



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

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

---

**REGULAR MEETING AGENDA**

**Wednesday, April 5, 2023 at 9:00am**

(hybrid meeting may be attended remotely or in-person)

**Attend Meeting by Internet:** <https://us02web.zoom.us/j/85888035676>  
(Password 770150)

**Attend Meeting by Conference Call:** **Dial 1-669-900-6833 or 1-253-215-8782**  
(Webinar ID: 858 8803 5676)

**Attend Meeting In-Person:** **Board of Supervisors Chambers**  
(701 Ocean Street, Room 525, Santa Cruz CA 95060)

**HYBRID MEETING PROCESS**

---

Santa Cruz LAFCO has established a hybrid meeting process in accordance with Assembly Bill 2449:

- a) Commission Quorum: State law indicates that a quorum must consist of Commissioners in person pursuant to AB 2449.
- b) Public Comments: For those wishing to make public comments remotely, identified individuals will be given up to 3 minutes to speak. Staff will inform the individual when one minute is left and when their time is up. For those attending the meeting remotely, please click on the "Raise Hand" button under the "Reactions Tab" to raise your hand. For those joining via conference call, pressing \*9 will raise your hand. The 3 minute limit also applies to virtual public comments.
- 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. Hybrid Meeting Process**

The Commission will receive an update on the hybrid meeting process.

Recommended Action: No action required; Informational item only.

## **3. ADOPTION OF MINUTES**

The Commission will consider approving the minutes from the March 1, 2023 Regular LAFCO Meeting.

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

## **4. ORAL COMMUNICATIONS**

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

## **5. PUBLIC HEARINGS**

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

### **a. "Scotts Valley Water District Sphere Annexation"**

The Commission will consider a 184-parcel annexation totaling 1,469 acres. If approved, a Notice of Exemption will be recorded to fulfill the requirements under the California Environmental Quality Act.

Recommended Action: Adopt the draft resolution (No. 2023-08) approving the 184-parcel annexation into the Scotts Valley Water District.

## **6. OTHER BUSINESS**

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

### **a. Special Districts Regular Member Seat – 2023 Election Results**

The Commission will consider ratifying the election results for the special district regular member seat on LAFCO.

Recommended Action: Adopt the draft resolution (No. 2023-09) ratifying the results of the recent election process.

**b. Employee Performance Evaluation**

The Commission will consider adjusting staff's salary based on their annual performance evaluation.

Recommended Action: Adopt the draft resolution (No. 2023-10) approving the salary adjustment for LAFCO's Executive Officer.

**c. LAFCO Staffing – Current Consultants and Potential Analyst**

The Commission will review LAFCO's current and proposed staffing structure.

Recommended Action: Approve the draft contractual agreement to hire a new LAFCO Analyst with a starting date of April 10, 2023.

**d. Legislative Update**

The Commission will receive an update on LAFCO-related legislation.

Recommended Action: Take a "Support" position on AB 1753 and direct the Executive Officer to submit a letter to the bill's author declaring the Commission's position.

**7. WRITTEN CORRESPONDENCE**

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

**8. PRESS ARTICLES**

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

**a. Press Articles during the Months of February and March**

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

Recommended Action: No action required; Informational item only.

**9. COMMISSIONERS' BUSINESS**

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

**10. ADJOURNMENT**

LAFCO's next regular meeting is scheduled for Wednesday, May 3, 2023 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**

---

**DRAFT MINUTES**

**LAFCO REGULAR MEETING AGENDA**

**Wednesday, February 9, 2022  
Start Time - 9:00 a.m.**

**1. ROLL CALL**

**Chair Yvette Brooks** called the meeting of the Local Agency Formation Commission of Santa Cruz County (LAFCO) to order at 9:01 a.m. and welcomed everyone in attendance. She asked staff to conduct the roll call.

The following Commissioners were present:

- Chair Yvette Brooks
- Vice-Chair John Hunt
- Commissioner Jim Anderson
- Commissioner Roger Anderson
- Commissioner Justin Cummings
- Commissioner Rachél Lather
- Commissioner Eduardo Montesino
- Alternate Commissioner Manu Koenig
- Alternate Commissioner Allan Timms

*Alternate Commissioner Manu Koenig will be a voting member on behalf of Commissioner Zach Friend (County Representative).*

The following LAFCO staff members were present:

- Executive Officer Joe Serrano
- Legal Counsel, Joshua Nelson
- Administrative Aide, Juliette Burke (*Temporary County Support*)

**2. EXECUTIVE OFFICER'S MESSAGE**

**2a. Virtual meeting Process**

**Executive Officer Joe Serrano** announced that the Commission Meeting is being conducted through a hybrid approach with Commissioners and staff attending in-person while members of the public have the option to attend virtually or in-person. Mr. Serrano noted that Legal Counsel is participating remotely in accordance with state law.

## **2b. Welcome Recently Appointed Representatives**

**Executive Officer Joe Serrano** welcomed Justin Cummings (County Board of Supervisor – District 3), Eduardo Montesino (City of Watsonville), and Allan Timms (City of Scotts Valley) as the latest Commissioners appointed to LAFCO.

## **3. ADOPTION OF MINUTES**

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

**Chair Yvette Brooks** called for the approval of the draft minutes. **Commissioner Roger Anderson** motioned for approval of the January 4th Meeting Minutes and **Commissioner Justin Cummings** seconded the motion.

**Chair Yvette Brooks** called for a voice vote on the approval of the draft minutes with no changes.

**MOTION:** Roger Anderson  
**SECOND:** Justin Cummings  
**FOR:** Jim Anderson, Roger Anderson, Yvette Brooks, Justin Cummings, Rachél Lather, and Eduardo Montesino.  
**AGAINST:** None  
**ABSTAIN:** Manu Koenig

**MOTION PASSED: 6-0 with 1 abstention**

## **4. ORAL COMMUNICATIONS**

**Chair Yvette Brooks** requested public comments on any non-agenda items. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission.

**Becky Steinbruner, member of the public**, commented on County Service Area 3's available information and the City Selection Committee's recent meeting format change to address the Brown Act.

**Chair Yvette Brooks** closed public comments and moved on to the next agenda item.

## **5. PUBLIC HEARINGS**

**Chair Yvette Brooks** indicated that there were three public hearing items for Commission consideration today.

### **5a. "County Service Area 54 Dissolution"**

**Chair Yvette Brooks** requested staff to provide a presentation on the mandatory dissolution of County Service Area 54 (Summit West).

**Executive Officer Joe Serrano** noted that state law requires mandatory dissolutions for any inactive special district and explained how CSA 54 has been inactive for over 15 years. Mr. Serrano indicated that LAFCO was required to initiate and approve the mandatory dissolution following a letter from the State Controller's Office identifying CSA 54 as an inactive district. He reminded the Commission that a resolution was adopted on January 4, 2023 to initiate the dissolution process. Staff recommended that the Commission adopt the draft resolution approving the official dissolution of CSA 54 in accordance with state law.

**Chair Yvette Brooks** opened the floor for Commission discussion.

**Chair Yvette Brooks** noted no Commission discussion and requested public comments on the proposal. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission.

**Chair Yvette Brooks** closed public comments and called for a motion. **Commissioner Jim Anderson** motioned for approval of the mandatory dissolution and **Commissioner Rachél Lather** seconded the motion.

**Chair Yvette Brooks** called for a voice vote on the motion based on staff's recommendation: **Adopt the draft resolution (No. 2023-04) approving the mandatory dissolution of County Service Area 54.**

**MOTION:** Jim Anderson

**SECOND:** Rachél Lather

**FOR:** Jim Anderson, Roger Anderson, Yvette Brooks, Justin Cummings, Rachél Lather, Eduardo Montesino, and Manu Koenig.

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSED: 7-0**

#### **5b. "Monroe Avenue / Kathy Brunk Extraterritorial Service Agreement"**

**Chair Yvette Brooks** requested staff to provide a presentation on the proposed extraterritorial service agreement involving the Santa Cruz County Sanitation District.

**Executive Officer Joe Serrano** indicated that the proposal was initiated by landowner petition under Government Code Section 56133. The purpose of the extraterritorial service agreement is to connect a single parcel into a more reliable sewer infrastructure. Mr. Serrano noted that the County is willing and capable of providing sewer service to the subject area. He also stated that the proposal fulfilled the requirements identified in LAFCO law and outlined in the Commission's adopted policies. He is recommending that the Commission approve the extraterritorial service agreement by adopting the proposed resolution, which includes a condition for the parcel to be annexed within a year.

**Chair Yvette Brooks** opened the floor for Commission discussion.

**Commissioner Jim Anderson** noted that the language within the will-serve letter for this proposal is different than the other proposal on today's agenda. **Executive Officer Joe**

**Serrano** explained that the County may identify specific conditions for individual proposals.

**Commissioner Rachél Lather** asked whether the County Environmental Health Department requested a sewer connection after determining the septic tank was failing. **Executive Officer Joe Serrano** explained that a third-party inspector, rather than EHS, diagnosed the septic tank failure and the landowner provided the inspector's supporting documents as part of the application.

**Chair Yvette Brooks** noted no further Commission discussion and requested public comments on the proposal. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission.

**Becky Steinbruner, member of the public**, suggested that LAFCO reach out to surrounding landowners to determine if anyone else is interested in annexing into the sanitation district as part of the proposed annexation condition.

**Chair Yvette Brooks** closed public comments and called for a motion. **Commissioner Jim Anderson** motioned for approval of the extraterritorial service agreement and **Commissioner Roger Anderson** seconded the motion.

**Chair Yvette Brooks** called for a voice vote on the motion based on staff's recommendation: **Adopt the draft resolution (No. 2023-05) approving the extraterritorial service agreement with the Santa Cruz County Sanitation District.**

**MOTION:** Jim Anderson  
**SECOND:** Roger Anderson  
**FOR:** Jim Anderson, Roger Anderson, Yvette Brooks, Justin Cummings, Rachél Lather, Eduardo Montesino, and Manu Koenig.  
**AGAINST:** None  
**ABSTAIN:** None

**MOTION PASSED: 7-0**

#### **5c. "Paso Cielo / Towle Annexation"**

**Chair Yvette Brooks** requested staff to provide a presentation on the proposed annexation into County Service Area 20 (Trestle Beach).

**Executive Officer Joe Serrano** indicated that the three-parcel annexation and concurrent sphere amendment was initiated by landowner petition. Mr. Serrano explained that the main parcel (APN: 045-022-34) has a single-family home. The two additional parcels are included to prevent irregular boundaries and both landowners have expressed support of the annexation effort. He noted that the purpose of the application is for the provision of sewer services from a nearby public agency to the existing single family home. He also stated that the County is willing and capable of providing services to the subject area. Staff recommended approval of the annexation and sphere amendment.

**Chair Yvette Brooks** opened the floor for Commission discussion.



**Commissioner John Hunt** questioned why the subject area is considered uninhabited. **Executive Officer Joe Serrano** explained that LAFCO law defines “uninhabited territory” as an area with fewer than 12 registered voters. The three subject parcels have less than 12 registered voters and therefore is considered uninhabited.

**Commissioner Rachél Lather** asked whether the Trestle Beach community was informed about the proposal. **Executive Officer Joe Serrano** explained that state law allows LAFCO to waive the distribution of notices if the proposal has 100% landowner consent from the affected landowners. The landowners from the three subject parcels have expressed consent and therefore notices were not mailed to the non-affected residents surrounding the annexation area. Mr. Serrano noted that LAFCO staff did publish a public notice in the Sentinel Newspaper for additional transparency.

**Commissioner Rachél Lather** suggested that the County host a community workshop or conduct some type of outreach effort to inform the Trestle Beach residents.

**Chair Yvette Brooks** noted no further Commission discussion and requested public comments on the proposal. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission.

**Becky Steinbruner, member of the public**, agreed that an outreach effort is conducted to ensure residents are aware of the annexation and future sewer connections.

**Chair Yvette Brooks** closed public comments and called for a motion. **Commissioner Roger Anderson** motioned for approval of the proposal with the condition that the Trestle Beach community is informed about the annexation. **Commissioner Justin Cummings** seconded the motion.

**Chair Yvette Brooks** called for a voice vote on the motion based on staff’s recommendation with an additional condition: **Adopt the draft resolution (No. 2023-06) approving the three-parcel annexation into County Service Area 20 with the condition that the Trestle Beach community is informed about the annexation.**

**MOTION:** Roger Anderson

**SECOND:** Justin Cummings

**FOR:** Jim Anderson, Roger Anderson, Yvette Brooks, Justin Cummings, Rachél Lather, Eduardo Montesino, and Manu Koenig.

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSED: 7-0**

## **6. OTHER BUSINESS**

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

## **6a. Independent Special Districts Selection Policy Update**

**Chair Yvette Brooks** requested staff to provide a presentation on the proposed modifications to the Commission's policy.

**Executive Officer Joe Serrano** noted the Commission reviewed and updated all the existing policies in 2020, such as the Independent Special Districts Selection Policy. Mr. Serrano stated that several changes have occurred since the 2020 update, including the dissolution of the Opal Cliffs Recreation District, the consolidation of two fire districts, and the formation of the Pajaro Valley Health Care District. Staff is recommending that these changes are reflected in the policy by adopting the proposed resolution.

**Chair Yvette Brooks** opened the floor for Commission discussion.

**Chair Yvette Brooks** noted no Commission discussion and requested public comments on the proposal. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission.

**Chair Yvette Brooks** closed public comments and called for a motion. **Commissioner Roger Anderson** motioned for approval of the policy update and **Commissioner Rachél Lather** seconded the motion.

**Chair Yvette Brooks** called for a voice vote on the motion based on staff's recommendation: **Adopt the draft resolution (No. 2023-07) approving the amendments to the policy.**

**MOTION:** Roger Anderson

**SECOND:** Rachél Lather

**FOR:** Jim Anderson, Roger Anderson, Yvette Brooks, Justin Cummings, Rachél Lather, Eduardo Montesino, and Manu Koenig.

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSED: 7-0**

## **6b. 2023 Meeting Schedule – June Meeting Date Change**

**Chair Yvette Brooks** requested staff to provide a presentation on the proposed date change for the June 2023 LAFCO Meeting.

**Executive Officer Joe Serrano** noted the Commission adopted the 2023 meeting calendar in November 2022 and subsequently directed staff in January 2023 to revert back to in-person meeting. Mr. Serrano coordinated with the County to reserve the Board of Supervisors Chambers for all LAFCO meeting dates and was able to reserve each date except for the June meeting. Staff is recommending that the Commission change the June meeting date from June 7 to the following Wednesday (June 14).

**Chair Yvette Brooks** opened the floor for Commission discussion.

**Chair Yvette Brooks** noted no Commission discussion and requested public comments on the proposal. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission.

**Chair Yvette Brooks** closed public comments and called for a motion. **Commissioner Justin Cummings** motioned for approval of the date change and **Commissioner Jim Anderson** seconded the motion.

**Chair Yvette Brooks** called for a voice vote on the motion based on staff's recommendation: **Approve the meeting date change from June 7 to June 14.**

**MOTION: Justin Cummings**

**SECOND: Jim Anderson**

**FOR: Jim Anderson, Roger Anderson, Yvette Brooks, Justin Cummings, Rachél Lather, Eduardo Montesino, and Manu Koenig.**

**AGAINST: None**

**ABSTAIN: None**

**MOTION PASSED: 7-0**

#### **6c. Comprehensive Quarterly Report – Second Quarter (FY 2022-23)**

**Chair Yvette Brooks** requested staff to provide a presentation on the tasks completed during the second quarter of Fiscal Year 2022-23.

**Executive Officer Joe Serrano** noted that LAFCO currently has six active applications. Mr. Serrano informed the Commission that staff will be conducting six separate service reviews this year, four will involve county service areas (11, 12, 38, and 53) and the remaining two will be for the cities of Santa Cruz and Watsonville. He also indicated that the LAFCO Budget is doing financially well. The Commission has received over 100% of the anticipated revenue and has only incurred 33% of anticipated expenses.

**Chair Yvette Brooks** requested public comments on the quarterly report. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission.

**Chair Yvette Brooks** closed public comments and opened the floor for Commission discussion.

**Chair Yvette Brooks** noted no comments or questions from the Commission and moved to the next item since no Commission action was required.

### **7. WRITTEN CORRESPONDENCE**

**Chair Yvette Brooks** inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** indicated that LAFCO received three letters from the Special Districts Risk Management Authority regarding their upcoming election, workers' compensation information, and the latest California labor law poster. **Chair Yvette Brooks** moved to the next item since no Commission action was required.

## 8. PRESS ARTICLES

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

## 9. COMMISSIONERS' BUSINESS

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

## 10. CLOSED SESSION

**Chair Yvette Brooks** indicated that a closed session will be held to cover the performance evaluation of LAFCO staff. **Executive Officer Joe Serrano** noted that LAFCO's legal counsel will host the closed session in a separate room and requested that the Commission reconvene back to the County Chambers once the closed session is over.

## 11. ANNOUNCEMENTS FROM CLOSED SESSION

**Legal Counsel Joshua Nelson** noted that there was no reportable action.

## 12. ADJOURNMENT

**Chair Yvette Brooks** adjourned the Regular Commission Meeting at 10:02 a.m. to the next regular LAFCO meeting scheduled for Wednesday, April 5, 2023 at 9:00 a.m.

---

YVETTE BROOKS, CHAIRPERSON

Attest:

---

JOE A. SERRANO, EXECUTIVE OFFICER



## Santa Cruz Local Agency Formation Commission

Date: April 5, 2023  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **“Scotts Valley Water District Sphere Annexation”**

### SUMMARY OF RECOMMENDATION

An annexation and concurrent sphere amendment is being proposed by the Scotts Valley Water District (“SVWD” or “District”). The proposal area encompasses 184 parcels, approximately 1,500 acres, and almost 300 registered voters. The purpose of the proposal is to allow the opportunity for connecting with the District’s water system, when desired by the affected landowners and without the need for future LAFCO action.

It is recommended that the Commission adopt the draft resolution (No. 2023-08) approving the 184-parcel annexation into the Scotts Valley Water District.

### EXECUTIVE OFFICER’S REPORT:

The State Legislature gave LAFCOs broad authority when it comes to considering boundary changes for cities and special districts. LAFCO powers are delineated in the Cortese-Knox-Hertzberg Act. Under this Act, the Commission can deny or approve, with or without conditions, a wide range of boundary changes to local governments, including annexations, dissolutions, detachments, formations, consolidations, and mergers. Government Code Section 56017 defines an annexation as the “inclusion, attachment, or addition of territory to a city or district.” This action is important when an affected parcel is outside a district’s jurisdiction and is in need of a particular service(s). That is why State law also requires LAFCO to adopt spheres of influence. Government Code Section 56076 defines a sphere as a “plan for the probable physical boundaries and service area of a local agency, as determined by the commission [LAFCO].” In other words, a sphere identifies the most logical provider of service(s) to areas currently outside an agency’s jurisdiction. For additional guidance, the Commission adopted a policy<sup>1</sup> to implement the State law in a manner that best encourages orderly growth based upon local conditions within Santa Cruz County.

### Annexation Overview

The SVWD, after its Board of Directors unanimously adopted a resolution of initiation, submitted an application to annex 184 parcels. 81% of these parcels (149 out of 184) are within the District’s established sphere boundary. The remaining 35 parcels (19%) are outside SVWD’s sphere but most of them are already being served by the water agency. The purpose of the proposal is to allow the opportunity for connecting with the District’s water system - when desired by the affected landowners and without the need for future LAFCO process or standalone applications from each parcel. If approved, the affected landowners will not be required to connect with the District’s distribution system but will have the opportunity to do so when desired and/or warranted. **Figure A** on page 2 addresses some key questions associated with the proposed annexation.

<sup>1</sup> LAFCO’s Proposal Evaluation Policy: [https://santacruzlafco.org/wp-content/uploads/2021/06/Proposal-Evaluation-Policy-Adopted-Version-8-5-20\\_.pdf](https://santacruzlafco.org/wp-content/uploads/2021/06/Proposal-Evaluation-Policy-Adopted-Version-8-5-20_.pdf)

**Figure A – Frequently Asked Questions**

Question	Answer
<b>Why is this happening?</b>	State law requires LAFCO to analyze each agency at least every five years. LAFCO's 2022 Water Service and Sphere Review requested that all water agencies, including SVWD, develop an annexation plan that reflects its existing sphere. After further analysis, coordination with LAFCO, and an outreach effort to inform the residents, SVWD submitted an application to LAFCO in September 2022 to annex areas within its sphere and areas already served by the District.
<b>Are affected residents required to connect to SVWD or automatically become SVWD customers post-annexation?</b>	No. The annexation does not require or force residents to abandon their existing water supply and connect to SVWD. On the contrary, the annexation now gives the landowners the option to connect now or in the future, if desired.
<b>Will property taxes go up for affected residents post-annexation? Will they experience any new or “hidden” costs?</b>	No. The annexation does not financially impact the affected residents or landowners. On the contrary, the annexation would save property owners time (up to a year) and money (up to \$5,000 or more) by removing the LAFCO process when considering the connection to SVWD in the future, if desired.
<b>Does SVWD has enough water supply to serve these additional parcels?</b>	SVWD and the surrounding areas already rely on a shared source of water – the Santa Margarita Groundwater Basin. A successful annexation would expand the water supply delivery options and efficiently provide water services in the greater Scotts Valley area. More importantly it would expedite the connection process for private water systems or individual well owners whose production wells are currently failing or on the verge of failing.
<b>If the annexation does not go forward, how can residents connect to SVWD?</b>	<p>State law requires residents to receive approval by LAFCO for annexation before going through the connection process with SVWD. The interested applicant(s) must submit the required material, including but not limited to environmental documents and map &amp; legal descriptions, all of which have various fees and costs.</p> <p>The applicant is also subject to LAFCO fees ranging up to \$5,000 per application. On average, the LAFCO process takes 6-8 months to complete but varies. Rather than potentially having 184 standalone applications, the proposed annexation expedites the annexation process in a single action at no-cost to the affected residents.</p>

## Countywide Water Service & Sphere Review

The Commission adopted a Countywide Water Service & Sphere Review on August 3, 2022, which analyzed the nine water agencies in Santa Cruz County. The service review process does not require LAFCO to initiate changes of organization based on service review conclusions or findings, instead 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. Below is a summary of SVWD's key findings within the 2022 countywide water report.

**Service & Infrastructure:** SVWD currently serves approximately 12,000 people within six square miles. The District provides services in the following categories: domestic, fire protection, landscape and bulk water. At present, it has 4,330 connections through 60 miles of pipeline.

**Financial Health:** SVWD has ended with an annual operating budget surplus in four of the last six years. As of June 30, 2022, the District has a net position of approximately \$23 million, of which \$5.2 million is current assets. The healthy reserve balance is critically important in the event that the District faces any unintended expenses, major capital improvements projects, or emergency repairs. LAFCO staff believes that SVWD manages its financial resources in a manner that ensures the reliability of its operations.

**Website Transparency:** SVWD 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 the 2022 service review.

**Sphere Boundary:** LAFCO adopted SVWD's original 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 eight unserved islands are substantially surrounded by the water district and should be annexed in the foreseeable future. LAFCO subsequently expanded the District's sphere to include approximately 300 acres in March 2021. As part of the 2022 countywide water report, LAFCO reaffirmed the sphere boundary, as shown in **Figure B** on page 4.

### Annexation Application

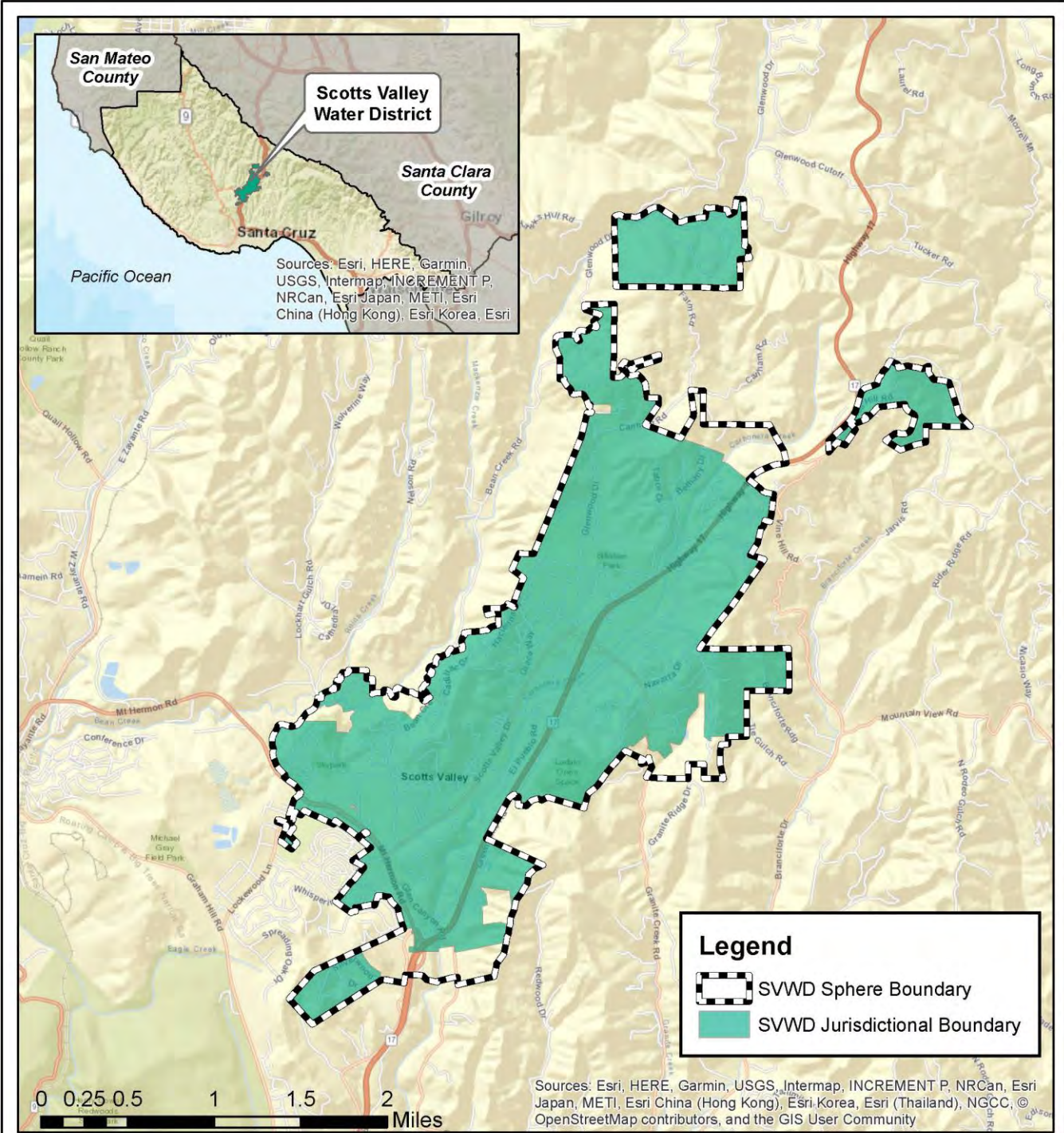
On May 12, 2022, the District Board of Directors unanimously adopted a resolution to initiate annexation of all the territory within its current sphere boundary. If approved, the residents would not be required to connect with the District's water system, however, they will no longer be subject to LAFCO's approval if and when they decide to request a new service connection 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<sup>2</sup>. LAFCO staff anticipated that the proposed annexation would be presented to the Commission for consideration in 2023, which was discussed in more detail in the 2022 countywide service and sphere review.

