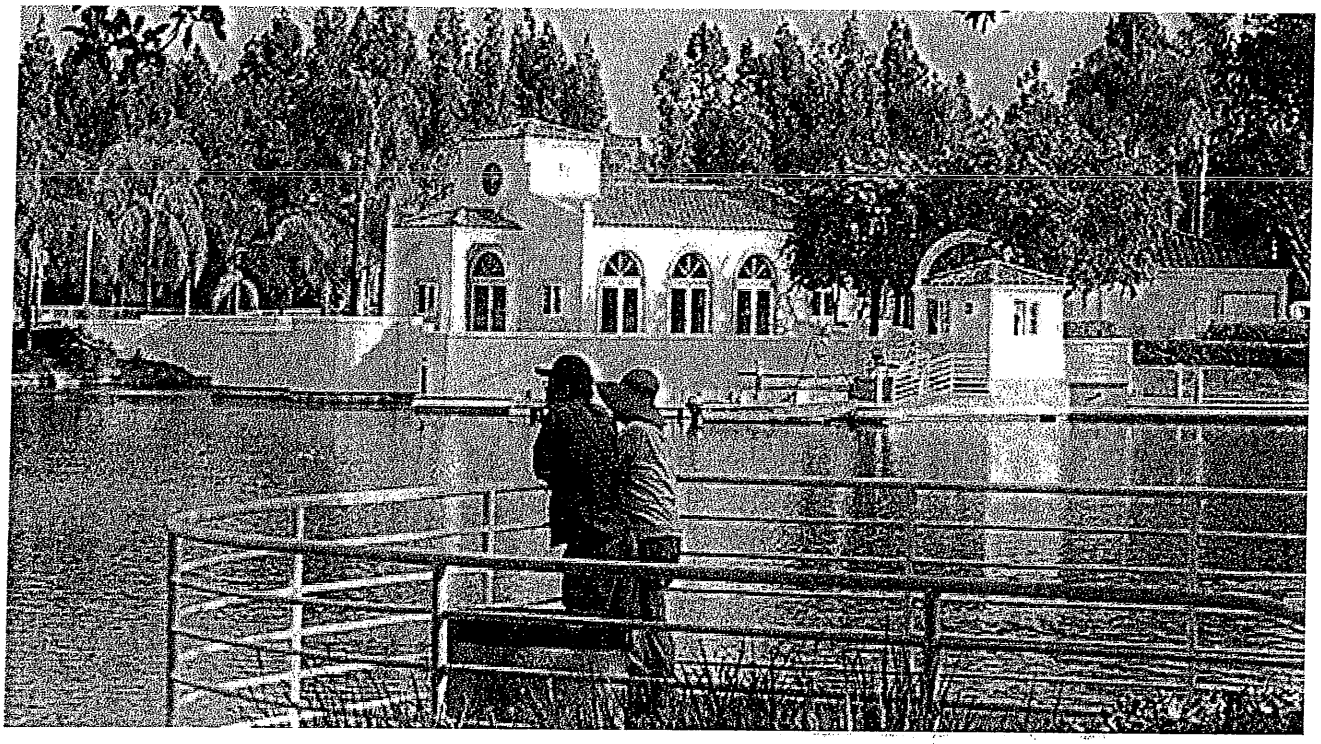
Darien Shanske

University of California, Davis - School of Law

Virginia Tax Review, Winter 2007

Abstract:
This paper explores the use of Mello-Roos taxes in California. These property tax-like taxes, originally a means of giving local governments an alternative way to raise revenue in the aftermath of Proposition 13, are also in use in four other states (Arizona, Hawaii, Illinois, and New Mexico) and on the agenda of at least one more (Washington). In practice, Mello-Roos taxes are primarily a means of providing private developers, usually of suburban housing, with tax-free financing for key infrastructure. Related mechanisms (namely benefit assessments) are used in the same way all over the country (e.g., Florida, New Jersey, Texas). Despite the prevalence of Mello-Roos taxes (covering up to 90% of new development in California) and their kin, their magnitude (in 2004 alone, these taxes secured $1.7 billion in bonds issued in California), and their broad implications for the use of public funds and the nature of local democracy, there has not been a single extended study of these taxes.

This paper begins to fill that lacuna by describing how these taxes were actually used in California in 2003; this analysis is embedded in a larger normative discussion of local government law, considering these taxes from the two dominant theoretical perspectives. These taxes can be viewed as a benign and efficient way to provide services citizens want (i.e., as part of a Tiebout dynamic) or as another way in which local democracy as the exercise of self-government for the common good is being undermined. Both perspectives are plausible in the abstract; the Tiebout hypothesis can be tested empirically by looking to whether Mello-Roos taxes are capitalized into home price by purchasers. It has already been recognized in the literature that Mello-Roos taxes provide an especially good candidate for full capitalization, though the analysis actually done has been limited. The original results of this paper strongly suggest that Mello-Roos taxes are not nearly fully capitalized, thereby undermining the Tiebout narrative and indicating that these taxes undermine local democratic ideals without any concomitant efficiency gains.
Number of Pages in PDF File: 59
Keywords: capitalization, property tax, Proposition 13, Mello-Roos tax, tax-exempt financing, suburban development
JEL Classification: H70, H71, H73, H74
Accepted Paper Series



People will say, "I'm from Eastlake," as opposed to, "I'm from Chula Vista."

Chula Vista West Side's No-Mello Divide

By Susan Luzzaro, Sept. 19, 2012 (Reprinted from the San Diego Reader)

People living on the west side of Chula Vista face distinct problems from those living on the Mello-Roos side of the city. Those who see the glass as half-empty see the western part of the city as old and impoverished, with sparse, dry-grass parks and a main street past its prime.

Glass-half-full people see the west side's larger lots, no Mello-Roos fees, a bayfront on the verge of development, a lavish police station and city hall, a quicker commute, and cooling bay breezes.

But no matter what's in your glass, you see a stark difference when you drive from the east side of Chula Vista to the west.

In his thesis "California Dreamin,'" native Chula Vistan and Stanford University student Gerald Hanono argues that the Mello-Roos act "created private tax districts that would be exploited by developers as they sought to minimize the risk of real estate development.... Most importantly, Mello-Roos funded the construction of 'public' infrastructure in these new areas, which only added to a city's maintenance burden."

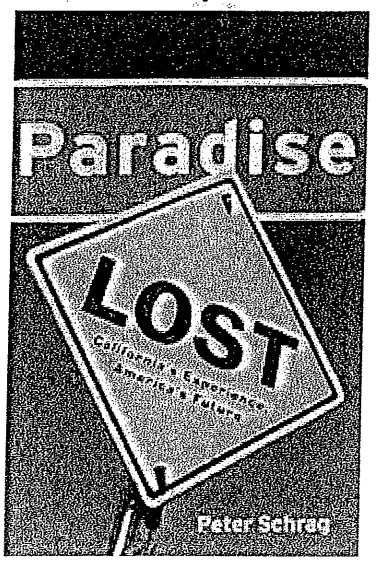
Assistant city manager Gary Halbert says Mello-Roos are used to pay for things that are beyond the normal services — such as maintaining special landscaping.

Is a Mello-Roos area then an island, sufficient unto itself? Chula Vista assistant city manager Gary Halbert confirmed in an August 30 interview that the initial cost of infrastructure in the eastern portion of the city was paid for with Mello-Roos bonds. When asked if the Mello-Roos taxes pay for the maintenance of the infrastructure — such as maintenance for roads — Halbert stated that the taxes from the whole city are used to maintain the basic infrastructure. Mello-Roos funds, however, do pay for things that are beyond the normal services — such as maintaining special landscaping.

Most Chula Vistans will agree that with the establishment of Mello-Roos districts predominantly on the east side, the division between east and west Chula Vista deepened. In "California Dreamin,'" Hanono argued: "Although certain sections of the community celebrate them, Chula Vista's master-planned projects, and the developers who planned and built them, have contributed to expanding inequality in the city and have led to the consolidation of poverty in the area west of I-805."

The sense of being one city with a common future has broken down. Hanono points out in his thesis that Chula Vista communities often refer to themselves by their Mello-Roos development names. People will say, "I'm from Eastlake" as opposed to "I'm from Chula Vista."

But Eastlake is not a city. It is a subdivision inside Chula Vista, and city hall and the police department for the Mello-Roos developments are located on the west side of the city.



In *Paradise Lost*, Peter Schrag writes about the breakdown of community identity in California following the Mello-Roos act.

In *Paradise Lost*, Peter Schrag writes about the breakdown of community identity in California following the Mello-Roos act: "Once your city requires you to pay what is, in effect, an entry fee for schools, roads or the view, you're not likely to think of your community and its facilities in the same generous spirited way that people used to. A public park becomes one bought and paid for by you and your neighbors."

Evidence of deep separation is reflected in the school districts. Chula Vista Elementary School District will be asking voters to say yes to a bond proposition in November. As bonds go, Proposition E is a modest general obligation bond. It asks the west-side voters for $90 million to improve 31 out of 44 elementary schools in Chula Vista. The schools for the most part were built between 1938 and 1975.

The bond doesn't ask to rebuild schools, put in new playgrounds, or overhaul cafeterias; it just asks to make classrooms wireless and to repair and/or replace things such as heating, ventilation, and air-conditioning for 31 of the oldest schools in the district.

But the remarkable thing about this bond is it excludes the Mello-Roos district voters and the 13 schools built with Mello-Roos money. Only the voters from district one, which is on the west side, will be asked to approve this bond.

One west-side politician worries about the precedent this proposition is setting. Willard "Doc" Howard, who is running for the Chula Vista Elementary School District board in November, says he has reservations about the bond's purpose. He thoroughly agrees that west-side schools need attention, "But they need something more than wiring that will serve a technological program for maybe 15 years before there is another technological shift. I believe some of these schools are so old, they simply need to be rebuilt."

But Howard is even more concerned about the fact that for the first time only a portion of the city is being asked to vote on a bond. "My guess is the Mello-Roos residents are being excluded to ensure that the bond will pass, but we're setting up for an unhealthy dynamic — a tug-of-war between the two sides. What happens when the schools on the east side age 15 years down the line — and the Mello-Roos bonds are paid off? The west side is going to say, 'You didn't vote for, or pay for, our school bond, so why should we vote for yours?'"

I spoke with two representatives of the Chula Vista Elementary School District on August 29: Anthony Millican, communications officer, and Oscar Esquivel, executive director of fiscal services.

Millican said he was sensitive to the fact that the schools on the west side are not on a par with the schools on the east side. He said, "In the best possible world, we would be able to create a level playing field." But for now, Millican points out that the district at least wants to offer the students the same technological benefits — wireless classrooms — so they can move forward into the 21st Century.

Millican also points to west-side schools like Rosebank Elementary that still have single-pane, wood-frame windows. "We're not talking about solar power, we're talking about something as basic as weather-proofing."

Millican believes Proposition E has a good chance of passing because of something he calls "the trust factor." Chula Vista Elementary has a track record of being fiscally responsible, and Millican points proudly to the fact that test scores all across the district continue to rise. In August, the district announced that, based on the results of California standardized tests, students in the district were well ahead of proficiency achievement scores for the county and state.

The Facilities That Community Facility Districts May Construct

36.145.100

Financing district costs, expenses, and facilities — Prohibitions.

(1) Through the use of district revenue derived through special assessments and bonds authorized under this chapter and, consistent with the terms and conditions of a petition approved in accordance with this chapter, a community facilities district may finance all or a portion of the following costs, expenses, and facilities whether located inside or outside the boundaries of an approved district:

(a) The cost, or any portion thereof, of the purchase, finance, lease, sublease, construction, expansion, improvement, or rehabilitation of any facility with an estimated life of five years or longer;

(b) The planning and design work that is directly related to the purchase, construction, expansion, improvement, or rehabilitation of a facility, including engineering, architectural, planning, and inspection costs;

(c) Facilities listed in RCW 35.43.040 to the extent not specified in this section;

(d) Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use, and discharge;

(e) Drainage and flood control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use, and discharge;

(f) Water systems for domestic, industrial, irrigation, municipal, or community facilities purposes, including production, collection, storage, treatment, transport, delivery, connection, and dispersal;

(g) Highways, streets, roadways, and parking facilities, including all areas for vehicular use for travel, ingress, egress, and parking;

(h) Areas for pedestrian, equestrian, bicycle, or other nonmotor vehicle use for travel, ingress, egress, and parking;

(i) Pedestrian malls, parks, recreational facilities, and open-space facilities for the use of members of the public for entertainment, assembly, and recreation;

(j) Landscaping, including earthworks, structures, lakes, and other water features, plants, trees, and related water delivery systems;

(k) Public buildings, public safety facilities, and community facilities;

(l) Publicly owned natural gas transmission and distribution facilities, facilities for the transmission or distribution of electrical energy, and limited communications facilities, specifically poles, trenches, and conduits, for use of any communications provider;

(m) Street lighting;

(n) Traffic control systems and devices, including signals, controls, markings, and signage;

(o) Systems of surface, underground, or overhead railways, tramways, buses, or any other means of mass transportation facilities, including passenger, terminal, station parking, and related facilities and areas for passenger and vehicular use for travel, ingress, egress, and parking;

(p) Library, educational, and cultural facilities; and

(q) Facilities similar to those listed in this section.

(2) The district may not finance public or private residential dwellings, nonprofit facilities as defined in RCW 43.180.300, health care facilities as defined in RCW 70.37.020, higher education institutions as defined in RCW 28B.07.020, or economic development activities as defined in RCW 43.163.010. [2010 c 7 § 501.]

Public tax dollars for private suburban development: a first report on a national phenomenon.

Author: *Shanske, Darien*
Date: *Jan 1, 2007*
Words: *22419*
Publication: *Virginia Tax Review*
ISSN: *0735-9004*

I. INTRODUCTION

A. The Riddle of "Natomas Grove"

The year is 2003 and the city council of the fictional city of Natomas Grove is struggling with another year of the California budget crisis. In order to fill a $2,000,000 budget hole, the council continues a hiring freeze that has been in place since 2001, in effect eliminating twenty additional positions. Fees are increased for parks and other services and a special unit of the local police is disbanded. At the county level, services to the poor are cut, again, as are sheriff's patrols. Indeed, minor offenders are released without serving any jail time, even though a new prison has been recently built, because the county has no money to operate the prison. The local library cuts hours for the third year in a row and all but eliminates its acquisition budget. The local school district ends its class size reduction program. At all levels of local government, ordinary maintenance and repair is deferred another year. (1)

At the same council meeting in which the new budget is adopted, the council approves the levy of $3,000,000 in annual Mello-Roos taxes (2) for the next thirty years on the residents who will move into a new community at the edge of town. The authority to collect these taxes is on the basis of an election in which the one current landowner, namely the developer, agreed to be so taxed. These tax revenues will be securitized and issued as bonds in the coming year. These bonds will primarily pay for infrastructure for the new community--like roads and sewers, including landscaping--as well as for sidewalks, a public golf course, two parks (one regional), and a highway overpass. Some of these amenities such as the parks were required by the city's Specific Plan, others, like the golf course, were not. The bond issuance will also be designed so that the total amount borrowed is large enough to pay the first annual payment, thereby lessening the amount of Mello-Roos tax that the developer will have to pay as new homeowners move into the community and assume the tax burden. Thus, the new homeowners will pay the vast majority of the tax in the coming decades.

B. The Place of This Note

The primary descriptive task of this Note is to establish that local government entities in California are regularly approving these kinds of taxes for these kinds of projects. This is an issue of national importance in that more than thirty states allow the creation of analogous taxing districts and there have been proposals in other states to allow for the creation of Mello-Roos tax districts in particular. (3) There has been, to my knowledge, no major study of these districts. (4) Furthermore, the advent of these districts on this scale implicates many of the issues currently at the heart of the local government law agenda. This is readily demonstrated by offering thumbnail normative assessments of what happened in Natomas Grove from the two perspectives that dominate considerations of local government law. Note that these sketches are abstractions and embody plausible ideas that one might have about the functioning of Mello-Roos taxes. As we will see, the descriptive work of this Note will demonstrate that some of these plausible assessments are not so plausible in practice. At the heart of this analysis is an exploration of the business logic for developers to use these districts.

From the perspective of those thinkers who broadly align themselves with the theories of Charles Tiebout, the use of Mello-Roos taxes as described in the opening example would seem generally to be a welcome innovation. (5) In brief, Tiebout argued, against the then prevailing wisdom, that a great multitude of local government jurisdictions was desirable precisely because each jurisdiction would be able to use its powers to provide just the amenity bundle that its citizens wanted. The competition among jurisdictions would not just eliminate wasteful spending generally, but specifically, insofar as local governments would only spend taxes on what its citizen-consumers want. Thus, the creation of sub-local districts where residents' tax dollars are even more focused on the amenities they want is all for the good.

From this perspective, the primary concern would presumably be with local government officials using this mechanism in ways that do not really express the preferences of their citizens. This concern might be realized in two ways. First, local governments, given their small size, may be prone to manipulation by the concentrated and powerful interest of developers to aid in the construction of projects that undermine the overall competitive positions of the jurisdiction--this is known as "interest group capture." (6) Second, even if the funded project is a good one, local government officials may use their power to approve these taxes to extract nonoptimal projects from developers, such as the golf course and the regional park in our introductory example. The golf course is an obvious vote getter, though perhaps not if all of the residents of the existing community had to pay for it. So too with the park, which the residents may well have already refused to pay for, say through voting down a bond measure--and hence the appeal of providing an amenity to the existing community for which they do not have to pay.

Theorists whom I generally describe as "participatory" react strongly to the vision of local citizens as passive bundles of preferences that local governments are in the business of satisfying. (7) For these thinkers, the central justification for a multiplicity of local jurisdictions is the civic involvements that these smaller jurisdictions provide for their citizens, which includes the possibility of the education of preferences. Perhaps the central aspect of this civic involvement is that as members of a local jurisdiction, citizens can plausibly rule and be ruled, while being forced to account for the needs of others in the process of deliberation. (8) From this perspective, a critique of the use of Mello-Roos taxes is readily apparent. There was, after all, no deliberation possible for the citizens who will move into this new development as to the expenditure of their taxes, and, pragmatically, very little discussion

of the issue within the existing community as well. Indeed, any future discussion is hobbled by the profusion of these sub-local tax districts, because the community has been carved into a multitude of different tax rate areas, where the tax rates can differ significantly among neighbors in the same primary jurisdictions receiving virtually identical services. Furthermore, insofar as this use of Mello-Roos taxes seems to be so deeply consistent with a market-centered perspective on local government--my taxes are going to my roads--it would at the very least seem to assume a market-centered political consciousness and perhaps encourage it. Indeed, advocates of Mello-Roos from the development community are clear about this, labeling the use of Mello-Roos as "the converse of privatization" precisely because government resources and structures are being used to underwrite largely private projects. (9)

As we will see, the participatory critique of Mello-Roos can be developed further; however, we should also note that there are ways in which Mello-Roos may be seen as a positive development from the perspective of participatory theorists. Most plausibly, Mello-Roos taxes on new development can be seen as a means of forcing new development to internalize the true costs of development. After all, in post-Proposition 13 (10) California most new residential development is not a net tax gain to local jurisdictions and so there is no reason for the existing tax base to subsidize new development. To the contrary, Mello-Roos provides a mechanism for local governments to recoup the cost to the existing community of new development. The connection between the new development and the new overpass or park extracted from the developers may be too fuzzy for the market theorists, but from the perspective of a participatory theorist this is not a problem. Local government officials should not be treating individual sub-local districts as distinct consumers, but should be attending to the common good as best they can.

The four possible perspectives are summarized in the following matrix:

TABLE I. FOUR THEORETICAL PERSPECTIVES ON THE USE OF MELLO-ROOS TAXES

	Critique	Embrace
Market	Box 1. Public choice concern with selection of projects	Box 2. More efficient sorting according to citizen preferences
Participatory	Box 3. Privatization of tax base, acceleration of post-Proposition 13 trends	Box 4. Internalization of cost of development

This Note will most directly address Box 2 and Box 3. An assessment of the position of Box 1 would require consideration of the political economy of developing communities, a task beyond the scope of

this Note. As for Box 4, this Note will provide some evidence that Mello-Roos taxes are a rather ill-fitting way for development costs to be internalized. Full consideration of this issue, however, would require, as a preliminary matter, estimating the true cost of development; a task also beyond the scope of this Note.

As for Box 2, namely that the use of Mello-Roos taxes described above is justified on market grounds, the evidence in this Note suggests that, despite the apparent plausibility of this position, it is mistaken. First, it will be demonstrated that, the public claims of the building industry notwithstanding, (11) the use of Mello-Roos financing is not more efficient than private financing--that is, the cost of developers financing the improvements required for new development privately. This inefficiency will then be argued to implicate and undermine the underlying Tiebout-inspired justification for Mello-Roos and, by extension, of the larger viability of Tiebout-inspired analysis. To put the argument crudely, developers for the most part appear to use Mello-Roos tax financing precisely because new homeowners do not properly uptake the financial significance of these taxes. Thus, developers are able to push additional costs onto these purchasers, which, put another way, is to say that there is not much of a market mechanism here at all. To be sure, the developers are trying to provide what consumers want, but there is little connection between the additional taxes these citizens pay and the amenity bundles they receive. (12) This finding is not only consistent with what developers and other development professionals have expressed, but also with our general intuition as to how much information home purchasers are able to digest.

As for Box 3, this Note will argue that the use of Mello-Roos taxes to fund new development undermines local participatory democracy along almost every dimension and generally accelerates the baneful effects of Proposition 13, such as the fiscalization of land use decisions. It will also be argued that insofar as Mello-Roos taxes are indeed rightly conceived of as taxes, which is one of the reasons homeowners do not take them into account as if they were part of a market transaction, they represent a crowding out of other possible taxes. Mello-Roos taxes thus represent a privatization and balkanization of the tax base down to the sub-local level and in a manner that is fixed for decades at a time.

C. Outline of Note

The ability of local governments to levy Mello-Roos taxes was created by the California legislature in 1982 in the aftermath of Proposition 13. Though there has been much written about Proposition 13, and Mello-Roos taxes are often mentioned in this context as one of the unintended consequences, little has been written about the The Mello-Roos Community Facilities Act of 1982 (13) (Act) itself. After providing the background against which these taxes were enabled, the heart of the Note is a summary of data I have collected about how these taxes were actually used in the year 2003. These results tend to the conclusion, elaborated upon in a more theoretical and normative discussion, that Mello-Roos taxes are best understood as taxes and that they are favored by developers because homeowners do not account for their impact as if they were part of a market transaction. This is the critique of the supposition that these taxes are justified from a Tiebout perspective. I then develop the participatory democratic critique of Mello-Roos by reintegrating my findings into the traditional critique of Proposition 13. Though originally enacted to mitigate the impact of Proposition 13, Mello-Roos taxes in action tend to exacerbate the negative impacts of Proposition 13. From this perspective, the story of the Mello-Roos tax in California is another chapter in the corpus on the unintended consequences of legislation.

D. Proposition 13 and the Mello-Roos Act of 1982

Proposition 13 was a ballot initiative passed by the voters of California in June 1978 with 64.8% of the vote (interestingly, not quite two-thirds). (14) The proposition reduced property taxes by amending the State Constitution. Specifically, Proposition 13 rolled back the assessed valuation of all property in the state to its 1975-76 level. (15) The maximum tax rate as a percentage of a property's assessed value was fixed at 1%. (16) When Proposition 13 was introduced, the average property tax rate was about 2.5%. (17) Lest assessed valuations increase too much, Proposition 13 only allowed valuations to be reassessed upward by the lesser of 2% or the consumer price index, unless the property was bought or improved, in which case the new assessed value was the market price. (18) It is this provision that makes California's property tax one that is primarily based on "acquisition value" rather than "market value." Recognizing that permanently cutting one tax might lead state or local legislatures to increase others, Proposition 13 also required that all future tax increases must be approved by two-thirds of both houses of the California Legislature (19) and that cities, counties, and special districts may only impose "special taxes" when two-thirds of the voters approve. (20) Finally, as a result of Proposition 58, passed in 1986, the inheritance of a principal home by one's children is not a transfer that triggers reassessment, nor is the first $1,000,000 in transfer of other real property to others. (21)

"Special taxes" were not defined in the proposition, leading to a great deal of debate, including much litigation and Proposition 62. One consequence of Proposition 13 was that local government entities, like school districts, could not issue general obligation bonds for new facilities because these bonds are repaid by the taxpayers on the basis of assessed value; Proposition 13 required that total property taxes could not be increased over the 1%. The power to issue general obligation bonds was restored by Proposition 46 in 1986.

A new means for local governments to finance facilities was created in the meantime--the Mello-Roos Act of 1982, which creates a procedure that allows taxpayers to vote to tax themselves on the basis of something other than assessed value. This Note will focus on Mello-Roos taxes, which are one type of special tax. Like all special taxes, Mello-Roos taxes require approval by two-thirds of voters. The advantages of this tax to developers however are multiple. First, the districts created under the Act, called Community Facility Districts (CFDs), can have any boundaries desired; they need not even be contiguous. (22) Second, voting in districts with less than twelve voters is permitted. In such a district, each landowner's voting power is determined by the number of acres that she holds. (23) Third, unlike special assessments, these taxes need not be based on any finding of proportionate benefit. (24) Thus, though they cannot be measured on an ad valorem basis, that is, as a percentage of the assessed value of the home, (25) they can be based on most anything else, including the size of a home or lot, which can function as a proxy for value. Mello-Roos taxes can also be based on whether or not a property is developed, which means developers of large projects can vote for a Mello-Roos tax that will be much higher on the developed parcels they have sold than on the parcels that they still own and are developing.

The legislature clearly had in mind that this Act would fill the lacuna left by Proposition 13, particularly for developing areas. The Act itself reads, in relevant part:

> This chapter provides an alternative method of financing certain public capital facilities and services, especially in developing areas

and areas undergoing rehabilitation. The provisions of this chapter shall not affect or limit any other provisions of law authorizing or providing for the furnishing of governmental facilities or services or the raising of revenue for these purposes. A local government may use the provisions of this chapter instead of any other method of financing part or all of the cost of providing the authorized kinds of capital facilities and services. (26)

The legislative history also reveals that the naming of the districts was changed from "public safety district" to "community facilities district;" a change presumably deemed more consistent with the broad, almost limitless range of facilities and services that can be financed with Mello-Roos taxes, along with the absence of limits on the geographical boundaries of these districts. (27) Whatever the expectations of the legislature, the profusion of CFDs and especially their use by developers has been well-known since the late 1980s, as the Act has been amended slightly several times. One concern, for example, that has been addressed is ensuring adequate disclosure in response to homebuyer complaints. (28)

II. DESCRIPTION: MELLO-ROOS TAX BONDS IN 2003

A. Preliminaries

Though the analysis that follows is not comprehensive, the data I have collected provides a snapshot of what is currently happening in an especially salient part of the real estate market--new development. It is now common for developers in California to encumber their land with obligations to pay Mello-Roos taxes; as many as 90% of new developments now use them according to a report commissioned by the housing industry. (29) The City of Folsom for instance has at least ten CFDs that have issued bonds. (30) Often, though not always, these future tax payments are securitized--that is, bonds are issued secured by the stream of Mello-Roos tax payments, with the land itself as collateral. There is publicly available information about the basics of these bond issues, of which there have usually been 100 to 200 per year since 1985, valued between one and two billion dollars annually. (31) As the chart below indicates, 2003 saw a relatively larger number of Mello-Roos bond issuances, especially in terms of new money.

To put this data in perspective, in 2003 there were 1930 local government bond issues in total in California, with a total value of almost $32 billion. (32) Mello-Roos tax financing thus comprised about 6.5% of all California bond issuances in terms of volume and about 4.8% in terms of dollar amount.

[GRAPHIC OMITTED]

I did not review all 125 Mello-Roos issues for 2003. The twenty-nine issues on which I base my analysis were undertaken in fast-growing Placer, Sacramento, and Riverside Counties. Issuances in these counties accounted for 52% (65 out of 125) of the total number of issues in 2003 and 39% of their value ($551,715,784). The twenty-nine issues which I examined comprised almost half (45%) of all the issues from these counties and 62% of their value ($342,369,848). (33)

I took the basic information collected by the California Debt and Investment Advisory Commission (CDIAC), (34) including the amount, term, and interest rate of these borrowings, and supplemented it with the information about the individual projects disclosed to the market. These disclosure documents, referred to as official statements, are sometimes available on-line for free, but the best source is through a subscription service called TM3. (35)

The investment banks that underwrite these bonds are bound by a general disclosure requirement. (36) In deciding what information is material, the attorneys who usually construct these documents consult publications issued by the Government Finance Officer's Association (GFOA) and CDIAC. The ratings agencies, bond insurers, and sometimes even individual consumers also play a role in what is disclosed. Not surprisingly then, most of these documents are similar and disclose the same facts in the same way. Since relevant risk factors include the amount of additional taxes and fees with which a property is burdened, these disclosure documents offer a valuable snapshot of what these new homeowners are paying and to whom. With that said, my survey did disclose some fairly large discrepancies in disclosure standards. In particular, many issuers, about half, did not provide a clear breakdown of the cumulative tax burden that would be faced by future homeowners. As discussed below, (37) those who did report an average tax burden did not generally disclose it in a way entirely consistent with the CDIAC guidelines.

1. Interest Rate Context

A further preliminary matter involves the typicality of 2003 as regards interest rates. As Chart 2 suggests, 2003 does not appear to have been atypical, except for one salient interest rate comparison, namely between Mello-Roos bonds and a hypothetical conservative construction loan rate. (38)

2. Sacramento Area and Riverside County

Between 2000 and 2006, both the County and City of Sacramento grew faster than the state average (13.25% and 12.41%, respectively, versus 9.74% for the state as a whole). The City of Elk Grove in Sacramento County grew by 73%, or 55,236, since 2001. Taking the whole Sacramento Area into account (including Yolo and Placer Counties), this area accounted for 7.64% of the state's population growth in 2000, despite housing only 4.84% of the state's total population. The growth in Riverside County has been even more dramatic, increasing 26.40% between 2000 and 2006. Put another way, with only 4.56% of the state's population in 2000, Riverside County has accounted for 12.37% of California's growth. (39)

[GRAPHIC OMITTED]

B. Summary of Findings

1. Nature and Scale of Development

The vast majority of the bonds issued were for areas that were not yet developed, with perhaps one or two exceptions. The suburban nature of the developments was underscored by the average acreage of the Mello-Roos districts and the number of new units planned:

TABLE II. NATURE OF NEW DEVELOPMENT

	Gross Acreage*	Total New Units**
Average	449	1,042
Maximum	1,860	4,832
Minimum	37	50
Median	218	412
Total	10,769	26,039

* Based on 24 Issues.

** Based on 25 Issues.

As noted above, (40) a developer-friendly source estimated that 90% of new development in California utilizes Mello-Roos taxes. (41) Though my survey cannot confirm this number, it is consistent with such a high percentage. In the case of the two Elk Grove districts formed in 2003, they comprise 8331 new homes, or 61%, of the 13,698 estimated new homes in the city over the next ten years. (42) In Natomas, the district studied comprises 1662 new homes or 36% of the total inventory of single-family lots in the North Natomas Community Plan Area. (43) The Folsom district, the tenth in the city to issue bonds, represents the only source for new single-family homes within a planned development in the city. (44) All in all, the 26,039 new homes covered in my survey represent 22% of all new homes built in California in 2003. (45) This statistic has weaknesses: (1) I chose two fast growing areas deliberately; and (2) the new home estimate for these areas spanned two to three years. However, my analysis of 23% of all 2003 Mello-Roos tax-backed issues reveals that although the year 2003 represented a larger amount of issues as compared to 2002 or 2001, the increase was not much larger. Further, as noted above, (46) Mello-Roos taxes can be levied but not securitized, thereby leaving many districts without bonds. At any rate, it is not the exact figure that I think is important here, but the overall scale. Given that about one-fifth of all Mello-Roos tax financings plausibly accounted for about one-fifth of new homes constructed in California, the estimate by the NAHB that 90% of all new homes in California have a Mello-Roos tax levied upon them appears reasonable.

2. Other Districts

All the transactions considered were in a county, city, and at least one school district; these government units were not included in my count of overlapping districts. My count did include special service districts (like water) and Mello-Roos special tax districts of the type described above. (47) My findings are summarized in Table III:

TABLE III. DISTRICTS PER NEW TAX RATE AREA

	Minimum Number of Sub-Districts	Minimum Number of Sub-Districts w/Debt*

Average	5.52	1.87
Maximum	11.00	8.00
Minimum	1.00	0.00
Median	6.00	2.00

* Not including the newly created district.

Most of these newly developing areas thus overlapped with an average of six districts collecting funds for non-general government functions. Taking into account the newly created district, at least three of these special districts had securitized their annual levy.

3. Total Additional Tax Burden

CDIAC recommends that the total tax burden on newly developed parcels subjected to a Mello-Roos tax or assessment not exceed 2% of their assessed value, which is, for this brief moment, also their market price. (48) The first 1% is already utilized by the ordinary property tax. An additional small percentage -.0111%, for instance, in Elk Grove--is already committed to paying various general obligation bonds of the major local government entities, mostly school districts. This leaves just under 1% for Mello-Roos taxes and assessments. Notice that any impact costs levied as up-front development fees would not enter into this calculation. Since the 2% cap must be a percentage of something, the price of the home then is crucial. The total tax burden as a percentage of home price according to the disclosure documents (49) is summarized in Table IV:

TABLE IV. TOTAL PROPERTY-RELATED TAX BURDEN AS PERCENTAGE OF PROPERTY

Name of District	Avg. Home*	1% Prop. Tax**	New Special G.O. Bonds	Tax
Elk Grove CFD 2003-1	344,000	3,370	37	1,115
Elk Grove E. Franklin CFD 2002-1	405,371	3,984	44	840
Sacramento CFD 2001-03	260,000	2,530	56	662
Sacramento CFD 4	280,000	2,730	492	497
Lee Lake Water Dist CFD 1	277,000	2,700	75	1,700
Menifee Union Sch Dist 99-1	214,990	2,080	119	1,250
Murrieta Valley USD CFD 2001-4	297,990	2,910	316	1,768
Murrieta Valley USD CFD	354,900	3,479	378	1,758

No 2003-1				
Temecula Valley USD CFD	300,000	2,930	199	1,079
2002-1				
Corona-Norco USD 98-1	195,738	1,887	59	855
Perris CFD 2003-1	276,687	2,697	69	1,783
Val Verde USD CFD 2003-1	220,000	2,130	22	1,259
Lake Elsinore CFD 2002-1	226,000	2,190	23	1,362
Average	280,975	2,740	145	1,225

Name of District	Total Add'l Taxes	Total Tax	Total %
Elk Grove CFD 2003-1	1,624	5,031	1.46%
Elk Grove E. Franklin CFD	1,224	5,252	1.30%
2002-1			
Sacramento CFD 2001-03	1,571	4,157	1.60%
Sacramento CFD 4	935	4,157	1.48%
Lee Lake Water Dist CFD 1	2,373	5,148	1.86%
Menifee Union Sch Dist	1,694	3,892	1.81%
99-1			
Murrieta Valley USD CFD	1,999	5,225	1.75%
2001-4			
Murrieta Valley USD CFD	2,253	6,110	1.72%
No 2003-1			
Temecula Valley USD CFD	2,527	5,656	1.89%
2002-1			
Corona-Norco USD 98-1	1,513	3,460	1.77%
Perris CFD 2003-1	2,284	5,050	1.83%
Val Verde USD CFD 2003-1	1,979	4,131	1.88%
Lake Elsinore CFD 2002-1	1,414	3,627	1.60%
Average	1,799	4,684	1.69%

* Amounts are in dollars, unless otherwise noted.

** There is a $7,000 homeowners' exemption.

Table IV demonstrates that Mello-Roos taxes represent a large percentage of the remaining property-related taxing capacity of these new communities. As for the relative burden between old and new communities, reliable information on overall average property tax rates is scarce because the system is

so divided and complex. It is worth noting that the average total property-related tax bill in Elk Grove in 2003 was $2059 or $2603, depending on the zip code. The residents of the two new Elk Grove communities described in Table IV paid about twice the average for the city (that is, $5031 or $5252, respectively). (50)

In addition, most of the disclosure documents use the "average" home price (or an "estimated" home price). (51) The CDIAC guidelines, and at least the official policy of one jurisdiction (the City of Sacramento), refer to "each improved parcel," (52) which suggests that the most rigorous method would be to look at the estimated minimum home price. Considered from an economic perspective, even the anticipated minimum price might not be the most apt. After all, if the concern is that the new community may become a "tax hole" in a down market, then perhaps the 2% should be calculated relative to a minimum price, minus some reasonable cushion in case of economic downturn.

In addition, the market price is generally determined by an appraiser, who is otherwise incentivized to find a high price because the law requires that the value of the entire project have a value-to-lien ratio of at least three to one relative to the bonds. (53) Appraisers also tend to be repeat players in connection with developers and local government. Finally, impact fees and homeowner association dues, which are largely fungible (though they can be for a special amenity or level of service) and can be significant, are not included in these calculations. Thus, the total property-related tax rates shown in Table IV more accurately represent a floor, especially for lower-priced homes in these new developments.

4. Expense of the Transaction

Table V represents the costs of issuance reported for the twenty-nine Mello-Roos tax transactions analyzed.

Note that Table V underreports the total cost in several ways. First, all of these borrowings included some kind of structural device to defer payment. As with the Mello-Roos tax formula, the goal of this structure is to ensure that the developer pays as little of the Mello-Roos tax as possible. One popular way of achieving this goal is to capitalize the first annual payment (or two), as was done in the vast majority of transactions studied. Other borrowings simply used an escalating debt service schedule or issued some of its bonds as capital appreciation bonds. All of these methods make the borrowing more expensive.

These borrowings always include a reserve fund, usually equal to the maximum annual debt service on the bonds. Assuming the fund is not necessary, it will be applied toward the last payments on the bonds. Also, for the term of the bonds this fund will be invested; however it is unlikely to be invested at a rate equal to the rate the bonds pay out. Instead, the reserve fund will earn negative arbitrage, because the reserve fund must, by covenant, be invested very conservatively--in safer investments than the market generally judges Mello-Roos tax bonds to be. (55)

This leads to the most obvious cause of additional cost, namely that Mello-Roos borrowings pay out a higher rate of interest than traditional government borrowings or even many home mortgages. This phenomenon was represented in Chart 2 during the years 1999-2003. Chart 3 plots just the twenty-nine 2003 issues analyzed relative to the respective interest rates at the time for ordinary municipal bonds and home mortgages.

Chart 3 primarily underscores several points implicit in Chart 2. First, insofar as this public infrastructure could have been financed by an ordinary general obligation borrowing, Mello-Roos bonds are much more expensive. (56) Second, there is no interest rate savings to homeowners from borrowing collectively through the Mello-Roos mechanism rather than from borrowing on their own.

[GRAPHIC OMITTED]

One transaction I looked at, not included in these comparisons, was a refunding issue. These bonds, with an eighteen year term, beat even the general obligation bond borrowing rate. These bonds were secured by a developed community, were insured, and had a AAA rating. It could thus be objected that these high rates are deceptive--after the community is built out, there will be a refunding and the homeowners will have in effect borrowed at a lower rate (the blended rate). Refunding transactions are expensive and approach the cost of the original transaction. In addition, all of these bonds have fairly onerous call protection, that is, the bondholders who take a chance on these projects in return for a high interest rate do not want them refunded as soon as they are built out. A standard protective scheme might involve no possibility of refunding at all for the first ten years, then allowing for it, but only at a decreasing premium--for example, from 3% to 2%, and finally, to nothing. (57) Thus the bonds that were refunded in 2003 were issued in 1990. Finally, the viability of refunding depends on interest rates either remaining stable or declining and, if interest rates were to decline generally, then homeowners too could refinance.

This challenge to the claim that developers save homeowners money through Mello-Roos tax financing could be objected to as crucially incomplete, since the developers might have a higher cost of borrowing than homeowners and might have to borrow themselves to construct the infrastructure, passing this cost to the homeowners. In fact, it makes sense that the developers should have a higher rate than the homeowners to the extent that they are bearing the construction risk.

Appraisals estimated the developer's borrowing rate at somewhere between 8% and 10% during this time period (these rates are supposedly based on interviews with local developers). (58) There is a certain intuitive appeal to the 10% rate. After all, the holders of the Mello-Roos tax bonds and the banks are bearing very similar risks. The bonds yield about 6% double tax-exempt returns. Assuming that the marginal combined tax rate pricing the bonds is 40%, then 10% is the correct market rate for this level of risk. However, this intuition is of limited use. First, it is not clear that banks really pay the same effective average tax rate as a high-income wage earner. Second, the banks may well have more local information than disparate investors. Third, these loans may well be a "loss leader" if the bank makes money from other parts of the relationship, say in referred home mortgages. Finally, and probably most importantly, the bank is lending for a far shorter term--in the example that follows three years and, according to both area developers that I interviewed, usually less than two years. The yield curve for June 2003 looked roughly as follows:

[GRAPHIC OMITTED]

Applying the 40% tax rate to borrowing at a 3.20% tax-exempt rate, the taxable rate is 5.33% or about Prime plus 1, right in the expected range based on my interviews with developers and a commercial construction loan specialist.

One disclosure document cites the terms of a developer's financing at Prime (4.25% at the time) plus 1.5%, or 5.75%. (59) To test whether savings accrues to homeowners, I constructed a very conservative model using the 10% rate. As demonstrated by Chart 2, construction loan rates (i.e., Prime plus one to two percent) had been in that range during 2001, which is likely the timing for when planning these districts had begun (if not much earlier). I further assumed that the developers took out a loan for a full three year development period, which is slightly higher than the average period (2.6 years) found in the data. (60) Table VI displays a typical developer financed version of one of the transactions analyzed:

TABLE VI. MODEL CASH FLOW FOR DEVELOPER SELF-FINANCING

Assumptions		Notes/Sources
Borrowing Rate	10.00%	Conservative assumption based on appraisals.
Earnings/ Discount Rate	2.26%	Average rate for 3-Year Treasury in October 2003.
Mortgage Rate	5.23%	Average for June 2003 (when bonds sold), Federal Home Mortgage Corporation.
Commitment Cost Rate	0.75%	Conservative assumption based on construction loan disclosed in Official Statement.
PV of Total Improvements	$19,650,000	Total proceeds available for projects in Lee Lake Water District CFD 1.

	2003	2004	2005	Totals
Opening Balance*	0	13,274,338	6,761,497	20,035,835
Revenues:				
Construction Loan	20,024,522	0	0	20,024,522
Revenue from Sale of Homes	8,052,157	8,052,157	8,052,157	24,156,470
Interest on Loan Balance	0	300,000	152,810	452,810
Total	28,076,678	21,626,494	14,966,463	
Expenditures:				

Transaction Cost	50,000	10,000	10,000	70,000
Annual Commitment Cost	150,184	104,811	54,901	309,896
Phase 1 Improvements	6,550,000	0	0	6,550,000
Phase 2 Improvements	0	6,698,030	0	6,698,030
Phase 3 Improvements	0	0	6,849,405	6,849,405
Loan Payment	8,052,157	8,052,157	8,052,157	24,156,470
Total	14,802,341	14,864,998	14,966,463	
Ending Balance	13,274,338	6,761,497	0	

Annual Cost for Homeowners to Finance Construction Loan**	537,617	537,617	537,617	1,612,851

Total Payments in 2005 for Private Financing	1,612,851
Total Payments in 2005 for Public Financing	1,587,909
Difference (as a percentage)	1.57%

* Amounts are in dollars.

** Assuming homeowners take out a 30-year mortgage to pay for the private annual loan payment--here, 8,052,310.

What this all amounts to is that the total annual cost of the infrastructure passed on to homeowners would have been roughly the same if the developers did it themselves even in this highly inefficient manner--in other words, the homeowners only saved 1.57%. (61) If the developer had received a rate of 8%, the private alternative would have been 2% cheaper; if the developer had received a rate of 5.75%, the private alternative would have been 6% cheaper (and this is still using a loan and not a line of credit).

No doubt it remains counterintuitive that a developer borrowing at 10% could result in little or no savings versus a Mello-Roos tax borrowing at 6.02%. In the hypothetical construction loan above, the developer borrowed about $20,000,000 to pay for $19,650,000 in improvements--the increased

borrowing amount included the cost of the loan itself. The total amount borrowed to raise the same amount of money for projects was $21,940,000 for the public financing, almost a two million dollar difference. What went into this difference? The biggest piece was the reserve fund, which totaled one year of annual payments or about $1,500,000, but there was also the capitalized interest, costs of issuance, annual administrative expenses, and the underwriter's discount, all of which added about $650,000 to the borrowing. (62) This was also a longer borrowing--thirty years at the higher rate. It is true that the homeowners took on the cost of repaying the construction loan over thirty years, but at a slightly lower rate (5.23%). In essence, the analysis amounts to the following: borrowing a slightly smaller amount at 10% for three years and then 5.23% for thirty years is not much different than just borrowing a larger amount at 6.02% for thirty years. (63)

This analysis still overstates the relative efficiency of Mello-Roos tax financing. Not only is there the time and expense involved in working with local governments to create this structure, but there is also the fact that these local governments generally extract from developers projects that they would not otherwise do, or would do at lesser expense--say an additional or better park. Fewer proceeds are left for the developer to spend on desired construction than if she were required to internalize the costs herself. Even a modest 10% increase in the cost of projects would seem to overwhelm any possible savings.

It could be objected that Mello-Roos tax financing is crucial for helping with cash flow. Imagine a small developer with undeveloped land worth $2,000,000. It will cost say $10,000,000 to develop the land to a state in which it can be sold to homeowners. No bank will lend the developer more than the value of her collateral, here $2,000,000. In fact, the maximum loan will only be a percentage of the collateral. Imagine then a local government issues $5,000,000 in Mello-Roos tax bonds towards the infrastructure. Now, the bank would surely lend the developer $5,000,000 to build the improvements financed by the bonds, assuming confidence in the developer's competence. Once the improvements are complete, the land is worth $7,000,000 (land plus improvements) and the bank will lend the developer the remaining $3,000,000 she needs to complete the project. (64)

This is a plausible scenario and one that I believe I have seen in some of the documents reviewed, in my professional career, and confirmed in both developer interviews. (65) Furthermore, even if a developer could finance the project on her own, this structure allows her to contribute less equity, which lowers risk and possibly increases profits. This savings could well be to the benefit of homeowners, as represented through lower prices for example. Nevertheless, I think the likelihood of substantial cash flow savings is unlikely. As implicit above, when a local government issues bonds for improvements, it does not usually take the money and build the improvements itself. Rather, it acquires the improvements from the developer and requires that the developer have the bridge financing in place before the bonds are issued. Indeed, local governments will not issue these bonds until quite a lot of work has been done in order to mitigate risk, such as producing environmental impact reports. Further, these bonds do not typically cover all of the required infrastructure or fees, which can be a significant expense. (66) What this amounts to is that local governments, local banks providing additional and bridge loans, and bond investors are all looking to ensure that developers have already invested substantial equity and have the wherewithal to complete the project practically on their own.

Along similar lines it could be objected that a hidden source of savings is the opportunity cost of the capital provided even by major builders. For example, Lennar can leverage more of its own money if

its capital is being substituted by Mello-Roos taxes. Although this is correct and speaks to one way developers profit from these transactions, I cannot imagine that this number is that substantial. After all, even with the Mello-Roos tax financing, the developer must finance all of the improvements as they are built; even upon completion, reimbursement is far from automatic, which is not be surprising given the complexity of these projects. Thus, the carrying cost saved would be from the difference between the time reimbursement is received for an improvement and the time when the home is actually sold, less any time added by the requirement of going through the process.

There is a significant interest rate difference between general obligation bonds and home mortgages, because these bonds are secured by the tax base of the entire jurisdiction. The average difference in rates observed for 2003 was about 1%. Though using general obligation bonds to fund these kinds of projects is extremely unlikely (it would require a two-thirds majority vote of the entire jurisdiction), it is instructive to consider what this differential would really amount to. In the case of a $300,000 mortgage, the difference between a 5% and a 6% rate is $190 per month ($1816-$1626), or a savings of 10.5%. Assuming that the improvements that are being publicly financed amount to $30,000 per home, the monthly savings would amount to $19 per month. Considered another way, even if the Mello-Roos tax bonds delivered the same interest rate savings as general obligation bonds (but from the start, unlike in the refunding scenario), it seems unlikely that the additional costs of these bonds (e.g., the transaction costs, the extra projects) would not eliminate this 10% savings.

5. Mello-Roos Taxes and Fees

The average total development impact fees that a new home is likely to incur are between $20,000 and $30,000, (67) with some places as high as $46,221. (68) Local governments treat levying fees as a one shot deal to extract revenues from properties that are otherwise not going to pay their way because of Proposition 13 and hence only justify their fee collection structure very loosely. (69) Not surprisingly, at least one commentator sees these fee collection practices as ultimately on a collision course with the Supreme Court's takings jurisprudence in Nollan-Dolan. (70) Fees and Mello-Roos taxes are functional substitutes for a wide variety of projects, a fact confirmed by my survey since at least ten of the twenty-nine Mello-Roos tax issues I analyzed contained a component that would go towards paying impact fees. Few were meant to cover all impact fees, which is consistent with the findings of others that fees do not consistently substitute for Mello-Roos taxes, nor vice versa. (71) It is not clear what percentage of developer fees are passed on to new homeowners--empirical and theoretical studies differ. (72) One recent report summarized the situation as follows:

> The contribution of fees to home prices varies temporally as well as spatially. When times are good, as they are today [1999] in most parts of California, housing production tends to lag demand, especially in coastal markets. Housing prices during such periods are chiefly affected by the balance between supply and demand and are much less affected by construction and development costs. When economic times are bad and demand is weak, housing prices are more sharply affected by the prices of construction inputs, including fees.
>
> The strength of the economy and housing market also determines the

> degree of fee shifting and who ultimately pays fees. During strong economic times, it is the final homebuyer or renter who ends up paying housing development fees; the builder or developer is mostly an intermediary. During recessionary periods, the burden of paying of fees may be shifted backwards to the landowner. (73)

Whatever the percentage of fees borne by developers, the four transactions where developers look to securitize all of the fees are perplexing unless the developers believe that Mello-Roos taxes are capitalized at a rate lower than development impact fees. Imagine a market where the developer must absorb 80% of $30,000 in total fees (including his own financing costs), or $24,000. Suppose also that homeowners in this market capitalize Mello-Roos taxes at a rate of 80%. Once all of the additional expenses involved in issuing bonds are factored in, suppose it costs $32,000 per home to use Mello-Roos taxes to finance the same fees; homeowners will thus force the developer to internalize 80% of this additional cost (in this hypothetical, $1600). If the Mello-Roos tax financing were cheaper than the financing available to the developer, then this financing scheme makes sense; but, as noted above, the true situation is that there is no consistent cost difference one way or the other. So why go through the trouble of securitizing? One answer would be that homebuyers capitalize the Mello-Roos taxes at a rate below the rate that the developer would have to pass on as fees. To illustrate, and to return to our example, it would still make sense to pursue Mello-Roos tax financing if homebuyers capitalized Mello-Roos taxes at any rate below 75% (i.e., $32,000 / $24,000) if developer fees are otherwise capitalized at 80%. We will return to the issue of capitalization at length. (74)

6. What is Financed

Much of what is financed appears to be straightforward backbone infrastructure for residential development, (75) like roads and sewers, and cannot be characterized as special amenities, namely amenities that would justify homeowners in these new neighborhoods paying more than those in the old. I say "appears" because it is not clear to what extent the developer would have built these structures if not for the negotiations involved with the issuing of Mello-Roos taxes. That is, a city may well have held out for a bigger and better park or lift station than was actually required, though these additions themselves do not necessarily qualify as special amenities for these residents. Also, insofar as the special amenities financed were required by a specific plan, there is no prima facie reason to believe that the community paying the tax is receiving any benefit (say more parks) beyond other communities in the jurisdiction. Also, many of the clearest amenities, like public golf or swim parks, were open to the public. Though this is not to say that homeowners in these developments do not seem to enjoy some facilities beyond those enjoyed in the existing communities just that they did not constitute most of the expense, nor is there a clear connection between total Mello-Roos taxes paid and the different amenities provided to the new subdivisions.

It should be noted that it is a common policy for local governments to require some public benefit, like a park, be provided in return for public financing. This quid pro quo is not explicit in the disclosure documents, but can be inferred either from the thing itself (e.g., a swim park) or from statements regarding bond proceeds in the Official Statement, such as, that bond proceeds can be used for "construction of the following roads and other major roads that are eligible for funding under the

guidelines set forth in the City's [Sacramento] Policies and Procedures for Use of Special Assessment and Mello-Roos Community Facilities District Financing, as may be amended from time to time." (76) The relevant provision in the Policies and Procedures makes it clear that eligible public facilities need not provide a special benefit, just a benefit to the taxpayers in the district. (77) In other words, any extra money can be used to finance high priority neighborhood roads.

7. Accelerated Foreclosure

According to California law, a property cannot be foreclosed upon for delinquency in paying property taxes until five years after the property taxes were due. (78) Properties in default of their Mello-Roos taxes may be similarly foreclosed upon. However, the relatively relaxed foreclosure period that the voters of California have approved for themselves (through their elected representatives) does not provide adequate security for bondholders who purchase the stream of revenue comprised by these Mello-Roos taxes. (79) For this reason, the Mello-Roos law allows local governments to approve much less generous foreclosure provisions when bonds are to be issued that securitize Mello-Roos tax revenue. (80) All of the borrowings I studied had similar two-tiered provisions. First, they all cut the delinquency period for individuals--for example, from five to three years, with just over three years being the average for twenty-three Mello-Roos tax issues. (81) Second, if the collection of the Mello-Roos tax fell below a certain threshold for the district as a whole, either 90% or 95%, (82) foreclosure was to begin on all delinquent properties that year. Aside from the issue of whether it is equitable for these homeowners to be living under a different regime from everyone else, there is the question as to what economic effect these provisions would have in the context of a major economic slowdown. Remember, it appears that newly developed areas almost in their entirety are living under these more stringent regimes.

8. Tax Formulas

Finally, every tax formula available for review functioned as some kind of proxy for income, usually varying with the size of the home or lot.

III. THEORETICAL DISCUSSION

We will begin our broader discussion of Mello-Roos taxes by returning to our original matrix of possible assessments from Table I:

	Critique	Embrace
Market	Box 1. Public choice concern with selection of projects	Box 2. More efficient sorting according to citizen preferences
Participatory	Box 3. Privatization of tax base, acceleration of	Box 4. Internalization of cost of development

As already noted, (83) at least some members of the development community argue, plausibly, that Mello-Roos taxes provide public financing for private projects to the benefit of all concerned (84) because they are more efficient. They also arguably satisfy citizen-consumer preferences. Under this view and per Box 2, Mello-Roos districts ought to be embraced from a market perspective. Yet the data suggests that Mello-Roos taxes are not more efficient. Still, it may be the case that Mello-Roos taxes are playing a role in a functioning market for the provision of local government services. We will turn to this question after a preliminary discussion of whether Mello-Roos taxes should be considered taxes at all.

A. What is a Mello-Roos Tax?

We have already seen that the California Legislature viewed Mello-Roos taxes as a property-tax substitute. Still, intent can only take us so far; it is a fallacy (genealogical) to insist that something must always be what it originally was or was intended to be. We have now accumulated some evidence as to what Mello-Roos taxes are. Before looking at the impact of the data collected, I should note some formal indicators as to the public nature of the Mello-Roos tax. First, for the purpose of paying a prevailing wage--a requirement for public projects--it appears that the rule being enforced is that the infrastructure financed by Mello-Roos bonds is public, while the residential building is private (and hence prevailing wage need not be paid). (85) Furthermore, all of the bonds analyzed above were issued with opinions from bond counsel to the effect that they were not "private activity bonds"--they were not bonds issued by a local government to be used to build profit generating facilities.

These formal arguments, relating to specific technical aspects of the law, can also be found wanting. The ultimate decision should rest on the functioning of these Mello-Roos taxes. Our evidence demonstrates that, much like ordinary property taxes, Mello-Roos taxes are ubiquitous, are not specifically tied to a benefit (and even have some flexibility in their year to year levy), are generally tied to proxies for home value (itself a proxy for income). Crucially, the local governments that collect and enforce the Mello-Roos tax treat Mello-Roos taxes as continuous with property taxes and the 2% cap. (86)

This last point needs to be emphasized. I have not yet been able to locate any information on the origin of the 2% standard, as it seems to suppose that all other property-related levies ought not be more than the base property tax. The 2% threshold may also reflect a vague memory of planners that it was when property taxes reached an average of 2.5% of assessed market value that the voter revolt was triggered. Perhaps this memory is justified in reality--that is, given certain assumptions about home appreciation relative to income growth, a property tax rate above 2% has too much bite. Relatedly, it might also be the case, given a host of assumptions, that 2% is the correct rate insofar as the property tax is a complement to income tax, namely a rate of 2% of assessed value roughly taxes the imputed rental value of property at the average property-owning household's income tax rate.

Whatever the merits, local governments (and investors) are clearly treating 2% as the threshold amount and it is not an unreasonable limit. One risk factor for local governments and investors in these bonds is

that if taxes are too high in a district it will fail to develop. The statewide CDIAC guidelines allow all local governments to have a sense of the range of workable cumulative tax rates, which, even if they were inclined to exceed them, would spark a negative reaction from investors. (87) Insofar then as Mello-Roos taxes are computed against the assumed property-tax carrying ability of homeowners, it is a tax.

The biggest objection to this analysis is that there was no possibility that the Mello-Roos tax revenue under discussion was going to go to the general fund of the jurisdiction or towards other, higher priority projects. The developers would not have voted for such a tax, just as the current residents presumably would not, just as the new residents, even if they did not have to pay a Mello-Roos tax, likely would not. Though it is generally dubious to parry hypotheticals, these are unusually cogent. There are a variety of counters, however. This is a self-fulfilling prophecy--namely assuming that residents will not vote for general taxation enables and legitimizes this perspective and indeed mandates it since so many people are then paying Mello-Roos taxes. Hence people are going to be even more resistant to general taxation. A related critique of local government in California post-Proposition 13 and its progeny is that local governments have been too good at creating ways to patch together their budgets, thereby avoiding the dire consequences they themselves predicted and the voters ignored should these initiatives pass. The success of local governments in using structures like Mello-Roos can thus be seen as pyrrhic since it has undermined their credibility and severed the connection between action and consequence.

More concretely, it is not the case that voters never approve new general taxes and, arguably, even a smaller increase in general taxation might do a jurisdiction more good (even if it raises less revenue) than large Mello-Roos tax levies. It is also the case that local governments could refuse to offer tax-exempt financing for backbone infrastructure except in exchange for projects that it has identified which are for the maximum benefit of the whole community. Such a policy may raise equity concerns, but could still be done. (88) Some developers might still opt for it either as a means of providing a valuable amenity or as a not-so-subtle quid pro quo in return for local government cooperation on other issues, such as zoning. As for the impact of a new development on the existing community, local governments have many tools besides Mello-Roos taxes. They could, for instance, use zoning regulation to force developers and/or the new community to internalize costs; they could also use impact fees. The use of impact fees, though regulated, is not nearly as restrictive as the use of Mello-Roos tax revenue that has been securitized; besides, impact fees do not impact the overall property tax burden (at least in terms of perception).

B. Tiebout, Fischel, and the Question of Capitalization

If Mello-Roos taxes are taxes, then the next question becomes what kind of taxes are they. This is not an easy question since it is hardly clear what the paradigm is here; namely it is a matter of dispute regarding just what the property tax is supposed to be. There are two primary contending views, both of which, it seems, must be true at the margins.

First, there is the view associated with Tiebout and recently advocated by William Fischel; this is the benefit view of the property tax. Homeowners agree to pay more in property taxes because this money funds desired services and amenities, the value of which is then built into their homes. For most homeowners, their home is by far their largest asset and the risk they face from a decline in value

cannot be diversified. (89) Homeowners are very concerned with local government decisions that could affect home values, so much so that in many cases they will vote for the provision of local public goods (like schools and parks). (90) Fischel's primary empirical argument that the property tax always was a benefits tax is Proposition 13. According to Fischel, homeowners only voted for the draconian measure of constitutionally limiting property taxes after the California Supreme Court had decreed that funding for schools across the state had to be equalized, thus severing the connection between this tax and its primary perceived benefit. (91) If the Mello-Roos tax functions as a benefit tax, then it is part of a functioning market for local government services and thus Mello-Roos taxes can be embraced from the Tiebout/market perspective (Box 2 on our matrix).

The rival view of the property tax, the "new view," sees property taxes essentially as another form of tax on capital. (92) From this perspective, the tax should be evaluated like any other, for instance on whether it is relatively efficient. One commentator who takes a related perspective plausibly argues that the property tax should be evaluated as a complement to the income tax. (93) In other words, the property tax is a tax on the otherwise untaxed imputed income of owning rather than renting property.

Considered naively, the benefits view seems to apply better to certain situations, say a couple with children comparing subdivisions, especially in different school districts, while the new view applies more aptly to investment properties or to so-called "empty nesters." There has been, however, a lively discussion as to which view better approximates empirical reality more generally. One phenomenon that can be tested is capitalization, but unfortunately, a finding of mere capitalization is ambiguous as to the views. (94)

A homeowner capitalizes a tax by insisting on a lower home price to reflect the present value of paying the tax. In a perfect Tiebout equilibrium, there would be no capitalization because homeowners are gladly paying taxes for the set of amenities that they want. Capitalization creeps in with imperfection. Say, for instance, there is imperfect mobility or not entirely exclusionary zoning. (95) Now, there may be free-riders and/or persons who may be stuck buying an amenity bundle he or she does not entirely want; and so she will capitalize the tax burden that she perceive as not providing value. Yet finding some capitalization does not only indicate, perhaps, an imperfect Tiebout equilibrium; it can also indicate that the property tax is not a benefit tax at all and one treats the higher property tax in a certain town in just the same way one would treat a higher tax on any other investment--that is she demands that the price be lowered so that she achieves a market rate of return for the level of risk she has assumed.

To return to our question, the debate on the nature of the property tax (and hence of capitalization) is related to our analysis of Mello-Roos taxes in several ways. First, Fischel argues that there is an analysis of capitalization of Mello-Roos taxes, done by others, that conclusively proves the benefit view is correct. This Note will demonstrate that Fischel is over-hasty in arguing that it has been proven that Mello-Roos taxes are completely capitalized. Second, if Mello-Roos taxes are property taxes, but property taxes are benefit taxes and are fully capitalized, then Mello-Roos taxes would be justified from the market perspective. This is to say that, on this view, to the extent a Mello-Roos tax provides a wanted amenity, it is paid for willingly and, to the extent this cannot possibly be true because there is no special amenity, it is just capitalized. There is from a market perspective only a policy concern here about the collection and expenditure of tax revenue if there is under-capitalization since this implies an imperfect Tiebout dynamic or that there is no Tiebout dynamic at all (i.e., some other account of the

property tax is more adequate).

1. Preliminary Arguments Concerning Capitalization

In order to keep the issues surrounding capitalization clear, I will start with some illustrative scenarios. We will begin with a $300,000 house where the price includes $20,000 in basic backbone improvements funded by the developer. Now imagine that public Mello-Roos financing is cheaper, say costing only $15,000 instead of $20,000. In this scenario, the one that is generally advertised, if there is full capitalization, then the final price of the home should be between $280,000 and $285,000--i.e., the developer and homeowner split the $5000 surplus contributed by the federal and state governments. If the price is over $285,000 then the homeowner is under-capitalizing and not enjoying any of the benefit even though public financing is here assumed to be cheaper--indeed the developer profits beyond the savings resulting from using public financing.

Now suppose that there is no savings and that the improvements will cost $20,000, however financed. In this case, if she pays any more than $280,000, the homeowner is under-capitalizing and the developer profiting. Finally, imagine a situation where a homeowner overcapitalizes by demanding a $25,000 discount for taxes that have a present value of only $20,000. One could imagine this scenario, say for a homeowner that is very anti-tax, can only marginally afford this home, or is perhaps nearing retirement age and expecting to earn less over the coming years.

In the Elk Grove Unified School District alone, there were 353 distinct tax rate areas in fiscal year 2002-03. (96) Obviously, there were not nearly so many amenity bundles, especially since the most important local amenity, the school district, was the same. This suggests that appropriate capitalization of most Mello-Roos taxes would need to occur at 100%--i.e., since there is no special benefit being purchased, these new homeowners should not agree to pay more for what everyone else gets without paying Mello-Roos taxes. This is, in fact, what Fischel thinks is happening. Intuitively, it seems doubtful that most homeowners are capitalizing their Mello-Roos taxes at 100%. Indeed, the developers I spoke to both as a professional and as a researcher all confirmed that it is their observation that homeowners do not nearly capitalize the full amount of Mello-Roos taxes. (97) These intuitions and observations are confirmed by the latest behavioral finance scholarship. (98)

First, there is the sheer complexity of the calculation--multiple districts, multiple borrowing terms, and in some cases, even the potential for significant annual differences based on the Mello-Roos tax formula. Developers do need to disclose Mello-Roos taxes and there is no doubt that the legislature puts a lot of faith in this disclosure, but this disclosure situation would seem to contain all of the obstacles for successful uptake: (1) there is too much information; (2) the likelihood of anchoring on the original sales price; (3) the likelihood of an interested advisor; (99) and (4) sequencing or bracketing concerns (i.e., first consumers analyze mortgage payments and then just consider the tax separately, if at all). (100) Bracketing may be justified insofar as all new homes in the area may be similarly encumbered; or perhaps bracketing is unjustified, but nevertheless the realtor likely insists that every home is paying a similar Mello-Roos tax.

The homebuyer may also be correct in seeing the Mello-Roos tax as exogenous as the ordinary property tax because there can potentially be more taxes levied than currently anticipated and without any further votes. This could happen based on the functioning of the Mello-Roos tax formula or

because the original landowners authorized more bonds than have yet been issued. In addition, it is likely the case that in many home buying situations, the question of what term and type of mortgage is likely to have a far greater impact on a prospective homebuyer's monthly budget than the annual Mello-Roos tax.

A simple and familiar economic analysis also bears on the prima facie unlikelihood of full capitalization. In their discussion of whether the benefits of Proposition 13 are fully capitalized, O'Sullivan et al. argue that this is the unlikely case. (101) This is because, assuming that the supply of housing is not fixed, the price for homes is set by the demand of the marginal consumer, who, by definition, is the marginal consumer precisely because she is indifferent to owning versus renting. Such consumers, O'Sullivan et al. plausibly assume, are those most likely to be mobile. This assumption is plausible for reasons external to the economic analysis; more mobile households are not planning to build equally deep ties to the community, nor are they viewing themselves as making a long-term investment in a particular community. Thus, the marginal consumer will buy only if the economics of the transaction make sense. Since this marginal consumer expects to enjoy relatively little property tax relief from Proposition 13, she will not pay much more for a house in anticipation of the value of the benefit. Since this consumer sets the market clearing price for housing, any homeowner that remains in his or her home longer than the marginal consumer has purchased a home that did not fully capitalize the value of the tax benefit. Interestingly, this analysis tends to the conclusion that those who purchased homes after 1978 have not already paid more for their homes in anticipation of Proposition 13 benefits, even if they always intended to stay in a home for a long time, and this mitigates the unfairness of eliminating the acquisition value system.

Applied to Mello-Roos taxes, this analysis also argues against full capitalization. Take an annual Mello-Roos tax of $1000 for twenty-five years and a discount rate of 5%. The present value of this tax today to a homebuyer is $14,094--if this homebuyer intends to stay the full twenty-five years. If the homebuyer plans to stay only three years, and many of the homes we have looked at do seem to have been advertised as "starter homes," then the present value of the tax is $2723. Because the marginal mobile homeowner sets the market clearing price, the developer has been able to pass off $11,371 in costs to future homeowners that were not reflected in the sales price.

Now, it could be objected that this marginal consumer has simply committed a cognitive error in her analysis and that this perspective is just a variation on the challenges facing an ordinary homeowner in properly pricing his or her home. After all, in three years when it is time to sell, the next buyer will have to assume the Mello-Roos tax and will demand a discount on the price of the house accordingly. It is true that this buyer can also be assumed to be the marginal purchaser and hence only intending to stay three years. This buyer (assuming constant interest rates and no inflation) will value the Mello-Roos tax at $2723 as well, which to the original buyer amounts to requiring a further $2352 discount from the developer. Obviously, if we continue the series in this way, with the original buyer anticipating each additional buyer, the result will be that the original homebuyer should demand the full $14,094 discount from the developer.

This objection correctly notes the disanalogy between the case of the property tax benefit and the Mello-Roos tax, namely that there simply is no benefit to be capitalized in the case of the property tax (for frequent movers), whereas there is an annual liability that will be incurred by whomever owns the property in the case of the Mello-Roos tax. Nevertheless, what this additional economic model

accomplishes is further to complicate the level of analysis that homebuyers must be assumed to make collectively if there is indeed full capitalization of the Mello-Roos tax.

Further necessary complications are posed by other differences between homebuyers. For instance, a homebuyer who itemizes deductions can deduct the Mello-Roos tax, while one who takes the standard deduction (or incurs Alternative Minimum Tax (AMT) liability) cannot, and this should lead to different rates of capitalization. (102) Relative credit constraints have also been argued to affect capitalization--that is, homebuyers are only sensitive to taxes at the margins. (103) Others have argued that any impact capitalization may have on prices is swamped by other factors in the housing market, particularly interest rates and the business cycle. (104)

2. Has Capitalization Been Proven?

As noted above, (105) Fischel believes that his perfect capitalization hypothesis has been proven, especially for California and Mello-Roos districts. Though he acknowledges not all studies on capitalization support his view, (106) Fischel argues that such studies are flawed and relies on one study in particular, conducted by A. Quang Do and C.F. Sirmans. (107) Do and Sirmans looked at 645 homes in San Diego, within and without a Mello-Roos tax district. After controlling for other variables, such as lot size, square footage, and age, they found that comparable homes in the district sold on average at a $13,500 discount. Based on the Mello-Roos tax formula (which called for payments of about $700 per year for twenty-five years, with a 2% annual escalator), Do and Sirmans calculated a discount rate of about 4%. Thus, given the expected Mello-Roos tax burden, homeowners used a 4% rate to discount their future tax burden in deciding how much they were willing to pay for a home in the district. Since this 4% rate reflected the market interest rate at the time, Fischel concludes his 100% capitalization thesis proven.

Even if this study were perfect, one would surely want to see a lot more evidence for such an important and arguably very surprising hypothesis. As it is, both the study and Fischel's analysis of it are flawed. First, the study looked at homes in San Diego between 1991 and 1992, a period of serious economic difficulty for California, especially southern California. In a tough housing market, it makes sense for developers to absorb more costs, an intuitive finding we saw corroborated in the case of development impact fees. Furthermore, though Do and Sirmans do control for many important variables, I would certainly want to know more about the neighborhoods in question, since the Mello-Roos tax variable could surely be a proxy for other variables, such as a neighborhood's and home's cultural cache, which might not be captured simply by controlling for the age of a home (i.e., not all older homes would get this benefit).

Most importantly, Do and Sirmans actually provide evidence for a capitalization rate over 100%, which is quite a striking finding. Do and Sirmans were not interested in the empirical question of whether capitalization happens, but rather in the question of what the discount rate is, and so they assumed 100% capitalization. As they note, the discount rate and the capitalization rate cannot be separately calculated. This is to say that a $700 annual tax for twenty-five years has a very different present value if it is discounted at different rates. (108) They assumed that the capitalization rate is 100% not only because it allows the discount rate to be calculated, but also because this is surely the best possible scenario in which to calculate the rate--that is, there is no differential in services to muddy the waters as to why different homes are priced differently. As noted above, the rate Do and Sirmans arrive at is 4%.

If this is a market rate of interest for the time, then it demonstrates not only the empirical fact of what discount rate homeowners are using, but also that they are capitalizing the full cost of the additional taxes. Yet 4% was not the market rate, which Do and Sirmans note was 8%, based on the price of a 30-year Treasury bond. Since the market rate is twice as high as the discount rate actually used, there was more than full capitalization of the cost of taxes. Using the Treasury-bond rate, the present value of the Mello-Roos tax burden should only have been worth $8929 to homeowners, but they apparently demanded a $13,500 discount. For Do and Sirmans, over discounting was presumably not such a problem since their main goal seems to have been to provide evidence on the psyche of homeowners, namely that, in accord with assumptions made by others, homeowners discount at a rate between 3% and 6%, presumably no matter what the interest rate environment. (109) To return to our opening scenarios, Do and Sirmans apparently found that homeowners were insisting on paying $275,000 for a $280,000 home.

The finding of over-capitalization should have been troubling, as it should have at least suggested that the Mello-Roos tax variable was picking up more than just the value of the additional tax. More troubling, this finding suggests that developers are economically irrational in pursuing Mello-Roos tax financing. The Do and Sirmans findings that Fischel wishes to generalize suggest that developers lose money every time they impose a Mello-Roos tax because homeowners under-discount the present value of future taxes. Thus they demand discounts for the imposition of Mello-Roos taxes that likely exceed how much it would have cost for the developers to put in the infrastructure themselves.

Fischel apparently is at least sensitive to the absurdity of such an outcome, which is why, presumably, he glosses their findings as establishing that the discounting at 4% was done at a "real (inflation-taken-out) interest rate." (110) Fischel does not cite a source for the inflation rate, though I did find that the consumer price index (CPI) for that period averaged 4.6%, (111) which brings the real interest rate down to 3.4%. Aside from the cognitive problem of adding yet another step to the homeowners' required calculation, as well as the financial question as to whether the inflation-adjusted rate at the time of sale is the right rate, this does not really answer the question posed. The developer faced a current interest rate environment, (112) where she could borrow to pay for the improvements at a rate between 9% and 11%. (113) We will further assume that a Mello-Roos borrowing at the time cost about 9% (or about 1% more than 30-year Treasury bonds), (114) and so it made financial sense for at least some developers to use Mello-Roos taxes, at least based on the interest rates. The developer is building a $280,000 house, using Mello-Roos taxes to finance the final $22,000 in backbone improvements; using Mello-Roos reduces the cost to $20,000. The developer thus plans to charge $279,000 for the house, splitting the $2000 savings from Mello-Roos taxes with the each homeowner. Assuming a 30-year term and a 9% rate, each homeowner will need to pay $1947 annually to pay her share of the bonds. (115) If the homeowner uses any discount rate below the rate used to actually derive their annual payments, then the homeowner will refuse to pay even $279,000. To be specific, using a 4% discount rate, the homeowners should demand a $33,667 discount, or only offer to pay $266,333, meaning Mello-Roos taxes have cost the developer $11,667 because $278,000 was her breakeven point. Based on our initial analysis, we had thought it likely that developers used Mello-Roos taxes to make money through the under-capitalization by homebuyers, but the study relied on by Fischel indicated that developers lose money when they use Mello-Roos taxes because of over-capitalization by homebuyers. It seems most unlikely that it is the repeat players with expert and local knowledge rather than the homebuyers who are making an error in calculation.

C. The Structure of the Housing Market

To review, based on the data collected, it was argued that Mello-Roos taxes are best conceived of as taxes. It was then argued that developers favor this mechanism not primarily to save money through cheaper financing, but to pass costs that are not reflected in the price of homes onto homeowners. This finding not only undermines the market-based perspective's justification for this use of Mello-Roos taxes, but also suggests that the market mechanism for home price, so important for Tiebout theorists in general, is not functioning so as to pair tax burdens and amenity bundles.

The crucial argument here, namely that developers are using Mello-Roos taxes precisely because the pricing mechanism is not functioning in a Tiebout way, can be objected to as follows. (116) If it is indeed the case that developers are using Mello-Roos taxes to push more costs onto homeowners--in effect earning abnormal profits relative to developers who cannot also use this or analogous structures (say in other states)--then other developers should enter the market and drive these profits down. If the market were such that new developers could not readily enter the market--say, if the current developers were essentially monopolists--then these developers should be able to charge monopoly rents to begin with and do not need the Mello-Roos tax mechanism.

This objection, though cogent, misses the mark. To begin with, though the fact that homeowners are under-capitalizing (and appear to be known to be under-capitalizing) suggests that developers are earning abnormal profits, this does not necessarily follow. It is possible, for instance, that under-capitalization is necessary for developers to earn normal profits. First, it could be that this is how developers externalize the cost of regulation. Second, the developers, perhaps like Ayres' car dealers, might rely on "suckers" for profit. Developers might sell many homes at close to cost or at a loss to some individuals or on some projects, while making much higher profits on others. (117) This practice seems most likely to happen on a project basis. Given that real estate development involves a long lag-time, is at some point fairly irreversible, (118) and is rather sensitive to external shocks (from interest rates to lawsuits), in order to achieve a market return generally, developers must earn abnormal returns locally. The idea would be that for every project delayed two years because of litigation, there is another that sails through with a great big Mello-Roos tax externalizing the cost of infrastructure.

Furthermore, from a local government tax policy perspective, whether the developers are making abnormal profits is not salient: what matters is the pricing. Whether this is the case of a monopolist earning monopoly profits through Mello-Roos taxes or of competing developers just surviving through Mello-Roos taxes, the problem in the pricing mechanism makes it clear that the Mello-Roos tax is a general (not benefit) tax because the under-capitalizing homeowner can turn around and say, "I agree that house is worth $330,000 and I even agree that I can afford it, but I wanted to pay $300,000 and thought that I had." (119) Again, it is the pricing mechanism that must be functioning if the Tiebout justification for Mello-Roos taxes is correct.

