



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

701 Ocean Street, #318-D  
Santa Cruz, CA 95060  
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**REGULAR MEETING AGENDA**

**Wednesday, August 3, 2022 at 9:00am**

(Meeting will be conducted using Zoom Webinar)

**Attend Meeting by Internet:** <https://us02web.zoom.us/j/84733692745>  
(Password 257512)

**Attend Meeting by Conference Call:** **Dial 1-669-900-6833 or 1-253-215-8782**  
(Webinar ID: 847 3369 2745)

**TELECONFERENCE MEETING PROCESS**

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

- a) Commission Quorum: Assembly Bill 361 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 LAFCO staff. Email comments must be submitted to LAFCO staff at [info@santacruzlafco.org](mailto:info@santacruzlafco.org). Comments on matters not on the agenda may be submitted prior to the time the Chair calls for Oral Communications. Comments on agenda items may 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 may 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 staff 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. Virtual Meeting Process**

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

Recommended Action: No action required; Informational item only.

### **b. Fire Reorganization Update**

The Commission will receive an update on the proposed reorganization involving the Branciforte and Scotts Valley Fire Protection Districts.

Recommended Action: No action required; Informational item only.

## **3. ADOPTION OF MINUTES**

The Commission will consider approving the minutes from the June 1, 2022 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. SPECIAL PRESENTATIONS**

This is an opportunity for the Commission to receive special presentations from city or district representatives regarding LAFCO-related matters. These presentations may or may not require Commission action.

### **a. Alba Recreation & Park District – Status Update**

The Commission will receive a verbal update from the ARPD General Manager Lindsay Speth on the District's operational and governance improvements.

Recommended Action: No action required; Informational item only.

## **6. 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. “Blossom Way / Stephen Bell Extraterritorial Service Agreement”**

The Commission will consider the extraterritorial service request to receive sewer service from the City of Scotts Valley under Government Code Section 56133.

Recommended Action: Adopt the draft resolution (No. 2022-10) approving the extraterritorial service agreement involving the City of Scotts Valley.

**b. Countywide Water Service and Sphere Review**

The Commission will consider the adoption of a service and sphere of influence review for the nine water agencies in Santa Cruz County.

Recommended Actions:

- 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 nine affected agencies, 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 a Resolution (LAFCO No. 2022-11) approving the 2022 Countywide Water Service and Sphere Review with the following terms and conditions:
  - a. Reaffirm the existing spheres of influence for Scotts Valley Water District and San Lorenzo Valley Water District;
  - b. Amend the existing spheres of influence for Central Water District, City of Santa Cruz, City of Watsonville, and Soquel Creek Water District to accurately reflect the areas currently within the agencies' jurisdiction and/or already being served;
  - c. Adopt a sphere of influence for the Pajaro Valley Water Management Agency to be coterminous with the Corralitos Basin;
  - d. Adopt a zero sphere of influence for County Service Area 54 and the Reclamation District No. 2049 as a precursor to dissolution;
  - e. Direct the Executive Officer to distribute letters to the small water systems to ensure that they are fulfilling the statutory requirements under Assembly Bill 54; and
  - f. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the nine water agencies, Monterey LAFCO, San Benito LAFCO, and any other interested or affected parties, including but not limited to the Civil Grand Jury of Santa Cruz County.

## 7. OTHER BUSINESS

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

### a. Continuation of Remote Meetings

The Commission will consider ratifying a resolution to permit the continuation of remote meetings under AB 361.

Recommended Action: Ratify the existing resolution (No. 2021-19) approving the continuation of remote meetings under AB 361 with the option of implementing a hybrid model at the next LAFCO meeting, if possible.

### b. Consulting Firm Selection for the Upcoming Feasibility Study

The Commission will consider the contractual agreement between LAFCO and AP Triton for professional services.

Recommended Action: Approve the draft contractual agreement to hire AP Triton as LAFCO's consulting firm to produce a feasibility study regarding the sphere boundaries for the fire agencies in Santa Cruz County.

### c. Grand Jury Report – LAFCO Response

The Commission will consider a formal response to the Grand Jury's report titled *"Our Water Account Is Overdrawn - Beyond Conservation: Achieving Drought Resilience."*

Recommended Action: Approve the draft comments and direct the Executive Officer to distribute the attached comment letter to the Grand Jury before the August 22, 2022 deadline.

### d. CALAFCO Update

The Commission will receive an update on CALAFCO's upcoming annual conference (October 19-21, 2022) in Newport Beach, California.

Recommended Actions:

- 1) Discuss attendance at the upcoming CALAFCO Annual Conference;
- 2) Designate a Voting Member and Alternate for the Regional Caucus and Business Meeting; and
- 3) Discuss whether to make any board or award nominations.

### e. Comprehensive Quarterly Report – Fourth Quarter (FY 2021-22)

The Commission will receive an update on active proposals, upcoming service reviews, budgetary performance, and other LAFCO activities.

Recommended Action: No action required; Informational item only.



## 8. 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.

## 9. 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 May, June and July

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.

## 10. 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.

## 11. ADJOURNMENT

LAFCO's next regular meeting is scheduled for Wednesday, September 7, 2022 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](http://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 Local Agency Formation Commission of Santa Cruz County 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](http://www.santacruzlafco.org). To review written materials submitted after the agenda packet is published, contact staff at the LAFCO office or in the meeting room before or after the meeting.



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

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**DRAFT MINUTES**

**LAFCO REGULAR MEETING AGENDA**

**Wednesday, June 1, 2022**

**Start Time - 9:00 a.m.**

**1. ROLL CALL**

**Vice-Chair Yvette Brooks** 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. She asked staff to conduct roll call.

The following Commissioners were present:

- Vice-Chair Yvette Brooks
- Commissioner Jim Anderson
- Commissioner Roger Anderson
- Commissioner Ryan Coonerty
- Commissioner Francisco Estrada
- Commissioner Zach Friend
- Alternate Commissioner Donna Lind
- Alternate Commissioner Ed Banks (*voting member due to Rachél Lather's absence*)
- Alternate Commissioner John Hunt

The following LAFCO staff members were present:

- Executive Officer Joe Serrano
- Legal Counsel, Joshua Nelson

**2. EXECUTIVE OFFICER'S MESSAGE**

**2a. Virtual meeting Process**

**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 will have access to the meeting by phone or online. Mr. Serrano anticipates conducting the next LAFCO meetings remotely in accordance with the Governor's Executive Orders and the newly enacted law under Assembly Bill 361, which allows local agencies to conduct virtual meetings during a State of Emergency.

### 3. ADOPTION OF MINUTES

**Vice-Chair Yvette Brooks** requested public comments on the draft minutes. **Executive Officer Joe Serrano** noted no public comments were received. **Vice-Chair Yvette Brooks** closed public comments.

**Vice-Chair Yvette Brooks** called for the approval of the draft minutes. **Commissioner Jim Anderson** motioned for approval of the May 4th Meeting Minutes and **Commissioner Roger Anderson** seconded the motion.

**Alternate Commissioner John Hunt** noted that Commissioner Donna Lind's name was misspelled in the minutes. **Commissioner Jim Anderson** indicated that his motion would reflect the correction. **Commissioner Roger Anderson** agreed as the second motion.

**Vice-Chair Yvette Brooks** called for a roll call vote on the approval of the draft minutes with the correction. **Executive Officer Joe Serrano** conducted a roll call vote on the item.

**MOTION:** Jim Anderson  
**SECOND:** Roger Anderson  
**FOR:** Jim Anderson, Roger Anderson, Ed Banks, Yvette Brooks, Ryan Coonerty, and Zach Friend.  
**AGAINST:** None  
**ABSTAIN:** Francisco Estrada

**MOTION PASSED: 6-0**

### 4. ORAL COMMUNICATIONS

**Vice-Chair Yvette Brooks** requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was no request to address the Commission.

**Vice-Chair Yvette Brooks** moved on to the next agenda item.

### 5. PUBLIC HEARINGS

**Vice-Chair Yvette Brooks** noted that there were two public hearing items for Commission consideration today.

#### 5a. Pajaro Valley Rod and Gun Club Annexation

**Vice-Chair Yvette Brooks** requested staff to provide a presentation on the proposed annexation into the Salsipuedes Sanitary District.

**Executive Officer Joe Serrano** informed the Commission that staff received an application from the Salsipuedes Sanitary District to annex two parcels located within its sphere of influence and immediately adjacent to their jurisdictional boundary. Mr. Serrano highlighted that the two subject parcels are owned by the same landowner (Pajaro Valley Rod & Gun Club) and they have submitted a letter of support regarding the proposed annexation. If approved, the subject area will discontinue its existing septic tank and receive sewer service from a public agency immediately adjacent to the subject area. He recommended that the Commission approve the annexation since it fulfills the statutory

requirements under LAFCO law and is consistent with the Commission's adopted policies.

**Vice-Chair Yvette Brooks** requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was no request to address the Commission.

**Vice-Chair Yvette Brooks** closed public comments and called for Commission comments.

**Vice-Chair Yvette Brooks** noted no Commission discussion and asked for a motion to approve the proposed annexation. **Commissioner Ed Banks** motioned to approve staff's recommendations. **Commissioner Jim Anderson** seconded the motion.

**Vice-Chair Yvette Brooks** called for a roll call vote on motion based on staff's recommendation: **Adopt the draft resolution (LAFCO No. 2022-08) approving the two-parcel annexation into the Salsipuedes Sanitary District.**

**Executive Officer Joe Serrano** conducted a roll call vote on the item.

**MOTION:** Ed Banks

**SECOND:** Jim Anderson

**FOR:** Jim Anderson, Roger Anderson, Ed Banks, Yvette Brooks, Ryan Coonerty, Francisco Estrada, and Zach Friend.

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSED: 7-0**

#### **5b. Final Budget for Fiscal Year 2022-23**

**Vice-Chair Yvette Brooks** requested staff to provide a presentation on the final budget for the upcoming fiscal year.

**Executive Officer Joe Serrano** noted that the Commission adopted the draft budget in April with the direction to bring back the final budget with more information about the anticipated pension obligations and insurance costs. Mr. Serrano explained that LAFCO has been a member of the California Public Employees' Retirement System (CalPERS) since August 16, 1972. Each year, the Commission provides an annual contribution towards the retirement system for coverage over current and retired LAFCO employees. Since 2019, LAFCO has experienced the retirements of two long-term staff members. These retirements will affect LAFCO's overall pension obligations. The anticipated pension obligation for FY 2022-23 will be \$90,231. He also explained that LAFCO staff has budgeted \$40,000 for insurance expenses as part of the upcoming fiscal year. This amount provides for health insurance through CalPERS and for dental, eye care, life insurance, and limited disability insurance through the County's program. The employees also pay a portion of the costs. He recommended that the Commission approve the final budget for Fiscal Year 2022-23 and direct staff to distribute the adopted budget to the funding agencies.

**Vice-Chair Yvette Brooks** requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was no request to address the Commission.

**Vice-Chair Yvette Brooks** closed public comments and called for Commission comments.

**Commissioner Zach Friend** appreciated the work by staff.

**Commissioner Roger Anderson** appreciated the pension obligation information and encouraged staff to include additional budgetary line items regarding pension costs in the next budget.

**Vice-Chair Yvette Brooks** noted no further Commission discussion and asked for a motion to approve the draft report. **Commissioner Jim Anderson** motioned to approve staff's recommendations. **Commissioner Roger Anderson** seconded the motion.

**Vice-Chair Yvette Brooks** called for a roll call vote on motion based on staff's recommendation: (1) Adopt the draft resolution (LAFCO No. 2022-09) approving the final budget for Fiscal Year 2022-23; and (2) Authorize the Executive Officer to request the Auditor-Controller's Office to distribute the final budget and apportionment amount to the funding agencies by July 2022.

**Executive Officer Joe Serrano** conducted a roll call vote on the item.

**MOTION:** Jim Anderson

**SECOND:** Roger Anderson

**FOR:** Jim Anderson, Roger Anderson, Ed Banks, Yvette Brooks, Ryan Coonerty, Francisco Estrada, and Zach Friend.

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSED: 7-0**

## **6. OTHER BUSINESS**

**Vice-Chair Yvette Brooks** indicated that there were three business items for Commission consideration.

### **6a. Continuation of Remote Meetings**

**Vice-Chair Yvette Brooks** requested staff to provide a presentation on the requirements to continue remote meetings under Assembly Bill 361.

**Executive Officer Joe Serrano** noted that the Commission adopted a resolution in November 2021 to continue remote meetings in accordance with the guidelines under AB 361, which acts as a temporary waiver of the Brown Act's in-person attendance requirements. Mr. Serrano explained that to continue to qualify for AB 361's waiver of in-person meeting requirements, the Commission is required to renew the findings outlined in the resolution adopted back in November. Staff recommended that the Commission continue conducting remote meetings under AB 361 and allow the Executive Officer to determine whether a hybrid model can be implemented for future LAFCO meetings.

**Vice-Chair Yvette Brooks** requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was no request to address the Commission.

**Vice-Chair Yvette Brooks** closed public comments and called for Commission comments.

**Commissioner Roger Anderson** motioned to approve staff's recommendations. **Commissioner Jim Anderson** seconded the motion.

**Vice-Chair Yvette Brooks** called for a roll call vote on motion based on staff's recommendation: **Ratify the existing resolution (No. 2021-19) approving the continuation of remote meetings under AB 361 with the option of implementing a hybrid model at the next LAFCO meeting, if possible.**

**Executive Officer Joe Serrano** conducted a roll call vote on the item.

**MOTION:** Roger Anderson

**SECOND:** Jim Anderson

**FOR:** Jim Anderson, Roger Anderson, Ed Banks, Yvette Brooks, Ryan Coonerty, Francisco Estrada, and Zach Friend.

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSED: 7-0**

#### **6b. New Office Lease**

**Vice-Chair Yvette Brooks** requested staff to provide a presentation on the proposed four-year lease agreement between LAFCO and the County of Santa Cruz.

**Executive Officer Joe Serrano** noted LAFCO has been leasing 425 square feet of office space in the legislative wing of the County Governmental Center for almost 20 years. The lease agreement has been renewed and extended over the past decade under an ongoing partnership between the County and LAFCO. Mr. Serrano indicated that the current lease agreement is set to expire on June 30, 2022. Following discussions between LAFCO and the County General Services Department, the County has agreed to offer a new four-year lease agreement whereby LAFCO will continue to use the same office space until June 30, 2026. The new agreement also includes a two-year extension option (July 1, 2026 to June 30, 2028). The proposed lease agreement maintains the same terms under the existing contract but does include an increase of 5% to the rent rate during FY 2022 to 2024 (\$1.83/square foot) and another 5% increase during FY 2024 to 2026 (\$1.93/square foot). There are no additional costs. He recommended that the Commission approve the new four-year lease agreement.

**Vice-Chair Yvette Brooks** requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was no request to address the Commission.

**Vice-Chair Yvette Brooks** closed public comments and called for Commission comments.

**Commissioner Roger Anderson** motioned to approve staff's recommendations. **Commissioner Ed Banks** seconded the motion.

**Vice-Chair Yvette Brooks** called for a roll call vote on motion based on staff's recommendation: **Approve the new four-year lease agreement.**

**Executive Officer Joe Serrano** conducted a roll call vote on the item.

**MOTION:** Roger Anderson

**SECOND:** Ed Banks

**FOR:** Jim Anderson, Roger Anderson, Ed Banks, Yvette Brooks, Ryan Coonerty, Francisco Estrada, and Zach Friend.

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSED: 7-0**

#### **6c. New LAFCO Website**

**Vice-Chair Yvette Brooks** requested staff to provide a presentation on the launch of LAFCO's new website.

**Executive Officer Joe Serrano** noted that the new LAFCO website is up and running. The new website addresses all the statutory requirements found under Senate Bill 929 which requires all independent special districts to maintain a transparent website. Mr. Serrano explained that while LAFCO is not required by law to fulfill the SB 929 requirements, it was important for staff to operate a website that reflects its encouragement of public agencies to have more transparency. He also explained how the new website has a simpler functionality in the administrative side, making it easier for staff to update and maintain the site. He extends his appreciation to Chase Designs, Inc. for completing this important task ahead of schedule and within the estimated amount.

**Vice-Chair Yvette Brooks** requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was no request to address the Commission.

**Vice-Chair Yvette Brooks** closed public comments and called for Commission comments.

**Commissioner Roger Anderson** asked if the links throughout the website were tested. **Executive Officer Joe Serrano** noted that the web team and LAFCO checked each webpage extensively for any broken links or outdated information.

**Commissioner Francisco Estrada** asked if the new website is compatible to smartphones. **Executive Officer Joe Serrano** noted that the website is not only compatible to any smartphone, but is also compatible to any web browser.

**Vice-Chair Yvette Brooks** asked if the new website has the ability to translate the information to different languages. **Executive Officer Joe Serrano** noted that the website doesn't have that function at this time. *(Following the June 1st meeting, LAFCO staff installed the Google Translate feature on the new website at no additional cost).*

**Vice-Chair Yvette Brooks** moved to the next item since no Commission action was required.



## 7. WRITTEN CORRESPONDENCE

**Vice-Chair Yvette Brooks** inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** indicated that LAFCO received comments letters from the Pajaro Dunes Association, Central Fire District, and the County of Santa Cruz. All three correspondences were related to the proposed “Pajaro Valley Fire Protection District Reorganization.” Mr. Serrano noted that staff is coordinating with each party to address their comments and concerns about the proposed reorganization. He reminded the Commission that no action was required. **Vice-Chair Yvette Brooks** moved to the next item since no Commission action was required.

## 8. PRESS ARTICLES

**Vice-Chair Yvette Brooks** requested staff to provide a presentation on the press articles. **Executive Officer Joe Serrano** indicated that this item highlights LAFCO-related articles recently circulated in local newspapers.

**Vice-Chair Yvette Brooks** requested public comments on this item. **Executive Officer Joe Serrano** indicated that there was no request to address the Commission.

**Vice-Chair Yvette Brooks** moved to the next item since no Commission action was required.

## 9. COMMISSIONERS’ BUSINESS

**Vice-Chair Yvette Brooks** inquired whether any Commissioner would like to share any information. There were no comments. **Vice-Chair Yvette Brooks** moved to the next item since no Commission action was required.

## 10. ADJOURNMENT

**Vice-Chair Yvette Brooks** adjourned the Regular Commission Meeting at 9:41 a.m. to the next regular LAFCO meeting scheduled for Wednesday, August 3, 2022 at 9:00 a.m.

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RACHÉL LATHER, CHAIRPERSON

Attest:

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JOE A. SERRANO, EXECUTIVE OFFICER



Date: August 3, 2022  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **“Blossom Way / Stephen Bell Extraterritorial Service Agreement”  
with the City of Scotts Valley (LAFCO Project No. ESA 22-02)**

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### **SUMMARY OF RECOMMENDATION**

LAFCO has received an application from a landowner requesting an extraterritorial service agreement involving the City of Scotts Valley. If approved, the subject parcel will have the opportunity to receive sewer service from the City’s sewer infrastructure rather than installing a septic system on the property.

Staff is recommending that the Commission adopt the draft Resolution (No. 2022-10) approving the extraterritorial service agreement involving the City of Scotts Valley.

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### **EXECUTIVE OFFICER’S REPORT:**

In February, a landowner submitted an application to receive an extraterritorial service agreement between the City of Scotts Valley and a single parcel (APN: 056-131-09) in order to provide sewer service to a future single-family residence. The proposal area is approximately one acre in size and is currently located outside Scott Valley’s city limits but within its sphere of influence boundary. **Attachment 1** provides a map of the agency’s current boundaries in relation to the location of the proposal area. The benefits of approving this extraterritorial service agreement is two-fold: (1) it is consistent with the State’s goal to connect properties to available sewer infrastructures rather than installing new individual septic tanks, and (2) it supports the Commission’s sphere designation which identifies the City of Scotts Valley as the most logical service provider. Approval of the extraterritorial service agreement would be a precursor to an annexation at a future date.

### **State Law**

#### California Water Code

In accordance with State law, the Regional Water Quality Control Board prohibits the discharge of wastewater from existing or new individual septic tank disposal systems if sewer is available from a public agency (Water Code Section 13281). This law further states that for a sewer system to be deemed available it is necessary for a sewer system to be within 200 feet of an existing or proposed dwelling unit. The distance of the proposed connection between the City and subject property (APN: 056-131-09) is under 200 feet. While the connection is supported by Water Code Section 13281, it is also subject to Government Code Section 56133 under the Cortese-Knox-Hertzberg Act.

### Cortese-Knox-Hertzberg Act

In accordance with State law, a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the Commission (Government Code Section 56133). Additionally, the Commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization. The proposed agreement would allow the City to provide sewer service to the single parcel with the condition that the City and LAFCO coordinate to determine when annexation may occur. Such discussions may also result in updating the City's existing annexation policy (**Attachment 2**).

### **Commission Policy**

In 2011, the Commission adopted the Extraterritorial Services Policy which outlined regulations for agencies to provide services outside their service and/or sphere boundaries. This policy was updated on June 3, 2020 (**Attachment 3**). Under this policy, the Commission limits approval of extraterritorial service agreements if the following three specific circumstances occur:

**a) Facilities are already in place.**

The City provides sewer services to properties directly adjacent to the proposal area. The proposal area is within the City's sphere boundary.

**b) Annexation would not be practical.**

Annexation is practical which is why LAFCO staff is recommending a condition requiring the City to coordinate with LAFCO to determine when annexation may occur and whether the City's 1995 Annexation Policy requires an update.

**c) Cortese-Knox-Hertzberg Act Requirements.**

The proposed extraterritorial service agreement meets the statutory criteria outlined in LAFCO law, pursuant to Government Code Section 56133.

Pursuant to the Commission's policy, individual requests for extraterritorial service shall be filed with the Executive Officer on a prescribed application form. The applicant is responsible for paying the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. An application and fee deposit of \$950 was submitted to LAFCO on February 18, 2022.

### **Application Packet**

In accordance with LAFCO law and the Commission's adopted policy, this type of application requires several documents. The following section summarizes these items:

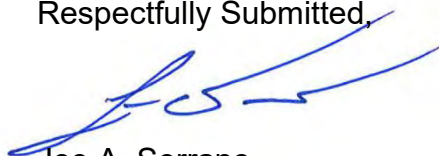
- 1) Application Form** – Commission Policy requires a completed and signed extraterritorial service agreement form. A signed application was submitted on February 18.
- 2) Signed Petition** – Commission Policy requires documentation showing consent from the affected property owner as part of the application. The property owner of APN: 056-131-09 is the applicant and signed the required petition form.

- 3) **Will-Serve Letter** – Government Code Section 56133 requires documentation from the affected agency indicating support and capacity to provide the requested service. The City of Scotts Valley signed a Will-Serve letter on March 17 (**Attachment 4**).
- 4) **Notification to Alternative Service Provider** – Government Code Section 56133(c) requires the Commission to notify any alternative service provider that has filed a map and a statement of its service capabilities with the Commission. LAFCO staff has determined that there are no nearby or alternative service providers for sewer service. However, a public notice was advertised in the Sentinel on July 12, 2022, as shown in **Attachment 5**.
- 5) **Environmental Document** – Commission Policy indicates that all matters that are reviewable pursuant to environmental regulations are subject to the applicable provisions of the California Environmental Quality Act. LAFCO, as the Lead Agency, will record a Notice of Exemption pursuant to State CEQA Guidelines Section 15303(d), “New Construction or Conversion of Small Structures,” because the project would discontinue the need for a septic system and connect to a public agency’s wastewater infrastructure (**Attachment 6**).
- 6) **Indemnification Agreement** – Commission Policy requires a signed indemnification agreement in the event that a lawsuit is filed against LAFCO’s action. A signed indemnification agreement was signed by both parties on February 18 (**Attachment 7**).
- 7) **Fee Deposit** – Commission Policy requires a fee deposit of \$950 for any proposed extraterritorial service request. A deposit was included with the application packet. Following the completion of the LAFCO process, staff will conduct a cost analysis and refund any remaining funds, if available.

### **Conclusion**

LAFCO typically encourages boundary changes, such as annexations, when there is a request for municipal services. In some cases, annexations cannot occur for various reasons. LAFCO staff evaluated this application and confirmed that the proposed extraterritorial service agreement meets all the requirements under State law and the Commission’s adopted policy. However, annexation is practical and this area should be annexed into the City in the foreseeable future. Therefore, the terms and conditions outlined in the draft resolution will allow the City to provide sewer service to the proposed single-family home with the condition that the City and LAFCO coordinate to determine when annexation may occur and whether the City should update its annexation policy (refer to **Attachment 8**). LAFCO legal counsel has also reviewed the draft resolution with the proposed terms and conditions. LAFCO staff is recommending that the Commission adopt the attached resolution.

Respectfully Submitted,

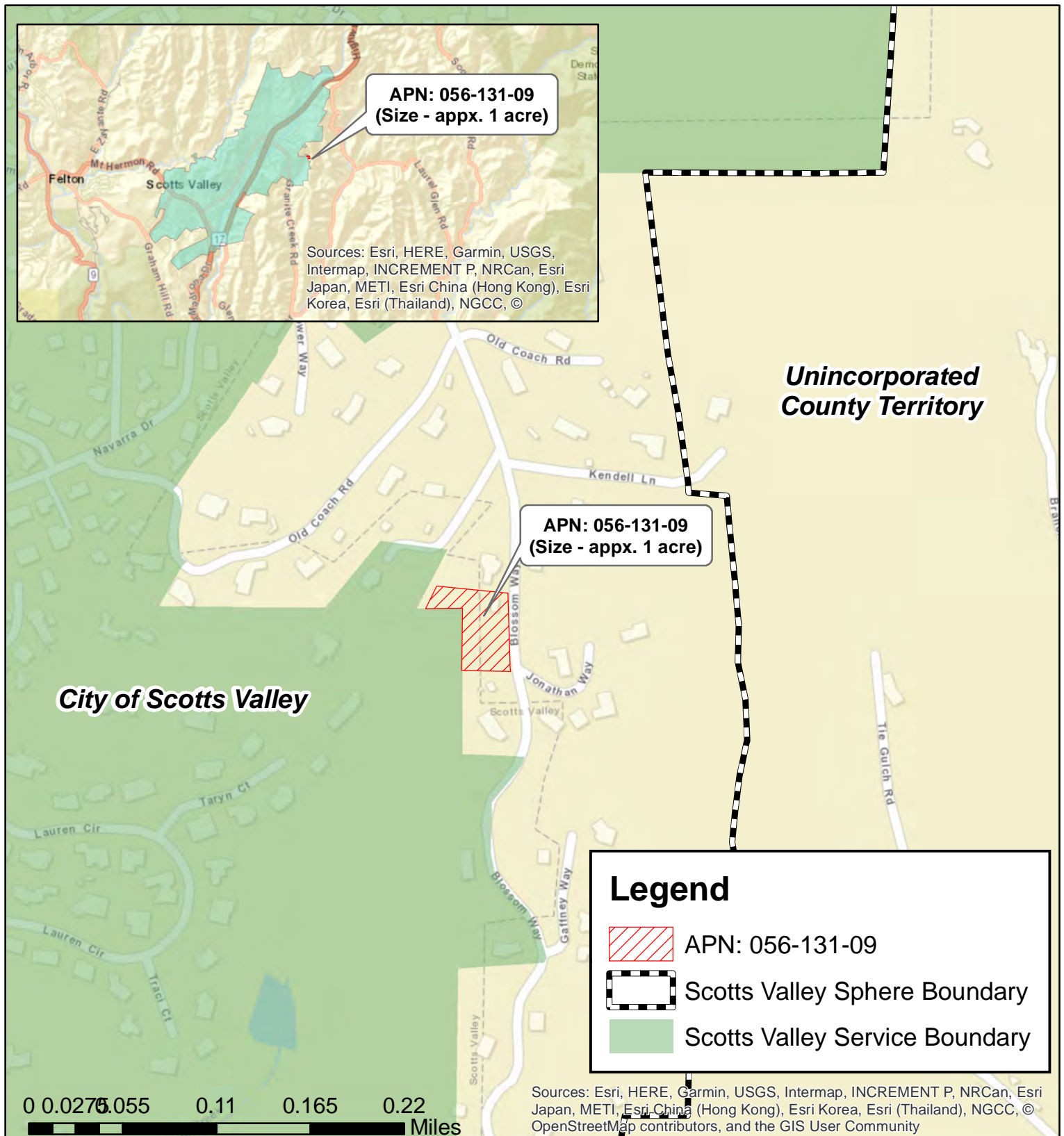


Joe A. Serrano  
Executive Officer

Attachments:

1. Proposal Area Map
2. City of Scotts Valley Annexation Policy
3. LAFCO Extraterritorial Services Policy
4. Will-Serve Letter
5. Notice of Public Hearing
6. Notice of Exemption
7. Indemnification Agreement
8. Draft Resolution No. 2022-10

cc: Mali LaGoe, City of Scotts Valley  
Heather Reynolds, County Environmental Health  
Stephen Bell (Property Owner; APN: 056-131-09)



## "Blossom Way / Stephen Bell Extraterritorial Service Agreement" with the City of Scotts Valley (LAFCO Project No. ESA 22-02)



Map created on 6-27-22

The subject parcel is currently outside the City limits but within Scott Valley's sphere of influence boundary. This means that the subject parcel should eventually be annexed into the City.



# CITY OF SCOTTS VALLEY

## PLANNING DEPARTMENT

One Civic Center Drive • Scotts Valley • California • 95066  
Phone (831) 440-5630 • Facsimile (831) 438-2793 • www.scottsvally.org

## Annexation Policy

As amended on March 29, 1995

The City will aggressively pursue annexations only when it is clearly stated as a General Plan policy to do so. Further, the City will consider applications from property owners in accordance with the principles and requirements set forth in this Annexation Policy.

### **I. Maintain consistency with the Mission Statement of the City and further the goals of the General Plan**

- A. Annexation will be considered only if the area or development proposed for annexation supports one or more of the objectives in the Mission Statement of the City Government adopted by the City Council on July 10, 1991, which includes the following:
  - 1. Protecting the hillside forest which provides the essential character of the valley,
  - 2. Developing the urban core near major transportation corridors,
  - 3. Fostering a healthy business community which can provide most of the goods and services we need within our own City,
  - 4. Ensuring a broadly based housing supply,
  - 5. Establishing a variety of parks which enhance recreational opportunities and allow us to enjoy the forest around us.
  - 6. Improving pedestrian accessibility to and through the forest around us,
  - 7. Providing an environment in which we feel safe enough to freely enjoy life,
  - 8. Providing efficient, courteous, fiscally sound government service which we all trust.
- B. Annexations requiring a General Plan Amendment will be considered only when the City Council deems it to be in the public interest and when the City Council deems it to be in the public interest and when the City finds it to be beneficial to proceed with annexation and to change the General Plan.

### **II. All developed areas proposed for annexation to the City shall demonstrate a positive financial contribution to the City**

- C. Areas annexed to the City will pay all costs associated with providing and/or extending City utilities, including a contribution to cover a proportionate share of system capacity that has already been constructed.



- D. Areas annexed to the City will pay a fee equivalent to current development impact fees to cover the cost of providing City services other than utilities (i.e., police, recreation, streets, library, etc.). Dedication of lands or other "non-cash" contributions may be considered in lieu of fee payments. The City may at its discretion allow for the formation of special assessment and/or benefit assessment districts to cover these costs.
- E. Fees may be adjusted or waived to encourage annexations where positive financial return to the City can be demonstrated.
- F. Annexation requests involving already developed land may be required to bring streets, utilities, etc. to City standards. The City Council may at its discretion allow for the formation of an assessment district to accomplish this prior to final acceptance of the annexation.

**III. Areas proposed for annexation shall demonstrate orderly planning and development, as well as efficient utilization of City services and utilities**

- G. Annexation requests which would result in peninsulas, or other irregular boundaries, will be discouraged. Where such annexations have been requested, an effort will be made to include additional land or modify the proposed boundaries in order to correct the irregularity.
- H. Annexation requests which are not served by special districts such as the Scotts Valley Water or Fire Districts will be discouraged. Where such annexations to special districts are requested, the applicant shall apply for and pay all costs associated with annexation to the designated special district(s).
- I. Annexation requests which are not within the adopted Sphere of Influence of the City shall apply for and pay all costs associated with an amendment to the Sphere of Influence.

**IV. Protect open space and conservation areas, with special attention given to groundwater recharge areas**

- J. Annexation requests will be considered only when the development proposal which accompanies the annexation request complies with the City's water recharge policies.

4/4/95 per 3/29/95 City Council meeting





## LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

### **EXTRATERRITORIAL SERVICES POLICY**

Adopted on June 9, 1994 (Resolution No.97-W)

Amended on February 8, 2007 (Resolution No. 2007-1)

Previous Revision February 2, 2011 (Resolution No. 2011-1)

Last Revision on June 3, 2020 (Resolution No. 2020-15)

#### **1. OVERVIEW**

The purpose of this policy is to explain to the public, cities, and districts the procedures by which the Commission will review requests to authorize a city or district in Santa Cruz County to provide one or more services outside its jurisdictional limits pursuant to Government Code Section 56133.

#### **2. COMMISSION APPROVAL REQUIRED FOR NEW OR EXTENDED SERVICES**

Except for the specific situations exempted by Government Code Section 56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from the Local Agency Formation Commission of Santa Cruz County ("LAFCO").

#### **3. LIST OF PRE-EXISTING SERVICES**

In 1994, the Executive Officer originally asked each city and district to provide a list or map of parcels receiving extraterritorial service under Government Code Section 56133. The Executive Officer subsequently presented a report on these extraterritorial services with the Commission. As a regular practice, a list of all approved extraterritorial service agreements are presented to the Commission on an annual basis.

#### **4. AREAWIDE APPROVALS**

Upon the initiative of either a public agency or the Commission, the Commission shall consider an areawide approval as a regularly agendaized item and may grant approval for subsequent services to be provided by a city or district within a mapped area as specified by the Commission. The approval may include conditions. The Commission shall specify a time period not greater than ten years for which the areawide approval shall be valid. The Commission may, upon its own initiative or at the request of a public agency, renew with or without amendments, an areawide approval for a period not to exceed ten years.

Before granting an areawide approval, the Commission shall determine that the city or district is able to provide the service in a manner that does not negatively affect the services provided within the agency's boundaries and sphere of influence, and in a manner that does not negatively affect the resources in the area. Also, before granting an areawide approval, the Commission shall determine that the approval is consistent with the requirements of law and LAFCO policies.

## **5. INDIVIDUAL REQUESTS**

Individual requests for extraterritorial service shall be filed with the Executive Officer on a prescribed application form. The applicant shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. The application deposit regarding the request for extraterritorial service is \$950. Deposit amount may be subsequently changed in future revisions of the Schedule of Fees and Deposits.

The Executive Officer shall not file the application unless the affected public agency has submitted a written endorsement indicating its willingness to provide the service if the Commission approves the request. The Commission shall consider the request after it has been placed on an agenda of a Commission meeting.

## **6. ENVIRONMENTAL REVIEW**

All matters that are reviewable pursuant to these regulations are subject to the applicable provisions of the California Environmental Quality Act.

## **7. COMMISSION ACTION**

The Executive Officer shall prepare a report and place the request for extraterritorial service on the Commission's agenda. The Commission shall provide an opportunity for any interested individual or party to address it. The Commission may call a subsequent public hearing in order to receive additional public testimony before acting upon a request. The Commission acts on the request by majority vote. Subsequently, the Executive Officer shall notify the applicant in writing of the Commission's action. If the Commission denies a request, a similar application cannot be re-filed for one year unless the Commission grants an exception to this rule.

## **8. DELIVERY OF MUNICIPAL SERVICES**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and this Commission's adopted policies encourages smart growth and relies on the appropriate governance options to ensure the effective and efficient delivery of municipal services. Therefore, the Commission intends to reinforce that the standard manner in which services will be extended is by annexation (and sphere of influence amendment, if necessary). The Commission shall limit its extraterritorial service authorizations to public health emergencies and circumstances where:

- a) Facilities are already in place, and
- b) Annexation would not be practical, and
- c) Extraterritorial service is determined by the Commission to be consistent with the policies adopted in and pursuant to the Cortese-Knox-Hertzberg Act.

When the Commission authorizes the emergency provision of municipal services via extraterritorial service outside an agency's boundaries, and annexation is practical, the Commission will require annexation to be completed within two years.

## **9. WATER PROVISIONS**

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing extraterritorial service applications, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

A water policy has also been adopted by this Commission and should be reviewed before submitting any application for potential service delivery, including annexations or requests for extraterritorial services.



## City of Scotts Valley

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Wastewater Treatment Plant  
700 Lundy Lane Scotts Valley, California 95066  
Phone 831 438-0732 Facsimile 831 438-7218

March 17, 2022

Attn: Joe A. Serrano, Executive Officer  
Local Agency Formation Commission of Santa Cruz County  
701 Ocean Street, Room 318-D  
Santa Cruz, CA 95060

Re: Will Serve Letter APN 056-131-09 Blossom Way. Property owner, Stephen Bell

This is a "Will Serve Letter" for the above stated property. APN 056-131-09 Blossom Way is in the County of Santa Cruz, but in the Scotts Valley City sphere of influence for connection to Scotts Valley City sewer.

Property owner must submit all improvement plans and any other applications and fees that the City of Scotts Valley requires prior to having the intended property connected to sewer.

Thank you,

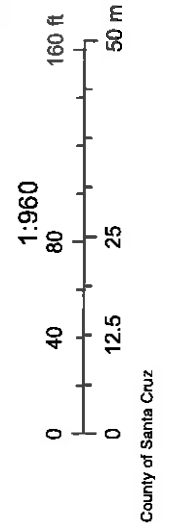
Kati King, Division Manager Wastewater Treatment  
kking@scottsvalley.org

APN 056-131-09



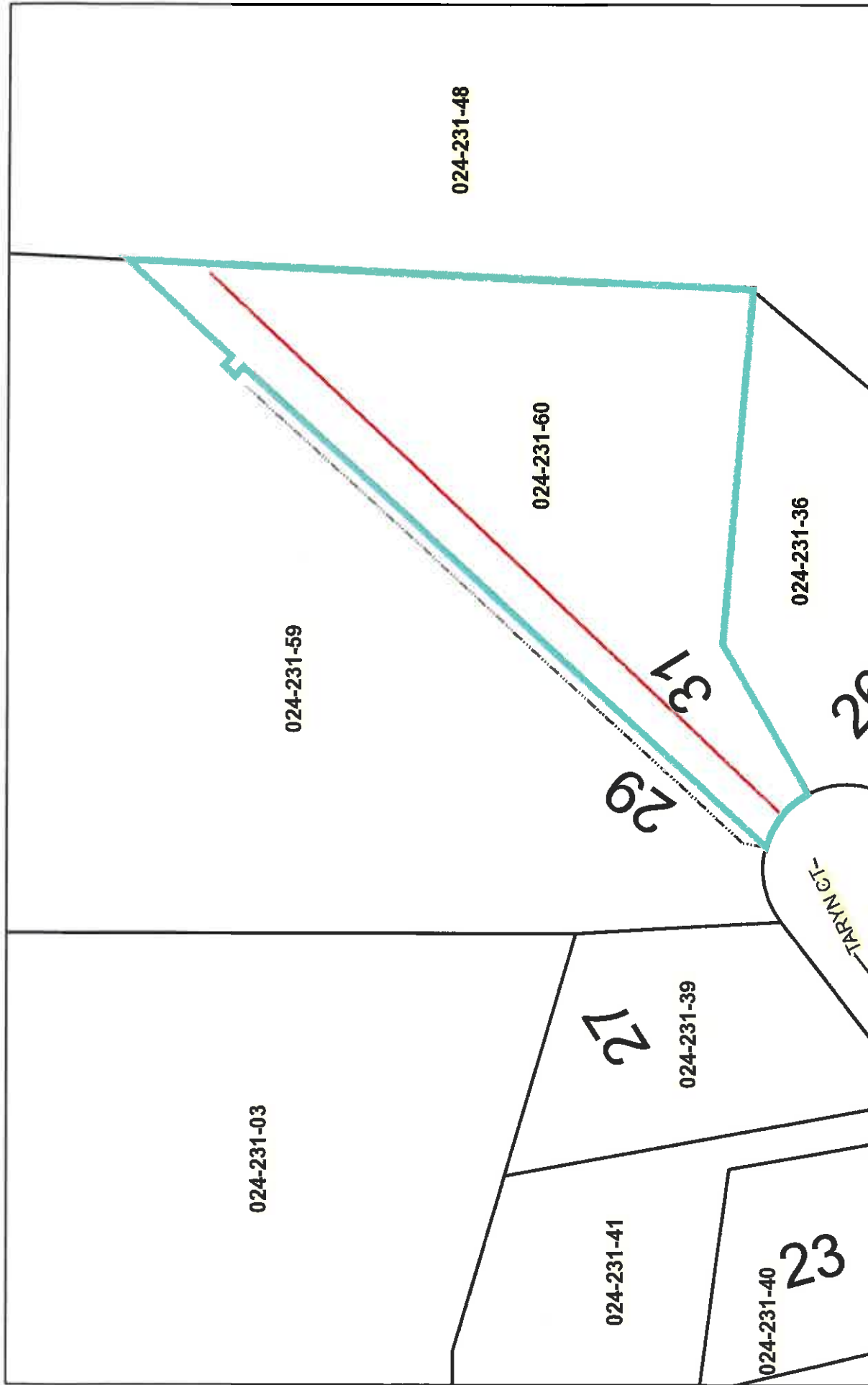
March 17, 2022

Parcel/APN labels      Parcels  
☐ Parcel/APN labels    ☐ Parcels





APN 056-131-09



March 17, 2022

**Boundaries and Easements**

- Drainage - Easement
- General - Easement

Road - Easement

- Utility - Easement
- Well - Easement

Lot Line

- Parcel APN labels
- Parcel APN labels

Parcels

- Parcels

1:960  
0 40 80 160 ft  
0 12.5 25 50 m  
County of Santa Cruz





## NOTICE OF PUBLIC HEARING LOCAL AGENCY FORMATION COMMISSION

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, August 3, 2022, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following:

- **“Blossom Way/Stephen Bell Extraterritorial Service Agreement” with the City of Scotts Valley (LAFCO Project No. ESA 22-02):** Consideration of an extraterritorial service agreement request for a single parcel to receive sewer services by the City of Scotts Valley. In compliance with the California Environmental Quality Act (CEQA), LAFCO staff has prepared a Categorical Exemption for this report.
- **Countywide Water Service and Sphere Review (LAFCO Project No. SSR 22-11):** Consideration of a service and sphere review for eight water agencies in Santa Cruz County: Central Water District, Cities of Santa Cruz and Watsonville, Pajaro Valley Water Management Agency, Reclamation District No. 2049, San Lorenzo Valley Water District, Scotts Valley Water District, and Soquel Creek 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 and Assembly Bill 361, which suspend certain requirements of the Ralph M. Brown Act. Members of the public are encouraged to participate remotely. Instructions to participate remotely are available in the Agenda and Agenda Packet: <https://www.santacruzlafco.org/2022-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](http://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.

Joe A. Serrano  
Executive Officer  
Date: July 12, 2022



## 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: "Blossom Way/Stephen Bell **Extraterritorial Service Agreement**" (ESA 22-02)

Project Location: The subject area is within the City of Scotts Valley's **sphere of influence boundary, contiguous with the City's jurisdictional limits and is located** east of Blossom Way, south of Old Coach Road, west of Tie Gulch Road, and north of Highgate Road. Attached is a vicinity map of the subject area (refer to Attachment A).

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

Description of Nature, Purpose, and Beneficiaries of Project: The proposal was initiated by landowner petition. The subject area includes one (1) parcel, totaling 1 acre. The single parcel is owned by Stephen Bell. The purpose of the application is to refrain from installing a septic tank system and connect the parcel to the City of Scotts Valley, which is the adjacent public wastewater agency.

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County ("**Santa Cruz LAFCO**"). **A public hearing on this proposal is scheduled for 9:00 a.m.** on August 3, 2022. Additional information on the upcoming meeting is available on the LAFCO website (<https://www.santacruzlafco.org>).

Name of Person or Agency Carrying Out Project: Santa Cruz LAFCO

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: Pursuant to CEQA Guidelines Section 15303, New Construction or Conversion of Small Structures: Class 3 consists of construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. The number of structures described in this section are the maximum allowable on any legal parcel. Examples of this exemption include, but are not limited to: Water main, sewage, electrical, gas, and other utility extensions, including street improvements, of reasonable length to serve such construction.

Lead Agency Contact Person: Joe A. Serrano

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

Signature:   
Joe A. Serrano, Executive Officer

Date: August 4, 2022

☒ Signed by Lead Agency

Local Agency Formation Commission of Santa Cruz County  
 Governmental Center  
 701 Ocean St. #318 D  
 Santa Cruz CA 95060



PROJECT NUMBER: CA 22-02

TITLE: "Stephen Bell Annexation"

### INDEMNIFICATION AND DEFENSE

The undersigned applicant for the above-referenced application ("Applicant"), as a condition of submission of this application, approval of the application and any subsequent amendment of the approval which is requested by the Applicant, hereby agrees to defend, using counsel reasonably acceptable to the Local Agency Formation Commission of Santa Cruz County ("LAFCO"), indemnify, and hold harmless LAFCO, its officers, employees, and agents, from and against any claim, demand, damages, costs or liability of any kind (including attorneys' fees) against LAFCO arising from or relating to this application or any approval or subsequent amendment to the approval thereof, subject to the conditions set forth below.

A) Notification and Cooperation

LAFCO shall notify the Applicant of any claim, action, or proceeding against which LAFCO seeks to be defended, indemnified, or held harmless. LAFCO shall reasonably cooperate in such defense.

B) Fees and Costs:

Nothing contained herein shall prohibit LAFCO from participating in the defense of any claim, action, or proceeding if either of the following occur:

- 1) LAFCO bears its own attorneys' fees and costs; or
- 2) LAFCO and the Applicant agree in writing to the Applicant paying part or all of the Commission's attorneys' fees and costs.

C) Settlement:

When representing LAFCO, the Applicant shall not enter into any stipulation or settlement modifying or affecting the interpretation or validity of any of the terms or conditions of the approval without the prior written consent of LAFCO.

D) Successors Bound:

The obligations of the Applicant under this Indemnity and Defense agreement are specifically associated with and shall run with the land that is the subject of the application and/ or approval and shall be binding upon the applicant and the successor(s) in interest, transferee(s), and assign(s) of the applicant in the land.

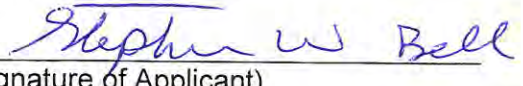
E) Recordation:

At any time after submission of the application, LAFCO may, at its sole option, record in the office of the Santa Cruz County Recorder a memorandum of agreement which incorporates the provisions of this condition, or this approval shall become null and void.

  
 (Signature of LAFCO Executive Officer)

Joe A. Serrano  
 (Printed Name)

2/18/22  
 (Date)

  
 (Signature of Applicant)

Stephen W. Bell  
 (Printed Name)

2/16/22  
 (Date)

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY  
RESOLUTION NO. 2022-10

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
APPROVING THE BLOSSOM WAY / STEPHEN BELL  
EXTRATERRITORIAL SERVICE AGREEMENT WITH THE CITY OF SCOTTS VALLEY  
(LAFCO PROJECT NO. ESA 21-16)

\*\*\*\*\*

WHEREAS, an application for an extraterritorial service agreement involving a single parcel (APN 056-131-09) (the “proposal”) was submitted and accepted for filing by the Executive Officer of this Local Agency Formation Commission (“LAFCO” or “Commission”); and

WHEREAS, the proposal area is outside the City of Scotts Valley’s (“City”) jurisdictional boundary, within the City’s sphere of influence, and located east of Blossom Way, south of Old Coach Road, west of Tie Gulch Road, and north of Highgate Road, as shown in Exhibit A; and

WHEREAS, in accordance with Government Code Section 56133(a), a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the Commission; and

WHEREAS, in accordance with Government Code Section 56133(b), the Commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipation of a later change of organization; and

WHEREAS, the Executive Officer determined there are no alternate service providers of wastewater near the subject territory; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56133 and the Commission’s Extraterritorial Services Policy, determined that the proposal met the statutory requirements and set August 3, 2022, as the hearing date on this proposal and provided public notice as required by law; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56665, has reviewed this proposal and prepared a report, including recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, this Commission, on August 3, 2022, heard from interested parties and considered the proposal and the report of the Executive Officer, and considered the factors determined by the Commission to be relevant to this proposal.

NOW, THEREFORE, the Local Agency Formation Commission of Santa Cruz County does HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. Compliance with the California Environmental Quality Act (CEQA) has been met by a categorical exemption pursuant to State CEQA Guidelines Section 15303, "New Construction or Conversion of Small Structures," because the project would discontinue the existing septic system and connect to a public agency's wastewater infrastructure. The Commission, as a lead agency, shall file a Notice of Exemption.

Section 3. The Commission considered the requirements set forth for extraterritorial services in the Cortese-Knox-Hertzberg Act, Government Code Section 56133, and found the proposal to be consistent with those requirements as outlined below:

- a) Within Sphere Boundary: Government Code Section 56133(b) requires the subject area to be within the City's sphere of influence boundary. LAFCO has determined that the proposal meets the requirements under this code section.
- b) Later Change of Organization: Government Code Section 56133(b) also requires the subject area to be annexed at a future date. The City of Scotts Valley and LAFCO will coordinate to determine when annexation may occur. Such discussions may also result in updating the City's existing annexation policy.

Section 4. The Commission determined that the proposal is consistent with the Policies and Procedures Relating to Extraterritorial Services as outlined below:

- a) Agency Endorsement: The Executive Officer shall not file the application unless the affected public agency has submitted a written endorsement indicating its willingness to provide the service if the Commission approves the request. The City of Scotts Valley submitted a Will-Serve Letter expressing support on March 17, 2022, as shown in Exhibit B.
- b) Fee Deposit: The applicant shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. The landowner, as the applicant, submitted a fee deposit of \$950 as part of the application packet.
- c) Commission Hearing: The Commission shall consider the request after it has been placed on an agenda of a Commission meeting. After deeming the proposal complete, the Executive Officer advertised the proposal in the Santa Cruz Sentinel newspaper on July 12, 2022, and scheduled the proposal for Commission consideration on August 3, 2022.

Section 5. The applicant shall agree, as a condition of the approval of the application for an extraterritorial service agreement, to be bound by the LAFCO Indemnification and Defense Form signed on February 16, 2022 and February 18, 2022, respectively. The applicant, on behalf of itself and future owners and assigns, further agrees to annex the subject area to the City as determined by the City and LAFCO as set forth above.

Section 6. The City and LAFCO must coordinate to discuss annexation of existing extraterritorial service agreements in the foreseeable future.

Section 7. The Certificate of Completion for the extraterritorial service agreement shall not be issued until all terms and conditions are met.

Section 8. The proposed extraterritorial service agreement shall be effective as of the date of recordation of the Certificate of Completion.

Section 9. The Commission shall approve, disapprove, or approve with conditions the extended services. If the new or extended services are disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration. If the Commission denies a request, a similar application cannot be re-filed for one year unless the Commission grants an exception to this rule.

Section 10. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Government Code Section 56882.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 3rd day of August 2022.

AYES:

NOES:

ABSTAIN:

\_\_\_\_\_  
RACHÉL LATHER, CHAIRPERSON

Attest:

Approved as to form:

\_\_\_\_\_  
Joe A. Serrano  
Executive Officer

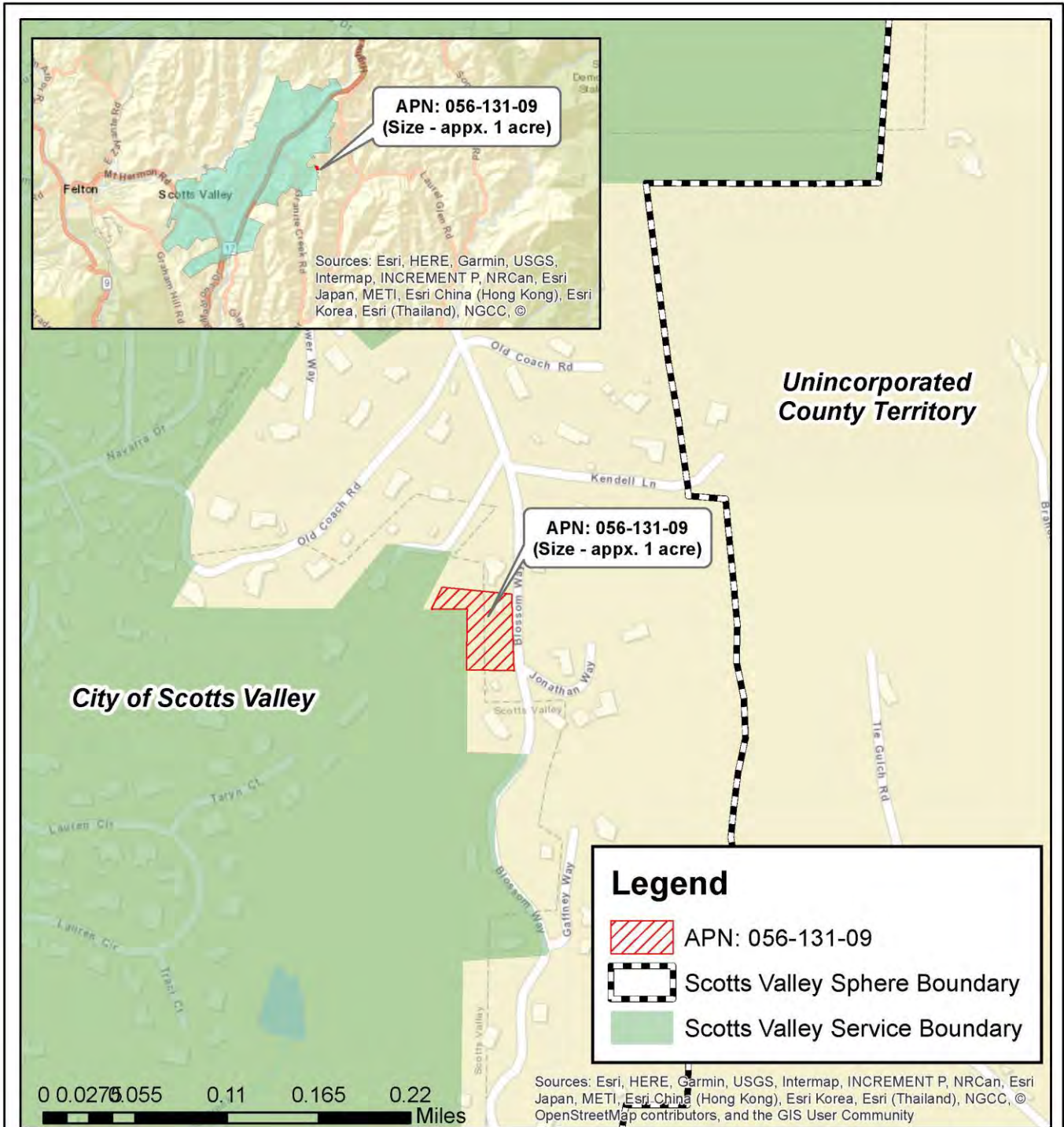
\_\_\_\_\_  
Joshua Nelson  
LAFCO Counsel

# EXHIBIT A

## VICINITY MAP

DRAFT





## "Blossom Way / Stephen Bell Extraterritorial Service Agreement" with the City of Scotts Valley (LAFCO Project No. ESA 22-02)



Map created on 6-27-22

The subject parcel is currently outside the City limits but within Scott Valley's sphere of influence boundary. This means that the subject parcel should eventually be annexed into the City.

## **EXHIBIT B**

# **CITY OF SCOTT VALLEY'S WRITTEN CORRESPONDENCE REGARDING THE ABILITY TO PROVIDE SEWER SERVICE SERVICES**

DRAFT





## City of Scotts Valley

---

Wastewater Treatment Plant  
700 Lundy Lane Scotts Valley, California 95066  
Phone 831 438-0732 Facsimile 831 438-7218

March 17, 2022

Attn: Joe A. Serrano, Executive Officer  
Local Agency Formation Commission of Santa Cruz County  
701 Ocean Street, Room 318-D  
Santa Cruz, CA 95060

Re: Will Serve Letter APN 056-131-09 Blossom Way. Property owner, Stephen Bell

This is a "Will Serve Letter" for the above stated property. APN 056-131-09 Blossom Way is in the County of Santa Cruz, but in the Scotts Valley City sphere of influence for connection to Scotts Valley City sewer.

Property owner must submit all improvement plans and any other applications and fees that the City of Scotts Valley requires prior to having the intended property connected to sewer.

Thank you,

Kati King, Division Manager Wastewater Treatment  
kking@scottsvalley.org



Santa Cruz Local Agency Formation Commission

Date: August 3, 2022  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Countywide Water Service and Sphere Review**

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**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 the nine local agencies that provide water services, and scheduled a public hearing.

It is recommended that the Commission take the following actions:

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 nine affected agencies, 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 a Resolution (LAFCO No. 2022-11) approving the 2022 Countywide Water Service and Sphere Review with the following terms and conditions:
  - a. Reaffirm the existing spheres of influence for Scotts Valley Water District and San Lorenzo Valley Water District;
  - b. Amend the existing spheres of influence for Central Water District, City of Santa Cruz, City of Watsonville, and Soquel Creek Water District to accurately reflect the areas currently within the agencies' jurisdiction and/or already being served;
  - c. Adopt a sphere of influence for the Pajaro Valley Water Management Agency to be coterminous with the Corralitos Basin;
  - d. Adopt a zero sphere of influence for County Service Area 54 and the Reclamation District No. 2049 as a precursor to dissolution;

- e. Direct the Executive Officer to distribute letters to the small water systems to ensure that they are fulfilling the statutory requirements under Assembly Bill 54; and
- f. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the nine water agencies, Monterey LAFCO, San Benito LAFCO, and any other interested or affected parties, including but not limited to the Civil Grand Jury of Santa Cruz County.

### 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 countywide service and sphere review (refer to **Attachment 1**) for the nine local agencies that provide water services, as shown below:

**Table A: List of Subject Agencies (8 in total)**

Central Water District	County Service Area 54 (Summit West)	San Lorenzo Valley Water District
City of Santa Cruz (Water Service Area)	Pajaro Valley Water Management Agency	Scotts Valley Water District
City of Watsonville (Water Service Area)	Reclamation District No. 2049 (College Lake)	Soquel Creek Water District

Key findings and recommendations are presented in the *Executive Summary* of the attached countywide fire report. The countywide report also includes *District Profile Chapters* which contain individual evaluations for each of the nine local agencies - highlighting specific characteristics, ongoing operations, current fiscal health, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The profiles conclude with statutory determinations required for all service and sphere of influence reviews pursuant to the Cortese-Knox-Hertzberg Act. Due to the size of the report, the supporting appendices were not attached to the agenda packet but are available on LAFCO's website. This staff report summarizes the service and sphere review's findings.

### 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:

#### Central Water District

##### 1. The District provides services to a small area.

The Central Water District currently serves five square miles to approximately 3,200 people. The District offers five of the eight water services identified by LAFCO: Agriculture Water, Groundwater Replenishment, Retail Potable Water, Water Treatment, and Water Conservation. At present, it has 892 connections through 23.3 miles of pipeline.

## **2. The District is financially sound.**

The Central Water District has ended with an annual surplus in five of the last six years. As of June 30, 2021, the District is operating with a net position of approximately \$2.5 million. 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.

## **3. The District's website needs improvements.**

The Central Water District is currently not meeting the statutory requirements under Senate Bill 929. Based on LAFCO's analysis, the District met 12 out of the 20 transparency benchmarks evaluated in this service review.

## **4. The District needs a sphere update.**

The current sphere does not accurately reflect the District's service area and should be updated. Staff is recommending that the sphere be increased to include areas already served by the District.

### **City of Santa Cruz (Water Service Area)**

#### **1. The City provides services to a large area.**

Santa Cruz currently serves 27 square miles to approximately 96,000 people. The City offers five of the eight water services identified by LAFCO: Agriculture Water, Retail Potable Water, Wastewater (Sewer), Water Treatment, and Water Conservation. At present, it has 24,592 connections through 300 miles of pipeline.

#### **2. The City is financially sound.**

Santa Cruz has ended with an annual surplus in five of the last six years. As of June 30, 2021, the City is operating with a net position of approximately \$103 million. LAFCO staff believes the positive balance will continue. This healthy amount will be critical in the event that the City faces any unintended expenses, major capital improvements projects, or emergency repairs.

#### **3. The City's website is transparent.**

While Santa Cruz is not subject to Senate Bill 929's website requirements, the City's website is extremely transparent and filled with useful information. Based on LAFCO's assessment, the City covered 17 out of the 20 transparency benchmarks evaluated in this service review.

#### **4. The City needs a sphere update.**

The current sphere does not accurately reflect the City's water service area and should be updated. Staff is recommending that the sphere be increased to include areas already served by the City of Santa Cruz.

### **City of Watsonville (Water Service Area)**

#### **1. The City provides services to a large area.**

Watsonville currently serves 21 square miles to approximately 65,000 people. The City offers six of the eight water services identified by LAFCO: Agriculture Water, Retail Potable Water, Recycled Water, Wastewater (Sewer), Water Treatment, and Water Conservation. At present, it has 14,884 connections through 190 miles of pipeline.

**2. The City is financially sound.**

Watsonville has ended with an annual surplus in five of the last six years. As of June 30, 2021, the City is operating with a net position of approximately \$62 million. LAFCO staff believes the positive balance will continue. This healthy amount will be critical in the event that the City faces any unintended expenses, major capital improvements projects, or emergency repairs.

**3. The City's website is transparent.**

While Watsonville is not subject to Senate Bill 929's website requirements, the City's website is extremely transparent and filled with useful information. Based on LAFCO's assessment, the City covered 17 out of the 20 transparency benchmarks evaluated in this service review.

**4. The City needs a sphere update.**

The current sphere does not accurately reflect the City's water service area and should be updated. Staff is recommending that the sphere be increased to include areas already served by the City of Watsonville.

**County Service Area 54 (Summit West)**

**1. The District provides no services.**

County Service Area 54 was originally formed in 1996 to provide water services to the Summit West community. Water services to the community was taken over by the Summit Mutual Water Company in 2007. Since then, CSA 54 has been inactive.

**2. The District provides needs to be dissolved.**

As previously mentioned, the District does not provide any services and has been inactive for fifteen years. LAFCO staff is recommending that the Commission adopt a zero sphere as a precursor to dissolution. The dissolution process should be initiated as soon as possible.

**Pajaro Valley Water Management Agency**

**1. The District provides services to a large area.**

The Pajaro Valley Water Management Agency currently serves 124 square miles to approximately 90,000 people. The District offers five of the eight water services identified by LAFCO: Agriculture Water, Groundwater Replenishment, Recycled Water, Water Treatment, and Water Conservation. At present, it has 1,019 metered wells, 1,200 unmetered (domestic) wells, and 22 miles of pipeline.

**2. The District is financially sound.**

The Pajaro Valley Water Management Agency has ended with an annual surplus in four of the last six years. As of June 30, 2021, the District is operating with a net position of approximately \$20 million. 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.

**3. The District's website is transparent.**

The Pajaro Valley Water Management Agency is currently meeting the statutory requirements under Senate Bill 929. Based on LAFCO's analysis, the District covered all 20 transparency benchmarks evaluated in this service review.

#### **4. The District needs a sphere boundary.**

State law requires all independent special districts to have a sphere of influence boundary. The Pajaro Valley Water Management Agency is the only independent special district in Santa Cruz County without an official sphere. Staff is recommending that the District's sphere be coterminous with the Corralitos Basin, which the District is responsible for under the Sustainable Groundwater Management Act.

### **Reclamation District No. 2049 (College Lake)**

#### **1. The District provides a single service to a limited area.**

The Reclamation District currently serves 0.78 square miles to 16 landowners within 20 separate parcels. The District only offers drainage services once a year for farming purposes.

#### **2. The District is financially distressed.**

The Reclamation District has ended with an annual deficit in three of the last six years. As of June 30, 2021, the District is operating with a net position of only \$63,000. LAFCO staff believes the positive balance will continue. This minimal amount may be completely depleted if any unintended expenses occurs. Additionally, the Board Chair informed LAFCO that the District may run out of money as early as November 2022.

#### **3. The District is in violation of multiple statutes.**

The Reclamation District does not have a website. More unsettling is that the District has no General Manager or adequate staff, no physical office or contact information, no adopted policies in place, two vacancies on the five-member board, and the term limit for three remaining board members expired in December 2021. The last official board meeting was held in October 2021. LAFCO also determined that none of the recommended actions identified by the County's 2017 audit were completely addressed or implemented.

#### **4. The District needs to be dissolved.**

As previously mentioned, the District is facing significant challenges. LAFCO staff has determined that dissolution would benefit the affected landowners. Therefore, staff is recommending that the Commission adopt a zero sphere as a precursor to dissolution. The District has recently adopted a resolution to initiate the dissolution process and LAFCO expects to receive an application soon.

### **San Lorenzo Valley Water District**

#### **1. The District provides services to a large area.**

The San Lorenzo Valley Water District currently serves 60 square miles to approximately 20,000 people. The District offers four of the eight water services identified by LAFCO: Retail Potable Water, Wastewater (Sewer), Water Treatment, and Water Conservation. At present, it has 8,000 connections through 170 miles of pipeline.

#### **2. The District is financially sound.**

The San Lorenzo Valley Water District has ended with an annual surplus consistently for the last six years. As of June 30, 2021, the District is operating with a net position of approximately \$38 million. 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.

**3. The District's website is in compliance with State law.**

The San Lorenzo Valley Water District is currently meeting the statutory requirements under Senate Bill 929. Based on LAFCO's analysis, the District covered 15 out of the 20 transparency benchmarks evaluated in this service review.

**4. The District's sphere accurately reflects its future governance.**

The sphere was updated on November 4, 2020 as part of the District's last service review cycle. The update was based on LAFCO's analysis, which determined that a total of 24 unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. LAFCO expanded the District's sphere to include approximately 3,300 acres. Staff is recommending that the current sphere be reaffirmed.

### **Scotts Valley Water District**

**1. The District provides services to a small area.**

The Scotts Valley Water District currently serves six square miles to approximately 12,000 people. The District offers four of the eight water services identified by LAFCO: Retail Potable Water, Recycled Water, Water Treatment, and Water Conservation. At present, it has 4,330 connections through 60 miles of pipeline.

**2. The District is financially sound.**

The Scotts Valley Water District has ended with an annual surplus in four of the last six years. As of June 30, 2021, the District is operating with a net position of approximately \$21 million. 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.

**3. The District's website is transparent.**

The Scotts Valley Water District is currently meeting the statutory requirements under Senate Bill 929. Based on LAFCO's analysis, the District covered 18 out of the 20 transparency benchmarks evaluated in this service review.

**4. The District's sphere accurately reflects its future governance.**

The sphere was updated on March 3, 2021 as part of the District's last service review cycle. The update was based on LAFCO's analysis, which determined that a total of eight unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. LAFCO expanded the District's sphere to include approximately 300 acres. The District recently adopted a resolution to initiate annexation of areas within its sphere and areas already receiving services. Staff is recommending that the current sphere be reaffirmed.

### **Soquel Creek Water District**

**1. The District provides services to a large area.**

The Soquel Creek Water District currently serves 17 square miles to approximately 41,000 people. The District offers six of the eight water services identified by LAFCO: Agricultural Water, Groundwater Replenishment, Retail Potable Water, Recycled Water, Water Treatment, and Water Conservation. At present, it has 16,047 connections through 167 miles of pipeline.

## **2. The District is financially sound.**

The Soquel Creek Water District has ended with an annual surplus consistently for the last six years. As of June 30, 2021, the District is operating with a net position of approximately \$83 million. 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.

## **3. The District's website is transparent.**

The Soquel Creek Water District is currently meeting the statutory requirements under Senate Bill 929. Based on LAFCO's analysis, the District covered 19 out of the 20 transparency benchmarks evaluated in this service review.

## **4. The District needs a sphere update.**

The current sphere does not accurately reflect the District's service area and should be updated. Staff is recommending that the sphere be increased to include areas already served by the District.

### **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 July 7, 2022.

### **Coordination Step**

LAFCO encourages transparency and strategic partnerships among local agencies, which is why staff reached out to various affected and interested agencies regarding the countywide water report at the beginning of the year. A letter was sent to the eight agencies to discuss the purpose of the report and the necessary data to conduct staff's analysis. This notification led to staff-level discussions about the report. In addition, the affected agencies received regular updates from LAFCO throughout the process and were kept up-to-date on the status of the report.

### **Agency Review and Public Notice**

A hearing notice for this draft service and sphere review was published in the July 12th issue of the Santa Cruz Sentinel (**Attachment 3**). An administrative draft of the report was also shared with the agencies' administrative staff. This allowed all nine agencies an opportunity to review LAFCO staff's findings and provide feedback a month before the report was finalized. Edits received were implemented in the report to ensure accuracy in staff's evaluation. Staff would like to thank each general manager/city manager and their staff for their time and effort in helping fulfill this state mandate.

Based on the analysis shown in the countywide water report (refer to **Attachment 1**), coupled with the fact that all nine agencies had an opportunity to review the report's findings, staff is recommending that the Commission adopt the attached resolution (refer to **Attachment 4**) approving the countywide 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. 2022-11

cc: Affected Agencies

Central Water District  
City of Scotts Valley  
City of Watsonville  
County Service Area 54  
Pajaro Valley Water Management Agency  
Reclamation District No. 2049  
San Lorenzo Valley Water District  
Scotts Valley Water District  
Soquel Creek Water District

Interested Agencies

County of Santa Cruz Environmental Health (Water Department)  
Monterey County LAFCO  
San Benito County LAFCO  
Santa Cruz County Civil Grand Jury

# Countywide Water Service and Sphere Review



Central Water District	County Service Area 54 (Summit West)	San Lorenzo Valley Water District
City of Santa Cruz (Water Service Area)	Pajaro Valley Water Management Agency	Scotts Valley Water District
City of Watsonville (Water Service Area)	Reclamation District No. 2049	Soquel Creek Water District

Administrative Version (August 3, 2022)

## Local Agency Formation Commission of Santa Cruz County

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

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## EXECUTIVE SUMMARY

### Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries involving the nine water service providers in Santa Cruz County. 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). **Table 1** shows when the last service and sphere reviews were conducted for the nine water agencies. In order to analyze how water services are offered throughout Santa Cruz County, all water agencies will be evaluated in this comprehensive report.

**Table 1: Last Service & Sphere Review Cycle for Water Agencies**

Water Agencies	Last Service & Sphere Review
Central Water District	August 2017
City of Santa Cruz	December 2018
City of Watsonville	April 2018
County Service Area 54	July 2017
Pajaro Valley Water Management Agency	November 2017
Reclamation District No. 2049	November 2017
San Lorenzo Valley Water District	November 2020
Scotts Valley Water District	May 2021
Soquel Creek Water District	May 2017

*Footnote: This report will only analyze the water departments for the two cities.*

### Findings and Determinations

The 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.

### CEQA Determination

Service and sphere reviews are informational documents and are generally exempt from environmental review. LAFCO staff has conducted an environmental review of the Districts' existing spheres 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]).

## Structure of Report

This **Executive Summary** presents a brief overview of the service review, key findings, and recommended actions. The **Agency Profile** chapters contain individual evaluations for each of the water service providers - highlighting specific characteristics, ongoing operations, current fiscal health, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The profiles conclude with statutory determinations required for all service and sphere of influence reviews pursuant to the Cortese-Knox-Hertzberg Act. These chapters are followed by **Appendices** with sources used to conduct the service review.

## Service Providers

Water services are provided by five independent special districts, two city departments, and one reclamation district as shown below. In accordance with the Commission's Multi-Year Work Program, these nine water agencies will be analyzed in this report. **Figure 1** on page 10 provides an overview map depicting the subject agencies.

### List of Subject Agencies:

1. Central Water District ("CWD" or "Central WD")
2. City of Santa Cruz Water Service Area ("City" or "SCWSA")
3. City of Watsonville Water Service Area ("City" or "WWSA")
4. County Service Area 54 ("CSA 54" or "Summit West")
5. Pajaro Valley Water Management Agency ("PVWMA" or "PV Water")
6. Reclamation District No. 2049 ("RD No. 2049" or "Reclamation District")
7. San Lorenzo Valley Water District ("SLVWD" or "SLV Water")
8. Scotts Valley Water District ("SVWD" or "SV Water")
9. Soquel Creek Water District ("SqCWD" or "Soquel Creek Water")

### Other Organizations (Not Under LAFCO's Purview)

Santa Cruz County has a number of small water systems or privately-owned water companies that provide water services to residents. These entities are not subject to LAFCO's jurisdiction, therefore, are not required to be analyzed in this report. LAFCO does have the right to analyze and request for information from small water systems and mutual water companies under Assembly Bill 54 which was enacted on January 1, 2012. Therefore, LAFCO will identify the small water systems and mutual water companies in Santa Cruz County and determine whether they are complying with the statutory requirements under AB 54.

## Principal Acts

Special districts operate either under a principal or a special act. A principal act is a generic statute which applies to all special districts of that type. For example, the Fire Protection District Law of 1987 in the state Health and Safety Code governs all 386 fire districts in California. There are about 60 principal law statutes which can be used anywhere in the State to create a special district. Occasionally, local circumstances fail to fit the general conditions anticipated by a principal act. In those cases, the Legislature may create a special act district tailored to the unique needs of a specific area. Districts which are regional in nature, have specific governing board requirements, provide unique

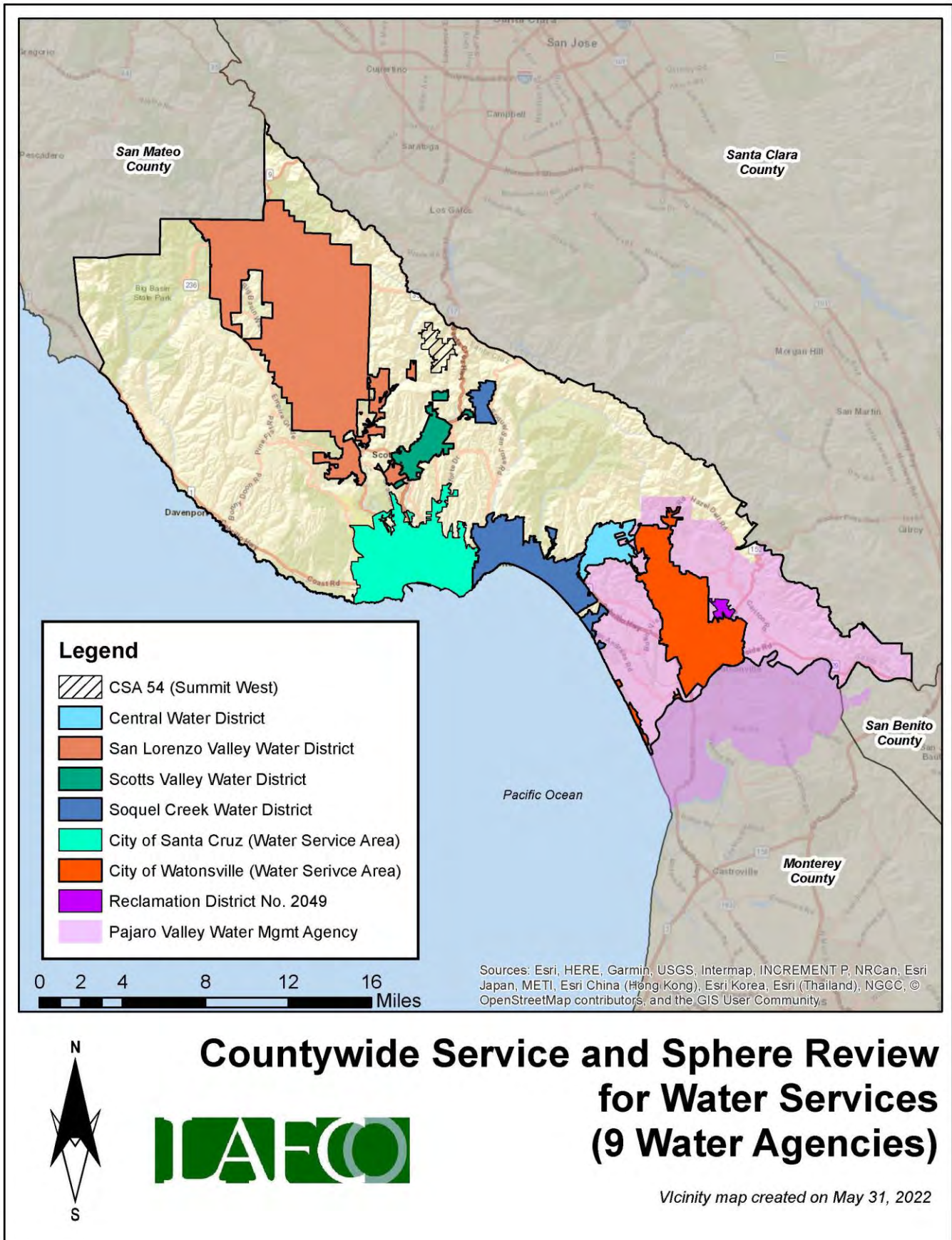
services, or need special financing, necessitate special laws for formation. There are about 120 special act districts statewide. All principal acts appear as laws in the California State codes, whereas most special acts are not codified. However, for convenience, many of the special acts for water districts appear in the Appendix to the California Water Code. **Table 2** identifies the principal and special acts (with its corresponding code sections) that govern the water agencies in Santa Cruz County.

**Table 2: Principal/Special Acts for Santa Cruz County Water Agencies**

<b>Water Agency</b>	<b>Principal / Special Act</b>	<b>Code Section</b>
<b>Central Water District</b>	Principal: County Water District Law	CA Water Code Section 30000 et seq.
<b>City of Santa Cruz</b>	Principal: California Charter City Law	CA Constitution (Article XI Local Government)
<b>City of Watsonville</b>	Principal: California Charter City Law	CA Constitution (Article XI Local Government)
<b>County Service Area 54 (Summit West)</b>	Principal: County Service Area Law	CA Government Code Section 25000 et seq.
<b>Pajaro Valley Water Management Agency</b>	Special: Pajaro Valley Water Management Agency Act	CA Water Code Section 10000 et seq.
<b>Reclamation District No. 2049 (College Lake)</b>	Principal: Reclamation District Law	CA Water Code Section 50000 et seq.
<b>San Lorenzo Valley Water District</b>	Principal: County Water District Law	CA Water Code Section 30000 et seq.
<b>Scotts Valley Water District</b>	Principal: County Water District Law	CA Water Code Section 30000 et seq.
<b>Soquel Creek Water District</b>	Principal: County Water District Law	CA Water Code Section 30000 et seq.

It is important to note that this report will focus on the statutory factors required to be analyzed by LAFCO under Government Code Section 56425 and 56430. LAFCO encourages the reader to refer to the State Water Resources Control Board's website which offers additional technical, managerial, and financial assessments on the water agencies: [https://www.waterboards.ca.gov/drinking\\_water/certlic/drinkingwater/TMF.html#TMF\\_Assessment](https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/TMF.html#TMF_Assessment)

**Figure 1: Countywide Water District Map**





## Sustainable Groundwater Management Act (SGMA)

The Sustainable Groundwater Management Act (SMGA) was signed by Governor Jerry Brown on September 16, 2014, and went into effect on January 1, 2015. SGMA amended the Water Code and Government Code. SGMA provides a framework for sustainable management of groundwater supplies by local authorities, with a provision for possible state intervention and management if the groundwater resources are not being managed effectively by local agencies. SGMA required the formation of local Groundwater Sustainability Agencies (GSAs) in groundwater basins designated as high or medium priority by the Department of Water Resources (DWR). GSAs must assess conditions in their local groundwater basins and adopt and implement local Groundwater Sustainability Plans (GSPs). SGMA provides substantial latitude and time (20 years) for GSAs to implement plans and achieve long-term groundwater basin sustainability. Under this law, local agencies had until June 30, 2017 to form a GSA. Any local agency or combination of local agencies with water supply, management, or land use responsibilities overlying a groundwater basin had the option to become a GSA for that basin. Agencies that had been created by statute to manage groundwater were deemed the exclusive agencies to comply with the Act within their boundaries, unless the agency decided to opt out. DWR reviewed the completeness of the notice submitted by the proposed GSA. DWR also reviewed the notice to determine if there are overlapping jurisdictions in a basin. As a result, three groundwater agencies were formed in Santa Cruz County. **Table 3** provides an overview of those groundwater agencies. **Figure 2** on page 12 illustrates the location of each groundwater basin in Santa Cruz County.

**Table 3: Groundwater Agencies in Santa Cruz County**

Groundwater Agency	Associated Basins	Agency Members	Basin Management Plan
Pajaro Valley	Corralitos Groundwater Basin	Pajaro Valley Water Management Agency	Latest Plan adopted in November 2021 <sup>1</sup>
Santa Cruz Mid-County	Santa Cruz Mid-County Groundwater Basin	County of Santa Cruz; CWD; SqCWD; and the City of Santa Cruz	Latest Plan adopted in November 2019 <sup>2</sup>
Santa Margarita	Santa Margarita Groundwater Basin	County; San Lorenzo Valley and Scotts Valley Water Districts	Latest Plan adopted in November 2021 <sup>3</sup>

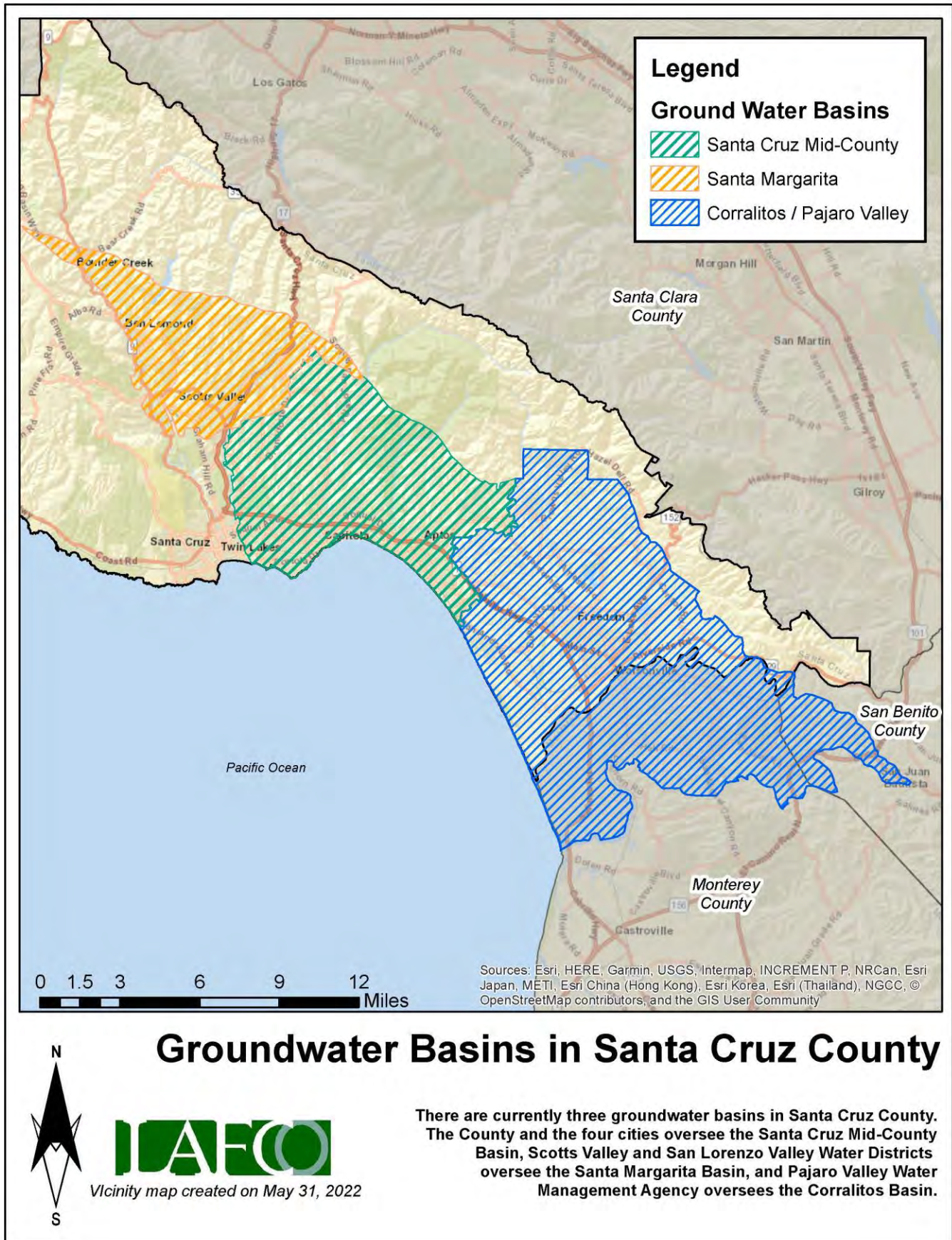
For purposes of this report, LAFCO will focus its analysis on the water agencies under LAFCO's purview. Groundwater agencies are not under LAFCO's jurisdiction and therefore will not be analyzed in this service and sphere review. For more information about the groundwater agencies, please refer to their websites, respectively.

<sup>1</sup> PVWMA BMP - [https://www.pvwater.org/images/about-pvwma/assets/SGM/GSU22\\_20211229\\_MainBody-web.pdf](https://www.pvwater.org/images/about-pvwma/assets/SGM/GSU22_20211229_MainBody-web.pdf)

<sup>2</sup> SCMCGA BMP - [https://www.midcountygroundwater.org/sites/default/files/uploads/MGA\\_GSP\\_2019.pdf](https://www.midcountygroundwater.org/sites/default/files/uploads/MGA_GSP_2019.pdf)

<sup>3</sup> SMGA BMP - [https://www.smgwa.org/media/GroundwaterSustainabilityPlan/SMGB\\_GSP\\_Final\\_2021-11-11.pdf](https://www.smgwa.org/media/GroundwaterSustainabilityPlan/SMGB_GSP_Final_2021-11-11.pdf)

Figure 2: Groundwater Basins Map



## Services & Infrastructure

The California Legislative Analyst's Office indicates that the governing bodies of special districts in California are either dependent or independent special district<sup>4</sup>. A dependent governing body is one in which the governing body is directly controlled by either a city or county. For dependent districts, a city council or county board of supervisors acts as the district's ruling body or they appoint individuals for that responsibility who serve at the pleasure of the city or county. Independent special districts have their governing body either directly elected by the voters or appointed for a fixed term of service (often by a board of supervisors). Pursuant to State law, water districts in California can provide a diverse range of services while using a variety of financing means and governance structures. **Table 4** provides a summary of the services offered by each water agency in Santa Cruz County and how those services are delivered.

**Table 4: Overview of Water Agencies**

	CWD	City of SC	City of W	CSA 54	PVWMA	RD 2049	SLVWD	SVWD	SqCWD
<b>Services</b>									
Agricultural Water	✓	✓	✓		✓				✓
Drainage						✓			
Groundwater Replenishment	✓				✓				✓
Retail Potable Water	✓	✓	✓				✓	✓	✓
Recycled Water			✓		✓			✓	✓
Wastewater (Sewer)		✓	✓				✓		
Water Treatment	✓	✓	✓		✓		✓	✓	✓
Water Conservation	✓	✓	✓		✓		✓	✓	✓
<b>Infrastructure</b>									
Distribution / Storage Tanks	✓	✓	✓		✓		✓	✓	✓
Pressure Zones	✓	✓	✓				✓	✓	✓
Production Wells	✓	✓	✓		✓		✓	✓	✓
Pump Stations	✓	✓	✓		✓		✓	✓	✓
Recycled Water System			✓		✓			✓	✓
Treatment Plants		✓	✓		✓		✓	✓	✓
Water Diversions		✓	✓				✓		
Water Pipeline (miles)	23.3	300	190	0	22	0	170	60	167
Total Connections	892	24,592	14,884	0	N/A	0	8,000	4,330	16,047

<sup>4</sup> LAO Water Report -

[https://lao.ca.gov/2002/water\\_districts/special\\_water\\_districts.html#:~:text=Background%3A%20Water%20Special%20Districts%20in,flood%20control%20and%20water%20conservation.](https://lao.ca.gov/2002/water_districts/special_water_districts.html#:~:text=Background%3A%20Water%20Special%20Districts%20in,flood%20control%20and%20water%20conservation.)



## Financial Health

Water agencies are primarily funded through service charges. **Table 5** highlights whether each district had enough revenue to cover annual expenses during FY 2020-21 and **Table 6** illustrates the cost per capita for each water agency. A full review of all revenue funds for each district and the two cities during the past six years is discussed in the **Agency Profile Chapters** within this report.

**Table 5: Total Revenue vs. Total Expense (FY 2020-21: In Alphabetical Order)**

	Total Revenue	Total Expense	Surplus/(Deficit)
Central WD	\$1,484,617	\$1,046,424	\$438,193
City of Santa Cruz	\$42,898,416	\$38,200,392	\$4,698,024
City of Watsonville	\$19,935,279	\$16,004,616	\$3,930,663
County Service Area 54	\$0	\$0	\$0
Pajaro Valley Water MA	\$30,073,336	\$23,885,495	\$6,187,841
Reclamation District	\$48,295	\$69,704	(\$21,409)
San Lorenzo Valley WD	\$16,601,701	\$12,404,321	\$4,197,380
Scotts Valley WD	\$8,842,515	\$7,590,511	\$1,252,004
Soquel Creek WD	\$39,861,224	\$19,367,081	\$20,494,143

**Table 6: Annual Cost Per Capita (FY 2020-21: Lowest to Highest)**

	Total Expense	2020 Population	Per Capita
City of Watsonville	\$16,004,616	65,231	\$245.35
Pajaro Valley Water MA	\$23,885,495	90,000	\$265.39
Central WD	\$1,046,424	2,700	\$387.56
City of Santa Cruz	\$38,200,392	96,186	\$397.15
Soquel Creek WD	\$19,367,081	40,600	\$477.02
San Lorenzo Valley WD	\$12,404,321	19,882	\$623.90
Scotts Valley WD	\$7,590,511	11,776	\$644.57
Reclamation District	\$69,704	16	\$4,356.50
County Service Area 54*	N/A	N/A	N/A

*Footnote: CSA 54 has been inactive since 2007.*

## Growth and Population

The Association of Monterey Bay Area Governments (AMBAG) produces population projections for cities and counties. However, projections for special districts are not included in their estimate. AMBAG's reporting does indicate that the unincorporated areas within Santa Cruz County will experience a slow growth over the next fifteen years. The 2018 AMBAG Regional Growth Forecast Report states that the population in unincorporated territory will grow at a rate of less than 1% every five years. Based on this anticipated growth rate, LAFCO staff calculated the estimated population for each subject agency from 2025 to 2040, as shown in **Table 7**:

**Table 7: Population Estimates (Listed in Alphabetical Order)**

	2020	2025	2030	2035	2040	Change (%)
Central WD	2,700	2,723	2,746	2,770	2,794	0.86%
City of Santa Cruz	96,186	98,874	101,636	104,476	107,395	2.79%
City of Watsonville	65,231	66,418	67,626	68,856	70,108	1.82%
County Service Area 54	550	555	559	564	569	0.86%
Pajaro Valley Water MA	90,000	92,347	94,756	97,227	99,762	2.61%
Reclamation District	16	16	16	16	17	0.86%
San Lorenzo Valley WD	19,882	20,052	20,224	20,398	20,572	0.86%
Scotts Valley WD	11,776	11,859	11,943	12,027	12,112	0.71%
Soquel Creek WD	40,600	40,948	41,299	41,653	42,010	0.86%

## Transparency (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. SB 929 states that the Internet Web Site, maintained by the independent special district, shall conform with various laws in Government Code Sections 6270.5, 53893, 53908, 54954.2, and Section 32139 of the Health and Safety Code. In summary, a District's Internet Website must contain the following:

- Access to past and current, agendas, staff reports, and minutes
- Adopted budgets;
- Contact information and list of current board members;
- Information regarding public meetings (Brown Act);
- Service Reviews adopted by LAFCO;
- Recipients of grant funding or assistance provided by the district, if any;
- Audits (pursuant to GCS 26909) and adopted annual policies; and
- Any other information the board deems relevant

LAFCO also utilized the website criteria developed by the Special District Leadership Foundation (“SDLF”) to determine whether the agencies have a transparent website. SDLF is an independent, non-profit organization formed to promote good governance and best practices among California’s special districts through certification, accreditation and other recognition programs. The SDLF and its activities are supported by the California Special Districts Association and the Special District Risk Management Authority. The website recommendations are identified in SDLF’s District Transparency Certificate of Excellence. This program was created in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency. There are no fees for this certificate and is valid for three years. There are three main subject areas under this certificate: Basic Transparency Requirements; Website Requirements; and Outreach Requirements. LAFCO used the website requirement criteria to determine the transparency level of each agencies’ website.

**Table 8** provides an overview of each agencies’ website based on the criteria outlined by SB 929 and by SDLF. The agencies were ranked from highest to lowest based on their scores.

**Table 8: Website Transparency (Highest to Lowest)**

Water Agency	Total Score out of a Possible 20 (by percentage)
Pajaro Valley Water Management Agency	<b>100%</b> (20 out of 20)
Soquel Creek Water District	<b>95%</b> (19 out of 20)
City of Santa Cruz*	<b>94%</b> (17 out of 18)
City of Watsonville*	<b>94%</b> (17 out of 18)
Scotts Valley Water District	<b>90%</b> (18 out of 20)
San Lorenzo Valley Water District	<b>75%</b> (15 out of 20)
Central Water District	<b>60%</b> (12 out of 20)
County Service Area 54	<b>0%</b> (0 out of 20)
Reclamation District No. 2049	<b>0%</b> (0 out of 20)

*\*Footnote: the Cities of Santa Cruz and Watsonville were not subject to two requirements because those two were specifically for special districts.*

## Disadvantaged Unincorporated Communities

In accordance with Senate Bill 244, which became effective on January 1, 2012, state law requires the identification and description of all “disadvantaged unincorporated communities” (DUCs) located within or contiguous to the existing spheres of influence of cities and special districts which provide fire protection, sewer, and/or water services (Government Code Section 56046). DUCs are defined as inhabited unincorporated areas with an annual median household income that is 80% or less than the statewide annual median household income.

In 2020, the California statewide annual median household income was \$78,672, and 80% of that was \$62,938. LAFCO staff utilized the ArcGIS mapping program to locate potential DUCs in Santa Cruz County. Based on the criteria set forth by SB 244, in conjunction with further evaluation of these areas, staff determined that there is no disadvantaged unincorporated communities in Santa Cruz County at this time.

## Private Water Systems

Mutual Water Companies (MWCs) and private water systems are regulated by California's Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, mutual water companies are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board and our local Regional Water Quality Control Board. However, over the years, many MWCs and small water systems have operated without much oversight from the State. That is why the Legislature enacted Assembly Bill 54 in 2012. This law imposes new requirements on mutual water companies that own and operate public water systems and requires greater coordination between them and LAFCO in each county. Corporations Code 14301.1 requires mutual water companies to submit a map depicting its service area to LAFCO. As part of this report, LAFCO identified all the private water systems in Santa Cruz County (refer to **Figure 3** on page 18). Additionally, LAFCO identified the location and system size of each private water system in relation to a nearby water agency. **Appendix A** provides an overview of the 132 private water systems found throughout the County. LAFCO staff is recommending that subsequent letters are distributed to the private water systems to ensure they are following the statutory requirements under AB 54.

## Spheres of Influence

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:

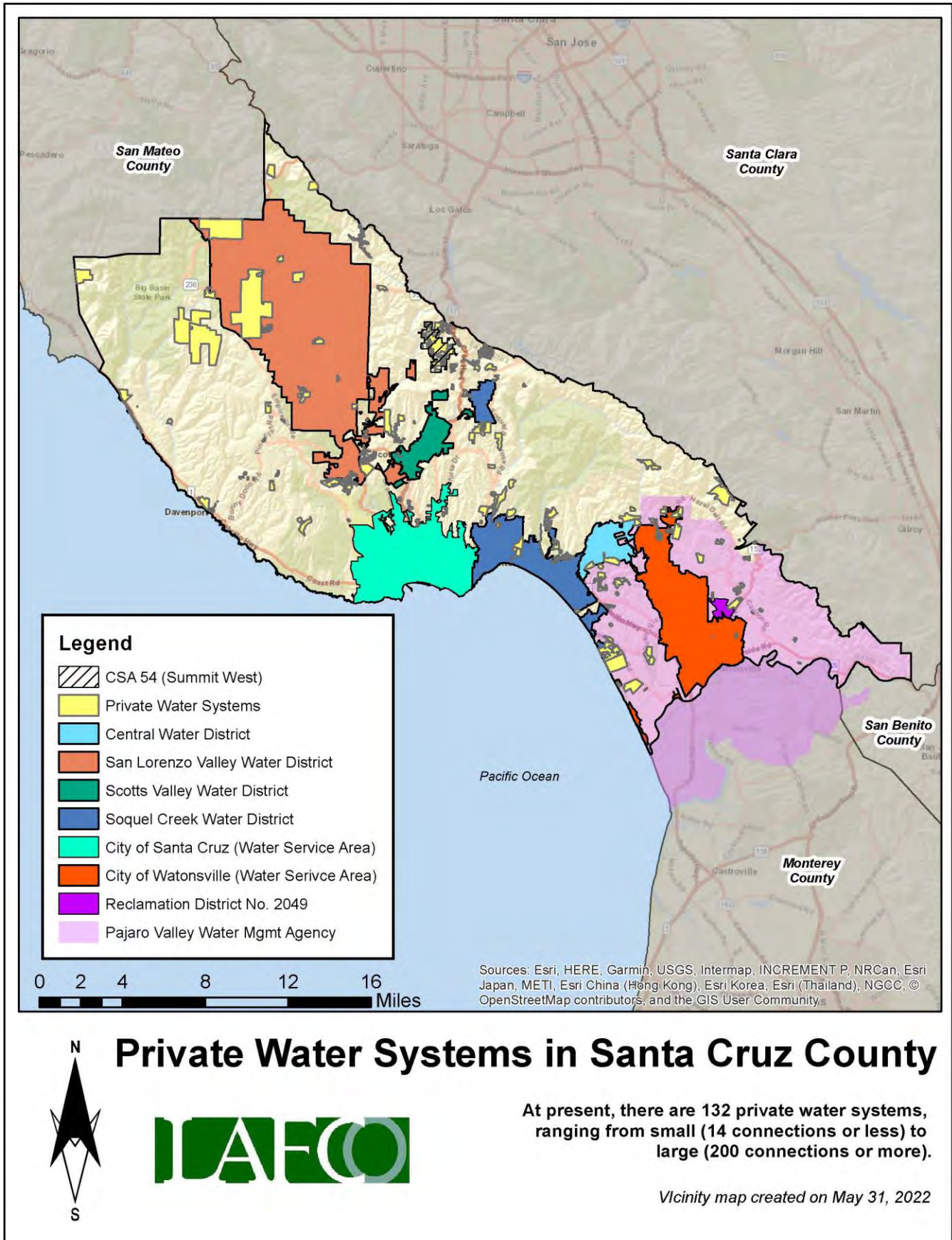
- The present and planned uses in the area, including agricultural & open-space lands;
- The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency; and
- An update on a sphere of influence for 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.

### Sphere Determinations

Most of the spheres of influence for each water agency were originally adopted between 1983 to 1988. Since then, only a few have been modified throughout the years. **Table 9** on page 19 shows the past and proposed sphere determinations for each agency.



**Figure 3: Private Water Systems Map**



**Table 9: Sphere Determinations (1983 to 2022)**

<b>Water Agency</b>	<b>Original &amp; Current Status</b>	<b>Proposed Sphere</b>
<b>Central Water District</b>	<b>Original Adoption:</b> November 12, 1986  <b>Current Sphere:</b> Smaller than Service Boundary	<b>Amend Sphere:</b> Increase size to reflect current service delivery
<b>City of Santa Cruz</b>	<b>Original Adoption:</b> August 3, 1983  <b>Current Sphere:</b> Smaller than Service Area	<b>Amend Sphere:</b> Increase size to reflect current service delivery
<b>City of Watsonville</b>	<b>Original Adoption:</b> January 12, 1983  <b>Current Sphere:</b> Smaller than Service Area	<b>Amend Sphere:</b> Increase size to reflect current service delivery
<b>County Service Area 54 (Summit West)</b>	<b>Original Adoption:</b> February 7, 1996  <b>Current Sphere:</b> Coterminous with Service Boundary	<b>Zero Sphere:</b> Remove sphere as a precursor to dissolution
<b>Pajaro Valley Water Management Agency</b>	<b>Original Adoption:</b> N/A  <b>Current Sphere:</b> No Sphere Boundary	<b>Adopt Sphere:</b> Coterminous with the Corralitos Basin
<b>Reclamation District No. 2049 (College Lake)</b>	<b>Original Adoption:</b> November 2, 1988  <b>Current Sphere:</b> Coterminous with Service Boundary	<b>Zero Sphere:</b> Remove sphere as a precursor to dissolution
<b>San Lorenzo Valley Water District</b>	<b>Original Adoption:</b> October 16, 1985  <b>Current Sphere:</b> Larger than Service Boundary	<b>Reaffirm Sphere:</b> No Change
<b>Scotts Valley Water District</b>	<b>Original Adoption:</b> October 16, 1985  <b>Current Sphere:</b> Larger than Service Boundary	<b>Reaffirm Sphere:</b> No Change
<b>Soquel Creek Water District</b>	<b>Original Adoption:</b> November 12, 1986  <b>Current Sphere:</b> Smaller than Service Boundary	<b>Amend Sphere:</b> Increase size to reflect current service delivery

## Key Findings

The following are key findings of the 2022 Countywide Water Service and Sphere of Influence Review:

### Central Water District

**1. The District provides services to a small area.**

The Central Water District currently serves five square miles to approximately 3,200 people. The District offers five of the eight water services identified by LAFCO: Agriculture Water, Groundwater Replenishment, Retail Potable Water, Water Treatment, and Water Conservation. At present, it has 892 connections through 23.3 miles of pipeline.

**2. The District is financially sound.**

The Central Water District has ended with an annual surplus in five of the last six years. As of June 30, 2021, the District is operating with a net position of approximately \$2.5 million. 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.

**3. The District's website needs improvements.**

The Central Water District is currently not meeting the statutory requirements under Senate Bill 929. Based on LAFCO's analysis, the District met 12 out of the 20 transparency benchmarks evaluated in this service review.

**4. The District needs a sphere update.**

The current sphere does not accurately reflect the District's service area and should be updated. Staff is recommending that the sphere be increased to include areas already served by the District.

### City of Santa Cruz (Water Service Area)

**1. The City provides services to a large area.**

Santa Cruz currently serves 27 square miles to approximately 96,000 people. The City offers five of the eight water services identified by LAFCO: Agriculture Water, Retail Potable Water, Wastewater (Sewer), Water Treatment, and Water Conservation. At present, it has 24,592 connections through 300 miles of pipeline.

**2. The City is financially sound.**

Santa Cruz has ended with an annual surplus in five of the last six years. As of June 30, 2021, the City is operating with a net position of approximately \$103 million. LAFCO staff believes the positive balance will continue. This healthy amount will be critical in the event that the City faces any unintended expenses, major capital improvements projects, or emergency repairs.

**3. The City's website is transparent.**

While Santa Cruz is not subject to Senate Bill 929's website requirements, the City's website is extremely transparent and filled with useful information. Based on LAFCO's assessment, the City covered 17 out of the 20 transparency benchmarks evaluated in this service review.



#### **4. The City needs a sphere update.**

The current sphere does not accurately reflect the City's water service area and should be updated. Staff is recommending that the sphere be increased to include areas already served by the City of Santa Cruz.

### **City of Watsonville (Water Service Area)**

#### **1. The City provides services to a large area.**

Watsonville currently serves 21 square miles to approximately 65,000 people. The City offers six of the eight water services identified by LAFCO: Agriculture Water, Retail Potable Water, Recycled Water, Wastewater (Sewer), Water Treatment, and Water Conservation. At present, it has 14,884 connections through 190 miles of pipeline.

#### **2. The City is financially sound.**

Watsonville has ended with an annual surplus in five of the last six years. As of June 30, 2021, the City is operating with a net position of approximately \$62 million. LAFCO staff believes the positive balance will continue. This healthy amount will be critical in the event that the City faces any unintended expenses, major capital improvements projects, or emergency repairs.

#### **3. The City's website is transparent.**

While Watsonville is not subject to Senate Bill 929's website requirements, the City's website is extremely transparent and filled with useful information. Based on LAFCO's assessment, the City covered 17 out of the 20 transparency benchmarks evaluated in this service review.

#### **4. The City needs a sphere update.**

The current sphere does not accurately reflect the City's water service area and should be updated. Staff is recommending that the sphere be increased to include areas already served by the City of Watsonville.

### **County Service Area 54 (Summit West)**

#### **1. The District provides no services.**

County Service Area 54 was originally formed in 1996 to provide water services to the Summit West community. Water services to the community was taken over by the Summit Mutual Water Company in 2007. Since then, CSA 54 has been inactive.

#### **2. The District provides needs to be dissolved.**

As previously mentioned, the District does not provide any services and has been inactive for fifteen years. LAFCO staff is recommending that the Commission adopt a zero sphere as a precursor to dissolution. The dissolution process should be initiated as soon as possible.

## Pajaro Valley Water Management Agency

### **1. The District provides services to a large area.**

The Pajaro Valley Water Management Agency currently serves 124 square miles to approximately 90,000 people. The District offers five of the eight water services identified by LAFCO: Agriculture Water, Groundwater Replenishment, Recycled Water, Water Treatment, and Water Conservation. At present, it has 1,019 metered wells, 1,200 unmetered (domestic) wells, and 22 miles of pipeline.

### **2. The District is financially sound.**

The Pajaro Valley Water Management Agency has ended with an annual surplus in four of the last six years. As of June 30, 2021, the District is operating with a net position of approximately \$20 million. 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.

### **3. The District's website is transparent.**

The Pajaro Valley Water Management Agency is currently meeting the statutory requirements under Senate Bill 929. Based on LAFCO's analysis, the District covered all 20 transparency benchmarks evaluated in this service review.

### **4. The District needs a sphere boundary.**

State law requires all independent special districts to have a sphere of influence boundary. The Pajaro Valley Water Management Agency is the only independent special district in Santa Cruz County without an official sphere. Staff is recommending that the District's sphere be coterminous with the Corralitos Basin, which the District is responsible for under the Sustainable Groundwater Management Act.

## Reclamation District No. 2049 (College Lake)

### **1. The District provides a single service to a limited area.**

The Reclamation District currently serves 0.78 square miles to 16 landowners within 20 separate parcels. The District only offers drainage services once a year for farming purposes.

### **2. The District is financially distressed.**

The Reclamation District has ended with an annual deficit in three of the last six years. As of June 30, 2021, the District is operating with a net position of only \$63,000. LAFCO staff believes the positive balance will continue. This minimal amount may be completely depleted if any unintended expenses occurs. Additionally, the Board Chair informed LAFCO that the District may run out of money as early as November 2022.

### **3. The District is in violation of multiple statutes.**

The Reclamation District does not have a website. More unsettling is that the District has no General Manager or adequate staff, no physical office or contact information, no adopted policies in place, two vacancies on the five-member board, and the term limit for three remaining board members expired in December 2021. The last official board meeting was held in October 2021. LAFCO also determined that none of the recommended actions identified by the County's 2017 audit were completely addressed or implemented.

#### **4. The District needs to be dissolved.**

As previously mentioned, the District is facing significant challenges. LAFCO staff has determined that dissolution would benefit the affected landowners. Therefore, staff is recommending that the Commission adopt a zero sphere as a precursor to dissolution. The District has recently adopted a resolution to initiate the dissolution process and LAFCO expects to receive an application soon.

### **San Lorenzo Valley Water District**

#### **1. The District provides services to a large area.**

The San Lorenzo Valley Water District currently serves 60 square miles to approximately 20,000 people. The District offers four of the eight water services identified by LAFCO: Retail Potable Water, Wastewater (Sewer), Water Treatment, and Water Conservation. At present, it has 8,000 connections through 170 miles of pipeline.

#### **2. The District is financially sound.**

The San Lorenzo Valley Water District has ended with an annual surplus consistently for the last six years. As of June 30, 2021, the District is operating with a net position of approximately \$38 million. 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.

#### **3. The District's website is in compliance with State law.**

The San Lorenzo Valley Water District is currently meeting the statutory requirements under Senate Bill 929. Based on LAFCO's analysis, the District covered 15 out of the 20 transparency benchmarks evaluated in this service review.

#### **4. The District's sphere accurately reflects its future governance.**

The sphere was updated on November 4, 2020 as part of the District's last service review cycle. The update was based on LAFCO's analysis, which determined that a total of 24 unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. LAFCO expanded the District's sphere to include approximately 3,300 acres. Staff is recommending that the current sphere be reaffirmed.

### **Scotts Valley Water District**

#### **1. The District provides services to a small area.**

The Scotts Valley Water District currently serves six square miles to approximately 12,000 people. The District offers four of the eight water services identified by LAFCO: Retail Potable Water, Recycled Water, Water Treatment, and Water Conservation. At present, it has 4,330 connections through 60 miles of pipeline.

**2. The District is financially sound.**

The Scotts Valley Water District has ended with an annual surplus in four of the last six years. As of June 30, 2021, the District is operating with a net position of approximately \$21 million. 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.

**3. The District's website is transparent.**

The Scotts Valley Water District is currently meeting the statutory requirements under Senate Bill 929. Based on LAFCO's analysis, the District covered 18 out of the 20 transparency benchmarks evaluated in this service review.

**4. The District's sphere accurately reflects its future governance.**

The sphere was updated on March 3, 2021 as part of the District's last service review cycle. The update was based on LAFCO's analysis, which determined that a total of eight unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. LAFCO expanded the District's sphere to include approximately 300 acres. The District recently adopted a resolution to initiate annexation of areas within its sphere and areas already receiving services. Staff is recommending that the current sphere be reaffirmed.

## **Soquel Creek Water District**

**1. The District provides services to a large area.**

The Soquel Creek Water District currently serves 17 square miles to approximately 41,000 people. The District offers six of the eight water services identified by LAFCO: Agricultural Water, Groundwater Replenishment, Retail Potable Water, Recycled Water, Water Treatment, and Water Conservation. At present, it has 16,047 connections through 167 miles of pipeline.

**2. The District is financially sound.**

The Soquel Creek Water District has ended with an annual surplus consistently for the last six years. As of June 30, 2021, the District is operating with a net position of approximately \$83 million. 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.

**3. The District's website is transparent.**

The Soquel Creek Water District is currently meeting the statutory requirements under Senate Bill 929. Based on LAFCO's analysis, the District covered 19 out of the 20 transparency benchmarks evaluated in this service review.

**4. The District needs a sphere update.**

The current sphere does not accurately reflect the District's service area and should be updated. Staff is recommending that the sphere be increased to include areas already served by the District.

## **Recommended Actions**

Based on the analysis and findings in the 2022 Countywide Water Service and Sphere of Influence Review, 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 nine affected agencies, 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 a Resolution (LAFCO No. 2022-11) approving the 2022 Countywide Water Service and Sphere Review with the following terms and conditions:
  - a. Reaffirm the existing spheres of influence for Scotts Valley Water District and San Lorenzo Valley Water District;
  - b. Amend the existing spheres of influence for Central Water District, City of Santa Cruz, City of Watsonville, and Soquel Creek Water District to accurately reflect the areas currently within the agencies' jurisdiction and/or already being served;
  - c. Adopt a sphere of influence for the Pajaro Valley Water Management Agency to be coterminous with the Corralitos Basin;
  - d. Adopt a zero sphere of influence for County Service Area 54 and the Reclamation District No. 2049 as a precursor to dissolution;
  - e. Direct the Executive Officer to distribute letters to the small water systems to ensure that they are fulfilling the statutory requirements under Assembly Bill 54; and
  - f. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the nine water agencies, Monterey LAFCO, San Benito LAFCO, and any other interested or affected parties, including but not limited to the Civil Grand Jury of Santa Cruz County.

# CENTRAL WATER DISTRICT

## OVERVIEW

The Central Water District was formed in November 1950 as the “Central Santa Cruz County Water District” under the County Water District Act with the purpose of providing water for domestic and commercial use. The formation boundary of the District was contiguous with the Oakdale and Pleasant Valley School Districts. In 1953, the District purchased the Valencia Water Works, a private water company. In 1978, CWD entered into an agreement with the Soquel Creek County Water District to provide an intertie connection on Huntington Drive in case of an emergency. The District officially changed its name to the Central Water District on December 10, 1980. Today, the District serves five square miles of unincorporated territory. There is a total of 1,113 parcels within the District (totaling approximately 3,200 acres). **Figure 4**, on page 29, is a vicinity map depicting CWD’s current jurisdictional boundary. **Figure 5**, on page 30, also shows the current land use designation under the County’s General Plan. At present, the majority of land within the District is designated as Rural Residential.

A total of 11 boundary changes have been approved by LAFCO, with an extraterritorial service agreement involving a single parcel being the last recorded action on April 2, 2008. **Appendix B** provides an overview of all the approved boundary changes since 1966.

## Services and Infrastructure

CWD manages and operates a complex and integrated water supply infrastructure, including storage tanks, transmission system, wells, and booster pumps. The District currently has approximately 900 connections, which includes multiple connections consisting of 82 fire services, 15 irrigation services, 9 commercial services, and 4 public facility services. The District’s customer base is predominantly single-family residential with some multi-family and agricultural customers as well. **Table 10** summarizes the District’s services and **Table 11** on page 27 provides an overview of the District’s infrastructure.

**Table 10: List of Service Provisions**

Services	Checkmark (Yes)
Agricultural Water	✓
Drainage	
Groundwater Replenishment	✓
Retail Potable Water	✓
Recycled Water	
Wastewater (Sewer)	
Water Treatment	✓
Water Conservation	✓



**Table 11: List of Infrastructure / Facilities**

Infrastructure	Checkmark (Yes)	Quantity
Distribution / Storage Tanks	✓	7 storage tanks
Pressure Zones	✓	4 pressure reducing valve stations
Production Wells	✓	6 wells (3 inactive)
Pump Stations	✓	6 booster pump stations
Recycled Water System	-	-
Treatment Plants	-	-
Water Diversions	-	-
Water Pipeline	✓	23.3 miles
Total Connections	✓	892

## Water Rates

CWD has a policy ensuring that all revenues from user charges and surcharges generated from District customers must 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 (volumetric) charge. **Table 12** highlights the past and upcoming water rates for CWD customers. As the table shows, the District has not increased its rates for the last five years. It is LAFCO's understanding that a rate increase may occur in the upcoming year.





**Table 12: Water Rates**

<b>1 unit = 748 gallons</b>	<b>2017 (Adopted)</b>	<b>2018 (Adopted)</b>	<b>2019 (Adopted)</b>	<b>2020 (Adopted)</b>	<b>2021 (Adopted)</b>
<b>SERVICE CHARGES</b>					
<b>Bi-Monthly Service Charge (Meter Size)</b>					
5/8"	\$40	\$40	\$40	\$40	\$40
3/4"	\$40	\$40	\$40	\$40	\$40
1"	\$40	\$40	\$40	\$40	\$40
<b>Monthly Service Charges (Meter Size)</b>					
5/8" (Commercial & Ag)	\$40	\$40	\$40	\$40	\$40
3/4" (Commercial & Ag)	\$40	\$40	\$40	\$40	\$40
1" (Commercial & Ag)	\$40	\$40	\$40	\$40	\$40
2" (Commercial & Ag)	\$96	\$96	\$96	\$96	\$96
Multi-Residential	\$180	\$180	\$180	\$180	\$180
<b>Bi-Monthly Fire Service Charge</b>					
All Fire Service Size (5/8" to 2")	\$29.28	\$29.28	\$29.28	\$29.28	\$29.28
All Fire Service Size (over 2")	\$40	\$40	\$40	\$40	\$40
<b>Bi-Monthly Fire Service Charge</b>					
Hydrant Meter Service	\$200	\$200	\$200	\$200	\$200
<b>VOLUMETRIC CHARGES</b>					
<b>Primary Zone Volumetric Charges</b>					
Tier 1 (1-20 units)	\$4.00/unit	\$4.00/unit	\$4.00/unit	\$4.00/unit	\$4.00/unit
Tier 2 (21-up units)	\$7.00/unit	\$7.00/unit	\$7.00/unit	\$7.00/unit	\$7.00/unit
<b>Day Zone Volumetric Charges</b>					
Tier 1 (0-20 units)	\$4.40/unit	\$4.40/unit	\$4.40/unit	\$4.40/unit	\$4.40/unit
Tier 2 (21-up units)	\$7.40/unit	\$7.40/unit	\$7.40/unit	\$7.40/unit	\$7.40/unit
<b>Redwood Heights/Maintenance District Volumetric Charges</b>					
Tier 1 (0-20 units)	\$4.25/unit	\$4.25/unit	\$4.25/unit	\$4.25/unit	\$4.25/unit
Tier 2 (21-up units)	\$7.25/unit	\$7.25/unit	\$7.25/unit	\$7.25/unit	\$7.25/unit
<b>Multi-Residential Accounts (Monthly)</b>					
Tier 1 (0-420 units)	\$4.00/unit	\$4.00/unit	\$4.00/unit	\$4.00/unit	\$4.00/unit
Tier 2 (421-up units)	\$7.00/unit	\$7.00/unit	\$7.00/unit	\$7.00/unit	\$7.00/unit
<b>Outside District / Temporary Meter / Hydrant Volumetric Charges</b>					
Tier 1 (0-20 units)	\$4.00/unit	\$4.00/unit	\$4.00/unit	\$4.00/unit	\$4.00/unit
Tier 2 (21-up units)	\$7.00/unit	\$7.00/unit	\$7.00/unit	\$7.00/unit	\$7.00/unit
<b>Agricultural / Commercial Accounts (Monthly)</b>					
Tier 1 (0-250 units)	\$4.00/unit	\$4.00/unit	\$4.00/unit	\$4.00/unit	\$4.00/unit
Tier 2 (251-up units)	\$7.00/unit	\$7.00/unit	\$7.00/unit	\$7.00/unit	\$7.00/unit

Figure 4: CWD's Vicinity Map

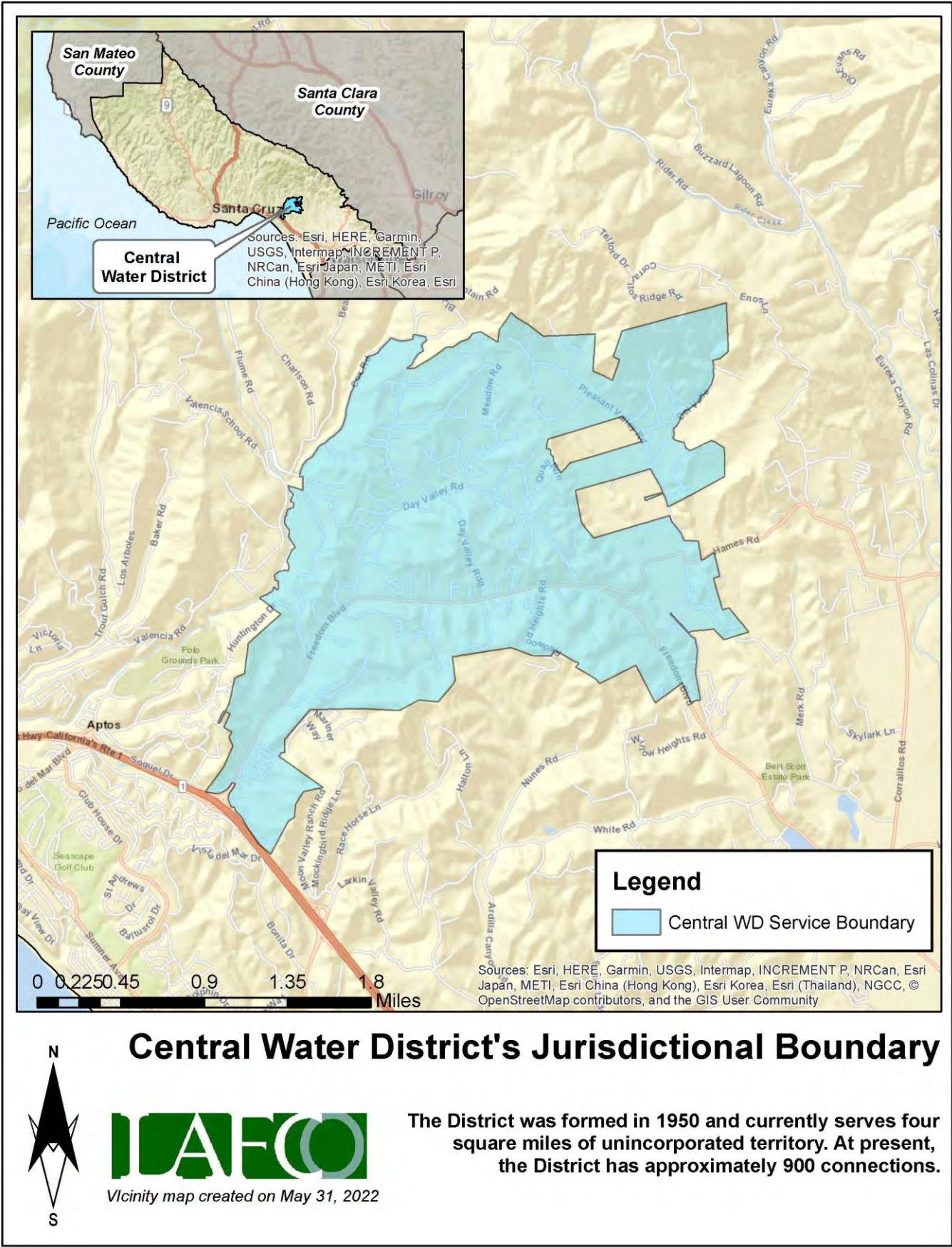
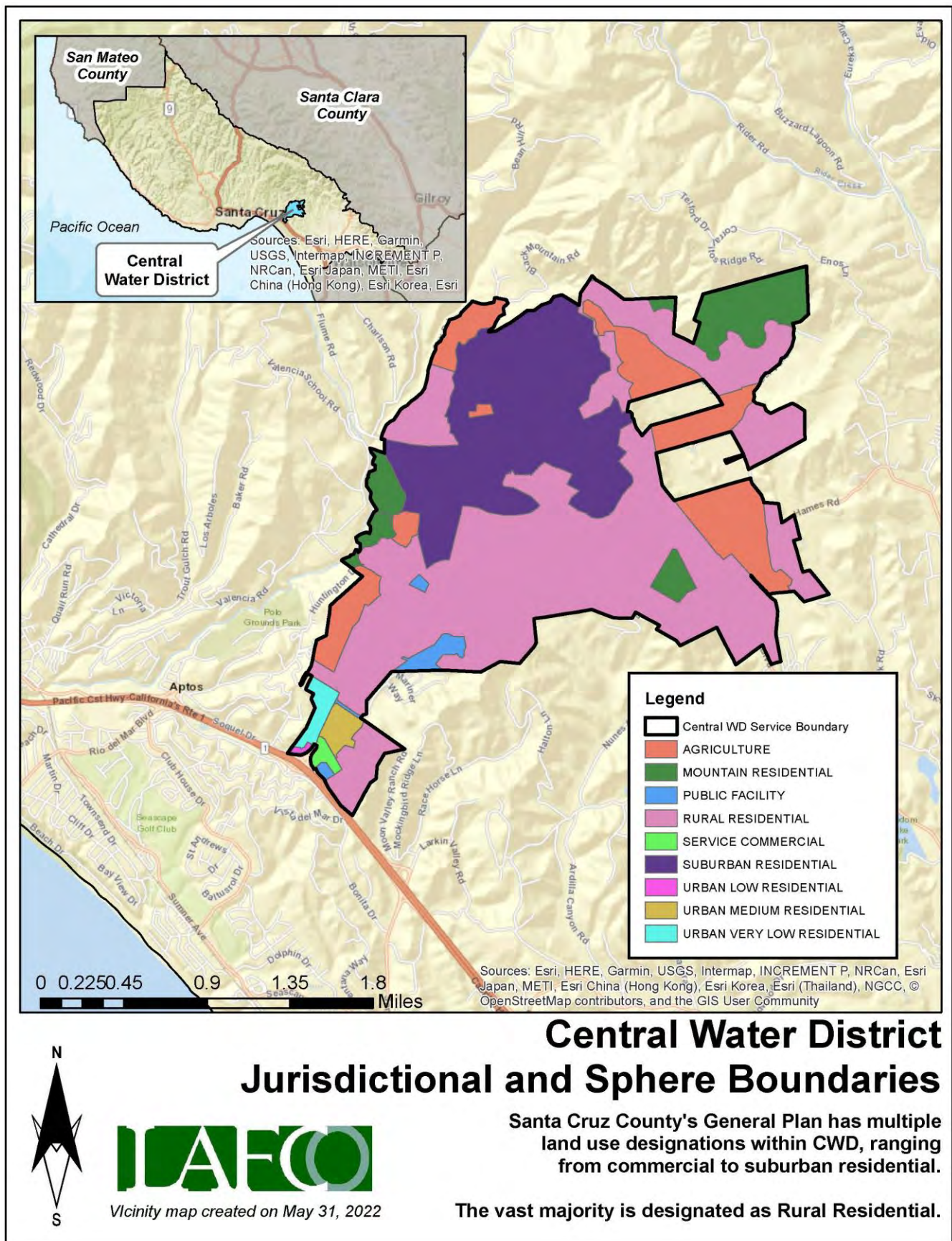




Figure 5: CWD's Land Use Map





## Population and Growth

Based on staff's analysis, the population of CWD was 2020 is estimated to be 2,700. 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. **Table 13** shows the anticipated population within CWD. The average rate of change is 0.86%.

### Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for CWD. LAFCO staff increased the District's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of CWD will be approximately 2,800 by 2040.

**Table 13: 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%
<b>Central Water District</b>	<b>2,700</b>	<b>2,723</b>	<b>2,746</b>	<b>2,770</b>	<b>2,794</b>	<b>0.86%</b>

*Source: AMBAG 2018 Regional Growth Forecast and FY 2020-21 CWD Audited Financial Statement*



**CWD Tank Site**

## FINANCES

This section will highlight the District's financial performance during the most recent fiscal years. Fiscal Year 2020-21 is the latest audited financial statement available. LAFCO evaluated CWD's financial health from 2015 to 2021. A comprehensive analysis of the District's financial performance during the past six years is shown in **Tables 17 and 18** on pages 36-37.

At the end of Fiscal Year 2020-21, total revenue collected was approximately \$1.5 million, representing a 18% increase from the previous year (\$1.3 million in FY 19-20). Total expenses for FY 2020-21 were approximately \$1 million, which decreased by 9% from the previous year (\$1.1 million in FY 19-20). Since 2015, the District ended each fiscal year with a surplus, with the exception of FY 16-17, as shown in **Figure 6**. LAFCO staff believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

**Figure 6: Statement of Revenues & Expenditures  
(FY 2015-16 to FY 2020-21)**



## Revenues

### Operating Revenue

The District's primary source of revenue is from operating revenues, specifically water consumption sales. In FY 2020-21, Water Revenue (appx. \$1.1 million) and Connection Fees (appx. \$22,000) represent approximately 79% of CWD's entire revenue stream.

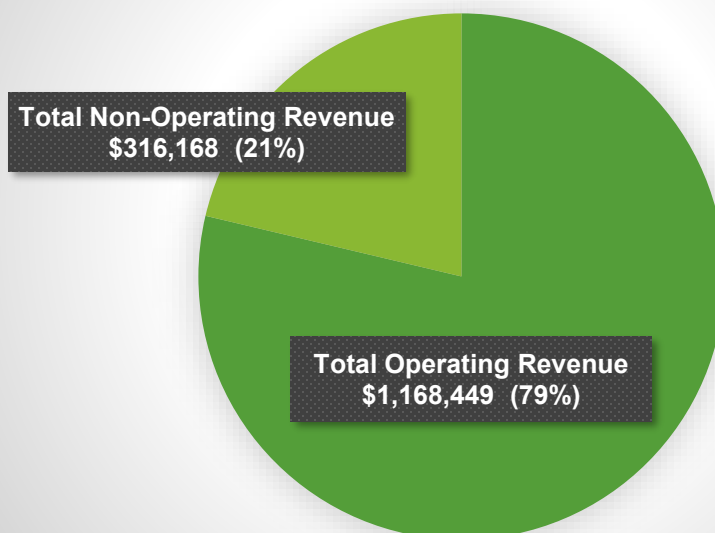
### Non-operating Revenue

The remaining 21% of total revenue derive from non-operating revenue sources. These funds include Property Taxes, Capital Contributions, Interest Income, and Other Revenue. **Table 14 and Figure 7** provide a breakdown of the District's revenue by category and source.

**Table 14: Revenue Breakdown (FY 2020-21)**

Revenue	Amount	Percentage
<b>Operating Revenue</b>		
Water Revenue	\$1,146,804	98%
Connection Fees	<u>\$21,645</u>	<u>2%</u>
Total Operating Revenue	\$1,168,449	100%
<b>Non-Operating Revenue</b>		
Capital Contributions	\$170,000	54%
Property Taxes	\$127,695	40%
Interest Income	\$14,544	5%
Other Revenue	<u>\$3,929</u>	<u>1%</u>
Total Non-Operating Revenue	\$316,168	100%
<b>Total Revenue</b>	<u><u>\$1,484,617</u></u>	

**Figure 7: Operating v Non-Operating Revenue  
(FY 2020-21)**



## Expenditures

### Operating Expense

The District's operating expenses represented approximately 88% of total expenditure during FY 2020-21. Operating expenses include: Administration & General, Pumping, Transmission & Distribution, Customer Accounts, Source of Supply, and Water Treatment.

