



LAFCO AGENDA

Wednesday, June 3, 2015

9:30 a.m.

Room 525

701 Ocean Street, Santa Cruz

- 1) ROLL CALL
- 2) CLOSED SESSION
 - a) Performance Evaluation of LAFCO Executive Officer pursuant to Government Code Section 54957
- 3) OPEN SESSION
 - a) Report from Closed Session
- 4) MINUTES

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a) April 1, 2015.....	1
- 5) WELCOME NEW COMMISSIONERS
 - a) Thomas LaHue (Soquel Creek Water District)
 - b) David Terrazas, Alternate (City of Santa Cruz)
- 6) ORAL COMMUNICATIONS
 - a) Anyone may briefly address the Commission concerning items not on the agenda.
- 7) PUBLIC HEARING
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 - (2) Sphere of Influence Review
- 8) OTHER BUSINESS
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San Lorenzo Valley Water

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California Drought

- a) April 21st Sentinel article:
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10) ADJOURNMENT: There is no LAFCO meeting in July. The next regular meeting is scheduled for Wednesday, August 5, 2015.

Campaign Contributions

State law (Government Code Section 84308) requires that a LAFCO Commissioner disqualify herself or himself from voting on an application involving an "entitlement for use" (such as an annexation or sphere amendment) if, within the last twelve months, the Commissioner has received \$250 or more in campaign contributions from an applicant, any financially interested person who actively supports or opposes an application, or an agency (such as an attorney, engineer, or planning consultant) representing an applicant or interested participant. The law also requires any applicant or other participant in a LAFCO proceeding to disclose the amount and name of the recipient Commissioner on the official record of the proceeding.

The Commission prefers that the disclosure be made on a standard form that is filed with the Commission's Secretary-Clerk at least 24 hours before the LAFCO hearing begins. If this is not possible, a written or oral disclosure can be made at the beginning of the hearing. The law also prohibits an applicant or other participant from making a contribution of \$250 or more to a LAFCO Commissioner while a proceeding is pending or for 3 months afterward. Disclosure forms and further information can be obtained from the LAFCO office at Room 318-D, 701 Ocean Street, Santa Cruz, CA 95060. Phone (831) 454-2055.

Contributions and Expenditures Supporting and Opposing Proposals

Pursuant to Government Code Sections §56100.1, §56300(b), §56700.1, §59009, and §81000 et seq., and Santa Cruz LAFCO's Policies and Procedures for the Disclosures of Contributions and Expenditures in Support of and Opposition to proposals, any person or combination of persons who directly or indirectly contributes a total of \$1,000 or more or expends a total of \$1,000 or more in support of or opposition to a LAFCO Proposal must comply with the disclosure requirements of the Political Reform Act (Section 84250). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. Additional information may be obtained at the Santa Cruz County Elections Department, 701 Ocean Street, Room 210, Santa Cruz CA 95060 (phone 831-454-2060).

More information on the scope of the required disclosures is available at the web site of the Fair Political Practices Commission: www.fppc.ca.gov. Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).

Accommodating People with Disabilities

The Santa Cruz Local Agency Formation Commission does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs or activities. The Commission meetings are held in an accessible facility. If you wish to attend this meeting and you will require special assistance in order to participate, please contact the LAFCO office at 454-2055 at least 72 hours in advance of the meeting to make arrangements. For TDD service the California State Relay Service 1-800-735-2929 will provide a link between the caller and the LAFCO staff.

Late Agenda Materials

To review written materials submitted after the agenda packet is published, contact the LAFCO Secretary-Clerk at the LAFCO office or in the meeting room before or after the meeting.



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Room 525

Wednesday, April 1, 2015
9:30 a.m.

701 Ocean Street
Santa Cruz, California

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The April 1, 2015 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Vice-Chairperson Roger Anderson.

ROLL CALL

Present and Voting:	Commissioners J. Anderson, Smith, Lind, Coffman-Gomez, Leopold, and Vice-Chairperson R. Anderson
Absent:	* R. Coonerty, Bottorff, Friend
Alternates Present:	None
Alternates Absent:	Bobbe
Staff:	Patrick M. McCormick, Executive Officer Brooke Miller, LAFCO Counsel Debra Means, Secretary-Clerk

MINUTES

MOTION AND ACTION

Motion: J. Anderson	To approve March 4, 2015 minutes.
Second: Leopold	Motion carries with Commissioner Lind abstaining.

PUBLIC HEARING

WORK PROGRAM AND FINAL BUDGET FOR FISCAL YEAR BEGINNING JULY 1, 2015

Mr. McCormick says this is the second and final budget hearing for the next fiscal year. At the last meeting, the Commission added \$19,500 to the budget to retire the pension fund liability faster than previously scheduled due to the 7.5% interest rate. The loan amount is \$127,000. The payment schedule is not a normal amortization. It is calculated based upon an anticipated salary level. Through the year 2034, it would cost \$259,000. With the amount of money set aside, the Commission can pay the loan off in five years instead, for a total cost of \$153,000.

Staff recommends putting the money in the budget now. Next March or April, the Commission would make a decision on what lump payment to make for that budget year. The payment could be accelerated or postponed. Once the payment schedule is started, there is no commitment to continue paying it off quicker.

The draft budget resolution would adopt a total budget for \$672,000. It would require new funding from the participating agencies of \$331,000, which is the same amount of money as this last budget cycle. There is not an auditor's estimate yet of the breakdown for the various agencies.

* Commissioner Coonerty arrives.

Commissioner Leopold asks if speeding up the side fund payment would reduce the long term liability by about \$100,000, and still not require any more money than last year.

Mr. McCormick replies that is correct.

Vice-Chairperson Roger Anderson adds that the big advantage of paying down the side fund ahead of time is that there is a 3% per year escalation of cost.

He thinks it is worth paying down the side fund. As proposed by staff, money would be set aside in the budget for this purpose only if it is not needed for MSRs or some other priority.

Mr. McCormick adds that the decision would be made next March or April.

MOTION

Motion: J. Anderson	To approve Resolution 2015-5, the final budget, as recommended
Second: Leopold	by staff.
	Motion carries with a unanimous voice vote.

AMENDMENTS TO INDEMNIFICATION POLICY

Mr. McCormick reports that the Commission completed an overhaul of many of its policies five years ago, but the indemnification policy was not one of them.

Sometimes the Commission gets sued and needs to defend its decision. Since the 1990s, the Commission's policy has been that an applicant indemnifies and holds the Commission harmless against the costs of defense. There is a standard indemnification form that is used, and typically this form is executed after the LAFCO approval. In the 1990s, this LAFCO was an early innovator of this concept. Since then, it has been a common practice.

The updated policy would move the indemnification to be part of the application materials; so, the paperwork is done earlier than before.

Counsel Miller says the changes made to the indemnification agreement form are minor. They tighten up the indemnity language. Some of the older clauses were written in a way that favored the approval holder unnecessarily. It has been revised to give the Commission more protection.

Vice-Chairperson Roger Anderson notices that before, the approval holder could be the other side. He wonders what happens if the applicant is unhappy with the Commission's decision.

Counsel Miller answers that the revised indemnification agreement is not a release. It would protect the Commission against third party claims. If someone wishes to dispute this Commission's decision or conditions, it does not require them to release the claims. It would require indemnification from the applicant in third party claims, such as a neighboring parcel holder or a community group. It does not include a release.

MOTION

Motion: Leopold Second: Coffman-Gomez	To approve the revised indemnification agreement as recommended by staff. Motion carries with a unanimous voice vote.
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OTHER BUSINESS

TIME EXTENSION FOR LAFCO No. 952, ATKINSON LANE / MID-PENINSULA REGIONAL HOUSING APPLICATION TO RECEIVE EXTRATERRITORIAL WATER AND SEWER SERVICES FROM CITY OF WATSONVILLE

Mr. McCormick says there is a non-profit housing project in Watsonville off Atkinson Lane. The site is partially in the City limits, which is the portion closest to Atkinson Lane. The rest of the site is outside the City limits. The project has 46 units. The City and the County have approved their land use actions.

Their application to LAFCO one year ago was for extraterritorial water and sewer service to the back parcel. There are mains in Atkinson Lane. The Commission approved the extraterritorial service that allowed Mid-Peninsula Housing Corporation to proceed with loan applications. The Commission thought it was undesirable to be splitting a parcel with the City boundary; so, they wanted a commitment to go forward with an annexation. Mid-Peninsula agreed that, within two years, they would proceed to annex the back portion of the site.

The applicant has not yet been successful putting together a complicated financing package. They would like a two-year extension on the extraterritorial authorization so they can continue working on their financing. They remain committed to annex at a later date.

Commissioner Jim Anderson asks whether they were under time constraints for this approval so they could meet a financing deadline.

Mr. McCormick replies yes. There are cycles for pools of available money to support low to moderate income housing projects. They were in a hurry to get into last year's cycle. They were not successful in the last cycle. There are more cycles coming up and they hope to be more competitive. In order to get in the pool, they have to have all of their approvals in line. They cannot be waiting upon environmental review, a site plan approval, or water and sewer service.

Commissioner Leopold says there are complications of affordable housing funding and it requires patience and skill to put it together. The County, the City, and several other people have spent a lot of time working on this project. There is a broad interest in completing this project. He supports the time extension.

Commissioner Coffman-Gomez understands that there is a traffic impact. She asks if LAFCO would be involved with this area's the traffic issues. This was brought up when Mid-Pen presented this project to the City Council.

Mr. McCormick says there are mitigation measures in the environmental document and mitigation responsibilities on each of the impacts, and traffic is one of them. LAFCO does not do the follow-up on any of the mitigations.

Commissioner Coffman-Gomez asks if their funding is held up as a result of the annexation or if there anything snagging their financing as a result of part of the property being in the County and the other part being in the City.

Betty Wilson works for Mid-Peninsula Regional Housing Corporation. She answers no. Lenders are looking for projects that have completed their discretionary approval process. The extraterritorial approval to access water and sewer without an annexation being required makes their process complete. They competed well for funding last year, but they still did not get an award for home funds.

The State passed cap and trade legislation. \$130 million annually will be available for affordable housing and sustainable communities. They applied earlier this year to help fund this project, and to subsidize bus passes for the residents to discourage car use. This was the only project selected in the AMBAG region to compete further. They are working on this now and it is due April 20th.

Commissioner Coffman-Gomez wants to make sure they are not getting held up as a result of the dealings between the County and the City.

Ms. Wilson says they are on course with the extraterritorial approval in place.

Commissioner Coffman-Gomez thinks it would be simplified if the City were able to finalize their 2030 general plan.

MOTION

Motion: Coffman-Gomez	To grant the two-year extension as recommended by staff.
Second: J. Anderson	Motion carries with a unanimous voice vote.

STATUS OF PROPOSALS

Commissioner Coffman-Gomez asks for an update about Lompico.

Mr. McCormick replies that LAFCO's approvals are generally good for one year. After the failure of the bond election, the San Lorenzo Valley and Lompico County Water Districts decided to renew their liaison committee, which consists of two board members from each board. They will discuss future options which may or may not turn into a request to LAFCO for an extension. It could give them a chance to get another bond, turn in a new application with a different set of conditions, or there could be some cooperation that is below the radar screen for LAFCO. It could also result in the two districts severing their relationship, and Lompico could stay independent with significantly high costs. All members of the Lompico Board are committed and believe the merger is the best option. The manager and the majority of the SLVWD board are new.

LAFCO's approval of the merger expires in August. The districts need to decide whether they want to request an extension of their LAFCO resolution by the August meeting.

LEGISLATION

Mr. McCormick says one of the most intensive parts of the legislative year has begun with the legislature coming back from a spring break. Bills will start moving through the first policy committee and the first house during the next four to six weeks.

Mr. Hertzberg's bill, SB 239, would require an extensive process for a fire agency to contract to provide services outside its boundary. It would include approval of the proposal by all of the affected labor units, and it would require LAFCO approval. Neither is currently required. There are a number of fire contracts in Santa Cruz County.

The Pajaro Valley Fire Protection District, for example, has two contracts. One contract is with the City of Watsonville to protect the Freedom area. Watsonville has a station at the airport. The other contract is with Cal Fire, and it staffs PVFPD's main station and protects the rest of the district.

LAFCO does not review contracts currently. The process would be complicated. It would be equivalent to getting state agencies to produce numbers to be used by LAFCO for its evaluation for a city incorporation. He is not aware of any LAFCO decisions that require a union signoff before an application is made. There are many requirements for an agency to meet and confer with their employees on these issues.

Commissioner Leopold says that the Professional Firefighters and their lobbyists met with CALAFCO to talk about this bill. CALAFCO asked what problem they were trying to fix. They pointed to Stanislaus County where a joint powers authority was formed that covers fire services. After three years, it went bad. CALAFCO responded that LAFCOs do not look over JPAs. There were no other examples offered.

He is a labor supporter and he believes labor should have some say. The current state labor law states that any change like this requires a meet and confer.

Assembly Member Dodd was a Napa County Supervisor and he is now a member of the legislature. He is pushing for a bill that will amend the 56133 concerning extraterritorial services. It is likely that Monterey, Santa Barbara, and Ventura Counties will come out with strong no positions. He does not think it affects much in Santa Cruz County, but it may be worth opposing the bill eventually.

Commissioner Smith agrees with Commissioner Leopold about SB 239 and CALAFCO should take opposition to the bill.

Vice-Chairperson Roger Anderson asks why the Dodd bill stems from Napa County.

Commissioner Leopold met with Assembly Member Dodd and CALAFCO's executive director Pamela Miller. When Dodd was asked why the legislation was needed, he answered about helping wineries in Napa and Sonoma Counties.

MOTION AND ACTION

Motion: Leopold	To take a position of opposition to SB 239.
Second: Smith	Motion carries with a unanimous voice vote.

Commissioner Leopold adds that he went with a few other LAFCO Executive Officers to meet with the Office of the Governor, the State Water Boards, the California Environmental Protection Agency, and the Office of Planning and Research to talk about climate change, land use, and water. They identified problems with small water districts, and they were interested in what role LAFCOs could play in helping deal with some of those problems, as well as consolidations.

He brought up the issues with Lompico Water District and how this LAFCO approved the merger, but the voters turned the bond down by one vote. They seemed interested in small water district consolidations, and they thought there may need to be a fund at the State level to help deal with liabilities to encourage these mergers to happen.

They will be working on legislation because the drought is still in effect and the Governor is interested in dealing with this. They have identified about 500 small water districts in California which will either run out of water or cannot keep up with the administrative or water quality responsibilities. This is a big problem. There is also the issue of mutual water companies because they are not under the purview of LAFCOs or the state's Public Utilities Commission.

CLOSED SESSION

PERFORMANCE EVALUATION OF LAFCO EXECUTIVE OFFICER PURSUANT TO GOVERNMENT CODE SECTION 54957

OPEN SESSION

REPORT FROM CLOSED SESSION

Vice-Chairperson Roger Anderson says the closed session was about personnel matters and there was no action taken.

Meeting is adjourned at 10:45 a.m.

VICE-CHAIRPERSON ROGER W. ANDERSON

Attest:

Patrick M. McCormick, Executive Officer



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Formation Commission
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PAJARO VALLEY PUBLIC CEMETERY DISTRICT

Date: May 27, 2015 for June 3, 2015 Agenda

To: LAFCO Commissioners

From: Patrick M. McCormick, Executive Officer *P.M.C.*

Subject: Pajaro Valley Public Cemetery District Service Review and Sphere of Influence Review

Summary: Santa Cruz LAFCO staff has prepared a service review and sphere of influence review of the Pajaro Valley Public Cemetery District.

Recommendation: Conduct a public hearing and adopt draft Resolution No. 2015-7 approving the service review and sphere of influence review, which maintains the current sphere of influence for the Pajaro Valley Public Cemetery District.

State law requires that each LAFCO periodically review the sphere of influence that LAFCO has adopted for each city and district, and prepare service reviews that examine options for additional service efficiencies. As part of its work program, Santa Cruz LAFCO staff has prepared the attached document titled "Public Review Draft, Pajaro Valley Public Cemetery District Service and Sphere Review, April 2015." This document was prepared in consultation with the staffs of the Pajaro Valley Public Cemetery District, Monterey LAFCO, and the Geographic Information System Unit of the Santa Cruz County Information Services Department.

The main conclusions of the study are:

- The Pajaro Valley Public Cemetery District is providing cemetery district services in a cost-effective manner.
- The current Sphere of Influence for the Pajaro Valley Public Cemetery District is coterminous with the current boundary of the District in south Santa Cruz County and north Monterey County. No changes are recommended at this time.

LAFCO staff has invited two board members and the manager of the Pajaro Valley Public Cemetery District to attend the June 3rd LAFCO meeting and present the status and goals of their district.

During the circulation period of the draft document, one typo has been identified.

Page 1, Second Paragraph, First Bullet should read:

"The Pajaro Valley Public Cemetery District is providing cemetery services in a cost-effective manner."

The staff recommends that the Commission hear the presentation of the Pajaro Valley Cemetery District, conduct the public hearing, and adopt the attached draft resolution approving the service and sphere review.

Attachments

cc: Pajaro Valley Public Cemetery District
Monterey LAFCO

Public Review Draft

Pajaro Valley Public Cemetery District Service and Sphere Review



April 2015



Local Agency Formation Commission
of Santa Cruz County
701 Ocean Street, Room 318D
Santa Cruz CA 95060

– PAJARO VALLEY PUBLIC CEMETERY DISTRICT –

Document's Purpose, Format, and Executive Summary

LAFCO periodically performs municipal service reviews (Government Code Section 56430) and updates, as necessary, the sphere of influence of each agency subject to LAFCO's boundary regulation (Government Code Section 56427). A sphere of influence is defined as a plan for the probable physical boundaries and service area of a local agency. This report has been prepared to analyze the Pajaro Valley Public Cemetery District. Specific service review and sphere determinations are listed at the end of the report.

The main conclusions of this document are:

- The Pajaro Valley Public Cemetery District is cemetery services in a cost-effective manner.
- The current Sphere of Influence for the Pajaro Valley Public Cemetery District is coterminous with the current boundaries of the District. No changes are recommended at this time.

Agency Overview

The Pajaro Valley Public Cemetery District, formed in 1955, serves the southern portion of Santa Cruz County and the portion of Monterey County north of Moss Landing. The District operates pursuant to the California Public Cemetery District Law (Health and Safety Code Sections 9000 – 9093). The District's service area encompasses 117.6 square miles with an estimated population of 70,000. The mission of the District is, "To provide efficient, cost effective burial services for the community, and provide maintenance to the cemeteries in a respectable, clean and safe manner that honors the loved ones of family, friends and the community at large." The District owns five cemeteries totaling 36 acres and provides a full range of burial services.

Population and Growth

The Pajaro Valley Public Cemetery District serves an area that is projected to have moderate growth over the next 25 years, primarily due to the City of Watsonville which is expected to have an average annual growth rate of 1.3%. This growth is challenge for the District due to the increased demand for services and limited availability of land for future expansion. According to the District approximately 1% of the community dies every year, and the District provides services for a portion of those deaths. Burial space is being used faster than in previous years due to a current trend for family members to purchase adjacent graves for future use. Further, the District is required to provide services to eligible non-residents, per the Health and Safety Code. To be eligible non-residents must already have an immediate family member (father, mother, sibling, aunt, uncle, grandparent, in-law, step-child/parent) buried in one of the cemeteries.

