



LAFCO AGENDA

Wednesday, March 1, 2017

10:00 a.m.

Room 525, County Governmental Center  
701 Ocean Street, Santa Cruz

1) ROLL CALL	PAGE
2) MINUTES	
a) February 1, 2017.....	3
3) ORAL COMMUNICATIONS	
a) Anyone may briefly address the Commission concerning items not on the agenda.	
4) PUBLIC HEARINGS	
a) Proposed Budget for the Fiscal Year Beginning July 1, 2017.....	7
5) OTHER BUSINESS	
a) Status Report of Ad Hoc Committee on Potential Fire Agency Study.....	33
b) Status of Proposals.....	35
c) Legislation.....	36
6) WRITTEN CORRESPONDENCE	
a) Santa Cruz County 2016 Water Resources Annual Report.....	49
b) January 30, 2017 Press Release from Santa Cruz Mid-County Groundwater Agency.....	59
c) February 3, 2017 Letter from Special District Risk Management Authority Concerning Nominations for Board of Directors.....	60
d) February 21, 2017 Letter from LAFCO Executive Officer Concerning Election of Special District Member and Special District Alternate.....	61
7) ADJOURNMENT	
a) The next regular meeting is scheduled for 10:00 a.m. Wednesday, April 5, 2017 at the Santa Cruz County Building.	

### 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 831-454-2055 at least 72 hours in advance of the meeting to make arrangements. For TDD service the California State Relay Service 1-800-735-2929 will provide a link between the caller and the LAFCO staff.

### Late Agenda Materials

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



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Wednesday, February 1, 2017  
10:00 a.m.

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

.....  
The February 1, 2017 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, Lind, Coonerty, and Chairperson R. Anderson
Absent:	Friend
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: Leopold Second: J. Anderson	To approve December 7, 2016 minutes with one correction to clarify action on page 7. Motion carries with a unanimous voice vote.
--	---

APPRECIATION FOR ART SMITH, SPECIAL DISTRICT ALTERNATE

Chairperson Roger Anderson presents Art Smith with a plaque for his exemplary service on LAFCO from March 24, 2011 to December 6, 2016. He was very committed to LAFCO.

OTHER BUSINESS

POTENTIAL FIRE AGENCY REORGANIZATION, MUNICIPAL SERVICE AND SPHERE OF INFLUENCE STUDY

Mr. McCormick reports that the highest priority on the Commission's work program is to identify whether there is a potential study of fire agencies where LAFCO could be the lead for such a study. If there will be a study, it should be determined what the scope of work is and what the geographic extent should be.

There is momentum starting in the Mid-County and radiating out to find a study of sufficient value that could have a likely potential to be implemented. Staff and individual Commissioners have been talking to fire boards and union representatives. The staff report summarizes the positions received from various fire entities. He is expecting additional information within the next month from Branciforte, Central and Aptos/La Selva FPDs as well as County Fire.

Central and Aptos/La Selva FPDs have appointed committees of board members to facilitate discussions. He recommends that the Commission reciprocate by creating an ad hoc committee of two or three Commissioners for the purpose of engaging other fire board members to get participants and the scope identified. The committee would work with him, the fire boards, and the unions to identify the need for the study, the scope of the work, and the geographic area.

A letter dated January 31<sup>st</sup> from Donita Springmeyer has been distributed. Unfortunately, the agenda packet did not include page 4 from Ms. Springmeyer's letter. Additional copies of the letter have been made to include that page. All of the fire agencies received the full letter, including page 4.

Chairperson Roger Anderson says it is useful having all of the correspondence in one place.

Donita Springmeyer is a Bonny Doon resident. She thinks that the missing page 4 is important because it discusses the state sales tax Proposition 172 which is for fire and police. At the November meeting, she asked that County Fire (CSA 48) be reviewed. LAFCO does not decide who gets Proposition 172 money, which is about \$15 million per year; the Board of Supervisors has that discretion. Since LAFCO reviews the finances of all the districts, she encourages the Commission to read page 4. She does not suggest that the fire districts give back any money that went to the Fire Chiefs Association; she suggests that the County give more to fire agencies, especially CSA 48.

TJ Welsh, of Capitola, is unclear what the scope of the study would be. He hopes it is not another study to discuss the need for consolidation, but rather to discuss the process for consolidation and model types. He wants the study to involve how to make the model work and who would get involved in that process.

Brian Aluffi is the President of Local 3605. He is excited about the prospect for a committee that would include LAFCO, Central's fire board, Aptos/La Selva's fire board, and labor. This is the closest he has seen in almost 20 years to move toward an actual merger. He wants to be a part of it, and he knows labor is ready to move forward.

Commissioner Leopold likes the recommendation. They have heard from several of the fire districts and their labor unions about their interest in making this consolidation happen. He thinks having a small group that can work on these issues and bring it back to the Commission and the respective boards seems to be the most effective way to seriously consider these issues and hopefully come up with a plan and action.

He would like to be on this committee and it would be helpful to have Commissioner Friend on the committee as well.

Chairperson Roger Anderson thinks one of the major issues is that some of the important players have not signed yet on to this effort. Another issue is the expenditure of LAFCO money and most likely more money from the fire districts. This should be scoped out within a reasonable amount of time. The Commission is behind on their service reviews and this is an important part of dealing with the fire districts.

There should be an understanding that the committee would report back to the Commission so they can specify the study by the May meeting. There will have to be results from the committee no later than early April. He wonders if this suggestion is reasonable.

Mr. McCormick says ad hoc committees often have monthly reports agendized.

Commissioner Lind thinks the focus of a study should be on those agencies who are interested, not on those who expressed they are not interested, such as some North County fire agencies.

Chairperson Roger Anderson agrees with Commissioner Lind. He wants to make sure fire districts who are interested in consolidation are included.

Commissioner LaHue remembers that CSA 48 is interested in being included in the study. He wonders who is interested in being on the ad hoc committee.

Chairperson Roger Anderson appoints Commissioners Jim Anderson, John Leopold, and Zach Friend to the ad hoc committee.

Commissioner Bottorff thinks it makes sense to have Capitola represented on the committee.

Chairperson Roger Anderson says there cannot be four people on the committee due to Brown Act rules. He thinks the next LAFCO Chair will keep Commissioner Bottorff in mind if there is a vacancy on the committee.

## STATUS OF PROPOSALS

Mr. McCormick reports that he is proceeding with Soquel Creek Water District's reviews, but they will most likely not be available by the March meeting. After that, he plans to work on the Central Water District and the City of Capitola's reviews, and they both will be done in-house.

## SALARIES OF EXECUTIVE OFFICER AND SECRETARY CLERK

Chairperson Roger Anderson reports that this item was acted on in closed session at the last meeting. A resolution has been drafted that will grant the salary increases.

The recommendation for the Secretary Clerk is a salary increase of 8%, effective January 1, 2017. The Executive Officer will receive a 5% salary increase, plus a 3% longevity bonus in recognition of his service, both effective January 1, 2017.



#### MOTION AND ACTION

Motion: LaHue Second: Leopold	To increase staff's salaries as recommended. Motion carries with a unanimous voice vote.
----------------------------------	---

#### SELECT CHAIRPERSON AND VICE-CHAIRPERSON FOR 2017

#### MOTION AND ACTION

Motion: J. Anderson Second: Leopold	Nominate Commissioner LaHue as Chairperson. Motion carries with a unanimous voice vote.
--	--

#### MOTION AND ACTION

Motion: J. Anderson Second: LaHue	Nominate Commissioner Leopold as Vice-Chairperson. Motion carries with a unanimous voice vote.
--------------------------------------	---

#### WRITTEN CORRESPONDENCE

The special districts are in the process of filling two terms. Commissioner Anderson's term is ending in May and the alternate's position, previously filled by Art Smith, is vacant. The Commission has no role in this process.

Alternate Bobbe asks if the ad hoc committee's report in April needs to be agendized.

Chairperson Roger Anderson replies that there will be monthly reports from the committee. A time line should be followed and a plan in place before the decision is made for LAFCO's budget. He thinks a study can be finalized before the May meeting, and that there is money already budgeted for such a study.

Meeting is adjourned at 10:33 a.m. The next LAFCO meeting is scheduled for 10:00 a.m. on Wednesday, March 1, 2017.

---

CHAIRPERSON ROGER W. ANDERSON

Attest:

---

Patrick M. McCormick, Executive Officer



Date: February 22, 2017 for March 1, 2017 Agenda  
To: LAFCO Commissioners  
From: Patrick M. McCormick, Executive Officer  
Subject: Proposed Budget for Fiscal Year beginning July 1, 2017

---

*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 1<sup>st</sup> in order for the Commission to consider the proposed budget.*

*Staff Recommendation: Conduct a public hearing on the proposed budget on March 1<sup>st</sup>, approve the proposed budget resolution (Attachment A) as recommended, give staff direction on additional information to prepare during the budget process, and set a public hearing to consider adopting a final budget on April 5, 2017.*

---

## **BUDGET PROCESS**

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<sup>st</sup> and a final budget by June 15<sup>th</sup>.

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-three 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. LAFCO is now behind schedule in completing service reviews and sphere of influence updates.

## **WORK PROGRAM**

LAFCO has responsibility to review the services of 81 local agencies in Santa Cruz County. The Status List for the sphere and service reviews is Attachment D, and the work program is summarized in the following table.

## SERVICE AND SPHERE REVIEWS TO BE PREPARED

<u>Cities</u>	<u>Fire</u>	<u>Water</u>	<u>Sanitation</u>	<u>Misc.</u>	<u>County Service Areas</u>
Capitola	<b>Aptos/La Selva</b>	<b>Central</b>	Davenport	Port District	3 Aptos Seascape
Santa Cruz	<b>Central</b>	<b>Soquel Creek</b>	Freedom	Mid-Pen Open	11 County Parks
Watsonville	<b>CSA 48 County Fire</b>	CSA 54 Summit West	County Sanitation	Recl. Dis. 2049	38 Sheriff's Patrol
		Pajaro Val. Wat. Man.	CSA 2 Place de Mer		53 Mosquito/Vector
			CSA 5 Sand Dollar		plus 32 road CSAs
			CSA 7 Boulder Creek		
			CSA 20 Trestle Beach		

Reviews currently under preparation Feb. 2017 are in **bold** type.

### PROPOSED BUDGET DOCUMENTS

The proposed budget is detailed in the following documents:

- Multi-year spreadsheet (Attachments E and F)
- Narrative, line-item explanation of FY 2017-18 budget (Attachment G)
- Revenues, re-budgets, and new funding (Attachment H)
- LAFCO budgets 2008-2018 (Attachment I and J)
- LAFCO reserves 2008-2018 (Attachment K)

### BUDGET ISSUES

As shown on Attachment H, the Commission's revenue from application processing varies significantly from year to year. Three years ago, the revenue was \$100,318, and the revenue year-to-date for the current fiscal year is only \$8,711. Staff is aware of two potential applications that may be filed before the end of the fiscal year. Neither has a significant processing deposit. The recommended budget for next year would utilize all of the estimated fund balance available at the end of the current fiscal year.

The \$100,000 professional services reserve would be maintained in the recommended budget. The Commission is considering spending a portion of that as partial funding for the fire study currently being scoped. As staff proceeds with the accelerated service and sphere reviews, staff expects that the professional services funds will be needed to complete the current round of reviews.

The Commission may want to discuss whether to increase the litigation reserve above the \$100,000 level in the recommended budget for the upcoming fiscal year. An advantage of doing that is that the Commission can foresee a high likelihood that some of the reserve will be used in FY 17-18. The disadvantage is that funding agency contributions would have to be increased above the 3% level required to support the recommended budget.



## **ALTERNATIVES**

After conducting the public hearing on March 1, 2017, the Commission may adopt the proposed budget as recommended by staff, may adopt a proposed budget with amendments, or may continue the public hearing on the proposed budget to April 5, 2017.

## **RECOMMENDATION**

The staff recommendation would increase the budget 2.2% from the current fiscal year, and would increase the funding agency contributions 3.0% from the current fiscal year. The recommended budget has sufficient resources to continue with the current round of service and sphere reviews. If the professional services reserve is partially or totally used in FY 2017-18, the budget review in spring 2018 will need to address the level to which the professional services reserve should be re-stocked.

It is RECOMMENDED that the Commission:

1. Conduct a public hearing on the proposed budget, approve the proposed budget resolution (Attachment A) as recommended, give staff direction on additional information to prepare during the budget process; and
2. Set a public hearing to consider adopting a final budget on April 5, 2017.

