



**LOCAL AGENCY FORMATION COMMISSION  
OF SANTA CRUZ COUNTY**

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**REGULAR MEETING AGENDA**

**Wednesday, November 6, 2019  
10:00 a.m.**

**Board of Supervisors Chambers  
701 Ocean Street, Fifth Floor (Room 525)  
Santa Cruz, California**

**1. ROLL CALL**

**2. ADOPTION OF MINUTES**

The Commission will consider approving the minutes from the October 2nd LAFCO meeting.

Recommended Action: Approve the minutes as presented with any desired changes.

**3. ORAL COMMUNICATIONS**

This is an opportunity for members of the public to address the Commission on items not on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on an off-agenda item(s) unless authorized by law.

**4. PUBLIC HEARING**

Public hearing items require expanded public notification per provisions in State law, directives of the Commission, or are those voluntarily placed by the Executive Officer to facilitate broader discussion.

**a. Service and Sphere Review for the Midpeninsula Regional Open Space District**

The Commission will consider the adoption of a service and sphere of influence review for the Midpeninsula Regional Open Space District.

Recommended Actions:

- 1) Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;

- 2) Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the Midpeninsula Regional Open Space District, and review and update, as necessary;
- 3) Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
- 4) Adopt a Resolution (LAFCO No. 2019-21) approving the 2019 Service and Sphere of Influence Review for the Midpeninsula Regional Open Space District, with the following terms and conditions:
  - a. Reaffirm the District's current sphere of influence within Santa Cruz County;
  - b. Analyze possible annexation and/or sphere amendment to include parcels owned by the District, within Santa Cruz County, during the next service review cycle; and
  - c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to Santa Clara LAFCO as the principal LAFCO and other interested or affected parties, including but not limited to the Land Trust of Santa Cruz County, and San Mateo LAFCO.

## **5. OTHER BUSINESS**

Other business items involve administrative, budgetary, legislative, or personnel matters and may or may not be subject to public hearings.

### **a. Service & Sphere Review Multi-Year Work Program**

The Commission will consider the adoption of a multi-year work program to accomplish the next round of service reviews and sphere updates.

Recommended Action: Adopt the proposed multi-year work program.

### **b. LAFCO Meeting Schedule for 2020**

The Commission will consider the adoption of next year's Commission meeting schedule.

Recommended Action: Adopt the 2020 LAFCO Meeting Schedule.

### **c. CALAFCO Annual Conference – Election Results**

The Commission will receive an update on the recent CALAFCO elections.

Recommended Action: No action required; Informational item only.

## **6. WRITTEN CORRESPONDENCE**

LAFCO staff receives written correspondence and other materials on occasion that may or may not be related to a specific agenda item. Any correspondence presented to the Commission will also be made available to the general public. Any written correspondence distributed to the Commission less than 72 hours prior to the meeting will be made available for inspection at the hearing and posted on LAFCO's website.

## 7. PRESS ARTICLES

LAFCO staff monitors newspapers, publications, and other media outlets for any news affecting local cities, districts, and communities in Santa Cruz County. Articles are presented to the Commission on a periodic basis.

### a. Press Articles during the Month of October

The Commission will receive an update on recent LAFCO-related news occurring around the county and throughout California.

Recommended Action: No action required; Informational item only.

## 8. COMMISSIONERS' BUSINESS

This is an opportunity for Commissioners to comment briefly on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No discussion or action may occur or be taken, except to place the item on a future agency if approved by Commission majority. The public may address the Commission on these informational matters.

## 9. ADJOURNMENT

LAFCO's next regular meeting is scheduled for Wednesday, January 8, 2020 at 10:00 a.m. There will be no LAFCO meeting in December.

### **ADDITIONAL NOTICES:**

#### 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

Pursuant to Government Code Section 54957.5 public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be available to the public at Santa Cruz LAFCO offices at 701 Ocean Street, #318D Santa Cruz CA 95060 during regular business hours. These records when possible will also be made available on the LAFCO website at [www.santacruzlafco.org](http://www.santacruzlafco.org). 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  
October 2, 2019  
10:00 a.m.

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

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The October 2, 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
Alternates Absent:	Banks, Coonerty, Hunt,
Staff:	Joe A. Serrano, Executive Officer Jason Heath, Acting LAFCO Counsel Debra Means, Secretary-Clerk

MINUTES

MOTION

Motion: Leopold	To approve August 7 <sup>th</sup> minutes.
Second: Friend	Motion carries with a unanimous voice vote.

ORAL COMMUNICATIONS

None

PUBLIC HEARING

COMPREHENSIVE SANITATION DISTRICTS SERVICE AND SPHERE REVIEW

Mr. Serrano reports that this review analyzed ten sanitation districts and eight of those are managed and operated by Santa Cruz County. These eight agencies include Davenport, Freedom, and Santa Cruz County Sanitation Districts as well as County Service Areas (CSAs) 2, 5, 7, 10 and 20.

Salsipuedes Sanitary District and Bear Creek Estates Wastewater System are the other two districts included in the review. Bear Creek Estates is operated and managed by the San Lorenzo Valley Water District (SLVWD). These ten agencies were analyzed individually and have their own distinctive service and sphere determinations.

Any agency that provides wastewater services, and has at least one mile of service lines, has to comply with rules and regulations from the State Water Board's Sanitary Rules of Order. There may be some modifications to those regulations and these agencies may be subject to those new requirements.

The Association of Monterey Bay Area Governments (AMBAG) conducts growth projections for cities, counties and unincorporated areas in the region. Typically, growth projections are not done for special districts, so staff took the growth rate for the unincorporated areas of Santa Cruz County and applied it to the ten sanitation districts up until 2035. The total population within the ten agencies is expected to surpass 81,000 by next year.

State law requires LAFCOs to identify disadvantaged unincorporated communities (DUCs), which are areas outside a city, and have a household income of 80% or less of the statewide median household income. Based on these criteria, there is one DUC located within Freedom County Sanitation District, just outside Watsonville's city limits. If there is an application to annex territory involving the City of Watsonville that is near or adjacent to the DUC, further evaluations should be conducted at that time.

These ten sanitation districts were formed between 1965 and 1985. Their infrastructure continues to age. Several agencies have identified the need for infrastructure improvements, but they have not been scheduled in their Capital Improvement Plans (CIPs). Some agencies do not have a CIP in place. Staff has recommended that those agencies address their infrastructure needs by scheduling projects in the foreseeable future. The lack of funding is a primary reason for not scheduling CIP projects.

The primary source of revenue is sewer rates. Most of these rates are adopted annually and rely on the Consumer Price Index for any increase in rates. This type of moderate increase is usually not enough to cover operational expenses. Some agencies have been facing financial deficits over the years.

There are already collaborations in place between the ten sanitation agencies. Smaller agencies transfer their collected wastewater to nearby treatment plants under a contract or some type of agreement. Freedom County Sanitation and Salsipuedes Sanitary Districts collect their wastewater and transfer it to the City of Watsonville's treatment plant, each with separate contracts and different rates. Freedom's contract has been updated over the years but Salsipuedes' contract has remained unchanged since inception.

Salsipuedes may consider meeting with the City of Watsonville to update their contract. In a more regional approach, there could be an implementation of a countywide Memorandum of Understanding (MOU) or Joint Powers Agreement (JPA) to reflect the collaboration that is already in place.

Most of these agencies received an adopted sphere in the early 1980s except for CSA 20 and Bear Creek Estates Wastewater System. Staff is recommending a coterminous sphere for CSA 20, which means it has the same boundary as its service area. For Bear Creek Estates, staff is recommending a zero sphere which indicates that the responsibilities of sewer service should be transferred over to another local agency, and the Wastewater System should be dissolved. This follows the Commission's adopted policies and it reflects the agency's own request to have their services transferred to another agency such as the County.

The Urban Services Line (USL) was adopted by the Board of Supervisors and it is not managed by LAFCO. It is a critical tool to determine which areas will receive sewer service from the Santa Cruz County Sanitation District (SCCSD). There are some conflicting areas where the USL is different from current jurisdictional or sphere boundaries. LAFCO staff plans to meet with Public Works to discuss these inconsistencies and perhaps jointly recommend actions in the foreseeable future.

Mr. Serrano appreciates Rick Rogers from the San Lorenzo Valley Water District, Ashleigh Trujillo and Beatriz Barranco from Public Works, and Delia Brambila from Salsipuedes Sanitary District for their work and contributions to help complete this review.

#### MOTION

Motion: Leopold Second: Cummings	To find this review is exempt from CEQA, it fulfills the requirements under Government Code Section 56425 and 56430, and to adopt Resolution No. 2019-19 with the following terms and conditions: <ul style="list-style-type: none"><li>• Adopt a coterminous sphere for CSA 20,</li><li>• Adopt a zero sphere for Bear Creek Estates Wastewater System,</li><li>• Reaffirm the sphere boundaries for the 8 remaining agencies included in the review, and</li><li>• Direct the Executive Officer to meet with Public Works to discuss the relationship between the Urban Services Line and the jurisdictional and sphere boundaries for Santa Cruz County Sanitation District, as recommended by staff.</li></ul>
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Commissioner Lather thinks she found a few mistakes in the review:

- Rolling Woods no longer has a treatment plant. The plant was demolished and Santa Cruz City handles its treatment.
- CSA 5 has two rates and there are separate budgets that are combined. They have two treatment plants and the two groups should work together to share treatment ability. Upgrades to the facilities are difficult. There should be more discussion about why there are two treatment systems.
- CSA 10's treatment is done by the City of Santa Cruz. The City bills them directly and it is not done with a Memorandum of Understanding (MOU). This is not included in the County's sewer rates but it is part of their sewer rates. It shows there is a \$26.24 monthly rate when they are really paying two rates because they are paying separately for the collection and another fee for the treatment. They have had a staff turnover and it may have been difficult for them to understand this. All the other districts include sewer treatment in their rates.

Mr. Serrano adds that staff used the adopted sewer rates that were presented to the Board of Supervisors.

Commissioner Lather continues to correct or make further recommendations:

- There should be more discussion about Bear Creek Estates. All of the laterals are made out of orangeburg pipe. Those laterals should be replaced or there will be high nitrate levels in the groundwater and creeks.
- When it is mentioned that most of these agencies are “financially stable,” they actually need millions of dollars in upgrades.
- On page 19, it says that CSA 10 has 104 connections and serves 900 residents. She does not think that makes sense when the average is 2.3 residents per household.

Mr. Serrano extracted most of this information from the agencies’ responses and any available documentation on their websites. He provided agencies advanced copies of this report to help ensure the accuracy of its conclusions and findings.

Commissioner Lather continues that in 2005, LAFCO legally approved extraterritorial sewer and water service for Cemex in Davenport. She thinks this should be added into the description of Davenport County Sanitation District.

She wonders about Boulder Creek’s FY 2018-19 and FY 2019-20 budgets. It says they are financially stable, but they have a lot of work to do, and the budget has dropped considerably. She does not know how their budget is determined and maybe it is just “O and M” costs and not any contributions to capital improvement costs.

Mr. Serrano says the financial analysis is based on the audited financial statements that the County provides. The definition of “financially stable” is that their operational revenues are covering their operational expenses, excluding the need to save funds for infrastructure improvements. The need to save funds to address aging infrastructure is mentioned in the review.

Commissioner Lather notices that on page 103, it says CSA 10 has a treatment plant. If there is plastic pipe in the infrastructure, that is not a problem. On the Woods Cove side, the infrastructure is new and they used plastic in their collection system. The Rolling Woods side is aging and probably needs upgrading. The line that goes down the road to the City of Santa Cruz is HTPE pipe and that is not a big concern.

There is a need for a Sewer System Management Plan (SSMP) that is specific for different CSAs and special districts. There is supposed to be an audit every two years and she was unable to find an audit. In those audits, there is information that would be helpful for reviews. They are supposed to cover how many miles of cleaning they do per year, and how many miles of video they do for each area. The State wants to know what is going on with the infrastructure and they can focus on the worst areas. She does not think there is enough Public Works staff dedicated to maintaining all the CSAs and districts.

CSA 10’s sewage goes to the City of Santa Cruz whose system is fairly new. She supports a study or review to see if the City would give them extraterritorial service as a satellite agency or

satellite community so they could have just one fee. They are paying them same as the City's customers, but they are getting their lines cleaned and videoed, as well as their sewage treated. CSA 10 customers are paying more to the County to perform less duties.

She recommends doing the same for Freedom County Sanitation District (FCSD) and the City of Watsonville. Pieces of the FCSD were taken when the City expanded its city limits and it created small isolated areas that now have to be maintained. SCCSD is helping with this maintenance but it is out of the way. The rates should probably be higher due to the travel time it takes to reach Freedom. FCSD is paying Watsonville for treatment but the rates for the City are about the same as the County.

She suggests having a study that looks at making SCCSD independent from the County. Special districts are more focused on what their job is. She knows some Public Works agencies have been fined because they were not putting enough energy into the sanitation part of their purview.

Cities and counties in general have difficulty with all the different parts of operation they are responsible for, such as parks, roads, and lighting. Maintaining sewers is also important but sometimes it does not get enough attention.

Mr. Serrano appreciates Commissioner Lather's expertise. The last Sanitary Sewer Management Plan (SSMP) was adopted by the County in 2017. There is some difficulty locating this type of information on the County's website and it was mentioned in the review. Other special districts have their reports more accessible. One of staff's recommendations for the CSAs is to update their webpages to make it easier for the general public and other agencies to find these reports. Much of the review's information was based upon the 2017 SSMP.

There is an option for the City of Santa Cruz to take over CSA 10. Public Works has indicated an interest in transferring CSA 10's responsibilities to the City. It is unknown whether the City is willing to take over that responsibility. If both parties agree, LAFCO is in favor of such a transfer.

There is another option for the City of Watsonville to take over Freedom County Sanitation District (FCSD). LAFCO staff met with the City to discuss the possibility of taking over FCSD, but the City said they do not have the resources. If the City and FCSD are both willing and support the transfer, LAFCO would also support it. Currently, there is no support from both sides.

Commissioner Leopold also appreciates Commissioner Lather's comments due to a career's worth of experience. He is confused about Salsipuedes Sanitary District's role not having its rates changed by the City of Watsonville. and how that affects the district.

Mr. Serrano met with Salsipuedes' General Manager. The sanitation district has had a contract with the City of Watsonville to treat their wastewater since the 1970s. This contract has not changed or been updated since inception.

In recent years, there has been a huge fluctuation in cost with the contract between the City of Watsonville and Salsipuedes Sanitary District. One year it went up to \$155,000 and the next year it dropped to \$100,000. Their service rates go higher than the CIP amount, which is from 4% to 9%. The district has to address these costs beyond the typical CIP increase. The contract

with the City goes up and down and fluctuates each year, which makes it difficult to budget for on an annual basis. It may be beneficial for the District to meet with the City and update the contract to better reflect current and future service demand.

Commissioner Leopold wonders about making SCCSD independent. He understands Commissioner Lather's comments that there would probably be a greater focus, but there may be a greater expense.

Commissioner Lather thinks that information could be researched in a study. SCCSD is an independent district. Over the years, it has somehow merged into Public Works. In the past, they had their own secretary and their own fiscal finance, and now it has somehow dissolved into other parts of Public Works.

She thinks there could be a financial benefit to becoming independent. Currently, Public Works staff is used in other areas and the focus is not towards sewer maintenance all the time. They could have staff specifically for sewer maintenance. She understands the need to move staff around within a public agency as emergencies and priorities arise, but times are changing. Environmental aspects of sewer are getting tighter. It may not be financially better on a day-to-day basis, but it may be financially better if they are not getting in trouble for not replacing lines, or not receiving fines.

Commissioner Leopold serves on the board and the district has a multi-year CIP. There is an exhaustive effort to remodel their facility for staff and use the Lode Street facility in a different way. Every time rates are increasing, the customers care. He understands this concern and is not against having a study, but he is not sure there is more that can be done.

Commissioner Lather currently works for a special district that only deals with sewer maintenance. She can see a huge difference because their focus is primarily on sewer maintenance, keeping track of all the lines and replacing laterals. They are not caught up in the politics of their county.

Monterey County wanted them to replace a sewer line for a road that was unnecessary. The district said no because the politics are not there to pressure them. The special district she works for is half the size of SCCSD and they have five elected board members. These board members wanted to be on a sanitation board.

Commissioner Leopold wonders what a study like this would cost. He is concerned that money would be spent on a study and nothing would happen. There is limited funding and he wants to be sure there is interest from the sanitation board or its customers.

Mr. Serrano replies that one of the incentives of adopting a service review is that it triggers these types of conversations which may lead to other studies. There are some LAFCO funds set aside for consultation assistance if there is interest for a more technical report that goes beyond a service review. It could lay the foundation for having additional evaluations done by this Commission or by the subject agencies.

Commissioner Lather says the Personnel Department only hires people that are qualified for sewer work. People are not transferred around from other departments that are not qualified. She thinks sewer work is specialized and many do not appreciate it. Having counsel for the sanitation district be the same as the County is difficult as well. There are several difficulties having this kind of setup.

Commissioner Cummings says the report mentions that it might be beneficial to explore opportunities to combine and establish Joint Power Agreements (JPAs) or Memorandums of Understanding (MOUs). He asks how that could help address concerns around aging infrastructure.

Mr. Serrano answers that some agencies do not have CIPs in place such as Salsipuedes Sanitary District. Since they are a small agency, they could benefit from learning from other agencies. Perhaps this could be an outlet for other agencies to learn from each other such as economies of scale or purchasing power. There are benefits to having an MOU or a JPA that would help these smaller agencies.

LAFCO staff can make recommendations or suggestions to the agencies but he is not sure if they can direct the establishment of a MOU. LAFCO can encourage agencies to explore these options. There can be a more technical study that really shows the benefits of an MOU, JPA or something similar. The service review highlights the benefits and does not go into depth, but that could be the next step.

Commissioner Roger Anderson was happy to learn that only one of the districts is having problems. Bear Creek Estates' sewer system is only 34 years old. He was not aware that orangeburg pipe was plastic pipe impregnated with tar and is not a long-lasting pipe. When such projects come to LAFCO, he suggests that the lifetime being built into the infrastructure is considered.

He thinks one of the most important DUCs in this County is the UC Santa Cruz campus. He wonders what the consequences would be having a DUC there for any future actions if the City of Santa Cruz wants to annex the north campus.

He notes the big difference in rates between the agencies. He suggests looking at the average cost of all sewer services within the County, including the cities' agencies. Some of these systems are just collection systems and others are treatment systems, so it may be more difficult to compare. He wonders what the cost is to treat the sewage after collection.

Some of the reports on expenditures include breaking out salaries and there are different categories that are more detailed than others. He would like to see more consistency so it is easier to compare the operations. He had difficulty finding any PERS backlogs from these agencies.

Expenditures versus revenues needs to be done annually. One complication is that some of the numbers are audited and others are budgeted. It is not obvious when some of the budgets are estimated.

Mr. Serrano adds that the definition of a DUC focuses on a community with a median household income. The campus does not have permanent residents so it does not fall under the true definition defined in the Cortese-Knox-Hertzberg Act (CKH Act). That is why the campus was not identified as a DUC.

Staff wanted to make sure that individual analysis was done for all ten agencies. Due to the comprehensive analysis, staff was also able to identify commonalities and overarching themes involving the agencies. Sewer rates were compared because of their similarities in customers, such as single-family and multi-family units. Staff was comfortable in comparing those types of rates. Because services and functionalities varied among the ten agencies, it was difficult to compare other costs and factors.

Commissioner Leopold requests reporting back on what it would cost to do a study on SCCSD becoming an independent district. He is not ready to support it until he knows what it would entail.

Counsel Heath adds that SCCSD is already a separate legal entity. He asks Commissioner Lather if she wants to know what it would take to make them more independent or separate from Public Works.

Commissioner Lather wants to know what it would take to make them separate from Public Works and the County, and to be a truly independent special district.

#### MOTION AND ACTION

Motion: Lather Second: Leopold	To approve staff's recommendations and: <ul style="list-style-type: none"><li>• Direct staff to come back to Commission with the cost for a possible study to make the Santa Cruz County Sanitation District an independent special district from the County,</li><li>• Have a conversation with the City of Watsonville about taking over Freedom County Sanitation District, and</li><li>• Have a conversation with the City of Santa Cruz about taking over CSA 10. Motion carries by a unanimous vote.</li></ul>
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#### OTHER BUSINESS

#### CALAFCO's PROPOSED NEW MEMBERSHIP DUES STRUCTURE

Mr. Serrano reports that at the upcoming annual conference in Sacramento, CALAFCO will be conducting two elections: one is to address the upcoming vacancies on the CALAFCO board and the other is to determine whether there will be a new membership dues structure.

CALAFCO has been facing a financial gap for several years. Their primary source of revenue is membership dues from all 58 LAFCOs. They have been running a deficit between their operational revenues and expenses. Funds from educational events such as the annual conference have been helping to subsidize that gap, but that is only a temporary fix.

CALAFCO is proposing a new membership dues structure to improve their longevity as a resourceful organization. If this new dues structure is improved, there will be an increase in the dues, but it will be a small price to pay since CALAFCO is a vital tool for LAFCOs around the State.

The components of the new proposed structure are based on population, a per capita rate, and a flat rate for all 58 LAFCOs. Staff recommends directing Chairperson Jim Anderson, as voting delegate, to vote in support of the new dues structure on behalf of Santa Cruz LAFCO.

Commissioner Leopold adds that CALAFCO has been trying to reach a sustainable level for several years. CALAFCO helps track bills that represent LAFCO interests and organizes the annual conference. As CALAFCO moves from a more volunteer organization to a more professional organization, the costs have risen. In 2015, increasing some parts of membership dues were established. They reorganized the conference schedule by having them at the same place to get better deals. They were also hoping to get sponsorship money. The results were not as successful as hoped. The CALAFCO board created a committee to come up with structure alternatives that would make CALAFCO more sustainable.

The proposed dues structure will be about a 50% increase for Santa Cruz LAFCO if it passes. The actual dollar amount is relatively small, but the value of the organization is immense. He might have reorganized the dues structure differently, but he supports this dues increase.

Commissioner Roger Anderson was on that committee. He created a simple analysis about the implications of this new dues structure. On a map of California showing all of the 58 counties, it shows the percentage increase in dues for each county in the State. It shows that most of the southern counties are getting a better deal than the rest of the State.

The pie chart shows the fraction of total dues paid by each region. Dues paid by the Coastal Region compared to the Southern Region are a factor of two, yet they all get the same nominal influence, and maybe a little more in the South because of peculiar veto requirements set into CALAFCO's by-laws. His main concern is that this is a problem with governance.

He thinks a more equitable option would have been to just increase everyone's dues by 40% or whatever it took, but the rest of the committee was unable to agree on it.

Commissioner Leopold says the Southern Region consists of six very large counties that operate as one. They do not provide more money than the Coastal Region, but just six counties have allowed them to exercise their power more effectively than the 14 counties of the Coastal Region.

He agrees with the inconsistencies that Commissioner Roger Anderson pointed out. The increase in Santa Cruz LAFCO dues to pay for CALAFCO dues for cities like Watsonville or Capitola would only be about \$150 each. The County would pay \$550 more. In other counties, it would probably be a bigger deal, but he does not see it as a problem for this County.

Commissioner Roger Anderson agrees. He is looking at the overall picture and what it implies for CALAFCO. There was never any question that CALAFCO's dues needed to be increased, it was just the question of how to increase the dues. He will support the new dues structure, but he is not that happy about what the pie chart shows.

## MOTION AND ACTION

Motion: Leopold Second: Cummings	To direct the voting delegate to vote in support of the new dues structure, on behalf of Santa Cruz LAFCO. Motion carries by a unanimous vote.
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\* Commissioner Friend leaves the meeting.

## MEETING RULES POLICY UPDATE

Mr. Serrano reports that this Commission periodically updates its policies. The Meeting Rules Policy was last updated in 2016. The proposed changes give staff more flexibility about how to organize the agenda, it addresses any outdated language, and reflects the current Commissioners' practice on conducting meetings.

## MOTION AND ACTION

Motion: Leopold Second: Cummings	To adopt Resolution No. 2019-20, approving the changes to LAFCO's Meeting Rules Policy. Motion carries by a unanimous vote.
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Commissioner Roger Anderson asks if the changes in meeting rules in the last few years were just updates, similar to these most recent changes.

Mr. Serrano replies that most modifications in the past were just clarifying practices and correcting any typos or outdated language.

## REGULAR AND ALTERNATE CITY MEMBER ROTATION PROCEDURE

Mr. Serrano reports that the City Selection Committee is tasked to appoint a regular and alternate member on LAFCO. Historically, they have been using a rotation procedure to ensure that all four cities have equal representation on LAFCO. During the appointment of Alternate Brooks and Commissioner Estrada as city representatives, there was no set process to determine who is next in line. To remedy this, staff developed a multi-year schedule. Assuming the rotation procedure continues, the schedule shows who the regular and alternate members will be and when a city is off the Commission between 2019 and 2029. This schedule is a tool for the four cities to know when they will be on LAFCO.

## COMPREHENSIVE QUARTERLY REPORT

Mr. Serrano reports that the Cumbre Lane Reorganization has been recorded. The only current application, involving Roaring Camp, is still not ready for the Commission's consideration.

The Commission identified five service reviews to be completed by the end of 2019. With the adoption of the Comprehensive Sanitation Service Review, four of the five reviews have been

completed. The last review will be for Midpeninsula Regional Open Space District (MROSD) and it will be ready for the Commission's consideration in November.

The Commission has received over \$400,000 in revenues from the funding agencies, and it is common practice to receive these revenues in the first quarter. Expenditures cover about 16% of the total budget.

Staff has continued with outreach efforts. There was a recent meeting with MROSD regarding the upcoming service review process. There were several MROSD representatives who attended, including staff and board members. He attended on behalf of Santa Cruz LAFCO, as well as Chairperson Jim Anderson, Vice Chair Roger Anderson and Counsel Heath.

Santa Cruz LAFCO will be hosting the next Bay Area LAFCO Clerks meeting on October 11<sup>th</sup>. Staff will be presenting ways to improve their skills.

Staff will be presenting their key findings of the adopted Sanitation Service Review to Salsipuedes Sanitary District's board members on October 23<sup>rd</sup>.

Commissioner Leopold asks where the clerks' workshop will be.

Mr. Serrano replies that the workshop will be held in the 3<sup>rd</sup> floor's training room of the County Building.

Clerk Means adds that Mr. Serrano will be doing most of the presentations.

Mr. Serrano says when he worked in LAFCO's Southern Region, there was synergy between the six different LAFCOs. They started a clerks' group which met on a quarterly basis, and it grew into an analysts' group. Then the EOs and board members began to meet. He wants to implement something similar where the clerks learn from one another and it can hopefully expand to the analysts and EOs. He has seen worthwhile benefits from these groups in the past.

Commissioner Roger Anderson asks if the carryover is included in the revenue.

Mr. Serrano answers no. He did not want to identify the carryover amount unless it is needed.

Commissioner Roger Anderson thinks it looks odd to have a budget of \$662,000 and only \$400,000 accounts for all the funding members' contributions.

Mr. Serrano adds that the presentation reflects the statement of cash flow. If the carryover amount is added from the previous year, it totals to about \$662,000. That carryover amount is identified in the full comprehensive breakdown which is an attachment to the staff report.

## LEGISLATIVE UPDATE

Mr. Serrano reports that AB 600, which involves Disadvantaged Unincorporated Communities (DUCs), is on the Governor's desk awaiting approval. He has until October 13<sup>th</sup> to act.

## WRITTEN CORRESPONDENCE

Mr. Serrano says there were two late items of correspondence from CALAFCO. The first document shows the candidates for the upcoming election at the annual Conference. The second item is the Conference's itinerary.

Commissioner Roger Anderson asks if there are individual biographies for the board candidates.

Mr. Serrano will email the Commissioners when it is available.

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

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CHAIRPERSON JAMES W. ANDERSON

Attest:

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Joe A. Serrano, Executive Officer



## Santa Cruz Local Agency Formation Commission

**Date:** November 6, 2019  
**To:** LAFCO Commissioners  
**From:** Joe Serrano, Executive Officer  
**Subject:** Service and Sphere of Influence Review for the Midpeninsula Regional Open Space District

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### **SUMMARY OF RECOMMENDATION**

LAFCO periodically performs municipal service reviews and sphere of influence updates for each agency subject to LAFCO's boundary regulations. As part of the Commission's Work Program, LAFCO staff has drafted a service and sphere review for the Midpeninsula Regional Open Space District and scheduled a public hearing.

It is recommended that the Commission take the following actions:

1. Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO has determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the Midpeninsula Regional Open Space District, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt a Resolution (LAFCO No. 2019-21) approving the 2019 Service and Sphere of Influence Review for the Midpeninsula Regional Open Space District with the following conditions:
  - a. Reaffirm the District's current sphere of influence within Santa Cruz County;
  - b. Analyze possible annexation and/or sphere amendment to include parcels owned by the District, within Santa Cruz County, during the next service review cycle; and
  - c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to Santa Clara LAFCO as the principal LAFCO and other interested or affected parties, including but not limited to the Land Trust of Santa Cruz County, and San Mateo LAFCO.

## **EXECUTIVE OFFICER'S REPORT:**

State law requires LAFCO to periodically review and update the services and spheres of influence of all cities and special districts. In accordance with the Commission's adopted Work Program, LAFCO staff has prepared a service and sphere review for the Midpeninsula Regional Open Space District (refer to **Attachment 1**). Key findings and recommendations are presented in the Executive Summary. The report includes an analysis of the District's ongoing operations, current financial performance, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The service review concludes with determinations required by State law.

