



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Wednesday, August 3, 2016
10:00 a.m.

Supervisors Chambers
701 Ocean Street, Room 525
Santa Cruz, California

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The August 3, 2016 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Roger Anderson.

ROLL CALL

Present and Voting:	Commissioners J. Anderson, Leopold, LaHue, Bottorff, Friend and Chairperson R. Anderson
Absent:	Lind
Alternates Present:	Bobbe, Smith
Alternates Absent:	Coonerty
Staff:	Patrick M. McCormick, Executive Officer Brooke Miller, LAFCO Counsel Debra Means, Secretary-Clerk

MINUTES

MOTION AND ACTION

Motion: Leopold Second: Bottorff	To approve May 4 th , 2016 minutes with minor corrections to define what "CSAC" and "League" mean on page 10. Motion carries with a unanimous voice vote.
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PUBLIC HEARINGS

FORMATION OF HUCKLEBERRY ISLAND COUNTY SERVICE AREA, LAFCO No. 957, TIME EXTENSION REQUEST

Mr. McCormick reports that the purpose of forming this County Service Area (CSA) is to replace a bridge. The only access to their homes is a bridge from Brookdale on the west side of the San Lorenzo River to their homes on the east side of the river. LAFCO approved the CSA formation, went through a protest process, and it was not protested.

The next step is for the property owners to provide information to Public Works who would begin a Proposition 218 process to determine if the property owners are willing to pay the cost for the bridge replacement. It is taking a long time to prepare the engineering plans and get cost estimates presented to Public Works.

By law, LAFCO's approvals are good for one year and usually that is enough time to complete the process. In this case, the proponents still want to go forward, but more time is needed. They request a two-year time extension so the authorization remains valid to complete the process. This Commission often grants time extensions as long as the process moves forward.

Commissioner LaHue wonders why one year would not be adequate.

Mr. McCormick noted this process is taking longer than usual. Other CSA formations generally got through the process within one year. This Commission has the option to grant a one-year or two-year extension. The proponents have asked for two years and it does seem reasonable given the fact that this project has a litigation history. It will be a large assessment, so the proponents will need to carefully sell the cost to their neighbors.

Chairperson Roger Anderson asks how long the existing bridge is expected to be serviceable.

Mr. McCormick replies that the existing bridge's usefulness is past due. There are temporary fixes keeping the bridge useful for cars to cross.

Pete Dessau is an officer of the Huckleberry Island Association and he represents many of the homeowners. He thinks it is appropriate to extend the authorization and he supports staff's recommendation.

The current bridge is at the end of its useful life. They are monitoring the bridge through Mesiti-Miller, the engineering firm, to insure that it remains safe for use. Heavy loads cannot go over the bridge. They have been working with local fire authorities to insure fire protection remains in place.

The two-year extension is needed because the process has been complicated working with the various residents. The engineering estimate they expect will be in the \$450,000 to \$700,000 range. They thought they could work within the time frame, but there have been easement issues because the bridge will have to be moved downstream. They hope to resolve these issues and continue the permitting process with the engineers and the County.

Alternate Bobbe asks if the two-year extension is precautionary.

Mr. Dessau answers yes. He believes a one year extension could work, but he would like to have the extra time just in case. His goal is to have the easement issue resolved in the next week to ten days in order to take advantage of the next building season.

MOTION AND ACTION

Motion: Leopold Second: J. Anderson	To grant a two-year extension on LAFCO Resolution No. 957-A to August 5, 2018. Motion carries with a unanimous voice vote.
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ATKINSON LANE / PIPPIN APARTMENTS EXTRATERRITORIAL WATER AND SEWER SERVICE,
LAFCO No. 952

Mr. McCormick reports that this involves a public housing project on Atkinson Lane which is on the City of Watsonville's perimeter. It is accessed from Freedom Boulevard and Atkinson Lane. Mid-Peninsula Housing (Mid Pen) owns this housing project on two parcels, but one parcel is in the City and the other is outside the City. It has been designed as a single 46-unit housing project with a single driveway, and it has been co-permitted by the City and the County. The City boundary runs right through the middle of the project. 20 units are proposed to be inside the City and 26 units are proposed to be outside the City.

Two years ago, the property owner, Mid Pen, asked LAFCO for extraterritorial water and sewer service approval for the 26 units outside the City. LAFCO decided the City was able to provide service, but they wanted the whole project to be inside the City. Mid Pen volunteered to proceed with an annexation process over the next two years if they could get immediate water and sewer service approval to apply for funding. They needed LAFCO's approval in place to get into a grant funding round.

Part of the annexation process is the City adopting a rezoning through the Planning Commission and this is part of LAFCO's application package. It involves two rounds of noticing to neighbors. The property owner wants a commitment what the zoning will be before they annex. If the property is undeveloped, it gives LAFCO an idea what development might occur. Both the City and the County have fully permitted the development of both parcels.

The City conducted their Planning Commission hearing on the rezoning and chose not to approve any rezoning. The developer has put together the financing package and has proceeded in good faith to honor LAFCO's request. The City has not followed through with what was discussed two years ago.

He recommends that the Commission drop the condition requiring Mid Pen to annex. The parcel would then stay outside City limits, and it would still get water and sewer from the City.

