



Santa Cruz Local Agency Formation Commission
701 Ocean Street # 318D
Santa Cruz CA 95060
Phone: (831) 454-2055
Email: joe@santacruzlafco.org
Website: www.santacruzlafco.org

September 9, 2022

Piret Harmon, General Manager
Scotts Valley Water District
2 Civic Center Drive
Scotts Valley, CA 95066

Subject: Status of Application for the proposed “Scotts Valley Water District Annexation” (LAFCO Project No. DA 22-13)

Dear Ms. Harmon:

LAFCO staff has reviewed the application and accompanying documents for the above-referenced proposal. This notice is to advise you whether your application is complete or whether additional information is required.

The application is **incomplete**, and the following information or action is required:

1. **INITIATING RESOLUTION:** The applicant is required to provide an initiating document. It is LAFCO’s understanding that the District’s Board of Directors adopted a resolution to initiate the annexation process. Please submit a signed copy of the adopted resolution to the LAFCO Office.
2. **INDEMNIFICATION AGREEMENT:** Commission policy requires a signed indemnification agreement in the event that a lawsuit is filed against the proposed boundary change during any point of the LAFCO process (see attached). Please submit a signed copy to the LAFCO office.
3. **FILING FEE:** Applicants for boundary changes, such as annexations, require a fee deposit based on acreage. The proposed annexation involves 183 parcels, totaling approximately 1,500 acres, is subject to a filing fee of \$8,000. However, the District has requested a fee waiver. This request is currently being considered by LAFCO. *No action is required by the applicant for this item at this time.*
4. **MAP & LEGAL DESCRIPTION:** Commission policy requires the applicant to provide a map and legal description illustrating the proposed boundary change. The applicant is also responsible for paying the processing fee to the State Board of Equalization (SBE) in order to finalize the boundary change. Due to the size of the proposal area, LAFCO staff may determine that a vicinity map (see attached) would be sufficient to fulfill the mapping requirement. *No action is required by the applicant for this item.*

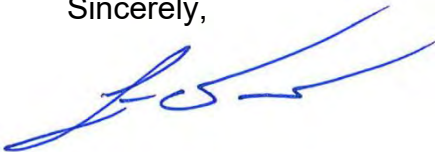
5. COMMENTS FROM AFFECTED AND OTHER PUBLIC AGENCIES: Several factors must be considered when reviewing a proposal, including comments from any affected or interested local agencies (Government Code Section 56668[j]). Attached is an advanced copy of a letter that will be sent to the public agencies within the area requesting comments on this proposal. Comments from these local agencies will be due to LAFCO by Friday, October 7, 2022. *No action is required by the applicant for this item.*

6. ENVIRONMENTAL REVIEW: Santa Cruz LAFCO may serve as the lead agency for assessing impacts under the California Environmental Quality Act (CEQA). Staff believes the proposal qualifies as a project under CEQA. Therefore, an environmental review is underway. *No action is required by the applicant for this item.*

7. PROPERTY TAX EXCHANGE AGREEMENT: California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCO can consider a jurisdictional change. The Board of Supervisors (BOS) acts as the authorizing body for the District regarding property tax adjustments. LAFCO staff will coordinate with the County Administrative Office to schedule this item at an upcoming BOS meeting. *No action is required by the applicant for this item.*

Attached to this letter is a tentative timeline of the annexation process. This is meant to be a guide but dates listed may be subject to change. If you have any questions regarding this letter or the LAFCO process, please contact me at (831) 454-2055 or by email at joe@santacruzlafco.org.