An additional counter to the objection that the under-capitalization theory is untenable would concede, for the sake of argument, that there are abnormal profits earned by developers; however, this argument then would note that the real estate market is unlikely to be perfectly competitive in terms of price precisely because of the nature of the investment (i.e., the irreversibility, vulnerability, lag time, and price stickiness). (120) As for "stickiness," there is the definition of a "conforming mortgage" for the purpose of mortgages being purchased and sold by Fannie Mae or Freddie Mac. Because of the ease of

transferring this risk, the rates on conforming mortgages are cheaper and it has been observed that the mortgage market volume peaks at the level of a conforming mortgage and then drops off considerably. (121) Since a conforming mortgage was valued at $322,700 in 2003 (122) and standard mortgages require 10% down, this puts the maximum home price at $358,555 if developers want to be sure that their likely purchasers can get a conforming mortgage. Of the thirteen average prices disclosed, twelve would have fallen at or below this threshold and most by a comfortable amount, since the average was $297,198.

Another argument for a home price threshold is provided by the standard mortgage market, where the benchmark is that a household can afford to spend 28% of gross income on housing. (123) The housing industry itself defines affordability as a function of how many households with the median income can afford a home in an area. (124) If this argument is correct, namely that developers identify certain prices as thresholds for certain products, say $330,000 for the 20% of households with one and a half times the median income in the Sacramento area (the figures here are hypothetical), then the developers have the incentive to set the price first and then to lower or shift all costs, which, as was just argued, Mello-Roos taxes help to achieve. (125)

Assuming it has been established that Mello-Roos taxes are not fully capitalized into home prices, this itself should not necessarily amount to a critique. After all, it may be both highly efficient and desirable to tax new development in this way. (126) The seemingly excess profits developers earn through Mello-Roos taxes are arguably: (1) not excess, but required just to earn normal profits in California; and/or (2) not unjustified because this loosely reflects the cost of regulation (say the length of the entitlement process). All that the absence of capitalization establishes is that the Tiebout justification for Mello-Roos taxes is implausible. We will now turn to the critique of Mello-Roos tax from the perspective of participatory theorists (Box 3).

IV. FUEL TO THE FIRE: MELLO-ROOS TAXES AND PROPOSITION 13

Mello-Roos taxes, based on their history and their current practice, are best understood as general taxes and hence their collection and expenditure is appropriately considered in the light of other budgetary and policy goals. The Mello-Roos Community Facilities Act was a response to Proposition 13 that was clearly meant to mitigate some of its consequences, intended or otherwise. In this concluding section, based on what we have learned about Mello-Roos taxes, I will argue that their current implementation aggravates the ill effects of Proposition 13 in just about every way, especially those ways that are of concern to participatory theorists. Thus, however a specific instance of the Mello-Roos tax may be best characterized, the reality is that Mello-Roos taxes are contributing to ongoing problems with California's tax system.

Before moving to the critique of Proposition 13, it must be conceded that it does lower property taxes for longtime homeowners and it does make property taxes predictable for longtime homeowners, both reasonable goals in themselves and arguably consistent with a larger policy of pursuing neighborhood stability. Furthermore, Proposition 13 was passed in response to a real problem, namely the rapid inflation of housing prices and the concomitant increase in property taxes that had led to a huge budget surplus, approaching $10 billion had Proposition 13 not been passed. (127) Neither the budget increase problem nor taxpayer anger occurred spontaneously; the state government saw the writing on the wall and still could not deal with the problem. (128)

A. Equity

The principle of horizontal equity states that similarly situated taxpayers should pay the same amount. (129) Proposition 13 violates this principle because similarly situated properties can have wildly divergent property tax assessments based on when they were last bought or sold. (130) Mello-Roos taxes, along with impact fees, represent a further tax burden generally imposed on newer homeowners or, put more precisely, on homeowners in newer neighborhoods. As conceded above, (131) there may be policy reasons to differentiate amongst homeowners in this way, but it is striking that a means of mitigating Proposition 13 has only increased one of its seemingly undesirable impacts. Equity problems here are not just a matter of people paying different tax rates for the same services, but also that those who are paying more are also living in greater legal jeopardy relative to their homes. Furthermore, the profusion of different tax rates caused by Mello-Roos taxes does not even obviously map the longevity of tenure--after all, a resident of a home in a newer part of town who stays in the community for ten years will still be paying the Mello-Roos tax, while a short-term resident of a home in an older part of town without a Mello-Roos tax will not.

B. Transparency and Political Accountability

The perpetual post-Proposition 13 fiscal crisis experienced by local governments has spawned what one commentator has called the "growth of arcane finance techniques." (132) We have focused on Mello-Roos taxes and touched on fees and assessments. Other popular structures include parcel taxes and certificates of participation (a form of lease financing). Many schools have private foundations and many communities have homeowner associations. We have seen how Mello-Roos taxes add both a new type of tax and a new type of district to the bestiary that California property owners confront. This situation makes it difficult to assess who, for example, is paying for one's children's education--one's Mello-Roos taxes may, but will not necessarily, have built the school they go to, but it is one's property taxes, backfilled with state income and sales tax revenue, that is probably paying for operations. Though transparency in taxation is not to be espoused in a knee-jerk way, (133) to the extent that the very existence of local government entities is justified by citizen participation in self-government, the advent of Mello-Roos taxes is clearly an unwelcome development.

C. Fiscalization

In the aftermath of Proposition 13, there has been a lot of research about the fiscalization of local land use decisions, meaning that localities favor uses that generate sales tax revenues, especially Big Box stores. (134) There has been legislation proposed to solve the problem, (135) but nothing significant so far as I know has been passed in California. Fiscalization in favor of the sales tax results from the fact that the property tax generated by new residential development does not even pay for itself. Impact fees, nominally, make the effect of new development revenue neutral. Mello-Roos taxes, as we have seen, can have the effect of being a net positive for the community, though not in the form of general revenue. Insofar as not all developments can equally sustain a Mello-Roos tax large enough to fund general community improvements, the availability of Mello-Roos taxes skews decision makers toward higher-end developments where the Mello-Roos tax will be a smaller burden as a percentage of property value.

One interesting consideration here is that, under the old system, where local governments could set their rates as a percentage of market value, there was arguably an even greater incentive to pursue high-end residential development. The counter to this is that in the pre-Proposition 13 world local governments were not as strapped financially and hence perpetually searching for new revenue sources.

D. Deliberation and Flexibility

In 1996, general government spending (as a percentage of total spending) by cities and counties was one-half the amount it was before Proposition 13, because general purpose local government had its primary revenue source--namely the property tax--dramatically cut. (136) Fixing the maximum property tax rate at 1% creates other deliberative problems for local governments. Not only is the cap too low for many jurisdictions, but the proportion of the 1% that they receive is not under their control. Admittedly, this is not a necessary effect of Proposition 13 since the 1% could be distributed among local governments any number of ways, including in a manner that preserved local control. It is hardly surprising that the legislature, in implementing Proposition 13 (AB 8), (137) sought to avoid this chaos by imposing a system in which each local government's share is a function of its share in 1978. (138) Note that this reasonable solution creates a situation where local agencies that were frugal or small in 1978 are tied to a small share of the 1%. Consider a fire district that has experienced rapid growth. Its small share of the 1% in 1978 just no longer makes any sense. The cap of 1% tied to the AB 8 allocation method (i.e., the dead hand of the division of the property tax in 1978), along with an acquisition value system, thus prevents local legislators from making deliberative budgeting decisions, even in theory. (139)

The advent of Mello-Roos taxes, particularly when securitized, clearly exacerbates the ever decreasing discretion of local politicians and frustrates the will of future majorities, especially of the residents who moved into homes encumbered by Mello-Roos taxes. It is true, as we have seen, that Mello-Roos taxes can be conceived of as continuous with zoning and with impact fees. Yet zoning laws and fee regimes can be changed; localized tweaking is even possible since variances can be given and fees can even be refunded. Perhaps most importantly, the projects for which the fees are expended can also be changed.

At best, securitized Mello-Roos taxes freeze in place one moment of deliberation. It is far from clear, however, that there is even deliberation in the first instance as concerns the details of a Mello-Roos tax. Even if a local government is "tough" on developers--say insisting on a high value-to-lien ratio and other safeguards that limit the size of the borrowing and on a relatively valuable public benefit (both of which lessen the amount of money available for the developer's projects and hence undermine the Tiebout-dynamic)--there was not, by definition, a decision that these tax dollars are best spent on these projects and not on any other. There is even less deliberation about the details of the special tax formula, generally created by the developer's consultant for the developer's benefit and not designed for the long term. Even if it were, thirty years is a long time and the tax formula can only be changed with approval by the two-thirds of the many voters in the now developed district.

V. CONCLUSION

My survey of the literature has not found anything but glancing references to the advent of Mello-Roos taxes in California. No doubt one reason for this is that good information is hard to come by and, without this good information, the scale of these taxes remains hidden. The primary purpose of this

Note is to spur a discussion of a significant issue in local government taxation. If the argument of this Note is correct and Mello-Roos tax financings of basic infrastructure rely on under-capitalization for their financial logic, then the current use of these taxes cannot be justified from either of the dominant perspectives on local government law. From a market perspective, Mello-Roos taxes are problematic because they are not providing citizen-consumers amenities at the price they want. From the perspective of participatory democracy, Mello-Roos taxes represent yet another obstacle to reasoned deliberation and to the opportunity for citizens at the local level to determine their own destiny.

APPENDIX:

LIST OF FINANCINGS ANALYZED

Issuer	Actual Sale Date	County	Principal Amount
City of Corona CFD No 2000-1	7/16/2003	Riverside	$1,610,000
Corona-Norco USD No 00-01	7/10/2003	Riverside	2,690,000
Corona-Norco USD No 98-1	8/27/2003	Riverside	26,760,000
Elk Grove CFD No 2003-1	10/16/2003	Sacramento	29,570,000
Elk Grove E. Franklin CFD No 2002-1	12/3/2003	Sacramento	7,460,000
Elk Grove Unified School District CFD No 1	10/21/2003	Sacramento	20,215,000
Elk Grove Unified School District CFD No 1	10/21/2003	Sacramento	7,785,848
Folsom CFD No 10	10/8/2003	Sacramento	24,015,000
Jurupa Community Services District CFD No 10	12/16/2003	Riverside	7,415,000
Lake Elsinore CFD No 2002-1	3/20/2003	Riverside	3,855,000
Lee Lake Water District CFD No 1	6/24/2003	Riverside	21,940,000
Menifee Union School District CFD No 2003-3	10/28/2003	Riverside	2,445,000
Menifee Union School District CFD No 99-1	5/6/2003	Riverside	875,000
Menifee Union School District CFD No 99-1	5/6/2003	Riverside	4,990,000
Murrieta CFD No 2003-2	12/11/2003	Riverside	7,000,000
Murrieta Valley USD No 2001-4	3/13/2003	Riverside	6,970,000
Murrieta Valley USD No 2003-1	8/26/2003	Riverside	3,400,000
Norco CFD No 2002-1	3/4/2003	Riverside	2,200,000

Perris CFD 2002-1	2/16/2003	Riverside	5,860,000
Perris CFD 2003-1	7/15/2003	Riverside	3,060,000
Rancho Cordova CFD No 2003-01	10/22/2003	Sacramento	23,415,000
Roseville CFD No 1	3/5/2003	Placer	11,285,000
Roseville CFD No 1	4/24/2003	Placer	15,475,000
Sacramento CFD No 2001-03	7/16/2003	Sacramento	19,570,000
Sacramento CFD No 4	10/15/2003	Sacramento	29,765,000
Temecula Public Financing Auth. CFD No 03-03	12/18/2003	Riverside	30,990,000
Temecula Public Financing Auth. CFD No 03-1	7/24/2003	Riverside	12,155,000
Temecula Valley USD CFD No 2002-1	8/21/2003	Riverside	7,615,000
Val Verde USD CFD No 2003-1	12/10/2003	Riverside	1,984,000
	Total		342,369,848

Darien Shanske*

* JD, Stanford Law School; BA, Columbia University; MA (Philosophy), McGill University; PhD (Rhetoric), UC Berkeley.

Acknowledgments: I need to thank, above all, my peers and friends at Government Financial Strategies in Sacramento, particularly Lori Raineri. Parts of this Note were written for Professors Mark Kelman and Joseph Bankman. An earlier version of part of this Note was presented at a panel on Legal Interpretation at the 2004 Law & Society Conference. I have also availed myself of input from many other faculty members at Stanford Law School, including: Professors William Cohen, Marcus Cole, Richard Craswell, Michele Dauber, Richard Ford, Barbara Fried, Ronald Gilson, Pamela Karlan, Amalia Kessler, William Koski, Lawrence Lessig, Alison Morantz, Norman Spaulding and Kathleen Sullivan. I also profited from discussions with Jim Copeland and Chris Sprigman. Without Erica Wayne's help, I could not have accessed the disclosure documents. I also received useful comments from my fellow students in the Student-Faculty Workshop and Tax Policy Seminar. All mistakes are my own.

(1) For examples of such cuts and others, see Ed Fletcher, Yolo Orders Furloughs for All of Its Employees: Most Must Take Off During Shutdown of County Offices at the End of December, SACRAMENTO BEE, July 21, 2004, at B2; Cameron Jahn, $6 Million in Repairs on Agenda for County, SACRAMENTO BEE, Aug. 24, 2004, at B1 (describing $15 million backlog); Cameron Jahn, County's Budget Outlook Improves: With $19.6 Million More Than Anticipated Available, Officials Recommend Ending a Three-Year Hiring Freeze, SACRAMENTO BEE, Sept. 2, 2004, at B1; Niesha Lofing, Placer's Cuts Pay Off: County Basks in a Better-Than-Expected Budget Climate, SACRAMENTO BEE, Aug. 14, 2004, at B1 (describing vacant newly remodeled prison); Sandy Louey, School Board Pares $8.4 Million: Cuts Will Be Made Over the Next Two Years to Reduce Projected Shortfall, SACRAMENTO BEE, Oct. 7, 2004, at G1.

(2) Mello-Roos taxes are a method of financing available to local government entities in the State of California for public improvements and are the focus of this Note. See infra Part I.D.

(3) WENDELL COX ET AL., NAT'L ASS'N OF HOME BUILDERS, BUILDING FOR TOMORROW: INNOVATIVE INFRASTRUCTURE SOLUTIONS 13, available at http://www.nahb.org/publication_details.aspx?sectionID=702&publicationID=861 (last visited Jan. 9, 2007) [hereinafter NAHB REPORT]. As for analogous provisions in other states, the National Association of Home Builders (NAHB) claim that more than thirty states allow for the creation of similar districts appears to be both an overstatement and an understatement. It is an overstatement insofar as I have been able to confirm only that four states have laws that are similar to the Mello-Roos law in the most relevant respect, namely that the levy is a tax and not an assessment. Assessments require a tight nexus between the money levied and the benefit that an individual property receives; taxes do not. For a recent discussion of the tax-assessment distinction in an important legal context, see Silicon Valley Taxpayers Ass'n v. Santa Clara Open Space Auth., 30 Cal. Rptr. 3d 853, 877-78 (Cal. Ct. App. 2005), petition for review granted, 121 P.3d 1238 (Cal. 2005); see also ANTERO RIVASPLATA, GOVERNOR'S OFFICE OF PLANNING & RESEARCH, A PLANNER'S GUIDE TO FINANCING PUBLIC IMPROVEMENTS 18 (1997), http://ceres.ca.gov/planning/financing/financng.pdf.

The four other states with Mello-Roos type laws are Arizona, ARIZ. REV. STAT. [section][section] 48-701 to -725 (2006), Hawaii, HAW. REV. STAT. [section] 46-80.1 (2005), Illinois, 35 ILL. COMP. STAT. 200/27-5 to -95 (2005), and New Mexico, N.M. STAT. ANN. [section][section] 5-11-1 to -27 (West 2005). For examples of other states using these districts for the kinds of new development studied in this Note, see TOWN OF BUCKEYE, ARIZ., SUNDANCE CMTY. FACILITIES DIST., LIMITED OFFERING MEMORANDUM, (Sept. 12, 2002); CITY OF MARICOPA, ARIZ., POLICY GUIDELINES AND APPLICATION PROCEDURES FOR THE ESTABLISHMENT OF CMTY. FACILITY DIST., available at http://www.cityofmaricopa.net/Assets/CFDPolicy.pdf (last visited Jan. 9, 2007); see also PUB. FIN. MGMT., INC. & DAVID TAUSSIG & ASSOCS., REPORT TO THE STATE OF WASHINGTON LEGISLATIVE TRANSPORTATION COMMITTEE: STUDY OF ALTERNATIVE TRANSPORTATION PROJECT FUNDING OPTIONS 2 (2005), available at http://www1.leg.wa.gov/documents/ltc/ltc/AltFinFinalRpt.pdf (listing only these five states as permitting Mello-Roos and recommending that Washington State create a Mello-Roos mechanism as well, as determined by two leading special tax consulting firms).

In July 2000, the National Federation of Municipal Analysts listed seventeen states, including the five Mello-Roos states listed above, as having a "significant amount of land secured debt transactions." NAT'L FED'N OF MUN. ANALYSTS, RECOMMENDED BEST PRACTICES IN DISCLOSURE FOR LAND SECURED DEBT TRANSACTIONS 10 (2000), available at http://www.nfma.org/publications/landsecuredpractices.pdf. Naturally enough, this list includes many other fast-growing states such as Nevada, but also states from all regions of the country (e.g., Florida, New Jersey, and Minnesota). Many of these other states such as Texas use variations on assessment law to create districts to issue land-secured debt. See TEX. LOC. GOV'T CODE ANN. [section][section] 372.001-030 (Vernon 2005). For the use of this law for the purposes of new development, see for example LEWISVILLE CASTLE HILLS PUB. IMPROVEMENT DIST. NO. 3, CITY OF LEWISVILLE, TEX., OFFERING MEMORANDUM (June 21, 2004). As far as the policy

implications go, the use of assessments rather than special taxes probably does not alter the analysis, though a precise discussion of assessments versus special taxes will need to await another paper. Certainly, insofar as the NAHB seems to have treated assessment law as largely fungible with Mello-Roos law for the purposes of the kinds of projects discussed above, its thirty state count is likely an understatement since the author does not know of any state without some kind of assessment mechanism. See, e.g., N.Y. VILLAGE LAW [section] 22-2200 (Consol. 2005) (referencing an assessment statute not listed by the National Federation of Municipal Analysts).

(4) Mello-Roos taxes are commonly referred to as an effect of Proposition 13. See, e.g., PETER SCHRAG, PARADISE LOST 118-19 (1998) (citing planning consultant William Fulton). There is no discussion of Mello-Roos taxes in a leading public finance textbook. See HARVEY S. ROSEN, PUBLIC FINANCE 291, 522-30 (2005) (providing discussion of special taxes connection with capitalization, but no in-depth treatment of the phenomenon of Mello-Roos taxes or assessments). Nor is there discussion even in articles in which such a discussion would be appropriate. See, e.g., Richard Briffault, The Rise of Sublocal Structures in Urban Governance, 82 MINN. L. REV. 503 (1997) (omitting references to Mello-Roos taxes, which admittedly seem more suburban than urban, but, as my research indicates, they are ubiquitous in new urban areas and are not even mentioned); Clayton P. Gillette, Direct Democracy and Debt, 13 J. CONTEMP. LEGAL ISSUES 365 (2004) (omitting discussion of Mello-Roos taxes even though they seem to be a difficult case for the argument that local debt is being issued "efficiently"); Kirk J. Stark, The Right to Vote on Taxes, 96 NW. U. L. REV. 191, 199 n.46 (2001) (mentioning Mello-Roos taxes only in passing, where they would seem to pose a central challenge to the author's normative thesis concerning the proper connection between voting and taxation). For the one local government theorist (Fischel) and one academic article (Do & Sirmans) that do discuss Mello-Roos taxes at some length, see infra text accompanying notes 89-115.

(5) See generally Vincent Ostrom, Charles M. Tiebout & Robert Warren, The Organization of Government in Metropolitan Areas: A Theoretical Inquiry, 55 AM. POL. SCI. REV. 831 (1961); Charles M. Tiebout, A Pure Theory of Local Expenditures, 64 J. POL. ECON. 416 (1956).

(6) In a related context, see for instance Gillette, supra note 4, at 398-99.

(7) See, e.g., GERALD E. FRUG, CITY MAKING: BUILDING COMMUNITIES WITHOUT BUILDING WALLS 167-79 (1999).

(8) For an extended argument for this vision of democracy including strong advocacy for participation in local government, see BENJAMIN R. BARBER, STRONG DEMOCRACY: PARTICIPATORY POLITICS FOR A NEW AGE (1984).

(9) NAHB REPORT, supra note 3, at 13.

(10) Proposition 13 was a ballot initiative passed by the voters of California in 1978 that permanently reduced property taxes. See infra Part I.D.

(11) I heard this argument numerous times from developers as a professional and it is in a report sponsored by the NAHB, which states that using Mello-Roos tax financing "offers lower-cost tax-exempt borrowing and obviates the need to add infrastructure costs and/or impact fees to the price of a

house." NAHB REPORT, supra note 3, at 14. Note that this claim is not only about interest rates, but about capitalization, which is to say that the NAHB authors do not seem to believe that it is generally the case that homebuyers demand a discount to reflect the cost of these taxes. As for the interest rate on these bonds, the claim that it is consistently and significantly lower than the private alternative is also repeated in explanatory literature handed out to prospective homeowners by at least one major title company: "Why Can't Builders Bear the Cost of these Facilities?" They can. But ultimately, the builder must recover these considerable costs in the form of higher home prices. Commercial construction loans acquired by builders typically incur higher rates of interest than Community Facilities District [CFD] financing, which accrues at significantly lower rates." FID. NAT'L TITLE CO., THE TRUTH ABOUT MELLO-ROOS, available at http://www.fidelitytitle.net/fastfacts/FastFacts/ff_021_Mello-Roos.PDF (last visited Jan. 9, 2007).

(12) It is worth repeating that, from a Tiebout perspective, Mello-Roos tax is justified if more efficient at providing the amenities citizen-consumers want.

(13) CAL. GOV'T CODE [section][section] 53311-68.3 (West 2005).

(14) The full text and summary of Proposition 13 and other California ballot initiatives referenced in this Note can be obtained from the California Ballot Propositions Database, available at http://library.uchastings.edu/cgi-bin/starfinder/0?path=calprop.txt&id=webber&pass=webber&OK=OK (search for "Proposition 13, 1978") (last visited Jan. 9, 2007).

(15) CAL. CONST. art. XIII A, [section] 2(a).

(16) CAL. CONST. art. XIII A, [section] 1(a).

(17) Steven T. Lawrence, Solving the Proposition 13 Puzzle: From Amador to Nordlinger--Judicial Challenges and Alternatives, 24 PAC. L.J. 1769, 1771 (1993); John A. Miller, Rationalizing Injustice: The Supreme Court and the Property Tax, 22 HOFSTRA L. REV. 79, 94 n.35 (1993).

(18) CAL. CONST. art. XIII A, [section] 2(b).

(19) CAL. CONST. art. XIII A, [section] 3.

(20) CAL. CONST. art. XIII A, [section] 4.

(21) CAL. CONST. art. XIII A, [section] 2(h).

(22) CAL. GOV'T CODE [section] 53325.5 (West 2005).

(23) CAL. GOV'T CODE [section] 53326(b) (West 2005). In such a district, a majority of voters could protest and prevent the formation of a CFD. CAL. GOV'T CODE [section] 53324 (West 2005).

(24) CAL. GOV'T CODE [section] 53325.3 (West 2005).

(25) If Mello-Roos taxes could be measured on an ad valorem basis, they would be deemed property

taxes and limited to 1% of the property's assessed value and thus could provide no additional revenue.

(26) CAL. GOV'T CODE [section] 53311.5 (West 2005).

(27) Assembly Third Reading of S.B. 2001, 1981-82 Leg. Sess., Digest [section] 6 (Cal. Aug. 24, 1982) (statement of California Assembly Office of Research). Developer A, with thirty-five years of experience, believed that Mello-Roos taxes were specifically targeted at financing infrastructure from an existing city, say from a city to a new subdivision. Telephone Interview with Sacramento Developer A (May 4, 2005) (hereinafter Developer A Interview). This connection between sprawl and Mello-Roos taxes was confirmed by Developer B and the data I collected. Telephone Interview with Sacramento Developer B (May 17, 2005) (hereinafter Developer B Interview). Developer A also reported that before Proposition 13, it was the local governments that financed this intermediate infrastructure.

(28) CAL. CIV. CODE [section] 1102.6(b) (West 2005) (effective 1992); CAL. GOV'T CODE [section] 53341.5 (West 2005) (effective 1993). Interestingly, the 1993 contribution to the disclosure requirement allowed for consolidation of Mello-Roos disclosure, thereby acknowledging the likelihood that homes would be in more than one district. Bill Analysis: S.B. 331, 1993-1994 Leg. Sess., at 3 (Apr. 22, 1993).

(29) NAHB REPORT, supra note 3, at 13.

(30) CITY OF FOLSOM, CAL., OFFICIAL STATEMENT CMTY. FACILITIES DIST. NO. 10 app. C, at C-15 (Oct. 6,2003).

(31) CAL. DEBT & INV. ADVISORY COMM'N, Debt Line (May 2001), available at http://www.treasurer.ca.gov/cdiac/debtpubs/2001/052001special.pdf.

(32) CAL. DEBT & INV. ADVISORY COMM'N, 2003 ANNUAL REPORT 2, 14 (2003), available at http://www.treasurer.ca.gov/cdiac/reports/annual/2003_annual.pdf.

(33) See infra Part VI for the list of the debt issues I analyzed.

(34) Local issuers must report to the California Debt and Investment Advisory Commission (CDIAC). CAL. GOV'T CODE [section] 8855(k)-(l) (West 2005).

(35) Thomson Municipal Market Monitor, http://www.tm3.com (last visited Jan. 9, 2007).

(36) 17 C.F.R. [section] 240.15c2-12 (2006). See the general discussion of the history and impact of the rule in Lisa M. Fairchild & Timothy W. Koch, The Impact of State Disclosure Requirements on Municipal Yields, 51 NAT'L TAX J. 733 (1998).

(37) See infra Part II.B.iii.

(38) See infra Part II.B.iv.

(39) DEMOGRAPHICS RESEARCH UNIT, CAL. DEP'T. OF FIN., E-5 CITY/COUNTY

POPULATION AND HOUSING ESTIMATES (2000-2006) [hereinafter HOUSING ESTIMATES], available at, http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/Estimates/E5/E5-06/documents/E-5a.xls. A similar conclusion is reached by Hans Johnson and Joseph Hayes, who found that the Sacramento Metro Area, with 5.3% of the state's neighborhoods, accounted for 11.2% of the state's new neighborhoods. Hans P. Johnson & Joseph M. Hayes, California's Newest Neighborhoods, CALIFORNIA COUNTS, Aug. 2003, at 4-5. For the Inland Empire, which includes Riverside County, Johnson found that with 8.6% of the state's neighborhoods, it accounted for 15.3% of new neighborhoods. Id. These findings were as of 2000.

(40) See supra Part II.A.

(41) NAHB REPORT, supra note 3, at 13.

(42) CITY OF ELK GROVE, CAL., E. FRANKLIN CMTY. FACILITIES DIST. NO. 2002-1, OFFICIAL STATEMENT app. G, at 9 (Dec. 3, 2003).

(43) CITY OF SACRAMENTO, CAL., N. NATOMAS REGENCY PARK CMTY. FACILITIES DIST. NO. 2001-03, OFFICIAL STATEMENT 1, app. A, at 25 (July 16, 2003).

(44) CITY OF FOLSOM, CAL., CMTY. FACILITIES DIST. NO. 10, OFFICIAL STATEMENT app C, at C-15, app. D, at 44 (Oct. 6, 2003).

(45) HOUSING ESTIMATES, supra note 39 (estimating construction of 117,206 new homes in California in 2003).

(46) See supra Part II.A.

(47) See supra note 2 and Part I.D.

(48) CAL. DEBT & INV. ADVISORY COMM'N, GUIDELINES FOR MELLO-ROOS FINANCING 9 (1991), available at http://www.treasurer.ca.gov/cdiac/reports/M-Roos/MR_guidelines.pdf (hereinafter CDIAC, GUIDELINES).

(49) Of the disclosure documents at which I looked, only twelve (less than half) provided the total tax burden as a percentage of home price.

(50) To commemorate the twenty-fifth anniversary of Proposition 13, the Sacramento Bee published a series of excellent articles on its aftermath, including working with a private firm to determine average tax bills by zip code for the Sacramento area. See Capital Region Property Tax Trends, SACRAMENTO BEE (June 2, 2003), available at http://www.sacbee.com/static/richmedia/pdf/2003602prop13.pdf. My calls to this private firm, and one other, in an attempt to get additional information, were not returned.

(51) That is, when this information is disclosed at all. As noted supra note 49, more than half do not disclose this information. For the issues listed above, all disclosed enough information to allow the rough calculation of an average--that is, even fewer issuers actually provided the information clearly

(for example, in a table).

(52) CDIAC, GUIDELINES, supra note 48, at 9 (emphasis added); CITY OF SACRAMENTO, CAL., CMTY. FACILITIES DIST. FINANCING 8, SACRAMENTO POLICIES AND PROCEDURES FOR USE OF SPECIAL ASSESSMENT AND MELLO-ROOS (1993), available at http://web.archive.org/web/20040414060244/http://www.pwsacramento.com/media/pdfFiles/Policy.pdf (emphasis added) (hereinafter SACRAMENTO POLICIES).

(53) CAL. GOV'T CODE [section] 53345.8 (West 2005).

(54) In two cases, two nominally different sets of transactions were bundled together in one Official Statement (with one figure for costs given); each of these transactions was counted as one, with the total reported costs divided in two. This procedure was adopted in order to make a conservative estimate even though it would be defensible to count them as one. Table IV is based on the data disclosed in all twenty-nine issues.

(55) That Mello-Roos type financings are expensive is not news to the development community; indeed, this type of financing is not recommended for smaller projects. See NAHB REPORT, supra note 3, at 14.

(56) Since they are backed by the full taxing power of the local entity, these borrowings also have much lower transaction costs--for example, no appraiser, no special tax consultant, and no reserve fund.

(57) By law, tax-exempt bond issues are allowed one advanced refunding, which involves borrowing cheaper money now and keeping it in escrow to pay off the bonds when the call protection period ends--this is only a viable alternative when rates really decline. I.R.C. [section] 149 (d)(3)(A)(i).

(58) See, e.g., EAST FRANKLIN CMTY. FACILITIES DIST. NO. 2002-1, OFFICIAL STATEMENT G17 (Dec. 3, 2003) (using 10%); MENIFEE UNION SCH. DIST. CAL., CMTY. FACILITIES DIST. NO. 2003-3, OFFICIAL STATEMENT C37 (Oct. 28, 2003) (using 8% and explaining that the borrowing rate is distinct from the rate of return, which combined, are the discount rate used for discounted cash flow analysis). See Developer A Interview, supra note 27; Developer B Interview, id.

(59) LEE LAKE WATER DIST., CAL., CMTY. FACILITIES DIST. NO. 1 (SYCAMORE CREEK), OFFICIAL STATEMENT 36 (June 12, 2003). This is the transaction modeled in Table VI. There are a few additional things to note about this loan. First, the loan was essentially a line of credit, meaning that the developer was able to borrow part of the loan amount, repay it, and then borrow again, as needed. There was a 0.75% annual fee for this service. Second, and crucially, the developer here was not a large builder like Lennar. The master developer was an investment holding company that contracted with a local private developer on the project. Another disclosure document disclosed similar terms and the reasonableness of these terms was confirmed by all three of my local experts. See CORONA-NORCO UNIFIED SCH. DIST., CMTY. FACILITIES DIST. NO. 00-01 (SIERRA PEAK), OFFICIAL STATEMENT 31 (July 10, 2003).

(60) In the model above, the developer paid the highest borrowing rate, withdrew all money at once (thus earning enormous negative arbitrage), and paid an annual fee.

(61) The federal income tax implications of financing the new infrastructure through either Mello-Roos taxes or a larger mortgage are inconclusive. Using Mello-Roos taxes is better for a taxpayer insofar as the entire amount of the tax can be deducted, whereas only the interest portion of a home mortgage can be deducted. However, should a taxpayer be subject to the Alternative Minimum Tax (AMT), then none of the Mello-Roos tax can be deducted.

(62) It should be noted that the $50,000 up-front transaction cost for the private alternative is more than twice the maximum estimated by Developer A. See Developer A Interview, supra note 27.

(63) It could be objected that extra savings are hidden in the cash flow, especially in the reserve fund. After all, the reserve fund is used to make the final year's payment. However, given that this final year payment needs to be discounted over thirty years, its effect on the comparison is negligible. Comparing the present value of the two complete cash flows only increases the savings in our original scenario to 1.71% from 1.57%. It could also be objected that insofar as the capitalized interest does not cover all of the Mello-Roos tax due for the first three years, the developers are paying a share of the Mello-Roos tax that is not being passed on to the homeowners, unlike in the private financing. However, as noted above, all of the Mello-Roos tax formulas are designed to ensure that the new homeowners pay more than their proportional share--that is, the formulas are designed so that all developed properties are taxed first and taxed more than undeveloped properties--and so, in effect, developers are not likely to pay much Mello-Roos tax (assuming their project is successful).

(64) The Mello-Roos tax is not the only possible solution to this problem, which is also solved by contributing more equity. The developers could also have formed an assessment district, though this does raise many of the same policy issues (e.g., Why are only new communities paying for their infrastructure? Are the assessments fully capitalized?). Finally, developers can complete projects in phases or pre-sell units, both strategies that are used here and abroad. Pre-selling is especially popular in Asia. Rose Neng Lai et al., Sale before Completion of Development: Pricing and Strategy, 32 REAL EST. ECON. 329, 329-30 (2004).

(65) See supra Developer A Interview, supra note 27; Developer B Interview, id.

(66) See infra Part II.B.v.

(67) MARLA DERSH & STEVEN SHEFFRIN, WHO PAYS FOR DEVELOPMENT FEES AND EXACTIONS?, at v (Pub. Policy Inst. of Cal., 1997); LITTLE HOOVER COMMISSION, REBUILDING THE DREAM: SOLVING CALIFORNIA'S AFFORDABLE HOUSING CRISIS 39 (2002).

(68) STATE DEP'T OF HOUSING & CMTY. DEV., PAY TO PLAY: RESIDENTIAL DEVELOPMENT FEES IN CALIFORNIA CITIES AND COUNTIES 61 (1999) [hereinafter PAY TO PLAY].

(69) Id. at 56.

(70) Laurie Reynolds, Taxes, Fees, Assessments, Dues and the "Get What You Pay For" Model of

Local Government, 56 FLA. L. REV. 373, 423 (2004).

(71) PAY TO PLAY, supra note 68, at 80-84

(72) See the discussion of the literature in John Yinger, The Incidence of Development Fees and Special Districts, 51 NAT'L TAX J. 23 (1998) (concluding that "to the extent housing construction is competitive, [fees] do not place any burden on developers"); see also DERSH & SHEFFRIN, supra note 67, ch. 5 (finding homebuyers bearing 25% of the cost of fees in one community (interestingly, for this community, they found an 89% capitalization rate on Mello-Roos bonds) and possibly more than 100% in another).

(73) PAY TO PLAY, supra note 68, at 88-89.

(74) See infra Part III.B.

(75) Only one of the financings I looked at was for commercial development. See CAL. DEBT & INV. ADVISORY COMM'N, 2003 ANNUAL REPORT 17 (2003), available at http://www.treasurer.ca.gov/cdiac/reports/annual/2003_annual.pdf (finding capital improvements have been the "predominant purpose" of Mello-Roos bonds "for the past ten years").

(76) CITY OF SACRAMENTO, CAL., NORTH NATOMAS REGENCY PARK CMTY. FACILITIES DIST. No. 2001-03, OFFICIAL STATEMENT 15 (July 16, 2003).

(77) SACRAMENTO POLICIES, supra note 52, at 6.

(78) CAL. REV. & TAX CODE [section] 3691(a)(1) (2005).

(79) At least as such transactions are currently structured. There could, for instance, be a larger reserve fund requirement (which would be very expensive) or a higher required coverage ratio (currently, the total tax collected annually is required to be 110% of debt service), which would either increase taxes or decrease the amount of borrowings.

(80) For an example of a taxpayer losing his challenge to an accelerated foreclosure provision, see Riverside County Cmty. Facilities Dist. No. 87-1 v. Bainbridge, 77 Cal. App. 4th 644 (Cal. Ct. App. 1999).

(81) For more expensive properties, the permitted delinquency period is generally about two years, which is a year less than the computed average. This is because the triggering threshold is always a monetary value (e.g., $5000) and the Mello-Roos tax formula applies different rates to different properties roughly based on value. The computed average is based on the average tax rate and thus more expensive homes in the district will trigger the foreclosure provision after missing fewer tax payments.

(82) The overwhelming choice of threshold percentage was 95%, with an average of 94.79%.

(83) See supra Part I.B.

(84) Except the federal government, since presumably it is the federal tax exemption that is the primary reason that these bonds are thought to be cheaper (though the state loses too); the tax exemption for state and local bonds, already conceptually suspect, only becomes more so from this perspective. From the perspective of this Note, this suggests that, even on the developers' theory, public dollars are implicitly being spent to subsidize their projects, on top of all of the other subsidies that the housing industry receives.

(85) See STATE OF CAL., DEP'T OF INDUS. RELATIONS, PUB. WORKS CASE NO. 2003-022 (Jan. 30, 2004).

(86) In 1999 in Oakland, the Mayor's Committee on Education asked the City Auditor to look into relative tax burdens in eleven school districts, mostly in the Bay Area, but also in Sacramento, Orange, and San Bernadino counties. The resulting report includes Mello-Roos taxes and reports a range of rates consistent with those found in this Note. One passage about Mello-Roos taxes is especially interesting:

> Mello-Roos bonds associated with new development fund infrastructure, most commonly schools, needed to handle the influx of new residents purchasing homes in the new development. San Bernardino County and Sacramento County both mentioned Mello-Roos as a major difficulty in estimating average tax burdens for a particular school district. For example, parcels in a new development on the edge of the City of Sacramento (near the unincorporated area of Elk Grove) which are affiliated with Sacramento Unified School District may pay hundreds, if not thousands, of dollars each year toward the Mello-Roos debt while neighbors in established area just four blocks away pay nothing. Further, there is no guarantee that the school receiving the Mello-Roos monies is in the attendance area for the home paying the Mello-Roos debt.

KIMBERLY SHUNK, OAKLAND CITY AUDITOR'S OFFICE, PROPERTY TAX BURDEN BY JURISDICTION (Aug. 6, 1999) available at http://www.oaklandauditor.com/reports/report_propertytaxburden99.pdf.

(87) This is not to say that there are no communities that exceed the 2% threshold. There are.

(88) Apparently. Elk Grove seems to have done something similar, as the City Council voted to require that all new homes pay a $275 annual fee (indexed and into perpetuity) for general city services. Michael Kolber, Fees Tacked on New Houses in Elk Grove, SACRAMENTO BEE, Jan. 8, 2003, at A1.

(89) WILLIAM FISCHEL, THE HOMEVOTER HYPOTHESIS 4, 19 (2001). As Professor Ronald

Gilson has noted (in conversation), this is not, strictly speaking, true, since one can hedge through purchasing options against real estate investment vehicles that have holdings in the same area as one's home. Thus, if one's house loses value because of a general decline in property values, one can offset the loss through one's investments. Presumably, Fischel would reply that, as a matter of fact, this is not what the vast majority of homeowners do. It would be an interesting empirical question to imagine what would happen if all homeowners did attempt to hedge in this way.

(90) Aside from reasons of culture and taste, Fischel notes that there are large tax benefits associated with homeownership and thus the government is encouraging households to take this undiversified position. Id. at 231-32.

(91) One thing to note about Fischel is that he does not argue that Proposition 13 enhances the Tiebout dynamic he otherwise recognizes and endorses. Aside from the inequities between taxpayers based on date of acquisition, which he seems to recognize, the main problems are that the 1% threshold is too low, too rigid, and incentivizes municipalities to chase the sales tax, which often leads to decisions that do not benefit the property values of homeowners. Id. at 187.

(92) See generally Peter Mieskowski & George R. Zodrow, Taxation and the Tiebout Model: The Differential Effects of Head Taxes, Taxes on Land Rents, and Property Taxes, 27 J. OF ECON. LIT. 1098 (1989). There is also a "traditional" view, which, for purposes of this Note is not relevantly different. According to the traditional view, the property tax is not a tax on capital generally, but specifically on land and on structures on land. As with the "new" view, the traditional view would predict at least some capitalization, specifically of the tax that falls on the land (versus the structures on the land). See ROSEN, supra note 4, at 522-25.

(93) Thomas Heller, The Theory of Property Taxes and Land Use Regulation, 1974 WIS. L. REV. 751, 756-57 (1974).

(94) See Mieskowski & Zodrow, supra note 92, at 1127-31.

(95) As Frug notes, Tiebout's model assumes perfect mobility and it is his successors who have modified the model to take into account the more realistic expedient of exclusionary zoning. FRUG, supra note 7, at 169; see also ROSEN, supra note 4, at 511.

(96) ELK GROVE UNIFIED SCH. DIST., CAL., CMTY. FACILITIES DIST. NO.1., OFFICIAL STATEMENT 52 (Oct. 21, 2003).

(97) See Developer A Interview, supra note 27; Developer B Interview, id.

(98) For a helpful review of the literature, see Russell B. Korobkin & Thomas S. Ulen, Law and Behavioral Science: Removing the Rationality Assumption from Law and Economics, 88 CAL. L. REV. 1051, 1075-1126 (2000) (discussing the issues surrounding complexity, availability, anchoring, and framing).

(99) On the limited effectiveness of disclosure of conflicts of interest, see generally Daylian M. Kain et al., The Dirt on Coming Clean: Perverse Effects of Disclosing Conflicts of Interest, 34 J. LEGAL

STUD. 1 (2005).

(100) See, e.g., MARK KELMAN, STRATEGY OR PRINCIPLE?: THE CHOICE BETWEEN REGULATION AND TAXATION 89-91 (1999).

(101) ARTHUR O'SULLIVAN ET AL., PROPERTY TAXES AND TAX REVOLTS: THE LEGACY OF PROPOSITION 13 at 90-92 (1995).

(102) Charles A.M. de Bartolome & Stuart S. Rosenthal, Property Tax Capitalization in a Model with Tax-Deferred Assets, Standard Deductions, and the Taxation of Nominal Interest, 81 REV. OF ECON. & STAT. 85, 85 (1999).

(103) Elliot F. Eisenberg, Intrajurisdictional Property Tax Rates (Aug. 20, 1996) (unpublished Ph.D. dissertation, Syracuse University) (on file with Syracuse University Library).

(104) Myeong-Soo Kim, Essays on Capitalization Variations and Business Cycles (May 1996) (unpublished Ph.D. dissertation, Pennsylvania State University) (on file with Pennsylvania State University Library).

(105) See supra Part III.B.i.

(106) In fact, so far as I can tell, most studies do not go his way. De Bartolome and Rosenthal, supra note 102, at 92-93, found property tax capitalization rates ranging from 20% to 40%, figures they claim are consistent with previous findings.

(107) FISCHEL, supra note 89, at 49-50; A. Quang Do & C.F. Sirmans, Residential Property Tax Capitalization: Discount Rate Evidence from California, 57 NAT'L TAX J. 341 (1994).

(108) Do & Sirmans, supra note 107, at 343.

(109) Id. at 346.

(110) FISCHEL, supra note 89, at 50.

(111) See BUREAU OF LABOR STATISTICS, CPI: WEST URBAN (ALL ITEMS), available at http://data.bls.gov/PDQ/outside.jsp?survey=cu (last visited Jan. 9, 2007). The rates averaged are the change from the preceding month at annual rates from March 1991 through April 1992, which was the period of the study.

(112) This is, I think, why the inflation-adjustment is deceiving. Everyone in the market is adjusting for expected inflation--the developers, the banks that might lend to them, and the homeowners--and so everyone's rate should be adjusted, which makes inflation a wash in this context.

(113) Prime during the study period ranged from 6.5% to 9%.

(114) See supra Chart 2 for the reasonableness of these assumptions. There is no data from CDIAC

about the rates for 1991 Mello-Roos bonds.

(115) This leaves to one side the fact that the homeowner will need to pay more in order to pay all of the financing costs of the bonds and all of the other reasons to wonder if there are any savings from using Mello-Roos taxes.

(116) And was so objected to by Professors Joseph Bankman and Barbara Fried.

(117) Ayres, famously, has documented the persistence of racial and gender discrimination in the pricing of cars. Ayres tentatively favors a "revenue-based" explanation for this finding, namely that "bargaining for cars is a 'search for suckers'--a search for consumers who are willing to pay a high markup for whatever reason." IAN AYRES, PERVASIVE PREJUDICE?: UNCONVENTIONAL EVIDENCE OF RACE AND GENDER DISCRIMINATION 81-82 (2001). For valid reasons or not, car dealers use race and gender as a proxy for willingness to pay a high markup. No dealer may be interested in cutting its markup and advertising it because the potential profits from higher volume are not great enough to compensate for the loss of suckers. Thus there can be collusion in effect, without it actually being planned by anyone. Id. at 81-83.

(118) Real estate development has been plausibly modeled as involving the exercise of options, though they are unusual options because buildings cannot be shorted, transaction costs are high, and there are limits to the increments that can be traded. See, e.g., Steven R. Grenardier, The Strategic Exercise of Options: Development Cascades and Overbuilding in Real Estate Markets, 51 J. FIN. 1653, 1657-68 (1996). Modeling development in this way has been used to explain the phenomenon of construction booms during a down housing market. As developers see the market decline, they race to build the latest product lest they be shut out of the market altogether. Id. at 1670-71. The greater the lag time for a given type of development, the greater the risk of such a cascade. Id. at 1672. In our context, this analysis underscores the real risks developers are trying to mitigate through Mello-Roos taxes; the policy question is whether this is an appropriate mechanism to achieve this private end.

(119) I am indebted to Professor Joseph Bankman for thus solving the riddle he himself posed.

(120) There have been empirical findings to this effect. See C. Tsuriel Somerville, The Industrial Organization of Housing Supply: Market Activity, Land Supply and the Size of Homebuilder Firms, 27 REAL EST. ECON. 669, 669 (1999) ("These results are more consistent with treating homebuilders as monopolistically competitive suppliers of differentiated products than with treating them as perfectly competitive homogeneous firms.").

(121) Dennis Carlton et al., The Competitive Effects of Fannie Mae, 1 FANNIE MAE PAPERS 1, 4 (2002). Both this source and the one supra note 122 could be challenged as less than neutral; their polemical stance is explicit, namely that Fannie Mae helps consumers. I think that the claim that mortgages tend to conform is a plausible one, even if it is also true that homeowners could get still lower rates if Fannie Mae and Freddie Mac did not dominate the secondary markets.

(122) FANNIE MAE, FANNIE MAE AND FREDDIE MAC BRING BENEFITS TO HOMEOWNERS 2 (2004), available at http://www.fanniemae.com/media/pdf/issues/print122303.pdf.

(123) NAT'L ASS'N OF HOME BUILDERS, WHAT IS THE NAHB-WELLS FARGO HOUSING OPPORTUNITY INDEX (HOI)?, http://www.nahb.org/generic.aspx?sectionID=135&genericContentID=533 (last visited Sept. 7, 2006).

(124) Id.

(125) And this is without even addressing whether homebuyers have irrational price thresholds; at least one recent study has found that homebuyers respond to "charm prices" (for example, $299,999 versus $300,000). Marcus T. Allen & William H. Dare, The Effects of Charm Listing Prices on House Transaction Prices, 32 REAL EST. ECON. 695, 695 (2004).

(126) For instance, there is no deadweight loss from a tax that people do not know is being imposed.

(127) See Steven Lawrence, Solving the Proposition 13 Puzzle, 24 PAC. L.J. 1169, 1172 (1993); Terri A. Sexton et al., Proposition 13: Unintended Effects and Feasible Reforms, 52 NAT'L TAX J. 99, 100 (1999); see also DAVID R. DOERR, CALIFORNIA'S TAX MACHINE 114-15. (Ronald Roach ed. 2000).

(128) The locus classicus on California's monumental investment and then divestment in itself is Peter Schrag's Paradise Lost, though the book was written in 1998 and so is now outdated regarding the leaps taken since towards what Schrag calls "mississipification." See SCHRAG, supra note 4.

(129) INT'L ASS'N OF ASSESSING OFFICERS, STANDARD ON PROPERTY TAX POLICY 29 (1997); Miller, supra note 17, at 125; Sexton et al., supra note 127, at 100-02.

(130) See, e.g., Lenny Goldberg & David Kersten, Huge Disparities Found in California Commercial Property Taxes, 32 ST. TAX NOTES 437, 440 (2004).

(131) See supra Part I.B.

(132) JEFFREY I. CHAPMAN, PROPOSITION 13: SOME UNINTENDED CONSEQUENCES 15 (Pub. Policy Inst. of Cal., 1998).

(133) See KELMAN, supra note 100, at 113-24.

(134) See, e.g., PAUL G. LEWIS & ELISA BARBOUR, CALIFORNIA CITIES AND THE LOCAL SALES TAX (Pub. Policy Inst. of Cal., 1999); see also CHAPMAN, supra note 132, at 11.

(135) See, e.g., AB 680, 2001-02 Leg. Sess. (Cal. 2002) (providing what would have been a regional solution).

(136) CHAPMAN, supra note 132, at 7-9.

(137) In simple terms, Proposition 13 sets the tax rate and base and AB 8 allocates who gets the receipts. See AB 8, 1979 Leg. Sess. (Cal. 1979).

(138) CHAPMAN, supra note 132, at 4. Note that Proposition 13 required legislative interference of some kind since it mandated that the property tax be divided "according to law," but there was, obviously, no such law. Id. at 3. For a more detailed and related critique of AB 8, see ELIZABETH HILL, RECONSIDERING AB 8 (2000). For a reform proposal, see Therese A. McCarty et al., Allocating Property Tax Revenue in California: Living with Proposition 13, 23 ST. TAX NOTES 1047, 1047 (2002).

(139) For a recent critique of the voter initiative in this context, see Mildred Wigfall Robinson, Difficulties in Achieving Coherent State and Local Fiscal Policy at the Intersection of Direct Democracy and Republicanism: The Property Tax as a Case in Point, 35 U. MICH. J. L. REFORM 511, 545 (2002).

TABLE V. COSTS OF ISSUANCE (54)

	Costs of Issuance	Other*	Total
Average	$323,183	$219,594	$542,777
Maximum	$819,000	$655,580	$1,474,580
Minimum	$123,000	$53,885	$176,885
Median	$310,572	$139,054	$449,626

* Primarily included underwriter's compensation, but also administrative expenses.

COPYRIGHT 2007 Virginia Tax Review
Copyright 2007 Gale, Cengage Learning. All rights reserved.

California Dreamin'

Examining the Legacy of the Great Tax Revolt in Chula Vista, California

---

Gerald Benjamin Hanono

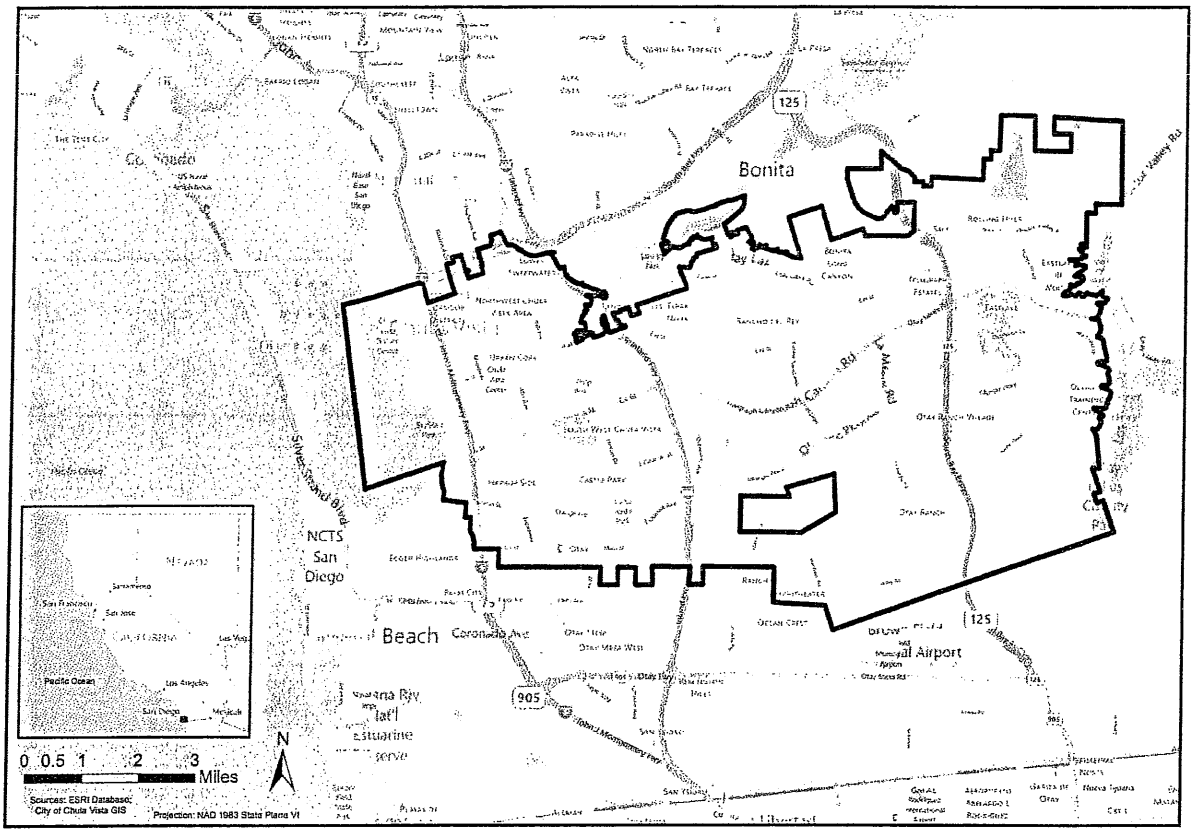
Honors Thesis
Program on Urban Studies
Stanford University

Advised by Michael Rosenfeld

Submitted May 14, 2012

© Gerald Hanono, 2012
All rights reserved.

Chula Vista, California



Abstract

In 1978, the passage of The Jarvis-Gann Act, better known as Proposition 13, cemented further the suburban low-density culture that had developed in California's cities. Prop 13 bound property taxes in the state of California to one percent of each property's acquisition value, and resulted in extreme revenue loss for municipalities and the state government. This severe drop in revenues compromised the fiscal stability of cities and counties in the years following 1978, but still maintains a plurality of support. The objective of my project is to explore Proposition 13's lasting and diverse effects on residential development and the residential experience in Chula Vista, California. First, I investigate the legacy of the "Great Tax Revolt" from its foundations and observe how anti-tax paradigms common across the state of California were represented in Chula Vista. I discuss the immediate after-effects of the law in terms of development and city services. Second, I examine the intervening three years between the passage of Proposition 13 and the passage of the Mello-Roos Act, which had further effects on the development process in California. I then discuss its practice and effects in Chula Vista. Third, I outline the parallel paradigms of development practice, which began in the sixties, and follow them to current times, studying how the privatization current interacts through time with the discussed legislative forces. Finally, I consider the state of Chula Vista today in terms of spatial demographics and stated paradigms, viewing the way residents situate themselves in the community within those viewpoints.

Contents

Acknowledgements	4
Preface	5
Introduction	7
Project Methodology	10
Literature on the Issues	16
Chapter 1: The Great Tax Revolt	22
The Build-up	23
The Release	26
Proposition 13 and Chula Vista	29
Conclusion	50
Chapter 2: The Great Work Around	53
Municipal Responses to Prop 13 for Development Projects (1978 to 1982)	54
The Mello-Roos Community Facilities Act of 1982	56
Mello-Roos as a Financing Tool	59
The Introduction of Mello-Roos to Chula Vista	63
The Expansion of Mello-Roos Financing in Chula Vista	65
Conclusion	69
Chapter 3: The Rise of the Homeowners' Association	71
CIDs and Proposition 13	76
The HOA in Chula Vista's Master-planned Communities	78
Conclusion	82
Chapter 4: Consolidated Inequality	84
Developer-Sponsored Education	86
Live, Work, Play	88
East and West, by the Numbers	93
Conclusion	99
Conclusion	101
Directions for Further Research	102
Works Cited	104

Acknowledgements

First and foremost, this project would have never gotten off the ground without the belief and encouragement of Mark Feldman, Michael Rosenfeld, Michael Kahan, Doug McAdam, Kathleen Coll, Elif Babul, Karina Kloos, and Nandini Roy, all of whom had some part in shaping this project from beginning to end.

I would also like to thank Annie Shields and Taylor McAdam for their unwavering support this fall quarter. Without the maps you helped me create and the ideas you helped me flush out, I would have been lost in a sea of census data.

Thanks also to those in my immediate and extended family, all of whom served as the best sounding boards for my ideas, some of them more poorly formed than others. And also to my extended, extended family at XOX, without whom I surely would have crumbled under the enormous weight of this year.

Lastly, I would like to extend my gratitude and appreciation to the librarians at the Chula Vista Public Library, who granted me access to Local History Room and its archives and facilitated my daily work while on site, and to the entire Chula Vista community, without which I would not be me, for better or worse.

Preface

In early 2004, the *San Diego Union-Tribune* ran a series of five articles on the rapidly growing city of Chula Vista, then the seventh fastest growing city in the nation. Chula Vista was at a crossroads: City Council elections were approaching in June, and candidates made growth, development, and redevelopment the campaign's primary issue. This put the growing divide between east and west in center focus, and highlighted views that generally split geographically across Interstate 805. The city's east side was booming, with over 40,000 new residents moving in to newly completed homes in the previous five years, and there was a growing sense that the locus of the city's identity was shifting. West side residents were offended that new, expensive east side developments were being marketed by community name—EastLake, Otay Ranch, Rolling Hills Ranch, Rancho del Rey—rather than as extensions of Chula Vista.

They were even more upset at being left behind; while brand new schools, recreational centers, parks, and semi-private pools and community centers (which required special community identification cards) were being constructed across the freeway, the same amenities were falling apart in the West. Further, redevelopment by the city was impossible because of budget constraints (to be discussed in Chapter 1), and infill development by developers was improbable at best due to the difficulty of securing public financing in an already populated area

(combined with the ease of securing it in unpopulated areas—to be discussed in Chapter 2). People wanted to know: How did we get here? And, where do we go from here?

There were few answers offered. The articles, and opinions expressed within them, displayed a lack of historical understanding. It was easy for City Council candidate Rudy Ramirez to campaign on the principle that the council had approached development too passively, but that belief ignored the 35 years of precedent and pattern set in motion with the passage of Proposition 13 in June 1978 (Oakes 2004, February 7, p. B-1). Not only does its passage serve as an important marker of a consolidated reversal of political consciousness and institutional preference on the part of the public (and then by the public on its elected officials), but it acted as a catalytic force for the legislative process governing growth and development in California's cities.

To truly understand how we arrived at 2012, or indeed 2004, we must trace these two entangled narratives from before the passage of the Jarvis-Gann Initiative. We must examine them as they intermingled and compelled, separated and constrained each other through the last two decades of the twentieth century and into the twenty-first. We must unpack the legacy of Proposition 13.

Introduction

The passage of Proposition 13 in 1978 created a new reality; one in which new developments could not pay for themselves. That is, new development that would occur in California's cities would be a net cost to its city. Developer fees were raised by cities to recuperate costs—and kill development. This in turn lead to the passage of a work-around bill, called the Mello-Roos Act of 1982, that allowed for the creation of special bond districts, unregulated by Proposition 13, called community facilities districts (Schrag 1998, p. 118-19). Those who lived in these districts would pay a supplemental annual fee that would go towards paying off bonds taken out by developers in order to pay for the construction of schools, roads, sewers, parks and other public infrastructure in the area. In essence, the Mello-Roos Act created private tax districts that would be exploited by developers as they sought to minimize the risk of real estate development. Further, it promoted and crystallized a system of "leapfrog" development: cities could not provide public financing themselves to entice infill development, and existing residents were unlikely to approve Mello-Roos financing.[1] Most importantly, Mello-Roos funded the construction of "public" infrastructure in these new areas, which only added to a city's maintenance burden. In a post-Prop 13 California, cities could not afford to

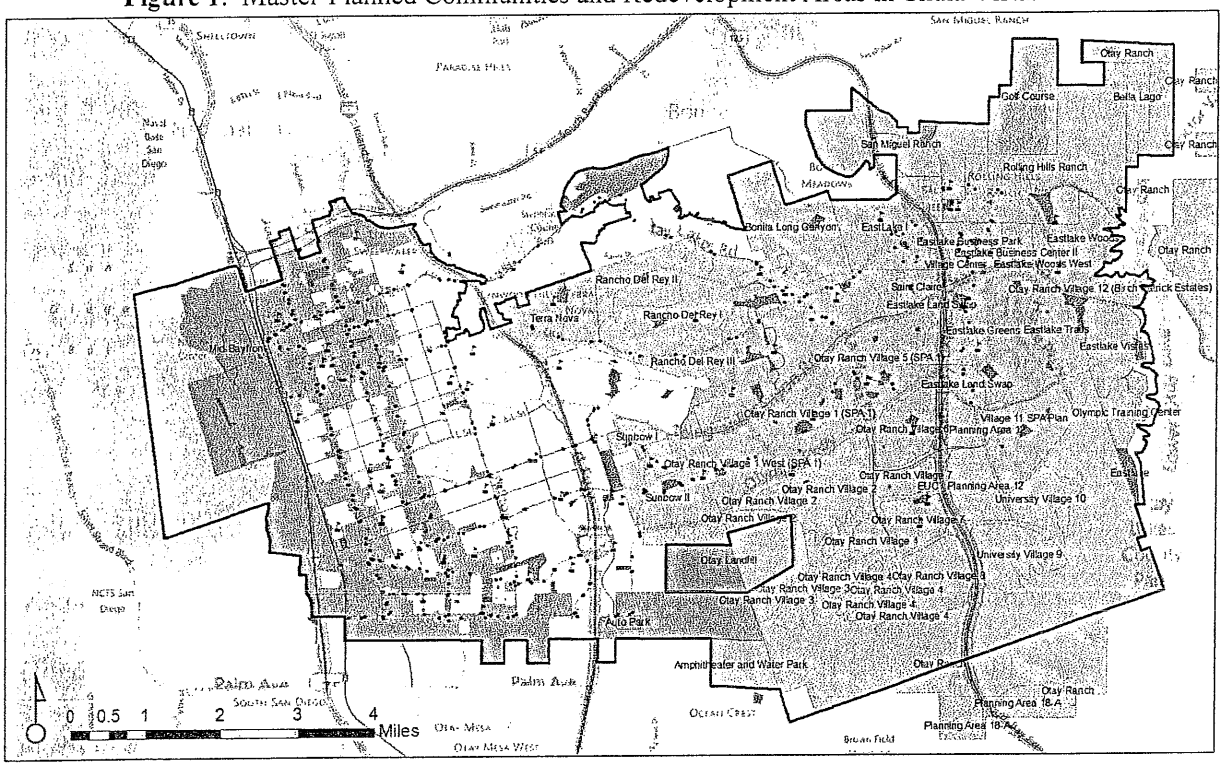
[1] California Assembly Bill 811, which created municipal redevelopment agencies in California, was passed in 2008. It provided a short-lived—it was abolished in late 2011 by Governor Jerry Brown to salvage the state's finances—tax-increment capturing mechanism for cities to provide public funds for the redevelopment of blighted areas.

maintain the infrastructure they already had in place, let alone these new "public" amenities. In this way, California's cities became complicit with the proliferation of private residential governments (McKenzie 1994, p. 105). With other entities responsible for the management of new pools, parks, road medians and recreational centers, cities could still (marginally) profit from development and expansion.

The homeowners' association, a development practice first encouraged by the FHA in the early 1960s had created an atmosphere in which municipal services were no longer valued by a growing number of middle class Americans. This laid the groundwork for the movement that passed Proposition 13 (later causing the Mello-Roos Act), which in turn solidified these damaging development practices as the only viable solution for growth. Then, these master-planned subdivisions were laid out as part of a private land planning process led by developers that set the contours of California's cities "establishing residential patterns based on class and race that persist today" (1994, p. 42).

Today Proposition 13 still maintains support. A 2008 survey by the Public Policy Institute of California found that 59% of adult Californians believed Proposition 13 to be "mostly a good thing" for California (PPIC 2008). This support comes at a great cost, even though I often found these costs to be ignored. Chula Vista had an existing and vibrant community to which, over time, new lands featuring the newest in residential development finance technologies were appended. Today the western half of Chula Vista, which still relies on the municipal government for its services, has been left behind; over 43% of Chula Vista's land west of I-805 was designated as blight under California's Community Redevelopment Law (AB 811), which allowed the city to recuperate a property tax increment to be used in funding redevelopment on

Figure 1: Master-Planned Communities and Redevelopment Areas in Chula Vista.



Legend

City Boundary | Redevelopment | Public Schools | Bus Stops

Major Projects | Parks | Private Schools

Sources: City of Chula Vista, ESRI, NHGIS.org, SANDAG.

those lands. Governor Jerry Brown has since abolished the law, siphoning off cities' tax increments to alleviate the state's budget crisis. Figure 1 represents both Chula Vista's blighted areas (in lime-green), and its "major projects;" that is, the city's master-planned developments (in pink). Also depicted on the map are the city's public and private schools, bus stops (brown dots) and parks (in forest green). The East has considerably more park area (even as a percentage of total area—see Chapter 4 for detailed statistical measurements). Finally, it is worth noting that the West has substantially more bus stops.

In examining the effects of the Great Tax revolt on the City of Chula Vista, I look towards the revolt's effects on public discourse and narrative around the passage of Prop 13—where the voice of the community stood on the issues to understand the social aspects of the movement. I study the residential development patterns in the city to determine how they fit within the social frameworks championed during the movement and how they have been perpetuated through the proliferation of private residential governments and services juxtaposing the declining service capacity of the municipality as a whole.

Project Methodology

SETTING

Chula Vista, California is located in southwestern San Diego County. The city has about 244,000 residents and has grown rapidly since 1970, when its population was about 70,000. This population growth has been burnished by the development of the city's eastern area between 1986 and today, which brought in relatively wealthy residents to the city on formerly undeveloped lands. In 2000, 83 percent of residential units on the *west* side were developed

before the 1980, while 81 percent of residential units on the *east* side were developed *after* 1980 (CV General Plan 2006, p. AA-23).[2] At the same time, these new developments were out of reach to many of the city's existing residents, which has lead to a neat geographic mapping of socioeconomic inequality throughout the city.

Opened in 1975, California Interstate 805 bisects the city, dividing it into two regions. Lemon farmers originally settled the area that is today to the west of I-805 in the late nineteenth century. At the time of Chula Vista's incorporation in 1911, the city was known as the "Lemon Capital of the World." It experienced a huge population boom during the Second World War, due to the war industry, and then continued urbanizing at a rapid rate until the middle to late 1970s.

The areas that are today east of I-805 are referred to in city planning documents as "Eastern Communities." These communities were originally huge swathes of rural land held as ranchos by Spanish colonizers, and then grandfathered in through deed by the American federal government after annexation. The size of these vacant lands allowed the Eastern Communities to be developed as large, master-planned subdivisions (there are seven of them—the largest, Otay Ranch, has over 10,000 units built and hasn't reached build-out), which were rapidly developed between 1986 and 2007. The real estate market has begun improving once again, and construction has resumed on developments further east than the current city boundary.

While the city has grown geographically, its institutions have not moved. City Hall, the police station, main fire station, the city's two public pools, its recreation centers, the offices of its elementary and high school districts, and its two library branches all remain on the west side

[2] More construction on the east side since the 2000 Census means that the percentage listed undervalues the actual percentage of residential units developed on the east side after 1980 as a proportion to all east side units.

of I-805, which would generally mean that public services are 'better' west of the freeway. For example, as mentioned, there are substantially more bus stops west of I-805; this fact alludes to the main irony of post-Proposition 13: public services are more prominent on the west side, but no one with the resources to alter the situation cares because they have their own cars to drive. Having been mostly developed with the benefit of the Mello-Roos Act, as well as the benefit of private residential governments, the giant subdivisions east of I-805 have continued to benefit from quasi-public amenities—community pools and recreational centers that require identification upon entrance. The six schools located in one particular subdivision, EastLake (the wealthiest), benefit from a fund called the EastLake Educational Foundation (EEF). Endowed by the EastLake Company, the developer of the project, the EEF provides grants and other assistance, focusing on providing technology and discretionary funds for teachers at those six member schools.

Undoubtedly, the existence of the EEF, and as this paper will argue, the general paradigms of development, have exacerbated wealth inequalities and served to segregate the city along economic lines even further. This paper will explore those inequalities, examining California's legislative history looking especially at the movement surrounding and following the passage of Proposition 13 in 1978 and the passage of the Mello-Roos Act in 1982 in order to understand their effects on development patterns and the residential experience in Chula Vista.

Research Design & Data Collection

Due to the historical nature of the project, my data are largely based on the types of information that were available for my use. That is, rather than approaching the project with, for instance, a set number of interviews, I created a rough structure of themed information for

seeking out. These informational themes included resident perception, tastes, and preferences, the public narrative (created by the press and the community) formed through the discourse of the community's mouthpiece (*The Star-News* [Chula Vista], and later, the *San Diego Union-Tribune*), actual development plans and city ordinances to understand the institutional narrative (that is, the narrative created by the municipal government), and finally, the historical knowledge of municipal employees. These included archival research: newspaper articles, city ordinances, planning documents, development finance documents; and interviews: with key developers, key members of city government, and selected residents. In each case, as I felt more information would be forthcoming with pressure or more effort, I directed my research efforts towards those areas.

My original focus was to be on ethnographic research, which was to be supplemented by the archival portion of the project. This was planned in order to build a narrative that would be people-centric, or, rather, perception centric. That is, to build a broad(er) account, or "truth" from the multitude of individual stories I would encounter through my research. However, once in Chula Vista, I found it much more beneficial to focus my efforts on archival sources in order to build a consolidated history already present in the public sphere, however disjointed, and to rather utilize the ethnographic portion of my research to highlight perhaps differing perceptions, opinions, and residential and governmental paradigms in Chula Vista. In order to build the narrative from the ground up, I found it more beneficial to focus on written histories rather than oral ones.

The majority of my research was geared towards accessing and analyzing archival data. I collected about 150 newspaper articles from *The Star-News* and from the *San Diego Union-Tribune* clustered around the key years 1978 and 1982, and more recent articles including search

terms such as "economic inequality", "Proposition 13", "development", "redevelopment", "taxes", and "municipal services and amenities." These articles range from news blurbs, to editorials, to letters to the editor, all of which provide valuable insight into the community perspectives as desired. For the years 1977 through 1982, I examined the microfilms of every issue of the *Star-News*, looking for articles about budgets, city services, education, Proposition 13, and Mello-Roos. At the time, *The Star-News* was published twice per week (on Thursdays and Sundays) and was widely read in the Chula Vista community. For the years since (where I focused on themed searches rather than exhaustive scanning), The *San Diego Union, Evening Tribune*, and later *San Diego Union-Tribune* proved most useful—The *Star-News* has since faded into obscurity and has very poorly maintained archives. While the *Star-News* tends to lean left editorially (even self-publishing an editorial against Proposition 13 on behalf of the newspaper), the *Union-Tribune* shades to the right. As such, I kept well aware of the limitations of the newspapers, as they were perhaps predisposed to certain editorials and articles. Finally, as with any newspaper sources, I was well aware that the authorship would shade its coverage towards the ideological leanings of its audience. I do believe, though, that this type of work is useful precisely because of the reflexive process in which the paper becomes the voice of the community. That is, the press creates a narrative that is either reaffirmed or denied by its consumers; occasions in which the newspaper published stories that received opinion-editorial responses from the community were especially useful in that respect.

Further, I examined city land use ordinances, general plans, and development plans specific to each development project in order to analyze changes over time in development practice by the city and by developers in response to policy changes. Another key element of the research process was uncovering local history documents. This was facilitated by the city's

centennial celebration, which took place in July 2011. The City of Chula Vista commissioned a history book and presented several exhibits throughout the month in honor of the centennial.

I supplemented the archival research through semi-structured interviews with municipal employees from the City of Chula Vista's finance and development services departments (both career bureaucrats), as well as with two former city managers (an elected position) and a former assistant city manager (a hired position). I also spoke with the developer responsible for about half of the east side development and to a handful of residents who I believed would provide differing perspectives (and with whom I had a relationship). Interviews generally lasted one hour and were recorded. With city employees, interviews were geared at supplementing my archival research with more detailed knowledge of events, and are therefore absent from the manuscript in explicit terms. The interview with developer Scott McMillin was geared towards understanding his mindset when approaching parcels for development, and the reasons for which he might choose a development practice over another. Finally, with residents, interviews were geared towards understanding the way they situated themselves in the context of the city—their relationship to other members of the "community" (however they might define it) and to the city for services. These diverse stakeholders were able to offer their perspectives in the context of the narrative formed by and framed with the documents. As a result of these interviews, I was able to press for a few different types of documents that will be used to further explore some of the themes presented in the thesis. These include the covenants, conditions, and restrictions (CC&Rs) document that now accompanies most deeds; data on expenditures for the EastLake Educational Foundation; and others. Finally, the above data is bolstered by published demographic data from the United States Census and scholastic achievement records published by the State of California.

ANALYSIS

The bulk of the analysis for this project consisted of synthesizing diverse data and forming a cohesive narrative that runs from the middle of the nineteenth century to 2011, with particular focus on the period between the mid seventies and today. However, some other analysis methods proved useful. I created a series of maps utilizing ArcGIS software and the data from the US Census and annual School Accountability Report Cards (SARCs) to illustrate the inequalities that exist on either side of Interstate 805 in Chula Vista. I looked specifically at the Academic Performance Index (API) by school for the year 2010, as well as median income, educational attainment, and percent below poverty line. Basic algebra was used in determining values such as median home price and median income based on data from the US Census years 1970, 1980, 1990, and 2000. Finally, I utilized some basic spatial statistics available in ArcGIS.

Literature on the Issues

Some historians have explained the rise of suburbia and the suburban-living preference in California (and nationally), and some have described how that preference led to the formation of private communities and a withdrawal from the public sphere. Others have discussed the origins of Proposition 13. However, few if any have put these narratives—settlements with limited density, privatization, and what Peter Schrag called "the Spirit of 13"—together to show their vast connectivity.

In *Coast of Dreams* (2004), California historian Kevin Starr wrote, "When it came to the question of how they should live, Californians had long opted for suburban density...Again and

again, Californians [expressed] their preference for the sub/urban way of life" (Starr 2004, 305). Culture magazines like *Sunset* and *Home & Garden* developed during the early twentieth century (and exist today) to celebrate the detached, single-family home, with its beautiful kitchen and front and backyards—the Californian suburban ideal: what Starr called the California Dream. Indeed, 76 percent of owner-occupied housing in Chula Vista is made up of single-family detached units (Chula Vista General Plan 2006, p. AA-21).

Cities grew and divided through the propagation of different versions of the California Dream, becoming centered on housing developments and shopping centers rather than on central downtown areas with businesses and civic centers. Joel Garreau, in *Edge City: Life on the New Frontier* (1991) wrote about the evolution of suburbs into what he called "Edge Cities," that take on characteristics different from the outdated conception of the "suburb." Similarly, Robert Fishman, in *Bourgeois Utopias: The Rise and Fall of Suburbia*, called these same sorts of places "technoburbs." Both Fishman and Garreau described these places as self-sustaining communities of low to middle density, with light or high-tech, white-collar industry, and organized around shopping centers or malls rather than dense, urban centers. In Chula Vista, the EastLake Development has a commercial/industrial park with, among others, a Toshiba office, a digital security tag manufacturer, and multiple doctors' office groupings.

In Chula Vista, the expansion was eastward. This eastward expansion, away from its old downtown, moved the physical center of the city and at the same time stretched and diminished its unified psychological identity. California planning expert William Fulton, in *The Reluctant Metropolis* (1997) named this phenomenon "cocoon citizenship," in which homeowners identify with only those people living in their tract, shrinking the boundaries of citizenship. As the *Union-Tribune* described in their 2004 series, in Chula Vista, everyone outside the neighborhood

is "them." That is, what residents view as the "public good" has been diminished to only the benefits they personally receive from their paid taxes, and what they experience everyday. Indeed, homeowner's Associations have proliferated and now manage things like "community pools," constructed by developers, which require key and identification. Branding, then, becomes very important: the Chula Vista *Star-News*, an important source for this project, today purports to serve "communities of Chula Vista, National City, Bonita, EastLake and Otay Ranch" even when Otay Ranch and EastLake are both master-planned communities wholly within the city boundary (theStarNews.com 2012).

Likewise, Robert Putnam, in "Bowling Alone: America's Declining Social Capital" (1995), discussed the cocoon citizenship phenomenon in a different context, paying attention to voluntary social associations rather than mandatory political ones. His findings were similar to Fulton's; Putnam saw the changing urban paradigms of the late twentieth century as the cause of a drop in what he calls "social capital"—PTA membership, bowling leagues, and other local clubs and organizations.

