



PROCEEDINGS OF THE  
LOCAL AGENCY FORMATION COMMISSION  
OF SANTA CRUZ COUNTY

Wednesday  
January 8, 2020  
9:00 a.m.

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

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The January 8, 2020 Santa Cruz LAFCO meeting is called to order by declaration of Chairperson Jim Anderson.

**ROLL CALL**

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

**MINUTES**

**MOTION**

Motion: Leopold	To approve November 6 <sup>th</sup> minutes.
Second: R. Anderson	Motion carries with a unanimous voice vote.

**WELCOME NEW LEGAL COUNSEL**

Chairperson Jim Anderson welcomes new legal counsel, Daniel Zazueta.

Counsel Zazueta grew up in San Jose and attended UC Berkeley. He was a high school teacher before he went to law school at Santa Clara University. He went to Washington, D.C. after law school to work for the Obama Administration as a political appointee in the Department of Energy which converted to a federal position as a trial attorney. He had a brief position in the White House Counsel's office as a Deputy Ethics Counsel.

He came back to San Jose to get involved in local government. He started with the City of Santa Clara as a consultant, worked for Redwood City for almost two years, and then came to Santa Cruz County mid-November 2019.

## ORAL COMMUNICATIONS

Mr. Serrano reports that LAFCO has received a joint application from Central and Aptos/La Selva Fire Districts for their consolidation. There will be an update at the February meeting outlining the next steps and a proposed hearing date.

Staff has made improvements to the agenda webpage and how LAFCO projects and resolutions are tracked. The public hearing item in the January agenda provides the Commission an example of the project's unique title and number, and shows how its resolution has a distinctive sequence number.

## PUBLIC HEARING

### HIDDEN VALLEY ROAD / PONZA LANE EXTRATERRITORIAL SERVICE AGREEMENT WITH COUNTY SERVICE AREA (CSA) 26 – LAFCO PROJECT No. ESA 20-01

Mr. Serrano reports that Public Works staff and residents from CSA 26 are in the audience and he expresses his appreciation for their help in completing this proposal.

This application involves one parcel and CSA 26. The CSA was formed in 1982 to provide road maintenance to an unincorporated area in Soquel. CSA 26 currently has only one access point which is Hidden Valley Road. The subject parcel is immediately outside CSA 26 and can only be accessed via Ponza Lane.

The subject parcel was originally part of CSA 26, but it was detached because the property owner's only access is through Ponza Lane, and they did not use Hidden Valley Road. LAFCO approved the detachment with one condition; the property owner would have to establish an agreement with the road association to ensure that the residents within CSA 26 could use a secondary road within their parcel as an evacuation route. That agreement was established in 1985. A subsequent agreement was established in 2002 to ensure access from both ends of this evacuation route.

In 2019, residents from CSA 26 voiced concerns about the condition of the evacuation road. Last November, a meeting championed by Supervisor Leopold included representatives from the community, Public Works, Assembly Member Stone's Office, and LAFCO to address this issue and identify a solution. As a result, an extraterritorial service agreement was proposed.

This proposal would allow CSA 26 to provide road maintenance outside its jurisdiction and sphere boundaries as long as it meets certain criteria at the state, local, and administrative level. State law requires an official document from a local agency that determines there is a health and safety issue. CalFire evaluated the evacuation route and their findings indicated that there is, in fact a health and safety issue with the conditions of the evacuation route. The proposal also needs to answer whether there are any other local service providers who could provide road maintenance. The only provider in the area is CSA 26.

At the local level, this Commission has a policy that requires the proposal to answer three questions. One is whether there are facilities already in place. There is an existing road that just needs maintenance and repairs, which CSA 26 can provide. The second question is whether annexation is practical, and the answer is no. The property owner cannot access their parcel from Hidden Valley Road. The third question is whether this proposal meets the statutory criteria under LAFCO law. Based on staff's analysis and findings, the proposal meets all requirements.

