



**Santa Cruz Local Agency Formation Commission**

Date: August 2, 2023  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **Branciforte Fire Protection District Reorganization**

**SUMMARY OF RECOMMENDATION**

A reorganization was formally initiated by the Branciforte Fire Protection District on February 24, 2022 involving 745 parcels and totaling approximately 5,800 acres. The reorganization proposes to dissolve the Branciforte Fire Protection District, concurrently annex the dissolved area into the Scotts Valley Fire Protection District, and amend the existing sphere to include the entire annexation area. The purpose of the reorganization is to facilitate the efficient delivery of fire protection and emergency services to individual and property owners within the affected territory (approximately 1,700 residents).

Staff is recommending that the Commission adopt the draft resolution (No. 2023-17) approving the reorganization involving the Branciforte and Scotts Valley Fire Protection Districts.

**EXECUTIVE OFFICER'S REPORT**

The Branciforte Fire Protection District ("BFPD") was originally part of the Scotts Valley Fire Protection District ("SVFPD") until 1950 when it detached and began its own independent fire district. Today, BFPD encompasses approximately nine square miles of unincorporated territory east of the City of Scotts Valley. The majority of the lands within BFPD are designated as Mountain Residential / Rural Residential. Since inception, BFPD has relied on volunteers to serve and meet the fire protection needs of the Branciforte community. Over the years, however, there has been a significant decline in the number of volunteers. In 2013, BFPD had 41 volunteers. In comparison, BFPD only had 9 volunteers in 2022, and of those 9 volunteers, none of them lived in the Branciforte area. Other operational issues have also presented challenges to the District's ability to effectively provide fire protection and medical services to the small community. Because of these factors, the BFPD Board of Directors initiated a reorganization in early-2022. This report will summarize the purpose of the reorganization, explain the entire LAFCO process and the various statutory requirements that must be fulfilled, and identify staff's recommendations for Commission consideration.

**BACKGROUND**

The Santa Cruz Civil Grand Jury investigated the service delivery of all fire districts in 2015, including BFPD. The report, titled "*Santa Cruz County Fire Protection Districts*," identified significant financial and internal deficiencies within the BFPD. The grand jury suggested three governance options for BFPD to consider: (1) Consolidation between BFPD and SVFPD, (2) Managerial Oversight provided by SVFPD, or (3) Maintaining the Status Quo. The BFPD Board acknowledged the recommendations, implemented Option 2, and began receiving operational oversight from SVFPD in September 2015. In 2020,

the Santa Cruz Civil Grand Jury came out with another fire-related report titled “*Ready? Aim? Fire!*” This report also analyzed BFPD and identified additional internal deficiencies including a lack of transparency in reporting the use of their limited revenue stream. These recent concerns, coupled with the 2015 findings, intensified when BFPD decided to let their contractual agreement with SVFPD sunset on September 30, 2021 without having a fire chief, administrative support, or a strategic plan in place. In October 2021, LAFCO published a countywide fire report that analyzed all 13 fire agencies in Santa Cruz County, including BFPD. LAFCO’s report identified four key findings regarding BFPD:

1. Inadequate Staffing: BFPD only has three full-time firefighters in total and can only afford one firefighter on duty at any given shift. BFPD does not meet the state or national standards regarding firefighters on duty.
2. Lack of Operational Support: BFPD did not renew its contract with SVFPD for operational oversight and as a result does not have a permanent fire chief, administrative staff, or strategic plan in place to operate the District’s internal and external functions after September 30, 2021.
3. Financial Uncertainty: BFPD experienced an annual surplus during its six-year contract with SVFPD. Under this contract, SVFPD was managing all internal operations, including the budgetary practices and administrative support on behalf of BFPD. The absence of SVFPD’s oversight may result in a significant depletion of reserves without the introduction of additional funds or cut in services by the District.
4. Combined Sphere Boundary: LAFCO adopted a combined sphere for BFPD and SVFPD in 1994. This sphere determination indicated that BFPD and SVFPD should merge to ensure that the Branciforte community receives adequate fire protection and medical services.

## **2021 Countywide Fire Protection Service & Sphere Review**

LAFCO periodically performs municipal service reviews and sphere of influence updates for each agency subject to LAFCO’s boundary regulations. As part of the Commission’s Multi-Year Work Program, LAFCO staff drafted a service and sphere review for the 13 local agencies that provide fire protection services, and scheduled a public hearing on October 13, 2021<sup>1</sup>. During the October meeting, the Commission adopted the report, reaffirmed most spheres, and requested that each fire agency develop an annexation plan regarding their existing sphere boundaries by August 2022. Additionally, the Commission required BFPD to develop a detailed plan outlining how operations and all administrative services will be completed without the assistance of SVFPD or any other governmental entity. The deadline to submit the plan was set for March 31, 2022.