It is important to note that this suburban idealization was also a national phenomenon. Constance Perin, in *Everything in its Place: Social Order and Land Use in America* (1977), argued that during the booms of the mid-twentieth century, Americans were vigorously encouraged by the government and housing industry to believe that homeownership was the highest degree of participation in American society and history. Further, Perin argued that, for Americans, homeownership embodied itself as part of the most correct and logical progression of an individual's life, falling at the end of the line: birth, education, maturity, family formation, and wealth accumulation through property ownership. The federal government played a key role in sponsoring this 'ideal' life narrative. The National Housing Act of 1934 allowed for the

construction of homes with federal funds and acculturated middle class whites to home-ownership. The Act shifted the home construction business in California from a small-scale, local business to a business that was geared to homogeneity and mass production. Further, the conclusion of World War II brought hordes of veterans and young families to (mainly Southern) California in search of the (newly created) middle class life. As Doyce B. Nunis (1965) contended in "California: Why We Come; Myth or Reality," these booms and others solidified the Californian suburban ideal in those who moved to California in search of this better life.

Evan McKenzie, in *Privatopia: Homeowner Associations and the Rise of Residential Private Government* (1994), provided a well-organized history of homeowner associations (HOAs) across the country, tracing what is today a middle class phenomenon back to the first, wealthiest suburbs in New Jersey, where common interest developments (CIDs) were pursued to supplement city services. The CID is a common ownership model that provides quasi-public ownership over certain parcels within a development and usually involves the creation of an advisory board to oversee the holdings. He drew clear connections between the proliferation of private residential governments and the destruction of social capital. McKenzie chronicled the Urban Land Institute's involvement in promoting CIDs for home value preservation and places this narrative in the context of the discriminatory housing practices of the Federal Housing Authority (FHA) throughout the middle of the twentieth century.

Other scholars have done well to encapsulate the social movement aspects surrounding the passage of Proposition 13 in 1978 and its legacy. The literature surrounding what Peter Schrag calls "The Spirit of 13" in *Paradise Lost* (1998) is as vast as the literature discussing the value of suburbia, and alternatively, suburban values. Schrag discussed the Prop 13 movement

and the circumstances under which Howard Jarvis was able to engineer his "Great Tax Revolt": namely the results of *Serrano v. Priest II* in 1976, the severe inflation gripping the United States during that time (which hit California especially hard), and the almost $5 billion surplus over which governor Jerry Brown's government presided. He, and others, also examined the economic ramifications of the law, and discussed the economic effects on cities. In Chula Vista, the narrative of city finances shifted across the passage of Prop 13 from one of growth to one of constant cuts and trade-offs. Schrag stated that a "fiscalization" of land uses occurred in Californian cities after the passage of Prop 13: There developed a devotion to the sales tax, a "decoupling" of the local economy and city treasury, and drastic developer fee increases, which would eventually lead to the passage of the Mello-Roos Act in 1982.

McKenzie did well to explain this ideology of exclusivity, and as mentioned, tied it to the practices of the Urban Land Institute, FHA, and National Board of Realtors throughout the middle decades of the twentieth century. But, perhaps due to his national focus, he stops short of discussing Proposition 13's impact on the ease at which the average wealthy resident could rationally justify his need for the HOA, which only seemed to hasten the proliferation of these exclusive private governments. Lastly, while Robert Self, in *American Babylon: Race and the Struggle for Postwar Oakland* (2003), did a wonderful job of recounting the foundations and formation of the Great Tax Revolt, tying them to racial politics and the civil rights movement, he focused on the San Francisco Bay area, and, by bookending his narrative with the passage of Proposition 13, he chose not to pursue its legacy.

A close examination of the intertwined nature of the above listed phenomena (namely: the ideology that surrounded the passage of Proposition 13, the withdrawal of personal wealth

from public institutions, and the proliferation of private government organizations for the upper-middle and middle class that supplement city services) is sorely lacking in existing literature. This paper seeks to use Chula Vista, California, as a case study for putting these divergent types of scholarly work in discussion, and then generating some conclusions about the legacy of Proposition 13 in California: the paradox of expanding inequalities and persistent support for the *Spirit of 13*.

1

The Great Tax Revolt

That sound roaring out of the West—what was it? A California earthquake? A Pacific tidal wave threatening to sweep across the country? Literally, it was neither; figuratively, it was both. That angry noise was the sound of a middle class tax revolt erupting, and its tremors are shaking public officials from Sacramento to Washington, D.C. Suddenly all kinds of candidates in election year 1978 are joining the chorus of seductive anti tax sentiment, assailing high taxes, inflation and government spending.

–*Time*, June 19, 1978

The conclusion of the Second World War brought rapid population growth, and therefore residential development, to the State of California—more and more Americans and outside immigrants wanted a piece of the California Dream. Large investments from the State and federal governments supported this growth; for example, the Interstate Highway and Defense Act of 1956 sponsored 90 percent of the construction cost of California's freeways (CDAC 1991, p. 2). The California State Water Project was funded in 1960 and provided for the construction of the California Aqueduct, which finally delivered a sustainable water source to California's arid south. Development projects were shaped by "speculative purchases of land on the fringe of urban areas," which resulted in a decentralized, "leapfrog" pattern of development. This development pattern created service delivery problems for smallish local governments: "it was not uncommon for the service demands of rapidly growing areas to exceed the financial or administrative capabilities of existing local governments" (1991, p. 2). This strain on public infrastructure was solved by annexation and taxation.

The Build-up

Because state law allowed, each time a new government entity (e.g. city, water district, fire district, or school district) was formed, it generally levied a property tax to support its activities (1991, p. 3). Average property tax rates in California increased from 1.5 percent in 1955-56 to a high of 2.81 percent in 1972-73, and then more or less stabilized until falling back to 1 percent in 1978-79 with the passage of Proposition 13 (1991, p. 4). The rate stabilized after 1972-73 due to the passage of Senate Bill 90, which "established a comprehensive system of local government property tax limitations, implemented a state mandated reimbursement program for local governments, and reformed school finance to make it less dependent on local property tax revenues" (1991, p. 3). And although rates stabilized, rapid price inflation through the middle years of the seventies resulted in dramatic increases in assessed values, and therefore dramatic increases in property tax bills: between 1975 and 1978, assessed values doubled or more in most owner-occupied homes (Schrag 1998, p. 138).

At the same time, the landmark *Serrano v. Priest* (1971) and *Serrano II* (1976) cases were being contested in California's courts. The courts found, in 1971, and then reaffirmed in 1976, that the use of local property taxes for the funding of schools was unconstitutional under the equal protection clause of the Fourteenth Amendment (1998, p. 131). For example, it would no longer be acceptable to provide $1,340 per student in Beverly Hills, while providing $170 per student in the inner city neighborhood of Baldwin Park (1998, p. 132). Assembly Bill 65, passed in 1977, sought to rectify the unequal funding issue by using the growing state budget surplus, which would reach over $7 billion by 1978, to even up funding across the state (Oakland in Kaufman & Rosen 1981, p. 41).

The combination of rising taxes, the confluence of immigrants on the state, and *Serrano II* led to a perception in California that a growing share of taxes was "no longer going to schools and cops but to welfare and health, meaning to the poor and to the new foreign immigrants—and that even when it went to schools, it appeared increasingly to be schools for somebody else's children" (Schrag 1998, p. 139). Howard Jarvis, the movement's champion would write an article in the *Sacramento Bee* in September 1978 where he explicitly laid out he and his followers' stance, bemoaning immigrants who "just come over here to get on the taxpayers' gravy train" (Jarvis 1978, September 17, p. F-5).

At the national scale, the dissolution of the historic Democratic voting block that provided the impetus for the New Deal and it's thirty-two year legacy of liberal democracy left too many cracks for the Democratic National Party to patch over, even during the presidency of a Southern Baptist. The rise of the Christian Right, which shrewdly repacked racial issues lingering from the Civil Rights Movement in the coded language of religious tradition and government accountability, was quickly building a substantial movement. The new Christian Republican coalition would influence the 1978 elections at all levels, and then it would control the White House under Ronald Reagan. President Reagan not so ironically made his conservative mettle in the complicated California training ground of race, rights, and taxes between 1966 and 1975. Reagan's governorship was "dominated by fair-housing controversies, by the free-speech and anti-war movements on campuses, by the aftermath of the massive black riots in Watts, by unprecedented Hispanic (and later Asian) immigration, by battles to reduce exploding welfare rolls, and by the birth of the citizen tax revolt" (Edsall & Edsall 1992, p. 137).

Growth was met by backlash in California's (enfranchised) communities on philosophical grounds as much as on economic ones. It was "homeowner associations and the perceived nexus between taxation and development...spiced by mounting anger against school busing, that became the backbone of the tax revolt of the mid-1970s." Indeed, activist homeowner groups in San Fernando Valley managed to get building height limitations passed on Ventura Boulevard, and in Monterrey Park in 1976, a local initiative passed by 85 percent majority to restrict the construction of condominiums. In communities all across the state, "resistance mounted to virtually anything that threatened to bring more development, more cars, less open space, and new people, especially if they were poorer or browner or blacker" (all Schrag 1998, p. 136-37). Indeed, faced with backlash over the planned construction of affordable housing units, in May 1978, the Chula Vista City Council caved to resident pressure, denying a proposal that would have had affordable housing units scattered throughout planned subdivisions in the city's already-settled west side ("The poor be damned" 1978, May 4, p. D-10). The process would repeat itself, except at a much larger scale, during that same summer.

HOWARD JARVIS

Howard Jarvis, the father of the Great Tax Revolt, had been trying for decades to make his mark on California politics before being made infamous by the passage of Proposition 13. Jarvis had run for Senator in 1962, for the California state Board of Equalization (a tax board) in 1970, and for Los Angeles City mayor in 1977, each time running third. He had tried to pass tax legislation as well, falling short as a junior partner on legislation in 1972, and, working alone to collect signatures, had come just short in 1976. Although he failed, he learned from his mistakes. Over time, perhaps due to repeated exposure, he became extremely well connected in

increasingly active networks of Southern California homeowner and taxpayer organizations. By 1977, he had become a director of a Los Angeles association of apartment house owners, and he was the head of his growing United Organizations of Taxpayers, which was an umbrella group for those homeowner and taxpayer organizations. Finally, he had linked up with the soft-spoken Paul Gann from Sacramento, who was working on his own tax reform initiative (all Schrag 1998, p. 131-138). He approached the Prop 13 movement with vigor. On his aggression, Jarvis would later say, "We learned...the best approach to use on someone when you want to get their signature on a petition [is to just say]: 'Sign this—it will help lower your taxes'" (qtd. in 1998, p. 142). With a bit of serendipity, Jarvis eventually found his name on the byline of a California Constitutional Amendment.

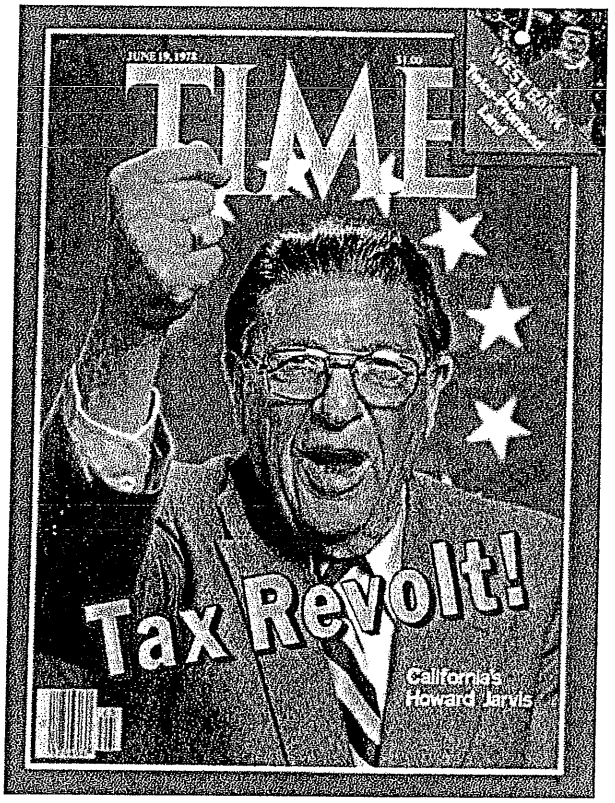


Figure 1-1: Soon after Proposition 13 passed, Jarvis became a national figure, leveraging his '*Mad as Hell*' persona to champion the revolt. He is pictured here on the cover of *Time Magazine's* June 19, 1978 issue. Source: *Time Magazine*

The Release

By the middle of 1978, Californians, particularly homeowners, had had enough. A June 1978 poll found that 69 percent of respondents believed the state government was inefficient in

the use of public funds, and 89 percent said the same about the federal government (Citrin and Levy in Kaufman & Rosen 1981, p. 13). Ironically, the federal government would win big with the passage of Prop 13, claiming as much as $12.5 billion of the $41.5 billion in tax savings Prop 13 provided California's citizens (Schwadron & Richter 1984, p. 79). Citrin and Levy gave an exhaustive account of the State government's failure to provide tax relief before 1978 considering it an important cause of the public's disillusionment with its leaders:

> Jarvis and Gann began circulating petitions for their initiative only after the legislature's efforts to pass a property tax relief bill during its 1977 session collapsed in an atmosphere of acrimony and disarray. These efforts foundered on disagreements among liberal legislators, their conservative counterparts, and Governor Jerry Brown over the amount of tax relief and the extent to which it should be directed to low- and moderate-income families. Uncertainty about the size of the state surplus made it difficult to agree on how much tax relief to provide. And with statewide elections approaching, how to apportion political credit for a tax cut became a bitterly contested issue. Specifically, Republican state legislators suspected Governor Brown of having allowed the state surplus to accumulate in order to be able to provide a tax rebate at the time of his campaign for reelection. Their interest in thwarting the governor's political ambition made them reluctant to accept compromise proposals for tax relief that Brown would be willing to sign. On the Democratic side, meanwhile, the governor's longstanding aloofness from the legislature reduced his ability to force a consensus between the liberal and the conservative members. (1981, p. 7)

The Legislature and Governor finally came to an agreement in early 1978, settling on the Behr Bill, which would become Proposition 8 on the same ballot as Proposition 13. It "proposed a tax cut about half the size that [Prop 13] would require and created the opportunity for the state to tax residential and commercial properties at different rates." But it was too late; the revolt had already left the station and was steaming towards Sacramento. Further, Jarvis was able to

present Prop 8 to his followers, and likewise anyone on the fence, as a hoax created by the politicians directly aimed at, yet again, denying the citizens a tax cut (all 1981, p. 7).

The coffin sealer, though, may have been the property assessment values released in May 1978: citywide, property assessments in Chula Vista increased an average of 15.9 percent (they went up 14.9 percent across the county). City Finance Director Gordon Grant assured citizens that the values were only estimates, with final decisions coming on the usual July 1 fiscal year split, but it wasn't enough ("Assessed values go up" 1978, May 18, p. A-1). In an op-ed published in *The Star-News* titled "Climbing assessments seen reason for 13", city resident Hugh Cristensen argued that the county could finally banish the assessor by passing Prop 13. He further excoriated the "laugh of the year," Proposition 8, which he (mostly correctly) believed would not stop the assessment increases that had no sign of stabilizing (Cristensen 1978, June 1, p. A-4).[3]

PROPOSITION 13

The People's Initiative to Limit Property Taxation, better known as Proposition 13 or the Jarvis-Gann Act, amended the State Constitution and bound property taxes on commercial and residential properties in California to one percent of each property's acquisition value; rolled back property values to the pre-inflation date of 1975; prevented any jurisdiction from creating special taxes without a two-thirds majority; and prevented the State legislature from passing any new taxes without a two-thirds majority. The implementation of Proposition 13 "reduced property tax revenues by an estimated $7 billion in a single year. Property taxes in California

[3] Proposition 8 would have, in fact, limited assessment increases to an inflation factor, similar to Proposition 13, but that factor would have been variable (unlike Prop 13's two percent limit). With such high inflation, citizens had no desire to leave their property assessments up to that either.

fell from a level more than 50 percent above the national average in fiscal year 1977-78 to a level 35 percent *below* the national average in 1978-79" (Citrin and Levy in Kaufman & Rosen 1981, p. 2). The big winners, as warned by local governments, were the federal government and commercial landowners. For example, the Pacific Telephone Co. received a property tax cut of $130 million, and as mentioned, the federal government captured 22% of personal property tax savings through higher income taxes (Schrag 1998, p. 152). The general populace didn't, and still doesn't seem to care. As we'll see in Chula Vista, residents vocalized their distrust of 'thieving' politicians at the state, and indeed local, levels.

Proposition 13 and Chula Vista

By May 1978, the debate over Proposition 13 in Chula Vista had reached a frantic intensity. Op-eds were published almost daily by both sides of the debate, as were thinly veiled threats by government officials about both the level of services citizens would be able to expect if Prop 13 were to pass and the crippling damage its passage would do to the school system. *The Star-News* was sure to feature the most salacious of the activities and publish the most enraged opinion-editorials. For example, after 300 political signs (all opposing Prop 13) were found to be stolen in one night, *The Star-News* published an "open letter to 'No on 13' sign thieves" on June 1, 1978 (just five days before the vote). The op-ed and accompanying article catalogued the systematic removal of 'No on 13' signs by the bill's supporters from the front lawns of those opposed. After stating her defiance, the author, Peggy French, cleverly wrote

> If our new [sign] is removed, your black deed will activate a cleverly disguised speaker system with sounds of police and fire truck sirens, a wailing paramedics unit, a school's glee club and gymnasium cheers, an

> organized senior citizens' tournament, the whirring of our public library's film projector and other sounds of civilization, *all of which sounds you apparently would silence or seriously diminish by your dirty tricks against the opponents of Proposition 13* (emphasis added). (1978, June 1, p. A-4)

She made clear what the anti-Prop 13 community felt was at stake in Chula Vista. The Prop 13 opposition also proved to be the more creative faction in Chula Vista, scheduling a 13-mile run against Prop 13 on June 3 ("13 mile run against prop 13" 1978, June 1, p. A-5).

The Star-News, as a civic institution, even declared its position in the matter. On May 11, the paper published an editorial titled "13: Con Game" in which the paper went after Howard Jarvis as a special interest kingpin (he was, remember, president of an apartment-owners' association); decried the coming service outages and the unknown changes abound; and, "for the sake of responsibility," urged "the approval of Proposition 8 and the resounding defeat of Proposition 13" (1978, May 11, p. D-1). The paper published article after article outlining cuts at the county and city levels, as well as cuts to the school districts, often extensively quoting officials representing those institutions.

On June 1, *The Star-News* published a four-page political advertisement called "Yes 8; No on 13," paid for by an organization co-chaired by National City (the city adjacent to Chula Vista) mayor, Kile Morgan, and Norv Richardson, the retired president of the Chula Vista Chamber of Commerce. Designed to look like various news stories, the ad was a last-ditch attempt to convince the community's residents to reject Prop 13 and instead choose the more moderate Prop 8. One section outlined the losses to city employees and therefore the services they could provide, estimating that $2.4 million in losses would lead to the firing of up to 80 city employees. It stressed that "the staff who coordinate little leagues, librarians, policemen who work with youth crime prevention and volunteer coordinators" were most likely to go, and that

"streets would not be swept as often; trees would not be trimmed; redevelopment and programs to stimulate downtown business would have to be put to rest" (1978, June 1, p. A-9).

Another section tackled the losses to schools and tallied the losses to the elementary, high school, and community college districts to almost $20 million. This would result in cutting "librarians, nurses, speech and hearing teachers, psychologists, reading teachers, administrators and other personnel" in elementary schools; "eliminating [or reducing] supply and equipment purchases, transportation, summer school, athletics, counseling services and...adult school" at the high school level; and "increasing class size, dismissing some non-teaching employees, reducing bus transportation and curtailing community school programs" at all levels of education. It then plugged Proposition 8, which "would not take anything away from the school districts in spite of providing about 30% reduction in property taxes for homeowners" (1978, June 1, p. A-10). In another section, the ad depicted photos of library doors closed, parks fenced off, and playgrounds empty (1978, June 1, p. A-11).

Finally, the ad quoted various community leaders, all of whom were against Prop 13 and in favor of Prop 8. Each stressed the impending transfer of local authority to the state level as well as the actual benefit package, skewed in favor of commercial landowners. Mayor Will Hyde of Chula Vista called Prop 13 a "simplistic and expensive measure that does more harm than good." Chula Vista Elementary School District Board member Opal Fuller likened it to a "misleading...surprise box." Ann Payne, the president of the South Bay League of Women Voters, asserted, "People with the least clout are the ones threatened most by Proposition 13." Hewitt Diggs, on the UC Board of Regents labeled Prop 13 "disastrous." John Nagy, from the Homeowners' Association, attacked the bill, and Howard Jarvis, from a different perspective:

> I'm against Proposition 13, but not for the same reasons as city and school officials...This will be more expensive to the local taxpayers. Local property owners should pay for local services. With Proposition 13 the costs of the city and schools will come from a different pocket—the state government. Jarvis even knows this, and has publicly told people they should be contacting their legislators for school money. By and large we still have control over out local services by our tax system. If Proposition 13 passes, these services will be more expensive and further from our control.

What would prove to ring the most true, however, came from Phil Creaser, an insurance salesman in the area, when he prophesized, "The long range effects will be worse than what we have now...[Proposition 13 will only] temporarily benefit homeowners until they find some way to tack on another tax. We'll find ourselves being governed completely by Sacramento with little authority in Chula Vista" (all 1978, June 1, p. A-12).

Three days later, on June 4, *The Star-News* published an article that exhaustively listed the cuts in service threatened by the county in what it called its "worst-case scenario" if Proposition 13 were to pass. The proposed budget catalogued the over fifteen reductions in service the $87.6 million in cuts to the $549.7 million budget would cause. They included, among others, 1500 lay-offs; the closure of welfare centers, youth centers, and senior centers; a 75 percent increase in garbage collection fees; a 50 percent cut to "children's programs"; manpower cuts to the district attorney's office and courts, which "would cause trial and prosecution delays, cuts to the sheriff's department including patrols, homicide investigation, and its helicopter unit; a 50 percent reduction in fire protection to unincorporated areas, a 50 percent reduction in library services; and cutbacks in personnel at all county departments, which would mean "less work, done slower" ("County eyes $87 million cuts, 1500 firings" 1978, June 4, p. A-14).

Also on June 4, the paper provided a venue for the embattled Southwestern College Board president Jerry Griffith, who used the community college's graduation ceremony as a venue to warn the audience against Prop 13. He angrily reacted to the substantial backlash his comments received for "taking advantage of a captive audience" to espouse his political beliefs, saying, "It would have been a disservice to [my] students not to have said anything...I have a responsibility to inform the people. I think it was an appropriate time to do so...They don't realize that graduation has been made possible by an educational institution. And the life of that educational institution is at stake" ("Graduation comments on 13 hit" 1978, June 4, p. A-11). His position, and the statements of the quoted community leaders, illustrated the extent to which the community and its institutions (and those that represented them) differed on the Prop 13 issue. The editorial language that followed the paper's articles throughout the debate didn't stop residents with the opposite opinion from vociferously sharing their perspective.

Residents considered the state to be at a crossroads; government power would either continue to expand, or the people could wrest that control back for themselves. City resident Richard Ferraro wrote,

> Either [the people of California] pass a meaningful property tax reform bill—the Jarvis-Gann Initiative—or they face the prospect of higher and higher tax bills that may well mean the loss of their homes or ever-increasing rents.
>
> Legislators have started a fear campaign, warning that other taxes may be doubled or, even worse, police and fire protection would be cut or schools might be closed.
>
> Those statements are simply not true!
>
> We have allowed government to go unchecked, and it has grown completely out of proportion to the real needs of the people. We no longer have government that taxes us to meet its needs. Now government searches for needs for the taxes they collect, but even they can't keep up with the flow of tax dollars. While they loudly complain about the people

> wanting to reduce their property taxes, they sit in Sacramento on an admitted three billion dollar surplus of our money, and remember that is our money, not theirs. (1978, June 1, p. A-4)

Ferraro's statements exhibit the fears most common in the movement—namely continued assessment (and therefore property tax) increases leading to a loss of one's home—as well as the engendered belief, in the face of overwhelming public information to the opposite effect, that there would be no substantive cuts caused by the passage of Prop 13. He and others had chosen to believe that their elected officials were who Jarvis presented them to be: liars and thieves. Further, he explicitly states what scholars have considered being the key paradigm shift (partly stemming from large state surplus) of the tax revolt: the government was undeserving of dollars that they didn't *earn*. In the same op-ed mentioned in the previous section, resident Hugh Cristensen reiterated this same stance:

> There are four billion other reasons to vote yes on 13. Those are your four billion tax dollars collecting dust in Sacramento. It's time to cut the outrageous spending at the expense of the property taxpayer. Welfare, schools and social programs have no place on the backs of homeowners. Property taxes should go exclusively to service relating to property. Fire, police, street repair, city government, etc., are the only legitimate uses of property taxes. (1978, June 1, p. A-4)

In another op-ed, the prolific Cristensen cited an $8,000 (41 percent) pay raise for high-level employees in the Sweetwater Union High School District stating, "I've had it! This is just another good reason to vote 'yes' on Prop. 13. Jarvis is right—it's the only way to stop the 'taxpayer rip off'" (1978, May 4, p. D-3).

Another op-ed reiterated residents' belief that the government was a rogue spender that was misappropriating the citizens' demands. Chula Vista resident Molly McCullough wrote, "It's time suppliers, elected officials, and educators stop telling us, 'The public demands' such

and such, when the public only reluctantly accepts the products or services pushed forward as pet projects of some administrator or executive—with unlimited public consumer funds to dispose of." She concluded, "There will be advantages in the passage of the Jarvis Tax Initiative which your stories and editorial have overlooked...There will of necessity be a forced evaluation of tax-funded programs" (1978, May 4, p. D-3).

Finally, resident Edward Bodge published an op-ed titled "This Taxpayer will Vote 'Yes' on 13." In it, he reiterated the idea that his government had ceased to look out for him and expressed the confusion engendered by each side's rhetoric during the lead-up to the vote exemplifying the growing tendency to distinguish one's self as a taxpayer (as opposed to a 'tax receiver'):

> With two years before retirement and the perks of social security...my prime concern is to hold on to what I have worked for all my life, my home.
>
> For years, just before election, legislators have said taxes are too high yet their continued to build empires and feather their nests with higher salaries, more benefits and lush retirements. Public school salaries have continued to soar on the dubious belief that more attracts better, and what have we?
>
> Since 1932, when I first went to work, I have seen civil servants catch up, break even, and surge ahead of the private sector with higher pay, more benefits and opulent pensions. Our own police department is holding up the local taxpayer for 75 percent of their highest salary for pension benefits at age 55. Bluntly speaking, this is called looking out for one's self. (1978, May 4, p. D-3)

In what must have been the stance of many Chula Vistans, and indeed Californians, Bodge wrote, "Wail at the wall, gentlemen, and shed your crocodile tears to no avail because come June, I have the opportunity to look out for myself for once. I am voting 'Yes' on Proposition 13 and letting the chips fall where they may" (1978, May 4, p. D-3). Foresight no longer mattered, only anger and a sense of wronging.

Howard Jarvis, having been there before, was well positioned in 1978 for the run-in to the vote on Proposition 13. As evident with the case of Chula Vista, he, and his United Organizations of Taxpayers, exploited the crippling inflation, exploding property tax payments, racial tensions rising because of the results of *Serrano*, uncertainty about neighborhood stability and security, and rising anger over the ever-growing state surplus to great effect. He presented himself as someone with a plan to put money back in taxpayers' pockets, and homeowners across the state bought in to his plan. On June 6, 1978, Prop 13 passed with 64.8% of voters in support of the measure.

Immediate Aftermath in Chula Vista

It all gets a bit fuzzy immediately following the passage of Prop 13. After wryly summing up the state and Chula Vista's status in an editorial titled "The Morning After," *The Star-News* published articles every week, until the dust settled sometime in August, with updated figures on the city's budget for the 1978-79 fiscal year, as well as updates on the delivery of services in the city.

The schools were hard hit, and the cuts were straightforward. Because the state funded summer schools, the districts believed summer schools would be safe, however "it became clear [the week after Prop 13 passed] the Legislature [would] not fund summer school or many adult school courses. Instead that money [would] go back to the schools for regular programs" ("CV cancels summer school" 1978, June 15, p. A-1). While both the elementary and high school districts cut their summer school programs, the larger Sweetwater Union High School District (SUHSD) was harder hit. The SUHSD board voted unanimously not to fill 44 positions (36 of them teaching positions), created by retirees, in order to save $1.2 million. The district did,

however, manage to salvage $5 million of the initial $11 million in cuts it was facing due to Prop 13, through surplus funds making their way to school districts statewide ("CV hikes utility tax rate" 1978, July 2, p. A-1). Officials made sure to blame Proposition 13 for the cutbacks, though: State Senate President Pro Tem Jim Mills (a Democrat from San Diego) stated at a meeting in San Diego that it was very doubtful that state funding for summer schools would ever be restored under Proposition 13. He reiterated, "The people voted for less government services when they voted for Proposition 13. This is a decision the people made." (in "CV cancels summer school" 1978, June 15, p. A-1).

On the other hand, coming to a conclusion on the size of the budget cut, tax increases, and which services would receive cutbacks was obfuscated by the City Council. In late June, the City Council increased business license fees (the basic business license fee increasing 100 percent from $12.50 to $25 per year), increased the temporary occupancy tax (from 6 to 8 percent—an expected $52,000 gain), increased the sewer levy 75 cents per month (bringing in $234,000), raised library overdue fees (to recoup $20,000), and increased planning fees, building permit fees, and engineering fees to generate $178,000. Council members also predicted a budget downsizing from (pre-Prop 13 figure) $18.8 million to $16.9 million (all "CV ups fees to raise $500K" 1978, June 22, p. A-1). Cuts to the budget were planned to come from public pool closures, reduced library hours (67 to 51), extinguished streetlights, reductions in the frequency of street cleaning, and the end of services that "could not pay for themselves." The city also planned to cease paying for the repair of broken sidewalks, instead relying on abutting property owners. And finally, the council voted to fire 36 full-time employees (21 of the positions were vacant) and 24 other part-time positions to save $1.5 million (all "City votes to fire 36 employees" 1978, June 25, p. A-1).

On June 24, however, Governor Brown had signed into law an emergency relief package, divvying up $250 million of the state surplus. Though as predicted by local government officials, there were strings attached: there were to be no cuts from cities in fire or police protection services. For fiscal year 1978-79, Chula Vista received about $700,000. City councilman Frank Scott believed (probably correctly) that the stimulus and "its provision for maintaining present levels of public safety" was a "political maneuver in the face of the November elections." He said, "Really what's happening is that we'll be able to keep police and fire this year...but next year when no one is up for reelection, it will be okay for us to cut police and fire" (1978, June 25, p. A-10).

With the extra money, the City Council weakened in its initial stance, dipping into its general fund to find the money for 57 hours of library service and the continued service of the two pools that were threatened to close. The final budget passed was for $17.3 million. That article, titled "CV Puts Services Back on Budget" on June 29, notified the public of budget (and therefore service) increases from the initial (post-Prop 13) proposed budget. The article discusses at length the council's decision to dip into the city's general fund and reserves to lessen the effects of Prop 13 for 1978-79 (all 1978, June 29, p. A-1).

In another article, reporter Paul Dannison wrote that residents might not notice the cuts in services. In it, though, councilmen Lauren Ergdahl and Frank Scott warned residents of the impending doom, caused by their vote. Ergdahl warned, "It looks pretty bleak for the second year. We'll have less revenue from property taxes and the state surplus won't be as healthy to bail the cities out." Councilman Scott continued, "I think we should try to forecast where we'll be next year and make cuts accordingly. Cuts will be more palatable this year than next year.

Proposition 13 puts us back to the same level of service we had five years ago" (Dannison 1978, June 25, p. A-10).

The public didn't know until July, when the county assessor provided their updated assessments, that at that same budget meeting (where it was decided to use city reserves) the council had voted to raise the residential utility tax from four to six percent. This increase provided the city with $280,700—equal to more than half the 'extra' funds the city council had found to revise the budget from $16.9 million to $17.3 million ("City hikes utility tax rate" 1978, July 2, p. A-1).

Unfortunate as it was foolish—the cuts to come were actually very real—the council's decision to raise the utility tax, combined with its (perceived) waffling on the budget, would only serve to strengthen the community's belief (held at the outset) that cuts were at the discretion of the engorged government and that the officials were using scare tactics (or lying outright) to keep up business as usual. It would also solidify taxation rhetoric that is still recognizable in politics today. Resident Quay Collicott responded to the utility tax rate increase on July 9 using rhetoric comparing taxpayers to slaves, officials to slave owners:

> Once again pickpockets are on the loose in Chula Vista, but with a nom de plume, "City Council."
>
> This group of voter-circumventing bureaucratic (save the two dissenters, better called spineless) councilmen, deprived of their cake and ice cream for a few days by Proposition 13, are now telling the taxpayer get lost sucker we have the whip, so take our new imposed tax on gas and electricity or lump it.
>
> What a pity, the taxpayer can only utter, "Yes massa, yes massa." (1978, July 9, p. A-4)

Resident Fred Drew, a former City Council candidate, shared his views on the "punishment" politicians were now doling out to Californians:

> The 'tax revolt' was not really supposed to be a declaration of war, and the public does not now need to be punished for our 'awful' deed by seeing the politicians cutting out the most essential public services and by the wholesale firing of public employees who need their jobs.
>
> We voted yes on 13 to force the politicians to cut out the nonsense spending, not to see them throw out the baby while keeping the bathwater.
>
> If the politicians insist on retaliating for the 'tax revolt' by their war-like posture against the public, our next 'operation' might well be a 'political revolt' wherein we should put forth a proposition to declare all California politicians unnecessary and to eliminate them.
>
> So far as I'm concerned, their pay is the biggest waste of tax money anyhow. If they really mean to serve the public the way they say in their campaigns, they ought to do it free of charge or at least—at cost. (1978, July 9, p. A-4)

Drew concluded his op-ed with a call for nationwide action writing, "I would like to see a national taxpayer revolt that would cause the income tax to be a straight 5 percent to rich and poor alike, with no exemptions and no tax dodges for anyone. How do you get a thing like that started?" (1978, July 9, p. A-4).

It became clear, after Proposition 13 passed, that many voters knew what they were doing, and would do it again after the way officials handled the aftermath. The self-interested state government apparatus, Governor Jerry Brown in particular, with the 1980 elections in mind, helped further along the crystallizing opinions of the general public by mitigating Prop 13's impending disastrous impact on city and state finances. One month after the vote, after the cuts (or lack of them) were realized, *The Star-News* ran a feature titled "We're Wondering—You Say You Voted for Prop. 13, Would You Vote for it Again? Why or Why Not?" quoting various residents. In the selection below, both Nazi and (surprisingly, or not) Tea Party rhetoric are visible, as well as the rhetoric already discussed:

"Proposition 13 is going to help stabilize the economy even though it'll affect a lot of different people."

–Gary Harper, music store manager

"Proposition 13's good for everybody. I don't believe our forefathers meant for us to be taxed out of our homes...The state's blackmailing people, closing schools, cutting jobs, using Nazi scare tactics to force people to cote for something they're trying to get on the ballot in November."

–Quint Zuhlke, Realtor and tax consultant

"Sure—apparently they're trying to keep programs going with alternative funds, but we've started the ball rolling...like the Boston Tea Party. We've got to curtail waste."

–Teri Hudson, student

"I've lived in my house one year. When I moved in my payments including property taxes were $453. In one year they jumped to $552—all because of property taxes."

–John Powell, electronics technician

"I would. It's unscriptural the way the government's dealing out money, wasting money. It just isn't part of God's plan."

–Lynn Bleyle, private school teacher

"I think I would because the government's getting out of hand. It's time we let them know we'll do something about it if they won't."

–Kimberly Fickling, housewife

"It's the best thing ever done for California. Someone's got to show the politicians how to spend our money."

–Fred Thompson, orderly

"It's time for some changes. Time to put our politicians on notice."

–Marion Kauffman, realtor associate

"I'm sure no one's going to lose their job and schools won't close down, but elected officials will possibly stop wasting so damn much money."

–Pinky Green, travel agent

"I'd vote for it many times over. The one's against it here are the politicians. As long as they have a negative attitude it won't work. With a positive attitude it will."

–Mary Olson, financial manager

> "People have had it up to here with ridiculous taxes. We haven't seen really bad effects yet—we're not going to see the benefits for a while either. We're seeing quite a bit of scare tactics by Proposition 13 opponents, though."
>
> –Paula Mills, store clerk.
>
> (Caine 1978, July 8, p. A-3)

By 1981, when the surplus-cum-stimulus money had run dry and cities like Chula Vista were cutting services for good, the Great Tax Revolt's rhetoric had become so totally ingrained in the public psyche that there would never be a way back to progressive ideals of growth and wealth sharing. Indeed, In California, "austerity and self-reliance replaced planning and social reform as symbols of legitimacy. Politicians increasingly came to speak the language of trade-offs and constraints rather than growth and progress" (Citrin in Schrag 1998, p. 157). Before that, though, the movement continued, successfully halting plans for growth in Chula Vista.

Anti-Growth Sentiment in Chula Vista: The Story of El Rancho del Rey

In 1969, Al Gersten, a developer from the Los Angeles area, bought a huge swath of rancho land on the east side of Chula Vista under the limited partnership Otay Land Co., which he planned to develop. The community responded angrily, over and over, mirroring the rest of California during the time period. In 1971, the City Council adopted a general development plan for the 3100-acre area following Gersten's proposal allotting 13,200 dwelling units. In October of that year, the council approved the development plans and tentative maps for phase I of the development, now named *El Rancho del Rey.*

The first dispute arose in late 1972 when Gersten sold a portion of his holdings to Leonard Bloom, an area orthodontist and the owner of the short-lived San Diego Conquistadors (who played in the ABA). Bloom planned to develop what he called "Sports World," which

would include an 88-acre sports arena and commercial recreation area, a 70-acre regional shopping center, and about 1800 dwelling units. The City Council obliged, approving the Sports World amendment to the Rancho del Rey General Plan on July 3, 1973 in the face of citizen protest. Following the amendment, concerned residents organized a group called Citizens Concerned to fight the council on the matter. After the council refused the group's request that the council rescind their decision, Citizens Concerned gathered enough signatures to put the issue on the November ballot as a referendum. On November 6, 1973, the Sports World amendment was narrowly defeated, giving citizens a first key victory in the control over the development of Chula Vista's sphere of influence, east of I-805.

On January 21, 1975, the council approved a 450-acre, 750,000 square foot regional shopping center called Plaza del Rey as an amendment to the general plan. The amendment also created plans for a 20-acre recreational-commercial area and up to 1000 dwelling units on the 450 acres. In response, Citizens Concerned II was formed, and was successful in defeating the Plaza del Rey amendment in a referendum election on May 27, 1975. Having learned its lesson, the City Council formed an eleven-member citizens group to help the city staff come up with an acceptable plan for the area called ACCORD. They met for the first time on October 20, 1975.

The two clear victories by the citizens' group illustrate the extent to which the Chula Vista community was against growth at any density other than at the single-family scale, and the council-created ACCORD illustrates the power over development that the community had learned to grab throughout the 1970s, and they would continue to make their voices heard throughout the planning process, virtually halting the planning process until 1978: citizen influence was high enough that in February 1977, a moratorium on construction was placed on

the project so that the Planning Commission could develop a site specific plan, with the input of ACCORD.

The Planning Commission began its public hearings on May 17, 1978, and by that time, under community pressure, the Planning Commission had whittled down the acceptable specific plan to only 5,817 units on 2,075 acres (leaving the rest for open space) while Gersten requested 8,267 units on those same 2,075 acres, and then accepted a drop to 7,767 units. The Planning Commission worked until June 21, but was unable to come to any different conclusion. A June 25 article in *The Star-News* mentioned that Commissioner John W. O'Neill "tried twice to get fellow commissioners to accept a modified version of the staff plan permitting the developer to construct 20 percent more units if they were in the low and medium-income range," but that proposal was rejected. On the other hand, the Commissioners "agreed unanimously that the general development plan adopted by the City Council in 1971 should be rescinded" ("Planners can't agree on number of Del Rey units" 1978, June 25, p. A-3).

In the end, they sent their plan to the city council for voting on July 9 without a recommendation, although the longstanding ACCORD commission had its vote, recommending the staff plan by a six to two vote. In a reflection of the values spreading across the state, the two 'nays' came from commission members who were against the development entirely ("Del Rey tackled step by step" 1978, July 20, p. A-1). Planning Director Jim Peterson had some thoughts, though, saying to *The Star-News* that the Planning Department wanted to see the "natural topography of the land respected by the developer," the extension of H St. and "a more imaginative development than we have seen in the past in the city." Cognizant of the looming threat of yet another citizens' referendum if his planners didn't get it right, he added, "We hope that whatever plan the City Council approves, it will not cause a third referendum, yet at the

same time be acceptable to the developers." Further, the community was already sick of the project; in the same article, the author quips, "At the rate development of El Rancho del Rey has progressed, descendants of the owners may be performing ground breaking ceremonies" (all "Rancho del Rey goes to city council" 1978, July 9, p. A-4). A continuation was granted after two hours of discussion at the July 9 meeting proved inconclusive, and a weeklong war of words between Planning Director and Otay Land Co. employees ensued.

Samuel Blick, an attorney representing the Otay Land Co., called the staff plan a "gold-plated Cadillac attempt to create another Rancho Santa Fe" ("Del Rey called Cadillac approach" 1978, July 13, p. A-1). Rancho Santa Fe was developed at the same time, and has become a very wealthy semi-rural community in northern San Diego. Further, Blick noted that Gersten was "willing to build the expensive estate-sized homes the planning director wants for eastern Chula Vista," but held that a provision was needed for moderate priced housing as well (1978, July 13, p. A-1).

Elliot Lewis, an economic consultant representing Gersten, said that under the planning staff's proposed development, "the city [would] need 4509 acres of land to keep up with projected growth, adding that under the planning staff proposal, the Otay Land Co. would have to build more expensive homes to realize the same margin of profit (10 percent) as under the developer's proposal: "We could build more expensive homes. I haven't said it would produce less profit. What I am saying is that the more expensive homes won't sell. It won't fly" (1978, July 13, p. A-1). Lewis further stated that it could take 35 years to sell the homes "or it might be that we could never absorb" the initial $258 million in "front money," and he said the $258 million would be required regardless of what density is approved because of the high cost in completing all the facets of the project, including a three-mile segment of East H St and other

streets, sewers, storm drains, water and other utilities, as well as the price of the land, cost of developing lots and overhead. Finally, Lewis stated, "Gentlemen, multi-family is the wave of the future. Multi-family is not a dirty word. It's the only way to provide a large segment of the population with affordable housing" (1978, July 13, p. A-1).

In contrast, Jim Peterson held that the Gersten plan called for 65 percent of the development to be apartments, condominiums and other forms of multiple housing, while his own plan centered on single-family housing and included some multiple-housing units. Peterson said he realized the planning staff's plan would require more expensive housing to be built, but, he added, "I think the staff plan is a realistic plan, which will provide a greater variety of housing types" (1978, July 13, p. A-1). Blick was playing on fears of affordability leveraged during the run up to Prop 13, however, anger over growth density would win in this case.

The two sides played on the two diametrically opposed ideals of (the now recently passed) Prop 13: low density and affordability. Gersten and his associates were trying to convince Chula Vistans that the affordable, ranch-style single family home with a large lot was, in fact, dead, due to rising costs of construction as well as city requirements.[4] Qualms with density and growth were much stronger than fears of 'affordability' (especially for new home construction) as Blick and Lewis would find out. The excerpted op-ed published in *The Star-News* on July 23, gives a scathing review of the developer's tactics:

> [Their argument] is that high density is needed to make housing 'affordable.' The more dwelling units jammed onto a piece of land, say

[4] He had a good point, while Prop 13 would solve the affordability problem for existing homeowners, it would make it impossibly difficult for developers to fund the construction of affordable homes for the general populace. Because the population refused to believe that fact, Prop 13 would successfully kill growth entirely—until there came a solution in Mello-Roos. That mechanism is complex, and will be discussed a bit later in the chapter, and in greater depth in Chapter 2.

> the Gersten hirelings, the cheaper they'll be able to sell the houses. Which makes sense, in theory.
>
> But the fact is that the land cost per unit is only a small part of the cost of the home and what determines the price of homes primarily is not cost at all—but good old WTWB (What the Traffic Will Bear)...
>
> There's no reason why the city should have to put up with [density] because of a developer's lust for profits.
>
> The fact is that, whether Gersten is permitted 8400 or 5800 dwellings, they will be expensive either way. Interestingly, the developer has only spoken of home prices in generalities, and has not stipulated his proposed price range, nor how many homes would be in each price range.
>
> The planning staff has recommended a medium-density project because the city already is over-burdened with high-density development. ACCORD...voted [to accept the staff plan].
>
> To permit higher density than the staff recommended would amount to a betrayal of those good citizens who spent months studying the options, and also of the majority of Chula Vista voters who made it clear in two referendums they wanted no part of high-density development in the area.
>
> Gersten's attorney told the City Council at hearings last week that if the staff plan is adopted, 'there will be no development in the area.' We don't know if this was intended as a promise or a threat, but we do not consider it a bleak alternative.
>
> Chula Vista has gotten along just fine without 15,000 or 20,000 more people taxing its roads and burdening its facilities and services...
>
> So we recommend that the council hang tough, and not let itself be suckered into a scheme in which the city can't win and can lose plenty. ("Del rey squeeze play" 1978, July 23, p. B-12)

Further, on July 16, the day of the meeting, Esther Lassman, a leading figure in the two referendum fights against the Rancho del Rey project amendments, notified the Planning Commission that "the people will rise again if they have to" ("Low density pushed" 1978, July 16, p. A-8).

Under pressure from local citizens, the City Council approved four of ten sections of Rancho del Rey under the Planning Commission's development plan ("Del rey tackled step by step" 1978, July 20, p. A-1). On July 23, the rest of the staff plan was tentatively approved. Al Gersten, Jr., attended the meeting on behalf of the company and was clearly spooked by the city

government and it's citizens: "We've based everything on the [economic consultant's] plan. And they predict doom if anything under 8400 is developed." Two days later, on July 27, *The Star-News* tried to ask him about it. He said simply, "I read your editorial...I'm afraid [you'll] misquote me" ("Staff plan for del rey approved" 1978, July 27, p. A-1, 8). The company, however, vowed to take the matter to the courts. Weary councilman Frank Scott stated, "One way we go to the courts, and the other way we go to a referendum" ("Lawsuit threatened over Del Rey" 1978, August 3, p. A-1).

The project would rumble and bumble through the next half-decade, paused because of the nation's economic slow-down in the early eighties, Chula Vista's increasing permit fees (discussed in Chapter 2), and determined opposition that continued until Gersten sold the land in 1985 (Briseno 1985, September 17, p. B-2). After wrangling with the city and community on density plans for his development, Gersten was left so frustrated that he eventually sold his stake to Corky McMillin's McMillin Development and Home Capital Group. McMillin was a local developer that had started small-time in the 1960s, had rapidly institutionalized throughout the 1970s, developing bigger and bigger projects in Chula Vista, Scripps Ranch, and Orange County.[5] Rancho del Rey would be his biggest to date, and would benefit from Mello-Roos financing.

The Case of Prop H: Prop 13's Lasting Impact in Chula Vista

The rest of this paper will focus on innovations in development practice in California since the Great Tax Revolt, using the perpetual budget crisis to local entities caused by

[5] McMillin's rapid institutionalization was common to the experiences of other formerly small-time developers that also grew throughout the 1960s and 70s through direct encouragement by the FHA and ULI. This will be discussed in depth in chapter 3.

Proposition 13 as given background information. As such, detailing the long-term economic effects of Jarvis-Gann is mostly outside the scope of this project.[6] However, it is necessary to illustrate, and not just allude to, the lasting rhetorical shift the Revolt caused in the state (and in Chula Vista). In 2010, a local initiative called Proposition H came on the ballot in Chula Vista. It made updates to the 1970 Telecommunications User Tax law to charge for services that were not in existence when the law was originally created. The update, without a rate increase, would lead to a small portion of the city's residents paying an extra $1.50 per month, allowing the city to reap $6 million in revenues. These extra revenues would be particularly useful for the city, since it was facing the prospect of budget cuts for the fourth year in a row, having already slashed $40 million, and 259 full-time positions from the budget since 2007 (Zúñiga 2010, November 6, p. B-1).

The case of the Proposition H is useful on two levels. First, the need for the bill arose primarily because of the scarcity and volatility of municipal revenue streams: the Great Recession had caused a drastic drop in sales tax revenue, which, in post-Prop 13 California, has become a key revenue source for cities. Second, residents were convinced by a vocal opposition group (this time the South County Chamber of Commerce) to oppose the measure. Prop H's opposition called the measure "just another tax hike" that would "encourage mismanagement" and allow the city government to forestall dealing with its "real issues" (2010, November 6, p. B-1). This time, the issue was government employee pensions, which residents believed were exorbitant. It's supporters believed it would allow the government to, according to mayor Cheryl Cox, "continue [funding] the services we all benefit from: maintaining streets and parks, keeping

[6] As mentioned in the Introduction, Peter Schrag, in *Paradise Lost* (1998) and William Fulton, in *Reluctant Metropolis* (1997) give good accounts of the long-term economic ramifications for cities in terms of budgeting and service delivery.

libraries open, and the police protection and fire services that keep us safe" (*U-T* Editorial Board 2010, September 27, p. B-5). About 57 percent of voters voted against the measure, and cuts to senior center hours, recreation center and pool hours, library hours, and city department hours began.

Also mentioned in rhetoric on both sides of the debate in the *San Diego Union-Tribune* leading up to the vote were the "select few" individuals who would begin paying the tax under its update. Undoubtedly, since the new tax was for relatively new technologies, the wealthiest Chula Vistans were a part of that "select few." Since the city's wealth had already been consolidated on the east side of the city, and since that side of the city had its own privatized community pools and recreation centers, those pending cuts mattered little to the group that was most likely to have voted the measure down.

Conclusion

The Star-News' editors were shocked at the extent to which the negative voter attitudes were exhibited in the lead up to the June 6 election crossed over into the rest of the initiatives up for vote:

> The most shocking results statewide, in our opinion, were in the propositions. Passage of 13 was a foregone conclusion. But the negative voter attitudes reflected in that proposition carried over to relatively innocuous ones, so that minor tax incentives to encourage alternate energy systems and rehabilitate run-down neighborhoods we defeated, and voters only narrowly approved even such a harmless proposal as permitting school district residents to vote on city charter changes affecting them. ("Beyond 13" 1978, June 11, A-4)

Those editors did not understand that the movement surrounding Jarvis-Gann was different; it signified a complete reverse in views of political legitimacy that would have wide-ranging effects in California, and indeed, throughout the rest of the country, in the coming years. The Great Tax Revolt, spearheaded by California's Proposition 13, was a rhetorical catalyst "[opening] up a new schism in American politics, pitting taxpayers against tax recipients" (Edsall & Edsall 1992, p. 129). A political shift occurred, pitting rich, white, and enfranchised voters against the darker, poorer populations they were supporting. Polls conducted in May and August of 1978 showed 67 percent of whites supporting Proposition 13, while only 29 percent of blacks supported it (1992, p. 130). Further, any chance at recapturing the political capital to tax was wasted by the self-interested decisions of officials who were seeking reelection within the next two years—the surplus aid packages convinced voters that the cuts threatened by their elected officials were a farce. The movement was sent on its way. The Great Tax Revolt started in California, but within four years, eighteen other states from Alaska to Maine, had adopted similar measures (1992, p. 131). In 1980, President Reagan brought the paradigms crystallized in California in 1978 to the national scale, and his economic programs had long-lasting effects on the socio-economic statuses of Americans.

While Prop 13 took on national consequence for what it signified, the nitty-gritty effects of the law in California began a chain-reaction on municipal politics and budgeting, and in localized development projects. The binding of property taxes to the acquisition price provided for neighborhood stability, as was desired by most voters, but it also created a situation in which owners of neighboring houses could be paying very different property taxes for similar services.[7]

[7] This characteristic of the law is worst in very old neighborhoods, where some homes have not changed hands since before the passage of Proposition 13 while others may have been bought/sold during the housing bubble in the middle of the last decade, and in commercial

Further, the severe drop in revenues compromised the fiscal stability of cities and counties in the years following 1978. While cuts were staved off for a few years while the state surplus was exhausted, by early 1981, *The Star-News* was publishing article after article about service cuts coming to the community. By leaving open the possibility of further cuts (Jarvis continued to push more tax limit legislation), Prop 13 instilled a ratchet-down effect. With its strict two-thirds majority requirement for tax changes, repeal was almost impossible; however, it left the door wide open for more cuts moving forward. It's passage, along with the population's slow- to no-growth paradigm, virtually halted development in California for four years after it passed, and had everlasting effects on the development process, as evolved by the Mello-Roos Act in 1982. Tax collection in the state of California had become a zero-sum game, but there would be an attractive (and damaging) way to get around the issue coming soon.

---

properties, which may never transfer ownership. However, in Chula Vista, assessment values in newer developments have crashed back to reality, in some places at half the value they were at the height of the boom. Downward reassessments have since occurred, evening tax payments between houses.

2

The Great Work Around

To those who question the prudence of invoking Mello-Roos, there is one simple answer: ten years of demonstrable success. For those who wish to delve a little deeper the answers are just as clear. Mello-Roos works... for those who have the know-how to do it right.

–Jerry Skinkard, Principal: Vail Engineering, 1991

1978 was a watershed year for the financing of growth in California. The passage of Proposition 13, and the beginnings of Reaganomics, saw a drastic change in the way municipalities approached growth and development. The changes in tax policy brought by Prop 13 resulted in a 51 percent reduction of local government property tax revenues from the fiscal year 1977-78 to 1978-79 (CDAC 1991, p. 6). In dollars, cities received $5.9 billion less from one year to the next. These significant changes to municipal revenue structures were exacerbated by Reagan era economic policies. As defense spending grew, taxes and grant appropriations diminished: in 1982 (the year the Mello-Roos Act would pass through the California State Legislature), the Reagan administration consolidated 77 categorical grant programs into nine block grant programs, and reduced the funding for those grants by 25 percent (1991, p. 5). General revenue sharing grants from the federal government to the State of California, the ones that gave the state and municipal governments the most latitude in terms of spending power, decreased by more than 60 percent from 1977 to 1982.

Municipal Responses to Prop 13 for Development Projects (1978 to 1982)

The City of Chula Vista, and other municipal governments were prepared for life after Prop 13. After substantially raising development fees in 1978 (as discussed in Chapter 1), they were then raised again in 1981 (for the fiscal year 1981-82. The continuing effects of Prop 13 (especially after stimulus provided by the state surplus was exhausted) were obvious: the development impact fees for planned unit developments increased by over 300 percent since the last revamp, which was in 1978 just after the passage of Prop 13 (when they were then raised substantially). In a *Star-News* article published December 27, 1981, Dave Byers, an administrative analyst for the city government was quoted stating, "The fees are for services the city provides to special individuals. There's no reason for all the citizens to bear these costs...The developer makes a profit, and it is appropriate for the developer to bear the cost of the special services provided." The same article describes a 201-unit planned development's fee schedule, which increased from $540 to $2,310, a 326 percent rise (all "City fees will take big jump" 1981, December 27, p. A-1).

A report published by the California Debt Advisory Commission (CDAC) called "Mello-Roos Financing in California" mentions how in the post-Prop 13 world, "resourceful local governments often tested the limits of untapped funding sources" by making practical significance of the distinctions between taxes, fees, and assessments (1991, p. 7). The power to exact of fees and assessments falls outside the state's corporate power to tax (and inside the state's police power to protect the public welfare), so municipalities drastically increased developer fees, school impact fees, and the use of special assessments to recover as much of the revenue losses caused by Prop 13 as possible. Though in negotiating through their own designs for and tendencies toward growth, municipalities had to be careful to keep development fees

within a range that would not completely stave off development. And further, "the courts began to require that local governments demonstrate a 'rational nexus' (a strict link) between the burden imposed by development and the financial conditions attached to development approval." By 1986, the State Legislature had passed a bill codifying the concept virtually eliminating the power of municipal governments to freely raise developer impact fees. Thus, the use of assessments expanded, even against legal challenges (both 1991, p. 14).

Using the rationale outlined above, the courts protected assessments in the face of challenges by parties who held that their use was in violation of Prop 13. In *County of Fresno v. Malmstrom* (1979) the California Appellate Court ruled that special assessments levied to pay for the construction of streets in a subdivision are neither ad valorem property taxes nor special taxes. The court instead held that the assessment (and others like it) was a charge to real property to pay for the benefits that the property has received from a local improvement. Therefore, the special assessment was not subject to the one percent property tax limitation or the two-third-voter approval requirement for special taxes imposed by Prop 13. The Court then defined the term 'special benefit' in *Solvang Municipal Improvement District v. Board of Supervisors of the County of Santa Barbara* (1980):

> The rationale of special assessment is that the assessed property has received a special benefit over and above that received by the general public. The general public should not be required to pay for special benefits for the few, and the few specially benefitted should not be subsidized by the general public. (in 1991, p. 9-10)

Municipal governments were emboldened to shift as much of the cost of developments off their own books as possible, but were beginning to be stunted from utilizing developer impact fees: the dollar amount of outstanding assessment bonds statewide increased from $599.5 million in

1977-78 to $2.05 *billion* in 1984-85, good for a 243 percent increase over seven years (all 1991, p. 9-10).

Limitations to the power of assessments to act as a tool for financing infrastructure existed due to the courts' definition of 'special benefits.' Since assessment acts could only be used to finance projects where a special benefit could be demonstrated, a "tremendous gap" in the capital financing capabilities of local governments developed (1991, p. 11). Assessments could not be used to finance a range of public facilities that conferred a 'general benefit' to the community, but were nonetheless necessary to keep pace with growth. These included fire and police stations and schools. The practical limitations of the financing instruments in use post-Prop 13 necessitated the enactment of another measure. State Senator Henry Mello and Assemblyman Mike Roos stepped in to fill that gap in 1982 with their Community Facilities Act.

The Mello-Roos Community Facilities Act of 1982

In 1987, State Senator Mello and Assemblyman Roos signed an introduction letter to their amended Community Facilities Act in which they were clear about its original intent and foreshadowed its growing importance. The amendments made to the bill largely had to do with clarity and precision, which would make its financing structure more easily utilized.

> The Mello-Roos Community Facilities Act allows local governments to raise money for [public works projects] consistent with Proposition 13's strict requirement that new special taxes be approved by a two-thirds local vote. It has been proven workable. There are now over 25 Community Facilities Districts, which, together, have raised over $270 million for local public projects, and it is likely that many more of these districts will be created. (*Mello-Roos* 1987, p. 1).

The authors celebrate the 25 community facilities districts (CFDs) created between 1983 and March 1987, and there would be 63 more created in the rest of 1987 and 1988 alone (CDAC 1991, p. 19). By the financial year 2008-09, when the last report by California Debt and Investment Advisory Commission (CDIAC—formerly CDAC) was published, there were 1,586 separate CFD bond issuances totaling $19.6 billion (2009, p. 2).

The Mello-Roos Community Facilities Act, passed in 1982, created special tax districts used to "finance the construction, expansion, rehabilitation, or acquisition of any real or other tangible property with an estimated useful life of five years or more." In addition to the construction (or acquisition) of capital facilities, Mello-Roos can be used to finance

> (1) Police protection services, including but not limited to criminal justice services. Criminal justice services are limited to services for jails, detention facilities, and juvenile halls.
>
> (2) Fire protection and suppression, and ambulance and paramedic services
>
> (3) Recreation program services, library services and all costs relating to the operation and maintenance of parks, parkways, open space, museums, and cultural facilities.
>
> (4) Flood and storm protection services, including the operation and maintenance of storm drainage systems.
>
> (5) Removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. (CDAC 1991, p. 16)

The above list is comprehensive, but the catch is that services financed by Mello-Roos cannot replace existing services. This makes it politically and logistically difficult for municipal governments to secure financing for items besides capital improvement. Not explicitly listed,

but used quite often, is Mello-Roos financing for school construction. The first CFDs in Chula Vista were those managed by the Chula Vista Elementary School District (CVESD) and Sweetwater Union High School District (SUHSD) in EastLake I and Rancho del Rey. They were created for the construction of campuses in the eastern communities.

The process for forming a CFD can be instituted by any local agency, any two qualifying employees of a local agency, or by the submission of a petition by a group representing 10 percent or more of the population (or in some cases the landowners) of the area to be bounded by the new CFD. Then, the creating agency must pass a resolution on the intention of CFD establishment within 90 days, and finally, there must be a public hearing on the issue, with "sufficient" notice granted in a "local publication." If, before the hearing, "50 percent or more of the registered voters within the proposed CFD...or the owners of one-half or more of the area of land within the proposed CFD file written protest against the establishment of the CFD," that legislative body is forced to abandon the proceedings. If these objections do not occur, the levy is submitted for voting at the next general election, or in a special election (all 1991, p. 17-8).

The key stipulation in the formation of a CFD is the way the Mello-Roos Act defines and uses the term "qualified electors." Those qualified electors are the individuals who determine whether the levy is passed. If the population within the bounds of the new CFD is over twelve, then registered voters are the qualified electors. On the other hand, if there are less than twelve residents within those bounds, the landowners then become qualified electors "with each landowner received one vote per acre" (1991, p. 18). Further, the bill made no restrictions on the borders of a CFD, even for contiguity or simple connectivity.[8] This means that each district can have two, three, any number of sets of distinct boundaries, and those boundaries can be U- or Z-

[8] If something is connected simply, a line that passes through it will enter and exit through only two points.

shaped (for example). In Chula Vista, as in the rest of San Diego, San Bernardino, Riverside, and Orange Counties (where Mello-Roos was initially, and still is, most popular, holding the lion's share of the outstanding Mello-Roos bonds), major development projects took place on land consolidated into the hands of a single landowner. EastLake, the first east side development, was held entirely by the EastLake Co. when its first CFD was created.[9]

After the CFD is created, developers use the financing for the installment or construction of the capital improvements listed above, and then they write the payments on the bonds into the deeds of each subdivided lot. Because of Proposition 13, the payments cannot be calculated based on the assessed value of the property. They are instead calculated by a proxy measurement such as lot size or home size (Shanske 2007, p. 715). Since the payments are not tied to a variable value, they remain static (except for an inflationary two percent increase) for the 25-year life of the bond. After a tentative market acceptance period, which was previously intimated, Mello-Roos financing became wildly popular, successfully replacing the limited special assessment bonds as the principal financing mechanism for development projects. In 2003, it was estimated that over 90 percent of new exurban development projects in California utilized Mello-Roos financing (2007, p. 709).

Mello-Roos as a Financing Tool

Although Mello-Roos now enjoys widespread use, there is little existing research on the theoretical value (financial and political) of the Mello-Roos financing mechanism. Darien

[9] McMillin purchased Rancho del Rey from Gersten in 1985, but didn't begin construction until 1988, when the CVESD and SUHSD Boards of Trustees, like in EastLake, initiated the CFD creation process.

Shanske, in his "Public Tax Dollars for Private Suburban Development: A First Report on a National Phenomenon" (2007), was the first scholar, and only so far, to tackle the issue head-on. He provided a fictional anecdote to illustrate what, by 2003, had become the a common situation found in cities across California (the anecdote rings especially true for Chula Vista):

> The year is 2003 and the city council of the fictional city of Natomas Grove is struggling with another year of the California budget crisis. In order to fill a $2,000,000 budget hole, the council continues a hiring freeze that has been in place since 2001, in effect eliminating twenty additional positions. Fees are increased for parks and other services and a special unit of the local police is disbanded. At the county level, services to the poor are cut, again, as are sheriff's patrols... The local library cuts hours for the third year in a row and all but eliminates its acquisition budget. The local school district ends its class size reduction program. At all levels of government, ordinary maintenance and repair is deferred another year.
>
> At the same council meeting in which the new budget is adopted, the council approves the levy of $3,000,000 in annual Mello-Roos taxes for the next thirty years on the residents who will move in to a new community on the edge of town. The authority to collect those taxes is on the basis of an election in which the one current landowner, namely the developer, agreed to be so taxed. These tax revenues will primarily pay for infrastructure for the new community—like roads and sewers, including landscaping—as well as for sidewalks, a public golf course, two parks (one regional), and a highway overpass...The bond issuance will also be designed so that the total amount borrowed is large enough to pay the first annual payment, thereby lessening the amount of Mello-Roos tax that the developer will have to pay as new homeowners move into the community and assume the tax burden. Thus, the new homeowners will pay the vast majority of the tax in the coming decades. (2007, p. 710-11)

Indeed, cities could not pay for development, so the developments would have to pay for themselves. Shanske discussed two 'buckets' of theories: first market theories, second, participatory theories.

Charles Tiebout, a market theorist who put forth his theories in the 1950s, before Mello-Roos, posited that a great multitude of local jurisdictions was desirable, precisely because each jurisdiction would be able to use its powers to provide the exact amenity bundle that its citizens

wanted. He further posited that the competition among jurisdictions would eliminate wasteful spending, so that governments would only spend taxes on what its citizens wanted.[10] There are, however, two issues with this theory in the actual practice of Mello-Roos financing. First, local governments are prone to manipulation by developers because of their relative small size (as we will see in the case of Chula Vista). Second, local governments may use their power to create nonoptimal, nonefficient projects for the community. Preferences are hard to determine, unless, for example, a project feature (like the golf course in the above example) has already been refused through a voter initiative (or something of the nature) and then included in the later, larger project.

On the point of efficiency, Shanske showed, through studying 29 issuances from the year 2003 in Sacramento, Placer, and Riverside Counties, that Mello-Roos bonds tend to actually be generally more expensive to secure (because of its associated risks—namely the diffuse returns from many separate homeowners) than a general construction bond. Further, construction cost vs. sale price data supports the idea that the market mechanism for the home price, which Tiebout relied on for his theory, does not function to pair tax burden and amenity bundle. That is, the price of a home is more closely tied to the demand in the market rather than to its construction costs (2007, p. 758).[11] This point is very important, because this means that the Mello-Roos bond truly serves the developer, who benefits doubly from significantly lower capital requirements and from passing on costs to consumers that are not reflected in the home price.

---

[10] See Tiebout, C. (1956). *A pure theory of local expenditures*, 64 J. Pol. Econ. 416.

[11] The resale market, where prices of comparable homes equalize, serves to further prove this finding.

Benjamin Barber, who Shanske described as a 'participatory' theorist, made the argument that a multiplicity of local jurisdictions provide for greater civic involvement, which in turn facilitates policy that is more closely aligned to local bundles of preferences.[12] With Mello-Roos, though, there is no deliberation possible for citizens who move in to new developments, since the developer can legally install the taxes prior to the creation of the community. As will be discussed for the case of EastLake in Chula Vista, any discussion granted is a gift, and the developer and officials hold the power to make the final decision. Shanske continued, though, in support of the 'participatory' theorist:

> [There] are ways in which Mello-Roos may be seen as a positive development from the perspective of participatory theorists. Most plausibly, Mello-Roos taxes on new development can be seen as a means of forcing new development to internalize the true costs of development. After all, in post-Proposition 13 California most new residential development is not a net gain to local jurisdictions and so there is no reason for the existing tax base to subsidize new development. To the contrary, Mello-Roos provides a mechanism for local governments to recoup the cost to the existing community of new development. (2007, p. 715)

Further, if Mello-Roos was conceived to mitigate the negative effects of Proposition 13 (namely the above issue and service delivery), its practice should, in fact alleviate those issues.

However, the actual practice of Mello-Roos financing aggravates several of the key consequences of Proposition 13. First, horizontal equity: Mello-Roos taxes represent a further tax burden generally imposed on homeowners in newer neighborhoods, when precisely these homeowners are likely to be paying more in property taxes simply because of the date their home was constructed, assessed, and sold. Second, transparency and political accountability: In newer neighborhoods, the proliferation of Mello-Roos districts, homeowners' associations, and private school foundations makes it nearly impossible to tell who is responsible for the maintenance of

[12] See Barber, B.R. (1984). *Strong democracy: participatory politics for a new age.*

what and, who exactly is paying for each service. Lastly, the use of Mello-Roos is "deeply consistent with the market-centered perspective on local government—*my* taxes are going to *my* roads." The use, or indeed the very creation of the bill itself, may presuppose that market-centered paradigm, and it certainly encourages residents to take that view. (2007, p. 715). This issue maps directly to the consolidated inequality, combined with a rejection of proactive change measures, that Chula Vista and other cities face today in California.

The Introduction of Mello-Roos to Chula Vista

Mello-Roos made its entrance to Chula Vista in 1986 when, after being petitioned by the EastLake Co., the CVESD Board of Trustees voted 4-1 to begin the process for the EastLake I development. The SUHSD soon followed suit. Since the EastLake Co. held all the land (the houses were constructed but not sold), the rest of the process was academic; homeowners were to be forced to pay the bond assessments.

The lead-up to the board's vote wasn't quite as straightforward, though. Because of Proposition 13, the board members stressed, the future homeowners would be forced to pay for the construction of school facilities through one of two mechanisms, either increased developer fees, which would be passed on in the sale price of the new home, or Mello-Roos assessments, which would be paid off over twenty-five years, by whoever owned the property. Board members wrestled with the idea of either, but reiterated at every turn that it was out of their hands. Each district received $25,000 from the EastLake Co. to hire consultants for the research, and each board met informally with the prospective homeowners, who had already put a deposit

down—but not signed any contract[13] (Briseno 1986, May 28, p. B-1). The prospective homeowners were upset; buyer Ray Ramos told the *Evening Tribune*, "EastLake wants us to pay for everything, that's why the prices of the homes are lower [than Rancho Santa Fe]" (Jefferson 1986, May 28, p. B-1). Homes in Rancho Santa Fe, which wasn't utilizing Mello-Roos financing, were selling at prices $30,000 higher than planned for EastLake. The price point was one constantly reiterated by the developer during the process, but was, in fact, inconsequential due to the relatively higher land values in northern San Diego.

In the end, the CVESD board cited the lack of existing or impending state resources to allow for the needed construction of new school facilities in their decision: "I don't think we will get any relief from the state in the near future," board President Sharon Giles said. "If we have any option to do something different, we're going to have to go out and do that ourselves" (Kucher 1986, June 18, p. B-1). Mello-Roos financing was also more attractive due to the speed at which the district could secure the revenue. Because Mello-Roos involves bond issuance, the board would receive the monies faster than if it had relied on developer fees. The board chose also to raise the developer impact fee by $600 per unit, however, to appease the crowd of 75 prospective homeowners that attended the meeting (1986, June 18, p. B-1). Trustee Opal Fuller cast the lone dissenting vote: "EastLake is not the first developer who will come and be excited about Mello-Roos," Fuller said. "I believe people should retain an amount of choice. However you look at it, home buyers always pay for schools. But they should have a choice whether to pay an initial fee or whether it will be spread out over 25 years" (1986, June 18, p. B-1).

By the time the SUHSD board was voting on the same issue for Rancho del Rey in 1988, only two years later, homeowners would no longer be given the choice. Legislation had passed

[13] This was a clever move on the part of EastLake Co., which knew it would seek Mello-Roos financing, but was unsure how the process would play out.

at the state level limiting developer fees to $1.50 per square foot on each unit (De Salvo 1988, May 4, p. B-7). Each district board knew that no school could be constructed with those revenues, let alone multiple schools for each district. In dealing with angry residents, SUHSD Board president, Nick Aguilar, stated, "We're in the dilemma of providing facilities for future development and [Mello-Roos districts] are the only mechanism left to us by the state." Board member Steve Hogan reiterated the president's stance: "We're a victim of circumstances forced again on us by the state. It's unfortunate the blame stops here" (both Hefferman 1988, May 4, p. B-1). Indeed, the two board members were referring to the realities of Proposition 13 and its legacy of shortage in public growth dollars.

The Expansion of Mello-Roos Financing in Chula Vista

Development continued into the nineties and then into the new millennium following a similar pattern. Developers would petition for Mello-Roos financing from the city government or school districts, contribute some funds to the appropriate entity for the study, and officials would vote to provide the financing, citing California's financial realities and stating that the issue was out of their hands. However, as new home prices escalated, so did the value of each Mello-Roos bond, and thus, so did the assessment on each home. Further, the practice was expanded to pay for more and more types of infrastructure. Guidelines set by the state in 1991 allowed the total value of all extra assessments to reach one percent of the sale price of the home (CDAC 1991, p. 9). Most importantly, as the practice expanded, the value of choice diminished, and so did resident opposition to each measure. On the other hand, resident opposition mattered little since the law was written to allow developers to create the tax for the residents they would

be selling the homes to. As long as someone was willing to buy the home, there could be no real challenge to the practice. Thus, the use of Mello-Roos became an unchallenged norm.

Table 2-1: Relevant Descriptive Statistics in Selected Subdivisions, FY 2011-12.

Location[a]	Modal Construction Year	Average BR/Bath	Median Unit Size (sf)	Median Lot Size (sf)	Lowest Assessed Value (2011)	Highest Assessed Value (2011)
EastLake I	1988	5/3	2,579	8,133	$191,945	$629,117
Rancho del R.	1991	5/3	2,316	6,804	$263,078	$556,000
EastLake II	1994	5/3	2,600	5,653	$325,890	$500,000
Otay Ranch	2001	5/3	2,826	10,162	$338,721	$547,801
EastLake III	2004	5/3	3,576	13,654	$533,000	$1,005,364
Rolling Hills	2004	5/3	2,793	7,936	$360,468	$585,000

	Median Assessed Value (2011)	Median Total Tax (2011)	Effective Tax Rate (%)	Mello-Roos (2011)	Total Special Assessments	HOA Dues
EastLake I	$411,000	$5,585	1.36	$970.64	$1623	$648
Rancho del R.	$387,007	$6,053	1.52	$1,145.00	$1,781.82	$0
EastLake II	$399,875	$6,110	1.53	$1,146.02	$1,677.50	$840
Otay Ranch	$385,029	$7,811	2.03	$3,255.54	$3,581.68	$1,200
EastLake III	$600,000	$10,920	1.71	$3,487.83	$3,672	$1,308
Rolling Hills	$485,000	$5,310	1.10	$0	$39.64	$1,176

Source: San Diego County Assessor

As the practice expanded, assessments grew closer and closer to the 'two percent total' (remember Prop 13 limits property taxes to one percent) threshold. Table 2-1 illustrates this rising tendency for selected subdivisions across Chula Vista (standardized by mean bedroom/bathroom combination). We see that the highest total assessment burden is in EastLake III, although the highest effective tax rate is in Otay Ranch. Because Rolling Hills Ranch does not utilize Mello-Roos, its effective tax rate is the lowest (the close to $40 per year is for mosquito abatement, water, sewer, etc). Further, we notice that in EastLake I and Rancho del Rey Mello-Roos assessments make up only a little over half the total amount of special

[a] Subdivision groups: EastLake I, 595-253 (50 units); Rancho del Rey, 640-033 (62 units); EastLake II, 595-331 (58 units); Otay Ranch, 642-630 (35 units); EastLake III, 595-093 (35 units); Rolling Hills Ranch, 595-725 (55 units).

assessments levied on the median home. This is consistent with the special assessment practice prior to Mello-Roos adoption—since those neighborhoods were the first adopters, developers still also relied on special open space districts and others to finance maintenance. For Rancho del Rey, without homeowners' associations, and EastLake I, with an HOA only geared to sponsor the maintenance of the community pools, these open space district assessments were deemed necessary for the maintenance of open space. We see that as Mello-Roos financing grew closer and closer to 100 percent of the levied special assessments, HOA dues also increased in each subdivision.[14] Finally, it is important to notice the change in both unit size and value of the 'typical' development through time. This is consistent with another of Shanske's arguments: Proposition 13, and in turn Mello-Roos financing, encourage the bond issuing city and developers to pursue more valuable projects in order to contribute more 'cost-free' developments for the city, which has growth incentives contrary to the already existing community, which can't benefit from expanded service levels due to service delivery equity requirements.

For fiscal year 2011-12, the median EastLake I resident, whose home was constructed in 1988, will pay $970.64 in Mello-Roos assessments, which breaks down to $727.60 for its SUHSD CFD (the district's first) and $242.68 for its CVESD CFD (also the district's first). A similar home in Rancho del Rey, constructed in 1991, pays $1,145 this fiscal year, which breaks down to $727.60 for its SUHSD CFD (the district's third) and $428.00 for its CVESD CFD (also the district's third). The median home in EastLake II, constructed in 1994, will pay $1,146.02 in

[14] The powers and responsibilities of HOAs increased as well. This will be discussed in depth in chapter 3.

Mello-Roos, which breaks down to $842.86 for its SUHSD CFD and $303.16 for its CVESD CFD.[15]

In contrast, a similar home in Otay Ranch, constructed in 2001, will pay a total $3,255.54 in Mello-Roos, with $1,008.14 for its SUHSD CFD (the district's sixth), $815.40 for its CVESD CFD (also the district's sixth), and $1,432 in other Mello-Roos assessments.[16] A similar home in EastLake III, constructed in 2003, will pay $3,487.82 in Mello-Roos assessments for fiscal year 2011-12. The resident in the newer home is within four different CFD boundaries, pays $794.30 and $255.76 for the same EastLake school district CFDs, respectively, but pays a total $3,487.83. Finally, the Rolling Hills Ranch home, constructed in 2004, pays no Mello-Roos.

By 2009, Chula Vista had 17 distinct community facilities districts, all with different corresponding bond values, and some with overlapping boundaries, as illustrated above. The accumulated bond value totals $261,695,000, ranging from a maximum $44,875,000 (for "general capital improvements" in Otay Ranch Villages 1, 5, and 1 West; levied in 2002) to a minimum $1,355,000 (for school facilities in Long Canyon, levied in 1987) (CDIAC 2009, p. A-879 to A-892).[17] Every east side development project since EastLake I, besides Rolling Hills Ranch (constructed between 2002 and 2005), has utilized Mello-Roos financing. Those homes sold at prices $10,000 to $15,000 greater than comparable homes in other developments at first

[15] The EastLake Co. petitioned the two school districts for the creation of its Mello-Roos districts for the entire master-planned development in 1986, which means the values for the school districts are relatively constant across time; we see, however, that by the time EastLake III was sold, the developer had created multiple other CFDs.