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

### **Attachments:**

- A. Draft Resolution No. 2017-2 Adopting a Proposed Budget
- B. Government Code Section 56381 Regarding LAFCO Funding
- C. Government Code Sections Regarding Sphere and Service Review Timelines
- D. Sphere and Service Review Status List
- E. Multi-Year Spreadsheet Expenses
- F. Multi-Year Spreadsheet Revenues
- G. Narrative, Line-Item Budget for FY 2017-18
- H. Revenues, Re-Budgets, and New Funding
- I. Budget Table 2008-2018
- J. Budget Chart 2008-18
- K. Reserves Chart 2008-2018

## ATTACHMENT A

### LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2017-2

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, 2017

\*\*\*\*\*

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, 2017 in the amount of \$716,400 with the net amount to be funded by the participating agencies of \$347,700.
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 first day of March 2017 by the following vote:

AYES:

NOES:

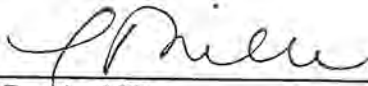
ABSENT:

\_\_\_\_\_  
THOMAS R. LAHUE, CHAIRPERSON

Attest:

Approval as to form:

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

  
\_\_\_\_\_  
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 22, 2017**

Agency	Date of First Sphere	Last Sphere Review Completed	Sphere Schedule	Last MSR Completed
<b>CITIES</b>				
Capitola	1975	2008	Under preparation	2007
Santa Cruz	1983	2008		2011
Scotts Valley	1985	2016		2016
Watsonville	1977	2008		2007
<b>FIRE AGENCIES</b>				
Aptos/La Selva	1977	2008	Under preparation	2007
Aromas	1989	2016		2016
Ben Lomond	1994	2016		2016
Boulder Creek	1994	2016		2016
Branciforte	1987	2016		2016
Central	1987	2008	Under preparation	2007
County Service Area 4-Pajaro Dunes	1989	2016		2016
County Service Area 48-County Fire	1985	2008	Under preparation	2007
Felton	1994	2016		2016
Pajaro Valley	1989	2016		2016
Scotts Valley	1976	2016		2016
Zayante	1994	2016		2016

Agency	Date of First Sphere	Last Sphere Review Completed	Schedule	Last MSR Completed
<b>WATER AGENCIES</b>				
Central	1986	1993	Under preparation	2007
<del>Lompico</del>	<del>1985</del>	2014		2014
Pajaro Valley Water Management				2007
San Lorenzo Valley	1985	2014		2014
Scotts Valley	1985	2016		2016
Soquel Creek	1986	2010	Under preparation	2007
CSA 54 Summit West	1996	2008		2007
<b>RECREATION AND PARK DISTRICTS</b>				
Alba Recreation and Park District	1988	2016		2016
Boulder Creek Recreation and Park District	1988	2016		2016
La Selva Recreation and Park District	1990	2016		2016
Opal Cliffs Rec. and Park District	1988	2016		2016



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	2015		2015
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		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	2015		2015
Reclamation District 2049	1988	2008		2007
Resource Conservation District	1983	2015		2015
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	2015		2015
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			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
60 Huckleberry Island	2015	2015		2015



EXPENDITURES DESCRIPTION	14-15 BUDGET	14-15 ACTUAL	15-16 BUDGET	15-16 ACTUAL	16-17 BUDGET	16-17 ESTIMATE	17-18 PROPOSED
Regular Pay	\$193,700	\$168,908	\$226,600	\$184,958	\$236,700	\$192,700	\$259,700
Overtime Pay	2,000	-37	2,000	0	2,000	0	1,000
Extra Help	1,000	0	1,000	0	1,000	0	1,000
Sick Leave	3,000	445	2,000	0	2,000	0	1,000
Holiday Pay	8,500	7,877	8,600	8,910	8,600	8,500	9,000
Social Security	13,500	13,755	14,500	15,003	15,000	15,000	20,000
PERS	33,400	33,522	56,500	53,075	60,000	63,400	64,000
Insurances	37,500	39,385	41,800	45,141	49,700	39,900	39,000
Unemployment	400	322	400	336	400	400	400
Workers Comp	900	749	1,000	998	1,000	1,100	1,100
<b>Salaries Sub.Tot.</b>	<b>\$293,900</b>	<b>\$264,925</b>	<b>\$354,400</b>	<b>\$308,422</b>	<b>\$376,400</b>	<b>\$321,000</b>	<b>\$396,200</b>
Telecom	1,800	1,725	1,800	2,065	2,200	1,100	1,200
Office Equipment	500	172	300	70	200	0	200
Memberships	4,000	5,797	4,000	3,704	4,700	4,000	4,200
Hardware	0	0	1,200	1,420	0	0	800
Duplicating	2,400	699	900	756	1,000	1,000	1,000
PC Software	1,100	13	700	20	600	0	500
Postage	2,100	3,172	3,000	731	3,200	1,300	3,200
Subscriptions	800	290	600	60	400	600	600
Supplies	1,600	858	1600	437	1000	1,200	1,300
Accounting	1,100	887	1,100	1,061	1,100	1,100	1,200
Attorney	142,500	6,250	150,000	10,488	150,000	11,900	150,000
Data Process GIS	9,300	15,850	13,100	15,297	21,300	14,800	15,800
Director Fees	6,000	2,610	6,000	2,250	6,000	3,400	6,000
Surveyor	1,000	0	1,000	0	1,000	800	1,000
Prof. Services	75,000	0	100,000	1,044	100,000	200	100,000
Legal Notices	1,700	1,139	1,700	827	1,300	1,100	1,400
Rents	8,000	8,315	8,400	8,393	8,500	8,400	8,400
Misc. Expenses	3,000	2,973	5,900	5,860	5,100	4,800	5,900
Books	300	0	300	276	300	100	300
Air Fare	3,000	1,158	3,000	733	3,000	1,000	3,000
Auto Rental	0	0	0	50	200	0	200
Training	800	0	800	0	900	700	900
Lodging	5,200	1,569	5,200	3,505	5,200	3,400	5,200
Meals	400	199	400	362	400	600	600
Mileage	1,000	1,544	1,200	1,020	1,600	1,700	1,700
Travel-Other	200	173	200	96	200	100	200
Registrations	4,100	5,312	4,000	180	5,300	2,600	5,400
Principal on Lease	1,500	1,096	1,100	931	0	0	0
Interest on Lease	400	180	200	26	0	0	0
<b>Supplies Sub.Tot</b>	<b>\$278,800</b>	<b>\$61,981</b>	<b>\$317,700</b>	<b>\$61,652</b>	<b>\$324,700</b>	<b>\$65,900</b>	<b>\$320,200</b>
<b>TOTAL EXPENDITURES</b>	<b>\$572,700</b>	<b>\$326,906</b>	<b>\$672,100</b>	<b>\$370,074</b>	<b>\$701,100</b>	<b>\$386,900</b>	<b>\$716,400</b>

REVENUES DESCRIPTION	14-15 BUDGET	14-15 ACTUAL	15-16 BUDGET	15-16 ACTUAL	16-17 BUDGET	16-17 ESTIMATE	17-18 PROPOSED
Interest	1,200	2,182	1,900	3,127	2,500	4,300	4,000
Contributions from Other Governmental Agencies	331,000	280,112	331,000	331,000	337,600	337,600	347,700
LAFCO Processing Fees	24,000	100,318	24,000	29,748	24,000	8,700	10,000
Medical Charges- Employee	2,300	2,221	2,300	2,230	13,100	6,600	4,600
Copy Charges	0	54	100	129	100	0	100
<b>REVENUES</b>	<b>\$358,500</b>	<b>\$384,886</b>	<b>\$359,300</b>	<b>\$365,338</b>	<b>\$377,300</b>	<b>\$357,200</b>	<b>\$366,400</b>
Re-budget from Fund Balance	214,200	214,200	312,800	312,800	323,800	323,800	350,000
<b>TOTAL REVENUES</b>	<b>\$572,700</b>	<b>\$599,086</b>	<b>\$672,100</b>	<b>\$678,138</b>	<b>\$701,100</b>	<b>\$681,000</b>	<b>\$716,400</b>

## ATTACHMENT G      NARRATIVE OF LINE ITEMS

### SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION NARRATIVE BUDGET 2017-18

#### SALARIES & BENEFITS

Object

51000      Regular Pay    \$259,700

Executive Officer - The current salary is \$10,941 per month.

Secretary-Clerk - The current salary is \$5,869 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 \$57,981.

The salaries total:

Executive Officer      \$131,290

Secretary-Clerk      \$70,429

Salary Reserve      \$57,981

Total      \$259,700

51005      Overtime Pay    \$1,000

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

51010      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.

51015      Sick Leave    \$1,000

Sick leave is budgeted as a lump sum.

51035      Holiday Pay    \$9,000

Holiday pay is budgeted as a lump sum.

52010      Social Security    \$20,000

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

## ATTACHMENT G      NARRATIVE OF LINE ITEMS

52015      PERS      \$64,000

This amount covers the Commission's contributions to the Public Employees Retirement System. Effective July 1, 2017, the employer's share of the normal costs will increase from 8.880% of salaries to 8.921%, and the employer's lump sum payment of unfunded liability will increase from \$22,662 to \$24,727 per year. The Commission is also budgeting to reduce its side fund balance \$20,000 per year.

53010      Employee Insurance      \$39,000

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. The total line item is based upon estimates provided by the vendors and is approximately the same as the costs in FY 2016-17. The downward adjustment next year is based upon the employees' decisions to change health plans to lower cost plans. The upward adjustment estimates 5% increased costs for the County insurances on July 1, 2017 and the PERS insurance on January 1, 2018.

53015      Unemployment      \$400

This amount is budgeted at the same amount as the estimated FY 2016-17 amount.

54010      Workers' Comp.      \$1,100

The Commission obtains this coverage from the Special District Risk Management Authority. The FY 2016-17 amount is an estimate of SDRMA dues and premiums, net of any credits.

SUBTOTAL SALARIES AND BENEFITS

\$396,200

### SUPPLIES AND SERVICES

61220      Telecom      \$1,200

The telephone cost is calculated at a 5% increase from FY 2016-17 costs.

61725      Maintenance of Office Equipment      \$200

LAFCO leases a copier. This amount represents maintenance of other the copier and other office equipment.



## ATTACHMENT G      NARRATIVE OF LINE ITEMS

- 62020    Memberships    \$4,200  
This amount provides for membership in the California Associations of LAFCOs and the California Special Districts Association.
- 62111    Computer Hardware    \$800  
The Secretary-Clerk's computer is due for replacement in FY 17-18. The price is based upon an estimate though the County's Information Services Department purchasing program.
- 62214    Duplicating    \$1,000  
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.
- 62219    Software    \$500  
This is budgeted as a lump sum.
- 62221    Postage    \$3,200  
This is the cost of mailing public notices and regular correspondence. It is budgeted at the highest expenditure during the last three years.
- 62222    Subscriptions    \$600  
It is budgeted at the highest expenditure during the last three years.
- 62223    Supplies    \$1,300  
It represents office supplies. It is budgeted at \$100 (8%) more than FY 2016-17.
- 62310    Accounting and Auditing    \$1,200  
This amount is the cost of accounting services from the County Auditor. It includes payroll, vendor payments, and auditing. It is budgeted at \$100 (9%) more than FY 2016-17.
- 62304    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).

## **ATTACHMENT G      NARRATIVE OF LINE ITEMS**

- 62325    Data Processing    \$15,800  
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 highest expenditure during the last 3 years.
- 62327    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.
- 62330    Surveyor    \$1,000  
This amount covers map checking by the County Surveyor and map prints from the County Public Works Department.
- 62381    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 a period of years, the Commission has built up its professional services reserve so that an outside consultant could be used to prepare some municipal service reviews, or partially fund a major reorganization study, such as the fire organization study currently being scoped.
- 62420    Legal Notices    \$1,400  
This amount is used to pay for public hearing notices and other legal advertising. It is calculated for 5 ads at a rate of \$280 per ad.
- 62610    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.
- 62856    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.