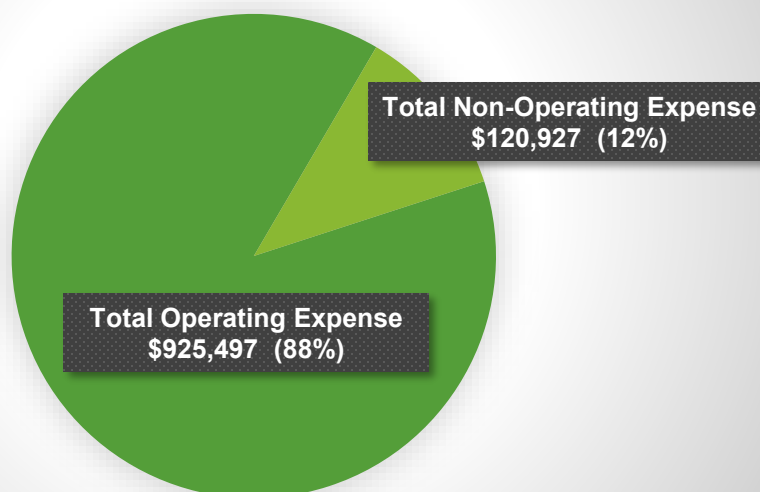
### Non-operating Expense

The remaining 12% of total expenses derive from non-operating expenses. These costs include Depreciation, and Investment in Joint-Powers Authority. **Table 15 and Figure 8** provide a breakdown of the District's costs by category and source.

**Table 15: Expense Breakdown (FY 2020-21)**

Expenditure	Amount	Percentage
<b>Operating Expense</b>		
Administration and General	\$263,174	28.4%
Pumping	\$203,651	22.0%
Transmission and Distribution	\$186,951	20.2%
Customer Accounts	\$142,710	15.4%
Source of Supply	\$66,217	7.2%
Water Treatment	<u>\$62,794</u>	<u>6.8%</u>
Total Operating Expense	\$925,497	100%
<b>Non-Operating Expense</b>		
Depreciation Expense	\$94,318	78.0%
Investment in Joint-Powers Authority	<u>\$26,609</u>	<u>22.0%</u>
Total Non-Operating Expense	\$120,927	100.0%
<b>Total Expenditure</b>	<b><u>\$1,046,424</u></b>	

**Figure 8: Operating v Non-Operating Expenses  
(FY 2020-21)**



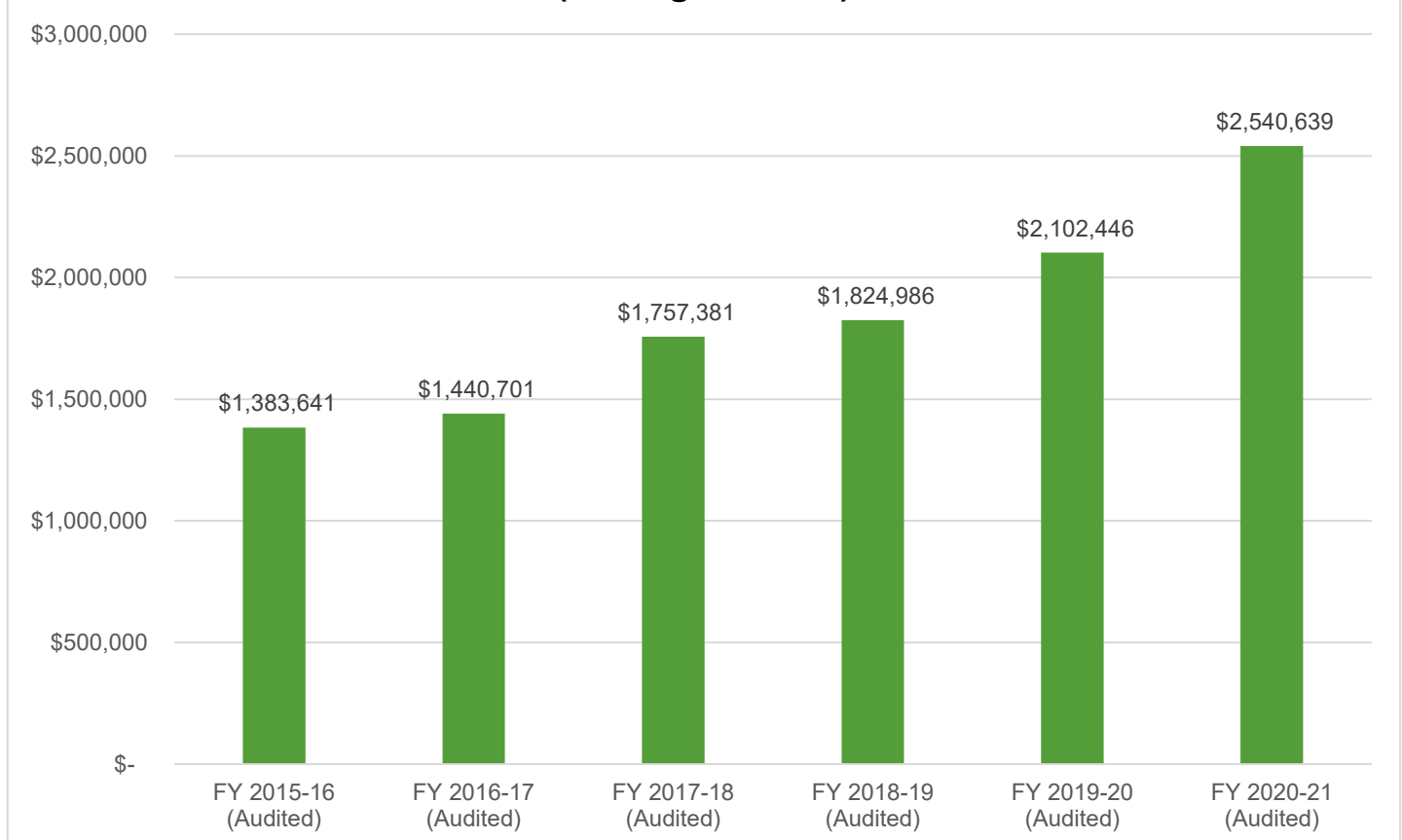
## Fund Balance / Net Position

As of June 30, 2021, the total net position balance ended with approximately \$2.5 million. The following table highlights the net position balance from 2015 to 2021. As shown in **Table 16** and **Figure 9**, the District's fund balance has increased over the years and has maintained an annual balance above \$1.3 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.

**Table 16: Net Position (2015 to 2021)**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
Beginning Balance	\$1,383,641	\$1,553,397	\$1,445,846	\$1,757,381	\$1,984,613	\$2,102,446
<b>Ending Balance</b>	<b><u>\$1,383,641</u></b>	<b><u>\$1,440,701</u></b>	<b><u>\$1,757,381</u></b>	<b><u>\$1,824,986</u></b>	<b><u>\$2,102,446</u></b>	<b><u>\$2,540,639</u></b>
Change (\$)		\$57,060	\$316,680	\$67,605	\$277,460	\$438,193

**Figure 9: Net Position from 2015 to 2021  
(Ending Balance)**





**Table 17: Total Revenues & Expenditures**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>REVENUE</b>						
<u>Operating Revenue</u>						
Water Revenue	\$ 575,696	\$ 574,002	\$ 1,052,792	\$ 994,880	\$ 1,110,345	\$ 1,146,804
Connection Fees	\$ 34,962	\$ -	\$ 6,000	\$ 16,500	\$ -	\$ 21,645
<b>Total Operating Revenue</b>	<b>\$ 610,658</b>	<b>\$ 574,002</b>	<b>\$ 1,058,792</b>	<b>\$ 1,011,380</b>	<b>\$ 1,110,345</b>	<b>\$ 1,168,449</b>
<u>Non-Operating Revenue</u>						
Property Taxes	\$ 104,285	\$ 110,002	\$ 115,084	\$ 119,979	\$ 124,057	\$ 127,695
Interest Income	\$ 6,087	\$ 6,723	\$ 12,462	\$ 17,018	\$ 15,320	\$ 14,544
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,000
Government Aid - State Prop Tax Relief	\$ 733	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue, Net	\$ 117,135	\$ 19,308	\$ 13,916	\$ 16,486	\$ 13,231	\$ 3,929
<b>Total Non-Operating Revenue</b>	<b>\$ 228,240</b>	<b>\$ 136,033</b>	<b>\$ 141,462</b>	<b>\$ 153,483</b>	<b>\$ 152,608</b>	<b>\$ 316,168</b>
<b>TOTAL REVENUE</b>	<b>\$ 838,898</b>	<b>\$ 710,035</b>	<b>\$ 1,200,254</b>	<b>\$ 1,164,863</b>	<b>\$ 1,262,953</b>	<b>\$ 1,484,617</b>
<b>EXPENDITURE</b>						
<u>Operating Expense</u>						
Source of Supply	\$ 37,741	\$ 41,344	\$ 57,568	\$ 67,304	\$ 79,925	\$ 66,217
Pumping	\$ 107,493	\$ 115,146	\$ 137,492	\$ 183,206	\$ 150,813	\$ 203,651
Water Treatment	\$ 35,320	\$ 44,922	\$ 52,958	\$ 64,733	\$ 75,712	\$ 62,794
Administration and General	\$ 237,603	\$ 317,344	\$ 292,901	\$ 385,437	\$ 318,242	\$ 263,174
Customer Accounts	\$ 81,340	\$ 89,104	\$ 124,069	\$ 145,052	\$ 172,253	\$ 142,710
Transmission and Distribution	\$ 143,541	\$ 140,558	\$ 152,118	\$ 163,526	\$ 218,672	\$ 186,951
<b>Total Operating Expense</b>	<b>\$ 643,038</b>	<b>\$ 748,418</b>	<b>\$ 817,106</b>	<b>\$ 1,009,258</b>	<b>\$ 1,015,617</b>	<b>\$ 925,497</b>
<u>Non-Operating Expense</u>						
Depreciation Expense	\$ 71,922	\$ 74,313	\$ 71,613	\$ 88,000	\$ 101,539	\$ 94,318
Investment in Joint-Powers Authority	\$ -	\$ -	\$ -	\$ -	\$ 27,964	\$ 26,609
<b>Total Non-Operating Expense</b>	<b>\$ 71,922</b>	<b>\$ 74,313</b>	<b>\$ 71,613</b>	<b>\$ 88,000</b>	<b>\$ 129,503</b>	<b>\$ 120,927</b>
<b>TOTAL EXPENDITURE</b>	<b>\$ 714,960</b>	<b>\$ 822,731</b>	<b>\$ 888,719</b>	<b>\$ 1,097,258</b>	<b>\$ 1,145,120</b>	<b>\$ 1,046,424</b>
<b>Surplus/(Deficit)</b>	<b>\$ 123,938</b>	<b>\$ (112,696)</b>	<b>\$ 311,535</b>	<b>\$ 67,605</b>	<b>\$ 117,833</b>	<b>\$ 438,193</b>
<b>NET POSITION</b>						
Beginning Balance (as restated)	\$ 1,383,641	\$ 1,553,397	\$ 1,445,846	\$ 1,757,381	\$ 1,984,613	\$ 2,102,446
<b>Ending Balance</b>	<b>\$ 1,507,579</b>	<b>\$ 1,440,701</b>	<b>\$ 1,757,381</b>	<b>\$ 1,824,986</b>	<b>\$ 2,102,446</b>	<b>\$ 2,540,639</b>

**Table 18: Total Assets & Liabilities**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>ASSETS</b>						
<u>Current Assets</u>						
Cash & Cash Equivalents	\$ 976,575	\$ 688,671	\$ 781,727	\$ 815,382	\$ 777,073	\$ 1,225,215
Customer Receivables	\$ 66,775	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable, Net	\$ -	\$ 105,211	\$ 192,986	\$ 170,582	\$ 192,768	\$ 209,690
Prepaid Expenses	\$ 6,950	\$ 14,549	\$ 16,749	\$ 6,337	\$ 16,276	\$ 16,276
<b>Total Current Assets</b>	<b>\$ 1,050,300</b>	<b>\$ 808,431</b>	<b>\$ 991,462</b>	<b>\$ 992,301</b>	<b>\$ 986,117</b>	<b>\$ 1,451,181</b>
<u>Non-Current Assets</u>						
Capital Assets - Not Being Depreciated	\$ 17,606	\$ 166,473	\$ 20,941	\$ 181,752	\$ 20,941	\$ 20,941
Capital Assets - Being Depreciated	\$ 742,885	\$ 711,678	\$ 1,043,930	\$ 965,261	\$ 1,289,563	\$ 1,251,658
Investment in Joint-Powers Authority	\$ -	\$ -	\$ -	\$ -	\$ 196,705	\$ 170,096
Other Assets	\$ 58,055	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Non-Current Assets</b>	<b>\$ 818,546</b>	<b>\$ 878,151</b>	<b>\$ 1,064,871</b>	<b>\$ 1,147,013</b>	<b>\$ 1,507,209</b>	<b>\$ 1,442,695</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,868,846</b>	<b>\$ 1,686,582</b>	<b>\$ 2,056,333</b>	<b>\$ 2,139,314</b>	<b>\$ 2,493,326</b>	<b>\$ 2,893,876</b>
<u>Deferred Outflows of Resources</u>						
Differences between Expected & Actual Earnings	\$ 1,644	\$ -	\$ -	\$ -	\$ -	\$ -
Differences in Proportionate Share of Contributions	\$ 5,198	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions to CalPERS Pension Plan in Current FY	\$ 43,774	\$ 127,262	\$ 130,702	\$ 95,759	\$ 99,837	\$ 115,532
<b>Total Deferred Outflows of Resources</b>	<b>\$ 50,616</b>	<b>\$ 127,262</b>	<b>\$ 130,702</b>	<b>\$ 95,759</b>	<b>\$ 99,837</b>	<b>\$ 115,532</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,919,462</b>	<b>\$ 1,813,844</b>	<b>\$ 2,187,035</b>	<b>\$ 2,235,073</b>	<b>\$ 2,593,163</b>	<b>\$ 3,009,408</b>
<b>LIABILITIES</b>						
<u>Current Liabilities</u>						
Accounts Payable	\$ 123,971	\$ 33,140	\$ 53,934	\$ 33,399	\$ 66,219	\$ 25,360
Accrued Vacation	\$ 16,164	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Payroll and Payroll Liabilities	\$ 9,628	\$ 10,361	\$ 12,014	\$ 17,684	\$ 17,032	\$ 18,637
Customer Deposits and Unearned Revenue	\$ 17,606	\$ 23,431	\$ 16,731	\$ 25,996	\$ 28,608	\$ 29,912
Other Payables	\$ -	\$ 1,718	\$ 1,718	\$ 3,297	\$ 3,476	\$ 6,426
Long-Term Liabilities - Due Within One Year						
Compensated Absences	\$ -	\$ 3,105	\$ 9,273	\$ 9,201	\$ 15,243	\$ 7,419
<b>Total Current Liabilities</b>	<b>\$ 167,369</b>	<b>\$ 71,755</b>	<b>\$ 93,670</b>	<b>\$ 89,577</b>	<b>\$ 130,578</b>	<b>\$ 87,754</b>
<u>Non-Current Liabilities</u>						
Long-Term Liabilities - Due in More Than 1 Yr						
Compensated Absences	\$ -	\$ 12,419	\$ 9,272	\$ 9,201	\$ 15,242	\$ 7,419
Net Pension Liability	\$ 208,877	\$ 273,688	\$ 320,784	\$ 311,309	\$ 338,970	\$ 370,950
<b>Total Non-Current Liabilities</b>	<b>\$ 208,877</b>	<b>\$ 286,107</b>	<b>\$ 330,056</b>	<b>\$ 320,510</b>	<b>\$ 354,212</b>	<b>\$ 378,369</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 376,246</b>	<b>\$ 357,862</b>	<b>\$ 423,726</b>	<b>\$ 410,087</b>	<b>\$ 484,790</b>	<b>\$ 466,123</b>
<u>Deferred Inflows of Resources</u>						
Change in Proportions	\$ 12,281	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Assumptions	\$ 15,557	\$ -	\$ -	\$ -	\$ -	\$ -
Net Difference Between Projected & Actual Earnings	\$ 7,799	\$ 10,136	\$ 5,928	\$ -	\$ 5,927	\$ 2,646
<b>Total Deferred Inflows of Resources</b>	<b>\$ 35,637</b>	<b>\$ 10,136</b>	<b>\$ 5,928</b>	<b>\$ -</b>	<b>\$ 5,927</b>	<b>\$ 2,646</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 411,883</b>	<b>\$ 367,998</b>	<b>\$ 429,654</b>	<b>\$ 410,087</b>	<b>\$ 490,717</b>	<b>\$ 468,769</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	\$ 742,885	\$ 878,151	\$ 1,064,871	\$ 1,147,013	\$ 1,310,504	\$ 1,272,599
Unrestricted						
Designated for Capital Improvements & Replacements	\$ 356,892	\$ -	\$ -	\$ -	\$ -	\$ -
Undesignated	\$ 407,802	\$ 567,695	\$ 692,510	\$ 667,973	\$ 791,942	\$ 1,268,040
<b>Total Net Position</b>	<b>\$ 1,507,579</b>	<b>\$ 1,445,846</b>	<b>\$ 1,757,381</b>	<b>\$ 1,814,986</b>	<b>\$ 2,102,446</b>	<b>\$ 2,540,639</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<b>\$ 1,919,462</b>	<b>\$ 1,813,844</b>	<b>\$ 2,187,035</b>	<b>\$ 2,225,073</b>	<b>\$ 2,593,163</b>	<b>\$ 3,009,408</b>

## GOVERNANCE

### Local Accountability & Structure

CWD 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 General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The Central Water District employs a full-time staff of 5 employees. 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 19: Board of Directors**

Board Member	Term of Office
<b>Frances Whitney, President</b>	Elected: September 2014 Term Limit Ends: December 1, 2022
<b>Robert Marani, Vice-President</b>	Elected: December 2014 Term Limit Ends: December 1, 2022
<b>Robert Postle, Board Secretary</b>	Elected: December 2012 Term Limit Ends: December 1, 2024
<b>John Benich, Director</b>	Appointed: March 2012 Term Limit Ends: December 1, 2024
<b>Marco Romanini, Director</b>	Appointed: March 2017 Term Limit Ends: December 1, 2022

#### Board Meetings

The District's Board of Directors meet regularly and citizens are encouraged to attend. Board meetings are typically held on the third Monday of each month at 7:00 p.m. The District's administrative office is located at 400 Cox Road in Aptos.

#### Capital Improvement Plans

CWD currently has a 10-year capital improvement plan in place, as shown in **Appendix C**. 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 6 capital improvement projects are underway.

#### 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. SB 929 identifies a number of components that must be found within an agency's website. Additionally, the Special District Leadership Foundation (SDLF), an independent, non-profit organization formed to promote good governance and best practices among California's special districts, has also outlined recommended website elements as part of its District Transparency Certificate of Excellence. This program was created in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency. Based on SB 929's criteria and the recommendations by SDLF, LAFCO thoroughly reviewed the District's website. **Table 20** summarizes staff's findings on whether the

District's website is meeting the statutory requirements. At present, the District does not meet all the statutory requirements under SB 929 or SDLF's website transparency criteria. One of the main issues identified by LAFCO is the website platform, which runs on Google. Under this platform, there are several documents, such as audits, that are "restricted" to the public. They are also pages that are outdated or blank. It would be beneficial if the District review and update its entire website for more transparency.

**Table 20: Website Transparency**

<b>Website Components</b>	<b>Checkmark (Yes)</b>
<b>Required Items (SB 949 Criteria and SDLF Benchmarks)</b>	
1. Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	✓
3. Names of Key Staff, including General Manager	✓
4. Contact Information for Staff	✓
5. Election/Appointment Procedure & Deadlines	
6. Board Meeting Schedule*	✓
7. Mission Statement	
8. Description of District's Services/Functions and Service Area	✓
9. Authorizing Statute/Enabling Act	
10. Adopted District Budgets*	✓
11. Financial Audits*	✓
12. Archive of Board Meeting Agendas & Minutes*	✓
13. Link to State Controller's Webpages for District's reported Board Member and Staff Compensation	✓
14. Link to State Controller's Webpages for District's reported Financial Transaction Report	
15. Reimbursement & Compensation Policy / Annual Policies	
16. Home Page Link to Agendas/Board Packets	✓
17. SB 272 - Compliance-Enterprise Catalogs	✓
18. Machine Readable/Searchable Agendas	✓
19. Recipients of Grant Funding or Assistance	
20. Link or Copies of LAFCO's Service & Sphere Reviews	
<b>Total Score (out of a possible 20)</b>	<b>12 (60%)</b>
<b>Additional Items (SDLF's Recommended Elements)</b>	
1. Board Member Ethics Training Certificates	
2. Picture, Bio, and Email Addresses of Board Members	
3. Last Three Years of Audits	✓
4. Financial Reserves Policy	
5. Online/Downloadable Public Records Act Request Form	
6. Audio or Video Recordings of Board Meetings	
7. Map of District Boundaries/Service Area	
8. Link to CSDA Mapping Program	
9. General Description of Special Districts or Link to <a href="http://www.districtmakethedifference.org">www.districtmakethedifference.org</a>	
10. Link to Most Recently Filed to FPPC Forms	
<b>Total Score (out of a possible 10)</b>	<b>1 (10%)</b>

\*Footnote: Senate Bill 929 Statutory Requirements

## Opportunities and Challenges

Water agencies are significantly affected by various factors, including aging infrastructure, escalating operational costs, drought impacts, increase in customer demand, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common not only in Santa Cruz County but throughout the State. The following section discusses these challenges and identifies possible opportunities to ensure that residents receive the best level of water services.

### Urban Water Management Plan

The California Department of Water Resources indicates that Urban Water Management Plans (“UWMPs”) are prepared by urban water suppliers every five years (California Water Code Sections 10610-10656; 10608). These plans support the suppliers’ long-term resource planning to ensure that adequate water supplies are available to meet existing and future water needs. Every urban water supplier that either provides over 3,000 acre-feet of water annually, or serves more than 3,000 urban connections is required to submit an UWMP. Within UWMPs, urban water suppliers must: (1) Assess the reliability of water sources over a 20-year planning time frame, (2) Describe demand management measures and water shortage contingency plans, (3) Report progress toward meeting a targeted 20 percent reduction in per-capita (per-person) urban water consumption by the year 2020; and (4) Discuss the use and planned use of recycled water. At present, CWD does not have UWMP. While CWD only has 900 connections, it would be beneficial for the District to develop this type of long-range planning to ensure that it is prepared for future demand and other potential impacts to its water supply.

***LAFCO Staff Recommendation:*** *CWD should consider developing an Urban Water Management Plan or a similar report to be consistent with the other water districts in Santa Cruz County.*

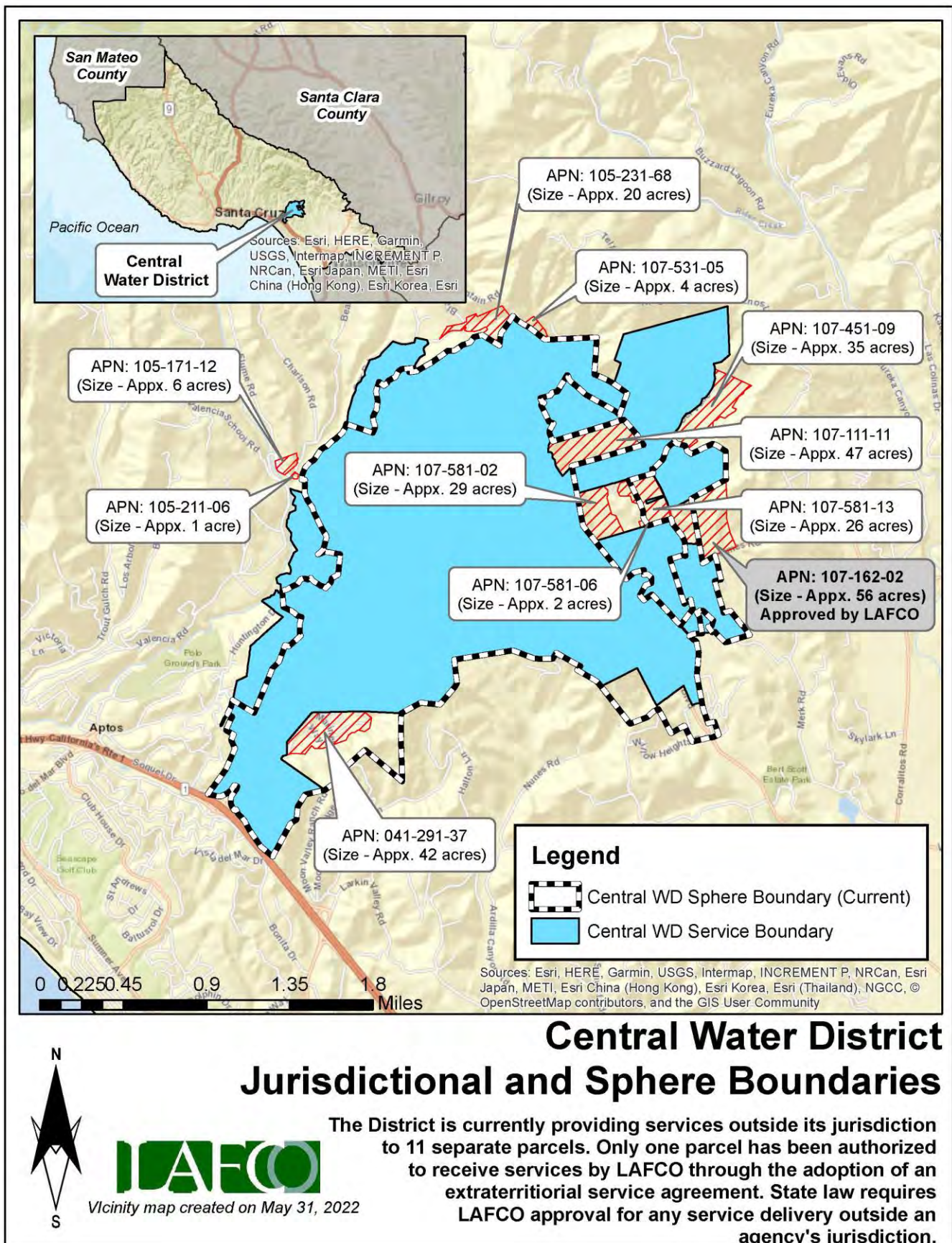
### Areas Served Outside Jurisdictional Boundary

Pursuant to Government Code Section 56133, a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the Commission in the affected county. LAFCO may also authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization. In other words, except for the specific situations exempted by Government Code Section 56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from LAFCO. Based on staff’s analysis, CWD is providing services outside its jurisdiction to 11 separate parcels. Ten of these parcels are receiving water services without LAFCO’s review and authorization. Only one parcel has gone through the LAFCO process and received LAFCO’s approval. **Figure 10** on page 41 shows the subject parcels receiving services outside CWD’s jurisdiction.

***LAFCO Staff Recommendation:*** *CWD should submit an application to annex these parcels to ensure that it is legally permitted to provide services under LAFCO law. If an application is submitted within a year (August 2023), LAFCO will consider waiving the annexation filing fee and provide assistance on completing the statutorily-required steps in the annexation process.*



Figure 10: Areas Served Outside CWD's Jurisdiction





### Small Water Systems

One area that LAFCO can provide assistance now is addressing any failing mutual water companies (MWCs) or private water systems near CWD. MWCs are regulated by California's Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, mutual water companies are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board and our local Regional Water Quality Control Board. However, over the years, many MWCs have operated without much oversight from the State. That is why the Legislature enacted Assembly Bill 54 in 2012. This law imposes new requirements on mutual water companies that own and operate public water systems and requires greater coordination between them and LAFCO in each county. Corporations Code 14301.1 requires mutual water companies to submit a map depicting its service area to LAFCO.

A total of 15 private water systems are located near the water district. **Figure 11** on page 43 identifies the location of each water system in relation to CWD. **Table 21** on page 44 also provide more information about the private water systems. While LAFCOs do not have full authority over mutual water companies when compared to with cities and special districts, AB 54 does allow LAFCO to analyze these water systems as part of a service review. Identifying these private water systems may lead to coordination with CWD and possible annexation, if desired.

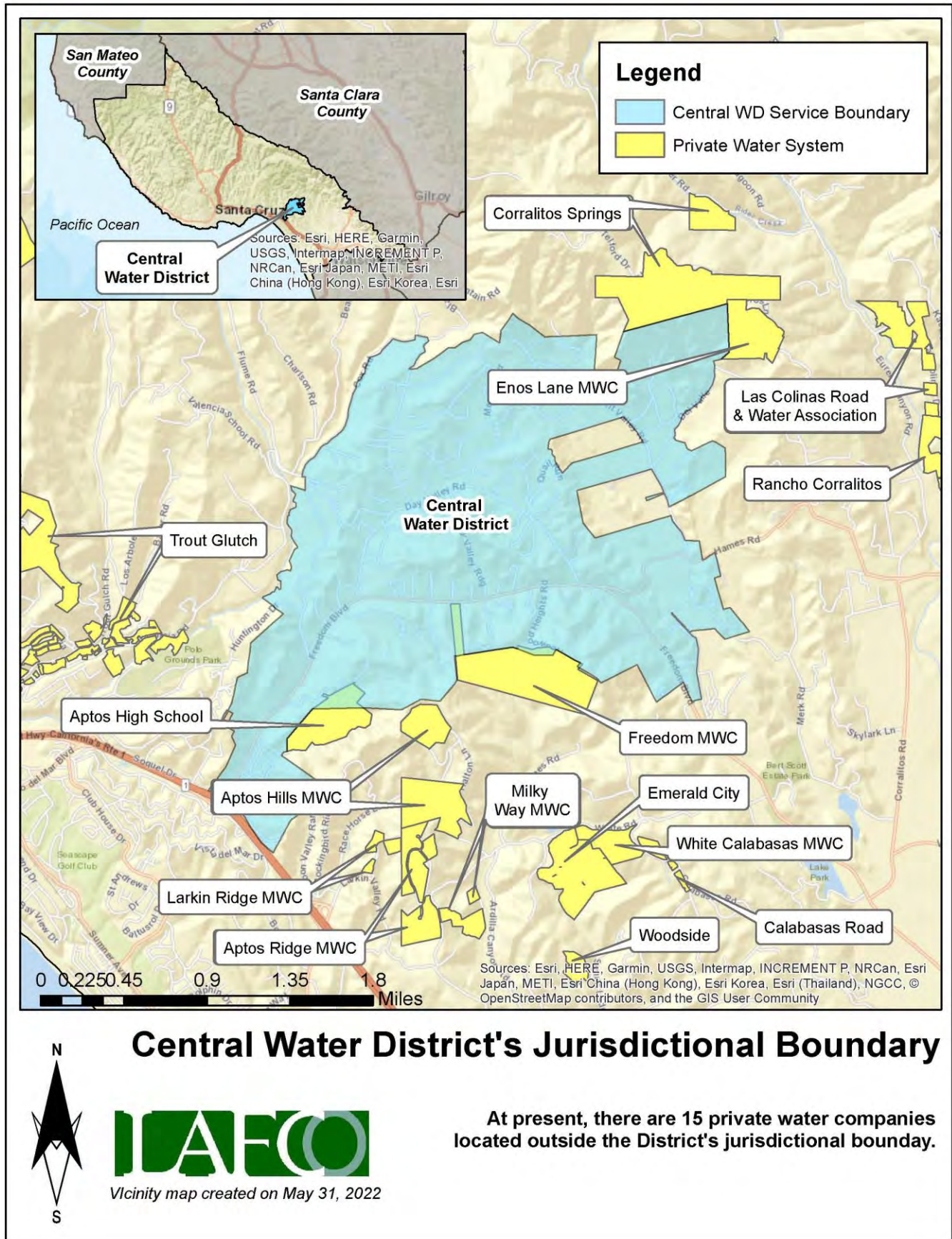
***LAFCO Staff Recommendation:*** *CWD should coordinate with LAFCO and the subject private water systems to analyze possible annexations and/or sphere amendments to include any mutual water company or other nearby water system that can no longer provide adequate level of service.*

### Strategic Partnerships

Several water agencies have expressed interest in exploring ways to further collaborate. Many water agencies have interties in the event of emergencies and all water agencies (including the two Cities) are members of groundwater-related joint powers authorities. This means that the public water providers are already working together in overseeing how water is delivered countywide. It may be beneficial for the water agencies to consider further strategic partnerships, including but not limited to sharing resources and staff, establishing a countywide memorandum of understanding for emergency-related interties, and joint procurements or professional service agreements (i.e. Audits). Such partnerships may also lay the foundation for future changes of organization, including but not limited to annexations, reorganizations, or consolidations.

***LAFCO Staff Recommendation:*** *CWD should explore additional ways to share services and resources with neighboring agencies, including but not limited to nearby water districts.*

**Figure 11: Map of Private Water Systems Within and Outside CWD**



**Table 21: List of Private Water Systems Within and Outside CWD**

#	Water System Name	Type of Water System	Size (Square Miles)	Population
<b>Private Water Systems <u>OUTSIDE</u> Central Water District's Jurisdictional Boundary</b>				
1	<b>Freedom MWC</b>	Small Water System (5 connections)	0.19	10
2	<b>Larkin Ridge MWC</b>	Small Water System (5 connections)	0.02	10
3	<b>Aptos High School</b>	Small Water System (6 connections)	0.09	1,925
4	<b>Enos Lane</b>	Small Water System (6 connections)	0.08	22
5	<b>Corralitos Springs</b>	Small Water System (6 connections)	0.25	11
6	<b>Woodside</b>	Small Water System (8 connections)	0.02	16
7	<b>Milky Way MWC</b>	Small Water System (9 connections)	0.03	20
8	<b>Aptos Hills MWC</b>	Small Water System (12 connections)	0.13	17
9	<b>Emerald City</b>	Small Water System (12 connections)	0.11	30
10	<b>White Calabasas MWC</b>	Small Water System (14 connections)	0.05	31
11	<b>Aptos Ridge MWC</b>	Medium Water System (16 connections)	0.09	52
12	<b>Calabasas Road</b>	Medium Water System (15 to 199 connections)	0.01	17
13	<b>Las Colinas Road And Water Assoc.</b>	Medium Water System (24 connections)	0.07	70
14	<b>Rancho Corralitos</b>	Medium Water System (31 connections)	0.08	60
15	<b>Trout Gulch Water</b>	Medium Water System (186 connections)	0.28	614

*\*Footnote: A portion of Aptos High School and Freedom MWC are located within the District.*



## SPHERE OF INFLUENCE

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### Current Sphere Boundary

Santa Cruz LAFCO adopted CWD's first sphere of influence on November 12, 1986. The current sphere excludes areas within the District's jurisdictional boundary. The last sphere update occurred in August 2017 following the last service review cycle. **Figure 12** on page 46 shows the current sphere of influence boundary.

### Proposed Sphere Boundary

Based on staff's analysis, the District is providing services outside its jurisdiction to 11 different parcels (totaling 268 acres). The size of these parcels range from 0.64 to 56 acres. These parcels were previously shown in **Figure 10** on page 41. LAFCO staff is recommending that the sphere boundary be expanded to include the 11 subject parcels as a precursor to annexation in the near future. **Figure 13** on page 47 shows the proposed sphere boundary.

### Parcels Subject to Annexation

As stated earlier in this report, except for the specific situations exempted by Government Code Section 56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from LAFCO. Based on staff's analysis, CWD is providing services outside its jurisdiction without LAFCO's approval. Ten parcels are receiving water services without LAFCO's review and authorization and only one parcel has received an approved extraterritorial service agreement (which occurred in 2008).

***LAFCO Staff Recommendation:*** CWD should submit an application to annex these parcels to ensure that it is legally permitted to provide services under LAFCO law. If an application is submitted within a year (August 2023), LAFCO will consider waiving the annexation filing fee and provide assistance on completing the statutorily-required steps in the annexation process.



CWD Drought Tolerant Garden (Boy Scouts Troop 599 Eagle Scout Project)



Figure 12: CWD's Current Sphere Map

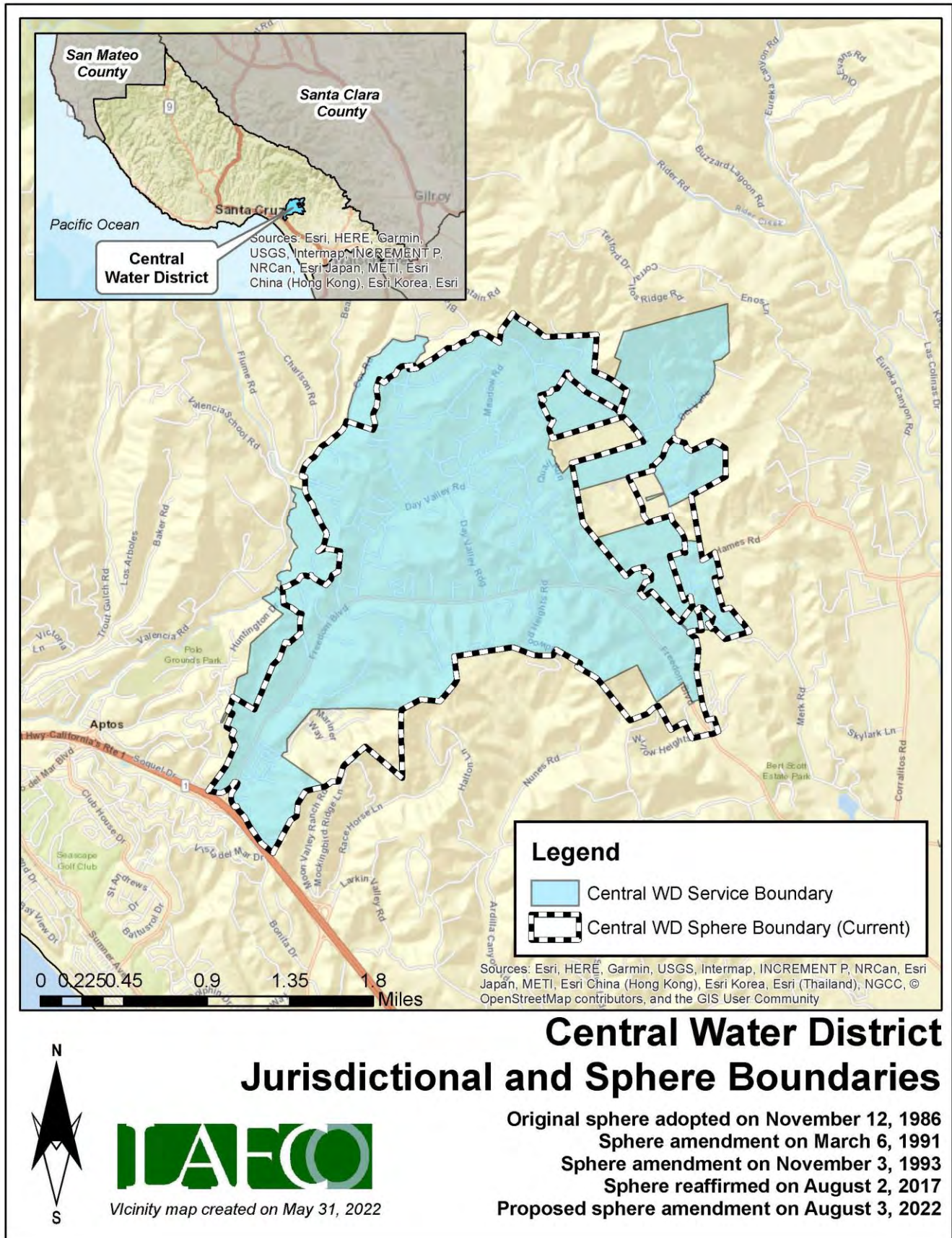
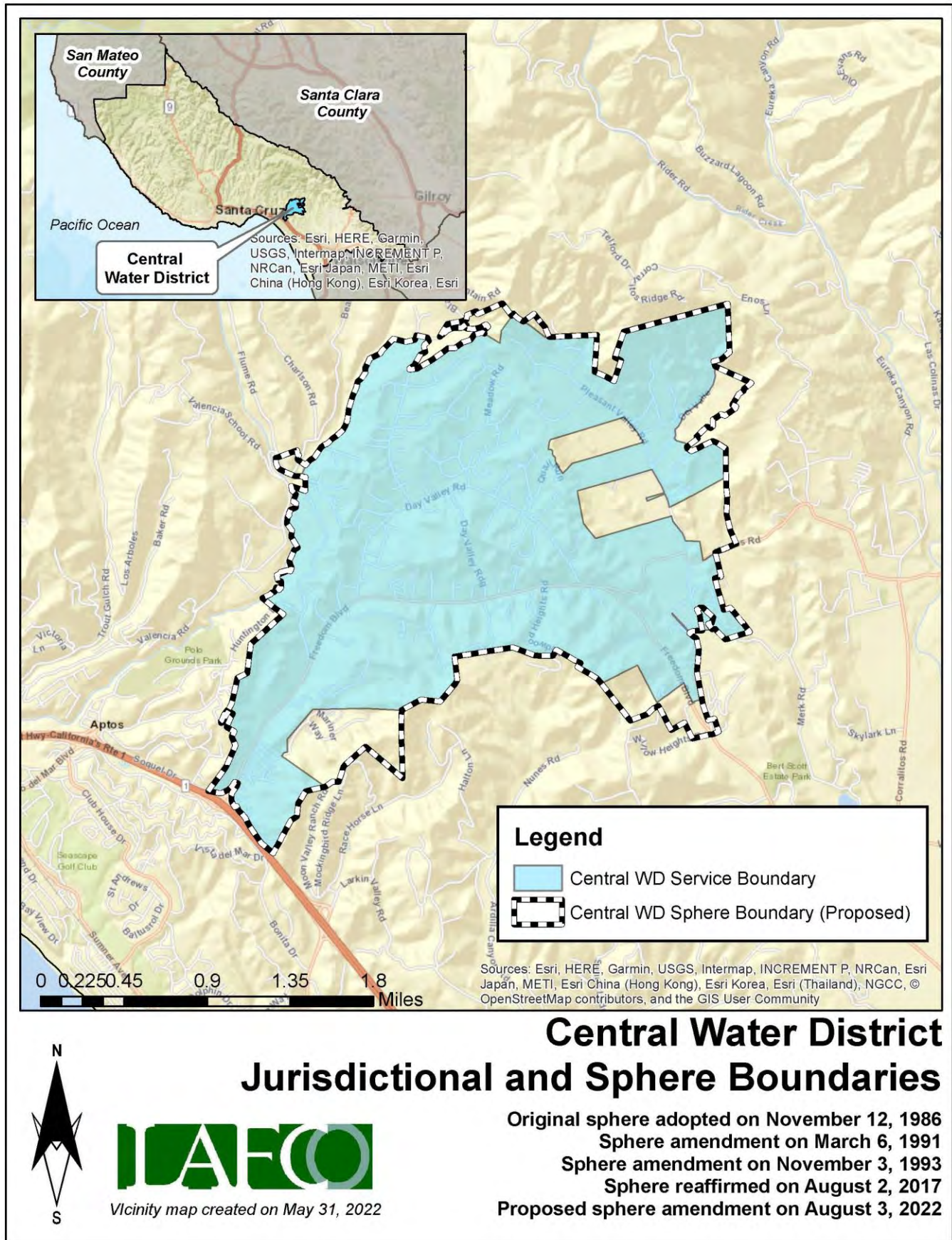




Figure 13: CWD's Proposed Sphere Map





## DISTRICT SUMMARY

Central Water District	
<b>Formation</b>	California Water Code, section 30,000 et seq.
<b>Board of Directors</b>	Five members, elected at-large to four-year terms
<b>Contact Person</b>	Ralph Bracamonte, General Manager
<b>Employees</b>	5 Full-Time Employees
<b>Facilities</b>	892 connections; 23.3 miles of pipeline; 7 storage tanks; 6 wells (3 inactive); 6 pump stations; and 4 pressure zones.
<b>District Area</b>	5 square miles (appx. 2,600 acres)
<b>Sphere of Influence</b>	<p><b>Current Sphere:</b> Smaller than the District (i.e., sphere boundary does not include the District's existing jurisdictional boundary)</p> <p><b>Proposed Sphere:</b> Larger than the District (i.e., sphere boundary includes areas outside the District's jurisdictional boundary)</p>
<b>FY 2020-21 Audit</b>	<p>Total Revenue = \$1,484,617</p> <p>Total Expenditure = \$1,046,424</p> <p>Net Position (Ending Balance) = \$2,540,639</p>
<b>Contact Information</b>	<p>Mailing Address: P.O. Box 1869 Aptos, CA 95001</p> <p>Phone Number: (831) 688-2767</p> <p>Email Address: <a href="mailto:admin@centralwaterdistrict.us.com">admin@centralwaterdistrict.us.com</a></p> <p>Website: <a href="https://sites.google.com/view/centralwaterdistrict/home?authuser=0">https://sites.google.com/view/centralwaterdistrict/home?authuser=0</a></p>
<b>Public Meetings</b>	Meetings are held on the third Monday of each month at 7:00 p.m.
<b>Mission Statement</b>	N/A

## SERVICE AND SPHERE REVIEW DETERMINATIONS

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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.**

The population of CWD in 2020 was estimated to be 2,700. Based on LAFCO's analysis, the population within CWD will be approximately 2,800 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**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.**

CWD currently has a 10-year capital improvement plan in place. A total of 6 capital improvement projects are underway.

**4. Financial ability of agencies to provide services.**

CWD is financially sound. The District ended with a surplus in five of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$2.5 million. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages CWD to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding the District. At present, there are 15 private water systems near CWD.

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

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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District does not meet all the statutory requirements under SB 929 or SDLF's website transparency criteria.

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

LAFCO recommends that CWD initiate annexation to address the 11 parcels currently served by the District but outside its jurisdictional boundary.

## 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.**

At present, the majority of land within the District is designated as Rural Residential. The District's customer base is predominantly single-family residential with some multi-family and agricultural customers as well.

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

CWD currently has a 10-year capital improvement plan in place. A total of 6 capital improvement projects are underway. The District does not have an Urban Water Management Plan. CWD should consider developing an Urban Water Management Plan to be consistent with the other water districts in Santa Cruz County.

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

CWD manages and operates a complex and integrated water supply infrastructure, including storage tanks, transmission system, wells, and booster pumps. The District currently has approximately 900 connections, which includes multiple connections consisting of 82 fire services, 15 irrigation services, 9 commercial services, and 4 public facility services. The District's customer base is predominantly single-family residential with some multi-family and agricultural customers as well.

**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.**

At present, there are 15 private water systems near CWD. Additionally, there are 11 separate parcels that are receiving services from the District but not part of the District's jurisdictional boundary. These residents do not have the ability to vote on District matters or express their opinions as their neighbors who are official constituents. These parcels should be annexed in the near future for adequate representation.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

# CITY OF SANTA CRUZ - WATER SERVICE AREA

## OVERVIEW

The City of Santa Cruz was incorporated in 1866 and now operates as a charter city. Santa Cruz provides a variety of municipal services, including water services under the City's Water Department. The City's water service area ("SCWSA") encompasses nearly 27 square miles of territory including the entire City of Santa Cruz, adjoining unincorporated areas of Santa Cruz County, a small part of the City of Capitola, and coastal agricultural lands north of the City. There is approximately 28,000 parcels within the City's WSA (totaling approximately 17,000 acres). **Figure 15**, on page 55, is a vicinity map depicting the City's current jurisdictional boundary. **Figure 16**, on page 56, also shows the current land use designation under the County's General Plan. At present, the majority of land within the City's water service area is designated as Urban Residential. A map showing the land use designations within the City of Santa Cruz was not produced since the City already has a map available on its website<sup>5</sup>.

A total of 36 boundary changes have been approved by LAFCO, with an extraterritorial service agreement involving a single parcel being the last recorded action on August 8, 2013. **Appendix D** provides an overview of all the approved boundary changes since 1965.

## Services and Infrastructure

SCWSA's major water infrastructure facilities include three water treatment plants, including the Graham Hill Water Treatment Plant and two groundwater treatment plants related to the Beltz well system; four raw water pump stations; ten treated water pump stations; 15 distribution tanks with a total maximum capacity of 21.2 million gallons of treated water storage; seven surface water diversions; seven production wells; and approximately 300 miles of treated and raw water pipelines interconnecting the entire system. At present, the City has approximately 25,000 connections. **Table 22** summarizes SCWSA's services and **Table 23** provides an overview of SCWSA's infrastructure.

**Table 22: List of Service Provisions**

Services	Checkmark (Yes)
Agricultural Water	✓
Drainage	
Groundwater Replenishment	
Retail Potable Water	✓
Recycled Water	
Wastewater (Sewer)*	✓
Water Treatment	✓
Water Conservation	✓

*Footnote: Sewer service is provided by the City of Santa Cruz Public Works Department*

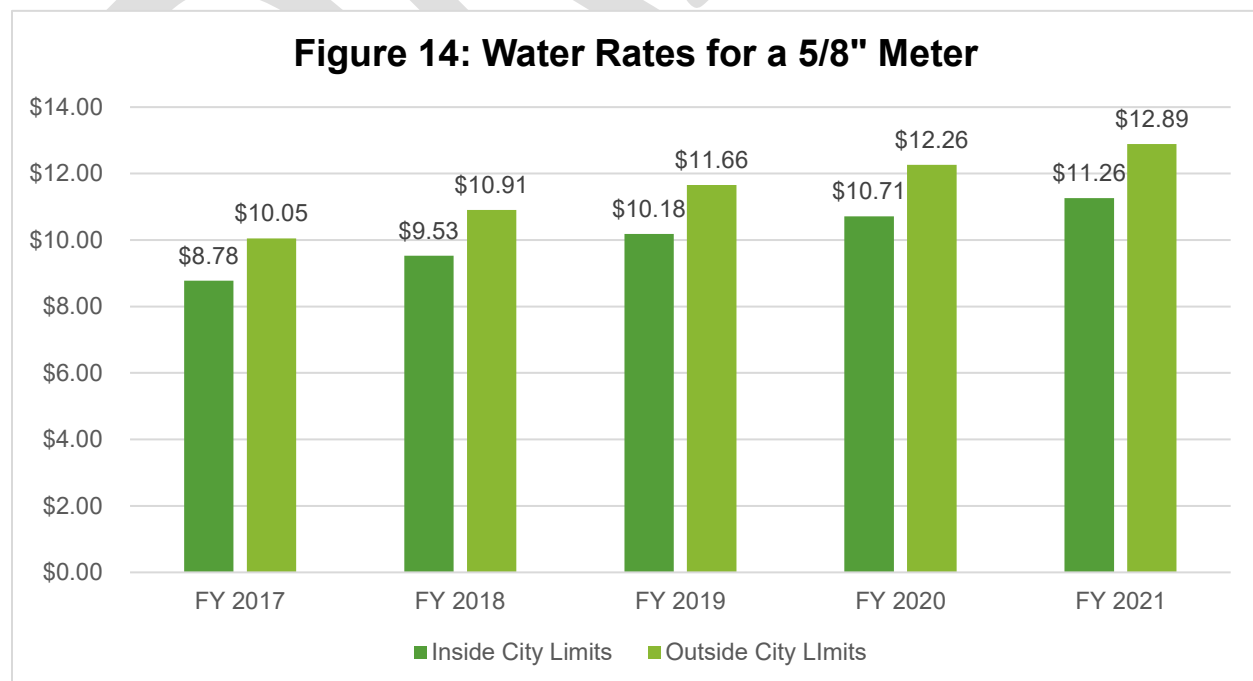
<sup>5</sup> City of Santa Cruz Land Use Map - <https://www.cityofsantacruz.com/Home/ShowDocument?id=33418>

**Table 23: List of Infrastructure / Facilities**

Infrastructure	Checkmark (Yes)	Quantity
Distribution / Storage Tanks	✓	15 distribution tanks
Pressure Zones	✓	20 pressure zones
Production Wells	✓	7 (4 groundwater wells and 3 production wells)
Pump Stations	✓	14 (4 raw water pump stations and 10 treated water pump stations)
Recycled Water System	-	-
Treatment Plants	✓	3 (Graham Hill Water Treatment Plant and 2 groundwater treatment plants)
Water Diversions	✓	7 surface water diversions
Water Pipeline	✓	300 miles
<b>Total Connections</b>	✓	<b>24,592</b>

## Water Rates

At present, the City charges different water rates for residents within and outside the City limits. **Tables 24a-c**, provide an overview of the monthly water rates within SCWSA. Based on LAFCO's analysis, the City charges approximately 15% more to residents within SCWSA but outside the City's jurisdictional boundary in 2021. **Figure 14** compares the water rate for a 5/8 inch meter for residents within and outside the City of Santa Cruz. It is important to note that the inside-outside differential is no longer in place, as of July 1, 2022.



**Table 24a: Water Rates (Monthly Fees – Meter Size)**

<b>Meter Size (Availability Fee)</b>	<b>FY 2017 (Adopted)</b>	<b>FY 2018 (Adopted)</b>	<b>FY 2019 (Adopted)</b>	<b>FY 2020 (Adopted)</b>	<b>FY 2021 (Adopted)</b>
<b>Inside City Limits</b>					
5/8"	\$8.78	\$9.53	\$10.18	\$10.71	\$10.71
3/4"	\$9.01	\$9.78	\$10.45	\$10.99	\$10.99
1"	\$9.70	\$10.53	\$11.25	\$11.83	\$11.83
1 1/2"	\$10.61	\$11.52	\$12.31	\$12.94	\$12.94
2"	\$13.14	\$14.26	\$15.24	\$16.02	\$16.02
3"	\$31.74	\$34.45	\$36.82	\$38.71	\$38.71
4"	\$38.63	\$41.93	\$44.81	\$47.11	\$47.11
6"	\$54.70	\$59.37	\$63.45	\$66.71	\$66.71
8"	\$73.07	\$79.31	\$84.76	\$89.11	\$89.11
10"	\$93.74	\$101.75	\$108.73	\$114.32	\$114.32
Fire Service – All Sizes	\$1.00	\$1.09	\$1.15	\$1.21	\$1.21
<b>Outside City Limits</b>					
5/8"	\$10.05	\$10.91	\$11.66	\$12.26	\$12.26
3/4"	\$10.32	\$11.20	\$11.97	\$12.59	\$12.59
1"	\$11.11	\$12.06	\$12.89	\$13.55	\$13.55
1 1/2"	\$12.16	\$13.20	\$14.10	\$14.83	\$14.83
2"	\$15.05	\$16.34	\$17.46	\$18.35	\$18.35
3"	\$36.36	\$39.47	\$42.17	\$44.34	\$44.34
4"	\$44.25	\$48.03	\$51.33	\$53.96	\$53.96
6"	\$62.66	\$68.01	\$72.68	\$76.42	\$76.42
8"	\$83.71	\$90.86	\$97.10	\$102.09	\$102.09
10"	\$107.38	\$116.55	\$124.55	\$130.95	\$130.95
Fire Service – All Sizes	\$1.15	\$1.23	\$1.30	\$1.35	\$1.35

Footnote: Tables 26a does not include the City's infrastructure reinvestment, rate stabilization, or drought cost recovery fees.

**Table 24b: Water Rates (Monthly Fees - Water Consumption WITHIN City)**

<b>Charge per Unit (1 unit = 100 cubic ft of water)</b>	<b>FY 2017 (Adopted)</b>	<b>FY 2018 (Adopted)</b>	<b>FY 2019 (Adopted)</b>	<b>FY 2020 (Adopted)</b>	<b>FY 2021 (Adopted)</b>
<b>Residential and Multi-Residential (ccf = centum (hundred) cubic feet)</b>					
Tier 1 (0-5 ccf)	\$5.75	\$6.24	\$6.66	\$7.01	\$7.01
Tier 2 (6-7 ccf)	\$6.42	\$6.97	\$7.45	\$7.83	\$7.83
Tier 3 (8-9 ccf)	\$7.41	\$8.05	\$8.60	\$9.04	\$9.04
Tier 4 (10 ccf and above)	\$8.79	\$8.54	\$10.20	\$10.72	\$10.72
<b>Commercial: Business, Industrial, Restaurant, Hotel, Golf, Municipal, Bulk, Fire Service</b>					
Uniform	\$6.57	\$7.13	\$7.62	\$8.01	\$8.01
<b>UCSC</b>					
Uniform	\$6.70	\$7.27	\$7.77	\$8.17	\$8.17
<b>Landscape / Irrigation</b>					
Tier 1 (< 100% of budget)	\$6.86	\$7.44	\$7.95	\$8.36	\$8.36
Tier 2 (101% - 150%)	\$9.15	\$9.93	\$10.62	\$11.16	\$11.16
Tier 3 (150% and above)	\$10.27	\$11.14	\$11.91	\$12.52	\$12.52
<b>Elevation Surcharge</b>					
As Applicable	\$0.42	\$0.46	\$0.49	\$0.51	\$0.51

Footnote: Tables 26b does not include the City's infrastructure reinvestment, rate stabilization, or drought cost recovery fees.



**Table 24c: Water Rates (Monthly Fees - Water Consumption OUTSIDE City)**

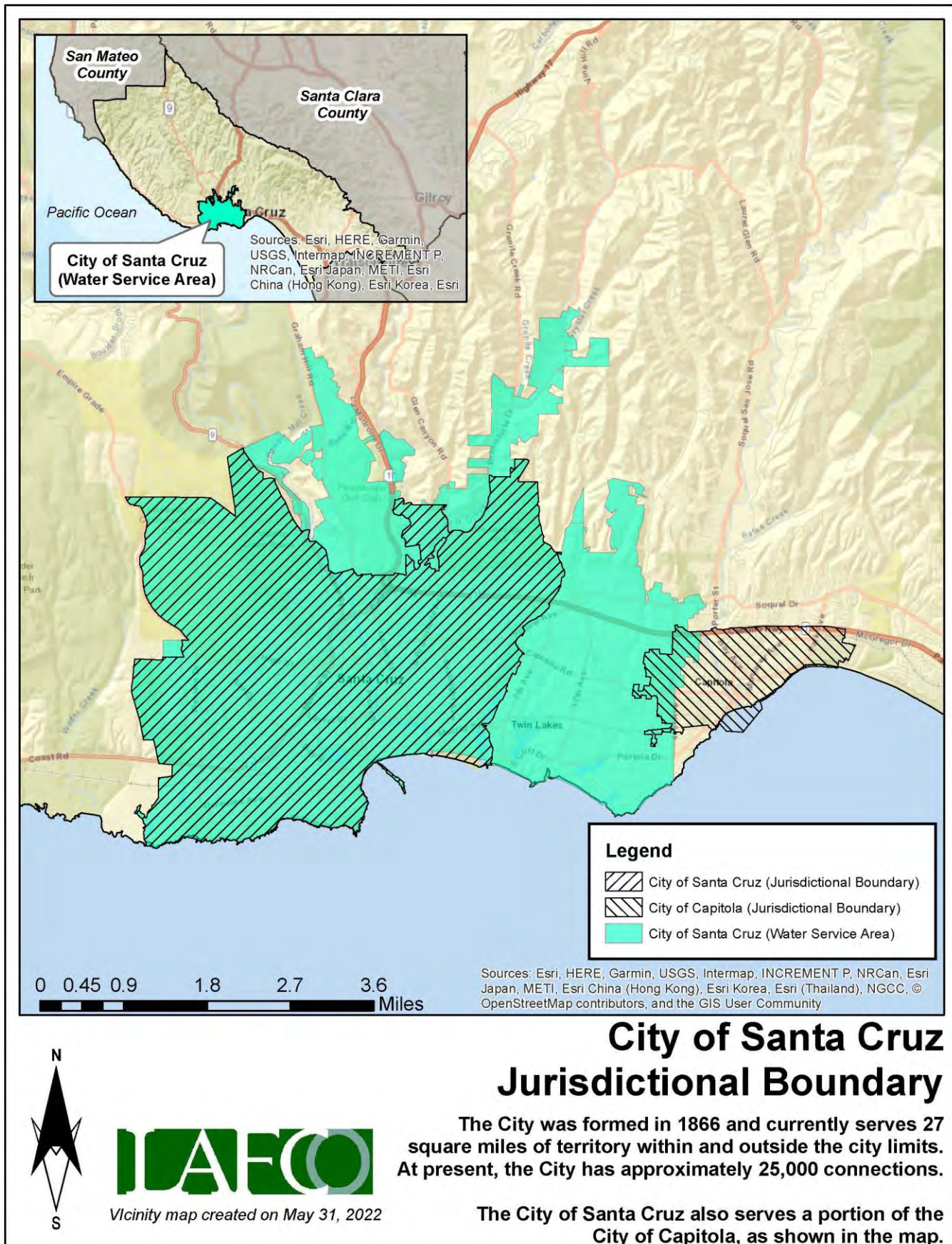
Charge per Unit (1 unit = 100 cubic ft of water)	FY 2017 (Adopted)	FY 2018 (Adopted)	FY 2019 (Adopted)	FY 2020 (Adopted)	FY 2021 (Adopted)
<b>Residential and Multi-Residential</b> (ccf = centum (hundred) cubic feet)					
Tier 1 (0-5 ccf)	\$6.59	\$7.16	\$7.65	\$8.04	\$8.04
Tier 2 (6-7 ccf)	\$7.37	\$8.00	\$8.55	\$8.99	\$8.99
Tier 3 (8-9 ccf)	\$8.54	\$9.27	\$9.90	\$10.41	\$10.41
Tier 4 (10 ccf and above)	\$10.15	\$11.02	\$11.78	\$12.38	\$12.38
<b>Commercial: Business, Industrial, Restaurant, Hotel, Golf, Municipal, Bulk, Fire Service</b>					
Uniform	\$7.53	\$8.17	\$8.73	\$9.18	\$9.18
<b>North Coast AG</b>					
Uniform	\$3.58	\$3.88	\$4.15	\$4.36	\$4.36
<b>Landscape / Irrigation</b>					
Tier 1 (< 100% of budget)	\$7.85	\$8.53	\$9.11	\$9.58	\$9.58
Tier 2 (101% - 150%)	\$10.48	\$11.38	\$12.16	\$12.79	\$12.79
Tier 3 (150% and above)	\$11.76	\$12.77	\$13.64	\$14.34	\$14.34
<b>Elevation Surcharge</b>					
As Applicable	\$0.48	\$0.52	\$0.56	\$0.59	\$0.59

Footnote: Tables 26c does not include the City's infrastructure reinvestment, rate stabilization, or drought cost recovery fees.



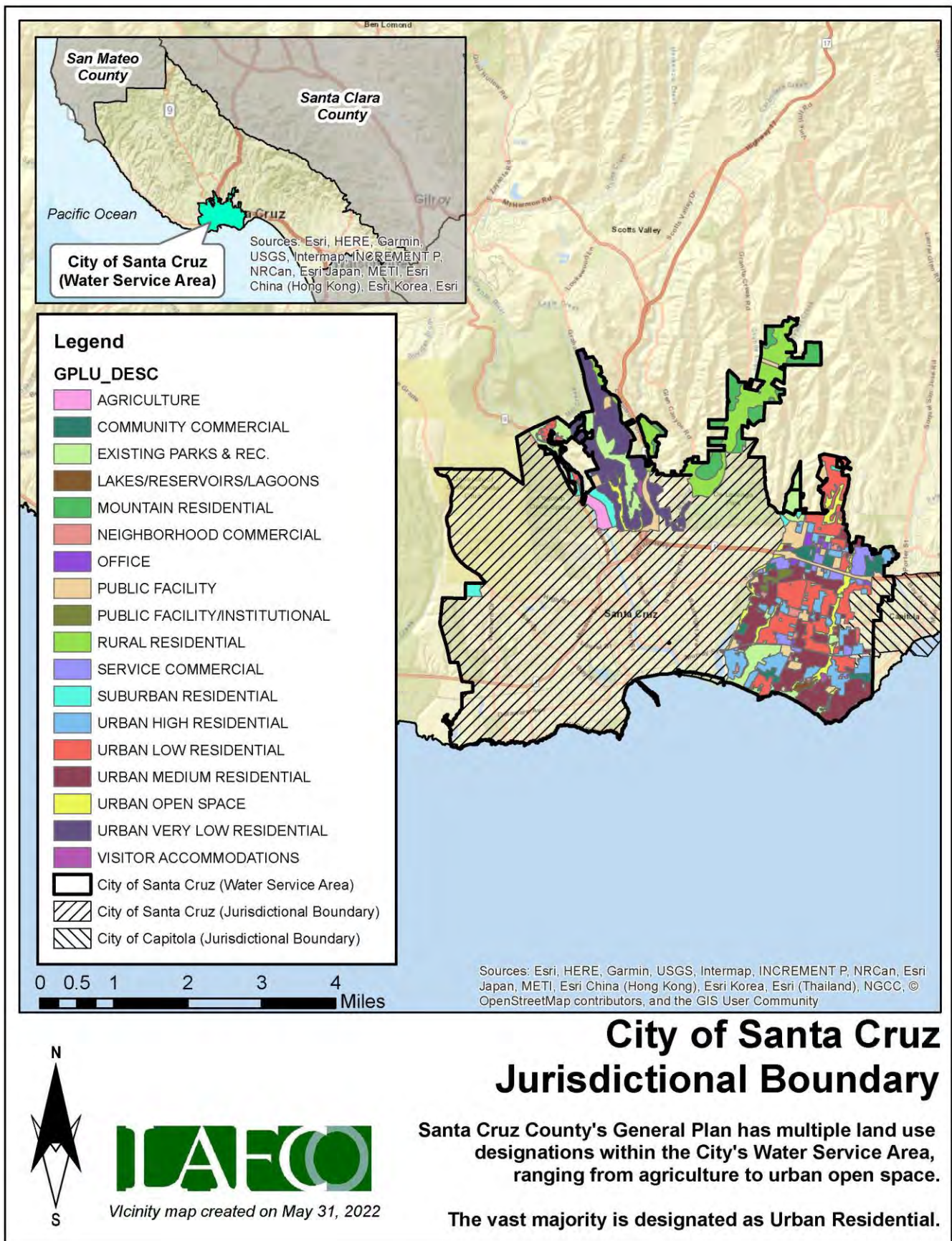


Figure 15: Water Service Area's Vicinity Map





**Figure 16: Water Service Area's Land Use Map (Unincorporated Territory)**



## Population and Growth

Based on staff's analysis, the population of SCWSA in 2020 was approximately 96,000. 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 water service areas. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on the information found in the City's 2020 Urban Water Management Plan, the population within the City of Santa Cruz and its water service area are expected to increase by 5.18% and 4.09%, respectively. **Table 25** shows the anticipated population within SCWSA.

### Population Projection

Based on the projections within the City's Urban Water Management Plan, LAFCO was able to develop a population forecast for SCWSA. Our projections indicate that the entire population of SCWSA will be approximately 113,000 by 2040.

**Table 25: 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 Santa Cruz	64,424	68,845	72,218	75,257	78,828	5.18%
<b>City of Santa Cruz (Water Service Area)</b>	<b>96,168</b>	<b>101,964</b>	<b>106,072</b>	<b>109,193</b>	<b>112,853</b>	<b>4.09%</b>

Source: City's 2020 Urban Water Management Plan

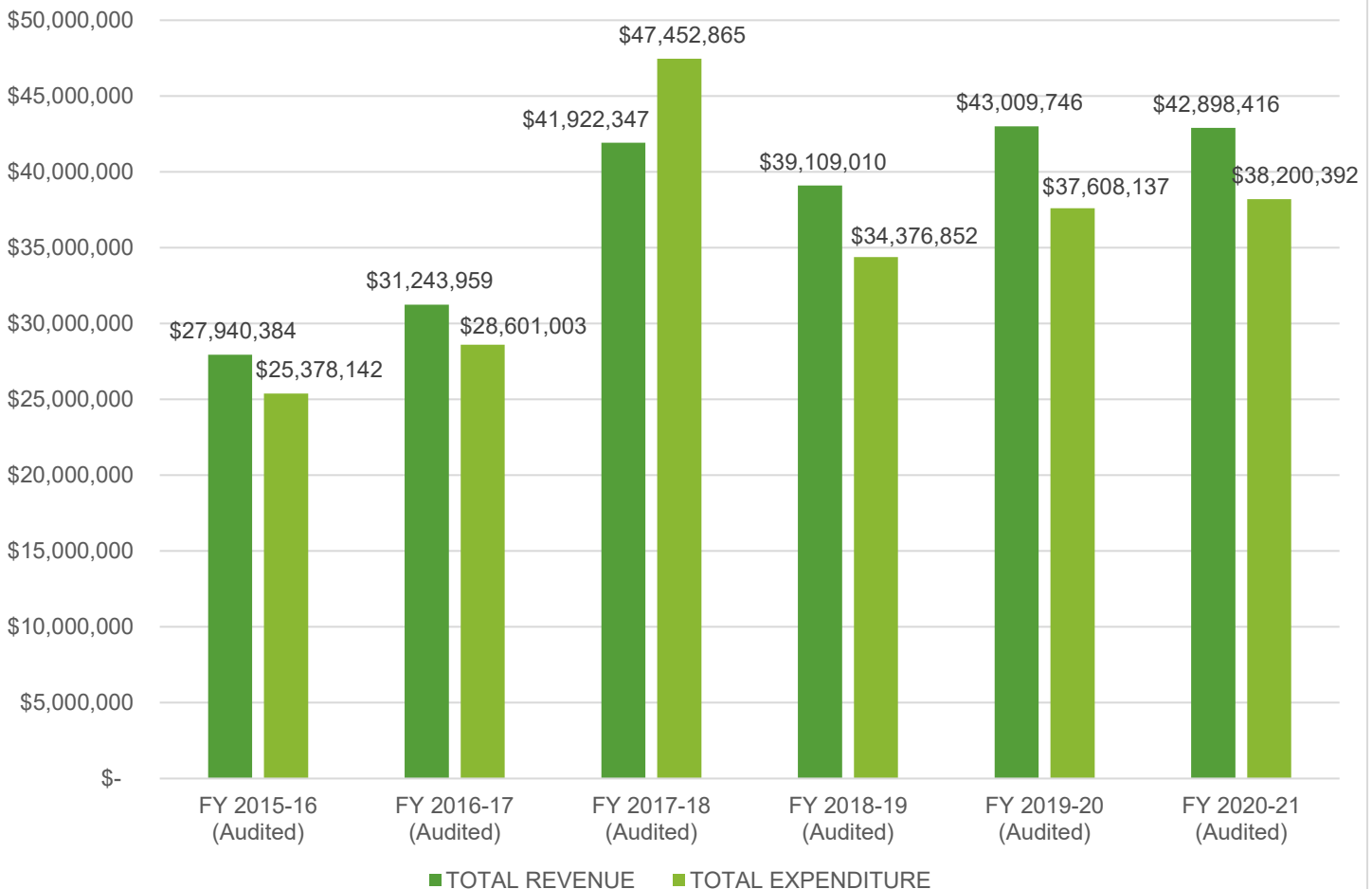
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## FINANCES

This section will highlight the City's financial performance during the most recent fiscal years. Fiscal Year 2020-21 is the latest audited financial statement available. LAFCO evaluated the financial health of the City's Water Department from 2015 to 2021. A comprehensive analysis of the City's financial performance during the past six years is shown in **Tables 29 and 30** on pages 62-63. It is important to note that the City has adopted a long-range financial plan. This plan provides a more in-depth review of the City's financial planning for the future, as shown in Appendix

At the end of Fiscal Year 2020-21, total revenue collected was approximately \$42.9 million, representing a slight decrease from the previous year (\$43 million in FY 19-20). Total expenses for FY 2020-21 were approximately \$38 million, which increased by 2% from the previous year (\$37.6 million in FY 19-20). Since 2015, the City's Water Department ended each fiscal year with a surplus, with the exception of FY 17-18, as shown in **Figure 17**. LAFCO staff believes that this positive trend will continue based upon the City's ongoing conservative budgetary practices reflected in their audited financial statements.

**Figure 17: Statement of Revenues & Expenditures  
(FY 2015-16 to FY 2020-21)**



*Footnote: FY 2017-18 had an extraordinary expense totaling \$13.7 million which resulted in a deficit at end of year.*

## Revenues

### Operating Revenue

The City Water Department's primary source of revenue is from operating revenues, specifically Charges for Services. In FY 2020-21, Charges for Services (appx. \$42 million), Rental Revenue (\$6,000), and Other Revenue represent (\$456,000) approximately 98% of the City Water Department's entire revenue stream.

### Non-operating Revenue

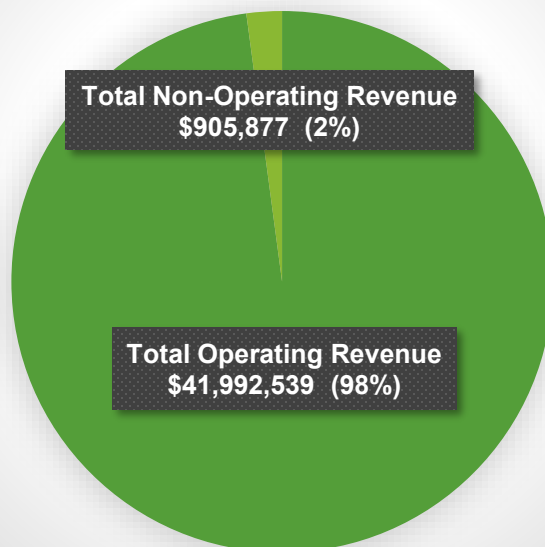
The remaining 2% of total revenue derive from non-operating revenue sources. These funds include Transfers In, Investment Earnings, and Gain on Sale of Capital Assets.

**Table 26 and Figure 18** provide a breakdown of the City's revenue by category and source.

**Table 26: Revenue Breakdown (FY 2020-21)**

Revenue	Amount	Percentage
<b>Operating Revenue</b>		
Charges for Services	\$41,530,048	98.90%
Other Revenue	\$456,441	0.01%
Rental Revenue	<u>\$6,050</u>	<u>1.09%</u>
Total Operating Revenue	\$41,992,539	100%
<b>Non-Operating Revenue</b>		
Transfers In	\$683,714	75.48%
Investment Earnings	\$220,329	24.32%
Gain on Sale of Capital Assets	<u>\$1,834</u>	<u>0.20%</u>
Total Non-Operating Revenue	\$905,877	100%
<b>Total Revenue</b>	<b><u>\$42,898,416</u></b>	

**Figure 18: Operating v Non-Operating Revenue  
(FY 2020-21)**





## Expenditures

### Operating Expense

The City Water Department's operating expenses represented approximately 94% of total expenditure during FY 2020-21. Operating expenses include: Services, Supplies, & Other Charges, Personnel Services, and Depreciation & Amortization.

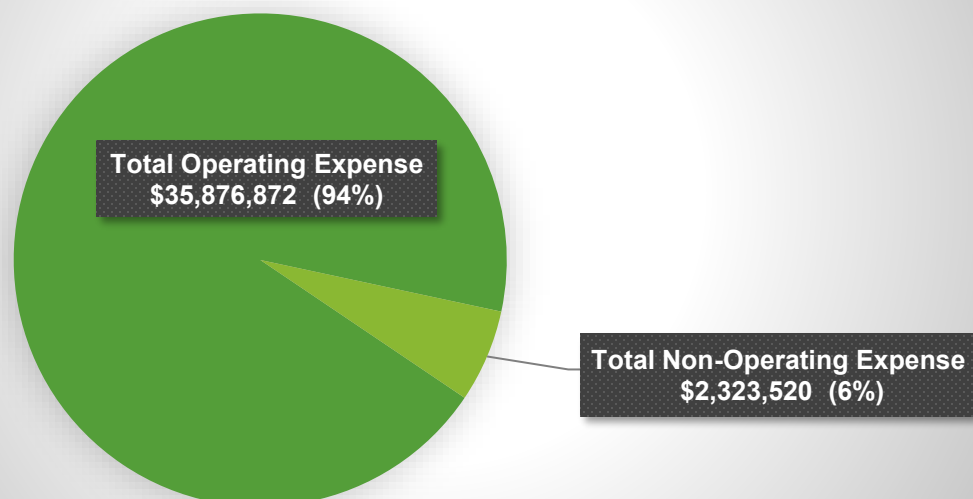
### Non-operating Expense

The remaining 6% of total expenses derive from non-operating expenses. These costs include Interest Expense & Fiscal Charges, and Transfers Out. **Table 27** and **Figure 19** provide a breakdown of the City's costs by category and source.

**Table 27: Expense Breakdown (FY 2020-21)**

Expenditure	Amount	Percentage
<b>Operating Expense</b>		
Services, Supplies, & Other Charges	\$18,185,313	51%
Personnel Services	\$14,089,315	39%
Depreciation & Amortization	<u>\$3,602,244</u>	<u>10%</u>
Total Operating Expense	\$35,876,872	100%
<b>Non-Operating Expense</b>		
Interest Expense & Fiscal Charges	\$2,201,843	95%
Transfers Out	<u>\$121,677</u>	<u>5%</u>
Total Non-Operating Expense	\$2,323,520	100.0%
<b>Total Expenditure</b>	<b><u>\$38,200,392</u></b>	

**Figure 19: Operating v Non-Operating Expense  
(FY 2020-21)**



## Fund Balance / Net Position

As of June 30, 2021, the total net position balance ended with approximately \$103 million. The following table highlights the net position balance from 2015 to 2021. As shown in **Table 28** and **Figure 20**, the City's fund balance has increased over the years and has maintained an annual balance above \$88 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 City faces any unintended expenses, major capital improvements projects, or emergency repairs.

**Table 28: Net Position (2015 to 2021)**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
Beginning Balance	\$91,082,165	\$93,644,407	\$94,120,807	\$88,590,289	\$93,322,447	\$98,724,056
<b>Ending Balance</b>	<b>\$93,644,407</b>	<b>\$96,287,363</b>	<b>\$88,590,289</b>	<b>\$93,322,447</b>	<b>\$98,724,056</b>	<b>\$103,422,080</b>
Change (\$)		\$2,642,956	\$(7,697,074)	\$4,732,158	\$5,401,609	\$4,698,024

**Figure 20: Net Position from 2015 to 2021 (Ending Balance)**



**Table 29: Total Revenues & Expenditures**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>REVENUE</b>						
<u>Operating Revenue</u>						
Charges for Services	\$ 27,045,776	\$ 30,439,168	\$ 40,526,995	\$ 39,981,282	\$ 41,662,196	\$ 41,530,048
Rental Revenues	\$ 6,600	\$ 6,600	\$ 6,600	\$ 6,600	\$ 7,151	\$ 6,050
Other Revenues	\$ 746,341	\$ 474,878	\$ 528,360	\$ 515,863	\$ 313,379	\$ 456,441
<b>Total Operating Revenue</b>	<b>\$27,798,717</b>	<b>\$30,920,646</b>	<b>\$41,061,955</b>	<b>\$40,503,745</b>	<b>\$41,982,726</b>	<b>\$ 41,992,539</b>
<u>Non-Operating Revenue</u>						
Intergovernmental	\$ -	\$ 203,343	\$ 568,600	\$ 79,047	\$ 309,800	\$ -
Investment Earnings	\$ 90,147	\$ 118,502	\$ 291,792	\$ 771,694	\$ 717,220	\$ 220,329
Gain on Sale of Capital Assets	\$ 51,520	\$ 1,468	\$ -	\$ (2,245,476)	\$ -	\$ 1,834
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 683,714
<b>Total Non-Operating Revenue</b>	<b>\$ 141,667</b>	<b>\$ 323,313</b>	<b>\$ 860,392</b>	<b>\$ (1,394,735)</b>	<b>\$ 1,027,020</b>	<b>\$ 905,877</b>
<b>TOTAL REVENUE</b>	<b>\$27,940,384</b>	<b>\$31,243,959</b>	<b>\$41,922,347</b>	<b>\$39,109,010</b>	<b>\$43,009,746</b>	<b>\$ 42,898,416</b>
<b>EXPENDITURE</b>						
<u>Operating Expense</u>						
Personnel Services	\$ 9,121,385	\$ 11,513,597	\$ 13,397,306	\$ 13,441,014	\$ 15,586,543	\$ 14,089,315
Services, Supplies, & Other Charges	\$ 12,533,005	\$ 12,315,943	\$ 15,306,937	\$ 16,082,492	\$ 16,337,779	\$ 18,185,313
Depreciation & Amortization	\$ 3,295,830	\$ 3,271,936	\$ 3,391,359	\$ 3,459,052	\$ 3,536,666	\$ 3,602,244
<b>Total Operating Expense</b>	<b>\$24,950,220</b>	<b>\$27,101,476</b>	<b>\$32,095,602</b>	<b>\$32,982,558</b>	<b>\$35,460,988</b>	<b>\$ 35,876,872</b>
<u>Non-Operating Expense</u>						
Interest Expense & Fiscal Charges	\$ 369,580	\$ 1,274,520	\$ 1,188,930	\$ 1,334,126	\$ 1,944,176	\$ 2,201,843
Special Items - Capital Assets Impairment	\$ -	\$ -	\$ 13,667,218	\$ -	\$ -	\$ -
Transfers Out	\$ 58,342	\$ 225,007	\$ 501,115	\$ 60,168	\$ 202,973	\$ 121,677
<b>Total Non-Operating Expense</b>	<b>\$ 427,922</b>	<b>\$ 1,499,527</b>	<b>\$15,357,263</b>	<b>\$ 1,394,294</b>	<b>\$ 2,147,149</b>	<b>\$ 2,323,520</b>
<b>TOTAL EXPENDITURE</b>	<b>\$25,378,142</b>	<b>\$28,601,003</b>	<b>\$47,452,865</b>	<b>\$34,376,852</b>	<b>\$37,608,137</b>	<b>\$ 38,200,392</b>
<b>Surplus/(Deficit)</b>	<b>\$ 2,562,242</b>	<b>\$ 2,642,956</b>	<b>\$ (5,530,518)</b>	<b>\$ 4,732,158</b>	<b>\$ 5,401,609</b>	<b>\$ 4,698,024</b>
<b>NET POSITION</b>						
Beginning Balance	\$ 91,082,165	\$ 93,644,407	\$ 94,120,807	\$ 88,590,289	\$ 93,322,447	\$ 98,724,056
<b>Ending Balance</b>	<b>\$93,644,407</b>	<b>\$96,287,363</b>	<b>\$88,590,289</b>	<b>\$93,322,447</b>	<b>\$98,724,056</b>	<b>\$103,422,080</b>

**Table 30: Total Assets & Liabilities**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>ASSETS</b>						
<u>Current Assets</u>						
Cash & Investments	\$ 6,762,132	\$ 24,966,397	\$ 29,598,076	\$ 32,092,022	\$ 34,003,768	\$ 48,571,776
Restricted Cash & Investments	\$ 94,088	\$ 93,265	\$ 92,747	\$ 93,539	\$ 7,090,566	\$ 94,007
Interest Receivable	\$ 13,254	\$ 68,281	\$ 120,496	\$ 153,062	\$ 21,832	\$ 131,746
Accounts Receivable - Net	\$ 2,875,576	\$ 3,883,876	\$ 5,452,715	\$ 5,334,346	\$ 6,051,409	\$ 6,403,663
Intergovernmental Receivables	\$ -	\$ 10,167	\$ 75,000	\$ -	\$ -	\$ -
Prepaid Items	\$ -	\$ -	\$ 943,818	\$ -	\$ -	\$ 4,207
Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Current Assets</b>	<b>\$ 9,745,050</b>	<b>\$ 29,021,986</b>	<b>\$ 36,282,852</b>	<b>\$ 37,672,969</b>	<b>\$ 47,167,575</b>	<b>\$ 55,205,399</b>
<u>Non-Current Assets</u>						
Restricted Cash & Investments	\$ 1,001,074	\$ 1,180,644	\$ 1,016,023	\$ 1,037,322	\$ 1,052,524	\$ 2,036,320
Notes Receivable	\$ 401,058	\$ 401,058	\$ 401,058	\$ 401,058	\$ 401,058	\$ 1,049,425
Capital Assets						
Land	\$ 941,687	\$ 941,687	\$ 941,687	\$ 1,941,687	\$ 1,941,687	\$ 1,941,687
Land Improvements	\$ 572,807	\$ 572,807	\$ 572,807	\$ 572,807	\$ 572,807	\$ 572,807
Infrastructure	\$ 113,342,845	\$ 115,468,186	\$ 121,862,161	\$ 123,643,590	\$ 133,699,322	\$ 133,699,322
Buildings	\$ 16,789,844	\$ 16,789,844	\$ 16,789,845	\$ 18,502,515	\$ 18,732,299	\$ 18,742,857
Machinery & Equipment	\$ 12,746,025	\$ 13,039,495	\$ 13,873,463	\$ 14,048,349	\$ 14,571,732	\$ 14,741,216
Software	\$ 592,032	\$ 592,032	\$ 623,432	\$ 623,432	\$ 623,432	\$ 623,432
Construction in Progress	\$ 23,786,096	\$ 31,639,043	\$ 21,769,561	\$ 29,510,985	\$ 45,714,527	\$ 87,746,951
Less Accumulated Depreciation	\$ (57,587,500)	\$ (60,835,584)	\$ (64,100,479)	\$ (67,507,621)	\$ (71,044,289)	\$ (74,628,196)
<b>Total Non-Current Assets</b>	<b>\$112,585,968</b>	<b>\$119,789,212</b>	<b>\$113,749,558</b>	<b>\$122,774,124</b>	<b>\$146,265,099</b>	<b>\$186,525,821</b>
<b>TOTAL ASSETS</b>	<b>\$122,331,018</b>	<b>\$148,811,198</b>	<b>\$150,032,410</b>	<b>\$160,447,093</b>	<b>\$193,432,674</b>	<b>\$241,731,220</b>
<u>Deferred Outflows of Resources</u>						
Deferred Charge on Refunding of Debt	\$ 366,452	\$ 347,819	\$ 329,186	\$ 310,552	\$ 291,919	\$ 273,286
Deferred Outflows Related to OPEB	\$ -	\$ -	\$ 98,629	\$ 98,264	\$ 342,791	\$ 418,380
Deferred Outflows Related to Pension	\$ 1,402,189	\$ 4,283,550	\$ 5,480,523	\$ 3,689,582	\$ 2,817,569	\$ 7,735,111
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,768,641</b>	<b>\$ 4,631,369</b>	<b>\$ 5,908,338</b>	<b>\$ 4,098,398</b>	<b>\$ 3,452,279</b>	<b>\$ 8,426,777</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$124,099,659</b>	<b>\$153,442,567</b>	<b>\$155,940,748</b>	<b>\$164,545,491</b>	<b>\$196,884,953</b>	<b>\$250,157,997</b>
<b>LIABILITIES</b>						
<u>Current Liabilities</u>						
Accounts Payable & Other Current Liabilities	\$ 3,226,057	\$ 1,861,247	\$ 4,837,392	\$ 4,753,990	\$ 15,014,990	\$ 10,467,465
Interest Payable	\$ 101,746	\$ 436,579	\$ 427,024	\$ 417,247	\$ 754,758	\$ 895,876
Unearned Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 758,281
Deposits Payable	\$ 43,933	\$ 42,918	\$ 57,529	\$ 65,001	\$ 72,253	\$ 55,887
Compensated Absences Payable	\$ 315,122	\$ 398,922	\$ 450,601	\$ 449,528	\$ 531,707	\$ 664,393
Bonds, Notes, Loans, & Leases Payable Due in Less than 1 Yr	\$ 400,379	\$ 915,746	\$ 932,120	\$ 11,459,018	\$ 1,503,445	\$ 1,521,464
<b>Total Current Liabilities</b>	<b>\$ 4,087,237</b>	<b>\$ 3,655,412</b>	<b>\$ 6,704,666</b>	<b>\$ 17,144,784</b>	<b>\$ 17,877,153</b>	<b>\$ 14,363,366</b>
<u>Non-Current Liabilities</u>						
Compensated Absences Payable	\$ 157,561	\$ 199,461	\$ 225,301	\$ 224,764	\$ 265,853	\$ 332,196
Bonds, Notes, Loans, & Leases Payable Due in More than 1 Yr	\$ 9,842,071	\$ 33,926,325	\$ 36,494,205	\$ 32,035,187	\$ 56,603,177	\$ 103,680,002
Total Other OPEB Liability	\$ 1,048,053	\$ 1,249,805	\$ 3,691,988	\$ 3,567,085	\$ 4,133,679	\$ 3,777,438
Net Pension Liability	\$ 13,782,729	\$ 17,437,470	\$ 19,716,316	\$ 17,338,818	\$ 18,455,329	\$ 22,833,942
<b>Total Non-Current Liabilities</b>	<b>\$ 24,830,414</b>	<b>\$ 52,813,061</b>	<b>\$ 60,127,810</b>	<b>\$ 53,165,854</b>	<b>\$ 79,458,038</b>	<b>\$130,623,578</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 28,917,651</b>	<b>\$ 56,468,473</b>	<b>\$ 66,832,476</b>	<b>\$ 70,310,638</b>	<b>\$ 97,335,191</b>	<b>\$144,986,944</b>
<u>Deferred Inflows of Resources</u>						
Deferred Inflows Related to Pensions	\$ 1,537,601	\$ 686,731	\$ 517,983	\$ 569,181	\$ 523,578	\$ 1,178,241
Deferred Inflows Related to OPEB	\$ -	\$ -	\$ -	\$ 343,225	\$ 289,128	\$ 570,732
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,537,601</b>	<b>\$ 686,731</b>	<b>\$ 517,983</b>	<b>\$ 912,406</b>	<b>\$ 812,706</b>	<b>\$ 1,748,973</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 30,455,252</b>	<b>\$ 57,155,204</b>	<b>\$ 67,350,459</b>	<b>\$ 71,223,044</b>	<b>\$ 98,147,897</b>	<b>\$146,735,917</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	\$ 101,307,838	\$ 83,713,258	\$ 75,235,338	\$ 78,152,091	\$ 93,980,841	\$ 101,642,223
Unrestricted	\$ (7,663,431)	\$ 12,574,105	\$ 13,354,951	\$ 15,170,356	\$ 4,743,215	\$ 1,779,857
<b>Total Net Position</b>	<b>\$ 93,644,407</b>	<b>\$ 96,287,363</b>	<b>\$ 88,590,289</b>	<b>\$ 93,322,447</b>	<b>\$ 98,724,056</b>	<b>\$103,422,080</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<b>\$124,099,659</b>	<b>\$153,442,567</b>	<b>\$155,940,748</b>	<b>\$164,545,491</b>	<b>\$196,871,953</b>	<b>\$250,157,997</b>

## GOVERNANCE

### Local Accountability & Structure

The Santa Cruz Water Department is a municipal utility that is owned and operated by the City of Santa Cruz. It is led by a Director who is appointed by the City Manager and administers the day-to-day operations of the Water Department. The City Water Department employs a full-time staff of 119 employees. The governing body for the Water Department is the seven member City Council, as shown in the City's website: <https://cityofwatsonville.org/183/City-Council>. A seven-member Water Commission also advises the Council on policy matters involving the operations and management of the water system. The Commission is composed of six members who reside within the City limits and one member who resides in the unincorporated portion of the water service area. The Water Commissioners have four-year terms and operate under the City's adopted bylaws<sup>6</sup>. The current Water Commission Board is as follows:

**Table 31: Water Commission**

Board Member	Term of Office
<b>Sierra Ryan, Chair</b>	Appointed: January 22, 2019 Term Limit Ends: January 31, 2023
<b>Diana Alfaro</b>	Appointed: January 25, 2022 Term Limit Ends: January 31, 2026
<b>Justin Burks</b>	Appointed: January 26, 2021 Term Limit Ends: January 31, 2025
<b>Tom Burns</b>	Appointed: January 26, 2021 Term Limit Ends: January 31, 2025
<b>Doug Engfer</b>	Appointed: January 26, 2016 Term Limit Ends: January 31, 2024
<b>Alejandro Paramo</b>	Appointed: January 28, 2020 Term Limit Ends: January 31, 2024
<b>Garrett Roffe</b>	Appointed: January 25, 2022 Term Limit Ends: January 31, 2026

#### Board Meetings

The Water Commission meets regularly, meetings are publicly noticed, and citizens are encouraged to attend. Commission meetings are typically held on the first Monday of each month at 7:00 p.m. The meetings are held in the Santa Cruz City Council Chambers (809 Center Street, Santa Cruz, CA 95060).

#### Urban Water Management Plan

The California Department of Water Resources indicates that Urban Water Management Plans ("UWMPs") are prepared by urban water suppliers every five years (California Water Code Sections 10610-10656; 10608). These plans support the suppliers' long-term resource planning to ensure that adequate water supplies are available to meet existing and future water needs. The City adopted its UWMP in 2021,<sup>7</sup> which provides an in-depth overview of the City's current and future water demand and infrastructure.

<sup>6</sup> Water Bylaws: <https://www.cityofsantacruz.com/home/showpublisheddocument/87509/637768999998970000>

<sup>7</sup> 2021 UWMP: <https://www.cityofsantacruz.com/home/showpublisheddocument/87122/637739611535800000>



## 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. SB 929 identifies a number of components that must be found within an agency's website. Additionally, the Special District Leadership Foundation (SDLF), an independent, non-profit organization formed to promote good governance and best practices among California's special districts, has also outlined recommended website elements as part of its District Transparency Certificate of Excellence. This program was created in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency. Based on SB 929's criteria and the recommendations by SDLF, LAFCO thoroughly reviewed the City's website even though the law only applies to independent special districts. **Tables 32 and 33** summarize staff's findings on whether the website is meeting the statutory requirements. At present, the City does meet the statutory requirements under SB 929 and SDLF's website transparency criteria. The only item that is not found in the City's website is LAFCO's adopted service reviews. Overall, the City has a transparent website filled with useful information and resources that are easily accessible.

**Table 32: Website Transparency (Required Items)**

Website Components	Checkmark (Yes)
<b>Required Items (SB 949 Criteria and SDLF Benchmarks)</b>	
1. Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	✓
3. Names of Key Staff, including General Manager	✓
4. Contact Information for Staff	✓
5. Election/Appointment Procedure & Deadlines	✓
6. Board Meeting Schedule*	✓
7. Mission Statement	✓
8. Description of District's Services/Functions and Service Area	✓
9. Authorizing Statute/Enabling Act	✓
10. Adopted District Budgets*	✓
11. Financial Audits*	✓
12. Archive of Board Meeting Agendas & Minutes*	✓
13. Link to State Controller's Webpages for District's reported Board Member and Staff Compensation	N/A
14. Link to State Controller's Webpages for District's reported Financial Transaction Report	N/A
15. Reimbursement & Compensation Policy / Annual Policies	✓
16. Home Page Link to Agendas/Board Packets	✓
17. SB 272 - Compliance-Enterprise Catalogs	✓
18. Machine Readable/Searchable Agendas	✓
19. Recipients of Grant Funding or Assistance	✓
20. Link or Copies of LAFCO's Service & Sphere Reviews	
<b>Total Score (out of a possible 18 – 2 do not apply to cities)</b>	<b>17 (94%)</b>

\*Footnote: Senate Bill 929 Statutory Requirements; Items 13 and 14 do not apply to cities

**Table 33: Website Transparency (Recommended Items)**

Website Components	Status (Yes = X)
<b>Additional Items (SDLF's Recommended Elements)</b>	
1. Board Member Ethics Training Certificates	
2. Picture, Bio, and Email Addresses of Board Members	✓
3. Last Three Years of Audits	✓
4. Financial Reserves Policy	✓
5. Online/Downloadable Public Records Act Request Form	✓
6. Audio or Video Recordings of Board Meetings	✓
7. Map of District Boundaries/Service Area	✓
8. Link to CSDA Mapping Program	N/A
9. General Description of Special Districts or Link to <a href="http://www.districtmakethedifference.org">www.districtmakethedifference.org</a>	N/A
10. Link to Most Recently Filed to FPPC Forms	✓
<b>Total Score (out of a possible 8 – 2 do not apply to cities)</b>	<b>7 (88%)</b>

Footnote: Items 8 and 9 do not apply to cities

## Opportunities and Challenges

Water agencies, including city water departments, are significantly affected by various factors, including aging infrastructure, escalating operational costs, drought impacts, increase in customer demand, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common not only in Santa Cruz County but throughout the State. The following section discusses these challenges and identifies possible opportunities to ensure that residents receive the best level of water services.

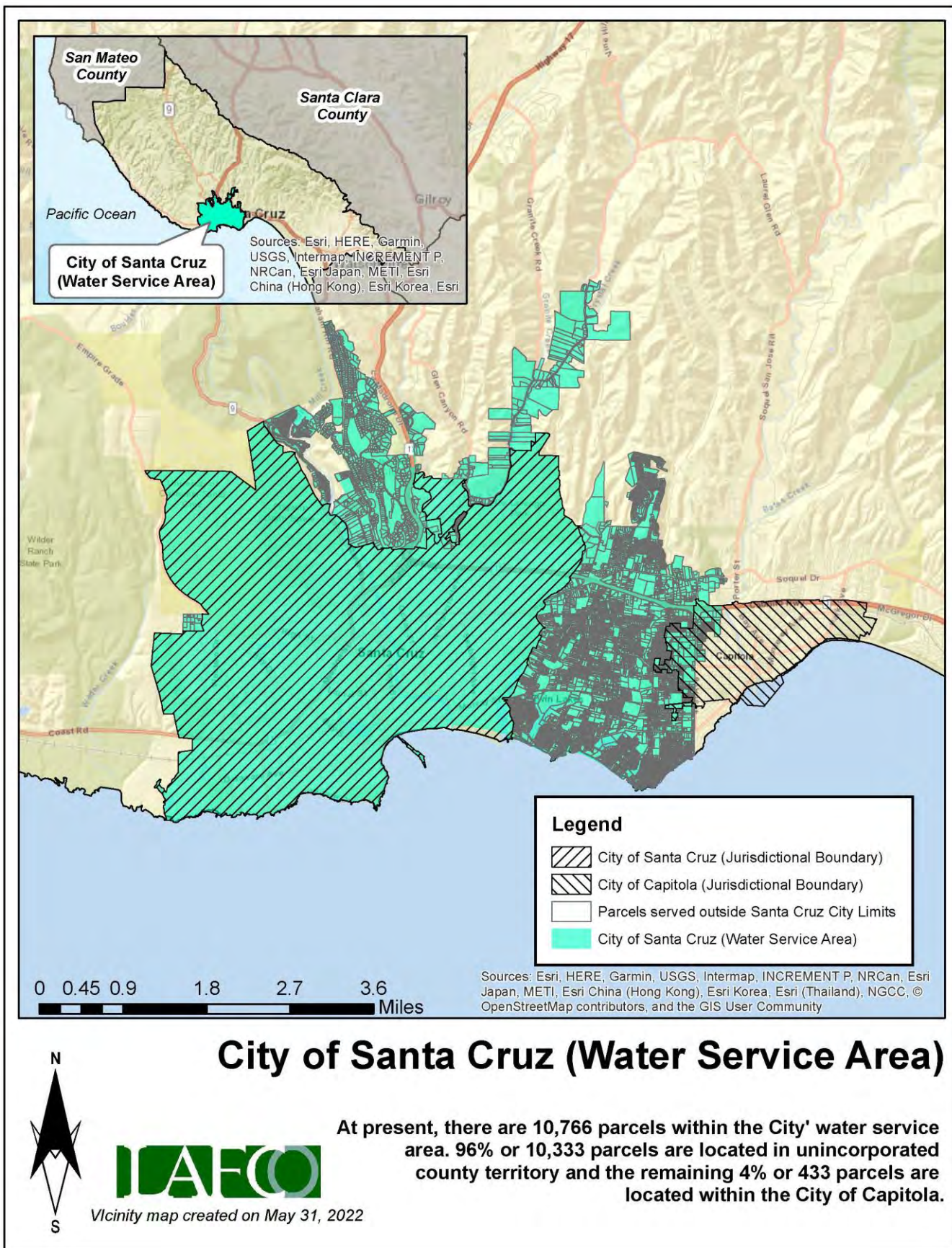
### Areas Served Outside Jurisdictional Boundary

Based on staff's analysis, the City is providing services outside its jurisdiction to approximately 10,800 parcels. Service to these parcels is long-standing and was extended to most of these parcels when the areas began to develop during in the first half of the 20th century and prior to the creation of LAFCO in 1963. LAFCO actions in 2006 and 2017 establishing a designated water service area for the City of Santa Cruz included these parcels, and the City has no plan to pursue annexation of these parcels into the City nor is there any evidence that there is a demand from the water service customers residing outside the City's municipal boundary to be annexed into the City. Further, effective July 1, 2022, the City no longer levies a surcharge on water service provided to water service customers residing outside of the City. This practice, which was in place for many years, was eliminated as part of the 2021 Water Rate Increase process, which was unanimously approved by the City Council on November 23, 2021. **Figure 21** on page 67 shows the subject parcels receiving services outside the City's jurisdiction.

**LAFCO Staff Recommendation:** *The City should develop a plan to determine when the areas within its water service area should be annexed. The plan should be developed and submitted to LAFCO prior to their next service review cycle (August 2027).*



**Figure 21: Areas Served Outside the City's Jurisdiction**



### Small Water Systems

One area that LAFCO can provide assistance now is addressing any failing mutual water companies (MWCs) or private water systems near SCWSA. MWCs are regulated by California's Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, mutual water companies are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board and our local Regional Water Quality Control Board. However, over the years, many MWCs have operated without much oversight from the State. That is why the Legislature enacted Assembly Bill 54 in 2012. This law imposes new requirements on mutual water companies that own and operate public water systems and requires greater coordination between them and LAFCO in each county. Corporations Code 14301.1 requires mutual water companies to submit a map depicting its service area to LAFCO.

A total of 6 private water systems are located near the City's water service area. **Figure 22** on page 69 identifies the location of each water system in relation to SCWSA. **Table 34** on page 70 also provide more information about the private water systems. While LAFCOs do not have full authority over mutual water companies when compared to with cities and special districts, AB 54 does allow LAFCO to analyze these water systems as part of a service review. Identifying these private water systems may lead to coordination with SCWSA and possible annexation, if desired.

***LAFCO Staff Recommendation:*** *The City should coordinate with LAFCO and the subject private water systems to analyze possible annexations and/or sphere amendments to include any mutual water company or other nearby water system that can no longer provide adequate level of service.*

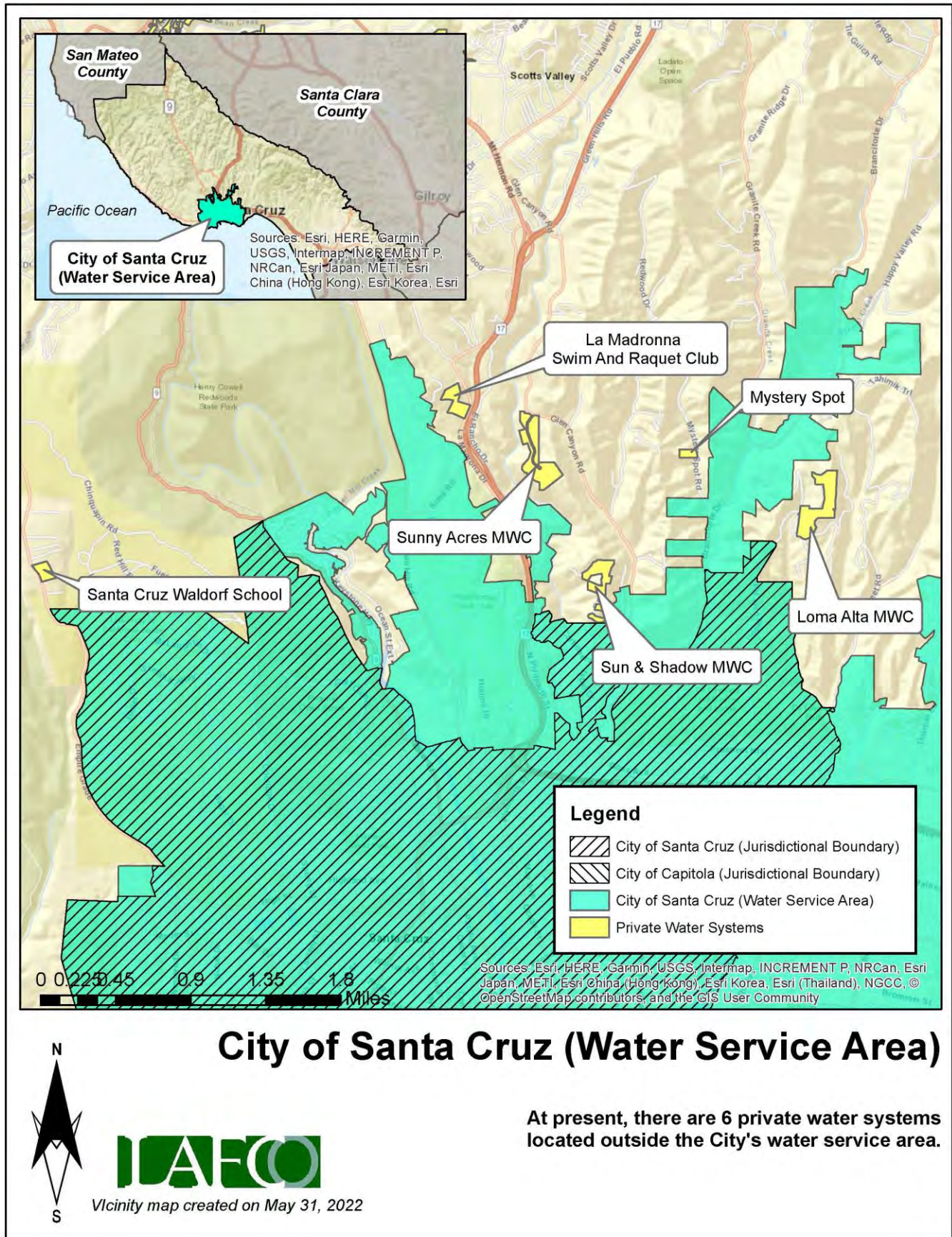
### Strategic Partnerships

Several water agencies have expressed interest in exploring ways to further collaborate. Many water agencies have interties in the event of emergencies and all water agencies (including the two Cities) are members of groundwater-related joint powers authorities. This means that the public water providers are already working together in overseeing how water is delivered countywide. It may be beneficial for the water agencies to consider further strategic partnerships, including but not limited to sharing resources and staff, establishing a countywide memorandum of understanding for emergency-related interties, and joint procurements or professional service agreements (i.e. Audits). Such partnerships may also lay the foundation for future changes of organization, including but not limited to annexations, reorganizations, or consolidations.

***LAFCO Staff Recommendation:*** *The City should explore additional ways to share services and resources with neighboring agencies, including but not limited to nearby water districts.*



**Figure 22: Map of Private Water Systems Outside the City's Water Service Area**





**Table 34: List of Private Water Systems Outside the City of Santa Cruz**

#	Water System Name	Type of Water System	Size (Square Miles)	Population
<b>Private Water Systems <u>OUTSIDE</u> the City's Jurisdictional Boundary</b>				
1	<b>La Madronna Swim And Racquet Club</b>	Small Water System (1 connection)	0.02	100
2	<b>Mystery Spot</b>	Small Water System (2 connections)	0	500
3	<b>Santa Cruz Waldorf School</b>	Small Water System (2 connections)	0.01	190
4	<b>Sun &amp; Shadow MWC</b>	Small Water System (5 connections)	0.03	11
5	<b>Sunny Acres MWC</b>	Small Water System (8 connections)	0.05	30
6	<b>Loma Alta MWC</b>	Small Water System (12 connections)	0.05	33

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## SPHERE OF INFLUENCE

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### Current Sphere Boundary

Santa Cruz LAFCO adopted the City's first sphere of influence on August 3, 1983. The current sphere excludes areas within the City's water service area. The last sphere update occurred in October 2021 as part of the Countywide Fire Protection Service and Sphere Review. **Figure 23** on page 72 shows the current sphere of influence boundary.

### Proposed Sphere Boundary

In January 2019, the Commission amended the City's sphere to include three nautical miles offshore to reflect the city's legal limits. In accordance with state law, the sphere boundary should focus on areas that may receive services from the City in the foreseeable future. Based on staff's analysis, the City provides services outside its city limits, totaling 10,757 parcels (approximately 17,000 acres). These parcels were previously shown in **Figure 21** on page 67. LAFCO staff is recommending that the sphere boundary be amended to remove the three nautical miles and include the City's water service area, excluding the areas located within the City of Capitola's jurisdictional and sphere boundaries. **Figure 24** on page 73 shows the proposed sphere boundary. Further analysis would be required as part of any annexation application to determine whether the City is willing and capable of providing services to the annexation area(s), if annexation is pursued in the future based on the new sphere and submitted plan.

**LAFCO Staff Recommendation:** *The City should develop a plan to determine when the areas within its water service area should be annexed. The plan should be developed and submitted to LAFCO prior to their next service review cycle (August 2027).*





Figure 23: City's Current Sphere Map

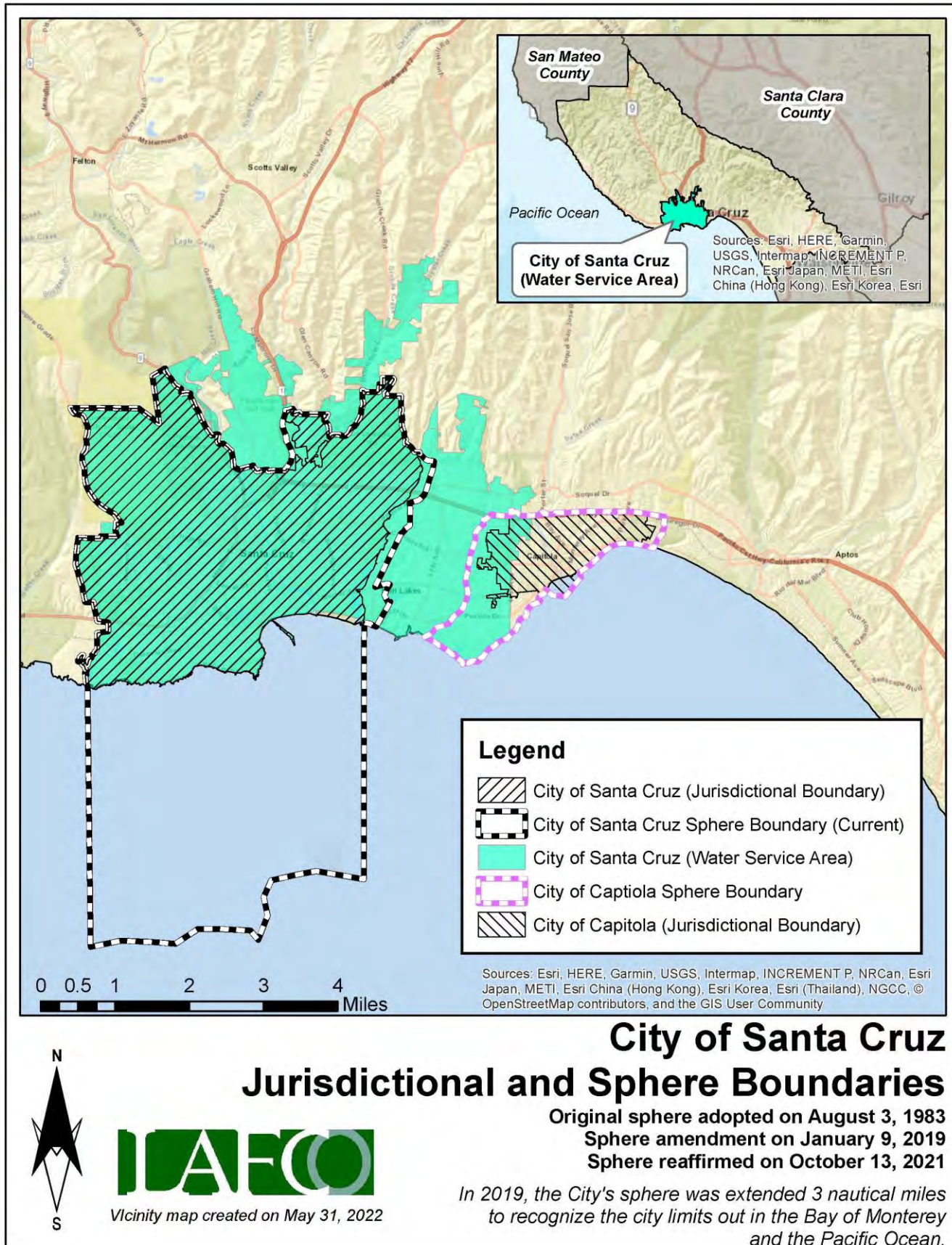
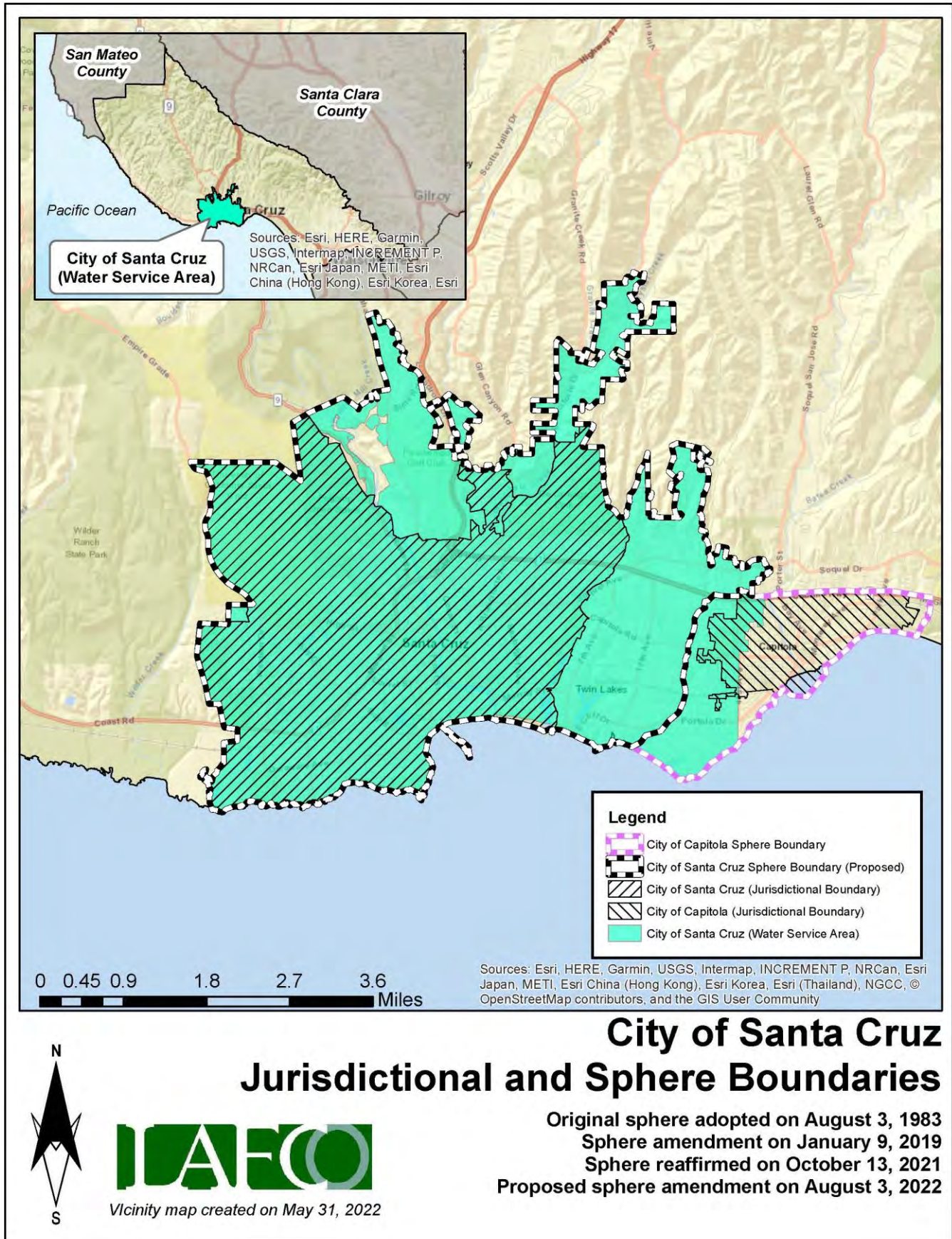




Figure 24: City's Proposed Sphere Map



## DISTRICT SUMMARY

City of Santa Cruz Water Department	
<b>Formation</b>	California Charter City Law (Article XI, section 3(a) of the California Constitution)
<b>Board of Directors</b>	<b>City Council:</b> 7 members (four-year terms) <b>Water Commission:</b> 7 members (four-year terms)
<b>Contact Person</b>	Matt Huffaker, City Manager / Rosemary Menard, Water Director
<b>Employees</b>	119 Full-Time Employees
<b>Facilities</b>	24,592 connections; 300 miles of pipeline; 15 distribution tanks; 14 pump stations; 7 surface water diversions; 7 production wells; 3 water treatment plants; and 2 groundwater treatment plants.
<b>WSA Area</b>	27 square miles (appx. 17,000 acres)
<b>Sphere of Influence</b>	<b>Current Sphere:</b> Larger than the City (i.e., sphere boundary includes areas outside the City's jurisdictional boundary) <b>Proposed Sphere:</b> Larger than the City (i.e., sphere boundary includes areas outside the City's jurisdictional boundary)
<b>FY 2020-21 Audit</b>	Total Revenue = \$42,898,416 Total Expenditure = \$38,200,392 Net Position (Ending Balance) = \$103,422,080
<b>Contact Information</b>	Mailing Address: 212 Locust Street, Suite A, Santa Cruz CA 95060 Phone Number: (831) 420-5200 Email Address: <a href="mailto:kfitzgerald@cityofsantacruz.com">kfitzgerald@cityofsantacruz.com</a> Website: <a href="https://www.cityofsantacruz.com/government/city-departments/water">https://www.cityofsantacruz.com/government/city-departments/water</a>
<b>Public Meetings</b>	The Water Commission meets in the Santa Cruz City Council Chambers, 809 Center Street, on the first Monday of each month, at 7:00 p.m.
<b>Mission Statement</b>	<b>Mission:</b> To assure public health and safety by providing a clean, adequate and reliable supply of water. <b>Vision:</b> To serve the community in a courteous, efficient, cost effective and environmentally sustainable manner.



## SERVICE AND SPHERE REVIEW DETERMINATIONS

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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.**

The population of SCWSA in 2020 was estimated to be 96,000. Based on LAFCO's analysis, the population within SCWSA will be approximately 113,000 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the City's sphere boundary.

**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.**

In accordance with the California Water Code, every urban water supplier with 3,000 or more service connections or supplying more than 3,000 acre-feet of water per year are required to prepare an Urban Water Management Plan every five years. With 24,592 active service connections, the City of Santa Cruz clearly meets the definition of "Urban Water Supplier" and prepared a plan in 2021.

**4. Financial ability of agencies to provide services.**

SCWSA is financially sound. The District ended with a surplus in five of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$103 million. LAFCO believes that this positive trend will continue based upon the City's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages the City to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding SCWSA. At present, there are 6 private water systems near SCWSA.

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

The City has a detailed and transparent website that provides in-depth information regarding the City's various departments, including its water department.

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

LAFCO recommends that the City develop a plan to determine when the areas within its water service area should be annexed. The plan should be developed and submitted to LAFCO prior to their next service review cycle (August 2027).

## **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.**

At present, the majority of land within the City's water service area is designated as Urban Residential. The remaining areas also include unincorporated territory designated for various land uses including agriculture under the County's existing general plan.

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

The City adopted an Urban Water Management Plan in 2021 which provides an in-depth overview of the City's current and future water demand and infrastructure.

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

SCWSA's major water infrastructure facilities include three water treatment plants, including the Graham Hill Water Treatment Plant and two groundwater treatment plants related to the Beltz well system; four raw water pump stations; ten treated water pump stations; 15 distribution tanks with a total maximum capacity of 21.2 million gallons of treated water storage; seven surface water diversions; seven production wells; and approximately 300 miles of treated and raw water pipelines interconnecting the entire system. At present, the City has approximately 25,000 connections.

**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.**

A total of 6 private water systems are located near SCWSA. The City should coordinate with LAFCO and the subject private water systems to analyze possible annexations and/or sphere amendments to include any mutual water company or other nearby water system that can no longer provide adequate level of service.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the City's sphere boundary.

# CITY OF WATSONVILLE - WATER SERVICE AREA

## OVERVIEW

The City of Watsonville was incorporated in 1868 and now operates as a charter city. Watsonville provides a variety of municipal services, including water services under the City's Water Department. The City's water service area ("WWSA") encompasses nearly 21 square miles of territory including the entire City of Watsonville and adjoining unincorporated areas of Santa Cruz County. There is approximately 15,000 parcels within the City's WSA (totaling approximately 13,000 acres). **Figure 26**, on page 80, is a vicinity map depicting the City's current jurisdictional boundary. **Figure 27**, on page 81, also shows the current land use designation under the County's General Plan. At present, the majority of land within the City's water service area is designated as Agriculture and Rural Residential. A map showing the land use designations within the City of Watsonville was not produced since the City already has a map available on its website<sup>8</sup>.

A total of 83 boundary changes have been approved by LAFCO, with an extraterritorial service agreement involving a single parcel being the last recorded action on March 3, 2021. **Appendix F** provides an overview of all the approved boundary changes since 1965.

## Services and Infrastructure

The water system originated in 1877 when water was piped from the Corralitos area to a reservoir on Whiskey Hill (now Freedom Reservoir on Freedom Boulevard). The water system served the small community of Watsonville, under the name of the Watsonville Water and Light Company, until the City acquired it in 1927. In 1931, a slow sand filtration plant, the Corralitos Filter Plant (CFP), was constructed in Corralitos to filter the raw water coming from the Corralitos and Browns creeks. By 1979, the water system had grown to represent its current state. At present, the City has approximately 15,000 connections. **Table 35** summarizes WWSA's services and **Table 36** provides an overview of WWSA's infrastructure.

**Table 35: List of Service Provisions**

Services	Checkmark (Yes)
Agricultural Water	✓
Drainage	
Groundwater Replenishment	
Retail Potable Water	✓
Recycled Water	✓
Wastewater (Sewer)*	✓
Water Treatment	✓
Water Conservation	✓

*Footnote: Sewer service is provided by the City of Watsonville Public Works Department*

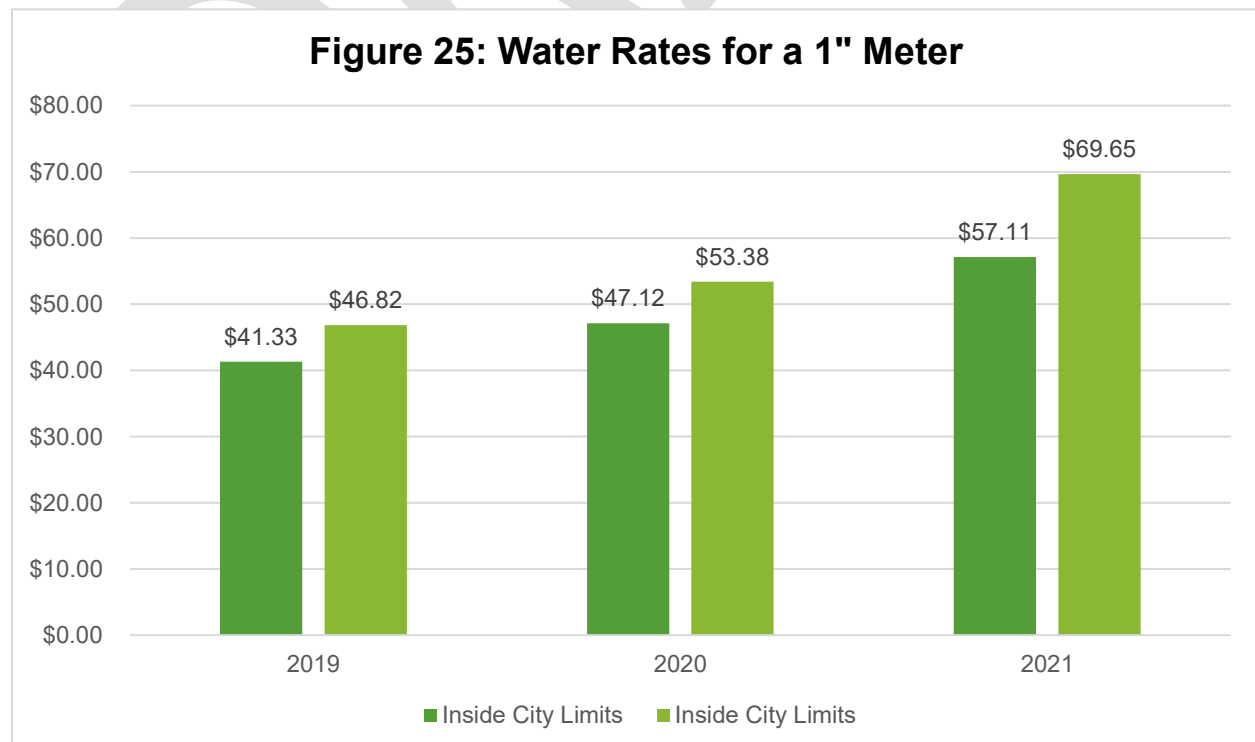
<sup>8</sup> City of Watsonville Land Use Map - <https://www.cityofwatsonville.org/DocumentCenter/View/106/2005-General-Plan-Land-Use-Diagram->

**Table 36: List of Infrastructure / Facilities**

Infrastructure	Checkmark (Yes)	Quantity
Distribution / Storage Tanks	✓	8 reservoirs and storage facilities
Pressure Zones	✓	9 pressure zones
Production Wells	✓	14 wells
Pump Stations	✓	9 booster stations
Recycled Water System	✓	The City and PVWMA jointly developed the Watsonville Area Recycled Water Treatment Facility (RWF)
Treatment Plants	✓	
Water Diversions	✓	The surface water diversions flow to the Corralitos Filter Plant and are treated via slow sand filtration and disinfection.
Water Pipeline	✓	190 miles
Total Connections	✓	<b>14,884</b>

## Water Rates

At present, the City charges different water rates for residents within and outside the City limits. **Tables 37a-b**, provide an overview of the monthly water rates within WWSA for the last three years. Based on LAFCO's analysis, the City charges approximately 22% more to residents within WWSA but outside the City's jurisdictional boundary in 2021. **Figure 25** compares the water rate for a 1 inch meter for residents within and outside the City of Watsonville.