### Reasons for Detailed Plan

LAFCO staff identified major concerns about the BFPD’s ability to comply with the statutory requirements of an independent special district. Since 2015, BFPD has relied on SVFPD to fulfill the daily, weekly, monthly, quarterly, and annual duties on behalf of the District under the now lapsed contract (which ended in September 2021). Following the September sunset date, BFPD hired an interim, part-time fire chief that was a CalPERS retired annuitant. A "retired annuitant" is a CalPERS retiree who, without

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<sup>1</sup> 2021 Countywide Fire Report: [https://santacruzlafco.org/wp-content/uploads/2021/11/Countywide-Fire-Service-Sphere-Review-10-13-21-Adopted-Version\\_.pdf](https://santacruzlafco.org/wp-content/uploads/2021/11/Countywide-Fire-Service-Sphere-Review-10-13-21-Adopted-Version_.pdf)

applying for *Reinstatement From Retirement*, returns to work with a CalPERS employer in a designated retired annuitant position. An annuitant has a number of restrictions, including but not limited to, a maximum of 960 hours worked within a fiscal year. A search for a permanent fire chief was unsuccessful during the last six months. The interim fire chief's last day was on March 14, 2022. While a partial strategic plan was submitted to LAFCO before the March deadline, it did not fulfill LAFCO's requirements<sup>2</sup>.

### **Pre-Reorganization Agreement**

Since the recruitment process for a new fire chief was unsuccessful, coupled with the fact that BFPD was unable to produce a detailed plan, LAFCO worked diligently with BFPD and SVFPD to find a long-term solution. The collaboration between the two districts and LAFCO resulted in the development of a well-coordinated plan that will ensure Branciforte residents receive adequate level of services now and in the future. This cooperative plan was spearheaded by LAFCO staff and Commissioner Jim Anderson by hosting two joint meetings with representatives from both districts ("stakeholder group") to discuss the future governance structure of the Branciforte community.

It was determined by the stakeholder group that a reorganization should be considered. As a result, the BFPD Board unanimously adopted a resolution to initiate the reorganization process on March 7, 2022 (**Attachment 1**). The next key step in this process was to address the fire chief vacancy. It was determined by the stakeholder group that developing a "Pre-Reorganization Agreement" would help clearly outline how both districts and LAFCO can work together to ensure BFPD remains in operation by placing a temporary fire chief as the reorganization process unfolds. **Attachment 2** provides a copy of the Pre-Reorganization Agreement. The BFPD and SVFPD Boards unanimously approved the agreement on March 14, 2022 and on April 13, 2022, respectively. An application was subsequently submitted to LAFCO on April 1, 2022. **Figure A** on page 4 shows the two fire districts involved in the proposed reorganization effort.

