



PROCEEDINGS OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Wednesday
February 6, 2019
10:00 a.m.

Supervisors Chambers, Room 525
701 Ocean Street
Santa Cruz CA 95060

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The February 6, 2019 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Jim Anderson.

ROLL CALL

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

MINUTES

MOTION

Motion: LaHue Second: Leopold	To approve January 9 th minutes with a minor correction. Motion carries with Commission Cummings abstaining.
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Chairperson Jim Anderson welcomes Justin Cummings from the City of Santa Cruz.

ORAL COMMUNICATIONS

Becky Steinbruner is an active community resident of rural Aptos who lives within County Service Area (CSA) 48 and CSA 33.

She has filed a lawsuit against Soquel Creek Water District (SCWD) regarding the Pure Water Soquel groundwater replenishment and seawater intrusion prevention project. There are many people besides herself who think the Environmental Impact Report (EIR) is deficient for this project. The project imposes hazards to the environment, the groundwater supply for the entire Mid-County, and to those who depend on it for their water. She is a customer of a small water company adjacent to the project and she is very concerned for her community.

There is a second water workshop this Saturday at the Felton Community Hall from 9am to 1pm. It will be hosted by the Santa Margarita Groundwater Agency. Assemblyman Mark Stone will speak and the topic will be water budgeting. John Laird spoke at the first workshop.

Jay Bennett has lived in Santa Cruz County since 1973. He is concerned about SCWD's effort to build a water plant that will inject sewage into the aquifer. There are pipelines in place to share water, so money should not be spent on a plant that is not needed. He is on limited income and cannot afford to spend more for water. He asks LAFCO for help to get SCWD merged with the City of Santa Cruz Water District so they can properly manage and administer water supply.

Commissioner LaHue has heard comments that misrepresent the position of the Santa Cruz Water Department. The Santa Cruz City Water Department Manager, Rosemary Menard, made a statement about these recent comments. The proposed Pure Water Soquel project is using technology that has been used for 40 years in Orange County to protect their groundwater. The water is treated to a high level with reverse osmosis, and advanced oxidation and purification that makes the water potentially drinkable. The plan would be to recharge the water back into the aquifer to protect against seawater intrusion.

The State's goals are to use more recycled water and prevent more wastewater from going into the ocean.

These water problems cannot be solved with just conservation. Ms. Menard says there are people who have been misrepresenting what she said. She did say the demand has dropped, but she did not say that a supplemental water supply project was no longer needed. The City is adding a more robust treatment process to rehabilitate the Graham Hill water treatment plant. This would allow access to more water due to a greater ability to treat water with higher levels of turbidity.

She did not say they would expect to have more water available to transfer. In fact, she said there was not enough surface water to reliably meet both the needs of the City of Santa Cruz and the customers of SCWD, protect the aquifer in their service areas, and shield Mid-County from seawater intrusion.

She does not recall saying City water is less expensive than the Pure Water Soquel project. If she did mention cost, under no circumstances would she have said that transfer water would be cheaper than Pure Water Soquel, because in fact, she does not believe that would be the case, especially if Soquel gets a \$50 million grant they are applying for.

She did say that based upon modeling results, it is not clear the City could plan on getting much water back from an in-lieu transfer at least in the near term. It is not clear to her why people are characterizing this as a game changer since the question of how much water they could get back from an in-lieu project with Soquel has been unresolved since the Water Supply Advisory Committee process.

The underlying issue is what it will take to protect the basin from seawater intrusion. Due to the critical importance of effectively solving that problem, the City and all the Mid-County Groundwater Agency partners would need to prioritize basin sustainability over any other purposes until the seawater intrusion threat has been effectively dealt with.

He thinks one of the best ways for Santa Cruz to get water back during a multi-year drought is to provide a regular purified water supply to the aquifer so it can be replenished to prevent seawater intrusion.

PUBLIC HEARINGS

SERVICE AND SPHERE REVIEW FOR THE CITY OF SANTA CRUZ

Mr. McCormick reports that the resolution would accept the service review report and adopt a sphere of influence (SOI) amendment. The amendment includes the ocean area off Santa Cruz. Since he has worked for LAFCO over 38 years, he has never seen an accurate map for the City of Santa Cruz from LAFCO, the County, the State, or the City.

He has known that there are City boundary errors out in the ocean. He got help from the City, the State Board of Equalization, the State Lands Commission, and the Coastal Commission, and found out that the City limits already go out 3 nautical miles into the ocean except for a small section. Some of the ocean boundary has been in the City since the 19th century.

