



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

701 Ocean Street, #318-D
Santa Cruz, CA 95060
Phone Number: (831) 454-2055
Website: www.santacruzlafco.org
Email: info@santacruzlafco.org

REGULAR MEETING AGENDA

**Wednesday, May 5, 2021
9:00 a.m.**

Attend Meeting by Internet: <https://us02web.zoom.us/j/86207987283?pwd=T3ptY25XaHYvZmtBS1Bhby80bFd1dz09>
(Webinar ID: 862 0798 7283)

Attend Meeting by Conference Call: **Dial 1-669-900-6833 or 1-253-215-8782**
(Passcode is 815497)

TELECONFERENCE MEETING PROCESS

Based on guidance from the California Department of Public Health and the California Governor's Office, in order to minimize the spread of the COVID-19 virus, Santa Cruz LAFCO has established a temporary meeting process:

- a) Commission Quorum: The Governor's Executive Order (N-29-20) indicates that a quorum can consist of Commissioners in person or via teleconference during these unique circumstances. This regular LAFCO meeting will be conducted remotely. A roll call vote will occur on each agenda item that requires Commission action.
- b) Public Comments: For those wishing to make public comments remotely, please submit your comments by email to be read aloud at the meeting by the Commission Clerk. Email comments must be submitted to the Commission Clerk at info@santacruzlafco.org. Email comments on matters not on the agenda must be submitted prior to the time the Chair calls for Oral Communications. Email comments on agenda items must be submitted prior to the time the Chair closes public comments on the agenda item.

For those wishing to speak during the online meeting, you must inform LAFCO staff of this request prior to the start of the meeting. If that has occurred, and after being recognized by the Chair, the identified individual will be unmuted and given up to 3 minutes to speak. Following those 3 minutes, their microphone will be muted.

- c) Accommodations for Persons with Disabilities: Santa Cruz LAFCO does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs, or activities. If you are a person with a disability and wish to attend the meeting and you require special assistance in order to participate, please contact the Commission Clerk at (831) 454-2055 at least 24 hours in advance of the meeting to make arrangements. Persons with disabilities may request a copy of the agenda in an alternative format.

1. ROLL CALL

2. EXECUTIVE OFFICER'S MESSAGE

The Executive Officer may make brief announcements in the form of a written report or verbal update, and may not require Commission action.

a. Remote Meeting Protocol

The Commission will receive an update on the ongoing remote meeting process.

Recommended Action: No action required; Informational item only.

3. ADOPTION OF MINUTES

The Commission will consider approving the minutes from the April 7, 2021 Regular LAFCO Meeting.

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

4. ORAL COMMUNICATIONS

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

5. PUBLIC HEARINGS

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

a. Service and Sphere Review for Scotts Valley Water District

The Commission will consider the adoption of a service and sphere of influence review for Scotts Valley Water District.

Recommended Actions:

- 1) Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
- 2) Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for Scotts Valley Water District, and review and update, as necessary;
- 3) Determine, pursuant to Government Code Section 56430, that LAFCO is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
- 4) Adopt LAFCO Resolution (No. 2021-11) approving the 2021 Service and Sphere of Influence Review for Scotts Valley Water District with the following conditions:

- a. Update the District's current sphere of influence to include areas already served by SVWD and within the District's jurisdictional boundary;
- b. Coordinate with the SVWD to analyze possible annexations of the eight unserved areas substantially surrounded or immediately adjacent to the water district; and
- c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Scotts Valley Water District and any other interested or affected parties, including but not limited to the City of Scotts Valley and the San Lorenzo Valley Water District.

6. OTHER BUSINESS

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

a. Special Districts Regular & Alternate Seats – 2021 Election Results

The Commission will consider certifying the results on the recent election process for the vacancies on LAFCO and the Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board.

Recommended Action: Adopt the draft resolutions (No. 2021-12 and 2021-13) certifying the results of the recent election process.

b. Comprehensive Quarterly Report – Third Quarter (FY 2020-21)

The Commission will receive an update on active proposals, multi-year work program, adopted budget, recent and upcoming meetings, and other activities.

Recommended Action: No action required; Informational item only.

7. WRITTEN CORRESPONDENCE

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

8. PRESS ARTICLES

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

a. Press Articles during the Months of March and April

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

Recommended Action: No action required; Informational item only.

9. COMMISSIONERS' BUSINESS

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

10. LEGAL COUNSEL'S REPORT

LAFCO's Legal Counsel may make brief announcements in the form of a written report or verbal update, and may not require Commission action.

11. CLOSED SESSION

Pursuant to State law, a closed session may be held to appoint, employ, evaluate the performance of, discipline, or dismiss a public employee. Prior to the closed session, the public is invited to address the Commission regarding the closed session items.

a. Conference with Legal Counsel – Significant Exposure to Litigation

Pursuant to: Government Code Section 54956.9(d)(2) – 1 Potential Case

12. ANNOUNCEMENTS FROM CLOSED SESSION

The Chair and/or Legal Counsel will indicate whether there were any reportable actions from the Closed Session.

13. ADJOURNMENT

LAFCO's next regular meeting is scheduled for Wednesday, June 2, 2021 at 9:00 a.m.

ADDITIONAL NOTICES:

Campaign Contributions

State law (Government Code Section 84308) requires that a LAFCO Commissioner disqualify themselves from voting on an application involving an "entitlement for use" (such as an annexation or sphere amendment) if, within the last twelve months, the Commissioner has received \$250 or more in campaign contributions from an applicant, any financially interested person who actively supports or opposes an application, or an agency (such as an attorney, engineer, or planning consultant) representing an applicant or interested participant. The law also requires any applicant or other participant in a LAFCO proceeding to disclose the amount and name of the recipient Commissioner on the official record of the proceeding.

The Commission prefers that the disclosure be made on a standard form that is filed with the Commission Clerk at least 24 hours before the LAFCO hearing begins. If this is not possible, a written or oral disclosure can be made at the beginning of the hearing. The law also prohibits an applicant or other participant from making a contribution of \$250 or more to a LAFCO Commissioner while a proceeding is pending or for 3 months afterward. Disclosure forms and further information can be obtained from the LAFCO office at Room 318-D, 701 Ocean Street, Santa Cruz CA 95060 (phone 831-454-2055).

Contributions and Expenditures Supporting and Opposing Proposals

Pursuant to Government Code Sections §56100.1, §56300(b), §56700.1, §59009, and §81000 et seq., and Santa Cruz LAFCO's Policies and Procedures for the Disclosures of Contributions and Expenditures in Support of and Opposition to proposals, any person or combination of persons who directly or indirectly contributes a total of \$1,000 or more or expends a total of \$1,000 or more in support of or opposition to a LAFCO Proposal must comply with the disclosure requirements of the Political Reform Act (Section 84250). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. Additional information may be obtained at the Santa Cruz County Elections Department, 701 Ocean Street, Room 210, Santa Cruz CA 95060 (phone 831-454-2060).

More information on the scope of the required disclosures is available at the web site of the Fair Political Practices Commission: www.fppc.ca.gov. Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).

Accommodating People with Disabilities

The Santa Cruz Local Agency Formation Commission does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs or activities. The Commission meetings are held in an accessible facility. If you wish to attend this meeting and you will require special assistance in order to participate, please contact the LAFCO office at 831-454-2055 at least 72 hours in advance of the meeting to make arrangements. For TDD service the California State Relay Service 1-800-735-2929 will provide a link between the caller and the LAFCO staff.

Late Agenda Materials

Pursuant to Government Code Section 54957.5 public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be available to the public at Santa Cruz LAFCO offices at 701 Ocean Street, #318D Santa Cruz CA 95060 during regular business hours. These records when possible will also be made available on the LAFCO website at www.santacruzlafco.org. To review written materials submitted after the agenda packet is published, contact the Commission Clerk at the LAFCO office or in the meeting room before or after the meeting.



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

DRAFT MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, April 7, 2021

Start Time - 9:01 a.m.

Due to COVID-19, this meeting was conducted remotely pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, which suspended certain requirements of the Ralph M. Brown Act.

1. ROLL CALL

Chair Justin Cummings called the meeting of the Local Agency Formation Commission of Santa Cruz County (LAFCO) to order at 9:00 a.m. and welcomed everyone in attendance. He asked the Commission Clerk to conduct roll call.

The following Commissioners were present:

- Chair Justin Cummings
- Vice-Chair Rachél Lather
- Commissioner Jim Anderson
- Commissioner Roger Anderson
- Commissioner Ryan Coonerty
- Commissioner Francisco Estrada
- Commissioner Zach Friend
- Alternate Commissioner Ed Banks
- Alternate Commissioner Yvette Brooks
- Alternate Commissioner John Hunt

The following LAFCO staff members were present:

- Executive Officer Joe Serrano
- Commission Clerk Debra Means (Outgoing)
- Commission Clerk Chris Carpenter (Incoming)
- Legal Counsel Daniel Zazueta

2. EXECUTIVE OFFICER'S MESSAGE

Executive Officer Joe Serrano announced that the Commission meeting is being conducted virtually through the Zoom Webinar platform and participation by Commissioners and staff are from remote locations. Members of the public have complete access to the meeting by phone or online.

3. ADOPTION OF MINUTES

Chair Justin Cummings requested public comments on the draft minutes. **Executive Officer Joe Serrano** noted no public comments were received. **Chair Justin Cummings** closed the public comments.

Chair Justin Cummings called for the approval of the draft minutes. **Commissioner Jim Anderson** motioned for approval of the March 5th Meeting Minutes and **Commissioner Roger Anderson** seconded the motion.

Chair Justin Cummings called for a roll call vote on the approval of the draft minutes with no changes. **Commission Clerk Chris Carpenter** conducted a roll call vote on the item.

MOTION: Jim Anderson
SECOND: Roger Anderson
FOR: Jim Anderson, Roger Anderson, Ryan Coonerty,
Justin Cummings, Francisco Estrada, Zach Friend, Rachél Lather
AGAINST: None
ABSTAIN: None

MOTION PASSED: 7-0

4. ORAL COMMUNICATIONS

Chair Justin Cummings requested public comments on any non-agenda items. **Executive Officer Joe Serrano** noted no public comments were received. **Chair Justin Cummings** closed the public comments.

5. PUBLIC HEARINGS

Chair Justin Cummings indicated that there are two public hearing items for Commission consideration today.

5a. "Pippin Way / Bellflower Way Extraterritorial Service Agreement"

Chair Justin Cummings requested staff to provide a presentation on the proposed extraterritorial service agreement.

Executive Officer Joe Serrano indicated that the proposal was submitted by landowner petition and involved a single parcel and the City of Scotts Valley. The purpose of the proposal is to address a failing septic system. The City informed LAFCO that it was willing and capable of providing sewer service to the property. The proposal meets the legal

criteria under Government Code Section 56133 regarding health and safety issues and the requirements under the Commission's Extraterritorial Service Agreement Policy. LAFCO staff recommends approval of the proposal.

Chair Justin Cummings requested public comments on the proposed extraterritorial service agreement. **Executive Officer Joe Serrano** noted no public comments were received. **Chair Justin Cummings** closed the public comments.

Chair Justin Cummings called for Commission comments on the proposal. **Commissioner Jim Anderson** asked the type of septic system. **Executive Officer Joe Serrano** indicated that it is a standard septic system connected to a single-family home. Mr. Serrano also noted that LAFCO staff will be analyzing the location of all existing extraterritorial service agreements throughout the county in a separate report. This report will be presented later in the year.

Chair Justin Cummings noted no further Commission discussion and called for a roll call vote on the approval of the proposal based on staff's recommendation: **Adopt the draft Resolution (No. 2021-08) approving the extraterritorial service agreement involving the City of Scotts Valley.**

Commission Clerk Chris Carpenter conducted a roll call vote on the item.

MOTION: Rachél Lather
SECOND: Jim Anderson
FOR: Jim Anderson, Roger Anderson, Ryan Coonerty,
Justin Cummings, Francisco Estrada, Zach Friend, Rachél Lather
AGAINST: None
ABSTAIN: None

MOTION PASSED: 7-0

5b. Draft Budget for Fiscal Year 2021-22

Chair Justin Cummings requested staff to provide a presentation on LAFCO's draft budget.

Executive Officer Joe Serrano informed the Commission that State law requires LAFCOs to adopt a draft budget by May and a final budget by June of each year. The draft budget for Fiscal Year 2021-22 totals \$641,850, which represents a decrease of 2.3% from the current budget (FY 2020-21 = \$657,100). LAFCO's primary source of revenue is the allocations from the County, the 4 cities, and the 22 special districts. The total allocation amount of \$399,300 represents a zero increase when compared to the last two adopted budgets. LAFCO staff recommends approval of the draft budget for Fiscal Year 2021-22.

Chair Justin Cummings requested public comments on the draft budget. **Executive Officer Joe Serrano** noted no public comments were received. **Chair Justin Cummings** closed the public comments.

Chair Justin Cummings called for Commission comments on the draft budget. The Commission did not have any questions for staff on this item.

Chair Justin Cummings called for a roll call vote on the approval of the draft budget based on staff's recommendation: **Adopt the draft resolution (No. 2021-09) approving the draft budget for Fiscal Year 2021-22.**

Commission Clerk Chris Carpenter conducted a roll call vote on the item.

MOTION: Zach Friend
SECOND: Ryan Coonerty
FOR: Jim Anderson, Roger Anderson, Ryan Coonerty,
Justin Cummings, Francisco Estrada, Zach Friend, Rachél Lather
AGAINST: None
ABSTAIN: None

MOTION PASSED: 7-0

6. OTHER BUSINESS

Chair Justin Cummings indicated that there are two business items for Commission consideration today.

6a. Legislative Update

Chair Justin Cummings requested staff to provide a presentation on this year's legislative session and any LAFCO-related bills.

Executive Officer Joe Serrano indicated that LAFCO continues to monitor all LAFCO-related bills, including the 2021 Omnibus Bill. This bill is co-sponsored by the California Association of LAFCOs (CALAFCO) and addresses non-controversial edits to the Cortese-Knox-Hertzberg Act. The Legislature is currently soliciting letters of support for the Omnibus Bill. LAFCO staff recommends that the Commission take a "Support" position and submit a letter of support to the bill's author.

Chair Justin Cummings requested public comments on the legislature update and proposed letter of support. **Executive Officer Joe Serrano** noted no public comments were received. **Chair Justin Cummings** closed the public comments.

Chair Justin Cummings called for Commission comments on the legislative update and proposed letter of support. The Commission did not have any questions for staff on this item.

Chair Justin Cummings called for a roll call vote on the Commission's position towards this year's Omnibus Bill based on staff's recommendation: **Take a "Support" position on AB 1581 and direct the Executive Officer to submit a letter to the bill's author declaring the Commission's position.**

Commission Clerk Chris Carpenter conducted a roll call vote on the item.

MOTION: Zach Friend
SECOND: Roger Anderson
FOR: Jim Anderson, Roger Anderson, Ryan Coonerty,
Justin Cummings, Francisco Estrada, Zach Friend, Rachél Lather
AGAINST: None
ABSTAIN: None

MOTION PASSED: 7-0

6b. Resolution of Appreciation for Commission Clerk Debra Means

Chair Justin Cummings requested staff to provide a presentation on the proposed resolution of appreciation for Debra Means.

Executive Officer Joe Serrano indicated that Debra Means will be retiring as the Commission Clerk after 19 years of dedicated service. The resolution notes that Ms. Means assisted in the processing of over 150 applications during her tenure. Mr. Serrano noted that representatives from Assembly Member Mark Stone's Office and CALAFCO have resolutions of appreciation to present as well.

Chair Justin Cummings requested public comments on Debra Means' retirement.

Maureen McCarty from Assembly Member Mark Stone's Office presented a resolution of appreciation on behalf of the California Senate. **Pamela Miller**, CALAFCO's Executive Director, presented a certificate of appreciation on behalf of the CALAFCO Board. **Former Commissioner John Leopold** extended his appreciation to Debra for all her help in completing LAFCO's mission. **Fire Chief John Walbridge** from Central Fire District wrote an email expressing his gratitude towards Debra and her assistance in completing the recent fire consolidation and answering all his local government questions.

Executive Officer Joe Serrano noted no further public comments were received. **Chair Justin Cummings** closed the public comments.

Chair Justin Cummings called for Commission comments on Debra Means' retirement.

Commissioner Zach Friend noted how Debra was the heart and soul of the LAFCO office. **Vice-Chair Rachél Lather** highlighted their long-lasting friendship and was proud of her accomplishments. **Commissioner Roger Anderson** will miss Debra's good humor and expertise shown throughout her career. **Commissioner Jim Anderson** echoed the sentiments from the previous Commissioners and thanked Debra for all her help throughout the years. **Commissioner John Hunt** noted that as a new Commissioner he really appreciated Debra's assistance in understanding LAFCO's role in the county. **Commissioner Ryan Coonerty** praised Debra's hard work and commitment to public service. **Chair Justin Cummings** appreciated Debra's support when he was a new Commissioner and her willingness to help the Commission and the public better understand LAFCO's role and responsibilities. **Commissioners Ed Banks, Yvette Brooks, and Francisco Estrada** also thanked Debra for her time as the Commission Clerk.

Chair Justin Cummings called for a roll call vote on the approval of the draft resolution based on staff's recommendation: **Adopt the draft resolution (No. 2021-10) extending the Commission's appreciation for Ms. Means' distinguished public service.**

Commission Clerk Chris Carpenter conducted a roll call vote on the item.

MOTION: Rachél Lather
SECOND: Jim Anderson
FOR: Jim Anderson, Roger Anderson, Ryan Coonerty,
Justin Cummings, Francisco Estrada, Zach Friend, Rachél Lather
AGAINST: None
ABSTAIN: None

MOTION PASSED: 7-0

7. WRITTEN CORRESPONDENCE

Chair Justin Cummings inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** indicated that there were none received. **Chair Justin Cummings** moved to the next item since no Commission action was required.

8. PRESS ARTICLES

Executive Officer Joe Serrano indicated that this item highlights LAFCO-related articles recently circulated in local newspapers. **Chair Justin Cummings** moved to the next item since no Commission action was required.

9. COMMISSIONERS' BUSINESS

Chair Justin Cummings inquired whether any Commissioner would like to share information pertaining to their local government activities. There were no comments. **Chair Justin Cummings** moved to the next item since no Commission action was required.

10. LEGAL COUNSEL'S REPORT

Legal Counsel Daniel Zazueta informed the Commission that the City of Santa Cruz has asked whether LAFCO would consider joining the lawsuit between UCSC and the City regarding a dispute over the provision of municipal services within the University's campus but outside the City's jurisdictional boundary. The Commission will conduct a closed session at the next regularly scheduled meeting to discuss this matter. **Chair Justin Cummings** moved to the next item since no Commission action was required.

11. ADJOURNMENT

Chair Justin Cummings adjourned the Regular Commission Meeting at 9:52 a.m. to the next regular LAFCO meeting scheduled for Wednesday, May 5, 2021 at 9:00 a.m.

JUSTIN CUMMINGS, CHAIRPERSON

Attest:

JOE A. SERRANO, EXECUTIVE OFFICER

DRAFT



Santa Cruz Local Agency Formation Commission

Date: May 5, 2021
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Service and Sphere Review for Scotts Valley Water District**

SUMMARY OF RECOMMENDATION

LAFCO periodically performs municipal service reviews and sphere of influence updates for each agency subject to LAFCO's boundary regulations. As part of the Commission's Multi-Year Work Program, LAFCO staff has drafted a service and sphere review for Scotts Valley Water District ("District") and scheduled a public hearing.

It is recommended that the Commission take the following actions:

1. Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for Scotts Valley Water District, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, that LAFCO is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt LAFCO Resolution (No. 2021-11) approving the 2021 Service and Sphere of Influence Review for Scotts Valley Water District with the following conditions:
 - a. Update the District's current sphere of influence to include areas already served by SVWD and within the District's jurisdictional boundary;
 - b. Coordinate with the SVWD to analyze possible annexations of the eight unserved areas substantially surrounded or immediately adjacent to the water district; and
 - c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Scotts Valley Water District and any other interested or affected parties, including but not limited to the City of Scotts Valley and the San Lorenzo Valley Water District.

EXECUTIVE OFFICER'S REPORT:

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

Purpose & Key Findings

The goal of this analysis is to accomplish the Commission's direction to complete a service and sphere review for the District under the Multi-Year Work Program and fulfill the service and sphere determinations under the Cortese-Knox-Hertzberg Act. The following are the main conclusions of the report:

1. The District provides water services to an estimated 12,000 constituents.

SVWD currently provides water service to a population of 11,800 through approximately 4,300 residential, commercial, and institutional connections, and fire services. The District operates and maintains a potable water distribution system that includes groundwater wells, treatment facilities, storage tanks, pump stations, pressure regulating stations and distribution mains and services to meet the potable water demands of its customers. The District delivers approximately 1,100 to 1,200 acre feet per year (AFY) of potable water to its customers. LAFCO staff projects that the entire population of SVWD will reach 12,200 by 2040.

