



PROCEEDINGS OF THE
LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

Wednesday, August 5, 2020
9:00 a.m.

Meeting Location: Virtual Setting (using Zoom)
Teleconference: 1-877-853-5257

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The August 5, 2020 Santa Cruz LAFCO meeting is called to order by declaration of Chairperson Roger Anderson.

ROLL CALL

Present and Voting:	Commissioners Jim Anderson, Estrada, Friend, Lather, Leopold, and Chairperson Roger Anderson
Absent:	Cummings
Alternates Present:	Banks, Brooks, Hunt
Alternates Absent:	Coonerty
Staff:	Joe A. Serrano, Executive Officer Daniel H. Zazueta, LAFCO Counsel Debra Means, Commission Clerk

Meeting participants included Daniella Irish and Olalla Duffy as members of the public,. Pamela Miller, the Executive Director of CALAFCO, Sonia Lykins and Steve Weisner both from County Public Works, Chief John Walbridge from Central Fire, and Becky Steinbruner, an Aptos resident.

EXECUTIVE OFFICER'S MESSAGE

CENTRAL AND APTOS / LA SELVA FIRE CONSOLIDATION

Mr. Serrano reports that the fire consolidation was originally scheduled for the Commission's consideration today, but the two fire districts have requested more time to address some unresolved issues. These issues include implementing an MOU and transitioning leadership roles for their fire chiefs. The two fire districts and LAFCO hope to present the consolidation by October.

Staff received an inquiry from Becky Steinbruner that was shared with the Commission and posted on LAFCO's website. She inquired whether there was a penalty for delaying LAFCO action. There is no negative impact from delaying the LAFCO process. LAFCO staff has encouraged the two districts to continue working to address these unresolved issues. Mr. Serrano is scheduled to meet with the fire districts next week to discuss their recent efforts.

Ms. Steinbruner also had a question regarding the Day Valley area. This community was annexed into Aptos / La Selva FPD in 1987 and it included the establishment of a special benefit assessment. She has requested that the assessment be removed prior to the consolidation. It is LAFCO staff's understand that the fire districts would like to discontinue this assessment as part of the consolidation. A condition will be included in the draft resolution that will reflect the discontinuation of the Day Valley assessment. A separate LAFCO action is not required.

ZOOM WEBINAR PLATFORM

Starting with this meeting, Santa Cruz LAFCO will be using CALAFCO's Zoom Webinar account at no cost. With the webinar platform, it will be easier for the Commission to control their webcams and microphones. It also adds further security to prevent any "Zoom bombing" or interferences from the public. The general public will still have the capability to address the Commission by submitting comments via email or raising their hand on the Zoom platform. For those joining via teleconference call, pressing *9 will raise their hand when they wish to speak.

MINUTES

MOTION

Motion: Leopold Second: Friend	To approve June 3 rd minutes. Motion carries with a unanimous voice vote.
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ORAL COMMUNICATIONS

Mr. Serrano reports that Ms. Steinbruner has requested placing the consolidation between Soquel Creek Water District and the City of Santa Cruz on a future agenda for discussion. Boundary changes including consolidation are agendized when there is an application on file or if it is part of a draft service review. Neither the City nor the water district have expressed any interest in consolidation and there is no application on file.

Governance options including consolidation may be analyzed during the next cycle of service reviews for the two agencies which would be an appropriate time for discussion.

Ms. Steinbruner would like to have the subject of consolidation included in the upcoming service reviews for Soquel Creek Water District and the City of Santa Cruz.

She also wonders about the latest Grand Jury report titled "Ready, Aim, Fire – Santa Cruz County in the Hot Seat" and whether LAFCO will be commenting on that report. She hopes Santa Cruz LAFCO's responses will be discussed publicly at the next meeting. In the Grand Jury report, it talks about other LAFCOs publishing insurance ratings (ISO ratings) online for different areas. There are homeowners whose insurance is being canceled and this would be useful information. AB 2167 and SB 292 are companion bills that will address these issues.

