



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Wednesday, August 1, 2018  
10:00 a.m.

Watsonville City Council Chambers  
275 Main Street, Top Floor  
Watsonville, California

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The August 1, 2018 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Leopold.

Chairperson Leopold welcomes David Terrazas from the City of Santa Cruz.

ROLL CALL

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

MINUTES

MOTION

Motion: Friend Second: Lind	To approve June 29, 2018 minutes. Motion carries with Commissioners R. Anderson and Terrazas abstaining.
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PUBLIC HEARINGS

SERVICE AND SPHERE REVIEW FOR COUNTY SERVICE AREA (CSA) 12, SEPTIC MAINTENANCE

Mr. McCormick reports that CSA 12 provides funding for the septic maintenance program which is run by the County’s Environmental Health Department. The current sphere of influence is the unincorporated area of the County and it excludes the four cities. The current boundary includes the unincorporated County outside cities and outside sanitation agencies.

There is about \$1 million in CSA 12 revenue which comes from service charges for their septic maintenance program. Neither the agency nor LAFCO staff is recommending any changes to their sphere of influence.

The Seventh Day Adventist camp facility does not have access to sewer, but it was included in the sanitation district in the 1960s when there were plans to extend sewer lines out Old San Jose Road. It never happened and probably will not happen.

The County may want to further review these types of areas and propose that they be annexed to CSA 12 and taken out of the sanitation agencies. The rural properties would then pay service charges to help support the septic maintenance system.

Commissioner Roger Anderson asks what the difference is between a standard and a non-standard collection system.

Mr. McCormick replies that a standard system has a leach field and a tank. Non-standard systems tend to be engineered by a sanitarian and are installed in places where there may be difficult soil, or where there may need to be above ground treatment before septic materials are introduced into the ground. Some involve mechanical systems that pump up from a house.

Commissioner Terrazas asks about waterways within CSA 12 as they flow in through Santa Cruz. The City recently updated their sewer lateral maintenance ordinances to deal with flows that go into the river. Even though it is not included within the jurisdictional boundaries, he wonders how the waterways are treated in terms of funds available that are collected through the district to address any discharge issues.

Mr. McCormick would have to ask the district.

Chairperson Leopold adds that this is a sphere review and the County would probably be the best to answer that question.

Commissioner Terrazas is interested in incorporating some of the waterways downstream from the service area where there have been reports of discharge. He would like to get more information.

Alternate Hurst understands there are septic failure problems around Amesti Road and the Pinto Lake area. He wonders where the discharge comes from and where it ends up.

Mr. McCormick replies that the County has an Environmental Health inspection program. They have identified the problem areas and they perform regular inspections. Inspection reports are also done by private septic companies. The Amesti Road area has had a problem for a long time. This area gets inspected regularly to help residents get their systems working as best as possible.

CSA 12 pays Santa Cruz and Watsonville treatment plants for capital costs and operating costs of septage receiving stations. Septage is pumped out of septic tanks and transported to those treatment plants. CSA 12 is responsible for capital costs and the operation, so the city does not have to pay for it. Any extraordinary efforts to solve the known problem is beyond what CSA 12 can do. It does not offer grants for sewer main extensions.

Alternate Hurst asks if there is a map of the existing sewer lines. He believes a sewer runs out to the Fairgrounds. He would like to see where these sewer lines begin and end.

Mr. McCormick has several maps that show sewered areas. There are mains that run out to the Fairgrounds on East Lake Avenue and out to Amesti School on Amesti Road. Salsipuedes Sanitary District is near East Lake and College Roads, with mains out to the Fairgrounds. Freedom County Sanitation District goes up Green Valley Road to the end of Mesa Village. On Amesti Road, the Freedom County Sanitation District goes out to Amesti School. On Calabasas Road, the sewer goes to Calabasas School and the last subdivision.

Alternate Hurst asks who decides who gets to hook up to sewer.

Mr. McCormick replies that each agency has connection protocols which usually involves paying a connection fee.

Chairperson Leopold adds that public districts have a sphere of influences set by LAFCO. In 1978, the voters passed Measure J, which set an Urban Services Line that restricts service extensions beyond that line.