---

<sup>2</sup> 2021 SVWD Service Review: [https://santacruzlafco.org/wp-content/uploads/2021/05/SVWD-Service-and-Sphere-Review-Adopted-Version\\_.pdf](https://santacruzlafco.org/wp-content/uploads/2021/05/SVWD-Service-and-Sphere-Review-Adopted-Version_.pdf)



Figure B – Current Jurisdictional and Sphere Boundaries



# 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



Vicinity map created on May 31, 2022



## LAFCO Application

The 2021 standalone service review, and the subsequent 2022 countywide water report, encouraged SVWD to analyze their existing sphere boundary and determine whether it accurately reflected their current and future services. As a result, SVWD decided to move forward in requesting an annexation of areas within its sphere as well as areas already being served by the District. **Figure C** on page 6 depicts the proposed annexation area, which involves 184 parcels and approximately 1,500 acres. An official application was submitted to LAFCO on August 17, 2022. The following section discusses key components within the application.

### Initiating Resolution

State law requires a boundary change, including annexation, to be initiated by landowner/registered voter petition or by an adopted resolution from the affected agency. Pursuant to Government Code Section 56017.2(a), SVWD unanimously adopted a resolution to initiate the annexation process, as shown in **Attachment 1**.

### Filing Fee

Commission Policy<sup>3</sup> requires a fee deposit of \$8,000 for annexations involving more than 150 acres. However, SVWD submitted a letter requesting that LAFCO waive the fees associated with the annexation process due to the District's proactive effort to expand the water supply delivery options to the residents and address the recommendations identified by LAFCO in the 2022 countywide water report. LAFCO staff has identified the fee waiver as a condition in the draft resolution for Commission consideration.

### Indemnification

Commission Policy<sup>4</sup> also requires a signed indemnification agreement in the event that a lawsuit is filed against LAFCO's action. A signed indemnification agreement was submitted on September 15, 2022 as part of the application packet (refer to **Attachment 2**).

### General Plan / Zoning Designation

The annexation area is inhabited and currently has multiple land use designations under the County's General Plan and the City of Scotts Valley'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

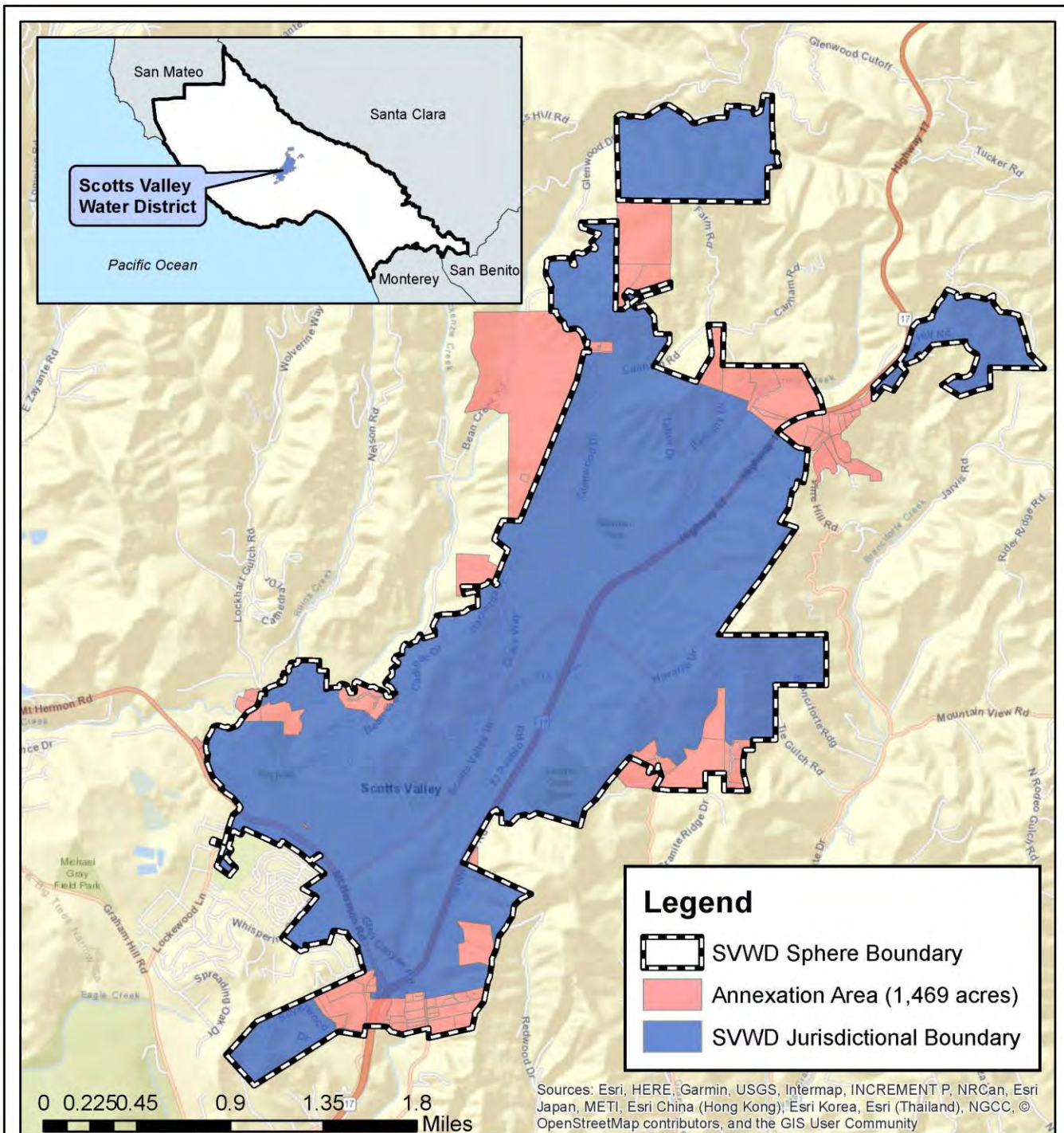
LAFCO is not recommending any other changes to the provisions of further municipal services. The annexation area will continue to receive municipal services from other existing public agencies, including but not limited to fire services from Scotts Valley Fire Protection District and sewer services from the City of Scotts Valley or from their existing private septic systems.

---

<sup>3</sup> LAFCO's Fee Policy: [https://santacruzlafco.org/wp-content/uploads/2021/06/Fees-and-Deposits-Policy-Adopted-Version-8-5-20\\_.pdf](https://santacruzlafco.org/wp-content/uploads/2021/06/Fees-and-Deposits-Policy-Adopted-Version-8-5-20_.pdf)

<sup>4</sup> LAFCO's Indemnification Policy: [https://santacruzlafco.org/wp-content/uploads/2021/06/Indemnification-Policy-Adopted-Version-9-2-20\\_.pdf](https://santacruzlafco.org/wp-content/uploads/2021/06/Indemnification-Policy-Adopted-Version-9-2-20_.pdf)

**Figure C – Proposed Annexation and Sphere Amendment**



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



Map created on February 9, 2023

There are 184 parcels within the proposed annexation area. 81% of these parcels (149 out of 184) 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.

## **LAFCO Process (Pre-Commission Action)**

Once an application is submitted to LAFCO, State law requires several steps to be completed before a proposal is presented to the Commission for consideration. These steps include notifying the applicants whether the application is missing items, informing affected and interested agencies about the annexation, requesting the consideration of a property tax exchange agreement, recording an environmental document, and conducting LAFCO staff's analysis of the annexation.

### **Status Letter**

Pursuant to Government Code Section 56658(c), the LAFCO Executive Officer needs to determine within 30 days of receiving an application whether the application is complete and acceptable for filing or whether the application is incomplete. A letter was sent to SVWD on September 9, 2022 (see **Attachment 3**). This letter indicated the "status" of the application and outlines which steps were needed before the application could be deemed complete and ready for Commission consideration.

### **Referral Letter (Agency Comments)**

Pursuant to Government Code Section 56658(b)(1), immediately after receiving an application and before issuing a certificate of filing, the LAFCO Executive Officer needs to give mailed notice that the application has been received to each affected local agency, the county committee on school district organization, and each school superintendent whose school district overlies the affected territory. The referral letter, shown as **Attachment 4**, was sent to the interested and affected agencies on September 12, 2022 which included a summary of the proposal and a supporting map. During this time, LAFCO staff also requested additional information from different County Departments regarding existing registered voters, number of parcels, and total land value within the proposal area. Due to the confidential information, such as resident names and addresses, the provided information is not attached to this report. However, the information is available for review at the LAFCO Office.

- County Elections Office: LAFCO staff requested a list of the most recent registered voters within the annexation area. The Elections Department identified 275 registered voters within the proposal area as of August 31, 2022.
- County Assessor Office: LAFCO staff requested a list of all the parcels within the annexation area as well as the assessed value for those parcels. The Assessor's Office identified 184 parcels within the proposal area. The total land value within the proposal area is approximately \$104 million.
- County Auditor Controller Office: LAFCO staff requested a list of all the tax rate areas (TRAs) within the annexation area. The Auditor-Controller identified 17 different TRAs with a property tax value of approximately \$2.4 million, as shown in **Attachment 5**. This information was used to estimate the property tax revenues and distribution factors in the affected area in accordance with Revenue & Taxation §99 (b) & (c).
- County Administrative Office: LAFCO staff requested that a property tax exchange agreement be placed on a future agenda for adoption by the County Board of Supervisors. The County Administrative Office scheduled the proposed tax agreement consideration on December 13, 2022, as discussed in the next segment.



## **Property Tax Exchange Agreement**

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement involving the affected agencies before LAFCO can consider a jurisdictional change. The Board of Supervisors acting as the authorizing body for the District regarding property tax adjustments adopted a property tax exchange agreement on December 13, 2022. A copy of the adopted resolution is available in **Attachment 6**.

## **Plan for Service**

Pursuant to Government Code Section 56653, the applicants shall submit a plan for providing services within the affected territory. The Plan for Service includes all of the following information and any additional information required by LAFCO: (1) An enumeration and description of the services currently provided or to be extended to the affected territory, (2) The level and range of those services, (3) An indication of when those services can feasibly be extended to the affected territory, if new services are proposed, (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed, and (5) Information with respect to how those services will be financed. **Attachment 7** provides a copy of the Plan for Service which addresses the five identified factors.

## **Environmental Review**

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 (CEQA). LAFCO, as the Lead Agency, recorded a Notice of Exemption pursuant to State CEQA Guidelines Section 15319, Class 19(a): Annexations to a city or special district of areas containing existing or private structures developed to the density allowed by the current zoning or pre-zoning, of either the gaining or losing governmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities. The Notice of Exemption, as shown in **Attachment 8**, will be recorded following the Commission's action, if approved.

## **Additional Local & Statutory Factors**

Pursuant to Government Code Section 56668, several factors are considered when reviewing a proposal. Additionally, the Commission has adopted a policy to implement the State law in the manner that best encourages orderly growth based upon local conditions within Santa Cruz County. These analyzed factors are shown in **Attachment 9**. In addition to these statutory factors, the following section examines additional local factors identified by LAFCO staff:

### Consistency with Sphere of Influence

The Commission requires that all changes of organization be consistent with adopted spheres boundaries. The annexation area is consistent with the SVWD's sphere boundary, with the exclusion of 35 parcels. It is important to note that most of these parcels are already being served by the District and were discovered following thorough research by SVWD and LAFCO. Therefore, these parcels should be annexed and the sphere boundary should be amended to reflect the annexation for consistency. If approved, the sphere will be coterminous with the District's jurisdictional boundary.

### Population Analysis

Based on staff's analysis, the population served by SVWD in 2020 was approximately 11,800. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have 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. **Figure D** 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. Under this assumption, the entire population of SVWD will be approximately 12,100 by 2040.

**Figure D: Population Projection**

	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>

### Divestiture of Services

For proposals involving the potential discontinuation of services, the Commission requires that no serious effects on the current users of the service occur. There are currently 51 private wells within the annexation area, as shown in **Figure E** on page 10. Residents will have the option to continue utilizing their wells or connect to SVWD, post-annexation. It is important to note that the water supply for these wells, and SVWD, derive from the same groundwater basin.

### Ranking Different Boundary Changes

The Commission encourages service requests, such as water provisions, to involve existing local agencies rather than the formation of new districts. As a result, the Commission has ranked the change of organization by descending order of preference. The proposed annexation refers to the highest preference available for the subject area – identifying SVWD as the most logical provider.

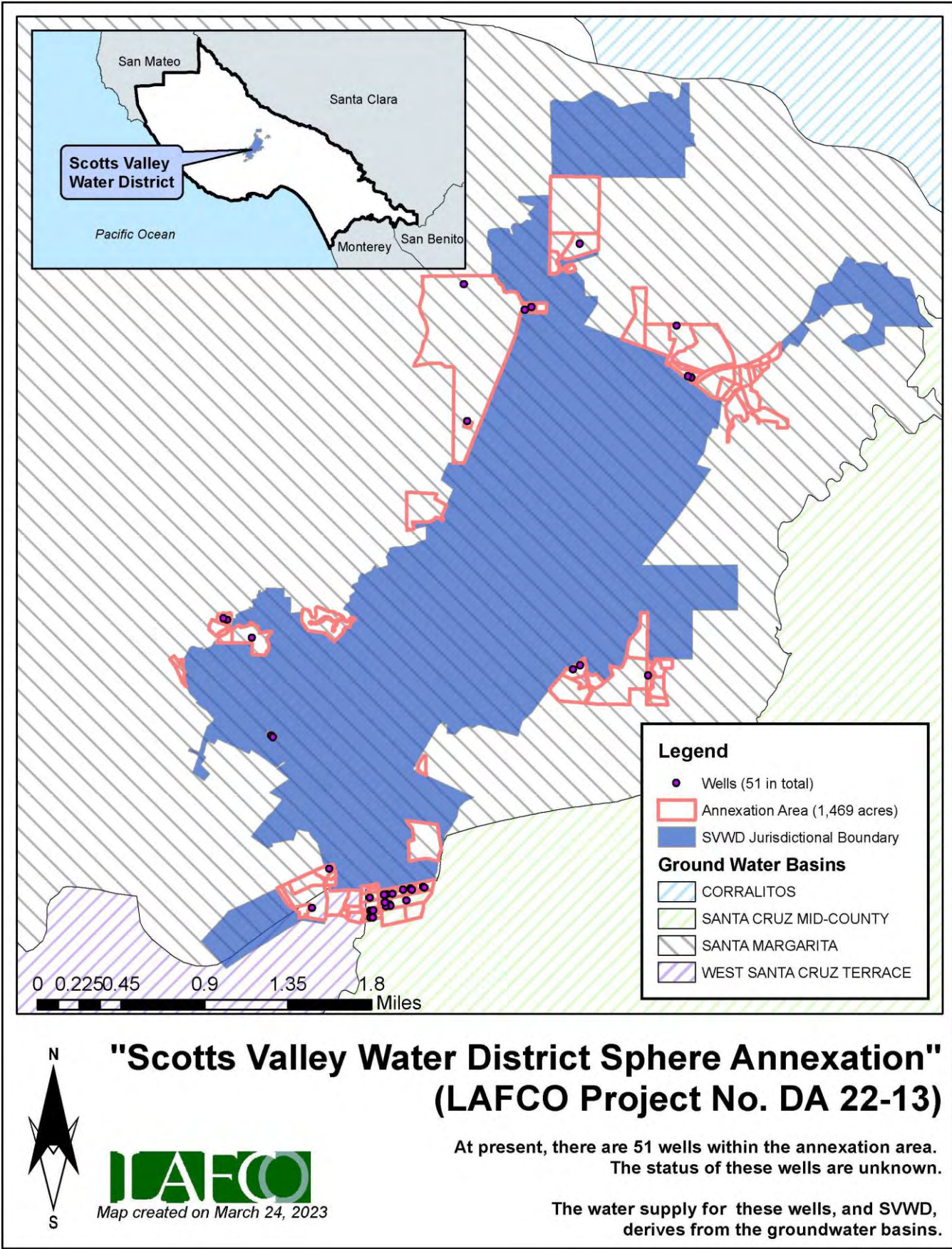
### Logical Boundaries / Prevention of Irregular Boundaries

The Commission promotes logical boundaries. At present, SVWD's jurisdictional boundary is divided into three non-contiguous service areas. The proposed annexation would address this discrepancy and combine the territories into a single service area.

### Supply of Water

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 boundary change 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. All property owners and residents in Scotts Valley and the surrounding area rely on a shared source of water, the Santa Margarita Groundwater Basin. A successful annexation would expand the water supply delivery options and efficiently provide water services in the greater Scotts Valley area.

Figure E – Existing Wells & Groundwater Basins





## Certificate of Filing

Pursuant to Government Code Section 56020.6, a certificate of filing is a document issued by the Executive Officer that confirms an application for a change of organization has met submission requirements and is ready for Commission consideration. The Executive Officer deemed the application complete and signed the certificate of filing on March 6, 2023 as shown in **Attachment 10**. Following the issuance of the certificate of filing, the Executive Officer shall proceed to set the proposal for hearing and give published notice. The date of the hearing shall be no more than 90 days after issuance of the certificate of filing or after the application is deemed to have been accepted, whichever is earlier. Notwithstanding Government Code Section 56106, the date for conducting the hearing is mandatory.

## LAFCO Process (Commission Action)

Pursuant to State law, LAFCO is required to advertise the consideration of the proposed annexation in a newspaper at least 21-days prior to the hearing date (Government Code Section 56157[h]). After deeming the proposal complete, the Executive Officer advertised the proposal in the Santa Cruz Sentinel on March 14, 2023. The public notice was also uploaded on LAFCO's website. The public notice indicated that the annexation was scheduled for Commission consideration on April 5, 2023 and included a vicinity map. A copy of the public notice is shown in **Attachment 11**. For additional transparency and education, SVWD mailed postcards to the affected residents explaining the purpose and benefits of the proposed annexation (as shown in **Attachment 12**). While not legally obligated, this additional outreach effort also fulfilled the requirements under Government Code Section 56157(d) and (f).

## Commission Hearing

Pursuant to Government Code Section 56666, a hearing is required when considering a change of organization. At the hearing, the Commission shall hear and receive any oral or written protests, objections, or evidence that shall be made, presented, or filed, and consider the report of the Executive Officer and the plan for providing services to the proposal area. The April 5<sup>th</sup> Agenda Packet, with access to the annexation's staff report and supporting documents, was published on LAFCO's website on March 30, 2023.

## LAFCO Process (Post-Commission Action)

If the Commission approves the proposed annexation, State law requires the commencement of a request for reconsideration period and a protest proceeding. These two periods are summarized below. **Attachment 13** provides a complete overview of the entire LAFCO process schedule – from the day the application was submitted to the proposed completion date (assuming the annexation effort is successful).

## Request for Reconsideration

Pursuant to Government Code Section 56895, when the Commission adopts a resolution making determinations regarding a change of organization, any person or affected agency may file a written request with the Executive Officer requesting amendments to or reconsideration of the 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. Individuals or agencies have up to 30 days after adoption of the resolution to submit a written request. The request for reconsideration period is scheduled for April 6 to May 5, 2023.

## **Protest Proceedings**

Pursuant to Government Code Section 57000, when the Commission adopts a resolution making determinations regarding a change of organization, affected residents within the proposal area will have an opportunity to voice their opposition during the protest period. The Commission shall specify a timeframe between twenty-one (21) and sixty (60) days for the collection and filing of written protests pursuant to Government Code Section 56886(o), and that timeframe shall be included in the terms and conditions of an approval for a change of organization. Within thirty (35) days of the adoption of the Commission's resolution, the Executive Officer shall notice a protest hearing and, in the notice, set the hearing date as prescribed by the Commission in its terms and conditions. LAFCO staff has set forth a 26-day protest proceeding. The protest period is scheduled for May 7 to June 2, 2023. A protest hearing will be held on Friday, June 2, 2023 to collect the final petitions and hear any resident feedback. A public notice for the protest hearing is scheduled to be advertised in the Sentinel Newspaper on April 17, 2023.

## **Protest Results**

Upon determination of the value of written protests filed and not withdrawn, the Executive Officer shall take one of the following actions:

- a) If less than 25% of the affected registered voters or landowners oppose the proposal, then a form of resolution making determinations and ordering the change of organization or reorganization will be adopted without an election;
- b) If 25% to 50% of the affected registered voters or landowners oppose the proposal, then a form of resolution making determinations and ordering the change of organization or reorganization will be adopted subject to confirmation by the voters; or
- c) If more than 50% of the affected registered voters or landowners oppose the proposal, then a certificate of termination will be issued, which ends the LAFCO proceedings.

For additional transparency, and to clarify the statutory requirements outlined in the Cortese-Knox-Hertzberg Act, the Commission adopted a Protest Proceedings Policy<sup>5</sup>.

## **Certificate of Completion**

A certificate of completion is the document prepared by the Executive Officer and recorded with the County Recorder that confirms the final successful completion of a change of organization, in this case the proposed annexation and concurrent sphere amendment. Pursuant to Government Code Section 57200, the Executive Officer will prepare and execute a certificate of completion when the following are completed:

- 1) Completion of the Request for Reconsideration and Protest Periods; and
- 2) Satisfaction of any conditions contained in the adopted resolution that required to be completed prior to filing a certificate of completion.

Pursuant to Government Code Section 57001, if a certificate of completion for a change of organization has not been filed within one year after the commission approves a proposal for that proceeding, the proceeding shall be deemed terminated unless prior to the expiration of that year the Commission authorizes an extension of time for that completion. The extension may be for any period deemed reasonable to the Commission for completion of necessary prerequisite actions by any party.

---

<sup>5</sup> LAFCO's Protest Policy: [https://santacruzlafco.org/wp-content/uploads/2021/06/Protest-Proceedings-Policy-Adopted-Version-9-2-20\\_.pdf](https://santacruzlafco.org/wp-content/uploads/2021/06/Protest-Proceedings-Policy-Adopted-Version-9-2-20_.pdf)



## STAFF RECOMMENDATION

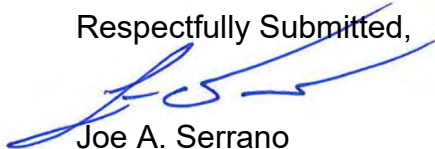
Government Code Section 56076 indicates that city and special district spheres define the probable physical boundaries and service area of a local agency. In other words, spheres identify the most logical provider of public services to a specific area. LAFCO adopted a sphere for SVWD back in 1985 that expanded beyond the District's jurisdictional boundary. However, only five annexations have occurred since 1985, with most of them taking place between 1986 to 1996. The sphere boundary for SVWD remained the same for almost 40 years with no activity until 2021. During this time, the Commission encouraged SVWD to evaluate their sphere boundary and determine whether it accurately reflects the District's current and future services. Following an internal review, and coordination with LAFCO, SVWD decided that a single annexation application would benefit the residents and the District in three ways:

- 1) Offers property owners the option of becoming a customer without any obligation;
- 2) Expedites the connection process whenever a resident decides to receive water from SVWD by removing the LAFCO process entirely; and
- 3) Addresses the District's three non-contiguous service areas by creating a more logical boundary and concurrently establishing a coterminous sphere boundary.

This proactive effort is a perfect example of how spheres can be an effective planning tool for local agencies, but more importantly, results in a better level of service for affected residents now and in the future.

