



PROCEEDINGS OF THE
LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

Wednesday, February 3, 2021
9:00 a.m.

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

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The February 3, 2021 Santa Cruz LAFCO meeting is called to order by declaration of Vice-Chairperson Lather. There are currently 13 public attendees joining this meeting.

ROLL CALL

Present and Voting:	Commissioners Jim Anderson, Roger Anderson, Coonerty, Estrada, Friend and Vice-Chairperson Lather
Absent:	Cummings
Alternates Present:	Banks, Brooks, Hunt, Koenig
Alternates Absent:	None
Staff:	Joe A. Serrano, Executive Officer Daniel H. Zazueta, LAFCO Counsel Debra Means, Commission Clerk Chris Carpenter, Commission Clerk

For the record, there is a quorum.

EXECUTIVE OFFICER'S MESSAGE

Mr. Serrano reports that under this Zoom webinar platform, Commissioners have complete control over their webcams and microphones. Webcams and microphones have been disabled for the general public but they have the ability to hear staff presentations and any Commission discussion on all the items. If the public wishes to speak on any agenda item, they can raise their hand on the Zoom platform or they can press *9 if they have joined by conference call. They can also email comments and the Commission Clerk will read those comments on their behalf. The Commission Clerk will provide a roll call vote for any item on the agenda that requires action.

He welcomes the recently-appointed County representatives on LAFCO. Zach Friend continues to be a regular member, Ryan Coonerty is now a regular member after being an alternate member, and Manu Koenig is the new LAFCO alternate Commissioner.

Staff has been invited to do a presentation on a potential consolidation with San Lorenzo Valley and Scotts Valley Water Districts. He will provide an overview of the entire consolidation process. This overview will be presented February 4th to San Lorenzo Valley Water District and February 11th to Scotts Valley Water District.

MINUTES

Mr. Serrano reports that Becky Steinbruner emailed a request regarding the draft minutes for the January meeting. Her proposed edits deal with her comments to the Commission. Staff does not have any issues implementing her edits into the minutes.

Ms. Steinbruner thanks staff for implementing her comments into the minutes. She wanted to add that someone who spoke at the fire consolidation hearing said what many people are concerned about. She hopes staff will find out her name and insert it into the minutes for the record.

Mr. Serrano clarifies that there are two separate minutes that are proposed for approval. There is the January 6th regular meeting minutes and protest hearing minutes which will be discussed later in this agenda.

MOTION

Motion: Friend Second: Coonerty	To approve LAFCO's January 6 th regular meeting minutes with edits from Becky Steinbruner. Motion carries with a unanimous voice vote.
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ORAL COMMUNICATIONS

Ms. Steinbruner is happy to hear about a possible consolidation between Scotts Valley and San Lorenzo Valley water districts. She hopes LAFCO will consider a consolidation between Soquel Creek Water District and the City of Santa Cruz' water department and thinks it would be a logical effort. She realizes both agencies would both have to favor such a consolidation.

PUBLIC HEARINGS

CENTRAL AND APTOS / LA SELVA FIRE CONSOLIDATION – PROTEST RESULTS

Mr. Serrano reports that one of the final steps in the consolidation process is to conduct a protest proceeding. This 35-day protest proceeding allowed residents within the consolidated area to voice their opposition by submitting a petition.

The final day to submit petitions was January 6th which was the same day as the protest hearing. It was a final opportunity for residents who opposed the consolidation to voice their concerns and provide petitions of opposition. At that hearing, there were no additional petitions submitted. LAFCO received zero petitions of opposition during this time period. This reflects the full transparency conducted by the districts to inform and engage the residents about the consolidation and its benefits.

Staff wrote minutes for the protest hearing and Ms. Steinbruner submitted edits for these minutes. Staff reviewed her proposed edits and found no issues except for the first line about neither fire districts' website nor the LAFCO website including information about how to connect to the protest hearing. This protest hearing was available on LAFCO's website and over 30 people attended the meeting.

Vice-Chair Lather asks about this other woman Ms. Steinbruner mentioned.

Mr. Serrano replies that there was an Aptos/La Selva resident that spoke and her comments were implemented in the hearing minutes. Unfortunately, she did not provide her name.

Ms. Steinbruner thanks Mr. Serrano for consideration of her proposed edits. She could not find the information about the protest hearing on either fire district's website. She understands the information was on the LAFCO website but she could not easily find it.

The post card that the fire districts sent out made no mention of the protest hearing and the way to connect to the meeting. She thinks there were difficulties for members of the public to easily find the information.

She asked for an in-person meeting within the fire districts and was told it was not possible even though both fire boards still continue to have in-person board meetings. She thinks an in-person meeting should have been done for the public.

