



Wednesday, March 4, 2015  
9:30 a.m.  
Room 525  
701 Ocean Street, Santa Cruz

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1) ROLL CALL	
2) MINUTES	
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3) WELCOME NEW COMMISSIONERS	
a) Ryan Coonerty (County)	
b) Trina Coffman-Gomez (City of Watsonville)	
c) David Terrazas (City of Santa Cruz) -- Alternate	
4) ORAL COMMUNICATIONS	
a) Anyone may briefly address the Commission concerning items not on the agenda.	
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## 9) ADJOURNMENT: The next regular meeting is scheduled for Wednesday, April 1, 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](http://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 SANTA CRUZ COUNTY

Wednesday, January 7, 2015  
9:30 a.m.

Room 525  
701 Ocean Street  
Santa Cruz, California

.....  
The January 7, 2015 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Jim Anderson.

ROLL CALL

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

MINUTES

MOTION AND ACTION

Motion: R. Anderson Second: Smith	To approve November 5, 2014 minutes. Motion carries with Commissioners Bottorff, Friend, and Lind abstaining.
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PUBLIC HEARING

LAFCO No. 955, WEST ZAYANTE / BUTLER ANNEXATION TO THE SAN LORENZO VALLEY WATER DISTRICT

Mr. McCormick reports that the proposal involves parcel number 073-071-06. It is part of two parcels that shares an address of 8201 West Zayante Road. There are some properties in the East and West Zayante Road area with great water and some properties with water problems. LAFCO has seen a number of applications over the last several years in this area.

The subject property of about one acre is located at the corner of Newton and West Zayante Roads and to the south is McEnery Road. The Commission prefers to annex more than one parcel at a time if possible. Staff has noticed every owner on lower McEnery Road and asked them if they want to join in on this annexation. They all share a small community water system which has a good water source, and it is inexpensive for them to use, so no one in this area has indicated any interest in becoming a part of this annexation. The head of the water system contacted LAFCO staff and said the water system is in great shape and he would be surprised if anyone would be interested.

The project qualifies for a categorical exemption under CEQA and it is within the sphere of influence of the San Lorenzo Valley Water District (SLVWD). SLVWD is willing to annex subject to their normal service requirements.

The analysis form that starts on page 19 of the agenda packet is incorrect. The correct analysis has been distributed to the Commissioners.

Alternate Bobbe asks where the new main is.

Mr. McCormick replies that the new main is in West Zayante Road right in front of the property. SLVWD has had partial main coverage on West Zayante Road over the last 30 years. There has been a main coming down from the north and one coming up from the south along West Zayante Road.

Commissioner Roger Anderson notices that the parcel looks bigger than one acre. He asks if there has been a lot split, and if a house will be built on the one-acre portion.

Mr. McCormick replies that the current property owner, Mr. Patrick, owns the application parcel and an adjacent parcel. The house on the adjacent parcel is already in the water district and part of Olympia Circle. Mr. Butler, the applicant, plans to acquire the property from Mr. Patrick and build a house.

Commissioner Leopold asks if Mr. Butler owns the property.

Dave Butler, the applicant, answers that it has been in escrow. He has been trading work to buy this parcel over the last ten years. It is not a completed escrow until it is officially buildable.

Mr. McCormick adds that Mr. Patrick signed the application form as the applicant and designated Mr. Butler as his representative.

#### MOTION AND ACTION

Motion: Leopold  
Second: Friend

To approve LAFCO No. 955, as recommended by staff.  
Motion carries with a unanimous voice vote.



## STATUS OF PROPOSALS

Mr. McCormick reports that this Commission authorized the Lompico Reorganization subject to a successful bond election. The County is the sponsoring body for the bond election. The ballots will go out in the mail in January and will be due back in February.

There are ballot arguments pro and con. In Superior Court this last Monday, some of the parties that were involved in submitting ballot arguments contested the ballot arguments in court. LAFCO is not a party but he went to observe the results. The opponents of the merger and the bond were challenging the ballot arguments of the proponents of the merger and the bond.

The case was heard in Judge Connolly's court. She heard all of the substantive issues in the complaint and found none of them to be compelling. This means the election will be going forward on schedule. The ballot measures, both pro and con, will read as the drafting parties submitted them.

Lompico Water is an important issue and it has taken up a lot of staff time. There are other items on the work program that need attention, and soon there will be time to work on them.

Commissioner Smith asks if the election process involves just the parcel owners.

Mr. McCormick replies that it is a Mello-Roos Community Facilities Bond and it is secured by a tax. Because it is a tax, it is the registered voters who will be voting on the bond. It will take a two-thirds vote to pass the bond.

Commissioner Leopold wonders about the Municipal Service Review (MSR) work that is on the work program. He asks about the timeline for the MSRs since they may be out of compliance.

Mr. McCormick answers that he did not anticipate Lompico being so time consuming. The first project to tackle will be an MSR for the Resource Conservation District (RCD). There will be some collaborative options involving the adjacent RCDs in four counties. It will take some outreach to talk about collaboration options.

The next project will be to consider whether there should be a major study for this Commission to sponsor using the MSR as the format. The subject could be water, sewer, or fire. He will continue to talk to agency managers to see if they are interested in jointly pursuing a worthwhile big-picture study.

Commissioner Leopold asks if MSRs will be done on eight small districts this year.

Mr. McCormick replies that the eight small districts will be worked on in-house after the Resource Conservation District. The big study would involve hiring a consultant.

Commissioner Leopold asks if the small district MSRs will be completed before the end of the fiscal year.

Mr. McCormick answers yes. The Commission has the discretion whether to instruct staff to work on the small districts before or after the RCD.

Commissioner Leopold realizes that Mr. McCormick put a considerable amount of time into Lompico's issue. It was important to compile complete and accurate information to help Lompico come up with the best decision.

Mr. McCormick is not aware of any new applications in the near future. The work load should soon die down to make room to work on MSRs.

## LEGISLATION

Mr. McCormick says that it is the beginning of the legislative session.

Commissioner Leopold notes that CALAFCO went through a multi-year process on Government Code section 56133 regarding extraterritorial services to see if there were some changes that could be made. CALAFCO eventually decided to drop it because there was not enough agreement among the LAFCO regions. A LAFCO Commissioner from Napa, Bill Dodd, was promoting these changes and he got elected to the State Assembly. He is intending to bring this to the legislation. This could have some effect on Santa Cruz County.

Regarding the article on page 33 of the agenda packet, CALAFCO has written to the Assembly Member, Das Williams, to try to work with him on this legislation so he does not create something outside the LAFCO process.

## RESOLUTIONS OF APPRECIATION

Commissioner Leopold has been on LAFCO for six years. When he started, he was new to LAFCO. Mr. Rapoza helped him understand how issues affected the environment and the importance of people being heard as part of the process. Mr. Rapoza has been a steady hand for a variety of issues over these last six years. He appreciated Mr. Rapoza's leadership and mentorship on the Commission. He will miss working with him on LAFCO.

Mr. Rapoza adds that he will miss being on LAFCO. He cannot believe he was on LAFCO for more than 14 years. This County is blessed with a tremendous LAFCO staff.

LAFCO gets single applicants such as wanting water for a single parcel as well as bigger applications such as UC Santa Cruz. He remembers the Manabe Ow application in Watsonville. He remembers the Cal-Am Felton annexation. The LAFCO process ranges from impacting a whole community to impacting a single person. What he has enjoyed the most is working on these applications, and he thinks this Commission does a great job.

Commissioner Roger Anderson states that Mr. Rapoza is quite exceptional. He was an education board member. He was later elected to the SLVWD board and served for a long time. LAFCO has been lucky to have Mr. Rapoza spend so much of his time working on LAFCO issues. He will miss having Mr. Rapoza on the Commission.

Chairperson Jim Anderson remembers a gentleman coming to LAFCO with a CD for all of the Commissioners. He told the Commission they were all inept except for Mr. Rapoza. Mr. Rapoza has been a great resource, especially about water.

Commissioner Lind echoes most of the comments made about Mr. Rapoza. She appreciated being able to get guidance and input from Mr. Rapoza during her six years with LAFCO. She worked with Mr. Rapoza in his prior career with the probation and the police departments.

Mr. McCormick thanks Mr. Rapoza for his compliments. He is the longest term special district member on Santa Cruz LAFCO.

Alternate Bobbe adds that she met Mr. Rapoza in 1975. She was a fledgling probation officer and he was one of her mentors and her best ally.

#### MOTION AND ACTION

Motion: Leopold Second: Smith	To approve all Resolutions of Appreciation: 2015-1 for Neal Coonerty, 2015-2 for Daniel Dodge, and 2105-3 for Jim Rapoza. Motion carries with a unanimous voice vote.
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#### MEETING SCHEDULE FOR 2105

Mr. McCormick says the Commission normally meets the first Wednesday of each month except July. He recommends a slightly different calendar for 2015. He recommends no LAFCO meeting in September and having a the December meeting on the second Wednesday instead of the first Wednesday due to several other Conferences scheduled in September and December.

#### MOTION AND ACTION

Motion: Leopold Second: Friend	To approve the 2105 LAFCO Meeting Schedule. Motion carries with a unanimous voice vote.
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#### SELECTION OF LAFCO CHAIRPERSON AND VICE-CHAIRPERSON

#### MOTION AND ACTION

Motion: R. Anderson Second: Leopold	To nominate Zach Friend as Chairperson. Motion carries with a unanimous voice vote.
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#### MOTION AND ACTION

Motion: Leopold Second: Friend	To nominate Roger Anderson as Vice-Chairperson. Motion carries with a unanimous voice vote.
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## WRITTEN CORRESPONDENCE

Mr. McCormick says he gets a letter every other year to look over the County's farmland map and data. Santa Cruz County compares favorably with most agricultural counties in the State regarding the amount of land that is converted to other uses. Many people use this information as a tool. The maps have been getting progressively better. Most of the changes in the last two years have involved more accurate map interpretation.

Commissioner Leopold has never seen this data before and is glad this County looks good comparatively. He does not understand the conversions from irrigated to non-irrigated farmland and the nine changes. It says the number of changes was small and none of them were greater than 20 acres.

Mr. McCormick answers that the state office is trying to provide enough documentation so that people can go back and figure out what changes were made and why. This information is valuable for discussing State trends. Santa Cruz County is small and there is not that much of a change. There are places in California where urbanization is happening rapidly, or the unavailability of water is going to drive large amounts of acreage out of commercial production. Tracking this will be an important tool.

Commissioner Roger Anderson notices that there was not any change in the water area. He thinks with the slough restorations, there may have been an acre or two that would have changed.

Mr. McCormick will look over those types of changes in the future. Water includes areas such as Pinto Lake, Corcoran Lagoon, and the Aptos Creek estuary. Much of the wetlands show up as native vegetation.

Meeting is adjourned at 10:22 a.m.

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CHAIRPERSON JAMES W. ANDERSON

Attest:

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Patrick M. McCormick, Executive Officer



Date: February 25, 2015 for March 4, 2015 Agenda

To: LAFCO Commissioners

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

Subject: Proposed Budget for Fiscal Year beginning July 1, 2015

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*Summary: State law requires that LAFCO adopt a proposed budget no later than May 1<sup>st</sup> and a final budget no later than June 15<sup>th</sup>. The staff has noticed a public hearing for March 4<sup>th</sup> in order for the Commission to consider the proposed budget.*

*Staff Recommendation: Conduct a public hearing, discuss the work program, approve draft Resolution No. 2015-4 (Attachment A) adopting a proposed budget for the upcoming fiscal year, direct staff to prepare PERS pension side fund payoff analysis for the April 1<sup>st</sup> meeting, and set a public hearing to consider the final budget on April 1, 2015.*

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State law (Attachment B—Government Code 56381) specifies the budget process. It requires LAFCO to hold two noticed public hearings and adopt a proposed budget by May 1 and a final budget by June 15.

After LAFCO adopts a final budget, the County Auditor is required to apportion LAFCO net operating expenses (new funding) into thirds. The County pays a third. The four Cities pay a third, pro-rated by their total operating revenues as published by the State Controller. The twenty-four Independent Special Districts pay a third, pro-rated by their operating revenues as published by the State Controller.

### **STATE MANDATES**

The Local Government Reorganization Act of 2000 requires that each LAFCO process all boundary change applications that are submitted, prepare service reviews before or concurrently with sphere of influence reviews, and review spheres of influence every five years for all cities and districts subject to LAFCO's boundary regulation. Text of the laws can be found in Attachment C. The State does not provide any funding for LAFCOs. During the recession, LAFCO reduced its budget and depleted reserves to assist the funding agencies in responding to their budget difficulties. LAFCO is now behind schedule in completing service reviews and sphere of influence updates. Over the last several years, LAFCO has been incrementally rebuilding its reserves with the most improvement in the last two years.

The Status List for the sphere and service reviews is Attachment D.



## **SUMMARY OF FY 2014-15 ACTIVITY**

The main staff activities during FY 2014-15 were assisting the Lompico County Water District and San Lorenzo Valley Water District to explore the details of a potential merger, reviewing the districts' merger application, and conducting protest proceedings after the Commission approved the reorganization. Some minor staff time will be spent during the remainder of the fiscal year to assure that the conditions are met and to make the required legal filings.

Other projects that the staff has worked on were:

- Graham Hill Sanitation Agencies Reorganization
- Huckleberry Woods County Service Area Review and Annexation
- Discussing a potential major LAFCO study, utilizing a consultant, with fire, water, and sanitation agency managers
- Following several major water agency studies.

During the remainder of the fiscal year, staff expects to complete the service sphere reviews for eight small districts. Staff also anticipates that the Personnel Committee may utilize significant staff support between now and June.

## **WORK PROGRAM**

The Commission annually reviews its work program (Attachment E) during the budget review. The principles that drive the adopted work program are:

- Establish and maintain the LAFCO budget at a level that will get LAFCO back into compliance with the mandated review schedules by June 30, 2017.
- To the extent possible, the budget should not result in any significant increases in the contribution levels of the agencies that fund the LAFCO budget.
- Continue the Commission's current policy not to fund any sphere reviews that will require the preparation of an environmental impact report. Work with applicants and affected agencies on funding and preparation of environmental impacts reports needed to review sphere amendment applications.

Following the recession, the Commission has spent several years building up its professional services review to be able to utilize a consultant for one major study. Staff would perform the other service and sphere reviews in-house. Staff has discussed potential major studies with water, fire, and sanitation agency managers. Given the severity of the water issues during the drought, one might expect that there would be a water agency formation or reorganization option that one or more water agencies would find valuable. The water agency managers have their hands full, and they were not eager to partner with LAFCO on any reorganization study. They generally felt that they could enter agreements and joint powers authorities directly with other water agencies as needed to address joint water projects and groundwater management.



Similarly, the fire chiefs did not identify any resource-sharing or reorganization options that they needed LAFCO's help with. Several chiefs did note that expenses are going up faster than revenues and that, over the next several years, individual agencies will face decisions to raise revenues or reduce service levels.

One potential LAFCO study concerns a group of sanitation agencies:

- Santa Cruz County Sanitation District (Live Oak, Soquel, Capitola, and Aptos)
- San Lorenzo Valley Water District (Bear Creek Estates)
- Davenport County Sanitation District
- Freedom County Sanitation District
- County Service Area 2, Place de Mer
- County Service Area 5, Sand Dollar
- County Service Area 7, Boulder Creek Country Club
- County Service Area 10, Graham Hill
- County Service Area 20, Trestle Beach.

The Bear Creek Estates sewer system is managed by the San Lorenzo Valley Water District, which has identified its core function as water. In its Strategic Plan, the SLVWD seeks to spin off its sewer function to another agency, but the economic feasibility has not been analyzed. All the other agencies on the list are staffed by the Santa Cruz County Public Works Department, which has separate books and rate schedules for each system. The potential study would analyze whether there are any options for cost savings if all the systems are consolidated into a single agency—probably the Santa Cruz County Sanitation District. A consultant could be selected with expertise in sanitation agency operations and rates. LAFCO staff is not at a point to recommend that this study be started. Further discussion with the affected agencies is needed to figure out whether such a study would be worthwhile to prepare.

If the Commissioners or the members of the community have ideas for any other studies that could be performed as part of LAFCO's service review program, please let me know. Staff will evaluate them as part of the future reports to the Commission on whether to expend professional service reserve funds to utilize a consultant for such a study.

## **PROPOSED BUDGET DOCUMENTS**

The proposed budget is detailed in the following documents:

- Multi-year spreadsheet (Attachments F and G)
- Narrative, line-item explanation of FY 2015-16 budget (Attachment H)
- Revenues, re-budgets, and new funding (Attachment I)
- LAFCO budgets 2006-2015 (Attachment J).

## BUDGET DETAILS

Working from the multi-year spreadsheet (Attachments F and G), the major changes of the budget are explained below.

### Expenses

- Regular Pay 3100 Sub-object 3100 covers pay, a reserve for potential raises that are granted during the fiscal year, and a reserve for payments for accrued leave due upon termination of employment. In past budgets, the Commission has never booked its liabilities to pay off accrued leaves due when employees' employment ends. Staff is recommending an increase in the reserves from \$17,450 in FY 14-15 to \$50,050 in FY 15-16 in order to have sufficient funds to cover salary adjustments and expected leave payments.
- PERS 3155 The Commission has been considering paying part or all of the PERS Side Fund Liability, which had a balance of \$127,748 on June 30, 2014 and an interest rate of 7.5%. The recommended budget does not include any funding to pay off the Side Fund because there is not enough funding to fully payoff the Side Fund. It is more important to fund the professional service, litigation and leave liability reserves. However, staff is getting an estimate from PERS for a partial payment, and expects to have a couple options for presentation in the budget materials for the April 1<sup>st</sup> meeting.
- Attorney 3515 Staff is recommending an increase in the litigation reserve from \$102,500 to \$110,000. This is based upon the cost of major litigation as reported by other LAFCO's.
- Professional Services 3665 Staff is recommending an increase in the professional services budget from \$75,000 to \$100,000 in order to have sufficient funds to utilize a consultant to complete service and sphere reviews in compliance with the state mandate for reviews every five years.