Infrastructure Needs and Deficiencies

The District currently operates the following cemeteries:

Cemetery	Acreage	Space Available (for sale)	Planned Expansion
Day Valley Cemetery (Meadow Road)	0.5	none	
Watsonville Catholic Cemetery (mountain side of Freedom Boulevard at Alta Vista)	6	none	
Pioneer Cemetery (ocean side of Freedom Boulevard at Marin)	15	0 burial lots 70 cremation lots 110 cremation niches	
Valley Catholic Cemetery (East Lake Avenue near Fairgrounds)	5	none	
Valley Public Cemetery (East Lake Avenue near Fairgrounds)	9	407 single depth graves 216 double depth graves 92 baby graves 572 cremation graves	331 single depth graves 377 double depth graves 1408 cremation niches

The District averages 175-200 burials per year. All the lots have been sold in the Day Valley and Valley Catholic Cemeteries; some were purchased in advance so there is some room for interments.

One of the challenges the District faces is the availability of land for future expansion. The District estimates that they have approximately 10 years worth of space available. The County's General Plan does not anticipate cemetery growth. General Plan policies preserving agricultural land limit the District's ability to acquire additional property adjacent to existing facilities. The establishment of the Central Coast Veterans Cemetery on the former Fort Ord may slightly reduce the demand for burials at the Pajaro Valley public cemeteries.

The District has a Capital Improvement Plan that identifies approximately \$1.19 million in projects. Projects will be funded with the District's regular revenues.

Financing Constraints and Opportunities

The District is funded through its share of the 1% property tax supplemented by service charges and plot sales. A summary of the District's finances, compared with two years of budget information from the last service review, is shown on the next page.

Pajaro Valley Public Cemetery District – Financial Summary						
		FY 2003-2004 Actual	FY 2004-2005 Budget	FY 2013-2014 Actual	FY 2014-2015 Budget	Budget % Increase 10 Years
Revenue -	1% Property Tax	\$454,713	\$313,500	\$647,466	\$573,500	83
	Grave Opening, Closing and Burial Services	\$68,930	\$52,000	\$159,326	\$137,500	164
	Plot, Vault, Crypt and Liner Sales	\$98,719	\$72,000	\$227,091	\$139,000	93
	Endowment Care	\$26,530	0	0	0	-100
	Interest	\$30,755	\$6,500	\$17,431	\$4,000	-38
	Other Revenue	\$5,519	\$5,000	\$40,409	\$4,000	-20
	Total	\$685,166	\$449,000	\$1,091,723	\$858,000	91
Expenses -	Salaries, Wages, Benefits	\$414,279	\$497,000	\$577,340	\$692,250	39
	Services and Supplies	\$94,142	\$166,000	\$169,068	\$219,250	32
	Other Charges	\$4,251	\$6,500	\$6,218	\$7,500	15
	Equipment, Buildings, Improvements	\$4,999	\$45,000	\$16,850	\$50,000	11
	Contingencies	0	\$15,000	0	\$15,000	0
	Total	\$517,671	\$729,500	\$769,476	\$984,000	35
Net Income		\$167,495	(\$280,500)	\$322,247	(\$126,000)	
Operating Transfers Out				\$150,000	\$300,000	
Endowment Fund (March)			\$586,254		\$1,134,164	93

The district maintains a capital outlay fund and three fiduciary funds. Their balances on June 30, 2013 are shown below:

Pajaro Valley Public Cemetery District – Funds Other Than General Fund	
	6/30/2013 Balance
Capital Outlay	\$2,457,461
Endowment Fund	\$1,027,094
Pre-Needs Service	\$277,447
Special Services	\$18,679

As required by the Health and Safety Code, the District started an Endowment Care Fund in 1984. The District may only use the interest toward maintenance of the cemetery. To date, none of the interest has been used as revenues have been sufficient to cover the necessary operating and capital costs.

Cost Avoidance Opportunities

The District is avoiding costs by implementing best management practices that maximize space use. The District is doing “pre-burials” in sections of Valley Public Cemetery which consist of placing the cement crypts in the ground in advance of need. The crypts are placed closer together (1½” apart) which allows for more burial plots per acre. In addition, the District now uses smaller gravesites. Traditionally gravesites were 4’ X 10’; the District is now consistently using 3’ X 8’ graves. With this size change, the District gains an additional row for every four rows of the former size and one new grave for every three of the larger graves. The District is constructing a 1400-niche columbarium.

The District also participates in a JPA for insurance, which controls the costs.

Management Efficiencies

The District is achieving management efficiencies through its staffing, which consists of a full-time manager, part-time secretary, and five full-time groundskeepers. The District operates under the oversight and guidance of a five-member Board of Trustees. The District’s last audit, issued by Berger Lewis Accountancy Corporation on June 29, 2014, was unqualified, meaning that no material deficiencies were identified.

Shared Facilities

The District uses the services of the County Auditor-Controller to perform its accounting functions. Due to the nature of the services provided, no other opportunities to share facilities with other agencies were noted.

Rate Restructuring

The District reviews its rate structure annually and makes adjustments based on changes in the cost of service. The following table compares the current rates with the rates ten years ago.

Resident Rates	FY 04-05	FY 14-15	% Increase 10 Years
Single Depth Burial	\$995	\$2,352	136
Double Depth Burial	\$1,455	\$2,853	96
Cremains	\$350	\$1,001	186
Mausoleum	\$4,500	Not Available	
Underground Vault	\$1,500	\$1,500	0

The District charges non-residents an additional \$400 for full ground burial, \$350 for children, and \$300 for cremation and babies.

Government Structure Options

The Pajaro Valley Public Cemetery District is an independent special district serving the southern portion of Santa Cruz County and the northern portion of Monterey County. The District operates pursuant to the requirements of Health and Safety Code §8890 et seq., providing for the long-term care and management of five public cemeteries. No other government structure options were identified. Property taxes provide approximately 67% of the district's revenues. Since Proposition 13 (1978), any land that is annexed to a cemetery district does not pay any property taxes to the district. Consequently, it is financially unfeasible to consider expanding the service area by expanding the districts' service area in Santa Cruz or Monterey County.

Local Accountability and Governance

The Pajaro Valley Public Cemetery District is governed by a five-member Board of Trustees. The Trustees are appointed to four-year staggered terms by the County Board of Supervisors through a public process. The Board of Trustees meets on the second Wednesday of each month at 2PM at the District's office. Public notice is provided through posting and the newspaper. The District does not have a website. The current board is as follows:

Board Member	Title	Term of Office	Compensation
Jo Ann Vear	Chairman	12/31/2017	\$100 per meeting
Edward Banks	Vice-Chairman	12/31/2017	\$100 per meeting
Patrick F. Carey	Trustee	12/31/2015	\$100 per meeting
Sam L. Mann, Jr.	Trustee	12/31/2017	\$100 per meeting
William George	Trustee	12/31/2015	\$100 per meeting

2015 Sphere of Influence Issues and Review

The District's boundaries and adopted Sphere of Influence are coterminous in both Monterey and Santa Cruz Counties. Property tax revenues constitute approximately 67% of the District's operating revenues. Since the passage of Proposition 13, cemetery districts do not get a share of property taxes from any properties they annex. Therefore, the District has little incentive to expand or contract. Neither the District nor the LAFCO staffs have identified any potential additions or deletions the District's Sphere of Influence. South of the District, in North Monterey County, parts of Prunedale are located outside any cemetery district. Monterey LAFCO will address potential expansion of the Castroville Public Cemetery District into those areas.

–SERVICE REVIEW DETERMINATIONS –

1) **Population and Growth**

The Pajaro Valley Public Cemetery District serves a 117.6 square mile area that covers the southern portion of Santa Cruz County and the portion of Monterey County north of Moss Landing. The current population of 70,000 in the area is expected to increase moderately over the next 25 years.

2) **Disadvantaged Unincorporated Communities**

Parts of the City of Watsonville and North Monterey County qualify as disadvantaged based upon the statutory definition of having a median household income of less than 80% of the statewide median. The District's services are available to disadvantaged residents of the Pajaro Valley.

3) **Infrastructure Needs and Deficiencies**

The District owns and maintains five cemeteries covering a total of 36 acres. Four of the cemeteries have no spaces remaining for sale, but they do have room for interments in previously sold plots. The District has less than 10 years worth of space remaining at the Valley Public Cemetery. The District recognizes this infrastructure need and is looking to acquire land for a new cemetery.

4) **Financial Ability to Provide Services**

- a) The Pajaro Valley Public Cemetery District is funded through the District's share of the 1% property tax, service charges and sales of cemetery plots, vaults, crypts and other associated items. Funding has been adequate to meet the operational and capital needs of the District.*
- b) The District maintains an endowment care fund in accordance with the Health and Safety Code. The District has not used the interest generated from the fund.*
- c) The Pajaro Valley Public Cemetery District reviews its rates annually and makes adjustments based on underlying cost increases.*
- d) The District charges an additional fee for services provided to non-residents.*

5) **Shared Facilities**

Due to the District's purpose and services offered, there are limited opportunities to share facilities with other agencies.

6) **Accountability, Governmental Structure and Operational Efficiency**

- a) The District is avoiding expansion costs by maximizing the use of available land. The District uses smaller gravesites and is implementing a pre-bury program where cement crypts are placed in the ground prior to need, allowing for tighter spacing. The District is preparing to construct a columbarium with 1400 niches.*
- b) The Pajaro Valley Public Cemetery District is an independent special district serving the southern portion of Santa Cruz County and part of northern Monterey County. The District operates pursuant to the requirements of Health and Safety Code §8890 et seq., providing for the long-term care and management of five public cemeteries. No other government structure options were identified.*

- c) *The Pajaro Valley Public Cemetery District is governed by a five-member Board of Trustees. The Trustees are appointed by the County Board of Supervisors. The District has procedures in place to ensure that standards for governance and public noticing are met.*

7) Other Matters: Mission Statement and Bylaws

The District is achieving management efficiencies through staffing and the direction and guidance provided by the Board of Trustees. The District operates with one full-time manager, one part-time secretary and five groundskeepers. The District's manager is experienced and has served on the Board of the California Association of Public Cemeteries. He shares his expertise with board members and managers of some of the smaller cemetery districts in the Monterey Bay region.

8) Local Accountability and Governance

The Pajaro Valley Public Cemetery District is governed by a five-member Board of Trustees. The Trustees are appointed by the County Board of Supervisors. The District has procedures in place to ensure that standards for governance and public noticing are met.

–SPHERE OF INFLUENCE DETERMINATIONS –

A. The present and planned land uses in the area, including agricultural and open space lands.

The Pajaro Valley Public Cemetery District serves a 117.6 square mile area that covers the southern portion of Santa Cruz County and the portion of Monterey County north of Moss Landing. Population in the area is expected to increase moderately over the next 25 years.

B. The present and probable need for public facilities and service in the area.

The service needs in the area are maintenance of the current five cemeteries, and expansion of cemetery facilities within 10 years.

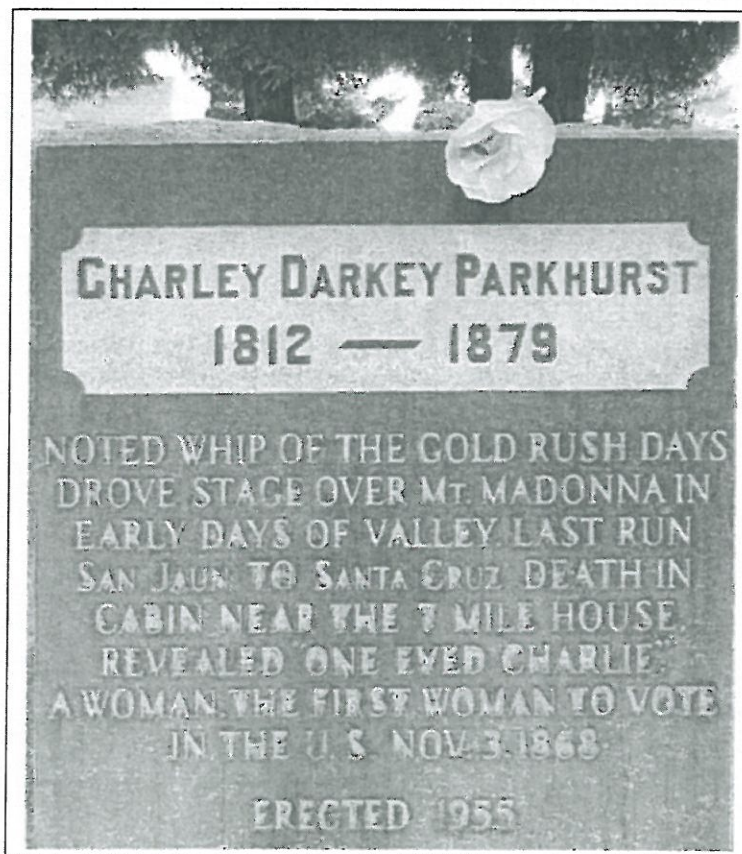
C. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The District owns and maintains five cemeteries covering a total of 36 acres. Four of the cemeteries have no spaces remaining for sale, but they do have room for interments in previously sold plots. The District has less than 10 years worth of space remaining at the Valley Public Cemetery. The District recognizes this infrastructure need and is looking to acquire land for a new cemetery.

D. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The District provides service to the Pajaro Valley. This is a social and economic community of interest which is relevant to the provision of public services provided by the Pajaro Valley Public Cemetery District.




Pajaro Valley Public Cemetery District			
Contact:	Robert Stanford, Manager		
Mailing and Office Site Address:	66 Marin Street, Watsonville, CA 95076		
Phone Number:	(831) 722-0310		
Fax Number:	(831) 786-8563		
Email/Website	pvcemetery@cruzio.com/ No website		
Types of Services:	Cemetery management, burials and related services		
Population Served:	70,000		
Size of Service Area (sq miles):	117.6 sq miles		
Staff and Facilities			
Staff: FTE	5.5		
Cemeteries / Size	Day Valley Cemetery – 0.5 acres		
	Valley Catholic Cemetery – 5 acres		
	Watsonville Catholic Cemetery – 6 acres		
	Pioneer Cemetery – 15 acres		
	Valley Public Cemetery – 9 acres		
Financial Information			
Budget	Revenues	Expenses	Endowment Fund Balance
FY 2004-2005	\$449,000	\$729,500	\$586,254
FY 2014-2015	\$858,000	\$884,000	\$1,134,164

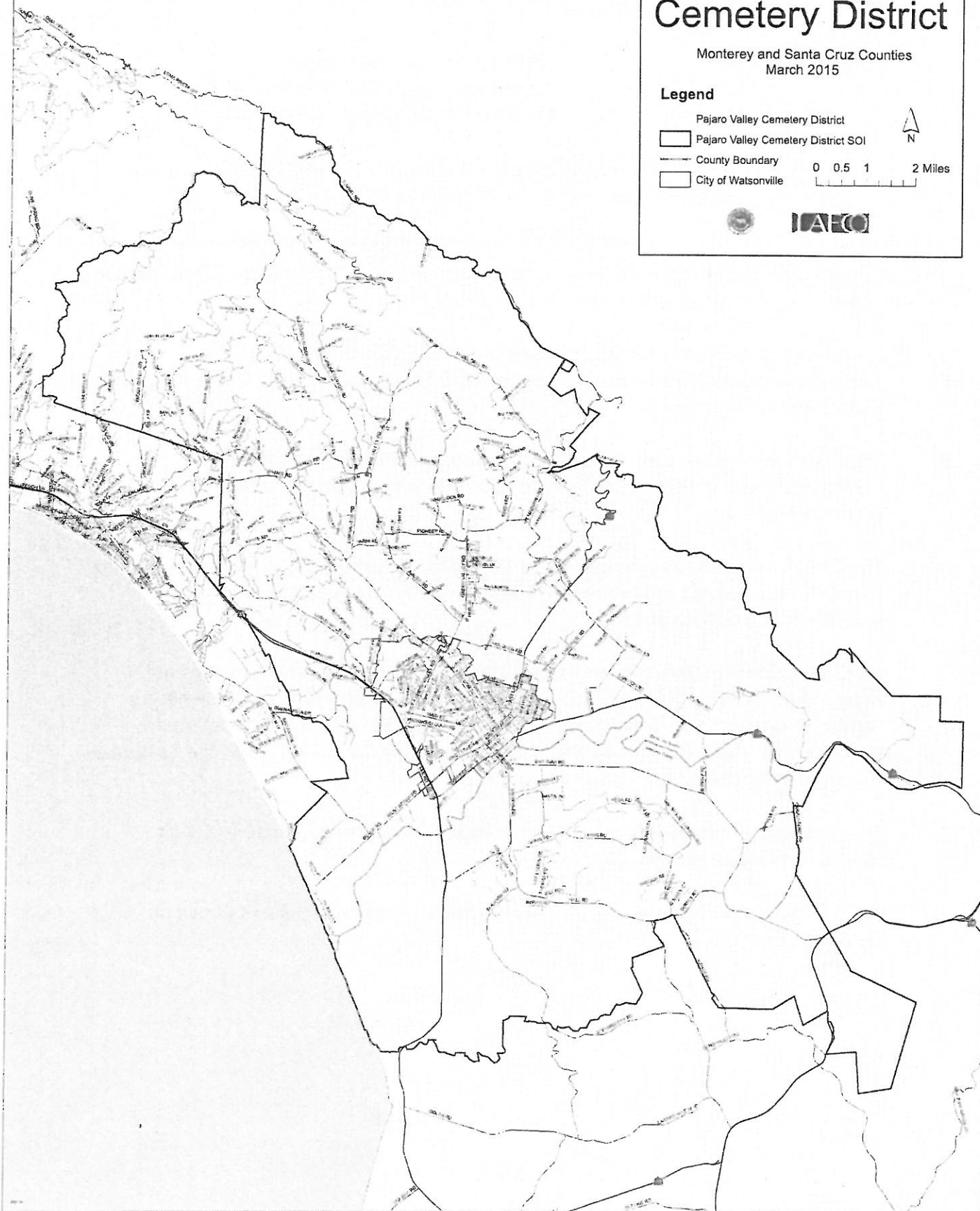


Pajaro Valley Cemetery District

Monterey and Santa Cruz Counties
March 2015

Legend

- Pajaro Valley Cemetery District
-  Pajaro Valley Cemetery District SOI
-  County Boundary
-  City of Watsonville
- 0 0.5 1 2 Miles



SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 2015-7

On the motion of Commissioner
duly seconded by Commissioner
the following resolution is adopted:

APPROVING THE 2015 PAJARO VALLEY PUBLIC CEMETERY DISTRICT
SERVICE AND SPHERE OF INFLUENCE REVIEW

The Local Agency Formation Commission of Santa Cruz County (the "Commission") does hereby resolve, determine, and order as follows:

1. In accordance with Government Code sections 56425, 56427 and 56430, the Commission has initiated and conducted the 2015 Pajaro Valley Public Cemetery District Service and Sphere Review.
2. The Commission's Executive Officer has given notice of a public hearing by this Commission upon the service review and sphere of influence in the form and manner prescribed by law.
3. The Commission held a public hearing on this matter on June 3, 2015; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented.
4. Pursuant to State CEQA Guidelines section 15061(b)(3), this LAFCO action does not change the services or the planned service area of the Pajaro Valley Public Cemetery District. There is no possibility that the activity may have a significant impact on the environment. This LAFCO action qualifies for a Notice of Exemption under the California Environmental Quality Act.
5. The Commission hereby approves the 2015 Pajaro Valley Public Cemetery District Service and Sphere Review.
6. The Commission hereby approves the Service Review Determinations as shown on Exhibit A.

