



PROCEEDINGS OF THE  
LOCAL AGENCY FORMATION COMMISSION  
OF SANTA CRUZ COUNTY

Wednesday, September 2, 2020  
9:00 a.m.

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

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The September 2, 2020 Santa Cruz LAFCO meeting is called to order by declaration of Chairperson Roger Anderson.

**ROLL CALL**

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

For the record, there is a quorum.

**EXECUTIVE OFFICER'S MESSAGE**

Mr. Serrano reports that this LAFCO is now using CALAFCO's Zoom Webinar account for regularly scheduled LAFCO meetings. Under this platform, Commissioners and staff will have complete control over their webcams and microphones. Members of the public will still be able to hear and view presentations and discussions. There will be an opportunity to provide comments to the Commission during the public comment period for each agenda item. For those joining via teleconference call, pressing \*9 will raise their hand. Members of the public can provide comments by submitting an email which will be read by the Commission Clerk, or they can raise their hand having up to three minutes to address the Commission on any agenda item. After three minutes are up, they will be muted.

For transparency, the Commission Clerk will be administering any roll call vote for any Commission action.

**MINUTES**

**MOTION**

Motion: J. Anderson Second: Cummings	To approve August 5 <sup>th</sup> minutes. Motion carries with a unanimous voice vote.
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## **PUBLIC HEARINGS**

### **SERVICE AND SPHERE REVIEW FOR THE PAJARO VALLEY PUBLIC CEMETERY DISTRICT (PVPCD)**

Mr. Serrano reports that PVPCD was formed in 1955 to offer cost effective burial services in five cemeteries. The District encompasses the southern portion of Santa Cruz County including the City of Watsonville and the northern portion of Monterey County. Due to the multi-county jurisdiction, State law identifies a principal county to be responsible for any boundary changes involving either county. Santa Cruz County is, and continues to be, the principal county. Therefore, Santa Cruz LAFCO is responsible for any future boundary change, including sphere amendments.

The District has experienced financial distress in four of the last six years. This negative trend may continue unless changes are made. One possible change would be adopting a Capital Improvement Plan since PVPCD does not currently have one. A long term plan would help earmark necessary funds for future improvement projects and may improve their budgetary practices.

The District recently launched their own website that fulfills the requirement under SB 929. This bill requires all independent special districts to have a website by January 1, 2020. The District's General Manager is ensuring that all the necessary documents outlined in SB 929 are available online.

PVPCD has a coterminous sphere. Their sphere of influence boundary is the same as its jurisdictional limits. Prunedale in Monterey County is one of two unserved areas outside the District. Staff is recommending that the sphere boundary be reaffirmed with the notion that Monterey and Santa Cruz LAFCOs work together to address these unserved areas by adding these areas into the sphere of influence for PVPCD or the neighboring Castroville Cemetery District in Monterey County.

He acknowledges the General Manager, Susie Miller, and Commissioner Ed Banks for their assistance in completing this report.

Christopher Carpenter, a member of the public, wonders about their financial deficit over the last several years and why it has continued.

Mr. Serrano says that based on their financial performance between 2011 and 2020, their expenditures and revenue streams fluctuate. They receive most of their revenue from property taxes and their expenditures fluctuate over time. They have new leadership with Susie Miller as their General Manager. This past year, they ended with a surplus and they should be able to continue that outcome with their new budgetary practices.

Commissioner Leopold asks about the issue of endowment since it is usually an issue with cemeteries and how they take care of properties in the long term in perpetuity. He did not see any financial information about it except for endow care last year.

Mr. Serrano attended a PVPCD board meeting last month and noted that endowment is a primary issue. The District is currently gathering documentation to identify paid endowments and how to keep track more effectively going forward.

Alternate Banks, who is on the District's board, adds that PVPCD is in the process of re-evaluating its entire endowment care program. They discovered that endowment care funds have been underutilized for appropriate uses. Some grave sites that were purchased years ago were never fully paid for. They counted about 40 or 50 grave sites that could be re-utilized if the present owners or families that initially started ownership proceedings are no longer available. These sites could be reclaimed.

Endowment care is discussed at almost every board meeting. They want to upgrade and maintain Pioneer Cemetery which has homeless issues. With the development of a CIP, new management, and a new administrative staff person with financial and bilingual experience, they will be better off in the future.

Commissioner Leopold thinks endowments and CIPs are important for cemeteries. He asks what the cost is for a burial.

