

Email: info@santacruzlafco.org

REGULAR MEETING AGENDA

Wednesday, August 2, 2023 at 9:00 a.m. (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) <u>Commission Quorum</u>: State law indicates that a quorum must consist of Commissioners in person pursuant to AB 2449.
- b) <u>Public Comments:</u> 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) <u>Accommodations for Persons with Disabilities:</u> 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, but 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 the appropriate arrangements. Persons with disabilities may also 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 June 14, 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. "Branciforte Fire Protection District Reorganization"

The Commission will consider the dissolution of the Branciforte Fire Protection District and the concurrent annexation of the dissolved area into the Scotts Valley Fire Protection District. If approved, a Notice of Exemption will be recorded to fulfill the requirements under the California Environmental Quality Act (CEQA).

<u>Recommended Action:</u> Adopt the draft resolution (No. 2023-17) approving the reorganization involving the Branciforte and Scotts Valley Fire Protection Districts.

b. Service & Sphere Review for County Service Area 11

The Commission will consider the adoption of a service and sphere of influence review for County Service Area 11 (County Parks).

Recommended Actions:

 Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;

- 2) Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for CSA 11, and review and update, as necessary;
- 3) Determine, pursuant to Government Code Section 56430, that LAFCO is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
- 4) Adopt LAFCO Resolution (No. 2023-18) approving the 2023 Service and Sphere of Influence Review for CSA 11 with the following conditions:
 - a. Reaffirm CSA 11's current sphere of influence; and
 - b. Direct the Executive Officer to distribute a copy of this adopted service and sphere review to the CSA 11 representatives and any other interested or affected party identified in the service review.

6. OTHER BUSINESS

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

a. CALAFCO Annual Conference

The Commission will receive an update on this year's annual conference and upcoming CALAFCO Board of Directors election process.

Recommended Actions:

- 1) Designate a Voting Delegate for the upcoming election; and
- 2) Approve the proposed nominations for the Mike Gotch Excellence In Public Service Award.

b. Comprehensive Quarterly Report – Fourth Quarter (FY 2022-23)

The Commission will receive an update on active proposals, the Commission's work program and adopted budget, recent and upcoming meetings, and other staff activities.

Recommended Action: No action required; Information item only.

7. WRITTEN CORRESPONDENCE

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

8. PRESS ARTICLES

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

a. Press Articles during the Months of June and July

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

Recommended Action: No action required; Informational item only.

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, September 6, 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 LAFCO staff 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: <u>www.fppc.ca.gov</u>. 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 will require special assistance in order to participate, please contact the LAFCO office at 831-454-2055 at least 24 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, #318-D, Santa Cruz, CA 95060 during regular business hours. These records, when possible, will also be made available on the LAFCO website at <u>www.santacruzlafco.org</u>. 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.

August 2, 2023 Agenda Page 4 of 4





DRAFT MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, June 14, 2023 Start Time - 9:00 a.m.

1. ROLL CALL

Vice-Chair John Hunt 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. He asked staff to conduct the roll call.

The following Commissioners were present:

- Vice-Chair John Hunt
- Commissioner Jim Anderson
- Commissioner Roger Anderson
- Commissioner Justin Cummings
- Commissioner Zach Friend
- Alternate Commissioner Ed Banks

Alternate Commissioner John Hunt (Vice-Chair) will serve as the meeting facilitator on behalf of Chair Yvette Brooks. Alternate Commissioner Ed Banks will be a voting member on behalf of Commissioner Rachél Lather (Special District Representative).

The following LAFCO staff members were present:

- Analyst, Francisco Estrada
- Legal Counsel, Joshua Nelson
- Executive Officer, Joe Serrano

2. EXECUTIVE OFFICER'S MESSAGE

2a. Virtual Meeting Process

Executive Officer Joe Serrano announced that the Commission Meeting was 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 was participating remotely in accordance with state law.

3. ADOPTION OF MINUTES

Vice-Chair John Hunt requested public comments on the draft minutes. Executive Officer Joe Serrano noted no public comments. Vice-Chair John Hunt closed public comments.

Vice-Chair John Hunt called for a motion. Commissioner Jim Anderson motioned for approval of the May 3rd Meeting Minutes with no changes and Commissioner Justin Cummings seconded the motion.

Vice-Chair John Hunt called for a voice vote on the approval of the draft minutes with no changes.

MOTION:Jim AndersonSECOND:Justin CummingsFOR:Jim Anderson, Roger Anderson, Ed Banks, Justin Cummings, and
Zach Friend.AGAINST:NoneABSTAIN:None

MOTION PASSED: 5-0

4. ORAL COMMUNICATIONS

Vice-Chair John Hunt 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, spoke about the Branciforte Fire Protection District's special benefit assessment ballot procedure process and the ongoing fire reorganization.

Vice-Chair John Hunt closed public comments and moved on to the next agenda item.

5. PUBLIC HEARINGS

Vice-Chair John Hunt indicated that there were two public hearing items for Commission consideration today.

5a. "Final Budget for Fiscal Year 2023-24"

Vice-Chair John Hunt requested staff to provide a presentation on the final budget for the upcoming fiscal year.

Executive Officer Joe Serrano recommended approval of the final budget for Fiscal Year 2023-24. Mr. Serrano noted that the Commission's request to reexamine pension obligations were addressed in the final version of the budget. The proposed final budget for FY 2023-24 is only 1% higher than the current budget (FY 2022-23).

Vice-Chair John Hunt requested public comments on the proposal. Executive Officer Joe Serrano indicated that there was one request to address the Commission on this item.

Becky Steinbruner, member of the public, commended LAFCO staff for keeping costs down in the proposed final budget. Ms. Steinbruner also asked staff and the Commission to remain diligent and continue meeting all of LAFCO's future CalPERS unfunded liability obligations.

Vice-Chair John Hunt closed public comments and opened the floor for Commission discussion.

Vice-Chair John Hunt called for a motion. Commissioner Zach Friend motioned for approval of staff recommendation and Commissioner Roger Anderson seconded the motion.

Vice-Chair John Hunt called for a voice vote on the motion based on staff's recommendation: (1) Adopt the draft resolution (LAFCO No. 2023-13) approving the final budget for Fiscal Year 2023-24; and (2) Authorize the Executive Officer to request the Auditor-Controller's Office to distribute the final budget and apportionment amount to the funding agencies by July 2023.

MOTION:Zach FriendSECOND:Roger AndersonFOR:Jim Anderson, Roger Anderson, Ed Banks, Justin Cummings, and
Zach Friend.AGAINST:NoneABSTAIN:None

MOTION PASSED: 5-0

5b. "Service & Sphere Review for County Service Area 53"

Vice-Chair John Hunt requested staff to provide a presentation on the draft service and sphere review for County Service Area 53 (Mosquito Abatement & Vector Control).

Executive Officer Joe Serrano informed the Commission that CSA 53 was originally established in 1992 and covered 70 square miles from Aptos to Watsonville providing mosquito abatement and vector control services. Through the LAFCO process, CSA 53 was extended to include the entire county in 2005. CSA 53 provides an essential service to all residents of the county and the agency is currently financially stable. Finally, Mr. Serrano recommended improving transparency and access to important governmental information on their website, but noted that overall, CSA 53 is being efficiently managed by county staff.

Vice-Chair John Hunt 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, questioned whether financial information is readily available and asked for clarification about what constitutes an exemption under

the California Environmental Quality Act (CEQA). **Executive Officer Joe Serrano** indicated that the information Ms. Steinbruner was requesting on supplemental funding can be found in the document section on the county website and CSA 53 staff is additionally working towards making the information more easily accessible. Finally, Mr. Serrano explained CEQA Guidelines under Section 15300-15331, which define categorical exemptions.

Vice-Chair John Hunt opened the floor for Commission discussion. **Commissioner Roger Anderson** asked about the current and future status of CSA 53's fund reserve balance to cover potential deficits, as well as about the benchmarks used to measure the robustness and transparency of CSA 53's website. **Commissioner Jim Anderson** shared with the Commission about his positive experiences working with the staff of CSA 53 on projects. **Executive Officer Joe Serrano** explained that CSA 53 currently has enough in fund reserves to cover potential future deficits. Additionally, although CSA 53's website provides helpful information on mosquito abatement and vector control services, Mr. Serrano mentioned that it would be beneficial for all residents to have more information on the governance structure of an agency as important as CSA 53.

Amanda Paulson, CSA 53 Assistant Vector Control Manager, provided the Commission with additional information on CSA 53's governance structure and upcoming revisions to the county website.

Commissioner Zach Friend mentioned the likelihood of CSA 53 residents needing to reassess its current fee structure in order to maintain or improve their current level of services.

Vice-Chair John Hunt called for a motion. Commissioner Zach Friend motioned for approval of staff recommendation and Commissioner Jim Anderson seconded the motion.

Vice-Chair John Hunt called for a voice vote on the motion based on staff's recommendation: (1) Find the report to be exempt from CEQA, (2) Determine that the report fulfills the requirements under GCS 56425, (3) Determine that the report fulfills the requirements under GCS 56430, and (4) Adopt the LAFCO Resolution (No. 2023-14) approving the 2023 Service & Sphere Review for CSA 53 with the following conditions: (a) Reaffirm CSA 53's current sphere boundary, and (b) Direct the Executive Officer to distribute a copy of this adopted service and sphere review to the CSA 53 representatives and any other interested or affected parties, including but not limited to the County Agricultural Commissioner's Office and the four cities.

MOTION: Zach Friend SECOND: Jim Anderson

SECOND: JIM Anderson

FOR: Jim Anderson, Roger Anderson, Ed Banks, Justin Cummings, and Zach Friend. AGAINST: None

ABSTAIN: None

MOTION PASSED: 5-0

6. OTHER BUSINESS

Vice-Chair John Hunt indicated that there are three business items for Commission consideration today.

6a. "Scotts Valley Water District Sphere Annexation – Protest Results"

Vice-Chair John Hunt requested staff to provide a presentation on the protest results for the Scotts Valley Water District Sphere Annexation.

Executive Officer Joe Serrano informed the Commission that a hearing was held on Friday, June 2, 2023, at 9:00 a.m. for residents to protest the proposed annexation. Mr. Serrano stated that at the conclusion of the protest period, out of 184 landowners and 275 registered voters, LAFCO staff received only one valid petition. He recommended that the Commission adopt the draft resolution certifying the protest hearing results.

Vice-Chair John Hunt requested public comments on the proposal. Executive Officer Joe Serrano indicated that there was one request to address the Commission on this item.

Becky Steinbruner, member of the public, asked a question regarding the project's CEQA Notice of Exemption status. **Executive Officer Joe Serrano** explained that an annexation does not trigger an environmental review, however, if a future development is considered then such a project may trigger an environmental review, including but not limited to, an environmental impact report.

Vice-Chair John Hunt closed public comments and called for a motion. Commissioner Justin Cummings motioned for approval of staff recommendation and Commissioner Jim Anderson seconded the motion.

Vice-Chair John Hunt called for a voice vote on the motion based on staff's recommendation: (1) Adopt the draft minutes from the June 2, 2023 Protest Hearing and draft resolution (No. 2023-15) certifying the protest period results.

MOTION:	Justin Cummings
SECOND:	Jim Anderson
FOR:	Jim Anderson, Roger Anderson, Ed Banks, and Justin Cummings.
AGAINST:	None
ABSTAIN:	None

MOTION PASSED: 4-0

6b. "Special District Risk Management Authority Election Process"

Vice-Chair John Hunt requested staff to provide a presentation on the Special District Risk Management Authority (SDRMA) Board of Directors election process.

Executive Officer Joe Serrano noted that all members of SDRMA are eligible to receive a ballot and vote for candidates running to join the Board of Directors. Mr. Serrano recommended voting for Acquanetta Warren from San Bernardino LAFCO and deferred

to the Commission on voting for any additional candidate. The Commission is allowed to vote for up to three candidates.

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

Vice-Chair John Hunt closed public comments and opened the floor for Commission discussion. **Commissioner Roger Anderson** recommended a vote in support of Robert Swan from Groveland Community Services District based on his extensive experience. **Commissioner Jim Anderson** made note of the geographical locations represented by the pool of candidates and how well represented Northern California was on the board.

Commissioner Roger Anderson motioned to vote for Robert Swan from Groveland Community Services District and Acquanetta Warren from San Bernardino LAFCO. **Commissioner Justin Cummings** seconded the motion.

Vice-Chair John Hunt called for a voice vote on the following motion: Adopt draft resolution (No. 2023-16) electing Acquanetta Warren from San Bernardino LAFCO and Robert Swan from Groveland Community Services to the SDRMA Board of Directors.

MOTION: Roger Anderson

SECOND: Justin Cummings

FOR: Jim Anderson, Roger Anderson, Ed Banks, and Justin Cummings.

AGAINST: None

ABSTAIN: None

MOTION PASSED: 4-0

6c. "Professional Services Agreement – Payroll Services"

Vice-Chair John Hunt requested staff to provide a presentation on the Professional Services Agreement with the County of Santa Cruz for payroll and accounts payable services.

Executive Officer Joe Serrano informed the Commission that in an effort to formalize LAFCO's professional relationship with the County of Santa Cruz for payroll and accounts payable services, a draft contractual agreement would need to be approved. Mr. Serrano assured the Commission that services would not change or be disrupted as this is a step towards better defining the professional partnership between both agencies.

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

Vice-Chair John Hunt opened the floor for Commission discussion. **Commissioner Jim Anderson** noted that fees associated with payroll services from the County have increased in recent years and have had an impact on the administration of special districts. **Commissioner Ed Banks** agreed with Commissioner Jim Anderson's observations and requested LAFCO staff to identify and mitigate unforeseen expenses related to payroll and accounts payable services from the County. **Commissioner Roger Anderson** invited LAFCO staff to take a deeper dive into the expenses to be fully aware of all expenditures related to the proposed services from the County. **Executive Officer Joe Serrano** explained that staff will follow-up with county staff and hold additional conversations and share with the Commission a detailed analysis of the payroll and accounts payable services being provided to LAFCO.

Vice-Chair John Hunt asked if the Professional Services line item in the budget was for County services only. **Executive Officer Joe Serrano** explained that Professional Services paid for professional services from other vendors besides the County.

Vice-Chair John Hunt closed public comments and called for a motion. Commissioner Roger Anderson motioned for approval of staff recommendation and Commissioner Jim Anderson seconded the motion.

Vice-Chair John Hunt called for a voice vote to approve the motion based on staff's recommendation: Adopt draft contractual agreement between LAFCO and the County of Santa Cruz for payroll and accounts payable services.

MOTION:Roger AndersonSECOND:Jim AndersonFOR:Jim Anderson, Roger Anderson, Ed Banks, and Justin Cummings.AGAINST:NoneABSTAIN:None

MOTION PASSED: 4-0

7. WRITTEN CORRESPONDENCE

Vice-Chair John Hunt inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** informed the Commission that there was one letter regarding the recently approved changes by the City Selection Committee to the LAFCO rotation schedule. Mr. Serrano explained to that a policy reflecting the recent change will be presented to the Commission later this year.

Vice-Chair John Hunt requested public comments on the proposal. Executive Officer Joe Serrano indicated that there was one request to address the Commission on this item.

Becky Steinbruner, member of the public, shared her appreciation for the proposed changes to the LAFCO rotation schedule and discussed continued transparency concerns related to the City Selection Committee.

Vice-Chair John Hunt moved to the next item since no Commission action was required.

8. PRESS ARTICLES

Vice-Chair John Hunt requested staff to provide a presentation on the press articles. **Executive Officer Joe Serrano** indicated that this item highlights LAFCO-related articles

recently circulated in local newspapers. **Vice-Chair John Hunt** moved to the next item since no Commission action was required.

9. COMMISSIONERS' BUSINESS

Vice-Chair John Hunt inquired whether any Commissioner would like to share any information. There were no comments.

Vice-Chair John Hunt allowed public comments on the item. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission on this item.

Becky Steinbruner, member of the public, mentioned that the audio volume level for Commissioner Roger Anderson's microphone during the meeting was low and made mention of the current Big Basin water system receivership process with the State and its impact on residents. **Executive Officer Joe Serrano** encouraged Ms. Steinbruner to send him articles that may be of interest to LAFCO.

Vice-Chair John Hunt moved to the next item since no Commission action was required.

10. ADJOURNMENT

Vice-Chair John Hunt adjourned the Regular Commission Meeting at 9:45 a.m. to the next regular LAFCO meeting scheduled for Wednesday, August 2, 2023, at 9:00 a.m.

YVETTE BROOKS, CHAIRPERSON

Attest:

JOE A. SERRANO, EXECUTIVE OFFICER



Agenda I tem No. 5a

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. <u>Inadequate Staffing</u>: 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. <u>Lack of Operational Support</u>: 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. <u>Financial Uncertainty:</u> 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. <u>Combined Sphere Boundary:</u> 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, 2021¹. 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

BFPD Reorganization Staff Report

¹ 2021 Countywide Fire Report: <u>https://santacruzlafco.org/wp-content/uploads/2021/11/Countywide-Fire-Service-Sphere-Review-10-13-21-Adopted-Version_.pdf</u>

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 requirements².

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.

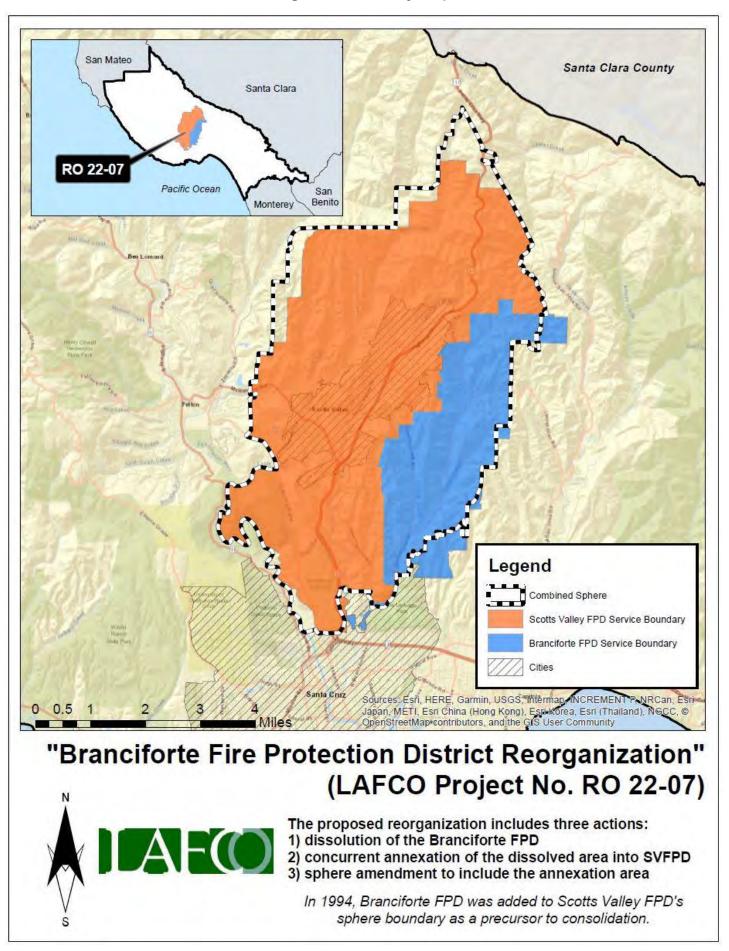
It was determined by the stakeholder group that a reorganization should be considered. As a result, the BFPD Board unanimously adopted a resolution to initiate the reorganization process on March 7, 2022 (**Attachment 1**). The next key step in this process was to address the fire chief vacancy. It was 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 guarterly 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.

 ² BFPD Strategic Plan - <u>https://www.santacruzlafco.org/wp-content/uploads/2022/03/6e.1-Attachment-BFPD-Strategic-Plan.pdf</u>
 BFPD Reorganization Staff Report
 Page 3 of 16

Figure A – Vicinity Map



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.

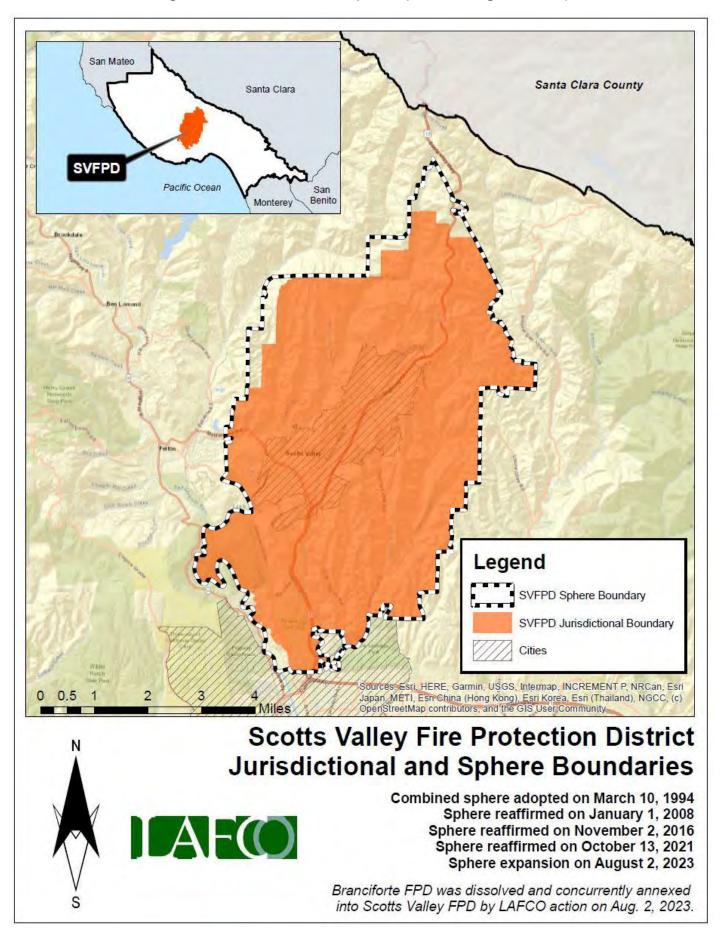


Figure B – SVFPD's New Sphere (Post-Reorganization)

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.

- <u>County Elections Office:</u> 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.
- <u>County Assessor Office</u>: 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.
- <u>County Auditor-Controller Office:</u> 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.
- <u>County Administrative Office:</u> 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:

- 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.

BFPD Reorganization Staff Report

Date	Milestone
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.

	2020	2025	2030	2035	2040
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>
Scotts Valley FPD (Post- Reorganization)	21,886	22,073	22,263	22,454	22,646

Table B: Projected Population

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	
	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)	Consistent . 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])	Consistent . 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])	Consistent . 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])	Consistent . 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])	Consistent . 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])	Consistent . 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)	Consistent . 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])	Consistent . 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)	Consistent . 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)	Consistent . The successor agency's jurisdictional and sphere boundaries will reflect the dissolution of BFPD and concurrent annexation of the dissolved area.

Table C – Summary of Statutory and Policy Considerations

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)	Consistent . 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])	Consistent . 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]	Consistent . 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])	Consistent . 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)	Consistent . 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)	Consistent . 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)	Consistent . 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)	Consistent . The Commission encourages shared services and joint efforts from existing public agencies.
20. Prevention of "Islands" (Commission Policy 4.8)	Consistent . 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

BRANCIFORTE FIRE PROTECTION DISTRICT

RESOLUTION NO. 2022-02

A RESOLUTION TO INITIATE APPLICATION BY THE BRANCIFORTE FIRE PROTECTION DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY TO PURSUE PROCEEDINGS FOR THE REORGANIZATION OF BRANCIFORTE FIRE PROTECTION DISTRICT WITH THE SCOTTS VALLEY FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors of the Branciforte Fire Protection District ("Branciforte FPD") desires to initiate proceedings pursuant to the Cortese-Knox-Herzberg Local Government Reorganization Act of 2000, California Government Code Section 56000 et. seq., ("Act") for the reorganization of Branciforte Fire Protection District with the Scotts Valley Fire Protection District ("Scotts Valley FPD"); and

WHEREAS, the reorganization consists of the dissolution of Branciforte FPD and the concurrent annexation of the dissolved area into Scotts Valley FPD; and

WHEREAS, notice of intent to adopt this Resolution of Application has been given to each interested and each affected local agency; and

WHEREAS, the affected territory is inhabited and is constituted by the respective boundaries of Branciforte FPD; and

WHEREAS, this reorganization is consistent with the Sphere of Influence of Branciforte FPD and Scotts Valley FPD; and

WHEREAS, the reasons for the proposed reorganization of Branciforte FPD and Scotts Valley FPD are as follows:

- 1) It will facilitate the efficient delivery of life and property saving services to individuals and property owners within the affected territory; and
- 2) It will facilitate the continued provision of the current levels of service provided by paid and paid-call firefighters and staff of the respective districts, consistent with local demand expectations and available financing.

WHEREAS, it is desired that the proposed reorganization of Branciforte FPD with Scotts Valley FPD be subject to the following terms and conditions, among others:

- 1) The specific provisions of the Pre-Reorganization Agreement jointly completed by Branciforte FPD, Scotts Valley FPD, and LAFCO, if enacted;
- 2) Branciforte FPD, Scotts Valley FPD, and LAFCO will host and/or participate in multiple community outreach efforts regarding the proposed reorganization and

available options, including but not limited to workshops and forums to be held jointly with representatives from each agency;

- 3) Coordination between Branciforte FPD, Scotts Valley FPD, and LAFCO to determine the best solution for the Branciforte Fire Station;
- 4) The paid employees and the active volunteer firefighters of Branciforte FPD will become a portion of Scotts Valley FPD;
- 5) All tax rate areas will be maintained and all revenue mechanisms currently existing in Branciforte FPD will be maintained post-reorganization; and
- 6) Such other provisions as required by applicable law or as may be agreed by the parties.

WHEREAS, Branciforte FPD reserves the right to withdraw its application to initiate the reorganization and request that LAFCO terminate any such proceedings pursuant to the Act or other applicable law;

WHEREAS, this Board anticipates that the reorganization proposal is categorically exempt from review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15320(b), which exempts special district reorganizations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised, such as here; and

NOW, THEREFORE BE IT RESOLVED that this Resolution of Initiation of reorganization proceedings as described is adopted and approved by the Board of Directors of the Branciforte Fire Protection District.

PASSED AND ADOPTED by the Board of Directors of the Branciforte Fire Protection District at a regular meeting thereof held on the 24th of February, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED AS TO CONTENT:

Pat O'Connell, Board President

Samantha Sweeden, Fire Chief

5A: ATTACHMENT 2

PRE-REORGANIZATION AGREEMENT

By and Among

BRANCIFORTE FIRE PROTECTION DISTRICT,

And

SCOTTS VALLEY FIRE PROTECTION DISTRICT,

And

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

[Dated as of March 14, 2022]

ARTICLE 1. PARTIES AND EFFECTIVE DATE

1.1 Parties. This Pre-Reorganization Agreement ("Agreement") is entered into by and among (i) the Branciforte Fire Protection District ("BFPD"), (ii) the Scotts Valley Fire Protection District ("SVFPD"), and (iii) the Local Agency Formation Commission of Santa Cruz County ("LAFCO"). BFPD, SVFPD, and LAFCO are sometimes referred to herein as a "Party" and collectively as the "Parties." This Agreement is dated as of March 7, 2022, for references purposes only and will not become effective until the "Effective Date" defined in Section 1.2 below.

1.2 Effective Date. This Agreement will not become effective until the date ("Effective Date") on which all the following have occurred: (i) this Agreement has been approved by BFPD, executed by its legally authorized officers, (ii) this Agreement has been approved by SVFPD, executed by its legally authorized officers, and (iii) this Agreement, signed by BFPD and SVFPD, delivered to LAFCO for approval and signature by the Executive Officer.

ARTICLE 2. RECITALS

2.1 BFPD Background. The Branciforte Fire Protection District was formed on January 7, 1950 and operates under the Fire Protection District Law of 1987 ("Principal Act"). BFPD encompasses nearly 9 square miles of territory and provides fire protection services to the unincorporated community known as Branciforte. It currently operates with a temporary part-time retired annuitant fire chief, three full-time firefighters and seven volunteer firefighters. BFPD operates through one fire station with a one-person crew on any given shift. The annuitant fire chief contract was approved on September 30, 2021 and is set to expire on March 14, 2022. In accordance state law, a fire district cannot operate without proper administrative oversight. Additionally, the Principal Act limits board members to act only by ordinance, resolution, or motion (Health & Safety Code Section 13856[b]).

2.2 SVFPD Background. The Scotts Valley Fire Protection District was formed on January 7, 1958 and operates under the Fire Protection District Law of 1987. SVFPD encompasses nearly 21 square miles of territory in the center of Santa Cruz County and includes the City of Scotts Valley. It currently operates with 22 full-time firefighters, 15 volunteer firefighters, three full-time Battalion Chiefs, 2 full-time and 1 part-time administrative personnel, and 1 full-time Fire Chief. SVFPD previously provided administrative and command services to BFPD under an existing contract since 2015. Under this agreement, SVFPD's Fire Chief functioned as the Fire Chief for BFPD. The contract expired on September 30, 2021.

2.3 LAFCO Background. The Local Agency Formation Commission of Santa Cruz County is a State-mandated, independent agency with countywide jurisdiction over changes in organization and boundaries of cities and special districts including annexations, detachments, formations, consolidations, and reorganizations. LAFCOs were created by the State Legislature in 1963 in response to the rapid growth and sporadic formation of cities and special districts in California in the years following World War II.

Pre-Reorganization Agreement

In addition to boundary changes, LAFCOs are required by law to establish and periodically update spheres of influence for the county's cities and special districts and perform service reviews on the county's cities and special districts with the goal of increasing efficiency. maximizing existing resources, identifying cost-saving opportunities, and improving local representation. LAFCO completed a countywide fire report in October 2021 which analyzed the 13 local agencies that provide fire protection. LAFCO determined that BFPD had many infractions, inadequate staffing, internal efficiencies, and governance issues. It was recommended that BFPD develop a strategic plan to address LAFCO's findings and outline how it will be a sustainable agency or consider merging with SVFPD. Since 1995, through a combined sphere of influence, LAFCO has recommended a merger between BFPD and SVFPD to ensure that the Branciforte community receive adequate level of service and proper representation.

2.4 Proposed Reorganization. The Reorganization is contemplated by the Parties upon the terms and conditions set forth in this Agreement. The Parties anticipate proceedings will be commenced by LAFCO following the execution and adoption of a resolution by BFPD to initiate the Reorganization and the execution and adoption of this Agreement by the Parties as set forth above.

2.5 Parties Consensus. The Parties understand that the Reorganization as contemplated in this Agreement is essential to the plan for providing services required by LAFCO in its consideration of the Reorganization application.

NOW, THEREFORE, in consideration for the promises and mutual covenants set forth herein, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 3. TERMS

3.1 BFPD Obligations.

3.1.1 Resolution of Initiation. BFPD shall continue to diligently pursue the approval of the Reorganization Application following the adoption of a Resolution of Initiation on Monday, March 7, 2022.

3.1.2 Application. BFPD shall submit a signed application, with a copy of the adopted resolution, within 30 days of this enacted Agreement to begin the LAFCO process.

3.1.3 Consent. BFPD hereby irrevocably consents to the Reorganization pursuant to the terms of this Agreement and the Reorganization Application submitted pursuant to Section 3.1.2. BFPD shall cooperate in every reasonable way with the requests of LAFCO. Said cooperation shall include, but not be limited to, the filing of all necessary applications, plans, and any other documentation or information required by SVFPD, LAFCO or any public agency associated with the Reorganization process.

3.1.4 Interim Fire Chief Expenses. BFPD hereby agrees to fund the identified governmental entity, existing BFPD firefighter personnel, or consulting firm for services as the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator. Invoices from the identified governmental entity, existing BFPD firefighter personnel, or consulting firm will be submitted as specified in the agreement between the parties. If an existing BFPD firefighter is hired as an interim fire chief, policies and procedures clearly defining the role of the BFPD Board and the BFPD interim fire chief as part of this Reorganization must be adopted within 30 days of this enacted Agreement. Any rules and regulations, outlined in the policies and procedures as part of this Reorganization of the services from the identified governmental entity, existing BFPD firefighter personnel, or consulting firm shall be a breach of this Agreement.

3.1.5 Community Outreach. BFPD hereby agrees to coordinate with the Parties to cohost community forums, whether in-person or virtual, to educate the Branciforte community about the Reorganization process. Such forums shall be hosted collaborative with the following representatives: (1) BFPD's interim fire chief, executive director, general manager, or district administrator and no more than two board members, (2) SVFPD's fire chief and no more than two board members, (3) LAFCO's Executive Officer and no more than two Commissioner.

3.1.6 Agreement Not to Challenge or Support Challenge. The Parties shall not file lawsuits or to directly or indirectly support litigation filed by others, either as a party, through financial contributions, providing staff support, or by failing to aggressively defend such litigation, that challenges the adequacy of the Reorganization.

3.2 SVFPD Obligations.

3.2.1 Support. SVFPD may provide administrative and operational support throughout the Reorganization process, including but not limited to, payroll and billing services. Additionally, SVFPD may provide additional assistance if requested by BFPD. Such request must be mutually agreed upon by SVFPD's fire chief and BFPD's interim fire chief, executive director, general manager, or district administrator.

3.2.2 Consent. SVFPD hereby irrevocably consents to the Reorganization pursuant to the terms of this Agreement and the Reorganization Application submitted pursuant to Section 3.1.2. SVFPD shall cooperate in every reasonable way with the requests of LAFCO. Said cooperation shall include, but not be limited to, the filing of all necessary applications, plans, and any other documentation or information required by LAFCO or any public agency associated with the Reorganization process.

3.2.3 Agreement Not to Challenge or Support Challenge. The Parties shall not file lawsuits or to directly or indirectly support litigation filed by others, either as a party, through financial contributions, providing staff support, or by failing to aggressively defend such litigation, that challenges the adequacy of the Reorganization.

3.3 LAFCO Obligations.

3.3.1 Application. LAFCO shall process the application submitted by BFPD in accordance with the CKH Act.

3.3.2 Support. LAFCO may provide guidance and assistance to the Parties regarding the LAFCO process, including but not limited to, fulfilling the statutory requirements under the CKH Act. Additionally, LAFCO may provide administrative assistance if requested by BFPD. Such services include but are not limited to assisting with board meetings, community forums, or other outreach efforts.

3.3.3 Interim Fire Chief. The Commission hired the Fire Reorganization Consulting, LLC ("Fire Consultant") on March 2, 2022 to help LAFCO staff with fire-related projects. Concurrently with approval of this Agreement, BFPD has or may contract with the Fire Consultant to provide interim administrative services at the hourly rate as specified in the agreement between the parties. LAFCO agrees that the Fire Consultant shall not provide services to LAFCO regarding the Reorganization if hired for the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator. If the Fire Consultant is not hired for the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator, then the Fire Consultant, with LAFCO's approval, may provide assistance to the identified interim fire chief throughout the Reorganization process.

ARTICLE 4. REORGANIZATION

4.1 Reorganization. For purposes of this Agreement, a Reorganization is defined as the dissolution of Branciforte Fire Protection District and the concurrent annexation of the dissolved area into Scotts Valley Fire Protection District. In accordance with the CKH Act, all assets and liabilities, revenues and expenditures, facilities and apparatuses, district files and records, and other identified items will be transferred over to SVFPD following the Reorganization's date of recordation.

4.2 New Benefit Assessment Consideration. If determined by Branciforte Fire Protection District and/or Scotts Valley Fire Protection District, the residents of the Branciforte community will have an opportunity to vote on whether to support a new special tax to keep the Branciforte Fire Station open with a two-person crew minimum. This election will be conducted during the November 2022 General Election, unless the Parties agree on a different date. If the new special tax fails, the Reorganization will continue with an alternative designation for the Branciforte Fire Station.

4.3 Timing. The effective date of the Reorganization will be the Certificate of Completion's recordation date.

5.1 Remedies. Subject to the limitations herein, in the event of a breach of this Agreement, the non-breaching party may at its option institute legal action to cure, correct, or remedy such breach, enjoin any threatened or attempted violation, or enforce the terms of this Agreement by specific performance. In the event of any breach of this Agreement, the non-breaching party shall have the right to pursue against the breaching party, any and all remedies that are available at law or at equity for breach of contractual obligation, provided however, that in no event shall BFPD have the right to sue SVFPD or LAFCO or any SVFPD or LAFCO officials, employees, contractors or agents for damages or monetary relief arising out of the SVFPD's or LAFCO's default of its obligations set forth in this Agreement, the Parties agreeing that declaratory and injunctive relief, mandate, and specific performance shall be BFPD's sole and exclusive judicial remedy. The prevailing part in any such litigation shall be entitled to its attorney's fees and costs.

ARTICLE 6. GENERAL PROVISIONS

6.1 Duration. This Agreement will remain in place until the Reorganization is finalized. If BFPD, SVFPD, and/or LAFCO decide to oppose, deny, withdraw, or stop the Reorganization process, then the Agreement will be terminated. This LAFCO does not and cannot warrant LAFCO's approval of the Reorganization.

6.2 Attorney's Fees. In the event that any Party brings any legal action to interpret or enforce any provision of this Agreement, the prevailing Party in that action shall be entitled to receive, in addition to all other available relief, costs of litigation and reasonable attorneys' fees, including expert witness fees, costs and fees incurred on appeal and in enforcing any judgment which may be rendered on the underlying action.

6.3 No Third Party Beneficiaries. Except as provided in Section 6.10, the Parties expressly acknowledge that they do not intend, by their execution of this Agreement, to benefit any person or entities not signatory to this Agreement. Except as provided by Section 6.10, no person or entity not a signatory to this Agreement will have any rights or causes of action against the Parties, or any combination thereof, arising out of or due to the Parties' entry into this Agreement.

6.4 Governing Law. This Agreement shall be interpreted and enforced in accordance with the provisions of California law, without regard to conflicts of laws provisions. Any litigation shall be held in a court of competent jurisdiction located in Santa Cruz County, California.

6.5 Notice. Unless otherwise permitted by this Agreement, all notices to be given shall be in writing and may be made by personal delivery, certified mail, postage prepaid and return receipt requested. Mailed notices shall be addressed to the Parties at the addresses listed below, but each party may change the address by written notice in accordance with this paragraph. Receipt will be deemed made as follows: notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated on receipt or region.

Pre-Reorganization Agreement

If to BFPD: Branciforte Fire Protection District 2711 Branciforte Drive Santa Cruz, CA 95065

If to SVFPD:

Scotts Valley Fire Protection District 7 Erba Lane Scotts Valley, CA 95066

If to LAFCO:

Local Agency Formation Commission of Santa Cruz County 701 Ocean Street, Room 318-D Santa Cruz, CA 95060

6.6 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall constitute an original.

6.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements, either written or oral, express or implied.

6.8 Further Acts. The Parties agree to execute such additional documents and to take such further actions as are reasonably necessary to accomplish the objectives and intent of this Agreement.

6.9 Waiver. The failure of any Party to insist upon strict compliance with any provision of this Agreement or to exercise any right or privilege provided herein, or any Party's waiver of any breach hereunder unless in writing, shall not relieve any other Party of any of obligations hereunder, whether of the same or similar type. The foregoing shall be true whether the waiving Party's actions are intentional or unintentional.

6.10 Authorization to Execute. The signatories to this Agreement warrant that they have been lawfully authorized by their respective Parties to execute this Agreement on their behalf. Upon request, the Parties shall deliver all applicable bylaws, resolutions, or other documents evidencing the signatories' legal authority to execute this Agreement on behalf of the respective Parties.

6.11 Severability. If any provision or clause of this Agreement or any application of it to any person, firm, organization, partnership or corporation is held invalid, such invalidity shall not affect other provisions of this Agreement which can be given effect without the invalid provision or application. To this end, the provisions of this Agreement are declared to be severable.

6.12 Compliance with other Rules and Regulations. BFPD and SVFPD shall comply with all other applicable rules and regulations of LAFCO and all other public agencies having jurisdiction over the Reorganization area. This Agreement does not abrogate, limit or modify any other of Parties' rights which are provided by common law, statute, ordinance or regulation.

6.13 Lack of Reorganization. In the event that BFPD does not dissolve and concurrently annex into SVFPD, the Parties are not bound by the obligations of this Agreement and the Parties retain any of their respective pre-Reorganization rights and duties as local governmental entities. Such inaction may result in BFPD from being able to operate as a special district due to the legal requirements under its Principal Act, the Brown Act, and other state mandates.

"LAFCO" Bv: Joe Serrano, Executive Officer

Date: 3/14/22

Approved as to form: By:

Joshua Nelson, General Counsel

Date: _______

"SVFPD"

By:

Russ Patterson, Board President

Date:

Approved as to form:

By: _____

Phillip A. Passafuime, General Counsel Date:

"BFPC By:

Pat O'Connell, Board President Date: 3-14-22

Approved as to form:

By: _____

Travis Cochran, General Counsel

Pre-Reorganization Agreement

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"LAFCO"

By: _____

Joe Serrano, Executive Officer

Date: _____

Approved as to form:

By: _____

Joshua Nelson, General Counsel

Date: _____

"SVFPD" By:

Russ Patterson, Board President Date: 4/13/2027

Approved as to form:

By: ku

Phillip A. Passafuime, General Counsel Date: 4 - 13 - 22

"BFPD"

By: _____

Pat O'Connell, Board President

Date: _____

Approved as to form:

By: _____

Travis Cochran, General Counsel
Date:

Pre-Reorganization Agreement

Page 8 of 8

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6.13 Lack of Reorganization. In the event that BFPD does not dissolve and concurrently annex into SVFPD, the Parties are not bound by the obligations of this Agreement and the Parties retain any of their respective pre-Reorganization rights and duties as local governmental entities. Such inaction may result in BFPD from being able to operate as a special district due to the legal requirements under its Principal Act, the Brown Act, and other state mandates.

"LAFCO"

By: ______ Joe Serrano, Executive Officer

Date: 3/14/22

"BEP Bv:

Date:

By: ____

Approved as to form:

Date: 3/21/22

Pat O'Connell, Board President

Travis Cochran, General Counsel

Approved as to form:

Joshua Nelson, General Counsel

Date:

By: ____

"SVFPD"

By:

Russ Patterson, Board President

Date:

By: _____



Approved as to form:

Phillip A. Passafuime, General Counsel
Date:

Pre-Reorganization Agreement

Page 8 of 8



JOINT AD-HOC COMMITTEE MEETING AGENDA

Location: 7 Erba Lane, Scotts Valley, CA 95066 Date: Thursday, April 13, 2023 at 10:00am

I. WELCOME

LAFCO will summarize the purpose of the stakeholder meeting.

II. BENEFIT ASSESSMENT STUDY

The stakeholder group will receive an update on the study process.

III. REOGANIZATION PROCESS

The stakeholder group will discuss the following: (1) CalPERS' valuation report, (2) B40 Fire Station alternative usage, and (3) latest update on the reorganization's timeline and plan for service.

IV. OTHER TOPICS

The stakeholder group will discuss other matters, if needed.

Branciforte FPD	Scotts Valley FPD	LAFCO
Pat O'Connell	Russ Patterson	Jim Anderson
(board member)	(board member)	(board member)
Larry Pageler	Daron Pisciotta	Don Jarvis
(board member)	(board member)	(consultant)
Nate Lackey	Ron Whittle	Joe Serrano
(fire chief)	(fire chief)	(executive officer)

STAKEHOLDER GROUP





RESIDENT ADVISORY COMMITTEE

BACKGROUND

The Branciforte Board of Directors created an ad-hoc committee to address LAFCO's request for a detailed strategic plan on how the District will be a sustainable special district following the sunset of the contractual agreement with SVFPD for administrative services. This committee included two board members and a number of residents. Since the formation back in late-2021, the committee evolved into a resident-based advisory group without proper District oversight. During the April 12th District Meeting, the Board reclassified the group as a "Resident Advisory Committee," ensuring that the committee is operated and managed by the Fire Chief.

PURPOSE

The objective of the Resident Advisory Committee is to help the District successfully complete the reorganization effort involving the Branciforte Fire Protection District and the Scotts Valley Fire Protection District.

ROLE

The responsibility of the advisory committee member is to provide feedback on the factors identified by the Fire Chief. Examples include providing input on the upcoming community workshops, determining potential questions the community may have about the reorganization, and how to properly convey the benefits of the reorganization.

MEMBERS

The Fire Chief will be responsible for determining who is on the committee and will keep an active roster. No more than two board members will be allowed to be on the committee at any given time. The committee meetings will only be open to committee members or guest speakers invited by the Fire Chief.

DURATION

The reorganization is tentatively scheduled to be completed by July 2023. If and when the reorganization is completed, this advisory committee will be dissolved.



RESIDENT ADVISORY COMMITTEE ROSTER (as of August 20, 2022)

#	Members	
Community Representatives		
1	Neal Austin	
2	Katie Freeman	
3	Vicki Miller	
4	Aren Pageler	
5	Larry Pageler	
6	Tony Sloss	
7	Dale Thurston	
8	Marilyn Kuksht	
District Representatives		
9	Tim Dodds, Board Member	
10	Nate Lackey, Fire Chief	
11	Pat O'Connell, Board Member	
LAFCO Representatives		
12	Don Jarvis, Fire Consultant	
13	Joe Serrano, Executive Officer	

Pursuant to the District's adopted board policies, the Fire Chief will oversee the membership of this committee and may modify the roster, if warranted.

5A: ATTACHMENT 5

Local Agency Formation Commission of Santa Cruz County

Governmental Center 701 Ocean St. #318 D Santa Cruz CA 95060



PROJECT NUMBER: RO 22-07 TITLE: "Branciforte Fire Protection District Reorganization"

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 aporoval 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)

April 1, 2022

(Date)

(Signature of Applicant)

LARRY PAGELER (Printed Name)

JULY 12, 2023 (Date)



August 25, 2022

Joe A. Serrano, Executive Director Santa Cruz Local Agency Formation Commission 701 Ocean Street, Room 318-D Santa Cruz, CA 95060

Re: Request for Waiver of Fees

Dear Director Serrano,

The Branciforte Fire Protection District ("District") would like to formally request a waiver of any applicable fee(s) related to the reorganization/annexation process that is currently underway between the District and the Scotts Valley Fire Protection District ("SVFPD").

The District currently lies within the sphere of influence of SVFPD, and as such, the District is cognizant that the reorganization/annexation will inevitably provide a better and higher level of service to the residents of the District. The District is also aware that LAFCO will be utilizing the services of a consulting firm in order to evaluate and assess the potential risks and benefits of consolidating the two fire districts.

If you have any questions or concerns, please do not hesitate to contact me. Thank you in advance for your time and attention to this matter.

Respectfully submitted,

Nate Lackey Interim Fire Chief Branciforte Fire Protection District

April 28, 2022

Nate Lackey, Fire Chief Branciforte Fire Protection District 2711 Branciforte Drive Santa Cruz, CA 95065

Subject:Status of Application for the proposed "Branciforte Fire Protection
District Reorganization" (LAFCO Project No. RO 22-07)

Dear Chief Lackey:

LAFCO staff has reviewed the application and accompanying documents for the abovereferenced 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:

- <u>FILING FEE:</u> Applications for boundary changes, such as reorganizations, require a fee deposit based on acreage. The proposed reorganization encompasses 782 parcels totaling approximately 5,800 acres. In accordance with LAFCO's Filing Fee Policy, the applicant is required to provide a check payable to Santa Cruz LAFCO for \$8,000. However, the proposed reorganization may be subject to a fee waiver. LAFCO staff recommends that the District submit a letter requesting a fee waiver due to the fact that the reorganization stems from LAFCO's Countywide Fire Report.
- 2. <u>LEGAL DESCRIPTION AND MAP</u>: The applicant is required 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 officially finalize the boundary change. The written metes and bounds of the proposal area must conform with SBE's requirements. This requirement may be completed in collaboration with LAFCO and/or the Scotts Valley Fire Protection District.
- <u>ENVIRONMENTAL REVIEW</u>: Santa Cruz LAFCO will 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.

- 4. <u>PROPERTY TAX EXCHANGE AGREEMENT:</u> 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.
- 5. <u>COMMUNITY OUTREACH</u>: LAFCO staff has seen success in previous reorganizations and mergers when the affected agencies and LAFCO co-host community workshops. These events are meant to educate and inform the affected residents on the benefits of reorganization and also provide opportunities for the public to ask questions and learn more about the LAFCO process. Please note that this community outreach effort is not required by law but highly encouraged by LAFCO.
- 6. <u>PLAN FOR SERVICE</u>: Pursuant to Government Code Section 56653, a reorganization requires a plan for providing services within the affected territory. The intent of a Plan of Service is to describe in detail how a proposed project will be implemented if approved. LAFCO depends on applicants and service providers to document the ability to provide service for areas. This document takes into account the services, capacity, cost and adequacy of services within the subject territory and how those services would be affected by the proposed LAFCO action. This requirement may be completed in collaboration with LAFCO and/or the Scotts Valley Fire Protection District.

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

Sincerely,

JOE A. SERRANO Executive Officer

Attachments: 1. Referral Letter (Advanced Copy)

- 2. Vicinity Map
- 3. Reorganization Timeline (Tentative Schedule)



REFERRAL LETTER TO AFFECTED/INTERESTED AGENCIES

Date:	April 28, 2022
Project Title:	"Branciforte Fire Protection District Reorganization"
Project Number:	RO 22-07
APNs:	782 parcels in total
Date Rec'd by LAFCO:	April 1, 2022
Submitted by:	Board Resolution
Subject Agencies:	Branciforte and Scotts Valley Fire Protection Districts

Sphere Adoption/Amendment:	Yes
Contractual Service Agreement:	No

Executive Officer Message: This application proposes a reorganization involving Branciforte Fire Protection District ("BFPD") and Scotts Valley Fire Protection District ("SVFPD"). The reorganization involves three key actions: (1) dissolution of BFPD, (2) concurrent annexation of the dissolved BFPD territory into SVFPD, and (3) sphere amendment to include the annexation area.

If you have any comments on this application, please provide your feedback to the LAFCO office no later than **Friday**, **May 27**, **2022**.

Description/Justification: The proposed reorganization was initiated by BFPD through the adoption of a board resolution. The subject area includes 782 parcels totaling approximately 5,800 acres (9 square miles). The purpose of the application is to facilitate the efficient delivery of fire protection to individual and property owners within the affected territory. If approved, the reorganization will preserve the current levels of service, maintain local demand expectations, and continue the existing funding sources.

Location: The subject area involves the unincorporated community known as Branciforte and is located in the central part of Santa Cruz County. Attached is a vicinity map depicting the location of the proposal area. It is important to note that the two fire districts share one sphere boundary since 1994, indicating that they should be merged to provide the best level of service to the Branciforte community.

General Plan/Zoning: The subject area is inhabited and the vast majority of territory within BFPD is designated as R-M (Mountain Residential) and R-R (Rural Residential) under the County's General Plan. 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 existing public agencies, including but not limited to water service from the Scotts Valley Water District and the City of Santa Cruz.

Environmental Review: The project site is subject to an environmental review. Santa Cruz LAFCO will 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 districts regarding property tax adjustments.

Referrals:

Affected Agency: Branciforte and Scotts Valley Fire Protection Districts

Interested Agencies:

Cities – Santa Cruz and Scotts Valley

County Departments – Administrative Office; Elections Office; Supervisorial District 2 (Supervisor Friend) and Supervisorial District 1 (Supervisor Koenig)

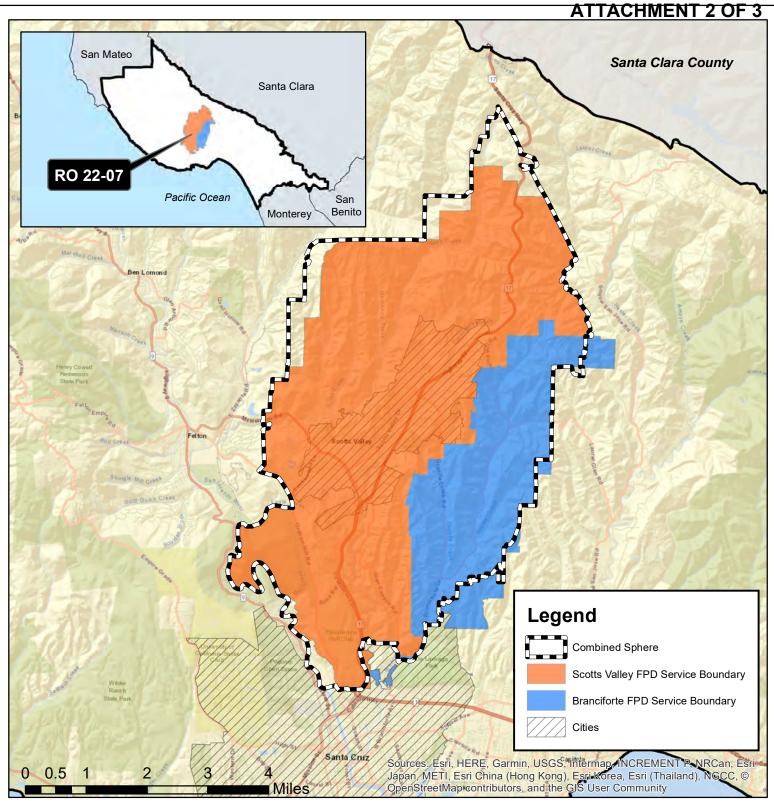
County Service Areas – CSA 9; CSA9c; CSA 9d; CSA 11; CSA 12; CSA 38; CSA 48; CSA 53

School Districts – Happy Valley Elementary; Scotts Valley Unified; Soquel Union

Other Local Agencies: Central Fire District; Felton Fire Protection District; Resource Conservation District; Zayante Fire Protection District

Terms and Conditions: The LAFCO resolution will outline several terms and conditions including but not limited to the following: completion of a protest proceedings, payment of the State Board of Equalization fees, and other provisions as required by applicable law or as may be agreed by the affected parties.

Public Hearing: Yes (hearing date: TBD)	Date File Opened: 4/1/22
Filing Fee Deposit: \$8,000	Date Paid: Pending
Date Status Letter Sent: 4/28/22	Attachment: 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.

ATTACHMENT 3 OF 3

"Branciforte Fire Protection District Reorganization" (LAFCO Process - Proposed Schedule) (For Discussion Purposes Only - Dates Subject to Change)			
Action	Responsible Agency	Target Date	Description
Pre-LAFCO Process Discussion about application	BFPD, SVFPD,	September 2021	Discuss the LAFCO process, proposal area, and application requirements to transfer
requirements	and LAFCO	to March 2022	service responsibilities from BFPD to SVFPD.
Conduct Community Workshops	BFPD, SVFPD, and LAFCO	Throughout the Process	While not mandatory, it may be beneficial to educate the community about the existing issues and the benefits from the reorganization. A series of meetings/workshops would help alleviate any misconceptions, issues, or questions that residents may have.
During LAFCO Process			
Submittal of Application to LAFCO	BFPD	April 1, 2022	 A completed application must also include the following: 1) Initiating Document (adopted resolution); 2) Plan for Service; 3) Environmental Questionaire (CEQA requirement); 4) Map & Legal Description (SBE requirement); 5) Signed Pre-Reorganization Agreement; 6) LAFCO Filing Fee (Initial Deposit; or Fee Waiver Request); 7) Any additional information requested by LAFCO (TBD)
Review and Notification of Application	LAFCO	April 27, 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.
Hire Consulting Firm to Produce	BFPD	July-August	A benefit assessment study is required to determine the cost and funding source to
Benefit Assessment Study Review Draft Study	BFPD, SVFPD,	2022 October -	operate the Branciforte Fire Station post-reorganization. The stakeholders (BFPD, SVFPD, and LAFCO) will review the draft study.
Schedule Benefit Assessment	and LAFCO BFPD, SVFPD,	December 2022	The stakeholders will coordinate with the County Election's Department to place the
Measure for Voter Approval	and LAFCO	January 2023	measure on the next available election cycle
Adoption of a Property Tax Exchange Agreement	County	January - February 2023	The County 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	BFPD, SVFPD,	February 2023	Address any pending items. These items must be resolved before LAFCO staff can deem
Items	and LAFCO	,	this project complete and ready for Commission consideration. Pursuant to State law, LAFCO's Executive Officer will deem the project complete when a
Complete Certificate of Filing	LAFCO	February 2023	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	March 2023	Pursuant to State law, LAFCO will advertise the consideration of the proposed reorganization in a newspaper(s) at least 21-days prior to the hearing date (GCS 56157[h] 1/8 page in newspaper).
Conduct LAFCO Hearing (Consider Proposal)	LAFCO	April 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	TBD	April 2023	The affected parties and LAFCO must determine which environmental document will be needed to fulfill the requirements of the California Environmental Quality Act (CEQA). LAFCO may act as the Lead Agency.
Conduct 30-day Request for Reconsideration Period	LAFCO	April to May 2023	Pursuant to state law, the request for reconsideration period is 30 days. <u>Reconsideration</u> : If the reorganization 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	May 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	May to June 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 It 25%-50% oppose, then election is required If more than 50% oppose, then Commission action is terminated
Conduct Protest Hearing	LAFCO	June 2023	A protest hearing will be held to receive any final protest petitions from affected
(Collect Final Petitions) Conduct LAFCO Hearing (Adopt Protest Results)	LAFCO	June 2023	residents/landowners. Pursuant to state law, LAFCO will adopt a resolution acknowledging the results of the protest proceedings.
Completion of all Terms & Conditions	BFPD, SVFPD, and LAFCO	June to July 2023	The adopted resolution from the June 2023 LAFCO Meeting will list a number of terms and conditions. The affected parties will be responsible to fulfill such conditions prior to recordation, including but not limited to legislative assistance, bond measures, etc. LAFCO: Recordation of the approved proposal with the County and the State Board of
Recordation of Proposal Post-LAFCO Process	LAFCO	July 2023	EXPCO. Recordation of the approved proposal with the County and the State Board of Equalization. <u>BFPD-SVFPD:</u> The effective date of the reoreganization may be the day of recordation or a specified date. The affected parties may specify the effective date as a potential condition in the LAFCO resolution.
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)		July - August	



REFERRAL LETTER TO AFFECTED/INTERESTED AGENCIES

Date:	April 28, 2022
Project Title:	"Branciforte Fire Protection District Reorganization"
Project Number:	RO 22-07
APNs:	782 parcels in total
Date Rec'd by LAFCO:	April 1, 2022
Submitted by:	Board Resolution
Subject Agencies:	Branciforte and Scotts Valley Fire Protection Districts

Sphere Adoption/Amendment:	Yes
Contractual Service Agreement:	No

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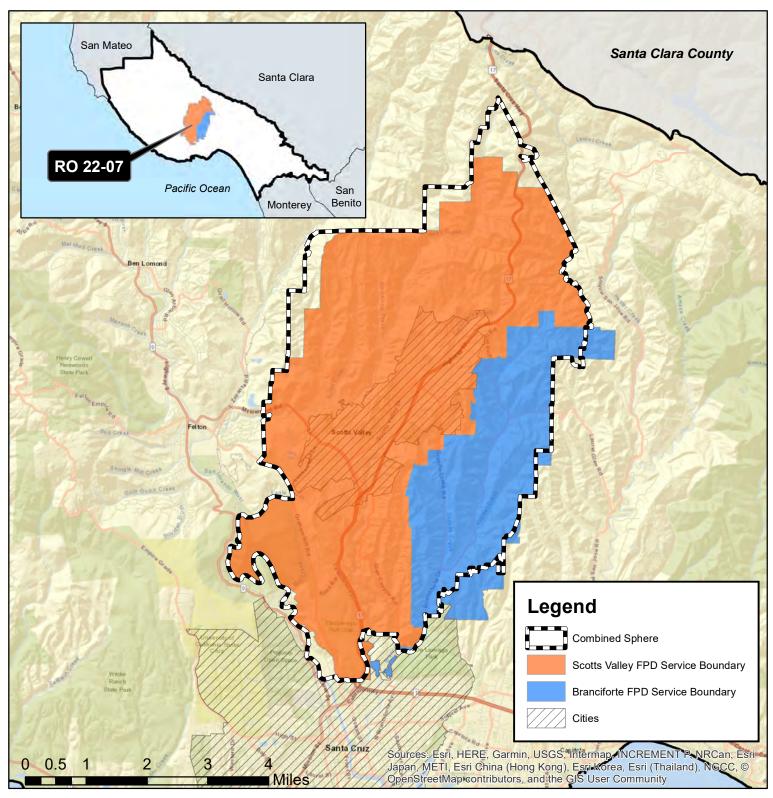
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"Branciforte Fire Protection District Reorganization" (LAFCO Project No. RO 22-07)



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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: December 13, 2022

Tax Rate Area

Re: Branciforte Fire Protection District Reorganization LAFCO No. RO 22-07

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.

Property Tax Revenue

73001 HAPPY VALLEY	\$ 363,357,431	\$ 3,633,574
73004 HAPPY VALLEY	\$ 4,783,450	\$ 47,835
92008 SANTA CRUZ	\$ 44,939,277	\$ 449,393
94015 SCOTTS VALLEY	\$ 2,196,062	\$ 21,961
94040 SCOTTS VALLEY	\$ 3,677,883	\$ 36,779
96041 SOQUEL	\$ 44,622,789	\$ 446,228
Grand Total	\$ 463,576,892	\$ 4,635,769

Net Taxable Value

Proposed Action	Agency
Annexation/Reorganization	Branciforte Fire Protection District Scotts Valley Fire Protection District

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

DS

5A: ATTACHMENT 10

Adopted 03/28/2023 BEFORE THE BOARD OF SUPERVISORS Board of Supervisors OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA DOC-2023-224 20.a

RESOLUTION NO. 73-2023

On the motion of Supervisor Cummings Duly seconded by Supervisor Hernanadez The following resolution is adopted

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

LAFCO RO 22-07 – Branciforte Fire Protection District Reorganization

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 28th day of March, 2023, by the following vote:

AYES: SUPERVISORS Koenig, Hernandez, Cummings, McPherson and Friend NOES: None DocuSigned by: ABSENT: None

wh Friend 2C437165727E4ED

3/29/2023

Zach Friend Chair of Said Board

ATTEST:

DocuSigned by: Juliette Burke 3/29/2023 6B074F3141450..

Juliette Burke Deputy Clerk of Said Board APPROVED AS TO FORM:

DocuSigned by:

Jason M. Heath

(2/21/23 AMS#13638)

County Counsel Jason M. Heath Resolution 73-2023

cc: Local Agency Formation Commission of Santa Cruz County Assessor-Recorder Auditor-Controller-Treasurer-Tax Collector Branciforte Fire Protection District Scotts Valley Fire Protection District Resolution 73-2023

Exhibit A Agenda: March 28, 2023 LAFCO RO 22-07 – Branciforte Fire Protection District Reorganization

1. Description

RO 22-07 – Branciforte Fire Protection District Reorganization Assessor's Parcel Numbers attached.

- 2. Property Tax Exchange
 - A. Base Year Full Cash Value: 100% Exchange to annexing agency
 - B. Incremental Full Cash Value: 100% Exchange to annexing agency

Resolution 73-2023 RO 22-07 Parcel and Acres List

056121337.880561214017.63068121320.9099011284.84099011303.671000111110.33100011141.851000111724.66100011310.051000113237.38100011337.59100011342.59100011350.07100011403.55100011412.93100011423100011438.49100011448.39100011455.64100011455.64100011455.64100011453.821000116219.02100011633.82100011643.111000116511.23100011643.111000213315.541000213415.91000213415.54100031092.15100031104.72100031272.21100031347.41100031347.41100031347.41100031342.38100031342.38100031411.85100031424.97		
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100011390.07100011403.55100011412.93100011423100011438.49100011448.39100011455.64100011455.64100011615.051000116219.02100011633.82100011643.111000116511.23100011643.111000116511.23100011643.111000213091.571000213141.64100021321.591000213315.541000213413.4100031092.15100031104.72100031145.56100031212.5100031242.21100031272.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85	10001133	7.59
100011390.07100011403.55100011412.93100011423100011438.49100011448.39100011455.64100011494.26100011615.051000116219.02100011633.82100011643.111000116511.23100011643.111000116511.231000213091.571000213141.64100021321.591000213315.541000213413.4100031092.15100031104.72100031145.56100031212.5100031242.21100031252.21100031347.411000313716.3100031382.01100031402.38100031411.85		
100011403.55100011412.93100011423100011438.49100011448.39100011455.64100011494.26100011615.051000116219.02100011633.82100011643.111000116511.23100011643.111000116511.231000213091.571000213141.64100021321.591000213315.541000213413.4100031092.15100031104.72100031145.56100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031402.38100031411.85	10001139	
100011412.93100011423100011438.49100011448.39100011455.64100011494.26100011615.051000116219.02100011633.82100011643.111000116511.231000116511.231000213091.571000213141.64100021321.591000213315.541000213413.41000213413.4100031092.15100031104.72100031145.56100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100011423100011438.49100011448.39100011455.64100011494.26100011615.051000116219.02100011633.82100011643.111000116511.23100011643.111000116511.231000213091.571000213141.64100021321.591000213315.541000213413.41000213413.4100031092.15100031104.72100031145.56100031212.5100031232.21100031242.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100011438.49100011448.39100011455.64100011494.26100011615.051000116219.02100011633.82100011643.111000116511.231000116511.231000213091.571000213141.64100021321.591000213315.541000213413.4100031092.15100031104.72100031145.56100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100011448.39100011455.64100011494.26100011615.051000116219.02100011633.82100011643.111000116511.231000213091.571000213141.64100021321.591000213315.541000213413.41000213413.4100031092.15100031104.72100031145.56100031212.5100031232.21100031242.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		-
100011455.64100011494.26100011615.051000116219.02100011633.82100011643.111000116511.231000213091.571000213141.64100021321.591000213315.541000213413.4100031092.15100031104.72100031145.56100031212.5100031272.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100011494.26100011615.051000116219.02100011633.82100011643.111000116511.231000213091.571000213141.64100021321.591000213315.541000213413.4100031092.15100031104.72100031145.56100031212.5100031232.21100031242.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100011615.051000116219.02100011633.82100011643.111000116511.231000213091.571000213141.64100021321.591000213315.541000213413.41000213413.4100031092.15100031104.72100031145.56100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
1000116219.02100011633.82100011643.111000116511.231000213091.571000213141.64100021321.591000213315.541000213413.4100031092.15100031104.72100031145.56100031212.5100031232.21100031242.21100031252.21100031347.411000313716.3100031394.8100031402.38100031411.85		
100011633.82100011643.111000116511.231000213091.571000213141.64100021321.591000213315.541000213413.41000213413.4100031092.15100031104.72100031145.56100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100011643.111000116511.231000213091.571000213141.64100021321.591000213315.541000213413.41000213413.4100031092.15100031104.72100031145.56100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
1000116511.231000213091.571000213141.64100021321.591000213315.541000213413.41000213413.4100031092.15100031104.72100031145.56100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
1000213091.571000213141.64100021321.591000213315.541000213413.4100031092.15100031104.72100031104.72100031145.56100031212.5100031272.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
1000213141.64100021321.591000213315.541000213413.4100031092.15100031092.15100031104.72100031145.56100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100021321.591000213315.541000213413.4100031092.15100031104.72100031145.561000311910.2100031212.5100031272.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
1000213315.541000213413.4100031092.15100031104.72100031145.561000311910.2100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
1000213413.4100031092.15100031104.72100031145.561000311910.2100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		1
100031092.15100031104.72100031145.561000311910.2100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100031104.72100031145.561000311910.2100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100031145.561000311910.2100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
1000311910.2100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100031212.5100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100031272.21100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100031282.21100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
100031347.411000313716.3100031382.01100031394.8100031402.38100031411.85		
1000313716.3100031382.01100031394.8100031402.38100031411.85		
100031382.01100031394.8100031402.38100031411.85		
100031394.8100031402.38100031411.85		
100031402.38100031411.85		<u> </u>
10003141 1.85		
10003142 4.97		
	10003142	4.97

10003143	2.67
10004102	42.9
10004105	42.39
10004106	0.18
10004107	42.61
10004109	38.29
10004123	2.56
10004126	5.55
10004128	12.02
10004130	5.17
10004132	2.74
10004132	8.36
10004134	8.85
10004133	2.99
10004138 10004139	2.98
	10.76
10004140	4.6
10004141	2.63
10004142	2.53
10004143	2.78
10005114	5.37
10005117	2.56
10005120	5.67
10005125	4
10005127	1.1
10005129	3.89
10005130	5.36
10005134	13.92
10005135	4.78
10005141	2.82
10005143	0.01
10005144	2.91
10005146	2.75
10005148	3.55
10005149	5.71
10005163	2.87
10005173	2.32
10006101	0.5
10006104	11.19
10006113	1.41
10006113	1.65
10006114	0.95
10006115	0.93
10006118	0.88
10006121	1.02
10006123	0.88
10006124	1.01

10006126	0.7
10006136	2.04
10006137	0.6
10006143	2.48
10006144	2.39
10006145	2.68
10006147	3.29
10006148	1.06
10006148	
10006149	2.68 4.38
10006151	2.7
10006153	6.32
10007103	5.09
10007104	4.9
10007106	1.96
10007107	1.07
10007108	0.8
10007111	1.2
10007113	2.14
10007117	1.28
10007118	1.44
10007119	0.82
10007120	1.83
10007121	2.34
10007123	2.54
10007124	3.67
10007125	2.58
10007126	3.42
10007120	2.07
10007127	3.52
10008111	
	2.88
10008119	0.4
10008120	6.28
10008121	1.48
10008124	1.94
10008126	3.77
10008127	2.51
10008128	10.65
10008129	0
10008130	0.43
10008134	4.88
10008137	4.82
10008138	8.07
10008139	5.1
10008141	2.47
10008142	2.44
10008143	2.44
10000143	2.70

10008144	3.08
10008145	4.72
10009102	5.97
10009107	5.59
10009109	0.84
10009111	16
10009113	0.67
10009116	5.1
10009117	10.14
10009118	1.16
10009119	0.63
10009119	4.91
10009122	2.6
10009124	2.5
10009126	2.14
10009128	2.84
10009129	3.06
10009130	2.28
10009131	7.92
10010101	8.36
10010110	0.98
10010112	0.73
10010116	1.02
10010121	19.48
10010123	8.56
10010124	0.95
10010125	0.66
10010126	0.75
10010127	0.05
10010129	14.45
10010120	3.16
10011101	22.84
10011101	3.42
10011103	21.29
	1.98
10012101	
10012102	11.3
10012103	2.13
10012105	18.4
10012106	2.62
10012107	2.82
10012108	2.62
10012109	22.09
10013102	40
10013103	135.9
10013105	41.16
10014104	0.43
10014105	1.9
<u> </u>	

Resolution 73-2023

RO 22-07 Parcel and Acres List

RO 22-07 Parce	el and Acres	LI
10014107	2.06	
10014108	0.14	
10014112	0.71	
10014113	3.61	
10014114	2.49	
10014116	10.2	
10014117	31.75	
10014118	2.81	
10014120	0.01	
10014121	5.3	
10014122	4.87	
10014123	15.82	
10015101	41.1	
10015101	34.73	
10016101	1.59	
10016102	12.68	
	23.25	
10016107 10017102		
	8.49	
10017106	2.73	
10017107	2.86	
10017111	3.81	
10017112	4.9	
10017113	7.5	
10018101	72.4	
10019104	26.13	
10019114	9.56	
10019115	3.33	
10019117	4.21	
10019118	4.23	
10019119	2.88	
10020103	0.7	
10020104	2.92	
10020105	3.01	
10020106	2.88	
10021101	6.32	
10021107	2.13	
10021108	1.22	
10021109	1.71	
10021111	1.56	
10021112	2.05	
10021113	13.64	
10021114	0.82	
10021115	1.08	
10021116	0.97	
10021120	1.5	
10021121	0.95	
10021123	2.81	

10021126	1.05
10021127	1.09
10021128	2.63
10021129	1.75
10021130	2.52
10021131	1.2
10021132	1.22
10021135	6.21
10021136	2.92
10021138	2.43
10021140	4.87
10021141	4.71
10022102	2.34
10022102	2.49
10022105	1.31
10022107	1.05
10022108	2.59
10022109	
10022112	5.11 58.9
10023102	7.64
10023105	5.77
10023106	51.67
10024101	0.63
10024102	1.99
10024103	1.27
10024104	1.08
10024105	3.04
10024106	55.95
10025101	0.01
10025102	12.1
10025103	0.01
10025104	11.28
10025105	5.25
10026101	3.52
10026102	2.47
10026103	7.18
10026104	4.43
10026105	2.73
10026106	6.66
10026107	2.49
10026108	3.62
10026109	2.65
10026110	2.4
10026111	2.98
10027101	79.99
10101102	1.07
10101102	1
-0101107	-

10101106	7.14
10101107	11.5
10101108	11.48
10101109	17.54
10101105	6.3
10101113	6.19
10101116	0.66
10101118	4.56
10101120	5
10101122	1.53
10101123	2.01
10101124	2.38
10101125	1.95
10102108	4.7
10102109	90.54
10102212	4.69
10102213	2.69
10102213	11.33
10102214	3.95
10102216	14.31
10102218	3.94
10102219	3.15
10102220	3.26
10102223	2.51
10102227	5
10102228	3.02
10102229	5.48
10103104	28.33
10103106	11.69
10103121	5.71
10103123	3.63
10103126	3.16
10103128	3.07
10103129	4.35
10103130	4.12
10103131	2.59
10103132	2.72
10103134	3.3
10103135	2.81
10103136	22.33
10103137	16.56
10103138	18.56
10103139	3.27
10103140	3.81
10103141	3.17
10103142	0.44
10103143	2.79
10100140	2.75

10103146	3.28
10103147	4.14
10103148	3.68
10103149	3.33
10103150	5.34
10103151	5.22
10103152	6.48
10103153	4.82
10103154	3.69
10103134	4.96
10104101	19.67
	19.87
10104107	
10104108	39.31
10104109	7.79
10104117	7.69
10104119	7.56
10104120	7.29
10104132	8.48
10104135	28.76
10104136	12.12
10104137	4.64
10105104	1.3
10105105	0.82
10105107	1.8
10105110	9.75
10105112	1.14
10105114	2.07
10105115	4.2
10105116	6.03
10105117	7.87
10105118	6.77
10105119	11.79
	2.98
10105203	
10105210	2.46
10105211	11.23
10105212	0.02
10105217	2.69
10105219	0.05
10105220	2.8
10105221	1.97
10105222	2.98
10106101	1.71
10106102	0.97
10106103	4.37
10106106	1.9
10106107	0.25
10106108	5.24
	1

Resolution 73-2023

RO 22-07 Parcel and Acres List

10 22 07 1 010	
10106201	0.73
10106202	59
10106205	5.01
10106206	1.37
10107102	0.69
10107103	11.86
10107107	35.45
10107108	0.42
10107111	2.98
10107113	10.72
10107114	3.84
10107114	2.07
10107113	3.77
-	
10108101	2
10108102	0.71
10108103	0.29
10108104	0.09
10108105	0.09
10109104	7.37
10109105	2.63
10109106	3.97
10109107	7.21
10109108	4.33
10109109	52.63
10110101	3.35
10110105	0.24
10110106	0.63
10110109	0.4
10110111	11.31
10110112	2.15
10110113	1.54
10110114	1.76
10110117	4.13
10110118	3.04
10110119	3.2
10110121	6.04
10110123	3.64
10110125	3.3
10110127	3.39
10110127	7.29
10110128	51.03
10111101	0.1
10111103	0.15
10111205	0.73
10111208	0.11
10111212	4.78
10111213	2.8

10111214	2.8
10111215	2.67
10111216	6.17
10111218	3.14
10111219	3
10111220	3.26
10112119	7.32
10112120	11.21
10112121	9.83
10112122	11.26
10112125	54.26
10112127	3.24
10112129	3.35
10112130	61.07
10113103	9.35
10113105	9.71
10113106	36.49
10113109	4.44
10113110	4.83
10113113	2
10113114	2.64
10114104	0.71
10114105	0.02
10114106	0.76
10114108	0.74
10114109	0.35
10114110	0.49
10114112	21.34
10114113	5.05
10114114	5.29
10115102	9.7
10115104	7.05
10115107	2.65
10115108	15.76
10115109	2.56
10115111	5.21
10115112	7.99
10116104	5.8
10116105	8.65
10116107	5.79
10116108	0.57
10116109	5.99
10116110	0.53
10116112	9.19
10116113	5.05
10116114	2.73
10116203	3.14
_0110203	5.1

10116205	2.02
10116207	0.55
10116208	0.94
10116209	1.07
10116210	2.37
10116211	4.99
10117204	0.02
10117205	0.08
10117207	0.04
10117210	0.48
10117211	1.25
10117213	2.87
10117214	2.77
10117218	0.05
10117220	2.97
10117221	2.71
1011/221	0.91
10118103	2.03
10118105	2.81
10118107	1.68
10118108	2.55
10118109	2.81
10118111	2.64
10118112	3.01
10118202	4.71
10118205	3.74
10118206	1.19
10118207	1.08
10118210	2.02
10118211	1.01
10118212	0.2
10118215	1.66
10118215	0.27
10118210	3.17
10118221	2.62
10118222	3.09
10118224	2.84
10118225	1.95
10118226	1.13
10118227	29.7
10118228	4.34
10118229	0.81
10119101	0.49
10119103	14.08
10119105	2.48
10119106	9.23
10119107	2.27
10113101	2.21

10119108	2.66
10119109	2.98
10119203	12.24
10119204	41.43
10120103	0.68
10120104	2.63
10120201	9.59
10120202	1.8
10120202	2.68
10120205	4.75
10120203	1.83
10120211	5.34
10120213	3.53
10120214	6.76
10120215	7.51
10120216	11
10120221	4.39
10120222	1.11
10120225	2.1
10120227	1.98
10120228	1.34
10121101	0.73
10121104	19.22
10121105	4.17
10121106	0.49
10121107	2.94
10121107	1.09
10122100	29.82
10122101	57.7
10123101	5.02
10123102	4.49
10123103	7.6
10123104	5.87
10123105	3.09
10124101	36.8
10124102	4.71
10124103	3.95
10125101	4.83
10125102	5.29
10125103	4.53
10125104	4.34
10125105	0.71
10232120	1.56
10232108	0.99
10232111	1.63
10232111	1.42
10232113	1.42
10232110	1.75

Resolution 73-2023

RO 22-07 Parcel and Acres List

10232119	1.24
10233101	19.17
06807206	40.58
06808102	3.68
06808103	5.79
06808104	6.38
06808106	3.72
06808107	3.21
06808108	15.18
06808121	3.31
06808125	2.53
06808126	4.69
06808138	5.7
06808140	9.86
06808150	18.96
06812104	9.91
06812105	28.54
06812123	5.26
06812126	2.49
06812120	9.71
06812127	
	6.96
06812130	17.58
06812131	10.6
06812133	11.19
06814105	11.38
06814106	0.53
06815101	8.09
06815107	8.3
06815108	13.5
06815109	0.34
06815110	0.18
06817105	8.65
06817111	2.68
06817112	3.97
06817124	3.95
06819101	0.03
06819102	0.11
06819201	0.08
06819207	0.11
06819208	0.26
06819209	0.09
06819210	0.09
06819211	0.08
06819212	0.06
06819213	0.14
06819214	0.1
06819215	0.11

068192180.47068192200.11068192210.23068231010.61068231020.53068231030.53068231040.53068231050.53068231071.5068231080.83068231090.57068231100.11068231110.1068231120.16068231130.1068231140.23068231150.1068231160.57068231170.23068231180.89068231231.02068231231.02068231240.82068231231.02068231240.82068241071.46068241071.46068241071.46068241033.37068251060.16068251070.12068251080.35068251070.12068251080.35068251070.12068251080.12068251140.1068251150.12068251160.12068251160.12068251160.12068251160.12068251160.14068251160.12068251160.14068251160.14068251160.14068251160.14068251160.14068251160.14068251160.14068251160.0806825116		
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068192210.23068231010.61068231020.53068231030.53068231071.5068231080.83068231090.57068231100.1068231110.1068231120.16068231130.1068231140.23068231150.1068231160.57068231170.23068231180.89068231200.35068231231.02068231240.82068231231.02068231240.82068241312.99068241313.37068251010.46068251020.16068251030.12068251040.12068251050.12068251120.07068251130.09068251140.1068251150.12068251160.1068251170.09068251180.09068251140.18068251150.12068251160.14068251170.08068251180.09068251180.08068251130.08068251140.18068251150.18068251160.14068252130.08068252130.08068252130.08068252130.2	06819219	0.45
068192210.23068231010.61068231020.53068231030.53068231071.5068231080.83068231090.57068231100.1068231110.1068231120.16068231130.1068231140.23068231150.1068231160.57068231170.23068231180.89068231200.35068231231.02068231240.82068231231.02068231240.82068241312.99068241313.37068251010.46068251020.16068251030.12068251040.12068251050.12068251120.07068251130.09068251140.1068251150.12068251160.1068251170.09068251180.09068251140.18068251150.12068251160.14068251170.08068251180.09068251180.08068251130.08068251140.18068251150.18068251160.14068252130.08068252130.08068252130.08068252130.2	06819220	0.11
068231010.61068231020.53068231071.5068231080.83068231090.57068231100.21068231110.1068231120.16068231140.23068231150.1068231160.57068231170.23068231180.89068231190.57068231231.02068231240.82068231231.02068231240.82068231231.02068231240.82068241071.46068241313.37068251010.46068251020.16068251030.12068251040.12068251050.12068251070.12068251080.35068251090.22068251110.07068251120.07068251130.12068251140.1068251150.12068251160.1068251170.09068251180.09068251160.18068251170.08068251180.08068251190.08068251100.18068252120.08068252130.22068252130.24		
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068231080.83068231090.57068231100.21068231110.1068231120.16068231130.1068231140.23068231150.1068231160.57068231170.23068231180.89068231200.35068231231.02068231240.82068231240.82068241071.46068241312.99068241312.99068241313.37068251060.16068251070.12068251080.35068251090.22068251090.22068251110.07068251120.07068251130.12068251140.1068251150.12068251160.1068251170.09068251180.09068251160.18068251170.09068251180.09068251160.18068251170.08068252040.18068252040.18068252120.08068252130.2	06823105	0.53
068231090.57068231100.21068231120.16068231140.23068231150.1068231160.57068231170.23068231180.89068231230.57068231240.82068231231.02068231240.82068241071.46068241071.46068241071.46068241313.37068251010.46068251020.12068251030.12068251040.12068251050.12068251060.16068251070.12068251080.35068251090.22068251010.07068251120.07068251130.12068251140.1068251150.12068251160.12068251170.09068251180.09068251160.18068251170.08068252040.18068252050.14068252100.08068252120.08068252130.2	06823107	1.5
068231090.57068231100.21068231120.16068231140.23068231150.1068231160.57068231170.23068231180.89068231230.57068231240.82068231231.02068231240.82068241071.46068241071.46068241071.46068241313.37068251010.46068251020.12068251030.12068251040.12068251050.12068251060.16068251070.12068251080.35068251090.22068251010.07068251120.07068251130.12068251140.1068251150.12068251160.12068251170.09068251180.09068251160.18068251170.08068252040.18068252050.14068252100.08068252120.08068252130.2	06823108	0.83
068231100.21068231110.1068231120.16068231140.23068231150.1068231160.57068231170.23068231180.89068231200.35068231231.02068231240.82068231231.02068231240.82068241071.46068241312.99068241313.37068251010.46068251020.16068251030.12068251040.12068251050.12068251110.07068251120.07068251130.12068251140.1068251150.12068251160.1068251170.09068251180.09068251160.18068251170.09068251180.09068251160.18068251170.08068251180.09068251140.18068251150.18068252040.18068252100.08068252110.08068252120.08068252130.2	06823109	0.57
068231110.1068231120.16068231140.23068231150.1068231160.57068231170.23068231180.89068231190.57068231200.35068231231.02068231240.82068241071.46068241071.46068241071.46068241071.46068241033.37068251010.46068251020.16068251030.12068251040.12068251050.12068251060.16068251070.22068251080.35068251090.22068251010.07068251120.07068251130.12068251140.1068251150.12068251160.1068251170.09068251180.09068251160.18068251170.08068252040.18068252040.18068252100.08068252110.08068252120.08068252130.2		
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068231170.23068231180.89068231200.35068231231.02068231231.02068231240.82068231240.82068241071.46068241312.99068241313.37068251010.46068251020.16068251030.12068251040.12068251050.12068251070.12068251080.35068251090.22068251010.07068251120.07068251130.12068251140.1068251150.12068251160.1068251170.09068251180.09068251180.09068252040.18068252050.14068252100.08068252130.2	06823115	0.1
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068231180.89068231190.57068231200.35068231231.02068231240.82068241071.46068241132.99068241210.940682413013.64068241313.37068251010.46068251020.16068251030.12068251040.12068251050.22068251070.22068251080.35068251090.22068251110.07068251120.07068251140.1068251150.12068251160.1068251170.09068251180.09068251180.09068252040.18068252050.14068252060.14068252100.08068252130.2	06823117	0.23
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068241210.940682413013.64068241313.37068251010.46068251020.16068251030.12068251090.22068251100.09068251110.07068251120.07068251140.1068251150.12068251160.1068251170.09068251180.09068251180.09068252040.18068252050.14068252060.14068252100.08068252130.2	06824107	1.46
0682413013.64068241313.37068251010.46068251020.16068251030.12068251040.35068251090.22068251100.09068251110.07068251120.07068251140.1068251150.12068251160.1068251170.09068251180.09068252040.18068252050.14068252060.14068252100.08068252130.2	06824113	2.99
0682413013.64068241313.37068251010.46068251020.16068251030.12068251040.35068251090.22068251100.09068251110.07068251120.07068251140.1068251150.12068251160.1068251170.09068251180.09068252040.18068252050.14068252060.14068252100.08068252130.2		
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06825101 0.46 06825106 0.16 06825107 0.12 06825108 0.35 06825109 0.22 06825110 0.09 06825111 0.07 06825112 0.07 06825114 0.1 06825115 0.12 06825116 0.1 06825117 0.09 06825118 0.09 06825204 0.18 06825205 0.14 06825206 0.14 06825210 0.08 06825210 0.08 06825213 0.2		
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068251070.12068251080.35068251090.22068251100.09068251110.07068251120.07068251140.1068251150.12068251160.1068251170.09068251180.09068252040.18068252050.14068252060.14068252100.08068252120.08068252130.2	06824130 06824131	13.64 3.37
068251080.35068251090.22068251100.09068251110.07068251120.07068251140.1068251150.12068251160.1068251170.09068251180.09068252040.18068252050.14068252060.14068252100.08068252120.08068252130.2	06824130 06824131 06825101	13.64 3.37 0.46
068251090.22068251100.09068251110.07068251120.07068251140.1068251150.12068251160.1068251170.09068252040.18068252050.14068252060.14068252100.08068252120.08068252130.2	06824130 06824131 06825101 06825106	13.64 3.37 0.46 0.16
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068251150.12068251160.1068251170.09068251180.09068252040.18068252060.14068252080.1068252100.08068252120.08068252130.2	06824130 06824131 06825101 06825106 06825107 06825108 06825109 06825110 06825111	13.64 3.37 0.46 0.16 0.12 0.35 0.22 0.09 0.07
068251160.1068251170.09068251180.09068252040.18068252060.14068252080.1068252100.08068252120.08068252130.2	06824130 06824131 06825101 06825106 06825107 06825108 06825109 06825110 06825111 06825112	13.64 3.37 0.46 0.12 0.35 0.22 0.09 0.07
068251170.09068251180.09068252040.18068252060.14068252080.1068252100.08068252120.08068252130.2	06824130 06824131 06825101 06825106 06825107 06825108 06825109 06825110 06825111 06825112 06825114	13.64 3.37 0.46 0.16 0.12 0.35 0.22 0.09 0.07 0.07 0.1
068251180.09068252040.18068252060.14068252080.1068252100.08068252120.08068252130.2	06824130 06824131 06825101 06825106 06825107 06825108 06825109 06825110 06825111 06825112 06825114 06825115	13.64 3.37 0.46 0.12 0.35 0.22 0.09 0.07 0.07 0.07 0.1 0.12
068252040.18068252060.14068252080.1068252100.08068252120.08068252130.2	06824130 06824131 06825101 06825106 06825107 06825108 06825109 06825110 06825111 06825112 06825114 06825115 06825116	13.64 3.37 0.46 0.12 0.35 0.22 0.09 0.07 0.07 0.1 0.12 0.1
068252060.14068252080.1068252100.08068252120.08068252130.2	06824130 06824131 06825101 06825106 06825107 06825108 06825109 06825110 06825111 06825112 06825114 06825115 06825116	13.64 3.37 0.46 0.12 0.35 0.22 0.09 0.07 0.07 0.1 0.12 0.1
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068252080.1068252100.08068252120.08068252130.2	06824130 06825101 06825106 06825107 06825108 06825109 06825110 06825111 06825112 06825114 06825115 06825116 06825117 06825117 06825117 06825117 06825118	13.64 3.37 0.46 0.12 0.35 0.22 0.09 0.07 0.07 0.1 0.12 0.1 0.12 0.1 0.09 0.09
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068252120.08068252130.2	06824130 06825101 06825106 06825107 06825108 06825109 06825110 06825111 06825112 06825114 06825115 06825116 06825117 06825118 06825118 06825204	13.64 3.37 0.46 0.12 0.35 0.22 0.09 0.07 0.07 0.1 0.12 0.1 0.12 0.1 0.09 0.09 0.09 0.09 0.18 0.14
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10205207 2.28		
10205208 2.77		
	10205208	2.77

10205210	3.86
10205211	2.97
10205212	2.55
10205213	3.24
10205214	4.16
10205215	3.26
10205216	2.78
10205217	0.05
10205218	3.78
10205219	2.48
10205220	2.94
10205221	2.63
10205222	0.11
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10205226	3.05
10205227	3.65
10205229	10.07
10205230	0.79
10205231	16.29
10205232	2.74
10205233	2.7
10205234	2.59
10205235	3.96
10205257	4.68
10205261	3
10205262	2.58
10247101	8.9
10247102	30.7
10247103	6.77
10247104	4.41
10247105	0.01
10247106	6.91
10247109	2.25
10247110	3.13
10247111	3.1
10247112	2.25
10247113	4.16
10247114	4.16
10247115	2.68

Total Parcels 745 Total Acres 4937.68 Resolution 73-2023

Certificate Of Completion

Envelope Id: 4165DD16CF6F45489EEB90793D67BD21 Status: Completed Subject: Complete with DocuSign: Resolution Accepting Property Tax Exchange for Branciforte Fire Protect...