### **Report Summary**

Midpeninsula Regional Open Space District (MROSD) was founded as an independent special district in 1972 to preserve the regional greenbelt in northwestern Santa Clara County. In accordance to its principal act, MROSD may be located within multiple counties as long as the lands are contiguous (Public Resource Code Section 5502[a]). In the last four decades, the District has expanded its services into three counties. In 1976, the District was extended to include southern San Mateo County, and again in 1992 to add a small portion of Santa Cruz County. In 2004, through the Coastsides Protection Program, the District's boundary was extended to the Pacific Ocean in San Mateo County.

The District now encompasses over 550 square miles of territory located in the County of Santa Clara (approximately 200 square miles; \$177.1 billion in assessed value), the County of San Mateo (approximately 350 square miles; \$73.6 billion in assessed value), and the County of Santa Cruz (approximately 2.6 square miles; \$659,293 in assessed value)<sup>1</sup>. The current population within MROSD's entire service area is approximately 727,000.

### **Principal LAFCO**

Since the District is in multiple counties, the principal county's LAFCO has purview over MROSD. A "principal county" is the county that has "the greater portion of the entire assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within a district or districts for which a change or organization or reorganization is proposed" (Government Code Section 56066).

Based on this criteria, Santa Clara LAFCO has been, and continues to be, the principal LAFCO. The principal LAFCO is statutorily responsible for MROSD's proposed boundary changes, sphere amendments, and service reviews. The last service review for MROSD was adopted by Santa Clara LAFCO in December 2013 (available as **Appendix A**).

### **Affected LAFCO**

State law does not prohibit other "affected" LAFCOs, such as Santa Cruz LAFCO in this instance, from adopting additional or supplemental service reviews involving a multi-county special district. The last service review for MROSD was adopted by Santa Cruz LAFCO in December 2008, as part of a countywide service review.

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<sup>1</sup> Assessed values are based on MROSD's 2018 MAA Bond OS Report

## Purpose & Key Findings

The goal of this service review is to complete four main objectives: (1) fulfill the Commission's direction to complete a service review for MROSD under the 2019 Work Program, (2) fulfill the service and sphere determinations for MROSD under the Cortese-Knox-Hertzberg Act, (3) complete an analysis that is supplemental to Santa Clara LAFCO's 2013 Service Review, and (4) clarify whether MROSD has interest in expanding further into Santa Cruz County.

For purposes of this report, and to ensure our analysis provides additional and distinctive information, this service review focused on areas involving MROSD and Santa Cruz County. These areas consist of 16 parcels (totaling 1,968 acres) and are located within the District's sphere and owned by MROSD. An overview of MROSD's entire operation and finances will also be provided in this report. Any staff recommendations identified in this review will be shared with Santa Clara LAFCO.

The main conclusions of the report are:

1. The District provides services to a population beyond its borders: Midpeninsula Regional Open Space District encompasses over 550 square miles in three separate counties and offers more than 240 miles of recreational trails. Open space services provided by MROSD is not restricted to residents within the District's jurisdiction. It is estimated that approximately 727,000 residents currently live within MROSD's service area but, on average, over 2 million people visit the 24 preserves owned and operated by the District each year. As a result, there is a constant demand for open space services. Based on staff's analysis, there will be a continued need for services and facilities offered by the District.
2. Santa Clara LAFCO is the principal LAFCO for the District: Midpeninsula Regional Open Space District has a service area that consists of three different counties. When multiple counties are involved, state law assigns authority to the principal county's LAFCO. Santa Clara LAFCO is the principal LAFCO for MROSD. Santa Clara LAFCO is statutorily responsible for any changes of organization related to MROSD. In the event that a proposed boundary change involves Santa Cruz County, Santa Clara LAFCO will coordinate with Santa Cruz LAFCO before, during, and after the process is completed. This collaborative effort is in accordance to Santa Clara LAFCO's adopted policies.
3. The District has expressed interest in annexing District-owned parcels located in Santa Cruz County: Midpeninsula Regional Open Space District met with Santa Cruz LAFCO to discuss the upcoming service review and determine whether the District had interest in annexing territory in Santa Cruz County. Based on the group's discussion, District representatives indicated that they would like to focus on its existing service areas at this time, but would like to reconvene in five years to discuss the possible annexation of parcels already owned and managed by the District.

An analysis involving a potential sphere amendment and concurrent annexation involving District-owned parcels along Bear Creek Redwoods and Sierra Azul Open Space Preserves should be conducted during the next service review cycle, which is tentatively scheduled for November 2024. The ad-hoc committee members from both parties agreed to defer further evaluation until that time. The Executive Officer of Santa Clara LAFCO has also agreed to participate in this joint effort as the principal LAFCO for MROSD.

4. Santa Cruz County does not have an open space district: The County of Santa Cruz has four independent recreation and park districts, and one county service area that provides park services outside the four cities. There is no open space district in the County. There was an attempt to create an open space district through legislation back in 2009, but that ultimately failed during the legislative process. If enacted, the bill would have allowed the formation of an open space district without LAFCO approval.

While MROSD has expressed interest in annexing lands owned and operated by the District in the foreseeable future, the District is unaware of any local support for further expansion beyond the District-owned parcels. During the next service review cycle, it may be beneficial for the District and LAFCO to conduct a countywide survey and gauge local interest in the possible creation of an open space district in Santa Cruz County. If there is high interest from residents and other local agencies, LAFCO staff believes that the district formation should be processed under the Cortese-Knox-Hertzberg Act rather than through special legislation.

### **Environmental Review**

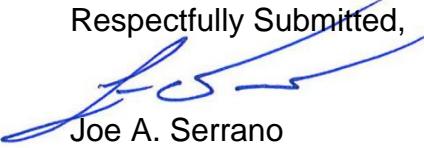
LAFCO staff has conducted an environmental review for the draft service and sphere review in accordance to the California Environmental Quality Act. Staff has determined that the service and sphere review is exempt because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA (Section 15061[b][3]). A notice of exemption, as shown in **Attachment 3**, was recorded on October 8.

### **Agency Coordination and Public Notice**

A hearing notice for this draft service review was published in the October 15th issue of the Santa Cruz Sentinel (refer to **Attachment 4**). The draft service review is attached to this report. Due to the size of the report, the appendices are not included in **Attachment 1**. The complete service and sphere review, with all appendices, is available on LAFCO's website: <https://www.santacruzlafco.org/reviews/>

A meeting between ad-hoc committee members from LAFCO and the District occurred on September 25. **Attachment 5** provides a copy of the meeting agenda and a list of attendees. At the meeting, the committee members discussed the purpose of this service review. The ad-hoc committee members received an advanced copy of the draft study following the ad-hoc meeting for further participation in the service review process. The ad-hoc committee members were instrumental in helping ensure the accuracy and completeness of the report.

Respectfully Submitted,

  
Joe A. Serrano  
Executive Officer

Attachments:

1. Service and Sphere Review – Administrative Draft (without appendices)
2. Draft Resolution No. 2019-21
3. Environmental Determination – Categorical Exemption
4. Public Hearing Notice
5. Ad-Hoc Committee Meeting Agenda (September 25, 2019)

cc: Land Trust of Santa Cruz County  
Midpeninsula Regional Open Space District  
San Mateo LAFCO  
Santa Clara LAFCO

# Midpeninsula Regional Open Space District

## Service and Sphere of Influence Review



Administrative Draft (November 6, 2019)

Local Agency Formation Commission of Santa Cruz County

701 Ocean Street, Room 318-D Santa Cruz, CA 95060

Website: [www.santacruzlafco.org](http://www.santacruzlafco.org)

Phone: (831) 454-2055



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## EXECUTIVE SUMMARY

### Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries involving Midpeninsula Regional Open Space District (“MROSD”). The report is for use by the Local Agency Formation Commission in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of spheres of influence for all cities and districts in Santa Cruz County (Government Code Section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code Section 56430).

The municipal service review process does not require LAFCO to initiate changes of organization based on service review conclusions or findings; it only requires that LAFCO make determinations regarding the delivery of public services in accordance to the provisions of Government Code Section 56430. However, LAFCO, local agencies, and the public may subsequently use the determinations and related analysis to consider whether to pursue changes in service delivery, government organization, or spheres of influence.

Service and sphere reviews are informational documents and are generally exempt from environmental review. LAFCO staff has conducted an environmental review of this report pursuant to the California Environmental Quality Act (CEQA) and determined that the District's service and sphere review is exempt from CEQA. Such exemption is due to the fact that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (Section 15061[b][3]).

### Multi-County Special District

Midpeninsula Regional Open Space District was founded as an independent special district in 1972 to preserve the regional greenbelt in northwestern Santa Clara County. In accordance to its principal act, MROSD may be located within multiple counties as long as the lands are contiguous (Public Resource Code Section 5502[a]). In the last four decades, the District has expanded its services into three counties. In 1976, the District was extended to include southern San Mateo County, and again in 1992 to add a small portion of Santa Cruz County. In 2004, through the Coastsides Protection Program, the District's boundary was extended to the Pacific Ocean in San Mateo County.

The District now encompasses over 550 square miles of territory located in the County of Santa Clara (approximately 200 square miles; \$177.1 billion in assessed value), the County of San Mateo (approximately 350 square miles; \$73.6 billion in assessed value), and the County of Santa Cruz (approximately 2.6 square miles; \$659,293 in assessed value)<sup>1</sup>. The current population within MROSD's entire service area is approximately 727,000. An overview map is shown as **Figure 1** on page 6.

### Principal LAFCO

Since the District is in multiple counties, the principal county's LAFCO has purview over MROSD. A “principal county” is the county that has “the greater portion of the entire

<sup>1</sup> Assessed values are based on MROSD's 2018 MAA Bond OS Report

assessed value, as shown on the last equalized assessment roll of the county or counties, of all taxable property within a district or districts for which a change or organization or reorganization is proposed" (Government Code Section 56066). Based on this criteria, Santa Clara LAFCO has been, and continues to be, the principal LAFCO. The principal LAFCO is statutorily responsible for MROSD's proposed boundary changes, sphere amendments, and service reviews. The last service review for MROSD was adopted by Santa Clara LAFCO in December 2013 (available as **Appendix A**).

### **Affected LAFCO**

State law does not prohibit other "affected" LAFCOs, such as Santa Cruz LAFCO in this instance, from adopting additional or supplemental service reviews involving a multi-county special district. The last service review for MROSD was adopted by Santa Cruz LAFCO in December 2008, as part of a countywide service review.

The goal of this service review is to complete four main objectives: (1) fulfill the Commission's direction to complete a service review for MROSD under the 2019 Work Program, (2) fulfill the service and sphere determinations for MROSD under the Cortese-Knox-Hertzberg Act, (3) complete an analysis that is supplemental to Santa Clara LAFCO's 2013 Service Review, and (4) clarify whether MROSD has interest in expanding further into Santa Cruz County. For purposes of this report, and to ensure our analysis provides additional and distinctive information, this service review will primarily focus on areas involving the District and Santa Cruz County. These areas consists of 16 parcels (totaling 1,968 acres) and are located within the District's sphere and owned by the District. An overview of MROSD's entire operation and finances will also be provided in this report. Any staff recommendations identified in this review will be shared with Santa Clara LAFCO.

### **Sphere of Influence**

Santa Clara LAFCO has adopted a multi-county sphere of influence for the District. The District's multi-county sphere is generally coterminous with its jurisdictional boundary. In addition to this multi-county sphere, Santa Cruz LAFCO adopted a sphere of influence for lands within Santa Cruz County following the District's annexation of approximately 1,500 acres in March 1992. In January 2008, Santa Cruz LAFCO reaffirmed this sphere boundary. The sphere of influence involving this County is slightly larger than the District's existing service area. Both sphere boundaries adopted by Santa Clara and Santa Cruz LAFCOs coincide with the territory involving Santa Cruz County.

In December 2013, Santa Clara LAFCO conducted a service review and noted the District's interest in expanding its jurisdiction to include additional parcels owned within Santa Cruz County. Specifically, the District expressed the desire to annex the Loma Prieta Ranch, which is a part of Sierra Azul Open Space Preserve, and to annex the southern portion of the Bear Creek Redwoods Open Space Preserve. Both territories are owned by MROSD and already maintained by the District. Santa Clara LAFCO recommended that the District formally submit an annexation application to their LAFCO in order to process the proposed change of organization. Pursuant to Santa Clara LAFCO's adopted policies (refer to **Appendix B**), their staff and Commission would coordinate with Santa Cruz LAFCO if and when an application was submitted. No application has been filed since the 2013 service review.

## Key Findings

The following are key findings of the 2019 Service and Sphere of Influence Review for the Midpeninsula Regional Open Space District:

**1. The District provides services to a population beyond its borders.**

Midpeninsula Regional Open Space District encompasses over 550 square miles in three separate counties and offers more than 240 miles of recreational trails. Open space services provided by MROSD is not restricted to residents within the District's jurisdiction. It is estimated that approximately 727,000 residents currently live within MROSD's service area but, on average, over 2 million people visit the 24 preserves owned and operated by the District each year. As a result, there is a constant demand for open space services. Based on staff's analysis, there will be a continued need for services and facilities offered by the District.

**2. Santa Clara LAFCO is the principal LAFCO for the District.**

Midpeninsula Regional Open Space District has a service area that consists of three different counties. When multiple counties are involved, state law assigns authority to the principal county's LAFCO. Santa Clara LAFCO is the principal LAFCO for MROSD. As the principal LAFCO, Santa Clara LAFCO is statutorily responsible for any changes of organization related to MROSD. In the event that a proposed boundary change involves Santa Cruz County, Santa Clara LAFCO will coordinate with Santa Cruz LAFCO before, during, and after the process is completed. This collaborative effort is in accordance to Santa Clara LAFCO's adopted policies.

**3. The District has expressed interest in annexing District-owned parcels located in Santa Cruz County.**

Midpeninsula Regional Open Space District met with Santa Cruz LAFCO to discuss the upcoming service review and determine whether the District had interest in annexing territory in Santa Cruz County. Based on the group's discussion, District representatives indicated that they would like to focus on its existing service areas at this time, but would like to reconvene in five years to discuss possible annexation of the parcels already owned and managed by the District.

An analysis involving a potential sphere amendment and concurrent annexation involving District-owned parcels along Bear Creek Redwoods and Sierra Azul Open Space Preserves should be conducted during the next service review cycle, which is tentatively scheduled for November 2024. The ad-hoc committee members from both parties agreed to defer further evaluation until that time. The Executive Officer of Santa Clara LAFCO has also agreed to participate in this joint effort as the principal LAFCO for MROSD.

**4. Santa Cruz County does not have an open space district.**

The County of Santa Cruz has four independent recreation and park districts, and one county service area that provides park services outside the four cities. There is no open space district in the County. There was an attempt to create an open space district through legislation back in 2009, but that ultimately failed during the legislative

process. If enacted, the bill would have allowed the formation of an open space district without LAFCO approval.

While MROSD has expressed interest in annexing lands owned and operated by the District in the foreseeable future, the District is unaware of any local support for further expansion beyond the District-owned parcels. During the next service review cycle, it may be beneficial for the District and LAFCO to conduct a countywide survey and gauge local interest in the possible creation of an open space district in Santa Cruz County. If there is high interest from residents and other local agencies, LAFCO staff believes that a district formation should be processed under the Cortese-Knox-Hertzberg Act rather than through special legislation.

## **Recommended Actions**

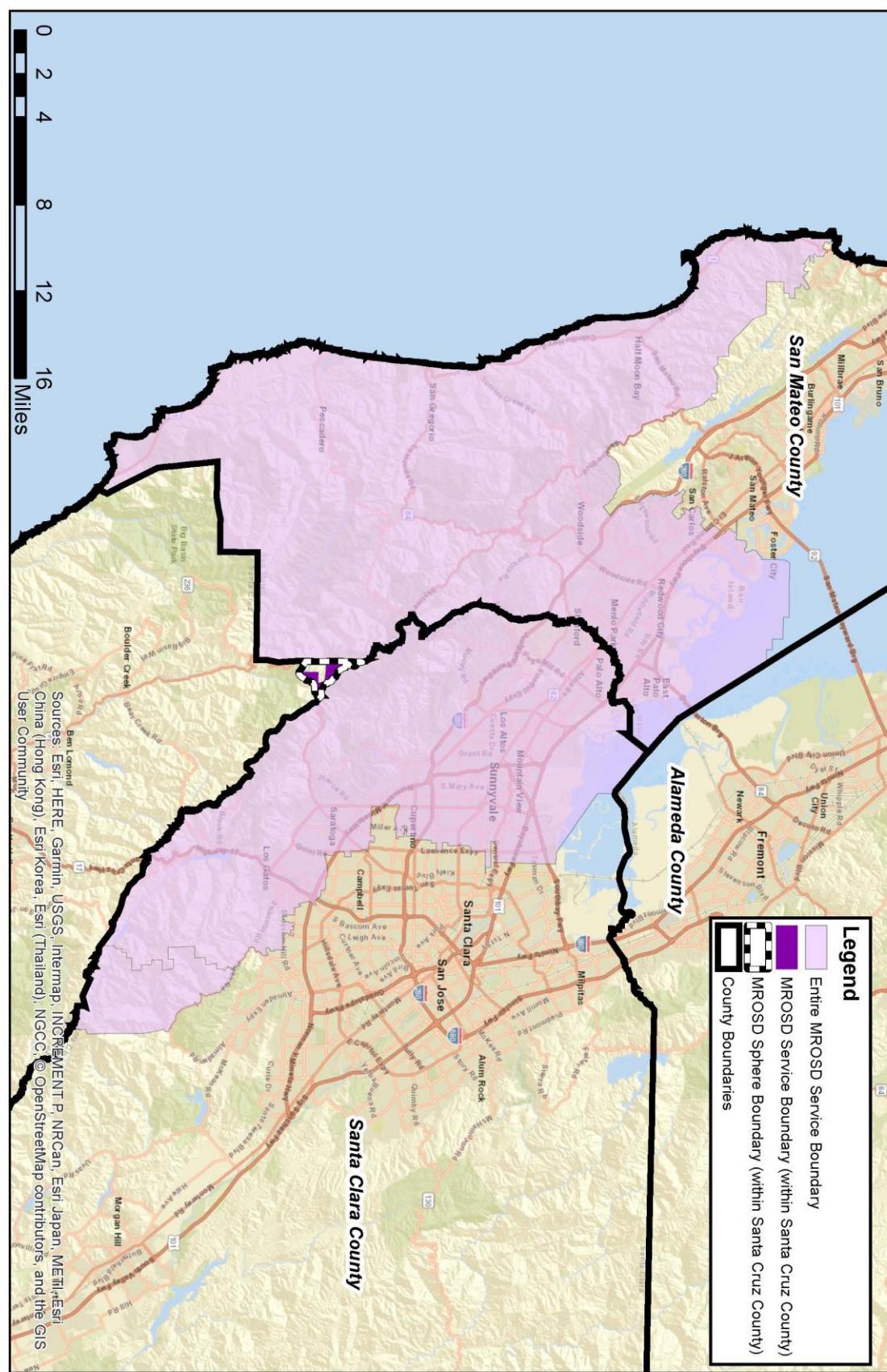
Based on the analysis and findings in the 2019 Service and Sphere of Influence Review, the Executive Officer recommends that the Commission:

1. Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the Midpeninsula Regional Open Space District, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt a Resolution (LAFCO No. 2019-21) approving the 2019 Service and Sphere of Influence Review for the Midpeninsula Regional Open Space District with the following conditions:
  - a. Reaffirm the District's current sphere of influence within Santa Cruz County;
  - b. Analyze possible annexation and/or sphere amendment to include parcels owned by the District within Santa Cruz County, during the next service review cycle; and
  - c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to Santa Clara LAFCO as the principal LAFCO and other interested or affected parties, including but not limited to the Land Trust of Santa Cruz County, and San Mateo LAFCO.

Figure 1: Midpeninsula Regional Open Space District's Overview Map



## Midpeninsula Regional Open Space District Multi-County Jurisdictional Boundary (Counties of San Mateo, Santa Clara, and Santa Cruz)



## DISTRICT OVERVIEW

### History

The Midpeninsula Regional Open Space District was formed in 1972 to acquire and preserve public open space land in northern and western portions of the County of Santa Clara. Initially, the District only provided services in Santa Clara County. In accordance to its principal act, MROSD may be located within multiple counties as long as the lands are contiguous (Public Resource Code Section 5502[a]). For the next 47 years, the District has expanded into three counties. In June 1976, the southern and eastern portions of the County of San Mateo were annexed to the District. MROSD annexed three parcels located in the northern tip of Santa Cruz County in 1992, but the 1% ad valorem property tax is not levied on this land for the benefit of the District. In September 2004, MROSD completed the Coastside Protection Program, which extended the District boundaries to the Pacific Ocean in the County of San Mateo, from the southern borders of the City of Pacifica to the San Mateo/Santa Cruz County line. This last annexation increased the size of the District from 331 to 556 square miles. No further boundary adjustments have occurred in either of the three counties.

The District currently encompasses over 550 square miles of land located in the County of Santa Clara (approximately 200 square miles), the County of San Mateo (approximately 350 square miles), and the County of Santa Cruz (approximately 2.6 square miles). For purposes of this report, Santa Cruz LAFCO's analysis will focus on the lands within Santa Cruz County only (totaling 1,968 acres). Specifically, the 1,231 acres within the sphere of influence and the additional 737 acres of land that is owned by the District but outside its jurisdictional and sphere boundaries. A majority of the subject territory analyzed in this report is owned by MROSD (1,511 out of 1,968 acres).

### Services & Operations

The District's purpose is to create a regional greenbelt of unspoiled public open space lands in order to permanently protect the area's natural resources and to provide for public use and enjoyment. The District has preserved nearly 64,000 acres of public land and manages 26 open space preserves – 24 of which are open to the public free of charge.

Open space preserves are generally kept in a natural condition in order to protect the environment and wildlife habitat, and are developed with only the amenities needed to provide low-intensity recreation. Ranging from 55 to over 19,000 acres, 24 out of 26 preserves are open to the public all year round. On average, over 2 million visitors enjoy over 240 miles of trails each year. In addition to open spaces and hiking trails, special amenities include a backpacking camp, nature center, historic farm, and winery. The District's open space preserves offer a great variety of environments, wildlife habitats, and plant life. Preserves include redwood, oak, and fir forests, chaparral-covered hillsides, riparian corridors, grasslands, and wetlands along the San Francisco Bay. These lands provide critical habitat for mountain lions, bobcats, coyotes, deer, golden eagles, red-legged frogs, California newts, Coho salmon, and different varieties of wildflower.

A complete overview of each open space preserve is available on the District's website: <https://www.openspace.org/preserves>.

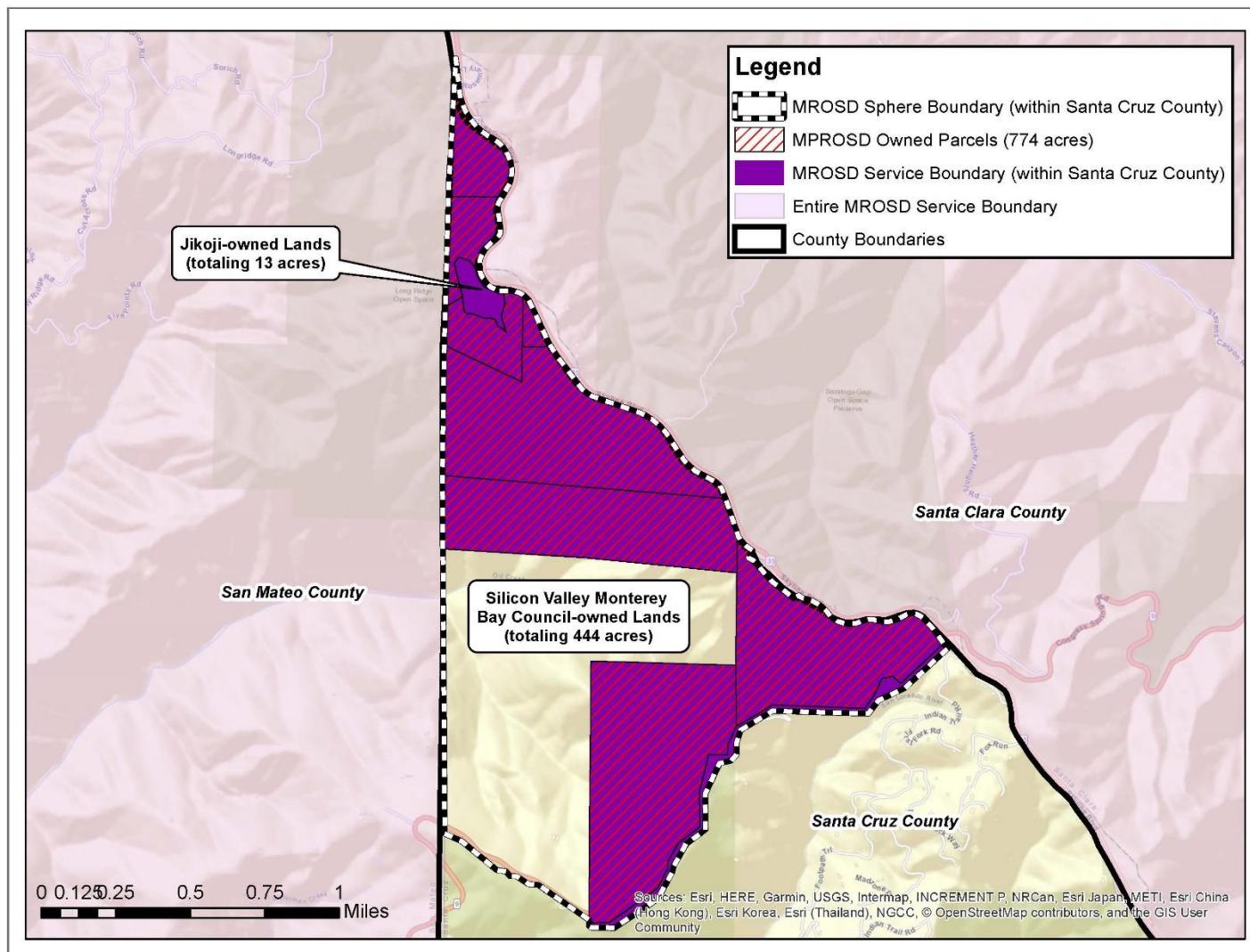
## Service Area

The District's multi-county service area encompasses 556 square miles in northern Santa Clara and southern San Mateo Counties, a small portion of Santa Cruz County, and includes unincorporated territories and 17 cities: Atherton, Cupertino, East Palo Alto, Half Moon Bay, Los Altos, Los Altos Hills, Los Gatos, Menlo Park, Monte Sereno, Mountain View, Palo Alto, Portola Valley, Redwood City, San Carlos, Saratoga, Sunnyvale, and Woodside. An overview map is shown as **Figure 1** on page 6.

### Lands within Santa Cruz County

A total of 11 parcels, totaling approximately 1,200 acres, are located within the District's current sphere of influence. Seventy-three percent of those parcels (8 out of 11 parcels) are part of the Long Ridge Open Space Preserve and are owned by the District. Two parcels within the District's service and sphere boundaries are owned by a religious organization (Jikoji). The remaining parcel is owned by a branch of the Boy Scouts of America. (Silicon Valley Monterey Bay Council) and is the only parcel within the sphere boundary that is outside MROSD's jurisdictional area. **Figure 2** provides a sphere map depicting the subject parcels.