Alternate Banks replies that it is very affordable. A double depth, single plot, with endowment care costs \$1,650. He does not think they have raised rates in the past year except for one item which was raised by \$50. Their rate scale is meant to be very competitive and mindful of the economic circumstances of their clientele.

One of the District's issues is a lack of space. They are dealing with a commercial real estate broker to see what lands may be available in the future. There is a significant demand for grave burials which reflects the surrounding community.

Commissioner Leopold asks if they allow people outside of the District to be buried in their cemeteries.

Alternate Banks answers that they have to be a resident of PVPCD.

Mr. Serrano notes that Appendix B of the service review includes costs and services offered by PVPCD as of July 2020.

Chairperson Roger Anderson says that property taxes have increased substantially in recent years and property taxes provides most of their funding, but that could change if there is a recession. He wonders what their CalPERS liability is. There have been considerable increases over the last ten years in benefit costs.

Mr. Serrano replies that the District only has two administrative staff members. They should see a decrease in their overall benefit cost because of the recently added staff member.

Alternate Banks adds that they have five grounds people and they all contribute to their retirement benefit. They recently signed a new actuarial study contract with a firm that will help insure they stay current with CalPERS' retirement obligations. They want to be able to properly fund retiree benefits.

Chairperson Roger Anderson wonders what the constraints and feasibilities might be to establish another cemetery district in Santa Cruz County.

Mr. Serrano does not know of a cemetery district being established in the 12 years he has worked for LAFCO. A typical course of action would be expanding existing cemetery districts. A new cemetery district in Santa Cruz County is possible and can be initiated by the residents or a community. He believes this Commission could also initiate such an action but there are financial



implications when establishing a new special district. The CKH Act and this Commission's policies encourage expansion of existing districts rather than creating a new single purpose district.

#### MOTION AND ACTION

Motion: J. Anderson Second: Lather	To adopt the draft Resolution No. 2020-22 approving the 2020 Service and Sphere of Influence Review for PVPCD with a few minor corrections and three conditions: <ul style="list-style-type: none"><li>• that the sphere be reaffirmed,</li><li>• that Santa Cruz LAFCO coordinate with Monterey LAFCO to address the two unserved areas, and</li><li>• that copies of the review be distributed to PVPCD and Monterey LAFCO.</li></ul> Motion passes with a unanimous voice vote.
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#### PROPOSED POLICY UPDATES

Mr. Serrano reports that this is an ongoing effort to review all of the Commission's policies. The Indemnification Agreement was adopted in 1995 and was last reviewed in 2015. Staff is not recommending any major edits other than addressing outdated language, updating the indemnification form, and implementing the new standard policies format for consistency.

The Certificate of Filing Policy was adopted in 1981 and has not been updated since. The proposed modifications clarify how the application is deemed complete and ready for Commission consideration. It identifies what to do if an application is inactive.

The Protest Proceedings Policy was adopted in 2001 and has not been updated since. This is more of a resolution than a policy. Due to the importance of the information in the Protest Proceedings Policy, staff is proposing a complete revamp of the policy.

Staff received comments from Becky Steinbruner regarding this policy. Her main concerns deal with Government Code Section 57077. Other than a protest proceeding, automatic elections are not required for the affected residents. Government Code Section 57077 does require an election but only for specific city-related actions such as incorporations of a new city or when two cities are merged into one. These are rare circumstances which have financial implications which is why State law requires an automatic election rather than a standard protest proceeding. All other common boundary changes such as annexations or the upcoming fire consolidation between Central and Aptos La Selva FPDs may have an election only if it is triggered through a protest proceeding.

Ms. Steinbruner's other comment was about the validity of protest petitions. This is done by LAFCO coordinating with the appropriate County departments to identify the registered voters and landowners within the affected area. Protest proceedings can be confusing and that is why staff has updated this policy to clearly show its process. The information outlined in the proposed policy was extracted from the Cortese-Knox-Hertzberg Act and shown in a more straight forward manner which makes it easier to understand rather than looking at the code section in LAFCO law.

Becky Steinbruner, an Aptos resident, thanks Mr. Serrano for answering her questions and concerns. She understands that this is all based on a level of protest, but it leaves the public's recourse to protest. She wishes there would be more positive language when people are voting for some cause rather than against it. All agencies in an action should hold public hearings.