In conclusion, the annexation will offer the opportunity to connect into the District's water system, when desired by the affected landowners and without the need for future LAFCO action or standalone applications from each parcel owner. If approved, the affected residents will not be required to connect into the District's water system but will have the choice to do so when warranted. That is why LAFCO staff is recommending that the Commission adopt the draft resolution, as shown in **Attachment 14**, approving the 184-parcel annexation into the Scotts Valley Water District.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

### Attachments:

1. Resolution of Initiation
2. Indemnification Agreement
3. LAFCO Status Letter
4. LAFCO Referral Letter
5. Tax Rate Area Memo
6. Property Tax Exchange Agreement
7. Plan for Service
8. Notice of Exemption (CEQA)
9. Local & Statutory Factors
10. Certificate of Filing
11. Notice of Public Hearing

12. SVWD Postcard (Additional Outreach Effort)

13. LAFCO Timeline (Annexation Schedule)

14. Draft Resolution No. 2023-08

cc: David McNair, Scotts Valley Water District  
Carlos Palacio, County Administrative Office  
Matt Machado, County Public Works Department  
Sierra Ryan, County Environmental Health Department

RESOLUTION NO. 06-22

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SCOTTS VALLEY WATER DISTRICT  
INITIATING THE ANNEXATION OF TERRITORY ALREADY SERVED

WHEREAS:

1. Scotts Valley Water District desires to initiate proceedings pursuant to the Cortese-Knox-Herzberg Local Government Reorganization Act of 2000, California Government Code Section 56000 et. seq., for the annexation of territory currently being served by the District and areas that may be served in the foreseeable future.
2. The affected territory is inhabited and encompasses 177 parcels totaling approximately 1,400 acres.
3. 148 out of the 177 parcels are located outside the District's jurisdictional boundary but within the District's sphere of influence.
4. 29 out of the 177 parcels are located outside the District's jurisdictional and sphere boundaries.
5. This annexation will require a sphere amendment to reflect the parcels served by the District but currently outside the District's jurisdictional and sphere boundaries.
6. The reasons for the proposed annexation are as follows:
  - a. It will better reflect the areas already served by the District;
  - b. It is consistent with the District's sphere of influence boundary which has identified Scotts Valley Water District as the most logical provider for the affected territory;
  - c. It will expedite the connection process for future constituents by completing a one-time annexation with LAFCO in order to eliminate the need for future annexations by residents and property owners within the affected territory; and
  - d. It will facilitate the efficient delivery of water services to the affected residents and property owners should they desire to connect to the District in the future.
7. The proposed annexation be subject to the following terms and conditions, among others:
  - a. The annexation process will be at no cost to the affected residents or property owners. If the annexation is approved, the affected residents and property owners

Resolution No. 06-22

will be subject to any connection fees and water charges if and when they begin receiving water from the Scotts Valley Water District.

- b. The District and LAFCO will coordinate to ensure the affected residents and property owners are aware of the annexation throughout the LAFCO process; and
  - c. Such other provisions as required by applicable law or as implemented by the District and/or LAFCO.
8. This Board anticipates that the annexation proposal is categorically exempt from review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15319(A), which exempts annexations to a city or special district of areas containing existing public or private structures developed to the density allowed by the current zoning or pre-zoning of either the gaining or losing environmental agency, whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities.
9. Notice of intent to adopt this Resolution of Initiation has been published for public awareness and given to any interested and affected local agency.

THEREFORE BE IT RESOLVED by the Board of Directors of the Scotts Valley Water District that it:

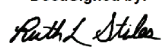
1. Approves the initiation of annexation and directs the General Manager to proceed with necessary steps.

PASSED AND ADOPTED this 12<sup>th</sup> day of May 2022 by the following vote:

AYES: Ekwall, Leishman, Perri, Reber and Stiles.

NOES: None.

ABSENT: None.

DocuSigned by:  
  
80A644B5E1C1401...  
Ruth Stiles, President  
Board of Directors

Attest:   
1C236EFF40B44D1...  
Piret Harmon, Board Secretary

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)

Joe A. Serrano  
 (Printed Name)

9-15-22  
 (Date)

  
 (Signature of Applicant)

Piret Harmon  
 (Printed Name)

9/15/2022  
 (Date)



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

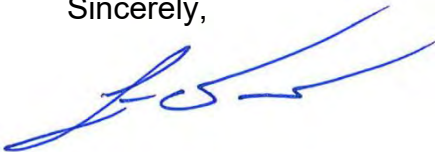
The application is **incomplete**, and the following information or action is required:

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](mailto: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)

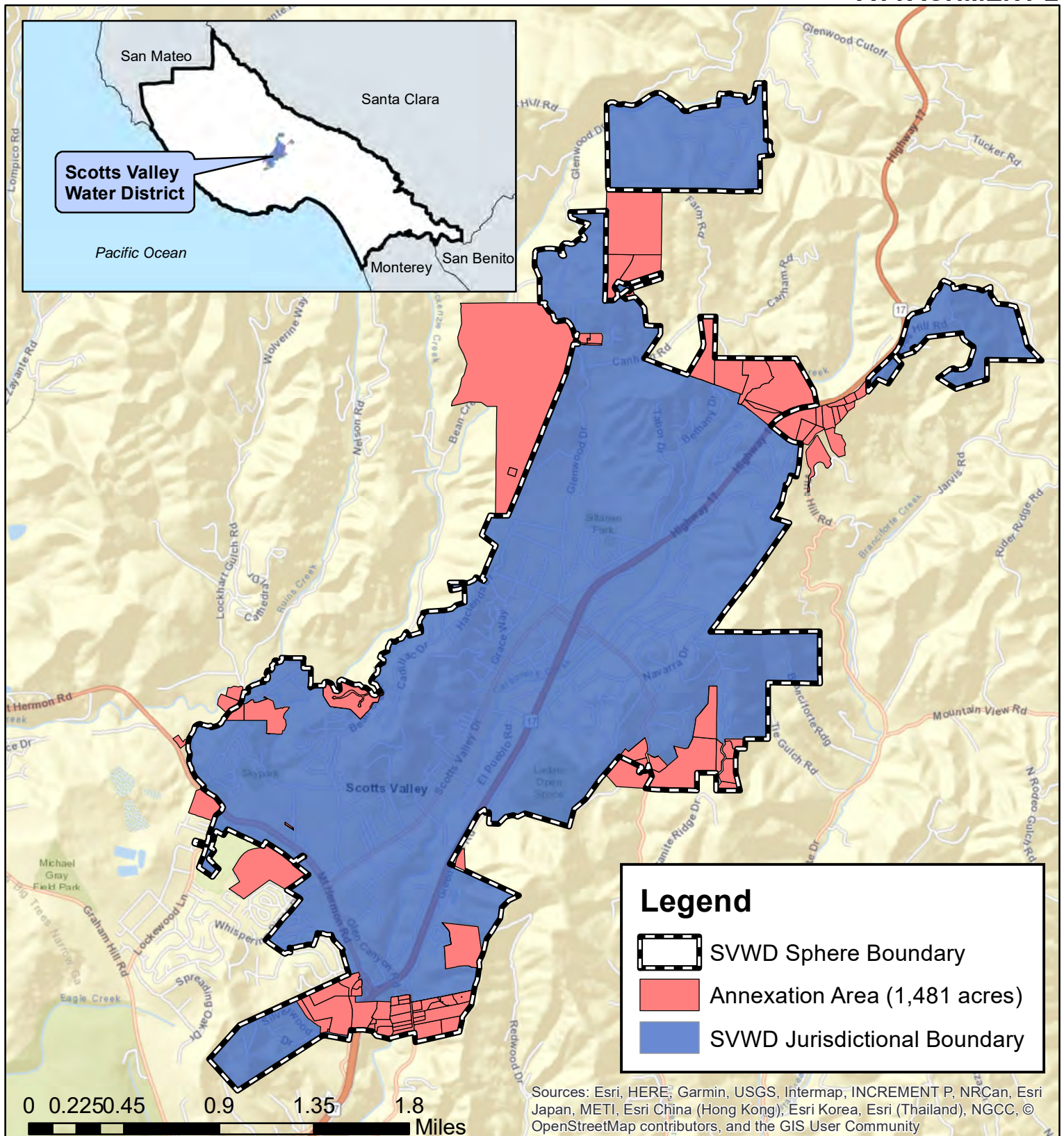
\_\_\_\_\_  
 Joe A. Serrano  
 (Printed Name)

\_\_\_\_\_  
 (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

<b>"SVWD Sphere Annexation" - LAFCO Process</b> <b>Proposed Schedule</b> <i>(For Discussion Purposes Only - Dates Subject to Change)</i>			
Action	Responsible Agency	Target Date	Description
<b>Pre-LAFCO Process</b>			
Discussion about application requirements	Applicant, District, & LAFCO	June - August 2022	Discuss the LAFCO process, proposal area, and application requirements.
<b>During LAFCO Process</b>			
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.
<b>Post-LAFCO Process</b>			
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.

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





**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)

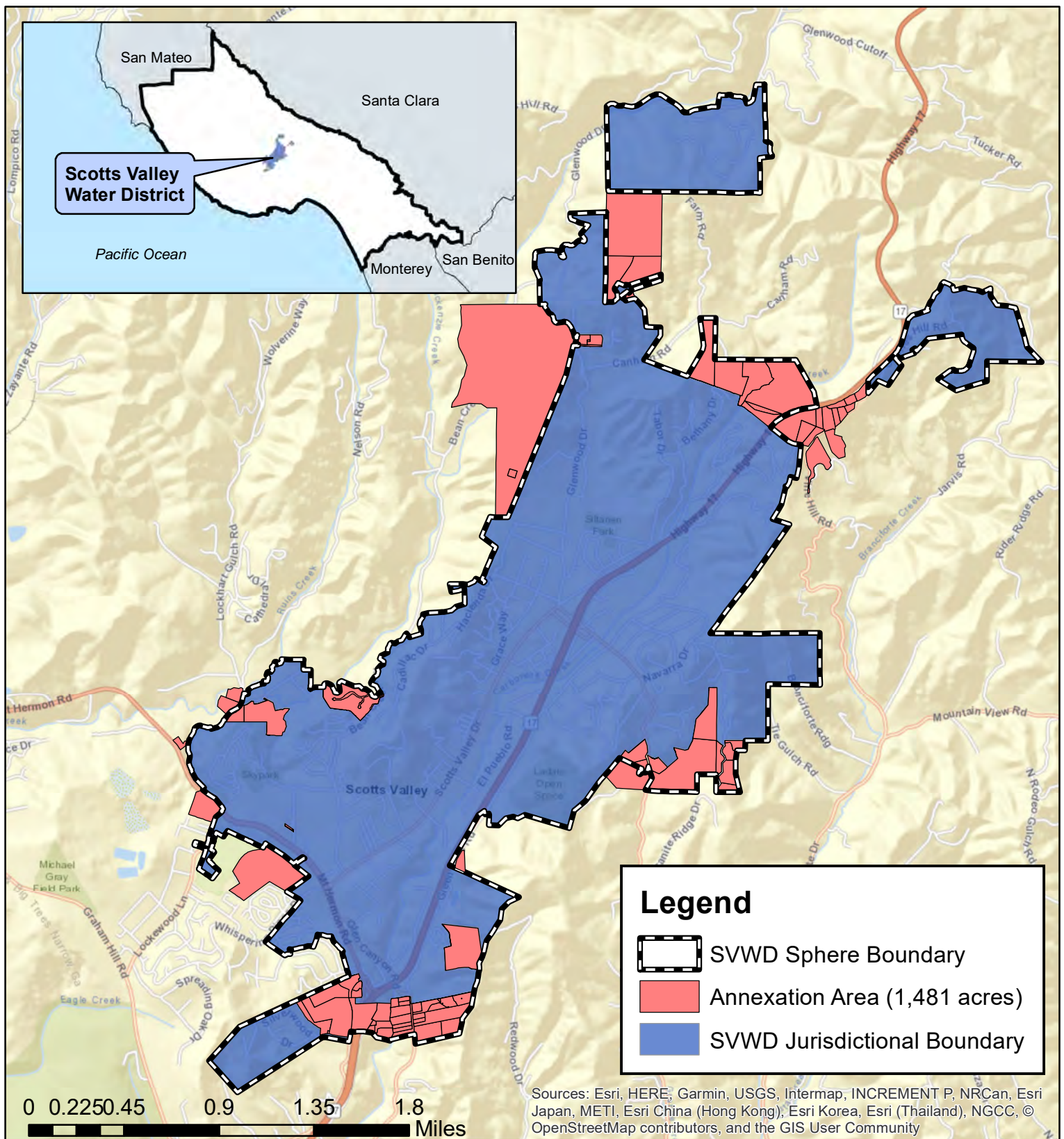
**Date File Opened:** 8/17/22

**Filing Fee Deposit:** Pending

**Date Paid:** Pending

**Date Status Letter Sent:** 9/9/22

**Attachment:** Vicinity Map



## "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



# COUNTY OF SANTA CRUZ

EDITH DRISCOLL  
AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR  
701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073  
(831) 454-2500 FAX (831) 454-2660

To: Rita Sanchez, CAO  
Joe A. Serrano, LAFCO  
Claudia Cunha, Assessor's Office

From: Cheryl McGinley, Property Tax Manager  
(831) 454-2658  
Aud105@santacruzcounty.us

Date: October 28, 2022

Re: Scotts Valley Water District Sphere Annexation Project No. DA 22-13

Attached is a schedule showing estimated property tax revenues and distribution factors in the affected area in accordance with Revenue & Taxation §99 (b) & (c). This estimate is based on the current distribution of incremental tax revenue for 2022-2023 generated by the valuation provided by the Assessor.

Tax Rate Area	Net Taxable Value	Property Tax Revenue
04006 SCOTTS VLY CITY	-	-
04020 SCOTTS VLY CITY	23,209,932	232,099.32
04028 SCOTTS VLY CITY	-	-
04035 SCOTTS VLY CITY	2,322,862	23,228.62
04036 SCOTTS VLY CITY	-	-
04050 SCOTTS VLY CITY	3,265,423	32,654.23
04051 SCOTTS VLY CITY	86,771,137	867,711.37
04052 SCOTTS VLY CITY	32,932,360	329,323.60
04053 SCOTTS VLY CITY	34,012,703	340,127.03
04055 SCOTTS VAL CITY	-	-
73001 HAPPY VALLEY	1,311,312	13,113.12
92006 SANTA CRUZ	546,402	5,464.02
94028 SCOTTS VALLEY	139,402	1,394.02
94064 SCOTTS VALLEY	399,969	3,999.69
94065 SCOTTS VALLEY	6,917,012	69,170.12
94066 SCOTTS VALLEY	46,808,333	468,083.33
94070 SCOTTS VALLEY	4,052,766	40,527.66
<b>Grand Total</b>	<b>242,689,613</b>	<b>2,426,896.13</b>



Proposed Action	Agency
Annexation	To Scotts Valley Water District

**NOTE: Current Distribution of Property Tax Revenue for the Territory is Subject to Jurisdictional Change (see attached)**

Adopted 12/13/2022  
Board of Supervisors  
DOC-2022-1015 39.a

BEFORE THE BOARD OF SUPERVISORS  
OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. 306-2022

On the motion of Supervisor: Caput  
Duly seconded by Supervisor: Coonerty  
The following resolution is adopted:

**RESOLUTION ACCEPTING NEGOTIATED EXCHANGE OF PROPERTY TAX  
REVENUES PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE SECTION 99**

**LAFCO #DA 22-13 – Scotts Valley Water District Sphere Annexation**

WHEREAS, California Revenue and Taxation Code Section 99 requires that each city or county (or the county on behalf of special districts) included in a governmental reorganization or jurisdictional change accept a negotiated exchange of property tax revenues; and

WHEREAS, the governing bodies of all agencies whose service areas would be altered by the jurisdictional change referred to in Exhibit “A” have met to determine the allocation of property tax revenues; and

WHEREAS, the County of Santa Cruz agrees to accept the negotiated exchange of property tax revenue as provided for in Exhibit “A”;

NOW, THEREFORE, BE IT RESOLVED that the County of Santa Cruz hereby accepts the negotiated exchange of property tax revenues as provided for in Exhibit “A” as required by California Revenue and Taxation Code Section 99; and

BE IT FURTHER RESOLVED AND ORDERED that the Clerk of the Board shall forward a copy of this Resolution to the Santa Cruz County Auditor-Controller-Treasurer-Tax Collector; and

BE IT FURTHER RESOLVED AND ORDERED that the Santa Cruz County Auditor-Controller-Treasurer-Tax Collector is directed to disperse property tax revenues as provided for in Exhibit “A” upon receipt of a copy of this Resolution and a concurring resolution of any affected cities, if any, and following recordation of a Certificate of Completion.

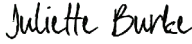
PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 13<sup>th</sup> day of December, 2022, by the following vote:

AYES: Supervisors: Friend, Coonerty, Caput, McPherson and Koenig  
NOES: None  
ABSENT: None



DocuSigned by:  
*Manu Koenig* 12/19/2022  
43369812764640D...  
Manu Koenig  
Chair of Said Board

ATTEST:

DocuSigned by:  
 12/19/2022  
466B074F3141450...  
Juliette Burke  
Deputy Clerk of the Board

APPROVED AS TO FORM:

DocuSigned by:  
 (11/30/22 AMS#13639)  
AF757CF913B5419...  
JASON M. HEATH  
County Counsel

cc: Local Agency Formation Commission of Santa Cruz County  
Assessor-Recorder  
Auditor-Controller-Treasurer-Tax Collector

## Exhibit A

Agenda: December 13, 2022

LAFCO #DA 22-13 – Scotts Valley Water District Sphere Annexation

### 1. Description

LAFCO # DA 22-13 – Scotts Valley Water District Sphere Annexation

Assessor's Parcel Numbers (APN):

APN	APN	APN	APN	APN	APN	APN
056-281-03	022-601-13	024-231-28	056-272-01	023-241-22	094-031-22	070-281-07
094-011-19	022-601-04	024-241-04	056-302-04	070-311-35	095-201-03	070-301-20
094-031-06	022-601-01	024-242-04	056-301-06	023-061-19	095-201-07	070-301-21
095-201-15	022-721-02	024-231-29	056-302-03	023-231-02	095-201-12	070-301-13
095-201-29	022-221-01	024-241-03	056-261-01	022-221-02	095-201-17	070-301-09
094-031-12	022-311-48	024-231-30	056-302-02	021-141-25	095-201-28	070-301-06
094-031-21	022-311-28	024-231-31	056-302-05	021-141-24	095-201-54	094-051-04
094-021-13	022-311-36	024-231-32	056-302-01	021-141-20	095-201-57	094-051-17
021-141-07	022-311-49	024-231-34	056-301-04	021-321-04	095-201-58	094-041-74
021-141-24	022-311-29	024-231-35	056-131-09	093-401-11	095-201-65	094-041-15
021-141-25	022-311-32	024-231-36	101-011-16	021-141-05	095-201-66	094-041-19
056-301-04	022-311-34	024-231-60	101-011-13	068-282-02	095-201-67	094-041-12
056-302-01	022-311-46	024-231-48	067-141-55	068-281-02	022-601-05	021-192-19
056-302-02	022-241-16	024-231-59	067-141-63	068-282-03	022-721-05	021-192-20
021-021-28	022-631-22	024-231-05	067-371-11	068-282-05	024-222-07	068-281-06
021-241-02	023-231-04	070-311-02	067-371-07	068-281-01	024-222-08	068-282-12
022-631-22	023-341-09	070-281-01	067-103-01	068-282-04	024-222-03	068-282-10
056-261-01	023-341-03	070-301-24	067-103-08	068-282-06	024-222-02	068-282-13
070-261-53	023-341-02	070-281-10	067-103-11	093-401-08	024-211-13	068-281-05
070-271-06	023-341-01	070-301-01	067-103-17	094-041-10	024-222-01	068-282-09
070-271-11	023-031-25	070-301-02	068-281-08	094-041-09	024-211-12	068-281-04
094-011-20	023-391-02	070-281-05	068-281-07	094-041-11	024-271-56	068-282-07
094-031-09	023-231-03	070-301-17	068-031-05	094-051-03	024-271-57	068-282-11
024-242-10	024-242-08	024-241-02	024-271-05	094-051-18	024-211-15	068-282-08
024-242-07	024-191-31	024-242-09	021-321-02	094-051-06	024-211-17	068-282-01
021-321-01	024-231-46	024-202-31	021-321-03	094-011-20	094-041-29	068-281-03
021-141-07						

### 2. Property Tax Exchange

A. Base Year Full Cash Value: No Exchange

B. Incremental Full Cash Value: No Exchange

The exchange of property taxes for both Base Year and Incremental Values are based on property tax revenues after the shift to the Education Revenue Augmentation Fund (ERAF).

**Certificate Of Completion**

Envelope Id: DFB3844E9D204716B342A2F53B5BDAF6

Status: Completed

Subject: Complete with DocuSign: Resolution LAFCO - Scotts Valley Water District Annexation (BOS 12.13.2...

Source Envelope:

Document Pages: 3

Signatures: 1

Envelope Originator:

Certificate Pages: 5

Initials: 0

Rita Sanchez

AutoNav: Enabled

701 Ocean Street

Envelopeld Stamping: Enabled

Santa Cruz, CA 95060

Time Zone: (UTC-08:00) Pacific Time (US &amp; Canada)

Rita.Sanchez@santacruzcounty.us

IP Address: 107.136.185.137

**Record Tracking**

Status: Original

Holder: Rita Sanchez

Location: DocuSign

12/5/2022 8:17:33 AM

Rita.Sanchez@santacruzcounty.us

Security Appliance Status: Connected

Pool: FedRamp

Storage Appliance Status: Connected

Pool: County of Santa Cruz

Location: DocuSign

**Signer Events**

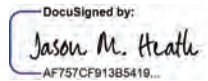
Jason M. Heath

jason.heath@santacruzcounty.us

County Counsel -- Approved as to Form

Security Level: Email, Account Authentication  
(None)**Signature**

DocuSigned by:



AF757CF913B5419...

Signature Adoption: Pre-selected Style

Using IP Address: 63.194.190.100

**Timestamp**

Sent: 12/5/2022 8:18:19 AM

Viewed: 12/5/2022 8:52:35 AM

Signed: 12/5/2022 8:52:43 AM

**Electronic Record and Signature Disclosure:**

Accepted: 12/5/2022 8:52:35 AM

ID: 1e0f582f-e01c-409b-861f-939fb44e4f83

**In Person Signer Events****Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp****Carbon Copy Events****Status****Timestamp**

Rita Sanchez

rita.sanchez@santacruzcounty.us

CAO Analyst

County of Santa Cruz

Security Level: Email, Account Authentication  
(None)

**COPIED**

Sent: 12/5/2022 8:52:45 AM

**Electronic Record and Signature Disclosure:**

Accepted: 2/28/2022 10:01:38 PM

ID: 3db9a94e-7c60-41f4-b51a-cfcc54e58bcd

**Witness Events****Signature****Timestamp****Notary Events****Signature****Timestamp****Envelope Summary Events****Status****Timestamps**

Envelope Sent

Hashed/Encrypted

12/5/2022 8:18:19 AM

Envelope Summary Events	Status	Timestamps
Certified Delivered	Security Checked	12/5/2022 8:52:35 AM
Signing Complete	Security Checked	12/5/2022 8:52:43 AM
Completed	Security Checked	12/5/2022 8:52:45 AM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

## **ELECTRONIC RECORD AND SIGNATURE DISCLOSURE**

From time to time, County of Santa Cruz (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to this Electronic Record and Signature Disclosure (ERSD), please confirm your agreement by selecting the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

### **Getting paper copies**

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after the signing session and, if you elect to create a DocuSign account, you may access the documents for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

### **Withdrawing your consent**

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

### **Consequences of changing your mind**

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

### **All notices and disclosures will be sent to you electronically**



Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

### **How to contact County of Santa Cruz:**

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: [nada.algharib@santacruzcounty.us](mailto:nada.algharib@santacruzcounty.us)

### **To advise County of Santa Cruz of your new email address**

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at [nada.algharib@santacruzcounty.us](mailto:nada.algharib@santacruzcounty.us) and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

### **To request paper copies from County of Santa Cruz**

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to [nada.algharib@santacruzcounty.us](mailto:nada.algharib@santacruzcounty.us) and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

### **To withdraw your consent with County of Santa Cruz**

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [nada.algharib@santacruzcounty.us](mailto:nada.algharib@santacruzcounty.us) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

### **Required hardware and software**

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

### **Acknowledging your access and consent to receive and sign documents electronically**

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

By selecting the check-box next to ‘I agree to use electronic records and signatures’, you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.

**“Scotts Valley Water District Sphere Annexation”  
Plan for Service - in accordance with GCS 56653**

---

**1. An enumeration and description of the services currently provided or to be extended to the affected territory.**

The proposed annexation to Scotts Valley Water District (SVWD) consists of two different groupings of parcels. The first group comprises parcels that are already served by SVWD but not in its sphere of influence or service area. The second group comprises parcels that are currently in SVWD sphere of influence but outside of its service area boundaries.

All services provided by SVWD to all customers are classified into the following categories: domestic, fire protection, landscape and bulk. SVWD establishes particular customer types based on water use patterns and purpose of use, such as residential or commercial.

**2. The level and range of those services.**

SVWD delivers, so far as is reasonably possible, a safe continuous supply of water at a sufficient pressure at the meter to the first group. SVWD makes all reasonable efforts to prevent interruption to service and when such interruptions occur, endeavors to re-establish service with the shortest possible delay. During times of threatened or actual water shortage, SVWD will apportion its available supply among all its customers as directed by the appropriate state and local authorities. In the absence of direction from such authorities, SVWD will apportion the supply in the manner that appears most equitable under prevailing circumstances and with due regard to public health and safety.

The owner of a parcel in the first group must request and obtain approval from SVWD before making any material change in the size, character or extent of the water service equipment or operations that results in a change in demand of the service.

The owner of a parcel in the second group will be eligible to request a new water service connection from SVWD. New water service connection(s) will be approved in the size and at the location desired by the owner where such requests are determined to be reasonable and the service installation will be made in compliance with SVWD standard specification. The issuance of a promise to the owner to serve the requested parcel is subject to and conditioned upon the location of the property in relation to the SVWD service area, existing water infrastructure and availability of the supply.

The owner may request as many services as reasonable to serve their parcel. If the pipeline systems for each service are interconnected the owner will be required to install, on the customer side at each meter connection, approved backflow protection devices.

**3. An indication of when those services can feasibly be extended to the affected territory, if new services are proposed.**

SVWD has sufficient system (i.e. storage, pumping, pipeline) capacity to supply the expanded territory. Most of the infrastructure was designed and constructed to meet the system demand of 40% higher than current.

Service installation will be made only to property abutting on public streets or abutting on such water mains as may be constructed in public rightsof-way or easements.

SVWD owns 60 miles of potable water distribution mains which are installed in the major streets. Depending on the specific location and projected demand for the parcel for which a new service connection is requested, an extension of the water system may be necessary.