Sincerely,



JOE A. SERRANO
Executive Officer

Attachments:

1. Indemnification Agreement
2. Vicinity Map
3. Referral Letter (Advanced Copy)
4. Annexation Timeline (Tentative Schedule)

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



PROJECT NUMBER: DA 22-13
 TITLE: "~~Scotts Valley Water District Sphere 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)

 (Signature of Applicant)

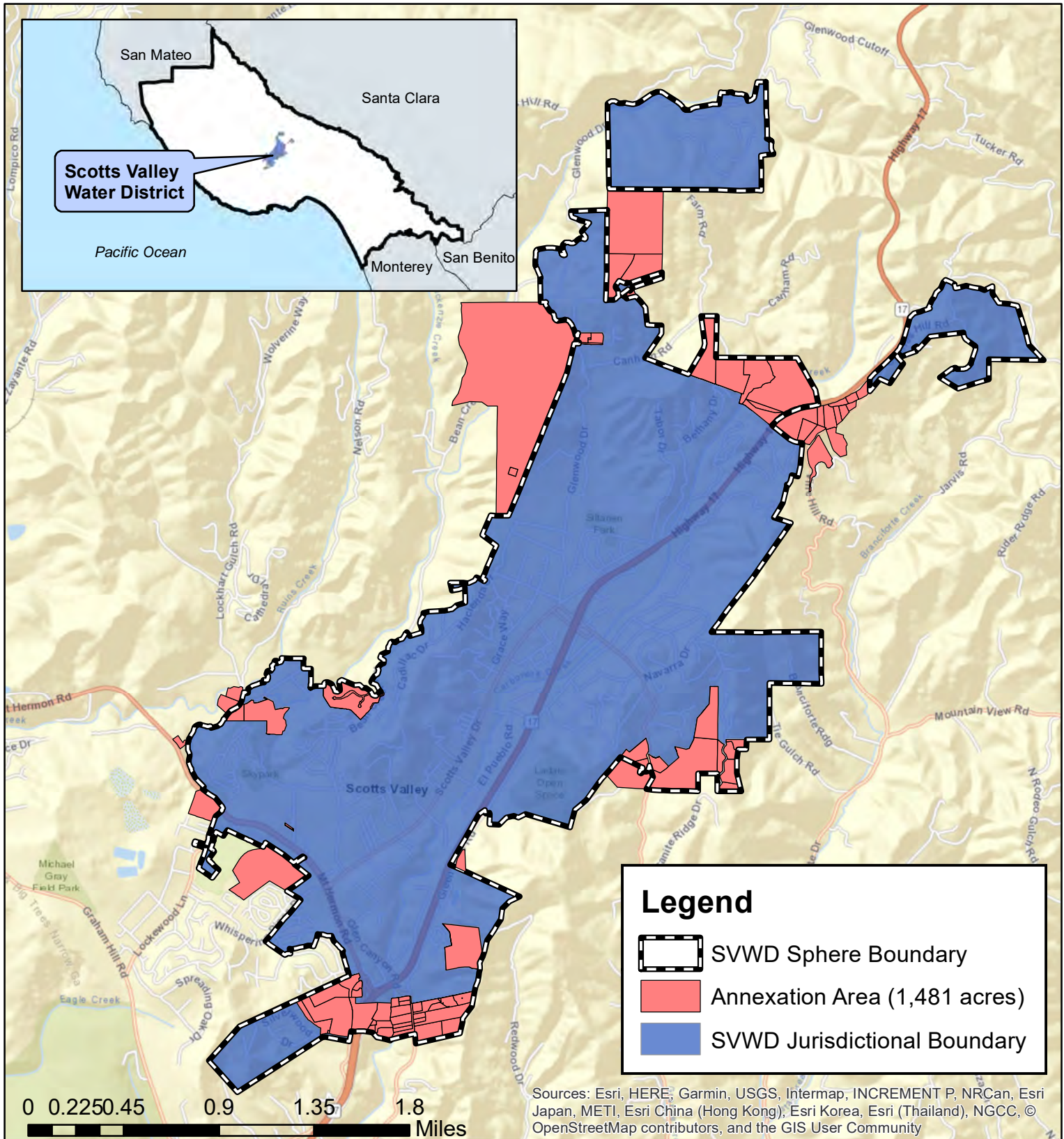
Joe A. Serrano

 (Printed Name)

 (Printed Name)

 (Date)

 (Date)



"Scotts Valley Water District Sphere Annexation" (LAFCO Project No. DA 22-13)

There are 183 parcels within the proposed annexation area. 81% of these parcels (148 out of 183) are within the District's sphere boundary. The remaining 35 parcels (19%) are outside the District's sphere but most of them are already being served by SVWD.