The Watsonville City Manager wrote him a letter offering to consider annexing this parcel if LAFCO made some major concessions in the Manabe-Ow business park which is under development where a FedEx building is now. He responded negatively on behalf of LAFCO. This was not part of the Pippin deal two years ago. The Manabe-Ow approval was a major community decision, and a covenant was a major part of the LAFCO majority vote to annex the property. There is no reason to connect a minor issue at Pippin to a key community issue that authorized the Manabe-Ow annexation. LAFCO does not regularly like to approve prime farmland annexations. The promise for Manabe-Ow to be a business park was a key to LAFCO's vote.

Commissioner Leopold agrees with Mr. McCormick to support the construction of the affordable housing. He is deeply disappointed with the City of Watsonville about their inability to annex these 26 units into the City. The City is disenfranchising the families that will be living in those units by not including them.

Mr. McCormick's letter to the City Manager was clear. As a Commissioner looking into any future annexation requests, he will seriously look into their inability to accept a modest addition to the City. Their response that it will cost money leads him to believe that future annexations should be seriously weighed. It may be worth shrinking the City's sphere of influence because they may not have the resources to support growth. He is baffled by the stance that the City has taken to want to re-negotiate the Manabe-Ow Covenant. A lot of work went into creating the covenant for the site and it has one of the largest employment opportunities in the City of Watsonville for good jobs. He thinks to involve Manabe-Ow's covenant with this minor annexation is completely unwarranted. Their inability to annex the 26 units may mean that they have more serious problems than LAFCO is aware of. Any requests for additional services should be scrutinized.

Commissioner Jim Anderson remembers that Mid Pen volunteered to take the lead and pay for the associated fees.

Mr. McCormick says that at the hearing, when Mid Pen saw that the City was not going to step forward, they agreed to pay for the costs to process the annexation.

Alternate Bobbe asks, if Mid Pen is willing to pay for the annexation costs, why the City is not willing to process the annexation.

Mr. McCormick is also confused. The City Manager's letter says it would be a financial burden. There were no numbers provided to show the burden.

Commissioner Leopold adds that the cost to the City for 26 units is minimal. They will be providing services to the other half of this project. The additional cost is so small that it is probably difficult to figure out.

Commissioner Jim Anderson asks if they would receive any property tax benefits.

Commissioner Leopold says the amount is very small.

Mr. McCormick thinks this is the only non-profit housing project in this County that is paying an endowment to the City. They are making a major municipal services prepayment of about \$800,000 for future services, such as police and fire that the City will be providing to this property. It is typical for non-profit housing projects to pay traffic impact fees and sewer connection fees. This is the only example he knows of that is prepaying for general municipal services through a significant municipal services fee.

Commissioner LaHue asks if a meeting could be arranged with some of the City leaders to explain in person what the real situation is.

Commissioner Friend says he represents part of Watsonville. He met with the City Mayor and some of the leaders and they are taking guidance from the City Manager. This was not a rational discussion. He agrees with Commissioner Leopold's observations. He informed the City Manager that it is a risky proposition to deny what seems obvious and easy when the City has worked so hard to request an annexation onto agricultural land. The people who will

suffer are the ones who will live in the unincorporated units. He does not believe the City Council would change their current position.

MOTION

Motion: Leopold Second: Friend	To revise the conditions of approval for LAFCO Resolution No. 952 to delete the condition that the property owner pursue annexation of the site.
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Commissioner Friend asks if they can still take an action to follow through with the annexation irrespective of deleting this requirement.

Mr. McCormick answers yes. He made an offer in his letter that, should the City Manager decide in hindsight that they made the wrong call initially, they can choose to go forward with an annexation. If that happens, the City would be the applicant and they would be paying for processing costs.

Commissioner Friend thinks LAFCO should reiterate to the City Manager that he is walking into a situation that he might not understand. Some previous City leaders have viewed the Commission as trying to stymie Watsonville’s progress. Ironically here is an opportunity for them to build a partnership with LAFCO and they are electing not to. It may be worth expressing a timeline in a letter to reconsider their political posturing. There is no policy justification for what has been proposed.

Commissioner Leopold supports writing a letter. Watsonville’s municipal service review is coming up, and these issues will be taken into consideration as part of that review.

Chairperson Roger Anderson says one of the reasons LAFCO wanted this annexation done quickly was the ability to use current environmental review documents before they went stale. He wonders what time frame the City of Watsonville might have to annex the property.

Mr. McCormick says there is no time clock running on environmental reviews. If the conditions on the land and the environment are the same one month later or six months later, then the same environmental document can be used. If the conditions are the same five years later, the same documents might be usable or they may need to be updated. If something has changed, such as overdraft in the groundwater or traffic patterns for example, the review may have to start over.

This project had a completed environmental document which was litigated and settled. It was a good document, and it was fresh two years ago. If he gets an application, he will have to review the document to see if it is still fresh. If the City is the applicant, it is their obligation to have a good document in order to submit an application to LAFCO. He is not aware of any huge changes in Watsonville’s environment, but he cannot commit that it will stay the case. It was attractive to move forward quickly two years ago and annex the other parcel while the document was defensible.