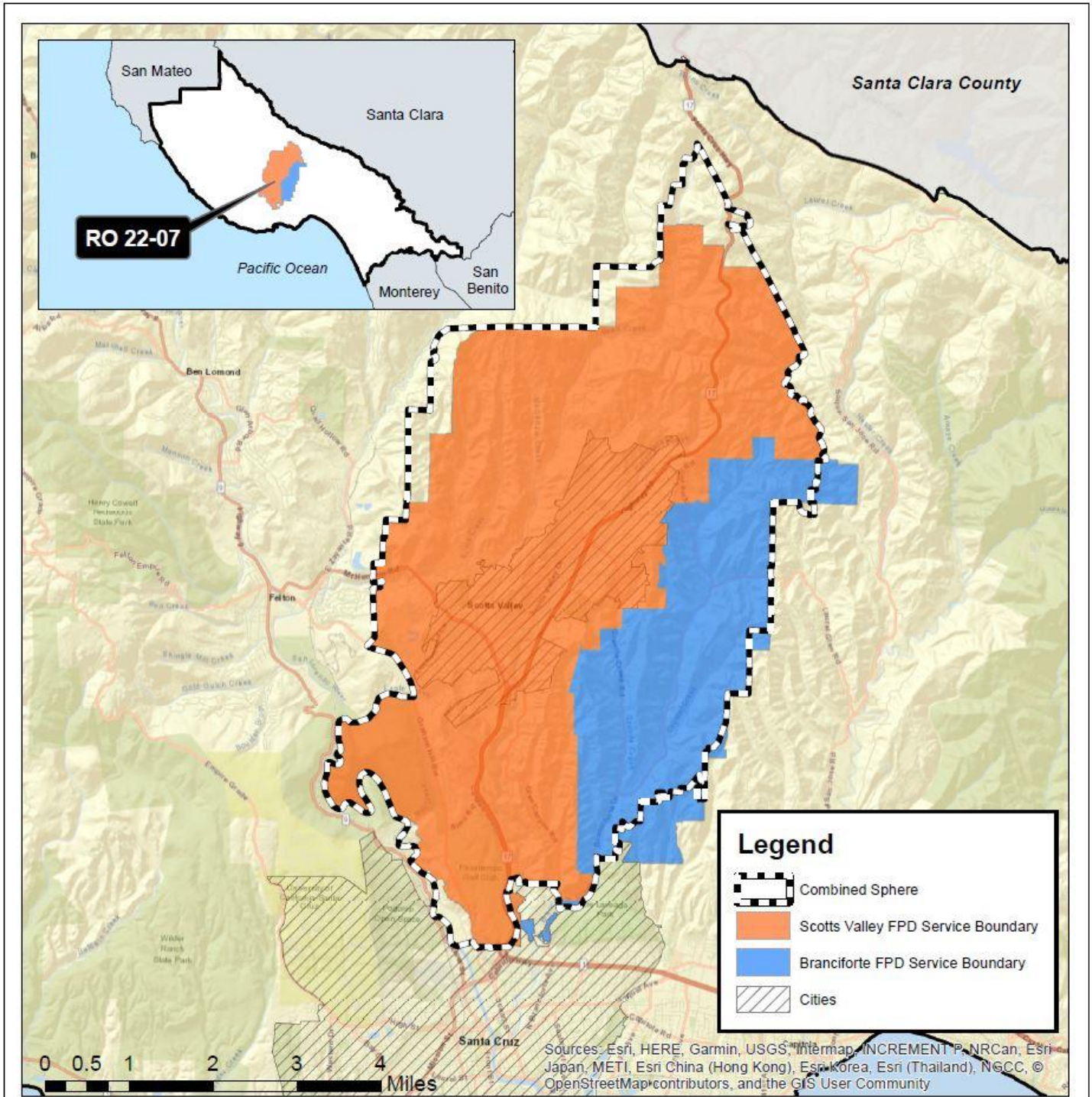
### **Reorganization Process**

BFPD and SVFPD were in a six-year contract for operational and support services from 2015 to 2021. Their collaborative effort reflected the combined sphere boundary between the two districts. This combined sphere boundary was originally adopted in 1994 and indicated that the Branciforte community would benefit if the two districts merged. It is LAFCO's perspective that the two districts were "unofficially merged" for the past six years – internally maximizing their staff and resources as one entity. An official merger between the two districts today can be accomplished through a reorganization, meaning that BFPD would be dissolved, and the dissolved area would be concurrently annexed into SVFPD. The reorganization would also address LAFCO's concerns about BFPD's internal operations, compliance with state laws, inadequate governance structure, and the lack of firefighters and volunteers. In 2022, the stakeholder group transitioned into the "Joint Ad-Hoc Committee" and met on a quarterly basis to discuss the ongoing reorganization effort. A total of eight meetings were held since its "kick-off" meeting on February 10, 2022. **Attachment 3** provides an example of the meeting agenda discussion items and who was present to represent the three affected agencies. The BFPD board also formed the "Resident Advisory Committee" in April 2022 for additional community participation in the reorganization effort. **Attachment 4** provides information on the committee's purpose and membership.

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<sup>2</sup> BFPD Strategic Plan - <https://www.santacruzlafco.org/wp-content/uploads/2022/03/6e.1-Attachment-BFPD-Strategic-Plan.pdf>

Figure A – Vicinity Map



## "Branciforte Fire Protection District Reorganization" (LAFCO Project No. RO 22-07)



The proposed reorganization includes three actions:

- 1) dissolution of the Branciforte FPD
- 2) concurrent annexation of the dissolved area into SVFPD
- 3) sphere amendment to include the annexation area

*In 1994, Branciforte FPD was added to Scotts Valley FPD's sphere boundary as a precursor to consolidation.*

## **LAFCO APPLICATION**

In accordance with Government Code Section 56650, a reorganization may be initiated by petition from affected residents or by resolution from the affected agency (or agencies). Additionally, LAFCO law and the Commission's adopted policies require other contents to be part of the application, including an indemnification agreement, filing fee, information about land use designations and other service providers, affects to the current sphere boundary, and a legal description with a supporting map of the subject area.

### **Indemnification Agreement & Filing Fee**

LAFCO policy requires an indemnification agreement in the event that a lawsuit is filed against LAFCO's action. A signed indemnification agreement was provided as part of the application packet. LAFCO Policy also requires a fee deposit for any change of organization. BFPD submitted a letter on August 25, 2022 requesting a fee waiver due to the District's ongoing struggle to remain in operation as reserves continue to deplete during the ongoing reorganization effort. This waiver request was found to be warranted, especially if the District's remaining funds are needed towards any potential litigation. The filing fee waiver request and the signed indemnification agreement are available as **Attachments 5 and 6**.