**Table 37a: Water Rates (Monthly Service Fees – Meter Size)**

<b>Meter Size (Availability Fee)</b>	<b>2019 (Adopted)</b>	<b>2020 (Adopted)</b>	<b>2021 (Adopted)</b>
<b>Inside City Limits</b>			
5/8"	\$29.42	\$33.54	\$28.76
3/4"	\$29.42	\$33.54	\$28.76
1"	\$41.33	\$47.12	\$57.11
1 1/2"	\$71.05	\$81.00	\$104.37
2"	\$106.70	\$121.64	\$161.07
3"	\$201.75	\$230.00	\$312.28
4"	\$308.73	\$351.96	\$482.39
6"	\$497.54	\$567.20	\$954.93
8"	\$1,118.48	\$1,275.07	\$1,521.98
10"	\$1,376.63	\$1,569.36	-
Additional Connections: Unit Charge	\$4.76	\$5.43	-
<b>Outside City Limits</b>			
5/8"	\$33.13	\$37.77	\$33.78
3/4"	\$33.13	\$37.77	\$33.78
1"	\$46.82	\$53.38	\$69.65
1 1/2"	\$81.02	\$92.37	\$129.46
2"	\$122.04	\$139.13	\$201.22
3"	\$231.40	\$263.80	\$392.57
4"	\$354.49	\$404.12	\$607.84
6"	\$571.71	\$651.75	\$1,205.83
8"	\$1,286.12	\$1,466.18	\$1,923.42
10"	\$1,583		
Additional Connections: Unit Charge	\$4.76	\$5.43	-

**Table 37b: Water Rates (Monthly Service Fees – Water Consumption)**

<b>Charge per Unit (1 unit = 100 cubic ft of water)</b>	<b>2019 (Adopted)</b>	<b>2020 (Adopted)</b>	<b>2021 (Adopted)</b>
<b>Residential and Multi-Residential</b>			
Tier 1 (Old 1-5 units / New 0-6 units)	\$3.39	\$3.84	\$3.95
Tier 2 (Old 6-10 units / New 7-12 units)	\$4.00	\$4.53	\$5.17
Tier 3 (Old > 10 units / New > 12 units)	\$5.42	\$6.14	\$8.00
<b>Non-Residential (ccf = centum (hundred) cubic feet)</b>			
Per ccf	\$4.26	\$4.83	\$4.72
<b>Industrial (ccf = centum (hundred) cubic feet)</b>			
Per ccf	\$3.34	\$3.79	\$3.76
<b>Irrigation (ccf = centum (hundred) cubic feet)</b>			
Per ccf	\$5.94	\$6.73	\$6.74

Figure 26: Water Service Area's Vicinity Map

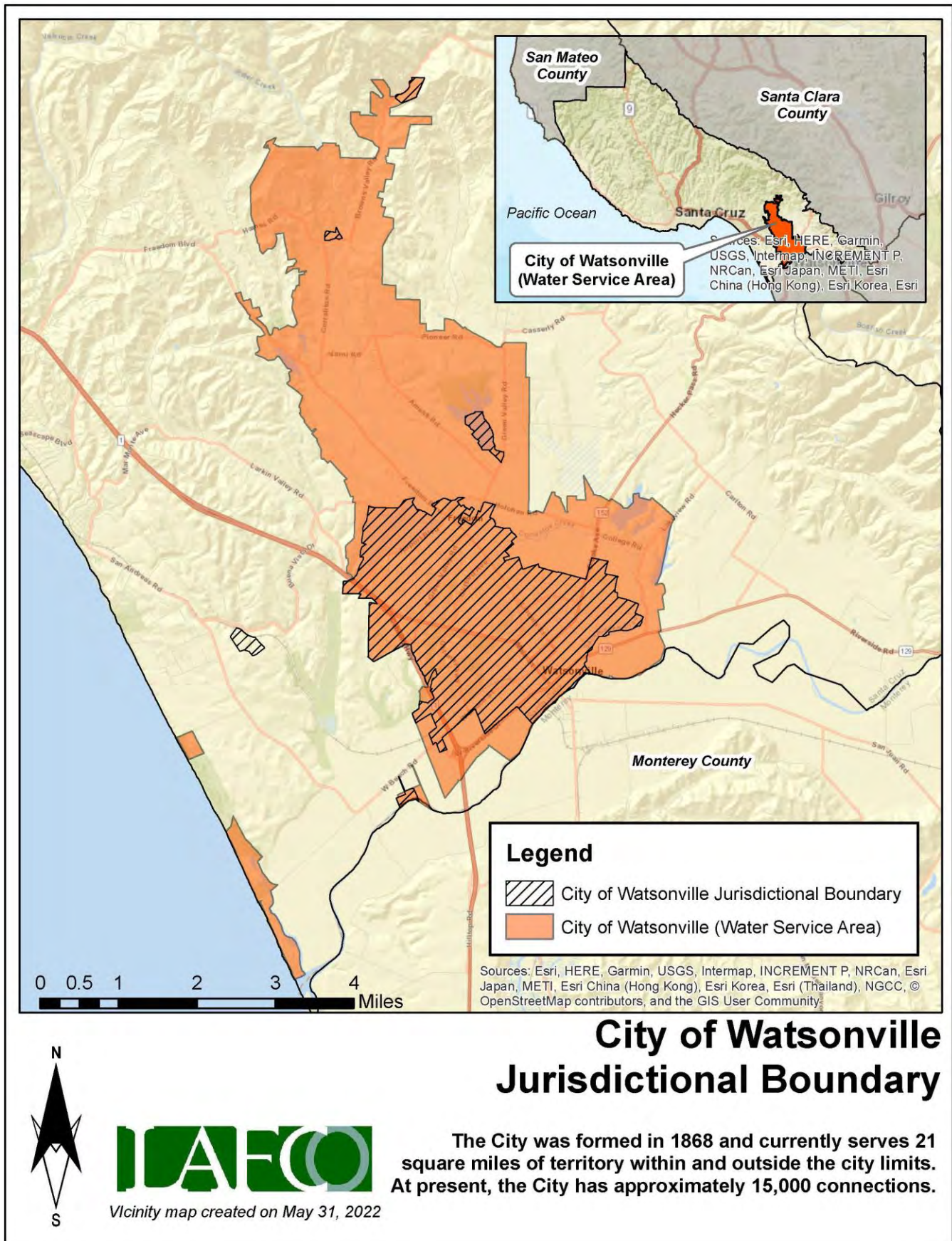
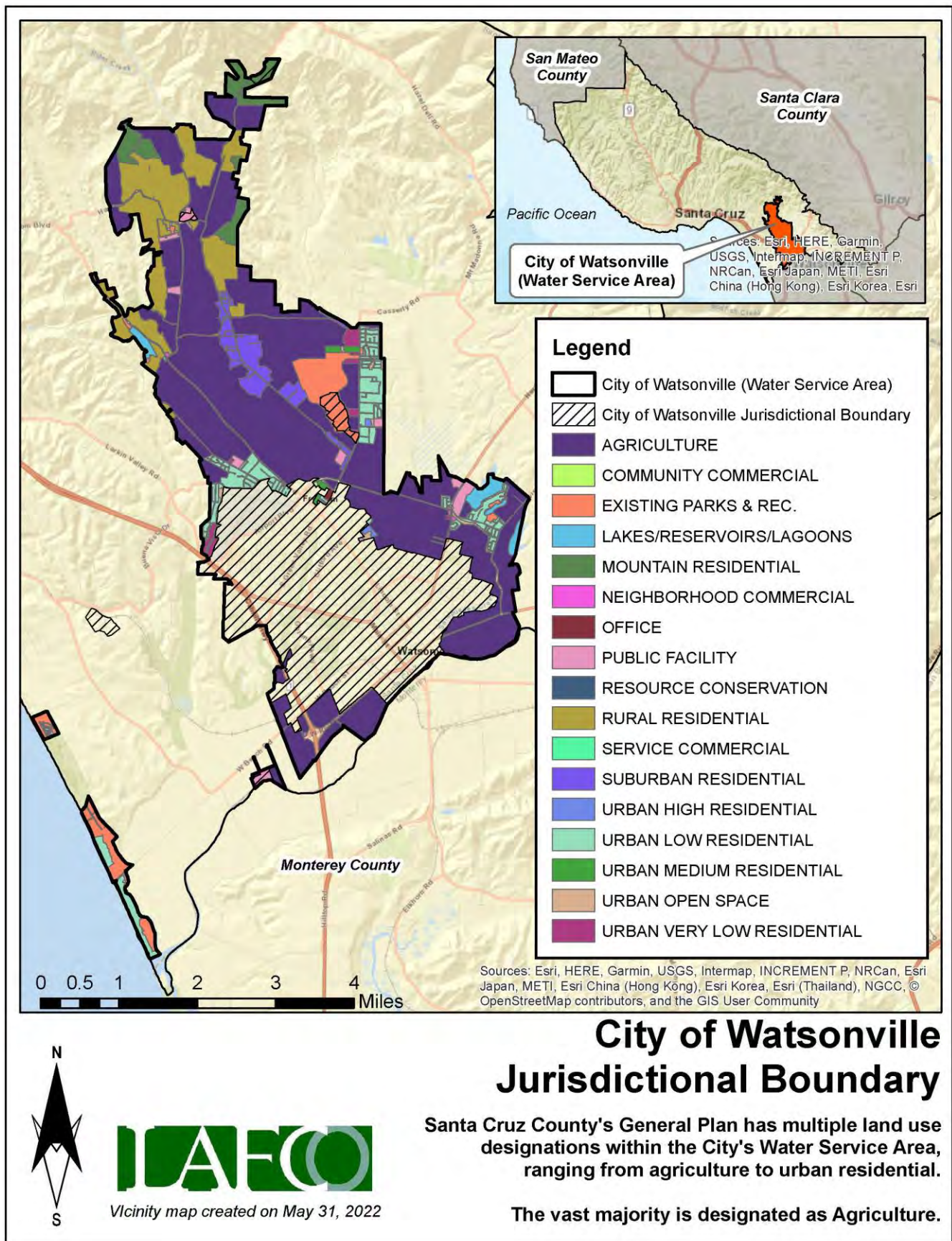




Figure 27: Water Service Area's Land Use Map (Unincorporated Territory)



## Population and Growth

Based on staff's analysis, the population of WWSA in 2020 was approximately 65,000. 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 water service areas. 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 Watsonville is expected to increase by 0.86% and 2.78%, respectively. **Table 38** shows the anticipated population within WWSA. The average rate of change for WWSA is 1.82% 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 WWSA. LAFCO staff increased the City's water service area 2020 population amount by 1.82% each year. Under this assumption, our projections indicate that the entire population of WWSA will be approximately 70,000 by 2040.

**Table 38: 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 Watsonville	53,536	55,187	56,829	58,332	59,743	2.78%
<b>City of Watsonville (Water Service Area)</b>	<b>65,231</b>	<b>66,418</b>	<b>67,626</b>	<b>68,856</b>	<b>70,108</b>	<b>1.82%</b>

*Source: AMBAG 2018 Regional Growth Forecast and the City's 2020 Urban Water Management Plan*

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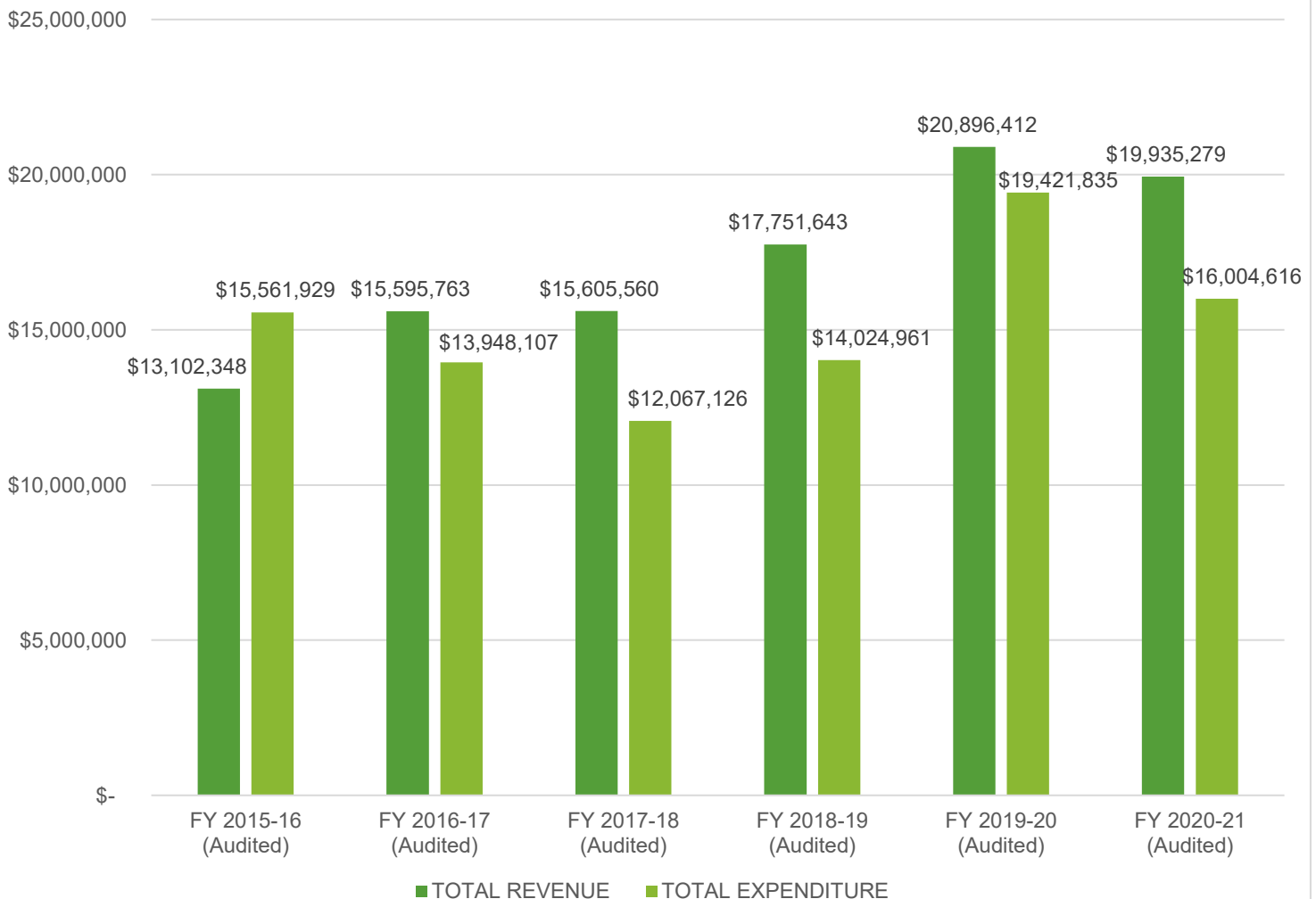


## FINANCES

This section will highlight the City's financial performance during the most recent fiscal years. Fiscal Year 2020-21 is the latest audited financial statement available. LAFCO evaluated the financial health of the City's Water Department from 2015 to 2021. A comprehensive analysis of the City's financial performance during the past six years is shown in **Tables 42 and 43** on pages 87-88.

At the end of Fiscal Year 2020-21, total revenue collected was approximately \$20 million, representing a slight decrease from the previous year (\$21 million in FY 19-20). Total expenses for FY 2020-21 were approximately \$16 million, which decreased by 18% from the previous year (\$19 million in FY 19-20). Since 2015, the City's Water Department ended each fiscal year with a surplus, with the exception of FY 15-16, as shown in **Figure 28**. LAFCO staff believes that this positive trend will continue based upon the City's ongoing conservative budgetary practices reflected in their audited financial statements.

**Figure 28: Statement of Revenues & Expenditures  
(FY 2015-16 to FY 2020-21)**



## Revenues

### Operating Revenue

The City Water Department's primary source of revenue is from operating revenues, specifically Charges for Services. In FY 2020-21, Charges for Services (appx. \$20 million represented approximately 99.7% of the City Water Department's entire revenue stream.

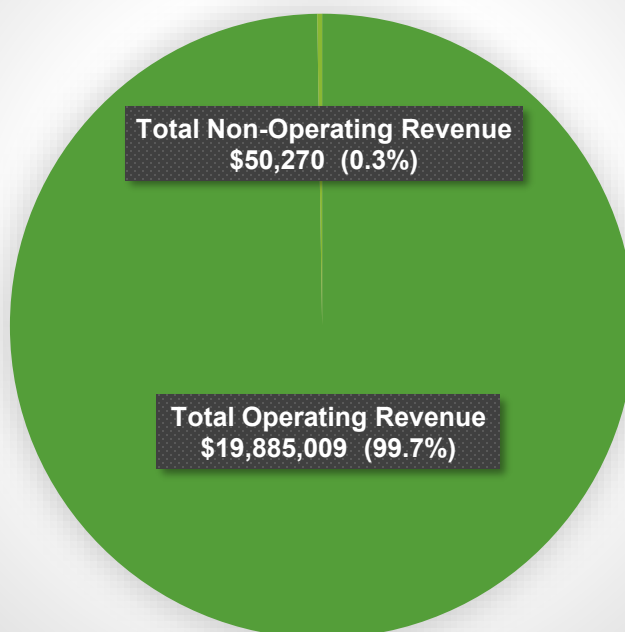
### Non-operating Revenue

The remaining 0.3% of total revenue derive from non-operating revenue sources. These funds include Capital Contributions, Interest, and Grant Revenue. **Table 39 and Figure 29** provide a breakdown of the City's revenue by category and source.

**Table 39: Revenue Breakdown (FY 2020-21)**

Revenue	Amount	Percentage
<b>Operating Revenue</b>		
Charges for Services	<u>\$19,885,009</u>	<u>100%</u>
Total Operating Revenue	\$19,885,009	100%
<b>Non-Operating Revenue</b>		
Capital Contributions – Connection Fees	\$26,310	52%
Interest Revenue	\$16,082	32%
Grant Revenue	<u>\$7,878</u>	<u>16%</u>
Total Non-Operating Revenue	\$50,270	100%
<b>Total Revenue</b>	<u><b>\$19,935,279</b></u>	

**Figure 29: Operating v Non-Operating Revenue  
(FY 2020-21)**



## Expenditures

### Operating Expense

The City Water Department's operating expenses represented approximately 99.7% of total expenditure during FY 2020-21. Operating expenses include: Cost of Sales & Services, and Depreciation.

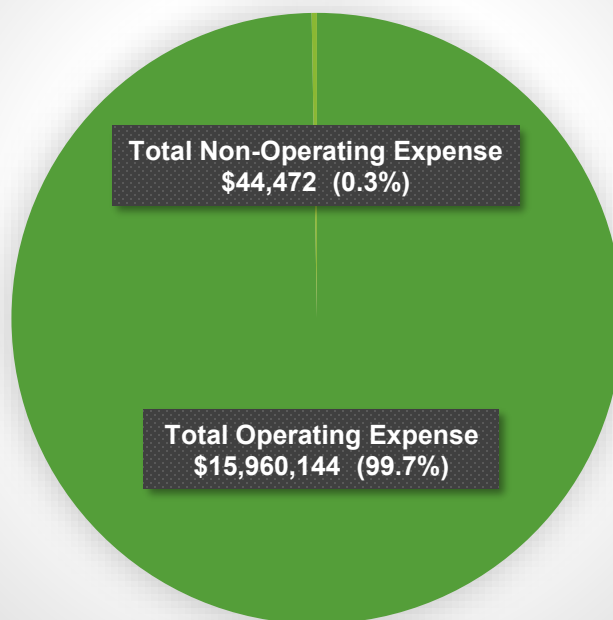
### Non-operating Expense

The remaining 0.3% of total expenses derive from non-operating expenses. These costs include Interest Expense and Transfers Out. **Table 40 and Figure 30** provide a breakdown of the City's costs by category and source.

**Table 40: Expense Breakdown (FY 2020-21)**

Expenditure	Amount	Percentage
<b>Operating Expense</b>		
Cost of Sales & Services	\$14,327,111	90%
Depreciation	<u>\$1,633,033</u>	<u>10%</u>
Total Operating Expense	\$15,960,144	100%
<b>Non-Operating Expense</b>		
Interest Expense & Fiscal Charges	\$27,725	62%
Transfers Out	<u>\$16,747</u>	<u>38%</u>
Total Non-Operating Expense	\$44,472	100.0%
<b>Total Expenditure</b>	<b><u>\$16,004,616</u></b>	

**Figure 30: Operating v Non-Operating Expenditure  
(FY 2020-21)**



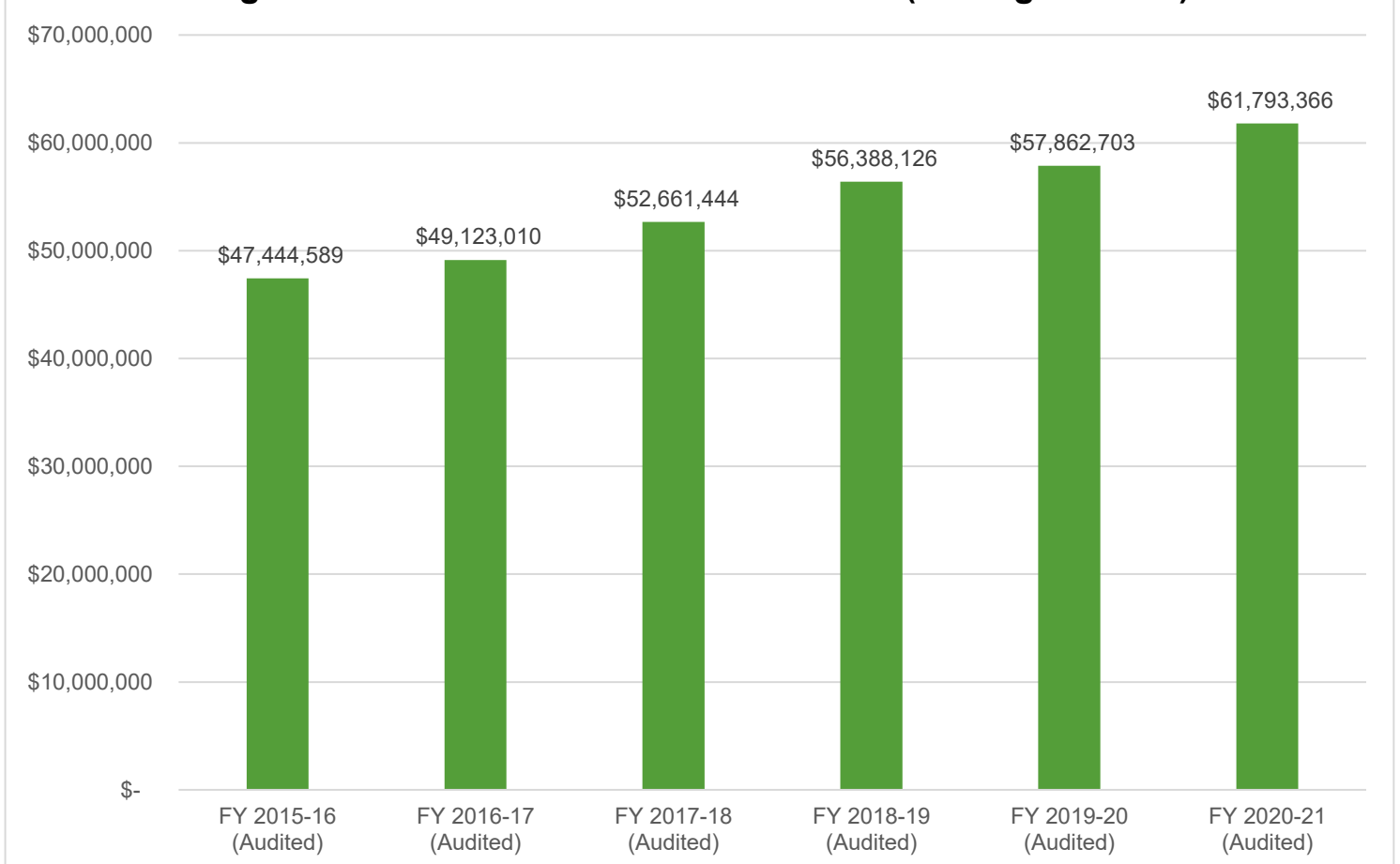
## Fund Balance / Net Position

As of June 30, 2021, the total net position balance ended with approximately \$62 million. The following table highlights the net position balance from 2015 to 2021. As shown in **Table 41** and **Figure 31**, the City's fund balance has increased over the years and has maintained an annual balance above \$47 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 City faces any unintended expenses, major capital improvements projects, or emergency repairs.

**Table 41: Net Position (2015 to 2021)**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
Beginning Balance	\$49,904,170	\$47,475,354	\$49,123,010	\$52,661,444	\$56,388,126	\$57,862,703
Ending Balance	<u><b>\$47,444,589</b></u>	<u><b>\$49,123,010</b></u>	<u><b>\$52,661,444</b></u>	<u><b>\$56,388,126</b></u>	<u><b>\$57,862,703</b></u>	<u><b>\$61,793,366</b></u>
Change (\$)		\$1,678,421	\$3,538,434	\$3,726,682	\$1,474,577	\$3,930,663

**Figure 31: Net Position from 2015 to 2021 (Ending Balance)**





**Table 42: Total Revenues & Expenditures**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>REVENUE</b>						
<u>Operating Revenue</u>						
Charges for Services	\$ 12,755,561	\$ 14,617,036	\$ 15,243,117	\$ 17,357,169	\$ 20,483,669	\$ 19,885,009
<b>Total Operating Revenue</b>	<b>\$12,755,561</b>	<b>\$14,617,036</b>	<b>\$15,243,117</b>	<b>\$17,357,169</b>	<b>\$20,483,669</b>	<b>\$ 19,885,009</b>
<u>Non-Operating Revenue</u>						
Grant Revenue	\$ -	\$ 600,660	\$ 44,480	\$ -	\$ -	\$ 7,878
Interest Revenue	\$ 52,706	\$ 26,663	\$ 105,390	\$ 369,740	\$ 357,867	\$ 16,082
Capital Contributions - Connection Fees	\$ 294,081	\$ 351,404	\$ 212,573	\$ 24,734	\$ 54,876	\$ 26,310
<b>Total Non-Operating Revenue</b>	<b>\$ 346,787</b>	<b>\$ 978,727</b>	<b>\$ 362,443</b>	<b>\$ 394,474</b>	<b>\$ 412,743</b>	<b>\$ 50,270</b>
<b>TOTAL REVENUE</b>	<b>\$13,102,348</b>	<b>\$15,595,763</b>	<b>\$15,605,560</b>	<b>\$17,751,643</b>	<b>\$20,896,412</b>	<b>\$ 19,935,279</b>
<b>EXPENDITURE</b>						
<u>Operating Expense</u>						
Costs of Sales & Services	\$ 12,989,380	\$ 12,216,914	\$ 10,416,612	\$ 12,416,786	\$ 17,776,770	\$ 14,327,111
Depreciation	\$ 1,632,090	\$ 1,633,985	\$ 1,621,496	\$ 1,579,006	\$ 1,601,585	\$ 1,633,033
<b>Total Operating Expense</b>	<b>\$14,621,470</b>	<b>\$13,850,899</b>	<b>\$12,038,108</b>	<b>\$13,995,792</b>	<b>\$19,378,355</b>	<b>\$ 15,960,144</b>
<u>Non-Operating Expense</u>						
Interest Expense	\$ 915,295	\$ -	\$ -	\$ -	\$ 16,361	\$ 16,747
Transfers Out	\$ 25,164	\$ 97,208	\$ 29,018	\$ 29,169	\$ 27,119	\$ 27,725
<b>Total Non-Operating Expense</b>	<b>\$ 940,459</b>	<b>\$ 97,208</b>	<b>\$ 29,018</b>	<b>\$ 29,169</b>	<b>\$ 43,480</b>	<b>\$ 44,472</b>
<b>TOTAL EXPENDITURE</b>	<b>\$15,561,929</b>	<b>\$13,948,107</b>	<b>\$12,067,126</b>	<b>\$14,024,961</b>	<b>\$19,421,835</b>	<b>\$ 16,004,616</b>
<b>Surplus/(Deficit)</b>	<b>\$ (2,459,581)</b>	<b>\$ 1,647,656</b>	<b>\$ 3,538,434</b>	<b>\$ 3,726,682</b>	<b>\$ 1,474,577</b>	<b>\$ 3,930,663</b>
<b>NET POSITION</b>						
Beginning Balance	\$ 49,904,170	\$ 47,475,354	\$ 49,123,010	\$ 52,661,444	\$ 56,388,126	\$ 57,862,703
<b>Ending Balance</b>	<b>\$47,444,589</b>	<b>\$49,123,010</b>	<b>\$52,661,444</b>	<b>\$56,388,126</b>	<b>\$57,862,703</b>	<b>\$ 61,793,366</b>

**Table 43: Total Assets & Liabilities**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>ASSETS</b>						
<u>Current Assets</u>						
Cash & Investments	\$ 2,596,550	\$ 4,869,022	\$ 9,453,163	\$ 14,872,208	\$ 20,922,426	\$ 23,823,748
Accounts Receivable	\$ 656,837	\$ 645,206	\$ 417,500	\$ 758,691	\$ 1,359,704	\$ 1,489,762
Interest	\$ 2,512	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Receivable	\$ -	\$ 9,137	\$ 9,137	\$ 9,137	\$ -	\$ -
Inventories	\$ 401,349	\$ 434,268	\$ 554,203	\$ 722,132	\$ 810,964	\$ 253,010
<b>Total Current Assets</b>	<b>\$ 3,657,248</b>	<b>\$ 5,957,633</b>	<b>\$ 10,434,003</b>	<b>\$ 16,362,168</b>	<b>\$ 23,093,094</b>	<b>\$ 25,566,520</b>
<u>Non-Current Assets</u>						
Advances Receivable	\$ 3,791,759	\$ 3,911,654	\$ 4,022,240	\$ 3,613,159	\$ 3,222,642	\$ 2,557,460
Loans Receivable	\$ 357,793	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Capital Assets</u>						
Land & Improvements	\$ 218,742	\$ 218,742	\$ 218,742	\$ 218,742	\$ 259,333	\$ 259,333
Buildings	\$ 48,447,947	\$ 48,457,209	\$ 48,457,209	\$ 48,457,208	\$ 48,497,149	\$ 48,498,822
Machinery & Equipment	\$ 5,865,828	\$ 5,788,282	\$ 5,874,939	\$ 6,018,131	\$ 6,704,067	\$ 7,326,804
Infrastructure	\$ 12,938,624	\$ 12,938,624	\$ 13,110,752	\$ 13,110,752	\$ 13,476,134	\$ 13,620,179
Construction in Progress	\$ 2,063,021	\$ 2,806,692	\$ 3,250,375	\$ 3,683,692	\$ 1,283,805	\$ 3,782,275
Accumulated Depreciation	\$ (24,873,234)	\$ (26,300,761)	\$ (27,894,420)	\$ (29,473,425)	\$ (31,036,651)	\$ (32,591,982)
<b>Total Non-Current Assets</b>	<b>\$ 48,810,480</b>	<b>\$ 47,820,442</b>	<b>\$ 47,039,837</b>	<b>\$ 45,628,259</b>	<b>\$ 42,406,479</b>	<b>\$ 43,452,891</b>
<b>TOTAL ASSETS</b>	<b>\$ 52,467,728</b>	<b>\$ 53,778,075</b>	<b>\$ 57,473,840</b>	<b>\$ 61,990,427</b>	<b>\$ 65,499,573</b>	<b>\$ 69,019,411</b>
<u>Deferred Outflows of Resources</u>						
Deferred Outflows Related to Pension	\$ 753,567	\$ 960,137	\$ 1,293,472	\$ 973,660	\$ 1,062,888	\$ 903,968
<b>Total Deferred Outflows of Resources</b>	<b>\$ 753,567</b>	<b>\$ 960,137</b>	<b>\$ 1,293,472</b>	<b>\$ 973,660</b>	<b>\$ 1,062,888</b>	<b>\$ 903,968</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 53,221,295</b>	<b>\$ 54,738,212</b>	<b>\$ 58,767,312</b>	<b>\$ 62,964,087</b>	<b>\$ 66,562,461</b>	<b>\$ 69,923,379</b>
<b>LIABILITIES</b>						
<u>Current Liabilities</u>						
Accounts Payable	\$ 856,786	\$ 601,776	\$ 556,218	\$ 726,312	\$ 1,306,341	\$ 1,226,262
Accrued Personnel Costs	\$ 129,848	\$ 150,132	\$ -	\$ 178,644	\$ 218,921	\$ 239,978
Insurance Claims Payable	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ -
Retentions Payable	\$ -	\$ -	\$ -	\$ -	\$ 2,783	\$ 71,669
Customer Deposits	\$ 6,175	\$ 24,152	\$ 46,643	\$ 63,666	\$ 18,879	\$ 9,931
Unearned Revenue	\$ -	\$ 2,372	\$ -	\$ -	\$ -	\$ -
Compensated Absences	\$ 10,051	\$ 10,232	\$ 10,453	\$ 11,801	\$ 11,428	\$ 13,701
Notes Payable	\$ -	\$ -	\$ -	\$ 17,538	\$ 14,511	\$ 13,888
<b>Total Current Liabilities</b>	<b>\$ 1,002,860</b>	<b>\$ 788,664</b>	<b>\$ 613,314</b>	<b>\$ 997,961</b>	<b>\$ 1,822,863</b>	<b>\$ 1,575,429</b>
<u>Non-Current Liabilities</u>						
Compensated Absences	\$ 157,463	\$ 160,307	\$ 163,759	\$ 184,877	\$ 179,043	\$ 214,648
Net OPEB Liability	\$ 321,790	\$ 319,812	\$ 373,403	\$ 373,403	\$ 395,427	\$ 395,427
Net Pension Liability	\$ 3,306,708	\$ 4,097,680	\$ 4,798,463	\$ 4,835,532	\$ 6,091,025	\$ 5,881,983
Notes Payable	\$ -	\$ -	\$ -	\$ 36,890	\$ 44,603	\$ 30,716
<b>Total Non-Current Liabilities</b>	<b>\$ 3,785,961</b>	<b>\$ 4,577,799</b>	<b>\$ 5,335,625</b>	<b>\$ 5,430,702</b>	<b>\$ 6,710,098</b>	<b>\$ 6,522,774</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 4,788,821</b>	<b>\$ 5,366,463</b>	<b>\$ 5,948,939</b>	<b>\$ 6,428,663</b>	<b>\$ 8,532,961</b>	<b>\$ 8,098,203</b>
<u>Deferred Inflows of Resources</u>						
Deferred Inflows Related to Pensions	\$ 863,620	\$ 248,739	\$ 156,929	\$ 147,298	\$ 166,797	\$ 31,810
<b>Total Deferred Inflows of Resources</b>	<b>\$ 863,620</b>	<b>\$ 248,739</b>	<b>\$ 156,929</b>	<b>\$ 147,298</b>	<b>\$ 166,797</b>	<b>\$ 31,810</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 5,652,441</b>	<b>\$ 5,615,202</b>	<b>\$ 6,105,868</b>	<b>\$ 6,575,961</b>	<b>\$ 8,699,758</b>	<b>\$ 8,130,013</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	\$ 44,660,928	\$ 43,908,788	\$ 43,017,597	\$ 41,960,672	\$ 39,124,723	\$ 40,850,827
Unrestricted	\$ 2,907,926	\$ 5,214,222	\$ 9,643,847	\$ 14,427,454	\$ 18,737,980	\$ 20,942,539
<b>Total Net Position</b>	<b>\$ 47,568,854</b>	<b>\$ 49,123,010</b>	<b>\$ 52,661,444</b>	<b>\$ 56,388,126</b>	<b>\$ 57,862,703</b>	<b>\$ 61,793,366</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<b>\$ 53,221,295</b>	<b>\$ 54,738,212</b>	<b>\$ 58,767,312</b>	<b>\$ 62,964,087</b>	<b>\$ 66,562,461</b>	<b>\$ 69,923,379</b>

## GOVERNANCE

### Local Accountability & Structure

The Watsonville Water Department is a municipal utility that is owned and operated by the City of Santa Cruz. It is led by a Director who is appointed by the City Manager and administers the day-to-day operations of the Water Department. The City Water Department employs a full-time staff of 44 employees. The governing body for the Water Department is the seven member City Council. The current board members are as follows:

**Table 44: Watsonville Council Members**

Board Member	Term of Office
<b>Jimmy Dutra</b>	First Elected: 2020 Term Limit Ends: 2024
<b>Francisco Estrada</b>	First Elected: 2018 Term Limit Ends: 2022
<b>Rebecca Garcia</b>	First Elected: 2014 Term Limit Ends: 2022
<b>Lowell Hurst</b>	First Elected: 2011 Term Limit Ends: 2022
<b>Eduardo Montesino</b>	First Elected: 2020 Term Limit Ends: 2024
<b>Ari Parker</b>	First Elected: 2018 Term Limit Ends: 2022
<b>Vanessa Quiroz-Carter</b>	First Elected: 2022 Term Limit Ends: 2024

#### Board Meetings

The City Council typically meets on the second and fourth Tuesday of each month. The meeting dates are posted at city hall and on the City's Website. Public meetings are typically held at 4:00pm.

#### Urban Water Management Plan

The California Department of Water Resources indicates that Urban Water Management Plans ("UWMPs") are prepared by urban water suppliers every five years (California Water Code Sections 10610-10656; 10608). These plans support the suppliers' long-term resource planning to ensure that adequate water supplies are available to meet existing and future water needs. The City adopted its UWMP in 2020,<sup>9</sup> which provides an in-depth overview of the City's current and future water demand and infrastructure.

<sup>9</sup> 2020 UWMP: <https://www.cityofwatsonville.org/DocumentCenter/View/16377/2020-Watsonville-Urban-Water-Management-Plan>

## 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. SB 929 identifies a number of components that must be found within an agency's website. Additionally, the Special District Leadership Foundation (SDLF), an independent, non-profit organization formed to promote good governance and best practices among California's special districts, has also outlined recommended website elements as part of its District Transparency Certificate of Excellence. This program was created in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency. Based on SB 929's criteria and the recommendations by SDLF, LAFCO thoroughly reviewed the City's website even though the law only applies to independent special districts. **Tables 46 and 46** summarize staff's findings on whether the website is meeting the statutory requirements. At present, the City does meet the statutory requirements under SB 929 and SDLF's website transparency criteria. The only item that is not found in the City's website is LAFCO's adopted service reviews. Overall, the City has a transparent website filled with useful information and resources that are easily accessible.

**Table 45: Website Transparency (Required Items)**

Website Components	Status (Yes = X)
<b>Required Items (SB 949 Criteria and SDLF Benchmarks)</b>	
1. Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	✓
3. Names of Key Staff, including General Manager	✓
4. Contact Information for Staff	✓
5. Election/Appointment Procedure & Deadlines	✓
6. Board Meeting Schedule*	✓
7. Mission Statement	✓
8. Description of District's Services/Functions and Service Area	✓
9. Authorizing Statute/Enabling Act	✓
10. Adopted District Budgets*	✓
11. Financial Audits*	✓
12. Archive of Board Meeting Agendas & Minutes*	✓
13. Link to State Controller's Webpages for District's reported Board Member and Staff Compensation	N/A
14. Link to State Controller's Webpages for District's reported Financial Transaction Report	N/A
15. Reimbursement & Compensation Policy / Annual Policies	✓
16. Home Page Link to Agendas/Board Packets	✓
17. SB 272 - Compliance-Enterprise Catalogs	✓
18. Machine Readable/Searchable Agendas	✓
19. Recipients of Grant Funding or Assistance	✓
20. Link or Copies of LAFCO's Service & Sphere Reviews	
<b>Total Score (out of a possible 18 – 2 do not apply to cities)</b>	<b>17 (94%)</b>

\*Footnote: Senate Bill 929 Statutory Requirements; Items 13 and 14 do not apply to cities



**Table 46: Website Transparency (Recommended Items)**

Website Components	Status (Yes = X)
<b>Additional Items (SDFL's Recommended Elements)</b>	
1. Board Member Ethics Training Certificates	✓
2. Picture, Bio, and Email Addresses of Board Members	✓
3. Last Three Years of Audits	✓
4. Financial Reserves Policy	✓
5. Online/Downloadable Public Records Act Request Form	✓
6. Audio or Video Recordings of Board Meetings	✓
7. Map of District Boundaries/Service Area	✓
8. Link to CSDA Mapping Program	N/A
9. General Description of Special Districts or Link to <a href="http://www.districtmakethedifference.org">www.districtmakethedifference.org</a>	N/A
10. Link to Most Recently Filed to FPPC Forms	✓
<b>Total Score (out of a possible 8 – 2 do not apply to cities)</b>	<b>8 (100%)</b>

Footnote: Items 8 and 9 do not apply to cities

## Opportunities and Challenges

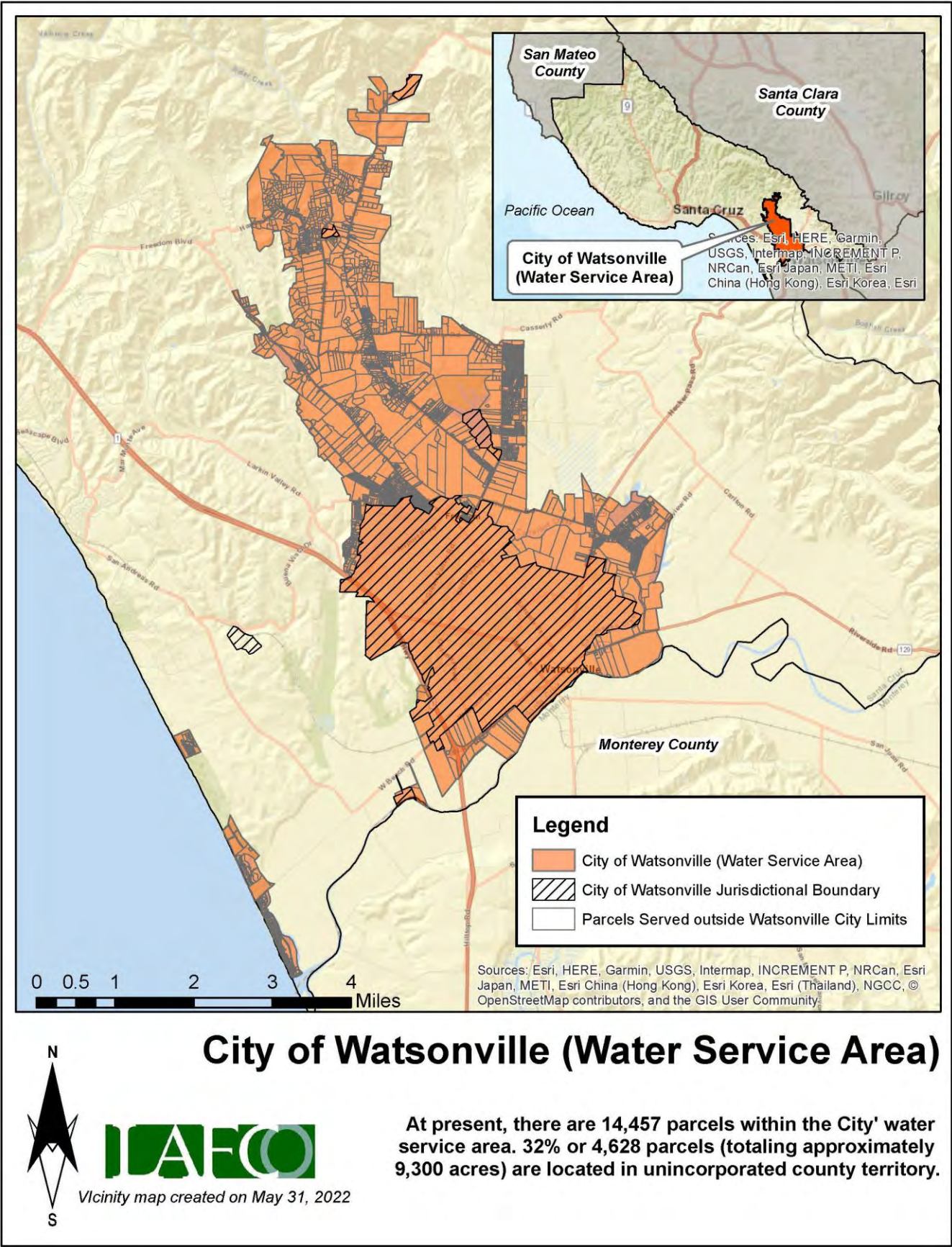
Water agencies, including city water departments, are significantly affected by various factors, including aging infrastructure, escalating operational costs, drought impacts, increase in customer demand, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common not only in Santa Cruz County but throughout the State. The following section discusses these challenges and identifies possible opportunities to ensure that residents receive the best level of water services.

### Areas Served Outside Jurisdictional Boundary

Pursuant to Government Code Section 56133, a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the Commission in the affected county. LAFCO may also authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization. In other words, except for the specific situations exempted by Government Code Section 56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from LAFCO. Based on staff's analysis, the City is providing services outside its jurisdiction to approximately 4,700 parcels. The vast majority of these parcels are receiving water services without LAFCO's review and authorization. This is primarily due to the fact that the City began providing water prior to the creation of LAFCO in 1963. **Figure 32** on page 92 shows the subject parcels receiving services outside the City's jurisdiction.

**LAFCO Staff Recommendation:** *The City should develop a plan to determine when the areas within its water service area should be annexed. The plan should be developed and submitted to LAFCO prior to their next service review cycle (August 2027).*

Figure 32: Areas Served Outside the City's Jurisdiction



### Small Water Systems

One area that LAFCO can provide assistance now is addressing any failing mutual water companies (MWCs) or private water systems near WWSA. MWCs are regulated by California's Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, mutual water companies are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board and our local Regional Water Quality Control Board. However, over the years, many MWCs have operated without much oversight from the State. That is why the Legislature enacted Assembly Bill 54 in 2012. This law imposes new requirements on mutual water companies that own and operate public water systems and requires greater coordination between them and LAFCO in each county. Corporations Code 14301.1 requires mutual water companies to submit a map depicting its service area to LAFCO.

A total of 42 private water systems are located within and outside the City's water service area. **Figure 33** on page 94 identifies the location of each water system in relation to WWSA. **Table 47** on page 95 also provide more information about the private water systems. While LAFCOs do not have full authority over mutual water companies when compared to with cities and special districts, AB 54 does allow LAFCO to analyze these water systems as part of a service review. Identifying these private water systems may lead to coordination with WWSA and possible annexation, if desired.

***LAFCO Staff Recommendation:*** *The City should coordinate with LAFCO and the subject private water systems to analyze possible annexations and/or sphere amendments to include any mutual water company or other nearby water system that can no longer provide adequate level of service.*

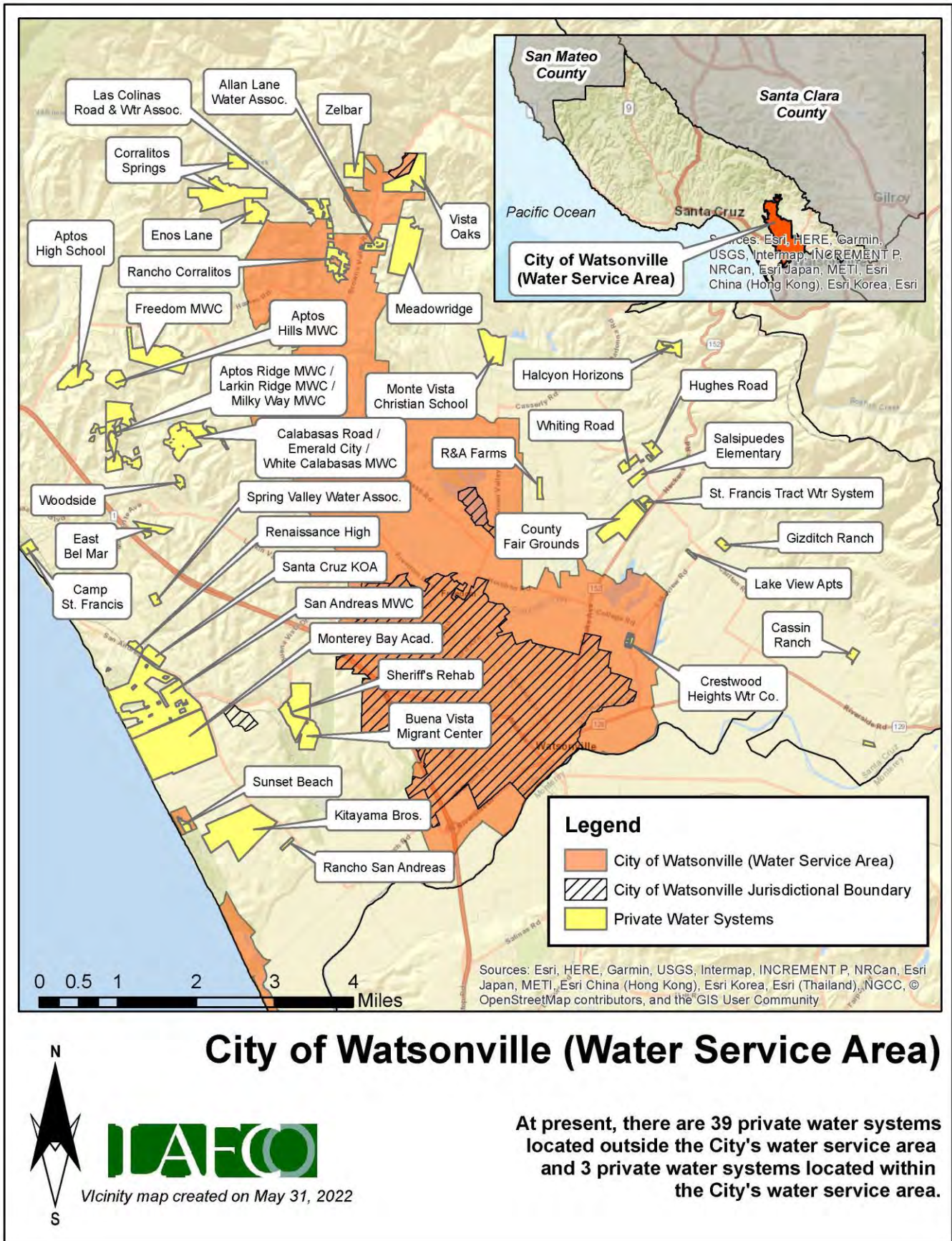
### Strategic Partnerships

Several water agencies have expressed interest in exploring ways to further collaborate. Many water agencies have interties in the event of emergencies and all water agencies (including the two Cities) are members of groundwater-related joint powers authorities. This means that the public water providers are already working together in overseeing how water is delivered countywide. It may be beneficial for the water agencies to consider further strategic partnerships, including but not limited to sharing resources and staff, establishing a countywide memorandum of understanding for emergency-related interties, and joint procurements or professional service agreements (i.e. Audits). Such partnerships may also lay the foundation for future changes of organization, including but not limited to annexations, reorganizations, or consolidations.

***LAFCO Staff Recommendation:*** *The City should explore additional ways to share services and resources with neighboring agencies, including but not limited to nearby water districts.*



**Figure 33: Map of Private Water Systems Outside the City's Water Service Area**





**Table 47: List of Private Water Systems Outside the City of Watsonville**

#	Water System Name	Type of Water System	Size (Square Miles)	Population
<b>Private Water Systems OUTSIDE City's Jurisdictional Boundary</b>				
1	Renaissance High	Small Water System (2 connections)	0.02	250
2	Kitayama Bros.	Small Water System (3 connections)	0.35	50
3	Sheriff's Rehab	Small Water System (5 connections)	0.17	235
4	R&A Farms	Small Water System (5 connections)	0.02	48
5	Gizditch Ranch	Small Water System (5 connections)	0.02	200
6	Larkin Ridge MWC	Small Water System (5 connections)	0.02	10
7	Freedom MWC	Small Water System (5 connections)	0.19	10
8	East Bel Mar	Small Water System (5 connections)	0.04	12
9	Aptos High School	Small Water System (6 connections)	0.09	1,925
10	Zelbar	Small Water System (6 connections)	0.06	15
11	Enos Lane	Small Water System (6 connections)	0.08	22
12	Corralitos Springs	Small Water System (6 connections)	0.25	11
13	Lake View Apartments	Small Water System (7 connections)	0.01	43
14	Whiting Road	Small Water System (7 connections)	0.03	20
15	Spring Valley Water Assoc.	Small Water System (7 connections)	0.01	16
16	Cassin Ranch	Small Water System (8 connections)	0.02	30
17	Woodside	Small Water System (8 connections)	0.02	16
18	Milky Way MWC	Small Water System (9 connections)	0.03	20
19	Rancho San Andreas	Small Water System (11 connections)	0.01	200
20	Vista Oaks	Small Water System (11 connections)	0.13	30
21	Emerald City	Small Water System (12 connections)	0.11	30
22	Aptos Hills MWC	Small Water System (12 connections)	0.13	32
23	Hughes Road	Small Water System (13 connections)	0.03	25
24	White Calabasas MWC	Small Water System (14 connections)	0.05	31
25	Camp St. Francis	Medium Water System (16 connections)	0.02	57
26	Aptos Ridge MWC	Medium Water System (16 connections)	0.09	52
27	Allan Lane Water Assoc.	Medium Water System (17 connections)	0.04	68
28	Meadowridge	Medium Water System (18 connections)	0.22	42
29	Las Colinas Road & Wtr Assoc.	Medium Water System (24 connections)	0.07	70
30	St. Francis Tract Water System	Medium Water System (29 connections)	0.03	118
31	Rancho Corralitos*	Medium Water System (31 connections)	0.08	60
32	Monte Vista Christian School	Medium Water System (43 connections)	0.11	1,083
33	Crestwood Heights Water Co.*	Medium Water System (45 connections)	0.01	126
34	Sunset Beach*	Medium Water System (65 connections)	0.02	150
35	Monterey Bay Acad.	Medium Water System (78 connections)	0.58	400
36	Santa Cruz KOA	Medium Water System (235 connections)	0.04	110
37	San Andreas MWC	Medium Water System (135 connections)	0.54	350
38	Buena Vista Migrant Center	Medium Water System (140 connections)	0.08	455
39	Calabasas Road	Medium Water System (15 to 199 connections)	0.01	17
40	County Fair Grounds	Medium Water System (15 to 199 connections)	0.16	550
41	Elevate Addiction Services (previously Halcyon Horizons)	Medium Water System (15 to 199 connections)	0.04	80
42	Alianza Charter School (previously Salsipuedes Elementary)	Medium Water System (15 to 199 connections)	0.02	967

\*Footnote: Crestwood Heights Water Company, Rancho Corralitos, and Sunset Beach are located within the City's Water Service Area.

## SPHERE OF INFLUENCE

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### Current Sphere Boundary

Santa Cruz LAFCO adopted the City's first sphere of influence on January 12, 1983. The current sphere excludes areas within the City's water service area. The last sphere update occurred in October 2021 as part of the Countywide Fire Protection Service and Sphere Review. **Figure 34** on page 97 shows the current sphere of influence boundary.

### Proposed Sphere Boundary

In accordance with state law, the sphere boundary should focus on areas that may receive additional services from the City in the foreseeable future. Based on staff's analysis, the City provides services outside its city limits, totaling 4,628 parcels (approximately 9,400 acres). These parcels are shown in **Figure 32** on page 92. LAFCO staff is recommending that the sphere boundary be expanded to include the City's water service area. **Figure 35** on page 98 shows the proposed sphere boundary. Further analysis would be required as part of any annexation application to determine whether the City is willing and capable of providing services to the annexation area(s), if annexation is pursued in the future based on the new sphere and submitted plan.

**LAFCO Staff Recommendation:** *The City should develop a plan to determine when the areas within its water service area should be annexed. The plan should be developed and submitted to LAFCO prior to their next service review cycle (August 2027).*

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Figure 34: City's Current Sphere Map

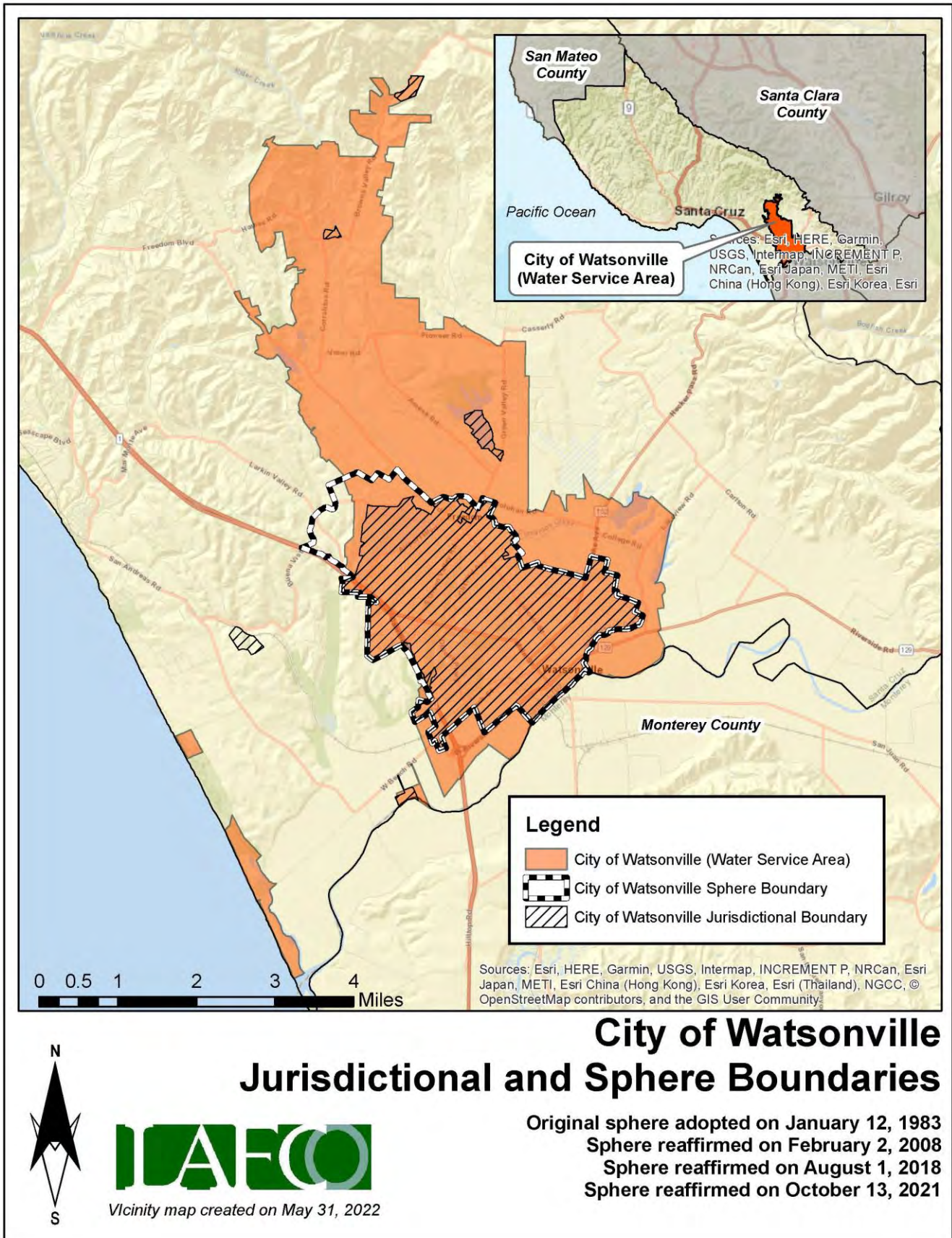
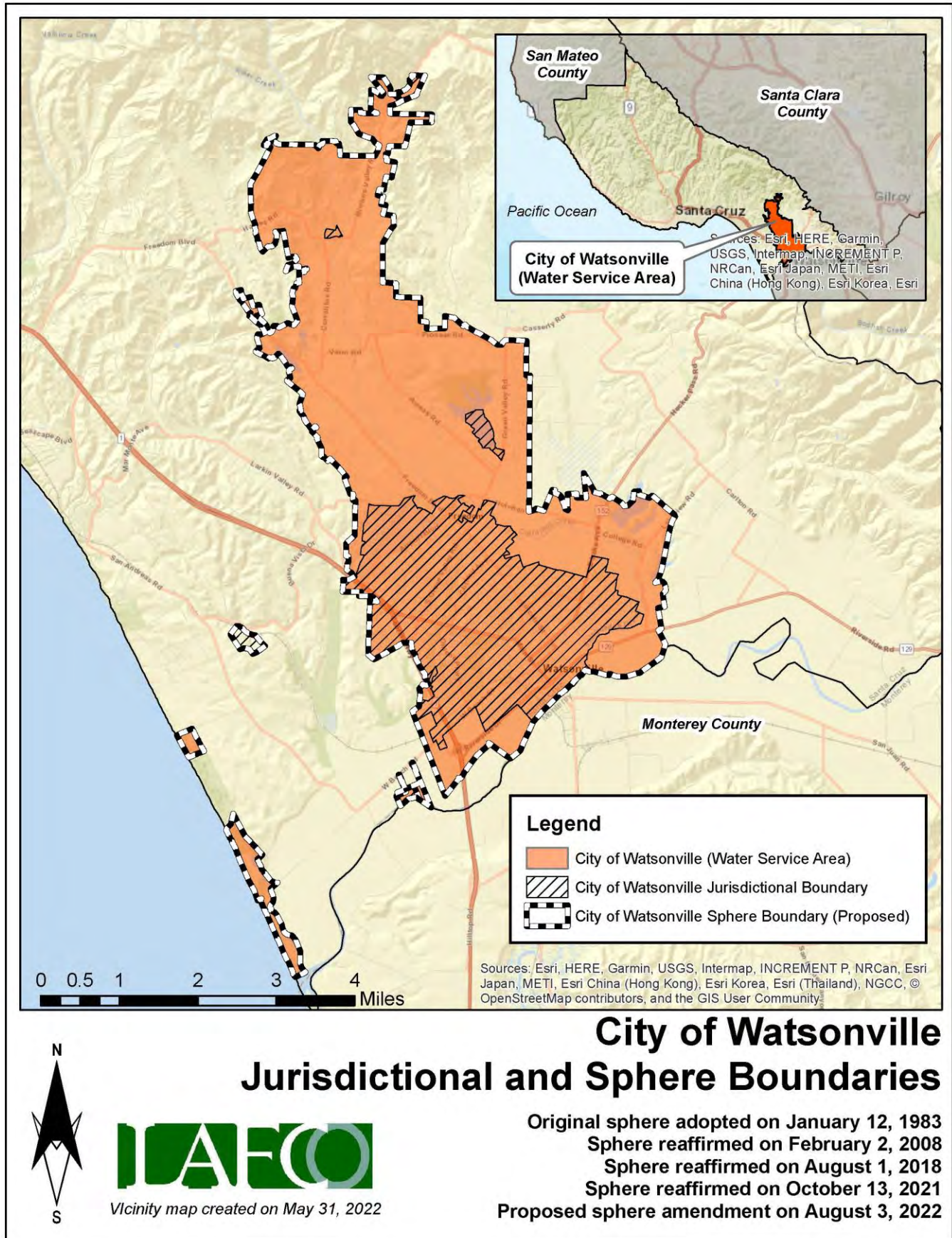




Figure 35: City's Proposed Sphere Map





## DISTRICT SUMMARY

City of Watsonville Water Department	
<b>Formation</b>	California Charter City Law (Article XI, section 3(a) of the California Constitution)
<b>Board of Directors</b>	<b>City Council:</b> 7 members (four-year terms)
<b>Contact Person</b>	Rene Mendez, City Manager
<b>Employees</b>	44 Full-Time Employees
<b>Facilities</b>	14,884 connections; 190 miles of pipeline; 14 wells; 9 booster stations; 9 hydraulic pressure zones; and 8 reservoirs and water storage facilities.
<b>WSA Area</b>	21 square miles (appx. 13,000 acres)
<b>Sphere of Influence</b>	<p><b>Current Sphere:</b> Larger than the City (i.e., sphere boundary includes areas outside the City's jurisdictional boundary)</p> <p><b>Proposed Sphere:</b> Larger than the City (i.e., sphere boundary includes areas outside the City's jurisdictional boundary)</p>
<b>FY 2020-21 Audit</b>	<p>Total Revenue = \$19,935,279</p> <p>Total Expenditure = \$16,004,616</p> <p>Net Position (Ending Balance) = \$61,793,366</p>
<b>Contact Information</b>	<p>Mailing Address: 250 Main Street, Watsonville CA 95076 (Water Department)</p> <p>Phone Number: (831) 831-768-3100</p> <p>Email Address: <a href="mailto:citymanager@cityofwatsonville.org">citymanager@cityofwatsonville.org</a></p> <p>Website: <a href="https://www.cityofwatsonville.org/">https://www.cityofwatsonville.org/</a></p>
<b>Public Meetings</b>	The City Council meets in the Watsonville City Council Chambers, 275 Main Street, on the second and fourth Tuesday of each month, at 4:00 p.m.
<b>Mission Statement</b>	The Water Division is responsible for one of life's most valuable resources: drinking water. The City provides service to residential, commercial, industrial, and institutional customers assuring delivery of the highest quality of potable water serving Watsonville and parts of unincorporated areas of Santa Cruz County.

## SERVICE AND SPHERE REVIEW DETERMINATIONS

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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.**

The population of WWSA in 2020 was estimated to be 65,000. Based on LAFCO's analysis, the population within WWSA will be approximately 70,000 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the City's sphere boundary.

**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.**

In accordance with the California Water Code, every urban water supplier with 3,000 or more service connections or supplying more than 3,000 acre-feet of water per year are required to prepare an Urban Water Management Plan every five years. With 14,884 active service connections, the City of Watsonville clearly meets the definition of "Urban Water Supplier" and prepared a plan in 2020.

**4. Financial ability of agencies to provide services.**

WWSA is financially sound. The District ended with a surplus in five of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$62 million. LAFCO believes that this positive trend will continue based upon the City's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages the City to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding WWSA. At present, there are 42 private water systems near WWSA.

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

The City has a detailed and transparent website that provides in-depth information regarding the City's various departments, including its water department.

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

LAFCO recommends that the City develop a plan to determine when the areas within its water service area should be annexed. The plan should be developed and submitted to LAFCO prior to their next service review cycle (August 2027).

## 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.**

At present, the majority of land within the City's water service area is designated as Agriculture. The remaining areas also include unincorporated territory designated for various land uses including residential under the County's existing general plan.

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

The City adopted an Urban Water Management Plan in 2020 which provides an in-depth overview of the City's current and future water demand and infrastructure.

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

The City's regional water system consists of 190 miles of pipelines, 14 wells, 8 reservoirs and the Corralitos Filtration Plant treatment plant that delivers clean, safe water to our service population of 66,000 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.**

A total of 42 private water systems are located near WWSA. The City should coordinate with LAFCO and the subject private water systems to analyze possible annexations and/or sphere amendments to include any mutual water company or other nearby water system that can no longer provide adequate level of service.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the City's sphere boundary.

## COUNTY SERVICE AREA 54 (SUMMIT WEST)

### OVERVIEW

The County Service Area 54 was formed on February 7, 1996 to provide water services to the Summit West community located in the Santa Cruz Mountains south of Summit Road and west of Highway 17. **Figure 36**, on page 103, is a vicinity map depicting the District's current jurisdictional boundary.

### History

For many years prior to 1987, the CSA 54 area received water service from the Mountain Charlie Water Works, a private water company, subject to State Public Utility Commission rate regulation, and State and County Health Department regulation of drinking water quality. In 1987, the water company had approximately 150 customers in a low-density, mountain residential area. The water system was damaged in the 1989 Loma Prieta earthquake. The water company was unable to meet quality or quantity standards. Customers were distraught with the water company and the ineffectiveness of the regulatory bodies. A 1995 decision of the State Public Utilities Commission found that the management of the Mt. Charlie Water Works had neither the financial or technical competence to meet water quality and quantity standards.

In May 1995, the County of Santa Cruz petitioned the Superior Court to place the Mt. Charlie system under receivership. The Court granted the petition and appointed a receiver, John W. Richardson. Seeking a permanent solution, system customers also approached the County of Santa Cruz with the concept of using the County's power of eminent domain to acquire and run the water system. On February 7, 1996, LAFCO approved the County's application to form the county service area.

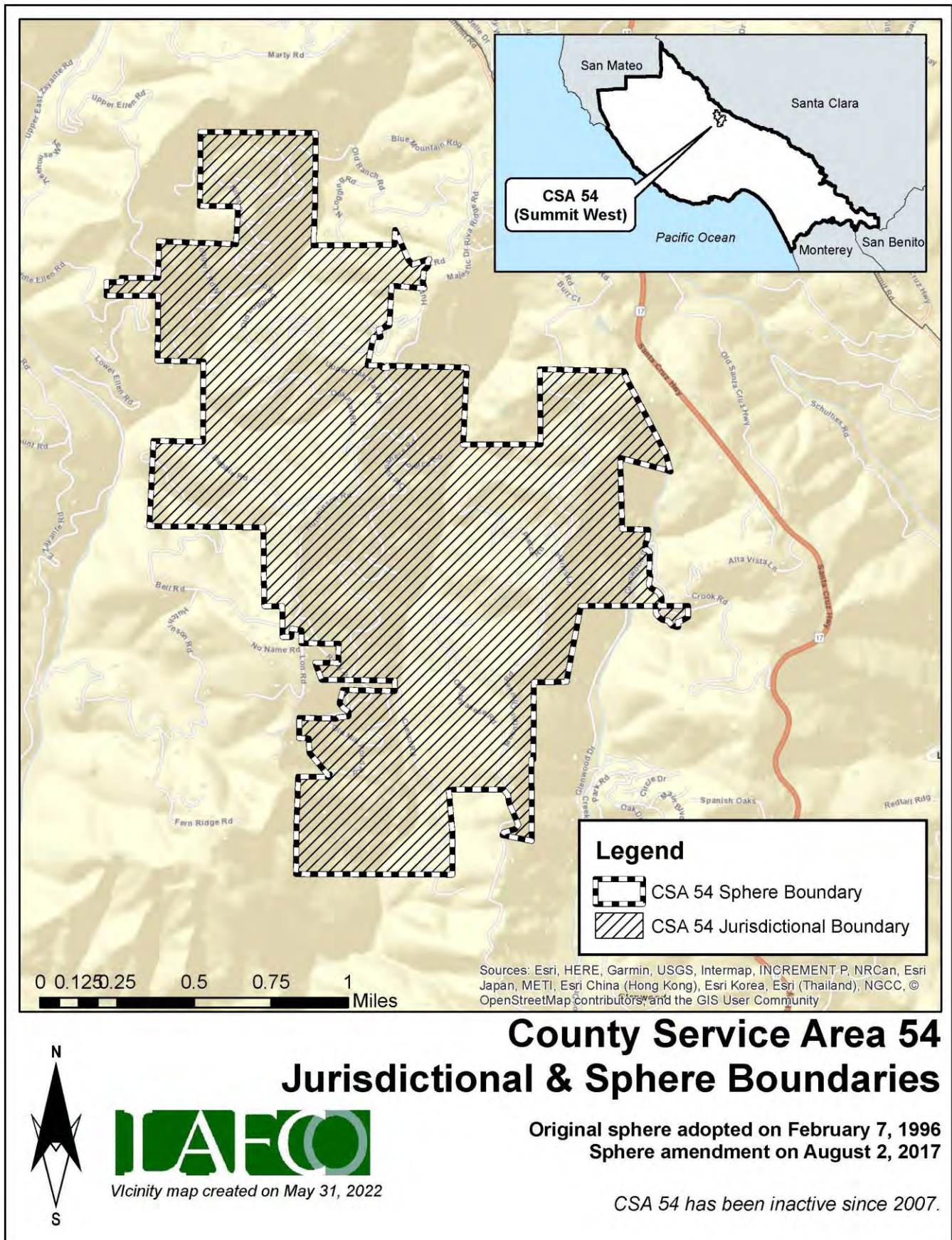
### CSA Inactivity

The County then collected a levy from the property owners within CSA 54, and proceeded to file an eminent domain lawsuit to acquire the key water rights and operating facilities of the Mt. Charlie Water Works. The suit was settled with the rights and facilities being acquired in exchange for a cash amount. The County began operating the system and the customers organized a mutual benefit corporation which would ultimately take over operations of the water system.

In May 2001, the Board of Supervisors authorized the transfer of the water system to the newly-formed mutual, the Summit West Mutual Water Company. For a period of time after the transfer was complete, CSA 54 continued to collect a levy in order to make payments on a State Department of Water Resources loan. The loan was eventually transferred to the Summit West Mutual Water Company, and they have since paid it off. In 2005, the Summit West Mutual Water Company served 139 connections, and was obligated to serve an additional 25 properties within the service area if connections were requested. The County stopped collecting CSA 54 levies, but maintained the balance in the CSA 54 account. On October 16, 2007, the Board of Supervisors used \$25,000 of CSA 54's fund balance to help fund storm damage repairs to a supply main slip out on Upper Oak Flat Road. Since then, CSA 54 has been inactive.



Figure 36: CSA 54's Vicinity Map



## Population and Growth

Based on staff's analysis, the population of CSA 54 in 2020 was estimated to be 550. 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. **Table 48** shows the anticipated population within the CSA. The average rate of change is 0.86%. Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for the CSA. LAFCO staff increased CSA 54's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of the CSA will be approximately 570 by 2040.

**Table 48: 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%
<b>CSA 54</b>	<b>550</b>	<b>555</b>	<b>559</b>	<b>564</b>	<b>569</b>	<b>0.86%</b>

Source: AMBAG 2018 Regional Growth Forecast and GIS Parcel Data

## FINANCES

As previously mentioned, CSA 54 has been inactive since 2007. The County has not been providing services or collecting funds for over fifteen years. Therefore, LAFCO did not conduct a financial analysis for this agency.

## GOVERNANCE

Senate Bill 448 was signed by the Governor on September 27, 2017 and went into effect the following year. This bill requires the State Controller, on or before November 1, 2018, and every year thereafter, to create a list of special districts that are inactive, based upon the financial reports received by the Controller. LAFCO anticipates the State to identify CSA 54 as an inactive district and require the completion of a mandatory dissolution.

## SPHERE OF INFLUENCE

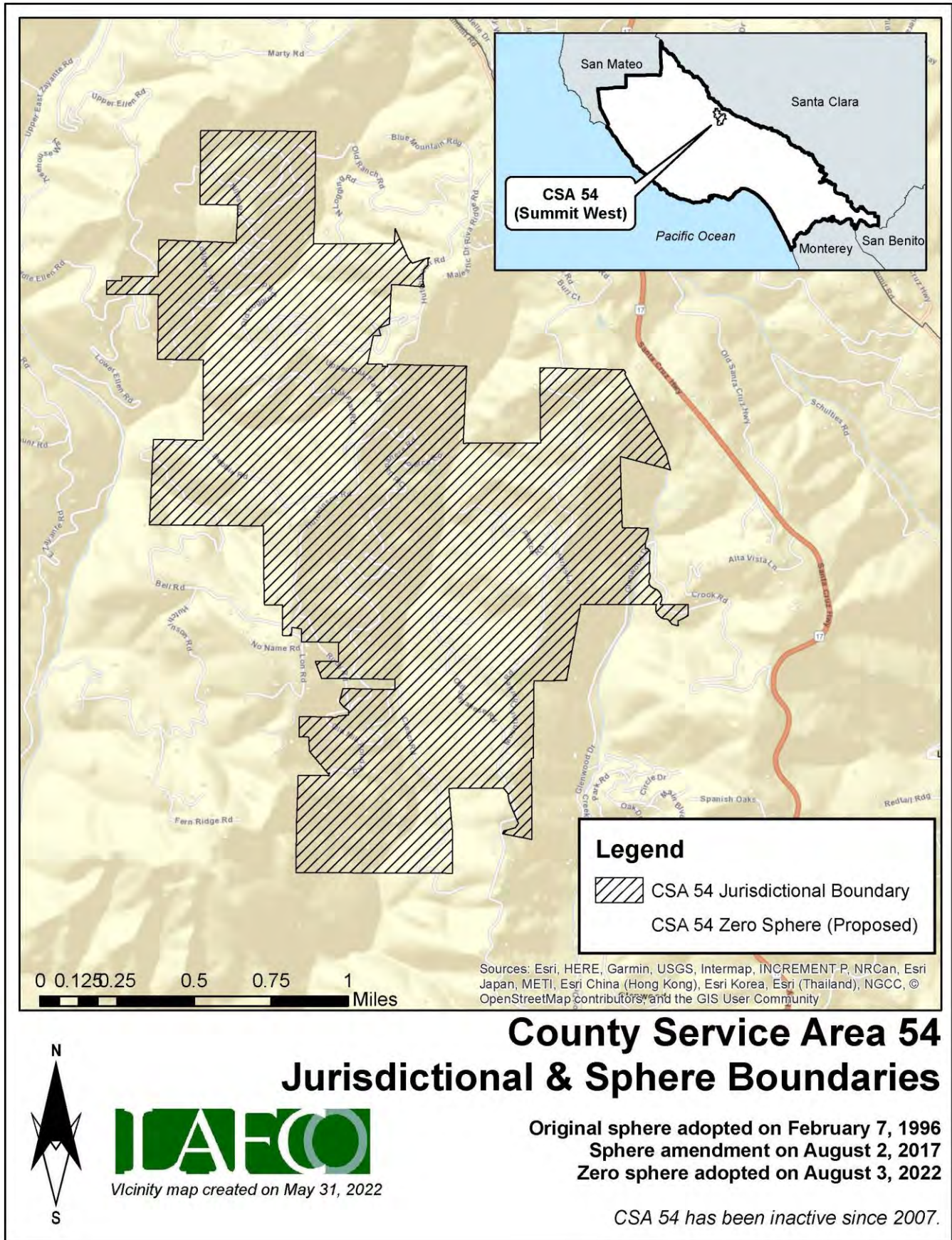
### Proposed Sphere Boundary

Due to the lack of operations and governance, LAFCO staff is recommending the adoption of a zero sphere, as shown as **Figure 37** on page 105. LAFCO may adopt a "zero" sphere (encompassing no territory) for a public agency when the Commission has determined that the service functions of the affected agency are either: nonexistent, no longer needed, or should be reallocated to some other local government. Adoption of a zero sphere indicates that the CSA should ultimately be dissolved .

**LAFCO Staff Recommendation:** Adopt a zero sphere as a precursor to dissolution. The County or LAFCO should initiate dissolution by December 2022.



Figure 37: CSA 54's Proposed Sphere Map



## DISTRICT SUMMARY

County Service Area 54 (Summit West)	
<b>Formation</b>	California County Service Area Law, Section 25,000 et seq.
<b>Board of Directors</b>	County Board of Supervisors
<b>Contact Person</b>	No General Manager
<b>Employees</b>	0 Full-Time Employees
<b>Facilities</b>	None
<b>District Area</b>	2.14 square miles (appx. 1,400 acres)
<b>Sphere of Influence</b>	<p><b>Current Sphere:</b> Coterminous (i.e. sphere boundary the same as the District's jurisdictional boundary)</p> <p><b>Proposed Sphere:</b> Zero (i.e., precursor to dissolution)</p>
<b>FY 2020-21 Audit</b>	<p>Total Revenue = \$0</p> <p>Total Expenditure = \$0</p> <p>Net Position (Ending Balance) = \$0</p>
<b>Contact Information</b>	<p>Mailing Address: None</p> <p>Phone Number: None</p> <p>Email Address: None</p> <p>Website: None</p>
<b>Public Meetings</b>	N/A
<b>Mission Statement</b>	None



## SERVICE AND SPHERE REVIEW DETERMINATIONS

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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.**

The population of CSA 54 in 2020 was estimated to be 550. Based on LAFCO's analysis, the population within the CSA will be approximately 570 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

**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.**

There is no present and planned capacity of public facilities or adequacy of public services. The CSA has no general manager, no office, no website, no capital improvement plan, and a significant lack of transparency.

**4. Financial ability of agencies to provide services.**

The CSA has been inactive since 2007. The County has not collected any revenue or incurred any expenses in over fifteen years.

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

LAFCO strongly encourages the County to support dissolution.

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

Senate Bill 448 was signed by the Governor on September 27, 2017 and went into effect the following year. This bill requires the State Controller, on or before November 1, 2018, and every year thereafter, to create a list of special districts that are inactive, based upon the financial reports received by the Controller. LAFCO anticipates the State to identify CSA 54 as an inactive district and require the completion of a mandatory dissolution.

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

LAFCO strongly encourages the County to support dissolution.

## **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.**

At present, the majority of land within the CSA is designated mountain residential.

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

The CSA has no long-term planning in place.

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

There is no present and planned capacity of public facilities or adequacy of public services. The CSA has no general manager, no office, no website, no capital improvement plan, and a significant lack of transparency.

**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.**

LAFCO staff is not aware of any social or economic communities of interest in the area besides the Summit West Mutual Water Company.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

## OVERVIEW

The Pajaro Valley Water Management Agency was formed in November 1984 through special legislation (Pajaro Valley Water Management Act<sup>10</sup>). The Act indicates that PVWMA is responsible for preventing further increase in and continuing reduction of long-term overdraft and to provide and insure sufficient water supplies for present and anticipated needs within its boundaries. Today, the District manages existing and supplemental water supplies within 124 square miles of territory that encompasses the City of Watsonville and unincorporated territory located in three counties (Monterey, San Benito, and Santa Cruz). There is a total of 21,414 parcels within the District (totaling approximately 79,000 acres) – 323 parcels in San Benito County, 3,547 parcels in Monterey County, and 17,563 parcels in Santa Cruz County.

Based on the total size and assessed value of PVWMA's service area within each county, Santa Cruz LAFCO is the "Principal LAFCO" and responsible for any future boundary changes regarding the District. **Figure 38**, on page 113, is a vicinity map depicting PVWMA's current jurisdictional boundary. **Figure 39**, on page 114, also shows the current land use designation under the County's General Plan. At present, the majority of land within the District is designated as Agriculture. A map showing the land use designations within the City of Watsonville was not produced since the City already has a map available on its website<sup>11</sup>.

Zero boundary changes have occurred since 1984. There was an attempt to detach the Aromas Water District (located in Monterey County) from PVWMA in 1990 but that application was denied by LAFCO. Since then, the District's boundary has remained unchanged.

## Services and Infrastructure

PVWMA is not a water purveyor of domestic (i.e. potable) water, such as a typical water district or municipal water department, but rather is a Groundwater Sustainability Agency (GSA) responsible for achieving sustainable groundwater resources within the Pajaro Valley Groundwater Basin. There are three main watersheds located inside PVWMA: (1) Corralitos Creek Watershed, (2) Watsonville Slough Complex (both of which are in Santa Cruz County and drain into the Pajaro River), and (3) the Carneros Creek Watershed in Monterey County, which drains into Elkhorn Slough. The Pajaro River Watershed extends east of PVWMA into San Benito County and is approximately 1,300 square miles in size. The area contributing to the flow in the Pajaro River is much larger than all of the local watersheds combined. PVWMA monitors surface water in the watersheds for electrical conductivity, calcium concentration, magnesium concentration, sodium concentration, chloride concentration, carbonate and bi-carbonate concentration, sulfate concentration, boron concentration, nitrate concentration, iron concentration, manganese concentration, potassium concentration, turbidity, and in select locations pesticides and fertilizers.

<sup>10</sup> PVWMA Act: [https://www.pvwma.org/images/about-pvwma/assets/agency\\_act\\_assets/Agency%20Act%20-%202009\\_Act%20760.PVWMA.pdf](https://www.pvwma.org/images/about-pvwma/assets/agency_act_assets/Agency%20Act%20-%202009_Act%20760.PVWMA.pdf)

<sup>11</sup> City of Watsonville Land Use Map - <https://www.cityofwatsonville.org/DocumentCenter/View/106/2005-General-Plan-Land-Use-Diagram->

While PVWMA has the authority to manage groundwater resources in the basin, PVWMA's activities typically focus on halting seawater intrusion by balancing the overdraft conditions in the basin. For example, the District's charter specifically prevents supplying potable water, which is intended to remain the responsibility of local water purveyors. Therefore, all PVWMA projects considered and approved in its Basin Management Plan only supply non-potable (irrigation) water. PVWMA activities do not include flood control, stream restoration or habitat management (except as mitigations for PVWMA projects), which are the responsibility of state and/or county jurisdictions. **Table 49** summarizes the District's services and **Table 50** provides an overview of the District's infrastructure.

**Table 49: List of Service Provisions**

Services	Checkmark (Yes)
Agricultural Water	✓
Drainage	
Groundwater Replenishment	✓
Retail Potable Water	
Recycled Water	✓
Wastewater (Sewer)	
Water Treatment	✓
Water Conservation	✓

**Table 50: List of Infrastructure / Facilities**

Infrastructure	Checkmark (Yes)	Quantity
Distribution / Storage Tanks	✓	2.5 million gallons of recycled water storage
Pressure Zones	-	-
Production Wells	✓	2 production wells; Monitors groundwater levels through 175 publicly and privately owned wells
Pump Stations	✓	6 pump stations (including 2 new distribution pumps)
Recycled Water System	✓	
Treatment Plants	✓	Recycled Water Treatment Facility (partnership with City of Watsonville)
Water Diversions	✓	Harkins Slough Filter Plant (Water Right Permit to divert up to 2,000 acre-feet per year from Harkins Slough)
Water Pipeline	✓	22 miles (Coastal Distribution System delivers supplemental water supply)
Total Connections	✓	<b>1,109 metered wells; 1,200 unmetered domestic wells; 110 turnouts (62 active)</b>



## Water Services

PVWMA's investments in integrated water infrastructure and associated water management programs are intended to protect and enhance the quality of groundwater resources in the Pajaro Basin by increasing supplemental water supply and water conservation and reducing groundwater pumping. With the completion of several water projects and the planned addition of projects described in the Basin Management Plan Update, PVWMA provides two types of water: (1) supplemental water service, and (2) delivered water service. Supplemental water service is funded by the District's augmentation charge while delivered water service is funded through the District's delivered water charge. **Table 51** on page 112 provides an overview of the water charges. In 2021, PVWMA conducted a cost study to increase its existing service charges<sup>12</sup>. **Table 52** on page 112 also shows the new service charges based on the findings from the 2021 cost study.

### Supplemental Water Service

PVWMA provides supplemental water service to groundwater users throughout the Pajaro Basin. Supplemental water service includes the purchase/acquisition, capture, storage, and distribution of supplemental water through existing facilities, as well as the implementation of projects identified in the Basin Management Plan Update to reduce groundwater overdraft and retard seawater intrusion. Existing facilities include the Watsonville Recycled Water Treatment Facility, supplemental wells for blending, the Harkins Slough Project, and the Coastal Distribution System. These facilities, and the projects identified in the BMP Update, are intended to advance the following PVWMA objectives for the benefit of all groundwater users in the Pajaro Basin: (a) Protect and maintain the ability of property owners basin-wide to continue ongoing groundwater extraction; (b) Secure the basin water supply; (c) Retard seawater intrusion; (d) Reduce overdraft; (e) Promote water conservation; and (f) Avoid harsher and stricter groundwater pumping limits that could be imposed by the Agency, State Water Resources Control Board, or court adjudication and order, and thereby protect and preserve the ability of all groundwater pumpers throughout the groundwater basin to continue relying on groundwater resources without regulatory limits.

The supplemental water service is funded primarily through an augmentation charge pursuant to the PVWMA Act. The augmentation charge is a charge levied on the extraction of groundwater from wells within PVWMA. In order to administer the charge, it is necessary for the Agency to know the actual or reasonable estimate of groundwater extraction from each well. PVWMA installs meters on all wells capable of extracting 10 or more acre feet per year. There are four well types in the Agency: (1) municipal wells operated by retail water providers; (2) agricultural wells; (3) industrial wells; and (4) small wells that serve rural residential parcels that are not connected to a public or community water system. The municipal, agricultural, and industrial wells are metered and they account for approximately 88% of the total groundwater basin water use. There are approximately 1,100 wells serving the rural residential parcels, which account for approximately 2% of the water use, and the remaining 10% of water use is by delivered water users.

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<sup>12</sup> PVWMA Cost Study: [https://www.pvwma.org/images/2021-Cost-of-Service-Rate-Study-Final\\_Feb.2021\\_Final.pdf](https://www.pvwma.org/images/2021-Cost-of-Service-Rate-Study-Final_Feb.2021_Final.pdf)

### Delivered Water Service

In addition to the supplemental water services provided basin-wide, PVWMA supplies delivered water to property owners within the Delivered Water Zone (DWZ) through the Coastal Distribution System. Delivered water is produced by PVWMA facilities constructed and operated to protect the groundwater basin from overdraft and seawater intrusion. Delivered water service includes the design, construction, operation, maintenance, management, monitoring, repair and replacement of existing facilities, and other facilities identified in the Basin Management Plan Update that provide irrigation water to delivered water service customers. The DWZ delineates those water users able to receive delivered water directly from PVWMA. Delivery and use of delivered water in the DWZ helps to preserve the amount and quality of the groundwater underlying the properties in the DWZ. As a result, properties in the DWZ are subject to a higher augmentation charge, which reflects the higher level of services provided through the immediate availability of delivered water and the benefits to the underlying groundwater. PVWMA funds this service through a delivered water charge imposed on users of the delivered water service. The only property owners subject to the delivered water charge are those who apply for and receive delivered water from the PVWMA through the Coastal Distribution System. The charge is authorized by the PVWMA Act.

**Table 51: Previous Cost of Service Rate (Unit Cost Per Acre-Foot)**

Charges	2017 (Adopted)	2018 (Adopted)	2019 (Adopted)	2020 (Adopted)	2021 (Adopted)
<b>Augmentation Charge</b>					
Metered Users (Outside Delivered Water Zone)	\$203	\$217	\$231	\$246	\$246
Metered Users (Inside Delivered Water Zone)	\$258	\$282	\$309	\$338	\$338
Unmetered Users (Rural Residential)	\$97	\$103	\$109	\$115	\$115
<b>Delivered Water Charge</b>					
Delivered Water Charge	\$359	\$369	\$381	\$392	\$392

**Table 52: New Cost of Service Rate (Unit Cost Per Acre-Foot)**

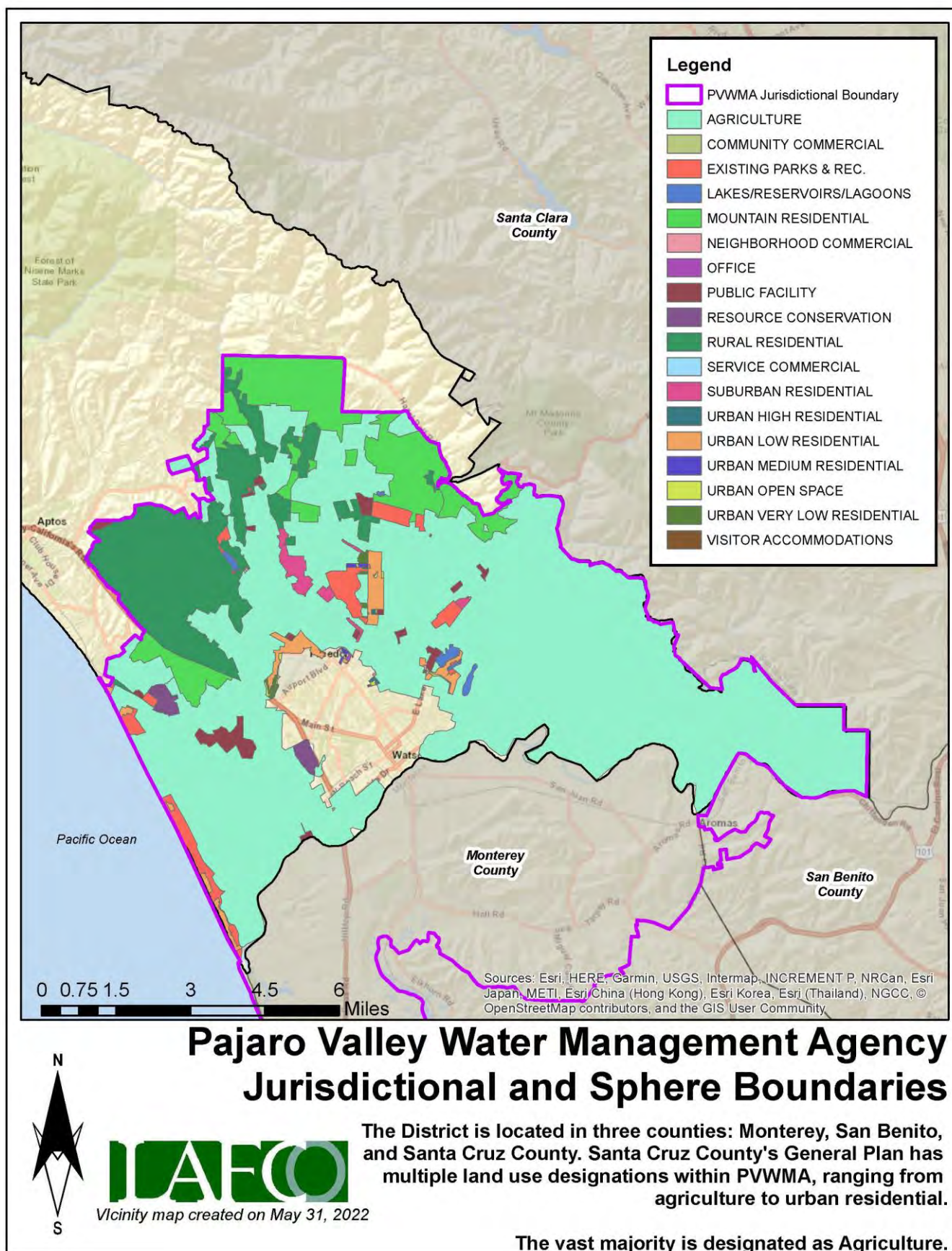
Charges	2022 (Adopted)	2023 (Adopted)	2024 (Adopted)	2025 (Adopted)	2026 (Adopted)
<b>Augmentation Charge</b>					
Metered Users (Outside Delivered Water Zone)	\$263	\$282	\$302	\$323	\$346
Metered Users (Inside Delivered Water Zone)	\$363	\$391	\$420	\$452	\$486
Unmetered Users (Rural Residential Per Residence)	\$123	\$132	\$142	\$152	\$163
<b>Delivered Water Charge</b>					
Delivered Water Charge	\$412	\$432	\$454	\$477	\$501

Figure 38: PVWMA's Vicinity Map





Figure 39: PVWMA's Land Use Map





## Population and Growth

Based on staff's analysis, the population of PVWMA in 2020 was estimated to be 90,000. 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. **Table 53** shows the anticipated population within PVWMA. The average rate of change for Monterey County is 0.25%, Santa Cruz County is 0.86%, City of Watsonville is 2.78%, and San Benito County is 6.54%.

### Population Projection

Based on the projections for the areas within the Pajaro Valley, LAFCO was able to develop a population forecast for PVWMA. LAFCO staff increased the District's 2020 population amount by 2.61% each year. Under this assumption, our projections indicate that the entire population of PVWMA will be approximately 100,000 by 2040.

**Table 53: Projected Population**

	2020	2025	2030	2035	2040	Average Rate of Change
Monterey County (unincorporated area)	105,361	105,682	106,007	106,323	106,418	0.25%
San Benito County (unincorporated area)	20,360	22,745	23,879	25,116	26,195	6.54%
Santa Cruz County (unincorporated area)	136,891	137,896	139,105	140,356	141,645	0.86%
City of Watsonville	53,536	55,187	56,829	58,332	59,743	2.78%
<b>Pajaro Valley Water Management Agency</b>	<b>90,000</b>	<b>92,347</b>	<b>94,756</b>	<b>97,227</b>	<b>99,762</b>	<b>2.61%</b>

Source: AMBAG 2018 Regional Growth Forecast and FY 2020-21 PVMWA Annual Reports

## FINANCES

This section will highlight the District's financial performance during the most recent fiscal years. Fiscal Year 2020-21 is the latest audited financial statement available. LAFCO evaluated PVWMA's financial health from 2015 to 2021. A comprehensive analysis of the District's financial performance during the past six years is shown in **Tables 57 and 58** on pages 120-121.

At the end of Fiscal Year 2020-21, total revenue collected was approximately \$30 million, representing a 25% increase from the previous year (\$24 million in FY 19-20). Total expenses for FY 2020-21 were approximately \$24 million, which decreased by 7% from the previous year (\$26 million in FY 19-20). Since 2015, the District ended each fiscal year with a surplus, with the exception of FYs 15-16 and 19-20, as shown in **Figure 40**. LAFCO staff believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements and the recent adoption of new service charges following their 2021 cost study.

**Figure 40: Statement of Revenues & Expenditures  
(FY 2015-16 to FY 2020-21)**



*Footnote: During FY 15-16, PVWMA received \$23 million in grants and bonds and incurred \$27 million in debt service expenses. This is the primary reason why the audited amount is significantly higher than the following years.*

## Revenues

### Operating Revenue

The District's primary source of revenue is typically from operating revenues. In FY 2020-21, operating revenue represented 49% of the District's entire revenue stream. Funding from this category include Augmentation Charges, Water Sales, and Management Fees.

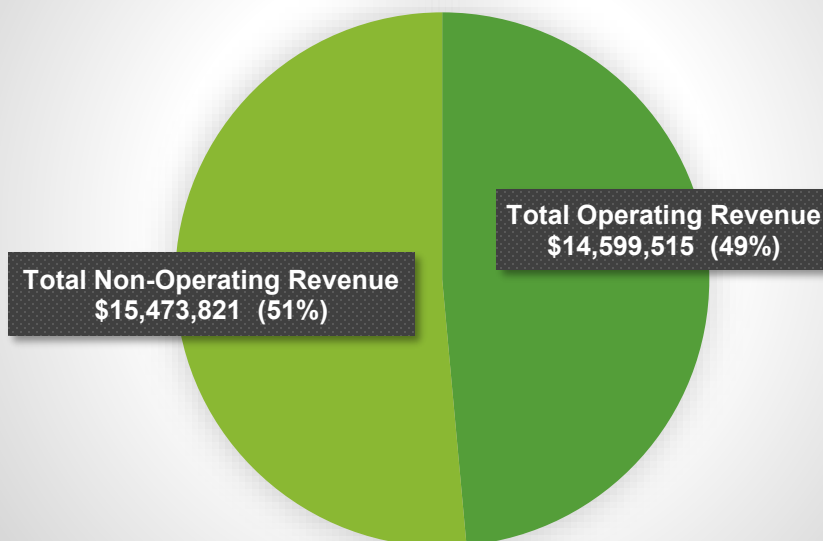
### Non-operating Revenue

The remaining 51% of total revenue derive from non-operating revenue sources. These funds include Capital Grants, Proceeds from Notes, and Operating Transfers In. **Table 54 and Figure 41** provide a breakdown of the District's revenue by category and source.

**Table 54: Revenue Breakdown (FY 2020-21)**

Revenue	Amount	Percentage
<b>Operating Revenue</b>		
Augmentation Charges	\$12,102,376	82.90%
Water Sales	\$2,109,806	14.45%
Management Fees	<u>\$387,333</u>	<u>2.65%</u>
Total Operating Revenue	\$14,599,515	100.00%
<b>Non-Operating Revenue</b>		
Operating Transfers In	\$9,350,736	60.43%
Capital Grants and Contributions	\$4,551,434	29.41%
Proceeds from Notes	\$1,544,031	9.98%
Other Revenue	\$19,870	0.13%
Interest Income	<u>\$7,750</u>	<u>0.05%</u>
Total Non-Operating Revenue	\$15,473,821	100.00%
<b>Total Revenue</b>	<b><u>\$30,073,336</u></b>	

**Figure 41: Operating v Non-Operating Revenue (FY 2020-21)**



## Expenditures

### Operating Expense

The District's operating expenses represented approximately 6% of total expenditure during FY 2020-21. Operating expenses include: Office Administration, Board Support, Education & Outreach, and Grant Administration.

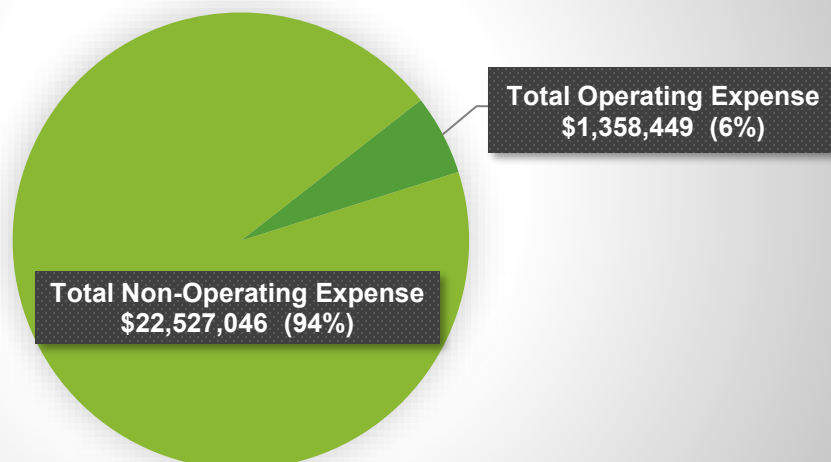
### Non-operating Expense

The remaining 94% of total expenses derive from non-operating expenses. These costs include but are not limited to the following; College Lake Project, Recycled Water Facility, and the Coastal Distribution System. **Table 55 and Figure 42** provide a breakdown of the District's costs by category and source.

**Table 55: Expense Breakdown (FY 2020-21)**

Expenditure	Amount	Percentage
<b>Operating Expense</b>		
Office Administration	\$1,067,991	78.62%
Education and Outreach	\$135,294	9.96%
Grant Administration	\$127,903	9.42%
Board Support	<u>\$27,261</u>	<u>2.01%</u>
Total Operating Expense	\$1,358,449	100.00%
<b>Non-Operating Expense</b>		
Operating Transfers Out	\$9,350,736	41.51%
Other Expenses	\$7,385,449	32.78%
College Lake Project	\$2,712,835	12.04%
Recycled Water Facility	\$2,071,730	9.20%
Coastal Distribution System	<u>\$1,006,296</u>	<u>4.47%</u>
Total Non-Operating Expense	\$22,527,046	100.00%
<b>Total Expenditure</b>	<b><u>\$23,885,495</u></b>	

**Figure 42: Operating v Non-Operating Expense  
(FY 2020-21)**





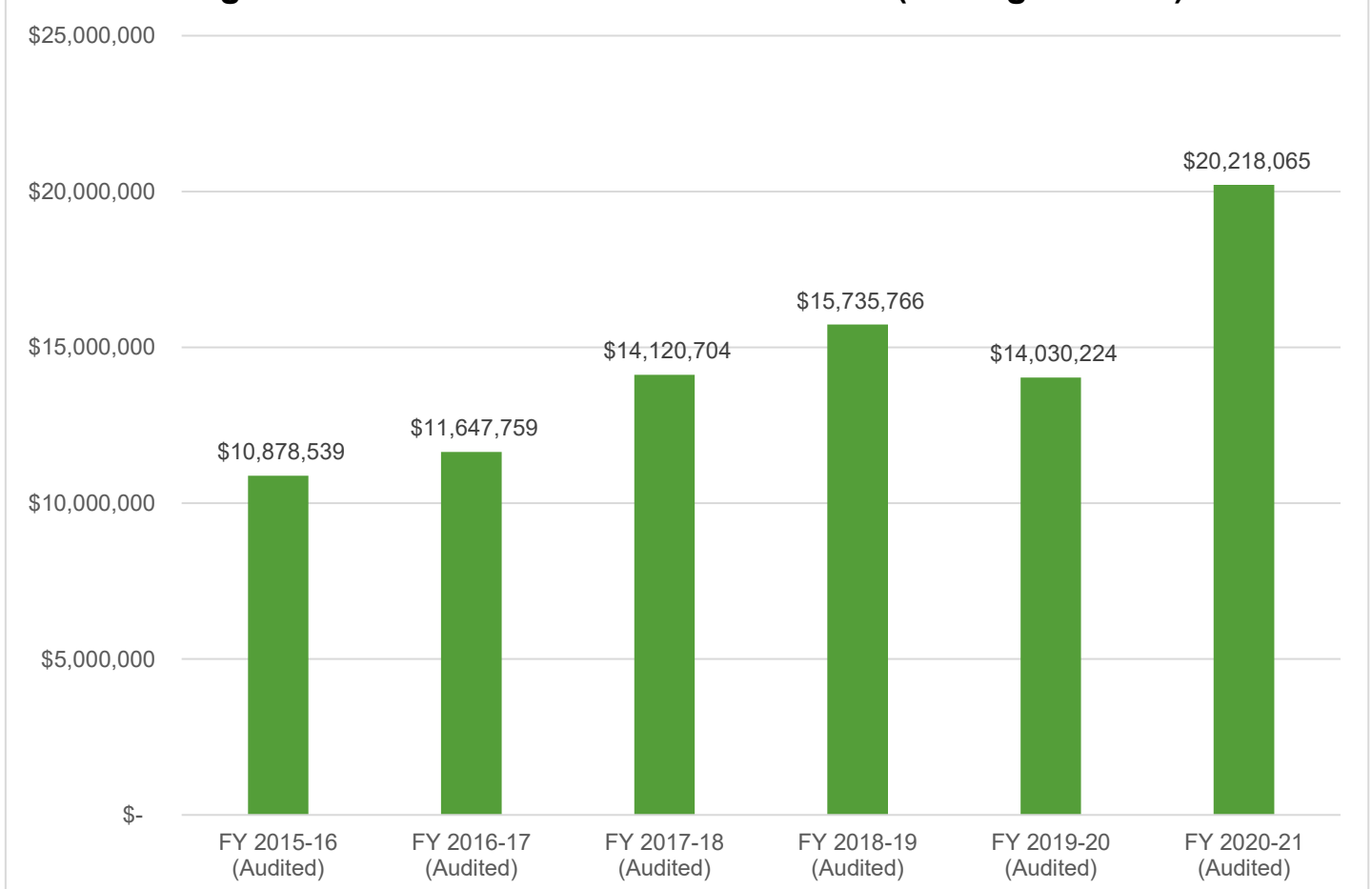
## Fund Balance / Net Position

As of June 30, 2021, the total net position balance ended with approximately \$20 million. The following table highlights the net position balance from 2015 to 2021. As shown in **Table 56** and **Figure 43**, the District's fund balance has increased over the years and has maintained an annual balance above \$10 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.

**Table 56: Net Position (2015 to 2021)**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
Beginning Balance	<u>\$13,172,911</u>	<u>\$10,878,539</u>	<u>\$11,709,044</u>	<u>\$14,120,704</u>	<u>\$15,735,766</u>	<u>\$14,030,224</u>
Ending Balance	<u>\$10,878,539</u>	<u>\$11,647,759</u>	<u>\$14,120,704</u>	<u>\$15,735,766</u>	<u>\$14,030,224</u>	<u>\$20,218,065</u>
Change (\$)		\$769,220	\$2,472,945	\$1,615,062	\$(1,705,542)	\$6,187,841

**Figure 43: Net Position from 2015 to 2021 (Ending Balance)**



**Table 57: Total Revenues & Expenditures**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>REVENUE</b>						
<u>Operating Revenue</u>						
Charge for Services						
Augmentation Charges	\$ 9,443,150	\$ 9,080,219	\$ 10,776,768	\$ 10,261,547	\$ 11,429,592	\$ 12,102,376
Water Sales	\$ 1,528,990	\$ 1,371,994	\$ 1,768,135	\$ 1,815,815	\$ 2,293,841	\$ 2,109,806
Management Fees	\$ 383,938	\$ 383,998	\$ 375,592	\$ 386,986	\$ 283,614	\$ 387,333
<b>Total Operating Revenue</b>	<b>\$11,356,078</b>	<b>\$10,836,211</b>	<b>\$12,920,495</b>	<b>\$12,464,348</b>	<b>\$14,007,047</b>	<b>\$14,599,515</b>
<u>Non-Operating Revenue</u>						
Capital Grants and Contributions	\$ 12,482,003	\$ 3,237,582	\$ 1,365,994	\$ 85,070	\$ 816,898	\$ 4,551,434
Interest Income	\$ 99,391	\$ 53,183	\$ 87,079	\$ 243,273	\$ 294,545	\$ 7,750
Other Revenue	\$ 67,652	\$ 56,618	\$ 30,573	\$ 36,406	\$ 29,121	\$ 19,870
Proceeds from Note	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,544,031
Issuance of Refunding Bonds	\$ 11,435,000	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Premium on Refunding Bonds	\$ 1,013,542	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers In	\$ 19,431,758	\$ 8,836,388	\$ 6,960,657	\$ 6,081,467	\$ 8,858,396	\$ 9,350,736
<b>Total Non-Operating Revenue</b>	<b>\$44,529,346</b>	<b>\$12,183,771</b>	<b>\$ 8,444,303</b>	<b>\$ 6,446,216</b>	<b>\$ 9,998,960</b>	<b>\$15,473,821</b>
<b>TOTAL REVENUE</b>	<b>\$55,885,424</b>	<b>\$23,019,982</b>	<b>\$21,364,798</b>	<b>\$18,910,564</b>	<b>\$24,006,007</b>	<b>\$30,073,336</b>
<b>EXPENDITURE</b>						
<u>Operating Expense</u>						
Office Administration	\$ 114,179	\$ 908,674	\$ 965,532	\$ 1,089,204	\$ 852,705	\$ 1,067,991
Board Support	\$ -	\$ 42,496	\$ 31,455	\$ 26,958	\$ 29,297	\$ 27,261
Education and Outreach	\$ -	\$ 99,097	\$ 107,245	\$ 101,100	\$ 96,893	\$ 135,294
Personnel	\$ 1,754,183	\$ -	\$ -	\$ -	\$ -	\$ -
Operating	\$ 2,694,150	\$ -	\$ -	\$ -	\$ -	\$ -
Training and Travel	\$ 20,697	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Administration	\$ -	\$ 168,356	\$ 142,216	\$ 100,307	\$ 71,791	\$ 127,903
<b>Total Operating Expense</b>	<b>\$ 4,583,209</b>	<b>\$ 1,218,623</b>	<b>\$ 1,246,448</b>	<b>\$ 1,317,569</b>	<b>\$ 1,050,686</b>	<b>\$ 1,358,449</b>
<u>Non-Operating Expense</u>						
Conservation	\$ 59,351	\$ 192,980	\$ 415,875	\$ 137,753	\$ 307,134	\$ 312,886
Monitoring Well	\$ 66,262	\$ -	\$ -	\$ -	\$ -	\$ -
Delivered Water	\$ 35,823	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Services	\$ 5,069,368	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Issuance Costs	\$ 307,593	\$ -	\$ -	\$ -	\$ -	\$ -
Harkins Slough Facility	\$ -	\$ 232,854	\$ 188,642	\$ 153,516	\$ 232,890	\$ 209,867
Coastal Distribution System	\$ -	\$ 909,914	\$ 986,033	\$ 980,688	\$ 1,076,245	\$ 1,006,296
Supplemental Water (In-Basin)	\$ -	\$ 138,611	\$ 184,131	\$ 368,599	\$ 312,197	\$ 392,480
BMP Network Improvements	\$ -	\$ 8,578	\$ 187,589	\$ 31,152	\$ 25,242	\$ -
Blendwell Enhancements	\$ -	\$ 1,638	\$ -	\$ -	\$ -	\$ -
Recycled Water Storage	\$ -	\$ 4,006,948	\$ 799,928	\$ -	\$ -	\$ -
K-1 Pipeline	\$ -	\$ 353,804	\$ -	\$ -	\$ -	\$ -
Recycled Water Facility	\$ -	\$ 1,513,526	\$ 1,541,176	\$ 1,814,657	\$ 2,127,486	\$ 2,071,730
Metering Program	\$ -	\$ 251,484	\$ 229,614	\$ 230,585	\$ 425,352	\$ 355,203
Basin Modeling	\$ -	\$ 102,218	\$ 62,342	\$ 228,849	\$ 208,198	\$ 147,637
Basin Monitoring	\$ -	\$ 207,256	\$ 169,540	\$ 154,900	\$ 185,944	\$ 186,554
In-Basin Management Plan	\$ -	\$ 78,920	\$ 52,570	\$ 40,833	\$ 46,348	\$ 434,144
Regional Water Management Plan	\$ -	\$ 37,563	\$ 10,548	\$ 10,182	\$ 8,035	\$ 6,817
Out-of-Basin Funding	\$ -	\$ 7,519	\$ 23,302	\$ 14,954	\$ 13,385	\$ 17,489
In-Basin Funding	\$ -	\$ 12,403	\$ 11,865	\$ 21,089	\$ 97,621	\$ 104,995
Harkins Slough Recharge Facilities	\$ -	\$ 181,203	\$ 501,275	\$ 408,864	\$ 371,106	\$ 170,610
College Lake Project	\$ -	\$ 429,129	\$ 1,514,474	\$ 1,136,357	\$ 733,169	\$ 2,712,835
Watsonville Slough & North Dunes	\$ -	\$ 166,263	\$ 507,250	\$ 281,544	\$ 441,760	\$ 300,264
Murphy Crossing Recharge	\$ -	\$ 7,326	\$ -	\$ -	\$ -	\$ -
Recycled Water Disk Filter Upgrade	\$ -	\$ -	\$ -	\$ 365,517	\$ 3,055,198	\$ 103,090
Recycled Water Storage Phase III	\$ -	\$ -	\$ -	\$ 5,438	\$ 3,065	\$ 31,210
F-Line Expansion	\$ -	\$ -	\$ -	\$ 155,459	\$ 2,740,552	\$ 1,141,705
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ 33,062	\$ 34,056
Debt Service						
Principal	\$ 27,142,574	\$ 2,227,358	\$ 2,156,877	\$ 2,230,291	\$ 2,316,408	\$ 2,489,816
Interest	\$ 1,483,862	\$ 1,128,256	\$ 1,203,002	\$ 1,125,239	\$ 1,042,070	\$ 946,626
Operating Transfers Out	\$ 19,431,754	\$ 8,836,388	\$ 6,960,657	\$ 6,081,467	\$ 8,858,396	\$ 9,350,736
<b>Total Non-Operating Expense</b>	<b>\$53,596,587</b>	<b>\$21,032,139</b>	<b>\$17,706,690</b>	<b>\$15,977,933</b>	<b>\$24,660,863</b>	<b>\$22,527,046</b>
<b>TOTAL EXPENDITURE</b>	<b>\$58,179,796</b>	<b>\$22,250,762</b>	<b>\$18,953,138</b>	<b>\$17,295,502</b>	<b>\$25,711,549</b>	<b>\$23,885,495</b>
<b>Surplus/(Deficit)</b>	<b>\$ (2,294,372)</b>	<b>\$ 769,220</b>	<b>\$ 2,411,660</b>	<b>\$ 1,615,062</b>	<b>\$ (1,705,542)</b>	<b>\$ 6,187,841</b>
<b>NET POSITION</b>						
Beginning Balance	\$ 13,172,911	\$ 10,878,539	\$ 11,709,044	\$ 14,120,704	\$ 15,735,766	\$ 14,030,224
<b>Ending Balance</b>	<b>\$10,878,539</b>	<b>\$11,647,759</b>	<b>\$14,120,704</b>	<b>\$15,735,766</b>	<b>\$14,030,224</b>	<b>\$20,218,065</b>

**Table 58: Total Assets & Liabilities**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>ASSETS</b>						
<u>Current Assets</u>						
Cash & Cash Equivalents	\$ 9,298,364	\$ 9,851,258	\$ 11,566,594	\$ 13,426,398	\$ 12,675,111	\$ 17,575,026
Cash & Cash Equivalents - Restricted	\$ 253,424	\$ 253,553	\$ 253,681	\$ 253,809	\$ 253,939	\$ 254,139
Accounts Receivable, Net	\$ 2,771,458	\$ 2,959,413	\$ 3,584,419	\$ 3,320,202	\$ 3,727,674	\$ 4,177,072
Grant Receivable	\$ 405,349	\$ 466,620	\$ 85,032	\$ 37,961	\$ 429,988	\$ 67,604
Interest Receivable	\$ 1,448	\$ 14,059	\$ 29,310	\$ 78,785	\$ 41,493	\$ 8,356
Notes Receivable	\$ 33,333	\$ 33,333	\$ -	\$ -	\$ -	\$ -
Prepaid Expenses and Other Assets	\$ 46,508	\$ 35,934	\$ 80,042	\$ 53,990	\$ 59,815	\$ 81,997
<b>Total Current Assets</b>	<b>\$ 12,809,884</b>	<b>\$13,614,170</b>	<b>\$15,599,078</b>	<b>\$17,171,145</b>	<b>\$17,188,020</b>	<b>\$ 22,164,194</b>
<u>Non-Current Assets</u>						
Capital Assets - Not Being Depreciated	\$ 6,228,122	\$ 8,017,427	\$ 5,100,825	\$ 7,485,156	\$ 14,855,248	\$ 11,630,943
Depreciable Capital Assets, Net	\$ 66,106,272	\$ 66,916,840	\$ 70,639,640	\$ 68,073,681	\$ 65,515,218	\$ 70,256,945
<b>Total Non-Current Assets</b>	<b>\$ 72,334,394</b>	<b>\$74,934,267</b>	<b>\$75,740,465</b>	<b>\$75,558,837</b>	<b>\$80,370,466</b>	<b>\$ 81,887,888</b>
<b>TOTAL ASSETS</b>	<b>\$ 85,144,278</b>	<b>\$88,548,437</b>	<b>\$91,339,543</b>	<b>\$92,729,982</b>	<b>\$97,558,486</b>	<b>\$104,052,082</b>
<u>Deferred Outflows of Resources</u>						
Pensions	\$ 234,849	\$ 431,674	\$ 493,065	\$ 378,657	\$ 370,789	\$ 353,818
<b>Total Deferred Outflows of Resources</b>	<b>\$ 234,849</b>	<b>\$ 431,674</b>	<b>\$ 493,065</b>	<b>\$ 378,657</b>	<b>\$ 370,789</b>	<b>\$ 353,818</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 85,379,127</b>	<b>\$88,980,111</b>	<b>\$91,832,608</b>	<b>\$93,108,639</b>	<b>\$97,929,275</b>	<b>\$104,405,900</b>
<b>LIABILITIES</b>						
<u>Current Liabilities</u>						
Accounts Payable	\$ 1,927,498	\$ 1,672,764	\$ 1,416,859	\$ 1,394,831	\$ 3,134,812	\$ 1,900,290
Accrued Wages Payable	\$ -	\$ 79,509	\$ 53,418	\$ 36,563	\$ 52,157	\$ 75,335
Retention Payable	\$ -	\$ 214,138	\$ -	\$ -	\$ -	\$ -
Accrued Interest	\$ 279,745	\$ 411,889	\$ 358,038	\$ 332,354	\$ 305,232	\$ 275,879
Unearned Revenue	\$ -	\$ -	\$ 8,097	\$ 3,985	\$ 4,160	\$ 4,285
Long-Term Liabilities - Due Within One Year	\$ 2,227,356	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	\$ -	\$ 66,143	\$ 64,119	\$ 62,405	\$ 71,227	\$ 79,023
Notes Payable	\$ -	\$ 196,877	\$ 201,630	\$ 206,408	\$ 211,565	\$ 216,589
Bonds Payable	\$ -	\$ 1,960,000	\$ 2,030,000	\$ 2,110,000	\$ 2,210,000	\$ 2,310,000
<b>Total Current Liabilities</b>	<b>\$ 4,434,599</b>	<b>\$ 4,601,320</b>	<b>\$ 4,132,161</b>	<b>\$ 4,146,546</b>	<b>\$ 5,989,153</b>	<b>\$ 4,861,401</b>
<u>Non-Current Liabilities</u>						
Long-Term Liabilities -Due in More Than 1 Yr	\$ 34,207,486	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	\$ -	\$ 198,429	\$ 192,355	\$ 187,216	\$ 213,681	\$ 237,068
Net Pension Liability	\$ -	\$ 1,044,568	\$ 1,227,637	\$ 1,173,363	\$ 1,292,431	\$ 1,414,845
Note Payable	\$ -	\$ 2,124,354	\$ 1,922,724	\$ 1,717,655	\$ 1,907,990	\$ 3,167,182
Bonds Payable	\$ -	\$ 28,624,369	\$ 26,385,421	\$ 24,066,473	\$ 21,647,525	\$ 19,128,577
<b>Total Non-Current Liabilities</b>	<b>\$ 34,207,486</b>	<b>\$31,991,720</b>	<b>\$29,728,137</b>	<b>\$27,144,707</b>	<b>\$25,061,627</b>	<b>\$ 23,947,672</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 38,642,085</b>	<b>\$36,593,040</b>	<b>\$33,860,298</b>	<b>\$31,291,253</b>	<b>\$31,050,780</b>	<b>\$ 28,809,073</b>
<u>Deferred Inflows of Resources</u>						
Pensions	\$ 132,035	\$ 52,335	\$ 24,026	\$ -	\$ 22,596	\$ 10,092
<b>Total Deferred Inflows of Resources</b>	<b>\$ 132,035</b>	<b>\$ 52,335</b>	<b>\$ 24,026</b>	<b>\$ -</b>	<b>\$ 22,596</b>	<b>\$ 10,092</b>
<b>TOTAL LIABILITIES &amp; INFLOWS OF RESOURCES</b>	<b>\$ 38,774,120</b>	<b>\$36,645,375</b>	<b>\$33,884,324</b>	<b>\$31,291,253</b>	<b>\$31,073,376</b>	<b>\$ 28,819,165</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	\$ 35,899,554	\$ 42,028,667	\$ 45,200,690	\$ 47,458,301	\$ 54,393,386	\$ 57,065,540
Restricted	\$ 253,424	\$ 253,553	\$ 253,681	\$ 253,810	\$ 253,939	\$ 254,139
Unrestricted	\$ 10,452,029	\$ 10,052,516	\$ 12,493,913	\$ 14,105,275	\$ 12,241,907	\$ 18,300,838
<b>Total Net Position</b>	<b>\$ 46,605,007</b>	<b>\$52,334,736</b>	<b>\$57,948,284</b>	<b>\$61,817,386</b>	<b>\$66,889,232</b>	<b>\$ 75,620,517</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<b>\$ 85,379,127</b>	<b>\$88,980,111</b>	<b>\$91,832,608</b>	<b>\$93,108,639</b>	<b>\$97,962,608</b>	<b>\$104,439,682</b>

## GOVERNANCE

### Local Accountability & Structure

PVWMA is governed by a seven-member board of directors, who must live within the agency boundaries and be registered voters. Four directors are directly elected by voters within their division for overlapping terms of four years each. The remaining three directors are separately appointed by Monterey County, Santa Cruz County, and the City of Watsonville. Appointed directors serve two-year terms and must derive at least 51% of their net income from agriculture. PVWMA employs a full-time staff of 14 employees. 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 59: Board of Directors**

Board Member	Term of Office
<b>Mary Bannister (Division A)</b>	Elected: November 2018 Term Limit Ends: November 30, 2022
<b>Stephen Rider (Division B)</b>	Elected: December 12, 2020 Term Limit Ends: November 30, 2024
<b>Amy Newell (Division C)</b>	Elected: February 2013 Term Limit Ends: November 30, 2022
<b>Robert Culbertson III (Division D)</b>	Elected: April 2017 Term Limit Ends: November 30, 2024
<b>Javier Zamora (Monterey County)</b>	Appointed: December 2018 Term Limit Ends: November 30, 2022
<b>Tom Broz (Santa Cruz County)</b>	Appointed: December 2018 Term Limit Ends: November 30, 2022
<b>Abel Sanchez (City of Watsonville)</b>	Appointed: July 2021 Term Limit Ends: November 30, 2022

#### Board Meetings

The District's Board of Directors meet regularly and citizens are encouraged to attend. Board meetings are typically held on the third Wednesday of each month at 7:00 p.m. Meetings are held at the Watsonville City Council Chambers (275 Main Street, Fourth Floor, Watsonville, CA 95076).

#### Annual Reports

Pursuant to the PVWMA Act, the District prepares detailed reports on groundwater supplies and conditions, including groundwater management objectives and a plan of implements of those objectives. Additionally, PVWMA produces several annual reports, including one specifically regarding the Pajaro Valley Subbasin and another on the District's overall annual performance. The annual performance report contains summary information about PVWMA's major activities for the year, audited budget information, project operations, conservation efforts and a summary of the state of the groundwater basin. These reports cover three overlapping periods: activity information for the previous calendar year; financial information from the prior fiscal year; and water information from the prior water year (ending Sept. 30). Both reports are easily accessible on the PVWMA website.



### 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. SB 929 identifies a number of components that must be found within an agency's website. Additionally, the Special District Leadership Foundation (SDLF), an independent, non-profit organization formed to promote good governance and best practices among California's special districts, has also outlined recommended website elements as part of its District Transparency Certificate of Excellence. This program was created in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations by SDLF, LAFCO thoroughly reviewed the District's website. **Table 60** on page 124 summarizes staff's findings on whether the District's website is meeting the statutory requirements. At present, the District almost meets all the statutory requirements under SB 929 and SDLF's website transparency criteria. There are certain items that should be added to its website, specifically their adopted policies, information on how to request for records, and links to LAFCO's adopted service reviews related to the District. Overall, PVWMA has a transparent website filled with useful information and resources that are easily accessible.



**Table 60: Website Transparency**

<b>Website Components</b>	<b>Checkmark (Yes)</b>
<b>Required Items (SB 949 Criteria and SDLF Benchmarks)</b>	
1. Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	✓
3. Names of Key Staff, including General Manager	✓
4. Contact Information for Staff	✓
5. Election/Appointment Procedure & Deadlines	✓
6. Board Meeting Schedule*	✓
7. Mission Statement	✓
8. Description of District's Services/Functions and Service Area	✓
9. Authorizing Statute/Enabling Act	✓
10. Adopted District Budgets*	✓
11. Financial Audits*	✓
12. Archive of Board Meeting Agendas & Minutes*	✓
13. Link to State Controller's Webpages for District's reported Board Member and Staff Compensation	✓
14. Link to State Controller's Webpages for District's reported Financial Transaction Report	✓
15. Reimbursement & Compensation Policy / Annual Policies	✓
16. Home Page Link to Agendas/Board Packets	✓
17. SB 272 - Compliance-Enterprise Catalogs	✓
18. Machine Readable/Searchable Agendas	✓
19. Recipients of Grant Funding or Assistance	✓
20. Link or Copies of LAFCO's Service & Sphere Reviews	✓
<b>Total Score (out of a possible 20)</b>	<b>20 (100%)</b>
<b>Additional Items (SDLF's Recommended Elements)</b>	
1. Board Member Ethics Training Certificates	✓
2. Picture, Bio, and Email Addresses of Board Members	
3. Last Three Years of Audits	✓
4. Financial Reserves Policy	✓
5. Online/Downloadable Public Records Act Request Form	
6. Audio or Video Recordings of Board Meetings	
7. Map of District Boundaries/Service Area	✓
8. Link to CSDA Mapping Program	
9. General Description of Special Districts or Link to <a href="http://www.districtmakethedifference.org">www.districtmakethedifference.org</a>	
10. Link to Most Recently Filed to FPPC Forms	
<b>Total Score (out of a possible 10)</b>	<b>4 (40%)</b>

\*Footnote: Senate Bill 929 Statutory Requirements

## Opportunities and Challenges

Water agencies are significantly affected by various factors, including aging infrastructure, escalating operational costs, drought impacts, increase in customer demand, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common not only in Santa Cruz County but throughout the State. The following section discusses these challenges and identifies possible opportunities to ensure that residents receive the best level of water services.

### Reclamation District No. 2049 Reorganization

Santa Cruz County has one reclamation district (Reclamation District No. 2049), which has been in existence for over 100 years, and its sole purpose is to drain the College Lake each year so that the lake bottom can be farmed during the summer. Based on staff's analysis, the reclamation district has obsolete infrastructure, limited staffing, depleting finances, zero transparency, lack of Brown Act compliance, and other statutory violations. Due to these significant issues, the Reclamation District Board of Directors adopted a resolution on July 27, 2022 to initiate the dissolution process. The Reclamation District is already in PVWMA's jurisdictional boundary (refer to **Figure 44** on page 126). It is also LAFCO's understanding that PVWMA is in the process of completing a project directly tied with the College Lake. The primary purposes of the College Lake Integrated Resources Project are to help balance the groundwater basin, prevent further seawater intrusion, and meet water supply needs in PVWMA's service area by developing College Lake as a water storage and supply source. Project components include a weir structure and intake pump station, a water treatment plant, and an approximately 6-mile-long pipeline to convey water from the water treatment plant to the Watsonville Area Recycled Water Treatment Facility and to the Coastal Distribution System. Construction is estimated to occur over approximately 18 months and may begin later this year, pending acquisition of necessary permits and property rights.

***LAFCO Staff Recommendation:*** *PVWMA should coordinate with LAFCO and the Reclamation District to successfully transfer service responsibilities as part of the dissolution process.*

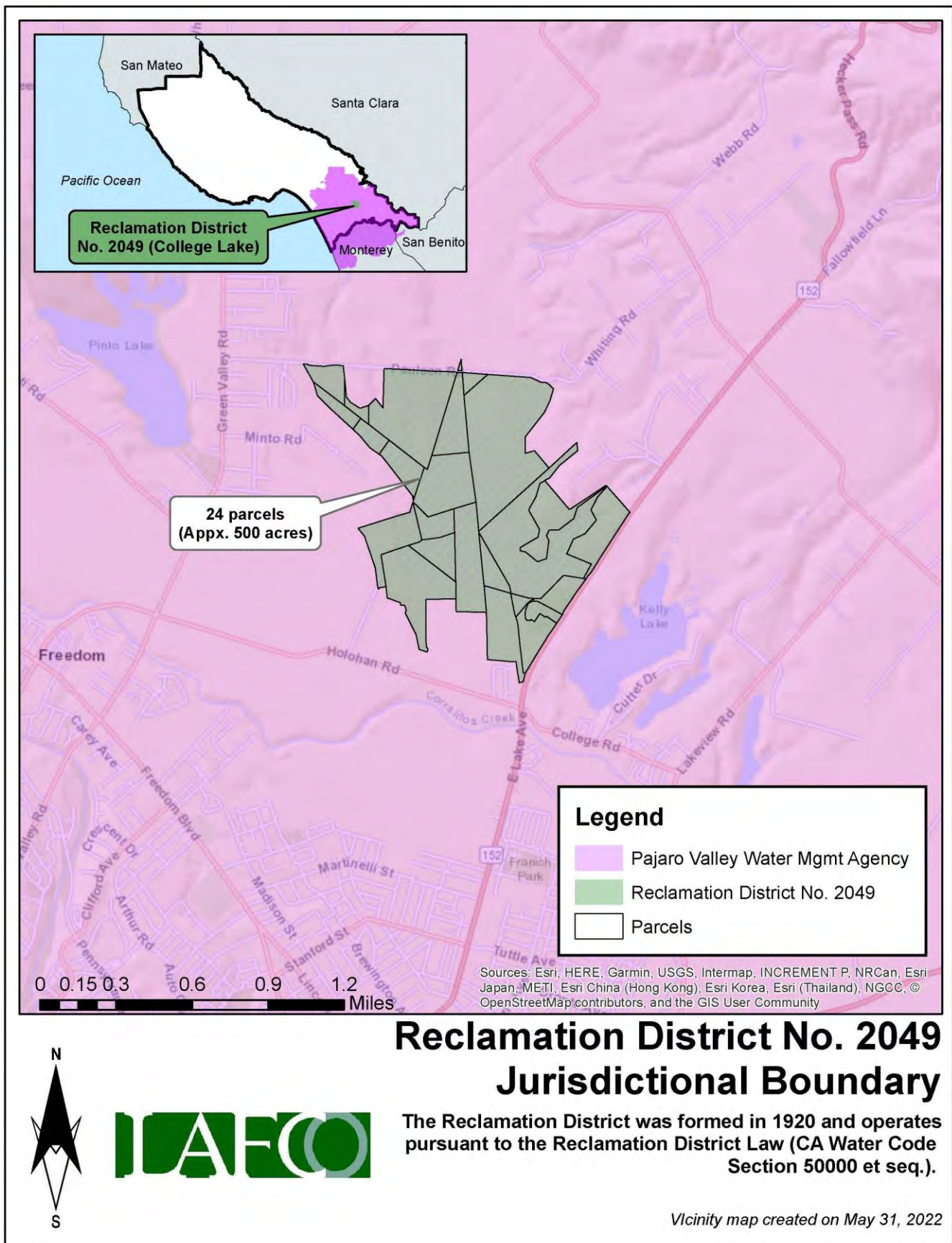
### Groundwater Basin Management Plan

PVWMA is not a water purveyor of domestic water, such as a typical water district or municipal water department. One of its major tasks has been the development of basin-wide groundwater management plan. A Revised Basin Management Plan was adopted by the PVWMA Board in 2014. The Plan identifies the specific the water conservation/water supply projects planned to be implemented in the near future. As such, it also guides capital facilities planning for PVWMA. The District's primary focus is implementation of its Basin Management Plan towards elimination of groundwater overdraft and seawater intrusion.

***LAFCO Staff Recommendation:*** *PVWMA should consider updating the Basin Management Plan since the last update was eight years ago. The update should include the assumption that the District will be the successor agency of the Reclamation District No. 2049, which is consistent with the scheduled completion of the College Lake Integrated Resources Management Project.*



**Figure 44: Reclamation District within PVWMA's Jurisdictional Boundary**





### Groundwater Basins

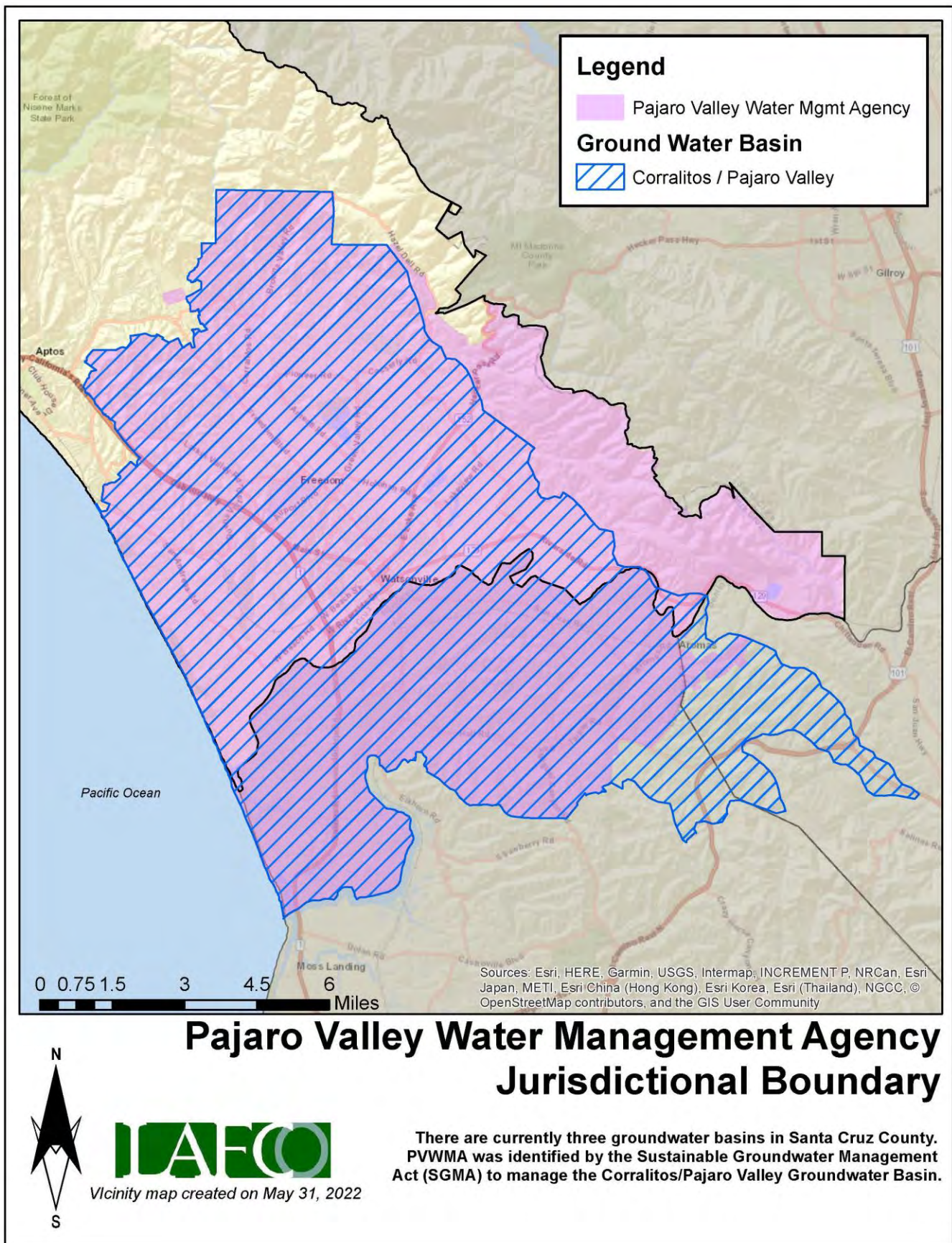
The Sustainable Groundwater Management Act (SGMA) was signed into law on September 16, 2014, approximately five months after the PVWMA Board of Directors approved its latest Basin Management Plan Update. It established a new structure for managing groundwater in California that aims to give local agencies the means to manage groundwater basins in a manner that is sustainable over the long-term. There are three groundwater basins in Santa Cruz County. PVWMA was named in SGMA as one of 15 existing agencies, created by statute, to manage groundwater that are deemed to be the exclusive local agencies within their respective statutory boundaries with the power to comply with the Act. At present, the Santa Cruz Mid-County Groundwater Agency oversees the Purisima Formation Basin, Soquel Valley Basin, and the West Santa Cruz Terrace Basin, the Santa Margarita Groundwater Agency oversees the Santa Margarita Basin, and PVWMA oversees the Pajaro Valley Basin (refer to **Figure 45** on page 128).