## ATTACHMENT G      NARRATIVE OF LINE ITEMS

- 62890    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.
- 62910    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.
- 62912    Auto Rental    \$200  
This is budgeted as a lump sum.
- 62914    Education and Training    \$900  
This represents staff development courses and seminars. It is budgeted at three classes at \$300 each.
- 62922    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.
- 62924    Meals    \$600  
The budgeted amount is estimated at the highest cost over the last three years.
- 62926    Mileage    \$1,700  
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.
- 62928    Travel Other    \$200  
These are miscellaneous travel costs such as train fares, bus fares, parking and bridge tolls. It is budgeted at the highest expenditure over the last three years.
- 62930    Registrations    \$5,400  
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.

## ATTACHMENT G      NARRATIVE OF LINE ITEMS

74230    Principal on Lease    \$0

This amount is the principal on the copier lease. The lease ended in FY 2015-16.

74420    Interest on Lease    \$0

This amount is the interest on the copier lease. The lease ended in FY 2015-16.

SUBTOTAL SUPPLIES AND SERVICES

\$320,200

### RECAP OF PROPOSED BUDGET:

SALARIES AND BENEFITS	\$396,200
SUPPLIES AND SERVICES	\$320,200
FIXED ASSETS	<u>\$       0</u>
TOTAL	\$716,400

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

### RECAP OF PROPOSED BUDGET:

SALARIES AND BENEFITS	\$396,200
SUPPLIES AND SERVICES	\$320,200
FIXED ASSETS	\$ 0
TOTAL	\$716,400

### CALCULATION OF AMOUNT OF NEW FUNDING

#### MAJOR ASSUMPTIONS:

- Maintain litigation reserve
- Maintain professional services reserve
- Continue with service review and sphere update program using available staff time, supplemented with consultant contracts
- Maximize rebudgeting of end-of-year fund balance
- Potential fire study will be significantly funded by affected agencies

TOTAL BUDGET	\$716,400
<u>RE-BUDGET FROM FUND BALANCE</u>	<u>-\$350,000</u>
TOTAL TO BE FUNDED IN FY 2017-18	\$366,400

REVENUE HISTORY	Actual <u>14-15</u>	Actual <u>15-16</u>	YTD <u>2/13/17</u>	Proposed <u>FY 17-18</u>
Interest	\$2,182	\$3,127	\$2,570	\$4,000
Application Processing Fee	\$100,318	\$29,748	\$8,711	\$10,000
Employee Health	\$2,221	\$2,230	\$4,902	\$4,600
<u>Copy Charges</u>	<u>\$54</u>	<u>\$129</u>	<u>\$0</u>	<u>\$100</u>
Total	\$104,775	\$35,234	\$16,183	\$18,700

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

TOTAL TO BE FUNDED IN FY 2017-18	\$366,400
<u>BUDGETED REVENUES</u>	<u>-\$ 18,700</u>
DUES TO BE PAID BY FUNDING AGENCIES *	\$347,700

\* Subject to increase by Auditor's charges.

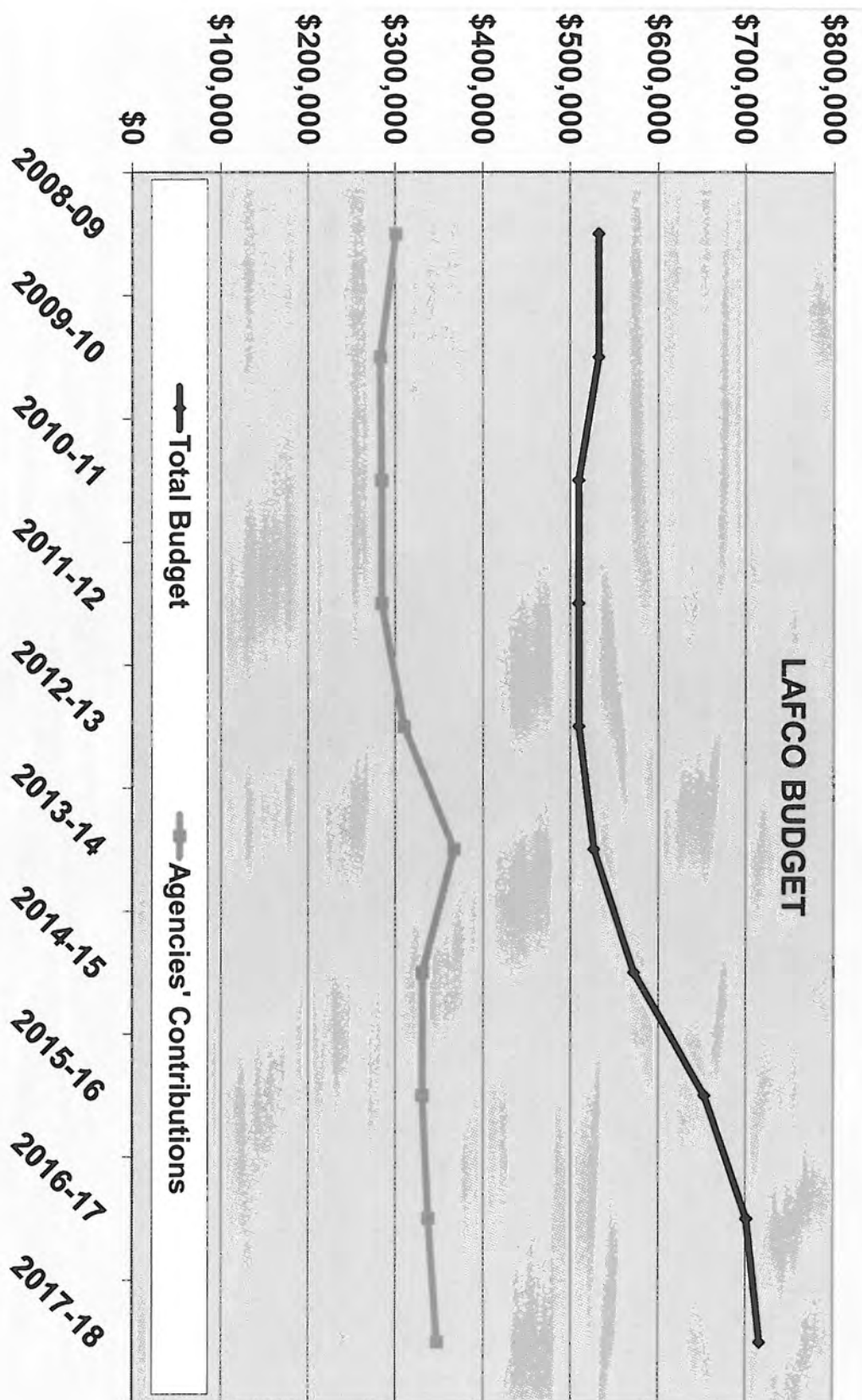


## ATTACHMENT I

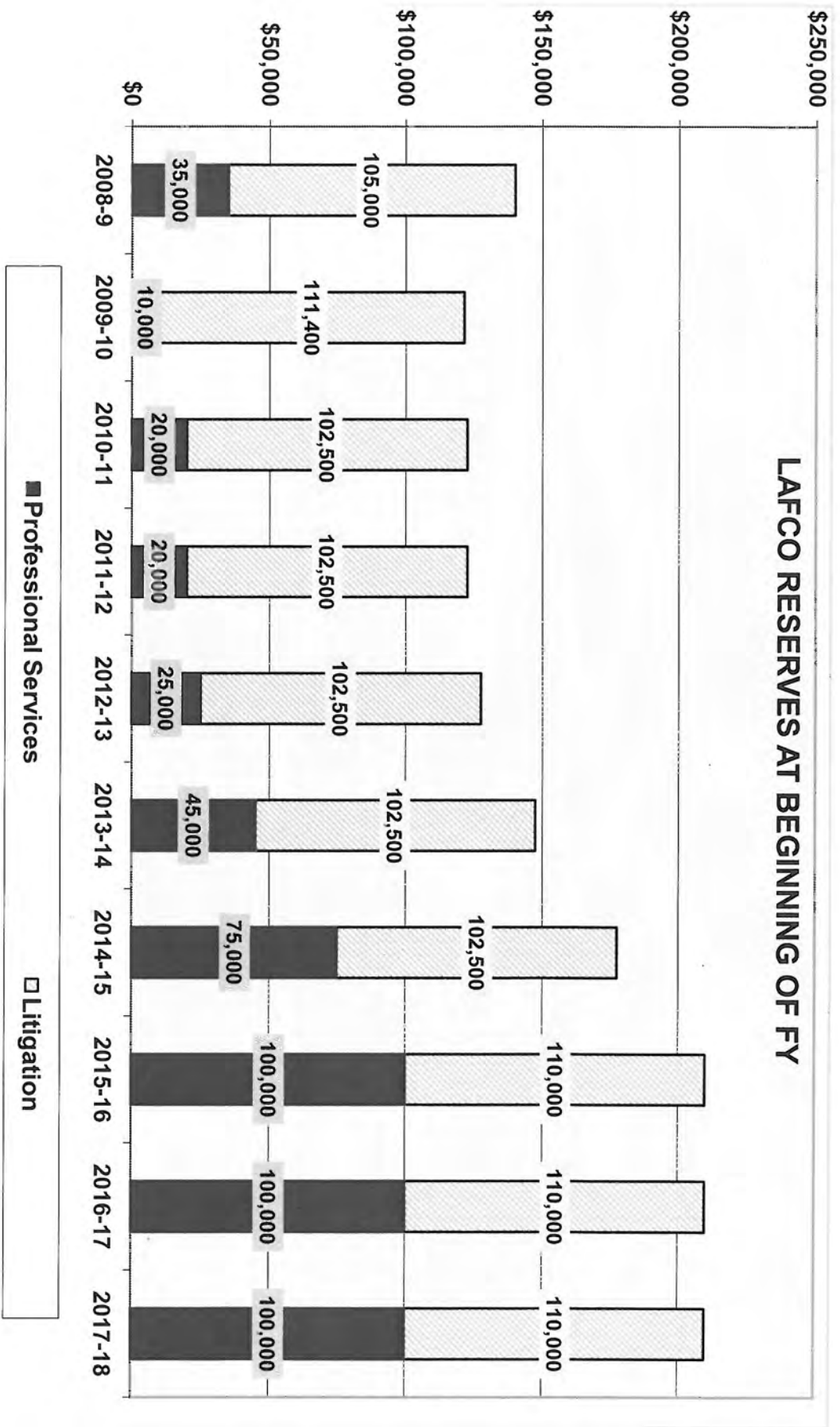
### LAFCO BUDGETS 2007-2018 updated February 17, 2017

Year	Total LAFCO Budget	New Contributions from Funding Agencies	Refund of Undesignated Reserve	New Funding after Refund
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	331,000	0	331,000
2015-16	672,100	331,000	0	331,000
2016-17	701,100	337,600	0	337,600
2017-18	<b>716,400</b>	<b>347,700</b>	<b>0</b>	<b>347,700</b>

# ATTACHMENT J



# ATTACHMENT K





## POTENTIAL FIRE STUDY

Date: February 22, 2017 for March 1<sup>st</sup> Agenda

To: LAFCO Commissioners

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

Subject: Potential Fire Study

---

*Summary: The Commission will receive an oral report on the status of determining a scope of work for a potential fire service study.*

---

Since the last meeting, the Boulder Creek Fire Protection District has sent a letter stating that they are not interested in Boulder Creek being included in the potential fire service study.

The Ad Hoc Committee (J. Anderson, Friend, Leopold) and the Executive Officer will give an oral report concerning the potential fire study.

Attachment: February 14, 2017 letter of Chief McClish of the BCFPD



Boulder Creek Fire Protection District

Kevin McClish, Chief  
13230 Central Avenue  
Boulder Creek, California 95006-9125

RECEIVED

FEB 16 2017

February 14, 2017

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

**Santa Cruz LAFCO**

LAFCO Board Members and Patrick McCormick ,

The Boulder Creek Fire Protection District Board of Directors discussed the letter from LAFCO dated November 28, 2016 regarding Sphere of Influence Action and Potential Fire Services Study at our January 10, 2017 meeting. The Boulder Creek Fire Protection District Board of Directors has found the recently completed study of the District acceptable and the Board is not interested in financially participating in the Santa Cruz County Sphere of Influence Action and the potential Fire Service Study.

Sincerely,

A handwritten signature in black ink, appearing to be "KC" followed by a stylized flourish.