MOTION AND ACTION

Motion: Leopold Second: Friend	To revise the conditions of approval for LAFCO Resolution No. 952 to delete the condition that the property owner pursue annexation of the site, and for Mr. McCormick to write a letter to the City Manager. Motion carries with a unanimous voice vote.
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SERVICE AND SPHERE OF INFLUENCE REVIEWS FOR FIRE DISTRICTS

Mr. McCormick reports that there are 12 fire agencies in the County except for the cities of Watsonville and Santa Cruz. State law requires that LAFCO review each agency's sphere of influence every five years. This Commission is behind schedule and these reviews are overdue.

A sphere of influence is defined as a plan for the probable future boundaries of an agency. It consists of a resolution from this Commission, and it has a map showing the existing boundaries and its sphere of influence (SOI).

Sometimes the sphere of influence is the existing boundary of a district, such as Aromas Tri-County Fire Protection District. Sometimes the sphere of influence is bigger than the existing boundary, such as Boulder Creek Fire Protection District. Their central fire station is downtown, and their district goes partway up the mountain. Beyond that is a County response area, but Boulder Creek is the closest agency. They are now responding on mutual aid to County Fire calls. LAFCO has adopted a joint sphere of influence for the Scotts Valley Fire Protection District and the Branciforte FPD, which means this Commission thinks they should consolidate.

A service review has different features and they need to be done when the spheres are being updated. A service review looks at finances, operations, opportunities for reorganization, sharing services, purchasing, or maintenance. The State Legislature passed that law in 2000 as an experiment. They asked each LAFCO to start doing service reviews to see if it made sense to consolidate, share services, or contract for service. They wanted LAFCOs to push agencies into looking for efficiencies to provide better services to the public.

The last service and sphere of influence reviews were done approximately 10 to 12 years ago. Generally, the agencies are providing the same level of service now as they were back then. One organizational change concerning County Fire resulted from a major hearing by this Commission. The Fall Creek fire station was moved up the hill from Felton to Bonny Doon, and it is now staffed all year round.

Another major change in the last ten years concerns the Branciforte FPD, which has contracted with Scotts Valley FPD to provide administrative services involving the Chief and daily operations.

Call times remain about the same from ten years ago. The largest share of responses continues to be medical. Response times continue to be within local standards. Costs have generally gone up faster than revenues, and this is true for big and small districts. Some of the agencies have structural deficits that need to be addressed quickly. Most of the agencies are trying to correct their problems.

County Fire had a fire suppression assessment election fail, and they think their fund balance will be depleted at the end of FY 2017-18. They are considering whether to proceed with another election.

Central FPD notes that they do not have sufficient revenue to maintain both staffing levels and the benefit packages.

In the last ten years, Aromas Tri-County FPD went from a 3-person company to a 2-person company. This is not an ideal rural response. The response time is the same, but having one less person on the initial response limits how the incidents are handled.

Branciforte FPD continues to have a small fund balance. They do not have many options, but to get more money from the voters. They are at a minimal staffing level and there are not many good options.

Boulder Creek FPD is in better shape than Branciforte FPD, but they do not have enough money to pay for their upcoming capital costs. They would like to have a contingency reserve should any replacements be needed. They are also studying a fire suppression assessment option.

This Commission is trying a different approach to completing these reviews than they did ten years ago. It is a more accelerated program. Ten years ago, it was a thick report, and this time it is a much thinner report. The current approach is to do a quick review of all the agencies and decide which agencies will keep their current sphere of influence. During this process, the Commission may decide to look deeper into an agency with greater detail.

He asks if this approach is working for the Commission. If so, he will apply this quick format approach to the rest of the agencies. There is additional correspondence from Aptos/La Selva FPD, County Fire, and TJ Welsh.

Commissioner Leopold asks if Aptos/La Selva FPD filled out the survey.

Mr. McCormick replies yes. He edited some of their responses to equalize the quality. Some agencies self-graded themselves harder than others. He made modest adjustments and tried to maintain the thesis of each of the agencies' comments.

Commissioner Leopold wonders about their concern that this process is moving too quickly. Action will not be taken at this meeting, so he asks if they will still have a chance to agendaize, provide information, and get it back to us.

Mr. McCormick answers yes.

Commissioner Bottorff says these reviews gauge the health and well-being of these agencies. He read that response times continue to be within standards for urban and rural companies. He knows that the National Fire Protection Association (NFPA) adopted new standards recently. When he looks at the graph for response times, the times are not consistent with NFPA standards. The report says Aptos/La Selva, Central, and Scotts Valley FPDs have all adopted response standards similar to NFPA standards. If the main conclusion that response times are within standards, but the local standards are not consistent with the standards nationwide, it may not be known that these standards are not meeting expectations. He is perplexed, but he realizes any board of these agencies has a right to adopt whatever standards they want. The standards they have adopted meet the criteria that they have established, but this criterion is not consistent with NFPA. He thinks this is a red flag that needs a closer look.

Mr. McCormick adds that he was using historic local standards. Response patterns and response times are approximately the same as they were ten years ago.