He processed one annexation strip off Younger Lagoon and the Marine Lab. An Executive Officer before him did not pick up on the adjacent ocean strip off DeAnza Mobile Home Park which is still not inside the City limits. If this Commission were to adopt this sphere of influence, it would allow the City to annex this DeAnza strip in the future. City ordinances apply within City limits. Some ordinances may have value in the ocean.

Commissioner Roger Anderson notices a couple of islands in the DeLaveaga area and wonders about the history and issues about why they have not been annexed.

Mr. McCormick says the City used to have an aggressive annexation policy up until about 50 years ago. At one point, Santa Cruz was hoping to annex up to the City of Scotts Valley. Since then, Santa Cruz has been passive about annexing unless specifically requested by the property owners. Some property owners have not wanted to annex to the City.

The Carbonera area behind the County's Emeline Complex has a very irregular boundary. The City has been willing to provide water and sewer to that area on an extraterritorial basis. Neither the property owners or the City have initiated an annexation and that is why the islands remain.

Commissioner Leopold represents this area as their Supervisor and it is very confusing for the people who live in the Carbonera area. There have been issues in the past about whether areas are within the City or the unincorporated County area. Neighbors a few houses away get City services and they vote in City elections.

Commissioner Lind is also aware of these issues and supports making it less confusing.

Katherine Donovan is a Senior Planner with the City of Santa Cruz. Their sewer laterals do not go out that far in part of the Carbonara area. There is a creek and a hill between the island areas and the sewer laterals. It would be expensive for the City to provide sewer service to those islands, according to Public Works.

Commissioner Leopold asks if they are all on septic.

Ms. Donovan replies that there may be a few homes that the laterals reach, but most of them are on septic.

Ms. Steinbruner wonders about the service review determinations, specifically infrastructure needs and deficiencies, and water. She submitted a letter to the Commission that reflects her shock from the Soquel Creek Water District (SCWD) meeting the night before. She thinks there is mistrust with some of the board members which colors possible cooperation between SCWD and the City of Santa Cruz.

Many high-level people have stated publicly that Santa Cruz County does not have a water supply problem, but a water storage problem. There is an opportunity to address the water storage problem by these two water agencies working together.

She wants the Commission to put an item on their next agenda about a possible consolidation between the two agencies. She thinks consolidation would better serve the customers by reducing expensive and redundant administrative costs. It would also open the door for regional cooperative efforts that would remove some of the difficult challenges which hamper such an effort.

Commissioner Leopold appreciates Mr. McCormick's efforts to correct the City's boundary map before he retires.

He does not support LAFCO initiating a consolidation of the two water agencies at this time. He understands the concerns people have about the Pure Water Soquel project, but he does not share them. He knows the history between both districts about their collaboration efforts. The Mid-County Groundwater Supply Agency is currently involved in major collaboration efforts, and there is interest in continuing such efforts.

There has been misinformation floating around that Commissioner LaHue pointed out. He has read many water supply reports, such as the Urban Water Management Plan and the EIRs for the Pure Water Soquel project, and he is familiar with the modeling around Mid-County's groundwater supply.

There are actions being taken by the City and Pure Water Soquel that provide opportunities to resolve a long-standing issue. Saltwater intrusion is the greatest threat to the groundwater supply. Projects need to move forward to stop seawater intrusion.

He is hopeful the City and SCWD will continue to work together despite comments from a member of the SCWD and various City Council members. He does not see LAFCO initiating a consolidation effort at this point.

Commissioner LaHue adds that board members and staff are working extensively with the City.

Commissioner Roger Anderson states that the City operates its own water utility and he does not see how it could easily merge with SCWD.

MOTION AND ACTION

Motion: Leopold Second: LaHue	To adopt Resolution No. 2019-3, approving the City of Santa Cruz service review and amending the sphere of influence. Motion carries with a unanimous voice vote.
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CUMBRE LANE SPHERE AMENDMENT AND REORGANIZATION

Mr. McCormick reports this proposal involves amending the spheres and annexing 1.52 acres to the City of Scotts Valley and the Scotts Valley Water District. The site is on a ridge between the Carbonera Creek watershed to the east and the Bean Creek watershed to the west.

54 Cumbre Lane has an existing house and it is within City limits. The address in the unincorporated area outside the water district is 374 Hacienda Drive, and it is owned by the Boetzers. The two property owners have agreed to a 1.52-acre lot line adjustment, which would move a section of a bigger parcel at 374 Hacienda Drive to be annexed to a smaller parcel at 54 Cumbre Lane.

The Cumbre Lane parcel gets water from the Scotts Valley Water District and gets other services from the City of Scotts Valley.