2. The District is financially sound.

SVWD's financial ability to provide services is well-established. The District has successfully kept operating costs below its operating revenue since 2017. Four of the last six audited financial statements had an overall annual surplus ranging from \$260,000 to \$2.2 million. As of June 30, 2020, the District is operating with a net fund balance of approximately \$17 million.

3. The District has a capital improvement plan in place.

SVWD adopts a capital improvement plan every year as part of its annual budget. A total of 15 capital improvement projects are planned to be completed by 2021. The District has also prepared a complete system condition assessment and a 10-year capital improvement plan. The purpose of this long-range plan is to identify and prioritize needs and project costs for planned repair and replacement to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner.

4. The District is complying with website requirements under State law.

State law now requires all independent special districts to maintain and operate a website as of January 1, 2020. SVWD continues to provide a large array of information on their website. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in Senate Bill 929, including but not limited to LAFCO's adopted services reviews.

5. The District is one of two agencies that provides water services to Scotts Valley.

The City of Scotts Valley currently receives water service primarily from the SVWD but also the San Lorenzo Valley Water District (SLVWD). By having two water providers, the residents of Scotts Valley are subject to two different boards, policies, and water rates. It may be beneficial for the City, the two water districts, and LAFCO to collaborate and determine the most efficient method of providing water service to the entire Scotts Valley community.

6. The District's sphere of influence requires an update.

The last sphere amendment occurred in November 2016. Based on staff's analysis, a total of eight unserved areas that are substantially surrounded or immediately adjacent to the water district should be annexed in the foreseeable future. The size of these areas range from 0.24 to 96 acres. Additionally, there are some areas served by the District that are not reflected in the sphere boundary. LAFCO staff is recommending that the sphere boundary include these areas.

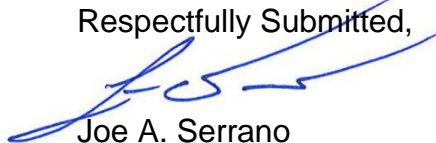
Environmental Review

LAFCO staff has conducted an environmental review for the draft service and sphere review in accordance with the California Environmental Quality Act (CEQA). Staff has determined that the service and sphere review is exempt because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and the activity is not subject to CEQA (Section 15061[b][3]). A Notice of Exemption, as shown in **Attachment 2**, was recorded on April 6.

Agency Coordination and Public Notice

A hearing notice for this draft service review was published in the April 13th issue of the Santa Cruz Sentinel (**Attachment 3**). The draft service and sphere review is attached to this staff report. Due to the size of the report, the appendices are not included in the attached service review. The complete service and sphere review, with all appendices, is available on LAFCO's website: <https://www.santacruzlafco.org/reviews/>. An administrative draft of the report was shared with Piret Harmon, the District's General Manager. This allowed the District an opportunity to review LAFCO staff's findings and provide corrections and/or feedback. Ms. Harmon's assistance in completing this service review was appreciated. In conclusion, staff is recommending that the Commission adopt the attached resolution (refer to **Attachment 4**) approving the service and sphere review.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. Service and Sphere Review – Administrative Draft (without Appendices)
2. Environmental Determination – Categorical Exemption
3. Public Hearing Notice
4. Draft Resolution No. 2021-11

cc: Piret Harmon, Scotts Valley Water District General Manager
Rick Rogers, San Lorenzo Valley Water District General Manager
Tina Friend, Scotts Valley City Manager

Scotts Valley Water District

Service and Sphere of Influence Review



Administrative Draft (May 5, 2021)

Local Agency Formation Commission of Santa Cruz County

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

Website: www.santacruzlafco.org

Phone: (831) 454-2055



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EXECUTIVE SUMMARY

Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries of the Scotts Valley Water District (SVWD). The report will be used by the Local Agency Formation Commission (LAFCO) to conduct a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that LAFCO conduct periodic reviews and updates of Spheres of Influence for all cities and special districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code Section 56430). The District's last service review was adopted on November 2, 2016.

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

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

District Overview

The Scotts Valley Water District was formed in 1961 and operates under the County Water District Law (Sections 30000 et seq. of the California Water Code) for the purpose of developing and providing water for domestic use, fire protection, commercial/industrial use, and recreation in the Scotts Valley area. At present, SVWD provides water service to approximately 4,330 connections covering most of the City of Scotts Valley and the unincorporated communities north of Scotts Valley. The District also distributes recycled water from the Tertiary Treatment Plant owned and operated by the City of Scotts Valley. As of June 30, 2020, residential customers represent approximately 80% of the District's customer base and consume approximately 67% of the potable water produced annually by the District. The District currently has a total of six production wells with a maximum capacity of 1,400 gallons per minute. An overview map, depicting its current jurisdictional and sphere boundaries, is shown as **Figure 1** on page 5.

Sphere of Influence

Santa Cruz LAFCO adopted the first sphere of influence for SVWD on October 16, 1985. The current sphere excludes areas within the District's jurisdictional boundary. The last sphere update occurred in November 2016 as part of the District's last service and sphere review. LAFCO staff is recommending that the sphere boundary be amended to include the areas already served by SVWD, as shown in **Figure 8** on page 30.

Key Findings

The following are key findings of the 2021 Service and Sphere of Influence Review for the Scotts Valley Water District:

1. The District provides water services to an estimated 12,000 constituents.

SVWD currently provides water service to a population of 11,800 through approximately 4,300 residential, commercial, and institutional connections, and fire services. The District operates and maintains a potable water distribution system that includes groundwater wells, treatment facilities, storage tanks, pump stations, pressure regulating stations and distribution mains and services to meet the potable water demands of its customers. The District delivers approximately 1,100 to 1,200 acre feet per year (AFY) of potable water to its customers. LAFCO staff projects that the entire population of SVWD will reach 12,200 by 2040.

2. The District is financially sound.

SVWD's financial ability to provide services is well-established. The District has successfully kept operating costs below its operating revenue since 2017. Four of the last six audited financial statements had an overall annual surplus ranging from \$260,000 to \$2.2 million. As of June 30, 2020, the District is operating with a net fund balance of approximately \$17 million.

3. The District has a capital improvement plan in place.

SVWD adopts a capital improvement plan every year as part of its annual budget. A total of 15 capital improvement projects are planned to be completed by 2021. The District has also prepared a complete system condition assessment and a 10-year capital improvement plan. The purpose of this long-range plan is to identify and prioritize needs and project costs for planned repair and replacement to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner.

4. The District is complying with website requirements under State law.

State law now requires all independent special districts to maintain and operate a website as of January 1, 2020. SVWD continues to provide a large array of information on their website. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in Senate Bill 929, including but not limited to LAFCO's adopted services reviews.

5. The District is one of two agencies that provides water services to Scotts Valley.

The City of Scotts Valley currently receives water service primarily from the SVWD but also the San Lorenzo Valley Water District (SLVWD). By having two water providers, the residents of Scotts Valley are subject to two different boards, policies, and water rates. It may be beneficial for the City, the two water districts, and LAFCO to collaborate and determine the most efficient method of providing water service to the entire Scotts Valley community.

6. The District's sphere of influence requires an update.

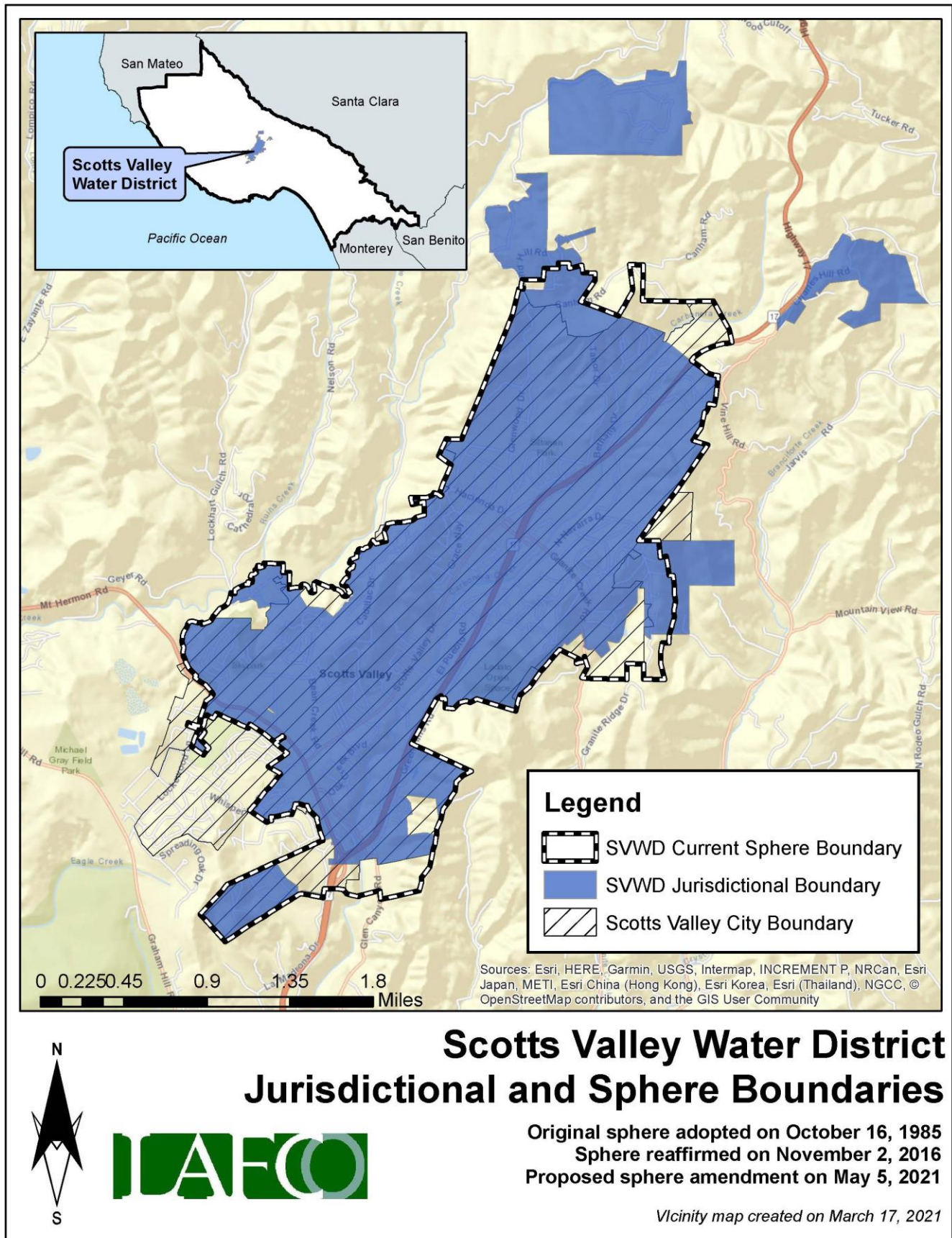
The last sphere amendment occurred in November 2016. Based on staff's analysis, a total of eight unserved areas that are substantially surrounded or immediately adjacent to the water district should be annexed in the foreseeable future. The size of these areas range from 0.24 to 96 acres. Additionally, there are some areas served by the District that are not reflected in the sphere boundary. LAFCO staff is recommending that the sphere boundary include these areas.

Recommended Actions

Based on the analysis and findings in the 2021 Service and Sphere of Influence Review for the Scotts Valley Water District, the Executive Officer recommends that the Commission:

1. Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the Scotts Valley Water District, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt Resolution (LAFCO No. 2021-11) approving the 2021 Service and Sphere of Influence Review for Scotts Valley Water District with the following conditions:
 - a. Update the District's current sphere of influence to include areas already served by SVWD and within the District's jurisdictional boundary;
 - b. Coordinate with the SVWD to analyze possible annexations of the eight unserved areas substantially surrounded or immediately adjacent to the water district; and
 - c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Scotts Valley Water District and any other interested or affected parties, including but not limited to the City of Scotts Valley and the San Lorenzo Valley Water District.

Figure 1: Current Sphere Map



DISTRICT OVERVIEW

History

The SVWD was formed in 1961 as a County Water District under the County Water District Act with the purpose of providing water for domestic, commercial, municipal and firefighting purposes. The District is located six miles north of the City of Santa Cruz, along State Highway 17 and covers approximately six square miles. The District is located in the Santa Cruz Mountains approximately five miles inland from the Monterey Bay and the service boundary runs approximately five miles from north to south and one mile from east to west encompassing the majority of the incorporated area of the City of Scotts Valley and a portion of an unincorporated area north of the City. Notable exceptions to the service area include the Pasatiempo Pines and Mañana Woods subdivisions, Vista Del Lago Mobile Home Park that are served by the San Lorenzo Valley Water District.

The District's customer base is predominantly single and multi-family residential with some commercial, industrial, institutional, recreational and landscape customers. SVWD operates and maintains both a potable water and recycled water distribution system to serve customers within its service boundary. The District delivers approximately 1,100 to 1,200 acre feet per year (AFY) of potable water to its customers. In 2020, recycled water delivery was approximately 180 AFY totaling about 13% of the District's total demand.

A total of 42 boundary changes have been approved by LAFCO, with a 73-acre annexation being last recorded in July 2019. **Table 1**, on pages 7 and 8, provides an overview of all the approved boundary changes since 1965. Today, the District's service area encompasses approximately six (6) square miles, as shown in **Figure 1** on page 5.



Table 1: SVWD Past Boundary Changes

Project Number	Proposal Title	Action Date
60	Jud Annexation to SVWD	11/17/1965
67	Molina Annexation to SVWD	2/16/1966
68	Gregson Annexation to SVWD	2/16/1966
95	Stevens, Seuss, Martin, Gordon, PG & E Annexation to SVWD	9/21/1966
108	Sandhill Annexation No. 1 to SVWD	5/24/1967
132	Green Valley Annexation to SVWD	8/21/1968
145	Ow Annexation to SVWD	11/20/1968
146	Gordon Annexation to SVWD	11/20/1968
219	Glenwood Acres Annexation to SVWD	6/17/1970
248	Montevelle Annexation to SVWD	10/21/1971
249	Steinberg Annexation to SVWD	12/16/1970
304	Graham Annexation to SVWD	4/19/1972
305	Monteith / Church Annexation	3/15/1972
325	Mt. Hermon Rd. Annexation to SVWD	9/20/1972
330	Watkins-Johnson Annexation to SVWD	7/19/1972
341	Fox Annexation to SVWD	10/18/1972
348	Baker Annexation to SVWD	11/15/1972
361	Graham Reorganization from SLVWD to SVWD	6/20/1973
380	Bean Creek Detachment from SVWD	5/8/1974
398	Scottsborough Annexation to SVWD	9/11/1974
404	Lakin Annexation to SVWD	11/13/1974

Project Number	Proposal Title	Action Date
416	Rodriguez Annexation to SVWD	4/2/1975
431	Koon Annexation to SVWD	9/3/1975
445	Fontenay Annexation to SVWD	11/5/1975
516	Casa Way / Highgate Rd. Annexation to SVWD	2/1/1978
520	Kirkorian Annexation to SVWD	4/5/1978
537	Buse Annexation to SVWD	12/6/1978
560	Hatten Annexation to SVWD	7/11/1979
573	Crescent Court (B) Reorganization	7/2/1980
634	Granite Creek Annexation	12/19/1983
647	Interim SOI	10/16/1985
652	Hacienda Dr. / Mills No. 652 Reorganization	12/19/1983
717	Whispering Pines Dr. Reorganization	4/2/1986
743	Granite Creek / Wright Annexation	3/1/1989
782	Making Determinations & Authorizing Proceedings to Reorganize Territory Designated as Green Hills Reorganization	2/5/1992
791	Skypark Reorganization	3/10/1994
792	Valley Gardens Golf Course Reorganization	5/5/1993
792	SOI Amendment to SVWD	5/5/1993
831	Latos Reorganization & Subsequent Sphere Amendment	12/4/1996
923	3132 Glen Canyon Road Extraterritorial Water Service from SVWD	1/9/2008
965	Cumbre Lane Reorganization	3/6/2019
966	Heritage Parks Annexation to SVWD	1/9/2019

Services and Operations

The District operates and maintains a potable water distribution system that includes groundwater wells, treatment facilities, storage tanks, pump stations, pressure regulating stations and distribution mains and services to meet the potable water demands of its customers. The District operates its system facilities primarily through a radio based Supervisory Control and Data Acquisition (SCADA) system. District operators continually assess system supply and demand conditions throughout each day using the SCADA system and make adjustments to system operations as needed. A primary operational objective is ensuring uninterrupted and safe water supply to its customers at all times. The District relies on its local groundwater basin for its entire potable water supply. As a result, water systems operations are driven by groundwater well and treatment plant production. The following section provides a general description of the water system and its operating characteristics.

Pressure Zones

The District operates with a total of thirteen (13) pressure zones, each with a unique hydraulic gradient that provides water service within acceptable operating pressure ranges. Pressure zones are defined as areas of service that are supplied by a source (or combination of sources) that provide a constant hydraulic gradient. Pressure zone boundaries are determined by ground elevations and facility locations. Some of the pressure zones have similar hydraulic gradients but are hydraulically independent from one another due to the location of pump stations or storage tanks.

Each pressure zone is isolated by boundary conditions, such as pumps, pressure reducing stations, storage tanks, and normally closed valves. The hydraulic grade line (HGL) of each pressure zone is generally based on the high-water level of the storage tank serving each respective zone. **Table 2** identifies the District's potable water system pressure zones, their HGL designation, and the facility establishing the HGL for each zone.

Table 2: Pressure Zones (Listed by Distance)

Pressure Zone Name	HGL (distance by feet)	Pressure Zone Facility
1. Green Valley	565	Watkins Johnson PRV
2. Camp Evers (Sequoia)	820	MacDorsa Tank
3. Glenwood	946	Glenwood Tank
4. MacDorsa	961	MacDorsa Tank
5. Hacienda (Closed)	1,052	Hacienda Pump Station
6. Southwood	1,077	Southwood Tank
7. Bethany	1,082	Bethany Tank
8. Monte Fiore (Closed)	1,115	Monte Fiore Pump Station
9. Green Acres No. 2	1,160	Green Acres PRV #2 & #3
10. Villa Fonteney	1,178	Villa Fonteney Tank
11. Sand Hill	1,202	Sand Hill PRV
12. Green Acres No. 1	1,307	Green Acres PRV #1
13. Northridge	1,480	Mt. Roberta Tank

Footnote: PRV means pressure reducing valves

Groundwater Wells

SVWD relies solely on the local groundwater basin for its potable water supply, which is extracted by six (6) groundwater wells, all of which receive treatment to meet potable water quality requirements. **Table 3** provides a summary of the groundwater wells.

Table 3: Groundwater Wells (Listed by Alphabetical Order)

Groundwater Well	Nominal Production (gallons per minute)	Status (Active or Standby)	Water Treatment Plant
3B	320	Active	Orchard Run
Orchard Run	450	Active	Orchard Run
9	90	Active (Emergency)	WTP Well 9
10	0	Abandoned	-
10A	300	Active	WTP Well 10A
11A	100	Active	El Pueblo
11B	300	Active	El Pueblo

Groundwater Treatment Plants

There are four (4) groundwater treatment plants that remove various hazardous materials from the groundwater supply to meet State and Federal water quality requirements. **Table 4** provides a summary of the groundwater treatment plants.

Table 4: Groundwater Treatment Plants (List by Rated Capacity)

Treatment Plant	Rated Capacity (gallons per minute)	Sources	Hazardous Materials	Treatment Regime
Well 9	100	Well 9	Sulfate, MTBE, VOC's, Hydrogen Sulfide	Chlorination, Granular Activated Carbon Filtration
Well 10A	400	Well 10 & Well 10A	Iron, Manganese, VOC's, Hydrogen Sulfide	Air Stripper, Chlorination, Dual Media Filtration, Sequestering Agent, Standby GAC Filtration, PO4 Corrosion Inhibitor
El Pueblo	800	Well 11A & Well 11B	Iron, Manganese, Arsenic, VOC's	pH Adjustment, Chlorination, Dual Media Filtration, Sequestering Agent, PO4 Corrosion Inhibitor
Orchard Run	1,200	Well 3B & Well 7A	Iron, Manganese, Hydrogen Sulfide	Air Stripper, Chlorination, Dual Media Filtration, Sequestering Agent, PO4 Corrosion Inhibitor

Footnote: VOC means volatile organic compounds; a type of VOC is Methyl tertiary butyl ether or "MTBE." MTBE increases octane and oxygen levels in gasoline and reduces pollution emissions.

Pump Stations

SVWD relies on ten (10) pump stations to boost water to higher elevations and storage tanks within the Distribution System. The pumps range in size, type, and capacity. As previously noted, four of these pump stations are co-located at the groundwater treatment plants and convey treated water from the treatment plant sites to the upper hydraulic gradients. Pump stations are critical elements of the District's Distribution System, moving the source water to the higher elevations. **Table 5** provides a summary of these pump stations.