[16] It would also be useful to notice the increase in the assessments sponsored by each school district over time.

[17] Notice the year each of the specific bonds mentioned was levied.

sale, but have since equalized on the resale market (San Diego County Assesssor), in concert with Shanske's findings.[18] There are no CFDs on the west side of Chula Vista.

Conclusion

Mello-Roos expressly filled the gaps left by California's old assessment laws, and conveniently worked, its authors happily stated, within the bounds of Proposition 13. Every stakeholder was satisfied to an extent at which the new status quo prevailed (and continues to prevail): municipal governments no longer had to shoulder the burden of development, citizens of existing developments had been freed from the shackles of their ever increasing tax bills by Prop 13 and from financial involvement in new developments at which they didn't see benefit, citizens in new developments were already paying the extra Mello-Roos taxes and had no incentive to halt its expansion to other developments, and developers were able to push costs onto their buyers without truly making homes more affordable. Developers have perhaps been the most satisfied in the long run, since construction costs (and therefore capital requirements).

However, the installation and expanded use of Mello-Roos financing encouraged and engrained the practice of "leapfrog" development, where each successive development project was initiated at a further distance from the city 'center.' Without the financial wherewithal to encourage (read: provide capital for) infill development, Chula Vista's government could do little to justify attempts to alter what had become the predominant development practice, so it continued. As it continued, so did the expansion of other marketing techniques (namely common

[18] A 2,793 square foot unit in Rolling Hills Ranch with four bedrooms and three bathrooms sold for $514,500 on September 4, 2003. A 2,739 square foot unit in the Woods at EastLake with four bedrooms and three bathrooms sold for $500,000 on September 17, 2003.

interest developments with homeowners' associations), a long time in the making, and these combined forces eventually led to a situation where residents in these new communities were less and less economically (and therefore psychologically) tied to the fortunes of their city as a whole. The next chapter will track the rise of the common interest development, completing the policy and practice puzzle that has entrenched geographic inequality in Chula Vista.

3

The Rise of the Homeowners' Association

The continuing debate over whether the wealthy are paying their fair share of taxes obscures a larger issue, with more profound implications for America: the fortunate fifth is quietly seceding from the rest of the nation.

–Rob Reich, Political Scientist, 1991

In 1960, the American Society of Planning Officials published a first report attempting to solve the "monotony of gridiron subdivisions" by proposing a new concept, called "cluster" subdivisions. These had two characteristics: (1) "A characteristic of design and site planning in which several houses are grouped together on a tract of land. Each cluster of houses serves as a module, which is set off from others like it by an intervening space that helps give definition to each individual group" and (2) "the presence of undeveloped land that is held for common enjoyment of the neighboring residents or the community at large" (Rosenthal 1960, p. 5). These cluster subdivisions were then encouraged to make use of a (private) "nonprofit community corporation" in which "restrictive covenants [would be] used in conjunction with privately held common land" and "arrangements [would be] made for a property owners' association to operate from the beginning" (Rosenthal 1960, p. 25).

By 1963, the Urban Land Institute (ULI) and Federal Housing Administration (FHA) championed the widespread merit of private government organizations in suburban housing tracts. In *Innovations v. Traditions in Common Development* (1963), the ULI stated with regard to open spaces: "Those not living close by and unable to benefit from small local parks should neither be required to support such areas by public taxes nor allowed to invade the quiet and privacy of those enjoying the benefits created by private methods" (ULI 1963). Echoing the sentiment, the FHA published a handbook titled *Planned Unit Development with a Homes Association* (1963). It stated that rapid urbanization had created a situation, which required an "economical single-family living unit adaptable to urban densities, yet keeping many of the attractive features of a suburban home." The solution, the FHA posited, were "housing subdivisions which incorporate privately owned, open, common areas and provide for the creation of a means of maintaining the common properties." The handbook continued, stating that "the benefits to be derived from the common properties *will be reflected in the FHA appraisals of the homes, and thus in long-term low-interest home mortgage* [making it] economically possible...to offer the home properties favorably in a competitive market" (all FHA 1963; emphasis added).

In 1964, the ULI published its *Homes Association Handbook*, where it discussed "legal musts," with regard to the subdivision plat, dedication, covenants, and other recorded agreements, that came with the establishment of a planned-unit development (PUD) or common interest development (CID).[19] According to the handbook, those documents ought to:

[19] These terms have become more or less interchangeable, but perhaps we should consider the CID a subset of the PUD; where the PUD refers writ large to master-planned communities, the CID refers to PUDs with involved HOAs. I will use the term CID for the rest of the chapter, since this subset is the relevant development pattern.

(1) legally create an automatic-membership nonprofit homes association;

(2) place title to the common property under the homes association or give definite assurance that it automatically will be so placed within a reasonable, definite time;

(3) appropriately limit the uses of common property;

(4) give each lot owner the right to use and enjoyment of the community property;

(5) place responsibility for operation and maintenance of the common property in the homes association;

(6) place an association in charge on each lot in a manner which will (1) assure sufficient allocation of funds, and (2) provide adequate safeguards for the lot owners against undesirably high charges;

(7) give each lot owner voting rights in the association. (1964)

Developers quickly signed on, recognizing that this new form of development would not only serve the FHA's pocketbook, but their own. The FHA would primarily benefit from cheaper mortgage insurance since home prices, in theory, would remain more stable with an assured means of funding maintenance on neighborhood common areas—since the entire neighborhood could not enter disrepair, a single 'bad' homeowner had no chance of beginning the domino effect. Developers would benefit from increased density: since the average common area could be serviced at a level superior to the rest of the municipality, and since middle class preferences for pools, parks, golf courses, rec. rooms, would be prohibitively expensive to provide on an individual basis (and since they were hard to come by after Prop 13), developers could tempt middle class homebuyers to accept less personal land. While this was a harder sell, especially in California (remember Rancho del Rey's planning process), the passage of Prop 13 and then Mello-Roos, made it much easier for a developer to boss his way through the planning stage at the local level, as discussed in chapter 2.

Some saw issues in the spreading policy. In *Privatopia* (1994), Evan McKenzie argued that the rhetorical façade of democratic egalitarianism created by the FHA, ULI and developers, overlaid a "market that targeted the affluent and emphasized exclusivity" (1994, p. 97). Indeed, in 1967, Stanley Scott, a planner, saw that "the lower income brackets are viewed as a likely source of special problems. Policies of exclusiveness are only thinly veiled as efforts to 'maintain high standards,' or 'ensure property values,' or provide a 'private community'" (in 1994, p. 93). At the time, Scott believed that the FHA-ULI policy would bring about the excessive control of thousands of inhabitants by private associations manipulated by developers; the institutionalization of segregated housing patterns; and the disenfranchisement of renters—all in the interest of maintaining property values and stabilizing residential patterns for long periods. He pointed out that the twin devices of restrictive covenants and homeowner associations "favor the interests of the developer and lender in almost every way" and anticipated "uniform and national application of such policies to all FHA supported communities built in the foreseeable future" (in 1994, p. 93). McKenzie, with the benefit of hindsight can confirm Scott's initial beliefs were valid:

> The relationship between owners and their private governments is created by contracts that have been standardized by large institutions, including the ULI, the FHA, mortgage insurance companies, and banks, and by the attorneys who represent real estate developers. These contracts are standardized for good reasons. The property they regulate is very valuable, and many people and institutions have economic interests in protecting this value. They want fungibility and stability over time, so they can turn residential mortgages into mortgage-backed securities and trade them in a secondary market. (2011, p. 109)[20]

[20] Here McKenzie hints at one of the other outcomes of the institutionalized development practices sponsored by the FHA and ULI which illustrates the total conflation of the ideas of house as 'home' and house as 'consumer product'; namely the eventual trading of mortgage loans as mortgage-backed securities, which were thought of, in theory, as being no different than other financial instruments. Unfortunately, as the Great Recession has illustrated, homes are, in fact, much more complex entities than other marketable products.

Finally, Scott (correctly) believed,

> Our society has important goals other than the creation of high-quality, upper-class, single family, amenity-filled neighborhoods whose property values are secure and whose home owners never fail to meet a mortgage installment—laudable as some of the latter objectives may be. In the next two or three decades residential patterns will be established or rearranged, and may other features of existing and future urban communities determined. The policies under which this is done will influence fundamentally the quality and nature of future urban life. Decisions made during this period will also influence the role, strength, effectiveness and perhaps even the survival of our institutions of *public* local self-government. (in 1994, p. 21)

No party heeded Scott's warning, however, and over the next decade, the FHA and ULI spread the gospel of "better living through planning" to developers and to the middle class.

The FHA and developers created pamphlets to convince prospective homeowners of the merits of living in a CID. They presented the new developments as "the cutting edge of a return to the traditional American 'town meeting' democracy based on ownership of their own community" (1994, p. 82). Developers began marketing their planned communities to prospective buyers who they believed would buy in to the 'lifestyle' that their communities could provide. Neighborhood branding emerged to suite this need. As we'll see in chapter 4, this branding evolved into something much stranger when developers began to conflate product hawking with community building, and their ideas of the house as 'home' and house as 'consumer product' merged. The hard work on the part of agencies and developers would pay off: where there were 500 homeowners associations in operation (HOAs) across the country in 1962, there were 20,000 in 1975.

CIDs and Proposition 13

In *City of Quartz*, Mike Davis pointed out that in 1960, over two-thirds of new housing constructed in Orange County (a large growth center) had been single-family units. In 1970, 60 percent of new units were apartments and condominiums. In the intervening decade, escalating land prices had killed the concept of an affordable starter-home and led to "the clouding of the California Dream":

> On the one hand, the open space amenities that supported the lifestyles and home values of wealthy [Los Angeles area] hillside and beach dwellers were threatened by rampant, large-scale development; on the other, traditional single-family tracts were suddenly inundated by waves of apartment construction. New development was perceived as a threat to the detached culture of low-density residential life. However reluctantly, in the face of entrenched conservative stereotypes and prejudices, elements of the environmental critique advanced by the Sierra Club and California Tomorrow gained currency amongst homeowner activists, who grasped at the notion that the endangered open spaces around their homes—even the "pastoral scatteredness" (aka urban sprawl) of their subdivisions—were conservation values as much as rock piles in Yosemite or wild rivers on remote coasts. (1990, p. 171)

Peter Schrag added that it was "homeowner associations and the perceived nexus between taxation and development...spiced by mounting anger against school busing, that became the backbone of the tax revolt of the mid-1970s" (1998, p. 137). In fact, activist homeowner groups in San Fernando Valley managed to get building height limitations passed on Ventura Boulevard, and in Monterrey Park in 1976, a local initiative passed by 85 percent majority to restrict the construction of condominiums (1998, p. 136).

Indeed, by the mid seventies, the FHA and ULI had in the very least firmly implanted in homeowners an ideology of wealth maintenance as the logical progression from the wealth creation (read: home owning) ideology that was instilled in Americans following the Second

World War. Further, with the most enfranchised voters—whites and other members of the middle class—out of urban areas and beginning to no longer rely upon the services those cities provided, it should come as no shock that, after the a significant level of perceived threat to homeownership arrived, Howard Jarvis was able to mobilize these voters towards the Great Tax Revolt, capped by the passage of Proposition 13. Certainly, McKenzie saw the relationship between privatization and the great tax revolt as a symbiotic one. While privatization may have spurred the Great Tax Revolt, privatization clearly benefitted from the revolt's success:

> It is no accident that the use of this particular form of privatization began to increase greatly in the mid 1970s, when local governments found themselves facing demands for more services despite their shriveling revenues. Local tax revolts and reduced federal aid to cities coincided with a deliberate shifting of responsibility for many social and regulatory matters from the national level to state and local government. The result, for many cities, was the specter of budget deficits and potential insolvency. At the same time, the administrations of Presidents Carter, Reagan, and Bush promoted, subtly or explicitly, an existing popular dislike for government and a general confidence in private enterprise. Together, the twin demands of budget deficits and renewed belief in the private sector legitimized a search for new ways to perform government functions. (1994, p. 178)

Prop 13 also probably exterminated the small-time developer's business: rising development costs due to new city requirements (discussed in chapter 1) made capital requirements simply too high for the minimal profit margin and high risk of entitling, building, and selling a single home or a few homes. Developers that had not institutionalized or found financing sources fell by the wayside even quicker in the years following Proposition 13. What became important, though, especially after the passage of the Mello-Roos Act in 1982, was the developer's expanding use of the CID, and its implicit homeowners' association.

The HOA in Chula Vista's Master-planned Communities

Homeowners' associations are nearly omni-present in the master-planned communities that fill Chula Vista's east side, leaving residents little choice over whether to purchase a home with or without an HOA. The various EastLake HOAs are the most influential, so I will focus on those, particularly the Bristolwood at EastLake Greens (EastLake II) HOA.

First, though, it would be useful to notice the upward trend in HOA dues over time as illustrated in Table 2-1 (on page 65). There are two foreseeable reasons for this. First, as discussed in chapter 2, newer developments have been geared towards an ever-wealthier homebuyer, so this increase may reflect the higher cost of an increased *quality* of service. Second, this increase may reflect an increased level of responsibility. I believe the increase stems from a combination of the two factors. The amenities in EastLake III certainly were advertised as being more luxurious than EastLake I and II; however, the rising proportion of Mello-Roos payments to the total amount of assessments levied for each home reflects (as discussed in chapter 2) a *decrease* in the use of open space maintenance assessments for the project. This means that developers, in this case EastLake Co., decided to forego city maintenance services (provided through the creation of said open space maintenance assessment districts), and instead place the responsibilities on their own HOAs for management.

This change, if true, perfectly illustrates the institutionalized social stratification feared by McKenzie, Scott, and scholar Charles Murray, who argued that the cleavage produced by "this differential privatization is intertwined with, and reinforced by, other divisions. These include homeowners v. renters, suburbs v. cities, and the differences in race, class, and age that are associated with home ownership and residence" (in McKenzie 1994, p. 187). McKenzie, citing Murray, continued: "[This schism] is likely to become most apparent in the context of

electoral politics at the state and local level. The specific issues involved in these impending political conflicts will most probably stem directly from the privatization of government services for some and not for others" (in 1994, p. 187). Indeed, as discussed in chapter 1, voters rejected Proposition H, which would have mitigated continuing budget cuts in the city of Chula Vista. Perhaps McKenzie was right in concluding, "Rather than offering a solution to the problems of big cities as...intended, CIDs exacerbate them. The developments take over many municipal functions for those who can pay the price" (1994, p. 21).

The Bristolwood at EastLake HOA governs a small subset of EastLake II, and its residents are bound by restrictions that are constant across the development along with some that are specific to the hyper-localized area. Each resident's $54 per month dues, and any fines collected, fund neighborhood projects like mail box replacement, curb painting, and 'holiday spirit' contests, as well as paying for a salaried property manager, generally contracted through a larger property management company.[21] A board of volunteers administers the HOA, like others in the area.

In 2010, the HOA Board decided to refresh its residents on the Covenants, Conditions and Restrictions (CC&Rs) by posting the title to each section of the CC&Rs that governed the community on its online newsletter. The HOA had some sort of regulation governing "permitted uses and limitations", "residential use", "commercial use", "rental of the dwelling", "the posting of signs", "nuisances: hazard and waste", "temporary structures", "vehicles", "animals", "oil and mineral rights" (to precious findings), "unsightly items", "antennae", "drainage", "garages", "no

[21] The HOA's property manager, Teresa Prescher, holds three relevant titles: She is a Certified Manager of Community Associations (CMCA), Association Management Specialist (AMS), and Certified Common Interest Development Manager.

obstructions", "rubbish", "fires", "landscaping", "right of community association to maintain and install", "window coverings", "front yard maintenance", "driveway areas", and "maintenance of fences"; among others (Bristolwood HOA 2010, February 17). The website further explains the process for dealing with CC&R complaints made by homeowners upon each other:

> Management will notify the board of the complaint. The board then investigates the complaint. If there is a valid CC&R violation the board issues a violation letter. The homeowner has 10-15 days to comply. If the violation is not cleared by the Non-compliant homeowner after letters and a hearing - fines are levied. (2011, February 15)

With hundreds of regulations, the HOA board could most likely find some violation at every one of its residences. However, it pays most attention to some main small ones. The most pertinent to the community are posted permanently on the HOA's website:

- After pickup on Mondays, trashcans must be off street and stored behind a fence or out of sight from the front yard.
- No commercial vehicles permitted on La Costa Ave.
- When outside dogs must be on a physical leash and controlled by their owner.
- Yards must be maintained by mowing, weeding, fertilizing and watering regularly.
- Architectural changes to a home require approval from Eastlake Greens. (2011)

On the other hand, the HOA's stance on a rash of instances of speeding in March 2011 exhibits its alarming power. The Board weighed in on the issue, wielding a police power greater than that of actual police: "Speeding on residential roads is dangerous for pedestrians and other drivers. Slow down on La Costa Ave. Speeders will be sent violation letters and possible fines

will be levied" (2011, March 21). Theoretically, if a fine was indeed levied, and the offender refused to pay, the HOA could begin a process of accelerated foreclosure upon that resident, and move in someone who would follow the community's (read: the developer's) rules. Finally, it is important to note that *all* of EastLake's almost 10,000 homes are governed by similar sets of CC&Rs, and while they may differ slightly, Otay Ranch's 7,000 homes have theirs, and Rolling Hills Ranch's 2,000 homes have theirs.

There are no publicized examples of violations rising to the level of foreclosure (or ridiculousness) in Chula Vista. However, stories abound from across the country. For example, in Ashland, Massachusetts, a Vietnam War veteran was told that he could not fly the American flag on Flag Day. The board only backed down after the resident called the press and the story appeared on the front page of a local newspaper. In Monroe, New Jersey, a homeowner association took a married couple to court because the wife, aged 45, was three years younger than the association's minimum age for residency. The association won in court, and the judge ordered the sixty-year-old husband to sell, rent the unit, or live without his wife. In Vista, California (a city similar to Chula Vista in northern San Diego), a lien was put on a woman's home for $192.04 it was owed plus legal fees and costs. She resumed paying the dues on time, but when disputing the amount of fees, late charges, and costs (which brought the lien to $857.13) the association served her with a foreclosure summons (all in McKenzie 1994, p. 15-16).

And yet, residents continue to pursue ownership of these homes. As Ezra Hanono, an EastLake III resident (and my uncle) explained, "You know what you're signing on for when you sign the paper, and if you don't you're stupid. There's nothing I'm going to be doing that is in violation of the CC&Rs, and I appreciate looking at a nice, clean neighborhood...People want

to know their property value is safe" (2012). Indeed, property value stabilization took its position as the most sought after goal during the Great Tax Revolt and has engrained itself in the Californian psyche since the passage of Prop 13.

Conclusion

As mentioned, by 1970, there were 20,000 HOAs in operation in the United States. By 2000, there would be 225,000, governing 32 million American homeowners (McKenzie 1994, p. 11). They tend to be located in Sunbelt states, where most of the nation's growth occurred during those decades, and continues to occur. As discussed in the case of Chula Vista, the pattern of CID construction consolidated leaving almost no choice for residents. If they wanted to purchase a new home, it would be in a master-planned community with an HOA that had the power to foreclose on a member for missing his monthly payment, or for the failure to pay fines that resulted from an un-mowed lawn, or any other violation of one of the multitude of rules governing the neighborhood.

However, residents see no problem with their treatment, and cite the security and stability of their neighborhood as the utmost priority, to which all other considerations are secondary. The courts turn the few that do fight the power of their HOAs away: California's courts have defended the right of the HOA repeatedly in challenges to their validity; after-all, membership and the rules governing the rights of each individual homeowner are tied to each deed.[22] With no recourse, residents pay their dues with varying degrees of satisfaction, and seethe over their high taxes (indeed, many of these residents also pay Mello-Roos, and will for the next fifteen to

[22] See McKenzie's *Privatopia* (1994) for a nearly comprehensive list of court cases fought across the country on the subject of homeowners fighting HOAs.

twenty years). Though this was perhaps a predetermined fate; in 1994, McKenzie surmised, "This 'privatization for the few' has the potential for creating and amplifying social division and conflict between CID residents and local governments" (1994, p. 186).

Over time, developers and then citizens, internalized the rhetoric sponsored by the FHA and ULI to an extent where these initial movements have been forgotten. In the concluding chapter, we will see the story come full circle, back to a place where residents and developers alike espouse views with rhetoric stemming directly from the practices promoted by the FHA and ULI in the early sixties, and with ideologies governed by the political schism created during the tax revolt of the seventies. However, the discourse preceding this point should arm the reader with enough knowledge to discern the origins of each view. We will also examine Chula Vista demographically, in order to view the outcomes of a process more than thirty years in the making.

4

Consolidated Inequality

EastLake must almost have its own community; they've done a great job over the past 30 years haven't they? It's amazing what the perception of that is. You know, branding and marketing are important in any business, 'cause you are creating; you're marketing to where people are going to raise families and have homes. So lifestyle is a really important component of marketing houses for sale. Lifestyle is just, 'Why do I want to live there?' 'Cause in EastLake you can live, work and play.

–Scott McMillin, developer, 2012

Branding, or indeed, the idea of a consolidated community, has become a significant marketing method to attract new residents to Chula Vista's eastern communities. On the community website, EastLake, which boasts 9,800 residences (about 35,000 people), boasts the top ten reasons for choosing a home in one of its five distinct communities. The website attempts to distinguish itself from competitors, chief of which is Otay Ranch (which began the entitlement process in the mid 1980s and has yet to be built out). Highlights include "private residential parks within each neighborhood" which "may include pools, spas, clubhouses, tennis courts, basketball, picnic areas, and children's play areas;" retail centers like the EastLake Village Center and EastLake Village Marketplace; the EastLake Educational Foundation; and HOA's that provide private security patrols, manage the community golf club ("open to the public, but with special privileges to EastLake residents"), and plan vacation day-camps for kids and adults alike (EastLake Co. 2007). It is no wonder then, that Camille Bruno, a longtime Chula Vista (and EastLake) resident values her master-planned community.

Ms. Bruno moved in to EastLake Hills (part of the EastLake I development completed in the early 1990s) in 1986, and then traded that neighborhood for EastLake's newest and most affluent—The Woods at EastLake—in 2004 when the new home was completed. She said, in 2004, "I know Chula Vista doesn't want this, but EastLake is like its own little city. We have everything out here... It doesn't have that *Chula-Juana* title it used to" (Oakes 2004, January 3, p. B-6). *Chula-Juana* is a portmanteau of Chula Vista and Tijuana, the Mexican border-town, where poverty is ubiquitous and crime is rampant.

This idea of escaping *Chula-Juana*—the west side of Chula Vista—predominates feelings about where one comes from in the city. As the city has grown, a privileged group has seen its collective fate detached from the fate of those on the west side of I-805, who continue to rely on the City of Chula Vista for municipal services. A growing city may develop distinct neighborhoods with distinct personalities, but Chula Vista's differences track neatly along class lines. More importantly, Ms. Bruno's statement hints at the strategic marketing factors the EastLake Corporation was so adept at cultivating: building a brand for the subdivision became a key way to differentiate the *community* from the others around it, and especially from the impoverished west side of Chula Vista, to the municipality's detriment. Ms. Bruno went on to discuss initially being chided and discouraged from moving into Chula Vista because of its reputation.

Angelique Williams, a resident of one of the poorest neighborhoods in Chula Vista—a trailer park on Broadway Avenue, the city's western-most corridor (once a booming economic zone due to cross border traffic—before Interstates 5 and 805 took its traffic), was also interviewed: "We are basically the bad people of Chula Vista...We are kind of forgotten." The author of the piece, Amy Oakes, explains: "Many west-side residents complain the city

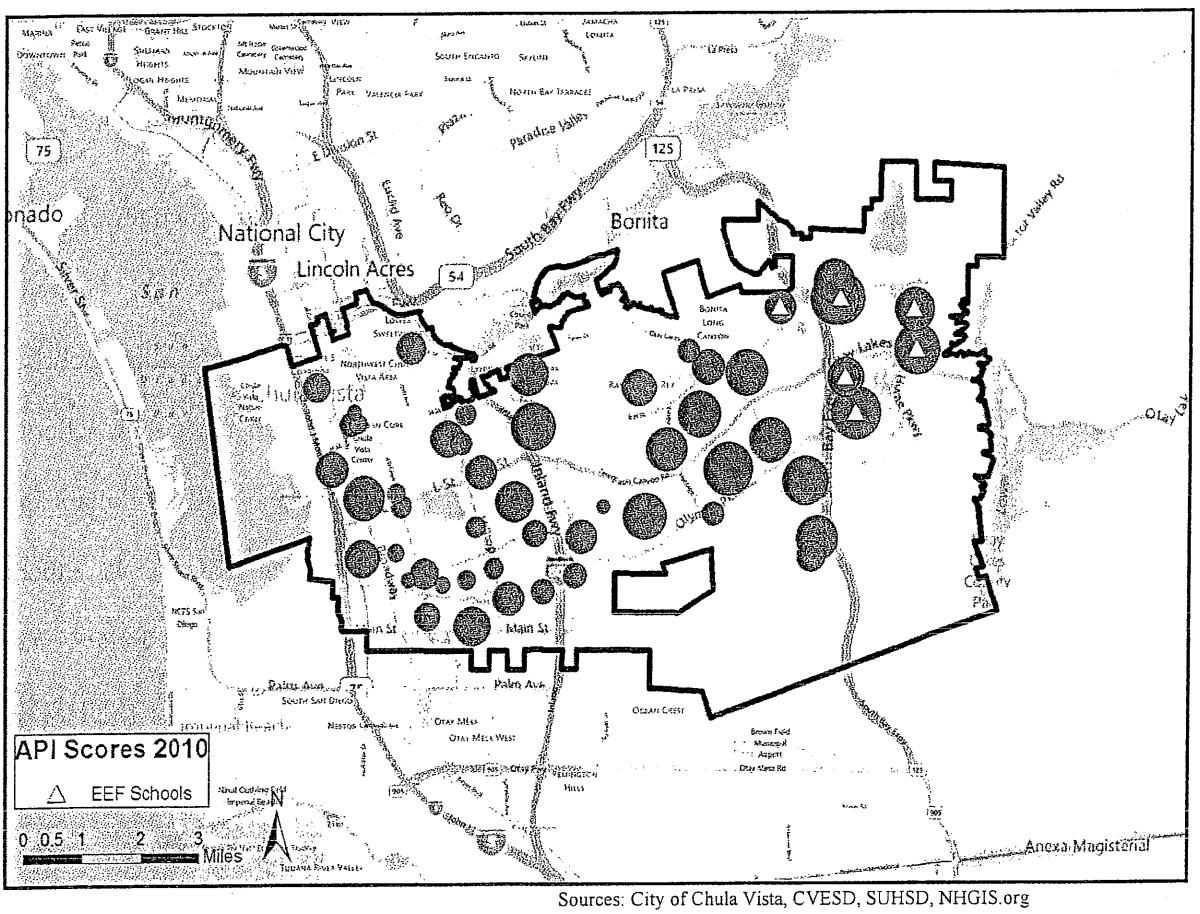
government focuses solely on what happens across town. Every time a new park is built or a restaurant opens there, the division deepens. [Williams] says the city hasn't dealt with health and safety code violations in her park and was slow to respond to her concerns. She would move, but with a family of five living on one income, it's tough to beat the $400 monthly rent" (both 2004, January 3, p. B-4).

Developer-Sponsored Education

The EastLake Educational Foundation (EEF) is both the EastLake Co.'s crown jewel, and the most damning feature of the post-Prop 13, post-Mello-Roos paradigm of growth. Geared towards grants for technology, the EEF states that it funds "programs that are either poorly funded through traditional means or have no existing funding base through the public school districts" (EEFkids.org 2011). This is to say that it has provided over one million dollars in supplemental aid to precisely the programs that which no other students at the 42 other elementary schools, 10 other middle schools, and 12 other high schools in the Chula Vista Elementary School District (CVESD) and Sweetwater Union High School District (SUHSD) have access.

CVESD is the largest elementary school district in California, and SUHSD is one of the largest secondary districts in the state, serving 46 and 23 schools respectively. Having school districts that are so large poses a certain set of problems, primarily dealing with the quality of education that exists across the economically diverse city. Those west of I-805 attend worse achieving schools. The "Academic Performance Index" (API), which the state of California uses to measure scholastic achievement from 2nd to 11th grade averages 769 on the west side of I-805,

Figure 4-1: API Scores by School, SUHSD & CVESD.



Sources: City of Chula Vista, CVESD, SUHSD, NHGIS.org

while averaging 844 on the east side including the six EEF schools; the figure drops to 832 without the help of the EEF schools. The EEF schools average 869, with three of the four elementary schools topping the coveted 900-number that distinguishes California's very best schools. The State of California deems schools that score above 800 as "proficient." Figure 4-1 shows the location of each public school (elementary, middle, and high school) within the Chula Vista's borders; the graduated symbols represent relative achievement on the California Standardized Tests measured in API. The disparity makes some sense: studies have long shown a correlation between wealth and scholastic achievement.

Further, the initial endowment for the foundation was created by the EastLake Co, and three-quarters of a percent of the sale price of a home in EastLake Trails (an EastLake II neighborhood) is contributed to the organization each time the house is sold. It may come at no surprise that a developer that set up private governments for its residents to administer its pools and parks as city parks and pools saw severe budget cuts or were closed also created a privatized school fund to supplement the dwindling state budget for education. This is exactly the type of situation that post-Prop 13 California faces—the social safety net is too small to provide an actual level playing field, or at least a playing field in which the wealthiest groups don't feel compelled to supplement their child's public education.

Live, Work, Play

It would also be useful to understand the perspective of one of the region's preeminent developers. Scott McMillin, President and CEO of McMillin Homes and McMillin

Communities, shared his thoughts on branding, the use of Mello-Roos' community facilities districts, and the distinction between homebuilding and community building.

Scott's father Corky founded McMillin Homes in 1960 as a family home-builder, working on single home contracts and later on the subdivision of lots in (what is today) western Chula Vista. As developers began to institutionalize at the encouragement of the FHA and ULI (as discussed in chapter 3) so to did Corky McMillin. After securing Asian investment partners, McMillin Homes (then McMillin Development and Home Capital Group) was able to purchase the entitled Rancho del Rey master plans from Al Gerston, a Los Angeles-based developer, who eventually grew frustrated by the growth policies of the City of Chula Vista and chose to sell. McMillin continued to develop with this now standard larger footprint, and participated in some capacity (either as master developer or home builder) in four of the seven major east side master-planned communities. After Corky passed away in 2001, Scott and his brother Mark took over and continued the business. McMillin Homes has an entitled 210-acre mixed-use project called Milenia, due for completion some time in 2015.

I asked Scott McMillin what he thought about Ms. Bruno's sentiments, namely her escape from *Chula-Juana*. He was coy about the question, so I repeated it in different words.

> GERAD: Do you feel like developments would have been as successful if they were marketed as Chula Vista developments?...[T]hey've been annexed, but really, people don't say, 'Hey, I live in Chula Vista;' they say, 'Hey I live in EastLake.'
>
> SCOTT: EastLake must almost have its own [community]; they've done a great job over the past 30 years haven't they? It's amazing what the perception of that is. You know it...it [chuckles]. Branding and marketing is important in any widget that you do, 'cause you are creating, you're... you're marketing to where people are going to raise families and have homes. So that's that is lifestyle, is just a really important component of marketing houses for sale. So umm, lifestyle is just you know, 'Why do I want to live there?' 'Cause you can...in EastLake you can live, work and play.

GERAD: Isn't that their slogan?

SCOTT: Yep, I think it is. It's 'cause of the parks, 'cause of the ball fields. You know, it's because of the great schools; it's because of the proximity to the regional assets, to the regional amenities, you know, [it's] close to downtown, so that's [stammers], you know. So branding that and giving it an identity all the way down to your individual product, because buying houses is all emotion. Its still very emotional, an emotional decision. (2011)

Having been a main player in the less successful Otay Ranch development, Mr. McMillin seemed to be envious of the way EastLake was able to separate itself from the rest of the competition, and from the rest of the city. I asked him about why he believed Otay Ranch, and more specifically, his Milenia project in the master planned development did not get the chance to get off the ground prior to the market collapse in 2007. After citing the financial problems the builders adjacent to his parcel had, and identifying other issues, he spoke about Chula Vista's image:[23]

> It is the image of Chula Vista, okay, it's the image to the rest of the county, and [stammers] you know, businesses grow where CEOs want live. That's why you know the best office market in the area here is in Del Mar [a community in northern San Diego County]. You know that's where everyone wants to live. Why did everyone want to live there? Quality of life, but one of the biggest things is schools and school districts and where they want their kids to go to school. And when South Bay started growing and putting in new high schools and having better test scores that was the chicken and egg thing that grew the South Bay. And as San Diego was growing with jobs and people moving here with jobs and more educated jobs, you know we actually went through an economic restructuring in San Diego from manufacturing to biotech and high tech industries. And when that happened they all went to where the CEOs wanted to live and where the people wanted to live, and that was schools. And now South County is getting some of those. You know the EastLakes, Bonita, Chula Vista,

[23] Current development practices are such that often a master developer completes the entitlement process, completes the installation of infrastructure (sewers, roads, etc.) and then sells the finished lots as products to a home builder that then markets and sells the homes at specifications outlined by the city-approved development plans.

the blue ribbon—the test scores are phenomenal in the elementary schools so that's a major component of housing development. (2011)

He later mentioned that western Chula Vista was not doing its part in development—it was holding Chula Vista's forward movement back with its anti-growth philosophy. Clearly, one of EastLake's main successes was separating itself from the rest of Chula Vista and creating an environment in which the 'CEO' lifestyle was readily available.

He shared his thoughts on the evolution of home development with respect to the proliferation of private government associations and the widespread use of Mello-Roos in new developments upon prompting:

GERAD: Do you feel that [the use of Mello-Roos] might create an equality issue? Versus, I mean with east side developments that use Mello-Roos that have a higher standard of amenities because they've been able to use this public financing versus obviously the older sections of Chula Vista that don't have it or don't have that option and are relying on the city? I mean obviously they're newer so they're going to be nicer no matter what, but do you feel like there's even a step beyond that because of Mello-Roos?

SCOTT: No, you know, I think, you know, newer dev... New cars you know—they didn't have electric windows forty years ago, and they have electric windows today, and why? Because they found that consumers preferred that. Or, you know, the needs of fuel efficiency; fuel efficiency in a vehicle today is much better than it was forty years ago, because of *need.* You know, because of resource need, I [stammers], well, there is just more knowledge and more experience and more understanding of a community's needs, you know, of what are the parks that are required for how many household formations are created, which is a different formula than it is today. Now, the taxes go to the [stammers] parks and [recreation], so the money goes to the cities, you know, that support those [programs]. So, you know, within their budget and their allocation, they [stammers], you know, support those projects, or you know, maintain and sustain those amenities and surfaces in the community. (2011)

Firstly, became obvious that Mr. McMillin understood that he needed to speak carefully. After he evaded a first question on the advantages of public financing for developers, I continued

prodding a bit about a project, Rolling Hills Ranch, in which McMillin Homes chose to forgo the option (it had already been entitled by another developer when McMillin purchased the land and development plans). He admitted that developers would be unlikely to develop in the future without public financing because after Proposition 13 passed, cities "began to look at the larger effects of a development. They began to require constructing infrastructure either concurrently or before the project could be built" (2011).

More interestingly, in his analogy to energy needs of cars with respect to the need to use public financing, he alluded to both developer need—because of the climate created after the passage of Proposition 13—and a consumer preference/need that developed, if he was right, between the 1960s and today. Further, he got it wrong when he asserts that Mello-Roos bonds, in general, are paid back to the city. In most cases, homeowner contributions go only towards paying off the principal and interest of the bond taken out by the developer for a development project. Property taxes contributed by these residents will end up in the city's hands, but only after the county collects them and sends them to the State of California for redistribution (Shanske 2007, p. 714).[24] He was right in one respect though, about the city's responsibility to maintain the amenities and surfaces—generally, Mello-Roos bonds only provide for the construction of such amenities and not their maintenance, unless another special open space district is created.

Lastly, we can juxtapose his analogy between the technological advancement of cars and the financial advancement of housing with his assertion that EastLake's success was in its

[24] Generally, each county gets back 100% of each tax dollar collected. However, due to the *Serrano* decisions (discussed in chapter 1), the state collects and redistributes so that school funding can be equalized across the state. Orange County, for example, is a 'donor' county, meaning that some of its property tax dollars distributed for education fund schools in other counties.

developer's determination to build and market a *community*. He made an important distinction between the divergent tasks of homebuilding and community building: "Homebuilding is a commodity market. Homebuilding is...but developing a community is not" (McMillin 2011). This, combined with his other statements, seems to insinuate that Mr. McMillin is very aware of the developer's power to plan and shape a community based on its economic calculations, although Mr. McMillin denied any culpability for inequality in the city.

East and West, by the Numbers

For the U.S. Census year 2000, Chula Vista communities east of I-805 had almost twice the median income, three times the educational attainment, and a quarter of the poverty the communities west of I-805 had. Further, the east side's schools achieved higher test scores, it has twice the available park area (as a percent of total land) and less than a tenth the amount of blight (as a percent of total land) as the west side of Chula Vista. We can examine these statistics at higher resolution by examining census tract maps for educational attainment, poverty, and median income. Figures 4-2 through 4-4 depict the statistics summarized in Table 4-1. Values are split along natural breaks to portray the drastic differences between east and west in each map. Further, it is important to note that the poverty series (1970-2000) utilizes differing scales; this is in order to display the changing maximum income levels for considering 'poverty' over time in the city. The series shows a drastic increase in poverty on the west side of Chula Vista over time. Finally, I ran Getis Ord Gi* hotspot analysis, a feature of the ArcGIS program, in order to determine the spatial autocorrelation (clustering) and statistical significance

Table 4-1: Statistical Comparison of Eastern and Western Chula Vista, Divided by I-805.

	Mean API Score (2010)	**Median Income** (2000, $)	**Pop. with B.A.** (% over 25)	**Park Area** (% total)	**Poverty** (% total pop.)	**Redevelopment Area** (% total)
West	769	37,179	11.7%	1.4%	12.0%	43.3%
East	844	68,965	32%	2.9%	3.1%	3.4%

Sources: City of Chula Vista, US Census 2000, NHGIS.org, CVESD, SUHSD

Table 4-2: Statistical Breakdown of Poverty Clustering in Chula Vista, 1970 to 2000.

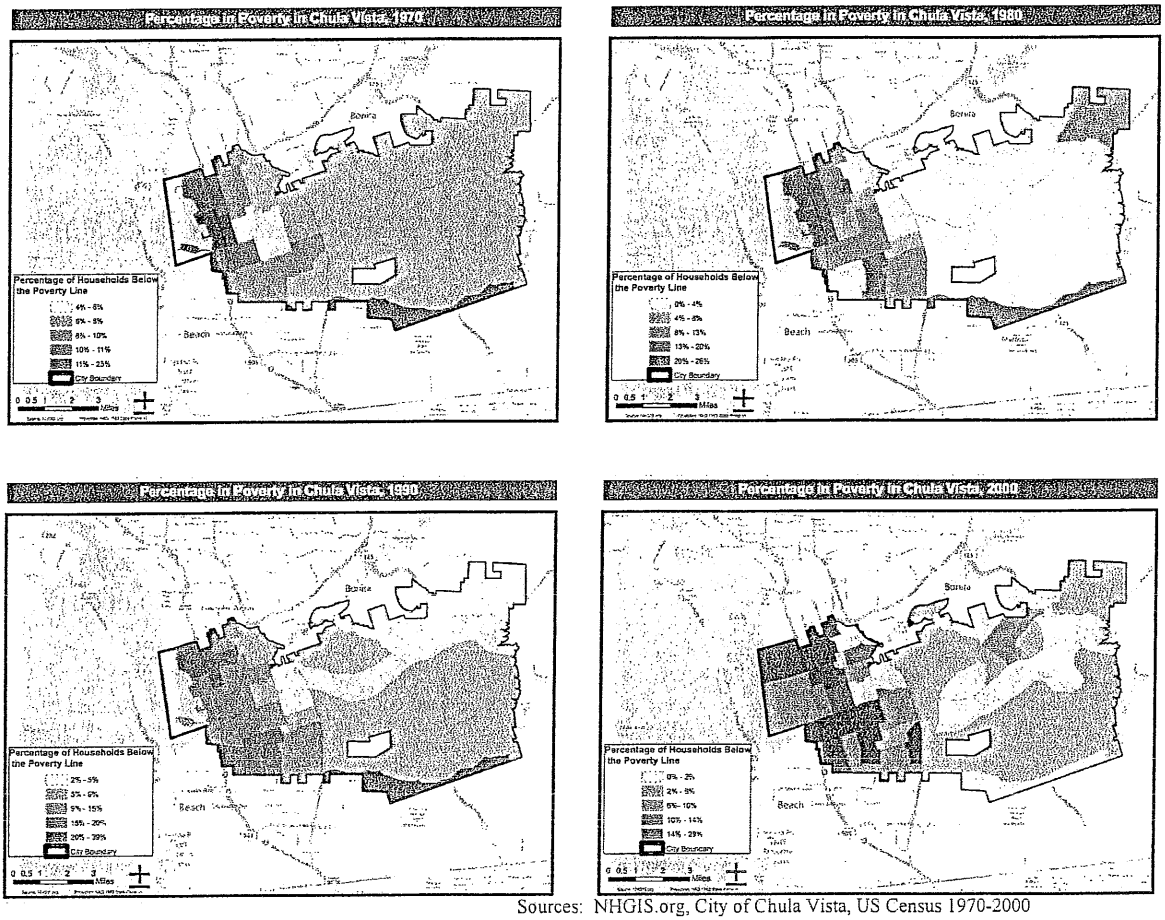
	1970	**1980**	**1990**	**2000**
z-score[a]	0.018	1.606	1.686	4.305
p-value[b]	0.986	0.108	0.092	0.000017

Sources: US Census, ArcGIS

[a] The z-score is the output value of Getis Ord Gi* hotspot analysis; it is a measure of spatial autocorrelation, or clustering. For statistically significant z-scores, there is a positive correlation between z-score and clustering—as clustering increases, so does the z-score.

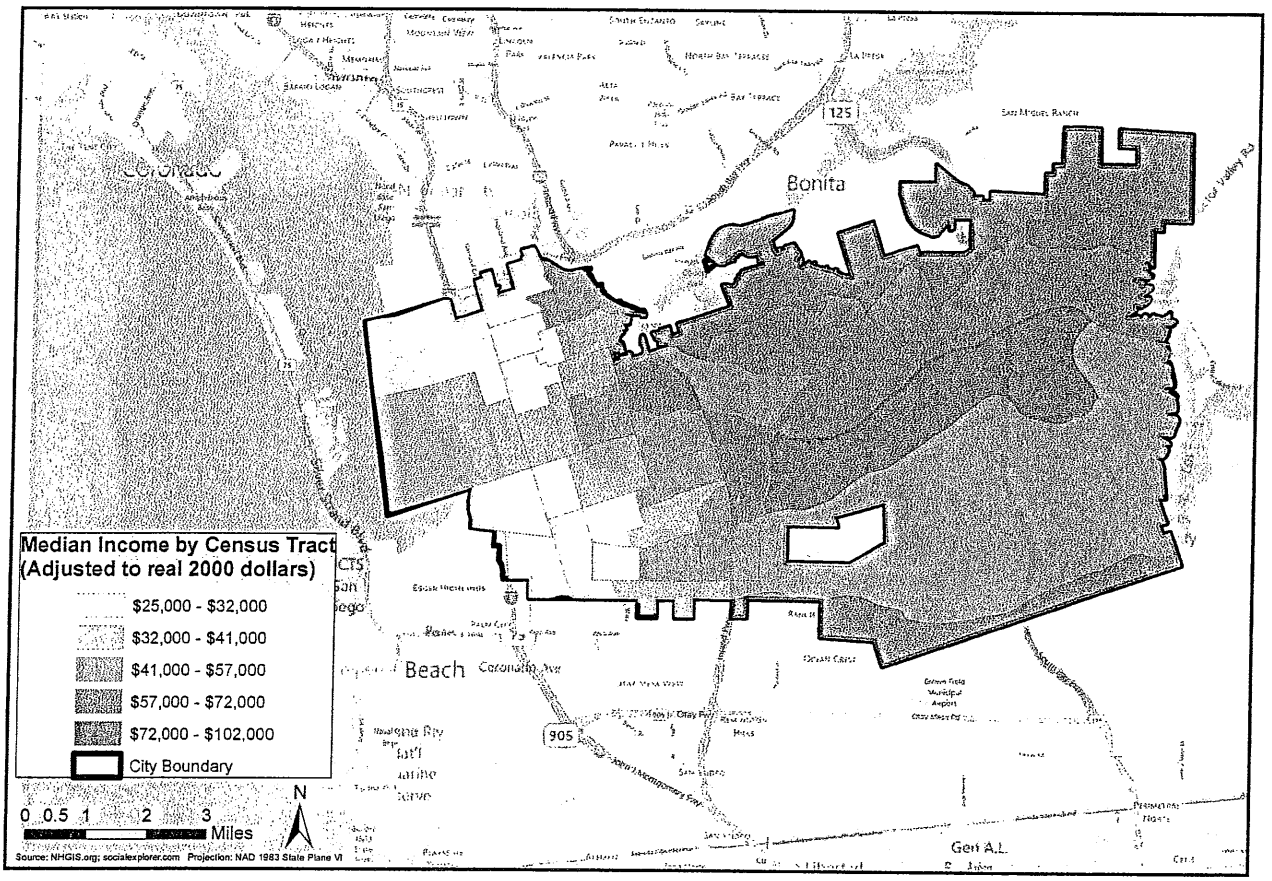
[b] The p-value is a measure of confidence: $p < .10$ means there is 90% confidence in the variable's statistical significance; $p < .01$ means there is 99% confidence.

Figure 4-2: Percent Poverty by Census Tract, 1970 to 2000.



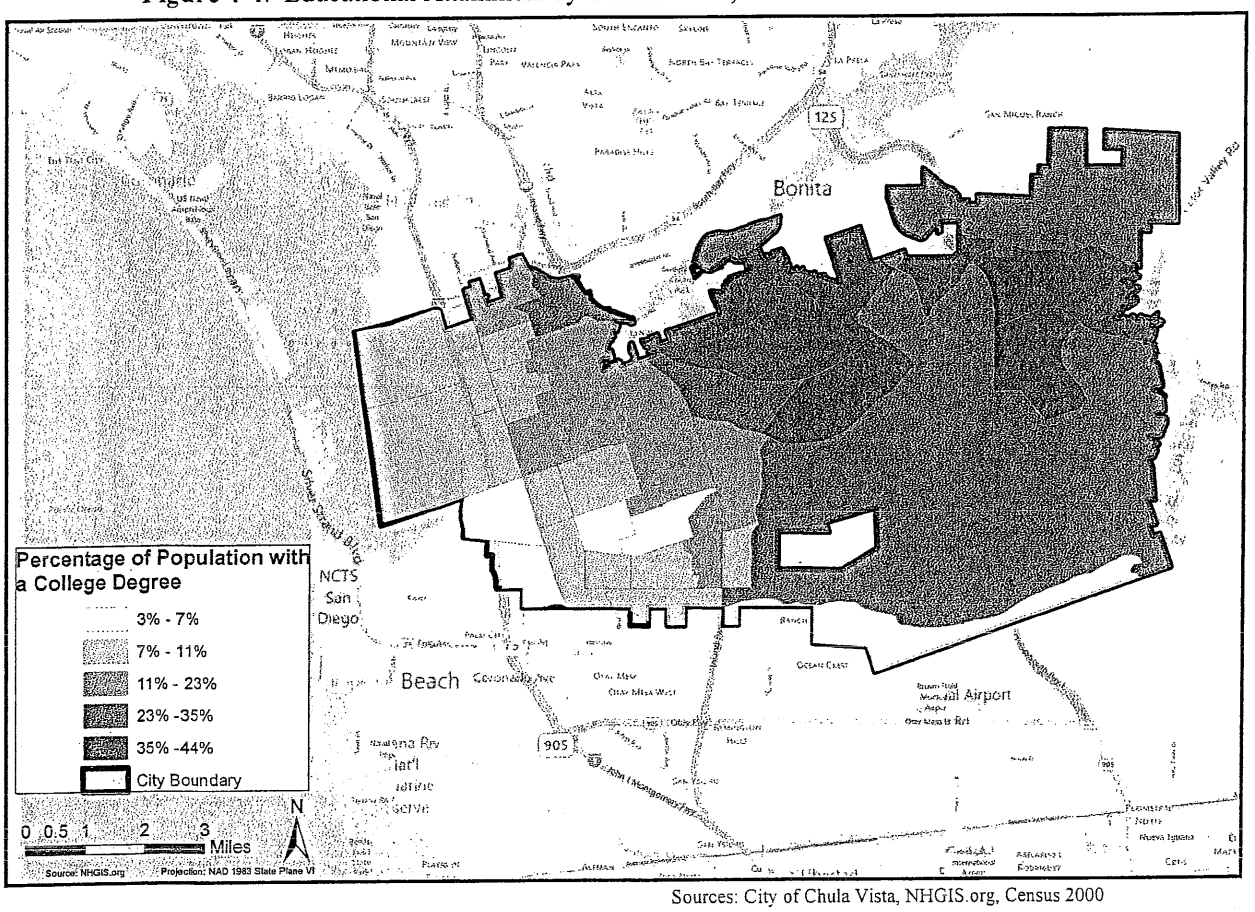
Sources: NHGIS.org, City of Chula Vista, US Census 1970-2000

Figure 4-3: Median Income by Census Tract, 2000.



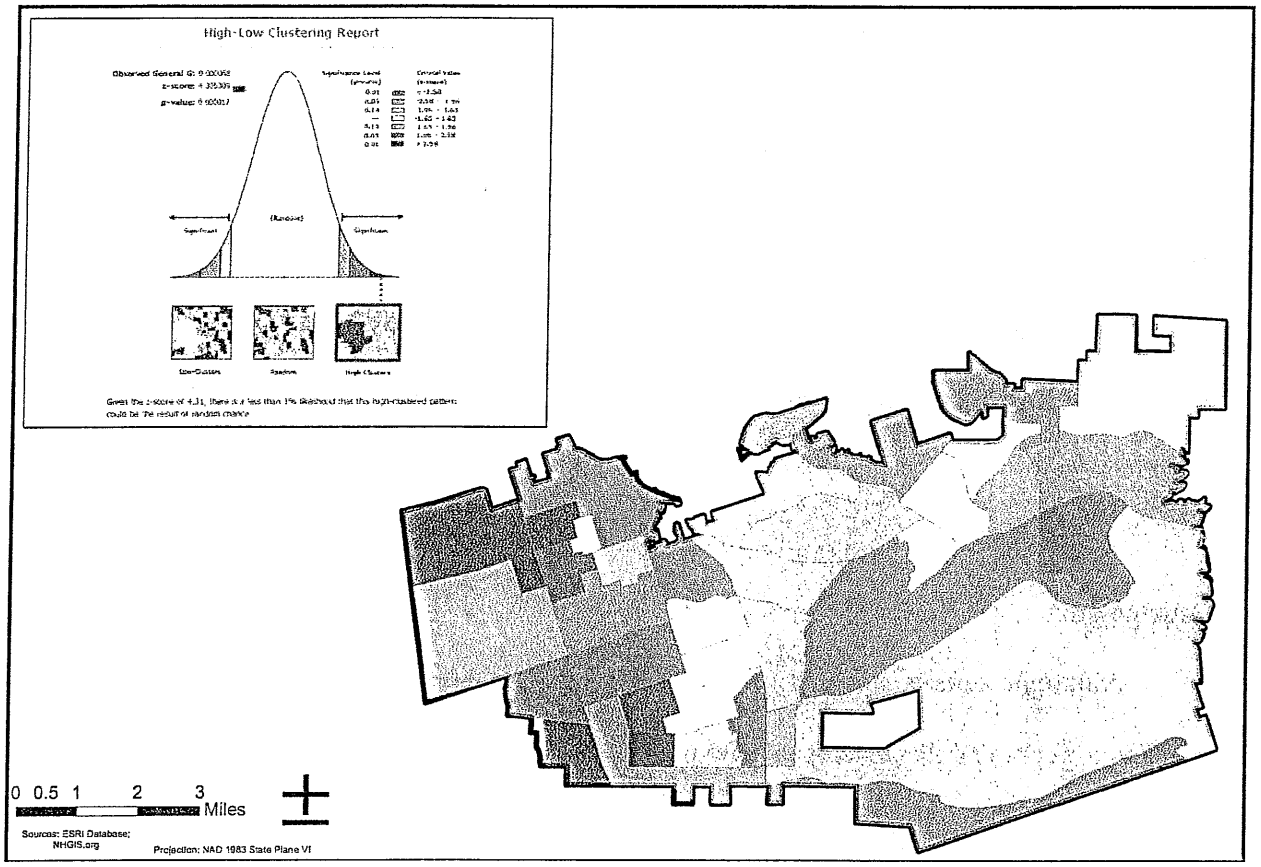
Sources: City of Chula Vista, NHGIS, US Census 2000

Figure 4-4: Educational Attainment by Census Tract, 2000.



Sources: City of Chula Vista, NHGIS.org, Census 2000

Figure 4-5: Z-Scores by Census Tract, 2000.



Sources: ESRI, City of Chula Vista, NHGIS.org, Census 2000.

of poverty in Chula Vista over time.[25] Figure 4-5 illustrates the results for the U.S. Census year 2000, and Table 4-2 summarizes the change over time.

The hotspot analysis provides clear evidence that poverty has indeed consolidated on the western side of Chula Vista over time since the passage of Proposition 13 in 1978. The key finding here is the dramatic change over time in the spatial segregation of the poor from the non-poor in Chula Vista over time. In 1970, before Prop 13 and Mello-Roos, there was no local clustering of poverty. By 2000, there was dramatic clustering, confirming the hypothesis that Mello-Roos financing allowed new communities to build their own semi-private infrastructure and to thereby isolate themselves from the western, downtown part of Chula Vista. For the year 2000, the data shows that there is a less than 1% chance that the clustering is statistically insignificant. Clearly, the development practices in vogue contributed to the consolidation of wealth in the East and poverty in the West.

Conclusion

Although certain sections of the community celebrate them, Chula Vista's master-planned projects, and the developers who planned and built them, have contributed to expanding inequality in the city and have led to the consolidation of poverty in the area west of I-805. There is no sign of that trend ending as development once again picks up in the ever-expanding city border. How could there be, when the City of Chula Vista requires five percent of new homes built in the master-planned communities to be low-income housing and five percent to be

[25] For a detailed analysis of the pertinent spatial calculation, see: (2005) Mitchell, A. *The ESRI Guide to GIS Analysis,* Volume 2. ESRI Press.

moderate income housing (Ordinance 19.001 1991, p. 7)?[26] With twenty percent of the west side community below the poverty line, and with a median income that is just over half of that of the east side, there is just not enough housing on the east side to allow the average west side resident to move into those new communities. So those on the west of I-805 will continue to fall behind those in the eastern communities, until the city demands more of developers, or can attract large-scale redevelopment projects on the west side. Due to the well-engrained development practices and policy, however, neither scenario seems plausible.

[26] 'Low income' is defined as those who are within 120% of the poverty line; 'moderate income' is defined as those who have a household income between 80% and 120% of the median income of the region.

Conclusion

This project sought to unpack the legacy of Proposition 13 and the surrounding Great Tax Revolt, using Chula Vista as its case study, through a close examination of the intertwined nature of the ideology that surrounded the passage of Proposition 13, the withdrawal of personal wealth from public institutions, and the proliferation of private government organizations for the upper-middle and middle class that supplement city services.

While the last forty years have been fraught with complex change, we have certainly been able to discern some macro shifts in the building blocks of community. As city-sponsored growth wound down due to the financial realities of post-Prop 13 California, developers' sponsorship, and indeed drive to grow, sped up with the help of key innovations in development finance (namely Mello-Roos) and development practice. We saw that while the middle and upper classes were able to begin drawing on these private sources of community to continue thriving, those at the bottom, those at the mercy of the ever-embattled city budget, indeed those in Chula Vista's older West, were systematically left out of the growth so richly enjoyed by the wealthier East. We saw that, at the same time, the rhetoric that swept across California during the Great Tax Revolt, and certainly the entire country in the years and decades after, became entrenched in paradigms of government as wasteful, privatization as beneficial, and the

'nontaxpayer' undeserving of aid. Finally, we saw both the origins and logical progression of the 'home price stability as best and highest good' ideology.

On the developer side, we saw the complex origins of the destructive leapfrog development pattern, which characterizes much of Sunbelt development over the past thirty years, in (1) FHA and ULI policies that encouraged planned-unit development, (2) an original anti-growth stance by residents that sought to limit building densities (especially in California), and (3) innovative financing in Mello-Roos that allowed developers to largely bypass both resident and municipal growth paradigms.

Finally, I intimated the Great Tax Revolt that began in California swept across the country ushering in a new national era of explicit destruction of state and municipal institutions that has continued to present day. The Neo-Conservative rhetoric that served Ronald Reagan's presidency was very much the same rhetoric that Howard Jarvis and Paul Gann utilized in their march towards tax change across California. Today, the a wide segment of Americans share a deep-seated skepticism of government spending tied to coded language of accountability, 'good business practices,' and "my money, my taxes" belief systems.

Together, these slow movements have helped break the American system: privilege builds upon and serves itself, congratulating itself and basking in its wealth as the disenfranchised continue to go without, only falling further and further behind.

Directions for Future Research

I would like to think of Chula Vista as a case study for the rest of California's cities and counties that grew rapidly in the last two decades of the twentieth century (Bakersfield, Orange

County, the Carmel Valley area of San Diego County, Walnut Creek, Dublin, Pleasanton to name a few), since an estimated 90% of new developments in California utilize the public financing provided for by Mello-Roos. However, the case of Chula Vista may be particular because the new communities that utilized these private features were annexed into a city with an already established community, which led to possibly unique challenges not faced by others—namely a neat geographic divide of wealth and resources. Further, the existence of large ranchos as holdovers from the American annexation of California allowed the opportunity for such large subdivisions to be built. Thus it would be perhaps more beneficial to examine the way Chula Vista is situated within the context of Post-Prop 13 California. This would require more work to be done on different cities within the state, in order to examine whether Chula Vista's narrative is common to at least a plurality of other Californian cities, or whether it is, indeed, only an outlier.

It would also be useful to determine to what extent the Great Recession, precipitated by the housing bubble burst, has changed perspectives on the value of homeownership and of programs, policies, and practices that are geared solely towards the maintenance of property values. While baby-boomers still show preference for the conventional single-family suburban home, many more are turning to townhomes, small-lot homes, and multifamily homes in walkable neighborhoods with easy access to shops and restaurants. A recent poll of Southern California voters showed that 64% of respondents would prefer to live in pedestrian-friendly communities over automobile-dependent communities, and 65% of respondents would trade larger homes and longer commutes for smaller homes and shorter commutes. For these reasons, some scholars have suggested that California's current supply of conventional single-family suburban homes has already exceeded the demand for the next 25 years.

Works Cited

"13-mile run against Prop 13" (1978, June 1). *The Star-News (Chula Vista)*, A-5.

"API results 2010. " Chula Vista Elementary School District. Retrieved October 25, 2011 from cvesd.k12.ca.us on the World Wide Web: http://dq.cde.ca.gov/dataquest/AcntRpt2010/2010GrthAPIDst.aspx?allcds=3768023.

"Assessed values go up; will city taxes go down?" (1978, May 18). *The Star-News (Chula Vista)*, A-1.

Bodge, E. (1978, May 4). "This Taxpayer will Vote 'Yes' on 13." *The Star-News (Chula Vista)*, D-3.

Briseno, O. (1985, September 17). "McMillin said buying Del Rey project." *San Diego Union, The (CA)* (4 ed.), B-2.

(1986, May 28). "Tax plan for schools described Chula Vistans told about Mello-Roos and EastLake." *San Diego Union, The (CA)* (4 ed.), B-1.

Bristolwood HOA (2010, February 17). "Covenants, codes, & restrictions." Retrieved May 2, 2012 from bristolwoodateastlake.blogger.com on the World Wide Web: http://bristolwoodateastlake.blogspot.com/2010/02/covenats-codes-restrictions.html.

(2011, February 15). "What happens when the Board receives a CC&R complaint from a homeowner?" Retrieved May 2, 2012 from bristolwoodateastlake. blogger.com on the World Wide Web: http://bristolwoodateastlake.blogspot.com /2011/02/what-happens-when-board-receives-cc.html.

(2011, March 21). "Street parking issues." Retrieved May 2, 2012 from bristolwoodateastlake.blogger.com on the World Wide Web: http://bristolwoodateastlake. blogspot.com/2011/03/street-parking-issues.html.

(2011). "Homepage" Retrieved May 2, 2012 from bristolwoodateastlake. blogger.com on the World Wide Web: bristolwoodateastlake.blogspot.com.

Caine, W. (1978, July 6). "We're wondering—you say you voted for Prop. 13, would you vote for it again? Why or why not?" *The Star-News (Chula Vista)*, A-3.

CDAC (1991). *Mello-Roos financing in California.* Sacramento, CA: California Debt Advisory Commission.

CDIAC (2009). *Mello-Roos community facilities districts: yearly fiscal status reports 2008-2009*. Sacramento, CA: California Debt and Investment Advisory Commission.

"City fees will take big jump" (1981, December 27). *The Star-News (Chula Vista)*, A-1.

"City hikes fees for rec classes" (1978, July 13). *The Star-News (Chula Vista)*, A-1.

"City hikes utility tax rate" (1978, July 2). *The Star-News (Chula Vista)*, A-1:12.

"City votes to fire 36 employees" (1978, June 25). *The Star-News (Chula Vista)*, A-1:10.

Collicott, Q. (1978, July 9). "Utility tax sparks cry of pickpockets." *The Star-News (Chula Vista)*, A-4.

"County eyes $87 million cuts, 1500 firings" (1978, June 4). *The Star-News (Chula Vista)*, A-14.

Cristensen, H. (1978, May 4). "School Pay Raises Seen Reason for Yes on 13." *The Star-News (Chula Vista)*, D-3

(1978, June 1). "Climbing assessments seen as reason for 13." *The Star-News (Chula Vista)*, A-4.

"CV cancels summer school" (1978, June 15). *The Star-News (Chula Vista)*, A-1.

"CV puts services back on budget" (1978, June 29). *The Star-News (Chula Vista)*, A-1.

"CV ups fees to raise $500K" (1978, June 22). *The Star-News (Chula Vista)*, A-1.

Dannison, P. (1978, June 25). "You personally may not notice the cuts." *The Star-News (Chula Vista)*, A-10.

Davis, M. (1990). *City of quartz: excavating the future in Los Angeles.* London: Verso.

De Salvo, S. (1988, April 5). "Property-tax hike spurs community rebellion." *Evening Tribune (San Diego, CA)* (3 ed.), B-6.

(1988, May 4). "School board considers tax change EastLake residents seek alteration in Mello-Roos." *Evening Tribune (San Diego, CA)* (3 ed.), B-7.

"Del Rey called Cadillac approach" (1978, July 13). *The Star-News (Chula Vista)*, A-1.

"Del Rey squeeze play" (1978, July 23). *The Star-News (Chula Vista)*, B-12.

"Del Rey tackled step by step" (1978, July 20). *The Star-News (Chula Vista)*, A-1.

Drew, F. (1978, July 9). "Backer of 13 cites reasons for his vote." *The Star-News (Chula Vista)*, A-4.

EastLake Co. (2007). "FAQ's: EastLake challenge." Retrieved December 8, 2011 from EastLake.net on the World Wide Web: http://www.eastlake.net/Tour/Faq/challenge.htm.

Editorial Board (2010, September 27). "Chula Vista voters should reject Prop. H." *San Diego Union-Tribune, The (CA),* B-5.

Educational attainment in adult population. US Census 1970, 1980, 1990, 2000. Prepared by NHGIS.org.

Edsall, T. Byrne, & Edsall, M. D. (1992). *Chain reaction : the impact of race, rights, and taxes on American politics.* New York: Norton.

Federal Housing Administration (1963). *Planned unit development with a homes association.* FHA: Washington, D.C.

Ferraro, R. (1978, June 1). "Higher taxes seen as alternative to 13." *The Star-News (Chula Vista)*, A-4.

Findlay, J. M. (1992). *Magic lands: western cityscapes and American culture after 1940.* Berkeley: University of California Press.

Fishman, R. (1987). *Bourgeois utopias: the rise and fall of suburbia.* New York: Basic Books.

French, P. (1978, June 1). "'No on 13' folks watch signs go." *The Star-News (Chula Vista)*, A-4.

Fulton, W. B. (1997). *The reluctant metropolis: the politics of urban growth in Los Angeles.* Point Arena, CA: Solano Press Books.

General Plan (2006). City of Chula Vista: Chula Vista, CA.

"Graduation comments on 13 hit" (1978, June 4). *The Star-News (Chula Vista)*, A-11.Hanono, E. (2012, April 4). Personal Interview.

Heffernan, L. (1988, September 2). "Sweetwater school district closer to gaining two new taxing districts." *Evening Tribune (San Diego, CA)* (3,4,5 ed.), B-8.

(1988, October 7). "Sweetwater trustees OK two new taxing districts." *Evening Tribune (San Diego, CA)* (2,3,4,5 ed.), B-8:4,5 B-1:3 B-6:2

"Higher business license fees adopted by council" (1978, June 18). *The Star-News (Chula Vista)*, A-10.

Hise, G. (1997). *Magnetic Los Angeles: planning the twentieth-century metropolis.* Baltimore: Johns Hopkins University Press.

Howard, E., & Osborn, F. J. (1965). *Garden cities of to-morrow.* Cambridge, Mass.: M.I.T. Press.

Jarvis, H. (1978, September 17). "Illegal Aliens Take Free Ride on Gravy Train." *Sacramento Bee*, F-5.

Jefferson, D. (1986, March 19). "EastLake project may be taxed." *Evening Tribune (San Diego, CA)* (4 ed.), B-7.

(1986, May 28). "Tax for new schools inevitable, future EastLake residents told." *Evening Tribune (San Diego, CA)* (4 ed.), B-1.

Kaufman, G. G, & Rosen, K. T. (1981). *The property tax revolt : the case of Proposition 13.* Cambridge, Mass.: Ballinger.

Kucher, K. (1986, June 18). "EastLake school tax approved." *Evening Tribune (San Diego, CA)* (4 ed.), B-1.

"Lawsuit threatened over del rey" (1978, August 3). *The Star-News (Chula Vista)*, A-1.

"Low density pushed" (1978, July 16). *The Star-News (Chula Vista)*, A-8.

McCullough, M. (1978, May 4). "Advantages seen in Jarvis initiative." *The Star-News (Chula Vista)*, D-3.

McKenzie, E. (1994). *Privatopia: homeowner associations and the rise of residential private government.* New Haven: Yale University Press.
(2011). *Beyond Privatopia: rethinking residential private government.* Washington, D.C.: The Urban Institute.

McMillin, S. (2011, September 7). Personal Interview.

Median household income. US Census 2000. Prepared by NHGIS.org.

Minnesota Population Center. National Historical Geographic Information System: Version 2.0. Minneapolis, MN: University of Minnesota 2011.

Mumford, L. (1989). *The city in history: its origins, its transformations, and its prospects.* San Diego: Harcourt Brace.

Nunis, D. B. (1965). "California: why we come; myth or reality." *California Historical Society Quarterly*, June 1965.

Oakes, A. (2004, January 3). "Chula Vista fights off east-west blues." *San Diego Union-Tribune, The,* B-3.

(2004, February 7). "Candidates offer ways to revitalize Chula Vista." *San Diego Union-Tribune, The*, B-1.

Pearson, W. (1978, July 13). "Passage of 13 Seen as Return to Democracy." *The Star-News (Chula Vista)*, A-4.

Perin, C. (1977). *Everything in its place: social order and land use in America.* Princeton, N.J.: Princeton University Press.

"Planners can't agree on number of Del Rey units" (1978, June 25). *The Star-News (Chula Vista)*, A-3.

"Pools, library hours get ax" (1978, June 25). *The Star-News (Chula Vista)*, A-1.

"The poor be damned" (1978, May 4). *The Star-News (Chula Vista)*, D-10.

Public Policy Institute of California (2008). "Proposition 13: 30 years later." Retrieved December 10, 2011 from PPIC.org on the World Wide Web: http://www.ppic.org/content/pubs/jtf/JTF_Prop13JTF.pdf.

Putnam, R. (1995). "Bowling alone: America's declining social capital." *The City Reader* (4th edition) (2007). Eds. LeGates, R.T. & Stout, F. New York: Routledge, pg. 120-28.

Ratio of household income to poverty line. US Census 1970, 1980, 1990, 2000. Prepared by NHGIS.org.

"Rancho del Rey goes to city council" (1978, July 9). *The Star-News (Chula Vista)*, A-4.

"Rancho del Rey through the years: a look at history" (1978, July 23). *The Star-News (Chula Vista)*, A-12.

Rosenthal, J (1960, June). "Cluster Subdivisions," Planning Service Informational Report #135. Chicago: Amer. Soc. of Planning Officials.

San Diego County Assessor (2012). <http://170.213.238.101/pts/fcsa_search_results.asp>.

Schrag, P. (1998). *Paradise lost: California's experience, America's future.* New York: New Press.

Schwadron, T., & Richter, P. (1984). *California and the American tax revolt : Proposition 13 five years later.* Berkeley: University of California Press.

Self, R. O. (2003). *American Babylon: race and the struggle for postwar Oakland.* Princeton, N.J.: Princeton University Press.

Shanske, D. (2007). "Public tax dollars for private suburban development: a first report on a national phenomenon." *Virginia Tax Review*, Vol. 26, p. 709-767.

Silverman C. & Barton S. (1987). "Common Interest Communities and the American Dream." Berkeley, CA: Institute of Urban and Regional Development.

South Bay Committee for Yes on Prop. 8/No on Prop.13 (1978, June 1). "Yes on 8; No on 13." *The Star-News (Chula Vista)*, A-9:12.

"Staff plan for del rey approved" (1978, July 27). *The Star-News (Chula Vista)*, A-1:8.

Star-News Ed. Board (1978, May 11). "13: Con game." *The Star-News (Chula Vista)*, D-1.

(1978, June 8). "The morning after." *The Star-News (Chula Vista)*, A-4.

(1978, June 11). "Beyond 13." *The Star-News (Chula Vista)*, A-4.

Starr, K. (2004). *Coast of Dreams: California on the Edge, 1990-2003* (1st ed.). New York: Knopf : Distributed by Random House.

(2009). *Golden dreams: California in an age of abundance, 1950-1963.* Oxford; New York: Oxford University Press.

"Sweetwater cuts summer, adult school" (1978, June 15). *The Star-News (Chula Vista)*, A-1.

"S'water summer school cut means job loss for 603" (1978, June 18). *The Star-News (Chula Vista)*, A-2.

Text of the Mello-Roos Community Facilities Act of 1982, as amended January 1, 1987: "building for California's future" (1987). Sacramento, CA: Senate Publications.

Urban Land Institute (1963). *Innovations vs. traditions in common development.* Washington, D.C.: ULI.

(1964). *Homes association handbook, technical bulletin no. 50.* Washington, D.C.: ULI.

ZÚÑIGA, J. (2010, November 6). "Chula Vista's deficit looks even deeper with loss of Prop. H, officials discussing doubling layoffs." *San Diego Union-Tribune, The (CA)*, B-1.

Public: Black Diamond Community Facilities District (CFD) No. 2013-1
Submitted by: Cindy Proctor, 2950 Sun Mountain Dr. (Mailing: 718 Griffin Ave #241) Enumclaw, WA 98022

First I will say I was disappointed there was not any fundamental change to the CFD Petition that was previously presented and rescinded by most of you on this sitting council. There is no new magic fix that suddenly makes it better and in the best public interest.

I will try and keep my topic on course with my primary concerns; which continue to be the additional cost incurred on the homeowners related to myriad of impact fees, and if approved, the CFD Levy Assessment and the negative impacts it will have on passing school levies. As an ESD taxpayer, I have been actively involved before both the Enumclaw and BD City Council trying to ensure that the ESD is provided adequate mitigation for development growth.

The proponent may say that this isn't about the schools it's about the CFDs and I would say this isn't about the fire station and speculation that people will die; but the City Attorney and City Administration have clearly allowed YB the opportunity to leverage an early delivery of their fire-station obligation as an inducement to CFD approval. **So, I call their fire-station and I raise you (7) schools.**

There can be no general public benefit from the CFD, if the MPDs themselves are creating the need for the CFD; and if the CFD assessments would create a burden on the MPD taxpayer. This would then cause a burden on the school levy system which will rely heavily on these same taxpayers to pass the enormous levies needed for the schools. Now, the proponents may argue that it is speculative that the schools won't be funded through levies and that it is in their best interest to have good schools; but a lot has happened since their first CFD in 2011, and it isn't good.

The King County School Siting Task Force reached consensus on a set of recommendations that disallowed any siting of the three proposed schools in the Rural Area. Those recommendations were subsequently approved and embodied in both the Countywide Planning Policies and the King County Comprehensive Plan. And, just last month,-the Puget Sound Education Service District rendered a unanimous decision that

they would not approve the transfer of the North Triangle commercial land from the TSD to the ESD. During this hearing the ESD, through their Attorney, Board President, Consultants and the Superintendent testified (here are the transcripts, I would encourage you to get a copy and read) to quote a few items from the transcripts:

- It's our responsibility to take responsibility for the new students that will reside in the MPD (this is said repeatedly throughout);
- One aspect of the MPD that is most likely going to be a challenge is to pass the levies to build the schools.
- The effects of the MPDs on the community and ESD enrollment are going to be enormous.
- The proposal to transfer's the North Triangle is in the context of Enumclaw's needing to pass a major bond issue with broad support in both Enumclaw and BD.
- The PSESD: The ESD appears to have a significant issue to grapple with in terms of funding. We have heard them be frank, to their credit, that a big part of this proposal is to be able to sell the ability to pass bonds to their voters; I would be very concerned too.

These are not my speculative quotes or my words. I say, if YB wants to leverage early delivery to the fire-station as inducement; the City Council should be leveraging an amendment to the CSMA. This council cannot in good-faith approve this CFD when it contributes to the undermining of the fragile passage of school levies by way of additionally levy assessments from the CFD. As the ESD, TSD and PSESD all have said...**we have a responsibility to these students.**

I would also like to speak briefly to the issue of some tightening up of some of the RCWs as it relates to the CFD legal issues. Several weeks ago I had the opportunity to chat with Rep. Derek Kilmer the CFD bill sponsor when he was in the Senate. I voiced my support of the concept of a CFD, but noted my concerns about some of the vagueness of the law. In regards to the construed liability of the City and possible liability to the CFD Board Supervisors. We can all agree that it is virtually impossible to keep folks from suing cities. They do it all the time. The key is whether the City can

have a lawsuit expeditiously tossed out on summary judgment. The CFD statute, at RCW 36.145.130, already provides as follows:

36.145.130

Bonds sole obligation of district. No bonds issued by or on behalf of a community facilities district are obligations of any city, town, county, or the state of Washington or any political subdivision thereof other than the district and the bonds must so state.

But one could seek an amendment that added a belt to the suspenders, perhaps like the language an LID formation statute:

35.43.100

Ordinance — Finality — Limitation upon challenging jurisdiction or authority to proceed.

The council may continue the hearing upon any petition... No lawsuit whatsoever may be maintained challenging the jurisdiction or authority of the council to proceed with the improvement and creating the local improvement district or in any way challenging the validity thereof or any proceedings... 0.

It should also be noted that both the existing language and the LID language protect the City and the Council as a City official; however, when the CFD language moved the risk away from the City, it did not create language to indemnify the CFD Board, all of whom would ~~all~~ be unpaid appointees. I think, if the City were to eventually move forward, this would be a critical modification. There may be others and I think you should work with the City Attorney to create a list of changes.

In summary it is important to remember that Yarrow Bay objected to the HEX about CFDs being discussed during the DA hearings and argued that it was just one of many financing sources that could be used by YB and no more important than other options; {EX attached}; YB had a heavy hand in drafting the CFD which is a public financing instrument thus requiring a threshold mandate of clear public benefit, they have failed to demonstrate the overwhelming public benefit that the CFD would create especially since they are already committed to the proposed improvements; finally if

you don't fix the schools you don't have ANY public benefit ANYWHERE and are in-fact allowing the CFD to facilitate a public educational tragedy.

YARROWBAY HOLDINGS

MEMORANDUM

To:	**The City Council for the City of Black Diamond**
From:	**Megan Nelson, Director of Legal Affairs, YarrowBay Holdings**
CC:	**Nancy Bainbridge Rogers, Counsel for YarrowBay Holdings**
Re:	**YarrowBay's Response to Party of Record Arguments**
Date:	**October 14, 2011**

Community Facilities Districts (CFDs).

In her oral and written statement to the City Council (Exhibit C-12), Ms. Proctor alleges that "there must be an alternate source of infrastructure financing in place to ensure that approval of a Development Agreement that contemplates CFDs only doesn't force the creation and approval of laws that constrain fundamental duties of a future City Council and take away the rights of the public they serve . . . The City Council can simply add two options; CFDs and/or Developer Impact Fees." To the contrary, and as provided in the updated Staff Report at C-40, the Development Agreements do not reference CFDs anywhere other than in Section 13.4 where alternative timing is provided if the satellite fire station is financed through a CFD (500th

PUGET SOUND EDUCATIONAL SERVICE DISTRICT

REGIONAL COMMITTEE

ON SCHOOL DISTRICT ORGANIZATION

In Re:

Transfer of Territory from Tahoma School District to Enumclaw School District

---

VERBATIM RECORD OF PROCEEDINGS

October 3, 2013

Renton, Washington

Byers & Anderson, Inc.