### Revenues

- Processing Fees 1430 In FY 14-15, the revenues were irregularly large due over \$90,000 being paid for the North Campus applications. The recommendation for FY 15-16 is \$24,000, which is in the range of the revenues in other recent years.
- Contributions From Other Agencies 1150 The recommendation would lower the funding agency contributions 5.9% from \$331,000 in FY 14-15 to \$311,500 in FY 15-16. The FY 14-15 revenue reported in the spreadsheet has a different amount because some FY 14-15 revenues were booked early in FY 13-14.

## **RECOMMENDATION**

After several years of low revenues and low fund balances, the Commission is able to carry over enough to allow for an increased budget while reducing funding agency contributions. The budget keeps the Commission on course to prepare the current round of mandated service and sphere reviews.

It is RECOMMENDED that the Commission:

1. Conduct a public hearing on the proposed budget and approve draft Resolution No. 2015-4 (Attachment A) adopting a proposed budget for the upcoming fiscal year of \$652,600, with new funding of \$311,500.
2. Confirm or give alternative direction on the recommended approach to the work program.
3. Direct staff to prepare a PERS pension side fund payoff analysis for the April 1<sup>st</sup> meeting.
4. Set a public hearing to consider the final budget on April 1, 2015.
5. Specify any additional budget information that the Commission would find helpful to complete its budget deliberations at the April 1<sup>st</sup> meeting.

cc: County of Santa Cruz  
Board of Supervisors  
Auditor-Controller  
County Administrative Officer  
Cities:  
Capitola  
Santa Cruz  
Scotts Valley  
Watsonville  
24 Independent Special Districts

### **Attachments:**

- A. Draft Resolution No. 2015-4 Adopting a Proposed Budget
- B. Government Code Section 56381 Regarding LAFCO Funding
- C. Text of Code Sections Regarding Sphere and Service Review Timelines
- D. Sphere and Service Review Status List
- E. Work Program Recommendation
- F. Multi-Year Spreadsheet Expenses
- G. Multi-Year Spreadsheet Revenues
- H. Narrative, Line-Item Budget for FY 2015-16
- I. Revenues, Re-Budgets, and New Funding
- J. LAFCO Budgets 2006-2015
- K. Budget Chart 2006-2015
- L. Reserves Chart 2001-2015

ATTACHMENT A

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY  
RESOLUTION NO. 2015-4

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

ADOPTING A PROPOSED BUDGET  
FOR THE FISCAL YEAR BEGINNING JULY 1, 2015

\*\*\*\*\*

WHEREAS, the Santa Cruz Local Agency Formation Commission wishes to provide for a budget to fulfill its purposes and functions that are set by State law;

NOW, THEREFORE, the Santa Cruz Local Agency Formation Commission does hereby resolve, determine, and order as follows:

1. In accordance with Government Code section 56381(a), the Commission adopts a proposed budget for the fiscal year beginning July 1, 2015 in the amount of \$652,600 with the net amount to be funded by the participating agencies of \$311,500.
2. The Executive Officer is directed to transmit the proposed budget to the County Auditor, the county, the cities, and the independent districts as specified in Government Code section 56381(a), and to notice a public hearing for the purpose of adopting a final budget pursuant to state law.
3. The budget will allow the Commission to fulfill the programs and purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act because it will increase its budget to prepare the required studies in a timely manner.

PASSED AND ADOPTED by the Santa Cruz Local Agency Formation Commission this fourth day of March 2015 by the following vote:

AYES:

NOES:

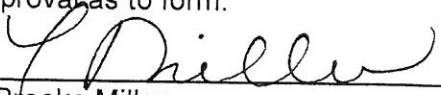
ABSENT:

\_\_\_\_\_  
ZACH FRIEND, CHAIRPERSON

Attest:

\_\_\_\_\_  
Patrick M. McCormick  
Executive Officer

Approval as to form:

  
\_\_\_\_\_  
T. Brooke Miller  
LAFCO Counsel

## ATTACHMENT B

### GOVERNMENT CODE SECTION 56381

#### LAFCO BUDGETING

56381. (a) The commission shall adopt annually, following noticed public hearings, a proposed budget by May 1 and final budget by June 15. At a minimum, the proposed and final budget shall be equal to the budget adopted for the previous fiscal year unless the commission finds that reduced staffing or program costs will nevertheless allow the commission to fulfill the purposes and programs of this chapter. The commission shall transmit its proposed and final budgets to the board of supervisors, to each city, and to each independent special district.

(b) After public hearings, consideration of comments, and adoption of a final budget by the commission pursuant to subdivision (a), the auditor shall apportion the net operating expenses of a commission in the following manner:

(1) (A) In counties in which there is city and independent special district representation on the commission, the county, cities, and independent special districts shall each provide a one-third share of the commission's operational costs.

(B) The cities' share shall be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county, or by an alternative method approved by a majority of cities representing the majority of the combined cities' populations.

(C) The independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. Except as provided in subparagraph (D), an independent special district's total revenue shall be calculated for nonenterprise activities as total revenues for general purpose transactions less intergovernmental revenue and for enterprise activities as total operating and nonoperating revenues less intergovernmental revenue, as reported in the most recent edition of the "Special Districts Annual Report" published by the Controller, or by an alternative method approved by a majority of the agencies, representing a majority of their combined populations. For the purposes of fulfilling the requirement of this section, a multicounty independent special district shall be required to pay its apportionment in its principal county. It is the intent of the Legislature that no single district or class or type of district shall bear a disproportionate amount of the district share of costs.

(D) (i) For purposes of apportioning costs to a health care district formed pursuant to Division 23 (commencing with Section 32000) of the Health and Safety Code that operates a hospital, a health care district's share, except as provided in clauses (ii) and (iii), shall be apportioned in proportion to each district's net from operations as reported in the most recent edition of the hospital financial disclosure report form published by the Office of Statewide Health Planning and Development, as a percentage of the combined independent special districts' net operating revenues within a county.

(ii) A health care district for which net from operations is a negative number may not be apportioned any share of the commission's



operational costs until the fiscal year following positive net from operations, as reported in the most recent edition of the hospital financial disclosure report form published by the Office of Statewide Health Planning and Development.

(iii) A health care district that has filed and is operating under public entity bankruptcy pursuant to federal bankruptcy law, shall not be apportioned any share of the commission's operational costs until the fiscal year following its discharge from bankruptcy.

(iv) As used in this subparagraph "net from operations" means total operating revenue less total operating expenses.

(E) Notwithstanding the requirements of subparagraph (C), the independent special districts' share may be apportioned by an alternative method approved by a majority of the districts, representing a majority of the combined populations. However, in no event shall an individual district's apportionment exceed the amount that would be calculated pursuant to subparagraphs (C) and (D), or in excess of 50 percent of the total independent special districts' share, without the consent of that district.

(F) Notwithstanding the requirements of subparagraph (C), no independent special district shall be apportioned a share of more than 50 percent of the total independent special districts' share of the commission's operational costs, without the consent of the district as otherwise provided in this section. In those counties in which a district's share is limited to 50 percent of the total independent special districts' share of the commission's operational costs, the share of the remaining districts shall be increased on a proportional basis so that the total amount for all districts equals the share apportioned by the auditor to independent special districts.

(2) In counties in which there is no independent special district representation on the commission, the county and its cities shall each provide a one-half share of the commission's operational costs. The cities' share shall be apportioned in the manner described in paragraph (1).

(3) In counties in which there are no cities, the county and its special districts shall each provide a one-half share of the commission's operational costs. The independent special districts' share shall be apportioned in the manner described for cities' apportionment in paragraph (1). If there is no independent special district representation on the commission, the county shall pay all of the commission's operational costs.

(4) Instead of determining apportionment pursuant to paragraph (1), (2), or (3), any alternative method of apportionment of the net operating expenses of the commission may be used if approved by a majority vote of each of the following: the board of supervisors; a majority of the cities representing a majority of the total population of cities in the county; and the independent special districts representing a majority of the combined total population of independent special districts in the county. However, in no event shall an individual district's apportionment exceed the amount that would be calculated pursuant to subparagraphs (C) and (D) of paragraph (1), or in excess of 50 percent of the total independent special districts' share, without the consent of that district.

(c) After apportioning the costs as required in subdivision (b), the auditor shall request payment from the board of supervisors and from each city and each independent special district no later than July 1 of each year for the amount that entity owes and the actual



administrative costs incurred by the auditor in apportioning costs and requesting payment from each entity. If the county, a city, or an independent special district does not remit its required payment within 60 days, the commission may determine an appropriate method of collecting the required payment, including a request to the auditor to collect an equivalent amount from the property tax, or any fee or eligible revenue owed to the county, city, or district. The auditor shall provide written notice to the county, city, or district prior to appropriating a share of the property tax or other revenue to the commission for the payment due the commission pursuant to this section. Any expenses incurred by the commission or the auditor in collecting late payments or successfully challenging nonpayment shall be added to the payment owed to the commission. Between the beginning of the fiscal year and the time the auditor receives payment from each affected city and district, the board of supervisors shall transmit funds to the commission sufficient to cover the first two months of the commission's operating expenses as specified by the commission. When the city and district payments are received by the commission, the county's portion of the commission's annual operating expenses shall be credited with funds already received from the county. If, at the end of the fiscal year, the commission has funds in excess of what it needs, the commission may retain those funds and calculate them into the following fiscal year's budget. If, during the fiscal year, the commission is without adequate funds to operate, the board of supervisors may loan the commission funds. The commission shall appropriate sufficient funds in its budget for the subsequent fiscal year to repay the loan.

## ATTACHMENT C

### TIMELINES FOR SPHERES AND MUNICIPAL SERVICE REVIEWS CALIFORNIA GOVERNMENT CODE

#### SPHERES

56425. (a) In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies subject to the jurisdiction of the commission to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city and each special district, as defined by Section 56036, within the county and enact policies designed to promote the logical and orderly development of areas within the sphere.

....

(g) On or before January 1, 2008, and every five years thereafter, the commission shall, as necessary, review and update each sphere of influence.

#### MUNICIPAL SERVICE REVIEWS

56430. (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the subregion, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
- (4) Financial ability of agencies to provide services.
- (5) Status of, and opportunities for, shared facilities.
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

....

(e) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or 56426.5 or to update a sphere of influence pursuant to Section 56425.

## ATTACHMENT D

### SPHERE OF INFLUENCE STUDIES and MUNICIPAL SERVICE REVIEWS Status as of February 18, 2015

Agency	Date of First Sphere	Last Sphere Review Completed	Sphere Schedule	Last MSR Completed
<b>CITIES</b>				
Capitola	1975	2008		2007
Santa Cruz	1983	2008		2011
Scotts Valley	1985	2008		2007
Watsonville	1977	2008		2007
<b>FIRE AGENCIES</b>				
Aptos/La Selva	1977	2008		2007
Aromas	1989	2008		2007
Ben Lomond	1994	2008		2007
Boulder Creek	1994	2008		2007
Branciforte	1987	2008		2007
Central	1987	2008		2007
County Service Area 4-Pajaro Dunes	1989	2008		2007
County Service Area 48-County Fire	1985	2008		2007
Felton	1994	2008		2007
Pajaro Valley	1989	2008		2007
Scotts Valley	1976	2008		2007
Zayante	1994	2008		2007

Agency	Date of First Sphere	Last Sphere Review Completed	Schedule	Last MSR Completed
<b>WATER AGENCIES</b>				
Central	1986	1993		2007
Lompico	1985	2014		2014
Pajaro Valley Water Management				2007
San Lorenzo Valley	1985	2014		2014
Scotts Valley	1985	1993		2007
Soquel Creek	1986	2010		2007
CSA 54 Summit West	1996	2008		2007
<b>RECREATION AND PARK DISTRICTS</b>				
Alba Recreation and Park District	1988	2008	Under preparation by staff	2007
Boulder Creek Recreation and Park District	1988	2008	Under preparation by staff	2007
La Selva Recreation and Park District	1990	2008	Under preparation by staff	2007
Opal Cliffs Rec. and Park District	1988	2008	Under preparation by staff	2007

Agency	Date of First Sphere	Last Sphere Review Completed	Schedule	Last MSR Completed
<b>SANITATION AGENCIES</b>				
Davenport	1984	2008		2007
Freedom	1975	2011		2007
Salsipuedes	1987	2008	Under preparation by staff	2007
Santa Cruz Co. Sanitation District	1983	2011		2007
2 Place de Mer	1988	2008		2007
5 Sand Dollar	1988	2008		2007
7 Boulder Creek Country Club	1985	2008		2007
10 Rolling Woods	1984	2013		2013
12 Septic Maintenance	1988	1992	District studying an amendment	2007
20 Trestle Beach	1988	2008		2007
57 Graham Hill	2001	2013		2013
<b>MISCELLANEOUS INDEPENDENT DISTRICTS</b>				
Mid-Pen. Regional Open Space	1985	2008		2007
Pajaro Valley Cemetery	1988	1988	Under preparation by staff	2007
Reclamation District 2049	1988	2008	Under preparation by staff	2007
Resource Conservation District	1983	2008	Under preparation by staff	2007
Santa Cruz Port District	1991	1991		2007

Agency	Date of First Sphere	Last Review Completed	Schedule	Last MSR Completed
<b>COUNTY SERVICE AREAS</b>				
2 (under sanitation)				
3 Aptos Seascape	1983	2008		2007
4 (under fire)				
5 (under sanitation)				
7 (under sanitation)				
9 County Public Works	1985	2008		2007
10 (under sanitation)				
11 County Parks	1985	2008		2007
12 (under sanitation)				
13 Hutchinson Road	1988	2005		2007
15 Huckleberry Woods	1988	2014		2014
16 Robak Road	1988	2008		2007
17 Empire Acres	1988	2008		2007
20 (under sanitation)				
21 Westdale	1988	2008		2007



Agency	Date of First Sphere	Last Review Completed	Schedule	Last MSR Completed
22 Kelly Hill	1988	2008		2007
23 Old Ranch Road	1988	2008		2007
24 Pine Ridge	1988	2008		2007
25 Viewpoint Road	1988	2008		2007
26 Hidden Valley	1988	2008		2007
28 Lomond Terrace	1988	2008		2007
30 Glenwood Acres	1988	2008		2007
32 View Circle	1983	2008		2007
33 Redwood Drive	1983	2008		2007
34 Larsen Road	1983	2008		2007
35 Country Estates	1983	2008		2007
36 Forest Glen	1983	2008		2007
37 Roberts Rd.	1983	2008		2007
38 Extended Police (Sheriff)	1985	2008		2007
39 Reed Street	1983	2008		2007
40 Ralston Way	1983	2008		2007
41 Loma Prieta Drive	1983	2008		2007
42 Sunlit Lane	1983	2008		2007
43 Bonita Encino	1983	2008		2007
44 Sunbeam Woods	1983	2008		2007
46 Pinecrest Dr.	1983	**check		2007
47 Braemoor	1985	2008		2007
48 (under fire agencies)				
50 The Vineyard	1987	2008		2007

Agency	Date of First Sphere Adoption	Last Review Completed	Schedule	Last MSR Completed
51 Hopkins Gulch	1989	2008		2007
52 Pleasant Valley	1990	2008		2007
53 Mosquito Abatement	1992	2008		2007
54 (under water agencies)				
55 Riverdale Park	1996	2008		2007
56 Felton Grove	1997	2008		2007
57 (under sanitation)				
58 Ridge Road	2001	2008		2007
59 McGaffigan Mill Road	2002	2008		2007

## **ATTACHMENT E**

Feb 25 2015 Work Program Recommendation

### **--Highest Priority**

- Complete processing of Lompico Reorganization (likely time frame: Feb. – June 2015)
- Assist public in questions about boundary change procedures (Feb. 2015– June 2016)
- Complete eight small districts service and sphere reviews (February – June 2015)
- Process new applications (February 2015 – June 2016)
- Assist Personnel Committee in annual review (February – June 2015)

### **--Second Priority**

- Complete consultations and Commission determination whether to initiate major study (April - August 2015)
- Conduct consultant selection for major study (August – October 2015)
- Assist consultant in major study (October 2015 – June 2016)
- Prepare next set of in-house service and sphere reviews (October 2015 – June 2016)

### **--Third Priority**

- Participate in CALAFCO Training Panels (February – September 2015)
- Update Indemnification Policy (April 2015)
- Update Employment Policy (May 2015 – June 2016)
- Participate with Regional Water Management Forum and water agencies in organizing a regional water forum (January – June 2016)

### **--Beyond June 30, 2016**

- Use in-house staff as time permits, and consultants to complete all service reviews and sphere updates by June 30, 2017.