Mr. McCormick adds the County made a deal with the State. The State issued a Cease and Desist order on the whole San Lorenzo Valley which would have made everyone stop using their septic systems as of about 1980. The water district completed a sewer study and identified it as an infeasible project.

The County negotiated a deal that they would perform inspections of all the septic systems at a higher level with the idea that the water quality in the San Lorenzo River could be increased by having a more aggressive inspection program. They also have a nitrate program for horses and other animals. San Lorenzo Valley residents are paying a higher service charge for the more aggressive inspection program. The San Lorenzo River is a major water source and the river's water quality is better than it was before this program.

Alternate Hurst asks how the sewage from La Selva Beach and Pajaro Dunes is handled.

Mr. McCormick answers that all of La Selva Beach is served by septic tanks. For Pajaro Dunes, there is a contract with the City of Watsonville to accept the sewage. The main is along Beach Road.

Alternate Hurst would like to know where the sewer lines run and compare it with the sphere of influence and the boundaries.

Becky Steinbruner, a resident of Aptos, asks whether residents within the Urban Services Line (USL) are paying septic maintenance fees.

Mr. McCormick replies that generally, property owners within the USL are not paying CSA 12 service fees.

Commissioner Terrazas wants a report back on the waterways that flow through the incorporated areas which are not included in the district. He wonders how other LAFCOs handle interjurisdictional resources.

Chairperson Leopold thinks questions regarding water quality issues may need to be asked elsewhere. LAFCO deals with where service could take place, not water quality.

Commissioner Terrazas thinks fees collected from a district may impact jurisdictions downstream. If there is maintenance and water quality testing that might show contamination upstream, he wonders if there is access to resources to help stop it.

Chairperson Leopold suggests that John Ricker from County Environmental Health's Water Resources Division would be a good contact.

**MOTION AND ACTION**

Motion: R. Anderson Second: Friend	To approve Draft Resolution No. 2018-11, accept the service review and maintain the sphere of influence for CSA 12 in its current configuration, as recommended by staff. Motion carries with a unanimous voice vote.
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**SERVICE AND SPHERE REVIEW FOR COUNTY SERVICE AREA (CSA) 38, SHERIFF'S PATROL**

Mr. McCormick reports that CSA 38 is a funding mechanism for an operating service which is a small percentage of the Sheriff's total budget. The existing service area is the entire unincorporated area of Santa Cruz County, minus the four cities. Its sphere of influence is the entire County including the four cities. None of the four cities have opted to be included in the CSA.

CSA 38 started as an attempt to segregate the County's funds in their budget process to identify which parts of the Sheriff's office provides service to the whole County (such as the jail) versus which parts of the Sheriff's office provides service only to the unincorporated parts of the County (such as patrol).

The concept was that residents inside city limits should not have to pay for Sheriff's patrol because they are already paying for their own police protection. This has not been very successful. Only a portion of the funds that go through CSA 38 are accounted for by way of property taxes; the rest is accounted for through the General Fund. No one is paying property taxes inside city limits for Sheriff's patrol.

Commissioner Terrazas asks if these boundaries preclude any assistance with neighboring counties such as Santa Clara County.

Mr. McCormick answers that none of the cities have asked for the County to patrol. Los Angeles County's Sheriff's Department provides police protection to many cities in Los Angeles County.

Chairperson Leopold adds that this is a question about how to fund a portion of their services. It is not a service agreement for what the Sheriff does. This is just a funding mechanism. About 62% of the County's discretionary dollars are spent on law enforcement services which is a significant portion of the County's budget.

Commissioner Lind adds that any city can enter into an agreement with the County if they choose to.

Commissioner Jim Anderson says that, as an example, if there is a transit incident outside the City of Santa Cruz, the Sheriff responds. If it is in the City, the Santa Cruz City Police respond.

Ms. Steinbruner asks when CSA 38 was established and what the rate is. She wonders if this CSA is still necessary. In 1992, there was a public safety statewide sales tax bill that passed. It provides this County with \$17 million towards law enforcement and none of it goes to fire protection. She asks if CSAs are reviewed for their justification, and whether they are providing the services their customers are paying for.

Chairperson Leopold says that CSA 38 was established in 1983. CSA 38 is being reviewed at this meeting.