7. The Commission hereby approves the Sphere of Influence Determinations as shown on Exhibit B.
8. The Commission hereby maintains the coterminous Sphere of Influence for the Pajaro Valley Cemetery District within Santa Cruz County as shown on Exhibit C, and recognizes the coterminous Sphere of Influence for the Pajaro Valley Cemetery District within Monterey County as adopted by the Local Agency Formation Commission of Monterey County.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this third day of June 2015.

AYES:

NOES:


ABSENT:

ZACH FRIEND, CHAIRPERSON

Attest:

Patrick M. McCormick
Executive Officer

Approved as to form:



T. Brooke Miller, LAFCO Counsel

EXHIBIT A
PAJARO VALLEY PUBLIC CEMETERY DISTRICT
2015 SERVICE REVIEW DETERMINATIONS

1) Population and Growth

The Pajaro Valley Public Cemetery District serves a 117.6 square mile area that covers the southern portion of Santa Cruz County and the portion of Monterey County north of Moss Landing. The current population of 70,000 in the area is expected to increase moderately over the next 25 years.

2) Disadvantaged Unincorporated Communities

Parts of the City of Watsonville and North Monterey County qualify as disadvantaged based upon the statutory definition of having a median household income of less than 80% of the statewide median. The District's services are available to disadvantaged residents of the Pajaro Valley.

3) Infrastructure Needs and Deficiencies

The District owns and maintains five cemeteries covering a total of 36 acres. Four of the cemeteries have no spaces remaining for sale, but they do have room for interments in previously sold plots. The District has less than 10 years worth of space remaining at the Valley Public Cemetery. The District recognizes this infrastructure need and is looking to acquire land for a new cemetery.

4) Financial Ability to Provide Services

- a) The Pajaro Valley Public Cemetery District is funded through the District's share of the 1% property tax, service charges and sales of cemetery plots, vaults, crypts and other associated items. Funding has been adequate to meet the operational and capital needs of the District.*
- b) The District maintains an endowment care fund in accordance with the Health and Safety Code. The District has not used the interest generated from the fund.*
- c) The Pajaro Valley Public Cemetery District reviews its rates annually and makes adjustments based on underlying cost increases.*
- d) The District charges an additional fee for services provided to non-residents.*

5) Shared Facilities

Due to the District's purpose and services offered, there are limited opportunities to share facilities with other agencies.

6) Accountability, Governmental Structure and Operational Efficiency

- a) *The District is avoiding expansion costs by maximizing the use of available land. The District uses smaller gravesites and is implementing a pre-bury program where cement crypts are placed in the ground prior to need, allowing for tighter spacing. The District is preparing to construct a columbarium with 1400 niches.*
- b) *The Pajaro Valley Public Cemetery District is an independent special district serving the southern portion of Santa Cruz County and part of northern Monterey County. The District operates pursuant to the requirements of Health and Safety Code §8890 et seq., providing for the long-term care and management of five public cemeteries. No other government structure options were identified.*
- c) *The Pajaro Valley Public Cemetery District is governed by a five-member Board of Trustees. The Trustees are appointed by the County Board of Supervisors. The District has procedures in place to ensure that standards for governance and public noticing are met.*

7) Other Matters: Mission Statement and Bylaws

The District is achieving management efficiencies through staffing and the direction and guidance provided by the Board of Trustees. The District operates with one full-time manager, one part-time secretary and five groundskeepers. The District's manager is experienced and has served on the Board of the California Association of Public Cemeteries. He shares his expertise with board members and managers of some of the smaller cemetery districts in the Monterey Bay region.

8) Local Accountability and Governance

The Pajaro Valley Public Cemetery District is governed by a five-member Board of Trustees. The Trustees are appointed by the County Board of Supervisors. The District has procedures in place to ensure that standards for governance and public noticing are met.

EXHIBIT B
PAJARO VALLEY PUBLIC CEMETERY DISTRICT
2015 SPHERE OF INFLUENCE REVIEW DETERMINATIONS

A. The present and planned land uses in the area, including agricultural and open space lands.

The Pajaro Valley Public Cemetery District serves a 117.6 square mile area that covers the southern portion of Santa Cruz County and the portion of Monterey County north of Moss Landing. Population in the area is expected to increase moderately over the next 25 years.

B. The present and probable need for public facilities and service in the area.

The service needs in the area are maintenance of the current five cemeteries and expansion of cemetery facilities within 10 years.

C. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

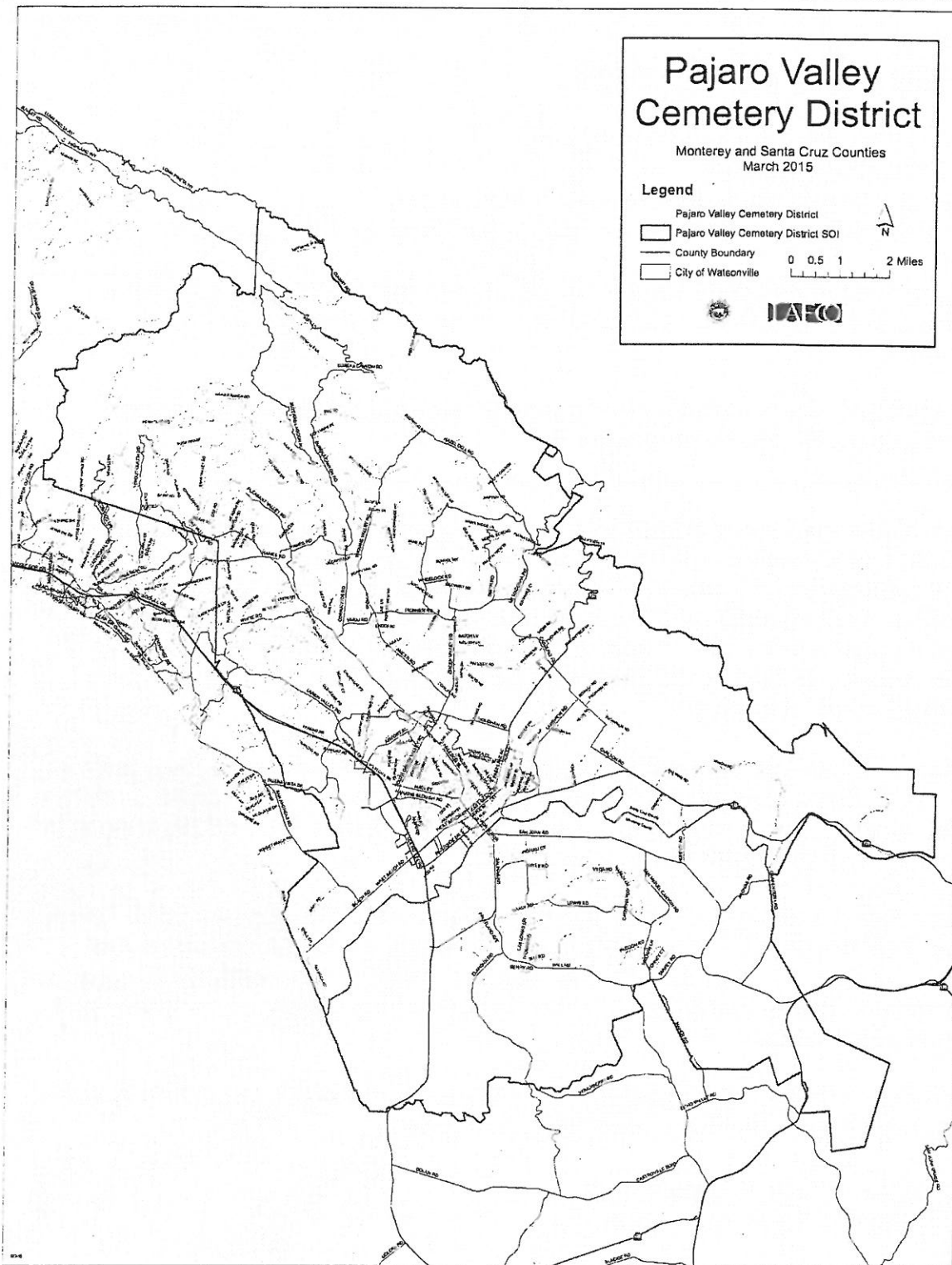
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D. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The District provides service to the Pajaro Valley. This is a social and economic community of interest which is relevant to the provision of public services provided by the Pajaro Valley Public Cemetery District.

EXHIBIT C

PAJARO VALLEY PUBLIC CEMETERY DISTRICT, 2015 SPHERE OF INFLUENCE MAP





Santa Cruz Local Agency
Formation Commission
701 Ocean Street, Room 318-D
Santa Cruz, California 95060
Phone: (831) 454-2055

Email: info@santacruzlafco.org
Website: www.santacruzlafco.org

LOMPICO REORGANIZATION

Date: May 27, 2015 for June 3, 2015 Agenda

To: LAFCO Commissioners

From: Patrick M. McCormick, Executive Officer *P. McCormick*

Subject: Time Extension for LAFCO No. 953-A, the Lompico Reorganization

Summary: The Boards of the Lompico County Water District and the San Lorenzo Valley District are requesting an additional year to complete the Lompico Reorganization.

Recommendation: Grant a one-year extension to August 6, 2016 in order for the Lompico Reorganization to be completed.

After much study, the Boards of the Lompico County Water District and San Lorenzo Valley Water District applied in April 2014 to LAFCO for authorization to dissolve the Lompico County Water District and annex the Lompico area to the San Lorenzo Valley Water District. Their request included four conditions. On August 6, 2014, LAFCO conducted a public hearing and unanimously authorized their request by approving LAFCO Resolution No. 953-A, the Lompico Reorganization. This reorganization is informally known as "The Merger".

One of the conditions was the financing \$2.75 million of infrastructure improvements in Lompico. The County conducted a Mello-Roos Bond election for this purpose, and it did not get the required 66.67% affirmative vote. Given that there is still a strong interest in the merger, the two agencies have continued to talk.

Pursuant to state law, LAFCO's authorization is scheduled to expire on August 6, 2015—one year after the LAFCO vote. The two district boards have submitted letters to LAFCO requesting a one-year extension to August 6, 2016. They would like to continue exploring options for raising the funds needed to conduct the infrastructure repairs and improvements in Lompico.

Staff recommends that the Commission extend its authorization of LAFCO Resolution No. 953-A, the Lompico Reorganization, to August 6, 2016.

cc: Lompico County Water District
San Lorenzo Valley Water District

Attachments



LOMPICO COUNTY WATER DISTRICT
 11255 LOMPICO ROAD, FELTON, CA 95018
 (831) 335-5200 (FAX) 335-4627

May 20, 2015

Local Agency Formation Commission of Santa Cruz County
 701 Ocean Street, Room 318-D
 Santa Cruz, CA 95060

SUBJECT: TIME EXTENSION REQUEST

Members of the Commission:

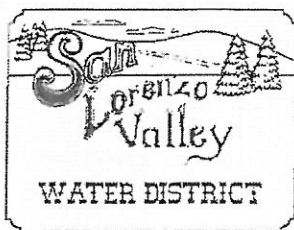
In 2014, the San Lorenzo Valley Water District and the Lompico County Water District jointly applied to LAFCO to merge the two districts. LAFCO designated this application as LAFCO No. 953-A, the Lompico Reorganization. LAFCO unanimously authorized this reorganization on August 6, 2014, subject to four conditions. One condition was raising \$2.75M for water infrastructure repairs and improvements in Lompico. LAFCO's authorization for the merger was scheduled to expire on August 6, 2015. As you are probably aware, the County Elections Department conducted a bond election in early 2015. Nearly 2/3rds of the Lompico voters supported the bonds, but the vote did not exceed the 2/3rds vote required to issue the bonds.

Lompico's problems continue. We have high operating costs, and many infrastructure improvements are needed. The Lompico Board of Directors continues to believe that the merger is the best solution to the community's water problems. After the bond election, the two districts have continued to talk. With additional time, we may identify and implement another option to generate the funds needed to do the infrastructure work and complete the merger.

The Lompico County Water District hereby requests that LAFCO grant a one-year time extension to August 6, 2016 to complete the Lompico Reorganization.

Very truly yours,

Lois Henry
 President, Lompico County Water District Board of Directors



SAN LORENZO VALLEY WATER DISTRICT

13060 Highway 9 • Boulder Creek, CA 95006-9119

Office (831) 338-2153 • Fax (831) 338-7986

Website: www.slvwd.com

May 26, 2015

Pat McCormick
Executive Officer
Santa Cruz Local Agency Formation Commission
701 Ocean Street, Room 318-D
Santa Cruz, CA 95060

Mr. McCormick,

At its regularly held meeting on May 21, 2015 my Board authorized me to request a twelve-month extension to LAFCo's current consideration of Resolution 953-A, Lompico Reorganization. This letter serves as that request.

The San Lorenzo Valley Water District is committed to the reorganization under all four conditions outlined in Resolution 953-A. This request of an extension is so that the districts have adequate time to review infrastructure-funding options to comply with Condition A of the reorganization, the collection of \$2.75 Million for infrastructure improvements.

Please contact me should you have any questions. Thank you for your consideration.

Sincerely,

Brian Lee
District Manager
San Lorenzo Valley Water District

Cc: Lompico County Water District

LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 953-A

On the motion of Commissioner Coonerty
Duly seconded by Commissioner Dodge
The following resolution is adopted:

MAKING DETERMINATIONS AND ORDERING PROTEST PROCEEDINGS
OF TERRITORY DESIGNATED AS THE LOMPICO REORGANIZATION
LAFCO NO. 953-A

The Santa Cruz Local Agency Formation Commission does hereby RESOLVE, DETERMINE, AND ORDER as follows:

1. A resolution for the proposed annexation of certain territory was filed by Resolution No. 128-2013 of the Lompico County Water District and Resolution No. 31 (13-14) of the San Lorenzo Valley Water District, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.); and the territory is assigned the short term designation of the "Lompico Reorganization, LAFCO No. 953-A".
2. The reorganization consists of the following changes of organization:
 - Dissolution of the Lompico County Water District,
 - Annexation of territory to the San Lorenzo Valley Water District.
3. The Executive Officer of the Commission has reviewed the resolutions; has prepared a report, including his recommendations thereon; and has presented the same before this Commission for consideration.
4. Public hearing by the Commission was held on August 6, 2014; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented.
5. Said territory includes approximately 757 acres and is found to be inhabited for purposes of reorganization law.
6. The boundaries of the area of the proposed reorganization are approved as revised to include the annexation of parcels on Zayante Drive and as shown on Exhibit A.
7. The approval of this reorganization is conditioned upon the following terms and conditions:
 - A) INFRASTRUCTURE BOND
Prior to the filing of the Certificate of Completion, a Community Facilities District bond or similar revenue instrument shall be passed by the voters

and/or property owners of the Lompico service area so that proceeds not greater than \$2.75 million will go to the San Lorenzo Valley Water District (SLVWD) for the purposes of infrastructure improvements solely for the benefit of the Lompico service area. If a grant or other source of funds can be secured to make infrastructure improvements that are programmed to be included in the not-to-exceed \$2.75 million of bond proceeds, or if the costs of the programmed improvements are lower, the amount of the bond proceeds can be a lesser amount if authorized in writing by the San Lorenzo Valley Water District Board following consideration of the reduction at a public meeting of that board.

B) BOND OVERSIGHT COMMITTEE

Upon distribution of the bond proceeds, SLVWD shall establish a citizens' bond oversight committee consisting of five Lompico water customers to review expenditure of the bond proceeds on projects that directly benefit Lompico.

C) LOAN PAYBACK

Prior to the filing of the Certificate of Completion, Lompico County Water District shall pay the entire amount due on the PERS Side Fund Loan Agreement that was executed on July 30, 2013 by and between Lompico County Water District and San Lorenzo Valley Water District.

D) LOMPICO WATER RATES AND CHARGES

SLVWD shall bill the Lompico customers of SLVWD the same rates as the other customers within SLVWD. However, prior to filing of the Certificate of Completion, in order to cover the difference between SLVWD's estimated revenues collected in Lompico and SLVWD's estimated operating costs in Lompico, Lompico County Water District shall enact a reduction in their water rates, effective only upon the reorganization, so that \$140,000 in excess of the amount generated by SLVWD rates would be collected in the first year following the effective date of the reorganization. LAFCO shall authorize SLVWD to continue to collect these Lompico charges after the reorganization. Prior to the Certificate of Completion being filed, SLVWD will deliver a letter to the LAFCO Executive Officer indicating that the charges adopted by the Lompico County Water District are structured in a manner that SLVWD is willing to implement. The Lompico charges shall not exceed the following amounts:

<u>Year</u>	<u>Beginning</u>	<u>Per Month</u> <u>Per Connection</u>
1	Upon the effective date of the reorganization	\$23.50
2	One year after effective date of the reorganization	\$19.50
3	Two years after effective date of the reorganization	\$8.50
4	Three years after effective date of the reorganization	\$5.50
5	Four years after effective date of the reorganization	\$5.50

The Lompico charges shall be phased out no later than five years after the effective date of the reorganization.

- E) The proponent districts shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
 - F) The proponent districts shall be responsible to pay any fees required to comply with Fish and Game Code Section 711.4 (Fish and Game Fees required when notices of environmental decisions are filed).
 - G) The proponent districts shall pay any remaining processing fees as set in this Commission's Schedule of Fees and Deposits.
 - H) Prior to issuance of a Certificate of Completion for this reorganization, the proponent districts shall deliver an executed indemnification agreement that is in a form that is acceptable to this Commission and suitable for recordation.
8. This project qualifies for a Class 19 Categorical Exemption (annexation of existing facilities) and a Class 20 Categorical Exemption (consolidation or two or more districts having identical powers) from further analysis under the California Environmental Quality Act.
 9. Upon completion of this reorganization, the property tax revenues will be transferred in accordance with the Board of Supervisors tax exchange resolution (No. 158-2014) adopted for the Lompico Reorganization.
 10. Upon completion of this reorganization, all assets and liabilities of Lompico County Water District shall transfer to the San Lorenzo Valley Water District.
 11. The reorganization, as approved, is consistent with the Spheres of Influence of the Lompico County Water District and the San Lorenzo Valley Water District as amended by LAFCO Resolution No. 953 on August 6, 2014.
 12. This Commission hereby approves this reorganization, as conditioned, and directs the Executive Officer to conduct protest proceedings in accordance with State law.

PASSED AND ADOPTED by the Local Agency Formation Commission in the County of Santa Cruz this sixth day of August 2014.