### **General Plan / Zoning Designation**

The reorganization area is unincorporated county territory and involves the Branciforte community, which has approximately 1,700 residents. At present, the lands within BFPD vary from agriculture to urban residential. The vast majority of BFPD is designated as Mountain Residential and Rural Residential. The reorganization will not change the existing land use designations found in the County's general plan.

### **Other Municipal Services**

No other change of organization is required as part of the reorganization. The reorganization area will continue to receive municipal provisions from the existing service providers, including but not limited to Scotts Valley Water District and the City of Santa Cruz for water, and County Service Area 12 for sewer services (septic tank maintenance).

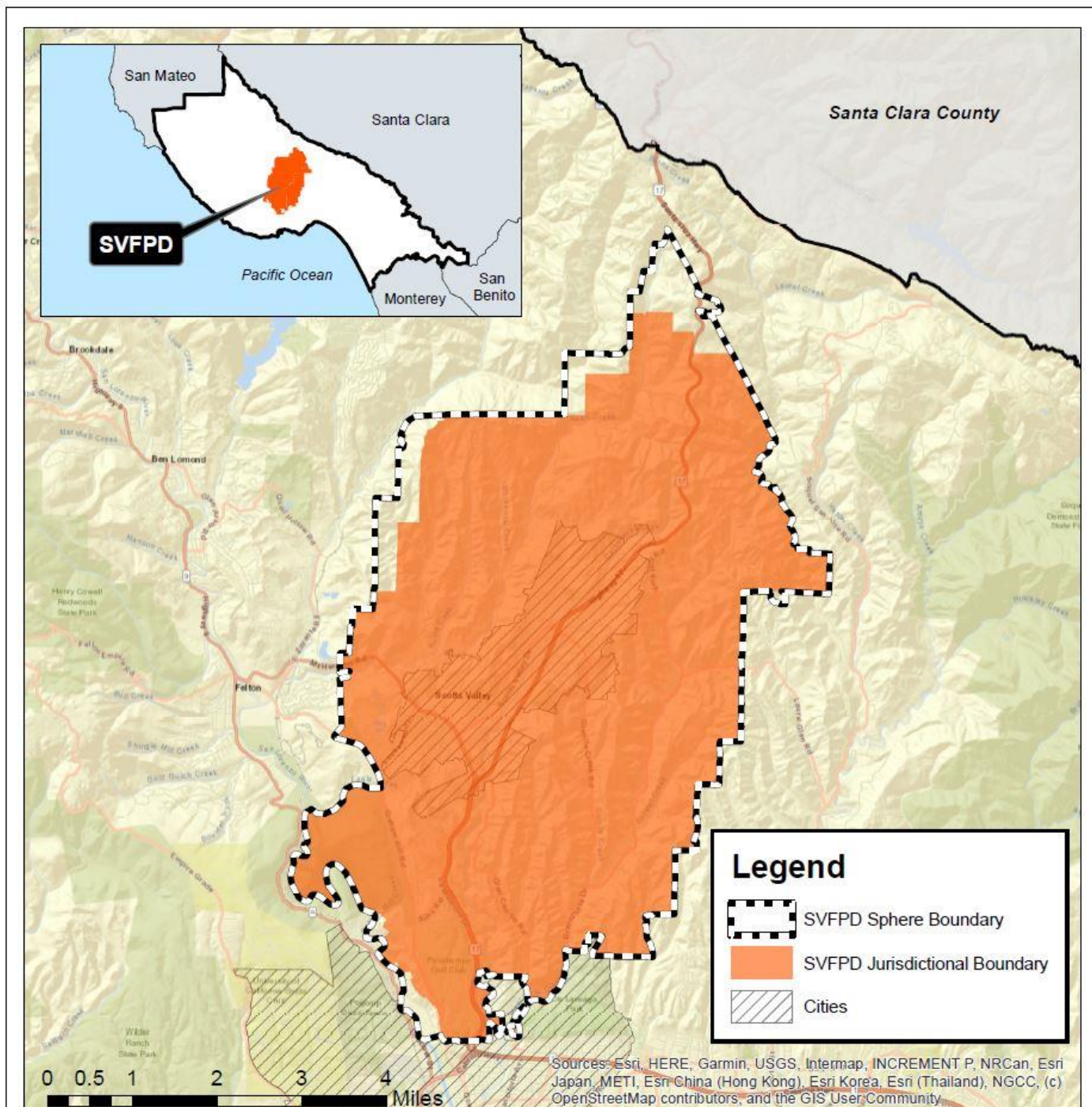
### **Sphere Designation**

In accordance with Government Code Section 56425, the Commission designates a sphere of influence for cities and special districts. A combined sphere boundary for BFPD and SVFPD was adopted on March 10, 1994. The combined sphere has been reaffirmed three times since its original establishment – January 2008, November 2016, and most recently October 2021. If the reorganization is approved, the new sphere of influence for SVFPD will include BFPD's current service area, as shown in **Figure B** on page 6.