Mr. McCormick adds that there would be a recommendation to dissolve the CSA if the review led to that. There is a CSA up on the Summit where a dissolution was recommended in their last review. If a CSA is no longer a valuable entity, LAFCO can recommend a dissolution.

Commissioner Terrazas asks if reviews cover services provided within each jurisdiction to understand where the funding comes from, and how often they are reported.

Mr. McCormick says service reviews include significant research. Every service review has a fiscal component.

Alternate Hurst says Watsonville has a positive relationship with the Sheriff's Department and they provide mutual aid. There are never enough resources in either agency, so any way to strengthen both agencies is important.

**MOTION AND ACTION**

Motion: Friend Second: J. Anderson	To approve Resolution No. 2018-12, accept the service review and maintain the sphere of influence for County Service Area 38, Sheriff's Patrol with no changes, as recommended by staff. Motion carries with a unanimous voice vote.
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## SERVICE AND SPHERE REVIEW FOR THE CITY OF WATSONVILLE

Mr. McCormick reports that the City is providing a high level of service at a low cost to its residents. They have been recycling water for years, in cooperation with the Pajaro Valley Water Management Agency (PVWMA). They continue to increase the amount of water they recycle and decrease the amount of water that gets discharged to the bay.

There are several areas outside the City limits, but inside the sphere of influence: Atkinson Lane, Stewart Avenue, Pajaro Lane, Calabasas/Bowker, Emme, Buena Vista, Manfre Road, Larkin Valley Road, and the State Wetlands next to the Highway 1 right-of-way.

At the last meeting, there were concerns about the potential mitigation over environmental effects associated with the environmental determination prepared by staff.

The Watsonville General Plan needs additional work to meet the State's guidelines for land uses around airports. The proposed additional mitigation measure says that LAFCO will not annex any territory until the City's General Plan is found to be compliant with the State Handbooks from the State Administrative Agency and the Superior Court of Santa Cruz County.

An additional letter dated July 31<sup>st</sup> has been received from Wittwer Parkin who is representing the Friends of Buena Vista and the Pilots Association from the airport. The letter asks to add Manfre Road and Larkin Valley areas to staff's draft mitigation.

Chairperson Leopold clarifies that the letter is asking to add the Manfre/Larkin Valley areas.

Commissioner Roger Anderson asks what the difference is between staff recommendation and what the Wittwer Parkin letter suggests. There are several developed parcels in the Manfre area. He asks if this would keep that area from annexing to the City unless there is a change in the General Plan.

Mr. McCormick answers yes. LAFCO can get annexation applications from the City, the property owners by petition, or from registered voters by petition. If someone from Manfre wanted to annex to the City in the immediate future, and the Wittwer and Parkin amendment was adopted, he would have to tell them that the City would have to finish correcting their General Plan before annexing.

Counsel Miller adds that the mitigation was written to limit LAFCO's ability to approve an annexation that would allow for development of land in the designated geographic areas. CEQA requires an analysis of the potential impacts when annexation would likely result in development, but not otherwise. If it is already developed, there would not be any increased development because the annexation may not be subject to the same environmental requirements. In some limited circumstances, there could still be an annexation in these areas, but it could not allow for further development.

Commissioner Roger Anderson asks if that is in the Wittwer and Parkin letter.

Counsel Miller says it is the same language proposed, located on the second page of the letter. LAFCO will not approve an annexation to the City of Watsonville that would allow for development of any land in either the Buena Vista planning area with the new addition or the Manfre Larkin Valley area. There are undeveloped areas that would not be eligible to annex until the General Plan is adequate.

Commissioner Roger Anderson asks if they were developed areas, could they be annexed.

Counsel Miller adds that CEQA would allow that because there would be no further development potential, so there would be no additional environmental impacts.

Commissioner Jim Anderson asks if Watsonville has had the opportunity to weigh in on this letter.

Justin Meek, Principal Planner for the City of Watsonville, states that the City wishes to make two clarifying points for the record. The proposed mitigation language is unnecessary to prevent safety hazards and noise problems from those using the airport or residing or working within the area. The City intends to satisfy the court order soon.