AYES: R. Anderson, Bottorff, Coonerty, Dodge, Friend, Rapoza, Chairperson J. Anderson

NOES: None

ABSENT: None

/original signed/

JAMES W. ANDERSON, CHAIRPERSON
Santa Cruz Local Agency Formation Commission

Attest:

/original signed/

Patrick M. McCormick, Executive Officer

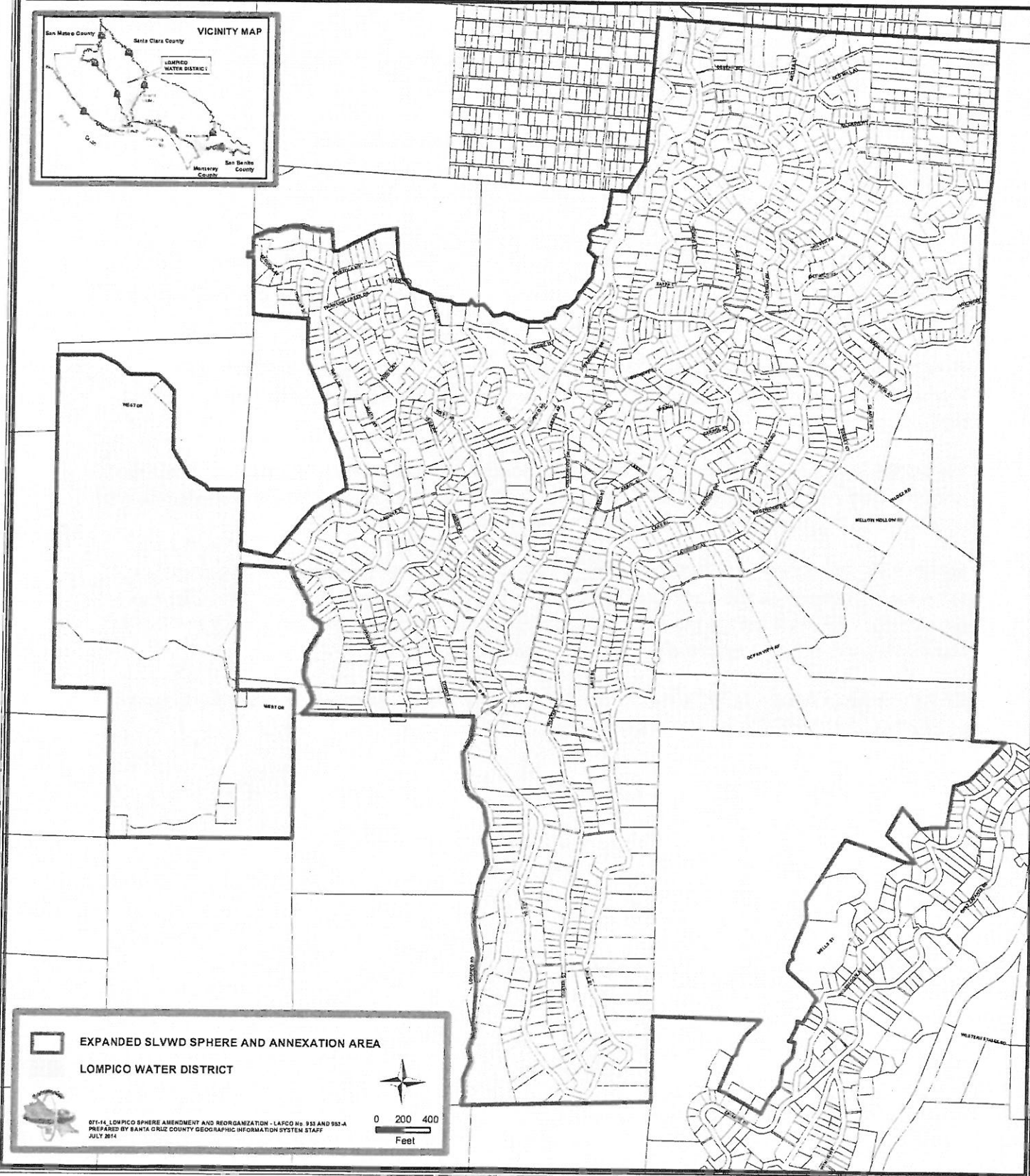
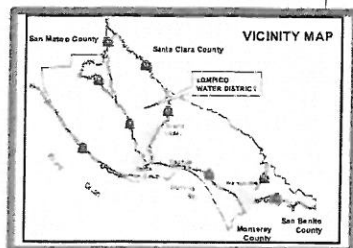
Approved as to form:

/original signed/

LAFCO Counsel

LOMPICO SPHERE AMENDMENT AND REORGANIZATION
LAFCO No. 953 AND 953-A
SANTA CRUZ COUNTY, CALIFORNIA

EXHIBIT A





SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 2015-8

On the motion of Commissioner
duly seconded by Commissioner
the following resolution is adopted:

RESOLUTION OF APPRECIATION

WHEREAS, Trina Coffman-Gomez has served as City member on the Santa Cruz Local Agency Formation Commission from March 4, 2015 to May 4, 2015; and

WHEREAS, she completed the City of Watsonville's term on the Local Agency Formation Commission, and she continues to serve on the Watsonville City Council;
and

WHEREAS, during her brief term, LAFCO updated its work program, adopted a budget, and granted a time extension of its authorization for city water and sewer services to be extended to the Pippin Apartments project in Watsonville; and

NOW, THEREFORE, BE IT RESOLVED by the Santa Cruz Local Agency Formation Commission that this Commission hereby expresses its appreciation to Trina Coffman-Gomez for her work on behalf of the people of Santa Cruz County and wish her well in her continuing public service on the Watsonville City Council.

PASSED AND ADOPTED by the Local Agency Formation Commission for the County of Santa Cruz this third day of June 2015 by the following vote.

AYES:

NOES:

ABSENT:

ZACK FRIEND, CHAIRPERSON

Attest:

Patrick M. McCormick, Executive Officer



Santa Cruz Local Agency
Formation Commission
701 Ocean Street, Room 318-D
Santa Cruz, California 95060
Phone: (931) 454-2055

Email: info@santacruzlafco.org
Website: www.santacruzlafco.org

Legislative Report for June 3, 2015 Agenda

Summary: The LAFCO staff tracks bills during the legislative session, and makes monthly written reports. The Commission may take a position on any tracked bill.

Staff Recommendation: Take a position in support of AB 1532, which is a bill sponsored by CALAFCO to make non-controversial clean-up changes to the LAFCO law.

Submitted by: Patrick McCormick, Executive Officer P.M.C.

The Legislature is actively vetting bills through its committees. In order for bills to keep moving, they had to have cleared the policy committee in the house of origin no later than May 15th. The web site for bill information is <http://leginfo.legislature.ca.gov/>.

The LAFCO staff has identified eleven bills of interest to Santa Cruz LAFCO. These are listed on the attached tracking sheet. Several of the bills are spot bills and do not have any substantive language in them yet.

At the last LAFCO meeting, the Commission took a position in opposition to SB239 (Hertzberg), which concerns fire protection agency contracts. The bill would amend the extraterritorial services provisions of the law to add a complex review process for a fire agency to contract to provide services outside its boundaries. It also would require approval of the proposal by all affected labor units prior to application to LAFCO. An opposition letter is attached.

Staff is recommending that the Commission take a position in support of AB1532, which is sponsored by CALAFCO and makes a series of non-controversial clean-up changes to the LAFCO law. A copy of the bill and an analysis is attached.

A significant LAFCO-related issue has appeared in Budget Trailer Bill 825. It is attached and can be accessed at:

www.dof.ca.gov/budgeting/trailer_bill_language/natural_resources_and_capital_outlay. This bill would provide the State Water Resources Control Board the authority, separate from the authority LAFCO's have in LAFCO law, to order the consolidation of two water systems (public, mutual, or private) if a water system is failing to reliably provide an adequate supply of safe potable water. The proposed new process would be quicker than the LAFCO process. The proposal includes consultation with LAFCO and a public hearing by the State Water Resources Control Board. In May and early June, budget bills appear and move quickly leading up to the Legislature's budget adoption in mid June. CALAFCO has been included in consultations with the Governor's staff. A set of amendments is being drafted including limitations on liability of the consolidated system for claims made by customers of the substandard system.

John Leopold serves as CALAFCO Board Chair and on the CALAFCO Legislative Committee. He may wish to provide the commission with an oral report on the bills and potential future legislation.

Attachments:

Santa Cruz LAFCO Letter in Opposition to SB 239

Text of AB 1532

Analysis of AB 1532

Budget Trailer Bill 825

BILL	AUTHOR	SUMMARY	STATUS
ASSEMBLY BILLS			
AB 3	Williams	<i>Isla Vista Community Services District</i> This is a bill to facilitate the formation of a Community Services District in the Isla Vista community of Santa Barbara County. CALAFCO Position: Oppose unless amended	Passed Assembly Local Gov. Com., In Assembly Approp. Com.
AB 168	Maienshein	<i>Local Governance Finance</i> This is a spot bill.	At Assembly Desk
AB 369	Steinorth	<i>Local Government</i> This is a spot bill.	At Assembly Desk
AB 402	Dodd	<i>Extraterritorial Services</i> This bill, authored by a former member of Napa LAFCO, would amend the law concerning LAFCO's authority to approve new extraterritorial services outside cities' and districts' spheres of influence. This bill is not being sponsored by CALAFCO.	Passed Assembly Local Gov. Committee, On Assembly Floor
AB 448	Brown	<i>Property Taxes and Vehicle License Fees</i> Increases the vehicle license fees granted to cities in areas annexed since 2004 to match fees in other incorporated. CALAFCO Position: Support	Passed Assembly Local Gov. Committee, On Assembly Floor
AB 851	Mayes	<i>Disincorporations</i> This bill would update the laws by which cities are disincorporated. CALAFCO Position: Sponsor and Support	Passed Assembly Local Gov. and Approp. Com. , On Assembly Floor
AB 1532	Local Gov. Com.	<i>Omnibus Changes to LAFCO Law</i> This bill would make a series of non-controversial clean-up changes to the LAFCO law. CALAFCO Position: Sponsor and Support	Passed Assembly Local Gov. Com., On Assembly Floor

BILL	AUTHOR	SUMMARY	STATUS
SENATE BILLS			
SB 25	Roth	<p><i>Vehicle License Fees</i></p> <p>This bill would change the allocation formula so that recently incorporated cities would receive vehicle license fees. The Governor vetoed a similar bill in 2014.</p> <p>CALAFCO Position: Support</p>	Passed Sen. Gov. and Finance Com., At Senate Approp. Com.
SB 184	Gov. and Fin. Com.	<p><i>Local Government Ominbus Bill</i></p> <p>This bill would allow make a series of technical, non-substantive changes to the local government laws. The current version of the bill any provisions related to LAFCO.</p>	Passed Senate, At Assembly Desk
SB 239	Hertzberg	<p><i>Fire Protection Service Contracts</i></p> <p>This bill would require an extensive process for a fire agency to contract to provide services outside its boundary, including the approval of the proposal by all affected labor units prior to submittal to LAFCO. The sponsor is the California Professional Firefighters Association. Senator Hertzberg is the Chair of the Senate Local Government Committee.</p> <p>CALAFCO Position: Oppose</p> <p>Santa Cruz LAFCO Position: Oppose</p>	Passed Senate Local Government Committee, At Senate Appropriations Com.
SB 272	Hertzberg	<p><i>Public Records Act</i></p> <p>This bill would require each local government agency to catalogue and make publicly available information kept on their data systems.</p>	Passed Senate, At Assembly Desk



May 11, 2015

Honorable Ricardo Lara
 Chair, Appropriations Committee
 California State Senate
 State Capitol, Room 2206
 Sacramento, CA 95814-4900

Subject: SB 239 – Oppose

Dear Senator Lara:

I am writing on behalf of the Santa Cruz Local Agency Formation Commission (LAFCO), which has voted unanimously to oppose Senate Bill 239 concerning contracts for fire protection services. The bill proposes to greatly complicate the process by:

- requiring LAFCO review and approval for each new contract, and
- requiring all affected recognized employee organizations to consent to the proposed contract before any application can be filed with LAFCO.

LAFCO law currently provides that contracts between two or more public agencies do not require LAFCO review (Government Code section 56133(e)). In rare occasions LAFCO review is required, but this exception has never applied in Santa Cruz County. The current law recognizes that interagency contracting is often an efficient and cost-saving manner in which to provide local public services. For instance, the Pajaro Valley Fire Protection District has no employees and contracts with two other public agencies for fire protection and emergency response services. It contracts with CAL FIRE to staff its main station in the rural area of the district, and contracts with the City of Watsonville to cover the urban and suburban portions of the district adjacent to the City. The City responds from their existing stations, one of which is in an excellent location for a quick response into its contract area. The District, CAL FIRE, and the City were able to negotiate the original contracts and have been able to negotiate amendments as needed. CAL FIRE and the City benefit by getting additional money to cover station expenses. LAFCO involvement was not needed. Adding the time and cost of a LAFCO review process was not likely to have improved the resulting contracts.

LAFCO law currently does not give any recognized employee organization the ability to terminate a proposal. If, as this bill proposes, any affected employee organization can terminate a fire contract proposal before the application and public hearing, could the precedent then be extended to contracts for other or all local services—police protection, road maintenance, water, sanitary sewer, libraries, etc.? If such a practice were widespread, California would lose many opportunities for the service efficiencies and the cost savings that can come from interagency contracts for local services.

Santa Cruz LAFCO appreciates your legislative record in promoting efficient local services and LAFCOs' role in analyzing options for service changes. We look forward to continue working with you on these important matters.

Very truly yours,
/original signed/
Patrick M. McCormick
Executive Officer

cc: Senator Robert Hertzberg
Senator Bill Monning
Senate Local Government and Finance Committee
Assembly Member Luis Alejo
Assembly Member Mark Stone
California Association of LAFCOs



California

LEGISLATIVE INFORMATION

AB-1532 Local government: omnibus. (2015-2016)

CALIFORNIA LEGISLATURE— 2015–2016 REGULAR SESSION

ASSEMBLY BILL

No. 1532

Introduced by Committee on Local Government

March 23, 2015

An act to amend Sections 56131.5, 56325, 56326, 56326.5, 56327, 56327.3, 56329, 56332, 56332.5, 56375.3, 56381.6, 56383, 56384, 56653, 57002, 57075, 57075.5, 57177.5, and 57179 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 1532, as introduced, Committee on Local Government. Local government: omnibus.

(1) Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, requires a local agency formation commission to notify specified state agencies having oversight or regulatory responsibility over, or a contractual relationship with, a local health care district when a proposal is made for any of specified changes of organization affecting that district.

This bill would update obsolete references to a "hospital" district and replace outdated references to the State Department of Health Services with references to the State Department of Public Health and the State Department of Health Care Services.

(2) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 establishes in each county a local agency formation commission consisting of 7 members and provides for the selection of members of the commission and designation of alternate members according to specified procedures. Existing law establishes special procedures for the creation and selection of members of the commissions for Los Angeles County, Sacramento County, Santa Clara County, and counties in which there are no cities. Existing law provides for the selection of representatives of independent special districts on each commission by an independent special district selection committee. Existing law also provides for the apportionment of the annual operational costs for specified commissions among the classes of public agencies that select members on the commission.

This bill would recast these provisions and instead provide for the appointment of members and alternates to the commission of each county, including the above-described counties for which special procedures apply. The bill would also make various technical changes.

(3) Existing law authorizes the commission to waive protest proceedings and approve a change of organization or reorganization of a city, after notice and a hearing, of unincorporated islands. Existing law excludes from these provisions an unincorporated island within a city that is a gated community where services are currently

provided by a community services district. Existing law also authorizes, at the option of either the city or the county, a separate property tax transfer agreement between a city and a county regarding an annexation of territory subject to these provisions without affecting an existing master tax sharing agreement between the city and the county.

This bill would make technical, nonsubstantive changes to these provisions.

(4) Under existing law, a commission may establish a schedule of fees and service charges for proceedings taken by the commission, including a fee for amending a sphere of influence.

This bill would expand the list of proceedings in that provision to include updating a sphere of influence.

(5) Existing law requires the commission to appoint legal counsel. If the commission's legal counsel is subject to a conflict of interest on an issue before the commission, existing law requires the commission to appoint alternate staff to assist it. Existing law defines, for the purposes of provisions relating to commission officers and staff, the term "conflict of interest".

This bill would expand the definition of "conflict of interest" with respect to the commission's legal counsel to include matters covered by specified rules promulgated by the State Bar of California pertaining to representation of adverse interests.

(6) Existing law establishes procedures for commission proceedings for a change of organization or reorganization, as defined. Existing law requires that an applicant seeking a change of organization or reorganization, among other things, submit a plan for providing services within the affected territory. The plan must include specified information, including an enumeration and description of the services to be extended to the affected territory and indication of when those services can feasibly be extended to the affected territory.

This bill would provide that the plan may alternatively specify services currently provided in the affected territory. The bill would also require only that the plan indicate when services can be feasibly extended to the affected territory if new services are proposed.

(7) Existing law generally requires the commission to conduct a hearing for a change of organization or reorganization, as specified. However, the commission may, without a hearing, approve a change of organization that consists of an annexation or a detachment, or a reorganization that consists solely of annexations or detachments, or both, or the formation of a county service area that, for which the commission is authorized to waive protest proceedings if certain things have occurred.

This bill would additionally authorize the commission to approve, without a hearing, a proposal for an annexation, a detachment, or a reorganization consisting solely of annexations or detachments, or both, or formation of a county service area for which the commission is authorized to make determinations without a hearing and to waive protest proceedings, if the affected territory is uninhabited and certain conditions are met.

(8) Under existing law, in cases involving specified kinds of change of organization or reorganization the commission must, within 30 days after a hearing, make findings regarding the value of written protests filed and not withdrawn and take a specified action. If a majority protest exists, as specified, the commission must terminate proceedings. If written protests have been filed and not withdrawn by either between 25% and 50% of the registered voters in the affected territory or 25% of the number of owners of land who also own at least 25% of the assessed value of land within the affected territory, the commission must order the organization or change of organization subject to confirmation by the registered voters of the affected territory. If written protests have been filed and not withdrawn by less than 25% of the registered voters in the affected territory or less than 25% of the number of owners of land owning less than 25% of the assessed value of land within the affected territory, the commission must order the change of organization or reorganization.

This bill would recast these provisions to specify that the commission may order the change of organization or reorganization without an election only if there is neither a majority protest nor written protests filed and not withdrawn by between 25% and 50% of the registered voters in the affected territory or 25% of the number of owners of land who also own at least 25% of the assessed value of land within the affected territory.

(9) Under existing law, notwithstanding the above-described procedures for protest, in cases where a city with more than 100,000 people proposes to annex inhabited territory located in a county with a population of over 400,000, the commission must, within 30 days after a hearing, make findings regarding the value of written

protests filed and not withdrawn and take specified action. If written protests have been filed and not withdrawn by 50% or more of the registered voters within the affected territory, the commission must terminate proceedings. If written protests have been filed and not withdrawn by either 15% or more of the registered voters in the affected territory or 15% or more of the number of owners of land who also own at least 15% of the assessed value of land within the affected territory, the commission must order the territory annexed subject to confirmation by the voters within the affected territory on the question of whether to be annexed to the city. The commission must request the city council to call a special election for this purpose. If written protests have been filed and not withdrawn by less than 15% of the registered voters in the affected territory and less than 15% of the owners of land who also own less than 15% of the assessed value of land within the affected territory, the commission must order the territory annexed without an election.

This bill would recast these provisions to specify that the commission may order the annexation without an election only if there are neither written protests filed and not withdrawn by 50% or more of the registered voters within the affected territory nor written protests filed and not withdrawn by 15% or more of the registered voters in the affected territory or 15% of the number of owners of land who also own at least 15% of the assessed value of land within the affected territory. The bill would also specify that the confirmation under these provisions is subject to a special election by the registered voters residing within the affected territory.

(10) Existing law requires the commission, in the case of elections on an order of consolidation of cities or districts, to issue a certificate of completion confirming the order of consolidation, or a certification of completion terminating proceedings, as specified.

This bill would instead require the commission to issue either a certification of completion or a certification of termination, as specified.

(11) Existing law requires the commission to execute a certificate of termination of proceedings if the majority of the votes cast by members of the commission are against the change in organization or reorganization.