Table 5: Pump Stations (Listed by Number of Pumps)

Pump Station	Nominal Capacity (gallons per minute)	Number of Pumps	Pump Size (HP)	Auxiliary Power
1. Well 9 WTP Booster	200	1	40	Generator Receptacle
2. Sand Hill	240	2	40	Generator Receptacle
3. Crescent	280	2	15	Generator Receptacle
4. Bethany	230	2	15	Generator Receptacle
5. Southwood	150	2	15	Generator Receptacle
6. Monte Fiore	12-15	2	15	On-Site Diesel Generator
7. Hacienda	4-6	2	5	None
8. Well 10A WTP Booster	420	3	20	Generator Receptacle
9. El Pueblo WTP Booster	800	2	40	On-Site Diesel Generator
10. Orchard Run WTP Booster	720	3	75	On-Site Diesel Generator

Footnote: Energy imparted to water by the pump is called water horsepower (HP)

Storage Tanks

SVWD owns, operates, and maintains eight (8) potable water storage tanks, all of which are located above ground. These storage tanks are located on separate sites and range in capacity from 0.03 million gallons (MG) to 1.25 MG providing a total nominal storage capacity of 4.5 MG. The storage tanks provide storage to meet peak demands and emergency storage for fire protection. **Table 6** provides a summary of these water tanks.

Table 6: Storage Tanks (Listed by Nominal Capacity)

Tank	Nominal Capacity (MG)	Material	Pressure Zone Served
1. Villa Fonteney	0.03	Redwood	Villa Fonteney
2. Mt. Roberta	0.05	Redwood	Northridge
3. Bethany	0.40	Welded Steel	Bethany
4. El Pueblo	0.40	Welded Steel	N/A (Clear Well)
5. Southwood	0.52	Bolted Steel	Southwood
6. MacDorsa	0.75	Welded Steel	MacDorsa
7. Glenwood	1.09	Bolted Steel	Glenwood
8. Sequoia	1.25	Welded Steel	Camp Evers

Recycled Water System

The City of Scotts Valley operates the Water Reclamation Facility (WRF) which includes a Tertiary Treatment Plant (TTP). The TTP is used to treat secondary effluent to a tertiary level using chemical coagulation and flocculation, filtration, denitrification, and ultraviolet (UV) disinfection. The effluent meets the California State Water Resources Control Board (SWRCB) Division of Drinking Water Title 22 recycled water standards for disinfected tertiary recycled water. While the City is responsible for producing recycled water, SVWD is responsible for the distribution of the recycled water to irrigation customers in the City of Scotts Valley. The District owns, operates and maintains a storage tank, a recycled water pump station, a pressure reducing station and nearly 6 miles of recycled water distribution mains.

Water Rates

SVWD has established a goal of ensuring that the revenues generated from District customers are sufficient to support all District operations including capital project funding. Accordingly, water rates are reviewed periodically. Water rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (usage) charge and a fixed (readiness-to-serve) charge. **Tables 7 and 8** on pages 13-14 highlight the past and upcoming water rates for SVWD customers. SVWD also set appropriate charges for new connections, which is shown in **Appendix A**. Based on staff's analysis, water rates may increase by an average of 10% in the coming years. It is important to note that SVWD conducts rate studies on a continuous basis. The last rate study was conducted in 2016, as shown in **Appendix B**. It is LAFCO's understanding that the District is currently undertaking another rate study which is expected to lead into a Prop 218 hearing in early fall of 2021.

Table 7: Potable Water Rates (Bi-Monthly Rates)

	2016 (Adopted)	2017 (Adopted)	2018 (Adopted)	2019 (Adopted)	2020 (Adopted)
Basic Meter Charge (By Size)					
5/8"	\$59.93	\$68.92	\$75.82	\$78.09	\$85.90
5/8" Rate Assistance (Residential)	n/a	n/a	\$53.07	\$54.67	\$60.14
5/8" Fire Service (Residential/Commercial)	\$16.30	\$18.75	\$20.63	\$21.25	\$23.38
3/4" (Multi-Residential, including Fire Service)	\$76.23	\$87.67	\$96.45	\$99.34	\$109.27
3/4"	\$94.29	\$108.44	\$119.29	\$122.87	\$135.16
1"	\$101.43	\$116.65	\$128.32	\$132.17	\$145.39
1 1/2"	\$238.39	\$274.15	\$301.57	\$310.62	\$341.68
2"	\$323.68	\$372.24	\$409.47	\$421.75	\$463.93
3"	\$577.08	\$663.65	\$730.02	\$751.92	\$827.11
4"	\$1,009.03	\$1,160.39	\$1,276.43	\$1,314.72	\$1,446.19
6"	\$2,155.44	\$2,478.76	\$2,726.64	\$2,808.44	\$3,089.28
<i>Average Change (%)</i>		+15%	+10%	+3%	+10%
Residential Tiered Rates (Per 1,000 Gal)					
<u>Tiers for Residential Units with Individual Meters</u>					
0 to 6,000	\$4.89	\$5.63	\$6.20	\$6.39	\$7.03
6,001 to 12,000	\$8.59	\$9.82	\$10.77	\$11.09	\$12.20
12,001 to 16,000	\$13.72	\$15.72	\$17.26	\$17.78	\$19.56
Over 16,000	\$16.56	\$18.99	\$20.86	\$21.49	\$23.64
<i>Average Change (%)</i>		+15%	+10%	+3%	+10%
<u>Tiers for Multi-Residential Units with Master Meters</u>					
0 to 6,000	\$4.89	\$5.63	\$6.20	\$6.39	\$7.03
6,001 to 12,000	\$8.59	\$9.82	\$10.77	\$11.09	\$12.20
12,001 to 16,000	\$13.72	\$15.72	\$17.26	\$17.78	\$19.56
Over 16,000	\$16.56	\$18.99	\$20.86	\$21.49	\$23.64
<i>Average Change (%)</i>		+15%	+10%	+3%	+10%
Uniform Rates (Per 1,000 Gal)					
Commercial, Industrial, Institutional	\$11.45	\$13.14	\$14.44	\$14.87	\$16.36
Landscape Potable	\$14.31	\$16.43	\$18.06	\$18.60	\$20.46
Other	\$12.75	\$14.64	\$16.09	\$16.57	\$18.23
Qualifying Medical Needs Residential	\$8.59	\$9.82	\$10.77	\$11.09	\$12.20
Rate Assistance (Residential)	n/a	n/a	\$6.20	\$6.39	\$7.03
<i>Average Change (%)</i>		+15%	+10%	+3%	+10%

Table 8: Recycled Water Rates (Monthly Rates)

	2016 (Adopted)	2017 (Adopted)	2018 (Adopted)	2019 (Adopted)	2020 (Adopted)
Basic Meter Charge (By Size)					
5/8"	\$6.00	\$13.79	\$22.75	\$33.37	\$45.88
3/4"	\$9.43	\$21.69	\$35.79	\$52.49	\$72.18
1"	\$10.15	\$23.33	\$38.50	\$56.47	\$77.64
1 1/2"	\$23.84	\$54.83	\$90.48	\$132.70	\$182.46
2"	\$32.37	\$74.45	\$122.85	\$180.17	\$247.74
3"	\$57.71	\$132.73	\$219.01	\$321.22	\$441.67
4"	\$100.91	\$232.08	\$382.93	\$561.64	\$772.25
6"	\$215.55	\$495.76	\$818.00	\$1,199.73	\$1,649.63
<i>Average Change (%)</i>		+130%	+65%	+47%	+38%
Uniform Rates (Per 1,000 Gal)					
Landscape Recycled	\$11.77	\$12.64	\$13.19	\$13.37	\$13.64
<i>Average Change (%)</i>		+7%	+4%	+1%	+2%

Population and Growth

Based on staff's analysis, the population of SVWD in 2020 was approximately 11,800. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands and the City of Scotts Valley is expected to increase by 0.86% and 0.56%, respectively. **Table 9** shows the anticipated population within SVWD. The average rate of change for SVWD is 0.71% based on the combined average rate of change for the County and City.

Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for SVWD. LAFCO staff increased the District's 2020 population amount by 0.71% each year. Under this assumption, our projections indicate that the entire population of SVWD will be approximately 12,300 by 2040.

Table 9: Projected Population

	2020	2025	2030	2035	2040	Average Rate of Change
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645	0.86%
City of Scotts Valley	12,145	12,214	12,282	12,348	12,418	0.56%
Scotts Valley Water District	11,805	11,918	12,033	12,148	12,265	0.71%

Source: AMBAG 2018 Regional Growth Forecast and FY 2019-20 SVWD Audited Financial Statement

Disadvantaged Unincorporated Communities

State law requires LAFCO to identify and describe all "disadvantaged unincorporated communities" (DUCs) located within or contiguous to the existing spheres of influence of cities and special districts that provide fire protection, sewer, and/or water services. DUCs are defined as inhabited unincorporated areas within an annual median household income that is 80% or less than the statewide annual median household income.

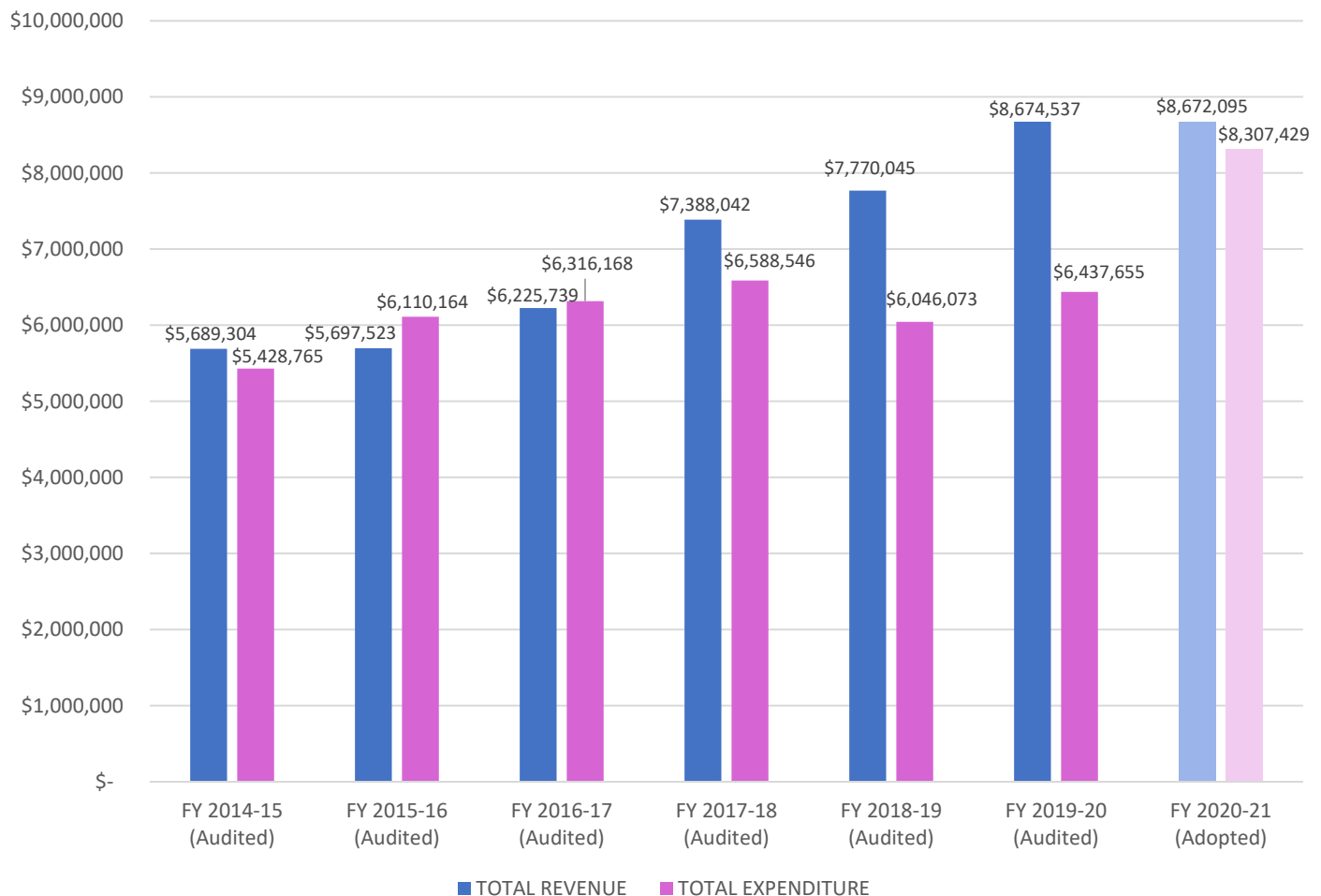
In 2017, the California statewide median household income was \$67,169, and 80% of that was \$53,735. LAFCO staff utilized the ArcGIS mapping program to locate any potential DUCs in the County. Based on the criteria set forth by SB 244, staff's analysis indicates that there are no areas within or surrounding the water district designated as a disadvantaged unincorporated community.

FINANCES

This section will highlight the District's financial performance during the most recent fiscal years. The most recent audited financial statements were prepared for Fiscal Year 2019-20. LAFCO evaluated SVWD's financial health from 2015 to 2020, including the last adopted budget for FY 2020-21. A comprehensive analysis of the District's financial performance during the past five years is shown in **Tables 13 and 14** on pages 20-21. The sources used by LAFCO are available in **Appendix C and D**.

At the end of Fiscal Year 2019-20, total revenue collected was approximately \$8.6 million, representing a 12% increase from the previous year (\$7.7 million in FY 18-19). Total expenses for FY 2019-20 were approximately \$6.4 million, which decreased from the previous year by 6% (\$6.0 million in FY 18-19). The District has ended each fiscal year with a surplus, excluding FYs 2015-16 and 2016-17, as shown in **Figure 2**. LAFCO staff believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices which are also reflected in the FY 2020-21 adopted budget.

**Figure 2: Statement of Revenues & Expenditures
(FY 2014-15 to FY 2020-21)**



Revenues

Operating Revenue

The District's primary source of revenue is from operating revenues, specifically water consumption sales. In FY 2019-20, Water Sales (appx. \$4.5 million) and Water Service (appx. \$2 million) represent approximately 76% of SVWD's entire revenue stream. Other operating revenue sources include additional fees and charges. These additional fees and charges represent less than 1% of total revenue. During FY 2019-20, total operating revenue represents approximately 77% of the District's entire revenue stream.

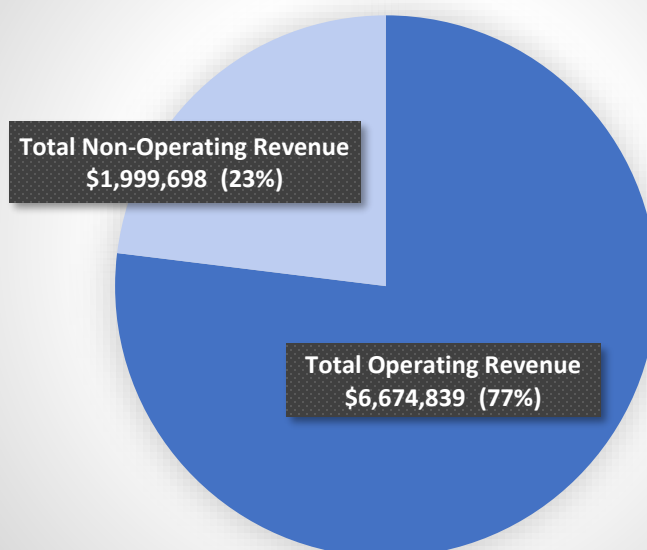
Non-operating Revenue

The remaining 23% of total revenue derive from non-operating revenue sources. These funds include Property Taxes, Capital Contributions, and Investment Earnings. **Table 10 and Figure 3** provide a breakdown of the District's revenue by category and source.

Table 10: Revenue Breakdown (FY 2019-20)

Revenue	Amount	Percentage
Operating Revenue		
Water Sales (Potable & Recycled)	\$4,566,923	52.65%
Water Service (Charges)	\$2,076,643	23.94%
Other Revenue (Fees & Charges)	<u>\$31,273</u>	<u>0.36%</u>
Total Operating Revenue	\$6,674,839	76.95%
Non-Operating Revenue		
Property Taxes	\$1,030,321	11.88%
Capital Contributions	\$783,284	9.03%
Other Revenue	\$119,616	1.38%
Investment Earnings	<u>\$66,477</u>	<u>0.77%</u>
Total Non-Operating Revenue	\$1,999,698	23.05%
Total Revenue	<u>\$8,674,537</u>	<u>100.00%</u>

Figure 3: Total Revenue (FY 2019-20)



Expenditures

Operating Expense

The District's operating expenses represented approximately 78% of total expenditure during FY 2019-20. Operating expenses include but are not limited to: Transmission & Distribution (appx. \$2 million), General & Administration (appx. \$994,000), Pumping (appx. \$481,000) and Recycled Water (appx. \$472,000).

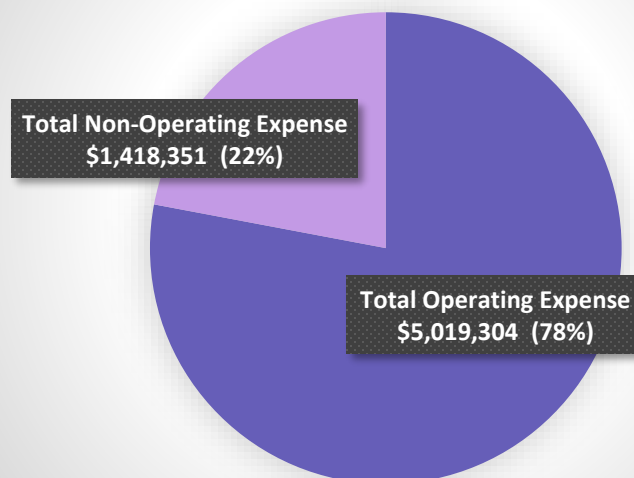
Non-operating Expense

The remaining 22% of total expenses derive from non-operating revenue sources. These costs include Depreciation (appx. \$1 million), Change in Investment (appx. \$240,000), and Interest Expense (\$86,000). **Table 11 and Figure 4** provide a breakdown of the District's costs by category and source.

Table 11: Expenditure Breakdown (FY 2019-20)

Expense	Amount	Percentage
Operating Expense		
Transmission & Distribution	\$1,990,814	30.92%
General & Administration	\$993,681	15.44%
Finance, Customer Service, & Conservation	\$659,450	10.24%
Pumping	\$480,655	7.47%
Recycled Water	\$472,247	7.34%
Water Treatment	\$239,722	3.72%
Source of Supply	\$182,735	2.84%
Total Operating Expense	\$5,019,304	77.97%
Non-Operating Expense		
Depreciation Expense	\$1,069,751	16.62%
Change in Investment in SMGA-JPA	\$240,719	3.74%
Interest Expense	\$86,262	1.34%
Capital Contribution	\$21,619	0.34%
Total Non-Operating Expense	\$1,418,351	22.03%
Total Expenditure	\$6,437,655	100.00%

Figure 4: Total Expenditure (FY 2019-20)



Fund Balance / Net Position

As of June 30, 2020, the total net position balance ended with approximately \$19 million. The following table highlights the net position balance from 2014 to 2021. As shown in **Table 12** and **Figure 5**, the District's fund balance has fluctuated slightly over the years but has maintained an annual balance above \$15 million. Based on this historical trend, LAFCO staff believes the positive balance will continue. This healthy amount will be critical in the event that the District faces any unintended expenses, major capital improvements projects, or emergency repairs, such as the recent fires which will be discussed later in this report.