In the 2014-15 Grand Jury report, they cite the NFPA and note that the urban fire agencies (Scotts Valley, Santa Cruz, Central, Aptos/La Selva, and Watsonville) are meeting the standard for a confirmed fire by the first response getting to the incident within six minutes 90% of the time. He used this data as well as the two most recent years' response data from Regional 911 that led him to loosely conclude that the response times are at about what is locally expected to happen. If the agencies want to provide agency-specific information, he would welcome this additional information.

Jon Jones is the fire chief for Aptos/La Selva FPD and is speaking on behalf of the board and the district itself. They wrote a letter to the Commission saying that they respectfully request the Commission pull their agency's review from the accelerated review program and consider further sphere of influence and service reviews for any provider within Santa Cruz County. They think it is incumbent all the fire agencies be looked at as a complete unit, not just individually. The Aptos/La Selva FPD Board is disappointed in the current process as it is laid out and they believe it is time for a more considerate review of the Santa Cruz County Fire Service spheres of influence and services.

They received LAFCO's survey letter after their board's agenda was set so they were unable to consider it at that meeting. He did not feel comfortable responding as the fire chief even though he knows all of their concerns. He wanted his board to be able to weigh in on these issues. At their next meeting, the board was very concerned and disappointed in this process of an accelerated rapid review of such important issues in the community. A comprehensive review of fire services is critical to the citizens.

He is not comfortable with the response times at Aptos/La Selva. His district is in the process of developing a master plan to look at their standards of coverage since it was last developed in 2005. The individual fire agencies rely so much on each other to provide mutual aid and auto aid.

Commissioner Friend says that in response to the report from the Grand Jury about consolidation, Chief Jones' response was that it would not be implemented for several reasons. Consolidation has been studied since the 1970s and there have been many discussions with some efficiencies improved regarding prevention.

He believes the whole Commission supports a more extensive review of the fire agencies, but he wonders what such a review would accomplish. A significant amount of money and time would be needed to provide another document that will generally have the same content as the last three documents have had since the 1970s. These reviews all say that there should be a consolidation among fire districts throughout the County to improve efficiencies and the Grand Jury's report agrees.

This Commission is behind on these reviews. These accelerated reviews are not the ideal method, but it may work for some districts such as small park districts. He challenges the fire districts by asking what a more extensive review would provide. This Commission may be more willing to engage in a more extensive fire districts review if there was the probability of positive results.

Chief Jones replies that the citizens deserve a comprehensive review. He hopes that someday, political will will happen and some of the inconsistencies can be fixed. Aptos/La Selva FPD had been working with Central FPD to find efficiencies, share fire prevention services, and maybe share division and battalion chiefs; but due to political will, these efforts fell apart. These efficiencies are still there and maybe a more extensive review and assistance from the Board of Supervisors and LAFCO can help make these efforts come to fruition.

He hopes to bring the fire districts together, drop the boundaries, and take the political piece out of the equation. His board is looking at ways to add services to their district and outside of the sphere as well. There are complex issues with County Fire, and without a comprehensive look, they do not know what they can help with to provide a better service just outside their sphere of influence.

Commissioner Friend acknowledges the good relationship Aptos/La Selva and Central FPDs have. These relationships have become a model throughout the County from surf rescues to prevention. If political will is in the way, he does not think an expensive study will help figure issues out. He wants to know what else another review can accomplish. He is supportive of a more thorough review if a positive result occurs.

Chief Jones thinks the same issues his fire district has rings true with all the other districts in this county. The citizens deserve a better service level, and it could happen if political will was not in the way. He wonders how much it costs to complete a more thorough review.

Mr. McCormick replies that the last study included staff time that was not counted in the costs. He estimates that it cost about \$120,000 for all the agencies. If staff time was included, it was probably closer to \$160,000. Fire studies with other LAFCOs in the last ten years have ranged from \$50,000 to \$600,000 based upon size and complication.

Chief Jones says he heard comments from his board that since 2005, they have been paying about \$12,000 annually to LAFCO and they want to see what that pays for.

Commissioner Friend thinks the community does not have an expectation of a more thorough review; they have an expectation that there are actions when recommendations are made. Since the mid 1970s, some recommendations have been implemented. There seems to be a cycle of expectations not being met. LAFCO has initiated extensive reviews. The Board of Supervisors has worked with Cal Fire on the failures of County Service Area 48 and the need for help on a near bankrupt fire organization.

Chief Jones thinks it is a shame that studies since the 1970s have shown changes need to be made.

Commissioner LaHue thinks more can be accomplished without spending a lot of money for a review. He would like the deficiencies better explained, how they can be fixed, and by when so a goal is set.

Commissioner Jim Anderson has been a LAFCO commissioner since 2006. He was on LAFCO when the South County Fire review was completed. The outcome from that review showed staffing levels, pay scales, and response times are different. There seems to be a fear of consolidation. LAFCO does not initiate consolidation. LAFCO can point out better efficiencies, but the actions have to come from within the boards of directors, and they do not always agree.

LAFCO tries not to spend any extra of the funding agencies' money.

Alternate Bobbe agrees with Commissioner Friend about what a more comprehensive review would accomplish. The problem is money. She wonders if a more elaborate review would show the public that new tax assessments are called for and maybe the report would help lend support from the community.