This bill would instead require the commission to execute a certificate of termination of proceedings if the votes in favor of the change in organization or reorganization do not constitute a majority.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 56131.5 of the Government Code is amended to read:

56131.5. (a) Upon the filing of an application for the formation of, annexation to, consolidation of, or dissolution of a local ~~hospital~~ *health care* district created pursuant to Division 23 (commencing with Section 32000) of the Health and Safety Code or of an application for a reorganization including any of those changes of organization or the initiation by the commission of any of those changes of organization or any reorganization including any of those changes of organization, the commission shall notify all state agencies that have oversight or regulatory responsibility over, or a contractual relationship with, the local ~~hospital~~ *health care* district that is the subject of the proposed change of organization or reorganization, of its receipt of the application or the initiation by the commission of the proposed change of organization or reorganization and the proposal, including, but not limited to, the following:

(a)

(1) The State Department of Health *Care* Services, including, but not limited to, ~~Licensing and Certification and the Medi-Cal Division.~~

(b)

(2) The Office of Statewide Health Planning and Development, including, but not limited to, the Cal-Mortgage Loan Insurance Division.

(c)

(3) The California Health Facilities Financing Authority.

(d)

(4) ~~The California Medical Assistance Commission State Department of Public Health, including, but not limited to, the Licensing and Certification Division.~~

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(b) A state agency shall have 60 days from the date of receipt of notification by the commission to comment on the proposal. The commission shall consider all comments received from any state agency in making its decision.

SEC. 2. Section 56325 of the Government Code is amended to read:

56325. There is hereby continued in existence in each county a local agency formation commission. Except as otherwise provided in this chapter, the commission shall consist of members ~~selected~~ *appointed* as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall be an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission.

If the office of a regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) ~~Two selected~~ *appointed* by the cities in the county, each of whom shall be a mayor or council member, appointed by the city selection committee. The city selection committee shall also ~~designate~~ *appoint* one alternate member who shall ~~also be a mayor or council member and shall~~ be appointed and serve pursuant to Section 56335. ~~The alternate shall also be a mayor or council member.~~ The city selection committee is encouraged to ~~select~~ *appoint* members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(c) Two presiding officers or members of legislative bodies of independent special districts ~~selected~~ *appointed* by the independent special district selection committee pursuant to Section 56332. The independent special district selection committee shall also ~~designate~~ *appoint* a presiding officer or member of the legislative body of an independent special district as an ~~alternative~~ *alternate* member who shall be appointed and serve pursuant to Section 56332. The independent special district selection committee is encouraged to ~~make selections~~ *appointments* that fairly represent the diversity of the independent special districts in the county, with respect to population and geography.

(d) One representing the general public appointed by the other members of the commission. The other members of the commission may also ~~designate~~ *appoint* one alternate member who shall ~~be appointed and~~ serve pursuant to Section 56331. ~~Selection Appointment~~ of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members ~~selected~~ *appointed* by each of the other appointing authorities. Whenever a vacancy occurs in the public member or alternate public member position, the commission shall cause a notice of vacancy to be posted as provided in Section 56158. A copy of this notice shall be sent to the clerk or secretary of the legislative body of each local agency within the county. Final appointment to fill the vacancy may not be made for at least 21 days after the posting of the notice.

SEC. 3. Section 56326 of the Government Code is amended to read:

56326. In Los Angeles County, the commission shall consist of nine members, ~~selected~~ *appointed* as follows:

(a) Two appointed by the board of supervisors from its own membership. The board of supervisors shall also appoint a third supervisor who shall be an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission.

If the office of the regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) One appointed by the board of supervisors, who shall not be a member of the board of supervisors but who shall be a resident of the San Fernando Valley Statistical Area, as defined in subdivision (c) of Section 11093.

The board of supervisors shall also appoint an alternate member who shall not be a member of the board of supervisors but who is a resident of the San Fernando Valley Statistical Area. The alternate member may serve and vote in place of the member appointed pursuant to this subdivision if that member is absent or disqualifies himself or herself from participating in a meeting of the commission.

If the office of the regular member becomes vacant, the alternate member may serve and vote in place of the former regular member until the appointment and qualification of a regular member to fill the vacancy.

(c) ~~Two selected~~ *appointed* by the cities in the county, each of whom shall be a mayor or council member, appointed by the city selection committee. The city selection committee shall also ~~designate~~ *appoint* one alternate member who shall ~~also be a mayor or council member and shall~~ be appointed and serve pursuant to Section 56335. ~~The alternate shall also be a mayor or council member.~~ The city selection committee is encouraged to ~~select~~ *appoint* members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(d) ~~One selected by~~ *appointed by the presiding officer of the legislative body of a city* in the county having a population in excess of 30 percent of the total population of the county who is a member of the legislative body of the city, ~~appointed by the presiding officer of the legislative body.~~ *city.* The presiding officer of the legislative body shall also ~~designate~~ *appoint* an alternate member who is a member of the legislative body. The alternate member may serve and vote in place of the member appointed pursuant to this subdivision if the member is absent or disqualifies himself or herself from participating in a meeting of the commission.

If the office of the regular member becomes vacant, the alternate member may serve and vote in place of the former regular member until the appointment and qualification of a regular member to fill the vacancy.

(e) Two presiding officers or members of legislative bodies of independent special districts ~~selected by an~~ *appointed by the independent special district selection committee* pursuant to Section 56332. The independent special district selection committee shall also ~~designate~~ *appoint* one alternate member who shall be a presiding officer or member of the legislative body of an independent special district and shall be appointed and serve pursuant to Section 56332. The independent special district selection committee is encouraged to ~~select~~ *appoint* members to fairly represent the diversity of the independent special districts in the county, with respect to population and geography.

(f) One representing the general public appointed by the other members of the commission. *The other members of the commission may also appoint one alternate member who shall serve pursuant to Section 56331.*

SEC. 4. Section 56326.5 of the Government Code is amended to read:

56326.5. In Sacramento County, the commission shall consist of seven members, ~~selected~~ *appointed* as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall serve as an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) ~~One selected~~ *appointed* by the City of Sacramento who is a member of the city council, appointed by the mayor and confirmed by the city council. The mayor shall also appoint, subject to confirmation by the council, an alternate member who is a member of the city council. The alternate member may serve and vote in place of the regular city member if the city member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular city member becomes vacant, the alternate member may serve and vote in place of the former regular city member until the appointment and qualification of a regular city member to fill the vacancy.

(c) ~~One selected~~ *appointed* by the cities in the county, who is a mayor or council member appointed by the city selection committee. The city selection committee shall also ~~designate~~ *appoint* one alternate member who shall ~~also be a mayor or council member and shall~~ be appointed and serve pursuant to Section 56335. ~~The alternate shall also be a mayor or council member.~~ The city selection committee is encouraged to ~~select~~ *appoint* members to fairly represent the diversity of the cities in the county, with respect to population and

geography.

(d) Two presiding officers or members of legislative bodies of independent special districts ~~selected by an appointed by the~~ independent special district selection committee pursuant to Section 56332. The independent special district selection committee shall also ~~designate~~ *appoint* one alternate member who shall be a presiding officer or member of the legislative body of an independent special district and shall be appointed and serve pursuant to Section 56332. The independent special district selection committee is encouraged to ~~select~~ *appoint* members to fairly represent the diversity of the independent special districts in the county, with respect to population and geography.

(e) One representing the general public, appointed by the other six members of the commission. The commission may also appoint an alternate public member who may serve and vote in the place of the regular public member if the regular public member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular public member becomes vacant, the alternate member may serve and vote in place of the former regular public member until the appointment and qualification of a regular public member to fill the vacancy.

SEC. 5. Section 56327 of the Government Code is amended to read:

56327. In Santa Clara County, the commission shall consist of five members, ~~selected~~ *appointed* as follows:

(a) Two appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a third supervisor who shall serve as an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) One ~~selected~~ *appointed* by the city in the county having the largest population, who is a member of the legislative body of the city, appointed by the city council. The city council shall also appoint an alternate member who is a member of the legislative body of the city. The alternate member may serve and vote in place of the regular city member if the city member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular city member becomes vacant, the alternate member may serve and vote in place of the former regular city member until the appointment and qualification of a regular city member to fill the vacancy.

(c) One ~~selected~~ *appointed* by the cities in the county, who is a mayor or council member appointed by the city selection committee. The city selection committee shall also ~~designate~~ *appoint* one alternate member who shall ~~also be a mayor or council member and shall~~ be appointed and serve pursuant to Section 56335. ~~The alternate shall also be a mayor or council member.~~ The city selection committee is encouraged to ~~select~~ *appoint* members to fairly represent the diversity of the cities in the county, with respect to population and geography.

(d) One representing the general public, appointed by the other ~~four~~ *four, or, if the commission is enlarged pursuant to Section 56327.3, the other six*, members of the commission. This member shall not be a resident of a city which is already represented on the commission. The commission may also appoint an alternate public member, who shall not be a resident of a city represented on the commission, and who may serve and vote in the place of the regular public member if the regular public member is absent or disqualifies himself or herself from participating in a meeting of the commission. If the office of the regular public member becomes vacant, the alternate member may serve and vote in place of the former regular public member until the appointment and qualification of a regular public member to fill the vacancy.

SEC. 6. Section 56327.3 of the Government Code is amended to read:

56327.3. In Santa Clara County, the commission shall be enlarged by two members if, pursuant to the provisions of Chapter 5 (commencing with Section ~~56820~~, 56821), the commission orders representation of special districts upon the commission.

SEC. 7. Section 56329 of the Government Code is amended to read:

56329. If there is no city in the county, the commission shall consist of five members, ~~selected~~ *appointed* as follows which may be further augmented pursuant to Sections 56332 and 56332.5:

(a) Three appointed by the board of supervisors from their own membership. The board of supervisors shall appoint a fourth supervisor who is an alternate member of the commission. The alternate member may serve and vote in place of any supervisor on the commission who is absent or who disqualifies himself or herself from participating in a meeting of the commission.

If the office of a regular county member becomes vacant, the alternate member may serve and vote in place of the former regular county member until the appointment and qualification of a regular county member to fill the vacancy.

(b) Two representing the general public appointed by the other three members of the commission. ~~Selection~~ *Appointment* of the public member and alternate public member shall be subject to the affirmative vote of at least one of the members selected by each of the other appointing authorities.

SEC. 8. Section 56332 of the Government Code is amended to read:

56332. (a) The independent special district selection committee shall consist of the presiding officer of the legislative body of each independent special district. However, if the presiding officer of an independent special district is unable to participate in a meeting or election of the independent special district selection committee, the legislative body of the district may appoint one of its members as an alternate to participate in the selection committee in the presiding officer's place. Those districts shall include districts located wholly within the county and those containing territory within the county representing 50 percent or more of the assessed value of taxable property of the district, as shown on the last equalized county assessment roll. Each member of the committee shall be entitled to one vote for each independent special district of which he or she is the presiding officer or his or her alternate as designated by the governing body. Members representing a majority of the eligible districts shall constitute a quorum.

(b) The executive officer shall call and give written notice of all meetings of the members of the selection committee. A meeting shall be called and held under one of the following circumstances:

(1) Whenever the executive officer anticipates that a vacancy will occur within the next 90 days among the members or alternate member representing independent special districts on the commission.

(2) Whenever a vacancy exists among the members or alternate member representing independent special districts upon the commission.

(3) Upon receipt of a written request by one or more members of the selection committee representing districts having 10 percent or more of the assessed value of taxable property within the county, as shown on the last equalized county assessment roll.

(c) The selection committee shall appoint two regular members and one alternate member to the commission. The members so appointed shall be elected or appointed members of the legislative body of an independent special district residing within the county but shall not be members of the legislative body of a city or county. If one of the regular district members is absent from a commission meeting or disqualifies himself or herself from participating in a meeting, the alternate district member may serve and vote in place of the regular district member for that meeting. Service on the commission by a regular district member shall not disqualify, or be cause for disqualification of, the member from acting on proposals affecting the special district on whose legislative body the member serves. The special district selection committee may, at the time it appoints a member or alternate, provide that the member or alternate is disqualified from voting on proposals affecting the district on whose legislative body the member serves.

(d) If the office of a regular district member becomes vacant, the alternate member may serve and vote in place of the former regular district member until the appointment and qualification of a regular district member to fill the vacancy.

(e) A majority of the independent special district selection committee may determine to conduct the committee's business by mail, including holding all elections by mailed ballot, pursuant to subdivision (f).

(f) If the independent special district selection committee has determined to conduct the committee's business by mail or if the executive officer determines that a meeting of the special district selection committee, for the

purpose of ~~selecting~~ *appointing* the special district members or filling vacancies, is not feasible, the executive officer shall conduct the business of the committee by mail. Elections by mail shall be conducted as provided in this subdivision.

(1) The executive officer shall prepare and deliver a call for nominations to each eligible district. The presiding officer, or his or her alternate as designated by the governing body, may respond in writing by the date specified in the call for nominations, which date shall be at least 30 days from the date on which the executive officer mailed the call for nominations to the eligible district.

(2) At the end of the nominating period, if only one candidate is nominated for a vacant seat, that candidate shall be deemed ~~selected~~ *appointed*. If two or more candidates are nominated, the executive officer shall prepare and deliver one ballot and voting instructions to each eligible district. The ballot shall include the names of all nominees and the office for which each was nominated. Each presiding officer, or his or her alternate as designated by the governing body, shall return the ballot to the executive officer by the date specified in the voting instructions, which date shall be at least 30 days from the date on which the executive officer mailed the ballot to the eligible district.

(3) The call for nominations, ballot, and voting instructions shall be delivered by certified mail to each eligible district. As an alternative to the delivery by certified mail, the executive officer, with prior concurrence of the presiding officer or his or her alternate as designated by the governing body, may transmit materials by electronic mail.

(4) If the executive officer has transmitted the call for nominations or ballot by electronic mail, the presiding officer, or his or her alternate as designated by the governing body, may respond to the executive officer by electronic mail.

(5) Each returned nomination and ballot shall be signed by the presiding officer or his or her alternate as designated by the governing body of the eligible district.

(6) For an election to be valid, at least a quorum of the special districts must submit valid ballots. The candidate receiving the most votes shall be elected, unless another procedure has been adopted by the selection committee. Any nomination and ballot received by the executive officer after the date specified is invalid, provided, however, that if a quorum of ballots is not received by that date, the executive officer shall extend the date to submit ballots by 60 days and notify all districts of the extension. The executive officer shall announce the results of the election within seven days of the date specified.

(7) All election materials shall be retained by the executive officer for a period of at least six months after the announcement of the election results.

(g) For purposes of this section, "executive officer" means the executive officer or designee as authorized by the commission.

SEC. 9. Section 56332.5 of the Government Code is amended to read:

56332.5. If the commission does not have representation from independent special districts on January 1, 2001, the commission shall initiate proceedings for representation of independent special districts upon the commission if requested by independent special districts pursuant to this section. If an independent special district adopts a resolution proposing representation of independent special districts upon the commission, it shall immediately forward a copy of the resolution to the executive officer. Upon receipt of those resolutions from a majority of independent special districts within a county, adopted by the districts within one year from the date that the first resolution was adopted, the commission, at its next regular meeting, shall adopt a resolution of intention. The resolution of intention shall state whether the proceedings are initiated by the commission or by an independent special district or districts, in which case, the names of those districts shall be set forth. The commission shall order the executive officer to call and give notice of a meeting of the independent special district selection committee to be held within 15 days after the adoption of the resolution in order to ~~select~~ *appoint* independent special district representation on the commission pursuant to Section 56332.

SEC. 10. Section 56375.3 of the Government Code is amended to read:

56375.3. (a) In addition to those powers enumerated in Section 56375, a commission shall approve, after notice

and hearing, the change of organization or reorganization of a city, and waive protest proceedings pursuant to Part 4 (commencing with Section 57000) entirely, if all of the following are true:

- (1) The change of organization or reorganization is initiated on or after January 1, 2000.
- (2) The change of organization or reorganization is proposed by resolution adopted by the affected city.
- (3) The commission finds that the territory contained in the change of organization or reorganization proposal meets all of the requirements set forth in subdivision (b).

(b) Subdivision (a) applies to territory that meets all of the following requirements:

- (1) It does not exceed 150 acres in area, and that area constitutes the entire island.
- (2) The territory constitutes an entire unincorporated island located within the limits of a city, or constitutes a reorganization containing a number of individual unincorporated islands.

(3) It is surrounded in either of the following ways:

(A) Surrounded, or substantially surrounded, by the city to which annexation is proposed or by the city and a county boundary or the Pacific Ocean.

(B) Surrounded by the city to which annexation is proposed and adjacent cities.

~~(C) This subdivision shall not be construed to apply to any unincorporated island within a city that is a gated community where services are currently provided by a community services district.~~

~~(D) Notwithstanding any other provision of law, at the option of either the city or the county, a separate property tax transfer agreement may be agreed to between a city and a county pursuant to Section 99 of the Revenue and Taxation Code regarding an annexation subject to this subdivision without affecting any existing master tax sharing agreement between the city and county.~~

(4) It is substantially developed or developing. The finding required by this paragraph shall be based upon one or more factors, including, but not limited to, any of the following factors:

- (A) The availability of public utility services.
- (B) The presence of public improvements.
- (C) The presence of physical improvements upon the parcel or parcels within the area.
- (5) It is not prime agricultural land, as defined by Section 56064.

(6) It will benefit from the change of organization or reorganization or is receiving benefits from the annexing city.

(7) This subdivision does not apply to any unincorporated island within a city that is a gated community where services are currently provided by a community services district.

(8) Notwithstanding any other law, at the option of either the city or the county, a separate property tax transfer agreement may be agreed to between a city and a county pursuant to Section 99 of the Revenue and Taxation Code regarding an annexation subject to this subdivision without affecting any existing master tax sharing agreement between the city and county.

(c) Notwithstanding any other provision of this subdivision, this subdivision shall not apply to all or any part of that portion of the development project area referenced in subdivision (e) of Section 33492.41 of the Health and Safety Code that as of January 1, 2000, meets all of the following requirements:

- (1) Is unincorporated territory.
- (2) Contains at least 100 acres.
- (3) Is surrounded or substantially surrounded by incorporated territory.
- (4) Contains at least 100 acres zoned for commercial or industrial uses or is designated on the applicable county general plan for commercial or industrial uses.

(d) The Legislature finds and declares that the powers set forth in subdivision (a) for territory that meets all the specifications in subdivision (b) are consistent with the intent of promoting orderly growth and development pursuant to Section 56001 and facilitate the annexation of disadvantaged unincorporated communities, as defined in Section 56033.5.

SEC. 11. Section 56381.6 of the Government Code is amended to read:

56381.6. (a) Notwithstanding the provisions of Section 56381, for counties whose membership on the commission is established pursuant to Sections 56326, 56326.5, 56327, or 56328, the commission's annual operational costs shall be apportioned among the classes of public agencies that ~~select~~ *appoint* members ~~on~~ to the commission in proportion to the number of members ~~selected~~ *appointed* by each class. The classes of public agencies that may be represented on the commission are the county, the cities, and independent special districts. Any alternative cost apportionment procedure may be adopted by the commission, subject to a majority affirmative vote of the commission that includes the affirmative vote of at least one of the members ~~selected~~ *appointed* by the county, one of the members ~~selected~~ *appointed* by the cities, and one of the members ~~selected~~ *appointed* by districts, if special districts are represented on the commission.