**4. An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed.**

Whenever parcels for which a new service connection is requested cannot adequately be served by the existing water facilities, construction of a water main extension and related infrastructure will be required at the owner's expense.

All main extensions and other water facilities are to be designed and constructed to satisfy domestic and fire demands with provisions for future extensions, and to improve the water system as a whole. Unless otherwise permitted, water mains will be extended in the public street right-of-way which serves as access to owner's parcel, from the existing main's terminus to a location in front of parcel.

**5. Information with respect to how those services will be financed.**

The owner is responsible for providing and paying for all facilities connecting their property to the existing water system.

In addition, the owner is fully responsible for providing, at no cost to SVWD, all easements necessary for the installation, operations, maintenance and replacement of pipelines and facilities owned or to be owned by SVWD.

## 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: "Scotts Valley Water District Sphere **Annexation**"

Project 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 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 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 owner. If approved, the affected residents will not **be required to connect into the District's water system** but will have the opportunity to do so when warranted.

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 April 5, 2023.** 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 15319, Class 19(a): Annexations to a city or special district of areas containing existing or private structures developed to the density allowed by the current zoning or pre-zoning, of either the gaining or losing governmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities.

Lead Agency Contact Person: Joe A. Serrano

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

Signature: \_\_\_\_\_  
Joe A. Serrano, Executive Officer

Date: April 6, 2023

☒ Signed by Lead Agency

## Summary of Statutory and Policy Considerations

Factors to Consider	LAFCO Staff Comment
1. Population, density, growth, likelihood of growth in, and in adjacent areas, over 10 years (GCS 56668[a] and Commission Policy 3.4)	<b>Consistent.</b> The Coastal Region is expected to have slow growth. Staff's analysis indicates that SVWD will have the capacity to meet the demands of the existing and future population.
2. Effect of proposal on cost & adequacy of service in area and adjacent areas (GCS 56668[b][1])	<b>Consistent.</b> Residents will be subject to connection fees, if they decide to receive water from SVWD. The annexation is at no-cost to the residents and saves them time and money by removing the LAFCO process should they decide to connect in the future.
3. Need for organized services, probable future needs (GCS 56668[b][2])	<b>Consistent.</b> Future connections will require further analysis, SVWD approval, and potential fees/permits.
4. Effect of alternative courses of action on cost & adequacy of service in area and adjacent areas (GCS 56668[c])	<b>Consistent.</b> The proposed annexation does not mean affected parcels automatically become District customers. All property owners would have the choice to become customers, if desired.
5. Conformity of the proposal and anticipated effects with the Commission's adopted policies (GCS 56668[d])	<b>Consistent.</b> The annexation is encouraged by the Commission pursuant to adopted policies and recent service reviews.
6. Physical and economic integrity of agriculture lands and open space (GCS 56668[e])	<b>Consistent.</b> The annexation will not change the economic integrity of agricultural or open space lands. The existing land use designations will remain the same.
7. Boundaries: logical, contiguous, not difficult to serve, definite and certain (GCS 56668[f] and Commission Policy 4.3 and 4.11)	<b>Consistent.</b> SVWD's jurisdiction includes three non-contiguous service areas. The proposed annexation would address this discrepancy and combine the territories into a single service area.
8. Regional Transportation Plan (GCS 56668[g])	<b>Consistent.</b> The annexation will not change the transportation plans set forth by the City of Scotts Valley or the County. The existing land use designations will remain the same.
9. Consistency with city or county general and specific plans (GCS 56668[h] and Commission Policy 3.1)	<b>Consistent.</b> The annexation will not change the General Plans or pre-zone designations set forth by the City of Scotts Valley or the County. The existing land use designations will remain the same.
10. Consistency of the existing sphere boundaries (GCS 56668[i] and Commission Policy 2.1)	<b>Consistent.</b> The sphere boundary will be amended to accurately reflect the proposed annexation involving 184 parcels.
11. Comments from affected local agency or other public agency (GCS 56668[j])	<b>Consistent.</b> In accordance with State law, LAFCO staff solicited comments from interested and affected agencies. LAFCO did not receive any written opposition.
12. Ability of the newly formed entity to provide services (GCS 56668[k] and Commission Policy 3.7)	<b>Consistent.</b> The Commission has ranked the change of organization by descending order of preference. The proposed annexation refers to

	the highest preference available for the subject area – identifying SVWD as the most logical provider.
13. Timely availability of adequate water supply (GCS 56668[l])	<b>Consistent.</b> All property owners and residents in Scotts Valley and the surrounding area rely on a shared source of water, the Santa Margarita Groundwater Basin. A successful annexation would expand the water supply delivery options and efficiently provide water services in the greater Scotts Valley area.
14. Regional Housing Needs Allocation (GCS 56668[m])	<b>Consistent.</b> The annexation will not change regional housing needs allocation identified by the City of Scotts Valley or the County. The existing land use designations will remain the same.
15. Any information or comments from the affected landowners, registered voters, and/or residents (GCS 56668[n])	<b>Consistent.</b> LAFCO advertised the public notice in a newspaper (Sentinel), outside the LAFCO Office and County building, and on the LAFCO website. Additionally, SVWD distributed postcards to all the affected residents. LAFCO did not receive any written opposition.
16. Any information relating to existing land use designations (GCS 56668[o] and Commission Policy 3.2)	<b>Consistent.</b> The annexation will not change the General Plans or pre-zone designations set forth by the City of Scotts Valley or the County. The existing land use designations will remain the same.
17. Promotion of environmental justice (GCS 56668[p] and Commission Policy 4.10)	<b>Consistent.</b> LAFCO staff encourages public participation when changes of organization, such as annexation, is being considered.
18. Promotion of consolidation proposals (Commission Policy 4.2)	<b>Consistent.</b> The annexation is encouraged by the Commission pursuant to adopted policies and recent service reviews. Staff's analysis determines various benefits from annexation.
19. Consideration of other boundaries (Commission Policy 4.4, 4.6, 4.7, and 4.9)	<b>Consistent.</b> No other change of organization is required. The annexation 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.
20. Prevention of "Islands" (Commission Policy 4.8)	<b>Consistent.</b> The annexation will not create an "island" or area in which it is substantially surrounded by SVWD and excluded from the service area. In fact, the annexation will eliminate the current islands under SVWD's jurisdiction.





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

701 Ocean Street, #318-D

Santa Cruz, CA 95060

Phone Number: (831) 454-2055

Website: [www.santacruzlafco.org](http://www.santacruzlafco.org)

Email: [info@santacruzlafco.org](mailto:info@santacruzlafco.org)

---

**CERTIFICATE OF FILING**

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

The application for the referenced proposal has been submitted to me and has been found to be in the form prescribed by the Local Agency Formation Commission of Santa Cruz County. Pursuant to Government Code Sections 56651 and 56658, the Executive Officer is issuing this Certificate of Filing in accordance with the following:

1. The filing date for this proposal is March 6, 2023.
2. The Local Agency Formation Commission will consider this proposal on Wednesday, April 5, 2023 at 9:00am.
3. This proposal is:
  - ☐ A 100 percent consent item.
  - ☒ An item requiring a noticed public hearing.

---

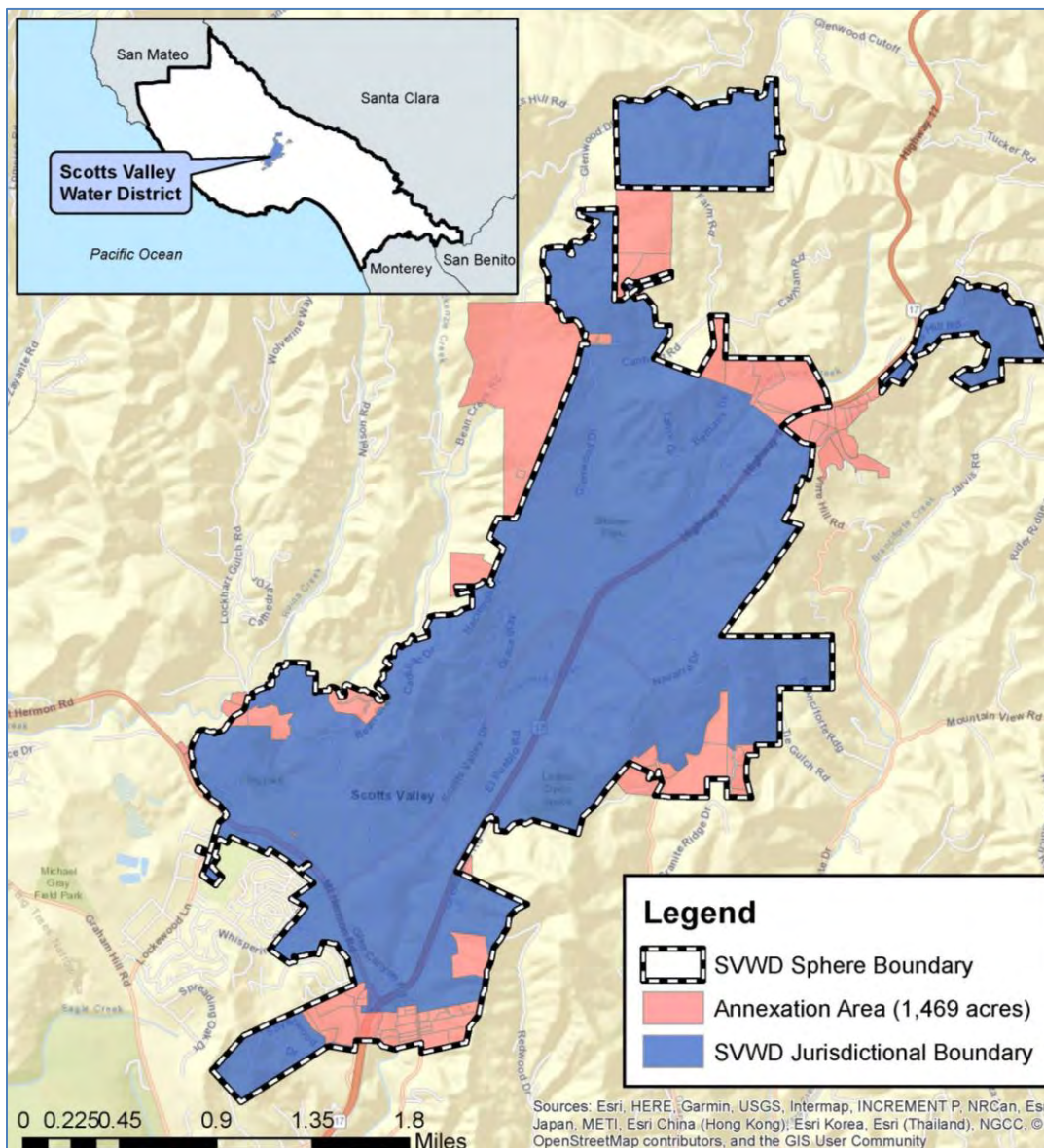
JOE A. SERRANO  
EXECUTIVE OFFICER



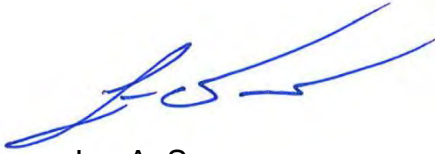
## NOTICE OF PUBLIC HEARING LOCAL AGENCY FORMATION COMMISSION

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, April 5, 2023, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold a public hearing on the following item below.

- “Scotts Valley Water District Sphere Annexation” (Project No. DA 22-13):** The Commission will consider a 184-parcel annexation (appx. 1,469 acres) involving the Scotts Valley Water District (“SVWD”). 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, as shown in the following map. At present, 81% of the parcels (149 out of 184) 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. In compliance with the California Environmental Quality Act (CEQA), LAFCO staff has prepared a Categorical Exemption for this proposal.

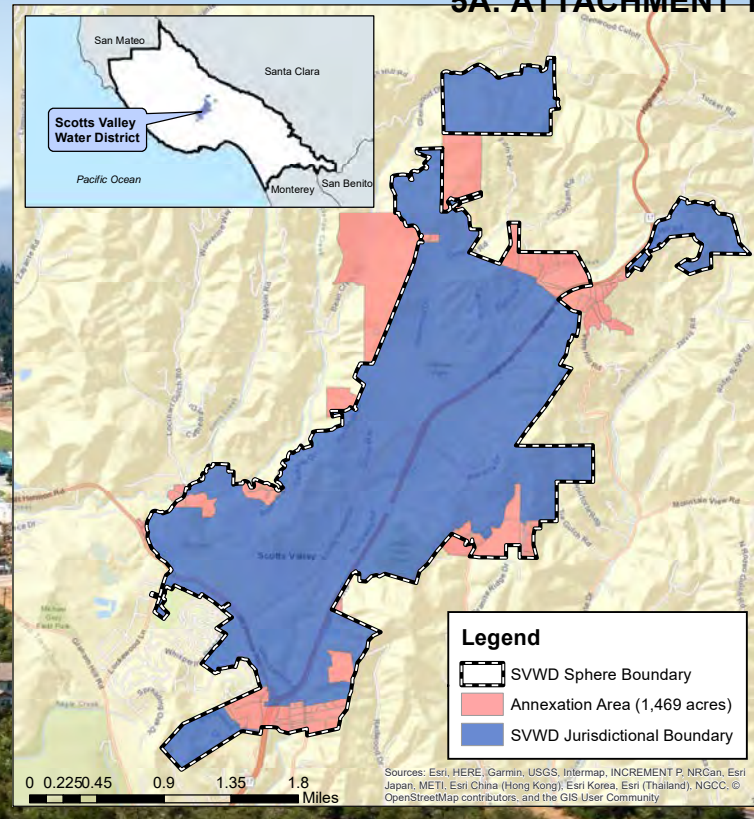


Instructions for members of the public to participate in-person or remotely are available in the Agenda and Agenda Packet: <https://santacruzlafco.org/meetings/>. During the meeting, the Commission will consider oral or written comments from any interested person. Maps, written reports, environmental 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: March 14, 2023





# PUBLIC HEARING NOTICE

Scotts Valley Water District to consider service area boundary changes



SCOTTS VALLEY  
WATER DISTRICT

 [svwd.org](http://svwd.org)



Scotts Valley Water District  
2 Civic Center Dr  
Scotts Valley, CA 95066



On April 5, the Santa Cruz County Local Agency Formation Commission (LAFCO) will consider allowing Scotts Valley Water District to annex of 177 parcels into the District's service area and/or sphere of influence. The sphere of influence is a planning tool that identifies the most logical provider of services by public agencies. Some of the parcels are currently in the District's sphere of influence but not its service area, and some parcels are served by the District but are not in its sphere of influence, which means they are technically outside of its service area boundaries.

The annexation process would be at no-cost to the affected residents. The proposed annexation does not mean affected parcels automatically become District customers. All property owners would have the choice to become customers, if desired.

All property owners and residents in Scotts Valley and the surrounding area rely on a shared source of water, the Santa Margarita Groundwater Basin. A successful annexation would expand the water supply delivery options and efficiently provide water services in the greater Scotts Valley area.

**More information: [www.svwd.org/news](http://www.svwd.org/news)**





<b>"SVWD Sphere Annexation" - LAFCO Process</b> <b>Proposed Schedule</b> <i>(For Discussion Purposes Only - Dates Subject to Change)</i>			
Action	Responsible Agency	Target Date	Description
<b>Pre-LAFCO Process</b>			
Discussion about application requirements	District & LAFCO	June - August 2022	Discuss the LAFCO process, proposal area, and application requirements.
<b>During LAFCO Process</b>			
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.
Discuss Application's Pending Items	District & LAFCO	November 2022	Address any pending items. These items must be resolved before LAFCO staff can deem this project complete and ready for Commission consideration.
Adoption of a Property Tax Exchange Agreement	County	December 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.
Complete Certificate of Filing	LAFCO	Early-March 2023	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.
Notify Affected Residents (Landowners/Reg Voters)	District & LAFCO	March 2023	Distribute a letter / postcard explaining the purpose and benefits of the proposed annexation.
Advertise LAFCO Hearing in Newspaper(s)	LAFCO	March 14, 2023	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). Notices will also be mailed to the affected residents (landowners/registered voters).
Conduct LAFCO Hearing (Consider Proposal)	LAFCO	April 5, 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	April 6, 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	April 6 to May 5 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	April 17, 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). Notices will also be mailed to the affected residents (landowners/registered voters).
Conduct Protest Proceedings	LAFCO	May 8 to June 2 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	June 2, 2023	A protest hearing will be held to receive any final protest petitions from affected residents/landowners.
Conduct LAFCO Hearing (Adopt Protest Results)	LAFCO	June 14, 2023	Pursuant to state law, LAFCO will adopt a resolution acknowledging the results of the protest proceedings.
Completion of all Terms & Conditions	District & LAFCO	June - July 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	June - July 2023	LAFCO: Recordation of the approved proposal with the County and the State Board of Equalization.  District: The effective date of the annexation will be the date of recordation.
<b>Post-LAFCO Process</b>			
Certificate of Completion Distribution	LAFCO	July 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	July-August 2023	The annexation will be reflected in new tax roll.

*Footnote - schedule as of 3-23-23 for discussion purposes only*

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY  
RESOLUTION NO. 2023-08

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
MAKING DETERMINATIONS AND ORDERING THE  
“SCOTTS VALLEY WATER DISTRICT SPHERE ANNEXATION”  
(LAFCO PROJECT NO. DA 22-13)

\*\*\*\*\*

WHEREAS, an application requesting the annexation and subsequent sphere of influence amendment was filed by the affected agency (“Scotts Valley Water District”; “SVWD”) pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.); and

WHEREAS, the proposal was initiated by the affected agency through the unanimous adoption of a board resolution. The subject area involves 184 parcels totaling approximately 1,500 acres. Eighty-one percent (81%) of these parcels (149 out of 184) are within SVWD’s sphere boundary and the remaining nineteen percent (19%) of these parcels (35 out of 184) are outside SVWD’s sphere but most of them are already being served by the water district; and

WHEREAS, the proposal was assigned the short-term designation of “Scotts Valley Water District Sphere Annexation”; and

WHEREAS, the proposal consists of the following change of organization: (1) annexation of 184 parcels to the Scotts Valley Water District Water District, and (2) sphere amendment to reflect the thirty five parcels served by SVWD but outside the District’s sphere boundary; and

WHEREAS, the subject area is within unincorporated county territory and is located east of Highway 152, south of Casserly Road, west of Strawberry Hill and Rosa Lane, and north of College Road and Lakeview Road; and

WHEREAS, correspondence summarizing the proposal was sent to all affected and interested agencies requesting comments on September 12, 2022. LAFCO did not receive any opposition following the conclusion of the comment period; and

WHEREAS, 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 acting as the authorizing body for the San Lorenzo Valley Water District regarding property tax adjustments adopted a property tax exchange agreement on December 13, 2022; and

WHEREAS, the Executive Officer conducted an analysis on the proposal and prepared a report including staff's recommendations thereon, and presented staff's findings for Commission consideration; and

WHEREAS, a public hearing by the Commission was held on April 5, 2023; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented.

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 15319, Class 19(a): Annexations to a city or special district of areas containing existing or private structures developed to the density allowed by the current zoning or pre-zoning, of either the gaining or losing governmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities.

Section 3. The Commission considered the requirements set forth for annexation in the Cortese-Knox-Hertzberg Act, Government Code Section 56668, and found the proposal to be consistent with those requirements as outlined below:

- a) District Annexation: Government Code Section 56668.3(a) requires the Commission to analyze several factors as part of the change of organization. These factors include:
  - a. The case of district annexation, whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district;
  - b. Any factors which may be considered by the Commission as provided in Government Code Section 56668;
  - c. Any resolution raising objections to the action that may be filed by an affected agency; and
  - d. Any other matters which the Commission deems material.

LAFCO analyzed these and other factors as part of the April 5, 2023 staff report.

- b) District Annexation: Government Code Section 56857(a) requires the Commission to notify the affected agency if the proposal was not filed by the district to which annexation of territory is proposed. The affected agency may transmit to the Commission a resolution requesting termination of the proceedings. LAFCO staff did not receive any terminating resolution or correspondence from the Scotts Valley Water District opposing the application.

Section 4. The Commission determined that the proposal is consistent with the Policies and Procedures Relating to Proposals and Sphere Amendments 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 Scotts Valley Water District initiated the annexation and has continued to express support throughout the LAFCO process.
- b) Fee Deposit: The multi-parcel annexation is directly tied to LAFCO's recommendation found in the 2022 Countywide Water Service and Sphere Review. Therefore, the fee deposit has been waived due to the District's proactive effort to accomplish LAFCO's recommendations.
- c) Map & Legal Description: A map of any proposed boundary changes shall show the present and proposed boundaries of all affected agencies in the vicinity of the proposal site. The Commission shall assure that any approved boundary changes are definite and certain. **Exhibit A** is a vicinity map depicting the annexation area.
- d) Sphere Boundary: LAFCO originally adopted a sphere of influence for the Scotts Valley Water District on October 16, 1985. The sphere boundary was previously updated in March 2021. The current sphere boundary was reaffirmed on August 3, 2022. **Exhibit B** is a vicinity map depicting the new sphere boundary.
- e) 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 March 14, 2023, and scheduled the proposal for Commission consideration on April 5, 2023. Pursuant to Government Code Section 56157, the initiating agency also mailed out a postcard to the affected residents at least 21 days prior to the hearing.

Section 5. The applicant shall agree, as a condition of the approval of the application for annexation, to be bound by the LAFCO Indemnification and Defense Form signed in September 2022 by the affected parties.

Section 6. The Certificate of Completion for the proposal shall not be issued until all of the following terms and conditions are met:

- a) State Board of Equalization: The proponent shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
- b) District Fees & Charges: The Scotts Valley Water District shall levy and collect within the territory being annexed any previously established and collected benefit assessment of property-related fees or charges that are collected within all or part of the district at the time of connection by the affected landowner and/or registered voter.

- c) LAFCO Processing Fees: The applicant shall pay any remaining processing fees as set in this Commission's Schedule of Fees and Deposits.

Section 7. The annexation shall be effective as of the date of recordation of the Certificate of Completion.

Section 8. The Commission shall approve, disapprove, or approve with conditions the proposed annexation. If the proposal is 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 9. The Executive Officer will hereby conduct a 30-day request for reconsideration in accordance with Government Code Section 56895. The reconsideration period is scheduled for April 6, 2023 to May 5, 2023.

Section 10. The Executive Officer will hereby conduct a 26-day protest proceeding as provided in Government Code Section 57000. The protest period is scheduled for May 8, 2023 to June 2, 2023.

Section 11. 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 5th day of April 2023.