### **Map & Legal Description**

Typically, the State Board of Equalization (BOE) requires a map and legal description when a boundary change is approved by the Commission. The metes and bounds help the BOE update the upcoming year's tax rolls. When reorganizations are considered, the BOE accepts vicinity maps and GIS shapefiles created by LAFCO staff. Therefore, the vicinity maps and associated GIS shapefiles showing the "before and after" of the reorganization will be sent to the BOE, if and when the reorganization is officially recorded.

**Figure B – SVFPD’s New Sphere (Post-Reorganization)**



## Scotts Valley Fire Protection District Jurisdictional and Sphere Boundaries

Combined sphere adopted on March 10, 1994  
 Sphere reaffirmed on January 1, 2008  
 Sphere reaffirmed on November 2, 2016  
 Sphere reaffirmed on October 13, 2021  
 Sphere expansion on August 2, 2023

*Branciforte FPD was dissolved and concurrently annexed into Scotts Valley FPD by LAFCO action on Aug. 2, 2023.*



## **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 reorganization, requesting the consideration of a property tax exchange agreement, recording an environmental document, and a thorough analysis of the reorganization by LAFCO staff.

### **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 BFPD on April 28, 2022 (see **Attachment 7**). This letter indicated the “status” of the application and outlined 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 provide mailed notice that the application has been received to each of the affected local agencies, the county committee on school district organization, and each school superintendent whose school district overlies the affected territory. The referral letter, shown as **Attachment 8**, was sent to the interested and affected agencies on April 28, 2022 and 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 nature of the 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 BFPD. The Elections Department identified 171 registered voters within the reorganization area as of May 4, 2022.
- County Assessor Office: LAFCO staff requested a list of all the parcels within BFPD, as well as the assessed value for those parcels. The Assessor’s Office identified 745 parcels within the reorganization area. The total land value within BFPD is approximately \$261 million.
- County Auditor-Controller Office: LAFCO staff requested a list of all the tax rate areas (TRAs) within BFPD. The Auditor-Controller identified six TRAs with a property tax value of approximately \$5 million, as shown in **Attachment 9**. This information was used to help determine the percentage BFPD currently receives from the total property tax value. The current percentage would then be transferred over to SVFPD as the successor agency through a property tax exchange agreement.
- County Administrative Office: LAFCO staff requested that a property tax exchange agreement be placed on a future agenda for adoption by the Board of Supervisors. The agreement was adopted on March 28, 2023, 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. 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 on March 28, 2023. The Board of Supervisors, acting as the authorizing body for the two fire districts in regards to property tax adjustments, adopted a property tax exchange agreement on March 28, 2023. A copy of the adopted resolution is available as **Attachment 10**.

## **Plan for Service**

In accordance with Government Code Section 56653, the applicant 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.

A copy of the Plan for Service was provided to LAFCO on June 16, 2023. While not required by State law, both BFPD and SVFPD Boards unanimously adopted the Plan for Service during separate public meetings. Consideration and adoption of the plan offered an additional opportunity for public input and discussion. The Board of Directors for BFPD and SVFPD adopted the Plan for Service on June 14 and June 15, 2023, respectively. **Attachment 11** provides a copy of the adopted Plan for Service. The following section summarizes key items covered in the plan for service.

## Governance

The Scotts Valley Fire Protection District (post-reorganization) will include all the territory currently within the boundaries of SVFPD and all the territory currently within the boundaries of BFPD. The newly reorganized District will be governed by a 5-member Board of Directors, elected at large from the entire district. The SVFPD Board of Directors, as composed at the time the reorganization is deemed complete, will continue to serve until their individual terms expire, at which time the seats will stand for election. Any registered voter within the reorganized district boundaries (both SVFPD and the former-BFPD area) may file and run for an open seat on the Board. To avoid conflict with the California Voting Rights Act, SVFPD may consider transitioning to a system of elections by district in the foreseeable future following additional analysis.

## Branciforte Oversight & Representation

The SVFPD Board of Directors will establish a Service Zone encompassing the territory of the former Branciforte Fire Protection District, in accordance with Health and Safety Code Section 13950. The purpose of the Service Zone is to provide the community with accountability for the use of taxes, assessments, or fees collected solely within the Service Zone (Health and Safety Code Section 13955). Further, the SVFPD Board of Directors will adopt a policy forming the Branciforte Advisory Commission and will also



appoint members of the Branciforte community to said Commission in accordance with Health and Safety Code Section 13956. The purpose of the Advisory Commission will be to review the finances, operations, and projects that directly benefit and/or affect the Branciforte community. The formation of the Branciforte Advisory Commission will be made as soon as practical after the recordation of the reorganization. Following the reorganization, the SVFPD will continue to be managed by the incumbent SVFPD Fire Chief, along with their staff and officers. This includes, but is not limited to, Human Resources, Payroll, Finance, Information Technology, Fire Prevention, Plan Checking, Fleet Management, Facility Management, Public Education and Community Outreach, and any other service currently provided or authorized in the future.