Table 12: Net Position (2014 to 2021)

	FY 14-15 (Audited)	FY 15-16 (Audited)	FY 16-17 (Audited)	FY 17-18 (Audited)	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Projection)
Beginning Balance	\$16,366,105	\$16,626,644	\$16,214,003	\$14,562,508	\$15,366,587	\$17,090,559	\$17,090,559
Ending Balance	<u>\$16,626,644</u>	<u>\$16,214,003</u>	<u>\$16,123,574</u>	<u>\$15,362,004</u>	<u>\$17,090,559</u>	<u>\$19,327,441</u>	<u>\$17,455,225</u>
Change (\$)		\$(412,641)	\$(90,429)	\$(761,570)	\$1,728,555	\$2,236,882	\$(1,872,216)

Figure 5: Net Position from 2014 to 2021 (Ending Balance)

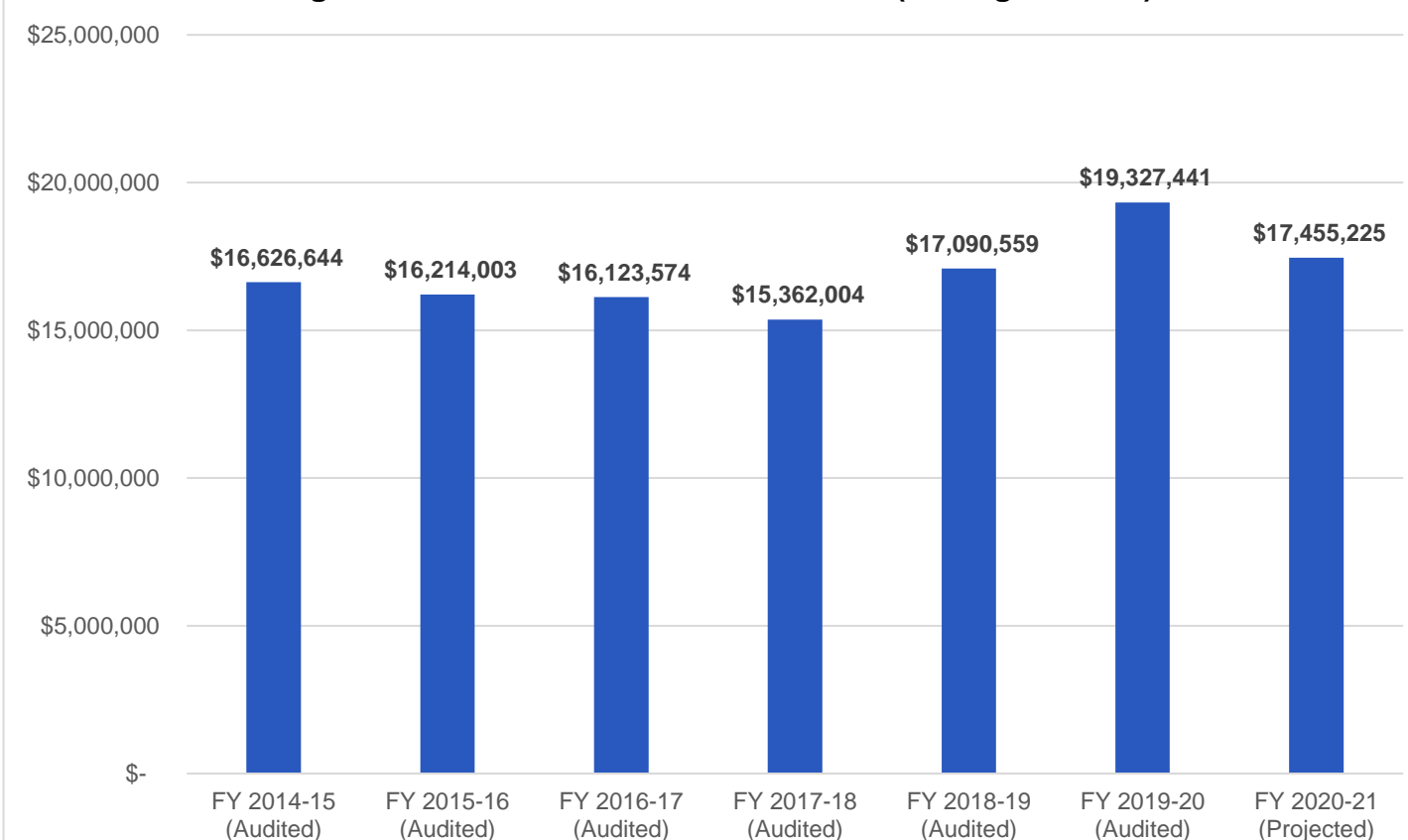


Table 13: Total Revenues & Expenditures

	FY 2014-15 (Audited)	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)
REVENUE						
<u>Operating Revenue</u>						
Water Sales (Potable & Recycled)	\$ 2,668,089	\$ 2,625,008	\$ 2,998,786	\$ 3,959,771	\$ 4,052,051	\$ 4,566,923
Water Service (Service Charges)	\$ 1,566,851	\$ 1,348,590	\$ 1,497,782	\$ 2,293,336	\$ 1,927,303	\$ 2,076,643
New Connections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue (Fees and Charges)	\$ 264,919	\$ 75,366	\$ 53,170	\$ 17,514	\$ 46,311	\$ 31,273
Total Operating Revenue	\$ 4,499,859	\$ 4,048,964	\$ 4,549,738	\$ 6,270,621	\$ 6,025,665	\$ 6,674,839
<u>Non-Operating Revenue</u>						
Capital Grants	\$ 399,554	\$ 246,704	\$ 792,779	\$ 720	\$ 720	\$ -
Capacity Buy-in Fee (Capital Contribution)	\$ -	\$ 89,000	\$ 10,500	\$ -	\$ 669,772	\$ 783,284
Gain on Disposal of Capital/Fixed Assets, Net	\$ 19,822	\$ 487,735	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ 724,433	\$ 775,679	\$ 839,095	\$ 923,894	\$ 975,085	\$ 1,030,321
Investment Earnings	\$ 24,848	\$ 39,106	\$ 25,159	\$ 22,574	\$ 35,893	\$ 66,477
Other Non-Operating Revenue	\$ 20,788	\$ 10,335	\$ 8,468	\$ 170,233	\$ 62,910	\$ 119,616
Total Non-Operating Revenue	\$ 1,189,445	\$ 1,648,559	\$ 1,676,001	\$ 1,117,421	\$ 1,744,380	\$ 1,999,698
TOTAL REVENUE	\$ 5,689,304	\$ 5,697,523	\$ 6,225,739	\$ 7,388,042	\$ 7,770,045	\$ 8,674,537
EXPENDITURE						
<u>Operating Expense</u>						
Source of Supply	\$ 1,638	\$ 97,655	\$ 150,614	\$ 163,709	\$ 99,307	\$ 182,735
Pumping	\$ 478,911	\$ 524,177	\$ 536,653	\$ 584,787	\$ 466,512	\$ 480,655
Water Treatment	\$ 558,991	\$ 688,601	\$ 660,704	\$ 829,736	\$ 293,069	\$ 239,722
Recycled Water	\$ 102,152	\$ 546,568	\$ 472,105	\$ 486,683	\$ 434,404	\$ 472,247
Transmission and Distribution	\$ 1,129,053	\$ 776,096	\$ 797,494	\$ 835,658	\$ 1,849,596	\$ 1,990,814
Conservation	\$ 202,521	\$ 241,892	\$ 158,507	\$ 163,778	\$ -	\$ -
Customer Accounts	\$ 188,335	\$ 207,833	\$ 192,925	\$ 198,613	\$ -	\$ -
Finance, Customer Service, and Conservation	\$ -	\$ -	\$ -	\$ -	\$ 649,335	\$ 659,450
General and Administrative Expenses	\$ 1,522,036	\$ 1,695,591	\$ 1,706,288	\$ 1,871,927	\$ 837,784	\$ 993,681
Total Operating Expense	\$ 4,183,637	\$ 4,778,413	\$ 4,675,290	\$ 5,134,891	\$ 4,630,007	\$ 5,019,304
<u>Non-Operating Expense</u>						
Depreciation Expense	\$ 883,615	\$ 913,955	\$ 937,847	\$ 998,094	\$ 1,085,254	\$ 1,069,751
Capacity Buy-Back (Capital Contribution)	\$ -	\$ -	\$ -	\$ -	\$ 235,856	\$ 21,619
Interest Expense	\$ 361,513	\$ 417,796	\$ 703,031	\$ 107,603	\$ 94,956	\$ 86,262
Change in Investment in SMGA-JPA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 240,719
Loss on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$ 347,958	\$ -	\$ -
Total Non-Operating Expense	\$ 1,245,128	\$ 1,331,751	\$ 1,640,878	\$ 1,453,655	\$ 1,416,066	\$ 1,418,351
TOTAL EXPENDITURE	\$ 5,428,765	\$ 6,110,164	\$ 6,316,168	\$ 6,588,546	\$ 6,046,073	\$ 6,437,655
Surplus/(Deficit)	\$ 260,539	\$ (412,641)	\$ (90,429)	\$ 799,496	\$ 1,723,972	\$ 2,236,882
NET POSITION						
Beginning Balance (as restated)	\$ 16,366,105	\$ 16,626,644	\$ 16,214,003	\$ 14,562,508	\$ 15,366,587	\$ 17,090,559
Ending Balance	\$16,626,644	\$16,214,003	\$16,123,574	\$15,362,004	\$17,090,559	\$19,327,441

Table 14: Total Assets & Liabilities

	FY 2014-15 (Audited)	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)
ASSETS						
<u>Current Assets</u>						
Cash & Cash Equivalents	\$ 5,251,395	\$ 2,924,816	\$ 2,331,365	\$ 1,494,191	\$ 2,519,128	\$ 3,791,756
Accrued Interest Receivable	\$ 6,221	\$ 6,467	\$ 6,649	\$ 7,509	\$ 7,098	\$ 14,245
Accounts Receivable, Net	\$ 763,700	\$ 848,798	\$ 1,105,970	\$ 1,314,663	\$ 1,404,967	\$ 1,645,176
Property Taxes Receivable	\$ 17,905	\$ 42,991	\$ 61,524	\$ 54,828	\$ 49,824	\$ 84,758
Other Receivables	\$ 840,565	\$ 53,734	\$ 183,620	\$ 59,259	\$ 52,053	\$ 15,291
Notes Receivable	\$ 11,512	\$ 160,339	\$ 161,784	\$ 161,639	\$ 173,019	\$ 169,412
Inventory - Materials & Supplies	\$ 180,040	\$ 201,758	\$ 160,614	\$ 211,827	\$ 232,601	\$ 271,380
Prepaid Expenses	\$ 76,558	\$ 92,278	\$ 93,345	\$ 94,535	\$ 68,430	\$ 66,781
Total Current Assets	\$ 7,147,896	\$ 4,331,181	\$ 4,104,871	\$ 3,398,451	\$ 4,507,120	\$ 6,058,799
<u>Non-Current Assets</u>						
Restricted - Cash & Cash Equivalents	\$ 932,329	\$ 749,404		\$ -	\$ 516,092	\$ 610,477
Notes Receivable	\$ 118,023	\$ 715,853	\$ 554,070	\$ 392,431	\$ 267,745	\$ 98,333
Investment in SMGA - JPA	\$ -	\$ -	\$ -	\$ -	\$ 40,754	\$ 91,291
Prepaid Contribution to SMGA - JPA	\$ -	\$ -	\$ -	\$ -	\$ 291,256	\$ 295,821
Capital Assets - Not Being Depreciated	\$ 1,752,402	\$ 3,185,716	\$ 851,170	\$ 733,176	\$ 1,078,608	\$ 1,213,219
Capital Assets - Being Depreciated	\$ 17,769,454	\$ 16,842,017	\$ 19,948,767	\$ 21,067,532	\$ 20,563,817	\$ 20,571,981
Deferred Outflows of Resources						
Loss on Defeasance of Debt	\$ 603,814	\$ 460,564	\$ 40,190	\$ 36,171	\$ -	\$ -
Net OPEB Obligation	\$ -	\$ -	\$ -	\$ -	\$ 153,549	\$ 142,970
Net Pension Liability	\$ 619,531	\$ 209,294	\$ 456,821	\$ 656,179	\$ 680,989	\$ 694,399
Total Non-Current Assets	\$21,795,553	\$22,162,848	\$21,851,018	\$22,885,489	\$23,592,810	\$23,718,491
TOTAL ASSETS	\$28,943,449	\$26,494,029	\$25,955,889	\$26,283,940	\$28,099,930	\$29,777,290
LIABILITIES						
<u>Current Liabilities</u>						
Accounts Payable & Accrued Expenses	\$ 988,052	\$ 325,292	\$ 265,933	\$ 342,344	\$ 494,579	\$ 683,344
Accrued Wages & Related Payables	\$ 39,293	\$ 53,896	\$ 64,500	\$ 80,885	\$ -	\$ -
Customer Deposits for Services	\$ 105,468	\$ 33,893	\$ 110,346	\$ 112,436	\$ 166,905	\$ 126,332
Accrued Interest Payable	\$ 147,430	\$ 125,557	\$ 59,067	\$ -	\$ 47,513	\$ 43,179
Long-Term Liabilities - Due Within One Year						
Notes Payable	\$ 210,000	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	\$ 18,255	\$ 22,051	\$ 26,103	\$ 25,862	\$ 30,508	\$ 40,998
Certificates of Participation	\$ 160,000	\$ 165,000	\$ -	\$ -	\$ -	\$ -
Bonds Payable	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -
Loan Payable	\$ -	\$ 215,000	\$ 452,927	\$ -	\$ 468,579	\$ 567,298
Total Current Liabilities	\$ 1,818,498	\$ 940,689	\$ 978,876	\$ 561,527	\$ 1,208,084	\$ 1,461,151
<u>Non-Current Liabilities</u>						
Unearned Revenue	\$ 3,542	\$ 1,770	\$ 10,178	\$ 8,142	\$ -	\$ -
Long-Term Liabilities - Due in More Than 1 Yr						
Compensated Absences	\$ 54,764	\$ 66,154	\$ 78,305	\$ 77,585	\$ 91,522	\$ 122,992
Loan Payable	\$ -	\$ 4,110,000	\$ 5,596,621	\$ 5,136,591	\$ 4,668,012	\$ 4,100,714
Net OPEB Obligation	\$ 1,211,880	\$ 1,184,517	\$ 1,173,326	\$ 2,848,438	\$ 2,758,814	\$ 2,245,495
Net Pension Liability	\$ 1,329,971	\$ 1,233,015	\$ 1,782,379	\$ 2,106,130	\$ 2,070,658	\$ 2,304,037
Notes Payable	\$ 4,325,000	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds Payable	\$ 630,769	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Participation	\$ 2,495,449	\$ 2,332,413	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources						
Net Pension Liability	\$ 446,932	\$ 411,468	\$ 212,630	\$ 183,523	\$ 212,281	\$ 215,460
Total Non-Current Liabilities	\$10,498,307	\$ 9,339,337	\$ 8,853,439	\$10,360,409	\$ 9,801,287	\$ 8,988,698
TOTAL LIABILITIES	\$12,316,805	\$10,280,026	\$ 9,832,315	\$10,921,936	\$11,009,371	\$10,449,849
NET POSITION						
Net Investment in Capital Assets	\$ 12,154,452	\$ 13,665,884	\$ 14,790,579	\$ 16,700,288	\$ 16,974,413	\$ 17,684,486
Restricted for Debt Service	\$ 932,329	\$ 749,404	\$ -	\$ -	\$ -	\$ -
Unrestricted (Deficit)	\$ 3,539,863	\$ 1,798,715	\$ 1,332,995	\$ (1,338,284)	\$ 116,146	\$ 1,642,955
Total Net Position	\$16,626,644	\$16,214,003	\$16,123,574	\$15,362,004	\$17,090,559	\$19,327,441

GOVERNANCE

Legal Authority

The District operates under the County Water District Law (Sections 30000 et seq. of the California Water Code; Division 12) for the purpose of developing and providing water for domestic use, fire protection, business use (commercial and industrial), and recreation in the Scotts Valley area.

Local Accountability & Structure

SVWD is governed by a five-member Board of Directors, which are elected to four-year terms by the registered voters within the District's boundaries. The Board of Directors are responsible for the establishment of policy relative to the District's mission, goals, and operations. The current Board is as follows:

Table 15: Board of Directors

Board Member	Term of Office
William Ekwall, President	Elected: November 2018 Term Ends: December 1, 2022
Ruth Stiles, Vice-President*	Appointed: January 2015 Term Ends: December 1, 2022
Wade Leishman, Director	Elected: July 17, 2017 Term Ends: December 1, 2022
Chris Perri, Director*	Appointed: January 2007 Term Ends: December 1, 2024
Danny Reber, Director*	Appointed: November 2012 Term Limit Ends: December 1, 2024

Footnote: Board member originally appointed then subsequently elected.

The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The Scotts Valley Water District employs a full-time staff of 18 employees. The District's Board of Directors meet regularly, meetings are publicly noticed, and citizens are encouraged to attend. Board meetings are typically held on the second Thursday of each month at 6:00 p.m. The District's administrative offices are located in the City of Scotts Valley.

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. SVWD continues to provide a large array of information on their website, which recently experienced a full revamp. LAFCO staff encourages the District to continue this effort and include other useful documents outlined in SB 929, such as copies of LAFCO's services reviews.

Anticipated Capital Improvement Projects

SVWD adopts a capital improvement plan every year as part of its annual budget. The District has also conducted a complete system condition assessment and developed a 10-year capital improvement plan. The purpose of this long-range plan is to identify and prioritize needs and project costs for planned repair and replacement to the infrastructure that will serve the affected ratepayers in an efficient and cost-effective manner throughout the next 10-years of growth and change. A total of 15 capital improvement projects are budgeted for FY 2020-21, as shown below. **Appendix E and F** also provide a copy of the District's 2017 Master Plan and the proposed 10-Year CIP Plan.

Table 16: Capital Improvement Projects (FY 2020-21)

Project Name	Description	Budget
Transmission Mains		
1. Main Replacement Program – Potable	Replace and upgrade potable water mains based on leak history, service life, and size	\$625k
Treatment Plants		
2. Orchard Run Water Treatment Plant Improvements	Implement esthetic taste & odor improvements to treatment process by adding new GAC filter and chlorine analyzer injection system. Infrastructure improvements include replacing ammonia based H ₂ S air scrubbing system with a Bio Filtration scrubber. Replace 40,000 gallon bolted steel back wash tank and install new sewer lateral.	\$2.2 Million
3. El Pueblo Water Treatment Plant Improvements	Replace manual 1980's filter control system with programmable automated control system linked with SCADA.	\$30k
4. Well 10 WTP Water Quality Improvements	Implement esthetic taste & odor improvements by adding additional filter bed and Chlorine analyzer equipment.	\$113k
5. Treatment Facility for New Production Well	New Lompico Formation Production Well and Treatment Plant.	\$100k
Storage Tanks		
6. Bethany Tank Rehabilitation	Construct additional tank on-site to allow for roof reconstruction and interior and exterior coating replacement of 400,000 gallon Bethany Tank. Project extends tank service life and provides additional permanent storage and redundancy.	\$200k

Project Name	Description	Budget
Pump Stations		
7. Polo Ranch Pump Station	Polo Ranch Flow control station has been modified to provide booster pumping into the Southwood pressure zone when needed. The Southwood Booster station on Granite Creek Road will be retired.	\$75k
Wells		
8. Lompico Formation Production Well (Well 9 Replacement)	Construct a new production well that is needed to offset lost production capacity from Well 9 & Well 11A. The replacement well will in part be sited to provide for a more balanced withdrawal rate from the Lompico Aquifer.	\$100k
Recycled Water Supply		
9. Purified Recycled Water Recharge	Supplemental supply project to increase groundwater reliability, especially in dry years (climate change related change). Could be shifted to SMGWA or replaced with conjunctive use.	\$525k
Meters		
10. Automated Metering Infrastructure (AMI)	Install AMI transmitters on all meters over 3-4 year period.	\$100k
11. Meter Replacement Program	Replace all meters installed before 2012 at the rate of 800-1000 meters per year.	\$75k
Technology		
12. Utility Billing Software Improvements	Improvements and/or enhancements to Utility Billing (UB) and Payment Processing software.	\$30k
Fleet		
13. Vehicle Replacement Program	Replace aging fleet: one vehicle per year on average, starting FY 2019.	\$42k
14. Specialized Operations Equipment	Replace heavy equipment and specialized vehicles on as needed basis.	\$25k
Buildings		
15. Administrative Building Improvements	Repairs and modifications to the office facility to support business operations.	\$30k

Opportunities and Challenges

SVWD is financially sound and has been operating in an efficient manner over the recent years. It is LAFCO staff's position that public agencies should always prepare and consider future opportunities and potential challenges. The following sections explore possible actions that may be considered by the District.

Potential Consolidation

The recent fires in California, and within Santa Cruz County, have been the most destructive fires in State history and will have a profound impact on the governmental services provided within the San Lorenzo Valley area. Fortunately, SVWD and the Scotts Valley community were not greatly impacted by the fires. However, neighboring water agencies including San Lorenzo Valley Water District (s), have begun the recovery effort. During this time, SVWD and SLVWD have held preliminary discussions about the possibility of consolidation during public meetings. The two districts are currently analyzing the potential benefits and/or constraints involving consolidation. Such analysis will be presented to their respective boards by May 2021. It is LAFCO staff's experience that collaborative efforts, including consolidation, historically occur during challenging times (i.e. natural disasters; fiscal distress) because neighboring agencies look towards one another to ensure their residents continue to receive adequate level of service.

It is important to recognize that while LAFCO will play an important role in the consolidation effort if initiated, it will be up to SVWD and SLVWD to determine whether they decide to proceed in this change of governance. Therefore, it is LAFCO staff's position that it may be premature to analyze a potential consolidation in this report since the two water districts are currently within the preliminary stage of exploration. It may be beneficial to highlight the Districts' progress sometime in late-2021 if discussions have advanced. This will give the two water districts an opportunity to evaluate the benefits and challenges associated with consolidation and discuss their initial findings during public meetings without input from LAFCO staff unless requested.