Chief Jones thinks some of the valley stations are not hurting for money. Aptos/La Selva FPD's funding is adequate. He hopes a future review can bring about more progress than before. This last review was not comprehensive enough, and it needs to look at everyone as a whole.

Commissioner Leopold adds that special districts often express that since they contribute funding to LAFCO, they would like to see what that money is spent on. Santa Cruz LAFCO does not have a large staff, and they have had a very modest budget for a long time. There have been times that LAFCO has returned money to the funding agencies.

LAFCOs are required by State law to have the special districts, cities, and the county to pay for LAFCOs' funding. This LAFCO includes special district members and there has been a fire district representative on this Commission for a long time. The funds are used as conservatively as possible and long term liabilities are taken care of.

He understands the funding agencies' concerns that some think they may be paying more than they receive from LAFCO in return. If more extensive reviews are done, the cost will come from charging LAFCO's funding agencies more money. It would be great to know these

reviews would be put to good use. The conservative approach is to do an accelerated review for a portion of these agencies, and a more in-depth review for others that the Commission thinks needs it.

Chief Jones relays his board's concern that they pay into LAFCO annually and want to see results. He understands that the districts did not have to pay extra for the 2005 review.

Mr. McCormick confirms that the districts did not pay extra for the 2005 review. The Commission spent several years building up a reserve to pay for the study.

Chairperson Roger Anderson wonders what else should have been asked about in the reviews that are missing. The Commission decided to survey the fire districts first because they are active and organized.

There is the political element of working with multiple boards and how consolidation or mutual aid would work. He wonders what the Commission can do to help facilitate this and what can LAFCO provide in a report as ammunition for better support with these services. There have been workshops in the past where the Commission acted as an intermediary.

Ryan Peters is a fire captain for Aptos/La Selva FPD and the Local 3535 Union President. His group supports consolidation. They are clear what needs to happen and they are ready to work on it with a collective effort.

Chairperson Roger Anderson says Aromas Tri-County FPD is a unique fire district in this County because it encompasses three counties. Only a small part is within Santa Cruz County. He wonders if the review covers their whole district or just within Santa Cruz County.

Mr. McCormick replies that Aromas contracts with Cal Fire just like Pajaro Valley FPD. Their financing was set up different than the other fire agencies in the report. Monterey LAFCO is the lead for Aromas and they have done an updated review. Aromas sent in good information. A sphere of influence amendment potential for Aromas was not identified in this County, but there is in Monterey County.

Daniel Grebil is Fire Chief for Scotts Valley FPD and since October, he has been Fire Chief for Branciforte FPD under an administration agreement. As of January, that type of agreement would have required LAFCO approval. This agreement was executed by both boards based upon last year's Grand Jury recommendation since Branciforte FPD was hurting financially. Since then, they have been able to balance the mid-year budget. The goal from both of the boards is to maintain the independent boards as independent fire districts. Their answers to LAFCO's surveys reflected both of the boards' input.

Commissioner Leopold adds there is an upcoming tax measure on the ballot. He asks Chief Grebil how he sees that factor into these discussions.

Chief Grebil responds that they do not have the funds to replace the capital, such as engine replacement. They have a facility that is half built because there is no more funding for it. The board identified a need to increase their special tax based upon their district's parcel

size and the parcel use. Most single family dwellings pay about \$100 per year and the proposed special tax would double that. It will be a mail-in ballot due August 30th called Measure T. There has not been a tax increase in 20 years. The community response looks good, but it is unknown what the ballot results will be. There needs to be a two-thirds majority requirement. The approval would bring in an additional \$80,000 per year which would help towards the emergency fleet and finishing the remodel of the Branciforte station.

Commissioner Leopold asks if there will be enough money for capital replacement. He wonders if the district will be able to be independent if they have the extra money.

Chief Grebil answers that if the money is available to finish those capital improvements, it would free some money up. He does not think it would help bring staffing levels up. Branciforte has a single person engine company that relies on volunteers. They have about 70% coverage for getting a second volunteer, and they would like to increase that to a two-person company. Last year, they had 130 calls for service, but 30 of those calls were responding outside their district to assist other agencies such as the City of Scotts Valley, the City of Santa Cruz, Central Fire, and County Fire areas. Branciforte only received assistance 6 times last year. They want to maintain Branciforte FPD and get the support they need from the community.

From Scotts Valley FPD's view, it would not be beneficial to consolidate as the sphere of influence indicates. He has never seen a common sphere of influence for two districts where it is planned for the districts to become one district. Currently, the two boards want to maintain their independence.

Commissioner Leopold notices on the Branciforte financial summary that the total revenue for the last column is missing.

Mr. McCormick says that is a mistake and can be fixed.

Chairperson Roger Anderson adds that the presented data shows that there are financial problems with a number of fire districts.

Steven Hall is the Assistant Fire Chief for Central FPD and he is fairly new to the County. He agrees with Chief Jones about the efficiencies of both of their agencies. They do a lot of activities together and they could do a lot more. Central FPD has gone out for a Request for Proposals for a Standards of Cover and a Management Analysis. The Request for Proposals is due mid-August so the report will probably be circulated within 60 to 90 days. The report will probably depict some of the efficiencies even more so than currently.