Court Reporters/Video/Videoconferencing

One Union Square
600 University St.
Suite 2300
Seattle, WA 98101
(206) 340-1316
(800) 649-2034

2208 North 30th Street, Suite 202
Tacoma, WA 98403
(253) 627-6401
(253) 383-4884 Fax
scheduling@byersanderson.com
www.byersanderson.com

Serving Washington's Legal Community Since 1980

APPEARANCES

Regional Committee:

Dan Rollins, Chairman
Larry Wilcox
Dawn Warren
Laurie Koehler
Dan Pflugrath

Counsel for the Regional Committee:

Anne O. Shaw
Office of the Attorney General
P.O. Box 40100
Olympia, Washington 98504-0100
360.586.1197
360.664.0662 Fax
annes1@atg.wa.gov

Also present: Jane Murray
Assistant Fiscal Officer

INDEX

PROCEEDINGS:	PAGE NO.
Enumclaw School District Presentations	
Mike Nelson	9
Corey Cassell	16
Mike Nelson (Continuing)	17
Michael Hoge	20
Reid Shockey (Via pre-recorded video)	29
Michael Hoge (Continuing)	34
Lorraine Barrick	35
Michael Hoge (Continuing)	42
Tahoma School District Presentations	
Jeffrey Ganson	42
Debra Aungst	51
Jeffrey Ganson (Continuing)	55
Tim Adam	67
Rebuttal Presentations	
Enumclaw School District, by Michael Hoge	70
Tahoma School District, by Jeffrey Ganson	74
Citizen Comments	
Bob Edelman	77
Cindy Proctor	80
Peter Rimbos	87
Cindy Wheeler	90
Todd Mitchell	100

INDEX (Continuing)

PROCEEDINGS:	PAGE NO.
Final Comments	
Enumclaw School District, by Mike Nelson	101
Public Hearing Closed	104
Deliberation	105
Motion and Vote	137

BE IT REMEMBERED that on Thursday, October 3, 2013, at 800 Oakesdale Avenue Southwest, Renton, Washington, at 6:00 p.m., before the **Puget Sound Educational Service District Regional Committee on School District Organization**, the following proceedings were had, to wit:

<<<<<< >>>>>>

CHAIRMAN ROLLINS: It is 6 p.m. Good evening, everyone. I'd like to call to order this meeting of the Regional Committee on School District Organization for the Puget Sound Educational Service District. My name is Dan Rollins. I'm Chairman of the Committee. And I do declare a quorum.

I'd first like to start by introducing our Committee members. Starting on my right is Dan Pflugrath and then Laurie Koehler. To my left, Larry Wilcox, Dawn Warren. Anne Shaw is assistant attorney general and provides our -- is legal counsel for the Committee. Jane Murray is the assistant fiscal officer for financial services here at ESD. And sitting in the front row is Dr. Thomas Dramer. Dramer. He provides consultation work for the Committee as needed.

MS. MURRAY: Dan, they can't hear you quite well. Maybe bring the microphone closer?

UNIDENTIFIED SPEAKER: No, the microphone's not on.

CHAIRMAN ROLLINS: No, it's on. Got told it's a new mic, and I got to talk closer. Want me to start over again? I'll say it again, nice and loudly, that we do have a quorum, so we are able to continue.

I would ask Enumclaw to introduce their speakers.

MR. NELSON: For our presentation?

CHAIRMAN ROLLINS: Or just introduce yourselves, please, at this time.

MR. NELSON: My name is Mike Nelson. I'm superintendent of the Enumclaw School District.

MR. HOGE: Mike Hoge. I'm an attorney for the district.

MS. BARRICK: Lorraine Barrick. I'm a financial consultant.

MR. MADDEN: Tim Madden, director of business and operations for the district.

MS. BERRYHILL: Stephanie Berryhill, human resources for Enumclaw School District.

MR. NELSON: Do you just want speakers?

CHAIRMAN ROLLINS: Yeah.

MR. MADDEN: I'll retract mine.

MR. CASSELL: Corey Cassell, board president.

CHAIRMAN ROLLINS: Thank you. Tahoma District, introduce your speakers, please.

MR. GANSON: Yes. Jeff Ganson. I'm an attorney for the school district. And also speaking this evening will be the board president, Tim Adam, and district financial consultant Debra Aungst.

CHAIRMAN ROLLINS: Thank you. And we will have public -- the testimony opportunity for members of the public, and you'll introduce yourselves at that time.

The purpose -- let's see. Before we get to that, we need to approve meetings [sic] of our last hearing.

MS. KOEHLER: Move approval of the meeting minutes of April 24th and June 12th Committee hearing.

MR. PFLUGRATH: Second the motion.

CHAIRMAN ROLLINS: Moved and seconded. Any discussion on our minutes from previous meetings?

MS. KOEHLER: No.

MS. WARREN: No.

MR. PFLUGRATH: No.

CHAIRMAN ROLLINS: All in favor?

(All say "aye.")

CHAIRMAN ROLLINS: Opposed? Okay. That's passed.

So now we get to the purpose of this hearing this evening. And I would like to thank everyone in the audience for coming tonight. We appreciate your participation. Sometimes these can be difficult. Sometimes they're not quite so bad. But in every one of them, we try our best to follow the statutes, do what's best for the citizens and students of our state.

So for this meeting, the purpose of this public hearing is for the Regional Committee members to hear testimony and discuss whether or not to transfer territory from the Tahoma School District to the Enumclaw School District. This hearing on the proposed territory is undertaken by the Regional Committee on School District Organization under the Revised Code of Washington 28A.315.095.

We will start with Enumclaw School District, to be followed by Tahoma. We will offer rebuttal time

for both districts after that. We will then take a recess and move to the citizen testimony portion. Assuming that the time frame fits, we will then close the public hearing portion and begin our deliberations.

So with no further ado, Enumclaw, take it away.

MR. NELSON: Thank you.

Good evening. My name is Mike Nelson. I'm superintendent of the Enumclaw School District. And I have the privilege of serving 4,200 students, currently 4,200 -- about 4,200 students in our school district. And I've come to this position after being -- serving for eight years as assistant superintendent.

I was also born and raised in Enumclaw. My grandparents actually immigrated from Italy and settled in the Black Diamond area originally and then moved to the Enumclaw side of the district. My children are third-generation graduates of the Enumclaw High School. My grandparents came with an eighth-grade and fourth-grade education. And their goal, more than anything, was to have their -- their children graduate from high school, and were able to do that and moved -- and my parents, their goal was that all three of us graduate from high school and college, and we were able to do that. And now my

children are -- one is completed, and one will complete in May.

And I share that story as a historical beginning toward the partnership between Enumclaw and Black Diamond and the historical essence of what we have become as a school district of two cities and one district.

Historically, there were many school districts in our state, particularly in our region of the county and of the ESD. The Black Diamond School District became a part of the Enumclaw School District in 1975. They were a K-8 school district, and their students always moved to the Enumclaw School District for high school.

During that time, since '75, the city of Black Diamond was designated as a future growth in King County; a BDUGAA, as known as in our school district. And Yarrow Bay Holdings has been working with the City of Black Diamond since the year 2000 around putting together a master planned development. This master planned development includes -- is a huge development that includes two master plans. The first one is The Villages, which encompasses 3,600 single-family, 1,200 multifamily homes, and Lawson Hills, 930 single-family and 320 multifamily homes.

The impact to the school, with near -- over 6,000 units, is huge. And so if you just were to take a look at those units at one snapshot of time, what those units represent in terms of students, we would have 837 high school, 680 middle school, and 2,025 more elementary students. If all those homes were to magically be built in place and all the statistics were correct, that's what it would be. We worked with our mitigation that it happened over time, so those numbers look different over the 20-year period of the development.

We do -- we do know, in law, that a developer can't be held responsible for a hundred percent of the impacts. But we worked with the City of Black Diamond to develop the most comprehensive, long-term mitigation plan possible. In that plan, the school board of directors set out a series of values. And those values really -- really revolved around the long-term infrastructure of the plan, the sustainability and security for the school district within that plan.

And what I mean by that is, we looked at other mitigation plans and saw that many were shortsighted. It put a lot in the beginning, but then we didn't realize what happened in the last 10 to 20 years of

that development, and so really set that out as a value before we even began the mitigation process.

We knew it was a master planned development. We wanted school sites that were designated in neighborhoods, not on the outskirts of -- of the development. And we wanted flexibility as things changed and school size change. We have a value in our school district of small school size. Knowing that that may change in 20 years, knowing that our board of directors may not be the ones sitting in the chair when the buildings were built, we wanted some flexibility built within the agreement.

The agreement, in itself, sets up strong, complex structure of both school impact fees and seven school sites: Four elementary, two middle, and a high school site. My reason for setting that is, that mitigation sets -- is a process within itself. So the school mitigation is one process that we needed to go through.

So these two master planned developments, if I were just to describe them quickly to you, is -- are the Lawson Hills and The Villages both have a contiguous core, and then also both have parts that are not tied to that contiguous core, that are the business and light industrial sections of -- of

lands. These satellite parcels, is how I'm going to describe them, form an arrow. The first one is a rectangle parcel, which currently is within the Enumclaw School District, which is tied to The Villages. The second is a triangular parcel of land that does not currently lie within the Enumclaw School District but lies within the Tahoma School District.

If I were to show you these two pieces on the screen, you can see in the Lawson Hills development, what I'm talking about in terms of this contiguous core, which is the main part of the development, and then you see the arrow that's not even in the photo of this satellite business part, so -- and then same here for The Villages. You see the core of The Villages, and then you see this rectangular portion of the development. In this particular picture, you can actually see the arrow that I'm talking in reference just a few minutes ago.

So if you were to take a look at our school district, this white area actually is the Director Area 4, where the school district comprised of five board members. This is Director Area 4. And you can see the white area which encompasses both master planned developments, with the exception of the

triangular parcel which is shaded in black at the top of the screen.

So that triangle parcel -- so if you think back, in 1975, Black Diamond became a part -- Black Diamond School District became a part of the Enumclaw School District. In 2005, that parcel was part of the annexation into the city of Black Diamond in December of 2005. It is currently undeveloped. There's no residents. There's no students that reside in that parcel. And that parcel is the parcel that is connected to the Lawson Hills development.

When I think about -- if I were to go back, when I think about those parcels, I think of, you know, a mathematical equation. When you think of The Villages, the core, the core piece, you know, A is to A, the rectangle portion, as B is to the triangle portion. And in a master planned development, all of the both residential and the commercial are important for the -- within the students of the school district. So the revenue from that commercial is just as important to serving a master planned development as is the residential.

And what I talked about in terms of the school mitigation and the reason for opening of the school mitigation is, sometimes there's the confusion of

what's the legal process the school districts must go through in order to take different steps when a large development comes into your school district. We follow that process in the school mitigation. We actually worked in -- working with the City of Black Diamond and Yarrow Bay and the school district to define a fine comprehensive plan.

Now, in this part of the process, we have to, in terms of law, work through the transfer-of-land process. Because we feel, in terms of if we go back to those two pieces of -- connecting the commercial to the core part of it is important. So we began that process in spring of 2012.

And so our board of directors really -- we work together in terms of saying that that master planned development should reside, you know, within one -- one school district. And the importance of, in a true master planned community, all of the -- all of the codes from, you know, in boundaries and how the focus of our legislators in developing the RCWs around this carries out that master planned developments, the idea behind it is, it's all -- everybody working together in order to make that happen for a school district and then ultimately for the kids and staff within that school district.

We're going to -- this is a second point to this, is the importance to us. Growth is occurring in Tahoma, and their assessed valuation is increasing at a much higher rate than within the Enumclaw School District. And our belief is that's going to continue even during the build-out of the master planned development. But again, it's our responsibility to be -- take responsibility for all the new students that will reside within that master planned development. And it's important for us as a school system to have all the revenues that tie directly to those master planned developments.

At this time, I'd like to just bring up our school board president, Corey Cassell. Corey is representing our board of directors to speak to these points.

MR. CASSELL: Ladies and gentlemen of the Committee, thank you. I just wanted to come here tonight and speak on behalf of the board members who are with me, with regard to our responsibility. We feel a really strong responsibility toward the people who elect us to represent them. And one of the aspects of this whole master planned development that is most likely going to be a challenge is to pass the laws that are necessary to build the schools

that we will need to support our students.

One of the reasons that we have taken this action is to support that effort. And we believe that if we don't make this -- this move, if we don't try to acquire this land, Black Diamond residents will most likely be the patrons of those businesses that are potentially going to be developed in that area, they will be the ones who will frequent those establishments, and we believe it will be a significant challenge for us to explain why their money is not going to their own children.

The revenue would not go to our -- their own children for the businesses that they would be frequenting. And I think that's -- that's a problem for us passing bonds. It's a potential issue that would carry forward in the future. Thank you.

MR. NELSON: And I think what Corey is -- has shared is also tying what I shared earlier, is in the mitigation, and the reason that I started with the mitigation agreement and not have any confusion around that is, you know, you can't rely on and have a law that the developer paid a hundred percent. So we know that we are going to be also working with our taxpayers within our community and tied to state match funds in order to pull off future

building in the build-out of the schools and the sites that we've acquired along with the school mitigation fees.

I wanted to just, kind of in closing, bring up a couple pieces of information, just to make sure that it's made public, is: You know, there was a similar situation with Northwest Landing in the Steilacoom School District, where the majority of some businesses, the business land of it was in the Clover Park School District.

And the people who were serving in your capacity at that time, where the master planned development was in Steilacoom and the commercial was in Clover Park, made the decision that that land followed to the MPDs. The people who were in the Steilacoom School District have the responsibility of the kids and the education of those kids, feeling that that business and that commercial property should be in that same school district. And that transfer was approved. That transfer is in much more large -- a large amount compared to what our request is, that 88 parcels representing over $229 million at that time.

The other piece of information is, oftentimes we as school districts -- and it's not been a part of our school district, but there is transfers that

occur for a variety of reasons, and a variety of solid reasons and good reasons. And we believe our transfer is for a very good reason and because of the tie to the MPDs. Just in 2010, Tahoma had a conversation with Kent around the same purpose. And it made good sense and good reasons. Didn't even need to come to you as a Regional Committee.

This is not a process, as you know, that is not uncommon. It's not necessarily common, but it's not uncommon as well. Currently the parcel that we're requesting is worth 1.9 million. This parcel was worth 3.1.

And just ending with the kids. These are kids of Black Diamond Elementary. They're focusing on creating, you know, chains of kindness and the importance of that in education. And our -- our process is very genuine. We come to you with a -- you know, an open process of what we've been through in our school mitigation, what we are going through in this land transfer process. And we come to you with a very genuine request of why we feel this parcel of land should be transferred to our school district, because it's our responsibility to take care of the kids that are going to be part of this MPD.

So that concludes my portion of the presentation. And at this point, I'd like to present Mike Hoge.

MR. WILCOX: Thank you.

MR. HOGE: Chairman Rollins and members of the Committee, thanks for making the time tonight to reconsider the Enumclaw School District's proposal to transfer territory. This is a matter that we think is very important to the future of schools and students in Enumclaw.

My name's Mike Hoge. I'm an attorney in Seattle who does mostly school law. That's been my niche of mine for three-plus decades, including a lot of school finance work. My role tonight is to assist Superintendent Nelson and Board President Cassell in making a few hopefully helpful points and to introduce a couple of excellent resources on some of the financial aspects of the district's proposal.

I think you could tell from Superintendent Nelson's thoughtful presentation how careful and comprehensive and forward-looking he and the school district have tried to be in this matter. And as an aside, I'd like you to know that his compatriots, other school administrators in the state, recognize his leadership abilities, and they've elected him to be the president of the Washington Association of

School Administrators.

I've passed out a set of maps to you and to Mr. Ganson, Tahoma's attorney, just because they have helped me to try to get a handle on -- they're just exactly what we're talking about here. The first in this series of, I think, five different maps just shows the cities in King County. The second one shows all the school districts in King County. The third one zooms in a bit and begins to show Black Diamond. You can see how big the Enumclaw School District is in relation to the city of Black Diamond. But in this third slide, you can begin to see a little point on top of Black Diamond. That's the North Triangle we're talking about here.

The fourth slide zoomed in a little farther and makes that area that is the subject of the transfer proposal more clear. And the fifth slide just shows the two master planned developments, Lawson Hills and The Villages. And as Mr. Nelson described, these are really big compared to the current size of Black Diamond. It's a major development in the area. And I just hope those maps can serve as a resource.

The proposal that's before you, as we see, is the last logical step in the long process that Superintendent Nelson described in land-use planning

and decisions that have been carried out by King County, the City of Black Diamond, and the developer of these master planned communities. We think that Enumclaw's proposal seems only to appropriately react to and finalize this long process which has been carried out for the most part by these other parties, and to do so in a sensible manner that is consistent with the criteria that our legislature has outlined for the Committee to use in making decisions like this.

Touching on a few of the more relevant criteria, we believe the proposal to transfer territory is the best balance for addressing the needs of schools and students in the area. It makes for more logical district service boundaries and recognizes the major changes and economic patterns in southeast King County. It improves educational opportunities by better matching resources to needs. And, importantly, as Superintendent Nelson started to describe, it follows the legislature's most recent guidance to consider the impacts of our state's Growth Management Act, urban growth areas, city boundaries, as well as master planned communities in drawing school district boundaries.

Question 8 on the Committee's questionnaire to

the school districts asked, does current or proposed urban growth areas, city boundaries, or any master planned communities impact the proposed areas to be transferred? And Tahoma's answer was "no." But that Question 8 is taken, of course, from the legislature's 2008 revision to the school reorganization statute. And that's the revision that added the criteria of impacts of the Growth Management Act, urban growth areas, and city boundaries to the master planned community criteria that was already in the law as of 1999.

Enumclaw's proposal is prompted, in part, by the recent legislative guidance. We understand the legislature to be expressing a preference for school district service boundaries that are consistent with decisions made under the Growth Management Act. And these decisions that we're dealing with the aftermath of have been made in that fashion. With city boundaries, this would make the boundaries of the north side of Black Diamond, city of Black Diamond, consistent with the north side of the Enumclaw School District.

So our proposal is consistent with these considerations. In fact, it's virtually dictated by them. The effects of the master planned communities

or MPDs, master planned developments, on Enumclaw's enrollment is going to be enormous. And it's going to be difficult to contend with. It's for this reason that Enumclaw began the formal stages of this process shortly after the Washington courts gave green lights to the MPDs by turning away legal challenges to them.

Tahoma has taken a couple of other positions that may warrant comment. First on -- Tahoma indicates that Enumclaw's modestly higher revenues per student should -- should count against the proposal. But the main reason for Enumclaw's slightly higher revenue per student is that Tahoma students are significantly more affluent and have fewer special needs. Both state and federal school-funding systems are designed to target special needs with appropriate additional funds.

Exhibit D, for instance, of Tahoma's materials shows that Enumclaw has twice the low-income students as a percentage -- 30 percent to 15 percent -- as Tahoma, as measured by eligibility for free and reduced lunch, or meals.

Similarly, you know, those parity considerations produce higher revenues for remediation programs from state and federal government. The same Tahoma

information shows that Enumclaw has higher -- higher proportions of special-education students and bilingual students.

Transportation is kind of along the same lines. A less dense, more rural district like Enumclaw is going to have less-efficient transportation patterns and higher per-pupil transportation costs on a student-mile basis in a more dense, more urban area.

So these are the types of considerations that add up doing exactly what our funding systems are designed to do, by funding extra for meals, learning remediation programs, special ed, bilingual, transportation, and the like.

But, you know, an important part of that whole issue is that it won't change a bit one way or the other with the transfer. You know, there's no students in the area proposed for transfer. All of the revenues are going to -- in the future are going to flow to Enumclaw and to Tahoma according to exactly the same formulas as today, and they won't be affected by the transfer.

The other main factor that Tahoma argues should weigh against the transfer is the assessed valuation per student. Yet, as you'll see soon, as recently as 2007, the district's AV, assessed valuation per

student, was virtually identical. And it's only been with the recession that Enumclaw's continued enrollment declined and Tahoma's continued enrollment increases, that Enumclaw has edged ahead on that measure, even though the gap is forecast to start falling, narrowing in 2014.

The immediate effect of the transfer on AV per student is trivial, of course. About -- you know, the $2 million of the present assessed value of the territory in question is about one-twentieth of one percent of Tahoma's roughly four billion in assessed valuation. So this is a small matter compared to the considerations that led to the same result in other cases.

One other observation that may be worth making in this connection is that, when we talk about assessed valuation per student, we're not talking about any direct funding mechanism. We're talking, rather, about a measure of how difficult it is to pass M&O levies, capital levies, and bond issues.

Assessed valuation per student is a proxy of sorts for dollars per thousand, or the rate of property taxation the voters are asked to approve when they consider levies and bond issues. Levies, as we know, take 50 percent approval; bond issues

take 60. The proposal to transfer the North Triangle is in the context of Enumclaw's needing to pass a major bond issue with the broad support of its entire community, both Enumclaw and Black Diamond, to house the large numbers of incoming students that will come as the master planned developments are built out.

Other sources of funds, such as school sites as mitigation or impact fees, don't come anywhere close to covering the capital costs of new facilities that will be necessary to house these students. And, of course, in order to -- as Superintendent Nelson said, in order to even qualify for state matching funds to help with those costs, the district must first pass a bond issue.

Tahoma's heavy reliance on this factor in its submissions prompted us to seek professional expert review to examine more carefully our understanding that the factor favors the transfer. So we engaged two outstanding, experienced, high-skilled, high-integrity individuals that we knew from past projects to work together to get a handle on the likely future AV-per-student effects with the transfer or without the transfer.

Reid Shockey, of Shockey Planning Group in Everett, and Lorraine Barrick, of Lorraine Barrick,

LLP [sic], a CPA in Seattle, were the two people we would like to share with you their summaries of their joint work. Mr. Shockey, who cannot be here tonight, owing to a prior commitment, has outlined in a letter I'm going to hand to you and Mr. Ganson pretty soon, outlines his professional experience and describes his work. And we also have a short video to show you, in which he summarizes his letter.

If anybody can help me. Here we go. So I will pass out the letter. I may need some help in getting to the screen.

MS. SHAW: Mr. Hoge?

MR. HOGE: Yeah.

MS. SHAW: Do you have another copy of this video for the court reporter?

MR. HOGE: I have -- yes, I can make one.

MS. SHAW: He's going to need --

MR. HOGE: Sure. I'm happy to provide a copy electronically, if that would help.

So here's Mr. Shockey's testimony.

(Pre-recorded video testimony of Reid Shockey presented as follows.)

////

MR. SHOCKEY (VIA PRE-RECORDED VIDEO): Good evening, members of the Committee. My name is Reid Shockey. I am president of the Shockey Planning Group. My office is located at 2716 Colby Avenue in Everett, Washington. First, my apologies for not appearing in person this evening. I had a longstanding commitment that takes me outside of the state.

I have provided planning services for local communities, school districts, and private parties since starting my company in 1980. Prior to that, I was community development director for the City of Everett. As a consultant to several school districts over the years, I have prepared capital facilities plans based on my projections of population, enrollment, growth trends, student generation rates, and other factors.

You have before you a letter that I have submitted on behalf of my client, the Enumclaw School District. It supplements the presentation you will hear in a moment from Lorraine Barrick related to the North Triangle transfer. Ms. Barrick and I worked together on the assessed valuation and demographic analysis that she will present. These projections are based on reports, plans, databases, and interviews which are listed in the letter I've

submitted. In the next few minutes, I would like to summarize the letter and outline the results.

You will read that both Enumclaw and Tahoma School Districts can expect continuous growth over the coming decades. This growth will occur at a faster rate than King County as a whole. The demand for housing in this area will be strong. The amount of growth will only be limited by the land available within each community. The boundaries of development are set by our state's Growth Management Act. Designated urban growth boundaries are tightly drawn around the cities of Enumclaw, Black Diamond, and Maple Valley. The pace of new growth will be affected by the amount of buildable lands available within these boundaries.

Looking back as growth has occurred over the past 20 years, the pressure was felt more the closer communities were to Seattle, Bellevue, and Renton. Growth was more rapid in Maple Valley, less so in Black Diamond and Enumclaw. This growth obviously used land, and the land supply diminished as growth occurred. Growth is more constrained now in Maple Valley than areas to the south because of this.

So, in 2013, looking ahead to 2020 and 2030 as required by the Growth Management Act, new

residential growth will occur at a higher rate for Black Diamond because of the availability of buildable land. Adding the 6,050 dwelling units in the Lawson Hills and Villages developments will add considerably to the population and school enrollments. Both developments lie within the Enumclaw School District.

About half of the projected residential growth in Maple Valley will occur in the so-called "Donut Hole," or Summit Place. This is growth that was anticipated by the City and the Tahoma School District, where Summit Place is located. So, in summary, growth -- and growth as expected in the Tahoma School District, significant residential growth in the Enumclaw School District.

I want to turn now to the topic of assessed valuation. Enrollment from this new growth creates cost to a district to educate the students. Offsetting revenues are created by assessed valuation. Change in the assessed valuation per student is a good measure of whether a new development is a net cost or benefit to the quality of education in a particular district.

Commercial development is an obvious benefit to school districts because it creates revenue without

creating cost. In its comprehensive plan, the community of Black Diamond notes that commercial development has historically lagged behind Maple Valley. For the future, both Maple Valley and Black Diamond expect positive commercial growth in each of their communities. The rate of growth, again, favors Maple Valley.

Now, let me elaborate. Baseline projections -- that is, normal growth, if you will, without considering new master planned developments -- will reflect more historical patterns of retail growth in Black Diamond. For the non-master planned development areas, Black Diamond's policy is to grow its commercial base in a manner that preserves its small-town character. That's in their comprehensive plan.

In Maple Valley, a higher level of new commercial valuation is indicated by its comprehensive plan, which calls for conversion of more traditional commercial areas into higher-value, high-tech business and office parks. So from a policy standpoint, baseline commercial growth -- that growth without the master planned development -- favors increasing valuation in the Tahoma School District.

Now the question of how the three new master

planned developments will add to this baseline growth. Putting aside for the moment the North Triangle, both districts will see additions to their commercial land base from master planned developments. Tahoma School District will see commercial development revenues as part of Summit Place, and The Villages will produce commercial revenue for the Enumclaw School District. There will be a general balance between new students and new tax base from those two master planned developments in each district.

The North Triangle portion of Lawson Hills, however, is the one commercial area that will provide appreciable valuation to its local school district, Tahoma, while all of the Lawson Hills students will attend Enumclaw schools. This difference is explored in Ms. Barrick's analysis. It is based on the plans and projections summarized in my letter. They put numbers behind the analysis. They show the effect of the master planned developments on the valuation per student. They support the case for a transfer of the North Triangle.

With the transfer, assessed valuation will be in better balance. Without the transfer, Tahoma's valuation per student will rise faster because it will receive the tax base while Enumclaw receives the

students. Ms. Barrick will elaborate on this conclusion in a moment.

Again, my apologies for not being able to attend your hearing tonight, but thank you for listening.

(Video presentation concluded.)

MR. HOGE: So just in case it helps, Mr. Shockey referred a couple times to the master planned development in Maple Valley. If you can look at the maps that I passed out a little while ago, I'd like to show you where that is. It's sometimes called "Donut" -- "Donut Hole," sometimes called Summit Pit, now called Summit Place. It's a County-owned area that's been a gravel pit.

The last slide, the one that shows the master planned developments in Black Diamond, also shows the "Donut Hole" in Maple Valley. You can see a square area. The "Donut Hole" is surrounded by Maple Valley. It's only been, as Mr. Shockey mentioned, within the past few weeks that King County and Maple Valley have reached an agreement to let that master planned community go ahead. And for anybody who wonders, as I did, why is a little bit of Kent over here to the east of Maple Valley, that's apparently

part of the Kent watershed.

So, as Mr. Shockey said, Lorraine Barrick will follow up on his remarks. Ms. Barrick has 25-plus years' experience in accounting and finance. In addition to being a CPA, she's especially accredited or certified in business valuations, financial forensics, appraising, and fraud examination. Along with Arthur Andersen in the past, she focused principally on economic and financial analysis and business valuation.

Since founding her own firm, she has, among other things, performed financial and economic assessments, prepared projections of economic and financial results, and analyzed economic data in a wide range of settings, including government, nonprofit, and for-profit sectors.

So I'd like to ask Ms. Barrick to come up now. And while she's doing that, I will pass out a copy of the PowerPoint that she will be showing you on the screen.

MS. BARRICK: Good evening, ladies and gentlemen. My name is Lorraine Barrick. And I'm here to talk to you for a few minutes tonight about assessed valuation per student in both Tahoma and Enumclaw School Districts.

In preparing our analysis -- in preparing our analysis, I worked with Reid Shockey, the gentleman whose presentation you just heard. And the purpose of this analysis was really threefold: First, we wanted to look at the future of assessed valuation per student in both Enumclaw and Tahoma. Secondly, we wanted to consider the impacts of the master planned developments, the MPDs, on assessed value per student in the districts. And finally, we wanted to consider how the transfer of the North Triangle from the Tahoma School District to the Enumclaw School District will impact the assessed valuation per student in each school district.

I'd like to begin by just reviewing the historical assessed valuation per student in each of these school districts. And I've done that by preparing a chart for you here. Enumclaw is in red, and Tahoma is green. I've presented the historical assessed valuation per student for 2007 through 2014 projected. And what you see here is that the assessed valuation per student has really been relatively consistent between the two school districts; in fact, in some years, nearly indistinguishable. But on the other hand, Enumclaw has been slightly ahead in the assessed valuation per student in the recent years.

Although I do note, that if you look at 2013 and compare it to 2014, you see that Tahoma has closed the gap more than halfway. And that really is because the assessed values in Tahoma for 2014 have grown much more rapidly than Enumclaw's.

Now, looking forward to the future, there are really two drivers of change in your assessed valuation per student. First, you have, of course, changes in student enrollment. That's the denominator in this equation. And then you have changes in the assessed value. And I'd like to begin by looking at future changes in student enrollment.

Our analysis indicates that population growth trends, including the impacts of the MDPs, indicate that Enumclaw will gain students more rapidly than Tahoma. In this next illustration, I show you the actual 2010 Enumclaw and Tahoma student enrollment. Again, Enumclaw is in red, and Tahoma is in green. And I show you a snapshot of the future based on our analysis. I show you 2015, year 2020, year 2025, and year 2030. And what you see here is that, while both school districts' enrollment is growing, Enumclaw is growing at a much more rapid pace. All else being equal, of course, this is going to reduce the assessed value per student in Enumclaw.

In fact, if we just look at Enumclaw for a minute and the impact that everyone's been talking about of the MPDs at Enumclaw, you see that because of that MPD, because it's so extensive, the Enumclaw School District is going to experience substantial growth in student enrollment; as Mr. Nelson said, approximately 3,542 students. And this represents a very significant change for Enumclaw.

I've tried to put it in a graphic form to help you get a feel for that, by putting 2014 projected enrollment for Enumclaw in dark red on the bottom -- that's 4,474 students for the 2014 year -- and then putting on top of that the new students that will come in because of the MPDs. And what you can see from this graph, is that while it doesn't double the size of the school district, it does increase it by about 80 percent. And this is really why the assessed values contributed by these MPDs are so important to the Enumclaw School District.

Turning to the assessed value of these MPDs per student, I note that, when you look at it in today's dollars, when you look at the assessed value of these MPDs per new student, what you see is that the assessed value per student of the MPD is slightly lower than the existing assessed valuation per

student in Enumclaw.

And what I mean by that is, in the first -- in the first column here, what I have is just the 2014 assessed valuation per student per Enumclaw per their published statistics. In the second column, I've calculated the assessed valuation per student of the Enumclaw MPDs. And the way we do that is simply to add up all of the assessed value estimates for the MPDs -- and this is excluding the North Triangle -- and dividing by the number of new students, that 3,542 students that you saw before.

And what you see is that the assessed valuation per student without the North Triangle is slightly lower -- $548,478 -- slightly lower than the 2014 assessed valuation per student in Enumclaw. This can be anticipated to drag down the assessed valuation per student in Enumclaw.

On the other hand, if you look at the same analysis, but you add the assessed valuation, the future assessed valuation, once it's built, out of the North -- excuse me -- the North Triangle to the equation for Enumclaw, what you see is the assessed value per student of the Enumclaw MPDs, including the North Triangle, is almost exactly the same as the 2014 assessed valuation per student in Enumclaw,

meaning that that -- those MPDs, the assessed valuation from those MPDs, is consistent with the current assessed valuations per student in Enumclaw.

Another important finding from our analysis shows that, over time, given two things, given both Tahoma's more rapidly growing assessed valuations and Enumclaw's more rapidly growing student enrollment, Tahoma's assessed valuation per student will overtake Enumclaw's assessed valuation per student, either with or without the transfer of the North Triangle.

Without the transfer of the North Triangle, this is likely to take place in approximately 2019, about six years from now. In this graph, I've given you the projected assessed value per student without the transfer, for Enumclaw in red again and for Tahoma in green. And what you can see is that, in 2014, they both start out at just under $600,000 per student, Enumclaw slightly ahead again. And Enumclaw stays slightly ahead for a couple years.

But Enumclaw's assessed valuation per student is growing more slowly than Tahoma's. So you see that, in a few years, Tahoma actually overtakes Enumclaw and continues to grow at a more substantial rate. The end of my study, 2030, shows that there is, in fact, a significant difference in assessed valuation

per student.

With the transfer of the North Triangle, you still see the same effect, because Tahoma is growing at a more rapid rate. But what you see is that Tahoma overtakes Enumclaw a little farther out, in about the year 2021. And at the end of the day, in 2030, the difference between the assessed valuation per student in Enumclaw and the assessed valuation per student in Tahoma is not as great; in other words, the difference is smaller.

Just focusing on the end year -- 2030 was the end of the study -- I'd like to show you the differential. And here I've presented a graph of the 2030 assessed valuation per student. Enumclaw is red; Tahoma is green. And I've presented two scenarios. In the first scenario, we have projected assessed value per student without the transfer of the North Triangle. In the second scenario, we have the assessed valuation per student with the transfer of the North Triangle. And what you see is that, again, Enumclaw is behind at this point, behind Tahoma, by a substantial amount. But the important point is that, with the transfer of the North Triangle, the difference is not as great.

To wrap up on this point, I'd just like to

reiterate that the study shows the trends in student enrollment, growth in assessed value, and the impact of the MPDs in both Enumclaw and Tahoma, indicate that any disparity in the assessed valuation per student will not be made worse by the transfer of the North Triangle. In fact, it's reasonable to expect that with or without the transfer of the North Triangle, the assessed valuations per student in Tahoma will overtake those in Enumclaw within the next 10 years. Thank you.

MR. HOGE: And unless there are questions from the Committee, that's all from us for now. Just in summary, the transfer will really help Enumclaw deal with the challenges of serving its students. It won't hurt Tahoma. And it will follow the legislature's policy guidance. Thank you.

CHAIRMAN ROLLINS: Any Committee members' questions?

MS. WARREN: Not yet.

MR. PFLUGRATH: Not yet.

MR. WILCOX: Not yet.

CHAIRMAN ROLLINS: Tahoma, your mic.

MR. GANSON: Thank you, members of the Committee, for the opportunity to present the Tahoma School District's position with respect to the

transfer proposal. I will be speaking for a few moments and then calling on the district's financial consultant, Debra Aungst, to provide some financial information. And then, in closing, we will hear from the district's board president, Tim Adam.

I wanted to start in presenting the Tahoma School District's position with some observations with regard to some of the Enumclaw School District's submissions. And there's some things that were reinforced in their presentation this evening. And one of those things is, Enumclaw appears to acknowledge, right up front, that the North Triangle that's at issue in this hearing is not at the core of the MPD, of the Lawson Hills MPD. It is a distant outlier from that MPD that is not only distant in location, but very distinct in the type of use, most markedly in the fact that it will not have students in it ever, according to the current plan.

The second acknowledgment that we see from Enumclaw is that this proposal is all about money. Receipt of revenue from the commercial portion of this MPD is what this hearing and what this proposal is about. It is nothing to do with any sort of regional perspective on how to provide public education in a way that's most efficient from a

regional or a statewide perspective. It's simply about shifting revenues or source of revenue from one school district to another.

And then briefly in terms of Enumclaw's written submissions and their arguments in favor of their proposal, and we'll get into this in more detail. Enumclaw places heavy reliance on the Growth Management Act and the supposed proposition that the GMA or the standards that bind this Committee in making its decision somehow mandate that the boundaries between MPD or a city and a school district need to match up. But as you'll see, this proposal wouldn't even accomplish that goal even if that were a mandate of the Growth Management Act or a mandate of 28A.315 governing this proceeding.

There's nothing about the current boundaries that is inconsistent with the Growth Management Act or is inconsistent with 28A.315. There's no problem to remedy here in terms of the Growth Management Act. And Tahoma would submit that a great deal of reliance is misplaced on these notions of boundary or growth management issues.

Also in Enumclaw's submissions is, again, this statement that Enumclaw needs their revenues. And so, again, that's what this proposal is about. And

the problem with that, is that this is not an interest that is contemplated by any of the factors that bind your decision in this proceeding. Not one of those factors that we will review encompasses an interest in gaining revenue at the expense of a neighboring school district.

There is no authority for this proposition that this process can be used to obtain child-free and therefore obligation-free but revenue-rich property from a neighboring school district. And Tahoma would submit that allowing this process to be used in that way would set a dangerous precedent.

And finally, in their submissions, Enumclaw refers to a concern about the costs of housing these new students that will be coming to Enumclaw School District by virtue of these MPDs as something that will fall on the taxpayers residing in the Enumclaw School District. And that may be true. However, Tahoma would point out that that's really the bargain Enumclaw School District made when it signed on to its mitigation agreement with the developer, Yarrow Bay.

And the proposition that it therefore falls on Tahoma School District's citizens and taxpayers to shore up Enumclaw School District's ability to pay for this need to house new students is really

preposterous. Why should it fall on the taxpayers of the Tahoma School District to address this burden that is very local to the Enumclaw School District and the City of Black Diamond? And again, these notions find no home in any of the factors that bind the Committee's decision.

And just one last point on that -- on the issue of the taxpayers. There is an existing disparity. And we've heard from Enumclaw's financial consultants, who are making some projections about what might exist in 2020 or 2030. But the fact is, today, facts on the ground today are that there is a disparity in per-pupil valuation, assessed valuation between these two school districts, in Enumclaw School District's favor. And there is no way to argue that that isn't the case.

And the factors that bind your decision-making require, if anything, that disparities be reduced, not increased. And there's no way to argue that shifting this property from Tahoma School District to Enumclaw School District would not have that direct impact of increasing the existing disparity between the two school districts.

We're going to burden you perhaps with more maps. I think there's some value in just making a few

observations. This map shows you the -- on the left, you have the city of Maple Valley -- I'm sorry -- the city of Black Diamond's city boundaries outlined in black, and on the right you have superimposed the school district boundaries. So in the upper right, you have, in kind of a beige color, Tahoma School District, and of course to the south, the Enumclaw School District.

And one thing that we'd like the Committee to observe is that -- I'll try to point it out -- this portion right here, this is the North Triangle. And that's city of Black Diamond and Tahoma School District. This portion right here on the east shore of Lake Sawyer is also city of Black Diamond and also in the Tahoma School District.

And that's why we say that, to the extent the purpose -- purported purpose of this proposal is to ensure that the boundaries match between the city of Black Diamond and the school districts it encompasses, this doesn't achieve that purpose. But what you can also readily see is that there are roads in that portion to the east of Lake Sayer. That's built out. That isn't additional revenue. The North Triangle obviously is additional revenue.

This is just a little closer in view of the North

Triangle and its location. An aerial view of the North Triangle reveals, obviously, that it's currently undeveloped. There are no students there.

This is a topographic view of the North Triangle. And what it shows you is that you do have a hillside that traverses the property. And so in the -- on the western portion of the North Triangle is lower than the southeastern portion of the North Triangle, which is higher. And what is important about that is, the development, the commercial development that will occur there in the North Triangle, will largely be occurring, as we'll see in future maps, in that lower portion of the property closer to the -- the core of the Tahoma School District.

Here is an aerial view that reveals current population centers surrounding the North Triangle. And so, again, you have -- you have, just to the southeast -- this is in the city of Black Diamond and in the Enumclaw School District -- a fairly small bit of residential development. You have some more residential development deeper into the city of Black Diamond in these areas. You also have residential development here that's also in the city of Black Diamond, but in the Tahoma School District. And you have a ready connection to the North Triangle along

these roads right here.

And the -- I suppose the point to make about this is that, to the extent the argument or portion of the argument is that, you know, the residents of the Lawson Hills MPD will be shopping in the North Triangle, that's equally true of the residents living on the east shore of Lake Sawyer who are city of Black Diamond residents but live in the Tahoma School District, and not proposed under this proposal to shift into the Enumclaw School District. You'd think that undermines the suggestion that the only people shopping in the North Triangle will be Enumclaw School District residents.

This is a larger overview of the Lawson Hills MPD. And to assist the Committee, so here is the North Triangle. This is what Yarrow Bay calls the main property. This is the main portion of the Lawson Hills MPD. The residential development will occur in this piece here. What you see over here is open space. It's part of the MPD, but it's green. It's open space.

So this is the residential development. These residents would have to travel a series of roads, some distance, more or less across a portion of the city of Black Diamond, to reach the North Triangle.

You'll observe that residents who would be staying in the Tahoma School District are far closer to the North Triangle.

Here you have an overview of the Lawson Hills development. And you'll see that that portion of the main property in green, that's open space. And so not until you see the orange and the beige colors are you getting into residential development.

This is simply a closer view of the North Triangle, along with the neighboring -- the largely commercial development that's attached to The Villages MPD, a distinct, separate MPD. And a point to observe is that, this commercial development in that southern half of that portion that's attached to The Villages, currently the increase in assessed valuation from that property will be going to the Enumclaw School District no matter what.

And with that, I will turn the discussion over to Ms. Debra Aungst. Debra is a retired school district administrator with deep experience in school finance matters. She has been the deputy superintendent of Puyallup School District and also that district's assistant superintendent for management services, assistant superintendent for business services in the Renton School District, and business manager in the

Renton School District.

She's also served as an adjunct professor in the superintendent and principal certification programs at both Seattle Pacific University and the City University of Seattle, teaching school finance and resource management. And she's here to assist the Committee in understanding the current financial situation and the implications of this transfer proposal.

MS. AUNGST: Thank you, Jeff.

Thank you to the Committee for allowing me the opportunity to share some information with you on the financial front. It's true the assessed valuation per student in the Enumclaw School District is higher than it is in the Tahoma School District. And more importantly, it has consistently been higher. There is a pattern of that happening.

Now, it may change in the future, but all of that is speculation and all of that is projection. And I don't have sufficient information to understand or believe or necessarily know what's going to be happening out in 20 or 30 years. But I know what it is today, and that is the information that I know that the Committee needs to be spending time on.

Yes, the transfer of $1.9 million worth of

assessed valuation becomes important. Now, it becomes important for school districts for a variety of reasons, and I can understand that. One of them, and I certainly understand the position of the Enumclaw School District: They want to pass some bonds. But the bottom line is, this is property that is currently in the Tahoma School District and is serving those students. So what I'd like to be able to share with you is some more perspective from the school district.

When we look at -- let's see if I know how to -- is this going to work? There we go. There we go.

When we look at a variety of measures to determine how much financial wherewithal each of the school district has, one of the measures is assessed valuation. And as you probably know, assessed valuation, divided by the tax -- taxes across the system, will give taxpayers the tax rate. So when you look at this chart, what you know is that currently the tax rate that is paid by Tahoma School District taxpayers is proportionately higher because they are more property-poor than in Enumclaw School District.

Another measurement that we might take a look at is what's called the maintenance and operations levy

base. And what this represents is a school district's capacity to ask its voters for a supplemental financial levy for their general fund. And what we know is that the same pattern is true. In the Tahoma School District, their levy base is lower than in the Enumclaw School District by almost 10 percent. And that means that on a per-student basis, there are more maintenance and operations local dollars going to the students in the Enumclaw School District than in Tahoma. So now we're not in capital fund; we're in the general fund.

Another way to look at relative financial wherewithal is the revenue per student. And as indicated by some of the testimony from the Enumclaw School District, yes, they do have some factors that do drive some additional revenue. But I've also worked in many districts, more recently in the Puyallup School District, where we call ourselves, we are grant-poor. And what that means is that school districts that may appear to be affluent, if only measured by free and reduced lunches, are oftentimes really revenue-poor because they cannot attract the same quantity or volume of grant dollars that are coming into a school district. And this is one measurement that shows that.

Another measurement for financial comparison is

the amount of fund balance available at the end of a given year per -- on a per-student basis. And the same pattern is true.

Now, what happens if the North Triangle transfer is authorized by this Committee? What ends up happening is that the Tahoma School District tax rates are going to rise and Enumclaw School District tax rates are going to decrease. Almost twice as much decrease as -- increase as there is a decrease in the other district. And what that means is about to a 150 percent swing between these two.

Another way to look at that is how many students are going to be impacted by that. So you can see in the current enrollment proje -- or enrollment data that Tahoma has not quite twice as many students as the Enumclaw School District. So, in other words, twice as many kids are going to be negatively impacted as positively impacted. And in some regards, that feels a little bit like taking from the poor to give to the rich.

So if we're looking at the financial comparisons, what we know is that a school district, Tahoma, that is financially in a lesser position, is going to be negatively impacted. And Enumclaw School District, that is financially in a better position, is going to

be positively impacted. And those are the facts that we have today.

We do know that there is going to be commercial growth in both areas if the transfer is not approved. There will be commercial growth both -- in both of these districts. And over time, those things are going to have some impact. We have seen some studies -- I haven't seen any of the underlying data; I haven't seen any of the underlying assumptions -- that sometime out into the future, these factors are going to change. But we don't know that information. What we do know is the data that we have available to us today to look at. And those are the factors that this Committee needs to be basing its decision upon.

MR. GANSON: At the end of all of this testimony, the Committee will be faced with making a decision. And all of you know this. Your decision is bound by a legal standard. Your judgment must be based on -- to the -- whether and to the extent a number of factors are furthered by the proposal. And if the factors aren't furthered by the proposal, the proposal must be denied. If the proposal absolutely defeats important factors, then we think the proposal must be denied.

The first factor to look at is this issue of

balance of local petition requests and the needs of the statewide community at large in a manner that advances the best interest of public education in the affected school districts and communities. And a couple of observations here.

This factor, and many of the others, is explicitly saying that the job of the Committee is to look at transfer proposals not from the perspective of a single school district and what it needs and would like for its future, but rather, from a regional and/or a statewide perspective, what does the transfer accomplish on a regional basis or on a statewide basis in terms of bettering the efficiency and effectiveness of public-education delivery in this state.

And for a number of reasons, this proposal doesn't do any of that. There are no students involved in the property at issue in this transfer proposal, and there never will be. And so this proposal certainly doesn't accomplish anything in terms of furthering the efficient delivery of public education or giving students a better experience because that's available by shifting school districts.

And Enumclaw made reference to a 2010 transfer of property that was, in fact, initiated by -- it was initiated by citizens and supported by the Tahoma

School District, wherein the district did support the transfer of property from Tahoma School District to the Kent School District. But that situation actually provides a good illustration of when these things make sense.

That transfer involved students in the subject territory who had to be transported to Tahoma schools through the Kent School District. It was the only way to get to their school within the Tahoma School District, and by schools that were closer in the Kent School District than their destinations in the Tahoma School District. That's a proposal that makes sense. It was good for the students. It -- it made delivery of education to those students more efficient on a regional basis. Pull back from the interests of one school district or the other, and look at it from the perspective of what's good for all, and that's a good example of one that meets these standards. The proposal you have in front of you, it doesn't do anything like that.

The statutory factors ask you to look at whether the proposal does anything in terms of responsibly serving all of the affected citizens and students. And again, this is a factor that's saying transfers should be mutually beneficial. It's saying that the

transfer process is not intended to be used in a, what you might call a predatory fashion to shift revenue from one school district to another and pit one school district against another. That accomplishes nothing from a regional perspective. It is not mutually beneficial to the affected citizens. Some affected citizens lose in this sort of a proposal, very demonstrably.

This factor also speaks to logical service boundaries. And that's something that Enumclaw has relied on heavily. But how can that factor be furthered by a proposal that involves land that will never be served by public schools, never be students in this -- in this property? So talking about logical service boundaries really is irrelevant in petitions such as this one. This is a factor that can't support Enumclaw's proposal.

The next factor speaks to enhancing educational opportunities of pupils in the territory by reducing the existing disparities among the affected school districts in their ability to provide operating and capital funds. Putting aside the fact that no students' educational opportunities will be bettered by this proposal, because there are no students in that territory, the bigger point is that you have

embedded in this factor the goal, the interest of reducing existing disparities.

And you'll note that the factor doesn't speak to future speculative disparities, assuming -- assuming growth patterns that we can't know. It speaks to existing disparities. And that's what the Committee needs to be focused on: What is the situation today? This is a factor that simply can't support this proposal. In fact, it rather demands denial of the proposal because it so clearly is underlined by this proposal in exacerbating an existing disparity.

The next factor speaks to promoting wiser use of public funds through improvement in the school district system of the ESDs and the State. Again, this factor is very clearly focused on a regional perspective of transfer proposals. This proposal accomplishes nothing on a regional basis. Benefits one school district and harms the other. It's a factor that can't support this transfer proposal.

Another factor refers to student educational opportunities, as measured by things like graduation rates and performance on mandated assessments, the HSPE/MSP, and of course assessments of dropout rates. Well, this is a factor that can't support this proposal, because there are no students in this

territory. But even if there were, Tahoma students have enjoyed better educational outcomes than Enumclaw in nearly every category, despite being -- despite the district being, in comparison, revenue-poor. This is a factor that simply can't support this proposal.

The next factor speaks to safety and welfare of students, of pupils. This obviously has no application to this situation, there being no pupils in the territory. It's a factor that cannot support this proposal.

The next factor speaks to history and relationship of the property affected to the students and the community affected. And this is the one that, I believe, Enumclaw places heavier reliance on, because it references the Growth Management Act and urban growth areas and city boundaries and MPDs.

But all of those references tie back to the history and relationship of the property affected to the students and communities affected. And as Enumclaw acknowledged, the North Triangle, it's been part of the Tahoma School District for years. And it only was annexed to the city of Black Diamond in 2005. There is no long history or relationship between this property and residents of the Enumclaw

School District, and more obviously so when you observe that it's undeveloped property. It's never had any interaction with that community. Only recently became part of that city.

If you try to pull back and look at other sort of growth management issues that this factor might try to contemplate, one can see an argument that this portion of the MPD contributed students. And this argument might make a little more sense. But as it stands, the argument is essentially a non sequitur.

The argument, as I understand it, goes that one portion of the MPD, the main portion, but somewhat distant from the North Triangle, will contribute students to the Enumclaw School District. And the argument seems to go that Enumclaw should get the revenue from that increase in assessed value as that property develops. Tahoma would have no argument with that. But it should also obtain the revenue from portions of the development that are remote, distant, and outside of the district presently and will never contribute any impacts to the school district, to the Enumclaw School District.

We would submit that that is not what this factor is about. There are no current inconsistencies in the growth management boundaries. There is certainly

no obligation the boundaries match, the city boundaries and school district boundaries match.

In fact, if you think about that, that proposition that these boundaries ought to match, the result of that would be that one school district should have the urban -- the city area that is encompassed by -- by the urban growth area, where urban growth will happen, where increases in assessed valuation will happen, and the neighboring school district should have none of that; should be only limited to the rural areas, where by law, under the Growth Management Act, urban growth cannot happen. And that would seem to be a pretty absurd result if one of the core interests in these factors is reducing disparities between school districts and their ability to serve their students.

The next factor speaks to geographic accessibility. That's a nonissue in this situation, because there are no students. This is another factor that can't support this proposal.

And the last factor speaks to a review of the funding sources of the affected school districts, and it speaks to reduction in disparities again, so we see that goal again. And it speaks to improvements in the economies in the administration and operation of schools. If we start there, well, again, there

are no students in this area. So nothing about this proposal improves economies in the administration and operation of schools in view from a regional perspective. It has no -- it has no impact on that. So this factor doesn't -- that portion of this factor can't support this proposal.

The more important part of the factor affirmatively talks about reducing disparities in per-pupil valuation. And again, this is referring to disparities in the here and now, the kind that demonstrably exist today and will exist in the future until some significant unexplained shift in growth patterns occurs to -- to close that gap. Speculation about that gap closing is just that, speculation. The fact is, today you have a disparity that would be increased, not decreased, by this proposal. This factor can only argue in favor of denying this proposal.

Now, Enumclaw has some arguments here, and you've heard them here this evening. The suggestion is that Tahoma is experiencing considerable development, and thus, the total assessed valuation is increasing rapidly and substantially. Well, frankly, we don't know where they get this. There's no support for that in the record before you. And let's talk about

that.

So this is the Tahoma School District boundary. You'll see that, like Enumclaw School District, it is a school district that encompasses quite a large territory. Here's the city of Maple Valley right here. This is the city of Maple Valley. And there's the "Donut Hole" that Mr. Hoge referenced.

The next slide shows the urban growth area boundary. You'll see that it's a tight line around the city of Maple Valley. The only exception being, there's a little piece of unincorporated King County that is in an urban growth area. But otherwise, there's a tight UGA line around the city of Maple Valley. Why is that important? Well, two points: One, it means that in all that other area, urban growth is not going to happen. There'll be no significant growth, no significant increase in assessed valuation in any of that area.

The second point would be that, in actual point of fact, unlike the city of Black Diamond, the city of Maple Valley is quite built out. The -- just with respect to the "Donut Hole," there is no MPD there. There is a nascent agreement regarding annexation of that King County property to the city of Maple Valley. There are no -- there's no development under

way there. And the rest of the city is largely built out.

And the speculative forecasts about what's going to happen, this rapid increase in the assessed valuation in the city of Maple Valley, hinge on redevelopment, recharacterization of property in the city of Maple Valley that's already developed. That's highly speculative and not something that should be guiding this Committee's decision in this case.

The second thing that Enumclaw tends to argue about, about this -- and this is their response to the checklist question addressed at this very factor of reducing disparities. And they make the rather remarkable claim that the net effect of this transfer is likely to be positive over time in terms of this disparity between the two school districts. Now, putting all speculation about what might happen in 2020 or 2030 aside, can't possibly argue that shifting this property from the Enumclaw School District to the -- I'm sorry -- from the Tahoma School District to the Enumclaw School District will do anything but increase the existing disparity between the two school districts.

Now, there might come a time in the future when

development patterns have changed and there's been some rapid development in the Tahoma School District and that district's assessed values have gone up. And at that point in time, if there developed a disparity between the two school districts that ran the other way, that was in the Tahoma School District's favor, then Enumclaw might have an argument. Today they don't. This factor can't support approval of this proposal.

In fact, none of these factors that we've reviewed are furthered by this proposal. Important ones are directly undermined by the proposal. Purposes of this process are to improve delivery on a regional scale. This proposal doesn't do anything in furtherance of that goal. And it undermines some of the purposes of the transfer process in terms of reducing disparities.

Now, Enumclaw School District may well -- it appears to have a significant issue to grapple with in terms of funding. But we've heard -- we've heard them be pretty frank, to their credit, that a big part of this proposal is to be able to sell the ability to pass bonds to their voters, not only in Black Diamond, but down in Enumclaw. I would be concerned too. None of these factors contemplate

that interest, and that's the interest that's driving this proposal. This process should not be used in that way, to further that sort of interest.

With that, the district will complete its presentation with remarks from the district's board president, Tim Adam.

MR. ADAM: Good evening, members of the Committee. My name is Tim Adam. I'm president of the Board of Directors for the Tahoma School District, joined by a couple of my colleagues here tonight on the board. And collectively, we represent over 54 years of experience on the board, representing the community of Maple Valley.

I don't have any prepared presentation or remarks tonight, because I'm going to speak from the heart and just be very brief in my comments. But we see this as a very simple issue. We're fairly open, honest, transparent as a group, but we're laser-focused on the students and on education and our community. That's evidenced by a $195 million bond measure we're trying to push through to our community for election on November 5th.

We want to build a new high school and regional learning center, and we are busting at the seams at our schools right now. And we have what we believe

is world-class students with their achievement that they've represented by being in the top ten percent of all districts in the state. We have world-class curriculum, world-class teachers. And we're trying to catch up with a world-class facility, make sure that we are able to provide that for our students.

We don't want to see areas of potential revenue to support that go away. But these boundaries for our neighboring school districts have existed for many years, much longer than any of us in this room have been in these positions or elected offices.

There have been exceptions -- yes, there have -- but only based on what's best for the students and their parents and families. We have made some exceptions with Kent School District and recently with Issaquah, where a new home was built or a neighborhood was expanded. And those students want to go to school with their neighbors or with their neighborhood kids, and it made good sense. It was the right thing to do for our students and for their families, and the students were going to get a better education as a result, so we have made some modifications to our boundaries, but not one like this.

This would be -- would be precedent-setting in

our minds. There are no students involved in this commercial growth or this tip of the arrow, if you will. It's just commercial property, going to be developed. And as has been said, people will shop there from Black Diamond. People that live in the Maple Valley area or in the Tahoma School District, near Lake Sawyer, just a couple miles away, will shop there. But there's no students involved. And that's what we're all in this game for, is it's all about proper education and the best education for our students.

The boundaries are where they are. And our task as administrators in the district and as school board members is to do the best we can, provide the best education we can with the resources that we have available to us within our boundaries. City councils do the same thing with their urban growth areas and what their boundaries are and their tax base, and they're tasked with doing the best job that they can within those boundaries.

And if students were involved, I would have a different opinion, but they aren't. This is strictly commercial property. Happens to extend -- I'll tell you, quite honestly, if we had a large developer that was doling out a project that extended into Issaquah,

Kent, or into the Enumclaw School District, we would not be having this conversation. If the roles were reversed, we would not be having this conversation tonight and using your valuable time. We just wouldn't be. It's not about the students. This is about money. And that's not the way we play and the way that we run our school district.

And so I urge you, as you make this decision, to consider those things. I know there's a lot of legal issues and statute -- or different issues to consider, but it's pretty simple to us. And I urge you to do the smart thing, to do what makes good common sense, and do the right thing. Thank you.

CHAIRMAN ROLLINS: Okay. Thank you, both. 7:41. And we'd now like to provide rebuttal time. I would ask for a single speaker from each district to provide any rebuttal information. Let's try to keep it at five minutes. If you need an extra minute or so, we'll -- I think we can squeeze that in, but let's try to keep it tight, please. Enumclaw, you can go first.

MR. HOGE: Thank you. Well, so much could be said at this point. I'll try to keep it within my instructions and make a few perhaps less-than-cosmic points. But then one point that I

think is really important -- and I'm not sure it's -- that we've got straight across yet.

So just hitting briefly on a couple of things we just heard, I think Mr. Ganson said that, you know, Enumclaw is stuck with the present arrangement because that's what it signed up for in the mitigation agreement. And so I want to just stress, as I think we have done in our materials, that Enumclaw didn't get the best deal it could in the mitigation agreement, but that doesn't mean that it's foreclosed from pursuing its opportunities under the legislature's guidance to us in this area.

I think I heard Tahoma say that, you know, this whole proposal is inconsistent because there's other areas besides the North Triangle that are in other districts, and Enumclaw isn't pursuing those. There have been cases in the recent past when Enumclaw spoke with Auburn about taking -- having territory transferred from Auburn. King County put the kibosh on that.

But I think the important thing here is that, you know, when we talk about the statutory factors, Growth Management Act, master planned developments, urban growth areas, city boundaries, this North Triangle area is the only one of the other areas that

Mr. Ganson was speaking of that meets all those criteria. And the -- we do think that the master planned community consideration is a very important one, even though the size of this is, you know, trivial compared other cases where the Committee has transferred land.

The finance person for Tahoma made a comment about the levy base in Tahoma being less than Enumclaw's. But that's -- you know, the response to that is the same as what I was saying about the state and federal revenues. The levy base is determine by the state and local and federal revenue. So if to meet a higher incidence of special student needs or to address the higher costs that are inherent in operating in a rural environment, a less dense environment, some extra revenues are received from the state and federal governments to address those needs, then it follows naturally that the levy -- the allowable levy is a little higher, and on the rationale that a portion of the levy will be addressing those same needs.

An issue of the tax rates. You know, just to restate the obvious: This is a trivial, trivial disparity in the present tax rates we're talking about are in the effect of the transfer, if as

Enumclaw -- or Tahoma insists, we must focus only on the here and now. We can make -- you know, by using very small scales, we can make small differences look larger by cutting off the bottom three-quarters of bar graphs. Same thing. But this is very, very small potatoes at present, as insisted by Tahoma, compared to cases that have been handled in the past.

But I think the most important thing I want to mention, because we've heard it so many times, that students are not involved, students are not involved. But that misunderstands, I think, the whole point of master planned communities. The students are involved. Because there wouldn't be any students in these new residential areas but for the master planned community, which must include the commercial areas. Students are involved because the residential development is allowed because it's part of a master planned community that must include the commercial areas.

So, you know, these students that we aren't sure we're going to be able to serve, are deeply involved. And they wouldn't be there but for the master planned community that includes the North Triangle. And that's what we think the legislature was getting at when it added to the already existing part of the

guidance about master planned communities when it added to take into account the Growth Management Act and similar factors in addition to the master planned communities. So these master planned communities were decided upon under the Growth Management Act, and we think the legislature has recognized that as an important factor. Thank you.

CHAIRMAN ROLLINS: Thank you. Enumclaw -- or Tahoma. Sorry.

MR. GANSON: Very briefly. I don't think we'd be here if the impact of this transfer were trivial. None of us would be here. It's not trivial. And we're here for a reason, and that's to talk about money, and specifically, shifting tax sources from one school district to another. And that isn't -- that isn't what this process is here to accomplish. It's certainly not here to accomplish that when doing so directly undermines factors that explicitly require you to look at reducing existing disparities, not widening them.

Now, because there's such heavy reliance on this factor of -- that references the Growth Management Act and references urban growth areas, city boundaries, MPDs, or master planned communities, I think it's worth spending just a moment looking at what this

language says. It requires the Committee to review the history and the relationship of the property affected, the North Triangle, to the students and communities affected.

And while there may someday develop a relationship between students who live in the Lawson Hills MPD or other parts of the Enumclaw School District and the North Triangle, that doesn't exist today. There's no history. There is no relationship there. This doesn't talk about the relationship of one parcel of property to another in terms of who owns it, Yarrow Bay Development. It talks about relationship between this property and students and people. And there is no such relationship today that would support this transfer proposal. That could develop.

But as we see, there are residents of the Tahoma School District who are also residents of the city of Black Diamond who live just as close to the North Triangle as any resident of the city of Black Diamond, and closer than any resident of any of the MPDs will ever live to this -- or the Lawson Hills MPD, in particular, to the North Triangle.

So even if we were to speculate about the sort of relationship that might develop between the North Triangle and the other portions of the Lawson Hills

MPD or other portions of the Enumclaw School District, there's a -- there's a built-in relationship right now with existing populations in the Tahoma School District that will stay in the Tahoma School District under this proposal and that North Triangle.

The residents of the -- of the Tahoma School District that live in the city of Maple -- in the city of Black Diamond and will continue to be residents of the Tahoma School District are just as likely to have a relationship with the North Triangle property as any residents in the Enumclaw School District.

The district thanks you and simply asks that the Committee be guided by the statutory factors. Thank you.

CHAIRMAN ROLLINS: Does any Committee member have a question for either group before we take a break?

MR. WILCOX: I'd like a break.

CHAIRMAN ROLLINS: Okay. It's 7:51. I would like to resume at 8:05, please. For the citizens that have signed up to speak, I have -- I have five names listed. If any of you are part of a group, I would appreciate if you could speak as a group rather than the individual people. And I'd be

happy to give you more time as a group than as an individual.

However, if all five of you would like to speak, I'm fine with that. We are pleased and we welcome your comments. Since we only have five people, we can probably do -- we can probably do ten minutes per person. If you can keep it shorter, we would appreciate it, because we would like to try to wrap this up tonight. And that, let's all take a break.

(Pause in proceedings from 7:52 p.m. to 8:05 p.m.)

CHAIRMAN ROLLINS: Thank you, all. I appreciate that. So, as I said, we have five citizens' names. I will ask you to come to the podium here and speak in the microphone. First state your name for the court reporter. And then I'll give you ten minutes. If you can keep it shorter, I'd appreciate it. I'd also ask: Please do your best not to just repeat the same thing someone else said. That's -- keep the repetition down, and we can hopefully be home before midnight.

First name I had was Bob Edelman.

MR. EDELMAN: Good evening. For the -- for the record, my name is Bob Edelman. That's

E-d-e-l-m-a-n. I'm a resident of Black Diamond and the Tahoma School District, speaking in opposition to the Enumclaw School District's petition to transfer property from my school district simply to obtain income from potential development of that property. And I stress the word "potential." You were told earlier that core challenges are done; they're not -- the MPDs are presently -- and their underlying environmental impact statement, are presently being considered by the court of appeals.

In its petition, the Enumclaw School District makes a number of unsupported claims. It gives no evidence that there is a legislative preference or emphasis for matching school district boundaries to master planned development boundaries. There's certainly no statutes that require such boundary adjustments to match either cities or MPDs. They also claim that the transfer will make the school district boundaries more consistent with city boundaries. This is a patently false statement, and I believe that was shown earlier, that they're -- Tahoma School District is -- also serves the city of Black Diamond. Kent School District serves the city of Black Diamond.

In fact, less than half of the students residing

in Black Diamond are in the Enumclaw School District. And that bears repeating. Less than half of the students in the city of Black Diamond are in the Enumclaw School District. The rest are in the Kent and Tahoma School Districts.

The petition also claims that the transfer, quote, "will permit the revenues from the master planned communities to be used to serve the many new students within them," unquote. The fact is that the master planned communities presently are undeveloped and have no students within them. Not just the North Triangle; the entire master planned development is undeveloped, and it won't be for some time. Further, the master planned developments are intended to be part of the city of Black Diamond, not separate enclaves.

Transferring the North Triangle to the Enumclaw School District does absolutely nothing to enhance student education. The property is planned for development as commercial property sometime in the next 20 years. There are no residents in that property, and none are planned. Enumclaw School District is simply attempting to rob the Tahoma School District of potential future revenues, should the property ever be developed. Please reject their

petition.

And I have written copies of my comments.

CHAIRMAN ROLLINS: Thank you very much.

Next on my list was -- next on the list was Cindy Proctor.

MS. PROCTOR: My name's Cindy Proctor. And I reside in the Enumclaw School District, and I live in the city of Enumclaw. And I'm here to oppose Enumclaw School District's request to transfer land from Tahoma to Enumclaw. Thank you, all, for staying late tonight. I know we're all kind of tired, and I will try to be as efficient as possible.

I also, like Mr. Nelson, am a lifelong resident of the Enumclaw School District. My father, cousins, brothers, and nieces and nephews all attended Enumclaw schools. My aunt is a retired Enumclaw School District teacher. My cousin currently works in the Enumclaw School District. And close family friends work within the school district. I love my town, I love my community, and I love my schools. And I've always supported the school through thick and thin.

And I wanted to give that little bit of background, because I don't want a perception of, Oh,

it's one of those; there's always somebody who's always "no" to the school bonds and "no" to the schools. And that's not the case. I've been an advocate for my school district. I've supported the bonds through thick and thin. And when I say "thin," I mean the Gates initiative, which my daughter was part of, which a lot of -- really stressed our community. The Thunder Mountain Middle School bond, we were told that that school was needed, that all this growth was coming. We issued the bonds for this new school, and it's been operating under capacity for years now.

So coming here today is really hard to speak out against my school district. The responsibility of educating our children falls on all of us as a society and what we value. We must prioritize how we'll go about building our schools. The responsibility of adequate mitigation of schools within larger developments falls on the master developer. It's not the responsibility of the Tahoma School District nor is it the responsibility of my school district, Enumclaw. This is solely about an urban land development and the increased profits for a master developer through reduction of impact mitigation fees.

Local MPDs that built out have not provided the increased capital bond approval, and they only have to look at the Lake Washington School District and the Redmond Ridge MPD, or even worse, look at the Snoqualmie Valley School District, the Snoqualmie Ridge MPD, with five consecutive bond failures. The master developers come in and sell this concept that we're going to have these great houses and people are going to invest, they're going to pass the bonds. The reality is, those MPDs are burdened with massive fees and infrastructure costs, and the homeowners can't pay more taxes.

The school district talked a lot about the school mitigation agreement and the thoughtfulness of the participation and public participation. And I was really saddened to see, I think it's Ms. [Sic] Shockey and the analyst that was on the -- on the video. Because during the entire EIS process, I begged my school district. I went to school board meetings. I went to public hearings. I said, Where is your analysis? What are you doing? The EIS clearly stated that all this land was in Tahoma. The EIS clearly stated that the school district, Enumclaw School District, was going to have a problem, because they had the students and not the commercial land.

It was -- when we talk about the public participation, the first time that the public heard about the tri-party agreement and it was presented to them was on November 5th, 2009. And it was a tri-party public hearing with the Black Diamond City Council and the Enumclaw School District and Yarrow Bay.

That's the first time that the Black Diamond City Council had ever seen the agreement. The negotiations, in fact, did not take place in public, did not take place with City council members who represent their constituents. It took place with attorneys, of which the City attorney was terminated and is no longer with the City, for improper use on this MPD and under a special investigation.

So the following week, November 19th, we were supposed to have a public hearing on the tri-party agreement. It was canceled by the City of Black Diamond. And in January of 2010, they converted it from an ordinance to a resolution to bypass the public hearing process, and the City council voted on it with only three weeks' time over the Christmas holidays.

And the reason this is important is, it goes to the public participation. Because that agreement,

once it was signed, was irrevocable, was signed by all parties. So when we went before the hearing examiner, the hearing examiner stated that, although the mitigation agreement, relatively speaking, is good, unfortunately a relatively good agreement may not be sufficient to assure adequate mitigation.

This is the hearing examiner to the school board president was at this hearing. He said the record makes it abundantly clear that relying on bond measures funded by persons residing in Enumclaw borders is wishful thinking. This is a land-use attorney. This is the hearing examiner.

He goes on to say that the schools will be well over capacity, the bonds will fail during the first few years of build-out, and King County is not likely to approve permits in the rural areas. He goes on to say that the council and the school district have put themselves in a difficult situation because of the irrevocable school agreement. And he cites Section 3.1 of the tri-party agreement, which it was called back then. It's a Comprehensive School Mitigation Agreement now.

And I would write that section down, 3.1. Because in Section 3.1, it reads that the Yarrow Bay, the Lawson MPD, The Villages MPD, it says that with

respect to the Lawson Hills project, this agreement shall constitute full, total, complete, and sufficient mitigation for the impact of a full build-out. It goes on to say that the district and the City hereby covenant and agree that they will seek no other mitigation measures. They agree to this. They agree to this. They signed it. And then after the fact, they're trying to get additional mitigation by taking Tahoma's land.

The Comprehensive School Mitigation Agreement is not a good document, and our district gained very little from it. The City of Black Diamond learned from the Cascadia and the Sumner School District issue with school siting. And so school siting was proactively put in the municipal code. The MPDs could not have been approved without siting for the schools. It had to be there, or no MPD. The school siting was mandated. The sites -- I'm sorry. I'm getting old. My bifocals are not working too well here.

The sites are not free. We pay fair market value for them. There's no CPI, a very low mitigation credit for the first five years, which is the anticipated most aggressive build-out period, even though taxpayers ask for this consideration from our

school district. I'll tell you that construction costs have gone up 11 percent in the last 36 months, and that -- -- and these all are public facilities that have to be LEED certified.

What's even more discouraging to me is that my school district spent $386,000 of our general levy funds for legal costs, including being here tonight, for this mitigation agreement. And either Tahoma should have been part of the mitigation agreement -- they knew full well from the EIS that the land was in Tahoma.

They could have put a clause in the mitigation agreement that said, In the event that the Tahoma School District does not agree to the land transfer of the commercial triangle, our mitigation credits will double, will triple, whatever. There could have been a mechanism, and they had full control. They had full control of this agreement. And nobody would step up.

And I want to apologize to Superintendent Maryanski, the Tahoma board, and the Tahoma citizens. I'm embarrassed. But I'm also disappointed that my school district has to do this. You guys need to go to Olympia, and you need to get an adequate public facilities ordinance passed, where nobody can build

anything once schools go beyond capacity. This is a broader issue that is hurting all of our communities and hurting our education. Thank you.

CHAIRMAN ROLLINS: Thank you very much.

Peter Rimbos. Pronounce that right.

MR. RIMBOS: Hello. My name's Peter Rimbos, R-i-m-b-o-s. I'm a 34-year resident of the greater Maple Valley area. I live in the rural part --

UNIDENTIFIED SPEAKER: Peter.

MR. RIMBOS: -- of the area.

UNIDENTIFIED SPEAKER: We can't hear you, Peter.

MR. RIMBOS: You can't hear me.

UNIDENTIFIED SPEAKER: There.

MR. RIMBOS: How's that? Okay.

I live in the rural area outside of Maple Valley, and I'm here to discuss this land transfer. I'd like you to deny what I call a precedent-setting land transfer.

One of the Enumclaw School District's main arguments is that the city of Black Diamond should be served by one school district. We, quote, "make more sensible the district boundaries to the benefit of

the cities," unquote, and, quote, "that the new master planned developments not be sundered," unquote.

However, facts expose at least two flaws in this argument: (1) the city already is served by multiple school districts -- as you've heard tonight, three -- including the Tahoma School District; and (2) the Enumclaw School District negotiated and signed the Comprehensive School Mitigation Agreement, which in fact sundered the proposed master planned developments by calling for three schools to be sited outside of the city and outside the master planned developments.

The Enumclaw School District then argued vociferously during deliberations of King County Executive Constantine's School Siting Task Force, that it wanted to site those three schools outside the city in rural King County. I was a member of that task force. They met in late 2011 and early 2012 to address potential school district sites in the unincorporated rural area. As the Educational School District understands, King County policies preclude extending sewers or tight-lining to existing sewer systems to such properties, effectively denying permits for middle and high schools in the unincorporated rural area. On the task force, I devoted most of my efforts towards all the potential

school sites that Enumclaw and Tahoma School Districts are looking at.

So, we have the Enumclaw School District arguing that current countywide planning policies call for schools to be located within the urban growth area. However, the Enumclaw School District previously argued before the City of Black Diamond's hearing examiner, in defending its Comprehensive School Mitigation Agreement, and before the School Siting Task Force, that schools could be sited outside the urban growth area.

Because of these contradictory positions, I request the School District, the Educational School District, give no consideration to the Comprehensive School Mitigation Agreement nor any master planned development circumstances, and should look only at the facts of the case and the requirements under the RCWs regarding petition for land transfer.

To further rebut the Enumclaw School District's argument, there are two MPDs proposed for the city of Black Diamond: The Villages and Lawson Hills, as you've heard. The land subject to the petition is located within the proposed Lawson Hills master planned development. Since there are significantly fewer residences proposed for the Lawson Hills MPD -- 1,250

versus 4,800, about one-to-four -- it has a proportionally higher percentage of commercial properties.

Consequently, the vast majority of the students to be served would come from the proposed Villages MPD, not the Lawson Hills MPD. If only The Villages master planned development is built -- and it's the first one up for building; Phase 1A is going through a process right now for The Villages -- if only The Villages master planned development is built, then the land subject to the petition tonight would not provide the Enumclaw School District any revenues to help it meet the, quote, "tremendous fiscal challenge," unquote, it claims it will face when it tries to pass a series of major bond issues to build and maintain a plethora of new schools.

I respectfully request the Educational School District consider the concerns that I and others have detailed tonight and deny the requested precedent-setting boundary line adjustment before you. Thank you.

CHAIRMAN ROLLINS: Thank you very much. Thank you.

Cindy Wheeler.

MS. WHEELER: Good evening. My

name is Cindy Wheeler. And I appreciate the chance to speak tonight. I've come a long way and stayed late into what is the usually family time. So I know you guys have as well, so I appreciate that.

I am a Black Diamond resident and a Tahoma School District taxpayer and parent. And there are many of us who share that designation. And as a matter of fact, in adjoining neighborhoods to mine, there are Tahoma School District taxpayers and parents who are unincorporated King County, but they are my same side of the road. So there is a large number of us out there who are residing in either the city of Black Diamond or in a little puddle of unincorporated King County, but we are taxpayers in the Tahoma District.

As a Black Diamond resident, I currently shop in Black Diamond and even Enumclaw. Those of us who are both Black Diamond residents and Tahoma taxpayers will be active consumers for those future commercial businesses that will someday be developed on the 53 acres of currently undeveloped commercial land that has always belonged to the Tahoma School District and whose tax revenue rightly belongs to the Tahoma School District.

No changes in boundary lines should be granted in this unprecedented action. The potential for

creating a precedent where such requests are brought forth for greed and gain, rather than a betterment of any district or any students, is huge. And that dangerous precedent must not be ignored or overlooked.

The city of Black Diamond actually has four school districts within its city limits. If you look at the map, there's a teeny tiny piece that is the Auburn School District, there's the Kent School District, the Tahoma School District, and the Enumclaw School District.