## ATTACHMENT F

## LAFCO SPREADSHEET

## BUDGET UNIT 702000

EXPENDITURES DESCRIPTION	SUB OBJ.	12-13 BUDGET	12-13 ACTUAL	13-14 BUDGET	13-14 ACTUAL	14-15 BUDGET	14-15 ESTIMATE	15-16 PROPOSED
Regular Pay	3100	\$184,600	\$163,964	\$188,000	\$171,378	\$193,700	\$171,400	\$226,600
Overtime Pay	3105	1,800	-123	2,000	187	2,000	200	2,000
Extra Help	3110	1,800	0	1,000	0	1,000	0	1,000
Sick Leave	3115	3,000	0	3,000	0	3,000	400	2,000
Holiday Pay	3135	7,400	8,281	7,400	8,548	8,500	8,400	8,600
Social Security	3150	13,200	13,214	13,200	13,804	13,500	13,700	14,500
PERS	3155	29,900	28,822	30,000	31,952	33,400	34,400	37,000
Insurances	3160	38,200	33,618	36,200	35,535	37,500	38,700	41,800
Unemployment	3165	400	378	400	350	400	400	400
Workers Comp	3170	700	1,061	700	736	900	1,000	1,000
<b>Salaries Sub.Tot.</b>		<b>\$281,000</b>	<b>\$249,215</b>	<b>\$281,900</b>	<b>\$262,490</b>	<b>\$293,900</b>	<b>\$268,600</b>	<b>\$334,900</b>
Telecom	3240	1,900	1,774	1,800	1,757	1,800	1,800	1,800
Office Equipment	3355	2,200	199	1,000	168	500	200	300
Memberships	3450	3,300	3,183	3,300	3,305	4,000	5,800	4,000
Hardware	3451	800	730	0	0	0	0	1,200
Duplicating	3484	2,400	861	2,400	791	2,400	800	900
PC Software	3489	350	680	800	0	1,100	0	700
Postage	3491	1,600	2,153	1,600	518	2,100	2,900	3,000
Subscriptions	3492	750	601	800	0	800	600	600
Supplies	3493	2,100	1,562	1,100	145	1,600	1,200	1,600
Accounting	3505	1,200	1,068	1,200	1,034	1,100	1,100	1,100
Attorney	3515	142,500	50,540	142,500	8,950	142,500	9,100	150,000
Data Process GIS	3575	8,600	9,244	8,600	14,864	9,300	13,100	13,100
Director Fees	3585	6,000	2,775	6,000	2,890	6,000	3,000	6,000
Surveyor	3590	1,000	0	1,000	0	1,000	0	1,000
Prof. Services	3665	25,000	0	45,000	0	75,000	0	100,000
Legal Notices	3790	1,700	1,105	1,600	1,129	1,700	1,700	1,700
Rents	3810	8,000	7,813	8,000	7,919	8,000	8,300	8,400
Misc. Expenses	3975	6,100	263	3,000	3,013	3,000	5,900	5,900
Books	4110	200	291	300	0	300	100	300
Air Fare	4150	1,800	225	1,800	748	3,000	900	3,000
Training	4154	800	170	800	0	800	0	800
Lodging	4162	3,000	550	3,500	5,199	5,200	1,800	5,200
Meals	4164	400	18	400	0	400	400	400
Mileage	4166	2,000	555	2,000	989	1,000	1,200	1,200
Travel-Other	4168	1,000	92	1,000	66	200	100	200
Registrations	4170	4,100	3,490	4,100	3,967	4,100	2,300	4,000
Principal on Lease	4830	0	878	1,200	981	1,500	1,100	1,100
Interest on Lease	4870	0	398	400	295	400	200	200
<b>Supplies Sub.Tot.</b>		<b>\$228,800</b>	<b>\$91,218</b>	<b>\$245,200</b>	<b>\$58,728</b>	<b>\$278,800</b>	<b>\$63,600</b>	<b>\$317,700</b>
<b>Assets Sub.Tot.</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTAL EXPENDITURES</b>		<b>\$509,800</b>	<b>\$340,433</b>	<b>\$527,100</b>	<b>\$321,218</b>	<b>\$572,700</b>	<b>\$332,200</b>	<b>\$652,600</b>

## ATTACHMENT G

## LAFCO SPREADSHEET

BUDGET UNIT 702000

		12-13 BUDGET	12-13 ACTUAL	13-14 BUDGET	13-14 ACTUAL	14-15 BUDGET	14-15 ESTIMATE	15-16 PROPOSED
REVENUES								
Interest	0430	1,500	1,060	1,000	1,307	1,200	1,900	1,900
Contributions from Other Governmental Agencies	1150	310,300	310,300	367,385	418,274	331,000	280,100	311,500
LAFC Processing Fees	1430	10,000	4,513	5,000	32,794	24,000	97,500	24,000
Medical Charges- Employee	1654	2,400	2,212	2,100	2,221	2,300	2,300	2,300
Copy Charges	2020	500	66	100	1	0	100	100
REVENUES		324,700	318,151	375,585	454,597	358,500	381,900	339,800
Re-budget from Fund Balance		185,100	185,100	151,515	151,515	214,200	214,200	312,800
<b>TOTAL REVENUES</b>		<b>\$509,800</b>	<b>\$503,251</b>	<b>\$527,100</b>	<b>\$606,112</b>	<b>\$572,700</b>	<b>\$596,100</b>	<b>\$652,600</b>

## ATTACHMENT H      NARRATIVE OF LINE ITEMS

### SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION NARRATIVE BUDGET 2015-16

#### SALARIES & BENEFITS

3100    Regular Pay    \$226,600

Executive Officer - The current salary is \$9,634 per month.

Secretary-Clerk - The current salary is \$5,079 per month.

Salary Reserve - The budgeted amount allows for possible adjustments to staff salaries, cash out of administrative leave, and payment of unused leave upon termination of employment. It is budgeted as a lump sum of \$50,050. This lump sum has been substantially increased from last year's budget in order to cover the full amount of the termination liability if one employee were to leave in any given year.

The salaries total:

Executive Officer	\$115,606
Secretary-Clerk	\$60,944
Salary Reserve	\$50,050
Total	\$226,600

3105    Overtime Pay    \$2,000

The Secretary-Clerk works overtime during periods of major projects and night meetings.

3110    Extra Help    \$ 1,000

These funds will be used if needed for temporary clerical assistance during the Secretary-Clerk's absence. Five days, \$200 per day.

3115    Sick Leave    \$2,000

Sick leave is budgeted as a lump sum.

3135    Holiday Pay    \$8,200

Holiday pay is budgeted as a lump sum.

3150    Social Security    \$14,500

This figure is calculated at the rate of 7.65% of each salary.



## ATTACHMENT H      NARRATIVE OF LINE ITEMS

3155    PERS    \$37,000

This amount covers the Commission's contributions to the Public Employees Retirement System. Effective July 1, 2015 the employer's share will increase from 16.493% to 19.154%. The Commission matches the benefit levels provided to comparable County employees.

3160    Employee Insurance    \$41,800

This amount provides for health insurance through PERS and for dental, eye care, life insurance, and limited disability insurance through the County's program. The employees pay part of these costs. The employees' contributions are budgeted as revenue, and reduce the net cost of this benefit to the Commission from the gross amount shown in this line item by approximately \$2,300 in FY 2014-15. The total line item is based upon estimates provided by the vendors and is 8.0% above the estimated FY 2014-15 amount

3165    Unemployment    \$400

This amount is budgeted at the same amount as the estimated FY 2014-15 amount.

3170    Workers' Comp.    \$1,000

The Commission obtains this coverage from the Special District Risk Management Authority. The FY 2015-16 amount is an estimate of SDRMA dues and premiums, net of any credits.

SUBTOTAL SALARIES AND BENEFITS

\$334,900

### SUPPLIES AND SERVICES

3240    Telecom    \$1,800

The telephone cost is calculated at the highest expenditure over the last three years.

3355    Maintenance of Office Equipment    \$200

LAFCO leases a copier. This amount represents the extra copies cost as well as maintenance of other office equipment.

3450    Memberships    \$4,000

This amount provides for membership in the California Associations of LAFCOs and the California Special Districts Association.

## ATTACHMENT H      NARRATIVE OF LINE ITEMS

- 3451    Computer Hardware    \$1,200  
The Executive Officer's computer is due for replacement in FY 15-16. The price is based upon the estimate through the County's Information Services Department purchasing program.
- 3484    Duplicating    \$900  
This amount provides for production photocopying of reports done at the county's duplicating shop or at a local printing shop. It is budgeted at the highest expenditure during the last three years.
- 3489    Software    \$700  
This is budgeted at the highest amount over the last three years.
- 3491    Postage    \$3,000  
This is the cost of mailing public notices and regular correspondence. It is budgeted at the highest expenditure during the last three years.
- 3492    Subscriptions    \$600  
It is budgeted at the highest expenditure during the last three years.
- 3493    Supplies    \$1,600  
It represents office supplies. It is budgeted at the highest expenditure of the last three years.
- 3505    Accounting and Auditing    \$1,100  
This amount is the cost of accounting services from the County Auditor. It includes payroll, vendor payments, and auditing. It is budgeted at the highest expenditure during the last three years.
- 3515    Attorney    \$150,000  
This amount represents routine legal services from County Counsel's office or a private law firm (\$40,000), and a litigation reserve (\$110,000).
- 3575    Data Processing    \$13,100  
The County Information Services Department charges LAFCO with its share of the staffing overhead used to support LAFCO's computers, printers, and access to the County's geographic mapping system, accounting, fiscal, and other data bases. The amount is budgeted at the estimated FY 14-15 costs.

## ATTACHMENT H      NARRATIVE OF LINE ITEMS

3585    Director Fees    \$6,000

This amount is calculated based upon seven commissioners and four alternates being paid a meeting stipend for eleven meetings per year.

3590    Surveyor    \$1,000

This amount covers map checking by the County Surveyor and map prints from the County Public Works Department.

3665    Professional Services    \$100,000

This amount provides for outside assistance when preparing spheres of influence, municipal service reviews, reorganization studies, and other special studies. The Local Government Reorganization Act requires LAFCO to prepare municipal service reviews and update all spheres periodically. Over several years, the Commission has been building up its professional services reserve so that an outside consultant could be used to prepare some municipal service reviews, or prepare a major reorganization study. The recommended amount would increase the professional service reserve by \$25,000 over its balance on June 30, 2015.

3790    Legal Notices    \$1,700

This amount is used to pay for public hearing notices and other legal advertising. It is calculated at the highest expenditure during the last three years.

3810    Rents    \$8,400

The County charges LAFCO rent for its office on the third floor of the Governmental Center. The annual rent is \$7,905 with no additional costs. Additionally, the County charges LAFCO to store LAFCO's old records in the County warehouse and to retrieve them when requested. This amount is calculated at the current year costs.

3975    Miscellaneous Expenses    \$5,900

This sub-object is used for paying web-hosting costs, State Board of Equalization filing fees, and California Department of Fish and Wildlife environmental fees. It is calculated at the highest expenditure over the last three years.

4110    Books    \$300

This entry is used to purchase books and other written materials. The budgeted amount is estimated at the highest cost over the last three years.

## ATTACHMENT H      NARRATIVE OF LINE ITEMS

4150    Airfare    \$3,000

Airfare is used to attend meetings that are in distant locales in California, usually southern California. The budgeted amount is estimated at ten round trip flights at \$300 per trip.

4154    Education and Training    \$800

This represents staff development courses and seminars. It is budget at two classes of \$400 each.

4162    Lodging    \$5,200

Lodging is budgeted to allow Commissioners and staff members to attend training sessions and meetings. It is budgeted as a lump sum.

4164    Meals    \$400

Meals are budgeted as a lump sum.

4166    Mileage    \$1,200

This includes mileage for staff delivery of agendas, other office errands, and allowance for Commissioners and staff to attend conferences, seminars, CALAFCO Board meetings, and other meetings. It is budgeted at the highest expenditure over the last three years.

4168    Travel Other    \$200

These are miscellaneous travel costs such as train fares, bus fares, parking and bridge tolls.

4170    Registrations    \$4,000

Workshop and conference registrations are budgeted to pay for Commissioners and staff members to attend conferences and workshops. It is budgeted at the highest expenditure over the last three years.

4830    Principal on Lease    \$1,100

This amount is the principal on the copier lease.

4470    Interest on Lease    \$200

This amount is the interest on the copier lease.

SUBTOTAL SUPPLIES AND SERVICES    \$317,700

## ATTACHMENT H      NARRATIVE OF LINE ITEMS

### RECAP OF PROPOSED BUDGET:

SALARIES AND BENEFITS	\$334,900
SUPPLIES AND SERVICES	\$317,700
FIXED ASSETS	\$ <u>0</u>
TOTAL	\$652,600

## ATTACHMENT I REVENUES, RE-BUDGETS, AND NEW FUNDING

### RECAP OF PROPOSED BUDGET:

SALARIES AND BENEFITS	\$334,900
SUPPLIES AND SERVICES	\$317,700
FIXED ASSETS	\$ 0
TOTAL	\$652,600

### CALCULATION OF AMOUNT OF NEW FUNDING

#### MAJOR ASSUMPTIONS:

- Maintain litigation reserve
- Continue with service review and sphere update program using available staff time
- Slowly increase the professional services account so that a major municipal service review/sphere study could be prepared by a consultant in FY 2015-16
- Book employee leave liability

TOTAL BUDGET	\$652,600
<u>RE-BUDGET FROM FUND BALANCE</u>	<u>-\$312,800</u>
TOTAL TO BE FUNDED IN FY 2015-16	\$339,800

REVENUE HISTORY	Actual <u>12-13</u>	Actual <u>13-14</u>	YTD <u>2/1/15</u>	Proposed <u>FY 15-16</u>
Application Processing Fee	\$4,513	\$32,794	\$97,470	\$24,000
Interest	\$1,060	\$1,307	\$1,261	\$1,900
Employee Health	\$2,212	\$2,221	\$1,235	\$2,300
<u>Copy Charges</u>	<u>\$66</u>	<u>\$1</u>	<u>\$54</u>	<u>\$100</u>
Total	\$7,851	\$36,323	\$100,020	\$28,300

### CALCULATION OF CONTRIBUTIONS TO BE PAID BY FUNDING AGENCIES:

TOTAL TO BE FUNDED IN FY 2015-16	\$339,800
<u>BUDGETED REVENUES</u>	<u>-\$ 28,300</u>
DUES TO BE PAID BY FUNDING AGENCIES *	\$311,500

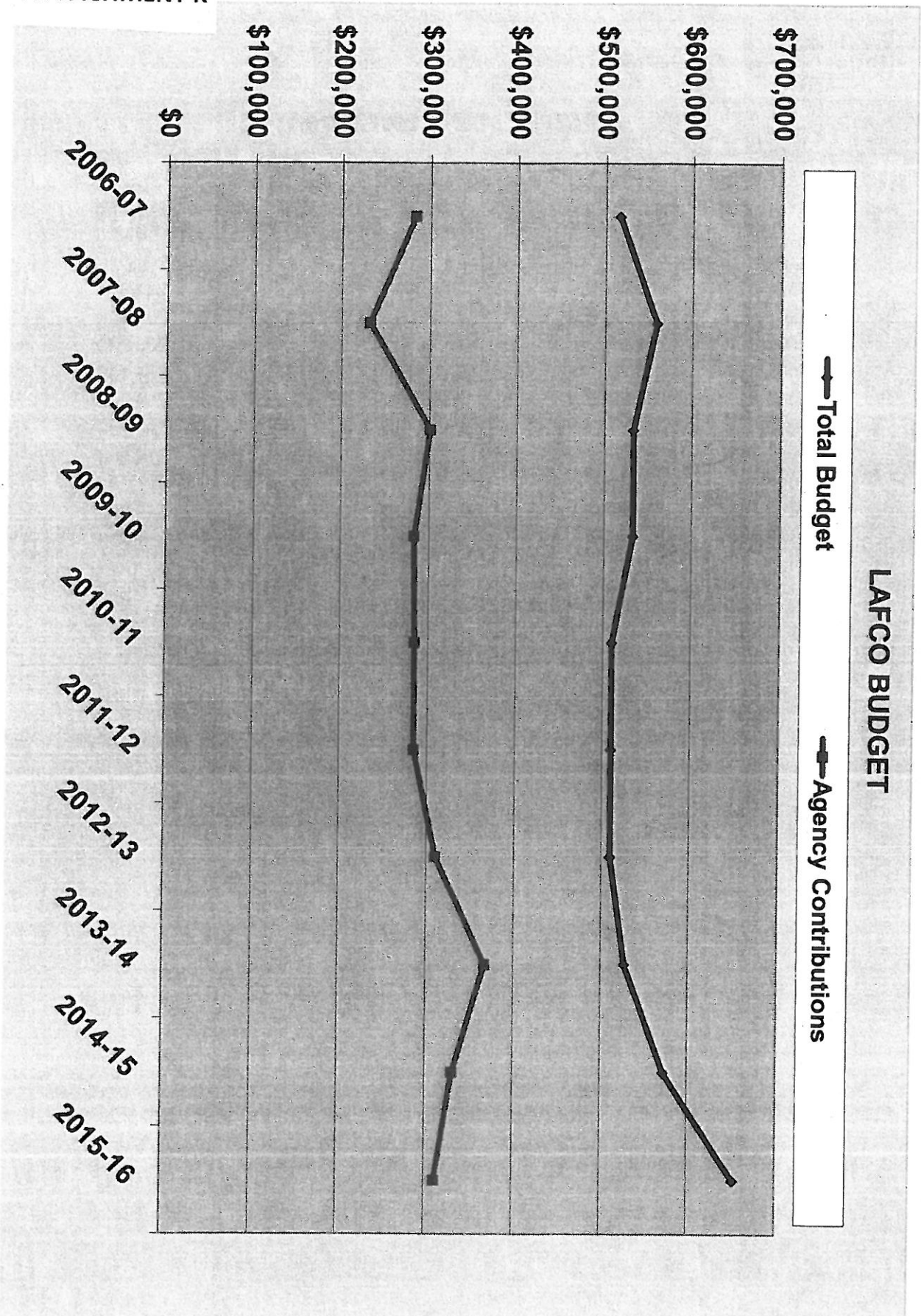
\* Subject to increase by Auditor's charges.