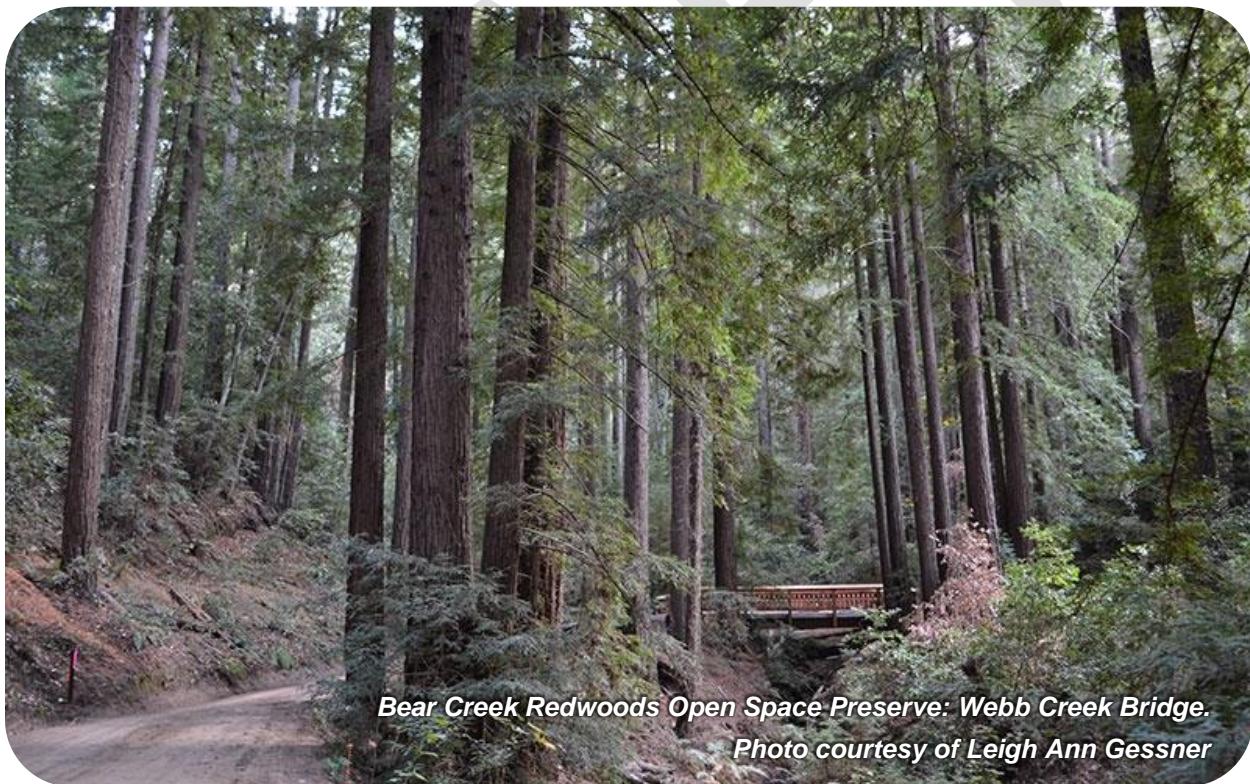
**Figure 2: Parcel Ownership Within District's Sphere (Santa Cruz County)**



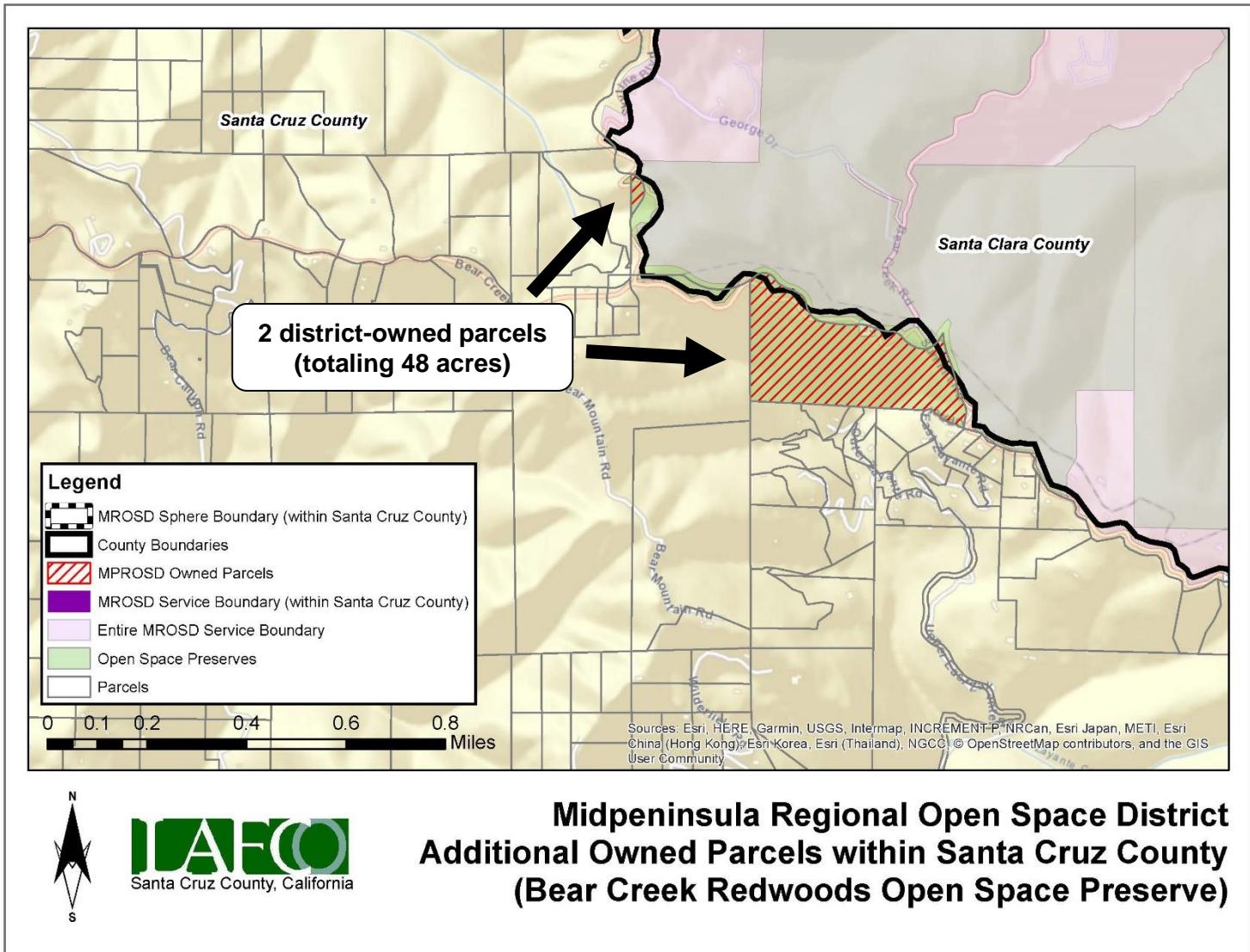
Based on staff's analysis, and in conjunction with MROSD's confirmation, the District also owns five additional parcels (totaling 737 acres) within Santa Cruz County. These additional parcels are located within two preserves already maintained by the District: Bear Creek Redwoods Open Space Preserve and Sierra Azul Open Space Preserve.

- **Bear Creek Redwoods Open Space Preserve:** This preserve is located three miles south of Los Gatos and cover over 1,400 acres. Visitors have access to six miles of hiking and equestrian trails. The majority of the preserve is located in Santa Clara County and is within the District's jurisdictional and sphere boundaries. However, a portion extends into Santa Cruz County and is outside the District's service and sphere limits. The area in question consists of two parcels, totaling 48 acres, and is owned and maintained by MROSD (as shown in **Figure 3** on page 10).

The District has expressed interest in annexing these parcels in the foreseeable future. If annexation is desired, a formal application needs to be submitted to Santa Clara LAFCO, as the principal LAFCO. It is our understanding that the District may submit an application for annexation around the year 2024. In the interim, LAFCO staff will continue to coordinate with the District and Santa Clara LAFCO over the next 5 years. Further analysis will be conducted during the next service review cycle.

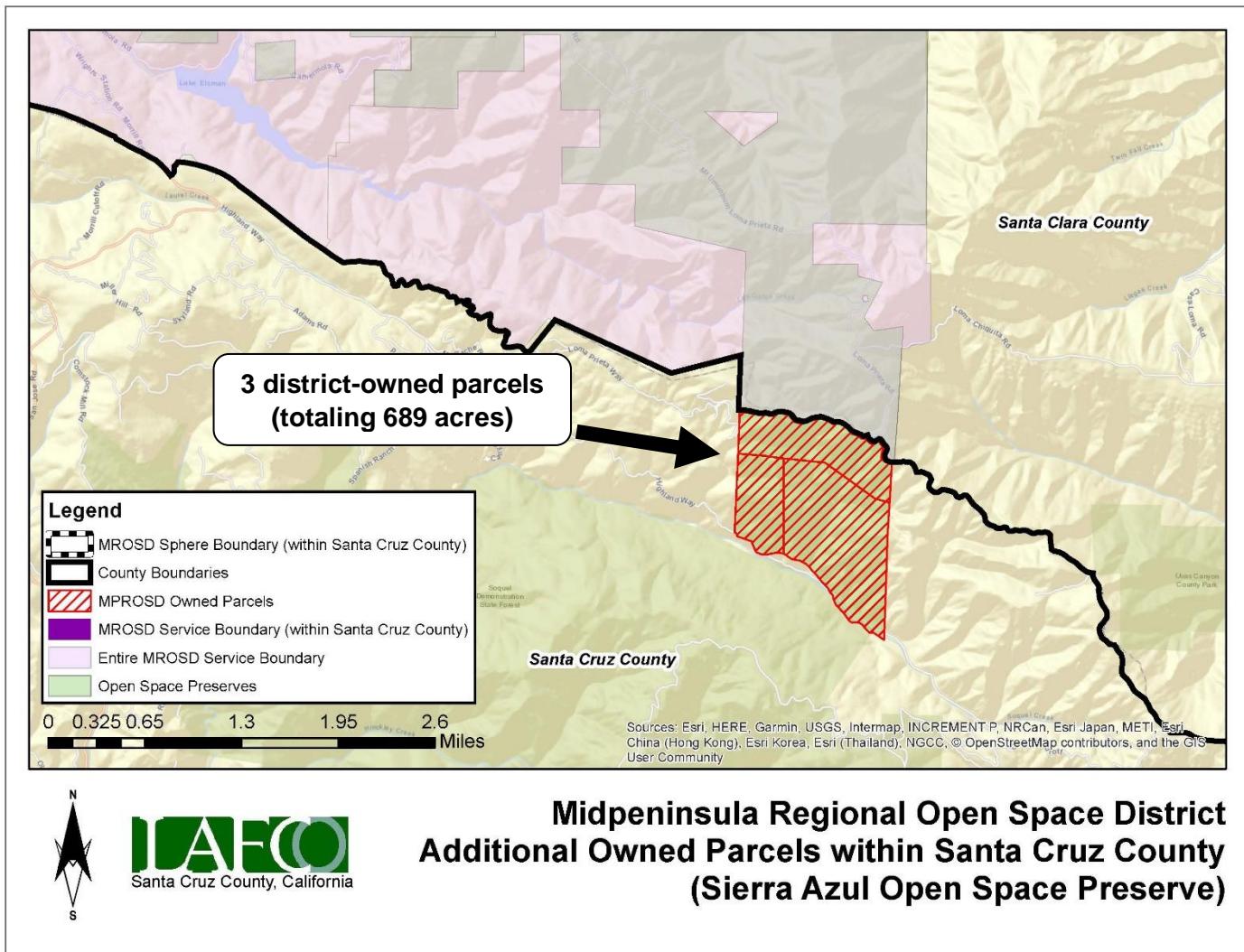


**Figure 3: Bear Creek Redwoods Open Space Preserve (within Santa Cruz County)**



- **Sierra Azul Open Space Preserve:** This preserve is located south of Los Gatos and covers over 19,000 acres. Visitors have access to 24 miles of hiking and equestrian trails. The majority of the preserve is located in Santa Clara County and is within the District's jurisdictional and sphere boundaries. Similar to the Bear Creek Redwoods Open Space Preserve, a portion of this preserve extends into Santa Cruz County and is outside the District's service and sphere limits. The area in question consists of 3 parcels, totaling 689 acres, and is owned and maintained by MROSD (as shown in Figure 4 on page 11).

The District has expressed interest in annexing these parcels in the foreseeable future. If annexation is desired, a formal application needs to be submitted to Santa Clara LAFCO, as the principal LAFCO. It is our understanding that the District may submit an application for annexation around the year 2024. In the interim, LAFCO staff will continue to coordinate with the District and Santa Clara LAFCO over the next 5 years. Further analysis will be conducted during the next service review cycle.

**Figure 4: Sierra Azul Open Space Preserve (within Santa Cruz County)**

**Table 1: Population Projections**

<b>Local Agencies within MROSD</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>	<b>Average (%)</b>
<b>Cities</b>							
Atherton	7,345	7,390	7,435	7,525	7,590	7,685	0.91%
Cupertino	62,800	63,515	64,730	65,690	66,565	68,305	1.70%
East Palo Alto	29,900	30,675	30,970	31,285	34,575	36,090	3.89%
Half Moon Bay	12,970	13,040	13,205	13,345	13,385	13,440	0.72%
Los Altos	31,500	31,530	31,895	3,225	32,655	32,960	0.91%
Los Altos Hills	8,305	8,340	8,390	8,475	8,540	8,650	0.82%
Los Gatos	31,230	31,635	32,120	32,560	32,780	33,050	1.14%
Menlo Park	37,945	44,530	48,490	52,865	53,455	54,920	7.83%
Monte Sereno	3,365	3,440	3,485	3,535	3,545	3,575	1.22%
Mountain View	82,585	111,725	112,875	119,445	128,085	138,980	11.57%
Palo Alto	70,690	81,170	81,595	82,835	84,465	86,510	4.25%
Portola Valley	4,600	4,590	4,610	4,640	4,675	4,730	0.56%
Redwood City	82,870	83,995	85,340	90,995	96,420	103,940	4.67%
San Carlos	32,895	33,205	33,580	33,915	34,670	35,250	1.39%
Saratoga	30,480	30,560	30,905	31,205	3,140	31,880	0.90%
Sunnyvale	151,840	149,935	157,705	162,975	203,780	222,210	8.27%
Woodside	5,620	5,680	5,700	5,745	5,795	5,855	0.82%
<b>Counties (Unincorporated Areas Only)</b>							
San Mateo	62,665	63,760	64,550	65,835	67,540	68,525	1.81%
Santa Clara	86,245	88,170	90,605	94,885	97,875	103,925	3.81%
Santa Cruz	135,042	136,891	137,896	139,105	140,356	141,645	0.96%
<b>AVERAGE RATE OF CHANGE</b>							<b>3.00%</b>
<b>Midpeninsula Regional Open Space District*</b>							
Entire Service Area (multi-county)	726,694	748,495	770,949	794,078	817,900	842,437	3.00%
District Sphere (within Santa Cruz County only)	28	29	30	30	31	32	3.00%

\*Assumption – District's population projections are based on the average rate of change (3%) from the local agencies within Midpeninsula Regional Open Space District

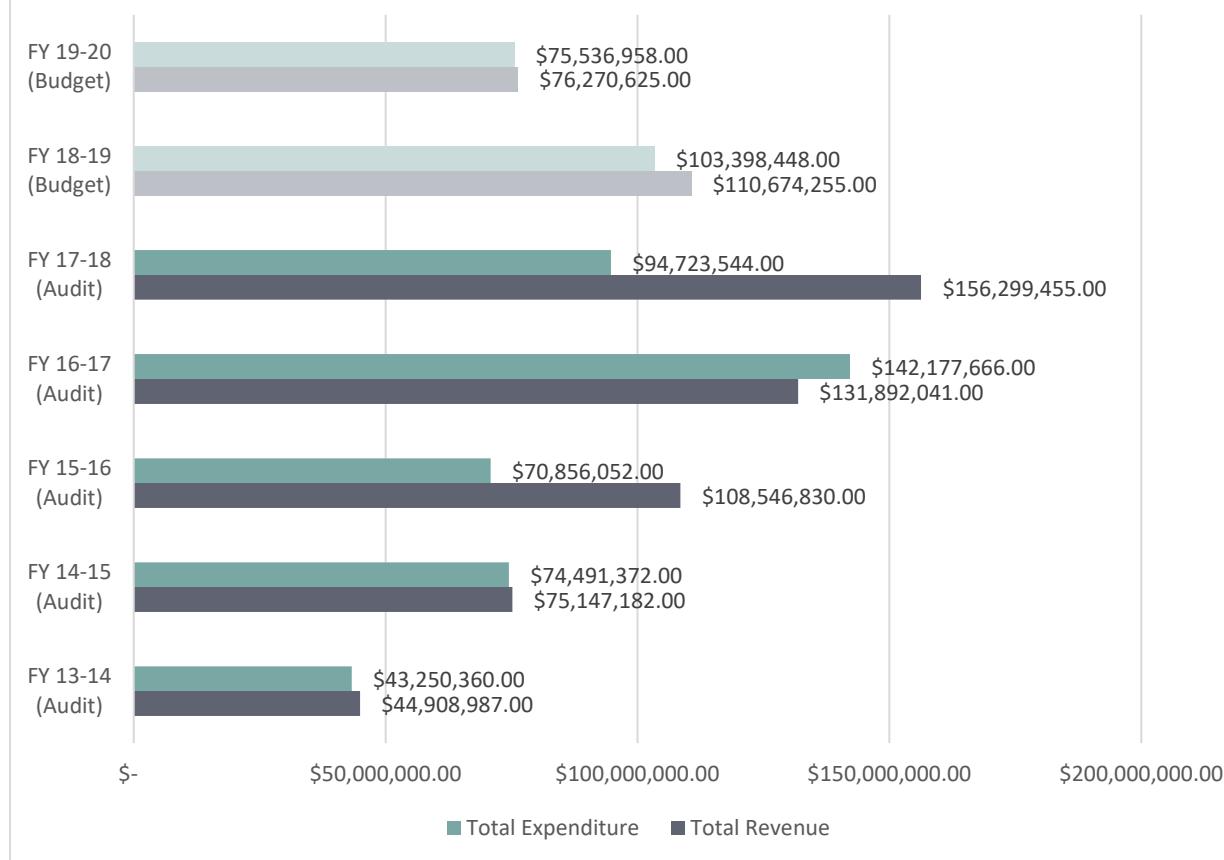
## FINANCES

This section will highlight the District's audited financial performance during the most recent fiscal years. Fiscal Year 2017-18 is the latest audited financial statement available. A comprehensive analysis of the District's fiscal health during the past five years is shown in **Tables 4 and 5**, on pages 18 and 19<sup>2</sup>.

At the end of Fiscal Year 2017-18, total revenues collected, including other financing sources such as issuance of bonds, were approximately \$156 million. This represents a 19% increase from the previous year (\$132 million in FY 2016-17). Total expenditures for FY 2017-18, including payment of bonds and other debts, were approximately \$94.7 million, which decreased from the previous year by approximately \$47 million (\$142 million in FY 2016-17).

As shown in **Figure 5**, the District's total revenues have been more than total expenditures in four of the last five years. During FY 2016-17, a total of \$84 million was used to fulfill a long-term debt (refunded bond). This fulfillment was the primary reason why total expenditures exceeded total revenues that fiscal year. Based on the two recently adopted budgets, as shown below, LAFCO staff expects total revenues to cover total expenditures.

**Figure 5: Statement of Revenues & Expenditures**



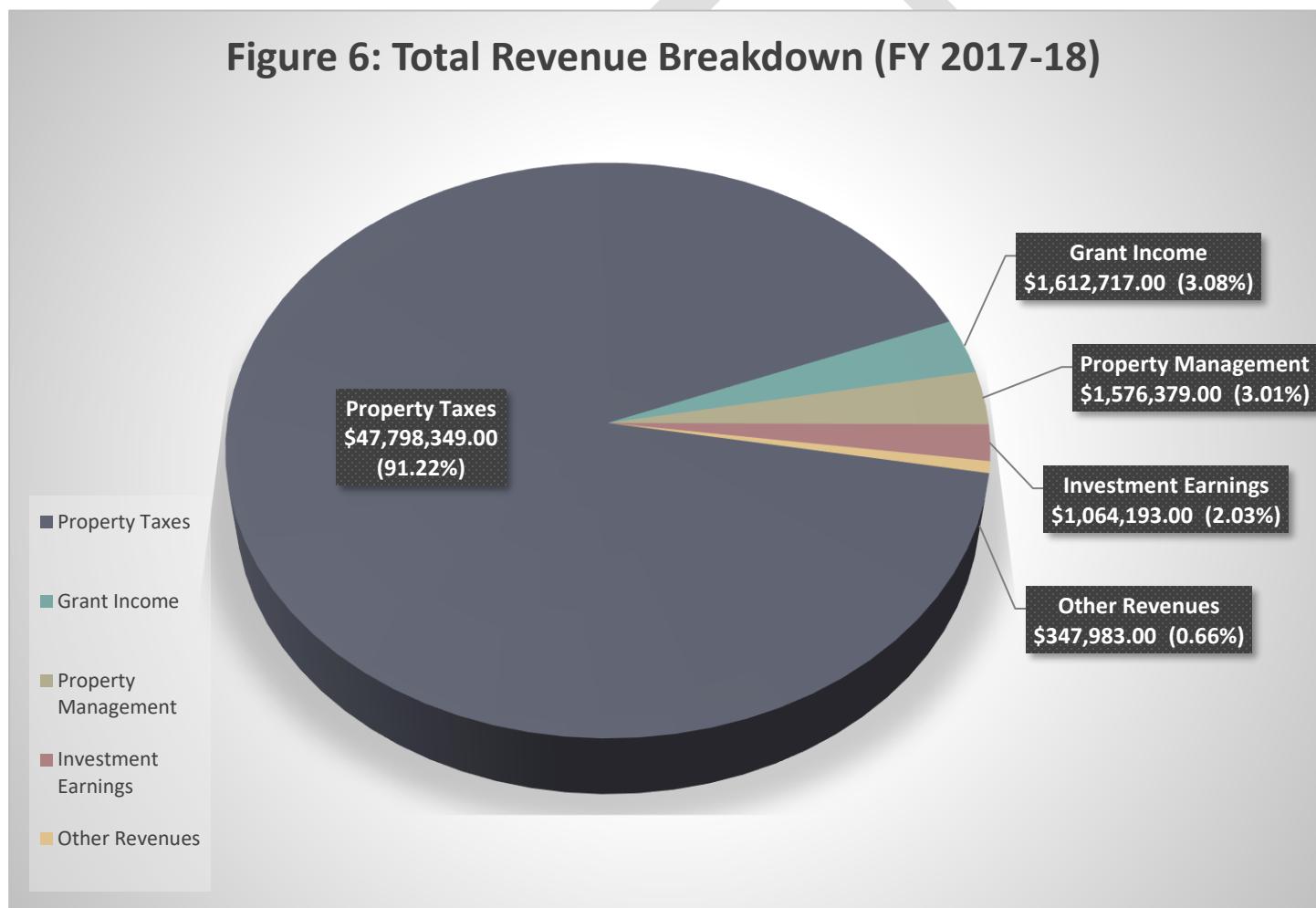
<sup>2</sup> MROSD changed its fiscal year end from March 31 to June 30 during FY 2015-16. The FY 2015-16 financial statements reflect a 15-month period.

## Operating Revenue

Midpeninsula Regional Open Space District has a number of revenue streams to operate its services and facilities. Operating revenue for FY 2017-18 was approximately \$52.4 million. Property taxes continues to be the primary source of revenue for the District. In FY 2017-18, property taxes represented over 91% of total revenue. It is important to note that the District also receives funding from issuance of debt, such as bonds. In FY 2017-18, the \$103 million of debt included \$25 million of refunding, \$9 million for annual debt service, \$50 million of the second tranche of Measure AA general obligation bonds, \$11 million of parity bonds, and \$8 million in related issuance premiums. This type of funding is discussed in the following page.

**Figure 6** show the breakdown of the District's revenue sources. During FY 2017-18, the District received approximately \$48 million from property taxes, \$1.6 million from grant income, \$1.5 million from property management, \$1 million from Investment Earnings, and \$348,000 from Other Revenues<sup>3</sup>.

**Figure 6: Total Revenue Breakdown (FY 2017-18)**



<sup>3</sup> Other Revenues – miscellaneous funds such as donations or other variable income

## Measure AA Capital

In June 2014, voters approved Measure AA, a \$300 million general obligation bond to protect natural open space lands; open preserves or areas of preserves that are currently closed; construct public access improvements such as new trails and staging areas; and restore and enhance open space land, which includes forests, streams, watersheds, and coastal ranch areas. In August 2015, the District issued its first tranche<sup>4</sup> of \$45 million in general obligation bonds to reimburse itself for project expenses planned for approximately the next two or three years, as well as the legally permitted look-back period of 60 days prior to Board's Certification of election results. In February 2018, the District issued its second tranche of \$50 million in general obligation bonds to reimburse itself for project expenses planned for approximately the next three years.

The Measure AA Expenditure Plan and the 25 Priority Actions, as well as the Portfolio designations and locations, were the culmination of the Vision Plan effort that began in 2002. The public visioning process spanned eighteen months and defined the strategic direction of the District for the next 40 years. The Vision Plan yielded a list of 54 priority actions that then were narrowed to the top 25 Priority Actions for the purposes of the ballot initiative. Measure AA funds the top 25 Priority Actions through their inclusion in the Measure AA Expenditure Plan. This Measure AA Accountability Report is arranged in parallel with the Measure AA Expenditure Plan to facilitate review; projects are grouped in 25 key project portfolios organized by geographic area within the District's boundaries.

Each year the District embarks upon a priority-setting and budgeting process with the Board, allowing for at least a six-month planning process. The final Budget and Action Plan is approved prior to the start of the fiscal year, which begins July 1. Within the Budget and Action Plan document, there is a Measure AA Project Budget Overview, which provides a prospective view into the next year's planned spending.



*Long Ridge Open Space Preserve: View from Waterwheel Creek Trail*

*Photo courtesy of Karl Gohl*

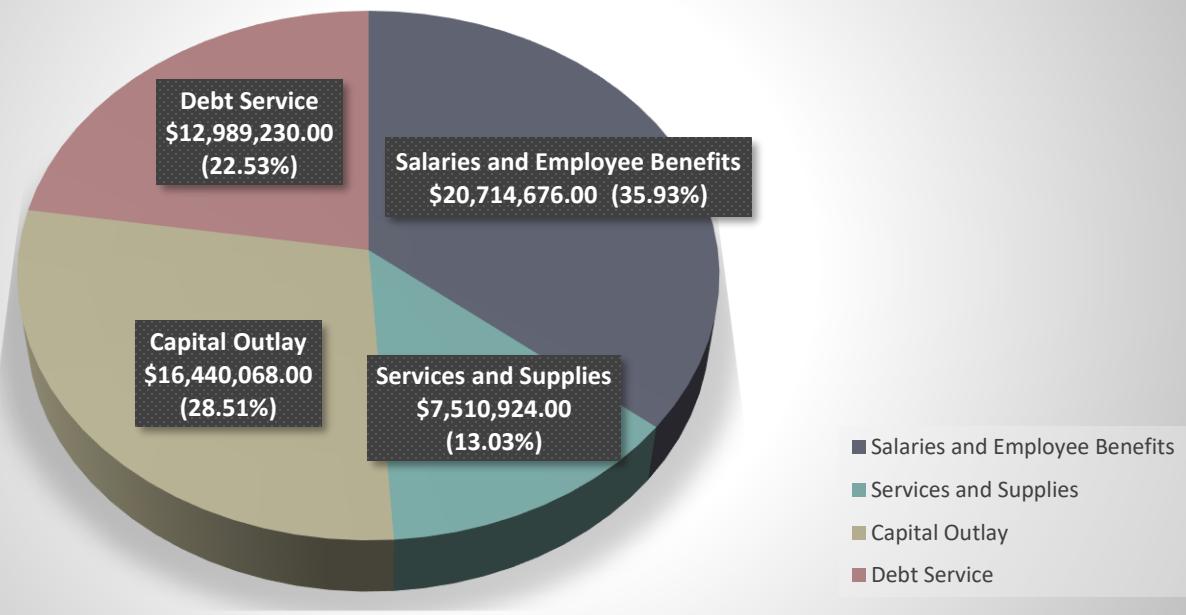
<sup>4</sup> Tranche – an issue of bonds derived from a pooling of like obligations (such as securitized mortgage debt) that is differentiated from other issues especially by maturity or rate of return (Merriam-Webster)

## Operating Expenditure

Operating costs for FY 2017-18 was approximately \$57.6 million. The District's expenses can be categorized into 4 groups: Salaries & Benefits, Services & Supplies, Capital Outlay, and Debt Service. In FY 2017-18, Salaries & Benefits represented approximately 35% of total expenditure. Similar to the discussion of bonds in the revenue section, any payment of bonds and other debts are considered variable expenses and may differ each year.

**Figure 7** shows the breakdown of the District's expenses. During FY 2017-18, the District incurred the following costs: approximately \$20.7 million in Salaries & Benefits, \$16.4 million in Capital Outlay, \$13 million in Debt Service, and \$7.5 million in Services & Supplies.

**Figure 7: Total Expenditure Breakdown (FY 2017-18)**



## Assets & Liabilities

### District Assets

As of June 30, 2018, the District had approximately \$600 million in total assets. This represents an increase of \$72.5 million or 14% from FY 2016-17's total assets of \$526 million. Total assets can be categorized into two groups: Current Assets and Non-Current Assets. In FY 2017-18, current assets were approximately \$136 million, non-current assets were approximately \$463 million.

### District Liabilities

As of June 30, 2018, the District had \$266 million in total liabilities. This represents an increase of \$64 million or 31% from FY 2016-17's total liabilities of \$203 million. Total liabilities can be categorized into two groups: Current and Non-Current Liabilities. In FY 2017-18, current liabilities were approximately \$6 million and non-current liabilities were approximately \$260 million.

A complete overview of the District's assets and liabilities is shown on page 19.

## Net Position

As of June 30, 2018, the total net position balance ended with approximately \$349 million. The following table highlights the net position balance from 2013 to 2018. As shown in the table below, the District's fund balance grew from \$311 million in 2013 to \$349 million in 2018; increasing by approximately \$9 million or 3% each year. A complete overview of the District's net position is shown in **Table 5** on page 19.