Kevin McClish  
Boulder Creek Fire Protection District





**STATUS OF PROPOSALS**  
**as of February 21, 2017**

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

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

<u>LAFCO HEARINGS COMPLETE</u>	<u>DATE</u>	<u>STATUS</u>
PASATIEMPO GOLF COURSE REORGANIZATION LAFCO No. 960	11/2/16	Approved
FORMATION of HUCKLEBERRY ISLAND COUNTY SERVICE AREA #60 LAFCO No. 957	8/3/16	Extension approved



## Legislative Report for March 1, 2017 Agenda

---

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

*Staff Recommendation:* Receive report and take a position in support of AB 464 (Gallagher), which would rectify a problem created by an appellate court decision in City of Patterson v. Turlock Irrigation District.

*Submitted by: Patrick McCormick, Executive Officer* 

---

The new legislative session is gearing up. Bills must clear the policy committee in the house of introduction by May 12. The web site for bill information is <http://leginfo.legislature.ca.gov/>

The LAFCO staff is tracking six bills of interest to Santa Cruz LAFCO. These are listed on the attached tracking sheet.

CALAFCO is supporting AB 464 (Gallagher) which would correct a problem created in an appellate court decision in litigation titled "City of Patterson v. Turlock Irrigation District." Currently, Government Code Section 56653, concerning the inclusion of plans for providing new services in annexation applications, is not clear regarding whether those plans should address existing extraterritorial services already being provided by the annexing agency. The court decision specifically finds that the current laws "do not authorize the expansion of a district's territorial boundaries for the sole purpose of granting voting rights to consumers of a district's electrical services."

While Santa Cruz County does not have a public district that provides retail electrical services, Santa Cruz LAFCO policies generally support the annexation of territory to a district so that existing customers can participate in district elections.

CALAFCO is concerned that other courts will apply the same analysis to all types of annexations. CALAFCO is sponsoring AB 464. The bill would allow a district to file an application for annexation of areas that are currently being served by the district. The bill would not change LAFCO's authority to approve, conditionally approve, or deny the application.

Background materials that further explain AB 464 are attached to this staff report. The staff RECOMMENDS that the Commission support AB 464 (Gallagher).

Attachments: Tracking Sheet  
Assembly Bill 464  
City of Patterson v. Turlock Irrigation District  
Assembly Member Gallagher's Summary

BILL	AUTHOR	SUMMARY	STATUS
<b>Assembly Bills</b>			
AB 464	Gallagher	<p><u><i>Annexations</i></u> This bill would correct a problem created in a court decision in litigation titled <i>City of Patterson v. Turlock Irrigation District</i>. The bill would provide that any plan for services submitted with an annexation application address extraterritorial services already being provided in the annexation area.</p> <p><b>CALAFCO Position: Sponsor and Support</b> <b>Santa Cruz LAFCO Position:</b></p>	At Assembly Desk
AB 979	Lackey	<p><u><i>Special District Representation on LAFCOs</i></u> This is a spot bill intended to make it easier to add special district representation in the 28 counties that currently do not have special district representation on the LAFCO.</p>	At Assembly Desk
<b>Senate Bills</b>			
SB 37	Roth	<p><u><i>Vehicle License Fees for Recently Incorporated Cities</i></u> This bill is the author's fourth attempt to transfer vehicle license fees to cities incorporated between 2004 and 2012.</p> <p><b>CALAFCO Position: Support</b></p>	At Senate Gov. and Finance Comm.
SB 365	Dodd	<p><u><i>Regional Park District in Solano County</i></u> This would establish a process to form a regional park and open space district in Solano County, without LAFCO review.</p>	At Senate Desk
SB 448	Wieckowski	<p><u><i>Inactive Districts</i></u> This is a spot bill intended to make it easier to dissolve inactive districts.</p>	At Senate Desk
SB 634	Wilk	<p><u><i>Santa Clarita Valley Water District</i></u> This bill would consolidate two water districts in Los Angeles County, without LAFCO review.</p>	At Senate Desk



AB-464 Local government reorganization. (2017-2018)

SHARE THIS:  

Date Published: 02/13/2017 02:00 PM

CALIFORNIA LEGISLATURE— 2017–2018 REGULAR SESSION

ASSEMBLY BILL

No. 464

Introduced by Assembly Member Gallagher  
(Principal coauthor: Assembly Member Mayes)

February 13, 2017

An act to amend Section 56653 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 464, as introduced, Gallagher. Local government reorganization.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, among other things, establishes procedures for consideration of a proposal for change of organization or reorganization, as defined. Existing law requires that an applicant seeking a change of organization or reorganization submit a plan for providing services within the affected territory that includes, among other requirements, an enumeration and description of the services to be extended to the affected territory and an indication of when those services can feasibly be extended.

This bill would specify that the plan is required to also include specific information regarding services currently provided to the affected territory, as applicable, and make related changes.

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

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

**SECTION 1.** Section 56653 of the Government Code, as amended by Section 2 of Chapter 784 of the Statutes of 2014, is amended to read:

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

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

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



(2) The level and range of those services.

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

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

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

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

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

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

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

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

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

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

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

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

**SEC. 2.** Section 56653 of the Government Code, as added by Section 3 of Chapter 784 of the Statutes of 2014, is amended to read:

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

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

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

(2) The level and range of those services.

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

(4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other



conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.

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

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

Search FindLaw

Forms Lawyer Marketing Corporate Counsel Law Students JusticeMail Newsletters

FindLaw Caselaw California CA Ct. App CITY OF PATTERSON v. TURLOCK IRRIGATION DISTRICT

## CITY OF PATTERSON v. TURLOCK IRRIGATION DISTRICT

Print

Font size: A A Reset

## CITY OF PATTERSON, Plaintiff and Appellant, v. TURLOCK IRRIGATION DISTRICT, Defendant and Respondent.

F067629

Decided: June 25, 2014

Burke, Williams & Sorensen, Michelle Marchetta Kenyon, Kevin D. Siegel, Oakland; L + G, LLP, Dennis C. Beougher, Pleasanton, for Plaintiff and Appellant. Griffith & Masuda, Roger K. Masuda, David L. Hobbs, Turlock; Best, Best & Krieger, Gene Tanaka, Malathy Subramanian, Walnut Creek, for Defendant and Respondent.

## OPINION

This appeal echoes a familiar cry from the American Revolution—"No taxation without representation!" Here, a surcharge, not a tax, is the source of discontent. The surcharge is imposed by defendant Turlock Irrigation District (TID) on electrical rates collected from customers in a service area outside TID's boundaries.

These outsiders are not eligible to vote in TID's elections or to sit on its board of directors and, therefore, are not represented in the rate-setting process.

Plaintiff City of Patterson (City or Patterson) sought to obtain voting rights for the disenfranchised customers by requesting that the Stanislaus Local Agency Formation Commission (Stanislaus LAFCO) approve an expansion of TID's boundaries through an annexation of the electrical service area. TID opposed City's request and, in accordance with procedures set forth in Government Code section 56857,<sup>1</sup> submitted a resolution to Stanislaus LAFCO requesting the annexation proceedings be terminated.

City responded by filing this lawsuit to challenge the validity of TID's resolution. City alleged that TID's resolution did not meet the requirements of section 56857. In particular, City argued that the water-related financial and service concerns described in TID's resolution were not legitimate because the application for the annexation of territory was limited to retail electrical service and would not expand TID's obligations to provide irrigation water. The trial court denied all of City's challenges and entered judgment in favor of TID.

Our review of the statutory provisions that govern City's application for TID's annexation of the territory where it provides electrical service leads us to conclude that City's application must include a plan for providing services to the annexed territory and that plan must describe the services to be extended to the affected territory. (§ 56653.) Here, City's application did not include such a plan and did not seek to extend any services to the affected territory. Therefore, the application failed to comply with the statutory requirements in section 56653. Because City's application is not a type of application authorized by statute, it cannot succeed. Therefore, it would be meaningless to allow City to challenge the validity of TID's resolution requesting termination of the annexation proceedings.

In short, the purported evil that City's application seeks to redress—an irrigation district imposing charges for electrical services on customers who cannot vote in district elections because they reside outside the district's boundaries—has not been identified by the Legislature as a problem that the annexation of territory is intended to redress. The statutory scheme as presently enacted does not authorize the expansion of a district's territorial boundaries for the sole purpose of granting voting rights to consumers of the district's electrical services.

We therefore affirm the judgment in favor of TID.

FindLaw Career Center

Attorney  
Corporate Counsel  
Academic  
Judicial Clerk  
Summer Associate  
Intern  
Law Librarian

[Search Jobs](#) | [Post a Job](#) | [View More Jobs](#)

[View More](#)

## FACTS AND PROCEEDINGS

### TID's expansion of electrical service

In January 2002, Pacific Gas and Electric Company (PG & E) filed an application with the California Public Utilities Commission (PUC) for authorization to sell to TID certain electric distribution and transmission facilities in a portion of western Stanislaus County. Because the service area was outside TID's boundaries, the application to the PUC included a request that TID be allowed to provide extraterritorial service pursuant to Public Utilities Code section 9608.

In April 2003, the PUC approved PG & E's application and the proposed transaction. In accordance with the relevant agreements and the PUC's approval, TID was to operate the electric distribution system in an area that included City and adjacent rural areas and contained approximately 225 square miles (Westside area) with 5,450 existing accounts. One reason the PUC approved the application was California's policy of favoring service area agreements between electric corporations and districts that avoid duplication of facilities and service and the corresponding inefficient allocation of resources. In furtherance of this policy, PG & E and TID agreed not to serve retail electric customers in each other's service areas and not to build or operate transmission or distribution facilities in each other's service areas.

When TID acquired the electrical service facilities in the Westside area, it made no attempt to annex the new service area or to expand its sphere of influence.

### City's annexation application

Over eight years after the PUC's approval, Patterson's city council passed a resolution authorizing the city manager to file an application with Stanislaus LAFCO to change TID's boundaries to include the Westside area.

The change of boundaries would allow residents of that area to be represented on TID's board of directors and to vote in future TID elections.

In August 2011, City filed an application for sphere of influence amendment, reorganization, and annexation to TID. The application stated: "Pursuant to Government Code § 56654, the City of Patterson is seeking annexation/sphere of influence reorganization for only retail electrical service to Turlock Irrigation District for [the Westside area]." City's reason for the proposal was to provide residents of Westside "the right to be represented concerning their retail electrical charges." The application stated that residents of the Westside area were "subject to a surcharge imposed only on [Westside area] customers." The application asserted, in effect, that voting rights were important for these customers because the PUC "cannot regulate retail electrical utilities owned by a public entity, such as TID."

Stanislaus LAFCO accepted the application, placed the proposal on the agenda for its next meeting (for informational purposes only), sent a copy of the application to TID, and sent a letter to City about the application. The letter (1) listed additional items needed for the application, (2) identified items that needed clarification, and (3) stated that City would have to bear the expense of the municipal service review that section 56425 requires before a district's sphere of influence may be modified. The letter requested "clarification regarding a proposal affecting 'only retail electric service,' as this would suggest a divestiture of power for [TID] in the subject area, as defined under Government Code § 56037.2. Should a proposal for a change of organization involve a divestiture of power, it shall only be initiated by the legislative body of that special district (§ 56654b)." <sup>2</sup> The letter also indicated that TID had acted appropriately when it decided not to apply for a change of its boundaries: "Stanislaus LAFCO has determined that changes to [TID's] electric service area do not require the application for change of organization or reorganization with LAFCO (see also: Water Code § 22120)."

### TID's resolution requesting termination

TID's board of directors reacted to City's application by adopting Resolution No. 2011-92. The resolution stated that (1) an annexation of territory for a limited purpose, such as for "only retail electrical service," was not authorized by state law; (2) the annexation of the Westside area would increase the jurisdictional area of TID from 308 square miles to 533 square miles; (3) TID would be required to provide irrigation water to farm land in the Westside area on the same basis as farm land with its current jurisdiction; (4) TID lacked the water conveyance infrastructure to service the Westside area; and (5) providing water to the additional area created service and financial concerns.

### City's lawsuit

TID's submission of its resolution to Stanislaus LAFCO caused City to initiate litigation. On October 14, 2011, City filed a complaint with causes of action for declaratory relief, injunctive relief, ordinary mandamus, and administrative mandamus. Pursuant to these causes of action, City sought to have Resolution No. 2011-92 set aside, invalidated, or otherwise declared void.

TID filed a demurrer and, in January 2012, the trial court overruled the demurrer to City's complaint.