Map created on August 23, 2022



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

REFERRAL LETTER TO AFFECTED/INTERESTED AGENCIES

Date: September 12, 2022
Project Title: “Scotts Valley Water District Sphere Annexation”
Project Number: DA 22-13
APNs: 183 parcels (list available upon request)
Date Rec'd by LAFCO: August 17, 2022
Submitted by: Board Resolution
Subject Agencies: Scotts Valley Water District

Sphere Adoption/Amendment: Yes
Contractual Service Agreement: No

Executive Officer Message: This application proposes a multi-parcel annexation involving the Scotts Valley Water District (“SVWD”). At present, 81% of the parcels (148 out of 183) are within the District’s sphere boundary. The remaining 35 parcels (19%) are outside the District’s sphere but the vast majority are already being served by SVWD.

If you have any comments on this application, please provide your feedback to the LAFCO office no later than **Friday, October 7, 2022**.

Description/Justification: The proposed annexation and concurrent sphere amendment was initiated by SVWD following the unanimous adoption of an initiating resolution. The subject area includes 183 parcels totaling approximately 1,481 acres. The purpose of the application is to offer the opportunity to connect into the District’s water system, when desired by the affected landowners, without the need for future LAFCO action or standalone applications from each parcel. If approved, the affected landowners will not be required to connect into the District’s water system but will have the opportunity to do so when warranted.

Location: The subject area includes unincorporated county territory and areas within the City of Scotts Valley. In general, the subject area is located on the east and west side Highway 17. Attached is a vicinity map depicting the location of the proposal area.

General Plan/Zoning: The subject area is inhabited and currently has multiple land use designations under the County’s General Plan and the City’s General Plan, ranging from Agriculture to Urban Very Low Residential. In general, the vast majority of the subject area is designated as Rural and Mountain Residential. The application does not propose any changes to the existing land use designation.

Other Municipal Services: No other change of organization is required. The proposal area will continue to receive municipal services from other existing public agencies, including but not limited to fire services from Scotts Valley Fire Protection District and sewer services from the City of Scotts Valley.

Environmental Review: The project site is subject to an environmental review. Santa Cruz LAFCO may serve as the lead agency for assessing impacts under CEQA. Staff believes the proposal qualifies as a project under CEQA. Therefore, an environmental review is underway.

Tax Negotiations: California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement involving the affected local agency before LAFCO can consider a jurisdictional change. The Board of Supervisors (BOS) acts as the authorizing body for the District regarding property tax adjustments.

Referrals:

Affected Agency: Scotts Valley Water District

Interested Agencies:

Cities – Scotts Valley

County Departments – Administrative Office; Elections Office; Supervisorial District 1 (Manu Koenig); Supervisorial District 5 (Bruce McPherson)

County Service Areas – CSA 9; CSA9a; CSA 9c; CSA 9d; CSA 11; CSA 12; CSA 38; CSA 53

School Districts – Scotts Valley Unified

Other Local Agencies: Resource Conservation District; San Lorenzo Valley Water District; Scotts Valley Fire Protection District

Terms and Conditions: The LAFCO resolution will outline several terms and conditions including but not limited to the following: completion of statutory requirements; and payment of State Board of Equalization fees.

Public Hearing: Yes (hearing date: TBD)