When the master planned developments were submitted and the environmental impact statements began and were put out for review and the SEPA process was begun, the City of Black Diamond's records show that all of three school districts that were affected -- Auburn not being one of those, right? -- so Enumclaw, Tahoma, and Kent were all sent copies of the EIS, both the draft and the final, as affected agencies for review and for comment. Those plans, the maps, and the EIS documents made it clear that The Villages master planned development, which is the larger one with the 4,800 homes, would have the schools built in the Enumclaw School District but that some of the commercial land in The Villages was

actually owned by the Kent School District. And that's on Page 11 of the Parametrix school analysis that's part of The Villages EIS.

Similarly, the plans, maps, and EIS documents for the Lawson Hills project -- that's that smaller of the projects with 1,200 homes proposed -- made it quite clear that the schools would again be built in the Enumclaw School District but that some of the commercial land was owned by Tahoma School District and always had been.

Despite notice and copies provided to the Enumclaw School District as an affected agency, they submitted no comments to either the draft EIS in September 2009 or the final EIS in December 2009 that expressed any issue or concerns with property boundaries or ownership. None.

In March of 2010, held concurrently with an EIS appeal that was brought forward by several citizens, there were also public hearings on the master planned developments, themselves. Again, Enumclaw was given preferred notice as an affected agency and were given the opportunity to review and comment on the plans, maps, and impacts to their district. And Enumclaw expresses nothing during that hearing but acceptance of the MPD as presented.

As the Comprehensive School Mitigation was being drawn up and reviewed by Yarrow Bay's attorney, the City of Black Diamond's City staff and attorneys, and Enumclaw School District and their attorneys, no comments or references are made to adjustments to any boundaries.

The Enumclaw School District, as was already noted, spends over $300,000 of their district's general taxpayer funds for legal advice during this process, for review and guidance during a lengthy process that results in a consent by all three of those parties and a signed legal contract. In fact, in public hearings for the development agreement for the two master planned developments, the Enumclaw School Board sends a representative member to testify on behalf of their board. And what they say to Phil Olbrechts, the hearing examiner for the City of Black Diamond, is not only are they very pleased with their Comprehensive Mitigation Agreement, but they think it is one of the best school agreements in the state of Washington.

So that is the strong opinion that Enumclaw School District puts on the record with all of the facts of the boundary lines, school impacts and property ownership clearly known, delineated, and

presented for years. Based on the amount of taxpayer money expended by Enumclaw on legal guidance and advice for that process, one would also hope, right, that they thoroughly reviewed, analyzed, and understood the impacts to the Enumclaw School District. $300,000 is a lot of money to spend to say you didn't like the agreement you signed.

In my opinion, as a Tahoma School taxpayer and a Black Diamond resident, I think in truth, if it was going to be a Comprehensive School Mitigation Agreement, in all fairness, it should have been between the City of Black Diamond, the developer Yarrow Bay, and all three known school districts, whose property were within the master planned developments. That would be a Comprehensive School Mitigation Agreement to me.

All three of those school districts are identified as affected agencies at the EIS stage. Now, EIS, environmental impact, the whole point of it is where the impacts of the development, master planned or not, are to be identified but also mitigated. And so we have the three parties who are all identified as being impacted, but they're not all invited to that table to have a Comprehensive School Mitigation.

So this was not done. Neither the Kent School District nor Tahoma were invited to be parties to the negotiations, formation, or acceptance of this Comprehensive School Mitigation Agreement. As signed and reported, that agreement also does not make any changes or impacts to either Kent or Tahoma's districts. It is therefore improper for Enumclaw to take this action, then, now nearly three years after committing to terms that fully accepted existing conditions that were well known to them in the mitigation agreement, an agreement that they held up as one of the best in the state.

And what is the reason for this action by Enumclaw? There is nothing underlying this but greed. In truth, if Enumclaw were truly -- and still it would be belatedly and unfairly -- trying to rectify the sunderings that were rent by the MPDs from their original submission -- because those MPDs, from the beginning, had this shattered, broken, satellite, however you want to say it. But it was rent and sundered in the original MPD submissions.

And if Enumclaw were really now belatedly going to try and rectify those sunderings, then Enumclaw should have two petitions before this Board, one to adjust the boundary lines with the Kent School

District and one with the Tahoma School District. Because, again, Parametrix shows in their EIS that Kent is included in this.

Currently, the information on the master planned developments -- and I say that somewhat ironically, because it has now been 4.5 years since the master plans were submitted, and yet there are many things we don't know. We don't know all the school sites. We don't know the sewer plan. There's so many things that are unknown.

But in the current iteration of the master plans floating around, the land in the Kent School District, associated with The Villages MPD, is being shown as likely to have sewer storage units on it. So maybe that's why Enumclaw has no interest in absorbing that land.

However, with the Tahoma property, the Enumclaw School District sees that there is nothing in covering it and there's nothing but money to be gained from that. This is wrong, and it's unprecedented. In truth, this land is really unlikely to be developed for more than the next 15 years. And everything is speculation. But the Enumclaw School District has no solid basis on which to base this request. Their motives, again, are just

greed.

The Enumclaw School District has been inaccurate consistently in its presentation of the facts of this matter. And I find that upsetting, especially as a parent who demands excellence in facts and presentations from my school district.

The numbers have been completely blended at all times. And it's important to know this property is associated with only Lawson Hills, which is only to have 1,200 homes, if it's ever even built. At this point, no preliminary plats have been put in. Again, 4.5 years later, no preliminary plats have been applied for in Lawson Hills, only in The Villages. And no clearing and grading permits have been filed for Lawson Hills, only in The Villages property.

Enumclaw School District has consistently said it will have tens of thousands of students and thus should be given this 35 acres. In truth, Enumclaw School District will only have the impact of students from 1,200 homes from the Lawson Hills development and the Tahoma land they seek to take is 53 acres in size. Enumclaw School District is well aware that they already have more dollars per head for students in their district than Tahoma does.

Tahoma is a district I'm very proud of and have

two very good students in. This is a district who consistently turns out a constitutional debate team that has represented the state of Washington at nationals for 18 out of the last 23 years. This is Tahoma, who had 167 students earn the designation of AP Scholar this year alone. 18 of those are Advanced Placement National Scholars from the American College Board.

CHAIRMAN ROLLINS: Can you wrap it up, please?

MS. WHEELER: These are students who are already challenged and don't deserve to have any more challenge. The Enumclaw School District boundary adjustment request is unjustified, and if allowed, creates an unlawful precedent for legally binding agreements to be executed that affect legal property owners who have been completely excluded and excised from the agreement process; in this case, the Comprehensive School Mitigation Agreement process. That would be absurd. Do not approve absurdity. Thank you.

CHAIRMAN ROLLINS: Thank you. And Todd Mitchell. Am I reading this right?

MR. MITCHELL: Yeah.

CHAIRMAN ROLLINS: Thank you.

MR. MITCHELL: Good evening, members of the Council. I will truly make this brief. I am here representing the Greater Maple Valley Unincorporated Council. All right? Greater Maple Valley Unincorporated Area Council is wholly made up of residents of unincorporated Tahoma School District. All right? Those are the people that we represent. What we do on a -- as an elected body of King County government to represent these individuals, what we do is we look out for the best interests of the -- things going on in our areas.

We have looked over this issue. We've found that it is definitely not in the best interest of the residents of Tahoma School District for this transfer to take place. We, as a matter of fact, find that it is -- negatively impacts the citizens of the Tahoma School District.

So to go along with the written submission that we put in, we just felt that it was important that we came here and we expressed our opposition to this transfer of the property. But thank you very much for your time tonight, and I appreciate whatever your deliberations come out to. Thank you.

CHAIRMAN ROLLINS: Thank you.

Before I close the public hearing portion of

this, I want to offer both districts one last final-comments period. You can use it to restate your points, rebut any information that you had. Because of the information and with the time that we've tasked, I would appreciate if you could keep it to five minutes, and I'll give you a couple more beyond that if necessary. Enumclaw.

MR. NELSON: I stand before you as a superintendent of 4,200 students, with a school district that is going to grow substantially. We as a school district tried to be as proactive in our planning once we knew two master planned developments were entering or school district.

There's clearly two separate processes that need to occur in this case of two master planned developments. The first was a mitigation agreement in which we entered with Yarrow Bay Holdings and the City of Black Diamond. The hearing examiner has no say to transfer land between school districts. That's between two school boards. And if two school boards can't come to agreement, there's legal processes in which we are here tonight. To try to blend the two is not appropriate.

We tried to hit through the mitigation part of the agreement first. And as our attorney stated,

when decisions started to come down that looked like the process was going to -- the master planned developments were more in line to possibly happen -- they're still in process -- but when decisions came down that made us feel it was time to go through the second part of the process, we began that. And as we clearly stated, that occurred in April of 2012.

The School Mitigation Agreement was presented for the first time in October of 2009. Our board of directors did not approve it for one full year until December of 2010. The City of Black Diamond did not approve it until January of 2011. Full chance for public comment and for ample opportunity for people to review and see it. We've not removed that from the home page of our website.

From our calculations, it's not true that more than half of the students from Black Diamond are at other school districts. It is true that the first five years of a mitigation agreement is a lower impact fee. That mitigation agreement was signed in January of 2011. Three years will pass in January 2014 without any homes. Is that mitigation agreement going to be a good one? Yes. Because the higher impact fees are going to happen, not in five years, but in two.

Traffic patterns indicate from the draft EIS that people leave Black Diamond and shop in Covington and Maple Valley. To change patterns of the thought process of Maple Valley and Lake Sawyer coming back to the triangle would have to take a complete change of culture in terms of what the draft EIS says. There's no land in the Kent School District in the master planned developments.

And we do believe this is an issue about kids. We believe this is an issue about 3,500 kids that are going to come to our school district in what is called master planned development. We're not going after Lake Sawyer, which is also -- which has been since Black Diamond came into our district, Lake Sawyer is also now part of city of Black Diamond since the time it became our school district, just like the triangle portion. That was our point.

Our point in -- in the -- coming here before you is that the master planned development should reside in one school district, and the triangle portion is a key part of that master planned development by Tahoma. We thank you for your time and respect your decision.

CHAIRMAN ROLLINS: Thank you. Tahoma, any final words?

MR. GANSON: Unless there are questions from the Committee, the district feels like it's been heard by the Committee.

CHAIRMAN ROLLINS: Okay. Thank you.

At this time, I declare the public hearing closed, and we are now in a public meeting. What that means is that we will receive no more public testimony. We do have the option of a Committee member asking a question of a member of the public or proponent or opponent, but we will entertain no further testimony.

I'd also like to go over the guidelines of how we work through the question list. As some of you -- as you've all heard, there's a state statute that requires us to go through a list of questions, basically. It used to be a list of eight or nine, and now it's up to 16 or 18 or 21.

MR. WILCOX: 21.

CHAIRMAN ROLLINS: It just keeps growing.

MS. KOEHLER: 21.

CHAIRMAN ROLLINS: And there's subsections to some of the questions. What I want to point out is that there is no weighting factor to any single one of these areas of discussion. You can't assign a point value. You can't say, Well, we got 15

of the 21 questions, so it should pass. That is not how this process works.

We discuss each question on an individual basis, we form our own opinions, and then we place in our judgment a value on that particular area of discussion. It may be that one of these areas may be something that has a very high value, and obviously there's going to be some in here that have absolutely no meaning whatsoever for the discussion. But we have to go through all of them. That is mandated by our requirements.

So we will now go through our question list and have our discussions. Does any Committee member have any questions before we begin?

MS. KOEHLER: No.

CHAIRMAN ROLLINS: Okay. Question No. 1: Will approval of the proposed transfer, balance both local requests and the needs of the statewide community at large, in a manner that advances the best interests of public education in the affected school districts, communities, educational service districts, and the states [sic]? And these will all be referenced to RCW 28A.315. This particular piece is 015(2)(a).

Discussion, Committee. Yes, sir.

MR. WILCOX: Yeah, thank you. First of all, I'd like to thank both districts and all the people that spoke tonight to come before us and talk about a very difficult and very serious issue. There's no question about it. I've been in education for 35 years, and this is one of the bigger -- one of the biggest ones I've been involved with.

I have a couple real quick questions, just clarification. I think I know the answer already. One is: Enumclaw, in 1975, you and Black Diamond incorporated, right? Okay. And most the students at that particular time were going to Enumclaw school, right? Today, do you have an interdistrict transfer? Or how's that work, once again? Some students are going to Tacoma [sic] right now and some are going to Enum -- would you talk about that or explain a little bit, please?

MR. NELSON: The interdistrict --

MR. WILCOX: Do you understand what I'm --

MR. NELSON: Interdistrict waivers we have between school districts.

MR. WILCOX: Okay. And one gentleman said that less than half actually attend the Enumclaw

School District; is that...?

MR. NELSON: I believe he was referencing half of the students within the city of Black Diamond.

MR. WILCOX: In Black Diamond. Okay, fine. Thank.

And the other question real quickly is that, now, one side says -- this is for Tacoma -- or Tahoma. Excuse me. I'm from DuPont, so I live right next to Tacoma. Excuse me. This is for Tahoma. One side says there's nothing in Tahoma developing. The other side said yes, there is something developing.

Could you elaborate just real quickly about what is happening in your city as far as development? Is there any development at all? I'm not quite sure what's happening.

MR. MARYANSKI: Yes, there's development in the city of Maple Valley. What we're learning from the City is that they're very concerned because it's being builted out. And currently their major source of revenue is through home building. And they have identified potentially about 800 new building lots in the city, and when those are built out, there's a concern.

There still is the "Donut Hole" that was referred

to by both parties, that is there is no agreement as to what will be built there. The City is looking to diversify the tax rolls and has a vision, but that vision is not on a piece of paper yet or an agreement with King County.

MR. WILCOX: All right. Thank you, both of you. Thank you.

MS. MURRAY: Can you state your name, please?

MR. MARYANSKI: Mike Maryanski, superintendent.

MS. MURRAY: Oh. Thank you.

CHAIRMAN ROLLINS: Dan, any discussion on this?

MR. PFLUGRATH: (Shakes head.)

CHAIRMAN ROLLINS: Now, what's the Committee's view of the question? Does it balance -- does it provide a balance between the needs as listed?

MS. KOEHLER: Does it provide a balance? Will approval of the proposed transfer, balance both local requests and the needs of the statewide community? I say "no." I don't see the -- it's really hard for me to balance this when we're looking at property and not thinking about students.

And this is something that -- I've been on this Committee for 15 years, 20 years. And so when I'm thinking of this, it's just land. It's not when we -- when we considered this before, it's always been with students, and students in mind and their best interests and what's going to work.

So when I look at this, I say, no, I don't see that that -- approval will be, you know, balance both -- I mean, it's just -- it's very hard for me to differentiate, so -- and I have to -- I can't answer just "yes" or "no." Okay? Does that answer the question?

CHAIRMAN ROLLINS: Yeah. Dawn?

MS. WARREN: My opinion on this is, you know, there are no students directly involved in the property. I see it as, you know, causing a greater disparity with Tahoma and penalizing Tahoma on that issue.

CHAIRMAN ROLLINS: Dan?

MR. PFLUGRATH: Yeah, one of the things that wasn't mentioned was what the timeline is. I understand, as commercial properties develop, it lowers the tax rates overall, and that does have an impact on being able to pass bonds. But it was heard here a little bit earlier that the development

that's going to be on tap first, which they're already starting to start work on, is far removed from this location.

Therefore, I don't see -- again, I am not a land developer. I don't know as much about the Growth Management Act as I'd like to. But I don't see that that piece of property is going to contribute to your ability, Enumclaw's ability to pass the bonds until it gets developed. There's nothing there, so the land value that's going to the basis for the -- for the bond is not going to contribute anything for probably -- well, I don't know how long it will take to develop that.

When you need to be able to pass the bonds, which is over the next four or five years, is a contributing thing. So I don't see how that question can have any bearing on being able to make a favorable comment on that for Enumclaw School District.

CHAIRMAN ROLLINS: Okay. Larry, any comments on that?

MR. WILCOX: Yeah. I have a problem with it being with no students. Because education is about students. And this is what -- and I realize where you're coming from, Enumclaw. Because you're getting 3,500 new students, once again. But to raise

money and bonds, once again, I think is the direct responsibility of each district. And I think pulling this little area out from Tahoma doesn't really serve that much purpose. So, yeah, I really don't think that we're serving a great purpose -- or a great purpose here.

CHAIRMAN ROLLINS: Okay. Anyone else? Discussions on No. 1?

MS. KOEHLER: No.

CHAIRMAN ROLLINS: Remember, we're just discussing the different points right now.

MS. KOEHLER: Right.

CHAIRMAN ROLLINS: Okay. Let's move to No. 2: Will approval of the proposed transfer responsibly serve all of the affected citizens and students by contributing to logical service boundaries? And that's .15(2) -- (2)(b). Again.

MR. PFLUGRATH: There's no students to serve in that area and will never be.

MS. KOEHLER: And it pretty much goes with whatever we discussed with the first one.

MR. WILCOX: Mm-hmm.

MS. KOEHLER: Certainly applies with the second one. And, I think, talk about being

redundant. I think we'd be repeating ourselves again --

CHAIRMAN ROLLINS: Yeah.

MS. KOEHLER: -- with the same logical answers.

CHAIRMAN ROLLINS: Mm-hmm. Okay. Anyone else on No. 2?

All right. No. 3: Will approval of the proposed transfer responsibly serve all of the affected citizens and students by recognizing a changing economic pattern within the educational service districts of the state? And this is .015(2)(B).

And, now, remember, this piece, we're talking about all affected citizens and students. And that would apply to the entire districts, both districts, not just the piece which has no students.

MS. KOEHLER: Is it going to make an impact? Well, it could, if you decide that you can transfer territory because someone decided that there is right next to -- I mean, we have a lot of territories that have developments in -- both in a school district and in a city, and they cross boundaries. And could this set a precedent? Yeah, maybe it might. I don't know. But it could -- it could affect other service districts in the state.

It could. Will it? I don't think so.

CHAIRMAN ROLLINS: But is there a changing economic pattern? There's obviously a changing pattern of the populated area that's going to come with time with these. But does that make an economic pattern change? I'm not sure I see it.

MR. PFLUGRATH: The fact that it's zoned does not necessarily mean that there's going to be economic impact short term or long term. That really depends upon what the City councils do in both districts, where they develop.

MS. KOEHLER: City council.

CHAIRMAN ROLLINS: And even if they zone it that way, you got to have someone come in and actually do something.

MR. PFLUGRATH: And without that northern area being developed early on, I mean, it's going to be years and years and years before that has an impact that would affect the outcome of that question.

MS. WARREN: I think the short term, it would have a -- it would have a negative impact on Tahoma. We'd be seeing their base.

MR. PFLUGRATH: Absolutely. But is it a big impact? Probably. I mean, it's not a huge

impact that -- that one would really get -- I mean, it's the future revenue that is at issue, not the short term.

MS. KOEHLER: You want to take it away, yes, of course, every one of these questions, you're going to say it's going to negatively impact Tahoma because it's taking away revenue. And that -- so that is on every one of them. I'll say that. So yes, I agree with you. It does. It does impact them negatively.

CHAIRMAN ROLLINS: Okay. Question No. 4: Will approval of the proposed transfer enhance the educational opportunities of pupils in the territory by reducing -- well, we can stop there right now. There are no students, so this question is not applicable. So we don't need to discuss that particular question.

Will approval of the proposed transfer promote a wiser use of public funds through improvement in the school district system of the educational service districts and the state? That's .015(2)(D).

Well, it changes the use of the public funds. Is it a wiser use? That's a discussion point.

MR. WILCOX: Yeah, one quick comment. I notice in the meetings you had, and there

was quite a few people once again in Enumclaw that opposed this, and some of the people up here tonight oppose it from the standpoint of land use, use of parks, roads, and congestion and et cetera, et cetera, to go along with this land use -- go along with this master plan, plus getting the north territory -- or North Triangle -- excuse me -- and the bond. I just -- you know, I don't -- I don't see a wiser use for the public funds, no.

CHAIRMAN ROLLINS: Anyone else? Comments?

MS. KOEHLER: No, I have nothing.

CHAIRMAN ROLLINS: No. 6 deals with student educational opportunities. And again, because we're not dealing with students. But we have to consider, if we accept Enumclaw's position that this might make passing bonds difficult, then there could be an impact on educational opportunities in the Enumclaw District if this did not pass. So that particular question might still have some application even though there are no students in the proposed territory.

MS. KOEHLER: Okay. So my question is: Wouldn't it have a negative impact on the students in Tahoma? I mean, it would have a positive

impact on the students in Enumclaw. Then, again, wouldn't it have a negative impact on Tahoma's ability to pass bonds and --

CHAIRMAN ROLLINS: That's certainly a possibility.

MS. KOEHLER: Right.

CHAIRMAN ROLLINS: Yeah.

MS. KOEHLER: I mean, I'm just drawing both sides of the equation out.

CHAIRMAN ROLLINS: You can look at both sides, yes.

MR. PFLUGRATH: And the percentage for Tahoma is greater, I mean, has a greater impact, negative impact, than it would have positive impact the other direction.

MS. WARREN: I think it's shifting, not improving.

CHAIRMAN ROLLINS: Any other considerations on No. 6? We have considered that.

No. 7: Will approval of the proposed transfer affect the safety and welfare of pupils in the area proposed for transfer?

MR. WILCOX: There's no students.

MS. KOEHLER: There's no students.

CHAIRMAN ROLLINS: We don't have to

consider that particular one.

No. 8: Do current or proposed urban growth areas, city boundaries, or master planned communities impact the proposed area to be transferred? And the answer to that, of course, is "yes."

MS. KOEHLER: Yes.

CHAIRMAN ROLLINS: But is it -- is it something that really -- that really matters?

MS. KOEHLER: It matters a great deal to Enumclaw and a great deal to Tahoma. So yes, it does.

CHAIRMAN ROLLINS: I got my ESD hat on.

MS. KOEHLER: I know you do. But it does matter. And that's what they're asking us: Does it matter? Yes. It does matter, right?

MS. WARREN: Mm-hmm.

CHAIRMAN ROLLINS: Okay. Now, you know, there's been several times that city boundaries have come up in discussions.

MS. KOEHLER: Right.

CHAIRMAN ROLLINS: And we have seen -- you and I, since we've been on the Committee long enough, we've seen multiple requests to change because of city boundaries. And I go back to, what

does -- what does it do for the students?

When Auburn and Dieringer got together to look at the Lakeland Hills master planned development, which I happen to live in, it was initially decided between the two districts that it was better to match the city boundaries because Auburn grew into Pierce County and it made a better fit for the students. It's not that Dieringer didn't want the students, but it made better sense for the students. And again, in this particular area, we have no students.

MS. KOEHLER: We have no students. But they didn't mention students in here.

CHAIRMAN ROLLINS: No, they don't.

MS. KOEHLER: So it just -- they want you to answer "yes" or "no." And we've discussed it. And the answer is "yes" on this particular question.

CHAIRMAN ROLLINS: Yeah.

MR. WILCOX: Definitely.

MS. WARREN: Yes, it does impact it.

MR. WILCOX: It impacts.

MS. KOEHLER: It does definitely impact.

MR. WILCOX: Mm-hmm.

MS. KOEHLER: That's (4)(c),

205(4)(c).

CHAIRMAN ROLLINS: Yes. Thank you. I never read that part, did I?

MS. KOEHLER: I did for you.

MR. PFLUGRATH: I agree.

CHAIRMAN ROLLINS: No. 9: Are there any other facts pertaining to the history and relationship of the proposed transfer area to the students and communities affected that should be considered? .205(4)(c).

Well, again, there are no students --

MS. KOEHLER: There are no students.

CHAIRMAN ROLLINS: -- to be considered. And as mentioned historically, this has been Tahoma property. It's within the Tahoma boundaries. Judging by the terrain map that they've shown us, I can -- I have a pretty good feeling, myself, that unless there's some particular commercial enterprise down in that lower section, people aren't going to travel down there, will stay up on the higher part.

That -- that happened with me. When they -- when they built out my neighborhood, we originally had no commercial on the top. We had to go into -- down the hill and into the lower part. Once they built the

commercial up there on top, the vast majority of my purchases has remained up there, because it's simpler. We don't want to go up and down a hill if we don't have to. So history -- you know, when there's no history. And like they say, the city limits --

MS. KOEHLER: The students --

CHAIRMAN ROLLINS: The city limits only switched eight years ago.

MS. WARREN: 2005.

MS. KOEHLER: So it's not a major history.

CHAIRMAN ROLLINS: Right.

MS. KOEHLER: Okay.

CHAIRMAN ROLLINS: Any other discussion there? Okay.

MS. WARREN: Hmm-mm.

CHAIRMAN ROLLINS: Okay. I think we're going to get -- we're now into Question 10: Will geographic accessibility warrant a favorable consideration of the recommendation for a change?

And this has subset questions. They all deal with the transportation of students. And since there are no students, I believe we can pretty much forego all sections of Question 10. Any other thoughts on that?

MS. WARREN: No.

MR. WILCOX: No.

MS. WARREN: It's not applicable.

MR. WILCOX: Nope.

MS. KOEHLER: So it's not applicable. It's considering transportation.

CHAIRMAN ROLLINS: Correct.

So then Question 11 discusses transportation costs, which go hand in hand. So, again, there's really nothing to consider for any section of Question 11.

We're up to Question 12, which is the number of school-age children. So we don't have to discuss that.

Question 13: What is the assessed valuation of the property located in each school district and in each part of --

MS. WARREN: Excuse me. Could I interrupt you?

CHAIRMAN ROLLINS: Oh, yes.

MS. WARREN: Could you go back to 11c?

CHAIRMAN ROLLINS: Oh, certainly. Did I overlook something?

MS. WARREN: Yep.

MR. WILCOX: Mm-hmm.

CHAIRMAN ROLLINS: Ah, why didn't that -- why did I go over the "Transportation Costs"? You're right.

MR. WILCOX: Yeah. 11c, yeah.

CHAIRMAN ROLLINS: Yeah. C. Actually, it's "c" and "d." Neither one of them deal with transportation.

MS. WARREN: Right. I think we need to have discussion on that.

MR. WILCOX: Yeah. That's a "yes."

CHAIRMAN ROLLINS: Thank you for catching that, Dawn. That was -- I didn't -- I didn't look that closely at them. I'm sorry. So let's go back to 11c: Will approval of the proposed transfer result in a reduction in disparities in per-pupil valuation when all funding sources are considered?

Well, both sides have already admitted that, based on current numbers, it will increase the disparity.

MR. WILCOX: Increase the disparity.

CHAIRMAN ROLLINS: There's speculation that that will change in the future. But that's just speculation.

MS. WARREN: But again, it's

speculation. We don't have the hard --

MR. WILCOX: Yeah.

MS. WARREN: -- numbers.

CHAIRMAN ROLLINS: Mm-hmm. No guarantees. Comment, Dan?

MR. PFLUGRATH: No, I agree with -- there's not enough basis for the speculation at this time, anyway. I think the current numbers -- over the next four or five years, the current numbers will probably be the same.

CHAIRMAN ROLLINS: Yeah. So 11d: Will approval of the proposed transfer result in an improvement in the economies of administration and operation of schools? 205(4)(e).

MR. WILCOX: Total speculation on that.

CHAIRMAN ROLLINS: Yeah.

MR. WILCOX: There's no --

CHAIRMAN ROLLINS: I don't think there's an answer to that.

MR. WILCOX: There's no hard evidence on that.

MS. KOEHLER: We didn't really have a discussion about or hear about that.

CHAIRMAN ROLLINS: Yeah.

MS. KOEHLER: Because obviously it's all in the future.

CHAIRMAN ROLLINS: Yeah. That's all -- yeah, I just don't think there's an answer to that one.

MR. WILCOX: You can't answer that.

CHAIRMAN ROLLINS: Not with the information we have. And the fact that, again, there's no students involved, so there are no increase in teachers, no facilities, counselors, any of that.

Any other questions on "d" then?

MS. KOEHLER: Okay with it?

MS. WARREN: Mm-hmm.

CHAIRMAN ROLLINS: Okay. So No. 12 we skip, number of school-age children.

MR. WILCOX: I have a question on that real quick.

CHAIRMAN ROLLINS: Yeah.

MR. WILCOX: Yeah, Enumclaw has one set enrollment, and Tahoma has another set enrollment. So, for example, Enumclaw says they have almost 4,000 -- or, well, 4,200, and Tahoma has 71. And Tacoma [sic] comes back and says --

MS. KOEHLER: Tahoma.

MS. WARREN: -- no, Enumclaw had 45 and Tacoma [sic] has 77. Why the -- what are we basing this on?

MR. HOGE: I think that's because Enumclaw was using the annual average enrollments in the district, and Tahoma, as it said in some of its papers, was using the October 1st numbers, and those numbers are generally higher than the average of them.

MR. WILCOX: Thank you. Thank you.

CHAIRMAN ROLLINS: I remember that when I was PTA president at St. Helens.

Okay. So number 13 then: What is the assessed valuation of the property located in each school district and in each part of a district involved or affected by the proposed transfer?

So we saw those numbers as just under two million; was that correct?

MR. WILCOX: Mm-hmm.

MS. WARREN: 1,973,000.

MR. WILCOX: Yep. 1-9-7-3.

CHAIRMAN ROLLINS: And varied for -- overall value for either district was a minuscule percentage.

MR. WILCOX: About one percent?

CHAIRMAN ROLLINS: Not even close

to one percent.

MR. WILCOX: Yeah. Real tiny.

MS. KOEHLER: Right. Right now.

CHAIRMAN ROLLINS: Right now.

MS. KOEHLER: Okay. So --

CHAIRMAN ROLLINS: That's correct.

MS. KOEHLER: That's the whole key, is that right now it's minuscule.

CHAIRMAN ROLLINS: Yeah. Mm-hmm.

MS. KOEHLER: It's the possibilities.

CHAIRMAN ROLLINS: It's the way it's worded: What is the assessed valuation? So that is right now.

MS. KOEHLER: So it's minuscule. Sounds like a lot of money to me.

CHAIRMAN ROLLINS: Yeah. I'd take the check.

MS. KOEHLER: Paid two million bucks. But other than that...(Pause.)

CHAIRMAN ROLLINS: No. 14: Is there any bonded indebtedness of any school district involved or affected by the proposed transfer incurred? If so, what is its purpose?

We have to go back to --

MS. KOEHLER: Is there a bond and

indebtedness on land that's not --

CHAIRMAN ROLLINS: Probably not.

MR. PFLUGRATH: Somebody's paying property tax, I would guess.

CHAIRMAN ROLLINS: Just a general bond is for the entire district.

MS. KOEHLER: Not -- not -- I mean, yeah, I guess the Tahoma School District's been paying it since they've owned it.

CHAIRMAN ROLLINS: Well, the land doesn't belong to the district, you know.

MS. KOEHLER: Well, and then the County.

MR. PFLUGRATH: The property taxes are going to Tahoma, right?

CHAIRMAN ROLLINS: Somebody's paying the property taxes.

MR. PFLUGRATH: Their piece of the property taxes.

MS. KOEHLER: Taxes. Tahoma.

CHAIRMAN ROLLINS: Yes. But I guess my question for Tahoma is: What is your current bond indebtedness?

MS. AUNGST: We're looking it up.

CHAIRMAN ROLLINS: You're looking

it up. Okay.

MS. AUNGST: I do believe that it was a part of the responsive documents that were turned in.

CHAIRMAN ROLLINS: It probably is.

MR. GANSON: It's on the checklist.

CHAIRMAN ROLLINS: I think I've got it here.

MS. KOEHLER: Do our numbers coincide? There it is. Assessed valuation.

CHAIRMAN ROLLINS: Levy capital projects fund, 2.7 million for Tahoma, 1.2 million for Enumclaw. Those numbers sound -- that's the capital projects, and then -- actually, well, those -- all three of those are labeled levies now, not bonds.

MS. KOEHLER: It doesn't give me a dollar amount.

MR. PFLUGRATH: I don't remember seeing anything on the debt, but the piece of properties -- at this point in time, is such a small piece of that.

CHAIRMAN ROLLINS: Right.

MS. KOEHLER: It said Tahoma School District has outstanding bond indebtedness, which is incurred to pay for a combination of remodels,

additions, and new construction, Tahoma Junior High School.

CHAIRMAN ROLLINS: Right.

MS. KOEHLER: So they have some indebtedness.

CHAIRMAN ROLLINS: Yeah. Yeah, this -- this chart doesn't have the bonds. It just has the levies.

MS. KOEHLER: Yeah. That doesn't -- yeah, that doesn't count.

CHAIRMAN ROLLINS: No. But that does make me curious. This valuation we have here shows the estimated total impact on tax bill for a hundred-thousand-dollar home was Tahoma going up 31 cents and Enumclaw going down 41 cents. But does that only include the levies or does that include -- does that include the --

MS. MURRAY: That's everything.

CHAIRMAN ROLLINS: -- bonds? That is everything?

MR. PFLUGRATH: Including the bonds?

MS. MURRAY: Mm-hmm.

CHAIRMAN ROLLINS: Yeah. So that -- yeah, that shows that's a negative impact to Tahoma, but you'd need a slide rule with a lot of zeros --

MR. PFLUGRATH: Yeah.

CHAIRMAN ROLLINS: -- to calculate.

MS. KOEHLER: It does have indebtedness.

CHAIRMAN ROLLINS: Yes, it does.

MS. KOEHLER: And it would impact it. So what's its purpose?

CHAIRMAN ROLLINS: Well, what did that say? New junior high school.

MS. KOEHLER: Yeah. Yeah. Paid for a new junior high school and some other stuff.

CHAIRMAN ROLLINS: Okay. So No. 15. No. 15: Is there any history or relationship of any property, affected by the proposed transfer, to the students and communities affected by the proposed transfer?

And again --

MS. WARREN: No.

MR. WILCOX: No students.

CHAIRMAN ROLLINS: -- we're dealing with specifically the proposed transfer. So since there are no students and there never have been, then there really is no history relationship as far as that goes.

MS. KOEHLER: No.

CHAIRMAN ROLLINS: Any other thoughts there?

MS. WARREN: Nope. Not on that one.

CHAIRMAN ROLLINS: Okay. No. 16: Will the proposed transfer create any additional burdens to the districts? That's .245(5).

Well, in the basic tax revenue, yes, obviously it has -- it imposes a burden to Tahoma. As miniscule as it is, it's still a burden. There's no -- because there's no students, there's no cost involved.

MS. KOEHLER: No school pressure, no transportation pressure.

CHAIRMAN ROLLINS: No administrative costs whatsoever, really.

MS. KOEHLER: No.

CHAIRMAN ROLLINS: It doesn't amount to anything. So the answer is, does it create any additional burdens?

MS. KOEHLER: Yes.

MR. WILCOX: Yes.

CHAIRMAN ROLLINS: But it's --

MR. WILCOX: There's a loss of revenue. It extends the disparity between the two districts, and per-pupil expenditures are not in favor of Tahoma.

CHAIRMAN ROLLINS: Right. Any other discussion on 16?

Okay. No. 17: Describe the value, location, and disposition of all improvements -- there are none, so we can disregard Question 17. No improvements of any kind on the property.

No. 18: Are there any other sources of funding to consider that have not already been discussed above? That's .245(7).

MR. WILCOX: Hmm-mm.

MS. WARREN: No.

MS. KOEHLER: What other funding? What other sources of funding?

CHAIRMAN ROLLINS: They're going to receive the mitigation fees.

MR. WILCOX: Yeah.

CHAIRMAN ROLLINS: I'm going to make -- is my assumption correct here? If -- are there any mitigation fees from the commercial build-out on that property? Only on the residential homes? So there's no --

MS. KOEHLER: Only on residential?

CHAIRMAN ROLLINS: There's nothing to transfer. Leaving the property there has no -- it won't affect how much you receive in the way of

impact fees.

Any other comments, Committee?

MS. KOEHLER: Hmm-mm.

CHAIRMAN ROLLINS: 19: Will the proposed transfer result in any other positive income [sic] that should be considered? And there is no RCW for that one.

MS. KOEHLER: Well, as Enumclaw stated, that they feel that if it was transferred, that it would be very beneficial to them in helping them --

CHAIRMAN ROLLINS: Mm-hmm.

MS. KOEHLER: -- pass levies and bonds.

CHAIRMAN ROLLINS: Yeah. And to look at the other side, you can always say that they can always go to the voters and say, Okay, we tried to get this and we were turned down, but we made our best effort, so we were still looking out for you.

MS. KOEHLER: Right. But that's -- yes.

CHAIRMAN ROLLINS: Got to look at both sides.

MS. KOEHLER: And Tahoma could -- they'd go, Wait a minute. You gave away -- you got

your property taken away from you. How's that going to affect them passing it? So if you want to know, yeah, could be positive; it also could be negative. That was the bottom one, and I just answered it. I was so quick. But I'm just saying, for one person, it would be positive, and then for the other, it would be negative.

CHAIRMAN ROLLINS: Yeah. And that's probably it. The positive outcome is going to depend on who the juror is.

MS. KOEHLER: I would say.

CHAIRMAN ROLLINS: Who's asking the question.

MR. PFLUGRATH: Same for Question 20.

CHAIRMAN ROLLINS: Yeah.

MR. PFLUGRATH: Are there any negative outcomes? And depending on which side you look at that.

CHAIRMAN ROLLINS: Pretty much it's the opposite side of the same coin. So, and again, negative outcome could be that Enumclaw has more difficulty passing their bonds, and if we did transfer the property, it might make Tahoma's ability to pass bonds more difficult. It can go both ways.

MS. KOEHLER: Right. So 21.

CHAIRMAN ROLLINS: Any other negative outcome anyone wants to throw out there?

Okay. Final question, 21: Are there any other factors, in the district's judgment, that are important or essential to the making of an equitable adjustment of assets and liabilities?

Well, there are no assets and liabilities to adjust in this.

MR. WILCOX: No.

MS. WARREN: No.

MR. WILCOX: None.

CHAIRMAN ROLLINS: Jane, answer that for me. Since there no properties, it's just raw land. We would still have an asset change.

MS. MURRAY: It would just be that assessed value of that area that would be.

MS. WARREN: It was shipped.

MS. MURRAY: It was shipped over to the other school district so that their assessed value would increase.

CHAIRMAN ROLLINS: But there's no other impact whatsoever?

MS. MURRAY: Yeah. Nothing. No --

CHAIRMAN ROLLINS: Other than --

MS. MURRAY: No assets.

CHAIRMAN ROLLINS: -- the site change, the site change for the two districts.

MS. MURRAY: Yeah.

CHAIRMAN ROLLINS: Okay. So there's really no difficulty making an equitable adjustment, because it's a simple matter of raw land.

MS. KOEHLER: It's the raw land transfer.

CHAIRMAN ROLLINS: Okay. That means we have discussed all 21 questions and their various sub-questions.

Any final discussion before someone makes a motion? What did I do with our motion sheet?

MS. MURRAY: Oh, here. There's two.

MS. SHAW: There's two motions.

CHAIRMAN ROLLINS: I've probably got one here somewhere. Let me find it.

MS. SHAW: Dawn, we need a copy of that signature sheet back. You got it?

CHAIRMAN ROLLINS: Single sheet. There you go.

MR. WILCOX: I got several of these. I was wondering why so many.

CHAIRMAN ROLLINS: Deal with the government, you have paperwork.

MR. WILCOX: That's true.

MR. PFLUGRATH: Everybody have one? I have an extra one.

MR. WILCOX: Yeah, I got --

MS. KOEHLER: We got lots of extras laying around.

MR. PFLUGRATH: I think we got --

MR. WILCOX: Okay.

CHAIRMAN ROLLINS: So any further discussion under any area by a Committee member? Any last questions before someone makes a motion?

And we will -- we have two options. We have an option to motion to approve or a motion to deny. If we do move to approve and it passes, then we have to do the transfer of assets and liabilities as well.

So will someone make a motion?

MR. WILCOX: Yeah. I'll go ahead and make my motion here. I'd like to make a motion that we deny the petition.

MS. WARREN: I second that motion.

CHAIRMAN ROLLINS: It's been moved and seconded. And I will read the full text of the motion to deny:

After consideration of the factors pertinent to a transfer-of-territory petition, Puget Sound ESD

Regional Committee on School District Organization moves that the transfer of territory from the Tahoma School District to the Enumclaw School District be denied on the basis that the evidence, rationale, and the weight of the facts lead to denying the transfer of territory.

Moved and seconded. Discussion by the Committee. Anyone else have anything further to add?

Okay. Call for a vote.

MR. PFLUGRATH: I vote to deny.

MS. KOEHLER: Deny.

MS. WARREN: Deny.

MR. WILCOX: Deny.

CHAIRMAN ROLLINS: It's unanimous. The Committee has voted to deny the transfer of territory.

Jane, do we have any other matters to come before the Committee?

MS. MURRAY: Hmm-mm. Not currently.

CHAIRMAN ROLLINS: Anyone want to make a motion to adjourn?

MR. PFLUGRATH: I make a motion to adjourn.

MR. WILCOX: Second.

CHAIRMAN ROLLINS: All in favor?

(All say "aye.")

CHAIRMAN ROLLINS: Again, thank you, everyone, for your time, consideration you've given us. This was a difficult one; I'll be honest with you.

MR. WILCOX: Very.

CHAIRMAN ROLLINS: My thoughts went both directions for the past couple weeks. We've given it a lot of thought. Thank you very much.

(Proceedings adjourned at 9:22 p.m.)

STATE OF WASHINGTON)
) ss
County of Pierce)

I, John M.S. Botelho, CCR, a certified court reporter in the State of Washington, do hereby certify:

That the foregoing hearing before the **Puget Sound Educational Service District Regional Committee on School District Organization** was conducted in my presence and adjourned on **October 3, 2013**, and thereafter was transcribed under my direction; that the transcript is a full, true and complete transcript of the proceedings, transcribed to the best of my ability;

That I am not a relative, employee, attorney or counsel of any party to this matter or relative or employee of any such attorney or counsel and that I am not financially interested in the said matter or the outcome thereof;

That I am herewith securely sealing the said transcript and promptly delivering the same to **Jane Murray, Assistant Fiscal Officer.**

IN WITNESS WHEREOF, I have hereunto set my signature this 17th day of October, 2013.

_____

John M.S. Botelho, CCR
Certified Court Reporter No. 2976
(Certification expires 5/26/14.)

$

$195 [1] - 67:20
$229 [1] - 18:22
$300,000 [2] - 94:8, 95:5
$386,000 [1] - 86:6
$548,478 [1] - 39:14
$600,000 [1] - 40:17

'

'75 [1] - 10:15

0

015(2)(a) [1] - 105:24
015(2)(B) [1] - 112:12
015(2)(D) [1] - 114:21

1

1 [3] - 88:4, 105:17, 111:8
1,200 [4] - 10:24, 93:6, 98:10, 98:20
1,250 [1] - 89:25
1,973,000 [1] - 125:19
1-9-7-3 [1] - 125:20
1.2 [1] - 128:12
1.9 [2] - 19:11, 51:25
10 [5] - 11:25, 42:10, 53:6, 120:18, 120:24
100 [1] - 3:25
101 [1] - 4:4
104 [1] - 4:5
105 [1] - 4:6
11 [4] - 86:2, 93:2, 121:8, 121:11
11c [3] - 121:21, 122:4, 122:14
11d [1] - 123:11
12 [2] - 121:12, 124:15
12th [1] - 7:19
13 [2] - 121:14, 125:12
137 [1] - 4:7
14 [1] - 126:20
15 [6] - 24:20, 97:22, 104:25, 109:2, 130:12, 130:13
15(2 [1] - 111:17
150 [1] - 54:11
16 [4] - 3:5, 104:16, 131:4, 132:2
167 [1] - 99:5
17 [3] - 3:6, 132:3, 132:5
18 [4] - 99:4, 99:6, 104:16, 132:7
19 [1] - 133:4
1975 [3] - 10:12, 14:4, 106:11
1980 [1] - 29:10
1999 [1] - 23:11
19th [1] - 83:16
1A [1] - 90:8
1st [1] - 125:7

2

2 [4] - 26:9, 88:6, 111:14, 112:7
2)(b) [1] - 111:17
2,025 [1] - 11:5
2.7 [1] - 128:12
20 [8] - 3:7, 11:25, 12:9, 30:17, 51:22, 79:21, 109:2, 134:14
20-year [1] - 11:10
2000 [1] - 10:19
2005 [4] - 14:6, 14:8, 60:24, 120:9
2007 [2] - 25:25, 36:19
2008 [1] - 23:6
2009 [4] - 83:4, 93:14, 102:9
2010 [6] - 19:4, 37:17, 56:23, 83:19, 93:17, 102:11
2011 [3] - 88:17, 102:12, 102:21
2012 [3] - 15:13, 88:18, 102:7
2013 [3] - 5:2, 30:24, 37:1
2014 [11] - 26:6, 36:19, 37:2, 37:4, 38:10, 38:12, 39:3, 39:14, 39:25, 40:16, 102:22
2015 [1] - 37:20
2019 [1] - 40:12
2020 [4] - 30:24, 37:20, 46:11, 65:19
2021 [1] - 41:6
2025 [1] - 37:20
2030 [8] - 30:24, 37:21, 40:24, 41:7, 41:11, 41:13, 46:11, 65:19
205(4)(c) [2] - 119:1, 119:10
205(4)(e) [1] - 123:14
21 [7] - 104:16, 104:17, 104:20, 105:1, 134:25, 135:3, 136:10
23 [1] - 99:4
245(5) [1] - 131:6
245(7) [1] - 132:9
24th [1] - 7:19
25-plus [1] - 35:3
2716 [1] - 29:4
28A.315 [3] - 44:14, 44:18, 105:23
28A.315.095 [1] - 8:23
29 [1] - 3:8

3

3 [2] - 5:2, 112:8
3,500 [2] - 103:10, 110:25
3,542 [2] - 38:7, 39:11
3,600 [1] - 10:23
3.1 [4] - 19:12, 84:20, 84:23, 84:24
30 [2] - 24:20, 51:22
31 [1] - 129:14
320 [1] - 10:25
34 [1] - 3:9
34-year [1] - 87:8
35 [3] - 3:10, 98:18, 106:6
36 [1] - 86:2
360.586.1197 [1] - 2:10
360.664.0662 [1] - 2:10

4

4 [3] - 13:22, 13:23, 114:12
4)(c [1] - 118:25
4,000 [1] - 124:23
4,200 [5] - 9:9, 9:10, 101:9, 124:23
4,474 [1] - 38:12
4,800 [2] - 90:1, 92:23
4.5 [2] - 97:6, 98:12
40100 [1] - 2:9
41 [1] - 129:15
42 [2] - 3:11, 3:13
45 [1] - 125:1

5

50 [1] - 26:25
51 [1] - 3:14
53 [2] - 91:19, 98:21
54 [1] - 67:12
55 [1] - 3:15
5th [2] - 67:22, 83:4

6

6 [3] - 5:10, 115:13, 116:19
6,000 [1] - 11:1
6,050 [1] - 31:3
60 [1] - 27:1
67 [1] - 3:16
680 [1] - 11:5
6:00 [1] - 5:3

7

7 [1] - 116:20
70 [1] - 3:18
71 [1] - 124:23
74 [1] - 3:19
77 [2] - 3:21, 125:2
7:41 [1] - 70:15
7:51 [1] - 76:21
7:52 [1] - 77:11

8

8 [3] - 22:25, 23:5, 117:2
80 [2] - 3:22, 38:17
800 [2] - 5:2, 107:22
837 [1] - 11:5
87 [1] - 3:23
88 [1] - 18:21
8:05 [2] - 76:21, 77:11

9

9 [2] - 3:4, 119:6
90 [1] - 3:24
930 [1] - 10:25
98504-0100 [1] - 2:9
9:22 [1] - 139:11

A

abilities [1] - 20:24
ability [8] - 45:24, 58:21, 62:15, 66:23, 110:8, 116:3, 134:23
able [11] - 6:8, 9:22, 9:25, 34:3, 52:8, 66:22, 68:6, 73:21, 109:24, 110:14, 110:17
absolutely [3] - 55:23, 79:18, 105:8
Absolutely [1] - 113:24
absorbing [1] - 97:15
absurd [2] - 62:13, 99:20
absurdity [1] - 99:20
abundantly [1] - 84:9
accept [1] - 115:16
acceptance [2] - 93:24, 96:3
accepted [1] - 96:9
accessibility [2] - 62:17, 120:19
accomplish [5] - 44:13, 56:12, 56:19, 74:17
accomplishes [2] - 58:4, 59:17
according [2] - 25:19, 43:18
account [1] - 74:2
accounting [1] - 35:4
accredited [1] - 35:5
achieve [1] - 47:20
achievement [1] - 68:1
acknowledge [1] - 43:12
acknowledged [1] - 60:21
acknowledgment [1] - 43:19
acquire [1] - 17:5
acquired [1] - 18:2
acres [3] - 91:20, 98:18, 98:21
Act [16] - 22:22, 23:8, 23:16, 30:10, 30:25, 44:8, 44:14, 44:17, 44:19, 60:16, 62:11, 71:23, 74:2, 74:5, 74:23, 110:6
action [4] - 17:2, 91:25, 96:8, 96:13
active [1] - 91:18
actual [2] - 37:17, 64:19
Adam [5] - 3:16, 7:10, 43:5, 67:6, 67:8
ADAM [1] - 67:7
add [6] - 25:9, 31:4, 33:1, 39:8, 39:19, 138:8
added [3] - 23:7, 73:25, 74:2
Adding [1] - 31:3
addition [2] - 35:5, 74:3
additional [7] - 24:16, 47:23, 47:24, 53:15, 85:8, 131:5, 131:18
additions [2] - 33:3, 129:1
address [4] - 46:2, 72:14, 72:17, 88:18
addressed [1] - 65:13
addressing [2] - 22:13, 72:21
adequate [3] - 81:18, 84:6, 86:24
adjoining [1] - 91:8
adjourn [2] - 138:21,

138:23
adjourned [1] - 139:10
adjunct [1] - 51:2
adjust [2] - 96:25, 135:8
adjustment [4] - 90:20, 99:14, 135:6, 136:5
adjustments [2] - 78:17, 94:5
administration [3] - 62:24, 63:2, 123:13
administrative [1] - 131:13
administrator [1] - 50:20
administrators [2] - 20:23, 69:13
Administrators [1] - 21:1
admitted [1] - 122:18
ado [1] - 9:5
Advanced [1] - 99:6
advances [2] - 56:3, 105:20
advice [2] - 94:9, 95:3
advocate [1] - 81:4
aerial [2] - 48:1, 48:15
affect [6] - 99:16, 112:25, 113:19, 116:21, 132:25, 134:2
affected [28] - 25:21, 30:14, 56:4, 57:23, 58:6, 58:7, 58:20, 60:13, 60:14, 60:19, 60:20, 62:21, 75:3, 75:4, 92:17, 92:20, 93:12, 93:21, 95:18, 105:21, 111:15, 112:9, 112:14, 119:9, 125:15, 126:22, 130:14, 130:15
affirmatively [1] - 63:8
affluent [2] - 24:14, 53:19
aftermath [1] - 23:17
age [2] - 121:13, 124:16
agencies [2] - 92:20, 95:18
agency [2] - 93:12, 93:21
aggressive [1] - 85:24
ago [3] - 13:19, 34:12, 120:8
agree [7] - 85:5, 85:6, 86:14, 114:9, 119:5, 123:6
agreement [36] - 12:12, 12:13, 17:20, 34:22, 45:21, 64:23, 71:7, 71:10, 82:14, 83:3, 83:9, 83:18, 83:25, 84:4, 84:5, 84:19, 84:20, 85:1, 86:8, 86:9, 86:13, 86:18, 94:13, 95:7, 96:5, 96:11, 99:18, 101:16, 101:21, 101:25, 102:19, 102:20, 102:22, 108:1, 108:4
Agreement [11] - 84:22, 85:10, 88:8, 89:9, 89:15, 94:19, 95:11, 95:16, 96:4, 99:19, 102:8
agreements [2] - 94:20, 99:16
ahead [7] - 26:4, 30:24, 34:23, 36:24, 40:18, 40:19, 137:17
allowable [1] - 72:19
allowed [2] - 73:17, 99:15
allowing [2] - 45:11, 51:11
almost [3] - 39:24, 53:6, 124:23
Almost [1] - 54:8
alone [1] - 99:6
American [1] - 99:7
amount [8] - 18:21, 30:7, 30:14, 41:22, 54:1, 95:1, 128:17, 131:17
ample [1] - 102:13
analysis [13] - 29:23, 33:16, 33:18, 35:9, 36:1, 36:2, 36:4, 37:13, 37:20, 39:19, 40:4, 82:21, 93:2
analyst [1] - 82:17
analyzed [2] - 35:14, 95:4
Andersen [1] - 35:8
Anne [2] - 2:8, 5:19
annes1@atg.wa.gov [1] - 2:11
annexation [2] - 14:7, 64:23
annexed [1] - 60:23
annual [1] - 125:5
answer [12] - 23:4, 106:10, 109:10, 109:11, 117:5, 118:15, 118:16, 123:20, 124:4, 124:6, 131:17, 135:12
answered [1] - 134:4
answers [1] - 112:5
anticipated [3] - 31:10, 39:16, 85:24
anyway [1] - 123:8
AP [1] - 99:6
apologies [2] - 29:5, 34:3
apologize [1] - 86:20
appeal [1] - 93:18
appeals [1] - 78:10
appear [1] - 53:19
APPEARANCES [1] - 2:1
appearing [1] - 29:6
applicable [3] - 114:16, 121:3, 121:6
application [2] - 60:9, 115:20
applied [1] - 98:13
applies [1] - 111:24
apply [1] - 112:15
appraising [1] - 35:7
appreciable [1] - 33:13
appreciate [9] - 8:10, 76:24, 77:8, 77:14, 77:19, 91:1, 91:4, 100:22, 101:5
appropriate [2] - 24:16, 101:23
appropriately [1] - 22:4
approval [14] - 7:18, 26:25, 66:8, 82:2, 105:17, 108:21, 109:8, 111:14, 112:8, 114:12, 114:18, 116:20, 122:14, 123:12
approve [8] - 7:17, 26:23, 84:16, 99:20, 102:10, 102:12, 137:13, 137:14
approved [3] - 18:20, 55:4, 85:16
April [2] - 7:19, 102:7
Area [3] - 13:22, 13:23, 100:5
area [41] - 9:16, 13:21, 13:24, 17:7, 21:16, 21:21, 22:14, 25:8, 25:17, 30:7, 33:12, 34:15, 34:19, 62:6, 62:7, 63:1, 64:8, 64:12, 64:15, 64:18, 69:6, 71:12, 71:25, 87:9, 87:12, 87:18, 88:19, 88:24, 89:5, 89:11, 105:5, 111:3, 111:20, 113:4, 113:17, 116:21, 117:4, 118:10, 119:8, 135:16, 137:10
areas [25] - 22:22, 23:2, 23:3, 23:9, 30:23, 32:13, 32:20, 48:22, 55:4, 60:17, 62:11, 68:7, 69:17, 71:15, 71:24, 71:25, 73:14, 73:15, 73:19, 74:23, 84:16, 100:11, 104:24, 105:6, 117:3
argue [5] - 46:15, 46:19, 63:17, 65:11, 65:19
argued [2] - 88:12, 89:7
argues [1] - 25:22
arguing [1] - 89:3
argument [11] - 49:3, 49:4, 61:7, 61:9, 61:10, 61:11, 61:15, 61:17, 66:7, 88:4, 89:20
arguments [3] - 44:5, 63:19, 87:23
arrangement [1] - 71:5
arrow [4] - 13:2, 13:13, 13:18, 69:2
Arthur [1] - 35:8
aside [4] - 20:22, 33:2, 58:22, 65:19
aspects [2] - 16:23, 20:17
Assessed [2] - 26:21, 128:10
assessed [71] - 16:3, 25:23, 25:25, 26:9, 26:11, 26:16, 29:22, 31:16, 31:19, 31:20, 33:22, 35:24, 36:5, 36:8, 36:12, 36:15, 36:18, 36:20, 36:24, 37:4, 37:7, 37:11, 37:24, 38:18, 38:20, 38:22, 38:24, 38:25, 39:4, 39:6, 39:8, 39:12, 39:15, 39:16, 39:19, 39:20, 39:22, 39:25, 40:1, 40:3, 40:6, 40:8, 40:9, 40:14, 40:20, 40:25, 41:7, 41:8, 41:13, 41:16, 41:18, 42:2, 42:4, 42:8, 46:13, 50:15, 51:13, 52:1, 52:15, 52:16, 61:16, 62:8, 63:22, 64:18, 65:4, 66:3, 121:14, 125:12, 126:12, 135:16, 135:19
assessments [3] - 35:12, 59:22, 59:23
asset [1] - 135:14
assets [4] - 135:6, 135:7, 135:25, 137:15
assign [1] - 104:25
assist [3] - 20:13, 49:15, 51:6
Assistant [1] - 2:13
assistant [5] - 5:19, 5:21, 9:12, 50:23, 50:24
associated [2] - 97:13, 98:9
Association [1] - 20:25
assuming [2] - 59:4
Assuming [1] - 9:3
assumption [1] - 132:18
assumptions [1] - 55:9
assure [1] - 84:6
attached [2] - 50:11, 50:14
attempting [1] - 79:23
attend [3] - 33:15, 34:3, 106:25
attended [1] - 80:17
attorney [9] - 5:19, 6:17, 7:8, 20:10, 21:3, 83:13, 84:12, 94:2, 101:25
Attorney [1] - 2:8
attorneys [3] - 83:12, 94:3, 94:4
attract [1] - 53:21
Auburn [6] - 71:18, 71:19, 92:9, 92:17, 118:2, 118:6
audience [1] - 8:10
AUNGST [3] - 51:10, 127:24, 128:2
Aungst [4] - 3:14, 7:11, 43:3, 50:19
aunt [1] - 80:18
authority [1] - 45:7
authorized [1] - 54:5
AV [3] - 25:25, 26:7, 27:22
AV-per-student [1] - 27:22

availability [1] - 31:2
available [6] - 30:8, 30:14, 54:1, 55:12, 56:22, 69:16
Avenue [2] - 5:2, 29:4
average [2] - 125:5, 125:8
aware [1] - 98:22
aye [2] - 8:4, 139:1

B

background [1] - 80:25
bad [1] - 8:12
balance [12] - 22:13, 33:8, 33:23, 54:1, 56:1, 105:18, 108:17, 108:18, 108:21, 108:22, 108:24, 109:8
bar [1] - 73:5
bargain [1] - 45:19
Barrick [11] - 3:10, 6:18, 27:25, 29:20, 29:21, 34:1, 35:2, 35:3, 35:17, 35:22
BARRICK [2] - 6:18, 35:21
Barrick's [1] - 33:16
base [11] - 32:14, 33:4, 33:9, 33:25, 53:1, 53:5, 69:18, 72:8, 72:11, 97:25, 113:23
Based [1] - 95:1
based [7] - 29:14, 29:24, 33:16, 37:19, 55:19, 68:13, 122:19
Baseline [1] - 32:8
baseline [2] - 32:22, 33:1
basic [1] - 131:7
basing [2] - 55:14, 125:3
basis [12] - 25:8, 53:7, 54:2, 56:12, 57:15, 59:17, 97:24, 105:3, 110:10, 123:7, 138:4
Bay [9] - 10:18, 15:6, 45:21, 49:16, 75:12, 83:7, 84:24, 95:13, 101:17
Bay's [1] - 94:2
BDUGAA [1] - 10:17
BE [1] - 5:1
bearing [1] - 110:17
bears [1] - 79:2
became [5] - 10:11, 14:4, 14:5, 61:4, 103:16
become [1] - 10:6
becomes [2] - 52:1, 52:2
began [5] - 12:2, 15:12, 24:4, 92:14, 102:6
begged [1] - 82:18
begin [5] - 9:4, 21:12, 36:14, 37:11, 105:14
beginning [3] - 10:3, 11:24, 96:19
begins [1] - 21:9
begun [1] - 92:15
behalf [3] - 16:19, 29:18, 94:16
behind [5] - 15:22, 32:3, 33:18, 41:21
beige [2] - 47:6, 50:7
belatedly [2] - 96:16, 96:22
belief [1] - 16:5
Bellevue [1] - 30:18
belong [1] - 127:11
belonged [1] - 91:21
belongs [1] - 91:22
beneficial [3] - 57:25, 58:6, 133:10
benefit [3] - 31:22, 31:24, 87:25
Benefits [1] - 59:17
BERRYHILL [1] - 6:22
Berryhill [1] - 6:22
best [18] - 8:13, 8:14, 22:13, 56:3, 68:13, 69:10, 69:14, 69:19, 71:9, 77:19, 94:20, 96:12, 100:10, 100:13, 105:20, 109:6, 133:19
better [9] - 22:18, 33:23, 54:25, 56:21, 60:2, 68:21, 118:5, 118:7, 118:9
bettered [1] - 58:23
bettering [1] - 56:13
betterment [1] - 92:2
between [24] - 10:4, 33:8, 36:21, 41:7, 44:10, 46:13, 46:22, 47:18, 54:11, 60:25, 62:14, 65:17, 65:24, 66:5, 75:6, 75:12, 75:24, 95:12, 101:19, 101:20, 106:23, 108:18, 118:4, 131:23
beyond [2] - 87:1, 101:6
bifocals [1] - 85:19
big [4] - 21:10, 21:20, 66:21, 113:25
bigger [2] - 58:25, 106:7
biggest [1] - 106:7
bilingual [2] - 25:3, 25:12
bill [1] - 129:13
billion [1] - 26:11
bind [4] - 44:9, 45:3, 46:5, 46:17
binding [1] - 99:16
bit [8] - 21:9, 25:15, 34:24, 48:19, 54:19, 80:24, 106:18, 109:25
black [2] - 14:1, 47:4
Black [78] - 9:16, 10:4, 10:10, 10:15, 10:19, 11:14, 14:4, 14:7, 15:5, 17:5, 19:14, 21:9, 21:11, 21:13, 21:20, 22:2, 23:20, 27:4, 30:12, 30:20, 31:2, 32:2, 32:4, 32:12, 32:13, 34:17, 46:4, 47:3, 47:12, 47:14, 47:19, 48:18, 48:21, 48:23, 49:8, 49:25, 60:23, 64:20, 66:24, 69:5, 75:18, 75:19, 76:8, 78:1, 78:23, 78:24, 79:1, 79:3, 79:15, 83:5, 83:8, 83:18, 85:12, 87:23, 89:7, 89:21, 91:5, 91:12, 91:15, 91:16, 91:17, 92:6, 92:15, 94:3, 94:17, 95:9, 95:12, 101:18, 102:11, 102:17, 103:2, 103:14, 103:15, 106:11, 107:4, 107:5
blend [1] - 101:23
blended [1] - 98:7
Board [5] - 20:14, 67:9, 94:15, 96:24, 99:8
board [19] - 7:3, 7:9, 11:17, 12:10, 13:23, 15:14, 16:14, 16:15, 16:19, 43:5, 67:5, 67:11, 67:12, 69:13, 82:19, 84:7, 86:21, 94:16, 102:9
boards [2] - 101:20, 101:21
Bob [3] - 3:21, 77:23, 77:25
body [1] - 100:8
bond [17] - 26:20, 26:24, 26:25, 27:3, 27:14, 67:21, 81:8, 82:2, 82:6, 84:9, 90:15, 110:11, 115:8, 126:25, 127:6, 127:23, 128:24
bonded [1] - 126:21
bonds [21] - 17:15, 52:6, 66:23, 81:2, 81:5, 81:10, 82:9, 84:14, 109:24, 110:8, 110:14, 111:1, 115:17, 116:3, 128:15, 129:7, 129:19, 129:21, 133:14, 134:22, 134:24
borders [1] - 84:11
born [1] - 9:14
bottom [4] - 38:11, 52:6, 73:4, 134:4
bound [1] - 55:18
boundaries [47] - 15:19, 22:15, 22:23, 22:24, 23:2, 23:9, 23:15, 23:19, 30:9, 30:11, 30:15, 44:10, 44:16, 47:3, 47:5, 47:18, 58:10, 58:15, 60:17, 61:25, 62:1, 62:2, 62:4, 68:8, 68:23, 69:12, 69:16, 69:18, 69:20, 71:24, 74:23, 78:14, 78:15, 78:19, 78:20, 87:25, 93:16, 94:6, 111:17, 112:23, 117:3, 117:19, 117:25, 118:6, 119:16
boundary [9] - 44:21, 64:2, 64:9, 78:16, 90:20, 91:24, 94:24, 96:25, 99:14
Box [1] - 2:9
break [3] - 76:18, 76:19, 77:9
brief [2] - 67:16, 100:2
briefly [3] - 44:4, 71:3, 74:10
bring [3] - 6:2, 16:13, 18:4
broad [1] - 27:3
broader [1] - 87:2
broken [1] - 96:19
brothers [1] - 80:17
brought [2] - 92:1, 93:18
bucks [1] - 126:19
build [10] - 16:6, 16:25, 18:1, 67:23, 84:15, 85:3, 85:24, 86:25, 90:15, 132:20
build-out [6] - 16:6, 18:1, 84:15, 85:3, 85:24, 132:20
buildable [2] - 30:14, 31:3
building [5] - 18:1, 81:17, 90:8, 107:21, 107:23
buildings [1] - 12:11
built [20] - 11:7, 12:11, 12:12, 27:6, 39:20, 47:22, 64:21, 65:1, 68:16, 76:2, 82:1, 90:7, 90:10, 92:24, 93:7, 98:10, 107:23, 108:2, 119:23, 119:25
built-in [1] - 76:2
builted [1] - 107:20
burden [4] - 46:2, 46:24, 131:8, 131:9
burdened [1] - 82:10
burdens [2] - 131:6, 131:18
business [10] - 6:21, 12:25, 13:14, 18:9, 18:18, 32:21, 35:6, 35:10, 50:24, 50:25
businesses [4] - 17:6, 17:13, 18:9, 91:19
busting [1] - 67:24
bypass [1] - 83:20

C

calculate [1] - 130:2
calculated [1] - 39:6
calculations [1] - 102:16
canceled [1] - 83:18
cannot [4] - 28:3, 53:21, 60:10, 62:12
capacity [5] - 18:11, 53:2, 81:11, 84:14, 87:1
capital [8] - 26:20, 27:9, 29:13, 53:10, 58:22, 82:2, 128:11, 128:14
care [1] - 19:24
careful [1] - 20:19
carefully [1] - 27:17
carried [2] - 22:1, 22:6
carries [1] - 15:21
carry [1] - 17:16

Cascadia [1] - 85:13
case [8] - 33:20, 34:8, 46:16, 65:10, 81:3, 89:17, 99:18, 101:15
cases [4] - 26:14, 71:17, 72:5, 73:7
CASSELL [2] - 7:3, 16:17
Cassell [4] - 3:5, 7:3, 16:14, 20:14
catch [1] - 68:5
catching [1] - 122:12
category [1] - 60:3
causing [1] - 109:16
center [1] - 67:24
centers [1] - 48:16
cents [2] - 129:15
certainly [7] - 52:4, 56:19, 61:25, 74:17, 78:16, 116:4, 121:22
Certainly [1] - 111:24
certification [1] - 51:3
certified [2] - 35:6, 86:4
cetera [2] - 115:4, 115:5
chains [1] - 19:15
chair [1] - 12:11
CHAIRMAN [140] - 5:10, 6:5, 6:12, 7:1, 7:5, 7:12, 7:22, 8:3, 8:6, 42:17, 42:22, 70:14, 74:8, 76:16, 76:20, 77:13, 80:3, 87:4, 90:22, 99:9, 99:22, 99:25, 100:24, 103:24, 104:4, 104:18, 104:21, 105:16, 108:13, 108:16, 109:13, 109:19, 110:19, 111:7, 111:10, 111:13, 112:3, 112:6, 113:2, 113:13, 114:11, 115:10, 115:13, 116:4, 116:7, 116:10, 116:18, 116:25, 117:7, 117:12, 117:18, 117:22, 118:13, 118:18, 119:2, 119:6, 119:13, 120:7, 120:12, 120:14, 120:17, 121:7, 121:19, 121:22, 122:1, 122:5, 122:11, 122:22, 123:4, 123:11, 123:17, 123:19, 123:25, 124:3, 124:7, 124:15, 124:19, 125:10, 125:21, 125:25, 126:4, 126:6, 126:9, 126:11, 126:16, 126:20, 127:2, 127:5, 127:10, 127:16, 127:21, 127:25, 128:5, 128:7, 128:11, 128:22, 129:3, 129:6, 129:11, 129:19, 129:23, 130:2, 130:5, 130:8, 130:12, 130:20, 131:1, 131:4, 131:13, 131:16, 131:21, 132:1, 132:14, 132:17, 132:23, 133:4, 133:12, 133:15, 133:22, 134:8, 134:12, 134:15, 134:19, 135:1, 135:12, 135:21, 135:24, 136:1, 136:4, 136:9, 136:16, 136:20, 136:24, 137:9, 137:21, 138:14, 138:20, 138:25, 139:3, 139:7
Chairman [3] - 2:3, 5:15, 20:4
challenge [4] - 16:24, 17:10, 90:14, 99:13
challenged [1] - 99:12
challenges [3] - 24:7, 42:14, 78:7
chance [2] - 91:1, 102:12
Change [1] - 31:20
change [16] - 12:7, 12:9, 25:15, 37:7, 38:8, 51:18, 55:11, 103:3, 103:5, 113:6, 117:24, 120:20, 122:23, 135:14, 136:2
changed [2] - 12:7, 66:1
changes [7] - 22:16, 37:9, 37:11, 37:12, 91:24, 96:6, 114:22
changing [3] - 112:10, 113:3, 113:4
character [1] - 32:15
chart [3] - 36:16, 52:19, 129:7
check [1] - 126:17
checklist [2] - 65:13, 128:6
child [1] - 45:8
child-free [1] - 45:8
children [8] - 9:18, 9:22, 10:1, 17:11, 17:13, 81:15, 121:13, 124:16
Christmas [1] - 83:22
Cindy [6] - 3:22, 3:24, 80:5, 80:7, 90:24, 91:1
circumstances [1] - 89:16
cites [1] - 84:19
cities [5] - 10:6, 21:7, 30:12, 78:17, 88:1
citizen [1] - 9:2
Citizen [1] - 3:20
citizens [13] - 8:14, 45:23, 56:25, 57:23, 58:6, 58:7, 76:22, 86:21, 93:18, 100:16, 111:16, 112:10, 112:14
citizens' [1] - 77:15
city [67] - 10:15, 14:7, 21:11, 22:22, 23:2, 23:9, 23:18, 23:20, 44:11, 47:2, 47:3, 47:12, 47:14, 47:18, 48:18, 48:21, 48:23, 49:7, 49:25, 60:17, 60:23, 61:4, 62:1, 62:6, 64:5, 64:6, 64:10, 64:13, 64:20, 64:24, 65:1, 65:5, 65:7, 71:24, 74:23, 75:17, 75:19, 76:7, 76:8, 78:19, 78:22, 78:23, 79:3, 79:15, 80:9, 87:23, 88:4, 88:11, 88:16, 89:20, 91:12, 92:6, 92:7, 103:15, 107:3, 107:14, 107:18, 107:23, 112:22, 117:3, 117:19, 117:25, 118:6, 120:5, 120:7
City [30] - 10:19, 11:14, 15:5, 22:2, 29:11, 31:11, 46:4, 51:4, 69:16, 83:5, 83:8, 83:11, 83:13, 83:14, 83:18, 83:21, 85:4, 85:12, 89:7, 92:15, 94:3, 94:17, 95:12, 101:18, 102:11, 107:19, 108:2, 113:10, 113:12
claim [2] - 65:15, 78:18
claims [3] - 78:12, 79:6, 90:14
clarification [1] - 106:10
class [4] - 68:1, 68:3, 68:4, 68:5
clause [1] - 86:12
clear [4] - 21:17, 84:9, 92:21, 93:7
clearing [1] - 98:14
clearly [7] - 59:10, 59:15, 82:21, 82:23, 94:25, 101:14, 102:7
client [1] - 29:18
close [7] - 9:3, 27:8, 63:13, 75:18, 80:20, 100:25, 125:25
Closed [1] - 4:5
closed [2] - 37:2, 104:5
closely [1] - 122:13
closer [9] - 6:2, 6:6, 30:17, 47:25, 48:13, 50:2, 50:9, 57:10, 75:20
closing [3] - 18:4, 43:4, 63:14
Clover [2] - 18:9, 18:13
Code [1] - 8:23
code [1] - 85:15
codes [1] - 15:19
coin [1] - 134:20
coincide [1] - 128:10
Colby [1] - 29:4
colleagues [1] - 67:10
collectively [1] - 67:11
College [1] - 99:7
college [1] - 9:25
color [1] - 47:6
colors [1] - 50:7
column [2] - 39:3, 39:5
combination [1] - 128:25
coming [9] - 8:10, 30:5, 45:15, 53:23, 81:10, 81:13, 103:4, 103:18, 110:24
Comment [1] - 123:5
comment [7] - 24:9, 72:7, 92:20, 93:22, 102:13, 110:18, 114:25
Comments [3] - 3:20, 4:3, 115:11
comments [8] - 67:16, 77:5, 80:2, 93:13, 94:5, 101:2, 110:20, 133:2
commercial [39] - 14:18, 14:20, 15:11, 18:13, 18:18, 32:2, 32:5, 32:14, 32:17, 32:20, 32:22, 33:3, 33:5, 33:7, 33:12, 43:21, 48:10, 50:11, 50:13, 55:3, 55:5, 69:2, 69:3, 69:23, 73:15, 73:18, 79:20, 82:25, 86:15, 90:2, 91:18, 91:20, 92:25, 93:9, 109:22, 119:18, 119:24, 120:1, 132:19
Commercial [1] - 31:24
commitment [2] - 28:4, 29:7
Committee [48] - 2:2, 2:7, 5:4, 5:12, 5:15, 5:17, 5:21, 5:24, 7:19, 8:17, 8:22, 16:18, 19:7, 20:5, 22:9, 29:2, 42:12, 42:17, 42:24, 44:9, 47:9, 49:15, 51:7, 51:11, 51:24, 54:5, 55:14, 55:16, 56:7, 59:6, 67:8, 72:5, 75:1, 76:14, 76:17, 104:2, 104:3, 104:8, 105:13, 105:25, 109:2, 117:23, 133:2, 137:10, 138:1, 138:7, 138:15, 138:18
Committee's [4] - 22:25, 46:6, 65:9, 108:17
committing [1] - 96:9
common [2] - 19:9, 70:12
communities [22] - 22:3, 22:23, 23:3, 23:25, 29:9, 30:18, 32:6, 56:4, 60:20, 73:12, 74:1, 74:4, 74:24, 75:4, 79:8, 79:10, 87:2, 105:21, 117:3, 119:9, 130:15
community [22] - 15:18, 17:24, 23:10, 27:4, 29:11, 30:9,

32:2, 34:23, 56:2, 60:14, 61:3, 67:13, 67:20, 67:22, 72:3, 73:15, 73:18, 73:23, 80:22, 81:8, 105:19, 108:23
company [1] - 29:10
compare [1] - 37:2
compared [5] - 18:21, 21:20, 26:12, 72:5, 73:7
comparison [2] - 53:25, 60:4
comparisons [1] - 54:21
compatriots [1] - 20:22
complete [4] - 10:2, 67:4, 85:2, 103:5
completed [1] - 10:1
completely [2] - 98:7, 99:17
complex [1] - 12:13
comprehensive [6] - 11:15, 15:7, 20:20, 32:1, 32:15, 32:18
Comprehensive [12] - 84:21, 85:10, 88:8, 89:8, 89:14, 94:1, 94:19, 95:10, 95:15, 95:24, 96:4, 99:19
comprised [1] - 13:22
concept [1] - 82:7
concern [2] - 45:14, 107:24
concerned [2] - 66:25, 107:19
concerns [2] - 90:18, 93:15
concluded [1] - 34:6
concludes [1] - 20:1
conclusion [1] - 34:2
concurrently [1] - 93:17
conditions [1] - 96:10
confusion [2] - 14:25, 17:21
congestion [1] - 115:4
connected [1] - 14:11
connecting [1] - 15:11
connection [2] - 26:16, 48:25
consecutive [1] - 82:6
consent [1] - 94:11
Consequently [1] - 90:4
consider [11] - 22:21, 26:24, 36:7, 36:9, 70:9, 70:10, 90:18, 115:16, 117:1, 121:10, 132:8
considerable [1] - 63:21
considerably [1] - 31:5
consideration [6] - 72:3, 85:25, 89:14, 120:20, 137:24, 139:4
considerations [5] - 23:24, 24:23, 25:9, 26:13, 116:19
considered [7] - 78:10, 109:4, 116:19, 119:10, 119:14, 122:17, 133:6
considering [2] - 32:10, 121:6
consistent [7] - 22:7, 23:15, 23:21, 23:23, 36:21, 40:2, 78:19
consistently [4] - 51:16, 98:3, 98:16, 99:2
Constantine's [1] - 88:14
constituents [1] - 83:12
constitute [1] - 85:2
constitutional [1] - 99:2
constrained [1] - 30:22
construction [2] - 86:1, 129:1
consultant [4] - 6:19, 7:10, 29:12, 43:3
consultants [1] - 46:9
consultation [1] - 5:24
consumers [1] - 91:18
contemplate [2] - 61:7, 66:25
contemplated [1] - 45:2
contend [1] - 24:3
context [1] - 27:2
contiguous [3] - 12:23, 12:24, 13:11
continue [3] - 6:9, 16:5, 76:8
continued [2] - 26:2, 26:3
continues [1] - 40:23
Continuing [5] - 3:6, 3:9, 3:11, 3:15, 4:1
continuous [1] - 30:4
contract [1] - 94:12
contradictory [1] - 89:12
contribute [4] - 61:13, 61:21, 110:7, 110:11
contributed [2] - 38:18, 61:8
contributing [2] - 110:16, 111:16
control [2] - 86:17, 86:18
conversation [3] - 19:5, 70:2, 70:3
conversion [1] - 32:19
converted [1] - 83:19
copies [3] - 80:2, 92:19, 93:11
copy [4] - 28:14, 28:20, 35:18, 136:18
core [11] - 12:23, 12:24, 13:12, 13:15, 14:15, 15:12, 43:13, 48:13, 62:13, 78:7
Corey [5] - 3:5, 7:3, 16:14, 17:17
Correct [1] - 121:7
correct [4] - 11:8, 125:17, 126:6, 132:18
cosmic [1] - 70:25
cost [4] - 31:18, 31:22, 32:1, 131:10
costs [10] - 25:7, 27:9, 27:13, 45:14, 72:14, 82:11, 86:2, 86:7, 121:9, 131:14
Costs [1] - 122:2
Council [5] - 83:6, 83:9, 100:2, 100:4, 100:5
council [4] - 83:11, 83:21, 84:17, 113:12
councils [2] - 69:16, 113:10
Counsel [1] - 2:7
counsel [1] - 5:20
counselors [1] - 124:10
count [2] - 24:11, 129:10
county [1] - 10:9
County [21] - 10:17, 21:7, 21:8, 22:2, 22:17, 30:6, 34:15, 34:21, 64:11, 64:24, 71:19, 84:15, 88:13, 88:16, 88:20, 91:10, 91:14, 100:8, 108:5, 118:7, 127:13
County-owned [1] - 34:15
countywide [1] - 89:4
couple [12] - 18:5, 20:16, 24:8, 34:9, 40:19, 56:5, 67:10, 69:7, 71:3, 101:6, 106:9, 139:8
course [9] - 23:5, 26:8, 27:11, 37:8, 37:24, 47:7, 59:23, 114:5, 117:5
court [3] - 28:15, 77:17, 78:10
courts [1] - 24:5
cousin [1] - 80:19
cousins [1] - 80:16
covenant [1] - 85:5
covering [2] - 27:9, 97:19
Covington [1] - 103:2
CPA [2] - 28:1, 35:5
CPI [1] - 85:22
create [2] - 131:5, 131:17
created [1] - 31:19
creates [3] - 31:17, 31:25, 99:15
creating [3] - 19:15, 32:1, 92:1
credit [2] - 66:21, 85:23
credits [1] - 86:15
criteria [5] - 22:8, 22:11, 23:7, 23:10, 72:2
cross [1] - 112:22
culture [1] - 103:6
curious [1] - 129:12
current [16] - 21:20, 23:1, 40:3, 43:18, 44:16, 48:15, 51:7, 54:14, 61:24, 89:4, 97:11, 117:2, 122:19, 123:8, 123:9, 127:23
curriculum [1] - 68:4
cutting [1] - 73:4

