



PROCEEDINGS OF THE
LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

Wednesday
June 5, 2019
10:00 a.m.

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

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The June 5, 2019 Santa Cruz Local Agency Formation Commission meeting is called to order by declaration of Chairperson Jim Anderson.

ROLL CALL

Present and Voting:	Commissioners R. Anderson, Cummings, Estrada, Friend, Lather, Leopold and Chairperson Jim Anderson
Absent:	None
Alternates Present:	Brooks, Hunt
Alternates Absent:	Coonerty
Staff:	Joe A. Serrano, Executive Officer Brooke Miller, LAFCO Counsel Debra Means, Secretary-Clerk

OATH OF OFFICE

Clerk Means administers oath of office for incoming Commissioners: Yvette Brooks, alternate member for the City of Capitola, Francisco Estrada, regular member for the City of Watsonville, and Rachél Lather, who moved from the alternate position to a regular special district member.

MINUTES

MOTION

Motion: Leopold	To approve May 1 st minutes.
Second: Cummings	Motion carries with a unanimous voice vote.

ORAL COMMUNICATIONS

None

PUBLIC HEARINGS

SERVICE AND SPHERE REVIEW FOR COUNTY SERVICE AREA (CSA) 3, APTOS SEASCAPE

Mr. Serrano reports that this item was continued from the May meeting to address a funding discrepancy highlighted in the service review. CSA 3 provides road maintenance to the Seascape community. CSA 3’s total expenditures have been exceeding total revenues over the last couple of years.

LAFCO staff discussed this issue with the Public Works Department to find out whether services will be aligned with the existing revenue source, which is a single benefit assessment that has not changed in 20 years, or if that benefit assessment will increase. Public Works replied they will be aligning their services with the revenue source that they are receiving. Staff shared this information with the Seascape community’s liaison and they are open to a possible increase in the benefit assessment.

Commissioner Leopold asks if the community is aware that they have been running out of funds. He wonders if raising their rates should have come up sooner.

Sonia Lykens is the Administrative Services Manager for Public Works who manages the CSAs. CSA 3 is the County’s largest CSA with about 1,600 parcels. There has not been an active representative for this CSA in several years. Their budget has been discussed and changes in their services have been made for the remainder of this year to address the shortfall. The residents are interested in raising the fees, and it would not be a substantial amount to each resident due to the large number of parcels.

Commissioner Lather asks if the increase has to go to a vote.

Ms. Lykens replies yes. The increase would not take effect until 2020. It is up to the representatives of the CSA what they want to do. Public Works does not direct them what to do, but they can make recommendations. Public Works is the bank and they coordinate the work for the CSAs. Public Works would conduct an official vote next spring.

MOTION AND ACTION

<p>Motion: Leopold Second: Friend</p>	<p>To approve CSA 3’s service review and all the supporting documents, as recommended by staff. Motion carries by a unanimous vote.</p>
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SERVICE AND SPHERE REVIEW FOR COUNTY SERVICE AREA 57, WOODS COVE

Mr. Serrano reports that the Commission continued CSA 57’s service review to determine how Public Works would be using the capital reserve funds that has been gradually growing over time. Their benefit assessment grows each year. For Fiscal Year 2018-19, the capital replacement reserve fund was approximately \$315,000. This Fiscal Year, it is projected to end at about \$348,000.

The Commission's inquiry about how the excess funds were going to be used was posed to Public Works. A specialist will be conducting a thorough evaluation of the CSA's infrastructure to develop a new drainage facility long term maintenance plan. They will create a capital improvement plan to determine how the funds will be used. The plan should be developed by the next cycle of service reviews.

Commissioner Lather asks if there is a deadline for the plan.

Mr. Serrano answers no. They assured LAFCO staff that they will have a plan completed before the next round of service reviews within 5 years.

Commissioner Cummings asks how often long-term maintenance plans are actually developed.

Kent Edler is Assistant Director for Special Services at Public Works. CSA 57's drainage system is about 13 years old. They are building up funds for future needs if pipe repairs were needed. In the next five years, they will develop a capital improvement program. Maintenance crews can identify maintenance needs. Since the system is relatively new, a maintenance plan has not yet been developed. They monitor the pipes and will develop a plan accordingly.

Commissioner Roger Anderson would like to see a requirement that this service review must be done within five years. He also asked if Public Works could complete the long-term maintenance plan within three years.

Kent Edler agreed that the long-term maintenance plan could be completed within three years.

MOTION AND ACTION

Motion: Lather Second: Cummings	To approve the service review for CSA 57, as recommended by staff, have Public Works complete a long term maintenance plan to be completed within 3 years, and have the next service review completed within 5 years. Motion carries by a unanimous vote.
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OTHER BUSINESS

LEGISLATIVE UPDATE

Mr. Serrano reports that this Commission has taken action on two legislative bills: AB 1253 which provides grant funds to LAFCOs, and AB 213 which provides vehicle license funds to cities.

Staff recommends taking a position on two additional legislative bills. AB 1822 is CALAFCO's annual omnibus bill and it is proposing some minor changes to the definition of "services". CALAFCO supports this bill and is asking LAFCO's to write a letter of support.