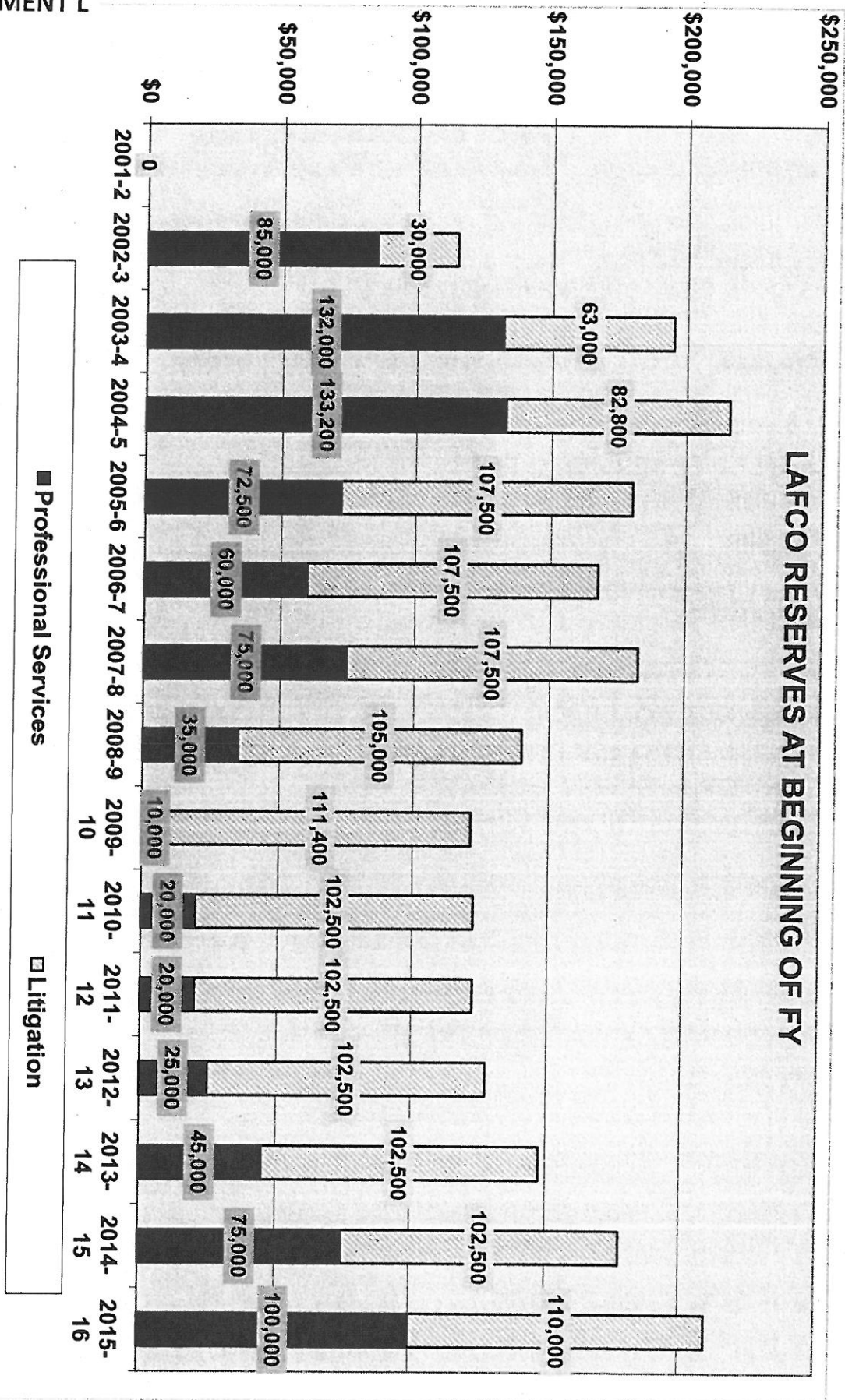


## ATTACHMENT J

### LAFCO BUDGETS 2006-2015

Year	Total LAFCO Budget	New Contributions from Funding Agencies	Refund of Undesignated Reserve	New Funding after Refund
2006-07	536,500	283,000	0	283,000
2007-08	559,600	291,100	59,000	232,100
2008-09	533,000	300,900	0	300,900
2009-10	533,000	300,900	17,737	283,163
2010-11	509,800	284,700	0	284,700
2011-12	509,800	284,700	0	284,700
2012-13	509,800	310,300	0	310,300
2013-14	527,100	367,385	0	367,385
2014-15	572,700	341,000	0	341,000
2015-16	652,600	311,500	0	311,500







## STATUS OF PROPOSALS as of February 25, 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

<u>LAFCO HEARINGS</u>	<u>DATE</u>	<u>STATUS</u>
None		

<u>LAFCO HEARINGS COMPLETE</u>	<u>DATE</u>	<u>STATUS</u>
PIPPIN APARTMENTS / 56 ATKINSON LANE EXTRATERRITORIAL SEWER and WATER SERVICES FROM CITY OF WATSONVILLE	5/7/14	Approved, Not Yet Connected
LOMPICO REORGANIZATION LAFCO No. 953	8/6/14	Bond Election Conducted 2/24/15
WEST ZAYANTE / BUTLER ANNEXATION to SAN LORENZO VALLEY WATER DISTRICT LAFCO No. 955	1/7/15	Approved




## Legislative Report for March 4, 2015 Agenda

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*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 no positions at this time.*

*Submitted by: Patrick McCormick, Executive Officer* 

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The Legislature re-convened on January 5, 2015. February 27<sup>th</sup> is the last day for bills to be introduced. In order for bills to keep moving, they have to clear the policy committee in the house of origin no later than May 15<sup>th</sup>. The web site for bill information is <http://leginfo.legislature.ca.gov/> .

The LAFCO staff has identified eight bills of interest to LAFCO. These are listed on the attached tracking sheet. Since it is early in the session, many of the bills are spot bills and do not have any substantive language in them yet.

AB 402 (Dodd) would amend the extraterritorial services law so that LAFCO could authorize services outside an agency's sphere of influence to address health and safety issues if LAFCO could make three findings. A copy of the bill is attached. Over the last four years, CALAFCO has extensively studied potential amendments to the extraterritorial services law (Government Code Section 56133). CALAFCO has twice decided not to proceed with sponsoring a bill. CALAFCO is not sponsoring this bill. Mr. Dodd, before being elected to the Assembly, was a county member of Napa LAFCO.

SB 239 (Hertzberg), currently a spot bill, should be monitored since its subject is extraterritorial fire protection services.

CALAFCO is preparing a series of technical amendments for inclusion in an omnibus bill, and is preparing to sponsor a bill that would revise the laws concerning disincorporation of cities. These laws are antiquated, but the likelihood is high that one or more city disincorporations will be proposed. 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:**

--Text of AB 402

--Text of SB 239

**LAFCO BILL TRACKING**  
**FEBRUARY 20, 2015**

BILL	AUTHOR	SUMMARY	STATUS
<b>ASSEMBLY BILLS</b>			
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.	At Assembly Desk
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 specify LAFCO's authority to approve new extraterritorial services outside cities' and districts' spheres of influence. This bill is not being sponsored by CALAFCO.	At Assembly Desk
BILL	AUTHOR	SUMMARY	STATUS



LAFCO BILL TRACKING  
FEBRUARY 20, 2015

SENATE BILLS

SB 25	Roth	<i>Vehicle License Fees</i> 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.	At Senate Gov. and Finance Committee
SB 184	Gov. and Fin. Com.	<i>Local Government Ominbus Bill</i> This bill would allow make a series of technical, non-substantive changes to the local government laws, including the LAFCO law.	At Senate Rules Committee
SB 239	Hertzberg	<i>Extraterritorial Fire Protection Sevices</i> This bill is a spot bill involving extraterritorial fire protection services. The sponsor is the California Professional Firefighters Association.	At Senate Desk
SB 272	Hertzberg	<i>Public Records Act</i> This bill would require each agency to conduct an inventory of Public Records Act requests.	At Senate Rules Committee

**ASSEMBLY BILL**

**No. 402**

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**Introduced by Assembly Member Dodd**

February 19, 2015

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An act to amend Section 56133 of the Government Code, relating to local agency formation.

LEGISLATIVE COUNSEL'S DIGEST

AB 402, as introduced, Dodd. Local agency services: contracts.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 governs the procedures for the formation and change of organization of cities and special districts. Existing law permits a city or district to provide extended services, as defined, outside its jurisdictional boundaries only if it first requests and receives written approval from the local agency formation commission in the affected county. Under existing law, the commission may authorize a city or district to provide new or extended services outside both its jurisdictional boundaries and its sphere of influence under specified circumstances, including when responding to an impending threat to the public health or safety of the residents in the affected territory where specified requirements are met.

This bill would additionally allow a commission to authorize a city or district to provide new or extended services outside its jurisdictional boundaries to support existing or planned uses involving public or private properties, subject to approval at a publicly noticed hearing where the commission makes specified determinations. The bill would also authorize the commission to delegate to its executive officer review and approval of requests to provide new or extended services outside a city or district's boundary that are made in anticipation of a later

change of organization, or to respond to an existing or impending threat to the public health or safety of the residents of the affected territory. The bill would also make technical and conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 56133 of the Government Code is  
2 amended to read:

3 56133. (a) A city or district may, *as described in this section,*  
4 provide new or extended services by contract or agreement outside  
5 its jurisdictional ~~boundaries~~ *boundary* only if it first requests and  
6 receives written approval from the ~~commission in the affected~~  
7 ~~county~~ *commission. The commission may delegate review and*  
8 *approval of requests made pursuant to subdivision (b) and*  
9 *paragraph (1) of subdivision (c) to the executive officer.*

10 (b) The commission may authorize a city or district to provide  
11 new or extended services outside its jurisdictional ~~boundaries~~  
12 *boundary* but within its sphere of influence in anticipation of a  
13 later change of organization.

14 (c) ~~The~~ *If consistent with adopted policy, the* commission may  
15 authorize a city or district to provide new or extended services  
16 outside its jurisdictional ~~boundaries~~ *boundary* and outside its sphere  
17 of influence ~~to respond to an existing or impending threat to the~~  
18 ~~public health or safety of the residents of the affected territory if~~  
19 ~~both of the following requirements are met: to do either of the~~  
20 *following:*

21 *(1) Respond to an existing or impending threat to the public*  
22 *health or safety of the residents of the affected territory, if both of*  
23 *the following requirements are met:*

24 *(1)*

25 *(A) The entity applying for the contract approval has provided*  
26 *the commission with documentation of a threat to the health and*  
27 *safety of the public or the affected residents.*

28 *(2)*

29 *(B) The commission has notified any alternate service provider,*  
30 *including any water corporation as defined in Section 241 of the*  
31 *Public Utilities Code, or sewer system corporation as defined in*

1 ~~Section 230.6 of the Public Utilities Code~~, that has filed a map and  
2 a statement of its service capabilities with the commission.

3 (2) *Support existing or planned uses involving public or private*  
4 *properties, subject to approval at a noticed public hearing in which*  
5 *the commission makes all of the following determinations:*

6 (A) *The extension of service of services deficiency was identified*  
7 *and evaluated in a review of municipal services prepared pursuant*  
8 *to Section 56430.*

9 (B) *The extension of service will not result in adverse impacts*  
10 *on open space or agricultural lands, or have growth inducing*  
11 *impacts.*

12 (C) *A later change of organization involving the subject territory*  
13 *and its affected agency is not feasible or desirable based on the*  
14 *adopted policies of the commission.*

15 (d) The executive officer, within 30 days of receipt of a request  
16 for approval by a city or district ~~of a contract~~ to extend services  
17 outside its jurisdictional boundary, shall determine whether the  
18 request is complete and acceptable for filing or whether the request  
19 is incomplete. If a request is determined not to be complete, the  
20 executive officer shall immediately transmit that determination to  
21 the requester, specifying those parts of the request that are  
22 incomplete and the manner in which they can be made complete.  
23 When the request is deemed complete, the executive officer shall  
24 place the request on the agenda of the next commission meeting  
25 for which adequate notice can be given but not more than 90 days  
26 from the date that the request is deemed complete, unless the  
27 commission has delegated approval of ~~those~~ requests *made*  
28 *pursuant to this section* to the executive officer. The commission  
29 or executive officer shall approve, disapprove, or approve with  
30 conditions the ~~contract for~~ extended services. If the ~~contract is new~~  
31 *or extended services* are disapproved or approved with conditions,  
32 the applicant may request reconsideration, citing the reasons for  
33 reconsideration.

34 (e) This section does not apply to ~~contracts or agreements solely~~  
35 ~~involving~~ two or more public agencies where *the commission*  
36 *determines that* the public service to be provided is an alternative  
37 to, or substitute for, public services already being provided by an  
38 existing public service provider and where the level of service to  
39 be provided is consistent with the level of service contemplated  
40 by the existing service provider. ~~This~~

1     (f) *This section does not apply to ~~contracts for~~ the transfer of*  
2     nonpotable or nontreated water. ~~This~~

3     (g) *This section does not apply to ~~contracts or agreements solely~~*  
4     ~~involving~~ the provision of surplus water to agricultural lands and  
5     facilities, including, but not limited to, incidental residential  
6     structures, for projects that serve conservation purposes or that  
7     directly support agricultural industries. However, prior to extending  
8     surplus water service to any project that will support or induce  
9     development, the city or district shall first request and receive  
10    written approval from the commission in the affected county. ~~This~~

11    (h) *This section does not apply to an extended service that a city*  
12    or district was providing on or before January 1, 2001. ~~This~~

13    (i) *This section does not apply to a local publicly owned electric*  
14    utility, as defined by Section 9604 of the Public Utilities Code,  
15    providing electric services that do not involve the acquisition,  
16    construction, or installation of electric distribution facilities by the  
17    local publicly owned electric utility, outside of the utility's  
18    ~~jurisdictional boundaries; boundary.~~

19    (j) *This section applies only to the commission of the county in*  
20    *which the extension of service is proposed.*

**Introduced by Senator Hertzberg**February 17, 2015

---

An act to amend Section 56133 of the Government Code, relating to local government.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 239, as introduced, Hertzberg. Cities and districts: extended services.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 authorizes a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundaries if the city or district requests and receives permission to do so from the local agency formation commission in the affected county. Existing law authorizes the commission to authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization, or outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory, under specified circumstances. Existing law requires the executive officer of the local agency formation commission, within 30 days of receipt of a request for approval by a city or district of a contract to extend services outside its jurisdictional boundary, to determine whether the request is complete and acceptable for filing, as specified.

This bill would extend the period within which the executive officer is required to make that determination to 45 days.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.



*The people of the State of California do enact as follows:*

1 SECTION 1. Section 56133 of the Government Code is  
2 amended to read:

3 56133. (a) A city or district may provide new or extended  
4 services by contract or agreement outside its jurisdictional  
5 boundaries only if it first requests and receives written approval  
6 from the commission in the affected county.

7 (b) The commission may authorize a city or district to provide  
8 new or extended services outside its jurisdictional boundaries but  
9 within its sphere of influence in anticipation of a later change of  
10 organization.

11 (c) The commission may authorize a city or district to provide  
12 new or extended services outside its jurisdictional boundaries and  
13 outside its sphere of influence to respond to an existing or  
14 impending threat to the public health or safety of the residents of  
15 the affected territory if both of the following requirements are met:

16 (1) The entity applying for the contract approval has provided  
17 the commission with documentation of a threat to the health and  
18 safety of the public or the affected residents.

19 (2) The commission has notified any alternate service provider,  
20 including any water corporation as defined in Section 241 of the  
21 Public Utilities Code, or sewer system corporation as defined in  
22 Section 230.6 of the Public Utilities Code, that has filed a map and  
23 a statement of its service capabilities with the commission.

24 (d) The executive officer, within ~~30~~ 45 days of receipt of a  
25 request for approval by a city or district of a contract to extend  
26 services outside its jurisdictional boundary, shall determine whether  
27 the request is complete and acceptable for filing or whether the  
28 request is incomplete. If a request is determined not to be complete,  
29 the executive officer shall immediately transmit that determination  
30 to the requester, specifying those parts of the request that are  
31 incomplete and the manner in which they can be made complete.  
32 When the request is deemed complete, the executive officer shall  
33 place the request on the agenda of the next commission meeting  
34 for which adequate notice can be given but not more than 90 days  
35 from the date that the request is deemed complete, unless the  
36 commission has delegated approval of those requests to the  
37 executive officer. The commission or executive officer shall  
38 approve, disapprove, or approve with conditions the contract for

1 extended services. If the contract is disapproved or approved with  
2 conditions, the applicant may request reconsideration, citing the  
3 reasons for reconsideration.

4 (e) This section does not apply to contracts or agreements solely  
5 involving two or more public agencies where the public service  
6 to be provided is an alternative to, or substitute for, public services  
7 already being provided by an existing public service provider and  
8 where the level of service to be provided is consistent with the  
9 level of service contemplated by the existing service provider. This  
10 section does not apply to contracts for the transfer of nonpotable  
11 or nontreated water. This section does not apply to contracts or  
12 agreements solely involving the provision of surplus water to  
13 agricultural lands and facilities, including, but not limited to,  
14 incidental residential structures, for projects that serve conservation  
15 purposes or that directly support agricultural industries. However,  
16 prior to extending surplus water service to any project that will  
17 support or induce development, the city or district shall first request  
18 and receive written approval from the commission in the affected  
19 county. This section does not apply to an extended service that a  
20 city or district was providing on or before January 1, 2001. This  
21 section does not apply to a local publicly owned electric utility,  
22 as defined by Section 9604 of the Public Utilities Code, providing  
23 electric services that do not involve the acquisition, construction,  
24 or installation of electric distribution facilities by the local publicly  
25 owned electric utility, outside of the utility's jurisdictional  
26 boundaries.