**Table 3: Net Position Balance**

	FY 13-14 (Audit)	FY 14-15 (Audit)	FY 15-16 (Audit)	FY 16-17 (Audit)	FY 17-18 (Audit)
<b>Ending Balance</b>	\$311 million	\$321.1 million	\$321.4 million	\$337 million	\$349 million
Change from Previous Year (\$)		\$10 million	\$335k	\$15.5 million	\$11.8 million
Change from Previous Year (%)		3.21%	0.10%	4.83%	3.50%



*Long Ridge Open Space Preserve. Photo Courtesy of Karl Gohl.*

**Table 4: Total Revenues & Expenditures (FY 13-14 to FY 17-18)**

	FY 13-14 (Audit)	FY 14-15 (Audit)	FY 15-16 (Audit)	FY 16-17 (Audit)	FY 17-18 (Audit)
<b>REVENUES</b>					
Property Taxes	\$ 32,433,076.00	\$ 35,081,540.00	\$ 44,980,497.00	\$ 43,860,976.00	\$ 47,798,349.00
Grant Income	\$ 1,900,702.00	\$ 952,925.00	\$ 1,193,630.00	\$ 650,839.00	\$ 1,612,717.00
Property Management	\$ 1,422,095.00	\$ 1,436,680.00	\$ 1,635,889.00	\$ 1,479,462.00	\$ 1,576,379.00
Investment Earnings	\$ 150,108.00	\$ 215,610.00	\$ 665,782.00	\$ 479,726.00	\$ 1,064,193.00
Land Donation	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues	\$ 144,762.00	\$ 241,335.00	\$ 643,849.00	\$ 608,558.00	\$ 347,983.00
<b>Total Revenues</b>	<b>\$ 36,050,743.00</b>	<b>\$ 37,928,090.00</b>	<b>\$ 49,119,647.00</b>	<b>\$ 47,079,561.00</b>	<b>\$ 52,399,621.00</b>
<b>EXPENDITURES</b>					
Salaries and Employee Benefits	\$ 13,078,635.00	\$ 13,629,502.00	\$ 22,489,902.00	\$ 19,210,661.00	\$ 20,714,676.00
Services and Supplies	\$ 4,224,310.00	\$ 4,642,351.00	\$ 6,474,964.00	\$ 6,596,150.00	\$ 7,510,924.00
Capital Outlay	\$ 8,230,927.00	\$ 8,445,355.00	\$ 18,900,860.00	\$ 19,961,426.00	\$ 16,440,068.00
Operational Expenditure, Sub-total	\$ 25,533,872.00	\$ 26,717,208.00	\$ 47,865,726.00	\$ 45,768,237.00	\$ 44,665,668.00
<b>Total Revenue minus Operational Expenditure: Surplus/(Deficit)</b>	<b>\$10,516,871.00</b>	<b>\$ 11,210,882.00</b>	<b>\$ 1,253,921.00</b>	<b>\$ 1,311,324.00</b>	<b>\$ 7,733,953.00</b>
Debt Service:					
Principal	\$ 2,998,888.00	\$ 3,145,096.00	\$ 4,366,938.00	\$ 5,193,104.00	\$ 5,716,067.00
Advance Refunding Escrow	\$ -	\$ -	\$ -	\$ -	\$ 676,232.00
Interest	\$ 5,859,356.00	\$ 5,748,505.00	\$ 6,477,830.00	\$ 6,403,845.00	\$ 5,720,001.00
Issuance Cost	\$ -	\$ -	\$ -	\$ 786,497.00	\$ 876,930.00
<b>Total Expenditures</b>	<b>\$ 34,392,116.00</b>	<b>\$ 35,610,809.00</b>	<b>\$ 58,710,494.00</b>	<b>\$ 58,151,683.00</b>	<b>\$ 57,654,898.00</b>
<b>Total Revenue minus Operational Expenditure &amp; Debt Service: Surplus/(Deficit)</b>	<b>\$ 1,658,627.00</b>	<b>\$ 2,317,281.00</b>	<b>\$ (9,590,847.00)</b>	<b>\$ (11,072,122.00)</b>	<b>\$ (5,255,277.00)</b>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Other Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers In	\$ 8,858,244.00	\$ 8,893,601.00	\$ 12,145,558.00	\$ 15,838,822.00	\$ 9,409,095.00
Transfers Out	\$ (8,858,244.00)	\$ (8,893,601.00)	\$ (12,145,558.00)	\$ (15,838,822.00)	\$ (9,409,095.00)
Advance Refunding of Revenue Bonds	\$ -	\$ (29,986,962.00)			
Payment to Refunded Bond Escrow Agent	\$ -	\$ -		\$ (68,187,161.00)	\$ (27,659,551.00)
Issuance of Refunding Debt	\$ -	\$ 28,325,491.00		\$ -	\$ 25,025,000.00
Issuance of Debt	\$ -	\$ -		\$ -	\$ 61,220,000.00
Proceeds of Refunding Bond	\$ -	\$ -	\$ 45,000,000.00	\$ 57,410,000.00	\$ -
Premium from Debt Issuances	\$ -	\$ -	\$ 2,281,625.00	\$ 11,563,658.00	\$ 8,245,739.00
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ (1,661,471.00)</b>	<b>\$ 47,281,625.00</b>	<b>\$ 786,497.00</b>	<b>\$ 66,831,188.00</b>
<b>FUND BALANCE</b>					
<b>Net Change in Fund Balance: Surplus/(Deficit)</b>	<b>\$ 1,658,627.00</b>	<b>\$ 655,810.00</b>	<b>\$ 37,690,778.00</b>	<b>\$ (10,285,625.00)</b>	<b>\$ 61,575,911.00</b>
Fund Balance - Beginning	\$ 41,117,724.00	\$ 42,776,351.00	\$ 43,432,161.00	\$ 81,122,939.00	\$ 70,837,314.00
<b>Fund Balance - Ending</b>	<b>\$ 42,776,351.00</b>	<b>\$ 43,432,161.00</b>	<b>\$ 81,122,939.00</b>	<b>\$ 70,837,314.00</b>	<b>\$ 132,413,225.00</b>

Footnote: The \$45,000,000 in FY 14-15 should be listed under issuance, not refunding.

**Table 5: Total Assets & Liabilities (FY 13-14 to FY 17-18)**

	FY 13-14 (Audit)	FY 14-15 (Audit)	FY 15-16 (Audit)	FY 16-17 (Audit)	FY 17-18 (Audit)
<b>ASSETS</b>					
<u>Current Assets</u>					
Cash and Investments	\$ 34,330,982	\$ 35,562,081	\$ 81,598,301	\$ 77,020,898	\$ 132,551,342
Accounts Receivable:					
Deposits	\$ 694,849	\$ 1,093,909	\$ 1,537,825	\$ 587,047	\$ 3,119,075
Rent			\$ 3,506	\$ -	\$ 8,094
Interest	\$ 32,773	\$ 43,323	\$ 168,025	\$ 5,278	\$ 209,661
Due from Other Governments:					
Taxable Receivable	\$ 8,599,282	\$ 9,218,572	\$ 11,792	\$ 221	\$ 221
Due from Grantor Government	\$ 365,987	\$ 31,708	\$ -	\$ -	\$ -
Other Current Assets	\$ 506,949	\$ 30,723	\$ 15,622	\$ 55,093	\$ 35,968
<b>Total Current Assets</b>	<b>\$ 44,530,822</b>	<b>\$ 45,980,316</b>	<b>\$ 83,335,071</b>	<b>\$ 77,668,537</b>	<b>\$135,924,361</b>
<u>Non-Current Assets</u>					
Net OPEB Asset	\$ 1,003,925	\$ 863,176	\$ 699,015	\$ 406,023	\$ -
Notes Receivable	\$ 183,164	\$ 169,368	\$ 151,425	\$ 134,317	\$ 115,248
Unamortized Issuance Costs	\$ 1,142,982	\$ 1,074,740	\$ 1,006,500	\$ 772,042	\$ 522,658
Non-Depreciable Capital Assets	\$ 388,218,972	\$ 393,941,289	\$ 410,996,958	\$ 427,006,396	\$ 423,143,738
Capital Assets, Net of Depreciation	\$ 16,703,969	\$ 17,535,536	\$ 17,457,931	\$ 20,127,443	\$ 38,976,095
<b>Total Non-Current Assets</b>	<b>\$407,253,012</b>	<b>\$413,584,109</b>	<b>\$430,311,829</b>	<b>\$448,446,221</b>	<b>\$462,757,739</b>
<b>TOTAL ASSETS</b>	<b>\$451,783,834</b>	<b>\$459,564,425</b>	<b>\$513,646,900</b>	<b>\$526,114,758</b>	<b>\$598,682,100</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB Adjustments	\$ -	\$ -	\$ -	\$ -	\$ 412,000
Pension Expense and Contributions	\$ -	\$ -	\$ 6,990,099	\$ 8,659,986	\$ 7,151,966
Deferred Loss on Early Retirement of Long-term Debt	\$ 2,962,414	\$ 2,623,220	\$ 2,284,028	\$ 6,976,997	\$ 10,240,823
<b>Total Deferred Outflows of Resources</b>	<b>\$ 2,962,414</b>	<b>\$ 2,623,220</b>	<b>\$ 9,274,127</b>	<b>\$ 15,636,983</b>	<b>\$ 17,804,789</b>
<b>ASSETS + DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$454,746,248</b>	<b>\$462,187,645</b>	<b>\$522,921,027</b>	<b>\$541,751,741</b>	<b>\$616,486,889</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
OPEB Adjustments	\$ -	\$ -	\$ -	\$ -	\$ 82,400
Pension Adjustments	\$ -	\$ -	\$ 3,352,133	\$ 2,071,424	\$ 1,333,999
<b>Total Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,352,133</b>	<b>\$ 2,071,424</b>	<b>\$ 1,416,399</b>
<b>LIABILITIES</b>					
<u>Current Liabilities</u>					
Accounts Payable	\$ 744,178	\$ 1,623,917	\$ 1,137,971	\$ 5,220,064	\$ 2,423,768
Deposits Payable	\$ 128,441	\$ 118,266	\$ 98,770	\$ 104,932	\$ 96,568
Payroll and Other Liabilities	\$ 881,852	\$ 805,972	\$ 975,391	\$ 1,506,227	\$ 990,800
Accrued Interest	\$ 421,503	\$ 414,000	\$ 2,284,000	\$ 1,956,000	\$ 2,504,291
<b>Total Current Liabilities</b>	<b>\$ 2,175,974</b>	<b>\$ 2,962,155</b>	<b>\$ 4,496,132</b>	<b>\$ 8,787,223</b>	<b>\$ 6,015,427</b>
<u>Non-Current Liabilities</u>					
Due Within One Year	\$ 3,498,284	\$ 4,740,053	\$ 5,465,679	\$ 7,423,614	\$ 8,203,930
Due After One Year	\$ 137,924,525	\$ 133,360,373	\$ 188,146,420	\$ 186,466,568	\$ 252,063,016
<b>Total Non-Current Liabilities</b>	<b>\$141,422,809</b>	<b>\$138,100,426</b>	<b>\$193,612,099</b>	<b>\$193,890,182</b>	<b>\$260,266,946</b>
<b>TOTAL LIABILITIES</b>	<b>\$143,598,783</b>	<b>\$141,062,581</b>	<b>\$198,108,231</b>	<b>\$202,677,405</b>	<b>\$266,282,373</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 268,869,441	\$ 278,611,038	\$ 276,394,511	\$ 308,600,974	\$ 312,120,869
Restricted for:					
Debt Service	\$ 1,620,515	\$ -	\$ 3,116,266	\$ 2,193,934	\$ 5,785,312
Hawthorne Maintenance	\$ 1,702,557	\$ 1,702,556	\$ 1,971,040	\$ 1,971,040	\$ 1,466,982
OPEB	\$ 1,003,925	\$ 863,176	\$ 699,015	\$ 406,023	\$ -
Total Restricted	\$ 4,326,997	\$ 2,565,732	\$ 5,786,321	\$ 4,570,997	\$ 7,252,294
Unrestricted	\$ 37,951,027	\$ 39,948,294	\$ 39,279,831	\$ 23,830,941	\$ 29,414,954
<b>TOTAL NET POSITION</b>	<b>\$311,147,465</b>	<b>\$321,125,064</b>	<b>\$321,460,663</b>	<b>\$337,002,912</b>	<b>\$348,788,117</b>
<b>DEFERRED INFLOWS + LIABILITIES + NET POSITION</b>	<b>\$454,746,248</b>	<b>\$462,187,645</b>	<b>\$522,921,027</b>	<b>\$541,751,741</b>	<b>\$616,486,889</b>

## GOVERNANCE

### **Legal Authority**

The principal act that governs the District is Public Resources Code §§5500-5595. State law empowers the District to “plan, adopt, lay out, plant, develop, and otherwise improve, extend, control, operate, and maintain a system of public parks, ... trails, natural areas, ecological and open space preserves, parkways, scenic drives, boulevards, and other facilities for public recreation, for the use and enjoyment of all the inhabitants of the district, and it may select, designate, and acquire land, or rights in land, within or without the district, to be used and appropriated for such purposes” (Cal. Pub. Res. Code §5541). Pursuant to its enabling legislation, the District’s stated purpose is to purchase, permanently protect, and restore lands forming a regional open space greenbelt; preserve unspoiled wilderness, wildlife habitat, watershed, viewshed, and fragile ecosystems; and provide opportunities for low-intensity recreation and environmental education. The District primarily acquires or otherwise preserves land outside the urban service area (USA) boundaries of cities that has regionally significant open space value.

### **Local Accountability & Structure**

The District is governed by a seven-member elected board of directors. Each board member is elected to serve a four-year term and represents a geographic ward of approximately equal populations. Individual ward maps are included in **Appendix E**. The current Board is as follows:

**Table 6: Board of Directors**

Board Member	Title	Term of Office Expiration
Pete Siemens (Ward 1)	Board President	2022
Yoriko Kishimoto (Ward 2)	Board Treasurer	2022
Jed Cyr (Ward 3)	Board Member	2020
Curt Riffle (Ward 4)	Board Member	2020
Karen Holman (Ward 5)	Board Vice-President	2022
Larry Hassett (Ward 6)	Board Member	2022
Zoe Kersteen-Tucker (Ward 7)	Board Secretary	2020

The Board holds its regular public meetings on the second and fourth Wednesdays of each month at 7:00 p.m., at the District administrative office located at 330 Distel Circle, Los Altos, CA.

District staffing currently includes over 180 employees in 11 departments: Budget and Analysis, Engineering and Construction, Finance, Human Resources, Information Systems and Technology, Land and Facilities, Natural Resources, Planning, Public Affairs, Real Property, and Visitor Services. Over 600 volunteers also assist the District each year ranging from one-day projects to ongoing natural history education, trail patrol, maintenance, and restoration programs.

## Long-term Management Plans

Midpeninsula Regional Open Space District adopted a long-term strategic plan in 2011 and provides updates to this plan on an annual basis. The annual strategic plans provide a framework to guide the District in its planning process and in evaluating Districtwide needs. The District understands that the future of a successful network of open space preserves depends on the success of both public and private partnerships at a regional level, as well as the enthusiastic support of the public who live and work there. Their goal is to work collaboratively with all of their partners to address regional land conservation, stewardship, and public access challenges.

At the same time, the District places its energies on connecting and understanding our communities, which have experienced a major shift in demographics and interests in the last decade. The District's long-range plan for the future of open space is grounded in its original mission of preservation, restoration, public access and education, but it also focuses on a rapidly changing social and physical environment that requires foresight, flexibility, and the means to succeed. The District has three overarching goals they plan on completing in the next 15–20 years:

- Goal #1: Promote and establish a common conservation vision with partner agencies.
- Goal #2: Connect people to open space and a regional vision.
- Goal #3: Strengthen financial and staffing resources to fulfil the mission.

These goals, with its supporting objectives and assigned projects, are discussed in detail within each adopted strategic plan. Access to the annual strategic plans are available on the District's website: <https://www.openspace.org/about-us/district-reports>.

### Coastside Protection Program

In addition to the annual strategic plans, the District has also adopted a Coastside Protection Area Service Plan which outlines the services being provided in the coastal area following the 2004 Coastal Annexation in San Mateo County. In the 1990s, as development pressure threatened the Coastside's scenic beauty, rural character and agricultural heritage, Coastal residents expressed their support for extending the Midpeninsula Regional Open Space District boundaries to include the San Mateo County Coastside. From the coast to its ridgeline, from Montara to the San Mateo/ Santa Cruz county line, the District's Coastside Protection Area became official in 2004. The Coastside Protection Area Service Plan is available on the District's website: [https://www.openspace.org/sites/default/files/Coastal\\_Service\\_Plan.pdf](https://www.openspace.org/sites/default/files/Coastal_Service_Plan.pdf).

This Coastside Protection Area is partially funded by Measure AA. To date, more than \$16 million in Measure AA funding has been invested in the Coastside's open space and agricultural preservation, restoration and public access projects. These projects include funding habitat restoration, watershed protection and conservation grazing projects at Purisima Creek Redwoods, La Honda Creek and Miramontes Ridge preserves, supporting local ranching and farming families in viable agriculture including 11,000 acres in conservation grazing, seven acres of row crops, and offering environmental education programs at local schools.

## Recent Accomplishments

The District has accomplished major milestones over the years and has made substantial progress on hundreds of Key Action Plan Projects, which include 25 Measure AA projects. The accomplishments can be placed in five categories: Land Acquisition and Preservation; Natural Resources Protection and Restoration; Public Access, Education, and Outreach; General/District-Wide Support of Mission; and Awards, Grants, and Recognition. Highlights of the major accomplishments during FYs 2016-17 to FY 2018-19 are provided below.

**Land Acquisition and Preservation:** Purchased, exchanged, or received donations totaling 930 acres of open space lands valued at approximately \$11.4 million, including but not limited to:

- Purchased 190-acre Woodruff Redwoods property in La Honda Creek Preserve to advance land conservation opportunities;
- Purchased 153.59-acre Twin Creeks property in the Mt. Umunhum area of Sierra Azul Preserve, providing water quality protection within the Los Alamitos Creek watershed, continuity of wildlife habitat corridors, and a potential future trail connection with Rancho Canada de Oro Open Space Preserve; and
- Purchased 28-acre Rossetta property to secure public access rights along Mountain Umunhum Road and the Woods Trail in the Mountain Umunhum area of Sierra Azul Preserve.
- Purchased 240-acre Giusti property as an addition to Purisima Creek Redwoods Open Space Preserve completing a regional trail corridor known as Purisima to the Sea.

**Natural Resources Protection and Restoration:** Completed numerous natural resource protection and restoration projects in Sierra Azul and Bear Creek Redwoods Preserves, including but not limited to:

- Created a new contract with Grassroots Ecology Native Plant Nursery to grow approximately 1,900 native plants and five pounds of native grasses and forb seeds for Phase One of the Mount Umunhum Revegetation Project;
- Completed a Pond Assessment and Management Plan to determine the water needs for wildlife and habitat values at aquatic sites;
- Installed native plantings at Mount Umunhum and surrounding areas to restore native landscapes and meet permit requirements for trail and roadwork associated with the summit project;
- Received a landmark alteration permit to implement site cleanup and structures rehabilitation consistent with the Alma College Cultural Landscape Plan.

**Public Access, Education, and Outreach:** Completed numerous projects and actions in the Sierra Azul and Bear Creek Redwoods Preserves, including but not limited to:

- Executed an agreement with San Jose Water Company (SJWC) to initiate a water line connection to the SJWC main line as a new source of water for the Preserve and Bear Creek Stables;
- Constructed the award-winning Mount Umunhum Trail, with three new trail bridges, the Guadalupe Creek Overlook vista point, and interpretive signage;
- Produced the "Stories of Mount Umunhum" free audio tour mobile device application, with over 1,800 downloads, offering the public a "virtual guided tour" of the summit;
- Worked with GIS, Visitor Services, and Public Affairs to complete design, content and web development of "Layers of History" online story map at [www.openspace.org/bcrstory](http://www.openspace.org/bcrstory); and
- Partnered with the City of Saratoga to fund the design of the Saratoga-to-Sea Trail. City completed the engineering design and environmental review, and initiated the permit process.

**General/District-wide Support of Mission:** The District completed various projects to improve efficiency within its internal and external operations, including but not limited to:

- Received Board approval of Midpen's Climate Action Plan to meet the adopted Climate Change Goals of a 20% reduction in operational greenhouse gas emissions from 2016 levels by 2022, 40% by 2030 and 80% by 2050;
- Launched over 35 Enterprise GIS web maps and applications to provide critical GIS data to all staff, support interdepartmental collaboration, and streamline asset mapping. This work facilitated the creation of multiple districtwide data inventories: fuel reduction lines, phytophthora sample sites, cover boards, wildlife cameras, conservation easement photo sites, utility assets, bridges, culverts and more.
- Issued 2017 Green Bonds, refunding part of the 2012 Bonds, resulting in a savings of \$18.4 million; issued \$12.5 million of 2017 Parity Bonds to finance the new South Area Field Office and new Administrative Office; and issued 2018 Green Bonds, selling 34% of the new bonds at retail to fund Measure AA projects;
- Completed the La Honda Creek Wildland Fire Response Plan that outlines key preserve features such as emergency access roads and water resources to assist fire suppression activities and guide the safe evacuation of visitors and residents. The Plan also identifies sensitive natural and cultural resources to protect from accidental damage; and

- Completed a District Housing Structures Assessment for the Driscoll Ranch Area of La Honda Creek Preserve and secured Board approval to build Agricultural Workforce Housing in partnership with San Mateo County.

**Awards, Grants, and Recognition:** The District has received several awards, grants, and recognitions over the years, including but not limited to:

- Received Board approval of a Memorandum of Understanding with the Santa Clara Valley Water District for a five-year, \$1,000,000 funding agreement to complete invasive species removal at Bear Creek Redwoods Preserve, with a possible five-year extension for another \$1,000,000;
- Won the Outstanding Planning Document award from the Association of Environmental Professionals for the Preserve Plan/EIR for the Bear Creek Redwoods Preserve;
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association for the second time and the Operating Budget – Meritorious Award from California Society of Municipal Finance Officers;
- Received the Outstanding Financial Reporting Award from both the Government Finance Officers Association and the California Society of Municipal Finance Officers;
- Received the Technology Innovation: Leadership award from Special Districts West;
- Received the Community Partnership Award from the San Jose Conservation Corps + Charter School (SJCC+CC) for its ongoing partnership work in providing life-changing, outdoor conservation experiences and skills training to SJCC+CS members; and
- Completed successful grant applications totaling \$2.9 million. Grants awarded include but are not limited to the following:
  - Gordon and Betty Moore Foundation Grant (\$750,000) for the Twin Creeks property purchase in the Loma Prieta area of Sierra Azul Preserve;
  - Santa Clara Valley Water District Grant (\$149,500) for the construction of Webb Creek Bridge at Bear Creek Redwoods Preserve; and
  - \$149,906 from the Santa Clara Valley Water District for the Beatty Trail connection to Priest Rock Trail at Sierra Azul Preserve.

Access to further information about all recent and past accomplishments are available on the District's website: <https://www.openspace.org/about-us/district-reports>.

## Opportunities & Challenges

Midpeninsula Regional Open Space District is nearing 50 years since its formation back in 1972. During this time, the District has preserved nearly 64,000 acres of open space on 26 preserves in Santa Clara and San Mateo Counties, with a small portion located in Santa Cruz County. The result is an integrated regional open space system that offers recreational activities to all visitors, regardless of whether they are constituents of the District.

The small portion located in Santa Cruz County consists of approximately 1,900 acres and are the southern ends of Long Ridge, Bear Creek Redwoods, and Sierra Azul Preserves. These lands are all owned and managed by the District. Other than this small portion of territory, there is no official open space district in Santa Cruz County. The County does have four independent recreation and park districts, and one county service area that provides park services outside the four cities.

There was an attempt to create an open space district through legislation back in 2009 following local support. The Land Trust of Santa Cruz County sponsored Senate Bill 211, which would have enabled the County Board of Supervisors to place a measure on the ballot creating an open space district in Santa Cruz County without LAFCO approval. It appeared that the bill had initial support from the County and a number of cities but failed during the legislative process primarily due to concerns about countywide conservation and growth opportunities. Since the 2009 effort, there has been no further attempt to form an open space district.

LAFCO staff met with MROSD representatives to discuss this service review and any future expansion into Santa Cruz County. While MROSD has expressed interest in annexing lands owned and operated by the District in the foreseeable future, the District is unaware of any local support for further expansion beyond the 5 District-owned parcels. These District-owned parcels are discussed in more detail on pages 9 to 11.

During the next service review cycle, it may be beneficial for the District and LAFCO to conduct a countywide survey and gauge the local interest in the possible creation of an open space district in Santa Cruz County. If there is high interest from residents and other local agencies, Santa Cruz LAFCO believes that the district formation should be processed under the Cortese-Knox-Hertzberg Act rather than through special legislation.

**LAFCO Staff Recommendation:** *Joint effort by the District and LAFCO to consider conducting a survey to gauge local support in the formation of an open space district during the next service review cycle. The District and LAFCO should also discuss the annexation, and concurrent sphere amendment, involving the 5 District-owned parcels located within Santa Cruz County with the principal LAFCO (Santa Clara LAFCO) as part of the next round of service reviews, which is scheduled for November 2024.*

## SPHERE OF INFLUENCE

### Cortese-Knox-Hertzberg Act

City and special district spheres of influence define the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code Section 56076). The law requires that spheres be updated at least once every five years either concurrently or subsequently to the preparation of Municipal Service Reviews. Spheres are determined and amended solely at the discretion of the Commission. In determining the sphere of influence for each local agency, the Commission is required by Government Code Section 56425(e) to consider certain factors, including:

- The present and planned uses in the area, including agricultural and open-space lands;
- The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency; and
- For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

### Current Sphere Boundary

Santa Clara LAFCO, as the principal LAFCO, has adopted a multi-county sphere of influence for the District. The District's multi-county sphere of influence is generally coterminous with its jurisdictional boundary. In addition to this multi-county sphere, and following the 1992 annexation of 1,500 acres, Santa Cruz LAFCO also adopted a sphere of influence for MROSD within Santa Cruz County only. In January 2008, Santa Cruz LAFCO reaffirmed this sphere boundary. The sphere boundary within Santa Cruz County is slightly larger than the District's existing service area and has remained unchanged.

In December 2013, Santa Clara LAFCO conducted a service review involving Midpeninsula Regional Open Space District and noted the District's interest in expanding its sphere of influence to include additional parcels owned within Santa Cruz County. Specifically, the District expressed the desire to annex the Loma Prieta Ranch, which is a part of Sierra Azul Open Space Preserve, and to annex the southern portion of the Bear Creek Redwoods Open Space Preserve. Both territories are owned by MROSD and part of preserves already maintained by the District. Santa Clara LAFCO recommended that the District formally submit an application for annexation to their LAFCO in order to process the proposed change of organization. Pursuant to Santa Clara LAFCO's adopted policies, their staff and Commission would coordinate with Santa Cruz LAFCO if and

when an application was submitted. No application has been filed since the 2013 service review.

#### Ad-Hoc Committee Meeting

In January 2019, the District Board and this Commission both created an ad-hoc committee to assist in the completion of the 2019 service and sphere review. Chair Jim Anderson and Vice-Chair Roger Anderson were selected to represent Santa Cruz LAFCO. In September 2019, the two ad-hoc committees met to discuss this service review and determine whether the District still had interest in annexing territory in Santa Cruz County.

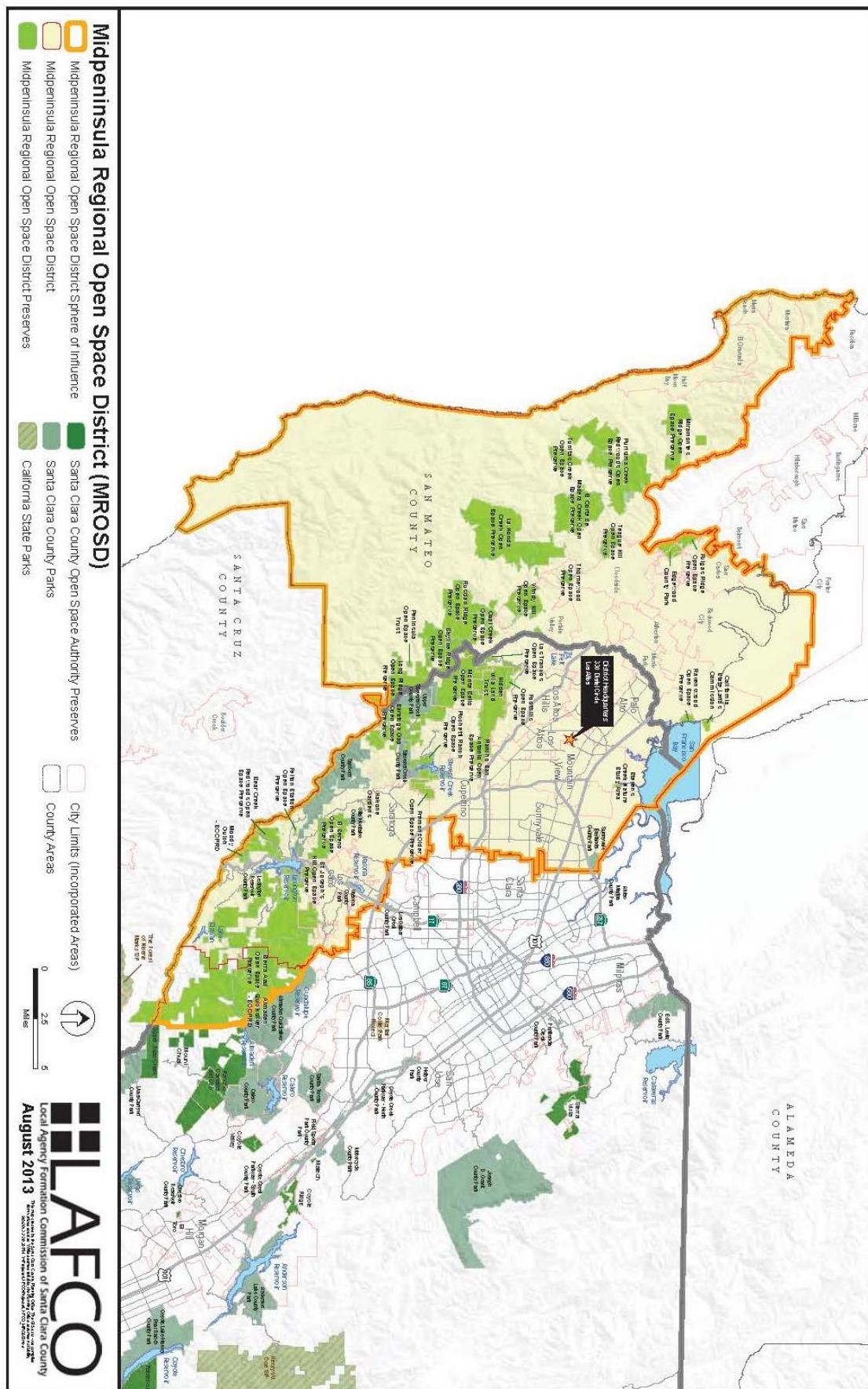
Based on this group discussion, the District indicated that it would like to focus on its existing service area at this time but would like to reconvene in five (5) years to discuss possible annexation of parcels already owned and managed by the District. An analysis involving a potential sphere amendment and concurrent annexation involving the District-owned parcels along Bear Creek Redwoods and Sierra Azul Open Space Preserves should be conducted during the next service review cycle, which is tentatively scheduled for November 2024. The ad-hoc committee members from both parties agreed to defer further evaluation until that time. The Executive Officer of Santa Clara LAFCO has also agreed to participate in the next service review cycle as the principal LAFCO for MROSD.