While PVWMA has adopted detailed annual reports and executed various projects related to the Pajaro Valley Basin, its jurisdictional boundary is not coterminous with the basin area. This discrepancy may lead to possible conflicts in the future. Additionally, PVWMA does not have an established sphere boundary. A sphere of influence should be adopted for the PVWMA as part of this service review and it should be coterminous with the boundaries of the Pajaro Valley Basin. This sphere, if approved, would indicate that PVWMA should annex certain areas in the future in order to accurately depict its legal authority over the Pajaro Valley Basin.

***LAFCO Staff Recommendation:*** *PVWMA should support the adoption of a sphere of influence boundary that is coterminous with a combination of the Agency's statutory boundary and the California Department of Water Resources defined Pajaro Valley Groundwater Basin boundary and should consider annexing areas outside its jurisdiction but within its new sphere in the foreseeable future.*

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Figure 45: Areas Served Outside PVWMA's Jurisdiction



### Small Water Systems

One area that LAFCO can provide assistance now is addressing any failing mutual water companies (MWCs) or private water systems. MWCs are regulated by California's Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, mutual water companies are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board and our local Regional Water Quality Control Board. However, over the years, many MWCs have operated without much oversight from the State. That is why the Legislature enacted Assembly Bill 54 in 2012. This law imposes new requirements on mutual water companies that own and operate public water systems and requires greater coordination between them and LAFCO in each county. Corporations Code 14301.1 requires mutual water companies to submit a map depicting its service area to LAFCO.

A total of 43 private water systems are located within PVWMA. **Figure 46** on page 130 identifies the location of each water system in relation to PVWMA. **Table 61** on page 131 also provide more information about the private water systems. While PVWMA does not deliver potable water, the map on the following page may be helpful for the District and LAFCO to know which small water systems are also using the Pajaro Valley Basin.

### Strategic Partnerships

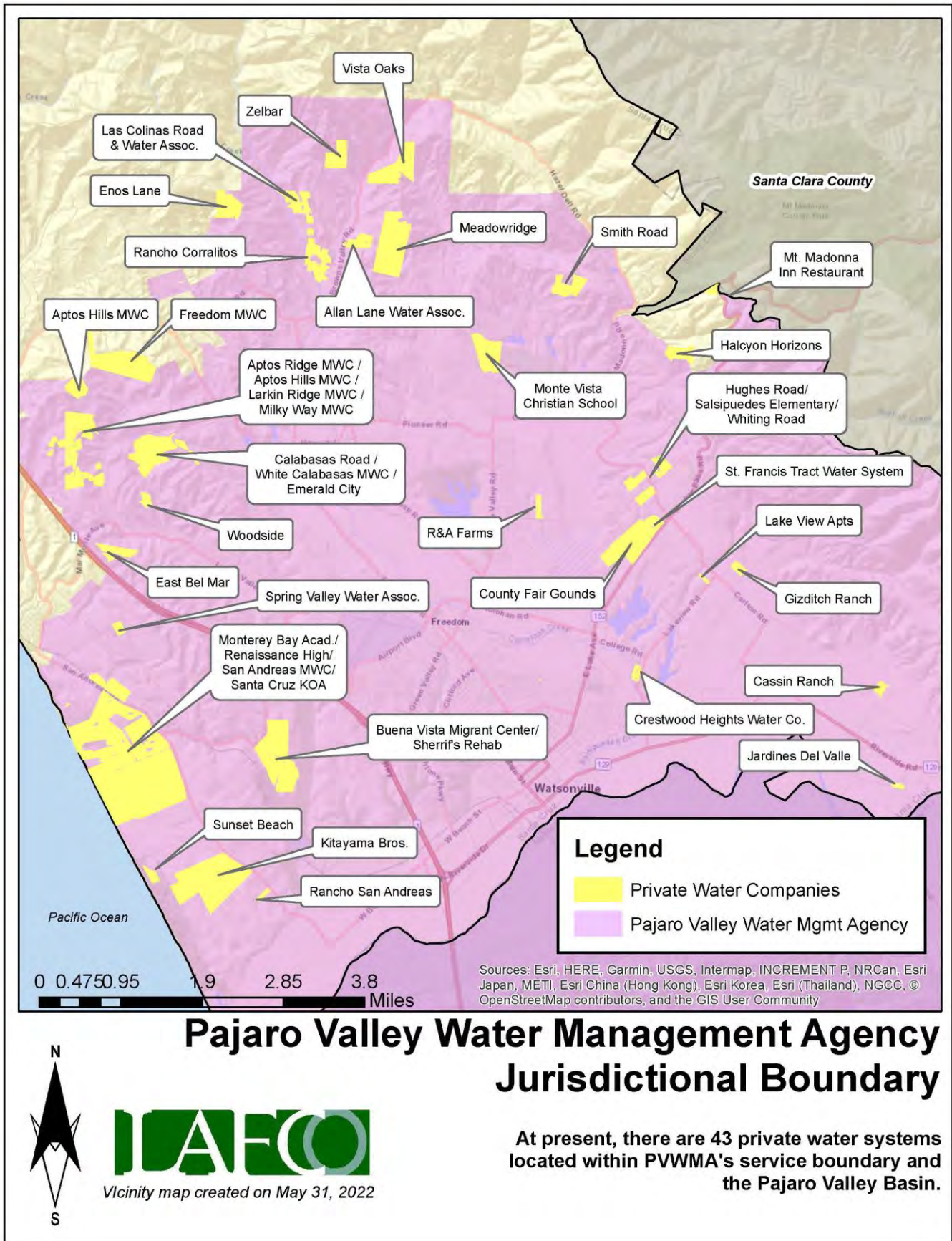
Several water agencies have expressed interest in exploring ways to further collaborate. Many water agencies have interties in the event of emergencies and all water agencies (including the two Cities) are members of groundwater-related joint powers authorities. Specifically, PVWMA and the City of Watsonville have collaborated to jointly construct and operate the Watsonville Area Recycled Water Treatment Facility. The facility has the capacity to produce about 4,000 AFY of tertiary treated disinfected recycled water, which will augment with water from the Harkins Slough Facility, Blend Wells, and the City's potable water to increase supply and improve the quality for agricultural irrigation needs.

This successful partnership shows valid proof that working together among local agencies would benefit the residents by maximizing economies of scale and utilizing the agencies' existing resources. It may be beneficial for the water agencies to consider further strategic partnerships, including but not limited to sharing resources and staff, establishing a countywide memorandum of understanding for emergency-related interties, and joint procurements or professional service agreements (i.e. Audits). Such partnerships may also lay the foundation for future changes of organization, including but not limited to annexations, reorganizations, or consolidations.

***LAFCO Staff Recommendation:*** *PVWMA should explore additional ways to share services and resources with neighboring agencies, including but not limited to nearby water districts.*



**Figure 46: Map of Private Water Systems Within PVWMA**





**Table 61: List of Private Water Systems Within PVWMA**

#	Water System Name	Type of Water System	Size (Square Miles)	Population
<b>Private Water Systems WITHIN PVWMA's Jurisdictional Boundary</b>				
1	Renaissance High	Small Water System (2 connections)	0.02	250
2	Kitayama Bros.	Small Water System (3 connections)	0.35	50
3	Sheriff's Rehab	Small Water System (5 connections)	0.17	235
4	Gizditch Ranch	Small Water System (5 connections)	0.02	200
5	Freedom MWC	Small Water System (5 connections)	0.19	10
6	Larkin Ridge MWC	Small Water System (5 connections)	0.02	10
7	East Bel Mar	Small Water System (5 connections)	0.04	12
8	R&A Farms	Small Water System (5 connections)	0.02	48
9	Enos Lane	Small Water System (6 connections)	0.08	22
10	Zelbar	Small Water System (6 connections)	0.06	15
11	Spring Valley Water Assoc.	Small Water System (7 connections)	0.01	16
12	Lake View Apartments	Small Water System (7 connections)	0.01	43
13	Whiting Road	Small Water System (7 connections)	0.03	20
14	Jardines Del Valle	Small Water System (7 connections)	0.01	150
15	Woodside	Small Water System (8 connections)	0.02	16
16	Cassin Ranch	Small Water System (8 connections)	0.02	30
17	Milky Way MWC	Small Water System (9 connections)	0.03	20
18	Rancho San Andreas	Small Water System (11 connections)	0.01	200
19	Smith Road	Small Water System (11 connections)	0.06	28
20	Vista Oaks	Small Water System (11 connections)	0.13	30
21	Aptos Hills MWC	Small Water System (12 connections)	0.13	32
22	Emerald City	Small Water System (12 connections)	0.11	30
23	Hughes Road	Small Water System (13 connections)	0.03	25
24	White Calabasas MWC	Small Water System (14 connections)	0.05	31
25	Aptos Ridge MWC	Medium Water System (16 connections)	0.09	52
26	Camp St. Francis	Medium Water System (16 connections)	0.02	57
27	Allan Lane Water Assoc.	Medium Water System (17 connections)	0.04	68
28	Meadowridge	Medium Water System (18 connections)	0.22	42
29	Las Colinas Road & Water Assoc.	Medium Water System (24 connections)	0.07	70
30	St. Francis Tract Water System	Medium Water System (29 connections)	0.03	118
31	Mt. Madonna Inn Restaurant	Medium Water System (31 connections)	0.01	165
32	Rancho Corralitos	Medium Water System (31 connections)	0.08	60
33	Monte Vista Christian School	Medium Water System (43 connections)	0.11	1,083
34	Crestwood Heights Water Co.	Medium Water System (45 connections)	0.01	126
35	Sunset Beach	Medium Water System (65 connections)	0.02	150
36	Monterey Bay Acad.	Medium Water System (78 connections)	0.58	400
37	San Andreas MWC	Medium Water System (135 connections)	0.54	350
38	Buena Vista Migrant Center	Medium Water System (140 connections)	0.08	455
39	Santa Cruz KOA	Medium Water System (235 connections)	0.04	110
40	County Fair Grounds	Medium Water System (15 to 199 connections)	0.16	550
41	Calabasas Road	Medium Water System (15 to 199 connections)	0.01	17
42	Elevate Addiction Services (previously Halcyon Horizons)	Medium Water System (15 to 199 connections)	0.04	80
43	Alianza Charter School (previously Salsipuedes Elementary)	Medium Water System (15 to 199 connections)	0.02	967

## SPHERE OF INFLUENCE

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### Current Sphere Boundary

Santa Cruz LAFCO has not adopted a sphere boundary for PVWMA as shown in **Figure 47** on page 133. Monterey County LAFCO adopted a “status quo sphere of influence” on October 27, 1987 for the areas within Monterey County and San Benito County LAFCO has not adopted a sphere boundary for PVWMA. State law requires all independent special districts to have a sphere of influence boundary (Government Code Section 56425).

### Proposed Sphere Boundary

Based on staff’s analysis, the sphere boundary should be coterminous with the Pajaro Valley Basin. **Figure 48** on page 134 shows the proposed sphere boundary.

### Parcels Subject to Annexation

As stated earlier in this report, PVWMA has legal authority over the Pajaro Valley Basin. The District should consider annexing the areas outside its jurisdictional boundary but within the Pajaro Valley Basin (as shown in **Figure 45** on page 128) to accurately reflect its legal authority over the groundwater basin. Staff estimates that the subject area involves approximately 7,000 acres.

***LAFCO Staff Recommendation:*** *PVWMA should consider annexing the areas currently outside its jurisdictional boundary but within the Pajaro Valley Basin to accurately reflect its authority over the groundwater basin.*

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Figure 47: PVWMA's Current Sphere Map



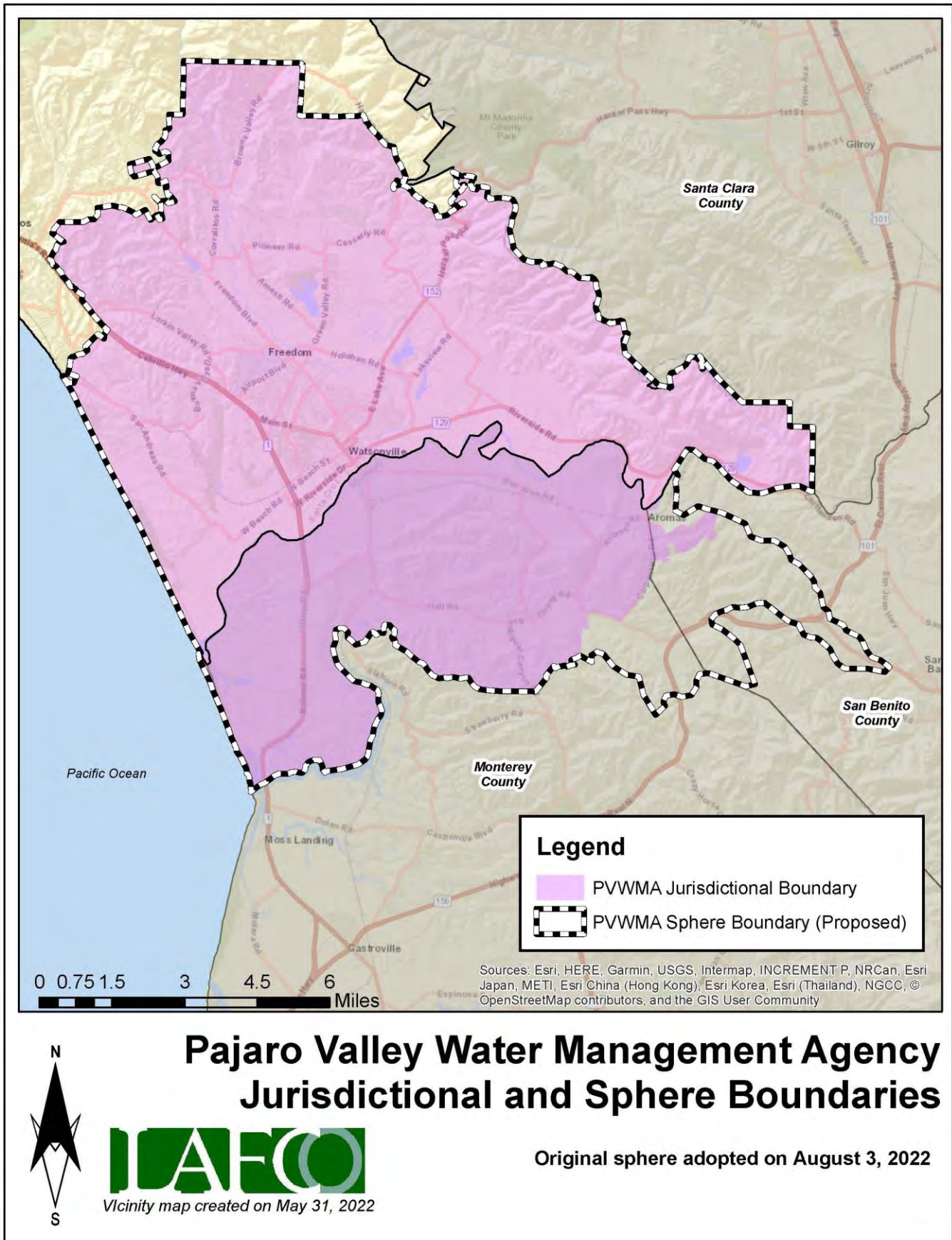
Vicinity map created on May 31, 2022

## Pajaro Valley Water Management Agency Jurisdictional Boundary

The District currently does not have a sphere boundary.



Figure 48: PVWMA's Proposed Sphere Map





## DISTRICT SUMMARY

Pajaro Valley Water Management Agency	
<b>Formation</b>	California Water Code, section 10,000 et seq.
<b>Board of Directors</b>	Seven members; Four elected by divisions (four-year terms), and Three are appointed (two-year terms)
<b>Contact Person</b>	Brian Lockwood, General Manager
<b>Employees</b>	14 Full-Time Employees
<b>Facilities</b>	1,019 metered wells; 1,200 unmetered, domestic wells; 22 miles of pipeline; 6 pump stations; 2 production wells; 1 storage tank; 1 Coastal Distribution System, and 1 Recycled Water Treatment Facility
<b>District Area</b>	124 square miles (appx. 79,000 acres)
<b>Sphere of Influence</b>	<p><b>Current Sphere:</b> No Sphere Boundary</p> <p><b>Proposed Sphere:</b> Larger than the District (i.e., sphere boundary includes areas outside the District's jurisdictional boundary)</p>
<b>FY 2020-21 Audit</b>	<p>Total Revenue = \$30,073,336</p> <p>Total Expenditure = \$23,885,495</p> <p>Net Position (Ending Balance) = \$20,218,065</p>
<b>Contact Information</b>	<p>Mailing Address: 36 Brennan Street, Watsonville CA 95076</p> <p>Phone Number: (831) 722-9292</p> <p>Email Address: <a href="mailto:Info@PVWater.org">Info@PVWater.org</a></p> <p>Website: <a href="https://www.pvwater.org/">https://www.pvwater.org/</a></p>
<b>Public Meetings</b>	Meetings are held on the third Wednesday of each month at 7:00 p.m.
<b>Mission Statement</b>	The Pajaro Valley Water Management Agency is a state-chartered water management district formed to efficiently and economically manage existing and supplemental water supplies in order to prevent further increase in, and to accomplish continuing reduction of, long-term overdraft. PV Water also works to provide and ensure sufficient water supplies for present and future anticipated needs within its boundaries, generally the greater coastal Pajaro Valley.

## SERVICE AND SPHERE REVIEW DETERMINATIONS

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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.**

The population of PVWMA in 2020 was estimated to be 90,000. Based on LAFCO's analysis, the population within PVWMA will be approximately 100,000 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**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.**

PVWMA prepares annual reports on groundwater supplies and conditions, including groundwater management objectives and a plan of implements of those objectives.

**4. Financial ability of agencies to provide services.**

PVWMA is financially sound. The District ended with a surplus in four of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$20 million. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages PVWMA to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies within the District. At present, there are 43 private water systems within PVWMA.

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

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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District meets most of the statutory requirements under SB 929 and SDLF's website transparency criteria.

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

LAFCO recommends that PVWMA consider annexation in the near future to address areas outside its jurisdictional boundary but within the Pajaro Valley Basin.

## 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.**

At present, the majority of land within the District is designated as Agriculture. The District's customer base is predominantly farmers.

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

PVWMA currently has a number of long-range plans including but not limited to its annual performance reports, the Basin Management Plan, and the Pajaro Valley Subbasin annual reports.

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

PVWMA is not a water purveyor of domestic water, such as a typical water district or municipal water department. While PVWMA has the authority to manage groundwater resources in the basin, PVWMA's activities typically focus on halting seawater intrusion by balancing the overdraft conditions in the basin. For example, the District's charter specifically prevents supplying potable water, which is intended to remain the responsibility of local water purveyors. Therefore, all PVWMA projects considered and approved in its Basin Management Plan only supply non-potable (irrigation) water. PVWMA activities do not include flood control, stream restoration or habitat management (except as mitigations for PVWMA projects), which are the responsibility of state and/or county jurisdictions.

**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.**

At present, there are 43 private water systems within PVWMA.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District' sphere boundary.

## RECLAMATION DISTRICT NO. 2049 (COLLEGE LAKE)

### OVERVIEW

The Reclamation District No. 2049 was formed on February 2, 1920 in conformity with Division 2200 of the Deering Act and now operates under Section 50000 et seq. of the California Water Code. The District provides drainage for approximately 500 acres in the College Lake area, north of the City of Watsonville. **Figure 49**, on page 139, is a vicinity map depicting the District's current jurisdictional boundary. **Figure 50**, on page 140, also shows the current land use designation under the County's General Plan. At present, the majority of land within the District is designated as Agriculture. Zero boundary changes have occurred since inception. The only LAFCO action considered and approved was the District's original sphere adoption in 1988.

### Services and Infrastructure

The District's sole purpose is to drain the College Lake once a year to allow for farming purposes during the summer season. The District currently uses one weir, a small water dam, to control the flow of water. The District does not provide any other services or has any other infrastructure or facility, as shown in **Tables 62 and 63**. While the District has been in existence for 102 years, its service operation and overall governance is in disarray.

**Table 62: List of Service Provisions**

Services	Checkmark (Yes)
Agricultural Water	
Drainage	✓
Groundwater Replenishment	
Retail Potable Water	
Recycled Water	
Wastewater (Sewer)	
Water Treatment	
Water Conservation	

**Table 63: List of Infrastructure / Facilities**

Infrastructure	Checkmark (Yes)	Quantity
Distribution / Storage Tanks	-	-
Pressure Zones	-	-
Production Wells	-	-
Pump Stations	-	-
Recycled Water System	-	-
Treatment Plants	-	-
Water Diversions	-	-
Water Pipeline	-	-
Total Connections	-	-



Figure 49: Reclamation District's Vicinity Map

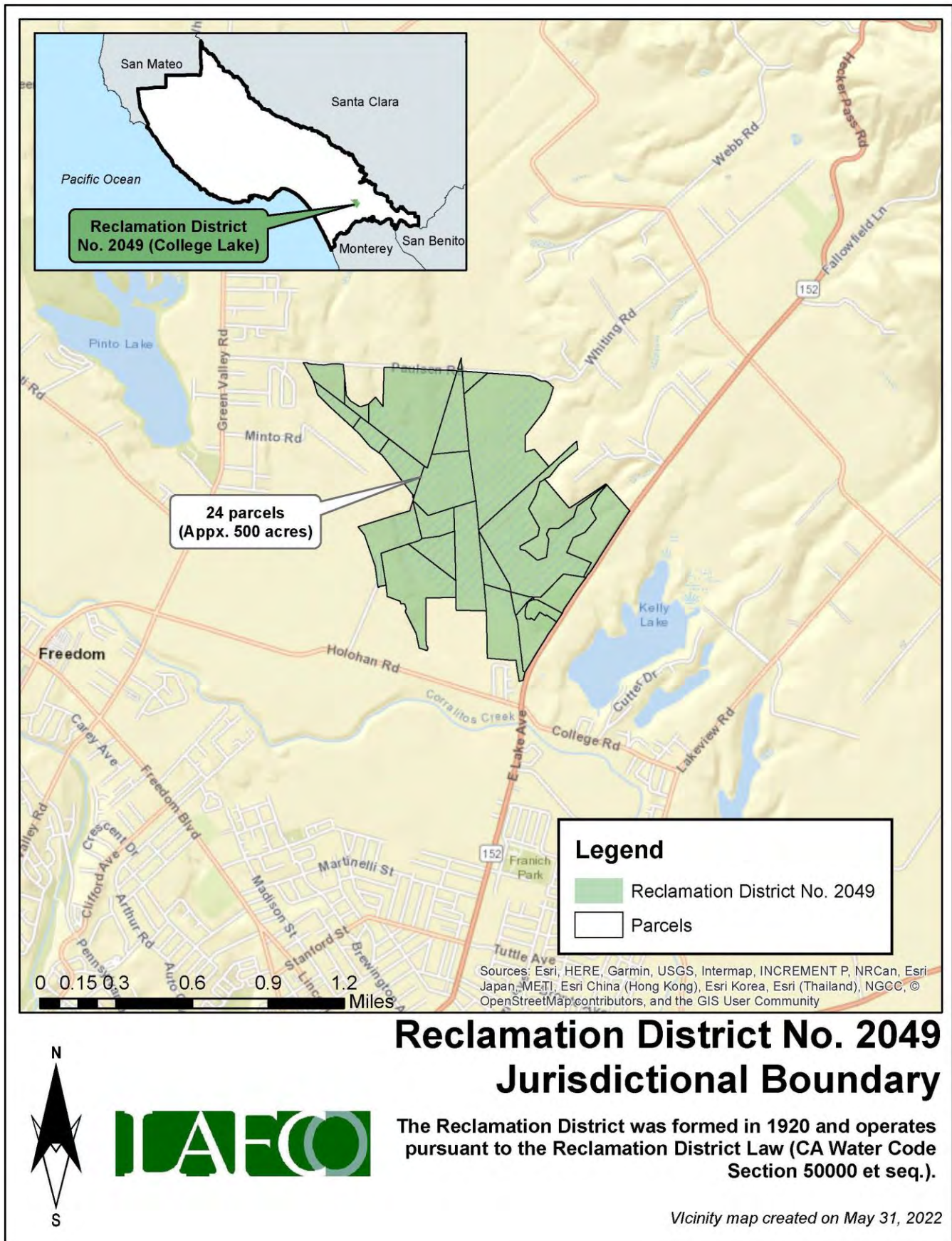
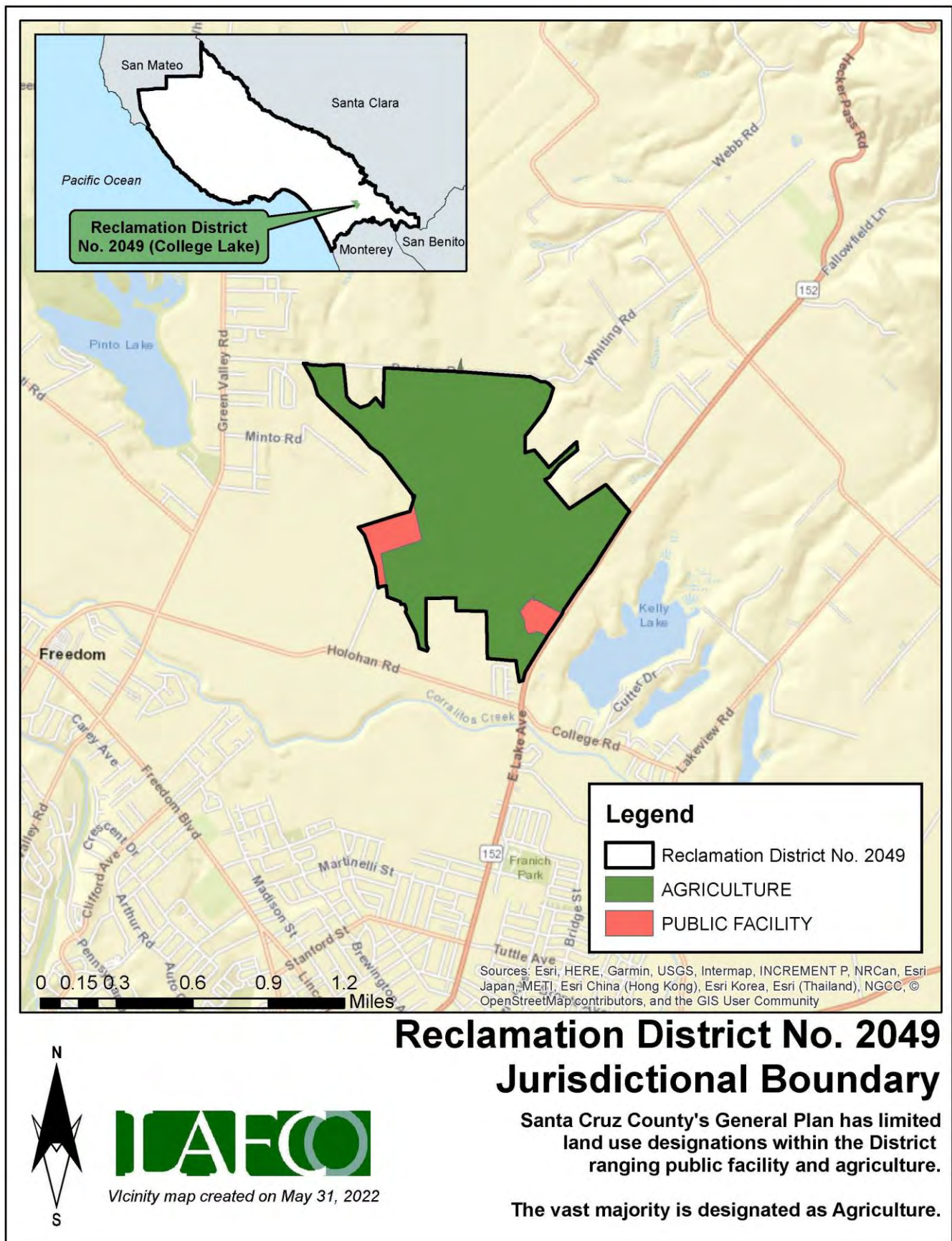




Figure 50: Reclamation District's Land Use Map



## Population and Growth

Based on staff's analysis, the population of the Reclamation District in 2020 was estimated to be 16. 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. **Table 64** shows the anticipated population within the District. The average rate of change is 0.86%.

### Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for the Reclamation District. LAFCO staff increased the District's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of the District will be approximately 17 by 2040.

**Table 64: 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%
<b>Reclamation District No. 2049</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>0.86%</b>

*Source: AMBAG 2018 Regional Growth Forecast and GIS Parcel Data*

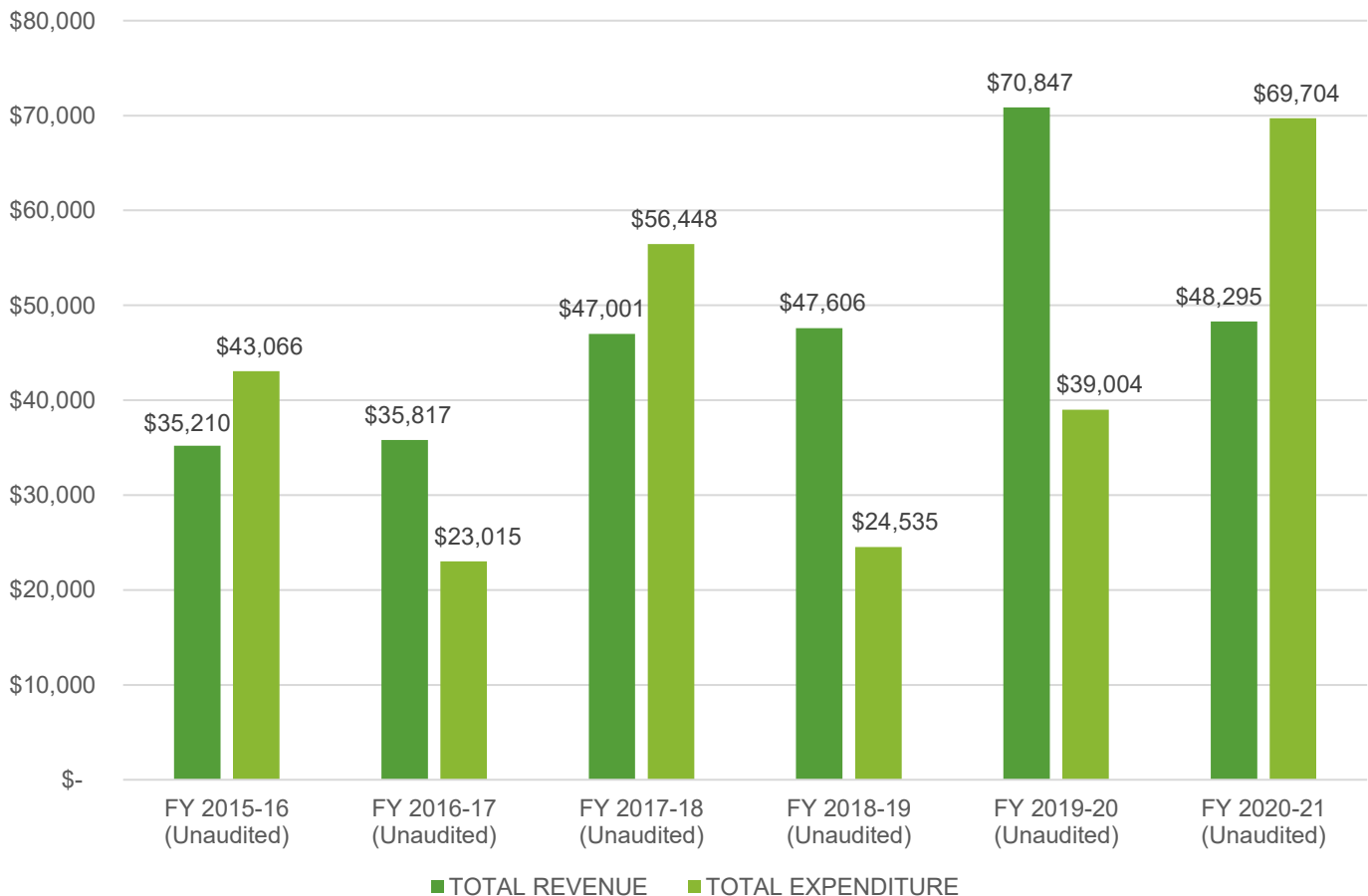
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## FINANCES

This section will highlight the District's financial performance during the most recent fiscal years. There are no recent audited financial statements available. The last audit occurred back in 2017 and analyzed the District during June 30, 2011 through June 30, 2015. As an alternative approach, LAFCO utilized the County's financial database to determine the financial health of the District from 2015 to 2021. A comprehensive analysis of the District's financial performance during the past six years is shown in **Tables 68 and 69** on pages 146-147.

At the end of Fiscal Year 2020-21, total revenue collected was approximately \$48,000, representing a 32% decrease from the previous year (\$71,000 in FY 19-20). Total expenses for FY 2020-21 were approximately \$70,000, which increased by 79% from the previous year (\$39,000 in FY 19-20). Since 2015, the District ended with a deficit in three of the last six fiscal years, as shown in **Figure 51**. LAFCO staff believes that this negative trend will continue based upon the District's lack of staff, depleting reserves, and zero adopted policies to help the board with any financial guidance. Additionally, the Board Chair has indicated to LAFCO that it may run out of money by November 2022.

**Figure 51: Statement of Revenues & Expenditures  
(FY 2015-16 to FY 2020-21)**





## Revenues

### Operating Revenue

The District's primary source of revenue is from operating revenues, specifically from assessments. In FY 2020-21, Assessments represented approximately 98% of the District's entire revenue stream.

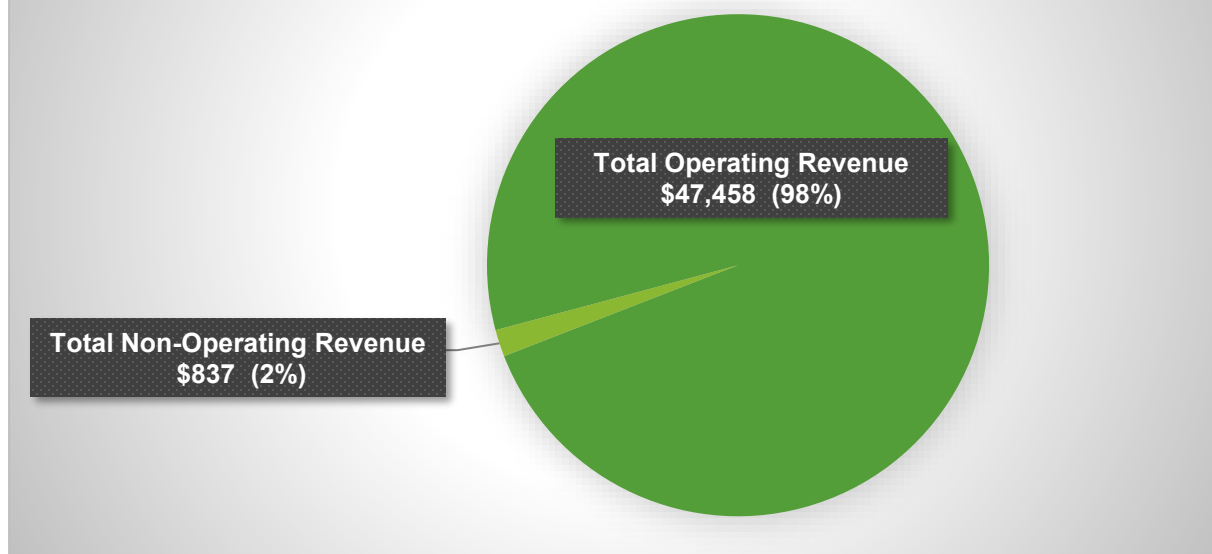
### Non-operating Revenue

The remaining 2% of total revenue derive from non-operating revenue sources. These funds include Interest Income and Penalties. **Table 65** and **Figure 52** provide a breakdown of the District's revenue by category and source.

**Table 65: Revenue Breakdown (FY 2020-21)**

Revenue	Amount	Percentage
<b>Operating Revenue</b>		
Assessments	<u>\$47,458</u>	<u>100%</u>
Total Operating Revenue	\$1,168,449	100%
<b>Non-Operating Revenue</b>		
Interest Income	\$434	52%
Penalties	<u>\$403</u>	<u>48%</u>
Total Non-Operating Revenue	\$837	100%
<b>Total Revenue</b>	<u><b>\$48,295</b></u>	

**Figure 52: Operating v Non-Operating Revenue  
(FY 2020-21)**



## Expenditures

### Operating Expense

The District's operating expenses represented approximately 100% of total expenditure during FY 2020-21. The only expenses identified were Services & Supplies, as shown in **Table 66** and **Figure 53**.

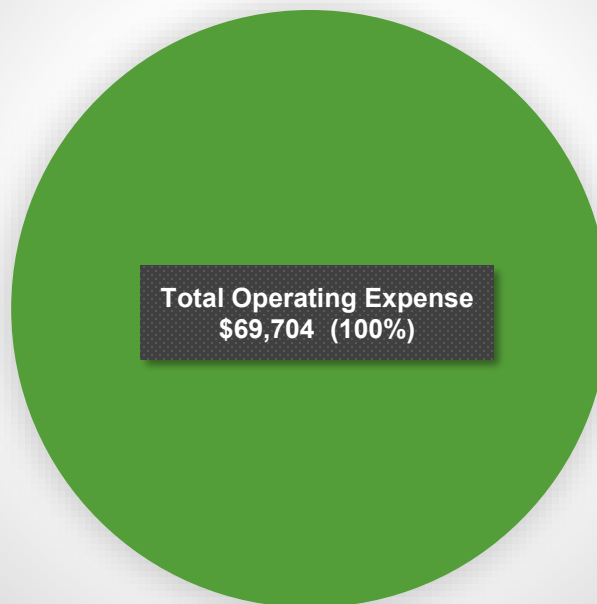
### Non-operating Expense

The District did not have any identified non-operating expenses during FY 2020-21.

**Table 66: Expense Breakdown (FY 2020-21)**

Expenditure	Amount	Percentage
<b>Operating Expense</b>		
Services & Supplies	<u>\$69,704</u>	<u>100%</u>
Total Operating Expense	\$69,704	100%
<b>Total Expenditure</b>	<u><b>\$69,704</b></u>	

**Figure 53: Operating v Non-Operating Expense  
(FY 2020-21)**



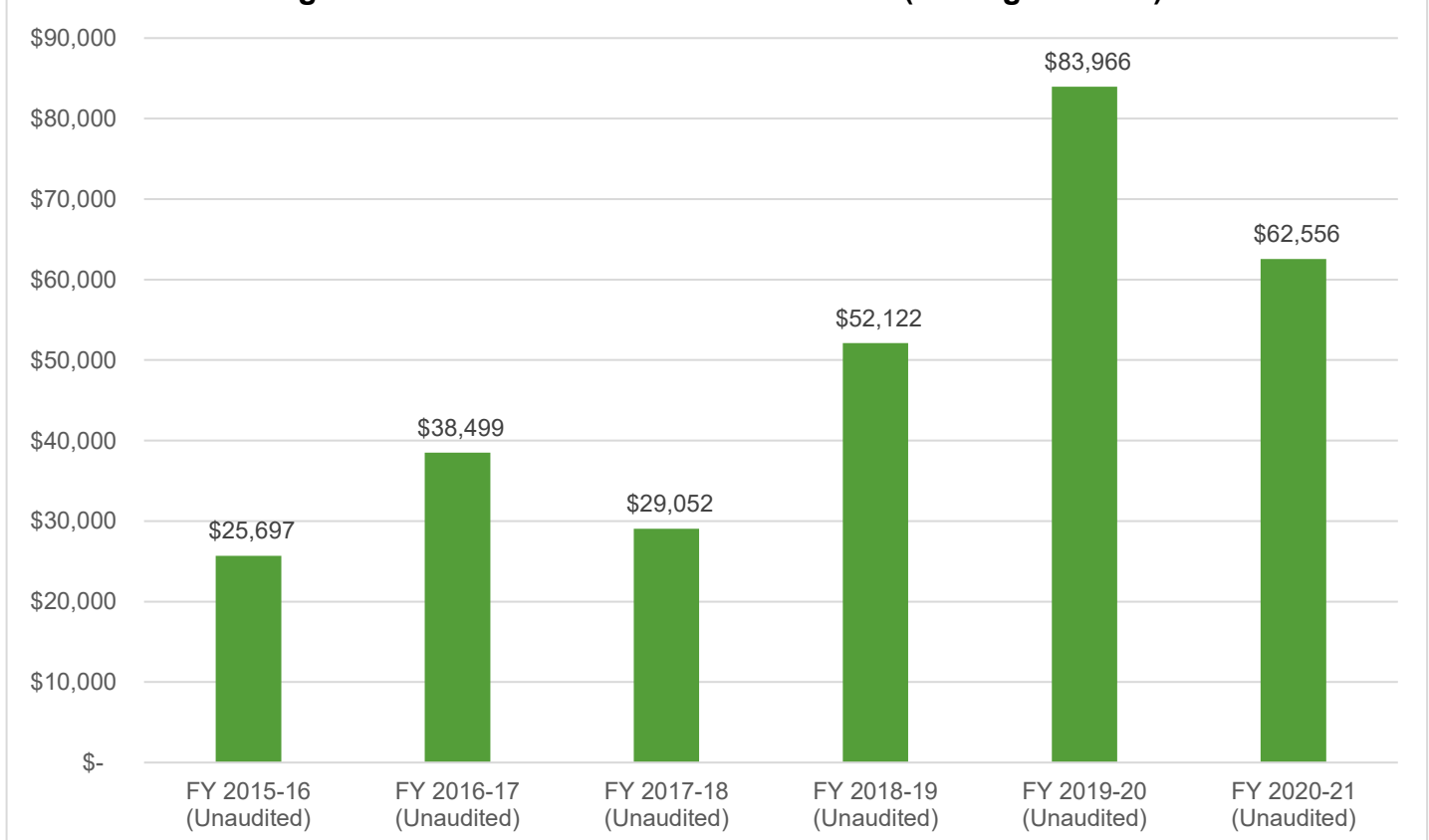
## Fund Balance / Net Position

As of June 30, 2021, the total net position balance ended with approximately \$63,000. The following table highlights the net position balance from 2015 to 2021. As shown in **Table 67** and **Figure 54**, the District's fund balance has increased over the years and has maintained an annual balance above \$25,000. However, the current balance of \$63,000 does not cover the operating costs of \$70,000 during FY 2020-21. Additionally, this minimal amount may be completely depleted if any unintended expenses, major capital improvements projects, or emergency repairs were needed at any given time. As previously mentioned, the Board Chair informed LAFCO that the District may run out of money as early as November 2022.

**Table 67: Net Position (2015 to 2021)**

	FY 2015-16 (Unaudited)	FY 2016-17 (Unaudited)	FY 2017-18 (Unaudited)	FY 2018-19 (Unaudited)	FY 2019-20 (Unaudited)	FY 2020-21 (Unaudited)
Beginning Balance	\$33,553	\$25,697	\$38,499	\$29,052	\$52,122	\$83,966
<b>Ending Balance</b>	<b>\$25,697</b>	<b>\$38,499</b>	<b>\$29,052</b>	<b>\$52,122</b>	<b>\$83,966</b>	<b>\$62,556</b>
Change (\$)		\$12,802	\$(9,447)	\$23,070	\$31,843	\$(21,409)

**Figure 54: Net Position from 2015 to 2021 (Ending Balance)**



**Table 68: Total Revenues & Expenditures**

	FY 2015-16 (Unaudited)	FY 2016-17 (Unaudited)	FY 2017-18 (Unaudited)	FY 2018-19 (Unaudited)	FY 2019-20 (Unaudited)	FY 2020-21 (Unaudited)
<b>REVENUE</b>						
<u>Operating Revenue</u>						
Assessments	\$ 35,133	\$ 35,539	\$ 46,543	\$ 46,785	\$ 60,109	\$ 47,458
<b>Total Operating Revenue</b>	<b>\$ 35,133</b>	<b>\$ 35,539</b>	<b>\$ 46,543</b>	<b>\$ 46,785</b>	<b>\$ 60,109</b>	<b>\$ 47,458</b>
<u>Non-Operating Revenue</u>						
Interest Income	\$ 233	\$ 277	\$ 457	\$ 821	\$ 1,132	\$ 434
Penalties	\$ (156)	\$ -	\$ -	\$ -	\$ 9,607	\$ 403
<b>Total Non-Operating Revenue</b>	<b>\$ 77</b>	<b>\$ 277</b>	<b>\$ 457</b>	<b>\$ 821</b>	<b>\$ 10,739</b>	<b>\$ 837</b>
<b>TOTAL REVENUE</b>	<b>\$ 35,210</b>	<b>\$ 35,817</b>	<b>\$ 47,001</b>	<b>\$ 47,606</b>	<b>\$ 70,847</b>	<b>\$ 48,295</b>
<b>EXPENDITURE</b>						
<u>Operating Expense</u>						
Services & Supplies	\$ 43,066	\$ 23,015	\$ 56,448	\$ 24,535	\$ 39,004	\$ 69,704
<b>Total Operating Expense</b>	<b>\$ 43,066</b>	<b>\$ 23,015</b>	<b>\$ 56,448</b>	<b>\$ 24,535</b>	<b>\$ 39,004</b>	<b>\$ 69,704</b>
<u>Non-Operating Expense</u>						
<i>None Disclosed</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Non-Operating Expense</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL EXPENDITURE</b>	<b>\$ 43,066</b>	<b>\$ 23,015</b>	<b>\$ 56,448</b>	<b>\$ 24,535</b>	<b>\$ 39,004</b>	<b>\$ 69,704</b>
<b>Surplus/(Deficit)</b>	<b>\$ (7,856)</b>	<b>\$ 12,802</b>	<b>\$ (9,447)</b>	<b>\$ 23,070</b>	<b>\$ 31,843</b>	<b>\$ (21,409)</b>
<b>NET POSITION</b>						
Beginning Balance (as restated)	\$ 33,553	\$ 25,697	\$ 38,499	\$ 29,052	\$ 52,122	\$ 83,966
<b>Ending Balance</b>	<b>\$ 25,697</b>	<b>\$ 38,499</b>	<b>\$ 29,052</b>	<b>\$ 52,122</b>	<b>\$ 83,966</b>	<b>\$ 62,556</b>



**Table 69: Total Assets & Liabilities**

	FY 2010-11 (Audited)	FY 2011-12 (Audited)	FY 2012-13 (Audited)	FY 2013-14 (Audited)	FY 2014-15 (Audited)
<b>ASSETS</b>					
<u>Current Assets</u>					
Cash	\$ 14,345	\$ 7,829	\$ 26,672	\$ 39,526	\$ 48,290
Assessments Receivable	\$ 12,124	\$ 10,210	\$ 3,449	\$ 4,326	\$ 5,892
<b>Total Current Assets</b>	<b>\$ 26,469</b>	<b>\$ 18,039</b>	<b>\$ 30,121</b>	<b>\$ 43,852</b>	<b>\$ 54,182</b>
<u>Non-Current Assets</u>					
Capital Assets	\$ 3,953	\$ 2,603	\$ 1,253	\$ -	\$ -
<b>Total Non-Current Assets</b>	<b>\$ 3,953</b>	<b>\$ 2,603</b>	<b>\$ 1,253</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL ASSETS</b>	<b>\$ 30,422</b>	<b>\$ 20,642</b>	<b>\$ 31,374</b>	<b>\$ 43,852</b>	<b>\$ 54,182</b>
<u>Deferred Outflows of Resources</u>					
<i>None Disclosed</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Deferred Outflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 30,422</b>	<b>\$ 20,642</b>	<b>\$ 31,374</b>	<b>\$ 43,852</b>	<b>\$ 54,182</b>
<b>LIABILITIES</b>					
<u>Current Liabilities</u>					
Accounts Payable	\$ 11,380	\$ -	\$ 10,226	\$ 20,043	\$ 14,737
Deferred Credits	\$ 12,124	\$ 10,210	\$ 3,449	\$ 4,326	\$ 5,892
<b>Total Current Liabilities</b>	<b>\$ 23,504</b>	<b>\$ 10,210</b>	<b>\$ 13,675</b>	<b>\$ 24,369</b>	<b>\$ 20,629</b>
<u>Non-Current Liabilities</u>					
<i>None Disclosed</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Non-Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 23,504</b>	<b>\$ 10,210</b>	<b>\$ 13,675</b>	<b>\$ 24,369</b>	<b>\$ 20,629</b>
<u>Deferred Inflows of Resources</u>					
<i>None Disclosed</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 23,504</b>	<b>\$ 10,210</b>	<b>\$ 13,675</b>	<b>\$ 24,369</b>	<b>\$ 20,629</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 3,953	\$ 2,603	\$ 1,253	\$ -	\$ -
Unrestricted	\$ 2,965	\$ 7,809	\$ 16,446	\$ 19,483	\$ 33,553
<b>Total Net Position</b>	<b>\$ 6,918</b>	<b>\$ 10,412</b>	<b>\$ 17,699</b>	<b>\$ 19,483</b>	<b>\$ 33,553</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<b>\$ 30,422</b>	<b>\$ 20,622</b>	<b>\$ 31,374</b>	<b>\$ 43,852</b>	<b>\$ 54,182</b>

## GOVERNANCE

### Local Accountability & Structure

The Reclamation District 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. Typically, a General Manager administers the day-to-day operations of the District, however, the Reclamation District does not have a General Manager or any additional administrative staff other than a board secretary. It is also LAFCO's understanding that the District has two vacancies on its Board. The current board members are as follows:

**Table 70: Board of Directors**

Board Member	Term of Office
<b>John Diffenbaugh, Chair</b>	Appointed: November 14, 2017 Term Limit Ends: December 1, 2019
<b>Tony Lazaro</b>	Appointed: November 14, 2017 Term Limit Ends: December 1, 2021
<b>Frank Capurro</b>	Appointed: November 14, 2017 Term Limit Ends: December 1, 2021
<b>Vacant</b>	N/A
<b>Vacant</b>	N/A

*Footnote: The three "current" board members were appointed by the County Board of Supervisors in lieu of an election. However, their term limits have since expired.*

### Board Meetings

LAFCO's analysis shows that the last official board meeting was held in October 2021. LAFCO staff met with the Board Chair to discuss the issues of the District and was invited to attend their May 18, 2022 Board Meeting. There was no public notice posted at the venue or any indication that a board meeting was taking place. Additionally, only two board members present, which did not fulfill the quorum requirements under State law. Furthermore, it is LAFCO's understanding that the terms of the current board members have expired. This conclusion was confirmed by the County Elections Department on June 16, 2022.

### 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. SB 929 identifies a number of components that must be found within an agency's website. Additionally, the Special District Leadership Foundation (SDLF), an independent, non-profit organization formed to promote good governance and best practices among California's special districts, has also outlined recommended website elements as part of its District Transparency Certificate of Excellence. This program was created in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency. LAFCO was not able to conduct this assessment because the District does not have a website. In fact, the District does not have an official office, official phone number, or any other contact information. LAFCO staff is extremely concerned with the lack of transparency by the Reclamation District.

## Opportunities and Challenges

Water agencies are significantly affected by various factors, including aging infrastructure, escalating operational costs, drought impacts, increase in customer demand, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common not only in Santa Cruz County but throughout the State. The following section discusses these challenges and identifies possible opportunities to ensure that residents receive the best level of water services.

### Statutory Violations

The Reclamation District has been on notice since the last audited financial statement prepared by the County of Santa Cruz back on March 17, 2017. The audit, which analyzed the District from 2011 to 2015, identified a number of concerns as shown in **Appendix G. Table 71** lists those concerns and whether the District addressed them.

**Table 71: List of Concerns from 2017 Audit**

Issue / Violation	Description	Current Status
<b>1. Adopted Policies</b>	District not in compliance with state law which requires adoption of policies, including but not limited to Purchasing, Compensation, Depreciation, and Conflict of Interest.  <b>County Auditor Recommendation:</b> <i>Adopt board policies</i>	No action taken; Still not in compliance
<b>2. Board Minutes</b>	District does not have meeting minutes accessible to the public  <b>County Auditor Recommendation:</b> <i>Taken meeting minutes and make them accessible to the public</i>	No action taken; Still not in compliance
<b>3. Ethics Training</b>	District not in compliance with GCS 53235 which requires board members to receive ethics training  <b>County Auditor Recommendation:</b> <i>Complete ethics training and/or adopt resolution prohibiting board members from receiving reimbursements</i>	No action taken; Still not in compliance
<b>4. Bids</b>	District showed no proof of solicitation for services that cost above \$3,000  <b>County Auditor Recommendation:</b> <i>Solicit bids for services over \$3,000</i>	No action taken; No policy was adopted
<b>5. Calculating Assessments</b>	District does not calculate assessments based on the Valuation Assessment Role of \$30 per \$1,000 assessed value as confirmed by the County Board of Supervisors in accordance with GCS 51326  <b>County Auditor Recommendation:</b> <i>Comply with CA Water Code and calculate assessments according to the Valuation Assessment Role</i>	No action taken; Still not in compliance

<b>6. Financial Statement Preparation</b>	District did not prepare, or have control in place that would assure the preparation of internal financial statements  <b>County Auditor Recommendation:</b> <i>Hire proper staff to address this “material weakness” and provide Board oversight</i>	No action taken; No General Manager or adequate staff
<b>7. Board Composition</b>	District has an ongoing issue with board member retention  <b>County Auditor Recommendation:</b> <i>Comply with statutory laws regarding election and appointment of Board Members</i>	Still not in compliance; All term limits have expired and no appointments/elections have occurred since 2017
<b>8. Brown Act</b>	District does not comply with the Brown Act  <b>County Auditor Recommendation:</b> <i>Comply with the Brown Act by properly notifying the public about upcoming board meetings</i>	Still not in compliance; meeting notices are not advertised properly

The Reclamation District has not complied with the recommendations identified in their last audit, but more troubling is that the District has violated a number of legal obligations as a special district. The lack of staffing and transparency are extremely concerning and the root cause of their improper governmental oversight. LAFCO staff has determined that the District has no general manager or adequate staff, no administrative office, no method of contact, no website, no adopted policies, and no valid board membership. Since LAFCO’s initial findings were shared with the District in May, the remaining board members have taken proactive steps to work with LAFCO and have agreed to initiate the dissolution process. In June, the District and LAFCO co-hosted a workshop to inform the 16 affected landowners about the current issues and the benefits of dissolution.

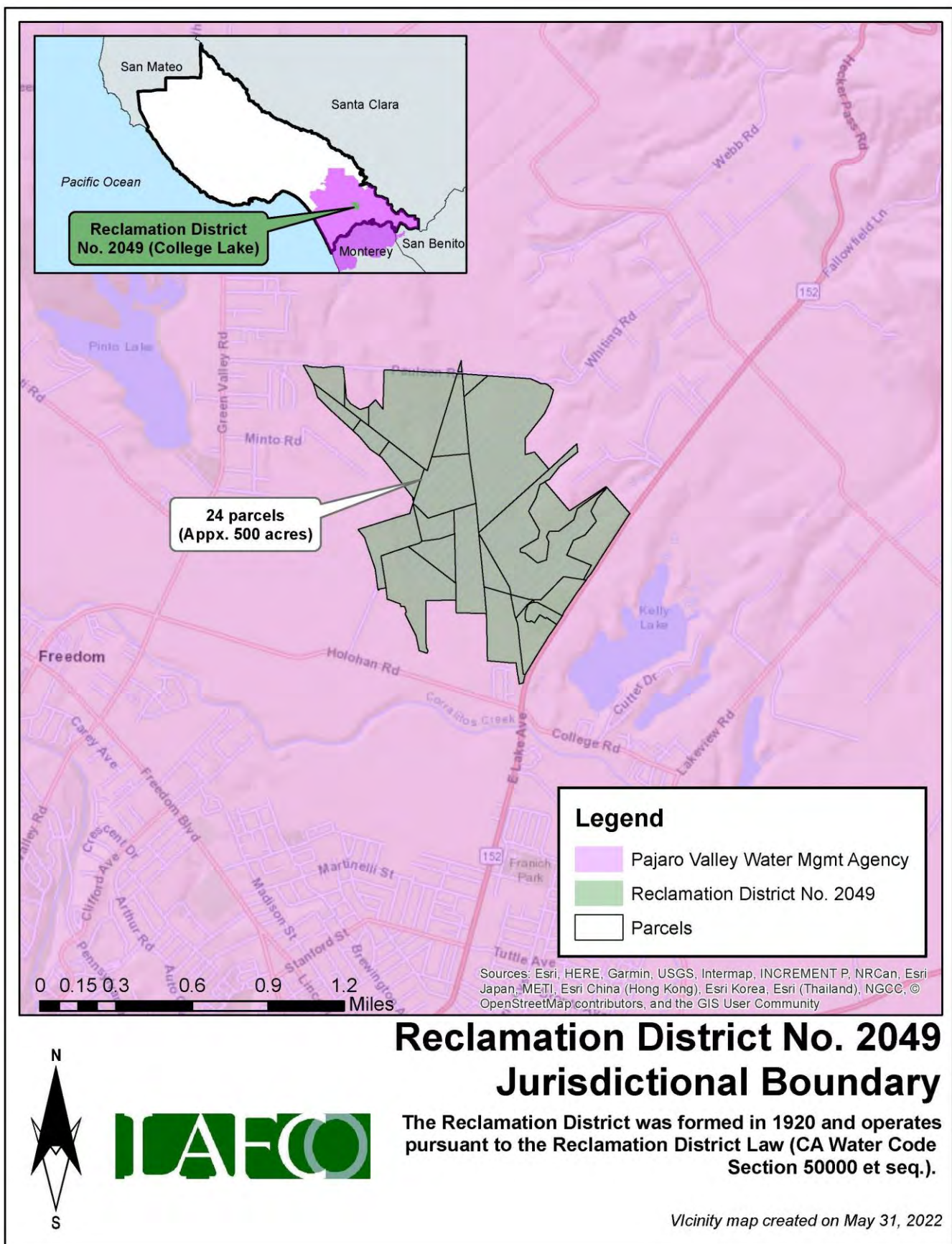
#### Pending Dissolution

Based on staff’s analysis, the Reclamation District has obsolete infrastructure, limited staffing, depleting finances, zero transparency, lack of Brown Act compliance, and other statutory violations. Due to these significant issues, the Reclamation District Board of Directors adopted a resolution to initiate dissolution on July 27, 2022. The Reclamation District is already in PVWMA’s jurisdictional boundary (refer to **Figure 55** on page 151). It is also LAFCO’s understanding that PVWMA is in the process of completing a project directly tied with the College Lake. The primary purposes of the College Lake Integrated Resources Project are to help balance the groundwater basin, prevent further seawater intrusion, and meet water supply needs in PVWMA’s service area by developing College Lake as a water storage and supply source. Project components include a weir structure and intake pump station, a water treatment plant, and an approximately 6-mile-long pipeline to convey water from the water treatment plant to the Watsonville Area Recycled Water Treatment Facility and to the Coastal Distribution System. Construction is estimated to occur over approximately 18 months and may begin later this year, pending acquisition of necessary permits and property rights.

**LAFCO Staff Recommendation:** *The Reclamation District must coordinate with LAFCO and PVWMA to successfully transfer service responsibilities as part of the dissolution process.*



**Figure 55: Reclamation District within PVWMA's Jurisdictional Boundary**



## SPHERE OF INFLUENCE

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### Current Sphere Boundary

Santa Cruz LAFCO adopted the District's first sphere of influence on November 2, 1988. The current sphere is coterminous with the District's jurisdictional boundary. The last sphere update occurred in December 2017 following the last service review cycle. **Figure 56** on page 153 shows the current sphere of influence boundary.

### Proposed Sphere Boundary

Due to the ongoing deficiencies and financial constraints, in conjunction with the findings by LAFCO and the last audited financial statement, LAFCO staff is recommending the adoption of a zero sphere, as shown as **Figure 57** on page 154. LAFCO may adopt a "zero" sphere (encompassing no territory) for a public agency when the Commission has determined that the service functions of the affected agency are either: nonexistent, no longer needed, or should be reallocated to some other local government. Adoption of a zero sphere indicates that the Reclamation District should ultimately be dissolved and service responsibilities be transferred to another local agency, specifically the Pajaro Valley Water Management Agency.

**LAFCO Staff Recommendation:** *Adopt a zero sphere as a precursor to dissolution.*

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Figure 56: Reclamation District's Current Sphere Map

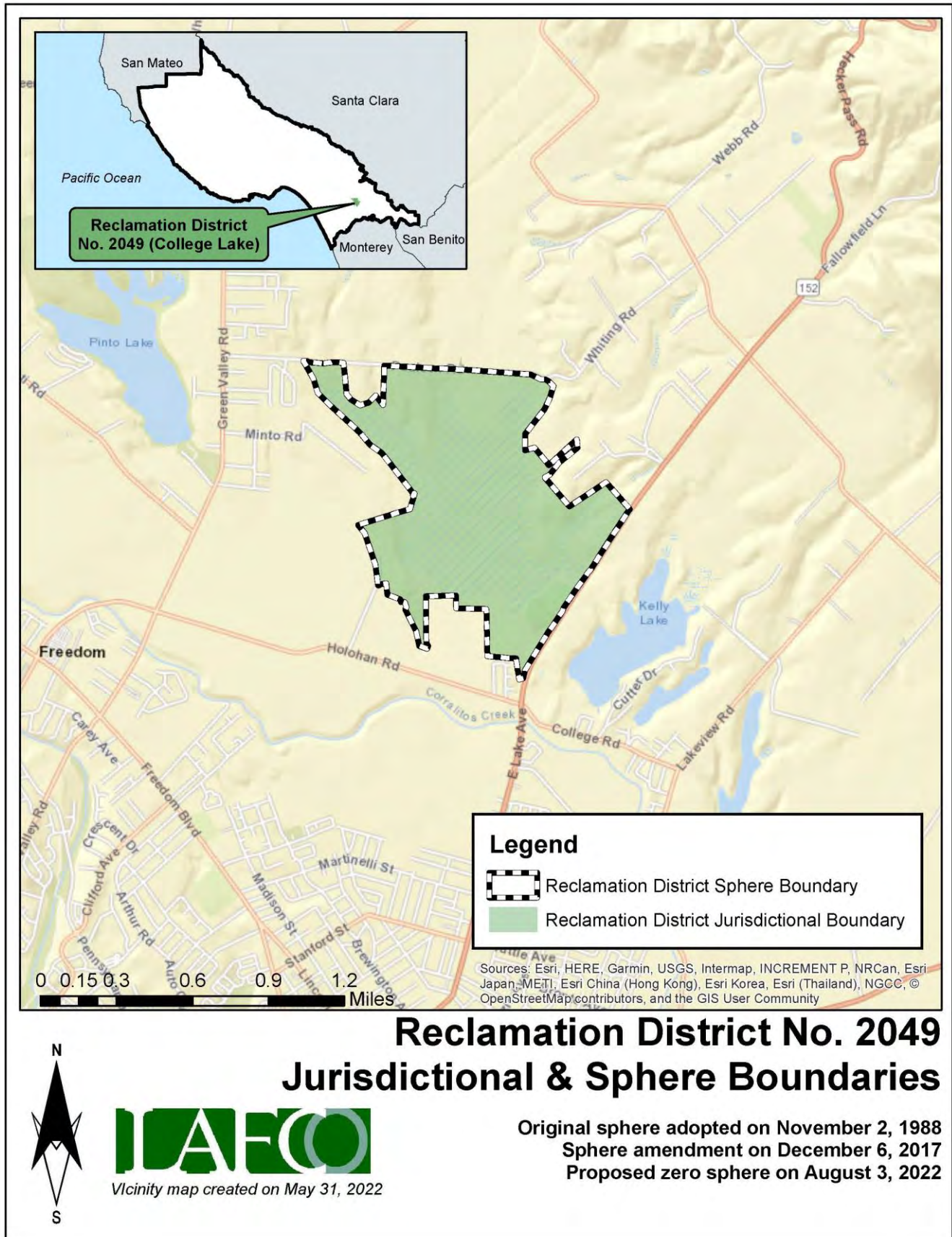
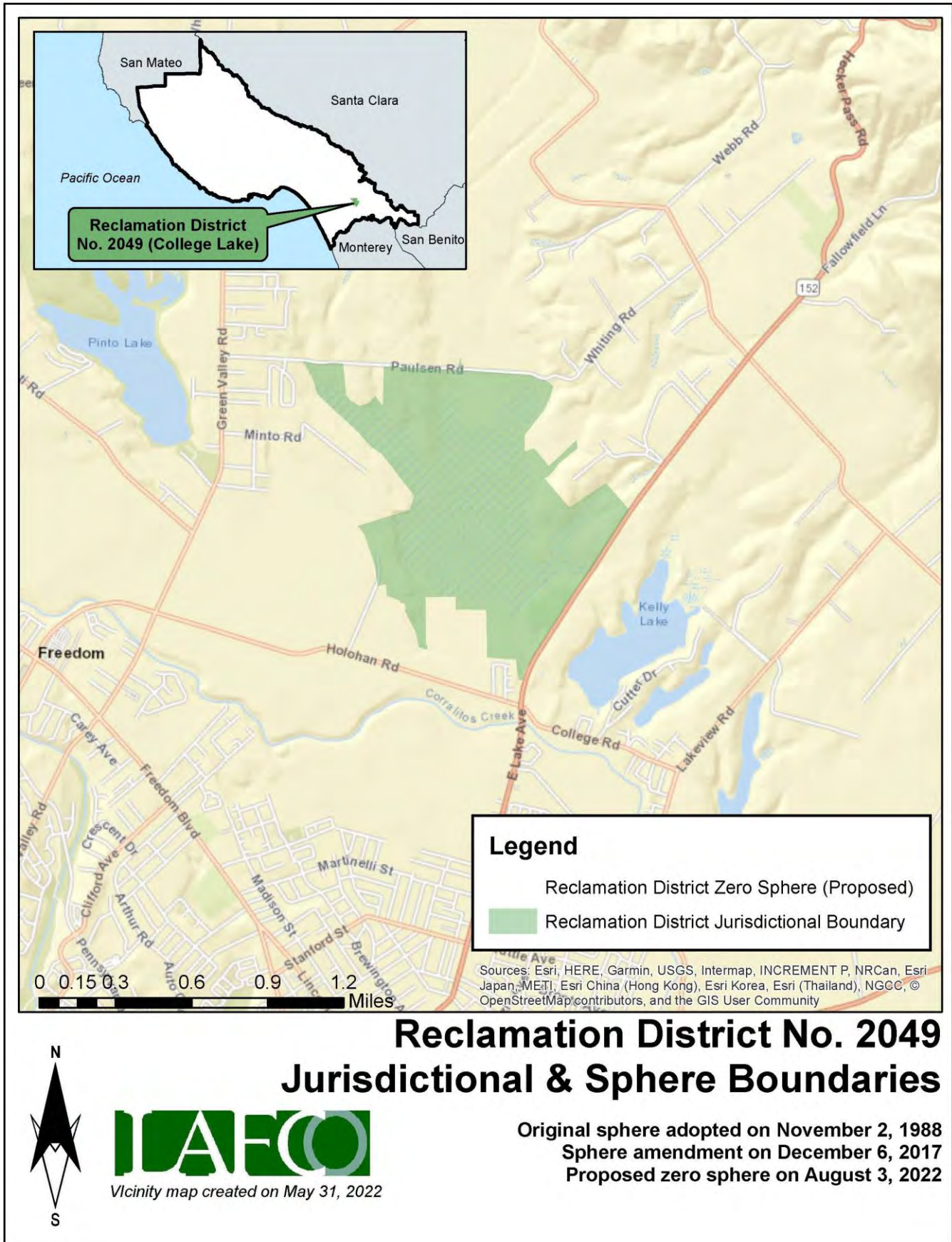




Figure 57: Reclamation District's Proposed Sphere Map





## DISTRICT SUMMARY

Reclamation District No. 2049 (College Lake)	
<b>Formation</b>	California Water Code, section 50,000 et seq.
<b>Board of Directors</b>	Five members; all board member term limits have expired; no legal board members in place
<b>Contact Person</b>	No General Manager
<b>Employees</b>	0 Full-Time Employees
<b>Facilities</b>	1 Weir
<b>District Area</b>	0.79 square miles (appx. 500 acres)
<b>Sphere of Influence</b>	<p><b>Current Sphere:</b> Coterminous (i.e. sphere boundary the same as the District's jurisdictional boundary)</p> <p><b>Proposed Sphere:</b> Zero (i.e., precursor to dissolution)</p>
<b>FY 2020-21 Audit</b>	<p>Total Revenue = \$48,295</p> <p>Total Expenditure = \$69,704</p> <p>Net Position (Ending Balance) = \$62,556</p>
<b>Contact Information</b>	<p>Mailing Address: None</p> <p>Phone Number: None</p> <p>Email Address: None</p> <p>Website: None</p>
<b>Public Meetings</b>	Brown Act Violations (no adequate posting; no legal board members); Last official meeting occurred in October 2021
<b>Mission Statement</b>	None

## SERVICE AND SPHERE REVIEW DETERMINATIONS

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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.**

The population of the Reclamation District in 2020 was estimated to be 16. Based on LAFCO's analysis, the population within the District will be approximately 17 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**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.**

There is no present and planned capacity of public facilities or adequacy of public services. The District has no general manager, no office, no website, no capital improvement plan, and a significant lack of transparency.

**4. Financial ability of agencies to provide services.**

The Reclamation District is not financially stable. The District ended with a deficit in three of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$63,000. The District has informed LAFCO that it may run out of money by November 2022.

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

LAFCO strongly encourages the District to support dissolution and transfer drainage responsibilities to another local agency, such as the Pajaro Valley Water Management Agency (PVWMA).

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

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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District does not have a website.

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

LAFCO strongly encourages the District to support dissolution and transfer drainage responsibilities to another local agency, such as the PVWMA.

## 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.**

At present, the majority of land within the District is designated as Agriculture. The District's customer base is predominantly farmers.

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

The District has no long-term planning in place.

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

There is no present and planned capacity of public facilities or adequacy of public services. The District has no general manager, no office, no website, no capital improvement plan, and a significant lack of transparency.

**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.**

The District has been in existence for 102 years and has not been able to adapt to the statutory requirements set forth on local governments, specifically independent special districts. It is LAFCO's recommendation that the District dissolve as soon as possible.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District' sphere boundary.

# SAN LORENZO VALLEY WATER DISTRICT

## OVERVIEW

The San Lorenzo Valley Water District was formed in 1941 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, and recreation in the San Lorenzo Valley. Today, the District serves 60 square miles of unincorporated territory. There is a total of 14,785 parcels within the District (totaling approximately 118,000 acres). **Figure 58**, on page 160, is a vicinity map depicting SVLWD's current jurisdictional boundary. **Figure 59**, on page 161, also shows the current land use designation under the County's General Plan. At present, the majority of land within the District is designated as Mountain Residential.

A total of 56 boundary changes have been approved by LAFCO, the Lompico Reorganization last approved in August 2016. **Appendix H** provides an overview of all the approved boundary changes since 1963.

## Services and Infrastructure

SLVWD owns, operates, and maintains two water systems that supply separate service areas from separate water sources. The North/South Service Area includes the unincorporated communities of Boulder Creek, Brookdale, Ben Lomond, Zayante, Lompico, portions of the City of Scotts Valley and adjacent unincorporated neighborhoods. The Felton Service Area was acquired by the District from California American Water in September 2008 and includes the town of Felton and adjacent unincorporated areas. The District owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates, which serves approximately 56 homes. There are 170 miles of pipeline, 39 tank sites and 30 booster pump stations serving 36 pressure zones. The District currently provides service to approximately 8,000 residential, commercial, and institutional connections. The District relies on both surface water and groundwater resources, including nine currently active stream diversions, one groundwater spring, and eight active groundwater wells. These sources are derived solely from rainfall within the San Lorenzo River watershed. **Table 72** summarizes the District's services and **Table 73** provides an overview of the District's infrastructure.

**Table 72: List of Service Provisions**

Services	Checkmark (Yes)
Agricultural Water	
Drainage	
Groundwater Replenishment	
Retail Potable Water	✓
Recycled Water	
Wastewater (Sewer)	✓
Water Treatment	✓
Water Conservation	✓



**Table 73: List of Infrastructure / Facilities**

Infrastructure	Checkmark (Yes)	Quantity
Distribution / Storage Tanks	✓	39 tank sites
Pressure Zones	✓	36 pressure zones
Production Wells	✓	8 active groundwater wells
Pump Stations	✓	30 booster pump stations
Recycled Water System	-	-
Treatment Plants	✓	1 wastewater system (Bear Creek Estates)
Water Diversions	✓	9 active stream diversions
Water Pipeline	✓	170 miles
<b>Total Connections</b>	✓	<b>8,000</b>

## Water Rates

SLVWD has a policy ensuring that all revenues from user charges and surcharges generated from District customers must support all District operations including capital project funding. Accordingly, water and sewer 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. **Table 74** highlights the past and upcoming water rates for SLVWD customers.

**Table 74: Water Rates**

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
<b>Fixed Service Charge by Meter Size</b>						
5/8"	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
3/4"	\$34.00	\$28.27	\$30.24	\$32.06	\$33.66	\$35.34
1"	\$56.50	\$42.36	\$45.33	\$48.05	\$50.45	\$52.97
1.5"	\$114.00	\$77.61	\$83.04	\$88.03	\$92.43	\$97.05
2"	\$181.50	\$119.91	\$128.30	\$136.00	\$142.80	\$149.94
3"	\$341.00	\$232.70	\$248.98	\$263.92	\$277.12	\$290.97
4"	\$567.00	\$359.58	\$384.75	\$407.84	\$428.23	\$449.64
<b>Rate of Change following each FY</b>		<b>-32%</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>
<b>Volumetric Charges for All Water Consumed</b>						
Flat Rate (Uniform Rate)	\$10.00	\$10.12	\$10.83	\$11.48	\$12.06	\$12.66
<b>Rate of Change following each FY</b>		<b>1%</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>

Figure 58: SLVWD's Vicinity Map

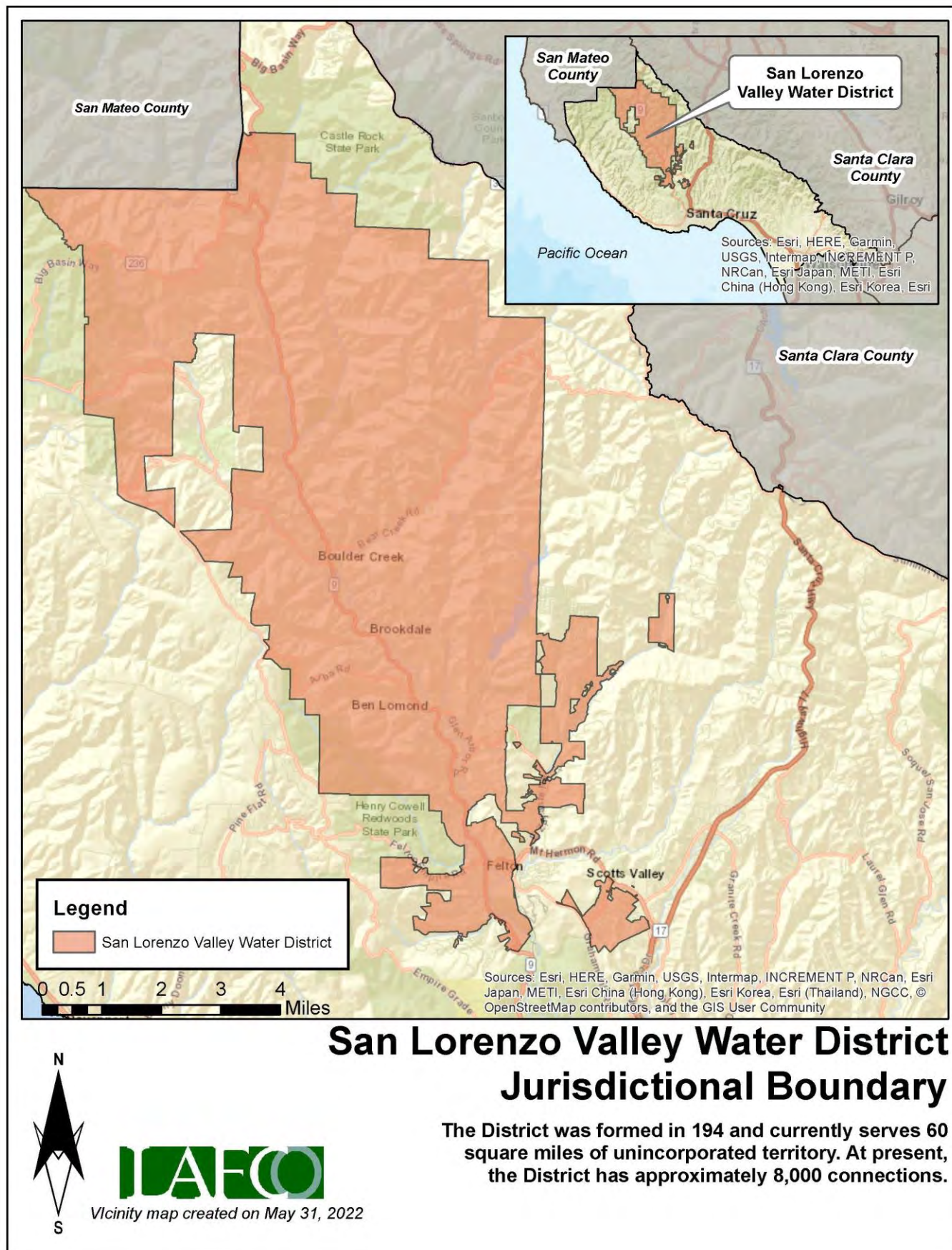
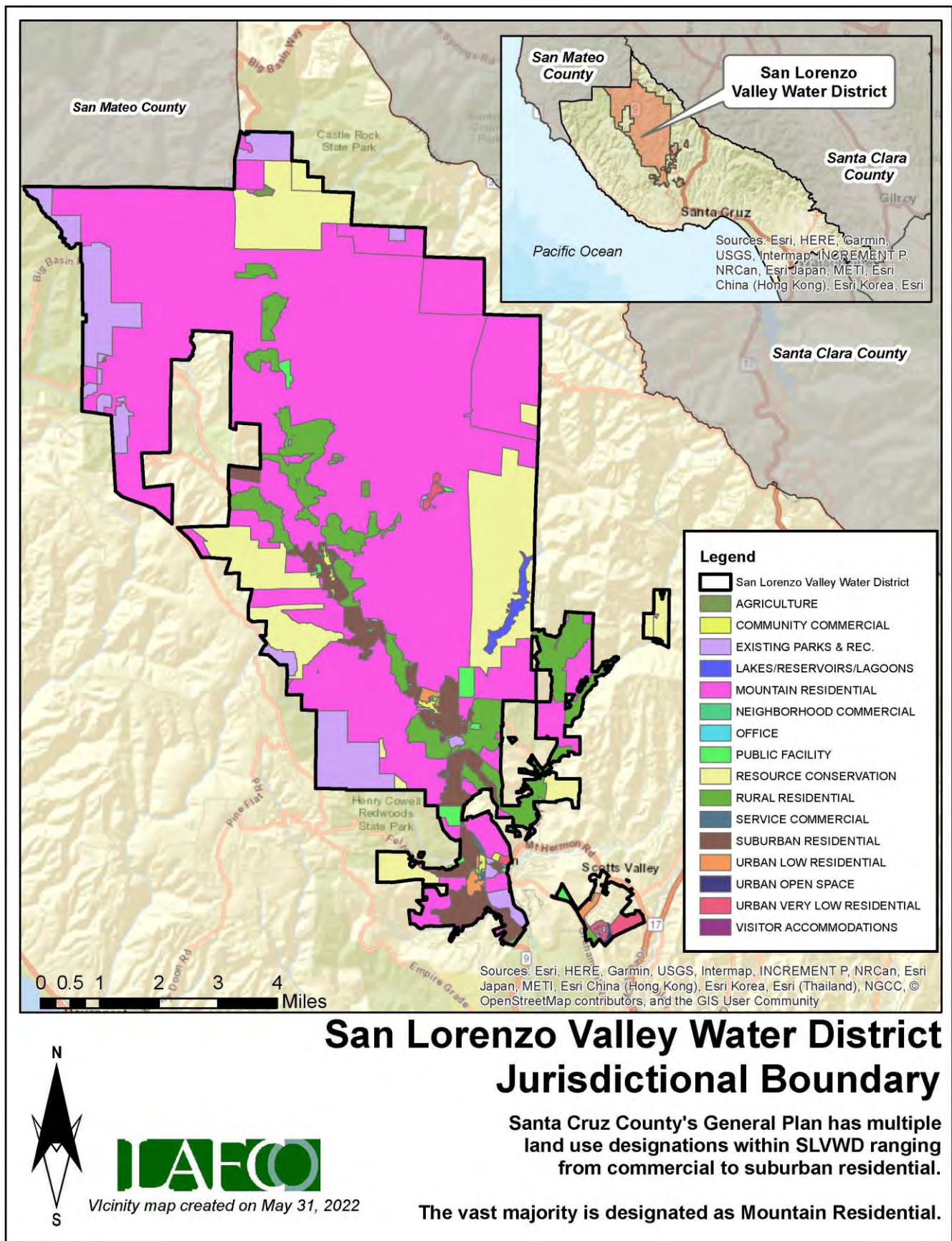




Figure 59: SLVWD's Land Use Map



## Population and Growth

Based on staff's analysis, the population of SLVWD in 2020 was estimated to be 20,000. 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. **Table 75** shows the anticipated population within SLVWD. The average rate of change is 0.86%.

### Population Projection

Based on the projections for Santa Cruz County, LAFCO was able to develop a population forecast for SLVWD. LAFCO staff increased the District's 2020 population amount by 0.86% each year. Under this assumption, our projections indicate that the entire population of SLVWD will be approximately 21,000 by 2040.

**Table 75: 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%
<b>San Lorenzo Valley Water District</b>	<b>19,882</b>	<b>20,052</b>	<b>20,224</b>	<b>20,398</b>	<b>20,572</b>	<b>0.86%</b>

*Source: AMBAG 2018 Regional Growth Forecast and FY 2020-21 SLVWD Audited Financial Statement*

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## FINANCES

This section will highlight the District's financial performance during the most recent fiscal years. Fiscal Year 2020-21 is the latest audited financial statement available. LAFCO evaluated SLVWD's financial health from 2015 to 2021. A comprehensive analysis of the District's financial performance during the past six years is shown in **Tables 79 and 80** on pages 167-168.

At the end of Fiscal Year 2020-21, total revenue collected was approximately \$17 million, representing a 28% increase from the previous year (\$13 million in FY 19-20). Total expenses for FY 2020-21 were approximately \$12 million, which increased by 16% from the previous year (\$11 million in FY 19-20). Since 2015, the District ended each fiscal year with a surplus, as shown in **Figure 60**. LAFCO staff believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

**Figure 60: Statement of Revenues & Expenditures  
(FY 2015-16 to FY 2020-21)**



## Revenues

### Operating Revenue

The District's primary source of revenue is from operating revenues, specifically water consumption sales. In FY 2020-21, Water Consumption Sales totaled over \$110 million which represents approximately 69% of SLVWD's entire revenue stream. Other operating revenue sources include wastewater service, meter sales, charges & penalties, and other charges & services. These additional operating revenues represent around 2% of total revenue. During FY 2020-21, total operating revenue represents approximately 69% of the District's entire revenue stream.

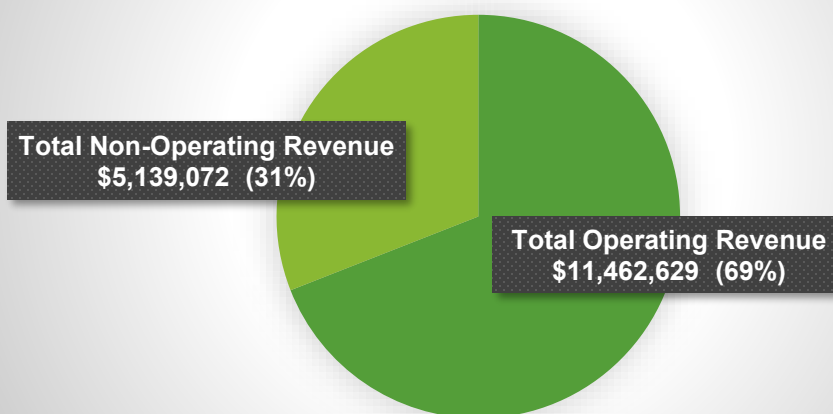
### Non-operating Revenue

The remaining 31% of total revenue derive from non-operating revenue sources. These funds include Property Taxes, Operating Grants, Interest Income, and Other Revenue. **Table 76 and Figure 61** provide a breakdown of the District's revenue by category and source.

**Table 76: Revenue Breakdown (FY 2020-21)**

Revenue	Amount	Percentage
<b>Operating Revenue</b>		
Water Consumption Sales	\$11,139,017	97.18%
Wastewater Service	\$61,007	<u>1.40%</u>
Meter Sales, Charges, & Penalties	\$157,486	<u>1.37%</u>
Other Charges & Services	<u>\$5,119</u>	<u>0.04%</u>
Total Operating Revenue	\$11,462,629	100.00%
<b>Non-Operating Revenue</b>		
Capital Grants	\$3,031,227	58.98%
Property Taxes	\$847,676	16.49%
Assessment Revenue	\$343,086	6.68%
Other Revenue	<u>\$917,083</u>	<u>17.85%</u>
Total Non-Operating Revenue	\$5,139,072	100.00%
<b>Total Revenue</b>	<b><u>\$16,601,701</u></b>	

**Figure 61: Operating v Non-Operating Revenue  
(FY 2020-21)**



## Expenditures

### Operating Expense

The District's operating expenses represented approximately 78% of total expenditure during FY 2020-21. Operating expenses include: Salaries & Benefits, Professional Services, Operational, Maintenance, Facilities, and General & Administrative.

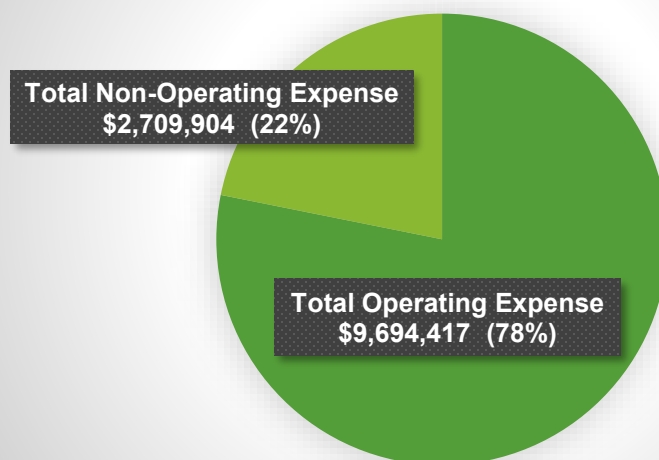
### Non-operating Expense

The remaining 22% of total expenses derive from non-operating expenses. These costs include Interest Expense, Bond Issuance, Depreciation Expense, and Change in Investment in SMGA. **Table 77 and Figure 62** provide a breakdown of the District's costs by category and source.

**Table 77: Expense Breakdown (FY 2020-21)**

Expenditure	Amount	Percentage
<b>Operating Expense</b>		
Salaries & Benefits	\$6,036,430	62%
Professional Services	\$1,823,155	19%
Facilities	\$698,229	7%
Operational	\$509,163	5%
General & Administrative	\$426,594	4%
Maintenance	<u>\$200,846</u>	<u>2%</u>
Total Operating Expense	\$9,694,417	100%
<b>Non-Operating Expense</b>		
Depreciation Expense	\$1,728,054	64%
Interest Expense	\$772,887	29%
Change in Investment in SMGA	\$153,963	6%
Bond Issuance Expense	<u>\$55,000</u>	<u>2%</u>
Total Non-Operating Expense	\$2,709,904	100%
<b>Total Expenditure</b>	<b><u>\$12,404,321</u></b>	

**Figure 62: Operating v Non-Operating Expense  
(FY 2020-21)**



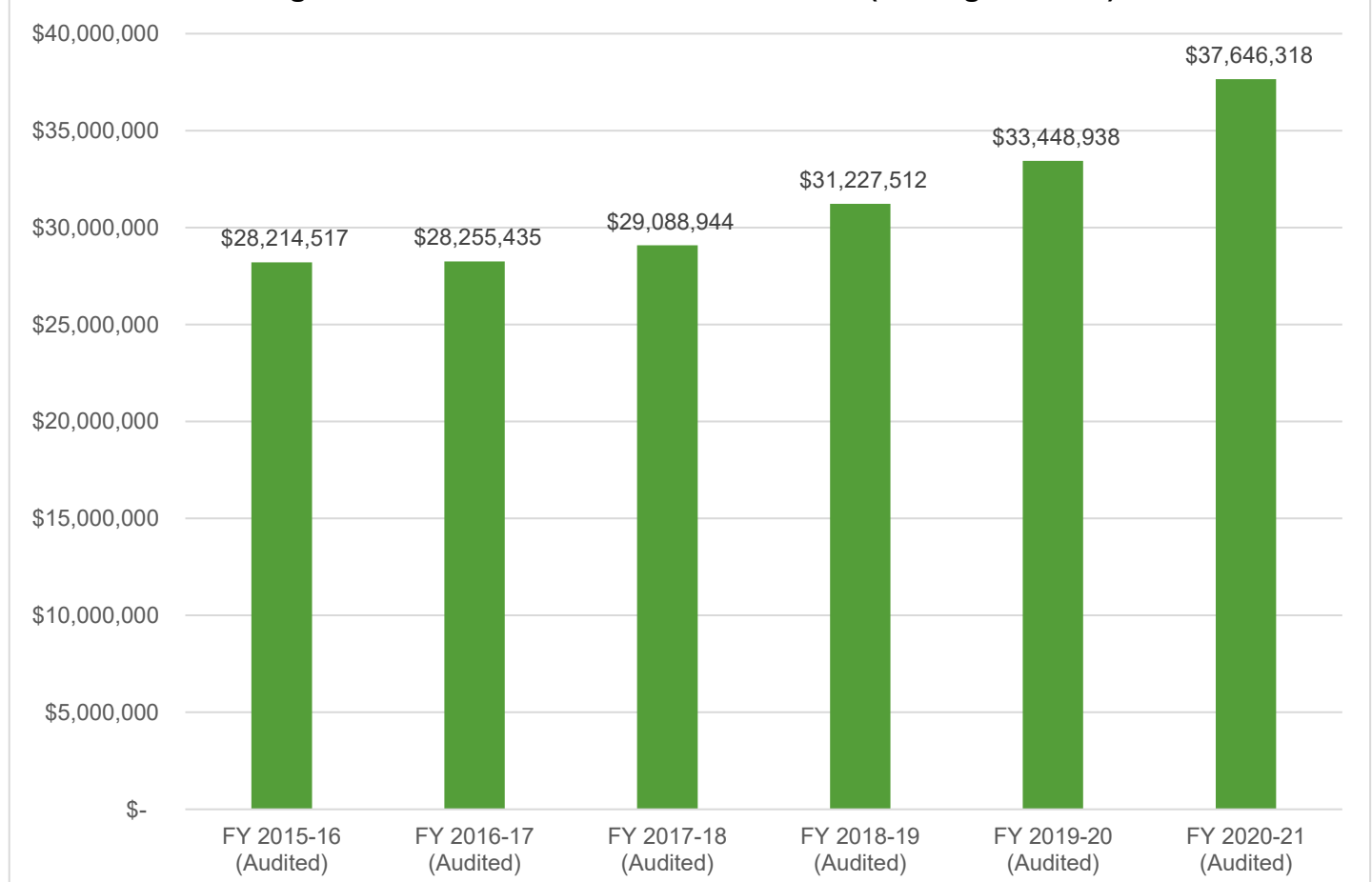
## Fund Balance / Net Position

As of June 30, 2021, the total net position balance ended with approximately \$38 million. The following table highlights the net position balance from 2015 to 2021. As shown in **Table 78** and **Figure 63**, the District's fund balance has increased over the years and has maintained an annual balance above \$28 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.

**Table 78: Net Position (2015 to 2021)**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
Beginning Balance	\$25,578,166	\$28,214,517	\$27,551,325	\$29,118,974	\$31,227,512	\$33,448,938
<b>Ending Balance</b>	<b>\$28,214,517</b>	<b>\$28,255,435</b>	<b>\$29,088,944</b>	<b>\$31,227,512</b>	<b>\$33,448,938</b>	<b>\$37,646,318</b>
Change (\$)		\$40,918	\$833,509	\$2,138,568	\$2,221,426	\$4,197,380

**Figure 63: Net Position from 2015 to 2021 (Ending Balance)**





**Table 79: Total Revenues & Expenditures**

	<b>FY 2015-16 (Audited)</b>	<b>FY 2016-17 (Audited)</b>	<b>FY 2017-18 (Audited)</b>	<b>FY 2018-19 (Audited)</b>	<b>FY 2019-20 (Audited)</b>	<b>FY 2020-21 (Audited)</b>
<b>REVENUE</b>						
<u>Operating Revenue</u>						
Water Consumption Sales	\$ 6,145,076	\$ 7,157,650	\$ 8,983,340	\$ 9,917,657	\$ 10,865,193	\$ 11,139,017
Wastewater Service	\$ 98,262	\$ 102,107	\$ 100,138	\$ 111,820	\$ 134,148	\$ 161,007
Meter Sales, Charges & Penalties	\$ 194,444	\$ 178,632	\$ 128,305	\$ 99,464	\$ 135,129	\$ 157,486
Other Charges & Services	\$ 18,399	\$ 7,741	\$ 3,581	\$ 1,858	\$ 1,434	\$ 5,119
<b>Total Operating Revenue</b>	<b>\$ 6,456,181</b>	<b>\$ 7,446,130</b>	<b>\$ 9,215,364</b>	<b>\$10,130,799</b>	<b>\$11,135,904</b>	<b>\$11,462,629</b>
<u>Non-Operating Revenue</u>						
Property Tax Revenue	\$ 610,634	\$ 1,129,838	\$ 747,404	\$ 780,378	\$ 813,051	\$ 847,676
Assessment Revenues	\$ -	\$ -	\$ 349,130	\$ 350,694	\$ 349,254	\$ 343,086
Investment Earnings	\$ 11,502	\$ 13,858	\$ 23,040	\$ 86,733	\$ 333,478	\$ 131,657
Rental Revenue	\$ 43,922	\$ 59,548	\$ 56,647	\$ 44,042	\$ 44,047	\$ 50,558
Operating Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,681
Gain on Disposition of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 1,786	\$ 13,706
Settlement & Purchase Agreements	\$ -	\$ 10,000	\$ -	\$ -	\$ 4,426	\$ 6,942
Capital Grants - Other Governments	\$ 1,557,589	\$ -	\$ 434,908	\$ 71,625	\$ 44,240	\$ 3,031,227
Overhead Absorption	\$ -	\$ -	\$ -	\$ -	\$ 231,862	\$ 379,539
Transfer in Due to Merger	\$ 1,009,192	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Non-Operating Revenue</b>	<b>\$ 3,232,839</b>	<b>\$ 1,213,244</b>	<b>\$ 1,611,129</b>	<b>\$ 1,333,472</b>	<b>\$ 1,822,144</b>	<b>\$ 5,139,072</b>
<b>TOTAL REVENUE</b>	<b>\$ 9,689,020</b>	<b>\$ 8,659,374</b>	<b>\$10,826,493</b>	<b>\$11,464,271</b>	<b>\$12,958,048</b>	<b>\$16,601,701</b>
<b>EXPENDITURE</b>						
<u>Operating Expense</u>						
Salaries & Benefits	\$ 3,304,540	\$ 4,498,595	\$ 4,840,518	\$ 4,865,859	\$ 5,594,324	\$ 6,036,430
Professional Services	\$ 868,218	\$ 1,202,004	\$ 1,419,279	\$ 1,037,612	\$ 777,556	\$ 1,823,155
Operational	\$ 410,342	\$ 464,236	\$ 320,876	\$ 375,948	\$ 415,672	\$ 509,163
Maintenance	\$ 183,215	\$ 130,244	\$ 143,714	\$ 153,892	\$ 200,153	\$ 200,846
Facilities	\$ 442,014	\$ 499,400	\$ 554,547	\$ 568,165	\$ 569,129	\$ 698,229
General & Administrative	\$ 352,510	\$ 314,979	\$ 382,857	\$ 339,555	\$ 367,720	\$ 426,594
<b>Total Operating Expense</b>	<b>\$ 5,560,839</b>	<b>\$ 7,109,458</b>	<b>\$ 7,661,791</b>	<b>\$ 7,341,031</b>	<b>\$ 7,924,554</b>	<b>\$ 9,694,417</b>
<u>Non-Operating Expense</u>						
Interest Expense	\$ 185,411	\$ 166,204	\$ 150,507	\$ 153,662	\$ 638,604	\$ 772,887
Bond Issuance Expense	\$ -	\$ -	\$ -	\$ -	\$ 412,354	\$ 55,000
Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ 1,582,370	\$ 1,728,054
Change in Investment in SMGA	\$ -	\$ -	\$ 39,970	\$ 123,148	\$ 178,740	\$ 153,963
Loss on Disposition of Capital Assets	\$ -	\$ -	\$ -	\$ 320,408		
<b>Total Non-Operating Expense</b>	<b>\$ 185,411</b>	<b>\$ 166,204</b>	<b>\$ 190,477</b>	<b>\$ 597,218</b>	<b>\$ 2,812,068</b>	<b>\$ 2,709,904</b>
<b>TOTAL EXPENDITURE</b>	<b>\$ 5,746,250</b>	<b>\$ 7,275,662</b>	<b>\$ 7,852,268</b>	<b>\$ 7,938,249</b>	<b>\$10,736,622</b>	<b>\$12,404,321</b>
<b>Surplus/(Deficit)</b>	<b>\$ 3,942,770</b>	<b>\$ 1,383,712</b>	<b>\$ 2,974,225</b>	<b>\$ 3,526,022</b>	<b>\$ 2,221,426</b>	<b>\$ 4,197,380</b>
<b>NET POSITION</b>						
Beginning Balance (as restated)	\$ 25,578,166	\$ 28,214,517	\$ 27,551,325	\$ 29,118,974	\$ 31,227,512	\$ 33,448,938
<b>Ending Balance</b>	<b>\$28,214,517</b>	<b>\$28,255,435</b>	<b>\$29,088,944</b>	<b>\$31,227,512</b>	<b>\$33,448,938</b>	<b>\$37,646,318</b>

**Table 80: Total Assets & Liabilities**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>ASSETS</b>						
<u>Current Assets</u>						
Cash & Cash Equivalents	\$ 1,676,923	\$ 417,323	\$ 694,844	\$ 1,043,351	\$ 1,488,104	\$ 848,935
Cash & Cash Equivalents - Restricted	\$ 403,624	\$ 686,020	\$ 637,205	\$ 2,231,220	\$ 14,304,537	\$ 24,278,757
Accrued Interest Receivable	\$ 155	\$ -	\$ -	\$ 5,487	\$ 3,206	\$ 69
Investments	\$ 930,412	\$ 1,503,115	\$ 2,062,184	\$ 2,276,600	\$ 3,969,393	\$ 4,085,651
Accounts Receivable						
Water Sales & Services	\$ 993,952	\$ 1,025,901	\$ 1,411,630	\$ 1,452,006	\$ 1,737,057	\$ 1,896,188
Property Taxes	\$ 1,296	\$ 2,398	\$ 2,477	\$ 1,715	\$ 1,324	\$ 67
Settlement Agreement	\$ 36,392	\$ 46,392	\$ -	\$ -	\$ -	\$ -
Grant & Loan Receivable	\$ 31,530	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ 29,986	\$ 13,508	\$ 13,754	\$ 35,448	\$ 635	\$ 13,416
Prepaid Expenses	\$ 41,526	\$ 160	\$ 54,052	\$ 242,749	\$ 14,105	\$ 76,952
Materials & Supplies Inventory	\$ 225,327	\$ 233,395	\$ 253,996	\$ 267,057	\$ 283,136	\$ 296,125
<b>Total Current Assets</b>	<b>\$ 4,371,123</b>	<b>\$ 3,928,212</b>	<b>\$ 5,130,142</b>	<b>\$ 7,555,633</b>	<b>\$21,801,497</b>	<b>\$31,496,160</b>
<u>Non-Current Assets</u>						
Investments	\$ -	\$ -	\$ -	\$ 52,510	\$ 21,681	\$ 52,189
Capital Assets - Not Being Depreciated	\$ 14,972,454	\$ 7,024,237	\$ 8,010,150	\$ 9,200,401	\$ 9,129,138	\$ 12,361,800
Capital Assets - Being Depreciated	\$ 20,233,772	\$ 27,748,859	\$ 26,518,581	\$ 26,205,472	\$ 29,439,764	\$ 32,041,083
<b>Total Non-Current Assets</b>	<b>\$35,206,226</b>	<b>\$34,773,096</b>	<b>\$34,528,731</b>	<b>\$35,458,383</b>	<b>\$38,590,583</b>	<b>\$44,455,072</b>
<b>TOTAL ASSETS</b>	<b>\$39,577,349</b>	<b>\$38,701,308</b>	<b>\$39,658,873</b>	<b>\$43,014,016</b>	<b>\$60,392,080</b>	<b>\$75,951,232</b>
<u>Deferred Outflows of Resources</u>						
Deferred OPEB Outflows	\$ -	\$ -	\$ -	\$ 5,432	\$ 736,559	\$ 687,353
Deferred Pension Outflows	\$ 378,695	\$ 1,007,189	\$ 1,253,820	\$ 929,466	\$ 939,246	\$ 1,019,694
<b>Total Deferred Outflows of Resources</b>	<b>\$ 378,695</b>	<b>\$ 1,007,189</b>	<b>\$ 1,253,820</b>	<b>\$ 934,898</b>	<b>\$ 1,675,805</b>	<b>\$ 1,707,047</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$39,956,044</b>	<b>\$39,708,497</b>	<b>\$40,912,693</b>	<b>\$43,948,914</b>	<b>\$62,067,885</b>	<b>\$77,658,279</b>
<b>LIABILITIES</b>						
<u>Current Liabilities</u>						
Accounts Payable & Accrued Expense	\$ 941,375	\$ 329,603	\$ 384,347	\$ 363,590	\$ 947,456	\$ 920,780
Accrued Wages & Related Payables	\$ 175,956	\$ 216,305	\$ 233,296	\$ 243,215	\$ 149,315	\$ 114,408
Unearned Revenues - Customer Deposits	\$ 83,306	\$ 54,992	\$ 102,445	\$ 141,871	\$ 109,048	\$ 105,952
Unearned Revenues - Construction Deposits	\$ 121,360	\$ 95,622	\$ 15,478	\$ 13,945	\$ 17,000	\$ 8,579
Accrued Interest Payable	\$ 28,940	\$ 21,624	\$ 15,999	\$ 38,209	\$ 206,656	\$ 324,155
Long-Term Liabilities - Due in One Year						
Compensated Absences	\$ 164,577	\$ 170,750	\$ 185,103	\$ 194,131	\$ 205,304	\$ 228,279
Loans Payable	\$ 175,775	\$ 239,629	\$ 245,920	\$ 303,135	\$ 330,959	\$ 933,031
Bonds Payable	\$ 697,479	\$ 710,030	\$ 666,015	\$ 582,031	\$ 494,531	\$ 103,247
Certificate of Participation					\$ 230,000	\$ 245,000
Capital Lease Payable	\$ -	\$ 21,778	\$ 22,505	\$ 23,256	\$ 24,031	\$ 22,828
<b>Total Current Liabilities</b>	<b>\$ 2,388,768</b>	<b>\$ 1,860,333</b>	<b>\$ 1,871,108</b>	<b>\$ 1,903,383</b>	<b>\$ 2,714,300</b>	<b>\$ 3,006,259</b>
<u>Non-Current Liabilities</u>						
Long-Term Liabilities - Due in More Than One Year						
Compensated Absences	\$ 292,582	\$ 303,555	\$ 329,071	\$ 345,122	\$ 364,985	\$ 405,830
Other Post-Employment Benefits Payable	\$ 238,911	\$ 262,939	\$ 1,029,266	\$ 4,760,158	\$ 1,990,505	\$ 2,128,882
Net Pension Liability	\$ 2,522,518	\$ 3,511,169	\$ 3,969,598	\$ 597,778	\$ 4,158,344	\$ 4,530,116
Loans Payable	\$ 3,241,218	\$ 3,311,614	\$ 3,065,715	\$ 46,763	\$ 4,429,199	\$ 18,496,599
Bonds Payable	\$ 2,555,853	\$ 1,845,824	\$ 1,179,808	\$ 1,138,893	\$ 103,247	\$ -
Certificate of Participation	\$ -	\$ -	\$ -	\$ -	\$ 14,657,705	\$ 14,383,127
Capital Lease Payable	\$ -	\$ 92,524	\$ 70,019	\$ 3,805,659	\$ 22,828	\$ 105
<b>Total Non-Current Liabilities</b>	<b>\$ 8,851,082</b>	<b>\$ 9,327,625</b>	<b>\$ 9,643,477</b>	<b>\$10,694,373</b>	<b>\$25,726,813</b>	<b>\$39,944,659</b>
<b>TOTAL LIABILITIES</b>	<b>\$11,239,850</b>	<b>\$11,187,958</b>	<b>\$11,514,585</b>	<b>\$12,597,756</b>	<b>\$28,441,113</b>	<b>\$42,950,918</b>
<u>Deferred Inflows of Resources</u>						
Deferred Pension Inflows	\$ 501,677	\$ 265,104	\$ 276,001	\$ 123,646	\$ 154,013	\$ 45,330
Deferred OPEB Inflows	\$ -	\$ -	\$ 33,163	\$ -	\$ 23,821	\$ 21,988
<b>Total Deferred Inflows of Resources</b>	<b>\$ 501,677</b>	<b>\$ 265,104</b>	<b>\$ 309,164</b>	<b>\$ 123,646</b>	<b>\$ 177,834</b>	<b>\$ 67,318</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>\$11,741,527</b>	<b>\$11,453,062</b>	<b>\$11,823,749</b>	<b>\$12,721,402</b>	<b>\$28,618,947</b>	<b>\$43,018,236</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	\$ 28,535,901	\$ 28,551,697	\$ 29,278,749	\$ 29,092,752	\$ 31,913,552	\$ 33,871,628
Restricted for Debt Service	\$ 403,624	\$ 686,020	\$ 637,205	\$ 2,231,220	\$ 667,387	\$ 626,075
Unrestricted (Deficit)	\$ (725,008)	\$ (982,282)	\$ (827,010)	\$ (96,460)	\$ 867,999	\$ 3,148,615
<b>Total Net Position</b>	<b>\$28,214,517</b>	<b>\$28,255,435</b>	<b>\$29,088,944</b>	<b>\$31,227,512</b>	<b>\$33,448,938</b>	<b>\$37,646,318</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<b>\$39,956,044</b>	<b>\$39,708,497</b>	<b>\$40,912,693</b>	<b>\$43,948,914</b>	<b>\$62,067,885</b>	<b>\$80,664,554</b>

## GOVERNANCE

### Local Accountability & Structure

SLVWD 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 81: Board of Directors**

Board Member	Term of Office
<b>Gail Mahood, President</b>	Elected: December 1, 2020 Term Limit Ends: December 1, 2024
<b>Mark Smolley</b>	Appointed: December 16, 2020 Term Limit Ends: December 1, 2022
<b>Bob Fultz, Director</b>	Elected: December 1, 2018 Term Limit Ends: December 1, 2022
<b>Jayne Ackemann, Director</b>	Appointed: May 6, 2021 Term Limit Ends: December 1, 2022
<b>Jeff Hill, Director</b>	Appointed: April 21, 2022 Term Limit Ends: December 1, 2022

#### Board Meetings

The District Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The San Lorenzo Valley Water District employs a full-time staff of 34 employees. The District's Board of Directors meets regularly, meetings are publicly noticed, and citizens are encouraged to attend. Board meetings are typically held on the first and third Thursday of each month at 6:30 p.m. The District's administrative offices are located in the Town of Boulder Creek in Santa Cruz County.

#### Capital Improvement Plans

SLVWD adopted a long-range capital improvement plan on November 16, 2017. The purpose of this plan is to identify and prioritize needs and project costs for planned improvements 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 21 capital improvement projects are planned to be completed by 2022.

#### Urban Water Management Plan

The California Department of Water Resources indicates that Urban Water Management Plans ("UWMPs") are prepared by urban water suppliers every five years (California Water Code Sections 10610-10656; 10608). These plans support the suppliers' long-term resource planning to ensure that adequate water supplies are available to meet existing and future water needs. SLVWD adopted its UWMP in 2020,<sup>13</sup> which provides an in-depth overview of the District's current and future water demand and infrastructure.

<sup>13</sup> 2020 SLVWD UWMP: <https://www.slvwd.com/conservation/pages/urban-water-management-plan>

### 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. SB 929 identifies a number of components that must be found within an agency's website. Additionally, the Special District Leadership Foundation (SDLF), an independent, non-profit organization formed to promote good governance and best practices among California's special districts, has also outlined recommended website elements as part of its District Transparency Certificate of Excellence. This program was created in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency. Based on SB 929's criteria and the recommendations by SDLF, LAFCO thoroughly reviewed the District's website. **Table 82** on page 171 summarizes staff's findings on whether the District's website is meeting the statutory requirements.

At present, the District almost meets all the statutory requirements under SB 929 and SDLF's website transparency criteria. There are certain items that should be added to its website, specifically their board limits, election process, additional compensation/transaction information, and links to LAFCO's adopted service reviews related to the District. Overall, SLVWD has a transparent website filled with useful information and resources that are easily accessible.





**Table 82: Website Transparency**

<b>Website Components</b>	<b>Checkmark (Yes)</b>
<b>Required Items (SB 949 Criteria and SDLF Benchmarks)</b>	
1. Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	
3. Names of Key Staff, including General Manager	✓
4. Contact Information for Staff	✓
5. Election/Appointment Procedure & Deadlines	
6. Board Meeting Schedule*	✓
7. Mission Statement	✓
8. Description of District's Services/Functions and Service Area	✓
9. Authorizing Statute/Enabling Act	✓
10. Adopted District Budgets*	✓
11. Financial Audits*	✓
12. Archive of Board Meeting Agendas & Minutes*	✓
13. Link to State Controller's Webpages for District's reported Board Member and Staff Compensation	
14. Link to State Controller's Webpages for District's reported Financial Transaction Report	
15. Reimbursement & Compensation Policy / Annual Policies	✓
16. Home Page Link to Agendas/Board Packets	✓
17. SB 272 - Compliance-Enterprise Catalogs	✓
18. Machine Readable/Searchable Agendas	✓
19. Recipients of Grant Funding or Assistance	✓
20. Link or Copies of LAFCO's Service & Sphere Reviews	
<b>Total Score (out of a possible 20)</b>	<b>15 (75%)</b>
<b>Additional Items (SDLF's Recommended Elements)</b>	
1. Board Member Ethics Training Certificates	
2. Picture, Bio, and Email Addresses of Board Members	✓
3. Last Three Years of Audits	✓
4. Financial Reserves Policy	✓
5. Online/Downloadable Public Records Act Request Form	✓
6. Audio or Video Recordings of Board Meetings	
7. Map of District Boundaries/Service Area	✓
8. Link to CSDA Mapping Program	
9. General Description of Special Districts or Link to <a href="http://www.districtmakethedifference.org">www.districtmakethedifference.org</a>	
10. Link to Most Recently Filed to FPPC Forms	✓
<b>Total Score (out of a possible 10)</b>	<b>6 (60%)</b>

\*Footnote: Senate Bill 929 Statutory Requirements

## Opportunities and Challenges

Water agencies are significantly affected by various factors, including aging infrastructure, escalating operational costs, drought impacts, increase in customer demand, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common not only in Santa Cruz County but throughout the State. The following section discusses these challenges and identifies possible opportunities to ensure that residents receive the best level of water services.

### Strategic Partnerships

Several water agencies have expressed interest in exploring ways to further collaborate. Many water agencies have interties in the event of emergencies and all water agencies (including the two Cities) are members of groundwater-related joint powers authorities. This means that the public water providers are already working together in overseeing how water is delivered countywide. It may be beneficial for the water agencies to consider further strategic partnerships, including but not limited to sharing resources and staff, establishing a countywide memorandum of understanding for emergency-related interties, and joint procurements or professional service agreements (i.e. Audits). Such partnerships may also lay the foundation for future changes of organization, including but not limited to annexations, reorganizations, or consolidations.

***LAFCO Staff Recommendation:*** *SLVWD should explore additional ways to share services and resources with neighboring agencies, including but not limited to nearby water districts.*

### Small Water Systems

One area that LAFCO can provide assistance now is addressing the failing mutual water companies (MWCs) near SLVWD. MWCs are regulated by California's Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, mutual water companies are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board and our local Regional Water Quality Control Board. However, over the years, many MWCs have operated without much oversight from the State. That is why the Legislature enacted Assembly Bill 54 in 2012. This law imposes new requirements on mutual water companies that own and operate public water systems and requires greater coordination between them and LAFCO in each county. Corporations Code 14301.1 requires mutual water companies to submit a map depicting its service area to LAFCO.

A total of 41 private water systems are located within or adjacent to the water district. **Figure 64** on page 174 identifies the location of each private water system in relation to SLVWD. **Table 83** on page 175 also provide more information about the private water systems. While LAFCOs do not have full authority over mutual water companies when compared to with cities and special districts, AB 54 does allow LAFCO to analyze these water systems as part of a service review. Identifying these MWCs may lead to coordination with SLVWD and possible annexation, if desired. It is LAFCO's understanding that two MWCs within the District's jurisdictional boundary have expressed interest transferring water responsibilities to SLVWD. As a result of the recent fires, Forest

Springs and Bracken Brae Country Club MWCs have been greatly impacted. These two MWCs are medium size water systems with approximately 15 to 199 connections. Big Basin Water, the privately-owned water company that operates these two water systems, has also expressed interest in transferring water responsibilities to SLVWD through a purchase agreement. If the two medium size systems are sold to SLVWD, the District will be able to provide water service to the community without LAFCO action since Forest Springs and Bracken Brae Country Club MWCs are already within the District's jurisdictional boundary. If Big Basin Water is sold to SLVWD, that would require LAFCO action since the large size system is currently outside the District's jurisdictional boundary.

***LAFCO Staff Recommendation:*** *SLVWD should coordinate with LAFCO to analyze possible annexations and/or sphere amendments to include any mutual water companies or other nearby water systems affected by the recent fires or can no longer provide adequate level of service.*

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**San Lorenzo Valley Water District Jurisdictional Boundary**

At present, there are 41 private water systems located near SLVWD's service boundary. Several are already located within SLVWD's jurisdiction.



**Table 83: List of Private Water Systems Within SLVWD**

#	Water System Name	Type of Water System	Size (Square Miles)	Population
<b>Private Water Systems WITHIN and OUTSIDE SLVWD's Jurisdictional Boundary</b>				
1	David Bruce Winery	Small Water System (1 connection)	0.07	25
2	Agua Puerca	Small Water System (5 connections)	0.04	17
3	El Agua Del Oso	Small Water System (5 connections)	0.04	14
4	Los Altos Rod and Gun Club	Small Water System (5 connections)	0.15	40
5	Moon Meadows	Small Water System (5 connections)	0.01	10
6	Love Creek Heights MWC	Small Water System (6 connections)	0.01	14
7	Bonnymede	Small Water System (7 connections)	0.09	20
8	Mountain Top	Small Water System (7 connections)	0.02	18
9	Quail Hollow Circle	Small Water System (7 connections)		15
10	Sky Ranch	Small Water System (7 connections)	0.01	20
11	Karl's Dell	Small Water System (8 connections)		16
12	Zayante Acres	Small Water System (8 connections)	0.01	25
13	Fernbrook Woods Water Co.	Small Water System (10 connections)	0.01	25
14	Waterman Gap	Small Water System (10 connections)	1.74	18
15	JB Ranch	Small Water System (14 connections)	0.02	35
16	Hidden Meadow MWC	Medium Water System (18 connections)	0.37	45
17	Ridgeview Estates, Inc.	Medium Water System (18 connections)	0.06	45
18	Vista Robles Assoc.	Medium Water System (19 connections)	0.05	50
19	Roaring Camp	Medium Water System (22 connections)	0.26	193
20	Fern Grove Club	Medium Water System (67 connections)	0.11	182
21	Mission Springs	Medium Water System (141 connections)	0.02	1,310
22	Summit West	Medium Water System (142 connections)	1.24	468
23	Aviza Technology	Medium Water System (15 to 199 connections)	0.01	Not Available
24	Bonny Doon Union School District	Medium Water System (15 to 199 connections)	0.01	Not Available
25	Bosch Baha'I School	Medium Water System (15 to 199 connections)	0.10	Not Available
26	Boulder Creek Scout Reservation	Medium Water System (15 to 199 connections)	0.10	Not Available
27	Brackenbrae Country Club	Medium Water System (15 to 199 connections)	0.02	Not Available
28	Camp Hammer	Medium Water System (15 to 199 connections)	0.16	Not Available
29	Camp Lindblad	Medium Water System (15 to 199 connections)	0.21	Not Available
30	Forest Springs	Medium Water System (15 to 199 connections)	0.05	Not Available
31	Las Cumbres MWC	Medium Water System (15 to 199 connections)	0.17	Not Available
32	Lehi Park	Medium Water System (15 to 199 connections)	1.46	Not Available
33	Lockheed Martin M&S	Medium Water System (15 to 199 connections)	2.07	120
34	Pinecrest MWC	Medium Water System (15 to 199 connections)	0.05	Not Available
35	Quaker Center	Medium Water System (15 to 199 connections)	0.13	28
36	Ridge	Medium Water System (15 to 199 connections)	0.25	Not Available
37	River Grove Mutual Water Assoc.	Medium Water System (15 to 199 connections)	0.02	54
38	Sequoia Seminar	Medium Water System (15 to 199 connections)	0.08	Not Available
39	Big Basin Water Company	Large Water System (200+ connections)	20.00	1,120
40	Forest Lake MWC	Large Water System (200+ connections)	0.50	1,067
41	Mount Hermon Association	Large Water System (200+ connections)	0.16	Not Available

## SPHERE OF INFLUENCE

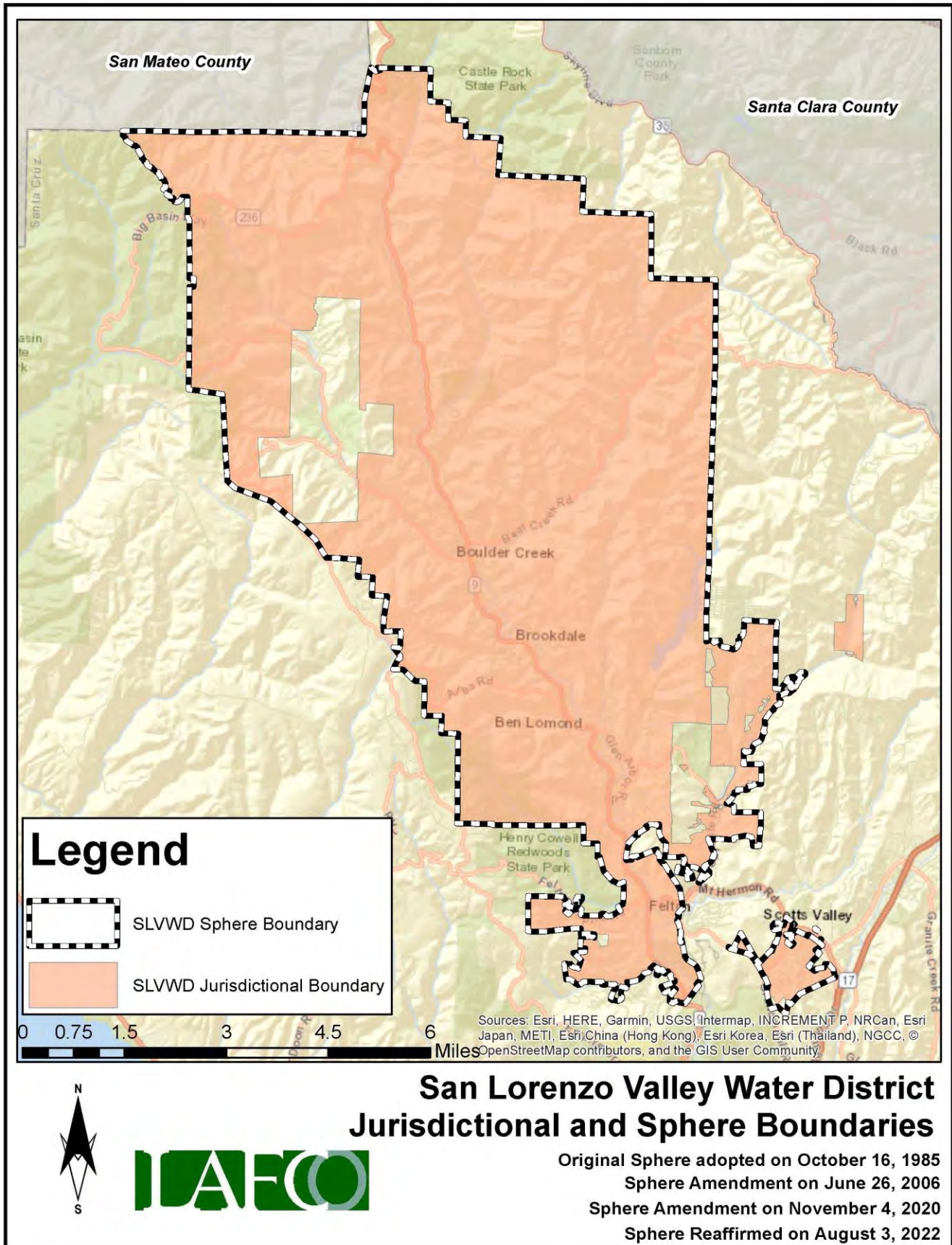
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### **Current Sphere Boundary**

Santa Cruz LAFCO adopted SLVWD's first sphere of influence on October 16, 1985. The sphere was updated on November 4, 2020 as part of the District's last service review cycle. The update was based on LAFCO's analysis, which determined that a total of 24 unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. The size of these areas range from 0.18 to 2,390 acres. LAFCO expanded the District's sphere to include approximately 3,300 acres. **Figure 65** on page 177 shows the latest sphere boundary. Staff is recommending that the current sphere be reaffirmed.

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Figure 65: SLVWD's Current Sphere Map



## DISTRICT SUMMARY

San Lorenzo Valley Water District	
<b>Formation</b>	California Water Code, section 30,000 et seq.
<b>Board of Directors</b>	Five members, elected at-large to four-year terms
<b>Contact Person</b>	Rick Rogers, General Manager
<b>Employees</b>	34 Full-Time Employees
<b>Facilities</b>	170 miles of pipeline, 39 tank sites, and 30 booster pump stations serving 36 pressure zones. The District also owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates (approximately 56 homes).
<b>District Area</b>	60 square miles
<b>Sphere of Influence</b>	Larger than the District (i.e. sphere boundary goes beyond the existing District's jurisdiction)
<b>FY 2020-21 Audit</b>	Total Revenue = \$16,601,701 Total Expenditure = \$12,404,321 Net Position (Beginning Balance) = \$37,646,318
<b>Contact Information</b>	Mailing Address: 13060 Highway 9 Boulder Creek CA 95006 Phone Number: (831) 430-4636 Email Address: <a href="mailto:RRogers@slvwd.com">RRogers@slvwd.com</a> Website: <a href="http://www.slvwd.com">www.slvwd.com</a>
<b>Public Meetings</b>	Meetings are typically held on the first and third Thursday of each month at 6:30 p.m.
<b>Mission Statement</b>	"Our mission is to provide our customers and all future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding customer service; to manage and protect the environmental health of the aquifers and watersheds; and, to ensure the fiscal vitality of the San Lorenzo Valley Water District."



## SERVICE AND SPHERE REVIEW DETERMINATIONS

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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.**

The population of SLVWD in 2020 was estimated to be 19,900. Based on LAFCO's analysis, the population within SLVWD will be approximately 21,000 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**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.**

SLVWD currently has a capital improvement plan and an urban water management plan in place.

**4. Financial ability of agencies to provide services.**

SLVWD is financially sound. The District ended with a surplus in all of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$38 million. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages SLVWD to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding the District. At present, there are 41 private water systems near SLVWD.

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

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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District almost meets all the statutory requirements under SB 929 and SDLF's website transparency criteria.

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

LAFCO recommends that SLVWD consider annexing the areas located outside its jurisdictional boundary but within its current sphere of influence.

## 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.**

At present, the majority of land within the District is designated as Mountain Residential. The District's customer base is predominantly single-family residential with some multi-family and agricultural customers as well.

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

SLVWD currently has a 10-year capital improvement plan in place. A total of 21 capital improvement projects are underway. The District also has an Urban Water Management Plan, which was adopted in 2020.

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

SLVWD owns, operates, and maintains two water systems that supply separate service areas from separate water sources. The District currently provides service to approximately 8,000 residential, commercial, and institutional connections. The District relies on both surface water and groundwater resources, including nine currently active stream diversions, one groundwater spring, and eight active groundwater wells. The District also owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates, which serves approximately 56 homes.

**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.**

At present, there are 41 private water systems near SLVWD. LAFCO recommends that the District consider annexing the areas located outside its jurisdictional boundary but within its current sphere of influence.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

# SCOTTS VALLEY WATER 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. Today, the District serves six square miles of unincorporated territory. There is a total of 4,259 parcels within the District (totaling approximately 59,006 acres). **Figure 66**, on page 184, is a vicinity map depicting SVWD's current jurisdictional boundary. At present, the majority of land within the District is located in the City of Scotts Valley<sup>14</sup> and is primarily identified as Residential (Medium to Rural).

A total of 42 boundary changes have been approved by LAFCO, with a 73-acre annexation being last recorded in July 2019. **Appendix I** provides an overview of all the approved boundary changes since 1965.

## Services and Infrastructure

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. **Table 84** summarizes the District's services and **Table 85** provides an overview of the District's infrastructure.

**Table 84: List of Service Provisions**

Services	Checkmark (Yes)
Agricultural Water	
Drainage	
Groundwater Replenishment	
Retail Potable Water	✓
Recycled Water	✓
Wastewater (Sewer)	
Water Treatment	✓
Water Conservation	✓

<sup>14</sup> City of Scotts Valley Land Use - <https://www.scottsvally.org/DocumentCenter/View/712/Zoning-Map-PDF>

**Table 85: List of Infrastructure / Facilities**

Infrastructure	Checkmark (Yes)	Quantity
Distribution / Storage Tanks	✓	8 potable water storage tanks
Pressure Zones	✓	13 pressure zones
Production Wells	✓	6 active groundwater wells
Pump Stations	✓	10 booster pump stations
Recycled Water System	✓	1 Water Reclamation Facility
Treatment Plants	✓	4 groundwater treatment plants
Water Diversions	-	-
Water Pipeline	✓	60 miles
Total Connections	✓	<b>4,330</b>

## 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 86a-b** highlight the past and upcoming water rates for SVWD customers. SVWD also set appropriate charges for new connections. Based on staff's analysis, water rates may increase by an average of 10% in the coming years.

**Table 86a: Recycled Water Rates (Monthly Rates)**

	2017 (Adopted)	2018 (Adopted)	2019 (Adopted)	2020 (Adopted)	2021* (Adopted)
<b>Basic Meter Charge (By Size)</b>					
5/8"	\$6.00	\$13.79	\$22.75	\$33.37	\$44.07
3/4"	\$9.43	\$21.69	\$35.79	\$52.49	\$61.61
1"	\$10.15	\$23.33	\$38.50	\$56.47	\$96.81
1 1/2"	\$23.84	\$54.83	\$90.48	\$132.70	\$192.74
2"	\$32.37	\$74.45	\$122.85	\$180.17	\$310.24
3"	\$57.71	\$132.73	\$219.01	\$321.22	\$643.91
4"	\$100.91	\$232.08	\$382.93	\$561.64	\$1,138.55
6"	\$215.55	\$495.76	\$818.00	\$1,199.73	\$2,269.80
<b>Uniform Rates (Per 1,000 Gal)</b>					
Landscape Recycled	\$11.77	\$12.64	\$13.19	\$13.37	\$1.41

\*Footnote: SVWD has changed its billing from 1,000 gallons per unit to 100 gallon per unit in 2021.