Commission Clerk Means received a Zoom chat message from Sarah Melton who works for Aptos / La Selva FPD. The message from her says the protest hearing was announced on the front page of both websites and it had a link to the meeting information on LAFCO's website. Ms. Steinbruner had difficulty finding the exact link. For this meeting, they made sure to post the link on both fire districts' websites and on social media pages. Post cards were sent out for the protest hearing but the link information was not available when the post cards were sent out, so the link was not included on the card.

Mr. Serrano adds that these draft minutes were not required but it is important to have documentation to support the ongoing transparency effort.

MOTION

Motion: Friend Second: Coonerty	To adopt draft Resolution No. 2021-02 that certifies the results of the petition proceedings for the protest and adopt the protest hearing minutes with Ms. Steinbruner's edits minus the first sentence. Motion passes with Commissioner Roger Anderson abstaining.
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BLAKERIDGE LANE / BLAKE AVENUE EXTRATERRITORIAL SERVICE AGREEMENT

Mr. Serrano reports that this application involves a single landowner who wants to receive water service from the City of Watsonville. Due to its location, the best option is an extraterritorial service agreement. Under Government Code 56133, LAFCOs can approve the delivery of municipal services outside an agency's jurisdictional limits if certain criteria are met.

This Commission has a policy regarding extraterritorial service agreements. LAFCOs encourage annexation when areas or parcels want to receive municipal services such as water from an agency. Ideally, LAFCOs want parcels annexed into a city if they want to receive water.

This parcel is located outside City limits, outside Watsonville's sphere of influence, and located in the unincorporated area of Corralitos. The City provides water service to the Corralitos area which is outside its jurisdictional limits but within their "water service area." The City's water service area has existed for a long time.

Based on Government Code Section 56133 and the requirements within this Commission's policy, LAFCO staff has determined that annexation is not practical, but it does meet the criteria for an extraterritorial service agreement. The City is already providing water service to the neighboring properties.

Lisa Burgstrom, the applicant and landowner adds that an extraterritorial service agreement for this parcel was previously approved by this Commission and was extended several times. Due to inactivity, that application was terminated and she had to reapply.

Mr. Serrano confirms that this proposal was presented to the Commission and approved several years ago. It was extended several times. Last year, the Commission identified proposals that were inactive including Ms. Burgstrom's previous application. The old proposal was closed and the landowner resubmitted a new application.

Commissioner Roger Anderson asks if the extraterritorial approval is valid for two years.

Mr. Serrano answers that the two-year limitation occurs when the extraterritorial service agreement is located outside an agency's jurisdiction but within the sphere of influence so that annexation occurs at a later date. In the past, this Commission has put a two-year limit but due to the location, he does not see the need for a two-year limit. It will be up to the landowner when to hook up to water. He does not recommend a time limit for this proposal.

Commissioner Roger Anderson says there was a two-year limit on this proposal last time and it was extended for several years afterwards. He asks why not a limit this time.

Mr. Serrano answers that the two-year limit is not a legal requirement under Government Code Section 56133. A time limit occurs when the extraterritorial service agreement is located outside an agency's jurisdiction but within its sphere boundary. Extraterritorial service agreements are supposed to be a temporary mechanism but when they are way outside the jurisdictional limits, he does not see a need for the two-year limit.

Vice-Chair Lather notices that there are houses all the way down the pipeline corridor.

Mr. Serrano says the City's water service area has infrastructure that extends all the way to Corralitos. Some of the surrounding properties are already receiving water from the City and that is why the City provided a will serve letter. There is infrastructure nearby to accommodate this parcel.

There is a similar situation with the City of Santa Cruz where their water service area extends outside City limits. A few years ago, this Commission adopted an extended extraterritorial service agreement covering that water service area so that residents do not have to come to LAFCO individually to ask for approval. If any resident wants to connect to the City's water, they can go directly to the City.

* Commissioner Jim Anderson exits the meeting.

MOTION

Motion: Friend Second: Estrada	To adopt draft Resolution No. 2021-03 approving the extraterritorial service agreement with the City of Watsonville. Motion passes with Commissioner Jim Anderson not available to vote.
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* Commissioner Jim Anderson returns to the meeting.

COUNTY SERVICE AREA (CSA) 60 DISSOLUTION

Mr. Serrano reports that CSA 60 is located in the unincorporated area of Brookdale and is known as Huckleberry Island. CSA 60 was formed in August 2015 to help provide funding for the construction of a bridge and road maintenance. There are about 40 residents who live in Huckleberry Island.

