



PROCEEDINGS OF THE
LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

Wednesday
May 1, 2019
10:00 a.m.

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

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The May 1, 2019 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Jim Anderson.

ROLL CALL

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

MINUTES

MOTION

Motion: Leopold	To approve March 6 th minutes.
Second: R. Anderson	Motion carries with a unanimous voice vote.

ORAL COMMUNICATIONS

Becky Steinbruner is a customer of Pure Source Water Company that serves Aptos Hills. She is taking legal action against Soquel Creek Water District (SCWD) which includes multiple allegations of environmental violations during Pure Water Soquel’s CEQA process. She is concerned about the environmental implications and the effects on local residents. The District Board approved the project and certified the EIR on December 18, 2018. She filed a petition for a CEQA writ of mandate on January 17th.

PUBLIC HEARINGS

PROPOSED FINAL BUDGET FOR FISCAL YEAR 2019-20

Mr. Serrano reports that at the March meeting, the Commission approved the proposed budget. After that meeting, staff coordinated with the Auditor to calculate the contributions for LAFCO’s funding agencies and the agencies were notified of their contributions. Staff did not receive any comments about the contributions or the budget.

Commissioner Leopold wonders about the sanitation districts municipal service reviews (MSRs). He asks if those MSRs can be completed by December 31st.

Mr. Serrano answers that the Commission identified several MSRs to be completed by December 31st, including the sanitation districts. He will begin meeting with the agencies. Staff is still on track to complete these reviews on time.

MOTION AND ACTION

<p>Motion: LaHue Second: Leopold</p>	<p>To adopt the final budget for FY 2019-20, as recommended by staff. Motion carries with a unanimous voice vote.</p>
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SERVICE AND SPHERE REVIEW FOR COUNTY SERVICE AREA (CSA) 3, APTOS SEASCAPE

Mr. Serrano reports that there are 35 CSAs that provide road maintenance services, including CSA 3. CSA 3 was created in 1965 to provide road maintenance to the Seascape community. These services include road median landscaping, street sweeping, and beach litter control.

Based on staff’s analysis, CSA 3 is operating in a responsible manner, however the benefit assessments have not increased in over 20 years. The last four of the five fiscal years have ended in a deficit. The current fiscal year’s budget is projected to have a deficit of \$6,000. The County may want to consider reducing their costs by reducing services, adjusting services, or increasing the benefit assessments.

Staff is not recommending any changes to the CSA’s sphere boundary.

Commissioner Leopold says the financial summary from FY 2016-17 shows other revenue totaling \$5,658 which seems to be keeping their budget afloat. He wonders where that revenue comes from.

Mr. Serrano replies he does not know what the funding source is.

Commissioner Leopold adds that if this continues, they will have a deficit with no carryover to cover it. He asks if there is a plan to cut services.

Mr. Serrano replies that they have been drawing down from their reserves, but they will not be able to do that much longer. It is unknown whether they will look at LAFCO's findings of either looking at increasing benefit assessments or reducing services. He has not received a response from them, but he can follow up with Public Works.

MOTION AND ACTION

Motion: Leopold Second: Friend	To continue to the next meeting with more information about their budget, where the \$5,658 came from, and what the plan is for reducing services or increasing revenue beyond FY 2020. Motion carries by a unanimous vote.
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SERVICE AND SPHERE REVIEW FOR COUNTY SERVICE AREA 57, WOODS COVE

Mr. Serrano reports that CSA 57 is located between Highway 9 and Highway 17. It was formed in 2001 to provide sanitary and storm drainage services to Woods Cove. In 2014, sanitary services were transferred to CSA 10, so CSA 57 is only providing storm drainage services.

CSA 57 is operating in a responsible manner. Staff's analysis shows that CSA 57's benefit assessments have increased annually based upon the consumer price index. Four out of their last five fiscal year budgets have ended in a surplus. Those funds can be used to address maintenance or any other infrastructure issues.

Their sphere boundary is coterminous with the service boundary and no changes to the sphere are being recommended.

Commissioner Roger Anderson notes that they are accumulating a large reserve. He would like more details about how they intend to spend the money. Major projects may have helped to use up the reserve in the past.

Mr. Serrano says he can follow up with their capital improvement project plan.

Commissioner LaHue thinks this is a small area where the CSA is only used for storm drainage. He wonders if it would be more efficient for this service to be combined with the larger County's maintenance of storm drains.

MOTION AND ACTION

Motion: R. Anderson Second: Cummings	To continue to the next meeting with more information about their capital improvement project plan. Motion carries by a unanimous vote.
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OTHER BUSINESS

2019 RESULTS FOR SPECIAL DISTRICTS REGULAR MEMBER SEAT

Mr. Serrano reports that staff sent out a call for nominations last December to fill LAFCO’s regular member seat. Nominations were received from Rachèl Lather (Soquel Creek Water District) and Edward Banks (Pajaro Valley Cemetery District). A mail-in election was conducted in March and April. On April 19th, LAFCO staff tallied the votes and Rachèl Lather won the election.

As a result of that election, there is a vacancy for the alternate member seat. A call for nominations was mailed in April and nominations will be received until June 7th. Another mail-in election will be held.

MOTION AND ACTION

Motion: Leopold Second: Lind	To approve Resolution No. 2019-8. Motion carries by a unanimous vote.
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MID-YEAR ADJUSTMENT TO FISCAL YEAR 2018-19 BUDGET

Mr. Serrano reports that this is the 4th quarter of fiscal year 2018-19 with only two months left. Actual revenues are exceeding the budgeted amount. Actual expenditures are below the budget.