AYES:

NOES:

ABSTAIN:

---

YVETTE BROOKS, CHAIRPERSON

Attest:

Approved as to form:

---

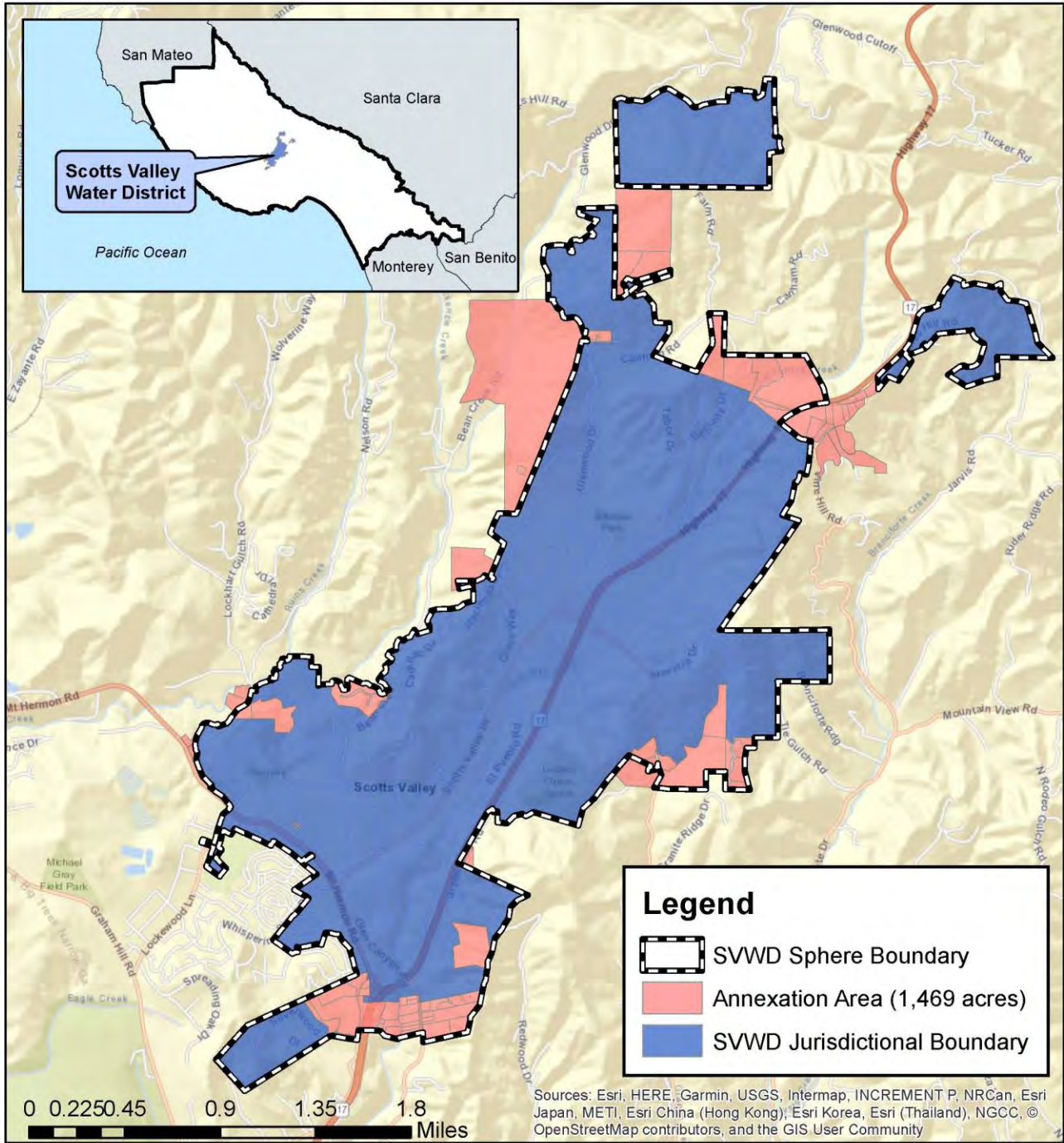
Joe A. Serrano  
Executive Officer

---

Joshua Nelson  
LAFCO Counsel



Exhibit A: Vicinity Map



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

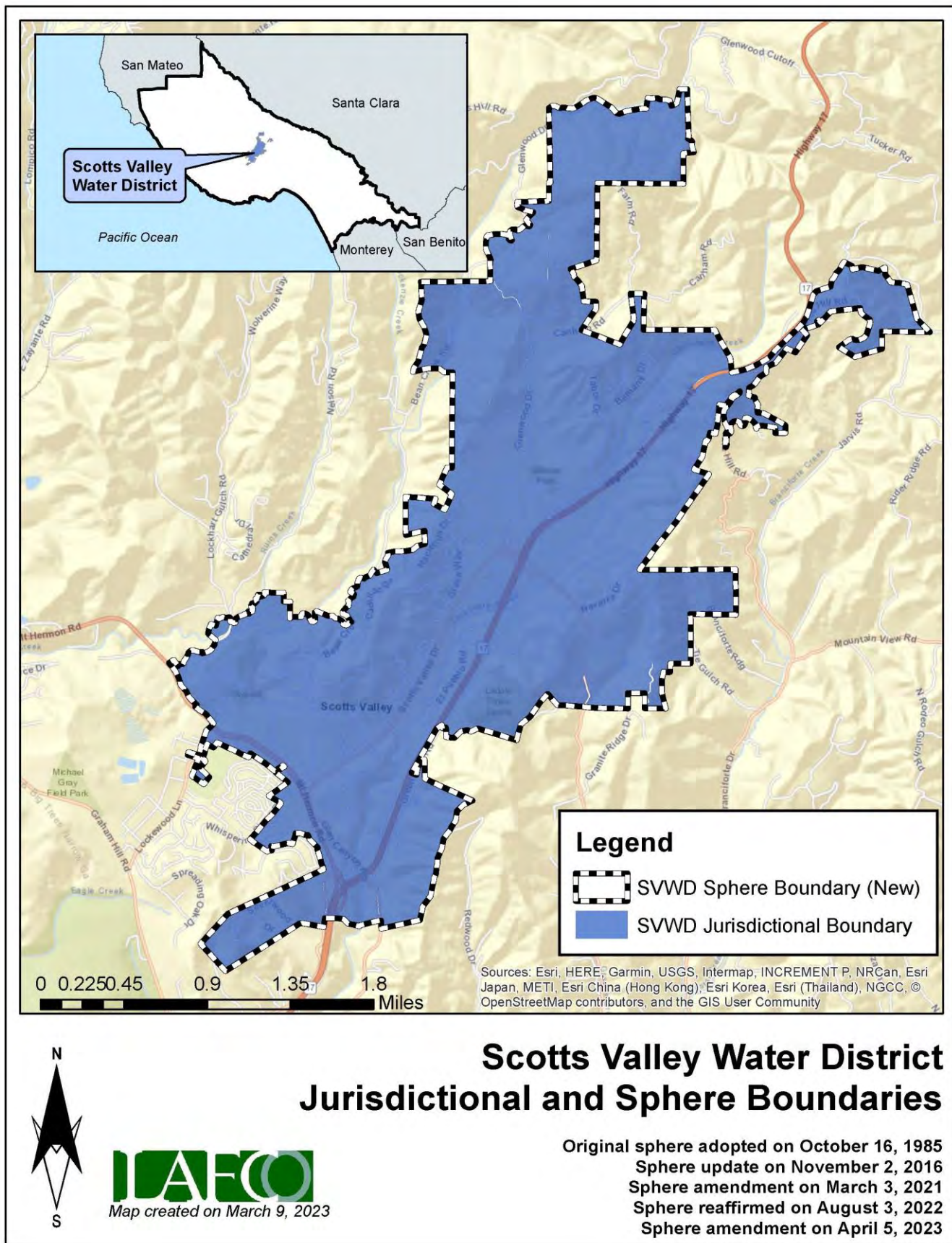


Map created on February 9, 2023

There are 184 parcels within the proposed annexation area. 81% of these parcels (149 out of 184) 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.



## Exhibit B: New Sphere Map





Santa Cruz Local Agency Formation Commission

Date: April 5, 2023  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Special Districts Regular Member Seat – 2023 Election Results**

### SUMMARY OF RECOMMENDATION

State law requires LAFCOs to assist the Independent Special District Selection Committee when seats are vacant on specific boards. Santa Cruz LAFCO currently has three district representatives: two regular members and one alternate. One of the regular member seats is scheduled to expire in May 2023. A recent election was held to appoint a special district representative for the seat vacancy.

It is recommended that the Commission adopt the draft resolution (No. 2023-09) ratifying the results of the recent election process.

### EXECUTIVE OFFICER'S REPORT:

This year the Independent Special District Selection Committee was authorized to address the upcoming regular member seat vacancy on LAFCO. Pursuant to the guidelines outlined in State law and in the Commission's adopted policy<sup>1</sup>, LAFCO staff developed and executed a successful election process, as summarized below.

**Table A – Election Process Schedule**

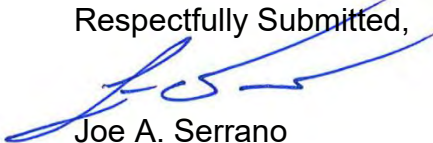
Action	Deadline	Notes
1) Request for Applications	Dec. 14, 2022	LAFCO letters sent to districts about upcoming vacancy
2) Applications Due Back	Feb. 3, 2023	Applications due back to LAFCO by 4:00pm
3) Election Process Begins	Feb. 6, 2023	LAFCO letters sent to districts with ballots and candidate info
4) Election Process Ends	Mar. 24, 2023	Signed ballots due back to LAFCO by 4:00pm
5) LAFCO Meeting (Certify Results)	Apr. 5, 2023	LAFCO considers certifying election results
6) LAFCO Meeting (Oath of Office)	May 3, 2023	Elected person officially seated on LAFCO

<sup>1</sup> Independent Special Districts Selection Policy: <https://santacruzlafco.org/wp-content/uploads/2023/03/Special-Districts-Selection-Policy-Adopted-Version-3-1-23.pdf>

### Election Results

The 22 independent special districts had the option to vote for one of two candidates: Rachél Lather (Soquel Creek Water District; Incumbent) or James Joseph Gallagher (Pajaro Valley Health Care District). A total of 20 signed ballots were submitted to LAFCO before the March 24th deadline. Based on the votes, Rachél Lather was elected to fill the special district regular member position with a four-year term ending on May 3, 2027. Attached is a draft resolution declaring the results of the election process. Staff is recommending that the Commission adopt the resolution.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

#### Attachments:

1. Draft Resolution No. 2023-09 (Election Results)

cc: Independent Special District Selection Committee

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY  
RESOLUTION NO. 2023-09

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

ADOPTING THE INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE -  
LAFCO REGULAR MEMBER ELECTION RESULTS FOR A TERM ENDING ON THE  
FIRST MONDAY IN MAY 2027

\*\*\*\*\*

WHEREAS, a vacancy for the Special District Member (Regular) Commissioner was created by the completion of Rachél Lather's term as LAFCO Commissioner in May 2023; and

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

WHEREAS, the Executive Officer solicited applications for the upcoming vacancy on December 14, 2022; and

WHEREAS, the deadline to submit applications was February 3, 2023, in which Rachél Lather from Soquel Creek Water District and James Joseph Gallagher from Pajaro Valley Health Care District submitted applications before the February 3rd deadline; and

WHEREAS, LAFCO conducted the mailed-in election process starting on February 6, 2023 and ending on March 24, 2023, in which ballots were distributed to the twenty-two independent special districts; and

WHEREAS, LAFCO received a total of 20 ballots by the March 24th deadline, and

WHEREAS, the results of the election are hereby declared as follows: Rachél Lather (15 votes) and James Joseph Gallagher (5 votes)

WHEREAS, it is now necessary and appropriate for the Commission to declare the results of the election, and for the newly elected member take an oath of office and be seated with the Commission starting on May 3, 2023.

NOW, THEREFORE, BE IT RESOLVED, that Rachél Lather is hereby declared to be elected to the position of Special District Regular Member Commissioner (with a term ending on May 3, 2027) pursuant to the above declared election results.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this fifth day of April 2023 by the following vote:

AYES:

NOES:

ABSTAIN:

\_\_\_\_\_  
YVETTE BROOKS, CHAIRPERSON

Attest:

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

Approval as to form:

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





Santa Cruz Local Agency Formation Commission

Date: April 5, 2023  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Employee Performance Evaluation**

---

### **SUMMARY OF RECOMMENDATION**

The Commission reviews the performance of LAFCO staff on an annual basis. Recommendations from the Personnel Committee are also evaluated when considering changes to staff's salaries and benefits. Changes to these areas are discussed and voted upon in an open session. Any changes that occur to staff's salaries and benefits are implemented by resolution.

It is recommended that the Commission adopt the draft resolution (LAFCO No. 2023-10) approving the salary adjustment for LAFCO's Executive Officer.

---

### **EXECUTIVE OFFICER'S REPORT:**

The Commission reviewed staff's performance evaluations in closed session during the March 1st Regular Meeting. After the meeting, LAFCO's legal counsel informed staff that the Commission will consider implementing a 3% increase to the Executive Officer's current salary. A subsequent Personnel Committee meeting was held on March 21, 2023 to discuss the potential salary increase in more detail.

#### Executive Officer's Performance Evaluation

The Personnel Committee conducted a performance evaluation on January 23, 2023 to ensure that the Executive Officer was fulfilling expectations. A written narrative was presented to the Personnel Committee during the January meeting summarizing the Executive Officer's completed projects and goals. A final version of the written narrative was reviewed by the entire Commission during a closed session on March 1, 2023. The Personnel Committee is recommending that the Executive Officer's salary be increased from the current hourly rate of \$76.43 to \$78.72. The attached resolution outlines the proposed 3% salary increase (see **Attachment 1**). If approved, the salary change will go into effect retroactively starting January 1, 2023. This retroactive start date reflects how the performance evaluations are being conducted. However, the Commission may consider changing the start date of the new salary amount.

Respectfully Submitted,

A blue ink signature of Joe A. Serrano is written over a horizontal line.

Joe A. Serrano  
Executive Officer

Attachment: Draft Resolution No. 2023-10

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY  
RESOLUTION NO. 2023-10

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION  
APPROVING THE ADJUSTMENTS TO STAFF'S SALARIES AND BENEFITS

\*\*\*\*\*

WHEREAS, on June 7, 2000, the Local Agency Formation Commission of Santa Cruz County ("Commission") adopted a Personnel Policy specifying an annual process to review staff's performance and their salaries and benefits; and

WHEREAS, pursuant to this Personnel Policy, the Personnel Committee reviewed the performance evaluation for LAFCO's Executive Officer on January 23, 2023; and

WHEREAS, the Personnel Committee presented their findings and recommendations to the entire Commission during a Closed Session on March 1, 2023; and

WHEREAS, this Commission discussed the Personnel Committee's report and determined that adjustment to staff's salaries were warranted.

NOW, THEREFORE, BE IT RESOLVED that effective January 1, 2023; the Executive Officer is granted a 3% increase in salary from the current hourly rate of \$76.43 to \$78.72. The Auditor-Controller is requested to make the appropriate retroactive changes.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 5th day of April 2023.

AYES:

NOES:

ABSTAIN:

\_\_\_\_\_  
YVETTE BROOKS, CHAIRPERSON

Attest:

Approved as to form:

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

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



Date: April 5, 2023  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **LAFCO Staffing – Current Consultants and Potential Analyst**

---

## 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 temporary consultants or permanent employees. This report will summarize the existing consultants and the consideration of hiring a LAFCO Analyst.

It is recommended that the Commission approve the draft contractual agreement to hire a new LAFCO Analyst with a starting date of April 10, 2023.

---

## EXECUTIVE OFFICER'S REPORT:

LAFCO has been operating with one full-time employee since September 2021. During this time, staff has been able to perform without any setbacks in productivity and has concluded that one staff member is temporarily sufficient to complete the Commission's Multi-Year Work Program and other identified goals. However, the Commission directed staff to implement contingencies in case the Executive Officer is out of the office for an extended period of time. This resulted in the Commission executing several contractual agreements for professional services. The following section summarizes the purpose of each agreement and its current status.

- **Best, Best & Krieger, LLP – Legal Services:** The Commission hired BBK as LAFCO's legal counsel in November 2021<sup>1</sup>. BBK assigned Josh Nelson as LAFCO's primary attorney. Mr. Nelson has been instrumental in reviewing staff's draft resolutions and providing important legal advice on various projects since his arrival. During Fiscal Year 2022-23, BBK has currently worked approximately 30 hours on LAFCO-related projects. This currently represents 5% of LAFCO's budgeted amount for legal services (\$8,058 out of \$150,000).
- **Fire Reorganization Consulting, LLC – Fire Services:** The Commission hired Don Jarvis as LAFCO's fire consultant in March 2022<sup>2</sup>. Mr. Jarvis has been instrumental in the ongoing reorganization involving two fire districts, which is tentatively scheduled to be presented to the Commission in June 2023. Mr. Jarvis has also helped with the ongoing fire-related feasibility study, which is discussed in more detail later in this report. During Fiscal Year 2022-23, Mr. Jarvis has currently worked approximately 85 hours on fire-related projects. This currently represents 9% of LAFCO's budgeted amount for professional services (\$8,510 out of \$100,000).

---

<sup>1</sup> Legal Counsel Staff Report: [https://www.santacruzlafco.org/wp-content/uploads/2021/10/7b.0-Legal-Counsel-Contracts-Staff-Report\\_Hyperlink.pdf](https://www.santacruzlafco.org/wp-content/uploads/2021/10/7b.0-Legal-Counsel-Contracts-Staff-Report_Hyperlink.pdf)

<sup>2</sup> Fire Consultant Staff Report: [https://www.santacruzlafco.org/wp-content/uploads/2022/02/6c.0-Pro-Services-Staff-Report\\_Hyperlink.pdf](https://www.santacruzlafco.org/wp-content/uploads/2022/02/6c.0-Pro-Services-Staff-Report_Hyperlink.pdf)

- **AP Triton – Fire Study Services:** The Commission hired AP Triton in August 2022<sup>3</sup> to produce a feasibility study evaluating the sphere boundaries of the fire agencies in Santa Cruz County. The purpose of the study is to determine if it is feasible for an agency to take over service responsibility in areas within its sphere boundary through annexation and how the proposed annexations may impact the current and future operations of County Service Area 48. The adopted contract included a not-to-exceed limit of \$50,000. During Fiscal Year 2022-23, AP Triton submitted four invoices totaling approximately \$27,000. Incurred costs currently represent 27% of LAFCO's budgeted amount for professional services (\$27,376.80 out of \$100,000).

The study was initially scheduled to be completed by February 2023 but AP Triton encountered a delay in retrieving crucial data from the affected fire agencies. As a result, AP Triton and LAFCO's Executive Officer and Legal Counsel executed an addendum to the contract in February to provide additional time for the study's completion, as shown in **Attachment 1**. The time extension does not change the \$50,000 limit set by LAFCO. The study is now scheduled to be presented to the Commission in August 2023.

- **Piret Harmon (Sole Proprietor) – Water Services:** The Commission hired Piret Harmon as LAFCO's water consultant in January 2023<sup>4</sup>. Ms. Harmon helped staff finalize the supporting documents for the proposed "Scotts Valley Water District Sphere Annexation" which required a thorough evaluation by LAFCO. During Fiscal Year 2022-23, Ms. Harmon has currently worked approximately 5 hours on water-related projects. This currently represents less than 1% of LAFCO's budgeted amount for professional services (\$500 out of \$100,000).
- **Temporary Administrative Support:** In January, the Commission also approved two contractual agreements with Marin LAFCO and the County of Santa Cruz. These agreements maximize existing resources by sharing staff when available and on an as-needed basis. This shared services model has been effective in recent months when the Commission directed staff to implement a hybrid venue for LAFCO Meetings. The County, under this collaborative effort, has provided LAFCO with an administrative aide (Juliette Burke) from the Clerk of the Board to assist with technological support (i.e., running the Zoom Webinar platform). The County is scheduled to submit an invoice to cover Ms. Burke's hours worked during the March and April Regular LAFCO Meetings.

### **LAFCO Analyst – Recruitment Process**

The 2023 calendar year was projected to have a heavy workload, with multiple applications and six scheduled services reviews. The only full-time LAFCO employee was also scheduled for a short paternity leave at the beginning of the year. As a result, the Personnel Committee directed staff to begin the recruitment process for a LAFCO Analyst in November 2022. A recruitment flyer<sup>5</sup> was uploaded on LAFCO's website, shared with local agencies and other LAFCOs, and posted in the County building and on the County's job opportunity webpage. Three applicants were identified as possible candidates. Interviews were conducted in March and after discussion with the Personnel Committee, LAFCO's Executive Officer determined that one candidate was the most qualified to be Santa Cruz LAFCO's first Analyst: Francisco Estrada.

<sup>3</sup> Feasibility Study Staff Report: [https://santacruzlafco.org/wp-content/uploads/2022/07/7b.0-Fire-Study-Consultant\\_Hyperlinked.pdf](https://santacruzlafco.org/wp-content/uploads/2022/07/7b.0-Fire-Study-Consultant_Hyperlinked.pdf)

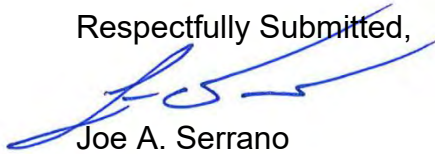
<sup>4</sup> Staffing Support Staff Report: [https://santacruzlafco.org/wp-content/uploads/2022/12/7a.0-Staffing-Support-Staff-Report\\_Hyperlink\\_.pdf](https://santacruzlafco.org/wp-content/uploads/2022/12/7a.0-Staffing-Support-Staff-Report_Hyperlink_.pdf)

<sup>5</sup> Recruitment Flyer: <https://santacruzlafco.org/wp-content/uploads/2022/12/7a.3-Attachment-Recruitment-Flyer.pdf>

#### LAFCO Analyst – Francisco Estrada

Mr. Estrada is an expert in local government and LAFCO. He is a former city councilmember for Watsonville and was also their mayor during his tenure. Mr. Estrada not only understands LAFCO's role and responsibilities but the importance of public service at the local, county, and regional level. He was previously a co-executive director of development and communications at a local non-profit organization, which has given him direct experience in effectively running internal operations. His references included Senator John Laird, City Manager Matt Huffaker from the City of Santa Cruz, and Executive Director Maria Elena De La Garza from Community Action Board of Santa Cruz County. It is rare to find an individual who has the qualifications, experience, and work ethic found in Mr. Estrada. Therefore, staff is recommending that the Commission approve the attached contractual agreement to hire Francisco Estrada as LAFCO's new Analyst.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

#### Attachments:

1. AP Triton Addendum (Time Extension)
2. Contractual Agreement (LAFCO Analyst)

**FIRST AMENDMENT TO 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 First Amendment to the Services Agreement ("Amendment") is between the Local Agency Formation Commission of Santa Cruz County (LAFCO) and AP Triton (Contractor) to provide consulting services for a special study to analyze impacts of a potential reorganization involving fire agencies ("Project").

**RECITALS**

WHEREAS, LAFCO and Contractor entered into that certain Agreement for Services dated August 3, 2022 to retain Contractor for the Project ("Agreement").

WHEREAS, LAFCO and Contractor now desire to amend the Agreement to extend the timeline for completion of the Project and term of the Agreement.

NOW, THEREFORE, LAFCO and Contractor, for the consideration hereinafter named, agree as follows:

1. **Term**

Section 2 of the Agreement is amended to read in full as follows:

**"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 August 1, 2023 unless extended in writing by mutual agreement of the parties or terminated earlier in accordance with Section 4."

2. **Project Timeline**

Exhibit B is amended to read in full as set forth in Attachment 1, attached and incorporated by this reference.

3. **Remaining Provisions of Agreement**

Except as otherwise specifically set forth in this Amendment, the remaining provisions of the Agreement shall remain in full force and effect.

4. **Adequate Consideration.** The parties hereto irrevocably stipulate and agree that they have each received adequate and independent consideration for the performance of the obligations they have undertaken pursuant to this Amendment.



5. Severability

If any portion of this Amendment is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

Dated this 27 day of February 2023.

LAFCO

By   
Joe Serrano, Executive Officer

Date: 2-27-23

AP TRITON

By 

03.01.2023

Date: \_\_\_\_\_

**ATTACHMENT**

**REVISED EXHIBIT B**

\*\*\*

**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	February – March 2023
Exploration of Future Reorganizations	March – April 2023
<b>SECTION 3: DEVELOPMENT, REVIEW, &amp; DELIVERY OF REPORT</b>	
Review of the Administrative Draft Report	Late April – Early May 2023
Distribution of Agenda Packet (Feasibility Study accessible to the public)	May/June, 2023
LAFCO Commission, Public Review/Hearing	Late June, 2023
Discuss Possible Next Steps (i.e. subsequent study[ies])	July 2023

Footnote: Dates may be subject to change



## LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

### EMPLOYMENT AGREEMENT BETWEEN THE LOCAL AGENCY FORMATION COMMISSION AND FRANCISCO ESTRADA

**THIS EMPLOYMENT AGREEMENT** ("Agreement") is entered into this 5th day of April 2023, by and between the **LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY** (hereinafter referred to as LAFCO or Commission), and **FRANCISCO ESTRADA** (hereinafter referred to as Employee).

#### **RECITALS**

**WHEREAS**, LAFCO has a need and an opening for an Analyst; and

**WHEREAS**, Francisco Estrada desires to serve as an Analyst for LAFCO pursuant to the terms of this Agreement; and

**WHEREAS**, LAFCO and Employee desire to specify in an Agreement the terms and conditions of Employee's employment with LAFCO.

NOW, THEREFORE, the parties do mutually agree as follows:

#### **AGREEMENT**

**Section 1. Employment and Duties:** LAFCO employs Employee as an Analyst. Employee shall perform all functions and duties, as specified in the description of duties attached hereto as **Exhibit A**, and as may be otherwise assigned by the Executive Officer. Employee reports to the Executive Officer.

**Section 2. Conflict of Interest:** Employee shall devote his entire professional, ability, and attention to LAFCO's business. Employee has no interest and will not acquire any interest that would conflict in any manner or interfere in any way with the performance of his duties as an Analyst for LAFCO.

**Section 3. Employment Status:** Employee acknowledges that he is an at-will employee of LAFCO and that he can be terminated at any time for any reason. Employee acknowledges that he does not have any due process rights in connection with his employment. Nothing contained in this Agreement (or in LAFCO's Personnel Policy) will in any way limit the right of LAFCO to terminate the services of Employee, nor will it interfere with the right of Employee to resign at any time. Both Employee and LAFCO have the ability to terminate the employment at any time for any reason, without resorting to any type of pre- or post-disciplinary process.

**Section 4. Term of the Agreement:** This Agreement shall commence on April 10, 2023, and shall continue until terminated by either party in accordance with the provisions of this Agreement.

**Section 5. Compensation:** LAFCO shall pay to Employee compensation at an hourly rate of \$38.46, payable on periodic paydays established for employees of the County of Santa Cruz. Employee is a non-exempt employee, eligible for overtime as provided in the Fair Labor Standards Act (for actual hours worked in excess of 40 per week).

**Section 6. Annual Leave and Holidays:** Employee shall receive the same paid leave benefits as those provided to Santa Cruz County employees in the General Representation Unit, as set forth in the Memorandum of Understanding for that unit ("GRU MOU"). This includes annual leave, bereavement leave, and holidays. Employee will be entitled to paid holidays each year on days LAFCO designates as observed holidays. Annual leave covers leave for both vacation and sick leave and does not start accruing until completion of six months of employment. After completion of 90 days but before his six-month anniversary, Employee can take up to three (3) days leave for reasons allowed by California's mandatory sick leave law. After that point, Employee can draw upon annual leave for any leave permitted by California's sick leave law.

**Section 7. Retirement:** LAFCO contracts with CalPERS for retirement benefits for eligible employees, and retirement contributions to CalPERS are set by resolution. LAFCO agrees to make contributions on Employee's behalf in accordance with its adopted resolution, its contract with CalPERS, and Employee's membership status with CalPERS.

**Section 8. Medical, Dental, and Vision Benefits:** Employee is eligible to receive the insurance benefits provided to Santa Cruz County employees in the General Representation Unit, under the same terms and conditions set forth in the GRU MOU. These benefits currently include a contribution for health insurance as well as dental insurance, vision insurance, and life insurance. Available benefits and required employee contributions are set forth in the GRU MOU and can change from time to time.

**Section 9. Private Vehicle Usage:** LAFCO shall reimburse Employee at the IRS-approved rate for the use of a private vehicle on authorized LAFCO business. Employee agrees to carry all necessary vehicle insurance and provide proof of insurance upon request and on an annual basis.

**Section 10. Social Security and Deferred Compensation:** LAFCO shall provide the employer contribution to the Federal Social Security Program. Employee may make self-funded contributions to a deferred compensation program offered by LAFCO up to the maximum contribution allowable by law.

**Section 11. General Expenses:** Subject to pre-approval by the Executive Officer, Employee shall be permitted to attend relevant conferences, seminars, and other such meetings, the reasonable cost of which shall be paid by LAFCO. In accordance with customary expense reimbursement policies and procedures, LAFCO shall reimburse Employee for expenses incurred in executing job duties.