He is a proponent of National Fire Protection Association Standard 1710. He believes their response times are in-line currently but they can always improve. The Standards of Cover will probably show ways to improve those times.

Commissioner Leopold says there have been many reports about consolidation. If the management review study pointed to consolidation as one of the efficiencies, he asks what the barriers are.

Assistant Chief Hall answers that political will is a major barrier. There are efficiencies that involve improving the management of the agencies.

He was Fire Chief for Patterson for five years. They were huge proponents of JPAs, mergers, and consolidations. He has been through two of them. There are definite efficiencies to be had in Santa Cruz County, respectively to Aptos/La Selva and Central FPDs, but they will have to be fine-tuned.

Anthony Cefaloni is a Fire Captain for Central FPD and President of Local 3605, the Labor Union for Central Fire. They support a merger and are making efforts to let the community know. Central FPD was formed by combining Live Oak, Capitola, and Soquel and they believe this was a successful merger.

Battalion Chief Greg Estrada represents County Fire and Cal Fire. Ginny Petras, the County Fire Analyst amended some of the responses in the survey.

Ginny Petras points out that No. 6 says County Fire projects they would exhaust their fund balance by 2017-18, but that is not correct. They are projecting it extended to 2019-20 due to significant savings on the Cal Fire contract over the last couple of years. They think the fund balance will take them through 2017-18 and not be exhausted by then.

Chairperson Roger Anderson asks if this correction extends it two more years.

Ms. Petras answers yes. Cal Fire contract savings are dependent on the weather. With significant drought savings over the last couple of years, it has increased their reserves, and they have used that money for new much-needed equipment.

Chairperson Roger Anderson knows some of the fire agencies have sent support to help with fighting fires. He wonders if this is done as good will or whether there are any financial issues involved.

Battalion Chief Estrada answers that there were five engine companies dispatched to Monterey County through the State's master mutual aid program. Those agencies are fully reimbursed for their out-of-pocket expenses. Financially, there should not be a burden to that local agency. There is a dollar-for-dollar reimbursement for the vehicle and the employees plus an administrative fee attached to that. However, this area is down on resources because they have been deployed elsewhere.

CSA 4's reserve account was established approximately three years ago. Money was set aside annually for capital replacement and fleet replacement. There is a building replacement account that was part of the original construction of the facility but the project became under budget many years ago. That money was earmarked solely for maintenance to that structure and the grounds, and there is still money available in that account.

Commissioner Leopold asks if CSA 4 faces the same financial issues as CSA 48.

Battalion Chief Estrada replies no. CSA 4's monies are primarily generated through property tax and assessment fees from Pajaro Dunes proper.

Commissioner Jim Anderson says that the Felton FPD board has no desire to make amendments or change the current boundaries.

Commissioner LaHue notices in the balance sheets where expenses do not match the revenue, including Felton. He wonders if that means they have good reserves.

Chairperson Roger Anderson adds that he and Commissioner Leopold are also concerned with this issue.

Battalion Chief Estrada says that Pajaro Valley FPD has a cooperative agreement with Cal Fire. It is an independent South County fire district and it was formed by consolidating Freedom and Salsipuedes fire districts. Through some financial challenges about 15 years ago, they chose to contract with Cal Fire to administer the fire district. The facilities and equipment are locally owned and Cal Fire employees staff and manage the fire district. They also have a contract with the City of Watsonville to provide services to those areas formerly served by the old Freedom FPD.

There is a minor error on page 80 regarding the reserves. It shows \$595,000 for capital when he thinks it should be \$695,000. \$500,000 of that is for apparatus replacement and \$100,000 is for facilities.

Chief Grebil felt comfortable doing Scotts Valley FPD's survey himself since he has worked with his board for 4.5 years. They are a well-funded fire district with adequate reserves and an apparatus replacement program. They have been buying fire engines for \$550,000 cash under their replacement schedule every five or six years. They have a slight structural deficit in their annual budget, but due to income from an annual one-time cooperative agreement, such as Cal Fire going out of county on strike teams and reducing expenditures, they have been able to balance that budget.

In Scotts Valley, there is a Zone A which was created prior to Proposition 13. It is south of the district including Pasatiempo and Rolling Woods. It was designed to improve the water infrastructure for the hydrants and water supply. It got absorbed within the tax increments so individuals do not see a Zone A tax on their bill. It is part of the 1% tax rate which is a separate fund. They continue to identify projects that benefit that zone.

TJ Welch has submitted correspondence and understands the purpose of the reviews. He is concerned about the response times. National Fire Protection Association Standard 1710 is not necessarily a gold standard; it is a standard. It is a standard that is difficult for many agencies to meet. The first engine is on the scene within six minutes and the second engine arrives within twelve minutes. The National Fire Protection Association's standard is all resources are on the scene after the first alarm within nine minutes. This is difficult for an agency like Central or Aptos/La Selva FPDs to do. Central FPD may have the 15 personnel, but Aptos is shorter staffed.

There is a need for consolidation. He is enthusiastic about the outcome because it shares a different view than what he read in the review. The review shows that there is some hesitation for consolidation, but he hears more support for consolidation from the districts and their boards. This gives the County an opportunity to look towards consolidation, even considering the labor group.