The 2014 order and judgement for Case Number CD176416 prohibits the City of Watsonville from implementing the Watsonville Vista 2030 General Plan, basing any action on, or engaging in any activity pursuant to the Watsonville Vista 2030 General Plan, unless and until the environmental review and the Watsonville Vista 2030 General Plan is revised to comply with the court's statement of decision and California law, including but not limited to its statutes and regulations known as the California State Aeronautics Act, CEQA, and the CEQA Guidelines. It does not apply retroactively to the 2005 General Plan and the City intends to move forward with satisfying the court order soon regarding Watsonville Vista 2030 General Plan.

The City believes the proposed mitigation language is unnecessary because any proposed development within airport safety zones of the Watsonville Municipal Airport is subject to the State Aeronautics Act. Project analysis would include potential airport-related noise impacts and safety hazards. The issue is not whether the project is reviewed and approved by the County or the City following a future annexation, but rather if the project is consistent with airport and land use compatibility criteria and CalTrans California Airport Land Use Handbook.

Commissioner Friend hears that it may be unnecessary according to Watsonville, but he wonders what the harm is of adding it in. In some respects, it just clarifies what is already known. The Manfre and Larkin Valley areas are within the airport safety zone. Neighbors have been concerned with trust issues. He cannot see the downside of adding the additional areas in. Mr. Meeks said that all these reviews would have to happen at a different level, taking away some element of LAFCO authority.

Mr. Meeks replies that the issue is development potential. State law applies to future development, not existing development. Any future development would have to go through this analysis. If the objective is to insure there is appropriate land uses near the airport, that would be addressed by the City or the County when they review the project, not the annexation of the land itself.

Commissioner Friend asks how this would have an impact on anything Watsonville is intending to do now or in the immediate future. He thinks this language satisfies concerns from a neighborhood that has historically felt like they have not been adequately included in a process from the City. This language does not disadvantage the City of Watsonville. There is nothing developed that is currently planned for annexation, and there is nothing in the undeveloped areas that is planned for development until these issues get worked out. This request may not be necessary, but adding this language helps to smooth over a long term issue.

Mr. Meeks thinks the distinction is whether it is an annexation issue or an airport safety issue.

Natalie Kirkish works for the law firm Witter and Parkin. They represent the Watsonville Pilots Association and Friends of Buena Vista. She thinks this mitigation measure effectively addresses their concerns in the Buena Vista planning area.

If they are taking the position that this mitigation measure would only apply to areas that are not fully developed, then including the Manfre/Larkin Valley area would not prevent the areas that are completely developed from receiving these essential city services. It would address the potential impacts to airport safety hazards and noise.

Mr. Meeks stated that the 2005 General Plan is compliant with the court order. In her first letter, she provided a quote from another instance where the City had acknowledged that it did not comply. The court order requires them to adopt the most stringent requirements from the Airport Land Use Compatibility Handbook. It has been written to allow some discretion and the court order said that this discretion is to be taken away. Her clients are insisting that this be in place before any annexation that allows additional development.

Commissioner Jim Anderson asks if the 2005 report has ever been overturned and whether it is the standing report that acknowledges it is legitimate.

Ms. Kirkish says that is correct.

Commissioner Jim Anderson asks if the boundary is not changing, why is there a desire to change the language.

Ms. Kirkish replies that they are predicting the future potential annexation of these areas prior to the City adopting a legally compliant general plan.

Commissioner Jim Anderson asks if they think Mr. Meeks' comments about any annexations or development are correct.



Ms. Kirkish does not know the City's plans regarding annexations in that area, but if there is a potential for it to happen, her clients just want the mitigation measure in place. The California Division of Aeronautics will have to review the City's general plan and approve it, and then it will be validated. They prefer to look at this from a bigger perspective rather than individual development projects.

Commissioner Jim Anderson asks if both of their lawsuits have been successful.

Ms. Kirkish answers yes.

Alternate Hurst would like to receive any correspondence with more notice ahead of meetings than the night before.

Commissioner Friend hears what the City is saying and agrees with both points. He does not see the harm in adding the language. If the language was not included, it would functionally go through the same process as if the language was included. Ms. Kirkish's clients would like to have clarifying language added at the request of neighbors that have historically had issues. There is a history that needs to be honored and this added language can add trust without adding any substantive change.

Chairperson Leopold appreciates the reasoning from Commissioner Friend. This has been a very litigated issue with the City and the Pilots. This seems to be a good acknowledgement of what the City can and cannot do.