**Section 12. Other Benefits:** Employee shall be entitled to such other benefits which LAFCO may establish in the future for its employees.

**Section 13. Performance Reviews:** Employee will be provided with annual performance evaluations (to generally coincide with the Employee's anniversary date). The Executive

Officer shall evaluate Employee's performance and shall establish performance goals and objectives for the ensuing year. If Employee's performance is satisfactory in the annual evaluation, the Executive Officer shall determine whether Employee is eligible for an increase in compensation. Any increase in compensation will generally be made effective at the beginning of the next fiscal year (i.e., if Employee receives his annual performance evaluation in April of 2024, any increase in compensation will be made effective on July 1, 2024).

**Section 14. Employment Policy:** Except as provided below, Employee is subject to the employment policies set forth in LAFCO's Employment Policy, as it may be periodically amended. Section 10.3 of the Personnel Policy adopted on June 3, 2020 (pertaining to a probationary period), is not applicable to Employee.

**Section 15. Modification:** This Agreement constitutes the entire understanding of the parties, and no changes, amendments, or alterations shall be effective unless in writing and signed by both parties.

**Section 16. Non-Assignability:** This Agreement is intended to secure the unique and individual services of the Employee and thus Employee shall not assign, transfer, or delegate this Agreement or any interest herein.

**Section 17. Covenant:** The validity, enforceability and interpretation of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California.

**Section 18. Enforceability:** The invalidity and unenforceability of any of the terms or provisions hereof shall in no way affect the validity and enforceability of any other terms or provisions.

**IN WITNESS WHEREOF**, LAFCO and Employee have executed this Agreement effective as of April 10, 2023.

**EMPLOYEE**

---

Francisco Estrada

**LAFCO OF SANTA CRUZ COUNTY**

---

Joe A. Serrano, Executive Officer

Approved as to form:

---

Joshua Nelson, Legal Counsel

## EXHIBIT A

### LAFCO ANALYST: JOB DUTIES

The LAFCO Analyst (Appointee) works full-time under the immediate direction of the Executive Officer and performs a full range of analytical, technical, and administrative staff support services for Santa Cruz LAFCO. Applicants would be expected to exercise considerable initiative and judgment in performing regular ongoing duties of the position. Assignments may be functional or may include serving as project manager for assigned duties.

#### **Class Characteristics**

This appointee provides the full range of secretarial and office administrative services to the Commission members and Executive Officer. Responsibilities may include meeting material preparation, attendance at meetings, and post-meeting procedures, frequent contact with Commissioners, elected officials, County department staff, and representatives of various public, business, and community agencies, oversight of the office's physical and digital organization including the routine maintenance of a website, and responsibility for various lines of communication.

In addition, under immediate supervision, the appointee will be trained in the analysis of local governmental services; including assessing availability; capacity; and performance relative to current and projected needs. This includes, but is not limited to, preparing studies required of Santa Cruz LAFCO under State law that culminate in making recommendations to the Commission on potential governmental reorganizations, boundary changes, and other related matters along with review and process of applications. Training will be provided and, as experience is gained, assignments will gradually become more complex and varied.

#### **Typical Tasks include but not limited to:**

- Conduct research, data collection, and related analysis in evaluating local agencies and their governmental services in the preparation of municipal service reviews and related regional planning;
- Contribute to the preparation of special studies, involving inter-jurisdictional and inter-departmental coordination;
- Perform basic to intermediate qualitative and quantitative analysis in tracking demographics, service capacities, and financial resources;
- Remediation of public documents that go on the LAFCO website;
- Perform routine work in various phases of processing applicant proposals for boundary changes, outside service extensions, and reorganizations of local government agencies;
- Research, analyze, and prepare agenda items for presentation to the Commission;



- Consult with staff and representatives of other governmental agencies on programs, projects, or specialized assigned activities;
- Organize and make presentations before the Commission and other local governmental agencies and community groups;
- Utilize a variety of computer software programs to prepare reports, maps, diagrams, graphs, and other material related to duties;
- Receive and screen visitors for the office; provide general information to the public on request;
- Organize and schedule public hearings, committee meetings, and other group meetings; arrange for meeting location and notification to participants; prepare materials and follow-up on actions after such meetings; will prepare minutes of such meetings;
- Prepare a variety of draft and final documents, contracts, correspondence, policies, procedures, informational handouts, press releases, and other documentation for editing and/or signature by the Executive Officer and Commission;
- Complete and process a wide variety of technical and complex documents related to the work of the Commission; review finished materials for completeness, accuracy, format, and spelling and grammar usage;
- Organize and maintain various confidential, administrative, reference, and follow-up files; develop and oversee the maintenance of a records management program for the Commission; maintain or oversee the maintenance of the LAFCO website;
- Meet critical filing deadlines for conformance with legislative mandates and fulfillment of the Commission's work plan; and
- Gather and manage information regarding Commission operations, administrative problems, policies, and procedures; contact other organizations for information, make recommendations, and implement policy and procedural changes after approval.



Santa Cruz Local Agency Formation Commission

Date: April 5, 2023  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Legislative Update**

---

**SUMMARY OF RECOMMENDATION**

LAFCO staff tracks bills during the legislative session and provides periodic updates. The Commission may take a position on any tracked bill.

It is recommended that the Commission take a “Support” position on Assembly Bill 1753 and direct the Executive Officer to submit a letter to the bill’s author declaring the Commission’s position.

---

**EXECUTIVE OFFICER’S REPORT:**

The State Legislature reconvened from the winter recess on January 4, 2023. Approximately 2,750 bills were introduced during the 2023 legislative session. The deadline to introduce a bill was February 17. All bills must pass out of their house of origin (Assembly or Senate) no later than May 19. Afterwards, all bills must pass through both houses by September 14 with a 30-day period for the Governor to either sign or veto passed bills. **Attachment 1** provides an overview of this year’s legislative calendar. The website for additional bill information is <http://leginfo.legislature.ca.gov/>.

Tracked Bills

The California Association of LAFCOs (CALAFCO) monitors legislative matters that may impact the Commission’s ability to effectively administer its regulatory responsibilities. At present, there are 22 bills that directly or indirectly impact LAFCOs. An overview of each of the tracked bills is shown in **Attachment 2**. Staff is currently watching these bills, especially two bills involving virtual meetings (AB 557 and SB 411) and this year’s omnibus bill (AB 1753). These three specific bills are summarized below.

Assembly Bill 557 (Continuation of Virtual Meetings)

Governor Newsom enacted a series of executive orders during the pandemic to allow members of a legislative body to hold meetings by teleconference during a state of emergency. One of the orders (AB 361) signed by the Governor currently allows a legislative body to hold meetings through an electronic platform that has the capabilities for audio and video, and, under limited circumstances, does not require a member of the legislative body participating remotely to identify the meeting location. AB 361 is currently set to sunset at the end 2023. AB 557 proposes to extend the provisions of AB 361, with changes to the requirement of the legislative body to make the appropriate state of emergency finding from 30 days to 45 days and does not include a sunset provision.

- **Current Status:** This bill is currently supported by CALAFCO and CSDA. Staff is not aware of any opposition at this time. Bill is currently being reviewed by the Assembly Local Government Committee and no hearing date has been scheduled.

- **Commission Action:** No action is required at this time. Staff will continue to monitor this bill for any changes or updates.

#### Senate Bill 411

During the 2022-23 legislative session, Governor Newsom signed into law AB 2449, which provides the option to allow members of a legislative body to use teleconferencing to participate in meetings remotely without having to provide the teleconference address and access to the public at that location under specific and limited circumstances through January 1, 2026. SB 411 removes the sunset provision of AB 2449 and allows a legislative body (appointed board, commission, or advisory body of a local agency) to use alternate teleconference provisions similar to those enacted during the pandemic. SB 411 includes the following requirements:

- The legislative body shall provide notice of the meeting and post agendas. The agenda must include how public members may access the meeting and provide public comments through a call-in or internet-based service option.
  - If there is a disruption that prevents the legislative body from broadcasting the meeting to the public using call-in or internet-based service options, or prevents public comments, the legislative body shall not take any further action on items on the agenda until service is restored.
  - The legislative body cannot require the public to submit comments in advance of the meeting, and public comments should be available in real time.
  - Registration for a specific website or online platform not under the control of the legislative body may be required to offer public comment. If required, the legislative body must allow enough time for members of the public to register with those online platforms during public comment and before the public comment period is closed.
- **Current Status:** This bill is currently supported by CALAFCO. Staff is not aware of any opposition at this time. Bill is currently being reviewed by the Senate Governance and Finance Committee and no hearing date has been scheduled.
- **Commission Action:** No action is required at this time. Staff will continue to monitor this bill for any changes or updates.

#### Assembly Bill 1753 (Annual Omnibus Bill)

The 2023 Omnibus Bill proposes technical and non-substantive amendments to the following provisions within the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“CKH Act”):

- ***Delivery of Executed Resolution:*** The proposed amendment would allow the Executive Officer, following an approved change of organization or reorganization, to transmit a copy of the resolution adopted by the Commission using email or electronic means. The proposed language also requires obtaining confirmation of receipt by the intended recipient.
- ***Application to Initiate Proceedings:*** The proposed amendment would clarify that prior to the Executive Officer deeming an application complete, any agreements for the exchange of property tax revenues required in accordance with state law must be received by LAFCO.

- **Current Status:** This bill is currently supported by CALAFCO. Staff is not aware of any opposition at this time. Bill is currently being reviewed by the Assembly Local Government Committee and no hearing date has been scheduled.
- **Commission Action:** As CALAFCO's Legislative Liaison, staff is recommending that the Commission adopt a "Support" position and send a letter to the bill's author. **Attachment 3** is a draft letter of support for Commission consideration.

The Commission may consider adopting an official position on the identified bills or other proposed legislation once staff retrieves all the necessary information to make a recommendation. In the interim, LAFCO staff will continue to monitor and provide periodic updates on all tracked bills and any new LAFCO-related bills introduced as the legislative session unfolds.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

Attachment:

1. State Legislative Calendar
2. Tracking List of LAFCO-related Bills (as of March 24, 2023)
3. AB 1753 Letter of Support (draft version)

2023 TENTATIVE LEGISLATIVE CALENDAR  
COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE  
Revised 11-4-22

DEADLINES

JANUARY							
	S	M	T	W	TH	F	S
	1	2	3	4	5	6	7
Wk. 1	8	9	10	11	12	13	14
Wk. 2	15	16	17	18	19	20	21
Wk. 3	22	23	24	25	26	27	28
Wk. 4	29	30	31				

FEBRUARY							
	S	M	T	W	TH	F	S
Wk. 4				1	2	3	4
Wk. 1	5	6	7	8	9	10	11
Wk. 2	12	13	14	15	16	17	18
Wk. 3	19	20	21	22	23	24	25
Wk. 4	26	27	28				

MARCH							
	S	M	T	W	TH	F	S
Wk. 4				1	2	3	4
Wk. 1	5	6	7	8	9	10	11
Wk. 2	12	13	14	15	16	17	18
Wk. 3	19	20	21	22	23	24	25
Wk. 4	26	27	28	29	30	31	

APRIL							
	S	M	T	W	TH	F	S
Wk. 4							1
Spring Recess	2	3	4	5	6	7	8
Wk. 1	9	10	11	12	13	14	15
Wk. 2	16	17	18	19	20	21	22
Wk. 3	23	24	25	26	27	28	29
Wk. 4	30						

MAY							
	S	M	T	W	TH	F	S
Wk. 4		1	2	3	4	5	6
Wk. 1	7	8	9	10	11	12	13
Wk. 2	14	15	16	17	18	19	20
Wk. 3	21	22	23	24	25	26	27
No Hrgs.	28	29	30	31			

- Jan. 1** Statutes take effect (Art. IV, Sec. 8(c)).
- Jan. 4** Legislature reconvenes (J.R. 51(a)(1)).
- Jan. 10** Budget must be submitted by Governor (Art. IV, Sec. 12(a)).
- Jan. 16** Martin Luther King, Jr. Day.
- Jan. 20** Last day to submit **bill requests** to the Office of Legislative Counsel.

- Feb. 17** Last day for bills to be **introduced** (J.R. 61(a)(1), J.R. 54(a)).
- Feb. 20** Presidents' Day.

- Mar. 30** **Spring Recess** begins upon adjournment (J.R. 51(a)(2)).
- Mar. 31** Cesar Chavez Day observed.

- Apr. 10** Legislature reconvenes from **Spring Recess** (J.R. 51(a)(2)).
- Apr. 28** Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house (J.R. 61(a)(2)).
- May 5** Last day for **policy committees** to hear and report to the Floor **nonfiscal bills** introduced in their house (J.R. 61(a)(3)).
- May 12** Last day for **policy committees** to meet prior to June 5 (J.R. 61(a)(4)).
- May 19** Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61(a)(5)).
- Last day for **fiscal committees** to meet prior to June 5 (J.R. 61(a)(6)).
- May 29** Memorial Day.
- May 30-June 2** **Floor session only.** No committee may meet for any purpose except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees (J.R. 61(a)(7)).

\*Holiday schedule subject to final approval by Rules Committee.

JUNE							
	S	M	T	W	TH	F	S
No Hrgs.					1	2	3
Wk. 4	4	5	6	7	8	9	10
Wk. 1	11	12	13	14	15	16	17
Wk. 2	18	19	20	21	22	23	24
Wk. 3	25	26	27	28	29	30	

**June 2** Last day for each house to pass bills introduced in that house (J.R. 61(a)(8)).

**June 5** Committee meetings may resume (J.R. 61(a)(9)).

**June 15** Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)(3)).

JULY							
	S	M	T	W	TH	F	S
Wk. 3							1
Wk. 4	2	3	4	5	6	7	8
Wk. 1	9	10	11	12	13	14	15
Summer Recess	16	17	18	19	20	21	22
Summer Recess	23	24	25	26	27	28	29
Summer Recess	30	31					

**July 4** Independence Day.

**July 14** Last day for **policy committees** to meet and report bills (J.R. 61(a)(10)).

**Summer Recess** begins upon adjournment, provided Budget Bill has been passed (J.R. 51(a)(3)).

AUGUST							
	S	M	T	W	TH	F	S
Summer Recess			1	2	3	4	5
Summer Recess	6	7	8	9	10	11	12
Wk. 2	13	14	15	16	17	18	19
Wk. 3	20	21	22	23	24	25	26
Wk. 4	27	28	29	30	31		

**Aug. 14** Legislature reconvenes from Summer Recess (J.R. 51(a)(3)).

SEPTEMBER							
	S	M	T	W	TH	F	S
Wk. 4						1	2
No Hrgs.	3	4	5	6	7	8	9
No Hrgs.	10	11	12	13	14	15	16
Interim Recess	17	18	19	20	21	22	23
Interim Recess	24	25	26	27	28	29	30

**Sept. 1** Last day for **fiscal committees** to meet and report bills (J.R. 61(a)(11)).

**Sept. 4** Labor Day.

**Sept. 5-14** **Floor session only.** No committees may meet for any purpose, except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(a)(12)).

**Sept. 8** Last day to **amend** on the Floor (J.R. 61(a)(13)).

**Sept. 14** Last day for each house to pass bills. (J.R. 61(a)(14)).

**Interim Recess** begins upon adjournment (J.R. 51(a)(4)).

IMPORTANT DATES OCCURRING DURING INTERIM RECESS

**2023**

Oct. 14 Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 14 and in the Governor's possession on or after Sept. 14 (Art. IV, Sec. 10(b)(1)).

**2024**

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 3 Legislature reconvenes (J.R. 51(a)(4)).

\*Holiday schedule subject to final approval by Rules Committee.



**CALAFCO List of Current Bills  
3/24/2023**

**6D: ATTACHMENT 2**

**AB 828**

**(Connolly D) Sustainable groundwater management: managed wetlands.**

**Current Text:** Amended: 3/2/2023 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amend:** 3/2/2023

**Status:** 3/6/2023-Re-referred to Com. on W., P., & W.

**Location:** 3/2/2023-A. W., P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:** 3/28/2023 9 a.m. - State Capitol, Room 444 ASSEMBLY WATER, PARKS AND WILDLIFE, BAUER-KAHAN, REBECCA, Chair

**Summary:** The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. Current law defines various terms for purposes of the act. This bill would add various defined terms for purposes of the act, including the term "managed wetland."

**Position**

**Subject**

Water

**CALAFCO Comments:** Adds definitions for Managed Wetlands, and Small community water system to Water Code Section 10721.

**AB 930**

**(Friedman D) Local government: Reinvestment in Infrastructure for a Sustainable and Equitable California (RISE) districts.**

**Current Text:** Introduced: 2/14/2023 [html](#) [pdf](#)

**Introduced:** 2/14/2023

**Status:** 3/2/2023-Referred to Coms. on L. GOV. and J., E.D., & E.

**Location:** 3/2/2023-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would authorize the legislative bodies of 2 or more local governments, defined to include a city, county, special district, or transit agency, to jointly form a Reinvestment in Infrastructure for a Sustainable and Equitable California district (RISE district) in accordance with specified procedures. The bill would require the Office of Planning and Research (OPR) to develop standards for the formation of RISE districts no later than November 30, 2025. The bill would provide for the establishment of a governing board of a RISE district with representatives of each participating local government.

**Position**

**Subject**

Neutral

Special District

Principle Acts

**CALAFCO Comments:** This bill has a similar overtone to SB 852 Dodd in 2022 regarding the formation of climate resilience districts outside of the LAFCo process.

As introduced, this bill (AB 930) is focused on the generation of funding and the governance of the expenditure of those funds. However, it should be carefully tracked in case that mission is expanded.

**AB 1348**

**(Grayson D) State government: Controller: claims audits.**

**Current Text:** Amended: 3/20/2023 [html](#) [pdf](#)

**Introduced:** 2/16/2023

**Last Amend:** 3/20/2023

**Status:** 3/21/2023-Re-referred to Com. on A. & A.R.

**Location:** 3/16/2023-A. A. & A.R.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Government Claims Act generally requires the presentation of all claims for money or damages against local public entities and the state. Current law provides for the presentation of a claim for which appropriations have been made, or for which state funds are available, under that act

Page 1/11

to the Controller, in the form and manner prescribed by the general rules and regulations adopted by the Department of General Services. Current law, with specified exceptions, prohibits the Controller from drawing a warrant for any claim until it has been audited in conformity with law and the general rules and regulations adopted by the Department of General Services governing the presentation and audit of claims. This bill would require the Controller to conduct, unless prohibited by the provisions of a state ballot proposition passed by the electorate, financial and compliance audits as the Controller's office deems as necessary for purposes of ensuring that any expenditures, regardless of the source or fund from which the warrants for claims are drawn, are expended in a manner consistent with the law and the voters' intent. The bill would also require the Controller to conduct any audits necessary to carry out their constitutional and statutory duties and responsibilities under the law.

**Position**

**Subject**

**CALAFCO Comments:** As introduced, the bill was marked as a watch because it was a spot holder regarding the Brown Act.

On March 20, 2023, it was gutted and amended and now speaks to claims against the state. Position and priority are changed to "None."

**AB 1439**

**(Garcia D) Low-income housing tax credit: farmworker housing.**

**Current Text:** Amended: 3/23/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Last Amend:** 3/23/2023

**Status:** 3/23/2023-Referred to Coms. on REV. & TAX. and H. & C.D. From committee chair, with author's amendments: Amend, and re-refer to Com. on REV. & TAX. Read second time and amended.

**Location:** 3/23/2023-A. REV. & TAX

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law limits the total annual amount of the state low-income housing credit for which a federal low-income housing credit is required to the sum of \$70,000,000, as increased by any percentage increase in the Consumer Price Index for the preceding calendar year, any unused credit for the preceding calendar years, and the amount of housing credit ceiling returned in the calendar year. Current law governing the taxation of insurers, the Personal Income Tax Law, and the Corporation Tax Law provided an allocation of \$500,000,000 for the 2020 calendar year and, for calendar years beginning in 2021, also provides for an additional amount that may be allocated, up to \$500,000,000, to specified low-income housing projects that are new buildings that are federally subsidized, as specified. Current law provides that this additional amount is only available for allocation pursuant to an authorization in the annual Budget Act. Current law requires specified regulatory action by the California Tax Credit Allocation Committee (CTCAC) aimed at increasing production and containing costs, including a scoring system that maximizes the efficient use of public subsidy and benefit created through the low-income housing tax credit program, as specified. This bill would, for the 2024 calendar year and thereafter, require CTCAC to amend the regulatory scoring system to also grant a score benefit for farmworker housing. The bill would require the regulations, as amended, to award 10 points to farmworker housing projects under the housing needs category, and an additional 5 points in the category for amenities beyond those required as additional thresholds.

**Position**

**Subject**

Housing

**CALAFCO Comments:** This bill was introduced as a spotholder bill that only noted an intent to address housing.

On March 23, 2023, the bill was gutted and amended and now addresses a low-income housing credit. Position and priority are changed to "None."

**AB 1460**

**(Bennett D) Local government.**

**Current Text:** Introduced: 2/17/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Status:** 2/18/2023-From printer. May be heard in committee March 20.

**Location:** 2/17/2023-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. This bill would make a nonsubstantive change to the provision naming the act.

**Position**

Neutral

**Subject**

CKH General  
Procedures,  
Other

**CALAFCO Comments:** As introduced, this bill makes only a minor nonsubstantive change to CKH in

that it would merely add commas to Section 56000 so that it would read: "This division shall be known, and may be cited, as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000."

3/24/2023: No change since introduction.

**SB 68** (**McGuire** D) **Vehicles: safety regulations.**

**Current Text:** Amended: 3/20/2023 [html](#) [pdf](#)

**Introduced:** 1/5/2023

**Last Amend:** 3/20/2023

**Status:** 3/20/2023-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

**Location:** 1/5/2023-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law requires the Department of the California Highway Patrol to regulate the safe operation of certain vehicles, including buses, truck tractors, and trailers, and to adopt certain rules and regulations pertaining to the operation of those vehicles. Current law requires these regulations to include certain maximum driving times within a work period, including a maximum driving time of 10 hours for a driver of a tank vehicle with a capacity of more than 500 gallons transporting flammable liquid. This bill would authorize the department to, by regulation, allow a driver to exceed this limit during a declared state of emergency if transporting aircraft fuel used for refueling aircraft used in fire suppression or other emergency-related activities, as specified.

**Position**

**Subject**

**CALAFCO Comments:** 1-6-2023: As it currently stands, this bill appears to be a spot holder. In the write-up it notes that the legislative intent will be to address local government and it specifically mentions CKH. Consequently, the Executive Director reached out to the author's office requesting more particulars. On 1-9-2023, the author's office responded that they had no additional info to share but that, while the the leg counsel introduction mentioned CKH, their language had nothing to do with it.

3-20-2023: The bill was gutted and amended to address Section 34501.2 of the Vehicle Code, making it no longer a CALAFCO concern.

**SB 440** (**Skinner** D) **Regional Housing Finance Authorities.**

**Current Text:** Amended: 3/20/2023 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amend:** 3/20/2023

**Status:** 3/20/2023-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

**Location:** 2/13/2023-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law provides for the establishment of various special districts that may support and finance housing development, including affordable housing special beneficiary districts that are authorized to promote affordable housing development with certain property tax revenues that a city or county would otherwise be entitled to receive. Current law, the San Francisco Bay Area Regional Housing Finance Act, establishes the Bay Area Housing Finance Agency to raise, administer, and allocate funding for affordable housing in the San Francisco Bay area, as defined, and provide technical assistance at a regional level for tenant protection, affordable housing preservation, and new affordable housing production. Current law, the Los Angeles County Regional Housing Finance Act, similarly establishes the Los Angeles County Affordable Housing Solutions Agency to increase the supply of affordable housing in Los Angeles County, as specified. This bill, the Regional Housing Finance Act, would authorize 2 or more local governments to establish a regional housing finance authority to raise, administer, and allocate funding for affordable housing in the jurisdiction of the authority, as defined, and provide technical assistance at a regional level for affordable housing development, including new construction and the preservation of existing housing to serve a range of incomes and housing types. The bill would require an authority to be governed by a board composed of at least 3 directors who are elected or appointed officials representing the local governments that are members of the authority.

**Position**

**Subject**

**CALAFCO Comments:** As introduced, the bill sought to address the Williamson Act and would have changed only a deadline.



3/20/24: The bill was gutted and amended and would authorize 2 or more local governments to establish a regional housing finance authority to raise, administer, and allocate funding for affordable housing in the jurisdiction of the authority, and would establish the funding mechanisms and parameters.

**SB 455**

**(McGuire D) State of emergency: mortgage servicers: written disclosure.**

**Current Text:** Amended: 3/20/2023 [html](#) [pdf](#)

**Introduced:** 2/13/2023

**Last Amend:** 3/20/2023

**Status:** 3/20/2023-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

**Location:** 2/13/2023-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would require a mortgage servicer servicing a mortgage with respect to a property located within the geographic limits of a proclaimed state of emergency or a local emergency that was the mortgage servicer at the time of the emergency proclamation to provide written disclosure to a transferee or purchaser mortgage servicer of certain information, including any contracts executed or agreements made to rebuild or repair a home damaged by the proclaimed emergency or to purchase a home to replace a home damaged by the proclaimed emergency, as specified. The bill would require a transferee or purchaser mortgage servicer to make a similar disclosure to a subsequent transferee or purchase mortgage servicer, as prescribed.

**Position**

**Subject**

**CALAFCO Comments:** This is a spotholder bill that notes that its intent will be to enact legislation relating to governmental organization.

3/20/2023, the bill was gutted and amended and now deals with mortgage servicers and, consequently, is now out of CALAFCO's purview.