Mr. Serrano adds that the Commission has developed a multi-year work program. It identifies when the next service reviews will be for Soquel Creek Water District and the City of Santa Cruz. The Commission's recent service review model is more thorough than before. There will be a more detailed analysis of governance options and areas of improvement within those service reviews.

There is a countywide fire service review scheduled in the Commission's adopted work program. It will give a detailed analysis of the services provided by each fire agency and will include ISO ratings and other information that may be useful to the Commission, the fire agencies, and the public.

The Grand Jury requested LAFCO to provide comments on their report by October 1st. Mr. Serrano is scheduled to present draft comments to the Commission for approval at the September 2nd meeting before sending the comments to the Grand Jury before their deadline.

Chairperson Roger Anderson thinks the ISO ratings should be updated more often than the service reviews. He has found ISO ratings in EIRs where the impact on fire services are included. Those numbers have resulted in reorganizing fire departments.

He asks when the water districts next reviews will occur.

Mr. Serrano believes the Soquel Creek Water District's (SCWD) review is scheduled for 2023 and the City of Santa Cruz is scheduled for 2024. Service reviews are required every five years. SCWD's last review was done in 2016 or 2017 and Santa Cruz was done in 2018.

Commissioner Leopold adds that he and Supervisor McPherson are hosting a Zoom meeting this evening with Assembly Member Mark Stone and the State Insurance Commissioner, Ricardo Lara to talk about wildfires and insurance.

PUBLIC HEARINGS

SPHERE OF INFLUENCE DESIGNATION FOR COUNTY SERVICE AREA (CSA) 60

Mr. Serrano reports that the Commission adopted a service review for CSA 60 in March and deferred action on the sphere determination until August to allow the residents of Huckleberry Island community and the Public Works Department to develop an action plan that would start CSA 60's funding and services. CSA 60 has remained inactive for the past five years. It has never had a revenue source and has never provided services to the community. Unfortunately, a plan was not developed so staff is recommending that a zero sphere be designated for CSA 60 as a precursor to a dissolution in the near future.

Ms. Steinbruner wonders why this CSA was formed but never funded since it is a difficult and expensive process to form a CSA. Some CSAs have dropped their assessment rate because the administration fees are so high and she wonders if that had to do with CSA 60.

Mr. Serrano responds that LAFCO conducted a thorough service review for CSA 60. It was formed in 2015 to allow road maintenance and bridge construction. The next step was to approve a benefit assessment. It was considered by the Board of Supervisors at that time but it was never established. CSA 60 has been dormant for the past five years without any assets, liabilities, or services provided.

Staff reports and the service review was sent to the community to see if they wanted to have CSA in existence to jump start the services and funding with no response. Based on the fact that it has been inactive for five years and likely to be identified in the State Controller's list of inactive special districts that would require a mandatory dissolution, this a good time to adopt a zero sphere as a precursor to a dissolution in the foreseeable future.

Commissioner Leopold was on LAFCO in 2015. It took a lot of effort to create this CSA because there was some disagreement among the owners. It was not a surprise when they had trouble finding a way to fund this entity. CSAs are more expensive than just having the neighborhood come up with the money but the CSA charges everyone according to the benefits they receive. At the time, the bridge needed to be fixed and it was the only access to the neighborhood.

Commissioner Jim Anderson thinks that the bridge was replaced without the County's help.

Mr. Serrano adds that he went to the bridge site and a brand-new bridge has been built. Public Works confirmed that they were not involved in the bridge's construction. He thinks that there may no longer be a purpose for CSA 60 and it should be dissolved if that is the case.

Chairperson Roger Anderson asks if there was a building permit for this construction.

Mr. Serrano was unable to find out.

MOTION AND ACTION

Motion: Leopold Second: Lather	To adopt the draft Resolution No. 2020-17 approving the zero sphere of influence designation for Huckleberry Island's CSA 60, as recommended by staff. Motion passes with a unanimous voice vote.
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PROPOSED POLICY UPDATES

Mr. Serrano reports that staff is continuing to review all adopted policies this year. So far, half of them have been reviewed and updated.