Holder: Rita Sanchez

Pool: County of Santa Cruz

Pool: FedRamp

Signature

DocuSigned by:

Source Envelope: Document Pages: 7 Signatures: 1 Certificate Pages: 5 Initials: 0 AutoNav: Enabled Envelopeld Stamping: Enabled Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Record Tracking

Status: Original 3/16/2023 11:35:57 AM Security Appliance Status: Connected Storage Appliance Status: Connected

Signer Events Jason M. Heath jason.heath@santacruzcounty.us County Counsel -- Approved as to Form

Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure: Accepted: 3/16/2023 11:44:34 AM ID: 4f06a38a-4937-4ace-a1bd-e20ff90994c6

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Departmental Administrative Analyst

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DISTRICT PLAN FOR SERVICES

Prepared for

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY,

Proposed

BRANCIFORTE FIRE PROTECTION DISTRICT REORGANIZATION (LAFCO PROJECT NO. RO 22-07)

A proposed reorganization involving Branciforte and Scotts Valley Fire Protection Districts (FPDs) has been initiated by the Branciforte FPD Board of Directors. Following the conclusion of the LAFCO process, the Branciforte FPD will be dissolved and the dissolved area will be concurrently annexed into the Scotts Valley FPD.





June 14, 2023

Table of Contents

PLAN FOR SERVICE
BACKGROUND
Countywide Fire Protection Service & Sphere Review2
LAFCO Findings & Recommendations
Previous & Current Collaboration3
Conclusion
CURRENT LEVEL AND RANGE OF SERVICE
Branciforte Fire Protection District4
Scotts Valley Fire Protection District5
PROPOSED LEVEL AND RANGE OF SERVICE
Management & Governance6
Operations7
Transfer of Assets / Liabilities
Transfer of Personnel
Cost of Services
Additional Factors to Address
FINANCIAL SYNOPSIS OF BRANCIFORTE FIRE PROTECTION DISTRICT
EXHIBITS
Exhibit A – BFPD Original Strategic Plan
Exhibit B – BFPD Resolution of Initiation
Exhibit C – Pre-Reorganization Agreement
Exhibit D – Current "Combined" Sphere Boundary12
Exhibit E – Tentative Reorganization Timeline
Exhibit F – Branciforte Advisory Commission (Policy & Bylaws)12
Exhibit G – 5 Driving Mile Distance (without Branciforte Fire Station)12
Exhibit H – 5 Driving Mile Distance (with Branciforte Fire Station)12
Exhibit I – CalPERS Cost Analysis (dated April 4, 2023)

PLAN FOR SERVICE

Government Code Section 56653 requires that a Plan for Service in narrative form must be submitted with the application for a reorganization. This plan must respond to each of the following questions and be signed and certified by an official of the affected agency(ies):

- 1) A description of the level and range of each service to be provided to the affected territory;
- 2) An indication of when the service can be feasibly extended to the affected territory;
- 3) An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory;
- 4) The estimated cost of extending the service and a description of how service or required improvements will be financed. A discussion of sufficiency of revenues for anticipated service extensions is also required; and
- 5) An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district or community facilities district.

BACKGROUND

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. In October, LAFCO completed a countywide service and sphere review for the 13 local agencies that provide fire protection services. 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 that the Branciforte Fire Protection District (BFPD) develop a detailed plan outlining how internal operations and all administrative services will be completed without the assistance of Scotts Valley Fire Protection District (SVFPD) or any other governmental entity. The deadline to submit the plan was March 31, 2022.

LAFCO Findings & Recommendations

LAFCO staff identified major concerns about the BFPD's ability to comply with the statutory requirements as an independent special district. Since 2015, BFPD had relied on SVFPD to fulfill the daily, weekly, monthly, quarterly, and annual duties on behalf of BFPD under the now expired 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 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

RO 22-07 Plan for Service

Page **2** of **12**

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 six months that the annuitant was present. The interim fire chief's last day was March 14, 2022. While a partial strategic plan was submitted to LAFCO before the March deadline (**Exhibit A**), it did not fulfill LAFCO's requirements.

Given that 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 two districts and LAFCO collaborated during the Spring of 2022 to develop a well-coordinated plan that would ensure Branciforte residents receive adequate level of services now and in the future. This cooperative plan was accomplished by hosting two joint meetings with representatives from both districts and LAFCO ("stakeholder group") to discuss the future governance of the Branciforte community. It was determined by the stakeholder group that a reorganization should be analyzed and considered.

As a result, the BFPD Board unanimously adopted a resolution to initiate the reorganization process on March 7, 2022 (**Exhibit B**). The next key step 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 and a temporary fire chief is in place as the reorganization process unfolds. **Exhibit C** provides a copy of the Pre-Reorganization Agreement. The BFPD and SVFPD Boards unanimously approved the agreement on March 14, 2022 and April 13, 2022, respectively.

Previous & Current Collaboration

BFPD and SVFPD were in a six-year contract for operational services. Their collaborative effort reflected the combined sphere boundary between the two districts. This combined sphere boundary was originally adopted in 1994 and indicates that the Branciforte community would benefit if the two districts were reorganized as a single district (refer to Exhibit D). It is LAFCO's perspective that both 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 as 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. The two districts have agreed to work with LAFCO to analyze the benefits of a reorganization. Now that a resolution of initiation has been adopted and an application has been submitted by BFPD, LAFCO has begun the reorganization process with the help of both districts and LAFCO's fire consultant. LAFCO also developed a detailed timeline illustrating the entire reorganization process as well as upcoming community workshops and other outreach efforts, as shown in Exhibit E.

Conclusion

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 within the *RO 22-07 Plan for Service* Page **3** of **12** Branciforte community. A full analysis must be completed and presented to the residents to clearly indicate the benefits of a reorganization. In order to provide such transparency, the two districts and LAFCO will coordinate throughout the entire reorganization process. This collaborative effort will help produce cohesive findings about the reorganization involving BFPD and SVFPD.

CURRENT LEVEL AND RANGE OF SERVICE

Branciforte Fire Protection District

Branciforte Fire Protection District (BFPD) was formed on January 7, 1950 and operates under the Fire Protection District Law of 1987. BFPD encompasses nearly 9 square miles of territory located in the central portion of the county. At present, the lands within the District vary from agriculture to urban residential. The vast majority of the District is designated as Mountain Residential and Rural Residential.

Services & Operations

BFPD currently provides fire protection services to the unincorporated community of Branciforte. It currently operates with three full-time permanent employees, three full-time temporary employees, one part-time administrative assistant, and 9 volunteer firefighters. One of the permanent employees has been appointed Interim Fire Chief, while concurrently staffing one of the three shifts. The current staffing model provides for a minimum of two firefighters on duty in the Branciforte fire station 24 hours a day / 7 days a week. It is important to note that none of the volunteers live within BFPD's jurisdictional boundary, precluding the use of volunteers for initial operations.

Type of Services

At present, BFPD offers 9 different types of services: (1) Basic Life Support, (2) Basic Rescue, (3) Community Education, (4) Construction Plan Check, (5) Fire Code Enforcement, (6) Fire Investigation, (7) Fire Suppression, (8) Haz Mat Response, and (9) Public Awareness.

Apparatus & Inventory

At present, BFPD operates using seven (7) apparatuses, as listed below:

- Type 1 Fire Engine = 1 in total
- Type 3 Fire Engine = 2 in total
- Type 6 Fire Engine = 1 in total
- Utility Vehicle = 2 in total
- Water Tender = 1 in total

Existing Fire Stations

The District currently operates one fire station. Station 1 was built in 1950 and has undergone an expansion over the past 10 years or so. It is located at 2711 Branciforte Drive in Santa Cruz. Another "station" was built in 2010 and is located at 2300 Jarvis Road in Santa Cruz. However, this building is not staffed nor owned by BFPD, and there are no volunteers in the area to staff the engine. Therefore, this facility is not considered a functioning fire station and does not factor into the future deployment for SVFPD.

Page **4** of **12**

Call Data

BFPD responded to approximately 1,200 calls over the last six years. The annual call average is estimated to be 202 calls per year. The District's average response time was approximately 8 minutes. In 2020, Branciforte FPD had 159 calls. Almost 40% of those calls were first responded by an outside agency. Specifically by Central FPD (1 time), the City of Santa Cruz (2 times), CSA 48/Cal Fire (9 times), and Scotts Valley FPD (28 times). The District currently has a Class 5 rating with the Insurance Service Office (ISO), which is the poorest in Santa Cruz County.

Board of Directors

BFPD is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, or when there is a vacancy, seats are appointed by the County Board of Supervisors in lieu of conducting the election. The following identifies the current board members:

- Pat O'Connell First elected in 2016
- Tim Dodds First elected in 2020
- Marilyn Kuksht Originally appointed in 2023
- Larry Pageler Originally appointed in 2023
- Fareed Rayyis Originally appointed in 2022

Scotts Valley Fire Protection District

Scotts Valley Fire Protection District (SVFPD) was formed on January 7, 1958 and operates under the Fire Protection District Law of 1987. SVFPD encompasses nearly 21 square miles of territory located in the center of Santa Cruz County and includes the City of Scotts Valley. At present, the lands within the District vary from agriculture to urban residential. The vast majority of the District, outside the City limits, is designated as Mountain Residential and Rural Residential.

Type of Services

At present, SVFPD offers 14 different types of services: (1) Advance Life Support, (2) Basic Life Support, (3) Basic Rescue, (4) Community Education, (5) Construction Plan Check, (6) Fire Code Enforcement, (7) Fire Code Permitting, (8) Fire Investigation, (9) Fire Suppression, (10) Haz Mat Administration, (11) Haz Mat Response, (12) Public Awareness, (13) Technical Rescue, and (14) Vegetation Management.

Apparatus & Inventory

At present, SVFPD operates using 14 apparatus, as listed below:

- Admin/Battalion SUV = 1 in total
- Chief Officer SUV = 1 in total
- Command Vehicle = 3 in total
- Type 1 Fire Engine = 3 in total
- Type 3 Fire Engine = 2 in total
- Haz Mat Vehicle = 1 in total
- Utility Vehicle = 2 in total
- Water Tender = 1 in total

RO 22-07 Plan for Service

Page 5 of 12

Existing Fire Stations

The District currently operates two fire stations. Station 1 was built in 1964, remodeled in 1985, and is located at 7 Erba Lane Scotts Valley, CA. Station 2 was built in 2001 and is located at 251 Glenwood Drive Scotts Valley, CA. The District has indicated that Station 1 needs extensive seismic upgrading and remodeling. Station 1 is staffed with 4.5 administrative personnel during regular business hours and 1 Battalion Chief and 4 firefighters 24 hours a day. Station 2 is staffed with 3 firefighters 24 hours a day. At present, SVFPD has 28 full-time employees, 1 part-time employee, and 15 volunteer firefighters. The District currently has a Class 2 rating with the Insurance Service Office (ISO), which is one of the best in Santa Cruz County.

Call Data

SVFPD responded to approximately 13,000 calls over the last six years. The annual call average is estimated to be 2,122 calls per year. The District's average response time was approximately 5 minutes.

Board of Directors

SVFPD is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, or when there is a vacancy, seats are appointed by the County Board of Supervisors in lieu of conducting the election. The following identifies the current board members:

- Russ Patterson First elected in 2016
- Adam Cosner Recently appointed in 2022
- Kris Hurst Recently appointed in 2022
- Joseph Parker Originally appointed in 2019
- Daron Pisciotta First elected in 2016

PROPOSED LEVEL AND RANGE OF SERVICE

Management & Governance

The reorganized Scotts Valley Fire Protection District will include all the territory currently within the boundaries of the Scotts Valley Fire District and all the territory currently within the boundaries of the Branciforte Fire District. The District will be governed by a 5-member Board of Directors, elected at large from the entire district. The Board of Directors of the Scotts Valley Fire Protection District 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 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 and Representation

The Scotts Valley FPD 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

RO 22-07 Plan for Service

Page **6** of **12**

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 Scotts Valley FPD Board of Directors will adopt a policy forming the Branciforte Advisory Commission and will also appoint members of the Branciforte community to 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 as soon as practical after the recordation of the reorganization. **Exhibit F** provides the draft policy and bylaws for the proposed advisory commission.

Following reorganization, the SVFPD will continue to be managed by the incumbent SVFPD Fire Chief and 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.

Operations

Following reorganization, the SVFPD will be responsible for providing service to the Branciforte community. SVFPD will deploy emergency response assets from the two existing Scotts Valley fire stations, located at 7 Erba Lane (Station 1), and 251 Glenwood Drive (Station 2). In addition, SVFPD will modify its current Automatic Aid agreements with the Santa Cruz Fire Department and with Central Fire District to ensure response of the closest appropriate resource to any emergency incident occurring in Branciforte.

In order to mitigate the impacts of serving 9 square miles of additional territory, SVFPD plans to add an additional firefighter to each of the three shifts by utilizing BFPD's three existing firefighters. The increased staffing will allow more flexibility for the rapid deployment of adequate resources to mitigate all incidents within the Fire District. The District will utilize its current Type 1 and Type 3 engines as well as the proposed addition of a Type 5/6 engine to provide service to the Branciforte Community. It is anticipated that this new Type 5/6 engine will be purchased, maintained, and eventually replaced using accumulated Measure T funds.

SVFPD provides Advanced Life Support (ALS) paramedic first responder service using on-duty crews staffing both stations. Regardless of which station is responding to an emergency call in the Branciforte community (and this includes Auto-Aid apparatus from Santa Cruz or Central), the crew will have at least one Paramedic Firefighter that is licensed and equipped to provide life-saving care.

Analysis shows that 88% of the parcels within the former BFPD boundaries are within 5 road miles of a fire station. Staff believes that the presence of fully staffed, ALS capable response assets within 5 road miles is an improved level of service as compared to the model operated by the BFPD. Many rural, mountainous areas of Santa Cruz County are further than 5 miles from the nearest fire station. For the remaining 12% of parcels that are beyond 5 miles, staff has determined the level of service to be adequate, given the ability of SVFPD to amass large numbers of resources and the provision of paramedic services. **Exhibits G and H** show the 5-mile driving distance with and without the Branciforte Fire Station in full operation.

RO 22-07 Plan for Service

Page **7** of **12**

Transfer of Assets / Liabilities

All assets and liabilities of the Branciforte Fire Protection District shall become assets and liabilities of the Scotts Valley Fire Protection District at the time the reorganization is deemed complete.

Transfer of Personnel

Scotts Valley FPD 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, Scotts Valley FPD will accept BFPD Volunteer / Paid-Call personnel meeting Scotts Valley FPD standards into the Scotts Valley FPD 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.

Cost of Services

Current Revenue Stream

Recurring revenue for the Branciforte Fire District for FY 22/23 consists of an estimated \$908,458 in Property Tax receipts and \$167,000 in Measure T Special Tax receipts, for a total of approximately \$1,075,458. This amount is insufficient to fund an appropriate number of firefighters on duty in the fire station (minimum of 2), let alone the funds needed to provide for a permanent Fire Chief and Administrative Assistant.

General Fund revenue for the Scotts Valley Fire District is approximately \$8,111,350 for FY 22/23, and derived primarily from Property Tax receipts. This amount is sufficient to sustain the SVFPD operation into the foreseeable future.

The reorganized District will have recurring revenue (FY 22/23) as follows: General Fund- \$9,019,800 Measure T (restricted) - \$167,000 Total- \$9,186,800

Staff has determined that the total recurring revenue is sufficient to fund the operational plan detailed above.

Additional Factors to Address

Branciforte Fire Station

BFPD has one fire station located at 2711 Branciforte Drive, which was built in 1950. The station operates with one full-time firefighter on duty by rotating its three non-paramedic firefighters. At present, the Branciforte Fire Station is understaffed and underfunded, which results in the noncompliance of the Occupational Safety and Health Administration (OSHA) and the National Fire Protection Association (NFPA) standards.

Page 8 of 12

State Standards (OSHA)

The Occupational Safety and Health Administration (OSHA) was established in 1970 to ensure safe and healthful working conditions for workers by setting and enforcing standards and by providing training, outreach, education and assistance. OSHA is part of the United States Department of Labor. In the late-1990s, OSHA established the Respiratory Protection Standard. This provision requires that at least two employees enter the Immediately Dangerous to Life or Health (IDLH) atmosphere and remain in visual or voice contact with each other at all times. It also requires that at least two employees be located outside the IDLH atmosphere, thus the term, "two in/two out". This assures that the "two in" can monitor each other and assist with equipment failure or entrapment or other hazards, and the "two out" can monitor those in the building, initiate rescue, or call for back-up. One of the "two out" can be assigned another role such as incident commander.

National Standards (NFPA)

One of the most well-known and respected standards organizations is the National Fire Protection Association (NFPA). Since 1896, NFPA has developed standards directly affecting the fire service at the department level. As an advocate of fire prevention and an authoritative source on public safety, NFPA develops, publishes, and disseminates more than 300 consensus codes and standards intended to minimize the possibility and effects of fire and other risks. Their vision is to advocate for the elimination of death, injury, property and economic loss due to fire, electrical and related hazards. Their mission is to help save lives and reduce loss with information, knowledge and passion.

The NFPA has developed standards specifically for volunteer departments known as the NFPA 1720 Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Volunteer Fire Departments. NFPA believes that volunteer departments must maximize resources and be able to evaluate and improve firefighter safety and service to meet the modern challenges of local firefighting operations. The 1720 Standards offer a framework for defining levels of service, deployment capabilities, and staffing requirements for volunteer and combination fire departments. At present, NFPA recommends a minimum of four firefighters.

Potential Benefit Assessment

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 operation. If the benefit assessment is approved by the Branciforte community, the benefit assessment will be managed by the SVFPD with input from the Branciforte Advisory Commission post-reorganization. It is important to note that SVFPD's two existing fire stations and surrounding fire stations can provide adequate services with or without the Branciforte Fire Station. **Exhibits G and H** show the 5-mile driving distance with and without the Branciforte Fire Station in full operation.

Page 9 of 12

CalPERS Actuarial Report

The California Public Employees' Retirement System ("CalPERS") developed a cost analysis in April 2023 for the proposed reorganization (refer to **Exhibit I**). 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. The approved resolution must be received by the CalPERS' office on or before July 1, 2023. If either of these two conditions is not met, an updated cost analysis will be required to merge the contracts. The current cost analysis will expire on July 1, 2023. An updated cost analysis may be available as early as September 2023.

Assuming the reorganization is approved by LAFCO in June 2023, 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 on or before July 1, 2023. Adoption of the Final Resolution/Ordinance by this date is not required.

Branciforte Fire Station Alternative Use

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 Branciforte community. If that does not occur, 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").

Page 10 of 12

	Adopted Budget	Funds Spent (as of 12/31/22)	Remaining Balance	Unanticipated Rev / Exp (12/31/22 - 6/30/23)	Year-End Balance (projected)
General Fund					
Salaries / Benefits	\$1,173,420	\$688,711	\$484,708	<\$412,700>	\$72,000
Services / Supplies	\$242,852	\$99,740	\$143,111	<\$100,000 >	\$43,000
Undesignated / Contingencies	\$227,665	-0-	\$227,665	\$54,000	\$282,000
Total General Fund	\$1,645,337	\$789,555	\$855,484	<\$458,800>	\$397,000
Capital Outlay					
Services / Supplies	\$109,500	\$13,704	\$95,795	<\$25,000>	\$70,000
Fixed Assets	\$592,000	\$28,131	\$563,868	<\$100,000>	\$464,000
Undesignated / Contingencies	\$302,500	-0-	\$302,500	\$25,000	\$328,000
Total Capital Outlay	\$1,004,000	\$37,916	\$966,083	<\$100,000>	\$862,000
Total BFPD Funds (projected amount)					\$1,259,000

FINANCIAL SYNOPSIS OF BRANCIFORTE FIRE PROTECTION DISTRICT

General Fund

The General Fund anticipated revenue of \$1.645M, including \$876,000 in property tax and a carryover of \$725,000 from the prior year, along with some small incidental revenue sources. A sum of \$54,000 in unanticipated revenue (from a CalFire cover assignment) has been added to the fund. Given that all the large expenses (PERS and WC) have been paid, it is projected that the GF will end the FY with a balance of just under \$400,000. This means that BFPD will use about \$325,000 of reserve funds (nearly half the beginning reserves) to balance the budget this fiscal year.

Capital Outlay

The Capital Outlay Fund (also known as the Measure T fund) began the year with a fund balance of \$815,000. Proceeds from Measure T added an additional \$166,000. for a total of just over \$1M. There have been minor expenses charged to this account so far, but we have projected up to \$100,000 will be encumbered for the station repairs before the FY ends. The "Measure T" fund actually contains funds derived both from Measure T and from a large donation (nearly \$600,000) the District received from a resident. The Measure T funds are restricted to "...fund a Contingency Fund for unfunded emergencies, the Building Fund and a Vehicle Replacement Fund as determined by the Board of Directors" while the donation has no such formal restrictions. It is unclear whether expenditures from this fund over the past several years have been from the restricted funds or from the donated funds, thus it's not possible to determine conclusively how much of the \$860,000 projected year-end balance is restricted by the Measure T language. In the most liberal interpretation, all of the past capital expenses could be said to have been drawn on the restricted Measure T funds, which would leave the entire \$593,889.32 available for whatever purpose the Board determines is necessary for the functioning of the District. This is probably a moot point, because the language of Measure T allows for "unfunded emergencies... as determined by the Board of Directors", of which the need for reorganizing the District should certainly qualify.

RO 22-07 Plan for Service

Page **11** of **12**

EXHIBITS

- Exhibit A BFPD Original Strategic Plan
- Exhibit B BFPD Resolution of Initiation
- Exhibit C Pre-Reorganization Agreement
- Exhibit D Current "Combined" Sphere Boundary
- Exhibit E Tentative Reorganization Timeline
- Exhibit F Branciforte Advisory Commission (Policy & Bylaws)
- Exhibit G 5 Driving Mile Distance (without Branciforte Fire Station)
- Exhibit H 5 Driving Mile Distance (with Branciforte Fire Station)
- Exhibit I CalPERS Cost Analysis (dated April 4, 2023)

EXHIBIT A:

BFPD's Original Strategic Plan (dated 3/31/22)

Branciforte Fire Protection District Proposed Strategic Plan

March 31, 2022

INTRODUCTION

This plan provides information to the residents of the Branciforte Fire Protection District on the efforts and direction the District is proceeding with to provide the best method of emergency and fire prevention services to the community. This plan also gives direction to the staff and Board of Directors of the Fire District. This plan also supports the input from the community.

HISTORY

The 8th Area Fire District was established in 1942. It included a large area of the county that is now covered by Felton, Scotts Valley, Zayante and Brancifore Fire Districts. Staffed by volunteers with limited equipment and volunteers, response times to any fire within the 8th area were lengthly. Structures often burned down completely before they arrived. At that time the next closest station had been an unstaffed volunteer station on Sims Road just outside the city limits of Scotts Valley.

Branciforte Fire Protection District was formed in 1950 to improve the response time to fires within the Happy Valley and surrounding areas. Gino Delucchi was the first Fire Chief of Branciforte Fire. The volunteers built a small 14' by 26' station across the street from the Chief's house on Branciforte Drive. It housed the District's first engine, a 1939 GMC truck equipped with 450 gallons of water, 200 ft of 1" hose, 750 ft of 1.5" hose, and a 500GPM pump. When calls came in they were answered by Jennie Delucchi and went though a phone call tree to all of the volunteers to respond. The engine would drive to the fire and pick up the volunteers on the way. Chief Delucchi and his wife Jennie donated land to the department next door to their home in 1965 to build the current existing station. A training room was added onto the station and was built by the volunteers and staff in 1997. A part time bookkeeper was hired to handle the bills and payroll.

The department grew from its beginning as an all volunteer department with a volunteer Fire Chief to having three paid career employees made up of two Captains and a Fire Chief who worked shifts. Staffing is supplemented by Volunteer Firefighters. A sleeper program was instituted to a career officer and a volunteer firefighter responding from the station to all calls during the night.

In year 2000 the staffing model changed to three full time Fire Captains and a part time Fire Chief with a part time administrative position and volunteer firefighters supplementing the staffing.

From 2016 to 2021 an Administrative Services Agreement was in place with the Scotts Valley Fire District.

In September 2021 an Interim Part Time Administrative Fire Chief was hired. The three Captains covered the shifts. Efforts to get more volunteers became the top priority.

On March 14, 2022 a Fire Chief was promoted from within the current ranks. The District has returned to operating on it's own with two Captains and a Fire Chief covering shifts. Administrative assistance is provided by part time help.

The number of volunteers has always varied. In the beginning of the District a volunteer was given some gear and some very basic training. The Volunteers all lived in the area. A volunteer now days has to go through a basic Firefighter Academy that takes three months to complete and continuing training and drills at the station. Most Volunteers live outside of the District. In 2016 Branciforte had 26 volunteers. Today we are down to a low of 9 volunteers. The highest priority is to add more volunteers. The District is looking at options to help increase our volunteer coverage. The goal of having the station staffed with a minimum of two career firefighters with additional volunteer firefighters in the station 24/7. There could then be a minimum of three responding on the first out engine.

The process of completing another apparatus bay and expanded living quarters for male and female firefighters at the Branciforte Station is almost complete. Additional beds were planned for the new sleeping areas. These will need to be added when the volunteer numbers are increased. The kitchen and day room area is to be renovated. These renovations have been budgeted and will be completed with Measure T funds.

There is a structural issue with the front corner of the main apparatus bay. It is under review by a Structural Engineer. It is still to be determined as to the extent of what will be need to be completed. The costs of the repair should be covered by the Measure T funds.

The Fire District has had a substation in the Ryder Ridge Area for many years. There had been times after heavy storms the residents were without access from outside the area. Jarvis Road had washed out in multiple spots. Upper Jarvis Road which is largely a dirt and rocks road also washed out. The only option for a fire emergency was to keep an apparatus available for emergencies in the area. A 1958 model GMC 4 wheel dive pickup was kept up on Rider Rider Ridge with a 250 gallon tank and pumping capabilities and a hose line. It also carried a basic medical bag. One of the volunteers lived in the area kept it on his property. Eventually in a garage that was built by the residents to house it. Many brush fires were put out over the years with this available apparatus before any other engines had arrived.

Station 2 was eventually built on the Vine Hill Winery Property entirely with the contributions and donations from those who live in Rider Ridge area of the District. Those who lived there had begun losing their fire insurance. Once the Station was built

and the District could show that we could meet the water flow standards for what was needed to put out a structure fire there were fewer issues with insurance. The Station now houses one of the District's Type 3 Wildland Engines. There are minimal costs involved with keeping Station 2 open. The District should explore how to at better utilize Station 2.

The Fire District has a full complement of fire apparatus. This includes:

- 1 Type 1 Structural Fire Engine
- 2 Type 3 Wildland Fire Engines
- 1 Type 4 Engine equipped with medical plus pumping capabilities
- 1 Water Tender with 2500 gallons capacity
- 2 Pickups with 4 Wheel Drive
- 1 Command Vehicle

The equipment is in good condition and a replacement program was set up with the funds coming from Measure T. There has been discussion over the addition of a Type 6 quick response vehicle and costs and information is being researched. But the higher priority is to increase staffing first.

LEVEL AND RANGE OF SERVICE

The District provides services to a small community in the Happy Valley Area of Santa Cruz County. Branciforte Fire Station currently operates with three full-time employees and nine volunteer firefighters. The station is staffed with two Fire Captains and a Fire Chief that are covering shifts on the 2on/4off schedule. While there are occasions where the engine responds with just one on the engine, the goal is to have a two Firefighter minimum responding 24/7. Some progress has been made to add additional volunteers. We are now looking into options to add temporary additional volunteers. This would greatly help the district's ability to always have two and potentially three firefighters responding on the first-out engine. This could be accomplished with current reserves and contingency funds already within the budget. These funds could cover the costs of the additional staffing for up to two years before reserves could be depleted.

Administrative assistance is provided by part time resources, with bookkeeping and technical assistance with the website.

The District has a sphere expanding beyond its service area. Santa Cruz County Local Agency Formation Committee (LAFCO) adopted BFPD's combined sphere of influence on March 10, 1994, which included areas beyond the District's jurisdictional boundary. This sphere determination indicated that BFPD and Scotts Valley FPD should be merged or consolidated in the foreseeable future. LAFCO staff believes that the merger concept should be considered by BFPD and its residents to ensure the level of service remain would improve as a result of the proposed reorganization. Santa Cruz County LAFCO staff recommends reaffirming the existing sphere boundary.

On March 14, 2022 The Branciforte Fire Protection District signed a Pre-Reorganization Agreement through LAFCO to start the Merger Process with Scotts Valley.

FINANCIAL HEALTH

The District is financially stable. Branciforte FPD has closed the past six years with an annual surplus. The 2021/2022 Final Budget shows the General Fund Budget is at \$1,606,318. The Measure T Fund is at \$984,358. The ending fund balance was \$697,860, which is up by approximately \$97,000 from what was estimated.

The yearly draft budget is adopted by March 31, of each year and the final budget is adopted by before June 30th of each year.

MANAGEMENT AND GOVERNANCE

BOARD COMPOSITION

BFPD is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, or when there is a vacancy, seats are appointed by the County Board of Supervisors in lieu of conducting the election.

The Board Members are elected for 4-year terms.

The Board votes for a Board Chairman and Vice Chairman at the last meeting of the calendar year for a term of one year. A board Member may be voted to serve as Chair or Vice Chair for consecutive years.

The Board meetings are regularly scheduled for the third Thursday of each month at 6pm.

The Board Members roles are outlined in the Board of Directors Roles and Responsibilities Policy adopted in 2012. See Appendix B

STAFFING

The District is currently staffed with a Fire Chief and two Fire Captains who all work on the 2on/4off schedule. They are full time career officers for the Branciforte Fire District. There are nine volunteers available to respond from home or the station. There is part time help available for administrative assistance.

The District has hired the Lozano Smith Law Firm as the Districts legal counsel.

ADMINISTRATIVE DUTIES

COUNTY PARTNERSHIPS

FIRE DISTRICT PARTNERSHIPS

STRATEGIC MANDATES

DISTINGUISH BOARD/STAFF ROLES

EXHIBIT B:

BFPD's Resolution of Initiation

BRANCIFORTE FIRE PROTECTION DISTRICT

RESOLUTION NO. 2022-02

A RESOLUTION TO INITIATE APPLICATION BY THE BRANCIFORTE FIRE PROTECTION DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY TO PURSUE PROCEEDINGS FOR THE REORGANIZATION OF BRANCIFORTE FIRE PROTECTION DISTRICT WITH THE SCOTTS VALLEY FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors of the Branciforte Fire Protection District ("Branciforte FPD") desires to initiate proceedings pursuant to the Cortese-Knox-Herzberg Local Government Reorganization Act of 2000, California Government Code Section 56000 et. seq., ("Act") for the reorganization of Branciforte Fire Protection District with the Scotts Valley Fire Protection District ("Scotts Valley FPD"); and

WHEREAS, the reorganization consists of the dissolution of Branciforte FPD and the concurrent annexation of the dissolved area into Scotts Valley FPD; and

WHEREAS, notice of intent to adopt this Resolution of Application has been given to each interested and each affected local agency; and

WHEREAS, the affected territory is inhabited and is constituted by the respective boundaries of Branciforte FPD; and

WHEREAS, this reorganization is consistent with the Sphere of Influence of Branciforte FPD and Scotts Valley FPD; and

WHEREAS, the reasons for the proposed reorganization of Branciforte FPD and Scotts Valley FPD are as follows:

- 1) It will facilitate the efficient delivery of life and property saving services to individuals and property owners within the affected territory; and
- 2) It will facilitate the continued provision of the current levels of service provided by paid and paid-call firefighters and staff of the respective districts, consistent with local demand expectations and available financing.

WHEREAS, it is desired that the proposed reorganization of Branciforte FPD with Scotts Valley FPD be subject to the following terms and conditions, among others:

- 1) The specific provisions of the Pre-Reorganization Agreement jointly completed by Branciforte FPD, Scotts Valley FPD, and LAFCO, if enacted;
- 2) Branciforte FPD, Scotts Valley FPD, and LAFCO will host and/or participate in multiple community outreach efforts regarding the proposed reorganization and

available options, including but not limited to workshops and forums to be held jointly with representatives from each agency;

- 3) Coordination between Branciforte FPD, Scotts Valley FPD, and LAFCO to determine the best solution for the Branciforte Fire Station;
- 4) The paid employees and the active volunteer firefighters of Branciforte FPD will become a portion of Scotts Valley FPD;
- 5) All tax rate areas will be maintained and all revenue mechanisms currently existing in Branciforte FPD will be maintained post-reorganization; and
- 6) Such other provisions as required by applicable law or as may be agreed by the parties.

WHEREAS, Branciforte FPD reserves the right to withdraw its application to initiate the reorganization and request that LAFCO terminate any such proceedings pursuant to the Act or other applicable law;

WHEREAS, this Board anticipates that the reorganization proposal is categorically exempt from review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15320(b), which exempts special district reorganizations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised, such as here; and

NOW, THEREFORE BE IT RESOLVED that this Resolution of Initiation of reorganization proceedings as described is adopted and approved by the Board of Directors of the Branciforte Fire Protection District.

PASSED AND ADOPTED by the Board of Directors of the Branciforte Fire Protection District at a regular meeting thereof held on the 24th of February, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

APPROVED AS TO CONTENT:

Pat O'Connell, Board President

Samantha Sweeden, Fire Chief

EXHIBIT C:

Pre-Reorganization Agreement

PRE-REORGANIZATION AGREEMENT

By and Among

BRANCIFORTE FIRE PROTECTION DISTRICT,

And

SCOTTS VALLEY FIRE PROTECTION DISTRICT,

And

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

[Dated as of March 14, 2022]

ARTICLE 1. PARTIES AND EFFECTIVE DATE

1.1 Parties. This Pre-Reorganization Agreement ("Agreement") is entered into by and among (i) the Branciforte Fire Protection District ("BFPD"), (ii) the Scotts Valley Fire Protection District ("SVFPD"), and (iii) the Local Agency Formation Commission of Santa Cruz County ("LAFCO"). BFPD, SVFPD, and LAFCO are sometimes referred to herein as a "Party" and collectively as the "Parties." This Agreement is dated as of March 7, 2022, for references purposes only and will not become effective until the "Effective Date" defined in Section 1.2 below.

1.2 Effective Date. This Agreement will not become effective until the date ("Effective Date") on which all the following have occurred: (i) this Agreement has been approved by BFPD, executed by its legally authorized officers, (ii) this Agreement has been approved by SVFPD, executed by its legally authorized officers, and (iii) this Agreement, signed by BFPD and SVFPD, delivered to LAFCO for approval and signature by the Executive Officer.

ARTICLE 2. RECITALS

2.1 BFPD Background. The Branciforte Fire Protection District was formed on January 7, 1950 and operates under the Fire Protection District Law of 1987 ("Principal Act"). BFPD encompasses nearly 9 square miles of territory and provides fire protection services to the unincorporated community known as Branciforte. It currently operates with a temporary part-time retired annuitant fire chief, three full-time firefighters and seven volunteer firefighters. BFPD operates through one fire station with a one-person crew on any given shift. The annuitant fire chief contract was approved on September 30, 2021 and is set to expire on March 14, 2022. In accordance state law, a fire district cannot operate without proper administrative oversight. Additionally, the Principal Act limits board members to act only by ordinance, resolution, or motion (Health & Safety Code Section 13856[b]).

2.2 SVFPD Background. The Scotts Valley Fire Protection District was formed on January 7, 1958 and operates under the Fire Protection District Law of 1987. SVFPD encompasses nearly 21 square miles of territory in the center of Santa Cruz County and includes the City of Scotts Valley. It currently operates with 22 full-time firefighters, 15 volunteer firefighters, three full-time Battalion Chiefs, 2 full-time and 1 part-time administrative personnel, and 1 full-time Fire Chief. SVFPD previously provided administrative and command services to BFPD under an existing contract since 2015. Under this agreement, SVFPD's Fire Chief functioned as the Fire Chief for BFPD. The contract expired on September 30, 2021.

2.3 LAFCO Background. The Local Agency Formation Commission of Santa Cruz County is a State-mandated, independent agency with countywide jurisdiction over changes in organization and boundaries of cities and special districts including annexations, detachments, formations, consolidations, and reorganizations. LAFCOs were created by the State Legislature in 1963 in response to the rapid growth and sporadic formation of cities and special districts in California in the years following World War II.

In addition to boundary changes, LAFCOs are required by law to establish and periodically update spheres of influence for the county's cities and special districts and perform service reviews on the county's cities and special districts with the goal of increasing efficiency. maximizing existing resources, identifying cost-saving opportunities, and improving local representation. LAFCO completed a countywide fire report in October 2021 which analyzed the 13 local agencies that provide fire protection. LAFCO determined that BFPD had many infractions, inadequate staffing, internal efficiencies, and governance issues. It was recommended that BFPD develop a strategic plan to address LAFCO's findings and outline how it will be a sustainable agency or consider merging with SVFPD. Since 1995, through a combined sphere of influence, LAFCO has recommended a merger between BFPD and SVFPD to ensure that the Branciforte community receive adequate level of service and proper representation.

2.4 Proposed Reorganization. The Reorganization is contemplated by the Parties upon the terms and conditions set forth in this Agreement. The Parties anticipate proceedings will be commenced by LAFCO following the execution and adoption of a resolution by BFPD to initiate the Reorganization and the execution and adoption of this Agreement by the Parties as set forth above.

2.5 Parties Consensus. The Parties understand that the Reorganization as contemplated in this Agreement is essential to the plan for providing services required by LAFCO in its consideration of the Reorganization application.

NOW, THEREFORE, in consideration for the promises and mutual covenants set forth herein, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 3. TERMS

3.1 BFPD Obligations.

3.1.1 Resolution of Initiation. BFPD shall continue to diligently pursue the approval of the Reorganization Application following the adoption of a Resolution of Initiation on Monday, March 7, 2022.

3.1.2 Application. BFPD shall submit a signed application, with a copy of the adopted resolution, within 30 days of this enacted Agreement to begin the LAFCO process.

3.1.3 Consent. BFPD hereby irrevocably consents to the Reorganization pursuant to the terms of this Agreement and the Reorganization Application submitted pursuant to Section 3.1.2. BFPD shall cooperate in every reasonable way with the requests of LAFCO. Said cooperation shall include, but not be limited to, the filing of all necessary applications, plans, and any other documentation or information required by SVFPD, LAFCO or any public agency associated with the Reorganization process.

3.1.4 Interim Fire Chief Expenses. BFPD hereby agrees to fund the identified governmental entity, existing BFPD firefighter personnel, or consulting firm for services as the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator. Invoices from the identified governmental entity, existing BFPD firefighter personnel, or consulting firm will be submitted as specified in the agreement between the parties. If an existing BFPD firefighter is hired as an interim fire chief, policies and procedures clearly defining the role of the BFPD Board and the BFPD interim fire chief as part of this Reorganization must be adopted within 30 days of this enacted Agreement. Any rules and regulations, outlined in the policies and procedures as part of this Reorganization of the services from the identified governmental entity, existing BFPD firefighter personnel, or consulting firm shall be a breach of this Agreement.

3.1.5 Community Outreach. BFPD hereby agrees to coordinate with the Parties to cohost community forums, whether in-person or virtual, to educate the Branciforte community about the Reorganization process. Such forums shall be hosted collaborative with the following representatives: (1) BFPD's interim fire chief, executive director, general manager, or district administrator and no more than two board members, (2) SVFPD's fire chief and no more than two board members, (3) LAFCO's Executive Officer and no more than two Commissioner.

3.1.6 Agreement Not to Challenge or Support Challenge. The Parties shall not file lawsuits or to directly or indirectly support litigation filed by others, either as a party, through financial contributions, providing staff support, or by failing to aggressively defend such litigation, that challenges the adequacy of the Reorganization.

3.2 SVFPD Obligations.

3.2.1 Support. SVFPD may provide administrative and operational support throughout the Reorganization process, including but not limited to, payroll and billing services. Additionally, SVFPD may provide additional assistance if requested by BFPD. Such request must be mutually agreed upon by SVFPD's fire chief and BFPD's interim fire chief, executive director, general manager, or district administrator.

3.2.2 Consent. SVFPD hereby irrevocably consents to the Reorganization pursuant to the terms of this Agreement and the Reorganization Application submitted pursuant to Section 3.1.2. SVFPD shall cooperate in every reasonable way with the requests of LAFCO. Said cooperation shall include, but not be limited to, the filing of all necessary applications, plans, and any other documentation or information required by LAFCO or any public agency associated with the Reorganization process.

3.2.3 Agreement Not to Challenge or Support Challenge. The Parties shall not file lawsuits or to directly or indirectly support litigation filed by others, either as a party, through financial contributions, providing staff support, or by failing to aggressively defend such litigation, that challenges the adequacy of the Reorganization.

3.3 LAFCO Obligations.

3.3.1 Application. LAFCO shall process the application submitted by BFPD in accordance with the CKH Act.

3.3.2 Support. LAFCO may provide guidance and assistance to the Parties regarding the LAFCO process, including but not limited to, fulfilling the statutory requirements under the CKH Act. Additionally, LAFCO may provide administrative assistance if requested by BFPD. Such services include but are not limited to assisting with board meetings, community forums, or other outreach efforts.

3.3.3 Interim Fire Chief. The Commission hired the Fire Reorganization Consulting, LLC ("Fire Consultant") on March 2, 2022 to help LAFCO staff with fire-related projects. Concurrently with approval of this Agreement, BFPD has or may contract with the Fire Consultant to provide interim administrative services at the hourly rate as specified in the agreement between the parties. LAFCO agrees that the Fire Consultant shall not provide services to LAFCO regarding the Reorganization if hired for the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator. If the Fire Consultant is not hired for the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator, then the Fire Consultant, with LAFCO's approval, may provide assistance to the identified interim fire chief throughout the Reorganization process.

ARTICLE 4. REORGANIZATION

4.1 Reorganization. For purposes of this Agreement, a Reorganization is defined as the dissolution of Branciforte Fire Protection District and the concurrent annexation of the dissolved area into Scotts Valley Fire Protection District. In accordance with the CKH Act, all assets and liabilities, revenues and expenditures, facilities and apparatuses, district files and records, and other identified items will be transferred over to SVFPD following the Reorganization's date of recordation.

4.2 New Benefit Assessment Consideration. If determined by Branciforte Fire Protection District and/or Scotts Valley Fire Protection District, the residents of the Branciforte community will have an opportunity to vote on whether to support a new special tax to keep the Branciforte Fire Station open with a two-person crew minimum. This election will be conducted during the November 2022 General Election, unless the Parties agree on a different date. If the new special tax fails, the Reorganization will continue with an alternative designation for the Branciforte Fire Station.

4.3 Timing. The effective date of the Reorganization will be the Certificate of Completion's recordation date.

5.1 Remedies. Subject to the limitations herein, in the event of a breach of this Agreement, the non-breaching party may at its option institute legal action to cure, correct, or remedy such breach, enjoin any threatened or attempted violation, or enforce the terms of this Agreement by specific performance. In the event of any breach of this Agreement, the non-breaching party shall have the right to pursue against the breaching party, any and all remedies that are available at law or at equity for breach of contractual obligation, provided however, that in no event shall BFPD have the right to sue SVFPD or LAFCO or any SVFPD or LAFCO officials, employees, contractors or agents for damages or monetary relief arising out of the SVFPD's or LAFCO's default of its obligations set forth in this Agreement, the Parties agreeing that declaratory and injunctive relief, mandate, and specific performance shall be BFPD's sole and exclusive judicial remedy. The prevailing part in any such litigation shall be entitled to its attorney's fees and costs.

ARTICLE 6. GENERAL PROVISIONS

6.1 Duration. This Agreement will remain in place until the Reorganization is finalized. If BFPD, SVFPD, and/or LAFCO decide to oppose, deny, withdraw, or stop the Reorganization process, then the Agreement will be terminated. This LAFCO does not and cannot warrant LAFCO's approval of the Reorganization.

6.2 Attorney's Fees. In the event that any Party brings any legal action to interpret or enforce any provision of this Agreement, the prevailing Party in that action shall be entitled to receive, in addition to all other available relief, costs of litigation and reasonable attorneys' fees, including expert witness fees, costs and fees incurred on appeal and in enforcing any judgment which may be rendered on the underlying action.

6.3 No Third Party Beneficiaries. Except as provided in Section 6.10, the Parties expressly acknowledge that they do not intend, by their execution of this Agreement, to benefit any person or entities not signatory to this Agreement. Except as provided by Section 6.10, no person or entity not a signatory to this Agreement will have any rights or causes of action against the Parties, or any combination thereof, arising out of or due to the Parties' entry into this Agreement.

6.4 Governing Law. This Agreement shall be interpreted and enforced in accordance with the provisions of California law, without regard to conflicts of laws provisions. Any litigation shall be held in a court of competent jurisdiction located in Santa Cruz County, California.

6.5 Notice. Unless otherwise permitted by this Agreement, all notices to be given shall be in writing and may be made by personal delivery, certified mail, postage prepaid and return receipt requested. Mailed notices shall be addressed to the Parties at the addresses listed below, but each party may change the address by written notice in accordance with this paragraph. Receipt will be deemed made as follows: notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated on receipt or region.

Pre-Reorganization Agreement

If to BFPD: Branciforte Fire Protection District 2711 Branciforte Drive Santa Cruz, CA 95065

If to SVFPD:

Scotts Valley Fire Protection District 7 Erba Lane Scotts Valley, CA 95066

If to LAFCO:

Local Agency Formation Commission of Santa Cruz County 701 Ocean Street, Room 318-D Santa Cruz, CA 95060

6.6 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall constitute an original.

6.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements, either written or oral, express or implied.

6.8 Further Acts. The Parties agree to execute such additional documents and to take such further actions as are reasonably necessary to accomplish the objectives and intent of this Agreement.

6.9 Waiver. The failure of any Party to insist upon strict compliance with any provision of this Agreement or to exercise any right or privilege provided herein, or any Party's waiver of any breach hereunder unless in writing, shall not relieve any other Party of any of obligations hereunder, whether of the same or similar type. The foregoing shall be true whether the waiving Party's actions are intentional or unintentional.

6.10 Authorization to Execute. The signatories to this Agreement warrant that they have been lawfully authorized by their respective Parties to execute this Agreement on their behalf. Upon request, the Parties shall deliver all applicable bylaws, resolutions, or other documents evidencing the signatories' legal authority to execute this Agreement on behalf of the respective Parties.

6.11 Severability. If any provision or clause of this Agreement or any application of it to any person, firm, organization, partnership or corporation is held invalid, such invalidity shall not affect other provisions of this Agreement which can be given effect without the invalid provision or application. To this end, the provisions of this Agreement are declared to be severable.

6.12 Compliance with other Rules and Regulations. BFPD and SVFPD shall comply with all other applicable rules and regulations of LAFCO and all other public agencies having jurisdiction over the Reorganization area. This Agreement does not abrogate, limit or modify any other of Parties' rights which are provided by common law, statute, ordinance or regulation.

6.13 Lack of Reorganization. In the event that BFPD does not dissolve and concurrently annex into SVFPD, the Parties are not bound by the obligations of this Agreement and the Parties retain any of their respective pre-Reorganization rights and duties as local governmental entities. Such inaction may result in BFPD from being able to operate as a special district due to the legal requirements under its Principal Act, the Brown Act, and other state mandates.

"LAFCO" Bv: Joe Serrano, Executive Officer

Date: 3/14/22

Approved as to form: By:

Joshua Nelson, General Counsel

Date: _______

"SVFPD"

By:

Russ Patterson, Board President

Date:

Approved as to form:

By: _____

Phillip A. Passafuime, General Counsel Date:

"BFPC By:

Pat O'Connell, Board President Date: 3-14-22

Approved as to form:

By: _____

Travis Cochran, General Counsel

Pre-Reorganization Agreement

6.12 Compliance with other Rules and Regulations. BFPD and SVFPD shall comply with all other applicable rules and regulations of LAFCO and all other public agencies having jurisdiction over the Reorganization area. This Agreement does not abrogate, limit or modify any other of Parties' rights which are provided by common law, statute, ordinance or regulation.

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"LAFCO"

By: _____

Joe Serrano, Executive Officer

Date: _____

Approved as to form:

By: _____

Joshua Nelson, General Counsel

Date: _____

"SVFPD" By:

Russ Patterson, Board President Date: 4/13/2027

Approved as to form:

By: ku

Phillip A. Passafuime, General Counsel Date: 4 - 13 - 22

"BFPD"

By: _____

Pat O'Connell, Board President

Date: _____

Approved as to form:

By: _____

Travis Cochran, General Counsel
Date:

Pre-Reorganization Agreement

Page 8 of 8

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"LAFCO"

By: ______ Joe Serrano, Executive Officer

Date: 3/14/22

"BEP Bv:

Date:

Pat O'Connell, Board President

Approved as to form:

By: ____

Joshua Nelson, General Counsel

Date:

Approved as to form: By: ____ Travis Cochran, General Counsel Date: 3/21/22

"SVFPD"

By:

Russ Patterson, Board President

Date:

By: _____



Approved as to form:

Phillip A. Passafuime, General Counsel
Date:

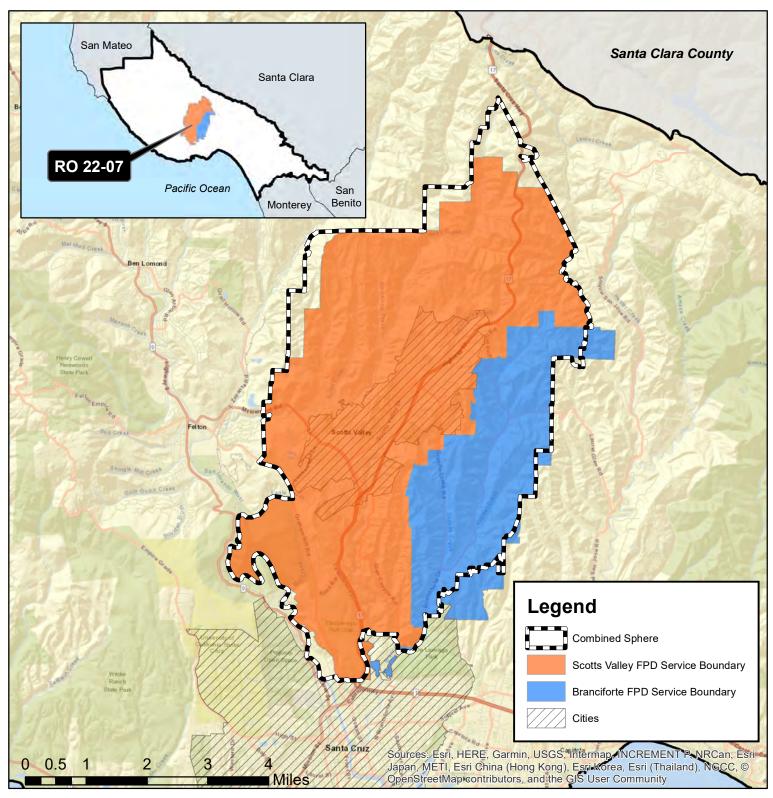
Pre-Reorganization Agreement

Page 8 of 8

107 of 474

EXHIBIT D:

Current "Combined" Sphere Boundary



"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.

EXHIBIT E:

Tentative Reorganization Timeline (as of 5/3/23)

"Branciforte Fire Protection District Reorganization" (Tenative Timeline - Completed and Scheduled Milestones)

Splant Approxeme LAFCO BHPD April 1, 2022 Invication applieses where, or try LPCOS EPRO applies a lowed or in fabric applieses where a lowed or in fabric applieses where a lowed or in fabric applieses and the splant applieses where a lowed or in fabric applieses and the splant applint applint applieses applieses and the splant applint applieses	Milestones Completed	Responsible Agency	Target Date	Description
Splant Approxeme LAFCO BHPD April 1, 2022 Invication applieses where, or try LPCOS EPRO applies a lowed or in fabric applieses where a lowed or in fabric applieses where a lowed or in fabric applieses and the splant applieses where a lowed or in fabric applieses and the splant applint applint applieses applieses and the splant applint applieses	,			
Style Particular Society Partit Society Particular Society	2) Submit Application to LAFCO	BFPD	April 1, 2022	Any change of organization (i.e. reorganization of two fire districts) requires initiation by the affected agency(ies), affected landowners/registered voters, or by LAFCO. BFPD adopted a resolution of initaiton on February 24, 2022. An application must fulfill the statutory requirements under LAFCO law.
Unservice BPFD & LAPCO Sequence 14, 222 Description of the base of the security of t	(Status/Referral Letters)	LAFCO	April 27, 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.
In-Recent Centl Interval September 1, 202 Best decade in the part of the par	(Virtual Event)	BFPD & LAFCO	September 14, 2022	discuss the future of the Branciforte Fire Station, and answer any questions by the residents.
Benefit Alessement Study PPT0 Detection 2000 Bit Distribution		BFPD & LAFCO	September 14, 2022	
Pre>Notice of Viscancy BPPD December 1, 2022 Vacancy to solid applications from applications the acquisite and tables with the White PPD and are registered volum. Parallels to status applications in the December 1, 2022. A revealables in applications (December 1, 2022, A revealables)) IV Reveals (December 1, 2023) PEPD 8 LATCD Perform 1, 10, 2023, A revealable in applications (December 1, 2023, A revealables)) Perform 1, 10, 2023, A revealable in applications (December 1, 2023, A revealable), and the BPPD Fire Sister 1, 2023, A revealable in applications (December 1, 2023, A revealable), and the BPPD Fire Sister 1, 2023, A revealable in applications (December 1, 2023, A revealable), and the reveal of mathematics (December 1, 2023, A revealable), and an endpain revealable in the revealed in th	, .	BFPD	October 20, 2022	
By Post Updated Notes of Viscol Vis	7) Post Notice of Vacancy	BFPD	December 1, 2022	Vacancy to solicit applications from eligible candidates who live within BFPD and are registered voters. Deadline to submit
(Apport New Boat Members) 0FPO (JANUARY 10, JAD) (Ppont now New Same Members In address the Campus Same Members In address and Same Members In address In Campers In address and Same Members In address and Same Members In address In Campers In address and Same Members In address In Campers In address In Campers In Info Info Info Info Info Info Info I	8) Post Updated Notice of Vacancy	BFPD	December 16, 2022	new deadline to submit applications (December 30). Eligible candidates may apply for either seat or both. A special
(i) (i)<	,	BFPD	January 19, 2023	Appoint two new board members to address the current vacancies on the BFPD Board.
(Pending hims) and LAFCO Pending 10, 2023 Product complete and ready for Commission consistentiation. (Bonduk Back Meeting (Schulduk Election Pocess) BFPD & LAFCO Murch 16, 2023 The SPTP wide divertial process for the proceed hereit assessment. (I) double Topolity Ta Agreement (Schulduk Election Pocess) EPPD & LAFCO Murch 28, 2023 The Socra with and to County the method to Murch 28, 2023 (I) double Topolity Ta Agreement (Schulduk Election Pocess) EPPD & LAFCO Murch 28, 2023 Call FERS Actuatial report showing SVFPD as the successor agency of DFPD's existing pension distances. (I) Note Schulduk Election Pocess, and answer any question to full the requirements of Social (Profession St 0152 Completed and Election Pocess, and answer any questions by the reduction. I of 4 workshops (I = person Q + units) (I) Note Schulduk Election Workshop (Profession St 0152 Completed Centification of Units) EPPD Min V 1, 2023 EPPD Min V 1, 2023 EVEC Min V 1, 2023 (I) Note Schulduk Election Workshop (Profession St 0152 Complete Centification of Himg 19, 2024) EPPD Min V 1, 2023 EVEC Min V 1, 2023 EVEC Min V 1, 2023 (I) Note Schulduk Election Workshop (M-Profession Election Policy Complete Centification of Himg 19, 2024) EVEC Min V 1, 2023 <	, , , , , , , , , , , , , , , , , , , ,	BFPD & LAFCO	February 10, 2023	
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32) Distribute Certificate of Completion LAFCO September - Cotober 2023 parties.	Completion	LAFCO		
33) State Board of Equalization (Update Tax Roll) SBE October 2023 Reorganization will be reflected in new tax roll.	33) State Board of Equalization	SBE		Reorganization will be reflected in new tax roll.

Footnote: For Discussion Purposes Only; Dates Subject to Change

EXHIBIT F:

Branciforte Advisory Commission (Draft Policy & Bylaws)

Establishment – Statutory authority.

The Scotts Valley Fire Protection District establishes the Branciforte Fire Advisory Commission under the authority of Government Code Section 13596.

Membership.

- (A) The Commission shall consist of five members, residents of the Branciforte Service Zone (former territory of the Branciforte Fire Protection District), appointed by the Board of Directors.
- (B) Prospective members shall submit a letter of interest to the Fire Chief. The Fire Chief shall recommend members for appointment by the Board of Directors.

Term of office.

Each member shall serve a term of four years, with terms beginning January 1 of odd years. Terms shall be staggered i.e. two seats in the first cycle and three seat in the second cycle. The initial members shall draw lots to determine which serve two year terms and which serve four year terms.

Organization and procedures

- (A) General Organization. The Commission shall comply with all Scotts Valley Fire Protection District policies, particularly those governing conduct of Board meeting and Committees of the Board of Directors.
- (B) Staff Support. The Fire Chief shall provide staff support for the Commission as appropriate.
- (C) Meetings. The Commission shall meet twice yearly; during budget preparation and again at the time of mid-year budget review. With approval of the Fire Chief, the Commission may convene additional meetings for specific purposes, but in no case will more than four meetings be held in a calendar year.
- (D) Quorum. A quorum must be present in order for any matters requiring a vote to be acted on. A quorum shall be one person more than one-half the appointed members.

Powers and duties.

The Commission shall make efforts to ensure the interests of the Branciforte community are protected and promoted by monitoring, studying, and advising the Fire Chief and the Board of Directors on:

- (A) The preparation and implementation of Scotts Valley Fire Protection District plans and processes, including the development of Master Plans, Strategic Plans, Standards of Cover, Capital Plans, Community Wildfire Protection Plans, and Annual Budgets.
- (B) The continued use and maintenance of the Branciforte Fire Station.
- (C) The continued collection and allocation of Measure T funds.
- (D) The Commission shall also serve as a liaison to community-based groups such as Firewise Communities, Community Emergency Response Teams, and others as may be organized.
- (E) Such other matters relating to the Fire District's services and programs as the Commission desires to bring to the attention of the Fire Chief and the Board of Directors.

I. DUTIES AND RESPONSIBILITIES

The Commission shall exercise those duties and responsibilities set forth for the Commission in Scotts Valley Fire Protection District Policy (Enter Policy No.)

II. MEETINGS

1. The regular meeting of the Commission shall be held twice each calendar year, by schedule, as determined by a majority of Commission members each January.

Special meetings may be called by the Chair, or by a majority vote of the Commission, during any regular or special meeting and must be approved by the Fire Chief. A quorum is represented by a simple majority of those Commissioners currently appointed.

Meetings will typically be held at the Branciforte Fire Station.

- 2. At least seventy-two (72) hours prior to each regular meeting, an agenda shall be mailed to each Commission member and to any person or organization which has submitted a written request to the Commission for notification of meetings and shall be posted at a location that is freely accessible to the public. The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting.
- 3. Notice for a special meeting must be received at least twenty-four (24) hours prior to the time of the meeting. An agenda for the special meeting shall be mailed to each Commission member and to each person or organization which has submitted a written request to the Commission for notification of meetings and shall be posted at least twenty-four (24) hours prior to the special meeting at a location that is freely accessible to members of the public. No business other that that listed on the agenda shall be considered at a special meeting.
- 4. A person shall not be required to register his or her name or fulfill any other obligation as a condition to attendance at any meeting of this Commission but may volunteer such information for inclusion in the Commission minutes.
- 5. The meetings will be conducted in accordance with Roberts Rules of Order Revised unless otherwise specified by the authorizing legislation or these bylaws.

III. OFFICERS

- 1. The officers of the Commission are the Chair, Vice-Chair, and Secretary.
- 2. The duties of the Chair are to preside over the meetings, prepare agendas, and execute all documents on behalf of the Commission. The Vice-Chair shall assume these same duties in the absence of the Chair. The Secretary shall keep minutes of each meeting.
- 3. Election of officers shall take place at the annual organizational meeting held in January of each year at a day, time and place to be announced in its meeting notice. Term of office is limited to one year.

IV. AGENDAS

- 1. No action or discussion shall be undertaken on any item not appearing on the posted agenda except that members of the Commission may briefly respond to statements made or questions posed by persons exercising their public testimony rights or ask a question for clarification, refer the matter to staff or to other resources for factual information, or request staff to report back at a subsequent meeting concerning any matter.
- 2. Notwithstanding, the foregoing action may be taken on a item of business not appearing on the posted agenda upon a determination by two-thirds vote of the membership of the Commission, or if less than two-thirds of the members are present, by unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the Commission subsequent to the agenda being posted.
- 3. Community oral communication will be heard as the first item of business on each agenda. Oral communication shall be limited to non-agenda items which are within the subject matter jurisdiction of the Commission.
- 4. Public comments presented during oral communication will be limited to three minutes.
- 5. The Chair of the Commission may establish reasonable limits on the amount of time allotted to each speaker on a particular item.
- 6. The Chair may establish a reasonable limit on the total amount of time allotted for public testimony of a particular item or the total amount of time allotted for community oral communications.
- 7. When further discussion is required, the Commission may vote to allot time in the agenda of the following meetings.

V. COMMITTEES

- 1. Committees or task forces may be appointed as needed by the Chair with the majority approval of the Commission. The Chair, with the majority approval of the Commission, shall terminate the committee when its function is no longer necessary.
- 2. All committees shall comply with the notice and agenda requirements otherwise applicable to the Commission in these Bylaws, except for committees composed solely of less than a quorum of the members of the Commission which are not standing subcommittees of the Commission with either a continuing subject matter jurisdiction or a meeting schedule fixed by resolution or other formal action of the Commission.

VI. PUBLIC INPUT

Beside public input on non-agenda items as described in Item 4 (c), the public may comment on agenda items before or during the Commission consideration of the item. Comments should be directly related to the agenda item and be concise. The Chair shall regulate such comments to insure they come at an appropriate time to be considered in Commission deliberations and are not too long or duplicative. Written materials may also be submitted related to agenda items. These shall be considered as part of the Commission deliberations.

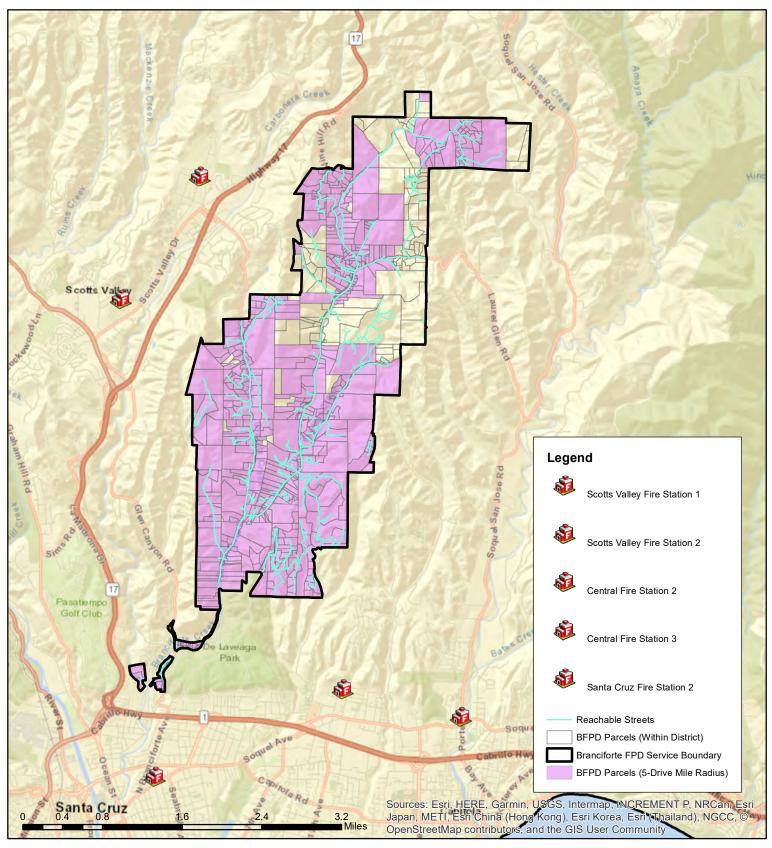
VII. AMENDMENTS TO BYLAWS

- 1. Amendments to these Bylaws may be recommended to the Board of Directors by a majority vote of the Commission.
- 2. These Bylaws, and any subsequent amendments thereto, shall be approved by the Board of Directors pursuant to Scotts Valley Fire District Policy (Enter Policy No.).
- 3. Proposed amendments shall be sent out with the agendas.

Chair, Branciforte Fire Advisory Commission	
Date Adopted by Commission:	
Chair, Scotts Valley Fire District Board of Directors	
Date Adopted by Board of Directors:	

EXHIBIT G:

5-Driving Mile Distance (without Branciforte Fire Station)



Branciforte Fire Protection District (Surrounding Fire Stations)

Based on LAFCO's analysis, 655 out of 745 parcels (88%) can be reached by surrounding fire stations (with at least 3 firefighers) within a 5-mile driving distance excluding the B40 Fire Station in operation. This means that 90 parcels (12%) will be beyond a 5-mile driving distance from a fire station if the B40 station does not obtain proper funding or staffing.

EXHIBIT H:

5-Driving Mile Distance (with Branciforte Fire Station)

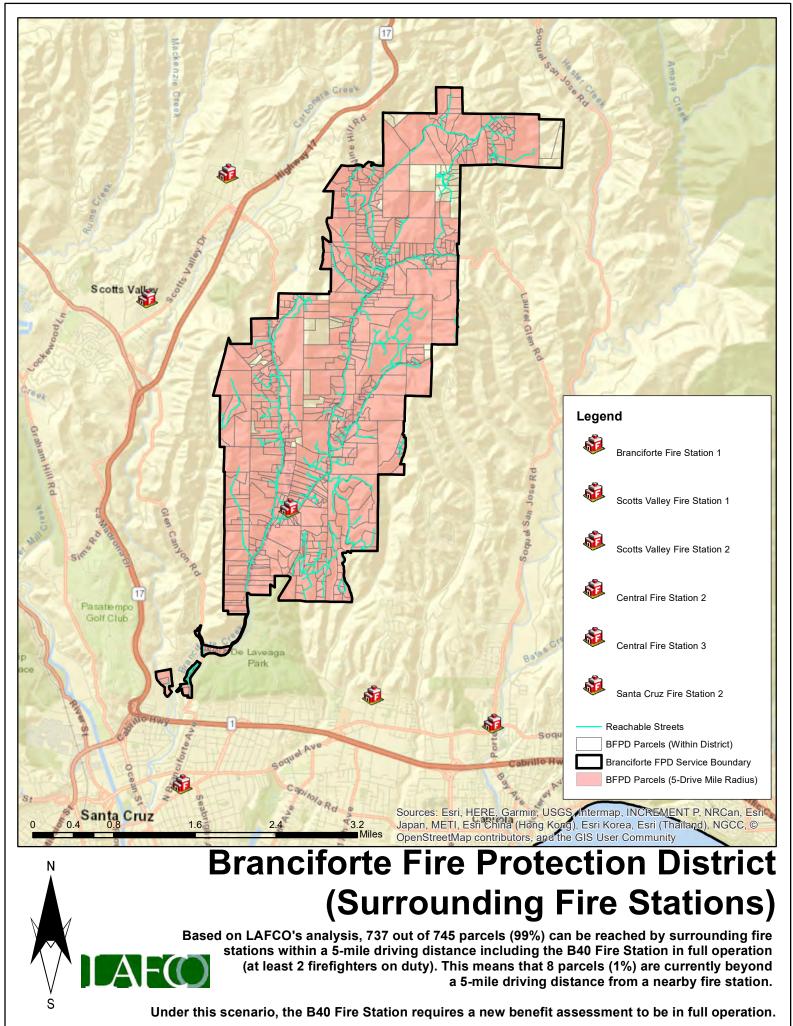


EXHIBIT I:

CalPERS Cost Analysis (dated 4/4/23)



California Public Employees' Retirement System Actuarial Office 400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744 888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | <u>www.calpers.ca.gov</u>

April 4, 2023

Safety Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040) Amendment Actuarial Valuation Report as of June 30, 2021

Section 20508 Cost Analysis for Merger with Branciforte Fire Protection District

Dear Requestor:

A cost analysis for the valuation(s) requested above and related information is enclosed.

The change in the employer contribution rate, as of the effective date of the proposed merger, is displayed on page 3.

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.

This cost analysis expires July 1, 2023. A Resolution of Intention **declaring the agency's intent** to amend the contract must be approved by the agency's governing body. The approved resolution must be received by this office on or before July 1, 2023. If either of these two conditions is not met, an updated cost analysis is required to merge the contracts. An updated cost analysis may be available as early as September 2023.

To complete the contract merger process based on the enclosed analysis, do the following:

- Complete and return the enclosed Contract Request and Schedule of Agency Actions forms. Within 90 days, CalPERS staff will send your agency the Resolution of Intention form for adoption.
- Complete and return the adopted Resolution of Intention to CalPERS on or before July 1, 2023. Adoption of the Final Resolution/Ordinance by this date is not required.

If you have questions about the cost analysis, please call (888) CalPERS (225-7377). Please ask to speak to a contract analyst for questions about the timing of the contract amendment. Please ask to speak to me for questions about this cost analysis.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS



Amendment Actuarial Valuation as of June 30, 2021

for the Safety Plan of the Scotts Valley Fire Protection District (CalPERS I D: 4027652040)

> Required Contributions for Fiscal Year July 1, 2023 – June 30, 2024

Introduction

This report presents the June 30, 2021 actuarial valuation results of the proposed merger of the Branciforte Fire Protection District with the Scotts Valley Fire Protection District Safety Plan, pursuant to Section 20508 of the **California Public Employees' Retirement Law.**

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68. A separate accounting valuation report for annual GASB reporting purposes is available from CaIPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Employer Contributions

The following tables show the change in the plans' employer contribution requirements for fiscal year 2023-24 due to the proposed merger. If the effective date of the proposed merger is prior to July 1, 2023, the contribution requirements for the remainder of fiscal year 2023-24 will remain unchanged.

	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
Development of Normal Cost as a	Fiscal Year 2023-24	Fiscal Year 2023-24	Fiscal Year 2023-24
Percentage of Payroll Base Total Normal Cost for Formula	31.82%	31.82%	31.82%
Surcharge for Class 1 Benefits ¹ a) FAC 1 Plan's Total Normal Cost Plan's Employee Contribution Rate ² Employer Normal Cost Rate	1.32% 33.14% <u>8.99%</u> 24.15%	0.00% 31.82% <u>8.99%</u> 22.83%	1.32% 33.14% <u>8.99%</u> 24.15%
Projected Payroll for Contribution Fiscal Year	\$1,949,471	\$169,596	\$2,119,067
Estimated Employer Contributions Based on Projected Payroll Plan's Estimated Employer Normal Cost	\$470,797	\$38,719	\$511,755
Plan's Payment on Amortization Bases % of Projected Payroll (illustrative only)	1,021,417 52.39%	68,255 40.25%	1,089,672 51.42%
Estimated Total Employer Contribution % of Projected Payroll (illustrative only)	\$1,492,214 76.54%	\$106,974 63.08%	\$1,601,427 75.57%
Required Employer Contributions			
Employer Normal Cost Rate Plus, Either	24.15%	22.83%	24.15%
1) Monthly UAL Payment Or	\$85,118.08	\$5,687.92	\$90,806.00
 Annual UAL Prepayment* 	\$988,365	\$66,046	\$1,054,411

The total minimum required employer contribution is the sum **of the Plan's Employer Normal Cost Rate (expressed as** a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).

*Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).

¹ The Section 2 report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

 2 The rate displayed is the actual average employee contribution rate for the Risk Pool, which takes into account adjustments for Social Security contribution offsets. The required employee contribution, which is set by statute, is <<9%>> of pay.

Plan's Funded Status

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
1. Present Value of Projected Benefits (PVB)	\$54,346,477	\$4,006,414	\$58,379,757
2. Entry Age Accrued Liability (AL)	50,846,730	3,509,364	54,356,094
Plan's Market Value of Assets (MVA)	41,417,299	3,212,821	44,630,120
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	9,429,431	296,543	9,725,974
5. Funded Ratio [(3) / (2)]	81.5%	91.5%	82.1%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The tables below show the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with fiscal year 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. The projected normal cost percentages below reflect that the normal cost will continue to decline over time as new employees are hired into lower cost benefit tiers. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

Scotts Valley Fire Protection District

Pre-Merger											
	Required	F	Projected Fut	ure Employer	Contributior	าร					
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)									
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29					
Normal Cost %	24.15%	24.2%	24.2%	24.2%	24.2%	24.2%					
UAL Payment	\$1,021,417	\$1,007,000	\$961,000	\$913,000	\$845,000	\$878,000					

Branciforte Fire Protection District

	Pre-Merger											
	Required	Projected Future Employer Contributions										
	Contribution	(Assu	(Assumes 6.80% Return for Fiscal Year 2021-22)									
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29						
Normal Cost %	22.83%	22.8%	22.8%	22.8%	22.8%	22.8%						
UAL Payment	\$68,255	\$0	\$0	\$0	\$0	\$0						

Scotts Valley Fire Protection District

Post-Merger											
	Required	Projected Future Employer Contributions									
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)									
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29					
Normal Cost %	24.15%	24.2%	24.2%	24.2%	24.2%	24.2%					
UAL Payment	\$1,089,672	\$1,007,000	\$961,000	\$913,000	\$845,000	\$878,000					

Schedule of Plan's Amortization Bases

The following pages display the amortization base schedules for Scotts Valley Fire Protection District before and after the proposed merger, as well as the amortization base schedule for Branciforte Fire Protection District before the proposed merger. Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Schedule of Plan's Amortization Bases (Continued)

	Date	Ramp Level		Escala- tion	Amort.	Balance	Expected Payment	Balance	Expected Payment	Balance	Minimum Required Payment
Reason for Base	Est.	2023-2		Rate	Period	6/30/21	2021-22	6/30/22	2022-23	6/30/23	2023-24
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	4,405,318	307,114	4,387,495	315,560	4,359,732	316,439
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	(267,710)	(18,663)	(266,627)	(19,177)	(264,939)	(19,230)
Share of Pre-2013 Pool UAL	6/30/13		No Ramp	2.80%	14	2,893,408	249,140	2,832,688	255,991	2,760,759	258,116
Assumption Change	6/30/14	100%	Up/Down	2.80%	13	1,943,428	195,423	1,873,623	200,798	1,793,517	203,023
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	(3,157,689)	(214,208)	(3,151,041)	(220,099)	(3,137,852)	(220,524)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	38,398	2,605	38,317	2,676	38,157	2,682
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	1,938,165	128,165	1,937,509	131,689	1,933,167	131,833
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	(6,988)	(462)	(6,986)	(475)	(6,970)	(475)
Assumption Change	6/30/16	100%	Up/Down	2.80%	15	761,230	56,013	755,108	71,942	732,108	72,603
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	2,523,969	132,014	2,559,170	169,555	2,557,968	169,601
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	(405,766)	(21,223)	(411,425)	(27,259)	(411,231)	(27,266)
Assumption Change	6/30/17	100%	Up/Down	2.80%	16	987,755	53,778	999,346	73,676	991,162	92,860
Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(1,251,743)	(49,192)	(1,286,025)	(67,393)	(1,303,828)	(84,199)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	31,162	1,225	32,015	1,678	32,458	2,096
Assumption Change	6/30/18	80%	Up/Down	2.80%	17	1,479,161	53,938	1,524,002	83,132	1,541,722	111,637
Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	(388,929)	(10,338)	(404,692)	(15,934)	(415,744)	(21,213)
Method Change	6/30/18	80%	Up/Down	2.80%	17	333,447	12,159	343,556	18,741	347,550	25,166
Non-Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	181,653	4,829	189,015	7,442	194,177	9,908
Investment (Gain)/Loss	6/30/19	60%	Up Only	0.00%	18	189,066	4,134	197,650	8,267	202,547	12,178
Non-Investment (Gain)/Loss	6/30/19		No Ramp	0.00%	18	220,837	20,152	215,028	20,152	208,824	19,799
Investment (Gain)/Loss	6/30/20	40%	Up Only	0.00%	19	863,999	0	922,751	20,213	964,609	39,652
Non-Investment (Gain)/Loss	6/30/20		No Ramp	0.00%	19	151,315	0	161,604	14,775	157,324	14,509
Assumption Change	6/30/21		No Ramp	0.00%	20	269,045	(19,772)	307,773	(20,326)	349,707	31,447
Net Investment (Gain)	6/30/21	20%	Up Only	0.00%	20	(4,064,124)	0	(4,340,484)	0	(4,635,637)	(99,642)
Non-Investment (Gain)/Loss	6/30/21		No Ramp	0.00%	20	(190,925)	0	(203,908)	0	(217,774)	(19,583)
Risk Mitigation	6/30/21		No Ramp	0.00%	1	1,228,060	(25,303)	1,337,717	(26,011)	1,455,563	1,504,238
Risk Mitigation Offset	6/30/21		No Ramp	0.00%	1	(1,276,111)	0	(1,362,887)	0	(1,455,563)	(1,504,238)
Total						9,429,431	861,528	9,180,292	999,613	8,771,513	1,021,417

Schedule of Plan's Amortization Bases (Continued)

	Branciforte Fire Protection District (Pre-Merger)										
											Minimum
		Ramp		Escala-			Expected		Expected		Required
	Date	Level	Ramp	tion	Amort.	Balance	Payment	Balance	Payment	Balance	Payment
Reason for Base	Est.	2023-24	Shape	Rate	Period	6/30/21	2021-22	6/30/22	2022-23	6/30/23	2023-24
Fresh Start	6/30/21	No I	Ramp	0.00%	1	296,543	129,785	182,583	124,780	66,046	68,255
Total						296,543	129,785	182,583	124,780	66,046	68,255

Schedule of Plan's Amortization Bases (Continued)

		D		F -							Minimum
	Date	Ramp Level	Ramp	Escala- tion	Amort.	Balance	Expected	Balance	Expected	Balance	Required
Reason for Base	Est.	2023-24		Rate	Period	6/30/21	Payment 2021-22	6/30/22	Payment 2022-23	6/30/23	Payment 2023-24
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	4,405,318	307,114	4,387,495	315,560	4,359,732	316,439
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	(267,710)	(18,663)	(266,627)	(19,177)	(264,939)	(19,230)
Share of Pre-2013 Pool UAL	6/30/13		o Ramp	2.80%	14	2,893,408	249,140	2,832,688	255,991	2,760,759	258,116
Assumption Change	6/30/14	100%	Up/Down	2.80%	13	1,943,428	195,423	1,873,623	200,798	1.793.517	203,023
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	(3,157,689)	(214,208)	(3,151,041)	(220,099)	(3,137,852)	(220,524)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	38,398	2,605	38,317	2,676	38,157	2,682
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	1,938,165	128,165	1,937,509	131,689	1,933,167	131,833
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	(6,988)	(462)	(6,986)	(475)	(6,970)	(475)
Assumption Change	6/30/16	100%	Up/Down	2.80%	15	761,230	56,013	755,108	71,942	732,108	72,603
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	2,523,969	132,014	2,559,170	169,555	2,557,968	169,601
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	(405,766)	(21,223)	(411,425)	(27,259)	(411,231)	(27,266)
Assumption Change	6/30/17	100%	Up/Down	2.80%	16	987,755	53,778	999,346	73,676	991,162	92,860
Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(1,251,743)	(49,192)	(1,286,025)	(67,393)	(1,303,828)	(84,199)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	31,162	1,225	32,015	1,678	32,458	2,096
Assumption Change	6/30/18	80%	Up/Down	2.80%	17	1,479,161	53,938	1,524,002	83,132	1,541,722	111,637
Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	(388,929)	(10,338)	(404,692)	(15,934)	(415,744)	(21,213)
Method Change	6/30/18	80%	Up/Down	2.80%	17	333,447	12,159	343,556	18,741	347,550	25,166
Non-Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	181,653	4,829	189,015	7,442	194,177	9,908
Investment (Gain)/Loss	6/30/19	60%	Up Only	0.00%	18	189,066	4,134	197,650	8,267	202,547	12,178
Non-Investment (Gain)/Loss	6/30/19		o Ramp	0.00%	18	220,837	20,152	215,028	20,152	208,824	19,799
Investment (Gain)/Loss	6/30/20	40%	Up Only	0.00%	19	863,999	0	922,751	20,213	964,609	39,652
Non-Investment (Gain)/Loss	6/30/20	No	o Ramp	0.00%	19	151,315	0	161,604	14,775	157,324	14,509
Assumption Change	6/30/21	N	o Ramp	0.00%	20	269,045	(19,772)	307,773	(20,326)	349,707	31,447
Net Investment (Gain)	6/30/21	20%	Up Only	0.00%	20	(4,064,124)	0	(4,340,484)	0	(4,635,637)	(99,642)
Non-Investment (Gain)/Loss	6/30/21	N	o Ramp	0.00%	20	(190,925)	0	(203,908)	0	(217,774)	(19,583)
Risk Mitigation	6/30/21		o Ramp	0.00%	1	1,228,060	(25,303)	1,337,717	(26,011)	1,455,563	1,504,238
Risk Mitigation Offset	6/30/21		o Ramp	0.00%	1	(1,276,111)	0	(1,362,887)	0	(1,455,563)	(1,504,238)
Merger (Branciforte)	6/30/21	No	o Ramp	0.00%	1	296,543	129,785	182,583	124,780	66,046	68,255
Total						9,725,974	991,313	9,362,875	1,124,393	8,837,559	1,089,672

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CaIPERS Funding Risk Mitigation policy. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22	Projected Employer Contributions								
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29				
3.0% (5 th percentile)									
Normal Cost Rate	24.2%	24.2%	24.2%	24.2%	24.2%				
UAL Contribution	\$1,045,000	\$1,079,000	\$1,149,000	\$1,242,000	\$1,477,000				
10.8% (95 th percentile)									
Normal Cost Rate	24.6%	25.0%	25.4%	25.8%	26.3%				
UAL Contribution	\$971,000	\$854,000	\$694,000	\$0	\$0				

Scotts Valley Fire Protection District (Pre-Merger)

Scotts Valley Fire Protection District (Post-Merger)

Assumed Annual Return FY 2021-22	Projected Employer Contributions								
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29				
3.0% (5 th percentile)									
Normal Cost Rate	24.2%	24.2%	24.2%	24.2%	24.2%				
UAL Contribution	\$1,048,000	\$1,088,100	\$1,167,000	\$1,273,000	\$1,523,000				
10.8% (95 th percentile)									
Normal Cost Rate	24.6%	25.0%	25.4%	25.8%	26.3%				
UAL Contribution	\$971,000	\$854,000	\$694,000	\$0	\$0				

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Future Investment Return Scenarios (Continued)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	FY 2023-24	FY 2024-25
(17.2%) (2 standard deviation loss)		
Normal Cost Rate	24.15%	24.2%
UAL Contribution	\$1,021,417	\$1,251,000
(5.2%) (1 standard deviation loss)		
Normal Cost Rate	24.15%	24.2%
UAL Contribution	\$1,021,417	\$1,129,000

Scotts Valley Fire Protection District (Pre-Merger)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	FY 2023-24	FY 2024-25
(17.2%) (2 standard deviation loss)		
Normal Cost Rate	24.15%	24.2%
UAL Contribution	\$1,089,672	\$1,270,000
(5.2%) (1 standard deviation loss)		
Normal Cost Rate	24.15%	24.2%
UAL Contribution	\$1,089,672	\$1,138,500

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	41.56%	33.14%	26.71%
b) Accrued Liability	57,502,422	50,846,730	45,344,237
c) Market Value of Assets	41,417,299	41,417,299	41,417,299
d) Unfunded Liability/(Surplus) [(b) - (c)]	16,085,123	9,429,431	3,926,938
e) Funded Status	72.0%	81.5%	91.3%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	41.56%	33.14%	26.71%
b) Accrued Liability	61,477,779	54,356,094	48,470,902
c) Market Value of Assets	44,630,120	44,630,120	44,630,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	16,847,659	9,725,974	3,840,782
e) Funded Status	72.6%	82.1%	92.1%

Discount Rate Sensitivity (continued)

Sensitivity to the Price Inflation Assumption

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	34.78%	33.14%	30.09%
b) Accrued Liability	52,558,072	50,846,730	46,723,312
c) Market Value of Assets	41,417,299	41,417,299	41,417,299
d) Unfunded Liability/(Surplus) [(b) - (c)]	11,140,773	9,429,431	5,306,013
e) Funded Status	78.8%	81.5%	88.6%

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	34.78%	33.14%	30.09%
b) Accrued Liability	56,190,052	54,356,094	49,951,044
c) Market Value of Assets	44,630,120	44,630,120	44,630,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	11,559,932	9,725,974	5,320,924
e) Funded Status	79.4%	82.1%	89.3%

Mortality Rate Sensitivity

The following tables look at the change in the June 30, 2021 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan on a future change in the mortality assumption

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	33.61%	33.14%	32.70%
b) Accrued Liability	51,751,984	50,846,730	50,010,330
c) Market Value of Assets	41,417,299	41,417,299	41,417,299
d) Unfunded Liability/(Surplus) [(b) - (c)]	10,334,685	9,429,431	8,593,031
e) Funded Status	80.0%	81.5%	82.8%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	33.61%	33.14%	32.70%
b) Accrued Liability	55,328,781	54,356,094	53,457,466
c) Market Value of Assets	44,630,120	44,630,120	44,630,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	10,698,661	9,725,974	8,827,346
e) Funded Status	80.7%	82.1%	83.5%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. **One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its** total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Scotts Valley Fire Protection District as of June 30, 2021

Ratio of Retiree Accrued Liability to Total Accrued Liability	Pre-Merger	Post-Merger
1. Retired Accrued Liability	34,717,994	37,315,551
2. Total Accrued Liability	50,846,730	54,356,094
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.68	0.69

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Scotts Valley Fire Protection District as of June 30, 2021

Support Ratio	Pre-Merger	Post-Merger
1. Number of Actives	12	14
2. Number of Retirees	36	46
3. Support Ratio [(1) / (2)]	0.33	0.31

Maturity Measures (Continued)

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Scotts Valley Fire Protection District as of June 30, 2021

Contribution Volatility	Pre-Merger	Post-Merger
1. Market Value of Assets	\$41,417,299	\$44,630,120
2. Payroll	1,794,475	1,950,587
3. Asset Volatility Ratio (AVR) [(1) / (2)]	23.1	22.9
4. Accrued Liability	\$50,846,730	\$54,356,094
5. Liability Volatility Ratio (LVR) [(4) / (2)]	28.3	27.9

Participant Data

The table below summarizes changes in the **plan's member data**.

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre- Merger)	Scotts Valley Fire Protection District (Post-Merger)
Reported Payroll	\$1,794,475	\$156,112	\$1,950,587
Projected Payroll for Contribution Purposes	\$1,949,471	\$169,596	\$2,119,067
Number of Members			
Actives	12	2	14
Transferred	8	3	11
Separated	2	1	3
Retired	36	10	46
Total	58	16	

Additional Disclosure

If your agency is requesting cost information for two or more benefit changes, the cost of adopting more than one of these changes may not be obtained by adding the individual costs. Instead, a separate valuation must be done to provide a cost analysis for the combination of benefit changes.

Please note that the cost analysis provided in this document may not be relied upon after July 1, 2023. If you have not taken action to contract by this date, you must contact our office for an updated cost analysis, based on the new annual valuation.

Descriptions of the actuarial methodologies, actuarial assumptions, and plan benefit provisions may be found in the appendices of the June 30, 2021 annual report. Please note that the results shown here are subject to change if any of the data or plan provisions differ from what was used in this study.

Certification

This actuarial valuation for the proposed merger is based on the participant, benefits, and asset data used in the June 30, 2021 annual valuation, with the benefits modified, if necessary, to reflect what is currently provided under **the agency's** contract with CaIPERS, and further modified to reflect the proposed merger. It is my opinion that the valuation has been performed in accordance with standards of practice prescribed by the Actuarial Standards Board, and the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CaIPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS



California Public Employees' Retirement System Actuarial Office 400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744 888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

April 4, 2023

PEPRA Safety Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040) Amendment Actuarial Valuation Report as of June 30, 2021

Section 20508 Cost Analysis for Merger with Branciforte Fire Protection District

Dear Requestor:

A cost analysis for the valuation(s) requested above and related information is enclosed.

The change in the employer contribution rate, as of the effective date of the proposed merger, is displayed on page 3.

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.

This cost analysis expires July 1, 2023. A Resolution of Intention **declaring the agency's intent** to amend the contract must be approved by the agency's governing body. The approved resolution must be received by this office on or before July 1, 2023. If either of these two conditions is not met, an updated cost analysis is required to merge the contracts. An updated cost analysis may be available as early as September 2023.

To complete the contract merger process based on the enclosed analysis, do the following:

- Complete and return the enclosed Contract Request and Schedule of Agency Actions forms. Within 90 days, CalPERS staff will send your agency the Resolution of Intention form for adoption.
- Complete and return the adopted Resolution of Intention to CalPERS on or before July 1, 2023. Adoption of the Final Resolution/Ordinance by this date is not required.

If you have questions about the cost analysis, please call (888) CalPERS (225-7377). Please ask to speak to a contract analyst for questions about the timing of the contract amendment. Please ask to speak to me for questions about this cost analysis.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS



Amendment Actuarial Valuation as of June 30, 2021

for the PEPRA Safety Plan of the Scotts Valley Fire Protection District (CalPERS I D: 4027652040)

> Required Contributions for Fiscal Year July 1, 2023 – June 30, 2024

Introduction

This report presents the June 30, 2021 actuarial valuation results of the proposed merger of the Branciforte Fire Protection District with the Scotts Valley Fire Protection District PEPRA Safety Plan, pursuant to Section 20508 of the California **Public Employees' Retirement Law.**

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68. A separate accounting valuation report for annual GASB reporting purposes is available from CaIPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

The following tables show the change in the plans' employer contribution requirements for fiscal year 2023-24 due to the proposed merger. If the effective date of the proposed merger is prior to July 1, 2023, the contribution requirements for the remainder of fiscal year 2023-24 will remain unchanged.

	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
	Fiscal Year	Fiscal Year	Fiscal Year
Development of Normal Cost as a Percentage of Payroll Base Total Normal Cost for Formula 2.7% @ 57	2023-24 27.29%	2023-24 27.29%	2023-24 27.29%
Surcharge for Class 1 Benefits ¹			
None	0.00%	0.00%	0.00%
Plan's Total Normal Cost	27.29%	27.29%	27.29%
Plan's Employee Contribution Rate	<u>13.75%</u>	<u>13.75%</u>	<u>13.75%</u>
Employer Normal Cost Rate	13.54%	13.54%	13.54%
Projected Payroll for Contribution Fiscal Year	\$1,686,148	\$76,997	\$1,763,145
Estimated Employer Contributions Based on Projected Payroll			
Plan's Estimated Employer Normal Cost	\$228,304	\$10,425	\$238,729
Plan's Payment on Amortization Bases	0	584	584
% of Projected Payroll (illustrative only)	N/A	0.75%	0.03%
Estimated Total Employer Contribution	\$228,304	\$11,009	\$239,313
% of Projected Payroll (illustrative only)	13.54%	14.30%	13.57%
Required Employer Contributions			
Employer Normal Cost Rate <i>Plus</i>	13.54%	13.54%	13.54%
 Monthly UAL Payment Or 	\$O	\$48.67	\$48.67
2) Annual UAL Prepayment*	\$0	\$565	\$565
Required PEPRA Member Rate	13.75%	13.75%	13.75%

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).

*Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).

For additional detail regarding the determination of the required contribution for PEPRA members, see "PEPRA Member Contribution Rates" in the June 30, 2021 annual valuation report.

¹ The Section 2 report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

Plan's Funded Status

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
1. Present Value of Projected Benefits (PVB)	\$7,167,714	\$308,105	\$7,529,344
2. Entry Age Accrued Liability (AL)	1,616,496	10,236	1,626,732
Plan's Market Value of Assets (MVA)	1,773,541	11,435	1,784,976
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	(157,045)	(1,199)	(158,244)
5. Funded Ratio [(3) / (2)]	109.7%	111.7%	109.7%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The tables below show the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with fiscal year 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. The projected normal cost percentages below reflect that the normal cost will continue to decline over time as new employees are hired into lower cost benefit tiers. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

Scotts Valley Fire Protection District

Pre-Merger						
	Required	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2021-22)				
	Contribution					
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Normal Cost %	13.54%	13.5%	13.5%	13.5%	13.5%	13.5%
UAL Payment	\$0	\$0	\$0	\$0	\$0	\$O

Branciforte Fire Protection District

Pre-Merger						
	Required	d Projected Future Employer Contributions				
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)				
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Normal Cost %	13.54%	13.5%	13.5%	13.5%	13.5%	13.5%
UAL Payment	\$584	\$584	\$584	\$584	\$585	\$0

Scotts Valley Fire Protection District

Post-Merger							
	Required Projected Future Employer Contributions					IS	
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)					
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	
Normal Cost %	13.54%	13.5%	13.5%	13.5%	13.5%	13.5%	
UAL Payment	\$584	\$584	\$584	\$584	\$585	\$0	

Schedule of Plan's Amortization Bases

The following pages display the amortization base schedules for Scotts Valley Fire Protection District before and after the proposed merger, as well as the amortization base schedule for Branciforte Fire Protection District before the proposed merger. Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

	-		3	cotts va	пеу нге н	Protection Distr	ict (Fie-Meige	31)			
Reason for Base Fresh Start Total	Date Est. 6/30/2021	Ramp Level 2023-24	Ramp Shape	Escala- tion Rate	Amort. Period N/A	Balance 6/30/21 (157,045) (157,045)	Expected Payment 2021-22 (38,986) (38,986)	Balance 6/30/22 (127,434) (127,434)	Expected Payment 2022-23 (39,163) (39,163)	Balance 6/30/23 (95,627) (95,627)	Minimum Required Payment 2023-24 0 0
			r)	ata Elas Du			-)			
			Ē	stanctio	rte Fire Pr	otection Distri	ct (Pre-Ivierge				Minimum
		Ramp		Escala-			Expected		Expected		Required
	Date	Level	Ramp	tion	Amort.	Balance	Payment	Balance	Payment	Balance	Payment
Reason for Base	Est.	2023-24	Shape	Rate	Period	6/30/21	2021-22	6/30/22	2022-23	6/30/23	2023-24
Fresh Start	6/30/2021	No	Ramp	0.00%	5	(1,199)	(1,780)	559	(1,830)	2,488	584
Total						(1,199)	(1,780)	559	(1,830)	2,488	584
			I	otts Val	lov Firo D		(1,780)		· · · ·		
			I	cotts Val	ley Fire Pi	(1,199) rotection Distri	(1,780)		· · · ·		584
			I		5		(1,780) ct (Post-Merg		(1,830)		584 Minimum
	Date	Ramp Level	I	cotts Val Escala- tion	5		(1,780)		· · · ·		584
		Ramp	Sc	Escala-	5	rotection Distr	(1,780) ct (Post-Merg Expected	er)	(1,830) Expected	2,488	584 Minimum Required
Total	Date	Ramp Level	Sc Ramp	Escala- tion	Amort.	rotection Distri Balance	(1,780) ct (Post-Merg Expected Payment	er) Balance	(1,830) Expected Payment	2,488 Balance	584 Minimum Required Payment
Total Reason for Base	Date Est.	Ramp Level 2023-24	Sc Ramp	Escala- tion	Amort. Period	rotection Distri Balance 6/30/21	(1,780) ct (Post-Merg Expected Payment 2021-22	er) Balance 6/30/22	(1,830) Expected Payment 2022-23	2,488 Balance 6/30/23	584 Minimum Required Payment 2023-24

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CaIPERS Funding Risk Mitigation policy. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22	Projected Employer Contributions						
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29		
3.0% (5 th percentile)							
Normal Cost Rate	13.5%	13.5%	13.5%	13.5%	13.5%		
UAL Contribution	\$0	\$1,100	\$4,000	\$8,600	\$15,000		
10.8% (95 th percentile)							
Normal Cost Rate	13.9%	14.3%	14.1%	14.5%	14.8%		
UAL Contribution	\$0	\$0	\$0	\$0	\$0		

Scotts Valley Fire Protection District (Pre-Merger)

Scotts Valley Fire Protection District (Post-Merger)

Assumed Annual Return FY 2021-22	Projected Employer Contributions						
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29		
3.0% (5 th percentile)							
Normal Cost Rate	13.5%	13.5%	13.5%	13.5%	13.5%		
UAL Contribution	\$600	\$1,720	\$4,650	\$9,290	\$15,170		
10.8% (95 th percentile)							
Normal Cost Rate	13.9%	14.3%	14.1%	14.5%	14.8%		
UAL Contribution	\$570	\$550	\$0	\$0	\$0		

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Future Investment Return Scenarios (Continued)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions	
	FY 2023-24	FY 2024-25	
(17.2%) (2 standard deviation loss)			
Normal Cost Rate	13.54%	13.5%	
UAL Contribution	\$0	\$8,300	
(5.2%) (1 standard deviation loss)			
Normal Cost Rate	13.54%	13.5%	
UAL Contribution	\$0	\$3,000	

Scotts Valley Fire Protection District (Pre-Merger)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions	
	FY 2023-24	FY 2024-25	
(17.2%) (2 standard deviation loss)			
Normal Cost Rate	13.54%	13.5%	
UAL Contribution	\$584	\$8,950	
(5.2%) (1 standard deviation loss)			
Normal Cost Rate	13.54%	13.5%	
UAL Contribution	\$584	\$3,620	

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	34.35%	27.29%	21.95%
b) Accrued Liability	\$1,976,736	\$1,616,496	\$1,334,460
c) Market Value of Assets	\$1,773,541	\$1,773,541	\$1,773,541
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$203,195	(\$157,045)	(\$439,081)
e) Funded Status	89.7%	109.7%	132.9%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	34.35%	27.29%	21.95%
b) Accrued Liability	\$1,990,645	\$1,626,732	\$1,342,192
c) Market Value of Assets	\$1,784,976	\$1,784,976	\$1,784,976
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$205,669	(\$158,244)	(\$442,784)
e) Funded Status	89.7%	109.7%	133.0%

Discount Rate Sensitivity (continued)

Sensitivity to the Price Inflation Assumption

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	28.79%	27.29%	24.69%
b) Accrued Liability	\$1,690,109	\$1,616,496	\$1,469,331
c) Market Value of Assets	\$1,773,541	\$1,773,541	\$1,773,541
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$83,432)	(\$157,045)	(\$304,210)
e) Funded Status	104.9%	109.7%	120.7%

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	28.79%	27.29%	24.69%
b) Accrued Liability	\$1,700,799	\$1,626,732	\$1,478,752
c) Market Value of Assets	\$1,784,976	\$1,784,976	\$1,784,976
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$84,177)	(\$158,244)	(\$306,224)
e) Funded Status	104.9%	109.7%	120.7%

Mortality Rate Sensitivity

The following tables look at the change in the June 30, 2021 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan on a future change in the mortality assumption

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	27.65%	27.29%	26.95%
b) Accrued Liability	\$1,642,763	\$1,616,496	\$1,592,033
c) Market Value of Assets	\$1,773,541	\$1,773,541	\$1,773,541
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$130,778)	(\$157,045)	(\$181,508)
e) Funded Status	108.0%	109.7%	111.4%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	27.65%	27.29%	26.95%
b) Accrued Liability	\$1,653,127	\$1,626,732	\$1,602,149
c) Market Value of Assets	\$1,784,976	\$1,784,976	\$1,784,976
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$131,849)	(\$158,244)	(\$182,827)
e) Funded Status	108.0%	109.7%	111.4%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. **One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its** total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Scotts Valley Fire Protection District as of June 30, 2021

Ratio of Retiree Accrued Liability to Total Accrued Liability	Pre-Merger	Post-Merger
1. Retired Accrued Liability	\$210,089	\$210,089
2. Total Accrued Liability	1,616,496	1,626,732
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.13	0.13

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Scotts Valley Fire Protection District as of June 30, 2021

Support Ratio	Pre-Merger	Post-Merger
1. Number of Actives	14	15
2. Number of Retirees	1	1
3. Support Ratio [(1) / (2)]	14.00	15.00

Maturity Measures (Continued)

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Scotts Valley Fire Protection District as of June 30, 2021

Contribution Volatility	Pre-Merger	Post-Merger
1. Market Value of Assets	\$1,773,541	\$1,784,976
2. Payroll	1,552,088	1,622,963
3. Asset Volatility Ratio (AVR) [(1) / (2)]	1.1	1.1
4. Accrued Liability	\$1,616,496	\$1,626,732
5. Liability Volatility Ratio (LVR) [(4) / (2)]	1.0	1.0

Participant Data

The table below summarizes changes in the **plan's member data**.

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre- Merger)	Scotts Valley Fire Protection District (Post-Merger)
Reported Payroll	\$1,552,088	\$70,875	\$1,622,963
Projected Payroll for Contribution Purposes	\$1,686,148	\$76,997	\$1,763,145
Number of Members			
Actives	14	1	15
Transferred	1	1	2
Separated	1	0	1
Retired	1	0	1
Total	17	2	19

Additional Disclosure

If your agency is requesting cost information for two or more benefit changes, the cost of adopting more than one of these changes may not be obtained by adding the individual costs. Instead, a separate valuation must be done to provide a cost analysis for the combination of benefit changes.

Please note that the cost analysis provided in this document may not be relied upon after July 1, 2023. If you have not taken action to contract by this date, you must contact our office for an updated cost analysis, based on the new annual valuation.

Descriptions of the actuarial methodologies, actuarial assumptions, and plan benefit provisions may be found in the appendices of the June 30, 2021 annual report. Please note that the results shown here are subject to change if any of the data or plan provisions differ from what was used in this study.

Certification

This actuarial valuation for the proposed merger is based on the participant, benefits, and asset data used in the June 30, 2021 annual valuation, with the benefits modified, if necessary, to reflect what is currently provided under **the agency's** contract with CaIPERS, and further modified to reflect the proposed merger. It is my opinion that the valuation has been performed in accordance with standards of practice prescribed by the Actuarial Standards Board, and the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the **CaIPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement** Law.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS



California Public Employees' Retirement System Actuarial Office 400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744 888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

April 4, 2023

Safety Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040) Amendment Actuarial Valuation Report as of June 30, 2021

Section 20508 Cost Analysis for Merger with Branciforte Fire Protection District

Dear Requestor:

A cost analysis for the valuation(s) requested above and related information is enclosed.

The change in the employer contribution rate, as of the effective date of the proposed merger, is displayed on page 3.

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.

This cost analysis expires July 1, 2023. A Resolution of Intention **declaring the agency's intent** to amend the contract must be approved by the agency's governing body. The approved resolution must be received by this office on or before July 1, 2023. If either of these two conditions is not met, an updated cost analysis is required to merge the contracts. An updated cost analysis may be available as early as September 2023.

To complete the contract merger process based on the enclosed analysis, do the following:

- Complete and return the enclosed Contract Request and Schedule of Agency Actions forms. Within 90 days, CalPERS staff will send your agency the Resolution of Intention form for adoption.
- Complete and return the adopted Resolution of Intention to CalPERS on or before July 1, 2023. Adoption of the Final Resolution/Ordinance by this date is not required.

If you have questions about the cost analysis, please call (888) CalPERS (225-7377). Please ask to speak to a contract analyst for questions about the timing of the contract amendment. Please ask to speak to me for questions about this cost analysis.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS



Amendment Actuarial Valuation as of June 30, 2021

for the Safety Plan of the Scotts Valley Fire Protection District (CalPERS I D: 4027652040)

> Required Contributions for Fiscal Year July 1, 2023 – June 30, 2024

Introduction

This report presents the June 30, 2021 actuarial valuation results of the proposed merger of the Branciforte Fire Protection District with the Scotts Valley Fire Protection District Safety Plan, pursuant to Section 20508 of the **California Public Employees' Retirement Law.**

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68. A separate accounting valuation report for annual GASB reporting purposes is available from CaIPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Employer Contributions

The following tables show the change in the plans' employer contribution requirements for fiscal year 2023-24 due to the proposed merger. If the effective date of the proposed merger is prior to July 1, 2023, the contribution requirements for the remainder of fiscal year 2023-24 will remain unchanged.

	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
Development of Normal Cost as a	Fiscal Year 2023-24	Fiscal Year 2023-24	Fiscal Year 2023-24
Percentage of Payroll Base Total Normal Cost for Formula	31.82%	31.82%	31.82%
Surcharge for Class 1 Benefits ¹ a) FAC 1 Plan's Total Normal Cost Plan's Employee Contribution Rate ² Employer Normal Cost Rate	1.32% 33.14% <u>8.99%</u> 24.15%	0.00% 31.82% <u>8.99%</u> 22.83%	1.32% 33.14% <u>8.99%</u> 24.15%
Projected Payroll for Contribution Fiscal Year	\$1,949,471	\$169,596	\$2,119,067
Estimated Employer Contributions Based on Projected Payroll Plan's Estimated Employer Normal Cost	\$470,797	\$38,719	\$511,755
Plan's Payment on Amortization Bases % of Projected Payroll (illustrative only)	1,021,417 52.39%	68,255 40.25%	1,089,672 51.42%
Estimated Total Employer Contribution % of Projected Payroll (illustrative only)	\$1,492,214 76.54%	\$106,974 63.08%	\$1,601,427 75.57%
Required Employer Contributions			
Employer Normal Cost Rate Plus, Either	24.15%	22.83%	24.15%
1) Monthly UAL Payment Or	\$85,118.08	\$5,687.92	\$90,806.00
 Annual UAL Prepayment* 	\$988,365	\$66,046	\$1,054,411

The total minimum required employer contribution is the sum **of the Plan's Employer Normal Cost Rate (expressed as** a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).

*Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).

¹ The Section 2 report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

 2 The rate displayed is the actual average employee contribution rate for the Risk Pool, which takes into account adjustments for Social Security contribution offsets. The required employee contribution, which is set by statute, is <<9%>> of pay.

Plan's Funded Status

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
1. Present Value of Projected Benefits (PVB)	\$54,346,477	\$4,006,414	\$58,379,757
2. Entry Age Accrued Liability (AL)	50,846,730	3,509,364	54,356,094
Plan's Market Value of Assets (MVA)	41,417,299	3,212,821	44,630,120
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	9,429,431	296,543	9,725,974
5. Funded Ratio [(3) / (2)]	81.5%	91.5%	82.1%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The tables below show the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with fiscal year 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. The projected normal cost percentages below reflect that the normal cost will continue to decline over time as new employees are hired into lower cost benefit tiers. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

Scotts Valley Fire Protection District

Pre-Merger								
	Required	F	Projected Future Employer Contributions					
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)						
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29		
Normal Cost %	24.15%	24.2%	24.2%	24.2%	24.2%	24.2%		
UAL Payment	\$1,021,417	\$1,007,000	\$961,000	\$913,000	\$845,000	\$878,000		

Branciforte Fire Protection District

Pre-Merger								
	Required Projected Future Employer Contributions							
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)						
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29		
Normal Cost %	22.83%	22.8%	22.8%	22.8%	22.8%	22.8%		
UAL Payment	\$68,255	\$0	\$0	\$0	\$0	\$0		

Scotts Valley Fire Protection District

Post-Merger								
	Required	Projected Future Employer Contributions						
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)						
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29		
Normal Cost %	24.15%	24.2%	24.2%	24.2%	24.2%	24.2%		
UAL Payment	\$1,089,672	\$1,007,000	\$961,000	\$913,000	\$845,000	\$878,000		

Schedule of Plan's Amortization Bases

The following pages display the amortization base schedules for Scotts Valley Fire Protection District before and after the proposed merger, as well as the amortization base schedule for Branciforte Fire Protection District before the proposed merger. Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

	Date	Ramp Level		Escala- tion	Amort.	Balance	Expected Payment	Balance	Expected Payment	Balance	Minimum Required Payment
Reason for Base	Est.	2023-2		Rate	Period	6/30/21	2021-22	6/30/22	2022-23	6/30/23	2023-24
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	4,405,318	307,114	4,387,495	315,560	4,359,732	316,439
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	(267,710)	(18,663)	(266,627)	(19,177)	(264,939)	(19,230)
Share of Pre-2013 Pool UAL	6/30/13		No Ramp	2.80%	14	2,893,408	249,140	2,832,688	255,991	2,760,759	258,116
Assumption Change	6/30/14	100%	Up/Down	2.80%	13	1,943,428	195,423	1,873,623	200,798	1,793,517	203,023
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	(3,157,689)	(214,208)	(3,151,041)	(220,099)	(3,137,852)	(220,524)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	38,398	2,605	38,317	2,676	38,157	2,682
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	1,938,165	128,165	1,937,509	131,689	1,933,167	131,833
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	(6,988)	(462)	(6,986)	(475)	(6,970)	(475)
Assumption Change	6/30/16	100%	Up/Down	2.80%	15	761,230	56,013	755,108	71,942	732,108	72,603
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	2,523,969	132,014	2,559,170	169,555	2,557,968	169,601
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	(405,766)	(21,223)	(411,425)	(27,259)	(411,231)	(27,266)
Assumption Change	6/30/17	100%	Up/Down	2.80%	16	987,755	53,778	999,346	73,676	991,162	92,860
Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(1,251,743)	(49,192)	(1,286,025)	(67,393)	(1,303,828)	(84,199)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	31,162	1,225	32,015	1,678	32,458	2,096
Assumption Change	6/30/18	80%	Up/Down	2.80%	17	1,479,161	53,938	1,524,002	83,132	1,541,722	111,637
Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	(388,929)	(10,338)	(404,692)	(15,934)	(415,744)	(21,213)
Method Change	6/30/18	80%	Up/Down	2.80%	17	333,447	12,159	343,556	18,741	347,550	25,166
Non-Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	181,653	4,829	189,015	7,442	194,177	9,908
Investment (Gain)/Loss	6/30/19	60%	Up Only	0.00%	18	189,066	4,134	197,650	8,267	202,547	12,178
Non-Investment (Gain)/Loss	6/30/19		No Ramp	0.00%	18	220,837	20,152	215,028	20,152	208,824	19,799
Investment (Gain)/Loss	6/30/20	40%	Up Only	0.00%	19	863,999	0	922,751	20,213	964,609	39,652
Non-Investment (Gain)/Loss	6/30/20		No Ramp	0.00%	19	151,315	0	161,604	14,775	157,324	14,509
Assumption Change	6/30/21		No Ramp	0.00%	20	269,045	(19,772)	307,773	(20,326)	349,707	31,447
Net Investment (Gain)	6/30/21	20%	Up Only	0.00%	20	(4,064,124)	0	(4,340,484)	0	(4,635,637)	(99,642)
Non-Investment (Gain)/Loss	6/30/21		No Ramp	0.00%	20	(190,925)	0	(203,908)	0	(217,774)	(19,583)
Risk Mitigation	6/30/21		No Ramp	0.00%	1	1,228,060	(25,303)	1,337,717	(26,011)	1,455,563	1,504,238
Risk Mitigation Offset	6/30/21		No Ramp	0.00%	1	(1,276,111)	0	(1,362,887)	0	(1,455,563)	(1,504,238)
Total						9,429,431	861,528	9,180,292	999,613	8,771,513	1,021,417

Branciforte Fire Protection District (Pre-Merger)											
										-	Minimum
		Ramp		Escala-			Expected		Expected		Required
	Date	Level	Ramp	tion	Amort.	Balance	Payment	Balance	Payment	Balance	Payment
Reason for Base	Est.	2023-24	Shape	Rate	Period	6/30/21	2021-22	6/30/22	2022-23	6/30/23	2023-24
Fresh Start	6/30/21	No	Ramp	0.00%	1	296,543	129,785	182,583	124,780	66,046	68,255
Total						296,543	129,785	182,583	124,780	66,046	68,255

						-					Minimum
		Ramp		Escala-			Expected		Expected		Required
	Date	Level	Ramp	tion	Amort.	Balance	Payment	Balance	Payment	Balance	Payment
Reason for Base	Est.	2023-24		Rate	Period	6/30/21	2021-22	6/30/22	2022-23	6/30/23	2023-24
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%		4,405,318	307,114	4,387,495	315,560	4,359,732	316,439
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	(267,710)	(18,663)	(266,627)	(19,177)	(264,939)	(19,230)
Share of Pre-2013 Pool UAL	6/30/13		o Ramp	2.80%	14	2,893,408	249,140	2,832,688	255,991	2,760,759	258,116
Assumption Change	6/30/14	100%	Up/Down	2.80%	13	1,943,428	195,423	1,873,623	200,798	1,793,517	203,023
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	(3,157,689)	(214,208)	(3,151,041)	(220,099)	(3,137,852)	(220,524)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	38,398	2,605	38,317	2,676	38,157	2,682
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	1,938,165	128,165	1,937,509	131,689	1,933,167	131,833
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	(6,988)	(462)	(6,986)	(475)	(6,970)	(475)
Assumption Change	6/30/16	100%	Up/Down	2.80%	15	761,230	56,013	755,108	71,942	732,108	72,603
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	2,523,969	132,014	2,559,170	169,555	2,557,968	169,601
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	(405,766)	(21,223)	(411,425)	(27,259)	(411,231)	(27,266)
Assumption Change	6/30/17	100%	Up/Down	2.80%	16	987,755	53,778	999,346	73,676	991,162	92,860
Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(1,251,743)	(49,192)	(1,286,025)	(67,393)	(1,303,828)	(84,199)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	31,162	1,225	32,015	1,678	32,458	2,096
Assumption Change	6/30/18	80%	Up/Down	2.80%	17	1,479,161	53,938	1,524,002	83,132	1,541,722	111,637
Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	(388,929)	(10,338)	(404,692)	(15,934)	(415,744)	(21,213)
Method Change	6/30/18	80%	Up/Down	2.80%	17	333,447	12,159	343,556	18,741	347,550	25,166
Non-Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	181,653	4,829	189,015	7,442	194,177	9,908
Investment (Gain)/Loss	6/30/19	60%	Up Only	0.00%	18	189,066	4,134	197,650	8,267	202,547	12,178
Non-Investment (Gain)/Loss	6/30/19	No	o Ramp	0.00%	18	220,837	20,152	215,028	20,152	208,824	19,799
Investment (Gain)/Loss	6/30/20	40%	Up Only	0.00%	19	863,999	0	922,751	20,213	964,609	39,652
Non-Investment (Gain)/Loss	6/30/20	No	o Ramp	0.00%	19	151,315	0	161,604	14,775	157,324	14,509
Assumption Change	6/30/21	No	o Ramp	0.00%	20	269,045	(19,772)	307,773	(20,326)	349,707	31,447
Net Investment (Gain)	6/30/21	20%	Up Only	0.00%	20	(4,064,124)	0	(4,340,484)	0	(4,635,637)	(99,642)
Non-Investment (Gain)/Loss	6/30/21	No	o Ramp	0.00%	20	(190,925)	0	(203,908)	0	(217,774)	(19,583)
Risk Mitigation	6/30/21	No	o Ramp	0.00%	1	1,228,060	(25,303)	1,337,717	(26,011)	1,455,563	1,504,238
Risk Mitigation Offset	6/30/21	No	o Ramp	0.00%	1	(1,276,111)	0	(1,362,887)	0	(1,455,563)	(1,504,238)
Merger (Branciforte)	6/30/21	No	o Ramp	0.00%	1	296,543	129,785	182,583	124,780	66,046	68,255
Total			•			9,725,974	991,313	9,362,875	1,124,393	8,837,559	1,089,672

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CaIPERS Funding Risk Mitigation policy. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22	Projected Employer Contributions							
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29			
3.0% (5 th percentile)								
Normal Cost Rate	24.2%	24.2%	24.2%	24.2%	24.2%			
UAL Contribution	\$1,045,000	\$1,079,000	\$1,149,000	\$1,242,000	\$1,477,000			
10.8% (95 th percentile)								
Normal Cost Rate	24.6%	25.0%	25.4%	25.8%	26.3%			
UAL Contribution	\$971,000	\$854,000	\$694,000	\$0	\$0			

Scotts Valley Fire Protection District (Pre-Merger)

Scotts Valley Fire Protection District (Post-Merger)

Assumed Annual Return FY 2021-22	Projected Employer Contributions							
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29			
3.0% (5 th percentile)								
Normal Cost Rate	24.2%	24.2%	24.2%	24.2%	24.2%			
UAL Contribution	\$1,048,000	\$1,088,100	\$1,167,000	\$1,273,000	\$1,523,000			
10.8% (95 th percentile)								
Normal Cost Rate	24.6%	25.0%	25.4%	25.8%	26.3%			
UAL Contribution	\$971,000	\$854,000	\$694,000	\$0	\$0			

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Future Investment Return Scenarios (Continued)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	FY 2023-24	FY 2024-25
(17.2%) (2 standard deviation loss)		
Normal Cost Rate	24.15%	24.2%
UAL Contribution	\$1,021,417	\$1,251,000
(5.2%) (1 standard deviation loss)		
Normal Cost Rate	24.15%	24.2%
UAL Contribution	\$1,021,417	\$1,129,000

Scotts Valley Fire Protection District (Pre-Merger)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions	
	FY 2023-24	FY 2024-25	
(17.2%) (2 standard deviation loss)			
Normal Cost Rate	24.15%	24.2%	
UAL Contribution	\$1,089,672	\$1,270,000	
(5.2%) (1 standard deviation loss)			
Normal Cost Rate	24.15%	24.2%	
UAL Contribution	\$1,089,672	\$1,138,500	

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	41.56%	33.14%	26.71%
b) Accrued Liability	57,502,422	50,846,730	45,344,237
c) Market Value of Assets	41,417,299	41,417,299	41,417,299
d) Unfunded Liability/(Surplus) [(b) - (c)]	16,085,123	9,429,431	3,926,938
e) Funded Status	72.0%	81.5%	91.3%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	41.56%	33.14%	26.71%
b) Accrued Liability	61,477,779	54,356,094	48,470,902
c) Market Value of Assets	44,630,120	44,630,120	44,630,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	16,847,659	9,725,974	3,840,782
e) Funded Status	72.6%	82.1%	92.1%

Discount Rate Sensitivity (continued)

Sensitivity to the Price Inflation Assumption

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	34.78%	33.14%	30.09%
b) Accrued Liability	52,558,072	50,846,730	46,723,312
c) Market Value of Assets	41,417,299	41,417,299	41,417,299
d) Unfunded Liability/(Surplus) [(b) - (c)]	11,140,773	9,429,431	5,306,013
e) Funded Status	78.8%	81.5%	88.6%

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	34.78%	33.14%	30.09%
b) Accrued Liability	56,190,052	54,356,094	49,951,044
c) Market Value of Assets	44,630,120	44,630,120	44,630,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	11,559,932	9,725,974	5,320,924
e) Funded Status	79.4%	82.1%	89.3%

Mortality Rate Sensitivity

The following tables look at the change in the June 30, 2021 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan on a future change in the mortality assumption

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	33.61%	33.14%	32.70%
b) Accrued Liability	51,751,984	50,846,730	50,010,330
c) Market Value of Assets	41,417,299	41,417,299	41,417,299
d) Unfunded Liability/(Surplus) [(b) - (c)]	10,334,685	9,429,431	8,593,031
e) Funded Status	80.0%	81.5%	82.8%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	33.61%	33.14%	32.70%
b) Accrued Liability	55,328,781	54,356,094	53,457,466
c) Market Value of Assets	44,630,120	44,630,120	44,630,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	10,698,661	9,725,974	8,827,346
e) Funded Status	80.7%	82.1%	83.5%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. **One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its** total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Scotts Valley Fire Protection District as of June 30, 2021

Ratio of Retiree Accrued Liability to Total Accrued Liability	Pre-Merger	Post-Merger
1. Retired Accrued Liability	34,717,994	37,315,551
2. Total Accrued Liability	50,846,730	54,356,094
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.68	0.69

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Scotts Valley Fire Protection District as of June 30, 2021

Support Ratio	Pre-Merger	Post-Merger
1. Number of Actives	12	14
2. Number of Retirees	36	46
3. Support Ratio [(1) / (2)]	0.33	0.31

Maturity Measures (Continued)

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Scotts Valley Fire Protection District as of June 30, 2021

Contribution Volatility	Pre-Merger	Post-Merger
1. Market Value of Assets	\$41,417,299	\$44,630,120
2. Payroll	1,794,475	1,950,587
3. Asset Volatility Ratio (AVR) [(1) / (2)]	23.1	22.9
4. Accrued Liability	\$50,846,730	\$54,356,094
5. Liability Volatility Ratio (LVR) [(4) / (2)]	28.3	27.9

Participant Data

The table below summarizes changes in the **plan's member data**.

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre- Merger)	Scotts Valley Fire Protection District (Post-Merger)
Reported Payroll	\$1,794,475	\$156,112	\$1,950,587
Projected Payroll for Contribution Purposes	\$1,949,471	\$169,596	\$2,119,067
Number of Members			
Actives	12	2	14
Transferred	8	3	11
Separated	2	1	3
Retired	36	10	46
Total	58	16	

Additional Disclosure

If your agency is requesting cost information for two or more benefit changes, the cost of adopting more than one of these changes may not be obtained by adding the individual costs. Instead, a separate valuation must be done to provide a cost analysis for the combination of benefit changes.

Please note that the cost analysis provided in this document may not be relied upon after July 1, 2023. If you have not taken action to contract by this date, you must contact our office for an updated cost analysis, based on the new annual valuation.

Descriptions of the actuarial methodologies, actuarial assumptions, and plan benefit provisions may be found in the appendices of the June 30, 2021 annual report. Please note that the results shown here are subject to change if any of the data or plan provisions differ from what was used in this study.

Certification

This actuarial valuation for the proposed merger is based on the participant, benefits, and asset data used in the June 30, 2021 annual valuation, with the benefits modified, if necessary, to reflect what is currently provided under **the agency's** contract with CaIPERS, and further modified to reflect the proposed merger. It is my opinion that the valuation has been performed in accordance with standards of practice prescribed by the Actuarial Standards Board, and the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CaIPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS



California Public Employees' Retirement System Actuarial Office 400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744 888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | <u>www.calpers.ca.gov</u>

April 4, 2023

PEPRA Safety Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040) Amendment Actuarial Valuation Report as of June 30, 2021

Section 20508 Cost Analysis for Merger with Branciforte Fire Protection District

Dear Requestor:

A cost analysis for the valuation(s) requested above and related information is enclosed.

The change in the employer contribution rate, as of the effective date of the proposed merger, is displayed on page 3.

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.

This cost analysis expires July 1, 2023. A Resolution of Intention **declaring the agency's intent** to amend the contract must be approved by the agency's governing body. The approved resolution must be received by this office on or before July 1, 2023. If either of these two conditions is not met, an updated cost analysis is required to merge the contracts. An updated cost analysis may be available as early as September 2023.

To complete the contract merger process based on the enclosed analysis, do the following:

- Complete and return the enclosed Contract Request and Schedule of Agency Actions forms. Within 90 days, CalPERS staff will send your agency the Resolution of Intention form for adoption.
- Complete and return the adopted Resolution of Intention to CalPERS on or before July 1, 2023. Adoption of the Final Resolution/Ordinance by this date is not required.

If you have questions about the cost analysis, please call (888) CalPERS (225-7377). Please ask to speak to a contract analyst for questions about the timing of the contract amendment. Please ask to speak to me for questions about this cost analysis.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS



Amendment Actuarial Valuation as of June 30, 2021

for the PEPRA Safety Plan of the Scotts Valley Fire Protection District (CalPERS I D: 4027652040)

> Required Contributions for Fiscal Year July 1, 2023 – June 30, 2024

Introduction

This report presents the June 30, 2021 actuarial valuation results of the proposed merger of the Branciforte Fire Protection District with the Scotts Valley Fire Protection District PEPRA Safety Plan, pursuant to Section 20508 of the California **Public Employees' Retirement Law.**

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68. A separate accounting valuation report for annual GASB reporting purposes is available from CaIPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

The following tables show the change in the plans' employer contribution requirements for fiscal year 2023-24 due to the proposed merger. If the effective date of the proposed merger is prior to July 1, 2023, the contribution requirements for the remainder of fiscal year 2023-24 will remain unchanged.

	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
	Fiscal Year 2023-24	Fiscal Year 2023-24	Fiscal Year 2023-24
Development of Normal Cost as a Percentage of Payroll Base Total Normal Cost for Formula 2.7% @ 57	2023-24 27.29%	2023-24	2023-24 27.29%
Surcharge for Class 1 Benefits ¹			
None	0.00%	0.00%	0.00%
Plan's Total Normal Cost	27.29%	27.29%	27.29%
Plan's Employee Contribution Rate	<u>13.75%</u>	<u>13.75%</u>	<u>13.75%</u>
Employer Normal Cost Rate	13.54%	13.54%	13.54%
Projected Payroll for Contribution Fiscal Year	\$1,686,148	\$76,997	\$1,763,145
Estimated Employer Contributions Based on Projected Payroll			
Plan's Estimated Employer Normal Cost	\$228,304	\$10,425	\$238,729
Plan's Payment on Amortization Bases	0	584	584
% of Projected Payroll (illustrative only)	N/A	0.75%	0.03%
Estimated Total Employer Contribution	\$228,304	\$11,009	\$239,313
% of Projected Payroll (illustrative only)	13.54%	14.30%	13.57%
Required Employer Contributions			
Employer Normal Cost Rate Plus	13.54%	13.54%	13.54%
1) Monthly UAL Payment Or	\$O	\$48.67	\$48.67
2) Annual UAL Prepayment*	\$0	\$565	\$565
Required PEPRA Member Rate	13.75%	13.75%	13.75%

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).

*Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).

For additional detail regarding the determination of the required contribution for PEPRA members, see "PEPRA Member Contribution Rates" in the June 30, 2021 annual valuation report.

¹ The Section 2 report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

Plan's Funded Status

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
1. Present Value of Projected Benefits (PVB)	\$7,167,714	\$308,105	\$7,529,344
2. Entry Age Accrued Liability (AL)	1,616,496	10,236	1,626,732
Plan's Market Value of Assets (MVA)	1,773,541	11,435	1,784,976
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	(157,045)	(1,199)	(158,244)
5. Funded Ratio [(3) / (2)]	109.7%	111.7%	109.7%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The tables below show the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with fiscal year 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. The projected normal cost percentages below reflect that the normal cost will continue to decline over time as new employees are hired into lower cost benefit tiers. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

Scotts Valley Fire Protection District

Pre-Merger						
Required Projected Future Employer Contributions				าร		
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)				
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Normal Cost %	13.54%	13.5%	13.5%	13.5%	13.5%	13.5%
UAL Payment	\$0	\$0	\$0	\$0	\$0	\$O

Branciforte Fire Protection District

Pre-Merger						
Required Projected Future Employer Contributions					IS	
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)				
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Normal Cost %	13.54%	13.5%	13.5%	13.5%	13.5%	13.5%
UAL Payment	\$584	\$584	\$584	\$584	\$585	\$0

Scotts Valley Fire Protection District

Post-Merger						
	Required	Projected Future Employer Contributions				IS
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)				
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Normal Cost %	13.54%	13.5%	13.5%	13.5%	13.5%	13.5%
UAL Payment	\$584	\$584	\$584	\$584	\$585	\$0

Schedule of Plan's Amortization Bases

The following pages display the amortization base schedules for Scotts Valley Fire Protection District before and after the proposed merger, as well as the amortization base schedule for Branciforte Fire Protection District before the proposed merger. Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Schedule of Plan's Amortization Bases (Continued)

			S	cotts Va	lley Fire F	Protection Distr	ict (Pre-Merge	er)			
Reason for Base	Date Est. 6/30/2021	Ramp Level 2023-24	Ramp Shape	Escala- tion Rate	Amort. Period N/A	Balance 6/30/21 (157,045)	Expected Payment 2021-22 (38,986)	Balance 6/30/22 (127,434)	Expected Payment 2022-23 (39,163)	Balance 6/30/23 (95,627)	Minimum Required Payment 2023-24 0
Total	0/30/2021				10/7	(157,045)	(38,986)	(127,434)	(39,163)	(95,627)	0
			E	Brancifo	rte Fire Pr	otection Distri	ct (Pre-Merge	r)			
Reason for Base	Date Est.	Ramp Level 2023-24	Ramp Shape	Escala- tion Rate	Amort. Period	Balance 6/30/21	Expected Payment 2021-22	Balance 6/30/22	Expected Payment 2022-23	Balance 6/30/23	Minimum Required Payment 2023-24
Fresh Start	6/30/2021	····· · ········	Ramp	0.00%	5	(1,199)	(1,780)	559	(1,830)	2,488	584
Total	_					(1,199)	(1,780)	559	(1,830)	2,488	584
		Ramp	Sc	cotts Val Escala-	5	rotection Distri	ct (Post-Merg Expected	er)	Expected		Minimum Required
	Date	Level	Ramp	tion	Amort.	Balance	Payment	Balance	Payment	Balance	Payment
Reason for Base	Est.	2023-24	Shape	Rate	Period	6/30/21	2021-22	6/30/22	2022-23	6/30/23	2023-24
Fresh Start	6/30/2021				N/A	(157,045)	(38,986)	(127,434)	(39,163)	(95,627)	0
Merger (Branciforte)	6/30/2021	No F	Ramp	0.00%	5	(1,199)	(1,780)	559	(1,830)	2,488	584
Total											

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CaIPERS Funding Risk Mitigation policy. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22	Projected Employer Contributions					
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	
3.0% (5 th percentile)						
Normal Cost Rate	13.5%	13.5%	13.5%	13.5%	13.5%	
UAL Contribution	\$0	\$1,100	\$4,000	\$8,600	\$15,000	
10.8% (95 th percentile)						
Normal Cost Rate	13.9%	14.3%	14.1%	14.5%	14.8%	
UAL Contribution	\$0	\$0	\$0	\$0	\$0	

Scotts Valley Fire Protection District (Pre-Merger)

Scotts Valley Fire Protection District (Post-Merger)

Assumed Annual Return FY 2021-22	Projected Employer Contributions						
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29		
3.0% (5 th percentile)							
Normal Cost Rate	13.5%	13.5%	13.5%	13.5%	13.5%		
UAL Contribution	\$600	\$1,720	\$4,650	\$9,290	\$15,170		
10.8% (95 th percentile)							
Normal Cost Rate	13.9%	14.3%	14.1%	14.5%	14.8%		
UAL Contribution	\$570	\$550	\$0	\$0	\$0		

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Future Investment Return Scenarios (Continued)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	FY 2023-24	FY 2024-25
(17.2%) (2 standard deviation loss)		
Normal Cost Rate	13.54%	13.5%
UAL Contribution	\$0	\$8,300
(5.2%) (1 standard deviation loss)		
Normal Cost Rate	13.54%	13.5%
UAL Contribution	\$0	\$3,000

Scotts Valley Fire Protection District (Pre-Merger)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions	
	FY 2023-24	FY 2024-25	
(17.2%) (2 standard deviation loss)			
Normal Cost Rate	13.54%	13.5%	
UAL Contribution	\$584	\$8,950	
(5.2%) (1 standard deviation loss)			
Normal Cost Rate	13.54%	13.5%	
UAL Contribution	\$584	\$3,620	

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	34.35%	27.29%	21.95%
b) Accrued Liability	\$1,976,736	\$1,616,496	\$1,334,460
c) Market Value of Assets	\$1,773,541	\$1,773,541	\$1,773,541
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$203,195	(\$157,045)	(\$439,081)
e) Funded Status	89.7%	109.7%	132.9%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	34.35%	27.29%	21.95%
b) Accrued Liability	\$1,990,645	\$1,626,732	\$1,342,192
c) Market Value of Assets	\$1,784,976	\$1,784,976	\$1,784,976
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$205,669	(\$158,244)	(\$442,784)
e) Funded Status	89.7%	109.7%	133.0%

Discount Rate Sensitivity (continued)

Sensitivity to the Price Inflation Assumption

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	28.79%	27.29%	24.69%
b) Accrued Liability	\$1,690,109	\$1,616,496	\$1,469,331
c) Market Value of Assets	\$1,773,541	\$1,773,541	\$1,773,541
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$83,432)	(\$157,045)	(\$304,210)
e) Funded Status	104.9%	109.7%	120.7%

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	28.79%	27.29%	24.69%
b) Accrued Liability	\$1,700,799	\$1,626,732	\$1,478,752
c) Market Value of Assets	\$1,784,976	\$1,784,976	\$1,784,976
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$84,177)	(\$158,244)	(\$306,224)
e) Funded Status	104.9%	109.7%	120.7%

Mortality Rate Sensitivity

The following tables look at the change in the June 30, 2021 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan on a future change in the mortality assumption

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	27.65%	27.29%	26.95%
b) Accrued Liability	\$1,642,763	\$1,616,496	\$1,592,033
c) Market Value of Assets	\$1,773,541	\$1,773,541	\$1,773,541
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$130,778)	(\$157,045)	(\$181,508)
e) Funded Status	108.0%	109.7%	111.4%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	27.65%	27.29%	26.95%
b) Accrued Liability	\$1,653,127	\$1,626,732	\$1,602,149
c) Market Value of Assets	\$1,784,976	\$1,784,976	\$1,784,976
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$131,849)	(\$158,244)	(\$182,827)
e) Funded Status	108.0%	109.7%	111.4%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. **One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its** total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Scotts Valley Fire Protection District as of June 30, 2021

Ratio of Retiree Accrued Liability to Total Accrued Liability	Pre-Merger	Post-Merger
1. Retired Accrued Liability	\$210,089	\$210,089
2. Total Accrued Liability	1,616,496	1,626,732
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.13	0.13

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Scotts Valley Fire Protection District as of June 30, 2021

Support Ratio	Pre-Merger	Post-Merger
1. Number of Actives	14	15
2. Number of Retirees	1	1
3. Support Ratio [(1) / (2)]	14.00	15.00

Maturity Measures (Continued)

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Scotts Valley Fire Protection District as of June 30, 2021

Contribution Volatility	Pre-Merger	Post-Merger
1. Market Value of Assets	\$1,773,541	\$1,784,976
2. Payroll	1,552,088	1,622,963
3. Asset Volatility Ratio (AVR) [(1) / (2)]	1.1	1.1
4. Accrued Liability	\$1,616,496	\$1,626,732
5. Liability Volatility Ratio (LVR) [(4) / (2)]	1.0	1.0

Participant Data

The table below summarizes changes in the **plan's member data**.

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre- Merger)	Scotts Valley Fire Protection District (Post-Merger)
Reported Payroll	\$1,552,088	\$70,875	\$1,622,963
Projected Pavroll for Contribution Purposes	\$1,686,148	\$76,997	\$1,763,145
Number of Members			
Actives	14	1	15
Transferred	1	1	2
Separated	1	0	1
Retired	1	0	1
Total	17	2	

Additional Disclosure

If your agency is requesting cost information for two or more benefit changes, the cost of adopting more than one of these changes may not be obtained by adding the individual costs. Instead, a separate valuation must be done to provide a cost analysis for the combination of benefit changes.

Please note that the cost analysis provided in this document may not be relied upon after July 1, 2023. If you have not taken action to contract by this date, you must contact our office for an updated cost analysis, based on the new annual valuation.

Descriptions of the actuarial methodologies, actuarial assumptions, and plan benefit provisions may be found in the appendices of the June 30, 2021 annual report. Please note that the results shown here are subject to change if any of the data or plan provisions differ from what was used in this study.

Certification

This actuarial valuation for the proposed merger is based on the participant, benefits, and asset data used in the June 30, 2021 annual valuation, with the benefits modified, if necessary, to reflect what is currently provided under **the agency's** contract with CaIPERS, and further modified to reflect the proposed merger. It is my opinion that the valuation has been performed in accordance with standards of practice prescribed by the Actuarial Standards Board, and the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the **CaIPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement** Law.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS

To:	Office of Planning and Research 1400 Tenth Street, Room 121	From: (Public Agency) Santa Cruz Local Agency Formation
Commission		
	Sacramento CA 95814	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: "Branciforte Fire Protection District Reorganization" (LAFCO Project No. RO 22-07)

Project Location: The subject area encompasses nine square miles of unincorporated county territory known as the Branciforte community, is inhabited, and is located east of the City of Scotts Valley. Attached is a vicinity map of the subject area (refer to Attachment A).

Project Location City: N/A Project Location County: Santa Cruz

Description of Nature, Purpose, and Beneficiaries of Project: A reorganization is being proposed by the Branciforte Fire Protection District following the adoption of an initiating resolution. If approved, the Branciforte Fire Protection District will be dissolved and the dissolved area will be concurrently annexed into the Scotts Valley Fire Protection District. The purpose of the reorganization is to facilitate the efficient delivery of fire protection to individual and property owners within the affected territory.

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County ("Santa Cruz LAFCO"). A public hearing on this proposal is scheduled for 9:00 a.m. on August 2, 2023. Additional information on the upcoming meeting is available on the LAFCO website.

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

Exempt Status: (check one)

14	

Ministerial (Sec. 21080(b)(1); 15268);

Declared Emergency (Sec. 21080(b)(3); 15269(a));

Emergency Project (Sec. 21080(b)(4); 15269 (b)(c));

X 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 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.

Lead Agency Contact Person: Joe A. Serrano

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

Signature:

Date: August 3, 2023

Joe A. Serrano, Executive Officer



Signed by Lead Agency



CERTIFICATE OF FILING

SUBJECT: "Branciforte Fire Protection District Reorganization" (Project No. RO 22-07)

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 June 26, 2023.
- 2. The Local Agency Formation Commission will consider this proposal on Wednesday, August 2, 2023 at 9:00am.
- 3. This proposal is:

 \Box A 100 percent consent item.

 \boxtimes An item requiring a noticed public hearing.

JOE A. SERRANO EXECUTIVE OFFICER

5A: ATTACHMENT 15



NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, August 2, 2023, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following items:

- Branciforte Fire Protection District Reorganization (RO 22-07): Consideration of a proposed reorganization involving 745 parcels totaling approximately 5,800 acres. The reorganization was initiated by the Branciforte Fire Protection District (BFPD) and supported by the Scotts Valley Fire Protection District (SVFPD). If approved, the BFPD will be dissolved, and the dissolved area will be concurrently annexed into SVFPD. The purpose of the application is to facilitate the efficient delivery of fire protection to individual and property owners within the affected territory. If approved, the reorganization will preserve the current levels of service, maintain local demand expectations, and continue the existing funding sources.
- County Service Area 11 Service and Sphere of Influence Review: Consideration of a service and sphere review for CSA 11 (County Parks). CSA 11's service area encompasses the entire County of Santa Cruz, excluding the four cities and the three park and recreation districts.

In compliance with the California Environmental Quality Act (CEQA), LAFCO staff is scheduled to prepare a Categorical Exemption for both proposals listed above. 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. 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 require special assistance in order to participate, please contact the LAFCO office at least 24 hours in advance of the meeting to make arrangements.

Joe A. Serrano Executive Officer Date: July 11, 2023

5A: ATTACHMENT 16

"Branciforte Fire Protection District Reorganization" (Tenative Timeline - Completed and Scheduled Milestones)

Milestones Completed	Responsible Agency	Target Date	
1) Discussion Application	BFPD, SVFPD,	September 2021 to	Discuss the LAFCO process, proposal area, and application requirements to transfer service responsibilities.
	and LAFCO	March 2022	Any change of organization (i.e. reorganization of two fire districts) requires initiation by the affected agency(ies), affected
2) Submit Application to LAFCO	BFPD	April 1, 2022	landowners/registered voters, or by LAFCO. BFPD adopted a resolution of initaiton on February 24, 2022. An application must fulfill the statutory requirements under LAFCO law.
3) Review Application — (Status/Referral Letters)	LAFCO	April 27, 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.
4) Host Study Session (Virtual Event)	BFPD & LAFCO	September 14, 2022	BFPD and LAFCO will host a virtual educational study session to inform the community about the reorganization effort, discuss the future of the Branciforte Fire Station, and answer any questions by the residents.
5) Host Study Session- — (In-Person Event)	BFPD & LAFCO	September 14, 2022	BFPD and LAFCO will host an in-person educational study session to inform the community about the reorganization effort, discuss the future of the Branciforte Fire Station, and answer any questions by the residents.
6) Hire Consulting Firm to Produce Benefit Assessment Study	BFPD	October 20, 2022	Based on the input from the community, the Board will consider hiring SCI Consulting to produce a benefit assessment study to determine the cost to keep the Branciforte Fire Station open post-reorganization.
7) Post Notice of Vacancy	BFPD	December 1, 2022	One board member resigned from BFPD on November 7, 2022. In accordance with state law, BFPD will post a Notice of Vacancy to solicit applications from eligible candidates who live within BFPD and are registered voters. Deadline to submit applications will be December 16, 2022.
8) Post Updated Notice of Vacancy	BFPD	December 16, 2022	A second board member residented from BFPD on December 7, 2022. A new Notice of Vacancy will be posted with a new deadline to submit applications (December 30). Eligible candidates may apply for either seat or both. A special meeting will be conducted to appoint the two new members.
9) Conduct Board Meeting — (Appoint New Board Members)	BFPD	January 19, 2023	Appoint two new board members to address the current vacancies on the BFPD Board.
10) Review Draft Report ————————————————————————————————————	BFPD & LAFCO	February 10, 2023	BFPD will review the draft study and determine whether a mailed-in election process will be conducted. Registered Voters within BFPD will vote to approve the proposed benefit assessment measure to fund the BFPD Fire Station with two full-time paramedic firefighters.
11) Discuss Application Status — (Pending Items)	BFPD, SVFPD, and LAFCO	February 15, 2023	Address any pending items (ex. Plan for Service). These items must be resolved before LAFCO staff can deem this project complete and ready for Commission consideration.
12) Conduct Board Meeting (Schedule Election Process)	BFPD & LAFCO	March 16, 2023	The BFPD will decide if they will coordinate with the County Election's Department to determine how to properly organize and schedule the vote-by-mail process for the proposed benefit assessment.
13) Adopt Property Tax Agreement	County	March 28, 2023	The County 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. Unanimously approved by BOS.
14) CALPERS Actuarial Report	CALPERS	April 10, 2023	CalPERS will provide an actuarial report showing SVFPD as the successor agency of BFPD's pension obligations.
15) Host Educational Workshop — (In-Person Setting)	BFPD	April 22, 2023	BFPD will host an in-person educational study session to inform the community about the reorganization effort, discuss the proposed benefit assessment process, and answer any questions by the residents. 1 of 4 workshops (2 in-person; 2 virtual)
16) Host Educational Workshop — (Virtual Setting)	BFPD	May 11, 2023	BFPD will host an in-person educational study session to inform the community about the reorganization effort, discuss the proposed benefit assessment process, and answer any questions by the residents. 2 of 4 workshops (2 in-person; 2 virtual)
17) Host Educational Workshop —— (In-Person Setting)	BFPD	May 21, 2023	BFPD will host an in-person educational study session to inform the community about the reorganization effort, discuss the proposed benefit assessment process, and answer any questions by the residents. 3 of 4 workshops (2 in-person; 2 virtual)
18) Mailed-In Election Ballots- — Distributed	BFPD	June 2, 2023	BFPD will send out mailed-in ballots to the registered voters to determine whether a new benefit assessment will fund the Branciforte Fire Station.
19) Host Educational Workshop — (Virtual Setting)	BFPD	June 7, 2023	BFPD will host an in-person educational study session to inform the community about the reorganization effort, discuss the proposed benefit assessment process, and answer any questions by the residents. 4 of 4 workshops (2 in-person; 2 virtual)
20) Adopt Plan for Service (1 of 2) 21) Adopt Plan for Service (2 of 2)	SVFPD BFPD	June 14, 2023 June 15, 2023	SVFPD and BFPD will review and adopt the Plan for Service document for additional transparency.
22) Complete Certificate of Filing	LAFCO	June 26, 2023	SVFPD and BFPD will review and adopt the Plan for Service document for additional transparency. Pursuant to State law, LAFCO's Executive Officer will deem the project complete when a Certificate of Filing is signed. All
23) Advertise LAFCO Hearing in	LAFCO	July 11, 2023	required documents and actions need to be accomplished before this step is taken. Pursuant to State law, LAFCO will advertise the consideration of the proposed reorganization in a newspaper(s) at least 21-
Newspaper(s) 24) Mailed-In Election Results-	BFPD	July 20, 2023	days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper). BFPD will certify the results of the mailed-in election. A public hearing will also occur on this date.
Milestones To Be Completed	Responsible Agency	Target Date	Description
25) Conduct LAFCO Hearing (Consider Proposal)	LAFCO	August 2, 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.
26) Record CEQA Document	LAFCO	August 3, 2023	The affected parties and LAFCO must determine which environmental document will be needed to fulfill the requirements of the California Environmental Quality Act. LAFCO may act as the Lead Agency.
27) Conduct 30-day Request for Reconsideration Period	LAFCO	August 3 to September 1, 2023	<u>Reconsideration</u> : If the reorganization 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
		(30 days)	previously are claimed to warrant the reconsideration. State law requires LAFCO to conduct a protest proceeding and notify the affected residents. A protest notice will
28) Mail-Out Protest Notice	LAFCO	August 28, 2023	be mailed to the landowners/registered voters.
29) Advertise LAFCO Protest Hearing in Newspaper(s)	LAFCO	September 1, 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).
30) Conduct Protest Proceedings	LAFCO	September 4 to September 27, 2023 (24 days)	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 It 25%-50% oppose, then election is required
31) Conduct Protest Hearing	LAFCO	Contember 07, 0000	If more than 50% oppose, then Commission action is terminated
(Collect Final Petitions) 32) Conduct LAFCO Hearing		• · · · · · · · · · · · · · · · · · · ·	A protest hearing will be held to receive any final protest petitions from affected residents/landowners.
(Adopt Protest Results)	LAFCO	October 4, 2023	Pursuant to state law, LAFCO will adopt a resolution acknowledging the results of the protest proceedings. The adopted resolution from the June 2023 LAFCO Meeting will list a number of terms and conditions. The affected parties
33) Complete Terms & Conditions	BFPD, SVFPD, and LAFCO	October 2023	will be responsible to fulfill such conditions prior to recordation, including but not limited to legislative assistance, bond measures, etc.
34) Record Proposal (Officially Dissolve BFPD and Concurrently Annex Dissolved Area to SVFPD)	LAFCO	October - November 2023	<u>LAFCO:</u> Recordation of the approved proposal with the County and the State Board of Equalization. <u>BFPD-SVFPD:</u> The effective date of the reoreganization may be the day of recordation or a specified date. The affected parties may specify the effective date as a potential condition in the LAFCO resolution.
35) Distribute Certificate of Completion	LAFCO	October - November 2023	LAFCO will send a copy of the Certificate of Completion, which includes the adopted resolution, to all affected/interested parties.
36) State Board of Equalization	SBE	October - November	Reorganization will be reflected in new tax roll.
(Update Tax Roll)	001	2023	

Footnote: For Discussion Purposes Only; Dates Subject to Change



PROTEST PROCEEDINGS POLICY

Adopted on March 7, 2001 (Resolution No. 2001-6) Last Revision on September 2, 2020 (Resolution No. 2020-25)

1. OVERVIEW

Prior to January 1, 2000, LAFCO would designate an affected agency as the "conducting authority" to approve a change of organization or reorganization and direct that agency to conduct protest proceedings pursuant to Government Code Section 57000 et seq. With the passage of AB 2838 (Hertzberg – Chapter 761, Statutes of 2000), the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code § 56000 et seq.) established LAFCO as the "conducting authority" for protest proceedings.

The purpose of this policy is to carry out LAFCO's functions and responsibilities as a conducting authority pursuant to Government Code Section 57000 et seq. Protest proceedings for changes of organization and reorganization shall be conducted by the Commission in accordance with the following guidelines.

2. PROTEST PROCEEDING GUIDELINES

The Commission will adopt a resolution that makes findings and determinations when approving a change of organization or reorganization. The resolution will contain terms and conditions, which include a condition that addresses the protest proceedings.

2.1 Protest Proceeding Timeframe: 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 or reorganization for which protest proceedings are not waived pursuant to Government Code Section 56663.

2.2 Public Noticing: Within thirty (35) days of the adoption of the Commission's resolution making determinations and approving a change or organization or reorganization, 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.

2.3 Types of Public Noticing: Notice of the hearing shall be provided pursuant to Government Code Section 56150 et seq., and as follows:

- a) Notice must be published, posted, and mailed to affected agencies, proponents, and any persons requesting special notice;
- b) Mailed notice must be provided to all landowners affected by the proposal;

- c) The time, date, and location of the hearing shall be specified in the notice as determined by the Executive Officer; and
- d) The protest hearing must be held in the affected territory if the hearing is a proposal initiated by the Commission pursuant to Government Code Section 56375(a) for a district consolidation, dissolution, or merger, or the establishment of a subsidiary district.

2.4 Protest Hearing: At the protest hearing, the Executive Officer, or designee, shall (1) summarize the Commission's resolution, and (2) hear and receive any oral or written protests, objections, or evidence. Written protests may be filed by any affected landowner or registered voter. The Executive Officer, or designee, may continue the protest, but for no more than sixty (60) days from the date specified in the notice.

2.5 Protest Hearing Results: At the conclusion of the protest hearing:

- a) If no written protests have been filed, the Executive Officer, or designee, shall adopt a form of resolution ordering the change of organization or reorganization without an election; or
- b) If written protests have been filed, the Executive Officer, or designee, shall within thirty (30) days after the conclusion of the hearing, make determinations on the value of written protests filed and not withdrawn; and
- c) To determine the value of written protests filed and not withdrawn, the Executive Officer, or designee, shall cause the names of the signers on the protests to be compared with the voters' register in the County Elections Department pursuant to Government Code Section 56707 and/or the names of the owners of land on the most recent assessment roll pursuant to Government Code Sections 56708 and 56710.

2.6 LAFCO Actions after Protest Proceedings: Upon determination of the value of written protests filed and not withdrawn, the Executive Officer, or designee, shall take one of the following actions, depending on the nature of the change of organization or reorganization:

- 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.

2.7 Election Process: If an election is required, the Executive Officer or designee, pursuant to Government Code Section 57000(d), shall inform the legislative body of the affected agency of LAFCO's determination and request the legislative body to direct the elections official to conduct the election.

3. LAFCO AS A CONDUCTING AUTHORITY

Pursuant to Government Code Section 57000(c), the Commission has the option of delegating any or all of the functions and responsibilities of the conducting authority to the Executive Officer. Any references made to the "Commission" or "LAFCO" in the following discussion also pertains to the Executive Officer for any functions they will perform on behalf of the Commission. It should also be noted that, pursuant to Government Code Section 57008, the Commission or Executive Officer is required to hold the protest hearing in the affected territory if the proposal was initiated by the Commission pursuant to Government Code Section 56375(a) (district consolidation, dissolution, merger, establishment of a subsidiary district, or a reorganization that includes any of the previous).

Following summarization of the Commission's resolution at the protest hearing, the Commission hears and receives any oral or written protests, objections, or evidence. Anyone who has filed a written protest can withdraw that protest prior to the conclusion of the hearing. Within thirty (30) days after the hearing, LAFCO makes a finding on the value of written protests filed and not withdrawn. The percentage thresholds for LAFCO to terminate or order the change of organization or reorganization with or without an election is consistent with existing law. LAFCO, however, does not have statutory authority to conduct an election if one is required. Therefore, if LAFCO's determination on a proposal is subject to confirmation by the voters and an election must be conducted, LAFCO, pursuant to Government Code Section 57000(d), is required to inform the board of supervisors or city council of the affected city of the Commission's determination and request the board or council to direct the elections official to conduct the election.

4. PROTEST THRESHOLD FOR OTHER BOUNDARY CHANGES

The percentage protest thresholds for a dissolution, consolidation, merger, or the establishment of a subsidiary district differ from the previous changes of organization discussed in the previous sections. While Government Code Section 57077 addresses the requirements for these changes of organization, Government Code Section 56854 supersedes those provisions. The provisions of Government Code Section 56854 (previously Government Code Section 56839.1) was the product of legislation passed in 1997. Pursuant to Government Code Section 56854(a), LAFCO is required to order a dissolution, consolidation, merger, or the establishment of a subsidiary district without an election unless certain protest requirements are met. Those requirements are enumerated in the outline below. However, pursuant to Government Code Section 56854(b), the Commission is prohibited from ordering a merger or the establishment of a subsidiary district without the consent of the affected city.