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## SPECIAL DISTRICT MEMBER ON LAFCO

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*Summary: The independent special districts are conducting an election for the special district position which Jim Rapoza held.*

*Staff Recommendation: Receive oral report.*

*Submitted by: Patrick McCormick, Executive Officer* 

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The Independent Special District Selection Committee is conducting an election to fill the LAFCO Commissioner term formerly held by Jim Rapoza. Under the committee's rules, the candidates must come from districts other than the type of district that has a LAFCO representative currently in mid-term, which is Jim Anderson of the Felton Fire Protection District. The candidates are:

- Edward Banks (Pajaro Valley Cemetery District)
- Reed Geisreiter (Santa Cruz Port District)
- Eric Hammer (San Lorenzo Valley Water District)
- Thomas LaHue (Soquel Creek Water District)
- Robert Marani (Central Water District).

In order to be elected, a candidate must receive a majority of votes casts. If no one receives a majority, there will be a runoff involving the candidates who receive the two highest vote counts. The election is being conducted via mail. The LAFCO staff will open the ballots at 10:00 a.m. on Tuesday, March 3, 2015.

This is an informational item. The Commission has no role in the election process. The staff will report orally at the March 4<sup>th</sup> meeting the result of the vote.



## Appointment of Personnel Committee

Date: February 23, 2015 for March 4<sup>th</sup> Agenda

To: LAFCO Commissioners

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

Subject: Personnel Committee

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*Summary: The Commission's Personnel Policy provide that a Personnel Committee review the Executive Officer's performance and recommend any changes in compensation for both employees.*

*Staff Recommendation: It is recommended that the Chairperson appoint a Personnel Committee.*

*Submitted by: Patrick McCormick, Executive Officer*

---

The Commission utilizes a Personnel Committee to lead the review of the Executive Officer's performance and to recommend any changes to the compensation provided to both employees.

The 2012-13 Personnel Committee members were Don Lane and Jim Anderson.

Under the Commission's rules, committees are appointed by the Chairperson and are subject to the approval of the Commission as a whole.

It is RECOMMENDED that the Chairperson appoint a Personnel Committee for 2015.

Attachment: Personnel Policy



## SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION

### PERSONNEL POLICY

Adopted June 7, 2000

Revised January 9, 2008

1. Personnel evaluations of the Executive Officer will be made at least annually by the Commission. To assist in this process, in February of each year, the Executive Officer will submit to the Commission a report documenting his or her accomplishments for the prior year and his or her goals for the upcoming year. This report, and any other pertinent information, will be reviewed by the Personnel Committee and forwarded to the Commission with its recommendation.
2. Personnel evaluations of the Executive Officer will be made annually by the Commission at the April meeting.
3. Personnel evaluations of staff personnel other than the Executive Officer will be made by the Executive Officer.
4. The Personnel Committee will include its annual report on staff salaries and benefits on the agenda of the May meeting.
5. At the June meeting, the Commission will consider a salary adjustment for staff to bring staff salaries into alignment with other comparable positions. This review may include a report by a personnel consultant when indicated.
6. Personnel Committee membership should include the Chair and should change at least every two years.

Special District Risk  
Management Authority  
  
Maximizing Protection.  
Minimizing Risk.

1112 I Street, Suite 300  
Sacramento, California 95814-2865  
T 916.231.4141  
T 800.537.7790  
F 916.231.4111  
www.sdrma.org



## Notification of Nominations – 2015 Election SDRMA Board of Directors

January 23, 2015

Mr. Jim Anderson  
Chairperson  
Santa Cruz Local Agency Formation Commission  
701 Ocean Street, Room 318-D  
Santa Cruz, California 95060-4027



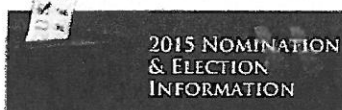
Dear Mr. Anderson:

Notice of Nominations for the Special District Risk Management Authority (SDRMA) Board of Directors 2015 Election is being provided in accordance with the SDRMA Sixth Amended and Restated Joint Powers Agreement. The following nomination information is enclosed: Nomination Packet Checklist, Board of Director Fact Sheet, Nomination/Election Schedule, SDRMA Election Policy No. 2015-01, Sample Resolution for Candidate Nomination and Candidate Statement of Qualifications.

General Election Information - Three (3) Directors seats are up for election. The nomination filing deadline is Friday, May 1, 2015. Ballots will be mailed to all SDRMA member agencies in mid-May. Mail-in ballots will be due Tuesday, August 25, 2015.

Nominee Qualifications - Nominees must be a member or the agency's governing body or full-time management employee (see SDRMA Election Policy 2015-01, Section 4.1) and be an active member agency of **both** SDRMA's property/liability and workers' compensation programs. Candidates must be nominated by resolution of their member agency's governing body and complete and submit a "Statement of Qualifications".

Nomination Documents and Information - Nomination documents (Nominating Resolution and Candidates Statement of Qualifications) and nomination guideline information may also be obtained on SDRMA's website at [www.sdrma.org](http://www.sdrma.org). To obtain documents electronically:



*From the SDRMA homepage, click on the "2015 Nomination & Election Information" button. All necessary nomination documents and election information may be downloaded and printed.*

Term of Office – Directors are elected to 4-year terms. The term of office for the newly elected Directors will begin January 1, 2016 and expire December 31, 2019.

Nomination Filing Deadline – Nomination documents **must be received in SDRMA's office no later than 5:00 P.M. on Friday, May 1, 2015.**

Please do not hesitate to contact SDRMA Chief Operating Officer Paul Frydendal at 800.537.7790, if you have any questions regarding the 2015 SDRMA Board of Director Nominations or the election process.

Sincerely,  
Special District Risk Management Authority

  
Gregory S. Hall, ARM  
Chief Executive Officer



## SDRMA BOARD OF DIRECTORS ROLE AND RESPONSIBILITIES

Special District Risk Management Authority (SDRMA) is a public entity Joint Powers Authority established to provide cost-effective property/liability, worker's compensation, health benefit coverages and comprehensive risk management programs for special districts and other public agencies and providers of municipal services throughout California. SDRMA is governed by a Board of Directors elected from the membership by the programs' members.

Number of Board Members	7-Board Members: SDRMA Board of Directors consists of seven Board Members, who are elected at-large from members participating in either program.
Board of Directors' Role	SDRMA Board of Directors provide effective governance by supporting a unified vision, and ensuring accountability, <i>setting direction based on SDRMA's mission and purpose, as well as establishing and approving policy to ensure SDRMA meets its obligations and commitment to its members.</i>
Board of Directors' Responsibilities	<i>Board Member responsibilities include a commitment to: serve as a part of a unified governance body; govern within Board of Directors' policies, standards and ethics; commit the time and energy to be effective; represent and make policy decisions for the benefit, and in the best interest, of all SDRMA members; support collective decisions; communicate as a cohesive Board of Directors with a common vision and voice; and operate with the highest standards of integrity and trust.</i>
Three (3) Seats For this Election	3-Seats: Elections for Directors are staggered and held every two years, four seats during one election and three seats in the following election. Three seats are up for election this year.
Term of Directors	4-Year Terms: Directors are elected for 4-year terms. Terms for directors elected this election begin January 1, 2016 and end on December 31, 2019.
Board Member Travel Reimbursement	Board Members are reimbursed for reasonable travel and lodging in accordance with SDRMA Board Policy Manual 2014-06 and applicable laws and are allowed to claim a stipend of \$100 per meeting day.
Number of Meetings per Year	8-Board Meetings Annually: Generally not more than one meeting per month, with an average of eight board meetings per year.
Meeting Location	SDRMA office in Sacramento, California.
Meeting Dates	Typically the first Wednesday afternoon and Thursday morning of the month.
Meeting Starting Times	4:00 p.m. and 8:00 a.m.: Meetings are from 4:00 p.m. on Wednesday afternoon until 5:30 p.m. and Thursday from 8:00 a.m. to noon.
Meeting Length	6 - 8 hours: Length of meetings on average.
Average Time Commitment	15 - 20 hours: Commitment per month.

*"The mission of Special District Risk Management Authority is to provide renewable, efficiently priced risk financing and risk management services through a financially sound pool to CSDA member districts, delivered in a timely, cost efficient manner, responsive to the needs of the districts."*  
Special District Risk Management Authority | A Property/Liability, Workers' Compensation and Health Benefits Program



GIANG T. NGUYEN  
HEALTH SERVICES AGENCY DIRECTOR

# County of Santa Cruz

## HEALTH SERVICES AGENCY

POST OFFICE BOX 962, 1080 EMELINE AVENUE, SANTA CRUZ, CA 95060  
TELEPHONE: (831) 454-4000 FAX: (831) 454-4770

AGENDA: January 27, 2015

January 15, 2015

BOARD OF SUPERVISORS  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

**SUBJECT: County Water Resources Management Status Report for 2014**

Dear Members of the Board:

The Health Services Agency (HSA) Environmental Health Services Division requests that your Board accept and file the 2014 status report on County water resources management. This report highlights major drought response efforts, sustainable groundwater management, Integrated Regional Water Management (IRWM), and restoration of coho salmon and steelhead habitat. Additional attached information provides a summary of all water resource management efforts related to water supply, water conservation, water quality protection, habitat restoration, stormwater management, and flood management in the IRWM regions of Santa Cruz and Pajaro (Attachment 1).

### Drought Response and Water Supply Planning

2014 was the third year of a critical drought in California. In 2014, Santa Cruz County was federally classified at 'Exceptional' drought level 5 of 5, and in 2015, is currently at 'Extreme' drought level 4. Federal drought classifications are determined by the U.S. Drought Monitor, sponsored by the National Oceanic and Atmospheric Administration (NOAA), and the U.S. Department of Agriculture. Such high levels of drought have resulted in impacts such as reducing streamflow in the San Lorenzo River, one of the primary municipal water sources within the county, to a 77-year low.

All large public water systems in the County implemented water rationing, use restrictions, and/or conservation programs in 2014 to address the impacts of the drought. Santa Cruz County had some of the highest levels of water use reduction in the state, with decreases of 28% in the Santa Cruz City service area, and 20-27% in other jurisdictions (Attachment 2). The County also adopted emergency measures to limit excessive outdoor watering. County staff responded to reports and observations of excessive or unpermitted water use and sent out 14 notices to water users and stream diverters to reduce use. Most of the public small water systems under County jurisdiction fared relatively well, with only one system needing to import water and three systems experiencing water quality issues. All of these systems were dependent on surface water. Lompico County Water District was in danger of complete water loss and received emergency drought funding to complete an emergency intertie to San Lorenzo Valley Water District. In 2014, the intertie was used twice.

In addition to current drought, Santa Cruz County continues to face water supply shortfalls during normal years as well as future droughts. All of the County's major water agencies are continuing to explore future water supply options, as described in Attachment 1.

### **Sustainable Groundwater Management**

State adoption in September 2014 of the Sustainable Groundwater Management Act (Act) provides authority and responsibility to manage groundwater uses and supplies to eliminate adverse effects of overdraft. Provisions of the Act, effective January 1, 2015, will empower and enhance local management efforts already underway in Santa Cruz County to manage the three major overdrafted groundwater basins: Soquel-Aptos, Santa Margarita/Scotts Valley, and Pajaro. Key provisions of the Act include:

- Formation of local Groundwater Sustainability Agencies (GSAs) by June 30, 2017. GSAs can be single agencies or Joint Powers Authorities. In the absence of an agency coming forward, the county would become a GSA.
- Development of a Groundwater Sustainability Plan (GSP) by January 31, 2022 for medium and high priority basins, and by January 31, 2020, for critically overdrafted basins.
- Twenty years after adoption of the GSP, the basin must achieve sustainability through implementation of the GSP and use of the tools provided by the Act, including the authority to determine the sustainable yield of the basin, measure and limit extraction, impose fees for groundwater management, and enforce the terms of the GSP.
- Sustainable groundwater management is defined in the Act as use of groundwater without causing undesirable results such as lowering groundwater levels, reducing storage, seawater intrusion, water quality degradation, land subsidence, or streamflow depletion.
- If local agencies fail to act, then the state will act to achieve groundwater sustainability.

The Pajaro groundwater basin is the only one in the County designated as critically overdrafted. This basin is already subject to a higher level of management through the powers conferred on the Pajaro Valley Water Management Agency (PVWMA) through its creating legislation in 1984. The PVWMA Board adopted an updated Basin Management Plan (BMP) in 2014 and is now seeking approval to charge the water use fees necessary to fund full implementation of the BMP. The PVWMA is already specifically designated as a GSA under the Act.

Most of the Soquel-Aptos groundwater basin is designated as medium or high priority for management, given its serious levels of overdraft, depressed groundwater levels, seawater intrusion, and streamflow depletion. The Soquel Creek Water District (SqCWD) and Central Water District (CWD) have already developed a groundwater management plan and are implementing it through the Basin Implementation Group (BIG) established by a Joint exercise of Powers Agreement. In order to comply with the new Act, these efforts will need to be strengthened significantly and expanded outside the boundaries of the water districts. A number of efforts are already underway to improve management of the Soquel-Aptos basin:

- SqCWD and CWD invited the County, the City of Santa Cruz Water Department, and PVWMA to participate in the BIG. On August 19, 2014, your Board accepted that invitation and designated the County's First and Second District Supervisors to work with SqCWD to expand the scope of the BIG. The City has also agreed to participate. Your Board previously approved County participation in the Soquel-Aptos Groundwater Authority on September 27, 2005, providing further basis for organizing a groundwater management program.
- Discussions are currently underway regarding the best approach for building on current efforts to implement the Sustainable Groundwater Management Act. There is some consideration to having the County assume the lead in developing the approach, given that the County is the only agency that has authority over the full geographic extent of this basin. It is anticipated that all participating agencies would contribute to the costs of the effort. There is also some consideration for forming one large Groundwater Sustainability Agency to encompass all of the

participating agencies would contribute to the costs of the effort. There is also some consideration for forming one large Groundwater Sustainability Agency to encompass all of the north county groundwater basins, excluding the Pajaro basin.

- The County, SqCWD and CWD have held a series of meetings for private groundwater users, small water systems, and other interested stakeholders in the Soquel-Aptos groundwater basin, to discuss basin management issues and engage non-municipal pumpers in long term management of the basin. Discussions are currently underway about the best mechanism to formalize ongoing stakeholder participation in the next steps for development and implementation of the GSP.
- The water districts have initiated the development of a groundwater model to better guide management of the basin. It is anticipated that this will be a two year process and that all agencies, including the County, will contribute financially. HSA's staff is particularly interested in modeling the effects of groundwater depletion on streamflow, and better assessing the effects of inland pumping on depleted groundwater levels along the coast. Staff will return to your Board for consultation once the scope of work and costs are better defined.
- HSA staff continues to monitor stream diversions, measure streamflow, measure groundwater levels in private wells, and work with small water systems in the Soquel-Aptos groundwater basin. Estimates of the amount of private water extraction will also be reviewed.

There is an ongoing history of groundwater management in the Scotts Valley/Santa Margarita groundwater basin that extends from Scotts Valley to Boulder Creek and serves the Scotts Valley Water District, San Lorenzo Valley Water District, Lompico County Water District, Mt. Hermon Association, and a number of small water systems and individual users. The groundwater basin also helps to sustain baseflow in the San Lorenzo River, which is the primary supply for the City of Santa Cruz. Discussions about ongoing basin management occur among staff and elected officials at biannual meetings of the Santa Margarita Basin Advisory Committee. Discussions are just beginning regarding the process for strengthening current efforts to meet the goals of the Sustainable Groundwater Management Act. HSA will report to your Board as further recommendations are developed

### **Integrated Regional Water Management**

Integrated Regional Water Management (IRWM) continues to be a key program at the local and state level to promote a coordinated approach to the range of water resource issues. This program has helped to further bolster the County's long-standing watershed management approach, bringing together water agencies, resource protection agencies, and other stakeholders to address water supply, habitat protection, water quality protection, flooding, groundwater recharge, stormwater management, and wastewater management in an integrated and comprehensive manner. County staff have been actively engaged in IRWM programs, locally and at the state level, for the regions of northern Santa Cruz County, the Pajaro Watershed, the general Central Coast area, and state-wide.

Updated IRWM plans for both the Santa Cruz and the Pajaro regions were completed in 2014. Both regions have received state grants to implement a range of programs. There will be some additional IRWM grant funds available through Proposition 84, and a significant amount of new funding will be available through Proposition 1. These regions are also making use of the IRWM approach to provide coordination of projects for emergency interties, stormwater management, and possibly groundwater management. These efforts are described further in Attachment 1.

### **Steelhead and Coho Salmon Recovery Strategy**

The County of Santa Cruz has a long history of implementing programs and projects that benefit



local steelhead and coho salmon fish populations. Since steelhead and coho salmon were listed under the federal Endangered Species Act, the County has actively participated in the development of the federal plans that provide a blueprint for species recovery. Now that the Fisheries division of NOAA has completed its recovery plans for steelhead and coho salmon within Santa Cruz County, HSA believes the timing is right to identify high priority actions that the County can implement as a recovery partner.

NOAA's Coho Salmon Recovery Plan (Coho Plan) addresses six watersheds including Waddell, Scott, San Vicente, San Lorenzo, Soquel, and Aptos, and identifies specific recovery goals, prioritized as 1, 2 or 3, for each watershed. HSA's Water Resources staff has evaluated the Priority 1 actions from the Coho Plan and integrated them with NOAA's recovery plans for South-Central Steelhead and Central Coast Steelhead (Draft Plan). While there are somewhat different priorities for steelhead and coho salmon, many of the goals and actions for the two species are the same.