### Personnel

SVFPD will offer full employment to the full-time permanent members of the BFPD. The current BFPD employees will be expected to meet all minimum requirements as outlined in the current SVFPD Policy. In addition, SVFPD will accept BFPD Volunteer / Paid-Call personnel meeting SVFPD standards into the SVFPD Paid Call Program. The terms and conditions of employment including but not limited to rank, seniority, probationary periods etc., will be outlined in a separate employment agreement.

### Pension Obligations

The California Public Employees' Retirement System ("CalPERS") developed a cost analysis in April 2023 for the proposed reorganization (refer to **Attachment 12**). Government Code sections 20463 (b) and (c) require the governing body of a public agency, which requests a contract cost analysis, to provide each affected employee organization with a copy within five days of receipt. Likewise, if a cost analysis is requested by an employee organization, the employee organization is required to provide a copy of the analysis to the public agency within five days of receipt. A resolution of intention declaring the agency's intent to amend the contract must be approved by the agency's governing body. Assuming the reorganization is approved by LAFCO, the following steps will be completed by the affected fire districts:

- 1) Complete and return the Contract Request and Schedule of Agency Actions forms. Within 90 days, CalPERS staff will send the agency the Resolution of Intention form for adoption; and
- 2) Complete and return the adopted Resolution of Intention to CalPERS.

SVFPD, in coordination with BFPD and LAFCO, submitted a request to CalPERS in July 2023 for an updated cost analysis. The updated report will replace the initial analysis included in the Plan for Service prior to the recordation of the reorganization.

### **Branciforte Fire Station**

With the annexation of the Branciforte Fire Protection District into the service area of the Scotts Valley Fire Protection District, there may not be sufficient funding to staff the BFPD station on a full-time basis, unless a new benefit assessment is passed by the voters of the Branciforte community. The BFPD Board of Directors hired a consulting firm to calculate and determine the amount needed to adequately operate the Branciforte Fire Station with at least two firefighters on duty. A benefit assessment for each parcel within the Branciforte community will be proposed to fund the station's ongoing operation. **Table A** on page 10 shows the ballot proceedings timeline.

**Table A: Ballot Proceedings Timeline**

<b>Date</b>	<b>Milestone</b>
February 10, 2023	BFPD Board study and services discussion
March 28, 2023	BFPD Board reviews the draft Engineer's report regarding the proposed benefit assessment
April 14, 2023	Letter mailed to property owners regarding the benefit assessment process
April 20, 2023	BFPD Board adopts resolution initiating assessment ballot proceedings and Prop 218 compliance
April 22, 2023	In-Person Educational Workshop held at the BFPD Fire Station
May 11, 2023	Virtual Education Workshop held on Zoom
May 21, 2023	In-Person Educational Workshop held at the Happy Valley Conference Center
June 2, 2023	Ballots mailed to Branciforte property owners
June 7, 2023	Virtual Education Workshop held on Zoom
July 20, 2023	BFPD Board will hold a public meeting to tabulate the submitted ballots and consider a resolution levying of proposed assessments for FY 23-24 balloting period
August 10, 2023	Assessment levies submitted to County Auditor for FY 23-24 if proposed assessment is successful

*Footnote: Assessment balloting period (ballots must be out for at least 45 days (June 2 to July 20, 2023))*

### Election Results

A total of 434 out of 745 ballots were returned (58% return rate). 12% voted in favor of the benefit assessment (53 votes) while 87% voted against the benefit assessment (379 votes). The remaining two votes were considered invalid. The tabulation of the ballots was completed by the County Elections Department.

Since the implementation of a new benefit assessment failed to pass, SVFPD will maintain the fire station in a serviceable order and be ready for emergency staffing at any time. The potential exists for SVFPD to staff the BFPD station on an as needed basis, based on certain conditions such as red flags warnings, significant wind or weather-related events, or other public safety situations that may require an additional staffed piece of equipment. The station may also be used to house mutual aid resources that may be staged in-county, such as a strike team or pre-position resources. It is the intent of SVFPD to continue with the station remodel plans for the older portion of the station, as well as exterior upgrades that have been previously identified. SVFPD also intends to make the station available for public meetings, once the meeting space can be remodeled to provide secure separation from the living quarters and access to a bathroom that is compliant with the Americans with Disabilities Act ("ADA").

## 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 15320, Class 20(b): Changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised, including but not limited to consolidation of two or more districts having identical powers. The Notice of Exemption, as shown in **Attachment 13**, will be recorded after Commission action is taken.