State law requires LAFCOs to conduct municipal service reviews which are similar to audits but it goes beyond the financial health of an agency. The review looks at best practices and the level of services. A service and sphere review was completed in March 2020. Based on the analysis, CSA 60 has been inactive for over five years.

Staff visited CSA 60 and there is a new bridge that has been constructed but the County's Public Works County Service Area program did not help construct or fund the bridge. CSA 60 has not collected any revenues or incurred any costs for more than five years. Public Works has not conducted any work for CSA 60.

There is a new law that requires inactive districts to be dissolved and this is determined by the State Controller's Office. This Commission deferred adopting the sphere update during their March 2020 meeting to allow the residents and the County to jumpstart CSA 60's activity. This gave the residents an opportunity to express whether CSA 60 is still needed and if so, they would need to develop an action plan. That plan can be provided to the State Controller's Office to prevent them from being identified on the inactive districts list. Once a district is identified on that list, State law requires that district to be dissolved.

The sphere update was deferred to August 2020 to give the residents and the County enough time to develop a plan but no action was taken. By November, the State Controller's Office sent a letter to LAFCO indicating that CSA 60 does meet the criteria of being an inactive district and they require LAFCO to dissolve CSA 60 within 90 days.

MOTION

Motion: R. Anderson Second: Lather	To adopt draft Resolution No. 2021-04 approving the dissolution of County Service Area 60 as an inactive special district. Motion passes with a unanimous voice vote.
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OTHER BUSINESS

UC SANTA CRUZ LONG RANGE DEVELOPMENT PLAN – DRAFT EIR COMMENT LETTER

Mr. Serrano reports that UC Santa Cruz has developed a Long Range Development Plan (LRDP) to help identify potential housing for faculty and students. LAFCO staff has identified five project areas that are outside Santa Cruz City limits. Under State law, when an entity wants an area to have municipal services from a public agency such as water or sewer, they are required to get LAFCO approval.

Staff drafted a comment letter to inform the University that if they move forward with these five projects and they want municipal services, they will have to get approval from LAFCO. Staff understands the University's intent and their goals to identify housing for their students and faculty so the letter details four potential options for the University to consider.

The first option would be to focus on development within City limits so the University would not have to get LAFCO's approval for projects outside the City. The second option is to consider an extraterritorial service agreement as per Government Code Section 56133. The third option is to annex the five areas in question which is allowed under Government Code Section 56375. This would annex the areas into the City to allow that area to receive municipal services. This third option would probably be the best approach for the University since half of the campus is already in the City of Santa Cruz.

The fourth option would be to annex the entire remaining campus area into the City. Currently, 51% of the campus is within City limits. Annexing the remaining 49% of the campus would allow the University and the City to strategically collaborate on future developments without having to receive further LAFCO approval.

The intent of this comment letter is to inform the University, but also be a resource to them as they move forward with their LRDP. He hopes one of these four options is a viable alternative.

Morgan Bostic is a recent UC Santa Cruz graduate and an advocate for Santa Cruz City-County Task Force to Address UCSC Growth. This task force is a working group of City and County elected officials that was formed in response to local ballot Measure U which passed in 2018 with 77% of the voters. The measure contains specific policies to restrain UCSC growth and insure mitigation and all of its impacts on campus.

Measure U directs the City Council to participate in reviewing and commenting on the LRDP's Environmental Impact Report (EIR). In an effort to insure full mitigation of all adverse impacts of any proposed growth on the Santa Cruz community, particularly regarding housing, traffic, public transportation and public services like water and public safety.

Over the past two months, the task force has initiated a public campaign informing the community about the details of UCSC's plans and has been encouraging the public to participate on their own or through a task force sponsored working group. As of now, over 40 community members have participated in topic specific working groups.

The task force would like to express their appreciation to LAFCO for submitting comments on the draft EIR and encourages LAFCO to continue participating actively in EIR process. The 2021 LRDP estimates 43% of the housing and 8% of the academic and support space will be located outside the municipal services boundary. Therefore, LAFCO will play a central role in determining the ability for UCSC to achieve their growth targets and ensuring natural resources and public utilities are stewarded responsibly.

Ms. Steinbruner appreciates LAFCO addressing this issue. There are two upcoming virtual meetings regarding UCSC's LRDP. She hopes Commissioners will participate in those meetings. She attended some previous scoping meetings for the EIR and she brought up the water issue.

She also mentioned how the water director for the City of Santa Cruz indicated that the City's water demand increase for the next 20 years would be zero. She does not understand how that could be with all of the proposed developments in downtown Santa Cruz and UCSC. She also said that UCSC implements such progressive water conservation measures that the City's water demand increase for UCSC and other areas of the City is zero because of new technology in plumbing, for example.