Mr. Welch started his career in Santa Cruz County. He served as President for the training officers in 1987 and that was about the time some of these consolidations took place. His profession career moved to the East Bay and he went through nine consolidations. He has experienced JPAs, functional consolidations, and a contract for services. The first step is not to see it written in reports; it is the hurdle of taking the leadership to make it happen. He is encouraged that both labor groups are interested in consolidation. He thinks the LAFCO, Supervisors, and Mayor Bottorff can serve in leadership roles to help start this process.

John Lucchesi has been a resident since 1973. He thanks Chief Grebil for helping out Branciforte FPD. He is a fire chief that now helps out two fire districts and he thinks that makes sense. He does not believe taxpayers want to pay more taxes for the same service.

Live Oak, Capitola, and Soquel FPDs merged in 1987 with four fire engines to cover that region. There are still four fire engines 30 years later. He does not think there has been any improvement in service since then. Aptos/La Selva, Santa Cruz City, and Branciforte FPDs should consolidate and bail out local agencies for the bigger incidents.

Duplicate service needs to be eliminated so that more is received for the same tax dollar. There are 14 fire chiefs. There will be a loss of administrators and board of directors. 14 chiefs are not needed for smaller districts throughout the County.

The City of Santa Cruz received a federal grant to buy a \$1,000,000 state-of-the-art fire truck, and it should be shared by the all the fire agencies in the County.

From Scotts Valley to Aptos, there could be a duty chief or middle manager. There could be four duty chiefs for the County and 12 people would be needed to fill those four positions and cover shifts. He thinks Cal Fire covers the entire County with two Battalion Chiefs.

* Commissioner LaHue leaves.

Kay Archer Bowden is a consultant who works with the Homeowners Association for Pajaro Dunes. They receive very good fire service, but they pay a high fee. They are willing to pay for good service. They used to have sleepers who would supplement staff. They were usually people who were studying to be firemen. Pajaro Dunes/CSA 4 has turned it into an internship program that provides training. They become available County wide for any fire district. When people recognize the importance of protecting their property and being able to get fire insurance, they are willing to pay a higher fee for good service. They have been really happy with Cal Fire.

Commissioner Leopold thinks they have only touched on the financial summaries. In some cases, the revenue is much less than the expenditures or appropriations; and it shows as a fund balance. It is confusing to see the fund balance go up at the same time there is a large deficit. He thinks there should be a better explanation for these discrepancies.

Chairperson Roger Anderson thinks it should be clear whether there is a capital reserve or a contingency. Having numbers which add up to revenues equal expenses and whether money is transferred from reserves does not matter. But, somehow it should be easily tracked where the money is coming from. In some cases, the numbers are not projected until the end of the fiscal year. There may be money from the next year in the present year. This should be straightened out.

Commissioner Friend says Chief Jones comments are valid about the desire to have a more thorough review. He is concerned that the review will not produce any results. He heard that the political will is getting in the way, but the boards are part of the political will. He has been meeting with the unions. The boards need to come together and take a leadership role. It is rare that line level comes together wanting consolidation, but the holdout is actually from the elected board members. If it is the political will that is in the way, then the chiefs should take a leadership role within their respective directors to get it accomplished.

Aptos/La Selva and Central would be a good place to start, and there are other fire agencies that should look into consolidation. There could be a domino effect across the County. The professionalism of those two departments is unparalleled. He does not know that he wants to encourage the expense or time for an additional review to the Commission unless he knows that it would be a useful document. He agrees with Mr. Welch that the review will just repeat what is already known and what the issues are.

Commissioner Leopold adds that the fire board members are elected. There will be four seats up for re-election on the Central Fire board. Consolidation should be a topic for the upcoming election. The voters should say that consolidation is what they are interested in. Elected officials respond to the voters. It is helpful to get people to weigh in on this. If the community wants to support consolidation, then they should be electing people who support their will and there is an opportunity for this every couple of years. He thinks Central FPD will have a contested board election. The boards who are elected by the people have a great deal of say.

Commissioner Jim Anderson asks if more time should be given to the fire districts to add information such as staffing levels to this review and then recirculate it among the departments so that there is a better overview. His fire board is familiar with what LAFCO does, and he is available to talk to other fire boards.

A comprehensive South County Fire Study was completed and LAFCO solicited input. There did not seem to be a desire to put the study to good use.

Commissioner Leopold wants to ask a more specific question from the boards. He wonders what they think the opportunities or challenges of consolidation are. He thinks the boards should weigh in on paper what the issues are and highlight what prevents them from doing what makes sense.

Commissioner Bottorff agrees with the other Commissioners. The City of Capitola is one of the affected communities. He supports consolidation, and he thinks the City would also support it. LAFCO cannot start this process and he encourages those that can start the process to go ahead. He thinks LAFCO should offer any help they can.

Response times can be improved. The chiefs want to provide the best service they can to their community. He does not think more extensive studies will help. If there is another issue that needs to be addressed to help show the way and why it is necessary, he thinks that this Commission will support it.