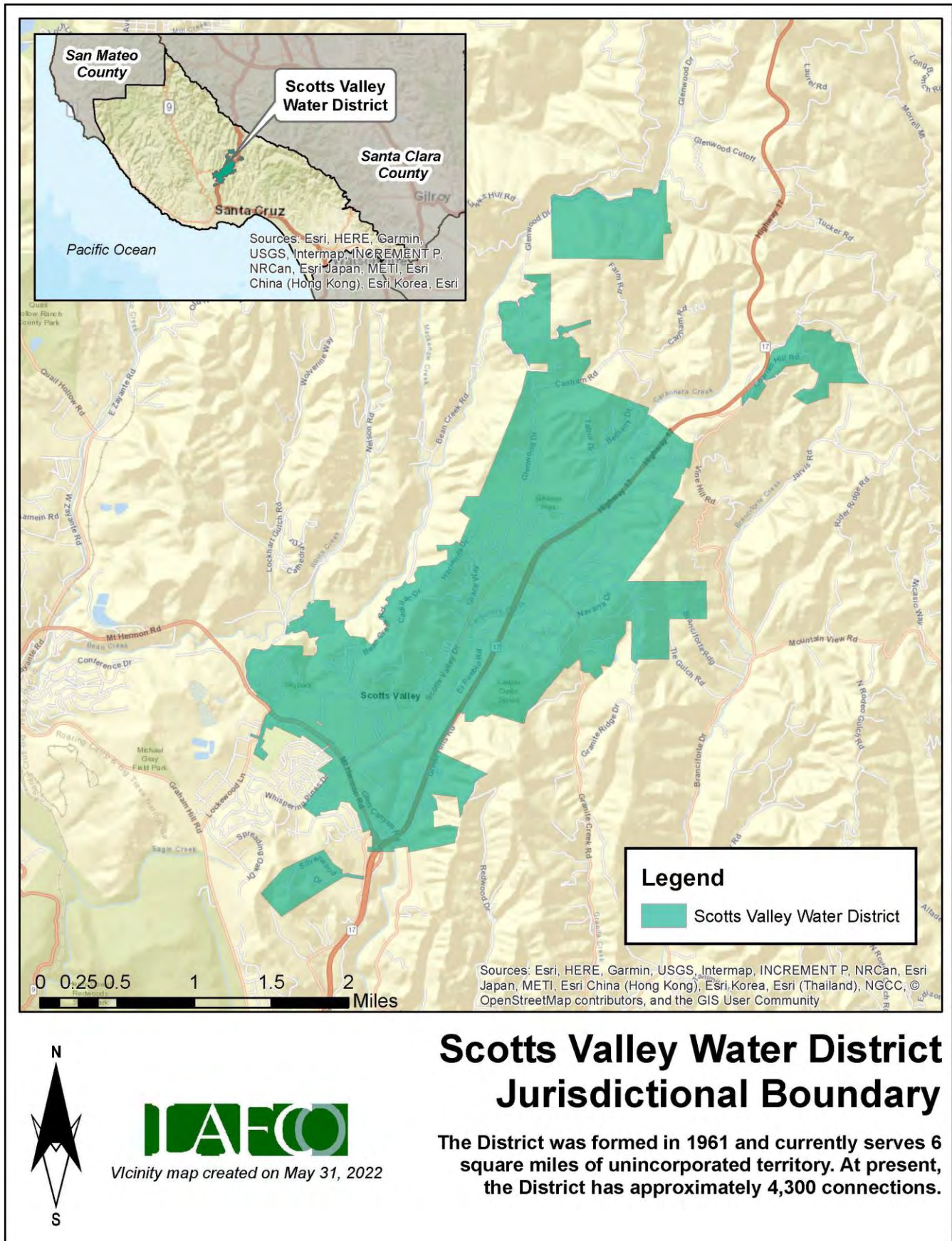


**Table 86b: Water Rates (Monthly Rates)**

	<b>2017 (Adopted)</b>	<b>2018 (Adopted)</b>	<b>2019 (Adopted)</b>	<b>2020 (Adopted)</b>	<b>2021* (Adopted)</b>
<b>Basic Meter Charge (By Size)</b>					
5/8"	\$59.93	\$68.92	\$75.82	\$78.09	\$44.07
5/8" Rate Assistance (Residential)	n/a	n/a	\$53.07	\$54.67	-
5/8" Fire Service (Residential/Commercial)	\$16.30	\$18.75	\$20.63	\$21.25	\$11.66
3/4" (Multi-Residential, including Fire Service)	\$76.23	\$87.67	\$96.45	\$99.34	\$55.73
3/4"	\$94.29	\$108.44	\$119.29	\$122.87	\$61.61
1"	\$101.43	\$116.65	\$128.32	\$132.17	\$96.81
1 1/2"	\$238.39	\$274.15	\$301.57	\$310.62	\$192.74
2"	\$323.68	\$372.24	\$409.47	\$421.75	\$310.24
3"	\$577.08	\$663.65	\$730.02	\$751.92	\$643.91
4"	\$1,009.03	\$1,160.39	\$1,276.43	\$1,314.72	\$1,138.55
6"	\$2,155.44	\$2,478.76	\$2,726.64	\$2,808.44	-
<b>Residential Tiered Rates (Per 1,000 Gal)</b>					
<b>Tiers for Residential Units with Individual Meters</b>					
0 to 6,000	\$4.89	\$5.63	\$6.20	\$6.39	-
6,001 to 12,000	\$8.59	\$9.82	\$10.77	\$11.09	-
12,001 to 16,000	\$13.72	\$15.72	\$17.26	\$17.78	-
Over 16,000	\$16.56	\$18.99	\$20.86	\$21.49	-
0 to 3,000	-	-	-	-	\$0.83
3,001 to 6,000	-	-	-	-	\$1.33
6,001 to 7,000	-	-	-	-	\$2.40
Over 7, 000	-	-	-	-	\$2.88
<b>Tiers for Multi-Residential Units with Master Meters</b>					
0 to 6,000	\$4.89	\$5.63	\$6.20	\$6.39	-
6,001 to 12,000	\$8.59	\$9.82	\$10.77	\$11.09	-
12,001 to 16,000	\$13.72	\$15.72	\$17.26	\$17.78	-
Over 16,000	\$16.56	\$18.99	\$20.86	\$21.49	-
0 to 3,000	-	-	-	-	\$0.83
3,001 to 3,200	-	-	-	-	\$1.33
3,201 to 7,000	-	-	-	-	\$2.40
Over 7, 000	-	-	-	-	\$2.88
<b>Uniform Rates (Per 1,000 Gal)</b>					
Commercial, Industrial, Institutional	\$11.45	\$13.14	\$14.44	\$14.87	\$1.35
Landscape Potable	\$14.31	\$16.43	\$18.06	\$18.60	\$2.22
Other	\$12.75	\$14.64	\$16.09	\$16.57	-
Qualifying Medical Needs Residential	\$8.59	\$9.82	\$10.77	\$11.09	\$1.33
Rate Assistance (Residential)	n/a	n/a	\$6.20	\$6.39	\$0.83

\*Footnote: SVWD has changed its billing from 1,000 gallons per unit to 100 gallon per unit in 2021.  
The District also changed its billing from bi-monthly to monthly billing in 2021.

Figure 66: SVWD's Vicinity Map





## 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 87** 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 12,100 by 2040.

**Table 87: 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%
<b>Scotts Valley Water District</b>	<b>11,776</b>	<b>11,859</b>	<b>11,943</b>	<b>12,027</b>	<b>12,112</b>	<b>0.71%</b>

Source: AMBAG 2018 Regional Growth Forecast

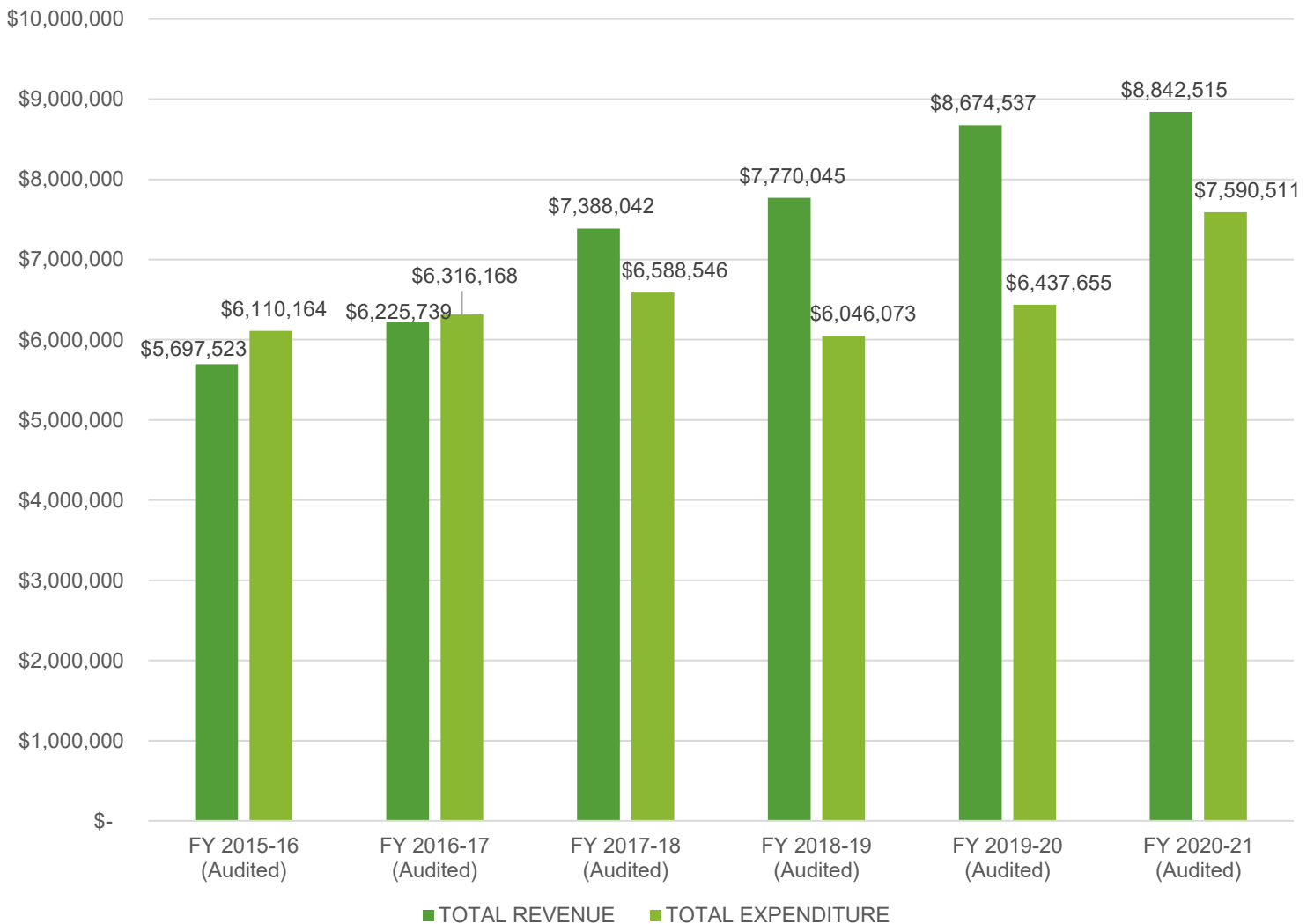


## FINANCES

This section will highlight the District's financial performance during the most recent fiscal years. Fiscal Year 2020-21 is the latest audited financial statement available. LAFCO evaluated SVWD's financial health from 2015 to 2021. A comprehensive analysis of the District's financial performance during the past six years is shown in **Tables 91 and 92** on pages 190-191.

At the end of Fiscal Year 2020-21, total revenue collected was approximately \$9 million, representing a 2% increase from the previous year (\$8.7 million in FY 19-20). Total expenses for FY 2020-21 were approximately \$7.6 million, which increased by 18% from the previous year (\$6.4 million in FY 19-20). Since 2015, the District ended each fiscal year with a surplus, excluding FYs 15-16 and 16-17, as shown in **Figure 67**. LAFCO staff believes that the current positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

**Figure 67: Statement of Revenues & Expenditures  
(FY 2015-16 to FY 2020-21)**





## Revenues

### Operating Revenue

The District's primary source of revenue is from operating revenues, specifically water sales. In FY 2020-21, Water Consumption Sales totaled \$4.7million which represents approximately 53% of SVWD's entire revenue stream. Other operating revenue sources include service charges and other revenue. During FY 2020-21, total operating revenue represented approximately 79% of the District's entire revenue stream.

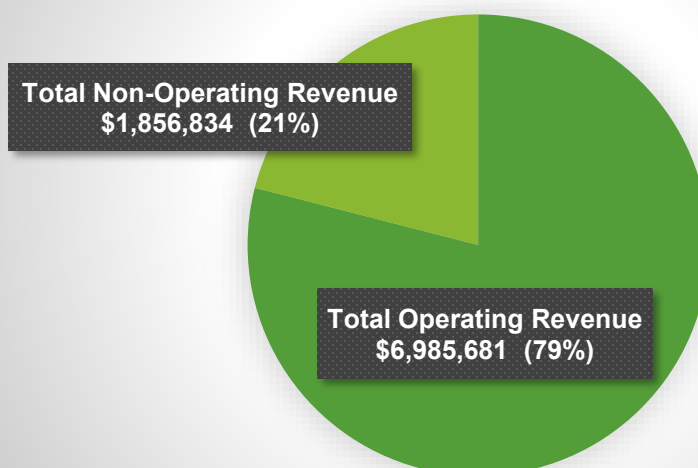
### Non-operating Revenue

The remaining 21% of total revenue derive from non-operating revenue sources. These funds include Property Taxes, Capital Grants, Interest, and Other Revenue. **Table 88 and Figure 68** provide a breakdown of the District's revenue by category and source.

**Table 88: Revenue Breakdown (FY 2020-21)**

Revenue	Amount	Percentage
<b>Operating Revenue</b>		
Water Sales (Portable & Recycled)	\$4,727,234	67.67%
Water Service (Service Charges)	\$2,230,855	31.93%
Other Revenue (Fees & Charges)	<u>\$27,592</u>	<u>0.39%</u>
Total Operating Revenue	\$6,985,681	100.00%
<b>Non-Operating Revenue</b>		
Property Taxes	\$1,057,540	56.95%
Capacity Buy-in Fee (Capital Contribution)	\$703,635	37.89%
Other Non-Operating Revenue	\$78,213	4.21%
Capital Grants	\$10,510	0.57%
Investment Earnings	<u>\$6,936</u>	<u>0.37%</u>
Total Non-Operating Revenue	\$1,856,834	100.00%
<b>Total Revenue</b>	<b><u>\$8,842,515</u></b>	

**Figure 68: Operating v Non-Operating Revenue  
(FY 2020-21)**



## Expenditures

### Operating Expense

The District's operating expenses represented approximately 78% of total expenditure during FY 2020-21. Operating expenses include: Transmission & Distribution, Finance, Water Treatment, and General & Administrative.

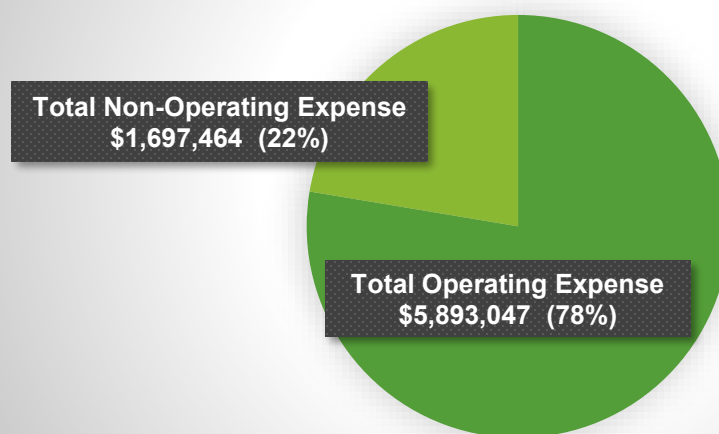
### Non-operating Expense

The remaining 22% of total expenses derive from non-operating expenses. These costs include Interest Expense, Depreciation Expense, and Change in Investment in SMGA. **Table 89 and Figure 69** provide a breakdown of the District's costs by category and source.

**Table 89: Expense Breakdown (FY 2020-21)**

Expenditure	Amount	Percentage
<b>Operating Expense</b>		
Transmission & Distribution	\$2,213,808	38%
General & Administrative	\$1,163,905	20%
Finance, Customer Service, & Conservation	\$1,064,016	18%
Recycled Water	\$590,898	10%
Pumping	\$464,519	8%
Water Treatment	\$284,701	5%
Source of Supply	<u>\$111,200</u>	<u>2%</u>
Total Operating Expense	\$5,893,047	100%
<b>Non-Operating Expense</b>		
Depreciation Expense	\$1,119,609	66%
Change in Investment in SMGA-JPA	\$357,480	21%
Capacity Buy-Back (Capital Contribution)	\$144,541	9%
Interest Expense	<u>\$75,834</u>	<u>4%</u>
Total Non-Operating Expense	\$1,697,464	100%
<b>Total Expenditure</b>	<b><u>\$7,590,511</u></b>	

**Figure 69: Operating v Non-Operating Expense (FY 2020-21)**



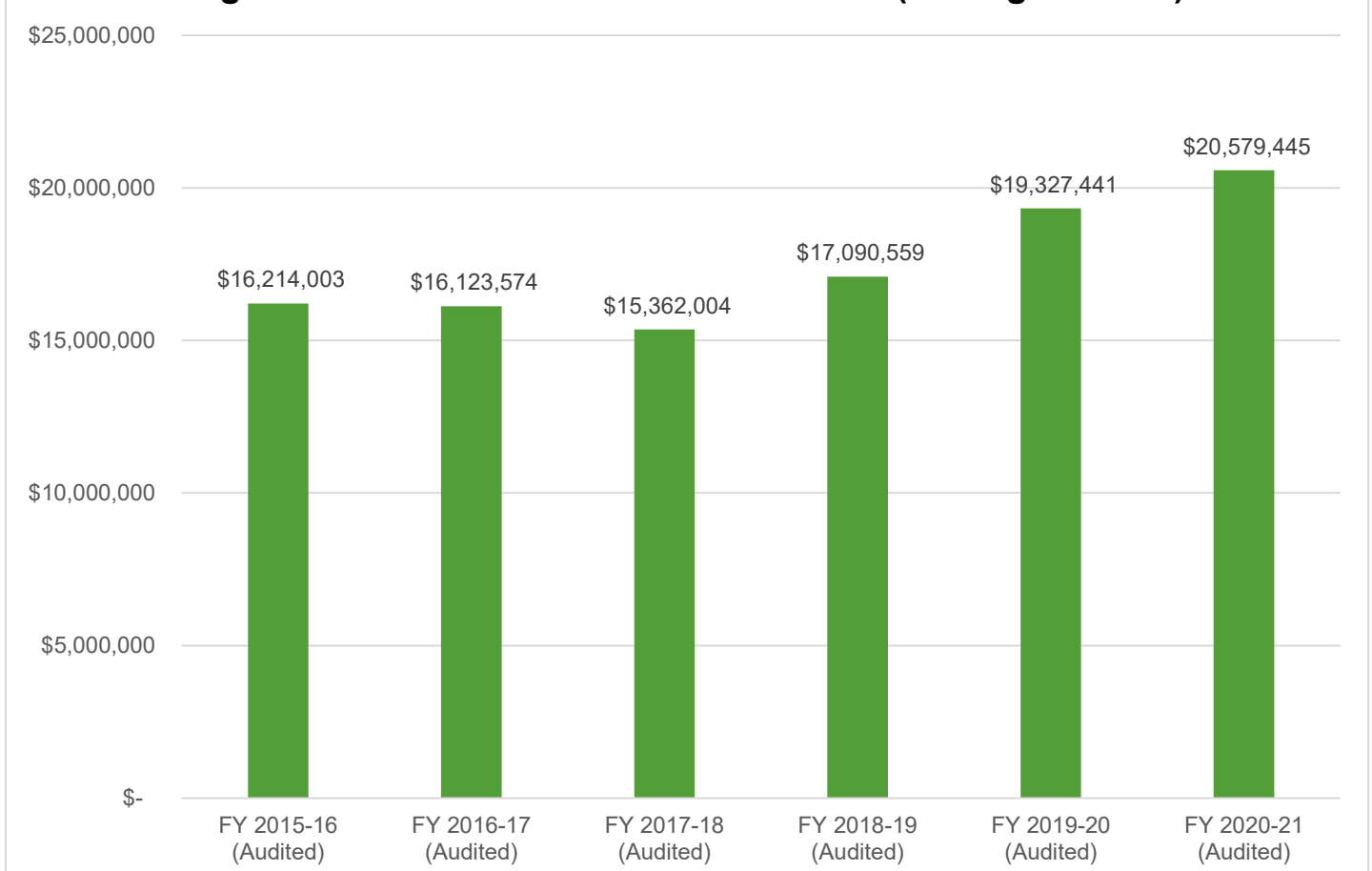
## Fund Balance / Net Position

As of June 30, 2021, the total net position balance ended with approximately \$21 million. The following table highlights the net position balance from 2015 to 2021. As shown in **Table 90** and **Figure 70**, the District's fund balance has increased over the years and 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.

**Table 90: Net Position (2015 to 2021)**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
Beginning Balance	\$16,626,644	\$16,214,003	\$14,562,508	\$15,366,587	\$17,090,559	\$19,327,441
<b>Ending Balance</b>	<b>\$16,214,003</b>	<b>\$16,123,574</b>	<b>\$15,362,004</b>	<b>\$17,090,559</b>	<b>\$19,327,441</b>	<b>\$20,579,445</b>
Change (\$)		\$(90,429)	\$(761,570)	\$1,728,555	\$2,236,882	\$1,252,004

**Figure 70: Net Position from 2015 to 2021 (Ending Balance)**



**Table 91: Total Revenues & Expenditures**

	<b>FY 2015-16 (Audited)</b>	<b>FY 2016-17 (Audited)</b>	<b>FY 2017-18 (Audited)</b>	<b>FY 2018-19 (Audited)</b>	<b>FY 2019-20 (Audited)</b>	<b>FY 2020-21 (Audited)</b>
<b>REVENUE</b>						
<u>Operating Revenue</u>						
Water Sales (Potable & Recycled)	\$ 2,625,008	\$ 2,998,786	\$ 3,959,771	\$ 4,052,051	\$ 4,566,923	\$ 4,727,234
Water Service (Service Charges)	\$ 1,348,590	\$ 1,497,782	\$ 2,293,336	\$ 1,927,303	\$ 2,076,643	\$ 2,230,855
New Connections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue (Fees and Charges )	\$ 75,366	\$ 53,170	\$ 17,514	\$ 46,311	\$ 31,273	\$ 27,592
<b>Total Operating Revenue</b>	<b>\$ 4,048,964</b>	<b>\$ 4,549,738</b>	<b>\$ 6,270,621</b>	<b>\$ 6,025,665</b>	<b>\$ 6,674,839</b>	<b>\$ 6,985,681</b>
<u>Non-Operating Revenue</u>						
Capital Grants	\$ 246,704	\$ 792,779	\$ 720	\$ 720	\$ -	\$ 10,510
Capacity Buy-in Fee (Capital Contribution)	\$ 89,000	\$ 10,500	\$ -	\$ 669,772	\$ 783,284	\$ 703,635
Gain on Disposal of Capital/Fixed Assets, Net	\$ 487,735	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ 775,679	\$ 839,095	\$ 923,894	\$ 975,085	\$ 1,030,321	\$ 1,057,540
Investment Earnings	\$ 39,106	\$ 25,159	\$ 22,574	\$ 35,893	\$ 66,477	\$ 6,936
Other Non-Operating Revenue	\$ 10,335	\$ 8,468	\$ 170,233	\$ 62,910	\$ 119,616	\$ 78,213
<b>Total Non-Operating Revenue</b>	<b>\$ 1,648,559</b>	<b>\$ 1,676,001</b>	<b>\$ 1,117,421</b>	<b>\$ 1,744,380</b>	<b>\$ 1,999,698</b>	<b>\$ 1,856,834</b>
<b>TOTAL REVENUE</b>	<b>\$ 5,697,523</b>	<b>\$ 6,225,739</b>	<b>\$ 7,388,042</b>	<b>\$ 7,770,045</b>	<b>\$ 8,674,537</b>	<b>\$ 8,842,515</b>
<b>EXPENDITURE</b>						
<u>Operating Expense</u>						
Source of Supply	\$ 97,655	\$ 150,614	\$ 163,709	\$ 99,307	\$ 182,735	\$ 111,200
Pumping	\$ 524,177	\$ 536,653	\$ 584,787	\$ 466,512	\$ 480,655	\$ 464,519
Water Treatment	\$ 688,601	\$ 660,704	\$ 829,736	\$ 293,069	\$ 239,722	\$ 284,701
Recycled Water	\$ 546,568	\$ 472,105	\$ 486,683	\$ 434,404	\$ 472,247	\$ 590,898
Transmission and Distribution	\$ 776,096	\$ 797,494	\$ 835,658	\$ 1,849,596	\$ 1,990,814	\$ 2,213,808
Conservation	\$ 241,892	\$ 158,507	\$ 163,778	\$ -	\$ -	\$ -
Customer Accounts	\$ 207,833	\$ 192,925	\$ 198,613	\$ -	\$ -	\$ -
Finance, Customer Service, and Conservation	\$ -	\$ -	\$ -	\$ 649,335	\$ 659,450	\$ 1,064,016
General and Administrative Expenses	\$ 1,695,591	\$ 1,706,288	\$ 1,871,927	\$ 837,784	\$ 993,681	\$ 1,163,905
<b>Total Operating Expense</b>	<b>\$ 4,778,413</b>	<b>\$ 4,675,290</b>	<b>\$ 5,134,891</b>	<b>\$ 4,630,007</b>	<b>\$ 5,019,304</b>	<b>\$ 5,893,047</b>
<u>Non-Operating Expense</u>						
Depreciation Expense	\$ 913,955	\$ 937,847	\$ 998,094	\$ 1,085,254	\$ 1,069,751	\$ 1,119,609
Capacity Buy-Back (Capital Contribution)	\$ -	\$ -	\$ -	\$ 235,856	\$ 21,619	\$ 144,541
Interest Expense	\$ 417,796	\$ 703,031	\$ 107,603	\$ 94,956	\$ 86,262	\$ 75,834
Change in Investment in SMGA-JPA	\$ -	\$ -	\$ -	\$ -	\$ 240,719	\$ 357,480
Loss on Disposal of Capital Assets	\$ -	\$ -	\$ 347,958	\$ -	\$ -	\$ -
<b>Total Non-Operating Expense</b>	<b>\$ 1,331,751</b>	<b>\$ 1,640,878</b>	<b>\$ 1,453,655</b>	<b>\$ 1,416,066</b>	<b>\$ 1,418,351</b>	<b>\$ 1,697,464</b>
<b>TOTAL EXPENDITURE</b>	<b>\$ 6,110,164</b>	<b>\$ 6,316,168</b>	<b>\$ 6,588,546</b>	<b>\$ 6,046,073</b>	<b>\$ 6,437,655</b>	<b>\$ 7,590,511</b>
<b>Surplus/(Deficit)</b>	<b>\$ (412,641)</b>	<b>\$ (90,429)</b>	<b>\$ 799,496</b>	<b>\$ 1,723,972</b>	<b>\$ 2,236,882</b>	<b>\$ 1,252,004</b>
<b>NET POSITION</b>						
Beginning Balance (as restated)	\$ 16,626,644	\$ 16,214,003	\$ 14,562,508	\$ 15,366,587	\$ 17,090,559	\$ 19,327,441
<b>Ending Balance</b>	<b>\$16,214,003</b>	<b>\$16,123,574</b>	<b>\$15,362,004</b>	<b>\$17,090,559</b>	<b>\$19,327,441</b>	<b>\$20,579,445</b>



**Table 92: Total Assets & Liabilities**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>ASSETS</b>						
<u>Current Assets</u>						
Cash & Cash Equivalents	\$ 2,924,816	\$ 2,331,365	\$ 1,494,191	\$ 2,519,128	\$ 3,791,756	\$ 3,511,535
Accrued Interest Receivable	\$ 6,467	\$ 6,649	\$ 7,509	\$ 7,098	\$ 14,245	\$ 4,548
Accounts Receivable, Net	\$ 848,798	\$ 1,105,970	\$ 1,314,663	\$ 1,404,967	\$ 1,645,176	\$ 1,805,650
Property Taxes Receivable	\$ 42,991	\$ 61,524	\$ 54,828	\$ 49,824	\$ 84,758	\$ 50,887
Other Receivables	\$ 53,734	\$ 183,620	\$ 59,259	\$ 52,053	\$ 15,291	\$ 15,060
Notes Receivable	\$ 160,339	\$ 161,784	\$ 161,639	\$ 173,019	\$ 169,412	\$ 15,000
Inventory - Materials & Supplies	\$ 201,758	\$ 160,614	\$ 211,827	\$ 232,601	\$ 271,380	\$ 229,228
Prepaid Expenses	\$ 92,278	\$ 93,345	\$ 94,535	\$ 68,430	\$ 66,781	\$ 68,243
<b>Total Current Assets</b>	<b>\$ 4,331,181</b>	<b>\$ 4,104,871</b>	<b>\$ 3,398,451</b>	<b>\$ 4,507,120</b>	<b>\$ 6,058,799</b>	<b>\$ 5,700,151</b>
<u>Non-Current Assets</u>						
Restricted - Cash & Cash Equivalents	\$ 749,404		\$ -	\$ 516,092	\$ 610,477	\$ -
Notes Receivable	\$ 715,853	\$ 554,070	\$ 392,431	\$ 267,745	\$ 98,333	\$ 83,333
Investment in SMGA - JPA	\$ -	\$ -	\$ -	\$ 40,754	\$ 91,291	\$ 29,632
Prepaid Contribution to SMGA - JPA	\$ -	\$ -	\$ -	\$ 291,256	\$ 295,821	\$ 368,940
Capital Assets - Not Being Depreciated	\$ 3,185,716	\$ 851,170	\$ 733,176	\$ 1,078,608	\$ 1,213,219	\$ 1,327,578
Capital Assets - Being Depreciated	\$ 16,842,017	\$ 19,948,767	\$ 21,067,532	\$ 20,563,817	\$ 20,571,981	\$ 23,164,658
<b>Total Non-Current Assets</b>	<b>\$21,492,990</b>	<b>\$21,354,007</b>	<b>\$22,193,139</b>	<b>\$22,758,272</b>	<b>\$22,881,122</b>	<b>\$24,974,141</b>
<b>TOTAL ASSETS</b>	<b>\$25,824,171</b>	<b>\$25,458,878</b>	<b>\$25,591,590</b>	<b>\$27,265,392</b>	<b>\$28,939,921</b>	<b>\$30,674,292</b>
<u>Deferred Outflows of Resources</u>						
Loss on Defeasance of Debt	\$ 460,564	\$ 40,190	\$ 36,171	\$ -	\$ -	\$ -
Net OPEB Obligation	\$ -	\$ -	\$ -	\$ 153,549	\$ 142,970	\$ 140,200
Net Pension Liability	\$ 209,294	\$ 456,821	\$ 656,179	\$ 680,989	\$ 694,399	\$ 691,330
<b>Total Deferred Outflows of Resources</b>	<b>\$ 669,858</b>	<b>\$ 497,011</b>	<b>\$ 692,350</b>	<b>\$ 834,538</b>	<b>\$ 837,369</b>	<b>\$ 831,530</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$26,494,029</b>	<b>\$25,955,889</b>	<b>\$26,283,940</b>	<b>\$28,099,930</b>	<b>\$29,777,290</b>	<b>\$31,505,822</b>
<b>LIABILITIES</b>						
<u>Current Liabilities</u>						
Accounts Payable & Accrued Expenses	\$ 325,292	\$ 265,933	\$ 342,344	\$ 494,579	\$ 683,344	\$ 1,296,516
Accrued Wages & Related Payables	\$ 53,896	\$ 64,500	\$ 80,885	\$ -	\$ -	\$ -
Customer Deposits for Services	\$ 33,893	\$ 110,346	\$ 112,436	\$ 166,905	\$ 126,332	\$ 141,219
Accrued Interest Payable	\$ 125,557	\$ 59,067	\$ -	\$ 47,513	\$ 43,179	\$ 37,932
<u>Long-Term Liabilities - Due Within One Year</u>						
Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Compensated Absences	\$ 22,051	\$ 26,103	\$ 25,862	\$ 30,508	\$ 40,998	\$ 38,251
Certificates of Participation	\$ 165,000	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loan Payable	\$ 215,000	\$ 452,927	\$ -	\$ 468,579	\$ 567,298	\$ 662,832
<b>Total Current Liabilities</b>	<b>\$ 940,689</b>	<b>\$ 978,876</b>	<b>\$ 561,527</b>	<b>\$ 1,208,084</b>	<b>\$ 1,461,151</b>	<b>\$ 2,176,750</b>
<u>Non-Current Liabilities</u>						
Unearned Revenue	\$ 1,770	\$ 10,178	\$ 8,142	\$ -	\$ -	\$ -
<u>Long-Term Liabilities - Due in More Than 1 Yr</u>						
Compensated Absences	\$ 66,154	\$ 78,305	\$ 77,585	\$ 91,522	\$ 122,992	\$ 114,752
Loan Payable	\$ 4,110,000	\$ 5,596,621	\$ 5,136,591	\$ 4,668,012	\$ 4,100,714	\$ 3,437,882
Net OPEB Obligation	\$ 1,184,517	\$ 1,173,326	\$ 2,848,438	\$ 2,758,814	\$ 2,245,495	\$ 2,539,285
Net Pension Liability	\$ 1,233,015	\$ 1,782,379	\$ 2,106,130	\$ 2,070,658	\$ 2,304,037	\$ 2,541,228
Notes Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Participation	\$ 2,332,413	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Non-Current Liabilities</b>	<b>\$ 8,927,869</b>	<b>\$ 8,640,809</b>	<b>\$10,176,886</b>	<b>\$ 9,589,006</b>	<b>\$ 8,773,238</b>	<b>\$ 8,633,147</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 9,868,558</b>	<b>\$ 9,619,685</b>	<b>\$10,738,413</b>	<b>\$10,797,090</b>	<b>\$10,234,389</b>	<b>\$10,809,897</b>
<u>Deferred Inflows of Resources</u>						
Net Pension Liability	\$ 411,468	\$ 212,630	\$ 183,523	\$ 212,281	\$ 215,460	\$ 116,480
<b>Total Deferred Inflows of Resources</b>	<b>\$ 411,468</b>	<b>\$ 212,630</b>	<b>\$ 183,523</b>	<b>\$ 212,281</b>	<b>\$ 215,460</b>	<b>\$ 116,480</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>\$10,280,026</b>	<b>\$ 9,832,315</b>	<b>\$10,921,936</b>	<b>\$11,009,371</b>	<b>\$10,449,849</b>	<b>\$10,926,377</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	\$ 13,665,884	\$ 14,790,579	\$ 16,700,288	\$ 16,974,413	\$ 17,684,486	\$ 20,391,522
Restricted for Debt Service	\$ 749,404	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted (Deficit)	\$ 1,798,715	\$ 1,332,995	\$ (1,338,284)	\$ 116,146	\$ 1,642,955	\$ 187,923
<b>Total Net Position</b>	<b>\$16,214,003</b>	<b>\$16,123,574</b>	<b>\$15,362,004</b>	<b>\$17,090,559</b>	<b>\$19,327,441</b>	<b>\$20,579,445</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<b>\$26,494,029</b>	<b>\$25,955,889</b>	<b>\$26,283,940</b>	<b>\$28,099,930</b>	<b>\$29,777,290</b>	<b>\$31,505,822</b>

## GOVERNANCE

### 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 93: Board of Directors**

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

#### Board Meetings

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 19 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.

#### Capital Improvement Plans

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.

#### Urban Water Management Plan

The California Department of Water Resources indicates that Urban Water Management Plans ("UWMPs") are prepared by urban water suppliers every five years (California Water Code Sections 10610-10656; 10608). These plans support the suppliers' long-term resource planning to ensure that adequate water supplies are available to meet existing and future water needs. SVWD adopted a joint UWMP with SVLWD in 2020,<sup>15</sup> which provides an in-depth overview of the District's current and future water demand and infrastructure.

<sup>15</sup> 2020 SVWD UWMP: <https://www.svwd.org/media/Reports/Water%20and%20Planning/GWYWY20.pdf>

### 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. SB 929 identifies a number of components that must be found within an agency's website. Additionally, the Special District Leadership Foundation (SDLF), an independent, non-profit organization formed to promote good governance and best practices among California's special districts, has also outlined recommended website elements as part of its District Transparency Certificate of Excellence. This program was created in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency. Based on SB 929's criteria and the recommendations by SDLF, LAFCO thoroughly reviewed the District's website. **Table 94** on page 194 summarizes staff's findings on whether the District's website is meeting the statutory requirements.

At present, the District almost meets all the statutory requirements under SB 929 and SDLF's website transparency criteria. There are certain items that should be added to its website, specifically more information about the District Board Members such as compensation and ethics training. Overall, SVWD has a transparent website filled with useful information and resources that are easily accessible.



**Table 94: Website Transparency**

<b>Website Components</b>	<b>Checkmark (Yes)</b>
<b>Required Items (SB 949 Criteria and SDLF Benchmarks)</b>	
1. Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	✓
3. Names of Key Staff, including General Manager	✓
4. Contact Information for Staff	✓
5. Election/Appointment Procedure & Deadlines	✓
6. Board Meeting Schedule*	✓
7. Mission Statement	✓
8. Description of District's Services/Functions and Service Area	✓
9. Authorizing Statute/Enabling Act	✓
10. Adopted District Budgets*	✓
11. Financial Audits*	✓
12. Archive of Board Meeting Agendas & Minutes*	✓
13. Link to State Controller's Webpages for District's reported Board Member and Staff Compensation	
14. Link to State Controller's Webpages for District's reported Financial Transaction Report	
15. Reimbursement & Compensation Policy / Annual Policies	✓
16. Home Page Link to Agendas/Board Packets	✓
17. SB 272 - Compliance-Enterprise Catalogs	✓
18. Machine Readable/Searchable Agendas	✓
19. Recipients of Grant Funding or Assistance	✓
20. Link or Copies of LAFCO's Service & Sphere Reviews	✓
<b>Total Score (out of a possible 20)</b>	<b>18 (90%)</b>
<b>Additional Items (SDLF's Recommended Elements)</b>	
1. Board Member Ethics Training Certificates	
2. Picture, Bio, and Email Addresses of Board Members	✓
3. Last Three Years of Audits	✓
4. Financial Reserves Policy	✓
5. Online/Downloadable Public Records Act Request Form	✓
6. Audio or Video Recordings of Board Meetings	
7. Map of District Boundaries/Service Area	✓
8. Link to CSDA Mapping Program	
9. General Description of Special Districts or Link to <a href="http://www.districtmakethedifference.org">www.districtmakethedifference.org</a>	
10. Link to Most Recently Filed to FPPC Forms	✓
<b>Total Score (out of a possible 10)</b>	<b>6 (60%)</b>

\*Footnote: Senate Bill 929 Statutory Requirements



## Opportunities and Challenges

Water agencies are significantly affected by various factors, including aging infrastructure, escalating operational costs, drought impacts, increase in customer demand, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common not only in Santa Cruz County but throughout the State. The following section discusses these challenges and identifies possible opportunities to ensure that residents receive the best level of water services.

### Strategic Partnerships

Several water agencies have expressed interest in exploring ways to further collaborate. Many water agencies have interties in the event of emergencies and all water agencies (including the two Cities) are members of groundwater-related joint powers authorities. This means that the public water providers are already working together in overseeing how water is delivered countywide. It may be beneficial for the water agencies to consider further strategic partnerships, including but not limited to sharing resources and staff, establishing a countywide memorandum of understanding for emergency-related interties, and joint procurements or professional service agreements (i.e. Audits). Such partnerships may also lay the foundation for future changes of organization, including but not limited to annexations, reorganizations, or consolidations.

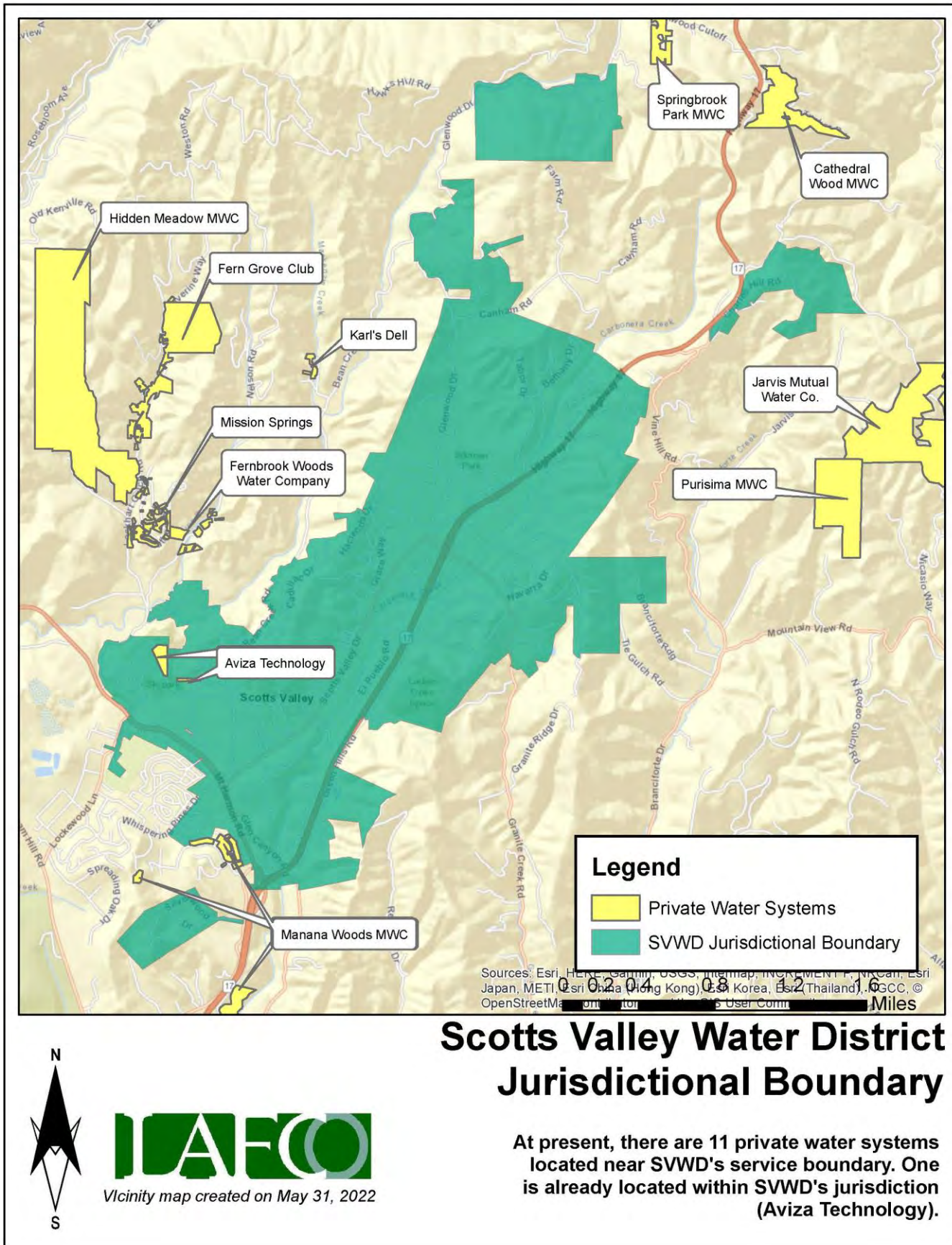
***LAFCO Staff Recommendation:*** *SVWD should explore additional ways to share services and resources with neighboring agencies, including but not limited to nearby water districts.*

### Small Water Systems

One area that LAFCO can provide assistance now is addressing the failing mutual water companies (MWCs) near SVWD. MWCs are regulated by California's Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, mutual water companies are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board and our local Regional Water Quality Control Board. However, over the years, many MWCs have operated without much oversight from the State. That is why the Legislature enacted Assembly Bill 54 in 2012. This law imposes new requirements on mutual water companies that own and operate public water systems and requires greater coordination between them and LAFCO in each county. Corporations Code 14301.1 requires MWCs to submit a map depicting its service area to LAFCO. A total of 10 private water systems are located within or adjacent to the water district. **Figure 71** on page 196 identifies the location of each private system in relation to SVWD. **Table 95** on page 197 also provide more information about the private water systems. While LAFCOs do not have full authority over private systems when compared to with cities and special districts, AB 54 does allow LAFCO to analyze these water systems as part of a service review. Identifying these MWCs may lead to coordination with SVWD and possible annexation, if desired.

***LAFCO Staff Recommendation:*** *SVWD should coordinate with LAFCO and the subject private water systems to analyze possible annexations and/or sphere amendments to include any mutual water company or other nearby water system that can no longer provide adequate level of service.*

**Figure 71: Map of Private Water Systems Within & Outside SVWD**



**Table 95: List of Private Water Systems Within & Outside SVWD**

#	Water System Name	Type of Water System	Size (Square Miles)	Population
<b>Private Water Systems WITHIN AND OUTSIDE SVWD's Jurisdictional Boundary</b>				
1	Karl's Dell	Small Water System (8 connections)	0.004	16
2	Fernbrook Woods Water Co.	Small Water System (10 connections)	0.013	25
3	Purisima MWC	Small Water System (13 connections)	0.103	34
4	Springbrook Park MWC	Small Water System (13 connections)	0.021	26
5	Hidden Meadow MWC	Medium Water System (18 connections)	0.369	45
6	Jarvis Mutual Water Co.	Medium Water System (38 connections)	0.209	125
7	Fern Grove Club	Medium Water System (67 connections)	0.107	182
8	Mission Springs	Medium Water System (141 connections)	0.022	1,310
9	Cathedral Wood MWC	Medium Water System (15 to 199 connections)	0.065	60
10	Aviza Technology	Medium Water System (15 to 199 connections)	0.009	Not Available



## SPHERE OF INFLUENCE

### Current Sphere Boundary

Santa Cruz LAFCO adopted SVWD's first sphere of influence on October 16, 1985. The sphere was updated on March 3, 2021 as part of the District's last service review cycle. The update was based on LAFCO's analysis, which determined that a total of 8 unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. The size of these areas range from 0.24 to 96 acres. LAFCO expanded the District's sphere to include approximately 300 acres. **Figure 72** on page 199 shows the latest sphere boundary. Staff is recommending that the current sphere be reaffirmed.

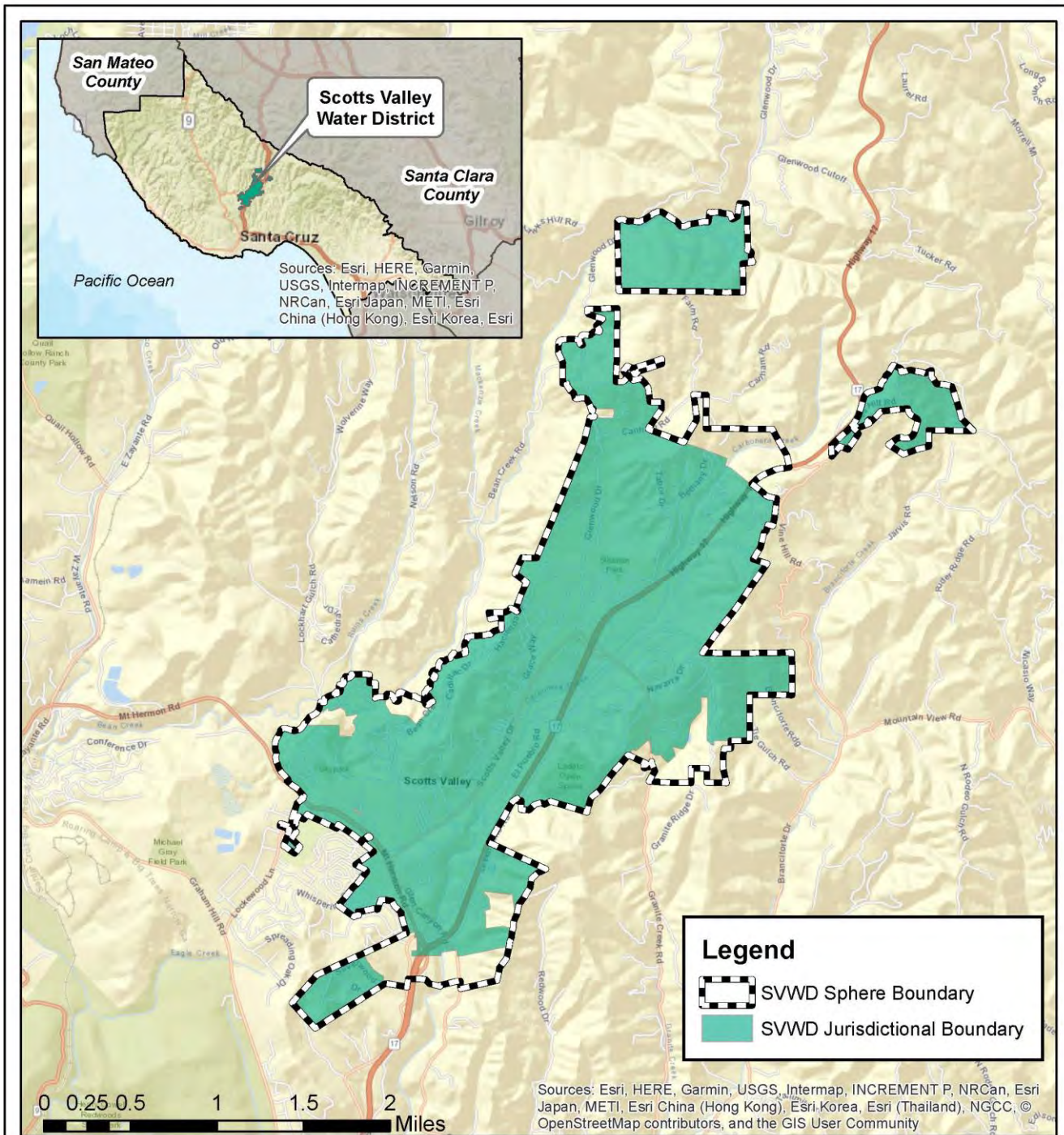
### Upcoming Annexation Application

On May 12, 2022, the District Board of Directors unanimously adopted a resolution to initiate annexation of all the territory within its current sphere boundary. The annexation encompasses 177 parcels totaling approximately 1,400 acres. If approved, the residents would not be required to automatically connect into the District's water system, however, they will no longer be subject to LAFCO's approval if and when they decide to receive water from SVWD. This proactive approach stems directly from LAFCO's recommendations in the District's last service review, which was adopted by the Commission in May 2021. LAFCO staff anticipates that the proposed annexation will be presented to the Commission for consideration and approval in early-2023.





Figure 72: SVWD's Current Sphere Map



Vicinity map created on May 31, 2022

## Scotts Valley Water District Jurisdictional and Sphere Boundaries

Original sphere adopted on October 16, 1985

Sphere update on November 2, 2016

Sphere amendment on March 3, 2021

Sphere reaffirmed on August 3, 2022

## DISTRICT SUMMARY

Scotts Valley Water District	
<b>Formation</b>	California Water Code, section 30,000 et seq.
<b>Board of Directors</b>	Five members, elected at-large to four-year terms
<b>Contact Person</b>	Piret Harmon, General Manager
<b>Employees</b>	19 Full-Time Employees
<b>Facilities</b>	60 miles of pipeline, 4 groundwater treatment plants, 6 groundwater wells, 8 storage tanks, 10 pump stations, and 13 pressure zones.
<b>District Area</b>	6 square miles (appx. 4,000 acres)
<b>Sphere of Influence</b>	Larger than the District (i.e. sphere boundary goes beyond the existing District's jurisdiction)
<b>FY 2020-21 Audit</b>	Total Revenue = \$8,842,515 Total Expenditure = \$7,590,511 Net Position (Ending Balance) = \$20,579,445
<b>Contact Information</b>	Mailing Address: 2 Civic Center Drive, Scotts Valley, CA 95066 Phone Number: (831) 438-2363 Email Address: <a href="mailto:PHarmon@svwd.org">PHarmon@svwd.org</a> Website: <a href="https://www.svwd.org/">https://www.svwd.org/</a>
<b>Public Meetings</b>	Meetings are held on the second Thursday of each month at 6:00 p.m.
<b>Mission Statement</b>	"Scotts Valley Water District delivers a sustainable high quality water service in an environmentally responsible and financially sound manner."

## SERVICE AND SPHERE REVIEW DETERMINATIONS

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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.**

The population of SVWD in 2020 was estimated to be 11,800. Based on LAFCO's analysis, the population within SVWD will be approximately 12,100 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**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.**

SVWD currently has a capital improvement plan and an urban water management plan in place.

**4. Financial ability of agencies to provide services.**

SVWD is financially sound. The District ended with a surplus in four of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$21 million. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages SVWD to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding the District. At present, there are 10 private water systems near SVWD.

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

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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District almost meets all the statutory requirements under SB 929 and SDLF's website transparency criteria.

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

LAFCO recommends that SVWD consider annexing the areas located outside its jurisdictional boundary but within its current sphere of influence.

## 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.**

At present, the majority of land within the District is designated as Residential. The District's customer base is predominantly single-family residential with some multi-family and agricultural customers as well.

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

SVWD currently has a 10-year capital improvement plan in place. A total of 15 capital improvement projects are underway. The District also has an Urban Water Management Plan, which was adopted in 2020.

**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.**

At present, there are 10 private water systems near SVWD. LAFCO recommends that the District consider annexing the areas located outside its jurisdictional boundary but within its current sphere of influence.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District' sphere boundary.



# SOQUEL CREEK WATER DISTRICT

## OVERVIEW

The Soquel Creek Water District was formed in 1961 as the “Soquel Creek County Water District” under the County Water District Act with the purpose of providing water for domestic and commercial use. The District acquired the Monterey Bay Water Company in 1964 and discontinued flood control services. In 1983, “County” was dropped from the name, and the District became known as Soquel Creek Water District. Today, the District serves 17 square miles of unincorporated territory and a portion of the City of Capitola. There is a total of 18,514 parcels within the District (totaling approximately 50,000 acres). **Figure 73**, on page 206, is a vicinity map depicting SqCWD’s current jurisdictional boundary. **Figure 74**, on page 207, also shows the current land use designation under the County’s General Plan. At present, the majority of land within the District is designated as Urban Low Residential. A map showing the land use designations within the City of Capitola was not produced since the City already has a map available on its website<sup>16</sup>.

A total of 41 boundary changes have been approved by LAFCO, with an extraterritorial service agreement involving a single parcel being the last recorded action on April 2, 2008. **Appendix J** provides an overview of all the approved boundary changes since 1966.

## Services and Infrastructure

SqCWD manages and operates a complex and integrated water supply infrastructure, including storage tanks, groundwater wells, and booster pumps. The District currently has approximately 16,000 connections – 80% is used for residential and 20% for non-residential (commercial, industrial, schools, governmental, and landscape irrigation). The District’s customer base is predominantly single-family residential. At present, there is approximately 21,000 housing units within SqCWD. **Table 96** summarizes the District’s services and **Table 97** provides an overview of the District’s infrastructure.

**Table 96: List of Service Provisions**

Services	Checkmark (Yes)
Agricultural Water	✓
Drainage	
Groundwater Replenishment	✓ (in construction)
Retail Potable Water	✓
Recycled Water	✓ (in construction)
Wastewater (Sewer)	
Water Treatment	✓
Water Conservation	✓

<sup>16</sup> City of Capitola Land Use Map -

[https://www.cityofcapitola.org/sites/default/files/fileattachments/community\\_development/page/1460/zoning\\_map.5x11\\_certified\\_06.09.2021\\_0.pdf](https://www.cityofcapitola.org/sites/default/files/fileattachments/community_development/page/1460/zoning_map.5x11_certified_06.09.2021_0.pdf)

**Table 97: List of Infrastructure / Facilities**

Infrastructure	Checkmark (Yes)	Quantity
Distribution / Storage Tanks	-	18 storage tanks
Pressure Zones	-	31 pressure zones
Production Wells	✓	16 active groundwater wells (2 standby groundwater wells)
Pump Stations	-	1 pump station
Recycled Water System	-	In Construction
Treatment Plants	-	9 treatment plants
Water Diversions	-	-
Water Pipeline	✓	167 miles
Total Connections	✓	16,047

## Water Rates

The rate structure for the District's water service charges has two components: a fixed monthly service charge component and a variable water quantity (commodity) charge component. The monthly service charge is determined based on customer class and the meter size serving a property; the charge increases with meter size. The volumetric component of a customer's water bill is calculated based on the number of units of water delivered to a property, measured in one hundred cubic feet, multiplied by rates that vary by customer class and tier. The volumetric component is distributed as an inclining tier rate structure to incentivize conservation and water use efficiency for its customers. **Table 98** on page 205 shows the adopted water rates from 2017 to 2021.



**Table 98: Water Rates**

	<b>2017 (Adopted)</b>	<b>2018 (Adopted)</b>	<b>2019 (Adopted)</b>	<b>2020 (Adopted)</b>	<b>2021 (Adopted)</b>
<b>SERVICE CHARGES</b>					
<b>Single Family / Multi-Family Residential / Commercial (Meter Size)</b>					
5/8 in restricted <640 sq ft.	\$9.94	\$11.14	\$21.54	\$23.48	\$25.60
5/8"	\$19.89	\$22.27	\$37.06	\$40.40	\$44.04
3/4"	\$29.83	\$33.41	\$37.06	\$40.40	\$44.04
1"	\$49.72	\$55.68	\$83.60	\$91.13	\$99.34
1.5"	\$89.49	\$100.23	\$161.17	\$175.68	\$191.50
2"	\$174.01	\$194.89	\$393.88	\$429.33	\$467.97
3"	\$328.13	\$367.51	\$781.72	852.08	\$928.77
4"	\$437.51	\$490.01	\$1,557.42	\$1,697.59	\$1,850.38
6"	\$1,193.20	\$1,336.39	\$2,488.25	\$2,712.20	\$2,956.30
8"	\$1,590.94	\$1,781.85	\$4,349.92	\$4,741.42	\$5,168.15
<b>Irrigation / Outdoor Use (Meter Size)</b>					
5/8 in restricted <640 sq ft.	\$26.87	\$18.97	\$27.87	\$30.38	\$33.12
5/8"	\$53.75	\$37.94	\$49.72	\$54.20	\$59.08
3/4"	\$80.62	\$56.91	\$49.72	\$54.20	\$59.08
1"	\$134.37	\$94.85	\$115.25	\$125.63	\$136.94
1.5"	\$241.86	\$170.73	\$224.48	\$244.69	\$266.72
2"	\$470.29	\$331.98	\$552.16	\$601.86	\$656.03
3"	\$886.83	\$626.01	\$1,098.28	\$1,197.13	\$1,304.88
4"	\$1,182.44	\$834.68	\$2,190.53	\$2,387.68	\$2,602.58
6"	\$3,224.85	\$2,276.41	\$3,501.23	\$3,816.35	\$4,159.83
8"	\$4,299.80	\$3,035.22	\$6,122.64	\$6,673.68	\$7,274.32
<b>Private Fire Protection (Meter Size)</b>					
1"	\$9.51	\$10.65	\$1.20	\$1.31	\$1.43
1.5"	-	-	\$3.46	\$3.78	\$4.13
2"	\$16.91	\$18.93	\$7.37	\$8.04	\$8.77
2.5"	-	-	\$13.25	\$14.45	\$15.76
3"	\$36.98	\$41.42	\$21.40	\$23.33	\$25.43
4"	\$66.57	\$74.55	\$45.61	\$49.72	\$54.20
6"	\$147.92	\$165.67	\$132.47	\$144.40	\$157.40
8"	\$253.38	\$284.01	\$282.29	\$307.70	\$335.40
<b>VOLUMETRIC CHARGES</b>					
<b>Residential</b>					
1 - 5.99 units	-	-	\$6.43	\$7.01	\$7.65
6+ units	-	-	\$29.19	\$31.82	\$34.69
<b>Commercial</b>					
Any unit(s)	\$9.28	\$10.40	\$10.79	\$11.77	\$12.83
<b>Irrigation / Outdoor Use</b>					
Any unit(s)	\$9.28	\$10.40	\$10.79	\$11.77	\$12.83



Figure 73: SqCWD's Vicinity Map

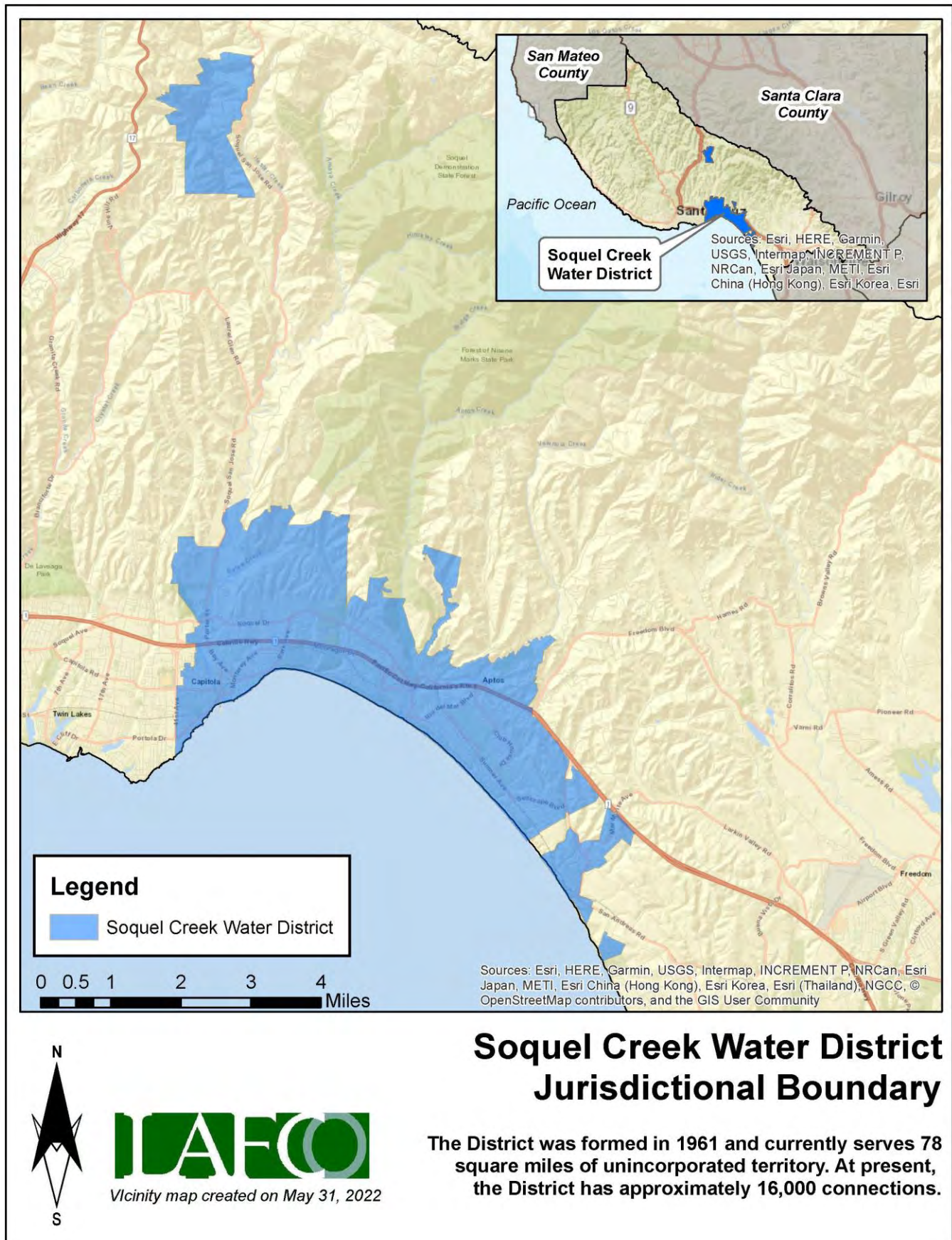
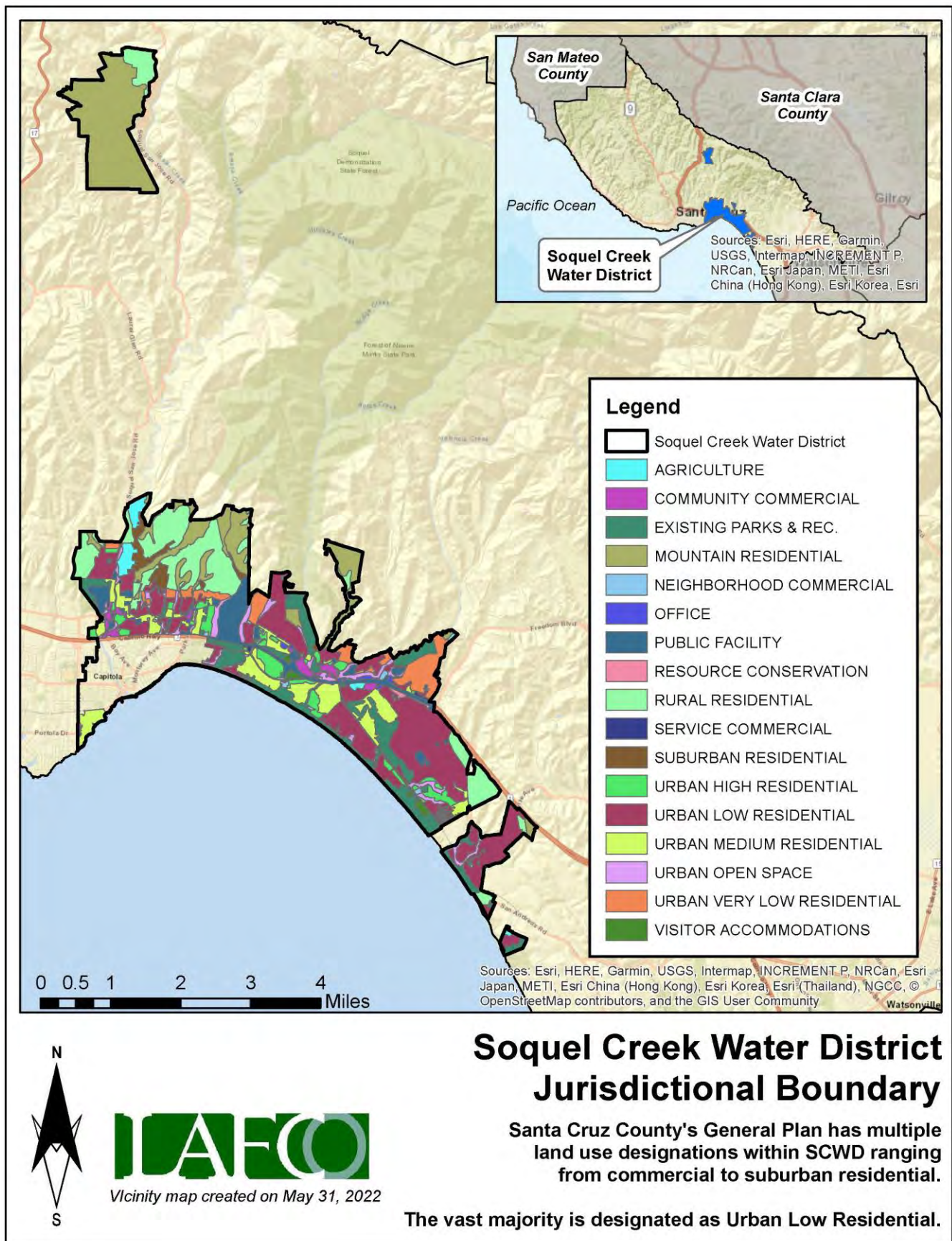




Figure 74: SqCWD's Land Use Map



## Population and Growth

Based on staff's analysis, the population of SqCWD in 2020 was estimated to be 39,000. 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. However, SqCWD develops detailed service area population and housing estimates every 5 years for its' Urban Water Management Plan (UWMP). For the 2020 UWMP, SqCWD worked with AMBAG and the County of Santa Cruz (County) to determine the best available data for use in the UWMP. The projections shown below in **Table 99** utilize data from AMBAG's 2018 Regional Growth Forecast (RGF) for 2020 population projections and data from the County's Travel Model for 2040 population projections, with a straight-line interpolation applied between 2020 and 2040. It is estimated that SqCWD will serve an approximate population of 47,200 people in 2040.

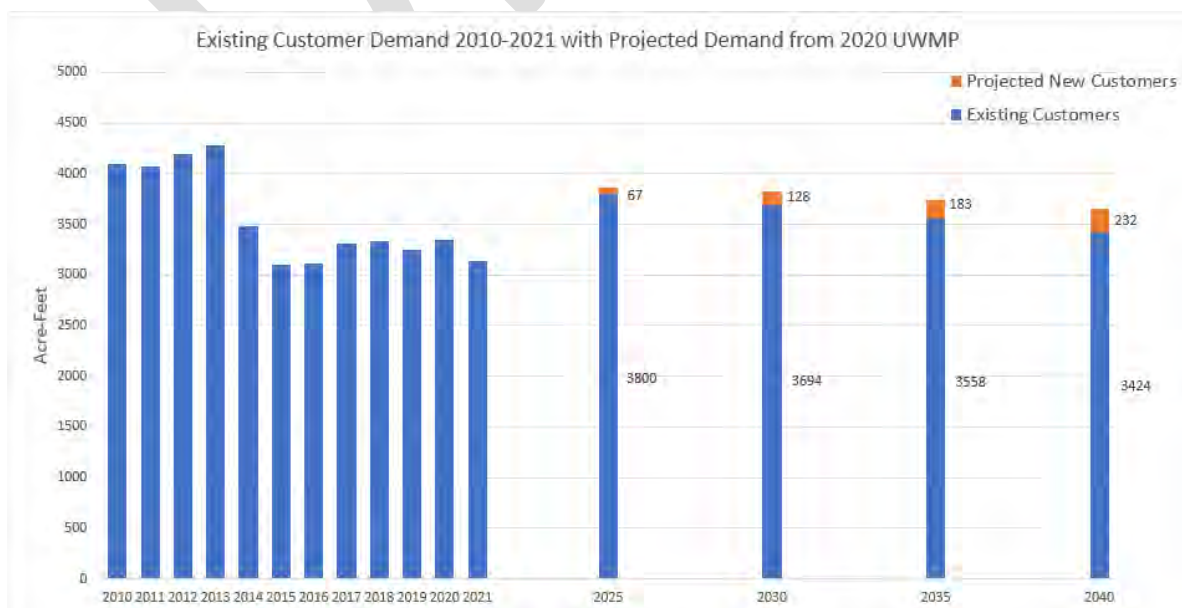
**Table 99: Projected Population**

	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%
<b>Soquel Creek Water District</b>	38,706	40,666	42,726	44,890	47,163	<b>5.06%</b>

Source: 2020 SqCWD Urban Water Management Plan

## Water Demand Projections

The District's water demand projections for 2020 through 2040, with demand attributed to existing versus new customers, is shown in the image below. It should be noted that the next AMBAG RGF currently under development for 2024 through 2031 is expected to show a significant increase in housing units over the 2018 RGF. Thus, the housing unit, population and demand projections in the District's 2020 UWMP may be underestimated.

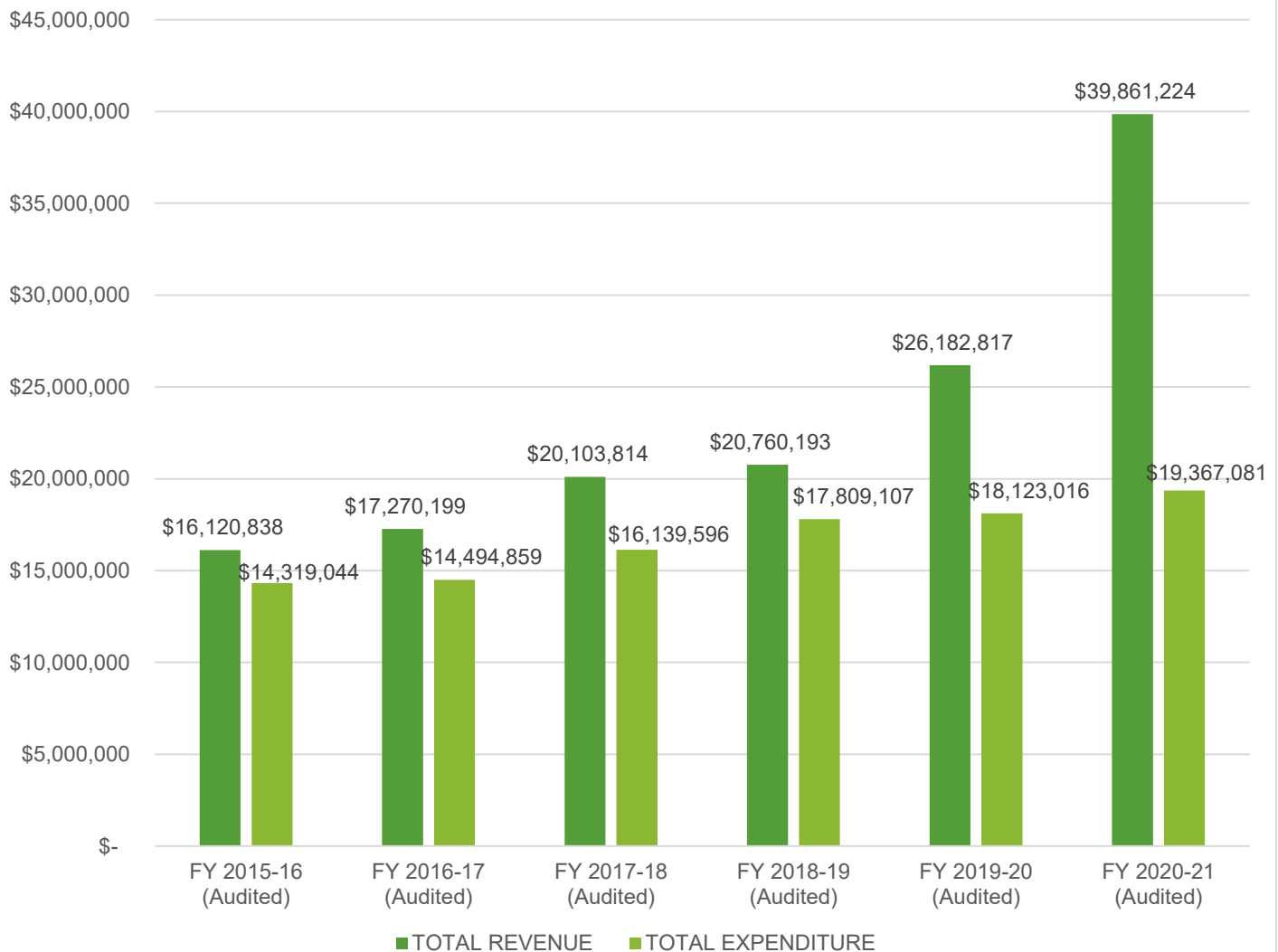


## FINANCES

This section will highlight the District's financial performance during the most recent fiscal years. Fiscal Year 2020-21 is the latest audited financial statement available. LAFCO evaluated SqCWD's financial health from 2015 to 2021. A comprehensive analysis of the District's financial performance during the past six years is shown in **Tables 103 and 104** on pages 213-214.

At the end of Fiscal Year 2020-21, total revenue collected was approximately \$40 million, representing a 52% increase from the previous year (\$26 million in FY 19-20). Total expenses for FY 2020-21 were approximately \$19 million, which increased by 7% from the previous year (\$18 million in FY 19-20). Since 2015, the District ended each fiscal year with a surplus, as shown in **Figure 75**. LAFCO staff believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

**Figure 75: Statement of Revenues & Expenditures  
(FY 2015-16 to FY 2020-21)**





## Revenues

### Operating Revenue

The District's primary source of revenue is from operating revenues, specifically water consumption sales. In FY 2020-21, Water Consumption Sales, Water Service Charges, and Other Charges for Services represented approximately 66% of SqCWD's entire revenue stream.

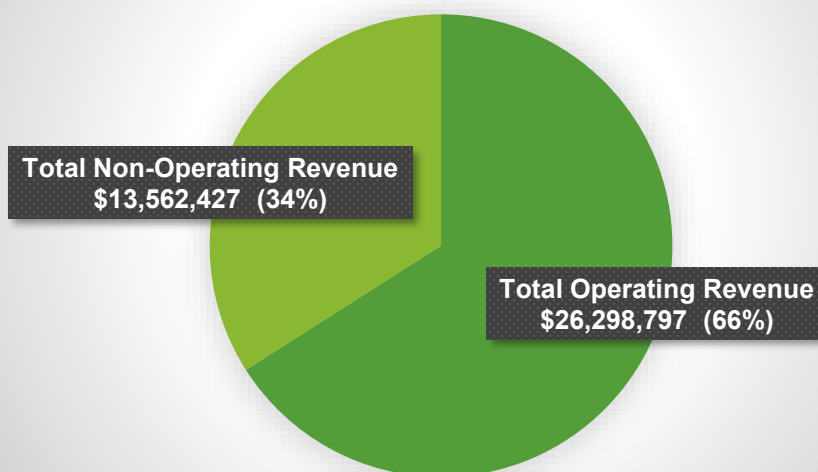
### Non-operating Revenue

The remaining 34% of total revenue derive from non-operating revenue sources. These funds include State Capital Grants, Capacity Charges, and Other Revenue. **Table 100 and Figure 76** provide a breakdown of the District's revenue by category and source.

**Table 100: Revenue Breakdown (FY 2020-21)**

Revenue	Amount	Percentage
<b>Operating Revenue</b>		
Water Consumption Sales	\$15,915,679	61%
Water Service Charges	\$9,117,448	35%
Other Charges for Services	<u>\$1,265,670</u>	<u>5%</u>
Total Operating Revenue	\$26,298,797	100%
<b>Non-Operating Revenue</b>		
State Capital Grants	\$9,735,395	72%
Other Revenue	\$2,959,788	22%
Capacity Charges	\$419,173	3%
Capital Contributions	\$231,195	2%
Interest Earnings	<u>\$216,876</u>	<u>2%</u>
Total Non-Operating Revenue	\$13,562,427	100%
<b>Total Revenue</b>	<b><u>\$39,861,224</u></b>	

**Figure 76: Operating v Non-Operating Revenue  
(FY 2020-21)**





## Expenditures

### Operating Expense

The District's operating expenses represented approximately 76% of total expenditure during FY 2020-21. Operating expenses include: General & Administrative, Source of Supply, and Customer Service & Meter Read.

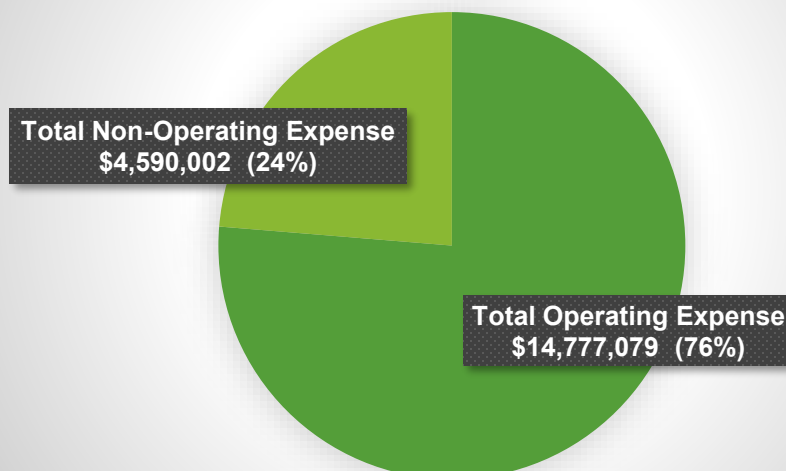
### Non-operating Expense

The remaining 24% of total expenses derive from non-operating expenses. These costs include Depreciation and Investment in Joint-Powers Authority. **Table 101 and Figure 77** provide a breakdown of the District's costs by category and source.

**Table 101: Expense Breakdown (FY 2020-21)**

Expenditure	Amount	Percentage
<b>Operating Expense</b>		
General & Administrative	\$7,598,623	51%
Source of Supply	\$2,845,560	19%
Transmission & Distribution	\$1,331,237	9%
Customer Service & Meter Read	\$1,294,653	9%
Pumping	\$1,130,336	8%
Water Treatment	<u>\$576,670</u>	<u>4%</u>
Total Operating Expense	\$14,777,079	100%
<b>Non-Operating Expense</b>		
Depreciation	\$2,949,625	64%
Interest Expense	\$1,454,110	32%
Change in Investment JPA	<u>\$186,267</u>	<u>4%</u>
Total Non-Operating Expense	\$4,590,002	100%
<b>Total Expenditure</b>	<b><u>\$19,367,081</u></b>	

**Figure 77: Operating v Non-Operating Expense  
(FY 2020-21)**



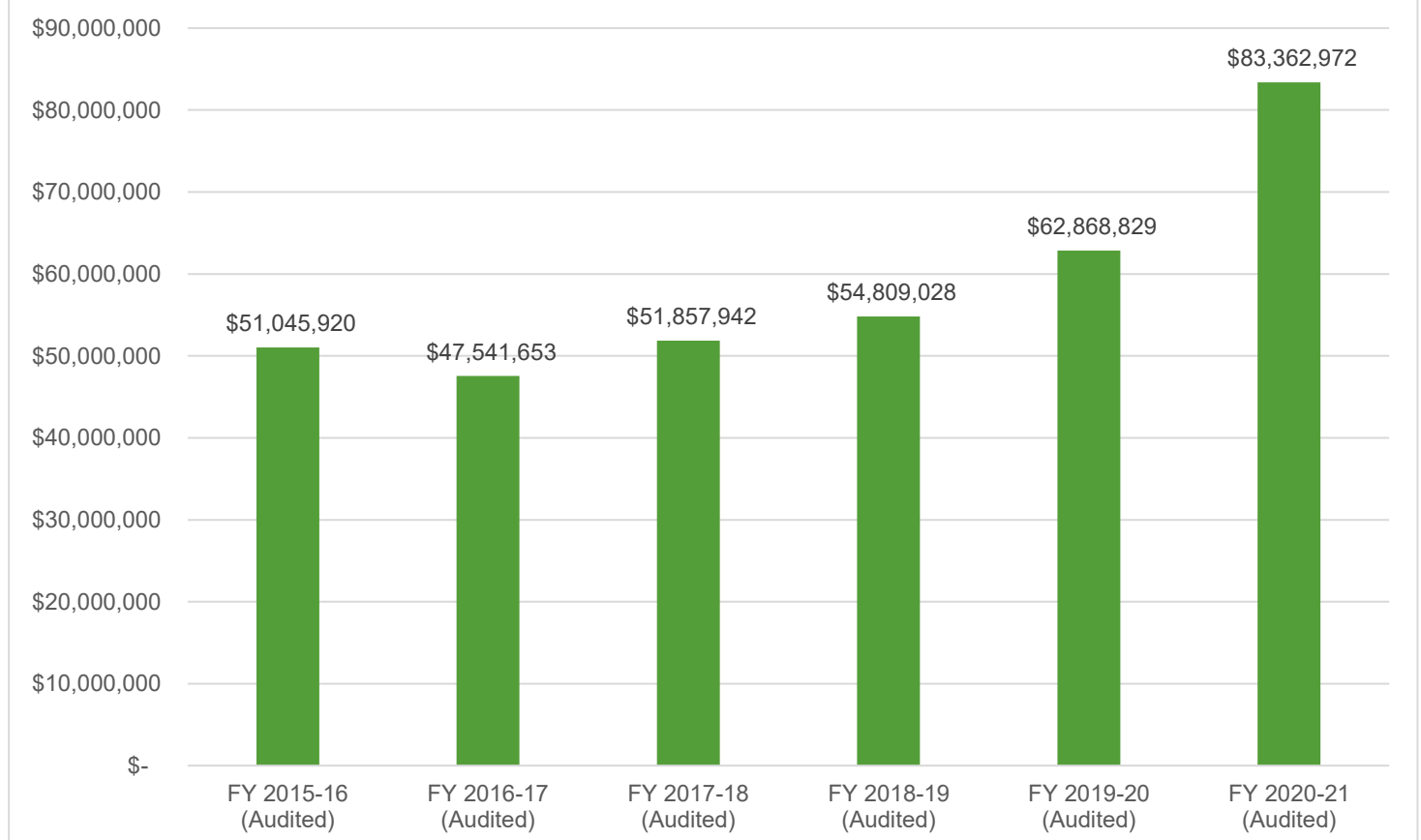
## Fund Balance / Net Position

As of June 30, 2021, the total net position balance ended with approximately \$83 million. The following table highlights the net position balance from 2015 to 2021. As shown in **Table 102** and **Figure 78**, the District's fund balance has increased over the years and has maintained an annual balance above \$47 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.

**Table 102: Net Position (2015 to 2021)**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
Beginning Balance	\$49,244,126	\$44,766,313	\$47,893,724	\$51,857,942	\$54,809,028	\$62,868,829
<b>Ending Balance</b>	<b>\$51,045,920</b>	<b>\$47,541,653</b>	<b>\$51,857,942</b>	<b>\$54,809,028</b>	<b>\$62,868,829</b>	<b>\$83,362,972</b>
Change (\$)		\$(3,504,267)	\$4,316,289	\$2,951,086	\$8,059,801	\$20,494,143

**Figure 78: Net Position from 2015 to 2021 (Ending Balance)**



**Table 103: Total Revenues & Expenditures**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>REVENUE</b>						
<u>Operating Revenue</u>						
Water Consumption Sales	\$ 10,059,054	\$ 9,953,612	\$ 11,916,294	\$ 11,366,972	\$ 14,565,944	\$ 15,915,679
Water Service Charges	\$ 5,182,724	\$ 6,035,938	\$ 6,693,811	\$ 7,081,809	\$ 8,530,082	\$ 9,117,448
Water Conversation - Wtr Demand Offset Credit	\$ 369,691	\$ -	\$ -	\$ -	\$ -	\$ -
Other Charges For Services	\$ 66,945	\$ 89,293	\$ 81,759	\$ 115,131	\$ 124,638	\$ 1,265,670
<b>Total Operating Revenue</b>	<b>\$15,678,414</b>	<b>\$16,078,843</b>	<b>\$18,691,864</b>	<b>\$18,563,912</b>	<b>\$23,220,664</b>	<b>\$26,298,797</b>
<u>Non-Operating Revenue</u>						
Interest Earnings	\$ 121,374	\$ 191,074	\$ 370,577	\$ 620,252	\$ 541,525	\$ 216,876
Rental Revenue	\$ -	\$ 11,200	\$ 1,455	\$ -	\$ -	\$ -
State Capital Grants	\$ 1,455	\$ 787,896	\$ 38,113	\$ 1,024,244	\$ 1,204,256	\$ 9,735,395
Capacity Charges	\$ 225,900	\$ 84,320	\$ 764,862	\$ 360,352	\$ 293,883	\$ 419,173
Capital Contributions	\$ 93,695	\$ 116,866	\$ 236,943	\$ 187,984	\$ 401,772	\$ 231,195
Change in Investment in JPA	\$ -	\$ -	\$ -	\$ -	\$ 520,717	\$ -
Other Non-Operating Revenue	\$ -	\$ -	\$ -	\$ 3,449	\$ -	\$ 2,959,788
<b>Total Non-Operating Revenue</b>	<b>\$ 442,424</b>	<b>\$ 1,191,356</b>	<b>\$ 1,411,950</b>	<b>\$ 2,196,281</b>	<b>\$ 2,962,153</b>	<b>\$13,562,427</b>
<b>TOTAL REVENUE</b>	<b>\$16,120,838</b>	<b>\$17,270,199</b>	<b>\$20,103,814</b>	<b>\$20,760,193</b>	<b>\$26,182,817</b>	<b>\$39,861,224</b>
<b>EXPENDITURE</b>						
<u>Operating Expense</u>						
Source of Supply	\$ 1,616,988	\$ 2,155,353	\$ 2,344,975	\$ 4,293,876	\$ 2,798,714	\$ 2,845,560
Pumping	\$ 842,926	\$ 900,209	\$ 944,174	\$ 1,099,645	\$ 1,051,350	\$ 1,130,336
Water Treatment	\$ 554,640	\$ 915,758	\$ 770,566	\$ 627,657	\$ 633,003	\$ 576,670
Transmission and Distribution	\$ 1,298,131	\$ 1,328,707	\$ 1,608,590	\$ 1,441,931	\$ 1,985,965	\$ 1,331,237
Customer Service & Meter Reading	\$ 803,829	\$ 810,623	\$ 906,794	\$ 1,053,216	\$ 1,181,862	\$ 1,294,653
General and Administrative	\$ 6,161,534	\$ 5,002,163	\$ 5,590,041	\$ 5,421,217	\$ 6,113,749	\$ 7,598,623
<b>Total Operating Expense</b>	<b>\$11,278,048</b>	<b>\$11,112,813</b>	<b>\$12,165,140</b>	<b>\$13,937,542</b>	<b>\$13,764,643</b>	<b>\$14,777,079</b>
<u>Non-Operating Expense</u>						
Interest Expense	\$ 666,906	\$ 782,308	\$ 759,151	\$ 740,732	\$ 1,384,938	\$ 1,454,110
Rental Property Expense	\$ -	\$ 5,270	\$ -	\$ -	\$ -	\$ -
Change in Investment in JPA	\$ 31,190	\$ -	\$ 529,134	\$ 660,317	\$ -	\$ 186,267
Depreciation	\$ 2,342,900	\$ 2,592,842	\$ 2,679,579	\$ 2,470,516	\$ 2,949,887	\$ 2,949,625
Other Non-Operating Expense	\$ -	\$ 1,626	\$ 6,592	\$ -	\$ 23,548	\$ -
<b>Total Non-Operating Expense</b>	<b>\$ 3,040,996</b>	<b>\$ 3,382,046</b>	<b>\$ 3,974,456</b>	<b>\$ 3,871,565</b>	<b>\$ 4,358,373</b>	<b>\$ 4,590,002</b>
<b>TOTAL EXPENDITURE</b>	<b>\$14,319,044</b>	<b>\$14,494,859</b>	<b>\$16,139,596</b>	<b>\$17,809,107</b>	<b>\$18,123,016</b>	<b>\$19,367,081</b>
<b>Surplus/(Deficit)</b>	<b>\$ 1,801,794</b>	<b>\$ 2,775,340</b>	<b>\$ 3,964,218</b>	<b>\$ 2,951,086</b>	<b>\$ 8,059,801</b>	<b>\$20,494,143</b>
<b>NET POSITION</b>						
Beginning Balance (as restated)	\$ 49,244,126	\$ 44,766,313	\$ 47,893,724	\$ 51,857,942	\$ 54,809,028	\$ 62,868,829
<b>Ending Balance</b>	<b>\$51,045,920</b>	<b>\$47,541,653</b>	<b>\$51,857,942</b>	<b>\$54,809,028</b>	<b>\$62,868,829</b>	<b>\$83,362,972</b>

**Table 104: Total Assets & Liabilities**

	FY 2015-16 (Audited)	FY 2016-17 (Audited)	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)
<b>ASSETS</b>						
<u>Current Assets</u>						
Cash & Cash Equivalents	\$ 12,791,103	\$ 10,380,975	\$ 12,075,016	\$ 11,417,729	\$ 9,993,564	\$ 14,931,143
Cash & Cash Equivalents - Restricted	\$ 12,648,516	\$ 10,213,819	\$ 9,511,348	\$ 9,239,582	\$ 8,588,673	\$ 4,106,774
Investments	\$ 1,742,000	\$ 497,000	\$ 992,000	\$ 1,192,000	\$ 2,225,000	\$ 1,023,230
Accrued Interest Receivable	\$ 17,714	\$ 32,139	\$ 83,644	\$ 25,042	\$ 22,113	\$ 13,637
Accrued Interest Receivable - Restricted	\$ 15,711	\$ 15,977	\$ 21,897	\$ 90,545	\$ 44,933	\$ 11,317
Accounts Receivable - Water Sales & Services, Net	\$ 1,819,550	\$ 1,939,677	\$ 2,311,626	\$ 2,169,028	\$ 3,100,968	\$ 3,448,794
Other Receivables	\$ 217,427	\$ 514,254	\$ 205,474	\$ 937,230	\$ 496,947	\$ 12,648,587
Materials & Supplies Inventory	\$ 270,341	\$ 323,880	\$ 377,286	\$ 626,040	\$ 549,308	\$ 321,917
Prepaid Expenses & Other Deposits	\$ 143,033	\$ 166,188	\$ 173,755	\$ 155,948	\$ 185,240	\$ 247,527
<b>Total Current Assets</b>	<b>\$29,665,395</b>	<b>\$24,083,909</b>	<b>\$ 25,752,046</b>	<b>\$ 25,853,144</b>	<b>\$ 25,206,746</b>	<b>\$ 36,752,926</b>
<u>Non-Current Assets</u>						
Investments	\$ 248,000	\$ 5,157,000	\$ 5,884,000	\$ 5,428,000	\$ 3,203,000	\$ 1,471,000
Investments - Restricted	\$ 1,554,560	\$ 1,544,304	\$ 1,548,032	\$ 1,588,048	\$ 1,629,614	\$ 496,000
Other Post-Employment Benefits Asset	\$ 242,725	\$ -	\$ -	\$ -	\$ -	\$ -
Investments in Joint-Powers Authority	\$ -	\$ -	\$ 227,947	\$ 400,924	\$ 1,376,931	\$ 1,190,663
Capital Assets - Not Being Depreciated	\$ 11,597,901	\$ 12,265,496	\$ 13,886,843	\$ 10,969,105	\$ 22,192,871	\$ 39,942,941
Capital Assets - Being Depreciated	\$ 50,505,723	\$ 50,667,548	\$ 50,435,059	\$ 55,526,084	\$ 55,645,235	\$ 58,050,892
<b>Total Non-Current Assets</b>	<b>\$64,148,909</b>	<b>\$69,634,348</b>	<b>\$ 71,981,881</b>	<b>\$ 73,912,161</b>	<b>\$ 84,047,651</b>	<b>\$101,151,496</b>
<b>TOTAL ASSETS</b>	<b>\$93,814,304</b>	<b>\$93,718,257</b>	<b>\$ 97,733,927</b>	<b>\$ 99,765,305</b>	<b>\$109,254,397</b>	<b>\$137,904,422</b>
<u>Deferred Outflows of Resources</u>						
Deferred Refunding Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,269,920
Deferred OPEB Outflows	\$ -	\$ -	\$ 703,806	\$ 781,944	\$ 1,452,244	\$ 890,345
Deferred Pension Outflows	\$ 1,290,513	\$ 2,318,110	\$ 2,702,119	\$ 2,181,919	\$ 2,679,607	\$ 2,539,596
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,290,513</b>	<b>\$ 2,318,110</b>	<b>\$ 3,405,925</b>	<b>\$ 2,963,863</b>	<b>\$ 4,131,851</b>	<b>\$ 4,699,861</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$95,104,817</b>	<b>\$96,036,367</b>	<b>\$101,139,852</b>	<b>\$102,729,168</b>	<b>\$113,386,248</b>	<b>\$142,604,283</b>
<b>LIABILITIES</b>						
<u>Current Liabilities</u>						
Accounts Payable & Accrued Expenses	\$ 984,079	\$ 980,220	\$ 1,495,502	\$ 1,930,548	\$ 4,774,444	\$ 7,493,428
Accrued Wages & Related Payables	\$ 150,106	\$ 189,670	\$ 194,327	\$ 239,181	\$ 283,194	\$ 321,745
Unearned Revenue & Other Deposits	\$ 465,560	\$ 699,253	\$ 1,035,104	\$ 1,400,342	\$ 1,642,272	\$ 380,556
Accrued Interest Payable	\$ 502,121	\$ 495,799	\$ 488,077	\$ 475,011	\$ 460,811	\$ 301,747
Long-Term Liabilities - Due Within One Year						
Compensated Absences	\$ 99,309	\$ 116,041	\$ 135,912	\$ 152,977	\$ 161,133	\$ 205,525
Certificates of Participation	\$ 370,000	\$ 380,000	\$ 980,000	\$ 1,065,000	\$ 1,130,893	\$ -
Revenue Bonds	\$ 615,566	\$ 621,028	\$ -	\$ -	\$ -	\$ 1,875,000
<b>Total Current Liabilities</b>	<b>\$ 3,186,741</b>	<b>\$ 3,482,011</b>	<b>\$ 4,328,922</b>	<b>\$ 5,263,059</b>	<b>\$ 8,452,747</b>	<b>\$ 10,578,001</b>
<u>Non-Current Liabilities</u>						
Long-Term Liabilities - Due in More Than One Year						
Compensated Absences	\$ 297,925	\$ 348,121	\$ 407,737	\$ 458,929	\$ 483,396	\$ 616,574
Certificates of Participation	\$ 33,552,482	\$ 33,146,589	\$ 32,140,696	\$ 31,049,803	\$ 29,893,017	\$ -
Revenue Bonds	\$ 617,875	\$ -	\$ -	\$ -	\$ -	\$ 21,730,000
Other Long-Term Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000,000
Net Pension Liability	\$ 5,956,316	\$ 6,758,135	\$ 7,831,149	\$ 7,135,537	\$ 7,309,987	\$ 7,449,660
Net OPEB Obligation	\$ -	\$ 4,380,194	\$ 4,022,184	\$ 3,635,287	\$ 3,675,003	\$ 3,283,607
<b>Total Non-Current Liabilities</b>	<b>\$40,424,598</b>	<b>\$44,633,039</b>	<b>\$ 44,401,766</b>	<b>\$ 42,279,556</b>	<b>\$ 41,361,403</b>	<b>\$ 48,079,841</b>
<b>TOTAL LIABILITIES</b>	<b>\$43,611,339</b>	<b>\$48,115,050</b>	<b>\$ 48,730,688</b>	<b>\$ 47,542,615</b>	<b>\$ 49,814,150</b>	<b>\$ 58,657,842</b>
<u>Deferred Inflows of Resources</u>						
Deferred OPEB Inflows	\$ -	\$ -	\$ 78,555	\$ 66,320	\$ 27,710	\$ 184,831
Deferred Pension Inflows	\$ 447,558	\$ 379,664	\$ 472,667	\$ 311,205	\$ 675,559	\$ 398,638
<b>Total Deferred Inflows of Resources</b>	<b>\$ 447,558</b>	<b>\$ 379,664</b>	<b>\$ 551,222</b>	<b>\$ 377,525</b>	<b>\$ 703,269</b>	<b>\$ 583,469</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>\$44,058,897</b>	<b>\$48,494,714</b>	<b>\$ 49,281,910</b>	<b>\$ 47,920,140</b>	<b>\$ 50,517,419</b>	<b>\$ 59,241,311</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	\$ 26,977,479	\$ 28,798,189	\$ 31,201,206	\$ 34,380,386	\$ 54,346,033	\$ 60,725,577
Restricted - Capital Assets	\$ 11,413,035	\$ 8,901,493	\$ 6,927,653	\$ 6,489,633	\$ 1,101,769	\$ 4,051,267
Restricted - Debt Service	\$ 2,805,752	\$ 2,872,607	\$ 4,153,624	\$ 4,396,223	\$ -	\$ -
Unrestricted	\$ 9,849,654	\$ 6,969,364	\$ 9,575,459	\$ 9,542,786	\$ 7,421,027	\$ 18,586,128
<b>Total Net Position</b>	<b>\$51,045,920</b>	<b>\$47,541,653</b>	<b>\$ 51,857,942</b>	<b>\$ 54,809,028</b>	<b>\$ 62,868,829</b>	<b>\$ 83,362,972</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; NET POSITION</b>	<b>\$95,104,817</b>	<b>\$96,036,367</b>	<b>\$101,139,852</b>	<b>\$102,729,168</b>	<b>\$113,386,248</b>	<b>\$142,604,283</b>



## GOVERNANCE

### Local Accountability & Structure

SqCWD 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 General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. SqCWD employs a full-time staff of 48 employees. 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 105: Board of Directors**

Board Member	Term of Office
<b>Tom LaHue, President</b>	Appointed: February 2003 Term Limit Ends: December 1, 2024
<b>Carla Christensen, Vice-President</b>	Elected: November 2014 Term Limit Ends: December 1, 2022
<b>Rachél Lather, Director</b>	Appointed: January 2016 Term Limit Ends: December 1, 2022
<b>Bruce Daniels, Director</b>	Elected: November 2000 Term Limit Ends: December 1, 2024
<b>Bruce Jaffe, Director</b>	Elected: November 2002 Term Limit Ends: December 1, 2022

#### Board Meetings

The District's Board of Directors meet regularly and citizens are encouraged to attend. Board meetings are typically held on the third Tuesday of each month at 6:00 p.m. Meetings are held at the Capitola City Council Chambers, unless otherwise noticed.

#### Urban Water Management Plan

The California Department of Water Resources indicates that Urban Water Management Plans ("UWMPs") are prepared by urban water suppliers every five years (California Water Code Sections 10610-10656; 10608). These plans support the suppliers' long-term resource planning to ensure that adequate water supplies are available to meet existing and future water needs. SqCWD adopted its UWMP in 2020,<sup>17</sup> which provides an in-depth overview of the District's current and future water demand and infrastructure.

#### 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. SB 929 identifies a number of components that must be found within an agency's website. Additionally, the Special District Leadership Foundation (SDLF), an independent, non-profit organization formed to promote good governance and best practices among California's special districts, has also outlined recommended website elements as part of its District Transparency Certificate of Excellence. This program was created in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency. Based on SB 929's criteria and the recommendations by SDLF, LAFCO thoroughly

<sup>17</sup> 2020 SqCWD UWMP: <https://www.soquelcreekwater.org/DocumentCenter/View/1665/2020-Urban-Water-Management-Report-PDF?bidId=>

reviewed the District's website. **Table 106** summarizes staff's findings on whether the District's website is meeting the statutory requirements. At present, the District almost meets all the statutory requirements under SB 929 and SDLF's website transparency criteria. There are certain items that should be added to its website, specifically access to LAFCO's service reviews and more information about the District Board Members such as compensation and ethics training. Overall, SqCWD has a transparent website filled with useful information and resources that are easily accessible.

**Table 106: Website Transparency**

<b>Website Components</b>	<b>Checkmark (Yes)</b>
<b>Required Items (SB 949 Criteria and SDLF Benchmarks)</b>	
1. Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	✓
3. Names of Key Staff, including General Manager	✓
4. Contact Information for Staff	✓
5. Election/Appointment Procedure & Deadlines	✓
6. Board Meeting Schedule*	✓
7. Mission Statement	✓
8. Description of District's Services/Functions and Service Area	✓
9. Authorizing Statute/Enabling Act	✓
10. Adopted District Budgets*	✓
11. Financial Audits*	✓
12. Archive of Board Meeting Agendas & Minutes*	✓
13. Link to State Controller's Webpages for District's reported Board Member and Staff Compensation	✓
14. Link to State Controller's Webpages for District's reported Financial Transaction Report	✓
15. Reimbursement & Compensation Policy / Annual Policies	✓
16. Home Page Link to Agendas/Board Packets	✓
17. SB 272 - Compliance-Enterprise Catalogs	✓
18. Machine Readable/Searchable Agendas	✓
19. Recipients of Grant Funding or Assistance	✓
20. Link or Copies of LAFCO's Service & Sphere Reviews	
<b>Total Score (out of a possible 20)</b>	<b>19 (95%)</b>
<b>Additional Items (SDLF's Recommended Elements)</b>	
1. Board Member Ethics Training Certificates	✓
2. Picture, Bio, and Email Addresses of Board Members	✓
3. Last Three Years of Audits	✓
4. Financial Reserves Policy	✓
5. Online/Downloadable Public Records Act Request Form	✓
6. Audio or Video Recordings of Board Meetings	✓
7. Map of District Boundaries/Service Area	✓
8. Link to CSDA Mapping Program	✓
9. General Description of Special Districts or Link to <a href="http://www.districtmakethedifference.org">www.districtmakethedifference.org</a>	
10. Link to Most Recently Filed to FPPC Forms	✓
<b>Total Score (out of a possible 10)</b>	<b>9 (90%)</b>

\*Footnote: Senate Bill 929 Statutory Requirements

## Opportunities and Challenges

Water agencies are significantly affected by various factors, including aging infrastructure, escalating operational costs, drought impacts, increase in customer demand, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common not only in Santa Cruz County but throughout the State. The following section discusses these challenges and identifies possible opportunities to ensure that residents receive the best level of water services.

### Areas Served Outside Jurisdictional Boundary

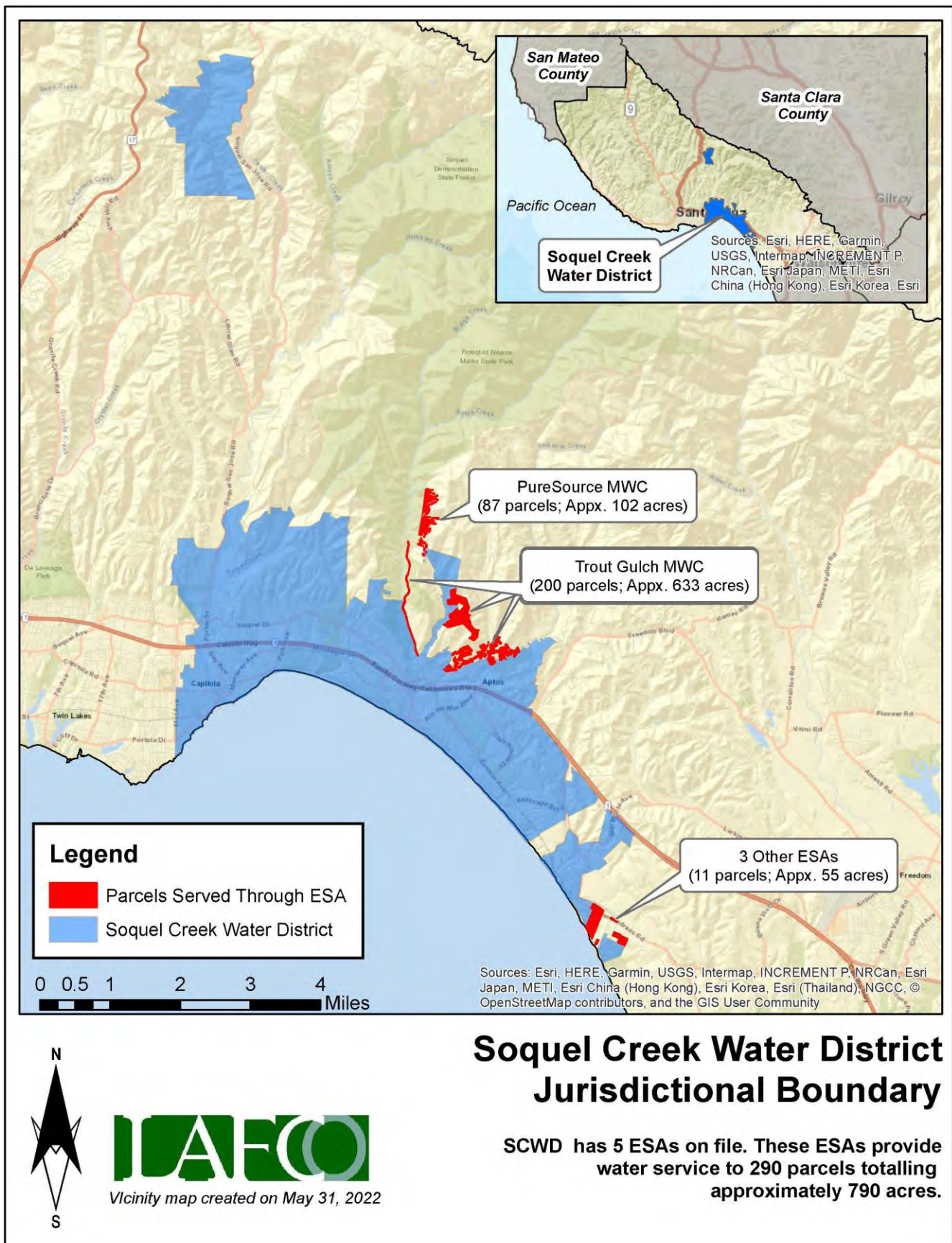
Pursuant to Government Code Section 56133, a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from the Commission in the affected county. LAFCO may also authorize a city or district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization. In other words, except for the specific situations exempted by Government Code Section 56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from LAFCO. Based on staff's analysis, SqCWD is providing services outside its jurisdiction to 290 parcels through five separate extraterritorial service agreements approved by LAFCO. **Figure 79** on page 218 shows the subject parcels receiving services outside SqCWD's jurisdiction.

***LAFCO Staff Recommendation:*** SqCWD should consider annexing these parcels if the District and the affected landowners determine it would improve the level of service and increase local representation.





**Figure 79: Areas Served Outside SqCWD's Jurisdiction**





### Small Water Systems

One area that LAFCO can provide assistance now is addressing any failing mutual water companies (MWCs) or private water systems near CWD. MWCs are regulated by California's Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities. In operating a public water system, mutual water companies are also subject to regulation by the California Department of Public Health and must comply with requirements imposed by the State Water Resources Control Board and our local Regional Water Quality Control Board. However, over the years, many MWCs have operated without much oversight from the State. That is why the Legislature enacted Assembly Bill 54 in 2012. This law imposes new requirements on mutual water companies that own and operate public water systems and requires greater coordination between them and LAFCO in each county. Corporations Code 14301.1 requires mutual water companies to submit a map depicting its service area to LAFCO.

A total of 33 private water systems are located near the water district. **Figure 80** on page 220 identifies the location of each water system in relation to SqCWD. **Table 107** on page 221 also provide more information about the private water systems. While LAFCOs do not have full authority over mutual water companies when compared to with cities and special districts, AB 54 does allow LAFCO to analyze these water systems as part of a service review. Identifying these private water systems may lead to coordination with SqCWD and possible annexation, if desired.

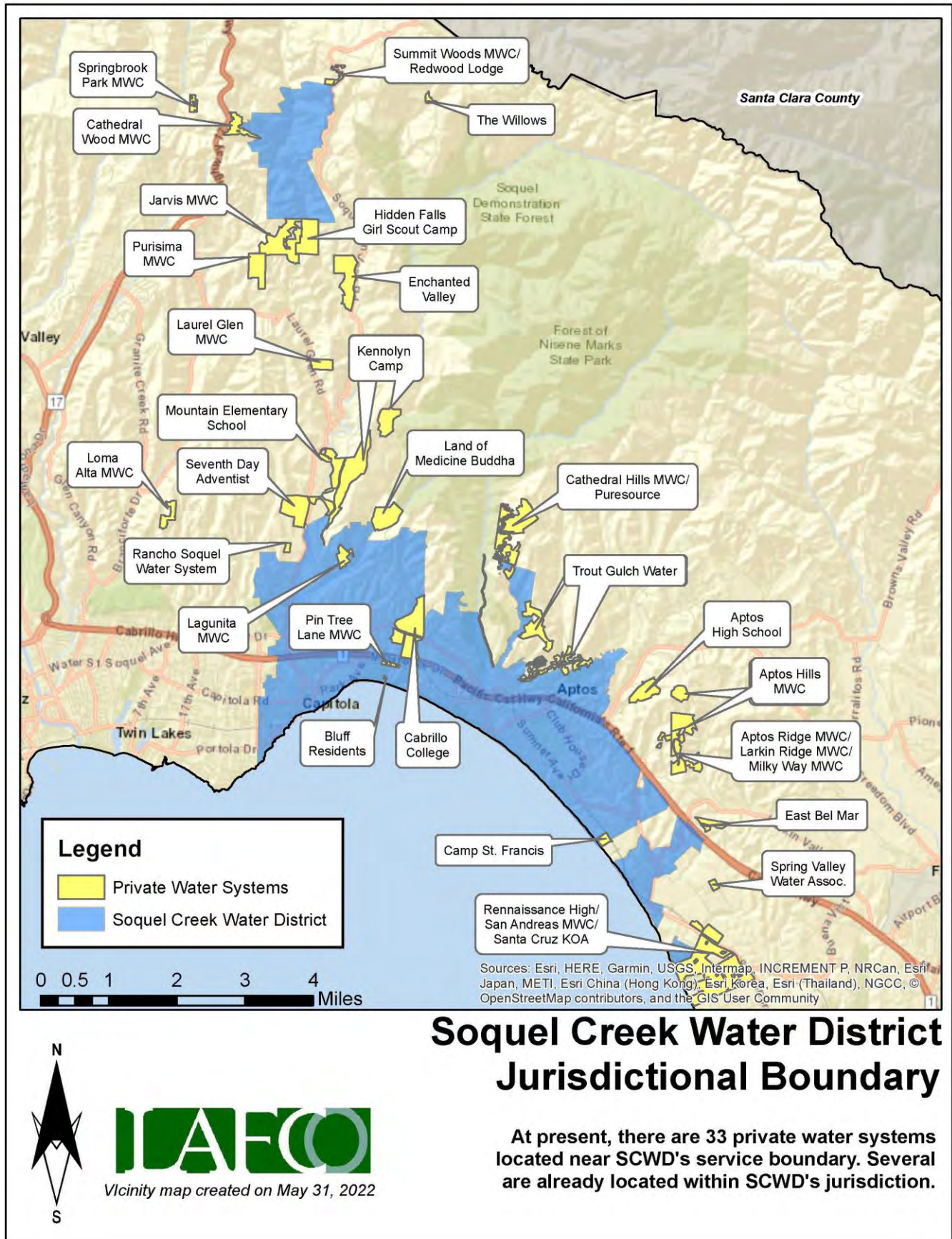
***LAFCO Staff Recommendation:*** *SqCWD should coordinate with LAFCO and the subject private water systems to analyze possible annexations and/or sphere amendments to include any mutual water company or other nearby water system that can no longer provide adequate level of service.*

### Strategic Partnerships

Several water agencies have expressed interest in exploring ways to further collaborate. Many water agencies have interties in the event of emergencies and all water agencies (including the two Cities) are members of groundwater-related joint powers authorities. This means that the public water providers are already working together in overseeing how water is delivered countywide. It may be beneficial for the water agencies to consider further strategic partnerships, including but not limited to sharing resources and staff, establishing a countywide memorandum of understanding for emergency-related interties, and joint procurements or professional service agreements (i.e. Audits). Such partnerships may also lay the foundation for future changes of organization, including but not limited to annexations, reorganizations, or consolidations.

***LAFCO Staff Recommendation:*** *SqCWD should explore additional ways to share services and resources with neighboring agencies, including but not limited to nearby water districts.*

**Figure 80: Map of Private Water Systems Within and Outside SqCWD**



**Table 107: List of Private Water Systems Within and Outside SqCWD**

#	Water System Name	Type of Water System	Size (Square Miles)	Population
<b>Private Water Systems WITHIN AND OUTSIDE SqCWD's Jurisdictional Boundary</b>				
1	Mountain Elementary School	Small Water System (1 connection)	0.01	250
2	Cabrillo College	Small Water System (1 connection)	0.25	5,500
3	Larkin Ridge MWC	Small Water System (5 connections)	0.02	10
4	East Bel Mar	Small Water System (5 connections)	0.04	12
5	Aptos High School	Small Water System (6 connections)	0.09	1,925
6	Bluff Residents	Small Water System (6 connections)	0.00	40
7	Lagunita MWC	Small Water System (7 connections)	0.04	25
8	Rancho Soquel Water System	Small Water System (7 connections)	0.01	10
9	Spring Valley Water Assoc.	Small Water System (7 connections)	0.01	16
10	Laurel Glen MWC	Small Water System (8 connections)	0.05	32
11	Milky Way MWC	Small Water System (9 connections)	0.03	20
12	Aptos Hills MWC	Small Water System (12 connections)	0.13	32
13	Loma Alta MWC	Small Water System (12 connections)	0.05	33
14	Springbrook Park MWC	Small Water System (13 connections)	0.02	26
15	Purisima MWC	Small Water System (13 connections)	0.10	34
16	Redwood Lodge	Small Water System (13 connections)	0.03	35
17	Renaissance High	Medium Water System (2 connections)	0.02	250
18	Aptos Ridge MWC	Medium Water System (16 connections)	0.09	52
19	Land Of Medicine Buddha	Medium Water System (16 connections)	0.12	89
20	Camp St. Francis	Medium Water System (16 connections)	0.02	57
21	Kennolyn Camp	Medium Water System (25 connections)	0.42	213
22	Cathedral Hills MWC	Medium Water System (25 connections)	0.20	60
23	Pine Tree Lane MWC	Medium Water System (36 connections)	0.01	80
24	Jarvis Mutual Water Co.	Medium Water System (38 connections)	0.21	125
25	Enchanted Valley	Medium Water System (64 connections)	0.17	51
26	The Willows	Medium Water System (69 connections)	0.01	54
27	PureSource	Medium Water System (77 connections)	0.07	200
28	San Andreas MWC	Medium Water System (135 connections)	0.54	350
29	Trout Gulch Water	Medium Water System (186 connections)	0.28	614
30	Cathedral Wood MWC	Medium Water System (15 to 199 connections)	0.07	60
31	Hidden Falls Girl Scout Camp	Medium Water System (15 to 199 connections)	0.14	150
32	Seventh Day Adventist	Large Water System (202 connections)	0.15	1,000
33	Santa Cruz KOA	Large Water System (235 connections)	0.04	110



## SPHERE OF INFLUENCE

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### Current Sphere Boundary

Santa Cruz LAFCO adopted SqCWD's first sphere of influence on November 12, 1986. The current sphere excludes areas within the District's jurisdictional boundary. The last sphere update occurred in June 2017 following the last service review cycle. **Figure 81** on page 223 shows the current sphere of influence boundary.

### Proposed Sphere Boundary

Based on staff's analysis, the current sphere boundary is not consistent with the District's current service area. SqCWD is currently providing services outside its jurisdiction to 290 parcels through five separate extraterritorial service agreements approved by LAFCO. Staff is recommending that the sphere boundary be expanded to include the 290 served parcels as a precursor to annexation in the near future. Further analysis will be required to address any restricted lands or other service provision issues if annexation is explored by the District. **Figure 82** on page 224 shows the proposed sphere boundary.

### Parcels Subject to Annexation

As stated earlier in this report, except for the specific situations exempted by Government Code Section 56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from LAFCO. Based on staff's analysis, SqCWD is providing services outside its jurisdiction through five separate extraterritorial service agreements.

***LAFCO Staff Recommendation:*** *SqCWD should consider annexing these parcels if the District and the affected landowners determine it would improve the level of service and increase local representation. If an application is submitted within a year (August 2023), LAFCO will consider waiving the annexation filing fee and provide assistance on completing the statutorily-required steps in the annexation process.*





Figure 81: SqCWD's Current Sphere Map

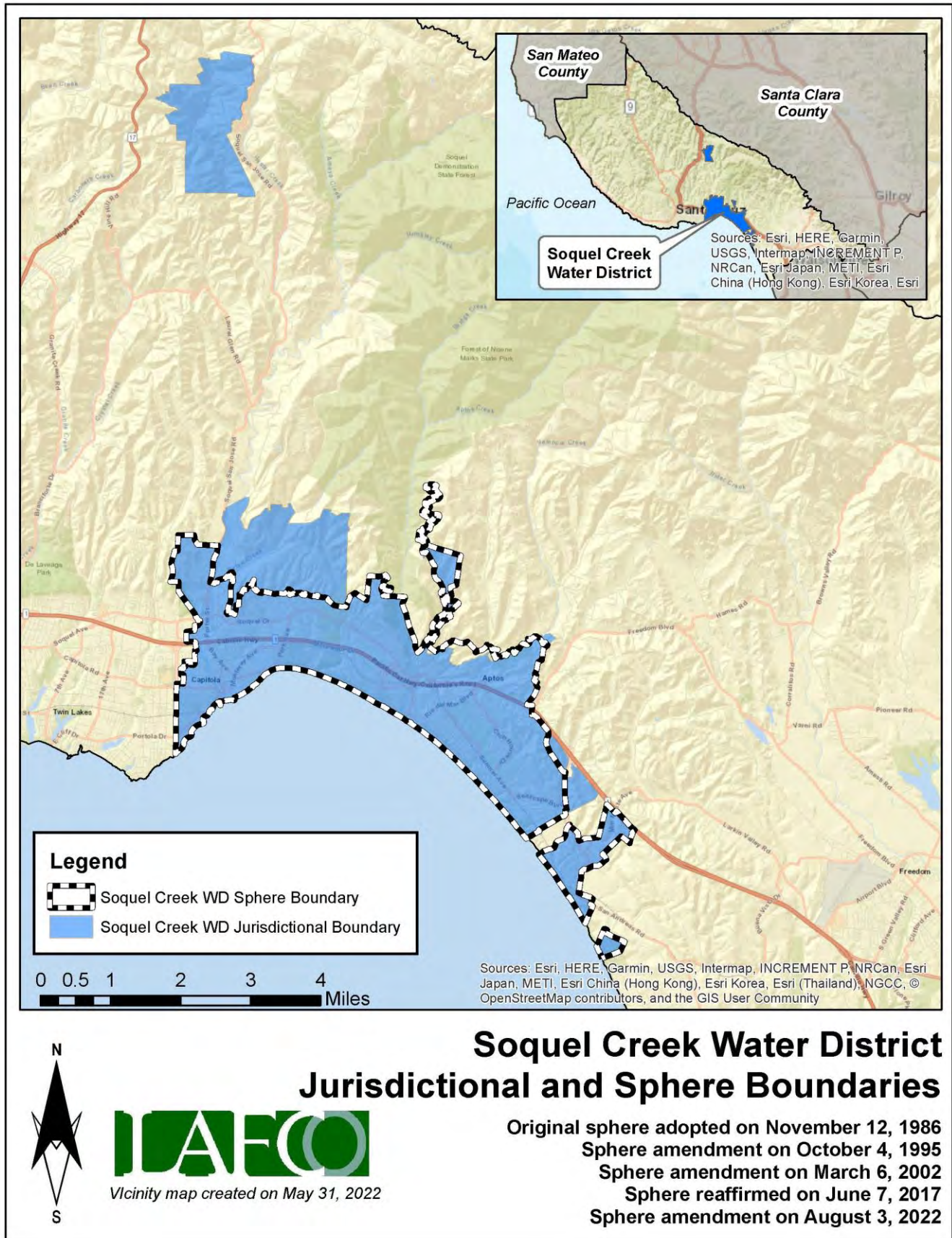
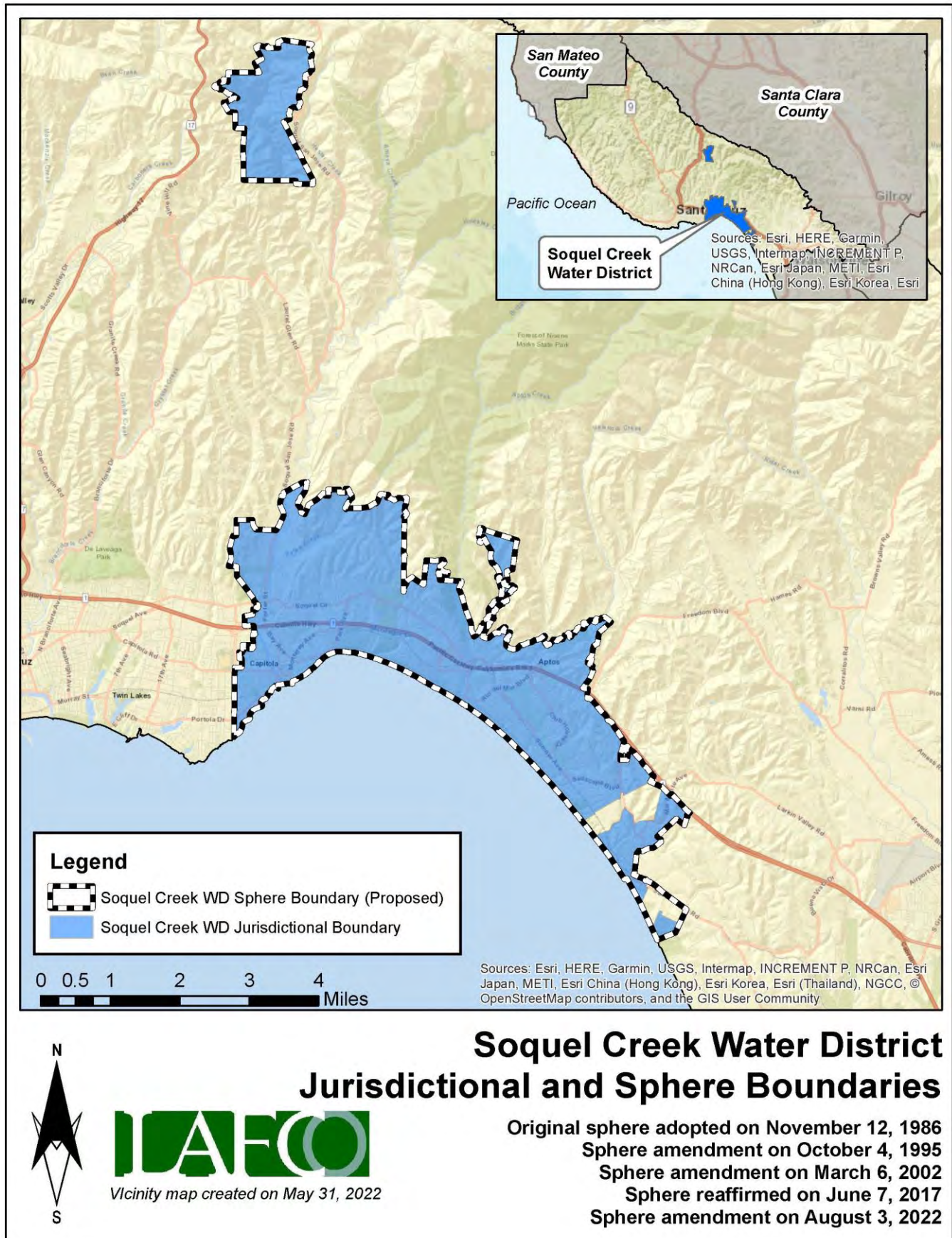




Figure 82: SqCWD's Proposed Sphere Map



## DISTRICT SUMMARY

Soquel Creek Water District	
<b>Formation</b>	California Water Code, section 30,000 et seq.
<b>Board of Directors</b>	Five members, elected at-large to four-year terms
<b>Contact Person</b>	Ron Duncan, General Manager
<b>Employees</b>	48 Full-Time Employees
<b>Facilities</b>	16,047 connections; 167 miles of pipeline; 16 active groundwater wells; 2 standby groundwater wells; 18 storage tanks; 14 pump stations; and 7 interconnections.
<b>District Area</b>	17 square miles (appx. 50,000 acres)
<b>Sphere of Influence</b>	<p><b>Current Sphere:</b> Smaller than the District (i.e., sphere boundary does not include the District's existing jurisdictional boundary)</p> <p><b>Proposed Sphere:</b> Larger than the District (i.e., sphere boundary includes areas outside the District's jurisdictional boundary)</p>
<b>FY 2020-21 Audit</b>	<p>Total Revenue = \$39,861,224</p> <p>Total Expenditure = \$19,367,081</p> <p>Net Position (Ending Balance) = \$83,362,972</p>
<b>Contact Information</b>	<p>Mailing Address: 5180 Soquel Drive, Soquel CA 95073</p> <p>Phone Number: (831) 475-8500</p> <p>Email Address: <a href="mailto:RonD@soquelcreekwater.org">RonD@soquelcreekwater.org</a></p> <p>Website: <a href="https://www.soquelcreekwater.org/">https://www.soquelcreekwater.org/</a></p>
<b>Public Meetings</b>	Meetings are typically held on the first and third Tuesday of each month at 6:00 p.m.
<b>Mission Statement</b>	We are a public agency dedicated to providing a safe, high quality, reliable, and sustainable water supply to meet our community's present and future needs in an environmentally sensitive and economically responsible manner.

## SERVICE AND SPHERE REVIEW DETERMINATIONS

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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.**

The population of SqCWD in 2020 was estimated to be 39,000. Based on LAFCO's analysis, the population within SqCWD will be approximately 47,200 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**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.**

SqCWD currently has an urban water management plan in place.

**4. Financial ability of agencies to provide services.**

SqCWD is financially sound. The District ended with a surplus in each of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$83 million. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages SqCWD to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding the District. At present, there are 33 private water systems near SqCWD.

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

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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District almost meets all the statutory requirements under SB 929 and SDLF's website transparency criteria.

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

LAFCO recommends that SqCWD consider annexing the parcels currently served through five separate extraterritorial service agreements for residents to receive better local representation and fully utilize the District's services.



## 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.**

At present, the majority of land within the District is designated as Urban Low Residential. The District's customer base is predominantly single-family residential. The District does not have any agricultural customers.

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

SqCWD has an Urban Water Management Plan and a capital improvement plan, in addition to a Community Water Plan and the region's Groundwater Sustainability Plan, which collectively help to ensure and plan for future capital improvement projects.

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

SqCWD manages and operates a complex and integrated water supply infrastructure, including storage tanks, groundwater wells, and booster pumps. The District currently has approximately 16,000 connections – 80% is used for residential and 20% for non-residential (commercial, schools, governmental, and landscape irrigation).

**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.**

At present, there are 33 private water systems near SqCWD. Additionally, there are 290 parcels that are receiving services from the District but not part of the District's jurisdictional boundary. These residents do not have the ability to vote on District matters or express their opinions as their neighbors who are official constituents. These parcels should be annexed in the near future for adequate representation.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District' sphere boundary.

## **APPENDICES**

**Appendix A: List of Private Water Systems (132 in total)**

**Appendix B: Central Water District - Historical Boundary Changes**

**Appendix C: Central Water District – Capital Improvement Plan**

**Appendix D: City of Santa Cruz - Historical Boundary Changes**

**Appendix E: City of Santa Cruz – Long Range Financial Plan**

**Appendix F: City of Watsonville - Historical Boundary Changes**

**Appendix G: Reclamation District 2017 Audit (FY 2011 to 2015)**

**Appendix H: San Lorenzo Valley WD - Historical Boundary Changes**

**Appendix I: Scotts Valley WD - Historical Boundary Changes**

**Appendix J: Soquel Creek WD – Historical Boundary Changes**

## 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: Countywide Water Service & Sphere of Influence Review

Project Location: Water services are provided by five independent special districts, two city departments, and one reclamation district throughout Santa Cruz County: (1) Central Water District, (2) City of Santa Cruz, (3) City of Watsonville, (4) Pajaro Valley Water Management Agency, (5) Reclamation District No. 2049, (6) San Lorenzo Valley Water District, (7) Scotts Valley Water District, and (8) Soquel Creek Water District. A vicinity map depicting the water agencies' jurisdictional and sphere boundaries is attached (refer to Attachment A).