The Commission is required to order a dissolution, consolidation, merger, or the establishment of a subsidiary district subject to confirmation of the voters, only if the following written protest thresholds are reached.

4.1 Not Initiated by the Commission: Where the proposal was not initiated by the Commission, and where an affected city or district has not objected by resolution to the proposal:

- a) In the case of inhabited territory, a petition signed by:
 - i. At least 25% of the registered voters residing, or owning land, within the affected territory; or
 - ii. At least 25% of the number of landowners who own at least 25% of the assessed value of land within the affected territory.
- b) In the case of a landowner-voter district, and the territory is uninhibited, a petition signed by:
 - i. At least 25% of the number of landowners owning at least 25% of the assessed value of the land within the affected territory.

Note: In the case of a proposal for the dissolution of one or more districts and the annexation of all or substantially all of their territory to another district, the voter requirements outlined above do not apply if each affected district has consented to the proposal by a resolution adopted by a majority of its board of directors (Government Code Section 57114b).

4.2 Initiated by the Commission: Where the proposal was initiated by the Commission, and regardless of whether an affected city or district has objected to the proposal by resolution:

- a) In the case of inhabited territory where there are 300 or more landowners or registered voters within the affected territory, a petition signed by:
 - i. At least 10% of the number of landowners who own at least 10% of the assessed value of land within the affected territory; or
 - ii. At least 10% of the registered voters residing, or owning land, within the affected territory.
- b) In the case of inhabited territory where there are less than 300 landowners or registered voters within the affected territory, a petition signed by:
 - i. At least 25% of the number of landowners who own at least 25% of the assessed value of land within the affected territory; or
 - ii. At least 25% of the registered voters residing, or owning land, within the affected territory.
- c) In the case of a landowner-voter district where the territory is uninhabited and there are 300 or more landowner voters entitled to vote, a petition signed by:
 - i. At least 10% of the number of landowners who own at least 10% of the assessed value of land within the affected territory.
- d) In the case of a landowner-voter district where the territory is uninhabited and there are less than 300 or more landowner voters entitled to vote, a petition signed by:
 - i. At least 25% of the landowner voters entitled to vote.

List of local leaders who championed the completion of the "Branciforte Fire Protection District Reorganization"

Branciforte Fire Protection District

- Former / Temporary Fire Chief Samantha Sweeden
- Interim Fire Chief Nate Lackey
- Entire Board of Directors (Former and Current)
 - Special thanks to Timm Dodds, Marilyn Kuksht

Scotts Valley Fire Protection District

- Former Fire Chief Ron Whittle
- Current Fire Chief Mark Correira
- Entire Board of Directors (Former and Current)
 - Special thanks to former board member Robert Campbell

Joint Ad-Hoc Committee

- BFPD Fire Chief Nate Lackey
- BFPD Board Members Pat O'Connell and Larry Pageler
- SVFPD Fire Chief Ron Whittle
- SVFPD Board Members Russ Patterson, Daron Pisciotta
- LAFCO Reps Commissioner Jim Anderson, Consultant Don Jarvis

Resident Advisory Committee

- Neal Austin
- Katie Freeman
- Vicki Miller
- Aren Pageler
- Tony Sloss
- Dale Thurston

County Board of Supervisors

- Entire Board of Supervisors
 - Special thanks to Supervisor Manu Koenig and his staff (Kristina Glavis)

County Departments

- Administrative Office
 - Special thanks to CAO Carlos Palacios and his staff (Rita Sanchez)
- Assessor's Office
 - Special thanks to Assessor Sheri Thomas and her staff (Claudia Cunha)
- Auditor-Controller's Office
 - Special thanks to Controller Edith Driscoll and her staff (Cheryl McGinley)
- Election's Office
 - o Special thanks to County Clerk Tricia Webber and her staff (Gina Lapioli)

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2023-17

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 "BRANCIFORTE FIRE PROTECTION DISTRICT REORGANIZATION" (LAFCO PROJECT NO. RO 22-07)

WHEREAS, an application by the Branciforte Fire Protection District ("BFPD") for the proposed reorganization involving the Scotts Valley Fire Protection District ("SVFPD" or "Successor Agency") was filed with the Executive Officer of this Local Agency Formation Commission ("LAFCO" or "Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.); and

WHEREAS, the proposed reorganization involves three key actions: (1) dissolution of the Branciforte Fire Protection District, (2) concurrent annexation of the dissolved area into the Scotts Valley Fire Protection District, and (3) sphere amendment to reflect the annexation area; and

WHEREAS, the subject area includes 745 parcels totaling approximately 5,800 acres (9 square miles) and an estimated 1,700 residents; and

WHEREAS, the purpose of the proposal is to facilitate the efficient delivery of fire protection services to individuals and property owners within the affected territory. If approved, the reorganization will preserve the current levels of service, maintain local demand expectations, and continue to use existing funding sources; and

WHEREAS, the proposal area is located within unincorporated county territory. The City of Scotts Valley is within Scotts Valley Fire Protection District's service and sphere boundaries. The application does not propose any changes to the existing land use designations found in the general plans for Scotts Valley or the County; and

WHEREAS, the proposal area is inhabited and involves the unincorporated community known as Branciforte and is located in the central part of Santa Cruz County. A vicinity map of the proposal area is attached and identified as **Exhibit 1**; and

WHEREAS, no other change of organization is required. The proposal area will continue to receive municipal services from the existing service providers, including but not limited to water service from Scotts Valley Water District and the City of Santa Cruz; and

WHEREAS, the vast majority of the subject area is designated as R-M (Mountain Residential) and R-R (Rural Residential) under the County's General Plan. The reorganization will not change the existing land use designations; and

WHEREAS, correspondence summarizing the proposed reorganization and requesting comments was sent on April 28, 2022 to all affected and interested agencies. 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 agencies before LAFCO can consider a jurisdictional change. The County Board of Supervisors, acting as the authorizing body for the two fire districts regarding property tax adjustments, adopted a property tax exchange agreement on March 28, 2023; and

WHEREAS, the Executive Officer deemed the application complete in accordance with Government Code Sections 56651 and 56658 and signed a Certificate of Filing on May 18, 2023; and

WHEREAS, the Executive Officer advertised the reorganization in the Santa Cruz Sentinel on May 23, 2023 in accordance with Government Code Section 56157; and

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

WHEREAS, a public hearing by the Commission was held on June 14, 2023; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented; and

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

<u>Section 1</u>. The foregoing recitals are true and correct.

<u>Section 2.</u> The proposed reorganization is categorically exempt under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15320, Class 20(b) because the two fire protection districts have identical powers and the change in the organization or reorganization of the fire districts does not change the geographical area in which previously existing powers are exercised.

<u>Section 3.</u> The Commission considered the requirements set forth for reorganizations in the Cortese-Knox-Hertzberg Act, Government Code Section 57550, and found the proposal to be consistent with those requirements as set forth below:

- a) <u>Initiating Resolution</u>: Pursuant to Government Code Section 56654, the BFPD Board of Directors unanimously adopted a resolution on March 7, 2022 to initiate the reorganization process. The reorganization addresses issues with BFPD's current internal operations, compliance with state laws, inadequate governance structure, and the lack of firefighters and volunteers.
- b) <u>Pre-Reorganization Agreement</u>: The two fire districts and LAFCO entered into an agreement in March 2022, as shown in **Exhibit 2**. This Pre-Reorganization Agreement allowed SVFPD and LAFCO to provide administrative and operational support to BFPD during the reorganization process, including but not limited to, payroll and billing services, board meeting and technological support, and other staffing-related assistance.

- c) <u>Application</u>: BFPD submitted a signed application, with a copy of the adopted resolution, on April 1, 2022. The applicant does not propose any additional changes to their boundaries other than dissolving the BFPD, concurrently annexing the dissolved area, and amending SVFPD's sphere to reflect the annexation.
- d) <u>Plan for Service</u>: Pursuant to Government Code Section 56653, the applicant shall submit a plan for providing services within the affected territory ("Plan for Service"). The Plan for Service shall include 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. In accordance with the Pre-Reorganization Agreement, the two fire districts and LAFCO developed the Plan for Service in a collaborative effort, as shown in **Exhibit 3**. For an added layer of transparency, the Boards of Directors for BFPD and SVFPD adopted the Plan for Service on June 14, 2023, and June 15, 2023, respectively.
- e) <u>Environmental Review</u>: Compliance with CEQA has been met by a categorical exemption pursuant to 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. A Notice of Exemption will be recorded after Commission action.
- f) <u>Sphere Determination</u>: The two fire districts have shared one sphere boundary since 1994 indicating that the two fire districts should merge to provide the best level of service to the affected residents. Upon the effective date of the reorganization, the combined sphere will be amended to accurately reflect the annexation area, as shown in **Exhibit 4**.

<u>Section 4.</u> The Commission determined that the proposal is consistent with LAFCO's Policies and Procedures Relating to Proposals and Sphere Amendments as set forth below:

- a) <u>Agency Endorsement</u>: The Executive Officer shall not file the application unless the affected public agencies have submitted a written endorsement indicating their willingness to provide services if the Commission approves the request. BFPD, SVFPD, and LAFCO entered into a Pre-Reorganization Agreement in March 2022 indicating support for the reorganization process.
- b) <u>Fee Deposit</u>: The applicant submitted a letter on August 25, 2022 seeking a fee waiver request due to its limited staff and dwindling funding source. The reorganization is also directly tied to LAFCO's recommendation found in the 2021 Countywide Fire Service and Sphere Review. Therefore, the fee deposit was waived at the District's request and in part due to a proactive effort to implement LAFCO's recommendation.

- c) <u>Map & Legal Description</u>: 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 ensure that any approved boundary changes are definite and certain. The subject area encompasses 9 square miles and involves the unincorporated community known as Branciforte.
- d) <u>General Plan/Zoning Designation</u>: The subject area is inhabited and the vast majority of territory located within BFPD is designated as R-M (Mountain Residential) and R-R (Rural Residential) under the County's General Plan. The proposal does not propose any changes to the existing land use designations.
- e) <u>Other Municipal Services</u>: No other change of organization is required as part of the reorganization. The subject area will continue to receive municipal services from existing public agencies, including but not limited to water service from the Scotts Valley Water District and the City of Santa Cruz.
- f) <u>Commission Hearing</u>: The Commission shall consider the reorganization after it has been placed on the agenda of a Commission meeting. After deeming the proposal complete, the Executive Officer advertised the reorganization in the Santa Cruz Sentinel on May 23, 2023 and posted the public notice on LAFCO's website and in several locations in the County Governmental Building. The public notice indicated that the reorganization was scheduled for Commission consideration on June 14, 2023. Information on how to participate in the LAFCO Meeting was included in the public notice.

<u>Section 5.</u> The applicant shall agree, as a condition of the approval of the reorganization, to be bound by the LAFCO Indemnification and Defense Form signed on April 1, 2022.

<u>Section 6.</u> The Certificate of Completion for the reorganization shall not be issued until all of the following terms and conditions are met:

- a) <u>Transfer of Functions and Responsibilities</u>: Upon the effective date of the reorganization, the functions of the Branciforte Fire Protection District will cease and be transferred to the Scotts Valley Fire Protection District as the successor agency. All laws, ordinances, resolutions, actions, contracts, agreements, rules and regulations, policies and procedures that have been enacted, adopted or passed by the affected fire districts for the successor agency prior to the effective date of reorganization shall remain in effect after the reorganization until superseded, amended, modified or deleted by the SVFPD Board of Directors.
- b) <u>Transfer of Assets & Liabilities</u>: Upon the effective date of the reorganization, all assets and liabilities of BFPD shall become assets and liabilities of SVFPD at the time the reorganization is deemed complete.
- c) <u>Pension Obligations</u>: The California Public Employees' Retirement System ("CalPERS") developed a cost analysis in April 2023 for the proposed reorganization. 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. The approved resolution must be received by CalPERS on or before July 1, 2023. If neither of these two conditions are met, an updated cost analysis will be required to merge the contracts. The current cost analysis will expire on July 1, 2023. An updated cost analysis may be available as early as September 2023. Assuming the reorganization is approved by LAFCO in June 2023, the following steps will be completed by the affected fire districts:

- 1. Complete and return the enclosed 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 on or before July 1, 2023. Adoption of the Final Resolution/Ordinance by this date is not required.

SVFPD 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.

- d) <u>Board Action Prior to Reorganization</u>: All decisions or actions affecting the proposed reorganization and made prior to the effective date of reorganization shall require the majority approval of the boards of directors of both fire districts.
- e) <u>Current Staff Members</u>: Upon the effective date of the reorganization, SVFPD will offer full employment to the full-time permanent members of 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.
- f) <u>Successor Agency Board Composition</u>: Upon the effective date of the reorganization, the reorganized Scotts Valley Fire Protection District will include all the territory currently within the boundaries of SVFPD and all the territory currently within the boundaries of BFPD. The successor agency will be governed by a 5-member Board of Directors, elected at large from the entire reorganized district. The Board of Directors of the Scotts Valley Fire Protection District as composed at the time the reorganization is recorded 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 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.
- g) <u>Branciforte Oversight and Representation</u>: Upon the effective date of the reorganization, the SVFPD Board of Directors will establish a Service Zone encompassing the territory of the former Branciforte Fire Protection District, in accordance with Government 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 (Government 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 the Commission in accordance with Government 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 completed as soon as practical after the recordation of the reorganization. The Plan for Service document provides the draft policy and bylaws for the proposed advisory commission.

- h) <u>Branciforte Fire Station</u>: Prior to recordation, the Branciforte community will determine whether a new benefit assessment is passed by a mailed-in election process to adequately fund the Branciforte Fire Station. If the assessment passes, SVFPD will manage the funds, with consultation from the Branciforte Advisory Commission, to operate the Branciforte Fire Station with a minimum of two firefighters. If the assessment fails, SVFPD will maintain the fire station in a serviceable order and be ready for emergency staffing at any time. The Plan for Service provides additional information about the alternative use for the Branciforte Fire Station.
- i) <u>Branciforte Fire Protection District Revenue Source</u>: Upon the effective date of the reorganization, the successor agency will receive the property taxes, benefit assessments, special assessments, special taxes, fees, and charges currently in effect and being collected by BFPD, including Measure T and any new benefit assessments to fund the Branciforte Fire Station. Pursuant to Government Code Section 56886(t), all charges, fees, assessments, or taxes existing within BFPD shall be extended and shall continue to be levied and collected by the successor agency until otherwise determined by the successor agency's board of directors. The successor agency shall have full authority to impose, administer, and collect said special taxes and fire suppression benefit assessments in the same manner as the existing districts within the applicable portions of the successor agency.
- j) <u>Successor Agency Revenue Source</u>: If the SVFPD is successful in passing a General Obligation Bond measure in 2023 to fund construction of a new fire station and headquarters office, the obligation for bond payments will not extend to the former BFPD territory. Upon the effective date of the reorganization, the successor agency may consider extending to the former BFPD territory any current and/or new benefit assessments, special taxes, bond measures (except as noted above), fees and charges as may be lawfully imposed upon all territory within the whole of the reorganized district.
- k) <u>Plan for Service</u>: Upon the effective date of the reorganization, the successor agency shall serve the affected territory through the implementation of the Plan for Service until it is determined by the successor agency's board of directors that fiscal or service requirements justify changes to the Plan for Service.
- Automatic Aid Agreements: Upon the effective date of the reorganization, SVFPD must demonstrate that Automatic Aid agreements with the Santa Cruz Fire Department and the Central Fire District have been amended to provide automatic closest-resource dispatching for all types of emergency incidents to all of the former BFPD territory.

- m) <u>State Board of Equalization</u>: The reorganization may be subject to a special fee provision of \$0 for dissolutions or \$300 for entire district/coterminous transactions.
- n) <u>LAFCO Processing Fees</u>: The applicant submitted a fee waiver request on August 25, 2022.

<u>Section 7.</u> The successor agency shall honor all memoranda of understanding, letters of understanding, side letters or related written agreements with any and all employees or bargaining groups (labor contracts), in effect when the LAFCO Certificate of Completion is recorded with the Santa Cruz County Recorder's Office, until such agreements expire on their own terms or are superseded by labor contracts negotiated through the collective bargaining process. Any memoranda of understanding, letters of understanding, side letters or related written agreements with any and all employees or bargaining groups (labor contracts) adopted after June 14, 2023 but prior to the date of recordation shall be honored by the successor agency, unless alternative measures are agreed to by all affected parties. All labor contracts shall remain in effect until expiration or until superseded by new labor contracts.

<u>Section 8.</u> The effective date of this reorganization is subject to completion of terms and conditions outlined in this resolution for approval as authorized by Government Code Sections 56886(p) and 57202 and will be effective upon recordation of the Certificate of Completion.

<u>Section 9.</u> 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 June 15 to July 14, 2023.

<u>Section 10.</u> The Executive Officer will hereby conduct a 30-day protest proceeding as provided in Government Code Section 57000. The protest period is scheduled for July 27 to August 25, 2023. A protest hearing will be held on August 25, 2023.

<u>Section 11.</u> 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 14th day of June 2023.

AYES:

NOES:

ABSTAIN:

YVETTE BROOKS, CHAIRPERSON

Attest:

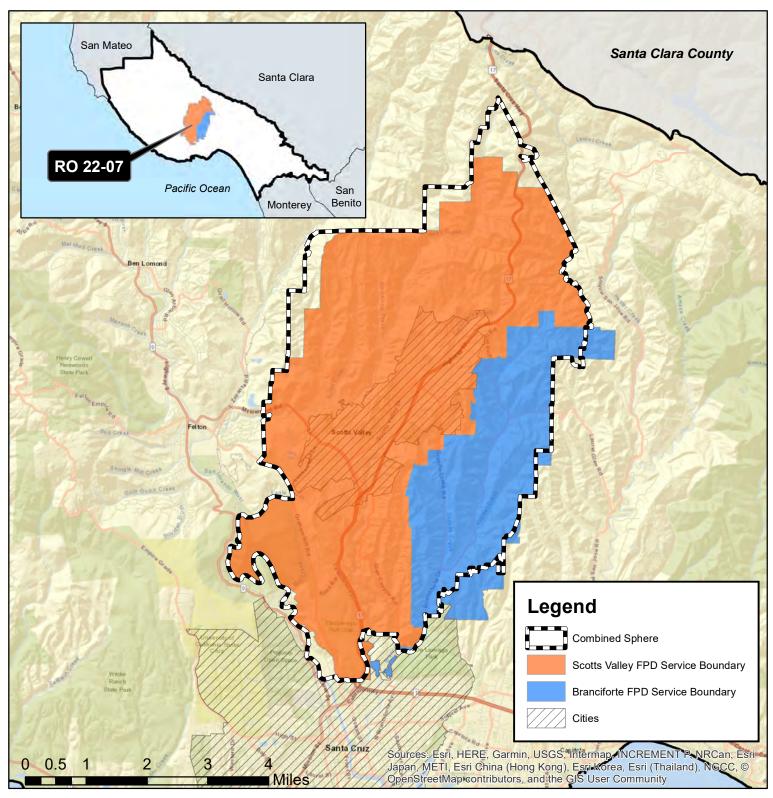
Approved as to form:

Joe A. Serrano Executive Officer RO 22-07 Resolution Josh Nelson LAFCO Counsel

EXHIBIT 1

VICINITY MAP (CURRENT BOUNDARIES)





"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.

Page 9.0f 105

EXHIBIT 2

PRE-REORGANIZATION AGREEMENT



PRE-REORGANIZATION AGREEMENT

By and Among

BRANCIFORTE FIRE PROTECTION DISTRICT,

And

SCOTTS VALLEY FIRE PROTECTION DISTRICT,

And

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

[Dated as of March 14, 2022]

ARTICLE 1. PARTIES AND EFFECTIVE DATE

1.1 Parties. This Pre-Reorganization Agreement ("Agreement") is entered into by and among (i) the Branciforte Fire Protection District ("BFPD"), (ii) the Scotts Valley Fire Protection District ("SVFPD"), and (iii) the Local Agency Formation Commission of Santa Cruz County ("LAFCO"). BFPD, SVFPD, and LAFCO are sometimes referred to herein as a "Party" and collectively as the "Parties." This Agreement is dated as of March 7, 2022, for references purposes only and will not become effective until the "Effective Date" defined in Section 1.2 below.

1.2 Effective Date. This Agreement will not become effective until the date ("Effective Date") on which all the following have occurred: (i) this Agreement has been approved by BFPD, executed by its legally authorized officers, (ii) this Agreement has been approved by SVFPD, executed by its legally authorized officers, and (iii) this Agreement, signed by BFPD and SVFPD, delivered to LAFCO for approval and signature by the Executive Officer.

ARTICLE 2. RECITALS

2.1 BFPD Background. The Branciforte Fire Protection District was formed on January 7, 1950 and operates under the Fire Protection District Law of 1987 ("Principal Act"). BFPD encompasses nearly 9 square miles of territory and provides fire protection services to the unincorporated community known as Branciforte. It currently operates with a temporary part-time retired annuitant fire chief, three full-time firefighters and seven volunteer firefighters. BFPD operates through one fire station with a one-person crew on any given shift. The annuitant fire chief contract was approved on September 30, 2021 and is set to expire on March 14, 2022. In accordance state law, a fire district cannot operate without proper administrative oversight. Additionally, the Principal Act limits board members to act only by ordinance, resolution, or motion (Health & Safety Code Section 13856[b]).

2.2 SVFPD Background. The Scotts Valley Fire Protection District was formed on January 7, 1958 and operates under the Fire Protection District Law of 1987. SVFPD encompasses nearly 21 square miles of territory in the center of Santa Cruz County and includes the City of Scotts Valley. It currently operates with 22 full-time firefighters, 15 volunteer firefighters, three full-time Battalion Chiefs, 2 full-time and 1 part-time administrative personnel, and 1 full-time Fire Chief. SVFPD previously provided administrative and command services to BFPD under an existing contract since 2015. Under this agreement, SVFPD's Fire Chief functioned as the Fire Chief for BFPD. The contract expired on September 30, 2021.

2.3 LAFCO Background. The Local Agency Formation Commission of Santa Cruz County is a State-mandated, independent agency with countywide jurisdiction over changes in organization and boundaries of cities and special districts including annexations, detachments, formations, consolidations, and reorganizations. LAFCOs were created by the State Legislature in 1963 in response to the rapid growth and sporadic formation of cities and special districts in California in the years following World War II.

Pre-Reorganization Agreement

In addition to boundary changes, LAFCOs are required by law to establish and periodically update spheres of influence for the county's cities and special districts and perform service reviews on the county's cities and special districts with the goal of increasing efficiency. maximizing existing resources, identifying cost-saving opportunities, and improving local representation. LAFCO completed a countywide fire report in October 2021 which analyzed the 13 local agencies that provide fire protection. LAFCO determined that BFPD had many infractions, inadequate staffing, internal efficiencies, and governance issues. It was recommended that BFPD develop a strategic plan to address LAFCO's findings and outline how it will be a sustainable agency or consider merging with SVFPD. Since 1995, through a combined sphere of influence, LAFCO has recommended a merger between BFPD and SVFPD to ensure that the Branciforte community receive adequate level of service and proper representation.

2.4 Proposed Reorganization. The Reorganization is contemplated by the Parties upon the terms and conditions set forth in this Agreement. The Parties anticipate proceedings will be commenced by LAFCO following the execution and adoption of a resolution by BFPD to initiate the Reorganization and the execution and adoption of this Agreement by the Parties as set forth above.

2.5 Parties Consensus. The Parties understand that the Reorganization as contemplated in this Agreement is essential to the plan for providing services required by LAFCO in its consideration of the Reorganization application.

NOW, THEREFORE, in consideration for the promises and mutual covenants set forth herein, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 3. TERMS

3.1 BFPD Obligations.

3.1.1 Resolution of Initiation. BFPD shall continue to diligently pursue the approval of the Reorganization Application following the adoption of a Resolution of Initiation on Monday, March 7, 2022.

3.1.2 Application. BFPD shall submit a signed application, with a copy of the adopted resolution, within 30 days of this enacted Agreement to begin the LAFCO process.

3.1.3 Consent. BFPD hereby irrevocably consents to the Reorganization pursuant to the terms of this Agreement and the Reorganization Application submitted pursuant to Section 3.1.2. BFPD shall cooperate in every reasonable way with the requests of LAFCO. Said cooperation shall include, but not be limited to, the filing of all necessary applications, plans, and any other documentation or information required by SVFPD, LAFCO or any public agency associated with the Reorganization process.

3.1.4 Interim Fire Chief Expenses. BFPD hereby agrees to fund the identified governmental entity, existing BFPD firefighter personnel, or consulting firm for services as the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator. Invoices from the identified governmental entity, existing BFPD firefighter personnel, or consulting firm will be submitted as specified in the agreement between the parties. If an existing BFPD firefighter is hired as an interim fire chief, policies and procedures clearly defining the role of the BFPD Board and the BFPD interim fire chief as part of this Reorganization must be adopted within 30 days of this enacted Agreement. Any rules and regulations, outlined in the policies and procedures as part of this Reorganization of the services from the identified governmental entity, existing BFPD firefighter personnel, or consulting firm shall be a breach of this Agreement. Any termination or expiration of the services from the identified governmental entity, existing BFPD firefighter personnel, or consulting firm shall be a breach of this Agreement.

3.1.5 Community Outreach. BFPD hereby agrees to coordinate with the Parties to cohost community forums, whether in-person or virtual, to educate the Branciforte community about the Reorganization process. Such forums shall be hosted collaborative with the following representatives: (1) BFPD's interim fire chief, executive director, general manager, or district administrator and no more than two board members, (2) SVFPD's fire chief and no more than two board members, (3) LAFCO's Executive Officer and no more than two Commissioner.

3.1.6 Agreement Not to Challenge or Support Challenge. The Parties shall not file lawsuits or to directly or indirectly support litigation filed by others, either as a party, through financial contributions, providing staff support, or by failing to aggressively defend such litigation, that challenges the adequacy of the Reorganization.

3.2 SVFPD Obligations.

3.2.1 Support. SVFPD may provide administrative and operational support throughout the Reorganization process, including but not limited to, payroll and billing services. Additionally, SVFPD may provide additional assistance if requested by BFPD. Such request must be mutually agreed upon by SVFPD's fire chief and BFPD's interim fire chief, executive director, general manager, or district administrator.

3.2.2 Consent. SVFPD hereby irrevocably consents to the Reorganization pursuant to the terms of this Agreement and the Reorganization Application submitted pursuant to Section 3.1.2. SVFPD shall cooperate in every reasonable way with the requests of LAFCO. Said cooperation shall include, but not be limited to, the filing of all necessary applications, plans, and any other documentation or information required by LAFCO or any public agency associated with the Reorganization process.

3.2.3 Agreement Not to Challenge or Support Challenge. The Parties shall not file lawsuits or to directly or indirectly support litigation filed by others, either as a party, through financial contributions, providing staff support, or by failing to aggressively defend such litigation, that challenges the adequacy of the Reorganization.

3.3 LAFCO Obligations.

3.3.1 Application. LAFCO shall process the application submitted by BFPD in accordance with the CKH Act.

3.3.2 Support. LAFCO may provide guidance and assistance to the Parties regarding the LAFCO process, including but not limited to, fulfilling the statutory requirements under the CKH Act. Additionally, LAFCO may provide administrative assistance if requested by BFPD. Such services include but are not limited to assisting with board meetings, community forums, or other outreach efforts.

3.3.3 Interim Fire Chief. The Commission hired the Fire Reorganization Consulting, LLC ("Fire Consultant") on March 2, 2022 to help LAFCO staff with fire-related projects. Concurrently with approval of this Agreement, BFPD has or may contract with the Fire Consultant to provide interim administrative services at the hourly rate as specified in the agreement between the parties. LAFCO agrees that the Fire Consultant shall not provide services to LAFCO regarding the Reorganization if hired for the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator. If the Fire Consultant is not hired for the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator, then the Fire Consultant, with LAFCO's approval, may provide assistance to the identified interim fire chief throughout the Reorganization process.

ARTICLE 4. REORGANIZATION

4.1 Reorganization. For purposes of this Agreement, a Reorganization is defined as the dissolution of Branciforte Fire Protection District and the concurrent annexation of the dissolved area into Scotts Valley Fire Protection District. In accordance with the CKH Act, all assets and liabilities, revenues and expenditures, facilities and apparatuses, district files and records, and other identified items will be transferred over to SVFPD following the Reorganization's date of recordation.

4.2 New Benefit Assessment Consideration. If determined by Branciforte Fire Protection District and/or Scotts Valley Fire Protection District, the residents of the Branciforte community will have an opportunity to vote on whether to support a new special tax to keep the Branciforte Fire Station open with a two-person crew minimum. This election will be conducted during the November 2022 General Election, unless the Parties agree on a different date. If the new special tax fails, the Reorganization will continue with an alternative designation for the Branciforte Fire Station.

4.3 Timing. The effective date of the Reorganization will be the Certificate of Completion's recordation date.

5.1 Remedies. Subject to the limitations herein, in the event of a breach of this Agreement, the non-breaching party may at its option institute legal action to cure, correct, or remedy such breach, enjoin any threatened or attempted violation, or enforce the terms of this Agreement by specific performance. In the event of any breach of this Agreement, the non-breaching party shall have the right to pursue against the breaching party, any and all remedies that are available at law or at equity for breach of contractual obligation, provided however, that in no event shall BFPD have the right to sue SVFPD or LAFCO or any SVFPD or LAFCO officials, employees, contractors or agents for damages or monetary relief arising out of the SVFPD's or LAFCO's default of its obligations set forth in this Agreement, the Parties agreeing that declaratory and injunctive relief, mandate, and specific performance shall be BFPD's sole and exclusive judicial remedy. The prevailing part in any such litigation shall be entitled to its attorney's fees and costs.

ARTICLE 6. GENERAL PROVISIONS

6.1 Duration. This Agreement will remain in place until the Reorganization is finalized. If BFPD, SVFPD, and/or LAFCO decide to oppose, deny, withdraw, or stop the Reorganization process, then the Agreement will be terminated. This LAFCO does not and cannot warrant LAFCO's approval of the Reorganization.

6.2 Attorney's Fees. In the event that any Party brings any legal action to interpret or enforce any provision of this Agreement, the prevailing Party in that action shall be entitled to receive, in addition to all other available relief, costs of litigation and reasonable attorneys' fees, including expert witness fees, costs and fees incurred on appeal and in enforcing any judgment which may be rendered on the underlying action.

6.3 No Third Party Beneficiaries. Except as provided in Section 6.10, the Parties expressly acknowledge that they do not intend, by their execution of this Agreement, to benefit any person or entities not signatory to this Agreement. Except as provided by Section 6.10, no person or entity not a signatory to this Agreement will have any rights or causes of action against the Parties, or any combination thereof, arising out of or due to the Parties' entry into this Agreement.

6.4 Governing Law. This Agreement shall be interpreted and enforced in accordance with the provisions of California law, without regard to conflicts of laws provisions. Any litigation shall be held in a court of competent jurisdiction located in Santa Cruz County, California.

6.5 Notice. Unless otherwise permitted by this Agreement, all notices to be given shall be in writing and may be made by personal delivery, certified mail, postage prepaid and return receipt requested. Mailed notices shall be addressed to the Parties at the addresses listed below, but each party may change the address by written notice in accordance with this paragraph. Receipt will be deemed made as follows: notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated on receipt or region.

Pre-Reorganization Agreement

If to BFPD: Branciforte Fire Protection District 2711 Branciforte Drive Santa Cruz, CA 95065

If to SVFPD:

Scotts Valley Fire Protection District 7 Erba Lane Scotts Valley, CA 95066

If to LAFCO:

Local Agency Formation Commission of Santa Cruz County 701 Ocean Street, Room 318-D Santa Cruz, CA 95060

6.6 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall constitute an original.

6.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements, either written or oral, express or implied.

6.8 Further Acts. The Parties agree to execute such additional documents and to take such further actions as are reasonably necessary to accomplish the objectives and intent of this Agreement.

6.9 Waiver. The failure of any Party to insist upon strict compliance with any provision of this Agreement or to exercise any right or privilege provided herein, or any Party's waiver of any breach hereunder unless in writing, shall not relieve any other Party of any of obligations hereunder, whether of the same or similar type. The foregoing shall be true whether the waiving Party's actions are intentional or unintentional.

6.10 Authorization to Execute. The signatories to this Agreement warrant that they have been lawfully authorized by their respective Parties to execute this Agreement on their behalf. Upon request, the Parties shall deliver all applicable bylaws, resolutions, or other documents evidencing the signatories' legal authority to execute this Agreement on behalf of the respective Parties.

6.11 Severability. If any provision or clause of this Agreement or any application of it to any person, firm, organization, partnership or corporation is held invalid, such invalidity shall not affect other provisions of this Agreement which can be given effect without the invalid provision or application. To this end, the provisions of this Agreement are declared to be severable.

6.12 Compliance with other Rules and Regulations. BFPD and SVFPD shall comply with all other applicable rules and regulations of LAFCO and all other public agencies having jurisdiction over the Reorganization area. This Agreement does not abrogate, limit or modify any other of Parties' rights which are provided by common law, statute, ordinance or regulation.

6.13 Lack of Reorganization. In the event that BFPD does not dissolve and concurrently annex into SVFPD, the Parties are not bound by the obligations of this Agreement and the Parties retain any of their respective pre-Reorganization rights and duties as local governmental entities. Such inaction may result in BFPD from being able to operate as a special district due to the legal requirements under its Principal Act, the Brown Act, and other state mandates.

"LAFCO" By: Joe Serrano, Executive Officer

Date: 3/14/22

Approved as to form: By:

Joshua Nelson, General Counsel

Date: 4/15/2022

"SVFPD"

By:

Russ Patterson, Board President

Date:

Approved as to form:

By: _____

Phillip A. Passafuime, General Counsel Date:

"BFPC By:

Pat O'Connell, Board President Date: 3-14-22

Approved as to form:

By: _____

Travis Cochran, General Counsel

Pre-Reorganization Agreement

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"LAFCO"

Ву: _____

Joe Serrano, Executive Officer

Date: _____

Approved as to form:

By: _____

Joshua Nelson, General Counsel

Date: _____

"SVFPD" By: ____

Russ Patterson, Board President Date: 4/13/2027

Approved as to form:

By: k

Phillip A. Passafuime, General Counsel Date: 4 - 13 - 22

"BFPD"

Ву: _____

Pat O'Connell, Board President

Date: _____

Approved as to form:

By: _____

Travis Cochran, General Counsel
Date:

Pre-Reorganization Agreement

Page 8 of 8

6.12 Compliance with other Rules and Regulations. BFPD and SVFPD shall comply with all other applicable rules and regulations of LAFCO and all other public agencies having jurisdiction over the Reorganization area. This Agreement does not abrogate, limit or modify any other of Parties' rights which are provided by common law, statute, ordinance or regulation.

6.13 Lack of Reorganization. In the event that BFPD does not dissolve and concurrently annex into SVFPD, the Parties are not bound by the obligations of this Agreement and the Parties retain any of their respective pre-Reorganization rights and duties as local governmental entities. Such inaction may result in BFPD from being able to operate as a special district due to the legal requirements under its Principal Act, the Brown Act, and other state mandates.

"LAFCO"

By: _______ Joe Serrano, Executive Officer

Date: 3/14/22

"BEP Bv:

Date:

Pat O'Connell, Board President

Approved as to form:

By:

Joshua Nelson, General Counsel

Date:

Approved as to form: By: ____ Travis Cochran, General Counsel Date: 3/24/22

"SVFPD"

By:

Russ Patterson, Board President

Date:

By:



Approved as to form:

Phillip A. Passafuime, General Counsel
Date:

Pre-Reorganization Agreement

Page 8 of 8

Page 20 of 105

EXHIBIT 3

PLAN FOR SERVICE



DISTRICT PLAN FOR SERVICES

Prepared for

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY,

Proposed

BRANCIFORTE FIRE PROTECTION DISTRICT REORGANIZATION (LAFCO PROJECT NO. RO 22-07)

A proposed reorganization involving Branciforte and Scotts Valley Fire Protection Districts (FPDs) has been initiated by the Branciforte FPD Board of Directors. Following the conclusion of the LAFCO process, the Branciforte FPD will be dissolved and the dissolved area will be concurrently annexed into the Scotts Valley FPD.





June 14, 2023

Table of Contents

PLAN FOR SERVICE	2
BACKGROUND	2
Countywide Fire Protection Service & Sphere Review	2
LAFCO Findings & Recommendations	2
Previous & Current Collaboration	3
Conclusion	3
CURRENT LEVEL AND RANGE OF SERVICE	4
Branciforte Fire Protection District	4
Scotts Valley Fire Protection District	5
PROPOSED LEVEL AND RANGE OF SERVICE	6
Management & Governance	6
Operations	7
Transfer of Assets / Liabilities	
Transfer of Personnel	8
Cost of Services	8
Additional Factors to Address	8
FINANCIAL SYNOPSIS OF BRANCIFORTE FIRE PROTECTION DISTRICT	11
EXHIBITS	12
Exhibit A – BFPD Original Strategic Plan	12
Exhibit B – BFPD Resolution of Initiation	12
Exhibit C – Pre-Reorganization Agreement	12
Exhibit D – Current "Combined" Sphere Boundary	12
Exhibit E – Tentative Reorganization Timeline	12
Exhibit F – Branciforte Advisory Commission (Policy & Bylaws)	12
Exhibit G – 5 Driving Mile Distance (without Branciforte Fire Station)	12
Exhibit H – 5 Driving Mile Distance (with Branciforte Fire Station)	12
Exhibit I – CalPERS Cost Analysis (dated April 4, 2023)	12

Page **1** of **12**

PLAN FOR SERVICE

Government Code Section 56653 requires that a Plan for Service in narrative form must be submitted with the application for a reorganization. This plan must respond to each of the following questions and be signed and certified by an official of the affected agency(ies):

- 1) A description of the level and range of each service to be provided to the affected territory;
- 2) An indication of when the service can be feasibly extended to the affected territory;
- 3) An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory;
- 4) The estimated cost of extending the service and a description of how service or required improvements will be financed. A discussion of sufficiency of revenues for anticipated service extensions is also required; and
- 5) An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district or community facilities district.

BACKGROUND

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. In October, LAFCO completed a countywide service and sphere review for the 13 local agencies that provide fire protection services. 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 that the Branciforte Fire Protection District (BFPD) develop a detailed plan outlining how internal operations and all administrative services will be completed without the assistance of Scotts Valley Fire Protection District (SVFPD) or any other governmental entity. The deadline to submit the plan was March 31, 2022.

LAFCO Findings & Recommendations

LAFCO staff identified major concerns about the BFPD's ability to comply with the statutory requirements as an independent special district. Since 2015, BFPD had relied on SVFPD to fulfill the daily, weekly, monthly, quarterly, and annual duties on behalf of BFPD under the now expired 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 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

RO 22-07 Plan for Service

Page 2 of 12

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 six months that the annuitant was present. The interim fire chief's last day was March 14, 2022. While a partial strategic plan was submitted to LAFCO before the March deadline (**Exhibit A**), it did not fulfill LAFCO's requirements.

Given that 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 two districts and LAFCO collaborated during the Spring of 2022 to develop a well-coordinated plan that would ensure Branciforte residents receive adequate level of services now and in the future. This cooperative plan was accomplished by hosting two joint meetings with representatives from both districts and LAFCO ("stakeholder group") to discuss the future governance of the Branciforte community. It was determined by the stakeholder group that a reorganization should be analyzed and considered.

As a result, the BFPD Board unanimously adopted a resolution to initiate the reorganization process on March 7, 2022 (**Exhibit B**). The next key step 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 and a temporary fire chief is in place as the reorganization process unfolds. **Exhibit C** provides a copy of the Pre-Reorganization Agreement. The BFPD and SVFPD Boards unanimously approved the agreement on March 14, 2022 and April 13, 2022, respectively.

Previous & Current Collaboration

BFPD and SVFPD were in a six-year contract for operational services. Their collaborative effort reflected the combined sphere boundary between the two districts. This combined sphere boundary was originally adopted in 1994 and indicates that the Branciforte community would benefit if the two districts were reorganized as a single district (refer to Exhibit D). It is LAFCO's perspective that both 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 as 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. The two districts have agreed to work with LAFCO to analyze the benefits of a reorganization. Now that a resolution of initiation has been adopted and an application has been submitted by BFPD, LAFCO has begun the reorganization process with the help of both districts and LAFCO's fire consultant. LAFCO also developed a detailed timeline illustrating the entire reorganization process as well as upcoming community workshops and other outreach efforts, as shown in Exhibit E.

Conclusion

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 within the *RO 22-07 Plan for Service* Page 3 of 12 Branciforte community. A full analysis must be completed and presented to the residents to clearly indicate the benefits of a reorganization. In order to provide such transparency, the two districts and LAFCO will coordinate throughout the entire reorganization process. This collaborative effort will help produce cohesive findings about the reorganization involving BFPD and SVFPD.

CURRENT LEVEL AND RANGE OF SERVICE

Branciforte Fire Protection District

Branciforte Fire Protection District (BFPD) was formed on January 7, 1950 and operates under the Fire Protection District Law of 1987. BFPD encompasses nearly 9 square miles of territory located in the central portion of the county. At present, the lands within the District vary from agriculture to urban residential. The vast majority of the District is designated as Mountain Residential and Rural Residential.

Services & Operations

BFPD currently provides fire protection services to the unincorporated community of Branciforte. It currently operates with three full-time permanent employees, three full-time temporary employees, one part-time administrative assistant, and 9 volunteer firefighters. One of the permanent employees has been appointed Interim Fire Chief, while concurrently staffing one of the three shifts. The current staffing model provides for a minimum of two firefighters on duty in the Branciforte fire station 24 hours a day / 7 days a week. It is important to note that none of the volunteers live within BFPD's jurisdictional boundary, precluding the use of volunteers for initial operations.

Type of Services

At present, BFPD offers 9 different types of services: (1) Basic Life Support, (2) Basic Rescue, (3) Community Education, (4) Construction Plan Check, (5) Fire Code Enforcement, (6) Fire Investigation, (7) Fire Suppression, (8) Haz Mat Response, and (9) Public Awareness.

Apparatus & Inventory

At present, BFPD operates using seven (7) apparatuses, as listed below:

- Type 1 Fire Engine = 1 in total
- Type 3 Fire Engine = 2 in total
- Type 6 Fire Engine = 1 in total
- Utility Vehicle = 2 in total
- Water Tender = 1 in total

Existing Fire Stations

The District currently operates one fire station. Station 1 was built in 1950 and has undergone an expansion over the past 10 years or so. It is located at 2711 Branciforte Drive in Santa Cruz. Another "station" was built in 2010 and is located at 2300 Jarvis Road in Santa Cruz. However, this building is not staffed nor owned by BFPD, and there are no volunteers in the area to staff the engine. Therefore, this facility is not considered a functioning fire station and does not factor into the future deployment for SVFPD.

Page **4** of **12**

Call Data

BFPD responded to approximately 1,200 calls over the last six years. The annual call average is estimated to be 202 calls per year. The District's average response time was approximately 8 minutes. In 2020, Branciforte FPD had 159 calls. Almost 40% of those calls were first responded by an outside agency. Specifically by Central FPD (1 time), the City of Santa Cruz (2 times), CSA 48/Cal Fire (9 times), and Scotts Valley FPD (28 times). The District currently has a Class 5 rating with the Insurance Service Office (ISO), which is the poorest in Santa Cruz County.

Board of Directors

BFPD is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, or when there is a vacancy, seats are appointed by the County Board of Supervisors in lieu of conducting the election. The following identifies the current board members:

- Pat O'Connell First elected in 2016
- Tim Dodds First elected in 2020
- Marilyn Kuksht Originally appointed in 2023
- Larry Pageler Originally appointed in 2023
- Fareed Rayyis Originally appointed in 2022

Scotts Valley Fire Protection District

Scotts Valley Fire Protection District (SVFPD) was formed on January 7, 1958 and operates under the Fire Protection District Law of 1987. SVFPD encompasses nearly 21 square miles of territory located in the center of Santa Cruz County and includes the City of Scotts Valley. At present, the lands within the District vary from agriculture to urban residential. The vast majority of the District, outside the City limits, is designated as Mountain Residential and Rural Residential.

Type of Services

At present, SVFPD offers 14 different types of services: (1) Advance Life Support, (2) Basic Life Support, (3) Basic Rescue, (4) Community Education, (5) Construction Plan Check, (6) Fire Code Enforcement, (7) Fire Code Permitting, (8) Fire Investigation, (9) Fire Suppression, (10) Haz Mat Administration, (11) Haz Mat Response, (12) Public Awareness, (13) Technical Rescue, and (14) Vegetation Management.

Apparatus & Inventory

At present, SVFPD operates using 14 apparatus, as listed below:

- Admin/Battalion SUV = 1 in total
- Chief Officer SUV = 1 in total
- Command Vehicle = 3 in total
- Type 1 Fire Engine = 3 in total
- Type 3 Fire Engine = 2 in total
- Haz Mat Vehicle = 1 in total
- Utility Vehicle = 2 in total
- Water Tender = 1 in total

RO 22-07 Plan for Service

Page **5** of **12**

Existing Fire Stations

The District currently operates two fire stations. Station 1 was built in 1964, remodeled in 1985, and is located at 7 Erba Lane Scotts Valley, CA. Station 2 was built in 2001 and is located at 251 Glenwood Drive Scotts Valley, CA. The District has indicated that Station 1 needs extensive seismic upgrading and remodeling. Station 1 is staffed with 4.5 administrative personnel during regular business hours and 1 Battalion Chief and 4 firefighters 24 hours a day. Station 2 is staffed with 3 firefighters 24 hours a day. At present, SVFPD has 28 full-time employees, 1 part-time employee, and 15 volunteer firefighters. The District currently has a Class 2 rating with the Insurance Service Office (ISO), which is one of the best in Santa Cruz County.

Call Data

SVFPD responded to approximately 13,000 calls over the last six years. The annual call average is estimated to be 2,122 calls per year. The District's average response time was approximately 5 minutes.

Board of Directors

SVFPD is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, or when there is a vacancy, seats are appointed by the County Board of Supervisors in lieu of conducting the election. The following identifies the current board members:

- Russ Patterson First elected in 2016
- Adam Cosner Recently appointed in 2022
- Kris Hurst Recently appointed in 2022
- Joseph Parker Originally appointed in 2019
- Daron Pisciotta First elected in 2016

PROPOSED LEVEL AND RANGE OF SERVICE

Management & Governance

The reorganized Scotts Valley Fire Protection District will include all the territory currently within the boundaries of the Scotts Valley Fire District and all the territory currently within the boundaries of the Branciforte Fire District. The District will be governed by a 5-member Board of Directors, elected at large from the entire district. The Board of Directors of the Scotts Valley Fire Protection District 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 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 and Representation

The Scotts Valley FPD 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

RO 22-07 Plan for Service

Page **6** of **12**

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 Scotts Valley FPD Board of Directors will adopt a policy forming the Branciforte Advisory Commission and will also appoint members of the Branciforte community to 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 as soon as practical after the recordation of the reorganization. **Exhibit F** provides the draft policy and bylaws for the proposed advisory commission.

Following reorganization, the SVFPD will continue to be managed by the incumbent SVFPD Fire Chief and 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.

Operations

RO 22-07 Plan for Service

Following reorganization, the SVFPD will be responsible for providing service to the Branciforte community. SVFPD will deploy emergency response assets from the two existing Scotts Valley fire stations, located at 7 Erba Lane (Station 1), and 251 Glenwood Drive (Station 2). In addition, SVFPD will modify its current Automatic Aid agreements with the Santa Cruz Fire Department and with Central Fire District to ensure response of the closest appropriate resource to any emergency incident occurring in Branciforte.

In order to mitigate the impacts of serving 9 square miles of additional territory, SVFPD plans to add an additional firefighter to each of the three shifts by utilizing BFPD's three existing firefighters. The increased staffing will allow more flexibility for the rapid deployment of adequate resources to mitigate all incidents within the Fire District. The District will utilize its current Type 1 and Type 3 engines as well as the proposed addition of a Type 5/6 engine to provide service to the Branciforte Community. It is anticipated that this new Type 5/6 engine will be purchased, maintained, and eventually replaced using accumulated Measure T funds.

SVFPD provides Advanced Life Support (ALS) paramedic first responder service using on-duty crews staffing both stations. Regardless of which station is responding to an emergency call in the Branciforte community (and this includes Auto-Aid apparatus from Santa Cruz or Central), the crew will have at least one Paramedic Firefighter that is licensed and equipped to provide life-saving care.

Analysis shows that 88% of the parcels within the former BFPD boundaries are within 5 road miles of a fire station. Staff believes that the presence of fully staffed, ALS capable response assets within 5 road miles is an improved level of service as compared to the model operated by the BFPD. Many rural, mountainous areas of Santa Cruz County are further than 5 miles from the nearest fire station. For the remaining 12% of parcels that are beyond 5 miles, staff has determined the level of service to be adequate, given the ability of SVFPD to amass large numbers of resources and the provision of paramedic services. **Exhibits G and H** show the 5-mile driving distance with and without the Branciforte Fire Station in full operation.

Page **7** of **12**

Transfer of Assets / Liabilities

All assets and liabilities of the Branciforte Fire Protection District shall become assets and liabilities of the Scotts Valley Fire Protection District at the time the reorganization is deemed complete.

Transfer of Personnel

Scotts Valley FPD 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, Scotts Valley FPD will accept BFPD Volunteer / Paid-Call personnel meeting Scotts Valley FPD standards into the Scotts Valley FPD 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.

Cost of Services

Current Revenue Stream

Recurring revenue for the Branciforte Fire District for FY 22/23 consists of an estimated \$908,458 in Property Tax receipts and \$167,000 in Measure T Special Tax receipts, for a total of approximately \$1,075,458. This amount is insufficient to fund an appropriate number of firefighters on duty in the fire station (minimum of 2), let alone the funds needed to provide for a permanent Fire Chief and Administrative Assistant.

General Fund revenue for the Scotts Valley Fire District is approximately \$8,111,350 for FY 22/23, and derived primarily from Property Tax receipts. This amount is sufficient to sustain the SVFPD operation into the foreseeable future.

The reorganized District will have recurring revenue (FY 22/23) as follows: General Fund- \$9,019,800 Measure T (restricted) - \$167,000 Total- \$9,186,800

Staff has determined that the total recurring revenue is sufficient to fund the operational plan detailed above.

Additional Factors to Address

Branciforte Fire Station

BFPD has one fire station located at 2711 Branciforte Drive, which was built in 1950. The station operates with one full-time firefighter on duty by rotating its three non-paramedic firefighters. At present, the Branciforte Fire Station is understaffed and underfunded, which results in the noncompliance of the Occupational Safety and Health Administration (OSHA) and the National Fire Protection Association (NFPA) standards.

Page **8** of **12**

State Standards (OSHA)

The Occupational Safety and Health Administration (OSHA) was established in 1970 to ensure safe and healthful working conditions for workers by setting and enforcing standards and by providing training, outreach, education and assistance. OSHA is part of the United States Department of Labor. In the late-1990s, OSHA established the Respiratory Protection Standard. This provision requires that at least two employees enter the Immediately Dangerous to Life or Health (IDLH) atmosphere and remain in visual or voice contact with each other at all times. It also requires that at least two employees be located outside the IDLH atmosphere, thus the term, "two in/two out". This assures that the "two in" can monitor each other and assist with equipment failure or entrapment or other hazards, and the "two out" can monitor those in the building, initiate rescue, or call for back-up. One of the "two out" can be assigned another role such as incident commander.

National Standards (NFPA)

One of the most well-known and respected standards organizations is the National Fire Protection Association (NFPA). Since 1896, NFPA has developed standards directly affecting the fire service at the department level. As an advocate of fire prevention and an authoritative source on public safety, NFPA develops, publishes, and disseminates more than 300 consensus codes and standards intended to minimize the possibility and effects of fire and other risks. Their vision is to advocate for the elimination of death, injury, property and economic loss due to fire, electrical and related hazards. Their mission is to help save lives and reduce loss with information, knowledge and passion.

The NFPA has developed standards specifically for volunteer departments known as the NFPA 1720 Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Volunteer Fire Departments. NFPA believes that volunteer departments must maximize resources and be able to evaluate and improve firefighter safety and service to meet the modern challenges of local firefighting operations. The 1720 Standards offer a framework for defining levels of service, deployment capabilities, and staffing requirements for volunteer and combination fire departments. At present, NFPA recommends a minimum of four firefighters.

Potential Benefit Assessment

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 operation. If the benefit assessment is approved by the Branciforte community, the benefit assessment will be managed by the SVFPD with input from the Branciforte Advisory Commission post-reorganization. It is important to note that SVFPD's two existing fire stations and surrounding fire stations can provide adequate services with or without the Branciforte Fire Station. **Exhibits G and H** show the 5-mile driving distance with and without the Branciforte Fire Station in full operation.

Page **9** of **12**

CalPERS Actuarial Report

The California Public Employees' Retirement System ("CalPERS") developed a cost analysis in April 2023 for the proposed reorganization (refer to **Exhibit I**). 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. The approved resolution must be received by the CalPERS' office on or before July 1, 2023. If either of these two conditions is not met, an updated cost analysis will be required to merge the contracts. The current cost analysis will expire on July 1, 2023. An updated cost analysis may be available as early as September 2023.

Assuming the reorganization is approved by LAFCO in June 2023, 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 on or before July 1, 2023. Adoption of the Final Resolution/Ordinance by this date is not required.

Branciforte Fire Station Alternative Use

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 Branciforte community. If that does not occur, 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").

Page 10 of 12

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	Adopted Budget	Funds Spent (as of 12/31/22)	Remaining Balance	Unanticipated Rev / Exp (12/31/22 - 6/30/23)	Year-End Balance (projected)
General Fund					
Salaries / Benefits	\$1,173,420	\$688,711	\$484,708	<\$412,700>	\$72,000
Services / Supplies	\$242,852	\$99,740	\$143,111	<\$100,000 >	\$43,000
Undesignated / Contingencies	\$227,665	-0-	\$227,665	\$54,000	\$282,000
Total General Fund	\$1,645,337	\$789,555	\$855,484	<\$458,800>	\$397,000
Capital Outlay					
Services / Supplies	\$109,500	\$13,704	\$95,795	<\$25,000>	\$70,000
Fixed Assets	\$592,000	\$28,131	\$563,868	<\$100,000>	\$464,000
Undesignated / Contingencies	\$302,500	-0-	\$302,500	\$25,000	\$328,000
Total Capital Outlay	\$1,004,000	\$37,916	\$966,083	<\$100,000>	\$862,000
Total BFPD Funds (projected amount)					\$1,259,000

FINANCIAL SYNOPSIS OF BRANCIFORTE FIRE PROTECTION DISTRICT

General Fund

The General Fund anticipated revenue of \$1.645M, including \$876,000 in property tax and a carryover of \$725,000 from the prior year, along with some small incidental revenue sources. A sum of \$54,000 in unanticipated revenue (from a CalFire cover assignment) has been added to the fund. Given that all the large expenses (PERS and WC) have been paid, it is projected that the GF will end the FY with a balance of just under \$400,000. This means that BFPD will use about \$325,000 of reserve funds (nearly half the beginning reserves) to balance the budget this fiscal year.

Capital Outlay

The Capital Outlay Fund (also known as the Measure T fund) began the year with a fund balance of \$815,000. Proceeds from Measure T added an additional \$166,000, for a total of just over \$1M. There have been minor expenses charged to this account so far, but we have projected up to \$100,000 will be encumbered for the station repairs before the FY ends. The "Measure T" fund actually contains funds derived both from Measure T and from a large donation (nearly \$600,000) the District received from a resident. The Measure T funds are restricted to "...fund a Contingency Fund for unfunded emergencies, the Building Fund and a Vehicle Replacement Fund as determined by the Board of Directors" while the donation has no such formal restrictions. It is unclear whether expenditures from this fund over the past several years have been from the restricted funds or from the donated funds, thus it's not possible to determine conclusively how much of the \$860,000 projected year-end balance is restricted by the Measure T language. In the most liberal interpretation, all of the past capital expenses could be said to have been drawn on the restricted Measure T funds, which would leave the entire \$593,889.32 available for whatever purpose the Board determines is necessary for the functioning of the District. This is probably a moot point, because the language of Measure T allows for "unfunded emergencies... as determined by the Board of Directors", of which the need for reorganizing the District should certainly qualify.

RO 22-07 Plan for Service

Page **11** of **12**

EXHIBITS

- Exhibit A BFPD Original Strategic Plan
- Exhibit B BFPD Resolution of Initiation
- Exhibit C Pre-Reorganization Agreement
- Exhibit D Current "Combined" Sphere Boundary
- Exhibit E Tentative Reorganization Timeline
- Exhibit F Branciforte Advisory Commission (Policy & Bylaws)
- Exhibit G 5 Driving Mile Distance (without Branciforte Fire Station)
- Exhibit H 5 Driving Mile Distance (with Branciforte Fire Station)
- Exhibit I CalPERS Cost Analysis (dated April 4, 2023)

EXHIBIT A:

BFPD's Original Strategic Plan (dated 3/31/22)

Branciforte Fire Protection District Proposed Strategic Plan

March 31, 2022

INTRODUCTION

This plan provides information to the residents of the Branciforte Fire Protection District on the efforts and direction the District is proceeding with to provide the best method of emergency and fire prevention services to the community. This plan also gives direction to the staff and Board of Directors of the Fire District. This plan also supports the input from the community.

HISTORY

The 8th Area Fire District was established in 1942. It included a large area of the county that is now covered by Felton, Scotts Valley, Zayante and Brancifore Fire Districts. Staffed by volunteers with limited equipment and volunteers, response times to any fire within the 8th area were lengthly. Structures often burned down completely before they arrived. At that time the next closest station had been an unstaffed volunteer station on Sims Road just outside the city limits of Scotts Valley.

Branciforte Fire Protection District was formed in 1950 to improve the response time to fires within the Happy Valley and surrounding areas. Gino Delucchi was the first Fire Chief of Branciforte Fire. The volunteers built a small 14' by 26' station across the street from the Chief's house on Branciforte Drive. It housed the District's first engine, a 1939 GMC truck equipped with 450 gallons of water, 200 ft of 1" hose, 750 ft of 1.5" hose, and a 500GPM pump. When calls came in they were answered by Jennie Delucchi and went though a phone call tree to all of the volunteers to respond. The engine would drive to the fire and pick up the volunteers on the way. Chief Delucchi and his wife Jennie donated land to the department next door to their home in 1965 to build the current existing station. A training room was added onto the station and was built by the volunteers and staff in 1997. A part time bookkeeper was hired to handle the bills and payroll.

The department grew from its beginning as an all volunteer department with a volunteer Fire Chief to having three paid career employees made up of two Captains and a Fire Chief who worked shifts. Staffing is supplemented by Volunteer Firefighters. A sleeper program was instituted to a career officer and a volunteer firefighter responding from the station to all calls during the night.

In year 2000 the staffing model changed to three full time Fire Captains and a part time Fire Chief with a part time administrative position and volunteer firefighters supplementing the staffing.

From 2016 to 2021 an Administrative Services Agreement was in place with the Scotts Valley Fire District.

In September 2021 an Interim Part Time Administrative Fire Chief was hired. The three Captains covered the shifts. Efforts to get more volunteers became the top priority.

On March 14, 2022 a Fire Chief was promoted from within the current ranks. The District has returned to operating on it's own with two Captains and a Fire Chief covering shifts. Administrative assistance is provided by part time help.

The number of volunteers has always varied. In the beginning of the District a volunteer was given some gear and some very basic training. The Volunteers all lived in the area. A volunteer now days has to go through a basic Firefighter Academy that takes three months to complete and continuing training and drills at the station. Most Volunteers live outside of the District. In 2016 Branciforte had 26 volunteers. Today we are down to a low of 9 volunteers. The highest priority is to add more volunteers. The District is looking at options to help increase our volunteer coverage. The goal of having the station staffed with a minimum of two career firefighters with additional volunteer firefighters in the station 24/7. There could then be a minimum of three responding on the first out engine.

The process of completing another apparatus bay and expanded living quarters for male and female firefighters at the Branciforte Station is almost complete. Additional beds were planned for the new sleeping areas. These will need to be added when the volunteer numbers are increased. The kitchen and day room area is to be renovated. These renovations have been budgeted and will be completed with Measure T funds.

There is a structural issue with the front corner of the main apparatus bay. It is under review by a Structural Engineer. It is still to be determined as to the extent of what will be need to be completed. The costs of the repair should be covered by the Measure T funds.

The Fire District has had a substation in the Ryder Ridge Area for many years. There had been times after heavy storms the residents were without access from outside the area. Jarvis Road had washed out in multiple spots. Upper Jarvis Road which is largely a dirt and rocks road also washed out. The only option for a fire emergency was to keep an apparatus available for emergencies in the area. A 1958 model GMC 4 wheel dive pickup was kept up on Rider Rider Ridge with a 250 gallon tank and pumping capabilities and a hose line. It also carried a basic medical bag. One of the volunteers lived in the area kept it on his property. Eventually in a garage that was built by the residents to house it. Many brush fires were put out over the years with this available apparatus before any other engines had arrived.

Station 2 was eventually built on the Vine Hill Winery Property entirely with the contributions and donations from those who live in Rider Ridge area of the District. Those who lived there had begun losing their fire insurance. Once the Station was built

and the District could show that we could meet the water flow standards for what was needed to put out a structure fire there were fewer issues with insurance. The Station now houses one of the District's Type 3 Wildland Engines. There are minimal costs involved with keeping Station 2 open. The District should explore how to at better utilize Station 2.

The Fire District has a full complement of fire apparatus. This includes:

- 1 Type 1 Structural Fire Engine
- 2 Type 3 Wildland Fire Engines
- 1 Type 4 Engine equipped with medical plus pumping capabilities
- 1 Water Tender with 2500 gallons capacity
- 2 Pickups with 4 Wheel Drive
- 1 Command Vehicle

The equipment is in good condition and a replacement program was set up with the funds coming from Measure T. There has been discussion over the addition of a Type 6 quick response vehicle and costs and information is being researched. But the higher priority is to increase staffing first.

LEVEL AND RANGE OF SERVICE

The District provides services to a small community in the Happy Valley Area of Santa Cruz County. Branciforte Fire Station currently operates with three full-time employees and nine volunteer firefighters. The station is staffed with two Fire Captains and a Fire Chief that are covering shifts on the 2on/4off schedule. While there are occasions where the engine responds with just one on the engine, the goal is to have a two Firefighter minimum responding 24/7. Some progress has been made to add additional volunteers. We are now looking into options to add temporary additional volunteers. This would greatly help the district's ability to always have two and potentially three firefighters responding on the first-out engine. This could be accomplished with current reserves and contingency funds already within the budget. These funds could cover the costs of the additional staffing for up to two years before reserves could be depleted.

Administrative assistance is provided by part time resources, with bookkeeping and technical assistance with the website.

The District has a sphere expanding beyond its service area. Santa Cruz County Local Agency Formation Committee (LAFCO) adopted BFPD's combined sphere of influence on March 10, 1994, which included areas beyond the District's jurisdictional boundary. This sphere determination indicated that BFPD and Scotts Valley FPD should be merged or consolidated in the foreseeable future. LAFCO staff believes that the merger concept should be considered by BFPD and its residents to ensure the level of service remain would improve as a result of the proposed reorganization. Santa Cruz County LAFCO staff recommends reaffirming the existing sphere boundary.

On March 14, 2022 The Branciforte Fire Protection District signed a Pre-Reorganization Agreement through LAFCO to start the Merger Process with Scotts Valley.

FINANCIAL HEALTH

The District is financially stable. Branciforte FPD has closed the past six years with an annual surplus. The 2021/2022 Final Budget shows the General Fund Budget is at \$1,606,318. The Measure T Fund is at \$984,358. The ending fund balance was \$697,860, which is up by approximately \$97,000 from what was estimated.

The yearly draft budget is adopted by March 31, of each year and the final budget is adopted by before June 30th of each year.

MANAGEMENT AND GOVERNANCE

BOARD COMPOSITION

BFPD is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, or when there is a vacancy, seats are appointed by the County Board of Supervisors in lieu of conducting the election.

The Board Members are elected for 4-year terms.

The Board votes for a Board Chairman and Vice Chairman at the last meeting of the calendar year for a term of one year. A board Member may be voted to serve as Chair or Vice Chair for consecutive years.

The Board meetings are regularly scheduled for the third Thursday of each month at 6pm.

The Board Members roles are outlined in the Board of Directors Roles and Responsibilities Policy adopted in 2012. See Appendix B

STAFFING

The District is currently staffed with a Fire Chief and two Fire Captains who all work on the 2on/4off schedule. They are full time career officers for the Branciforte Fire District. There are nine volunteers available to respond from home or the station. There is part time help available for administrative assistance.

The District has hired the Lozano Smith Law Firm as the Districts legal counsel.

ADMINISTRATIVE DUTIES

COUNTY PARTNERSHIPS

FIRE DISTRICT PARTNERSHIPS

STRATEGIC MANDATES

DISTINGUISH BOARD/STAFF ROLES

EXHIBIT B:

BFPD's Resolution of Initiation

BRANCIFORTE FIRE PROTECTION DISTRICT

RESOLUTION NO. 2022-02

A RESOLUTION TO INITIATE APPLICATION BY THE BRANCIFORTE FIRE PROTECTION DISTRICT REQUESTING THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY TO PURSUE PROCEEDINGS FOR THE REORGANIZATION OF BRANCIFORTE FIRE PROTECTION DISTRICT WITH THE SCOTTS VALLEY FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors of the Branciforte Fire Protection District ("Branciforte FPD") desires to initiate proceedings pursuant to the Cortese-Knox-Herzberg Local Government Reorganization Act of 2000, California Government Code Section 56000 et. seq., ("Act") for the reorganization of Branciforte Fire Protection District with the Scotts Valley Fire Protection District ("Scotts Valley FPD"); and

WHEREAS, the reorganization consists of the dissolution of Branciforte FPD and the concurrent annexation of the dissolved area into Scotts Valley FPD; and

WHEREAS, notice of intent to adopt this Resolution of Application has been given to each interested and each affected local agency; and

WHEREAS, the affected territory is inhabited and is constituted by the respective boundaries of Branciforte FPD; and

WHEREAS, this reorganization is consistent with the Sphere of Influence of Branciforte FPD and Scotts Valley FPD; and

WHEREAS, the reasons for the proposed reorganization of Branciforte FPD and Scotts Valley FPD are as follows:

- 1) It will facilitate the efficient delivery of life and property saving services to individuals and property owners within the affected territory; and
- 2) It will facilitate the continued provision of the current levels of service provided by paid and paid-call firefighters and staff of the respective districts, consistent with local demand expectations and available financing.

WHEREAS, it is desired that the proposed reorganization of Branciforte FPD with Scotts Valley FPD be subject to the following terms and conditions, among others:

- 1) The specific provisions of the Pre-Reorganization Agreement jointly completed by Branciforte FPD, Scotts Valley FPD, and LAFCO, if enacted;
- 2) Branciforte FPD, Scotts Valley FPD, and LAFCO will host and/or participate in multiple community outreach efforts regarding the proposed reorganization and

available options, including but not limited to workshops and forums to be held jointly with representatives from each agency;

- 3) Coordination between Branciforte FPD, Scotts Valley FPD, and LAFCO to determine the best solution for the Branciforte Fire Station;
- 4) The paid employees and the active volunteer firefighters of Branciforte FPD will become a portion of Scotts Valley FPD;
- 5) All tax rate areas will be maintained and all revenue mechanisms currently existing in Branciforte FPD will be maintained post-reorganization; and
- 6) Such other provisions as required by applicable law or as may be agreed by the parties.

WHEREAS, Branciforte FPD reserves the right to withdraw its application to initiate the reorganization and request that LAFCO terminate any such proceedings pursuant to the Act or other applicable law;

WHEREAS, this Board anticipates that the reorganization proposal is categorically exempt from review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15320(b), which exempts special district reorganizations where changes in organization of local governmental agencies do not change the geographical area in which the previously existing powers are exercised, such as here; and

NOW, THEREFORE BE IT RESOLVED that this Resolution of Initiation of reorganization proceedings as described is adopted and approved by the Board of Directors of the Branciforte Fire Protection District.

PASSED AND ADOPTED by the Board of Directors of the Branciforte Fire Protection District at a regular meeting thereof held on the 24th of February, 2022, by the following vote:

AYES: 5

NOES: 0

ABSENT: 0

ABSTAIN: 0

ATTEST:

APPROVED AS TO CONTENT:

Pat O'Connell, Board President

Samantha Sweeden, Fire Chief Fire Chief Nate Lackey for Samantha Sweden

EXHIBIT C:

Pre-Reorganization Agreement

PRE-REORGANIZATION AGREEMENT

By and Among

BRANCIFORTE FIRE PROTECTION DISTRICT,

And

SCOTTS VALLEY FIRE PROTECTION DISTRICT,

And

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

[Dated as of March 14, 2022]

ARTICLE 1. PARTIES AND EFFECTIVE DATE

1.1 Parties. This Pre-Reorganization Agreement ("Agreement") is entered into by and among (i) the Branciforte Fire Protection District ("BFPD"), (ii) the Scotts Valley Fire Protection District ("SVFPD"), and (iii) the Local Agency Formation Commission of Santa Cruz County ("LAFCO"). BFPD, SVFPD, and LAFCO are sometimes referred to herein as a "Party" and collectively as the "Parties." This Agreement is dated as of March 7, 2022, for references purposes only and will not become effective until the "Effective Date" defined in Section 1.2 below.

1.2 Effective Date. This Agreement will not become effective until the date ("Effective Date") on which all the following have occurred: (i) this Agreement has been approved by BFPD, executed by its legally authorized officers, (ii) this Agreement has been approved by SVFPD, executed by its legally authorized officers, and (iii) this Agreement, signed by BFPD and SVFPD, delivered to LAFCO for approval and signature by the Executive Officer.

ARTICLE 2. RECITALS

2.1 BFPD Background. The Branciforte Fire Protection District was formed on January 7, 1950 and operates under the Fire Protection District Law of 1987 ("Principal Act"). BFPD encompasses nearly 9 square miles of territory and provides fire protection services to the unincorporated community known as Branciforte. It currently operates with a temporary part-time retired annuitant fire chief, three full-time firefighters and seven volunteer firefighters. BFPD operates through one fire station with a one-person crew on any given shift. The annuitant fire chief contract was approved on September 30, 2021 and is set to expire on March 14, 2022. In accordance state law, a fire district cannot operate without proper administrative oversight. Additionally, the Principal Act limits board members to act only by ordinance, resolution, or motion (Health & Safety Code Section 13856[b]).

2.2 SVFPD Background. The Scotts Valley Fire Protection District was formed on January 7, 1958 and operates under the Fire Protection District Law of 1987. SVFPD encompasses nearly 21 square miles of territory in the center of Santa Cruz County and includes the City of Scotts Valley. It currently operates with 22 full-time firefighters, 15 volunteer firefighters, three full-time Battalion Chiefs, 2 full-time and 1 part-time administrative personnel, and 1 full-time Fire Chief. SVFPD previously provided administrative and command services to BFPD under an existing contract since 2015. Under this agreement, SVFPD's Fire Chief functioned as the Fire Chief for BFPD. The contract expired on September 30, 2021.

2.3 LAFCO Background. The Local Agency Formation Commission of Santa Cruz County is a State-mandated, independent agency with countywide jurisdiction over changes in organization and boundaries of cities and special districts including annexations, detachments, formations, consolidations, and reorganizations. LAFCOs were created by the State Legislature in 1963 in response to the rapid growth and sporadic formation of cities and special districts in California in the years following World War II.

Pre-Reorganization Agreement

In addition to boundary changes, LAFCOs are required by law to establish and periodically update spheres of influence for the county's cities and special districts and perform service reviews on the county's cities and special districts with the goal of increasing efficiency. maximizing existing resources, identifying cost-saving opportunities, and improving local representation. LAFCO completed a countywide fire report in October 2021 which analyzed the 13 local agencies that provide fire protection. LAFCO determined that BFPD had many infractions, inadequate staffing, internal efficiencies, and governance issues. It was recommended that BFPD develop a strategic plan to address LAFCO's findings and outline how it will be a sustainable agency or consider merging with SVFPD. Since 1995, through a combined sphere of influence, LAFCO has recommended a merger between BFPD and SVFPD to ensure that the Branciforte community receive adequate level of service and proper representation.

2.4 Proposed Reorganization. The Reorganization is contemplated by the Parties upon the terms and conditions set forth in this Agreement. The Parties anticipate proceedings will be commenced by LAFCO following the execution and adoption of a resolution by BFPD to initiate the Reorganization and the execution and adoption of this Agreement by the Parties as set forth above.

2.5 Parties Consensus. The Parties understand that the Reorganization as contemplated in this Agreement is essential to the plan for providing services required by LAFCO in its consideration of the Reorganization application.

NOW, THEREFORE, in consideration for the promises and mutual covenants set forth herein, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 3. TERMS

3.1 BFPD Obligations.

3.1.1 Resolution of Initiation. BFPD shall continue to diligently pursue the approval of the Reorganization Application following the adoption of a Resolution of Initiation on Monday, March 7, 2022.

3.1.2 Application. BFPD shall submit a signed application, with a copy of the adopted resolution, within 30 days of this enacted Agreement to begin the LAFCO process.

3.1.3 Consent. BFPD hereby irrevocably consents to the Reorganization pursuant to the terms of this Agreement and the Reorganization Application submitted pursuant to Section 3.1.2. BFPD shall cooperate in every reasonable way with the requests of LAFCO. Said cooperation shall include, but not be limited to, the filing of all necessary applications, plans, and any other documentation or information required by SVFPD, LAFCO or any public agency associated with the Reorganization process.

3.1.4 Interim Fire Chief Expenses. BFPD hereby agrees to fund the identified governmental entity, existing BFPD firefighter personnel, or consulting firm for services as the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator. Invoices from the identified governmental entity, existing BFPD firefighter personnel, or consulting firm will be submitted as specified in the agreement between the parties. If an existing BFPD firefighter is hired as an interim fire chief, policies and procedures clearly defining the role of the BFPD Board and the BFPD interim fire chief as part of this Reorganization must be adopted within 30 days of this enacted Agreement. Any rules and regulations, outlined in the policies and procedures as part of this Reorganization of the services from the identified governmental entity, existing BFPD firefighter personnel, or consulting firm shall be a breach of this Agreement.

3.1.5 Community Outreach. BFPD hereby agrees to coordinate with the Parties to cohost community forums, whether in-person or virtual, to educate the Branciforte community about the Reorganization process. Such forums shall be hosted collaborative with the following representatives: (1) BFPD's interim fire chief, executive director, general manager, or district administrator and no more than two board members, (2) SVFPD's fire chief and no more than two board members, (3) LAFCO's Executive Officer and no more than two Commissioner.

3.1.6 Agreement Not to Challenge or Support Challenge. The Parties shall not file lawsuits or to directly or indirectly support litigation filed by others, either as a party, through financial contributions, providing staff support, or by failing to aggressively defend such litigation, that challenges the adequacy of the Reorganization.

3.2 SVFPD Obligations.

3.2.1 Support. SVFPD may provide administrative and operational support throughout the Reorganization process, including but not limited to, payroll and billing services. Additionally, SVFPD may provide additional assistance if requested by BFPD. Such request must be mutually agreed upon by SVFPD's fire chief and BFPD's interim fire chief, executive director, general manager, or district administrator.

3.2.2 Consent. SVFPD hereby irrevocably consents to the Reorganization pursuant to the terms of this Agreement and the Reorganization Application submitted pursuant to Section 3.1.2. SVFPD shall cooperate in every reasonable way with the requests of LAFCO. Said cooperation shall include, but not be limited to, the filing of all necessary applications, plans, and any other documentation or information required by LAFCO or any public agency associated with the Reorganization process.

3.2.3 Agreement Not to Challenge or Support Challenge. The Parties shall not file lawsuits or to directly or indirectly support litigation filed by others, either as a party, through financial contributions, providing staff support, or by failing to aggressively defend such litigation, that challenges the adequacy of the Reorganization.

3.3 LAFCO Obligations.

3.3.1 Application. LAFCO shall process the application submitted by BFPD in accordance with the CKH Act.

3.3.2 Support. LAFCO may provide guidance and assistance to the Parties regarding the LAFCO process, including but not limited to, fulfilling the statutory requirements under the CKH Act. Additionally, LAFCO may provide administrative assistance if requested by BFPD. Such services include but are not limited to assisting with board meetings, community forums, or other outreach efforts.

3.3.3 Interim Fire Chief. The Commission hired the Fire Reorganization Consulting, LLC ("Fire Consultant") on March 2, 2022 to help LAFCO staff with fire-related projects. Concurrently with approval of this Agreement, BFPD has or may contract with the Fire Consultant to provide interim administrative services at the hourly rate as specified in the agreement between the parties. LAFCO agrees that the Fire Consultant shall not provide services to LAFCO regarding the Reorganization if hired for the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator. If the Fire Consultant is not hired for the temporary, interim supervisorial position, whether as a fire chief, executive director, general manager, or district administrator, then the Fire Consultant, with LAFCO's approval, may provide assistance to the identified interim fire chief throughout the Reorganization process.

ARTICLE 4. REORGANIZATION

4.1 Reorganization. For purposes of this Agreement, a Reorganization is defined as the dissolution of Branciforte Fire Protection District and the concurrent annexation of the dissolved area into Scotts Valley Fire Protection District. In accordance with the CKH Act, all assets and liabilities, revenues and expenditures, facilities and apparatuses, district files and records, and other identified items will be transferred over to SVFPD following the Reorganization's date of recordation.

4.2 New Benefit Assessment Consideration. If determined by Branciforte Fire Protection District and/or Scotts Valley Fire Protection District, the residents of the Branciforte community will have an opportunity to vote on whether to support a new special tax to keep the Branciforte Fire Station open with a two-person crew minimum. This election will be conducted during the November 2022 General Election, unless the Parties agree on a different date. If the new special tax fails, the Reorganization will continue with an alternative designation for the Branciforte Fire Station.

4.3 Timing. The effective date of the Reorganization will be the Certificate of Completion's recordation date.

5.1 Remedies. Subject to the limitations herein, in the event of a breach of this Agreement, the non-breaching party may at its option institute legal action to cure, correct, or remedy such breach, enjoin any threatened or attempted violation, or enforce the terms of this Agreement by specific performance. In the event of any breach of this Agreement, the non-breaching party shall have the right to pursue against the breaching party, any and all remedies that are available at law or at equity for breach of contractual obligation, provided however, that in no event shall BFPD have the right to sue SVFPD or LAFCO or any SVFPD or LAFCO officials, employees, contractors or agents for damages or monetary relief arising out of the SVFPD's or LAFCO's default of its obligations set forth in this Agreement, the Parties agreeing that declaratory and injunctive relief, mandate, and specific performance shall be BFPD's sole and exclusive judicial remedy. The prevailing part in any such litigation shall be entitled to its attorney's fees and costs.

ARTICLE 6. GENERAL PROVISIONS

6.1 Duration. This Agreement will remain in place until the Reorganization is finalized. If BFPD, SVFPD, and/or LAFCO decide to oppose, deny, withdraw, or stop the Reorganization process, then the Agreement will be terminated. This LAFCO does not and cannot warrant LAFCO's approval of the Reorganization.

6.2 Attorney's Fees. In the event that any Party brings any legal action to interpret or enforce any provision of this Agreement, the prevailing Party in that action shall be entitled to receive, in addition to all other available relief, costs of litigation and reasonable attorneys' fees, including expert witness fees, costs and fees incurred on appeal and in enforcing any judgment which may be rendered on the underlying action.

6.3 No Third Party Beneficiaries. Except as provided in Section 6.10, the Parties expressly acknowledge that they do not intend, by their execution of this Agreement, to benefit any person or entities not signatory to this Agreement. Except as provided by Section 6.10, no person or entity not a signatory to this Agreement will have any rights or causes of action against the Parties, or any combination thereof, arising out of or due to the Parties' entry into this Agreement.

6.4 Governing Law. This Agreement shall be interpreted and enforced in accordance with the provisions of California law, without regard to conflicts of laws provisions. Any litigation shall be held in a court of competent jurisdiction located in Santa Cruz County, California.

6.5 Notice. Unless otherwise permitted by this Agreement, all notices to be given shall be in writing and may be made by personal delivery, certified mail, postage prepaid and return receipt requested. Mailed notices shall be addressed to the Parties at the addresses listed below, but each party may change the address by written notice in accordance with this paragraph. Receipt will be deemed made as follows: notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated on receipt or region.

Pre-Reorganization Agreement

If to BFPD: Branciforte Fire Protection District 2711 Branciforte Drive Santa Cruz, CA 95065

If to SVFPD:

Scotts Valley Fire Protection District 7 Erba Lane Scotts Valley, CA 95066

If to LAFCO:

Local Agency Formation Commission of Santa Cruz County 701 Ocean Street, Room 318-D Santa Cruz, CA 95060

6.6 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall constitute an original.