Staff received a number of documents to support the application including a health and safety letter from CalFire, a consent form from the property owner, a signed indemnification agreement, and support from Public Works on behalf of CSA 26. The draft resolution has a condition to have the environmental document recorded. It was brought to staff's attention that Public Works has already recorded a Notice of Exemption that fulfills that condition.

This proposal addresses a health and safety issue. Mr. Serrano drove up Hidden Valley Road and noted that the road is very narrow and difficult to navigate in some areas. It is critical that these residents have a secondary route in case of an emergency.

Commissioner Leopold appreciates Mr. Serrano's work and everyone else involved with completing this proposal. When the residents first brought up the issue, it did not seem like there was a way to use the funds in CSA 26 to address the problem. The proposed extraterritorial service agreement addresses this issue. It is money from the residents of Hidden Valley Road who are paying for the repair of the evacuation route. Fire safety is important and having this escape route improved should help in case of a fire.

#### MOTION AND ACTION

Motion: Leopold Second: R. Anderson	To adopt draft Resolution No. 2020-01 approving extraterritorial service agreement involving CSA 26 (Hidden Valley Road) with updates to the language in Section 2 (Environmental Review). Motion passes with a unanimous voice vote.
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#### OTHER BUSINESS

##### APPOINT CHAIR AND VICE-CHAIR FOR 2020

Mr. Serrano reports that the Commission selects a new Chair and Vice-Chair at the beginning of each calendar year. There is no rule of succession or rotation. Historically, the acting Vice-Chair has been elected to be the new Chair.

#### MOTION AND ACTION

Motion: Leopold Second: Estrada	To appoint Roger Anderson as Chair and Justin Cummings as Vice Chair for 2020. Motion carries by a unanimous vote.
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Chairperson Jim Anderson thanks Mr. Serrano for his assistance. He has enjoyed being Chair.



## EXTENSION OF OFFICE LEASE

Mr. Serrano reports that LAFCO has been renting office space at the County Building for over 14 years. The current lease is due to expire in June. There has not been an increase in rent in the last four years. The County's General Services Department is proposing a 6% increase for each of the next two fiscal years in order to align with the other offices in the legislative wing.

Commissioner Roger Anderson thinks easy access to multiple County departments is convenient and the rent is reasonable, even with the proposed increases.

## MOTION AND ACTION

Motion: R. Anderson Second: Estrada	To approve extension of office lease for two more years under the current lease with an annual rent rate increase for FY 2020-21 at \$1.65/square foot and FY 2021-22 at \$1.75/square foot. Motion carries by a unanimous vote.
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## 2019 SANITATION SERVICE AND SPHERE REVIEW – STATUS UPDATE

Mr. Serrano reports that the Commission adopted a service review last October that analyzed 10 sanitation districts. At the direction of the Commission, discussions with the Cities of Santa Cruz and Watsonville were held to see if they were interested in taking over additional sewer responsibilities.

Staff met with the City Manager of Santa Cruz, Martin Bernal, to see if the City was interested in taking over CSA 10. The City is open to taking over CSA 10's sewer responsibilities, but they want to complete an internal analysis to see if it is feasible. Staff will continue discussions with Santa Cruz and provide an update to the Commission later in the year.

Between the City of Watsonville, Salsipuedes Sanitary District and Freedom County Sanitation District, neither of the three are interested in changing the status quo. The City of Watsonville indicated that if the infrastructure for Freedom was increased to City standards, they would be open to taking over sewer responsibilities.

A study has been proposed to analyze Santa Cruz County Sanitation District (SCCSD) becoming its own independent special district. Mr. Serrano was able to get three quotes for such a study ranging from \$15,000 to \$40,000.

Staff analysis in the sanitation review did not find any issues that would warrant a dissolution of this district or a formation of a new independent special district. In fact, consolidations or collaborative efforts were recommended, which is in line with State law and this Commission's adopted policies. After the October meeting, Public Works provided additional information that identified all the significant improvements that have been completed and are currently scheduled. Based upon the initial findings within the service review, the Commission's policies, and the new information provided by Public Works, staff believes this type of study is not needed at this time.