D

Dan [8] - 2:3, 2:5, 5:14, 5:17, 6:1, 108:13, 109:19, 123:5
dangerous [2] - 45:12, 92:4
dark [1] - 38:11
data [4] - 35:14, 54:14, 55:8, 55:12
databases [1] - 29:24
daughter [1] - 81:6
Dawn [5] - 2:4, 5:19, 109:13, 122:12, 136:18
deal [7] - 42:14, 44:20, 71:9, 117:10, 120:21, 122:6
Deal [1] - 136:24
dealing [3] - 23:17, 115:15, 130:20
deals [1] - 115:13
debate [1] - 99:2
Debra [5] - 3:14, 7:10, 43:3, 50:19
debt [1] - 128:19
decades [2] - 20:12, 30:5
December [3] - 14:7, 93:14, 102:11
decide [1] - 112:18
decided [3] - 74:5, 112:19, 118:4
decision [11] - 18:14, 44:10, 45:3, 46:6, 46:17, 55:14, 55:17, 55:18, 65:9, 70:8, 103:23
decision-making [1] - 46:17
decisions [6] - 22:1, 22:9, 23:16, 23:17, 102:1, 102:4
declare [2] - 5:15, 104:5
declined [1] - 26:3
decrease [3] - 54:8, 54:9
decreased [1] - 63:16
deep [1] - 50:20
deeper [1] - 48:21
deeply [1] - 73:21
defeats [1] - 55:23
defending [1] - 89:8
define [1] - 15:7
definitely [2] - 100:13, 118:22
Definitely [1] - 118:19
Deliberation [1] - 4:6
deliberations [3] - 9:4, 88:13, 100:23
delineated [1] - 94:25
delivery [4] - 56:14, 56:20, 57:13, 66:13
demand [1] - 30:6
demands [2] - 59:9, 98:5
demographic [1] - 29:22
demonstrably [2] - 58:8, 63:11
denial [1] - 59:9
denied [3] - 55:22, 55:24, 138:4

denominator [1] - 37:10
dense [3] - 25:5, 25:8, 72:15
deny [7] - 87:20, 90:19, 137:13, 137:19, 137:23, 138:10, 138:15
Deny [3] - 138:11, 138:12, 138:13
denying [3] - 63:17, 88:22, 138:5
deputy [1] - 50:21
describe [3] - 12:21, 13:2, 22:20
Describe [1] - 132:3
described [2] - 21:19, 21:25
describes [1] - 28:6
deserve [1] - 99:12
Designated [1] - 30:11
designated [2] - 10:16, 12:4
designation [2] - 91:7, 99:5
designed [2] - 24:15, 25:11
Despite [1] - 93:11
despite [2] - 60:3, 60:4
destinations [1] - 57:11
detail [1] - 44:6
detailed [1] - 90:19
determine [2] - 52:13, 72:11
develop [7] - 11:15, 75:5, 75:15, 75:24, 109:22, 110:13, 113:11
developed [9] - 17:7, 65:7, 66:4, 69:4, 79:25, 91:19, 97:22, 110:9, 113:17
developer [9] - 11:12, 17:22, 22:2, 45:21, 69:24, 81:20, 81:24, 95:12, 110:5
developers [1] - 82:7
developing [3] - 15:20, 107:11, 107:12
Development [1] - 75:12
development [67] - 10:20, 10:21, 10:22, 11:11, 12:1, 12:3, 12:6, 13:10, 13:12, 13:17, 14:11, 14:17, 14:21, 15:3, 15:16, 16:7, 16:10, 16:23, 18:12, 21:21, 29:11, 30:9, 31:22, 31:24, 32:3, 32:12, 32:23, 33:5, 34:10, 48:10, 48:20, 48:21, 48:23, 49:18, 49:22, 50:5, 50:8, 50:11, 50:13, 61:19, 63:21, 64:25, 66:1, 66:2, 73:17, 78:5, 78:15, 79:12, 79:20, 81:23, 89:16, 89:24, 90:7, 90:10, 92:22, 94:13, 95:20, 98:20, 103:12, 103:19, 103:21, 107:14, 107:15, 107:18, 109:25, 118:3
developments [32] - 12:20, 13:25, 15:22, 16:12, 21:18, 24:1, 27:6, 31:4, 31:6, 32:10, 33:1, 33:4, 33:10, 33:19, 34:17, 36:8, 71:23, 79:14, 81:19, 88:2, 88:9, 88:11, 92:12, 93:20, 94:14, 95:15, 97:5, 101:12, 101:16, 102:3, 103:8, 112:21
develops [1] - 61:17
devoted [1] - 88:25
Diamond [73] - 9:16, 10:5, 10:10, 10:16, 10:19, 11:15, 14:4, 14:7, 15:6, 17:5, 19:14, 21:10, 21:11, 21:13, 21:21, 22:2, 23:20, 27:4, 30:12, 30:20, 31:2, 32:2, 32:5, 32:12, 34:17, 46:4, 47:12, 47:14, 47:19, 48:18, 48:22, 48:24, 49:8, 49:25, 60:23, 64:20, 66:24, 69:5, 75:18, 75:19, 76:8, 78:1, 78:23, 78:24, 79:1, 79:3, 79:15, 83:5, 83:8, 83:19, 85:12, 87:23, 89:21, 91:5, 91:13, 91:15, 91:16, 91:17, 92:6, 94:18, 95:9, 95:12, 101:18, 102:11, 102:17, 103:2, 103:14, 103:15, 106:11, 107:4, 107:5
Diamond's [5] - 32:13, 47:3, 89:7, 92:15, 94:3
dictated [1] - 23:24
Dieringer [2] - 118:2, 118:8
difference [5] - 33:15, 40:25, 41:7, 41:10, 41:24
differences [1] - 73:3
different [6] - 11:10, 15:2, 21:6, 69:22, 70:10, 111:11
differential [1] - 41:12
differentiate [1] - 109:10
difficult [8] - 8:11, 24:3, 26:19, 84:18, 106:4, 115:17, 134:24, 139:5
difficulty [2] - 134:22, 136:5
diminished [1] - 30:21
direct [3] - 26:18, 46:21, 111:1
direction [1] - 116:15
directions [1] - 139:8
directly [4] - 16:11, 66:12, 74:18, 109:15
Director [2] - 13:21, 13:23
director [2] - 6:20, 29:11
directors [5] - 11:17, 12:10, 15:14, 16:15, 102:10
Directors [1] - 67:9
disappointed [1] - 86:22
discouraging [1] - 86:5
discuss [5] - 8:18, 87:19, 105:3, 114:16, 121:13
discussed [4] - 111:22, 118:15, 132:8, 136:10
discusses [1] - 121:8
discussing [1] - 111:11
discussion [13] - 7:23, 50:18, 104:24, 105:5, 105:9, 108:14, 114:23, 120:15, 122:9, 123:24, 132:2, 136:12, 137:10
Discussion [2] - 105:25, 138:7
discussions [2] - 105:13, 117:20
Discussions [1] - 111:8
disparities [13] - 46:18, 58:20, 59:2, 59:4, 59:6, 62:14, 62:22, 63:8, 63:10, 65:14, 66:17, 74:20, 122:15
disparity [14] - 42:4, 46:8, 46:12, 46:22, 59:11, 63:15, 65:17, 65:23, 66:5, 72:24, 109:17, 122:20, 122:21, 131:23
disposition [1] - 132:4
disregard [1] - 132:5
distance [1] - 49:24
distant [4] - 43:14, 43:15, 61:13, 61:20
distinct [2] - 43:16, 50:12
District [180] - 3:3, 3:12, 3:18, 3:19, 4:4, 5:4, 5:5, 5:13, 5:14, 6:15, 6:23, 7:6, 8:19, 8:20, 8:22, 8:24, 9:8, 10:10, 10:11, 10:13, 13:4, 13:7, 13:8, 14:5, 14:6, 16:5, 18:8, 18:10, 18:16, 21:11, 23:22, 29:19, 31:7, 31:11, 31:13, 31:15, 32:24, 33:5, 33:7, 36:11, 36:12, 38:5, 38:19, 45:16, 45:18, 45:20, 46:2, 46:3, 46:20, 46:21, 47:7, 47:8, 47:13, 47:15, 48:14, 48:19, 48:24, 49:9, 49:10, 49:13, 50:2, 50:17, 50:22, 50:25, 51:1, 51:14, 51:15, 52:5, 52:7, 52:21, 52:23, 53:5, 53:6, 53:9, 53:14, 53:17, 54:6, 54:7, 54:16, 54:24, 57:1, 57:2, 57:3, 57:8, 57:10, 57:11, 57:12, 60:22, 61:1, 61:14, 61:22, 64:2, 64:3, 65:21, 65:22, 66:2, 66:18, 67:10, 68:15, 69:6, 70:1, 75:7, 75:17, 76:1, 76:4, 76:7, 76:9, 76:12, 78:2, 78:11, 78:22, 78:23, 79:1, 79:4, 79:18, 79:23, 79:24, 80:9, 80:16, 80:18, 80:20, 81:21, 82:3, 82:5, 82:24, 83:6, 85:13, 86:14, 88:6, 88:7, 88:12, 88:20, 89:3, 89:6, 89:13, 89:14, 90:12, 90:18, 91:6, 91:9, 91:14, 91:21, 91:23, 92:9, 92:10, 92:11, 92:24, 93:1, 93:8, 93:9, 93:12, 94:4, 94:7, 94:23, 95:5, 96:2, 97:1, 97:12, 97:18, 97:24, 98:2, 98:16, 98:19, 98:22, 99:13, 100:6, 100:14, 100:17, 103:7, 107:1, 110:18, 115:19, 128:24, 138:1, 138:3
district [111] - 6:17, 6:21, 7:8, 7:10, 9:11, 9:17, 10:6, 10:7, 10:12, 10:17, 11:20, 12:8, 13:21, 13:22, 14:19, 15:3, 15:6, 15:17, 15:24, 15:25, 18:19, 18:25, 19:23, 20:21, 22:15, 22:24, 23:15, 25:5, 27:13, 31:18, 31:23, 33:10, 33:13, 36:13, 38:16, 44:3, 44:11, 45:6, 45:10, 47:5, 50:19, 52:10, 52:15, 53:23, 54:10, 54:22, 56:9, 57:1, 57:16, 58:3, 58:4, 59:14, 59:18, 60:4, 61:20, 61:22, 62:2, 62:5, 62:9, 64:4, 67:4, 69:13, 70:7, 70:17, 74:15, 76:13, 78:4, 78:14, 78:19, 80:21, 81:4, 81:14, 81:22, 82:13, 82:19, 82:23, 84:17, 85:4, 85:11, 86:1, 86:6, 86:23, 87:24, 87:25, 88:18, 92:3, 93:23, 98:6, 98:24, 98:25, 99:1, 101:10, 101:11, 101:13, 103:11, 103:14, 103:16, 103:20, 104:2, 111:2, 112:22, 114:20, 121:15, 125:6, 125:14, 125:22, 126:21, 127:6, 127:11, 135:19
District's [13] - 20:6,

42:25, 43:7, 43:8, 45:23, 45:24, 46:14, 66:6, 78:3, 80:10, 87:22, 89:19, 127:8
district's [10] - 20:17, 25:25, 43:2, 43:5, 50:22, 53:1, 66:3, 67:5, 94:8, 135:4
districts [54] - 9:1, 10:8, 15:1, 18:24, 21:8, 23:1, 29:9, 29:12, 31:25, 33:3, 36:9, 36:16, 36:22, 46:14, 46:23, 47:19, 52:2, 53:16, 53:19, 55:6, 56:4, 56:22, 58:21, 62:15, 62:21, 65:17, 65:24, 66:5, 68:3, 68:9, 71:16, 88:5, 92:7, 92:16, 95:13, 95:17, 96:7, 101:1, 101:19, 102:18, 105:21, 105:22, 106:2, 106:23, 112:12, 112:15, 112:25, 113:11, 114:21, 118:5, 131:6, 131:24, 136:2
Districts [4] - 30:4, 35:25, 79:5, 89:2
districts' [1] - 37:22
diversify [1] - 108:3
divided [1] - 52:17
dividing [1] - 39:10
document [1] - 85:11
documents [3] - 92:21, 93:4, 128:3
doling [1] - 69:25
dollar [2] - 128:17, 129:14
dollars [5] - 26:22, 38:22, 53:8, 53:22, 98:23
done [4] - 36:16, 71:8, 78:7, 96:1
Donut [8] - 31:9, 34:13, 34:18, 34:19, 64:7, 64:22, 107:25
double [2] - 38:15, 86:16
down [12] - 39:16, 66:24, 77:21, 84:23, 102:1, 102:5, 119:19, 119:20, 119:24, 120:3, 129:15, 133:18
Dr [1] - 5:23
draft [4] - 92:19, 93:13, 103:1, 103:6
drag [1] - 39:16
Dramer [2] - 5:23
drawing [2] - 22:24, 116:9
drawn [2] - 30:11, 94:2
drive [1] - 53:15
drivers [1] - 37:7
driving [1] - 67:1
dropout [1] - 59:23
DuPont [1] - 107:9
during [7] - 16:6, 82:18, 84:14, 88:13, 93:24, 94:9, 94:10
During [1] - 10:15
dwelling [1] - 31:3

E

E-d-e-l-m-a-n [1] - 78:1
early [2] - 88:17, 113:17
earn [1] - 99:5
east [4] - 34:25, 47:13, 47:22, 49:7
economic [9] - 22:16, 35:9, 35:12, 35:13, 35:14, 112:11, 113:3, 113:6, 113:9
economies [3] - 62:24, 63:2, 123:13
ed [1] - 25:12
Edelman [3] - 3:21, 77:23, 77:25
EDELMAN [1] - 77:24
edged [1] - 26:4
educate [1] - 31:18
educating [1] - 81:15
education [20] - 9:20, 18:17, 19:16, 25:2, 31:23, 43:25, 56:3, 56:14, 56:21, 57:14, 67:19, 68:22, 69:10, 69:15, 79:19, 87:3, 105:20, 106:6, 110:22
Educational [5] - 5:4, 5:13, 88:19, 89:13, 90:17
educational [11] - 22:17, 58:18, 58:23, 59:20, 60:2, 105:22, 112:11, 114:13, 114:20, 115:14, 115:18
effect [5] - 26:7, 33:18, 41:3, 65:15, 72:25
effectively [1] - 88:22
effectiveness [1] - 56:13
effects [2] - 23:25, 27:22
efficiency [1] - 56:13
efficient [5] - 25:6, 43:25, 56:20, 57:14, 80:13
effort [2] - 17:3, 133:19
efforts [1] - 88:25
eight [3] - 9:12, 104:15, 120:8
eighth [1] - 9:20
eighth-grade [1] - 9:20
EIS [16] - 82:18, 82:21, 82:22, 86:10, 92:19, 92:21, 93:3, 93:4, 93:13, 93:14, 93:17, 95:18, 95:19, 97:2, 103:1, 103:6
either [8] - 40:9, 76:17, 78:17, 86:8, 91:12, 93:13, 96:6, 125:22
elaborate [3] - 32:8, 34:1, 107:13
elect [1] - 16:22
elected [3] - 20:24, 68:11, 100:8
election [1] - 67:22
electronically [1] - 28:20
elementary [2] - 11:6, 12:15
Elementary [1] - 19:14
eligibility [1] - 24:21
embarrassed [1] - 86:22
embedded [1] - 59:1
emphasis [1] - 78:14
enclaves [1] - 79:16
encompassed [1] - 62:6
encompasses [5] - 10:23, 13:24, 45:4, 47:19, 64:4
end [6] - 40:24, 41:6, 41:11, 54:1, 55:15
ending [1] - 19:13
ends [1] - 54:5
engaged [1] - 27:18
enhance [2] - 79:18, 114:13
enhancing [1] - 58:18
enjoyed [1] - 60:2
enormous [1] - 24:2
Enrollment [1] - 31:17
enrollment [16] - 24:2, 26:3, 29:15, 37:9, 37:12, 37:17, 37:22, 38:6, 38:11, 40:7, 42:2, 54:14, 124:21, 124:22
enrollments [2] - 31:6, 125:5
ensure [1] - 47:18
entered [1] - 101:17
entering [1] - 101:13
enterprise [1] - 119:19
entertain [1] - 104:10
entire [5] - 27:3, 79:12, 82:18, 112:15, 127:6
Enum [1] - 106:17
Enumclaw [203] - 3:3, 3:18, 4:4, 6:10, 6:15, 6:23, 8:20, 8:24, 9:5, 9:8, 9:14, 9:17, 9:19, 10:4, 10:11, 10:13, 13:4, 13:6, 14:5, 16:4, 20:6, 20:9, 21:10, 23:21, 24:4, 24:19, 25:1, 25:5, 25:19, 26:4, 27:4, 29:18, 30:3, 30:12, 30:20, 31:7, 31:14, 33:7, 33:15, 33:25, 35:25, 36:6, 36:11, 36:17, 36:23, 37:15, 37:17, 37:18, 37:22, 37:25, 38:1, 38:3, 38:4, 38:8, 38:11, 38:19, 39:1, 39:4, 39:7, 39:15, 39:17, 39:22, 39:23, 39:25, 40:3, 40:15, 40:18, 40:22, 41:5, 41:8, 41:14, 41:20, 42:3, 42:9, 42:14, 43:8, 43:11, 43:20, 44:7, 44:24, 45:13, 45:15, 45:17, 45:20, 45:24, 46:3, 46:14, 46:21, 47:7, 48:19, 49:10, 49:12, 50:17, 51:14, 52:5, 52:22, 53:5, 53:9, 53:13, 54:7, 54:16, 54:24, 56:23, 58:10, 60:3, 60:15, 60:21, 60:25, 61:14, 61:15, 61:22, 63:19, 64:3, 65:11, 65:20, 65:22, 66:7, 66:18, 66:24, 70:1, 70:20, 71:5, 71:9, 71:16, 71:17, 73:1, 74:9, 75:7, 76:1, 76:11, 78:3, 78:11, 79:1, 79:4, 79:17, 79:22, 80:8, 80:9, 80:10, 80:11, 80:16, 80:17, 80:18, 80:19, 81:22, 82:23, 83:6, 84:10, 87:22, 88:7, 88:12, 89:1, 89:3, 89:6, 89:19, 90:12, 91:16, 92:11, 92:18, 92:24, 93:8, 93:12, 93:20, 93:23, 94:4, 94:7, 94:14, 94:22, 95:2, 95:5, 96:7, 96:14, 96:15, 96:22, 96:23, 97:15, 97:17, 97:24, 98:2, 98:16, 98:18, 98:22, 99:13, 101:7, 106:11, 106:13, 106:25, 110:18, 110:24, 115:1, 115:19, 116:1, 117:10, 124:20, 124:22, 125:1, 125:5, 128:13, 129:15, 133:8, 134:21, 138:3
Enumclaw's [18] - 22:4, 23:12, 24:1, 24:10, 24:12, 26:2, 27:2, 37:5, 40:7, 40:9, 40:20, 44:4, 44:23, 46:9, 58:17, 72:9, 110:8, 115:16
environment [2] - 72:15, 72:16
environmental [3] - 78:9, 92:13, 95:19
equal [1] - 37:24
equally [1] - 49:6
equation [4] - 14:14, 37:10, 39:22, 116:9
equitable [2] - 135:5, 136:5
ESD [4] - 5:22, 10:10, 117:12, 137:25
ESDs [1] - 59:14
especially [2] - 35:5, 98:4
essence [1] - 10:5
essential [1] - 135:5
essentially [1] - 61:10
establishments [1] - 17:9
estimated [1] - 129:13
estimates [1] - 39:8
et [2] - 115:4
evening [13] - 5:11, 7:9, 8:9, 9:7, 29:2, 29:6, 35:21, 43:10, 63:20, 67:7, 77:24,

90:25, 100:1
event [1] - 86:13
Everett [3] - 27:25, 29:5, 29:12
evidence [3] - 78:13, 123:22, 138:4
evidenced [1] - 67:20
exacerbating [1] - 59:11
exactly [4] - 21:5, 25:10, 25:20, 39:24
examination [1] - 35:7
examine [1] - 27:17
examiner [7] - 84:3, 84:7, 84:12, 89:8, 94:17, 101:18
example [2] - 57:18, 124:22
excellence [1] - 98:5
excellent [1] - 20:16
exception [2] - 13:25, 64:10
exceptions [2] - 68:12, 68:15
excised [1] - 99:18
excluded [1] - 99:17
excluding [1] - 39:9
Excuse [3] - 107:9, 107:10, 121:17
excuse [2] - 39:21, 115:7
executed [1] - 99:16
Executive [1] - 88:14
Exhibit [1] - 24:18
exist [4] - 46:11, 63:11, 75:8
existed [1] - 68:9
existing [13] - 38:25, 46:8, 46:22, 58:20, 59:2, 59:6, 59:11, 65:23, 73:25, 74:19, 76:3, 88:21, 96:9
expanded [1] - 68:17
expect [3] - 30:4, 32:5, 42:6
expected [1] - 31:13
expended [1] - 95:2
expenditures [1] - 131:24
expense [1] - 45:5
experience [6] - 28:6, 35:4, 38:5, 50:20, 56:21, 67:12
experienced [1] - 27:19
experiencing [1] - 63:21
expert [1] - 27:16
explain [2] - 17:10, 106:17
explicitly [2] - 56:6, 74:19
explored [1] - 33:15
expose [1] - 88:3
expressed [2] - 93:15, 100:20
expresses [1] - 93:24
expressing [1] - 23:14
extend [1] - 69:23
extended [1] - 69:25
extending [1] - 88:21
extends [1] - 131:23
extensive [1] - 38:4
extent [3] - 47:16, 49:3, 55:20
extra [4] - 25:11, 70:18, 72:16, 137:3
extras [1] - 137:5

F

face [1] - 90:14
faced [1] - 55:16
facilities [5] - 27:9, 29:13, 86:3, 86:25, 124:10
facility [1] - 68:5
fact [24] - 23:24, 36:22, 38:1, 40:25, 42:6, 43:17, 46:11, 56:24, 58:22, 59:9, 62:3, 63:15, 64:20, 66:10, 78:25, 79:9, 83:10, 85:7, 88:9, 91:8, 94:12, 100:15, 113:7, 124:8
factor [36] - 25:22, 27:15, 27:18, 55:25, 56:6, 57:24, 58:9, 58:11, 58:16, 58:18, 59:1, 59:3, 59:8, 59:12, 59:15, 59:19, 59:20, 59:24, 60:5, 60:7, 60:10, 60:12, 61:6, 61:23, 62:16, 62:19, 62:20, 63:5, 63:7, 63:17, 65:13, 66:8, 74:7, 74:22, 104:23
factors [21] - 29:16, 45:2, 45:4, 46:5, 46:17, 53:14, 55:10, 55:13, 55:20, 55:21, 55:23, 57:21, 62:14, 66:10, 66:25, 71:22, 74:3, 74:18, 76:14, 135:4, 137:24
facts [9] - 46:11, 55:1, 88:3, 89:17, 94:24, 98:3, 98:5, 119:7, 138:5
fail [1] - 84:14
failures [1] - 82:6
fair [1] - 85:21
fairly [2] - 48:19, 67:17
fairness [1] - 95:11
fall [2] - 45:17, 46:1
falling [1] - 26:6
falls [3] - 45:22, 81:15, 81:19
false [1] - 78:20
families [2] - 68:14, 68:21
family [4] - 10:24, 10:25, 80:20, 91:3
far [4] - 50:2, 107:14, 110:2, 130:23
fashion [2] - 23:18, 58:2
faster [2] - 30:6, 33:24
father [1] - 80:16
favor [7] - 8:3, 44:5, 46:15, 63:17, 66:7, 131:25, 138:25
favorable [2] - 110:17, 120:19
favors [3] - 27:18, 32:6, 32:23
Fax [1] - 2:10
federal [5] - 24:15, 24:25, 72:11, 72:12, 72:17
fee [1] - 102:20
fees [9] - 12:14, 18:3, 27:8, 81:25, 82:11, 102:24, 132:15, 132:19, 133:1
felt [2] - 30:17, 100:19
few [12] - 13:19, 20:15, 22:11, 30:1, 34:21, 35:23, 40:22, 43:1, 46:25, 70:24, 84:15, 115:1
fewer [2] - 24:14, 89:24
fifth [1] - 21:17
filed [1] - 98:14
final [5] - 92:19, 93:14, 101:1, 103:25, 136:12
Final [2] - 4:3, 135:3
finalize [1] - 22:5
finally [2] - 36:9, 45:13
finance [5] - 20:13, 35:4, 50:20, 51:5, 72:7
financial [18] - 5:22, 6:19, 7:10, 20:17, 35:6, 35:9, 35:12, 35:13, 43:2, 43:3, 46:9, 51:7, 51:13, 52:14, 53:2, 53:11, 53:25, 54:21
financially [2] - 54:23, 54:25
fine [3] - 15:7, 77:4, 107:6
firm [1] - 35:11
first [21] - 5:16, 10:23, 13:2, 21:5, 27:13, 39:2, 39:3, 41:16, 55:25, 70:21, 83:2, 83:8, 84:14, 85:23, 90:8, 101:16, 101:25, 102:9, 102:18, 110:1, 111:22
First [7] - 24:9, 29:5, 36:4, 37:8, 77:16, 77:23, 106:2
Fiscal [1] - 2:13
fiscal [2] - 5:21, 90:13
fit [1] - 118:7
fits [1] - 9:3
five [14] - 13:22, 21:6, 70:18, 76:23, 77:3, 77:5, 77:14, 82:6, 85:23, 101:6, 102:19, 102:24, 110:15, 123:9
flaws [1] - 88:3
flexibility [2] - 12:6, 12:12
floating [1] - 97:12
flow [1] - 25:19
focus [2] - 15:20, 73:1
focused [4] - 35:8, 59:7, 59:15, 67:19
focusing [2] - 19:14, 41:11
follow [4] - 8:13, 15:4, 35:3, 42:15
followed [2] - 8:25, 18:14
following [2] - 5:5, 83:16
follows [3] - 22:20, 28:24, 72:18
for-profit [1] - 35:16
Force [2] - 88:14, 89:10
force [2] - 88:17, 88:24
forecast [1] - 26:5
forecasts [1] - 65:3
foreclosed [1] - 71:11
forego [1] - 120:23
forensics [1] - 35:7
form [3] - 13:2, 38:9, 105:4
formal [1] - 24:4
formation [1] - 96:3
formulas [1] - 25:20
forth [1] - 92:2
forward [4] - 17:16, 20:20, 37:6, 93:18
forward-looking [1] - 20:20
founding [1] - 35:11
four [5] - 26:11, 90:1, 92:6, 110:15, 123:9
Four [1] - 12:15
fourth [2] - 9:20, 21:15
fourth-grade [1] - 9:20
frame [1] - 9:3
frank [1] - 66:21
frankly [1] - 63:23
fraud [1] - 35:7
free [5] - 24:21, 45:8, 45:9, 53:20, 85:21
frequent [1] - 17:8
frequenting [1] - 17:14
friends [1] - 80:20
front [4] - 5:23, 43:12, 51:13, 57:19
Full [1] - 102:12
full [7] - 85:2, 85:3, 86:10, 86:17, 86:18, 102:10, 137:22
fully [1] - 96:9
fund [5] - 53:3, 53:10, 54:1, 128:12
funded [1] - 84:10
funding [10] - 24:15, 25:10, 25:11, 26:18, 62:21, 66:20, 122:16, 132:7, 132:12, 132:13
funds [11] - 17:25, 24:17, 27:7, 27:12, 58:22, 59:13, 86:7, 94:9, 114:19, 114:22, 115:9
furtherance [1] - 66:15
furthered [4] - 55:20, 55:21, 58:12, 66:11
furthering [1] - 56:20
future [24] - 10:16, 17:16, 17:25, 20:8, 25:18, 27:21, 32:4, 36:5, 37:6, 37:12, 37:19, 39:20, 48:12, 51:18, 55:10, 56:10, 59:4, 63:11, 65:25, 79:24, 91:18, 114:2, 122:23, 124:2

G

gain [2] - 37:15, 92:2
gained [2] - 85:11, 97:20
gaining [1] - 45:5
game [1] - 69:9
Ganson [8] - 3:13, 3:15, 3:19, 7:7, 21:3, 28:5, 71:4, 72:1
GANSON [6] - 7:7, 42:23, 55:15, 74:10, 104:1, 128:6
gap [4] - 26:5, 37:3, 63:13, 63:14
Gates [1] - 81:6
general [7] - 5:20, 33:8, 53:3, 53:10, 86:6, 94:9, 127:5
General [1] - 2:8
generally [1] - 125:8
generation [2] - 9:18, 29:15
gentleman [2] - 36:2, 106:24
gentlemen [2] - 16:17, 35:22
genuine [2] - 19:17, 19:21
geographic [2] - 62:16, 120:19
given [9] - 40:5, 40:13, 54:2, 93:20, 93:21, 98:18, 139:4, 139:9
GMA [1] - 44:8
goal [6] - 9:21, 9:23, 44:13, 59:1, 62:23, 66:15
governing [1] - 44:14
government [4] - 24:25, 35:15, 100:9, 136:25
governments [1] - 72:17
grade [2] - 9:20
grading [1] - 98:14
graduate [2] - 9:22, 9:24
graduates [1] - 9:18
graduation [1] - 59:21
grandparents [2] - 9:15, 9:19
grant [2] - 53:18, 53:22
grant-poor [1] - 53:18
granted [1] - 91:24
graph [3] - 38:15, 40:13, 41:13
graphic [1] - 38:9
graphs [1] - 73:5
grapple [1] - 66:19
gravel [1] - 34:15
great [8] - 41:9, 41:24, 44:20, 82:8, 111:5, 117:9, 117:10
Greater [2] - 100:3, 100:4
greater [4] - 87:9, 109:17, 116:13
greed [3] - 92:2, 96:15, 98:1
green [7] - 24:6, 36:17, 37:18, 40:16, 41:15, 49:20, 50:6
grew [1] - 118:6
ground [1] - 46:12
group [5] - 67:18, 76:17, 76:24, 76:25, 77:1
Group [2] - 27:24, 29:4
grow [3] - 32:13, 40:23, 101:10
growing [7] - 37:22, 37:23, 40:6, 40:7, 40:21, 41:3, 104:19
grown [1] - 37:5
Growth [19] - 16:2, 22:22, 23:8, 23:16, 30:10, 30:19, 30:22, 30:25, 44:7, 44:14, 44:17, 44:19, 60:16, 62:11, 71:23, 74:2, 74:5, 74:22, 110:5
growth [53] - 10:16, 22:22, 23:2, 23:8, 29:15, 30:4, 30:5, 30:8, 30:11, 30:13, 30:16, 30:20, 30:21, 31:1, 31:8, 31:10, 31:12, 31:13, 31:14, 31:17, 32:5, 32:6, 32:9, 32:11, 32:22, 33:1, 37:13, 38:5, 42:2, 44:21, 55:4, 55:5, 59:5, 60:17, 61:6, 61:25, 62:7, 62:12, 63:12, 64:8, 64:12, 64:16, 64:17, 69:2, 69:17, 71:24, 74:23, 81:10, 89:5, 89:11, 117:2
guarantees [1] - 123:5
guess [3] - 127:4, 127:8, 127:22
guidance [7] - 22:21, 23:13, 42:16, 71:12, 74:1, 94:10, 95:2
guided [1] - 76:14
guidelines [1] - 104:11
guiding [1] - 65:9
guys [2] - 86:23, 91:4

H

half [7] - 31:8, 50:14, 78:25, 79:2, 102:17, 106:25, 107:3
halfway [1] - 37:3
hand [5] - 28:5, 36:23, 39:18, 121:9
handle [2] - 21:4, 27:21
handled [1] - 73:7
happy [2] - 28:19, 77:1
hard [5] - 81:13, 108:24, 109:9, 123:1, 123:21
harms [1] - 59:18
hat [1] - 117:12
head [2] - 98:23, 108:15
hear [7] - 6:1, 8:17, 29:20, 43:4, 87:14, 87:15, 123:24
heard [14] - 36:3, 46:9, 63:20, 66:20, 71:4, 71:13, 73:9, 83:2, 88:5, 89:22, 104:3, 104:13, 109:25
hearing [23] - 7:17, 7:20, 8:8, 8:17, 8:20, 9:4, 34:4, 43:13, 43:22, 83:5, 83:17, 83:21, 84:2, 84:3, 84:7, 84:8, 84:12, 89:7, 93:24, 94:17, 100:25, 101:18, 104:5
Hearing [1] - 4:5
hearings [3] - 82:20, 93:19, 94:13
heart [1] - 67:15
heavier [1] - 60:15
heavily [1] - 58:11
heavy [3] - 27:15, 44:7, 74:21
held [3] - 11:13, 93:17, 96:11
Helens [1] - 125:11
Hello [1] - 87:7
help [7] - 27:13, 28:9, 28:10, 28:20, 38:9, 42:13, 90:13
helped [1] - 21:4
helpful [1] - 20:15
helping [1] - 133:10
helps [1] - 34:9
hereby [1] - 85:4
High [2] - 9:19, 129:1
high [13] - 9:22, 9:24, 10:14, 11:5, 12:15, 27:19, 32:20, 67:23, 88:23, 105:7, 130:9, 130:11
high-skilled [1] - 27:19
high-tech [1] - 32:20
higher [21] - 16:4, 24:10, 24:12, 24:24, 25:1, 25:7, 31:1, 32:17, 32:20, 48:9, 51:14, 51:16, 52:21, 72:13, 72:14, 72:19, 90:2, 102:23, 119:21, 125:8
higher-value [1] - 32:20
highly [1] - 65:8
hill [2] - 119:25, 120:3
Hills [27] - 10:25, 12:22, 13:10, 14:11, 21:18, 31:4, 33:11, 33:14, 43:14, 49:5, 49:14, 49:18, 50:4, 75:6, 75:21, 75:25, 85:1, 89:21, 89:23, 89:25, 90:6, 93:5, 98:9, 98:13, 98:15, 98:20, 118:3
hillside [1] - 48:5
hinge [1] - 65:5
historical [5] - 10:3, 10:5, 32:11, 36:14, 36:18
historically [2] - 32:3, 119:14
Historically [1] - 10:8
history [11] - 60:12, 60:19, 60:24, 75:2, 75:9, 119:7, 120:4, 120:5, 120:11, 130:13, 130:23
hit [1] - 101:24
hitting [1] - 71:3
hmm [11] - 111:23, 112:6, 117:17, 118:24, 121:25, 123:4, 124:14, 125:18, 126:9, 129:22, 133:12
Hmm [4] - 120:16, 132:10, 133:3, 138:19
Hmm-mm [4] - 120:16, 132:10, 133:3, 138:19
Hoge [9] - 3:7, 3:9, 3:11, 3:18, 6:16, 20:2, 20:10, 28:12, 64:7
HOGE [9] - 6:16, 20:4, 28:13, 28:16, 28:19, 34:8, 42:11, 70:22, 125:4
Holdings [2] - 10:18, 101:17
Hole [7] - 31:9, 34:13, 34:18, 34:19, 64:7, 64:22, 107:25
holidays [1] - 83:23
home [6] - 46:5, 68:16, 77:22, 102:15, 107:21, 129:14
homeowners [1] - 82:11
homes [9] - 10:24, 10:25, 11:6, 92:23, 93:6, 98:10, 98:20, 102:22, 132:21
honest [2] - 67:18, 139:5
honestly [1] - 69:24
hope [2] - 21:22, 95:3
hopefully [2] - 20:15, 77:22
house [3] - 27:4, 27:10, 45:25
houses [1] - 82:8
housing [2] - 30:7, 45:14
HSPE/MSP [1] - 59:23
huge [4] - 10:21, 11:2, 92:3, 113:25
human [1] - 6:23
hundred [3] - 11:13, 17:22, 129:14
hundred-thousand-dollar [1] - 129:14
hurt [1] - 42:15
hurting [2] - 87:2, 87:3

I

idea [1] - 15:22
identical [1] - 26:1
identified [4] - 95:18, 95:21, 95:23, 107:22
ignored [1] - 92:4
illustration [2] - 37:16, 57:4
immediate [1] - 26:7
immigrated [1] - 9:15
impact [43] - 11:1, 12:14, 23:3, 27:8, 36:12, 38:2, 42:2, 46:22, 55:7, 63:4, 74:11, 78:9, 81:24,

85:3, 92:13, 95:19, 98:19, 102:20, 102:24, 109:24, 112:18, 113:9, 113:19, 113:23, 113:25, 114:1, 114:6, 114:9, 115:18, 115:24, 116:1, 116:2, 116:13, 116:14, 117:4, 118:20, 118:23, 129:13, 129:24, 130:6, 133:1, 135:22
impacted [6] - 54:13, 54:18, 54:24, 55:1, 95:23
impacts [13] - 11:14, 22:21, 23:8, 36:7, 37:14, 61:21, 93:23, 94:24, 95:5, 95:20, 96:6, 100:16, 118:21
implications [1] - 51:8
importance [3] - 15:17, 16:2, 19:16
Important [1] - 66:11
important [24] - 14:18, 14:21, 15:12, 16:10, 20:8, 25:14, 38:19, 40:4, 41:22, 48:9, 52:1, 52:2, 55:23, 63:7, 64:14, 71:1, 71:21, 72:3, 73:8, 74:7, 83:24, 98:8, 100:19, 135:5
importantly [2] - 22:19, 51:16
imposes [1] - 131:8
improper [2] - 83:14, 96:7
improve [1] - 66:13
improvement [3] - 59:13, 114:19, 123:13
improvements [3] - 62:23, 132:4, 132:5
improves [2] - 22:17, 63:2
improving [1] - 116:17
inaccurate [1] - 98:2
incidence [1] - 72:13
include [5] - 73:15, 73:18, 129:16, 129:17
included [1] - 97:3
includes [3] - 10:21, 10:22, 73:23
including [6] - 20:12, 35:15, 37:14, 39:23, 86:7, 88:6
including [1] - 129:21
income [3] - 24:19, 78:5, 133:5
incoming [1] - 27:5
inconsistencies [1] - 61:24
inconsistent [3] - 44:17, 44:18, 71:14
incorporated [1] - 106:12
increase [10] - 38:16, 50:15, 54:9, 61:16, 64:17, 65:4, 65:23, 122:19, 124:10, 135:20
Increase [1] - 122:21
increased [4] - 46:19, 63:16, 81:23, 82:2
increases [2] - 26:4, 62:8
increasing [4] - 16:3, 32:24, 46:22, 63:22
incurred [2] - 126:23, 128:25
indebtedness [6] - 126:21, 127:1, 127:23, 128:24, 129:5, 130:4
INDEX [2] - 3:1, 4:1
indicate [3] - 37:14, 42:3, 103:1
indicated [2] - 32:18, 53:13
indicates [2] - 24:9, 37:13
indistinguishable [1] - 36:23
individual [3] - 76:25, 77:2, 105:3
individuals [2] - 27:20, 100:9
industrial [1] - 12:25
information [13] - 18:5, 18:23, 25:1, 43:4, 51:12, 51:20, 51:23, 55:11, 70:17, 97:4, 101:3, 101:4, 124:8
infrastructure [2] - 11:19, 82:11
inherent [1] - 72:14
initiated [2] - 56:24, 56:25
initiative [1] - 81:6
insisted [1] - 73:6
insists [1] - 73:1
instance [1] - 24:18
instructions [1] - 70:24
integrity [1] - 27:20
intended [2] - 58:1, 79:14
interaction [1] - 61:3
interdistrict [2] - 106:14, 106:19
Interdistrict [1] - 106:22
interest [9] - 45:2, 45:5, 56:3, 59:1, 67:1, 67:3, 97:15, 100:13
interests [5] - 57:15, 62:13, 100:10, 105:20, 109:6
interrupt [1] - 121:18
interviews [1] - 29:25
introduce [5] - 6:10, 6:13, 7:6, 7:14, 20:16
introducing [1] - 5:16
invest [1] - 82:9
investigation [1] - 83:15
invited [2] - 95:24, 96:2
involved [16] - 56:17, 57:6, 69:1, 69:8, 69:21, 73:10, 73:13, 73:16, 73:21, 106:7, 109:15, 124:9, 125:14, 126:22, 131:10
involves [1] - 58:12
ironically [1] - 97:5
irrelevant [1] - 58:15
irrevocable [2] - 84:1, 84:19
Issaquah [2] - 68:16, 69:25
issue [20] - 17:15, 25:15, 27:3, 27:14, 43:13, 46:7, 55:25, 56:17, 66:19, 67:17, 72:22, 85:14, 87:2, 93:15, 100:12, 103:9, 103:10, 106:5, 109:18, 114:2
issued [1] - 81:10
issues [8] - 26:20, 26:24, 26:25, 44:22, 61:6, 70:10, 90:15
IT [1] - 5:1
Italy [1] - 9:15
iteration [1] - 97:11
itself [2] - 12:13, 12:17

J

Jane [4] - 2:12, 5:21, 135:12, 138:17
January [4] - 83:19, 102:12, 102:21
Jeff [2] - 7:7, 51:10
Jeffrey [3] - 3:13, 3:15, 3:19
job [2] - 56:7, 69:19
joined [1] - 67:10
joint [1] - 28:3
Judging [1] - 119:16
judgment [3] - 55:18, 105:5, 135:4
June [1] - 7:19
junior [2] - 130:9, 130:11
Junior [1] - 129:1
juror [1] - 134:10

K

K-8 [1] - 10:12
keep [7] - 70:18, 70:20, 70:23, 77:7, 77:18, 77:21, 101:5
keeps [1] - 104:18
Kent [19] - 19:5, 34:24, 35:1, 57:3, 57:8, 57:10, 68:15, 70:1, 78:23, 79:4, 92:9, 92:18, 93:1, 96:1, 96:6, 96:25, 97:3, 97:12, 103:7
key [2] - 103:21, 126:7
kibosh [1] - 71:19
kids [10] - 15:25, 18:16, 18:17, 19:13, 19:24, 54:17, 68:19, 103:9, 103:10
kind [6] - 18:4, 25:4, 47:6, 63:10, 80:12, 132:6
kindness [1] - 19:15
King [18] - 10:16, 21:7, 21:8, 22:1, 22:16, 30:6, 34:21, 64:11, 64:24, 71:19, 84:15, 88:13, 88:16, 88:20, 91:10, 91:13, 100:8, 108:5
Knowing [1] - 12:8
knowing [1] - 12:9
known [4] - 10:17, 94:25, 95:13, 96:10
KOEHLER [70] - 7:18, 7:25, 104:20, 105:15, 108:20, 111:9, 111:12, 111:21, 111:24, 112:4, 112:17, 113:12, 114:4, 115:12, 115:23, 116:6, 116:8, 116:24, 117:6, 117:9, 117:14, 117:21, 118:11, 118:14, 118:22, 118:25, 119:4, 119:12, 120:6, 120:10, 120:13, 121:5, 123:23, 124:1, 124:13, 124:25, 126:3, 126:5, 126:7, 126:10, 126:14, 126:18, 126:25, 127:7, 127:12, 127:20, 128:9, 128:16, 128:23, 129:4, 129:9, 130:3, 130:6, 130:10, 130:25, 131:11, 131:15, 131:19, 132:12, 132:22, 133:3, 133:8, 133:13, 133:20, 133:24, 134:11, 134:25, 136:7, 137:5, 138:11
Koehler [2] - 2:5, 5:18

L

labeled [1] - 128:15
ladies [1] - 35:21
Ladies [1] - 16:17
lagged [1] - 32:3
Lake [8] - 47:14, 47:22, 49:7, 69:7, 82:3, 103:4, 103:13, 103:14
Lakeland [1] - 118:3
land [47] - 13:5, 15:9, 17:5, 18:9, 18:14, 19:20, 19:22, 21:25, 30:8, 30:21, 31:3, 33:3, 58:12, 72:6, 80:11, 81:23, 82:22, 82:25, 84:11, 85:9, 86:10, 86:14, 87:19, 87:20, 89:18, 89:22, 90:11, 91:20, 92:25, 93:9, 97:12, 97:16, 97:21, 98:21, 101:19, 103:7, 109:3, 110:4, 110:10, 115:3, 115:5, 127:1, 127:10, 135:14, 136:6, 136:7
land-use [2] - 21:25, 84:11
Landing [1] - 18:7

lands [2] - 13:1, 30:14
language [1] - 75:1
large [9] - 15:2, 18:20, 18:21, 27:5, 56:2, 64:4, 69:24, 91:11, 105:19
largely [3] - 48:11, 50:10, 65:1
larger [4] - 49:14, 73:4, 81:19, 92:23
Larry [3] - 2:4, 5:18, 110:19
laser [1] - 67:19
laser-focused [1] - 67:19
last [10] - 7:17, 11:25, 21:24, 34:16, 46:7, 62:20, 86:2, 99:4, 101:1, 137:11
late [3] - 80:12, 88:17, 91:3
Laurie [2] - 2:5, 5:18
law [6] - 11:12, 15:9, 17:22, 20:11, 23:10, 62:11
laws [1] - 16:25
Lawson [27] - 10:24, 12:22, 13:10, 14:11, 21:18, 31:4, 33:11, 33:14, 43:14, 49:5, 49:14, 49:17, 50:4, 75:6, 75:21, 75:25, 84:25, 85:1, 89:21, 89:23, 89:25, 90:6, 93:5, 98:9, 98:13, 98:15, 98:20
laying [1] - 137:6
lead [1] - 138:5
leadership [1] - 20:24
learned [1] - 85:12
learning [3] - 25:11, 67:24, 107:19
least [1] - 88:3
leave [1] - 103:2
Leaving [1] - 132:24
led [1] - 26:13
LEED [1] - 86:4
left [2] - 5:18, 47:1
legal [11] - 5:20, 15:1, 24:6, 55:18, 70:9, 86:7, 94:9, 94:12, 95:2, 99:16, 101:21
legally [1] - 99:15
legislative [2] - 23:13, 78:13
legislators [1] - 15:20
legislature [4] - 22:8, 23:14, 73:24, 74:6
legislature's [4] - 22:20, 23:5, 42:16, 71:12
lengthy [1] - 94:10
Less [1] - 79:2
less [9] - 25:5, 25:6, 30:19, 49:24, 70:25, 72:8, 72:15, 78:25, 106:25
less-efficient [1] - 25:6
less-than-cosmic [1] - 70:25
lesser [1] - 54:23
letter [7] - 28:4, 28:8, 28:10, 29:17, 29:25, 30:2, 33:17
level [1] - 32:17
levies [7] - 26:20, 26:24, 128:15, 129:8, 129:16, 133:13
Levies [1] - 26:24
Levy [1] - 128:11
levy [9] - 52:25, 53:3, 53:5, 72:8, 72:11, 72:18, 72:19, 72:20, 86:6
liabilities [3] - 135:6, 135:7, 137:15
lie [2] - 13:6, 31:6
lies [1] - 13:7
lifelong [1] - 80:15
light [1] - 12:25
lights [1] - 24:6
likely [8] - 16:24, 17:6, 27:21, 40:12, 65:16, 76:10, 84:15, 97:14
limited [2] - 30:8, 62:10
limits [3] - 92:7, 120:5, 120:7
line [5] - 52:6, 64:9, 64:13, 90:20, 102:3
lines [4] - 25:4, 91:24, 94:24, 96:25
lining [1] - 88:21
list [6] - 80:5, 104:12, 104:14, 104:15, 105:12
listed [3] - 29:25, 76:23, 108:19
listening [1] - 34:4
live [11] - 49:8, 69:5, 75:6, 75:18, 75:21, 76:7, 80:9, 87:9, 87:18, 107:9, 118:4
living [1] - 49:6
LLP [1] - 28:1
Local [1] - 82:1
local [8] - 29:8, 33:13, 46:3, 53:8, 56:1, 72:12, 105:18, 108:22
located [6] - 29:4, 31:12, 89:5, 89:23, 121:15, 125:13
location [4] - 43:16, 48:1, 110:3, 132:3
logical [6] - 21:24, 22:14, 58:9, 58:15, 111:16, 112:5
long-term [2] - 11:15, 11:19
longstanding [1] - 29:6
look [36] - 11:3, 11:10, 13:20, 34:11, 36:5, 37:1, 38:1, 38:21, 38:22, 39:18, 52:11, 52:13, 52:19, 52:24, 53:11, 54:12, 55:13, 55:25, 56:7, 57:16, 57:21, 61:5, 73:3, 74:19, 82:3, 82:4, 89:16, 92:7, 100:10, 109:7, 116:10, 118:2, 122:13, 133:16, 133:22, 134:18
looked [3] - 11:22, 100:12, 102:1
Looking [1] - 30:16
looking [12] - 20:20, 30:24, 37:6, 37:12, 54:21, 74:25, 89:2, 108:2, 108:25, 127:24, 127:25, 133:19
Lorraine [7] - 3:10, 6:18, 27:25, 29:20, 35:2, 35:22
lose [1] - 58:7
loss [1] - 131:22
loudly [1] - 6:8
love [3] - 80:21, 80:22
low [2] - 24:19, 85:22
low-income [1] - 24:19
lower [9] - 38:25, 39:14, 48:7, 48:12, 53:5, 102:19, 119:19, 119:25
lowers [1] - 109:23
lunch [1] - 24:22
lunches [1] - 53:20

M

M&O [1] - 26:19
MADDEN [2] - 6:20, 7:2
Madden [1] - 6:20
magically [1] - 11:7
main [8] - 13:12, 24:12, 25:22, 49:16, 49:17, 50:6, 61:12, 87:22
maintain [1] - 90:16
maintenance [2] - 52:25, 53:7
major [6] - 21:21, 22:15, 27:3, 90:15, 107:21, 120:10
majority [3] - 18:8, 90:4, 120:1
management [5] - 44:22, 50:23, 51:6, 61:6, 61:25
Management [16] - 22:22, 23:8, 23:16, 30:10, 30:25, 44:7, 44:14, 44:17, 44:19, 60:16, 62:11, 71:23, 74:2, 74:5, 74:22, 110:6
manager [1] - 50:25
mandate [3] - 44:10, 44:13, 44:14
mandated [3] - 59:22, 85:18, 105:10
manner [4] - 22:7, 32:14, 56:2, 105:19
map [3] - 47:1, 92:8, 119:16
Maple [32] - 30:13, 30:19, 30:22, 31:9, 32:3, 32:4, 32:7, 32:17, 34:10, 34:18, 34:19, 34:21, 34:25, 47:2, 64:5, 64:6, 64:10, 64:13, 64:21, 64:24, 65:5, 65:7, 67:13, 69:6, 76:7, 87:9, 87:18, 100:3, 100:4, 103:3, 103:4, 107:18
maps [9] - 21:2, 21:6, 21:22, 34:11, 46:24, 48:12, 92:21, 93:4, 93:23
March [1] - 93:17
markedly [1] - 43:17
market [1] - 85:21
MARYANSKI [2] - 107:17, 108:10
Maryanski [2] - 86:21, 108:10
massive [1] - 82:10
master [79] - 10:20, 10:21, 10:22, 12:3, 12:20, 13:24, 14:17, 14:21, 15:15, 15:18, 15:21, 16:6, 16:9, 16:12, 16:23, 18:12, 21:18, 22:3, 22:23, 23:2, 23:9, 23:25, 24:1, 27:6, 32:10, 32:12, 32:23, 32:25, 33:4, 33:9, 33:19, 34:10, 34:16, 34:22, 36:7, 71:23, 72:2, 73:12, 73:14, 73:17, 73:22, 74:1, 74:3, 74:4, 74:24, 78:15, 79:7, 79:10, 79:12, 79:14, 81:19, 81:24, 82:7, 88:2, 88:9, 88:11, 89:15, 89:23, 90:7, 90:10, 92:12, 92:22, 93:19, 94:14, 95:14, 95:20, 97:4, 97:6, 97:11, 101:12, 101:15, 102:2, 103:8, 103:12, 103:19, 103:21, 115:6, 117:3, 118:3
match [8] - 17:25, 44:11, 47:18, 62:1, 62:2, 62:4, 78:17, 118:5
matching [3] - 22:18, 27:12, 78:14
materials [2] - 24:18, 71:8
mathematical [1] - 14:14
matter [11] - 20:7, 20:21, 26:12, 50:17, 91:7, 98:4, 100:15, 117:15, 117:16, 136:6
matters [4] - 50:21, 117:8, 117:9, 138:17
MDPs [1] - 37:14
meals [2] - 24:22, 25:11
mean [14] - 11:22, 39:2, 71:10, 81:6, 109:9, 112:20, 113:8, 113:17, 113:25, 114:1, 115:25, 116:8, 116:13, 127:7
meaning [2] - 40:1, 105:9
means [6] - 53:6, 53:18, 54:10, 64:15, 104:6, 136:10
measure [4] - 26:5, 26:19, 31:21, 67:21
measured [3] - 24:21,

53:20, 59:21
measurement [3] - 52:24, 53:24, 53:25
measures [4] - 52:13, 52:15, 84:10, 85:6
mechanism [2] - 26:18, 86:17
meet [2] - 72:13, 90:13
meeting [4] - 5:12, 7:19, 8:16, 104:6
meetings [4] - 7:17, 7:24, 82:19, 114:25
meets [2] - 57:18, 72:1
member [7] - 76:17, 88:16, 94:15, 104:8, 104:9, 105:13, 137:10
members [12] - 5:17, 7:14, 8:17, 13:23, 16:19, 20:5, 29:2, 42:23, 67:7, 69:14, 83:11, 100:1
members' [1] - 42:18
mention [2] - 73:9, 118:12
mentioned [3] - 34:20, 109:21, 119:14
met [1] - 88:17
mic [2] - 6:6, 42:22
Michael [4] - 3:7, 3:9, 3:11, 3:18
microphone [2] - 6:2, 77:16
microphone's [1] - 6:4
middle [3] - 11:5, 12:15, 88:23
Middle [1] - 81:8
midnight [1] - 77:22
might [13] - 46:10, 52:24, 58:2, 61:6, 61:9, 65:18, 65:25, 66:7, 75:24, 112:24, 115:17, 115:20, 134:23
Mike [9] - 3:4, 3:6, 4:4, 6:14, 6:16, 9:7, 20:2, 20:10, 108:10
mile [1] - 25:8
miles [1] - 69:7
million [9] - 18:22, 19:11, 26:9, 51:25, 67:20, 125:17, 126:18, 128:12
mind [1] - 109:5
minds [1] - 69:1
mine [3] - 7:2, 20:12, 91:8
miniscule [1] - 131:8
minuscule [3] - 125:22, 126:8, 126:14
minute [3] - 38:1, 70:19, 133:25
minutes [9] - 7:19, 7:23, 13:19, 30:1, 35:23, 70:18, 77:6, 77:18, 101:6
misplaced [1] - 44:21
misunderstands [1] - 73:11
Mitchell [2] - 3:25, 99:23
MITCHELL [2] - 99:24, 100:1
mitigated [1] - 95:22
Mitigation [13] - 84:21, 85:10, 88:8, 89:9, 89:15, 94:1, 94:19, 95:10, 95:16, 95:25, 96:4, 99:19, 102:8
mitigation [38] - 11:9, 11:16, 11:23, 12:2, 12:17, 12:18, 14:24, 14:25, 15:4, 17:19, 17:20, 18:3, 19:19, 27:8, 45:21, 71:7, 71:10, 81:18, 81:25, 82:14, 84:4, 84:6, 85:3, 85:6, 85:8, 85:22, 86:8, 86:9, 86:12, 86:15, 96:11, 101:16, 101:24, 102:19, 102:20, 102:22, 132:15, 132:19
modestly [1] - 24:10
modifications [1] - 68:23
moment [4] - 29:20, 33:2, 34:2, 74:25
moments [1] - 43:2
money [9] - 17:10, 43:20, 70:6, 74:14, 95:2, 95:6, 97:19, 111:1, 126:15
months [1] - 86:2
most [11] - 11:15, 16:24, 17:5, 22:6, 22:20, 43:17, 43:25, 73:8, 85:24, 88:25, 106:12
mostly [1] - 20:11
motion [13] - 7:21, 136:13, 137:11, 137:13, 137:16, 137:18, 137:20, 137:23, 138:21, 138:22
Motion [1] - 4:7
motions [1] - 136:15
motives [1] - 97:25
Mountain [1] - 81:8
move [4] - 9:2, 17:4, 111:14, 137:14
Move [1] - 7:18
moved [4] - 9:17, 9:23, 10:13, 137:21
Moved [2] - 7:22, 138:7
moves [1] - 138:2
MPD [32] - 19:25, 38:4, 38:24, 43:14, 43:15, 43:22, 44:11, 49:5, 49:14, 49:18, 49:20, 50:12, 61:8, 61:12, 64:22, 75:6, 75:21, 76:1, 82:4, 82:6, 83:14, 84:25, 85:17, 89:25, 90:6, 93:25, 96:21, 97:13
MPDs [28] - 18:15, 19:4, 24:1, 24:6, 36:8, 38:3, 38:14, 38:18, 38:20, 38:23, 39:7, 39:9, 39:23, 40:1, 40:2, 42:3, 45:16, 60:17, 74:24, 75:20, 78:8, 78:17, 82:1, 82:10, 85:15, 89:20, 96:17, 96:18
MR [112] - 6:11, 6:14, 6:16, 6:20, 6:24, 7:2, 7:3, 7:7, 7:21, 8:2, 9:6, 16:17, 17:17, 20:3, 20:4, 28:13, 28:16, 28:19, 29:1, 34:8, 42:11, 42:20, 42:21, 42:23, 55:15, 67:7, 70:22, 74:10, 76:19, 77:24, 87:7, 87:12, 87:15, 87:17, 99:24, 100:1, 101:8, 104:1, 104:17, 106:1, 106:19, 106:20, 106:22, 106:24, 107:2, 107:5, 107:17, 108:6, 108:10, 108:15, 109:20, 110:21, 111:19, 111:23, 113:7, 113:16, 113:24, 114:24, 116:12, 116:23, 118:19, 118:21, 118:24, 119:5, 121:2, 121:4, 121:25, 122:4, 122:10, 122:21, 123:2, 123:6, 123:15, 123:18, 123:21, 124:6, 124:17, 124:20, 125:4, 125:9, 125:18, 125:20, 125:24, 126:2, 127:3, 127:14, 127:18, 128:6, 128:18, 129:21, 130:1, 130:19, 131:20, 131:22, 132:10, 132:16, 134:14, 134:16, 135:9, 135:11, 136:22, 137:1, 137:2, 137:4, 137:7, 137:8, 137:17, 138:10, 138:13, 138:22, 138:24, 139:6
MS [123] - 6:1, 6:18, 6:22, 7:18, 7:25, 8:1, 28:12, 28:14, 28:18, 35:21, 42:19, 51:10, 80:7, 90:25, 99:11, 104:20, 105:15, 108:8, 108:12, 108:20, 109:14, 111:9, 111:12, 111:21, 111:24, 112:4, 112:17, 113:12, 113:21, 114:4, 115:12, 115:23, 116:6, 116:8, 116:16, 116:24, 117:6, 117:9, 117:14, 117:17, 117:21, 118:11, 118:14, 118:20, 118:22, 118:25, 119:4, 119:12, 120:6, 120:9, 120:10, 120:13, 120:16, 121:1, 121:3, 121:5, 121:17, 121:20, 121:24, 122:8, 122:25, 123:3, 123:23, 124:1, 124:13, 124:14, 124:25, 125:1, 125:19, 126:3, 126:5, 126:7, 126:10, 126:14, 126:18, 126:25, 127:7, 127:12, 127:20, 127:24, 128:2, 128:9, 128:16, 128:23, 129:4, 129:9, 129:18, 129:22, 130:3, 130:6, 130:10, 130:18, 130:25, 131:3, 131:11, 131:15, 131:19, 132:11, 132:12, 132:22, 133:3, 133:8, 133:13, 133:20, 133:24, 134:11, 134:25, 135:10, 135:15, 135:17, 135:18, 135:23, 135:25, 136:3, 136:7, 136:14, 136:15, 136:18, 137:5, 137:20, 138:11, 138:12, 138:19
multifamily [2] - 10:24, 10:25
multiple [2] - 88:4, 117:24
municipal [1] - 85:15
Murray [2] - 2:12, 5:21
MURRAY [12] - 6:1, 108:8, 108:12, 129:18, 129:22, 135:15, 135:18, 135:23, 135:25, 136:3, 136:14, 138:19
must [10] - 15:1, 27:13, 55:19, 55:22, 55:24, 73:1, 73:15, 73:18, 81:16, 92:4
mutually [2] - 57:25, 58:6

N

name [11] - 5:14, 6:14, 9:7, 29:2, 35:22, 67:8, 77:17, 77:23, 77:25, 91:1, 108:8
name's [3] - 20:10, 80:7, 87:7
names [2] - 76:23, 77:15
narrowing [1] - 26:6
nascent [1] - 64:23
National [1] - 99:7
nationals [1] - 99:4
naturally [1] - 72:18
near [2] - 11:1, 69:7
nearly [3] - 36:22, 60:3, 96:8
necessarily [3] - 19:9, 51:21, 113:8
necessary [3] - 16:25, 27:10, 101:7
need [16] - 7:17, 17:1,

19:7, 28:10, 28:18, 44:11, 45:25, 70:18, 86:23, 86:24, 101:14, 110:14, 114:16, 122:9, 129:25, 136:18
needed [3] - 5:25, 12:18, 81:9
needing [1] - 27:2
needs [16] - 22:13, 22:18, 24:14, 24:16, 44:24, 51:24, 55:14, 56:1, 56:9, 59:7, 72:13, 72:18, 72:21, 105:18, 108:18, 108:22
negative [10] - 113:22, 115:24, 116:2, 116:14, 129:24, 134:3, 134:7, 134:17, 134:21, 135:1
negatively [5] - 54:17, 54:24, 100:16, 114:6, 114:10
negotiated [1] - 88:7
negotiations [2] - 83:9, 96:3
neighborhood [3] - 68:17, 68:19, 119:23
neighborhoods [2] - 12:5, 91:8
neighboring [5] - 45:6, 45:10, 50:10, 62:9, 68:9
neighbors [1] - 68:18
Nelson [12] - 3:4, 3:6, 4:4, 6:14, 9:7, 20:14, 21:19, 21:25, 22:19, 27:11, 38:6, 80:15
NELSON [9] - 6:11, 6:14, 6:24, 9:6, 17:17, 101:8, 106:19, 106:22, 107:2
Nelson's [1] - 20:19
nephews [1] - 80:17
net [2] - 31:22, 65:15
never [8] - 56:18, 58:13, 61:2, 61:21, 111:20, 119:3, 130:22
New [1] - 130:9
new [28] - 6:6, 16:8, 27:9, 30:13, 30:25, 31:17, 31:21, 32:10, 32:17, 32:25, 33:8, 33:9, 38:13, 38:23, 39:10, 45:15, 45:25, 67:23, 68:16, 73:14, 79:8, 81:11, 88:1, 90:16, 107:22, 110:25, 129:1, 130:11
Next [1] - 80:5
next [16] - 30:1, 37:16, 42:10, 58:18, 59:12, 60:7, 60:12, 62:16, 64:8, 79:21, 80:5, 97:22, 107:9, 110:15, 112:20, 123:9
nice [1] - 6:7
niche [1] - 20:11
nieces [1] - 80:17
nine [1] - 104:15
NO [2] - 3:2, 4:2
nobody [2] - 86:18, 86:25
non [2] - 32:12, 61:10
non-master [1] - 32:12
None [4] - 66:25, 74:12, 93:16, 135:11
none [4] - 62:10, 66:10, 79:22, 132:4
nonissue [1] - 62:17
nonprofit [1] - 35:15
normal [1] - 32:9
north [3] - 23:20, 23:21, 115:6
North [53] - 21:14, 27:1, 29:21, 33:2, 33:11, 33:21, 36:10, 39:9, 39:13, 39:21, 39:24, 40:10, 40:11, 41:2, 41:17, 41:19, 41:23, 42:6, 42:7, 43:12, 47:11, 47:23, 47:25, 48:2, 48:4, 48:7, 48:8, 48:11, 48:16, 48:25, 49:5, 49:12, 49:15, 49:25, 50:3, 50:9, 54:4, 60:21, 61:13, 71:15, 71:24, 73:23, 75:3, 75:8, 75:18, 75:22, 75:24, 76:5, 76:10, 79:11, 79:17, 115:7
northern [1] - 113:17
Northwest [1] - 18:7
note [3] - 37:1, 38:21, 59:3
noted [1] - 94:8
notes [1] - 32:2
Nothing [1] - 135:23
nothing [15] - 43:23, 44:16, 58:5, 59:17, 63:1, 79:18, 93:24, 96:14, 97:18, 97:19, 107:11, 110:9, 115:12, 121:10, 132:23
notice [3] - 93:11, 93:21, 114:25
notions [2] - 44:21, 46:5
November [3] - 67:22, 83:4, 83:16
number [8] - 39:10, 55:20, 56:15, 78:12, 91:11, 121:12, 124:16, 125:12
numbers [13] - 11:10, 27:5, 33:18, 98:7, 122:19, 123:3, 123:8, 123:9, 125:7, 125:8, 125:16, 128:9, 128:13

O

Oakesdale [1] - 5:2
obligation [2] - 45:9, 62:1
obligation-free [1] - 45:9
observation [1] - 26:15
observations [3] - 43:7, 47:1, 56:5
observe [4] - 47:10, 50:1, 50:13, 61:2
obtain [3] - 45:8, 61:18, 78:4
obvious [2] - 31:24, 72:23
obviously [9] - 30:20, 47:24, 48:2, 60:8, 61:1, 105:7, 113:3, 124:1, 131:7
occur [7] - 19:1, 30:5, 31:1, 31:9, 48:11, 49:18, 101:15
occurred [3] - 30:16, 30:22, 102:7
occurring [2] - 16:2, 48:12
occurs [1] - 63:13
October [3] - 5:2, 102:9, 125:7
offer [2] - 8:25, 101:1
Office [1] - 2:8
office [2] - 29:4, 32:21
officer [1] - 5:22
Officer [1] - 2:13
offices [1] - 68:11
Offsetting [1] - 31:19
oftentimes [2] - 18:23, 53:20
Olbrechts [1] - 94:17
old [1] - 85:19
Olympia [2] - 2:9, 86:24
Once [1] - 119:25
once [8] - 39:20, 84:1, 87:1, 101:12, 106:15, 110:25, 111:1, 115:1
one [85] - 8:12, 10:1, 10:6, 10:23, 11:3, 12:18, 13:2, 15:16, 15:17, 16:22, 21:7, 21:9, 25:15, 26:10, 28:17, 33:12, 34:16, 43:11, 44:2, 45:3, 46:7, 47:9, 52:15, 53:23, 57:15, 57:18, 58:3, 58:4, 58:16, 59:18, 60:14, 61:7, 61:11, 62:5, 62:13, 68:23, 70:25, 71:25, 72:4, 74:15, 75:10, 81:1, 87:24, 90:1, 90:8, 92:17, 92:23, 94:20, 95:3, 96:12, 96:24, 97:1, 101:1, 102:10, 102:23, 103:20, 104:24, 105:6, 106:6, 106:7, 106:24, 107:8, 109:20, 111:22, 111:25, 114:1, 114:5, 114:8, 114:24, 117:1, 122:6, 124:5, 124:20, 125:24, 126:1, 131:3, 133:7, 134:4, 134:5, 136:17, 137:2, 137:3, 139:5
One [7] - 17:2, 26:15, 52:3, 64:15, 87:22, 106:11, 107:10
one-to-four [1] - 90:1
one-twentieth [1] - 26:10
ones [4] - 12:10, 17:8, 66:12, 106:7
open [5] - 19:18, 49:19, 49:21, 50:6, 67:17
opening [1] - 14:24
operating [3] - 58:21, 72:15, 81:11
operation [3] - 62:24, 63:3, 123:14
operations [3] - 6:21, 52:25, 53:8
opinion [4] - 69:22, 94:22, 95:8, 109:14
opinions [1] - 105:4
opponent [1] - 104:10
opportunities [8] - 22:17, 58:19, 58:23, 59:21, 71:11, 114:13, 115:14, 115:18
opportunity [5] - 7:13, 42:24, 51:12, 93:22, 102:13
oppose [2] - 80:10, 115:3
Opposed [1] - 8:6
opposed [1] - 115:2
opposite [1] - 134:20
opposition [2] - 78:2, 100:20
option [2] - 104:8, 137:13
options [1] - 137:12
orange [1] - 50:7
order [6] - 5:11, 15:2, 15:23, 17:25, 27:11, 27:12
ordinance [2] - 83:20, 86:25
Organization [4] - 5:5, 5:13, 8:22, 138:1
original [2] - 96:18, 96:21
originally [2] - 9:16, 119:23
otherwise [1] - 64:12
ought [1] - 62:4
ourselves [2] - 53:17, 112:1
outcome [4] - 113:19, 134:9, 134:21, 135:2
outcomes [2] - 60:2, 134:17
outlier [1] - 43:15
outline [1] - 30:2
outlined [3] - 22:8, 28:4, 47:3
outlines [1] - 28:6
outside [7] - 29:7, 61:20, 87:18, 88:10, 88:11, 88:15, 89:10
outskirts [1] - 12:5
outstanding [2] - 27:19, 128:24
overall [2] - 109:23, 125:22
overlook [1] - 121:23
overlooked [1] - 92:5
overtake [2] - 40:8, 42:9
overtakes [2] - 40:22, 41:5
overview [2] - 49:14,

50:4
owing [1] - 28:4
own [4] - 17:11, 17:12, 35:11, 105:4
owned [4] - 34:15, 93:1, 93:9, 127:9
owners [1] - 99:17
ownership [2] - 93:16, 94:25
owns [1] - 75:11

P

p.m [5] - 5:3, 5:10, 77:11, 139:11
P.O [1] - 2:9
pace [2] - 30:13, 37:23
Pacific [1] - 51:4
Page [1] - 93:2
PAGE [2] - 3:2, 4:2
page [1] - 102:15
Paid [2] - 126:18, 130:10
paid [2] - 17:22, 52:20
paper [1] - 108:4
papers [1] - 125:7
paperwork [1] - 136:25
Parametrix [2] - 93:2, 97:2
parcel [12] - 13:3, 13:5, 14:1, 14:3, 14:6, 14:10, 19:10, 19:11, 19:22, 75:10
parcels [3] - 13:1, 14:13, 18:22
parent [2] - 91:6, 98:5
parents [3] - 9:23, 68:14, 91:9
parity [1] - 24:23
Park [2] - 18:10, 18:14
parks [2] - 32:21, 115:4
part [38] - 10:11, 13:12, 13:14, 14:4, 14:5, 14:6, 15:8, 15:12, 18:24, 19:24, 22:6, 23:12, 25:14, 33:6, 35:1, 49:20, 60:22, 61:4, 63:7, 66:22, 73:17, 73:25, 76:23, 79:15, 81:7, 86:9, 87:10, 93:3, 101:24, 102:6, 103:15, 103:21, 119:3, 119:21, 119:25, 121:16, 125:14, 128:3
participation [5] - 8:11, 82:15, 83:2, 83:25
particular [12] - 13:17, 31:23, 75:22, 105:5, 105:24, 106:13, 114:17, 115:20, 117:1, 118:10, 118:16, 119:18
particularly [1] - 10:9
parties [7] - 22:6, 29:9, 84:2, 94:12, 95:22, 96:2, 108:1
partnership [1] - 10:4
parts [2] - 12:23, 75:7
party [4] - 83:3, 83:5, 83:17, 84:20
pass [19] - 16:25, 26:19, 27:2, 27:13, 28:10, 35:18, 52:5, 66:23, 82:9, 90:15, 102:21, 105:1, 109:24, 110:8, 110:14, 115:19, 116:3, 133:13, 134:24
passed [4] - 8:7, 21:2, 34:11, 86:25
passes [1] - 137:14
passing [4] - 17:15, 115:17, 134:2, 134:22
past [7] - 27:20, 30:16, 34:21, 35:8, 71:17, 73:7, 139:8
patently [1] - 78:20
patrons [1] - 17:6
pattern [7] - 51:17, 53:4, 54:3, 112:11, 113:3, 113:4, 113:6
patterns [8] - 22:16, 25:6, 32:11, 59:5, 63:13, 66:1, 103:1, 103:3
Pause [1] - 77:10
pay [4] - 45:24, 82:12, 85:21, 128:25
paying [3] - 127:3, 127:9, 127:17
penalizing [1] - 109:17
people [17] - 16:22, 18:11, 18:15, 28:1, 49:11, 69:4, 75:13, 76:25, 77:5, 82:8, 100:7, 102:13, 103:2, 106:3, 115:1, 115:2, 119:19
People [1] - 69:5
per [61] - 24:10, 24:13, 25:7, 25:24, 25:25, 26:7, 26:17, 26:21, 26:22, 27:22, 31:20, 33:19, 33:24, 35:24, 36:6, 36:8, 36:12, 36:15, 36:18, 36:20, 36:24, 37:8, 37:25, 38:20, 38:23, 38:24, 38:25, 39:4, 39:6, 39:13, 39:15, 39:17, 39:23, 39:25, 40:3, 40:8, 40:9, 40:14, 40:17, 40:20, 41:1, 41:8, 41:9, 41:14, 41:16, 41:19, 42:4, 42:8, 46:13, 51:14, 53:7, 53:12, 54:2, 63:9, 77:6, 98:23, 122:16, 131:24
per-pupil [5] - 25:7, 46:13, 63:9, 122:16, 131:24
per-student [2] - 53:7, 54:2
percent [13] - 11:13, 17:23, 24:20, 26:11, 26:25, 38:17, 53:6, 54:11, 68:2, 86:2, 125:24, 126:1
percentage [4] - 24:20, 90:2, 116:12, 125:23
perception [1] - 80:25
performance [1] - 59:22
performed [1] - 35:12
perhaps [2] - 46:24, 70:24
period [3] - 11:10, 85:24, 101:2
permit [1] - 79:7
permits [3] - 84:16, 88:23, 98:14
person [4] - 29:6, 72:7, 77:7, 134:5
persons [1] - 84:10
perspective [9] - 43:24, 44:1, 52:9, 56:8, 56:11, 57:17, 58:5, 59:16, 63:4
pertaining [1] - 119:7
pertinent [1] - 137:24
Peter [5] - 3:23, 87:6, 87:8, 87:11, 87:14
petition [10] - 56:1, 78:3, 78:11, 79:6, 80:1, 89:18, 89:22, 90:11, 137:19, 137:25
petitions [2] - 58:16, 96:24
PFLUGRATH [24] - 7:21, 8:2, 42:20, 108:15, 109:20, 111:19, 113:7, 113:16, 113:24, 116:12, 119:5, 123:6, 127:3, 127:14, 127:18, 128:18, 129:21, 130:1, 134:14, 134:16, 137:2, 137:7, 138:10, 138:22
Pflugrath [2] - 2:5, 5:18
Phase [1] - 90:8
Phil [1] - 94:16
photo [1] - 13:13
picture [1] - 13:17
piece [13] - 14:15, 18:23, 49:19, 64:11, 92:8, 105:24, 108:4, 110:7, 112:13, 112:16, 127:18, 128:19, 128:21
pieces [3] - 13:9, 15:11, 18:5
Pierce [1] - 118:6
Pit [1] - 34:14
pit [2] - 34:15, 58:3
Place [4] - 31:10, 31:12, 33:6, 34:14
place [7] - 11:7, 40:12, 83:10, 83:11, 83:12, 100:15, 105:4
Placement [1] - 99:7
places [2] - 44:7, 60:15
plan [11] - 11:16, 11:19, 11:21, 15:7, 32:1, 32:16, 32:18, 43:18, 97:9, 115:6
planned [74] - 10:20, 10:21, 12:3, 12:20, 13:25, 14:17, 14:21, 15:15, 15:18, 15:21, 16:6, 16:9, 16:12, 16:23, 18:12, 21:18, 22:3, 22:23, 23:3, 23:9, 23:25, 24:1, 27:6, 32:10, 32:12, 32:23, 33:1, 33:4, 33:9, 33:19, 34:10, 34:17, 34:23, 36:7, 71:23, 72:3, 73:12, 73:14, 73:18, 73:22, 74:1, 74:3, 74:4, 74:24, 78:15, 79:8, 79:10, 79:12, 79:14, 79:19, 79:22, 88:2, 88:9, 88:11, 89:15, 89:23, 90:7, 90:10, 92:12, 92:22, 93:19, 94:14, 95:14, 95:21, 97:4, 101:12, 101:15, 102:2, 103:8, 103:12, 103:19, 103:21, 117:3, 118:3
Planning [2] - 27:24, 29:3
planning [4] - 21:25, 29:8, 89:4, 101:12
plans [10] - 10:22, 11:23, 29:14, 29:24, 33:16, 92:21, 93:4, 93:22, 97:7, 97:11
plats [2] - 98:11, 98:12
play [1] - 70:6
pleased [2] - 77:4, 94:18
plethora [1] - 90:16
plus [2] - 20:12, 115:6
podium [1] - 77:16
point [26] - 16:1, 20:2, 21:13, 41:21, 41:22, 41:25, 45:19, 46:7, 47:10, 49:2, 50:12, 58:25, 64:19, 66:4, 70:23, 70:25, 73:11, 95:19, 98:11, 103:17, 103:18, 104:23, 104:25, 114:23, 128:20
points [6] - 16:16, 20:15, 64:14, 70:25, 101:3, 111:11
policies [2] - 88:20, 89:4
policy [3] - 32:13, 32:21, 42:16
poor [5] - 52:22, 53:18, 53:21, 54:20, 60:5
populated [1] - 113:4
population [4] - 29:14, 31:5, 37:13, 48:16
populations [1] - 76:3
portion [27] - 9:2, 9:4, 13:16, 14:16, 14:17, 20:1, 33:11, 43:21, 47:11, 47:13, 47:22, 48:7, 48:8, 48:13, 49:3, 49:17, 49:24, 50:5, 50:14, 61:8, 61:12, 63:5, 72:20, 100:25, 103:17, 103:20
portions [3] - 61:19, 75:25, 76:1
position [7] - 9:11,