#### City's amended application

In February 2012, City submitted an amended application to Stanislaus LAFCO that reduced the area of proposed annexation to approximately 133 square miles. Much of the land deleted from the amended application was irrigated by another water or irrigation district. The amended application continued to assert that City sought "annexation/sphere of influence reorganization for only retail electrical service."

In response to City's amended application, the board of directors of TID adopted Resolution No. 2012-32, which again requested termination of the annexation proceedings before Stanislaus LAFCO in accordance with section 56857. Resolution No. 2012-32 became the subject of this litigation when City amended its complaint to challenge the validity of that resolution.

Of particular interest to this appeal is the entry on Stanislaus LAFCO's preprinted application form that requests information about the plan for providing public services. City's amended application responded to that item as follows: "N.A. Retail electrical service[s] are already being provided by TID to [the Westside area]."

#### Trial court's decision

In April 2013, the matter proceeded to a writ hearing and court trial. On April 22, 2013, the court issued a written decision on petition for writ of mandate. The court denied the petition for writ of mandate, stating:

"The Court finds that TID's resolution is 'based upon written findings supported by substantial evidence in the record that the request is justified by a financial or service related concern' as required by Government Code § 56857(b). Specifically, the Court notes that although Government Code § 56886(j) and (v) permit the LAFCO to restrict annexation to electrical service, Patterson did not expressly request such a restriction in its application, and even if it had, the LAFCO would not be required to honor such a request. The imposition of limiting conditions under Government Code § 56886 is solely within the discretion of the LAFCO, and accordingly, Patterson's application potentially affects TID's obligations to provide water service. For this reason, the findings in TID's resolution are related to the 'subject of the application,' as required by Government Code § 56857(d)(2), even under Patterson's more restrictive reading of this requirement."

Subsequently, the superior court entered an order stating City's petition was denied in accordance with its written decision and directing that judgment be entered in TID's favor. The judgment was entered on June 24, 2013.

Three days later, City filed a notice of appeal.

#### DISCUSSION

##### I. Standard of review

Issues of statutory construction, as well as the application of that construction to a particular set of facts, are questions of law subject to independent review. (*Scheenstra v. California Dairies, Inc.* (2013) 213 Cal.App.4th 370, 391; *Twedt v. Franklin* (2003) 109 Cal.App.4th 413, 417.)

##### II. Principles of statutory construction

A reviewing court's fundamental task in construing a statute is to ascertain the intent of the lawmakers so as to effectuate the purpose of the statute. (*Honchariw v. County of Stanislaus* (2011) 200 Cal.App.4th 1066, 1073, citing *Wilcox v. Birtwhistle* (1999) 21 Cal.4th 973, 977.) This task begins by scrutinizing the actual words of the statute, giving them their usual, ordinary meaning. (*Garcia v. McCutchen* (1997) 16 Cal.4th 469, 476; *Honchariw, supra*, at p. 1073.)

When the statutory language, standing alone, is clear and unambiguous—that is, has only one reasonable construction—courts usually adopt the plain meaning of that language. (*Hughes v. Board of Architectural Examiners* (1998) 17 Cal.4th 763, 775.)

Alternatively, when statutory language is "susceptible to more than one reasonable interpretation" (*Hoechst Celanese Corp. v. Franchise Tax Bd.* (2001) 25 Cal.4th 508, 519), it is regarded as ambiguous and there is no plain meaning. Where more than one reasonable interpretation is possible, courts must select the construction that comports most closely with the apparent intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute. (*Honchariw v. County of Stanislaus, supra*, 200 Cal.App.4th at p. 1073.)

Courts determine the apparent intent of the Legislature by reading the ambiguous language in light of the statutory scheme rather than reading it in isolation. (*Lungren v. Deukmejian* (1988) 45 Cal.3d 727, 735.) In other words, the ambiguous language must be construed in context, and provisions relating to the same subject

matter must be harmonized to the extent possible. (Ibid.) In addition, courts may determine the apparent intent of the Legislature by evaluating a variety of extrinsic aids, including the ostensible objects to be achieved by the statute, the evils to be remedied, the statute's legislative history, and public policy. (Honchariw v. County of Stanislaus, supra, 200 Cal.App.4th at p. 1073.)

### III. Background

#### A. Purpose and authority of a LAFCO

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Reorganization Act) <sup>1</sup> was enacted to encourage orderly growth and development in California. (§ 56001.) An "important factor" in achieving the policy goal of orderly growth and the efficient extension of government services is "the logical formation and determination of local agency boundaries." (Ibid.) "Local agency" includes both cities and districts. (§ 56054.)

The Reorganization Act provides for the establishment of a local agency formation commission ("LAFCO") in each county. (§§ 56325-56337.) The county's LAFCO is the administrative agency charged with the responsibility of determining the boundaries of cities and districts. (§ 56375 [powers and duties]; see § 56301 [purposes of LAFCO].)

A LAFCO consists of two members appointed by the county, two members appointed by the cities within the county, two members appointed by the special districts within the county, and one member to represent the general public who is appointed by the other commission members. (§ 56325.)

A LAFCO's authority over the boundaries of local agencies includes the power to approve a change in the boundaries of an existing district. (§ 56375, subd. (a)(1) [power to approve or disapprove proposals for changes of organization]; § 56021, subd. (c) ["Change of organization" includes annexation to city or district].)

#### B. Annexation proposals

##### 1. General provisions

Part 3 of the Reorganization Act addresses LAFCO proceedings for a change of organization <sup>2</sup> or reorganization. It contains six chapters consisting of sections 56650 through 56898.

Section 56650 provides that LAFCO "proceedings for a change of organization . . . may be initiated by petition or by resolution of application in accordance with this chapter." The reference to "this chapter" means chapter 1 of part 3 of the Reorganization Act. City initiated the proceeding for a change in TID's organization by submitting a "resolution of application," not a petition. (§ 56650.)

Section 56654, subdivision (a) authorizes an "affected local agency" to propose a change of organization by adopting "a resolution of application." "Affected local agency" is defined to include any city "that contains, or would contain, or whose sphere of influence contains or would contain, any territory for which a change of organization is proposed." (§ 56014; see § 56054 ["local agency" includes cities].) Here, City qualifies as an "affected local agency" because its territory is within the Westside area that is proposed for annexation to TID. The statute's use of the term "any territory" means that City's boundaries need not include all the territory proposed for annexation.

Section 56652 specifies the information that must be included in an application form. Among other things, the application must contain the resolution of application, a statement of the nature of the proposal, and a map and description of the subject territory. (§ 56652, subds. (a)-(c).)

In addition, when a local agency proposes a change of organization, it "shall submit with the resolution of application a plan for providing services within the affected territory." (§ 56653, subd. (a); see § 14 ["shall" is mandatory].) The contents of the plan for providing services are specified in subdivision (b) of section 56653, which states the plan "shall include" a "description of the services to be extended to the affected territory."

##### 2. Third-party annexation proposals

When a proposal to change a district's boundaries by annexing territory is initiated by a third party (i.e., a person other than the district itself or the county's LAFCO), that proposal is subject to section 56857. The text of subdivision (a) of section 56857 contains no explicit limitations on who may submit an annexation proposal or on the purpose of the proposal. For example, section 56857 does not state that (1) an annexation of territory must be for the purpose of extending the district's services to the applicant or (2) an annexation must not be motivated by political concerns.

When a LAFCO receives such an annexation proposal from a third party such as City, the proposal must be placed on the agenda for the LAFCO's next meeting for information purposes only and a copy of the proposal



sent to the affected district. (§ 56857, subd. (a).)

The affected district may oppose the proposed annexation of territory in accordance with the procedures set forth in subdivision (b) of section 56857. Specifically, the district "may adopt and transmit to the [LAFCO] a resolution requesting termination of the proceedings." (§ 56857, subd. (b); see § 14 ["may" is permissive].) <sup>9</sup> The authority to request termination of the annexation proceeding is subject to the following limitation: "The resolution requesting termination of the proceedings shall be based upon written findings supported by substantial evidence in the record that the request is justified by a financial or service related concern." (§ 56857, subd. (b).)

When a LAFCO receives a timely resolution requesting termination and it has not been served with notice of a lawsuit challenging the resolution, the LAFCO "shall terminate the proceedings no sooner than 30 days from receipt of the resolution from the district." (§ 56857, subd. (c).)

In the present case, the trial court applied the provisions of section 56857 and concluded that TID's resolution requesting termination was valid.

#### IV. Procedural challenges to City's application

City's appeal from the trial court decision raises a number of questions of statutory interpretation concerning section 56857. Additional questions of statutory interpretation are presented by TID's contentions that City's proposal for the annexation of territory is void because of procedural defects and, as a result, no useful purpose would be served by this court invalidating TID's resolution and requiring the Stanislaus LAFCO proceeding to go forward. (See *Wilson v. Blake* (1915) 169 Cal. 449, 454 [writ will be issued only when useful purpose will be accomplished thereby].)

In *Wilson v. Blake*, supra, 169 Cal. 449, a candidate for commissioner filed a petition for writ of mandate to compel a city council to canvass the returns of an election. (Id. at p. 449.) The proceeding was heard in the Court of Appeal, which issued the writ of mandate. (Id. at p. 450.) The California Supreme Court reviewed the matter and then denied the writ and sustained the city council's demurrer to the petition. (Id. at p. 454.)

The Supreme Court concluded that the improper form of ballot used in the recall election rendered the election returns void for uncertainty. (*Wilson v. Blake*, supra, 169 Cal. at p. 453.) As a result, the court refused to issue a writ directing the city council to perform the public duty of canvassing the return because the city council would have declared the election returns void for uncertainty, an outcome of no benefit to the candidate for commissioner who sought the writ. To explain its refusal to issue a writ, the court stated that a writ of mandate is issued "to compel the performance not only of a public duty but of a useful public duty. [A court] will exercise its power to issue the writ only when some useful purpose may be accomplished thereby." (Id. at p. 454.) There was no point in requiring the city council to canvass the election returns that were void. (See Civ.Code, § 3532 [the law does not require idle acts].)

Based on the rationale in *Wilson v. Blake*, supra, 169 Cal. 449, we will treat TID's contentions regarding procedural defects in City's application as presenting threshold questions that should be resolved before the validity of TID's resolution is addressed.

City has opposed this approach by arguing that this court should limit the issues it considers to the subject of its petition—that is, the validity of TID's resolution under section 56857. City argues that the alleged procedural defects of its application are not ripe and this court should not prejudge issues not yet decided by the administrative agency with expertise in reviewing applications. Based on considerations of efficiency and economy, for both the courts and the parties, we will follow the reasoning in *Wilson v. Blake*, supra, 169 Cal. 449, and address issues that would bar meaningful relief.

##### A. Failure of application to request any new services

One of the procedural defects raised by TID concerns the failure of City's application to provide for an extension of services within the new territory. TID contends that a plan for such services is a necessary component of an application that proposes the annexation of territory. We agree.

The statutory provisions relied upon by TID are sections 56654 and 56653. Subdivision (d) of section 56654 provides that "a resolution for application shall contain all of the matters specified for a petition in Section 56700 and shall be submitted with a plan for services prepared pursuant to Section 56653." (Italics added.) Section 56653 provides in full:

"(a) Whenever a local agency or school district submits a resolution of application for a change of organization or reorganization pursuant to this part, the local agency shall submit with the resolution of application a plan for providing services within the affected territory.

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

"(1) An enumeration and description of the services to be extended to the affected territory.

"(2) The level and range of those services.

"(3) An indication of when those services can feasibly be extended to the affected territory.

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

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

The provisions in section 56653 use mandatory language when referring to the submission of a plan for providing services (i.e., "shall submit") and when referring to the contents of such a plan (i.e., "shall include all of the following information"). In TID's view, this mandatory language necessarily implies that an application does not comply with the statute if it does not propose an extension of services and include a plan that enumerates and describes "the services to be extended to the affected territory." (§ 56653, subd. (b)(1).)

We believe the meaning of the statutory phrase "the services to be extended to the affected territory" can be illustrated by contrasting it with a phrase that refers to "the services, if any, to be extended to the affected territory." Had the Legislature included "if any" in the version it enacted, it would have indicated that a plan describing the extension of services was not required for all applications that propose a change in organization.

The Legislature's decision not to express any limitations on the mandatory phrases "shall submit" and "shall include" in section 56653 indicates an intention that the items following those phrases are necessary (not optional) for compliance with the statute.