Commissioner Friend will commit to come to Chief Jones' board meeting. He thinks there should be additional time for additional feedback from the fire agencies. This input should provide the answers a more thorough review would provide. He asks if 30 or 60 days would be enough time to meet with the respective agencies and provide feedback from the Fire Chiefs Association.

Chief Jones cannot answer on behalf of Fire Chiefs Association. On behalf of his board, they would like to provide more input. Law dictates these reviews be done and a comprehensive review is due. He thinks there should be more information than the current brief 100-page document. He thinks the public deserves a better review. He is not sure, but he would think his board would appreciate some LAFCO representatives attending a board meeting. He thinks 60 days would be plenty of time.

Chairperson Roger Anderson thinks it would be relevant to add the national standards to the response times.

MOTION AND ACTION

Motion: Friend Second: Leopold	To continue the item until the November 2 nd to afford an opportunity for the fire districts to provide additional input into the reviews and spheres of influence document. A final determination can be made at the November meeting. Motion carries with a unanimous voice vote.
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* Commissioner Bottorff leaves and Alternate Smith becomes a voting Commissioner Smith

REQUEST FROM CITY OF SCOTTS VALLEY AND SCOTTS VALLEY WATER DISTRICT TO PERFORM SERVICE AND SPHERE REVIEWS

Mr. McCormick reports that Scotts Valley City and Water District request to move their service and sphere of influence reviews up the priority list on LAFCO's work program. They have met staff's administrative needs to proceed.

Chairperson Roger Anderson thinks the map has some mistakes on it.

MOTION AND ACTION

Motion: Friend Second: Leopold	To approve staff's recommendation to move Scotts Valley City and Water Districts reviews to the top of the work project list. Motion carries with a unanimous voice vote.
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EMPLOYMENT POLICIES

Mr. McCormick reports that the Commission is updating their employment policies.

MOTION AND ACTION

Motion: Friend Second: Leopold	To approve Draft Resolution No. 2016-12 revising the Employment Policy. Motion carries with a unanimous voice vote.
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PERSONNEL COMMITTEE

MOTION AND ACTION

Motion: Friend Second: Smith	To appoint Commissioners Leopold and Jim Anderson to the Personnel Committee. Motion carries with a unanimous voice vote.
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LEGISLATION

Commissioner Leopold reports that the Legislature is going back for their final month of work. CALAFCO has recently been asked to testify before the Little Hoover Commission. He will testify as CALAFCO Chair. There are an increasing number of bills that try to go around the LAFCO process.

There was a special districts report from 2000. The Little Hoover Commission is focusing on special districts and the role LAFCOs play. They want to know if LAFCOs are using all the tools available to promote good government and orderly services.

The CALAFCO Board took a position of opposition to SB 1318. This bill has been dropped. Disadvantaged unincorporated communities (DUCs) are a huge issue in Sacramento. Last Friday, the CALAFCO Board voted to do a white paper that will map all the DUCs in the State. Thus, there will be a common ground to make recommendations about what should happen with these DUCs. This will hopefully be completed by the end of 2016 or January 2017.

Alternate Bobbe asks why SB 1318 was dropped.

Commissioner Leopold answers that there were many players involved such as the League of Cities, the California State Association of Counties, and the special districts. They all wanted different language changes. In the end, the author could not find common ground agreeable to everyone that could get the bill passed.

STATUS OF PROPOSALS

Mr. McCormick says that since the agenda packet was distributed, the office received an inquiry that will probably turn into a LAFCO application. It involves a water district sphere of influence amendment and annexation to the Soquel Creek Water District on Wharf Road. The single parcel is located in the City of Capitola, and it will go before their Planning Commission for a lot split.

Commissioner Leopold asks what water source they have now.

Mr. McCormick replies that it was part of a parcel formerly served by the City of Santa Cruz. There is a mobile home park adjacent to the parcel, and the parcel slopes down to Wharf Road. The hill was split off from the mobile home park for a separate residential use.

Alternate Bobbe asks how many more new hookups this involves.

Mr. McCormick answers one more single-family house.

CALAFCO ANNUAL CONFERENCE AND BUSINESS MEETING

Mr. McCormick reports that the Commission is within budget if any additional Commissioner wants to go to the Conference.

MOTION AND ACTION

Motion: R. Anderson Second: Smith	To nominate Commissioner Leopold to continue on the CALAFCO Board. Motion carries with a unanimous voice vote.
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MOTION AND ACTION

Motion: Leopold Second: Friend	To nominate Commissioner Jim Anderson as the voting delegate. Motion carries with a unanimous voice vote.
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Commissioner Leopold asks if there is any interest to nominate the Lompico merger as an interesting case. It is a good example of LAFCO work. LAFCO staff did an extraordinary job helping to make the merger happen.

Mr. McCormick suggests that the Lompico merger might do well in the Projects category.

Chairperson Roger Anderson suggests nominating Commissioner Leopold as one of the Outstanding CALAFCO member nominees.

Mr. McCormick will prepare two nominations.

Meeting is adjourned at 12:27 p.m. The next LAFCO meeting is scheduled for 10:00 a.m. on Wednesday, September 7, 2016.

CHAIRPERSON ROGER ANDERSON

Attest:

Patrick M. McCormick, Executive Officer