The City of Davis and Yolo County had similar issues with UC Davis' plan to expand and their problems with housing. They went through mediation and she hopes Santa Cruz County and the City of Santa Cruz will follow similar steps. She thinks it would be wise to annex the whole campus to address water, sewage and other City services.

Mr. Serrano agrees with Ms. Steinbruner. LAFCO staff will participate in the upcoming UCSC meetings. Staff received an email from a resident regarding the draft comment letter and he supported the draft comment letter and its findings. He suggested emphasizing the Commission's water policy. The policy should be included in the letter with more detail. The draft comment letter should have the water policy and the proposal policy included as attachments.

Commissioner Roger Anderson adds that UC Davis failed in getting Yolo County and the City of Davis to cooperate. Davis campus is also in Contra Costa County and is the only campus located in two counties. He understands that it was through Contra Costa County that UC Davis got permission to develop. This information does not have to be included in the letter but he would like more information about this.

Vice-Chair Lather thinks UC Davis is actually in Solano County as well as Yolo County.

Commissioner Jim Anderson wonders about the third option and whether the second option would be tied together.

Mr. Serrano replies that assuming the University applies for an extraterritorial service agreement, LAFCO can include a condition that says an annexation should occur at a later date. The timing can be modified. The second and third options could be tied together and it can be discussed with the University once an application is submitted.

Commissioner Jim Anderson wonders about the City's "zero sum game" mentioned by Becky Steinbruner. When LAFCO went through this with the University last time, they claimed it was a "zero sum game" then. Since then, the National Oceanic Atmospheric Administration and the Department of Fish and Game have increased restrictions on drawing water from the North Coast streams. He does not understand how it could be a "zero sum game".

Commissioner Roger Anderson asks what happens to the Urban Services Line (USL) once it climbs up the east side of the campus.

Mr. Serrano answers that the USL is a boundary the County has adopted. It is coterminous with the City's jurisdictional and sphere boundaries on the north and west side.

Commissioner Coonerty thinks it is important that LAFCO assert its role to make sure laws are followed and meaningful mitigations are put in place. The University believes they are exempt from LAFCO. It should be clear in the letter that LAFCO has statutory authority over this issue. UCSC did reduce its water and traffic usage dramatically. They have housed two-thirds of their new enrollment on campus from their last LRDP. They signed a binding court settlement agreement that focused on the impacts and needs of University growth but it made sure that there were sufficient mitigations.

This time, the University is talking about housing 100% of the new enrollment on campus and 25% of faculty and staff. He thinks they can mitigate water and traffic impacts. The UC Davis and Yolo County agreement failed because it was a “best efforts” approach and this approach means it sometimes cannot or will not be implemented. A binding agreement with UCSC would be better because it would put appropriate infrastructure in place for their growth. This would be a service to the community since they bear much of the impact of the housing crisis and traffic, for examples. It would also be of benefit to the students where many of them cannot afford housing and education prices. It is in the best interest to have a partnership between the University, the City and the County to reach a binding agreement so that growth is done to reduce impacts on students, faculty, staff and the community.

MOTION

Motion: Coonerty Second: R. Anderson	To approve draft comment letter with Mr. Serrano’s additions. Motion carries with a unanimous voice vote.
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COMPREHENSIVE QUARTERLY REPORT – SECOND QUARTER (FY 2020-21)

Mr. Serrano says this report is provided to the Commission every three months to note the projects LAFCO is working on and the status of the service reviews, work program and the budget.

The Commission’s budget is financially stable. 99% of anticipated revenue has been received as of the end of the second quarter which ends December 31st. It has incurred 36% of its anticipated expenses. Staff wants to stay 50% or below anticipated expenses by the end of the second quarter so the budget continues to be in a healthy state.

FIRE CONSOLIDATION UPDATE (LAFCO PROJECT No. DC 20-02)

Mr. Serrano reports that all the terms in the resolution and the remaining conditions have been met so this consolidation is ready to be recorded. The effective date will be the same as the recordation date. Staff plans on recording the consolidation on February 4th so the new fire district will be official as of Thursday, February 4, 2021.

He appreciates the efforts from both fire district boards, their staff, their unions and the residents. This was a collective effort. The guidance from this Commission really made this a successful consolidation. This will be a model for future consolidations. His goal is to replicate this process for the potential water consolidation between San Lorenzo Valley and Scotts Valley water districts. This fire consolidation process was very transparent and engaging for the residents and the affected parties. It was an example of good government.