Salsipuedes Sanitary District has a new website as of December 2019. As mentioned in their last service review, State law requires all independent special districts to have their own website by January 1, 2020. Salsipuedes Sanitary District was only one of two districts in the entire County that did not have a website. This reflects how service reviews can add value, be a resource to special districts, and can lead to achievements and success stories.

Commissioner Leopold asks which special district still needs a website.

Mr. Serrano replies that Pajaro Valley Public Cemetery District is currently working on getting their website up and running before the deadline.

Commissioner Roger Anderson notices that there are three estimates in the staff report, but they involve very different scopes of work. He wonders if the three firms were asked about several options, or were the estimates just low bids.

Mr. Serrano answers that an official Request for Proposals (RFP) was not launched. The Commission asked for a cost estimate for this type of study. He reached out to a number of consulting firms that have worked with neighboring LAFCOs to get a cost range. If the Commission would like to move forward with this type of study, then an official RFP would be submitted to get actual scopes from consulting firms.

Commission Roger Anderson asks if the scope of work from each of the firms was what they thought this Commission needed.

Mr. Serrano emailed these firms indicating the type of analysis needed, including an evaluation of the pros and cons in forming a new independent special district.

Commissioner Leopold thinks continuing to work with the City of Santa Cruz about taking over CSA 10 makes sense. He does not think the Commission should move forward with a study about making SCCSD completely independent. He does not know what it would take to get the Freedom Sanitation District system up to the City of Watsonville's standards, but he thinks it would be a positive move in the right direction.

#### FOCUS AGRICULTURE CLASS OF 2020 APPLICATION REQUEST

Mr. Serrano reports that one of LAFCO's responsibilities is to preserve open space and agricultural lands. To get a better understanding of the farmlands in this County, participating in Focus Agriculture's next class would be beneficial for this Commission and staff. Additionally, the local leaders in that class would also get a better understanding of LAFCO's role in preserving open space and farmlands.

Commissioner Estrada recently completed the Focus Agriculture class. He indicates that agriculture is a big part of the picture in this County and recommends LAFCO's participation.

Commissioner Roger Anderson asks if there are events that bring people from previous Focus Agriculture classes.



Commissioner Estrada answers yes. Towards the end of the class, alumni are invited to network with the current class and share their ideas and best practices.

#### MOTION AND ACTION

Motion: Estrada Second: Brooks	To approve participation in the next Focus Agriculture class and pay the tuition of \$1,000 for Mr. Serrano, if selected. Motion carries by a unanimous vote.
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#### WRITTEN COMMUNICATIONS

Mr. Serrano states that there is late correspondence from CALAFCO. It involves a proposed legislative change to Government Code Section 56133(e) regarding extraterritorial service agreements when a public agency provides service to a private landowner or landowners. Under 56133, there are exemptions towards LAFCO approval. If a public agency, such as a city, wants to provide services to another public agency, such as a fire district, that is exempt. Those agencies self-determine their exemption. CALAFCO is considering making changes allowing LAFCO to make that determination whether a contract or an agreement is exempt. This may lead to the introduction of a proposed bill. This Commission may want to consider taking an official position if a bill does come to fruition.

Commissioner Leopold knows there has been ongoing discussions and he thinks organizations should not be able to self-exempt since it can create problems. Clarifying LAFCO's role makes sense and he hopes it will turn into a bill that will pass.

Commissioner Roger Anderson wonders how common "self-determinations" occur and what happens if it involves agencies in different counties. He thinks UC Davis has some of these issues.

Mr. Serrano adds that 56133 has been a contentious issue among LAFCOs around the State. Sometimes LAFCO is not aware of these self-exempted contracts and it is sometimes after the fact that a LAFCO learns about such an agreement. If a bill is introduced and enacted, it would result in additional awareness and input from LAFCOs.

Commissioner Roger Anderson thinks having LAFCO involved is a great idea and is curious who might be for and against this.

#### ADJOURNMENT

The next LAFCO meeting is scheduled for 9:00 a.m. Wednesday, February 5, 2020.

  
CHAIRPERSON JAMES W. ANDERSON

Attest:

  
Joe A. Serrano, Executive Officer