The Proposal Evaluation Policy was originally adopted in 1966 and was last reviewed in 2011. Staff is not recommending any substantial edits other than implementing the new standard format for consistency in our policies.

The Environmental Review Policy was adopted in 2000 and required a complete overhaul since it has not been updated. The proposed modifications now clarify LAFCO's responsibility and the appropriate actions as an interested, responsible or lead agency under CEQA.

The Fee and Deposits Policy was originally adopted in 2002. Unlike the other policies, this has been updated on a regular basis. Staff is not recommending any substantial changes other than implementing the new standard format and removing surcharges in certain proposal fees.

Chairperson Roger Anderson asks if the content of the proposed policies the same as the old ones.

Mr. Serrano answers that the only policy whose content was elaborated and improved was the Environmental Review Policy. He felt that the policy needed more guidance for the Commission and staff, so it includes more context. Staff's recommended edits were reviewed by legal counsel before it was presented to the Commission.

Commissioner Leopold thinks it is very useful for the Commission to be cleaning up these policies. He appreciates the revised order and the clarity of these policies. Some of these policies have not been revisited in more than 15 or 20 years.

MOTION AND ACTION

Motion: J. Anderson Second: Leopold	To adopt draft Resolutions No. 2020-18, 2020-19 and 2020-20 approving the amendments to the Proposal Evaluation Policy, the Environmental Review Policy and Fee Schedule policy. Motion passes with a unanimous voice vote.
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SERVICE AND SPHERE REVIEW FOR COUNTY SERVICE AREA 9

Mr. Serrano reports that CSA 9 was formed in 1968 to provide various services countywide. Since then, the County has developed six zones within CSA 9 to identify those services in specific areas. Zone A was formed in 1969 to provide street lighting services. Zone B was formed in 1972 to provide school crossing services. Zone C was formed in 1982 to provide landfill and recycling services. Zone D was formed in 1983 to provide road maintenance. Zone E was formed in 1991 to provide street scaping maintenance. Zone F was formed in 2016 to provide parking enforcement in Soquel Village.

While LAFCOs have no jurisdiction over zones, staff conducted an analysis for CSA 9 as well as the six zones. The County can create, modify, or dissolve these zones without LAFCO action. CSA 9 is facing financial distress. Between 2013 and 2020, CSA 9 and four out of six zones experienced multiple annual deficits. It may be contributed to the fact that the benefit assessment for CSA 9 and the zones have not increased in years, nor has it increased for FY 2020-21. As revenues remain flat, any fluctuation or increase in expenses will result in a financial deficit.

The Board of Supervisors recently approved a countywide five-year Capital Improvement Plan (CIP). Out of the 113 identified projects, only five were identified for CSA 9. Other than Zone C, there are no identified projects for the remaining zones within the next five years.

Usually LAFCO staff refers to the agency's website to locate necessary information for service reviews. Most of the required information for CSA 9's review was not available online. State law now requires independent special districts to have and maintain a detailed website. CSA 9 is a dependent special district and therefore is not affected by this new law. It is strongly encouraged that Public Works create a website or a webpage within the County's website that is dedicated to CSA 9 for more transparency.

CSA 9 has a countywide sphere boundary that was adopted in 1985. Staff is recommending that the sphere remain the same and be reaffirmed as part of this service review.

Ms. Steinbruner provided comments to the Commission. She has concerns about LAFCO's call for action or lack thereof. Mr. Serrano notes that LAFCO is not required to initiate changes of organization based on the service review's conclusions or findings. The information in the review may be used to pursue change. His goal for these reviews is to create an informative document that can be used by the Commission to fulfill a State mandate, by the agency to use as a platform to consider new levels of efficiency, and by the public to better understand the agency's role.

This Commission has restructured its service review model to add more value and further analyze the agency's purpose, past achievements, areas of improvement, challenges, and its overall future.