She does not believe there has been any public meetings for the fire consolidation to give the affected public any information since the meeting at Cabrillo College. There has been no meeting to explain how the consolidation would affect the level of service to all areas, especially the more rural areas, and what would be the cost. She thinks there should have to be a certain number of public meetings within a certain timeframe.

Mr. Serrano answers that CKH outlines LAFCO's process from the time an application is received to the steps for it to be ready for Commission consideration. Once it is presented to the Commission at a public meeting, the Commission can approve, deny, or modify an application. There are still steps after a Commission takes action. There is a 30-day Request for Reconsideration, a protest proceeding which takes anywhere from 21 to 60 days allowing residents to submit opposition. It is very difficult to get residents to take any action whether it is in support or opposition. State law has identified that if there is a certain threshold of residents that oppose, it would challenge Commission action.

This fire consolidation has been discussed and analyzed for several years now. In 2018, a feasibility study was adopted by the fire districts. This past year, LAFCO staff has been keeping the Commission updated with this consolidation application. The fire districts have been discussing their consolidation efforts at their public meetings and several resolutions were adopted. It is up to the residents to participate in these discussions.

One of LAFCO staff's goals is to be transparent with the LAFCO process. This policy is an attempt to be as transparent as possible. When the Commission takes action, and it requires resident action if they oppose, there is a threshold to trigger an election or even terminate the Commission's action.

Commissioner Leopold appreciates staff for cleaning up LAFCO policies. These continued efforts help bring clarity. He understands the confusion about protest proceedings. CALAFCO has a long term project about initiating a major two-year process to rework the protest provisions, based upon work that originated with San Diego LAFCO but is actually a reflection of all the LAFCOs.

Chairperson Roger Anderson asks if all possible configurations of incorporated, inhabited, uninhabited and size have been exhaustive.

Mr. Serrano attempted to identify any boundary change related to protest proceedings with descriptions and context. Typically, boundary changes, such as annexations, consolidations, and dissolutions, follow the same protest thresholds. This policy is similar to other LAFCOs' protest proceeding policies. He referred to his past experience with policy updates for other LAFCOs such as Orange, San Bernardino, and Monterey.

His goal is to update all of these policies and compile all of them into one Policies and Procedures Handbook at the end of the year. Each year following, the Commission can review, clean up or modify areas in the entire policy handbook with one action.

#### MOTION AND ACTION

Motion: Leopold Second: Lather	To adopt draft Resolutions No. 2020-23, 2020-24 and 2020-25 approving the amendments to the Indemnification Agreement, the Certificate of Filing Policy and Protest Proceedings Policy. Motion passes with a unanimous voice vote.
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## OTHER BUSINESS

### INACTIVE APPLICATIONS

Mr. Serrano reports that last May, the Commission inquired whether there were any inactive applications on file. LAFCO staff reviewed all past applications since 2000. Most of these applications were presented to the Commission and approved. Others were either denied or pulled during the LAFCO process.

Staff identified three inactive applications that are still on file. Two of them involve UC Santa Cruz where one of them requested an extraterritorial service for sewer and water from the City of Santa Cruz and the other was a concurrent city sphere amendment. These two applications have been inactive for almost nine years. The third application was also an extraterritorial service request but it was asking for service from the City of Watsonville. It was approved by the Commission in 2016 but the applicant never connected to the City for water service even though the Commission approved two time extensions.

The Commission has a policy which indicates that if a proposal is inactive for over one year, the application should be closed. Staff has drafted letters notifying the applicants that these proposals will be closed in accordance with the Commission's adopted policy.

Chairperson Roger Anderson asks if there has been any response from affected parties.

Mr. Serrano answers no.

Ms. Steinbruner inquires about UC Santa Cruz' connection to sewer and water service from the City of Santa Cruz. She thinks they were already receiving water service.

Mr. Serrano replies that this was an application to receive water and sewer service for a proposed development on campus. That development did not transpire. He thinks the University is now working on a new Long Range Development Plan that includes a different area of the campus.

Commissioner Leopold suggests including this Commission's policy with the letters. It may be worth correcting in the next round of amendments to take out the pronouns to make any reference of the Executive Director being a man and less gender specific.

Mr. Serrano agrees.

Chairperson Roger Anderson would like to have the agenda packets be in a searchable pdf format.

Mr. Serrano adds that staff is hoping to ensure the agenda packets are searchable. The older agendas from 2018 and older are not searchable.