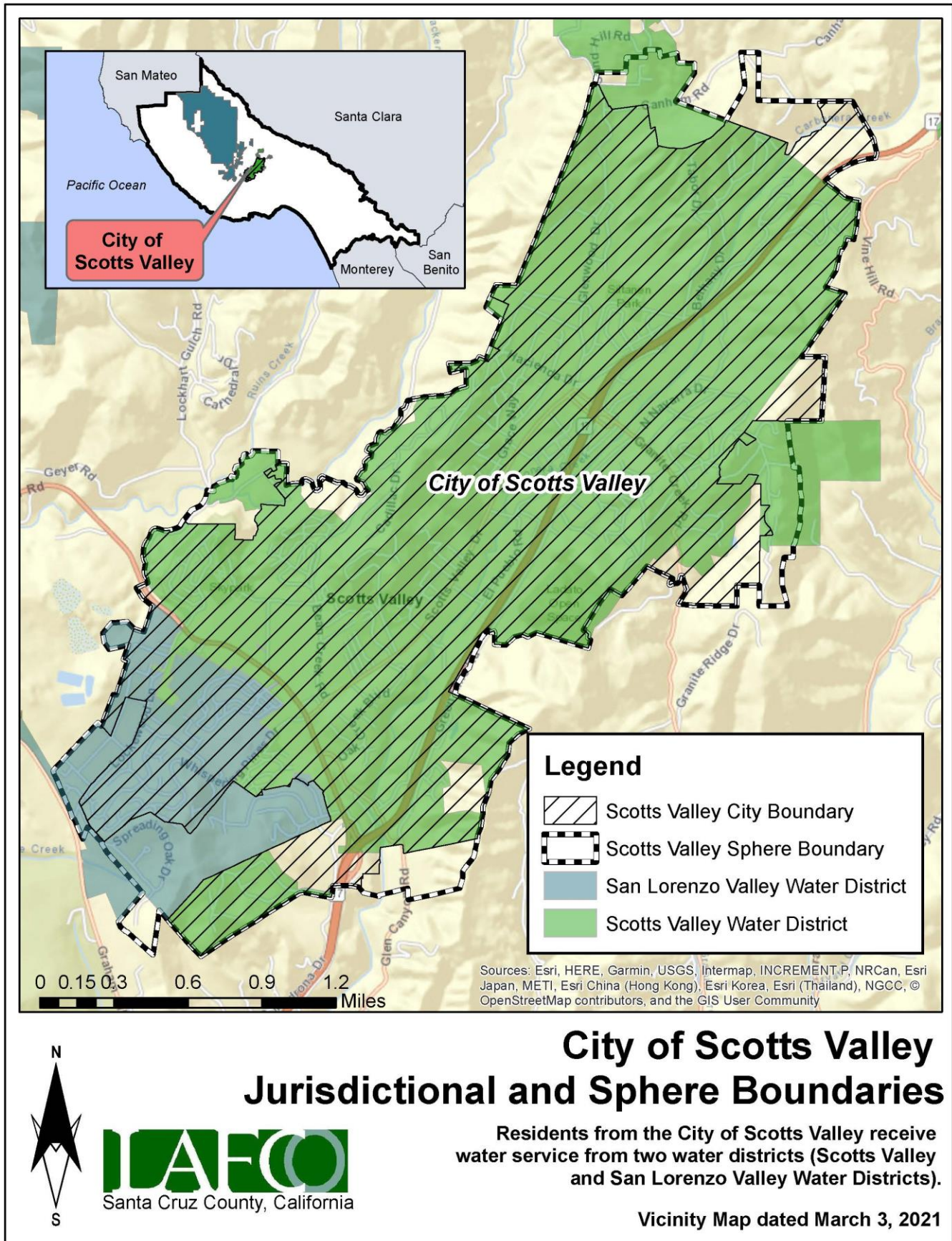
LAFCO Staff Recommendation: *LAFCO staff should continue to collaborate with the two water districts and provide assistance when needed. LAFCO staff may provide the Commission a status update on the effort by November 2021.*

Water Service Providers

The Scotts Valley community currently receives water service from either SVWD or SLVWD. **Figure 6** on page 26 shows that the majority of Scotts Valley residents receive water from SVWD. Only a portion of the City gets water from SLVWD. By having two water providers, the residents of Scotts Valley are subject to two different board members, policies, and water rates. It may be beneficial if the City, the two water districts, and LAFCO collaborate to determine the most efficient method to provide water service to the entire Scotts Valley community. This joint effort may lead to potential boundary changes, an improvement in water distribution, or a consistent water rate for constituents within the entire city.

LAFCO Staff Recommendation: *Coordination between the City of Scotts Valley, San Lorenzo Valley Water District, Scotts Valley Water District and LAFCO to determine whether there is a more efficient way to provide water service to the Scotts Valley community beyond the status quo.*

Figure 6: Water Providers



Potential Annexations

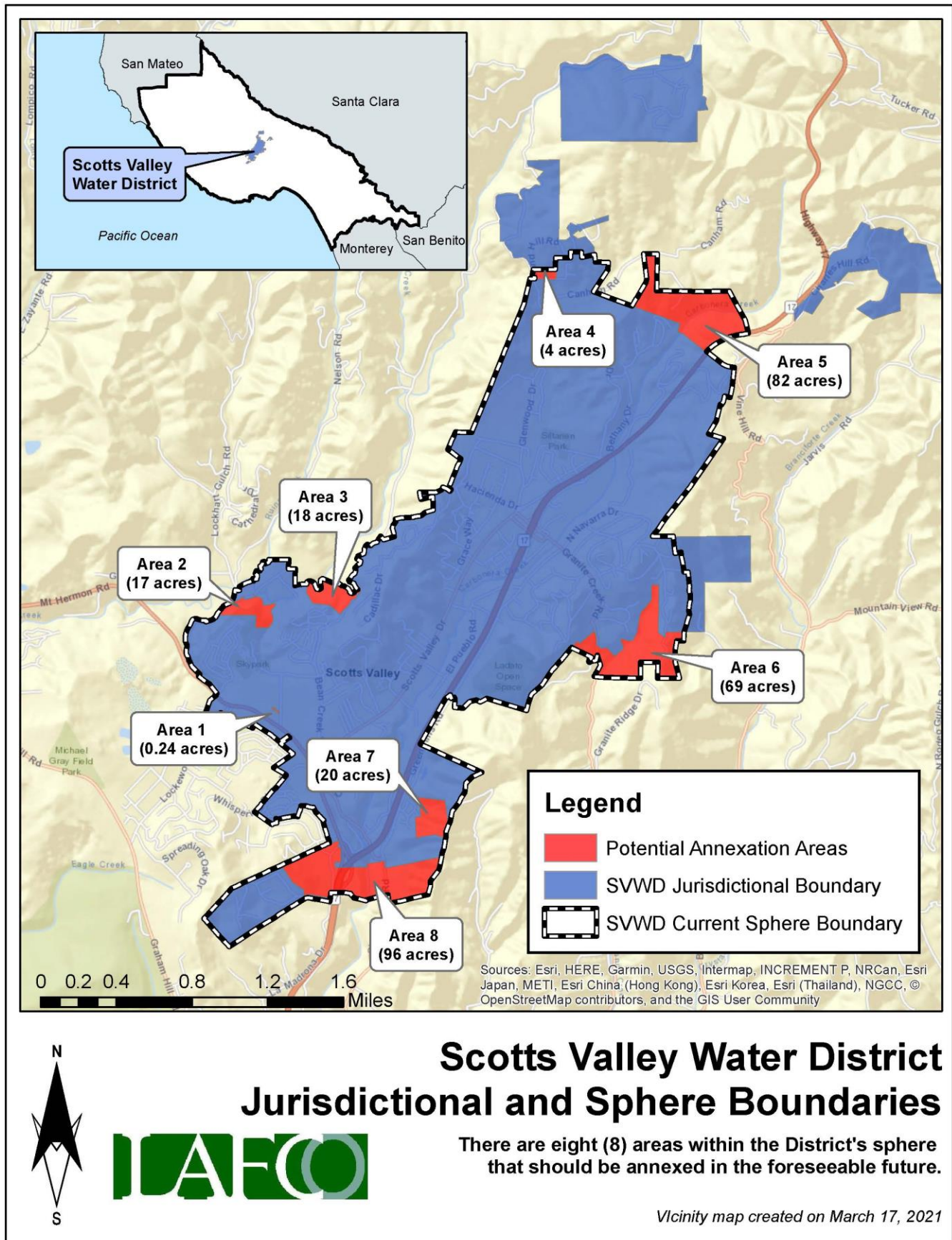
A sphere of influence is designated for each city and special district indicating the probable physical boundaries and service area for that agency. The current sphere of influence for SVWD includes eight (8) areas totaling over 300 acres that should be annexed in the foreseeable future. **Table 17** provides an overview of each area and **Figure 7** on page 28 shows the location within the District's sphere.

LAFCO Staff Recommendation: *Encourage SVWD to consider annexation of these eight unserved areas, if desired by the Districts and the affected residents.*

Table 17: Areas within District's Current Sphere of Influence

Area	Size	Land Use Designation
Area 1	0.24 acres	Shopping Center (City General Plan)
Area 2	17 acres	Mountain Residential (County General Plan)
Area 3	18 acres	Residential, Estate (City General Plan)
Area 4	4 acres	Mountain Residential (County General Plan)
Area 5	82 acres	Rural Residential & Residential Mountain (City General Plan) Mountain Residential (County General Plan)
Area 6	69 acres	Rural Residential (City General Plan) Rural Residential (County General Plan)
Area 7	20 acres	Rural Residential (City General Plan)
Area 8	96 acres	Rural Residential & Mountain Residential (County General Plan) Service, Professional, Rural Residential, & Open Space (City General Plan)

Figure 7: Potential Annexation Areas



SPHERE OF INFLUENCE

Cortese-Knox-Hertzberg Act

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

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

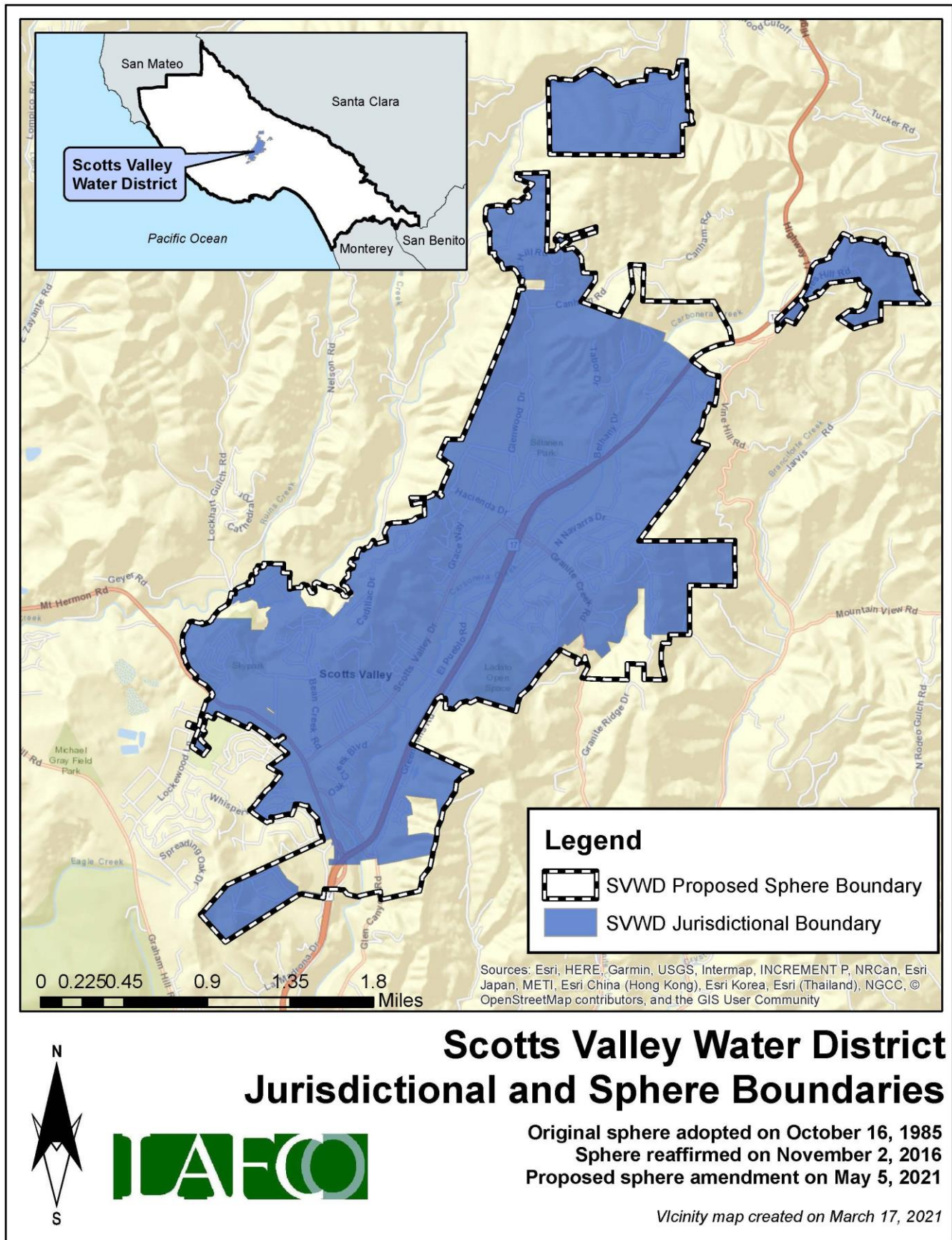
Current Sphere Boundary

Santa Cruz LAFCO adopted SVWD's first sphere of influence on October 16, 1985. The current sphere excludes areas within the District's jurisdictional boundary. The last sphere update occurred in November 2016 during the last service and sphere review cycle. **Figure 1** on page 5 shows the current sphere of influence boundary.

Proposed Sphere Boundary

Based on staff's analysis, a total of eight (8) unserved islands are either substantially surrounded or immediately adjacent to the water district and should be annexed. The size of these areas range from 0.24 to 96 acres. Additionally, there are areas outside the District's sphere but within SVWD's jurisdictional boundary. LAFCO staff is recommending that the sphere boundary be expanded to include the areas already served by SVWD. The District should also consider annexing the eight identified areas, if desired by their Board and affected residents. **Figure 8** on page 30 shows the proposed sphere boundary.

Figure 8: Proposed District Sphere Map



DISTRICT SUMMARY

Scotts Valley Water District	
Formation	California Water Code, section 30,000 et seq.
Board of Directors	Five members, elected at-large to four-year terms
Contact Person	Piret Harmon, General Manager
Employees	18 Full-Time Employees
Facilities	60 miles of pipeline, 4 groundwater treatment plants, 6 groundwater wells, 8 storage tanks, 10 pump stations, and 13 pressure zones.
District Area	6 square miles (appx. 4,000 acres)
Sphere of Influence	Smaller than the District (i.e., sphere boundary does not include the District's existing jurisdictional boundary)
FY 2020-21 Budget	Total Revenue = \$8,672,095 Total Expenditure = \$8,307,429 Projected Net Position (Beginning Balance) = \$19,327,441
Contact Information	Mailing Address: 2 Civic Center Drive, Scotts Valley, CA 95066 Phone Number: (831) 438-2363 Email Address: PHarmon@svwd.org Website: https://www.svwd.org/
Public Meetings	Meetings are held on the second Thursday of each month at 6:00 p.m.
Mission Statement	"Scotts Valley Water District delivers a sustainable high quality water service in an environmentally responsible and financially sound manner."
Vision	"Scotts Valley Water District is a results-driven, data-oriented public agency that provides effective actions, superior customer service and visionary leadership."

SERVICE AND SPHERE REVIEW DETERMINATIONS

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act.

Service Provision Determinations

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

1. Growth and population projections for the affected area.

SVWD currently provides water service to a population of 11,800. A slow growth is projected to occur in the unincorporated county area for the next twenty years. LAFCO staff estimates that the entire population of SVWD will reach 12,200 by 2040.

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

LAFCO did not identify any DUCs within or contiguous to the District's sphere boundary. That said, SVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

The City of Scotts Valley's General Plan designates the land use of the community for mountain residential, rural residential, and parks and recreational uses.

4. Financial ability of agencies to provide services.

SVWD's financial ability to provide services is well-established. The District has successfully kept costs below its revenue stream since 2017. Four of the last six audited financial statements had an overall surplus ranging from \$260,000 to \$2.2 million. As of June 30, 2020, the District is operating with a net fund balance of approximately \$17 million.

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

SVWD continues to explore for collaborative efforts to improve efficiencies. There have been preliminary discussions about exploring the consolidation between SVWD and San Lorenzo Valley Water District. LAFCO will support the districts should they decide to move forward with this change in governance.

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

Consolidation is currently being discussed. Such change in governance would involve various communities of social and economic differences. If consolidation is explored, it would be the responsibility of the two water districts to include these residents before, during, and after the consolidation effort.

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

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

Sphere of Influence Determinations

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

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

The present and planned land uses are based on the general plan from the City of Scotts Valley, which range from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas. The planned land uses within the City's General Plan are a mix of urban, rural and mountain residential, public recreation, and open-space lands.

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

Scotts Valley Water District's planning for current and future water needs has led to a counter-intuitive reality: improved technologies, changed behavior on the part of its customers and evolved attitudes communitywide. This has led to far less use of water than in the past, even though the community continues to grow. Since 2000, groundwater pumping (the District's sole source of potable water) in the Scotts Valley area has decreased 46%.

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

SVWD currently provides water service to a population of 11,800 through approximately 4,300 residential, commercial, and institutional connections. The District operates and maintains a potable water distribution system that includes groundwater wells, treatment facilities, storage tanks, pumping stations, pressure reducing stations and distribution mains and services to meet the potable water demands of its customers.

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

Scotts Valley Water District and San Lorenzo Valley Water District are considering the concept of consolidation. Such change in governance would involve various communities of social and economic differences. If consolidation is explored, it would be the responsibility of the two districts to include these residents before, during, and after the consolidation effort.

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

LAFCO did not identify any DUCs within the District's sphere boundary. That said, SVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

APPENDICES

Appendix A: Rate Study (2016)

Appendix B: New Connection Fee Schedule (2020)

Appendix C: Audited Financial Source (2015 to 2021)

Appendix D: Adopted Budget (FY 2020-21)

Appendix E: Water System Assessment & Master Plan (2017)

Appendix F: Capital Improvement Plan (10-Year Projection)



Notice of Exemption

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

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

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

Project Title: Service and Sphere of Influence Review for Scotts Valley Water District

Project Location: The Scotts Valley Water District was formed in 1961 and operates under the County Water District Law (Sections 30000 et seq. of the California Water Code) for the purpose of developing and providing water for domestic use, fire protection, commercial/industrial use, and recreation in the Scotts Valley area. At present, SVWD provides water service to approximately 4,330 connections covering most of the City of Scotts Valley and the unincorporated communities north of Scotts Valley. A vicinity map depicting the City's jurisdictional and sphere boundaries is attached (refer to **Attachment A**).

Project Location City: Scotts Valley **Project Location County:** Santa Cruz County

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

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County. The LAFCO public hearing on this proposal is scheduled for 9:00 a.m. on May 5, 2021.