City's reply brief did not address TID's arguments regarding the application of section 56653 to its amended application. During oral argument, City contended that Stanislaus LAFCO should determine the validity of City's application in the first instance.

City's amended application addressed the plan for providing public services simply by stating: "N.A. Retail electrical service[s] are already being provided by TID to [the Westside area.]"

City's position that the requirement for a plan is not applicable to its application implies that the requirement is optional, rather than mandatory. This interpretation of section 56653, however, is contrary to the plain meaning of the language used and is contrary to the general principle that courts should not add language to a statute. (See Code Civ. Proc., § 1858 [in construing statute, judges should not insert what Legislature has omitted].)

Therefore, we conclude that an application for the annexation of territory must include a plan for providing services to the affected territory, and that plan must describe the services to be extended to the affected territory. If the application does not propose to extend services to the affected area, then it is unable to satisfy the mandatory terms of section 56653 and, therefore, cannot be considered a valid and complete application. (See § 56658, subds. (e) & (g) [incomplete applications].)

Because City's application, in the form presented, does not comply with the statute, and it appears that City will not be able to cure the noncompliance by providing the required plan, nothing useful could be accomplished by this court issuing a writ of mandate directing TID to set aside its resolution requesting termination. Such a writ could not lead to Stanislaus LAFCO validly approving City's application proposing an annexation of territory by TID because the application fails to comply with the Reorganization Act. (Wilson v. Blake, *supra*, 169 Cal. at p. 454.)

Therefore, we will uphold the trial court's decision to deny City's petition for writ of mandate.

#### B. Other issues

TID also argued that (1) City's application was void based on other alleged procedural defects, (2) the trial court lacked subject matter jurisdiction,<sup>10</sup> (3) its resolution requesting termination of the proceedings complied with section 56857, and (4) approval of City's application would result in a divestiture of the district's power in violation of the limitations contained in section 56654, subdivision (b). In view of our conclusion about the meaning and application of section 56653 to the application submitted by City, we need not reach these additional issues.

#### DISPOSITION

The judgment entered on June 24, 2013, is affirmed. TID shall recover its costs on appeal.

#### FOOTNOTES

#### FOOTNOTE

1. All further statutory references are to the Government Code unless otherwise indicated.
2. Section 56037.2 defines "divestiture of power" as "the termination of the power and authority to provide particular functions or classes of services within all or part of the jurisdictional boundaries of a special district."
3. The absence of a plan for providing services within the affected territory raises a question about the interpretation and application of the provisions of section 56653 to the facts of this case. Subdivision (a) of section 56653 provides that, when a local agency submits a resolution of application for a change of organization, it also shall submit a plan for providing services within the affected territory. (See part IV.A, post.)
4. The Reorganization Act (formerly the Cortese-Knox Local Government Reorganization Act of 1985) is codified at sections 56000 through 57550.
5. "District" and "special district" have the same definition: "[A]n agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries." (§ 56036.)
6. "Change of organization" includes an annexation to, or a detachment from, a city or a district. (§ 56021, subs. (c)-(f).)
7. Chapter 1 consists of sections 56650 through 56668.5.
8. Subdivision (a) of section 56857 states: "Upon receipt by the [LAFCO] of a proposed change of organization or reorganization that includes the annexation of territory to any district, if the proposal is not filed by the district to which annexation of territory is proposed, the executive officer [of the LAFCO] shall place the proposal on the agenda for the next [LAFCO] meeting for information purposes only and shall transmit a copy of the proposal to any district to which the annexation of territory is requested."
9. The full text of subdivision (b) of section 56857 states: "No later than 60 days after the date that the proposal is on the [LAFCO's] meeting agenda in accordance with subdivision (a), any district to which annexation of territory is proposed may adopt and transmit to the [LAFCO] a resolution requesting termination of the proceedings. The resolution requesting termination of the proceedings shall be based upon written findings supported by substantial evidence in the record that the request is justified by a financial or service related concern. Prior to the [LAFCO'S] termination of proceedings pursuant to subdivision (c), the resolution is subject to judicial review." (Italics added.)
10. In particular, we do not reach the issue whether the PUC's authorization of TID to provide extraterritorial service to the Westside area pursuant to Public Utilities Code section 9608 deprived the trial court of jurisdiction to consider the validity of TID's resolution. (See Pub. Util.Code, § 1759 [jurisdiction to review, correct, or annul order of PUC].)

Sarkisian, J.\* FN\* Judge of the Superior Court of Fresno County, assigned by the Chief Justice pursuant to article VI, section 6 of the California Constitution.

WE CONCUR: Kane, Acting P.J. Peña, J.

#### RESEARCH THE LAW

#### MANAGE YOUR PRACTICE

#### MANAGE YOUR CAREER

#### NEWS AND COMMENTARY

#### GET LEGAL FORMS

#### ABOUT US

#### FIND US ON

Cases & Codes / Opinion Summaries / Sample Business Contracts / Research An Attorney or Law Firm  
 Law Technology / Law Practice Management / Law Firm Marketing Services / Corporate Counsel Center  
 Legal Career Job Search / Online CLE / Law Student Resources  
 Legal News Headlines / Law Commentary / Featured Documents / Newsletters / Blogs / RSS Feeds  
 Legal Forms for Your Practice  
 Company History / Media Relations / Contact Us / Privacy / Advertising / Jobs



Copyright © 2017 FindLaw, a Thomson Reuters business. All rights reserved.



## AB xx: LAFCO Annexations

### SUMMARY

Current law (§56133) allows Local Agency Formation Commissions (LAFCOs) to extend services beyond a local agency's jurisdictional boundaries, prior to formally annexing the territory. A recent court case jeopardized LAFCOs' ability to later annex these areas. This bill would add clarifying language to Government Code §56653 to solidify current practice of allowing LAFCOs to annex areas into districts already being served by the district.

### ISSUE BACKGROUND

LAFCOs are regulatory agencies in each of California's counties that oversee boundary changes and service delivery issues for cities and special districts to ensure effective urban development.

Government Code §56653 requires a local agency proposing a change of organization or reorganization to submit a plan for providing services within the affected territory. That plan must include a description of the services and an indication of when services can be extended to the affected territory.

LAFCOs frequently approve the extension of services prior to annexing an area in anticipation of the annexation of that territory at a later date. This helps provide vital services in a timely manner to areas that may not be part of an existing district. For example, in 2005 the Santa Cruz Mosquito Abatement County Service Area annexed three cities to the district as part of West Nile virus preparations. The district started serving the area prior to annexation, since mosquitoes do not respect service area boundaries.

However, a recent appellate court decision jeopardizes LAFCOs' ability to later annex these areas into the district.

### SOLUTION

AB XX adds clarifying language to Government Code §56653 to allow a district to file an application for annexation for areas in which services are currently provided by the district as required by §56133.

This would solidify current practice, which is to encourage annexations where it makes sense to align city and district boundaries with their service delivery areas. This will not change the current rights of a city or district to oppose an annexation, nor does it change any protest provisions in current law. It simply affirms current practices and aligns this section with other current sections of the law.

### AUTHOR'S STATEMENT

"This bill is a common-sense solution for a statewide problem. Not only does it ensure that LAFCOs can continue to evaluate applications which include the annexation of territory where services are already being provided, it also ensures that service emergencies can be rapidly addressed locally and people receiving and paying for services can participate in district elections."

### SUPPORT

- CA Association of Local Agency Formation Commissions

### OPPOSITION

None on file

### MORE INFORMATION

Katja Townsend  
Ph: (916)-319-2003  
Fax: (916)-319-2103  
[Katja.townsend@asm.ca.gov](mailto:Katja.townsend@asm.ca.gov)





# County of Santa Cruz

## Health Services Agency

1080 Emeline Avenue, Santa Cruz, CA 95060

Phone:(831) 454-4000 Fax:(831) 454-4770

Giang T. Nguyen, Health Services Agency Director

**Meeting Date:** January 24, 2017  
**Date:** December 22, 2016  
**To:** The Board of Supervisors  
**From:** Giang Nguyen, Health Services Agency Director  
**Subject:** 2016 Water Resources Annual Report

The Health Services Agency (HSA) Environmental Health Division requests that your Board accept and file its attached Water Resources Management Status Report for Calendar Year 2016. The report summarizes seven facets of countywide water resource management that include: 1) Water Supply and Groundwater Management; 2) Water Quality; 3) Watershed Health and Aquatic Habitat; 4) Stormwater and Flood Management; 5) Small Water Systems; 6) Drought Response and Water Conservation; and 7) Integrated Regional Water Management. Following are highlights regarding drought, water supply planning, and sustainable groundwater management.

The Health Services Agency (HSA) Environmental Health Division requests that your Board accept and file its attached Water Resources Management Status Report for Calendar Year 2016. The report summarizes seven facets of countywide water resource management that include: 1) Water Supply and Groundwater Management; 2) Water Quality; 3) Watershed Health and Aquatic Habitat; 4) Stormwater and Flood Management; 5) Small Water Systems; 6) Drought Response and Water Conservation; and 7) Integrated Regional Water Management. Following are highlights regarding drought, water supply planning, and sustainable groundwater management.

2016 was the fifth calendar year of a critical drought in California. However, rainfall in 2016 reduced severity of the drought in Santa Cruz County from 'Extreme' drought, to 'Abnormally Dry', as determined in the U.S. Drought Monitor, sponsored by the National Oceanic and Atmospheric Administration and by the U.S. Department of Agriculture. Much of the southern and central part of the State continued to sustain the most severe level of drought. 2016 rainfall in Santa Cruz County occurred at a historically average level and helped to recharge depleted groundwater county-wide. Unfortunately, the rain levels were not enough to result in recovery from the drought, and groundwater levels and summer stream baseflows remained below normal levels. Also for 2016, all large public water systems in the County continued to implement use restrictions, and/or encouragement of voluntary conservation measures to address long-term supply deficiencies and to comply with continued state-wide requirements for reduction of



water use.

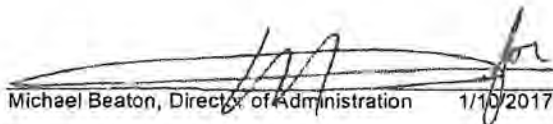
Despite the improved rainfall conditions in 2016, Santa Cruz County water agencies continue to address the need to establish increased reliable long-term water supplies. All of these local agencies continue to be actively engaged in pursuing new water projects through technical evaluations of recycled water use, water transfers, and increasing aquifer storage by using stormwater, winter streamflow, and purified wastewater.

The agencies' pursuit of water supplies involving groundwater highlights the importance of compliance with the California Sustainable Groundwater Management Act of 2014 (SGMA). SGMA dictates that aquifers be governed by formation of Groundwater Sustainability Agencies (GSAs). In 2016, the Santa Cruz County Mid-County Groundwater Agency was formed and recognized by the State as the GSA for that basin. HSA continues to work with the Scotts Valley Water District and the San Lorenzo Valley Water District to form a GSA for the Santa Margarita Basin. HSA is leading outreach efforts to inform and engage private pumpers in both basins. Agencies in both the Mid-County Basin and the Santa Margarita Basin successfully petitioned the State to establish meaningful geological boundaries for future management of those basins. The Pajaro Valley Water Management Agency is the GSA for its basin and continues to implement its Basin Management Plan to reduce pumping and bring its groundwater basin into balance.

In calendar year 2016, a wide range of water conservation measures, water supply planning, and groundwater management efforts were conducted to address short-term and long-term water supply needs in the County.

It is therefore **RECOMMENDED** that your Board accept and file the attached 2016 Water Resources Annual Report.

**Submitted by:**

  
Michael Beaton, Director of Administration 1/10/2017

**Recommended:**

Susan A. Mauriello, County Administrative Officer

**Attachments:**

- a 2016 Water Resources Annual Report

## **Santa Cruz County Water Resources Management Status Report for 2016**

Santa Cruz County continues to address major water resource challenges. The four year drought of 2012-15 greatly diminished streamflow and available water supplies, but water agencies and their customers were able to substantially reduce demand in order to accommodate the shortfall. In 2016 normal rainfall occurred, but groundwater basins and summer streamflow continued to be depressed following the drought. Most of the County's groundwater basins have been 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 continue to conduct a range of efforts to address these and other water resource challenges.