Project Location City: N/A

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 eight water agencies in Santa Cruz County. The purpose of the report is to ensure the effectiveness and efficiency in the delivery of public services by the agencies, 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 August 3, 2022.

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

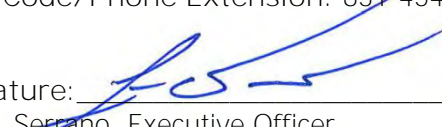
Exempt Status: (check one)

- ☐ 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).

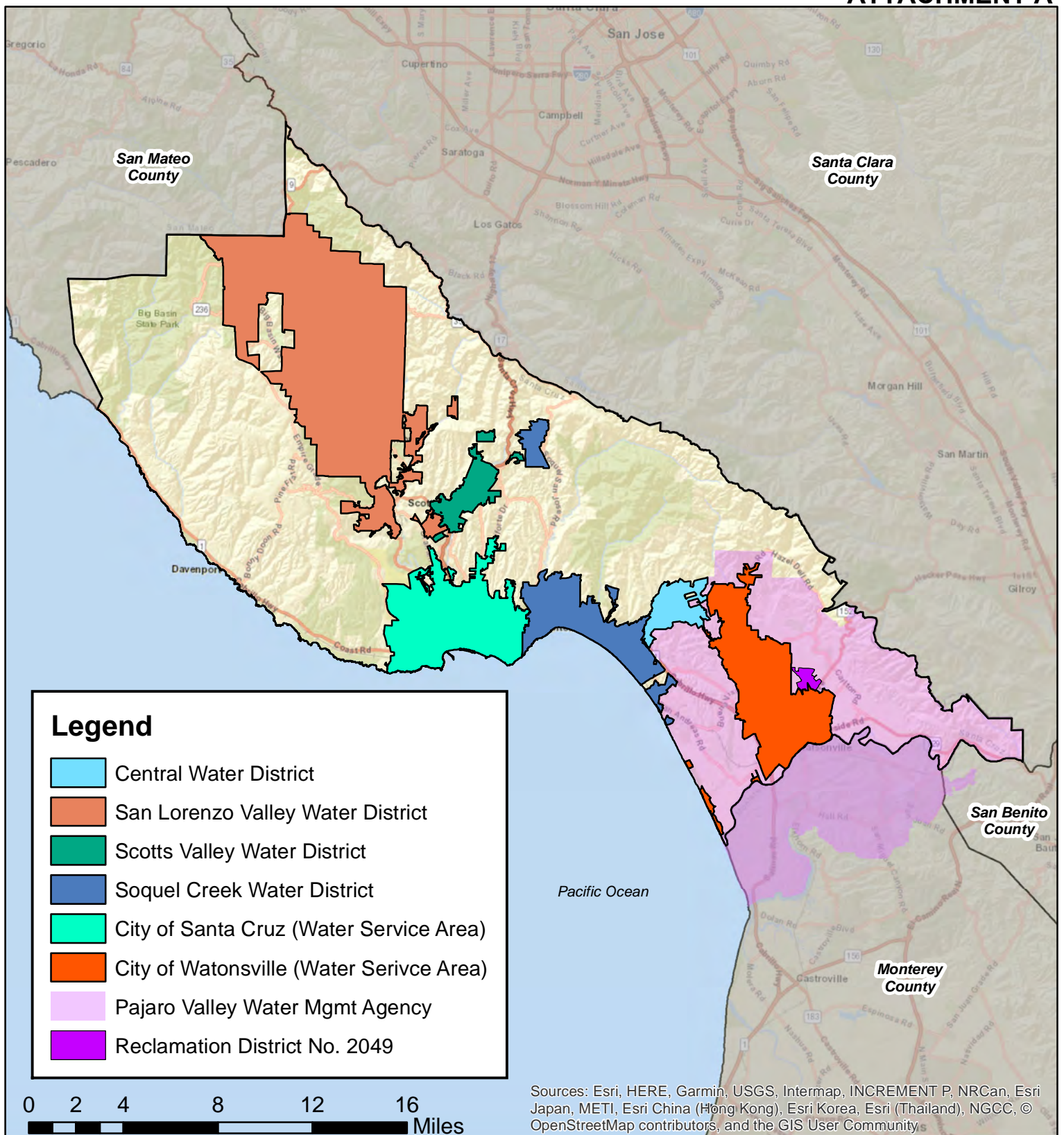
Lead Agency Contact Person: Joe A. Serrano

Area Code/Phone Extension: 831-454-2055

Signature:   
Joe A. Serrano, Executive Officer

Date: July 7, 2022

☒ Signed by Lead Agency



# Countywide Service and Sphere Review for Water Services (8 Water Agencies)

Vicinity map created on May 31, 2022





## NOTICE OF PUBLIC HEARING LOCAL AGENCY FORMATION COMMISSION

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, August 3, 2022, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following:

- **“Blossom Way/Stephen Bell Extraterritorial Service Agreement” with the City of Scotts Valley (LAFCO Project No. ESA 22-02):** Consideration of an extraterritorial service agreement request for a single parcel to receive sewer services by the City of Scotts Valley. In compliance with the California Environmental Quality Act (CEQA), LAFCO staff has prepared a Categorical Exemption for this report.
- **Countywide Water Service and Sphere Review (LAFCO Project No. SSR 22-11):** Consideration of a service and sphere review for eight water agencies in Santa Cruz County: Central Water District, Cities of Santa Cruz and Watsonville, Pajaro Valley Water Management Agency, Reclamation District No. 2049, San Lorenzo Valley Water District, Scotts Valley Water District, and Soquel Creek 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 and Assembly Bill 361, which suspend certain requirements of the Ralph M. Brown Act. Members of the public are encouraged to participate remotely. Instructions to participate remotely are available in the Agenda and Agenda Packet: <https://www.santacruzlafco.org/2022-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](http://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.

Joe A. Serrano  
Executive Officer  
Date: July 12, 2022

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY  
RESOLUTION NO. 2022-11

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
APPROVING THE 2021 COUNTYWIDE WATER  
SERVICE AND SPHERE REVIEW

\*\*\*\*\*

The Local Agency Formation Commission of Santa Cruz County (“LAFCO” or 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 2022 Countywide Water Service and Sphere of Influence Review for nine water agencies: Central Water District, Cities of Santa Cruz and Watsonville, County Service Area 54, Pajaro Valley Water Management Agency, Reclamation District No. 2049, San Lorenzo Valley Water District, Scotts Valley Water District, and Soquel Creek Water District (“water agencies”).
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 August 3, 2022, 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 2022 Countywide Water Service and Sphere of Influence Review for the water agencies 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 agencies. 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 2022 Countywide Water Service and Sphere of Influence Review.
6. The Commission hereby approves the Service Review Determinations, as shown on Exhibits 1, 4, 7, 10, 13, 16, 19, 22, and 25.

7. The Commission hereby approves the Sphere of Influence Determinations, as shown on Exhibits 2, 5, 8, 11, 14, 17, 20, 23, and 26.
8. The Commission hereby reaffirms the existing spheres of influence for the San Lorenzo Valley Water District and the Scotts Valley Water District, as shown as Exhibits 21 and 24.
9. The Commission hereby increases the existing spheres of influence to reflect the current service delivery area for the Central Water District, the Cities of Santa Cruz and Watsonville, and the Soquel Creek Water District, as shown as Exhibits 3, 6, 9, and 27.
10. The Commission hereby adopts a coterminous sphere of influence boundary with the Corralitos Basin for the Pajaro Valley Water Management Agency, as shown in Exhibit 15.
11. The Commission hereby adopts a zero sphere of influence boundary as a precursor to dissolution for County Service Area 54 and the Reclamation District No. 2049, as shown in Exhibits 12 and 18.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 3rd day of August 2022.

AYES:

NOES:

ABSTAIN:

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RACHÉL LATHER, CHAIRPERSON

Attest:

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Joe A. Serrano  
Executive Officer

Approved as to form:

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Joshua Nelson  
LAFCO Counsel

**EXHIBIT 1**  
**CENTRAL WATER DISTRICT**  
**2022 SERVICE REVIEW DETERMINATIONS**

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- 1. Growth and population projections for the affected area.**  
The population of CWD in 2020 was estimated to be 2,700. Based on LAFCO's analysis, the population within CWD will be approximately 2,800 by 2040.
- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**  
In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.
- 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.**  
CWD currently has a 10-year capital improvement plan in place. A total of 6 capital improvement projects are underway.
- 4. Financial ability of agencies to provide services.**  
CWD is financially sound. The District ended with a surplus in five of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$2.5 million. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.
- 5. Status of, and opportunities for, shared facilities.**  
LAFCO encourages CWD to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding the District. At present, there are 15 private water systems near CWD.
- 6. Accountability for community service needs, including governmental structure and operational efficiencies.**  
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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District does not meet all the statutory requirements under SB 929 or SDLF's website transparency criteria.
- 7. Any other matter related to effective or efficient service delivery, as required by commission policy.**  
LAFCO recommends that CWD initiate annexation to address the 11 parcels currently served by the District but outside its jurisdictional boundary.



**EXHIBIT 2**  
**CENTRAL WATER DISTRICT**  
**2022 SPHERE OF INFLUENCE DETERMINATIONS**

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

At present, the majority of land within the District is designated as Rural Residential. The District's customer base is predominantly single-family residential with some multi-family and agricultural customers as well.

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

CWD currently has a 10-year capital improvement plan in place. A total of 6 capital improvement projects are underway. The District does not have an Urban Water Management Plan. CWD should consider developing an Urban Water Management Plan to be consistent with the other water districts in Santa Cruz County.

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

CWD manages and operates a complex and integrated water supply infrastructure, including storage tanks, transmission system, wells, and booster pumps. The District currently has approximately 900 connections, which includes multiple connections consisting of 82 fire services, 15 irrigation services, 9 commercial services, and 4 public facility services. The District's customer base is predominantly single-family residential with some multi-family and agricultural customers as well.

**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.**

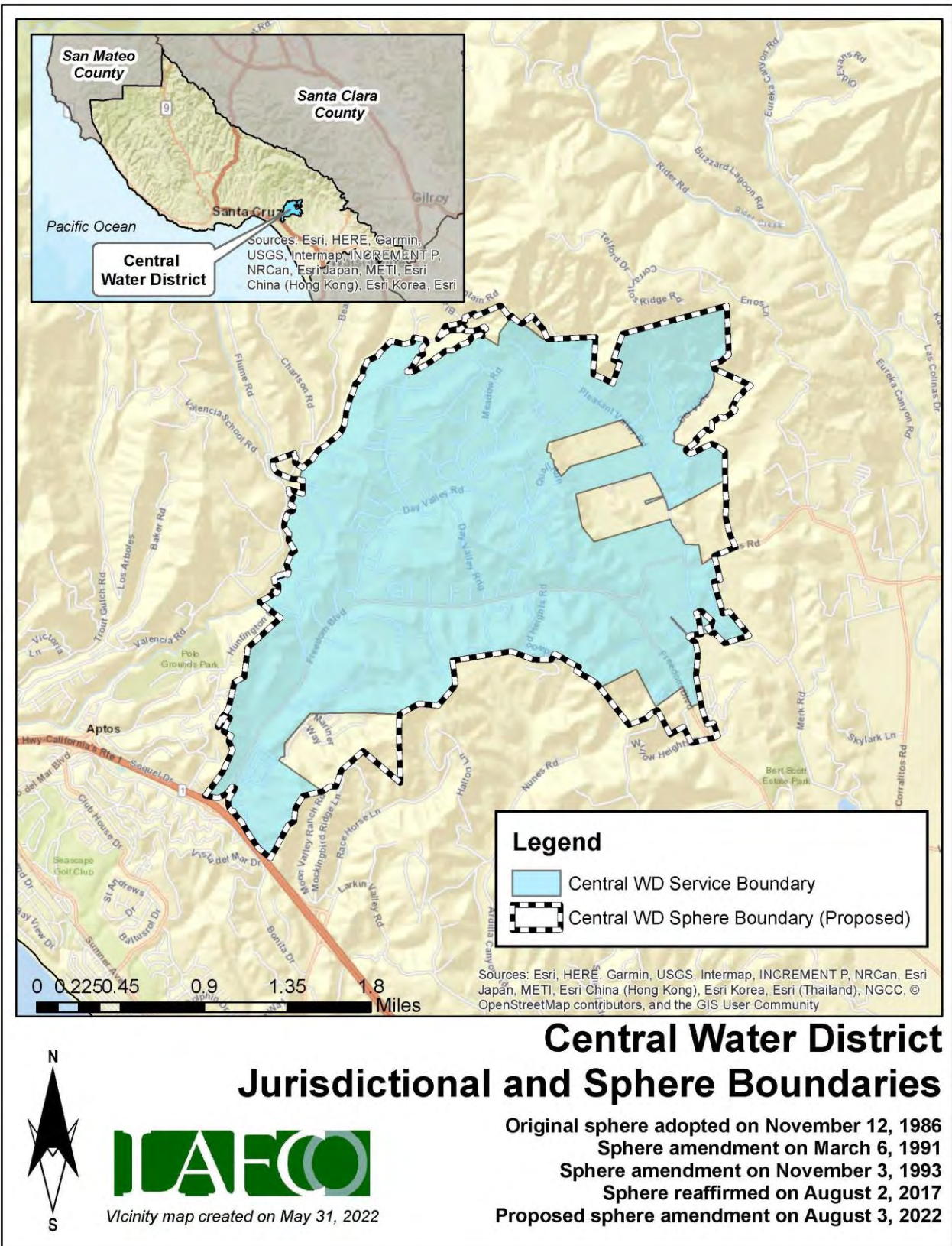
At present, there are 15 private water systems near CWD. Additionally, there are 11 separate parcels that are receiving services from the District but not part of the District's jurisdictional boundary. These residents do not have the ability to vote on District matters or express their opinions as their neighbors who are official constituents. These parcels should be annexed in the near future for adequate representation.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

### EXHIBIT 3 CENTRAL WATER DISTRICT SPHERE OF INFLUENCE MAP

LAFCO increases sphere to reflect service area (larger-than-district sphere).



**EXHIBIT 4**  
**CITY OF SANTA CRUZ (WATER SERVICE AREA)**  
**2022 SERVICE REVIEW DETERMINATIONS**

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**1. Growth and population projections for the affected area.**

The population of SCWSA in 2020 was estimated to be 96,000. Based on LAFCO's analysis, the population within SCWSA will be approximately 113,000 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the City's sphere boundary.

**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.**

In accordance with the California Water Code, every urban water supplier with 3,000 or more service connections or supplying more than 3,000 acre-feet of water per year are required to prepare an Urban Water Management Plan every five years. With 24,592 active service connections, the City of Santa Cruz clearly meets the definition of "Urban Water Supplier" and prepared a plan in 2021.

**4. Financial ability of agencies to provide services.**

SCWSA is financially sound. The District ended with a surplus in five of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$103 million. LAFCO believes that this positive trend will continue based upon the City's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages the City to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding SCWSA. At present, there are 6 private water systems near SCWSA.

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

The City has a detailed and transparent website that provides in-depth information regarding the City's various departments, including its water department.

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

LAFCO recommends that the City develop a plan to determine when the areas within its water service area should be annexed. The plan should be developed and submitted to LAFCO prior to their next service review cycle (August 2027).

**EXHIBIT 5**  
**CITY OF SANTA CRUZ (WATER SERVICE AREA)**  
**2022 SERVICE REVIEW DETERMINATIONS**

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

At present, the majority of land within the City's water service area is designated as Urban Residential. The remaining areas also include unincorporated territory designated for various land uses including agriculture under the County's existing general plan.

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

The City adopted an Urban Water Management Plan in 2021 which provides an in-depth overview of the City's current and future water demand and infrastructure.

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

SCWSA's major water infrastructure facilities include three water treatment plants, including the Graham Hill Water Treatment Plant and two groundwater treatment plants related to the Beltz well system; four raw water pump stations; ten treated water pump stations; 15 distribution tanks with a total maximum capacity of 21.2 million gallons of treated water storage; seven surface water diversions; seven production wells; and approximately 300 miles of treated and raw water pipelines interconnecting the entire system. At present, the City has approximately 25,000 connections.

**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.**

A total of 6 private water systems are located near SCWSA. The City should coordinate with LAFCO and the subject private water systems to analyze possible annexations and/or sphere amendments to include any mutual water company or other nearby water system that can no longer provide adequate level of service.

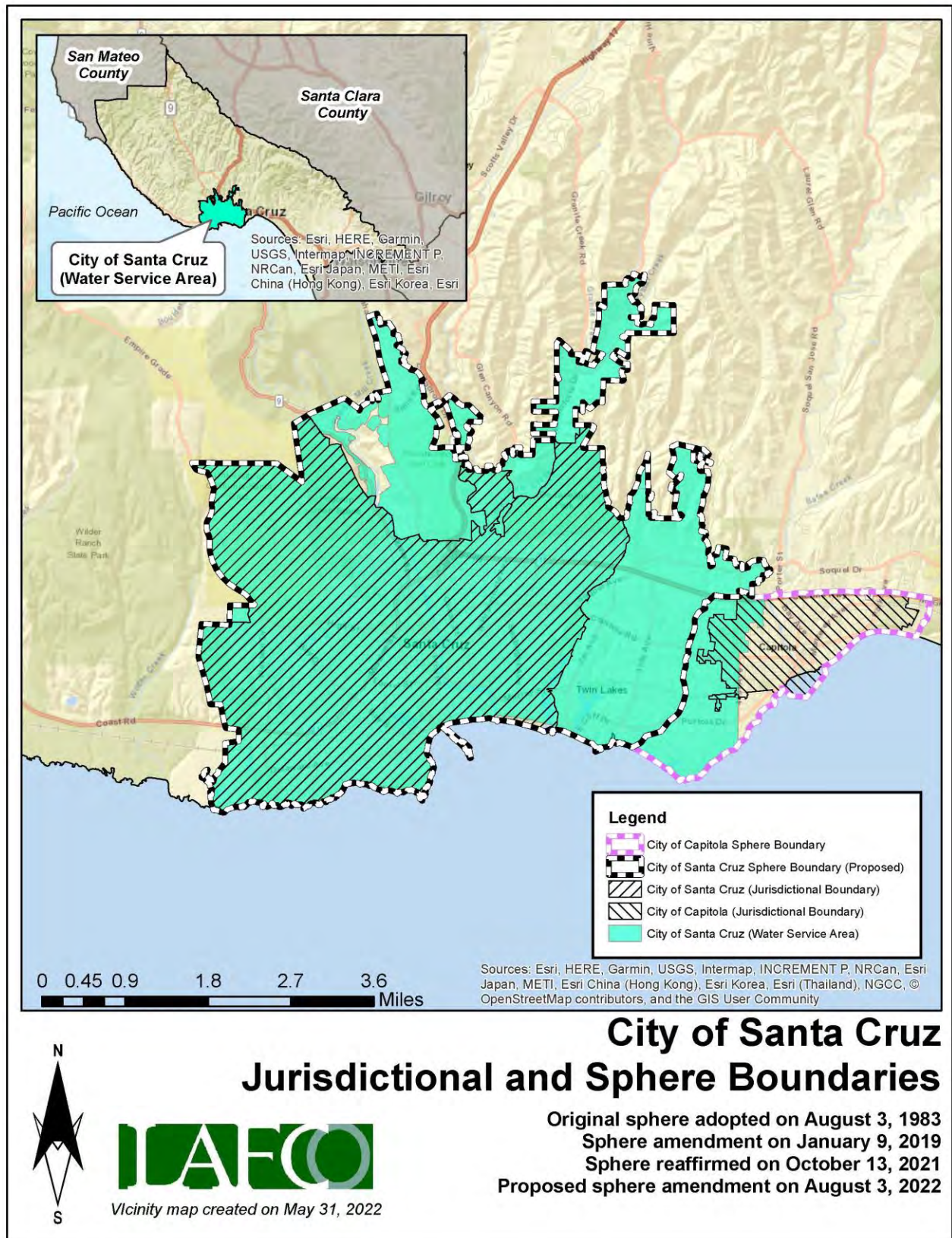
**5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the City's sphere boundary.



# EXHIBIT 6 CITY OF SANTA CRUZ SPHERE OF INFLUENCE MAP

LAFCO increases sphere to reflect service area (larger-than-city sphere).



**EXHIBIT 7**  
**CITY OF WATSONVILLE (WATER SERVICE AREA)**  
**2022 SERVICE REVIEW DETERMINATIONS**

---

**1. Growth and population projections for the affected area.**

The population of WWSA in 2020 was estimated to be 65,000. Based on LAFCO's analysis, the population within WWSA will be approximately 70,000 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the City's sphere boundary.

**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.**

In accordance with the California Water Code, every urban water supplier with 3,000 or more service connections or supplying more than 3,000 acre-feet of water per year are required to prepare an Urban Water Management Plan every five years. With 14,884 active service connections, the City of Watsonville clearly meets the definition of "Urban Water Supplier" and prepared a plan in 2020.

**4. Financial ability of agencies to provide services.**

WWSA is financially sound. The District ended with a surplus in five of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$62 million. LAFCO believes that this positive trend will continue based upon the City's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages the City to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding WWSA. At present, there are 42 private water systems near WWSA.

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

The City has a detailed and transparent website that provides in-depth information regarding the City's various departments, including its water department.

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

LAFCO recommends that the City develop a plan to determine when the areas within its water service area should be annexed. The plan should be developed and submitted to LAFCO prior to their next service review cycle (August 2027).

**EXHIBIT 8**  
**CITY OF WATSONVILLE (WATER SERVICE AREA)**  
**2022 SERVICE REVIEW DETERMINATIONS**

---

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

At present, the majority of land within the City's water service area is designated as Agriculture. The remaining areas also include unincorporated territory designated for various land uses including residential under the County's existing general plan.

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

The City adopted an Urban Water Management Plan in 2020 which provides an in-depth overview of the City's current and future water demand and infrastructure.

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

The City's regional water system consists of 190 miles of pipelines, 14 wells, 8 reservoirs and the Corralitos Filtration Plant treatment plant that delivers clean, safe water to our service population of 66,000 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.**

A total of 42 private water systems are located near WWSA. The City should coordinate with LAFCO and the subject private water systems to analyze possible annexations and/or sphere amendments to include any mutual water company or other nearby water system that can no longer provide adequate level of service.

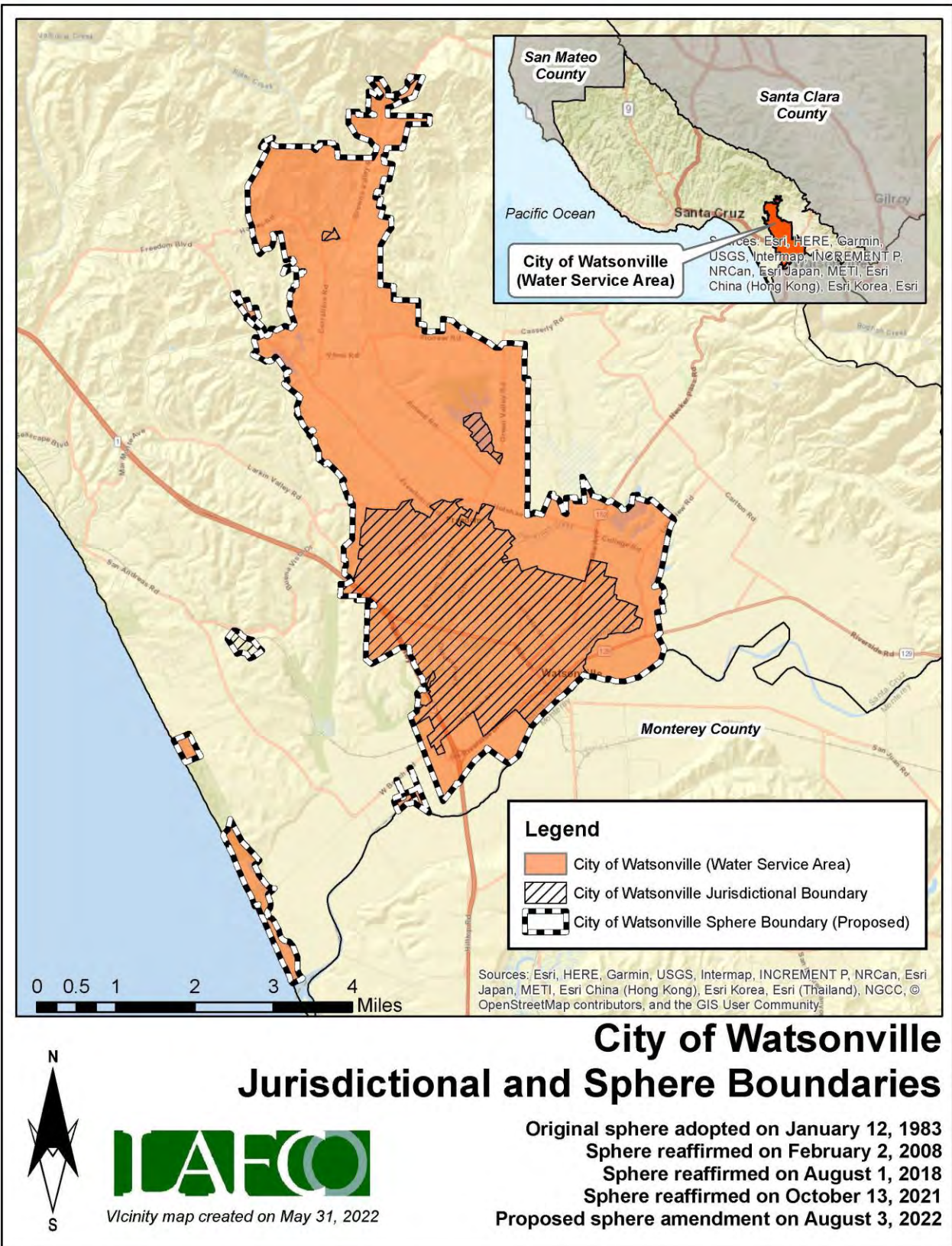
**5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the City's sphere boundary.



**EXHIBIT 9**  
**CITY OF WATSONVILLE**  
**SPHERE OF INFLUENCE MAP**

LAFCO increases sphere to reflect service area (larger-than-city sphere).





**EXHIBIT 10**  
**COUNTY SERVICE AREA 54**  
**2022 SERVICE REVIEW DETERMINATIONS**

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- 1. Growth and population projections for the affected area.**  
The population of CSA 54 in 2020 was estimated to be 550. Based on LAFCO's analysis, the population within the CSA will be approximately 570 by 2040.
- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**  
In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.
- 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.**  
There is no present and planned capacity of public facilities or adequacy of public services. The CSA has no general manager, no office, no website, no capital improvement plan, and a significant lack of transparency.
- 4. Financial ability of agencies to provide services.**  
The CSA has been inactive since 2007. The County has not collected any revenue or incurred any expenses in over fifteen years.
- 5. Status of, and opportunities for, shared facilities.**  
LAFCO strongly encourages the County to support dissolution.
- 6. Accountability for community service needs, including governmental structure and operational efficiencies.**  
Senate Bill 448 was signed by the Governor on September 27, 2017 and went into effect the following year. This bill requires the State Controller, on or before November 1, 2018, and every year thereafter, to create a list of special districts that are inactive, based upon the financial reports received by the Controller. LAFCO anticipates the State to identify CSA 54 as an inactive district and require the completion of a mandatory dissolution.
- 7. Any other matter related to effective or efficient service delivery, as required by commission policy.**  
LAFCO strongly encourages the County to support dissolution.

**EXHIBIT 11**  
**COUNTY SERVICE AREA 54**  
**2022 SERVICE REVIEW DETERMINATIONS**

---

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

At present, the majority of land within the CSA is designated mountain residential.

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

The CSA has no long-term planning in place.

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

There is no present and planned capacity of public facilities or adequacy of public services. The CSA has no general manager, no office, no website, no capital improvement plan, and a significant lack of transparency.

**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.**

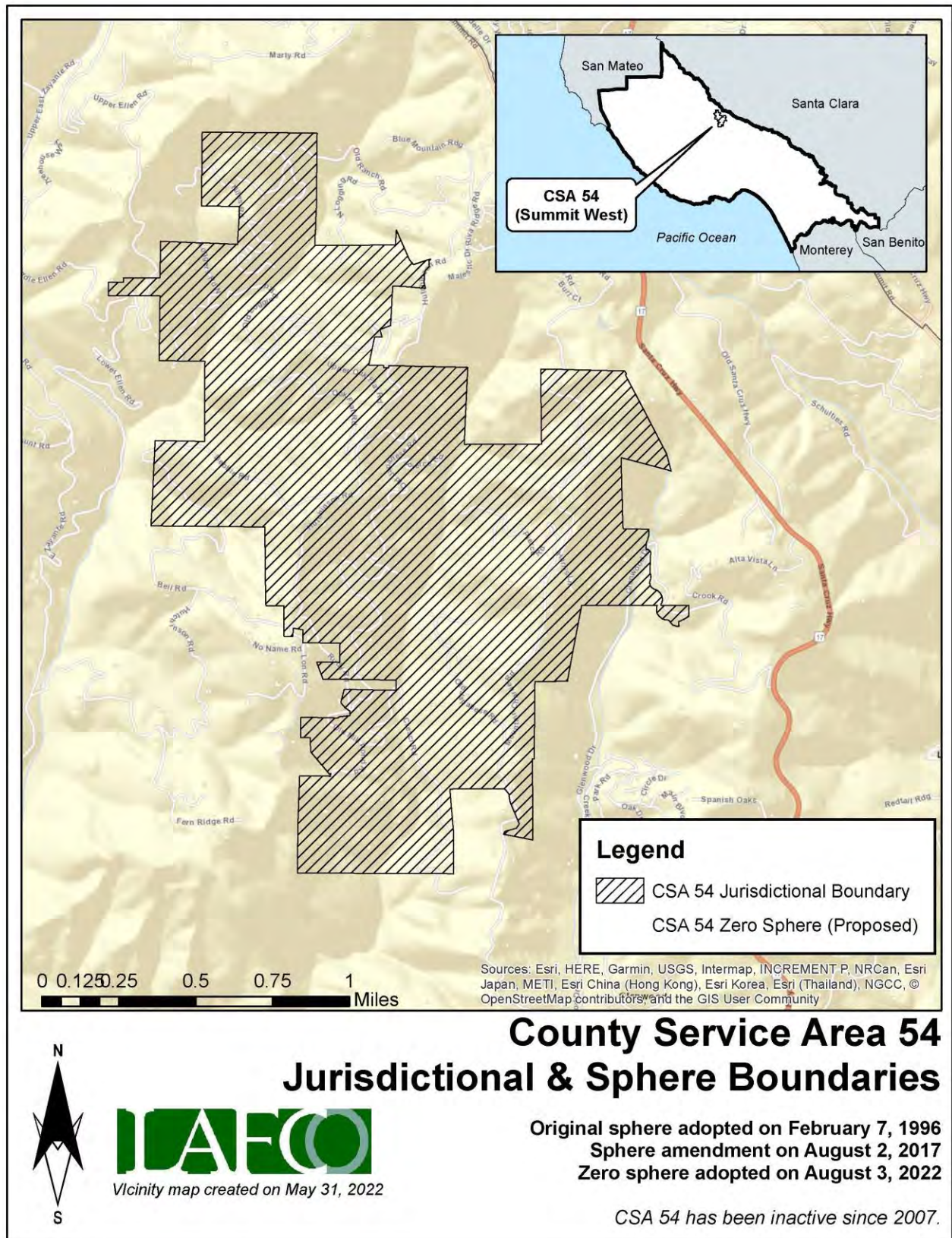
LAFCO staff is not aware of any social or economic communities of interest in the area besides the Summit West Mutual Water Company.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the CSA's sphere boundary.

**EXHIBIT 12**  
**COUNTY SERVICE AREA 54**  
**SPHERE OF INFLUENCE MAP**

LAFCO adopts a zero sphere (precursor to dissolution).



**EXHIBIT 13**  
**PAJARO VALLEY WATER MANAGEMENT AGENCY**  
**2022 SERVICE REVIEW DETERMINATIONS**

---

**1. Growth and population projections for the affected area.**

The population of PVWMA in 2020 was estimated to be 90,000. Based on LAFCO's analysis, the population within PVWMA will be approximately 100,000 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**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.**

PVWMA prepares annual reports on groundwater supplies and conditions, including groundwater management objectives and a plan of implements of those objectives.

**4. Financial ability of agencies to provide services.**

PVWMA is financially sound. The District ended with a surplus in four of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$20 million. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages PVWMA to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies within the District. At present, there are 43 private water systems within PVWMA.

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

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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District meets most of the statutory requirements under SB 929 and SDLF's website transparency criteria.

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

LAFCO recommends that PVWMA consider annexation in the near future to address areas outside its jurisdictional boundary but within the Pajaro Valley Basin.



**EXHIBIT 14**  
**PAJARO VALLEY WATER MANAGEMENT AGENCY**  
**2022 SERVICE REVIEW DETERMINATIONS**

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

At present, the majority of land within the District is designated as Agriculture. The District's customer base is predominantly farmers.

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

PVWMA currently has a number of long-range plans including but not limited to its annual performance reports, the Basin Management Plan, and the Pajaro Valley Subbasin annual reports.

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

PVWMA is not a water purveyor of domestic water, such as a typical water district or municipal water department. While PVWMA has the authority to manage groundwater resources in the basin, PVWMA's activities typically focus on halting seawater intrusion by balancing the overdraft conditions in the basin. For example, the District's charter specifically prevents supplying potable water, which is intended to remain the responsibility of local water purveyors. Therefore, all PVWMA projects considered and approved in its Basin Management Plan only supply non-potable (irrigation) water. PVWMA activities do not include flood control, stream restoration or habitat management (except as mitigations for PVWMA projects), which are the responsibility of state and/or county jurisdictions.

**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.**

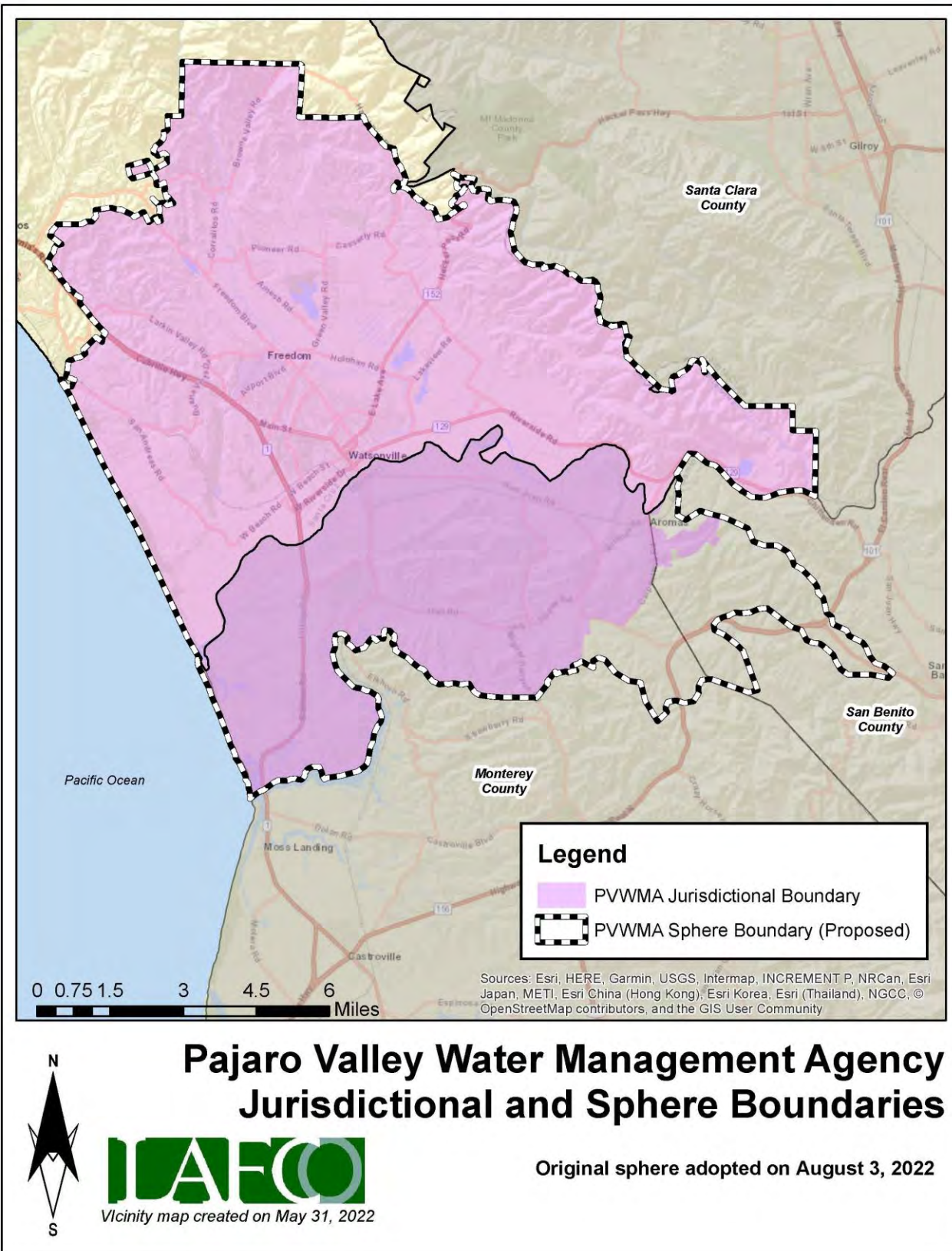
At present, there are 43 private water systems within PVWMA.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**EXHIBIT 15**  
**PAJARO VALLEY WATER MANAGEMENT AGENCY**  
**SPHERE OF INFLUENCE MAP**

LAFCO increases sphere to reflect service area (larger-than-district sphere).



**EXHIBIT 16**  
**RECLAMATION DISTRICT NO. 2049**  
**2022 SERVICE REVIEW DETERMINATIONS**

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**1. Growth and population projections for the affected area.**

The population of the Reclamation District in 2020 was estimated to be 16. Based on LAFCO's analysis, the population within the District will be approximately 17 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**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.**

There is no present and planned capacity of public facilities or adequacy of public services. The District has no general manager, no office, no website, no capital improvement plan, and a significant lack of transparency.

**4. Financial ability of agencies to provide services.**

The Reclamation District is not financially stable. The District ended with a deficit in three of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$63,000. The District has informed LAFCO that it may run out of money by November 2022.

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

LAFCO strongly encourages the District to support dissolution and transfer drainage responsibilities to another local agency, such as the Pajaro Valley Water Management Agency (PVWMA).

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

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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District does not have a website.

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

LAFCO strongly encourages the District to support dissolution and transfer drainage responsibilities to another local agency, such as the PVWMA.

**EXHIBIT 17**  
**RECLAMATION DISTRICT NO. 2049**  
**2022 SERVICE REVIEW DETERMINATIONS**

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

At present, the majority of land within the District is designated as Agriculture. The District's customer base is predominantly farmers.

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

The District has no long-term planning in place.

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

There is no present and planned capacity of public facilities or adequacy of public services. The District has no general manager, no office, no website, no capital improvement plan, and a significant lack of transparency.

**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.**

The District has been in existence for 102 years and has not been able to adapt to the statutory requirements set forth on local governments, specifically independent special districts. It is LAFCO's recommendation that the District dissolve as soon as possible.

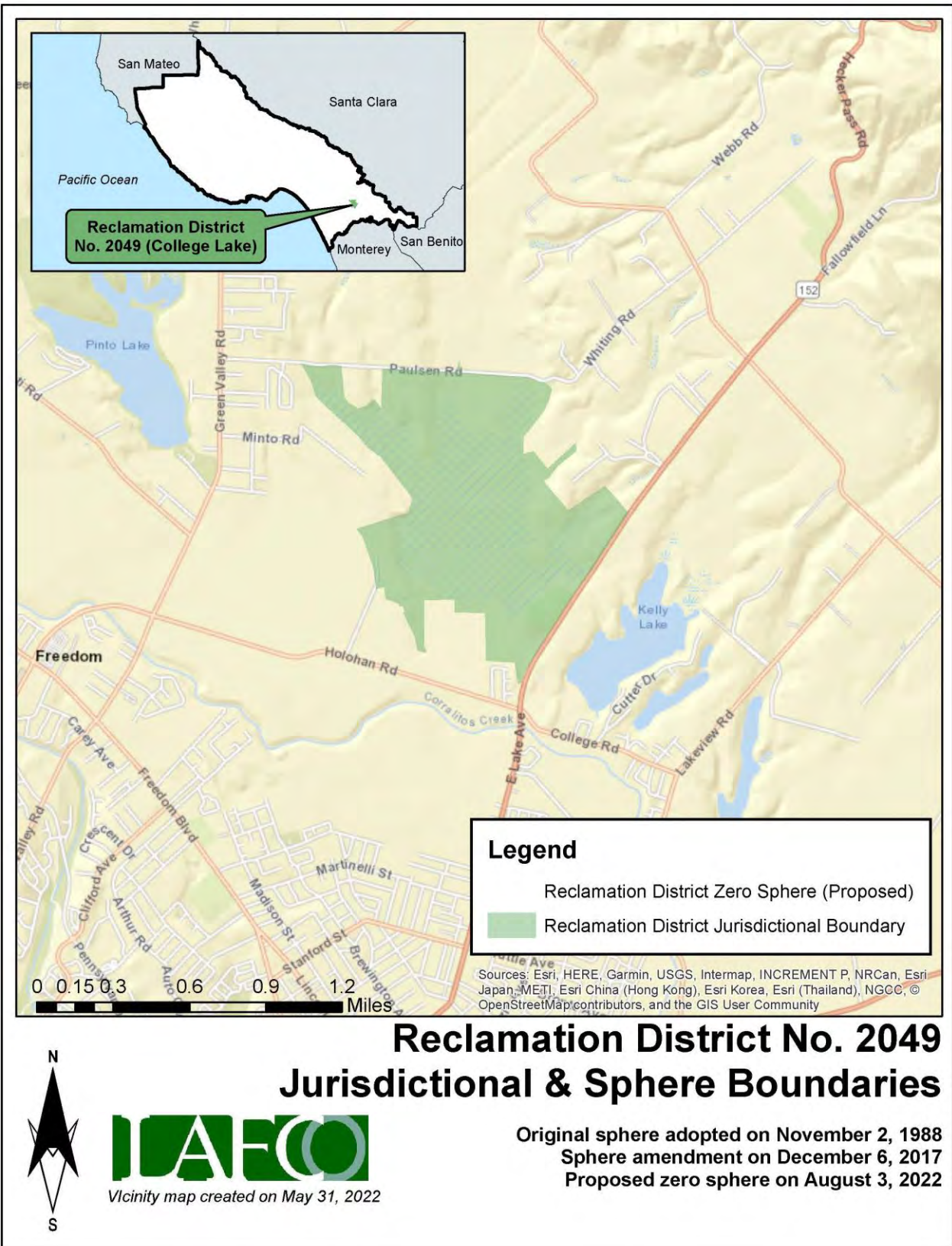
**5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.



**EXHIBIT 18**  
**RECLAMATION DISTRICT NO. 2049**  
**SPHERE OF INFLUENCE MAP**

LAFCO adopts a zero sphere (precursor to dissolution).



**EXHIBIT 19**  
**SAN LORENZO VALLEY WATER DISTRICT**  
**2022 SERVICE REVIEW DETERMINATIONS**

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**1. Growth and population projections for the affected area.**

The population of SLVWD in 2020 was estimated to be 19,900. Based on LAFCO's analysis, the population within SLVWD will be approximately 21,000 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**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.**

SLVWD currently has a capital improvement plan and an urban water management plan in place.

**4. Financial ability of agencies to provide services.**

SLVWD is financially sound. The District ended with a surplus in all of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$38 million. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages SLVWD to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding the District. At present, there are 41 private water systems near SLVWD.

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

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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District almost meets all the statutory requirements under SB 929 and SDF's website transparency criteria.

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

LAFCO recommends that SLVWD consider annexing the areas located outside its jurisdictional boundary but within its current sphere of influence.

**EXHIBIT 20**  
**SAN LORENZO VALLEY WATER DISTRICT**  
**2022 SERVICE REVIEW DETERMINATIONS**

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

At present, the majority of land within the District is designated as Mountain Residential. The District's customer base is predominantly single-family residential with some multi-family and agricultural customers as well.

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

SLVWD currently has a 10-year capital improvement plan in place. A total of 21 capital improvement projects are underway. The District also has an Urban Water Management Plan, which was adopted in 2020.

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

SLVWD owns, operates, and maintains two water systems that supply separate service areas from separate water sources. The District currently provides service to approximately 8,000 residential, commercial, and institutional connections. The District relies on both surface water and groundwater resources, including nine currently active stream diversions, one groundwater spring, and eight active groundwater wells. The District also owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates, which serves approximately 56 homes.

**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.**

At present, there are 41 private water systems near SLVWD. LAFCO recommends that the District consider annexing the areas located outside its jurisdictional boundary but within its current sphere of influence.

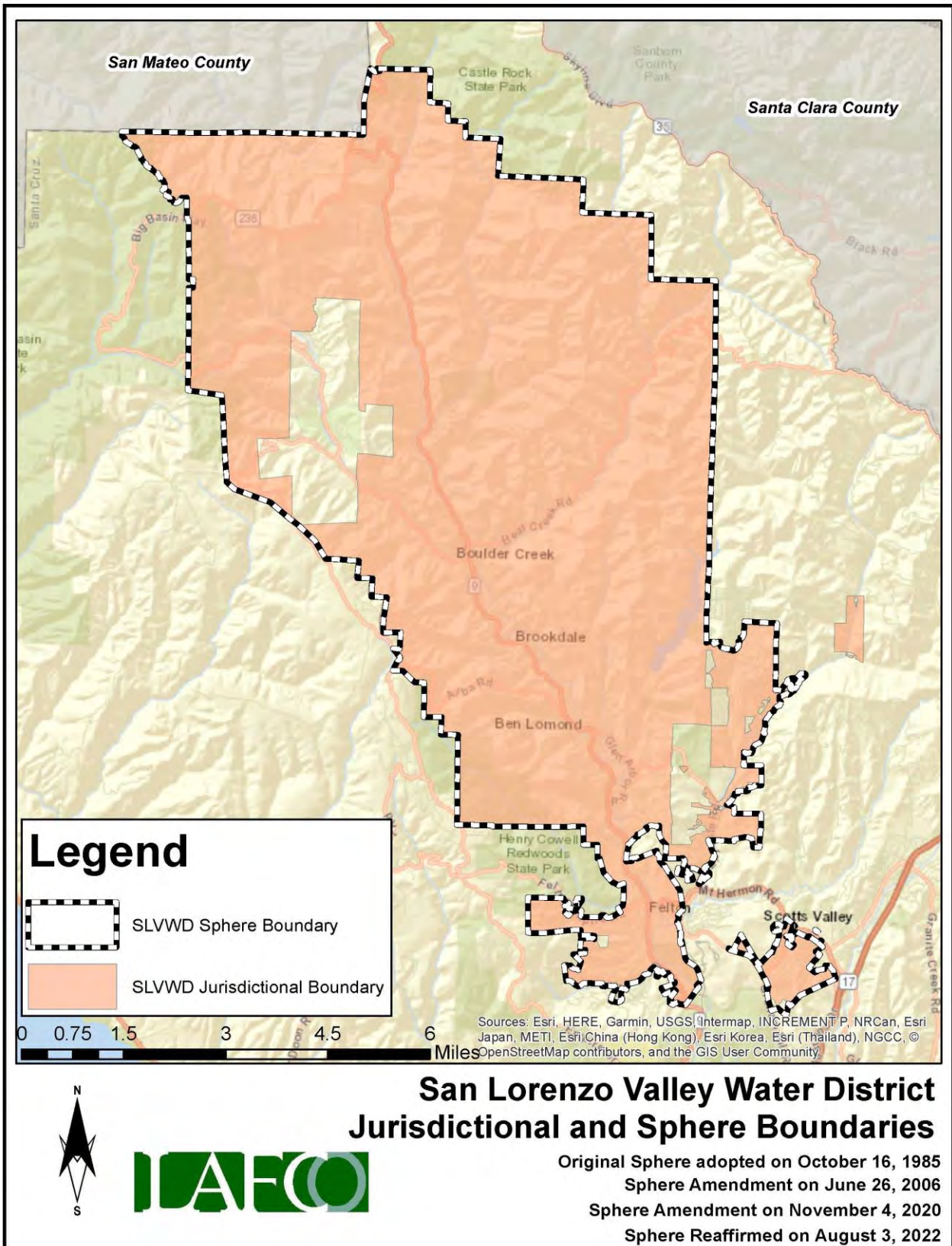
**5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.



**EXHIBIT 21**  
**SAN LORENZO VALLEY WATER DISTRICT**  
**SPHERE OF INFLUENCE MAP**

LAFCO reaffirms existing sphere boundary (maintain status quo).





**EXHIBIT 22**  
**SCOTTS VALLEY WATER DISTRICT**  
**2022 SERVICE REVIEW DETERMINATIONS**

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**1. Growth and population projections for the affected area.**

The population of SVWD in 2020 was estimated to be 11,800. Based on LAFCO's analysis, the population within SVWD will be approximately 12,100 by 2040.

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

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

**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.**

SVWD currently has a capital improvement plan and an urban water management plan in place.

**4. Financial ability of agencies to provide services.**

SVWD is financially sound. The District ended with a surplus in four of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$21 million. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.

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

LAFCO encourages SVWD to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding the District. At present, there are 10 private water systems near SVWD.

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

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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District almost meets all the statutory requirements under SB 929 and SDF's website transparency criteria.

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

LAFCO recommends that SVWD consider annexing the areas located outside its jurisdictional boundary but within its current sphere of influence.

**EXHIBIT 23**  
**SCOTTS VALLEY WATER DISTRICT**  
**2022 SERVICE REVIEW DETERMINATIONS**

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

At present, the majority of land within the District is designated as Residential. The District's customer base is predominantly single-family residential with some multi-family and agricultural customers as well.

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

SVWD currently has a 10-year capital improvement plan in place. A total of 15 capital improvement projects are underway. The District also has an Urban Water Management Plan, which was adopted in 2020.

**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.**

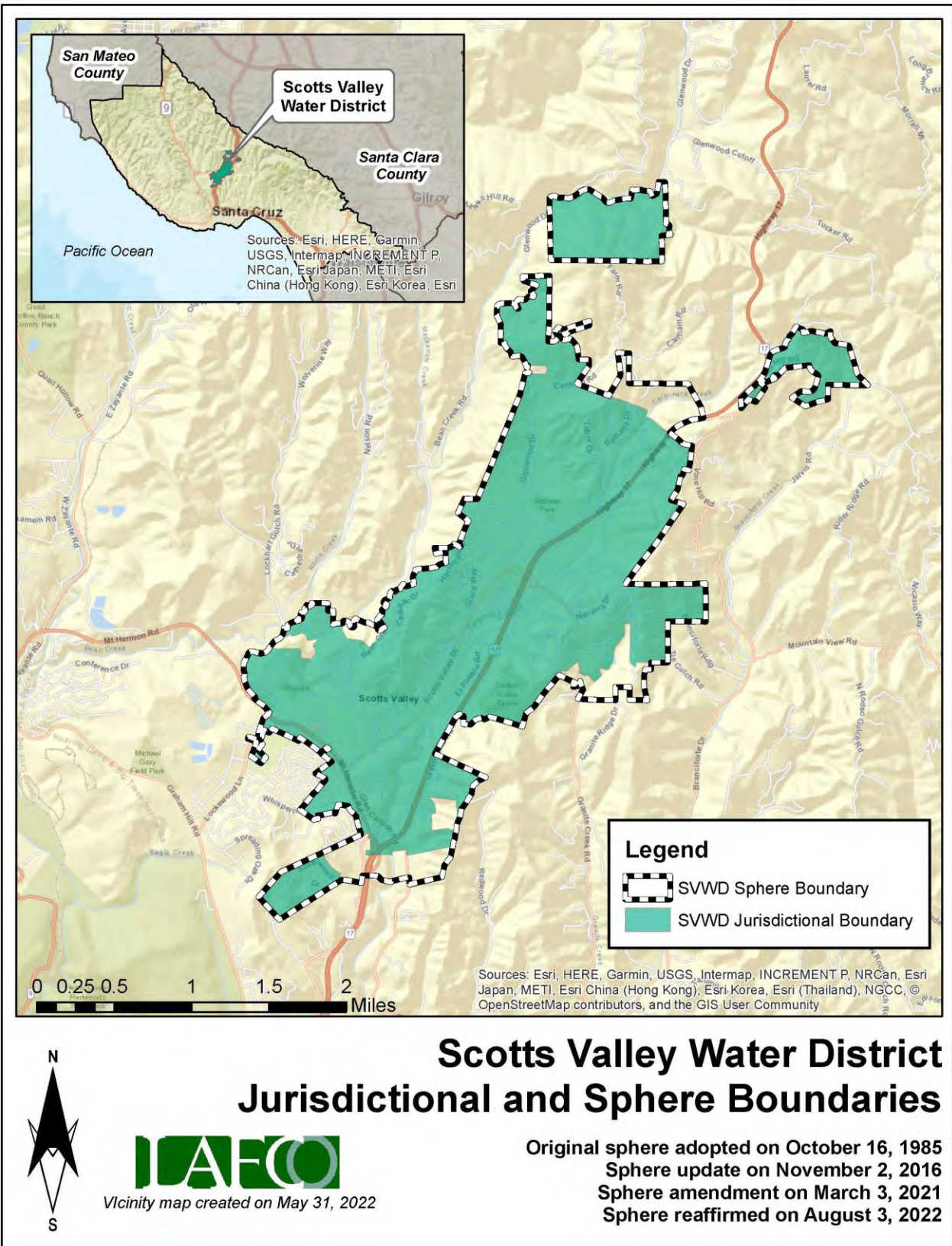
At present, there are 10 private water systems near SVWD. LAFCO recommends that the District consider annexing the areas located outside its jurisdictional boundary but within its current sphere of influence.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

# **EXHIBIT 24** **SCOTTS VALLEY WATER DISTRICT** **SPHERE OF INFLUENCE MAP**

LAFCO reaffirms existing sphere boundary (maintain status quo).



**EXHIBIT 25**  
**SOQUEL CREEK WATER DISTRICT**  
**2022 SERVICE REVIEW DETERMINATIONS**

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- 1. Growth and population projections for the affected area.**  
The population of SqCWD in 2020 was estimated to be 39,000. Based on LAFCO's analysis, the population within SqCWD will be approximately 47,200 by 2040.
- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**  
In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.
- 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.**  
SqCWD currently has an urban water management plan in place.
- 4. Financial ability of agencies to provide services.**  
SqCWD is financially sound. The District ended with a surplus in each of the last six fiscal years during 2015 to 2021. As of June 30, 2021, the total net position balance ended with approximately \$83 million. LAFCO believes that this positive trend will continue based upon the District's ongoing conservative budgetary practices reflected in their audited financial statements.
- 5. Status of, and opportunities for, shared facilities.**  
LAFCO encourages SqCWD to explore additional methods to collaborate with neighboring water agencies, including the privately-owned water companies surrounding the District. At present, there are 33 private water systems near SqCWD.
- 6. Accountability for community service needs, including governmental structure and operational efficiencies.**  
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. SB 929 identifies a number of components that must be found within an agency's website. At present, the District almost meets all the statutory requirements under SB 929 and SDLF's website transparency criteria.
- 7. Any other matter related to effective or efficient service delivery, as required by commission policy.**  
LAFCO recommends that SqCWD consider annexing the parcels currently served through five separate extraterritorial service agreements for residents to receive better local representation and fully utilize the District's services.



**EXHIBIT 26**  
**SOQUEL CREEK WATER DISTRICT**  
**2022 SERVICE REVIEW DETERMINATIONS**

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

At present, the majority of land within the District is designated as Urban Low Residential. The District's customer base is predominantly single-family residential. The District does not have any agricultural customers.

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

SqCWD has an Urban Water Management Plan and a capital improvement plan, in addition to a Community Water Plan and the region's Groundwater Sustainability Plan, which collectively help to ensure and plan for future capital improvement projects.

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

SqCWD manages and operates a complex and integrated water supply infrastructure, including storage tanks, groundwater wells, and booster pumps. The District currently has approximately 16,000 connections – 80% is used for residential and 20% for non-residential (commercial, schools, governmental, and landscape irrigation).

**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.**

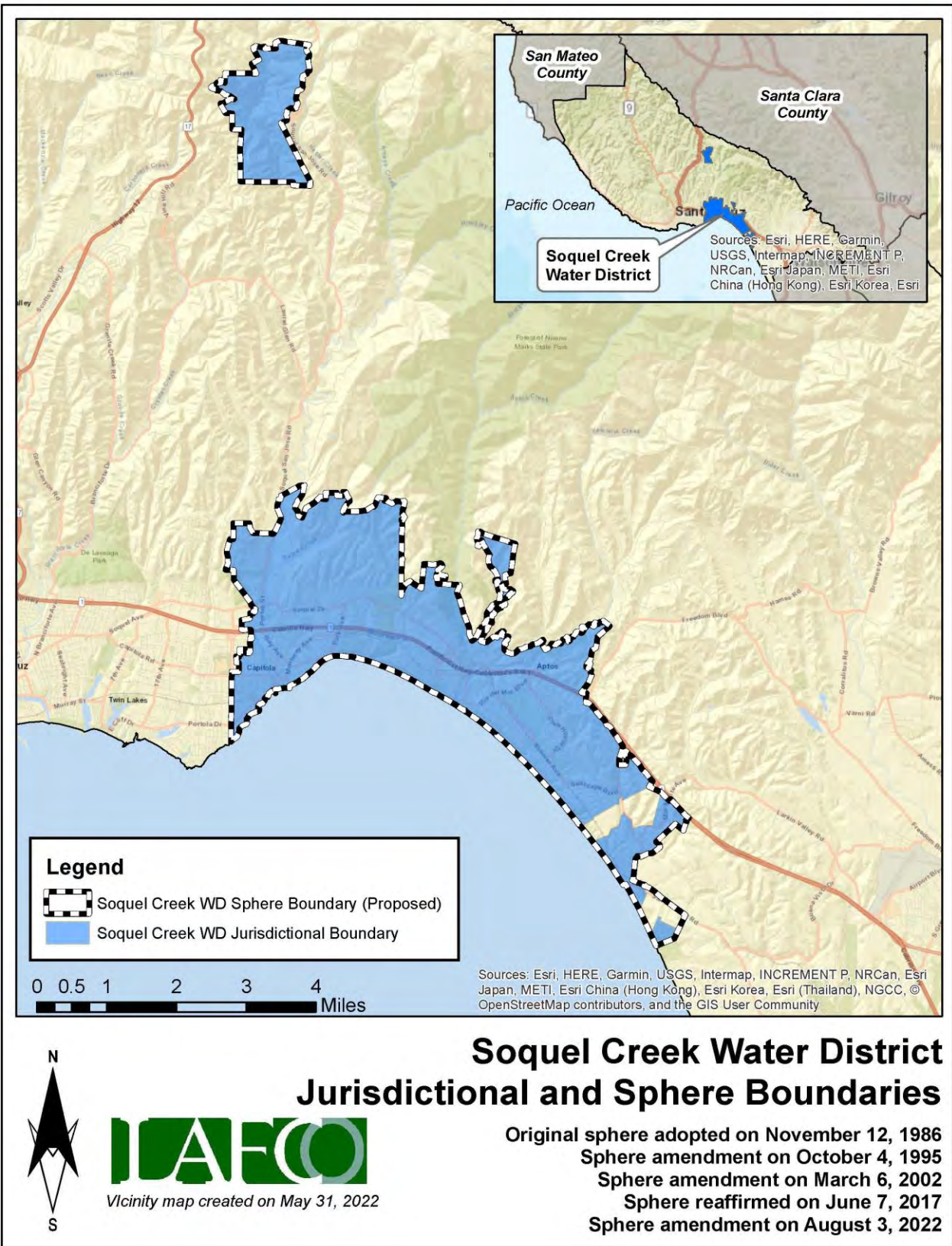
At present, there are 33 private water systems near SqCWD. Additionally, there are 290 parcels that are receiving services from the District but not part of the District's jurisdictional boundary. These residents do not have the ability to vote on District matters or express their opinions as their neighbors who are official constituents. These parcels should be annexed in the near future for adequate representation.

**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.**

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

## EXHIBIT 27 SOQUEL CREEK WATER DISTRICT SPHERE OF INFLUENCE MAP

LAFCO increases sphere to reflect service area (larger-than-city sphere).





Date: August 3, 2022  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Continuation of Remote Meetings**

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### **SUMMARY OF RECOMMENDATION**

The Governor issued a series of executive orders in connection with the ongoing COVID-19 pandemic, which included a waiver of all physical-presence requirements under the Brown Act. These orders expired on September 30, 2021. Assembly Bill 361, which took effect as an urgency measure on September 16, 2021, allowed local agencies to continue conducting remote meetings under specific conditions and following the adoption of a resolution. This Commission adopted a resolution on November 3, 2021. The findings within the resolution are required to be periodically renewed to allow for future remote meetings under the AB 361 guidelines.

It is recommended that the Commission ratify the existing resolution (No. 2021-19) approving the continuation of remote meetings under AB 361 with the option of implementing a hybrid model at the next LAFCO meeting, if possible.

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### **EXECUTIVE OFFICER'S REPORT:**

In November 2021, the Commission adopted a resolution (refer to **Attachment 1**) to continue remote meetings in accordance with the guidelines under AB 361, which acts as a temporary waiver of the Brown Act's in-person attendance requirements. In order to continue to qualify for AB 361's waiver of in-person meeting requirements, the Commission is required to renew the findings outlined in the adopted resolution.

### **Continuation of Remote Meetings**

At this time, 73% of the Commission (8 out of 11 members) prefer participating remotely. The remaining three commissioners are open to either virtual or in-person meetings. Staff will continue to conduct the meetings under AB 361 until the Commission's preference changes. If and when that occurs, staff may implement a hybrid model – allowing Commissioners, staff, and members of the public the option to attend future LAFCO meetings in-person or remotely. It is important to note that virtual meetings can be conducted under AB 361 until January 1, 2024 or until the COVID-related State of Emergency is lifted.

Respectfully Submitted,

A blue ink signature of Joe A. Serrano is written over the "Respectfully Submitted," text. The signature is stylized and appears to be "JS" followed by a flourish.

Joe A. Serrano  
Executive Officer

Attachment: Resolution No. 2021-19 (Adopted Version)



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY  
RESOLUTION NO. 2021-19

On the motion of Commissioner Rachél Lather  
duly seconded by Commissioner Jim Anderson  
the following resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
MAKING DETERMINATIONS AND ORDERING THE CONTINUATION OF  
TELECONFERENCE MEETINGS DUE TO THE GOVERNOR'S PROCLAMATION OF  
STATE EMERGENCY AND STATE RECOMMENDATIONS RELATED TO PHYSICAL  
DISTANCING DUE TO THE THREAT OF COVID-19

\*\*\*\*\*

WHEREAS, the Local Agency Formation Commission of Santa Cruz County ("Commission" or "LAFCO") is committed to preserving and nurturing public access and participation in meetings of the Commission; and

WHEREAS, all Commission meetings are open and public, as required by the Ralph M. Brown Act (Government Code Section 54950 et seq.), so that any member of the public may attend, participate, and observe how the Commission conducts its business; and

WHEREAS, the Brown Act, pursuant to Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code Section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the state; and

WHEREAS, such conditions now exist in the state, specifically, the Governor of the State of California proclaimed a state of emergency on March 4, 2020, related to the threat of COVID-19, which remains in effect; and

WHEREAS, on September 16, 2021, the Governor signed Assembly Bill 361 ("AB 361"), urgency legislation effective immediately, that amended Government Code section 54953 to permit legislative bodies subject to the Brown Act to continue to meet under modified teleconferencing rules provided they comply with specific requirements set forth in the statute; and



WHEREAS, pursuant to AB 361, the Commission may hold an initial teleconference meeting under the modified teleconferencing rules and may continue to hold such teleconference meetings during a proclaimed state of emergency where the Commission has reconsidered the circumstances of the state of emergency, the state of emergency continues to directly impact the ability of the Commission to meet safely in person, and state or local officials have recommended measures to promote physical distancing; and

WHEREAS, the California Division of Occupational Safety and Health ("Cal/OSHA") regulations at Title 8 Section 3205 recommends physical distancing in the workplace as precautions against the spread of COVID-19 and imposes certain restrictions and requirements due to a "close contact" which occurs when individuals are within six feet of another in certain circumstances; and

WHEREAS, the proliferation of the Delta variant of the virus continues to pose imminent risk to health and safety and directly impacts the ability of the public and the Commission to meet safely in person, accordingly, the Commission hereby recognizes the proclamation of state of emergency by the Governor of the State of California and the regulations of Cal/OSHA recommending physical distancing; and

WHEREAS, as a consequence of the emergency related to COVID-19, the Commission does hereby find that the Commission shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953, as authorized by subdivision (e) of section 54953, and that the Commission shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Section 54953; and

WHEREAS, the Commission meetings will be accessible to the public to attend virtually or via phone.

NOW, THEREFORE, BE IT RESOLVED THAT THE COMMISSION DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.
2. State of Emergency due to COVID-19. The Commission hereby recognizes the imminent threat to the health and safety of attendees at public meetings due to the impacts of COVID-19 and the continued recommendation of state officials to promote physical distancing to minimize any potential adverse health and safety risks.
3. Remote Teleconference Meetings. The Executive Officer is hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings of the Commission in accordance with Government Code Section 54953(e) and other applicable provisions of the Brown Act for remote only teleconference meetings.

4. Reconsideration of the State of Emergency. The Commission has reconsidered the state of emergency proclaimed by the Governor of the State of California and finds that the state of emergency continues to directly impact the ability of the members to meet safely in person.
5. Reoccurring Evaluation by the Commission. The Executive Officer is hereby directed to continue to monitor the conditions and health and safety conditions related to COVID-19, the status of the Governor's State of Emergency, and the state regulations related to social distancing, and present to the Commission at its next regularly scheduled meeting the related information and recommendations for remote only meetings pursuant to the provisions of Government Code Section 54953(e)(3) and to extend the time during which the Commission may continue to teleconference without compliance with paragraph (3) of subdivision (b) of Section 54953.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 3rd day of November 2021.

AYES: Commissioners Jim Anderson, Roger Anderson, Ryan Coonerty, Justin Cummings, Francisco Estrada, Zach Friend, and Rachél Lather

NOES: None

ABSTAIN: None

  
\_\_\_\_\_  
JUSTIN CUMMINGS, CHAIRPERSON

Attest:

  
\_\_\_\_\_  
Joe A. Serrano  
Executive Officer

Approved as to form:

  
\_\_\_\_\_  
Daniel H. Zazueta  
LAFCO Counsel



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Santa Cruz Local Agency Formation Commission

Date: August 3, 2022  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Consulting Firm Selection for the Upcoming Feasibility Study**

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### **SUMMARY OF RECOMMENDATION**

The Cortese-Knox-Hertzberg Act delegates LAFCOs with regulatory and planning duties to coordinate the logical formation and development of local governmental agencies through various actions, including but not limited to, processing boundary changes and developing service and sphere reviews. In some cases, LAFCO staff requires additional assistance from outside consultants for specific projects or studies. This report will summarize the proposed agreement with a consulting firm to produce a feasibility study stemming from LAFCO's 2021 Countywide Fire Protection Service & Sphere Review.

It is recommended that the Commission approve the draft contractual agreement to hire AP Triton as LAFCO's consulting firm to produce a feasibility study regarding the sphere boundaries for the fire agencies in Santa Cruz County.

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### **EXECUTIVE OFFICER'S REPORT:**

In October 2021, as part of the Countywide Fire Protection Service & Sphere Review, the Commission reviewed the 13 fire agencies' spheres of influence. A sphere indicates the potential growth of an agency, or in other words, a sphere identifies the most logical service provider to an area. The Commission took three key actions regarding the sphere boundaries: (1) it reduced County Service Area 48's sphere to remove any overlapping with other sphere boundaries, (2) it gave County Service Area 4 a zero sphere, and (3) it reaffirmed the remaining 11 sphere boundaries with the condition that an annexation plan be developed by August 31, 2022.

#### Existing Sphere Boundaries

The majority of the spheres for each fire agency were originally adopted in the late-1980s and early-1990s, with most of them remaining the same with no annexations or actions. As a result, residents who are within an agency's sphere but outside their jurisdiction do not have proper representation or a voice in the agency's decisions even though they may be receiving services due to their proximity of the fire agency. Reaffirming the spheres with the condition that the affected agency coordinate with LAFCO to develop a plan to address the areas within their spheres allows the affected agencies an opportunity to plan for the future. These plans may lead to potential annexations or, at minimum, sphere amendments that better reflect the agency's future growth.

### Financial Impact

Following the Countywide Fire Report, several fire agencies expressed interest in exploring the possible annexations of territory within their sphere boundaries. However, the number one question that all affected agencies have when considering annexation is: “*What is the financial impact?*” This question led LAFCO to distribute a Request for Proposal in March to address this fiscal obstacle by developing a more technical analysis that would provide the necessary facts to the affected agencies. This feasibility study will examine how future annexations within existing sphere boundaries directly affect the subject agencies, specifically CSA 48’s funding and operations. For any annexation to occur, those subject areas need to be detached from CSA 48, which currently serves all unincorporated areas not within a fire district. This feasibility study would benefit the entire County because it would answer two fundamental questions:

- 1) Is it feasible for an agency to take over fire responsibility in areas within its sphere boundary through annexation?
- 2) How does the proposed reorganizations impact the current and future operations of CSA 48?

In March 2022, over 60 consulting firms received a copy of the RFP. The original deadline to submit proposals was April 15 but received a time extension until May 18 to ensure enough bids were submitted. In total, LAFCO received three proposals before the deadline. This staff report provides an overview of two key components: (1) summary of each firm’s proposal, and (2) staff’s recommendation on which firm is the most qualified to produce the feasibility study.

### **RANKING OF CONSULTING FIRMS (BASED ON WEIGHTED CRITERIA)**

A total of three consulting firms submitted a proposal expressing interest completing the feasibility study. The three firms are listed in **Table A** on page 3. In accordance with the RFP, all proposals were evaluated based on the following criteria and weighting: (1) Qualifications – 35%, (2) Costs/Rates – 35%, (3) Conflicts of Interest – 15%, (4) Local and State Client References – 10%, and (5) Additional Information – 5%. **Attachment 1** provides a more detailed evaluation of each firm based on the weighted criteria. In order to calculate the weighted criteria, LAFCO staff first used a 1-10 scale with 10 points being the best, and then factored in the weighted criteria to rank each firm.

### Most Suitable Legal Firm

It is staff’s position that the most important areas are the qualifications of the firm and the costs for services. LAFCO’s goal is to ratify a contract with a firm that is qualified and cost effective. Based on the firms’ responses, and in conjunction with the weighted criteria, LAFCO staff and its fire consultant identified AP Triton as the most suitable firm to complete the feasibility study. **Table A** shows the ranking of each firm. An explanation of each firm’s ranking can be found in the following page of this report.

**Table A: Consulting Firm Rankings (In Order of Weighted Points)**

<b>Legal Firm</b>	<b>Total Points</b>	<b>Weighted Points</b>
AP Triton	49	<b>9.85</b>
PlanWest Partners	46	<b>9.60</b>
Management Partners	45	<b>9.00</b>



### **Ranked #1: AP Triton**

AP Triton earned 49 out of 50 points based on their proposal, resulting in a weighted total of 9.85 out of 10 possible points. AP Triton's identified team has both fire and LAFCO experience including former fire chiefs, former Cal FIRE chiefs, and LAFCO employees. AP Triton has completed several LAFCO-related fire studies, including but not limited to an annexation study in Contra Costa County which led to several reorganizations. One of AP Triton's team members was also the project manager for the feasibility study involving Aptos/La Selva and Central Fire Protection Districts, which led to the successful consolidation in 2021. Their proposal, as shown in **Attachment 2**, includes several references from various fire districts, LAFCOs, and local agencies (ex. Central Fire District). Additionally, AP Triton was the only firm that submitted their bid before the original deadline of April 15. If selected, AP Triton would complete the entire study for \$49,776.

### **Ranked #2: PlanWest Partners**

PlanWest Partners earned 46 out of 50 points based on their proposal, resulting in a weighted total of 9.60 out of 10 possible points. This firm also has fire and LAFCO experience with examples of several fire-related service reviews and reorganizations. However, unlike AP Triton, the firm does not have direct experience in Santa Cruz County and has a conflict of interest in their team that may affect their findings and recommendations, as shown in **Attachment 3**. If selected, PlanWest Partners would complete the entire study for \$50,000.

### **Ranked #3: Management Partners**

Management Partners earned 45 out of 50 points based on their proposal, resulting in a weighted total of 9.00 out of 10 possible points. This firm has experience in this area with examples of several fire-related reorganizations. However, staff identified several issues: (1) it does not have direct experience in Santa Cruz County, (2) it did not identify any LAFCO examples/references, (3) it has a conflict of interest in their team that may affect their findings and recommendations, and (4) their estimated cost is beyond the maximum amount identified in the RFP, as shown in **Attachment 4**. If selected, Management Partners would complete the entire study for \$86,000.

### **STAFF RECOMMENDATION**

The Countywide Fire Protection Service & Sphere Review has sparked interest from various fire agencies, has led to multiple LAFCO presentations and discussions, and has reinforced the fact that the affected fire agencies, the County, and LAFCO play a critical role in the current and future delivery of fire protection in Santa Cruz County. Gathering the necessary data and facts will clearly indicate how potential annexations will impact the affected agencies, including the CSA 48. More importantly, the study will help LAFCO develop a transition plan, in coordination with the affected agencies, so that potential reorganizations are not completed in a "piecemeal" approach but rather through a holistic and transparent process. Therefore, staff is recommending that the Commission approve the draft contractual agreement with AP Triton (**Attachment 5**) to complete this significant study. It is important to note that the draft agreement contains a detailed scope of work, which includes input from County staff – specifically representatives from the Fire Department Advisory Commission and the County Administrative Office. LAFCO staff appreciates their participation in finalizing the scope of work.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

Attachments:

1. Weighted Criteria Ranking (Detailed Table)
2. AP Triton's Proposal (submittal date – April 14)
3. PlanWest Partners' Proposal (submittal date – May 18)
4. Management Partners' Proposal (submittal date – May 18)
5. Contractual Agreement with AP Triton (Draft Version)

RFP Response Evaluation & Selection Process (Scale 1 to 10) - 10 being the best						
Consulting Firm	Qualification of Firm & Personnel (35% Criteria Weight)	Budget, Retainer, and/or Rates (35% Criteria Weight)	Identify Existing and Potential Conflicts of Interest (15% Criteria Weight)	Local & State Govt Client References (10% Criteria Weight)	Additional Information (5% Criteria Weight)	Total
AP Triton	10	10	9	10	10	49
Criteria Weight	3.5	3.5	1.35	1	0.5	9.85
Management Partners	10	8	9	9	9	45
Criteria Weight	3.5	2.8	1.35	0.9	0.45	9.00
PlanWest Partners	10	10	8	10	8	46
Criteria Weight	3.5	3.5	1.2	1	0.4	9.60



1309 Coffeen Avenue, Suite 3178 • Sheridan, WY 82801 • 833.251.5824 • [www.aptriton.com](http://www.aptriton.com)

April 14, 2022

Santa Cruz LAFCO  
Joe Serrano, Executive Officer  
701 Ocean Street, Room 318-D  
Santa Cruz, CA 95060

RE: Request for Proposal (Fire Study)

Dear Mr. Serrano:

Please find enclosed our cost proposal and scope of work in response to Santa Cruz LAFCO's RFP for a Fire Study.

Your agency needs a firm that possesses the key skill sets and experience necessary to conduct this extensive and complex project. AP Triton is that firm. We are an innovative and visionary company and possess management-level understanding how the full range of municipal services are delivered; familiarity with the CKH Act, the role and functions of LAFCOs; experience in governmental organization analyses, including performance measurement and evaluation; and experience with presenting and disseminating information to local agencies and the public for review and comment.

As detailed in our Scope of Work in the attached proposal, the proposed project fee will not exceed \$49,776.00.

This proposal is valid for 90 days. AP Triton has no known past and/or pending conflicts of interest.

If awarded this project, we will assign Kurt Latipow, Vice President of Operations, as the project manager. In addition to being an experienced and knowledgeable project manager, Mr. Latipow was a featured subject matter expert for the Cal LAFCO University's series, "Fire and Emergency Medical Service Agencies: Basics, MSRs, and other LAFCO Actions" in August 2021.





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We appreciate your consideration of our proposal. If you have any questions at all, please do not hesitate to contact Mr. Latipow at [klatipow@aptriton.com](mailto:klatipow@aptriton.com) or 530.306.1382, or me at [khenke@aptriton.com](mailto:khenke@aptriton.com) or 707.266.4309.

Respectfully,

A handwritten signature in blue ink, appearing to read "K. Henke", is written over a light blue horizontal line.

Kurt P. Henke  
Principal/Managing Partner

Attachment

cc: Kurt Latipow

Santa Cruz County  
**LAFCO**  
CALIFORNIA

Proposal to conduct a  
**FIRE STUDY**

April 2022



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## Firm Description

### Legal Name & Address

AP Triton, LLC is a limited liability company (S Corporation) and has no parent company. The headquarters of AP Triton is located in Sheridan, Wyoming. Consultants and other subject matter experts (SMEs) are independent contractors located throughout the United States.

- **Primary Contact:** Kurt P. Henke, Principal/Managing Partner
- **Address:** 1309 Coffeen Avenue, Suite 3178, Sheridan, WY 82801
- **Phone:** 833.251.5824 (toll free)
- **E-Mail:** info@aptriton.com
- **Website:** www.aptriton.com

### About AP Triton

Established in 2014, AP Triton has a wide range of experience in the fire service, emergency medical services, special events and filming, fire prevention, and life-safety programs. Our consultants have conducted numerous studies involving Master Plans, Community Risk Assessments/Standards of Cover, Strategic Plans, Fire Department Consolidation Studies, EMS Systems Analyses, Staffing Studies, Agency Evaluations, Fire Station Location, and Engineering Studies, as well as other unique Fire Service and EMS studies.

AP Triton was founded on the need to provide innovative solutions to public safety departments. For too many agencies, creative thinking is not part of the status quo. AP Triton is able to bring our experience to enable long-term, creative, and sustainable solutions specialized to your local issues. With decades of experience in public safety departments of all sizes, AP Triton is well suited to provide the Santa Cruz County Local Agency Formation Commission with a Fire Study and deliver the best recommendations for the future.

### Statement of Qualifications

AP Triton's Project Team possesses management-level understanding how the full range of municipal services are delivered; familiarity with the CKH Act, the role and functions of LAFCOs, and the Municipal Service Review process; experience in governmental organization analyses, including performance measurement and evaluation; and experience with presenting and disseminating information to local agencies and the public for review and comment. Detailed qualifications can be found in the following sections of this proposal.



## Conflict of Interest Statement

Triton has neither directly nor indirectly entered into any agreement, participated in any collusion or collusion activity, or otherwise taken any action which in any way restricts or restrains the competitive nature of this solicitation including, but not limited to, the prior discussion of terms, conditions, pricing, or other offer parameters required by this solicitation.

Triton is not presently suspended or otherwise prohibited by any government from participation in this solicitation or any other contract to follow thereafter. Neither Triton nor anyone associated with Triton has any potential conflict of interest because of or due to any other clients, contracts, or property interests in this solicitation or the resulting project. If a conflict of interest is identified in the provision of services, Triton will immediately notify the client in writing.

## Experience & Qualifications

### Triton's Experience

Triton's consultants are the heart and soul of the company. Our associates possess the skills, experience, unique qualifications, and technical competence to meet your expectations. Triton and its Project Team possess years of experience in fire-based emergency services, including emergency ambulance services, communications/dispatch, developing JPAs, public-private partnerships, labor-management relations, EMS billing, developing service delivery models, financial viability studies of EMS systems, and financial cost recovery.

Our unique approach to assigning Project Teams considers each associate's background, location, education, experience, and expertise and matches them to specific tasks necessary to complete your study successfully. As noted in our team biographies and resumes, each team member brings the past experience and unique skills necessary to complete the Fire Study.

The following is an abbreviated list of Triton's current and former clients, highlighting our vast experience. An expanded list can be provided upon request.

- City of Alameda Fire Department (CA)
- Alameda County FPD (CA)
- Anaheim Fire and Rescue (CA)
- Berkeley Fire Department (CA)
- Bodega Bay Fire Department (CA)
- Brea Fire Department (CA)
- Burbank Fire Department (CA)
- California Fire Chiefs Association (CA)
- California Metro Chiefs Association (CA)
- Carlsbad Fire Department (CA)
- Chico Fire Department (CA)
- Chula Vista Fire Department (CA)
- Central Kitsap Fire & Rescue (WA)
- City of Colton/Loma Linda FD (CA)
- City of Costa Mesa Fire Department (CA)
- Coalinga Fire Department (CA)
- Contra Costa County FPD (CA)
- Cosumnes Fire Department (CA)
- City of Downey Fire Department (CA)
- Dixon Fire Department (CA)
- El Dorado Hills Fire Department (CA)
- City of Fresno Fire Department (CA)
- Fullerton Fire Department (CA)
- Gig Harbor/Pierce FD #5 (WA)
- Grand River Regional Ambulance (MO)
- Gray's Harbor Fire District #5 (WA)
- Hawaii Fire Chiefs Association (HI)
- Hermosa Beach Fire Department (CA)
- Huntington Beach Fire Department (CA)
- Kern County Fire Department (CA)
- City of Long Beach (CA)
- Sonoma County Fire District (CA)
- Sonoma Valley Fire Department (CA)
- Stockton Fire Department (CA)
- Sunnyside Fire Department (WA)
- Tacoma Fire Department (WA)
- Tualatin Valley Fire & Rescue (OR)
- Ukiah Valley Fire Authority (CA)
- Vacaville Fire Department (CA)
- Valley Center Fire Protection District (CA)
- Ventura County Fire Department (CA)
- Watsonville Fire Department (CA)

## Project Experience

The following is a partial list of projects in which the members of the Project Team for this study have either served as the Project Manager or participated in. Our team has participated in dozens of studies throughout the United States.

### Project Description

- Ambulance Services Study:
- Annexation Study (3 districts):
- Community Risk Assessment/Standards of Cover:
- Community Risk Assessment/Standards of Cover:
- Consolidation Feasibility Study:
- EMS Service Delivery Study:
- EMS System Evaluation:
- Facilities Master Plan, FD Master & Strategic Plan:
- Fire Department Cooperative Services Study:
- Fire District Consolidation Study:
- Fire Services Analysis:
- Fire Station & CRA/SOC Study:
- Fire/EMS Assessment:
- First Responder Fee Study:
- First Responder Fee Study:
- First Responder Fee Study:
- First Responder Fee Study:
- Long-Range Fire Department Master Plan:
- Long-Range Master Plan:
- Master Plan:
- Master Plan & Community Risk Assessment:
- Optimization Study:
- Prevention Fee Study:
- Strategic Plan:
- Strategic Plan:
- Valuation Study:

### Organization

Modesto FD/Stanslaus County OES (CA)  
 Contra Costa County FPD (CA)  
 Coalinga Fire Department (CA)  
 San Ramon Valley Fire Protection District (CA)  
 Elk Creek Fire Protection District (CO)  
 Burbank Fire Department (CA)  
 Truckee Meadows Fire Protection District (NV)  
 Redmond Fire & Rescue (OR)  
 Golden/Fairmount/Pleasant View FDs (CO)  
 Clackamas Fire District 1 (OR)  
 Williston Fire Department (VT)  
 Montecito FPD (CA)  
 Pflugerville Fire Department (TX)  
 Oakland Fire Department (CA)  
 Merced Fire Department (CA)  
 Napa Fire Department (CA)  
 Truckee Meadows Fire Protection District (NV)  
 Templeton Fire & Emergency Services (CA)  
 Fairfield Fire Department (CA)  
 Whitefish Fire Department (MT)  
 Brigham City Fire Department (UT)  
 Alameda County Fire Chiefs Association (CA)  
 Suisun City Fire Department (CA)  
 Aspen Fire Department (CO)  
 Blaine County Ambulance Service District (ID)  
 Pflugerville Fire Department (TX)

## Project References

The following are several references and projects out of the hundreds of projects and studies previously completed by Triton. Additional references can be provided.

### Placer Local Agency Formation Commission (California)

<b>Project Title &amp; Description:</b> <b>Municipal Services Review/Sphere of Influence Study</b> PCA was hired to conduct an MSR and SOI study for fire providers in the western portion of the County. The report was adopted in 2017 and resulted in the initiation of consolidations and collaborative financing efforts by several of the fire agencies.			
<b>Contact Name/Title:</b>	Kris Berry, Executive Officer (former)	<b>Year:</b>	2017
<b>Client Phone:</b>	530-328-8468		
<b>Client E-Mail:</b>	amador.lafco@gmail.com		
<b>Link to Completed MSR:</b>	<a href="#">Placer County MSR/Sphere of Influences Study</a>		

### Contra Costa County FPD/East Contra Costa FPD (California)

<b>Project Title &amp; Description:</b> <b>Phase One: Annexation Financial Feasibility Study</b> Triton was retained by the fire districts to conduct an analysis and determine the financial efficacy of CCCFPD annexing ECCFPD, and to make recommendations accordingly. Triton's analysis demonstrated that annexation was fiscally possible and made recommendations to move forward with Phase Two: Annexation Feasibility Study, which was recently completed.			
<b>Contact Name/Title:</b>	Lewis Broschard, Fire Chief	<b>Year:</b>	2020
<b>Client Phone:</b>	925.941.3300	<b>Client E-Mail:</b>	Lewis.broschard@cccfd.org
<b>Project Manager:</b>	Kurt Latipow	<b>Status:</b>	Completed
<b>Completed Report:</b>	<a href="#">Contra Costa County Fire District Annexation Feasibility Study, Vol. One</a> <a href="#">Contra Costa County Fire District Annexation Feasibility Study, Vol. Two</a>		

### Central Fire District (California)

<b>Project Title &amp; Description:</b> <b>Long-Range Master Plan &amp; Customer-Centered Strategic Plan</b> AP Triton was hired to research, write, and produce a Long-Range Master Plan including a Community Risk Assessment and Standards of Cover consistent with Center for Public Safety Excellence's guidelines. The development of the Long-Range Master Plan is to be followed by a Customer-Centered Strategic Plan for the District.			
<b>Contact Name/Title:</b>	John Walbridge, Fire Chief	<b>Year:</b>	2022
<b>Client Phone:</b>	(831) 479-6842		
<b>Client E-Mail:</b>	john.walbridge@centralfiresc.org		
<b>Status:</b>	In Progress		



### Montecito FPD & Carpinteria-Summerland FPD (California)

**Project Title & Description:** Fire Station Location Study & Community Risk/SOC

AP Triton was engaged to develop a comprehensive fire station location study with the intent of determining if a shared facility is feasible. In addition, the study included a variety of elements that entail community risk assessments and a standards of cover analysis. In addition, Triton has been retained to facilitate a Customer-Centered Strategic Plan for each district.

<b>Contact Name/Title:</b>	MFPD Chief Kevin Taylor/CSFPD Chief Greg Fish	<b>Year:</b>	2021
<b>Client Phone:</b>	805.969.7762/805.566.2450		
<b>Client E-Mail:</b>	ktaylor@montecitofire.com/g.fish@csfd.net		
<b>Project Manager:</b>	Kurt Latipow	<b>Status:</b>	Completed

### Sonoma County Fire District (California)

**Project Title & Description:** EMS Ordinance Development

AP Triton represented the fire departments in Sonoma County that provide ambulance transport in the County of Sonoma's EMS ordinance process. Triton was successful in protecting the public providers' .201 rights and having their geographical areas defined. The ordinance addresses exclusivity as well as guaranteeing the public providers will not only be able to bid the only exclusive operating area in the County but will also allow the public providers to avoid competitive bidding should the County determine that the ambulance service can be assigned to the fire service through Lomita. As such, the County is in the process of validating Lomita at this time and we believe that this service will be assigned or contracted to the fire service through the Sonoma County Fire District.

<b>Contact Name/Title:</b>	Mark Heine, Fire Chief	<b>Year:</b>	2019
<b>Client Phone:</b>	707.838.1170		
<b>Client E-Mail:</b>	mheine@sonomacountyfd.org		

### Templeton Fire & Emergency Services (California)

**Project Title & Description:** Long-Range Fire Department Master Plan

AP Triton was retained to conduct a Fire and Emergency Services Master Plan, inclusive of a Community Risk Assessment and a review of all current fire services and programs.

<b>Contact Name/Title:</b>	Tom Peterson, Fire Chief	<b>Year:</b>	2021
<b>Client Primary Phone:</b>	805 434-4911	<b>Client E-Mail:</b>	tpeterson@templetoncsd.org
<b>Project Manager:</b>	Kurt Latipow	<b>Status:</b>	Complete

## Staffing Resources

### Firm Staffing & Key Personnel

AP Triton takes pride in contracting with only the most experienced and qualified public safety consultants. In addition, we possess a pool of individuals with a wealth of knowledge to meet other needs if they should arise. Triton approaches every project as if it were our sole priority. AP Triton is the best choice to provide you with the most reliable Fire Study to meet your needs now and in the future.

Our Project Team has extensive experience throughout California. Our unique approach to assigning Project Teams considers each associate's background, education, experience, and expertise and matches them to specific tasks necessary to complete your study successfully. As noted in our team biographies and resumes, each team member brings the past experience and unique skills necessary to complete the LAFCO's Fire Study.

The following team members will be principally responsible for working with the LAFCO. Triton's team has the expertise and experience to complete the Fire Study as defined within the project understanding and scope of work—meeting or exceeding your expectations. Every member of the team will be available for the duration of the project. AP Triton's consultants work from home offices located throughout the United States. Project Team resumes with qualifications and brief biographies follow.

**Kurt Latipow** EFO**Project Manager/Vice President of Operations****Summary of Qualifications**

Mr. Latipow has enjoyed 40 years in Public Safety with over 27 years of Public Administration in Fire Chief and Chief Officer positions. He has developed and implemented numerous comprehensive fire and emergency services related plans. Mr. Latipow has facilitated the adoption of those plans via a variety of governing bodies. Mr. Latipow offers extensive experience in developing and implementing emergency, strategic, master plans, and succession

plans/management processes as well as developing and implementing Standards of Cover Analysis, Fees for Service Cost Recovery Programs, and ALS Program Development and Implementation for both transport and engine company-based organizations.

**Work Experience**

- City of Lompoc, CA—Fire Chief
- Washoe County, NV—County Fire Services Coordinator
- City of Ukiah, CA—Fire Chief
- State of California, Governor's Office of Emergency Services—Deputy Chief, Fire and Rescue Branch
- Stanislaus Consolidated Fire Protection District, CA—Fire Chief/Chief Executive Officer
- Hesperia Fire Protection District, CA—Fire Chief
- City of Arroyo Grande, CA—Fire Chief/Director of Building and Fire
- City of Monterey Park Fire Department, CA—Battalion Chief/Fire Marshal

**Education**

- National Fire Academy—Accredited Executive Fire Officer
- California Fire Marshal Training and Education System

**Publications and Instructor Experience**

- IAFC/Volunteer Combination Officers 2017 Symposium in the West—Building Leaders from Within
- IAFC and League of California Cities 2016—"The Achilles Heel of Local Government"
- California Fire Chiefs 2016—"The Why and How of Succession Planning and Implementation"
- League of California Cities 2015—"Contracting for Fire Services; the Trials, Tribulations, Landmines and Political Challenges"
- League of California Cities 2014—"Leading Change in the New Reality"
- California Fire Chiefs Association 2012—"Re-engineering Fire Service-Based Service Delivery"
- IAFC/ICMA 2012—Success & Sustainability

**Professional Affiliations**

- California Fire Chiefs Association
- League of California Cities Fire Department—Past President
- League of California Cities Public Safety Policy—Past Committee Chair
- International Association of Fire Chiefs—Life Member

**Clay Steward** MS/EM**Senior Associate/Assistant Project Manager****Summary of Qualifications**

Clay Steward is an experienced fire service senior manager actively serving the industry for 25 years. He began his fire service career at Edgewater Fire Department, CO and moved to Arvada Fire Protection District after three years. At Arvada, he rose through the ranks where he ultimately retired as the division chief of planning and support services in 2018. During his tenure he served as the districts Accreditation Officer and lead his organization through its first accreditation bid with the CFAI. Since retirement he works as an independent contractor specializing in fire service data and accreditation documentation.

Clay brings a strong technical background in data engineering and analytics that augments his detailed understanding of fire service management and continuous improvement. He is experienced in developing community risk assessments, standard of cover, strategic planning, and self-assessment documents for the CFAI.

**Professional Development & Education**

- Master of Science in Emergency Management, American Public University, Charles Town, WV
- Associate of Science in Fire Science, Red Rocks Community College, CO
- Center for Public Safety Peer Assessor and Accreditation Management Courses
- Data analytic, data engineering, and data science training
- Lean and lean six sigma course experience and education

**Licensure & Certifications**

- CFAI Peer Assessor Level 1
- IBM Data Science Specialization
- Alteryx Core Designer
- Tableau Analyst and Author
- Center for Professional Credentialing Chief Fire Officer

**Experience**

- Active fire service and data and management consultant
- Experienced trainer
- Retired Division Chief and Accreditation Officer
- Experienced training and safety officer
- 25 years of service in the fire service
- 11 years and current member of the plans section of the Jefferson County type III IMT team
- 14 years experienced with FEMA's CO-TF1 US&R team

**Associated Professional Accomplishments**

- Developed and teaches Introduction to Data Analytics for Emergency Services course
- Currently active and past steering committee member of the Rocky Mountain Professional Credentialing and Accreditation Consortium
- Past IAFF secretary and treasurer, local 4056



## Jennifer Stephenson MPP

### Policy Consulting Associates/Principal

Jennifer Stephenson will provide management of the PCA Team contributions to the project. She will be the team's subject matter expert on LAFCo law and requirements, provide policy analysis of the agencies, and review internal drafts. Ms. Stephenson will coordinate closely with project management staff and ensure that the project adheres to established timelines.

Ms. Stephenson is a co-founder and principal of PCA, where she is responsible for regional and municipal research analysis. She has technical expertise in benchmarking, performance evaluation, municipal budgeting, survey design, statistics, and economic modeling. As part of PCA, Jennifer has been involved in review studies for countless LAFCOs, including but not limited to Orange, Santa Clara, Alameda, Placer, and Fresno. She has co-authored incorporation studies, annexation studies, and infrastructure needs assessments. She earned her Master's degree in Public Policy from Pepperdine University, where she was a Forstmann Scholar.

### Relevant Experience

- Co-manager and co-author for Napa Countywide Water and Wastewater MSR and MSR and SOI Updates for the Cities of Agoura Hills, Calabasas, Hidden Hills, and Westlake Village for Los Angeles LAFCO.
- Serving as an Executive Officer of Plumas LAFCO.
- Serving as Deputy Executive Officer of Sutter, Lassen, and Modoc LAFCOs, and providing staff support services at eight LAFCOs.
- Author and/or project manager of over 250 municipal service reviews and other studies, all completed punctually, within budget, and with complete client satisfaction.
- Operating a successful business with an outstanding reputation for 12 years, overcoming a period of recession in business start-up phase.
- Served as project manager for the Plumas, Santa Clara, Yolo, Amador, Mendocino, Lassen, Calaveras, and Alameda County special district and city MSRs, and other projects.
- Recipient of the 'CALAFCO Outstanding Associate Member of the Year' award
- CALAFCO University and Conference instructor of *Understanding Health Care Districts and the Role of LAFCO*, *Fiscal Health of Fire Protection Districts*, *Getting to the Nitty Gritty of Consolidation Options*, and *The New Normal- How the Economy is Affecting Service Provision*.
- Primary contributor and project manager of the CALAFCO award-winning Santa Clara Water Municipal Service Review.
- Stephenson assisted with fiscal analysis and analysis of service levels for governance studies conducted of annexation and cityhood in north Los Angeles County and in East Los Angeles.
- Contributed to multi-billion-dollar transportation financial plans for rail systems and goods movement.
- For a regional infrastructure needs assessment for the Southern California Association of Governments, Stephenson analyzed transportation, air quality, water quality, open space, and parks in the 187-city Southern California Association of Governments (SCAG) region.
- Assisted with fiscal analysis and budget projections for economic and fiscal studies for the City of Beverly Hills.

## Oxana Wolfson MPP

### Policy Consulting Associates/Principal

Oxana Wolfson will be available to provide support with data accumulation, drafting and review of internal drafts, with a focus on governance structure options and the sphere of influence update.

Ms. Wolfson is a co-founder and principal of PCA, where she specializes in service benchmarking analysis, economic and growth analysis, and data collection coordination. She has technical expertise in data discovery, regulatory agency research, review of agency documents, qualitative and quantitative analysis, comparative analysis, government structure options evaluation, and policy solutions. She has completed service reviews for agencies in over 20 California counties and contributed to regional infrastructure finance studies. Oxana earned her Master's degree in Public Policy from Pepperdine University where she was a Forstmann Scholar. She received her B.A. summa cum laude from University of Nebraska.

### Relevant Experience

- Operating a successful business with an outstanding reputation for over 10 years, overcoming a period of recession in business start-up phase.
- Serving as a co-author and co-project manager for the Napa Water and Wastewater MSR. Co-authoring and managing the Riverside County Healthcare MSR.
- Co-authored and served as a project manager for Calaveras County Fire MSR, Solano County Fire MSR, Solano County RCD MSR, Placer Fire MSR, and City of Chico MSR.
- Co-authored MSRs for Alameda, Amador, Calaveras, Fresno, Lassen, Contra Costa, Colusa, Plumas, Mendocino, Santa Clara, Yuba, Plumas, Mendocino, Santa Clara, San Joaquin, Yuba, Yolo.
- Co-authored the award-winning Santa Clara Water MSR and Orange County San Juan Capistrano MSR.
- Instructor and moderator at CALAFCO University and staff workshops
- Co-authored a service evaluation and infrastructure needs assessment project on emergency services covering the entirety of Southern California for the Southern California Association of Governments.
- Coordinated databases for the regional infrastructure needs assessment project covering 187 cities and a multitude of special districts.
- Co-authored the award-winning Santa Clara Water MSR and Orange County San Juan Capistrano MSR.
- Instructor and moderator at CALAFCO University and staff workshops
- Co-authored a service evaluation and infrastructure needs assessment project on emergency services covering the entirety of Southern California for the Southern California Association of Governments.
- Coordinated databases for the regional infrastructure needs assessment project covering 187 cities and a multitude of special districts.

## Jill Hetland

### Policy Consulting Associates/Research Analyst

Jill Hetland will provide operational and administrative support throughout the project. She will also focus on transparency and accountability topics in the Municipal Service Review.

Ms. Hetland joins PCA with an extensive background in corporate communications and marketing. She has served as a copywriter and marketing consultant, in both for-profit and non-profit sectors, with an emphasis on content strategy, web design, records management, and financial stewardship. Ms. Hetland graduated from the University of Iowa with a B.A. in Communication and Media Studies.

#### Relevant Experience

- Supplemental staff services for Plumas LAFCO.
- Served as a co-author of the Las Virgenes Municipal Service Review covering the cities of Agoura Hills, Calabasas, Hidden Hills, and Westlake Village for Los Angeles LAFCO.
- Primary author of the Feather River Resource Conservation District Municipal Service Review.
- Spearheading data collection and data management for the City of Oroville Municipal Service Review, as well as facilitating communications as lead project liaison.
- Lead Research Assistant and co-author for the Riverside Healthcare Municipal Service Review.
- Editor and format manager for the Napa Water and Wastewater Municipal Service Review.
- Served as the primary research assistant and records manager for a 16,000 sq. ft. national archive facility
- Website manager for all projects as well as the forthcoming site design and rebrand for PCA.
- Managed website, all social media posts, blogs, and copy editing for a lifestyle brand with more than one million subscribers.
- Authored website content for an established retailer that saw a 353% overall revenue increase and a \$25 return per \$1 spent on ad copy.
- Designed and authored all web content for a small business that resulted in a 90% increase in organic traffic in the first month and 50% more engagement amongst users.
- Hired as a writer/editor from the top 1% of applicants for a five-star rated, digital marketing firm and Google Partner.

**Randy Parr** MPA, CPA**Senior Associate/Certified Public Accountant****Summary of Qualifications**

Chief Parr has over 40 years of experience in the fire service, including 20 years as a chief officer. He has served in four fire departments in Texas and Missouri. The agencies for which he has worked range from a mid-sized Houston area combination fire district serving a population of 100,000 to a small municipal department as they transitioned from a volunteer-based delivery system to a career-based delivery system. He has served the past 16 years as the career Fire Chief for the City of Tomball, a Houston Texas suburb with a population of 35,000.

He is a Certified Public Accountant and during his career has served as the chief financial officer of large national and regional real estate developers and as the City of Tomball interim finance officer. Chief Parr's diverse skills have provided regional leadership in inter-agency collaboration, strategic planning, master and financial planning, and organizational evaluation. He has advised policymakers on fire service delivery options, created financial models, and has made presentations to large workshop audience on such topics as regional collaboration and legislative initiatives.

**Educational Background**

- Bachelor's in Business, Accounting Major, Indiana University, Bloomington, IN
- Master's in Public Administration, Sam Houston State University, Huntsville, TX
- Executive Fire Officer Graduate – National Fire Academy
- Emergency Management Executive Academy Graduate – Emergency Management Institute
- Chief Fire Officer Designee – Center for Public Safety Excellence
- Extensive training in leadership, financial management, and planning

**Professional Experience**

- Associate Consultant, Emergency Consulting International (ESCI) (2017–2020)
- Fire Chief/Emergency Management Coordinator – City of Tomball, TX (2004–present)
- Fire Chief, Cypress Creek Fire Department, Houston, TX (1999–2004)
- Controller/Financial Officer, Trammel Crow Residential/Gables Residential Trust (1986–1994)

**Relevant Experience**

- Past President, Board of Directors, IAFC, Southwest Division
- Southeast Region Director, Texas Fire Chiefs Association
- Facilitator, Northwest Harris County Fire Chiefs Association
- Treasurer, Institution of Fire Engineers, USA Branch
- Peer Assessor I, Center for Public Safety Excellence Accreditation Site Team
- Board of Directors, Sam Houston State University Alumni Association

**Associated Professional Accomplishments**

- 2009 recipient of IAFC-VCOS John M. Buckman III Leadership Award
- Developed UASI grant to equip 90 departments in a three-county area, including the City of Houston, with the same electronic accountability system
- Developed UASI grant to link multiple dispatch centers in Harris and Montgomery counties
- Developed UASI grant to hire six full-time firefighter positions for the City of Tomball



## Don Trapp

### Senior Associate



#### Summary of Qualifications

Mr. Trapp has over 35 years in Public Safety with over nine years in Fire Chief Officer positions. He has developed and implemented several comprehensive fire and emergency services related plans. Mr. Trapp has facilitated the adoption of those plans through a variety of governing bodies. Mr. Trapp offers experience in developing and implementing emergency, strategic, master plans, and succession plans/management processes as well as developing and implementing fire department annexations and consolidations. He has experience in Standards of Cover Analysis, Fees for Service and Cost Recovery Programs, and ALS Program Development and Implementation for both transport and engine company-based organizations. With 25 years spent as a Paramedic and managing EMS operations of an organization with over 60 paramedic units, including 14 ambulances, Mr. Trapp has extensive knowledge in EMS system performance, funding, billing, and staffing.

#### Work Experience

- San Bernardino County Fire Protection District, CA – Firefighter/Paramedic to Fire Chief
- San Bernardino County Professional Firefighters, CA – Executive Vice-President
- Hemet Valley Ambulance Service, CA – Paramedic
- CAL FIRE Riverside County Fire, CA – PCF Fire Apparatus Operator

#### Education

- Columbia Southern University – AS Fire Science
- California State Fire Officer
- Paramedic
- Background Investigator
- Reserve Peace Officer

#### Significant Projects

- City of San Bernardino Annexation through LAFCO
- Implemented Single Role Non-Safety Ambulance Operator Program
- City of Upland Annexation through LAFCO
- City of Victorville Contract for service and transition
- Negotiated initial response ALS air resource contract with REACH

#### Professional Affiliations

- California Fire Chiefs Association
- Metropolitan Fire Chiefs Association
- FIRESCOPE – Operations
- League of California Cities
- Foresters and Fire Wardens

## Eric A. Schmidt MA, GISP

### Technical Specialist (GIS)



#### Summary of Qualifications

Mr. Schmidt has over thirty years of professional experience in mapping and geospatial technologies in both the private and public sectors. Over the last eleven years he has been engaged full-time in local government where he has gained substantial experience in enterprise GIS in support of Fire & EMS, Law Enforcement, and Emergency Management. In addition, he is experienced in supporting both unified command and incident management teams for large scale wildland fires and other regional events. Over the past two decades, he has participated in numerous standards of cover studies, ISO ratings, hazard mitigation studies, and community risk assessments. Mr. Schmidt has a strong vision for integrating GIS technologies into daily workflows and for building a GIS-centric approach to large and small organizations.

#### Professional Development & Education

- Master of Arts, Appalachian State University, Boone, NC, 2001
- Bachelor of Arts, University of Tennessee, Knoxville, TN, 1991
- Public Leadership Certificate, University of Nevada, Reno, NV 2013

#### Licensure & Certifications

- Geographic Information Systems Professional (GISP), GIS Certification Institute, 2007–Present
- FAA Remote Aircraft Pilot (UAS), 2021–Present
- GIS Surveyor License, South Carolina Board of Professional Engineers & Land Surveyors (inactive)

#### Experience

- Managing Partner, EM GIS Partners, LLC, Highland, FL, (Remote) 2015–Present
- GIS Coordinator, County of Franklin, VA, Rocky Mount, VA 2018–Present
- GIS Supervisor, Douglas County, NV, Minden, NV, 2010–2018
- Director of Technology, Site Tech Systems, LLC, Murrells Inlet, SC, 2002–2009
- GIS Analyst, Sky Aviation, Georgetown, SC, 2000–2002
- Departmental Supervisor, University of Tennessee, Knoxville, TN, 1992–1997

#### Associated Professional Accomplishments

- Virginia Maps & Land Information Society (VAMLIS), President Elect 2020–Present
- Southwest Virginia (Region VI) All Hazards Incident Management Team (Type III), 2019–Present
- Nevada Geographic Information Society, Board of Directors 2012–2018, Vice President 2013–2016
- Support Services Volunteer, Midway Fire-Rescue, Pawleys Island, SC, 2005–2010

## Melissa Vazquez Swank MA

### Senior Associate/Professional Services Manager



#### Summary of Qualifications

Melissa Vazquez Swank possesses over 10 years of experience in project management and administration. She is an expert in administrative functions of project-related assignments, including overall planning, tracking, and documentation of numerous projects from the project proposal (RFP) phase to project closeout.

In addition to project administration, Melissa specializes in quality assurance and recruitment processes. Melissa ensures the consistent quality of production processes by developing and implementing sustainable practices and leading the proofing and editing of final products. She plays a crucial role in business by ensuring that all products (reports, website, social media, surveys, and newsletters) meet certain thresholds of acceptability. Melissa works to improve the project's efficiency and profitability by reducing time or product waste.

Melissa's professional experience, a keen eye for detail, and training qualify her to provide the highest level of project support. She has a passion for accuracy and fact-checking that permeates all aspects of her professional tasks.

#### Professional Development & Education

- Portland State University MA, Public History/Native American History, 2010–2013
- Portland State University BA, History, 2007–2009

#### Relevant Experience

- Professional Services Manager at AP Triton, September 2021–Present
- Owner of 3:17 Associates, Principal Consultant, 2021–Present
- Quality Assurance & Recruitment Specialist at Emergency Services Consulting International (ESCI), January 2020–August 2021
- Recruitment Specialist at ESCI, July 2017–January 2020
- Technical Proofer and Quality Assurance Specialist at ESCI, March 2015–January 2020
- Adjunct Research Assistant at Portland State University, December 2015–2018
- Freelance Virtual Assistant, December 2014–Present
- Project Administrator at ESCI, September 2013–June 2014
- Project Assistant/Fact Checker at the Oregon Encyclopedia Project, September 2011–June 2013
- Project Assistant at The Confluence Project, June 2012–November 2012
- Project Assistant at Chinook Oral History Project, October 2011–April 2012

## Project Understanding & Approach

### Project Understanding

AP Triton, LLC (Triton) recognizes that Santa Cruz County LAFCO ("LAFCO") seeks to procure a qualified consulting firm to prepare a special study on the impacts of the potential detachments of territory from County Service Areas 4 ("Pajaro Dunes") and 48 ("County Fire") and the concurrent annexation of the detached territory to the neighboring independent fire protection districts (7 in total). This special Fire Study will evaluate the impacts of the potential reorganizations, including a detailed analysis of the cost savings and fiscal impacts.

Triton's study will be used to inform LAFCO's decision whether to initiate future reorganizations involving the affected fire agencies. Triton will perform this work in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.) and LAFCO of Santa Cruz County policies and procedures.

### Triton's Approach to Projects

Triton's approach to projects represents our complete understanding of your expectations. Our experience working with fire departments, fire districts, and EMS organizations, as well as other emergency services agencies, includes a wide variety of communities throughout the United States. Key elements of Triton's methodology include:

- A complete understanding of the project background, goals, and objectives, as well as the complex issues that must be addressed to satisfy statutory and regulatory drivers such as the CKH Act and LAFCO requirements.
- A comprehensive, well-designed, and practical scope of work (SOW) and workplan that enables substantial input from the key stakeholders, leadership, and other relevant individuals.
- Use of state-of-the-art GIS mapping, computer modeling, and data analysis tools, web-based communications technology, and many other sophisticated tools and technologies.
- Triton's project methodology is augmented by the utilization of web-based and other communication technologies. We will utilize the Dropbox application to create a secure online project site that enables the client and Project Team members to collaborate and communicate throughout every phase of the project. In addition, Triton utilizes GoToMeeting conferencing software to assist with client communications and various presentations.



- Utilization of experienced subject matter experts (SME) in the fire service, EMS, and other related emergency services disciplines, as well as individuals with expertise in GIS and data analysis.
- Commitment to successfully complete our projects and deliverables within the time requested and in a manner that would meet or exceed expectations.
- High-quality printed and bound reports, with contents and recommendations that will easily enable the client, key stakeholders, and community members to understand.

## Best Practices & National Standards

Based on the type of project and study requirements, Triton will refer to and utilize current industry best practices, along with relevant national standards promulgated by a wide variety of associations and organizations that develop consensus standards for the fire service, EMS, communications, and other related services. These may include the *National Fire Protection Association (NFPA)*, *Center for Public Safety Excellence (CPSE)*, *Commission on Accreditation of Ambulance Services (CAAS)*, and other organizations.

## Project Scope of Work

### Project Overview

Triton offers the following outline of our proposed method to successfully complete the LAFCO's Fire Study. Scope of Work and task details immediately follow.

- **Section One—Project Initiation & Information Acquisition**
  - **Task 1-A:** Project Initiation & Development of a Work Plan
  - **Task 1-B:** Procurement of Information & Data
  - **Task 1-C:** Stakeholder Input & Field Work
- **Section Two—Baseline Evaluations of the Agencies**
  - **Task 2-A:** Overview of Each Affected Fire Agency
  - **Task 2-B:** Services & Operations
  - **Task 2-C:** Population Growth & Service Demand Projections
  - **Task 2-D:** Financial Review
  - **Task 2-E:** Opportunities & Challenges
  - **Task 2-F:** Community Accountability
  - **Task 2-G:** Sphere of Influence Review
- **Section Three—Exploration of Future Reorganizations**
  - **Task 3-A:** General Reorganizing Options
  - **Task 3-B:** Specific Options for Reorganization
- **Section Four—Development, Review, & Delivery of Final Report**
  - **Task 4-A:** Development & Review of the Administrative Draft Report
  - **Task 4-B:** LAFCO Commission, Public Review, & Public Hearing
  - **Task 4-C:** Revised Draft Report & LAFCO Public Hearing
  - **Task 4-D:** Final Fire Study Report

### Project Timeline

Triton offers the following project timeline, which is subject to change based upon the mutual agreement of LAFCO and AP Triton. The timeline will **not** begin until Triton has been provided with all information and data necessary for the successful completion of the project.

**Estimated Time to Complete the Project: 6–9 months**

## Project Schedule

The following table details the tentative project schedule and associated hours allocated to each section of our proposed Scope of Work.

Section & Tasks	Hours	Due Date
<b>Section 1: Project Initiation</b>	<b>84</b>	
Execution of Contract		5/4/2022
Project Kickoff		5/11/2022
Data Acquisition Complete		6/11/2022
Stakeholder Input & Fieldwork		7/30/2022
<b>Section 2: Baseline Evaluations of the Agencies</b>	<b>108</b>	
<b>Section 3: Exploration of Future Reorganizations</b>	<b>32</b>	
<b>Section 4: Development, Review, &amp; Delivery of the Report</b>	<b>66</b>	
Review of the Administrative Draft Report		10/12/2021
LAFCO Commission, Public Review, & Public Hearing		11/2/2022
Revised Draft Report & LAFCO Public Hearing		11/23/2022
Final Presentation/Project Conclusion		12/14/2022

The following represents the proposed Scope of Work (SOW) prepared by Triton based on the requirements of the LAFCO to successfully complete the Fire Study. The various sections and tasks have been developed specifically for this project.

## Section One—Project Initiation & Information Acquisition

### Task 1-A: Project Initiation & Development of a Work Plan

Triton will meet virtually with the LAFCO's Project Team and/or liaisons. The purpose will be to develop a complete understanding of the organization's background, goals, and expectations for the project and solicit input on engagement and outreach. Triton's Senior Project Manager will develop and refine a proposed work plan that will guide the Project Team. This work plan will be developed identifying:

- Project team members responsible for each task
- Major tasks to be performed
- Stakeholder engagement and outreach plan
- Resources to be utilized
- Methods for evaluating study results
- Agreement of the standards to be utilized
- Any potential constraints or issues related to accomplishing specific tasks

The benefits of this process will be to develop working relationships between the Triton Project Team and client representative, determine communications processes, and identify logistical needs for the project.

### Task 1-B: Procurement of Information & Data

Triton will request pertinent information and data from LAFCO staff and any other agencies as necessary. This information is critical and will be used extensively in the various analyses and development of MSR and SOI Update. Thoroughly researched and relevant studies will be included during Triton's review. **For the affected fire agencies**, the documents and information relevant to this project will include, but not be limited to, the following:

- Any previous relevant studies involving the agencies and organizations
- Santa Cruz County and City/Town census and demographic data and population growth projections, where available
- The 2021 LAFCO Countywide Fire Service & Sphere Review
- LAFCO policies and procedures
- Any current interagency or intergovernmental agreements (IGA)
- Organizational charts from each of the agencies and organizations



- Historical financial data, budgets, revenue sources, including debt information, long-range financial plans, and projections
  - Current assessed values of each jurisdiction and property tax rates
- Standard Operating Guidelines (SOGs) and service-delivery and deployment practices
- Current collective bargaining agreements
- Inventories of fire stations and other relevant facilities (e.g., training centers)
- Inventories of apparatus, special operations vehicles, and other vehicles
- Current performance standards and service delivery objectives
- Historical records management data, including National Fire Incident Reporting System (NFIRS) incident data (3–5 calendar years in an Excel spreadsheet format)
  - Computer-Aided Dispatch (CAD) incident records (3–5 calendar years in an Excel spreadsheet format)
- List of all career, part-time, and volunteer operations personnel and administrative support staff (without names)
  - To include ranks, EMS and other certifications, salaries, benefits, and volunteer compensation (if applicable)
  - Two to three years of historical leave usage
- Most recent Insurance Services Office (ISO) Public Protection Classification (PPC®) ratings and reports
- Geographic Information Systems (GIS) data, to include the service-area boundaries of each fire district and their respective fire station locations
- Any other documents and records necessary for the successful completion of the project

### **Task 1-C: Stakeholder Input & Field Work**

The Triton Project Team will provide the option to conduct onsite or virtual interviews with LAFCO staff and other key personnel identified as being critical to the success of the project. From these interviews, Triton will obtain additional information and perspective on the operational, economic, and policy issues related to the development of the study. Triton will place special emphasis on understanding the needs, opportunities, and concerns regarding future reorganizations of the affected fire agencies.

## Section Two—Baseline Evaluations of the Agencies

For each of the LAFCO's affected fire agencies, Triton will complete a baseline assessment of the current organizational conditions, their respective communities, and their current service performance. Triton will conduct an organizational review of these agencies and organizations based on the elements included in the following tasks.

The purpose of this evaluation is to assess each agency's operations in comparison to industry standards and best practices, as well as to create a benchmark to determine the options for future service delivery and regarding future reorganizations of the affected fire agencies.

### Task 2-A: Overview of Each Affected Fire Agency

Triton will conduct an overview of each affected fire agency and their respective communities to include, but not be limited to:

- Service area population and demographics
- History, formation, and general description of each agency
- Description of the current service delivery infrastructure
- Governance and lines of authority
- Organizational structure
- Management components
  - Review of current policies, procedures, and any SOGs and their alignment with mission and strategic goals
  - Internal and external communications processes
  - Records management and information technology systems
  - Document control and security

### Task 2-B: Services & Operations

For each affected fire agency, Triton will review:

- **Services Provided**
  - Triton will review the services provided by each agency and organization, placing special attention on the needs, opportunities, and concerns regarding future reorganizations of the affected fire agencies.
- **Staffing & Personnel**
  - Triton will review each agency's career, volunteer, and part-time staffing levels.

### ■ Capital Facilities & Apparatus

Triton will review the status of current major capital assets (facilities and apparatus) and analyze needs relative to the existing conditions of capital assets and their viability for continued use in future service delivery and regarding future reorganizations of the affected fire agencies.

**Fire Station Facility**—Tour and make observations in areas critical of the current fire station location. This will entail a cursory review of the facility and not a detailed, comprehensive engineering analysis. Items to be contained in the report include:

- Design
- Construction
- Safety
- Code compliance
- Staff facilities
- Efficiency
- Future viability

**Apparatus/Vehicles**—Review and make recommendations regarding inventory of apparatus and other vehicles and equipment. Items to be reviewed include:

- Age, condition, and serviceability
- Distribution and deployment

### ■ Service Delivery & Performance

- Triton will review and make observations in areas specifically involved in, or affecting, service levels and performance of the agencies.

## Task 2-C: Population Growth & Service Demand Projections

Utilizing available census data from each agency and organization, and historical service demand (call volumes) of each, Triton will project the following:

- Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence
- Population growth projections among each of the agencies and organizations for the next 5–10 years
- Service demand projections among each of the agencies and organizations for the next 5–10 years

**Task 2-D: Financial Review**

Triton will review the existing financial status of each affected fire agency. This task will be a basic overview of fiscal status of each agency and the financial ability of agencies to provide services. This task will include, but not be limited to:

- Review and analyze agency budgets, revenues, expenditures, employment costs, compression analysis, audit reports and long-range financial plans
- Comparative analysis demonstrating cost, funding, and efficiency in relation to neighboring and similar jurisdictions
- Any other issues related to revenue, expenditures, and annual budgets

**Task 2-E: Opportunities & Challenges**

Using the interviews and research completed from Section One as a baseline, Triton will identify:

- Strengths of each affected fire agency
- Weaknesses of each affected fire agency
- Opportunities facing each affected fire agency
- Threats challenging each affected fire agency

Analyzing and updating the strengths, weaknesses, opportunities for, and threats to the agencies and organizations is a critical step in identifying options regarding future reorganizations of the affected fire agencies.

**Task 2-F: Community Accountability**

Triton will review the accountability for community service needs, including operational efficiencies that may be impacted by future reorganizations of the affected fire agencies.

**Task 2-G: Sphere of Influence Review**

Triton will review the sphere of influence for each of the affected fire agencies and determine the impacts of future reorganizations.



## Section Three—Exploration of Future Reorganizations

Triton will use the completed baseline assessment of each affected fire agency to identify opportunities, efficiencies, cost-effectiveness, and feasibility for potential future reorganizations. Items in this phase of the report include but are not limited to the following areas. The detailed information will provide the LAFCO and its affected fire agencies with the information necessary to make important reorganization decisions.

### Task 3-A: General Reorganization Options

Triton will review the various service options for the affected fire agencies. The following options will be evaluated, discussed, and recommendations for the best option provided:

- Status quo (each fire agency remains as is currently and existing agreements continued)
- Modifications and amendments to existing IGAs
- Operational Collaboration (contract for services)
- Legal integration/annexation options
- Any other valid options identified during the study

### Task 3-B: Specific Options for Reorganization

The study takes into account the many shared issues that face each affected fire agency, and how such matters affect efficient services. Triton will identify and analyze any of these issues. For each of the presented options for reorganization, Triton will evaluate and discuss the following:

- Level of cooperation required
- New organizational structure, if applicable
- Estimated timeline for completion
- Affected section, e.g., Administration, Operations, Support Services
- Affected stakeholders
- Objective of strategy
- Summary of strategy
- Guidance
- Fiscal considerations
- Economic considerations
- Political considerations
- Social considerations
- Policy actions
- Any other issues related to the recommended option(s)

## Section Four—Development, Review, & Delivery of Final Report

### Task 4-A: Development & Review of the Administrative Draft Report

Triton will develop and produce an electronic version of the draft written report for technical review by representatives of LAFCO (and any others as directed). This feedback is a very important aspect of this project and Triton will provide adequate opportunities for review and discussion of the draft report prior to finalization. The report will include:

- Clearly designated findings, recommendations, and benefits of implementation
- Detailed narrative analysis of each report element clearly written and presented in sections with explanatory support to ensure an understanding by all readers
- Charts, graphs, GIS maps and analyses, and diagrams, where appropriate

### Task 4-B: LAFCO Commission, Public Review, & Public Hearing

Triton will address LAFCO staff's comments and prepare a Draft Fire Study Report:

- LAFCO staff will distribute the Draft Report for a 21-day public review and comment period
- Provide written responses to comments received during the public review period
- Present the Draft Report at the LAFCO Public Hearing (with an option to be in-person or fully virtual)

### Task 4-C: Revised Draft Report & LAFCO Public Hearing

Following the Draft Fire Study Review and Public Hearing, Triton will revise the Draft Report to address comments and submit the Revised Draft Report to LAFCO staff.

- LAFCO staff will distribute the Revised Draft Report for a 21-day public review and comment period
- Provide written responses to comments received during the public review period
- Present the Revised Draft Report at the LAFCO Public Hearing (with an option to be in-person or fully virtual)

### Task 4-D: Final Fire Study Report

Following LAFCO adoption of the Fire Study, Triton will prepare the Final Report and deliver three hard copies of the Final Report and digital versions in PDF and Word format.

## Fee Proposal

### Project Fee Proposal

AP Triton, LLC presents the following formal cost proposal for the project outlined in the Scope of Work. The fee is inclusive of expenses:

Project Section	Fees & Expenses
<b>Section 1:</b> Project Initiation	\$22,516
<b>Section 2:</b> Baseline Evaluations of the Agencies	\$10,355
<b>Section 3:</b> Exploration of Future Reorganizations	\$3,917
<b>Section 4:</b> Development, Review, & Delivery of the Report	\$12,989
<b>Proposed Project Fee (will not exceed):</b>	<b>\$49,776*</b>

*\*In the event it is determined that meetings, public hearings, and presentations be virtual, rather than in person, a discount will be provided.*

### Payment Schedule & Invoicing

- 10% payment due upon signing of the contract
- Monthly invoicing thereafter as work progresses until 95% of project has been completed
- Final 5% due upon project completion
- Additional work requested and approved beyond the Scope of Work will be billed at a rate of \$175/hour for the Senior Project Manager and \$125/hour for consultants plus any additional travel expenses

### Cost Quotation Information

- The bid quotation is valid for 90 days
- Triton Federal Employer Identification Number: 47-2170685

# Certificates of Insurance & Litigation

AP Triton, LLC maintains liability insurance as shown in the following pages. Triton has no past and/or pending litigation or unresolved lawsuits. Since AP Triton utilizes an entirely independent pool of contractors, we are exempt from carrying Workers' Compensation insurance. Each of our contractors carries their own liability insurance.

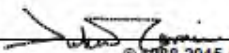
ACORD®		CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY)			
				04/04/2022			
THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.							
IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).							
PRODUCER		CONTACT					
USI INSURANCE SERVICES LLC/PHS		NAME:					
41715154		PHONE (866) 467-8730		FAX (877) 905-2772			
The Hartford Business Service Center		E-MAIL					
3600 Wiseman Blvd		ADDRESS:					
San Antonio, TX 78251		INSURER(S) AFFORDING COVERAGE					
		NAIC#					
INSURED		INSURER A: Atain Speciality Insurance Company					
AP TRITON, LLC		INSURER B: Starstone National Insurance Company					
1309 COFFEEN AVE STE 3178		INSURER C:					
SHERIDAN WY 82801-5777		INSURER D:					
		INSURER E:					
		INSURER F:					
COVERAGES		CERTIFICATE NUMBER:		REVISION NUMBER:			
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INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
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Those usual to the Insured's Operations.							
CERTIFICATE HOLDER				CANCELLATION			
FOR INFORMATIONAL PURPOSES ONLY				SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.			
1309 COFFEEN AVE STE 3178				AUTHORIZED REPRESENTATIVE			
SHERIDAN WY 82801-5777				Susan L. Castaneda			

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		DATE (MM/DD/YYYY) 4/11/2022					
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PRODUCER USI Insurance Services, LLC 2375 E. Camelback Road, Suite 250 Phoenix, AZ 85016 877 468-6516		CONTACT NAME: Kathi Simon PHONE (A/C, No, Ext): 602-666-4827 FAX (A/C, No): 610-537-2283 E-MAIL ADDRESS: kathi.simon@usi.com					
INSURED AP Triton, LLC 1309 COFFEEN AVE STE 3178 Sheridan, WY 82801		INSURER(S) AFFORDING COVERAGE					
		INSURER A: Continental Casualty Company					
		INSURER B:					
		INSURER C:					
		INSURER D:					
		INSURER E:					
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				AUTHORIZED REPRESENTATIVE 			

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# CERTIFICATE OF LIABILITY INSURANCE

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<b>PRODUCER</b> RIGO DELATORRE, AGENT LICENSE #0812292 8827 ELK GROVE BLVD ELK GROVE, CA 95624		<b>CONTACT NAME:</b> RIGO DELATORRE <b>PHONE (A/C, No, Ext):</b> 916-685-3973 <b>FAX (A/C, No):</b> <b>E-MAIL ADDRESS:</b> RIGO@RIGODELATORRE.COM	
<b>INSURED</b> AP TRITON, LLC 1851 HERITAGE LN STE 138 SACRAMENTO, CA 95815		<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A: State Farm Mutual Automobile Insurance Company <b>NAIC #</b> 25178 INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	

**COVERAGES** **CERTIFICATE NUMBER:** **REVISION NUMBER:**

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DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

EMPLOYERS NON-OWNED LIABILITY (ENOL)

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<b>CERTIFICATE HOLDER</b> FOR INFORMATIONAL PURPOSES ONLY 1851 HERITAGE LN STE 138 SACRAMENTO, CA 95815	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE Completed by an authorized State Farm representative. If signature is required, please contact a State Farm agent.
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Proposal to Prepare

# Fire Services Study

**PLANWEST**  
PARTNERS, INC.

1125 16<sup>th</sup> Street, Suite 200  
Arcata, CA 95521  
(707) 825-8260



For the

Local Agency Formation Commission of Santa Cruz County  
(LAFCO)



Joe Serrano, Executive Officer  
Santa Cruz LAFCO  
701 Ocean Street, Room 318-D  
Santa Cruz, CA 95060  
[joe@santacruzlafco.org](mailto:joe@santacruzlafco.org)

May 15, 2022

**RE: Fire Services Study**

Planwest Partners proposes to prepare a Fire Services Study on the impacts of the potential detachments of territory from County Service Areas 4 ("Pajaro Dunes") and 48 ("County Fire") and the concurrent annexation of the detached territory to the neighboring independent fire protection districts (7 in total). The study will be used to inform LAFCO's decision on whether or not to initiate future reorganizations involving the affected fire agencies. This work is to be performed in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.) and LAFCO of Santa Cruz County policies and procedures.

Planwest offers experience working with special districts and cities throughout California on comprehensive financial plans, strategic action plans, formation proceedings, municipal service review preparation, and more. Most recently, Planwest assisted with the consolidation of two fire districts in northeastern Shasta County, the annexation/consolidation of three volunteer fire companies to an existing fire protection district in Humboldt County, and the successful passage of a special assessment for an existing fire protection district in Del Norte County. This range of experience provides us with an in depth understanding of special district government structures, financial and service needs as well as insight on the potential challenges and hurdles each agency may encounter when planning for reliable funding and service improvements.

RSG, Inc. adds to this extensive fire services knowledge by providing in depth financial review and analysis of special districts and their ability to sustain services in the long run. Patrick McCormick who served as Executive Officer of Santa Cruz LAFCO for close to 40 years will also serve on our team as Senior Advisor. In addition to our team's considerable municipal planning and fiscal experience, we have detailed knowledge of Local Agency Formation Commissions (LAFCo) and the procedural requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH Act). Planwest provides staffing services to four different LAFCOs in Northern California including Humboldt, Shasta, Del Norte, and Trinity, in addition to our MSR/SOI project management services. This experience provides us with the knowledge and understanding of what LAFCOs look for when preparing applications for formation of districts and changes of organization.

We are pleased to present this proposal for financial feasibility and LAFCo application coordination, and our team looks forward to discussing this proposal with you and the selection committee.

Sincerely,

*Colette Santsche*

Colette Santsche AICP, Project Manager, Senior Planner and Partner  
Planwest Partners, Inc.  
707.825.8260  
[colettem@planwestpartners.com](mailto:colettem@planwestpartners.com)  
1125 16th Street, Suite 200  
Arcata, CA 95521



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## Attachments

Attachment A – Team Resumes

Attachment B – Cost Proposal

# Experience & Qualifications

## A. TEAM OVERVIEW

The Planwest team is uniquely qualified to develop a fire services study for Santa Cruz LAFCO due to our extensive experience with fire services planning and LAFCOs throughout the state. Our team has worked on numerous reorganization efforts including a current one in Eastern Plumas County and recently administered two fire district consolidations in Humboldt and Shasta Counties. We also understand that major fires and emergency situations do not adhere to ‘boundaries’ for districts, cities, or counties. It is important to take a regional look at the provision of fire and emergency services in order to provide the best level of service for communities.