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

Exempt Status: (check one)

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

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

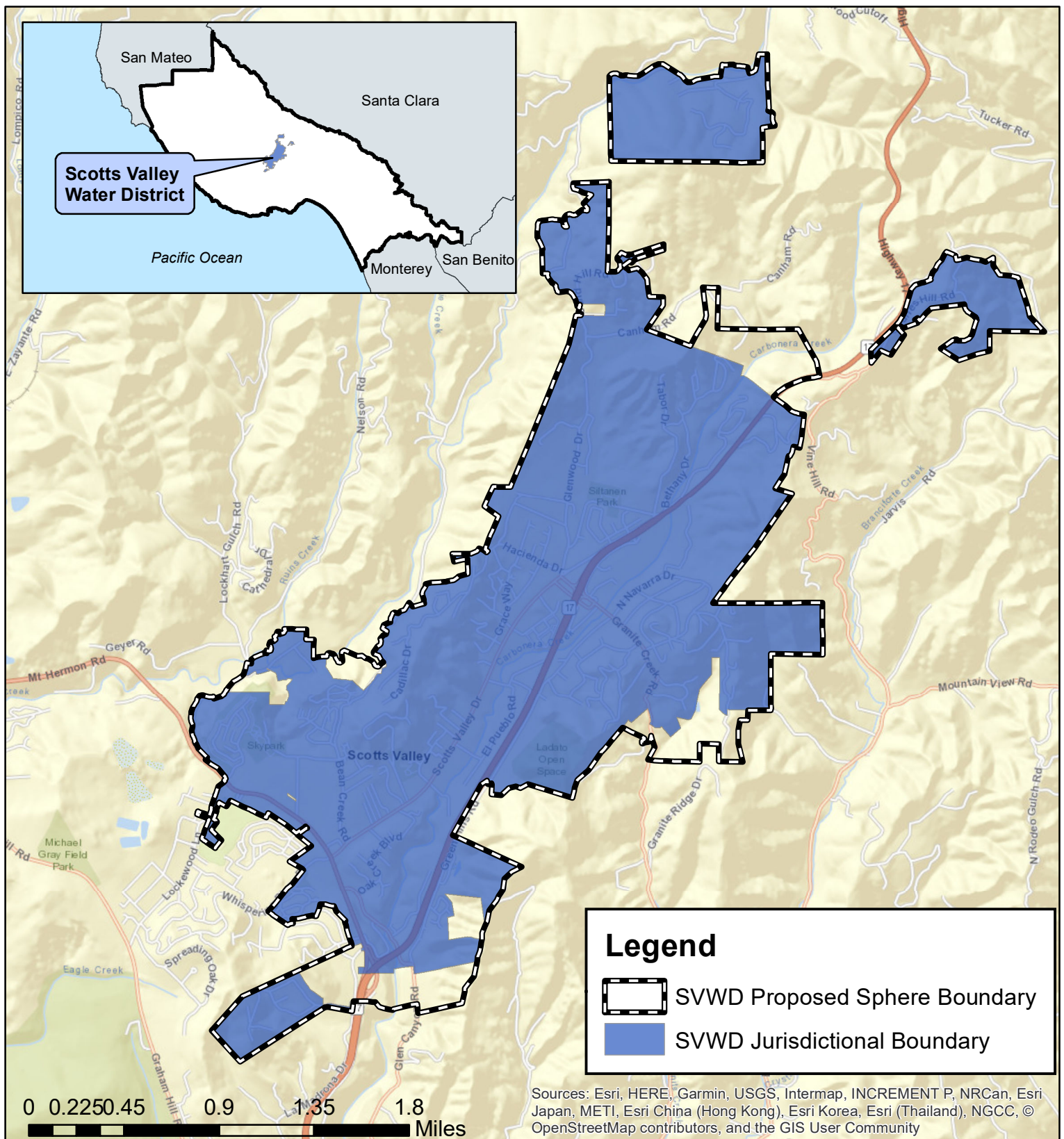
Lead Agency Contact Person: Joe A. Serrano

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

Signature: 
Joe A. Serrano, Executive Officer

Date: April 6, 2021

☒ Signed by Lead Agency



Scotts Valley Water District Jurisdictional and Sphere Boundaries

Original sphere adopted on October 16, 1985
Sphere reaffirmed on November 2, 2016
Proposed sphere amendment on May 5, 2021

Vicinity map created on March 17, 2021





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

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, May 5, 2021, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold a public hearing on the following:

- **Scotts Valley Water District Service and Sphere of Influence Review:** Consideration of a service and sphere review for Scotts Valley Water District. In compliance with the California Environmental Quality Act (CEQA), LAFCO staff has prepared a Categorical Exemption for this report.

Due to COVID-19, this meeting will be conducted as a teleconference pursuant to the provisions of the Governor's Executive Orders N-25-20 and N-29-20, which suspend certain requirements of the Ralph M. Brown Act. Members of the public are encouraged to observe the shelter-in-place order and participate remotely. Instructions to participate remotely are available in the Agenda and Agenda Packet: <https://www.santacruzlafco.org/meetings/2021-agenda-packets/>

During the meeting, the Commission will consider oral or written comments from any interested person. Maps, written reports, environmental review documents and further information can be obtained by contacting LAFCO's staff at (831) 454-2055 or from LAFCO's website at www.santacruzlafco.org. LAFCO does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs or activities. If you wish to attend this meeting and you will require special assistance in order to participate, please contact the LAFCO office at least 48 hours in advance of the meeting to make arrangements.

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

Joe A. Serrano
Executive Officer
Date: April 13, 2021

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2021-11

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
APPROVING THE 2021 SERVICE AND SPHERE OF INFLUENCE REVIEW
FOR SCOTTS VALLEY WATER DISTRICT

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

1. In accordance with Government Code Sections 56425, 56427, and 56430, the Commission has initiated and conducted the 2020 Service and Sphere of Influence Review for Scotts Valley Water District ("District").
2. The Commission's Executive Officer has given notice of a public hearing by this Commission of the service and sphere of influence review in the form and manner prescribed by law.
3. The Commission held a public hearing on May 5, 2021, and at the hearing, the Commission heard and received all oral and written protests, objections, and evidence that were presented.
4. This approval of the 2021 Service and Sphere of Influence Review for the District is exempt under the California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines Section 15061(b)(3) because this Commission action does not change the services or the planned service area of the subject agency. There is no possibility that the activity may have a significant impact on the environment. This action qualifies for a Notice of Exemption under CEQA.
5. The Commission hereby approves the 2021 Service and Sphere of Influence Review for the District.
6. The Commission hereby approves the Service Review Determinations, as shown on Exhibit A.
7. The Commission hereby approves the Sphere of Influence Determinations, as shown on Exhibit B.
8. The Commission hereby modifies the Sphere of Influence Map for the District, as shown in Exhibit C.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 5th day of May 2021.

AYES:

NOES:

ABSENT:

JUSTIN CUMMINGS, CHAIRPERSON

Attest:

Joe A. Serrano
Executive Officer

Approved as to form:

Daniel H. Zazueta
LAFCO Counsel

EXHIBIT A
SCOTTS VALLEY WATER DISTRICT
2021 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

SVWD currently provides water service to a population of 11,800. A slow growth is projected to occur in the unincorporated county area for the next twenty years. LAFCO staff estimates that the entire population of SVWD will reach 12,200 by 2040.

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

LAFCO did not identify any DUCs within or contiguous to the District's sphere boundary. That said, SVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

The City of Scotts Valley's General Plan designates the land use of the community for mountain residential, rural residential, and parks and recreational uses.

4. Financial ability of agencies to provide services.

SVWD's financial ability to provide services is well-established. The District has successfully kept costs below its revenue stream since 2017. Four of the last six audited financial statements had an overall surplus ranging from \$260,000 to \$2.2 million. As of June 30, 2020, the District is operating with a net fund balance of approximately \$17 million.

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

SVWD continues to explore for collaborative efforts to improve efficiencies. There have been preliminary discussions about exploring the consolidation between SVWD and San Lorenzo Valley Water District. LAFCO will support the districts should they decide to move forward with this change in governance.

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

Consolidation is currently being discussed. Such change in governance would involve various communities of social and economic differences. If consolidation is explored, it would be the responsibility of the two water districts to include these residents before, during, and after the consolidation effort.

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

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

EXHIBIT B
SCOTTS VALLEY WATER DISTRICT
2021 SPHERE OF INFLUENCE DETERMINATIONS

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

The present and planned land uses are based on the general plan from the City of Scotts Valley, which range from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas. The planned land uses within the City's General Plan are a mix of urban, rural and mountain residential, public recreation, and open-space lands.

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

Scotts Valley Water District's planning for current and future water needs has led to a counter-intuitive reality: improved technologies, changed behavior on the part of its customers and evolved attitudes communitywide. This has led to far less use of water than in the past, even though the community continues to grow. Since 2000, groundwater pumping (the District's sole source of potable water) in the Scotts Valley area has decreased 46%.

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

SVWD currently provides water service to a population of 11,800 through approximately 4,300 residential, commercial, and institutional connections. The District operates and maintains a potable water distribution system that includes groundwater wells, treatment facilities, storage tanks, pumping stations, pressure reducing stations and distribution mains and services to meet the potable water demands of its customers.

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

Scotts Valley Water District and San Lorenzo Valley Water District are considering the concept of consolidation. Such change in governance would involve various communities of social and economic differences. If consolidation is explored, it would be the responsibility of the two districts to include these residents before, during, and after the consolidation effort.

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

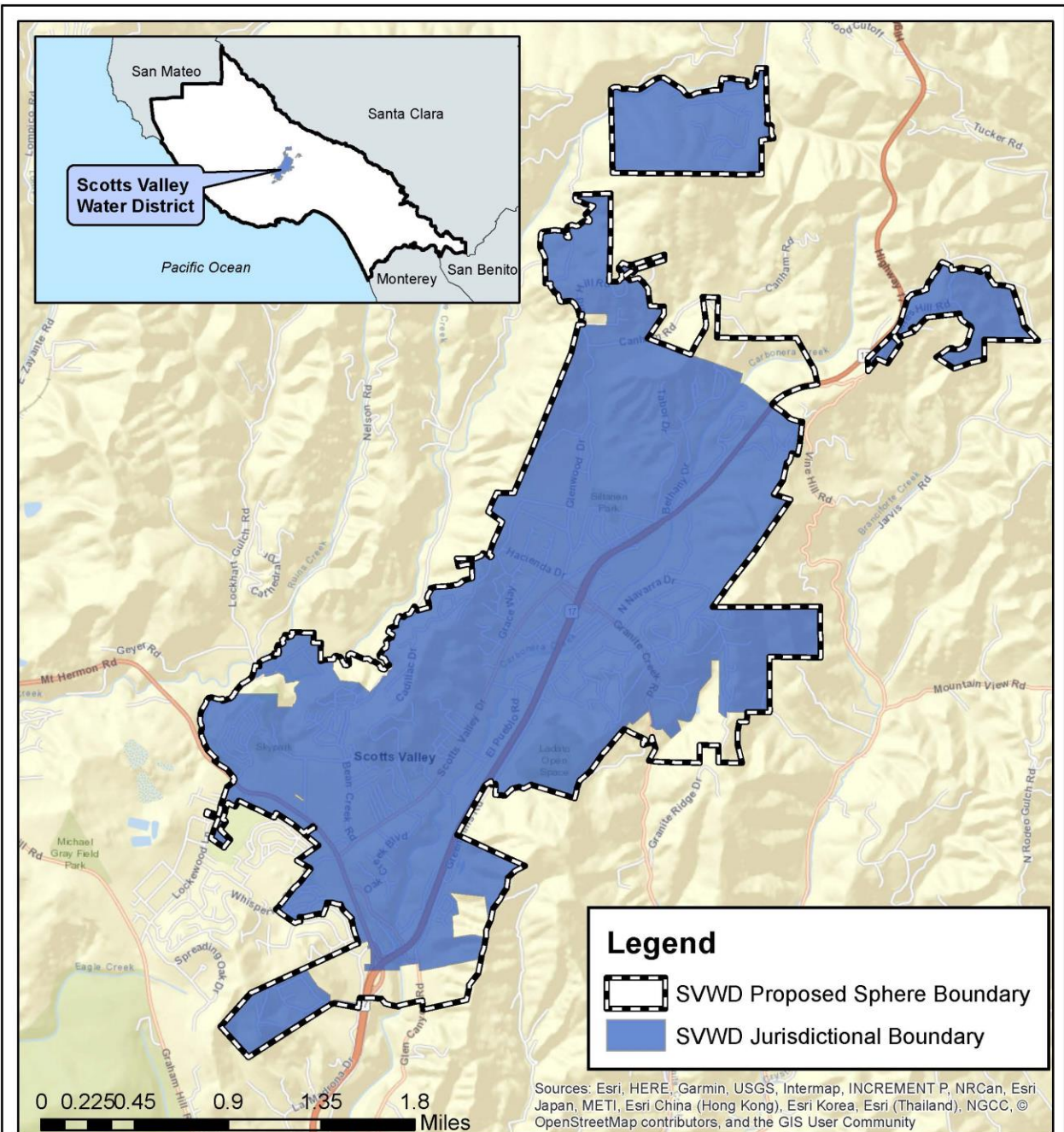
LAFCO did not identify any DUCs within the District's sphere boundary. That said, SVWD has adopted strategic plans and capital improvement plans to ensure the adequate delivery of water service to its constituents.

EXHIBIT C

SCOTTS VALLEY WATER DISTRICT

SPHERE OF INFLUENCE MAP

LAFCO revises the Sphere of Influence for Scotts Valley Water District.



Scotts Valley Water District

Jurisdictional and Sphere Boundaries

Original sphere adopted on October 16, 1985
 Sphere reaffirmed on November 2, 2016
 Proposed sphere amendment on May 5, 2021

Vicinity map created on March 17, 2021



Santa Cruz Local Agency Formation Commission

Date: May 5, 2021
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Special District Representation – 2021 Selection Results**

SUMMARY OF RECOMMENDATION

State law requires LAFCOs to assist the Independent Special District Selection Committee when seats are vacant on specific boards. This staff report ratifies the results of the selection process for the vacancies on LAFCO and the Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board (COB).

It is recommended that the Commission adopt the two resolutions (Nos. 2021-12 and 2021-13) declaring the Regular and Alternate Special District Members to serve on LAFCO and COB with a term ending in May 2025.

EXECUTIVE OFFICER'S REPORT:

This year, the Independent Special District Selection Committee was authorized to address vacancies on two separate boards: LAFCO and the COB. Both boards required a regular and alternate member to effectively represent the special districts in Santa Cruz County. LAFCO staff helped conduct the selection process to fill in these vacancies and followed the guidelines outlined in State law and in the Commission's adopted policies.

In March 2021, the Commission was informed that an election was not required because the number of applications received were the same as the number of vacancies on LAFCO and the COB, respectively. Pursuant to Government Code Section 56332(f)(2), if one candidate is nominated for a vacant seat, that candidate shall be deemed appointed. Therefore, Felton Fire District Board Member Jim Anderson and Pajaro Valley Public Cemetery Board Member Ed Banks were appointed in-lieu of an election to LAFCO and the COB, respectively.

The attached resolutions summarize the selection process. Staff is recommending that the Commission ratify the results through the adoption of these two resolutions.

Respectfully Submitted,

A blue ink signature of Joe A. Serrano, written in a cursive style.

Joe A. Serrano
Executive Officer

Attachments:

1. Draft Resolution No. 2021-12 (LAFCO Seats)
2. Draft Resolution No. 2021-13 (COB Seats)

cc: Independent Special District Selection Committee & Kim Namba (COB)

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2021-12

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

ADOPTING THE INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE -
LAFCO REGULAR AND ALTERNATE MEMBER SELECTION RESULTS FOR A TERM
ENDING ON THE FIRST MONDAY IN MAY 2025

WHEREAS, a vacancy for the Special District Member (Regular) Commissioner was created by the completion of Jim Anderson's term as LAFCO Commissioner in May 2021; and

WHEREAS, a vacancy for the Special District Member (Alternate) Commissioner was created by the completion of Ed Bank's term as LAFCO Commissioner in May 2021; and

WHEREAS, the Executive Officer determined that a mailed-in election process for the purpose of selecting the Special District Member Regular and Alternate Commissioner was appropriate and consistent with the policies outlined in the Commission's Independent Special District Selection Committee Rules of Procedure; and

WHEREAS, the Executive Officer solicited applications for the two vacancies on December 1, 2020; and

WHEREAS, the deadline to submit applications was January 8, 2021. Jim Anderson submitted the only application for the Regular Member seat and Ed Banks submitted the only application the Alternate Member seat; and

WHEREAS, pursuant to Government Code Section 56332(f)(2), if one candidate is nominated for a vacant seat, that candidate shall be deemed appointed; and

WHEREAS, the number of applications received before the deadline equaled the number of vacancies on LAFCO. In accordance with State law, the two applicants were appointed in-lieu of an election; and

NOW, THEREFORE, BE IT RESOLVED, that Jim Anderson and Ed Banks are hereby declared to be elected to the position of Special District Member Regular and Alternate Commissioners pursuant to the above declared election results. Their term limits will both end in May 2025.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this fifth day of May 2021 by the following vote:

AYES:

NOES:

ABSENT:

JUSTIN CUMMINGS, CHAIRPERSON

Attest:

Joe A. Serrano
Executive Officer

Approval as to form:

Daniel Zazueta
LAFCO Counsel

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2021-13

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

ADOPTING THE INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE -
SANTA CRUZ COUNTY CONSOLIDATED REDEVELOPMENT SUCCESSOR
AGENCY OVERSIGHT BOARD REGULAR AND ALTERNATE MEMBER
SELECTION RESULTS FOR A TERM ENDING IN MAY 2025

WHEREAS, the County of Santa Cruz notified LAFCO about a vacancy on the Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board ("COB") on January 14, 2021; and

WHEREAS, pursuant to Health & Safety Code Section 34179(j), the Santa Cruz Independent Special District Selection Committee appoints a Regular and Alternate Special District Member to serve on the COB; and

WHEREAS, the Executive Officer determined that a mailed-in election process for the purpose of selecting the Special District Regular and Alternate Member was appropriate and consistent with the policies outlined in the Commission's Independent Special District Selection Committee Rules of Procedure; and

WHEREAS, the Executive Officer solicited applications for the two vacancies on January 25, 2021; and

WHEREAS, the deadline to submit applications was February 26, 2021. Jim Anderson submitted the only application for the Regular Member seat and Ed Banks submitted the only application the Alternate Member seat; and

WHEREAS, pursuant to Government Code Section 56332(f)(2), if one candidate is nominated for a vacant seat, that candidate shall be deemed appointed; and

WHEREAS, the number of applications received before the deadline equaled the number of vacancies on LAFCO. In accordance with State law, the two applicants were appointed in-lieu of an election; and

NOW, THEREFORE, BE IT RESOLVED, that Jim Anderson and Ed Banks are hereby declared to be elected to the position of Special District Regular and Alternate Members pursuant to the above declared election results. Their term limits will both end in May 2025.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this fifth day of May 2021 by the following vote:

AYES:

NOES:

ABSENT:

JUSTIN CUMMINGS, CHAIRPERSON

Attest:

Joe A. Serrano
Executive Officer

Approval as to form:

Daniel Zazueta
LAFCO Counsel



Santa Cruz Local Agency Formation Commission

Date: May 5, 2021
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Comprehensive Quarterly Report – Third Quarter (FY 2020-21)**

SUMMARY OF RECOMMENDATION

This report provides an overview of projects currently underway, the status of the Commission's Multi-Year Work Program, the financial performance of the annual budget, and staff's outreach efforts from January through March. This agenda item is for informational purposes only and does not require any action. Therefore, it is recommended that the Commission receive and file the Executive Officer's report.

EXECUTIVE OFFICER'S REPORT

The Cortese-Knox-Hertzberg Act delegates LAFCOs with regulatory and planning duties to coordinate the logical formation and development of local governmental agencies. The following sections summarize how several of these statutory mandates are being met through the consideration of boundary changes, the development of scheduled service reviews, and staff's ongoing collaboration with local agencies.

Active Proposals

Santa Cruz LAFCO currently has two active applications:

1. **"De Somer Annexation" to County Service Area 10 (Project No. DA 21-10):** The proposed annexation and concurrent sphere amendment was initiated by landowner petition. The subject area includes a single parcel totaling 0.50 acres. The purpose of the application is for the provision of sewer services to an existing single-family home.

Latest Status: A status letter indicating all missing items was sent to the applicant on April 13. A letter summarizing the proposal was sent to all affected and interested agencies for their review. Comments from these agencies are due by May 14.

2. **"Roaring Camp Annexation" (Project No. 967):** This application was initiated by landowner petition on March 4, 2019 and proposes to annex approximately 170 acres to the San Lorenzo Valley Water District. The purpose of the annexation is to provide water service to an unincorporated area commonly known as Roaring Camp.

Latest Status: The applicant has submitted additional documentations to continue the annexation process. The remaining items required to deem the project complete are scheduled to be submitted within the coming months. LAFCO staff anticipates presenting this proposal to the Commission at the August 4th LAFCO Meeting.

Multi-Year Work Program (Service Reviews)

A five-year work program was adopted in 2019 to ensure that service reviews for each local agency under LAFCO's purview are considered within the legislative deadline. This year, a total of 18 local agencies will be evaluated in 4 separate service and sphere reviews. Below is a status update on each scheduled report for the 2021 calendar year.

1. **City of Scotts Valley** – This City was incorporated in 1966 and operates as a general law city. The City contains approximately 5 square miles of land and provides various municipal services, including but not limited to police, animal control, wastewater treatment, and stormwater management.

Tentative Hearing Date: A service and sphere review was presented to the Commission on March 3.

2. **Scotts Valley Water District** – This water district was formed in 1961 and operates pursuant to the County Water District Act. The District provides water service to approximately 4,000 connections in a six square-mile service area.

Tentative Hearing Date: A service and sphere review was presented to the Commission on May 5.

3. **Recreation & Park Districts (4 in total)** – The four recreation and park districts in Santa Cruz County are Alba Park, Boulder Creek, La Selva Beach, and Opal Cliffs. These districts operate pursuant to the Recreation and Park District Law.

Tentative Hearing Date: A service and sphere review for all four districts is scheduled to be presented to the Commission on August 4.