Following is a summary of six topic areas of 2016 water resource management:

1. Water Supply and Groundwater Management
2. Water Quality
3. Watershed Health and Aquatic Habitat
4. Stormwater and Flood Management
5. Small Water Systems
6. Drought Response and Water Conservation
7. Integrated Regional Water Management

### **1. Water Supply and Groundwater Management**

- a) The Sustainable Groundwater Management Act of 2014 (SGMA) went into effect on January 1, 2015. The County is actively working with local water agencies to pursue sustainability for the three major groundwater basins in the County as follows:
  - i. Management of the Santa Cruz Mid-County Basin (formerly referred to as Soquel-Aptos) is overseen a Joint Powers Agency consisting of the County of Santa Cruz, City of Santa Cruz, Soquel Creek Water District and Central Water District. This JPA is referred to as the Santa Cruz Mid-County Groundwater Agency (MGA). The MGA governing board includes three private well representatives and two representatives from each partner agency. The basin boundary has been approved by the California Department of Water Resources (DWR) and the MGA has been accepted as the Groundwater Sustainability Agency (GSA) for the Basin. Recent efforts include the development of a groundwater model for the basin, regular drop-in hours to allow the public to talk to Board members and staff in an informal setting, and hiring of a Planner to help with the development of the Groundwater Sustainability Plan. More information is available at [www.midcountygroundwater.org](http://www.midcountygroundwater.org).
  - ii. Management of the Santa Margarita Basin is being pursued as a joint effort with the County, the Scotts Valley Water District, and the San Lorenzo Valley Water District. The basin boundary modification request submitted to the state was approved pending some additional modifications. Once finalized, efforts will begin to have the JPA recognized as the GSA for the basin by the State.

- iii. The Pajaro Valley Water Management Agency is the designated Groundwater Sustainability Agency for the Pajaro Valley Basin within the current Agency boundaries.
- b) The County received a grant from the Department of Water Resources for \$250,000 to assist with outreach and Groundwater Sustainability Plan Development for the Mid-County Groundwater Basin. Funds will be used for further development of a groundwater model for the basin, update of the database on wells and non-municipal water users, outreach and services targeted to private well owners, and maintenance of the website
- c) Soquel Creek Water District has begun the EIR scoping for its "PureWater Soquel" recycled water project. This project would yield 1500 acre-feet per year (af/yr). The timeline to complete the EIR is 2018, with construction beginning 2019.
- d) In May, the Lompico County Water District ratepayers voted to merge with the San Lorenzo Valley Water District. The cost of the merger is \$2.9 million, to be paid off by assessments over ten years. The water district has created a Lompico Oversight Committee to review the process.
- e) Urban Water Management Plans (UWMPs) are required to be prepared by California's urban water suppliers (with over 3000 connections) to support their long-term resource planning, and ensure adequate water supplies are available to meet existing and future water demands. In 2016, UWMP updates were prepared by the City of Santa Cruz Water Department, the Scotts Valley Water District, the City of Watsonville Public Works and Utilities, San Lorenzo Valley Water District, and Soquel Creek Water District
- f) The County applied for a grant from the Wildlife Conservation Board Streamflow Enhancement Program to develop a San Lorenzo Watershed Conjunctive Use and Baseflow Enhancement Plan in partnership with the San Lorenzo Valley Water District.
- g) The City of Santa Cruz Water Department and Soquel Creek Water District are continuing to work towards an initial effort to provide in lieu recharge during the rainy season. The two agencies agreed to a 5 year pilot study/water transfer agreement using the existing 8-inch bi-directional 1,000 gallon per minute (gpm) intertie at Soquel's O'Neill Ranch facility. The timeline to conduct the initial transfer has been extended due to concerns about the possible impacts that introducing surface water into the Soquel Creek Water District distribution system could have on the pipes. This agreement does not include provisions for returning water from Soquel to the City in the event of a drought. However, the City Council's approved water supply augmentation strategy provides direction for the two agencies to begin discussions about longer term water exchanges and transfers.
- h) The County continues to coordinate submission of groundwater level data to the State's 'CASGEM' groundwater monitoring program. County staff also implement a cooperative program to monitor private well levels in the inland Mid-County area.
- i) The HSA Environmental Health Water Resources Section has been working closely with the water distributors and with the Geographical Information System (GIS) Department to update the Water Services layer in the County's GIS. This layer now shows the parcels served by nearly every water system in the county with five or more connections.

- j) The County, City of Santa Cruz, and San Lorenzo Valley Water District completed 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 study was transmitted by the Water Advisory Commission to the Board of Supervisors and the Board directed Planning and Environmental Health to begin updating County policies to provide increased water resource protection in karst areas.
- k) In November 2015 the City of Santa Cruz Council adopted recommendations from its Water Supply Advisory Committee to pursue a strategy of water conservation and enhanced groundwater storage, with a back-up option of advanced treated recycled water or desalinated water. Enhanced groundwater storage will involve working with Scotts Valley and Soquel Creek Water Districts to increase groundwater storage through water exchanges, in lieu recharge and aquifer storage and recovery wells. This strategy, if it proves technically feasible, would contribute to recovery of the groundwater basins and provide additional stored water for the City during dry periods, particularly multi-year droughts. City staff and their consultants are actively pursuing technical evaluations of the feasibility of those approaches. This process will take several years.

## 2. Water Quality

- a) 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.
- b) County staff continued to participate with the City of Santa Cruz, Save the Waves Coalition, Surfrider Foundation, Sierra Club, and Coastal Watershed Council in the Cowell Beach Working Group, which has been meeting monthly to better understand and control the elevated bacteria levels at Cowell Beach, which have resulted in it being named as one of the most polluted beaches in the State. Previous City improvements had eliminated any significant sources of human contamination. In June, the City installed pigeon exclusion fencing under the wharf. Since the completion of the fencing, bacteria counts were far less than in previous years, and the County was able to remove the beach posting six weeks earlier than 2015.
- c) County staff continue to work with the City of Watsonville and the Resource Conservation District (RCD) to monitor harmful algae blooms in Pinto Lake. The RCD completed work on a sediment basin on one of the tributaries to the Lake, while the City is preparing to implement an alum treatment to reduce internal nutrient loadings that drive cyanobacteria blooms. The County maintains warning signs at both Pinto and Kelly Lakes. The Regional Water Quality Control Board accepted the County's Pinto Lake Monitoring Plan and Quality Assurance Program Plan.
- d) County staff continue to participate with the Coastal Watershed Council, Surfrider Foundation and City of Santa Cruz in the San Lorenzo Alliance Water Quality Working Group, which has been seeking to evaluate the sources of elevated bacteria in the lower San Lorenzo River. A recent investigation used multiple lines of evidence to conclude that there was minimal human contribution to the elevated bacteria levels observed in 2014.



- e) County staff maintain ongoing efforts for water quality protection through septic system management, monitoring, and investigation, funded by County Service Area (CSA) 12. Properly functioning onsite sewage systems are a good method of groundwater recharge and contribute to approximately 10% of the San Lorenzo River's summer baseflow.
- f) Public Works Department staff have are implementing projects funded by grant funds to upgrade the sewer systems near Nobel Gulch, Soquel Creek, and Neary Lagoon in order to eliminate potential sewer leaks and sources of contamination to Cowell and Capitola beaches.

### 3. Watershed Health and Aquatic Habitat

- a) County staff continue to implement programs to benefit Steelhead and coho salmon, which are two anadromous salmonid species that have historically occurred in County watersheds but have experienced a severe drop in numbers as a result of habitat and watershed degradation. Coho are designated as endangered and steelhead are designated as threatened under the federal Endangered Species Act.
- b) Environmental Health is partnering with the Count Information Services Department to compile a database and website with interactive mapping capabilities to manage and display the results of fish monitoring efforts that were started by the County in 1981.
- c) The Resource Conservation District received a grant to investigate the possibility of offstream storage and other methods for property owners along Soquel Creek to reduce dry season stream diversions.
- d) County staff continued to work with water agencies to maintain annual sampling of stream habitat and juvenile salmonids in four watersheds: San Lorenzo, Soquel, Aptos and Pajaro. In 2016, steelhead numbers continued to be low throughout the four watersheds after four years of drought.
- e) The City of Santa Cruz and San Lorenzo Valley Water District continued efforts to monitor streamflow and habitat conditions downstream of their diversions in an effort to establish objectives for habitat improvement.
- f) 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.
- g) Staff from the County Planning Department and the HSA Environmental Health Division continued to meet with other regulatory agencies to coordinate effective approaches to environmental code compliance.
- h) The Resource Conservation District of Santa Cruz County continued to work with landowners and agency partners to complete habitat improvement projects through the Integrated Watershed Restoration Program (IWRP). These projects included wetland restoration, fish barrier removal, rural road upgrades, stream habitat improvement, managed recharge assessment, stormwater management and community education.



- i) As a part of an interim agreement with the fishery agencies, during 2015 and 2016, the City of Santa Cruz released significant more flow for fish than in previous droughts in Laguna Creek, the lower San Lorenzo River, and other streams.
- j) The City of Santa Cruz conducted a number of efforts, including ongoing lagoon monitoring, hosting the second annual State of the San Lorenzo River Symposium, and pursuing illegal stream diversions on critical streams.
- k) 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. The County has also participated in recent efforts to implement "San Lorenzo 2025", which is a targeted lobbying effort to secure substantial funding to restore fish habitat in the San Lorenzo River Watershed.

#### 4. Stormwater and Flood Management Stormwater and Flood

- a) In order to be eligible for storm water funding through Proposition 1, the State Water Board is requiring the development of Storm Water Resources Plans (SWRP) with the hope of changing the perception of stormwater from a nuisance, to a resource. Environmental Health led the effort to write a SWRP for the Santa Cruz region. County staff worked closely with representatives from the four cities, the RCD, Ecology Action, and UCSC. The SWRP can be found online at: <http://www.santacruzirwmp.org/resources/swrp>.
- b) The County, City of Santa Cruz, and Scotts Valley Water District completed the Proposition 84 stormwater grant funds to implement projects that reduce stormwater runoff and increase groundwater recharge by infiltrating runoff from impervious surfaces. In 2016 the City of Scotts Valley completed a parking lot retrofit at the transit center. Both of the County projects, one at the Heart of Soquel Park and one at Brommer Street Park, were monitored during the rainy season.
- c) Dr. Andrew Fisher from UCSC has been working with the Resource Conservation District on a Managed Aquifer Recharge (MAR) Suitability Study. MAR is a landscape management strategy that can help reduce aquifer overdraft by facilitating stormwater infiltration into the aquifer. The results will help identify potential project locations on both public and private land.
- d) County Public Works Department (DPW) staff continue to maintain operation of the Automated Local Evaluation in Real Time (ALERT) flood warning system
- e) The County, City of Watsonville, 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 for the Pajaro River, Salsipuedes Creek, and Corralitos Creek.
- f) County staff continue to implement the County's stormwater management program and update the program to address evolving State and Federal requirements.

#### 5. Small Water Systems

- a) County staff continue to effectively assist and direct over 130 water systems to maintain compliance and meet the ongoing needs of the people and communities, which rely upon them regarding water quality, quantity, treatment, distribution, water system organization, and evolving compliance requirements. The Drinking Water program met and exceeded its routine water system permitting and inspection goals established with the State Water Resources Control Board.
- b) The County began to receive meter reading reporting based on the 2015 requirements for metering and reporting of water use by all small water systems. This will provide additional information for assessment of rural water use and provide the County and the water systems with tools to minimize excessive water use.
- c) County staff continues to hold the Small Water Systems Forum to help build technical, managerial, and financial capacity among the small water systems within the community. Four quarterly meetings were held on various subjects, including: water conservation, drought status, current themes in drinking water, hexavalent chromium standards and compliance, recycled/greywater, water quality database inquiry, new treatment technologies, Electronic Annual Reporting, legislative updates, metering/water use data and ordinance changes, loan sources, rate setting, insurance/liability for water systems, and small water system involvement in the Sustainable Groundwater Management Act.
- d) Beginning in 2017, small water systems that use surface water will be directly overseen by state staff. These systems require more extensive treatment and can represent a considerable workload.