## Local & Statutory Factors

In accordance with 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 **Table C** on pages 12-13. In addition to these statutory factors, the following section examines two additional local factors identified by LAFCO staff:

### Population Projection

Official growth projections are typically not available for special districts. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. The average rate of change is expected to be 0.86%. Based on staff's analysis, the population within the two fire districts is approximately 22,000 combined and may reach to 23,000 by 2040. **Table B** shows the anticipated population within the successor agency under this slow growth assumption.

**Table B: Projected Population**

	<b>2020</b>	<b>2025</b>	<b>2030</b>	<b>2035</b>	<b>2040</b>
Branciforte FPD	1,715	1,729	1,744	1,759	1,774
Scotts Valley FPD	<u>20,171</u>	<u>20,344</u>	<u>20,519</u>	<u>20,695</u>	<u>20,872</u>
<b>Scotts Valley FPD (Post- Reorganization)</b>	<b>21,886</b>	<b>22,073</b>	<b>22,263</b>	<b>22,454</b>	<b>22,646</b>

*Footnote: If the reorganization is approved, SVFPD will see an 8% increase in population.*

### Level of Service

The Commission requires that the successor agency provide the same or better level of service following reorganization. The two fire districts have indicated that operations will remain the same and improve in certain areas as a result of the reorganization. 9-1-1 calls will continue to be handled by the same firefighters, using the same equipment, responding from the same fire stations (excluding the Branciforte Fire Station). The Districts' analysis also indicated that operations will improve by maximizing current personnel and eliminating procedural barriers that limit flexibility in deploying scarce resources. Based on LAFCO staff's analysis, operations will be streamlined with improved management oversight and a more efficient level of service for the Branciforte community.

**Table C – Summary of Statutory and Policy Considerations**

<b>Factors to Consider</b>	<b>LAFCO Staff Comment</b>
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 a slow growth. Staff’s analysis indicates that the successor agency will have the capacity to meet the demands from 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> The existing revenue source will continue under the successor agency. The reorganization may lead to cost-savings and an increase in service efficiencies.
3. Need for organized services, probable future needs (GCS 56668[b][2])	<b>Consistent.</b> The existing two fire districts have earmarked adequate funds to address future apparatus replacements and services.
4. Effect of alternative courses of action on cost & adequacy of service in area and adjacent areas (GCS 56668[c])	<b>Consistent.</b> The two fire districts have compared the status quo with the reorganization and their findings showed benefits in shared services through a change of organization. Such reorganization will not result in any additional costs to the residents. These findings are disclosed in the 2023 Plan for Service.
5. Conformity of the proposal and anticipated effects with the Commission’s adopted policies (GCS 56668[d])	<b>Consistent.</b> The reorganization is encouraged by the Commission pursuant to adopted policies.
6. Physical and economic integrity of agriculture lands and open space (GCS 56668[e])	<b>Consistent.</b> The reorganization 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> The successor agency’s jurisdictional and sphere boundaries will reflect the dissolution of BFPD and concurrent annexation of the dissolved area.
8. Regional Transportation Plan (GCS 56668[g])	<b>Consistent.</b> The reorganization will not change the transportation plans set forth by Santa Cruz 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 reorganization will not change the General Plans or pre-zone designations set forth by Santa Cruz 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 successor agency’s jurisdictional and sphere boundaries will reflect the dissolution of BFPD and concurrent annexation of the dissolved area.

11. Comments from affected local agency or other public agency (GCS 56668[j])	Consistent. 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 two fire districts have compared the status quo with the proposed reorganization and their findings showed benefits in shared services through a change of organization. Such reorganization will not result in any additional costs to the residents. These findings are disclosed in the 2023 Plan for Service.
13. Timely availability of adequate water supply (GCS 56668[l])	<b>Consistent.</b> No other change of organization is required as part of the reorganization. The subject area will continue to receive water from the existing service providers, including but not limited to Scotts Valley Water District and the City of Santa Cruz.
14. Regional Housing Needs Allocation (GCS 56668[m])	<b>Consistent.</b> The reorganization will not change regional housing needs allocation identified by Santa Cruz 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 the Sentinel newspaper, outside the LAFCO Office and County building, and on the LAFCO website. 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 reorganization will not change the General Plan or pre-zone designations set forth by Santa Cruz 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> The two fire districts and LAFCO held multiple public meetings regarding the reorganization effort between late-2021 to 2023. LAFCO staff encourages public participation when changes of organization, such as reorganization, are being considered.
18. Promotion of consolidation proposals (Commission Policy 4.2)	<b>Consistent.</b> The reorganization is encouraged by the Commission pursuant to adopted policies. Staff's analysis determines various benefits from reorganization.
19. Consideration of other boundaries (Commission Policy 4.4, 4.6, 4.7, and 4.9)	<b>Consistent.</b> The Commission encourages shared services and joint efforts from existing public agencies.
20. Prevention of "Islands" (Commission Policy 4.8)	<b>Consistent.</b> The reorganization will not create an "island" or area in which it is substantially surrounded by the successor agency and excluded from the service area.