(b) Allocation of costs among individual cities and independent special districts and remittance of payments shall be in accordance with the procedures of Section 56381. Notwithstanding Section 56381, any city that has permanent membership on the commission pursuant to Sections 56326, 56326.5, 56327, or 56328 shall be apportioned the same percentage of the commission's annual operational costs as its permanent member bears to the total membership of the commission, excluding any public members selected by all the members. The balance of the cities' portion of the commission's annual operational costs shall be apportioned to the remaining cities in the county in accordance with the procedures of Section 56381.

SEC. 12. Section 56383 of the Government Code is amended to read:

56383. (a) The commission may establish a schedule of fees and a schedule of service charges for the proceedings taken pursuant to this division, including, but not limited to, all of the following:

- (1) Filing and processing applications filed with the commission.
- (2) Proceedings undertaken by the commission and any reorganization committee.
- (3) Amending *or updating* a sphere of influence.
- (4) Reconsidering a resolution making determinations.

(b) The fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged and shall be imposed pursuant to Section 66016. The service charges shall not exceed the cost of providing the service for which the service charge is charged and shall be imposed pursuant to Section 66016.

(c) The commission may require that an applicant deposit some or all of the required amount that will be owed with the executive officer before any further action is taken. The deposit shall be made within the time period specified by the commission. No application shall be deemed filed until the applicant deposits the required amount with the executive officer. The executive officer shall provide the applicant with an accounting of all costs charged against the deposited amount. If the costs are less than the deposited amount, the executive officer shall refund the balance to the applicant after the executive officer verifies the completion of all proceedings. If the costs exceed the deposited amount, the applicant shall pay the difference prior to the completion of all proceedings.

(d) The commission may reduce or waive a fee, service charge, or deposit if it finds that payment would be detrimental to the public interest. The reduction or waiver of any fee, service charge, or deposit is limited to the costs incurred by the commission in the proceedings of an application.

(e) Any mandatory time limits for commission action may be deferred until the applicant pays the required fee, service charge, or deposit.

(f) The signatures on a petition submitted to the commission by registered voters shall be verified by the elections official of the county and the costs of verification shall be provided for in the same manner and by the same agencies which bear the costs of verifying signatures for an initiative petition in the same county.

(g) For incorporation proceedings that have been initiated by the filing of a sufficient number of voter signatures on petitions that have been verified by the county registrar of voters, the commission may, upon the receipt of a certification by the proponents that they are unable to raise sufficient funds to reimburse fees, service charges, or deposits for the proceedings, take no action on the proposal and request a loan from the General Fund of an amount sufficient to cover those expenses subject to availability of an appropriation for those purposes and in accordance with any provisions of the appropriation. Repayment of the loan shall be made a condition of approval of the incorporation, if successful, and shall become an obligation of the newly formed city. Repayment shall be made within two years of the effective date of incorporation. If the proposal is denied by the commission or defeated at an election, the loan shall be forgiven.

SEC. 13. Section 56384 of the Government Code is amended to read:

56384. (a) The commission shall appoint an executive officer who shall conduct and perform the day-to-day business of the commission. If the executive officer is subject to a conflict of interest on a matter before the commission, the commission shall appoint an alternate executive officer. The commission may recover its costs by charging fees pursuant to Section 56383.

(b) The commission shall appoint legal counsel to advise it. If the commission's counsel is subject to a conflict of interest on a matter before the commission, the commission shall appoint alternate legal counsel to advise it. The commission may recover its costs by charging fees pursuant to Section 56383.

(c) The commission may appoint staff as it deems appropriate. If staff for the commission is subject to a conflict of interest on a matter before the commission, the commission shall appoint alternate staff to assist it. The commission may recover its costs by charging fees pursuant to Section 56383.

(d) (1) For purposes of this section, the term "conflict of interest" shall be defined as it is for the purpose of the Political Reform Act of 1974 (*Title 9(commences with Section 81000)*) and shall also include matters proscribed by Article 4 (commencing with Section 1090) of Chapter 1 of Division 4 of Title 1.

(2) *For the purposes of subdivision (b), the term "conflict of interest" shall also include matters addressed by Rule 3-310 of the Rules of Professional Conduct promulgated by the State Bar of California, pertaining to representation of adverse interests.*

SEC. 14. Section 56653 of the Government Code, as amended by Section 2 of Chapter 784 of the Statutes of 2014, is amended to read:

56653. (a) If a proposal for a change of organization or reorganization is submitted pursuant to this part, the applicant shall submit a plan for providing services within the affected territory.

(b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:

(1) An enumeration and description of the services *currently provided or* to be extended to the affected territory.

(2) The level and range of those services.

(3) An indication of when those services can feasibly be extended to the affected ~~territory.~~ *territory, if new services are proposed.*

(4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.

(5) Information with respect to how those services will be financed.

(c) (1) In the case of a change of organization or reorganization initiated by a local agency that includes a disadvantaged, unincorporated community as defined in Section 56033.5, a local agency may include in its resolution of application for change of organization or reorganization an annexation development plan adopted pursuant to Section 99.3 of the Revenue and Taxation Code to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community through the formation of a special district or reorganization of one or more existing special districts with the consent of

each special district's governing body.

(2) The annexation development plan submitted pursuant to this subdivision shall include information that demonstrates that the formation or reorganization of the special district will provide all of the following:

(A) The necessary financial resources to improve or upgrade structures, roads, sewer, or water facilities or other infrastructure. The annexation development plan shall also clarify the local entity that shall be responsible for the delivery and maintenance of the services identified in the application.

(B) An estimated timeframe for constructing and delivering the services identified in the application.

(C) The governance, oversight, and long-term maintenance of the services identified in the application after the initial costs are recouped and the tax increment financing terminates.

(3) If a local agency includes an annexation development plan pursuant to this subdivision, a local agency formation commission may approve the proposal for a change of organization or reorganization to include the formation of a special district or reorganization of a special district with the special district's consent, including, but not limited to, a community services district, municipal water district, or sanitary district, to provide financing to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated community, in conformity with the requirements of the principal act of the district proposed to be formed and all required formation proceedings.

(4) Pursuant to Section 56881, the commission shall include in its resolution making determinations a description of the annexation development plan, including, but not limited to, an explanation of the proposed financing mechanism adopted pursuant to Section 99.3 of the Revenue and Taxation Code, including, but not limited to, any planned debt issuance associated with that annexation development plan.

(d) This section shall not preclude a local agency formation commission from considering any other options or exercising its powers under Section 56375.

(e) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 15. Section 56653 of the Government Code, as added by Section 3 of Chapter 784 of the Statutes of 2014, is amended to read:

56653. (a) If a proposal for a change of organization or reorganization is submitted pursuant to this part, the applicant shall submit a plan for providing services within the affected territory.

(b) The plan for providing services shall include all of the following information and any additional information required by the commission or the executive officer:

(1) An enumeration and description of the services *currently provided or to be extended* to the affected territory.

(2) The level and range of those services.

(3) An indication of when those services can feasibly be extended to the affected ~~territory~~ *territory, if new services are proposed*.

(4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.

(5) Information with respect to how those services will be financed.

(c) This section shall become operative on January 1, 2025.

SEC. 16. Section 57002 of the Government Code is amended to read:

57002. (a) Within 35 days following the adoption of the commission's resolution making determinations, the executive officer of the commission shall set the proposal for hearing and give notice of that hearing by mailing, publication, and posting, as provided in Chapter 4 (commencing with Section 56150) of Part 1. The hearing shall not be held prior to the expiration of the reconsideration period specified in subdivision (b) of

Section 56895. The date of that hearing shall not be less than 21 days, or more than 60 days, after the date the notice is given.

(b) Where the proceeding is for the establishment of a district as a subsidiary district of a city, upon the request of the affected district, the date of the hearing shall be at least 90 days, but no more than 135 days, from the date the notice is given.

(c) If authorized by the commission pursuant to Section 56662 or 56663, a change of organization or reorganization may be approved without notice, hearing, and election.

SEC. 17. Section 57075 of the Government Code is amended to read:

57075. In the case of registered voter districts or cities, where a change of organization or reorganization consists solely of annexations, detachments, the exercise of new or different functions or class of services or the divestiture of the power to provide particular functions or class of services within all or part of the jurisdictional boundaries of a special district, or any combination of those proposals, the commission, not more than 30 days after the conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn, and take one of the following actions, except as provided in subdivision (b) of Section 57002:

(a) In the case of inhabited territory, take one of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization subject to confirmation by the registered voters residing within the affected territory if written protests have been filed and not withdrawn by either of the following:

(A) At least 25 percent, but less than 50 percent, of the registered voters residing in the affected territory.

(B) At least 25 percent of the number of owners of land who also own at least 25 percent of the assessed value of land within the affected territory.

(3) Order the change of organization or reorganization without an election if ~~written protests have been filed and not withdrawn by less than 25 percent of the registered voters or less than 25 percent of the number of owners of land owning less than 25 percent of the assessed value of land within the affected territory.~~ paragraphs (1) and (2) of this subdivision do not apply.

(b) In the case of uninhabited territory, take either of the following actions:

(1) Terminate proceedings if a majority protest exists in accordance with Section 57078.

(2) Order the change of organization or reorganization if written protests have been filed and not withdrawn by owners of land who own less than 50 percent of the total assessed value of land within the affected territory.

SEC. 18. Section 57075.5 of the Government Code is amended to read:

57075.5. Notwithstanding Section 57075, if territory proposed to be annexed to a city with more than 100,000 residents is inhabited and is located in a county with a population of over 4,000,000, the commission, not more than 30 days after conclusion of the hearing, shall make a finding regarding the value of written protests filed and not withdrawn and shall take one of the following actions:

(a) Terminate proceedings if written protests have been filed and not withdrawn by 50 percent or more of the registered voters *residing* within the affected territory.

(b) Order the ~~territory annexed~~ *change of organization or reorganization* subject to the confirmation by the ~~registered voters on the question, residing within the affected territory,~~ and request the city council to call a special election and submit to the voters residing within the affected territory the question of whether it shall be annexed to the city, if written protests have been filed and not withdrawn by either ~~15 percent or more of the registered voters within the territory, or 15 percent or more of the number of owners of land who also own not less than 15 percent of the total assessed value of land within the territory.~~ of the following:

(1) At least 15 percent of the registered voters residing within the affected territory.

(2) *At least 15 percent of the number of owners of land who also own not less than 15 percent of the total assessed value of land within the affected territory.*

(c) ~~Order the territory annexed without an election if written protests have been filed and not withdrawn by less than 15 percent of the registered voters within the territory and less than 15 percent of the owners of land who own less than 15 percent of the total assessed value of land within the territory. subdivisions (a) and (b) do not apply.~~

SEC. 19. Section 57177.5 of the Government Code is amended to read:

57177.5. In the case of elections on an order of consolidation of cities or districts, the commission shall take one of the following actions:

(a) Execute a certificate of completion confirming the order of consolidation if, within the territory of each city or district ordered to be consolidated, a majority of the votes cast on the question favored the consolidation.

(b) Execute a certificate of ~~completion~~ *terminating termination of* proceedings if, in one of the cities or districts ordered to be consolidated, the votes cast in favor of consolidation did not constitute a majority.

SEC. 20. Section 57179 of the Government Code is amended to read:

57179. ~~If the majority of~~ *The commission shall execute a certificate of termination of proceedings if the votes cast is against in favor of the change of organization or reorganization, the commission shall execute a certificate of termination proceedings. reorganization do not constitute a majority.*

ASSEMBLY THIRD READING
 AB 1532 (Committee on Local Government)
 As Introduced March 23, 2015
 Majority vote

Committee	Votes	Ayes	Noes
Local Government	9-0	Maienschein, Gonzalez, Alejo, Chiu, Cooley, Gordon, Holden, Linder, Waldron	

SUMMARY: Makes several non-controversial changes to the laws affecting local government organization and reorganization.

EXISTING LAW establishes the procedures for the organization and reorganization of cities, counties, and special districts under the Cortese-Knox-Hertzberg Local Reorganization Act of 2000.

FISCAL EFFECT: None

COMMENTS:

- 1) **Background.** As statutes go into effect, local officials and others often discover problems or inconsistencies in the language of the law and approach the Legislature to correct them. These minor problems do not warrant separate bills, so the Assembly Local Government Committee (Committee) has found that it is expeditious and relatively inexpensive to respond to multiple minor, non-controversial requests on related issues by combining them into an annual "omnibus bill." Since the major rewrite of the law governing local agency organization and reorganization [AB 2838 (Hertzberg), Chapter 761, Statutes of 2000], the Committee has focused its omnibus bill efforts on Local Agency Formation Commission (LAFCO) related issues, most recently with AB 2795, Chapter 47, Statutes of 2010; AB 1430, Chapter 300, Statutes of 2011; AB 2698, Chapter 62, Statutes of 2012; AB 1427, Chapter 87, Statutes of 2013; and, AB 2672, Chapter 112, Statutes of 2014.

This bill reflects the concerns of LAFCOs and others who have brought proposals and issues to the Committee. All proposals are vetted by a large number of stakeholders. Any proposal that provokes any controversy or opposition is rejected for inclusion.

- 2) **Bill Summary.** This bill makes several technical changes to the Cortese-Knox-Hertzberg Local Reorganization Act.

Current law establishes the composition of Santa Clara LAFCO. As authorized by current law, Santa Clara LAFCO added two special district members to their commission in 2013. Therefore, the composition of Santa Clara LAFCO is now a seven member commission, including one public member. This bill updates current law which states that the public member is appointed by the other four members of Santa Clara LAFCO to reflect its current composition.

Current law authorizes LAFCOs to appoint alternate legal counsel if there is a financial conflict of interest as defined in the Political Reform Act. The current definition of "conflict of interest" does not include instances when legal counsel represents clients with potentially adverse interests. This bill expands the definition of "conflict of interest" to authorize the commission to appoint alternate legal costs and recover their costs for doing so. The definition of "conflict of

interest" in Rule 3-310, which is one of California's Rules of Professional Conduct governing members of the State Bar, is currently used in statute in instances when county counsel or a district attorney may have a conflict of interest in representing an assessor or sheriff

Current law requires an applicant proposing a change of organization or reorganization to submit a plan for providing services within the affected territory. That plan must include a description of the services and an indication of when services can be extended to the affected territory. However, current law allows LAFCOs to approve the extension of services prior to annexation in anticipation of the annexation of that territory at a later date. Due to existing law an application for the annexation of territory already provided with services would be invalid. This bill makes changes to recognize that services may be currently provided.

This bill updates the "State Department of Health Services" to its current name the "State Department of Health Care Services" and deletes the "California Medical Assistance Commission" which was eliminated in 2012.

This bill is sponsored by the California Association of Local Agency Formation Commissions.

3) **Arguments in Support.** Supporters argue that the non-controversial changes included in this bill are necessary as LAFCOs implement the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

4) **Arguments in Opposition.** None on file.

Analysis Prepared by: Misa Lennox / L. GOV. / (916) 319-3958

FN: 0000384

Budget Trailer Bill 825

Note: In the first sentence, "Government Code section 56133" is the extraterritorial service section of the LAFCO law (The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000).

Add New Section 116557 to the Health and Safety Code

§ 116557. Consolidation of Public Water Systems

Notwithstanding Government Code section 56133, where a public water system fails to reliably provide an adequate supply of safe potable water, the State Water Resources Control Board may require consolidation with another public water system. Prior to ordering consolidation as provided in this section, the State Water Resources Control Board shall:

- (a) Consult with the relevant local agency formation commission regarding the provision of water service in the affected area, the recommendations for improving service in a municipal service review, and any other relevant information;
- (b) Conduct a hearing as described in section 116545;
- (c) Find that:
 - (1) consolidation of the public water systems is feasible;
 - (2) consolidation is the best means to provide an adequate supply of safe potable water to the customers of those public water systems
- (d) Provide the receiving system with adequate and affordable financial assistance for the infrastructure needed to complete the consolidation. Affordability shall be based on the State Water Resources Control Board's existing financial assistance guidelines and policies.
- (e) Where the subsumed public water system is a privately held company, adequately compensate the owners for the fair market value of the system.



STATUS OF PROPOSALS
as of May 28, 2015

<u>LAFCO APPLICATIONS</u>	<u>DATE</u>	<u>STATUS</u>
CITY of SANTA CRUZ SPHERE of INFLUENCE AMENDMENT LAFCO No. 928		On Hold
SANTA CRUZ CITY EXTRATERRITORIAL WATER and SEWER SERVICE to PORTIONS of UCSC CAMPUS LAFCO No. 929		On Hold
EXTEND SCOPE OF SERVICES for COUNTY SERVICE AREA 9, PUBLIC WORKS LAFCO No. 956	5/19/15	Application Received

<u>LAFCO HEARINGS</u>	<u>DATE</u>	<u>STATUS</u>
PAJARO VALLEY PUBLIC CEMETERY DISTRICT SERVICE and SPHERE REVIEW	6/3/15	Public Hearing

<u>LAFCO HEARINGS COMPLETE</u>	<u>DATE</u>	<u>STATUS</u>
LOMPICO REORGANIZATION LAFCO No. 953	6/3/15	Extension Request



SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

Summary: LAFCO obtains its workers compensation insurance coverage from the Special District Risk Management Authority, which is conducting a board election.

Staff Recommendation: Adopt resolution voting for candidates Robert Swan, Ed Gray, and Sandy Seifert-Raffelson.

Date: May 27, 2015 for June 3, 2015 Agenda

Submitted by: Patrick McCormick, Executive Officer *P.M.C.*

The Special District Risk Management Authority provides workers compensation and other insurance coverage to public agencies in California. Every two years, the Special District Risk Management Authority conducts elections for its board of directors. Since Santa Cruz LAFCO is a member agency, LAFCO is entitled to vote in this election. Election materials are attached to this memo.

There are three positions available and four candidates.

Staff recommends voting for the incumbents (Ed Gray and Sandy Seifert-Raffelson) and Robert Swan from the Groveland Community Services District.

Attachments

RESOLUTION NO. _____

**A RESOLUTION OF THE GOVERNING BODY OF THE
Santa Cruz Local Agency Formation Commission
FOR THE ELECTION OF DIRECTORS TO THE SPECIAL DISTRICT
RISK MANAGEMENT AUTHORITY BOARD OF DIRECTORS**

WHEREAS, Special District Risk Management Authority (SDRMA) is a Joint Powers Authority formed under California Government Code Section 6500 et seq., for the purpose of providing risk management and risk financing for California special districts and other local government agencies; and

WHEREAS, SDRMA's Sixth Amended and Restated Joint Powers Agreement specifies SDRMA shall be governed by a seven member Board of Directors nominated and elected from the members who have executed the current operative agreement and are participating in a joint protection program; and

WHEREAS, SDRMA's Sixth Amended and Restated Joint Powers Agreement Article 7 - Board of Directors specifies that the procedures for director elections shall be established by SDRMA's Board of Directors; and

WHEREAS, SDRMA's Board of Directors approved Policy No. 2015-01 Establishing Guidelines for Director Elections specifies director qualifications, terms of office and election requirements; and

WHEREAS, Policy No. 2015-01 specifies that member agencies desiring to participate in the balloting and election of candidates to serve on SDRMA's Board of Directors must be made by resolution adopted by the member agency's governing body.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the Santa Cruz Local Agency Formation Commission selects the following candidates to serve as Directors on the SDRMA Board of Directors:

(continued)



**OFFICIAL 2015 ELECTION BALLOT
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY
BOARD OF DIRECTORS**

VOTE FOR ONLY THREE (3) CANDIDATES

Mark each selection directly onto the ballot, voting for no more than three (3) candidates. Each candidate may receive only one (1) vote per ballot. A ballot received with more than three (3) candidates selected will be considered invalid and not counted. All ballots must be sealed and received by mail or hand delivery in the enclosed self-addressed, stamped envelope at SDRMA on or before 5:00 p.m., Tuesday, August 25, 2015. Faxes or electronic transmissions are NOT acceptable.