Commissioner Leopold recalls that the Commission made changes in the wording for CSA 9, Zone A a year or two ago to use some of the resources for street crossing lights that were needed but had no funding source. This resulted in many new lighted crosswalks. This change was not in the review but it has been a benefit for the residents in his first district.

Chairperson Roger Anderson wonders about CSA 9's funding. On page 119 of the agenda packet, there is a pie chart that shows taxes paying about 30% and charges for services comprise about 69% for CSA 9. He assumes taxes are primarily based upon assessments. He wonders what the other two-thirds of the funding will be. He asks if there is some recharge source or whether the County contributes towards CSA 9. CSA 9, on a per capita basis, is a small amount.

Mr. Serrano says that page 15 of the service review shows a detailed breakdown of the taxes and other revenue sources as well as expenditures for CSA 9 from FY 2013-14 to FY 2019-20.

Commissioner Lather asks why the fees have not been increased. There may be a required vote for Proposition 218. A long time has passed without trying to increase the funding. She has a neighbor who is concerned about street lighting. Her Aptos neighborhood pays for street lighting according to their tax bill but they have no lights.

Mr. Serrano answers that for the past six or seven years, some of the benefit assessments have not increased and some zones have never been increased. It may be due to requiring a vote from the residents. Some other CSAs have increased their assessments by the Consumer Price Index which is considered and approved by the Board of Supervisors.

Steve Wiesner, the Assistant Director of Public Works, thinks that the zones whose assessments have not been increased in a long time is due to Proposition 218 vote. The County has opted not to raise fees for those zones. The landfill, Zone C's fees have been raised more recently.

CSA 9A is set up for residential street lighting. A recent engineering report was done which included additional safety lighting and lighting crosswalks. Those zones of benefit are finite and are scattered throughout the County. If someone lives in a neighborhood, they pay into CSA 9A, and they want residential street lighting, Public Works has a process to request the lighting and they can be included in the program if it is approved. Sonia Lykins manages the CSA program, so she is the person to contact at Public Works.

Chairperson Roger Anderson wonders about the flaring project that helps with the gasses that come from the landfill. He asks how large this energy source is and could it be used for another source besides burning it up. He would also like to know more about the funding of CSA 9.

Mr. Wiesner does not manage CSA 9C, the landfill, but he can refer to the right person for such an inquiry.

Ms. Steinbruner thinks Commissioner Lather lives within CSA 3 which has its own separate street lighting fund. She thanks the Chair for bringing up the subject of methane co-generation at the landfill. The County was using this process in the 1980s and 1990s and would like to see it reinstated.

She agrees with Mr. Serrano about supplying applicable information about CSA 9 on a webpage and supports LAFCO requesting that Public Works have a webpage for every CSA.

Commissioner Leopold says it helps to be transparent and at least provide some basic information on the Public Works' website.

MOTION AND ACTION

<p>Motion: Lather Second: Leopold</p>	<ul style="list-style-type: none">• To find that this service review is exempt from CEQA,• To determine that this service review meets the requirements under Government Code Section 56425 for the sphere determinations and Government Code Section 56430 for the service determinations, and,• To adopt draft Resolution No. 2020-21 approving the 2020 Service and Sphere of Influence Review for County Service Area 9. <p>Motion passes with a unanimous voice vote.</p>
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OTHER BUSINESS

COMPREHENSIVE QUARTERLY REPORT – FOURTH QUARTER (FY 2019-20)

Mr. Serrano reports that there are two active LAFCO applications. One is the fire consolidation and the other is the Roaring Camp Annexation to San Lorenzo Valley Water District.

The Commission requested staff to identify inactive applications on file and this item will be presented at the September meeting.

The Commission adopted a multi-year work program. This year, five service reviews were identified and two of them have been adopted. The next service review will be presented in September and it will involve the Pajaro Valley Public Cemetery District. The Resource Conservation District's service review will be presented in October and the San Lorenzo Valley Water District's review will be presented in November.