## **Certificate of Filing**

In accordance with Government Code Section 56020.6, a certificate of filing is a document issued by the LAFCO 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 June 26, 2023 as shown in **Attachment 14**. 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 reorganization 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 reorganization in the Santa Cruz Sentinel on July 11, 2023. The public notice was also uploaded onto LAFCO's website and circulated to interested agencies and individuals. The public notice indicated that the reorganization was scheduled for Commission consideration on August 2, 2023. Information on how to participate in the LAFCO Meeting was also included in the public notice. A copy of the public notice is shown in **Attachment 15**. Additionally, LAFCO participated in various town-hall meetings and educational workshops hosted by Supervisor Manu Koenig and the two fire districts during the last two years. The purpose of these workshops was to continue the ongoing public-forum discussion about the fire reorganization and its benefits.

## **Commission Hearing**

In accordance with 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 agenda packet, with a copy of this staff report, was made available online and distributed via email to interested parties on Friday, July 21, 2023.

## **LAFCO PROCESS (POST-COMMISSION ACTION)**

If the Commission approves the reorganization, State law requires the commencement of a request for reconsideration period and a protest proceeding. These two periods are summarized below. **Attachment 16** provides a complete overview of the entire LAFCO process schedule – from the day the application was submitted to the proposed completion date (assuming the reorganization effort is successful).

## **Request for Reconsideration**

In accordance with 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 reconsideration period is scheduled for August 3 to September 1.

## **Protest Proceeding**

In accordance with 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-five (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 24-day protest proceeding. The protest period is scheduled for September 4 to September 27, 2023. A protest hearing will be held on September 27 to collect the final petitions and hear any resident feedback. A public notice for the protest hearing will be advertised no later than Friday, September 1, 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 (refer to **Attachment 17**).

## **Certificate of Completion**

A certificate of completion is a 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 fire reorganization. Pursuant to Government Code Section 57200, the Executive Officer will prepare and execute a certificate of completion when the following are completed:

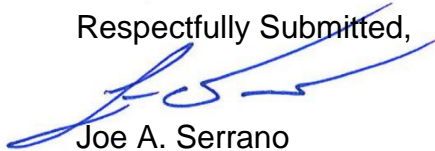
- 1) Completion of the Request for Reconsideration and Protest Periods; and
- 2) Satisfaction of any conditions contained in the adopted resolution that required to be completed prior to filing a certificate of completion.

In accordance with 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.

## STAFF RECOMMENDATION

Prior to 1950, BFPD and SVFPD were one fire agency. More recently, BFPD and SVFPD were operating as one under a six-year contract for operational services. Their ongoing collaborative effort reflected the combined sphere boundary between the two districts. An official merger between the two districts today can be accomplished as a reorganization. A reorganization is considered when there is a more efficient way to provide services to a specific area. In this case, BFPD, SVFPD, and LAFCO have determined that a reorganization would improve the level of service and overall governance for the Branciforte community. Multiple public hearings, several virtual and in-person educational workshops, and other outreach efforts were offered to the residents to clearly indicate the benefits of a reorganization. In order to provide such transparency, the two districts and LAFCO coordinated throughout the entire reorganization process. Other local leaders were instrumental in moving this reorganization forward as well. LAFCO staff extends its appreciation to all the local leaders (refer to **Attachment 18**) who played a role in completing this important change of organization. This collaborative effort helped produce cohesive findings about the proposed change in governance, and more importantly, prompted public engagement during the last two years. Therefore, staff is recommending that the Commission adopt the draft resolution (refer to **Attachment 19**) approving the fire reorganization.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

### Attachments:

1. [Initiating Resolution](#)
2. [Pre-Reorganization Agreement](#)
3. [Joint Ad-Hoc Committee Agenda Example](#)
4. [Resident Advisory Committee](#)
5. [Indemnification Agreement](#)
6. [Fee Waiver Request](#)
7. [Status Letter](#)
8. [Referral Letter](#)
9. [Tax Rate Area Letter](#)
10. [Property Tax Exchange Agreement](#)
11. [Plan for Service](#)
12. [CalPERS Actuarial Report](#)
13. [Environmental Notice](#)
14. [Certificate of Filing](#)
15. [Public Hearing Notice](#)
16. [Reorganization Timeline](#)
17. [Protest Proceedings Policy](#)
18. [List of Local Leaders \(Special Thanks\)](#)
19. [Draft Resolution No. 2023-17](#)

cc: Nate Lackey, BFPD Interim Fire Chief  
Mark Correira, SVFPD Fire Chief