- ☐ **ROBERT SWAN**
Director/President, Groveland Community Services District
- ☐ **ED GRAY (INCUMBENT)**
Director/President, Chino Valley Independent Fire District
- ☐ **R. MICHAEL WRIGHT**
Director/President, Los Osos Community Services District
- ☐ **SANDY SEIFERT-RAFFELSON (INCUMBENT)**
District Clerk, Herlong Public Utility District

ADOPTED this ____ day of _____, 2015 by the Santa Cruz Local Agency Formation Commission by the following roll call votes listed by name:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

ATTEST:

APPROVED:

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate	Robert Swan	
District/Agency	Groveland Community Services District	
Work Address	P.O. Box 350, Groveland, CA 95321	
Work Phone	209-962-7161	Home Phone 209-962-6535

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

SDRMA's services are particularly important to the successful operation of smaller special districts, such as the one I serve. I would like to contribute what I can to ensuring that SDRMA continues to provide its vital services to its member agencies, prudently and cost-effectively.

Board oversight can be time-consuming. Due to my personal circumstances (retired, single, two hours from Sacramento), I will be able to participate regularly in Board activities.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I have been a member of the governing Board of the Groveland Community Services District (water, sewer, fire and parks district) since June 2013. I've served as Board President since January 2014.

Since February of 2010, member of the Board of Pine Cone Performers, a community choral and drama organization.

During 1995 to 2001, I was a delegate to the Institute of Electrical and Electronics Engineers (IEEE) committees working on standards development in the area of wireless communications.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)

In my work career in the semiconductor industry, I managed business operations and organizations with annual budgets in the range of ten to twenty million dollars, so I have a good working knowledge of budgeting and accounting principles. My academic background (BS in Physics, MS in Computer Science) and work experience have given me a solid understanding of statistical modeling and economic cost-benefit analysis.

What is your overall vision for SDRMA? (Response Required)

SDRMA has a well-defined role in providing comprehensive insurance coverage to member agencies. Clearly, continuing this function is central to its future operations. I would like to see continued expansion of the educational and loss-prevention aspects of the operation, as these are the keys to improving cost-effectiveness. However, as an insurance entity, prudent financial management is of paramount importance, and functional expansion must be thoughtfully controlled.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature

Robert J. Awan

Date

4-9-15

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate Ed Gray
 District/Agency Chino Valley Independent Fire District
 Work Address 14011 City Center Drive, Chino Hills, CA 91709
 Work Phone 909 902-5260 Home Phone 909 9627-4821

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

When appointed to the Board of Directors of SDRMA in November of 2010, and my election to the Board 2012, I made a commitment to be an effective member of the SDRMA team and to work hard to ensure the continued success of the organization. As a Board member, I believe I have shown that I seek to understand issues and use common sense when making decisions. I wish to continue my service to SDRMA, as I can be a positive member of the SDRMA team and an asset to the members, Board and staff.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I currently serve on the Board of Directors of the SDRMA and serve as Secretary. I have been an elected Director of the Chino Valley Independent Fire District since 2004. During my tenure, I have served multiple terms as President and Vice-President, and as a member of our Finance, Planning, and Personnel Committees. I have served as Liaison to the City Councils of Chino and Chino Hills and to the San Bernardino County Board of Supervisors. I am also the District's representative and current Chairman of the Citizens Advisory Committee for the California Institution for Men in Chino. I am a member of the Chino Valley Lions Club. I also serve on the Governing Board of the Green Valley Lake Mutual Water Company.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

**What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)**

After serving in the US Army, I enjoyed a lengthy career in law enforcement retiring in 2004 as a Police Lieutenant. I learned early in my career, that to be an effective individual and leader, it was important to actively listen to people; to seek understanding of all sides of an issue; and make decisions based on common sense and "rightness".

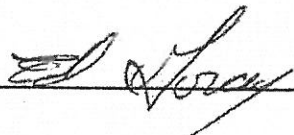
My experience as an elected official has broadened my knowledge and reinforced my belief that decisions must be made based on what is right, and not on what is a personal preference.

What is your overall vision for SDRMA? (Response Required)

I see SDRMA as continuing its journey as a successful, effective and efficient service provider through innovation, right thinking and conservative business strategies. I can visualize the organization exploring other avenues of financial endeavors that will benefit our customers.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature



Date

3-30-2015

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Nominee/Candidate

R MICHAEL WRIGHT

District/Agency

LOS OSOS COMMUNITY SERVICES DISTRICT

Work Address

2122 9th STREET, LOS OSOS CA 93402

Work Phone

805-528-9370 Home Phone 805-234-4513

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

WITH 38 YEARS EXPERIENCE IN THE INSURANCE
FIELD, I BELIEVE I HOLD THE SKILL SET THAT
WILL BENEFIT THE OPERATIONS OF THE SDRMA.

I HAVE OWNED AND OPERATED MY OWN INSURANCE
AGENCY SUCCESSFULLY AND HAVE SOLD AND SERVICED
ALL LINE OF INSURANCE INCLUDING COMMERCIAL AND
WORK COMP.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I AM CURRENTLY THE PRESIDENT OF THE
LOS OSOS CSD. I WAS VICE PRESIDENT THE YEAR
BEFORE. BEFORE I WAS ON THE LOS OSOS BOARD, I WAS
A MEMBER OF THE LOS OSOS CSD EMERGENCY SERVICES
COMMITTEE FOR SIX YEARS.

**Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications**

What special skills, talents, or experience (including volunteer experience) do you have?
(Response Required)

LICENSED PROPERTY CASUALTY INSURANCE AGENT
SINCE 1977, OVER 730 HOURS OF INSURANCE
CONTINUING EDUCATION
I ALSO HOLD A 6 AND 63 SECURITIES LICENSE.

What is your overall vision for SDRMA? (Response Required)

THE OVERALL VISION OF THE SDRMA IS TO
PROVIDE THE BEST POSSIBLE COVERAGE AND SERVICE
TO ITS MEMBERS AND TO ALSO EDUCATE THEIR MEMBERS
TO ALERT THEM TO COST EFFECTIVE SAFETY PROGRAMS
TO SAFEGUARD THEIR EMPLOYEES HEALTH AND WELFARE.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature

R. Michael Wright

Date

April 20, 2015

**Special District Risk Management Authority
Board of Directors
Candidates' State of Qualifications**

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA

Nominee/Candidate: Sandy Seifert-Raffelson
District/Agency: Herlong Public Utility District
Work Address: 447-855 Plumas St, P O Box 515, Herlong CA 96113
Work Phone: (530) 827-3150 Home Phone: (530) 254-0234

Why do you want to serve on the SDRMA Board of Directors?

I am a current Board member of SDRMA and feel that I have added my financial background to make better informed decisions for our members. As a Board member, I have learned a lot about insurance issues and look forward to representing small District's and Northern California as a voice on the SDRMA Board. I feel I am an asset to the Board with my degree in business and my 29 years' experience in accounting and auditing. I have audited small districts and know what they need and what they can afford.

I understand the challenges that small District face every day when it comes to managing liability insurance and worker's compensation for a few employees with limited revenues and staff. My education and experience gives me an appreciation of the importance of risk management services and programs, especially for smaller district's that lack expertise with insurance issues on a daily basis.

I feel I am an asset to this Board and would love a chance to stay on the Board for 4 more years.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization)

I have worked as the District Clerk for the Herlong PUD for the last 7 years. Before that, I served as the Secretary to the Board of Herlong Utilities, Inc. and Office Administrator. I worked directly with the formation of our District which included working for 2 separate Board's of Directors and the transfer of assets from a public benefit corporation to a special district. As part of the team that worked to form the District I was directly involved with LAFCo, Lassen County Board of Supervisors and County Clerk to establish the District's initial Board of Directors as well as the transfer of multiple permits and closure procedures from multiple agencies for the seamless transition of our District operations. I closed out the Corporation books and established the books for the District transitioning to fund accounting. I have also administered the financial portion of a large capital improvement project with USDA as well as worked on the first ever successful water utility privatization project with the US Army and Department of Defense. I am currently working on HPUD's 2nd loan/grant for 4.8 million with USDA to improve the community's sewer system. I also am the primary administrator of a federal contract for utility services with the Federal Bureau of Prison.

While on the SDRMA Board, I have served on the nomination committee and SDLF Board. I have enjoyed learning and completing my duties on both boards and feel I have been an asset to both. I have served on CSDA's Audit and Financial Committee's for the last 2 years. In the last 20 years I have served on several Boards including school, church, 4-H, County and U.C. Davis.

**Special District Risk Management Authority
Board of Directors
Candidates' State of Qualifications**

What special skills, talents, or experience (including volunteer experience) do you have?

I have my Bachelors Degree in Business with a minor in Sociology. I have audited Small Districts for 5 years, worked for a Small District for 10 years and have 25 years of accounting experience. I am a good communicator and organizer. I have served on several Boards and feel I work well within groups or special committees. I am willing to go that extra mile to see things get completed.

I believe in recognition for jobs well done. I encourage Incentive programs that get members motivated to participate and strive to do their very best to keep all losses at a minimum and reward those with no losses.

I have completed my Certificate for Special District Board Secretary/Clerk Program in both regular and advance coursework through CSDA and co-sponsored by SDRMA. I have completed the CSDA Special District Leadership Academy and Special District Governance Academy. I have helped my small District obtain their District of Transparency and currently we are working on the District of Distinction.

I work for a District in Northeastern California that has undergone major changes from a Cooperative Company to a 501c12 Corporation, to finally a Public Utility District. I have worked with LAFCo to become a District. Also my District is currently working on a consolidation through LAFCo with another small District to better serve our small community. Through past experience I feel I make a great Board member representing the small districts of Northern California and their unique issues and will make decisions that would help all rural/small districts.

What is your overall vision for SDRMA?

For SDRMA to be at the top of the risk management field and have all of the Special Districts in the State utilizing their quality insurance and support at a price all California Special Districts can afford.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature: _____

Sandy Gifford-Rappelson Date: 4/2/15



CALAFCO 2015 ANNUAL CONFERENCE

Date: May 27, 2015 for June 3, 2015 Agenda

To: LAFCO Commissioners

From: Patrick M. McCormick, Executive Officer *P.M.C.*

Subject: California Association of LAFCOs Business

Summary: Santa Cruz LAFCO is a member of the California Association of LAFCOs (CALAFCO). The Commission should attend to various business items in advance of the CALAFCO Annual Business Meeting and Conference.

Recommendation: Discuss attendance at the CALAFCO Conference, designate a Voting Member at the Business Meeting, and discuss whether to make any board or award nominations.

The Commission has business items to handle concerning its membership in the California Association of LAFCOs (CALAFCO). The annual business meeting and conference will be held September 2-4 in Sacramento.

(1) ATTENDANCE

The Commission has budgeted a fixed amount that permits some commissioners and staff to attend the annual CALAFCO conference. In the past, the CALAFCO conferences have offered significant educational value for both commissioners and staff. Commissioners who are interested in attending the 2015 conference should let staff know before or at the June 3rd LAFCO meeting.

(2) BOARD NOMINATIONS

Board nominations are due August 3rd. Two seats are open from the Coastal Region: City Member and Public Member. John Leopold currently holds the County Member position on the CALAFCO Board, and is CALAFCO's Board President.

(3) VOTING DELEGATE

In advance of the business meeting at the annual conference, each LAFCO designates a single representative who cast its votes. Santa Cruz LAFCO's designee traditionally consults with the other attending commissioners and attempts to establish a consensus position before casting any vote.

(4) AWARDS

Achievement award nominations are due July 20.

Attachments

CALIFORNIA
ASSOCIATION OF
LOCAL AGENCY
FORMATION
COMMISSIONS

RECEIVED

MAY - 7 2015

CALAFCO

Santa Cruz LAFCo

2014-2015
Board of Directors

Chair

JOHN LEOPOLD
Santa Cruz LAFCo

Secretary

GAY JONES
Sacramento LAFCo

Treasurer

JOSH SUSMAN
Nevada LAFCo

JULIE ALLEN
Tulare LAFCo

CHERYL BROTHERS
Orange LAFCo

JAMES CURATALO
San Bernardino LAFCo

LARRY R. DUNCAN
Butte LAFCo

MARY JANE GRIEGO
Yuba LAFCo

JULIANA INMAN
Napa LAFCo

MICHAEL KELLEY
Imperial LAFCo

DR. WILLIAM KIRBY
Placer LAFCo

MICHAEL R. MCGILL
Contra Costa LAFCo

RICKY SAMAYOA
Yuba LAFCo

ROGER WELT, PhD
Santa Barbara LAFCo

Staff

PAMELA MILLER
Executive Director

MARJORIE BLOM
Executive Officer

CLARK ALSOP
Legal Counsel

STEPHEN LUCAS
Deputy Executive Officer

DAVID CHURCH
Deputy Executive Officer

PAUL NOVAK
Deputy Executive Officer

JENI TICKLER
Executive Assistant

5 May 2015

To: Local Agency Formation Commission
Members and Alternate Members

From: Elliot Mulberg, Committee Chair
Board Recruitment Committee
CALAFCO Board of Directors

RE: **Nominations for 2015/2016 CALAFCO Board of Directors**

Nominations are now open for the fall elections of the CALAFCO Board of Directors. Serving on the CALAFCO Board is a unique opportunity to work with other commissioners throughout the state on legislative, fiscal and operational issues that affect us all. The Board meets four to five times each year at alternate sites around the state. Any LAFCo commissioner or alternate commissioner is eligible to run for a Board seat.

CALAFCO's Recruitment Committee is accepting nominations for the following seats on the CALAFCO Board of Directors:

Northern Region
District Member
County Member

Central Region
City Member
Public Member

Coastal Region
City Member
Public Member

Southern Region
District Member
County Member

The election will be conducted during regional caucuses at the CALAFCO annual conference prior to the Annual Membership Meeting on Thursday, September 3, 2015 at the Hyatt Regency in Sacramento, CA.

Please inform your Commission that the CALAFCO Recruitment Committee is accepting nominations for the above-cited seats until *Monday, August 3, 2015*.

Incumbents are eligible to run for another term. Nominations received by August 3 will be included in the Recruitment Committee's Report and on the ballot, copies of which will be distributed to LAFCo members August 19 and made available at the Annual Conference. Nominations received after this date will be returned; however, nominations will be permitted from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

For those member LAFCos who cannot send a representative to the Annual Meeting an electronic ballot will be made available if requested in advance. The ballot request must be made no later than Monday, August 3, 2015. Completed absentee ballots must be returned by August 28, 2015.

Should your Commission nominate a candidate, the Chair of your Commission must complete the attached Nomination Form and the Candidate's Resume Form, or provide the specified information in another format other than a resume. Commissions may also include a letter of recommendation or resolution in support of their nominee.

1215 K Street, Suite 1650
Sacramento, CA 95814

Voice 916-442-6536
Fax 916-442-6535

www.calafco.org

**CALAFCO
ELECTION
2015**

The nomination forms and materials must be received by the CALAFCO Executive Director no later than Monday, August 3, 2015.

Here is a summary of the deadlines for this year's nomination process:

- **May 5** – Nomination Announcement and packet sent to LAFCo membership and posted on the CALAFCO website.
- **August 3** – Completed Nomination packet due
- **August 3** – Request for an absentee/electronic ballot
- **August 3** – Voting delegate name due to CALAFCO
- **August 19** – Distribution of the Recruitment Committee Report (includes all completed/submitted nomination papers)
- **August 19** – Distribution of requested absentee/electronic ballots.
- **August 28** – Absentee ballots due to CALAFCO
- **September 3** – Elections

Returning the nomination form prior to the deadline ensures your nominee is placed on the ballot. Please forward nominations to:

CALAFCO Recruitment Committee c/o Executive Director
 California Association of Local Agency Formation Commissions
 1215 K Street, Suite 1650
 Sacramento, California 95814
 FAX: 916-442-6535

Electronic filing of nomination forms and materials is encouraged to facilitate the recruitment process. Please send e-mails with forms and materials to info@calafco.org. Alternatively, nomination forms and materials can be mailed or faxed to the above address.

Former CALAFCO Board Member and Associate Member Elliot Mulberg has agreed to once again assist CALAFCO with the election process. We appreciate and value his expertise. Questions about the election process can be directed to him at elliott@emulberg.com or 916-217-8393.

Members of the 2015/2016 CALAFCO Recruitment Committee are:

Chair – Elliot Mulberg elliott@emulberg.com	Associate Member and former CALAFCO Board member 916-217-8393
Josh Susman jsusman@calafco.org	Nevada LAFCo (Northern Region) 530-559-1725
Gay Jones gjones@calafco.org	Sacramento LAFCo (Central Region) 916-208-0736
Michael McGill mmcgill@calafco.org	Contra Costa LAFCo (Coastal Region) 925-383-9750
Cheryl Brothers cbrothers@calafco.org	Orange LAFCo (Southern Region) 714-315-1403

Attached please find a copy of the CALAFCO Board of Directors Nomination and Election Procedures.

Please consider joining us!

Enclosures

The counties in each of the four regions consist of the following:

Northern Region

Butte
Colusa
Del Norte
Glenn
Humboldt
Lake
Lassen
Mendocino
Modoc
Nevada
Plumas
Shasta
Sierra
Siskiyou
Sutter
Tehama
Trinity
Yuba

CONTACT: Steve Lucas, Butte LAFCo
slucas@buttecounty.net

Southern Region

Orange
Los Angeles
Imperial
Riverside
San Bernardino
San Diego

CONTACT: Paul Novak,
Los Angeles LAFCo
pnovak@lalafco.org

Coastal Region

Alameda
Contra Costa
Marin
Monterey
Napa
San Benito
San Francisco
San Luis Obispo
San Mateo
Santa Barbara
Santa Clara
Santa Cruz
Solano
Sonoma
Ventura

CONTACT: David Church
San Luis Obispo LAFCo
dchurch@slolafco.com

Central Region

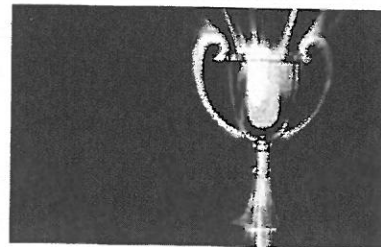
Alpine
Amador
Calaveras
El Dorado
Fresno
Inyo
Kern
Kings
Madera
Mariposa
Merced
Mono
Placer
Sacramento
San Joaquin
Stanislaus
Tulare
Tuolumne
Yolo

CONTACT: Marjorie Blom, Stanislaus LAFCo
blomm@stancounty.com

Date: 14 May 2015

To: LAFCo Commissioners and Staff
CALAFCO Members
Other Interested Organizations

From: CALAFCO Achievement Awards Committee



Subject: 2015 CALAFCO Achievement Award Nominations

Each year, CALAFCO recognizes outstanding achievements by dedicated and committed individuals and/or organizations from throughout the state at the Annual Conference Achievement Awards Ceremony.