AB 600 attempts to assist disadvantaged unincorporated communities (DUCs). While staff understands its intent, the bill conflicts with the Cortese-Knox-Hertzberg (CKH) Act and undermines LAFCO's purview over extraterritorial service considerations. AB 600 is opposed by CALAFCO and they have been trying to modify the language, but without success. If this bill is approved, it would conflict with the CKH Act and the policies this Commission has adopted regarding extraterritorial services.

Commissioner Roger Anderson asks if there is a back story to AB 600 and why the bill was constructed the way it was.

Mr. Serrano replies that AB 600 is a continuation of another bill that was approved about a year or two ago. That bill was trying to help DUCs that were having water issues. It had language with a "one size fits all" approach, but it conflicts with other LAFCOs. It was an attempt to allow for certain DUCs to connect for water or sewer services without annexation. There are no DUCs in this County, but this bill would significantly affect other counties that have DUCs.

Commissioner Leopold adds that the Leadership Council for Justice and Accountability has been pushing for legislation about DUCs for the last several years. They do not seem to want to work within existing structures. Their philosophical outlook is that the system does not work for these communities. Many bills they have presented show that they do not understand the role of LAFCO. They believe LAFCOs get in the way of what their goals are. LAFCOs want to make sure there is safe drinking water for everyone. Sometimes there are legitimate issues that cause delays for them, so they are trying to create a legislative workaround to get it accomplished. They have found Assembly Member Chu to help carry the bill. Assembly Member Wolk carried the previous bill.

Alternate Hunt asks how it would affect general planning and the urban services lines.

Mr. Serrano answers that it would affect general plan updates. The Wolk and Chu bills would require cities and special districts that provide water and sewer to update their general plans identifying DUCs, and how they would provide services to those areas.

MOTION AND ACTION

Motion: Leopold Second: Cummings	To adopt a support position for AB 1822 and an oppose position for AB 600, and to direct the Executive Officer to submit letters to the bills' authors. Motion carries by a unanimous vote.
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Commissioner Leopold adds that AB 1253 is in front of the Senate next week for testimony and hopefully, it will pass.

CALPERS SIDE FUND

Mr. Serrano reports that during the budget hearing for Fiscal Year 2019-20, the Commission inquired whether it would be feasible to make an additional lump sum payment to pay down the current side fund, which has a balance of approximately \$105,000. Based on this fiscal year's actuarial and the year end cost projections, staff has determined that there are funds available to make a lump sum payment of \$10,000 during this fiscal year.

Staff analyzed two scenarios for the paydown of the side fund. Scenario 1 focuses on the annual minimum payments. Under this scenario, maturity would be reached during Fiscal Year 2035-36. Scenario 2 would include minimum payments and additional lump sum payments, and there would be a significant savings as a result.

Commissioner Roger Anderson supports the additional \$10,000 payment. Hopefully, the side payments will terminate in a few years. By then, staff salaries may have increased by about the same amount of \$10,000. It would prepay salaries in a way.

Mr. Serrano adds that at the end of each fiscal year, staff will bring this item to the Commission for consideration and possible action.

Commissioner Jim Anderson says that the Commission looked for financing alternatives to pay down the side fund since it is at 7.25%, but with no success. Whether to paydown the side fund or refund the special districts has been discussed over the years when there was an excess of funds. In some cases, the Commission chose to refund the special districts instead.

MOTION AND ACTION

Motion: Leopold Second: R. Anderson	To make a lump sum payment of \$10,000 towards the CalPERS Side Fund, as recommended by staff. Motion carries by a unanimous vote.
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EMPLOYEE PERFORMANCE EVALUATION

Mr. Serrano reports that each year, the Commission reviews the performance evaluation of both the Executive Officer and the Secretary Clerk. Due to the recent transition from Mr. McCormick's retirement to a new Executive Officer, Mr. Serrano's evaluation will occur after one year of employment around February 2020.

After discussions with Mr. McCormick and the Personnel Committee, the Secretary Clerk is due for a salary adjustment.

Commissioner Leopold compliments Ms. Means on her job performance. She had extra work to do this year and participated in the hiring process for a new Executive Officer.

MOTION AND ACTION

Motion: Leopold Second: Lather	To approve Resolution No. 2019-14, a 2.75% salary increase for the Secretary Clerk, effective May 4, 2019, as recommended by staff. Motion carries by a unanimous vote.
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SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA) ELECTION PROCESS

Mr. Serrano reports that this LAFCO is a member of SDRMA for Workers Compensation coverage. There is an upcoming election for SDRMA's board of directors. There are three available seats and five candidates.

MOTION AND ACTION

Motion: R. Anderson Second: Leopold	To vote for the two incumbents, Robert Swan and Sandy Siefert-Raffelson, and vote for a third candidate, Patrick O'Rourke. Motion carries by a unanimous vote.
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RESOLUTION OF APPRECIATION FOR LEGAL COUNSEL, T. BROOKE MILLER

Mr. Serrano reports that Counsel Miller has been a vital asset to the Commission for the past five years. He points out that the Commission avoided litigation while she was Counsel.

MOTION AND ACTION

Motion: Friend Second: Leopold	To approve Resolution No. 2019-16, a resolution of appreciation for Brooke Miller, as recommended by staff. Motion carries by a unanimous vote.
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The next LAFCO meeting is scheduled for Wednesday, August 7, 2019. There is no LAFCO meeting in July.

CHAIRPERSON JAMES W. ANDERSON

Attest:

Joe A. Serrano, Executive Officer