### *Planwest Partners Inc.*

Planwest Partners is a community planning consulting firm based in Arcata, CA with satellite staff in Alpine County. We have been serving California communities since 1997 and have previously provided support services to agencies in Oregon and Arizona. Planwest provides community, land use, environmental, economic, and transportation planning services in addition to LAFCO staffing services for four counties in northern California. We are committed to working collaboratively with our clients and the community to deliver outcomes that promote sound growth, economic sustainability, and environmental stewardship.



Planwest provides community, land use, environmental, economic, and transportation planning services in addition to LAFCO staffing services for four counties in northern California. We are committed to working collaboratively with our clients and the community to deliver outcomes that promote sound growth, economic sustainability, and environmental stewardship.

Planwest is a California “C” corporation, small business that expanded ownership to include two employees, Vanessa Blodgett and Colette Santsche, in addition to founder George Williamson. As of January 2022, Vanessa and Colette have combined sole company ownership, making Planwest a women-owned business. Planwest has assisted city, county, regional, and tribal governments; transportation planning agencies; special districts; non-profits; and private industry in achieving their specific goals. Our multi-disciplinary staff comprised of planners, economists, spatial analysts, technicians, and administrators offers a wide range of professional skills necessary to meet, and often exceed our client’s diverse planning needs and expectations. Planwest provides a full range of planning services, including:

- LAFCO contract services and special studies
- Municipal Service Reviews and Sphere of Influence Updates
- Plan for Services for changes of organization or reorganization
- Regional Services Planning, Consolidations, and Governance Models
- Community, General, and Specific Plans
- Strategic Plans and Visioning
- Community Outreach and Meeting Facilitation
- Transportation Planning
- Environmental Planning Services – CEQA and NEPA Compliance
- Geographic Information Systems (GIS) Mapping and Data Management
- Land Use and Community Plans
- Hazard Mitigation and Emergency Management Planning
- Grant Writing
- Project Management
- Site Selection, Design and Feasibility Studies

We pride ourselves on serving client needs, engaging the public in visioning and place-based strategies, providing concise and engaging work products, and implementing comprehensive planning programs that serve to maximize the potential for implementation based on available and potential resources.

With regard to LAFCO staffing and support services, Planwest has prepared Municipal Service Reviews (MSR) and Sphere of Influence (SOI) updates in Humboldt, Shasta, Del Norte, Butte, Trinity, Sonoma, Mendocino, El Dorado, Solano, Marin and San Diego. Through our contract LAFCO work and regular attendance at both CALAFCO Conferences and Staff Workshops, we remain abreast of current Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) regulations and LAFCO policies as they relate to the efficient delivery of services, including:

- **Familiarity with the CKH Act, the role and functions of LAFCO, and the dissolution process for special districts.**

Planwest has a deep understanding of the CKH Act and has provided consulting staff services to LAFCOs for over fifteen years. The firm currently provides professional staffing services to Humboldt, Del Norte, Trinity, and Shasta LAFCO's providing Executive Officer, staff analysts, and clerk/administrator services. In this role, Planwest has processed applications for changes in organization and reorganization, prepared spheres of influence and municipal service reviews, and provided direct support to local agencies in evaluating governance and boundary change options. Planwest has overseen complex reorganizations that include dissolution and district formation.

- **Knowledge of fire protection service provision in California (fire departments, fire districts, and volunteer fire companies).**

Planwest has particular knowledge of fire protection services, fire-related districts (this term is used to reflect that Planwest works with fire protection districts, community services districts, resort improvement district, county service areas, cities, and joint powers authorities who provide fire protection services) staffed by career and volunteer firefighters, and volunteer fire companies not associated with a district. The firm prepared the first comprehensive review of fire protection services for Humboldt County, the Humboldt County Master Fire Protection Plan in 2006. Since that time, Planwest through providing staffing services to Humboldt LAFCo and as members of County Planning staff have provided direct strategic planning and application support to volunteer fire companies in the formation of three new fire protection districts, two large fire district annexations, and one large fire district reorganization that involved the operational merger with three volunteer fire companies. Planwest has also participated in the Humboldt County fire services planning team developing a master property tax exchange framework to encourage fire district consolidation and annexation, providing support to fire protection district assessment and special tax administration, and identifying opportunities for fire district reorganization, annexation, and revenue enhancement to improve and sustain services within the county.

- **Management level understanding of how local governmental services are delivered and financed.**

Planwest provides consulting services to LAFCOs and has prepared numerous fire-related service reviews which focus on local government service delivery and finance. Specific to fire-related districts, Planwest has supported local agencies in the development of shared services agreements and joint powers agreements to improve level of service and reduce overall service costs. Planwest has assisted fire-related districts in securing new revenue by preparing comprehensive fire suppression assessment documents pursuant to Proposition 218 requirements for engineers' approval, preparing the necessary analysis and justification for fire suppression special tax ordinances and election proceedings, and conducting the analysis and preparing draft agreements for the exchange of property tax revenue for fire protection district annexations. Planwest has also prepared budgets based on prior volunteer fire company expenditures and planned future improvements and proposed special taxes for new fire protection district formations.

- **Expertise in the financial analysis of local governmental service delivery systems, including identifying financing constraints / opportunities and cost avoidance opportunities.**

Planwest has experience evaluating local governmental finances and service delivery, including identifying financing constraints / opportunities and cost avoidance opportunities. In preparing the property tax exchange framework to encourage fire district consolidation and annexation, Planwest performed an exhaustive inventory of sources of revenue and mechanisms for cost recovery. Planwest has provided fire protection support services primarily in rural areas, where limited population and low assessed value are among the most significant constraints for fire service financing. Beyond evaluating the potential for cost avoidance as part of service reviews, Planwest has also provided planning and technical support services to fire department mergers which have reduced and avoided governance and administrative costs.

- **Expertise in governance structure analysis, including evaluating government structure options (advantages and disadvantages of the consolidation or reorganization of service providers).**

As part of the Humboldt County fire services planning team, Planwest staff have prepared detailed analyses of organizational options for fire-related districts and volunteer fire companies. These analyses have identified advantages and disadvantages relating to level of service, authority, governance, revenue, timing, and community acceptance, among other things, of different structures for consolidating or reorganizing service providers. Our team is experienced in conducting independent agency research and documenting an agency's development over time, in addition to objectively reviewing the current status and capabilities of providing municipal services.

- **Ability to analyze and present information in an organized format.**

Service reviews and special studies can often contain complex and detailed information based on industry specific reports and language. In an effort to make MSRs more readable, Planwest strives to convey complex ideas in a simple and easy to read format that is accessible to a wide range of readers. It is our goal that service reviews are used as a resource document for agencies and the public who are interested in learning more about agencies included in the report.

- **Familiarity with public input processes and experience in handling the presentation and dissemination of public information for review and comment.**

Providing LAFCO staffing services has given us considerable experience presenting public information for review and comment to LAFCO member organizations and LAFCO Commissions. Planwest offers a high level of experience in broad-based public review and participation in keeping with client goals and are available to make public presentations as needed. We also develop outreach and informational materials for public engagement.

- **Experience in fostering multi-agency partnerships and cooperative problem-solving.**

Planwest staff has worked closely with fire departments, large and small, to gather service and financial information and garner interest in and support for broader regional cooperation, changes in organization and reorganization for over 15 years. The combination of experience we have gained in working closely with fire departments, and the fact we have a former firefighter on staff, helps us understand and effectively communicate with fire departments.

- **Ability to provide flexible and creative alternatives where necessary to resolve service and policy issues.**

Planwest recognizes that effective leadership and political will is necessary for boundary and governance changes to be successful. We recognize the importance of communication (early and often) as well as presenting information that considers a full range of governance options and cooperative agreements, including opportunities for revenue enhancement to improve and sustain services.



## **RSG, Inc.**

RSG, Inc. is a California-based, Subchapter “S” Corporation. Founded in 1979, the firm is currently managed by active Principals Jim Simon and Tara Matthews. We maintain three offices in California, including our main office in Irvine and two satellite offices in Berkeley and Vista.



RSG is a creatively charged counterpart to California public agencies. We work with the people responsible for creating vibrant places to accomplish their goals. The inspired leaders at RSG create stronger communities capable of achieving bolder futures by bringing more than four decades of native knowledge to each engagement. As diverse as the agencies we work with, our services span real estate, economic development, fiscal health, and housing initiatives.

For RSG, Fiscal Health is about more than just numbers – it’s about community livelihood. Think of fiscal health as the oxygen of a community. A local government with a robust fiscal health is able to fully function to meet the needs of its residents and businesses, while on struggling must meet the same demands but with limited capability.

Either way, RSG strives to add clarity when performing our fiscal health services. Our staff recognizes value in presenting financial data that is not only accurate, but insightful to decision makers, be they investors in municipal financings, elected officials weighing the consequences in the policy choices available, or the public seeking transparency in a complex manner in which local services are funded.

Communities need to be served by their local government as this is not just a luxury, it is a right. Having worked with a variety of communities, we see those that suffer from a lack of resources strive to rise above their circumstances and find resolution. Underprivileged cities and districts lack the financial resources required to help build and sustain communities capable of offering their residents amenities like municipal services, senior services, economic development programs and affordable housing, among other basic needs. Through our fiscal health services, we strive to pave the way for those communities and help them obtain access to the same services as communities who do not face those same struggles. Our overall goal is to help empower agencies by providing them with the tools they need to help their communities thrive and have access to the resources needed to secure sustainability and quality of life.

## **B. TEAM ORGANIZATION**

The Planwest team has assigned members of our consulting team all with experience working with LAFCOs, preparing MSRs, and overseeing complex fire reorganizations necessary to complete the fire services study for Santa Cruz LAFCO. The team includes Colette Santsche AICP, Principal Planner, John Miller, Project Manager, Krystle Heaney AICP, Senior Planner, and Jason Barnes GIS Manager. Additional staff will be assigned as needed.

The RSG team will be led by Jim Simon, Principal, who has led RSG’s work for LAFCOs, cities and special districts for much of his 31 year career at RSG. Other team members include Brandon Fender, Associate and Wesley Smith, Senior Analyst.

Patrick McCormick who worked as Executive Officer of Santa Cruz LAFCO for close to 40 years will serve as Senior Advisor.

Resumes for key consulting staff are enclosed.

## C. TEAM QUALIFICATIONS

### *Planwest Partners Inc.*



#### **Colette Santsche, AICP – Principal / Partner**

Colette Santsche is a certified planner and partner at Planwest Partners with over ten years of experience working with local economic development agencies and other public sector clients doing project management, promotion, marketing, community outreach and more. Most recently, she assisted Crescent City Fire & Rescue to develop a 10 Year Financial Master Plan, including implementing successful funding measures for both the City of Crescent City and Crescent Fire Protection District. She currently serves as the Executive Officer for Humboldt and Trinity LAFCo and is an active participant of the Humboldt County fire services working group in coordination with Humboldt County Fire Chiefs Association. In this role she provides technical assistance to support fire services sustainability models through annexation/reorganization/consolidation. Most recently in 2020, she assisted Rio Dell Fire Protection District with an annexation/consolidation with three other volunteer fire companies. Her experience providing staffing support to LAFCOs provides her with unique insights into the needs of small agencies throughout Northern California.



#### **John Miller – Project Manager**

John Miller has nearly 28 years of experience working for, and consulting to, local government in land use and environmental planning, local government organization, and land use economics. Mr. Miller has worked as a long-range and project land use planner, analyst for a Local Agency Formation Commission, military base conversion project manager, consulting planner for local agency land use and environmental planning and land use economics, Tribal planner, and interim city manager. As a Senior Planner for Humboldt County, Mr. Miller served for 15 years as part of a small multi-disciplinary team to address countywide fire services capacity, assisting in all aspects of the formation of three fire protection districts, a regional fire district annexation including a merger with three volunteer fire companies, and several district annexations, preparing long-range expenditure and revenue projections, service level analysis, property tax exchange agreements, and developing new special taxes to support fire protection services. In addition, Mr. Miller has completed comprehensive county general plan updates, comprehensive plan- and project-level CEQA documents, and local agency fiscal impact analyses. Mr. Miller was also a volunteer firefighter for a fire protection district for over 14 years, with extensive training and serving at various times as apparatus operator, training officer and Assistant Chief.



#### **Krystle Heaney, AICP, Senior Planner**

Krystle has 9 years of experience in local and regional planning activities ranging from CEQA documentation and natural resources planning to regional and local municipal services planning. She acts as the Humboldt LAFCo Clerk and is responsible for managing the preparation of MSR/SOI updates and processing applications for changes of organization including the recent Rio Dell Fire Protection District annexation which consolidated multiple volunteer organizations along the Eel River Valley. She is also well versed in CEQA/ NEPA requirements and has prepared Initial Studies, Mitigated Negative Declarations, Focused Environmental Impact Reports, and Addendums as well as supporting NEPA crosscutter documentation.



#### **Jason Barnes, GIS Analyst**

Jason Barnes will serve as the team GIS analyst. Jason has over 10 years of experience working as an analyst, technician, cartographer, programmer, and university lecturer in the GIS field. His art background and broad technical experience lends well to GIS and cartographic visualization and communication. He has both principal and project management experience on a wide range of projects from socio-spatial, transportation, interactive mapping, and large area climate projects. He has been involved in activities involving many local consulting, non-

profit, and federal agencies. He is currently on the board of directors for the Bigfoot Trail Alliance and is in the process of receiving his GIS Professional (GISP) certification through the GIS Certification Institute.

## **D. SUB-CONSULTANTS**

### ***RSG, Inc.***



#### **Jim Simon, RSG Principal and President**

In his work, Jim delivers intelligence, innovation and passion to projects requiring his unparalleled expertise in fiscal health, real estate and economic development. For over 30 years, Jim is proud to have led projects that have resulted in the investment of over \$10 billion in private and public capital, transforming cities and communities across California. As President of RSG, Jim is helping to shape the next generation of the firm's legacy - leading RSG's team of inspired, creative and insightful consultants that serve over 100 communities each year.



#### **Brandon Fender, Associate**

Brandon specializes in providing support in real estate feasibility, economic and fiscal impact analyses, and housing administration. He is most engaged when his research translates to solutions for local governments and access to healthy and safe environments for their citizens. In 2014, Brandon became an entrepreneur, starting the Good Beer Company, the first brewery and tasting room in Santa Ana. After five years of success from concept, to business plan and fundraising, to opening a warehouse location, Brandon sold the brewery and returned to RSG, with a direct appreciation for the life of the small business owner which he applies to his work at the firm.



#### **Wesley Smith, Senior Analyst**

Wesley has a background in local government, public transportation, government relations, and policy analysis. Wesley has performed cost-benefit analyses of public finances, rent affordability analyses, and best practice assessments of workforce development policies. In addition to a substantial role analyzing data and drafting the Riverside LAFCO 28 Cities MSR, Wesley's experience includes an annexation study of the Martinez sphere of influence, a special study for formation of a new fire district in Eastern Plumas County, mapping disadvantaged unincorporated communities for Riverside LAFCO as well as CALAFCO based on recent Census data,

and many fiscal and economic impact studies.

## Patrick McCormick



### Patrick McCormick, Senior Advisor

Pat worked as Executive Officer of Santa Cruz LAFCO from 1980 to 2019. During that time period, he prepared numerous sphere of influence and service reviews, and staff reports on proposals for organizational changes. For four years, he was chair of the CALAFCO Legislative Committee during which period the “Gotch bill” was drafted and passed, implementing changes in law that CALAFCO advocated to improve LAFCOs’ effectiveness. His last major project in 2018-19 was supervising the preparation of a service review to evaluate the option of consolidating two fire districts in urban and rural areas of the midcounty of Santa Cruz County.

## E. EXPERIENCE

Relevant project experience for the Planwest team is summarized below; including brief project descriptions with client reference names and phone numbers.

### *Planwest Related Projects / References*

#### CITY OF PORTOLA AND LOCAL EMERGENCY SERVICES STUDY GROUP FEASIBILITY STUDY FOR A NEW FIRE DISTRICT IN EASTERN PLUMAS COUNTY

Planwest is currently leading a team of services professionals including RSG and fire services specialist John McFarland in development of a feasibility study for a new fire protection district in eastern Plumas County. In late 2017 the City of Portola was alerted to deficiencies in its volunteer fire department which was ultimately issued stand down orders. This eventually led to a contract for services with Beckwourth Fire Protection District and a larger scale planning effort to evaluate the level of fire services in the eastern portion of the county. As part of the feasibility study, the Planwest team is coordinating with fire and emergency service providers in the region to establish the best path forward. This will ultimately result in an application to the Plumas Local Agency Formation Commission for a new fire protection district and special tax funding measure that would consolidate fire service functions provided by Beckwourth Fire Protection District, Sierra Valley Fire Protection District, City of Portola, and Gold Mountain Community Services District.

**Contact:** Daniel Smith, Beckwourth Fire Protection District  
**Address:** 35 Third Ave/ PO Box 1225, Portola, CA 96122  
**Phone/Email:** 209-629-7203/ grizzlyrider0@gmail.com  
**Date of Completion:** In progress  
**Project Manager:** Colette Santsche, AICP

#### RIO DELL FIRE PROTECTION DISTRICT ANNEXATION/CONSOLIDATION

Planwest acting as LAFCO staff, assisted with technical assistance and coordination efforts between four different agencies which culminated in a consolidation proposal through the strategic use of Annexation. The action allowed the Rio Dell Fire Protection District (FPD) to annex areas primarily served by the Scotia, Shively and Redcrest Volunteer Fire Companies, and included the divestiture of fire protection powers by the Scotia Community Services District. The operations of the four fire departments were officially merged into one efficient, effective, and sustainable emergency services system. This proactive, sustainable solution will make it possible to meet the



area's current and future fire and emergency service needs with a regional district model, allowing for an improved economy of scale and associated benefits.

The annexation provided for the consolidation of fire protection service operations and administration while also retaining the important local identity of each community's fire department. Each of these volunteer departments regularly respond and trained together, and historically relied on each other for mutual aid response and support. Now, as part of the consolidation, Rio Dell, Scotia, Redcrest, and Shively have each become battalions of the expanded district. Response capabilities have been improved by establishing a command structure through the appointment of battalion chiefs and a regular duty officer program. To ensure efficiency, pager tones have been modified to provide a focused response, calling on firefighters only from within a single battalion for typical medical calls that require limited resources, and using an all-call dispatch for incidents requiring additional resources. This system has resulted in additional resources and capacity to respond to more remote areas that can be promptly cancelled by the duty officer if they turn out not to be needed. This new structure has energized the volunteer firefighters and has increased participation at meetings, trainings, and incidents.

Planwest, in coordination with county staff and the Humboldt County Fire Chiefs' Association, continues to assist with planning and technical assistance to address challenges that are impacting the sustainable provision of fire and rescue services throughout the county. Once an application is formally submitted to LAFCO, Planwest is responsible for processing the application in accordance with the CKH Act. This includes proper noticing, development of factors as outlined in Government Code §56668, and filing with the State Board of Equalization.

**Contact:** Shane Wilson, Fire Chief  
**Address:** 50 West Center St, Rio Dell, CA 95562  
**Phone/Email:** (707) 496-7215/ shanewilson@riodellfire.com  
**Date of Completion:** July 2020  
**Project Manager:** Colette Santsche, AICP



#### FALL RIVER VALLEY FIRE PROTECTION DISTRICTS CONSOLIDATION

Planwest staff, serving as Shasta LAFCO Executive Officer and Analysts, processed the consolidation of three fire protection districts in the Fall River Valley area of eastern Shasta County and portions of Modoc and Lassen Counties. The three fire districts, now consolidated into the Fall River Valley FPD, included Northwest Lassen, Fall River Mills, and McArthur. Proceedings for this consolidation were initiated by resolutions of application by each of the participating District Boards. Planwest staff conducted several meetings with the Boards and volunteers at the fire stations to review the consolidation and develop a plan for services. The consolidated district covers approximately 54,500 acres and is now proposing a subsequent annexation of an additional 23,000 acres. The purpose of the consolidation was to streamline fire protection, rescue and EMS provided to Eastern Shasta County and NW Lassen communities. Planwest staff also prepared the Intermountain Fire Districts Municipal Services Review (MSR) and Sphere of Influence (SOI) update in 2018. This addressed fire protection services in the now consolidated district as well as emergency medical response, provided by ambulance service associated with Mayers Memorial Hospital District.

**Contact:** Jeff Oldson, Fire Chief  
**Address:** 43155 CA-299, Fall River Mills, CA 96028  
**Phone/ Email:** (530) 336-5026 / chief16@mcarthurfire.org  
**Date of Completion:** July 2021  
**Project Manager:** George Williamson AICP

## CRESCENT CITY FIRE & RESCUE 10 YEAR FINANCIAL MASTER PLAN

Planwest Partners prepared the Crescent City Fire & Rescue 10 Year Financial Master Plan, which represented the culmination of more than 15 years of cooperation and shared services by the fire department's parent agencies – the City of Crescent City and the Crescent Fire Protection District. The Master Plan documents the tremendous value in the City and District partnership and evaluates ways in which economies of scale and shared resources could fiscally and operationally benefit both partner communities.

This was the first stand-alone Master Plan for Crescent City Fire & Rescue. Planwest staff worked with a 2x2 ad hoc committee of city and district representatives, staff and members to document current and projected service needs and to identify the costs associated with delivering these services over a 10-year period. The financial master plan identified priority actions and funding needed to support volunteer staffing programs, additional paid positions, critical apparatus and equipment replacement, expansion of recruitment/incentives and training capacity with the goal of aligning its core programs and services with the needs of the community so as not to over-serve, and most importantly, not under-serve those needs.

Following adoption, Planwest assisted both the City and District with implementing funding measures necessary to implement the 10 Year Financial Master Plan. Crescent City received voter approval of Measure S, a half-cent sales tax measure and Crescent FPD received property owner approval for a special assessment. Planwest assisted in preparing Resolutions, Ordinance, Notices and Ballots in accordance with Prop 218, coordinating with the election's office for ballot tabulation, attending informational community meetings, and developing informational materials for the district's website and social media.

**Contact:** Bill Gillespie  
**Address:** 255 W Washington Blvd, Crescent City, CA 95531  
**Phone/ Email:** (707) 464-2421 / bgillespie@crescentcity.org  
**Date of Completion:** July 2021  
**Project Manager:** Colette Santsche AICP



## TRINITY LIFE SUPPORT COMMUNITY SERVICES DISTRICT FORMATION

Planwest, acting as Trinity LAFCo staff, assisted with coordination of efforts for formation of the Trinity Life Support Community Services District for the purpose of providing ALS ambulance service and funding for two 24/7 ambulances staffed for emergencies stationed in Weaverville and Hayfork. Trinity County is noted for its rural landscapes that feature steep mountainsides and vast tracks of forested land. However, due to the rural nature of the county, emergency services and transport require reliable funding and staffing to ensure the community is adequately served. Planwest, as Trinity LAFCo staff, also processed the application which was approved by the commission in June 2020, subject to the following terms and conditions:



1. Majority voter approval to confirm the CSD formation
2. Selection of district board of directors elected at-large
3. 2/3rds voter approval of a special tax to support and maintain services

Planwest worked closely with the County Board of Supervisors, Office of Elections, and Recorder. This included proper noticing, preparation of resolutions, impartial analysis and election coordination including the form of ballot measure language for the proposed district formation in accordance with Government Code Section 57133 (k).

**Contact:** Kathleen Ratliff, Trinity County Life Support Administrator  
**Address:** 610 Washington St, Weaverville, CA 96093  
**Phone/Email:** (530) 356-4741 / kratliff@tcls.org  
**Date of Completion:** December 2020  
**Project Manager:** Colette Santsche AICP

### ***RGS Related Projects***

#### **COMPREHENSIVE FISCAL ANALYSIS, OLYMPIC VALLEY – PLACER LAFCO (2015 to 2016)**

RSG was retained by Placer LAFCO in 2015 to prepare a comprehensive fiscal analysis for the incorporation of Olympic Valley, located in eastern Placer County near Lake Tahoe. The fiscal analysis entailed evaluation of a particularly unique community – one with a very small permanent resident population (less than 1,000 full-time residents) and a very large seasonal population (by some measures at least 10,000), coupled with a relatively substantial expansion of the Squaw Valley Resort with additional lodging, commercial, and recreational uses that was concurrently being processed by the County Planning Department. The fiscal analysis concluded that the Town would not likely be feasible for incorporation for many reasons, which led to several contentious meetings with a divided community. Unique to this process was a pre-emptive request for the CFA review prior to the public review draft being released to the public. The State Controller upheld the CFA findings after which the incorporation proponents withdrew their application for incorporation.

**Contact:** Kris Berry, Executive Officer  
**Agency:** Placer LAFCO  
**Address:** 110 Maple St, Auburn, CA 95603  
**Email:** kberry@placer.ca.gov  
**Phone:** 530.889.4097

#### **MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATES FOR THE CITIES OF WHITTIER AND LA MIRADA**

RSG was retained in June 2020 by the Local Agency Formation Commission (“LAFCO”) for the County of Los Angeles to provide Municipal Service Review (“MSR”) and Sphere of Influence (“SOI”) updates for the cities of La Mirada and Whittier. RSG is currently reviewing each agency’s SOI area in accordance with California Government Code Sections 56425 and 56430 and LAFCO’s local guidelines. The MSR will be designed to: (1) meet the requirements of the law for LAFCO to conduct periodic MSRs and SOI updates, specifically with respect to the following services: animal control, broadband, building/planning, law enforcement, library, lighting, parks & recreation, solid waste, streets/roads, storm water, and utilities (including gas, electricity/community choice aggregation). Our MSR/SOI updates will not address water, wastewater, and fire/emergency services as these were recently addressed in separate 2nd round updates for the cities.

**Contact:** Paul Novak, Executive Officer  
**Agency:** Local Agency Formation Commission for the County of Los Angeles  
**Address:** 80 S Lake Ave #870, Pasadena, CA 91101  
**Email:** pnovak@lalafco.org  
**Phone:** 626.204.6500

## MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE OF THE CONSOLIDATED FIRE PROTECTION DISTRICT OF THE COUNTY OF LOS ANGELES (2020)

RSG was retained by the Local Agency Formation Commission for the County of Los Angeles in 2019 to perform a Municipal Service Review and Sphere of Influence update for the Consolidated Fire Protection District of the County of Los Angeles and their identified affected agencies. RSG is reviewed each agency's sphere of influence area in accordance with California Government Code Sections 56425 and 56430 and LAFCO's local guidelines. The MSR was designed to meet the requirements of the law for LAFCO to conduct periodic MSRs and SOI updates, specifically with respect to the urban and rural fire protection services provided by CFPD to existing local agencies and five possible fee-for-service agencies (La Verne, Manhattan Beach, Redondo Beach, San Gabriel, and Vernon).

**Contact:** Paul Novak, Executive Officer  
**Agency:** Local Agency Formation Commission for the County of Los Angeles  
**Address:** 80 S Lake Ave #870, Pasadena, CA 91101  
**Email:** pnovak@lalafco.org  
**Phone:** 626.204.6500

## CITIES MUNICIPAL SERVICES REVIEW – RIVERSIDE LAFCO (2020-2021)

RSG is currently drafting the municipal services review for the 28 cities in Riverside County, including updating the maps of disadvantaged unincorporated communities using updated Census data released in December 2020. The MSR addresses both the basic requirements under state law and also considers various policy focus areas such as several metrics on overall fiscal condition. An initial draft has been provided to LAFCO staff for internal review and RSG is currently working on a completing the public review draft, with the expectation of Commission consideration in late 2021.

**Contact:** Crystal Craig  
**Agency:** Riverside LAFCO  
**Address:** 6216 Brockton Ave suite 111-b, Riverside, CA 92506  
**Email:** ccraig@lafco.org  
**Phone:** 951.369.0631



#### DESERT HEALTHCARE DISTRICT ANNEXATION – DESERT HEALTHCARE DISTRICT (2017)

Shortly after the Governor signed Assembly Bill 2414 requiring the Desert Healthcare District to submit an application and plan for services to expand its service area to add nearly 1,800 square miles of populated territory in east Coachella Valley (Riverside County), RSG was retained as part of a consultant team to prepare a fiscal analysis of the implications of the proposal. Under AB 2414, a plan for services and fiscal analysis was required to be submitted to Riverside LAFCO in January 2017, less than 6 weeks from the date our firms were retained to perform these services. RSG evaluated the existing revenue and expenditure model, which is comprised of a contract with a private provider for operation of the regional medical center and other grants and programs administered directly by the District, estimating the potential cost of such services based on an assumed comparable level of services needed in the proposed annexation area, and identifying and evaluating the financial and political feasibility of various operating revenue generating options.

**Contact:** D. Chris Christensen, Chief Financial Officer  
**Agency:** Desert Healthcare District  
**Address:** 1140 N Indian Canyon Dr, Palm Springs, CA 92262  
**Contact:** cchristensen@dhcd.org  
**Phone:** 760.323.6365

#### FISCAL HEALTH MODEL – CITY OF IRWINDALE (2017 to 2018)

RSG developed a fiscal health model to allow the City of Irwindale Finance Department to forecast revenues and expenditures based on a variety of user-defined scenarios. This model enables Irwindale to consider long term implications of short-term fiscal and budget policies, plan for OPEB and pension outflows, and forecast the benefits of economic development activities. RSG also frequently prepared forecasts of potential revenues stemming from near-term development in the City, and previously completed a comprehensive review of Irwindale's business license fee to ensure it was both appropriate and competitive.

**Contact:** Eva Carreon  
**Agency:** City of Irwindale  
**Address:** 5050 N. Irwindale Avenue, Irwindale, CA 91706  
**Email:** ecarreon@ci.irwindale.ca.us  
**Phone:** 626.430.2221

# Approach and Scope of Work

## A. PROJECT UNDERSTANDING AND APPROACH

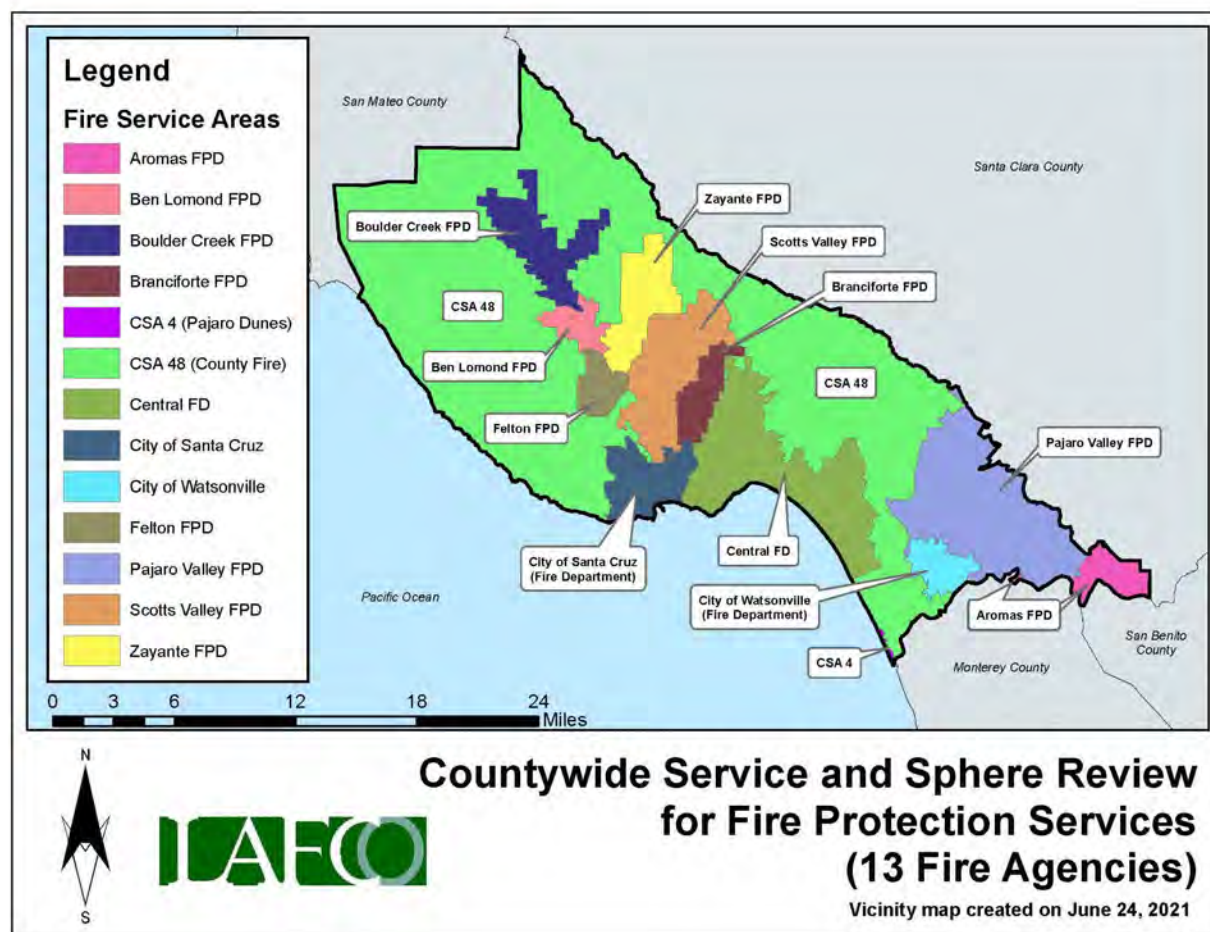
County Service Area (CSA) 48 ("County Fire Department ") and CSA 4 ("Pajaro Dunes") are dependent special districts, formed pursuant to County Service Area Law (Section 25210 et. seq of the California Government Code) and governed by the Board of Supervisors as the Boards of Directors, to provide fire protection to those portions of Santa Cruz County outside the boundaries of incorporated cities and fire protection districts. CSA 48 and CSA 4 are funded through ad valorem property tax revenue, the levy of fire suppression assessments, and fees for service. CSA 48 and CSA 4 are managed by CAL FIRE through a cooperative agreement with Santa Cruz County. Fire protection services are provided by a combination of career CAL FIRE and Santa Cruz County firefighters as well as management and training support for five volunteer fire companies with 65-75 volunteer firefighters. District facilities include five volunteer fire stations, and the cooperative agreement provides for five year-round CAL-FIRE stations and two seasonal CAL-FIRE stations. District apparatus includes a fleet of 17 fire engines, 3 water tenders, and 5 rescue vehicles.

County Fire's response area has a residential population of approximately 24,000 persons and is rural and geographically diverse. There are over 2,000 calls for services within CSA 48 and CSA 4 each year. Mutual and auto aid response agreements exist between County Fire and neighboring agencies. The Santa Cruz County Board of Supervisors appoints a seven-member Fire Department Advisory Commission to monitor, study, and advising the County Fire Chief and the Board of Supervisors on matters relating to County Fire including preparing a master plan, how services can be improved and made more cost effective, budget priorities, and the role or mission of the volunteer fire companies.

Santa Cruz LAFCO seeks a consultant to prepare special study to evaluate the most feasible alternatives and the impacts of potential detachments of territory from CSA 4 (259 acres or 0.4 square miles) and CSA 48 (167,153 acres or 261 square miles) and concurrent annexation of detached territory to neighboring independent fire protection districts. The 2021 Countywide Fire Protection Service and Sphere Review identifies a series of staff recommendations relating to CSA 48, which are summarized in the following table, which also contains general information about the seven fire protection districts, whose SOIs overlap CSA 48 to some degree:

District	Size (sq. mi.)	Stations	Type	LAFCO-Identified Potential Reorganization
Ben Lomond	4,167 acres (6.5 sq. mi.)	1	Combination (1 Full-Time and 1 part-time employee and 30 volunteers)	Annex SOI that includes CSA-48; consider reorganization with Ben Lomond, Branciforte, Scotts Valley FPD, Zayante FPDs
Boulder Creek	11,273 acres (18 sq. mi.))	2	Combination (1 Full-Time and 1 part-time employee and 43 volunteers)	Annex SOI that includes CSA-48
Central	25,400 acres (55 sq. mi.))	7	Primarily Career 101 Full-Time and 1 part-time employee, 3 seasonal, and 10 volunteers)	Annex SOI that includes CSA-48
Felton	4,052 acres (6 sq. mi.)	1	Combination (2 Full-Time and 3 part-time employee and 32 volunteers)	Annex SOI that includes CSA-48

District	Size (sq. mi.)	Stations	Type	LAFCO-Identified Potential Reorganization
Pajaro Valley	30,268 acres (47 sq. mi.)	1	Career 9 Full-Time and 1 part-time employee	Annex SOI that includes CSA-48
Scotts Valley	13,465 acres (21 sq. mi.)	2	Primarily Career 28 Full-Time and 1 part-time employee, 3 seasonal, and 15 volunteers)	Annex SOI that includes CSA-48, consider reorganization with Branciforte or larger reorganization with Ben Lomond, Branciforte, Scotts Valley FPD, Zayante FPDs
Zayante	11,451 acres (18 sq. mi.)	2	Combination (3 Full-Time and 2 part-time employee and 28 volunteers)	Annex SOI that includes CSA-48 and consider reorganization with with Ben Lomond, Branciforte, Scotts Valley FPD



## B. SCOPE OF WORK

### ***Task 1: Preparation and Data Collection***

The Planwest team will conduct a kickoff meeting (a virtual meeting is acceptable) with Santa Cruz LAFCO staff upon contract commencement. This meeting will cover the collective understanding of the scope of work and schedule for the project, project objectives and possible outcomes, assignment of roles and responsibilities, and identify and agree upon the communication methods and frequency that will be expected throughout the duration of the contract. Should the kickoff result in scope changes, a revised task list and adjusted budget, if needed, will be provided for authorization.

We also plan to discuss how agency interviews and data collection should be conducted. As LAFCO staff knows, collection of GIS, demographic, fiscal, and economic data are critical at this early stage in order for the effective execution of stakeholder interviews and analysis. The Planwest team will request the GIS data used in the preparation of the Santa Cruz LAFCO Countywide Fire Protection Service and Sphere Review (2021), including spheres of influence, station locations, and drive time analysis. The Planwest team will evaluate road networks and geography between independent fire protection districts and CSA 48 and expand upon the drive time analysis, as necessary. The Planwest team will compile Santa Cruz County GIS shapefiles and augment this spatial data with the County assessment roll, DOF demographic data, district budget and audit information as available, fire suppression special tax and assessment establishment documents and details, property tax information (ideally tax allocation factors by tax rate area), the most recently available fiscal transactions report data from the SCO, and other publicly available information.

Upon the completion of a detailed review of existing cooperative agreements, Planwest will contact Santa Cruz County, the Pajaro Valley FPD, and CAL FIRE to gather addition details regarding the delivery of fire protection services within CSA 48, CSA 4, and the PVFPD. Planwest will also seek to gather and understand fire-related mutual and automatic aid agreements and other agreements between fire departments in Santa Cruz County such as the self-contained breathing apparatus joint powers authority, and recently expired contracts regarding fire protection. Using this information, we will compile a financial database and digital library for each agency and use this information to create an informed survey instrument that will be deployed in advance of each stakeholder interview as part of Task 2.

#### ***Timing and work products:***

- *June – July 2022*
- *Deliverables: Schedule, maps, historical financial database and revenue matrix for internal use*
- *Milestones: Kick-off meeting with LAFCO staff*

### ***Task 2: Agency Interviews, Data Analysis, and Preliminary Findings***

During this task, the Planwest team will conduct interviews with affected agencies and analyze land uses and population concentrations within CSA 48 and prepare preliminary service area mapping. Given the number of agencies involved, the Planwest team envisions preparation of a standard template of questions to be discussed with each agency, augmented by specific questions that may be identified in Task 1 during the data collection and review phase. Planwest would request that LAFCO provide an introductory letter to inform the agencies of the study and request their cooperation in our research. Planwest would then individually contact and schedule Zoom interviews with management of each affected agency. Planwest recommends developing a web-based GIS application where geographic data can be made available to affected agencies to facilitate the identification of “opportunity” or “problem” areas and to allow the geographic service options to be discussed in detail during interviews.



Survey information will be summarized and preliminary findings and service area mapping would be compiled with a matrix which offers a range of reorganization options, issues, opportunities and process steps, to be distributed, and presented to Santa Cruz LAFCO Executive Officer. Planwest would seek input and comments on the preliminary findings and seek to resolve any outstanding questions. CKH procedural requirements and Santa Cruz LAFCO policies and procedures will be reviewed and summarized for each reorganization option considered.

Timing and work products:

- July – September 2022
- Deliverables: Survey instrument, Interview feedback summary, Preliminary findings
- Milestones: Agency Interviews

### **Task 3: Administrative Draft Fire Services Study**

The Planwest team will prepare an Administrative Draft Report for review by Santa Cruz LAFCO Executive Officer. The report will address the following determinations required in Government Code Section 56881. [Government Code Section 56375(a)(2)(F) & (a)(3)]:

1. Public service costs of the proposal is likely to be less than or substantially similar to the costs of alternative means of providing the service.
2. The proposal promotes public access and accountability for community services needs and financial resources.

The fire study will include information and analysis necessary for the Commission to evaluate if it can make the above required determinations. The report will be sent electronically to LAFCO staff for review prior to a virtual meeting to discuss staff's comments and edits. The Planwest team will incorporate comments, edits, and corrections based on staff comments.

Timing and work products:

- October – December 2022
- Deliverables: Administrative Draft

### **Task 4: Public Review Fire Services Study**

The Planwest team will prepare a Public Review Draft Fire Services Study with updated information addressing comments received during the administrative draft review phase. An electronic copy will be sent to LAFCO staff for final review and distribution. LAFCO staff will distribute the Draft Report to the Commission and all affected agencies and interested parties for a 21-day public review and comment period. The Planwest team will respond in writing to comments received during the 21-day review period and attend a Commission public hearing to provide a summary presentation of the report, discuss issues and concerns, and respond to questions.

Any comments or questions received during the first public review period would be addressed in writing and reflected in a Revised Draft Report. Planwest would attend a Commission public hearing to present the updated Revised Draft Report, discuss any changes or updates, and respond to questions. The Revised Draft Report would be distributed for a 21-day review period. Planwest would compile comments, and questions submitted during the Revised Draft Report review period and prepare a written response.

Timing and work products:

- January – March 2023

- *Deliverables: Public Review Fire Services Study, Public Review MSR comment memorandum*
- *Milestones: LAFCO public hearing*

### ***Task 5: Final Fire Services Study***

The Planwest team will utilize the comment memorandums to log comments, edits, and corrections from the Commission, affected agencies, and the public for the Final Fire Services Study. The final report will be revised to incorporate applicable comments and be provided to LAFCO staff for distribution to the Commission. Planwest will attend in-person the final public hearing. Upon approval, Planwest will transmit three hard copies and electronic versions (PDF and DOCX format) of the final-approved report to LAFCO staff.

#### **Timing and work products:**

- *April – May 2023*
- *Deliverables: Final Fire Services Study*
- *Milestones: LAFCO public hearing*

## Project Schedule

The following is an outline of the anticipated schedule, by task, for the Fire Services Study contingent on contract approval June 1, 2022.

<b>Tentative Timeline (contract approval June 1, 2022)</b>	<b>Task Description</b>
June – July 2022	Task 1: Preparation and Data Collection
July – September 2022	Task 2: Agency Interviews, Data Analysis, and Preliminary Findings
October – December 2022	Task 3: Administrative Draft Fire Services Study
January – March 2023	Task 4: Public Review Fire Services Study
April – May 2023	Task 5: Final Fire Services Study

## Cost and Billing Rates

The Planwest team has prepared a cost estimate which is provided in detail as Attachment B. The cost has been prepared utilizing the following rate schedule and is proposed at an amount not to exceed \$50,000. All work is billed on a time and materials basis with monthly invoices identifying progress completed for each task, hours expended and the hourly rate. Additional services outside the scope of work may require a contract amendment.

<b>Planwest Partners, Inc.</b>	<b>Rate/ hr</b>
Principal Planners/Project Manager	\$140
Senior Planner	\$120
GIS Manager	\$100
Associate Planner	\$100
Assistant Planner	\$90
Planning Technician	\$80
<b>RSG, Inc.</b>	
Principal/ Director	\$235
Associate	\$160
Senior Analyst	\$135
<b>Patrick McCormick</b>	
Senior Advisor	\$130

## Contract and Insurance Coverage

Planwest has reviewed the sample contract language provided as Attachment A and B to the Request for Proposals and has no comments or requested changes. Planwest carries general and professional liability insurance in the following amounts and will provide insurance certificates during contracting for the project:

- Commercial General Liability: \$1,000,000 per occurrence.
- Business Automobile Insurance: \$15,000 per person, \$30,000 per occurrence, and \$5,000 property damage.
- Workers Compensation Insurance: \$1,000,000 per accident for bodily injury or disease.
- Errors and Omissions Professional Liability Insurance: \$1,000,000 per claim and \$2,000,000 aggregate.

## Appendix A – Team Resumes

### **Planwest Partners, Inc.**

*Colette Santsche AICP, Principal/ Partner*

*John Miller, Principal/ Project Manager*

*Krystle Heaney AICP, Senior Planner*

*Jason Barnes, GIS Manager*

### **RSG**

*Jim Simon, President & Principal*

*Brandon Fender, Associate*

*Wesley Smith, Senior Analyst*



# Colette Santsche

Partner/Principal Planner, AICP



Colette Santsche is a certified planner and partner at Planwest Partners with over ten years of experience working with business, nonprofits, government, and community efforts. Through her involvement with Local Agency Formation Commissions, Colette has experience navigating complex boundary change proposals and reorganizations that require a high level of involvement from affected agencies, stakeholders and members of the public. Her interest in community and economic development and organizational change management has expanded her involvement in strategic planning and outreach strategies. She has experience administering surveys, conducting interviews, and facilitating outreach activities to engage a variety of stakeholders and project partners.



## Relevant Experience

- **Local Agency Formation Commission (LAFCo) Contract Staffing Services.** *Humboldt and Trinity LAFCos.* Serves as Executive Officer for Humboldt and Trinity LAFCos. Conducts special studies including municipal service reviews and sphere of influence updates involving inter-agency coordination; prepares agendas and staff reports for Commission meetings; and implements policies and procedures for carrying out LAFCo functions. Oversees application and petition processing and analysis for LAFCo action involving changes of governmental organization and reorganization, such as district fire district formations and annexations. Represents LAFCo at stakeholder meetings and makes presentations to LAFCo and other local governments at public hearings.
- **Regional Fire Services Municipal Service Reviews.** *Humboldt LAFCo.* Prepared a series of regional fire services municipal service reviews that included over 45 fire related districts and volunteer fire companies to identify shared trends relating to the adequacy, capacity, and cost of providing fire protection services in Humboldt County.
- **Fire Services Sustainability Technical Assistance.** *Humboldt LAFCo.* Part of a technical assistance team focused on sustainable community fire protection to address the lack of complete community coverage and sustainable revenue. Supported by funding from the Humboldt County Fire Chiefs Association through a portion of Measure Z funds, the technical assistance team meets weekly to support efforts to address the gap between local jurisdictional boundaries and where services are being demanded, as well as the lack of revenue to support increasing demand. Participates in meetings of the Board of Supervisors Fire Services Ad Hoc Committee to address service and funding needs, property tax sharing recommendations, policy changes, and identification of priority areas for annexation or consolidation.

## EDUCATION

Humboldt State University, CA  
B.S., Natural Resources Planning and  
Interpretation, Humboldt State  
University, 2008

## TRAINING/PROFESSIONAL AFFILIATIONS

American Institute of Certified  
Planners (AICP), 2018  
HSU Leading Organizational and  
Community Change Courses, 2017  
Humboldt Area Foundation, Cascadia  
Leadership Program, 2012  
National Charrette Institute, Charrette  
System Certificate, 2011  
Toastmasters, Former Area Governor  
North Bay Rotaract, Charter Member

- **Rio Dell Fire Protection District Annexation/Consolidation.** *Humboldt LAFCo.* Assisted with technical assistance and coordination efforts between four different agencies which culminated in a consolidation proposal through the strategic use of Annexation. The action allowed the Rio Dell Fire Protection District to annex areas primarily served by the Scotia, Shively, and Redcrest Volunteer Fire Companies, and included the divestiture of fire protection powers by the Scotia Community Services District. The operations of the four fire departments were officially merged into one efficient, effective, and sustainable emergency services system.
- **East Plumas County Fire Reorganization.** *City of Portola.* Currently serving as Project Manager for a financial feasibility study that will result in a LAFCo application and election process for a new fire protection district formation effectively consolidating fire services provided by Beckwourth Fire Protection District, Sierra Valley Fire Protection District, City of Portola, and Gold Mountain Community Services District. The new fire protection district would be funded by property taxes and a new special tax that would require 2/3rds voter approval.
- **North Coast Resource Partnership.** *West Coast Watershed.* Serves as NCRP Consultant to provide technical assistance and support for several projects including: Regional Forest and Fire Capacity planning efforts outlined in the block grant between the NCRP and the California Department of Conservation, Humboldt Area Foundation (HAF) grant capacity assessment and planning, and NCRP disadvantaged community technical assistance and proposal support for DWR drought funding and Proposition 1 Integrated Regional Water Management (IRWM) Implementation Round 2 funding. As part of the fire capacity assessment and planning, currently overseeing a detailed needs assessment of all Tribal fire response programs, Tribal communities, small rural fire departments and protection districts via interviews, meetings, polls and surveys in the Humboldt (including Karuk Tribal territory that overlaps with Siskiyou County), Del Norte, and Trinity counties.
- **Crescent City Fire and Rescue 10-Year Financial Master Plan.** *City of Crescent City and Crescent Fire Protection District.* Served as project manager for the CCFR Financial Master Plan, which identified the department's current and projected fire and emergency service needs and associated costs with delivering services over a 10-year period. Facilitated a series of meetings with a 2x2 committee representing elected officials from the department's parent agencies, as well as a select group of officers to reflect on the long-term direction of the department. Developed an Action Plan and cost projections for achieving increased administrative capacity, enhanced volunteer staffing programs, and a long-term schedule for apparatus and equipment replacement.
- **Crescent Fire Protection District Benefit Assessment.** *Crescent Fire Protection District.* Assisted the Crescent Fire Protection District receive property owner support for a benefit assessment to support increased staffing and funding. Established a team to complete community polling and the required Engineer's Report. Oversaw the noticing and balloting process in accordance with Prop 218, including developing the necessary resolutions, ordinances, and staff reports. Prepared informational materials for community education and outreach, including ballot information guide, mailings, social media and website materials.
- **Fortuna Fire Strategic Planning and Benefit Assessment.** *Fortuna Fire Protection District.* Assisted the Fortuna Fire Protection District in identifying short- and long-term staffing and capital improvements to be funded by a benefit assessment. Prepared the basis of an engineer's report and oversaw the notice and balloting in accordance with Prop 218. The District received sufficient property owner approval and has since implemented a fire prevention program, volunteer staffing stipends, a sleeper program, and constructed a training facility for the benefit of Eel River fire departments.

# JOHN MILLER

Principal / Project Manager



John Miller is a Principal Planner with nearly 28 years of experience working with local governments in California, including long range and project land use planning, fire services planning, and economic development and military base conversion. Previously, John served as an analyst for the Sacramento Local Agency Formation Commission. In addition, John was also a volunteer firefighter for a fire protection district for over 14 years, with extensive training and leadership roles as firefighter, apparatus operator, training officer, and Assistant Chief.

John's community services, land use, and economic planning experience offers a broad perspective when engaging organizations, agencies and stakeholders in developing capacity building and implementation strategies. He has both principal and project management experience that is tailored to the unique needs of communities served.

## Relevant Project Experience

- **Local Government**

Served in various roles in local and Tribal governments for approximately 22 years, including as interim city manager, long range and project land use planning, economic development analyst, military base conversion project manager, and Local Agency Formation Commission analyst.

- **Land Use, Environment Planning, & Economics Consulting**

Worked as a consultant to local governments for approximately six years in land use and environmental planning, land use economics, and economic development, preparing land use plans and zoning regulations, environmental review, economic development strategic planning, planning services, fiscal impact analyses, housing market studies.

- **Fire Services Support**

Played a central role in the Humboldt County's Fire Services Planning Team and provided technical support in the successful formation of three fire protection districts, the merger of a fire protection district and three volunteer fire companies not associated with a local agency, and the annexation of thousands of acres of inhabited land to fire-related districts as well as ongoing planning assistance to numerous fire-related districts seeking to improve service delivery.

- **Infrastructure, Services & Hazards Expertise**

Served as infrastructure and services lead for Humboldt County Planning, managing the preparation of a comprehensive countywide review and report on water, wastewater, transportation, fire protection, and park services for the General Plan Update and as lead author for the new Community Infrastructure and Services Element for the General Plan. Relating to hazard, served as the planning lead in airport land use compatibility planning, member of the Humboldt County Fire Safe Council, and member of the California Geological Survey Tsunami Technical Advisory Panel.

- **Project Management**

Managed the planning, design, and Coastal Zone approval of the Samoa Wastewater Treatment Project.



## EDUCATION

San Francisco State University  
B.A., Economics, 1993

## TRAINING/PROFESSIONAL AFFILIATIONS

Office of the State Fire Marshal  
Fire Fighter 1 since 2013

Humboldt County Fire Safe  
Council, Member 2018 - 2022

Krystle Heaney is a Senior Planner for Planwest and provides support services for numerous LAFCos throughout the state from her location in Markleeville, CA. She currently provides clerking services for Humboldt LAFCo which includes processing service extension and boundary change applications in addition to conducting regular MSRs for cities and special districts. She also assists with MSRs for numerous other LAFCos including Shasta, Sonoma, Trinity, El Dorado, Marin, Contra Costa, and San Diego.

Krystle also provides environmental planning services for LAFCos and other Planwest clients. She is well versed in CEQA regulations and stays up to date on current practices. She recently prepared Addendums for an out of area service request and a city boundary change in Humboldt County. She has worked collaboratively with local governments and districts, State and federal regulatory agencies, and community groups on a variety of projects including CEQA environmental review, coastal development permitting requirements, waste discharge requirements documentation, and prohibited pesticide use exemption applications. Due to this experience, she is well-versed in the environmental analysis processes, permitting, and community engagement activities that coincide with LAFCo processes.



### Relevant Project Experience

- Humboldt LAFCo Clerking and Analyst Services

Krystle is the current clerk for Humboldt LAFCo and regularly processes requests for information, out of boundary service requests, and boundary change applications. She also oversees the preparation of municipal service reviews for cities and agencies throughout the county. Recent MSRs include the City of Arcata, City of Fortuna, City of Trinidad, and several small community services districts supplying water and wastewater services to area residents such as Manila CSD.
- Shasta LAFCo Municipal Service Reviews

Krystle has been responsible for collecting data and drafting agency profiles for community services districts, community service areas, and mosquito abatement districts in Shasta county. Services reviewed include water, wastewater, flood control, and mosquito abatement activities. These MSRs have included regular contact with agency and county staff to collect information and review draft documents.
- Sonoma LAFCo Municipal Service Reviews

Krystle managed the preparation of the Timber Cove County Water District MSR. This review was completed at the request of the District and included a water services rate comparison analysis. Krystle coordinated with District staff and board members, participated in internal coordination meetings, and presented the draft document to the commission during the public hearing.
- San Diego LAFCo Municipal Service Reviews

San Diego LAFCo retained Planwest to conduct several MSRs include the City of Poway and Ramona Municipal Water District MSR/SOI updates. Krystle was responsible for development of the draft Ramona MWD MSR which include a review of water, wastewater, fire/ emergency response, and parks and recreation services. This included coordination with District staff, CalFire, and a non-profit organization responsible for overseeing park services. Krystle provided analysis of all services provided by the District and identified service and financial trends.

### EDUCATION

CSU Sacramento  
*B.A. – Physical Geography, 2013*

### TRAINING/PROFESSIONAL AFFILIATIONS

California Planning Roundtable Leadership Academy – 2022

American Institute of Certified Planners  
*Certified November 2020*

American Planning Association  
*Member Since 2019*

AEP Intermediate CEQA Workshop – 2021

AEP Advanced CEQA Workshop – 2020

CALAFCOU: Deep Dive into MSRs – 2019



Mr. Barnes, Geographical Information Systems (GIS) Analyst, has over 10 years of experience working as an analyst, technician, cartographer, programmer, and university lecturer in the GIS field. His art background and broad technical experience lends well to GIS and cartographic visualization and communication. He has both principal and project management experience on a wide range of projects from socio-spatial, transportation, interactive mapping, and large area climate projects. Mr. Barnes moved to Humboldt County in 2006 to start his higher education at Humboldt State University. For the last ten years, he has been involved in activities involving many local consulting, non-profit, and federal agencies. He is currently on the board of directors for the Bigfoot Trail Alliance, and is in the process of receiving his GIS Professional (GISP) certification through the GIS Certification Institute.



#### Relevant Project Experience

- **City of Eureka Housing Element Update, Technical Appendices**

Compiled Bureau of the Census, American Community Survey (ACS), Comprehensive Housing Affordability Strategy (CHAS), demographic, housing characteristic, household, employment, and income statistics for the City of Eureka Housing Element Technical Appendix. Conducted site inventory analysis for developable parcels based on HCD criteria methodology.

- **Humboldt Waste Management Authority (HWMA).**

Analyzed complex routing scenarios for food waste diversion for a potential bio-digester project in Eureka, California. This project looked at multiple routing scenarios utilizing route optimization, and waste collection vehicle options as viable solutions for a city-wide food diversion project.

- **Humboldt Transit Authority (HTA).**

Helped create the Humboldt County Transportation Services Guide for public transit and human services transportation for the Redwood Transit System (RTS), Eureka Transit Service (ETS), Arcata and Mad River Transit System (AMRTS), Blue Lake Rancheria Transit System (BLRTS), Klamath-Trinity Non-Emergency Transportation (KT-NET), and Trinity Transit.

- **Hiking Humboldt Volumes 1 & 2.**

Cartography for over 150 hiking maps for Hiking Humboldt Volumes 1 & 2. These books highlight familiar favorites, hidden gems, and unexpected adventures across Humboldt County. Each map is custom to provide aesthetics and clarity to complement each hike description, trail data, and tips for the hiking in the region.

- **Shasta County Local Agency Formation Commission (LAFCo) Fire Service Analysis.**

Planwest Partners provides contract staffing services to Shasta LAFCo. A fire district analysis was conducted looking at fire station response times, service areas, and route optimization.

- **Yosemite National Park Search and Rescue Cost Surface Analysis**

Created a model for a complex cost surface analysis for foot traffic travel times across the wilderness areas of Yosemite National Park. The model would utilize a last known location of a lost hiker, and create temporal travel time areas based on attributes such as terrain type, difficulty, hiker age, condition, etc.

#### EDUCATION

Humboldt State University  
M.S., GIS, 2012

Northern Michigan University  
B.F.A., Photography, 2002

#### TRAINING/PROFESSIONAL AFFILIATIONS

Database Design  
Course 2018

Bigfoot Trail Alliance  
Secretary 2016-Present

ESRI Training Courses  
Member, ASPRS  
2008-Present



# JIM SIMON

Principal & President

714.316.2120  
jsimon@webrsg.com

## PROFILE

"With determination and imagination, I serve myself and others to discover our capacity for what is possible by designing solutions for a complex world so we can cherish and nurture our communities."

## OUT & ABOUT

CALED 40 at 40 Honoree for contributions to California Economic Development

Co-Chair, CALED EDFRE Technical Committee

Member, CALED Legislative Committee

"Business Retention and Attraction" – Advanced Certification Program Instructor (CALED)

"Community Economic Development" – Keys Program

## ABOUT JIM

Inspired to improve the Golden State in his work, Jim delivers intelligence, innovation and passion to projects requiring his unparalleled expertise in fiscal health, real estate and economic development. For over 30 years, Jim is proud to have led projects that have resulted in the investment of over \$10 billion in private and public capital, transforming cities and communities across California. As President of RSG, Jim is helping to shape the next generation of the firm's legacy - leading RSG's team of inspired, creative and insightful consultants that serve over 100 communities each year.

## EDUCATION

Jim joined RSG in 1991 and has served as a Principal and shareholder since 2001. He received a BA in Business Administration with a concentration in entrepreneurial management from California State University, Fullerton.

In 2014, Jim was selected as an Advisory Board member of the California Association for Local Economic Development, where he serves as Co-Chair of CALED's Economic Development, Real Estate and Finance technical committee. Jim is also an Advisory member of the Legislative Committee for the California Association of LAFCOs (CALAFCO), and active in other professional organizations including NAIOP, ICSC, NPH, and SCANPH.

## RECENT ENGAGEMENTS

Prepared the 2020 Municipal Services Review and SOI Update for the Consolidated Fire Protection District of Los Angeles County, the largest special district in California, for LA LAFCO.

Led review of assessment forecast methodology undertaken by the Los Angeles County Auditor Controller's office, as well as a follow-up review of reassessment methodology.

Prepared fiscal impact analysis for several annexations proposals within city SOIs, including Martinez, San Carlos, and Belmont.

Served as engagement manager for the most recent incorporation comprehensive fiscal analysis (Olympic Valley, Placer County) in which RSG's work withstood substantial public scrutiny including DOF review.





# JIM SIMON

Principal & President

714.316.2120

jsimon@webrsg.com

Oversaw acquisition and disposition of housing authority and housing successor assets in South Gate, including the surplus land act purchase of a 1 acre site from the LA County Office of Education.

Evaluated development proposals for the acquisition and development on behalf of the City and County of Los Angeles for the mixed used, mixed income redevelopment of the West LA Courthouse and Civic Center.

Negotiated terms and conditions for the redevelopment of affordable housing infill projects in South Gate, Pleasant Hill, Goleta, and San Carlos.

Managed the creation of affordable housing policies to guide the implementation of density bonus, inclusionary, development agreement and other affordable housing projects in three cities.

Led acquisition, financing, and redevelopment of a 4-acre Brownfield in San Carlos resulting in development of a 200-room upper midscale hotel and a 120% internal rate of return on the City's investment.

Led the preparation of economic development strategies for the cities of South Gate, Irwindale, Belmont, Santa Ana, Pico Rivera, Oroville, Westminster, Temple City, San Marcos, and La Quinta.

Analyzed and developed deal terms for a disposition and development agreement for a public-private partnership of a \$70 million mixed use project in downtown San Carlos.

Analyzed and developed framework for a subvention agreement between the City of Los Angeles and Westfield for development of a \$350 million destination lifestyle center in west San Fernando Valley.

Vetted equity investor and developer qualifications for the resurrection of the stalled reopening of the Ritz Carlton Rancho Mirage to be opened in May 2014.

Led marketing efforts for the disposition of several industrial and commercial properties in the City of Irwindale, resulting in the entitlement of over 1 million square feet of new uses in the City.





# BRANDON FENDER

Associate

714.316.2116  
bfender@webrsg.com

## PROFILE

"I enjoy creating equitable and sustainable urban space for communities. I thrive in a challenging environment and seek to provide innovative solutions."

## OUT & ABOUT

International Council of  
Shopping Centers

San Diego Housing Federation

Non-Profit Housing  
Association of Northern  
California

SCANPH

## ABOUT BRANDON

Brandon specializes in providing support in real estate feasibility, economic and fiscal impact analyses, and housing administration. He is most engaged when his research translates to solutions for local governments and access to healthy and safe environments for their citizens.

In 2014, Brandon became an entrepreneur, starting the Good Beer Company, the first brewery and tasting room in Santa Ana. After five years of success from concept, to business plan and fundraising, to opening a warehouse location, Brandon sold the brewery and returned to RSG, with a direct appreciation for the life of the small business owner which he applies to his work at the firm.

## EDUCATION

Mr. Fender initially joined RSG in 2009 while attending the University of California, Irvine where he earned a BA in Social Ecology. As a member of numerous project teams, Mr. Fender gained experience in housing administration, economic and market analyses, housing construction and development, municipal finance, and development feasibility.

## RECENT ENGAGEMENTS

Evaluated the feasibility of a culinary business incubator for the City of Los Angeles Economic and Workforce Development Department that considered various business operating structures and subsidies for low-income entrepreneurs.

Developed a methodology for a Municipal Service Review for the Los Angeles Local Agency Formation Commission that sought to inform service and sphere of influence recommendations for a joint sphere of influence between the cities of Whittier and La Mirada.

Completed an economic and market analysis for the City of Carlsbad's comprehensive General Plan update that sought to understand projected changes in job, economic base, retail, shopping, hotel and tourism, and business climate trends over a 30-year period.







# BRANDON FENDER

Associate

714.316.2116  
bfender@webrsg.com

Formulated objective criteria for analyzing and negotiating community benefit agreements between the City of San Carlos and developers of large infill redevelopment projects, including conducting a market analysis of investment and real estate trends in that sector.

Conducted a comprehensive assessment of a proposed hotel incentive agreement for the City of Los Angeles and a major developer, including evaluation of the fiscal impacts (revenues and expenditures) as well as employment and other economic impacts.

Assisted the City of San Carlos with feasibility analyses and redevelopment of industrial and commercial space ultimately resulting in a 200-room midscale hotel at the City's Landmark site.

Analyzed the financial feasibility, and fiscal and economic impacts associated with the proposed development the 600,000 square foot Westfield Topanga regional mall on behalf of the City of Los Angeles.

Led and managed the acquisition of a 1-acre surplus property with a dilapidated building for redevelopment by the South Gate Housing Authority.

Reviewed and analyzed a housing developer's pro forma and financing proposal to extend existing affordable housing covenants and fund the rehabilitation and future operation of a non-contiguous multi-family housing project for the City of Avalon.

Conducted HOME subsidy layering analyses in conjunction with neighborhood standards reviews for the County of Orange Department of Housing and Community Development that demonstrated the necessity of the subsidy for the rehabilitation and development of affordable housing.

Prepared underwriting analyses for County of San Diego Health and Human Services Agency's Innovative Housing Trust Fund resulting in rehabilitation of existing units and development of new affordable housing units.

Analyzed and made recommendations for affordable housing programs and resources of the City of Norco's Housing Successor Agency based on recent legislative changes, local demographics, supportable monthly housing costs, future RHNA allocation, existing housing assets, and excess surplus projections.





# WESLEY SMITH

## Senior Analyst

714.316.2130

wsmith@webrsg.com

### PROFILE

"I love working with communities to better tailor their environments to their constituents needs. I strive to support and create communities that understand interconnectedness and the value diligent planning and policy brings to complex issues."

### OUT & ABOUT

Non-Profit Housing  
Association of Northern  
California

San Diego Housing Federation

CALAFCO

Housing California

### ABOUT WESLEY

Wesley joined RSG in 2019 bringing with him a background in local government, public transportation, government relations, and policy analysis. Wesley has performed cost-benefit analyses of public finances, rent affordability analyses, and best practice assessments of workforce development policies.

### EDUCATION

Wesley holds a Bachelor's Degree in Political Science from the University of Hawai'i at Manoa, and a Master's Degree in Public Policy from USC. Wesley's experience in the public sector combined with his educational background have given him the analytical, statistical, and geospatial skills needed to provide the best work to RSG's clients.

### RECENT ENGAGEMENTS

Used ArcGIS Pro to create shapefiles, analyze data, and produce a report on the effects of the City of Martinez annexing several regions within its Sphere of Influence.

Collected and analyzed data through ArcGIS to develop a Municipal Service Review for the Riverside County LAFCO.

Developed a brand new methodology using ArcGIS Pro, for refining and creating various Disadvantaged Unincorporated Communities (DUCs) in the County of Riverside for the Riverside LAFCO MSR.

Developed an at-scale methodology using ArcGIS Pro, to create Disadvantaged Unincorporated Communities (DUCs) in the entirety of California for CALAFCO, in order to assist low-resourced LAFCOs with their statutory requirements.

Helped to map the potential boundaries of California's first CRIA and to develop the CRIA's political and financial feasibility including the projection of revenues.

Produced a fiscal and tax impact brief on the effects of a large-scale multi-use development in Madison, Alabama.

Currently helping the Irvine Community Land Trust analyze their budget, assess new funding sources, and update their business plan.





# WESLEY SMITH

## Senior Analyst

714.316.2130

wsmith@webrsg.com

Helped draft statutory reports for Housing Successor Agencies in Pleasant Hill, Oroville, Chula Vista, and Coalinga, while analyzing their compliance with provisions of the Redevelopment Dissolution Act.

Analyzed the fiscal health of the Successor Agencies of Parlier, Coalinga, and Oroville and their ability to pay off their bond debt.

Drafted the analysis and report on the economic impacts of various residential developments in the City of Santa Ana.

Thoroughly audited and reconciled the Recognized Obligated Payment Schedule (ROPS) and corresponding cash balance data for the City of Parlier dating back to ROPS 1.

Assisted in analyzing the compliance of affordable housing properties in the Cities of Lake Forest, Pleasant Hill, and Victorville.

Helped draft a Request for Proposals (RFP) for the Housing Successor Agency of the City of Merced to aid them in their disposition of several properties.

Analyzed the status of thousands of small landlords who own 5 or less properties in San Diego County in order to develop a rental assistance program to cover COVID-19 losses.

Developed comparative construction costs and tax revenue impacts for a new and rare hotel development in the City of Chula Vista.

Updated a prior RSG fiscal impact analysis of a planned apartment complex in the City of Tustin to account for a lower construction cost and amount of units.

Created neighborhood level GIS analysis of housing affordability for an anti-gentrification and economic development study that led to the creation of an ambitious inclusionary housing program for a low-income community in Los Angeles County.

Produced multiple development cost estimates for redevelopment of underutilized properties in Los Angeles and Chula Vista.

Calculated the cost of an Affordable Housing property in the City of Carson from an analysis of existing housing.



## Appendix B – Cost Proposal

Planwest Partners - Feasibility Study Cost Proposal									
	Planwest				RSG			McCormick	Total
	Principal Planner CS	Principal Planner JM	Senior Planner KH	GIS Manager JB	Principal JS	Associate BF	Senior Analyst WS	Senior Advisor PM	
<b>Rate</b>	\$140	\$140	\$120	\$100	\$235	\$160	\$135	\$130	
<b>Task 1 - Preparation and Data Collection</b>									<b>\$14,630.00</b>
Kickoff Meeting Scope/Schedule	2.00	2.00			2.00	2.00		2.00	\$1,610.00
Data Collection and Review		16.00	12.00	4.00	2.00	12.00	10.00	8.00	\$8,860.00
Compile and Review Existing Contracts	2.00	12.00	6.00			6.00		4.00	\$4,160.00
<b>Task 2 - Interviews, Data Analysis, and Prelim Findings</b>									<b>\$17,040.00</b>
Survey Instrument and Interviews	4.00	22.00	10.00		2.00	4.00		20.00	\$8,550.00
Mapping and Web-Based GIS Application		4.00		12.00					\$1,760.00
Priliminary Findings	4.00	8.00	6.00		4.00	8.00	6.00	10.00	\$6,730.00
<b>Task 3 - Administrative Draft Fire Services Study</b>									<b>\$9,610.00</b>
Prepare Admin Draft for LAFCo Review	2.00	10.00	12.00	2.00	2.00	12.00	8.00	4.00	\$7,310.00
Revise and Prepare Public Review Draft		6.00	10.00					2.00	\$2,300.00
<b>Task 4 - Public Review Fire Services Study</b>									<b>\$6,360.00</b>
Written Response to Comments (x2)	2.00	8.00	12.00		2.00	4.00		2.00	\$4,210.00
LAFCo Public Hearings (x2)	2.00	4.00			2.00	2.00		4.00	\$2,150.00
<b>Task 5 - Final Fire Services Study</b>									<b>\$2,360.00</b>
Prepare Final Study	2.00	4.00	6.00					2.00	\$1,820.00
Present Final Study at LAFCo Hearing		2.00						2.00	\$540.00
<b>Total Hours</b>	<b>20.00</b>	<b>98.00</b>	<b>74.00</b>	<b>18.00</b>	<b>16.00</b>	<b>50.00</b>	<b>24.00</b>	<b>60.00</b>	
<b>Total</b>	<b>\$2,800.00</b>	<b>\$13,720.00</b>	<b>\$8,880.00</b>	<b>\$1,800.00</b>	<b>\$3,760.00</b>	<b>\$8,000.00</b>	<b>\$3,240.00</b>	<b>\$7,800.00</b>	<b>\$50,000.00</b>





Proposal for  
Fire Study  
Local Agency  
Formation  
Commission of  
Santa Cruz County  
May 18, 2022



Submitted by Management Partners  
2107 North First Street, Suite 470  
San Jose, California 95131  
[newfarmer@managementpartners.com](mailto:newfarmer@managementpartners.com)

Management  
Partners







May 18, 2022

Mr. Joe Serrano  
Executive Director  
Santa Cruz County LAFCO  
701 Ocean Street, Room 318-D  
Santa Cruz, CA 95060

Dear Mr. Serrano:

As part of its statutorily required review and update process, the Santa Cruz County LAFCO completed the Countywide Fire Protection Service and Sphere Review in October of 2021. In it, LAFCO staff recommended that two of the fire services agencies be merged and that a study be conducted to determine if the agency should be an independent special district.

Creating an independent special district may allow for more local control by affected communities while allowing Santa Cruz County management to focus on regional issues rather than providing municipal services. Management Partners, with our many years of experience in conducting municipal service reviews, financial analyses, and organizational assessments, is eager to help LAFCO identify the impacts of the potential reorganizations.

We are local government experts who have worked with leaders for 28 years to help improve the way their governments function. We are focused on results and have a bias for action. Each project is customized to the unique circumstances of the agency and incorporates the informed perspective of line employees who deliver service to residents on a daily basis.

Management Partners understands and has experience both with LAFCO reorganization processes and local government fire operations in a dependent and independent special district setting. We also understand the CalFire contract model and associated operational issues and have experience in developing differential zones of benefit.

Our team is excited about the potential of this project and look forward to discussing our approach and qualifications with you in more detail. Please let me know if there is any other information we can provide.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jerry Newfarmer', is written over a light gray rectangular background.

Jerry Newfarmer  
President and CEO





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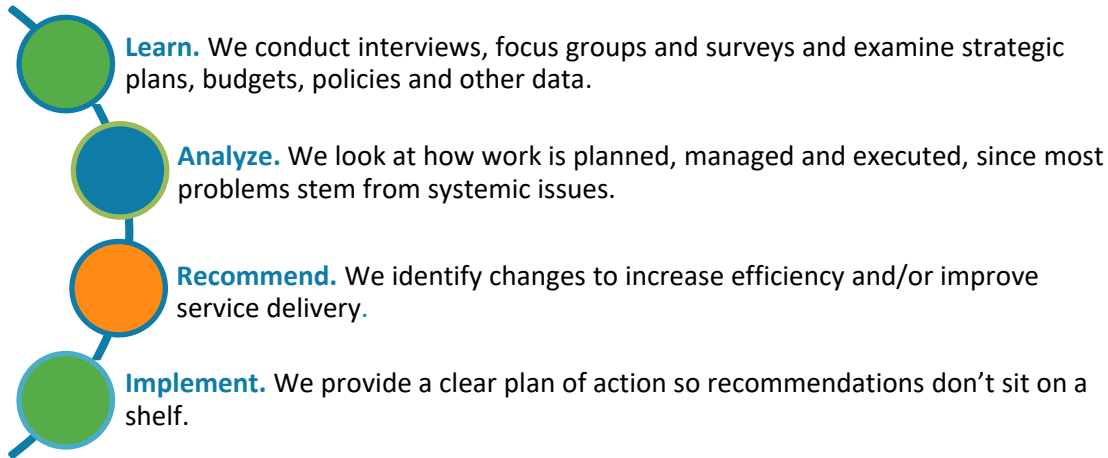
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## OUR PROJECT APPROACH

We make a commitment to quality and timely performance with each client we serve.

Our approach emphasizes engagement with staff and leaders, based on each client's distinctive circumstances and what is working well, to craft an appropriate and customized plan for improvement. There are four distinct elements to our process:



### Ensuring a High-Quality Outcome

Management Partners goes to unusual lengths to ensure our work is of reliably high quality. Our reports and other deliverables are subjected to careful internal control processes so our deliverables meet your needs and are of excellent quality.

Before we develop a draft report, we meet with your project team to discuss our observations and preliminary recommendations to solicit your feedback and identify any implementation issues. Each deliverable undergoes a peer review process within the firm to see that it meets Management Partners' standard of excellence, with thoughtful analysis leading to clearly stated and actionable recommendations. In addition to our own high standards, we also survey each client when a project is complete to learn how we can improve.

### Achieving Results

Management Partners has worked for the majority of our clients on multiple occasions. They consistently tell us that they use our services on a variety of projects because our work provides implementation actions that accomplish their objectives. Management Partners is led by local government experts who know how to get things done, appreciate the difficulties and the constraints on local leaders, and understand the essential elements that effectively drive implementation. These elements include:

- Creating a sense of urgency,
- Engaged leaders,
- Well-developed implementation planning,
- Frequent communication with stakeholders,
- Planned milestones and completion dates, and
- Institutionalized management processes.

Implementation is effective only if there is an expectation and commitment to it. We use well-grounded management practices to effectively shape organizational culture so that project goals can be realized.

## OUR EXPERTISE

Management Partners helps local governments across the U.S. to work more effectively and run more efficiently.

**Founded:** 1994

**Offices:** San Jose, California and Cincinnati, Ohio

**Associates:** 100+, including 23 former city/county managers

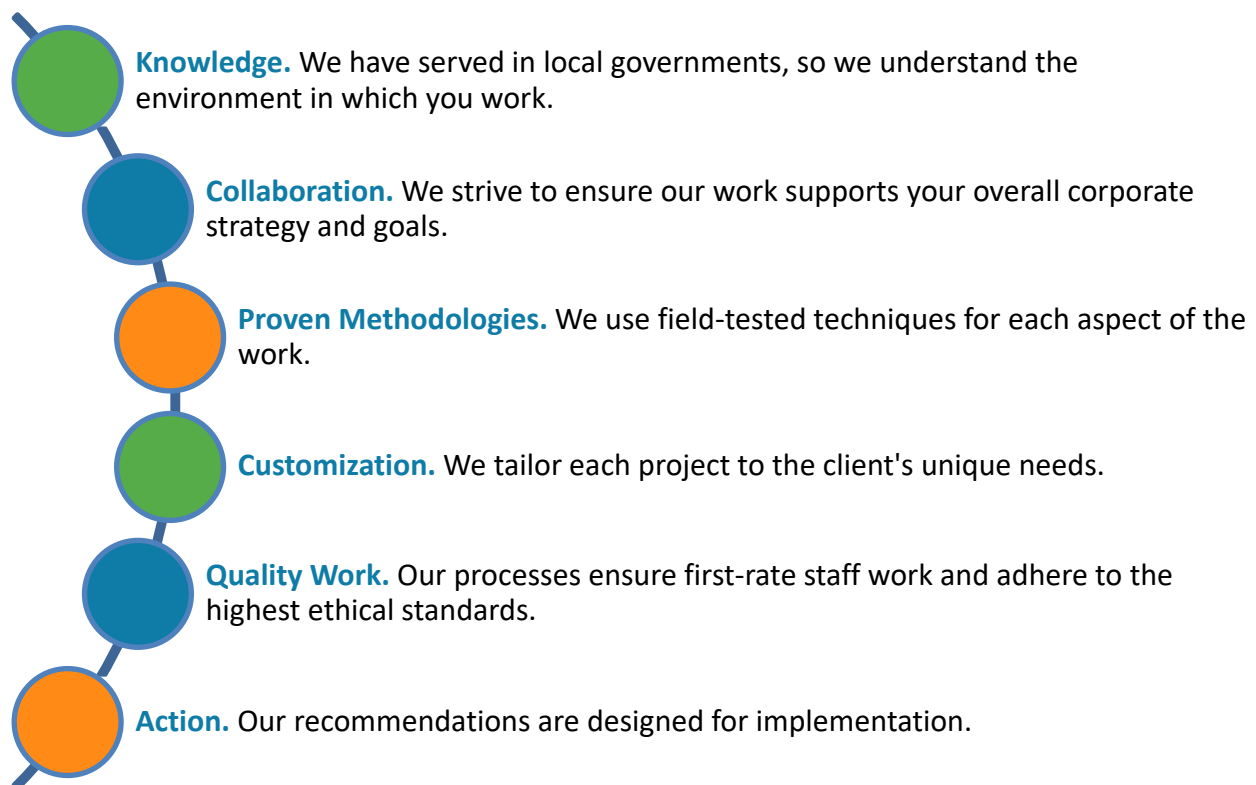
**Clients to date:** 1,000+ local governments in 44 states

**Projects completed:** More than 1,800

**Services offered:**

- Organization Assessments
- Organization Development
- Performance Management
- Process Improvement
- Strategic and Business Planning
- Service Sharing and Service Consolidation
- Management Services
- Executive Recruitment
- Financial Planning, Budgeting and Analysis

**Our many repeat clients tell us they choose us because of the principles on which our work is built:**



While our range of services covers everything that local government leaders need to understand and manage their organizations, our team members for this project possess the specific knowledge and expertise that the LAFCO requests in the RFP:

**LAFCO Service Studies and the CKH Act.** Santa Cruz County LAFCO needs a consultant that understands pertinent LAFCO regulations, particularly the municipal service review requirements contained in the



Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Management Partners' team members understand and have worked with these regulations on many occasions including with LAFCOs in Santa Clara, Orange, San Bernardino, and Nevada counties.

**Fire Protection Service Provision in California.** Management Partners has assisted over 20 fire departments and districts in California with projects ranging from organization analyses to strategic planning. We are currently assisting the City of Fullerton with a review of a proposal from the Orange County Fire Authority to provide fire services to the City.

**Financial Analysis of Local Government Service Delivery Systems.** In addition to completing 38 financial planning and budgeting projects in California over the past three years, we are currently assisting 15 California jurisdictions with financial analyses and financial sustainability projects.

**Governance Structure Analysis.** Over the past three-year period, we assisted over 50 California jurisdictions with organization reviews and assessments.

In addition to the specific expertise outlined above, Management Partners has extensive experience helping improve both the efficiency and effectiveness of all local government services. We have assisted jurisdictions with organizational staffing and improvement projects in virtually every type of service. This includes reviews of entire governments as well as studies of individual departments and functional activities. Many of our engagements involve public engagement and as our references will show, we have extensive experience fostering multi-agency partnerships and cooperative problem solving.

## OUR TEAM

Our core team of associates assigned to this project all possess relevant experience, including many years of public service and consulting expertise.

We have a strong project team that is well qualified to complete this work for the Santa Cruz County LAFCO. Andy Belknap will serve as project director and will oversee the substantive work of the project. Carol Jacobs will serve as project manager and will be responsible for execution of the project. They will be supported by fire subject-matter experts Mark Bisbee and Ned Pettus, finance subject-matter expert Chris Bigham, and analyst Jessica Oliphant. Brief qualifications for each team member are provided below. Our team members will be available throughout the project and will prioritize this project so it is completed according to the agreed upon schedule developed.

### Andrew Belknap, Senior Vice President

- More than 20 years of local government experience, including service as a city manager, public works director, a variety of interim management positions, and as consultant to California municipalities and special districts.
- Expert in local government financial management; has led numerous projects to address structural fiscal deficits in diverse settings including the cities of San Jose, Fremont, Santa Ana, Santa Cruz, Bakersfield, Sacramento and Tracy, California as well as the Ports of Oakland and West Sacramento.
- During 2008 and 2009, Andy served as an expert witness in the City of Vallejo's bankruptcy proceeding. In 2011 and 2014 he served as project manager for the City of Stockton's AB 56 process mediation and subsequent chapter 9 bankruptcy and recovery. Between 2015 and 2017



he managed the City of San Bernardino's bankruptcy and developed the plan of adjustment for the City, which led to fundamental changes in governance and operations.

- As a result of bankruptcy recovery and other work, he is expert at developing alternative service delivery arrangements, as well as revenue development, over a broad array of municipal services including law enforcement, fire, EMS, code enforcement, public works, parks and recreation and community development
- Andy has served well over 200 California and Nevada local governments, many on multiple occasions, including 19 of the largest 20 cities.
- A trained economist, Andy brings a special expertise to fiscal analysis and public finance issues. His blend of quantitative skills, coupled with a practitioner's understanding of public services and management systems, adds value to all types of organizational and policy analysis.
- Working with a detailed long term fiscal model Andy and Management Partners have developed a tool for modeling "revenue loss" and other eligible funding uses, as specified in the American Rescue Plan (ARPA) legislation and Treasury rules. The model can run a multitude of scenarios and be used in workshops considering alternative uses for ARPA funding.

### **Carol Jacobs, Executive-Vice President/Chief Operating Officer**

- Serves as Management Partners' executive vice president/chief operating officer, with operating responsibility for the entire firm.
- Jacobs has held a wide range of roles across local government and consulting, including multiple stints as a city manager, and served most recently as assistant city manager of the City of Newport Beach, California. In that role she had responsibility for functions as varied as fire, library, harbor, information technology, utilities and homelessness, with service as interim finance director and harbormaster.
- She also served as city manager for the Southern California cities of Eastvale and Stanton; as interim city manager for the City of Grand Terrace, California; and a series of roles with increasing responsibility for the City of Costa Mesa, California.
- Jacobs' consulting experience includes managing a financial solutions practice area that served local governments, with responsibility for managing client needs, preparing financial studies, and conducting management and organizational reviews.



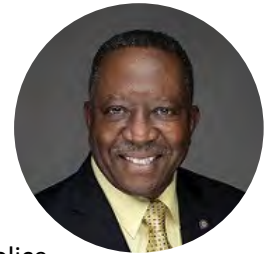
### **Mark Bisbee, Special Advisor**

- Diverse career with state and local government fire agencies for 36 years.
- Began his career with CalFire, where he served for 17 years and then went to the City of Watsonville for 13 years, where he progressed from battalion chief to the position of fire chief.
- Established and implemented many organizational improvements for the Watsonville Fire Department, including advanced life support services, a gap analysis, three successful strategic plans, two long-term plans, fleet upgrades, updates to fee schedules, fire code improvements, new policy and professional development programs, and a successful public safety tax measure.
- Received a Governor's Safety Award, and served as president of the NorCal Training Officers, a section of the California Fire Chief's Association.
- Holds professional designations of Certified Chief Officer and State Fire Training Master Instructor, as well as California Incident Command Certification System (CICCS) designations.



### Ned Pettus Jr., Ph.D., Special Advisor

- Served most recently as public safety director for the City of Columbus, Ohio, where he managed the operations and mission of the divisions of Fire, Police and Support Services.
- As public safety director oversaw annual budget of approximately \$635 million, or 65% of the City's General Fund budget and approximately half of the City's total personnel.
- His tenure included deployment of body-worn cameras; installation of ShotSpotter Gunfire Detection System; appointment of Columbus' first Police Chief Elaine Bryant from outside the division, who is also the first African-American female to be appointed Columbus police chief; establishment of a Civilian Review Board and an Office of Inspector General for the Division of Police; deployment of the Rapid Response Emergency Addiction and Crisis Team and Specialized Program Providing Assessment, Resources and Connection.
- Served in the Columbus Division of Fire for 35 years, moving up through the ranks to the position of fire chief, which he held for a decade.
- Under his leadership, the Columbus Division of Fire received international accreditation from the Commission on Fire Accreditation, International (CFAI) in March of 2007, and was reaccredited in August 2012.
- Recognized as the 2009 Metropolitan Fire Chief of the Year award, and served as secretary, treasurer, vice president and president of the Metropolitan Fire Chiefs Association, a section of the International Association of Fire Chiefs (IAFC) and the National Fire Protection Association.
- Holds professional designations of Chief Fire Officer (CFO) and of the Institution of Fire Engineers.
- Serves on the Advisory Board for the Center for Public Safety and Cybersecurity Education at Franklin University, and as one of their two Executives in Residence.



### Christopher A. Bigham, CPA, Special Advisor

- Over 30 years of local government experience specializing in management of support services and financial services including budget, finance, internal audit, pension, human resources, information technology and data analytics.
- Former assistant city manager for the City of Cincinnati, responsible for an all-funds budget of \$1.4 billion.
- As budget director for seven years, worked directly with the city manager and elected officials to get the annual budget adopted.
- Led Cincinnati's Recreation Department, gaining valuable perspective on front-line operations.
- As finance manager, was responsible for estimating annual revenues for all City funds and reviewing and adjusting estimates during the fiscal year.
- Has repeatedly demonstrated a proactive approach to decision-making and implementing change in an organization.



### Jessica Oliphant, Management Analyst

- Experienced in many facets of local government management, including budget preparation and analysis, process improvement, community engagement, and understanding the fiscal impacts of policy changes.
- Served as a budget analyst in the Finance Department of the City of Kansas City, Missouri and was a Cookingham-Noll City Management Fellow in Kansas City's City Manager's Office. Duties included analyzing large fiscal datasets, developing fixed cost rates, analyzing historical budget trends, and improving the process of applying to the City's Board and Commissions.
- Won an All-America City award based on her research of innovative programs in response to the Covid-19 pandemic.
- Also served in the AmeriCorps VISTA program, as a research assistant examining management techniques, and as an intern in the ACLU's Women's Rights Project.
- Received a master's degree in public administration from New York University's Wagner Graduate School of Public Service and a Bachelor of Arts degree in public policy, also from New York University.



## OUR RELATED EXPERIENCE

We are happy to provide contact information for any former client and have selected several to highlight.

Our website, [managementpartners.com](http://managementpartners.com), has information about our past clients, which includes hundreds of jurisdictions in 44 states, and you are welcome to contact any of them about our performance.

### City of San Bernardino, California ⇒ Annexation of the City of San Bernardino Fire Department into the San Bernardino County Fire Protection District

Management Partners was retained by San Bernardino in 2015 to lead bankruptcy recovery efforts after a court gave the city a deadline to file a Plan of Adjustment. A key component of this plan was to regionalize fire service delivery. Management Partners developed an RFP approach to see what options existed and worked with the City to develop an approach to annex to the County Fire Protection District. Our analysis indicated that this approach would allow the City to reduce costs and generate additional revenue. The fire annexation was processed through San Bernardino LAFCO in an effort led by Management Partners. The annexation was effective July 1, 2016. The net gain to the city's general fund is estimated at \$10.5 million annually. All existing employees wishing to retain their positions were offered employment by the Fire Protection District. Subsequent analysis of the service delivery provided by the new system found that response time had been improved by approximately 4 minutes due to a streamlined dispatch system.

**Contact:** Chief Mark Hartwig (former San Bernardino Fire Protection District Chief)  
Santa Barbara County Fire Department  
(805) 681-5500  
[mark.hartwig@sbcfire.com](mailto:mark.hartwig@sbcfire.com)



## Metropolitan Transportation Commission and Association of Bay Area Governments, California ⇒ Merger Study

Management Partners was engaged to conduct a merger study of MTC and ABAG to examine the policy, management, financial, and legal implications associated with further integration beyond a planning staff consolidation, up to and including institutional merger between the two agencies. Management Partners completed a range of activities including extensive interviews, many stakeholder meetings, research on alternative models and significant background research leading to an options analysis and recommendation for consideration by both agencies. Both agencies formally supported a consolidation of staff within MTC and future consideration of governance options in a time period to be determined. Andrew Belknap served as project director for the study.

**Contact:** Ms. Alix Bockelman, Deputy Director/MTC  
375 Beale St., #800, San Francisco, CA 94105  
(415) 778-6700  
[abockelman@mtc.ca.gov](mailto:abockelman@mtc.ca.gov)

## City of Brentwood, California ⇒ Fire Revenue Projections and Report on Citizen Initiative

Management Partners assisted the City of Brentwood to assess funding solutions and develop revenue options for the East Contra Costa Fire Protection District which primarily serves Brentwood, Oakley, and Discovery Bay. The District is challenged by serious budget issues which forced them to cut services and staff. Some temporary fixes had been implemented to maintain services at minimally sufficient levels, but Brentwood was interested in a long-term funding solution. Outcomes included the modeling of various revenue options, accompanied by revenue projections, with a focus on the consideration of a utility users tax (UUT). On a related note, Management Partners prepared an independent assessment of a proposed popular initiative submitted in 2019, which would have required the City of Brentwood to fund East Contra Costa Fire Protection District operations.

**Contact:** Mr. Kerry Breen, Finance Director  
150 City Park Way, Brentwood CA 94513  
(925) 516-5460  
[kbreen@brentwoodca.gov](mailto:kbreen@brentwoodca.gov)

## OUR PLAN OF WORK

We would be pleased to refine the following framework to address your specific interests.

As part of its statutorily required review and update process, the Santa Cruz County LAFCO completed the Countywide Fire Protection Service and Sphere Review in October of 2021. Fire service in Santa Cruz County is provided by 13 fire services agencies, two of which, County Service Area (CSA) 4 and CSA 48, are dependent special districts of Santa Cruz County. As part of the recommendations in the report, the LAFCO recommended that CSA 4 should be dissolved and annexed into CSA 48 to improve efficiency in the delivery of fire services.

The Service and Sphere Review also recommended that the combined CSA 48 consider transitioning from a dependent special district whose functions are managed by Santa Cruz County to an independent, standalone special district. Perceived benefits would include more local control by the affected communities, better resident representation, and its own staff and board of directors. As a result, LAFCO leaders wish to have a formal study of the impact of the potential reorganizations, including a detailed analysis of the cost savings and fiscal impacts.

Based on our understanding of the needs of the LAFCO and our experience providing financial and organization analyses to California jurisdictions, we have prepared the following work plan. Generally, this work plan follows the Key Steps outlined in Section IV of the RFP as we agree with the overall approach outlined in the RFP. We suggest one optional step, which is the preparation of a transition plan, assuming moving to an independent district is found to be beneficial.

### Activity 1 – Start Project

Management Partners will begin by meeting with LAFCO staff. The project start-up activity forms the foundation of the relationship between Management Partners' team and LAFCO's team. During this initial meeting, we will confirm project deliverables and due dates to ensure the project is completed on time and on budget and that our proposed scope of work is aligned precisely to meet your goals.

We will have provided a data request for background information prior to this meeting and will review the material collected by staff to identify any other data needs.

### Activity 2 – Gather Information from the County Service Areas and LAFCO Staff

Management Partners will begin this project with a careful learning phase to gain a thorough understanding of the issues involved with dissolving and merging CSA 4 with CSA 48. We will also understand the issues involved with transitioning the combined CSA from a dependent special district to an independent service district similar to the other fire districts in the LAFCO Sphere of Influence. Our data gathering will involve two phases, as described below.

- Interview CSA (Santa Cruz County) and LAFCO staff department directors to identify benefits and constraints associated with transitioning to a special district.
- Review background information. Potential sources of information will include the following:
  - The 2021 LAFCO Countywide Fire Service and Sphere Review,
  - Financial/budget documents from CSAs 4 and 48,
  - Policies and procedures from CSA 4 and 48 related to fire services,
  - Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, and
  - LAFCO policies and procedures.

### Activity 3 – Define Impact of Creating an Independent Service District

Next, we will analyze the information collected in Activity 2. We will examine the results of our data gathering and develop a clear understanding of the potential reorganization including operational, financial, and community impacts of creating a new independent district.

We will prepare observations and preliminary recommendations and meet with LAFCO leaders to review them. This will be an opportunity to discuss what we learned and observed in our analysis and hear feedback about the issues we have identified. This discussion provides a preview of what will be addressed in the project report.

### Activity 4 – Report Results

Once we have received feedback about the observations and preliminary recommendations, we will prepare a draft report that includes our analysis and recommendations for creating an independent service district. We will present it to LAFCO leaders for review. The report will include information and analysis necessary for the LAFCO Commissioners to initiate a change of organization or reorganization pursuant to Government Code Section 56881 if desired.

LAFCO staff will distribute the draft to the Commission and affected agencies for a review and comment period. We will present the draft at a LAFCO public hearing. At the conclusion of the hearing and review period, we will consider all changes and suggested revisions and prepare the final report.

Reports prepared by Management Partners are rich in detail, with recommendations supported by quality analysis. We take pains to ensure that our analysis and subsequent recommendations are organized in an easy-to-understand format and presented in a positive manner.

We take several discrete steps to ensure quality control. The first is to prepare a draft report for managers to review to ensure that facts are accurate, and ideas are presented clearly. Management Partners retains responsibility for our professional recommendations, but we expect that vetting the draft report with management improves its utility. In addition to vetting the report for accuracy the draft review provides an opportunity to discuss the recommendations and to identify implementation issues. Management Partners is committed to recommending actions that result in meaningful operational improvements and can be implemented in the real world. Once comments have been received, the final project report will be prepared, peer reviewed, and then transmitted to you.

### Optional Activity – Create Transition Plan

As an optional activity, upon completion of the report and recommendations, Management Partners will prepare a draft Implementation Action Plan. The Action Plan will serve as an executable roadmap that details the specific steps needed to accomplish the dissolution of the dependent special districts and the creation of an independent special district.

## OUR TIMELINE AND FEE

The ultimate test of a quality project is that the client is pleased with the results, and we are committed to achieving that goal.

Management Partners anticipates devoting 311 hours of our staff time to complete the plan of work described above. The total cost of this project is \$86,000, which includes all fees and expenses. If the optional activity to create a transition plan is desired, the total cost will be \$95,900. A breakdown of the cost by activity and a preliminary schedule for our work is provided below. We will refine the schedule during our initial kick-off meeting.

Activity	Fee	Schedule
<b>1 – Start Project</b>	\$9,900	Weeks 1 and 2
<b>2 – Gather Information from the County Service Areas and LAFCO Staff</b>	\$22,500	Weeks 1 thru 5
<b>3 – Define Impact of Creating an Independent Service District</b>	\$33,800	Weeks 5 thru 13
<b>4 – Report Results</b>	\$19,800	Weeks 13 thru 17
<b>TOTAL</b>	<b>\$86,000</b>	
<b>Optional Activity – Create Transition Plan</b>	\$9,900	

The total cost for the project is based upon the following hourly rates for our team:

Title	Rate
<b>Senior Vice President/Executive Vice President</b>	\$340
<b>Special Advisor</b>	\$250
<b>Management Analyst</b>	\$110

Management Partners does not have any exceptions to the draft services agreement and meets the required insurance minimums stated in the draft agreement.

## CONCLUSION

Management Partners has the experience, the professional talent, and the commitment to quality necessary to successfully complete this project for the Santa Cruz County LAFCO. We welcome the opportunity to provide additional information that may be helpful, and we look forward to the chance to discuss the ideas contained in this proposal.





## LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

### **SERVICES AGREEMENT BETWEEN THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY AND AP TRITON FOR CONDUCTING A SPECIAL STUDY TO ANALYZE THE IMPACTS OF THE POTENTIAL REORGANIZATIONS INVOLVING COUNTY SERVICE AREAS 4 (PAJARO DUNES) AND 48 (COUNTY FIRE) WITH THE NEIGHBORING INDEPENDENT FIRE PROTECTION DISTRICTS**

This Agreement ("Agreement") is made effective August 3, 2022, by and between the Local Agency Formation Commission of Santa Cruz County ("LAFCO") and AP Triton ("Contractor") to provide consulting services for preparing a Special Study on the impacts of potential reorganizations involving the fire agencies in Santa Cruz County.

WHEREAS, pursuant to the Cortese-Knox-Hertzberg Act, Government Code section 56000 et seq., LAFCO is an independent body; and

WHEREAS, LAFCO needs assistance with the preparation of the special study; and

WHEREAS, Contractor has experience and expertise necessary to provide such services; and

WHEREAS, at the August 3, 2022 Regular LAFCO Meeting, the Commission delegated authority to the LAFCO Executive Officer to execute an agreement with the most qualified consultant for preparation of the special study;

THEREFORE, the parties agree as follows:

#### **1. Nature of Services.**

The Contractor will provide to LAFCO the services described in Exhibit A, Scope of Services, which is attached hereto and incorporated herein by this reference. Contractor shall perform the services in accordance with the project timeline as described in Exhibit B, which is attached hereto and incorporated herein by this reference.

#### **2. Term of Agreement.**

The term of this Agreement shall commence at 12:00am on August 4, 2022 and shall terminate at 11:59pm on March 1, 2023 unless extended in writing by mutual agreement of the parties or terminated earlier in accordance with Section 4.

### **3. Compensation.**

A. Contractor will be compensated for services provided under this Agreement in accordance with the Rate Schedule included in Exhibit C, which is attached hereto and incorporated herein by this reference. Contractor will complete all the work and tasks described in Exhibit A for an amount not to exceed \$50,000. The Contractor shall be paid based on the rate schedule indicated in Exhibit C, but compensation and expenses shall not exceed the maximum compensation stated herein.

B. Contractor will provide LAFCO with task-specific invoices based on estimated costs in Contractor's proposal, which shall be accompanied by a detailed summary of activities undertaken over the course of completing the task.

C. Deliverables shall be in accordance with the project timeline provided in Exhibit B, which has been negotiated between the parties prior to the effective date of this Agreement, or as otherwise determined by mutual written agreement of the parties. If the deliverables are not according to such timeline in Exhibit B or as otherwise mutually agreed or if they do not comply with the requirements in the Scope of Services, it is understood, acknowledged and agreed that LAFCO will suffer damage. As fixed and liquidated damages, LAFCO shall withhold from Contractor the payment of the sum of \$200 per calendar day for each and every calendar day of delay beyond the date that such deliverables are due in accordance with Exhibit B, or as otherwise mutually agreed. For purposes of this section, the total cost for each of the tasks shall be consistent with the rate schedule in Exhibit C.

### **4. Termination.**

A. Termination Without Cause. Either party may terminate this Agreement without cause by giving the other party thirty (30) days written notice.

B. Termination for Cause. LAFCO may terminate this Agreement for cause upon written notice to Contractor. For purposes of this Agreement, cause includes, but is not limited to, any of the following: (1) material breach of this Agreement by Contractor, (b) violation by Contractor of any applicable laws, (c) assignment by Contractor of this Agreement without the written consent of LAFCO pursuant to Section 13, or (d) failure to provide services in a satisfactory manner. Such notice shall specify the reason for termination and shall indicate the effective date of such termination.

C. In the event of termination, Contractor will deliver to LAFCO copies of all reports and other work performed by Contractor under this Agreement whether complete or incomplete, and upon receipt thereof, Contractor will be compensated based on the completion of services provided, as solely and reasonably determined by LAFCO.

## **5. Project Managers; Substitution**

A. Contractor designates Kurt Latipow as the Contractor's Project Manager for the purpose of performing the services under this Agreement. Kurt Latipow will serve as day-to-day contact for LAFCO and work directly with staff.

B. LAFCO designates the LAFCO Executive Officer as its Project Manager for the purpose of managing the services performed under this Agreement.

C. Contractor may not substitute anyone other than Kurt Latipow to serve as Project Manager without the written permission of the LAFCO Executive Officer or her authorized representative. Any such substitution shall be with a person or firm of commensurate experience and knowledge necessary for the tasks to be undertaken.

## **6. Conflicts of Interest.**

In accepting this Agreement, Contractor covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.

Contractor further covenants that, in the performance of this Agreement, it will not employ any contractor or person having such an interest.

## **7. Indemnification/Insurance.**

Contractor's indemnification and insurance obligations with respect to this Agreement are set forth in Exhibit D, attached hereto and incorporated herein by this reference.

## **8. Compliance with all Laws.**

Contractor shall, during the term of this contract, comply with all applicable federal, state, and local rules, regulations, and laws.

## **9. Maintenance of Records.**

Contractor shall maintain financial records adequate to show that LAFCO funds paid under the contract were used for purposes consistent with the terms of the contract. These records shall be maintained during the term of this contract and for a period of three (3) years from termination of this contract or until all claims, if any, have been resolved, whichever period is longer, or longer if otherwise required under other provisions of this contract.

## **10. Nondiscrimination.**

Contractor will comply with all applicable Federal, State, and local laws and regulations including Santa Cruz County's equal opportunity requirements. Such laws include but are not limited to the following: Title VII of the Civil Rights Act of 1964 as amended; Americans with Disabilities Act of 1990; The Rehabilitation Act of 1973

(Sections 503 and 504); California Fair Employment and Housing Act (Government Code sections 12900 et seq.); California Labor Code sections 1101 and 1102.

Contractor will not discriminate against any subcontractor, employee, or applicant for employment because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status in the recruitment, selection for training including apprenticeship, hiring, employment, utilization, promotion, layoff, rates of pay or other forms of compensation. Nor will Contractor discriminate in provision of services provided under this contract because of age, race, color, national origin, ancestry, religion, sex/gender, sexual orientation, mental disability, physical disability, medical condition, political beliefs, organizational affiliations, or marital status.

#### **11. Notices.**

All notices required by this Agreement will be deemed given when in writing and delivered personally or deposited in the United States mail, postage prepaid, return receipt requested, addressed to the other party at the address set forth below or at such other address as the party may designate in writing in accordance with this section:

To Contractor: Kurt P. Henke, Principal/Managing Partner  
1309 Coffeen Avenue, Suite 3178  
Sheridan, WY 82801

To LAFCO: Joe A. Serrano, LAFCO Executive Officer  
701 Ocean Street, Room 318-D  
Santa Cruz, CA 95060

#### **12. Governing Law.**

This Agreement has been executed and delivered in, and will be construed and enforced in accordance with, the laws of the State of California. Venue shall be in Santa Cruz County.

#### **13. Assignment.**

Contractor has been selected to perform services under this Agreement based upon the qualifications and experience of Contractor's personnel. Contractor may not assign this Agreement or the rights and obligations hereunder without the specific written consent of LAFCO. Any attempted assignment or subcontract without prior written consent will be null and void and will be cause, in LAFCO's sole and absolute discretion, for immediate termination of the Agreement.



#### **14. Relationships of Parties; Independent Contractor.**

Contractor will perform all work and services described herein as an independent contractor and not as an officer, agent, servant or employee of LAFCO. None of the provisions of this Agreement is intended to create, nor shall be deemed or construed to create, any relationship between the parties other than that of independent parties contracting with each other for purpose of effecting the provisions of this Agreement. The parties are not, and will not be construed to be in a relationship of joint venture, partnership or employer-employee. Neither party has the authority to make any statements, representations or commitments of any kind on behalf of the other party, or to use the name of the other party in any publications or advertisements, except with the written consent of the other party or as is explicitly provided herein. Contractor will be solely responsible for the acts and omissions of its officers, agents, employees, contractors, and subcontractors, if any.

#### **15. Entire Agreement.**

This document represents the entire Agreement between the parties with respect to the subject matter hereof. All prior negotiations and written and/or oral agreements between the parties with respect to the subject matter of this Agreement are merged into this Agreement.

#### **16. Amendments.**

This Agreement may be amended only by an instrument signed by the parties.

#### **17. Counterparts.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

#### **18. Severability.**

If any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid or unenforceable, the same will either be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement.

#### **19. Waiver.**

No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a party must be in writing, and shall apply to the specific instance expressly stated.

#### **20. Ownership of Materials and Confidentiality.**

A. Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for LAFCO to copy, use, modify, reuse, or

sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Contractor under this Agreement ("Documents & Data"). Contractor shall require all sub consultants to agree in writing that LAFCO is granted a non-exclusive and perpetual license for any Documents & Data the sub consultant prepares under this Agreement. Contractor represents and warrants that Contractor has the legal right to license any and all Documents & Data. Contractor makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Contractor or provided to Contractor by LAFCO. LAFCO shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at LAFCO's sole risk.

B. Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Contractor in connection with the performance of this Agreement shall be held confidential by Contractor. Such materials shall not, without the prior written consent of Contractor, be used by Contractor for any purposes other than the performance of the Agreement. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Agreement. Nothing furnished to Contractor which is otherwise known to Contractor or is generally known, or has become known, to the related industry shall be deemed confidential. Contractor shall not use LAFCO's name or insignia, photographs of the Services, or any publicity pertaining to the Services in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of LAFCO.

C. Confidential Information. LAFCO shall refrain from releasing Contractor's proprietary information ("Proprietary Information") unless LAFCO's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case LAFCO shall notify Contractor of its intention to release Proprietary Information. Contractor shall have five (5) working days after receipt of the Release Notice to give LAFCO written notice of Contractor's objection to LAFCO's release of Proprietary Information. Contractor shall indemnify, defend and hold harmless LAFCO, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. LAFCO shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Contractor fails to fully indemnify, defend (with LAFCO's choice of legal counsel), and hold LAFCO harmless from any legal action brought to compel such release;

and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that LAFCO release such information.

**TO EFFECTUATE THIS AGREEMENT**, the parties have caused their duly authorized representatives to execute this Agreement as of the last date indicated below:

“Commission”

By: \_\_\_\_\_

Joe Serrano, Executive Officer

Date: \_\_\_\_\_

“Contractor”

By: \_\_\_\_\_

Kurt P. Henke, Principal

Date: \_\_\_\_\_

Approved as to form:

By: \_\_\_\_\_

Joshua Nelson, General Counsel

Date: \_\_\_\_\_

**Exhibits to this Agreement:**

Exhibit A – Scope of Services

Exhibit B – Project Timeline

Exhibit C – Rate Schedule

Exhibit D – Indemnification and Insurance



## LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

### EXHIBIT A: SCOPE OF SERVICES

#### PURPOSE OF STUDY

Santa Cruz LAFCO conducted a countywide service and sphere review in 2021 and raised questions about the future of fire protection in Santa Cruz County. The purpose of this fire study is two-fold:

- 1) Analyze the existing sphere boundaries to determine the financial and service level impact to the affected parties if identified sphere areas are annexed into the affected fire agency and detached from the County (under CSA 4 and/or CSA 48); and
- 2) Identify opportunities for potential future regional mergers/consolidations, a single countywide fire agency, and other long-range options that may result in enhanced services and economies of scale.

#### REASON FOR STUDY

There are four primary reasons why this study is important and timely:

- 1) Santa Cruz LAFCO asked all fire agencies to review their existing spheres and develop an annexation plan. The deadline to submit these plans to LAFCO is August 30, 2022;
- 2) CalFIRE has indicated that the current model under the existing contract with the County to provide services through CSA 4 and CSA 48 may not be sustainable. The existing contract is set to expire in 2023;
- 3) Fire agency consolidations within the County are in progress, including the successful merger of Central Fire and Aptos/La Selva Fire in 2018 (?). Branciforte Fire is proposed to be consolidated with Scotts Valley Fire District. Two fire agencies have expressed interest in annexing the areas within their sphere boundaries. Felton Fire Protection District and Pajaro Valley Fire Protection District have recently adopted resolutions to initiate the reorganization process; and
- 4) With the recent CZU Fire destroying 911 structures, causing millions in estimated damage and the loss of one life in the County, there is renewed focus on fire safety efforts and adequate preparation for future fire events.

#### DEPENDENT AND INDEPENDENT FIRE DISTRICTS

At present, there are 13 fire agencies in Santa Cruz County:

##### Independent Special Districts

- 1) Aromas Tri-County Fire Protection District
- 2) Ben Lomond Fire Protection District
- 3) Boulder Creek Fire Protection District
- 4) Branciforte Fire Protection District
- 5) Central Fire Protection District
- 6) Felton Fire Protection District



- 7) Pajaro Valley Fire Protection District
- 8) Santa Cruz City Fire Department
- 9) Scotts Valley Fire Protection District
- 10) Watsonville City Fire Department
- 11) Zayante Fire Protection District

#### Dependent Special Districts

- 12) County Service Area 4 (Pajaro Dunes)
- 13) County Service Area 48 (County Fire)

CSA 4 and 48 are governed by the County and receive services through a contract with CalFIRE. CSA 4 is an area known as Pajaro Dunes. CSA 48 has primary areas: (1) Corralitos, (2) Burrell / Loma Prieta, (3) Saratoga Summit / South Skyline, (4) Fall Creek / Bonny Doon, and (5) Big Creek / Davenport.

### **KEY ANALYSIS: SPHERE ANNEXATIONS**

LAFCO has received an application requesting a reorganization involving the Pajaro Valley Fire Protection District. The reorganization includes the following actions: (1) dissolution of CSA 4, (2) concurrent annexation of the dissolved CSA 4 territory into PVFPD, (3) detachment of CSA 48 territory, and (4) concurrent annexation of the detached CSA 48 territory into PVFPD. If approved, this may significantly affect CSA 48's funding and operations. LAFCO is also expecting a similar application from the Felton Fire Protection District. The study should analyze how any impacts to the County may be offset or minimized if all fire agencies submitted similar applications based on their existing spheres and/or the submitted annexation plans. Items to evaluate:

- 1) Evaluate PVFPD Proposal as a model (i.e. governance structure, financial analysis, etc.)
- 2) Deployment Plan (i.e. station locations, service demands, response times, staffing, etc.)
- 3) Governance (i.e. current/future representation)
- 4) Finances (i.e. existing funding sources, revenue/expenses, assets/liabilities, etc.)

It is LAFCO's understanding that a "piecemeal" annexation approach from individual fire agencies at different times may negatively affect the funding and operations of CSA 48 due to uncertainty of when those annexations may occur. Therefore, it is important that a comprehensive transition plan be developed that transfers all areas of CSA 48 to an independent fire district and/or city fire department within the same timeframe in order to have a smooth transition of authority. The study's analysis and findings will help develop such transition plan.

### **QUESTIONS TO CONSIDER**

The study should be able to cover the following questions:

- 1) What are the current costs, service levels and demands, and constraints for the areas within CSA 4 and 48?
- 2) What are the revenue and cost impacts to affected residents if the proposed annexation service responsibilities are transferred from the County to the independent fire districts?
- 3) Do the proposed annexations improve service demand, response times, staffing, governance? Do the proposed annexations garner economies of scale or other benefits to the affected residents?
  - Are there other recommended reorganizations that benefit the affected agencies/residents?
  - Are there recommended reorganizations that benefit County residents as a whole?

- 4) How does the proposed and/or recommended reorganizations affect the current or future contract between the County and CalFIRE?
  - Has the increased population in the Wildland Urban Interface (estimated at 20% of the County's population) changed the assumptions of service responsibility in the County?
- 5) Will the proposed reorganizations and/or recommended include the transfer of existing benefit assessments?
- 6) Will the proposed and/or recommended reorganizations affect current and future staffing models?
- 7) How does the large percentage of "protected lands", such as state parks, beaches, BLM lands, and ecological preserves, impact funding and service demand county-wide? Will the proposed and/or recommended reorganizations have any consequences for these protected lands?
- 8) What are the governance and operational impacts to districts from proposed and/or recommended reorganizations? What changes of governance are needed to ensure that the County governed districts are not negatively affected by the proposed reorganizations?
  - Should CSA 48 be converted into an independent fire district?
  - Should a new contract be developed with CalFIRE?
  - Should a JPA or MOU be developed with the fire agencies?
- 9) What is the landscape of fire service levels across the County? Are there desired service level increases or decreases in any of the districts?
- 10) Are there opportunities for efficiencies (financially and operationally) for delivery of services throughout the County?



LOCAL AGENCY FORMATION COMMISSION  
OF SANTA CRUZ COUNTY

**EXHIBIT B: PROJECT TIMELINE**

<b>SECTION 1: PROJECT INITIATION</b>	
Execution of Contract	August 3, 2022
Project Kickoff	August 15, 2022
Data Acquisition Complete	September 23, 2022
Stakeholder Input & Fieldwork	November 14, 2022
<b>SECTION 2: EVALUATION &amp; ANALYSIS</b>	
Baseline Evaluations of the Agencies	November – December 2022
Exploration of Future Reorganizations	November – December 2022
<b>SECTION 3: DEVELOPMENT, REVIEW, &amp; DELIVERY OF REPORT</b>	
Review of the Administrative Draft Report	January – February 2023
Distribution of Agenda Packet (Feasibility Study accessible to the public)	February 23, 2023
LAFCO Commission, Public Review/Hearing	March 1, 2023
Discuss Possible Next Steps (i.e. subsequent study[ies])	March – April 2023

*Footnote: Dates may be subject to change*



LOCAL AGENCY FORMATION COMMISSION  
OF SANTA CRUZ COUNTY

EXHIBIT C: RATE SCHEDULE

SECTION 1: PROJECT INITIATION		
	Hours	Estimated Cost
Estimated Time & Cost	84	\$22,516
SECTION 2: EVALUATION & ANALYSIS		
Estimated Time & Cost	140	\$14,272
SECTION 3: DEVELOPMENT, REVIEW, & DELIVERY OF REPORT		
Estimated Time & Cost	66	\$12,989
<b>Projected Project Time &amp; Cost</b>	<b>290</b>	<b>\$49,777</b>

**Payment Schedule & Invoicing**

- 10% payment due upon signing of the contract
- Monthly invoicing thereafter as work progresses until 95% of project has been completed
- Final 5% due upon project completion
- Additional work requested and approved beyond the Scope of Work will be billed at a rate of \$175/hour for the Senior Project Manager and \$125/hour for consultants plus any additional travel expenses





## LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

### EXHIBIT D: INSURANCE REQUIREMENTS FOR STANDARD SERVICE CONTRACTS

#### **Indemnity**

During the term of this contract, the Contractor shall indemnify, defend, and hold harmless the Local Agency Formation Commission of Santa Cruz County (hereinafter "LAFCO"), its officers, agents and employees from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by Contractor and/or its agents, employees or sub-contractors, excepting only loss, injury or damage caused by the active negligence or willful misconduct of personnel employed by LAFCO. It is the intent of the parties to this Agreement to provide the broadest possible coverage for LAFCO. The Contractor shall reimburse LAFCO for all costs, attorneys' fees, expenses and liabilities incurred with respect to any litigation in which the Contractor is obligated to indemnify, defend and hold harmless the LAFCO under this Agreement.

#### **Insurance**

Without limiting the Contractor's indemnification of LAFCO, the Contractor shall provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverages and provisions:

##### **A. Evidence of Coverage**

Prior to commencement of this Agreement, the Contractor shall provide a Certificate of Insurance certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, a copy of the policy or policies shall be provided by the Contractor upon request.

This verification of coverage shall be sent to the LAFCO Executive Officer, unless otherwise directed. The Contractor shall not receive a Notice to Proceed with the work under the Agreement until it has obtained all insurance required and such insurance has been approved by LAFCO Executive Officer. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

##### **B. Qualifying Insurers**

All coverages, except surety, shall be issued by companies which hold a current policyholder's alphabetic and financial size category rating of not less than A- VII,

according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by the LAFCO Executive Officer.

### C. Notice of Cancellation

All coverage as required herein shall not be canceled or changed so as to no longer meet the specified insurance requirements without 30 days' prior written notice of such cancellation or change being delivered to the LAFCO Executive Officer.

### D. Insurance Required

#### 1. Automobile Liability Insurance

For bodily injury (including death) and property damage which provides total limits of \$1,000,000 combined single limit for bodily injury and property damage, applicable to all owned, non-owned and hired vehicles.

2. Comprehensive General Liability Insurance (occurrence form) with minimum limits of \$1,000,000 combined bodily injury and property damage. Coverage to include, but not limited to, premises/operations liability, products/completed operations liability, personal injury liability, medical payments and property damage legal liability.

3. Professional (Errors & Omissions) Liability insurance (occurrence or claims made form) with minimum limit of \$1,000,000 per occurrence/claim.

### E. Special Provisions

The following provisions shall apply to this Agreement:

1. The foregoing requirements as to the types and limits of insurance coverage to be maintained by the Contractor and any approval of said insurance by the LAFCO Executive Officer or insurance consultant(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Contractor pursuant to this Agreement, including but not limited to the provisions concerning indemnification.

2. LAFCO acknowledges that some insurance requirements contained in this Agreement may be fulfilled by self-insurance on the part of the Contractor. However, this shall not in any way limit liabilities assumed by the Contractor under this Agreement. Any self-insurance shall be approved in writing by LAFCO upon satisfactory evidence of financial capacity. Contractors obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self- insurance retentions.

3. Should any of the work under this Agreement be sublet, the Contractor shall require each of its subcontractors of any tier to carry the aforementioned coverages, or Contractor may insure subcontractors under its own policies.

4. LAFCO reserves the right to withhold payments to the Contractor in the event of material noncompliance with the insurance requirements outlined above.

F. Fidelity Bonds (Required only if contractor will be receiving advanced funds or payments)

Before receiving compensation under this Agreement, Contractor will furnish County with evidence that all officials, employees, and agents handling or having access to funds received or disbursed under this Agreement, or authorized to sign or countersign checks, are covered by a BLANKET FIDELITY BOND in an amount of AT LEAST fifteen percent (15%) of the maximum financial obligation of the County cited herein. If such bond is canceled or reduced, Contractor will notify County immediately, and County may withhold further payment to Contractor until proper coverage has been obtained. Failure to give such notice may be cause for termination of this Agreement, at the option of County.



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Santa Cruz Local Agency Formation Commission

Date: August 3, 2022  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Grand Jury Report – LAFCO Response**

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**SUMMARY OF RECOMMENDATION**

The Santa Cruz County Civil Grand Jury was established to help hold local governments accountable. This goal is accomplished by developing several reports on an annual basis. The latest report titled *“Our Water Account Is Overdrawn – Beyond Conservation: Achieving Drought Resilience”* focuses on the water supply and long-term planning of the water agencies in Santa Cruz County. The Grand Jury has asked LAFCO to provide comments on this fire report.

It is recommended that the Commission approve the draft comments and direct the Executive Officer to distribute the attached comment letter to the Grand Jury before the August 22, 2022 deadline.

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**EXECUTIVE OFFICER’S REPORT:**

The Civil Grand Jury is part of the judicial branch of government. Consisting of Santa Cruz County citizens, it is an arm of the court, yet is an entirely independent body. The primary function of the Civil Grand Jury is to examine all aspects of local governments (ex. the County, cities, special districts and joint power authorities) to see that the monies are handled judiciously and that all accounts are properly audited. In general, the Civil Grand Jury seeks to assure honest, efficient government in the best interest of the people.

The Santa Cruz County Civil Grand Jury issues several reports each year. In FY 2021-22, five reports were conducted. One of them, titled *“Our Water Account Is Overdrawn – Beyond Conservation: Achieving Drought Resilience”* includes a request for LAFCO comments, as shown in **Attachment 1**. Identified agencies are required to respond to the reports within 90 days, according to the California Penal Code. The deadline for LAFCO to submit comments is August 22, 2022.

**Attachment 2** includes a draft comment letter for Commission consideration. This letter addresses three findings and one recommendation identified by the Grand Jury. Staff is recommending that the Commission approve the draft comments and direct the Executive Officer to submit the attached letter before August 22nd.

Respectfully Submitted,

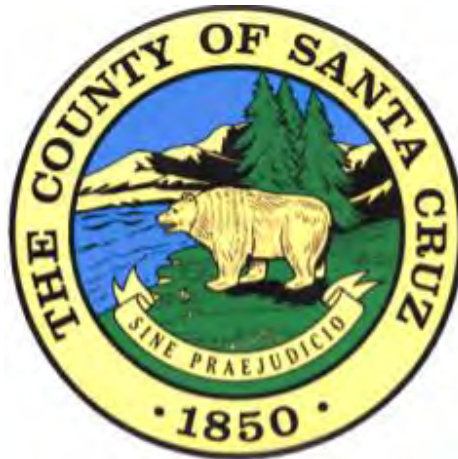
A blue ink signature of Joe A. Serrano, written in a cursive style.

Joe A. Serrano  
Executive Officer

Attachments:

1. Grand Jury Request for Comments
2. LAFCO Response Letter (Draft Version)





**The 2021–2022 Santa Cruz County Civil Grand Jury  
Invites the  
Executive Officer,  
Santa Cruz County Local Area Formation Commission  
to Respond by August 22, 2022  
to the Findings and Recommendations listed below  
which were assigned to them in the report titled  
**Our Water Account Is Overdrawn**  
Beyond Conservation:  
Achieving Drought Resilience**

Responses are **invited** from appointed agency and department heads, appointed committees, and non-profit agencies contracted to the county which are investigated by the grand jury. You are not required to respond by the California Penal Code [\(PC\) §933\(c\)](#).

If you choose to respond, your response will be considered **compliant** under [PC §933.05](#) if it contains an appropriate comment on **all** findings and recommendations **which were assigned to you** in the report.

Please follow the instructions below when preparing your response.

## Instructions for Respondents

Your assigned [Findings](#) and [Recommendations](#) are listed on the following pages with check boxes and an expandable space for summaries, timeframes, and explanations. Please follow these instructions, which paraphrase [PC §933.05](#):

- 1. For the Findings, mark one of the following responses with an “X” and provide the required additional information:**
  - a. **AGREE with the Finding**, or
  - b. **PARTIALLY DISAGREE with the Finding** – specify the portion of the Finding that is disputed and include an explanation of the reasons why, or
  - c. **DISAGREE with the Finding** – provide an explanation of the reasons why.
- 2. For the Recommendations, mark one of the following actions with an “X” and provide the required additional information:**
  - a. **HAS BEEN IMPLEMENTED** – provide a summary of the action taken, or
  - b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – provide a timeframe or expected date for completion, or
  - c. **REQUIRES FURTHER ANALYSIS** – provide an explanation, scope, and parameters of an analysis to be completed within six months, or
  - d. **WILL NOT BE IMPLEMENTED** – provide an explanation of why it is not warranted or not reasonable.
- 3. When your responses are complete, please email your completed Response Packet as a PDF file attachment to both**

The Honorable Judge Syda Cogliati [Syda.Cogliati@santacruzcourt.org](mailto:Syda.Cogliati@santacruzcourt.org) and

The Santa Cruz County Grand Jury [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org).

***If you have questions about this response form, please contact the Grand Jury by calling 831-454-2099 or by sending an email to [grandjury@scgrandjury.org](mailto:grandjury@scgrandjury.org).***

## Findings

**F10.** The individual water supply districts lack funding, resources, and charters to develop county-centric drought-resilience infrastructure.

- ☐ **AGREE**
- ☐ **PARTIALLY DISAGREE**
- ☐ **DISAGREE**

**Response explanation** (required for a response other than **Agree**):

**F11.** The Groundwater Sustainability Management agencies lack the charters, staff, and resources to plan or execute a county-wide drought-resilience strategy.

- ☐ **AGREE**
- ☐ **PARTIALLY DISAGREE**
- ☐ **DISAGREE**

**Response explanation** (required for a response other than **Agree**):



**F12.** There is no county-level agency chartered to plan, propose, or build regional district-spanning drought-resilience infrastructure.

☐ **AGREE**

☐ **PARTIALLY DISAGREE**

☐ **DISAGREE**

**Response explanation** (required for a response other than **Agree**):

## Recommendations

- R1.** By December 31, 2022, the Boards of the Santa Margarita Groundwater Management Agency and the Mid-County Groundwater Management Agency should extend their charters to include and proactively deliver drought-resilience project planning and execution.

- **HAS BEEN IMPLEMENTED** – summarize what has been done
- **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – summarize what will be done and the timeframe
- **REQUIRES FURTHER ANALYSIS** – explain the scope and timeframe (not to exceed six months)
- **WILL NOT BE IMPLEMENTED** – explain why

**Required response explanation, summary, and timeframe:**



August 4, 2022

The Honorable Judge Syda Cogliati  
 Santa Cruz Courthouse  
 701 Ocean Street  
 Santa Cruz, CA 95060

**Subject: LAFCO Response to the Grand Jury's "Our Water Account Is Overdrawn – Beyond Conservation: Achieving Drought Resilience" Report**

Dear Honorable Judge Cogliati:

Thank you for this opportunity to comment on the Grand Jury's report titled "Our Water Account Is Overdrawn – Beyond Conservation: Achieving Drought Resilience." This report reviewed the water supply and long-term planning of the water agencies in Santa Cruz County and requested that the Local Agency Formation Commission ("LAFCO") provide comments. LAFCO's statutory authority is derived from the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code section 56000, et seq.).

Among LAFCO's purposes are: Discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances (Government Code Section 56301). The Cortese-Knox-Hertzberg Act identifies factors that must be considered, and determinations that must be made, as part of LAFCO's review of boundary changes and service reviews.

These provisions of law are the legislative basis for LAFCO's locally adopted Policies and Procedures Relating to Spheres of Influence and Changes of Organization. These policies establish guidelines for the Commission and staff. The adopted policies are available on LAFCO's website: <https://santacruzlafco.org/about/policies-procedures/>.

In order to fulfill the request to provide comments on the Grand Jury's report, LAFCO's comments will be based on the direction found in the Cortese-Knox-Hertzberg Act and the Commission's adopted policies.

**1. Finding (F10): The individual water supply districts lack funding, resources, and charters to develop county-centric drought-resilience infrastructure.**

PARTIALLY DISAGREE: LAFCO recently completed a Countywide Water Service & Sphere Review involving the nine water agencies in Santa Cruz County. Only one of the nine water agencies was determined to be in severely understaffed, financially distressed, and lacking necessary resources. LAFCO believes that the remaining active water agencies are financially sound and equipped to operate an efficient special district. LAFCO encourages the water agencies to continue exploring opportunities to collaborate. Strategic partnerships among the water agencies and the County may help develop county-centric drought-resilience planning at a holistic level rather than standalone efforts.

2. **Finding (F11): The Groundwater Sustainability Management agencies lack the charters, staff, and resources to plan or execute a county-wide drought-resilience strategy.**

PARTIALLY DISAGREE: The Sustainable Groundwater Management Act (SMGA) was signed by Governor Jerry Brown on September 16, 2014, and went into effect on January 1, 2015. Since then, three groundwater management agencies were formed in Santa Cruz County, as listed below. The three groundwater agencies include representatives from several local water agencies. It is LAFCO's understanding that the listed agencies have developed long-term plans under their respective groundwater agencies. Such collaboration indicates that the water agencies are capable of developing countywide plans beyond their standalone boundaries.

Groundwater Agencies	Associated Basins	Agency Members	Basin Management Plan
<b>Pajaro Valley</b>	Corralitos Groundwater Basin	Pajaro Valley Water Management Agency	Latest Plan adopted in November 2021 <sup>1</sup>
<b>Santa Cruz Mid-County</b>	Santa Cruz Mid-County Groundwater Basin	County of Santa Cruz; CWD; SqCWD; and the City of Santa Cruz	Latest Plan adopted in November 2019 <sup>2</sup>
<b>Santa Margarita</b>	Santa Margarita Groundwater Basin	County; San Lorenzo Valley and Scotts Valley Water Districts	Latest Plan adopted in November 2021 <sup>3</sup>

3. **Finding (F12): There is no county-level agency chartered to plan, propose, or build regional district-spanning drought-resilience infrastructure.**

AGREE: It is LAFCO's understanding that there is no county-level agency chartered to plan, propose, or build regional district-spanning drought-resilience infrastructure. However, the law does not restrict the County and the water agencies to develop a countywide plan under a Memorandum of Understanding, Joint Powers Agreement, and/or other methodology. This may be an opportunity for the affected agencies to explore this countywide planning effort.