6.7 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements, either written or oral, express or implied.

6.8 Further Acts. The Parties agree to execute such additional documents and to take such further actions as are reasonably necessary to accomplish the objectives and intent of this Agreement.

6.9 Waiver. The failure of any Party to insist upon strict compliance with any provision of this Agreement or to exercise any right or privilege provided herein, or any Party's waiver of any breach hereunder unless in writing, shall not relieve any other Party of any of obligations hereunder, whether of the same or similar type. The foregoing shall be true whether the waiving Party's actions are intentional or unintentional.

6.10 Authorization to Execute. The signatories to this Agreement warrant that they have been lawfully authorized by their respective Parties to execute this Agreement on their behalf. Upon request, the Parties shall deliver all applicable bylaws, resolutions, or other documents evidencing the signatories' legal authority to execute this Agreement on behalf of the respective Parties.

6.11 Severability. If any provision or clause of this Agreement or any application of it to any person, firm, organization, partnership or corporation is held invalid, such invalidity shall not affect other provisions of this Agreement which can be given effect without the invalid provision or application. To this end, the provisions of this Agreement are declared to be severable.

6.12 Compliance with other Rules and Regulations. BFPD and SVFPD shall comply with all other applicable rules and regulations of LAFCO and all other public agencies having jurisdiction over the Reorganization area. This Agreement does not abrogate, limit or modify any other of Parties' rights which are provided by common law, statute, ordinance or regulation.

6.13 Lack of Reorganization. In the event that BFPD does not dissolve and concurrently annex into SVFPD, the Parties are not bound by the obligations of this Agreement and the Parties retain any of their respective pre-Reorganization rights and duties as local governmental entities. Such inaction may result in BFPD from being able to operate as a special district due to the legal requirements under its Principal Act, the Brown Act, and other state mandates.

"LAFCO" By: Joe Serrano, Executive Officer

Date: 3/14/22

Approved as to form: By:

Joshua Nelson, General Counsel

Date: 4/15/2022

"SVFPD"

By:

Russ Patterson, Board President

Date:

Approved as to form:

By: _____

Phillip A. Passafuime, General Counsel Date:

"BFPC By:

Pat O'Connell, Board President Date: 3-14-22

Approved as to form:

By: _____

Travis Cochran, General Counsel

Pre-Reorganization Agreement

6.12 Compliance with other Rules and Regulations. BFPD and SVFPD shall comply with all other applicable rules and regulations of LAFCO and all other public agencies having jurisdiction over the Reorganization area. This Agreement does not abrogate, limit or modify any other of Parties' rights which are provided by common law, statute, ordinance or regulation.

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"LAFCO"

Ву: _____

Joe Serrano, Executive Officer

Date: _____

Approved as to form:

By: _____

Joshua Nelson, General Counsel

Date: _____

"SVFPD" By: ____

Russ Patterson, Board President Date: 4/13/2027

Approved as to form:

By: ku

Phillip A. Passafuime, General Counsel Date: 4 - 13 - 22

"BFPD"

Ву: _____

Pat O'Connell, Board President

Date: _____

Approved as to form:

By: _____

Travis Cochran, General Counsel
Date:

Pre-Reorganization Agreement

Page 8 of 8

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6.13 Lack of Reorganization. In the event that BFPD does not dissolve and concurrently annex into SVFPD, the Parties are not bound by the obligations of this Agreement and the Parties retain any of their respective pre-Reorganization rights and duties as local governmental entities. Such inaction may result in BFPD from being able to operate as a special district due to the legal requirements under its Principal Act, the Brown Act, and other state mandates.

"LAFCO"

By: _______ Joe Serrano, Executive Officer

Date: 3/14/22

"BEP Bv:

Date:

Pat O'Connell, Board President

Approved as to form:

By:

Joshua Nelson, General Counsel

Date:

Approved as to form: By: ____ Travis Cochran, General Counsel Date: 3/24/22

"SVFPD"

By:

Russ Patterson, Board President

Date:

By:



Approved as to form:

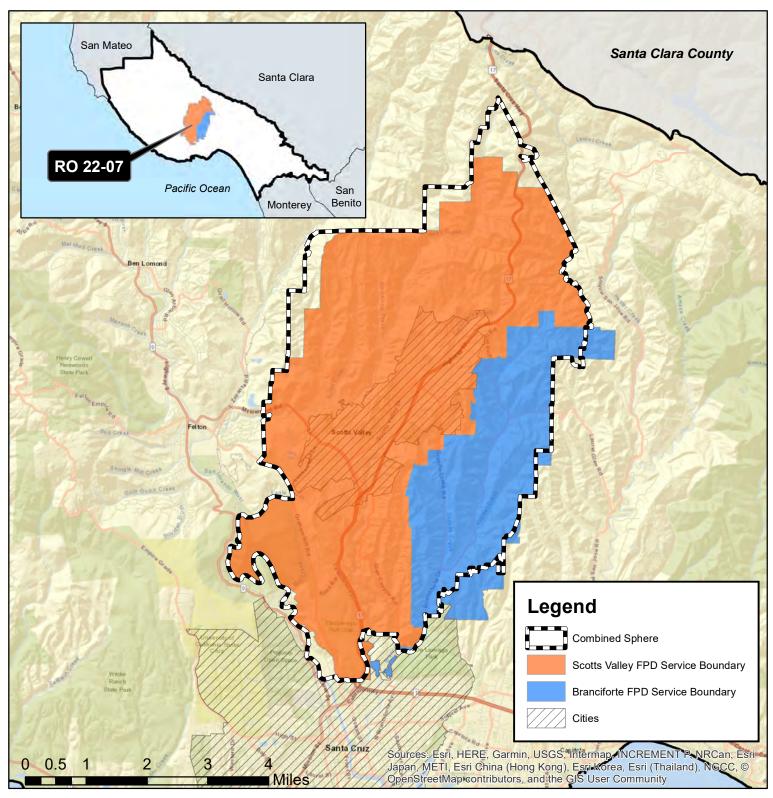
Phillip A. Passafuime, General Counsel
Date:

Pre-Reorganization Agreement

Page 8 of 8

EXHIBIT D:

Current "Combined" Sphere Boundary



"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.

Page 57 of 105

EXHIBIT E:

Tentative Reorganization Timeline (as of 5/3/23)

"Branciforte Fire Protection District Reorganization" (Tenative Timeline - Completed and Scheduled Milestones)

Milestones Completed	Responsible Agency	Target Date	Description
1) Discussion Application Requirements	BFPD, SVFPD, and LAFCO	September 2021 to March 2022	Discuss the LAFCO process, proposal area, and application requirements to transfer service responsibilities from BFPD to SVFPD.
			Any change of organization (i.e. reorganization of two fire districts) requires initiation by the affected agency(ies), affected
2) Submit Application to LAFCO	BFPD	April 1, 2022	landowners/registered voters, or by LAFCO. BFPD adopted a resolution of initaiton on February 24, 2022. An application must fulfill the statutory requirements under LAFCO law.
3) Review Application	LAFCO	April 27, 2022	Pursuant to state law, LAFCO will identify any missing items to the applicant within 30 days. Concurrently, LAFCO will
(Status/Referral Letters) 4) Host Study Session		April 27, 2022	solicit comments from affected and interested agencies/parties. BFPD and LAFCO will host a virtual educational study session to inform the community about the reorganization effort,
(Virtual Event)	BFPD & LAFCO	September 14, 2022	discuss the future of the Branciforte Fire Station, and answer any questions by the residents.
 Host Study Session (In-Person Event) 	BFPD & LAFCO	September 14, 2022	BFPD and LAFCO will host an in-person educational study session to inform the community about the reorganization effort, discuss the future of the Branciforte Fire Station, and answer any questions by the residents.
6) Hire Consulting Firm to Produce			Based on the input from the community, the Board will consider hiring SCI Consulting to produce a benefit assessment
Benefit Assessment Study	BFPD	October 20, 2022	study to determine the cost to keep the Branciforte Fire Station open post-reorganization.
			One board member resigned from BFPD on November 7, 2022. In accordance with state law, BFPD will post a Notice of
7) Post Notice of Vacancy	BFPD	December 1, 2022	Vacancy to solicit applications from eligible candidates who live within BFPD and are registered voters. Deadline to submit applications will be December 16, 2022.
			A second board member residented from BFPD on December 7, 2022. A new Notice of Vacancy will be posted with a
8) Post Updated Notice of Vacancy	BFPD	December 16, 2022	new deadline to submit applications (December 30). Eligible candidates may apply for either seat or both. A special meeting will be conducted to appoint the two new members.
9) Conduct Board Meeting	BFPD	January 19, 2023	Appoint two new board members to address the current vacancies on the BFPD Board.
(Appoint New Board Members)	BITB	bandary 10, 2020	BFPD will review the draft study and determine whether a mailed-in election process will be conducted. Registered Voters
10) Review Draft Report (BFPD Study Session)	BFPD & LAFCO	February 10, 2023	within BFPD will vote to approve the proposed benefit assessment measure to fund the BFPD Fire Station with two full-
11) Discuss Application Status	BFPD, SVFPD,		time paramedic firefighters. Address any pending items (ex. Plan for Service). These items must be resolved before LAFCO staff can deem this
(Pending Items)	and LAFCO	February 15, 2023	project complete and ready for Commission consideration.
12) Conduct Board Meeting (Schedule Election Process)	BFPD & LAFCO	March 16, 2023	The BFPD will decide if they will coordinate with the County Election's Department to determine how to properly organize and schedule the vote-by-mail process for the proposed benefit assessment.
13) Adopt Property Tax Agreement	County	March 28, 2023	The County will need to determine the transfer of ad valorem property tax revenues to fulfill the requirements of Section 99
14) CALPERS Actuarial Report	CALPERS	April 10, 2023	of the Revenue and Taxation Code. Unanimously approved by BOS. CalPERS will provide an actuarial report showing SVFPD as the successor agency of BFPD's existing pension
14) CALPERS Actuarial Report	CALPERS	April 10, 2023	obligations. BFPD will host an in-person educational study session to inform the community about the reorganization effort, discuss
15) Host Educational Workshop	BFPD	April 22, 2023	the proposed benefit assessment process, and answer any questions by the residents.
(In-Person Setting)	Beenensible Ageney	Target Date	1 of 4 workshops (2 in-person; 2 virtual)
Milestones To Be Completed	Responsible Agency	Target Date	Description BFPD will host an in-person educational study session to inform the community about the reorganization effort, discuss
 Host Educational Workshop (Virtual Setting) 	BFPD	May 11, 2023	the proposed benefit assessment process, and answer any questions by the residents. 2 of 4 workshops (2 in-person; 2 virtual)
17) Complete Certificate of Filing	LAFCO	May 18, 2023	Pursuant to State law, LAFCO's Executive Officer will deem the project complete when a Certifcate of Filing is signed. All
			required documents and actions need to be accomplished before this step is taken. BFPD will host an in-person educational study session to inform the community about the reorganization effort, discuss
 Host Educational Workshop (In-Person Setting) 	BFPD	May 21, 2023	the proposed benefit assessment process, and answer any questions by the residents.
19) Advertise LAFCO Hearing in	14500	May 22, 2022	3 of 4 workshops (2 in-person; 2 virtual) Pursuant to State law, LAFCO will advertise the consideration of the proposed reorganization in a newspaper(s) at least
Newspaper(s)	LAFCO	May 22, 2023	21-days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper). BFPD will host an in-person educational study session to inform the community about the reorganization effort, discuss
20) Host Educational Workshop (Virtual Setting)	BFPD	June 7, 2023	the proposed benefit assessment process, and answer any questions by the residents.
21) Conduct LAFCO Hearing			4 of 4 workshops (2 in-person; 2 virtual) The Commission will consider the proposed change of organization in a public forum. Affected/interested
(Consider Proposal)	LAFCO	June 14, 2023	agencies and members of the public will have an opportunity to address the Commission on this matter.
22) Record CEQA Document	LAFCO	June 15, 2023	The affected parties and LAFCO must determine which environmental document will be needed to fulfill the requirements of the California Environmental Quality Act. LAFCO may act as the Lead Agency.
			Pursuant to state law, the request for reconsideration period is 30 days.
23) Conduct 30-day Request for		June 15, 2023 to	Reconsideration: If the reorganization is approved, any person or affected agency may file a written request with the
Reconsideration Period	LAFCO	July 14, 2023	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.
24) Mailed-In Election Results	BFPD	July 20, 2023	BFPD will certify the results of the mailed-in election. A public hearing will also occur on this date.
(If Conducted)		July 24, 2022	State law requires LAFCO to conduct a protest proceeding and notify the affected residents. A protest notice will
25) Mail-Out Protest Notice 26) Advertise LAFCO Protest	LAFCO	July 21, 2023	be mailed to the landowners/registered voters. Pursuant to State law, LAFCO will advertise the protest proceedings for the reorganization in a newspaper(s) at least 21-
Hearing in Newspaper(s)	LAFCO	July 27, 2023	days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper).
			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
		July 27, 2023 to	Commission's action (i.e. approval of the reorganization).
27) Conduct Protest Proceedings	LAFCO	August 25, 2023	If less than 25% oppose, then Commission action holds
		(30 days)	It 25%-50% oppose, then election is required
28) Conduct Protest Hearing			If more than 50% oppose, then Commission action is terminated
(Collect Final Petitions)	LAFCO	August 25, 2023	A protest hearing will be held to receive any final protest petitions from affected residents/landowners.
29) Conduct LAFCO Hearing (Adopt Protest Results)	LAFCO	September 6, 2023	Pursuant to state law, LAFCO will adopt a resolution acknowledging the results of the protest proceedings.
30) Complete Terms & Conditions	BFPD, SVFPD,	September 2023	The adopted resolution from the June 2023 LAFCO Meeting will list a number of terms and conditions. The affected parties will be responsible to fulfill such conditions prior to recordation, including but not limited to legislative assistance,
· ·	and LAFCO		bond measures, etc.
31) Record Proposal (Officially Dissolve BFPD and		September - October	<u>LAFCO:</u> Recordation of the approved proposal with the County and the State Board of Equalization.
Concurrently Annex Dissolved	LAFCO	2023	BFPD-SVFPD: The effective date of the reoreganization may be the day of recordation or a specified date. The affected
Area to SVFPD) 32) Distribute Certificate of		September -	parties may specify the effective date as a potential condition in the LAFCO resolution. LAFCO will send a copy of the Certificate of Completion, which includes the adopted resolution, to all affected/interested
Completion 33) State Board of Equalization	LAFCO	October 2023	parties.
(Update Tax Roll)	SBE	October 2023	Reorganization will be reflected in new tax roll.
Eastnate: Ear Discussion Purposes Onl			

Footnote: For Discussion Purposes Only; Dates Subject to Change

EXHIBIT F:

Branciforte Advisory Commission (Draft Policy & Bylaws)

Establishment – Statutory authority.

The Scotts Valley Fire Protection District establishes the Branciforte Fire Advisory Commission under the authority of Government Code Section 13596.

Membership.

- (A) The Commission shall consist of five members, residents of the Branciforte Service Zone (former territory of the Branciforte Fire Protection District), appointed by the Board of Directors.
- (B) Prospective members shall submit a letter of interest to the Fire Chief. The Fire Chief shall recommend members for appointment by the Board of Directors.

Term of office.

Each member shall serve a term of four years, with terms beginning January 1 of odd years. Terms shall be staggered i.e. two seats in the first cycle and three seat in the second cycle. The initial members shall draw lots to determine which serve two year terms and which serve four year terms.

Organization and procedures

- (A) General Organization. The Commission shall comply with all Scotts Valley Fire Protection District policies, particularly those governing conduct of Board meeting and Committees of the Board of Directors.
- (B) Staff Support. The Fire Chief shall provide staff support for the Commission as appropriate.
- (C) Meetings. The Commission shall meet twice yearly; during budget preparation and again at the time of mid-year budget review. With approval of the Fire Chief, the Commission may convene additional meetings for specific purposes, but in no case will more than four meetings be held in a calendar year.
- (D) Quorum. A quorum must be present in order for any matters requiring a vote to be acted on. A quorum shall be one person more than one-half the appointed members.

Powers and duties.

The Commission shall make efforts to ensure the interests of the Branciforte community are protected and promoted by monitoring, studying, and advising the Fire Chief and the Board of Directors on:

- (A) The preparation and implementation of Scotts Valley Fire Protection District plans and processes, including the development of Master Plans, Strategic Plans, Standards of Cover, Capital Plans, Community Wildfire Protection Plans, and Annual Budgets.
- (B) The continued use and maintenance of the Branciforte Fire Station.
- (C) The continued collection and allocation of Measure T funds.
- (D) The Commission shall also serve as a liaison to community-based groups such as Firewise Communities, Community Emergency Response Teams, and others as may be organized.
- (E) Such other matters relating to the Fire District's services and programs as the Commission desires to bring to the attention of the Fire Chief and the Board of Directors.

I. DUTIES AND RESPONSIBILITIES

The Commission shall exercise those duties and responsibilities set forth for the Commission in Scotts Valley Fire Protection District Policy (Enter Policy No.)

II. MEETINGS

1. The regular meeting of the Commission shall be held twice each calendar year, by schedule, as determined by a majority of Commission members each January.

Special meetings may be called by the Chair, or by a majority vote of the Commission, during any regular or special meeting and must be approved by the Fire Chief. A quorum is represented by a simple majority of those Commissioners currently appointed.

Meetings will typically be held at the Branciforte Fire Station.

- 2. At least seventy-two (72) hours prior to each regular meeting, an agenda shall be mailed to each Commission member and to any person or organization which has submitted a written request to the Commission for notification of meetings and shall be posted at a location that is freely accessible to the public. The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting.
- 3. Notice for a special meeting must be received at least twenty-four (24) hours prior to the time of the meeting. An agenda for the special meeting shall be mailed to each Commission member and to each person or organization which has submitted a written request to the Commission for notification of meetings and shall be posted at least twenty-four (24) hours prior to the special meeting at a location that is freely accessible to members of the public. No business other that that listed on the agenda shall be considered at a special meeting.
- 4. A person shall not be required to register his or her name or fulfill any other obligation as a condition to attendance at any meeting of this Commission but may volunteer such information for inclusion in the Commission minutes.
- 5. The meetings will be conducted in accordance with Roberts Rules of Order Revised unless otherwise specified by the authorizing legislation or these bylaws.

III. OFFICERS

- 1. The officers of the Commission are the Chair, Vice-Chair, and Secretary.
- 2. The duties of the Chair are to preside over the meetings, prepare agendas, and execute all documents on behalf of the Commission. The Vice-Chair shall assume these same duties in the absence of the Chair. The Secretary shall keep minutes of each meeting.
- 3. Election of officers shall take place at the annual organizational meeting held in January of each year at a day, time and place to be announced in its meeting notice. Term of office is limited to one year.

IV. AGENDAS

- 1. No action or discussion shall be undertaken on any item not appearing on the posted agenda except that members of the Commission may briefly respond to statements made or questions posed by persons exercising their public testimony rights or ask a question for clarification, refer the matter to staff or to other resources for factual information, or request staff to report back at a subsequent meeting concerning any matter.
- 2. Notwithstanding, the foregoing action may be taken on a item of business not appearing on the posted agenda upon a determination by two-thirds vote of the membership of the Commission, or if less than two-thirds of the members are present, by unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the Commission subsequent to the agenda being posted.
- 3. Community oral communication will be heard as the first item of business on each agenda. Oral communication shall be limited to non-agenda items which are within the subject matter jurisdiction of the Commission.
- 4. Public comments presented during oral communication will be limited to three minutes.
- 5. The Chair of the Commission may establish reasonable limits on the amount of time allotted to each speaker on a particular item.
- 6. The Chair may establish a reasonable limit on the total amount of time allotted for public testimony of a particular item or the total amount of time allotted for community oral communications.
- 7. When further discussion is required, the Commission may vote to allot time in the agenda of the following meetings.

V. COMMITTEES

- 1. Committees or task forces may be appointed as needed by the Chair with the majority approval of the Commission. The Chair, with the majority approval of the Commission, shall terminate the committee when its function is no longer necessary.
- 2. All committees shall comply with the notice and agenda requirements otherwise applicable to the Commission in these Bylaws, except for committees composed solely of less than a quorum of the members of the Commission which are not standing subcommittees of the Commission with either a continuing subject matter jurisdiction or a meeting schedule fixed by resolution or other formal action of the Commission.

VI. PUBLIC INPUT

Beside public input on non-agenda items as described in Item 4 (c), the public may comment on agenda items before or during the Commission consideration of the item. Comments should be directly related to the agenda item and be concise. The Chair shall regulate such comments to insure they come at an appropriate time to be considered in Commission deliberations and are not too long or duplicative. Written materials may also be submitted related to agenda items. These shall be considered as part of the Commission deliberations.

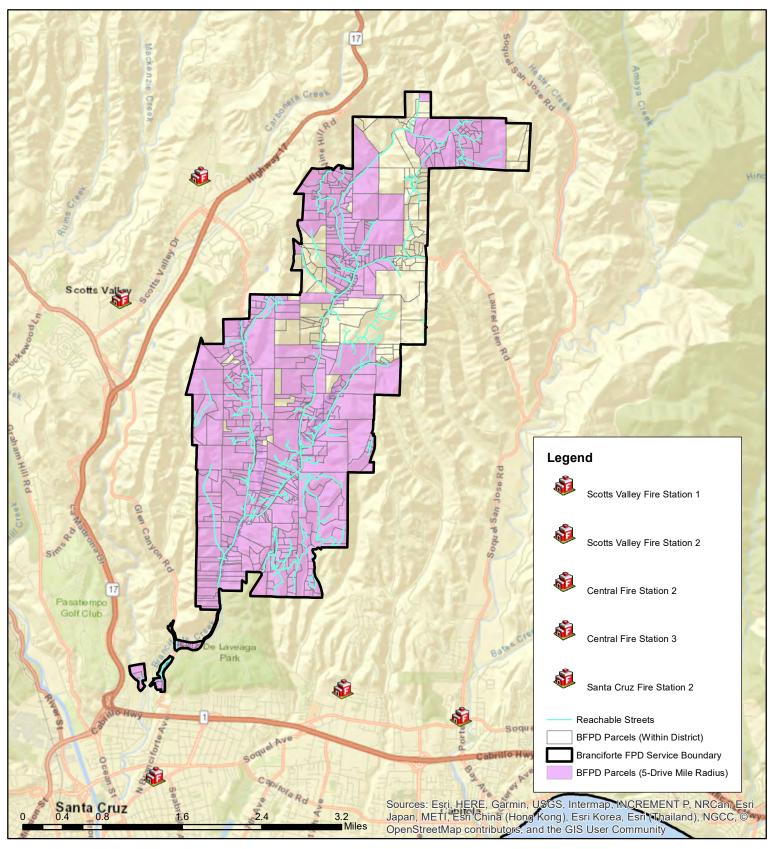
VII. AMENDMENTS TO BYLAWS

- 1. Amendments to these Bylaws may be recommended to the Board of Directors by a majority vote of the Commission.
- 2. These Bylaws, and any subsequent amendments thereto, shall be approved by the Board of Directors pursuant to Scotts Valley Fire District Policy (Enter Policy No.).
- 3. Proposed amendments shall be sent out with the agendas.

Chair, Branciforte Fire Advisory Commission
Date Adopted by Commission:
Chair, Scotts Valley Fire District Board of Directors
Date Adopted by Board of Directors:

EXHIBIT G:

5-Driving Mile Distance (without Branciforte Fire Station)



Branciforte Fire Protection District (Surrounding Fire Stations)

Based on LAFCO's analysis, 655 out of 745 parcels (88%) can be reached by surrounding fire stations (with at least 3 firefighers) within a 5-mile driving distance excluding the B40 Fire Station in operation. This means that 90 parcels (12%) will be beyond a 5-mile driving distance from a fire station if the B40 station does not obtain proper funding or staffing.

EXHIBIT H:

5-Driving Mile Distance (with Branciforte Fire Station)

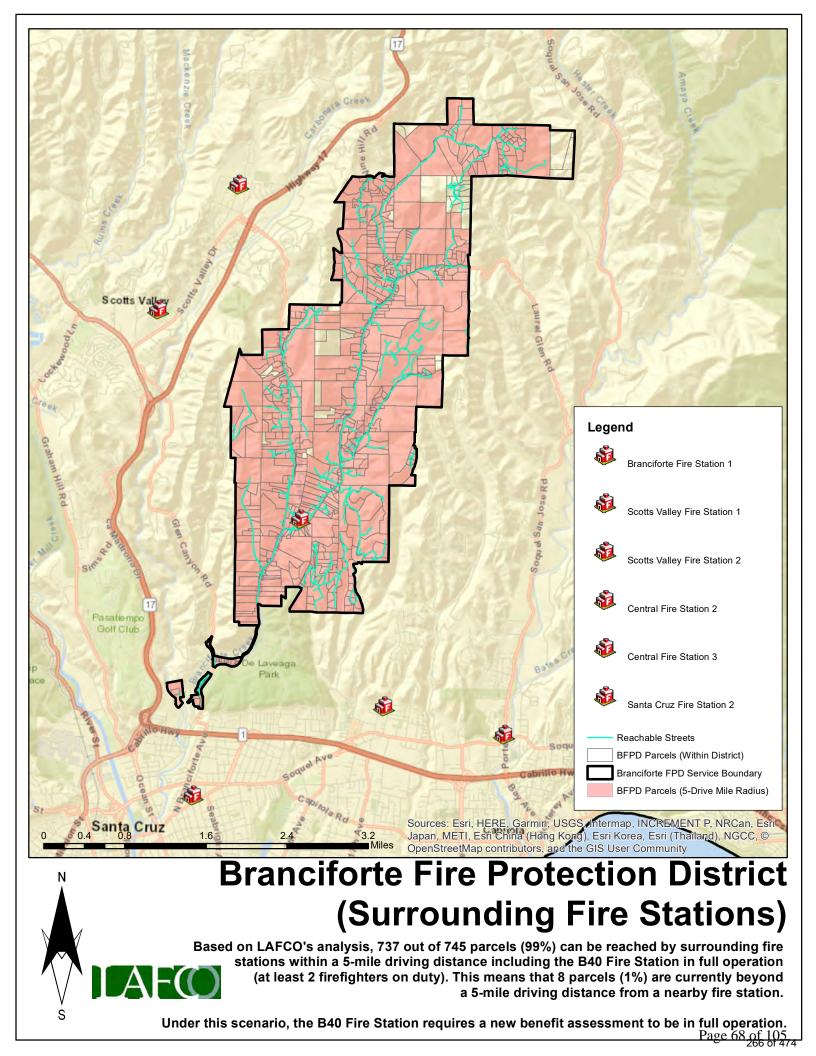


EXHIBIT I:

CalPERS Cost Analysis (dated 4/4/23)



California Public Employees' Retirement System Actuarial Office 400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744 888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | <u>www.calpers.ca.gov</u>

April 4, 2023

Safety Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040) Amendment Actuarial Valuation Report as of June 30, 2021

Section 20508 Cost Analysis for Merger with Branciforte Fire Protection District

Dear Requestor:

A cost analysis for the valuation(s) requested above and related information is enclosed.

The change in the employer contribution rate, as of the effective date of the proposed merger, is displayed on page 3.

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.

This cost analysis expires July 1, 2023. A Resolution of Intention **declaring the agency's intent** to amend the contract must be approved by the agency's governing body. The approved resolution must be received by this office on or before July 1, 2023. If either of these two conditions is not met, an updated cost analysis is required to merge the contracts. An updated cost analysis may be available as early as September 2023.

To complete the contract merger process based on the enclosed analysis, do the following:

- Complete and return the enclosed Contract Request and Schedule of Agency Actions forms. Within 90 days, CalPERS staff will send your agency the Resolution of Intention form for adoption.
- Complete and return the adopted Resolution of Intention to CalPERS on or before July 1, 2023. Adoption of the Final Resolution/Ordinance by this date is not required.

If you have questions about the cost analysis, please call (888) CalPERS (225-7377). Please ask to speak to a contract analyst for questions about the timing of the contract amendment. Please ask to speak to me for questions about this cost analysis.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS



Amendment Actuarial Valuation as of June 30, 2021

for the Safety Plan of the Scotts Valley Fire Protection District (CalPERS I D: 4027652040)

> Required Contributions for Fiscal Year July 1, 2023 – June 30, 2024

Introduction

This report presents the June 30, 2021 actuarial valuation results of the proposed merger of the Branciforte Fire Protection District with the Scotts Valley Fire Protection District Safety Plan, pursuant to Section 20508 of the **California Public Employees' Retirement Law.**

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68. A separate accounting valuation report for annual GASB reporting purposes is available from CaIPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Employer Contributions

The following tables show the change in the plans' employer contribution requirements for fiscal year 2023-24 due to the proposed merger. If the effective date of the proposed merger is prior to July 1, 2023, the contribution requirements for the remainder of fiscal year 2023-24 will remain unchanged.

	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
Development of Normal Cost as a	Fiscal Year 2023-24	Fiscal Year 2023-24	Fiscal Year 2023-24
Percentage of Payroll Base Total Normal Cost for Formula	31.82%	31.82%	31.82%
Surcharge for Class 1 Benefits ¹ a) FAC 1 Plan's Total Normal Cost	1.32% 33.14%	0.00% 31.82%	1.32% 33.14%
Plan's Employee Contribution Rate ² Employer Normal Cost Rate	<u>8.99%</u> 24.15%	<u>8.99%</u> 22.83%	<u>8.99%</u> 24.15%
Projected Payroll for Contribution Fiscal Year	\$1,949,471	\$169,596	\$2,119,067
Estimated Employer Contributions Based on Projected Payroll			
Plan's Estimated Employer Normal Cost	\$470,797	\$38,719	\$511,755
Plan's Payment on Amortization Bases % of Projected Payroll (illustrative only)	1,021,417 52.39%	68,255 40.25%	1,089,672 51.42%
Estimated Total Employer Contribution % of Projected Payroll (illustrative only)	\$1,492,214 76.54%	\$106,974 63.08%	\$1,601,427 75.57%
Required Employer Contributions			
Employer Normal Cost Rate <i>Plus, Either</i>	24.15%	22.83%	24.15%
1) Monthly UAL Payment Or	\$85,118.08	\$5,687.92	\$90,806.00
2) Annual UAL Prepayment*	\$988,365	\$66,046	\$1,054,411

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).

*Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).

¹ The Section 2 report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

 2 The rate displayed is the actual average employee contribution rate for the Risk Pool, which takes into account adjustments for Social Security contribution offsets. The required employee contribution, which is set by statute, is <<9%>> of pay.

Plan's Funded Status

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
1. Present Value of Projected Benefits (PVB)	\$54,346,477	\$4,006,414	\$58,379,757
2. Entry Age Accrued Liability (AL)	50,846,730	3,509,364	54,356,094
Plan's Market Value of Assets (MVA)	41,417,299	3,212,821	44,630,120
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	9,429,431	296,543	9,725,974
5. Funded Ratio [(3) / (2)]	81.5%	91.5%	82.1%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The tables below show the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with fiscal year 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. The projected normal cost percentages below reflect that the normal cost will continue to decline over time as new employees are hired into lower cost benefit tiers. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

Scotts Valley Fire Protection District

Pre-Merger										
	Required	F	Projected Future Employer Contributions							
	Contribution (Assumes 6.80% Return for Fiscal Year 2021-22)									
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29				
Normal Cost %	24.15%	24.2%	24.2%	24.2%	24.2%	24.2%				
UAL Payment	\$1,021,417	\$1,007,000	\$961,000	\$913,000	\$845,000	\$878,000				

Branciforte Fire Protection District

Pre-Merger										
	Required	Projected Future Employer Contributions								
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)								
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29				
Normal Cost %	22.83%	22.8%	22.8%	22.8%	22.8%	22.8%				
UAL Payment	\$68,255	\$0	\$0	\$0	\$0	\$0				

Scotts Valley Fire Protection District

Post-Merger										
	Required	Projected Future Employer Contributions								
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)								
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29				
Normal Cost %	24.15%	24.2%	24.2%	24.2%	24.2%	24.2%				
UAL Payment	\$1,089,672	\$1,007,000	\$961,000	\$913,000	\$845,000	\$878,000				

Schedule of Plan's Amortization Bases

The following pages display the amortization base schedules for Scotts Valley Fire Protection District before and after the proposed merger, as well as the amortization base schedule for Branciforte Fire Protection District before the proposed merger. Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Schedule of Plan's Amortization Bases (Continued)

	Date	Ramp Level		Escala- tion	Amort.	Balance	Expected Payment	Balance	Expected Payment	Balance	Minimum Required Payment
Reason for Base	Est.	2023-2	24 Shape	Rate	Period	6/30/21	2021-22	6/30/22	2022-23	6/30/23	2023-24
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	4,405,318	307,114	4,387,495	315,560	4,359,732	316,439
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	(267,710)	(18,663)	(266,627)	(19,177)	(264,939)	(19,230)
Share of Pre-2013 Pool UAL	6/30/13		No Ramp	2.80%	14	2,893,408	249,140	2,832,688	255,991	2,760,759	258,116
Assumption Change	6/30/14	100%	Up/Down	2.80%	13	1,943,428	195,423	1,873,623	200,798	1,793,517	203,023
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	(3,157,689)	(214,208)	(3,151,041)	(220,099)	(3,137,852)	(220,524)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	38,398	2,605	38,317	2,676	38,157	2,682
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	1,938,165	128,165	1,937,509	131,689	1,933,167	131,833
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	(6,988)	(462)	(6,986)	(475)	(6,970)	(475)
Assumption Change	6/30/16	100%	Up/Down	2.80%	15	761,230	56,013	755,108	71,942	732,108	72,603
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	2,523,969	132,014	2,559,170	169,555	2,557,968	169,601
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	(405,766)	(21,223)	(411,425)	(27,259)	(411,231)	(27,266)
Assumption Change	6/30/17	100%	Up/Down	2.80%	16	987,755	53,778	999,346	73,676	991,162	92,860
Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(1,251,743)	(49,192)	(1,286,025)	(67,393)	(1,303,828)	(84,199)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	31,162	1,225	32,015	1,678	32,458	2,096
Assumption Change	6/30/18	80%	Up/Down	2.80%	17	1,479,161	53,938	1,524,002	83,132	1,541,722	111,637
Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	(388,929)	(10,338)	(404,692)	(15,934)	(415,744)	(21,213)
Method Change	6/30/18	80%	Up/Down	2.80%	17	333,447	12,159	343,556	18,741	347,550	25,166
Non-Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	181,653	4,829	189,015	7,442	194,177	9,908
Investment (Gain)/Loss	6/30/19	60%	Up Only	0.00%	18	189,066	4,134	197,650	8,267	202,547	12,178
Non-Investment (Gain)/Loss	6/30/19		No Ramp	0.00%	18	220,837	20,152	215,028	20,152	208,824	19,799
Investment (Gain)/Loss	6/30/20	40%	Up Only	0.00%	19	863,999	0	922,751	20,213	964,609	39,652
Non-Investment (Gain)/Loss	6/30/20		No Ramp	0.00%	19	151,315	0	161,604	14,775	157,324	14,509
Assumption Change	6/30/21		No Ramp	0.00%	20	269,045	(19,772)	307,773	(20,326)	349,707	31,447
Net Investment (Gain)	6/30/21	20%	Up Only	0.00%	20	(4,064,124)	0	(4,340,484)	0	(4,635,637)	(99,642)
Non-Investment (Gain)/Loss	6/30/21		No Ramp	0.00%	20	(190,925)	0	(203,908)	0	(217,774)	(19,583)
Risk Mitigation	6/30/21		No Ramp	0.00%	1	1,228,060	(25,303)	1,337,717	(26,011)	1,455,563	1,504,238
Risk Mitigation Offset	6/30/21		No Ramp	0.00%	1	(1,276,111)	0	(1,362,887)	0	(1,455,563)	(1,504,238)
Total						9,429,431	861,528	9,180,292	999,613	8,771,513	1,021,417

Schedule of Plan's Amortization Bases (Continued)

	Branciforte Fire Protection District (Pre-Merger)										
											Minimum
		Ramp		Escala-			Expected		Expected		Required
	Date	Level	Ramp	tion	Amort.	Balance	Payment	Balance	Payment	Balance	Payment
Reason for Base	Est.	2023-24	Shape	Rate	Period	6/30/21	2021-22	6/30/22	2022-23	6/30/23	2023-24
Fresh Start	6/30/21	Nol	Ramp	0.00%	1	296,543	129,785	182,583	124,780	66,046	68,255
Total						296,543	129,785	182,583	124,780	66,046	68,255

Schedule of Plan's Amortization Bases (Continued)

		Daman		Facala			Eveneted		Eveneted		Minimum
	Date	Ramp Level	Ramp	Escala- tion	Amort.	Balance	Expected Payment	Balance	Expected Payment	Balance	Required Payment
Reason for Base	Est.	2023-24		Rate	Period	6/30/21	2021-22	6/30/22	2022-23	6/30/23	2023-24
Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	4,405,318	307,114	4,387,495	315,560	4,359,732	316,439
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Down	2.80%	22	(267,710)	(18,663)	(266,627)	(19,177)	(264,939)	(19,230)
Share of Pre-2013 Pool UAL	6/30/13		o Ramp	2.80%	14	2,893,408	249,140	2,832,688	255,991	2,760,759	258,116
Assumption Change	6/30/14	100%	Up/Down	2.80%	13	1,943,428	195,423	1,873,623	200,798	1,793,517	203,023
Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	(3,157,689)	(214,208)	(3,151,041)	(220,099)	(3,137,852)	(220,524)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Down	2.80%	23	38,398	2,605	38,317	2,676	38,157	2,682
Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	1,938,165	128,165	1,937,509	131,689	1,933,167	131,833
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Down	2.80%	24	(6,988)	(462)	(6,986)	(475)	(6,970)	(475)
Assumption Change	6/30/16	100%	Up/Down	2.80%	15	761,230	56,013	755,108	71,942	732,108	72,603
Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	2,523,969	132,014	2,559,170	169,555	2,557,968	169,601
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Down	2.80%	25	(405,766)	(21,223)	(411,425)	(27,259)	(411,231)	(27,266)
Assumption Change	6/30/17	100%	Up/Down	2.80%	16	987,755	53,778	999,346	73,676	991,162	92,860
Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	(1,251,743)	(49,192)	(1,286,025)	(67,393)	(1,303,828)	(84,199)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Down	2.80%	26	31,162	1,225	32,015	1,678	32,458	2,096
Assumption Change	6/30/18	80%	Up/Down	2.80%	17	1,479,161	53,938	1,524,002	83,132	1,541,722	111,637
Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	(388,929)	(10,338)	(404,692)	(15,934)	(415,744)	(21,213)
Method Change	6/30/18	80%	Up/Down	2.80%	17	333,447	12,159	343,556	18,741	347,550	25,166
Non-Investment (Gain)/Loss	6/30/18	80%	Up/Down	2.80%	27	181,653	4,829	189,015	7,442	194,177	9,908
Investment (Gain)/Loss	6/30/19	60%	Up Only	0.00%	18	189,066	4,134	197,650	8,267	202,547	12,178
Non-Investment (Gain)/Loss	6/30/19		o Ramp	0.00%	18	220,837	20,152	215,028	20,152	208,824	19,799
Investment (Gain)/Loss	6/30/20	40%	Up Only	0.00%	19	863,999	0	922,751	20,213	964,609	39,652
Non-Investment (Gain)/Loss	6/30/20	No	o Ramp	0.00%	19	151,315	0	161,604	14,775	157,324	14,509
Assumption Change	6/30/21		o Ramp	0.00%	20	269,045	(19,772)	307,773	(20,326)	349,707	31,447
Net Investment (Gain)	6/30/21	20%	Up Only	0.00%	20	(4,064,124)	0	(4,340,484)	0	(4,635,637)	(99,642)
Non-Investment (Gain)/Loss	6/30/21		o Ramp	0.00%	20	(190,925)	0	(203,908)	0	(217,774)	(19,583)
Risk Mitigation	6/30/21		o Ramp	0.00%	1	1,228,060	(25,303)	1,337,717	(26,011)	1,455,563	1,504,238
Risk Mitigation Offset	6/30/21		o Ramp	0.00%	1	(1,276,111)	0	(1,362,887)	0	(1,455,563)	(1,504,238)
Merger (Branciforte)	6/30/21	No	o Ramp	0.00%	1	296,543	129,785	182,583	124,780	66,046	68,255
Total						9,725,974	991,313	9,362,875	1,124,393	8,837,559	1,089,672

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CaIPERS Funding Risk Mitigation policy. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22	Projected Employer Contributions									
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29					
3.0% (5 th percentile)										
Normal Cost Rate	24.2%	24.2%	24.2%	24.2%	24.2%					
UAL Contribution	\$1,045,000	\$1,079,000	\$1,149,000	\$1,242,000	\$1,477,000					
10.8% (95 th percentile)										
Normal Cost Rate	24.6%	25.0%	25.4%	25.8%	26.3%					
UAL Contribution	\$971,000	\$854,000	\$694,000	\$0	\$0					

Scotts Valley Fire Protection District (Pre-Merger)

Scotts Valley Fire Protection District (Post-Merger)

Assumed Annual Return FY 2021-22	Projected Employer Contributions									
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29					
3.0% (5 th percentile)										
Normal Cost Rate	24.2%	24.2%	24.2%	24.2%	24.2%					
UAL Contribution	\$1,048,000	\$1,088,100	\$1,167,000	\$1,273,000	\$1,523,000					
10.8% (95 th percentile)										
Normal Cost Rate	24.6%	25.0%	25.4%	25.8%	26.3%					
UAL Contribution	\$971,000	\$854,000	\$694,000	\$0	\$0					

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Future Investment Return Scenarios (Continued)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	FY 2023-24	FY 2024-25
(17.2%) (2 standard deviation loss)		
Normal Cost Rate	24.15%	24.2%
UAL Contribution	\$1,021,417	\$1,251,000
(5.2%) (1 standard deviation loss)		
Normal Cost Rate	24.15%	24.2%
UAL Contribution	\$1,021,417	\$1,129,000

Scotts Valley Fire Protection District (Pre-Merger)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions
	FY 2023-24	FY 2024-25
(17.2%) (2 standard deviation loss)		
Normal Cost Rate	24.15%	24.2%
UAL Contribution	\$1,089,672	\$1,270,000
(5.2%) (1 standard deviation loss)		
Normal Cost Rate	24.15%	24.2%
UAL Contribution	\$1,089,672	\$1,138,500

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	41.56%	33.14%	26.71%
b) Accrued Liability	57,502,422	50,846,730	45,344,237
c) Market Value of Assets	41,417,299	41,417,299	41,417,299
d) Unfunded Liability/(Surplus) [(b) - (c)]	16,085,123	9,429,431	3,926,938
e) Funded Status	72.0%	81.5%	91.3%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	41.56%	33.14%	26.71%
b) Accrued Liability	61,477,779	54,356,094	48,470,902
c) Market Value of Assets	44,630,120	44,630,120	44,630,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	16,847,659	9,725,974	3,840,782
e) Funded Status	72.6%	82.1%	92.1%

Discount Rate Sensitivity (continued)

Sensitivity to the Price Inflation Assumption

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	34.78%	33.14%	30.09%
b) Accrued Liability	52,558,072	50,846,730	46,723,312
c) Market Value of Assets	41,417,299	41,417,299	41,417,299
d) Unfunded Liability/(Surplus) [(b) - (c)]	11,140,773	9,429,431	5,306,013
e) Funded Status	78.8%	81.5%	88.6%

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	34.78%	33.14%	30.09%
b) Accrued Liability	56,190,052	54,356,094	49,951,044
c) Market Value of Assets	44,630,120	44,630,120	44,630,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	11,559,932	9,725,974	5,320,924
e) Funded Status	79.4%	82.1%	89.3%

Mortality Rate Sensitivity

The following tables look at the change in the June 30, 2021 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan on a future change in the mortality assumption

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	33.61%	33.14%	32.70%
b) Accrued Liability	51,751,984	50,846,730	50,010,330
c) Market Value of Assets	41,417,299	41,417,299	41,417,299
d) Unfunded Liability/(Surplus) [(b) - (c)]	10,334,685	9,429,431	8,593,031
e) Funded Status	80.0%	81.5%	82.8%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	33.61%	33.14%	32.70%
b) Accrued Liability	55,328,781	54,356,094	53,457,466
c) Market Value of Assets	44,630,120	44,630,120	44,630,120
d) Unfunded Liability/(Surplus) [(b) - (c)]	10,698,661	9,725,974	8,827,346
e) Funded Status	80.7%	82.1%	83.5%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. **One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its** total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Scotts Valley Fire Protection District as of June 30, 2021

Ratio of Retiree Accrued Liability to Total Accrued Liability	Pre-Merger	Post-Merger
1. Retired Accrued Liability	34,717,994	37,315,551
2. Total Accrued Liability	50,846,730	54,356,094
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.68	0.69

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Scotts Valley Fire Protection District as of June 30, 2021

Support Ratio	Pre-Merger	Post-Merger
1. Number of Actives	12	14
2. Number of Retirees	36	46
3. Support Ratio [(1) / (2)]	0.33	0.31

Maturity Measures (Continued)

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Scotts Valley Fire Protection District as of June 30, 2021

Contribution Volatility	Pre-Merger	Post-Merger
1. Market Value of Assets	\$41,417,299	\$44,630,120
2. Payroll	1,794,475	1,950,587
3. Asset Volatility Ratio (AVR) [(1) / (2)]	23.1	22.9
4. Accrued Liability	\$50,846,730	\$54,356,094
5. Liability Volatility Ratio (LVR) [(4) / (2)]	28.3	27.9

Participant Data

The table below summarizes changes in the **plan's member data**.

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre- Merger)	Scotts Valley Fire Protection District (Post-Merger)
Reported Payroll	\$1,794,475	\$156,112	\$1,950,587
Projected Payroll for Contribution Purposes	\$1,949,471	\$169,596	\$2,119,067
Number of Members			
Actives	12	2	14
Transferred	8	3	11
Separated	2	1	3
Retired	36	10	46
Total	58	16	

Additional Disclosure

If your agency is requesting cost information for two or more benefit changes, the cost of adopting more than one of these changes may not be obtained by adding the individual costs. Instead, a separate valuation must be done to provide a cost analysis for the combination of benefit changes.

Please note that the cost analysis provided in this document may not be relied upon after July 1, 2023. If you have not taken action to contract by this date, you must contact our office for an updated cost analysis, based on the new annual valuation.

Descriptions of the actuarial methodologies, actuarial assumptions, and plan benefit provisions may be found in the appendices of the June 30, 2021 annual report. Please note that the results shown here are subject to change if any of the data or plan provisions differ from what was used in this study.

Certification

This actuarial valuation for the proposed merger is based on the participant, benefits, and asset data used in the June 30, 2021 annual valuation, with the benefits modified, if necessary, to reflect what is currently provided under **the agency's** contract with CaIPERS, and further modified to reflect the proposed merger. It is my opinion that the valuation has been performed in accordance with standards of practice prescribed by the Actuarial Standards Board, and the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CaIPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS



California Public Employees' Retirement System Actuarial Office 400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744 888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | <u>www.calpers.ca.gov</u>

April 4, 2023

PEPRA Safety Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040) Amendment Actuarial Valuation Report as of June 30, 2021

Section 20508 Cost Analysis for Merger with Branciforte Fire Protection District

Dear Requestor:

A cost analysis for the valuation(s) requested above and related information is enclosed.

The change in the employer contribution rate, as of the effective date of the proposed merger, is displayed on page 3.

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.

This cost analysis expires July 1, 2023. A Resolution of Intention **declaring the agency's intent** to amend the contract must be approved by the agency's governing body. The approved resolution must be received by this office on or before July 1, 2023. If either of these two conditions is not met, an updated cost analysis is required to merge the contracts. An updated cost analysis may be available as early as September 2023.

To complete the contract merger process based on the enclosed analysis, do the following:

- Complete and return the enclosed Contract Request and Schedule of Agency Actions forms. Within 90 days, CalPERS staff will send your agency the Resolution of Intention form for adoption.
- Complete and return the adopted Resolution of Intention to CalPERS on or before July 1, 2023. Adoption of the Final Resolution/Ordinance by this date is not required.

If you have questions about the cost analysis, please call (888) CalPERS (225-7377). Please ask to speak to a contract analyst for questions about the timing of the contract amendment. Please ask to speak to me for questions about this cost analysis.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS



Amendment Actuarial Valuation as of June 30, 2021

for the PEPRA Safety Plan of the Scotts Valley Fire Protection District (CalPERS ID: 4027652040)

> Required Contributions for Fiscal Year July 1, 2023 – June 30, 2024

Introduction

This report presents the June 30, 2021 actuarial valuation results of the proposed merger of the Branciforte Fire Protection District with the Scotts Valley Fire Protection District PEPRA Safety Plan, pursuant to Section 20508 of the California **Public Employees' Retirement Law.**

The pension funding information presented in this report should not be used in financial reports subject to GASB Statement No. 68. A separate accounting valuation report for annual GASB reporting purposes is available from CaIPERS and details for ordering are available on our website.

The measurements shown in this actuarial valuation may not be applicable for other purposes. The employer should contact their actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in actuarial policies; and changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the recommendations of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Required Contributions

The following tables show the change in the plans' employer contribution requirements for fiscal year 2023-24 due to the proposed merger. If the effective date of the proposed merger is prior to July 1, 2023, the contribution requirements for the remainder of fiscal year 2023-24 will remain unchanged.

	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
	Fiscal Year	Fiscal Year	Fiscal Year
Development of Normal Cost as a Percentage of Payroll Base Total Normal Cost for Formula 2.7% @ 57	2023-24 27.29%	2023-24 27.29%	2023-24 27.29%
Surcharge for Class 1 Benefits ¹			
None	0.00%	0.00%	0.00%
Plan's Total Normal Cost	27.29%	27.29%	27.29%
Plan's Employee Contribution Rate	<u>13.75%</u>	<u>13.75%</u>	<u>13.75%</u>
Employer Normal Cost Rate	13.54%	13.54%	13.54%
Projected Payroll for Contribution Fiscal Year	\$1,686,148	\$76,997	\$1,763,145
Estimated Employer Contributions Based on Projected Payroll			
Plan's Estimated Employer Normal Cost	\$228,304	\$10,425	\$238,729
Plan's Payment on Amortization Bases	0	584	584
% of Projected Payroll (illustrative only)	N/A	0.75%	0.03%
Estimated Total Employer Contribution	\$228,304	\$11,009	\$239,313
% of Projected Payroll (illustrative only)	13.54%	14.30%	13.57%
Required Employer Contributions			
Employer Normal Cost Rate <i>Plus</i>	13.54%	13.54%	13.54%
1) Monthly UAL Payment Or	\$O	\$48.67	\$48.67
2) Annual UAL Prepayment*	\$0	\$565	\$565
Required PEPRA Member Rate	13.75%	13.75%	13.75%

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly in dollars).

*Only the UAL portion of the employer contribution can be prepaid (which must be received in full no later than July 31).

For additional detail regarding the determination of the required contribution for PEPRA members, see "PEPRA Member Contribution Rates" in the June 30, 2021 annual valuation report.

¹ The Section 2 report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

Plan's Funded Status

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre-Merger)	Scotts Valley Fire Protection District (Post-Merger)
1. Present Value of Projected Benefits (PVB)	\$7,167,714	\$308,105	\$7,529,344
2. Entry Age Accrued Liability (AL)	1,616,496	10,236	1,626,732
Plan's Market Value of Assets (MVA)	1,773,541	11,435	1,784,976
4. Unfunded Accrued Liability (UAL) [(2) - (3)]	(157,045)	(1,199)	(158,244)
5. Funded Ratio [(3) / (2)]	109.7%	111.7%	109.7%

The UAL and funded ratio are assessments of the need for future employer contributions based on the actuarial cost method used to fund the plan. The UAL is the present value of future employer contributions for service that has already been earned and is in addition to future normal cost contributions for active members. The funded ratio, on the other hand, is a relative measure of funded status that allows for comparison between plans of different sizes. For measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities, please see "Hypothetical Termination Liability" in the "Risk Analysis" section.

Projected Employer Contributions

The tables below show the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with fiscal year 2021-22 is assumed to be 6.80% per year, net of investment and administrative expenses. Actual contribution rates during this projection period could be significantly higher or lower than the projection shown below. The projected normal cost percentages below reflect that the normal cost will continue to decline over time as new employees are hired into lower cost benefit tiers. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

Scotts Valley Fire Protection District

Pre-Merger								
	Required	Projected Future Employer Contributions						
	Contribution	(Assumes 6.80% Return for Fiscal Year 2021-22)						
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29		
Normal Cost %	13.54%	13.5%	13.5%	13.5%	13.5%	13.5%		
UAL Payment	\$0	\$0	\$0	\$0	\$0	\$0		

Branciforte Fire Protection District

Pre-Merger								
	Required	F	Projected Fut	ure Employer	Contributior	IS		
	Contribution	(Assu	umes 6.80%	Return for Fis	scal Year 202	1-22)		
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29		
Normal Cost %	13.54%	13.5%	13.5%	13.5%	13.5%	13.5%		
UAL Payment	\$584	\$584	\$584	\$584	\$585	\$0		

Scotts Valley Fire Protection District

Post-Merger								
	Required	F	Projected Fut	ure Employer	Contributior	IS		
	Contribution	(Assu	umes 6.80%	Return for Fis	scal Year 202	1-22)		
Fiscal Year	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29		
Normal Cost %	13.54%	13.5%	13.5%	13.5%	13.5%	13.5%		
UAL Payment	\$584	\$584	\$584	\$584	\$585	\$0		

Schedule of Plan's Amortization Bases

The following pages display the amortization base schedules for Scotts Valley Fire Protection District before and after the proposed merger, as well as the amortization base schedule for Branciforte Fire Protection District before the proposed merger. Note that there is a two-year lag between the valuation date and the start of the contribution fiscal year.

- The assets, liabilities, and funded status of the plan are measured as of the valuation date: June 30, 2021.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: fiscal year 2023-24.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for a fiscal year is equal to the Expected Employer Contribution for the fiscal year is determined by the actuarial valuation two years ago and the contribution for the second year is from the actuarial valuation one year ago. Additional discretionary payments are reflected in the Expected Payments column in the fiscal year they were made by the agency.

Schedule of Plan's Amortization Bases (Continued)

			S	cotts Va	lley Fire F	Protection Distr	ict (Pre-Merge	er)			
Reason for Base Fresh Start Total	Date Est. 6/30/2021	Ramp Level 2023-24	Ramp Shape	Escala- tion Rate	Amort. Period N/A	Balance 6/30/21 (157,045) (157,045)	Expected Payment 2021-22 (38,986) (38,986)	Balance 6/30/22 (127,434) (127,434)	Expected Payment 2022-23 (39,163) (39,163)	Balance 6/30/23 (95,627) (95,627)	Minimum Required Payment 2023-24 0
TOTAL						(157,045)	(38,980)	(127,434)	(39,103)	(95,027)	0
			E	Brancifo	rte Fire Pr	rotection Distri	ct (Pre-Merge	r)			
	Date	Ramp Level	Ramp	Escala- tion	Amort.	Balance	Expected Payment	Balance	Expected Payment	Balance	Minimum Required Payment
Reason for Base Fresh Start	Est. 6/30/2021	2023-24	Shape Ramp	Rate 0.00%	Period 5	<u>6/30/21</u> (1,199)	2021-22 (1,780)	6/30/22 559	2022-23 (1,830)	6/30/23 2,488	2023-24 584
Total	0/30/2021	NU I	<u>vanip</u>	0.0078	5	(1,199)	(1,780)	559	(1,830)	2,488	584
			Sc	otts Val	lev Fire P	rotection Distr	ict (Post-Mera	er)			
	Date	Ramp Level	Ramp	Escala- tion	5	Balance	Expected	Balance	Expected Payment	Balance	Minimum Required Payment
Reason for Base	Est.	2023-24	Shape	Rate	Period	6/30/21	Payment 2021-22	6/30/22	2022-23	6/30/23	2023-24
Fresh Start	6/30/2021				N/A	(157,045)	(38,986)	(127,434)	(39,163)	(95,627)	0
Merger (Branciforte)	6/30/2021	No F	Ramp	0.00%	5	(1,199)	(1,780)	559	(1,830)	2,488	584
Total						(158,244)	(40,766)	(126,875)	(40,993)	(93,139)	584

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CaIPERS Funding Risk Mitigation policy. The projected normal cost rates reflect that the rates are anticipated to decline over time as new employees are hired into lower-cost benefit tiers. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2041.

Assumed Annual Return FY 2021-22	n Projected Employer Contributions					
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	
3.0% (5 th percentile)						
Normal Cost Rate	13.5%	13.5%	13.5%	13.5%	13.5%	
UAL Contribution	\$0	\$1,100	\$4,000	\$8,600	\$15,000	
10.8% (95 th percentile)						
Normal Cost Rate	13.9%	14.3%	14.1%	14.5%	14.8%	
UAL Contribution	\$0	\$0	\$0	\$0	\$0	

Scotts Valley Fire Protection District (Pre-Merger)

Scotts Valley Fire Protection District (Post-Merger)

Assumed Annual Return FY 2021-22	n Projected Employer Contributions					
through FY 2040-41	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	
3.0% (5 th percentile)						
Normal Cost Rate	13.5%	13.5%	13.5%	13.5%	13.5%	
UAL Contribution	\$600	\$1,720	\$4,650	\$9,290	\$15,170	
10.8% (95 th percentile)						
Normal Cost Rate	13.9%	14.3%	14.1%	14.5%	14.8%	
UAL Contribution	\$570	\$550	\$0	\$0	\$0	

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of a one or two standard deviation investment loss in FY 2021-22 on the FY 2024-25 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2024-25.

Future Investment Return Scenarios (Continued)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions	
	FY 2023-24	FY 2024-25	
(17.2%) (2 standard deviation loss)			
Normal Cost Rate	13.54%	13.5%	
UAL Contribution	\$0	\$8,300	
(5.2%) (1 standard deviation loss)			
Normal Cost Rate	13.54%	13.5%	
UAL Contribution	\$0	\$3,000	

Scotts Valley Fire Protection District (Pre-Merger)

Assumed Annual Return for Fiscal Year 2021-22	Required Employer Contributions	Projected Employer Contributions	
	FY 2023-24	FY 2024-25	
(17.2%) (2 standard deviation loss)			
Normal Cost Rate	13.54%	13.5%	
UAL Contribution	\$584	\$8,950	
(5.2%) (1 standard deviation loss)			
Normal Cost Rate	13.54%	13.5%	
UAL Contribution	\$584	\$3,620	

- Without investment gains (returns higher than 6.8%) in year FY 2022-23 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2021-22.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2024-25 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2021 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	34.35%	27.29%	21.95%
b) Accrued Liability	\$1,976,736	\$1,616,496	\$1,334,460
c) Market Value of Assets	\$1,773,541	\$1,773,541	\$1,773,541
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$203,195	(\$157,045)	(\$439,081)
e) Funded Status	89.7%	109.7%	132.9%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	2.3%	2.3%	2.3%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	34.35%	27.29%	21.95%
b) Accrued Liability	\$1,990,645	\$1,626,732	\$1,342,192
c) Market Value of Assets	\$1,784,976	\$1,784,976	\$1,784,976
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$205,669	(\$158,244)	(\$442,784)
e) Funded Status	89.7%	109.7%	133.0%

Discount Rate Sensitivity (continued)

Sensitivity to the Price Inflation Assumption

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	28.79%	27.29%	24.69%
b) Accrued Liability	\$1,690,109	\$1,616,496	\$1,469,331
c) Market Value of Assets	\$1,773,541	\$1,773,541	\$1,773,541
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$83,432)	(\$157,045)	(\$304,210)
e) Funded Status	104.9%	109.7%	120.7%

As of June 30, 2021	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	5.8%	6.8%	7.8%
Inflation	1.3%	2.3%	3.3%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	28.79%	27.29%	24.69%
b) Accrued Liability	\$1,700,799	\$1,626,732	\$1,478,752
c) Market Value of Assets	\$1,784,976	\$1,784,976	\$1,784,976
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$84,177)	(\$158,244)	(\$306,224)
e) Funded Status	104.9%	109.7%	120.7%

Mortality Rate Sensitivity

The following tables look at the change in the June 30, 2021 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan on a future change in the mortality assumption

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	27.65%	27.29%	26.95%
b) Accrued Liability	\$1,642,763	\$1,616,496	\$1,592,033
c) Market Value of Assets	\$1,773,541	\$1,773,541	\$1,773,541
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$130,778)	(\$157,045)	(\$181,508)
e) Funded Status	108.0%	109.7%	111.4%

Scotts Valley Fire Protection District (Pre-Merger)

As of June 30, 2021	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	27.65%	27.29%	26.95%
b) Accrued Liability	\$1,653,127	\$1,626,732	\$1,602,149
c) Market Value of Assets	\$1,784,976	\$1,784,976	\$1,784,976
d) Unfunded Liability/(Surplus) [(b) - (c)]	(\$131,849)	(\$158,244)	(\$182,827)
e) Funded Status	108.0%	109.7%	111.4%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions. **One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its** total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Scotts Valley Fire Protection District as of June 30, 2021

Ratio of Retiree Accrued Liability to Total Accrued Liability	Pre-Merger	Post-Merger
1. Retired Accrued Liability	\$210,089	\$210,089
2. Total Accrued Liability	1,616,496	1,626,732
3. Ratio of Retiree AL to Total AL [(1) / (2)]	0.13	0.13

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above. For comparison, the support ratio for all CalPERS public agency plans is 0.82 and is calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Scotts Valley Fire Protection District as of June 30, 2021

Support Ratio	Pre-Merger	Post-Merger
1. Number of Actives	14	15
2. Number of Retirees	1	1
3. Support Ratio [(1) / (2)]	14.00	15.00

Maturity Measures (Continued)

Actuarial calculations are based on a number of assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio (AVR)

Plans that have higher asset-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an asset-to-payroll ratio of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an asset-to-payroll ratio of 4. Shown below is the asset volatility ratio, a measure of the plan's current contribution volatility. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as the plan matures.

Liability Volatility Ratio (LVR)

Plans that have higher liability-to-payroll ratios experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with a liability-to-payroll ratio of 8 is expected to have twice the contribution volatility of a plan with a liability-to-payroll ratio of 4. The liability volatility ratio is also shown in the table below. It should be noted that this ratio indicates a longer-term potential for contribution volatility. The asset volatility ratio, described above, will tend to move closer to the liability volatility ratio as the plan matures.

Scotts Valley Fire Protection District as of June 30, 2021

Contribution Volatility	Pre-Merger	Post-Merger
1. Market Value of Assets	\$1,773,541	\$1,784,976
2. Payroll	1,552,088	1,622,963
3. Asset Volatility Ratio (AVR) [(1) / (2)]	1.1	1.1
4. Accrued Liability	\$1,616,496	\$1,626,732
5. Liability Volatility Ratio (LVR) [(4) / (2)]	1.0	1.0

Participant Data

The table below summarizes changes in the **plan's member data**.

June 30, 2021	Scotts Valley Fire Protection District (Pre-Merger)	Branciforte Fire Protection District (Pre- Merger)	Scotts Valley Fire Protection District (Post-Merger)
Reported Payroll	\$1,552,088	\$70,875	\$1,622,963
Projected Payroll for Contribution Purposes	\$1,686,148	\$76,997	\$1,763,145
Number of Members			
Actives	14	1	15
Transferred	1	1	2
Separated	1	0	1
Retired	1	0	1
Total	17	2	19

Additional Disclosure

If your agency is requesting cost information for two or more benefit changes, the cost of adopting more than one of these changes may not be obtained by adding the individual costs. Instead, a separate valuation must be done to provide a cost analysis for the combination of benefit changes.

Please note that the cost analysis provided in this document may not be relied upon after July 1, 2023. If you have not taken action to contract by this date, you must contact our office for an updated cost analysis, based on the new annual valuation.

Descriptions of the actuarial methodologies, actuarial assumptions, and plan benefit provisions may be found in the appendices of the June 30, 2021 annual report. Please note that the results shown here are subject to change if any of the data or plan provisions differ from what was used in this study.

Certification

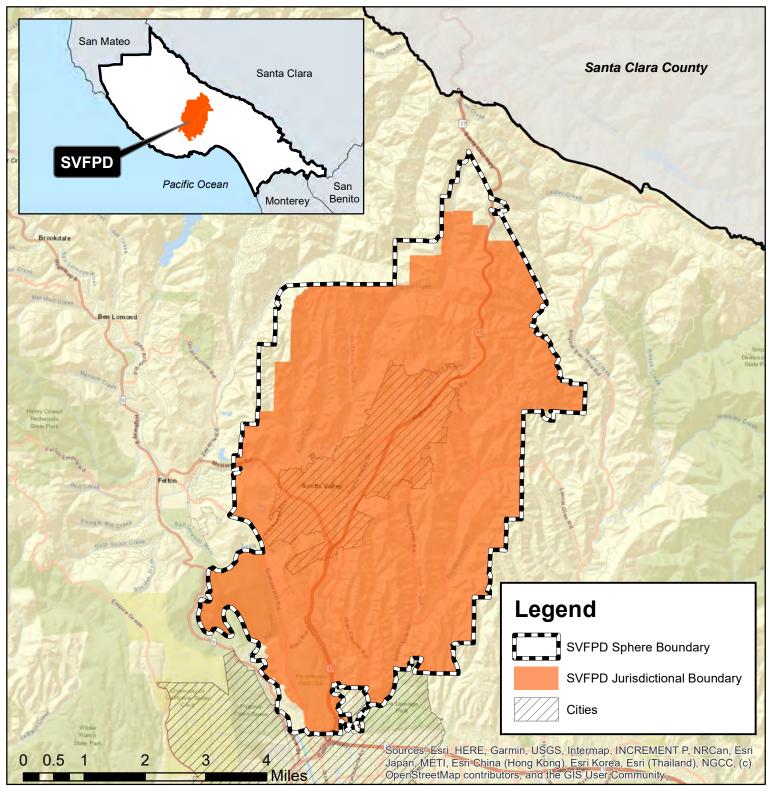
This actuarial valuation for the proposed merger is based on the participant, benefits, and asset data used in the June 30, 2021 annual valuation, with the benefits modified, if necessary, to reflect what is currently provided under **the agency's** contract with CaIPERS, and further modified to reflect the proposed merger. It is my opinion that the valuation has been performed in accordance with standards of practice prescribed by the Actuarial Standards Board, and the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the **CaIPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement** Law.

DAVID CLEMENT, ASA, MAAA, EA Senior Actuary, CalPERS

EXHIBIT 4

VICINITY MAP (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.





Santa Cruz Local Agency Formation Commission

Date:August 2, 2023To:LAFCO CommissionersFrom:Joe Serrano, Executive OfficerSubject:Service and Sphere Review for County Service Area 11

SUMMARY OF RECOMMENDATION

LAFCO periodically performs municipal service reviews and sphere of influence updates for each agency subject to LAFCO's boundary regulations. As part of the Commission's Multi-Year Work Program, LAFCO staff has drafted a service and sphere review for County Service Area 11 ("CSA 11") and scheduled a public hearing.

It is recommended that the Commission take the following actions:

- Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
- 2. Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for CSA 11, and review and update, as necessary;
- 3. Determine, pursuant to Government Code Section 56430, that LAFCO is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
- 4. Adopt LAFCO Resolution (No. 2023-18) approving the 2023 Service and Sphere of Influence Review for CSA 11 with the following conditions:
 - a. Reaffirm CSA 11's current sphere of influence; and
 - b. Direct the Executive Officer to distribute a copy of this adopted service and sphere review to the CSA 11 representatives and any other interested or affected agency identified in the service review.

EXECUTIVE OFFICER'S REPORT:

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

Purpose & Key Findings

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

1. CSA 11 provides services to a large portion of the county.

The CSA's service area encompasses approximately 285 square miles of unincorporated territory. CSA 11 operates under the County's Department of Parks, Open Space and Cultural Services. The Department's mission is to acquire, develop and provide safe, well designed and maintained parks, and offer a wide variety of recreational and cultural opportunities for the community. At present, the County offers park and recreational services through its 38 parks, 27 coastal access points, 24 playgrounds, and one regional swim center with aquatics and fitness programs. In total, the County manages 883 acres of parks and 710 acres of open space.

2. CSA 11 is financially stable at this time.

The CSA's primary source of revenue is from property taxes and Measure F, which passed in 2014. CSA 11's fund balance ended with approximately \$580,000 in FY 2021-22, which declined by approximately 50% from the previous fiscal year. However, financial statements from Fiscal Years 2016 to 2022 indicate that the CSA ended the last two fiscal years with a surplus (FY 20-21 to FY 21-22). LAFCO staff believes this positive trend may continue if unanticipated expenses and unscheduled projects are mitigated. It may also be beneficial to consider establishing zones of benefits to accurately define costs by geographical areas, which may help identify additional funds.

3. CSA 11 requires improvement in governmental transparency.

State law now requires all independent special districts to maintain and operate a website by January 1, 2020. CSA 11 is a dependent special district, and therefore, not subject to this statutory requirement. However, CSA 11 provides an important service to the entire county and should strive to be as transparent as possible. Based on LAFCO's analysis, the CSA only met 7 out of the 20 transparency benchmarks evaluated in this service review. While CSA 11's website is filled with useful information about recreational programs, services, and facilities, LAFCO's analysis shows a lack of transparency in CSA 11's overall operations as a local government agency. Thus, LAFCO staff encourages the CSA to improve its website and offer more information on how the district operates as a governmental entity.

4. CSA 11's sphere of influence includes the entire county.

The Commission adopted CSA 11's original sphere of influence in November 1985 and included the cities and park districts. A countywide sphere boundary was established in case one of the current park agencies decided to transfer service responsibilities to CSA 11. This was the case in 2022 when the Opal Cliffs Recreation District was dissolved. The dissolved area was annexed into CSA 11 and the service responsibilities were transferred over to the County. Staff is recommending that the current sphere boundary be reaffirmed as part of this review.

Environmental Review

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

Agency Coordination and Public Notice

A hearing notice for this draft service review was published in the July 11th issue of the Santa Cruz Sentinel (**Attachment 3**). The draft service and sphere review is attached to this staff report. As part of the thorough LAFCO process, an administrative draft of the report was also shared with representatives of CSA 11, including Jeff Gaffney the Director of Parks, Open Spaces and Cultural Services. This allowed the CSA an opportunity to review LAFCO staff's findings and provide corrections and/or feedback before the report was finalized. The assistance of Mr. Gaffney and his staff in completing this service review was greatly appreciated. In conclusion, staff is recommending that the Commission adopt the attached resolution (refer to **Attachment 4**) approving the service and sphere review.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachments:

- 1. Service and Sphere Review Administrative Draft
- 2. Environmental Determination Categorical Exemption
- 3. Public Hearing Notice
- 4. Draft Resolution No. 2023-18

cc: Jeff Gaffney, Director of Parks, Open Spaces and Cultural Services

County Service Area 11 (County Parks)

SERVICE & SPHERE REVIEW

Local Agency Formation Commission of Santa Cruz County



Administrative Version – July 21, 2023

Table of Contents

EXECUTIVE SUMMARY	
Introduction	
Park & Recreation Service Provisions	
Parks in Santa Cruz County	
Legal Authority	
Key Findings	
Recommended Actions	9
DISTRICT OVERVIEW	10
History	10
Services and Operations	10
Population and Growth	
FINANCES	10
Revenues	
Expenditures Fund Balance / Net Position	
Fund Balance / Net Position	13
GOVERNANCE	15
Challenges and Opportunities	16
SPHERE OF INFLUENCE	
Cortese-Knox-Hertzberg Act	
Sphere Boundary	
DISTRICT SUMMARY	
SERVICE AND SPHERE REVIEW DETERMINATIONS	21
Service Provision Determinations	21
Sphere of Influence Determinations	
APPENDICES	
Appendix A: 1971 Formation Resolution	
Appendix B: Park & Recreation Commission Bylaws	
Appendix C: 2018 Strategic Plan	

EXECUTIVE SUMMARY

Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries regarding County Service Area 11 (referred to as "CSA 11" or "County Parks"). The report will be used by the Local Agency Formation Commission (LAFCO) to conduct a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that LAFCO conduct periodic reviews and updates of Spheres of Influence for all cities and special districts in Santa Cruz County (Government Code Section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code Section 56430). The last service review for CSA 11 was adopted on June 6, 2018.

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

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

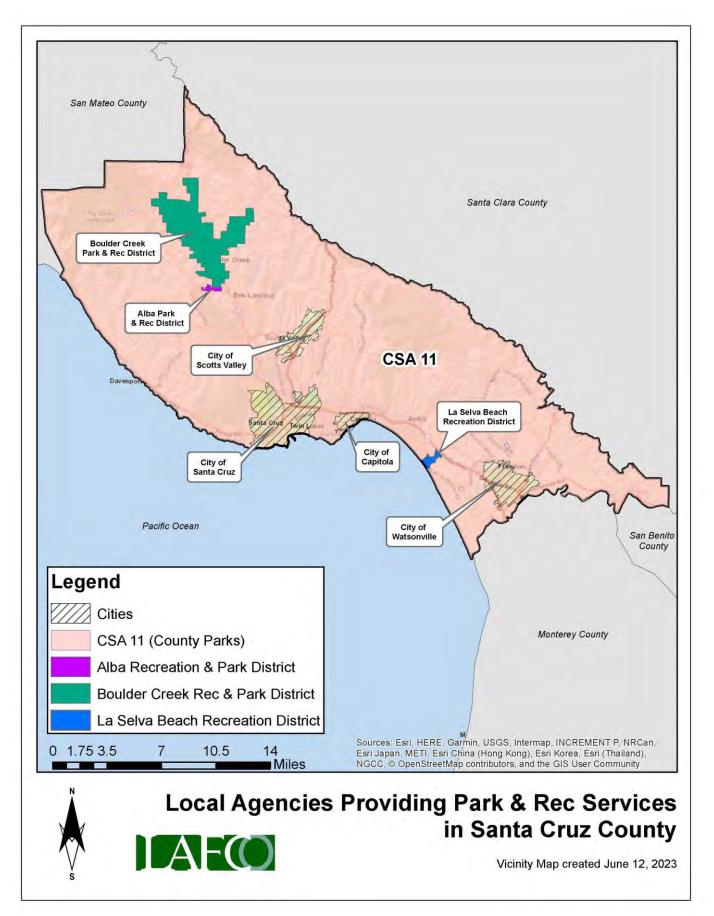
Park & Recreation Service Provisions

Recreational and park-related services are currently provided by three independent special districts and the four cities within Santa Cruz County. **Figure 1** on page 3 provides an overview map outlining the local agencies. In accordance with the Commission's Multi-Year Work Program, the independent special districts were analyzed in August 2021. The 2021 countywide report is available on LAFCO's website: <u>https://santacruzlafco.org/wp-content/uploads/2021/08/Countywide-Park-Rec-Service-Sphere-Review-Adopted-Version.pdf</u>

2021 Countywide Service & Sphere Review

The report analyzed four recreational districts: (1) Alba Recreation and Park District, (2) Boulder Creek Recreation and Park District, (3) La Selva Beach Recreation District, and (4) Opal Cliffs Recreation District. Based on LAFCO's analysis and recommendation, the Board of Directors of the Opal Cliffs Recreation District submitted an application to dissolve and concurrently annex the dissolved area into CSA 11. The reorganization was officially recorded on April 11, 2022. As a result, only three independent special districts remain in operation. This report will not analyze the three independent special districts, but rather, focus on CSA 11.





Parks in Santa Cruz County

There are 161 parks in Santa Cruz County. CSA 11, under the County Parks Department, provides services to 38 neighborhood, community, regional and rural parks. The remaining 123 are managed and operated by local agencies (cities and special districts), the state, or private entities. **Table 1** provides a summary of the different parks located throughout the county. **Figures 2** and **3** on pages 5 and 6 show the locations of the 161 parks.

Type of Parks	Total Amount	Percentage
Neighborhood	46	29%
Local	31	19%
Regional	27	17%
Private	26	16%
State	23	14%
Community	<u>8</u>	<u>5%</u>
Total Parks	161	100%

Table 1: Parks in Santa Cruz County

Footnote: Classifications based on County's GIS Database (Santa Cruz County Parks Shapefile)

City Parks

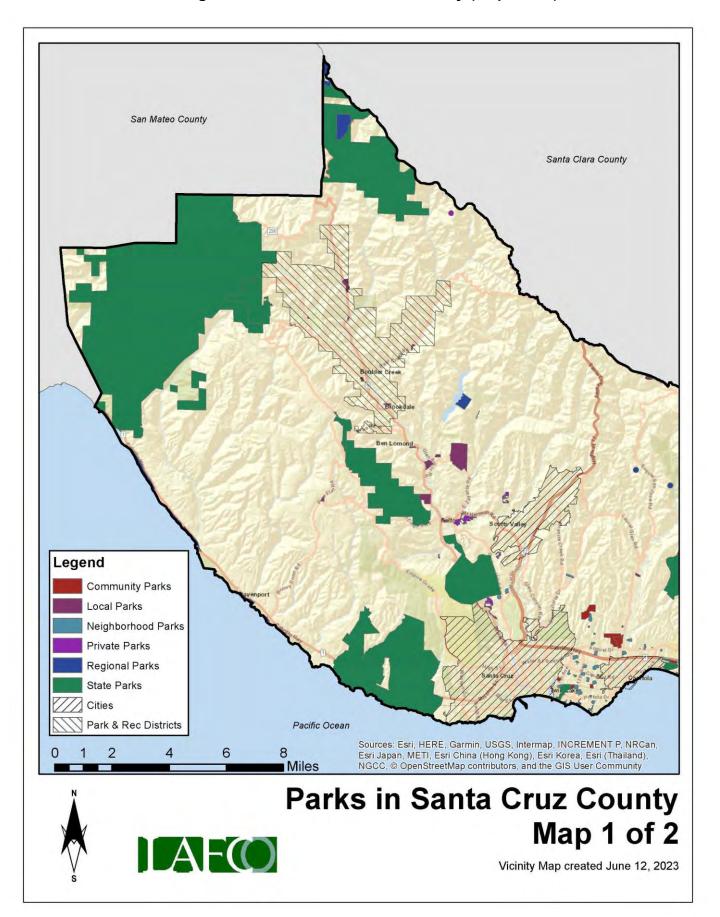
There are four cities in Santa Cruz County: Capitola, Santa Cruz, Scotts Valley, and Watsonville. Each city has their own parks department, which provides local neighborhood parks and recreation services within their jurisdictional boundary.

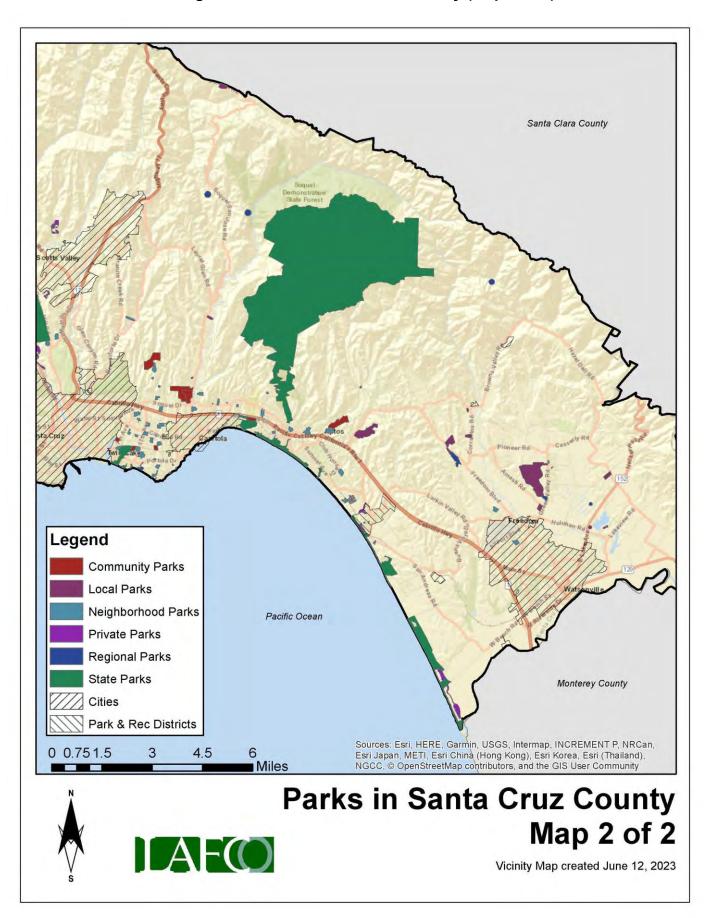
Independent Park and Recreation Districts

There are three park districts in Santa Cruz County: Alba, Boulder Creek, and La Selva Beach. These districts are responsible for providing local neighborhood and community parks services to urban and rural communities within their service area.