**SB 768**

**(Caballero D) California Environmental Quality Act: vehicle miles traveled: statement of overriding consideration.**

**Current Text:** Amended: 3/22/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Last Amend:** 3/22/2023

**Status:** 3/22/2023-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

**Location:** 2/17/2023-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Environmental Quality Act (CEQA) requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA prohibits a public agency from approving or carrying out a project for which a certified EIR has identified one or more significant effects on the environment that would occur if the project is approved or carried out unless the public agency finds either (1) changes or alterations have been required in, or incorporated into, the project that mitigate or avoid the significant effects on the environment, (2) those changes or alterations are within the jurisdiction of another public agency and have been, or can and should be, adopted by the other agency, or (3) specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or alternatives identified in the EIR and the public agency finds that those specific considerations outweigh the significant effects on the environment, commonly known as a statement of overriding consideration. This bill would provide that a public agency, in approving or carrying out a housing development project, as defined, a commercial project, or an industrial project, is not required to issue a statement of overriding consideration for significant effects on the environment identified by a project's vehicle miles traveled or similar metrics if the lead agency has imposed all feasible mitigation measures on the project and it finds no feasible alternatives to the project..

**Position**

Neutral

**Subject**

CEQA

**CALAFCO Comments:** Introduced as a spotholder bill that noted an intent to enact subsequent legislation that would create a new transportation impact analysis for rural areas for purposes of the California Environmental Quality Act.

3/22/2023: The bill was amended and would add language into the Public Resource Code to provide

that a public agency, in approving or carrying out certain types of projects, is not required to issue a statement of overriding consideration for significant effects on the environment identified by a project's vehicle miles traveled if the lead agency has imposed all feasible mitigation measures on the project and it finds no feasible alternatives to the project.

**SB 833**

**(McGuire D) Cannabis licensing following program: cultivation licenses: reduced license fee.**

**Current Text:** Amended: 3/22/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Last Amend:** 3/22/2023

**Status:** 3/22/2023-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

**Location:** 2/17/2023-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), among other things, consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities. Under current law, the Department of Cannabis Control may issue cannabis cultivation licenses to commercial cannabis businesses that differ depending on the size of the cultivation site and whether the site is indoor, outdoor, or mixed-light. Existing law requires the department to charge each licensee a licensure and renewal fee, as applicable. This bill would require the department, no later than March 1, 2024, to establish a cannabis licensing following program for cannabis cultivators who choose to reduce or temporarily pause cultivating cannabis under their license. The bill would establish certain eligibility criteria to participate in the program, including specified limitations based on the size of the cultivation site and method of cultivation. The bill would require the program to authorize a licensee who participates in the program to, among other things, maintain their cultivation license and pay a reduced license fee in an amount determined by the department, as specified.

**Position**

**Subject**

**CALAFCO Comments:** This is a spotholder bill that notes only an intent to enact subsequent legislation relating to natural resources.

3/22/2023: This bill was gutted and amended and is no longer a concern for CALAFCO as it now addresses Cannabis cultivation and licensing.

**SB 865**

**(Laird D) Municipal water districts: automatic exclusion of cities.**

**Current Text:** Introduced: 2/17/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Status:** 3/21/2023-Set for hearing April 12.

**Location:** 3/1/2023-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:** 4/12/2023 9:30 a.m. - 1021 O Street, Room 1200 SENATE GOVERNANCE AND FINANCE, CABALLERO, ANNA, Chair

**Summary:** Current law authorizes a governing body of a municipal water district to adopt an ordinance excluding any territory annexed to a metropolitan water district organized under the Metropolitan Water District Act, if the territory is annexed prior to the effective date of the formation of the municipal water district. Current law requires the Secretary of State to issue a certificate reciting the passage of the ordinance and the exclusion of the area from the municipal water district within 10 days of receiving a certified copy of the ordinance. This bill would extend the number of days the Secretary of State has to issue a certificate to 14 days.

**Position**

Neutral

**Subject**

Annexation  
Proceedings

**CALAFCO Comments:** Existing law authorizes a governing body of a municipal water district may adopt an ordinance excluding any territory annexed to a metropolitan water district organized under the Metropolitan Water District Act, providing that the territory is annexed prior to the effective date of the formation of the municipal water district. If that happens, the Secretary of State must, within 10 days of receiving a certified copy, issue a certificate reciting the passage of the ordinance that excludes the area from the municipal water district. This bill would extend the Secretary of State's window to issue that certificate from 10 to 14 days.

**AB 68**

**(Ward D) Land use: streamlined housing approvals: density, subdivision, and utility approvals.**

**Current Text:** Amended: 3/16/2023 [html](#) [pdf](#)

**Introduced:** 12/8/2022

**Last Amend:** 3/16/2023

**Status:** 3/20/2023-Re-referred to Com. on H. & C.D.

**Location:** 3/16/2023-A. H. & C.D.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would require a local government to approve a proposed housing development pursuant to a streamlined, ministerial approval process if the development meets certain objective planning standards, including, but not limited to, a requirement that the proposed parcel for the development be a climate-smart parcel, as described, or be included in the applicable region's sustainable communities strategy as a priority development area. The bill would set forth procedures for approving these developments and would set forth various limitations for these developments. The bill would authorize the Department of Housing and Community Development to review, adopt, amend, and repeal guidelines, rules, and regulations to implement uniform standards or criteria that supplement or clarify the terms, references, or standards set forth by this process.

**Position**

Watch

**Subject**

Planning

**CALAFCO Comments:** This bill was introduced as a spot holder in December, 2022, then was gutted and amended on March 16, 2023.

It now seeks to set up ministerial approvals for developments and certain water and sewer service extensions for developments that meet certain parameters. Parameters include that the parcel must be in a high or moderate resource area as categorized by the opportunity maps maintained by the California Tax Credit Allocation Committee, be located within one-mile of transit but be in a very low vehicle travel area, and within one mile of assorted restaurants, bars, coffee shops, etc. Additionally, types of locations that do not qualify are also enumerated. Those include farmlands, wetlands, high fire hazard severity zones (as determined by Cal Fire), in proximity to a hazardous waste site, within a delineated earthquake fault zone, within a special flood hazard area or within a regulatory floodway, lands identified for conservation, protected habitat, and lands under a conservation easement.

Under the procedure that would be established by this bill, a minimum of 30 days notice to LAFCo would be required for the public hearing should a county seek to amend its general plan to increase the planned density on climate resilient lands.

**AB 918**

**(Garcia D) Health care district: County of Imperial.**

**Current Text:** Amended: 3/23/2023 [html](#) [pdf](#)

**Introduced:** 2/14/2023

**Last Amend:** 3/23/2023

**Status:** 3/23/2023-Referred to Com. on L. GOV. From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV. Read second time and amended.

**Location:** 3/23/2023-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Would rename the Pioneer Memorial Healthcare District to the Imperial County Healthcare District. The bill would authorize the expansion of the district to include all of Imperial County by requiring the district to submit a resolution of application to the Imperial County Local Agency Formation Commission to initiate proceedings to expand the district. The bill would require the commission to order the expansion of the district subject to a vote of the registered voters residing within the territory to be annexed at an election following the completion of those proceedings. The bill would require the Board of Supervisors of the County of Imperial, upon direction by the commission, to place approval of district expansion on the ballot at the next countywide election following the completion of commission proceedings, including a public hearing. The bill would provide for expansion of the district upon voter approval, if a funding source sufficient to support the operations of the expanded district is, if required, approved, as specified. The bill would require the district to pay for election costs, as specified. By imposing new duties on the County of Imperial, the bill would impose a state-mandated local program.

**Position**

Watch

**Subject**

Other

**CALAFCO Comments:** As introduced, this bill was merely a spotholder that stated an intent to create a countywide healthcare district in Imperial County.

March 23, 2023, the bill was amended with specifics. It now seeks to rename the Pioneer Memorial



Healthcare District to the Imperial County Healthcare District (ICHD) and then sets up what, in essence, is a ministerial process for the countywide expansion of the ICHD. The expansion process is first initiated by the ICHD Resolution of Application, which is required to be filed with LAFCo no later than January 5, 2024. The LAFCo then has 150 days to complete the entire process, including the vote. Protest proceedings for that expansion would be waived under this bill. The bill also does not allow the LAFCo to deny the application. The bill also notes that future changes of organization or reorganization of the resulting districts would need to follow the normal provisions of CKH.

**SB 360**

**(Blakespear D) California Coastal Commission: member voting.**

**Current Text:** Introduced: 2/8/2023 [html](#) [pdf](#)

**Introduced:** 2/8/2023

**Status:** 2/15/2023-Referred to Com. on N.R. & W.

**Location:** 2/15/2023-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The California Coastal Act of 1976 establishes the California Coastal Commission and prescribes the membership and duties of the commission. The act provides that its provisions do not preclude or prevent any member or employee of the commission who is also an employee of another public agency, a county supervisor or city councilperson, or a member of specified associations or organizations, and who has in that designated capacity voted or acted upon a particular matter, from voting or otherwise acting upon that matter as a member or employee of the commission. This bill would apply the latter provision to members of a joint powers authority and members of the local agency formation commission.

**Position**

Watch

**Subject**

Other

**CALAFCO Comments:** PRC 30318 currently holds a provision that allows members or employees of certain entities to sit on the California Coastal Commission. This bill would add members or employees of JPAs and LAFCOs into that list.

3/24/2023: No change since introduction.

3

**AB 557**

**(Hart D) Open meetings: local agencies: teleconferences.**

**Current Text:** Introduced: 2/8/2023 [html](#) [pdf](#)

**Introduced:** 2/8/2023

**Status:** 2/17/2023-Referred to Com. on L. GOV.

**Location:** 2/17/2023-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health, as specified. If there is a continuing state of emergency, or if state or local officials have imposed or recommended measures to promote social distancing, existing law requires a legislative body to make specified findings not later than 30 days after the first teleconferenced meeting, and to make those findings every 30 days thereafter, in order to continue to meet under these abbreviated teleconferencing procedures. Current law requires a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures to give notice of the meeting and post agendas, as described, to allow members of the public to access the meeting and address the legislative body, to give notice of the means by which members of the public may access the meeting and offer public comment, including an opportunity for all persons to attend via a call-in option or an internet-based service option. Current law prohibits a legislative body that holds a teleconferenced meeting under these abbreviated teleconferencing procedures from requiring public comments to be submitted in advance of the meeting and would specify that the legislative body must provide an opportunity for the public to address the legislative body and offer comment in real time. This bill would extend the above-described abbreviated teleconferencing provisions when a declared state of emergency is in effect, or in other situations related to public health, as specified, indefinitely.

**Position**

Neutral

**Subject**

Brown Act

**CALAFCO Comments:** Similar in scope to SB 411, this bill is follow-on legislation to AB 361 (2022) and seeks to return some of the pandemic-era teleconferencing provisions to the Brown Act and would change the timeline for legislative bodies to reaffirm an emergency from the current 30 days to 45 days. This bill is sponsored by CSDA.

**AB 817****(Pacheco D) Open meetings: teleconferencing: subsidiary body.****Current Text:** Amended: 3/16/2023 [html](#) [pdf](#)**Introduced:** 2/13/2023**Last Amend:** 3/16/2023**Status:** 3/20/2023-Re-referred to Com. on L. GOV.**Location:** 3/16/2023-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. This bill would authorize a subsidiary body, as defined, to use alternative teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. In order to use teleconferencing pursuant to the Ralph M. Brown Act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote, before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.

**Position**

Neutral

**Subject**

Brown Act

**CALAFCO Comments:** This bill appears to be a spot holder in that it currently only makes minor grammatical changes. The lack of substance raises concern regarding future changes to this bill.

3/16/2023: The bill was amended to speak specifically to teleconferenced meetings of subsidiary bodies, defined as a body that serves exclusively in an advisory capacity, and is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements. For qualifying bodies, this bill would remove the requirement to post an agenda at the location of the subsidiary body member who was participating from off site- providing that the legislative body that formed the subsidiary body has previously made findings noting that teleconferenced meetings of the subsidiary body would enhance public access, and would promote the attractions, retention and diversity of the subsidiary body. The superior legislative body would need to revisit the matter and repeat those finding every 12 months thereafter. This bill also reaffirms that other provisions of the Brown Act are applicable to subsidiary bodies.

**AB 1753****(Committee on Local Government) Local government: reorganization.****Current Text:** Introduced: 3/2/2023 [html](#) [pdf](#)**Introduced:** 3/2/2023**Status:** 3/16/2023-Referred to Com. on L. GOV.**Location:** 3/16/2023-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the sole and exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. The act requires a petitioner or legislative body desiring to initiate proceedings for a change of organization or reorganization to submit an application to the executive officer of the principal county. The act specifies when an application is complete and acceptable for filing, and requires the executive officer to immediately issue a certificate of filing when an application is accepted for filing, as specified. Upon the filing of an application or a resolution pursuant to the act, but prior to the issuance of a certificate of filing, current law requires the executive officer to give notice of the filing to the assessor and auditor of each county within which the territory subject to the jurisdiction change is located, as specified. Current law prohibits the executive officer from issuing a certificate pursuant to the provisions described above until resolutions are adopted by specified counties and cities in which they agree to accept the exchange of property tax revenues. Current law authorizes a county and any local agency within the county to develop and adopt a master property tax transfer agreement, as specified. This bill would, if applicable, prohibit the executive officer from accepting for filing an application for change or organization or reorganization and issuing a certificate of filing pursuant to the provisions described above, and would provide that an application is not deemed accepted for filing pursuant to the provisions described above, if an agreement for the exchange of property tax revenues has not been adopted pursuant to the provisions described above.

**Position**

Support

**Subject**

CKH General

**CALAFCO Comments:** This is CALAFCO's Omnibus bill. It seeks to add two new provisions to CKH. The first, would add section (d)(1) to Government Code Section 56658 and would note that R&T Section 99(d)(b)(6) requires an property tax agreement for an application to be considered complete. The second adds language to GC Sec. 56882 allowing transmission of commission determination by email, providing that the executive officer confirms receipt through an electronic read receipt of other means.

**SB 411****(Portantino D) Open meetings: teleconferences: bodies with appointed membership.**

**Current Text:** Introduced: 2/9/2023 [html](#) [pdf](#)

**Introduced:** 2/9/2023

**Status:** 2/22/2023-Referred to Coms. on GOV. & F. and JUD.

**Location:** 2/22/2023-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. This bill would authorize a legislative body to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. The bill would alternatively define "legislative body" for this purpose to mean a board, commission, or advisory body of a local agency, the membership of which board, commission, or advisory body is appointed and which board, commission, or advisory body is otherwise subject to the Ralph M. Brown Act.

**Position**  
Neutral

**Subject**  
Brown Act

**CALAFCO Comments:** This bill would permanently add back provisions to Section 54953.4 of the Brown Act that had been temporarily enacted during the COVID-19 pandemic. The amendment would allow a legislative body to use teleconferencing provisions, and would define the proper procedure for conducting such a meeting, would require the legislative body to take no further action in the event of a broadcasting disruption within the local agency's control until the broadcast can be resumed, would require time public comment periods to remain open until the public comment time has elapsed, and would not only prevent requiring comments in advance but would also require that the public be afforded the chance to comment in real time.

**SB 537****(Becker D) Open meetings: local agencies: teleconferences.**

**Current Text:** Amended: 3/22/2023 [html](#) [pdf](#)

**Introduced:** 2/14/2023

**Last Amend:** 3/22/2023

**Status:** 3/22/2023-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

**Location:** 2/14/2023-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Summary:** Current law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows "just cause," including for a childcare or caregiving need of a relative that requires the member to participate remotely. This bill would authorize certain legislative bodies to use alternate teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency. The bill would also require a legislative body to provide a record of attendance on its internet website within 7 days after a teleconference meeting, as specified. The bill would define "legislative body" for this purpose to



mean a board, commission, or advisory body of a multijurisdictional cross county agency, the membership of which board, commission, or advisory body is appointed and which board, commission, or advisory body is otherwise subject to the act. The bill would also define "multijurisdictional" to mean a legislative body that includes representatives from more than one county, city, city and county, special district, or a joint powers entity.

**Position**

Neutral

**Subject**

Brown Act

**CALAFCO Comments:** This is a spotholder bill that states an intent to expand local government's access to hold public meetings through teleconferencing and remote access.

3/22/2023: was amended and fleshed out to add teleconferencing provisions to allow legislative bodies of multijurisdictional agencies to meet remotely. Multijurisdictional agencies are defined as boards, commissions, or advisory bodies of a multijurisdictional, cross county agency, which is composed of appointed representatives from more than one county, city, city and county, special district, or a joint powers entity.

The bill is sponsored by Peninsula Clean Energy, a community choice aggregator with a board comprised of local elected officials from the County of San Mateo and its 20 cities, as well as the City of Los Banos.

**SB 878**

**(Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/17/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Status:** 3/14/2023-Set for hearing March 29.

**Location:** 3/1/2023-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:** 3/29/2023 9:30 a.m. - 1021 O Street, Room 2200 SENATE GOVERNANCE AND FINANCE, CABALLERO, ANNA, Chair

**Summary:** Would enact the First Validating Act of 2023, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

**Position**

Support

**Subject**

LAFCo  
Administration

**CALAFCO Comments:** This is the first of three annual validating acts. The joint letter of support is in the attachments section.

**SB 879**

**(Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/17/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Status:** 3/14/2023-Set for hearing March 29.

**Location:** 3/1/2023-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:** 3/29/2023 9:30 a.m. - 1021 O Street, Room 2200 SENATE GOVERNANCE AND FINANCE, CABALLERO, ANNA, Chair

**Summary:** Would enact the Second Validating Act of 2023, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

**Position**

Support

**Subject**

LAFCo  
Administration

**CALAFCO Comments:** This is one of three annual validating acts. The joint letter of support is in the attachments section.

**SB 880**

**(Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 2/17/2023 [html](#) [pdf](#)

**Introduced:** 2/17/2023

**Status:** 3/14/2023-Set for hearing March 29.

**Location:** 3/1/2023-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

**Calendar:** 3/29/2023 9:30 a.m. - 1021 O Street, Room 2200 SENATE GOVERNANCE AND FINANCE, CABALLERO, ANNA, Chair

**Summary:** Would enact the Third Validating Act of 2023, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

**Position**  
Support

**Subject**  
LAFCo  
Administration

**CALAFCO Comments:** This is one of three annual validating acts. The joint letter of support is in the attachments section.

**Total Measures: 22**

**Total Tracking Forms: 22**



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

April 5, 2023

Honorable Cecilia Aguiar-Curry, Chair  
Assembly Local Government Committee  
California State Assembly  
1021 O Street, Room Suite 6350  
Sacramento, CA 95814

Subject: **Support of Assembly Bill 1753 (Omnibus Bill)**

Dear Chair Aguiar-Curry:

The Local Agency Formation Commission of Santa Cruz County is pleased to support the Assembly Local Government Committee Bill (**AB 1753**), sponsored by the California Association of Local Agency Formation Commissions (CALAFCO), which makes technical, non-substantive changes to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act").

This annual bill includes technical changes to the CKH Act which governs the work of LAFCOs. These changes are necessary as Commissions implement the CKH Act and small inconsistencies are found or clarifications are needed to make the law as unambiguous as possible. AB 1753 currently makes minor technical corrections to language used in the CKH Act. Santa Cruz LAFCO is grateful to your Committee members and staff, and CALAFCO, all of whom worked diligently on this language to ensure there are no substantive changes while creating a significant increase in the clarity of the CKH Act for all stakeholders.

This legislation helps insure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the State. We appreciate your Committee's authorship and support of this bill, and your support of the mission of LAFCOs.

Sincerely,

Joe A. Serrano  
Executive Officer

cc: Members, Assembly Local Government Committee  
Jimmy MacDonald, Consultant, Assembly Local Government Committee  
William Weber, Consultant, Assembly Republican Caucus  
René LaRoche, Executive Director, CALAFCO





Santa Cruz Local Agency Formation Commission

Date: April 5, 2023  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Press Articles during the Months of February and March**

---

**SUMMARY OF RECOMMENDATION**

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

---

**EXECUTIVE OFFICER'S REPORT**

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

**Article #1: "Watsonville City Council receives update on goals for next two years":**

The article, dated February 23, highlights the City's strategic plan, which is adopted every two years. The current plan outlines seven long-range priorities, such as housing and efficient government. The strategic plan and identified goals will be analyzed in more detail by LAFCO as part of the upcoming service and sphere review, which is scheduled to be presented to the Commission in May 2023.

**Article #2: "Watsonville Community Hospital moving closer to financial viability":**

The article, dated March 6, indicates that the hospital, under the guidance of the newly formed Pajaro Valley Health Care District, is expecting to achieve positive monthly earnings by the end of the calendar year after years of annual losses. LAFCO recently updated its policies to reflect the new special district and is expected to produce a service and sphere review for the healthcare district during the 2025 calendar year.

**Article #3: "John Laird launches bid for reelection":** The article, dated March 8, notes that Senator Laird will be running for reelection to represent the 17th District, which includes the counties of Monterey, San Benito, and Santa Cruz. Senator Laird has supported LAFCO in the past. More recently, he was instrumental in the formation of the Pajaro Valley Health Care District through special legislation.

**Article #4: "Santa Cruz announces emergency repairs to Newell Creek Pipeline":**

The article, dated March 15, explains how the City of Santa Cruz is relying on a strategic partnership with the Soquel Creek Water District to help maintain its short-term water supply while it repairs the Newell Creek Pipeline. This main pipeline supplies water from the Loch Lomond Reservoir to the Graham Hill Water Treatment Plant. Loch Lomond is the primary water storage facility for the city's water department and its 98,000 customers.

**Article #5: “Rough and Ready Fire votes to dissolve: LAFCO processes begin”:** The article, dated March 21, highlights the unanimous vote to dissolve by the Rough and Ready Fire Protection District Board of Directors. The vote adopted a resolution to initiate the dissolution process with Nevada LAFCO. At present, neighboring fire agencies have been covering calls within the Rough and Ready FPD service area.

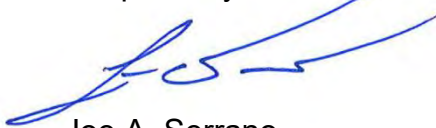
**Article #6: “Watsonville Community Hospital CEO to resign”:** The article, dated March 20, notes that Steven Salyer has resigned as the hospital’s chief executive officer after taking the position in the summer of 2021. Mr. Salyer was instrumental in helping form the healthcare district during his tenure.

**Article #7: “Matko Vranjes appointed as Watsonville Community Hospital interim CEO”:** The article, dated March 22, indicates that the Pajaro Valley Health Care District’s Board of Directors hired Matko Vranjes as the Hospital’s interim chief executive officer. Mr. Vranjes has been with the Watsonville Hospital since 1991 and was currently serving as the chief operating officer.

**Article #8: “Big Basin Water Company moves toward receivership”:** The article, dated March 24, notes that State Regulators are pursuing a receivership for a privately-owned water system in Santa Cruz County known as the Big Basin Water Company. A receivership is a court-appointed solution for a utility or agency and occurs when the business has secured debt that they are unable to pay. A receiver is ultimately appointed to sell the assets and pay the bills. It is important to note that the San Lorenzo Valley Water District, the County, and LAFCO were exploring annexation as an alternative solution, however, the status of the negotiations between SLVWD and Big Basin are unknown at this time.

**Article #9: “Santa Cruz County approves fire tax transfer to Scotts Valley”:** The article, dated March 28, announces that the Santa Cruz County Board of Supervisors unanimously adopted the property tax exchange agreement for the proposed reorganization involving Branciforte and Scotts Valley Fire Protection Districts (FPD). This legally required resolution transfers all existing property taxes from the dissolving agency (BFPD) to the successor agency (SVFPD). Staff anticipates presenting the proposed reorganization to the Commission in June for consideration and approval.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

Attachments:

1. “Watsonville City Council receives update on goals for next two years”
2. “Watsonville Community Hospital moving closer to financial viability”
3. “John Laird launches bid for reelection”
4. “Santa Cruz announces emergency repairs to Newell Creek Pipeline”
5. “Rough and Ready Fire votes to dissolve: LAFCO processes begin”

6. "Watsonville Community Hospital CEO to resign"
7. "Matko Vranjes appointed as Watsonville Community Hospital interim CEO"
8. "Big Basin Water Company moves toward receivership"
9. "Santa Cruz County approves fire tax transfer to Scotts Valley"

[pajaronian.com](http://pajaronian.com)

## Watsonville City Council receives update on goals for next two years

*By: Katy St. Clair*

3–4 minutes

---

WATSONVILLE—The Watsonville City Council met Saturday to get an update on the current Strategic Plan, which was adopted in June 2021.

The council adopts a new plan every two years and the 2021-23 plan outlines seven long-range priorities, which are housing, infrastructure and the environment, public safety, efficient government, economic development, community engagement, and fiscal health.

As with just about every municipality across the state, Watsonville is focusing on affordable housing through further developing the downtown area and adding high-density, vertical housing; expanding rental housing, and a community awareness campaign about rental assistance, home buyer programs and accessory-dwelling unit (ADU) regulations.

Farmworker housing initiatives are also part of the plan. Eighty-three percent of the farmworkers in Santa Cruz County are undocumented, thereby not offered the protections of working citizens, according to the nonprofit advocate Center for Farmworker Families.

Roads, parks and fiber technology are the focus of the council's infrastructure and environment goals. The city is working on beefing up its cyber security measures and providing public internet access in local parks. The council also set a goal of developing a public art program. Parks, recreation centers and public spaces will also be evaluated for their accessibility for people with disabilities or

mobility challenges.

Environmentally, Watsonville is working toward a city climate action and adaptation plan to tackle climate change. This includes increasing the city's electric vehicle infrastructure, phasing out natural gas in city buildings, reducing food waste, and carbon sequestration, such as simply planting more trees.

Public safety includes a pedestrian safety education and awareness campaign targeting both motorists and pedestrians. The Vision Zero work plan is an effort to reduce traffic fatalities. Full reconstruction of Freedom Boulevard, Airport Boulevard and Green Valley Road are also in the plan.

The council has included youth development in its public safety plan to prevent gangs, violence and drug and alcohol use by providing young people with programs that “build confidence, connection, and support the socioemotional health” of youth and families, according to the Strategic Plan.

In January the council appointed youth representatives to the Watsonville Library Board of Trustees and the Parks and Recreation Commission in an effort to put younger voices in decision-making processes.