**Figures 8 and 9** in the following pages depict the multi-county sphere of influence designated by Santa Clara LAFCO and the sphere of influence adopted by Santa Cruz LAFCO. Both sphere boundaries coincide with the territory involving Santa Cruz County.

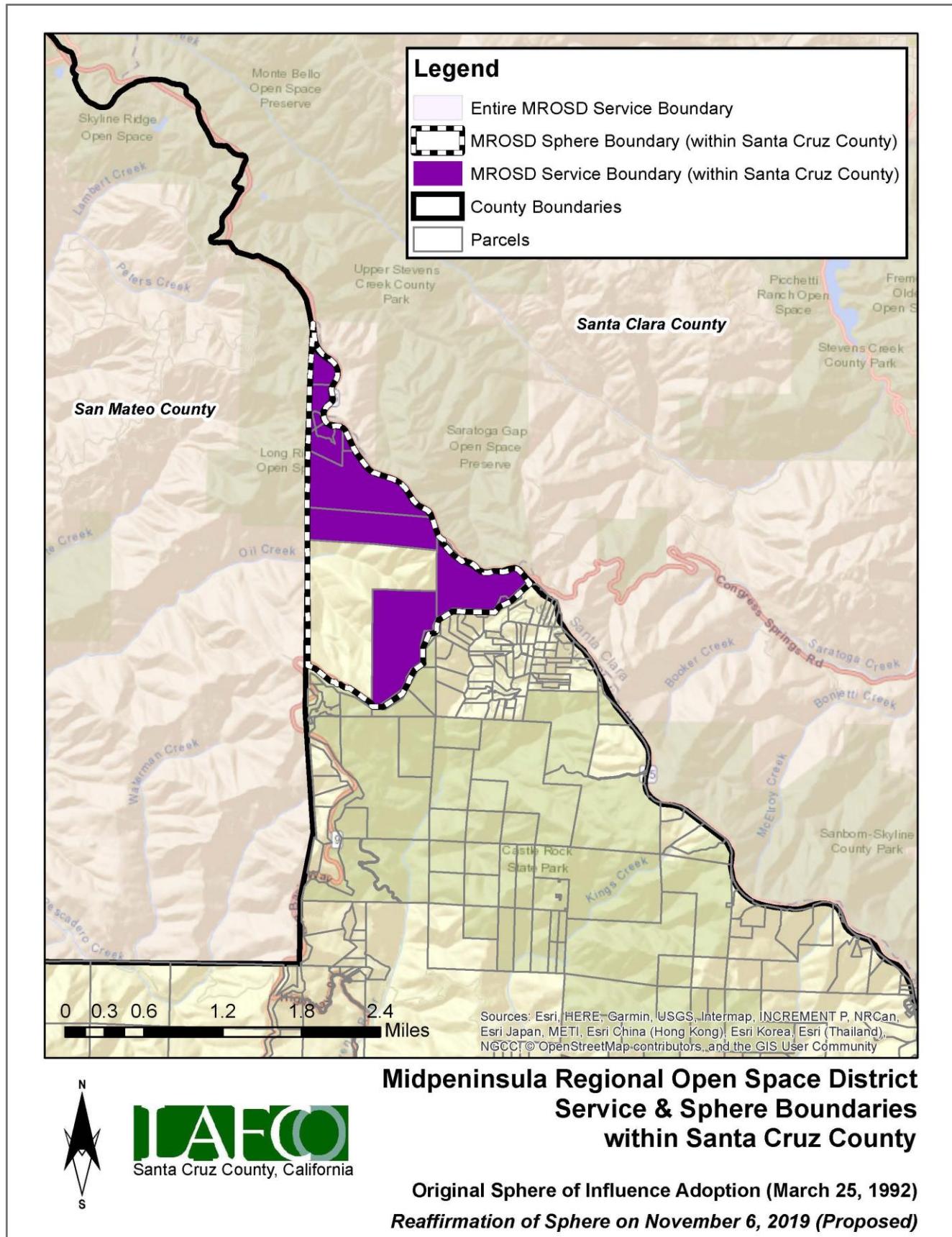


*Sierra Azul Open Space Preserve - Photo courtesy of MROSD staff.*

**Figure 8: Multi-County Sphere of Influence (adopted by Santa Clara LAFCO)**



**Figure 9: Sphere of Influence (adopted by Santa Cruz LAFCO)**



## DISTRICT SUMMARY CHART

<b>Midpeninsula Regional Open Space District</b>	
<b>Formation</b>	Public Resources Code §§5500-5595
<b>Board of Directors</b>	Governed by a seven-member Board of Directors. The District is divided into seven geographic wards, each represented by an elected Board member for a four-year term.
<b>Contact Person</b>	Ana María Ruiz, General Manager
<b>Employees</b>	Approximately 180 employees in 11 departments; The District has two field offices, one located at Rancho San Antonio Open Space Preserve and one off of Skyline Blvd at Skyline Ridge Open Space Preserve.
<b>Facilities</b>	The District owns and manages 26 open space preserves.
<b>District Area</b>	The District's entire boundary consists of nearly 64,000 acres of preserved land and encompasses three counties – Santa Clara, San Mateo, and Santa Cruz. In Santa Cruz County, the District serves approximately 1,500 acres (2.3 square miles).
<b>Sphere of Influence</b>	The sphere of influence, within Santa Cruz County only, is larger than the District's jurisdictional boundary.
<b>FY 2019-20 Budget</b>	Total Revenue = \$76,270,625  Total Expenditure = \$75,536,958  Projected Net Position (Beginning Balance) = \$139,689,032
<b>Contact Information</b>	Mailing Address: 330 Distel Circle, Los Altos, CA  Phone Number: 650-691-1200  Email Address: <a href="mailto:aruiz@openspace.org">aruiz@openspace.org</a>  Website: <a href="https://www.openspace.org/">https://www.openspace.org/</a>
<b>Public Meetings</b>	Meetings are typically held on the second and fourth Wednesday of the month, at 7:00 pm. These Board meetings are typically held at the District's administrative office in Los Altos and are open to the public.
<b>Mission Statement</b>	"To acquire and preserve a regional greenbelt of open space land in perpetuity, protect and restore the natural environment, and provide opportunities for ecologically sensitive public enjoyment and education."

## SERVICE & SPHERE DETERMINATIONS

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act. Midpeninsula Regional Open Space District's staff and ad-hoc committee members were instrumental in addressing the statutory determinations by providing data and other requested information to LAFCO staff at a timely fashion.

### **Service Determinations**

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere of influence. Written statements of determination must be prepared with respect to each of the following:

**1. Growth and population projections for the affected area.**

The population for MROSD in 2010 was 705,528. Based on the 2010 Census, staff determined that 27 people reside in the Santa Cruz County portion of the District's jurisdictional and sphere boundaries.

The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Based on the projections for the cities and counties within the District's service area, LAFCO staff was able to develop a population forecast for MROSD. LAFCO staff projects that the entire population of MROSD will be approximately 842,000 by the year 2040. The estimated population in the Santa Cruz County portion will be around 30 by the year 2040.

**2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

In 2017, the California statewide median household income was \$67,169, and 80% of that was \$53,735. LAFCO staff utilized the ArcGIS mapping program to locate potential disadvantaged unincorporated communities (DUCs) within the District's service and sphere boundaries. Based on the criteria set forth by SB 244, staff's analysis indicates that there are no areas in MROSD designated as a DUC. In addition, MROSD does not provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.

**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.**

The District's purpose is to create a regional greenbelt of unspoiled public open space lands in order to permanently protect the area's natural resources and to provide for public use and enjoyment. The District has preserved nearly 64,000 acres of public land and manages 26 open space preserves – 24 of which are open to the public free of charge. MROSD does not provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.

**4. Financial ability of agencies to provide services.**

Midpeninsula Regional Open Space District has a number of revenue streams to operate its services and facilities. Total operating revenue for FY 2017-18 was approximately \$52.4 million. Property taxes continues to be the primary source of revenue for the District. In FY 2017-18, property taxes represented over 91% of total revenue. It is important to note that the District also receives funding from issuance of debt, such as bonds. In FY 2017-18, the \$103 million of debt included \$25 million of refunding, \$9 million for annual debt service, \$50 million of the second tranche of Measure AA general obligation bonds, \$11 million of parity bonds, and \$8 million in related issuance premiums.

At the end of Fiscal Year 2017-18, total revenues collected, including other financing sources such as issuance of bonds, were approximately \$156 million. This represents a 19% increase from the previous year (\$132 million in FY 2016-17). Total expenditures for FY 2017-18, including payment of bonds and other debts, were approximately \$94.7 million, which decreased from the previous year by approximately \$47 million (\$142 million in FY 2016-17).

**5. Status of, and opportunities for, shared facilities.**

The District works to form a continuous greenbelt of permanently preserved open space by linking its lands with other public parklands. Such actions and goals are completed by collaborating with other local agencies including but not limited to counties, cities, and other local organizations.

**6. Accountability for community service needs, including governmental structure and operational efficiencies.**

The District is governed by a seven-member elected board of directors. Each board member is elected to serve a four-year term and represents a geographic ward of approximately equal populations. The Board holds its regular public meetings on the second and fourth Wednesdays of each month at 7:00 p.m., at the District administrative office: 330 Distel Circle, Los Altos, CA.

District staffing currently includes 180 employees in 11 departments: Budget and Analysis, Engineering and Construction, Finance, Human Resources, Information Systems and Technology, Land and Facilities, Natural Resources, Planning, Public Affairs, Real Property, and Visitor Services. Over 600 volunteers also assist the District each year ranging from one-day projects to ongoing natural history education, trail patrol, maintenance, and restoration programs.

**7. Any other matter related to effective or efficient service delivery, as required by commission policy.**

No additional local LAFCO policies are specifically relevant to this service and sphere review.

## **Sphere Determinations**

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared with respect to each of the following:

**1. The present and planned land uses in the area, including agricultural and open-space lands.**

The District's purpose is to create a regional greenbelt of unspoiled public open space lands in order to permanently protect the area's natural resources and to provide for public use and enjoyment. The District encompasses over 550 square miles of territory. Open space preserves are generally kept in a natural condition in order to best protect the environment and wildlife habitat, and are developed with only the amenities needed to provide low-intensity recreation. Ranging from 55 to over 18,000 acres, the 24 preserves are open to the public all year round.

**2. The present and probable need for public facilities and services in the area.**

The District encompasses over 550 square miles in three separate counties and offers more than 240 miles of recreational trails. Open space services provided by MROSD are not restricted to residents within the District's jurisdiction. It is estimated that approximately 700,000 residents currently live within MROSD's service area but on average, over 2 million people visit the 24 preserves owned and operated by the District each year. As a result, there is a constant demand for open space services.

**3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

The District has adopted a long-term strategic plan and provides an update to this plan on an annual basis. The annual strategic plans provide a framework to guide the District in its planning process and in evaluating Districtwide needs. The District's goal is to work collaboratively with all of their partners to address regional land conservation, stewardship, and public access challenges. Various projects and accomplishments have been completed as a result of these adopted strategic plans.

**4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**

Santa Clara LAFCO is the "principal LAFCO" for MROSD under Government Code Section 56066.

**5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

Neither the District nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. In addition, MROSD does not provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.

## APPENDICES

- A. Santa Clara LAFCO (Principal LAFCO) Service Review for Midpeninsula Regional Open Space District (Adopted Dec. 2013)**
- B. Santa Clara LAFCO (Principal LAFCO) Adopted Policy**
- C. MROSD Audited Financial Statements (FY 2017-18)**
- D. MROSD Budget & Action Plan (FY 2019-20)**
- E. MROSD Board of Directors – Individual Ward Maps**



*Bear Creek Redwoods Open Space Preserve: Hikers on the Alma Trail.*

*Photo courtesy of Alisha Laborico*

## 4A: ATTACHMENT 2

### LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2019-21

On the motion of Commissioner  
duly seconded by Commissioner  
the following resolution is adopted:

#### APPROVING THE 2019 MIDPENINSULA REGIONAL OPEN SPACE DISTRICT SERVICE AND SPHERE OF INFLUENCE REVIEW

\*\*\*\*\*  
The Local Agency Formation Commission of Santa Cruz County (the "Commission") does hereby resolve, determine, and order as follows:

1. In accordance with Government Code sections 56425, 56427, and 56430, the Commission has initiated and conducted the 2019 Service and Sphere of Influence Review for the Midpeninsula Regional Open Space District.
2. The Commission's Executive Officer has given notice of a public hearing by this Commission of the service and sphere of influence review in the form and manner prescribed by law.
3. The Commission held a public hearing on November 6, 2019, and at the hearing, the Commission heard and received all oral and written protests, objections, and evidence that were presented.
4. Pursuant to State CEQA Guidelines section 15061(b)(3), this Commission action does not change the services or the planned service area of the subject agency. There is no possibility that the activity may have a significant impact on the environment. This action qualifies for a Notice of Exemption under the California Environmental Quality Act.
5. The Commission hereby approves the 2019 Service and Sphere of Influence Review for the Midpeninsula Regional Open Space District.
6. The Commission hereby approves the Service Review Determinations, as shown on Exhibit A.
7. The Commission hereby approves the Sphere of Influence Determinations, as shown on Exhibit B.
8. The Commission hereby maintains the Sphere of Influence Map for the Midpeninsula Regional Open Space District, without amendments, as shown in Exhibit C.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 6th day of November 2019.

AYES:

NOES:

ABSENT:

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JAMES W. ANDERSON, CHAIRPERSON

Attest:

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Joe A. Serrano  
Executive Officer

Approved as to form:

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Jason M. Heath  
LAFCO Counsel

**EXHIBIT A**  
**MIDPENINSULA REGIONAL OPEN SPACE DISTRICT**  
**2019 SERVICE REVIEW DETERMINATIONS**

---

**1. Growth and population projections for the affected area.**

The population for MROSD in 2010 was 705,528. Based on the 2010 Census, staff determined that 27 people reside in the Santa Cruz County portion of the District's jurisdictional and sphere boundaries.

The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Based on the projections for the cities and counties within the District's service area, LAFCO staff was able to develop a population forecast for MROSD. LAFCO staff projects that the entire population of MROSD will be approximately 842,000 by the year 2040. The estimated population in the Santa Cruz County portion will be around 30 by the year 2040.

**2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**

In 2017, the California statewide median household income was \$67,169, and 80% of that was \$53,735. LAFCO staff utilized the ArcGIS mapping program to locate potential disadvantaged unincorporated communities (DUCs) within the District's service and sphere boundaries. Based on the criteria set forth by SB 244, staff's analysis indicates that there are no areas in MROSD designated as a DUC. In addition, MROSD does not provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.

**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.**

The District's purpose is to create a regional greenbelt of unspoiled public open space lands in order to permanently protect the area's natural resources and to provide for public use and enjoyment. The District has preserved nearly 64,000 acres of public land and manages 26 open space preserves – 24 of which are open to the public free of charge. MROSD does not provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.

**4. Financial ability of agencies to provide services.**

Midpeninsula Regional Open Space District has a number of revenue streams to operate its services and facilities. Total operating revenue for FY 2017-18 was approximately \$52.4 million. Property taxes continues to be the primary source of revenue for the District. In FY 2017-18, property taxes represented over 91% of total revenue. It is important to note that the District also receives funding from issuance of debt, such as bonds. In FY 2017-18, the \$103 million of debt included \$25 million of refunding, \$9 million for annual debt service, \$50

million of the second tranche of Measure AA general obligation bonds, \$11 million of parity bonds, and \$8 million in related issuance premiums.

At the end of Fiscal Year 2017-18, total revenues collected, including other financing sources such as issuance of bonds, were approximately \$156 million. This represents a 19% increase from the previous year (\$132 million in FY 2016-17). Total expenditures for FY 2017-18, including payment of bonds and other debts, were approximately \$94.7 million, which decreased from the previous year by approximately \$47 million (\$142 million in FY 2016-17).

**5. Status of, and opportunities for, shared facilities.**

The District works to form a continuous greenbelt of permanently preserved open space by linking its lands with other public parklands. Such actions and goals are completed by collaborating with other local agencies including but not limited to counties, cities, and other local organizations.

**6. Accountability for community service needs, including governmental structure and operational efficiencies.**

The District is governed by a seven-member elected board of directors. Each board member is elected to serve a four-year term and represents a geographic ward of approximately equal populations. The Board holds its regular public meetings on the second and fourth Wednesdays of each month at 7:00 p.m. at the District administrative office: 330 Distel Circle, Los Altos, CA.

District staffing currently includes 180 employees in 11 departments: Budget and Analysis, Engineering and Construction, Finance, Human Resources, Information Systems and Technology, Land and Facilities, Natural Resources, Planning, Public Affairs, Real Property, and Visitor Services. Over 600 volunteers also assist the District each year ranging from one-day projects to ongoing natural history education, trail patrol, maintenance, and restoration programs.

**7. Any other matter related to effective or efficient service delivery, as required by commission policy.**

No additional local LAFCO policies are specifically relevant to this service and sphere review.

**EXHIBIT B**  
**MIDPENINSULA REGIONAL OPEN SPACE DISTRICT**  
**2019 SPHERE OF INFLUENCE DETERMINATIONS**

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**1. The present and planned land uses in the area, including agricultural and open-space lands.**

The District's purpose is to create a regional greenbelt of unspoiled public open space lands in order to permanently protect the area's natural resources and to provide for public use and enjoyment. The District encompasses over 550 square miles of territory. Open space preserves are generally kept in a natural condition in order to best protect the environment and wildlife habitat, and are developed with only the amenities needed to provide low-intensity recreation. Ranging from 55 to over 18,000 acres, the 24 preserves are open to the public all year round.

**2. The present and probable need for public facilities and services in the area.**

The District encompasses over 550 square miles in three separate counties and offers more than 200 miles of recreational trails. Open space services provided by MROSD are not restricted to residents within the District's jurisdiction. It is estimated that approximately 700,000 residents currently live within MROSD's service area but on average, over 2 million people visit the 24 preserves owned and operated by the District each year. As a result, there is a constant demand for open space services.

**3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

The District has adopted a long-term strategic plan and provides an update to this plan on an annual basis. The annual strategic plans provide a framework to guide the District in its planning process and in evaluating Districtwide needs. The District's goal is to work collaboratively with all of their partners to address regional land conservation, stewardship, and public access challenges. Various projects and accomplishments have been completed as a result of these adopted strategic plans.

**4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**

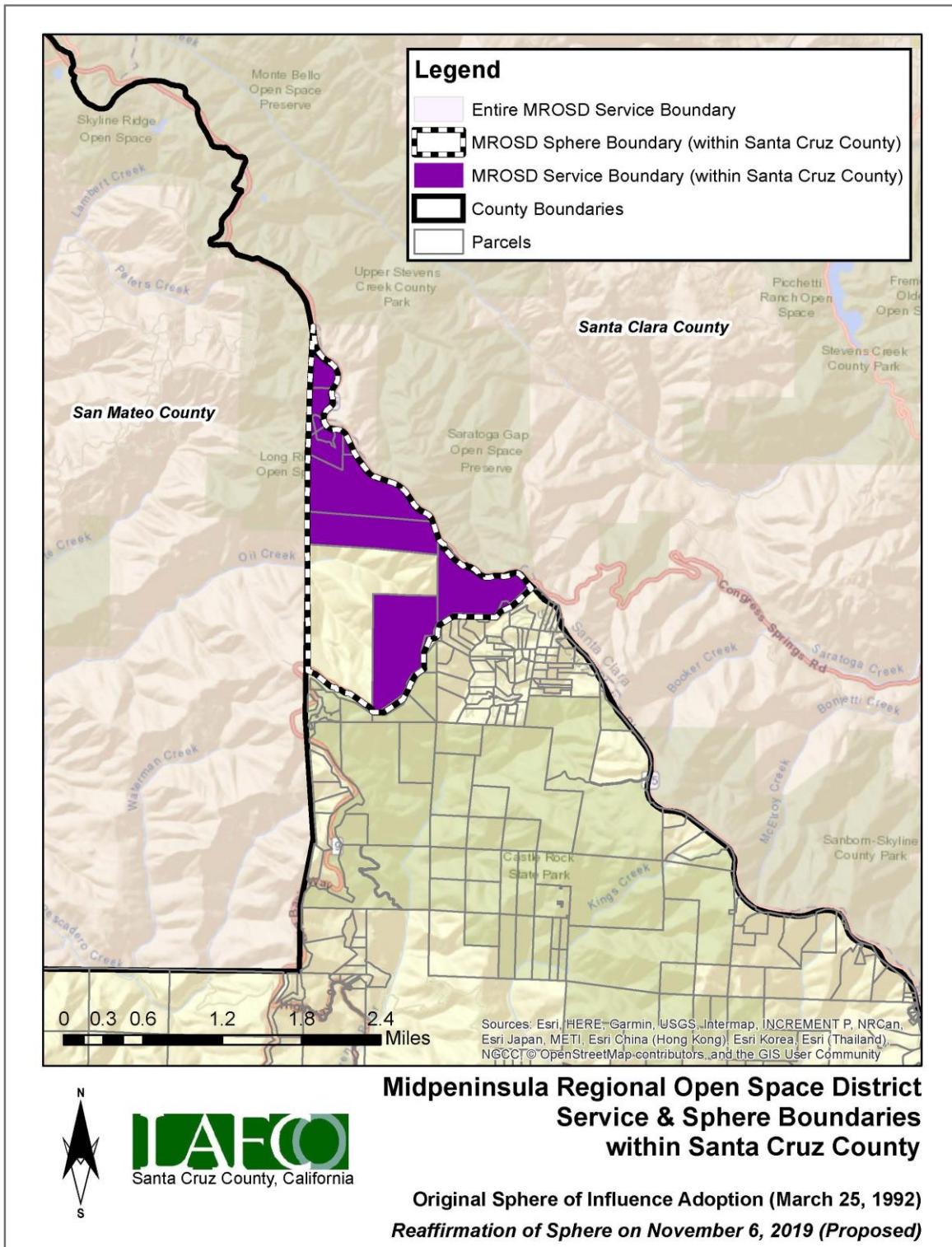
Santa Clara LAFCO is the "principal LAFCO" for MROSD under GCS 56066.

**5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

Neither the District nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. In addition, MROSD does not provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection.

**EXHIBIT C**  
**MIDPENINSULA REGIONAL OPEN SPACE DISTRICT**  
**SPHERE OF INFLUENCE MAP**

LAFCO maintains the Sphere of Influence for the Midpeninsula Regional Open Space District with no amendments.



**Notice of Exemption**

To:  Office of Planning and Research  
1400 Tenth Street, Room 121  
Sacramento CA 95814

From: (Public Agency)  
Santa Cruz Local Agency Formation Commission  
701 Ocean Street, Room 318-D  
Santa Cruz CA 95060

To:  Clerk of the Board  
County of Santa Cruz  
701 Ocean Street, Room 500  
Santa Cruz CA 95060

**Project Title:** Service and Sphere of Influence Review for Midpeninsula Regional Open Space District

**Project Location:** The District's boundary consists of over 62,000 acres of land and encompasses three counties – Santa Clara, San Mateo, and Santa Cruz. This service review only analyzes the 1,500 acres within Santa Cruz County served by the District. A vicinity map depicting the District's jurisdictional and sphere boundaries is attached (refer to Attachment A).

**Project Location City:** N/A **Project Location County:** Santa Cruz

**Description of Nature, Purpose, and Beneficiaries of Project:** The report is for use by the Local Agency Formation Commission in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of spheres of influence of all cities and districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting Sphere updates (Government Code section 56430). Santa Cruz LAFCO has prepared a municipal service review, and sphere of influence update for the Midpeninsula Regional Open Space District. The purpose of the report is to ensure the effectiveness and efficiency in the delivery of open space services within Santa Cruz County, in accordance to the statutory requirements outlined in the Cortese-Knox-Hertzberg Act.

**Name of Public Agency Approving Project:** Local Agency Formation Commission of Santa Cruz County. The LAFCO public hearing on this proposal is scheduled for 10:00 a.m. on November 6, 2019.

**Name of Person or Agency Carrying Out Project:** Santa Cruz Local Agency Formation Commission

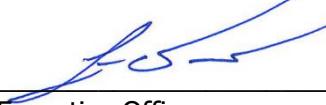
**Exempt Status:** (check one)

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269 (b)(c));
- Categorical Exemption: State type and section number
- Statutory Exemptions: State code number
- Other: The activity is not a project subject to CEQA.

**Reason Why Project is Exempt:** The LAFCO action does not change the services or the planned service area of Midpeninsula Regional Open Space District. There is no possibility that the activity may have a significant impact on the environment--State CEQA Guidelines Section 15061(b)(3).

**Lead Agency Contact Person:** Joe A. Serrano

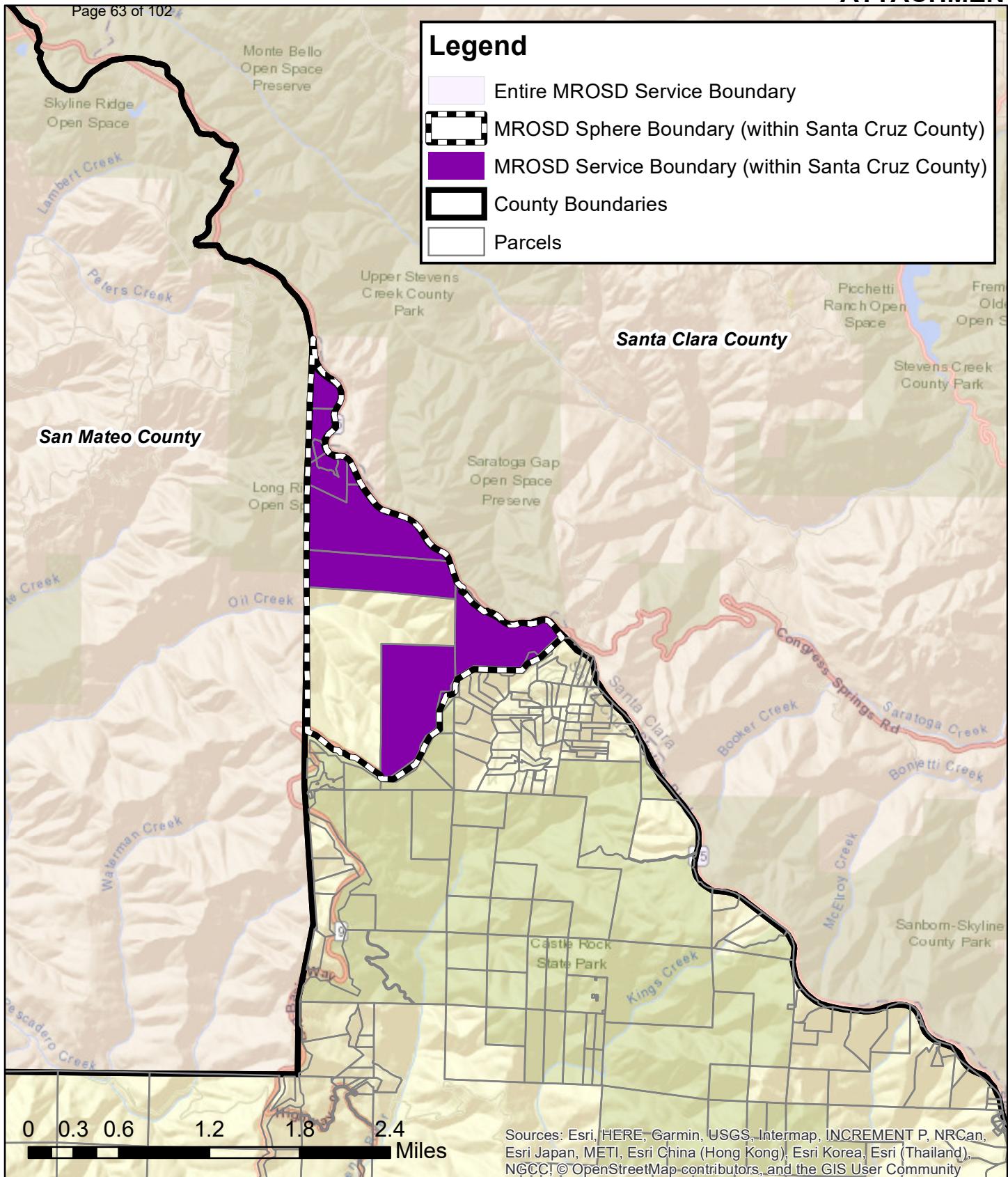
**Area Code/Phone Extension:** 831-454-2055.