4. **Fire Protection Districts (10 districts and 2 CSAs)** – The 9 fire districts in Santa Cruz County are Aromas Tri-County, Ben Lomond, Boulder Creek, Branciforte, Central, Felton, Pajaro Valley, Scotts Valley, and Zayante Fire Protection Districts. The County operates two County Service Areas (CSA 4 and 48) which also provide fire protection services. Other interested agencies will be discussed as part of this report including but not limited to the cities that have a fire department, fire advisory boards, and other entities that may provide fire protection.

Tentative Hearing Date: A service and sphere review for all the fire districts is scheduled to be presented to the Commission on October 6.

Budget Report

The third quarter of Fiscal Year 2020-21 ended on March 31, 2020. During this 3-month period, the Commission received approximately \$5,300 in revenue. This amount is primarily from interest earned and the recent application fee for the proposed annexation into CSA 10. 100% of the anticipated revenue for the entire year has already been collected. During the third quarter, the Commission incurred approximately \$99,300 in total expenses. LAFCO has accrued approximately 51% of the estimated costs for the entire year. The following table shows a breakdown of LAFCO's financial performance during the last three quarters.

Table A: FY 2020-21 Budget Overview

	FY 20-21 (1st Qtr.)	FY 20-21 (2nd Qtr.)	FY 20-21 (3rd Qtr.)	Amount from Reserves	Total Amount (as of 3/31)	FY 20-21 Adopted Budget	Percentage (Accrued vs. Budget)
Total Revenue	\$399,228	\$2,509	\$5,297	\$251,800	\$658,834	\$657,100	100%
Total Expense	<u>\$134,408</u>	<u>\$99,606</u>	<u>\$99,296</u>	-	<u>\$333,310</u>	<u>\$657,100</u>	51%
Difference	\$264,820	\$(97,098)	\$(93,998)	\$251,800	\$419,523	-	-

A detailed review of LAFCO's financial performance during the last three quarters (July 2020 to March 2021) is attached to this report (refer to **Attachment 1**).

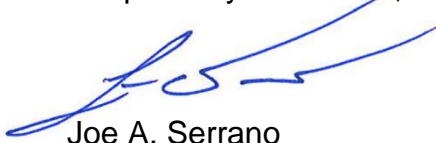
Recent & Upcoming Meetings

LAFCO staff values the benefits from collaborating with local agencies, members of the public, and other LAFCOs to explore and initiate methods to improve efficiency in the delivery of municipal services. In light of the ongoing pandemic, staff met with local representatives remotely to discuss current and/or upcoming LAFCO projects. A summary of those and more recent meetings are discussed below.

1. **Fire Consolidation (Protest Hearing)**: LAFCO staff conducted a protest hearing on January 6. This hearing was an opportunity for affected residents to voice their concerns about the proposed consolidation between Aptos/La Selva and Central Fire Protection Districts. LAFCO staff received zero opposition during the hearing.
2. **Scotts Valley Water District (Service & Sphere Review)**: LAFCO staff met with representatives from the water district on January 7 to discuss their upcoming service and sphere review. This was an opportunity to clarify the purpose of the report and answer any questions as LAFCO staff begins the evaluation process.
3. **Fire Consolidation (Recordation)**: LAFCO staff met with the two fire chiefs on January 13 and 14 to discuss the final steps in the consolidation process, including the recordation of LAFCO's resolution which would officially create the new fire district.
4. **New LAFCO Chair**: LAFCO staff met with Commissioner Justin Cummings on January 15 to discuss his responsibilities as the new LAFCO Chair during the 2021 calendar year.
5. **New LAFCO Commissioner**: LAFCO staff provided a "LAFCO 101" presentation to Supervisor Manu Koenig and his staff on January 27. This was an opportunity for the Executive Officer to summarize LAFCO's role in the County, and provide updates on LAFCO matters located within BOS District 1.
6. **LAFCO Personnel Committee**: Chair Justin Cummings, Commissioner Roger Anderson, and LAFCO's Executive Officer met on January 28 to conduct LAFCO staff's performance evaluation. The Personnel Committee's recommendations were then shared with the entire Commission during the February 3rd LAFCO Meeting.

7. **UCSC Draft EIR Workshop**: LAFCO staff attended a webinar on February 3 that focused on the University's ongoing environmental review process regarding its long range development plan.
8. **San Lorenzo Valley Water District (SLVWD)**: LAFCO staff provided an overview of the LAFCO process involving a consolidation between two water districts on February 4. This was an opportunity for SLVWD's board and residents to raise questions and concerns about a potential governance change. No official action was taken by the SLVWD board.
9. **Scotts Valley Water District (SVWD)**: LAFCO staff provided the same overview presentation about consolidation to SVWD on February 11. This was an opportunity for SVWD's board members and residents to also discuss the benefits and constraints involving this governance option. No official action was taken by the SVWD board.
10. **Broadband Inquiry**: LAFCO staff received a resident inquiry about broadband services in the unincorporated community known as Corralitos. LAFCO staff met with County representatives on February 23 to discuss how a public agency, such as the County, may be able to address the lack of internet services in rural areas.
11. **Broadband Inquiry**: LAFCO staff met with representatives from Cruzio on March 4 to discuss LAFCO staff's ongoing efforts to identify possible solutions to deliver adequate broadband services to rural areas in Santa Cruz County.
12. **California Special Districts Association (CSDA)**: LAFCO staff met with representatives from CSDA on March 12. CSDA and LAFCO staff discussed the current and future challenges/opportunities facing special districts in Santa Cruz County.
13. **Pre-Application Meeting**: LAFCO staff met with an applicant on March 16 who was interested in receiving sewer service from County Service Area 10. This was an opportunity for LAFCO staff to explain the annexation process, discuss the required documentations, and answer any questions from the potential applicant.
14. **Fire District Board Meetings**: LAFCO staff is scheduled to conduct a countywide service and sphere review regarding fire protection. Since March, LAFCO's Executive Officer attended each fire district's board meeting to inform them about the upcoming report, explain the purpose of the service review, and answer any questions from the Districts' board members or residents.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachment: LAFCO FY 2020-21 Budget Review (First, Second, and Third Quarter)

6B: ATTACHMENT 1

FISCAL YEAR 2020-21	FY 20-21 First Qtr. (Jul - Sep)	FY 20-21 Second Qtr (Oct - Dec)	FY 20-21 Third Qtr (Jan - Mar)	FY 20-21 Adopted Budget	FY 20-21 Actual	Difference (\$)	Budget Line Item Notes
REVENUES DESCRIPTION							
Interest	\$ 1,137	\$ 1,013	\$ 628	\$ 6,000	\$ 2,778	\$ (3,222)	Anticipated Funds
Contributions from Other Govt Agencies	\$ 401,177	\$ -	\$ 623	\$ 399,300	\$ 401,800	\$ 2,500	Surplus Funds
LAFCO Processing Fees	\$ (3,521)	\$ 950	\$ 3,500	\$ -	\$ 929	\$ 929	Surplus Funds
Medical Charges-Employee	\$ 437	\$ 546	\$ 546	\$ -	\$ 1,528	\$ 1,528	Surplus Funds
Re-budget from Fund Balance	\$ -	\$ -	\$ -	\$ 251,800	\$ -	\$ 251,800	Net Position Funds (if needed)
TOTAL REVENUES	\$ 399,228	\$ 2,509	\$ 5,297	\$ 657,100	\$ 407,034	\$ 253,534	Additional Funds in Total Revenue
EXPENDITURES DESCRIPTION							
Regular Pay	\$ 47,658	\$ 57,114	\$ 64,156	\$ 245,400	\$ 168,929	\$ 76,471	Remaining Funds
Overtime Pay	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000	Remaining Funds
Extra Help	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000	Remaining Funds
Sick Leave	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000	Remaining Funds
Holiday Pay	\$ 1,702	\$ 4,382	\$ 3,130	\$ 10,100	\$ 9,214	\$ 886	Remaining Funds
Social Security	\$ 3,838	\$ 4,249	\$ 5,023	\$ 18,200	\$ 13,109	\$ 5,091	Remaining Funds
PERS	\$ 55,560	\$ 6,720	\$ 6,696	\$ 59,800	\$ 68,976	\$ (9,176)	Over Budget Amount
Insurances	\$ 10,030	\$ 10,234	\$ 11,015	\$ 50,500	\$ 31,279	\$ 19,221	Remaining Funds
Unemployment	\$ -	\$ 31	\$ 378	\$ 400	\$ 409	\$ (9)	Over Budget Amount
Workers Comp	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000	Remaining Funds
Salaries Sub-total	\$ 118,789	\$ 82,730	\$ 90,398	\$ 388,400	\$ 291,916	\$ 96,484	Remaining Funds in Salaries & Benefits
Telecom	\$ 324	\$ 479	\$ 480	\$ 2,000	\$ 1,283	\$ 717	Remaining Funds
Office Equipment	\$ -	\$ 36	\$ 35	\$ 200	\$ 71	\$ 129	Remaining Funds
Memberships	\$ 5,844	\$ 1,482	\$ 36	\$ 6,400	\$ 7,362	\$ (962)	Over Budget Amount
Hardware	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ 300	Remaining Funds
Duplicating	\$ 20	\$ 356	\$ -	\$ 1,600	\$ 376	\$ 1,224	Remaining Funds
PC Software	\$ 382	\$ -	\$ 135	\$ 600	\$ 517	\$ 83	Remaining Funds
Postage	\$ 56	\$ 84	\$ 181	\$ 1,000	\$ 322	\$ 678	Remaining Funds
Subscriptions	\$ 230	\$ -	\$ 111	\$ 500	\$ 341	\$ 159	Remaining Funds
Supplies	\$ 74	\$ 77	\$ 526	\$ 1,000	\$ 678	\$ 322	Remaining Funds
Accounting	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ 1,500	Remaining Funds
Attorney	\$ 5,188	\$ 3,625	\$ -	\$ 150,000	\$ 8,813	\$ 141,188	Remaining Funds
Data Process GIS	\$ 1,562	\$ 7,584	\$ 1,392	\$ 10,000	\$ 10,538	\$ (538)	Over Budget Amount
Director Fees	\$ 810	\$ 450	\$ 1,500	\$ 6,000	\$ 2,760	\$ 3,240	Remaining Funds
Surveyor	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000	Remaining Funds
Prof. Services	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000	Remaining Funds
Legal Notices	\$ 498	\$ 2,394	\$ 4,001	\$ 1,700	\$ 6,893	\$ (5,193)	Over Budget Amount
Rents	\$ 328	\$ -	\$ -	\$ 9,000	\$ 328	\$ 8,672	Remaining Funds
Misc. Expenses	\$ 305	\$ 250	\$ 500	\$ 6,000	\$ 1,055	\$ 4,945	Remaining Funds
Books	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 200	Remaining Funds
Air Fare	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ 3,000	Remaining Funds
Auto Rental	\$ -	\$ -	\$ -	\$ 200	\$ -	\$ 200	Remaining Funds
Training	\$ -	\$ -	\$ -	\$ 1,800	\$ -	\$ 1,800	Remaining Funds
Lodging	\$ -	\$ -	\$ -	\$ 5,200	\$ -	\$ 5,200	Remaining Funds
Meals	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ 600	Remaining Funds
Mileage	\$ -	\$ 58	\$ -	\$ 3,000	\$ 58	\$ 2,942	Remaining Funds
Travel-Other	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 500	Remaining Funds
Registrations	\$ -	\$ -	\$ -	\$ 5,400	\$ -	\$ 5,400	Remaining Funds
Supplies Sub-total	\$ 15,620	\$ 16,876	\$ 8,897	\$ 268,700	\$ 41,393	\$ 227,307	Remaining Funds in Services & Supplies
TOTAL EXPENDITURES	\$ 134,408	\$ 99,606	\$ 99,296	\$ 657,100	\$ 333,310	\$ 323,790	Remaining Funds in Total Expenditures



Santa Cruz Local Agency Formation Commission

Date: May 5, 2021
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Press Articles during the Months of March and April**

SUMMARY OF RECOMMENDATION

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

EXECUTIVE OFFICER'S REPORT

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

Article #1: "Newly elected SLVWD director abruptly resigns": The article, dated March 24, notes that Tina Marie To resigned as the board member of San Lorenzo Valley Water District after three months in office. The District is currently exploring how to fill in the vacancy, whether through an appointment, special election, or at the next general election in 2022.

Article #2: "Santa Cruz Water Commission unanimously recommends water restrictions": The article, dated April 5, indicates that the Santa Cruz Water Commission unanimously voted to recommend the City Council enact the preliminary stage of the City's Water Shortage Contingency Plan. This step would limit water usage in each household to 500 cubic feet of water on a monthly basis, which would be the equivalent of approximately 3,700 gallons.

Article #3: "Santa Cruz Water Department completes major water pipeline replacement" The article, dated April 6, highlights that the City of Santa Cruz has completed a \$5 million water pipeline replacement project in less than a year. Over 500 feet of steel water lines have now been replaced by new ductile iron pipelines.

Article #4: "Scotts Valley City Council to consider raising wastewater rates": The article, dated April 6, notes that the City of Scotts Valley is considering an increase in wastewater rates. This funding would help improve the City's collection and treatment system. The City will make a final decision on the possible rate increases on June 16 with the adoption of the City's FY 2021-22 Budget.

Article #5: "A dry year leads water managers to think about conservation measures": The article, dated April 9, points out that continuous dry weather may affect wildfire prevention and the replenishment of water supply. The article also notes how the Central Coast relies heavily on local rainfall, surface water, and groundwater.

Article #6: “Santa Cruz City Council to discuss water restrictions on Tuesday”: The article, dated April 12, notes that the City of Santa Cruz is considering the conservation of residential water supply to save approximately 136 million gallons. This effort would address the lack of rainfall and properly manage existing water supply if the current drought continues.

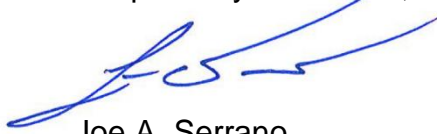
Article #7: “LAFCO to appoint Arroyo Grande director to its top spot”: The article, dated April 12, announces the selection of Robert Fitzroy as the new Executive Officer for San Luis Obispo LAFCO. Mr. Fitzroy previously worked for San Luis Obispo County’s Planning Department.

Article #8: “CA Targets Urgent Projects As Wildfire Season Looms”: The article, dated April 13, indicates that Governor Gavin Newsom signed into law a \$536 million early action package. This package streamlines the normal contracting requirements for fire mitigation with the goal of getting grant funds distributed within weeks instead of months.

Article #9: “Santa Cruz County Launches New Disaster Preparedness Website”: The article, dated April 16, highlights Santa Cruz County’s new disaster preparedness website through its Office of Response, Recovery and Resilience. The website provides residents with resources and information on current disaster recovery efforts as well as resources to prepare in the event of a disaster.

Article #10: “Gov. Newsom declares drought emergency in 2 California counties”: The article, dated April 21, discusses the recent emergency executive order taken in response to drought conditions affecting Mendocino and Sonoma Counties. The order allows the State to prepare for the anticipated effects of the water shortage more rapidly and take swifter action in restricting and managing usage in those two counties. California is now in its second year of drought conditions which may contribute to the next wildfire season.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. “Newly elected SLVWD director abruptly resigns”
2. “Santa Cruz Water Commission unanimously recommends water restrictions”
3. “Santa Cruz Water Department completes major water pipeline replacement”
4. “Scotts Valley City Council to consider raising wastewater rates”
5. “A dry year leads water managers to think about conservation measures”
6. “Santa Cruz City Council to discuss water restrictions on Tuesday”
7. “LAFCO to appoint Arroyo Grande director to its top spot”
8. “CA Targets Urgent Projects As Wildfire Season Looms”
9. “Santa Cruz County Launches New Disaster Preparedness Website”
10. “Gov. Newsom declares drought emergency in 2 California counties”



Newly elected SLVWD Director Tina Marie To recently resigned. — contributed

Local News

Newly elected SLVWD director abruptly resigns

By: CHRISTINA WISE 📅 March 24, 2021

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In a stunning move, San Lorenzo Valley Water District (SLVWD) Director Tina Marie To resigned from her position on the board via email on March 18.

After serving for just three months, Director To, whose focus and specialty was “a passion for all things water and environment,” cited her personal commitments as the reason for her resignation.

In a statement, To said, “I want to do well in law school, and the first year determines much of how the rest plays out. I had to prioritize law school and my family.”

Her abrupt departure at the beginning of her four-year first term leaves the SLVWD Board of Directors with three options to replace her: an appointment, a stand-alone special election or participating in the next general election in 2022. Given that To’s seat would remain open until November of 2022, waiting for the next general election “isn’t an option,” according to SLVWD Board President Gail Mahood, who was also elected to the board last fall.

A special election to fill the vacancy would cost upwards of \$70,000 which “isn’t in the district’s best interest,” said Mahood. Following the approval of a \$15 million loan for “improvements to the water system,” the district is seeking to preserve every penny. Allowing for an appointment prohibits community members from voting on To’s replacement, but the alternatives – waiting nearly two years, or spending tens of thousands of dollars – might make an appointment the best of the three options.

District Manager Rick Rogers said he was equally surprised by To's abrupt departure.

"It's unfortunate Tina left the Board. We were looking forward to working with her as she has a strong interest in the District's environmental commitment and protection of the watershed," he said. "As Chair of the Environmental Committee, she was really looking forward to construction beginning this summer with rebuilding of the Fall Creek Fish Ladder, improving fish passage in Fall Creek. We will miss her."

The timeline for an appointment could be fairly swift: at the April 1 meeting, the board will vote as to whether to move forward with an appointment or an election.

"Given that, after much controversy, we decided to appoint Director Smolley, I'm hoping that's the direction we go," Mahood said.

If approved, staff would post the position for 15 days. The board could discuss possible appointees in the first May meeting, and potentially have someone fill the vacancy by the second meeting that month.

"Unless something goes astray, we should have that seat filled by the first meeting in June," Mahood said. "The earliest we could post the position would be April 2."

The board could reject the appointment process and determine that an election is the better way to go. Mahood said that is a long, complicated and expensive process.

"There is time before the existing deadlines to have it on the November ballot, but I think it's highly unlikely given the price tag – \$70,000 is a ridiculous amount of money to spend considering all the other things that are happening in the district," she said.

Mahood says that for those ratepayers that are deeply involved in the district's processes, the best way to support that is to be on the board.

"There are so many really talented people in the district, and I'm hoping we can engage those people and invite them to apply," she said. "The wider of a net we spread, the better for the district."

So what is SLVWD looking for in a potential board member?

"First, they need to be aware of the potential time commitment," Mahood said.

Between attending meetings, reading agendas (many over 200 pages long) and serving on committees essential to making educated decisions regarding SLVWD business, members can expect to invest 20 hours per week or more during their term, Mahood says. But those hours can increase significantly – during the CZU fires last summer, the board was meeting once a week to stay informed.

"So people need to know what they're getting into when they apply," Mahood said. "In addition, they should have an area of specialty that applies to the work the district does. Whether it's knowledge around environmental studies, or engineering or administration, or even an individual who knows about rivers, streams and groundwater, we're looking for someone who has transferable skills to their work on the board."

Added Mahood: "Ultimately, we'd love to get more younger people involved, but with the amount of time needed to serve as a Director, we seem to attract older folks who are retired, or are on the verge of doing so. Life is complicated right now, between Covid and parents who are homeschooling their kids."

SLVWD's next board meeting will be held via Zoom on April 1 at 6:30pm. Those wishing to attend may obtain the link from the district's website at www.slvwd.com.

LATEST HEADLINES

Santa Cruz Water Commission unanimously recommends water restrictions

Move next goes to City Council

By **RYAN STUART** | rstuart@santacruzsentinel.com | Santa Cruz Sentinel

PUBLISHED: April 5, 2021 at 8:54 p.m. | UPDATED: April 6, 2021 at 4:04 p.m.

SANTA CRUZ – Santa Cruz residents may be asked to conserve water this summer after the city experienced its driest wet season in seven years.

“I wish I was coming to you with a lot of great news, but as you know it has been dry,” said Ben Pink, the environmental program analyst for the Santa Cruz Water Department.

The Santa Cruz Water Commission voted unanimously Monday evening to recommend the City Council enact Stage 1 of the city’s Water Shortage Contingency Plan. Therefore, residents should be prepared for a possible 10% water usage reduction citywide, which totals around 136 million gallons.

Stage 1 will limit water usage in each household to 500 cubic feet of water per month, which is equivalent to 3,740 gallons. That measurement is for an assumed household of three people, according to Pink. Larger households will be able to apply for a larger water allotment online. The water department expects to have that service available by mid-April.

Even if water usage is rationed, the water commission isn’t concerned the allotment will be a problem due to a recent decrease in demand.



“When you look at the demand structure of our customers, those who have been conserving will probably not have a difficult time. Many people in our community are using less water than the allotment allows,” Water Director Rosemary Menard said. “We will be communicating to folks who are in that more marginal place as we go forward so they can have plenty of notice to begin to take steps.”

While the implementation of Stage 1 restricts the amount of water each household is allotted, penalties for exceeding the allotment aren’t implemented until Stage 2 of the contingency plan. Despite no penalty, Pink still urged residents to use within their allotment to create a better water outlook for 2022.