Mayor Eduardo Montesino touted the city's Youth Action Council, which is a peer-led group of residents between the ages of 13 and 18 that sets kids up for a “successful future,” according to the city.

Economically speaking, the council is focused on the word “sustainability.” Growing pension costs, city debt and capital improvements are high on the list of priorities.

Finally, the council wants to add more bike lanes and trails, control needle and syringe litter, replace sewer and water infrastructure, work with both the county and state for additional mental health and homelessness services, revamp the city's website, and promote and recruit more women in law enforcement.

*Copyright © 2023 Bay City News, Inc.*

[santacruzsentinel.com](https://santacruzsentinel.com)

## Watsonville Community Hospital moving closer to financial viability

*PK Hattis*

5–7 minutes

---

WATSONVILLE — After years of operating with annual losses numbering in the tens of millions, the Pajaro Valley Health Care District is planning to consistently achieve a positive monthly bottom line for Watsonville Community Hospital by the third or fourth quarter of this year, according to a district release.

When the district acquired the hospital and returned it to public ownership roughly six months ago, long-term financial viability efforts began in quick succession after the hospital lost more than \$20 million in both 2021 and 2022.

According to the release, the hospital is expecting about \$11 million in additional annual revenue through recently renegotiated contracts with major insurance companies and expects to achieve \$8 million in labor efficiencies in 2023 after rolling out new staffing schedules in October to reduce costs for overtime pay and temporary employees. The hospital is also focused on expanding its service lines and is planning to launch a new cardiac catheterization lab later this year.

But some decisions have drawn criticism.

Hospital [nurses have condemned](#) a scheduling decision to move most part-time nursing staff to full-time status in an effort to eliminate exorbitant costs for traveling nurses and overtime pay. Annabelle Covington, a nurse in the hospital's labor and delivery department, said in an email to the Sentinel that nursing departments have experienced turnover associated with the decision and that it hasn't eliminated the need for travel nurses.



“In order for our hospital to meet the health care needs of our patients and community, and to create a healthy and safe work environment for our nurses and other vital staff, it is essential that input from the frontline nurses are a key part of the decision-making process with both the elected board of directors and senior administration,” wrote Covington in a statement shared through the California Nurses Association, the nurses’ union representative.

Meanwhile, the district also aims to build off of the historic community fundraising effort that made the hospital purchase possible in the first place.

At its Dec. 28 meeting, the health care district appointed five new board members to the Pajaro Valley Healthcare District Project with the intention of reorganizing its fundraising arm into a permanent philanthropic foundation.

The Healthcare District Project was responsible for raising more than \$66 million to purchase the hospital after it declared bankruptcy in 2021. It now hopes to carry that momentum forward so it can continue to build hospital reserves and finance new projects, according to the release.

The new foundation board held its first meeting Jan. 30 where it hired June Ponce as its executive director. Ponce told the Sentinel that the Healthcare District Project’s transition is a natural next step.





June Ponce is the new executive director of the Pajaro Valley Healthcare District Project. (June Ponce – contributed)

“Really it was the perfect opportunity for the project given their track record and their success,” said Ponce, who previously served as the director of marketing, growth and outreach for Watsonville Community Hospital. “I am just pleased and honored with the work that the previous project did and I want to carry the baton and continue to build on what they started.”

Ponce said the hospital is already working to develop a strategic plan that includes input from a range of stakeholders to identify key service lines that the community wants and needs. Ponce said the foundation will work alongside the hospital and the district to help manifest these targeted needs.

“The strategic plan is going to help shape the direction of the hospital,” said Ponce adding that the process will include surveys and community meetings. “(The foundation) will make sure that those goals and initiatives and community needs are met.”

Additionally, the Healthcare District Project, which plans to eventually give itself a new name, will also pursue grant opportunities, individual donor contacts, fundraising events and an employee giving campaign that will launch this month.

“The sustainability of Watsonville Community Hospital will be based in large part on our ability to raise needed revenue through government grants, private donations and community gifts,” said Pajaro Valley Health Care District Board Chair John Friel in a

release. “We have looked at many possibilities and throughout that process we realized that (Pajaro Valley Healthcare District Project) – an incredible organization with proven results and a commitment to our community, would be the best partner to achieve our shared goals.”

New foundation board members include Bank of America Monterey Bay President Jennifer Dacquisto, Santa Cruz County Bank Vice President and Business Banking Officer Brent Dunton, Kaiser Foundation Health Plan Senior Vice President and Area Manager Irene Chavez, former Driscoll’s Human Resources Director Janet Heien and current Watsonville Hospital CEO Steven Salyer.

According to the release, the district is hoping to identify as many as 10 additional individuals to serve on the foundation’s governing board. Community members interested in serving can contact Ponce at [jponce@pvhdp.org](mailto:jponce@pvhdp.org).

# John Laird launches bid for reelection

BY PK HATTIS

[PKHATTIS@SANTACRUZSENTINEL.COM](mailto:PKHATTIS@SANTACRUZSENTINEL.COM)

SANTA CRUZ >> California state Sen. John Laird (D-Santa Cruz) announced Tuesday that he is running for reelection to represent the 17th District, which includes Monterey, San Benito and Santa Cruz counties.

"It has been an amazingly successful couple of years so far," Laird told the Sentinel. "I've enjoyed just getting things done and I want to keep doing that."

Laird, 72, a long-time political presence in Santa Cruz County, was first elected to the Senate in 2020. Before that, he was the California secretary for natural resources from 2011 to 2019 during Gov. Jerry Brown's administration and previously served in the Assembly representing the 27th District from 2002 to 2008.

Laird was instrumental in the effort to save Watsonville Community Hospital after it went bankrupt in 2021 and crafted the legislation that formed the Pajaro Valley Health District, which went on to purchase the hospital in August and return it to public ownership.

"The effort to save Watsonville Hospital was an amazing effort that I was proud to play a major role in," said Laird, who fast-tracked the bill through the Legislature in roughly 19 days — a feat he called "unheard of."

Laird also authored Senate Bill 489, which authorized the Department of Water Resources to provide funding to the Pajaro River Flood Risk Management Project as it seeks to rebuild the outdated Pajaro River levee system.

"Some of it is actually bridging local, state and federal government," said Laird, "and I can play a real role in the local and the state."

In all, Laird said he has sent 29 bills to Gov. Gavin Newsom's desk in his first term so far with legislative highlights that include survival benefits for families of fallen officers, fentanyl overdose reversal drugs, protections against excessive rents for mobile home residents, higher education housing expansion and efforts to address climate change.

Asked for his focus moving forward, Laird replied: "Mother Nature just chose one of the biggest priorities in the last two months."

"The atmospheric rivers hit the 17th Senate District harder than any other Senate district," said Laird, adding that he intends to use his extensive experience in government to help push forward recovery efforts. This includes a bill he recently introduced that looks to address sea level rise planning, coastal resiliency and safe battery storage projects.

Laird's history with Santa Cruz dates back to the late 1960s when he arrived to attend UC Santa Cruz. He was elected to the Santa Cruz City Council in 1981 where he served until 1990. His tenure in office included two yearlong stints as mayor in 1983 and 1987 when he was one of the first openly gay mayors in the country, according to his website.

Prior to his election to the State Assembly, Laird was on the Cabrillo College Board of Trustees from 2002 to 2008.

"I worked on equity last year in our climate package and I'm working on it in education," said Laird. "That will always be a big issue."

Laird won his 2020 Senate race by a margin of more than 145,000 votes but following the 2020 census process, district lines have shifted. Boundaries for the 17th District were changed to include San Benito County and the Salinas Valley in Monterey County and it no longer includes Santa Clara County or areas in southern San Luis Obispo County.

"The district is changing by 300,000 voters," said Laird. "This is going to be a little more of a Central Coast district and I'm really looking forward to running in the areas that will be new to me."

The primary election will be held March 5, 2024. The California Secretary of State's Office did not confirm before the Sentinel's print deadline if other candidates have filed an intention to run for the 17th District state senate seat.

[santacruzsentinel.com](http://santacruzsentinel.com)

## Santa Cruz announces emergency repairs to Newell Creek Pipeline

*PK Hattis*

~3 minutes

---

SANTA CRUZ — Emergency repairs were underway Wednesday to the Newell Creek Pipeline, one of the main arteries supplying water from the Loch Lomond Reservoir to the Graham Hill Water Treatment Plant, after it was shut down Tuesday following damage from recent atmospheric river storms, according to a release from the city of Santa Cruz.

Loch Lomond is the primary water storage facility for the city's water department and its 98,000 customers. It sometimes relies on the reservoir during periods of heavy storms when the city's normal water supply from local rivers and streams becomes stirred up with too much dirt and sediment and is unusable.

"Most of Santa Cruz's water infrastructure dates back to the 1960s, before climate change was on our radar," said city of Santa Cruz Water Director Rosemary Menard in the release. "It wasn't designed for the kinds of challenges that climate change brings, such as extreme storms and multiple years of drought. Newell Creek Pipeline is particularly vulnerable to these kind of extreme weather events."

The vast majority of the Santa Cruz water supply comes from local sources, with 95% originating from local rivers and streams. The city processes 6-8 million gallons of water per day, manages 4,000 acres of watershed lands and oversees 300 miles of distribution lines.

The city is relying on water from storage tanks and an emergency interconnection with the Soquel Creek Water District to help fill

maintain its short-term water supply. Should repairs to the broken pipeline take longer than expected, there may be a call for customers to temporarily cut back on water use, according to the release.

Santa Cruz Water Department spokesperson Eileen Cross told the Sentinel that the city's water supply was "holding steady" as of midday Wednesday, but there was no update on when repairs were expected to be complete.

The pipeline, which is the only link between the reservoir and the water treatment plant, has suffered repeated storm damages, including an event in 2017 that did result in a period of water use cutbacks for city residents.

The break comes amid plans for a massive overhaul of the city's critical backbone water infrastructure, including an effort to replace the Newell Creek pipeline at an estimated cost of \$38 million. The project will move the 8-mile pipeline from inside Henry Cowell State Park to an alignment with Graham Hill Road.

The Loch Lomond reservoir also reached its capacity and spilled into the upper San Lorenzo River in January for the first time since 2019.



[theunion.com](http://theunion.com)

# Rough and Ready Fire votes to dissolve: LAFCo processes begin

*Marianne Boll-See, Staff Writer*

8–9 minutes

---

A unanimous vote was taken yesterday to approve a resolution to initiate a long and structured process with the Local Agency Formation Commission (LAFCo) to consider dissolving the Rough and Ready Fire Protection District (Rough and Ready Fire).

The vote to pass the resolution begins the application process to LAFCo to determine dissolution. It will then be in the hands of LAFCo and the process takes time.

Once a determination is made, there is a 30-day period by law before LAFCO can take action so that protest or reconsideration requests can be collected.

Voters and property owners would have to file a written protest that specifies their address, their registered voter name, or if they are protesting a property owner, their parcel number, according to SR Jones, LAFCo's Executive Officer in Nevada County.

LAFCo would collect those protests and evaluate them. If there is a sufficient number of protests, 25% of voters or property owners, then there has to be an election within the district.

“There will be an analysis of the proposal and we will be looking at funding options. The commission will then hold a public hearing.

The public will be invited. There will be lots of advertisements for that public hearing,” Jones said.

The Rough and Ready Fire Board will continue to clear all debts, generate donations and fundraising events and work to fund staffing during fire season, according to Doug Wittler, Director of the Rough and Ready Fire Board.

The decisions and actions from LAFCo have requirements and timelines. If the LAFCo process for dissolution could happen simultaneously with an annexation, this would be ideal for residents.

Change, whether it be the dissolution of the station or some type of annexation, is not going to happen just yet.

“Our short-term goal would be to staff the station during fire season. Our long-term goal would be annexation or some type of reorganization and we’re working with LAFCo to see what that looks like,” Wittler said.

There are many balls in the air, according to Tom Nelson, Director of Rough and Ready Fire, and steps to take before the station closes its doors.

The neighboring fire districts have worked hard with Rough and Ready Fire to make sure that service is maintained for the Rough and Ready residents, according to Wittler who thanked all the fire chiefs in the room.

“I do have a concern of how quickly LAFCo can process this. I understand that things do have to take place. But there is a real sense of urgency, so anything that can be fast-tracked would be most appreciated,” Wittler said.

Residents attending the meeting expressed concerns about obtaining even basic homeowners fire insurance if the district is

perceived to have less than full staffing.

“This is a big deal. The folks who live here want to know about it, but also your neighbors. The neighboring agencies are all ears,” Jones said. “LAFCo’s job here is to make sure that all the agencies are informed and have an opportunity to weigh in on this.”

When one fire district covers an emergency outside the boundaries of its district because it can respond faster due to proximity, that district is not compensated financially.

Rough and Ready Fire covers approximately 300 calls to outside districts a year, and that will affect neighboring districts.

Penn Valley has been covering calls for Rough and Ready when the station was forced to eliminate shifts due to financial strain.

“We’ve already been picking up the C shift since back in July, so the station is only open  $\frac{2}{3}$  of the time,” Don Wagner, Fire Chief of Penn Valley Fire Protection District said. “Starting in another week, one more shift will be browned out, and it will be down to a third of the time that the station will be staffed here.”

Coverage of Rough and Ready Fire has fallen on Penn Valley Fire, Grass Valley Fire and Nevada County Consolidated to respond to the calls.

“Something’s got to give in order to provide consistent coverage all the time,” Wagner said.

The financial crisis in the Rough and Ready Fire District is not isolated. Other special districts feel the strain of the 1% *ad valorem* from secured property taxes collected by the County. In addition, Nevada County is one of only six counties in the state of California that also share a percentage of Prop 172 funds with local fire districts.

When asked, “Are we the guinea pigs in all this?” by Sheridan Loungway, Chairperson of the Rough and Ready Fire Board, Jones responded that she recognized the Rough and Ready’s board as showing courage for taking a straight look at this situation.

“More like the canary in the coal mine. We’ve had consolidations in this county before. And sometimes those consolidations look a whole lot like a dissolution followed by a reorganization,” Jones said. “We’ve had situations where districts were severely challenged and consolidated, but not this severe. You guys have got me worried.”

A domino effect was another concern because if Rough and Ready dissolves, the impact on the rest of Nevada County would be felt.

“If we are a domino, we would like to disappear in place and not have an effect on other agencies. Even though obviously we are here to protect Rough and Ready, we do run  $\frac{2}{3}$  of our calls into neighboring fire districts, being Consolidated and Penn Valley,” Wittler said. “Even though we may disappear as a fire district, we want this to have as little impact as possible on the rest of Nevada County and the adjacent agencies.”

Historically, severe fires tend to burn through Rough and Ready, according to Wittler.

“Our goal is to have this station staffed during the fire season. Whether that be with Consolidation or with Penn Valley,” Wittler said. “They are working with us on trying to minimize the damage that it may cause other districts and all our homeowners.”

There are enough funds to pay off the costs of the fire station according to Wittler. Clearing all debt would be the best preparation for annexation.

“That is our goal to have no debt before we dissolve...The biggest

debt we have is the building. It's not that much, \$230,000. At the end of the road, it has to stay whole and it has to remain a fire station," Wittler said.

Efforts to continue fundraising such as spaghetti feeds, booths at the Nevada County fair, yard sales, and internet sales will continue. Officers for a fundraising committee will be selected at a meeting Wednesday night, according to Wittler.

In addition, campaigns for accepting donations from the community are in the works to keep the station staffed through the fire season.

The timing of LAFCO's process and continued conversations with neighboring districts are crucial. Any fundraising efforts could contribute to making an annexation happen.

"I would think it would be final sometime after the fiscal year. I can't see this getting in front of LAFCo before May," Jones said. "And then another month would have to go by for protest and consideration. Only then could it become final, and that would be sometime after June."

After Penn Valley holds its next board meeting on April 4, Rough and Ready will have another Town Hall meeting to share financial analysis with the community and show how the district will fulfill its due diligence before LAFCo reviews the options.

"The commission is going to be focused on service. It is going to want to see a plan in place that is going to assure that there is going to be coverage, or at least a plan for winding down the liabilities of the district failing a plan to provide service," Jones said. "We are hoping very much that a coverage plan will come forward."

[santacruzsentinel.com](https://santacruzsentinel.com)

## Watsonville Community Hospital CEO to resign

*PK Hattis*

2–3 minutes

---

WATSONVILLE — After less than two years in the role, Steven Salyer will be stepping down as CEO of Watsonville Community Hospital.

The Pajaro Valley Healthcare District, which became the owner of the hospital in September of last year, has scheduled a special meeting Wednesday to formally accept the decision after Salyer tendered his resignation late last week, according to a district release. Salyer's final day in the role will be April 10.

The Wednesday meeting will include a closed session for the board to discuss interim plans for the hospital and its leadership.

“On behalf of the Pajaro Valley Healthcare District, I want to thank Steven for his leadership in guiding the hospital through its transition from a for-profit facility to a community led nonprofit. He did a great job, and we wish him the best,” said Pajaro Valley Healthcare District Chair John Friel in the release. “One benefit of having a community hospital that is on a positive financial path and led by a local healthcare district, is that when there is transition, the leadership team remains solid and focused on providing quality healthcare. Watsonville Community Hospital is in good hands and solid footing for a bright future.”

Salyer was [named hospital CEO](#) in summer of 2021, only a few months before the [hospital filed for bankruptcy](#). He continued in the role through the bankruptcy process, the creation of the new health care district, a \$65.5 million community-based fundraising effort and the purchase of the hospital itself, which was finalized in late August of last year.



In late December, Salyer was also named as a board member for the Pajaro Valley Healthcare District Project, which is being remade into the health care district's philanthropic arm.

*This story will be updated.*



PK reports on health, transportation and the Santa Cruz County Board of Supervisors for the Sentinel. He was born and raised in Santa Cruz and considers it a great privilege to cover the town in which he grew up. When he's away from his desk, he enjoys playing beach volleyball and watching his beloved Golden State Warriors.

[santacruzsentinel.com](http://santacruzsentinel.com)

# Matko Vranjes appointed as Watsonville Community Hospital interim CEO

*Nick Sestanovich*

2–3 minutes

---

Matko Vranjes, Watsonville Community Hospital's chief operating officer, has been named its interim chief executive officer as the Pajaro Valley Healthcare District's Board of Directors searches for a new CEO, the district announced in a news release.

A 31-year veteran of the hospital, Vranjes will be temporarily taking over from Steven Sayler, who announced this week that he will be resigning his position April 10 due to a private family matter after a year and a half as CEO. Vranjes will take over April 11.

Vranjes started at the hospital in 1991, over time holding positions in materials management, facilities management, emergency management, compliance and as the safety officer for Watsonville Community Hospital, per the news release. He currently serves as COO, providing management oversight for the development of "quality, integrated, cost-effective medical programs," according to the release.

"The Community knows Matko," said Pajaro Valley Healthcare District Chair John Friel in a press statement. "He grew up in Watsonville, graduated from its schools, is raising his family here and volunteers at numerous organizations. He is the right leader at

the right time to fill this role, while our ad hoc commences the process to hire a new CEO.”

A two-member ad hoc committee consisting of Friel and board member Marcus Pimentel has been created to begin the search for a permanent CEO.

In a statement, Vranjes thanked the board for naming him to the position.

“I would like to thank the Pajaro Valley Healthcare District Board for their support and vote of confidence,” he said. “I also want to thank all the wonderful people who work at the hospital for their service throughout this transition. Let’s embrace this opportunity to grow our partnership with the community and ensure we continue meet the healthcare needs of the community we serve.”

[pressbanner.com](http://pressbanner.com)

## Big Basin Water Company moves toward receivership - Press Banner | Scotts Valley, CA

*By: Christina Wise*

4–5 minutes

---

In 2020, Big Basin Water Company (BBWC) suffered catastrophic losses to its infrastructure due to the CZU August Lightning Complex Fire, which ripped through the housing of the water company and left it completely devastated, resulting in a 100% loss of water for the utility's 1,120 customers.

Now, years later, Santa Cruz County Supervisor Bruce McPherson is working with state regulators as they move toward pursuing receivership for Big Basin Water. Receivership is a court-appointed solution for a utility or agency and occurs when the business has secured debt that they are unable to pay; a receiver is appointed to sell the assets and pay the bills.

“After years of documenting BBWC’s history of unreliability and poor communication, the state Water Resources Control Board’s Division of Drinking Water has taken new action that I hope will help us collectively chart a better future for BBWC’s customers,” McPherson said. “The agency’s Office of Enforcement has begun the process of pursuing receivership of the company following numerous violations that have been largely ignored by BBWC despite carrying the potential for at least \$2.9 million in fines.”

That amount of money does not include additional violations cited

in January 2023.

The Office of Enforcement issued a letter to the utility that read in part, “BBWC must ensure a reliable and adequate supply of water at all times that is pure, wholesome, potable and does not endanger the health of its consumers. BBWC is not currently satisfying that obligation as it does not have the technical, managerial, and financial capacity to operate a public water system, and it is unresponsive to the rules and orders of the Division.”

The letter further outlined deficiencies in the utility’s operation, including its failure to “secure adequate backup power for its system and its failure to repair and replace storage and distribution facilities.”

In addition, the letter cited the incompetence of the utility to respond adequately to PG&E’s Public Safety Power Shutoffs in October 2019 due to exacerbated fire danger within the community.

“Despite ample notice of the planned power outage, BBWC was unable to adequately respond and experienced a water outage on October 28 and 29, 2019, which required BBWC to issue a boil water notice to affected customers. BBWC thereafter did not comply with the Division’s repeated requests that BBWC provide a power outage response plan to eliminate the recurrence of the problem,” the letter read.

The lack of managerial capacity and the utility’s inability to adequately staff its operations further led to the state’s pursuit of receivership, as well. Despite the dark days behind BBWC, McPherson is optimistic about the future.

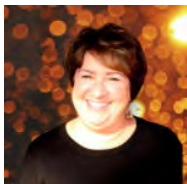
“We should see this as real progress toward a better future for Big Basin Water customers. We don’t know exactly how long the process might take, but we are all hoping to see a receiver in place as soon as possible,” McPherson said. “I expect the state will

release more details soon about the process and work to address the community's questions. The biggest issue we have is funding, and there is state money available for consolidation with public entities. So, I'm focused on supporting that path."

In 2022, there was talk of a possible merger between San Lorenzo Valley Water District and BBWC, but that idea was never realized; now, a receivership is the only path forward for the strained agency.

BBWC has requested its first general rate increase since 2014 through the state Public Utilities Commission, which has announced a hearing to take public input on Monday, April 3, at 6pm at the Boulder Creek Golf and Country Club, 16901 Big Basin Highway.

*To inquire about the receivership process, contact the Water Resources Control Board at 831-655-6939 or [dwpdist05@waterboards.ca.gov](mailto:dwpdist05@waterboards.ca.gov). As always, community members can contact Supervisor McPherson's office at 831-454-2200 or [fifth.district@santacruzcounty.us](mailto:fifth.district@santacruzcounty.us).*



[Christina Wise](#)

Christina Wise covers politics, education, art & culture, and housing issues. She has a degree in Communication from San Diego State University, and has lived in the San Lorenzo Valley since 1996. She's a community advocate and a mother of two.



[santacruzsentinel.com](https://santacruzsentinel.com)

## Santa Cruz County approves fire tax transfer to Scotts Valley

Jessica A. York

~4 minutes

---

SANTA CRUZ — County leaders helped move the pending joinder of two neighboring fire protection districts one step closer with a vote Tuesday allowing the agencies to join their tax revenues.

The Branciforte Fire Protection District is moving through the [official process to reorganize](#), a process which involves dissolving its own borders and being taken into the neighboring Scotts Valley Fire Protection District area. As part of the process, administered by the Local Agency Formation Commission of Santa Cruz County, the agencies require Santa Cruz County approval to redirect Branciforte Fire District's tax revenue to the Scotts Valley fire district.

Branciforte Fire District, serving 745 parcels on nearly 5,000 acres of unincorporated county land around the Happy Valley community, draws more than \$4.6 million of property taxes annually, based on 2022-2023 numbers, according to a County Administrative Office report. About \$877,000 of those taxes made their way back to the fire district this fiscal year, according to the [fire district's budget report](#).

Monday's vote, approved unanimously by the Santa Cruz County Board of Supervisors on Tuesday morning, comes while Branciforte fire district leaders continue a separate process that seeks property owner-support to [raise their taxes with a tax benefit assessment](#). The move, which will require a public ballot vote, would fully fund staffing the Branciforte Fire Station at 2711 Branciforte Drive once the merger is complete. Otherwise, Scotts Valley Fire may opt to continue its service to the area using only its own stations, district

leaders have said.

Supervisors Manu Koenig and Bruce McPherson commended the fire district consolidation efforts before voting on the issue.

“I know, for Branciforte Fire, it’s not easy to give up its identity in this way but the agency did some hard work and ultimately put their residents’ best interest in efficient fire service above any personal pride,” said Koenig, who represents the first district, including Happy Valley. “This merger is a wonderful example of public service. It’s an example of putting service above self.”

McPherson, representing the 5th district — which includes Scotts Valley, predicted that Scotts Valley Fire Protection District will “do the best job it can” in serving its newest customers in the Branciforte area.

“I’m glad to see this work to consolidate the two fire districts,” McPherson said. “I think, whenever it makes sense to consolidate smaller agencies to better serve our residents, it’s a good ... it makes more financial sense.”

Local Agency Formation Commission Executive Officer Joe Serrano said the tax transfer approval, contingent on final approvals for the agencies to reorganize, was one of the few remaining steps to complete the effort. He said the LAFCO board may be asked to vote on the merger as early as this summer. Should Branciforte Fire district property owners also vote to approve a new assessment to pay to keep their fire station operational, Serrano said he expected the reorganization agreement would include terms and conditions stipulating that the revenue should be used only for its intended purpose.



Jessica A. York covers Santa Cruz County public safety, courts and homelessness for the Sentinel. She has been a working journalist, on both coasts, since 2004.