**Signature:** 

Joe A. Serrano, Executive Officer

**Date:** October 8, 2019

Signed by Lead Agency



## Midpeninsula Regional Open Space District Service & Sphere Boundaries within Santa Cruz County



Original Sphere of Influence Adoption (March 25, 1992)  
Reaffirmation of Sphere on November 6, 2019 (Proposed)

**NOTICE OF PUBLIC HEARING  
LOCAL AGENCY FORMATION COMMISSION**

NOTICE IS HEREBY GIVEN that at 10:00 a.m., Wednesday, November 6, 2019, in Room 525 of the County Governmental Center, 701 Ocean Street, Santa Cruz, the Santa Cruz Local Agency Formation Commission (LAFCO) will hold a public hearing on the following matter:

- **Service and Sphere of Influence Review for Midpeninsula Regional Open Space District:** Consideration of a service review for the Midpeninsula Regional Open Space District and reaffirmation of its respective sphere of influence boundary. In compliance with the California Environmental Quality Act (CEQA), LAFCO staff has prepared a Categorical Exemption for the service and sphere review.

At the hearing, the Commission will consider oral or written comments from any interested person. Maps, written reports, environmental review documents and further information can be obtained by contacting LAFCO's staff at 701 Ocean Street, Room 318-D, Santa Cruz CA 95060, (831)454-2055 or from LAFCO's website at [www.santacruzlafco.org](http://www.santacruzlafco.org).

LAFCO 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 least 48 hours in advance of the meeting to make arrangements.

/s/ Joe A. Serrano  
Executive Officer  
Date: October 15, 2019

# **AGENDA**

**Ad-Hoc Committee Meeting**  
**Midpeninsula Regional Open Space District (District) &**  
**Local Agency Formation Commission of Santa Cruz County (LAFCO)**  
111 Church Street, Los Gatos, 95030  
(Los Gatos United Methodist Church, Fireside Room)  
Wednesday, September 25, 2019  
1:30pm

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**LAFCO:** Jim Anderson (Chair), Roger Anderson (Vice-Chair), Jason Heath (Legal Counsel), and Joe Serrano (Executive Officer)

**Attendees:**

**District:** Stefan Jaskulak (Chief Financial Officer), Yoriko Kishimoto (Director; Ward 2), Kirk Lenington (Natural Resources Dept. Manager), Brian Malone (Asst. General Manager), Curt Riffle (Director; Ward 4), Ana Ruiz (General Manager), Hilary Stevenson (General Counsel), Zoe Kersteen-Tucker (Director; Ward 7), and Mike Williams (Real Property Dept. Manager)

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**Welcome & Introduction**

District/LAFCO

The ad-hoc committee members will have an opportunity to introduce themselves.

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**Open Space Services in Santa Cruz County**

District

District representatives will discuss the current and future services offered within Santa Cruz County.

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**Purpose of Service & Sphere Review**

LAFCO

LAFCO representatives will provide an overview of the upcoming service and sphere review.

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**Next Steps**

District/LAFCO

The ad-hoc committee members will discuss the next steps regarding the service and sphere review process.

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## Santa Cruz Local Agency Formation Commission

Date: November 6, 2019  
 To: LAFCO Commissioners  
 From: Joe Serrano, Executive Officer  
**Subject: Service & Sphere Review Multi-Year Work Program**

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### SUMMARY OF RECOMMENDATION

Government Code Section 56425 requires LAFCO to review and update each sphere of influence every five years. Pursuant to Government Code Section 56430, a service review shall either be conducted before or in conjunction with the sphere update. The adoption of a multi-year work program will indicate when the next round of service and sphere reviews will be conducted for each city and district within Santa Cruz County.

It is recommended that the Commission approve the attached Service and Sphere Review Multi-Year Work Program.

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### EXECUTIVE OFFICER'S REPORT:

There are 81 agencies that are subject to Santa Cruz LAFCO's purview: 4 cities, 23 independent special districts, and 54 other districts (primarily county service areas). With the recent adoption of five service and sphere reviews this year, the Commission is up-to-date and in compliance with the requirements under the Cortese-Knox-Hertzberg Act. In order to continue fulfilling this state mandate, LAFCO staff has developed a multi-year work program, which outlines when the next round of reviews will occur for each of the 81 agencies (refer to **Attachment 1**). A total of four service and sphere reviews are scheduled to be completed in 2020.

**Table A** summarizes the proposed service and sphere reviews for next year:

**Table A: Proposed Service & Sphere Reviews in 2020**

Agency	Commission Meeting (Proposed Hearing Date)
Pajaro Valley Cemetery District	March 4
CSA 9 (County Public Works)	May 6
CSA 60 (Huckleberry Island)	August 5
San Lorenzo Valley Water District	November 4

The proposed multi-year work program will be used as a guide for the Commission and staff to complete the service and sphere review cycles in a timely fashion. Prior to each upcoming cycle, LAFCO staff will provide an update to the Commission on the scheduled dates during the second quarter of each fiscal year (October to December) for potential

adjustments or further discussion. This will give the Commission an opportunity to change the assigned completion dates, if needed.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "JAS".

Joe A. Serrano  
Executive Officer

Attachment: Proposed Service & Sphere Review Multi-Year Work Program

<b>Cities</b>	<b>Last Service Review Cycle</b>	<b>Next Service Review Cycle</b>
Capitola	August 2017	August 2022
Santa Cruz	December 2018	December 2023
Scotts Valley	October 2016	October 2021
Watsonville	April 2018	April 2023
<b>Cemetery District</b>		
Pajaro Valley	April 2015	April 2020
<b>County Service Areas</b>		
CSA 2 (Place de Mer)	October 2019	October 2024
CSA 3 (Aptos Seaside)	June 2019	June 2024
CSA 4 (Pajaro Dunes)	October 2016	October 2021
CSA 5 (San Dollar/Canyon del Sol)	October 2019	October 2024
CSA 7 (Boulder Creek Country Club)	October 2019	October 2024
CSA 9 (County Public Works)	July 2015	May 2020
CSA 10 (Rolling Woods)	October 2019	October 2024
CSA 11 (County Parks)	May 2018	May 2023
CSA 12 (Septic Maintenance)	August 2018	August 2023
CSA 13 (Hutchinson Road)	July 2017	July 2022
CSA 15 (Huckleberry Woods)	July 2017	July 2022
CSA 16 (Robak Drive)	July 2017	July 2022
CSA 17 (Empire Acres)	July 2017	July 2022
CSA 18 (Whitehouse Canyon)	July 2017	July 2022
CSA 20 (Trestle Beach)	October 2019	October 2024
CSA 21 (Westdale)	July 2017	July 2022
CSA 22 (Kelly Hill)	July 2017	July 2022
CSA 23 (Old Ranch Road)	July 2017	July 2022
CSA 24 (Pineridge)	July 2017	July 2022
CSA 25 (View Point Road)	July 2017	July 2022
CSA 26 (Hidden Valley)	July 2017	July 2022
CSA 28 (Lomond Terrace)	July 2017	July 2022
CSA 30 (Glenwood Acres)	July 2017	July 2022
CSA 32 (View Circle)	July 2017	July 2022
CSA 33 (Redwood Drive)	July 2017	July 2022
CSA 34 (Larsen Road)	July 2017	July 2022
CSA 35 (Country Estates)	July 2017	July 2022
CSA 36 (Forest Glen)	July 2017	July 2022
CSA 37 (Roberts Road)	July 2017	July 2022
CSA 38 (Sheriff's Patrol)	August 2018	August 2023
CSA 39 (Reed Street)	July 2017	July 2022
CSA 40 (Ralston Way)	July 2017	July 2022
CSA 41 (Loma Prieta Drive)	July 2017	July 2022
CSA 42 (Sunlit Lane)	July 2017	July 2022
CSA 43 (Bonita Encino)	July 2017	July 2022
CSA 44 (Sunbeam Woods)	July 2017	July 2022
CSA 46 (Pinecrest Drive)	July 2017	July 2022
CSA 47 (Braemoor Drive)	July 2017	July 2022
CSA 48 (County Fire)	June 2018	June 2023
CSA 50 (The Vineyard)	July 2017	July 2022

**Service Review Work Program (2020 to 2024)**

Adopted on November 6, 2019

	Last Service Review Cycle	Next Service Review Cycle
CSA 51 (Hopkins Gulch Road)	July 2017	July 2022
CSA 52 (Upper Pleasant Valley Road)	July 2017	July 2022
CSA 53 (County Mosquito Abatement)	October 2018	October 2023
CSA 54 (Summit West Water)	July 2017	July 2022
CSA 55 (Riverdale Park)	July 2017	July 2022
CSA 56 (Felton Grove)	July 2017	July 2022
CSA 57 (Graham Hill)	June 2019	June 2024
CSA 58 (Ridge Drive)	July 2017	July 2022
CSA 59 (McGaffigan Bill Road)	July 2017	July 2022
CSA 60 (Huckleberry Island)	July 2015	August 2020
<b>Fire Districts</b>		
Aptos/La Selva	October 2016	October 2021
Aromas Tri-County	October 2016	October 2021
Ben Lomond	October 2016	October 2021
Boulder Creek	October 2016	October 2021
Branciforte	October 2016	October 2021
Central	June 2018	June 2023
Felton	October 2016	October 2021
Pajaro Valley	October 2016	October 2021
Scotts Valley	October 2016	October 2021
Zayante	October 2016	October 2021
<b>Port District</b>		
Santa Cruz Port District	July 2019	July 2024
<b>Reclamation District</b>		
No. 2049	November 2017	November 2022
<b>Recreation and Park Districts</b>		
Alba	March 2016	March 2021
Boulder Creek	March 2016	March 2021
La Selva Beach	March 2016	March 2021
Opal Cliffs	March 2016	March 2021
<b>Regional Open Space District</b>		
Midpeninsula Regional Open Space District	November 2019	November 2024
<b>Sanitation Districts</b>		
Davenport	October 2019	October 2024
Freedom	October 2019	October 2024
Salsipuedes	October 2019	October 2024
Santa Cruz County	October 2019	October 2024
<b>Water Districts</b>		
Central	August 2017	August 2022
Pajaro Valley Water Management Agency	November 2017	November 2022
San Lorenzo Valley	July 2014	November 2020
Scotts Valley	October 2016	October 2021
Soquel Creek	May 2017	May 2022

Footnote - Proposed dates may be subject to change but shall occur within that designated year



**Santa Cruz Local Agency Formation Commission**

Date: November 6, 2019  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
**Subject: LAFCO Meeting Schedule for 2020**

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**SUMMARY OF RECOMMENDATION**

Each year, LAFCO approves a meeting schedule for the upcoming year. This type of action informs the Commission, local agencies and the general public when the next regular LAFCO meetings will be held.

It is recommended that the Commission approve the attached schedule of regular LAFCO meetings for 2020.

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**EXECUTIVE OFFICER'S REPORT:**

LAFCO normally meets at 10:00am on the first Wednesday of each month. The attached draft meeting schedule outlines next year's anticipated regular LAFCO meetings, with the following exceptions:

- **January 8, 2020** – Scheduled one week later due to the holiday (New Year's Day);
- **July 1, 2020** – No LAFCO Meeting to allow a summer recess; and
- **December 2, 2020** – No LAFCO Meeting due to conflict with the California State Association of Counties Annual Conference.

The Commission may set special meetings in accordance with the Commission's adopted policies, if needed. CALAFCO's upcoming educational events (i.e. workshops and conferences) are also included in the attached meeting schedule as additional information.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "JAS".

Joe A. Serrano  
Executive Officer

Attachment: Proposed LAFCO Meeting Schedule for 2020



## 2020 SCHEDULE OF REGULAR LAFCO MEETINGS

(Approved on November 6, 2019)

January 8

*(one week later due to the holiday; New Year's Day)*

February 5

March 4

April 1

May 6

June 3

*July – No Meeting*

August 5

September 2

October 7

November 4

*December – No Meeting*

*All regular meetings begin at 10:00am and will be held in the Board of Supervisors Chambers, located on the fifth floor of the County Governmental Center – 701 Ocean Street (Room 525), Santa Cruz CA*

## 2020 CALAFCO EDUCATIONAL EVENTS

January 13 (CALAFCO University Session)

March 25 to March 27 (Staff Workshop in Newport Beach)

October 21 to October 23 (Annual Conference in Monterey)



## Santa Cruz Local Agency Formation Commission

Date: November 6, 2019  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
**Subject: CALAFCO Annual Conference – Election Results**

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### **SUMMARY OF RECOMMENDATION**

During this year's annual conference, the CALAFCO Board of Directors conducted two separate elections to appoint new board members and to determine whether a proposed new membership dues structure will replace the current model. LAFCO staff will provide an oral update on the election results.

This agenda item is for informational purposes only and does not require any action. Therefore, it is recommended that the Commission receive and file the Executive Officer's report.

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### **EXECUTIVE OFFICER'S REPORT:**

During the month of October, two CALAFCO-related correspondences were sent to Santa Cruz LAFCO prior to the annual conference: (1) a copy of Ventura LAFCO's letter highlighting their opposition to the proposed CALAFCO membership dues structure, and (2) a copy of the latest edition of CALAFCO's newsletter known as "The Sphere." Both documents are attached to this report.

### **CALAFCO Election Results**

At the annual conference, two elections were conducted to appoint new board members and to determine whether a new membership dues structure will be established. Due to the timing of the agenda packet distribution, an oral update on the election results will be provided by LAFCO staff on Wednesday, November 6.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Joe A. Serrano".

Joe A. Serrano  
Executive Officer

Attachments:

1. Ventura LAFCO Letter (dated October 22, 2019)
2. "The Sphere" Newsletter – October 2019 Edition



## VENTURA LOCAL AGENCY FORMATION COMMISSION

801 S. VICTORIA AVENUE, SUITE 301 • VENTURA, CA 93003

TEL (805) 654-2576 • FAX (805) 477-7101

WWW.VENTURA.LAFCO.CA.GOV

October 22, 2019

LAFCo Executive Officers

SENT VIA ELECTRONIC MAIL

Subject: CALAFCO Proposed Dues Structure

Dear LAFCo Colleague,

At the October 16<sup>th</sup> meeting of the Ventura LAFCo, the Commission directed me, its voting delegate to the 2019 CALAFCO Annual Business Meeting, to vote against the dues structure proposed by the CALAFCO Board of Directors. Ventura LAFCo believes that the proposed structure would result in significant inequities among the membership. The proposed dues structure would result in the following:

- For LAFCos in counties with over 700,000 in population, nine LAFCos (in counties with over 1 million in population) would each see an increase of only \$286 over this year's dues (a total of \$2,574), whereas the increase for the five LAFCos with under 1 million in population would range from \$2,226 to \$3,882 (for a total of \$14,479). As a result, a minority of the LAFCos (six of 15, or 40%) would be expected to pay for the overwhelming majority (84%) of the total increase in dues within urban counties.
- Of the 20 suburban LAFCos, nine would see increases of less than \$1,000 over this year's dues (four would actually pay less than they do currently). The total increase in dues for these nine LAFCos would be \$2,072. The remaining 11 suburban LAFCos would shoulder a total increase of \$28,664. Thus, 55% of the LAFCos in suburban counties would be expected to pay 93% of the total increase for these LAFCos
- When all 58 LAFCos are considered, the 21 LAFCos with increases that exceed \$1,000 would be expected to cover \$49,447 of the total \$60,655 increase over this year's amount; in other words, a minority of LAFCos (37%) would be responsible for 81% of the increase. The 12 LAFCos with increases over \$2,000 (21% of LAFCos) would be expected to cover \$36,746 (61%) of the increased dues.

Ventura LAFCo recognizes that additional revenue needs to be generated to close CALAFCO's ongoing structural deficit and that an increase in dues from the membership is necessary to accomplish this. However, Ventura LAFCo believes that the restructured dues, as proposed, would unfairly burden a minority of LAFCos with the responsibility to cover the majority of the increased dues. We recommend that the CALAFCO Board consider alternative dues structures that more equitably distribute the dues increase among all LAFCos. One such alternative is discussed below.

The attached spreadsheet compares the dues structure proposed by CALAFCO to an alternative that is based on population tiers (using 2018-19 dues). This alternative structure retains the urban, suburban, and rural categories for counties, currently used by CALAFCO to establish LAFCo dues:

- Rural counties: population of fewer than 100,000
- Suburban counties: population ranging from 100,000 to 700,000;
- Urban counties: population over 700,000.

Each category is separated into tiers based on population ranges. Dues increase at a set amount as the population range of each tier increases, as summarized below:

Category	Minimum Dues	Maximum Dues	Number of Population Tiers	Amount of Increase by Population Tier
Rural	\$1,250	\$2,000	4	\$250
Suburban	\$4,250	\$6,750	6	\$500
Urban	\$9,500	\$11,500	3	\$1,000

This alternative distributes the dues increases more equitably among LAFCOs. In addition, dues would be more predictable for each LAFCo, as a LAFCo's dues would increase only if its population increases enough to place it in a higher tier (as opposed to the proposed dues structure that would necessitate recalculating dues every year based on changes in population in each county). If CALAFCO finds that additional revenue is needed, the amount of the lowest tier can be increased, thereby increasing all of the tiers, and the dues for all LAFCOs in that category, equally.

Thank you for considering our concerns with the proposed dues structure. We hope that the alternative dues structure discussed above aids in the pursuit of a more equitable approach to the structure of CALAFCO's dues. Thank you and please feel free to contact Kai Luoma, our Executive Officer, should you have any questions.

Sincerely,



David J. Ross  
Chair

Attachment: Alternative dues structure spreadsheet

County	Category	2020 Population
ALAMEDA	Urban	1,703,660
CONTRA COSTA	Urban	1,178,639
FRESNO	Urban	1,033,095
KERN	Urban	930,885
LOS ANGELES	Urban	10,435,036
ORANGE	Urban	3,260,012
RIVERSIDE	Urban	2,500,975
SACRAMENTO	Urban	1,572,886
SAN BERNARDINO	Urban	2,230,602
SAN DIEGO	Urban	3,398,672
SAN FRANCISCO	Urban	905,637
SAN JOAQUIN	Urban	782,662
SAN MATEO	Urban	792,271
SANTA CLARA	Urban	2,011,436
VENTURA	Urban	869,486
<b>subtotal</b>		

## subtotal

CALAFCO Proposed Structure				
Population for dues calculation	2018-19 dues	2020-21 dues	increase in dollars	increase in percentage
700,000	8,926	10,662	1,736	19.4%
700,000	8,926	10,662	1,736	19.4%
700,000	7,887	10,662	2,775	35.2%
700,000	6,722	10,662	3,940	58.6%
700,000	8,926	10,662	1,736	19.4%
700,000	8,926	10,662	1,736	19.4%
700,000	8,926	10,662	1,736	19.4%
700,000	8,926	10,662	1,736	19.4%
700,000	8,926	10,662	1,736	19.4%
700,000	8,926	10,662	1,736	19.4%
700,000	8,926	10,662	1,736	19.4%
700,000	8,926	10,662	1,736	19.4%
700,000	7,136	10,662	3,526	49.4%
700,000	5,832	10,662	4,830	82.8%
700,000	6,456	10,662	4,206	65.1%
700,000	8,926	10,662	1,736	19.4%
700,000	7,257	10,662	3,405	46.9%
	<b>121,624</b>	<b>159,930</b>	<b>38,306</b>	

Tiered Structure				
Population for dues calculation	2018-19 dues	2020-21 dues	Increase in Dollars	increase in percentage
1m - 2m	8,926	10,500	1,574	17.63%
1m - 2m	8,926	10,500	1,574	17.63%
1m - 2m	7,887	10,500	2,613	33.13%
700k - 1m	6,722	9,500	2,778	41.33%
Over 2m	8,926	11,500	2,574	28.84%
Over 2m	8,926	11,500	2,574	28.84%
Over 2m	8,926	11,500	2,574	28.84%
1m - 2m	8,926	10,500	1,574	17.63%
Over 2m	8,926	11,500	2,574	28.84%
Over 2m	8,926	11,500	2,574	28.84%
700k - 1m	7,136	9,500	2,364	33.13%
700k - 1m	5,832	9,500	3,668	62.89%
700k - 1m	6,456	9,500	3,044	47.15%
Over 2m	8,926	11,500	2,574	28.84%
700k - 1m	7,257	9,500	2,243	30.91%
	<b>121,624</b>	<b>158,500</b>	<b>36,876</b>	

Urban = population over 700K

7k - 1m = \$9,500

1m - 2m = \$10.500

Over 2m = \$11,500

5 LAFCos

4 LAFCos

6 LAE Cos

County	Category	2020 Population
BUTTE	Suburban	230,701
ELDORADO	Suburban	189,576
HUMBOLDT	Suburban	137,711
IMPERIAL	Suburban	195,814
KINGS	Suburban	154,549
MADERA	Suburban	162,990
MARIN	Suburban	265,152
MERCED	Suburban	286,746
MONTEREY	Suburban	454,599
NAPA	Suburban	143,800
PLACER	Suburban	397,368
SAN LUIS OPISPO	Suburban	284,126
SANTA BARBARA	Suburban	460,444
SANTA CRUZ	Suburban	282,627
SHASTA	Suburban	180,198
SOLANO	Suburban	453,784
SONOMA	Suburban	515,486
STANISLAUS	Suburban	572,000
SUTTER	Suburban	101,418
TULARE	Suburban	487,733
YOLO	Suburban	229,023
<b>subtotal</b>		

CALAFCO Proposed Structure				
Population for dues calculation	2018-19 dues	2020-21 dues	increase in dollars	increase in percentage
230,701	2,805	4,184	1,379	49.2%
189,576	2,805	3,617	812	28.9%
137,711	2,805	2,901	96	3.4%
195,814	2,805	3,703	898	32.0%
154,549	2,805	3,133	328	11.7%
162,990	2,805	3,250	445	15.9%
265,152	2,805	4,660	1,855	66.1%
286,746	2,805	4,958	2,153	76.8%
454,599	3,794	7,274	3,480	91.7%
143,800	2,805	2,985	180	6.4%
397,368	2,805	6,485	3,680	131.2%
284,126	2,805	4,922	2,117	75.5%
460,444	3,742	7,355	3,613	96.6%
282,627	2,805	4,901	2,096	74.7%
180,198	2,805	3,487	682	24.3%
453,784	3,764	7,263	3,499	93.0%
515,486	4,271	8,115	3,844	90.0%
572,000	4,503	8,895	4,392	97.5%
101,418	925	2,400	1,475	159.5%
487,733	3,659	7,732	4,073	111.3%
229,023	2,805	4,161	1,356	48.3%
	<b>63,928</b>	<b>106,381</b>	<b>42,453</b>	

Tiered Structure				
Population for dues calculation	2018-19 dues	2020-21 dues	Increase in Dollars	increase in percentage
200k - 300k	2,805	4,750	1,945	69.34%
100k - 200k	2,805	4,250	1,445	51.52%
100k - 200k	2,805	4,250	1,445	51.52%
100k - 200k	2,805	4,250	1,445	51.52%
100k - 200k	2,805	4,250	1,445	51.52%
100k - 200k	2,805	4,250	1,445	51.52%
200k - 300k	2,805	4,750	1,945	69.34%
200k - 300k	2,805	4,750	1,945	69.34%
400k - 500k	3,794	5,750	1,956	51.56%
100k - 200k	2,805	4,250	1,445	51.52%
300k - 400k	2,805	5,250	2,445	87.17%
200k- 300k	2,805	4,750	1,945	69.34%
400k - 500k	3,742	5,750	2,008	53.66%
200k- 300k	2,805	4,750	1,945	69.34%
100k - 200k	2,805	4,250	1,445	51.52%
400k - 500k	3,764	5,750	1,986	52.76%
500k - 600k	4,271	6,250	1,979	46.34%
500k - 600k	4,503	6,250	1,747	38.80%
100k - 200k	925	4,250	3,325	359.46%
400k - 500k	3,659	5,750	2,091	57.15%
200k - 300k	2,805	4,750	1,945	69.34%
	<b>63,928</b>	<b>103,250</b>	<b>39,322</b>	

Suburban = population from 100k - 700k

100k - 200k = \$4,250

8 LAFCos

200k - 300k = \$4,750

6 LAFCos

300k - 400k = \$5,250

1 LAFCo

400k - 500k = \$5,750

4 LAFCos

County	Category	2020 Population
ALPINE	Rural	1,107
AMADOR	Rural	37,560
CALAVERAS	Rural	44,953
COLUSA	Rural	23,144
DEL NORTE	Rural	26,997
GLENN	Rural	29,691
INYO	Rural	18,724
LAKE	Rural	65,302
LASSEN	Rural	30,626
MARIPOSA	Rural	18,031
MENDOCINO	Rural	90,175
MODOC	Rural	9,422
MONO	Rural	13,986
NEVADA	Rural	99,548
PLUMAS	Rural	19,374
SAN BENITO	Rural	60,067
SIERRA	Rural	3,129
SISKIYOU	Rural	44,186
TEHAMA	Rural	65,119
TRINITY	Rural	13,389
TUOLUMNE	Rural	53,976
YUBA	Rural	79,087

subtotal

TOTALS

CALAFCO Proposed Structure				
Population for dues calculation	2018-19 dues	2020-21 dues	increase in dollars	increase in percentage
1,107	925	1,015	90	9.7%
37,560	925	1,518	593	64.1%
44,953	925	1,620	695	75.1%
23,144	925	1,319	394	42.6%
26,997	925	1,373	448	48.4%
29,691	925	1,410	485	52.4%
18,724	925	1,258	333	36.0%
65,302	925	1,901	976	105.5%
30,626	925	1,423	498	53.8%
18,031	925	1,249	324	35.0%
90,175	925	2,245	1,320	142.7%
9,422	925	1,130	205	22.2%
13,986	925	1,193	268	29.0%
99,548	925	2,374	1,449	156.6%
19,374	925	1,267	342	37.0%
60,067	925	1,829	904	97.7%
3,129	925	1,043	118	12.8%
44,186	925	1,610	685	74.1%
65,119	925	1,899	974	51.3%
13,389	925	1,185	260	21.9%
53,976	925	1,745	820	47.0%
79,087	925	2,092	1,167	55.8%
	<b>20,350</b>	<b>33,698</b>	<b>13,348</b>	

205,902 300,009 94,107

Tiered Structure				
Population for dues calculation	2018-19 dues	2020-21 dues	Increase in Dollars	increase in percentage
1k - 25k	925	1,250	325	35.14%
25k - 50k	925	1,500	575	62.16%
25k - 50k	925	1,500	575	62.16%
1k - 25k	925	1,250	325	35.14%
25k - 50k	925	1,500	575	62.16%
25k - 50k	925	1,500	575	62.16%
1k - 25k	925	1,250	325	35.14%
50k - 75k	925	1,750	825	89.19%
25k - 50k	925	1,500	575	62.16%
1k - 25k	925	1,250	325	35.14%
75k - 100k	925	2,000	1,075	116.22%
1k - 25k	925	1,250	325	35.14%
1k - 25k	925	1,250	325	35.14%
75k - 100k	925	2,000	1,075	116.22%
1k - 25k	925	1,250	325	35.14%
50k - 75k	925	1,750	825	89.19%
1k - 25k	925	1,250	325	35.14%
25k - 50k	925	1,500	575	62.16%
50k - 75k	925	1,750	825	89.19%
1k - 25k	925	1,250	325	35.14%
50k - 75k	925	1,750	825	89.19%
75k - 100k	925	2,000	1,075	116.22%
	<b>20,350</b>	<b>33,250</b>	<b>12,900</b>	

205,902 295,000 89,098

Rural = Population under 100k

1k - 25k = \$ 1,250

25k - 50k = \$1,500

50k - 75k = 1,750

75k - 100k = \$2,000

9 LAFCos

6 LAFCos

4 LAFCos

3 LAFCos

*Journal of the  
California Association of Local  
Agency Formation Commissions*

# The Sphere

October 2019

## Legislature Turns Toward Housing Policy

*Written by: Michael Colantuono and Aleks R. Giragosian, Colantuono, Highsmith & Whatley, PC*

### ANNUAL CONFERENCE EDITION

New Housing Legislation – Are we Paying Attention?

Making sense of Reclamation Districts in Yolo County

Doing more than surviving at San Luis Obispo LAFCo

2019 Report to the Membership

Message from the Chair

Thank You to our Associate Members

Message from the Executive Director



Governor Newsom recently signed AB 101, a budget trailer bill designed to address California's housing crisis. Many of its provisions are of interest to cities, counties, and LAFCOs.

**Grant Programs.** AB 101 incentivizes housing by authorizing the Infill Infrastructure Grant Program of 2019 and the Local Government Planning Support Grants Program. Applications by cities and counties with compliant housing elements that the Department of Housing and Community Development (HCD) has designated as "pro-housing" will receive preference. AB 101's Infill Infrastructure Grant Program of 2019 authorizes \$410 million for any city within a county with a population over 250,000 and \$90 million for any city within a county with a population less than 250,000.

The notice of funding availability will be published by November 30, 2019. For the \$410 million grant, an eligible infill project is a mixed-use residential project in an urbanized area on a site previously developed, or on a vacant site adjoining parcels developed with urban uses on 75% of its perimeter. Cities may apply individually, or jointly with a developer, to fund infrastructure to support eligible projects, including:

- Water, sewer, or other utility service improvements;
- Streets, roads, or transit facilities;
- Site preparation or demolition; and
- Sidewalk or streetscape improvements.