## 6. Drought Response and Water Conservation

- a) 2016 brought more rain than the region had seen in the previous four years and reduced Santa Cruz County to the lowest level of drought designation, "abnormally dry". All of the large public water systems continued to promote conservation, and many chose to keep water restrictions in place. However, none of the agencies maintained water rationing. Water use increased slightly continued to be low. A plot is provided that shows continued low water use in 2016 (Appendix A).
- b) County staff have participated with all of the countywide water agencies in the Water Conservation Coalition of Santa Cruz County to increase outreach and education to the public. The Coalition participated in numerous tabling events including Earth Day and the County Fair, and maintained the website [www.watersavingtips.org](http://www.watersavingtips.org).
- c) Environmental Health in partnership with Parks, the UC Master Gardeners, the City of Watsonville, the California Conservation Corps, and the California Landscape Contractors Association, implemented a turf replacement project at the Freedom Campus located at 1430 Freedom Blvd. Fifteen thousand square feet of turf was torn out and replaced with drought tolerant plants, mulch, pathways, and large boulders. This project will save over 300,000 gallons of water per year.
- d) Soquel Creek Water District has determined the next phase of the Water Demand Offset (WDO) program. The WDO Program allows development in the Soquel Creek water service area while conserving water, by requiring a 200% offset credit based on the

estimated new water use. Projects can satisfy their offset credit by paying a WDO fee equivalent to \$55,000 per acre-foot. This fee is broken out:

- 50% of offset fee goes towards long-term water conservation projects (e.g. stormwater recharge, smart metering)
- 50% of offset fee goes to funding the enhanced toilet rebate program.

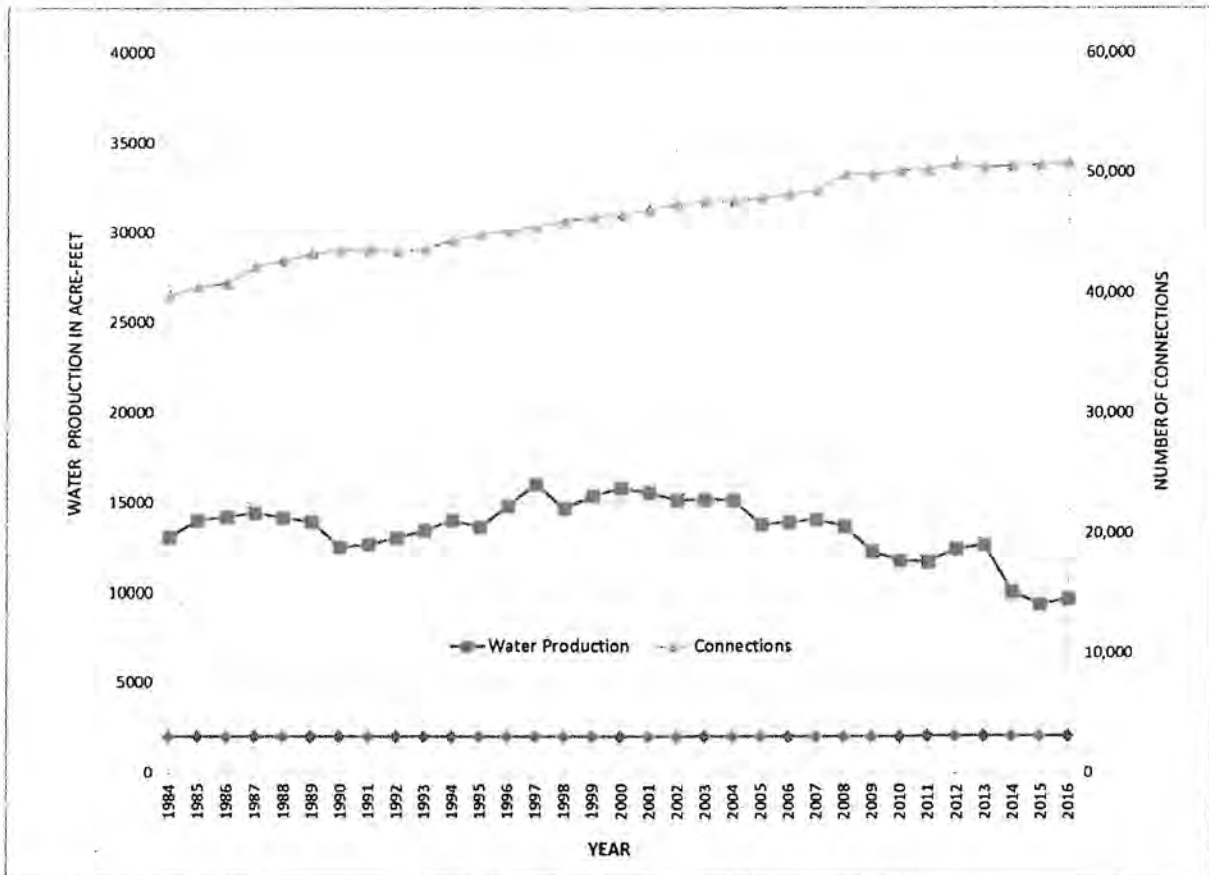
- e) The County has been working on a \$99,000 grant from the Department of Conservation for the development of a voluntary Rotational Cover Crop Plan for the Pajaro Valley, in partnership with the Resources Conservation District and the Community Water Dialogue. Highland Economics has been brought in to quantify the costs and benefits of cover cropping.

## 7. Integrated Regional Water Management (IRWM)

- a) In January 2016, LAFCO in partnership with the County, the Cities, the large public water systems, and the Regional Water Management Foundation hosted a public event at New Brighton Middle School called "Connecting the Drops: Working Together for Water." The event was designed to inform the public about all of the ways the local agencies partner on managing water for the benefit of everyone. The event was very well attended.
- b) Santa Cruz County partner agencies continue to work together on integrated regional water management, with the Regional Water Management Foundation (RWMF) serving as a hub for the 12 partner agencies. The County and all of the cities and public agencies dealing with water are signatories to the Santa Cruz IRWM Memorandum of Agreement, which was updated in 2016. The agencies contribute \$80,000 toward maintenance of the IRWM efforts.
- c) The Santa Cruz IRWM region received partial drought funding under Proposition 84 to help expand recycled water use in Davenport, help fund treatment for hexavalent chromium in Soquel Creek Water District and replace aging wells for the City of Santa Cruz water supply.
- d) The County also continues to participate in the Pajaro IRWM region, which encompasses the Pajaro River Watershed. The Pajaro Water Management Agency is completing the construction of a recycled water storage tank at the City of Watsonville wastewater treatment plant, which will allow significantly increased use of recycled water for irrigation and reduction of groundwater pumping.

End.

### Appendix A Water Production for Northern Santa Cruz County Large Water Purveyors\* 1984 to 2016



\* Water Suppliers include:

- City of Santa Cruz
- Scotts Valley Water District
- San Lorenzo Valley Water District
- Soquel Creek Water District
- Central Water District

2016 total annual use is estimated based on water use reported through September 2016

Calculated number of connections became more precise beginning in 2013, when the state required water usage reporting. (Connection jump in 2008 was due to addition of Felton system to SLVWD)

Attachment: 2016 Water Resources Annual Report (3183 : 2016 Water Resources Annual Report)

[Subscribe](#)

[Share ▼](#)

[Past Issues](#)

[Translate ▼](#)

[View this email in your browser](#)



*Groundwater is a vital resource. together let's protect it*

#### FOR IMMEDIATE RELEASE

Contact: Sierra Ryan  
Phone: 831-454-3133  
Email: [sierra.ryan@santacruzcounty.us](mailto:sierra.ryan@santacruzcounty.us)

#### SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY IS CASE STUDY FOR STANFORD REPORT ON GROUNDWATER SUSTAINABILITY AGENCY (GSA) FORMATION

**Santa Cruz County (January 30, 2017)** - This past summer the Santa Cruz Mid-County Groundwater Agency (MGA) participated as a case study for a Stanford University report called "To Consolidate or Coordinate: Status of the Formation of Groundwater Sustainability Agencies (GSA)s in California." The report notes that the MGA is the only basin thus far to coordinate multiple agencies to govern a GSA. The MGA has been viewed as a model agency for leading the way for GSA development and demonstrating collaboration.

Key findings of the report include:

- As of October 31, a total of 106 entities had submitted notices to serve as GSAs. The vast majority of these notices came from single agencies rather than collaborations among multiple agencies, and over a third had voluntary groundwater management plans in place prior to SGMA.
- Local agencies had submitted GSA notices to cover all or part of 51 high- and medium-priority basins, ranging from one to 14 prospective GSAs per basin.
- Of these 51 basins, 13 are completely covered by a single GSA, 10 were covered by multiple GSAs that were overlapping or not yet exclusive and 28 had incomplete coverage.
- Only one basin — the Santa Cruz Mid-County Groundwater basin — is being governed by a newly created governance structure involving multiple agencies.
- Seven inter-related factors played a role in decisions about the scale of GSAs, and whether to pursue consolidated or coordinated approaches to management at the basin scale: 1) basin size; 2) degree of heterogeneity in basin conditions; 3) concerns about autonomy and representation; 4) needs for financing GSA activities; 5) existing capacity to serve as a GSA; 6) prior collaborative experience; and 7) the presence of trusted basin-wide leadership.

To read the full report go to <http://waterinthewest.stanford.edu/publications/consolidate-or-coordinate-formation-groundwater-sustainability-agencies>.

More information on the MGA can be found at [www.midcountygwater.org](http://www.midcountygwater.org). The MGA received support from the Department of Water Resources Counties with Stressed Groundwater Basins grant program.

###



**Notification of Nominations – 2017 Election  
SDRMA Board of Directors**

February 3, 2017

Mr. Roger 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 2017 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. 2017-03, sample Resolution for Candidate Nomination and Candidate's Statement of Qualifications Form.

**General Election Information** - Four Director seats are up for election. The nomination filing deadline is Friday, May 5, 2017. Ballots will be mailed to all SDRMA member agencies in mid-May. Mail-in ballots will be due back to SDRMA Tuesday, August 29, 2017.

**Nominee Qualifications** - Nominees must be a member of the agency's governing body or a management employee (see SDRMA Election Policy 2017-03, 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 from their member agency's governing body and complete and submit a "Candidates 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 "2017 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, 2018 and expire December 31, 2021.

**Nomination Filing Deadline** – Nomination documents **must be received in SDRMA's office no later than 5:00 P.M. on Friday, May 5, 2017.**

Please contact SDRMA Chief Operating Officer Paul Frydendal at 800.537.7790, if you have any questions regarding the 2017 SDRMA Board of Director Nominations or the election process.

Sincerely,  
Special District Risk Management Authority

  
Gregory S. Hall, ARM  
Chief Executive Officer



February 21, 2017

Chair

Description

Address

City State Zip

SUBJECT: ELECTION FOR DISTRICT MEMBER AND ALTERNATE ON LAFCO

Dear Board Chairperson:

The independent special districts in Santa Cruz County get three positions on the LAFCO board. Tom LaHue (Soquel Creek Water District) is in the middle of a four-year term as a regular member. Jim Anderson (Felton Fire Protection District) is the other regular member with a term ending on May 1, 2017. The alternate member seat is currently vacant due to Art Smith (Scotts Valley Fire District) not getting re-elected to that district board. The purpose of this letter is to solicit your district's vote for the regular and alternate members on the LAFCO board. The candidates are:

Regular Member Term Ends May 3, 2021

--Jim Anderson	Felton Fire Protection District
--Tom Maxson	Ben Lomond Fire Protection District

Alternate Term Ends May 3, 2021

--Don Bussey	Pajaro Valley Water Management Agency
--Rachél Lather	Soquel Creek Water District.

Background information from the candidates is enclosed.

The election will be conducted by mail. LAFCO staff will open and tally the ballots at 10:00 a.m. on April 4, 2017 in the LAFCO office. Anyone who wishes to observe the tally should come to the LAFCO office at that time.

Each district gets one vote for each position, which shall be executed on the enclosed ballot by either the presiding officer of the district board, or by his or her designee. Return the executed ballot to the LAFCO office no later than 10:00 a.m. on April 4, 2017. Ballots can be mailed, hand-delivered, or emailed to the LAFCO office. If emailed, please follow-up by mailing the original signed ballot.

The Independent Special District Selection Committee rules of procedure are posted on the Policies and Rules page of LAFCO's website: [www.santacruzlafco.org/Library/Selection%20Committee%20rules.pdf](http://www.santacruzlafco.org/Library/Selection%20Committee%20rules.pdf)

Please contact Debra Means or me at the LAFCO office if you have any questions about the voting process.

Very truly yours,

Patrick M. McCormick  
Executive Officer

Attachments: Candidates' Information  
Ballot and Certification of Person Voting  
Return Envelope