There are a couple of budget line items, such as Salaries and Benefits, that may be in the red by June 30th. This is the result of having two active Executive Officers overlapping since February 19th and through May 10th. Staff recommends transferring about \$22,000 from Professional Services, which has a current balance of \$100,000, to Salaries and Benefits. This would not negatively affect the reserves or increase any contributions from the funding agencies.

Commissioner Lind adds that while there was an overlap to allow training for the new Executive Officer, projects were completed without contracting out, so there was still a savings.

Commissioner Leopold thinks additional resources should be added towards Professional Services since it was used to complete MSRs. It is important to be able to do special studies when needed.

MOTION AND ACTION

Motion: Leopold Second: Lind	To approve Resolution No. 2019-9, transferring funds from Professional Services to Salaries and Benefits. Motion carries by a unanimous vote.
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STATUS OF PROPOSALS

Mr. Serrano reports that there are four active proposals. The East Zayante Annexation was submitted to LAFCO last February and it has been dormant ever since. Staff will be contacting the applicant to see if it will be withdrawn.

The Cumbre Lane Reorganization was approved by this Commission this last February and reapproved in March to address an administrative error. Staff is waiting for a map and legal description before it can be recorded.

The Heritage Parks Annexation was approved this year, a protest hearing was conducted in April, and there was no protest. A resolution was adopted that outlined the findings of the protest proceedings.

A new application has been received from Roaring Camp to receive water service from San Lorenzo Valley Water District. The Board of Supervisors adopted a property tax resolution on behalf of the water district. Staff is preparing to have this proposal ready for the Commission's consideration sometime this summer.

Frank Kertai is president of the Heritage Parks Homeowners Association. He thanks LAFCO for the oversight of their annexation into Scotts Valley Water District. The maps should be completed by mid-May which is needed to help finalize the process.

MOTION AND ACTION

Motion: Leopold Second: Cummings	To accept the Status of Proposals, as recommended by staff. Motion carries by a unanimous vote.
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SPECIAL BUSINESS

MOTION AND ACTION

Motion: Leopold Second: Lind	To approve Resolution No. 2019-10, Resolution of Appreciation for Lowell Hurst, as recommended by staff. Motion carries by a unanimous vote.
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MOTION AND ACTION

Motion: Leopold Second: Lind	To approve Resolution No. 2019-11, Resolution of Appreciation for Tom LaHue, as recommended by staff. Motion carries by a unanimous vote.
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MOTION AND ACTION

Motion: Leopold Second: Cummings	To approve Resolution No. 2019-12, Resolution of Appreciation for Donna Lind, as recommended by staff. Motion carries by a unanimous vote.
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RESOLUTION OF APPRECIATION FOR EXECUTIVE OFFICER, PATRICK McCORMICK

Chairperson Jim Anderson opens the floor for public comment. The following people spoke in honor of Mr. McCormick’s tenure and achievements as Santa Cruz LAFCO’s Executive Officer for 38 years:

INDIVIDUAL

AFFILIATION

Bob Braitman	Retired LAFCO Executive Officer
John Leopold	LAFCO Commissioner, County Supervisor
Ed Bottorff	Former LAFCO Commissioner, City of Capitola
Francisco Estrada	Incoming LAFCO Commissioner, Mayor, City of Watsonville
Lowell Hurst	Outgoing LAFCO Alternate Commissioner, City of Watsonville
Rachel Bickert	Senator Bill Monning’s Office
Maureen McCarty	Assembly Member Mark Stone’s Office
David Church	San Luis Obispo LAFCO Executive Officer
Kay Archer Bowden	Pajaro Dunes Homeowners Association
Pamela Miller	CALAFCO Executive Director
Kate McKenna	Monterey LAFCO Executive Officer
Robley Levy	Former LAFCO Commissioner, Santa Cruz County
Carlos Palacios	CAO Santa Cruz County, Former Watsonville City Manager
Troy Boone	Environmental Health Specialist, Santa Cruz County
John Ricker	Water Quality Division Director, Santa Cruz County
Owen Miller	Central Fire District Board Member
Miriam Stompler	Former LAFCO Counsel
Melodye Serino	Deputy CAO, Santa Cruz County
Neelima Palacherla	Santa Clara LAFCO Executive Officer
Lou Ann Texeira	Contra Costa LAFCO Executive Officer
Gary Patton	Former LAFCO Commissioner, Santa Cruz County
Joe Hall	Retired Planner, County of Santa Cruz
Lois Henry	San Lorenzo Valley Water District Board Member, Former Lompico Water District Board Member
Daniel Dodge Sr.	Former LAFCO Commissioner, City of Watsonville
Jim & Angie Christmann	Relatives of Mr. McCormick
Rachèl Lather	LAFCO Commissioner, Soquel Creek Water District
Sue Groszmann	Former Santa Cruz LAFCO Clerk
Joe Serrano	Incoming Santa Cruz LAFCO Executive Officer
Zach Friend	LAFCO Commissioner, Santa Cruz County
Donna Lind	Outgoing LAFCO Commissioner, City of Scotts Valley
Roger Anderson	LAFCO Commissioner, Public Member

MOTION AND ACTION

<p>Motion: Leopold Second: Lind</p>	<p>To approve Resolution No. 2019-13, Resolution of Appreciation for Patrick McCormick, as recommended by staff. Motion carries by a unanimous vote.</p>
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The next LAFCO meeting is scheduled for Wednesday, June 5, 2019.

CHAIRPERSON JAMES W. ANDERSON

Attest:

Joe A. Serrano, Executive Officer