LAFCO staff continues its outreach efforts with local agencies and CALAFCO's conference calls with neighboring LAFCOs.

June 30th marked the end of FY 2019-20. LAFCO's adopted budget ended with a surplus of about \$278,000 which was carried over to the current budget and was used to offset the total apportionments for the funding agencies.

Commissioner Leopold is impressed with the progress of the service reviews and the status of the current budget.

Ms. Steinbruner appreciates the content level of the service reviews. She thinks they will help better manage the CSAs and improve community service.

RECRUITMENT PROCESS

Mr. Serrano reports that July 30th was the last day to submit applications for Commission Clerk. 17 applications have been received. The interviews will begin next week. His goal is to offer the position to the top candidate by September or October and start the hiring process so they can begin as early as the end of 2020 or the beginning of 2021.

CALAFCO ANNUAL CONFERENCE

Mr. Serrano reports that the usual in-person conference structure will not occur. CALAFCO is looking for ways to conduct a virtual conference. The election will still occur for the upcoming vacancies on CALAFCO's Board of Directors.

Pamela Miller adds that the CALAFCO Board discussed a potential virtual conference at their last meeting. They decided not to hold any official virtual conference. The Program Planning Committee had already done quite a bit of work preparing for an upcoming conference. There were three topics identified that would convey well to a virtual format. The Board instructed her to survey the membership to gauge the interest level of attending a 90-minute virtual session on these three topics. If the interest is high enough, CALAFCO will be conducting webinars on these three topics probably during the week of the originally scheduled in-person conference.

The CALAFCO Board elections will be conducted using an electronic ballot. They will also host virtual regional round tables for each of the four regions.

They are still researching legal options for a 501(c)3 to see if they are required to have an annual business meeting. CALAFCO's bylaws and policies do not require this but they want to make sure they are in full compliance. If a meeting is required, they will hold the meeting virtually.

The Annual Achievement Awards program has been postponed. The Awards Committee will take this opportunity to update the current program structure.

Commissioner Jim Anderson asks Ms. Miller what the financial impact will be without having an annual conference.

Ms. Miller says that the board was presented with different options whether to hold a virtual conference or in-house, what the pros and cons would be, and if they hired a professional firm to hold a virtual event. All options created a structural deficit for CALAFCO. They continue to rely on the built-in 15% net profit off the conference to help balance the budget, as per their policies. None of the options would provide the 15% net profit. CALAFCO's budget ended last fiscal year with a good enough net balance to sustain the organization without having to rely on reserves.

If there is enough interest in these virtual sessions at no cost, realizing that most LAFCOs will be financially strapped as well, they will reach out to the associate members who are typically generous sponsors for conferences. They hope these members will continue to support CALAFCO by providing funds for these sessions.

Commissioner Leopold thanks Ms. Miller and CALAFCO for providing Zoom to all the LAFCOs. It continues to be an effective way to meet with people. It is disappointing that the annual conference is cancelled. He looks forward to participating in the 90-minute webinar and the regional roundtable.

He thought he read in the newsletter that the operational costs of the association are now covered by the dues. He asks if this is accurate.

Ms. Miller replies that there have been some internal changes that have caused some issues. CALAFCO is assuming that all 58 LAFCOs will retain their membership, given the recent increase in dues. The second change that they were forced to adhere to due to the passage of AB 5 is that the two primary consultants who serve CALAFCO, the Executive Director and Administrator, will now be transitioning to an employee status. Effective September 1st, both of those positions will become employees and this creates a host of additional expenses that are new to CALAFCO. Now CALAFCO is required to have employer insurance, workers compensation insurance, payroll taxes and other costs they never had to pay for before. There was a substantial increase in expenses after the discussion of operational costs a year or two ago.

Commissioner Leopold wants to acknowledge the passing of Bill Chiat who was the former Executive Director of CALAFCO. He was a great leader and a valuable asset to CALAFCO. He was supportive to Ms. Miller when she became Executive Director.