The proposed annexation area is generally flat or moderately sloping with steep topography in between the property owners' residences. The Chapmans, who own the Cumbre property, want to add the flatter property.

Staff is recommending a condition in the resolution that when the property owners record the lot line adjustment, that the annexation be recorded at the same time. This is a condition that has been applied in similar situations.

Commissioner Leopold asks what the intended use will be.

Ken Hart, from Swift Consulting, represents the property owners of both properties, the Chapmans and the Boetzers. The Boetzer property can be timber harvested. There is a great view and the Chapmans want to retain the trees on the nose of the ridge. There is no plan for development. The ridge falls off very steeply and it would be difficult to fit any structure.

Commissioner Lind went to the site and heard there may be some future interest in putting a small gazebo out there for yoga.

Commissioner Roger Anderson asks if the 1.52 acres would be a separate parcel or if it would be added to the existing Chapman parcel.

Mr. McCormick answers that it would be a lot line adjustment, so it would not be a separate parcel. It would take property away from the large parcel and add it to the small parcel.

MOTION AND ACTION

Motion: LaHue Second: R. Anderson	To approve Resolutions No. 965 and 965-A, as recommended by staff. Motion carries with a unanimous voice vote.
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OTHER BUSINESS

TIME EXTENSION FOR LAFCO’S AUTHORIZATION FOR THE CITY OF WATSONVILLE TO PROVIDE EXTRATERRITORIAL WATER SERVICE TO A PARCEL ON BLAKE AVENUE IN CORRALITOS, LAFCO No. 959

Mr. McCormick reports that in 2016, the Commission approved water service outside City limits to APN 108-291-11 on Blake Avenue in Corralitos. The original approval for the vacant parcel was for 2 years. The property owner requested a time extension for another year to continue trying to sell the vacant parcel as a building site, but it has not sold yet. The owner is requesting an additional year’s time extension to March 2, 2020.

The original conditions that existed in 2016 still exist. Pajaro Valley’s aquifer is still over drafted. Pajaro Valley Water Management Agency (PVWMA), the City of Watsonville and other parties are continuing to address the overdraft.

The Commission has a policy to try to accommodate a single-family home by connecting to an existing system if it does not involve a main extension or prime agricultural land.

Lisa Burgstrom, the property owner, says it took about 6.5 years to get a minor land division through the County. She has a lot of time and money invested in this and she is concerned the property value will drop dramatically if she does not keep the approval for water.

MOTION AND ACTION

Motion: R. Anderson Second: Leopold	To approve another year's time extension for LAFCO No. 959 to March 2, 2020, as recommended by staff. Motion carries by a unanimous vote.
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APPOINTMENT OF PERSONNEL COMMITTEE FOR 2019

Chairperson Jim Anderson appoints John Leopold and Roger Anderson for 2019's Personnel Committee.

WRITTEN CORRESPONDENCE

Ms. Steinbruner asks the Commission to put the subject of consolidating Soquel Creek Water District and Santa Cruz City Water Department on the next agenda. She would like the item noticed to the public for their feedback. She thinks LAFCO needs to be responsible for the needs of the ratepayers and the environment that can be affected.

HIRING NEW EXECUTIVE OFFICER AND SETTING SALARY

Mr. McCormick reports that the Commission has found Joe Serrano to replace him as Executive Officer in May.

Commissioner Leopold is excited about Mr. Serrano joining Santa Cruz LAFCO. He has 11 years' experience working for 4 other LAFCOs.

MOTION AND ACTION

Motion: Leopold Second: LaHue	To approve LAFCO Resolution No. 2019-2 that sets a starting date and salary for the new Executive Officer, Joe Serrano, as recommended by staff. Motion carries by a unanimous vote.
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Commissioner LaHue thanks Mr. McCormick for his job as Executive Officer over the last 38 years.

Commissioner Roger Anderson is thankful that there will be some overlap where Mr. McCormick and Mr. Serrano can work together.

Mr. Serrano says it is an honor and a privilege to represent this Commission as the next Executive Officer. Mr. McCormick is known as a LAFCO legend.

Commissioner Lind is very impressed with Mr. Serrano's background and qualifications. She thanks Mr. McCormick for assisting with the transition.

Ms. Steinbruner also thanks Mr. McCormick for his great service and patient willingness to work with the public as they learn the complex process.

The next LAFCO meeting is scheduled for 10:00 a.m. on Wednesday, March 6, 2019.

CHAIRPERSON JAMES W. ANDERSON

Attest:

Patrick M. McCormick, Executive Officer