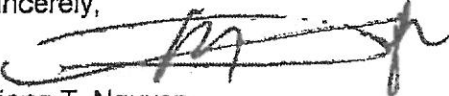
By integrating the NOAA plans, HSA's Water Resources staff has developed a Draft Steelhead and Coho Salmon Conservation Strategy (Draft Strategy) that identifies 20 high priority actions which the County could take or continue in order to improve habitat for steelhead and coho salmon. These actions are planned for the next four years through 2018. Most of the actions can be accomplished within current work programs and budgets, but some may require more focused efforts or grant assistance. The Draft Strategy plan includes 12 well established programs and policies that were identified as high priority actions in NOAA's recovery plans. The Draft Strategy is currently being reviewed by affected County departments, and the County's Fish and Game Advisory Commission and Water Advisory Commission. Staff is also consulting with various local agencies to assemble a comprehensive collaborative approach to coho and steelhead habitat restoration within the County. HSA anticipates bringing a report on these activities to your Board in mid 2015.

### Conclusion and Recommendation

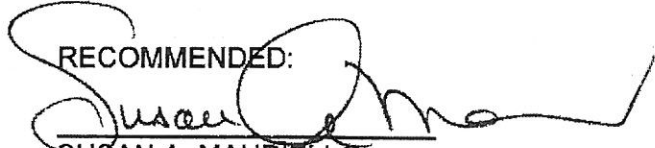
HSA staff is working closely with partner agencies to provide a comprehensive and integrated approach to county-wide water resources management, resulting in a substantial number of collaborative projects to address significant water resources issues.

It is, therefore, **RECOMMENDED** that your Board accept and file the 2014 status report on County water resources management and direct the Health Services Agency to provide its next annual status report in January 2016.

Sincerely,

  
Giang T. Nguyen  
Health Services Agency Director

**RECOMMENDED:**

  
SUSAN A. MAURIELLO  
County Administrative Officer

Attachments: 1. 2014 Status Report of Water Resource Management Efforts in Santa Cruz County  
2. Water Use Restrictions and Savings in Santa Cruz County, 2014

Cc: Public Works Department  
Planning Department  
Water Advisory Commission  
LAFCO  
Water Agencies: SCWD, LCWD, SVWD, SqCWD, CWD, PWWMA

## 2014 Status Report of Water Resource Management Efforts in Santa Cruz County

Santa Cruz County continues to address major water resource challenges. Most of the County's groundwater basins are being pumped in excess of sustainable yield and the major water supply agencies do not have sufficient supplies to meet current and future demand. Historic salmon and steelhead populations have been greatly diminished by reductions in streamflow, increased erosion and sedimentation, barriers to migration, and removal of large woody material from streams. Coastal water quality has been degraded by urban runoff and leaky sewer systems. The natural benefits of wetlands, floodplains, riparian corridors, and groundwater recharge areas have been significantly diminished by land development and agricultural use. The County and its partner agencies are conducting a range of efforts to address these and other water resource challenges.

Following is a summary of 7 topic areas of 2014 water resource management:

- A. Drought Response
- B. Water Supply and Conservation
- C. Water Quality
- D. Watershed and Aquatic Habitat
- E. Stormwater and Flood Management Integrated Regional Water Management (IRWM) – Santa Cruz Region
- F. IRWM- Pajaro Region

### **A. Drought Response**

1. 2014 was the third year of a critical drought in California, with Santa Cruz County in the majority of the state that was designated as subject to exceptional drought. Streamflow in the San Lorenzo River, the primary water source of Santa Cruz, reached the lowest levels reported in 77 years of monitoring.
2. Following the rains of December 2014, the state of drought in Santa Cruz County has only abated one level, and is still considered to be extreme drought, according to the U.S. Drought Monitor.
3. All large public water systems in the county implemented water rationing, use restrictions, and/or conservation programs in 2014 to address the impacts of the drought. Santa Cruz saw some of the highest levels of water use reduction in the state, with reductions of 28% in Santa Cruz City, and 20-27% in other jurisdictions.
4. The County adopted emergency measures to limit excessive outside watering. County staff responded to reports and observations of excessive or unpermitted water use and sent out 14 notices to water users and stream diverters to reduce use.

### **B. Water Supply and Conservation**

1. The City of Santa Cruz formed a Water Supply Advisory Committee in order to further re-evaluate the water supply deficiencies and potential options to address those deficiencies. The Committee is expected to make recommendations to the City Council in mid to late 2015.

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2. The City of Santa Cruz completed a baseline water conservation study and will complete a new ten year water conservation plan to quantify the amount of additional conservation that can be reliably expected.
3. The Soquel Creek Water District continues to face the need to cut pumping by 35% and has conducted a series of public workshops to evaluate its options without a joint desalination project in Santa Cruz, including use of water exchange, recycled water, groundwater injection, water use curtailment, desalination from Moss Landing or within the District's service area, and increased groundwater management.
4. County staff continue to work with the water agencies to complete an evaluation of potential opportunities for water exchanges, including potential yield, infrastructure needs, costs, fish impacts, and water rights issues. Report preparation is underway.
5. The County, Soquel Creek Water District and Central Water District have held a series of meetings for private groundwater users and other interested stakeholders in the mid-county groundwater basin, to discuss basin management issues and engage non-municipal pumpers in long term management of the basin. A pilot project has also been initiated with private well owners to assist with conservation measures both inside and outside the home.
6. Soquel Creek Water District and Central Water District invited the County, the City of Santa Cruz and the Pajaro Valley Water Management Agency to participate in the Basin Implementation Group (BIG) for the mid-county/Soquel/Aptos groundwater basin. These efforts will be furthered by the adoption of the Sustainable Groundwater Management Act, which mandates formation of Groundwater Sustainability Agencies by 2017 and development of a plan by 2022 to achieve groundwater sustainability by 2042.
7. The City of Santa Cruz continues to negotiate its habitat conservation strategy with state and federal fishery resource agencies. This work has been somewhat delayed by other water planning efforts that will help determine options and costs for alternative supplies that will allow the City to give up some of its current water supply in order to support the recovery of Coho salmon and steelhead. As an interim measure, the City released a significant amount of water below its diversions on Laguna Creek and the San Lorenzo River to enhance habitat.
8. The San Lorenzo Valley Water District has begun development of information necessary to evaluate the impact of its stream diversions on fish habitat. It is expected that this process will take 5-10 years to reach an agreement on the amount of stream flow the District needs to release to adequately restore fish habitat.
9. The San Lorenzo Valley Water District and the Scotts Valley Water District secured a grant from the California Department of Public Health to construct emergency interties connecting the two districts and the four subareas of the San Lorenzo District. These interties can eventually be used of conjunctive management and water exchange, but not until a full evaluation of fishery and other environmental impacts is completed.
10. County staff worked with staff from the Local Agency Formation Commission (LAFCO), San Lorenzo Valley Water District and Lompico County Water District to pursue an effort to make capital improvements and merge the two Districts to address substantial deficiencies in water quality and reliability. The merger was approved by LAFCO, pending



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approval by Lompico voters of a proposed capital improvement bond in early 2015. An emergency intertie between the districts was completed with the aid of state drought funding assistance.

11. County staff are working with the City of Santa Cruz, Soquel Creek Water District, and Scotts Valley Water District to apply for state grants to evaluate recycled water options.
12. County staff have assisted Pasatiempo golf course in the pursuit of options to use recycled water from Scotts Valley on the golf course.
13. Scotts Valley Water District will complete an update of the groundwater model for the Scotts Valley area in 2015 that will help determine groundwater management objectives and options, including the effects of water exchange.
14. Central Water District completed a study of options for moving pumping to the Purisima Formation groundwater basin and reducing pumping from the Aromas Formation, which is overdrafted and subject to naturally elevated levels of hexavalent chromium. Central and Soquel Creek Water Districts are continuing to evaluate options to address hexavalent chromium, including treatment, modification of wells, and abandonment of some wells.
15. The County, City of Santa Cruz, and San Lorenzo Valley Water District are conducting a project to identify and better understand the occurrence of karst geology, which has the potential to store and transmit significant amounts of water, but which is very susceptible to adverse impacts from overlying land use. This work should be completed in 2015 and may result in recommendations to update County policies to provide more water resource protection in karst areas.
16. County staff continue to regulate the 130 small water systems with 5-199 connections. The County is using a one-time grant from the State Department of Public Health to bolster that program. Three small water systems are in the process of consolidating with larger systems, and two systems are in the process of upgrading their surface water treatment. County staff were in contact with all the systems during the drought and conducted measurements of groundwater depth if requested. With the adoption of the new lower state drinking water standard for hexavalent chromium, larger systems are conducting tests and a number of south county systems potentially have elevated levels.
17. The County, City of Santa Cruz, and Scotts Valley Water District received a Proposition 84 stormwater grant to implement projects to reduce stormwater runoff and increase groundwater recharge by infiltrating runoff from impervious surfaces. This will be implemented in 2015.
18. The County continues to coordinate submission of groundwater level data to the State's groundwater monitoring program (CASGEM). County staff also implement a cooperative program to monitor private well levels in the inland mid-county area.
19. County staff continue to work with the water agencies and the real estate community to implement the water conservation programs, including promotion of greywater reuse.
20. The presence of naturally elevated levels of hexavalent chromium in excess of the new state drinking water in south county groundwater will create expensive treatment challenges for the City of Watsonville, Soquel Creek Water District, Central Water District, and some small water systems that draw water from the Aromas Formation. Soquel has

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worked with consultants to develop a new treatment approach and is one of the first in the state to receive a permit for a treatment plant for hexavalent chromium.

### C. Water Quality

1. County staff continue to work with the State, City of Santa Cruz, City of Capitola, and the County Sanitation District to implement projects and conduct monitoring to assess public health threats, reduce bacterial contamination, and improve beach water quality. The Environmental Health Services Division's Water Resources Director continues to serve on the State Clean Beach Task Force.
2. County staff maintain ongoing efforts for water quality protection through septic system management, monitoring, and investigation, funded by County Service Area (CSA) 12. In 2014, staff began work with the Onsite Sewage Disposal Technical Advisory Committee to update the County's onsite wastewater management program and sewage disposal ordinance to bring it into compliance with new state septic system requirements.
3. The County Water Resources Laboratory continues to offer free nitrate testing to residents with individual private wells. Several wells with nitrate above drinking water standards have been identified through this program.
4. Public Works Department staff have received approval from the State Clean Beach Task Force for grant funds to upgrade the sewer system near Soquel Creek and Neary Lagoon in order to eliminate potential sewer leaks and sources of contamination to Cowell and Capitola beaches.

### D. Watershed and Aquatic Habitat

1. The Resource Conservation District of Santa Cruz County worked with landowners and agency partners to complete over 70 habitat improvement projects through the Integrated Watershed Restoration Program (IWRP). These projects included wetland restoration, fish barrier removal, rural road upgrades, stream habitat improvement, and community education.
2. County staff continued to work with the water agencies to maintain annual sampling of stream habitat and juvenile salmonids in four watersheds: San Lorenzo, Soquel, Aptos and Pajaro. In 2014, steelhead numbers were very low in Aptos Lagoon and Soquel Lagoon compared to the two previous years, and steelhead were again not found in Pajaro Lagoon. Numbers in the upland streams were also significantly reduced as a result of the drought.
3. County staff completed riparian assessments and general stream condition surveys for much of Bean, Zayante, and Branciforte Creeks and portions of Soquel, Lompico and Mountain Charlie Gulch Creeks.
4. County staff continued to implement the large woody material management program to maintain large wood for habitat value in county streams without increasing flood risks or jeopardizing public safety. There were few requests for large woody material removal due to the limited number of storms in the 2013-14 winter season.

5. County staff are participating in a multi-agency group working with Caltrans to replace the CA Highway 1 Bridge at Scott Creek in a way that also enhances lagoon and beach habitat for listed species including coho salmon, steelhead, tidewater goby, red-legged frog, and snowy plover.
6. County staff are working with the National Marine Fisheries Service (NOAA Fisheries) to identify critical efforts to be implemented from the Coho Salmon Recovery Plan, which was released in 2013, and the draft Steelhead Recovery Plan, which was released for agency review in 2014. Staff are developing a coho and steelhead conservation strategy that lists key actions for the County to take. Staff are also consulting with other local agencies to put together a more comprehensive collaborative approach to coho and steelhead habitat restoration in the County.
7. As a part of an interim agreement with the fishery agencies, the City of Santa Cruz released significant flows for fish in Laguna Creek and the lower San Lorenzo River during much of 2014.
8. Staff of the County Planning and Environmental Health Services Departments continued to meet with other regulatory agencies to coordinate effective approaches to environmental code compliance.
9. County staff are participating with the Coastal Watershed Council, City of Santa Cruz, and other entities in the San Lorenzo River Alliance, which is seeking to improve water quality and reinvigorate community engagement with the lower river and the watershed.

#### **E. Stormwater and Flood Management**

1. County Public Works Department staff maintained operation of the ALERT flood warning system.
2. County staff continued to implement the County's stormwater management program and are updating the program to address the new requirements of the State's new municipal stormwater permit, that was adopted in 2013.
3. The County, City of Santa Cruz, and Scotts Valley Water District received Proposition 84 stormwater grant funds to implement projects that reduce stormwater runoff and increase groundwater recharge by infiltrating runoff from impervious surfaces. This will continue 2014 implementation through 2015.
4. The County and water agencies are working with Ecology Action of Santa Cruz to implement a grant to promote use of low impact development measures and rainwater catchment to reduce stormwater runoff.

#### **F. Integrated Regional Water Management (IRWM) – Santa Cruz Region**

1. Regional partners competed most of the work on 8 projects funded by a \$1 million Proposition 84 IRWM Planning Grant:
  - Update the IRWM plan framework, including governance, financing, relation to land use planning, and stakeholder involvement, County Environmental Health, \$14,000

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- Provide improvements to the IRWM Plan, including updated objectives, management strategies, projects, project prioritization and effectiveness assessment, data management, and performance evaluation, County Environmental Health, \$120,000
  - Develop a climate change strategy relative to water resources and water facilities, County Environmental Health, \$31,500.
  - Evaluate the potential to increase pumping in the eastern Purisima Formation in order to reduce pumping from the overdrafted Aromas formation, Central Water District, \$200,000
  - Update the Santa Margarita Groundwater Model, Scotts Valley Water District, \$221,519
  - Develop detailed recommendations for conjunctive use and water transfers, County Environmental Health, \$164,500
  - Develop a hydrologic and hydraulic model of the middle and lower Watsonville Slough system to support future management and enhancement efforts, Resource Conservation District, \$199,056
  - Administer and manage the Grant, Regional Water Management Foundation (RWMF), \$49,175
2. The RWMF received a \$100,000 grant from California Department of Water Resources to promote engagement of disadvantaged communities in IRWM. Work will be focused in Davenport and Watsonville with an evaluation of other potential low income communities in the region.
  3. County and RWMF staff completed work on the IRWM Plan Update, which was adopted by the County and other partner agencies in August 2014. This plan will help guide water management efforts and will form the basis for application for additional water bond grant funds.
  4. The Santa Cruz IRWM region applied for drought funding under Proposition 84 to explore groundwater recharge with recycled water and make more efficient use of the City of Santa Cruz supply. Although the application scored well, there was not enough funding available for the Central Coast funding area.
  5. Partner agencies continue to provide \$80,000 to the RWMF to support ongoing IRWM planning and management in the region for FY 2014-15.
  6. County staff have provided outreach to the community on IRWM efforts, including one public workshop and talks to County commissions and service groups.
  7. County staff participated in statewide water planning, including the Public Advisory Committee for the California Water Plan Update 2013, and the IRWM Strategic Plan development.

#### G. IRWM- Pajaro Region

County staff also participate actively in the Pajaro IRWM, which encompasses the entire 1300 square mile Pajaro watershed. Pajaro IRWM includes water supply and flood management projects throughout the Pajaro Valley, as well as water quality and habitat restoration projects in the Pajaro Valley outside the Watsonville Slough system. The Pajaro IRWM is led by Santa Clara Valley Water District, San Benito County Water District, and the Pajaro Valley Water Management

Agency. Following is the list of current water resource management activities within the Santa Cruz County portion of the Pajaro Watershed:

1. The Pajaro Valley Water Management Agency (PVWMA) adopted the Basin Management Plan Update in 2014. Implementation of this plan is expected to reduce groundwater extraction by 12,000 af/yr and halt further seawater intrusion.
2. PVWMA formed an Ad Hoc Funding Committee to develop a rate structure for collection of pumping fees to fund implementation of their updated Basin Management plan. The new rates will be put to a vote of the well owners in 2015.
3. The Community Water Dialog, a community stakeholder group, continued to promote agricultural grower and community support for a variety of efforts to implement managed groundwater recharge projects, improved irrigation efficiency, and community support for improved basin management.
4. The Santa Cruz County Resource Conservation District has worked with the agricultural community to implement a variety of outreach, technical assistance and cost-sharing programs to reduce water use, promote groundwater recharge, and improve water quality.
5. The City of Watsonville, County, and other entities have worked together to better characterize and address the causes of excessive harmful algae blooms at Pinto Lake. Additional grant funds have been received to better characterize the specific sources of algal nutrients, and to begin implementation of measures to reduce nutrient loading.
6. The County, City and other entities continue to pursue implementation of a project with the Army Corps of Engineers to significantly upgrade the flood conveyance system to provide an adequate level of flood protection.
7. In 2014 the Resource Conservation District and partner agencies completed College Lake Improvement and Watershed Management Project. This project involved field work and modeling to better understand the movement and storage of water in College Lake, and evaluated various scenarios for management of the lake for water supply, fish habitat, wildlife habitat and agricultural use. Modelling and findings from this effort will support further evaluation of water supply options for College Lake, which is identified as an important project in the PVWMA Basin Management Plan.
8. In late 2013, the Pajaro IRWM region was notified that they were the only region in the Central Coast selected for Round 2 of Proposition 84 funding, in an amount of \$7,569,000. Within Santa Cruz County, this grant will fund an increased recycled water storage project for PVWMA and an agricultural water quality and aquifer enhancement project to be conducted by the Resource Conservation District.
9. PVWMA and its partners received approximately \$5 million in drought relief funding under Proposition 84. This will help fund expanded storage and distribution for recycled water irrigation and improved irrigation efficiency.
10. As a part of the drought relief funding, the City of Watsonville was awarded a \$3.2M grant to upgrade its Corralitos surface water treatment plant. This upgrade will (1) allow the City to treat and distribute water in the winter time (2) reduce the amount of groundwater used in the winter time and (3) enhance stream flow to benefit fisheries.