Commissioner Terrazas asks if this area is in the unincorporated part of the County, whether it precludes whether Watsonville can act at a later date.

Chairperson Leopold answers that the City cannot annex land that is not in their sphere of influence. LAFCO does periodic sphere reviews to define what those areas could be. To do major annexations, there needs to be appropriate documents. Not having a 2030 General Plan for the City of Watsonville is a big deal.

Commissioner Terrazas asks if the City of Watsonville or their council members had an opportunity to weigh in on this.

Mr. McCormick replies that he sent a questionnaire to City staff six months ago. Their sphere of influence map has been on the record for several months. There were LAFCO hearings in May and June. The City indicated that they can utilize that sphere map and continue to work on the State's aeronautic requirements.

Commissioner Roger Anderson says he cannot decipher where the Atkinson Lane project is on the Airport Safety Map.

Mr. McCormick says the Atkinson Lane parcel is just outside the Safety Compatibility Zone 6. There are six safety compatibility zones. The end of the runway has the most restrictions (Zone 1). As it expands out and to the sides, there are lesser restrictions. The least restrictive area is Zone 6.

Commissioner Roger Anderson is still not sure why adding this to LAFCO's sphere approval is relevant.

Mr. McCormick answers that one of the earlier proposals from Wittwer and Parkin would have used the more generalized map.

There is another terminology in the State Airport Handbook which is not commonly used with planning commissions and planners, but it is part of the handbook. The "airport influence area" around the Watsonville Airport goes out two miles in all directions.

The Atkinson Lane site is well within two miles of the airport. His initial reaction to Wittwer & Parkin's original mitigation measure was that it was way too broad for practicality since it would not allow the Atkinson Lane parcel annex. There are two types of annexations; there are annexations that facilitate development, extend municipal services, and get an urban zoning, and there are also annexations that are just providing services to people already living there.

He tried to write the mitigation measure so it would allow all the service-related annexations within the sphere of influence to be eligible, and all the development-related annexations would have to be triggered by the mitigation measure. This is in line with the California Environmental Quality Act (CEQA) and a directly responsible mitigation to an argument that there could be some impact if the mitigation were not applied.

Within the airport's compatibility zones, he tried to define potential service annexations versus potential development annexations. He used the Buena Vista Planning area and LAFCO Counsel drafted language regarding any development-related annexations that would trigger the mitigation.

Wittwer & Parkin came back with a different geographical area that uses the same wording. It covers the Buena Vista and Larkin Valley areas. Safety Compatibility Zones 1 through 6 are in the Buena Vista and Manfre areas. The condition would say that there will be no development-related annexations in either one of those areas until Watsonville gets their general plan up to the State's airport standards.

Commissioner Jim Anderson heard that Watsonville is currently working towards a general plan revision. If it satisfies all parties, then this is a moot point.

Alternate Hurst adds that the 2005 general plan is a legal plan that the City has had to fall back on.

MOTION AND ACTION

Motion: Friend Second: LaHue	To accept Watsonville’s service and sphere review, to reaffirm the existing sphere of influence, and add the proposed language “or in the Manfre / Larkin Valley area identified in Exhibit C”. Motion carries with a unanimous voice vote.
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ATKINSON LANE / PIPPIN REORGANIZATION, LAFCO No. 963

Mr. McCormick reports that this application involves the City of Watsonville annexing a 2.5-acre parcel on Atkinson Lane. The site includes 26 units of the Pippin Orchard Apartments, a low-income housing project at 56 Atkinson Lane (APN 48-211-25) that is currently under construction. Half of the project is within City limits and the other half is outside City limits. The half that is within City limits is APN 18-226-42. The proposal is within the City’s sphere of influence and it is not subject to the mitigation measure this Commission just adopted.

Nearby, there is a PGE sub-station and what is known as the Lamb Property. They are within the sphere of influence, but they are not subject to this annexation.

There is a letter from the owners, Mid-Pen Housing, in support of this annexation and they expect the low-income housing units will be occupied in about one month. They are currently in the last phases of construction and they are selecting future tenants.

Both the City and the County have put housing funds into this project. This annexation will provide more efficient services and it will allow residents of the 26 apartments to participate in Watsonville City elections.