To qualify for an Infill Grant, a city or county must:

- Have a compliant housing element;
- Have submitted its annual housing element progress reports since 2017;

*Continued on Page 9*

# The Sphere

## CALAFCO Journal

October 2019

The Sphere is a publication of the California Association of Local Agency Formation Commissions.

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To submit articles, event announcements, comments or other materials noteworthy to LAFCo commissioners and staff, please contact the Editor at 916-442-6536 or info@calafco.org.

The contents of this newsletter do not necessarily represent the views of CALAFCO, its members, or their professional or official affiliations.

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**Josh Susman**  
Chair of the Board  
CALAFCO

## A MESSAGE FROM THE CHAIR OF CALAFCO

Greetings to my fellow California LAFCo members. It has been my privilege and honor to serve as your CALAFCO Chair of the Board this past year.

Our accomplishments would not have been possible without your support - the CALAFCO membership and all who volunteer on committees, your CALAFCO Board, the volunteer regional EOs and the tireless commitment and dedication of CALAFCO's Executive Director, Pamela Miller.

It has been a tumultuous year and it would be great for me to say it has been smooth sailing and that all our sponsored and supported legislation was approved and adopted and there were no challenges for CALAFCO or for all LAFCos throughout our great state. But, alas, this would be "fake news".

Issues and pressures are everywhere...from the Federal government to our own statewide challenges, our individual LAFCo issues and our own CALAFCO priorities. The one thing we all have in common is the strength of one voice we enjoy, the unity of all California LAFCos through CALAFCO. As we each take on our own LAFCo challenges, we have the opportunity to come together and be connected through CALAFCO.

Allow me to be honest for a moment. I've been honored to be on the CALAFCO Board of Directors for 12 years. What has consumed me for the last five years as a member of the CALAFCO Executive Committee (two years as Treasurer) and now as current Chair, has been the sustainability of the CALAFCO Association. Believe it or not, I was on the Board when the current dues structure based on categories of rural, suburban and urban was created. That structure has served the Association well, yet we've outgrown it since it was implemented. Your CALAFCO Board has been discussing this in-depth for the past two years and to that end, the Board's been working to create a contemporary plan and dues structure to better reflect the growing organization, both regionally and statewide, to maintain a sustainable organization.

After almost two years in the making, your Board has reviewed, vetted, discussed and now released for our members' consideration and approval what will be before you at the Annual Business Meeting. I assure you, the Board has considered the significance of this request. One may ask, "Are there improvements to this proposal going forward that could be made?" I know I speak for the Board when I say we are open to new information and feedback. And, time is important if we want to stay financially healthy and not rely on Fund Reserves to balance the budget in future years, and maintain the level of service CALAFCO is providing.

As your Chair, and on behalf of the Board, I ask you at this time for your support as we take the crucial steps forward into the future for a stronger and sustainable CALAFCO organization, representing all of California's LAFCos.

Thanks to all of you for your professionalism in moving CALAFCO forward. I look forward to a bright future for our Association and the magic to be created by the power of our collective voice.

## A Message from the CALAFCO Executive Director

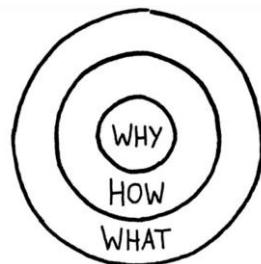


### What's Your "Why"?

Pamela Miller  
Executive Director

Do you know WHY you do what you do? Everyone knows WHAT they do and most can explain HOW they do it. Few fully understand and can articulate WHY they do what they do. This is true for us as individuals, for teams and for organizations. Yet the WHY is what connects the "what" and "how" to the greater purpose of the work and who we are in the world. Individuals who understand and live their WHY are inspiring and motivating and organizations who operate from their WHY are far more successful than those who don't.

In his book *Start With Why*, Simon Sinek shares the concept of the "Golden Circle".



Here's the concept: he asserts that every organization and every person's career operates on three levels as shown in the diagram: **What** we do, **how** we do it and **why** we do it. In our conversations, that is typically the order or flow in which we present that information. We think, act and communicate from the outside in. We start with the clearest and easiest thing to communicate and move to the more difficult and "squishiest" thing. How compelling and inspiring is that?

Yet, it's the "squishy" that creates connection. Inspiring leaders and successful organizations think, act and communicate from the inside out. They start with the WHY. It's not very compelling and inspiring to hear what I do and why you should care....if I spoke first about why I care and compel you to care then talk about the WHAT...what a shift in perspective and interest that would create.

How often do you think – and I mean really think – about WHY you do what you do?

Our WHY is what inspires and motivates us...it's why we get out of bed every day and go to work or make positive contributions in the world. It is our belief, our cause. Our WHY is what connects us with others and to the work we do. It's not "to make money" or "to

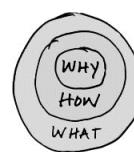
get a promotion" – those are results of our why. Teams that understand their WHY are more easily able to connect their work and how they do it to the greater purpose of the organization and as a result, find greater satisfaction in their work, are more loyal to each other as a team and to the organization. Organizations who know WHY they exist are more successful in fulfilling their vision, mission and purpose.

Do you know what your **WHY** is?

All of us are frequently asked, "What does LAFCo do?" And, how quickly into our response do people's eyes glaze over? It is well before we get to the WHY what we do is important. Imagine if we reversed the order of the response and began with **WHY** the work of LAFCo is important, and move into the how and what...the story would be much more compelling and interesting for people.

Now don't take my word for it...Sinek's Golden Circle concept contains some science about the human brain and how these connections are made. The outer section of the circle, the **WHAT**, corresponds to the outer section of the brain – the neocortex. This is the part of the brain that controls rational and analytical thought. It helps us to understand facts, figures and controls language.

The middle two sections of the circle, the **HOW** and **WHY**, correspond to the middle section of the brain, the limbic system. This part of the brain is what is responsible for our decision making and behaviors. This part of the brain has no capacity for language...therefore this is where "gut feelings" come from.



<<Limbic Brain

<<Neocortex

So, if we want to truly connect with others, we must start with the **WHY**. Only there can we inspire, motivate and create connection.

What's your LAFCo's **WHY**?

What's your **WHY**?



## CALAFCO 2019 Annual Report to the Membership

**Dear CALAFCO Members:**

The CALAFCO Board of Directors is proud to report the highlights of our Association during the past year, which was another full year. CALAFCO continues to be a valuable educational resource to our members and an advocate for LAFCo and LAFCo principles to statewide decision makers. Highlights of the year include our 2019 Annual Conference in Sacramento, Staff Workshop in San Jose, and our continued strong presence across the state as an advocate for LAFCo and LAFCo principles to the Legislature.

We are pleased to report that all 58 member LAFCOs have renewed their membership for the 2019-20 fiscal year, and today we have five (5) Gold Associate members and twenty-one (21) Silver Associate members.

Once again this year CALAFCO earned the *GuideStar Exchange Platinum Seal* in recognition of our transparency and completeness in documentation. This is the highest recognition any nonprofit can receive from Guidestar.

Our achievements are the result of the dedicated efforts of the many volunteer LAFCo staff from around the state who contribute their time and expertise. The Board is grateful to the Commissions who support their staff as they serve in the CALAFCO educational and legislative roles on behalf of all LAFCOs. We are also grateful to the Associate members and event Sponsors that help underwrite the educational mission of the Association and allow us to keep registration fees as low as possible.

### EDUCATIONAL SERVICES AND COMMUNICATION

CALAFCO educational and information sharing-services continue to be the Board's top priority for member services. Under this umbrella, the Association focuses its resources in four areas: the Staff Workshop, Annual Conference, CALAFCO University courses and electronic resources including the web site, quarterly reports and the member list-serves.

### 2019 Staff Workshop

We continued the tradition of quality education programming with the Staff Workshop held in San Jose in April and the Annual Conference in Sacramento this October. The Workshop, hosted by *Santa Clara LAFCo*, brought together 100 LAFCo staff and guests from around the state, representing 40 LAFCOs and four Associate member organizations.

We would like to thank the Program Planning Committee members and Chair *Keene Simonds* (San Diego LAFCo), our host, *Santa Clara LAFCo*, led by *Neelima Palacherla* and all who worked to make this an outstanding Staff Workshop. We also acknowledge and thank the sponsors of this year's Staff Workshop: *Best Best & Krieger; Colantuono Highsmith & Whatley; Open Space Authority of Santa Clara; RSG and De Novo Planning Group*.

All workshop materials were posted to the CALAFCO website prior to the start of the Workshop.

The 2020 Staff Workshop is set for March 25 – 27, 2020 at the beautiful Hyatt Regency Newport Beach John Wayne Airport and will be co-hosted by *Orange and Imperial LAFCOs*.

### 2019 Annual Conference

Approximately 250 LAFCo commissioners, staff and guests are expected at the 2019 Annual Conference in Sacramento as CALAFCO connects California.



The program is rich in content with general and breakout sessions focusing on topics essential to LAFCOs as we all continue to tackle the many challenges we face in fulfilling the mission of LAFCo.

We acknowledge and thank the Conference Committee Chair *Anita Paque* (Calaveras), the Program Committee Co-Chairs *Christine Crawford* (Yolo) and *Keene Simonds* (San Diego) and all who worked on the Program Committee to make this an outstanding Conference.

We wish to also thank all of our sponsors for this year's Annual Conference, without whom this special event would not be possible: *Best Best & Krieger; CV Strategies; Streamline; Colanutono, Highsmith & Whatley; Cucamonga Valley Water District; Eastern Municipal Water District; Imperial LAFCo; Irvine Ranch Water District and Western Municipal Water District*.



A special thank you to *CV Strategies* who is sponsoring our first Conference app! They will also be sponsoring the Workshop app for our 2020 Staff Workshop.

Conference presentation materials are posted on the CALAFCO website in advance of the Conference as they are received from presenters. You can find presentation materials for all prior Conferences on the CALAFCO website.

Next year's Conference will be hosted by CALAFCO and held at the *Hyatt Regency Monterey*. Dates are October 21 – 23, 2020.

#### **CALAFCO University**



There has been one CALAFCO U course so far this year in Sacramento held on July 15. The topic was *A deep dive into MSRs: One size does not fit all*. A diverse panel of speakers offering varying perspectives of the process, content and value of MSRs was presented.

The next CALAFCO U session is scheduled for January 13, 2020 in Orange County with the topic being *Demystifying legacy costs associated with City and Special District reorganizations*. Once again an all-star panel of experts has been assembled for this session. Registration is open for this unique CALAFCO University course.

Materials for all CALAFCO U sessions can be found on the CALAFCO website.

#### **Accreditations**

CALAFCO's educational activities continue to be accredited by the American Planning Association to provide AICP credits for certified planners. This benefit is provided at no cost to LAFCo staff and helps them maintain their certifications. In addition, both the Conference and Workshop have sessions for LAFCo counsel that have been accredited for MCLE credits by the California Bar.

#### **Web Site**

The CALAFCO web site is a vital resource for both LAFCos and the community with questions about local government in California. The site consistently attracts between 5,500 and 6,500 visits per week. The vast majority of the visits are for the reference and resource materials found on the site and referral information to member LAFCOs.

#### **List-Serves**

The list-serves maintained by the Association continue to be an important communication and information sharing tool among LAFCo staff. In total, we maintain eight list serves to help members share information, materials, and expertise. The List-Serves for executive officers, analysts, clerks and counsel discussions remain the most popular and serve to foster the sharing of information and resources. It is important for you to advise CALAFCO when your staff changes so the list serves can be kept up to date.

#### **Special Projects**

As a follow up to the 2017 Little Hoover Commission report and recommendations and in light of growing pressure from the Legislature, this year CALAFCO formed a working group to look at potential rewrites of various Protest Provision statutes within CKH. This is a multi-agency and diverse working group with 19 people. CALAFCO member representatives include: *Pamela Miller* (CALAFCO), *José Henríquez* (El Dorado, Central region), *Steve Lucas* (Butte, Northern region), *Kai Luoma* (Ventura, Coastal region), *Paul Novak* (Los Angeles, Southern region), *Holly Whatley* (Colantuono, Highsmith & Whatley), special advisor *Harry Ehrlich* (San Diego), and joint CALAFCO/CSDA Board Member *Jo MacKenzie* (San Diego). Representatives from CSDA include *Anthony Tannehill* and *Mustafa Hessabi* (CSDA staff), *Danielle Coates* (Eastern Municipal Water District), *Christine Compton* (Irvine Ranch Water District), *Lindsey Liebig* (Herald Fire Protection District), *Noelle Mattock* (El Dorado CSD) and *Elliot Mulberg* (Florin RCD & Elk Grove Water District). Other representatives include *Geoff Neill* (CSAC), *Betsy Strauss* (League of CA Cities), *Anton Favorini-Csorba* (Senate Governance & Finance Committee) and *Jimmy MacDonald* (Assembly Local Government Committee).

To date the working group has had two in-person meetings and one phone conference and is in the data gathering stage. The working group is committed to a long process (originally thinking it would be two years). An update on the working group will be provided at the legislative session during the Conference.

#### **LEGISLATIVE PROGRAM**

The 2019 legislative year began with excitement and apprehension as we acclimated to a new Governor and new agenda in Sacramento. Of the 2,625 total legislative proposals that were introduced this year, about 40 percent (1,042 bills) made it to Governor Newsom's desk. He signed 870 and vetoed 172.

2019



# REPORT TO THE MEMBERSHIP

The CALAFCO Legislative Committee (Committee) began work in October 2018 and met regularly through July 2019.

CALAFCO ended the year tracking a total of twenty-four (24) bills, sponsoring two (2) bills and taking formal positions on nine (9) bills. In addition, we worked closely with authors' offices on several other bills to successfully avoid harmful LAFCo related amendments on bills moving through the Legislature.

CALAFCO also participates on the Department of Water Resources' County Drought Advisory Group (CDAG) and convened the working group on the protest provisions rewrite.

Thorough legislative updates are provided throughout the year via email and are available daily on the CALAFCO website in Capitol Track. In this Annual Report we will summarize the two CALAFCO sponsored bills. A broader legislative discussion on the most critical of bills affecting LAFCo will occur during the Annual Conference – check your program for details. For a complete list of CALAFCO bills, please visit the CALAFCO website Legislation section. Information is updated daily.

On June 26, 2019, the Governor signed **AB 1822**, the Omnibus bill. The bill contained seven (7) updates to CKH. We are grateful for the efforts of Committee member **Sam Martinez** (San Bernardino LAFCo) and Assembly Local Government Committee (ALGC) consultant **Jimmy MacDonald** for their efforts on shepherding this bill, and to all of you who did the work of submitting proposals for insertion into the Omnibus.

The other CALAFCO sponsored bill this year was **AB 1253** (R. Rivas), which provides state funding for LAFCo. Since Governor Brown vetoed **AB 2258** last year, the Board unanimously supported making this a priority again this year. With the potential of \$2 million on the table for LAFCos to study and potentially reorganize service providers with documented known service and governance concerns serving disadvantaged communities and all LAFCos getting reimbursement for the unfunded mandate related to SB 448 (mandatory dissolution of inactive districts), we felt it was important to try again with a new Governor.

Ultimately the funding did not make it into the FY 2019-20 budget and the author decided to hold off one more year and try to secure the funds in the FY 20-21 budget. Additionally, the Department of Conservation expressed an interest in assisting CALAFCO in

securing funds to reimburse LAFCOs for the mandated dissolutions in a separate piece of legislation.

The Board decided this will be a priority one last and final time for the 2020 legislative year.

The CALAFCO Board and Executive Director wish to thank everyone who responded to the calls for legislative action throughout the year. Our collective voice really does have an impact and makes a difference in Sacramento.

We also want to thank all of the people who volunteer to be a part of the Legislative Committee and the Legislative Advisory Committee. They work hard for a large portion of the year on behalf of the entire membership.

## FINANCIAL POLICIES AND REPORTING

The Board maintains policies and current filings which are in compliance with all federal and state requirements for 501(c)(3) organizations. The CALAFCO Policy Manual, IRS Form 990 and other key Association documents are available on the CALAFCO web site. The Association also maintains its records with the national nonprofit reporting organization, GuideStar ([www.guidestar.com](http://www.guidestar.com)). In 2019 CALAFCO earned the *GuideStar Exchange Platinum Seal* in recognition of our transparency and completeness in documentation. This is the highest level of achievement seal an entity can earn from GuideStar.

All financial records are reviewed quarterly by an outside CPA with reports to the Treasurer and the Board. The Board also reviews the annual IRS Form 990 tax filing prepared by the CPA and staff.

### 2019-20 Budget

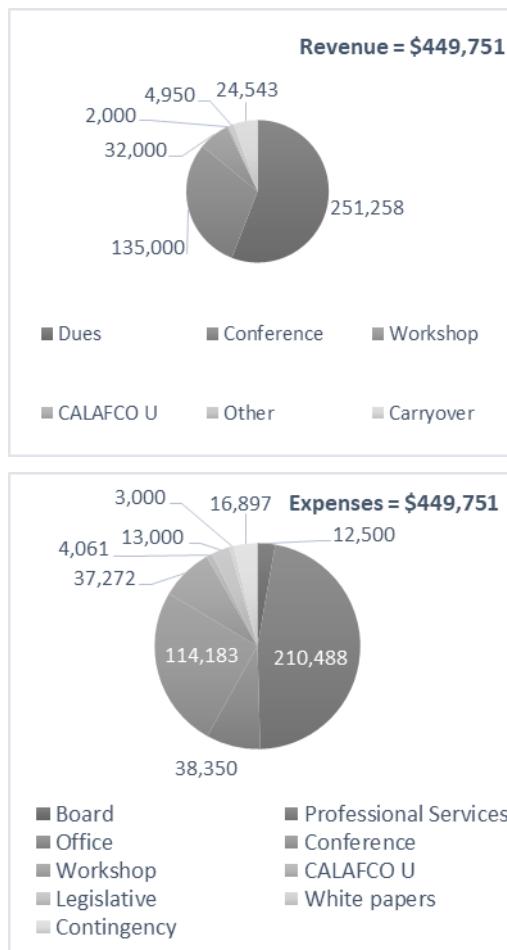
The Board and Executive Director continue to manage the financial resources of the Association closely. As was reported the past two years, we continue to have an unhealthy and unsustainable reliance on the Conference net profit and prior years' net balance to balance the budget. The member dues have never covered the operational costs of the Association and as those costs increase, the increase in dues has not kept pace causing the gap to continue to grow.

In May, the Board adopted a balanced budget. This is due mostly to the large net profit realized for the 2018 Annual Conference (42%), with some savings in the budget realized by staff. As a result of this net profit, we did not have to rely on the \$18,153 of Reserve Funds needed to balance last year's budget. The net surplus allowed us to cover that deficit, cover \$35,591 of the



approx. \$69,000 structural deficit for FY 2019-20, have a surplus carryover balance of \$24,543 and hold almost \$17,000 in the Contingency Fund for FY 2019-20. The remaining portion of the anticipated structural deficit of FY 2019-20 was shared with a one-year cost-sharing increase in member LAFCo dues of 16.25%.

Revenues for FY 2019-20 are budgeted at \$425,208 with an additional \$24,543 in net surplus for a total of \$449,751. Member LAFCo dues comprise \$239,358 of this amount. Expenses are budgeted at \$432,854 with an additional \$16,897 budgeted for Contingency. Total operational expenses are budgeted at \$277,338 (excludes Conference, Workshop and CALAFCO U expenses). This means for FY 2019-20 there is a structural deficit of \$37,980 (difference between member LAFCo dues and operational costs of the Association).



This deficit is being covered by the 15% Conference net profit built into the budget as well as the net surplus. It is the hope of the Board that this year's Conference will realize the budgeted net profit.

The Board spent a great portion of the year discussing the dues structure and the structural deficit, as it promised the membership last year. The financial ad hoc committee did a tremendous amount of work in creating and considering eleven (11) various options of new dues structure before forwarding two to the Board. The Board considered several options over a number of months and in early August presented the membership with a proposal for consideration at the 2019 Annual Business Meeting. Over the past several months, Board members and CALAFCO staff have reached out to our members and made ourselves available to answer questions about the new proposed dues structure. We look forward to this discussion on October 31.

#### ***Restricted Fund Reserve***

Since 2005 an important goal established by the Board has been to grow and maintain a Fund Reserve to support member services in uncertain economic times and to avoid the need to tap members for additional funds, as had been done in the past. The current balance in our Fund Reserve account is \$162,754, about 58% of the annual operations budget outside of the Conference, Workshop and CALAFCO U. The reserve is not part of the annual budget and requires a vote of the Board to use its funds. The Association has not used the fund reserve since the early 2000s.

CALAFCO maintains its funds with the Local Agency Investment Fund (LAIF). Interest rates have turned and are slowly on the increase.

All financial reports, including budgets and annual tax filings, are available to the membership on the CALAFCO website as well as on GuideStar's website.

#### **ASSOCIATION MANAGEMENT**

Earlier this year CALAFCO had to unexpectedly relocate our offices. After eleven years subleasing office space from the Rural County Representatives of California (RCRC), they expanded and needed the space for their own use. With only 45 days to find a new home and move (around the same time as the staff workshop!), staff quickly researched new locations and narrowed the field to several affordable options. Staff presented the information to the Board and a decision was made. The offices were relocated in downtown effective May 1. While there have been numerous challenges associated with the new location, staff continues to work getting settled into the new CALAFCO home.



## A FINAL THANK YOU

We wish to recognize the leadership of our Executive Director *Pamela Miller* and Executive Officer *Steve Lucas* (Butte). Added to that is our appreciation for all the contributions of Executive Assistant *Jeni Tickler* in the CALAFCO office, DEOs *Christine Crawford* (Yolo), *Martha Poyatos* (San Mateo) and *Keene Simonds* (San Diego), Legal Counsel *Clark Alsop* (BB&K), and CPA *Jim Gladfelter* (Alta Mesa Group). These people, along with many other volunteers, Associate members and members of the Board have all worked together this year to bring many achievements and a strong Association to you, our member LAFCos and Associate members.

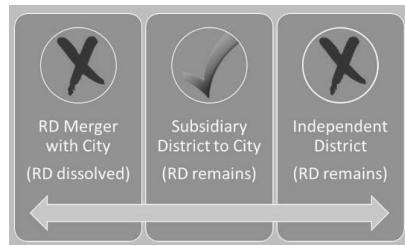
Sincerely Yours,  
*The CALAFCO Board of Directors*

## Making Sense of Reclamation Districts in Yolo County

*Written by Christine Crawford, Yolo LAFCo*

Yolo's fifteen (15) reclamation districts (RDs) were formed roughly 100 years ago back in a time when counties sold an acre of land for a mere \$1 to anyone who was willing to "reclaim" it from the swamps by building up levees. Surprisingly, in Yolo County there have been few governance changes in the last century (except for some previously existing RDs going defunct) despite the significant changes in development and community patterns.

Yolo LAFCo currently has seventeen (17) state and local agencies maintaining portions of the Sacramento River Levee System. With heightened interest after Hurricane Katrina and the State's efforts with the Central Valley Flood Protection Plan, Yolo LAFCo embarked on a comprehensive MSR to



solve this critical governance problem: levees are only as strong as the weakest link and with so many RDs (and some

underperforming), something needed to be done. Therefore, the primary goal of the MSR was to encourage consolidations and determine the best agency to become the lead for each of Yolo's five hydrologic basins.

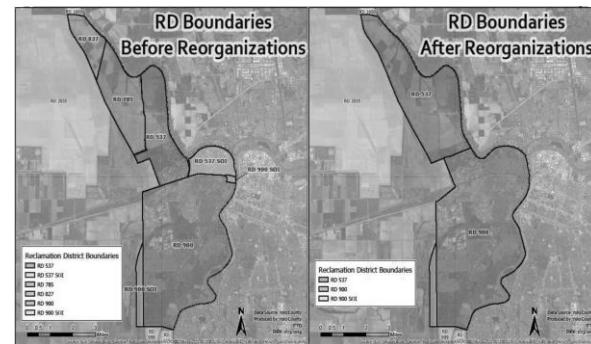
The 2018 MSR resulted in governance recommendations for each of the five hydrologic basins. In particular, the West Sacramento Basin recommendation was controversial with the local reclamation district (RD 900) fighting to retain independent control. However, because the district was completely within City boundaries, LAFCo ultimately recommended in its MSR the district be established as a subsidiary district to the City of West Sacramento. The graphic shows the range of alternatives considered in the MSR.

LAFCo's recommendation was fought by RD 900 and became the subject of a Yolo County Grand Jury investigation with a report issued June 28, 2019, awkwardly, while the proposal application was still pending.

Steadfast in its mission, at its May 23 and July 25, 2019 meetings Yolo LAFCo approved two proposals resulting from the 2018 MSR to achieve what is illustrated in the "before and after" maps below. Four RDs became two, which are now aligned to each hydrologic basin and unique urban versus rural needs. In addition, two areas (one of them disadvantaged) previously not covered by the RD were annexed.

There was no protest filed to the proposal to dissolve and annex the RDs to the north into RD 537 and the protest process for RD 900 concludes on November 13, 2019. Assuming all the terms and conditions are successfully completed, the reorganizations will become effective on July 1, 2020.

I am very proud of the Commission's persistent leadership over the past three years to bring much needed governance changes to ensure critical public safety along the Sacramento River Levee System in Yolo County and a more sensible governance configuration.



## Legislature Turns Toward Housing Policy

*Continued from front cover*

- Apply the funds toward a project
  - with at least 15% affordable units;
  - in an area zoned for mixed-use or residential development;
  - with an average residential density of 30 or more units per acre for a jurisdiction in a metropolitan county.

The Local Government Planning Support Grants Program funds local planning activities to accelerate housing projects and housing element compliance. It authorizes:

- \$125 million for councils of governments; and,
- \$125 million for cities and counties.

The funds may only be used for housing-related planning, including:

- Rezoning and updating planning documents, such as general plans, including housing elements, community plans, specific plans, and sustainable communities strategies;
- Program level CEQA compliance to eliminate the need for project-level review;
- Establishing a Workforce Housing Opportunity Zone (Gov. Code, § 65620 et seq.) or a Housing Sustainability District (Gov. Code, § 66200 et seq.);
- Infrastructure planning, as for sewers, water, transit, roads, or other public facilities to support new housing and residents;
- Partnering with other local entities to identify and prepare excess property for residential development;
- Revamping local planning processes;
- Developing or improving an accessory dwelling unit ordinance; or
- Covering the costs of temporary staffing for these efforts.

HCD will accept applications for Planning Program grants through July 1, 2020.

**Housing Elements.** Courts may apply a broad range of existing remedies if a city's or county's housing element is non-compliant, such as:

- Suspending a city's or county's authority to issue building, zoning and map approvals;
- Mandating approval of certain housing projects; or

- Forbidding denial of certain affordable developments.

AB 101 creates a new means to enforce housing element requirements. First, HCD will post on its website and update monthly a list of cities and counties that have not adopted compliant housing elements. Second, HCD will notify the city or county of its non-compliance, offer two opportunities to meet in person or via telephone to discuss the violation, and provide written guidance after the meeting. Then, HCD may:

1. Ask the Attorney General to request a court order directing the city or county to bring its housing element into substantial compliance.
2. If the local agency does not comply within 12 months of the order, the court must impose a fine ranging from \$10,000 to \$100,000 per month to be deposited into SB 2's Building Homes and Jobs Trust Fund. If the local agency fails to pay its fines, the court may require the State Controller to intercept any state and local funds to cover it.
3. If the local agency does not comply within 3 months of the imposition of the fine, the court may triple the fine.
4. If the local agency does not comply within 6 months of the original fine, the court may increase the fine six-fold or appoint a receiver to bring the agency's housing element into compliance.



By December 31, 2022, HCD and the Office of Planning and Research will develop a revised RHNA process "that promotes and streamlines housing development and substantially addresses California's housing shortage." It is unclear how the revision will affect, if at all, the sixth cycle RHNA allocation plan, which is scheduled to be adopted by the Southern California Association of Governments for its region in October 2020.

**Zoning Standards.** AB 101 defines a "Low Barrier Navigation Center" facility as a housing-first, low-barrier, service-enriched shelter focused on moving people into permanent housing that provides temporary living facilities while case managers connect homeless people to income, public benefits, health services, shelter, and housing. "housing-first" providers offer services as needed and requested on a voluntary basis and do not make housing contingent on participation in services. A city or county has 30 days to notify a developer proposing such a use that its application is complete, and 60 days to act on a complete application.

Cities and counties must treat this use as a use by right in mixed use and nonresidential zones which allow multi-family uses, approving it on a ministerial, or “over the counter,” basis — without CEQA review. The statute applies to charter cities and expires January 1, 2027.

**Conclusion.** Housing and homelessness are pressing concerns for Californians and therefore have received sustained legislative attention. Further developments are likely in the next legislative session. In the meantime, there is much for local governments — and the LAFCos which serve them — to get up to speed on.

## Doing More Than Surviving in San Luis Obispo

*Written by: David Church, San Luis Obispo LAFCo*

**Staff Transitions.** Life happens, and SLO LAFCo's Clerk, Ms. Donna Bloyd retired at the end of June. Donna has been the glue of our organization for over 15 years. She wrote procedures, organized the office, worried about the details and took great care to ensure SLO LAFCo achieved its mission. Donna cared deeply about us doing a great job and we wish her well in retirement!