Recognizing individual and organizational achievements is an important responsibility. It provides visible recognition and support to those who go above and beyond in their work to advance the principles and goals of the Cortese-Knox-Hertzberg Act. We invite you to use this opportunity to nominate the individuals and organizations you feel deserve this important recognition.

To make a nomination, please use the following procedure:

1. Nominations may be made by an individual, a LAFCo, a CALAFCO Associate Member, or any other organization. There is no limit to the number of nominations.
2. Please use a separate form (attached) for each nomination. Nominations must be submitted with a completed nomination form. The form is your opportunity to summarize the most important points of your nomination.
3. All nomination materials must be submitted at one time and must be received by the deadline. Electronic submittals are encouraged.
4. All supporting information (e.g. reports, news articles, etc.) must be submitted with the nomination. Endorsement letters from third parties are optional. Please limit supporting documentation to a file no larger than 5 mg. If necessary, a CD or thumb drive will be accepted for supporting documentation exceeding 5 mg. Should you submit a CD or thumb drive for consideration, you will need to provide 10 copies.
5. **Nominations and supporting materials must be received no later than 5:00 p.m., Monday, July 20, 2015.** Send nominations via e-mail, or U.S. mail to:

Marjorie Blom
Stanislaus LAFCo
1010 Tenth Street, 3rd Floor, Suite 3600
Modesto, CA 95354
E-mail: blomm@stancounty.com

Please contact Marjorie with any questions at (209) 525-7660. A list of the previous Achievement Award recipients is attached to this announcement.



2015 Achievement Award Nominations

Nomination Form

NOMINEE

Person or Agency Being Nominated:

Name:

Organization:

Address:

Phone/E-mail:

NOMINATION CATEGORY (check one – see category detail on attached sheet)

- ☐ Outstanding CALAFCO Member
- ☐ Distinguished Service Award
- ☐ Most Effective Commission
- ☐ Outstanding Commissioner
- ☐ Outstanding LAFCo Professional
- ☐ Outstanding LAFCo Clerk
- ☐ Outstanding CALAFCO Associate Member
- ☐ Project of the Year
- ☐ Government Leadership Award
- ☐ Legislator of the Year (must be selected by the full CALAFCO Board)
- ☐ Mike Gotch Courage and Innovation in Local Government Award
- ☐ Lifetime Achievement Award

NOMINATION SUBMITTED BY:

Name:

Address:

Phone:

E-mail:

FUTURE

Lompico water customers to decide district's fate

Board meeting scheduled for Wednesday in Boulder Creek

By Calvin Men

calvinmen@santacruzsentinel.com @calvinmenatwork on Twitter

BOULDER CREEK >> The future of Lompico Water District is once again in the hands of its customers.

Board members are looking to increase the district's water rates from \$105 every two months to \$205.

But customers can stop the increase if more than 50 percent of the 496 customers file a written complaint.

The complaints will be heard and counted at 7 p.m. Wednesday during a meeting hosted by the board at the Zayante Fire District, 7700 E. Zayante Road in Felton.

The issue has polarized the financially distressed district. The district's aging water infrastructure is creating problems and there isn't enough revenue from customers to keep up with the costs, said Merrie Schaller, a board member.

"It's not a very sustainable model and that's why we were working on the merger," she said. "We're still trying but nobody is going to talk to us about merging if this rate increase doesn't happen."

In February, a \$3.2 million water bond that would have started the merger between Lompico and San Lorenzo Valley Water District failed by one vote.

Lompico board members are still looking at the possibility of merging with San Lorenzo Valley.

But before that, it needs to address the infrastructure and financial problems. The state is asking the district to complete a corrosion study on the district to test the lead and iron levels in the water.

"If we don't get this corrosion study done in the next couple of months, then the state is going to be all over us," said Lois Henry, president of the board.

A contingent of Lompico customers who were opposed to the bond measure because of increased cost to Lompico customers suggested alternative means to solve the small district's water woes.

Among the suggestions were tapping grants and loans on the state level.

But Schaller and Henry said the district can't qualify for the grants because the district's median household is too high. Loans aren't an option now because the district doesn't have enough money.

"If we don't get the rate increase, we will not be able to get any low-cost loans because we can't show we have enough money to pay the loans back," Henry said.

Henry said she doesn't know what will happen if the rate increase doesn't happen.

"We'll have to continue without looking for a manager and that's been a nightmare," she said.

"I don't know what we'll do. I really don't know. We need the money to fix things."

WATER

Rate increase OK'd for Lompico

Board receives only 80 letters of protest

By Calvin Men

calvinmen@santacruzsentinel.com @calvinmenatwork on Twitter

FELTON>> Lompico water district residents will see a rate increase after the board received only 80 letters of protest about the increase.

The number of letters fell far short of the required 247 needed to stop the rate increase, which would up residents annual costs from \$1,260 to \$2,460. The board approved the rate increase Wednesday night after the final letters were counted after a public meeting about the increase.

"I'm relieved it passed but I do realize that it's going to be a hardship for some people," said Lois Henry, president of the board. "I feel bad about that. But as board members, we do live here and we pay this also."

Leading up to the final decision was a heated public meeting where many residents in the crowd expressed distrust and doubt about the board.

The mood began with a somber tone as board president Lois Henry explained the reasons behind the rate increase. But it quickly grew adversarial as many of the roughly 50 attendees voiced their concern to the board.

"I voted against the merger," said A.C. Dye, referencing the \$3.2 million bond that failed in February. "The reason I voted against it is there wasn't any clarity about the bond."

Resident Bill Ruck expressed his concern with the lack of a plan about the capital improvements.

"I understand capital. I understand we need to do this," Ruck said. "But I don't see a plan of how you're going to spend the money."

Elizabeth Kotter was one of the most visibly outraged in the crowd. When her turn came, she asked whether each of the board members lived in the district, where money from the rate increase went and what would happen if residents refused to pay the bill.

Henry, speaking after the questions, responded that each member of the board was a resident.

As far as the rate increases, the funds would go to improvements mandated by the state, including hiring a water district manager and a corrosion study, Henry said.

There were some who expressed support for the board and its actions. At times, they were met with disdain from members in the crowd.

Brad Cabral, a resident of the valley for a year, came to get clarification about why the rate increase was needed. He said he came in with an open mind and walked away thinking that the increase was justified.

As far as the crowd goes, Cabral characterized the mood as against the board.

"I would have to say that it felt like people were negative toward the board," Cabral said. "They were trying to get one over the board and though the board was trying to rob them."

He added that he thought the board was not trying to simply squeeze money from the customers.

Others were not convinced. Sheryl Trapp said there was no clarification about where the money from the rate increase would be spent.

"The next step is a recall for the board," Trapp said.

SAN LORENZO VALLEY

Neighborhood water district merger now complete

Unification allows for consistent water flow, new infrastructure to customers

By Calvin Men

calvinmen@santacruzsentinel.com @calvinmenatwork on Twitter

FELTON >> After nine years of voting, waiting and planning, Olympia Mutual Water Co. merged with the San Lorenzo Valley Water District on Friday, bringing reliable water flow to the 51 customers on West Zayante Road.

The residents will join the more than 7,000 customers served by San Lorenzo Valley Water District.

Olympia was a mutual corporation formed by residents in 1949 to provide water to residents in the area through a nearby spring, said Ward Willats, who served as president of Olympia before the merger. Though the agency was a corporation, it was run by its residents.

"It was kind of a country affair. Not everyone had shut-off valves," he said.

The system was maintained by residents for years. But in

MERGER >> PAGE 3

Merger

FROM PAGE 2

2002, the state Department of Water Resources classified the spring as under the influence of surface water, making it susceptible to animal waste, septic tanks and other contaminants. Though the residents worked to bring the system under regulation for years, in 2006, members voted to merge with San Lorenzo Valley Water District. In 2008, Olympia submitted an application for the merger and received state approval in 2013.

For years, Olympia was under a state-issued boil water order. Though Willats said that the water produced was not compliant with state standards, the water was still safe to drink without boiling because residents still regularly checked and chlorinated the water.

The merger lifts the burden off the 51 residents to maintain the water system. Among the things residents dealt with before merging was fluctuating water pressure, repairing the system themselves and sometimes no water when the spring ran dry.

"It got to the point where we had to grow up and make this a real water company or consolidate with someone bigger," Willats said. "I don't know how long we could've kept going on our own anyway."

Installation of a new \$916,710 water infrastructure for the 51 residents began in October and ended this month, said Brian Lee, district manager for San Lorenzo Valley Water.

Also part of the upgrade was the addition of fire hydrants to improve fire protection in the area.

The spring, which Olympia Mutual tapped, will be allowed to flow into Zayante Creek.

The 51 customers brought in from the merger are expected to pay an additional \$20,000 total over the next 20 years to offset the remaining cost of the project.

"It's a good investment in the neighborhood," Willats said.

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WATER

PV farmers to pay more starting July 1

Pajaro Valley Water Management Agency approved new rates

By Samantha Clark

sclark@santacruzsentinel.com @samanthabclark on Twitter

SANTA CRUZ >> Farmers will have to pay more for water to help solve Pajaro Valley's groundwater problems beginning July 1.

The Pajaro Valley Water Management Agency approved new rates, which will raise annual revenue from \$11 million to \$16 million over six years. The money will go toward funding projects addressing groundwater overdraft and seawater intrusion.

At Wednesday night's hearing, the agency's board determined that the number of written protests didn't represent a majority of parcels subject to the charge and unanimously approved the new increased rates. The agency received no protests out of 52 parcels for the delivered water charge and 659 protests out of 2,116 parcels for the augmentation charge, a fee on pumping groundwater.

"I'm voting for this charge because there is no other solution," said board director David Cavanaugh. "Without water, we have nothing in this valley."

Inland farmers would see a larger augmentation charge. It will go up 6.6 percent annually

FARMERS >> PAGE 3

Farmers

FROM PAGE 2

for the next five years, from \$179 per acre foot to \$246 per acre foot in 2019-2020.

Coastal farmers' augmentation charge will increase 9.5 percent a year, from \$215 an acre foot to \$338 in 2019-2020. Their delivered water charge will increase 3 percent for the next five years, from \$348 an acre foot to \$392. An acre foot of water is roughly 326,000 gallons or enough supply for a halfacre of strawberries.

Their higher increases are due to the higher cost of providing services closer to the coast and to encourage them to tap into the 20-mile network of pipes delivering recycled irrigation water, which is a source inland farmers don't have access to.

Reducing pumping at the coast reduces the amount of sea water intrusion.

"Today our four wells can't provide enough water to keep the land productive and all the businesses and all those jobs going," said Stuart Kitayama of the Kitayama Bros. farm who spoke in favor of the rate increase. "One well is too salty for irrigation, another is being replaced because of the falling water table and the other two can't pump enough to cover the farming operations."

Pajaro Valley's water problems go deeper than the prolonged drought. Pumping in excess of seasonal recharge throughout the basin has depleted groundwater levels and led to the sea water contamination of wells in the coastal zone, reaching three miles inland.

Groundwater shortage problems keep growing more grim while first state groundwater regulations signed last November mandate that basins enjoy balanced water levels by 2040. The basin needs an average of 12,100 acre-feet of water returning back into it each year to offset the deficit, according to the U.S. Geological Survey.

And officials said the rate increase will cover rising operating costs and future revenue reductions due to water conservation.

Most of the pushback on Wednesday came from rural residents tapping into groundwater who said farmers are benefiting off their backs. Some of them raised concerns with outreach over the rate changes.

"We're subsidizing a pipeline to farmers," said Clarence Henry of Las Lomas. "It's a tax, but there is no benefit."

These residents' fees will go up 6 percent on average annually, and they will pay up to \$115 in 2019-2020, a \$13 difference from the current \$102 fee.

"We all have to do something about the drought situation. Some of us see it faster than others. It hurts our pockets, but we're part of a society," said board director Javier Zamora.

CALIFORNIA DROUGHT

Appeals court rules tiered water rates unconstitutional

Bay Area News Group

In a ruling with major implications for California's water conservation efforts during the historic drought, a state appeals court on Monday ruled that a tiered water rate structure used by the city of San Juan Capistrano to encourage saving was unconstitutional.

The Orange County city used a rate structure that charged customers who used small amounts of water a lower rate than customers who used larger amounts.

But the 4th District Court of Appeal struck down San Juan Capistrano's fee plan, saying it violated voter-approved Proposition 218, which prohibits government agencies from charging more for a service than it costs to provide it.

The stakes are high because at least two-thirds of California water providers, including many in the Bay Area, use some form of the tiered rate system.

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Gov. Jerry Brown immediately lashed out at the decision, saying it puts "a straitjacket on local government at a time when maximum flexibility is needed. My policy is and will continue to be: Employ every method possible to ensure water is conserved across California."

Brown added state lawyers are now reviewing the decision.

It remained unclear Monday evening what effect the ruling would have on other agencies that use tiered rates.

“Our attorneys are reviewing the decision and are evaluating its impacts, if any,” said Abby Figueroa, a spokeswoman for the East Bay Municipal Utility District, which uses three tiers to price its water in units that range from \$2.91 for the first 172 gallons a day to up to \$4.42 for all water used in excess of 393 gallons per day.

San Jose Water Company, which provides water to 1 million people, has tiered rates, but as a private company is not affected by Proposition 218.

Water experts have cited studies for years showing that higher costs for water reduce consumption, but critics say it penalizes residents who have larger lots and live in warmer areas.

One city that has put in place a system of very high costs for high use — Santa Cruz — has cut water use 24 percent since last summer, and has among the lowest per-capita water use levels in California.

CALIFORNIA DROUGHT

Water target to remain despite court ruling

By Paul Rogers and Howard Mintz

Bay Area News Group

Gov. Jerry Brown is sticking to his statewide mandatory water conservation targets, his administration said Tuesday, even as a new appeals court ruling limits the ability of cities and water districts to hit people with punishing rates to encourage them to save water.

"The court's decision is bad," said Michael Lauffer, chief counsel at the State Water Resources Control Board in Sacramento of the Monday ruling by an Orange County appellate court. "It's going to frustrate some local agencies' abilities to conserve water. But the sky is not falling."

Until a possible final ruling by the state Supreme Court occurs, Lauffer said, cities and water districts will have to rely more on other tools. Those include more advertising, water audits, rebate programs for low-water appliances, restrictive rules on lawn watering and fines for violators, he said.

"There is still a lot of low-hanging fruit out there that Californians can tackle — lawns are the best example — to help get to the targets," Lauffer said.

Locally, both Santa Cruz Water Department and the Soquel Creek Water District use tiered water rate structures that increase

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costs based on higher water usage.

Santa Cruz's five residential water pricing tiers, specific to single family residential customers, are separate from its drought penalties, put in place both last year and scheduled to resume May, for customers who exceed the city's set water allotments.

Those fees, which sent some water guzzlers' bills skyrocketing, will not be affected by

Monday's court ruling, however, said Rosemary Menard, Santa Cruz's water director, because it is clearly labeled a "penalty" in the city ordinance, and is not used to pay for daily operations of the water system. Tiered rates may also not be affected, Menard said.

"The ruling has not said you couldn't use tiers. What it's saying is you can't use it without justifying it, as associated with the cost of providing the water within that tier," Menard said. "It raises the bar on the analysis and the justification for setting tiers. It says you have to be able to demonstrate that the costs of the tiers is justified. You can't artificially inflate those numbers in order to disincentivize use."

Melanie Schumacher, district special projects engineer, said Soquel Creek Water District customers have tiered water usage rates for both single- and multi-family residential customers.

"Currently, the District is in the process of updating our 10 Year Financial Plan and choosing an independent financial consultant to assist with the preparation of a Water Rate Study (which is set to begin in mid-May)," Shumacher wrote in an email. "As we learn more about the details of the San Juan Capistrano case, we will determine how this will apply to the rate study."

Three weeks ago, amid the most severe drought in California's 164-year history, Brown ordered urban residents to cut water use by 25 percent statewide.

The state water board plans to vote May 5 on rules that would require cities and water agencies to cut water use between 8 and 36 percent this summer, depending on their per capita use, with fines of up to \$10,000 a day for violators.

One key tool that Brown had recommended was for local governments to set rate structures with higher "surcharges, fees and penalties" for people who use large amounts of water.

But that approach — conserve or pay a much higher water bill — was thrown into doubt Monday afternoon when the 4th District Court of Appeal ruled that such charges violate Proposition 218, a 1996 ballot measure that barred governments from charging more for a service than it costs to provide it.

The court did not invalidate the use of rate tiers entirely. It said, however, that cities and water agencies can only charge more if they can document that it costs them more to provide the extra water.

"Cities are going to have to show their work," said David Aladjem, a veteran Sacramento water attorney. "This is the difference between doing a 1040-EZ tax form and a longer form."

One of California's top water leaders said the ruling will make it more difficult for cities and water districts to reach conservation targets this summer.

"The court did not declare tiered pricing illegal. But this does impose constraints that make it much harder to do," said Tim Quinn, executive director of the Association of California Water Agencies. "It's a significant blow to conservation pricing."

The ruling does not affect electric or gas rates, or privately owned water companies, like San

Jose Water Co., which Proposition 218 exempts.

Water agencies on Tuesday scrambled to interpret the ruling — and in some cases realized they would have to adapt. In Santa Cruz, which charges a \$50 per unit “penalty” for water use over 11 units per house, giving it one of the highest water conservation rates in the state, the city may have to rewrite its rules, said Santa Cruz City Attorney Anthony Condotti.

“We’ll have to carefully evaluate our rates to make sure we aren’t violating the law,” he said.

In Palo Alto, where a new rate structure is going before the City Council in June with a proposed 12 percent water rate increase, city officials are studying the ruling but believe they are in compliance because the increase is to cover the increased costs of buying water and upgrading pipes, said city spokeswoman Catherine Elvert.

Cities that raise rates illegally could be sued, said Jon Coupal, president of the Howard Jarvis Taxpayers Association, which put Proposition 218 on the ballot.

“I have very little sympathy for some of these districts that just want to take the easy way out, which is to raise revenue — free money — to get more money above their cost of service,” Coupal said. “They are crying crocodile tears. They have other ways to conserve. If somebody is hosing down his sidewalk, you can still fine him.”

In the short term, the court ruling, because it is “published,” sets statewide legal precedent that can be used in other court challenges to water district policies and at a minimum forces local water officials and lawyers to reconsider how they can legally enforce water conservation. As of now, there are two similar legal battles unfolding in early stages against the Sweetwater Authority, a San Diego area water district, and the city of Glendale’s water district.

San Juan Capistrano city officials can push for an expedited review of the ruling, a move that could prompt the state’s high court to temporarily put it on hold. That process could take months or longer.

If city leaders decide not to appeal, the situation becomes murkier, although the Supreme Court could still intervene, particularly if Gov. Jerry Brown and Attorney General Kamala Harris weigh in and argue resolution is critical in light of immediate statewide efforts to address the drought.

Harris’ office, which presumably would represent Brown in any legal maneuvering, referred questions Tuesday to the governor. Evan Westrup, the governor’s spokesman, would only say that Brown is “evaluating our options.”

In addition to any legal action by the state, groups that backed San Juan Capistrano in the case could ask the state Supreme Court to “depublish” the 4th District ruling, which would strip away its statewide effect. Legal experts say they would not be surprised if the state Supreme Court acted because of the statewide policy implications.

“Given the high-profile nature of this opinion and the importance of the issue, it wouldn’t shock me if the California Supreme Court gave serious consideration to granting review,” said Shaun Martin, a University of San Diego law professor who follows the state’s high

court.

Sentinel writer Jessica A.

York contributed to this report.

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