Other Parks and Open Space Agencies & Landowners

In addition to the local parks provided by the County, the four cities, and the three independent special districts, California State Parks also provides several large parks and beaches throughout the county. State Parks provide important recreational opportunities for county residents as well. There are also recreational facilities and open space areas provided by other agencies in the county including local school districts, the Bureau of Land Management, the California Department of Fish and Wildlife, the Land Trust of Santa Cruz County, and the Midpeninsula Regional Open Space District.





Legal Authority

CSA 11 is governed by the County Service Area Law (Government Code Section 25210 et seq.). The Legislature finds and declares the following:

- a) Population growth and development in unincorporated areas result in new and increased demands for public facilities and services that promote the public peace, health, safety, and general welfare.
- b) The residents and property owners in unincorporated areas should have reasonable methods available so that they can finance and provide these needed public facilities and services.
- c) The residents and property owners in some unincorporated areas may propose the incorporation of new cities or annexations to existing cities as a way to fulfill these demands for public facilities and services.
- d) In other unincorporated areas, independent special districts with directly elected or appointed governing boards can fulfill these demands for public facilities and services.
- e) County boards of supervisors need alternative organizations and methods to finance and provide needed public facilities and services to the residents and property owners of unincorporated areas.
- f) In enacting the County Service Area Law by this chapter, it is the intent of the Legislature to continue a broad statutory authority for county boards of supervisors to use county service areas as a method to finance and provide needed public facilities and services.
- g) Further, it is the intent of the Legislature that county boards of supervisors, residents, and property owners use the powers and procedures provided by the County Service Area Law to meet the diversity of local conditions, circumstances, and resources.

CSA Zones

At present, the County has not implemented a system of zones to help fund their services. Instead, funds collected by CSA 11 are not restricted to any programs and are used to fund the general costs of running the department. There may be a financial incentive for the County to consider establishing zones of benefit to certain areas of the county who benefit more and/or utilize services/facilities at a higher level. Formations of zones do not require LAFCO action.

Key Findings

The following are key findings of the 2023 Service and Sphere of Influence Review for County Service Area 11 (County Parks):

1. CSA 11 provides services to a large portion of the county.

The CSA's service area encompasses approximately 285 square miles of unincorporated territory. CSA 11 operates under the County's Department of Parks, Open Space and Cultural Services. The Department's mission is to acquire, develop and provide safe, well designed and maintained parks, and offer a wide variety of recreational and cultural opportunities for the community. At present, the County offers park and recreational services through its 38 parks, 27 coastal access points, 24 playgrounds, and one regional swim center with aquatics and fitness programs. In total, the County manages 883 acres of parks and 710 acres of open space.

2. CSA 11 is financially stable at this time.

The CSA's primary source of revenue is from property taxes and Measure F, which passed in 2014. CSA 11's fund balance ended with approximately \$580,000 in FY 2021-22, which declined by approximately 50% from the previous fiscal year. However, financial statements from Fiscal Years 2016 to 2022 indicate that the CSA ended the last two fiscal years with a surplus (FY 20-21 to FY 21-22). LAFCO staff believes this positive trend may continue if unanticipated expenses and unscheduled projects are mitigated. It may also be beneficial to consider establishing zones of benefits to accurately define costs by geographical areas, which may help identify additional funds.

3. CSA 11 requires improvement in governmental transparency.

State law now requires all independent special districts to maintain and operate a website by January 1, 2020. CSA 11 is a dependent special district, and therefore, not subject to this statutory requirement. However, CSA 11 provides an important service to the entire county and should strive to be as transparent as possible. Based on LAFCO's analysis, the CSA only met 7 out of the 20 transparency benchmarks evaluated in this service review. While CSA 11's website is filled with useful information about recreational programs, services, and facilities, LAFCO's analysis shows a lack of transparency in CSA 11's overall operations as a local government agency. Thus, LAFCO staff encourages the CSA to improve its website and offer more information on how the district operates as a governmental entity.

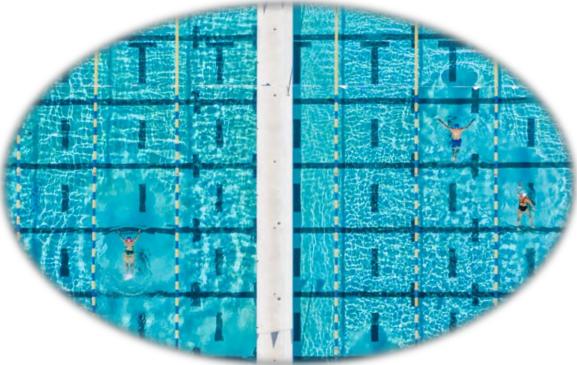
4. CSA 11's sphere of influence includes the entire county.

The Commission adopted CSA 11's original sphere of influence in November 1985 and included the cities and park districts. A countywide sphere boundary was established in case one of the current park agencies decided to transfer service responsibilities to CSA 11. This was the case in 2022 when the Opal Cliffs Recreation District was dissolved. The dissolved area was annexed into CSA 11 and the service responsibilities were transferred over to the County. Staff is recommending that the current sphere boundary be reaffirmed as part of this review.

Recommended Actions

Based on the analysis and findings in the 2023 Service and Sphere of Influence Review for County Service Area 11, the Executive Officer recommends that the Commission:

- Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO determined that the sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
- 2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for County Service Area 11, and review and update, as necessary;
- 3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
- 4. Adopt a Resolution (LAFCO No. 2023-18) approving the 2023 Service and Sphere of Influence Review for County Service Area 11 with the following conditions:
 - a. Reaffirm CSA 11's current sphere of influence; and
 - b. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to CSA 11 representatives and any other interested or affected parties, including but not limited to the County Community Development and Infrastructure Department, the three independent park and recreation districts, and the four cities.



DISTRICT OVERVIEW

History

County Service Area 11 was formed on October 20, 1971 and its service area encompasses the entire county, excluding the four cities and the three existing recreational districts, as shown in the map on page 3. Appendix A provides a copy of the formation resolution. CSA 11's jurisdictional boundary remained the same for over 50 years until it annexed territory in April 2022 previously served by the Opal Cliffs Recreation District. The CSA was created to accomplish three main tasks: (1) Acquire, operate, and maintain a system of parks and playgrounds to supplement the Countywide Recreation and Park Plan, (2) Acquire, operate, and maintain recreation centers and other recreational facilities on a Zone of Benefit basis where the level of service exceeds the service provided for the entire Service Area, and (3) Provide recreational programs to supplement the Countywide recreational program. As such, CSA 11 was created as a funding mechanism to help collect additional property taxes and help address the gap between needed parks services and available revenue. The initial funds from CSA 11 were essential to the County in maintaining the most important department services. With the passage of Proposition 218 in 1996 the majority of funding for Parks, Open Space and Cultural Services was eliminated and CSA 11 became an even more critical component for providing these countywide services. Additional funds were subsequently secured under Measure F in 2014. A complete analysis of the CSA's financials is covered later in this report.

Recent Boundary Change

The Opal Cliffs Recreation District (OCRD) was an independent special district in the Opal Cliffs area of Live Oak. In August 2021, the OCRD Board of Directors adopted a resolution to initiate a reorganization in which OCRD would be dissolved and the dissolved area would be concurrently annexed into CSA 11. An application was submitted to LAFCO in October 2021. After the LAFCO process was successfully completed, the OCRD was officially dissolved on April 11, 2022. Since then, CSA 11 has assumed responsibility for park and recreational services within the Opal Cliffs area. The following link provides further information reorganization: about the 2022 https://www.santacruzlafco.org/wp-content/uploads/2022/01/5a.0-RO-21-18-Staff-Report Hyperlink.pdf.

Services and Operations

At present, CSA 11 manages 1,593 acres of parkland, including 883 acres of parks and 710 acres of open space. The CSA provides services to 38 neighborhood, community, regional or rural parks, 27 coastal access points, 24 playgrounds, and 1 regional swim center with aquatics and fitness programs. CSA 11 also offers recreational, cultural, and youth programs throughout the unincorporated county. Of those 38 county parks, 8 have basketball courts, 6 have sports fields, 5 have tennis courts, 4 have event facilities, and 4 have reservable meetings rooms. The following link provides access to a list of all the county parks: <u>https://www.scparks.com/Home/Parks/ListofAllCountyParks.aspx</u>.

For more information about the County's parks, programs, permit and reservation process, and other useful resources, the following link provides access to the County's official park and recreation webpage: <u>https://www.scparks.com/</u>.

CSA 11 (County Parks) Service and Sphere Review

Population and Growth

Based on staff's analysis, the population of CSA 11 in 2020 is estimated to be 127,000. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. However, since CSA 11 encompasses the entire unincorporated county, excluding the three park and recreation districts, LAFCO was able to determine the current and projected population growth. In general, the Coastal Region is anticipated to have a slow growth over the next fifteen years. **Table 2** shows the anticipated population for the CSA. The average rate of change within CSA 11 is 0.86%.

Population Projection

Based on the projections for the unincorporated county territory within the service area and the three park and recreation districts, LAFCO staff was able to develop a population forecast for CSA 11. Under this assumption, LAFCO staff projects that the entire population of the CSA will be approximately 132,000 by 2040.

Area	2020	2025	2030	2035	2040	Average
County of Santa Cruz (unincorporated area)	136,891	137,896	139,105	140,356	141,645	0.86%
Alba Park & Recreation District	224	226	228	230	232	0.86%
Boulder Creek Park & Recreation District	7,881	7,949	8,017	8,086	8,155	0.86%
La Selva Beach Recreation District	<u>1,641</u>	<u>1,655</u>	<u>1,669</u>	<u>1,683</u>	<u>1,698</u>	0.86%
CSA 11	127,145	128,066	129,191	130,357	131,560	0.86%

Table 2: Projected Population

Footnote: CSA 11's population includes the previously dissolved Opal Cliffs Recreation District

Disadvantaged Unincorporated Communities

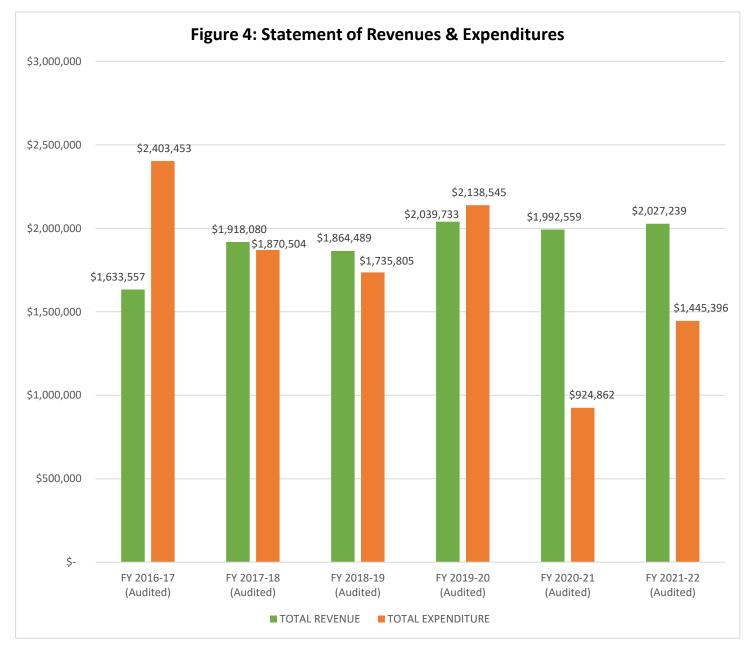
State law requires LAFCO to identify and describe all "disadvantaged unincorporated communities" (DUCs) located within or contiguous to the existing spheres of influence of cities and special districts that provide fire protection, sewer, and/or water services. DUCs are defined as inhabited unincorporated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

In 2020, the California statewide annual median household income was \$78,672, and 80% of that was \$62,938. LAFCO staff utilized the ArcGIS mapping program to locate potential DUCs in Santa Cruz County. It is important to note that CSA 11 is not subject to SB 244 because it does not provide water, sewer, or fire service, and therefore, no further analysis is required.

FINANCES

This section will highlight the CSA's financial performance during the most recent fiscal years. Fiscal Year 2021-22 is the latest audited financial statement available. LAFCO evaluated CSA 11's financial health from 2016 to 2022. A comprehensive analysis of CSA 11's financial performance during the past six years is shown in **Table 6** on page 14.

At the end of Fiscal Year 2021-22, total revenue collected was approximately \$2 million, representing a 2% increase from the previous year (\$1.9 million in FY 20-21). Total expenses for FY 2021-22 were approximately \$1.4 million, which increased from the previous year by 56% (\$925,000 in FY 20-21). CSA 11 has ended with a deficit twice since 2016 (FY 16-17 and FY 19-20), as shown in **Figure 4**. However, the CSA has ended with a surplus in the last two fiscal years. LAFCO staff believes this positive trend may continue if unanticipated expenses and unscheduled projects are mitigated.



CSA 11 (County Parks) Service and Sphere Review

Revenues

The CSA's primary source of revenue is from Taxes, specifically property taxes and Measure F. This current measure was approved by the voters within CSA 11 in 2014 and included a specific per-parcel property tax. In FY 2021-22, Taxes totaled approximately \$2 million which represents 99% of the CSA's entire revenue stream. **Table 3** provides a breakout of the entire revenue stream during the most recent fiscal year (FY 2021-22).

Source	Amount (\$)	Percentage (%)			
Taxes	\$2,006,306	98.967%			
Interest	\$12,434	0.613%			
Intergovernmental Revenues	\$8,431	0.416%			
Fines, Forfeitures & Assessments	\$68	0.003%			
Total Revenue	\$2,027,239	100.000%			

Table 3: FY 2021-22 Revenue Source

Expenditures

CSA 11's total expenditures can be categorized into four budgetary groups: Services & Supplies, Fixed Assets, Other Charges, and Other Financing Uses. **Table 4** shows that in FY 2021-22, Services & Supplies represented approximately 93% of the CSA's entire expenses.

Table 4: FY 2021-22 Expenditure Summary

Source	Amount (\$)	Percentage (%)
Services & Supplies	\$1,349,269	93.349%
Other Financing Uses	\$65,376	4.523%
Fixed Assets	\$25,152	1.740%
Other Charges	\$5,599	0.387%
Total Expenditure	\$1,445,396	100.000%

Fund Balance / Net Position

As of June 30, 2022, the total net position balance ended with approximately \$580,000. The following table highlights the net position balance from 2016 to 2022. As shown in the table below, CSA 11's fund balance has fluctuated over the years, recently experiencing a significant deficit in FY 2021-22.

	FY 16-17 (Audited)	FY 17-18 (Audited)	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)
Ending Balance	\$99,664	\$132,853	\$112,049	\$45,814	\$1,095,263	\$579,918
Change from Previous Year (\$)		\$33,189	\$(20,804)	\$(66,235)	\$1,049,449	\$(515,345)
Change from Previous Year (%)		33%	-16%	-59%	2291%	-47%

Table 5: Fund Balance

Table 6: Total Revenues & Expenditures

		COUNTY S	ERI	/CE AREA 11	. (CC	OUNTY PARK	S)					
	F	FY 2016-17 FY 2017-18		Y 2017-18	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22	
	((Audited)		(Audited)		(Audited)	((Audited)		(Audited)		(Audited)
REVENUE												
Taxes	\$	1,613,101	\$	1,711,196	\$	1,821,352	\$	1,871,045	\$	1,909,326	\$	2,006,306
Fines, Forfeitures, & Assessments	\$	-	\$	-	\$	67	\$	123	\$	143	\$	68
Interest	\$	14,326	\$	19,450	\$	34,297	\$	31,880	\$	11,429	\$	12,434
Intergovernmental Revenues	\$	6,130	\$	6,317	\$	8,773	\$	6,101	\$	5,735	\$	8,431
Operating Transfer In	\$	-	\$	181,117	\$	-	\$	130,584	\$	65,926	\$	-
TOTAL REVENUE	<u>\$</u>	<u>1,633,557</u>	<u>\$</u>	1,918,080	<u>\$</u>	<u>1,864,489</u>	<u>\$</u>	2,039,733	<u>\$</u>	<u>1,992,559</u>	<u>\$</u>	2,027,239
EXPENDITURE												
Services & Supplies												
Accounting and Auditing Fees	\$	500	\$	500	\$	500	\$	500	\$	500	\$	500
POSCS Services	\$	1,462,662	\$	1,552,190	\$	1,618,476	\$	1,600,861	\$	769,990	\$	1,348,769
Total Services & Supplies	\$	1,463,162	\$	1,552,690	\$	1,618,976	\$	1,601,361	\$	770,490	\$	1,349,269
Other Charges												
County Overhead	\$	9,461	\$	9,671	\$	4,332	\$	4,985	\$	5,175	\$	5,599
Total Other Charges	\$	9,461	\$	9,671	\$	4,332	\$	4,985	\$	5,175	\$	5,599
Fixed Assets												
Equipment	\$	-	\$	5,086	\$	-	\$	-	\$	-	\$	-
Building & Improvements	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Field Equipment	\$	7,436	\$	-	\$	-	\$	19,313	\$	17,345	\$	5,222
Mobile Equipment	\$	126,136	\$	57,413	\$	47,647	\$	96,840	\$	-	\$	19,930
Total Fixed Assets	\$	133,572	\$	62,499	\$	47,647	\$	116,153	\$	17,345	\$	25,152
Other Financing Uses												
Operating Transfers Out	\$	60,067	\$	181,117	\$	-	\$	350,311	\$	65,926	\$	-
OP/TR Out (CERTS)	\$	737,191	\$	64,527	\$	64,850	\$	65,735	\$	65,926	\$	65,376
Total Other Financing Uses	\$	797,258	\$	245,644	\$	64,850	\$	416,046	\$	131,852	\$	65,376
TOTAL EXPENDITURE	\$	2,403,453	\$	1,870,504	\$	1,735,805	\$	2,138,545	\$	924,862	\$	1,445,396
		<u> </u>	_	<u> </u>	-	<u> </u>		<u> </u>				
Surplus/(Deficit)	\$	(769,896)	\$	47,576	\$	128,684	\$	(98,812)	\$	1,067,697	\$	581,843
NET POSITION												
Ending Balance	<u>\$</u>	99,664	\$	132,853	\$	112,049	\$	45,814	\$	1,095,263	\$	579,918
Change (\$)	\$	36,491	\$	33,189	\$	(20,804)	\$	(66,235)	\$	1,049,449	\$	(515,345)
Change (%)		58%		33%		-16%		-59%		2291%		-47%

GOVERNANCE

CSA 11 is a dependent special district governed by the County Board of Supervisors. All CSAs are formed and operate pursuant to the County Service Area Law (Government Code Section 25210 et seq.). County Supervisors receive no additional compensation for their CSA responsibilities. Santa Cruz County staff from the Department of Parks, Open Space and Cultural Services manages the services related to CSA 11.

Local Accountability & Structure

The current Board is as follows:

Board Member	Supervisorial District	Term of Office
Manu Koenig	First District (Live Oak, Soquel, Summit, Santa Cruz Gardens, Carbonera, and parts of Scotts Valley & Capitola)	First Elected: 2020 Next Election: Primary 2024
Zach Friend	Second District (Aptos, Freedom, Corralitos, La Selva Beach, and parts of Capitola & Watsonville)	First Elected: 2012 Next Election: Primary 2024
Justin Cummings	Third District (Santa Cruz, Bonny Doon, North Coast)	First Elected: 2022 Next Election: Primary 2026
Felipe Hernandez	Fourth District (Pajaro Valley, Watsonville)	First Elected: 2022 Next Election: Primary 2026
Bruce McPherson	Fifth District (San Lorenzo Valley, most of Scotts Valley, parts of Santa Cruz, and Paradise Park)	First Elected: 2012 Next Election: Primary 2024

Table 7: Board of Directors

Parks & Recreation Commission

This commission advises the County Board of Supervisors and the Department of Parks, Open Space and Cultural Services on recreational programs, facilities, and parklands within the unincorporated area and outside the boundaries of the three special recreational districts. The commission consists of five members, who are county residents and appointed by the County Board of Supervisors. Each supervisor nominates one commission member. Each member has a four-year term limit. **Appendix B** provides a copy of the commission's bylaws. The commission meets quarterly on a weekday and starts between 3:00pm and 9:00pm. Meeting dates, agendas, and minutes are easily accessible online:<u>https://www.scparks.com/Home/AboutUs/ParksRecreationCommission.aspx</u>

Challenges and Opportunities

Independent special districts are tasked with operating in an efficient and transparent manner on a regular basis. LAFCO staff has taken the position that public agencies should always prepare and consider future opportunities and potential challenges in order to properly provide adequate services to their constituents. The following section explores possible actions that should be considered by the CSA.

Zones of Benefit

The County's 2018 strategic plan, as shown in **Appendix C**, highlights the lack of available funding towards the administration and maintenance of park and recreational services since the 2008 economic downturn. The County's general fund contribution to County Parks has yet to return to pre-recession levels, while costs have continued to rise. Despite the passage of Measure F in 2014, the County has also experienced a lack of staffing since 2008. The number of funded full-time or equivalent staff positions has dropped from 68 in FY 2002-03 to 46 in FY 2016-17. This may be an opportunity to consider establishing zones of benefits to identify a more accurate revenue source based on service usage and/or facility locations. A zone of benefit is a geographic area established under County Service Area law to provide funding for additional services not already being provided by any other entity, or at a higher level that might otherwise be available. A zone of benefit is created and governed by the County Board of Supervisors. There are two types of charges that can be levied: a special tax or a benefit assessment. The amount of either a special tax or benefit assessment is supported by the engineer's report submitted with the application to form a zone of benefit. It must include allowance for the administrative costs previously described, as well as the maintenance costs. Such action may help the County identify additional funds based on established zones - similar to other existing CSAs, such as CSA 9 and its five zones (Zones A to E).

LAFCO Staff Recommendation: The CSA should consider exploring governmental options including but not limited to jurisdictional expansion or establishing zones of benefit to help identify additional funds based on geographical areas.

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. SB 929 identifies several components that must be found within an agency's website. Additionally, the Special District Leadership Foundation (SDLF), an independent, non-profit organization formed to promote good governance and best practices among California's special districts, has also outlined recommended website elements as part of its District Transparency Certificate of Excellence. This program was created as an effort to promote transparency in the operations and governance of special districts to the public. Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the CSA's website even though said law only applies to independent special districts. Table 8 on page 17 summarizes staff's findings on whether the website is meeting the statutory requirements. At present, the CSA does not meet the statutory requirements under SB 929 and SDLF's website transparency criteria. In addition to the missing items, LAFCO staff found numerous broken links throughout the website. While the CSA has useful information available online, the website is not considered to be transparent and is difficult to navigate based on LAFCO's evaluation.

Table 8: Website Transparency Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
1. Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	✓
3. Names of Key Staff, including General Manager	
4. Contact Information for Staff	
5. Election/Appointment Procedure & Deadlines	
6. Board Meeting Schedule*	
7. Mission Statement	
	v
8. Description of District's Services/Functions and Service Area	•
9. Authorizing Statute/Enabling Act	
10. Adopted District Budgets*	
11. Financial Audits*	
12. Archive of Board Meeting Agendas & Minutes*	✓
13. Link to State Controller's Webpages for District's reported	
Board Member and Staff Compensation	
14. Link to State Controller's Webpages for District's reported	
Financial Transaction Report	
15. Reimbursement & Compensation Policy / Annual Policies	
16. Home Page Link to Agendas/Board Packets	
17.SB 272 - Compliance-Enterprise Catalogs	
18. Machine Readable/Searchable Agendas	\checkmark
19. Recipients of Grant Funding or Assistance	
20. Link or Copies of LAFCO's Service & Sphere Reviews	
Total Score (out of a possible 20)	7 (35%)
Additional Items (SDLF's Recommended Elements)	
1. Board Member Ethics Training Certificates	
2. Picture, Bio, and Email Addresses of Board Members	
3. Last Three Years of Audits	
4. Financial Reserves Policy	
5. Online/Downloadable Public Records Act Request Form	
6. Audio or Video Recordings of Board Meetings	
7. Map of District Boundaries/Service Area	
8. Link to CSDA Mapping Program	
9. General Description of Special Districts or Link to	
www.districtmakethedifference.org	
10. Link to Most Recently Filed to FPPC Forms	0 (00/)
Total Score (out of a possible 10) *Footnote: Senate Bill 929 Statutory Requirements	0 (0%)

Table 8: Website Transparency

*Footnote: Senate Bill 929 Statutory Requirements

LAFCO Staff Recommendation: The CSA, although not subject to SB 929, as a countywide district should continue updating its website to fulfill the requirements under SB 929 to ensure transparency at its highest level.

SPHERE OF INFLUENCE

Cortese-Knox-Hertzberg Act

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

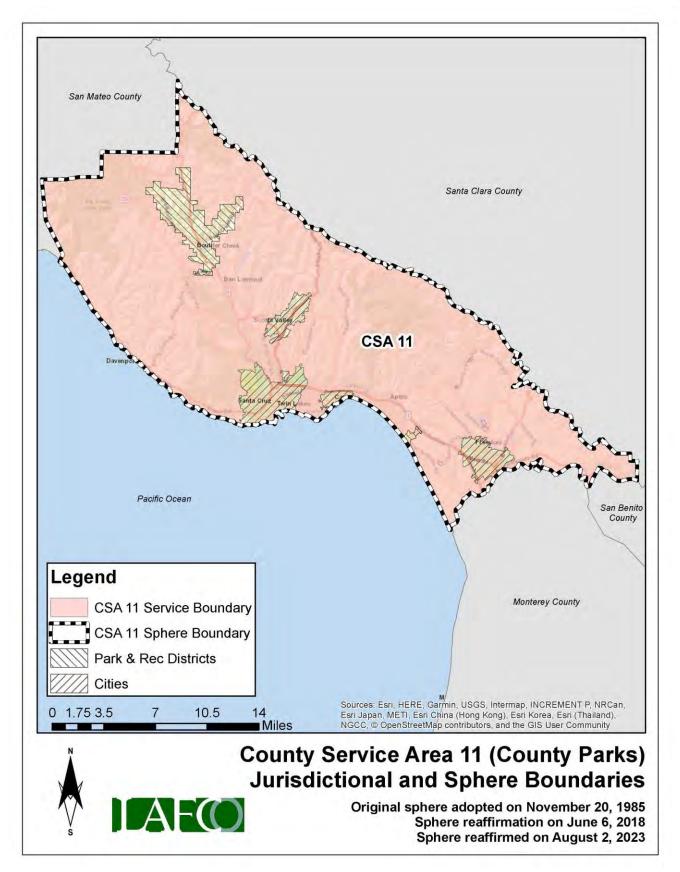
- The present and planned uses in the area, including agricultural and open-space lands;
- > The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;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

Sphere Boundary

CSA 11's original sphere was adopted on November 20, 1985. Since then, the sphere has remained coterminous with CSA 11's jurisdictional boundary. Staff is recommending that the sphere of influence be reaffirmed, as shown in **Figure 5** on page 19.

Possible Special Studies / Analysis

Given the impacts from the recent floodings to the Pajaro Valley region along the river corridor in Monterey and San Benito Counties, it may be beneficial for CSA 11 to consider providing more recreational services and resources to those areas. The areas in question are already in CSA 11's jurisdictional and sphere boundaries, and therefore, would not require LAFCO action. However, LAFCO staff would be more than willing to provide assistance on future special studies, if desired.



DISTRICT SUMMARY

	CSA 11 (County Parks)		
Formation	California Government Code, Section 25210 et seq. (County Service Area Law)		
Board of Trustees	County Board of Supervisors; five members; elected at-large to a four-year term		
	Park & Recreation Commission; five members; appointed by County Board of Supervisors to four-year terms		
Contact Person	Jeff Gaffney, Director of Parks, Open Spaces and Cultural Services		
Employees	53.5 full-time employees (County Parks Department)		
Facilities	38 parks (883 acres); 24 playgrounds; 27 coastal access points; and 1 regional swim center		
District Area	285 square miles		
Sphere of Influence	The sphere boundary is coterminous with the CSA's jurisdictional limits and the County of Santa Cruz.		
	Total Revenue = \$2,027,239		
FY 2021-22 Audit	Total Expenditure = \$1,445,396		
	Projected Net Position (Ending Balance) = \$579,918		
	Mailing Address: 979 17th Avenue, Santa Cruz CA 95062		
Contact	Phone Number: 831-454-7901		
Information	Email Address: parksinfo@scparks.com		
	Website: <u>https://www.scparks.com/</u>		
Public MeetingsThe Park & Rec Commission meetings are generally on the Monday, every other month at start between 3:00pm to Meeting locations vary and are disclosed in the meeting at			
Mission Statement	The County of Santa Cruz Department of Parks, Open Space and Cultural Services mission is to provide safe, well-designed and maintained parks, and a wide variety of recreational and cultural opportunities for our diverse community.		

SERVICE AND SPHERE REVIEW DETERMINATIONS

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

Service Provision Determinations

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

1. Growth and population projections for the affected area.

CSA 11 encompasses the entire county (285 square miles), excluding the cities and special districts that have their own park and recreation departments. It is estimated that approximately 127,000 residents currently live within the CSA's jurisdiction. LAFCO staff projects that the CSA's population may reach 132,000 by 2040.

- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence. CSA 11 is not subject to SB 244 because it does not provide water, sewer, or fire service.
- 3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

CSA 11 provides an array of services tailored to provide park and recreational programs to all communities throughout Santa Cruz County. Residents and non-residents have the opportunity to utilize the County's 38 parks (883 acres); 24 playgrounds; 27 coastal access points; and 1 regional swim center.

4. Financial ability of agencies to provide services.

CSA 11's primary source of revenue is from property taxes and Measure F, which passed in 2014. CSA 11's fund balance ended with approximately \$580,000 in FY 2021-22. CSA 11 ended the last two fiscal years with a surplus (FY 20-21 to FY 21-22). LAFCO staff believes this positive trend may continue if unanticipated expenses and unscheduled projects are mitigated.

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

The County coordinates with the cities and park districts to explore joint opportunities that may result in higher efficiencies, cost-savings, or a better level of service to the public.

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

LAFCO encourages more transparency from CSA 11 by sharing online information on how residents can participate in the CSA's decision-making process and future actions.

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

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

Sphere of Influence Determinations

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

1. The present and planned land uses in the area, including agricultural and openspace lands.

The present and planned land uses are based on the general plan from the County, which range from urban to rural uses. The general plan anticipates growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas.

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

CSA 11's administrative office is located at 979 17th Avenue, Santa Cruz CA 95062. The CSA falls under the County's Department of Parks, Open Space and Cultural Services.

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

In 2018, the County adopted a strategic plan for the Department of Parks, Open Space and Cultural Services. The goal of this plan was two-fold: (1) provide a ten-year roadmap for the department that will assist the County in adapting and growing their support for a healthy, connected, and culturally vibrant Santa Cruz County, and (2) create a resource for understanding of what they do and how they serve the community as well as guidance for partnering and collaboration.

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

CSA 11's jurisdictional boundary consists of the entirety of Santa Cruz County, excluding the four cities and the three park and recreational districts.

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

The CSA does not provide services related to sewers, municipal and industrial water, or structural fire protection. Therefore, this determination is not applicable.

APPENDICES

Appendix A: 1971 Formation Resolution

Appendix B: Park & Recreation Commission Bylaws

Appendix C: 2018 Strategic Plan



APPENDIX A:

1971 Formation Resolution

RESOLUTION NO. 297

On motion of Commissioner Sanson seconded by Commissioner Wicklund The following Resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SANTA CRUZ MAKING DETERMINATIONS AND AUTHORIZING PROCEEDINGS FOR THE FORMATION OF RECREATION AND PARKS COUNTY SERVICE AREA NO. 11

The Local Agency Formation Commission of the County of Santa Cruz DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

- 1. A petition for the proposed formation of Recreation and Parks County Service Area No. 11 was heretofore filed with the Executive Officer of this Commission; said County Service Area is assigned the short form designation of "Recreation and Parks County Service Area No. 11;" the County of Santa Cruz is designated as the conducting agency; and the Board of Supervisors of said County is hereby authorized to conduct proceedings in compliance with this Resolution.
- 2. The Executive Officer of this Commission has examined said petition and executed his certificate determining and certifying that said petition is sufficient as a legal document; has given notice of public hearing by this Commission upon said petition in the form and manner provided by law; and has reviewed said petition and has prepared a report, including his recommendations, thereon, and has presented the same before this Commission for consideration.
- 3. The public hearing by this Commission was held on October 20, 1971, being the time and date, and at the place specified in said notice of public hearing, and at such hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented, or filed.
- 4. The boundaries set forth in said petition are approved as submitted.
- 5. The approval of such formation is conditioned upon the following terms and conditions: "Recreation and Parks County Service Area No. 11 shall perform only the following extended services:
 - a. "To acquire, operate, and maintain a system of parks and playgrounds to supplement the Countywide Recreation and Park Plan.
 - b. 'To acquire, operate, and maintain recreation centers and other recreation facilities on a Zone of Benefit basis where the level of service exceeds that provided for the entire Service Area.
 - c."To provide recreational programs to supplement the Countywide recreational programs."

Chairman

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Cruz this 20th day of October, 1971 by the following vote:

AYES:	Commissioners	Sanson,	Wicklund.	Richards.	Haber.	Harry
NOES:	Commissioners	1997 B	Contraction of the	2	COURS S	J
ABSENT:	Commissioners:			111	11	

Hanna, Executive Officer

Santa Cruz Local Agency Formation Commission

APPENDIX B:

Park & Recreation Commission Bylaws

SANTA CRUZ COUNTY PARKS AND RECREATION COMMISSION BY-LAWS

Sections:

- 1) Established--Statutory Authority.
- 2) Membership.
- 3) Term of Office.
- 4) Officers.
- 5) Organization and Procedures.
- 6) **Powers and Duties.**
- 7) Meetings.
- 8) Minutes of Meetings.
- 9) Quorum for Meetings.
- 10) Notice of Meetings.
- 11) **Public Participation.**
- 12) Action of Commission.
- 13) Vacancies.
- 14) Biennial Report.

1) Established--Statutory Authority.

- A. The Santa Cruz County Parks and Recreation Commission is established under the authority of Government Code Section 25208.5 and the County Board of Supervisors, in compliance with Chapter 2.38 and Chapter 2.70 of the Santa Cruz County Code.
- B. The Commission shall advise the County Board of Supervisors and the Department of Parks, Open Space and Cultural Services on recreational programs, facilities, and parklands within the unincorporated area and outside the boundaries of the four special recreational districts of the County of Santa Cruz.

2) Membership.

The Commission shall consist of five members, residents of the County, appointed by the County Board of Supervisors. Each Supervisor shall nominate one member.

3) **Term of Office.**

Each member shall serve for a term of four years, commencing on April 1st of the year in which the member's nominating Supervisor begins a full term.

4) **Officers.**

The Commission shall elect a Chairperson and Vice-Chairperson. Officers shall be elected during the first meeting in April of each year.

5) **Organization and Procedures.**

A. General Organization. The Commission shall comply in all respects with Sections 2.38.110 through 2.38.250 and 2/38.270 of the Santa Cruz County Code unless otherwise provided herein.

B. County Staff Support. The County Department of Parks, Open Space and Cultural Services shall provide staff support for the Commission. The Director of the department, or the Director's designee, shall serve as administrative secretary to the Commission, and shall prepare and receive copies of all minutes, reports and recommendations submitted to the Board of Supervisors by the Commission. The staff of the Department of Parks, Open Space and Cultural Services shall assist the Commission in discharging its duties.

6) **Powers and Duties.**

The Commission shall be responsible for performing the following duties:

- A. Assess the needs and resources of the County for parks, open space, and cultural services, and recommend programs to satisfy those needs.
- B. Advise the Board of Supervisors and the Department of Parks, Open Space and Cultural Services on the formulation, implementation, review and updating of the County Master Plan for parks, recreation, and open space.
- C. Advise the Board of Supervisors and the Department of Parks, Open Space and Cultural Services on the administration of a program of acquisition, development, maintenance and operation of parks and recreational resources, as reflected in the Master Plan for parks, recreation, and open space.
- D. Advise the Board of Supervisors and the Department of Parks, Open Space and Cultural Services on the preservation of the historic, cultural, and natural resources of the County and how best to promote and foster an awareness of this heritage.
- E. Cooperate with public, private, and quasi-private agencies and organizations involved in parks, open space, and cultural services in or affecting the County.
- F. Advise the Department of Parks, Open Space and Cultural Services on the preparation, justification, and administration of an annual budget for parks, open space, and cultural services.
- G. Evaluate all applications for County funds or services for the support of County-sponsored or County-assisted programs in recreation, arts, and other cultural services, and make recommendations to the Board of Supervisors on such applications; and
- H. Communicate and cooperate with the arts and other commissions and boards to ensure coordination of cultural and social activities.

7) Meetings.

- A. All business shall be conducted at regular public meetings scheduled at least quarterly on a weekday to start no earlier than 3 pm but no later than 6 pm, unless otherwise determined by the commission and specified in the public notice, at 979 17th Avenue, Santa Cruz, California, or, from time to time, at an alternate location specified in the public notice. The Commission may call for special public meetings in order to timely conduct Commission business.
- B. Any subcommittee meetings comprised of less than a quorum of the members of the Commission and, which are not standing subcommittees of the Commission, shall meet at a time and place convenient for the members of the subcommittee and may be open to the public.
 Proceedings of any subcommittee meetings shall be presented to the Commission in written form at the Commission's regular meeting.

8) Minutes of Meetings.

Official minutes recording the motions entertained and actions taken at each Commission meeting shall be prepared and submitted by the Commission to the Board of Supervisors, the Clerk of the Board, and

the County Administrative Office.

9) **Quorum for Meetings.**

A quorum shall consist of three (3) Commissioners for regular and special meetings. If a quorum is not present within fifteen minutes of the scheduled meeting time for any regular or special meeting, then such meeting shall be adjourned for lack of a quorum. A notice indicating such an adjournment shall accompany the agenda for the Commission's next meeting.

10) Notice of Meetings.

- A. At least seventy-two (72) hours prior to each regular meeting, an agenda for the regular meeting shall be electronically sent to each Commission member, to each representative of the news media and to each person who has submitted a written request to the Commission for notification of meetings.
- B. The agenda shall be posted at least seventy-two (72) hours prior to the regular meeting at a location that is freely accessible to the public. The agenda shall contain a brief general description of each item of business to be transacted or discussed at the meeting.
- C. No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that member of the Commission may briefly respond to statements made or questions posed by persons exercising their public testimony rights or ask a question for clarification, refer the matter to staff or to other resources for factual information, or request staff to report back at a subsequent meeting concerning any matter.
- D. Notwithstanding the foregoing, action may be taken on an item of business not appearing on the posted agenda upon following a determination by a four-fifths vote by the Commissioners present.
- E. If less than four-fifths of the Commission is present, action may be taken on an item of business not appearing on the posted agenda if, by an unanimous vote of the Commissioners present, the Commissioners determine there is a need to take immediate action and that the need for action came to the attention of the County subsequent to the agenda being posted.
- F. At least twenty-four (24) hours prior to each special meeting, an agenda for the special meeting shall be electronically sent to each Commissioner, to each representative of the news media and to each person who has submitted a written request to the Commission for notification of meetings; and shall be posted at least twenty-four (24) hours prior to the special meeting at a location that is freely accessible to members of the public. No business other than that listed on the agenda shall be considered at a special meeting.
- G. All subcommittees shall comply with the notice and agenda requirements otherwise applicable to the Commission in these By-laws, except for subcommittees composed solely of less than a quorum of the members of the Commission which are not standing subcommittees of the Commission with either a continuing subject matter jurisdiction or a meeting schedule fixed by resolution or other formal action of the Commission.

11) **Public Participation.**

Public participation in Commission meeting shall be allowed as follows:

- A. An opportunity for members of the public to directly address the Commission on any item on the agenda that is of interest to the public shall be provided before or during the Commission's consideration of the item.
- B. In addition, the agenda will provide for oral communications on items not on the agenda which

are within the subject matter jurisdiction of the Commission near the beginning of each regular meeting agenda.

C. The Commission may establish reasonable limits on the amount of time allotted to each speaker on a particular item, and the Commission may establish reasonable limits on the total amount of time allotted for public testimony on a particular item or the total amount of time allotted for community oral communications. Unless otherwise determined by the Commission, the time limit will be 3 minutes. When further discussion is required, the Commission may vote to allot time in the agenda of the following meeting.

12) Action of the Commission.

Every act of decision taken or made by an affirmative vote of at least three of the Commissioners present at the meeting is the act of the Commission. All such actions of the Commission shall be governed by Roberts Rules of Order.

13) Vacancies.

Vacancies on the Commission shall exist: (1) on the death, resignation or removal of any Commissioner; and (2) any Commissioner who misses three consecutive meetings, without good cause entered into the Commission's minutes; or, any Commissioners who misses half of the meetings in a calendar year, of the Commission shall be deemed as resigned from the Commission. Parks Department staff shall notify the Clerk of the Board of any vacancies on the Commission.

14) **Biennial Report.**

- A. A biennial report shall be submitted by the Commission to the Board of Supervisors and to the County Administrative Office on or before January 31st and subsequently filed with the Clerk of the Board of Supervisors. The report shall highlight the activities, accomplishments and goals of the Commission and shall utilize the following report format:
 - 1. Role(s) of the Commission;
 - 2. Meeting dates, time and location;
 - 3. Commission structure;
 - 4. Commission staff (designated staff or staff assigned through department);
 - 5. Attendance;
 - 6. Annual goals and accomplishments (reporting year goals and attainment of those goals; summary of reporting year activities including special projects, workshops or seminars that Commissioners have attended, if applicable);
 - 7. Future goals; and
 - 8. Recommendations may include (public and/or private sector actions that advance the goals of the Commission).
- B. In addition to the Biennial Report, the Commission may submit progress reports and recommendations to the Board of Supervisors and to the County Administrative Office at any time.

APPENDIX C:

2018 Strategic Plan



SANTA CRUZ COUNTY PARKS STRATEGIC PLAN

FINAL AUGUST 6^{TH} , 2018





County of Santa Cruz

DEPARTMENT OF PARKS, OPEN SPACE & CULTURAL SERVICES 979 17TH AVENUE, SANTA CRUZ, CA 95062 (831) 454-7901 FAX: (831) 454-7940 TDD: (831) 454-7978

JEFF GAFFNEY DIRECTOR

Dear Friends and Partners,

The Santa Cruz County Parks Department is pleased to present to you our first Strategic Plan. This document represents a year-long process of assessment, inquiry, and outreach to our community, partner organizations, public officials, staff, and supporters. We are proud of the comprehensive and collaborative nature of the document as well as the process which created it.

Our goal was twofold: first, provide a ten-year roadmap for the department that will assist us in adapting and growing our support for a healthy, connected, and culturally vibrant Santa Cruz County. Second, to create a resource for understanding of what we do and how we serve the community, as well as guidance for partnering and collaboration.

The premise of this document is that our system of parks, open spaces, beaches, and recreation and cultural services represent one of our county's most valuable investments. The department's primary role is to ensure that this investment is well-managed, relevant and accessible to all, regardless of age, cultural background, physical ability, or income. We also must see that it is preserved and enhanced for generations to come.

Thank you for your contribution and dedication to our amazing park system and the public value we provide. We hope you will find this plan useful; it is the beginning of a relationship and an open conversation about community priorities.

Sincerely,

Jeff Gaffney Parks Director

> The Mission of the Santa Cruz County Parks, Open Space and Cultural Services is to provide safe, well designed and maintained parks and a wide variety of recreational and cultural opportunities for our diverse community

FORWARD

ACKNOWLEDGEMENTS

This plan would not have been possible without the assistance and participation of a great number of individuals. We would like to thank all the members of the public who participated in the public process that created this Strategic Plan, and to all the staff and volunteers who contributed.

Working Group Members: Dena Loijos Mariah Roberts Jim Rapoza Tess Fitzgerald Judy Stabile Terry Corwin Melodye Sereno Brad Blachly Isabelle Kornberg Micaela Lopez

Strategic Plan Project Team: Jeff Gaffney, Parks Director Kim Namba, Administrative Services Manager Will Fourt, Park Planner Jessica Wolf, Program Coordinator

With Consultant: Meetings that Matter

Parks and Recreation Commission Members: Mariah Roberts Kate Minott Alexandra Sibille Steven Bennett Jim Rapoza

Strategic Plan Pyramid

VISION

A healthy and vibrant county where everyone is able to be active, explore, learn, play and connect, and where our diverse natural and cultural resources are celebrated and protected for generations to come.

VALUES

Well-Being • Stewardship • Equity

MISSION

Provide safe, well-designed and maintained parks and a wide variety of recreational and cultural opportunities for our diverse community.

~

STRONG ORGANIZATION

Ensure Organizational

Effectiveness and Fiscal

Stability for Long-Term

Community Benefit

GUIDING PRINCIPLES OF SERVICE

Service-Oriented • Fiscally-Responsible • Collaborative • Adaptive • Results-Focused

GREAT FACILITIES Maintain and Enhance the Quality and Accessibility of Parks Facilities for Outstanding Visitor Experience

GOALS

AWESOME PROGRAMS

Provide Recreational and Cultural Programs to Strengthen and Engage Local Communities

EFFECTIVE STEWARDSHIP

Nina

Steward and Protect Open Spaces and Natural, Cultural and Historical Resources for the Enjoyment of Current and Future Generations

SANTA CRUZ COUNTY PARKS STRATEGIC PLAN

343 of 474

vi

TABLE OF CONTENTS

CHAPTERS

PART I: THE COUNTY PARKS STRATEGIC PLAN	
CHAPTER 1: INTRODUCTION	1
CHAPTER 2: VISION, MISSION AND VALUES	5
CHAPTER 3: GOALS, OBJECTIVES AND STRATEGIES	
CHAPTER 4: PLAN IMPLEMENTATION	

PART II: THE COUNTY PARKS DEPARTMENT

CHAPTER 5: THE PARKS NETWORK AND SERVICES	19
CHAPTER 6: OVERSIGHT AND FUNDING	
CHAPTER 7: KEY CHALLENGES	

PART III: CREATING THE PLAN

CHAPTER 8: PROJECT APPROACH	. 33
CHAPTER 9: KEY FINDINGS	. 37

FIGURES

FIGURE 1:	STRATEGIC IMPROVEMENT CYCLE	13
FIGURE 2:	STRATEGIC MANAGEMENT SYSTEM	14
FIGURE 3:	NEIGHBORHOOD-PARK-PROVIDING JURISDICTIONS	20
FIGURE 4:	PROTECTED LANDS IN SANTA CRUZ COUNTY	21
FIGURE 5:	COUNTY PARKS, FACILITIES, AND COASTAL ACCESS POINTS	25
FIGURE 6:	PARKS REVENUE SOURCES IN FISCAL YEAR 2016/17	27
FIGURE 7:	NUMBER OF PARKS AND NUMBER OF PARKS DEPARTMENT STAFF	28
FIGURE 8:	STRATEGIC PLAN FLOW CHART	33
FIGURE 9:	WORDS USED IN RESPONSE TO SURVEY	35
FIGURE 10:	KEY THEMES AND IDEAS RECEIVED FROM STAFF	38
FIGURE 11:	PERCENT OF TOPICS RAISED IN COMMENTS DURING PUBLIC MEETINGS	41

TABLES

TABLE 1:	SUMMARY OF GOALS AND OBJECTIVES	. 8
TABLE 2:	KEY NEEDS SUMMARY	. 42

APPENDICES

APPENDIX 1: PARKSCORE ANALYSIS APPENDIX 2: OUTREACH MATERIALS AND SUMMARY

Vii

Viii

PART I: THE COUNTY PARKS STRATEGIC PLAN

CHAPTER 1: INTRODUCTION

This Strategic Plan represents the first comprehensive and collaborative planning effort between the County Parks Department and the local community in Santa Cruz County. The Strategic Plan seeks to articulate the vision and strategic priorities for the future of the County Parks system in a ten-year timeframe. The vision and priorities established through this process reflect the strong value that Santa Cruz County places on parks, coastal access, open space, programs and the events and activities that bring us together as a community.

The Strategic Plan addresses the County's existing park system, including its strengths and challenges, and identifies the necessary areas of improvement to remain responsive to the changing needs of our community. Ultimately, the plan will serve as the basis for future department work plans (operational plans) and as a roadmap for the department.

OUR VISION FOR THE FUTURE:

A healthy and vibrant county where everyone is able to be active, explore, learn, play and connect, and where our diverse natural and cultural resources are celebrated and protected for generations to come.

WHY A STRATEGIC PLAN?

The Santa Cruz County Department of Parks, Open Space and Cultural Services (County Parks Department or County Parks) has grown in both the size of its holdings and its importance in the lives of county residents since its inception in 1979. Over the course of the last 38 years, the department has undergone many changes, while the County Parks system has grown into a large network of parks, open spaces, facilities, trails and coastal access points throughout the unincorporated portions of the county.

Some highlights of the department's history:

• **1979 - 2002**: Established in 1979, the County Parks system grew for two decades in the number of parks, programs and employees. By 2002 there were 55 County Parks facilities, parks and coastal access points.

• 2002 - 2011: The number of full time permanent budgeted department staff positions declined from 68 funded full time or equivalent staff positions in 2002/03 to only 35 in 2011/12, along with a decline in program offerings. At the same time, the number of park facilities steadily increased.

• **2011 - 2014**: In the wake of the economic downturn, the Parks Department was temporarily dissolved into the County Department of Public Works from 2011 to 2014.

• 2014 - 2018: Some limited additional funding for County Parks was established through the passing of Measure F in 2014. The County Parks Department was re-established as an independent department in 2014 and a new director was hired in 2015.

The Parks Department provides both local and regional parks and programs. Santa Cruz County is unique in having such a large portion of the population living outside of incorporated cities (about 130,000 people, or 49 percent according to the 2010 Census). The County Parks Department provides typical county regional parks and open spaces serving the entire county population. The Department also has a role similar to a city parks department in providing local neighborhood and community parks and event facilities in these unincorporated areas, despite having a smaller relative tax apportionment and ability to leverage funding than other counties and cities (see Chapter 7 for more explanation).

Working within the current framework of the County's General Plan, the County Parks Strategic Plan represents the current vision of the community, and identifies opportunities for leveraging funding and resources to move the department towards this vision. The Strategic Plan does not create or change any County policy, but provides a framework to assist us in working more effectively within existing policies.

HOW THE STRATEGIC PLAN WILL BE USED

This document consolidates background information, community feedback, key findings and other information that was used to develop the vision, values, goals, objectives and strategies contained in this Strategic Plan. County Parks has gained a wealth of information about the community and the environment through this process, and this summary will be used by staff, community stakeholders, the County Administrative Office, and the Board of Supervisors as the County moves forward to carry out the vision outlined in this Strategic Plan. Much of this information will be referenced or serve as a jumping-off point for strategic decision-making. Additionally, this Strategic Plan will serve as the basis for future operational plans for the department, which will contain performance measures, more time-specific priorities, and detailed actions to implement the Strategic Plan and achieve our goals.



Simpkins Family Swim Center in Live Oak

RELATIONSHIP TO THE COUNTYWIDE STRATEGIC PLAN 2018-2024

The County Administrative Office developed its first-ever countywide strategic plan in 2018. This plan establishes a common vision and set of goals that will be implemented by all the County departments and will contain broad, inter-departmental goals. The goals and objectives in the County Parks Strategic Plan will work together and align with the countywide goals, while being more specific to the provision of parks and recreation in the county.

The Parks Department is not the only County department to undergo its own strategic planning process. Under the direction of our County's new Chief Administrative Officer, all County departments will be asked to develop plans and to align those plans with the overarching County plan.



Strategic Plan Community Meeting in Watsonville

STRATEGIC PLAN VOCABULARY

Throughout the Strategic Plan, the following terms will be used frequently and have a specific meaning within the context of this Strategic Plan.

Vision	A brief statement articulating the desired future state, de- scribing why the department does the work that it does.
Values:	Core <i>motivators</i> reflecting community ideals that drive the work of the Parks Depart- ment and relate directly to the vision.
Mission :	A brief statement describing <u>what</u> the department does.
Goals:	Broad statements of <u>how</u> we pursue our vision.
Objectives :	Specific ways we plan to achieve our goals and impact our community.
Strategies:	The approach we plan to take to achieve our objectives.

4

CHAPTER 2: VISION, MISSION AND VALUES

VISION

The vision for the future of Santa Cruz County Parks describes the desired end state of the work that we do and articulates the biggest 'why' for the County Parks Department's existence. Our vision statement was created with extensive input from the staff, the community, and partners during the Strategic Plan process.

MISSION

The County Parks mission states what the department does to serve the community. The mission statement was adopted for the department prior to this Strategic Plan process, and represents the department's most essential purpose.

OUR VISION:

A healthy and vibrant county where everyone is able to be active, explore, learn, play and connect, and where our diverse natural and cultural resources are celebrated and protected for generations to come.

OUR MISSION:

The Mission of the Santa Cruz County Parks, Open Space and Cultural Services is to provide safe, well designed and maintained parks and a wide variety of recreational and cultural opportunities for our diverse community.

VALUES

The values listed in this section represent the core motivators that drive the work of the Parks Department to serve the community, as identified through the strategic planning process. The values directly support the new Parks Department vision and have been used to identify and define department priorities and our goals and objectives in the Strategic Plan.

The three core values are *Well-Being, Steward-ship and Equity.*

WELL-BEING

Creating a happier and healthier Santa Cruz County and improving quality of life by promoting physical activity, safe and welcoming public spaces, positive community interactions, and relief from everyday stress.

STEWARDSHIP

Sustaining natural systems and conserving resources throughout the parks system for future generations, including education and learning opportunities, and chances for people to appreciate and connect with the natural world.

EQUITY

Serving communities throughout the county with a focus on those most in need, to ensure that parks and programming are inclusive, welcoming and accessible to all.



Aptos Village County Park



Parks Department Core Values

GUIDING PRINCIPLES OF SERVICE

The following principles describe the strong value the parks department places on *service*. These principles were identified by staff and the community during the strategic planning process, and reflect how the department operates to increase the values of well-being, stewardship, and equity.

Service-Oriented: We work as a team to provide a consistent high level of service to our community.

Fiscally-Responsible: We allocate and use resources responsibly and pursue sustainable funding that meets the needs of the system of parks and parks services.

Collaborative: The department works together with other agencies, organizations, businesses, volunteers, community members and staff to provide the highest possible level of service and to create new opportunities.

Adaptive: The department remains nimble and creative as it responds and adapts its parks and programs to the changing needs of the community.

Results-focused: We establish community driven goals, measure our performance, and communicate with the public our progress in meeting long-range goals in support of community well-being, stewardship and equity.

CHAPTER 3: GOALS, OBJECTIVES AND STRATEGIES

For the purposes of articulating the vision of the Parks Department, specific means for implementing the plan are described through Strategic Plan goals, objectives and strategies. These means are intended to describe the direction and priorities for the department for the next 10 years. These statements respond to the key issues and themes that emerged during the strategic planning outreach process.

Definitions for goals, objectives and strategies are described in the text box to the right. A summary table of goals and objectives is shown in Table 1. Strategic goals are not ranked and are numbered only for reference. Note that these strategies do not include specific measurable actions. Actions to implement the Strategic Plan will be developed in future operational plans for the department (see Chapter 4).

Objectives and strategies are organized into categories of "core" and "stretch." These categories illustrate what the department can pursue with existing staffing and resources, and what will require additional resources, according to definitions on the right.

All the goals, objectives, and strategies were developed with extensive input from the community and staff as part of the strategic planning process.

Goals:

Broad statements of how we pursue our vision

Objectives:

Specific ways we plan to achieve our goals and impact our community

Core Objectives:

Objectives that: 1) are essential to the Department's existence and function, 2) may be pursued with existing staffing and resources, and 3) have been core areas of focus for the department in the past.

Stretch Objectives:

Objectives that: 1) have been identified as important by the community, 2) will require us to leverage new resources and to increase department capacity, and 3) expand the services provided by the Department

Strategies:

The approach we plan to take to achieve our objectives



Miller Property County Park in Boulder Creek

COUNTY PARKS STRATEGIC GOALS AND OBJECTIVES

	eat Facilities QUALITY AND ACCESSIBILITY OF NDING VISITOR EXPERIENCE	Goal 2: Strong Organization ENSURE ORGANIZATIONAL EFFECTIVENESS AND FISCAL STABILITY FOR LONG-TERM COMMUNITY BENEFIT		
CORE OBJECTIVES: 1.1 Maintain and update parks facil- ities, and the accessibility of parks facilities, to a consistent standard 1.2 Ensure safety and cleanliness of parks facilities	 STRETCH OBJECTIVES: 1.3 Increase accessibility of parks facilities to people of all abilities, ages, backgrounds and financial resources 1.4 Create and implement a plan to address deferred maintenance throughout the parks system 1.5 Upgrade parks in alignment with parks master plans and add additional parks facilities in underserved areas 	 CORE OBJECTIVES: 2.1 Ensure department efficiency and effectiveness 2.2 Invest in staff development and promote innovation and excellence in service 2.3 Develop sources of sustained funding for operations and en- hanced services 	 STRETCH OBJECTIVES: 2.4 Institute improved systems for departmental management and operations planning 2.5 Lead and partner with other departments, agencies and organizations to better serve the community 	
Goal 3: Awesome Programs PROVIDE RECREATIONAL AND CULTURAL PROGRAMS TO STRENGTHEN AND ENGAGE LOCAL COMMUNITIES		<i>Goal 4: Effective Stewardship</i> STEWARD AND PROTECT OPEN SPACES AND NATURAL, CULTURAL AND HISTORICAL RESOURCES FOR THE ENJOYMENT OF CURRENT AND FUTURE GENERATIONS		
CORE OBJECTIVES: 3.1 Provide recreational programs and events to meet community needs 3.2 Cultivate the arts and strength- en the culture of the county through public art programs and events 3.3 Conduct community outreach and offer regular opportunities for diverse groups to engage with and learn about their county parks	 STRETCH OBJECTIVES: 3.4 Provide additional recreational programs and events to address areas of unmet need 3.5 Enhance our support of local families and youth by expanding after school and summer offerings 3.6: Increase the department's understanding of parks customers through increased outreach, data collection and research 	<i>CORE OBJECTIVES:</i> 4.1 Partner with other agencies, organizations, and land owners in an integrated regional approach to resource management 4.2 Protect cultural and historical re- sources throughout the parks system 4.3 Provide interpretive programs and opportunities to increase aware- ness and appreciation of natural, cultural and historical resources	 STRETCH OBJECTIVES: 4.5 Establish a natural resources and open space management program in the parks department to maximize environmental benefits throughout the parks system 4.6 Increase interpretive programs and opportunities to increase awareness and appreciation of all natural, cultural and historical resources 4.7 Increase volunteer opportuni- 	

GOAL 1: GREAT FACILITIES

MAINTAIN AND ENHANCE THE QUALITY AND ACCESSIBILITY OF PARKS FACILITIES FOR OUTSTANDING VISITOR EXPERIENCE

CORE OBJECTIVES

OBJECTIVE 1.1: MAINTAIN AND UPDATE PARKS FACILITIES, AND THE ACCESSIBILITY OF PARKS FACILITIES, TO A CONSISTENT STANDARD

STRATEGIES:

- a. Continue to establish consistent park maintenance standards and staff levels throughout the parks system
- b. Determine and communicate staffing needs based on department goals and the number of properties, facilities and programs, and pursue appropriate staff levels
- c. Assess the anticipated operational costs for potential new parks projects and budget for projected staffing levels and maintenance costs
- d. Regularly inventory and prioritize system-wide needs for deferred maintenance projects
- e. Continue to increase accessibility of parks to all people as parks are upgraded

OBJECTIVE 1.2: ENSURE SAFETY AND CLEANLINESS OF PARKS FACILITIES

STRATEGIES:

- a. Pursue resources to increase professional staff presence in parks
- b. Increase volunteer presence in parks under direction of staff

- c. Engage community and volunteers in supporting safe and clean parks
- d. Partner with law enforcement to enhance security in parks and facilities
- e. Improve and expand system for tracking and responding to citizen reports of maintenance and safety issues
- f. Increase staff input in identifying and prioritizing maintenance needs

STRETCH OBJECTIVES

OBJECTIVE 1.3: INCREASE THE ACCESSIBILITY OF PARKS FACILITIES TO PEOPLE OF ALL ABILITIES, AGES, BACKGROUNDS AND FINANCIAL RESOURCES

STRATEGIES:

- a. Conduct physical accessibility assessments of existing parks facilities, identifying and prioritizing needed improvements
- Increase relevance of parks to youth and aging populations and to families with young children, and ensure that all demographics are served by parks

OBJECTIVE 1.4: CREATE AND IMPLEMENT A PLAN TO ADDRESS DEFERRED MAINTENANCE THROUGHOUT THE PARKS SYSTEM

STRATEGIES:

- a. Identify needs and determine priority projects
- b. Develop budget and timeframes for deferred maintenance projects, and identify potential funding sources
- c. Secure funding for deferred maintenance
- d. Implement the deferred maintenance plan in stages to maintain investments in parks
- e. Anticipate and schedule upgrades as projects are completed

OBJECTIVE 1.5: UPGRADE PARKS IN ALIGNMENT WITH PARKS MASTER PLANS AND ADD ADDITIONAL PARKS FACILITIES IN UNDERSERVED AREAS

STRATEGIES:

- a. Inventory and develop a system to prioritize planned park projects
- a. With input from the community, identify new park uses for existing parklands, including both active and passive recreation opportunities
- b. Pursue park acquisitions in areas that lack access to parks
- c. Pursue resources to develop additional amenities to serve the community

GOAL 2: STRONG ORGANIZATION

ENSURE ORGANIZATIONAL EFFECTIVENESS AND FISCAL STABILITY FOR LONG-TERM COMMUNITY BENEFIT

CORE OBJECTIVES

OBJECTIVE 2.1: ENSURE DEPARTMENT EFFICIENCY AND EFFECTIVENESS

STRATEGIES:

- a. Provide exceptional customer service to park users and the wider community
- b. Provide resources and systems to ensure effective staff communication throughout the department
- c. Engage and deploy volunteers effectively to augment departmental capacity
- d. Upgrade technology where it makes the most difference to staff effectiveness
- e. Regularly survey staff regarding department priorities and effectiveness, and solicit ideas for improving department functionality

OBJECTIVE 2.2: INVEST IN STAFF DEVELOPMENT AND PROMOTE INNOVATION AND EXCELLENCE IN SERVICE

STRATEGIES:

- a. Create and maintain a variety of opportunities for staff training and leadership development
- b. Encourage collaboration across the department and promote ways for staff to learn from each other and share expertise
- c. Increase regular communication between staff and supervisors

- d. Track and recognize staff performance
- e. Pursue opportunities for networking and staff development with other agencies

OBJECTIVE 2.3: DEVELOP SOURCES OF SUSTAINED FUNDING FOR OPERATIONS AND ENHANCED SERVICES

STRATEGIES:

- a. Pursue new opportunities for revenue generation
- b. Collaborate for the creation of a parks funding measure or other sustainable source of park funding
- c. Evaluate park dedication fees and update as needed
- d. Work with the County Administrative Office and Board of Supervisors to assess department operations and capital projects budgets and secure adequate funds

STRETCH OBJECTIVES

OBJECTIVE 2.4: INSTITUTE IMPROVED SYSTEMS FOR DEPARTMENTAL MANAGEMENT AND OPERATIONS PLANNING

STRATEGIES:

a. Develop metrics and performance measures for Strategic Plan Objectives and share com-

pelling data with stakeholders and potential funders

- b. Develop and annually update an Operational Plan, integrated with the Capital Improvement Program and department budget
- c. Regularly track and report progress on Strategic Plan Objectives and Strategies through implementation of the department's strategic management cycle
- d. Work to align the Parks Department's Strategic Plan with the County's Strategic Plan

OBJECTIVE 2.5: LEAD AND PARTNER WITH OTHER DEPARTMENTS, AGENCIES AND ORGANIZATIONS TO BETTER SERVE THE COMMUNITY

STRATEGIES:

- a. Partner with other public land owners to provide increased recreational access to existing public open spaces
- b. Partner with school districts, land trusts, non-profit groups, community organizations, and public agencies to provide additional public access to existing facilities
- c. Collaborate to develop an interagency vision for the countywide network of trails

GOAL 3: AWESOME PROGRAMS

PROVIDE RECREATIONAL AND CULTURAL PROGRAMS TO STRENGTHEN AND ENGAGE LOCAL COMMUNITIES

CORE OBJECTIVES

OBJECTIVE 3.1: PROVIDE RECREATIONAL PROGRAMS AND EVENTS TO MEET COMMUNITY NEEDS

STRATEGIES:

- a. Continue to offer free and low-cost programs and events to the community
- b. Sponsor and co-sponsor a variety of events for families & diverse audiences
- c. Promote program scholarships offered by non-profit partner organizations based on individuals' financial need

OBJECTIVE 3.2: CULTIVATE THE ARTS AND STRENGTHEN THE CULTURE OF THE COUNTY THROUGH PUBLIC ART PROGRAMS AND EVENTS

STRATEGIES:

- a. Continue to work with the County Arts Commission and partners to: a) fund arts programs,
 b) include public art components in public projects, c) provide art in public spaces, d) develop new public art programs and e) conserve existing public art
- b. Continue to offer opportunities to engage in rich, hands-on arts curriculum through artsbased summer camps and class offerings

OBJECTIVE 3.3: CONDUCT COMMUNITY OUTREACH AND OFFER REGULAR OPPORTUNITIES FOR DIVERSE GROUPS TO ENGAGE WITH AND LEARN ABOUT THEIR COUNTY PARKS DEPARTMENT

STRATEGIES:

- a. Conduct meaningful outreach to the county's diverse communities to increase access to and knowledge of parks facilities and programming
- b. Regularly engage community members and other agencies and organizations in assessing community needs

STRETCH OBJECTIVES

OBJECTIVE 3.4: PROVIDE NEW AND INNOVATIVE RECREATIONAL PROGRAMS AND EVENTS THAT ADDRESS AREAS OF UNMET NEED

STRATEGIES:

- a. Regularly assess needs and inventory priorities for classes, programs, and events, especially in underserved areas
- b. Pursue partnerships and develop programs where most needed
- c. Add additional programming targeted to and relevant for high-need and underserved groups
- d. Increase relevance of programs to youth, elders, and families with young children, and ensure that all demographics are served by programs

OBJECTIVE 3.5: ENHANCE OUR SUPPORT OF LOCAL FAMILIES AND YOUTH BY EXPANDING AFTER SCHOOL AND SUMMER OFFERINGS

STRATEGIES:

- a. Pursue resources for expanding programs and classes for youth, especially in underserved areas
- b. Regularly survey youth, parents, teachers and school administrators to identify current gaps in services and areas of unmet need
- c. Partner with other agencies and non-profits to expand the cultural, recreational, educational and interpretive program options available to families and youth countywide
- d. Expand the Junior Volunteer Program and Junior Lifeguard programs to support job and life skills development and opportunities for mentoring

OBJECTIVE 3.6: INCREASE THE DEPARTMENT'S UNDERSTANDING OF PARKS CUSTOMERS THROUGH INCREASED OUTREACH, DATA COLLECTION AND RESEARCH

STRATEGIES:

- e. Conduct an equity analysis including a survey to help the department focus on key areas of need
- f. Regularly conduct surveys of park and program users to determine how parks facilities and programs are used and how they can be improved

11

GOAL 4: EFFECTIVE STEWARDSHIP

STEWARD AND PROTECT OPEN SPACES AND NATURAL, CULTURAL AND HISTORICAL RESOURCES FOR THE ENJOYMENT OF CURRENT AND FUTURE GENERATIONS

CORE OBJECTIVES

OBJECTIVE 4.1: PARTNER WITH OTHER AGENCIES, ORGANIZATIONS, AND LAND OWNERS IN AN INTEGRATED REGIONAL APPROACH TO RESOURCE MANAGEMENT

STRATEGIES:

- a. Regularly meet with local conservation partners to assess opportunities to lead and/or provide support for stewardship projects
- b. Provide ongoing educational and interpretive opportunities related to natural resources

OBJECTIVE 4.2: PROTECT CULTURAL AND HISTORICAL RESOURCES THROUGHOUT THE PARKS SYSTEM

STRATEGIES:

a. Inventory and assess priority projects to enhance preservation of cultural and historical resources in the parks system

OBJECTIVE 4.3: PROVIDE INTERPRETIVE PROGRAMS AND OPPORTUNITIES TO INCREASE AWARENESS AND APPRECIATION OF NATURAL, CULTURAL AND HISTORICAL RESOURCES

STRATEGIES:

- a. Continue to provide interpretive programs led by staff and volunteers in the parks system
- b. Continue to provide interpretive signage and information with all appropriate new parks projects

OBJECTIVE 4.4: PROVIDE OPPORTUNITIES FOR VOLUNTEERS IN PARKS, FACILITIES AND PROGRAMS

STRATEGIES:

- a. Provide a variety of types of opportunities for volunteering in the parks system
- b. Establish regional and neighborhood-based Adopt-A-Park programs to encourage community engagement in parks

STRETCH OBJECTIVES

OBJECTIVE 4.5: ESTABLISH A NATURAL RESOURCES AND OPEN SPACE MANAGEMENT PROGRAM IN THE PARKS DEPARTMENT TO MAXIMIZE ENVIRONMENTAL BENEFITS THROUGHOUT THE PARKS SYSTEM

STRATEGIES:

- Pursue additional resources to increase department's available expertise, staff capacity, and leadership in natural resource management projects on park properties
- b. Create a natural resources program with staff and volunteers dedicated to developing and implementing resource management goals
- c. Create a parks natural resources management plan to improve ecological outcomes and pursue multiple long-term environmental benefits

OBJECTIVE 4.6: INCREASE INTERPRETIVE PROGRAMS AND OPPORTUNITIES TO ENHANCE AWARENESS AND APPRECIATION OF ALL NATURAL, CULTURAL AND HISTORICAL RESOURCES

STRATEGIES:

- a. Develop an interpretive plan for the parks system
- b. Pursue resources to increase interpretive staff presence at appropriate parks throughout the county to run programs, manage volunteers, and engage with park users
- c. Develop additional interpretive facilities and amenities throughout the parks system

OBJECTIVE 4.7: INCREASE VOLUNTEER OPPORTUNITIES IN PARKS, FACILITIES AND PROGRAMS

STRATEGIES:

- a. Grow the volunteer and intern programs to provide experiential learning opportunities and promote land stewardship throughout the parks system
- b. Increase involvement, collaboration, communication and coordination with "friends of" groups to pursue the department mission

CHAPTER 4: PLAN IMPLEMENTATION

DEPARTMENT STRATEGIC MANAGEMENT SYSTEM & OPERATIONAL PLANNING

THE STRATEGIC MANAGEMENT SYSTEM

Implementing the Strategic Plan will require future cooperation and planning. The strategic management cycle illustrates how the plan will be implemented (Figures 1 and 2) including the phases of planning, implementing and monitoring, evaluating, and adjusting. These phases will help keep the department on track with the Strategic Plan goals, will set regular times to engage the community, and will help continually improve efficiency and effectiveness. The Strategic Plan lays the groundwork and sets the framework for future operational plans which will serve to implement the Strategic Plan and help manage department staff work plans and budgets. Together, the Strategic Plan and these future operational plans make up this strategic management system. This is the framework for managing the department and steering us towards our vision and the realization of our Strategic Plan goals.

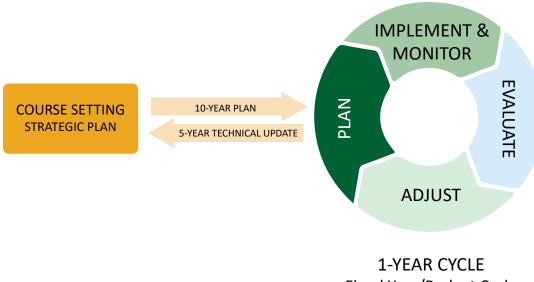
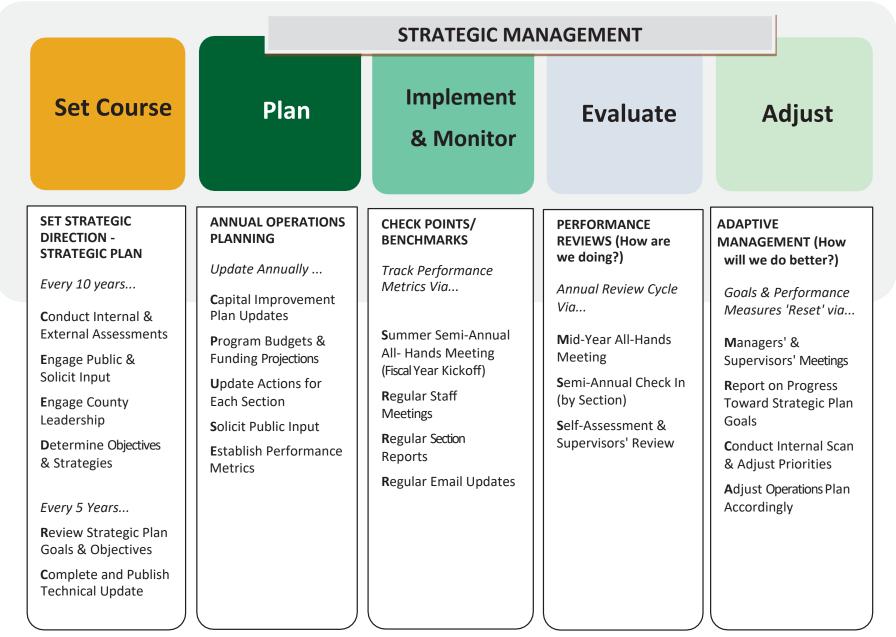


Figure 1: Strategic Improvement Cycle

I-YEAR CYCLE Fiscal Year/Budget Cycle Operational Plan

13







THE OPERATIONAL PLAN

The Operational Plan is a tool we will use to implement this Strategic Plan. The Operational Plan will be updated regularly and will identify shorter-term (1-2 year) actions that will flow from Strategic Plan goals and objectives and support department priorities. Each operational plan will identify the concrete steps that the County Parks Department will take to assign resources and staff toward achieving the strategic priorities and goals laid out in the Strategic Plan.

The heart of these operational plans will be the formulation and tracking of <u>actions</u> and <u>performance measures</u>. Operational plan actions are specific, measurable, achievable steps to be taken to implement Strategic Plan objectives. In each operational plan, priority will be given to specific actions that further multiple goals and objectives identified in the Strategic Plan. Performance measures will be established and tracked on an annual basis.

CRITERIA FOR PRIORITIZING ACTIONS

With finite staffing levels and budget, the Parks Department must prioritize. In order to determine which actions take priority, the following set of criteria will be used to maximize the potential to achieve the goals, objectives and strategies in this Strategic Plan. Since each goal and objective will require additional resources and needs to build on additional progress, the emphasis is on actions that set the stage and overcome initial barriers, enabling the department to work towards multiple Strategic Plan goals. Actions should address the following criteria:

- 1. <u>Lay the groundwork</u> for implementing the long-term goals
- 2. Work towards <u>fulfilling multiple goals</u> and objectives as identified in the Strategic Plan
- 3. <u>Create additional resources</u> and enable pursuit of additional goals and objectives identified in the Strategic Plan
- 4. Be readily <u>achievable in the short-term</u>, with existing funding and staff levels.
- 5. <u>Capitalize on previous momentum</u> and continue previous progress

THE STRATEGIC PLAN WILL EVOLVE

Over the 10-year horizon for the County Parks Strategic Plan, the priorities and context will evolve in response to changing circumstances. To succeed, we must revisit our Strategic Plan goals regularly and refine our course by adjusting the actions in the Operational Plan. Every five years, the Strategic Plan should undergo a technical update to ensure that the priorities articulated reflect the changing environment, economy, and department and community needs.



Mesa Village County Park

KEYS TO MAKING PROGRESS

FOCUSING

Priority Actions for the first Operational Plan have been selected based on the criteria stated above, as applied to the goals, objectives and strategies included in this Strategic Plan. Based on this approach, the first and highest priorities identified for the Parks Department include the following:

- Clearly articulate the funding needs of the department through creation of a deferred maintenance plan (Objective 1.4), a system to prioritize capital projects (Objective 1.5), and an assessment of appropriate staff levels needed to operate and maintain the existing parks system (Objective 1.1).
- 2. Pursue additional funding for the department through potential collaboration on a funding measure, working with the Board of Supervisors and County Administrative Office on department budget allocations, pursuing additional revenue sources, and evaluating park dedication fees (Objective 2.3).
- Develop metrics and performance measures with the first operational plan (Objective 2.4) for Strategic Plan goals and objectives, and begin to share compelling data with stakeholders and potential funders.

We hope that the focus objectives named here will help the Parks Department achieve the goals, objectives and strategies identified in this Strategic Plan by increasing the capacity and organization of the department.

FUTURE FUNDING

The improvement and growth of the County Parks Department will require investment. This investment is expected to yield a wide range of recreational, environment and socio-economic returns to the community. To realize the goals articulated in this plan, additional department resources and revenue must be pursued.

Before other goals and objectives can be realized, we will need to first develop sources of sustained funding for operational and enhanced services (Objective 2.3). Strategies to meet that objective are detailed below.



Scotts Creek County Beach



Willowbrook Park in Soquel

PURSUE NEW OPPORTUNITIES FOR REVENUE GENERATION

The County Parks Department currently generates revenue through user fees and reservations of facilities. There may be future opportunities to generate new revenue sources through increased services such as providing additional facilities available for reservation.

COLLABORATE FOR THE CREATION OF A PARKS FUNDING MEASURE OR OTHER SUSTAINABLE SOURCE OF PARK FUNDING

The County Parks Department is not the only agency providing parks and recreation services in the county, and is not the only agency that requires additional funding to meet community needs for parks and recreation. Working together, the various parks agencies and the community may pursue a ballot measure to fund parks in the county. This could be in the form of a dedicated parcel tax or a sales tax, which could be used to fund projects identified by the community as important, and could help us implement the goals and objectives of this Strategic Plan. The Parks Department could also individually pursue a ballot measure to secure a sustainable funding source for County Parks.

EVALUATE PARK DEDICATION FEES AND UPDATE AS NEEDED

The Park Dedication Fees are required for residential development in the unincorporated county, and are used locally to provide additional park facilities proportionally to serve increased demand resulting from new development. Fees are based on the standard provision of acres of parkland for every 1,000 new residents, and fees are adopted by the Board through resolution. These fees were last evaluated and updated based on market conditions in 1998, and should be assessed for appropriate levels for current economic conditions.

WORK WITH COUNTY ADMINISTRATIVE OFFICE AND BOARD OF SUPERVISORS TO ASSESS DE-PARTMENT OPERATIONS AND CAPITAL PROJECTS **BUDGETS AND SECURE ADEQUATE FUNDS** The largest source of funding for the County Parks Department is the County General Fund. The General Fund contribution to the department budget has decreased from its pre-recession level, while operational costs and the size and demands on the County Parks system have increased. The Parks Department should work cooperatively with the Board of Supervisors and the County Administrative Office to develop a sustainable source of revenue that is commensurate with the long term needs identified in this plan.

THE NEED FOR COMMUNITY PARTNERSHIPS

This Strategic Plan represents a collaborative vision developed with the Parks Department and the community at large. The County Parks Department cannot implement the goals of this plan alone. Realizing this vision will require the leadership of other organizations and agencies as well as increased participation and support from the community. New partnerships will be needed to pursue strategies identified in this plan that will improve the County Parks system, and that the community sees as important, but which are currently outside the scope of the department to implement (such as improving neighborhood bike and pedestrian infrastructure and connections to parks). Community support will be especially important to help us generate new resources and additional funding, as many goals of this plan simply will not be realized without it.

By focusing on collaboration and partnership, this department intends to foster and to amplify the leadership and innovation in this community, to implement this plan, and to support community values. Working together, County Parks will strive to create a healthier and more vibrant Santa Cruz County for all.



Volunteers at Quail Hollow Ranch County Park

PART II: THE COUNTY PARKS DEPARTMENT

CHAPTER 5: THE PARKS NETWORK AND SERVICES

SANTA CRUZ COUNTY'S PARKS & OPEN SPACE NETWORK

The County Parks Department is one of several entities that provide parks, open space, cultural services and recreation facilities and programs in the county, along with several other public agencies, organizations, and private landholders. Together, these various entities provide a network of parks and open space that serves the entire county. Generally, local urban-type neighborhood and community parks are provided by the cities, County Parks, and the four park and recreation districts. Larger regional-serving parks are provided by State Parks, County Parks, and other entities. Local park-provider jurisdictional lines are shown in Figure 3. Parklands and protected lands are shown in Figure 4.

COUNTY PARKS

Generally, the County Parks Department provides two broad categories of services: local neighborhood and community parks and programs in the unincorporated portions of the county (areas outside one of the four city limits), and larger regional-serving parks and facilities that serve the entire county. In Santa Cruz County, there are many urban neighborhoods that are not within a city limit, including the communities of Live Oak, Soquel, and Aptos, and the County provides neighborhood parks in these areas.

CITY PARKS

There are four incorporated cities in the county, including Capitola, Santa Cruz, Scotts Valley and Watsonville. Each of these four cities has their own city parks department providing local neighborhood-serving parks and recreation services within that city's limits.