“Even though there is no excess use penalty at this time, we’re really asking people to adhere to those allotments because we know that the following year could be dry. Then the penalties will come into effect,” he said. “In a sense, it’s advisory now with a strong emphasis on sticking to those allotments because we’re all in this together in case the next year is dry.”

As of March, Santa Cruz has remained in the critically dry category for the 2021 water year. The city has only seen roughly 11,600 acre feet of water runoff from the San Lorenzo River, which is significantly lower than a normal year.

In fact, the city is on par with the 2014 water year, which was the last time it fell within the critically dry category. Santa Cruz narrowly edged its way into the dry category last year.

“The end of March is typically when we evaluate the conditions and prepare the final water supply outlook for the peak season,” Pink said. “April is typically a transition month where you still might get some rain, but as of today there’s really no rain in the forecast. With this trend it is unlikely that we are going to cross over that threshold into the dry category.”

The peak season for water usage in Santa Cruz starts in May and runs through October, according to Pink. While the water commission has made its recommendation, City Council will need to make the final decision to enact Phase 1 of the Water Shortage Contingency.

The vote will take place during the council’s regular meeting on April 13. Those interested in watching the meeting can do so at [cityofsantacruz.com](https://cityofsantacruz.com/communitytv.org/watch), communitytv.org/watch or on Comcast Channel 25. The time of the meeting has yet to be determined.



Tags: [Newsletter](#)

Ryan Stuart

Ryan Stuart came to the Sentinel in October 2020. He was raised in a suburb outside of Seattle and he got his degree in journalism at Washington State University. Ryan moved to California in December of 2019 to cover high school sports at the Santa Clarita Valley Signal. When sports paused, he made the transition to hard news. He moved to Santa Cruz where he reports on schools, businesses, city government and north county activity.

rstuart@santacruzsentinel.com

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NEWS > ENVIRONMENT

Santa Cruz Water Department completes major water pipeline replacement

220 feet of the pipeline runs beneath the San Lorenzo River



A drone captures a view of micro-tunneling equipment being lowered into the jacking pit. (Contributed photo – City of Santa Cruz Water Department)

By **HANNAH HAGEMANN** | hhagemann@santacruzsentinel.com |

PUBLISHED: April 6, 2021 at 4:12 p.m. | UPDATED: April 6, 2021 at 4:13 p.m.



SANTA CRUZ — The City of Santa Cruz Water Department announced Tuesday the replacement of a major water pipeline, that diverts water from North Coast streams, has been completed. Less than a year after the \$5 million project began, 520 feet of 1960s era steel water lines have been replaced by new ductile iron pipeline.

Majors, Laguna, and Liddell creeks feed into the newly-upgraded line. Water from those streams are then delivered to the the Graham Hill Water Treatment Plant, before arriving at customers' taps.

"The pipeline that was replaced under the San Lorenzo River is like a main artery for the city's water system," Eileen Cross, spokesperson for the water department, wrote in an email. "Were it to fail, the city would be without a significant source of water – and in trouble supply-wise."

For a length of 220 feet, the water pipeline runs beneath the San Lorenzo River. That made the project technically challenging.

"This project was a nail-biter for us," said Water Director Rosemary Menard in a press release. "The pipeline beneath the San Lorenzo River is critical to the community's water system and because of the location, failure was not an option."

Kleinfelder Engineering and Vadnais Trenchless Services were contracted by the City water department, and utilized micro-tunneling to complete the new section of pipeline. The technique involves using remotely operated machines to dig utility tunnels.





Removal of the micro-tunneling equipment on the east side of the San Lorenzo River.
(Contributed photo — City of Santa Cruz Water Department)

A 70-foot-deep pit was excavated to launch tunneling equipment and another 50-foot-deep trench was dug, where contractors received the remotely-operated machines.

“The pits needed to operate the micro-tunneling equipment were 10 stories tall and 5 stories tall,” Menard said. “Managing groundwater seepage into the pits was an ongoing challenge that the team successfully met.”



The Cost Pump Station pipeline replacement is the [first of several infrastructure upgrade projects the City water department has planned](#). At Loch Lomond, [crews are currently working on replacing the Newel Creek Dam inlet and outlet](#).

That project is slated to cost more than \$100 million, and will be ongoing for the next several years, according to water department staff.

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Tags: [Newsletter](#), [Water](#)



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Scotts Valley City Council to consider raising wastewater rates

By: **GRACE HASE**  April 6, 2021

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Scotts Valley residents could see an increase in wastewater rates as the city looks to fund improvements to its collection and treatment system.

The last time the Scotts Valley City Council voted to increase wastewater rates, which currently sit at \$46.49 a month for single-family homes, was back in 2017. The fee hike was applied to the 2017-18 and 2019-20 fiscal years with rates remaining the same in the current year in part because of the Covid-19 pandemic.

In the next five years though, the city has plans to make “a significant investment in the wastewater collection and treatment system...totaling over \$7 million,” according to a memo penned by City Manager Tina Friend.

“In addition, the city is estimating a placeholder amount of up to \$20 million for investment in new technologies for the treatment plant that may likely be required subject to the completion of the wastewater system master plan,” Friend added.

The city contracted Berkeley-based public finance consulting firm Bartle Wells Associates to craft three scenarios of how Scotts Valley will fund the capital improvement projects, a decision that will ultimately affect how much fees are increased. The council is slated to review the firm’s report at its virtual meeting Wednesday evening.

The first of the three scenarios to fund the projects would be for the city to pay-as-they-go and take on no debt, which would result in a 19%—or \$8.84—increase to \$55.33 a month for the upcoming fiscal year. By 2025-26, rates would increase to \$76.94 a month.

In the second scenario, the city would take on \$1.5 million of debt in the 2022-23 fiscal year to fund improvements, with a plan to pay the money back over a five-year period. Residents' rates would increase by 15%, or \$6.98, in 2021, to \$53.47 a month and eventually raise to \$76.71 a month in the 2025-26 fiscal year.

The third and final scenario would have the city take on \$4.5 million of debt to be paid back in the following five years. The option, which city officials recommend, has the smallest rate increase for residents at 9%, or \$4.19, to \$50.68 a month for the upcoming year. By the 2025-26 fiscal year, residents could expect to pay \$71.54 a month.

In her memo, Friend said that officials are recommending the third scenario because it “will have a lower impact on ratepayers and will allow the city to leverage its otherwise debt-free wastewater operations to obtain low-interest financing to mitigate the impacts on ratepayers over the course of the next five years.”

A review of 15 nearby cities by Bartle Wells Associates found that the average single family wastewater bill is \$61.30 a month – nearly \$15 more than Scotts Valley's current rate. And even with the proposed increases, Scotts Valley residents would be paying less than residents in every other city in Santa Cruz County aside from Watsonville.

After reviewing the report at its Wednesday meeting, the council will make a final decision on rate increases on June 16 with the adoption of the city's 2021-22 fiscal year budget. The new rate would take effect July 1.

The Scotts Valley City Council convenes virtually at 6pm Wednesday. Click [here](#) to read the entire agenda and [here](#) to join the Zoom meeting.

A dry year leads water managers to think about conservation measures

Santa Cruz received less than half of its normal rainfall this past year.



Updated: 7:12 PM PDT Apr 9, 2021

Infinite Scroll Enabled



Gina DeVecchio   

Meteorologist

SANTA CRUZ, Calif. — Whenever it rains in California we all get this feeling of relief. From wildfire prevention to replenishing our supply of drinking water, rain brings hope.

It goes without saying that rainwater is a precious commodity on the Central Coast and we haven't had enough of it in the past two years. In fact, in a normal year Santa Cruz gets 31 inches of rainfall. This year they've only received about half of that at 15 inches and because last season was also less than normal, officials are beginning to get concerned if dry conditions continue.

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"So single year is not going to be a big deal. Two years in a row, we can start thinking about what next year's going to be. Three years in a row definitely, or three years out of the last four years have been below average. We are this year are kind of starting to think about do we need to ask our customers to reduce their consumption because none of us know what next year is going to bring," said Piret Harmon, general manager of Scotts Valley Water District.

Because the Central Coast relies completely on local rainfall and has enough local surface water and groundwater stored, it's OK for now.

The City of Santa Cruz uses 95% surface water from areas like Loch Lomond or the San Lorenzo River but in Scotts Valley residents are drinking 100% groundwater. So what's the difference?

Groundwater is stored deep beneath the [Santa Cruz mountains in the Santa Margarita basin](#). Rainwater seeps through soil, rocks, crevices and into the wells that can range from a couple hundred to over 1,700 feet deep. This water is stored underground for about 2 to 5 years before being pumped back up to treatment plants like the Orchard Run Treatment Plant in Scotts Valley where the underground minerals are removed, to provide safe, drinkable water.

Surface water comes from the Loch Lomond Reservoir and other local rivers. It is treated, cleaned and tested at places like the Graham Hill Water Treatment Plant before it becomes the drinking water for the city of Santa Cruz. [The rain we receive each season plays a key role in that process](#).

"These reservoirs were sized for annual refill and depletion because of the normal rainfall. And one of the things that I think we've all come to the conclusion about is. The historic patterns here that was normal, we don't have that anymore, we have dry and we have wet, but we don't have that thing in the middle that's normal," said Rosemary Menard, water director for the city of Santa Cruz

What's so unique about the city of Santa Cruz and the Santa Cruz Mountains is that they aren't part of the state water project.


That means any rain that falls locally is the water you are drinking. Whether that's surface water or from groundwater. That is the water that comes straight out of your faucet.

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Central Coast COVID-19: Maps, tiers, case numbers and everything else you need to know

8A: ATTACHMENT 6

SANTA CRUZ WATER RESTRICTIONS

- ▶ Households of 3
- ▶ 3,740 gallons a month
- ▶ No penalties



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Santa Cruz City Council to discuss water restrictions on Tuesday



Updated: 7:10 PM PDT Apr 12, 2021

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**Phil Gomez**  

Reporter

SANTA CRUZ, Calif. — Santa Cruz City leaders are preparing to approve a 10% cut in water use by the city's 98,000 water customers with hopes it'll save about 136 million gallons.

The lack of rainfall can be measured by the low flow of the San Lorenzo River, one of the main sources of water for the city, and its storage at Loch Lomond Reservoir which currently sits at 70% capacity. The city of Santa Cruz is managing water not just for this year but for next year if the drought continues.

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"I think that the steps we're taking now are designed to ensure that even if we have a dry year next year we're not going to run out of water," said Santa Cruz Water Director, Rosemary Menard.

The city's stage one, water restrictions for a household of three would allocate 3,740 gallons of water a month.

If you go over the allotment there are no penalties.

Linda Page is like many Santa Cruzans.

She's been conserving as best she can through all the recent droughts and will do her best to comply.

"I'm going to try my very best and I will let them know three live here. I don't know what else I can do. I'm going to try. I know it's important," Page said.

The city plans to set up a site where customers can request more water allocations.

"We focused away from: You can't do this, you can't do that to, here's your allocation. Here's some ideas you can use to use to look at to our own water use to prioritize where you want to make cuts and adopt it where it works for you," Menard said.

If approved the city council stage one water restrictions will go into effect May 1 and run through Oct. 31.



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LAFCO to appoint Arroyo Grande director to its top spot

April 12, 2021



By KAREN VELIE

The San Luis Obispo County Local Agency Formation Commission (LAFCO) has selected Arroyo Grande's new Community Development Department Director Robert Fitzroy to be its top executive. The LAFCO Commission will consider formally hiring Fitzroy at a meeting on Thursday.

Fitzroy previously worked for SLO County, filling several planning department roles, the last of which was assistant director. Fitzroy left the county for his job in Arroyo Grande two months ago, following [an accusation](#) in a whistleblower

complaint that he agreed to waive thousands of dollars in fees for a development project.

Prior to his work for the county, Fitzroy was employed by Rincon Consultants as a planning and environmental impact consultant.

LAFCO plans to pay Fitzroy \$253,138 annually in salary and benefits, according to a LAFCO staff report.

After former LAFCO executive officer Michael Prater took a job in Santa Barbara late last year, the commission hired David Church to serve as LAFCO's interim executive officer.

Fitzroy graduated from Cal Poly San Luis Obispo with a bachelor's degree and he also has masters in natural resource management and environmental planning and public policy.

If the commissioners vote to approve him, Fitzroy is expected to begin work as the LAFCO executive officer on May 24.



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CA Targets Urgent Projects As Wildfire Season Looms

Gov. Gavin Newsom signed a \$536 million early action package Tuesday ahead of another looming fire season and threat of drought.



Associated Press, News Partner

Posted Tue, Apr 13, 2021 at 3:50 pm PT

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California is racing to spend more than a half-billion dollars before this year's wildfire season gets going in earnest. Newsom on Tuesday approved the early funding. (AP Photo/Adam Beam)

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OROVILLE, CA — California is in such an urgent race with another devastating wildfire season that officials began soliciting local project ideas even before they had money to pay for them. It faces such a threat of drought that the governor said Tuesday that he has executive orders drafted and ready to sign as needed.

In normal years, the worst of the fires don't start until late summer or fall, leaving a window through about May to thin forests, clear buffer zones designed to slow the spread of fires near communities, and beef up the state's seasonal fire crews.

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Not this year, officials said.

A dry winter is already blending into a tinder-dry summer that has produced twice as many wildfires as this time last year, Gov. Gavin Newsom said.

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That led legislative leaders to speed up what Newsom had proposed as a \$1 billion infusion in fire mitigation projects during the fiscal year that starts in July.

Newsom signed into law Tuesday a \$536 million early action package, roughly \$200 million more than he had sought to spend in the first half of this calendar year.

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He signed it while awkwardly seated on the step of a firetruck for lack of a better prearranged location, and near a long boat ramp at one of the state's major reservoirs that this year leads to nothing but grass and rocks where there should be abundant water.

Fire conditions have worsened so much in recent years that once rare fire tornadoes have become more common as megafires create their own weather. Last year's record-setting wildfire season scorched more than 4% of the state while killing 33 people and destroying nearly 10,500 buildings.

"These are extremes the likes of which these men and women in uniform have never experienced," Newsom said in Butte County, near where a massive fire burned last year, and not far from where another wind-driven fire nearly leveled the Sierra foothills town of Paradise more than two years ago.

Beth Bowersox, a dispatcher with the state's firefighting agency, related Tuesday how she named the 2018 Camp Fire after a nearby landmark at the onset of what became California's deadliest and most destructive wildfire, killing 85 people.

"I took hundreds of 911 calls, some of them from friends and neighbors, some of whom passed (died)," she recalled in an emotional account describing the "innumerable losses."

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She herself had to evacuate her Paradise home, while her firefighter brother and one of his crew were injured by an exploding propane tank.

Amid such evolving conditions, lawmakers said they are now intent on starting to fight the causes of extreme wildfires, in addition to spending billions of dollars to fight fires once they ignite.

The new spending package will distribute about 86% of the money in the form of grants, so the state solicited project proposals from local governments and other organizations even before the budget appropriation, said Jessica Morse, deputy secretary for forest resources management with the California Natural Resources Agency.

It streamlined normal contracting requirements with the goal of getting grants out within weeks instead the usual months, she told Senate budget committee members Monday. And state firefighting agencies are hiring now while starting on projects designed to protect communities.

"This is incredibly urgent," and the usually slow bureaucracy is working "to ensure that they are delivering at an incredibly fast pace," she said.

Most will go to what she called shovel-ready projects that can begin nearly as soon as funding is available.

The money is nearly seven times more than what had been in this year's budget for wildfire mitigation, said Democratic Assemblyman Richard Bloom, who helped negotiate the package.

It is going to organizations and agencies "that are as we speak planning how to roll out these efforts in advance and as fire season is beginning," he said Monday before attending Tuesday's signing ceremony.

"That's never happened before, and it is extremely important given what we know about wildfire in this state."

The state spent about \$9 billion fighting last year's record fires, Bloom said, but putting more money into prevention is intended to cut the number of blazes and their devastation.

That includes nearly \$200 million to build fuel breaks near vulnerable communities and \$283 million to manage forest. Another \$25 million is intended to draw \$75 million in federal

Republican Assemblyman James Gallagher objected that \$12 million in the funding package negotiated by Democratic leaders is going to a coastal land conservancy. Another \$125 million is to fulfill a legislative requirement that went unmet last year.

"Far too many communities have been devastated because we're not getting on top of the fuel reduction," said Gallagher, who represents fire-prone rural areas, including Paradise.

He voted for the funding but said much more money should go to managing forests.

"The rest of it is lot of smoke and mirrors," Gallagher quipped. "And let's face it, we don't need any more smoke in California."

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Santa Cruz County Launches New Disaster Preparedness Website

April 16, 2021 at 2:40 pm

Filed Under: [Emergency preparedness](#), [Lightning Complex Fires](#), [Santa Cruz](#), [Santa Cruz County](#), [Wildfires](#)

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SANTA CRUZ (CBS SF/BCN) — Santa Cruz County launched a new disaster preparedness website through its Office of Response, Recovery and Resilience, officials announced Friday.

The website provides residents with resources and information on current disaster recovery efforts as well as resources to prepare for the event of a disaster.

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The website was launched at the directive of county supervisors in response to the CZU Lightning Complex Fires.

Residents can visit the [Santa Cruz County website](#) to learn about upcoming events, sign up for newsletter updates and connect with the community-based Long-Term Recovery Group.

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READ MORE: [CZU Lightning Complex Fires: Mandatory Evacuations For UC Santa Cruz, San Mateo County Communities](#)

The website also provides information on county efforts for climate change, access to emergency preparedness materials and other helpful resources.

Those still in the process of CZU-related debris removal can also go to the website to connect with the Recovery Permit Center, the Long-Term Recovery Group and download other material related to the rebuilding process.

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WEATHER

Gov. Newsom declares drought emergency in 2 California counties

AP By KATHLEEN RONAYNE and JOHN ANTCHAK

Wednesday, April 21, 2021 4:06PM



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Gov. Gavin Newsom declared an emergency executive order Wednesday in two Northern California counties in response to drought conditions affecting much of the state and the West Coast.

SACRAMENTO, Calif. -- Standing in the dry, cracked bottom of what should have been a more watery Lake Mendocino, Gov. Gavin Newsom declared an emergency executive order Wednesday in two Northern California counties in response to drought conditions affecting much of the state and the West Coast.

The announcement affects Mendocino and Sonoma counties, where Newsom says drought conditions are especially bad, but it falls far short of a statewide declaration despite some regions seeking one. California, which is now in its second year of drought conditions, is bracing for another devastating wildfire season after a winter with little precipitation.

A screenshot of a web browser displaying a clothing store's product grid. The grid shows six items: a brown ruffled top, a floral dress, a black jumpsuit, a light pink dress, a grey jumpsuit, and a black and white patterned jumpsuit. Each item has a title, price, and an 'Order Now' button. The browser's address bar shows 'http://www.1000clothing.com/'. The page is viewed on a desktop screen with a black background.

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"Oftentimes we overstate the word historic, but this is indeed an historic moment, certainly historic for this particular lake, Mendocino, which is at 43% of its capacity this time of year," Newsom said, standing where 40 feet (12 meters) of lake water was supposed to be.

The order allows the state to prepare for the expected effects of the water shortage more quickly and to take swifter action in restricting and managing usage. State regulators have issued letters to roughly 700 vineyards, residential suppliers, farmers and others with water rights to the Russian River that they may have their water curtailed, said Grant Davis, general manager for Sonoma Water, which manages water in the region.

State officials at Wednesday's briefing said the order could expand statewide, and likely will given conditions.

"If you're in a different part of the state, you probably need to know that this will one day happen to you," said Karla Nemeth, director of the California Department of Water Resources.

The department says this is the fourth driest year on record statewide, especially in the northern two-thirds of the state. But Newsom said urban Californians are also using 16% less water than they were at the start of the last major drought from 2012 to 2016, and he urged residents to conserve.

"We've barely been out of those drought conditions and here we are entering back into these drought conditions," he said.

The Russian River watershed is unique in that it relies much more on falling precipitation as it is "geographically isolated" from larger water systems in the state, said Wade Crowfoot, the state's natural resources secretary.

Farmers and leaders in Central Valley counties are pleading with the governor to declare a statewide emergency, saying they desperately need water.

Local water districts are already taking action against dry conditions, with the district serving a chunk of Marin County telling residents they'll have to stop washing vehicles at home and filling backyard pools starting next month, or face fines.

Newsom said he's not anticipating issuing mandates but added, "I am very clear that we're gaming out everything."

About three-quarters of the western United States is in what is called a megadrought, he said.

Last week, hundreds of farmers who rely on a massive irrigation project spanning the Oregon-California border were told they'll get a fraction of the water deliveries they need as federal regulators attempt to balance agriculture against federally threatened and endangered fish species central to the heritage of several tribes.

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Antczak reported from Los Angeles. AP writer Janie Har contributed from San Francisco.

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