Chairperson Leopold asks if it was part of LAFCO policy when extraterritorial service was granted, that annexation happen within two years.

Mr. McCormick answers yes. The Commission granted waivers to that time period recognizing that the parties were continuing to work on a complicated issue.

Trina Coffman-Gomez is a Watsonville City Council member and this project is within her district. Housing is a big issue in this County and she is happy this project is coming to fruition. She hopes this sets precedent for future economic development projects where LAFCO can work with the City to help grow the economy.

Alternate Hurst adds that this is a compromise for the City. They do not get any revenue, but they will get more service calls. This approval shows compromise and good will. Affordable housing is needed and Mid-Pen has done a good job. There has been a long debate accompanied with financial issues.

Chairperson Leopold is happy this project is moving forward so the residents accessing City services will be able to vote and participate civically within the City of Watsonville.

MOTION AND ACTION

Motion: LaHue Second: J. Anderson	To approve the Atkinson Lane / Pippin Reorganization, LAFCO No. 963. Motion carries with a unanimous voice vote.
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OTHER BUSINESS

PRESENTATION FROM MONTEREY LAFCO STAFF ON HEALTH CARE DISTRICTS AND THE SERVICE AND SPHERE REVIEW FOR SALINAS VALLEY MEMORIAL HEALTH CARE SYSTEMS

Mr. McCormick says Santa Cruz County does not have any health care districts, but there are such districts in each of the three adjacent counties.

He introduces Joe Serrano, the analyst for Monterey LAFCO who completed an in-depth report on the Salinas Valley Memorial Health Care District. Its sphere of influence comes up to the Pajaro River.

Mr. Serrano worked for LAFCO in Southern California for nine years before coming to Monterey County.

He says the Salinas Valley Health Care system is tied with Santa Cruz County. Health care districts in California were formed in the 1940s to provide needed medical services to primarily low income, rural areas. There are currently 79 health care districts in California scattered throughout 40 counties. Santa Cruz County does not have any health care districts, but Monterey County has two. Out of the 79 health care districts, less than half of those districts own and operate a hospital.

Out of 389 public and private hospitals, less than 10% are operated by a health care district. The health care market is very competitive and it is expensive to operate a hospital. Their funds primarily come from property taxes and patient revenues. They also get funding from contributions and donations.

Health care districts are considered special districts, so they fall under LAFCO's purview. Unlike most special districts, health care districts can provide services outside their jurisdictional and sphere of influence boundaries without any LAFCO action.

The Salinas Valley Memorial health care system was formed in 1947. Their jurisdictional boundary has not changed since then. They identify their service boundaries in two parts. The primary service boundary is their jurisdictional boundary. It includes the cities of Salinas, Gonzalez, a portion of Marina, and unincorporated communities such as Prunedale and Spreckels. They have a secondary service area which includes multiple counties stretching down to San Luis Obispo, to Santa Clara, San Benito, Monterey, and Santa Cruz Counties.

This health care district grew beyond their core component, which is their hospital in Salinas. It developed into an integrated system with 40 different facilities in Monterey and Santa Cruz County. There are four facilities in Santa Cruz: one is a surgery center and the other three facilities are Doctors on Duty. Salinas Valley Memorial is now the 5<sup>th</sup> largest health care district in California with over \$500 million in total assets.

Instead of competing with their neighboring hospitals such as CHOMP, they collaborate. They have several joint ventures including those in multiple counties. This district has been very successful, but their jurisdictional boundaries are outdated. Their sphere of influence boundary has not changed since it was adopted in 1983.

Monterey LAFCO and health care district representatives explored options to expand their sphere to better represent what they are already providing. There were talks of expanding to the north, the south, to the peninsula, or a countywide or multi-county sphere. Monterey LAFCO got feedback from neighboring LAFCOs that it was not the best option to expand in multiple counties. Monterey adopted a hybrid approach and expanded its sphere to the north and the south, following school district boundaries within Monterey County. In March 2018, Monterey LAFCO's Commission adopted the Municipal Service Review (MSR) and Sphere Expansion.

Alternate Hurst adds that health issues do not stop at county lines or boundaries. Pajaro Valley School District boundaries extend into Monterey County. He has often seen the Life Flight helicopter land at Watsonville Hospital and head south. He asks what can be done regionally to better provide health care.