Ms. Steinbruner congratulates everyone who worked hard on this fire consolidation. She was present at some meetings where the consolidation idea was presented and it did not go over well with the governing boards of the two fire agencies.

She is confident the level of service will be good under the direction of Chief Walbridge. He is very responsive to the public and will be a good leader. She is also glad to see the improvement in risk reduction throughout the consolidated district.

She supports this consolidation. She lives in one of the islands that has not been annexed but Aptos / La Selva FPD does serve her community.

She was disappointed with the resistance from Aptos / La Selva FPD's board to allow any consideration of changes in the successor fire board. She commends Central FPD for choosing fresh members who are not worn out from consolidation efforts. She praises the new consolidated district for taking on a new approach of district-based elections for the board in the future.

Chief Walbridge thanks and appreciates Ms. Steinbruner's comments. He thanks Mr. Serrano, the Commission, the fire board of directors, all the staff, and the constituents for all of their help. It was a difficult process and there is much work to be done about aligning the two fire districts' organizations.

Commissioner Friend adds that there has been a lot of support for this consolidation. When it started several years ago, there were many concerns from the community, the fire boards and the unions. With LAFCO's leadership, it was a textbook case of outreach and transparency. It took extensive effort behind the scenes and in public to insure people understood the value of this consolidation.

He thinks it is rare to end up being this smooth of a process. It is a real testament to the outreach of both fire districts and all the work involved.

Counsel Zazueta congratulates everyone for their successful efforts. There was some concern over the motion to certify the protest results. He clarifies that when a Commissioner moves the recommended actions, it is a motion for everything that is part of that item which includes the resolution to certify the protest.

WRITTEN CORRESPONDENCE

LETTERS FROM CALAFCO AND THE COUNTY OF SANTA CRUZ

Mr. Serrano reports that staff received correspondence from CALAFCO identifying their 2021 events calendar. CALAFCO is optimistic that they will be able to conduct some in-person events this year. Unfortunately, the upcoming Staff Workshop scheduled for March has been cancelled due to the ongoing pandemic. CALAFCO plans on hosting some virtual meetings and workshops.

Staff also received a letter from the County about a vacancy on the Redevelopment Agency Oversight Board. Redevelopment Agencies (RDAs) were dissolved in 2011. In order to oversee

the funding distribution that would have been paid to the RDAs, a successor agency was formed in each county with various representatives from cities, school districts and special districts.

LAFCO has no purview over RDAs or their successor agency. State law does identify LAFCO as the entity that helps with the election process when there is a special district seat open for that board.

A Call for Nominations was sent in early January requesting applications to be due by the end of February. Any board member from a district that receives RDA funding is eligible. Staff is hoping to get at least two applications to have a regular and an alternate member of that board.

Alternate Banks asks if there are specific criteria for all County agencies holding virtual meetings. He says his Cemetery District is trying to find a common ground for when they can meet in person versus virtual meetings.

Mr. Serrano answers that this Commission is following the Governor's Executive Order that indicates there should be virtual meetings during this pandemic. That order is still in place and that is why this Commission is conducting virtual meetings until that order is lifted.

The County has a hybrid approach where some of their Supervisor board meetings are held at a physical location in the Chambers but they are socially distant and some of their Supervisors are present while the remaining Supervisors are attending virtually. This works for some agencies due to the size of their boards. It would not work for LAFCO because there are 11 Commissioners and it would be more complicated wearing masks and abiding by social distancing. It depends on the districts and how they can safely conduct their meetings.

Commissioner Coonerty adds that the Board of Supervisors meetings are completely virtual now.

Alternate Banks says the Cemetery District's issue is physical limitation. If any members of the public wish to attend, physical distancing would be impossible. He thinks their board should go totally virtual until further notice.

CLOSED SESSION

Vice-Chair Lather reports that the closed session will cover the performance evaluations for LAFCO staff.

BACK IN OPEN SESSION: ANNOUNCEMENTS FROM CLOSED SESSION

Counsel Zazueta reports that staff's performance evaluations were reviewed. The Commission will consider a salary increase during the next regularly scheduled LAFCO meeting.

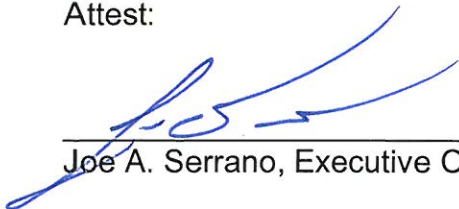
ADJOURNMENT

The next LAFCO meeting is scheduled for 9:00 a.m. Wednesday, March 3, 2021.



JUSTIN CUMMINGS, CHAIRPERSON

Attest:



Joe A. Serrano, Executive Officer