42:25, 43:7, 52:4, 54:23, 54:25, 115:16
positions [3] - 24:8, 68:11, 89:12
positive [8] - 32:5, 65:16, 115:25, 116:14, 133:5, 134:3, 134:6, 134:9
positively [2] - 54:18, 55:1
possibilities [1] - 126:10
possibility [1] - 116:5
possible [2] - 11:16, 80:14
possibly [2] - 65:19, 102:3
potatoes [1] - 73:6
potential [8] - 17:15, 68:7, 78:5, 78:6, 79:24, 88:18, 88:25, 91:25
potentially [2] - 17:7, 107:22
PowerPoint [1] - 35:19
Pre [1] - 28:22
pre [1] - 3:8
PRE [1] - 29:1
pre-recorded [1] - 3:8
Pre-recorded [1] - 28:22
PRE-RECORDED [1] - 29:1
precedent [8] - 45:12, 68:25, 87:20, 90:19, 92:1, 92:4, 99:15, 112:23
precedent-setting [2] - 68:25, 87:20
preclude [1] - 88:21
predatory [1] - 58:2
preference [2] - 23:14, 78:13
preferred [1] - 93:21
preliminary [2] - 98:11, 98:12
prepared [3] - 29:13, 35:13, 67:14
preparing [3] - 36:1, 36:16
preposterous [1] - 46:1
present [8] - 2:12, 20:2, 26:9, 29:23, 42:24, 71:5, 72:24, 73:6
presentation [10] - 6:11, 20:1, 20:19, 29:19, 34:5, 36:3, 43:10, 67:5, 67:14, 98:3
presentations [1] - 98:6
Presentations [3] - 3:3, 3:12, 3:17
presented [8] - 28:23, 36:18, 41:13, 41:15, 83:3, 93:25, 95:1, 102:8
presenting [1] - 43:6
presently [4] - 61:20, 78:8, 78:9, 79:10
preserves [1] - 32:14
president [10] - 7:4, 7:9, 16:14, 20:25, 29:3, 43:5, 67:6, 67:8, 84:8, 125:11
President [1] - 20:14
pressure [3] - 30:17, 131:11, 131:12
Pretty [1] - 134:19
pretty [7] - 28:5, 62:13, 66:21, 70:11, 111:21, 119:17, 120:23
previous [1] - 7:24
previously [1] - 89:6
principal [1] - 51:3
principally [1] - 35:9
prioritize [1] - 81:16
private [1] - 29:9
privilege [1] - 9:9
proactive [1] - 101:11
proactively [1] - 85:15
problem [5] - 17:14, 44:18, 45:1, 82:24, 110:21
proceeding [2] - 44:15, 45:3
Proceedings [1] - 139:10
proceedings [2] - 5:6, 77:10
PROCEEDINGS [2] - 3:2, 4:2
process [36] - 12:2, 12:17, 12:18, 15:1, 15:4, 15:8, 15:10, 15:13, 19:8, 19:17, 19:18, 19:20, 21:24, 22:5, 24:5, 45:8, 45:11, 58:1, 66:13, 66:16, 67:2, 74:16, 82:18, 83:21, 90:9, 92:15, 94:10, 94:11, 95:3, 99:18, 99:19, 102:2, 102:4, 102:6, 103:4, 105:2
processes [2] - 101:14, 101:22
Proctor [3] - 3:22, 80:6, 80:8
PROCTOR [1] - 80:7
produce [2] - 24:24, 33:6
professional [2] - 27:16, 28:6
professor [1] - 51:2
profit [1] - 35:16
profits [1] - 81:23
programs [3] - 24:24, 25:12, 51:3
proje [1] - 54:14
project [3] - 69:25, 85:1, 93:5
projected [5] - 31:8, 36:19, 38:10, 40:14, 41:16
projection [1] - 51:19
projections [6] - 29:14, 29:23, 32:8, 33:17, 35:13, 46:10
projects [4] - 27:20, 93:6, 128:12, 128:14
promote [1] - 114:18
promoting [1] - 59:12
prompted [2] - 23:12, 27:16
Pronounce [1] - 87:6
proper [1] - 69:10
properties [5] - 88:22, 90:3, 109:22, 128:20, 135:13
property [59] - 18:18, 26:23, 45:9, 46:20, 48:6, 48:13, 49:17, 50:6, 50:16, 52:6, 52:22, 56:17, 56:24, 57:2, 58:14, 60:13, 60:19, 60:25, 61:2, 61:17, 64:24, 65:6, 65:20, 69:3, 69:23, 75:2, 75:11, 75:13, 76:11, 78:4, 78:5, 79:19, 79:20, 79:22, 79:25, 93:15, 94:25, 95:14, 97:17, 98:8, 98:15, 99:17, 100:21, 108:25, 109:16, 110:7, 119:15, 121:15, 125:13, 127:4, 127:14, 127:17, 127:19, 130:14, 132:6, 132:20, 132:24, 134:1, 134:23
property-poor [1] - 52:22
proponent [1] - 104:9
proportionally [1] - 90:2
proportionately [1] - 52:21
proportions [1] - 25:2
proposal [56] - 20:7, 20:17, 21:17, 21:23, 22:4, 22:12, 23:12, 23:23, 24:11, 27:1, 43:1, 43:20, 43:22, 44:6, 44:12, 44:25, 47:17, 49:9, 51:9, 55:21, 55:22, 55:23, 55:24, 56:15, 56:18, 56:19, 57:12, 57:19, 57:22, 58:7, 58:12, 58:17, 58:24, 59:9, 59:10, 59:11, 59:16, 59:19, 59:25, 60:6, 60:11, 62:19, 63:2, 63:6, 63:16, 63:18, 66:9, 66:11, 66:12, 66:14, 66:22, 67:2, 71:14, 75:15, 76:5
proposals [2] - 56:8, 59:16
proposed [32] - 8:21, 23:1, 23:3, 25:17, 49:9, 88:9, 89:20, 89:23, 89:25, 90:5, 93:6, 105:17, 108:21, 111:14, 112:8, 114:12, 114:18, 115:21, 116:20, 116:22, 117:2, 117:4, 119:8, 122:14, 123:12, 125:15, 126:22, 130:14, 130:15, 130:21, 131:5, 133:5
proposition [4] - 44:8, 45:7, 45:22, 62:3
proud [1] - 98:25
provide [12] - 28:20, 33:12, 43:3, 43:24, 58:21, 68:6, 69:14, 70:15, 70:17, 90:12, 108:18, 108:20
provided [3] - 29:8, 82:1, 93:11
provides [3] - 5:20, 5:24, 57:4
proxy [1] - 26:21
PTA [1] - 125:11
Public [1] - 4:5
public [34] - 7:13, 7:14, 8:16, 9:4, 18:6, 43:24, 56:3, 56:14, 56:20, 58:13, 59:13, 82:15, 82:20, 83:1, 83:2, 83:5, 83:10, 83:17, 83:21, 83:25, 86:3, 86:24, 93:19, 94:13, 100:25, 102:13, 104:5, 104:6, 104:7, 104:9, 105:20, 114:19, 114:22, 115:9
public-education [1] - 56:14
published [1] - 39:5
puddle [1] - 91:13
Puget [3] - 5:3, 5:13, 137:25
Pull [1] - 57:15
pull [2] - 17:25, 61:5
pulling [1] - 111:2
pupil [5] - 25:7, 46:13, 63:9, 122:16, 131:24
pupils [5] - 58:19, 60:8, 60:9, 114:13, 116:21
purchases [1] - 120:2
purported [1] - 47:17
purpose [13] - 7:16, 8:8, 8:16, 19:5, 36:3, 47:17, 47:20, 111:4, 111:5, 111:6, 126:23, 130:7
Purposes [1] - 66:13
purposes [1] - 66:16
pursuing [2] - 71:11, 71:16
push [1] - 67:21
put [10] - 11:24, 33:17, 38:9, 71:19, 84:17, 85:15, 86:12, 92:14, 98:11, 100:19
puts [1] - 94:23
putting [4] - 10:20, 38:10, 38:13, 65:18
Putting [2] - 33:2, 58:22
Puyallup [2] - 50:22, 53:17

Q

qualify [1] - 27:12
quality [1] - 31:22
quantity [1] - 53:22
quarters [1] - 73:4
questionnaire [1] - 22:25
questions [14] - 42:12, 42:18, 104:2, 104:14, 104:22, 105:1, 105:14, 106:9, 114:5,

120:21, 124:12, 136:10, 136:11, 137:11
quick [4] - 106:9, 114:24, 124:18, 134:5
quickly [3] - 12:21, 107:7, 107:13
quite [9] - 6:2, 8:12, 54:15, 64:4, 64:21, 69:24, 93:7, 107:15, 115:1
quorum [2] - 5:15, 6:8
quote [4] - 79:7, 87:24, 88:1, 90:13

R

R-i-m-b-o-s [1] - 87:8
raise [1] - 110:25
raised [1] - 9:14
ran [1] - 66:5
range [1] - 35:14
rapid [5] - 30:19, 37:23, 41:4, 65:4, 66:2
rapidly [5] - 37:5, 37:15, 40:6, 40:7, 63:23
rate [9] - 16:4, 26:22, 30:6, 31:1, 32:6, 40:23, 41:4, 52:18, 52:20
rates [8] - 29:15, 54:7, 54:8, 59:22, 59:23, 72:22, 72:24, 109:23
rather [6] - 26:18, 56:10, 59:9, 65:14, 76:25, 92:2
rationale [2] - 72:20, 138:4
raw [3] - 135:14, 136:6, 136:7
RCW [2] - 105:23, 133:6
RCWs [2] - 15:20, 89:18
reach [1] - 49:25
reached [1] - 34:22
react [1] - 22:4
read [3] - 30:3, 119:3, 137:22
readily [1] - 47:21
reading [1] - 99:23
reads [1] - 84:24
ready [1] - 48:25
Real [1] - 126:2
real [4] - 106:9, 107:7, 107:13, 124:18
reality [1] - 82:10
realize [2] - 11:25, 110:23
really [34] - 11:18, 12:1, 15:14, 16:21, 21:20, 36:4, 36:21, 37:3, 37:7, 38:17, 42:13, 45:19, 45:25, 53:21, 58:15, 71:1, 81:7, 81:13, 82:16, 96:22, 97:21, 108:24, 111:3, 111:4, 113:10, 114:1, 117:8, 121:10, 123:23, 130:23, 131:14, 136:5
reason [9] - 12:16, 14:24, 17:19, 19:3, 24:4, 24:12, 74:13, 83:24, 96:13
reasonable [1] - 42:6
reasons [7] - 17:2, 19:1, 19:2, 19:6, 52:3, 56:15
rebut [2] - 89:19, 101:3
Rebuttal [1] - 3:17
rebuttal [3] - 8:25, 70:15, 70:17
Receipt [1] - 43:21
receive [4] - 33:25, 104:7, 132:15, 132:25
received [1] - 72:16
receives [1] - 33:25
recent [4] - 22:20, 23:13, 36:25, 71:17
recently [4] - 25:24, 53:16, 61:4, 68:15
recess [1] - 9:2
recession [1] - 26:2
recharacterization [1] - 65:6
recognize [1] - 20:23
recognized [1] - 74:6
recognizes [1] - 22:15
recognizing [1] - 112:10
recommendation [1] - 120:20
reconsider [1] - 20:6
record [4] - 63:25, 77:25, 84:8, 94:23
RECORDED [1] - 29:1
recorded [2] - 3:8, 28:22
records [1] - 92:16
rectangle [2] - 13:3, 14:16
rectangular [1] - 13:16
rectify [2] - 96:17, 96:23
red [5] - 36:17, 37:18, 38:11, 40:15, 41:14
redevelopment [1] - 65:6
Redmond [1] - 82:4
reduce [1] - 37:24
reduced [3] - 24:22, 46:18, 53:20
reducing [8] - 58:19, 59:2, 62:14, 63:8, 65:14, 66:17, 74:19, 114:14
reduction [3] - 62:22, 81:24, 122:15
redundant [1] - 112:1
reference [2] - 13:19, 56:23
referenced [2] - 64:7, 105:23
references [5] - 60:16, 60:18, 74:22, 74:23, 94:5
referencing [1] - 107:3
referred [2] - 34:9, 107:25
referring [1] - 63:9
refers [2] - 45:14, 59:20
reflect [1] - 32:11
regard [2] - 16:20, 43:8
regarding [2] - 64:23, 89:18
regards [1] - 54:19
region [1] - 10:9
regional [11] - 43:24, 44:1, 56:10, 56:12, 57:15, 58:5, 59:15, 59:17, 63:3, 66:14, 67:23
Regional [8] - 2:2, 2:7, 5:4, 5:12, 8:17, 8:21, 19:7, 138:1
Reid [5] - 3:8, 27:24, 28:23, 29:3, 36:2
reinforced [1] - 43:10
reiterate [1] - 42:1
reject [1] - 79:25
related [1] - 29:20
relation [1] - 21:11
relationship [15] - 60:13, 60:19, 60:24, 75:2, 75:5, 75:9, 75:10, 75:12, 75:14, 75:24, 76:2, 76:10, 119:8, 130:13, 130:23
relative [1] - 53:11
relatively [3] - 36:21, 84:4, 84:5
relevant [1] - 22:11
reliance [5] - 27:15, 44:7, 44:20, 60:15, 74:21
relied [1] - 58:11
rely [1] - 17:21
relying [1] - 84:9
remained [1] - 120:2
remarkable [1] - 65:15
remarks [3] - 35:3, 67:5, 67:14
remediation [2] - 24:24, 25:12
remedy [1] - 44:19
Remember [1] - 111:10
remember [3] - 112:13, 125:10, 128:18
REMEMBERED [1] - 5:1
remodels [1] - 128:25
remote [1] - 61:19
removed [2] - 102:14, 110:2
rent [2] - 96:17, 96:21
Renton [4] - 5:3, 30:18, 50:25, 51:1
reorganization [1] - 23:6
repeat [1] - 77:20
repeating [2] - 79:2, 112:1
repetition [1] - 77:21
reported [1] - 96:5
reporter [2] - 28:15, 77:17
reports [1] - 29:24
represent [6] - 11:4, 16:22, 67:11, 83:11, 100:7, 100:9
representative [1] - 94:15
represented [2] - 68:2, 99:3
representing [4] - 16:15, 18:22, 67:13, 100:3
represents [2] - 38:7, 53:1
request [7] - 18:21, 19:21, 80:10, 89:13, 90:17, 97:25, 99:14
requested [1] - 90:19
requesting [1] - 19:11
requests [5] - 56:1, 92:1, 105:18, 108:22, 117:24
require [3] - 46:18, 74:19, 78:16
required [1] - 30:25
requirements [2] - 89:17, 105:11
requires [2] - 75:1, 104:13
reside [5] - 14:9, 15:16, 16:9, 80:8, 103:19
residences [1] - 89:25
resident [8] - 75:19, 75:20, 78:1, 80:15, 87:8, 91:5, 91:15, 95:9
residential [15] - 14:18, 14:22, 31:1, 31:8, 31:14, 48:20, 48:21, 48:22, 49:18, 49:22, 50:8, 73:14, 73:16, 132:20, 132:22
residents [18] - 14:9, 17:5, 49:4, 49:6, 49:8, 49:13, 49:23, 50:1, 60:25, 75:16, 75:17, 76:6, 76:9, 76:11, 79:21, 91:17, 100:6, 100:14
residing [4] - 45:17, 78:25, 84:10, 91:12
resolution [1] - 83:20
resource [2] - 21:22, 51:6
resources [4] - 6:23, 20:16, 22:18, 69:15
respect [4] - 42:25, 64:22, 85:1, 103:22
respectfully [1] - 90:17
response [2] - 65:12, 72:9
responsibility [11] - 16:7, 16:8, 16:20, 16:21, 18:16, 19:23, 81:14, 81:18, 81:20, 81:21, 111:2
responsible [1] - 11:13
responsibly [3] - 57:22, 111:15, 112:9
responsive [1] - 128:3
rest [2] - 65:1, 79:4
restate [2] - 72:23, 101:2
result [7] - 26:13, 62:4, 62:13, 68:22, 122:15, 123:12, 133:5
results [3] - 30:2,

35:14, 94:11
resume [1] - 76:21
retail [1] - 32:11
retired [2] - 50:19, 80:18
retract [1] - 7:2
reveals [2] - 48:2, 48:15
revenue [26] - 14:20, 17:12, 24:12, 31:25, 33:7, 43:21, 44:2, 45:5, 45:9, 47:23, 47:24, 53:12, 53:15, 53:21, 58:3, 60:4, 61:16, 61:18, 68:7, 72:12, 91:22, 107:21, 114:2, 114:7, 131:7, 131:23
revenue-poor [1] - 53:21
revenue-rich [1] - 45:9
revenues [13] - 16:11, 24:10, 24:24, 25:18, 31:19, 33:5, 44:2, 44:24, 72:11, 72:16, 79:7, 79:24, 90:12
reversed [1] - 70:3
review [9] - 27:17, 45:4, 62:20, 75:1, 92:14, 92:20, 93:22, 94:10, 102:14
reviewed [3] - 66:11, 94:2, 95:4
reviewing [1] - 36:14
Revised [1] - 8:23
revision [2] - 23:6, 23:7
revolved [1] - 11:18
rich [2] - 45:9, 54:20
Ridge [2] - 82:4, 82:6
rightly [1] - 91:22
Rimbos [3] - 3:23, 87:6, 87:8
RIMBOS [4] - 87:7, 87:12, 87:15, 87:17
rise [2] - 33:24, 54:7
road [1] - 91:11
roads [4] - 47:21, 49:1, 49:23, 115:4
rob [1] - 79:23
role [1] - 20:13
roles [1] - 70:2
Rollins [3] - 2:3, 5:14, 20:4
ROLLINS [140] - 5:10, 6:5, 6:12, 7:1, 7:5, 7:12, 7:22, 8:3, 8:6, 42:17, 42:22, 70:14, 74:8, 76:16, 76:20, 77:13, 80:3, 87:4, 90:22, 99:9, 99:22, 99:25, 100:24, 103:24, 104:4, 104:18, 104:21, 105:16, 108:13, 108:16, 109:13, 109:19, 110:19, 111:7, 111:10, 111:13, 112:3, 112:6, 113:2, 113:13, 114:11, 115:10, 115:13, 116:4, 116:7, 116:10, 116:18, 116:25, 117:7, 117:12, 117:18, 117:22, 118:13, 118:18, 119:2, 119:6, 119:13, 120:7, 120:12, 120:14, 120:17, 121:7, 121:19, 121:22, 122:1, 122:5, 122:11, 122:22, 123:4, 123:11, 123:17, 123:19, 123:25, 124:3, 124:7, 124:15, 124:19, 125:10, 125:21, 125:25, 126:4, 126:6, 126:9, 126:11, 126:16, 126:20, 127:2, 127:5, 127:10, 127:16, 127:21, 127:25, 128:5, 128:7, 128:11, 128:22, 129:3, 129:6, 129:11, 129:19, 129:23, 130:2, 130:5, 130:8, 130:12, 130:20, 131:1, 131:4, 131:13, 131:16, 131:21, 132:1, 132:14, 132:17, 132:23, 133:4, 133:12, 133:15, 133:22, 134:8, 134:12, 134:15, 134:19, 135:1, 135:12, 135:21, 135:24, 136:1, 136:4, 136:9, 136:16, 136:20, 136:24, 137:9, 137:21, 138:14, 138:20, 138:25, 139:3, 139:7
rolls [1] - 108:3
room [1] - 68:10
roughly [1] - 26:11
row [1] - 5:23
rule [1] - 129:25
run [1] - 70:7
rural [9] - 25:5, 62:10, 72:15, 84:16, 87:9, 87:18, 88:16, 88:19, 88:24

S

saddened [1] - 82:16
safety [2] - 60:7, 116:21
satellite [3] - 13:1, 13:14, 96:20
saw [3] - 11:23, 39:11, 125:16
Sawyer [6] - 47:14, 49:7, 69:7, 103:4, 103:13, 103:15
Sayer [1] - 47:22
scale [1] - 66:14
scales [1] - 73:3
scenario [2] - 41:16, 41:18
scenarios [1] - 41:15
Scholar [1] - 99:6
Scholars [1] - 99:7
school [169] - 7:8, 9:10, 9:22, 9:24, 10:6, 10:8, 10:12, 10:14, 10:17, 11:1, 11:5, 11:16, 11:20, 12:4, 12:7, 12:8, 12:14, 12:16, 12:18, 13:20, 13:22, 14:19, 14:23, 14:24, 15:1, 15:3, 15:4, 15:6, 15:17, 15:24, 15:25, 16:10, 16:14, 18:2, 18:19, 18:24, 18:25, 19:19, 19:22, 20:11, 20:12, 20:20, 20:23, 21:8, 22:24, 23:1, 23:6, 23:14, 24:15, 27:7, 29:9, 29:12, 31:5, 31:25, 33:13, 36:13, 36:15, 36:22, 37:22, 38:16, 44:3, 44:11, 45:6, 45:10, 46:14, 46:23, 47:5, 47:19, 50:19, 50:20, 51:5, 52:2, 52:10, 52:14, 53:1, 53:18, 53:23, 54:22, 56:4, 56:9, 56:22, 57:9, 57:16, 58:3, 58:4, 58:20, 59:13, 59:18, 61:21, 62:2, 62:5, 62:9, 62:14, 62:21, 64:4, 65:17, 65:24, 66:5, 67:23, 68:9, 68:18, 69:13, 70:7, 74:15, 78:4, 78:14, 78:18, 80:21, 80:23, 81:2, 81:4, 81:9, 81:11, 81:14, 81:22, 82:13, 82:19, 82:23, 84:7, 84:17, 84:19, 85:14, 85:17, 86:1, 86:6, 86:23, 87:24, 88:5, 88:18, 89:1, 92:7, 92:16, 93:2, 94:20, 94:24, 95:13, 95:17, 97:8, 98:6, 101:9, 101:11, 101:13, 101:19, 101:20, 102:18, 103:11, 103:16, 103:20, 105:21, 106:13, 106:23, 112:22, 114:20, 121:13, 121:15, 124:16, 125:13, 126:21, 130:9, 130:11, 131:11, 135:19
School [212] - 3:3, 3:12, 3:18, 3:19, 4:4, 5:5, 5:12, 6:15, 6:23, 8:19, 8:20, 8:22, 8:24, 9:8, 9:19, 10:10, 10:11, 10:13, 13:4, 13:7, 14:5, 16:4, 18:8, 18:10, 18:16, 20:6, 21:1, 21:10, 23:21, 29:18, 30:4, 31:7, 31:11, 31:13, 31:14, 32:24, 33:4, 33:7, 35:25, 36:11, 38:4, 38:19, 42:25, 43:6, 43:8, 45:15, 45:18, 45:20, 45:23, 45:24, 46:2, 46:3, 46:14, 46:20, 46:21, 47:6, 47:8, 47:12, 47:15, 48:14, 48:19, 48:24, 49:8, 49:10, 49:13, 50:2, 50:17, 50:22, 50:25, 51:1, 51:14, 51:15, 52:5, 52:7, 52:20, 52:22, 53:4, 53:6, 53:9, 53:14, 53:17, 54:6, 54:7, 54:16, 54:24, 57:1, 57:2, 57:3, 57:8, 57:9, 57:11, 57:12, 60:22, 61:1, 61:14, 61:22, 64:2, 64:3, 65:20, 65:22, 66:2, 66:6, 66:18, 67:9, 68:15, 69:6, 70:1, 75:7, 75:17, 76:1, 76:3, 76:4, 76:6, 76:9, 76:11, 78:2, 78:3, 78:11, 78:22, 78:23, 79:1, 79:4, 79:5, 79:18, 79:22, 79:24, 80:8, 80:10, 80:16, 80:18, 80:20, 81:8, 81:21, 82:3, 82:5, 82:24, 83:6, 84:21, 85:10, 85:13, 86:14, 87:22, 88:6, 88:7, 88:8, 88:12, 88:14, 88:20, 89:1, 89:3, 89:6, 89:8, 89:9, 89:13, 89:15, 89:19, 90:12, 90:17, 91:5, 91:9, 91:21, 91:23, 92:9, 92:10, 92:11, 92:24, 93:1, 93:8, 93:9, 93:12, 94:1, 94:4, 94:7, 94:15, 94:23, 95:5, 95:8, 95:10, 95:15, 95:24, 96:1, 96:4, 96:25, 97:1, 97:12, 97:18, 97:24, 98:2, 98:16, 98:19, 98:22, 99:13, 99:19, 100:6, 100:14, 100:17, 102:8, 103:7, 107:1, 110:18, 127:8, 128:23, 129:2, 138:1, 138:3
school-age [2] - 121:13, 124:16
school-funding [1] - 24:15
schools [28] - 16:25, 18:1, 20:9, 22:13, 33:15, 57:7, 57:10, 58:13, 62:25, 63:3, 67:25, 80:18, 80:22, 81:3, 81:17, 81:18, 84:13, 85:17, 87:1, 88:10, 88:15, 88:23, 89:5, 89:10, 90:16, 92:24, 93:7, 123:14
screen [4] - 13:10, 14:2, 28:11, 35:20
seams [1] - 67:24
Seattle [5] - 20:10, 28:1, 30:18, 51:4, 51:5
Second [2] - 7:21, 138:24

second [11] - 13:5, 16:1, 21:7, 39:5, 41:18, 43:19, 64:19, 65:11, 102:6, 111:25, 137:20
seconded [3] - 7:23, 137:22, 138:7
Secondly [1] - 36:6
Section [2] - 84:19, 84:24
section [3] - 84:23, 119:19, 121:10
sections [2] - 12:25, 120:24
sectors [1] - 35:16
security [1] - 11:20
see [53] - 7:16, 13:10, 13:13, 13:15, 13:16, 13:18, 13:24, 21:10, 21:12, 21:23, 25:24, 33:3, 33:5, 34:18, 36:20, 37:2, 37:21, 38:3, 38:14, 38:23, 39:12, 39:22, 40:16, 40:21, 41:3, 41:4, 41:20, 43:19, 44:12, 47:21, 48:12, 49:19, 50:5, 50:7, 52:11, 54:13, 61:7, 62:23, 64:3, 64:9, 67:16, 68:7, 75:16, 82:16, 102:14, 108:23, 109:7, 109:16, 110:4, 110:6, 110:16, 113:6, 115:8
seeing [2] - 113:23, 128:19
seek [3] - 27:16, 85:5, 98:21
seem [1] - 62:12
sees [1] - 97:18
sell [2] - 66:22, 82:7
sends [1] - 94:15
sense [7] - 19:6, 57:5, 57:12, 61:9, 68:19, 70:12, 118:9
sensible [2] - 22:7, 87:25
sent [1] - 92:18
SEPA [1] - 92:14
separate [3] - 50:12, 79:15, 101:14
September [1] - 93:14
sequitur [1] - 61:10
series [4] - 11:17, 21:6, 49:23, 90:15
serious [1] - 106:4
serve [8] - 21:22, 62:15, 73:21, 79:8, 111:3, 111:15, 111:20, 112:9
served [5] - 51:2, 58:13, 87:24, 88:4, 90:5
serves [2] - 78:22, 78:23
service [9] - 22:15, 23:15, 58:9, 58:15, 105:22, 111:17, 112:11, 112:25, 114:20
Service [2] - 5:4, 5:14
services [4] - 5:22, 29:8, 50:23, 50:24
serving [8] - 9:9, 9:12, 14:21, 18:11, 42:14, 52:8, 57:23, 111:5
set [8] - 11:17, 12:1, 21:2, 30:10, 45:12, 112:23, 124:21
sets [2] - 12:13, 12:17
setting [4] - 12:16, 68:25, 87:20, 90:20
settings [1] - 35:15
settled [1] - 9:16
seven [1] - 12:14
several [4] - 29:12, 93:18, 117:19, 136:22
sewer [3] - 88:22, 97:9, 97:14
sewers [1] - 88:21
shaded [1] - 14:1
Shakes [1] - 108:15
shall [1] - 85:2
share [5] - 10:3, 28:2, 51:12, 52:9, 91:7
shared [2] - 17:18
shattered [1] - 96:19
Shaw [2] - 2:8, 5:19
SHAW [5] - 28:12, 28:14, 28:18, 136:15, 136:18
sheet [3] - 136:13, 136:19, 136:20
shift [3] - 49:10, 58:2, 63:12
shifting [6] - 44:2, 46:20, 56:22, 65:20, 74:14, 116:16
shipped [2] - 135:17, 135:18
SHOCKEY [1] - 29:1
Shockey [12] - 3:8, 27:24, 28:3, 28:23, 29:3, 34:9, 34:20, 35:2, 36:2, 82:16
Shockey's [1] - 28:21
shop [4] - 69:4, 69:7, 91:15, 103:2
shopping [2] - 49:5, 49:12
shore [3] - 45:24, 47:13, 49:7
short [4] - 28:7, 113:9, 113:21, 114:3
shorter [2] - 77:7, 77:18
shortly [1] - 24:5
shortsighted [1] - 11:23
show [10] - 13:9, 21:9, 28:7, 33:18, 34:12, 37:16, 37:19, 37:20, 41:12, 92:16
showing [1] - 35:19
shown [3] - 78:21, 97:13, 119:17
shows [17] - 21:7, 21:8, 21:17, 24:19, 25:1, 34:16, 34:17, 40:4, 40:24, 42:1, 47:1, 48:5, 53:24, 64:8, 97:2, 129:13, 129:24
sic [7] - 7:17, 28:1, 105:22, 106:16, 124:24, 125:2, 133:6
Sic [1] - 82:16
side [10] - 9:17, 23:20, 23:21, 91:10, 107:8, 107:10, 107:12, 133:16, 134:17, 134:20
sides [4] - 116:9, 116:11, 122:18, 133:23
signature [1] - 136:19
signed [11] - 45:20, 71:6, 76:22, 84:1, 85:7, 88:7, 94:12, 95:7, 96:4, 102:20
significant [8] - 17:9, 31:14, 38:8, 40:25, 63:12, 64:17, 66:19
significantly [2] - 24:13, 89:24
similar [2] - 18:6, 74:3
Similarly [2] - 24:23, 93:4
simple [3] - 67:17, 70:11, 136:6
simpler [1] - 120:2
simply [8] - 39:7, 44:1, 50:9, 59:8, 60:5, 76:13, 78:4, 79:23
Single [1] - 136:20
single [5] - 10:24, 10:25, 56:9, 70:16, 104:24
single-family [2] - 10:24, 10:25
site [4] - 12:16, 88:15, 136:1, 136:2
sited [2] - 88:10, 89:10
sites [9] - 12:4, 12:15, 18:2, 27:7, 85:18, 85:21, 88:18, 89:1, 97:8
siting [4] - 85:14, 85:16, 85:18
Siting [2] - 88:14, 89:9
sitting [2] - 5:23, 12:10
situation [7] - 18:7, 51:8, 57:3, 59:7, 60:9, 62:17, 84:18
six [1] - 40:13
size [6] - 12:7, 12:8, 21:20, 38:16, 72:4, 98:22
skilled [1] - 27:19
skip [1] - 124:16
slide [6] - 21:12, 21:15, 21:17, 34:16, 64:8, 129:25
slightly [7] - 24:12, 36:24, 38:24, 39:13, 39:14, 40:18, 40:19
slowly [1] - 40:21
small [8] - 12:8, 26:12, 32:15, 48:19, 73:3, 73:6, 128:20
small-town [1] - 32:15
smaller [2] - 41:10, 93:5
smart [1] - 70:12
snapshot [2] - 11:3, 37:19
Snoqualmie [2] - 82:5
so-called [1] - 31:9
society [1] - 81:16
solely [1] - 81:22
solid [2] - 19:2, 97:24
someday [2] - 75:5, 91:19
someone [6] - 77:20, 112:19, 113:14, 136:12, 137:11, 137:16
sometime [2] - 55:10, 79:20
sometimes [3] - 14:25, 34:13
Sometimes [2] - 8:11, 8:12
somewhat [2] - 61:12, 97:5
somewhere [1] - 136:17
soon [2] - 25:24, 28:5
sorry [4] - 47:2, 65:21, 85:18, 122:13
Sorry [1] - 74:9
sort [5] - 43:23, 58:7, 61:5, 67:3, 75:23
sorts [1] - 26:22
Sound [3] - 5:4, 5:13, 137:25
sound [1] - 128:13
Sounds [1] - 126:15
source [2] - 44:2, 107:21
sources [6] - 27:7, 62:21, 74:15, 122:16, 132:7, 132:13
south [2] - 30:23, 47:7
southeast [2] - 22:16, 48:18
southeastern [1] - 48:8
southern [1] - 50:14
Southwest [1] - 5:2
space [3] - 49:20, 49:21, 50:6
SPEAKER [4] - 6:3, 87:11, 87:13, 87:16
speaker [1] - 70:16
speakers [3] - 6:10, 6:25, 7:6
speaking [5] - 7:9, 43:1, 72:1, 78:2, 84:4
speaks [10] - 58:9, 58:18, 59:5, 59:12, 60:7, 60:12, 62:16, 62:20, 62:22, 62:23
special [6] - 24:14, 24:16, 25:2, 25:12, 72:13, 83:15
special-education [1] - 25:2
specifically [2] - 74:14, 130:21
speculate [1] - 75:23
Speculation [1] - 63:13
speculation [9] - 51:19, 63:14, 65:18, 97:23, 122:23, 122:24, 123:1, 123:7, 123:15
speculative [3] - 59:4, 65:3, 65:8
spend [1] - 95:6
spending [2] - 51:24, 74:25
spends [1] - 94:8
spent [1] - 86:6

spring [1] - 15:13
square [1] - 34:18
squeeze [1] - 70:19
St [1] - 125:11
staff [2] - 15:25, 94:3
stage [1] - 95:18
stages [1] - 24:4
stand [1] - 101:8
standard [1] - 55:18
standards [2] - 44:9, 57:18
standpoint [2] - 32:22, 115:3
stands [1] - 61:10
start [8] - 5:16, 6:7, 8:24, 26:5, 40:17, 43:6, 62:25, 110:2
started [3] - 17:19, 22:19, 102:1
starting [2] - 29:10, 110:2
Starting [1] - 5:17
State [1] - 59:14
state [22] - 8:15, 10:9, 17:25, 20:23, 24:15, 24:25, 27:12, 29:7, 56:14, 68:3, 72:10, 72:12, 72:17, 77:16, 94:20, 96:12, 99:3, 104:13, 108:8, 112:12, 112:25, 114:21
state's [2] - 22:21, 30:10
statement [3] - 44:24, 78:9, 78:20
statements [1] - 92:13
states [1] - 105:22
statewide [6] - 44:1, 56:2, 56:11, 56:12, 105:19, 108:23
statistics [2] - 11:7, 39:5
statute [3] - 23:6, 70:10, 104:13
statutes [2] - 8:13, 78:16
statutory [3] - 57:21, 71:22, 76:14
stay [2] - 76:4, 119:20
stayed [1] - 91:2
staying [2] - 50:1, 80:12
stays [1] - 40:18
Steilacoom [3] - 18:7, 18:13, 18:15
step [2] - 21:24, 86:19
Stephanie [1] - 6:22
steps [1] - 15:2
still [8] - 41:3, 96:15, 102:4, 107:25, 115:20, 131:9, 133:19, 135:14
stop [1] - 114:14
storage [1] - 97:14
story [1] - 10:3
straight [1] - 71:2
stress [2] - 71:7, 78:6
stressed [1] - 81:7
strictly [1] - 69:22
strong [4] - 12:13, 16:21, 30:7, 94:22
structure [1] - 12:14
stuck [1] - 71:5
student [62] - 24:10, 24:13, 25:8, 25:24, 26:1, 26:8, 26:17, 26:21, 27:22, 29:15, 31:21, 33:20, 33:24, 35:24, 36:6, 36:8, 36:13, 36:15, 36:19, 36:20, 36:25, 37:8, 37:9, 37:12, 37:17, 37:25, 38:6, 38:21, 38:23, 38:24, 39:1, 39:4, 39:6, 39:13, 39:15, 39:17, 39:23, 39:25, 40:3, 40:7, 40:8, 40:9, 40:14, 40:17, 40:20, 41:1, 41:8, 41:9, 41:14, 41:17, 41:19, 42:1, 42:5, 42:8, 51:14, 53:7, 53:12, 54:2, 59:20, 72:13, 79:19, 115:14
student-mile [1] - 25:8
Students [1] - 73:16
students [131] - 8:14, 9:9, 9:10, 10:13, 11:4, 11:6, 14:9, 14:19, 16:8, 17:1, 20:9, 22:14, 24:13, 24:19, 25:2, 25:3, 25:17, 27:5, 27:10, 31:18, 33:8, 33:14, 34:1, 37:15, 38:7, 38:12, 38:13, 39:10, 39:11, 42:15, 43:18, 45:15, 45:25, 48:3, 52:8, 53:8, 54:12, 54:15, 56:16, 56:21, 57:6, 57:13, 57:14, 57:23, 58:13, 58:24, 59:25, 60:1, 60:8, 60:13, 60:20, 61:8, 61:14, 62:15, 62:18, 63:1, 67:19, 68:1, 68:6, 68:13, 68:17, 68:20, 68:21, 69:1, 69:8, 69:11, 69:21, 70:5, 73:10, 73:12, 73:13, 73:20, 75:3, 75:6, 75:13, 78:25, 79:3, 79:9, 79:11, 82:25, 90:4, 92:3, 98:17, 98:19, 98:23, 99:1, 99:5, 99:11, 101:9, 102:17, 106:12, 106:15, 107:3, 108:25, 109:5, 109:15, 110:22, 110:23, 110:25, 111:16, 111:19, 112:10, 112:14, 112:16, 114:15, 115:15, 115:21, 115:25, 116:1, 116:23, 116:24, 118:1, 118:7, 118:8, 118:9, 118:10, 118:11, 118:12, 119:9, 119:11, 119:12, 120:6, 120:22, 120:23, 124:9, 130:15, 130:19, 130:22, 131:10
students' [1] - 58:23
studies [1] - 55:8
study [3] - 40:24, 41:12, 42:1
stuff [1] - 130:11
sub [1] - 136:11
sub-questions [1] - 136:11
subject [4] - 21:16, 57:6, 89:22, 90:11
submission [2] - 96:18, 100:18
submissions [6] - 27:16, 43:9, 44:5, 44:23, 45:13, 96:21
submit [3] - 44:20, 45:11, 61:23
submitted [5] - 29:18, 30:1, 92:13, 93:13, 97:7
subsections [1] - 104:22
subset [1] - 120:21
substantial [3] - 38:5, 40:23, 41:22
substantially [2] - 63:23, 101:10
sufficient [3] - 51:20, 84:6, 85:2
suggestion [2] - 49:11, 63:20
summaries [1] - 28:2
summarize [1] - 30:2
summarized [1] - 33:17
summarizes [1] - 28:8
summary [2] - 31:12, 42:13
Summit [5] - 31:10, 31:12, 33:6, 34:14
Sumner [1] - 85:13
sundered [3] - 88:2, 88:9, 96:21
sunderings [2] - 96:17, 96:23
superimposed [1] - 47:4
Superintendent [6] - 20:14, 20:18, 21:25, 22:19, 27:11, 86:20
superintendent [9] - 6:15, 9:8, 9:13, 50:21, 50:23, 50:24, 51:3, 101:9, 108:11
supplemental [1] - 53:2
supplements [1] - 29:19
supply [1] - 30:21
support [17] - 17:1, 17:3, 27:3, 33:20, 57:1, 58:17, 59:8, 59:19, 59:24, 60:5, 60:10, 62:19, 63:6, 63:24, 66:8, 68:8, 75:14
supported [3] - 56:25, 80:23, 81:4
suppose [1] - 49:2
supposed [2] - 44:8, 83:17
surrounded [1] - 34:19
surrounding [1] - 48:16
sustainability [1] - 11:20
swing [1] - 54:11
switched [1] - 120:8
system [4] - 16:11, 52:18, 59:14, 114:20
systems [3] - 24:15, 25:10, 88:22

T

table [1] - 95:24
Tacoma [5] - 106:16, 107:8, 107:10, 124:24, 125:2
Tahoma [156] - 3:12, 3:19, 7:6, 8:19, 8:25, 13:7, 16:3, 19:4, 24:8, 24:9, 24:13, 24:21, 24:25, 25:19, 25:22, 30:3, 31:11, 31:13, 32:24, 33:4, 33:14, 35:24, 36:6, 36:11, 36:17, 37:2, 37:4, 37:16, 37:17, 37:18, 40:15, 40:22, 41:3, 41:5, 41:9, 41:14, 41:21, 42:3, 42:9, 42:15, 42:22, 42:25, 43:6, 44:20, 45:10, 45:19, 45:23, 46:2, 46:20, 47:6, 47:12, 47:15, 48:14, 48:24, 49:8, 50:2, 51:15, 52:7, 52:20, 53:4, 53:9, 54:6, 54:15, 54:22, 56:25, 57:2, 57:7, 57:9, 57:11, 60:1, 60:22, 61:17, 63:21, 64:2, 65:21, 66:2, 66:6, 67:9, 69:6, 71:13, 72:7, 72:8, 73:1, 73:6, 74:9, 75:16, 76:3, 76:4, 76:6, 76:9, 78:2, 78:22, 79:5, 79:23, 80:11, 81:20, 82:22, 86:8, 86:11, 86:13, 86:21, 88:6, 89:1, 91:5, 91:9, 91:14, 91:17, 91:21, 91:22, 92:10, 92:18, 93:9, 95:8, 96:2, 97:1, 97:17, 98:21, 98:24, 98:25, 99:5, 100:6, 100:14, 100:16, 103:22, 103:25, 107:8, 107:10, 107:11, 109:17, 111:3, 113:23, 114:7, 115:25, 116:13, 117:10, 119:15, 124:21, 124:23, 124:25, 125:6, 127:8, 127:15, 127:20, 127:22, 128:12, 128:23, 129:1, 129:14, 129:24, 131:8, 131:25, 133:24, 138:2
Tahoma's [14] - 21:3, 23:4, 24:18, 26:3, 26:11, 27:15, 33:23, 40:6, 40:8, 40:21, 85:9, 96:6, 116:2, 134:23

talks [2] - 63:8, 75:12
tap [1] - 110:1
target [1] - 24:16
task [3] - 69:12, 88:17, 88:24
Task [2] - 88:14, 89:10
tasked [2] - 69:19, 101:5
tax [17] - 33:9, 33:25, 52:17, 52:18, 52:20, 54:6, 54:8, 69:18, 72:22, 72:24, 74:14, 91:22, 108:3, 109:23, 127:4, 129:13, 131:7
taxation [1] - 26:23
Taxes [1] - 127:20
taxes [5] - 52:17, 82:12, 127:14, 127:17, 127:19
taxpayer [4] - 91:6, 94:9, 95:1, 95:8
taxpayers [11] - 17:24, 45:17, 45:23, 46:1, 46:8, 52:18, 52:21, 85:25, 91:9, 91:14, 91:17
teacher [1] - 80:19
teachers [2] - 68:4, 124:10
teaching [1] - 51:5
team [1] - 99:2
tech [1] - 32:20
teeny [1] - 92:8
ten [3] - 68:2, 77:6, 77:18
tends [1] - 65:11
tens [1] - 98:17
term [6] - 11:15, 11:19, 113:9, 113:22, 114:3
terminated [1] - 83:13
terms [17] - 11:4, 13:11, 14:23, 15:9, 15:10, 15:15, 44:4, 44:19, 56:13, 56:20, 57:22, 65:16, 66:16, 66:20, 75:11, 96:9, 103:6
terrain [1] - 119:16
territories [1] - 112:21
territory [20] - 8:19, 8:21, 20:7, 22:12, 26:10, 57:7, 58:19, 58:25, 60:1, 60:10, 64:5, 71:18, 112:19, 114:14, 115:7, 115:22, 137:25, 138:2, 138:6, 138:16
testify [1] - 94:15
testimony [9] - 7:13, 8:18, 9:2, 28:21, 28:22, 53:13, 55:16, 104:7, 104:10
text [1] - 137:22
that.. [1] - 107:1
that...(Pause [1] - 126:19
themselves [2] - 84:18, 93:20
There'll [1] - 64:16
therefore [3] - 45:9, 45:22, 96:7
Therefore [1] - 110:4
they've [4] - 20:24, 68:2, 119:16, 127:9
thick [2] - 80:23, 81:5
thin [3] - 80:23, 81:5
thinking [3] - 84:11, 108:25, 109:3
third [3] - 9:18, 21:9, 21:12
third-generation [1] - 9:18
Thomas [1] - 5:23
thoroughly [1] - 95:4
thoughtful [1] - 20:19
thoughtfulness [1] - 82:14
thoughts [3] - 120:24, 131:1, 139:7
thousand [2] - 26:22, 129:14
thousands [1] - 98:17
three [15] - 9:24, 20:12, 32:25, 73:4, 83:22, 88:5, 88:10, 88:15, 92:16, 94:11, 95:13, 95:17, 95:22, 96:8, 128:15
Three [1] - 102:21
three-plus [1] - 20:12
three-quarters [1] - 73:4
threefold [1] - 36:4
throw [1] - 135:2
Thunder [1] - 81:8
Thursday [1] - 5:1
tie [3] - 16:11, 19:4, 60:18
tied [3] - 12:24, 13:4, 17:25
tight [4] - 64:9, 64:13, 70:20, 88:21
tight-lining [1] - 88:21
tightly [1] - 30:11
Tim [6] - 3:16, 6:20, 7:10, 43:5, 67:6, 67:8
timeline [1] - 109:21
tiny [2] - 92:8, 126:2
tip [1] - 69:2
tired [1] - 80:13
today [12] - 25:20, 46:11, 46:12, 51:23, 55:2, 55:13, 59:7, 63:11, 63:15, 75:8, 75:14, 81:13
Today [2] - 66:7, 106:14
today's [1] - 38:21
Todd [2] - 3:25, 99:23
together [6] - 10:20, 15:15, 15:23, 27:21, 29:22, 118:2
tonight [21] - 8:10, 16:19, 20:6, 20:13, 28:3, 34:4, 35:23, 67:11, 67:15, 70:4, 77:9, 80:12, 86:7, 88:5, 90:11, 90:19, 91:2, 100:22, 101:22, 106:3, 115:2
took [1] - 83:12
top [6] - 14:1, 21:13, 38:13, 68:2, 119:24, 120:1
topic [1] - 31:16
topographic [1] - 48:4
Total [1] - 123:15
total [3] - 63:22, 85:2, 129:13
Touching [1] - 22:11
toward [2] - 10:4, 16:21
towards [1] - 88:25
town [2] - 32:15, 80:21
traditional [1] - 32:19
Traffic [1] - 103:1
transfer [91] - 8:18, 15:9, 18:19, 18:20, 19:3, 19:20, 20:7, 21:16, 22:12, 25:16, 25:17, 25:21, 25:23, 26:7, 27:1, 27:18, 27:22, 27:23, 29:21, 33:20, 33:22, 33:23, 36:10, 40:10, 40:11, 40:15, 41:2, 41:17, 41:19, 41:23, 42:5, 42:7, 42:13, 43:1, 51:8, 51:25, 54:4, 55:4, 56:8, 56:11, 56:17, 56:23, 57:2, 57:6, 58:1, 59:16, 59:19, 65:15, 66:16, 72:25, 74:11, 75:15, 78:3, 78:18, 79:6, 80:11, 86:14, 87:19, 87:21, 89:18, 100:14, 100:21, 101:19, 105:17, 106:14, 108:21, 111:15, 112:9, 112:19, 114:12, 114:18, 116:20, 116:22, 119:8, 122:15, 123:12, 125:15, 126:22, 130:14, 130:16, 130:21, 131:5, 132:24, 133:5, 134:23, 136:8, 137:15, 137:25, 138:2, 138:5, 138:15
transfer-of-land [1] - 15:9
transfer-of-territory [1] - 137:25
transferred [6] - 19:22, 23:4, 71:19, 72:6, 117:4, 133:9
Transferring [1] - 79:17
transfers [2] - 18:25, 57:24
transparent [1] - 67:18
Transportation [2] - 25:4, 122:2
transportation [8] - 25:6, 25:7, 25:13, 120:22, 121:6, 121:8, 122:7, 131:12
transported [1] - 57:7
travel [2] - 49:23, 119:20
traverses [1] - 48:6
tremendous [1] - 90:13
trends [3] - 29:15, 37:14, 42:1
tri [4] - 83:3, 83:4, 83:17, 84:20
tri-party [3] - 83:3, 83:17, 84:20
Triangle [52] - 21:14, 27:1, 29:21, 33:2, 33:11, 33:21, 36:10, 39:9, 39:13, 39:21, 39:24, 40:10, 40:11, 41:2, 41:17, 41:20, 41:23, 42:6, 42:8, 43:12, 47:11, 47:23, 48:1, 48:2, 48:4, 48:7, 48:8, 48:11, 48:16, 48:25, 49:6, 49:12, 49:16, 49:25, 50:3, 50:10, 54:4, 60:21, 61:13, 71:15, 71:25, 73:23, 75:3, 75:8, 75:19, 75:22, 75:25, 76:5, 76:10, 79:12, 79:17, 115:7
triangle [6] - 14:3, 14:16, 86:15, 103:5, 103:17, 103:20
triangular [2] - 13:5, 14:1
tried [5] - 20:21, 38:9, 101:11, 101:24, 133:17
tries [1] - 90:15
triple [1] - 86:16
trivial [6] - 26:8, 72:5, 72:23, 74:12, 74:13
true [9] - 15:18, 45:18, 49:6, 51:13, 53:4, 54:3, 102:16, 102:18, 137:1
truly [2] - 96:15, 100:2
truth [4] - 95:9, 96:15, 97:21, 98:18
try [13] - 8:13, 17:4, 21:4, 47:10, 61:5, 61:6, 70:18, 70:20, 70:23, 77:8, 80:13, 96:23, 101:22
trying [4] - 67:21, 68:4, 85:8, 96:16
turn [2] - 31:16, 50:18
turned [2] - 128:4, 133:18
turning [1] - 24:6
Turning [1] - 38:20
turns [1] - 99:2
twentieth [1] - 26:10
twice [4] - 24:19, 54:8, 54:15, 54:17
two [41] - 10:6, 10:22, 12:15, 12:20, 13:9, 15:11, 21:18, 27:19, 28:1, 33:9, 36:21, 37:7, 40:5, 41:15, 46:14, 46:23, 54:11, 64:14, 65:17, 65:24, 66:5, 88:3, 89:20, 94:14, 96:24, 99:1, 101:12, 101:14, 101:15, 101:20, 101:23, 102:25, 118:5, 125:16, 126:18, 131:23, 136:2, 136:14, 136:15, 137:12
tying [1] - 17:18
type [1] - 43:16
types [1] - 25:9

U

UGA [1] - 64:13
ultimately [1] - 15:24
unanimous [1] - 138:14
uncommon [2] - 19:9, 19:10
under [14] - 8:22, 23:16, 40:17, 49:9, 62:11, 64:25, 71:11, 74:5, 76:5, 81:11, 83:14, 89:17, 125:16, 137:10
underlined [1] - 59:10
underlying [4] - 55:8, 55:9, 78:8, 96:14
undermined [1] - 66:12
undermines [3] - 49:11, 66:15, 74:18
understood [1] - 95:4
undertaken [1] - 8:21
undeveloped [6] - 14:8, 48:3, 61:2, 79:10, 79:13, 91:20
unexplained [1] - 63:12
unfairly [1] - 96:16
unfortunately [1] - 84:5
UNIDENTIFIED [4] - 6:3, 87:11, 87:13, 87:16
Unincorporated [2] - 100:4, 100:5
unincorporated [6] - 64:11, 88:19, 88:24, 91:10, 91:13, 100:6
units [5] - 11:2, 11:3, 11:4, 31:3, 97:14
University [2] - 51:4, 51:5
unjustified [1] - 99:14
unknown [1] - 97:10
unlawful [1] - 99:15
unless [2] - 42:11, 119:18
Unless [1] - 104:1
unlike [1] - 64:20
unlikely [1] - 97:22
unprecedented [2] - 91:25, 97:21
unquote [4] - 79:9, 88:1, 88:2, 90:14
unsupported [1] - 78:12
up [35] - 12:13, 16:13, 18:4, 25:10, 35:3, 35:17, 39:8, 41:25, 43:12, 44:11, 45:24, 54:5, 66:3, 68:5, 71:6, 76:22, 77:9, 86:2, 86:19, 90:8, 94:2, 96:11, 99:10, 100:5, 104:15, 115:2, 117:20, 119:20, 120:1, 120:2, 120:3, 121:12, 127:24, 128:1, 129:14
upper [1] - 47:5
upsetting [1] - 98:4
urban [20] - 22:22, 23:2, 23:8, 25:8, 30:11, 60:17, 62:6, 62:7, 62:12, 64:8, 64:12, 64:15, 69:17, 71:24, 74:23, 81:23, 89:5, 89:11, 117:2
urge [2] - 70:8, 70:11

V

Valley [32] - 30:13, 30:19, 30:23, 31:9, 32:4, 32:7, 32:17, 34:10, 34:18, 34:20, 34:22, 34:25, 47:2, 64:5, 64:6, 64:10, 64:14, 64:21, 64:25, 65:5, 65:7, 67:13, 69:6, 82:5, 87:9, 87:18, 100:3, 100:5, 103:3, 103:4, 107:18
valuable [1] - 70:4
valuation [62] - 16:3, 25:23, 25:25, 26:12, 26:17, 26:21, 29:22, 31:17, 31:20, 32:18, 32:24, 33:13, 33:19, 33:22, 33:24, 35:10, 35:24, 36:5, 36:12, 36:15, 36:18, 36:20, 36:24, 37:8, 38:25, 39:4, 39:6, 39:12, 39:15, 39:16, 39:19, 39:20, 39:25, 40:2, 40:8, 40:9, 40:20, 40:25, 41:7, 41:8, 41:14, 41:19, 42:4, 46:13, 50:16, 51:13, 52:1, 52:16, 52:17, 62:8, 63:9, 63:22, 64:18, 65:5, 121:14, 122:16, 125:13, 126:12, 128:10, 129:12
valuations [4] - 35:6, 40:3, 40:6, 42:8
value [27] - 12:2, 12:7, 26:9, 32:20, 36:8, 37:11, 37:25, 38:20, 38:22, 38:24, 39:8, 39:23, 40:14, 41:16, 42:2, 46:25, 61:16, 81:16, 85:21, 104:25, 105:5, 105:7, 110:10, 125:22, 132:3, 135:16, 135:20
values [5] - 11:17, 11:18, 37:4, 38:18, 66:3
varied [1] - 125:21
variety [4] - 19:1, 52:2, 52:13
various [1] - 136:11
vast [2] - 90:4, 120:1
versus [1] - 90:1
VIA [1] - 29:1
Via [1] - 3:8
Video [1] - 34:5
video [5] - 3:8, 28:7, 28:15, 28:22, 82:17
VIDEO [1] - 29:1
view [7] - 47:25, 48:1, 48:4, 48:15, 50:9, 63:3, 108:17
Villages [23] - 10:23, 12:22, 13:5, 13:15, 13:16, 14:15, 21:19, 31:4, 33:6, 50:12, 50:15, 84:25, 89:21, 90:5, 90:6, 90:9, 90:10, 92:22, 92:25, 93:3, 97:13, 98:13, 98:15
virtually [2] - 23:24, 26:1
virtue [1] - 45:16
vision [2] - 108:3, 108:4
vociferously [1] - 88:13
volume [1] - 53:22
Vote [1] - 4:7
vote [2] - 138:9, 138:10
voted [2] - 83:21, 138:15
voters [4] - 26:23, 53:2, 66:23, 133:17

W

Wait [1] - 133:25
waivers [1] - 106:22
wants [1] - 135:2
warrant [2] - 24:9, 120:19
WARREN [27] - 8:1, 42:19, 109:14, 113:21, 116:16, 117:17, 118:20, 120:9, 120:16, 121:1, 121:3, 121:17, 121:20, 121:24, 122:8, 122:25, 123:3, 124:14, 125:1, 125:19, 130:18, 131:3, 132:11, 135:10, 135:17, 137:20, 138:12
Warren [2] - 2:4, 5:19
Washington [9] - 2:9, 5:3, 8:23, 20:25, 24:5, 29:5, 82:3, 94:21, 99:3
watershed [1] - 35:1
ways [1] - 134:24
website [1] - 102:15
week [1] - 83:16
weeks [2] - 34:21, 139:8
weeks' [1] - 83:22
weigh [1] - 25:23
weight [1] - 138:5
weighting [1] - 104:23
welcome [1] - 77:4
welfare [2] - 60:7, 116:21
western [1] - 48:7
whatsoever [3] - 105:9, 131:14, 135:22
Wheeler [3] - 3:24, 90:24, 91:1
WHEELER [2] - 90:25, 99:11
wherein [1] - 57:1
wherewithal [2] - 52:14, 53:12
white [2] - 13:21, 13:24
whole [7] - 16:23, 25:14, 30:6, 71:14, 73:11, 95:19, 126:7
wholly [1] - 100:5
wide [1] - 35:14
widening [1] - 74:20
WILCOX [49] - 20:3, 42:21, 76:19, 104:17, 106:1, 106:20, 106:24, 107:5, 108:6, 110:21, 111:23, 114:24, 116:23, 118:19, 118:21, 118:24, 121:2, 121:4, 121:25, 122:4, 122:10, 122:21, 123:2, 123:15, 123:18, 123:21, 124:6, 124:17, 124:20, 125:9, 125:18, 125:20, 125:24, 126:2, 130:19, 131:20, 131:22, 132:10, 132:16, 135:9, 135:11, 136:22, 137:1, 137:4, 137:8, 137:17, 138:13, 138:24, 139:6
Wilcox [2] - 2:4, 5:19
wiser [4] - 59:12, 114:19, 114:23, 115:9
wishful [1] - 84:11
wit [1] - 5:6
wondering [1] - 136:23
wonders [1] - 34:24
word [1] - 78:6
worded [1] - 126:12
words [3] - 41:10, 54:16, 103:25
works [2] - 80:19, 105:2
world [4] - 68:1, 68:3, 68:4, 68:5
world-class [4] - 68:1, 68:3, 68:4, 68:5
worse [2] - 42:5, 82:4
worth [5] - 19:11, 19:12, 26:15, 51:25, 74:25
wrap [3] - 41:25, 77:8, 99:9
write [1] - 84:23
written [3] - 44:4, 80:2, 100:18

Y

Yarrow [10] - 10:18, 15:6, 45:21, 49:16, 75:11, 83:6, 84:24, 94:2, 95:13, 101:17
year [10] - 10:19, 37:20, 37:21, 38:12, 41:6, 41:11, 54:2, 99:6, 102:10
years [37] - 9:12, 11:25, 12:9, 29:13, 30:17, 36:22, 36:25, 40:13, 40:19, 40:22, 42:10, 51:22, 60:22,

67:12, 68:10, 79:21, 81:12, 84:15, 85:23, 95:1, 96:8, 97:6, 97:23, 98:12, 99:4, 102:19, 102:21, 102:24, 106:6, 109:2, 110:15, 113:18, 120:8, 123:9
years' [1] - 35:4
yourselves [2] - 6:13, 7:14

Z

zeros [1] - 129:25
zone [1] - 113:14
zoned [1] - 113:8
zoomed [1] - 21:15
zooms [1] - 21:9

COMMISSIONERS:
Vern Allemand
Jeff Clark
G.D. (Dennis) Holden
David R. Knight
Lloyd Webster
GENERAL MANAGER:
Gwenn Maxfield

Covington Water District

Serving the Community Since 1960

Community Facilities District (CFD), "The Villages", Black Diamond
Public Hearing November 7, 2013
Opening comments by Covington Water District

I. Introduction
   A. There is a 98 acre in Covington service area (since 1989) that is concurrently within The Villages development.

II. Talk briefly tonight about the water service delivery to that area, but first
   Why is the District here at the public hearing on this financing topic?
   A. Why does CWD care about the financing mechanism of The Villages?
      1. CWD doesn't care about the mechanics of financing the development – unfortunately public hearings seem to be the only avenue the District has to interact with the City on the water supply issue.
      2. As a condition of the preliminary plat approval, the Hearing Examiner required the developer to meet the standards of both Black Diamond and Covington Water. As plans have progressed, the City and the developer have resisted working with the District at every step which is a strong indicator that both the City and Developer intend to construct the infrastructure and eliminate the District's ability to serve the 98 acre portion in its approved service area.

   B. CWD provides briefly tonight input that allows a **win-win-win** for
      1. Black Diamond and the Developer
         a. Provide more timely service availability to Phase IA of The Villages
         b. Significantly reduce costs for water infrastructure, a component of the CFD's project cost.
      2. **BD & Tacoma**: Honor existing contractual agreements with Tacoma for wholesale water purchase
      3. **BD & CWD**: Honor the service area boundaries approved in 1989 with Black Diamond's involvement in establishing the boundaries – the SKC CWSP

   C. Engineering solution to be presented by District's Engineer, Brian Borgstadt.
   I want to first point out a few items in the cost estimate for the
      1. List of costs is misleading as to full cost of water infrastructure. Water costs are imbedded in other line items, but it implies that all water costs are contained in #2 - Pipeline Road Water main Extension
      2. Covington is one of 4 partners in the RWSS, meaning we have a vote in what taps or turn-outs are allowed on the transmission main(P5) that runs from Howard Hansen Dam through Black Diamond, CWD, Kent, Lakehaven and Tacoma. As an RWSS Partner, Covington Tacoma, Kent and Lakehaven are interested in keeping each partner "whole". The definition of 'whole" includes the meaning that each partner serves within its planned service area.

III. As I turn it over to Brian Borgstadt to briefly explain the project proposal, I want to add that Covington would like to discuss this further with both the City and the developer. Unfortunately the path to such a conversation has been blocked to date– I hope this changes, and I trust you will appreciate the win-win-win aspects of Covington's proposal. If the District, Black Diamond staff and developer work together on the proposal's design, we can jointly reduce costs and resolve issues (engineering, legal and other) for all parties, as presented during the Preliminary Plat hearing.

Gwenn Maxfield, General Manager
Covington Water District
18631 SE 300 Place
Covington, WA 98042
253-867-0900

Service to the Villages Phase 1A and 2A

1) More timely construction and service delivery for Black Diamond and its developer Yarrow Bay (YB) is available with reduced infrastructure costs through working with Covington Water District.

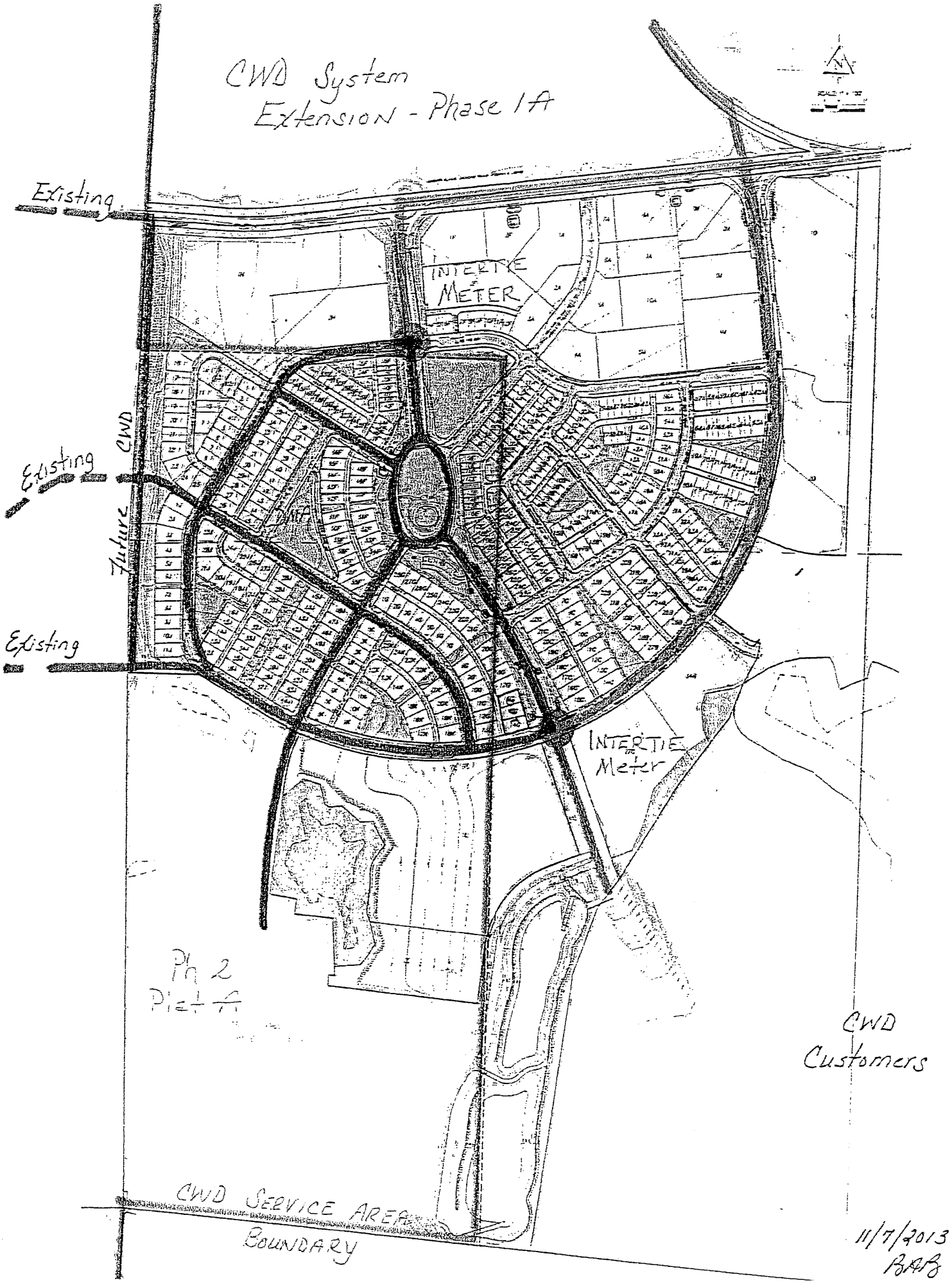
2) Covington Water District can provide timely and reliable support for the water system in the proposed development and beyond.

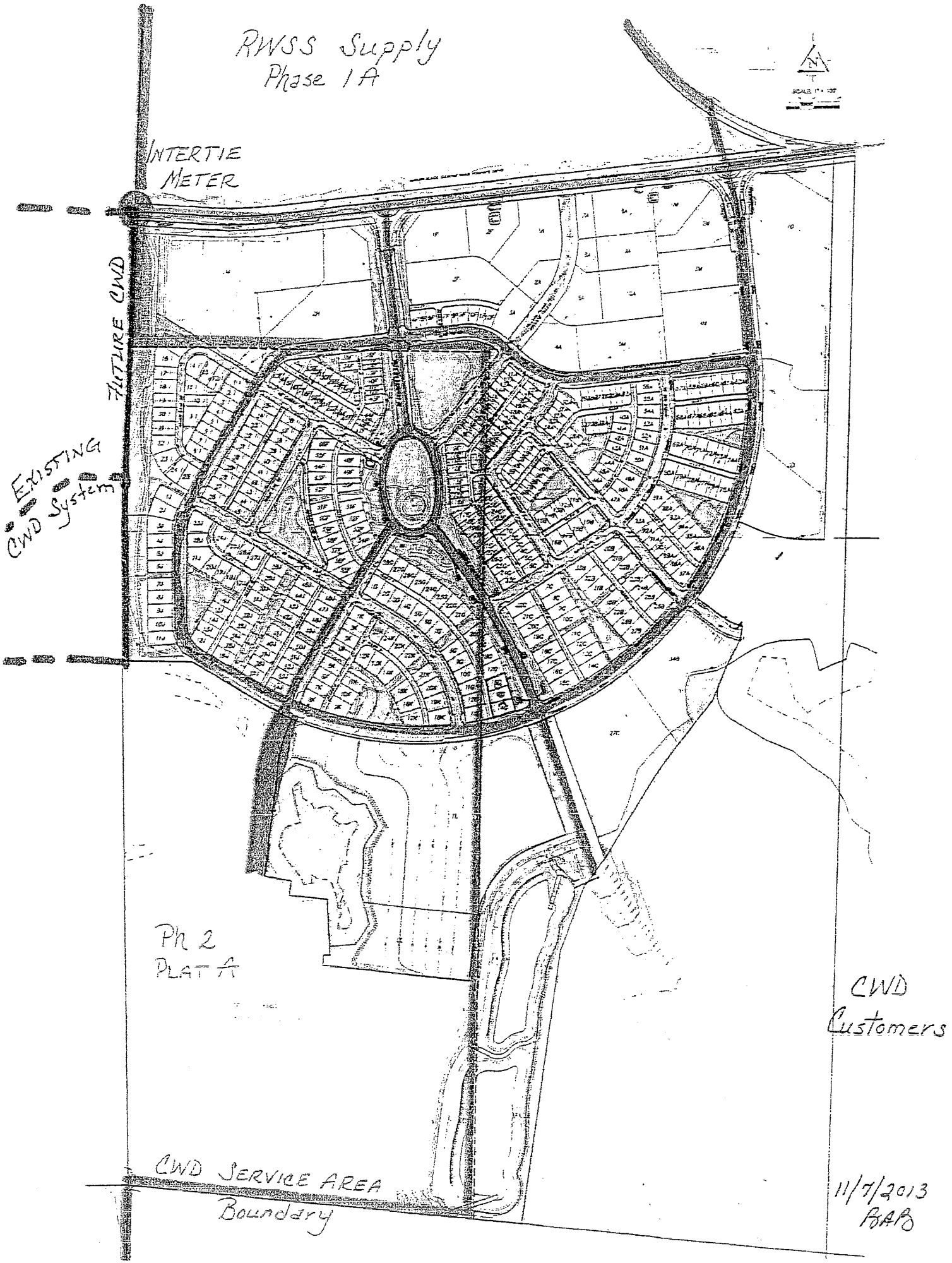
3) Water Supply from a Black Diamond's 2nd connection to the RWSS through, Tacoma Public Utilities – honors the proposed wholesale contract to sell water to the development through a 2nd connection and can be arranged with the RWSS Partnership with CWD cooperation for long term service.

4) Both Alternatives presented here address the dispute between Black Diamond and CWD with regard to service for 98 acre area of the proposed development. A substantial portion of the development project area has been within CWD's approved service area since the approved South King County Coordinated Water System Plan (CWSP) in 1989.

Thank you for your Time and Attention

RWSS Pipeline
Pipeline Road
Explanation
Tap Location
RWSS Pipeline
Pipeline Road
New CWD System
Existing System
N
W
E
S
Black Diamond Service
Village Ph 1A & 2A


CWD System
Extension - Phase 1A
Existing
INTERTIE
METER
Existing
CWD
Future
Existing
INTERTIE
Meter
Ph 2
Plot 4
CWD
Customers
CWD SERVICE AREA
BOUNDARY
11/7/2013
BAB


RWSS Supply
Phase 1A
INTERTIE
METER
FUTURE CWD
EXISTING
CWD System
Ph 2
PLAT A
CWD
Customers
CWD SERVICE AREA
Boundary
11/7/2013
BAB

Before the Black Diamond City Council
Comments Regarding the Community Facilities District Proposed by Yarrow Bay

It's important to keep in mind that nothing in State law requires the City Council to approve the proposed CFD - approval is entirely at the Council's discretion. On the other hand, the Council is required to disapprove the petition if it finds that it is not in the best interest of the City. The Yarrow Bay petition fails in that regard.

There is no CFD benefit to the City. Yarrow Bay is already obligated to construct the facilities identified in the petition. These are requirements of the MPD permit and Development Agreement. Nor is a CFD required to fund the facilities. They testified during the Development Agreement hearings that they have alternate means of funding and a CFD is not required. The CFD's only benefit is to Yarrow Bay by providing financing while placing the burden of obtaining that financing and administering repayment on the proposed taxing district. And Yarrow Bay is not required to start building the transportation improvements until six months after the MPDs have caused severe traffic problems.[1] Nothing in the CFD commits to making these improvements sooner.

Their statement on purported benefits said that the CFD would free up funding so that the satellite fire station could be built earlier. The satellite fire station is already required by the Development Agreement. The City and Yarrow Bay agreed in the Development Agreement that construction of the satellite station need not begin until the 750th home was ready to be occupied. There were allegations during the recent election that there is a (quote) "desperate need" (unquote) for the new satellite station. If this is true then the fire station should be constructed, equipped, and in operation before the first home is ready, not the 750th. And the Development Agreement should be revised to reflect the true requirement. I haven't seen any proposal from Yarrow Bay to do that. Nor have they included the fire station in the CFD so I doubt the propaganda.

Rather than being a benefit to Black Diamond, the CFD would have detrimental impacts. CFDs are unexplored territory in our State. The risks are not entirely known. It is unreasonable to do a "beta" test using our small city. Since Yarrow Bay is already obligated to provide required capital facilities and they have alternate means of funding there is no reason to use this untested concept for the MPD capital improvements and create a new taxing district involving the City.

Further, this requirement imposes an unwarranted responsibility and burden on City Council members who are already under severe demands for their time and attention to fulfill existing responsibilities. Members would be stressed to provide due diligence to the additional

---

[1] "The off-site transportation improvements ... are required when warranted based on the Traffic Monitoring Plan. ... The threshold ... is when the monitoring shows that level of service ... of the identified intersections falls below the adopted LOS ... set for each identified facility or, in the event that the LOS is already below the applicable threshold set for a facility, the trigger is when the LOS falls below the pre-development LOS. The Master Developer is required to file applications to initiate the construction of the facility within 6 months of when the monitoring plan shows that any one or more of the transportation facilities has met the designated trigger."

supervisory tasks as would future Council Members – and that goes on for the 28 year life of the Board of Supervisors. If less than three Council members agree to serve on the Board than the Council would be obligated to find substitutes who are experts in municipal finance and would be willing to serve without compensation other than expenses. The odds of finding any are close to zero unless motivated by some conflicting interest.

There are many unanswered questions regarding the Board of Supervisors. If a member resigns or is no longer on the Council does the Board continue to operate without full membership? What happens if the Board does not fulfill its responsibilities? Is there any personal liability? Who is responsible if the Board is sued successfully? What is the impact on Council Members if a second CFD is petitioned for and approved? etc. One issue that could be a can of worms in the future is the assessment for the proposed pipeline road. This is an off-site road that will go through private property which would benefit a considerable amount when developed. What would happen after land segregation when new owners find that they are paying an assessment with a major benefit to another private landowner who pays none? Is that beneficial to the welfare of the City?

Based on these facts it is recommended that the petition be denied.