Mr. Serrano answers that Monterey LAFCO worked closely with the health care district to not only develop a service review that fulfills the State mandate, but also so they could use it as a resource by showcasing the issues. The district surveys their communities to determine what their concerns are. They do not stop at their jurisdictional boundary and they survey throughout the County.

There have been discussions between Salinas Valley Memorial Hospital health care system and neighboring counties and hospitals such as Watsonville Hospital and Hazel Hawkins Hospital in San Benito County. LAFCOs are limited with what they can do directly to assist, but in the service reviews, they can highlight their successes and their challenges to lay the foundation for future discussions to identify these opportunities.

Commissioner Terrazas asks if Mr. Serrano compiled the service review or if an outside organization was hired to do it.

Mr. Serrano replies that the service review was completed in-house. The review is available online and on the district's website.

Commissioner Roger Anderson compliments Mr. Serrano for a well-done service review. He wonders what the next steps will be and if the area will be formally annexed.

Mr. Serrano answers that since the sphere expansion was adopted, there have been discussions about possibly annexing certain areas that the district owns, but not the entire area. The Soledad Community Health Care District invited LAFCO to present this MSR and explain to them what will happen. The sphere expansion overlaps other health care districts because Salinas Valley Memorial Health Care System provides services far down South Monterey County to King City. The report indicated a need for both health care districts in Monterey County because that area is federally designated as underserved. They plan to explain to the Soledad community that there will not be a takeover, but additional discussions about how to continue collaborating to better address issues. They will continue having presentations to educate communities.

Commissioner Roger Anderson asks if the annexations can be contiguous parcels.

Mr. Serrano replies that due to State law regarding health districts, they can annex parcels that are non-contiguous.

Chairperson Leopold thanks Mr. Serrano for the presentation. He testified at the Little Hoover Commission special district hearing. Health care districts are not beloved in many places because they take tax money, but they do not run hospitals. He thinks it is good to hear that this example is working.

There is ongoing work regarding regional health care needs through the Central Coast Alliance for Health which is the Medi-Cal provider for Santa Cruz, Monterey, and Merced Counties. They have been working on how to ensure health services for Medi-Cal users. Over the last five years, there has been an increase in people on Medi-Cal. They want to help clinics expand to provide better care. Salinas Valley Memorial and Natividad serve on the board of the Central Coast Alliance for Health.

#### AUGUST 27<sup>TH</sup> MEETING TO RECEIVE CONSULTANT'S PRESENTATION OF MID-COUNTY FIRE AGENCY CONSOLIDATION AND FEASIBILITY STUDY AND SERVICE AND SPHERE REVIEW

Mr. McCormick reports that the study will be released well in advance of the August 27<sup>th</sup> meeting. The study is oriented toward the community and the presentation will be held at Cabrillo College. It will be a noticed meeting involving the three affected agencies' boards and it will be open to the community. LAFCO has contracted with the consultant to come and explain the study. He is working with the chiefs on public relations.

Chairperson Leopold thinks it will be interesting to see where the fire districts stand in relation to the information provided.

#### STATUS OF PROPOSALS

Mr. McCormick has received an application to annex and amend the sphere of influence for the City of Scotts Valley. It is a lot line adjustment to add to a parcel that is inside the City on Cumbre Lane. The proposal is not development-related. The City has pre-zoned it.

Commissioner Lind adds that a property owner wants to add land to the back of their property, so they can put up a gazebo.

## LEGISLATION

Chairperson Leopold reports that they are still working on SB 2258 and SB 1215 which involves the extension and consolidation of wastewater systems.

Commissioner Terrazas appreciates the tracking of the legislation that CALAFCO is following. He asks if there are any inactive districts in Santa Cruz County that would be affected by SB 2258.

Mr. McCormick answers no.

Chairperson Leopold says SB 2258 is important because it is the first time in more than 50 years of LAFCO history that the State would provide funding towards LAFCO work.

The next regular LAFCO meeting is scheduled for 10:00 a.m. on Wednesday, September 5, 2018.

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CHAIRPERSON JOHN LEOPOLD

Attest:

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Patrick M. McCormick, Executive Officer