Ms. Miller adds that CALAFCO approved the formation of the Bill Chiat Memorial Educational Scholarship Fund. The sessions that CALAFCO University offers were created by Mr. Chiat. This scholarship fund will allow CALAFCO to pay registration for educational events, the workshop, the conference, and CALAFCO University's sessions for those who might need it.

Chairperson Roger Anderson knew Mr. Chiat all through his connection with CALAFCO. When he was first on the CALAFCO board, it was an amateurish group and Mr. Chiat helped to polish up the organization by professionalizing the newsletter, the budget, and other tasks he was responsible for that made the organization move smoother. He was the CALAFCO Chair during Mr. Chiat's tenure and he was an enormous help during the difficulties of establishing a regional makeup of the board. He will miss Mr. Chiat's friendship, guidance and professionalism.

Clerk Means adds that on behalf of Santa Cruz LAFCO, a sympathy gift was sent to Mr. Chiat's partner.

Chairperson Roger Anderson would like to have some degree of socializing at the conference. In between the sessions and business sessions, he hopes there will be breakout groups where people can network. This is an important part of the conference. He is happy that the regional roundtables will continue but it would be good to promote more informal discussions between individuals at the conference.

Many LAFCOs will be saving a lot of money by not attending an in-person conference. Paying for registration, transportation and lodging can be costly. Some of the LAFCOs may be willing to contribute some of these savings to CALAFCO to offset the losses the organization is experiencing by not having these conferences or workshops.

Ms. Steinbruner asks why CALAFCO made the decision to turn the consultants into employees since it has increased the operational expenses.

Ms. Miller answers that the Legislature recently passed AB 5 which is a law that requires certain categories of consultants to become employees. Their legal counsel researched the subject to determine whether or not the Executive Director and the Administrator were exempt. In order for CALAFCO to comply with the law, those two positions needed to transition to employee status. The board approved it so that CALAFCO is in compliance with State law.

MOTION AND ACTION

Motion: Leopold Second: R. Anderson	To designate Jim Anderson as the Voting Delegate for CALAFCO's Board of Directors election. Motion passes with a unanimous voice vote.
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MOTION AND ACTION

Motion: Leopold Second: Friend	To nominate Rachel Lather on a special district seat as a director on the CALAFCO board for the Coastal Region. Motion passes with a unanimous voice vote.
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PRESS ARTICLES

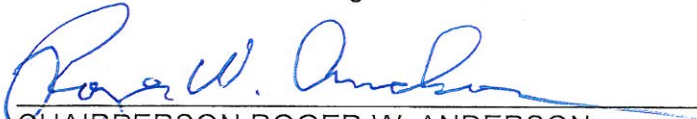
Mr. Serrano acknowledges the passing of Allison Endert who worked with Supervisor Ryan Coonerty, Joe Gunter who was the Mayor of Salinas and a former Monterey LAFCO Commissioner and Bill Chiat, CALAFCO's former Executive Director who was a friend and LAFCO legend.

COMMISSIONERS' BUSINESS

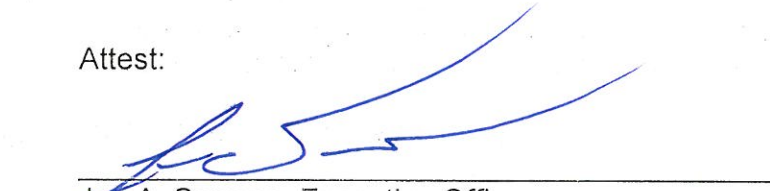
Alternate Banks discloses that as a member of the governing board of Cabrillo College, they are in the process of figuring out whether the college should be renamed. Any feedback can be relayed to the college president.

ADJOURNMENT

The next LAFCO meeting is scheduled for 9:00 a.m. Wednesday, September 2, 2020.


CHAIRPERSON ROGER W. ANDERSON

Attest:


Joe A. Serrano, Executive Officer