In September, we hired Imelda Marquez as our new Clerk. Imelda came to us via Fresno LAFCo where she was an intern. She has enthusiasm, tenacious curiosity and a Bachelor's in Geography. In her first month she has clerked a meeting, prepared and sent out the agenda, paid the bills, and basically hit the ground running. It is evident that Imelda also cares deeply about doing great work! Welcome aboard Imelda-we are so thankful for you! Also, thanks to Fresno LAFCo for pointing out Imelda's outstanding skills and talents.

We also saw the retirement of Ray Biering, our steadfast legal counsel and advocate for almost 20 years. Ray's excellent public agency experience kept us moving in the right direction. Brian Pierik of Burke, Sorensen and Williams has joined us and has been exceptional over his first year. Welcome Brian!

**Opting-In, Opting-Out.** The two California Water Districts that were formed to help landowners comply with SGMA in the Paso Robles Groundwater Basin were created on the principal of voluntary participation. In other words, as a landowner you could opt-in to the District and conversely opt-out if you wanted to have the County be your GSA instead. Well, the 140,000 acre Shandon-San Juan Water District, which is a GSA under SGMA, had a 33,000 acre detachment (opt-out/Ranch) in September, 2019. This decreased the funding for the District by around \$7,000

overall. The District, while not excited about the detachment, did not oppose it and LAFCo approved the proposal. Interesting to see how things work out in an impacted and polarized groundwater basin that is under SGMA's bright light.

**Commission Pulls Together.** The last couple years our Commission has really done a great job of pulling on the same end of the rope. By that I mean, we have tackled some challenging issues with a respectful and listening attitude towards the public, applicants and each other. This has created a good decision making climate for all parties. Special thanks to our Chair, County Representative, Lynn Compton for running an efficient and civil ship. Kudos to the Commission for giving your patient and thoughtful effort to those involved in the work we do for the County, Cities and Special Districts.

**SOI/MSR/MOA Updates.** It would be easy to take for granted that we have now, for the third time in 17 years, updated the Spheres of Influence, Municipal Service Reviews and the Memorandum of Agreements for the Cities of Pismo and Atascadero. We started this journey back in 2002 with Pismo Beach and have carried on consistently throughout the years with regular updates and an annual work plan. The updates have not been completed exactly every five years, but they have been done “as needed”. Thank goodness we have some flexibility written into the CKH Act. The key SOI's now have embedded in them conditions regarding the preservation of prime agricultural land, having a sustainable, adequate and reliable water supply, and we even tackled the negotiated property tax process. We are so appreciative of Mike Prater, Deputy Executive Officer, who expertly manages this program and herds the cats towards the finish line! Great Job Mike!

## In Memory of Jim Gray

Placer LAFCo lost a long time Commissioner when Jim Gray passed away August 21. Jim was serving as the Alternate Public Member and had previously served as a City member, having served on the Commission for approximately eleven years. He had attended several CALAFCO Conferences.



Jim had been on the Roseville City Council for nine years, including two terms as Mayor, and was an active Rotarian and volunteer in the community. Jim volunteered his time coaching youth sports and participating in numerous community organizations. Jim was the Personnel Director for Placer County prior to his retirement.



## Thank You to All of Our Associate Members

### CALAFCO GOLD ASSOCIATE MEMBERS



### CALAFCO SILVER ASSOCIATE MEMBERS

Berkson Associates  
City of Fontana  
City of Rancho Mirage  
County Sanitation Districts of L. A. County  
Cucamonga Valley Water District  
Dudek  
E. Mulberg & Associates  
Economic & Planning Systems (EPS)  
Goleta West Sanitary District  
Griffith & Matsuda, a Professional Law Corp.  
HdL Coren & Cone

LACO Associates  
Lamphier-Gregory  
P. Scott Browne  
Pacific Gold Agriculture, LLC  
Planwest Partners, Inc.  
Policy Consulting Associates  
QK  
Rancho Mission Viejo  
Rosenow Spevacek Group (RSG)  
Santa Ynez Community Services District

LOOKING AHEAD....



**CALAFCO 2020 Staff Workshop**  
March 25 - 27  
Hyatt Regency Newport Beach, John Wayne Airport  
Hosted by Orange & Imperial LAFCOs

**CALAFCO 2020 Annual Conference**  
October 21 – October 23  
Hyatt Regency  
Monterey, CA

# The Sphere

CALAFCO Journal

CALIFORNIA ASSOCIATION OF LOCAL AGENCY  
FORMATION COMMISSIONS

1020 12<sup>th</sup> Street, Suite 222  
Sacramento, CA 95814

[www.calafco.org](http://www.calafco.org)



CALAFCO provides educational, information sharing and technical support for its members by serving as a resource for, and collaborating with, the public, the legislative and executive branches of state government, and other organizations for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.

**Sharing Information and Resources**

## The Year In Pictures - *Scenes from CALAFCO Activities*

CALAFCO Annual Conference 2018

Yosemite, CA



CALAFCO Annual Staff Workshop 2019

San Jose, CA



**Agenda  
Item  
No. 7a**



**Santa Cruz Local Agency Formation Commission**

Date: November 6, 2019  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
**Subject: Press Articles during the Month of October**

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**SUMMARY OF RECOMMENDATION**

LAFCO staff monitors local newspapers, publications, and other media outlets for any news affecting local agencies or LAFCOs around the State. Articles are presented to the Commission on a periodic basis. This agenda item is for informational purposes only and does not require any action. Therefore, it is recommended that the Commission receive and file the Executive Officer's report.

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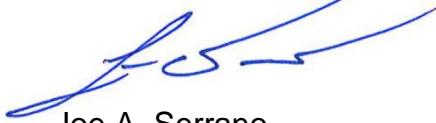
**EXECUTIVE OFFICER'S REPORT**

The following is a summary of recent press articles. Full articles are attached.

1. **When the power goes out, so does the water in some places**: The article, dated October 10th, explains how the recent and future power outages could affect the distribution of water in rural communities. The article refers to efforts by San Lorenzo Valley and Soquel Creek Water Districts to limit their backup power to ensure water supply reaches its customers.
2. **Santa Cruz County Wins Three CSAC Awards**: The article, dated October 12th, highlights the County's recent recognition by the California State Association of Counties (CSAC). This year, the County was honored with a Challenge Award for its Zero Waste Plan, a Merit Award for coordination of the HOPES Team, and a Merit Award for its Accessory Dwelling Units (ADU) Toolkit.
3. **Half Moon Bay land swap could lead to sea trail**: The article, dated October 12th, discusses the collaborative efforts among three local governments to improve walking trails in the coastal region. The San Mateo agencies, including Midpeninsula Regional Open Space District, are planning to establish easements and build new trails to open access points for farmworkers and the general public.
4. **Second year of Santa Cruz to Soquel Creek water transfers to continue**: The article, dated October 17th, acknowledges the continuation of a pilot program between the City of Santa Cruz and the Soquel Creek Water District. This program is entering its second year and involves the transfer of excess city riverwater to the neighboring agency. Such partnership may be used as a model for other local governments to further collaborate and improve service provisions throughout the County.

5. **"Fire Tax Considered For Rural Santa Cruz County Communities"**: The article, dated October 21st, discusses the proposed ballot measure that would increase fire protection and emergency response services within County Service Area 48. This CSA involves Santa Cruz County Fire and serves the unincorporated areas of Santa Cruz County which are not within an existing independent fire protection district. Communities within CSA 48 include Bonny Doon, Davenport, Loma Prieta, Corralitos, Las Cumbres, and the wider South Skyline area. The Board of Supervisors approved moving forward with the proposed ballot measure during their October 22nd meeting.
6. **"Public Law Newsletter – Fall 2019 Edition"**: LAFCO staff receives periodic newsletters from Colantuono, Highsmith & Whatley PC, a law firm familiar with LAFCO and the Cortese-Knox-Hertzberg Act. Their latest Public Law Newsletter focuses on recently signed/vetoed bills involving restrictions to local public funding of political campaigns, new changes to sales taxes, and new restrictions towards electoral boundaries for cities, counties, schools, and special districts.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

Attachments:

1. "When the power goes out, so does the water in some places"
2. "Santa Cruz County Wins Three CSAC Awards"
3. "Half Moon Bay land swap could lead to sea trail"
4. "Second year of Santa Cruz to Soquel Creek water transfers to continue"
5. "Fire Tax Considered For Rural Santa Cruz County Communities"
6. "Public Law Newsletter – Fall 2019 Edition"

## When the power goes out, so does the water in some places

By Mallory Moench

Not only did the lights go out for tens of thousands of Californians on Wednesday, but some of them were bracing for the loss of their taps and toilets, too.

Utilities across the state were warning residents that PG&E's planned power outages could limit their ability to deliver water and carry off sewage, especially if the shut-off were to continue for days.

While most urban areas have enough backup power to cover the huge energy demands of water and sanitation service, some rural communities do not. Many utilities were scrambling to get generators in place as well as stockpile fuel to run their backup power equipment.

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"We have so many small systems, there probably will be a few (areas) that will run out of water," said Edwin Pattison, general manager of the Tuolumne Utilities District, which serves about 40,000 people across a sprawling stretch of Sierra foothills. "It's a hard message (but) we're doing what we can."

Pacific Gas and Electric Co.'s power outages began early Wednesday in the northernmost parts of the state and continued across at least 20 counties. The shut-off was the largest to be initiated by the power company in its bid to keep electrical equipment from igniting wildfires as it has done repeatedly over the past two years.

Water and sanitation agencies, like the Sonora-based Tuolumne Utilities District, have taken steps to prepare for the outages. They've bought and rented generators, kept water storage tanks full and sewage lines clear while there's power to do so, and launched public outreach campaigns to warn customers about the need to conserve during shut-offs.

But because the electrical needs of the systems are often so great, the utilities won't always be able to keep them running.

The Tuolumne district serves many small, far-flung communities that rely on pump stations to deliver water. Some have no backup power because utility rates would never cover the cost.

"We'll try to bring mobiles in, but we don't have enough mobile generators for all those locations," Pattison said. "Remember, this is a rural area. We have customers that are very

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remote and all over the place.”

Some utilities closer to the Bay Area were dealing with similar challenges.

In Santa Cruz County, officials in areas such as the San Lorenzo Valley and Soquel planned to direct their limited backup power supplies to where they’re needed most, should the electricity go out.

“We’ll have to hopscotch to certain sites,” said Taj Dufour, engineering manager for the Soquel Creek Water District, which provides water to about 40,000 residents.

Fortunately, all of the district’s wells feed an integrated water supply, so even if one well can’t be turned on, managers can pump from another well and keep reserves up, Dufour said.

In the San Lorenzo Valley, the concern is moving water up and down the Santa Cruz Mountains. The energy-intensive delivery entails the use of 30 pump stations, and not all of them have backup power. Officials at the San Lorenzo Valley Water District, which serves about 23,000 people, were set to deploy portable generators to areas where water was needed most, prioritizing locations with sick and elderly residents.

In the city of Santa Cruz, water managers have plenty of diesel generators, but their issue was fuel.

“If the shut-off is relatively limited, we feel like we’re prepared,” said Chris Coburn, deputy director for operations at the Santa Cruz Water Department. “If we’re in a situation where we have an extended shutdown ... we’re a little less certain.”

Coburn said the city’s water system could run at full capacity for at least a day or two with its current fuel supply. But after that, he said, Santa Cruz would need to conserve its backup power and restock fuel, which he said could be tricky given the increased demand for diesel that might come with a prolonged outage.

PG&E has not given a timeline for the shut-offs. But it has warned that power may not be restored for several days. Crews are to inspect lines in areas where the electricity is shut off before switching it back on.

Larger water and sanitation agencies in the Bay Area weren’t anticipating problems from the outages. The San Francisco Public Utilities Commission, East Bay Municipal Utility District, San Jose Water Co. and Sonoma County Water Agency confirmed that they had both stationary and portable backup power ready.

EBMUD tweeted Wednesday night that it was “activating critical backup generators and pumps” and that “water service should not be disrupted,” while the Marin Municipal Water District issued a Nixle alert asking customers to conserve water and stop outdoor irrigation.

But because the scope of the outages was unprecedented, most utilities were still asking customers to limit their water use and keep a few extra gallons on hand.

“You can be without power, but you cannot be without water,” said Pattison, at the Tuolumne Utilities District. “It’s about health and safety. ... You need to be able to flush your toilet and you need water to drink.”

*Kurtis Alexander is a San Francisco Chronicle staff writer. Email:*

## Santa Cruz County Wins Three CSAC Awards — TPG, Inc.

By [See Below](#) on October 12, 2019



The County of Santa Cruz is pleased to receive statewide recognition for innovative programs to address community behavioral health, the housing crisis and environmental protection.



Each year, the California State Association of Counties (CSAC) honors innovation and best practices in county government through their Challenge Awards program. This year, Santa Cruz County was honored with a Challenge Award for its Zero Waste Plan, a Merit Award for coordination of the HOPES Team, and a Merit Award for its ADU Toolkit.

"I'm proud that Santa Cruz County is demonstrating a commitment to innovation, effective partnerships and a focus on results for our community. These awards are a validation of the work we've done, and continue to do, to improve the lives of our residents," Santa Cruz County Board of Supervisors Chair Ryan Coonerty said.



“CSAC is proud to spotlight county innovation and resiliency through these awards,” CSAC Executive Director Graham Knaus said. “As our counties continue to face new challenges, they are constantly developing solutions to best meet the needs of their communities. The programs receiving these annual awards exemplify the outstanding work that can be found throughout California’s 58 counties.”

The County's **Zero Waste** program won a Challenge Award for its suite of environmental initiatives that

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has become a model for other counties and has led to statewide change.

By coordinating across multiple projects, the county has made meaningful progress to protect the environment, including: a groundbreaking franchise waste hauler agreement that serves as a foundation for increased waste diversion; ongoing measurement of the waste and recycling streams allows for fine-tuning collection, sorting, marketing and education programs to meet rapidly changing conditions; expanded outreach and education including school partnerships; new illegal dumping prevention programs; a commercial organics diversion program that now includes more than 100 businesses, resorts, schools and hospitals; a leadership role in stopping many problematic products at the source including bans on plastic bags and Styrofoam, the first plastic straw ban in the U.S., strict requirements for recyclable and compostable food service ware, and a ban on small plastic bottles of personal care products in hotels and motels; innovative Extended Producer Responsibility (EPR) programs; and more.

See [dpw.co.santa-cruz.ca.us/Home/RecyclingSolidWaste/ZeroWastePlan.aspx](http://dpw.co.santa-cruz.ca.us/Home/RecyclingSolidWaste/ZeroWastePlan.aspx).

The County's **Homeless Outreach, Proactive Engagement Services** (HOPES) Team won a Merit Award for bringing together new and existing resources to serve homeless individuals using an integrated service model including health and behavioral health providers, crisis services, outreach specialists, veteran providers and criminal justice personnel.

The HOPES Team helps assure client needs are being met, regardless of which partner first engages with the client or how they enter services and includes a high level of community engagement.

See [www.santacruzhealth.org/HSAHome/HSADivisions/BehavioralHealth/HOPESTeam.aspx](http://www.santacruzhealth.org/HSAHome/HSADivisions/BehavioralHealth/HOPESTeam.aspx).

The County's **ADU Toolkit** won a Merit Award for empowering residents to be part of the solution to the housing crisis by simplifying and incentivizing permitting processes, building on work by the Board of Supervisors to dramatically expand the use of accessory dwelling units to meet community housing needs.

The Toolkit includes a GIS tool for property owners to see if they are eligible to build ADUs and receive answers to common questions; an online fee and construction cost estimator; a cash flow estimator tool; graphic-rich how-to guides; links to online resources, including builders' websites and pre-designed ADU plans; and more.

The program also includes a forgivable loan program to create more affordable units, and an elimination of building fees for smaller units to promote affordable-by-design housing.

See [www.sccoplanning.com/ADU.aspx](http://www.sccoplanning.com/ADU.aspx).

Representatives from CSAC will be present at the Oct. 22, 2019 Board of Supervisors meeting to present team members with each award.

...

For more info: [www.santacruzcounty.us](http://www.santacruzcounty.us)

[https://www.smdailyjournal.com/news/local/half-moon-bay-land-swap-could-lead-to-sea-trail/article\\_6f6a4e14-eca5-11e9-8665-a3124a9bf1a7.html](https://www.smdailyjournal.com/news/local/half-moon-bay-land-swap-could-lead-to-sea-trail/article_6f6a4e14-eca5-11e9-8665-a3124a9bf1a7.html)

## **Half Moon Bay land swap could lead to sea trail**

One trail would extend from the sea to the Bay

By Zachary Clark Daily Journal staff Oct 12, 2019

The Half Moon Bay City Council is interested in swapping land with multiple agencies to create two walking trails near the historic Johnston House, one of which would extend from the ocean to the Bay.

The council on Tuesday, Oct. 1, signed off on two non-binding letters of intent for deals with the Midpeninsula Regional Open Space District and Peninsula Open Space Trust, or POST.



The vision for the Bay to Sea Trail is to create a continuous trail experience from the San Francisco Bay across the Peninsula to the Pacific Ocean.

Peninsula Open Space Trust

“It’s one of those triple wins, it really does serve everyone,” said City Manager Bob Nisbet.

For the first deal, the city would receive a 30-foot wide easement along the southerly side of Higgins Road between Main Street and the Johnston House property parking lot, according to a staff report. The easement would be for a pedestrian and biking trail connecting Main Street to the Johnston House property.

Nisbet said the road is currently used regularly by cyclists and dog walkers so the plan is to build a safer path out of decomposed granite next to it.

In exchange, the city would grant an easement of equal size to POST and the open space district along the westerly border of the Johnston House. POST owns 224 acres west of the Johnston House that's deed restricted in perpetuity for agricultural uses.

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The easement would allow farmers to access that land and it would also serve as emergency and maintenance access for the open space district once the proposed multi-use nature trail is constructed.

That trail would be constructed on a 440-acre district parcel east of the Johnston House and would connect the Bay to the coast. To build it, the council is entering into an agreement with 10 entities, including San Mateo County, Redwood City and the San Francisco Public Utilities Commission. Each would construct its own segment of the trail, which has two potential routes. One would go through the Johnston House property and along the Higgins Road easement.

But that trail will not become a reality any time soon.

“This is a long-term vision,” Nisbet said, adding that the project could span 10 years.

Councilwoman Debbie Ruddock celebrated the vision, but said it could take as many as 30 years to come to fruition.

“I think it’s a great long-term vision, I think it’s good for the coastside, recreation, outdoor health, cycling, walking and hiking — that’s the kind of thing that could be a good piece of our economy,” she said.

The plan is once the trail is complete, then it would share the same parking lot as Johnston House.

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## Second year of Santa Cruz to Soquel Creek water transfers to continue

**Special: A deep look at the Loma Prieta Earthquake 30 years later**

October 17, 2019 at 8:28 am

CAPITOLA — November will bring the second year of a cooperative pilot program transferring extra City of Santa Cruz riverwater to Soquel Creek Water District customers.

In an update to the water district board of directors this week, officials from both agencies described how Soquel Creek will expand its distribution of city water to a greater part of its service area this winter.

“We want to make sure that people understand that this is just the beginning of an effort, a long-term effort, and we recognize that we need to start somewhere, so here we are with a pilot project,” said Taj Dufour, Soquel Creek Water District Chief Engineer. “We’ve been asked by some members of the public to ‘just open the valve and do it.’ Certainly, there are legal constraints, and there’s also technical constraints that we want to make sure we don’t make missteps. That has been done in some communities and we don’t want to be on the front page with problems.”

One lesson learned from the first year of water transfers was that, because the source water is limited to Santa Cruz’s North Coast creeks, which prioritize city customers and fish habitat needs above Soquel Creek’s, available supply can be lessened during and after high rainfall events, according to district officials. The water district heard only three easily addressed customer complaints, about cloudy water, during the first year of the pilot, officials said.

Board member Bruce Daniels asked that next year’s water testing sites expand from open distribution sites to include inside of holding tanks, in order to ensure that the supply was all-around “hunky-dory, not just hunky-dory in some places.”

The board also discussed concerns about needing to manage older water from Santa Cruz, which contains river-water disinfectants not needed for the district’s groundwater supplies. Higher stored water turnover is a balancing act, as the district could be caught at a lower supply level during an emergency, Dufour said.

Officials stressed that the city of Santa Cruz cannot reliably supply the water district year after year with the amount of water it believes it needs in order to protect its groundwater supply from being overdrafted. However, the two agencies expect to continue working together for the long-term, officials said.

# Fire Tax Considered For Rural Santa Cruz County Communities

[police & fire](#)

**County Fire is seeking approval from the board of supervisors for a ballot initiative in CSA 48.**

By [Toni McAllister, Patch Staff](#)

Oct 21, 2019 5:10 pm ET | Updated Oct 21, 2019 5:12 pm ET



CSA 48 includes the unincorporated areas of Bonny Doon, Davenport, Loma Prieta, Corralitos, Las Cumbres and the wider South Skyline area. (Shutterstock)

SANTA CRUZ COUNTY, CA — The Santa Cruz County Board of Supervisors will consider whether property owners in certain rural areas should be assessed for increased fire protection and emergency response services.

During its regularly scheduled Oct. 22 meeting, the board will take up a report on Santa Cruz County fire protection and emergency medical response services in County Service Area 48, which includes unincorporated areas of Bonny Doon, Davenport, Loma Prieta, Corralitos, Las Cumbres and the wider South Skyline area.

Through a contract with Cal Fire, County Fire provides year-round fire protection and emergency response services to properties in those areas. County Fire has held neighborhood meetings in the communities to hear residents' concerns and answer questions regarding fire protection services, emergency medical services and 9-1-1 response times.

CSA 48 fire protection services face challenges, including 25 percent fewer firefighters on staff today than 10 years ago, a

Newsletter | Fall 2019

## Update on Public Law No Local Public Funding of Political Campaigns

By Gary B. Bell

For a short time, it looked like public funding of political campaigns was permissible, provided local governments — including counties, cities, special districts, school districts — adopted an ordinance, resolution, or charter provision allowing it. Public moneys for this purpose were required to be held in a dedicated fund and made available to all qualified, voluntarily participating, candidates for an office without regard to incumbency or party. And local agencies were required to establish criteria for qualifying candidates.

In 2016, Governor Brown signed SB 1107 (Allen, D-Sta. Monica) to amend the Political Reform Act to add these provisions. It took effect January 1, 2017 and was quickly challenged in court. In *Howard Jarvis Taxpayers Association v. Newsom*, the Sacramento Court of Appeal recently affirmed a trial court's finding the bill was an improper amendment of the Act by the Legislature.

Approved by voters in 1974, the Act may be amended: (1) by a statute "to further its purposes" passed by a two-thirds vote of the Legislature, or (2) by the voters. While the Legislature has amended the Act some 200 times, the voters have done so only four times, including 1998's Proposition 73. That initiative adopted Government Code section 85300 to state: "No public officer shall expend and no candidate shall accept any public money for the purpose of seeking elective office." SB 1107 amended this section to allow public funding of political campaigns under rules it prescribed.

The purposes of Act as stated in 1974 do not directly address public funding of campaigns. However, courts are not limited to the expressly stated purposes and may rely on historical context, ballot arguments, and

(continued on page 2)

**COLANTUONO  
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Colantuono  
Appointed to  
Appellate Advisory  
Commission

The Judicial Council of California has appointed Michael G. Colantuono to its appellate advisory commission.

The Judicial Council is the governing body of California's judicial branch. The Council works through subcommittees, each of which oversees a number of advisory bodies which include judges, attorneys, court staff, court uses, and court partners. The appellate advisory committee is charged with making recommendations to the council for improving the administration of justice in appellate proceedings." "The committee's goal is to provide a forum with broad representative of appellate justices, administrators, and practitioners to make recommendations to the Judicial Council concerning the appellate courts and appellate practice and procedure."

Congratulations, Michael!

# Sales Tax Law Develops in the Legislature

By Michael G. Colantuono

With the mid-October deadline for Governor Newsom to sign or veto 2019's legislation, we have a crop of new statutes affecting sales and use taxes.

**LOCAL SALES TAXES:** The Revenue & Taxation Code caps all local transactions and use ("sales") taxes at 2 percent, whether imposed by a County, a County transportation agency, or a City. This has created a race to the ballot box in the Bay Area and Los Angeles County. Some cities are already at the cap. Several statutes sought to lift the cap for particular local governments. 2017's SB 703 (Skinner, D-Berkeley) lifted it for Alameda and Santa Clara Counties and Santa Fe Springs. 2018's SB 152 (McGuire, D-Healdsburg) lifted it in Sonoma County. But Governor Newsom vetoed AB 618 (Stone, D-Sta. Cruz) that would have raised the cap for Scotts Valley and Emeryville in July. SB 732 (Allen, D-Sta. Monica), to allow the South Coast Air Quality Management District to impose a TUT, did not make it out of committee in May. However, the Governor did sign AB 723 (Quirk-Silva, D-Fullerton) lifting the cap for Alameda County and the cities within it and for cities in Santa Cruz County. More such proposals are likely, perhaps, to exempt all county transportation taxes from the measure, lifting the cap by 0.5 percent statewide.

**TAX SITUS:** Sales tax situs agreements were also debated. Under such agreements, a city or county rebates sales tax to a business to persuade it to establish a sales office there, reassigning sales taxes from other communities. The Legislature approved SB 531 (Glazer, D-Contra Costa) to ban such agreements, with the League of California Cities' support. Governor Newsom, however, vetoed it, stating a wish to preserve this economic development tool. His veto message noted he signed AB 485 (Medina, D-Riverside), a labor-backed (and League-opposed) bill requiring disclosure of wage,

hour and working conditions in warehouse distribution centers, which the Governor described as a "transparency" measure.

Cities considering local sales taxes should evaluate whether there is room under the 2 percent cap for a tax, whether the County or its agencies may propose such taxes, and decide when and whether to go the ballot and whether legislation will be needed. Those interested in sales tax situs agreements may wish to pursue them soon, as the Legislature might persuade the Governor to sign a ban or override his veto of SB 531.

Finance law develops in the courts, the Legislature, and at the ballot box. As always, we will keep you posted!

*For more information on this subject, contact Michael at MColantuono@chwlaw.us or (530) 432-7359.*

## Public Campaign Funding (cont.)

subsequent amendments to discern voters' purpose. A primary purpose of 1998's Proposition 73 was to prohibit public financing of campaigns. By allowing it, SB 1107 did not further this purpose, the Court of Appeal found, and the bill was therefore invalid.

Proponents of public campaign funding will need to seek voter approval. Local governments that took advantage of SB 1107 may wish to evaluate whether and what amendments are needed to bring their campaign finance regulations into compliance with the Political Reform Act.

*For more information on this subject, contact Gary at GBell@chwlaw.us or (530) 208-5346.*

# Local Agencies Will Soon Face New “Fair” Districting Restrictions

By Pamela K. Graham

Governor Newsom has given a mixed verdict on two bills affecting local governments which elect their governing bodies by districts. He signed AB 849 (Bonta, D-Alameda) and vetoed SB 139 (Allen, D-Sta. Monica), stating the latter should be considered in the budget process. SB 139 would have required 26 counties with populations exceeding 250,000 to create independent redistricting commissions and might have required the State to fund that mandate. Effective January 1st, AB 849, the “Fair Inclusive Redistricting for Municipalities and Political Subdivisions Act” or FAIR MAPS Act, restricts how cities and counties draw districts, imposing procedural and substantive rules.

The U.S. Supreme Court’s recent “punt” in *Rucho v. Common Cause* treating partisan gerrymandering as political issues, not legal questions for federal courts, makes gerrymandering an issue for State legislatures and courts. California’s congressional and state legislative districts are drawn by bipartisan commission, which supporters characterize as “the gold standard” for gerrymandering prevention.

Modeled on State redistricting requirements, AB 849 mandates how cities, counties, schools and special districts draw electoral boundaries, requiring they follow criteria that “respect the geographic integrity of local neighborhoods and communities of interest.” Governing bodies must adopt new district boundaries after each federal census that are substantially equal in population, compliant with federal and state law, and prioritize keeping neighborhoods and diverse communities in common districts. Public notice and comment requirements are extensive, requiring at least two public hearings before final map adoption. Absent strict compliance with FAIR MAPS’ deadlines, an agency’s legal counsel must and, if she does not, any interested resident

may, seek a court order setting fair boundaries. Opponents of AB 849, including the League of California Cities and California Special District Association, criticized it as creating unworkable, highly prescriptive meeting requirements, notification requirements exceeding those of the Brown Act, and as reducing local control.

As to SB 139’s proposal for independent redistricting commissions, this idea may surface in next year’s budget negotiations. A veto override is possible, too, given that the bill passed both houses of the Legislature with more than 2/3 support, largely along partisan lines. In the meantime, local commissions continue in San Diego and Los Angeles.

These reforms will significantly change how local governments draw district lines following the 2020 census. We will continue to keep you apprised of new legislation and developments under the federal and state Voting Rights Act in the courts.

*For more information on this subject, contact Pamela at PGraham@chwlaw.us or (213) 542-5702.*

## Police Records Webinars

CH&W is offering webinars on SB 1421 and AB 748, recent statutes granting greater public access to police personnel records. A webinar allows police management and counsel advice and guidance regarding responses to Public Records Act requests from the media, activists, and litigants. There will opportunity for questions and answers in an attorney-client-privileged setting. This interactive training takes about 2 hours, depending on questions from participants. The fee is \$1,000 per agency. To schedule a webinar for your agency, contact Bill Weech at BWeech@chwlaw.us or (213) 542-5700.

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