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**Water Use Restrictions and Savings in Santa Cruz County, 2014  
(June through November)**

Agency	2014 Drought Restrictions	Average Residential Water Use June-Nov. 2014 (gal. per person per day)	Average Monthly Savings June-Nov. 2013 to 2014
State (SWRCB) Requirements, July 15, 2014	<ul style="list-style-type: none"> <li>Water Waste Prohibitions</li> <li>Limit outside watering to 2 days per week or equivalent savings</li> </ul>		Objective of 20%
County of Santa Cruz	<ul style="list-style-type: none"> <li>Permanent Water Waste Prohibition               <ul style="list-style-type: none"> <li>No hosing off of hardscapes</li> <li>No irrigation run-off</li> <li>Shut-off nozzle required on hoses</li> <li>Limit outside watering to 2 days per week</li> <li>No spray irrigation 10 am-5 pm</li> </ul> </li> <li>20% voluntary reduction</li> </ul>		
City of Santa Cruz Water Department	<ul style="list-style-type: none"> <li>Stage 3 (of 5) Water Shortage Emergency</li> <li>Mandatory 25% reduction</li> <li>Permanent Water Waste Prohibition               <ul style="list-style-type: none"> <li>No spray irrigation 10 am-5 pm</li> <li>No hosing off of hardscapes</li> <li>Shut-off nozzle required on hoses</li> <li>No irrigation run-off</li> <li>Water service at visitor facilities only on request</li> </ul> </li> </ul>	47	26%
Soquel Creek Water District	<ul style="list-style-type: none"> <li>Stage 3 (of 5) Water Shortage Emergency</li> <li>Permanent Water Waste Prohibition               <ul style="list-style-type: none"> <li>No Watering 10 am-8 pm</li> <li>No hosing off of hardscapes</li> <li>No irrigation run-off</li> <li>Shut-off nozzle required on hoses</li> </ul> </li> <li>200% Water Demand Offset for new connections</li> </ul>	62	22%
Scotts Valley Water District	<ul style="list-style-type: none"> <li>Stage 1 (of 3) Water shortage</li> <li>Permanent Water Waste Prohibition               <ul style="list-style-type: none"> <li>No spray irrigation 10 am-5 pm</li> <li>No hosing off of hardscapes</li> <li>Shut-off nozzle required on hoses</li> <li>No Irrigation run-off</li> </ul> </li> </ul>	82	19%
San Lorenzo Valley Water District	<ul style="list-style-type: none"> <li>Stage 2 (of 5) Water Restrictions               <ul style="list-style-type: none"> <li>Outdoor watering 3 days only</li> <li>No spray irrigation 10 am-5 pm</li> <li>No hosing off of hardscapes</li> <li>Shut-off nozzle required on hoses</li> <li>No irrigation run-off</li> </ul> </li> </ul>	74	21%
City of Watsonville	<ul style="list-style-type: none"> <li>Permanent Water Wise Use</li> <li>20% voluntary reduction</li> <li>Permanent Water Waste Prohibition               <ul style="list-style-type: none"> <li>No spray irrigation 9 am-5 pm</li> <li>Shut-off nozzle required on hoses</li> <li>No irrigation run-off</li> </ul> </li> </ul>	73	15%

Notes: Water usage and reductions from reports submitted by urban water agencies to state:  
[http://www.waterboards.ca.gov/waterrights/water\\_issues/programs/drought/conservation\\_reporting\\_info.shtml](http://www.waterboards.ca.gov/waterrights/water_issues/programs/drought/conservation_reporting_info.shtml)  
 See agency websites for more detail on programs and restrictions.

## Letters & Shout-outs (Jan. 9, 2015)

Posted: Thursday, January 8, 2015 1:40 pm

### Letter: Workshop will bring the firsthand facts of Measure N to Lompico residents

Editor,

I'd like to invite my fellow Lompicans to an informational workshop organized by the Lompico County Water District. The workshop, to be held on Wednesday, Jan. 14, from 7 to 9 p.m. at the Zayante Fire Station, will offer an opportunity to get information directly from the appropriate sources.

The workshop will focus on Measure N, the bond for repairing and upgrading our water system, a final step which will allow us to become part of San Lorenzo Valley Water District through an annexation.

Information tables will be staffed by Patrick McCormick, executive officer of the Santa Cruz Local Agency Formation Commission (LAFCO); John Ricker, water resources division director for Santa Cruz County Environmental Health Services; Mary Jo Walker, Santa Cruz County auditor-controller-treasurer-tax collector; Suzanne Harrell, bond counsel; County Supervisor Bruce McPherson; representatives of San Lorenzo Valley Water District; and others.

I have found that too many residents have gotten their information secondhand from neighbors and rumors.

I urge everyone to attend this workshop and get the information we all need firsthand, so we can all make decisions based on facts, not assumptions or fears.

The upcoming bond election will determine the future of our water system, our health and safety, and our financial health; we all need to make our decision — and we need to have our neighbors make their decisions, which will affect us — based on facts.

Merrie Schaller, Director, Lompico County Water District

### ~~Letter: Reserved movie theater seating removes many headaches~~

~~Editor,~~

~~As a frequent moviegoer, there is always an anxious moment when I walk into the theater and see which seats are available.~~

~~For popular movies, there is the question of when to arrive, and how long to sit there with those annoying commercials in order to get a good seat.~~



On one occasion, I decided to go to a popular movie I really wanted to see on opening night. Having no interest in motion seating, I splurged for a D-Box ticket so I wouldn't have to worry about where I ended up sitting. The person sitting next to me had done the same thing.

Although it takes some getting used to, the reserved seating removes these worries. When I purchase tickets, I can see what seats are available and decide if I still want to go to that showing.

I can use an app on my phone to check what seats are open and decide if I want to pay extra to buy tickets and reserve seats before going to the theater. I can arrive when the movie starts (maybe grab a glass of wine at the cafe), and I never have to stand in those extra lines to wait to get into a theater after purchasing a ticket.

There are some things to get used to. My usual way to select seats from a chart is to select them closest to where I want to be, which typically will involve selecting a seat next to someone else.

In a less crowded movie theater, this can be awkward, since people typically leave a seat between themselves and others. There is always the possibility that I won't end up liking where I sit.

Though I assume once the movie starts, it won't be a big deal if I change seats if I really feel the need.

On balance, I am very happy with the new reserved seating at Cinelux. It gives me more choice (e.g. select another showing if I don't like the available seats) and more time (e.g. not having to show up early to get good seats), which makes my overall moviegoing experience more enjoyable.

Corrina Burnley, Scotts Valley

### **Letter: Read carefully to avoid false or misleading information on Measure N**

Editor,

On Jan. 5, the Superior Court soundly rejected claims that statements in the voter information pamphlet for the Lompico bond were false and misleading.

Filing such a claim normally costs \$435 for the filing fee, and we supporters had to pay this just to defend our valid arguments.

Mark Meacham, who ran for the Lompico Water Board last fall as a "successful business owner" claimed that he could not afford this fee and had it waived by the county.

Meacham submitted no proof that any of the statements were false or misleading, yet his own arguments on the voter pamphlet were clearly false and misleading. An example is his estimate of the "real" bi-monthly cost where he and his fellow authors added in the surcharge twice.

It is hard to believe that such a serious misrepresentation could have been just an oversight by the four anti-merger authors.

When Felton voted on their water bond, Community Facilities District No. 1 in 2005, the typical single-family expected rate in the voter's information pamphlet was \$598 and the maximum rate was \$695.52.

When the bonds were sold, the actual rate was \$535.46, 10 percent less than the expected rate in the voter information pamphlet and 23 percent less than the maximum rate stated. The Felton charge was recently reduced to \$455 as a result of refinancing, indicating the CFD administrators' efforts to keep the bond costs as low as possible.

Meacham, in his filing, tried to have the expected tax stricken from the Lompico voter information pamphlet, alleging it was biased.

I encourage all Lompicans to read the conflicting information carefully before making a decision. There will be an information session on Wednesday, Jan. 14 at 7 p.m. at the Zayante Fire Station where citizens can ask the agencies involved questions directly.

Pete Norton, Lompico

#### **Letter: Cinelux should be applauded for reserved ticket program**

Editor,

After recently visiting the Scotts Valley Cinelux Theater and again wildly appreciating their ticket procurement program, I was surprised to see a recent letter to the editor that faulted this system as an attack on the writer's freedoms.

My wife and I so appreciate the ability to go online, purchase reserved seats, and smoothly pick them up at a kiosk at the theater. We see absolutely no downside to this system and only benefits.

I considered the listed concerns of the writer, sitting behind a tall person, in proximity to a smelly person or wild kids, and an unlimited list of "what ifs," and can appreciate her issues.

However, no system in a complex society will please all inhabitants. It is impossible to please all the people all the time.

I see the ticket system at the theater as giving me the freedom to avoid waiting on a long line, to know that I will not face a sold-out show, to choose a seat in my preferred area, and to favorably resolve many other "what ifs." Some freedoms always will infringe on the freedoms of others.

I would be very surprised if the vast majority of our residents did not support this program.

I applaud the Scotts Valley Cinelux Theater as being a classic example of a great anchor business for our city. I also thank them for letting me drink a draft beer during the show.

My only faults for the Cinelux are spending \$7 for that beer and not having the options of brewer's yeast and cayenne pepper as flavoring for my popcorn. These are available in other local theaters.

## WATER MANAGEMENT

# Lompico's water district on brink of change

By Kara Guzman

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**FELTON** Starting next week, Lompico voters will decide the fate of a merger between Lompico and San Lorenzo Valley water districts, a process four years in the making that could be terminated by a minority.

Mail-in ballots, due Feb. 24, will be mailed Monday to around 700 registered voters, who will decide on a maximum \$3.2 million bond to fund system improvements in Lompico. A two-thirds margin is required to pass, the last step necessary to achieve a merger.

County Supervisor Bruce McPherson has helped facilitate merger talks for two years. If it

## LOMPICO PAGE 4

Article Continued Below

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See LOMPICO on Page A04

## Lompico

## FROM PAGE 1

fails, then Lompico loses its last chance to merge, he said. The state's public health department has been lax about enforcing standards on the droughtstricken district, since the proposed merger is in process. A likely consequence is receivership — a courtappointed manager paid to oversee the district until another entity can replace him, McPherson said.

"I project that the people would be paying more and they would have no say at all in the process," he said.

Due to dropping interest rates, customers likely will pay less than originally estimated, \$468 annually for 30 years. New estimates based on rates from Jan. 2 show an annual cost of \$404, according to McPherson.

Last month, Lompico's board passed a fiveyear budget effective if the merger fails, which requires a rate increase of \$600 annually per customer to cover upgrades and a full-time manager, mandated by the State Water Resource Control Board and public health officials.

Lompico board president Bill Smallman said the district's top priority for improvements is replacing its redwood tanks, half of which need immediate attention. The rest have about 15 years left in their life span, he said.

With a median income of \$80,000, the district has trouble qualifying for lowincome grants, which still require a 50 percent match — money the district does not have, Smallman said.

Sherwin Gott, a former board member ousted in the November election, said he believes the bond's cost is inflated by \$1.6 million, though his claim was refuted in November by the Board of Supervisors.

Gott said he is now loosely affiliated with a community group of around 30 residents against the bond, mainly because Prop. 1 grants have not been included. Passed in November, Prop. 1 authorizes \$7.1 billion toward water infrastructure improvements, such as those part of Lompico's bond. Gott said the board is now comprised solely of members who ignore alternatives to the merger.

"The only thing they want to do is see the process through as fast as possible," Gott said.

John Ricker, the county's water resources director, said that the county plans to apply for Prop. 1 funding for Lompico when funding becomes available, which he expects will be months from now.

"There's just no guarantees with that and it does require a 50 percent match, so you still have to have money to match the grant to get the grant," which Lompico does not have, Ricker said.

Brian Lee, San Lorenzo Valley Water District director, said his district is not interested in negotiating another deal should this one fail. Further, despite rumors, his district has no plans to pursue a bond, except one in Manana Woods that is not districtwide, he said.

"It's a rumor that just won't die," Lee said.

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## Letters and Shout-outs

Posted: Thursday, January 29, 2015 4:06 pm

### Letter: The real cost of measure N bond

Editor,

There seems to be some confusion about the cost of the Measure N bond for Lompico's water system.

Given that the county's bond adviser has released up-to-date cost figures based on falling interest rates, I took a fresh look at the numbers, and this is what I found:

- \$404 per parcel served by the Lompico Water District
- $\$404 \times 30 \text{ years} = \$12,120$  per parcel over the life of the bond
- $\$12,120 \times 502 \text{ parcels} = \$6,084,240$
- Net funds to be used to repair, renovate and update Lompico's water system: \$2,750,000.
- Total cost of bond:  $\$6,084,240 - \$2,750,000 = \$3,334,240$ .

The remaining \$3,334,240 covers the interest and all overhead costs of the bond.

### The real cost of not merging

The State Water Resources Control Board has identified deficiencies in our system that must be addressed, starting with replacement of three redwood storage tanks.

The Lompico Water District's board has determined that the ready-to-serve charge needs to be increased by more than \$100 per billing to fund those repairs and renovations, hire a manager, and build up financial reserves. This would cost each household over \$600 per year.

Of these extra costs, almost \$40 per billing would go to the cost of having a qualified manager, which is a legal requirement (estimated annual salary plus overhead: \$115,000). The cost of a manager over 30 years is  $\$115,000 \times 30 = \$3,450,000$  (with a 2 percent raise each year, that total would be \$4,550,329.00).

Just the cost of the manager is more than the funds needed to renovate the water system.

The Lompico Water District has no financial reserves. When the next natural disaster occurs, the district and the community are vulnerable to failure of the water supply, with no financial means to recover.

### Conclusion



Regardless of what the community decides about Measure N, water will cost more than it does now but, clearly, voting for Measure N to approve the bond and complete the merger with SLVWD is the most cost-effective and safe future for Lompico's water supply.

Rick Harrington, Director, Lompico Water District

**Letter: Keeping Lompico Water independent ignores district's checkered past**

Editor,

With all the talk of millions of dollars in costs for water in Lompico, one very important issue is consistently overlooked. People say we are managing just fine and that staying independent is the way to go.

We should learn from the past. The history of the Lompico Water District and the water company that came before it has been plagued by criminal charges against employees, mismanagement, recalled board members, contentious board meetings, and falsification of water quality records.

Boards of directors have consistently failed to raise rates enough to maintain and replace infrastructure as needed.

They spent \$100,000 to buy into the CalPERS retirement system for the former manager, who was subsequently fired. He then sued the district and received an \$87,000 settlement, which we are still paying off.

CalPERS costs have been escalating ever since. When we tried to get out, it cost us even more.

The district recently replaced a treatment plant that was off-line for over 15 years! For all those years, our well water was not even filtered, only dosed heavily with chlorine.

The treatment plant for the creek water is now off-line due to maintenance issues. Our staff must continuously drive up and down both hills in their beat-up truck to manually turn pumps and valves on and off.

They climb to the tank hatches to manually dump in liquid chlorine when the water gets stale.

When there is a leak, they have to dig up the streets by hand, or beg SLVWD for assistance when they need equipment to do the job.

We can't meet the state's maximum day demand requirement without buying water from SLVWD through the emergency intertie. This is not independence. This is no way to run a water district.

Pete Norton, Lompico



# Measured Hope

[| Print |](#)

WEDNESDAY, 18 FEBRUARY 2015 12:24 ARIC SLEEPER NEWS - LOCAL NEWS



## *Lompico Water District's fate to be determined by bond vote*

After decades of mismanagement, the Lompico Water District is faced with thousands of dollars in debt, a leaderless board of directors, and an aging infrastructure that is in desperate need of care.

Without the maintenance that the pipes and tanks have needed over the years, the equipment hasn't aged gracefully, and has fallen so far into disrepair that many of the district's day-to-day operations have to be conducted manually.

"Some of the things are a little scary," says Pete Norton, chair of the Lompico Water District Citizen Advisory Committee. "When they took us on a tour, I thought it was amazing what they have to do to run this district. They have a crew running up and down a hill multiple times a day to turn pumps on and off manually. They have people going up to the top of certain tanks and pouring liquid

chlorine into the hatch. Things like that that are just funky."

To bring the district back to good standing and make all necessary repairs to bring the water district's equipment up to state requirements, the Santa Cruz County Board of Supervisors created a special all-mail ballot election to vote on a \$3.2 million bond measure, Measure N. The last day to vote is Tuesday, Feb. 24.

If the 30-year bond is approved by two-thirds of Lompico residents, their water district can start taking steps toward merging with the San Lorenzo Valley Water District. Lompico's neighbor would then provide the administrative leadership that the small district has lacked for years.