Commissioner Jim Anderson recalls that the Commission approved moving the sphere to the actual service area. It was challenged by the University.

Mr. Serrano thinks that these applications were still "open". They may have been considered by the Commission but it was not finalized. He can verify this.



## MOTION AND ACTION

Motion: Cummings Second: Leopold	To approve these letters with the applicable policy included, notifying the applicants of the termination of their inactive proposal. Motion passes with a unanimous voice vote.
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## GRAND JURY REPORT

Mr. Serrano reports that the Grand Jury shared their fire report with LAFCO on June 30<sup>th</sup> and requested that this Commission provide comments to the report by October 1<sup>st</sup>. There are seven areas in the report that require LAFCO feedback. He appreciates the Grand Jury's fire report.

The main point in the draft comment letter is the emphasis of the upcoming comprehensive service review involving all of the fire districts. This report will continue the Grand Jury's discussion and provide technical analysis on the past, current and future service delivery of these fire districts. This will be an important document in light of recent events.

He has experience working on similar comprehensive reviews when he worked for San Diego and Monterey LAFCOs. He sees similarities between San Diego and their fires in 2008 and how LAFCO played a role afterwards. This letter is fulfilling the Grand Jury's request and will also serve as the first notification of this upcoming service review.

An email from Ms. Steinbruner asks about the level of analysis the review will have, and whether staff will meet the Grand Jury's June 2021 deadline to complete the service reviews for all of the fire districts. The Commission adopted a multi-year work program in November of 2019 which identifies all of the service reviews for the next five years. Based on this schedule, a comprehensive service for the fire districts will be presented to the Commission by October 2021. Staff will continue to follow this schedule unless the Commission makes changes.

A service review for the fire districts will be a detailed analysis similar to the review done last October for the sanitation districts. This will require coordination with the fire districts and may take time to complete. Following the Commission's direction, this review can be completed by a different date other than what is outlined in the work program.

Ms. Steinbruner read the Grand Jury report and she thinks it is shocking. She asks LAFCO to put more teeth into their responses. She thinks a County unified group should be established to review the fire risk management policies and recommendations, and that the Emergency Management Council and fire chiefs be included.

Mr. Serrano adds that staff's analysis will be included in the upcoming service review that will fulfill statutory requirements regarding sphere and service determinations. There are several factors that will be analyzed, including what the Grand Jury report highlighted. There will be additional evaluations of the existing fire districts, the types of services they provide, identifying strategic partnerships, and other collaborations with other organizations that may or may not be under LAFCO's purview. Identifying best practices and areas of improvement will be analyzed in the review. Addressing all of the fire districts will be time consuming but valuable not only for the Commission but for the fire districts and the public. The service review may serve as a foundation for additional levels of improvement. It should be completed in October 2021 or sooner if the Commission wishes.

Mark Esquibel, a long time Santa Cruz resident, asks why the County only updates the Hazard Plan every five years when it has the largest population of residents in the State living in a high-risk wildfire area. This Hazard Plan has not been updated since September 2015. He asks if there will be a higher priority placed given the recent fires.

Mr. Serrano replies that these questions will be analyzed in LAFCO's service review. Identifying which documentation is available and when updates are required will be considered. He is assuming that the County will be working on another 5-year plan.

Commissioner Leopold supports the responses to the Grand Jury. In 2007, this LAFCO did a fairly extensive survey of South County fire districts which made recommendations but were not accepted by the agencies. LAFCO cannot force these recommendations to happen. For many years, LAFCO and the Grand Jury have identified the consolidation of districts as being a positive move.

Commissioner Jim Anderson has been involved in fire service for many years and he agrees with Commissioner Leopold. There are four San Lorenzo Valley fire departments and they are all volunteer-based. If these four districts are consolidated into one big volunteer fire department, not much is gained. The next step would probably be to transition into paid fire personnel so there is full-time staffing. There are sleepers at the Felton FPD so they are more of a "quasi-department".

Chairperson Roger Anderson is interested in scoping what their upcoming review will cover. He is not sure additional planning would have helped in having COVID in addition to local fires this year. He would like to have a baseline to consider what the most important issues should be covered in the review. He suggests continuing this discussion in the next two agendas.

Mr. Serrano adds that staff is willing to draft a scope of what should be covered in this comprehensive report. The Commission can modify or add to the scope and staff will have direction on what will be analyzed next year.