INDEPENDENT RECREATION AND PARK DISTRICTS

The four independent park and recreation districts of Alba, Boulder Creek, La Selva Beach and Opal Cliffs are responsible for providing local neighborhood and community parks to urban and rural neighborhoods within their independent jurisdiction boundaries.

OTHER PARKS AND OPEN SPACE AGENCIES & LANDHOLDERS

In addition to the local parks provided by the County Parks Department, the four city parks departments, and the four recreation and park districts, California State Parks also provides several large parks and beaches in the county. State Parks provide important recreational opportunities for local county residents as well.

There are also recreational facilities and open space provided by other agencies in the county including local school districts, the Bureau of Land Management, the California Department of Fish and Wildlife, the City of Santa Cruz Water Department, the San Lorenzo Valley Water District, the Land Trust of Santa Cruz County, and the Midpeninsula Regional Open Space District.

Figure 3: Neighborhood-Park-Providing Jurisdictions

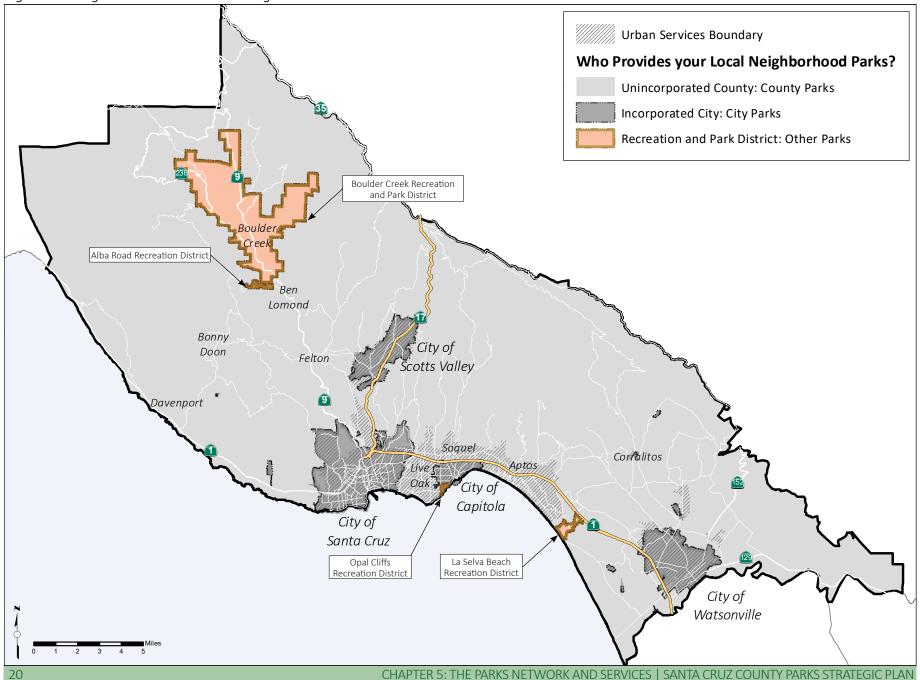
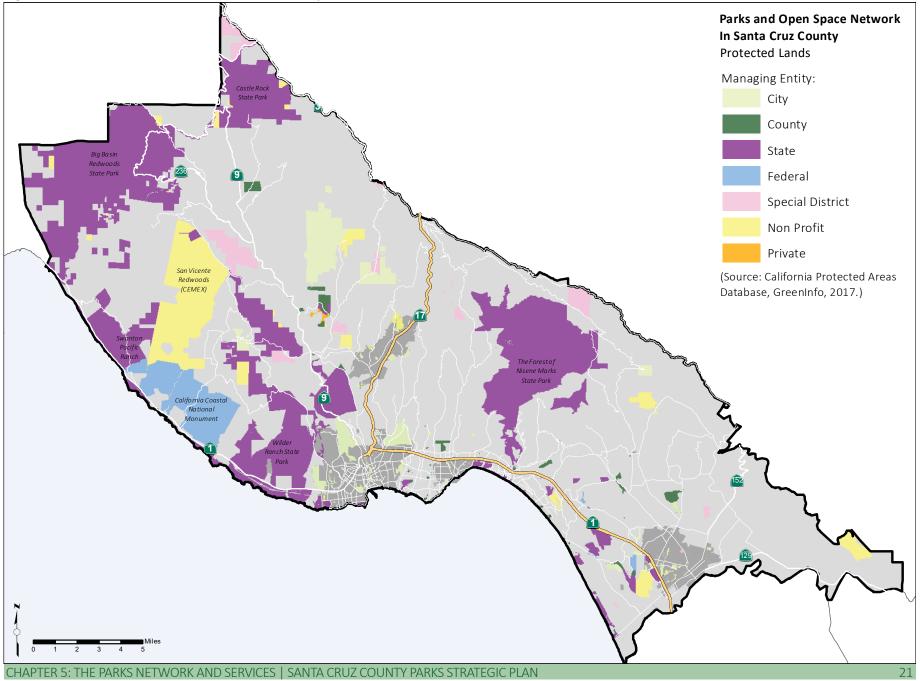


Figure 4: Protected Lands in Santa Cruz County



Today the County Parks Department manages:

- 1,593 acres of parkland including 883 acres of parks and 710 acres of open space
- 38 neighborhood, community, regional or rural parks
- 27 coastal access points
- 23 playgrounds
- 6 parks with sports fields
- 8 parks with basketball courts
- 5 parks with tennis courts
- 5 parks with community rooms

• 1 regional swim center with aquatics and fitness programs and special events throughout the year. Swim Center visits exceed 180,000 per year

• Recreational, cultural and youth programs throughout the unincorporated county

• 4 parks with wedding event facilities

COUNTY PARKS SERVICES

Since 1979, the County Parks Department has managed a diverse parks system including neighborhood, community, regional, and rural parks, coastal access points, trails, and cultural and recreational programs and activities for all ages throughout the unincorporated county. County Parks facilities' locations and amenities are shown in Figure 5.

The County Parks Department also provides

financial support to community arts and recreational programs provided by other organizations such as the Museum of Art and History, the Davenport Teen Center and local school district facilities and programs in various locations around the county.

The Parks Department provides the following services.

Seascape County Park in Aptos



REGIONAL PARKS



Regional parks, located throughout the county, include Quail Hollow Ranch in the San Lorenzo Valley, Polo Grounds in Aptos, and Pinto Lake in Watsonville. These parks and their facilities have unique geographic features, draw people from a wide

area, and provide a wide variety of public amenities such as trails, sports fields, dog parks, and rental facilities.

NEIGHBORHOOD AND COMMUNITY PARKS



Among the County's 29 neighborhood and community parks are Highlands Park in Ben Lomond, Brommer Park in Live Oak, Seascape Park in Aptos, and Aldridge Lane in Corralitos. These parks serve the surrounding communities and provide amenities such as

places to picnic and hold gatherings, play structures for children to explore, benches to rest on, community art for visitors to enjoy, community gardens, skate parks and bike pump tracks, and facilities for community events and weddings.

SIMPKINS FAMILY SWIM CENTER



The Swim Center, also a regional park, is located in Live Oak. Among the aquatic programs offered are swim lessons, recreation and lap swim, water exercise, and water polo, as well as the popular Pool Jr. Guards and Little Guards summer camps. It

is the primary public pool in the area and provides services for every age group 363 days a year.

TEEN PROGRAMS



COMMUNITY EVENTS

and the Floating Pumpkin Patch.

Zombie Camp (pictured), for ages 11-14, is held at Aptos Park. Teens can gain valuable job skills while having fun by volunteering as a Junior Leader at County Parks youth sum-

The County Parks

events such as the

Department puts on

Parks & Rex pool party.

where dogs can take a

dip in the pool, the Hol-

iday Art & Craft Faire

mer camps, as well as assisting with after-school programs.

COASTAL ACCESS POINTS



Coastal access points include Scott Creek Beach near Davenport, Sunny Cove Beach in Live Oak, and Hidden Beach in

Aptos. County Parks, together with State Parks and other entities, provides and maintains coastal access points in the unincorporated portions of the county. These coastal access points sometimes include restroom facilities, trash receptacles, natural plantings, and infrastructure such as stairs and fencing to protect sensitive areas and species.

YOUTH PROGRAMS



School-age youth can enjoy a variety of camps and programs, including Nature Adventure and Science Sleuths at Quail Hollow Ranch, Kreative Kids at Wilder Hall, and art and science camps at Aptos

Park. Afterschool programs are held at Mar Vista Elementary and La Selva Beach clubhouse.

ADULT AND SENIOR PROGRAMS



Programs for adults and seniors include local day trips (pictured, trip to Harley Farms), water and dry-land exercise classes at the Swim Center, Spanish language

and tap classes, interpretive hikes and workshops at Quail Hollow Ranch, and a popular Mall Walk Program.

ARTS



The Percent for the Arts Program, art exhibitions at the Government Center, Artist of the Year, and Outside the Box are just a

few of County Parks art-related programs. Arts programming for youth is provided through summer camps and is integrated into parks after school programs. County Parks-sponsored public art can be enjoyed at locations throughout Santa Cruz County. The department also supports the Arts Council and the Museum of Art and History.



Jose Avenue County Park in Live Oak



Recreational Trip to Suisun Marsh Natural History Cruise



Mar Vista Kinder Enrichment Program

DEPARTMENT STRUCTURE & STAFFING

The County Parks Department is made up of five sections with distinct functions.

ADMINISTRATION AND RESERVATIONS

Administration staff provides support and customer service to all Parks staff and customers, and oversees the department budget, finances, human resources, and office operations. Reservations staff administers the use and rental of all park buildings, beaches and park sites; manages concessionaires and the rentals of private houses in county park sites; provides oversight of community gardens and horse-boarding facilities; and works closely with maintenance staff to maximize the use and enjoyment of public facilities.

AQUATICS

Aquatics staff manages the Simpkins Family Swim Center and the extensive aquatics programs offered there. Swim Center visits exceed 180,000 a year. Staff continues to develop new program opportunities to meet the needs of the community and increase participation at the Swim Center.

MAINTENANCE AND OPERATIONS

Maintenance staff provides maintenance to all park locations, beaches and facilities. In addition, staff maintains the landscaping around all County government facilities. A partial list of responsibilities include mowing, minor construction projects, trash pick-up, restoration of natural resources, building maintenance, and pool maintenance at the Simpkins Family Swim Center. Maintenance staff also assists Reservations staff in preparation, set up and clean up for events.

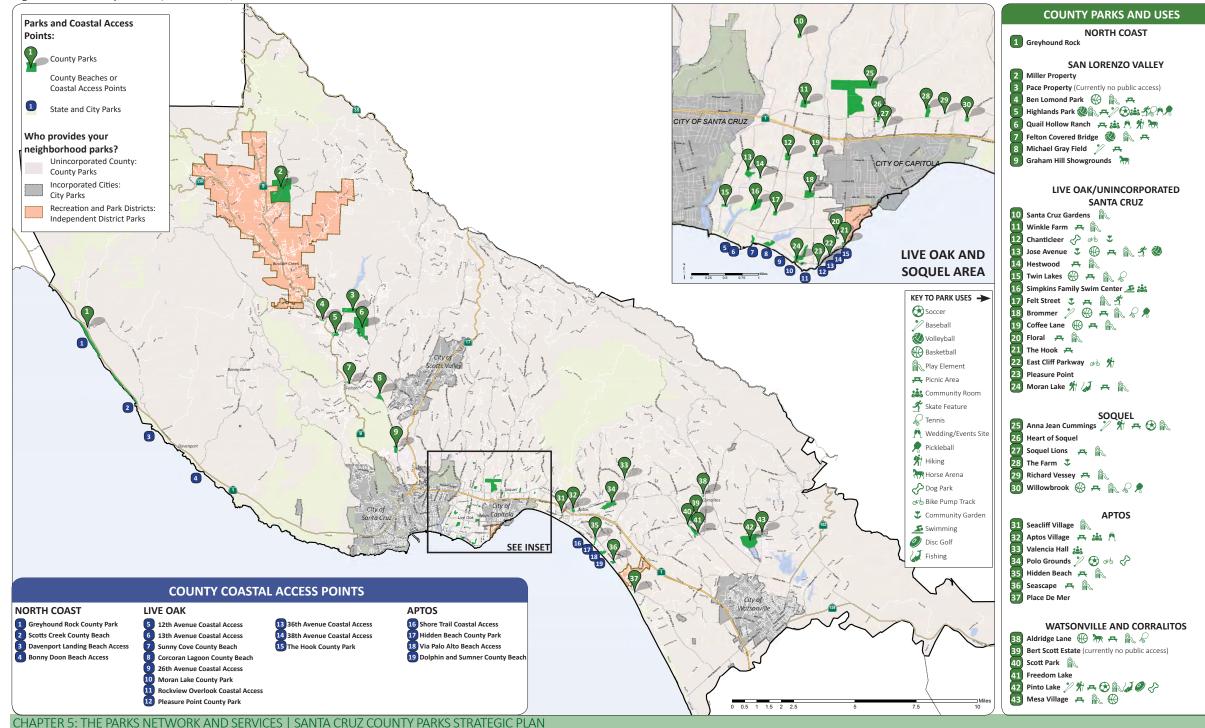
PLANNING AND DEVELOPMENT

Planning staff oversees the implementation of the Parks Capital Improvement Program (CIP) projects, develops plans and studies for components of the County Parks system, and oversees park construction projects. The Planning and Development section works with specialists from a variety of disciplines and members of the public to develop short, medium and long term plans such as feasibility studies, acquisition studies, park master plans, environmental review documents, design and construction documents, and permits for park projects. Staff leads the submission and administration of grant applications for County Parks projects. The planning section also reviews plans for projects led by other agencies for potential impacts on the County Parks system.

RECREATION & CULTURAL SERVICES

Recreational Program staff administers an extensive list of programs including youth programs, interpretive nature programs centered at Quail Hollow Ranch, adult and senior programs, cultural services and arts programs. Recreation and Cultural Services staff also conducts annual special events, such as the Holiday Art and Craft Fair.

Figure 5: County Parks, Facilities, and Coastal Access Points



CHAPTER 6: OVERSIGHT AND FUNDING

PUBLIC OVERSIGHT

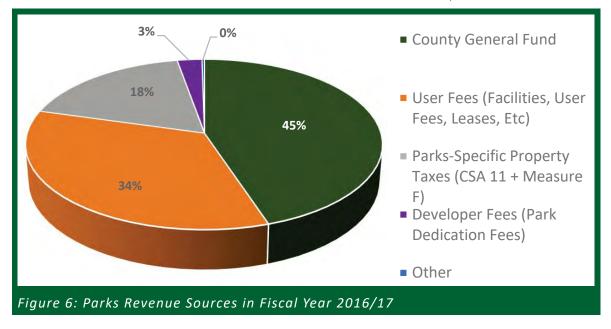
As with all County departments, the Parks Department is overseen by the Board of Supervisors. In addition, it is supported by two Commissions: the Arts Commission and the Parks and Recreation Commission. These commissions are appointed by the Board of Supervisors, make recommendations to the Board of Supervisors for park-related actions, and assist in coordinating between the public, the department, and the Board.

THE PARKS AND RECREATION COMMISSION

The mission of the Santa Cruz County Parks and Recreation Commission is to advise and support the Board of Supervisors in its work to provide excellent and accessible parks, open spaces, recreational programs and facilities that promote health and enhance the quality of life for all.

THE ARTS COMMISSION

The mission of the Santa Cruz County Arts Commission is to promote, expand and plan for the cultural life of Santa Cruz County and to bring artists and arts organizations together with government for the benefit of all residents of the county.



DEPARTMENT FUNDING

County Parks funding comes from a variety of sources including the County General Fund, property taxes, recreation and park facility user fees, grants, and developer fees (for capital projects only) as shown in Figure 6. The amount of each of these sources varies by year depending on specific grants and several other factors. Property tax money includes funds associated with County Service Area (CSA) 11, which exists to provide funding specifically for County Parks.

Generally, the budget can be divided into two categories. First, the operating budget includes the costs associated with operations and maintenance of the existing parks facilities and programs. Second, the capital projects budget includes costs associated with the acquisition of new park properties, development of new or additional park facilities on park properties, and deferred maintenance.

The Parks Department budget, including both the operating budget and the capital projects budget, has not remained proportional to the growing size, demands and costs of operating the parks system (see Figure 7).

OPERATING BUDGET

The sources of funds used for department operations generally include the County General Fund, park user fees, CSA 11, and Measure F.

The overall department operating budget decreased with the recession in 2008, and has only recently (in 2015/16) returned to the pre-2008 level. Additionally, costs associated

with staff, supplies and services have increased over the same time period. To illustrate both of these points, Figure 7 shows that there were 68 funded full time or equivalent staff positions in 2002/03, and only 46 in 2016/17. While staff numbers have decreased, the number of parks and facilities for which the department is responsible has increased from 55 in 2002/03 to 64 in 2016/17.

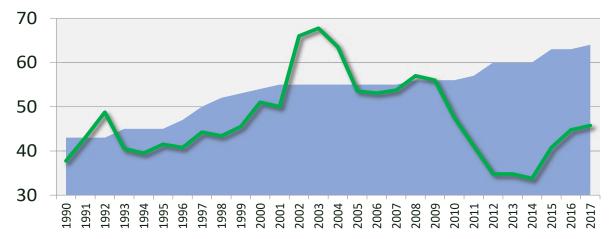
COUNTY GENERAL FUND CONTRIBUTION

Each fiscal year, the County Board of Supervisors approves the department budget which includes a contribution from the County General Fund. This General Fund contribution generally has increased slightly each year proportionate to rising costs of operating the department. However, in the economic downturn of 2008, with the fiscal crisis and the dissolving of the County Parks Department into the Department of Public Works, the General Fund contribution to the Parks Department was reduced significantly, from \$4.3 million in 2007/08 to \$2.1 million in 2012/13. Although the total operating budget has partially recovered – due to increasing program participation, user fees and Measure F – in 2016/17 the General Fund contribution was \$3.7 million, and has still not returned to pre-recession levels.

COUNTY SERVICE AREA 11

County Service Area (CSA) 11 is a special district that covers the entire unincorporated county (outside the four cities) except areas that are within one of the four distinct recreation and park districts. This service area was created in 1971 to provide additional property tax funds in an effort to address the gap between needed parks services and available funding. This relatively small fund has been essential to the department in maintaining the most important

Figure 7: Number of Parks and Number of Parks Department Staff





Valencia Hall

department services. Because the Santa Cruz County Parks Department provides an urban level of service in some areas while collecting proportionally fewer taxes than a city, this was a necessary step.

MEASURE F

Measure F was approved by the voters of CSA 11 in 2014, to include a specific per-parcel property tax within CSA 11 that provides a small additional amount of funding to the County Parks Department. Measure F provides less than 4 percent of the annual department budget.

CAPITAL PROJECTS BUDGET

There is no consistent source of funding allocated to capital projects in the County Parks system for upgrades to park infrastructure, deferred maintenance, planning and construction of new



The Hook County Park at Pleasure Point

park uses and facilities, and acquisition of new park properties. These types of projects must be funded through unique combinations of funding sources such as grants, park dedication (developer) fees, one-time individual funding sources such as property sales, and public-private funding partnerships.

REDEVELOPMENT AGENCY

Throughout the past 30 years, the Redevelopment Agency provided the largest amount of capital funding for parks projects. Since the agency was dissolved in 2011, this source of funding is no longer available for development of the County Parks system. Redevelopment Agency funding was only available for parks within the Redevelopment Project Area, which included Live Oak and Soquel. The parks throughout the rest of the County Parks system were not eligible to receive these significant contributions of capital project funds.

PARK DEDICATION FEES

New residential development in the unincorporated portions of the county requires either dedication of new public park land or paying an in-lieu fee to offset additional demand for parks created by the residential development. In-lieu fees go to the County Parks Department and are used to fund capital projects or acquisition of new parkland. The intent of these funds is to allow the parks system to grow proportionally with the increased demand created by new residential development. These fees have not been adjusted to reflect inflation or the increase in property values since 1998.

CHAPTER 7: KEY CHALLENGES

A number of key challenges face this county and this department. Understanding these challenges is critical to creating a way forward that is strategic, holistic, and proactive, rather than reactive. Understanding these challenges will also help the department focus on the big picture rather than responding individually to specific circumstances in a way that is at best piecemeal or partial. The following issues have been identified by staff during the strategic planning process.

LARGE URBANIZED UNINCORPORATED AREAS

The passage of Proposition 13 in 1978 locked in the apportionment rate for each county in California in addition to establishing a maximum property tax rate of one percent statewide. The apportionment rate determines the percentage of property taxes that go to the County as opposed to other local agencies such as cities and special districts. Since that time, Santa Cruz County has been locked into a lower property tax apportionment, on average 13 cents of each tax dollar, than many other counties and cities in California, some of which may receive about twice that for each tax dollar. At the same time, about half (49%) of Santa Cruz County's population lives in the unincorporated area (e.g. outside the cities of Capitola, Scotts Valley, Santa Cruz or Watsonville) compared to the median of 19% living in unincorporated areas in all California counties with populations over 200,000. This means that our parks facilities experience high use and many urban-type challenges, and that the County Parks Department is responsible for

providing more urban-type parks than would typically be provided by a county. At the same time, the County has fewer financial resources to meet those challenges.

DECLINE IN AVAILABLE FUNDING

In the wake of the economic downturn of 2008, available funding for parks and services was reduced dramatically in favor of directing funds toward other essential services such as fire and policing. The General Fund contribution to the department has still not returned to pre-recession levels, while costs have risen. Despite passage of Measure F in 2014, staffing has still not returned to pre-2008 levels despite significant new demands on the department such as new properties and facilities. The number of funded full time or equivalent staff positions has dropped from 68 in 2002/03, to 41 in 2015, and is up only to 46 in 2016/17 (see Figure 7). In addition, in response to our state's budget crisis,



The Shore Trail in Aptos

in 2011 California's Redevelopment Agencies were shuttered. Redevelopment was previously the primary funding source for almost all parks development and capital projects in the Redevelopment Area of Live Oak and Soquel. The only other source of funding currently available to help us meet community demand for new or improved parks and facilities is Park Dedication Fees, and these haven't been adjusted for inflation since 1998 and are limited due to the small amount of new development in the county.

DEFERRED MAINTENANCE

The Parks Department estimates that there are approximately \$100 million in deferred maintenance projects needed to address critical or primary maintenance needs within the County Parks system. These deferred maintenance projects include critical upkeep and routine maintenance such as roof replacements, repairs to the Simpkins Family Swim Center, and replacement of facilities such as playground equipment that has reached the end of its usable lifespan. There is a strong potential for 'cascading' effects and permanent negative impacts if we don't address these issues in the near term.

COUNTY LAND AND HOUSING COSTS

Santa Cruz County is now one of the least affordable places to live in the world based on median house price and median household income.¹ Considering the cost of living there's a great need for low and no-cost programs and facility access. Many residents are housing insecure,

1. 13th Annual Demographia International Housing Affordability Survey, 2017.

and a growing number are currently experiencing homelessness. Impacts of increased homelessness on parks include use of parks property to meet basic human needs (for sleeping, bathing, storage, etc.), which puts additional environmental and maintenance demands on parks-owned facilities and open spaces. Additionally, the high cost of land means it is much more expensive to purchase and develop new parks facilities.

CHANGING DEMOGRAPHICS

The demographics and needs of the community in our county continually evolve, causing changes in the demands on the parks system. The parks system must continually adjust its services as needed to meet these changing demographics. Most significantly, over the past two decades, the county's median age has increased and the percentage of the population identifying as Latino has increased.² These two demographic groups, as well as other groups, may be disproportionally underserved by the parks system. Each community has unique needs, and the department strives to understand and address these needs as they continue to evolve.

PARK ACCESS CHALLENGES

Transportation difficulties exacerbate County Parks' challenges in providing accessible park facilities and programs throughout the county. The county's population is spread out, with many residents commuting long distances to jobs. There are few functional alternatives to private

2 "Profile of General Population and Housing Characteristics: 2010," for Santa Cruz County, US Census, 2017. automobile use for residents and visitors to access many of the county parks. The one primary transportation corridor is narrow and heavily impacted. This increases the cost of doing business in a number of important ways such as increased construction and shipping costs, and increased travel time for parks field staff who travel between facilities. Transportation challenges also increase the need to provide local parks within close proximity to all neighborhoods, to make parks more accessible to more people.



Felton Covered Bridge County Park

PART III: CREATING THE PLAN

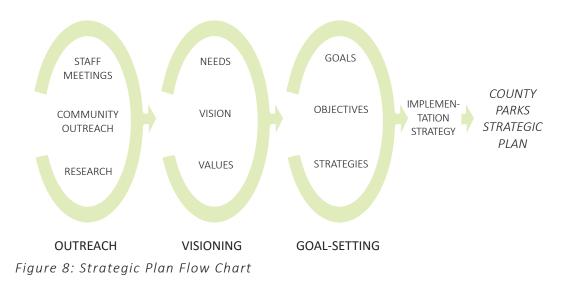
CHAPTER 8: PROJECT APPROACH

The Strategic Plan was developed through a collaborative process that sought to be both geographically and culturally inclusive. Input was solicited through meetings with staff, community members and the Strategic Plan Working Group. Generally, the process is illustrated in Figure 8, and includes outreach, visioning and goal-setting.

GUIDANCE & OVERSIGHT

The Strategic Plan was instigated and the process was led by a Strategic Planning Team which consisted of two lead project designers from the department along with parks leadership. In addition, a Strategic Plan Working group was formed in December of 2016 for the distinct purpose of helping with the County Parks Strategic Plan process. It was composed of ten outside members of varying backgrounds with diverse interests, expertise, experience and partnerships. A list of Working Group members is included in the Acknowledgements section at the beginning of this document.

The Working Group met periodically, for a total of six times over the course of developing the Strategic Plan, to review and give input into all Strategic Plan materials and project phases. This review included project outreach and public engagement, creation of the parks vision and values, and the framing of the goals and objectives for the department. The Working Group also helped implement the public meetings.



CHAPTER 8: PROJECT APPROACH | SANTA CRUZ COUNTY PARKS STRATEGIC PLAN

STAFF INVOLVEMENT

In Spring 2017 the Parks Department hosted a series of three meetings for staff across the department to solicit their input and engage them in the strategic planning process. Each meeting drew a mix of attendees from various sections, and a total 48 staff members provided input. Ultimately, all sections of the department were represented: maintenance and operations, recreation and cultural services, administration and reservations, aquatics, and planning and development.

These initial meetings included a series of visioning and brainstorming exercises aimed at gathering ideas on how the department can improve and evolve to meet the needs of the community and continue to be a great place to work. Through this process we sought also to identify what changes were needed to both enhance the department's ability to serve the public and to improve job satisfaction for Parks employees.

These meetings generated a wide range of specific ideas and feedback – all of which have been valuable to this process and will be important to the department in future planning. Staff input was synthesized and used to populate a large graphic (see Figure 10 in Chapter 9).

Just as staff input was vital to developing the Parks Vision and Values, it contributed foundationally to establishing the department's priorities. An additional 'All-Hands' meeting took place later in the process to generate specific goals and objectives for the Strategic Plan.

34

Internal feedback about what is missing, and what can improve the department will continue to be gathered on a regular basis from staff as part of the new Strategic Improvement Cycle.

COMMUNITY INVOLVEMENT

Community input was an integral part of the Strategic Plan process. The people that live in Santa Cruz County care deeply about their parks system; in total over 1,000 people participated in the Strategic Plan process through completing online surveys, attending one or more of the community meetings about the project, or providing comments or feedback in other ways. Strategic Plan outreach included engagement of County communications staff, Board of Supervisors' staff, department staff and members of the Strategic Plan Working Group for assistance in personally contacting various groups of stakeholders, key community organizations and interested community members to solicit their input via the survey and to publicize the community meetings.

Our personal outreach included over 5,000 people at over 200 local organizations with a wide geographic and demographic reach with materials in English and Spanish. Feedback from the community members was the most important consideration in developing each component of the Strategic Plan.



Strategic Plan Staff Meeting

STAKEHOLDER OUTREACH/ONLINE SURVEY

As part of the outreach process, the Parks Department created an open online survey and distributed it widely through the official County website, on Nextdoor in neighborhoods throughout the county, and personal contacts via our distribution lists. The survey was available in both English and Spanish for anyone interested in giving input from April 8 through June 2, 2017. In that time, 802 people responded to the survey. The survey was not intended to statisti-

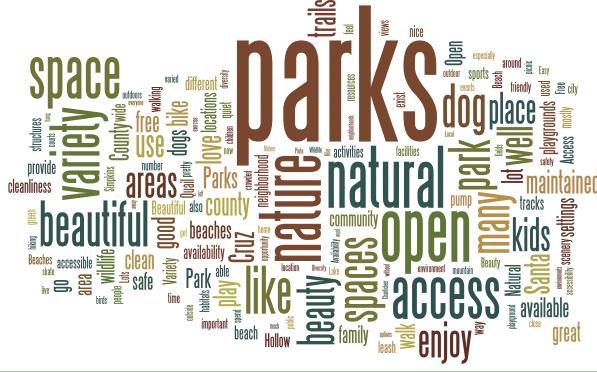
cally represent the county; rather, it was made available to anyone who wanted to participate. Survey responses were completed from all parts of the county. Survey objectives included:

- Gauge general knowledge of the County Parks system and inform survey respondents about County Parks' services
- Assess satisfaction with existing County Parks system
- Determine people's priorities for types of improvements to the County Parks system
- Learn generally how survey respondents use, and would like to use, parks facilities, coastal access points, and programs
- Hear people's perceptions of gaps in services/facilities
- Involve the community and help people feel invested in the Strategic Plan process, and in the future of the Parks Department

COMMUNITY MEETINGS

The heart of the engagement process was a series of five community meetings throughout the county on the topic of vision and priorities for the department's Strategic Plan. Over 190 people participated in these meetings, and participants shared a variety of perspectives on their vision and values and their goals for the department. Meetings were held in Ben Lomond, Watsonville, Davenport, Aptos and Live Oak.

Figure 9: Words used in the responses to the survey about favorite aspects of Santa Cruz County Parks



The meetings were publicized through individual letters and emails to over 200 stakeholder groups and their membership, publishing in each of the Board of Supervisors' newsletters, posting on both the County's and the Parks Department's website and social media, posting on Nextdoor, posting in the Parks Activity Guide and at parks and community bulletins, distributing flyers to school districts where feasible, and a press release which generated several articles in local media. Outreach materials were provided in English and Spanish. Community meetings included about an hour and fifteen minutes for public comments. Participants were split into four groups for the comment period, and each group rotated through a series of four stations. Each station was facilitated by staff and/or volunteers and focused on one of four topics, including vision and values, parks and facilities, programs and events, and priorities. Facilitators asked a series of prompts and led a series of exercises with each small group, and all comments were recorded. Spanish translation services were available at each meeting.



Polo Grounds County Park in Aptos



Strategic Plan Community Meeting in Live Oak



Felt Street County Park

CHAPTER 9: KEY FINDINGS

KEY DEPARTMENT NEEDS

Community members and parks staff have provided significant contributions during the Strategic Plan process, describing the needs of the parks system and the needs of the department. Funding constraints are a key limiting factor in the ability to meet these needs. For a discussion on needed funding, see Chapters 6 and 7. This chapter summarizes key findings from staff and the community that identifies the needs for the County Parks Department. These needs form the basis for the development of the goals, objectives and strategies in Chapter 3.

All staff members in the County Parks Department were given the opportunity to give input into the strategic planning process through an initial series of three staff meetings, additional written comments and interviews, and as part of a follow-up mid-year 'All-Hands' meeting, where they were able to prioritize their ideas on ways to improve the department's functioning.

In the course of the initial internal strategic planning meetings, staff was asked to consider both the internal needs of the department and what the community most wants and needs—from the perspective of those who are on-the-ground directly serving the public.

DEPARTMENT NEEDS

Parks staff identified the following most important staff needs:

• More financial resources to maintain the growing number of parks and facilities: It has been increasingly challenging for the small number of staff—particularly maintenance staff—to do their jobs while being given increasingly more responsibilities with less time.

• More training and support: Staff sees great value in participating in training to develop new skills as well as cross-train and share knowledge within the department. These opportunities could increase staff capacity and efficiency, allow for personal growth and career advancement, and allow the department to retain skilled employees with experience and knowledge.

Improved internal communication:

Increasing and improving communications between parks management and staff, and between individual parks staff members, has been a consistent key need raised by staff as part of this process. Ideas for improving communication include technological upgrades for staff such as email and network access, as well as improved communications planning and disseminating information throughout the department.

COMMUNITY NEEDS

Parks staff considered the most important community needs as follows:

- Safe, clean and well-maintained parks facilities
- More programs for youth, especially in underserved communities

- Expanded volunteer opportunities and community involvement
- Better awareness of what the Parks Department offers

The input collected in the course of these meeting was used to fill in a large graphic summarizing the key themes and ideas received from staff (see Figure 10). Many of the specific actions identified as priorities at the internal staff meetings will be incorporated into our first operational plan and will continue to be referenced as the department moves forward.



Figure 10: Key Themes and Ideas Received from Staff

Highlights from Graphic Text (Figure 10)

CONTEXT Needs

Where are we now?

- Wonderful parks facilities, programs & events offered countywide
- Staff is passionate about serving the public
- Staff & resources are stretched

What's working?

- Parks special events bring the community together
- Junior Lifeguard program and community swim lessons a real public benefit
- Consistent, high quality after school & summer youth recreation programs support kids & families
- Parks facilities are well-loved, well-maintained (for the most part) & well-used throughout the county

What's missing?

- Sufficient staffing to meet the community's needs & expectations for parks & programs
- Consistent enforcement of parks rules

BIG IDEAS Goals

What are our priorities?

- Achieving environmental & fiscal sustainability
- Creating more inclusive programs to support youth, seniors & families throughout the county
- Maintaining & improving our parks facilities
- Clean & safe parks accessible to all

What would make us most effective?

- More community awareness & support
- Catching up on deferred maintenance & investing in lasting improvements to the parks system
- Having a strategic plan to guide our efforts
- Having a robust volunteer program
- More support for staff development

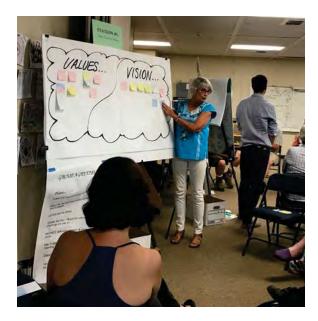
VISION

How do we see the future?

- Our parks, facilities & open spaces are safe & well-maintained. Environmental resources are protected & enhanced
- There are increased opportunities to play, gather & grow creating a stronger sense of community
- The whole community regularly accesses/utilizes our parks, outdoor spaces, events & programs... as part of an active & healthy lifestyle
- There's strong support for all youth in our County of Santa Cruz

Where do we want to go?

- We serve all residents in the unincorporated county—especially those with the greatest need/least access
- We have sustainable funding—enabling us to meet the needs & wishes of the community... while maintaining what we have
- County residents have more opportunities for personal development, social connection & support & healthy activity
- We respond to changing needs in the community





Vision Statement from Public Meeting

COMMUNITY RESPONSE

The outreach process provided valuable insight into community needs that could be addressed by the County Parks Department. It also clarified priorities and hopes for the future of parks in the county.

In the community conversations, five general themes emerged as being important to community members. These themes include 1) the quality of park experience: 2) opportunities for outdoor recreation; 3) stewardship and protection of open space and natural, cultural and historical resources; 4) accessibility of parks and programs; and 5) engagement of the local community. Generally, these themes are well represented by the number of comments, as shown in Figure 11. However, the most common theme overall was engagement of the local community, which included interest from the community in topics such as programs, outreach, volunteers, events and educational opportunities. Themes are explained below, and the most prominent themes, topics, and comments are summarized in Table 2.

QUALITY OF PARK EXPERIENCE

The community consistently emphasized the need for maintaining and improving the quality of the existing park experience for park visitors. Essential to a positive park experience, things like improving *safety* for park users, improving the *cleanliness* and availability of restrooms, and *maintaining aging parks infrastructure* are of upmost importance. Community members also expressed a need for allocating additional and consistent levels of resources to the parks system to allow improvements and consistent levels of service in times of economic downturn.

VARIETY OF RECREATIONAL OPPORTUNITIES AND AMENITIES

The parks system needs to provide adequate and appropriate opportunities for both active and passive recreation, and common outdoor spaces and facilities for group activities. Community members expressed a need for a variety of specific activities and new facilities they wished to see within the parks system. These facilities and uses included *sports facilities, trails, community centers, natural open areas, places to take dogs, additional amenities for youth,* and other types of parks uses. The range of suggestions reflects the community's diverse needs and their vision for what a healthy lifestyle and improved quality of live mean to them.

STEWARDSHIP AND PROTECTION OF OPEN SPACE AND NATURAL, CULTURAL AND HISTORICAL RESOURCES

Santa Cruz County residents feel strongly about the importance of protecting the natural environment and cultural and historical resources. Particularly, in the parks system, there is a need to *preserve natural open space* and to balance the development of recreational facilities with the protection of the environment. There also is a need to improve the *management* of natural areas and to restore and enhance natural habitats within the parks system. There is a strong desire to preserve our historical and cultural buildings, sites, landscapes and resources.

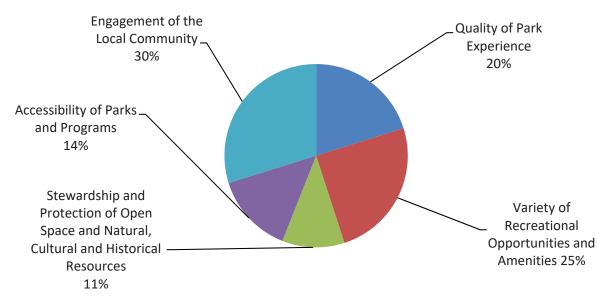


Figure 11: Percent of topics raised in comments during public meetings



Greyhound Rock County Park

ACCESSIBILITY OF PARKS AND PROGRAMS

People find accessibility of parks and programs to all people and geographic areas in the county to be a key need. Many comments related to increasing *equity in park and program distribution* and access. Another consistent topic is *universal access* to facilities for people with various types of abilities. Improving *connections* between and to parks to make them more accessible to local neighborhoods is another key need.

ENGAGEMENT OF THE LOCAL COMMUNITY

Locals expressed a desire for more opportunities to engage with and learn about the Parks Department, the parks system and parks programs. The department needs to increase *outreach* about offerings, and especially outreach to *underrepresented communities*. People would like to see more programs, events and volunteer opportunities in the parks and to have better and more accessible information about these opportunities. This would increase individuals' and the community's connection to the parks system. Educational opportunities and particularly *interpretive programs* and facilities are important throughout the parks system.

REGIONAL DIFFERENCES

There are specific needs and unique gaps in the park network in each part of the county, and in each of the five meetings, topics that were most important to participants varied. Prominent themes by region are summarized in more detail in Appendix 2.

THEME: **QUALITY** OF PARK EXPERIENCE

PROMINENT TOPICS:

Safety of park users

Cleanliness of park restrooms and facilities

Local stewardship of parks

Updating and maintaining aging park infrastructure

Adequate and sustainable funding for parks system

Working with other park agencies to provide consistent facilities, hours and regulations

OTHER FREQUENT COMMENTS:

Keeping park facilities operational

Upgrading park facilities to accommodate increases in use

Enforcing park rules

47

Appropriate resources for maintenance and operations of existing facilities

Consistent park funds that are not significantly reduced in times of economic downturn such as the recession of 2008



Restroom and Concession Building at Polo Grounds County Park in Aptos

VARIETY OF RECREATIONAL OPPORTUNITIES

PROMINENT TOPICS:

THEME:

Providing a variety of types of community-serving park amenities

Adapting to provide opportunities for current and future trends in recreation

Opportunities for active and healthy lifestyles



Shared Pickleball, Tennis and Basketball Courts at Brommer County Park in Live Oak

Adding new uses and improvements to existing park properties

Opportunities for people to access open spaces and natural landscapes in the parks system

Partnering with other parks agencies to provide new facilities

OTHER FREQUENT COMMENTS:

Additional sports facilities such as soccer, baseball and softball fields, and basketball, tennis and pickleball courts

Additional pool facilities and programs in underserved areas

Additional trail connections for all types of trail users

Spaces to take dogs

Community centers for programs and events

Youth facilities such as bike jumps and pump tracks, skate parks, adventure courses and climbing walls

Joint use agreements with schools and other agencies to provide public access to park-like facilities during off hours

CHAPTER 9: KEY FINDINGS | SANTA CRUZ COUNTY PARKS STRATEGIC PLAN

Table 2: Key Needs Summary (Continued)

THEME:

STEWARDSHIP AND PROTECTION OF OPEN SPACE AND NATURAL, CULTURAL AND HISTORICAL RESOURCES

PROMINENT TOPICS:

Balancing the development of recreational facilities with protection and enhancement of natural, cultural and historical resources

Functional habitat for native flora and fauna

Protecting sensitive biological communities

Protecting natural open spaces in parks

Working with other park agencies to provide consistent facilities, hours and regulations

OTHER FREQUENT COMMENTS:

Connectivity between open spaces and natural areas to maximize benefits to wildlife

Conserving long-term viability of the variety of ecosystems within the county

Allowing natural biological processes to occur and biological systems to adapt to future conditions



Pinto Lake Regional County Park in Watsonville

THEME:

ACCESSIBILITY OF PARKS AND PROGRAMS



Future Site of LEO's Haven, an Inclusive Playground at Chanticleer County Park

PROMINENT TOPICS:

Equitable opportunities for access to parks and programs for all county residents and people with varying economic resources

Universal accessibility to built infrastructure for people of all abilities

Additional neighborhood parks within walking distance of people's homes, especially in underserved areas

Increasing youth programs and bringing them to new locations

OTHER FREQUENT COMMENTS:

Safe pedestrian and bicycle routes to access parks

Public transportation to parks and programs

Signs and materials in both English and Spanish

Shuttle services or other forms of transportation to people who need it to access parks and programs

THEME:

ENGAGEMENT OF THE LOCAL COMMUNITY

PROMINENT TOPICS:

Outreach to all demographics, particularly underrepresented communities

More volunteer opportunities

Additional programs and events

Partnering with community organizations and local cities

Educational opportunities

OTHER FREQUENT COMMENTS:

Relevant publicity of parks, programs and events

Coordination with school districts in publicizing parks and programs

Events for families with activities for multiple age groups

Interpretive programs

Working with neighbors and being respectful to local residents



Strategic Plan Community Meeting in Watsonville

To:	Office of Planning and Research 1400 Tenth Street, Room 121 Sacramento CA 95814	From: (Pul Santa Cruz 701 Ocean
To:	Clerk of the Board County of Santa Cruz	Santa Cruz

701 Ocean Street, Room 500

Santa Cruz CA 95060

iblic Agency) Local Agency Formation Commission Street, Room 318-D CA 95060

Project Title: Service and Sphere of Influence Review for County Service Area 11

Project Location: CSA 11 was formed in 1971 to provide recreational services to unincorporated communities throughout Santa Cruz County. CSA 11's service area encompasses the entire county, excluding the four cities and the three existing recreational districts. A vicinity map depicting the CSA's jurisdictional and sphere boundaries is attached (refer to Attachment A).

Project Location City: Capitola; Santa Cruz; Scotts Valley; Watsonville. Project Location County: Santa Cruz County

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

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County. The LAFCO public hearing on this proposal is scheduled for 9:00 a.m. on August 3, 2023.

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

Exempt Status: (check one)

Ministerial (Sec. 21080(b)(1); 15268);

Declared Emergency (Sec. 21080(b)(3); 15269(a));

Emergency Project (Sec. 21080(b)(4); 15269 (b)(c));

Categorical Exemption: State type and section number

Statutory Exemptions: State code number

x Other: The activity is not a project subject to CEQA.

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

Lead Agency Contact Person: Joe A. Serrano

Area Code/Phone Extension: 831-454-2055

Signature:

Date: August 3, 2023

Joe A. Serrano, Executive Officer



Signed by Lead Agency



NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, August 2, 2023, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following items:

- Branciforte Fire Protection District Reorganization (RO 22-07): Consideration of a proposed reorganization involving 745 parcels totaling approximately 5,800 acres. The reorganization was initiated by the Branciforte Fire Protection District (BFPD) and supported by the Scotts Valley Fire Protection District (SVFPD). If approved, the BFPD will be dissolved, and the dissolved area will be concurrently annexed into SVFPD. The purpose of the application is to facilitate the efficient delivery of fire protection to individual and property owners within the affected territory. If approved, the reorganization will preserve the current levels of service, maintain local demand expectations, and continue the existing funding sources.
- County Service Area 11 Service and Sphere of Influence Review: Consideration of a service and sphere review for CSA 11 (County Parks). CSA 11's service area encompasses the entire County of Santa Cruz, excluding the four cities and the three park and recreation districts.

In compliance with the California Environmental Quality Act (CEQA), LAFCO staff is scheduled to prepare a Categorical Exemption for both proposals listed above. 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. 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 require special assistance in order to participate, please contact the LAFCO office at least 24 hours in advance of the meeting to make arrangements.

Joe A. Serrano Executive Officer Date: July 11, 2023

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2023-18

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION APPROVING THE 2023 SERVICE AND SPHERE OF INFLUENCE REVIEW FOR COUNTY SERVICE AREA 11

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

- 1. In accordance with Government Code Sections 56425, 56427, and 56430, the Commission has initiated and conducted the 2023 Service and Sphere of Influence Review for County Service Area 11 ("CSA 11").
- 2. The Commission's Executive Officer has given notice of a public hearing by this Commission of the service and sphere of influence review in the form and manner prescribed by law.
- 3. The Commission held a public hearing on August 2, 2023, and at the hearing, the Commission heard and received all oral and written protests, objections, and evidence that were presented.
- 4. This approval of the 2023 Service and Sphere of Influence Review for CSA 11 is exempt under the California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines Section 15061(b)(3) because this Commission action does not change the services or the planned service area of the subject agency. There is no possibility that the activity may have a significant impact on the environment. This action qualifies for a Notice of Exemption under CEQA and staff is directed to file the same.
- 5. The Commission hereby approves the 2023 Service and Sphere of Influence Review for CSA 11.
- 6. The Commission hereby approves the Service Review Determinations, as shown on Exhibit A.
- 7. The Commission hereby approves the Sphere of Influence Determinations, as shown on Exhibit B.
- 8. The Commission hereby reaffirms the Sphere of Influence Map for CSA 11, as shown in Exhibit C.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 2nd day of August 2023.

AYES:

NOES:

ABSTAIN:

YVETTE BROOKS, CHAIRPERSON

Attest:

Joe A. Serrano Executive Officer

Approved as to form:

Joshua Nelson LAFCO Counsel

EXHIBIT A COUNTY SERVICE AREA 11 2023 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

CSA 11 encompasses the entire county (285 square miles), excluding the cities and special districts that have their own park and recreation departments. It is estimated that approximately 127,000 residents currently live within the CSA's jurisdiction. LAFCO staff projects that the CSA's population may reach 132,000 by 2040.

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

CSA 11 is not subject to SB 244 because it does not provide water, sewer, or fire service.

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

CSA 11 provides an array of services tailored to provide park and recreational programs to all communities throughout Santa Cruz County. Residents and non-residents have the opportunity to utilize the County's 38 parks (883 acres); 24 playgrounds; 27 coastal access points; and 1 regional swim center.

4. Financial ability of agencies to provide services.

CSA 11's primary source of revenue is from property taxes and Measure F, which passed in 2014. CSA 11's fund balance ended with approximately \$580,000 in FY 2021-22. CSA 11 ended the last two fiscal years with a surplus (FY 20-21 to FY 21-22). LAFCO staff believes this positive trend may continue if unanticipated expenses and unscheduled projects are mitigated.

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

The County coordinates with the cities and park districts to explore joint opportunities that may result in higher efficiencies, cost-savings, or a better level of service to the public.

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

LAFCO encourages more transparency from CSA 11 by sharing online information on how residents can participate in the CSA's decision-making process and future actions.

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

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

EXHIBIT B COUNTY SERVICE AREA 11 2023 SPHERE OF INFLUENCE DETERMINATIONS

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

The present and planned land uses are based on the general plan from the County, which range from urban to rural uses. The general plan anticipates growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas.

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

CSA 11's administrative office is located at 979 17th Avenue, Santa Cruz, CA 95062. The CSA falls under the County's Department of Parks, Open Space and Cultural Services.

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

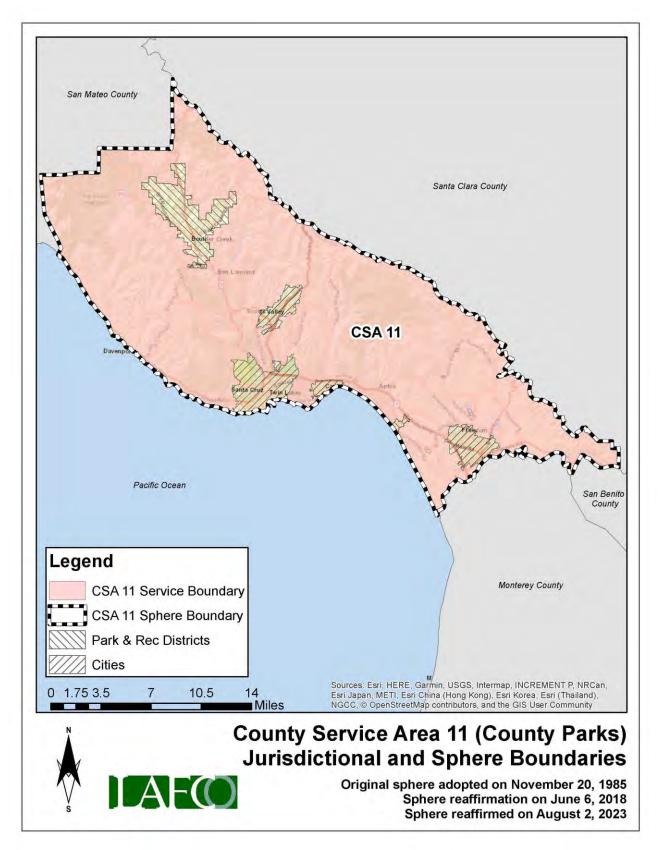
In 2018, the County adopted a strategic plan for the Department of Parks, Open Space and Cultural Services. The goal of this plan was two-fold: (1) provide a ten-year roadmap for the department that will assist the County in adapting and growing their support for a healthy, connected, and culturally vibrant Santa Cruz County, and (2) create a resource for understanding of what they do and how they serve the community, as well as guidance for partnering and collaboration.

- 4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency. CSA 11's jurisdictional boundary consists of the entirety of Santa Cruz County, excluding the four cities and the three park and recreational districts.
- 5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The CSA does not provide services related to sewers, municipal and industrial water, or structural fire protection. Therefore, this determination is not applicable.

EXHIBIT C COUNTY SERVICE AREA 11 SPHERE OF INFLUENCE MAP

LAFCO reaffirms the Sphere of Influence for CSA 11.





Santa Cruz Local Agency Formation Commission

Date:August 2, 2023To:LAFCO CommissionersFrom:Joe Serrano, Executive OfficerSubject:CALAFCO Annual Conference

SUMMARY OF RECOMMENDATION

Santa Cruz LAFCO is a member of the California Association of LAFCOs (CALAFCO). The annual conference hosted by CALAFCO will be held in Monterey from Wednesday, October 18 to Friday, October 20, 2023. The Commission may take action on various items in advance of the CALAFCO Annual Business Meeting and Conference.

It is recommended that the Commission take the following actions:

- 1. Designate a Voting Member at the Regional Caucus and Business Meeting; and
- 2. Discuss whether to make any board or award nominations.

EXECUTIVE OFFICER'S REPORT:

CALAFCO has announced the dates for the 2023 CALAFCO Annual Conference (**Attachment 1**). The annual business meeting and conference will be held on October 18th to October 20th in Monterey (Coastal Region). The CALAFCO conferences have offered significant educational value for both new and seasoned Commissioners and to staff. The Commission has budgeted a fixed amount that permits three Commissioners and two staff members to attend the annual conference. Commissioners who expressed interest in attending the 2023 conference were Allan Timms (City representative), Shebreh Kalantari-Johnson (City representative), and Zach Friend (County representative).

Regional Caucus and Business Meeting

CALAFCO board members have been elected by region since 2010. This year, there are two seats open from the Coastal Region: one City Member and one Public Member. Any Commissioner interested in running for either seat should notify staff to complete the nomination form and submit it before the September 18, 2023 deadline. **Attachment 2** provides the nomination form, a regional map of CALAFCO, and additional information regarding the election process.

In advance of the election process at the annual conference, each LAFCO designates a single representative to cast its votes, as shown in **Attachment 3**. Santa Cruz LAFCO's designee traditionally consults with the other attending Commissioners in an attempt to establish a consensus position before casting any vote. The designee may also represent Santa Cruz LAFCO during the annual Business Meeting held during the conference. Staff is recommending that the Commission designate Zach Friend and Allan Timms as a Voting Member and an Alternate Member.

CALAFCO Award Nominations

Each year, CALAFCO presents awards to recognize outstanding achievements by dedicated and committed individuals and/or organizations from throughout the State. LAFCO staff is recommending two nominations for the Mike Gotch Excellence In Public Service Award. This award acknowledges an individual, group or agency for actions that rise above expected or common functions or actions that are LAFCO-related and reduce or eliminate common institutional roadblocks, which results in a truly extraordinary public service outcome. Individuals, a LAFCO, or collaborative efforts among multiple LAFCOs or a LAFCO with other entities are eligible. This award has two distinct categories, each focusing on a specific area:

- Protection of agricultural and open space lands and prevention of sprawl; or
- Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services.

Staff is recommending that the Commission nominate the "Multi-LAFCO Shared Services Agreement" and Santa Cruz LAFCO for this award.

Multi-LAFCO Shared Services Agreement

Year after year LAFCOs face limited staffing, rising costs, stagnant revenues, and higher expectations from local agencies. At the same time when doing an MSR, every LAFCO looks at how local agencies can better share resources, but has anybody ever looked at how LAFCO's themselves can share resources? Marin and Santa Cruz LAFCO decided to look at this very issue. The implementation of a written agreement between Marin and Santa Cruz LAFCO allowed us to share resources and staffing while also reducing costs associated with outside vendors when considering additional support.

Whether it's updating websites or creating maps, the two LAFCOs can now help one another and save time and money simultaneously. It takes years for someone to become well-versed with the Cortese-Knox-Hertzberg Act, and since LAFCO is a niche career, Marin and Santa Cruz LAFCO introduced a new way to maximize our staff and knowledge by implementing a never-before-seen agreement in the LAFCO world. This agreement was written so any other LAFCO that wishes to join has the ability to do so. More importantly, this joint effort can also be replicated by other LAFCOs (and has already gained interest from our peers).

Santa Cruz LAFCO

This award acknowledges the development and implementation of innovative action. Santa Cruz LAFCO was a beacon of innovation in 2022-2023. It analyzed 44 out of 80 agencies in the county and rejuvenated how service reviews were written and utilized. It closed the gap between agencies unfamiliarity with boundary changes by taking the lead in discussions resulting in multiple applications for annexations, dissolutions, and reorganizations being submitted. It implemented unique solutions, such as creating a "Pre-Reorganization Agreement" and the formation of joint ad-hoc committees, so that the affected agencies can build trust with one another. It advocated for more transparency by hosting educational workshops for the public and local agencies. Santa Cruz LAFCO was able to complete various changes of organization during the past year that ultimately yielded a better level of service to the residents and allowed LAFCO to be identified as a primary resource for all local agencies. All these accomplishments were done with only one employee (Executive Officer). The limitation of staff and funds did not deter this Commission from seeking and successfully implementing innovative action, and that is why it should win this year's Mike Gotch Excellence In Public Service Award.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachments:

- 1. Annual Conference Announcement
- 2. Board of Directors Nomination Form
- 3. Voting Delegate Form
- 4. Achievement Award Nominations (Multi-LAFCO Agreement and Santa Cruz LAFCO)

6A: ATTACHMENT 1 SAVE THE DATE!

Join us for the 2023 CALAFCO Annual Conference

On **October 18-20, 2023**, network with other members and participate in sessions exploring policy issues related to growth, sustainability, and preservation.

Our diverse speakers will explore current issues and solutions on topics such as climate change effects and response, housing, water availability, public education about LAFCo and much more. The Annual Conference is an unmatched opportunity to leverage your role in bringing community stakeholders together!

No other event like this brings together such a diverse group of elected officials.

Past topics have included:

- Access to water and affordable housing the ongoing issues and LAFCos' involvement
- Preparing for the unexpected and how LAFCo can support escalating disaster preparedness
- LAFCo as a partner in creative solutions to governance and service issues
- ¹Understanding and dealing with looming pension liabilities
- 🌉 Groundwater management

And more!

Hyatt Regency Monterey 1 Old Golf Course Road, Monterey, CA 93940

CALAFCO CALAFCO Tomation Color

www.calafco.org

CALAFCO | 1129 Firehouse Alley, Sacramento, CA 95814 Phone: (916) 442-6536 | Email: info@calafco.org

400 of 474



May 5, 2023

- To: Local Agency Formation Commission Members and Alternate Members
- From: Wendy Root Askew, Committee Chair CALAFCO Board Election Committee CALAFCO Board of Directors

RE: Nomination Period Now Open for 2023/2024 CALAFCO Board of Directors

Nominations are now open for the fall elections of the CALAFCO Board of Directors for the following seats:

CENTRAL REGION	COASTAL REGION	NORTHERN REGION	SOUTHERN REGION
City Member	City Member	County Member	County Member
Public Member	Public Member	District Member	District Member

Please inform your Commission that the CALAFCO Election Committee will be accepting nominations for the above-cited seats until:

MONDAY, SEPTEMBER 18, 2023 at 5:00 PM

Serving on the CALAFCO Board is a unique opportunity to work with other commissioners throughout the state on legislative, fiscal, and operational issues that affect us all. The Board meets four to five times each year, with half of the meetings currently held virtually and the rest being held at alternate sites around the state.

Board seats span a two-year term, with no term limits, and any LAFCo commissioner or alternate commissioner is eligible to run for a Board seat. Elections are conducted during Regional Caucuses at the CALAFCO Annual Conference prior to the Annual Membership Meeting on Thursday, October 19, 2023 at the Hyatt Regency Hotel in Monterey, California.

Should your Commission nominate a candidate, please return a completed Nomination Form and Candidate's Résumé Form by the deadline.

Please note that completed nomination forms and all materials must be <u>RECEIVED</u> by the CALAFCO Executive Director no later than <u>Monday</u>, <u>September 18</u>, <u>2023 at 5:00 p.m.</u>

Returning the completed nomination and resume forms prior to the deadline ensures your nominee is placed on the ballot. Names will be listed in the order nominations were received.

Electronic filing of nomination forms is <u>highly encouraged</u> to facilitate the recruitment process (please email to <u>info@calafco.org</u>). However, hard copy forms and materials may also be mailed to:

CALAFCO Election Committee c/o Executive Director California Association of Local Agency Formation Commissions 1129 Firehouse Alley Sacramento, CA 9581



Nominations received by the September 18th deadline will be included in the Election Committee's Report and will be on the ballot. The Report will be distributed to LAFCo members no later than October 5, 2023, with ballots made available to Voting Delegates at the Annual Conference.

Nominations received after the deadline will be returned; however, nominations may be made from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

For those member LAFCos who cannot send a representative to the Annual Meeting, an electronic ballot will be made available *if requested in advance*. **Ballot requests must also be received no later than 5:00 pm on Monday, September 18, 2023, with completed absentee ballots returned by 5:00 p.m. on Thursday, October 12, 2023.**

NOMINATION/ELECTION PROCESS DEADLINES AND TIMELINES

- **May 5** Nomination Announcement and packet sent to LAFCo membership and posted on the CALAFCO website.
- September 18 Completed Nomination packet due
- September 18 Request for an absentee/electronic ballot due
- September 18 Voting delegate name due to CALAFCO
- **October 5** Distribution of the Election Committee Report (includes all completed/submitted nomination papers)
- October 5 Distribution of requested absentee/electronic ballots.
- October 12 Absentee ballots due to CALAFCO
- October 19 Elections

If you have any questions about the election process, please contact CALAFCO Executive Director René LaRoche at rlaroche@calafco.org or by calling 916-442-6536.

Members of the 2023/2024 CALAFCO Election Committee are:

Wendy Root Askew, Chair	Monterey LAFCo (Coastal Region)
district4@co.monterey.ca.us	831-883-7570
Rodrigo Espinosa	Merced LAFCo (Central Region)
Rodrigo.Espinosa@countyofmerced.com	209-398-4340
Derek McGregor	Orange Co. LAFCo (Southern Region)
dmcgregor@dmceng.com	530-538-6834
Josh Susman	Nevada LAFCo (Northern Region)
jsusman@calafco.org	530-559-1725

Additionally, you will also find attached for your reference a copy of the CALAFCO Board of Directors Nomination and Election Procedures, as well as the current listing of Board Members and corresponding terms of office.

I sincerely hope that you will consider joining us!



Board of Directors Nomination and Election Procedures and Forms

The procedures for nominations and election of the CALAFCO Board of Directors [Board] are designed to assure full, fair and open consideration of all candidates, provide confidential balloting for contested positions and avoid excessive demands on the time of those participating in the CALAFCO Annual Conference.

The Board nomination and election procedures shall be:

1. APPOINTMENT OF AN ELECTION COMMITTEE:

- a. Following the Annual Membership Meeting the Board shall appoint an Election Committee of four members of the Board. The Election Committee shall consist of one member from each region whose term is not ending.
- b. The Board Chair shall appoint one of the members of the Election Committee to serve as Committee Chair. The CALAFCO Executive Director shall either serve as staff to the Election Committee or appoint a CALAFCO regional officer to serve as staff in cooperation with the Executive Director.
- c. Each regional officer shall serve as staff liaison to the Election Committee specifically to assist in conducting the election as directed by the Executive Director and Committee.
- d. Goals of the Committee are to encourage and solicit candidates by region who represent member LAFCos across the spectrum of geography, size, and urban-suburban-rural population, and to provide oversight of the elections process.

2. ANNOUNCEMENT TO ALL MEMBER LAFCOS:

- a. No later than four months prior to the Annual Membership Meeting, the Election Committee Chair shall send an announcement to each LAFCo for distribution to each commissioner and alternate. The announcement shall include the following:
 - i. A statement clearly indicating which offices are subject to the election.
 - ii. A regional map including LAFCos listed by region.
 - iii. The specific date by which all nominations must be received by the Election Committee. The deadline shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFCo marked "Received too late for Election Committee action."
 - iv. The names of the Election Committee members and the name of their LAFCo, regional representation, email address and phone number. The name, email address and phone number of the Executive Director shall also be included.
 - v. The email address and physical address to send the nominations forms.
 - vi. A form for a Commission to use to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.
 - vii. The specific date by which all voting delegate names are due.

Key Timeframes for Nominations Process

Davs*

- 120 Nomination announcement
- 30 Nomination deadline14 Committee report released

*Days prior to annual membership meeting

viii. The specific date by which absentee ballots must be requested, the date CALAFCO will

distribute the absentee ballots, and the date by which they must be received by the Executive Director.

b. A copy of these procedures shall be posted on the web site.

3. THE ELECTION COMMITTEE:

- a. The Election Committee and the Executive Director have the responsibility to monitor nominations and help assure that there are adequate nominations from each region for each seat up for election. No later than two weeks prior to the Annual Conference, the Election Committee Chair shall distribute to the members the Committee Report organized by regions, including copies of all nominations and resumes, which are received prior to the end of the nomination period.
- b. At the close of the nomination period, the Election Committee shall prepare regional ballots. Each region will receive a ballot specific to that region. Each region shall conduct a caucus at the Annual Conference for the purpose of electing their designated representatives. Caucus elections must be held prior to the annual membership meeting at the Conference. The assigned regional officers along with a member of the Election Committee shall tally ballots at each caucus and provide the Election Committee the names of the elected Board members and any open seats. In the event of a tie, the regional officer and Election Committee member shall immediately conduct a run-off ballot of the tied candidates.
- c. Make available sufficient copies of the Committee Report for each Voting Delegate by the beginning of the Annual Conference. Only the designated Voting Delegate, or the designated Alternate Voting Delegate shall be allowed to pick up the ballot packet at the Annual Conference.
- d. Make available blank copies of the nomination forms and resume forms to accommodate nominations from the floor at either the caucuses or the annual meeting (if an at-large election is required).
- e. Advise the Executive Director to provide "CANDIDATE" ribbons to all candidates attending the Annual Conference.
- f. Advise the Executive Director to provide "VOTING DELEGATE" ribbons to all voting delegates attending the Annual Conference.
- g. Post the candidate statements/resumes organized by region on a bulletin board or other easily accessible location near the registration desk.
- h. Regional elections shall be conducted as described in Section 4 below. The representative from the Election Committee shall serve as the Presiding Officer for the purpose of the caucus election and shall be assisted by a regional officer from a region other than their own, as assigned by the Executive Director
- i. Following the regional elections, in the event that there are open seats for any offices subject to the election, the Election Committee Chair shall notify the Chair of the Board of Directors that an at-large election will be required at the annual membership meeting and to provide a list of the number and category of seats requiring an at-large election.

4. ELECTRONIC BALLOT FOR LAFCO IN GOOD STANDING NOT ATTENDING ANNUAL MEETING

Limited to the elections of the Board of Directors

- a. Any LAFCo in good standing shall have the option to request an electronic ballot if there will be no representative attending the annual meeting.
- b. LAFCos requesting an electronic ballot shall do so in writing to the Executive Director no later than 30 days prior to the annual meeting.

- c. The Executive Director shall distribute the electronic ballot no later than two weeks prior to the annual meeting.
- d. LAFCo must return the ballot electronically to the Executive Director no later than three working days prior to the annual meeting.
- e. LAFCos voting by electronic ballot may discard their electronic ballot if a representative is able to attend the annual meeting.
- f. LAFCos voting under this provision may only vote for the candidates nominated by the Election Committee as noted on the ballot and may not vote in any run-off elections.

5. AT THE TIME FOR ELECTIONS DURING THE REGIONAL CAUCUSES OR ANNUAL MEMBERSHIP MEETING:

- a. The Presiding Officer shall:
 - i. Review the election procedure with the membership of their region.
 - ii. Present the Election Committee Report (previously distributed).
 - iii. Call for nominations from the floor by category for those seats subject to this election:
 - 1. For city member.
 - 2. For county member.
 - 3. For public member.
 - 4. For special district member.
- b. To make a nomination from the floor, a LAFCo, which is in good standing, shall identify itself and then name the category of vacancy and individual being nominated. The nominator may make a presentation not to exceed two minutes in support of the nomination.
- c. When there are no further nominations for a category, the Presiding Officer shall close the nominations for that category.
- d. The Presiding Officer shall conduct a "Candidates Forum". Each candidate shall be given time to make a brief statement for their candidacy. If a candidate is absent from the regional caucus, they may ask someone in their region to make a brief statement on their behalf.
- e. The Presiding Officer shall then conduct the election:
 - i. For categories where there are the same number of candidates as vacancies, the Presiding Officer shall:
 - 1. Name the nominees and offices for which they are nominated.
 - 2. Call for a voice vote on all nominees and thereafter declare those unopposed candidates duly elected.
 - ii. For categories where there are more candidates than vacancies, the Presiding Officer shall:
 - 1. Poll the LAFCos in good standing by written ballot.
 - 2. Each LAFCo in good standing may cast its vote for as many nominees as there are vacancies to be filled. The vote shall be recorded on a tally sheet.

- 3. Any ballots submitted electronically for candidates included in the Election Committee Report shall be added to the tally.
- 4. With assistance from the regional officer, tally the votes cast and announce the results.
- iii. Election to the Board shall occur as follows:
 - 1. A majority of the total number of LAFCos in a given region are required for a quorum. Returned absentee ballots shall count towards the total required for a quorum.
 - 2. The nominee receiving the majority of votes cast is elected.
 - 3. In the case of no majority, the two nominees receiving the two highest number of votes cast shall face each other in a run-off election. Electronic ballots are not included in the tally for any run-off election(s).
 - 4. In case of tie votes:
 - a. A second run-off election shall be held with the same two nominees.
 - b. If there remains a tie after the second run-off, the winner shall be determined by a draw of lots.

6. ADDITIONAL PROCEDURES

- a. For categories where there are more candidates than vacancies, names shall be listed on the ballot in the order the nomination was received and deemed complete.
- b. The Election Committee Chair shall announce and introduce all Board Members elected during the Regional Caucuses at the annual business meeting.
- c. In the event that Board seats remain unfilled after a Regional Caucus, an election will be held immediately at the annual business meeting to fill the position at-large. Nominations will be taken from the floor and the election process will follow the procedures described in Section 4 above. Any commissioner or alternate from a member LAFCo may be nominated for at-large seats.
- d. Seats elected at-large become subject to regional election at the expiration of the term. Only representatives from the region may be nominated for the seat.
- e. As required by the Bylaws, the members of the Board shall meet as soon as possible after election of new Board members for the purpose of electing officers, determining meeting places and times for the coming year, and conducting any other necessary business.

7. LOSS OF ELECTION IN HOME LAFCO

Board Members and candidates who lose elections in their home office shall notify the Executive Director within 15 days of the certification of the election.

8. FILLING BOARD VACANCIES

Vacancies on the Board of Directors may be filled by appointment by the Board for the balance of the unexpired term. Appointees must be from the same category as the vacancy, and should be from the same region.

CALAFCO's Four Regions



The counties in each of the four regions consist of the following:

Northern Region

Butte Colusa Del Norte Glenn Humboldt Lake Lassen Mendocino Modoc Nevada Plumas Shasta Sierra Siskiyou Sutter Tehama Trinity Yuba

CONTACT: Steve Lucas Butte LAFCo slucas@buttecounty.net

Southern Region

Orange Los Angeles Imperial Riverside San Bernardino San Diego

CONTACT: Gary Thompson Riverside LAFCo gthompson@lafco.org

Coastal Region

Alameda Contra Costa Marin Monterey Napa San Benito San Francisco San Luis Obispo San Mateo Santa Barbara Santa Clara Santa Clara Santa Cruz Solano Sonoma Ventura

CONTACT: Dawn Longoria Napa LAFCo dlongori@napa.lafco.ca.gov

Central Region

Alpine Amador Calaveras El Dorado Fresno Inyo Kings Madera Mariposa Merced Mono Placer Sacramento San Joaquin Stanislaus Tulare Tuolumne Yolo

CONTACT: José Henriquez Sacramento LAFCo henriquezj@saccounty.net

NAME	REGION	TYPE & TERM
Bill Connelly, Chair	Butte <i>Northern</i>	County (2023)
Rodrigo Espinosa	Merced <i>Central</i>	County (2024)
Blake Inscore	Del Norte <i>North</i>	City (2024)
Gay Jones	Sacramento <i>Central</i>	District (2024)
Michael Kelley	Imperial <i>Southern</i>	County (2023)
Debra Lake	Humboldt <i>Northern</i>	District (2023)
Jo MacKenzie	San Diego <i>Southern</i>	District (2023)
Michael McGill	Contra Costa <i>Coastal</i>	District (2024)
Derek McGregor	Orange <i>Southern</i>	Public (2024)
Margie Mohler, Vice Chair	Napa Coastal	City (2023)
Anita Paque	Calaveras <i>Central</i>	Public (2023)
Daniel Parra	Fresno <i>Central</i>	City (2023)
Wendy Root Askew	Monterey Coastal	County (2024)
Shane Stark	Santa Barbara <i>Coastal</i>	Public (2023)
Josh Susman	Nevada <i>Northern</i>	Public (2024)
Acquanetta Warren, Treasurer	San Bernardino Southern	City (2024)

CURRENT BOARD MEMBERS AND TERMS



Board of Directors

2023/2024 Nomination Form

(Must accompany the Candidate Résumé Form)

Nomination to the CALAFCO Board of Directors

In accordance with the Nominations and Election Procedures of CALAFCO,

		_LAFCo of the _		Region
Nominates				
for the (check one)	□ City	County	□ Special District	D Public
Position on the CALAF	CO Board of	Directors to be fi	illed by election at the ne	ext Annual
Membership Meeting	of the Associ	ation.		

LAFCo Chair

Date

NOTICE OF DEADLINE

Nomination Packets must be received by **September 18**, **2023 at 5:00 p.m.** to be considered by the Election Committee.

Send completed nominations to info@calafco.org

Or, mail to:

CALAFCO Election Committee CALAFCO 1129 Firehouse Alley Sacramento, CA 95814



Board of Directors 2023/2024 Candidate Résumé Form

(Complete both pages)

Nominated By:		l	_AFCo	Date: _	
Region (please check c	one): 🗖 Northern	🖵 Coasta	I 🗆 Cen	tral	Southern
Category (please check	one): 🗖 City	County	Special Di	strict	Public
Candidate Name					
Address					
Phone	Office		_ Mobile		
e-mail					
Personal and Professio	nal Background				

LAFCo Experience:

CALAFCO or State-level Experience:

Availability:

Other Related Activities and Comments:

NOTICE OF DEADLINE

Nomination Packets must be received by **September 18**, **2023** at 5:00 p.m. to be considered by the Election Committee.

Send completed nominations to info@calafco.org

Or, mail to:

CALAFCO Election Committee CALAFCO 1129 Firehouse Alley Sacramento, CA 95814



(916) 442-6536

2023 CALAFCO VOTING DELEGATE

The Local Agency Formation Commission of the below named county, hereby names and appoints the following Commissioners to be its duly authorized voting delegate and alternate for purposes of the 2023 CALAFCO Board of Directors election to be held on Thursday, October 19, 2023, during the CALAFCO Regional Caucus and Annual Meeting in Monterey, California.

County Name:

Delegate:

Alternate:

Appointment Authorized by:

Name of individual completing form on behalf of the LAFCo:

Will your delegate or alternate be attending the CALAFCO Annual Conference?

Yes: No:

PLEASE RETURN COMPLETED FORM BY 5:00 PM ON SEPTEMBER 18, 2023

TO: René LaRoche via email to: rlaroche@calafco.org

Late submissions will NOT be accepted.



A: ATTACHMENT 4 Nominations are now open for the 2023 CALAFCO Achievement Awards

Recognizing those who have gone above and beyond this last year to advance the principles and goals of the Cortese-Knox-Hertzberg Act

NOMINATION CATEGORIES:

Outstanding CALAFCO Volunteer Outstanding CALAFCO Associate Member Outstanding Commissioner Outstanding LAFCo Professional Lifetime Achievement Award Legislator Of The Year



Mike Gotch Excellence In Public Service Award

AWARD CATEGORIES:

Protection of agricultural and open space lands and prevention of sprawl

Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services

For nomination and selection criteria and the nomination form, please visit **bit.ly/23AAwards**. For questions, please contact Steve Lucas at **slucas@buttecounty.net**.

Nomination deadline: Friday, August 18, 2023 · 5 p.m.

For most categories, nominations may be made by any individual, LAFCo, CALAFCO Associate Member, or any other organization. The Lifetime Achievement Award may only be nominated by a member LAFCo or an Associate Member in good standing with the Association.

Winners will be announced at the CALAFCO Awards Banquet to be held during the Annual Conference on October 19, 2023, at the Hyatt Regency Hotel in Monterey, California.



Date: May 9, 2023

- To: CALAFCO Members LAFCo Commissioners and Staff Other Interested Organizations
- From: Anita Paque, Committee Chair CALAFCO Achievement Awards Committee CALAFCO Board of Directors

Subject: 2023 CALAFCO Achievement Award Nominations Period Open

Deadline: 5:00 p.m., Friday, August 18, 2023

On behalf of the Association, I am pleased to announce that the nomination period for the 2023 CALAFCO Achievement Awards is now open!

Each year, CALAFCO is honored to recognize outstanding achievements by dedicated and committed individuals and/or organizations from throughout the state at its Annual Conference Achievement Awards Ceremony. This year's ceremony will be held on October 19 at the Hyatt Regency Monterey, during the awards banquet.

Recognizing individual and organizational achievements is an important responsibility. It provides visible recognition and support to those who have gone **above and beyond** over the last year to advance the principles and goals of the Cortese-Knox-Hertzberg Act. We invite you to use this opportunity to nominate the individuals and organizations you feel deserve this important recognition based on the criteria outlined.

Before submitting a nomination, please carefully review the nomination instructions and the criteria for each award as incomplete nominations, and nominations that do not adhere to the submission guidelines, will not be considered by the Committee.

ACHIEVEMENT AWARDS NOMINATION PROCEDURE:

- 1. Nominations may be made by an individual, a LAFCo, a CALAFCO Associate Member, or any other organization.
- 2. Each nomination must meet the specific award category criteria for consideration. The Committee will not consider any nomination for an award for any category other than the one for which it was submitted. Duplicate nominations *will not be considered by the Committee*.
- 3. Nominations *must be submitted with a completed nomination form*. Please use a separate form for each nomination. The form is your opportunity to highlight the most important points of your nomination.
- 4. Nomination Executive Summaries must be limited to no more than 250 words in length. Nomination Summaries must be limited to no more than 1,000 words or 2 pages in length maximum. You are encouraged to write them in a clear, concise and understandable manner. If the Awards Committee members require additional information, you will be contacted with that request. Any nomination received that exceeds this amount will not be considered by the Committee.



- 5. All supporting information (e.g. reports, news articles, etc.) must be submitted with the nomination. Limit supporting documentation to no more than 3 pages. If the Awards Committee members require additional information, you will be contacted with that request. Any nomination received that exceeds this amount will not be considered by the Committee.
- 6. All nomination materials must be submitted at one time and must be received by the deadline. No late nominations will be accepted no exceptions. Electronic submittals are required and must be submitted as pdf document, using the fillable pdf document provided.
- Nominations and supporting materials <u>must</u> be received no later than 5:00 p.m., Friday, August 18, 2023. Send nominations via e-mail to:

Stephen Lucas, CALAFCO Executive Officer slucas@buttecounty.net

You may contact Steve Lucas, CALAFCO Executive Officer, at slucas@buttecounty.net or (530) 538-7784 with any questions.

Members of the 2023 CALAFCO Board of Directors Awards Committee

Board Members:

Anita Paque, Committee Chair (Calaveras LAFCo, Central Region) Michael Kelley (Imperial LAFCo, Southern Region) Debra Lake (Humboldt LAFCo, Northern Region) Margie Mohler (Napal LAFCo, Coastal Region) Shane Stark (Santa Barbara LAFCo, Coastal Region)

Regional Officer Members:

Steve Lucas, CALAFCO Executive Officer (Northern Region) José Henriquez, CALAFCO Deputy Executive Officer (Central Region) Dawn Longoria, CALAFCO Deputy Executive Officer (Coastal Region) Gary Thompson, CALAFCO Deputy Executive Officer (Southern Region) apaque@calafco.org mkelley@calafco.org dlake@calafco.org mmohler@calafco.org sstark@calafco.org

slucas@buttecounty.net henriquezj@saccounty.net dlongoria@napa.lafco.ca.gov gthompson@lafco.org

Attachments:

- 2023 Achievement Award nomination form
- Achievement Award categories, nomination and selection criteria
- Listing of prior Achievement Award recipients





CALAFCO ACHIEVEMENT AWARD CATEGORIES, NOMINATION & SELECTION CRITERIA

CALAFCO recognizes excellence within the LAFCo community and the full membership by presenting the *Achievement Awards* at the CALAFCO Annual Conference. Nominations are now open and being accepted until **5:00 p.m., Friday, August 18, 2023** in the following categories:

OUTSTANDING CALAFCO VOLUNTEER

Award Summary:

Recognizes a CALAFCO volunteer who has provided exemplary service during the past year. Exemplary service is service which clearly goes above and beyond that which is asked or expected in the charge of their responsibilities. This category may include a CALAFCO Board member, regional officer, program volunteer, or any other requested volunteer.

Nomination criteria:

- 1. Nominee must have volunteered for the Association during the year in which the nomination is being made.
- 2. Nominee does not have to be a CALAFCO member.
- 3. Volunteer efforts must have demonstrated the individual going above and beyond what was asked/expected with positive and effective results.
- 4. Nominee can be a CALAFCO Board member, regional officer, program volunteer or any other volunteer.

Selection criteria:

- 1. Must meet all nomination criteria requirements for consideration.
- 2. Equal consideration shall be given to each nominee, regardless of their position or role as a volunteer. Only the contributions and outcomes shall be considered, not the individual's position.
- 3. The extent of the volunteerism and the overall impact to the statewide Association and membership based on that volunteerism shall be considered.
- 4. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

OUTSTANDING CALAFCO ASSOCIATE MEMBER

Award Summary:

Presented to an active CALAFCO Associate Member (person or agency) that has advanced or promoted the cause of LAFCos by consistently producing distinguished work that upholds the mission and goals of LAFCos and has helped elevate the role and mission of LAFCos through its work. Recipient consistently demonstrates a collaborative approach to LAFCo stakeholder engagement. Further, the individual or firm has a proven commitment to the Association membership through volunteering time and resources to further the cause of LAFCo and CALAFCO.