"Lompico has been operating without a general manager for some time now, and that's not the way it's supposed to be done in any water district or any special district," says 5th District Santa Cruz County Supervisor Bruce McPherson, whose district includes both San Lorenzo and Lompico. "I think what's on the ballot is in the best interest of Lompico for sure, and it will be fine for San Lorenzo as well."

Opponents of Measure N, like Sherwin Gott, think the water district could get a better deal. After conducting his own independent research into the prices of the pipes, valves and tanks needed, Gott states that the district only needs about \$1.5 million, and not the \$3.2 million stated in the bond.

"I don't think it is right to charge the community of Lompico more than what it costs to do the work," says Gott, a former Lompico water board member who lost a re-election bid last November. "And as a member of the community who has to physically pay the cost, I only want to pay what it actually costs."

Gott called equipment vendors in the region to come up with his estimates, but he did not include the expense of continued maintenance or contingency costs like permitting, engineering, and administrative expenses associated with building.

Norton says that no project goes through without extensive planning and permitting beforehand—especially in Santa Cruz County. "Everything goes over budget," he says.

Gott says he is not opposed to a merger with the San Lorenzo Valley, but believes that the use of state grants would allow the Lompico Water District to repair its equipment without the passage of Measure N.

"Consolidation may not be a bad thing, but at this price, it doesn't seem right," says Gott.

State funding is available for water districts in need, and funding was, in fact, gained for the emergency intertie over the summer. That pipeline connected the Lompico Water District with the San Lorenzo Valley Water District when Lompico's water supply waned due to the lack of rain. Other grant funding has been applied for—specifically for consolidation with San Lorenzo Valley—but the attempts were unsuccessful.

Lompico could potentially acquire more state grants for repairs and consolidation, but the process is highly competitive, and can take years. Because Lompico's water system is currently in poor condition, the California Department of Public Health is requiring that the infrastructure be repaired for safety reasons—if not by the end of the 2015, in the next few years.

If the merger and bond go through, the changes will put an end to one of the more dramatic special districts in Santa Cruz County.

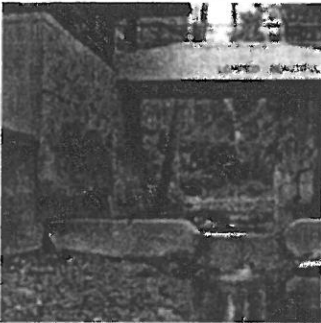
For years, the Lompico Water District's board meetings were often filled with snide remarks and intense arguments—with sheriff's deputies sometimes called in to restore order. The small mountain water district also served as the focus of two grand jury reports in 2010 and 2012. The report in 2010 recommended that the merger between San Lorenzo Valley and Lompico occur as soon as possible.

If Measure N is not approved by Lompico residents, the district's board of directors has a five-year budget drawn up to try to make all of the necessary repairs as well as hire a manager, but it means raising the district's rates by about \$100 each billing cycle, which would also have to go to a vote.

"The district is required to bring in enough money to meet its needs, so we would have to raise our rates," says Lompico Water District board member Merrie Schaller. "If the people protested it, the state could say we abandoned the district, take us to court, and we would end up in receivership. Then, the state would decide what we'd have to pay, and we'd have nothing to say about it."

If the bond measure does pass, the Lompico Water District board of directors would immediately begin making repairs and preparing for the merger with the San Lorenzo Valley Water District, which charges a lower water rate than Lompico. For the first five years, Lompico residents will be subject to an additional surcharge, but Schaller points out that even with the diminishing surcharge, the bills under the San Lorenzo Valley Water District would be cheaper than if the bond is not approved.

"[If the bond passes] I think people will realize that the sky isn't going to fall and we'll just write our checks to San Lorenzo Valley Water District, and they'll be smaller checks," says Schaller.



N - Shall Lompico Water be authorized to issue bonds in the maximum amount of \$3.2M to construct water system improvements?

Would also levy an annual special tax up to a maximum of \$517 for a single-service property and \$1,034 for a multi-service property..

YES

NO

Next >

## WATER DISTRICTS

### Early voting shows water bond ahead

#### Bond needs two-thirds vote to pass to support Lompico-San Lorenzo Valley merger

By Calvin Men

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**SANTA CRUZ >>** Early ballot results posted Tuesday night for the fate of the merger between Lompico and San Lorenzo Valley water districts show voters narrowly passed the \$3.2 million bond measure that would pay for system improvements essential to the merger.

The Lompico Water District has been plagued by financial troubles, lack of a stable water supply and other crises. If the bond is passed, Lompico customers would pay for the bond to address system improvements in the aging Lompico water infrastructure.

Of the 738 registered voters, 469 votes have been counted. There are 23 provisional votes yet to be counted, Santa Cruz County Clerk Gail Pellerin said.

Of the votes counted, 317 — 67.6 percent — are in favor of the merger and 152 — 32.4 percent against it. A two-thirds super majority is required for the bond measure to pass, Pellerin said.

"Turnout increases a little but based on what the mail has been in the last few days. I don't expect to get that many more in," she said.

Final results of the mail-in ballots will be posted by Friday, Pellerin said. Ballots had to be turned in or sent by mail by Tuesday in order to count.

Margins for the vote are so razor thin that a handful of dissenting votes could stop the bond and stop the merge completely.

If the bond measure fails, the bimonthly costs for Lompico residents will likely spike, jumping from \$175 to \$275, according to the Lompico Water board. LAFCO projected the cost at \$290.

"I think the merger is a much better deal than Lompico staying on their own and raising rates because I think the cost will be higher than the merger," said Pat McCormick, head of LAFCO.

But some opponents of the merger contest the figures, saying the estimated costs to repair Lompico's infrastructure are inflated.

Sherwin Gott, who served on the board until voters elected a new board member, said the cost to fix the infrastructure hovers around \$1.4 million and not \$3.2 million. But his claim was refuted by the Board of Supervisors.

"The reason that the vote is this close is because some people actually can see the facts," Gott said. "Because of that, they're going to vote their pocketbooks."

"I don't know which way it's going to go, I do know we need to have a sustainable rate study if we're going to remain a district," Gott said. But members of the Lompico water board were optimistic about the early voting figures.

"I think most people understand that this is something that would be really good for us," said Merrie Schaller, a recently elected board member and longtime merger advocate.

If the bond doesn't pass, it's likely Lompico customers will have a considerable rate increase to meet cost operation costs. While the water board is also applying for grants, Schaller added many grants require an engineering report be submitted as a part of the application process, which could cost up to \$25,000. It's money that the water district doesn't have, Schaller said.

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## SOQUEL CREEK WATER DISTRICT

# Agency to survey all customers on water supply

By J.M. Brown

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**CAPTIOLA** Soquel Creek Water District leaders said Tuesday they want to conduct a districtwide survey of all customers before pursuing a binding vote on how to increase the water supply.

Board members said they don't want to ask voters to support a project or series of solutions without a sense of what customers want. The board said having all customers weigh in — and perhaps the out-of-district owners of rental properties — rather than surveying a small sample will better educate the public and guide the district's planning and spending on water supply.

## WATERPAGE5

Article Continued Below

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## Water

## FROM PAGE 1

"What I am interested in is total transparency and a two-way street, not just directors sitting at the table saying, 'This is what's best,'" board member Bruce Jaffe said. "We saw what happened in Santa Cruz when that was the approach." In August 2013, the city of Santa Cruz paused its joint pursuit with the district of a seawater desalination facility as a bulwark against drought in the city and groundwater overdraft in the district. The city was expected to call for a popular vote of its customers in 2014 on whether to build the plant but suspended desalination planning amid growing opposition to the plant.

Since then, the district has been studying its own options to generate or save



more water that include building an advance-treatment recycled water facility, constructing its own desalination plant and mandating conservation. The board eventually may call for an official vote through the county elections division or may let the surveys determine the next step.

"I would want to have all the information on alternatives before you go down that road," board Vice President Tom LaHue said.

Also Tuesday, the board voted 4-1 to increase General Manager Kim Adamson's pay 11.2 percent in keeping with the two cost-of-living increases divisional managers within the districts have been given during the past 18 months. Adamson, who was hired in July 2013 from an agency in Washington state, also will receive an increase in vacation time that recognizes her nine years of total experience managing a utility.

The issue of Adamson's compensation — she is currently paid just less than \$160,000 including a \$4,000 vehicle allowance — has been brewing since her performance review last summer.

Adamson requested a 15 percent adjustment, which had been budgeted by the district, based on salary surveys of similar-sized and local agencies. But some board members indicated they want to further discuss her performance before committing to a greater increase.

"It's not just the comparableness, it's the work product," said President Bruce Daniels, who voted against the pay hike. "I've not been too comfortable with that, and I don't feel comfortable in doing any change at this point."

Adamson requested the increase for a number of reasons, the primary being that her salary is only about 3 percent higher than the next highest-paid employee, engineering manager Taj Dufour. The previous general manager earned 27 percent more than Dufour.

The other concern was that Adamson's compensation needed to be settled before the district bargained with lower-level managers. But Adamson allowed the district to negotiate anyway. The board subsequently approved a 3 percent cost-of-living for the managers on top of an 8 percent hike to make up for greater benefits costs to them.



## SOQUEL CREEK WATER DISTRICT

### Agency to try voluntary budgets

Home water budgets will compare use to targets

By J.M. Brown

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**SOQUEL** Although Soquel Creek Water District officials pulled the plug last year on a \$3 million mandated conservation program, the agency soon will roll out some components of the initiative designed to reverse groundwater overdraft.

General Manager Kim Adamson said the district plans to create voluntary residential water budgets based on a consumption target of 75 gallons per person per day. Residential customers of the district serving 38,000 from Capitola to La Selva Beach also will receive reports comparing their household consumption to targets, but they will not face fines for overuse.

The district also will conduct a rate study and develop irrigation budgets. There also may be some incentives for customers who achieve deep conservation.

"We're giving them some kind of a reward for doing a great job," Adamson said.

The district's board halted implementation of the ConservationPlus program after customers, especially those with large gardens or landscape areas, raised concerns about rationing. Also, after customers effectively cut overall use by a fifth in response to a statewide call for drought relief, a sharp revenue drop made the conservation program unaffordable.

County Water Resources Director John Ricker agrees with Soquel Creek's decision not to mandate rationing, noting customers reduced overall use 22 percent in 2014 compared to the 26 percent reduction seen in Santa Cruz during mandatory rationing.

"I believe that most Soquel customers are already hitting the use targets established by the district," Ricker said. "This will definitely go a significant way toward addressing the overdraft problem."

**BUDGETSPAGE4**



**Adamson**

**Article Continued Below**

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See BUDGETS on Page A04

## **Budgets**

### **FROM PAGE 1**

Adamson said the conservation efforts represent a bridge to the district's eventual decision on a supplemental supply.

The district faces saltwater intrusion in coastal pumping wells unless more freshwater builds up in the aquifer, a problem that exists regardless of the threeyear drought.

While a joint seawater desalination project with Santa Cruz is stalled, the district is examining advanced treatment of wastewater for injection into the aquifer as a form of replenishment. The district also is awaiting a county report about water transfers among regional agencies and plans to poll all customers about supply alternatives.

Meanwhile, the district is working with other basin users, including other water agencies and private well owners, to better manage resources in keeping with a new state groundwater law. The district seeks responses by noon Thursday to a survey about groundwater — <https://www.surveymonkey.com/s/LGC2QNK> — and will host a stakeholders meeting at 7 p.m. Tuesday in the Soquel Congregational Church, 4951 Soquel Drive, Soquel.

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### Chapman-Mulberry residents address annexation in community meeting



Left to right, Chico community development director Mark Wolfe, LAFCO deputy director Steve Betts, Chico city councilor Randall Stone, Butte County program development manager Casey Hatcher and Chico director of public works face a crowd of about 90 residents of the Chapmantown and Mulberry communities as Betts explains LAFCO's position during a community meeting Saturday at Chapman School in Chico Dan Reidel — Enterprise-Record

By [Ashley Gebb](#), Chico Enterprise-Record

Posted: 02/07/15, 4:54 PM PST | Updated: 2 days ago

[1 Comment](#)



Residents of the Chapmantown and Mulberry communities raise their hands to speak during a community meeting Saturday at Chapman School in Chico Dan Reidel — Enterprise-Record

Chico >> A third option appeared to emerge Saturday in the debate about annexation of Chapman-Mulberry as the city tries to resolve unauthorized sewer connections that began a decade ago.

Until Saturday, one of two options presented before the Chico City Council was to sign an agreement with the Local Agency Formation Commission that would resolve the 62 unauthorized connections — less than 10 of which were in Chapman-Mulberry, trigger annexation of the entire Chapman-Mulberry area in five years and provide a mechanism for residents within those boundaries to hook up to city sewer without the LAFCO process. The city's other option was to reject the agreement and face likely litigation from the commission.

But there may be one more alternative — for the city to apply for the unauthorized connections and pay LAFCO all related fees, which could be more than \$100,000, said Steve Betts, deputy executive officer for LAFCO. When Assistant City Manager Chris Constantin asked to confirm that option, Betts said it was his understanding but he would get back to the city Monday.

However, there is no guarantee the commission would approve the applications and some of the connections may be near jurisdictional boundaries that would prompt a request for annexation in some part anyway, Betts said.

"We are not going to leave you alone," he told the crowd.

Councilor Randall Stone emphasized that while the city is resistant to annexation, LAFCO is following state directives related to establishing clear city boundaries.

"LAFCO has the least sexy job in the world," he said. "Everybody hates them."

The city rejected the agreement in November but Stone asked for the council to consider it again after LAFCO decided to proceed with legal action against the city. He called for Saturday's community meeting to give residents a chance to ask questions and learn more about annexation's impacts.

Nearly 100 people crowded the cafeteria of Chapman Elementary, including elected representatives, community leaders and citizens.

"Our commission came up with what we thought was a very good compromise," Betts told the crowd. "That may not be your view ... Our commission doesn't look at it like we are forcing annexation on the city."

Some citizens had other words for it, saying LAFCO is a "bully" and that it is blackmailing the city for the error that it made.

"We don't like to call it that," Betts said.

Residents had other questions as well, including the cost of connecting to city sewer, if the Chapman-Mulberry Neighborhood Plan would be followed, and if sewer connections would become mandatory.

Casey Hatcher, program manager with Butte County, said the connections are only mandatory if a septic system fails. Functioning systems are OK to keep.

"If you don't want to connect or can't afford to connect, keep using it," she said. "But be aware some day it may be required, not by the city, not by the county, but the state."

Marci Mearns was especially concerned about potential zoning changes that could accompany annexation.

"If we don't address what the city has in mind for zoning for this area, we are in trouble," she said. "We are going to be out here piece by piece laying in the street because they are going to build a two-story apartment building."

Community Development Director Mark Wolfe said that almost all of the neighborhood is zoned and would continue to be zoned for low-density residential.

Ron Angle, who has lived in the Chapman neighborhood for a quarter-century, wanted to know where the LAFCO board members were Saturday.

"We are talking to a messenger," he said. "I would like to convey face-to-face what I consider a great threat to my quality of life here."

Councilor Ann Schwab asked that LAFCO have its next meeting involving annexation in the neighborhood, instead of in Oroville, so residents would have better opportunity to attend and be heard.

Janet Brennan is not sure she wants to be annexed, since she sees both pros and cons in the situation. She asked if individual parcels or blocks can be annexed if they desire.

Stone said they can apply at anytime, but it could trigger annexation of neighboring blocks. The challenge with not moving forward with the agreement is that if the city is sued and loses, it could trigger annexation on a much faster timeline and the city does not have the resources to provide services to the neighborhood, likely at an annual cost of \$600,000.

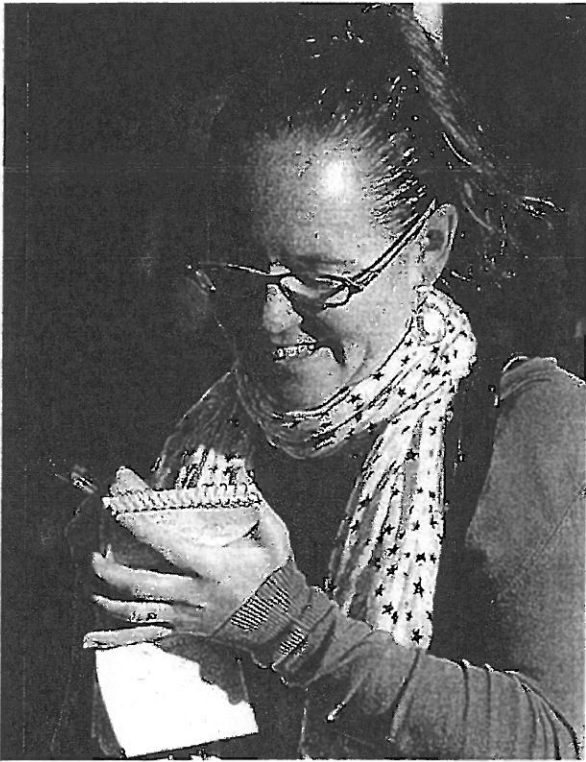
Resident Mamie Dinani said she thought the meeting was productive and she supports the concept of annexation as long the neighborhood can maintain its character. She hopes any changes will give its citizens a voice in their future.

"I'd like to be able to walk where there are no sidewalks everywhere. In other words, the earth can breathe," she said. "But 40 years, 50 years from now, I won't be here and I think about future generations. Will they want it like this?" she said.

The Chico City Council will be considering the agreement Feb. 17.

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#### About the Author



Ashley Gebb is a general assignment reporter who specializes in city government and human-interest stories. A graduate of Chico State, she has worked at daily newspapers since 2008. Reach the author at [agebb@chicoer.com](mailto:agebb@chicoer.com) or follow Ashley on Twitter: [@ashleygebb](https://twitter.com/ashleygebb).

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