#### MOTION AND ACTION

Motion: Leopold Second: J. Anderson	To approve the letter to be submitted to the Grand Jury before the October 1 <sup>st</sup> deadline. Motion passes with a unanimous voice vote.
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#### LEGISLATIVE UPDATE

Mr. Serrano reports that the legislature reconvened in late July and its primary focus since returning has been essential bills. Of the 11 LAFCO-related bills in circulation, four of them died, four have been enrolled, and three of them may be considered next year.

Staff has been tracking AB 1140 over the last few months. The bill involves the ongoing fire consolidation effort between Aptos/La Selva and Central FPDs. It would allow their existing pension obligations to be transferred over to the successor agency upon the completion of the consolidation. The bill is in its final stages before being presented to the Governor for approval.

Ms. Steinbruner has been following AB 1140 and she has found it difficult to get information. She would like a brief summary about what this bill would do. She supports an efficient consolidation but she still wants more information about how it will affect those served by both fire districts in terms of level of service and cost.



Mr. Serrano discusses the bill process and notes how it went through the Assembly and was introduced by Assembly Member Mark Stone and co-authored by Senator Bill Monning. Once it was modified to its final language, it went through several committees before it was presented and analyzed by the Senate and deemed ready for the Governor's approval. He tracks legislative bills using <https://leginfo.legislature.ca.gov/> website.

One of the main issues of consolidation is the financial burden and pension obligations. Without this bill, current pension plans may be subject to change following consolidation. This bill will allow the existing pension benefits to remain the same under the new successor agency. This bill does not change any other CalPERS obligations for any other fire districts besides Aptos/La Selva and Central FPDs. There has been no opposition to this bill.

Commissioner Leopold says that people initially want LAFCO to follow the Grand Jury report's goals, but as the process moves forward toward those goals, there are some that will still question its purpose. Even with interest and dedication on behalf of their boards and employees, it is complicated and time-consuming to work through all of the details of consolidating two fire districts. He is glad this bill went through without opposition.

## **WRITTEN CORRESPONDENCE**

Mr. Serrano reports that Ms. Steinbruner's written correspondence was posted on LAFCO's website.

Ms. Steinbruner adds that there is existing legislation SB 824 which extends moratoriums for another year against insurance cancellations or the refusal to institute new policies in counties that have been declared a State of Emergency for fire. It extends to Santa Cruz County.

## **COMMISSIONERS' BUSINESS**

Mr. Esquibel says that plans can be updated more frequently when necessary and appropriate. County residents living in high risk areas would benefit if the County would update the wildfire section of the Hazard Mitigation Plan or create a lower level detailed and actionable plan annually to account for the changing conditions. He wants more of a priority placed on this issue.

Mr. Serrano acknowledges Mr. Esquibel's request. It may be outside LAFCO's purview at this time but it may be addressed as part of the upcoming service review.

Commissioner Lather wonders if there is an emergency process through LAFCO for interagency aid.

Mr. Serrano says public agencies ask about this when they want to establish an agreement that addresses emergencies, fire delivery or sharing of services. Under Government Code Section 56133, there are exemptions. One of the exemptions is if a public agency wants to provide service to another public agency, this does not require LAFCO action. These strategic partnerships, collaborations, agreements or contracts among two or more public agencies do not need LAFCO approval.

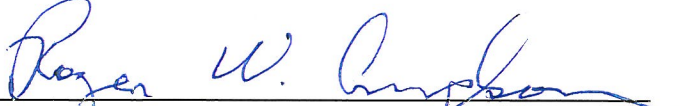
LAFCO's recent service reviews have been inviting more collaborations with their neighboring agencies which would benefit their residents, their constituents, and the districts when appropriate.

Ms. Lather helped with an extraterritorial service agreement for Cemex in Davenport when she was a civil engineer for Public Works. She is concerned because San Lorenzo Valley Water District's pipes were melted during the recent fires. There is an emergency need for potable water after the fires.

Mr. Serrano adds that if Soquel Creek Water District wanted to provide temporary water to SLVWD, those types of agreements are contracts that do not have to go through LAFCO.

## ADJOURNMENT

The next LAFCO meeting is scheduled for 9:00 a.m. Wednesday, October 7, 2020.

  
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CHAIRPERSON ROGER W. ANDERSON

Attest:

  
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Joe A. Serrano, Executive Officer