4. **Recommendation (R1): By December 31, 2022, the Boards of the Santa Margarita Groundwater Management Agency and the Mid-County Groundwater Management Agency should extend their charters to include and proactively deliver drought-resilience project planning and execution.**

WILL NOT BE IMPLEMENTED: LAFCO has not purview over the groundwater management agencies, and therefore, cannot implement or require the groundwater management agencies to include a drought-resilience project planning and execution. However, it is LAFCO's understanding that the County is currently working on a

<sup>1</sup> PVWMA BMP - [https://www.pvwater.org/images/about-pvwma/assets/SGM/GSU22\\_20211229\\_MainBody-web.pdf](https://www.pvwater.org/images/about-pvwma/assets/SGM/GSU22_20211229_MainBody-web.pdf)

<sup>2</sup> SCMCGA BMP - [https://www.midcountygroudwater.org/sites/default/files/uploads/MGA\\_GSP\\_2019.pdf](https://www.midcountygroudwater.org/sites/default/files/uploads/MGA_GSP_2019.pdf)

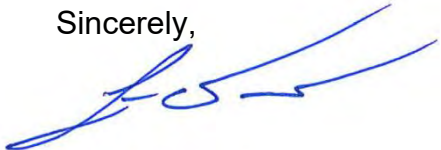
<sup>3</sup> SMGA BMP - [https://www.smgwa.org/media/GroundwaterSustainabilityPlan/SMGB\\_GSP\\_Final\\_2021-11-11.pdf](https://www.smgwa.org/media/GroundwaterSustainabilityPlan/SMGB_GSP_Final_2021-11-11.pdf)

drought-related report that will fulfill the requirements under Senate Bill 552 (SB 552). This bill was passed and signed by Governor Gavin Newsom in September 2021 for the purpose of State and local governments sharing the responsibility in preparing and acting in the case of a water shortage event. These new requirements are expected to improve the ability of Californians to manage future droughts and help prevent catastrophic impacts on drinking water for communities vulnerable to impacts of climate change. The bill outlines the new requirements for small water suppliers, county governments, Department of Water Resources, and the State Water Board to implement more proactive drought planning and be better prepared for future water shortage events or dry years.

Each county, in accordance with SB 552, is required to have a standing drought task force to facilitate drought and water shortage preparedness for state small water systems (serving 5 to 14 connections), domestic wells, and other privately supplied homes within the county's jurisdiction. Each county must also develop a plan demonstrating the potential drought and water shortage risk and proposed interim and long-term solutions for state small water systems and domestic wells within the county. Both of these requirements may be implemented as part of other existing committees and/or planning processes<sup>4</sup>.

I want to thank you once again for this opportunity to comment on the Grand Jury's recent water report. LAFCO also recently developed a water report that analyzes the nine water agencies in Santa Cruz County. This countywide report is now available on LAFCO's website: <https://santacruzlafco.org/reviews/>. I encourage the Grand Jury to review this report and continue collaborating with LAFCO on these important issues. Feel free to contact me if you have any questions. I can be reached by email ([joe@santacruzlafco.org](mailto:joe@santacruzlafco.org)) or by phone (831-454-2055).

Sincerely,



Joe A. Serrano  
Executive Officer

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<sup>4</sup> SB 552 Information: <https://water.ca.gov/Programs/Water-Use-And-Efficiency/SB-552#:~:text=SB%20552%20requires%20small%20water,to%20drought%20resilient%20standards%2C%20if>





## Santa Cruz Local Agency Formation Commission

Date: August 3, 2022  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **CALAFCO 2022 Annual Conference**

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### SUMMARY OF RECOMMENDATION

Santa Cruz LAFCO is a member of the California Association of LAFCOs (CALAFCO). The annual conference hosted by CALAFCO will be held in Newport Beach from Wednesday, October 19 to Friday, October 21. The Commission may take action on various items in advance of the CALAFCO Annual Business Meeting and Conference.

It is recommended that the Commission take the following actions:

1. Discuss attendance at the upcoming CALAFCO Annual Conference;
  2. Designate a Voting Member at the Regional Caucus and Business Meeting; and
  3. Discuss whether to make any board or award nominations.
- 

### EXECUTIVE OFFICER'S REPORT:

After a two-year hiatus, due to the COVID pandemic, CALAFCO has announced the dates for the 2022 CALAFCO Annual Conference (**Attachment 1**). The annual business meeting and conference will be held on October 19th to October 21st in Newport Beach (Southern California). The Commission has budgeted a fixed amount that permits some Commissioners and staff to attend the annual conference. In the past, the CALAFCO conferences have offered significant educational value for both new and seasoned Commissioners and staff. Commissioners who are interested in attending the 2022 conference should inform the staff by August 3rd in order to fill out the necessary registration forms (**Attachment 2**). In the interim, the Commission has a few items to handle in preparation of the upcoming conference.

#### Regional Caucus and Business Meeting

CALAFCO board members have been elected by region since 2010. This year, there are two seats open from the Coastal Region: one County Member and one District Member. **Attachment 3** provides a regional map of CALAFCO and additional information regarding the election process. In advance of the election process at the annual conference, each LAFCO designates a single representative who cast its votes. Santa Cruz LAFCO's designee traditionally consults with the other attending Commissioners and attempts to establish a consensus position before casting any vote. The designee may also represent Santa Cruz LAFCO during the annual Business Meeting held during the conference. Staff is recommending that the Commission designate a Voting Member and an Alternate Member (if needed).

### CALAFCO Award Nominations

Each year, CALAFCO presents awards to recognize outstanding achievements by dedicated and committed individuals and/or organizations from throughout the State. LAFCO staff does not have any particular project or individual to nominate this year. However, if the Commission chooses to nominate a person or project for an award, staff will complete the nomination packet, as shown in **Attachment 4**, prior to the August 12th deadline.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

#### Attachments:

1. Annual Conference Announcement
2. Annual Conference Registration Form
3. CALAFCO Board of Directors Nomination Form
4. CALAFCO Achievement Award Nomination Form



# Announcing The 2022 CALAFCO Annual Conference

Hosted by CALAFCO

## October 19 - 21

Hyatt Regency, Newport Beach  
Conveniently located near the John Wayne Airport



### Relevant & Diverse General & Breakout Session Topics

- Everything you ever wanted to know about Municipal Service Reviews but were afraid to ask.
- All about Fire, Fire Districts, and Fire Service Impacts
- Recruitment and Succession Planning
- Avoiding Conflicts of Interest and Other legal pitfalls
- Grand Juries and LAFCOs – Why Can't We Be Friends?
- The Definitive Session on Pensions – LAFCO's two-fold Responsibility to Take Care of Its Own and Review Agencies
- How commission meetings can go wrong
- Legislative Update

*Please note that the Program is still under development and topics are subject to change.*

### Special Highlights

#### LAFCo 101 & More

An introduction (and more) to LAFCo and LAFCo law for Commissioners, Staff, and anyone interested in learning more about LAFCo

*Wednesday morning*

#### Mobile Workshop

*"It's a Shore Thing:  
Navigating Municipal  
Service Delivery within  
Coastal Areas"*

A mobile workshop on multi-agency collaboration that starts with a 2 hour harbor boat ride to Marina Park Community Center for lunch and presentations.  
(Limited to 85)

*Wednesday morning*

### We can't wait to see you!

#### Invaluable Networking Opportunities for Reconnection!

- Regional Roundtable discussions on current regional LAFCo issues
- Extended roundtable discussion for LAFCo legal counsel
- Networking breakfasts and extended breaks
- Welcome Reception Wednesday
- Thursday Pre-dinner Reception & breaks with Sponsors
- Awards Banquet Thursday

**Hyatt Regency Newport Beach at  
the John Wayne Airport**



Make your reservations now at the **Hyatt Regency** at the special CALAFCO rate of \$194 (excludes tax and fees).

**Reservations must be made by 9/19/22 to qualify for the Group Rate.**

TO MAKE HOTEL RESERVATIONS, PLEASE VISIT: <https://www.hyatt.com/en-US/group-booking/SNARJ/G-CALF> or call directly at (800) 233-1234 and reference CALAFCO event.

Visit [www.calafco.org](http://www.calafco.org) for more Conference details or call us at 916-442-6536.

**Registration is now open!**  
**For more information, visit**  
**[www.calafco.org](http://www.calafco.org)**



## 2022 CALAFCO ANNUAL CONFERENCE MOBILE WORKSHOP

# IT'S A SHORE THING: NAVIGATING MUNICIPAL SERVICE DELIVERY WITHIN COASTAL AREAS

**WEDNESDAY, OCTOBER 19 • 7:45 am – 1:00 pm**

**BUS BOARDS IN FRONT OF HOTEL AT 7:45 AM**

We begin with a 2-hour harbor cruise that highlights various projects involving multi-agency collaboration. After our cruise, we will travel to Marina Park Community Center where we will have lunch and hear from a panel of local agency representatives on their challenges to collaborate in support of providing efficient and effective services to coastal residents.

Attire is flat, closed toe shoes. Dress in layers. You can register and pay online or complete the registration form and pay by check. All information on the Workshop can be found at [www.calafco.org](http://www.calafco.org).

This Workshop will include the history, features and jurisdiction of the Harbor and will showcase several projects that involve multi-agency collaboration and processes. Our luncheon panel will include representatives from the City of Newport Beach, Capistrano Bay CSD and South Coast Water District. They will talk about their challenges to provide services within a coastal community and the efforts of multi-agency collaboration to support efficient and effective service delivery.

**\$60 per person includes lunch**  
*(Limited to the first 85 registrations)*

**Deadline to register is September 29, 2022.**

Registration fees are refundable (less \$30) if request is received in writing no later than September 29, 2022.

**\*\*Please note that pets are not allowed.\*\***



**CALAFCO | (916) 442-6536 | [WWW.CALAFCO.ORG](http://WWW.CALAFCO.ORG) | [INFO@CALAFCO.ORG](mailto:INFO@CALAFCO.ORG)**

**Sponsored in part by Imperial LAFCo,  
Orange LAFCo, City of Newport Beach and  
Davey's Locker Whale Watching.**



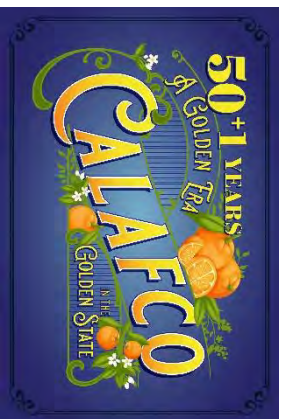


# CALAFCO 2022 ANNUAL CONFERENCE REGISTRATION FORM

## OCTOBER 19 – 21 IN NEWPORT BEACH

*For Registration by Check*

To pay with credit cards please visit [www.calafco.org](http://www.calafco.org)  
**REGISTRATION DEADLINE IS SEPTEMBER 29, 2022**



Please submit one form for each person registering

FIRST NAME	LAST NAME
NAME ON NAME TAG	
LAFCO/ORGANIZATION	POSITION
GUEST NAME (For guest/spouse registration)	
MAILING ADDRESS	
CITY	ZIP
PHONE #	
E-MAIL ADDRESS	
EMERGENCY CONTACT NAME:	
PHONE #	



### CONFERENCE REGISTRATION RATES

	EARLY BIRD FEE Received By July 31	STANDARD FEE Received Aug. 1 - 31	LATE FEE Received Sept. 1 - 29
Member – Full Conference	\$565	\$595	\$615
Non-member – Full Conference	\$675	\$705	\$725
Guest/Spouse <sup>1</sup> – All Meals	\$305	\$335	\$355
Guest/Spouse <sup>1</sup> – Wed Reception/Thu Banquet Only	\$195	\$225	\$245
Member – One Day ( Wed Thur Fri)	\$385	\$415	\$435
Non-Member – One Day ( Wed Thur Fri)	\$495	\$525	\$545
Mobile Workshop – Wednesday	\$ 60	\$ 60	\$ 60
Attorney MCLE Credit (LAFCo counsel only)	\$ 50	\$ 50	\$ 50
LAFCo 101 (No charge for those with full conference registration. \$50 for all others.)	\$ 50	\$ 50	\$ 50
<b>TOTAL REGISTRATION RATE DUE</b>			<b>\$</b>

<sup>1</sup>Guests at meals must purchase their meal. Conference registration meals are not transferrable to guests.

**Payment must accompany registration, and must be RECEIVED by the applicable deadlines to qualify for discounts. NO EXCEPTIONS.**

Mail completed forms, and check made payable to "CALAFCO" to:

**CALAFCO**  
**1020 12<sup>th</sup> Street, Suite 222**  
**Sacramento, CA 95814**

**ROOMS STARTING AT \$194 PER NIGHT IF BOOKED BEFORE SEPTEMBER 19, 2022.**

**TO MAKE HOTEL RESERVATIONS, PLEASE VISIT:**

<https://www.hyatt.com/en-US/group-booking/SNARJG-CALF> or call directly at (800) 233-1234 and reference CALAFCO event.

### CANCELLATION AND REFUND POLICY

1. Registrations are considered complete upon receipt of fees.
2. Cancellation requests made in writing and received by **September 29, 2022** are fully refunded, less transaction & handling fees.\*
3. Credits are not issued for any cancellations.
4. Registration fees are transferable to another person not already registered provided the request is received in writing.\* Deadline to transfer registrations is October 10, 2022.
5. Registration fees for guests and special events are not transferable but are fully refundable, less transaction & handling fees\*. If written requests are received by **September 29, 2022**.
6. Cancellation requests must be submitted by e-mail to [info@calafco.org](mailto:info@calafco.org).
7. Cancellation requests made after September 29, 2022 are not eligible for a refund.

\*\$30 handling fee applies.

LAFCo	_____
Received	_____
Check #	_____





June 1, 2022

**To:** Local Agency Formation Commission  
Members and Alternate Members

**From:** Jo MacKenzie, Committee Chair  
CALAFCO Board Election Committee  
CALAFCO Board of Directors



**RE: Nominations for 2022/2023 CALAFCO Board of Directors**

Nominations are now open for the fall elections of the CALAFCO Board of Directors for the following seats:

CENTRAL REGION	SOUTHERN REGION	NORTHERN REGION	COASTAL REGION
County Member	City Member	City Member	County Member
District Member	Public Member	Public Member	District Member

Please inform your Commission that the CALAFCO Election Committee will be accepting nominations for the above-cited seats until:

**MONDAY, SEPTEMBER 19, 2022 at 5:00 PM**

Serving on the CALAFCO Board is a unique opportunity to work with other commissioners throughout the state on legislative, fiscal, and operational issues that affect us all. The Board meets four to five times each year, with half of the meetings currently being held virtually and the rest being held at alternate sites around the state.

Board seats are for a two-year term, with no term limits, and any LAFCo commissioner or alternate commissioner is eligible to run for a Board seat. The election will be conducted during Regional Caucuses at the CALAFCO Annual Conference prior to the Annual Membership Meeting on Thursday, October 20, 2022 at the Hyatt Regency John Wayne Airport in Newport Beach, California.

*Should your Commission nominate a candidate, the Chair of your Commission must complete the attached Nomination Form and the Candidate's Résumé Form or provide the specified information in another format other than a résumé.*



**Please note that completed nomination forms and all materials must be RECEIVED by the CALAFCO Executive Director no later than Monday, September 19, 2022 at 5:00 p.m.**

Returning the nomination form prior to that deadline ensures your nominee is placed on the ballot. Names will be listed in the order nominations were received. Electronic filing of nomination forms and materials is encouraged to facilitate the recruitment process. Forms and materials may either be emailed to [info@calafco.org](mailto:info@calafco.org) or mailed to:

CALAFCO Election Committee c/o Executive Director  
California Association of Local Agency Formation Commissions  
1020 12<sup>th</sup> Street, Suite 222  
Sacramento, California 95814

Nominations received by the September 19th deadline will be included in the Election Committee's Report and will be on the ballot. The Report will be distributed to LAFCo members no later than October 4, 2022, with ballots made available to Voting Delegates at the Annual Conference.

Nominations received after the deadline will be returned; however, nominations may be made from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

For those member LAFCos who cannot send a representative to the Annual Meeting, an electronic ballot will be made available *if requested in advance*. **Ballot requests must also be received no later than 5:00 pm on Monday, September 19, 2022, with completed absentee ballots returned by 5:00 p.m. on Friday, October 14, 2022.**

#### NOMINATION/ELECTION PROCESS DEADLINES AND TIMELINES

- **June 1** – Nomination Announcement and packet sent to LAFCo membership and posted on the CALAFCO website.
- **September 19** – Completed Nomination packet due
- **September 19** – Request for an absentee/electronic ballot due
- **September 19** – Voting delegate name due to CALAFCO
- **October 4** – Distribution of the Election Committee Report (includes all completed/submitted nomination papers)
- **October 4** – Distribution of requested absentee/electronic ballots.
- **October 14** – Absentee ballots due to CALAFCO
- **October 20** - Elections

If you have any questions about the election process, please contact me at [jmackenzie@calafco.org](mailto:jmackenzie@calafco.org) or by calling 760-743-7969. You may also contact CALAFCO Executive Director René LaRoche at [rlaroche@calafco.org](mailto:rlaroche@calafco.org) or by calling 916-442-6536.

Members of the 2022/2023 CALAFCO Election Committee are:

Jo MacKenzie, Chair  
[jmackenzie@calafco.org](mailto:jmackenzie@calafco.org)

San Diego LAFCo (Southern Region)  
760-743-7969

Bill Connelly  
[bconnelly@calafco.org](mailto:bconnelly@calafco.org)

Butte LAFCo (Northern Region)  
530-538-6834

Margie Mohler  
[mmohler@calafco.org](mailto:mmohler@calafco.org)

Napa LAFCo (Coastal Region)  
707-287-6911

Daniel Parra  
[dparra@calafco.org](mailto:dparra@calafco.org)

Fresno LAFCo (Central Region)  
559-834-3113

Additionally, you will also find attached for your reference a copy of the CALAFCO Board of Directors Nomination and Election Procedures, as well as the current listing of Board Members and corresponding terms of office.

*I sincerely hope that you will consider joining us!*

Enclosures

## **Board of Directors Nomination and Election Procedures and Forms**

The procedures for nominations and election of the CALAFCO Board of Directors [Board] are designed to assure full, fair and open consideration of all candidates, provide confidential balloting for contested positions and avoid excessive demands on the time of those participating in the CALAFCO Annual Conference.

The Board nomination and election procedures shall be:

### **1. APPOINTMENT OF AN ELECTION COMMITTEE:**

- a. Following the Annual Membership Meeting the Board shall appoint an Election Committee of four members of the Board. The Election Committee shall consist of one member from each region whose term is not ending.
- b. The Board Chair shall appoint one of the members of the Election Committee to serve as Committee Chair. The CALAFCO Executive Director shall either serve as staff to the Election Committee or appoint a CALAFCO regional officer to serve as staff in cooperation with the Executive Director.
- c. Each regional officer shall serve as staff liaison to the Election Committee specifically to assist in conducting the election as directed by the Executive Director and Committee.
- d. Goals of the Committee are to encourage and solicit candidates by region who represent member LAFcos across the spectrum of geography, size, and urban-suburban-rural population, and to provide oversight of the elections process.

### **2. ANNOUNCEMENT TO ALL MEMBER LAFcos:**

- a. No later than four months prior to the Annual Membership Meeting, the Election Committee Chair shall send an announcement to each LAFco for distribution to each commissioner and alternate. The announcement shall include the following:
  - i. A statement clearly indicating which offices are subject to the election.
  - ii. A regional map including LAFcos listed by region.
  - iii. The specific date by which all nominations must be received by the Election Committee. The deadline shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFco marked "Received too late for Election Committee action."
  - iv. The names of the Election Committee members and the name of their LAFco, regional representation, email address and phone number. The name, email address and phone number of the Executive Director shall also be included.
  - v. The email address and physical address to send the nominations forms.
  - vi. A form for a Commission to use to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.
  - vii. The specific date by which all voting delegate names are due.
  - viii. The specific date by which absentee ballots must be requested, the date CALAFCO will

#### **Key Timeframes for Nominations Process**

Days*	
120	Nomination announcement
30	Nomination deadline
14	Committee report released

\*Days prior to annual membership meeting

distribute the absentee ballots, and the date by which they must be received by the Executive Director.

- b. A copy of these procedures shall be posted on the web site.

### **3. THE ELECTION COMMITTEE:**

- a. The Election Committee and the Executive Director have the responsibility to monitor nominations and help assure that there are adequate nominations from each region for each seat up for election. No later than two weeks prior to the Annual Conference, the Election Committee Chair shall distribute to the members the Committee Report organized by regions, including copies of all nominations and resumes, which are received prior to the end of the nomination period.
- b. At the close of the nomination period, the Election Committee shall prepare regional ballots. Each region will receive a ballot specific to that region. Each region shall conduct a caucus at the Annual Conference for the purpose of electing their designated representatives. Caucus elections must be held prior to the annual membership meeting at the Conference. The assigned regional officers along with a member of the Election Committee shall tally ballots at each caucus and provide the Election Committee the names of the elected Board members and any open seats. In the event of a tie, the regional officer and Election Committee member shall immediately conduct a run-off ballot of the tied candidates.
- c. Make available sufficient copies of the Committee Report for each Voting Delegate by the beginning of the Annual Conference. Only the designated Voting Delegate, or the designated Alternate Voting Delegate shall be allowed to pick up the ballot packet at the Annual Conference.
- d. Make available blank copies of the nomination forms and resume forms to accommodate nominations from the floor at either the caucuses or the annual meeting (if an at-large election is required).
- e. Advise the Executive Director to provide "CANDIDATE" ribbons to all candidates attending the Annual Conference.
- f. Advise the Executive Director to provide "VOTING DELEGATE" ribbons to all voting delegates attending the Annual Conference.
- g. Post the candidate statements/resumes organized by region on a bulletin board or other easily accessible location near the registration desk.
- h. Regional elections shall be conducted as described in Section 4 below. The representative from the Election Committee shall serve as the Presiding Officer for the purpose of the caucus election and shall be assisted by a regional officer from a region other than their own, as assigned by the Executive Director
- i. Following the regional elections, in the event that there are open seats for any offices subject to the election, the Election Committee Chair shall notify the Chair of the Board of Directors that an at-large election will be required at the annual membership meeting and to provide a list of the number and category of seats requiring an at-large election.

### **4. ELECTRONIC BALLOT FOR LAFCO IN GOOD STANDING NOT ATTENDING ANNUAL MEETING**

Limited to the elections of the Board of Directors

- a. Any LAFCo in good standing shall have the option to request an electronic ballot if there will be no representative attending the annual meeting.
- b. LAFCOs requesting an electronic ballot shall do so in writing to the Executive Director no later than 30 days prior to the annual meeting.

- c. The Executive Director shall distribute the electronic ballot no later than two weeks prior to the annual meeting.
- d. LAFCo must return the ballot electronically to the Executive Director no later than three working days prior to the annual meeting.
- e. LAFCOs voting by electronic ballot may discard their electronic ballot if a representative is able to attend the annual meeting.
- f. LAFCOs voting under this provision may only vote for the candidates nominated by the Election Committee as noted on the ballot and may not vote in any run-off elections.

**5. AT THE TIME FOR ELECTIONS DURING THE REGIONAL CAUCUSES OR ANNUAL MEMBERSHIP MEETING:**

- a. The Presiding Officer shall:
  - i. Review the election procedure with the membership of their region.
  - ii. Present the Election Committee Report (previously distributed).
  - iii. Call for nominations from the floor by category for those seats subject to this election:
    - 1. For city member.
    - 2. For county member.
    - 3. For public member.
    - 4. For special district member.
- b. To make a nomination from the floor, a LAFCo, which is in good standing, shall identify itself and then name the category of vacancy and individual being nominated. The nominator may make a presentation not to exceed two minutes in support of the nomination.
- c. When there are no further nominations for a category, the Presiding Officer shall close the nominations for that category.
- d. The Presiding Officer shall conduct a "Candidates Forum". Each candidate shall be given time to make a brief statement for their candidacy. If a candidate is absent from the regional caucus, they may ask someone in their region to make a brief statement on their behalf.
- e. The Presiding Officer shall then conduct the election:
  - i. For categories where there are the same number of candidates as vacancies, the Presiding Officer shall:
    - 1. Name the nominees and offices for which they are nominated.
    - 2. Call for a voice vote on all nominees and thereafter declare those unopposed candidates duly elected.
  - ii. For categories where there are more candidates than vacancies, the Presiding Officer shall:
    - 1. Poll the LAFCOs in good standing by written ballot.
    - 2. Each LAFCo in good standing may cast its vote for as many nominees as there are vacancies to be filled. The vote shall be recorded on a tally sheet.



3. Any ballots submitted electronically for candidates included in the Election Committee Report shall be added to the tally.
  4. With assistance from the regional officer, tally the votes cast and announce the results.
- iii. Election to the Board shall occur as follows:
1. A majority of the total number of LAFcos in a given region are required for a quorum. Returned absentee ballots shall count towards the total required for a quorum.
  2. The nominee receiving the majority of votes cast is elected.
  3. In the case of no majority, the two nominees receiving the two highest number of votes cast shall face each other in a run-off election. Electronic ballots are not included in the tally for any run-off election(s).
  4. In case of tie votes:
    - a. A second run-off election shall be held with the same two nominees.
    - b. If there remains a tie after the second run-off, the winner shall be determined by a draw of lots.

## 6. ADDITIONAL PROCEDURES

- a. For categories where there are more candidates than vacancies, names shall be listed on the ballot in the order the nomination was received and deemed complete.
- b. The Election Committee Chair shall announce and introduce all Board Members elected during the Regional Caucuses at the annual business meeting.
- c. In the event that Board seats remain unfilled after a Regional Caucus, an election will be held immediately at the annual business meeting to fill the position at-large. Nominations will be taken from the floor and the election process will follow the procedures described in Section 4 above. Any commissioner or alternate from a member LAFco may be nominated for at-large seats.
- d. Seats elected at-large become subject to regional election at the expiration of the term. Only representatives from the region may be nominated for the seat.
- e. As required by the Bylaws, the members of the Board shall meet as soon as possible after election of new Board members for the purpose of electing officers, determining meeting places and times for the coming year, and conducting any other necessary business.

## 7. LOSS OF ELECTION IN HOME LAFCO

Board Members and candidates who lose elections in their home office shall notify the Executive Director within 15 days of the certification of the election.

## 8. FILLING BOARD VACANCIES

Vacancies on the Board of Directors may be filled by appointment by the Board for the balance of the unexpired term. Appointees must be from the same category as the vacancy, and should be from the same region.

## CALAFCO's Four Regions



The counties in each of the four regions consist of the following:

**Northern Region**

Butte  
Colusa  
Del Norte  
Glenn  
Humboldt  
Lake  
Lassen  
Mendocino  
Modoc  
Nevada  
Plumas  
Shasta  
Sierra  
Siskiyou  
Sutter  
Tehama  
Trinity  
Yuba

**CONTACT:** Steve Lucas  
Butte LAFCo  
slucas@buttecounty.net

**Southern Region**

Orange  
Los Angeles  
Imperial  
Riverside  
San Bernardino  
San Diego

**CONTACT:** Gary Thompson  
Riverside LAFCo  
gthompson@lafco.org

**Coastal Region**

Alameda  
Contra Costa  
Marin  
Monterey  
Napa  
San Benito  
San Francisco  
San Luis Obispo  
San Mateo  
Santa Barbara  
Santa Clara  
Santa Cruz  
Solano  
Sonoma  
Ventura

**CONTACT:** Dawn Longoria  
Napa LAFCo  
dlongori@napa.lafco.ca.gov

**Central Region**

Alpine  
Amador  
Calaveras  
El Dorado  
Fresno  
Inyo  
Kings  
Madera  
Mariposa  
Merced  
Mono  
Placer  
Sacramento  
San Joaquin  
Stanislaus  
Tulare  
Tuolumne  
Yolo

**CONTACT:** José Henriquez  
Sacramento LAFCo  
henriquezj@saccounty.net

## CURRENT BOARD MEMBERS AND TERMS

NAME	REGION	TYPE & TERM
Bill Connelly, <b>Vice Chair</b>	Butte <i>Northern</i>	County (2023)
Blake Inscore	Del Norte <i>North</i>	City (2022)
Gay Jones	Sacramento <i>Central</i>	District (2022)
Michael Kelley	Imperial <i>Southern</i>	County (2023)
Debra Lake	Humboldt <i>Northern</i>	District (2023)
Chris Lopez	Monterey <i>Coastal</i>	County (2022)
Daron McDaniel	Merced <i>Central</i>	County (2022)
Michael McGill	Contra Costa <i>Coastal</i>	District (2022)
Derek McGregor	Orange <i>Southern</i>	Public (2022)
Jo MacKenzie	San Diego <i>Southern</i>	District (2023)
Margie Mohler, <b>Treasurer</b>	Napa <i>Coastal</i>	City (2023)
<b>Anita Paque, Chair</b>	Calaveras <i>Central</i>	Public (2023)
Daniel Parra	Fresno <i>Central</i>	City (2023)
Shane Stark	Santa Barbara <i>Coastal</i>	Public (2023)
Josh Susman	Nevada <i>Northern</i>	Public (2022)
Acquanetta Warren, <b>Secretary</b>	San Bernardino <i>Southern</i>	City (2022)

**Board of Directors**  
**2022/2023 Nominations Form**

***Nomination to the CALAFCO Board of Directors***

In accordance with the Nominations and Election Procedures of CALAFCO,

\_\_\_\_\_ LAFCo of the \_\_\_\_\_ Region

Nominates \_\_\_\_\_

for the (check one)      ☐ City      ☐ County      ☐ Special District      ☐ Public

Position on the CALAFCO Board of Directors to be filled by election at the next Annual  
Membership Meeting of the Association.

\_\_\_\_\_ LAFCo Chair

\_\_\_\_\_ Date

**NOTICE OF DEADLINE**

Nominations must be received by **September 19, 2022**  
**at 5:00 p.m.** to be considered by the Election Committee.

Send completed nominations to:

CALAFCO Election Committee  
CALAFCO  
1020 12<sup>th</sup> Street, Suite 222  
Sacramento, CA 95814

Or email to: [info@calafco.org](mailto:info@calafco.org)



**Board of Directors**  
**2022/2023 Candidate Résumé Form**  
**(Complete both pages)**

Nominated By: \_\_\_\_\_ LAFCo Date: \_\_\_\_\_

Region (please check one): ☐ Northern ☐ Coastal ☐ Central ☐ Southern

Category (please check one): ☐ City ☐ County ☐ Special District ☐ Public

Candidate Name \_\_\_\_\_

Address \_\_\_\_\_

Phone Office \_\_\_\_\_ Mobile \_\_\_\_\_

e-mail \_\_\_\_\_

Personal and Professional Background:

LAFCo Experience:

CALAFCO or State-level Experience:

Availability:

Other Related Activities and Comments:

**NOTICE OF DEADLINE**

Nominations must be received by **September 19, 2022 at 5:00 p.m.** to be considered by the Election Committee.

Send completed nominations to:

CALAFCO Election Committee  
CALAFCO  
1020 12<sup>th</sup> Street, Suite 222  
Sacramento, CA 95814

Or email to: [info@calafco.org](mailto:info@calafco.org)



**Date:** June 8, 2022

**To:** CALAFCO Members  
LAFCo Commissioners and Staff  
Other Interested Organizations

**From:** Blake Inscore, Committee Chair  
CALAFCO Achievement Awards Committee  
CALAFCO Board of Directors



**Subject: 2022 CALAFCO Achievement Award Nominations Period Open**

**Deadline: 5:00 p.m., Friday, August 12, 2022**

On behalf of the Association, I am pleased to announce that the nomination period for the 2022 CALAFCO Achievement Awards is now open!

Each year, CALAFCO is honored to recognize outstanding achievements by dedicated and committed individuals and/or organizations from throughout the state at its Annual Conference Achievement Awards Ceremony. This year's ceremony will be held on October 20 at the Hyatt Regency Newport Beach John Wayne Airport, during the awards banquet.

Recognizing individual and organizational achievements is an important responsibility. It provides visible recognition and support to those who have gone ***above and beyond*** over the last year to advance the principles and goals of the Cortese-Knox-Hertzberg Act. We invite you to use this opportunity to nominate the individuals and organizations you feel deserve this important recognition based on the criteria outlined.

Before submitting a nomination, ***please carefully review the nomination instructions and the criteria for each award as incomplete nominations, and nominations that do not adhere to the submission guidelines, will not be considered by the Committee.***

#### ACHIEVEMENT AWARDS NOMINATION PROCEDURE:

1. Nominations may be made by an individual, a LAFCo, a CALAFCO Associate Member, or any other organization.
2. Each nomination must meet the specific award category criteria for consideration. The Committee will not consider any nomination for an award for any category other than the one for which it was submitted. Duplicate nominations ***will not be considered by the Committee.***
3. Nominations ***must be submitted with a completed nomination form.*** Please use a separate form for each nomination. The form is your opportunity to highlight the most important points of your nomination.
4. Nomination *Executive Summaries* must be ***limited to no more than 250 words in length.*** Nomination *Summaries* must be ***limited to no more than 1,000 words or 2 pages in length maximum.*** You are encouraged to write them in a clear, concise and understandable manner. If the Awards Committee members require additional information, you will be contacted with that request. Any nomination received that exceeds this amount ***will not be considered by the Committee.***

5. All supporting information (e.g. reports, news articles, etc.) must be submitted with the nomination. ***Limit supporting documentation to no more than 3 pages.*** If the Awards Committee members require additional information, you will be contacted with that request. Any nomination received that exceeds this amount ***will not be considered by the Committee.***
6. All nomination materials must be submitted at one time and must be received by the deadline. No late nominations will be accepted – no exceptions. Electronic submittals are required and must be submitted as pdf document, using the fillable pdf document provided.
7. **Nominations and supporting materials must be received no later than 5:00 p.m., Friday, August 12, 2022.** Send nominations via e-mail to:

Stephen Lucas, CALAFCO Executive Officer  
[slucas@buttecounty.net](mailto:slucas@buttecounty.net)

*You may contact Steve Lucas, CALAFCO Executive Officer, at [slucas@buttecounty.net](mailto:slucas@buttecounty.net) or (530) 538-7784 with any questions.*

### Members of the 2022 CALAFCO Board of Directors Awards Committee

#### Board Members:

<i>Blake Inscore</i> , Committee Chair (Del Norte LAFCo, North Region)	<a href="mailto:binscore@calafco.org">binscore@calafco.org</a>
<i>Debra Lake</i> (Humboldt LAFCo, Northern Region)	<a href="mailto:dlake@calafco.org">dlake@calafco.org</a>
<i>Daniel Parra</i> (Fresno LAFCo, Central Region)	<a href="mailto:dparra@calafco.org">dparra@calafco.org</a>
<i>Shane Stark</i> (Santa Barbara LAFCo, Coastal Region)	<a href="mailto:mmohler@calafco.org">mmohler@calafco.org</a>
<i>Acquanetta Warren</i> (San Bernardino LAFCo, Southern Region)	<a href="mailto:awarren@calafco.org">awarren@calafco.org</a>

#### Regional Officer Members:

<i>José Henriquez</i> , CALAFCO Deputy Executive Officer (Central Region)	<a href="mailto:henriquezj@saccounty.net">henriquezj@saccounty.net</a>
<i>Steve Lucas</i> , CALAFCO Executive Officer (Northern Region)	<a href="mailto:slucas@buttecounty.net">slucas@buttecounty.net</a>
<i>Dawn Longoria</i> , CALAFCO Deputy Executive Officer (Coastal Region)	<a href="mailto:dlongori@napa.lafco.ca.gov">dlongori@napa.lafco.ca.gov</a>
<i>Gary Thompson</i> , CALAFCO Deputy Executive Officer (Southern Region)	<a href="mailto:gthompson@lafco.org">gthompson@lafco.org</a>

#### Included as attachments:

- 2022 Achievement Award nomination form
- Achievement Award categories, nomination and selection criteria
- Listing of prior Achievement Award recipients





## **Achievement Award Nomination Form**

**NOMINEE - Person or Agency Being Nominated**

Name:

Organization:

Address:

Phone:

E-mail:

**NOMINATION CATEGORY** (check one – see category criteria on attached sheet)

☐

Outstanding CALAFCO Volunteer

☐

Outstanding CALAFCO Associate Member

☐

Outstanding Commissioner

☐

Outstanding LAFCo Professional

☐

Mike Gotch Excellence in Public Service (choose one category below)

*Protection of agricultural and open space lands and prevention of sprawl*

☐

*Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services*

☐

Legislator of the Year (must be approved by the full CALAFCO Board)

☐

Lifetime Achievement Award

**NOMINATION SUBMITTED BY:**

Name:

Organization:

Address:

Phone:

E-mail:





**2022 Achievement Award Nominations**  
**Due by Friday, August 12, 2022 at 5:00 p.m.**

**EXECUTIVE SUMMARY**

In no more than 250 words, summarize why this recipient is the most deserving of this award.



**2022 Achievement Award Nominations**  
**Due by Friday, August 12, 2022 at 5:00 p.m.**

**NOMINATION SUMMARY**

Please indicate the reasons why this person or agency deserves to be recognized (this section must be no more than 1,000 words or 2 pages maximum).



## **CALAFCO ACHIEVEMENT AWARD CATEGORIES, NOMINATION & SELECTION CRITERIA**

CALAFCO recognizes excellence within the LAFCo community and the full membership by presenting the *Achievement Awards* at the CALAFCO Annual Conference. Nominations are now open and being accepted until **5:00 p.m., Friday, August 12, 2022** in the following categories:

### **OUTSTANDING CALAFCO VOLUNTEER**

#### Award Summary:

Recognizes a CALAFCO volunteer who has provided exemplary service during the past year. Exemplary service is service which clearly goes above and beyond that which is asked or expected in the charge of their responsibilities. This category may include a CALAFCO Board member, regional officer, program volunteer, or any other requested volunteer.

#### Nomination criteria:

1. Nominee must have volunteered for the Association during the year in which the nomination is being made.
2. Nominee does not have to be a CALAFCO member.
3. Volunteer efforts must have demonstrated the individual going above and beyond what was asked/expected with positive and effective results.
4. Nominee can be a CALAFCO Board member, regional officer, program volunteer or any other volunteer.

#### Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to each nominee, regardless of their position or role as a volunteer. Only the contributions and outcomes shall be considered, not the individual's position.
3. The extent of the volunteerism and the overall impact to the statewide Association and membership based on that volunteerism shall be considered.
4. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

### **OUTSTANDING CALAFCO ASSOCIATE MEMBER**

#### Award Summary:

Presented to an active CALAFCO Associate Member (person or agency) that has advanced or promoted the cause of LAFCos by consistently producing distinguished work that upholds the mission and goals of LAFCos and has helped elevate the role and mission of LAFCos through its work. Recipient consistently demonstrates a collaborative approach to LAFCo stakeholder engagement. Further, the individual or firm has a proven commitment to the Association membership through volunteering time and resources to further the cause of LAFCo and CALAFCO.

#### Nomination criteria:

1. Nominee must be a CALAFCO Associate Member in good standing with the Association.
2. Nominee shall be an Associate Member for the full year in which the nomination is being made.
3. The Associate Member nominated shall have been an Associate Member in good standing with the Association for at least one year prior to the year for which the nomination is being made.
4. As an Associate Member, the nominee may be an individual, firm or agency.
5. The nominee may be an individual within an Associate Member firm or agency.
6. Nominee shall demonstrate that through their work as an Associate Member, the role and mission of LAFCo has been upheld and furthered.
7. Nominee must have proven cooperative and collaborative approaches to situations and

solutions that affect LAFCo statewide as an Associate Member.

8. Proven commitment to the Association's membership as an Associate Member by volunteering resources to the Association during the year in which the nomination is made.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. The level of volunteering time and resources to the Association shall be a consideration with all other nomination criteria.

## **OUTSTANDING COMMISSIONER**

Award Summary:

Presented to an individual Commissioner for extraordinary service to his or her Commission. Extraordinary service is considered actions above and beyond those required in the course of fulfilling their statutory responsibilities as a Commissioner. It requires consistently demonstrating independent judgment on behalf of the interest of the entire county, developing innovative and collaborative solutions to local issues, and leading the commission and community by example.

Nomination criteria:

1. Nominee must be a Commissioner of a LAFCo in good standing with the Association.
2. Nominee shall be a Commissioner for the full year in which the nomination is being made.
3. Proven demonstration of consistently exercising independent judgment for the greater good of the County is required.
4. Proven leadership of the commission and the community through collaborative, innovative and creative solutions to local issues is required.
5. Proven effective results and outcomes shall be demonstrated in the nomination.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. Representation type (city-county-district-public) shall not be a consideration nor shall be the size or geographic area of the LAFCo on which the Commissioner serves.
4. The overall impact of the leadership of the Commissioner shall be considered.
5. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

## **OUTSTANDING LAFCo PROFESSIONAL**

Award Summary:

Recognizes an Executive Officer, Staff Analyst, Clerk, Legal Counsel or any other LAFCo staff person for exemplary service during the past year. Exemplary service is considered actions which clearly go above and beyond that which is asked, expected, or required in the charge of their LAFCo responsibilities.

Nomination criteria:

1. Nominee must be a staff person of a LAFCo in good standing with the Association.
2. Nominee shall be a staff person for the full year in which the nomination is being made.
3. As a staff person, the nominee can be either an employee of the LAFCo or a contractor providing employee-type services to the LAFCo.
4. Efforts must be demonstrated that the individual has consistently gone above and beyond or outside the scope of their role or job responsibilities, with proven results that otherwise would not have occurred.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. Position within a LAFCo shall not be a consideration, nor shall be the size or geographic area of the LAFCo.

4. The overall impact of the LAFCo professional to their LAFCo and the greater community shall be considered.
5. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

## **LIFETIME ACHIEVEMENT AWARD**

### Award Summary:

Recognizes any individual who has made extraordinary contributions to the statewide LAFCo community in terms of longevity of service, exemplary advocacy of LAFCo-related legislation, proven leadership in approaching a particular issue or issues, and demonstrated support in developing and implementing innovative and creative ways to support the goals of LAFCos throughout California. At a minimum, the individual should be involved in the LAFCo community for at least twenty (20) years.

### Nomination criteria:

1. Nomination must be received from a member LAFCo or Associate Member in good standing with the Association.
2. A minimum of 20 years direct involvement with the LAFCo community is required for consideration.
3. During that time, nominee shall have a proven positive impact and effect on the support and evolution of LAFCos statewide.
4. This includes advocacy of LAFCos statewide through legislation, developing creative and innovative solutions to LAFCo issues that serve beyond their LAFCo to the greater good, and collaborative stakeholder approaches to issues and opportunities to further the cause and mission of LAFCo.

### Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Preference may be given to nominees who also have proven experience volunteering for CALAFCO through a regional officer role, serving on committees, serving on the CALAFCO Board, or any other method of volunteering for the Association that serves to promote and support the mission and work of LAFCos throughout the state.

## **LEGISLATOR OF THE YEAR**

### Award Summary:

Presented to a member of the California State Senate or Assembly in recognition of leadership and valued contributions in support of LAFCo goals that have a statewide effect. The recipient shall have demonstrated clear support and effort to further the cause and ability of LAFCos to fulfill their statutory mission. Selected by CALAFCO Board by super majority.

### Nomination criteria:

1. Nominee shall be a California State legislator during the full year in which the nomination was made.
2. Nominee must have demonstrated extraordinary leadership in the Legislature on behalf of LAFCos statewide, with efforts resulting in a positive impact for all LAFCos.

### Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. All Legislator of the Year nominations shall be forwarded by the Achievement Awards Committee to the Board for consideration.
3. Selection of the recipient of this award shall be done with a super majority approval of the Board (present at the time of the vote).



## **MIKE GOTCH EXCELLENCE IN PUBLIC SERVICE AWARD**

### Award Summary:

Awarded to an individual, group or agency for actions that rise above expected or common functions or actions that are LAFCo-related; *and* reduce or eliminate common institutional roadblocks; *and* result in a truly extraordinary public service outcome. Individuals, a LAFCo, or collaborative effort among multiple LAFCOs or a LAFCo with other entities are eligible. Other entities shall be decision-making bodies at the local, regional or state level. This award has the following two distinct categories, each focusing on specific areas of the LAFCo mission:

1. *Protection of agricultural and open space lands and prevention of sprawl*
2. *Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services*

### Award categories:

#### **Protection of agricultural and open space lands and prevention of sprawl**

Includes the development and implementation of programs or other actions associated with agriculture, water, flood control, parks and recreation, habitat conservation plans and public lands. Demonstrates the recipient has identified, encouraged and ensured the preservation of agricultural and open space lands. Proven actions that encourage cities, counties and special districts to direct development away from all types of agricultural lands, including prime agricultural lands and open space lands. Includes demonstrated consideration given in decisions to Regional Transportation Plans, including sustainable communities strategies and other growth plans to ensure reliable services, orderly growth, and sustainable communities.

#### **Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services**

Includes the development and implementation of innovative support and systems within internal LAFCo operations in the support of local agencies. Actions produce systemic and sustainable improvements and innovation of local government. Proven facilitation of constructive discussions with local and regional agencies and proactive outreach to local and regional agencies as well as local stakeholders and communities to identify issues and solutions and demonstrated action as a coordinating agency in offering and supporting unique local solutions to meet local challenges. Successful demonstration of development of capacities and abilities of local agencies. Provide tools and resources to local agencies to address aging infrastructure, fiscal challenges and the maintenance of existing services. Demonstrated action to streamline the provision of local services with proven results that services are consistent or have been improved as a result, with little to no increased cost to the consumer. Focused efforts and proven results to ensure delivery of services to all communities, especially disadvantaged communities.

### Nomination criteria:

1. Clear demonstration that the actions rise above expected or common functions or actions.
2. The actions reduced or eliminated common institutional roadblocks.
3. The actions clearly proven a truly extraordinary public service outcome that is systemic and sustainable.
4. Identified unique circumstances and factors leading to the solution/project.
5. The innovative steps taken by the LAFCo or entity/entities/individual to solve the problem, overcome the situation, or to take action.
6. Clear description of the results/outcomes of the work and the short- and long-term effects.
7. How this work can be promoted as a LAFCo best practice.
8. Clear demonstration how this nomination meets all criteria.

### Selection Criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to each nominee within each category. The size or geographic area of the LAFCo within a given category shall not be a consideration.
3. The overall impact of the actions and outcomes to the greater community being served shall be considered.
4. The level of impact based on the required nomination criteria shall be considered.



## PREVIOUS CALAFCO ACHIEVEMENT AWARD RECIPIENTS

### 2020 – 2021 (2 year period due to the pandemic)

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Outstanding Associate Member	<b>Planwest Partners</b>
Outstanding Commissioner	<b>Olin Woods, Yolo LAFCo</b>
Outstanding LAFCo Professional	<b>Crystal Craig, Riverside LAFCo</b>
Mike Gotch Protection of Ag and Open Space Lands & Prevention of Urban Sprawl	<b>Napa LAFCo</b>
Mike Gotch Courage & Innovation in Local Government Leadership Award	<b>Yolo LAFCo</b>
Lifetime Achievement Award	<b>Jerry Glabach, Los Angeles LAFCo</b>

### 2019

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Distinguished Service Award	<b>Charley Wilson, Orange LAFCo</b>
Most Effective Commission	<b>Contra Costa LAFCo</b>
Outstanding Commissioner	<b>Jim DeMartini, Stanislaus LAFCo</b>
Outstanding LAFCo Professional	<b>David Church, San Luis Obispo LAFCo</b>
Project of the Year	<b>Orange LAFCo, for San Juan Capistrano Utilities MSR</b>
Government Leadership Award	<b>CA State Water Resources Control Board, Los Angeles County and Los Angeles LAFCo, for Sativa Water District Butte LAFCo</b>
Mike Gotch Courage & Innovation in Local Government Leadership Award	
Legislator of the Year	<b>Assembly Member Mike Gipson</b>
Lifetime Achievement Award	<b>John Benoit, various LAFCos, Jurg Heuberger, Imperial LAFCo</b>

### 2018

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Distinguished Service Award	<b>John Withers, Orange LAFCo</b>
Most Effective Commission	<b>Santa Clara LAFCo</b>
Outstanding Commissioner	<b>Margie Mohler, Napa LAFCo</b>
Outstanding LAFCo Professional	<b>George Williamson, Del Norte LAFCo</b>
Outstanding LAFCo Clerk	<b>Elizabeth Valdez, Riverside LAFCo</b>
Outstanding CALAFCO Associate Member	<b>Best Best &amp; Krieger</b>
Project of the Year	<b>Lake LAFCo, water services consolidation</b>
Government Leadership Award	<b>City of Porterville, County of Tulare, Dept. of Water Resources, State Water Resources Control Board, Governor's Office of Emergency Services, Self Help Enterprises, Community Water Center for East Porterville water supply project</b>
Mike Gotch Courage & Innovation in Local Government Leadership Award	<b>Mike Ott, San Diego LAFCo</b>
Legislator of the Year	<b>Assembly Member Anna Caballero</b>
Lifetime Achievement Award	<b>Pat McCormick, Santa Cruz LAFCo, George Spiliotis, Riverside LAFCo</b>

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**2017**

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Most Effective Commission	<b>Los Angeles LAFCo</b>
Outstanding CALAFCO Member	<b>Sblend Sblendorio</b> , Alameda LAFCo
Outstanding Commissioner	<b>John Marchand</b> , Alameda LAFCo
Outstanding LAFCo Professional	<b>Paul Novak</b> , Los Angeles LAFCo
Outstanding LAFCo Clerk	<b>Richelle Beltran</b> , Ventura LAFCo
Outstanding CALAFCO Associate Member	<b>Policy Consulting Associates</b>
Project of the Year	<b>County Services MSR</b> , Butte LAFCo, and <b>Santa Rosa Annexation</b> , Sonoma LAFCo
Government Leadership Award	<b>San Luis Obispo County Public Works Dept.</b>
Lifetime Achievement Award	<b>Kathy Rollings McDonald</b> (San Bernardino)

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**2016**

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Distinguished Service Award	<b>Peter Brundage</b> , Sacramento LAFCo
Most Effective Commission	<b>San Luis Obispo LAFCo</b>
Outstanding CALAFCO Member	<b>John Leopold</b> , Santa Cruz LAFCo
Outstanding Commissioner	<b>Don Tatzin</b> , Contra Costa LAFCo
Outstanding LAFCo Professional	<b>Steve Lucas</b> , Butte LAFCo
Outstanding LAFCo Clerk	<b>Cheryl Carter-Benjamin</b> , Orange LAFCo
Project of the Year	<b>Countywide Water Study</b> , (Marin LAFCo)
Government Leadership Award	<b>Southern Region of CALAFCO</b>
Lifetime Achievement Award	<b>Bob Braitman</b> (retired Executive Officer)

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**2015**

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Mike Gotch Courage & Innovation in Local Government Leadership Award	<b>Yuba County Water Agency</b>
Distinguished Service Award	<b>Mary Jane Griego</b> , Yuba LAFCo
Most Effective Commission	<b>Butte LAFCo</b>
Outstanding CALAFCO Member	<b>Marjorie Blom</b> , formerly of Stanislaus LAFCo
Outstanding Commissioner	<b>Matthew Beekman</b> , formerly of Stanislaus LAFCo
Outstanding LAFCo Professional	<b>Sam Martinez</b> , San Bernardino LAFCo
Outstanding LAFCo Clerk	<b>Terri Tuck</b> , Yolo LAFCo
Project of the Year	<b>Formation of the Ventura County Waterworks District No. 38</b> (Ventura LAFCo) and <b>2015 San Diego County Health Care Services five-year sphere of influence and service review report</b> (San Diego LAFCo)
Government Leadership Award	<b>The Cities of Dublin, Pleasanton, Livermore and San Ramon, the Dublin San Ramon Services District and the Zone 7 Water Agency</b>
CALAFCO Associate Member of the Year	<b>Michael Colantuono</b> of Colantuono, Highsmith & Whatley
Legislators of the Year Award	<b>Assembly member Chad Mayes</b>
Lifetime Achievement Award	<b>Jim Chapman</b> (Lassen LAFCo) and <b>Chris Tooker</b> (formerly of Sacramento LAFCo)

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**2014**

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Mike Gotch Courage & Innovation in  
Local Government Leadership Award  
Distinguished Service Award  
Most Effective Commission  
Outstanding CALAFCo Member  
Outstanding Commissioner  
Outstanding LAFCo Professional  
Outstanding LAFCo Clerk  
Project of the Year

**David Church**, San Luis Obispo LAFCo

**Kate McKenna**, Monterey LAFCo

**Santa Clara LAFCo**

**Stephen Lucas**, Butte LAFCo

**Paul Norsell**, Nevada LAFCo

**Kate McKenna**, Monterey LAFCo

**Paige Hensley**, Yuba LAFCo

**LAFCo Procedures Guide: 50<sup>th</sup> Year Special Edition**,  
San Diego LAFCo

Government Leadership Award

**Orange County Water District, City of Anaheim, Irvine Ranch  
Water District, and Yorba Linda Water District**

Legislators of the Year Award

**Assembly member Katcho Achadjian**

Lifetime Achievement Award

**Susan Wilson**, Orange LAFCo

## **2013**

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Mike Gotch Courage & Innovation in  
Local Government Leadership Award  
Distinguished Service Award  
Most Effective Commission  
Outstanding CALAFCo Member  
Outstanding Commissioner  
Outstanding LAFCo Professional  
LAFCo Outstanding LAFCo Clerk  
Project of the Year

**Simón Salinas**, Commissioner, Monterey LAFCo

**Roseanne Chamberlain**, Amador LAFCo

**Stanislaus LAFCo**

**Harry Ehrlich**, San Diego LAFCo

**Jerry Gladbach**, Los Angeles LAFCo

**Lou Ann Texeira**, Contra Costa

**Kate Sibley**, Contra Costa LAFCo

**Plan for Agricultural Preservation**, Stanislaus LAFCo

Government Leadership Award

**Orange County LAFCo Community Islands Taskforce**,  
Orange LAFCo

Legislators of the Year Award

**Senators Bill Emmerson and Richard Roth**

Lifetime Achievement Award

**H. Peter Faye**, Yolo LAFCo; **Henry Pellissier**, Los Angeles  
LAFCo; **Carl Leverenz**, Butte LAFCo; **Susan Vicklund-Wilson**,  
Santa Clara LAFCo.

## **2012**

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Mike Gotch Courage & Innovation in  
Local Government Leadership Award  
Distinguished Service Award  
Most Effective Commission  
Outstanding CALAFCo Member  
  
Outstanding Commissioner  
LAFCo Outstanding LAFCo Professional  
Outstanding LAFCo Clerk  
Project of the Year

**Bill Chiat**, CALAFCo Executive Director

**Marty McClelland**, Commissioner, Humboldt LAFCo

**Sonoma LAFCo**

**Stephen A. Souza**, Commissioner, Yolo LAFCo and  
CALAFCo Board of Directors

**Sherwood Darington**, Monterey

**Carole Cooper**, Sonoma LAFCo

**Gwenna MacDonald**, Lassen LAFCo

**Countywide Service Review & SOI Update**, Santa Clara  
LAFCo

Government Leadership Award

**North Orange County Coalition of Cities**, Orange LAFCo

Lifetime Achievement Award

**P. Scott Browne**, Legal Counsel LAFCos

## 2011

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Mike Gotch Courage & Innovation in  
Local Government Leadership Award  
Distinguished Service Award  
LAFCo Most Effective Commission  
Outstanding CALAFCO Member  
Outstanding Commissioner  
Outstanding LAFCo Professional  
Outstanding LAFCo Clerk

Project of the Year

Government Leadership Award

**Martin Tuttle**, Deputy Director for Planning, Caltrans  
**Mike McKeever**, Executive Director, SACOG  
**Carl Leverenz**, Commissioner and Chair, Butte  
**San Bernardino LAFCo**  
**Keene Simonds**, Executive Officer, Napa LAFCo  
**Louis R. Calcagno**, Monterey LAFCo  
**June Savala**, Deputy Executive Officer, Los Angeles LAFCo  
**Debbie Shubert**, Ventura LAFCo

**Cortese-Knox-Hertzberg Definitions Revision**  
Bob Braitman, Scott Browne, Clark Alsop, Carole Cooper,  
and George Spiliotis  
**Contra Costa Sanitary District**  
**Elsinore Water District and Elsinore Valley Municipal Water  
District**

## 2010

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Mike Gotch Courage & Innovation in  
Local Government Leadership Award  
Distinguished Service Award

Most Effective Commission  
Outstanding CALAFCO Member  
Outstanding Commissioner  
Outstanding LAFCo Professional

Outstanding LAFCo Clerk

Project of the Year

Government Leadership Award

Special Achievement

**Helen Thompson**, Commissioner, Yolo LAFCo

**Kathleen Rollings-McDonald**, Executive Officer, San  
Bernardino LAFCo  
**Bob Braitman**, Executive Officer, Santa Barbara LAFCo

**Tulare LAFCo**

**Roger Anderson, Ph.D.**, CALAFCO Chair, Santa Cruz LAFCo

**George Lange**, Ventura LAFCo

**Harry Ehrlich**, Government Consultant, San Diego LAFCo

**Candie Fleming**, Fresno LAFCo

**Butte LAFCo**

Sewer Commission - Oroville Region Municipal Service  
Review

**Nipomo Community Services District** and the **County of San  
Luis Obispo**

**Chris Tooker**, Sacramento LAFCo and CALAFCO Board of  
Directors

## 2009

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Mike Gotch Courage & Innovation in  
Local Government Leadership Award  
Distinguished Service Award  
Most Effective Commission  
Outstanding CALAFCO Member

Outstanding Commissioner  
Outstanding LAFCo Professional  
Outstanding LAFCo Clerk

Project of the Year

Government Leadership Award

**Paul Hood**, Executive Officer, San Luis Obispo LAFCo

**William Zumwalt**, Executive Officer, Kings LAFCo

**Napa LAFCo**

**Susan Vicklund Wilson**, CALAFCO Vice Chair

**Jerry Gladbach**, CALAFCO Treasurer

**Larry M. Fortune**, Fresno LAFCo

**Pat McCormick**, Santa Cruz LAFCo Executive Officer

**Emmanuel Abello**, Santa Clara LAFCo

**Orange LAFCo** Boundary Report

**Cities of Amador City, Jackson, Lone, Plymouth & Sutter**



**Creek; Amador County; Amador Water Agency; Pine Grove CSD – Countywide MSR Project**

**Assembly Member Jim Silva**

Legislator of the Year Award

**2008**

Distinguished Service Award

**Peter M. Detwiler**, Senate Local Government Committee Chief Consultant

Most Effective Commission

**Yuba LAFCo**

Outstanding Commissioner

**Dennis Hansberger**, San Bernardino LAFCo

Outstanding LAFCo Professional

**Michael Ott**, San Diego LAFCo Executive Officer  
**Martha Poyatos**, San Mateo Executive Officer

Outstanding LAFCo Clerk

**Wilda Turner**, Los Angeles LAFCo

Project of the Year

**Kings LAFCo**  
City and Community District MSR and SOI Update

Government Leadership Award

**San Bernardino Board of Supervisors**

Legislator of the Year Award

**Assembly Member Anna M. Caballero**

**2007**

Outstanding CALAFCO Member

**Kathy Long**, Board Chair, Ventura LAFCo

Distinguished Service Award

**William D. Smith**, San Diego Legal

Counsel Most Effective Commission

**Santa Clara LAFCo**

Outstanding Commissioner

**Gayle Uilkema**, Contra Costa LAFCo

Outstanding LAFCo Professional

**Joyce Crosthwaite**, Orange LAFCo Executive Officer

Outstanding LAFCo Clerk

**Debby Chamberlin**, San Bernardino LAFCo

Project of the Year

**San Bernardino LAFCo and City of Fontana**  
Islands Annexation Program

Government Leadership Award

**City of Fontana - Islands Annexation Program**

Lifetime Achievement

**John T. "Jack" Knox**

**2006**

Outstanding CALAFCO Member

**Everett Millais**, CALAFCO Executive Officer and Executive Officer of Ventura LAFCo

Distinguished Service Award

**Clark Alsop**, CALAFCO Legal Counsel

Most Effective Commission Award

**Alameda LAFCo**

Outstanding Commissioner Award

**Ted Grandsen**, Ventura LAFCo  
**Chris Tooker**, Sacramento LAFCo

Outstanding LAFCo Professional Award

**Larry Calemene**, Los Angeles LAFCo Executive Officer

Outstanding LAFCo Clerk Award

**Janice Bryson**, San Diego LAFCo  
**Marilyn Flemmer**, Sacramento LAFCo

Project of the Year Award

**Sacramento Municipal Utility District** Sphere of Influence Amendment and Annexation; **Sacramento LAFCo**

Outstanding Government Leadership Award

**Cities of Porterville, Tulare, and Visalia and Tulare LAFCo**  
Island Annexation Program

Legislator of the Year Award

**Senator Christine Kehoe**

**2005**

Outstanding CALAFCO Member

**Peter Herzog**, CALAFCO Board, Orange LAFCo

Distinguished Service Award

**Elizabeth Castro Kemper**, Yolo LAFCo

Most Effective Commission Award

**Ventura LAFCo**

Outstanding Commissioner Award	<b>Art Aseltine</b> , Yuba LAFCo <b>Henri Pellissier</b> , Los Angeles LAFCo
Outstanding LAFCo Professional Award	<b>Bruce Baracco</b> , San Joaquin LAFCo
Outstanding LAFCo Clerk Award	<b>Danielle Ball</b> , Orange LAFCo
Project of the Year Award	<b>San Diego LAFCo</b> MSR of Fire Protection and Emergency Medical Services
Outstanding Government Leadership Award	<b>Sacramento Area Council of Governments (SACOG)</b>

## **2004**

Outstanding CALAFCo Member	<b>Scott Harvey</b> , CALAFCo Executive Director
Distinguished Service Award	<b>Julie Howard</b> , Shasta LAFCo
Most Effective Commission Award	<b>San Diego LAFCo</b>
Outstanding Commissioner Award	<b>Edith Johnsen</b> , Monterey LAFCo
Outstanding LAFCo Professional Award	<b>David Kindig</b> , Santa Cruz LAFCo
Project of the Year Award	<b>San Luis Obispo LAFCo</b> Nipomo CSD SOI Update, MSR, and EIR

## **2003**

Outstanding CALAFCo Member	<b>Michael P. Ryan</b> , CALAFCo Board Member
Distinguished Service Award	<b>Henri F. Pellissier</b> , Los Angeles LAFCo
Most Effective Commission Award	<b>San Luis Obispo LAFCo</b>
Outstanding Commissioner Award	<b>Bob Salazar</b> , El Dorado LAFCo
Outstanding LAFCo Professional Award	<b>Shirley Anderson</b> , San Diego LAFCo
Outstanding LAFCo Clerk Award	<b>Lori Fleck</b> , Siskiyou LAFCo
Project of the Year Award	<b>Napa LAFCo</b> Comprehensive Water Service Study
Special Achievement Award	<b>James M. Roddy</b>

## **2002**

Outstanding CALAFCo Member	<b>Ken Lee</b> , CALAFCo Legislative Committee Chair
Most Effective Commission Award	<b>San Diego LAFCo</b> Outstanding
Commissioner Award	<b>Ed Snively</b> , Imperial LAFCo
Outstanding LAFCo Professional Award	<b>Paul Hood</b> , San Luis Obispo LAFCo
Outstanding LAFCo Clerk Award	<b>Danielle Ball</b> , Orange LAFCo
Project of the Year Award	<b>San Luis Obispo LAFCo</b>
Outstanding Government Leadership Award	<b>Napa LAFCo</b> , <b>Napa County Farm Bureau</b> , <b>Napa Valley Vintners Association</b> , <b>Napa Valley Housing Authority</b> , <b>Napa County Agricultural Commissioner's Office</b> , <b>Napa County Counsel Office</b> , and <b>Assembly Member Patricia Wiggins</b>

## **2001**

Outstanding CALAFCo Member	<b>SR Jones</b> , CALAFCo Executive Officer
Distinguished Service Award	<b>David Martin</b> , Tax Area Services Section, State Board of Equalization
Outstanding Commissioner Award	<b>H. Peter Faye</b> , Yolo LAFCo
Outstanding LAFCo Professional Award	<b>Ingrid Hansen</b> , San Diego LAFCo
Project of the Year Award	<b>Santa Barbara LAFCo</b>
Outstanding Government Leadership Award	<b>Alameda County Board of Supervisors</b> , <b>Livermore City Council</b> , <b>Pleasanton City Council</b>
Legislator of the Year Award	<b>Senator Jack O'Connell</b>

## **2000**

Outstanding CALAFCO Member  
Distinguished Service Award

Most Effective Commission Award  
Outstanding Commissioner  
Outstanding LAFCo Professional Award  
Outstanding LAFCo Clerk Award  
Project of the Year Award  
Legislator of the Year Award

**Ron Wootton**, CALAFCO Board Chair  
**Ben Williams**, Commission on Local Governance for the  
21st Century  
**Yolo LAFCo**  
**Rich Gordon**, San Mateo LAFCo  
**Annamaria Perrella**, Contra Costa LAFCo  
**Susan Stahmann**, El Dorado LAFCo  
**San Diego LAFCo**  
**Robert Hertzberg**, Assembly Member

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## **1999**

Distinguished Service Award  
Most Effective Commission Award  
Outstanding Executive Officer Award  
Outstanding LAFCo Clerk Award  
Most Creative Solution to a Multi-  
Jurisdictional Problem  
Outstanding Government Leadership Award  
Legislator of the Year Award

**Marilyn Ann Flemmer-Rodgers**, Sacramento LAFCo  
**Orange LAFCo**  
**Don Graff**, Alameda LAFCo  
**Dory Adams**, Marin LAFCo  
**San Diego LAFCo**  
**Assembly Member John Longville**  
**Assembly Member Robert Hertzberg**

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## **1998**

Outstanding CALAFCO Member  
Distinguished Service Award  
Most Effective Commission Award  
Outstanding Executive Officer Award  
Outstanding Staff Analysis  
  
Outstanding Government Leadership Award

**Dana Smith**, Orange LAFCo  
**Marvin Panter**, Fresno LAFCo  
**San Diego LAFCo**  
**George Spiliotis**, Riverside LAFCo  
**Joe Convery**, San Diego LAFCo  
**Joyce Crosthwaite**, Orange LAFCo  
**Santa Clara County Planning Department**

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## **1997**

Most Effective Commission Award  
Outstanding Executive Officer Award  
Outstanding Staff Analysis  
Outstanding Government Leadership Award  
Most Creative Solution to a Multi-  
Jurisdictional Problem  
Legislator of the Year Award

**Orange LAFCo**  
**George Finney**, Tulare LAFCo  
**Annamaria Perrella**, Contra Costa LAFCo  
**South County Issues Discussion Group**  
**Alameda LAFCo and Contra Costa LAFCo**  
  
**Assembly Member Tom Torlakson**





Date: August 3, 2022  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Comprehensive Quarterly Report – Fourth Quarter (FY 2021-22)**

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## 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 April through June. 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.

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## 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.

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## Active Proposals

Santa Cruz LAFCO currently has four active applications:

1. **"Blossom Way/Stephen Bell Extraterritorial Service Agreement" (Project No. ESA 22-02)**: This application was initiated by petition on February 18, 2022 and requests the delivery of sewer services from the City of Scotts Valley to a single parcel. The proposal will allow the landowner to connect to the City's infrastructure rather than install a new septic system.

**Latest Status:** The service request was considered by the Commission on August 3.

2. **"Pajaro Valley Fire Protection District Reorganization" (Project No. RO 22-06)**: This application was initiated by board resolution on March 22, 2022 and proposes the annexation of approximately 72 square miles into the Pajaro Valley Fire Protection District, the dissolution of CSA 4 (Pajaro Dunes), and the detachment of the annexed area from CSA 48 (County Fire). The purpose of the reorganization is to provide a better level of fire protection services to approximately 20,000 people through an independent fire district rather than a county service area.

**Latest Status:** LAFCO staff sent a preliminary staff report to all the affected and interested agencies on April 15 soliciting comments on the application. LAFCO is currently working with a consulting firm to determine the financial impact on the affected agencies.



3. **“Branciforte Fire Protection District Reorganization” (Project No. RO 22-07):**

This application was initiated by board resolution on April 1, 2022 and proposes the dissolution of the Branciforte Fire Protection District (BFPD) and concurrent annexation of the dissolved area into the Scotts Valley Fire Protection District. The purpose of the reorganization is to provide a better level of fire protection services to approximately 1,700 people by merging the two fire districts.

**Latest Status:** LAFCO staff sent a preliminary staff report to all the affected and interested agencies on April 22 soliciting comments on the application. The two districts and LAFCO continue to collaborate under the Pre-Reorganization Agreement, which was signed by all three parties.

4. **“El Alamein Road Annexation” (Project No. DA 22-08):** This application was initiated by landowner petition on April 15, 2022 and proposes the annexation of two parcels (totaling 31 acres) into the San Lorenzo Valley Water District in order to provide adequate water services to the existing homes.

**Latest Status:** LAFCO staff sent a preliminary staff report to all the affected and interested agencies on May 11 soliciting comments on the application. Staff anticipates presenting this proposal to Commission for consideration in September-October 2022.

**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 42 local agencies will be evaluated in three separate service and sphere reviews. Below is a status update on each scheduled review.

1. **City of Capitola** – The City was incorporated in 1949 and operates as a general law city. The City contains approximately 2 square miles of land and provides various municipal services, including but not limited to parks and recreation, police, and animal control.

Tentative Hearing Date: A service and sphere review was adopted by the Commission on May 4.

2. **Water Agencies (9 in total)** – The nine water agencies in Santa Cruz County are the following: Central Water District, City of Santa Cruz, City of Watsonville, County Service Area 54 (Summit West), Pajaro Valley Water Management Agency, Reclamation District (No. 2049), San Lorenzo Valley Water District, Scotts Valley Water District, and Soquel Creek Water District.

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

3. **Road CSAs (34 in total)** – The 34 road-related county service areas districts in Santa Cruz County.

Tentative Hearing Date: A service and sphere review for all the road-related CSAs is scheduled to be presented to the Commission on October 5.

## Budget Report

The fourth quarter of Fiscal Year 2021-22 ended on June 30, 2022. During this three month period, the Commission received approximately \$6,200 in revenue. This amount is primarily recently-submitted applications. Over 100% of the anticipated revenue for the entire year was collected. During the fourth quarter, the Commission incurred approximately \$110,000 in total expenses. LAFCO has accrued approximately 59% 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 2021-22 Budget Overview**

	FY 21-22 (1st Qtr.)	FY 21-22 (2nd Qtr.)	FY 21-22 (3rd Qtr.)	FY 21-22 (4th Qtr.)	Amount from Reserves	Total Amount (as of 6/30)	FY 21-22 Adopted Budget	Percentage (Accrued vs. Budget)
Total Revenue	\$405,014	\$1,843	\$3,544	\$6,165	\$239,550	\$656,116	\$641,850	102%
Total Expense	<u>\$137,139</u>	<u>\$67,656</u>	<u>\$62,961</u>	<u>\$110,073</u>	-	<u>\$377,829</u>	<u>\$641,850</u>	59%
Difference	<b>\$267,875</b>	<b>\$(65,813)</b>	<b>\$(59,418)</b>	<b>\$(103,907)</b>	<b>\$239,550</b>	<b>\$278,287</b>	-	-

A detailed review of LAFCO's financial performance during the entire fiscal year (July 1, 2021 to June 30, 2022) is attached to this report (refer to **Attachment 1**).

## Recent & Upcoming Meetings

LAFCO staff values the collaboration with local agencies, members of the public, and other LAFCOs to explore and initiate methods to improve efficiency in the delivery of municipal services. During the third quarter, staff held meetings either remotely or in-person to discuss current and/or upcoming LAFCO projects. A summary of those and more recent meetings are discussed below.

**Table B: Staff Meetings (April to June)**

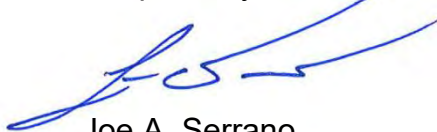
April Meetings			
Topic	Date	Subject Agency(ies)	Purpose
Big Basin Water Company	4/6/22	County, PUC, SLVWD	Discuss the potential annexation of a private water system
Impacts to CSA 48	4/7/22	County (CSA 48)	Discuss the upcoming fire-related feasibility study
Focus Ag Course	4/8/22	Agri-Culture (non-profit)	Continue attending the 2022 course regarding agriculture
Proposed Fire Reorganization	4/12/22	BFPD	Manage the virtual board meeting in accordance with the Pre-Reorganization Agreement
Proposed Fire Reorganization	4/13/22	SVFPD	Attend board meeting and provide update on the proposed reorganization. .
Potential Annexation(s)	4/14/22	SVWD	Attend board meeting and provide information regarding the District's sphere and potential annexations

<b>April Meetings</b>			
<b>Topic</b>	<b>Date</b>	<b>Subject Agency(ies)</b>	<b>Purpose</b>
Countywide Water Service & Sphere Review	4/18/22	Pajaro Valley Water Management Agency	Meet with General Manager to discuss upcoming countywide water report
Impacts to CSA 48	4/20/22	County (CSA 48)	Discuss the upcoming fire-related feasibility study
Countywide Water Service & Sphere Review	4/20/22	Pajaro Valley Water Management Agency	Attend board meeting and provide info about the upcoming countywide water report
Hybrid Meetings	4/21/22	County (I.T. Dept)	Discuss the potential implementation of a hybrid model for future LAFCO meetings
Office Lease	4/21/22	County (General Services Dept.)	Discuss the development of a new lease agreement
Road Maintenance	4/21/22	Sequoia Ave. Residents	Discuss the potential formation of a new CSA for road services
CALAFCO Board of Directors	4/22/22	CALAFCO	Attend quarterly board meeting regarding CALAFCO-related actions/plans
LAFCO City Seats	4/22/22	City Selection Committee	Attend committee meeting and answer questions about the two upcoming vacancies on LAFCO
New Financial Database	4/27/22	County (Auditor-Controller's Office)	Attend educational workshop on the County's transition to a new financial database for processing invoices/bills
Proposed Fire Reorganization	4/27/22	Branciforte & Scotts Valley Fire Protection Districts	Host joint ad-hoc committee meeting to discuss the reorganization effort
Countywide Water Service & Sphere Review	4/28/22	Reclamation District No. 2049	Meet with Board Chair to discuss LAFCO's concerns about the District and potential next steps
CALAFCO Legislative Committee	4/29/22	CALAFCO	Attend legislative committee as CALAFCO's legislative liaison
<b>May Meetings</b>			
Potential boundary changes	5/5/22	San Luis Obispo LAFCO	Provide assistance to SLO LAFCO's Executive Officer on potential boundary changes regarding water/sewer services
Focus Ag Course	5/6/22	Agri-Culture (non-profit)	Continue attending the 2022 course regarding agriculture
Impacts to CSA 48	5/11/22	County (CSA 48)	Discuss the upcoming fire-related feasibility study
Annexation Plan	5/11/22	City of Capitola	Discuss the development of an annexation plan based on the City's current sphere boundary

May Meetings			
Potential Annexation(s)	5/12/22	Scotts Valley Water District	Attend board meeting and provide information regarding the District's sphere and potential annexations
New Financial Database	5/13/22	County (Auditor-Controller's Office)	Attend educational workshop on the County's transition to a new financial database for processing invoices/bills
Potential Dissolution	5/18/22	Reclamation District No. 2049	Attend board meeting to observe the District's consideration of a resolution to initiate dissolution
Countywide Water Service & Sphere Review	5/18/22	Pajaro Valley Water Management Agency	Attend board meeting and provide info about the upcoming countywide water report
Proposed Fire Reorganization	5/19/22	Branciforte Fire Protection District	Manage the virtual board meeting in accordance with the Pre-Reorganization Agreement
Fire Feasibility Study	5/24/22	Consulting Firm Candidate (1 of 2)	Meet with finalist to discuss their qualifications and determine if they are suitable to produce the feasibility study
Small Water Systems	5/25/22	County (Water Dept.)	Meet with County staff to discuss the current small water systems in Santa Cruz County
Fire Feasibility Study	5/26/22	Consulting Firm Candidate (2 of 2)	Meet with finalist to discuss their qualifications and determine if they are suitable to produce the feasibility study
BFPD Resident Committee	5/31/22	Branciforte Fire Protection District	Attend BFPD's resident advisory committee and answer questions about the proposed reorganization involving BFPD and SVFPD
June Meetings			
Potential Annexation	6/1/22	City of Scotts Valley	Meet with City Manager to discuss annexation inquiry and determine if an extraterritorial service agreement is more viable
Countywide Water Service & Sphere Review	6/1/22	County (Water Advisory Board)	Attend board meeting and provide info about the upcoming countywide water report
CSDA Partnership	6/8/22	California Special Districts Association	Meet with CSDA rep to discuss district-related projects
Impacts to CSA 48	6/8/22	County (CSA 48)	Discuss the upcoming fire-related feasibility study
Annexation Plan	6/9/22	Central Fire District	Discuss the development of an annexation plan based on the District's current sphere boundary
CALAFCO Annual Conference	6/10/22	CALAFCO	Attend planning committee meeting to provide assistance

June Meetings			
Proposed Fire Reorganization	6/16/22	Branciforte Fire Protection District	Manage the virtual board meeting in accordance with the Pre-Reorganization Agreement
CALAFCO Legislative Committee	6/17/22	CALAFCO	Attend legislative committee as CALAFCO's legislative liaison
Fire Master Plan	6/20/22	Central Fire District	Attend meeting to help the District prepare its upcoming master plan
Urban Limit Line	6/21/22	City of Watsonville	Meet with Interim City Manager to discuss the City's Urban Limit Line and answer questions about LAFCO's role in future boundary changes
Potential Annexation	6/23/22	Scotts Valley Water District	Meet with General Manager to discuss the District's interest to annex areas within its sphere
Prezi Training	6/28/22	CALAFCO	Provide a free training session on how to use Prezi
Potential Dissolution	6/29/22	Reclamation District No. 2049	Attend board workshop to address resident concerns/questions about dissolution
CALAFCO Annual Conference	6/29/22	CALAFCO	Attend planning committee meeting to provide assistance

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

Attachment:

1. LAFCO FY 2021-22 Budget Review (Entire Fiscal Year)



# 7E: ATTACHMENT 1

FISCAL YEAR 2021-22	FY 21-22 First Qtr. (Jul - Sep)	FY 21-22 Second Qtr. (Oct - Dec)	FY 21-22 Third Qtr. (Jan - Mar)	FY 21-22 Fourth Qtr. (Apr - Jun)	FY 21-22 Adopted Budget	Difference (\$)	Budget Line Item Notes
<b>REVENUES DESCRIPTION</b>							
Interest	\$ 389	\$ 478	\$ 493	\$ 653	\$ 3,000	\$ 987	Anticipated Funds
Contributions from Other Govt Agencies	\$ 401,800	\$ -	\$ -	\$ -	\$ 399,300	\$ (2,500)	Surplus Fund (\$2,500) Pays Auditor-Controller Fees
LAFCO Processing Fees	\$ 2,500	\$ 950	\$ 1,600	\$ 5,000	\$ -	\$ (10,050)	Fees for DA 21-14, ESA 21-16, & CA 22-02
Medical Charges-Employee	\$ 325	\$ 415	\$ 415	\$ 512	\$ -	\$ (1,668)	Surplus Funds
Other Revenue	\$ -	\$ -	\$ 1,035	\$ -	\$ -	\$ (1,035)	CALAFCO Workshop Refund
Re-budget from Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 239,550	\$ 239,550	Net Position Funds (if needed)
<b>TOTAL REVENUES</b>	<b>\$ 405,014</b>	<b>\$ 1,843</b>	<b>\$ 3,544</b>	<b>\$ 6,165</b>	<b>\$ 641,850</b>	<b>\$ 225,284</b>	<b>Additional Funds in Total Revenue</b>
<b>EXPENDITURES DESCRIPTION</b>							
Regular Pay	\$ 42,610	\$ 37,274	\$ 34,678	\$ 44,024	\$ 220,000	\$ 61,415	Remaining Funds
Sick Leave	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	Remaining Funds
Holiday Pay	\$ 1,549	\$ 3,494	\$ 1,776	\$ 1,223	\$ 10,000	\$ 1,957	Remaining Funds
Social Security	\$ 3,433	\$ 2,660	\$ 2,892	\$ 3,578	\$ 18,000	\$ 5,437	Remaining Funds
PERS	\$ 65,254	\$ 4,436	\$ 3,966	\$ 4,923	\$ 68,000	\$ (10,579)	Overbudget Amount
Insurances	\$ 10,688	\$ 8,088	\$ 8,560	\$ 8,713	\$ 50,000	\$ 13,950	Remaining Funds
Unemployment	\$ -	\$ -	\$ 126	\$ -	\$ 450	\$ 324	Remaining Funds
Workers Comp	\$ 156	\$ -	\$ -	\$ 809	\$ 1,000	\$ 35	Remaining Funds
<b>Salaries Sub-total</b>	<b>\$ 123,690</b>	<b>\$ 55,951</b>	<b>\$ 51,998</b>	<b>\$ 63,270</b>	<b>\$ 368,450</b>	<b>\$ 73,540</b>	<b>Remaining Funds in Salaries &amp; Benefits</b>
Telecom	\$ 114	\$ 351	\$ 347	\$ 358	\$ 2,000	\$ 831	Remaining Funds
Office Equipment	\$ 13	\$ -	\$ -	\$ 446	\$ 200	\$ (258)	Overbudget Amount
Memberships	\$ 4,766	\$ 1,556	\$ -	\$ -	\$ 7,500	\$ 1,178	Remaining Funds
Hardware	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 300	Remaining Funds
Duplicating	\$ 125	\$ -	\$ 334	\$ -	\$ 1,000	\$ 541	Remaining Funds
PC Software	\$ -	\$ 382	\$ -	\$ 68	\$ 600	\$ 151	Remaining Funds
Postage	\$ 110	\$ 68	\$ 628	\$ 86	\$ 800	\$ (91)	Overbudget Amount
Subscriptions	\$ -	\$ 268	\$ 190	\$ -	\$ 500	\$ 42	Remaining Funds
Supplies	\$ -	\$ -	\$ -	\$ 490	\$ 1,000	\$ 510	Remaining Funds
Accounting	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,500	Remaining Funds
Attorney	\$ 6,563	\$ 1,430	\$ 3,661	\$ 2,825	\$ 150,000	\$ 135,521	Remaining Funds
Data Process GIS	\$ 284	\$ 4,704	\$ -	\$ 3,346	\$ 12,000	\$ 3,666	Remaining Funds
Director Fees	\$ 715	\$ 900	\$ 1,350	\$ 1,530	\$ 6,000	\$ 1,505	Remaining Funds
Prof. Services	\$ -	\$ -	\$ -	\$ 16,416	\$ 50,000	\$ 33,584	Remaining Funds
Legal Notices	\$ 410	\$ 397	\$ 2,400	\$ 472	\$ 7,000	\$ 3,322	Remaining Funds
Rents	\$ -	\$ -	\$ 328	\$ 17,996	\$ 9,000	\$ (9,324)	Payment for FY 20-21 and FY 21-22
Misc. Expenses	\$ 350	\$ 1,650	\$ 1,725	\$ 2,771	\$ 5,000	\$ (1,496)	Overbudget Amount
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	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500	Remaining Funds
Mileage	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	Remaining Funds
Travel-Other	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 300	Remaining Funds
Registrations	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	Remaining Funds
<b>Supplies Sub-total</b>	<b>\$ 13,449</b>	<b>\$ 11,705</b>	<b>\$ 10,963</b>	<b>\$ 46,802</b>	<b>\$ 273,400</b>	<b>\$ 190,481</b>	<b>Remaining Funds in Services &amp; Supplies</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 137,139</b>	<b>\$ 67,656</b>	<b>\$ 62,961</b>	<b>\$ 110,073</b>	<b>\$ 641,850</b>	<b>\$ 264,021</b>	<b>Remaining Funds in Total Expenditures</b>



Santa Cruz Local Agency Formation Commission

Date: August 3, 2022  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Press Articles during the Months of May, June and July**

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### **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.

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### **EXECUTIVE OFFICER'S REPORT**

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

**Article #1: "Watsonville Community Hospital in jeopardy as purchase deadline looms"**: The article, dated May 25, notes that the Pajaro Valley Healthcare District has until August 31, 2022 to provide \$63 million to the bankruptcy courts regarding the purchase of the Watsonville Community Hospital.

**Article #2: "LAFCO reports county fire agencies 'limited'"**: The article, dated May 26, highlights the findings from El Dorado LAFCO which indicated that 8 out of 13 fire agencies in El Dorado County are "limited" or "deficient" in fiscal and deployment conditions. One of the key findings refers to the decrease in volunteers, which continues to be a significant issue for all fire agencies statewide.

**Article #3: "Santa Cruz grand jury pushes for greater water supply resiliency, collaboration"**: The article, dated May 27, announces the grand jury's latest report titled "Our Water Account Is Overdrawn - Beyond Conservation: Achieving Drought Resilience." The report encourages water agencies to increase joint collaborations and conservation efforts to address current and future water supplies.

**Article #4: "Scotts Valley Drinking Water Plan Upgrades Unveiled"**: The article, dated June 3, notes that the water district has completed a \$3.5 million upgrade to its Orchard Run Water Treatment Plant. The improvements include a wastewater tank, high pressure pipes, and an exhaust deodorizer.

**Article #5: "Sustainable Water Supply: Soquel Creek Water District"**: The article, dated June 6, highlights the innovative technologies utilized by the Soquel Creek Water District. The water district uses innovative technologies, such as conducting airborne geophysical surveys through electromagnetic technology to create 3-D models of the groundwater basin, to ensure a sustainable water supply for more than 40,000 residents.

**Article #6: “Scotts Valley to offer free recycled water for residents plants”:** The article, dated June 13, indicates that the Scotts Valley Water District is offering free recycled water for outdoor irrigation. The free recycled water is available to Scotts Valley residents and they can get up to 250 gallons every Saturday. Three faucets located across from the Scotts Valley senior center at the end of Kings Village road dispense the water. The district is also offering a \$2 per square foot rebate for people who replace their turf with drought-resistant plants.

**Article #7: “Santa Cruz water use efficiency prevents further state cutbacks”:** The article, dated June 15, notes that the City of Santa Cruz has earned an exemption from the statewide emergency water use restrictions. Their exemption is due to the City’s efficient use of water and reliance on its local water resources. The State Water Resources Control Board noted that the City outperformed the target use of 55 gallons per person per day for indoor use and surpassed the State’s rainfall totals.

**Article #8: “Santa Cruz County Resource Conservation District Awarded Over \$390K”:** The article, dated June 15, states that CALFIRE has awarded wildfire resilience grants to ten resource conservation districts throughout the state, including the Santa Cruz County Resource Conservation District. The \$390,000 grant will be used to help the District develop forest managements plans with private landowners and help fund the District’s Neighborhood Reimbursement Chipping Programs.

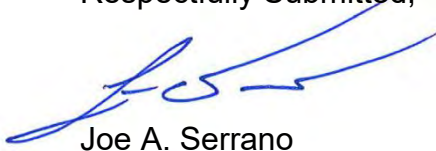
**Article #9: “With \$25 million in state funding near, Watsonville Community Hospital purchase becomes more likely”:** The article, dated June 29, highlights the State’s approval of funding (totaling \$25 million) towards the purchase of the Watsonville Community Hospital by the Pajaro Valley Healthcare District. The District still needs approximately \$12 million to meet the \$63 million amount before the August 31st court-ordered deadline.

**Article #10: “Rene Mendez off to running start as Watsonville City Manager”:** The article, dated July 7, announces that Rene Mendez has officially started as Watsonville’s new city manager. Mr. Mendez was previously the city manager for the City of Gonzales in Monterey County before signing a five-year deal with Watsonville.

**Article #11: “City council places competing initiative against Measure U renewal”:** The article, dated July 8, indicates that the City of Watsonville voted to place a ballot measure that will run against the proposed renewal of Measure U, which has been spearheaded by the Committee of Planned Growth and Farmland Protection. It is important to note that LAFCO does not support nor oppose either measure. However, LAFCO does play a direct role in the future boundary changes involving the City of Watsonville and encourages both parties to continue exploring joint solutions on how to preserve farmlands while also addressing the ongoing housing issues affecting local agencies across the state.

**Article #12: “LAFCO expected to take next steps to transfer Ramona fire and EMS services”:** The article, dated July 13, states that San Diego LAFCO is in the final stage of a fire reorganization process. If finalized, the Ramona Municipal Water District will transfer over fire and emergency services to the San Diego County Fire Protection District. Only one petition of opposition was submitted during their recent protest hearing.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

Attachments:

1. "Watsonville Community Hospital in jeopardy as purchase deadline looms"
2. "LAFCO reports county fire agencies 'limited'"
3. "Santa Cruz grand jury pushes for greater water supply resiliency, collaboration"
4. "Scotts Valley Drinking Water Plan Upgrades Unveiled"
5. "Sustainable Water Supply: Soquel Creek Water District"
6. "Scotts Valley to offer free recycled water for residents plants"
7. "Santa Cruz water use efficiency prevents further state cutbacks"
8. "Santa Cruz County Resource Conservation District Awarded Over \$390K"
9. "With \$25 million in state funding near, Watsonville Community Hospital purchase..."
10. "Rene Mendez off to running start as Watsonville City Manager"
11. "City council places competing initiative against Measure U renewal"
12. "LAFCO expected to take next steps to transfer Ramona fire and EMS services"

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# Watsonville Community Hospital in jeopardy as purchase deadline looms

*Ethan Baron*

5-6 minutes

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WATSONVILLE — Fundraising to buy the bankrupt Watsonville Community Hospital is still millions of dollars short, and officials worry the purchase bid will fail, the facility will shut down, and residents of Santa Cruz and Monterey counties will suffer.

“I’m scared we won’t be able to close the sale,” said Mimi Hall, chair of the Pajaro Valley Healthcare District Project, a non-profit community group trying to buy the facility.

For the purchase to go ahead, project officials must come up with \$63 million by a court-ordered deadline of Aug. 31, and as of this week were more than \$15 million short, Hall said.

“It’s getting harder and harder to close that gap,” said Hall, former director of the Santa Cruz County Health Services Agency.

Meanwhile, the deadline for Driscoll’s berry company to match donations up to \$1.75 million has been extended till the end of this month.

The hospital, one of two in Santa Cruz County, has seen almost two dozen for-profit owners over the past two decades. A group of investors bought it in late 2019 and it filed for bankruptcy in December in federal court. With a shutdown looming, a community



effort and fast-tracked state legislation in February created the Pajaro Valley Healthcare District, an independent public agency that will operate the hospital if enough money is raised for the purchase to go through.

The hospital now operates at a loss of \$2 million a month, but project officials believe that if they buy the facility, it would be breaking even by the end of next year.

“It’s the hope that once there’s not a profit-making entity taking out profit and once they can control the expenditures that they have a better chance of bringing it in balance,” said California Sen. John Laird, who with Assembly Member Robert Rivas shepherded the legislation to create the health care district.

“We can’t let this hospital fail,” Laird said this week. “This hospital employs over 600 people and ... serves a disadvantaged community that would have to travel for services if this hospital weren’t there.”

Watsonville residents needing hospital care would have to get to Natividad in Salinas or Dominican in Santa Cruz, or be taken to one of those facilities by ambulance, Laird noted. “For emergency services, that’s a difficult distance,” he said, adding that closure of Watsonville’s hospital would put an extra burden on the other two facilities.

The Pajaro Valley Healthcare District Project, which the bankruptcy judge ruled in February could buy the hospital, still needs a little more than \$15 million to reach the \$63 million it requires, its chair Hall said. The \$63 million includes \$9 million for the hospital, almost \$24 million in debt to be paid off under the purchase deal, \$7 million in contract obligations, and \$23 million for post-sale operations and assorted acquisition costs, she said.

Project proponents are counting \$20 million from the state as already raised, although confirmation depends on approval of the funding in the state budget scheduled for a June 15 vote. “I don’t want to jinx it by saying it’s 100% at this point,” Laird said.

Santa Cruz County has put \$5.5 million into the project, Monterey County has contributed \$3 million, the Community Health Trust of Pajaro Valley has added \$6 million, the Central California Alliance for Health and the Kaiser Foundation Health Plan have each put in \$3 million, and Stanford Children’s Hospital has added \$1.1 million.

The healthcare project grew out of collaboration among Santa Cruz County, the City of Watsonville, Salud Para La Gente and the Community Health Trust of Pajaro Valley.

For the Driscoll’s donation match, \$1.3 million of the \$1.75 million has been raised, healthcare project spokesman Jason Hoppin said this week. Before the deadline extension, the match pledge was to expire at the start of May.

Project proponents, Hoppin said, are pursuing several fundraising possibilities, including obtaining assets from the Community Health Trust of Pajaro Valley, which was created through proceeds of the 1998 sale of the hospital — a non-profit at the time — to a for-profit Tennessee-based hospital company. The trust’s most-recent financial statements show \$19.3 million in assets last year, including \$18.6 million in investments. The trust did not immediately respond to questions about use of its assets for the purchase.

Project officials are also working to persuade local foundations to kick in to help buy the hospital, Hall said.

[gtgazette.com](http://gtgazette.com)

# LAFCO reports county fire agencies 'limited'

*By Eric Jaramishian*

4 minutes

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Based on a study conducted by South Fork Consulting eight El Dorado County fire districts out of 13, were found to be “limited” or “deficient” in fiscal and deployment conditions.

LAFCO commissioners recommended keeping the spheres of influence for all fire districts the same at their April 27 meeting, except for Meek’s Bay Fire Protection District

Six fire agencies on the West Slope were determined to be “limited” — El Dorado County, Diamond Springs-El Dorado, Garden Valley, Mosquito, Georgetown and Rescue fire protection districts.

Fallen Leaf Lake Community Services District is the sole agency ranked “deficient.”

Meek’s Bay Fire Protection District is set to be annexed by North Tahoe Fire Protection District in Placer County.

After considering staffing issues and rising costs of expenses, Meek’s Bay Fire Protection District Board President Edward Miller said the move will be beneficial to both El Dorado and Placer counties.

“We have a very supportive and loyal citizenship in this area and as long as we can get the red engines out there, it will be the same for

them,” Miller said.

Meek’s Bay district, ranging from Emerald Bay to Tahoma in the Tahoe Basin, has been receiving contracted services from North Tahoe Fire for the last nine years, Miller said.

The annexation is made possible after El Dorado County’s Local Agency Formation Commission voted to reduce the Meek’s Bay Fire’s sphere of influence to zero in preparation for the mutually agreed upon consolidation.

Planning for an annexation of Rescue by El Dorado Hills came to a halt last month.

The El Dorado Hills Fire Department on the West Slope and South Lake Tahoe Fire Department in the Tahoe Basin are the only two districts considered “great.”

The average parcel tax to fund county fire agencies is \$384. The average of property tax per parcel spans from a low of \$128 for Fallen Leaf Lake CSD to a high of \$1,015 for El Dorado Hills Fire. For Garden Valley its \$188 and Georgetown \$213.

According to the study, “limited” fire departments struggle with insufficient staffing levels, negative net positions, requiring more aid from neighboring agencies and were found to be at or below average for meeting infrastructure needs and providing sufficient services to meet current and future demands.

Agencies with a negative net position are Lake Valley, El Dorado County, Georgetown Fire, Rescue Fire and Diamond Springs-El Dorado fire protection districts, meaning any past revenue deficits will need to be made up from future revenue.

The report states that county fire agencies have insufficient funds for increases in operational, personnel and maintenance costs, as well as for major capital improvements.

Of the 45 fire stations on the West Slope, 42% are staffed full-time, 18% are staffed part-time or seasonally and 40% are not staffed, stated the report. Of the stations not staffed, nine were historically staffed by volunteers.

Approximately 150 volunteers were estimated to be available countywide, half the 300 volunteers available in 2010.

The Cameron Park, Garden Valley, Georgetown, Mosquito, Pioneer and Rescue fire departments still utilize volunteers.

El Dorado LAFCO also voted to host two fire agency summits, one on the West Slope and one in the Tahoe Basin within the next two years.



[santacruzsentinel.com](https://santacruzsentinel.com)

# Santa Cruz grand jury pushes for greater water supply resiliency, collaboration

*Jessica A. York*

4-5 minutes

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SANTA CRUZ — As impacts of the lengthening drought unfurl statewide, a Santa Cruz County government watchdog panel is asking why local efforts to create sustainable water supplies do not go even further.

“The County has the means to achieve drought resilience,” the Santa Cruz Civil Grand Jury 2021-2022 panel wrote in the summary of its latest report. “What’s been missing is urgency and tightly integrated, cross-agency collaboration to accelerate this work. Although considerable interagency collaboration has been demonstrated, it has not resulted in the leadership needed to turn plans into action. The time to act is now.”

The recently released report, “[Our Water Account Is Overdrawn Beyond Conservation: Achieving Drought Resilience](#),” differentiates between efforts to maintain a “sustainable” or water supply sufficient for current need, versus steps to create a “resilient” or increased water supply. It focuses the bulk of its report on the North County, “where the water storage problem has a solution within reach,” according to the report.

“The groundwater agencies are chartered only for aquifer

sustainability,” the grand jury report reads. “As discussed previously, sustainability is only one component of drought resilience. With no consistently funded leadership, the districts cannot align for the greater good.”

The grand jury is a volunteer organization made up of 19 residents who serve for one year, acting as independent ombudsmen for the community by confidentially investigating various issues relating to governmental agencies. Public reports published near the end of each term are designed to prompt public officials to take action on targeted topics and require a formal response from named agencies’ governing bodies.

## **Next steps**

The report highlights the need for increased water storage options during wet winter months, along with greater county collaboration on projects and supply sharing between water agencies. The City of Santa Cruz Water Department’s work to seek state approval for the expansion of its water rights, as detailed in the November 2021 “Santa Cruz Water Rights Project” Environmental Impact Report, is cited as a key to increasing interagency collaboration. At present, the City of Santa Cruz largely is restricted from transferring San Lorenzo River water to neighboring water agencies, per water rights conferred by the state, according to the report.

The “Our Water Account” includes three major recommendations, including:

- By Dec. 31, the boards of the Santa Margarita Groundwater Management Agency and the Mid-County Groundwater Management Agency should extend their charters to include and proactively deliver drought-resilience project planning and execution.

- By Dec. 31, local water districts should jointly publish an integrated drought-resilience action plan that includes essential infrastructure improvements, estimated costs and schedule to complete improvements that will deliver drought resilience to the Mid-County Groundwater Basin, the city of Santa Cruz, and the Santa Margarita Basin by Dec. 31, 2029. Agencies to respond are the San Lorenzo Water District, the Scotts Valley Water District, the City of Santa Cruz Water Department, the Soquel Creek Water District, the Santa Margarita Groundwater Management Agency, and the Mid-County Groundwater Management Agency.

- By Dec. 31, local water districts should jointly publish an integrated recycled wastewater action plan that specifies the infrastructure improvements, expected costs, and construction schedule that will fully utilize existing wastewater sources by Dec. 31, 2026. Responding agencies are the Scotts Valley Water District, the city of Santa Cruz Water Department, the Soquel Creek Water District, the Central Water District, the Mid-County Groundwater Management Agency, the Pajaro Valley Water Management Agency, and the city of Watsonville Water Division.

The full grand jury report, along with past reports, is available online at [co.santa-cruz.ca.us](https://co.santa-cruz.ca.us) under the “Our Reports” tab.

[pressbanner.com](http://pressbanner.com)

# Scotts Valley Drinking Water Plant Upgrades Unveiled - Press Banner | Scotts Valley, CA

*By: Drew Penner*

5-6 minutes

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It costs big bucks to ensure one of life's essential components is fit for human consumption. And on May 25, local officials and media got to taste the \$3.5 million upgrade results to the Scotts Valley Water District's Orchard Run Water Treatment Plant, leaving memories of the previous, more undesirable, liquid in the dust.

"Their laundry machines didn't last long," said Ruth Stiles, SVWD's board chair, recalling the slimy brown ring residents became familiar with around washbasins. "We want to have good-tasting water."

The improvements—including a wastewater tank, high-pressure pipes and an exhaust deodorizer—have taken quality control to the next level. Still, many of the 4,000 customers aren't yet fully aware of the changes.

Before, things were so bad that the hydrogen sulfide gas that drifted up from the depths would burn the trees above the treatment facility, one of three similar plants run by the district.

SVWD's operations manager David McNair said he enjoyed friendly disagreements with folks at the Scotts Valley Food and Wine Festival last year, where he was giving out samples.

"This is not Scotts Valley water," they'd say.

So last week, to spread the word about Scotts Valley's new H2O reality, attendees were directed towards three clear jugs of water. The instructions were to vote for the one thought to be "Scotts Valley" water. In my opinion, they all tasted the same; however, some participants claimed they could identify which receptacle contained the local varietal. Councilmember Jack Dilles wandered over to Jug No. 2.

"This is good," he said. "I'm actually thirsty."

As the votes were tabulated, McNair led the group up the hill to point out the Orchard Run Well, permitted in July 2018. It's 1,400 feet deep and pulls mainly from the Butano Aquifer. The Bio Air scrubber behind serves as an exhaust system for the plant. Mayor Donna Lind remarked that it'd been a considerable improvement compared to the previous situation.

"You could smell it across the freeway," she recalled.

The group also got a primer on what the facility does during the tour. After the liquid has been coursing hundreds of feet below the Earth's crust, a lot must happen before it tastes like the good old-fashioned H2O we've come to enjoy. It's piped through a series of receptacles, agitated with physical objects, air is pumped through it and finally, it's bathed in chemicals. When raw water enters the facility, it's dosed with orthophosphate (a corrosion inhibitor that eliminates lead), oxidized, runs through plastic balls, and shocked with chlorine, eliminating the germs that cause diseases like hepatitis and typhoid. At the heart of the property, an enormous generator powers the whole operation, pushing water across the newer section of the plant with around 160 pounds of pressure.

Then, it goes through a pressure filter made of sand and anthracite (hard coal—another carbon). That used to be the end of the process. But now—thanks to the new additions—the water gets a coconut shell bath, too.



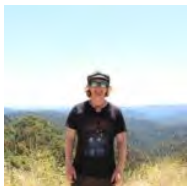
These 10-foot diameter cylinders, each of which can process 800 gallons of water a minute, are a significant highlight of the renovations.

Both tanks hold 20,000 gallons of water and are full of coconut shells, a carbon treatment considered primo for purification. The district expects to have to replace the shells every 10 years.

Councilmember Dilles asked if the concrete pad underneath could withstand the effects of shifting tectonic plates. McNair confirmed they had earthquakes in mind when it was designed.

“There’s also a new analyzer,” McNair added, referring to the technology that ensures the right amount of chlorine is introduced. They now have a wastewater outflow connection as well.

The time came to reveal the water people thought they were drinking. It turned out that half of the voters got it right and picked Jug No. 1 as Scotts Valley water, with seven votes. Six people selected Jug No. 2, which was bottled water. Just one person voted for Jug No. 3, which was brought in from another water district. District officials declined to expose the source of Jug No. 3.



### [Drew Penner](#)

Drew Penner is an award-winning Canadian journalist whose reporting has appeared in the Globe and Mail, Good Times Santa Cruz, Los Angeles Times, Scotts Valley Press Banner, San Diego Union-Tribune, KCRW and the Vancouver Sun. Please send your Los Gatos and Santa Cruz County news tips to [dpenner@weeklys.com](mailto:dpenner@weeklys.com).

[govtech.com](http://govtech.com)

# Sustainable Water Supply: Soquel Creek Water District

*June 06, 2022*

3-4 minutes

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**The Soquel Creek Water District (SqCWD) in Santa Cruz County, California, is using innovative technologies to ensure a sustainable water supply for more than 40,000 residents on the state's central coast.**



## Overview

The Soquel Creek Water District (SqCWD) in Santa Cruz County, California, is using innovative technologies to ensure a sustainable water supply for more than 40,000 residents on the state's central

coast.

## **Impact**

In 2014, California mandated that all groundwater basins in the state be sustainable by 2040. SqCWD, which gets 100% of its water from undergrown wells, launched an effort to map its underground water supply and replenish the groundwater basin using purified wastewater.

First, the district conducted airborne geophysical surveys using electromagnetic technology to create a 3-D model of the groundwater basin. The model confirmed that seawater intrusion threatened to contaminate the district's drinking water wells. To combat the threat, the district's board of directors approved a \$140 million project to pump highly treated wastewater back into the underground basin to prevent further saltwater contamination and provide a reliable, sustainable and drought-proof water supply. Construction of the project is underway and will be completed in 2024.

The district also launched outreach activities to build community support for the recycled water campaign, which includes an education trailer that travels to schools, farmers markets and other local events.

## **Advice**

Multi-year projects demand dedication, leadership and alignment between the district and its customers. SqCWD offers these recommendations to special district leaders to replicate its success:

- Know the issues. Use data and science and facts.
- Evaluate solutions with a public and transparent process.
- Listen. Be aligned with community values.

- Learn. Meet with other communities that have developed similar projects or initiatives. SqCWD staff toured other innovative facilities and used this knowledge to inform its customers and communities. The district also applied lessons learned from other communities to its own initiative.
- Make sound and reasonable decisions and continually adapt to change.
- Celebrate milestones and have fun along the way. This doesn't mean have extravagant parties. It can be a simple "shout out" or a homemade cake. Keeping morale high on a multi-year project is invaluable.
- Strong Leadership breeds a strong team.

[ksbw.com](http://ksbw.com)

## Scotts Valley to offer free recycled water for residents plants

*Felix Cortez*

4-5 minutes

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Cristie Kirlin of Scotts Valley is taking California's drought very seriously and her plants are paying the price. "Well some of my landscaping is dying so I'm letting it happen because it's more important to have water for the community than it does for my plants to look nice," said Kirlin. The Scotts Valley water district says you don't have to let your plants die, the district is giving away free recycled water for outdoor irrigation. It's one of several new programs and incentives to get customers to use less water as the water district moves into stage 2 of water conservation. The free recycled water is available to Scotts Valley residents and they can get up to 250 gallons every Saturday. Three faucets located across from the Scotts Valley senior center at the end of Kings Village road dispense the water. The district is also offering a \$2 per square foot rebate for people who replace their turf with drought-resistant plants. If that's not enough, you could win \$100 each month if you reduce your water use by 15 percent over last year. If you consistently save water over 4-months you could be eligible to win \$500. "We are empowering our customers we're educating them how to be more efficient," said Piret Harmon, manager for the Scotts Valley water district. But stage 2 also brings a drought surcharge; use more water and your bill will be higher. "It's not fun



we don't like to do it it's necessary because if we don't do it we're going to deplete our reserves and then we would have to go after asking much larger increases,” said Harmon. The water district hopes the new programs will get customers to save water and help the district reduce its water use by 10-percent. “I think if we can really educate and empower and engage everyone to do your best do you personal best everybody's best is different but we can weather this drought,” Harmon said. “I think it's really important, it's important to do what you can to contribute to the environment and especially in water conservation issues it's a really high priority,” added Kirlin.

### **SCOTTS VALLEY, Calif. —**

Cristie Kirlin of Scotts Valley is taking California's drought very seriously and her plants are paying the price.

“Well some of my landscaping is dying so I'm letting it happen because it's more important to have water for the community than it does for my plants to look nice,” said Kirlin.

The Scotts Valley water district says you don't have to let your plants die, the district is giving away free recycled water for outdoor irrigation. It's one of several new programs and incentives to get customers to use less water as the water district moves into stage 2 of water conservation.

The free recycled water is available to Scotts Valley residents and they can get up to 250 gallons every Saturday. Three faucets located across from the Scotts Valley senior center at the end of Kings Village road dispense the water.

The district is also offering a \$2 per square foot rebate for people who replace their turf with drought-resistant plants. If that's not enough, you could win \$100 each month if you reduce your water

use by 15 percent over last year. If you consistently save water over 4-months you could be eligible to win \$500.

“We are empowering our customers we're educating them how to be more efficient,” said Piret Harmon, manager for the Scotts Valley water district.

But stage 2 also brings a drought surcharge; use more water and your bill will be higher.

“It's not fun we don't like to do it it's necessary because if we don't do it we're going to deplete our reserves and then we would have to go after asking much larger increases,” said Harmon.

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“I think if we can really educate and empower and engage everyone to do your best do you personal best everybody's best is different but we can weather this drought,” Harmon said.

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[santacruzsentinel.com](http://santacruzsentinel.com)

## Santa Cruz water use efficiency prevents further state cutbacks

*Santa Cruz Sentinel*

3-4 minutes

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SANTA CRUZ — While water use climbs for much of the rest of California, Santa Cruz's efficient use of water and reliance on its only local water resources have earned the city an exemption from new statewide emergency water use restrictions, according to a release issued Wednesday from the city of Santa Cruz Water Department.

The State Water Resources Control Board recently approved requiring water purveyors across the state to implement Stage 2 Water Shortage Contingency Plan actions to reduce demand.

Santa Cruz, in addition to already outperforming the target use of 55 gallons per person per day for indoor use, also surpassed much of the state with rainfall totals.

Since the start of the rain year on Oct. 1, Loch Lomond has totaled 37.91 inches of precipitation, according to figures from the [city of Santa Cruz's weekly water conditions report](#).

"Despite a mostly dry winter and spring, storms in October and December significantly improved storage in Loch Lomond Reservoir. While many reservoirs across the state are well below 50% capacity – some as low as 25% — Santa Cruz's reservoir sits at 88% full," said Water Director Rosemary Menard in the prepared release. "That means even if we have another dry year, if we

continue to be good stewards of our water resources and use our supply efficiently, we have enough to get us through next year.”

On May 24, the State Water Resources Control Board approved requiring use of Stage 2 Water Shortage Contingency Plan actions to reduce demand. Because Santa Cruz uses only local sources, has already met and outperformed the state’s target gallons per capita per day reduction, and has an adequate supply for this year and next, the state exempted the city from imposing further restrictions.

To reflect the seriousness of the state drought, however, the city’s alternate compliance strategy includes actions being taken statewide, including a ban on watering non-functional turf in commercial, industrial and institutional sectors, as well as a ban on any outdoor watering from 10 a.m. to 6 p.m.

The city must also impose a state rule limiting landscape irrigation to no more than two days per week. “I’m proud that Santa Cruz’s ongoing commitment to using water efficiently has been recognized by the state, and has resulted in an exemption from what would have placed significantly greater hardship on our city than most,” said Menard in the release. “Our community just needs to keep doing what we’ve come to do naturally – which is to respect our water resources and use them wisely.

### **At a glance**

Loch Lomond, the city’s lone source for fresh water has a capacity of 2.8 billion gallons or about a year’s supply of water for the city of Santa Cruz. Currently, the reservoir stands at nearly 90% of capacity, according to the city.

[goodtimes.sc](https://goodtimes.sc)

## Santa Cruz County Resource Conservation District Awarded Over \$390K | Good Times

*By Erin Malsbury*

2 minutes

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Earlier this month, CAL FIRE awarded wildfire resilience grants to ten resource conservation districts (RCDs) around the state, including Santa Cruz County. The locally-run agency will receive more than \$390,000 over three years.

In a recent press release about the grant, the RCD says the money will help the district and partners develop forest management plans with private landowners. The team will have an “on-call” registered professional forester and other community resources, including one-on-one support.

Some of the award will also help fund the district’s No-cost and Neighborhood Reimbursement Chipping Programs, which incentivize residents to create defensible space around buildings in high-risk areas.

The Santa Cruz County RCD was formed in 1942 primarily to help farmers reduce erosion and maintain soil health. Now, the special district works with CAL FIRE, landowners and community members on projects that range from wildfire prevention to watershed restoration.

Learn more about the Santa Cruz County Resource Conservation District and its projects at [rcdsantacruz.org](https://rcdsantacruz.org).



[lookout.co](https://lookout.co)

## With \$25 million in state funding near, Watsonville Community Hospital purchase becomes more likely - Lookout Local Santa Cruz

*Hillary Ojeda*

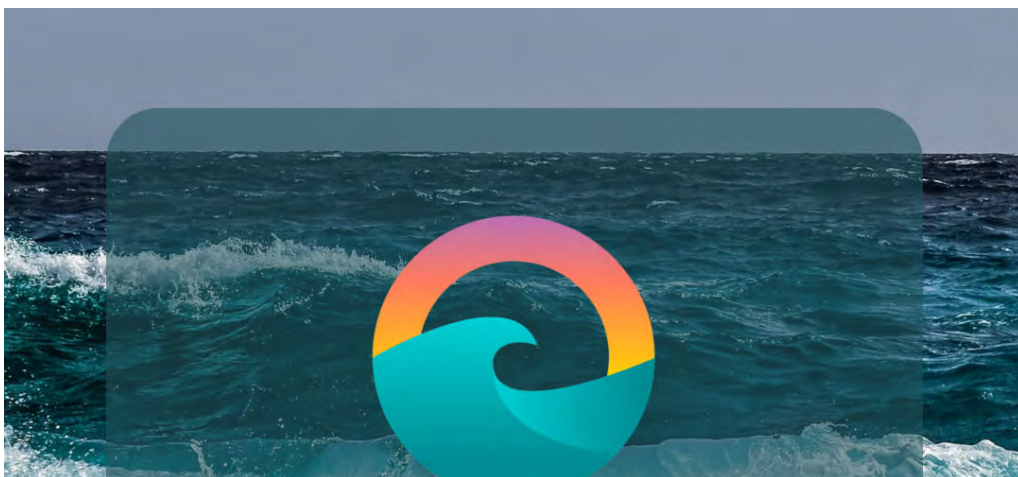
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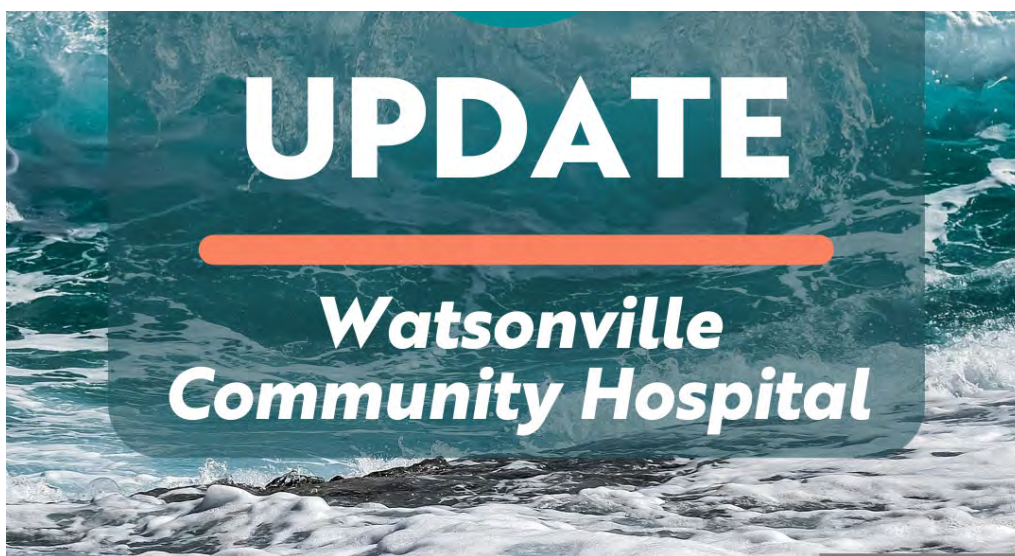


Quick Take

**The local nonprofit tasked with raising money to purchase Watsonville Community Hospital is about to receive \$25 million from the state. If Gov. Gavin Newsom signs the final budget including that allocation, the Pajaro Valley Healthcare District Project will still need more than \$12 million to reach its goal, but organizers say most of that money should be raised before the Aug. 31 deadline.**

The California Legislature is just a couple of steps away from providing \$25 million toward the [purchase of Watsonville Community Hospital](#).





If finalized, that would mean a total of about \$49 million has been raised for the Pajaro Valley Healthcare District Project to purchase the hospital, according to Jason Hoppin, Santa Cruz County communications manager and spokesperson for the project. The \$25 million allocation has passed out of the Assembly and Senate budget committees and is headed for a final vote Wednesday. It will then require Gov. Gavin Newsom's approval, which is expected.

"The \$25 million is \$5 million more than we were anticipating, even in the most optimistic scenario," Hoppin told Lookout on Tuesday. "So this is incredibly good for us."

The project, a coalition of local nonprofits and government agencies, will still need more than \$12 million to close the purchase. In total, the important number is about \$63 million, the amount a bankruptcy court told local organizers they needed to raise by Aug. 31 to complete the purchase of what has been a privately owned hospital and bring it under local nonprofit ownership and management. Hoppin cautioned that while those behind the effort are excited, several steps still need to be taken, including the final vote by the legislature and a signature from the governor.

"But it's great to see that language in print," he added. "Because it brings us closer to realizing our ultimate goal of acquiring the hospital on behalf of the people of Pajaro Valley."

Advertisement



PROMOTED CONTENT

 **7 close to home RV getaways around Santa Cruz**

Travel to Santa Cruz or opt for a staycation as Bay Federal Credit Union shares their suggestions for the best RV, camper trailer locations in Santa Cruz County.



He said the project is currently in discussions with donors — some who have already donated — to close the remaining gap. If the current discussions come to agreements, as much as \$9 million could be raised, which would bring the project to less than \$5 million short of the goal.

Those numbers aren't exact. For instance, Hoppin said, the project has raised \$1.4 million for post-acquisition use, so its total fundraising includes money that can't be included to reach the \$63 million purchase price.

“Even if this [state] money were to come through, we are still not at the finish line,” he said. “So we still need community donations; there's still a fundraising effort ongoing. We're talking to potential donors on a daily basis.”

The Pajaro Valley Healthcare District Project formed in 2021 with the goal of purchasing the hospital. The project's members are the leaders of each of the entities that make up the group including the County of Santa Cruz, the City of Watsonville, Salud Para La Gente and the Community Health Trust of Pajaro Valley.

If the project finalizes the purchase, the board that will run Watsonville Community Hospital will be the [Pajaro Health Care District](#).

Tony Nuñez, a member of the [Pajaro Valley Health Care District](#) board, celebrated the news Tuesday morning by thanking state Sen. John Laird and Assemblymember Robert Rivas for their efforts to secure the funding. Nuñez is also an editor at The Pajaronian newspaper.

“A HUGE thank you to @SenJohnLaird and @AsmRobertRivas for

securing \$25 million in the state budget to help us save Watsonville Community Hospital,” he said Tuesday via [Twitter](#). “Your work for the people of the Pajaro Valley is greatly appreciated.”

Monterey County Board Supervisor Luis Alejo also thanked the legislators.

“The CA Legislature has included \$25M to save Watsonville Community Hospital in Budget Bill Jrs AB/SB178,” he said via [Twitter](#). “Both Senate & Assembly Budget Cmtes approved these today! Can get final vote as early Wednesday evening or shortly thereafter! Good work @SenJohnLaird & @AsmRobertRivas!”

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Hoppin cited California’s unprecedented surplus of [more than \\$90 billion](#) this year as making the state’s contribution much more possible.

“We have an unprecedented opportunity with the surplus that the state is seeing,” he said. “Were this next year, this may not have happened at all.”

Laird’s chief of staff, Richard Stapler, said the senator is excited for this stage of the hospital’s future.

“I know he is looking forward to significantly engaging with local entities to close the last remaining few-million-dollar gap in funding,” Stapler said via email.

For more information, visit the [health district project website](#).



[pajaronian.com](http://pajaronian.com)

## Rene Mendez off to running start as Watsonville City Manager

*By: Tony Nuñez*

5-6 minutes

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**WATSONVILLE**—New Watsonville City Manager Rene Mendez stepped into the leadership role on July 1.

Just three days later he was driving Watsonville City Councilman Jimmy Dutra through the Spirit of Watsonville Fourth of July Parade in a Chevrolet Corvette, and, in the time before and after, working feverishly with staff on a key ballot measure for the November election, and meeting with several local organizations.

“It’s a balancing act,” he said.

Mendez, 57, was [named the city’s chief executive in April](#), bringing to an end a months-long search to find a replacement for former city manager Matt Huffaker, who is now the [city manager at Santa Cruz](#).

He brings in three decades of experience in state, county and city government, including the previous 18 years as the city manager with the City of Gonzales. In that role, Mendez, among other things, led efforts to create a [Health in All Policies initiative](#), a [youth council](#) that represents the city’s young people at city council and school board meetings and an [ambitious microgrid energy project](#). He was also instrumental in convincing agricultural industry giants Taylor Farms and Mann Packing to set up in the Monterey County city of roughly 9,000 residents.

Mendez said he sees several parallels between his new job and old stomping grounds, but explained that he first wants to embed himself within the Watsonville community before moving forward with any initiatives.



“I’m going to be available and accessible, and I want to learn,” Mendez said. “I have my thoughts, ideas and approaches, but part of the art of this is to figure out how it works ... Clearly, there’s a lot of great stuff going on, and, to me, it’s how I can support and enhance that and not get in the way of the stuff that’s going on.”

But, he added, there are three issues that will likely be focal points of his tenure with Watsonville: housing, economic vitality and community engagement. All three issues, he explained, are interconnected, and have big implications for the city’s large population of youth and young adults. He said the city should help in any way it can in creating paths for its younger residents to access higher education, find a good-paying job and, ultimately, own a home.

“How do we tap into [this generation] to get more involved in their community?” Mendez said. “Obviously, we want to work with all segments of the community, but one of the challenges and goals that I see is how do we bring in segments of the community that have not felt that they’ve had access or participated. It’s not easy, and it’s not going to happen overnight. But that doesn’t mean we’re not going to keep knocking on the door.”

Mendez signed a five-year deal with a base annual salary of \$240,000. He said he made the decision to leave Gonzales for Watsonville—a move made easier after the recent graduation of his two sons from Gonzales High School—to continue his “professional growth.”

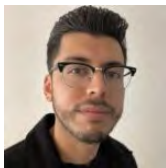
“One of the things that I hope people find out about me is that I don’t sit still—I’m not a maintainer,” he said. “I think you have to maintain things but I’m always working to improve.”

Mendez is a first-generation Mexican American who grew up in the Central Valley and worked in the agricultural fields as a youth. He holds a master’s degree in public policy from Duke University. He first worked as a state legislative analyst before being hired as an analyst for Solano County and then as the County Administrator for Inyo County. He then joined Gonzales as the city’s lead public official.

It took all of two weeks for him to realize that being a city manager is “the best job in the world.”

He came to that realization when a woman randomly walked through his door and asked if the city had a youth soccer league. At the time, Gonzales did not. So he told her to gather the coaches and kids and the city would find the fields and equipment. That was the start of a strong partnership between the youth soccer league and the city that has paid dividends for the community multiple times.

“That was a reminder that sometimes the investment is only like 2 cents and the return is amazing,” Mendez said. “You had parents, kids, families there—salen todos. So, now, from a city perspective, you can participate, you can ask questions, you can put a table out there for information—aver que—you don’t have to force it on people because they’re already there. If the city wants to do that by themselves that would take more effort and resources ... That, to me, is why I think this work is so exciting. Making those connections.”



[Tony Nuñez](#)

Managing Editor Tony Nuñez is a longtime member of the Watsonville community who served as Sports Editor for five years before entering his current role in 2019. A Watsonville High, Cabrillo College and San Jose State University alumnus, he covers the city, business, housing, entertainment and more.

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## City council places competing initiative against Measure U renewal

*By: Tony Nuñez*

5-6 minutes

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**WATSONVILLE**—When Watsonville voters head to the polls in November they will choose between two critical ballot measures concerning the future of the city.

Should they extend outward growth restrictions determined 20 years ago through 2040, or determine a new, 30-year growth plan for the city in a year-long community visioning process?

The Watsonville City Council in a split 4-3 vote placed a ballot measure that will run in opposition to the [proposed renewal of Measure U](#) spearheaded by a group of agriculture industry reps and environmentalists, better known as [the Committee for Planned Growth and Farmland Protection](#).

That group's initiative—placed on the ballot in March—seeks to extend Watsonville's expiring urban limit line approved by voters in 2002 for another 18 years in order to preserve agricultural land.

The competing ballot measure introduced at Thursday's special meeting would not toss out the restrictions included in Measure U—in fact, it would also extend them through 2040—but it could significantly change the urban limit line depending on the results of the upcoming general plan update, a massive, multi-month undertaking in which the community will determine what Watsonville should strive to be by 2050.

If approved, the measure would allow the council to amend the urban limit line to include parcels identified in the general plan update, which begins later this year.

Both the committee's measure and the countermeasure only need

a simple majority for approval. If both are approved, the measure with more votes in favor would win.

In addition, they both could fail. In that case, the committee and city would be back at the drawing board with some of Measure U's restrictions set to expire at the end of the year—the rest sunset in 2027.

Councilmembers Eduardo Montesino, Francisco “Paco” Estrada, Lowell Hurst and Vanessa Quiroz-Carter voted to place the new measure on the ballot.

A few minutes earlier, Montesino, Estrada and Quiroz-Carter voted against a compromise between the city and the committee that would have kept the current urban limit line in place, save for a 13.6-acre agricultural lot at 320 Lee Road, which city staff says could turn into a needed revenue generator if redeveloped into a commercial property.

Councilmember Rebecca Garcia joined that trio in voting against the compromise, and also voted against the countermeasure.

It was the second time the council had thrown out the compromise. Last week, they neither approved nor denied the proposal. Instead, [they asked city staff to return with a countermeasure](#) that could run against the committee's efforts.

Proponents of the committee's measure say that Measure U's growth restrictions have had an overwhelmingly positive effect on Watsonville over the past 19 years. They say that preserving ag land has not only kept the Pajaro Valley's strong presence in the agricultural industry intact but has also forced the city to focus on dense, infill development and limit dreaded urban sprawl.

And, they add, there are still plenty of underutilized and vacant properties throughout the city that can be redeveloped to help the city meet its mounting housing and economic needs.

Critics, however, say that Measure U has hamstrung the city's ability to adequately build housing—specifically, single-family homes for purchase—and lure large employers and economic drivers commonplace in other cities.

Some on the council have also said the committee's measure is "undemocratic" because it does not give residents an opportunity to reassess the community and its needs in the same way they did during the [creation of Measure U in the late 1990s](#).

But their counterparts have called those claims phooey, saying that the [committee's signature-gathering efforts to put the item on the ballot](#) is the basis of the democratic process.

The competing measures will be included in a long list of items before Watsonville voters in the Nov. 8 election. Four city council seats will be up for grabs and the city has a [half-cent sales tax increase](#) on the ballot as well. In addition, [Jimmy Dutra and Felipe Hernandez will square off](#) for the 4th District Santa Cruz County Supervisor seat currently occupied by Greg Caput.



[Tony Nuñez](#)

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## **LAFCO expected to take next steps to transfer Ramona fire and EMS services - Ramona Sentinel**

*Julie Gallant*

5-7 minutes

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The San Diego County Local Agency Formation Commission (LAFCO) will likely move ahead with plans to transfer fire and emergency medical services in Ramona to the county.

No speakers stepped forward to object to Ramona Municipal Water District's request to transfer its oversight of fire and EMS services to the San Diego County Fire Protection District during the July 11 protest hearing at the Ramona Community Center.

The single written protester signed their name and provided an assessor's parcel number on a form, but did not include a statement explaining their reasons for opposing it, said LAFCO Analyst Carol Ieromnimon, the project manager for this proposal.

Ieromnimon said LAFCO commissioners will discuss the results of the protest hearing at a meeting on Aug. 1. But with little community resistance to transferring the oversight of services, the commissioners are expected to give final approval and proceed with the transfer, she said.

An election to allow voters to decide on the transfer proposal would have been held if LAFCO had received protests from 25 percent to 50 percent of registered voters and/or landowners holding 25 percent to 50 percent of the assessed value of land within the affected territory, including Ramona and San Diego Country Estates. The reorganization could have been terminated if more than 50 percent of the registered voters and/or landowners holding 25 percent to 50 percent of the assessed value of land in the

affected territory had filed written protests.

The plan has met with little resistance in the community throughout the planning process, said Ramona Municipal Water District President Jim Hickle. He said no objections have been raised at the water district's board meetings and the idea has been fully supported by the Ramona Community Planning Group, the Ramona Unified School District and the Ramona Chamber of Commerce.

"I'm just happy the process worked and the community recognizes the benefits of this and that there were little to no protests," Hickle said after the LAFCO protest hearing. "This says a lot about the consensus we were able to reach with the community on this."

If LAFCO commissioners decide to proceed Aug. 1, agreed upon terms are expected to be fulfilled by a Dec. 31, 2022 deadline, Ieromnimon said. If the administrative arrangements are not completed by the deadline, a request can be made to extend the deadline, she said.

Terms of the deal include transferring 4.5 percent annual property tax growth from the Ramona water district to the San Diego County Fire Protection District and transferring \$1.8 million in base property tax revenues from the water district to the fire protection district, according to LAFCO documents.

All personal property related to fire and EMS services such as equipment and supplies will be transferred, according to LAFCO, and the fire protection district will be able to assess and/or collect previously approved fees, taxes and charges in support of fire or emergency medical services.

Cal Fire Assistant Chief Carl Schwettmann, who oversees services in Ramona, Julian and Warner Springs, said every person and industry has been hit hard by inflation, and fire services are no different. Even ambulance transport services are increasing with escalating gas costs, he said.

"Smaller districts have a hard time balancing those budgets whereas the San Diego County Fire Protection District has a larger pool of purchasing power and they have better leverage to make

contracts for goods and services,” Schwettmann said.

Ramona is already seeing some benefits of the proposed transfer, he said. The county has provided an additional staff member on two of its fire engines to bring fire services in Ramona to what is considered a regionally acceptable staffing level of three staff per fire engine, Schwettmann said.

The staffing includes an advanced life support, or ALS, paramedic, he said. Ramona Fire Station 80 previously had three staff per engine, but the extra resources are being added at stations 81 and 82, he said.

Additionally, Schwettmann said a third ambulance for Ramona has been ordered. Due to supply chain issues and other factors, he said it has not yet been determined when the ambulance can be delivered to Fire Station 82.

Other expected improvements include the addition of six cardiac monitors at a cost of about \$40,000 each to each fire engine and ambulance in Ramona, he said, and eventually prioritizing the replacement of older fire engines at Stations 81 and 82, he said. Other expected equipment upgrades include bringing in stair chairs that allow paramedics to move a person from an upper floor down the stairs more efficiently.

Transferring fire and EMS services will allow the water district to focus on its water and wastewater issues and allow the county Fire Protection District to focus on staying current with technologies, state and federal laws, mandates and industry standards, he said.

“Running a fire department is a full-time job,” said Schwettmann, a Ramona resident of more than 30 years. “Transferring these services to an organization that oversees it as their full-time job just makes sense.

“I have a longtime interest in services,” he added. “If this was not good, I wouldn’t support it, but it will bring more equipment to the area to serve the citizens. I don’t see the downside to it.”