Date File Opened: 8/17/22

Filing Fee Deposit: Pending

Date Paid: Pending

Date Status Letter Sent: 9/9/22

Attachment: Vicinity Map

"SVWD Sphere Annexation" - LAFCO Process			
Proposed Schedule			
<i>(For Discussion Purposes Only - Dates Subject to Change)</i>			
Action	Responsible Agency	Target Date	Description
Pre-LAFCO Process			
Discussion about application requirements	Applicant, District, & LAFCO	June - August 2022	Discuss the LAFCO process, proposal area, and application requirements.
During LAFCO Process			
Submittal of LAFCO Application	District	August 17, 2022	A completed application must also include the following: 1) Initiating Resolution; 2) Environmental Questionnaire (CEQA requirement)*; 3) Map & Legal Description (SBE requirement); 4) Signed Indemnification Agreement; 5) LAFCO Filing Fee (SVWD may receive a fee waiver); 6) Any additional information requested by LAFCO (TBD)
Review and Notification of Application	LAFCO	September 2022	Pursuant to state law, LAFCO will identify any missing items to the applicant within 30 days. Concurrently, LAFCO will solicit comments from affected and interested agencies/parties.
Adoption of a Property Tax Exchange Agreement	County	October - November 2022	The County of Santa Cruz will need to determine the transfer of ad valorem property tax revenues to fulfill the requirements of Section 99 of the Revenue and Taxation Code.
Discuss Application's Pending Items	District & LAFCO	October - November 2022	Address any pending items. These items must be resolved before LAFCO staff can deem this project complete and ready for Commission consideration.
Complete Certificate of Filing	LAFCO	November 2022	Pursuant to State law, LAFCO's Executive Officer will deem the project complete when a Certificate of Filing is signed. All required documents and actions need to be accomplished before this step is taken.
Advertise LAFCO Hearing in Newspaper(s)	LAFCO	December 2022	Pursuant to State law, LAFCO will advertise the consideration of the proposed annexation in a newspaper at least 21-days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper).
Conduct LAFCO Hearing (Consider Proposal)	LAFCO	January 4, 2023	The Commission will consider the proposed change of organization in a public forum. Affected/interested agencies and members of the public will have an opportunity to address the Commission on this matter.
Record Environmental Document	LAFCO	January 5, 2023	Pursuant to State law, and based on local practices, LAFCO may file an environmental document regarding the annexation as a Responsible Agency, unless the proposal is exempt from CEQA. The environmental document will be recorded after the LAFCO hearing date.
Conduct 30-day Request for Reconsideration Period	LAFCO	Jan. 4 to Feb. 3, 2023	Pursuant to state law, the request for reconsideration period is 30 days. <u>Reconsideration:</u> If the annexation is approved, any person or affected agency may file a written request with the executive officer requesting amendments to or reconsideration of the adopted resolution. The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously are claimed to warrant the reconsideration.
Advertise LAFCO Protest Hearing in Newspaper(s)	LAFCO	February 6, 2023	Pursuant to State law, LAFCO will advertise the protest proceedings for the reorganization in a newspaper(s) at least 21-days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper)
Conduct Protest Proceedings	LAFCO	Feb. 6 to Feb. 27, 2023	Pursuant to state law, the date of the protest hearing shall not be less than 21 days or more than 60 days after the date the notice is given. This is an opportunity for affected residents/landowners to submit protest petitions against the Commission's action (i.e. approval of the reorganization). If less than 25% oppose, then Commission action holds If 25%-50% oppose, then election is required If more than 50% oppose, then Commission action is terminated
Conduct Protest Hearing (Collect Final Petitions)	LAFCO	February 27, 2023	A protest hearing will be held to receive any final protest petitions from affected residents/landowners.
Conduct LAFCO Hearing (Adopt Protest Results)	LAFCO	March 1, 2023	Pursuant to state law, LAFCO will adopt a resolution acknowledging the results of the protest proceedings.
Completion of all Terms & Conditions	Applicant, District, & LAFCO	March - April 2023	The adopted resolution from the October 5th LAFCO Meeting will list a number of terms and conditions. The applicant will be responsible to fulfill such conditions prior to recordation.
Recordation of Proposal	LAFCO	April 2023	<u>LAFCO:</u> Recordation of the approved proposal with the County and the State Board of Equalization. <u>District:</u> The effective date of the annexation will be the date of recordation.
Post-LAFCO Process			
Certificate of Completion Distribution	LAFCO	April 2023	LAFCO will send a copy of the Certificate of Completion, which includes the adopted resolution, to all affected/interested parties.
State Board of Equalization (SBE) Tax Roll Update	SBE	April - May 2023	The annexation will be reflected in new tax roll.

Foonote - scheduled created on 8/31/22 for discussion purposes only