Nomination criteria:

- 1. Nominee must be a CALAFCO Associate Member in good standing with the Association.
- 2. Nominee shall be an Associate Member for the full year in which the nomination is being made.
- 3. The Associate Member nominated shall have been an Associate Member in good standing with the Association for at least one year prior to the year for which the nomination is being made.
- 4. As an Associate Member, the nominee may be an individual, firm or agency.
- 5. The nominee may be an individual within an Associate Member firm or agency.
- 6. Nominee shall demonstrate that through their work as an Associate Member, the role and mission of LAFCo has been upheld and furthered.
- 7. Nominee must have proven cooperative and collaborative approaches to situations and

solutions that affect LAFCos statewide as an Associate Member.

- 8. Proven commitment to the Association's membership as an Associate Member by volunteering resources to the Association during the year in which the nomination is made. Selection criteria:
 - 1. Must meet all nomination criteria requirements for consideration.
 - 2. Equal consideration shall be given to all nominees that meet the nominating criteria.
 - 3. The level of volunteering time and resources to the Association shall be a consideration with all other nomination criteria.

OUTSTANDING COMMISSIONER

Award Summary:

Presented to an individual Commissioner for extraordinary service to his or her Commission. Extraordinary service is considered actions above and beyond those required in the course of fulfilling their statutory responsibilities as a Commissioner. It requires consistently demonstrating independent judgment on behalf of the interest of the entire county, developing innovative and collaborative solutions to local issues, and leading the commission and community by example.

Nomination criteria:

- 1. Nominee must be a Commissioner of a LAFCo in good standing with the Association.
- 2. Nominee shall be a Commissioner for the full year in which the nomination is being made.
- 3. Proven demonstration of consistently exercising independent judgment for the greater good of the County is required.
- 4. Proven leadership of the commission and the community through collaborative, innovative and creative solutions to local issues is required.
- 5. Proven effective results and outcomes shall be demonstrated in the nomination.

Selection criteria:

- 1. Must meet all nomination criteria requirements for consideration.
- 2. Equal consideration shall be given to all nominees that meet the nominating criteria.
- 3. Representation type (city-county-district-public) shall not be a consideration nor shall be the size or geographic area of the LAFCo on which the Commissioner serves.
- 4. The overall impact of the leadership of the Commissioner shall be considered.
- 5. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

OUTSTANDING LAFCo PROFESSIONAL

Award Summary:

Recognizes an Executive Officer, Staff Analyst, Clerk, Legal Counsel or any other LAFCo staff person for exemplary service during the past year. Exemplary service is considered actions which clearly go above and beyond that which is asked, expected, or required in the charge of their LAFCo responsibilities.

Nomination criteria:

- 1. Nominee must be a staff person of a LAFCo in good standing with the Association.
- 2. Nominee shall be a staff person for the full year in which the nomination is being made.
- 3. As a staff person, the nominee can be either an employee of the LAFCo or a contractor providing employee-type services to the LAFCo.
- 4. Efforts must be demonstrated that the individual has consistently gone above and beyond or outside the scope of their role or job responsibilities, with proven results that otherwise would not have occurred.

Selection criteria:

- 1. Must meet all nomination criteria requirements for consideration.
- 2. Equal consideration shall be given to all nominees that meet the nominating criteria.
- 3. Position within a LAFCo shall not be a consideration, nor shall be the size or geographic area of the LAFCo.

- 4. The overall impact of the LAFCo professional to their LAFCo and the greater community shall be considered.
- 5. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

LIFETIME ACHIEVEMENT AWARD

Award Summary:

Recognizes any individual who has made extraordinary contributions to the statewide LAFCo community in terms of longevity of service, exemplary advocacy of LAFCo-related legislation, proven leadership in approaching a particular issue or issues, and demonstrated support in developing and implementing innovative and creative ways to support the goals of LAFCos throughout California. At a minimum, the individual should be involved in the LAFCo community for at least twenty (20) years.

Nomination criteria:

- 1. Nomination must be received from a member LAFCo or Associate Member in good standing with the Association.
- 2. A minimum of 20 years direct involvement with the LAFCo community is required for consideration.
- 3. During that time, nominee shall have a proven positive impact and effect on the support and evolution of LAFCos statewide.
- 4. This includes advocacy of LAFCos statewide through legislation, developing creative and innovative solutions to LAFCo issues that serve beyond their LAFCo to the greater good, and collaborative stakeholder approaches to issues and opportunities to further the cause and mission of LAFCo.

Selection criteria:

- 1. Must meet all nomination criteria requirements for consideration.
- 2. Preference may be given to nominees who also have proven experience volunteering for CALAFCO through a regional officer role, serving on committees, serving on the CALAFCO Board, or any other method of volunteering for the Association that serves to promote and support the mission and work of LAFCos throughout the state.

LEGISLATOR OF THE YEAR

Award Summary:

Presented to a member of the California State Senate or Assembly in recognition of leadership and valued contributions in support of LAFCo goals that have a statewide effect. The recipient shall have demonstrated clear support and effort to further the cause and ability of LAFCos to fulfill their statutory mission. Selected by CALAFCO Board by super majority.

Nomination criteria:

- 1. Nominee shall be a California State legislator during the full year in which the nomination was made.
- 2. Nominee must have demonstrated extraordinary leadership in the Legislature on behalf of LAFCos statewide, with efforts resulting in a positive impact for all LAFCos.

Selection criteria:

- 1. Must meet all nomination criteria requirements for consideration.
- 2. All Legislator of the Year nominations shall be forwarded by the Achievement Awards Committee to the Board for consideration.
- 3. Selection of the recipient of this award shall be done with a super majority approval of the Board (present at the time of the vote).

MIKE GOTCH EXCELLENCE IN PUBLIC SERVICE AWARD

Award Summary:

Awarded to an individual, group or agency for actions that rise above expected or common functions or

actions that are LAFCo-related; *and* reduce or eliminate common institutional roadblocks; *and* result in a truly extraordinary public service outcome. Individuals, a LAFCo, or collaborative effort among multiple LAFCos or a LAFCo with other entities are eligible. Other entities shall be decision-making bodies at the local, regional or state level. This award has two distinct categories, each focusing on a specific area:

- 1. Protection of agricultural and open space lands and prevention of sprawl
- 2. Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services

Award categories:

• Protection of agricultural and open space lands and prevention of sprawl

Includes the development and implementation of programs or other actions associated with agriculture, water, flood control, parks and recreation, habitat conservation plans and public lands. Demonstrates the recipient has identified, encouraged and ensured the preservation of agricultural and open space lands. Proven actions that encourage cities, counties and special districts to direct development away from all types of agricultural lands, including prime agricultural lands and open space lands. Includes demonstrated consideration given in decisions to Regional Transportation Plans, including sustainable communities strategies and other growth plans to ensure reliable services, orderly growth, and sustainable communities.

Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services

Includes the development and implementation of innovate support and systems within internal LAFCo operations in the support of local agencies. Actions produce systemic and sustainable improvements and innovation of local government. Proven facilitation of constructive discussions with local and regional agencies and proactive outreach to local and regional agencies as well as local stakeholders and communities to identify issues and solutions and demonstrated action as a coordinating agency in offering and supporting unique local solutions to meet local challenges. Successful demonstration of development of capacities and abilities of local agencies. Provide tools and resources to local agencies to address aging infrastructure, fiscal challenges and the maintenance of existing services. Demonstrated action to streamline the provision of local services with proven results that services are consistent or have been improved as a result, with little to no increased cost to the consumer. Focused efforts and proven results to ensure delivery of services to all communities, especially disadvantaged communities.

Nomination criteria:

- 1. Clear demonstration that the actions rise above expected or common functions or actions.
- 2. The actions reduced or eliminated common institutional roadblocks.
- 3. The actions clearly proven a truly extraordinary public service outcome that is systemic and sustainable.
- 4. Identified unique circumstances and factors leading to the solution/project.
- 5. The innovative steps taken by the LAFCo or entity/entities/individual to solve the problem, overcome the situation, or to take action.
- 6. Clear description of the results/outcomes of the work and the short- and long-term effects.
- 7. How this work can be promoted as a LAFCo best practice.
- 8. Clear demonstration how this nomination meets all criteria.

Selection Criteria:

- 1. Must meet all nomination criteria requirements for consideration.
- 2. Equal consideration shall be given to each nominee within each category. The size or geographic area of the LAFCo within a given category shall not be a consideration.
- 3. The overall impact of the actions and outcomes to the greater community being served shall be considered.
- 4. The level of impact based on the required nomination criteria shall be considered.



PREVIOUS CALAFCO ACHIEVEMENT AWARD RECIPIENTS

2022

Outstanding Commissioner

Outstanding LAFCo Professional

Mike Gotch Award -Innovation, Collaboration, And Outreach Don Saylor, Yolo LAFCo

Carolyn Emery, Orange LAFCo

Two-Way Tie: Yolo LAFCo, and El Dorado LAFCo & South Fork Consulting, LLC

2020 - 2021 (2 year period due to the pandemic)

Outstanding Associate Member	Planwest Partners
Outstanding Commissioner	Olin Woods, Yolo LAFCo
Outstanding LAFCo Professional	Crystal Craig, Riverside LAFCo
Mike Gotch Protection of Ag and Open Space Lands & Prevention of Urban Sprawl	Napa LAFCo
Mike Gotch Courage & Innovation in Local Government Leadership Award	Yolo LAFCo
Lifetime Achievement Award	Jerry Glabach, Los Angeles LAFCo

2019

Distinguished Service Award Most Effective Commission Outstanding Commissioner

Outstanding LAFCo Professional Project of the Year Government Leadership Award

Mike Gotch Courage & Innovation in Local Government Leadership Award

Legislator of the Year Lifetime Achievement Award

2018

Distinguished Service Award Most Effective Commission Outstanding Commissioner Outstanding LAFCo Professional Outstanding LAFCo Clerk Outstanding CALAFCO Associate Member Project of the Year Government Leadership Award Charley Wilson, Orange LAFCo Contra Costa LAFCo Jim DeMartini, Stanislaus LAFCo

David Church, San Luis Obispo LAFCo

Orange LAFCo, for San Juan Capistrano Utilities MSR

CA State Water Resources Control Board, Los Angeles County and Los Angeles LAFCo, for Sativa Water District Butte LAFCo

Assembly Member Mike Gipson John Benoit, various LAFCos, Jurg Heuberger, Imperial LAFCo

John Withers, Orange LAFCo Santa Clara LAFCo Margie Mohler, Napa LAFCo George Williamson, Del Norte LAFCo Elizabeth Valdez, Riverside LAFCo Best Best & Krieger Lake LAFCo, water services consolidation City of Porterville, County of Tulare, Dept. of Water Resources, State Water Resources Control Board, Mike Gotch Courage & Innovation in Local Government Leadership Award

Legislator of the Year Lifetime Achievement Award

2017

Most Effective Commission Outstanding CALAFCO Member Outstanding Commissioner Outstanding LAFCo Professional Outstanding LAFCo Clerk Outstanding CALAFCO Associate Member Project of the Year

Government Leadership Award Lifetime Achievement Award

2016

Distinguished Service Award Most Effective Commission Outstanding CALAFCO Member Outstanding Commissioner Outstanding LAFCo Professional Outstanding LAFCo Clerk Project of the Year Government Leadership Award Lifetime Achievement Award

2015

Mike Gotch Courage & Innovation in Local Government Leadership Award Distinguished Service Award Most Effective Commission Outstanding CALAFCO Member Outstanding Commissioner Outstanding LAFCo Professional Outstanding LAFCo Clerk Project of the Year Governor's Office of Emergency Services, Self Help Enterprises, Community Water Center for East Porterville water supply project Mike Ott, San Diego LAFCo

Assembly Member Anna Caballero

Pat McCormick, Santa Cruz LAFCo, **George Spiliotis**, Riverside LAFCo

Los Angeles LAFCo

Sblend Sblendorio, Alameda LAFCo John Marchand, Alameda LAFCo

Paul Novak, Los Angeles LAFCo

Richelle Beltran, Ventura LAFCo

Policy Consulting Associates

County Services MSR, Butte LAFCo, and Santa Rosa Annexation, Sonoma LAFCo

San Luis Obispo County Public Works Dept. Kathy Rollings McDonald (San Bernardino)

Peter Brundage, Sacramento LAFCo San Luis Obispo LAFCo John Leopold, Santa Cruz LAFCo Don Tatzin, Contra Costa LAFCo Steve Lucas, Butte LAFCo

Cheryl Carter-Benjamin, Orange LAFCo Countywide Water Study, (Marin LAFCo) Southern Region of CALAFCO Bob Braitman (retired Executive Officer)

Yuba County Water Agency

Mary Jane Griego, Yuba LAFCo Butte LAFCo Marjorie Blom, formerly of Stanislaus LAFCo Matthew Beekman, formerly of Stanislaus LAFCo

Sam Martinez, San Bernardino LAFCo

Terri Tuck, Yolo LAFCo

Formation of the Ventura County Waterworks District No. 38 (Ventura LAFCo) and 2015 San Diego County Health Care Services five-year sphere of influence and service review report (San Diego LAFCo) Government Leadership Award

CALAFCO Associate Member of the Year Legislators of the Year Award Lifetime Achievement Award

2014

Mike Gotch Courage & Innovation in Local Government Leadership Award Distinguished Service Award Most Effective Commission Outstanding CALAFCO Member Outstanding Commissioner Outstanding LAFCo Professional Outstanding LAFCo Clerk Project of the Year

Government Leadership Award

Legislators of the Year Award Lifetime Achievement Award

2013

Mike Gotch Courage & Innovation in Local Government Leadership Award Distinguished Service Award Most Effective Commission Outstanding CALAFCO Member Outstanding Commissioner Outstanding LAFCo Professional LAFCo Outstanding LAFCo Clerk Project of the Year

Government Leadership Award

Legislators of the Year Award Lifetime Achievement Award

2012

Mike Gotch Courage & Innovation in Local Government Leadership Award

Distinguished Service Award

Most Effective Commission

Outstanding CALAFCO Member

The Cities of Dublin, Pleasanton, Livermore and San Ramon, the Dublin San Ramon Services District and the Zone 7 Water Agency

Michael Colantuono of Colantuono, Highsmith & Whatley

Assembly member Chad Mayes

Jim Chapman (Lassen LAFCo) and Chris Tooker (formerly of Sacramento LAFCo)

David Church, San Luis Obispo LAFCo

Kate McKenna, Monterey LAFCo Santa Clara LAFCo Stephen Lucas, Butte LAFCo Paul Norsell, Nevada LAFCo Kate McKenna, Monterey LAFCo Paige Hensley, Yuba LAFCo LAFCo Procedures Guide: 50th Year Special Edition, San Diego LAFCo

Orange County Water District, City of Anaheim, Irvine Ranch Water District, and Yorba Linda Water District Assembly member Katcho Achadjian Susan Wilson, Orange LAFCo

Simón Salinas, Commissioner, Monterey LAFCo

Roseanne Chamberlain, Amador LAFCo Stanislaus LAFCo Harry Ehrlich, San Diego LAFCo Jerry Gladbach, Los Angeles LAFCo Lou Ann Texeira, Contra Costa

Kate Sibley, Contra Costa LAFCo

Plan for Agricultural Preservation, Stanislaus LAFCo

Orange County LAFCo Community Islands Taskforce, Orange LAFCo

Senators Bill Emmerson and Richard Roth

H. Peter Faye, Yolo LAFCo; Henry Pellissier, Los Angeles LAFCo; Carl Leverenz, Butte LAFCo; Susan Vicklund-Wilson, Santa Clara LAFCo.

Bill Chiat, CALAFCO Executive Director

Marty McClelland, Commissioner, Humboldt LAFCo Sonoma LAFCo Stephen A. Souza, Commissioner, Yolo LAFCo and CALAFCO Board of Directors

Outstanding Commissioner	Sherwood Darington, Monterey
LAFCo Outstanding LAFCo Professional	Carole Cooper, Sonoma LAFCo
Outstanding LAFCo Clerk	Gwenna MacDonald, Lassen LAFCo
Project of the Year	Countywide Service Review & SOI Update, Santa Clara LAFCo
Government Leadership Award	North Orange County Coalition of Cities, Orange LAFCo
Lifetime Achievement Award	P. Scott Browne, Legal Counsel LAFCos

2011

Mike Gotch Courage & Innovation in Local Government Leadership Award	Martin Tuttle, Deputy Director for Planning, Caltrans Mike McKeever, Executive Director, SACOG
Distinguished Service Award	Carl Leverenz, Commissioner and Chair, Butte
LAFCo Most Effective Commission	San Bernardino LAFCo
Outstanding CALAFCO Member	Keene Simonds, Executive Officer, Napa LAFCo
Outstanding Commissioner	Louis R. Calcagno, Monterey LAFCo
Outstanding LAFCo Professional	June Savala, Deputy Executive Officer, Los Angeles LAFCo
Outstanding LAFCo Clerk	Debbie Shubert, Ventura LAFCo
Project of the Year	Cortese-Knox-Hertzberg Definitions Revision Bob Braitman, Scott Browne, Clark Alsop, Carole Cooper, and George Spiliotis
Government Leadership Award	Contra Costa Sanitary District
	Elsinore Water District and Elsinore Valley Municipal Wate District
2010	
Mike Gotch Courage & Innovation in Local Government Leadership Award	Helen Thompson, Commissioner, Yolo LAFCo
Distinguished Service Award	Kathleen Rollings-McDonald, Executive Officer, San Bernardino LAFCo Bob Braitman, Executive Officer, Santa Barbara LAFCo
Most Effective Commission	Tulare LAFCo
Outstanding CALAFCO Member	Roger Anderson, Ph.D., CALAFCO Chair, Santa Cruz LAFCo
Outstanding Commissioner	George Lange, Ventura LAFCo
Outstanding LAFCo Professional	Harry Ehrlich, Government Consultant, San Diego LAFCo
Outstanding LAFCo Clerk	Candie Fleming, Fresno LAFCo
Project of the Year	Butte LAFCo Sewer Commission - Oroville Region Municipal Service Review
Government Leadership Award	Nipomo Community Services District and the County of Sa Luis Obispo
Special Achievement	Chris Tooker , Sacramento LAFCo and CALAFCO Board of Directors

2009

Distinguished Service Award Most Effective Commission Outstanding CALAFCO Member

Outstanding Commissioner Outstanding LAFCo Professional Outstanding LAFCo Clerk Project of the Year Government Leadership Award

Legislator of the Year Award

2008

Distinguished Service Award

Most Effective Commission Outstanding Commissioner Outstanding LAFCo Professional

Outstanding LAFCo Clerk Project of the Year

Government Leadership Award Legislator of the Year Award

2007

Outstanding CALAFCO Member Distinguished Service Award Counsel Most Effective Commission Outstanding Commissioner

Outstanding LAFCo Professional Outstanding LAFCo Clerk Project of the Year

Government Leadership Award Lifetime Achievement

2006

Outstanding CALAFCO Member

Distinguished Service Award Most Effective Commission Award Outstanding Commissioner Award

Outstanding LAFCo Professional Award Outstanding LAFCo Clerk Award William Zumwalt, Executive Officer, Kings LAFCo Napa LAFCo Susan Vicklund Wilson, CALAFCO Vice Chair Jerry Gladbach, CALAFCO Treasurer Larry M. Fortune, Fresno LAFCo Pat McCormick, Santa Cruz LAFCo Executive Officer

Emmanuel Abello, Santa Clara LAFCo

Orange LAFCo Boundary Report

Cities of Amador City, Jackson, Ione, Plymouth & Sutter Creek; Amador County; Amador Water Agency; Pine Grove CSD – Countywide MSR Project

Assembly Member Jim Silva

Peter M. Detwiler, Senate Local Government Committee Chief Consultant

Yuba LAFCo

Dennis Hansberger, San Bernardino LAFCo

Michael Ott, San Diego LAFCo Executive Officer Martha Poyatos, San Mateo Executive Officer

Wilda Turner, Los Angeles LAFCo Kings LAFCo City and Community District MSR and SOI Update San Bernardino Board of Supervisors Assembly Member Anna M. Caballero

Kathy Long, Board Chair, Ventura LAFCo William D. Smith, San Diego Legal Santa Clara LAFCo Gayle Uilkema, Contra Costa LAFCo

Joyce Crosthwaite, Orange LAFCo Executive Officer Debby Chamberlin, San Bernardino LAFCo San Bernardino LAFCo and City of Fontana Islands Annexation Program

City of Fontana - Islands Annexation Program John T. "Jack" Knox

Everett Millais, CALAFCO Executive Officer and Executive Officer of Ventura LAFCo

Clark Alsop, CALAFCO Legal Counsel

Alameda LAFCo

Ted Grandsen, Ventura LAFCo Chris Tooker, Sacramento LAFCo

Larry Calemine, Los Angeles LAFCo Executive Officer

Janice Bryson, San Diego LAFCo Marilyn Flemmer, Sacramento LAFCo

Project of the Year Award	Sacramento Municipal Utility District Sphere of Influence Amendment and Annexation; Sacramento LAFCo
Outstanding Government Leadership Award	Cities of Porterville, Tulare, and Visalia and Tulare LAFCo Island Annexation Program
Legislator of the Year Award	Senator Christine Kehoe
2005	
Outstanding CALAFCO Member	Peter Herzog, CALAFCO Board, Orange LAFCo
Distinguished Service Award	Elizabeth Castro Kemper, Yolo LAFCo
Most Effective Commission Award	Ventura LAFCo
Outstanding Commissioner Award	Art Aseltine, Yuba LAFCo Henri Pellissier, Los Angeles LAFCo
Outstanding LAFCo Professional Award	Bruce Baracco, San Joaquin LAFCo
Outstanding LAFCo Clerk Award	Danielle Ball, Orange LAFCo
Project of the Year Award	San Diego LAFCo MSR of Fire Protection and Emergency Medical Services
Outstanding Government Leadership Award	Sacramento Area Council of Governments (SACOG)
2004	
Outstanding CALAFCO Member	Scott Harvey, CALAFCO Executive Director
Distinguished Service Award	Julie Howard, Shasta LAFCo
Most Effective Commission Award	San Diego LAFCo
Outstanding Commissioner Award	Edith Johnsen, Monterey LAFCo
Outstanding LAFCo Professional Award	David Kindig, Santa Cruz LAFCo
Project of the Year Award	San Luis Obispo LAFCo Nipomo CSD SOI Update, MSR, and EIR
2003	
Outstanding CALAFCO Member	Michael P. Ryan, CALAFCO Board Member
Distinguished Service Award	Henri F. Pellissier, Los Angeles LAFCo
Most Effective Commission Award	San Luis Obispo LAFCo
Outstanding Commissioner Award	Bob Salazar, El Dorado LAFCo
Outstanding LAFCo Professional Award	Shirley Anderson, San Diego LAFCo
Outstanding LAFCo Clerk Award	Lori Fleck, Siskiyou LAFCo
Project of the Year Award	Napa LAFCo Comprehensive Water Service Study
Special Achievement Award	James M. Roddy
2002	
Outstanding CALAFCO Member	Ken Lee, CALAFCo Legislative Committee Chair
Most Effective Commission Award	San Diego LAFCo Outstanding
Commissioner Award	Ed Snively, Imperial LAFCo
Outstanding LAFCo Professional Award	Paul Hood, San Luis Obispo LAFCo
Outstanding LAFCo Clerk Award	Danielle Ball, Orange LAFCo
Project of the Year Award	San Luis Obispo LAFCo
Outstanding Government Leadership Award	Napa LAFCo, Napa County Farm Bureau, Napa Valley Vintners Association, Napa Valley Housing Authority, Nap County Agricultural Commissioner's Office, Napa County Counsel Office, and Assembly Member Patricia Wiggins

Distinguished Service Award

Outstanding Commissioner Award Outstanding LAFCo Professional Award Project of the Year Award Outstanding Government Leadership Award

Legislator of the Year Award

2000

Outstanding CALAFCO Member Distinguished Service Award

Most Effective Commission Award Outstanding Commissioner Outstanding LAFCo Professional Award Outstanding LAFCo Clerk Award Project of the Year Award Legislator of the Year Award David Martin, Tax Area Services Section, State Board of Equalization H. Peter Faye, Yolo LAFCo Ingrid Hansen, San Diego LAFCo Santa Barbara LAFCo Alameda County Board of Supervisors, Livermore City Council, Pleasanton City Council

Ron Wootton, CALAFCO Board Chair Ben Williams, Commission on Local Governance for the 21st Century Yolo LAFCo Rich Gordon, San Mateo LAFCo Annamaria Perrella, Contra Costa LAFCo Susan Stahmann, El Dorado LAFCo San Diego LAFCo Robert Hertzberg, Assembly Member

Senator Jack O'Connell

1999

Distinguished Service Award Most Effective Commission Award Outstanding Executive Officer Award Outstanding LAFCo Clerk Award Most Creative Solution to a Multi-Jurisdictional Problem Outstanding Government Leadership Award Legislator of the Year Award

1998

Outstanding CALAFCO Member Distinguished Service Award Most Effective Commission Award Outstanding Executive Officer Award Outstanding Staff Analysis

Outstanding Government Leadership Award

1997

Most Effective Commission Award Outstanding Executive Officer Award Outstanding Staff Analysis Outstanding Government Leadership Award Most Creative Solution to a Multi-Jurisdictional Problem Legislator of the Year Award Marilyn Ann Flemmer-Rodgers, Sacramento LAFCo Orange LAFCo Don Graff, Alameda LAFCo Dory Adams, Marin LAFCo San Diego LAFCo

Assembly Member John Longville Assembly Member Robert Hertzberg

Dana Smith, Orange LAFCo Marvin Panter, Fresno LAFCo San Diego LAFCo George Spiliotis, Riverside LAFCo Joe Convery, San Diego LAFCo Joyce Crosthwaite, Orange LAFCo Santa Clara County Planning Department

Orange LAFCo George Finney, Tulare LAFCo Annamaria Perrella, Contra Costa LAFCo South County Issues Discussion Group Alameda LAFCo and Contra Costa LAFCo

Assembly Member Tom Torlakson





Achievement Award Nomination Form

NOMINEE - Person or Agency Being Nominated

Name: Marin and Santa Cruz LAFCOs

Organization: Marin and Santa Cruz LAFCOs

Address: 1401 Los Gamos Drive, San Rafael CA 94903

Phone: 415-448-5877

E-mail: jfried@marinlafco.org

NOMINATION CATEGORY (check one – see category criteria on attached sheet)

Outstanding CALAFCO Volunteer

Outstanding CALAFCO Associate Member

Outstanding Commissioner

Outstanding LAFCo Professional

Mike Gotch Excellence in Public Service (choose one category below)

 \bigcirc Protection of agricultural and open space lands and prevention of sprawl

Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services

C Legislator of the Year (must be approved by the full CALAFCO Board)

) Lifetime Achievement Award

NOMINATION SUBMITTED BY:

Name: Joe Serrano
Organization: Santa Cruz LAFCO
Address: 701 Ocean St, Room 318-D, Santa Cruz CA 95060
Phone: 831-454-2055
E-mail: joe@santacruzlafco.org



EXECUTIVE SUMMARY

In <u>no more than</u> 250 words, summarize why this recipient is the most deserving of this award.

Year after year LAFCOs face limited staffing, rising costs, stagnant revenues, and higher expectations from local agencies. At the same time when doing an MSR, every LAFCO looks at how local agencies can better share resources, but has anybody ever looked at how LAFCO's themselves can share resources? Marin and Santa Cruz LAFCO decided to look at this very issue. The implementation of a written agreement between Marin and Santa Cruz LAFCO allowed us to share resources and staffing while also reducing costs associated with outside vendors when considering additional support. Whether it's updating websites or creating maps, the two LAFCOs can now help one another and save time and money simultaneously. It takes years for someone to become well-versed with the Cortese-Knox-Hertzberg Act, and since LAFCO is a niche career, Marin and Santa Cruz LAFCO introduced a new way to maximize our staff and knowledge by implementing a never-before-seen agreement in the LAFCO world. This agreement was written so any other LAFCO that wishes to join has the ability to do so. More importantly, this joint effort can also be replicated by other LAFCOs (and has already gained interest from our peers).



NOMINATION SUMMARY

Please indicate the reasons why this person or agency deserves to be recognized (this section must be no more than 1,000 words or 2 pages maximum).

GCS 56430(a)(5) requires LAFCO to determine the status of, and opportunities for, shared services and facilities when conducting a service review for a local agency. Encouraging strategic partnerships among local agencies continues to be a core goal for Marin and Santa Cruz LAFCO. It is our position that LAFCOs should also consider collaborating with neighboring LAFCOs. One way to maximize existing resources and champion a new joint venture is by developing a contractual agreement with neighboring LAFCOs for administrative services. The enacted agreement with Marin LAFCO addresses situations where additional administrative support is needed. Marin and Santa Cruz LAFCO unanimously adopted this agreement on 12/8/22 and 1/4/23 respectively. This innovative agreement does not require any LAFCO to provide services but rather offers the opportunity to utilize existing resources from the identified LAFCO if such resources are available upon request. For example, Marin LAFCO may reach out to Santa Cruz LAFCO for assistance in creating GIS maps. Staff will provide support if time and resources are available and the request does not negatively affect other projects and priorities. The agreement can also be extended to include other LAFCOs.

The Mike Gotch Excellence In Public Service Award acknowledges an effort that promotes innovation, collaboration, outreach, and effective support. This Multi-LAFCO Shared Services Agreement is a prime example of such an effort. That is why Marin and Santa Cruz LAFCO nominate this agreement for the award.

The following link provides more information about the Multi-LAFCO Shared Services Agreement:

https://santacruzlafco.org/wp-content/uploads/2023/07/Marin-SantaCruz-Agreement-Staff-Report-12-8-22.pdf

Continued on Page 2 (attach separate sheet.)



Achievement Award Nomination Form

NOMINEE - Person or Agency Being Nominated

Name: Commission

Organization: Santa Cruz LAFCO

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

Phone: 831-454-2055

F-mail: joe@santacruzlafco.org

NOMINATION CATEGORY (check one - see category criteria on attached sheet)

Outstanding CALAFCO Volunteer

Outstanding CALAFCO Associate Member

- Outstanding Commissioner
- Outstanding LAFCo Professional

Mike Gotch Excellence in Public Service (choose one category below)

Protection of agricultural and open space lands and prevention of sprawl

Innovation, collaboration, outreach and effective support of the evolution and viabilityof local agencies, promotion of efficient and effective delivery of municipal services

Legislator of the Year (must be approved by the full CALAFCO Board)

) Lifetime Achievement Award

NOMINATION SUBMITTED BY:

Name: Joe Serrano
Organization: Santa Cruz LAFCO
Address: 701 Ocean Street, Room 318-D, Santa Cruz CA 95060
Phone: 831-454-2055
E-mail: joe@santacruzlafco.org



EXECUTIVE SUMMARY

In <u>no more than</u> 250 words, summarize why this recipient is the most deserving of this award.

This award acknowledges the development and implementation of innovative action. Santa Cruz LAFCO was a beacon of innovation in 2022-2023. It analyzed 47 out of 80 agencies in the county and rejuvenated how service reviews were written and utilized. It closed the gap between agencies unfamiliarity with boundary changes by taking the lead in discussions resulting in multiple applications for annexations, dissolutions, and reorganizations being submitted. It implemented unique solutions, such as creating a "Pre-Reorganization Agreement" and the formation of joint ad-hoc committees, so that the affected agencies can build trust with one another. It advocated for more transparency by hosting educational workshops for the public and local agencies. Santa Cruz LAFCO was able to complete various changes of organization during the past year that ultimately yielded a better level of service to the residents and allowed LAFCO to be identified as a primary resource for all local agencies. All these accomplishments were done with only one employee (Executive Officer). The limitation of staff and funds did not deter this Commission from seeking and successfully implementing innovative action, and that is why it should win this year's Mike Gotch Excellence In Public Service Award.



NOMINATION SUMMARY

Please indicate the reasons why this person or agency deserves to be recognized (this section must be no more than 1,000 words or 2 pages maximum).

1. Clear demonstration that the actions rise above expected or common functions or actions.

In 2022-2023, Santa Cruz LAFCO completed several achievements, including the approval of two extraterritorial service agreements, dissolution of a recreation district based on the recommendation found in their service review, annexation of 184 parcels into a water district resulting in the district finally being coterminous with its sphere boundary, dissolution of an inactive district based on SB 448, co-hosting three virtual workshops with CSDA, participating in multiple educational workshops for the public regarding certain proposals, analyzing 44 out of 80 agencies during the 2022 service review cycle, and saved a failing fire district by helping complete a reorganization. All this was accomplished with only one LAFCO employee (Executive Officer).

2. The actions reduced or eliminated common institutional roadblocks.

Santa Cruz LAFCO completed a detailed countywide fire service and sphere review and concluded that a fire district was on the verge of insolvency. Rather than wait for the inevitable, this Commission proactively assisted the failing fire district by helping them find a temporary fire chief, provided administrative support since the district had no admin staff, and helped the district initiate a reorganization application. During the reorganization process, this Commission formed a Joint Ad-Hoc Committee to help negotiate terms and conditions in a collaborative effort. This collaboration resulted in a joint development of a Plan for Service document, which was unanimously approved by both fire districts. The same stakeholder-focused method was successfully used in other proposals and service reviews during the same timeframe.

3. The actions clearly proven a truly extraordinary public service outcome that is systemic and sustainable.

Santa Cruz LAFCO allowed its own staff (one employee at the time) to provide administrative support to the failing fire district at no-cost, including the assistance in drafting agendas/staff reports, operating all virtual board meetings in 2022, facilitating stakeholder meetings, and conducting/presenting in-person and virtual educational workshops for the public. Most of these actions were done after business hours or on weekends. As for the service reviews and other proposals, LAFCO staff met with all the affected agencies and provided them an administrative copy of their reports to ensure accuracy and an opportunity to review. This collaborative effort strengthened the working relationship between the affected agencies and LAFCO.



4. Identified unique circumstances and factors leading to the solution/project.

This Commission took a proactive approach in encouraging positive change in Santa Cruz County. Limited staff did not prevent the Commission from developing extensive service reviews with action-driven findings/recommendations, initiating discussions among affected agencies, facilitating meetings and workshops with the public, spearheading applications, and implementing transparent solutions. In 2022-23, this Commission completed more proposals than previous years combined.

5. The innovative steps taken by the LAFCo or entity/entities/individual to solve the problem, overcome the situation, or to take action.

Santa Cruz LAFCO not only prevented a fire district from shutting down, it developed and initiated a "Pre-Reorganization Agreement." This agreement was unanimously approved by both affected fire agencies to ensure that the failing fire district would remain in operation while the LAFCO process was being completed. Additionally, Santa Cruz LAFCO developed a detailed timeline for all proposals and service reviews so that all affected agencies and the public knew each key milestone before, during, and after the LAFCO process.

6. Clear description of the results/outcomes of the work and the short- and long-term effects.

The fire reorganization was supported by both fire districts and ultimately approved by LAFCO. The service reviews, which included action-based findings and recommendations, were supported by the affected agencies and ultimately adopted by LAFCO. All submitted applications, including annexations, dissolutions, and reorganizations, were successfully recorded due to LAFCO's implementation of a transparent and collaborative approach.

7. How this work can be promoted as a LAFCo best practice.

Santa Cruz LAFCO's latest success stories stem directly from our recent service reviews. Crafting a detailed service review with action-based findings, such as requesting an annexation plan based on sphere boundaries, adds more value to this statutory-required reports. This innovative approach has led to multiple agencies initiating changes of organization. Once an application is submitted, this Commission assumed the facilitator role and championed the formation of stakeholder groups to collectively work together throughout the entire LAFCO process. This collaboration ensured everyone had "skin in the game" and resulted in successful compromises/decisions. Many other LAFCOs have reached out to us on how to implement this innovative best practices.

8. Clear demonstration how this nomination meets all criteria.

This award acknowledges the development and implementation of innovative action. Santa Cruz LAFCO was a beacon of innovation in 2022-2023. It analyzed 47 out of 80 agencies in the county and rejuvenated how service reviews were written and utilized. It closed the gap between agencies unfamiliarity with boundary changes by taking the lead in discussions resulting in multiple applications for annexations, dissolutions, and reorganizations being submitted. It implemented unique solutions, such as creating a "Pre-Reorganization Agreement" and the formation of joint ad-hoc committees, so that the affected agencies trusted each other. It advocated for more transparency by hosting educational workshops for the public and local agencies. More importantly, Santa Cruz LAFCO was able to complete various changes of organization in the past year that ultimately provided a better level of service to the residents and identified LAFCO as a primary resource to all local agencies. And all these accomplishments were done with only employee (Executive Officer). Limitation of staff or funds did not deter this Commission from successfully implementing innovation and that is why it should win this year's *Mike Gotch Excellence In Public Service Award*.



Santa Cruz Local Agency Formation Commission

Date:August 2, 2023To:LAFCO CommissionersFrom:Joe Serrano, Executive OfficerSubject:Comprehensive Quarterly Report – Fourth Quarter (FY 2022-23)

SUMMARY OF RECOMMENDATION

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

EXECUTIVE OFFICER'S REPORT

The Cortese-Knox-Hertzberg Act delegates LAFCOs with regulatory and planning duties to coordinate the logical formation and development of local governmental agencies. **Attachment 1** summarizes how several of these statutory mandates are being met through the consideration of boundary changes, the development of scheduled service reviews, and staff's ongoing collaboration with local agencies.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachment:

1. FY 2022-23 Comprehensive Quarterly Report (Fourth Quarter)

Comprehensive Quarterly Report

FISCAL YEAR 2022-23 FOURTH QUARTER (APRIL TO JUNE)



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Santa Cruz LAFCO currently has four active applications:

 <u>"Pajaro Valley Fire Protection District Reorganization" (Project No. RO 22-06)</u>: This application was initiated by board resolution on March 22, 2022 and proposes the annexation of approximately 72 square miles into the fire district, concurrent dissolution of CSA 4, and the concurrent detachment of the annexed area from CSA 48. The purpose of the reorganization is to provide a better level of fire protection services to approximately 20,000 people through an independent fire district rather than two separate county service areas.

Latest Status: LAFCO is currently working with a consulting firm to determine how the proposed reorganization will financially impact the affected agencies. This analysis is tentatively scheduled to be presented to the Commission in September.

2. <u>"Branciforte Fire Protection District Reorganization" (Project No. RO 22-07)</u>: This application was initiated by board resolution on April 1, 2022 and proposes the dissolution of the Branciforte Fire Protection District and concurrent annexation of the dissolved area into the Scotts Valley Fire Protection District. The purpose of the reorganization is to provide a better level of fire protection services to the Branciforte community (approximately 1,700 people) by merging the two fire districts.

Latest Status: LAFCO staff deemed the proposal complete on June 26, 2023 and scheduled the reorganization to be considered by the Commission on August 2, 2023.

3. <u>"Reclamation District No. 2049 Dissolution" (Project No. DDI 23-03)</u>: This application was initiated by district resolution on March 8, 2023 and proposes to dissolve the only reclamation district in Santa Cruz County. If approved, the dissolution will address the inactive district which currently has no full-time staff, no office or website, and only one board member.

Latest Status: Government Code Section 58879 requires the State Controller's Office to create an annual list of inactive special districts. LAFCO staff believes that the Reclamation District may be identified as an inactive district in the next published list, scheduled to be released in November 2023. If this occurs, the application may be superseded by the statutory requirement. LAFCO staff will coordinate with the State Controller's Office to determine the Reclamation District's eligibility.

4. <u>"RTC Parcel Annexation" to the Davenport County Sanitation District</u> (Project No. DA 23-12): This application was initiated by landowner petition on June 23, 2023 and proposes to annex a single parcel (APN: 058-072-03) owned by the Regional Transportation Commission of Santa Cruz County ("RTC"). The purpose of the annexation is for the delivery of water and sewer service to a proposed development project by RTC.

Latest Status: The application is currently in the preliminary stage of the annexation process. LAFCO staff is coordinating with RTC and the County to determine whether an additional parcel (APN: 058-071-06) may be included in the annexation. The additional parcel is currently receiving services from the Davenport County Sanitation District under an 18-year-old extraterritorial service agreement.

Page 1 of 8

MULTI-YEAR WORK PROGRAM (SERVICE REVIEWS)

A five-year work program was originally adopted in 2019 to ensure that service reviews for each local agency under LAFCO's purview are considered within the legislative deadline. Since then, the Commission reviews and adopts the work plan on an annual basis. A total of six separate service and sphere reviews will be completed this year. Below is a status update on each scheduled review.

 City of Watsonville – The City was incorporated in 1868 and provides a variety of municipal services, including water services under the City's Water Department. The City's water service area encompasses nearly 21 square miles of territory including the entire City of Watsonville and adjoining unincorporated areas of Santa Cruz County.

<u>Tentative Hearing Date</u>: A service and sphere review was adopted by the Commission in May 2023.

 County Service Area 53 – The CSA was formed in 1993 and provides a range of mosquito and vector control services that reduce nuisances and protects the public health in Santa Cruz County. The CSA serves the entire county including the 4 cities.

<u>Tentative Hearing Date</u>: A service and sphere review was adopted by the Commission in June 2023.

3. County Service Area 11 – The CSA was formed in 1971 and provides a range of park and recreational services. The CSA serves the entire county except the 4 cities and the three park districts (Alba, Boulder Creek, and La Selva Beach).

<u>Tentative Hearing Date</u>: A service and sphere review is scheduled to be presented to the Commission in August 2023.

4. County Service Area 12 – The CSA was formed in 1972 and provides services to support and promote effective septic system pumping, maintenance, and management in all areas of the County that are not connected to an existing public agency's wastewater infrastructure. At present, there are approximately 24,000 septic systems in the rural areas of Santa Cruz County.

<u>Tentative Hearing Date</u>: A service and sphere review is scheduled to be presented to the Commission in September 2023.

5. County Service Area 38 – The CSA was formed in 1983 and provides extended police protection, under the County Sherriff's Department, to areas outside city limits. The Sheriff's Office has three divisions: (1) the Operations Bureau patrols the unincorporated areas of the County, (2) the Corrections Bureau operates the detention facilities and programs, and (3) the Court Security provides security to courts in Santa Cruz and Watsonville. The CSA serves the entire county excluding the 4 cities.

<u>Tentative Hearing Date</u>: A service and sphere review is scheduled to be presented to the Commission in October 2023.

6. City of Santa Cruz – The City was incorporated in 1866 and provides a variety of municipal services, including water services under the City's Water Department. The City's water service area encompasses nearly 27 square miles of territory including the entire City of Santa Cruz, adjoining unincorporated areas of Santa Cruz County, a small part of the City of Capitola, and coastal agricultural lands north of the City.

<u>Tentative Hearing Date</u>: A service and sphere review is scheduled to be presented to the Commission in November 2023.

OTHER PROJECTS

Santa Cruz LAFCO currently has five other LAFCO-related projects:

- 1. <u>Feasibility Study</u>: The Commission hired AP Triton in August 2022 to produce a feasibility study evaluating the sphere boundaries of each fire agency 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 County also hired AP Triton to produce a countywide Fire Master Plan. Latest Status: The feasibility study is scheduled to be presented to the Commission later this calendar year.
- 2. <u>Analyst Training</u>: The Commission hired Francisco Estrada to be LAFCO's new analyst in April 2023. Mr. Estrada is currently learning how to process applications, address public inquiries, process invoices and other financial activities, and complete the agenda packet. *Latest Status:* Mr. Estrada continues to show progress in his training and should assume more responsibilities in the coming months.
- 3. <u>CSDA Annual Conference</u>: The California Special Districts Association will be hosting their annual conference in Monterey (August 28 31). LAFCO's Executive Officer has been invited to be a guest speaker for a breakout session titled "LAFCOs An Additional Resource for Districts." This session will focus on how Santa Cruz LAFCO has been able to build a stronger working relationship with our districts. *Latest Status:* The conference program is now available on CSDA's website: <u>https://conference.csda.net/schedule</u>.
- 4. <u>CALAFCO Annual Conference</u>: The California Association of LAFCOs will also be hosting their annual conference in Monterey (October 18 - 20). LAFCO's Executive Officer is part of the planning committee and was asked to be a panelist on several sessions, including the LAFCO 101 General Session. *Latest Status:* Staff registered three Commissioners and two staff members to attend this year's conference.
- 5. <u>Extraterritorial Service Agreement (Water Service)</u>: The Soquel Creek Water District has expressed interest in providing water service to the Renaissance High School. This action would address the school's ongoing water quality issue. Due to the location of the school, the water district is expected to request an extraterritorial service agreement under Government Code Section 56133. *Latest Status:* Staff continues to participate in the ongoing stakeholder group meetings, which includes representatives from the water district and high school. An application is scheduled to be submitted to LAFCO in the coming months.

BUDGET REPORT

The fourth quarter of Fiscal Year 2022-23 ended on June 30, 2023. During this threemonth period, the Commission received approximately \$3,200 in revenue. During the same period, the Commission incurred approximately \$124,000 in total expenses. In total, LAFCO used 62% of estimated costs for the entire fiscal year, as shown in the table below.

	FY 22-23 (1st Qtr.)	FY 22-23 (2nd Qtr.)	FY 22-23 (3rd Qtr.)	FY 22-23 (4th Qtr.)	Available Funds	FY 22-23 Total Amt	FY 22-23 Budget	Percent (%)
Total Revenue	\$420,620	\$4,968	\$3,828	\$3,190	\$247,985	\$680,591	\$668,750	102%
Total Expense	<u>\$132,425</u>	<u>\$86,159</u>	<u>\$74,800</u>	<u>\$123,670</u>	=	<u>\$417,054</u>	<u>\$668,750</u>	62%
Difference	\$288,195	-\$81,191	-\$70,972	-\$120,480	-	\$263,537	-	-

\$352,673 was the ending balance of the Commission's reserves: \$247,985 was earmarked to balance the budget and the remaining \$104,688 was designated as unrestricted revenue. A detailed review of LAFCO's financial performance during the first quarter (July to September), second quarter (October to December), third quarter (January to March), and fourth quarter (April to June) is shown on page 5.

Fund Balance / Reserves

As of June 30, 2023, the total fund balance ended with approximately \$353,000. The following table highlights the fund balance during the entire fiscal year. LAFCO's fund balance reached its peak in the second quarter after receiving all the scheduled apportionments from the funding agencies. The ending balance of FY 22-23 was used to balance the new budget for FY 23-24. Additionally, LAFCO staff will be presenting a draft Reserve Policy to the Commission in September for consideration. This new policy will define the reserve categories and will specify how those funds will be tracked.

	FY 21-22 4th Qtr. (6/30/22)	FY 22-23 1st Qtr. (9/30/22)	FY 22-23 2nd Qtr. (12/31/22)	FY 22-23 3rd Qtr. (3/31/23)	FY 22-23 4th Qtr. (6/30/23)
Ending Balance	\$363,085	\$540,752	\$542,406	\$471,434	\$352,673
Difference (\$)		\$177,666	\$1,655	(\$70,972)	(\$118,762)
Difference (%)		+48.93%	+0.31%	-13.08%	-25.19%

FY 2022-23 Budget (Financial Performance By Quarter)

FISCAL YEAR 2022-23		22-23 st Qtr.		Y 22-23 cond Qtr		Y 22-23 hird Qtr		Y 22-23 urth Qtr		Y 22-23 dopted	F	Y 22-23	Di	fference	Budget Line
FISCAL TEAR 2022-25		l - Sep)		ct - Dec)		-		pr - Jun)		Budget		Actual	(F	unds Left)	Item Notes
REVENUES DESCRIPTION	() u	Госру	10	er beej	Ű	in Marj	<u> </u>	pi junj		Duuget					
Interest	\$	1,036	\$	2,052	\$	2,663	\$	2,741	\$	1,500	\$	8,492	\$	6,992	Surplus Funds
Contributions from Other Govt Agencies		19,265	\$	-,	\$	-,	\$	-,		419,265		419,265	\$	-	All dues were collected
LAFCO Processing Fees	\$	-	\$	2,500	\$	750	\$	-	\$	-	\$	3,250	\$	3,250	Application Deposits
Medical Charges-Employee	\$	318	\$	415	\$	415	\$	450	\$	-	\$	1,599	\$	1,599	Surplus Funds
Re-budget from Fund Balance	\$	-	\$	-	\$	-	\$	-	\$	247,985	\$	247,985	\$	247,985	Net Position Funds (if needed)
TOTAL REVENUES	<u>\$42</u>	20,620	\$	4,968	\$	3,828	\$	3,190		668,750	\$	680,591		259,826	Additional Funds in Total Revenue
EXPENDITURES DESCRIPTION									_						Total Revenue
Regular Pay	\$	33,629	\$	39,744	\$	34,241	\$	64,298	\$	200,000	\$	171,912	\$	28,088	Remaining Funds
Holiday Pay	\$	611	\$	3,057	\$	2,446	\$	2,494	\$	10,000	\$	8,608	\$	1,392	Remaining Funds
Social Security	\$	2,652	\$	2,581	\$	2,868	\$	5,198	\$	15,000	\$	13,298	\$	1,702	Remaining Funds
PERS	\$	66,204	\$	4,619	\$	3,988	\$	6,633	\$	91,000	\$	81,443	\$	9,557	Remaining Funds
Insurances	\$	8,430	\$	8,579	\$	6,981	\$	8,308	\$	40,000	\$	32,298	\$	7,702	Remaining Funds
Unemployment	\$	-	\$	-	\$	126	\$	436	\$	450	\$	562	\$	(112)	Overbudget
Workers Comp	\$	7	\$	-	\$	-	\$	858	\$	500	\$	866	\$	(366)	FY 23-14 Advance Payment to SDRMA
Salaries Sub-total	\$13	11,534	\$	58,580	\$	50,649	\$	88,224	\$	356,950	\$	308,986	\$	47,964	Remaining Funds in Salaries & Benefits
Telecom	\$	1	\$	465	\$	344	\$	651	\$	1,200	\$	1,460	\$	(260)	Overbudget
Office Equipment	\$	-	\$	-	\$	24	\$	244	\$	200	\$	268	\$	(68)	Overbudget
Memberships	\$	5,000	\$	-	\$	-	\$	1,668	\$	7,500	\$	6,668	\$	832	Remaining Funds
Hardware	\$	-	\$	7	\$	-	\$	-	\$	200	\$	7	\$	193	Remaining Funds
Duplicating	\$	-	\$	3	\$	-	\$	55	\$	800	\$	58	\$	742	Remaining Funds
PC Software	\$	237	\$	-	\$	-	\$	68	\$	600	\$	305	\$	295	Remaining Funds
Postage	\$	9	\$	11	\$	-	\$	20	\$	1,000	\$	40	\$	960	Remaining Funds
Subscriptions	\$	102	\$	354	\$	-	\$	-	\$	500	\$	456	\$	44	Remaining Funds
Supplies	\$	-	\$	-	\$	56	\$	2,869	\$	800	\$	2,926	\$	(2,126)	Overbudget
Accounting	\$	-	\$	-	\$	-	\$	1,218	\$	1,500	\$	1,218	\$	282	Remaining Funds
Attorney	\$	1,018	\$	1,513	\$	5,528	\$	2,833	\$	150,000	\$	10,890	\$	139,110	Remaining Funds
Data Process GIS	\$	639	\$	4,297	\$	1,929	\$	2,636	\$	12,000	\$	9,501	\$	2,499	Remaining Funds
Director Fees	\$	420	\$	450	\$	800	\$	1,150	\$	6,000	\$	2,820	\$	3,180	Remaining Funds
Prof. Services	\$	9,234	\$	16,992	\$	12,562	\$	17,307	\$	100,000	\$	56,096	\$	43,904	Remaining Funds
Legal Notices	\$	784	\$	568	\$	251	\$	521	\$	6,000	\$	2,124	\$	3,876	Remaining Funds
Rents	\$	-	\$	-	\$	-	\$	656	\$	9,000	\$	656	\$	8,344	Remaining Funds
Misc. Expenses	\$	987	\$	1,329	\$	2,658	\$	3,050	\$	5,000	\$	8,024	\$	(3,024)	Overbudget
Air Fare	\$	-	\$	1,420	\$	-	\$	-	\$	1,500	\$	1,420	\$	80	Remaining Funds
Auto Rental	\$	-	\$	-	\$	-	\$	-	\$	200	\$	-	\$	200	Remaining Funds
Training	\$	-	\$	-	\$	-	\$	500	\$	1,000	\$	500	\$	500	Remaining Funds
Lodging	\$	2,461	\$	-	\$	-	\$	-	\$	3,000	\$	2,461	\$	539	Remaining Funds
Meals	\$	-	\$	-	\$	-	\$	-	\$	500	\$	-	\$	500	Remaining Funds
Mileage	\$	-	\$	-	\$	-	\$	-	\$	1,000	\$	-	\$	1,000	Remaining Funds
Travel-Other	\$	-	\$	171	\$	-	\$	-	\$	300	\$	171	\$	129	Remaining Funds
Registrations	\$	-	\$	-	\$	-	\$	-	\$	2,000	\$	-	\$	2,000	Remaining Funds
Supplies Sub-total	\$ 2	20,891	\$	27,580	\$	24,151	\$	35,446	\$	311,800	\$	108,068	\$2	203,732	Remaining Funds in Services & Supplies
TOTAL EXPENDITURES	\$13	<u>32,425</u>	\$	86,159	\$	74,800	\$1	<u>123,670</u>	\$	<u>668,750</u>	\$	417 <u>,054</u>	\$3	251,696	Remaining Funds in
	**		-		-	-,300	-		Ţ		<u> </u>		Ψ.	,575	Total Expenditures

RECENT & UPCOMING MEETINGS

LAFCO staff values the collaboration with local agencies, members of the public, and other LAFCOs to explore and initiate methods to improve efficiency in the delivery of municipal services. Several meetings were held during the fourth quarter. A summary of those meetings is shown in the following table.

April Meetings								
Торіс	Date/Time	Subject Agency(ies)	Purpose					
BFPD Reorganization	4/5	BFPD	Staff met with BFPD's Resident Advisory Committee to discuss the ongoing reorganization effort					
CAO Office	4/6	County	Staff met with the CAO to discuss current and future LAFCO-related projects involving the County					
Road-related CSAs	4/7	County	Staff met with a member of the public interested in learning more about CSAs					
Watsonville's TAC	4/12	Watsonville	Staff attended the first Technical Advisory Committee meeting regarding Watsonville's future projects					
Fire Study	4/12	County	Staff met with County representatives to discuss the status of LAFCO's feasibility study and how it impacts the County					
BFPD Reorganization	4/13	BFPD & SVFPD	Staff facilitated a joint meeting with representatives from BFPD and SVFPD to discuss the reorganization process					
New Commissioner	4/19	LAFCO	Staff met with Shebreh Kalantari- Johnson to discuss LAFCO's role and answer any questions					
Road-related CSAs	4/24	CSA 33	Staff met with residents to discuss the status of CSA 33 and its possible future					
Service Review	4/25	Watsonville	Staff met with Watsonville's city manager to discuss the upcoming service review					
City Selection Committee	4/25	City Selection Committee	Staff attended the meeting and answered questions about the current rotation schedule for city seats on LAFCO					
CAO Office	4/28	LAFCO Applications	Staff met with reps from the CAO Office to discuss the LAFCO process when considering boundary changes					

		May Meetings	
Торіс	Date/	Subject Agency(ies)	Purpose
Hybrid Meeting Model Training Session	5/1	LAFCO	Staff met with reps from the CAO's Office to learn how to implement a hybrid model for future LAFCO meetings
BFPD Reorganization	5/2	Elections Department	Staff met with reps from the County Election's Department to discuss the mailed-in election process for BFPD's proposed benefit assessment
Feasibility Study	5/2	LAFCO	Staff met with AP Triton to discuss the status of the feasibility study
Water Connection	5/8	Soquel Creek Water District	Staff attended a stakeholder meeting to discuss the potential water provision from SqCWD to the Renaissance High School
Reclamation District	5/16	Pajaro Valley Water Management Agency	Staff met with the water district's general manager to discuss the proposed dissolution of the reclamation district
BFPD Reorganization	5/17	BFPD & SVFPD	Staff facilitated a joint meeting with representatives from BFPD and SVFPD to discuss the reorganization process
CSA 3 (Seascape)	5/18	CSA 3 & County Board of Supervisor – 2nd District	Staff met with Supervisor Friend, CSA 3 residents, and other county staff to discuss the current issues facing the CSA
Fire Study	5/18	County	Staff met with County representatives to discuss the status of LAFCO's feasibility study and how it impacts the County
Zayante FPD	5/22	Zayante FPD	Staff met with the outgoing fire chief to discuss the future of the fire district
Potential Annexation for Sewer Service	5/24	Freedom County Sanitation District	Staff attended the County Planning Commission meeting to answer any questions about the delivery of sewer service to a proposed development
Service Review	5/24	CSA 38 (Mosquito Abatement & Vector Control)	Staff met with CSA 38 representatives to discuss the upcoming service review
Potential Annexation	5/25	Davenport County Sanitation District	Staff met with staff from the Regional Transportation Commission to discuss an upcoming project that may require water and sewer services
Service Review	5/25	CSA 11 (County Parks)	Staff met with CSA 11 representatives to discuss the upcoming service review
CALAFCO Conference	5/30	CALAFCO	Staff attended the planning committee meeting for the upcoming annual conference in Monterey
CALAFCO Website	5/30	CALAFCO	Staff participated in an interview with a vendor candidate to revamp the CALAFCO website

		June Meetings	
Торіс	Date	Subject Agency(ies)	Purpose
Protest Hearing	6/2	Scotts Valley Water District	Staff conducted a protest hearing regarding the proposed multi-parcel annexation into the water district
City Selection Committee	6/6	City Selection Committee	Staff attended the meeting and answered questions about the current rotation schedule
LAFCO Anniversary	6/7	Santa Clara LAFCO	Staff attended the 60-year anniversary event hosted by Santa Clara LAFCO
BFPD Reorganization	6/7 (7pm)	Branciforte FPD	Staff attended the educational workshop to inform the community about the reorganization effort and the benefit assessment election
Healthcare District	6/8	Pajaro Valley Health Care District	Staff met with the interim CEO to discuss the completion of the statutory requirements under SB 969
CALAFCO Conference	6/13	CALAFCO	Staff attended the planning committee meeting for the upcoming annual conference in Monterey
Special District Chapter	6/13	California Special Districts Association	Staff attended the meeting to discuss the potential creation of a chapter in Santa Cruz County
CALAFCO Website	6/13	CALAFCO	Staff participated in an interview with a vendor candidate to revamp the CALAFCO website
LAFCO File Inventory	6/14	County Warehouse	Staff toured the county warehouse to locate all LAFCO files currently stored
BFPD Reorganization (Plan for Service)	6/14 (6pm)	Scotts Valley Fire Protection District	Staff attended the SVFPD Board meeting to answer any questions about the plan for service document
Road-related CSAs	6/15	CSA 33	Staff met with residents to discuss the status of CSA 33 and its possible future
Legislative Committee	6/16	CALAFCO	Staff attended CALAFCO's legislative committee meeting
Service Reviews	6/20	Napa LAFCO	Staff met with Napa LAFCO staff to discuss the steps Santa Cruz LAFCO took in order to have a successful countywide service review and subsequent actions
CALAFCO Conference	6/22	CALAFCO	Staff attended the planning committee meeting for the upcoming annual conference in Monterey
New Supervisor	6/28	Board of Supervisor (4th District)	Staff met with Supervisor Hernandez and his staff to discuss LAFCO's role and any LAFCO-related projects within his district

Page **8** of **8**



Santa Cruz Local Agency Formation Commission

Date:August 2, 2023To:LAFCO CommissionersFrom:Joe Serrano, Executive OfficerSubject:Press Articles during the Months of June and July

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: "Public Law Newsletter – Summer 2023 Edition": LAFCO staff receives periodic newsletters from Colantuono, Highsmith & Whatley PC, a law firm familiar with LAFCO and the Cortese-Knox-Hertzberg Act. This edition focuses on a number of interesting topics including the recent litigation challenges against fees on developments and the California Supreme Court's upcoming ruling on the Voting Rights Act's requirement for cities and special districts to convert from at-large to district-based elections.

<u>Article #2: "Supervisor Bruce McPherson to retire at end of third term":</u> The article, dated June 16, notes that Supervisor McPherson will not run for reelection after 30 years of dedicated public service. Mr. McPherson has been the supervisor for the fifth district since 2012.

Article #3: "Three Local Fire Districts Explore Reorganization as One": The article, dated June 22, indicates that Nevada LAFCO may be processing a large consolidation effort involving three fire districts. The three affected fire districts recently announced their intention of exploring governmental options, including merging into a single fire district.

Article #4: "Pajaro Valley Water Management Agency awarded \$8.9 million state grant": The article, dated June 29, highlights the recent grant award of approximately \$9 million to the Pajaro Valley Water Management Agency. The grant funding will go towards the District's projects aimed at achieving sustainable groundwater resources, flood risk reduction, environmental restoration and community access. One project that will benefit from this grant is the proposed College Lake Water Supply Project. Article #5: "Rainbow and Fallbrook Could Pull Out of San Diego County Water

Authority": The article, dated July 12, explains how the proposed detachment of two water districts from a larger water authority has led to some contested discussions involving San Diego LAFCO.

Article #6: "The fate of Branciforte Fire's lone station sits with voters this week": The article, dated July 17, notes that the mail-in election process to determine the future of the Branciforte Fire Station ends on Thursday, July 20. Branciforte residents are tasked to vote on whether to support a new benefit assessment to adequately fund the fire station with at least two firefighters on duty. Regardless of the voting outcome, the proposed fire reorganization is scheduled to be presented to the Commission on Wednesday, August 2, 2023.

Article #7: "State files lawsuit against Big Basin Water Co.": The article, dated July 17, indicates that the State water authorities have filed a lawsuit against the private water company in the San Lorenzo Valley area known as the Big Basin Water Company. The lawsuit stems from an ongoing effort to address the distressed water supplier. The County, the San Lorenzo Valley Water District and LAFCO explored the idea of annexation but discussions with the private entity did not progress. In the interim, residents continue to deal the with inadequate water supply.

Article #8: "Residents overwhelmingly reject tax to fund Branciforte Fire Protection District; station set to close": The article, dated July 21, announces the results of the mailed-in election to determine whether additional funds would keep the Branciforte Fire Station open and in operation with at least two firefighters on duty. 87% of the ballots were against the proposed benefit assessment measure. As a result, the Branciforte Fire Station will not be in operation following the completion of the reorganization. However, the Branciforte community will still receive adequate level of service from the two surrounding fire stations operated by the Scotts Valley Fire Protection District as the successor agency.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachments:

- 1. "Public Law Newsletter Summer 2023 Edition"
- 2. "Supervisor Bruce McPherson to retire at end of third term"
- 3. "Three Local Fire Districts Explore Reorganization as One"
- 4. "Pajaro Valley Water Management Agency awarded \$8.9 million state grant"
- 5. "Rainbow and Fallbrook Could Pull Out of San Diego County Water Authority"
- 6. The fate of Branciforte Fire's lone station sits with voters this week"
- 7. State files lawsuit against Big Basin Water Co."
- 8. "Residents overwhelmingly reject tax to fund BFPD; station set to close"

8A: ATTACHMENT 1

COLANTUONO, HIGHSMITH & WHATLEY PC

GRASS VALLEY | PASADENA | SACRAMENTO | SOLANA BEACH | SONOMA

Newsletter | Summer 2023

Update on Public Law Development Impact Fees at Risk

By Michael G. Colantuono, Esq.

Litigation challenging fees on developments to fund the services and facilities they require has abounded lately. Oakland had a significant recent win and Palo Alto has a case pending review in the Supreme Court.

In *Discovery Builders, Inc. v. City of Oakland*, a multi-decade development project involved an agreement between the City and the developer for fee-funding of the City's considerable cost to implement the mitigation and monitoring program associated with the project EIR. That 2005 agreement stated the agreed fees covered "all of the Developer's obligations for fees to the City due to the Project." In 2016, the City adopted new citywide impact fees for affordable housing, transportation, and capital facilities for city services. The developer of a later phase of the development paid the fees under protest under the Mitigation Fee Act (AB 1600) and sued to invalidate the fees. The trial court granted the writ, concluding the City could not escape its promise to limit fees. It also applied equitable principles of laches (unreasonable delay) and estoppel (promises or conduct on which others rely) and found both common law vested rights in the developer's reliance on its permits and statutory vesting under a vesting tract map.

The San Francisco Court of Appeal reversed, concluding that if the contract amounted to a perpetual promise to impose no new fees, the City could not contract away its police power in that way. It applied the agreement's severability clause to excise the no-new-fees promise. The Court noted that the ban on contracting away the police power applies widely in land use cases and that local governments cannot grant by contract an exemption from generally applicable law. The Court also found the developer's estoppel claim was both waived (although the trial court relied on it, the developer did not raise or brief it) and because public policy makes estoppel against government very rare.

(continued on page 3)

COLANTUONO HIGHSMITH WHATLEY, PC

Welcome, Jennifer Woo Burns!

Jennifer Woo Burns joins CHW's labor and employment practice group on August 1st, based in our Solana Beach office. She brings 30 years of experience, including roles in law firms and in-house, serving as General Counsel and Human Resources Director.

Jennifer adds to our depth in policy development, training, and representation on a range of labor and employment issues. She has advocated before DFEH, the EEOC, the Labor Commissioner and the Unemployment Appeals Board.

Welcome Jennifer!

COLANTUONO, HIGHSMITH & WHATLEY PC

Supreme Court Hears Voting Rights Act Case

By: Matthew T. Summers, Esq.

Cities and special districts will soon have clear guidance from the California Supreme Court on the California Voting Rights Act's demand that many of them convert from at-large to district-based elections for Council- and Boardmembers. On June 27th, the Court heard argument in *Pico Neighborhood Association v. City of Santa Monica*, considering: "What must a plaintiff prove in order to establish vote dilution under the California Voting Rights Act?" Based on the tenor of the Justices' questions, at least some appear inclined to adopt a definitive standard, perhaps even a minimum minority percentage for CVRA votedilution claims. Decision is due by September 25th.

In 2002, California was the first state to adopt its own law modeled on the Federal Voting Rights Act. The CVRA lowers the evidentiary burden for challenges to allegedly discriminatory voting practices, such as atlarge voting. Under the CVRA, a plaintiff need only show that "racially polarized" voting exists in a community, e.g., that minority and majority voters vote differently — as they commonly do. Unlike the federal law, plaintiffs need not show that a sufficiently numerous and geographically compact minority group exists to form a "majority minority district." Whether at-large voting systems dilute minority votes is the key question in the Santa Monica case.

Plaintiffs allege Santa Monica's at-large elections dilute the votes of Latinx residents. The City argues Latinx candidates have succeeded in recent elections and plaintiffs' victory would force one of three from the Council as two live in the Pico neighborhood (including the husband of a plaintiff in the suit). The City also notes its voters twice rejected district elections.

The Justices grappled at oral argument with what a plaintiff must prove to establish vote dilution. Questions focused on fashioning a workable standard.

Justices asked both parties about the difference between a minority group's "ability to elect" and its "ability to influence" an election. Plaintiffs argued the CVRA requires only an "ability to influence" — a majority minority district need not be possible. Santa Monica argued that sufficiently numerous minority groups can influence at-large elections. Given Plaintiffs' hesitance to adopt a numerical threshold for a minority population sufficient to bring a CVRA claim, several Justices expressed concern Plaintiffs' standard would apply the CVRA more widely than the Legislature intended.

The City argued Plaintiffs' standard would compel race-based classifications, and can harm minority groups. The City argued that a group's ability to influence arises from coalitions which are easier to form in citywide elections. Plaintiffs conceded it would be difficult to show a CVRA violation if a district cannot be created without at least a 20-25% minority electorate. If the Supreme Court adopts that standard, agencies with diffuse minority populations that switched to districts might be able to return to at-large voting. The Court's decision should answer these questions.

We've Got Webinars!

CHW offers webinars on a variety of topics, including the CVRA and redistricting, housing statutes, new laws on accessory dwelling units (ADUs), and police records issues. A webinar allows advice and guidance and Q&A in an attorney-clientprivileged setting. The fee is \$1,800 per agency.

To schedule a webinar, contact Bill Weech at BWeech@chwlaw.us or (213) 542-5700. If there's a topic you would like a webinar on, let us know!

COLANTUONO, HIGHSMITH & WHATLEY PC

AB 205 – Are Fixed Rates Right for Your Utility?

By Matthew C. Slentz, Esq.

Contraction Con-

Governor Newsom signed Assembly Bill 205 on June 30, 2022. A trailer bill to the FY 2022–23 budget, it significantly changed regulation of investor-owned utilities, such as PG&E and Southern California Edison. Among its provisions is a requirement that fixed charges — flat rates collected to recover fixed costs for infrastructure and other capital costs — be imposed on an income-graduated basis so lowincome ratepayers pay less than high-income ratepayers. The Public Utilities Commission previously capped fixed charges for all electric customers at \$10 per month. Under new income tiers the industry proposes, monthly fixed charges may range from \$15 to \$128, offsetting lower "volumetric" rates for energy use.

Collecting fixed costs through a fixed rate component has several advantages. Much of the utilities' costs are fixed, and do not vary with consumption. Collecting some of those costs through a fixed rate makes utility revenues stable and predictable, and provides better price signals to customers, who can more accurately see the costs of consumption in their volumetric rates. Basing fixed rates on income also avoids making an increase to fixed costs regressive by raising costs on those who use less (and are often least able to pay). By lowering the cost of electricity for most users, the Legislature sought to incentivize electrification of California's energy market — encouraging electricity over natural gas appliances and internal combustion engines.

Can municipal utilities use this rate structure? Not entirely. Collecting fixed costs through a fixed rate component is an accepted ratemaking practice. The California Constitution generally requires a utility's rates not exceed its costs, although rates for some services — such as gas and electricity — only need to bear a "fair and reasonable" relationship to a customer's benefits from or burdens on the service. With a properly conducted cost of service analysis, municipal utilities can justify recovering their fixed costs through fixed rates. However, basing fixed costs on income will mean some ratepayers pay more than the reasonable cost of service because they can afford to, likely making such rates a "tax" under California's Propositions 13, 218 and 26. Such a tax requires voter approval, and not every public entity has taxing authority (cities and counties do, but many special districts do not). Additionally, California courts are split on whether, under Proposition 218, a tax may ever be imposed in relation to water, sewer, or trash services without two-thirds voter approval. Public agencies should therefore carefully weigh the costs and benefits, including the risk of litigation, before setting utility rates based on income.

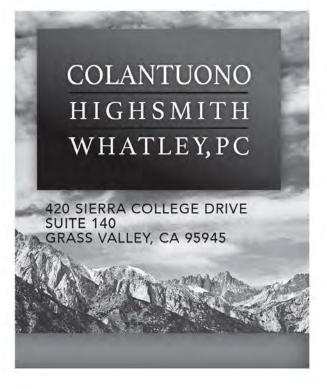
Development Impact Fees

(continued from page 1)

By contrast, Palo Alto lost a case in the San Jose Court of Appeal which concluded, surprisingly, that a fee a developer paid voluntarily in lieu of providing required parking was subject to the Mitigation Fee Act as a fee "imposed" to fund facilities to serve new development. It concluded, because the City had not consistently made the one- and five-year findings AB 1600 requires as to the parking in-lieu fees, the developer was entitled to a refund. Palo Alto retained CHW to petition the California Supreme Court for review and that Court has until July 27th to decide whether to grant review.

Plainly, development impact fees are a fertile area of litigation right now. Cities and counties are well advised to adopt such fees on solid nexus studies, spend fees promptly, and diligently make the required one- and five-year findings, even if consulting services are required to do so.

This area of the law is developing, so stay tuned!



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Supervisor Bruce McPherson to retire at end of third term

PK Hattis

6-8 minutes

SANTA CRUZ — After 30 years of public service, longtime 5th District Santa Cruz County Supervisor and former California Secretary of State Bruce McPherson announced Friday that he will retire at the end of his current term in December of next year.

"We have accomplished so much together and have weathered many challenges, from the CZU Fire to the COVID pandemic to the storms of 2017 and this past winter," said McPherson in a release. "During the next 18 months, I look forward to working with my colleagues on the Board, our County staff and community members to tackle a long to-do list that includes disaster recovery, climate adaption, housing growth and continued strong fiscal management."

McPherson, a fourth generation Santa Cruz County native, began his service on the board in 2012 and subsequently won two more terms in 2016 and 2020. Before that he held office at the state level, serving as a representative in the California Assembly from 1993 to 1996 and in the state Senate from 1996 to 2004.

In 2005, then-Gov. Arnold Schwarzenegger nominated McPherson to be <u>California Secretary of State</u> where he served until 2007.

But as McPherson, 79, looks back at his career in public office, he said his heart was always at home.

"I regard serving in local government as the highlight of my career in public service," McPherson, a Santa Cruz High School graduate, said in the release. "I have been so fortunate to represent the San Lorenzo Valley, Scotts Valley and parts of Santa Cruz alongside the incredible staff at the County and fellow Board members who care deeply about this amazing community."

Current board Chair and 2nd District Supervisor Zach Friend was first elected to the board the same year as McPherson and told the Sentinel he felt "honored to have served alongside him" all this time.

"Bruce brought an immense amount of class, grace and professionalism to the Board of Supervisors and his interactions with the community," said Friend in an email to the Sentinel. "His connections across the state opened up doors and resources for our county in unmatched ways and his thoughtful approach to policy and politics are something this world could use more of."

Of his 11 years in county government, McPherson noted the establishment of Central Coast Community Energy – a clean and renewable electricity provider along the Central Coast – as his proudest achievement. McPherson and the District 5 Office launched the regional effort in 2018 as Monterey Bay Community Power alongside Monterey and San Benito counties and later transitioned to its current name in 2020 after expanding to San Luis Obispo and Santa Barbara counties.

According to McPherson, the organization now serves more than a million customers in five counties with 34 member community choice energy agency partners.

Regions in the San Lorenzo Valley represented by McPherson have been hit especially hard by natural disasters during his tenure, most recently during an onslaught of atmospheric river storms and in 2020 during the historically destructive CZU Lightning Complex Fire, which turned more than 900 residential homes to ash in districts 3 and 5.

For many CZU survivors the recovery has been slow and painful, as those who lost homes have worked to overcome geologic hazards and navigate a complicated permitting process.

Most recently, McPherson spearheaded an <u>in-depth reexamination</u> of the issue in February and the board went on to establish a new process for resolving permitting disputes in a matter of weeks instead of it taking months or even years at a time.

Ryan Coonerty, who was the District 3 supervisor during the fires, said he worked closely with McPherson to establish what is now called the Office of Response, Recovery and Resilience to help coordinate future emergency responses. He said the recovery has been extraordinarily difficult, but called McPherson a "tireless advocate for his community."

"He's an exemplary public servant," said Coonerty. "He's going to have a generational impact."

Before his time in government, McPherson worked as a reporter for the Sentinel; eventually rising to the role of editor for the paper his family owned from 1864 to 1982.

Santa Cruz Mayor Fred Keeley, a longtime political figure in his own right, called McPherson "one of the most important public servants we've had in this community in the last half century."

Keeley, who served as the 5th District supervisor in the 90s, also served in the state Assembly while McPherson was a state senator and said he was often a key partner in passing critical environmental policy, including two of the largest environmental bonds in American history.

All this was accomplished while the two worked on different sides of the political aisle – Keeley a Democrat and McPherson a Republican.

"When Bruce and I would work together on an issue, oftentimes it wasn't about: is there a Republican or Democratic approach to this? It was: is there a California or district or shared values approach to this?" said Keeley.

After stepping down from the dais one last time next year,

McPherson plans to spend more time with his wife of 55 years, Mary, as well as his daughter, son-in-law and two grandchildren.

"My family has been tremendously supportive of my commitment to state and local government throughout the last 30 years," said McPherson. "I couldn't have done this work I love so much without them."

The 5th District seat will now be wide open for the upcoming March 5 Presidential Primary Election next year. Encompass Community Services CEO and Felton resident Monica Martinez announced in April that she will be running for the seat and received a quick endorsement from Keeley.

Jayme Ackemann, a San Lorenzo Valley Water District board member, has also filed an intention to run form with the Santa Cruz County Clerk's Office, but told the Sentinel in April she did so only to keep her options open while she further considers whether or not to formally enter the race.

The intent to run form, according to County Clerk Tricia Webber, is not binding and simply allows potential candidates to begin fundraising, among other things. The official declaration of candidacy form is not due until November.

Public service career

5th District supervisor since 2012.

State Assembly: 1993-1996.

State Senate: 1996-2004.

Secretary of State: 2005-2007.

8A: ATTACHMENT 3

yubanet.com

Three Local Fire Districts Explore Reorganization as One

Penn Valley Fire Protection District, Nevada County Consolidated Fire District, Rough and Ready Fire District Consolidation/Merger Committee, County of Nevada CA

4-5 minutes

Nevada City, CA – Three local fire districts announced their intention to explore reorganization as one new district at today's meeting of the Local Agency Formation Commission (LAFCo).

Uniting the three independent fire districts — Nevada County Consolidated Fire District, Penn Valley Fire Protection District, and Rough & Ready Fire Protection District – would strengthen and stabilize fire services for over 25,000 households and could be in place within a year.

"Our professional firefighters support the idea of reorganization because they know that streamlining administration with one chief means more boots on the ground," said Penn Valley Fire District Captain Clayton Thomas, president of the Nevada County Professional Firefighters, Local 3800.

Today's announcement follows the Rough & Ready Fire Protection District's June 13th decision to suspend its application to LAFCo to dissolve. Rough & Ready took this action to allow time for the reorganization to proceed with the reassurance that the Rough & Ready Station #59 will remain in operation. Starting July 1st, Station #59 will be jointly staffed full-time by Penn Valley and Nevada County Consolidated with two firefighters daily.

Penn Valley Fire Protection District Chief Don Wagner and Nevada County Consolidated Fire District Chief Jason Robitaille, whose districts surround the Rough & Ready District, have partnered to ensure the Rough & Ready Station #59 remains open to serve area residents. However, the cost to operate a 24/7 fire station exceeds \$1 million annually, and with Rough & Ready's revenues under \$500,000, the chiefs requested County assistance in closing the gap.

"In the short term, we need to keep the Rough & Ready Station open. This is an all-hands on deck situation, and I applaud the County's partnership to help keep the station open. That will give us breathing room to reorganize so we don't face situations like this again," said Penn Valley Fire Chief Don Wagner.

Nevada County Board of Supervisors Chair Ed Scofield appointed Supervisor Sue Hoek and Supervisor Lisa Swarthout to co-chair a Fire Services Ad hoc Committee. The Committee supports the vision of the three fire districts consolidating as one district and ensuring a continuation of emergency response services for Rough & Ready's residents in the meantime.

The Committee is working with the three fire districts to develop a joint agreement to support the reorganization, which if approved by LAFCo, would also keep Station #59 open during the year-long process. The draft agreement calls for the County to support the reorganization by pledging up to \$500,000 per year for the next two years to operate Station #59, with County funds matching Rough & Ready's existing revenues. The proposed reorganization process will include a finance and operations plan, which is expected to demonstrate the financial sustainability of the newly reorganized district. The final agreement will be considered by the fire district boards in July and by the Board of Supervisors in August.

"The County recognizes that our independent fire districts are essential community partners in ensuring public safety – from fighting residential and wildland fires to responding to critical medical calls. I commend Chief Wagner and Chief Robitaille for their selfless dedication to explore a lasting solution that has the County's full attention. They truly live by 'service before self,'" said Supervisor Sue Hoek, whose district encompasses Rough & Ready and Penn Valley.

"This financial crisis isn't isolated to Rough & Ready. Smaller fire districts are under similar pressures everywhere. Reorganizing is a long-term strategy to increase fiscal health and operational stability," said Chief Robitaille.

8A: ATTACHMENT 4

santacruzsentinel.com

Pajaro Valley Water Management Agency awarded \$8.9 million state grant

Nick Sestanovich

3-4 minutes

WATSONVILLE — The Pajaro Valley Water Management Agency announced Wednesday it was one of four regional groundwater management agencies to receive grant funding from the California Department of Conservation.

The four agencies received a total of \$35 million in grant funding. Pajaro Valley's share is \$8.89 million and it will go toward various projects aiming to achieve sustainable groundwater resources, flood risk reduction, environmental restoration and community access, according to a news release by the Pajaro Valley Water Management Agency.

The specific projects are the College Lake Water Supply Project, which is currently under construction in Watsonville, Salsipuedes Creek confluence project, Watsonville slough system recharge and recovery projects, recharge net metering and Stormwater Basin Incentive Program led by the Resource Conservation District of Santa Cruz County and UC Santa Cruz, and the Land Trust of Santa Cruz County's Multibenefit Repurposing Project, which aims to restore the least productive agricultural acreage to estuarine wetland habitats and preserve prime agriculture lands in partnership with Watsonville Wetlands Watch.

"This funding from the Department of Conservation will advance critical planning and projects to sustain groundwater, reduce flood risk, and restore habitat while sustaining our local agricultural economy," said Lisa Lurie, executive director of the Resource Conservation District of Santa Cruz County, in a statement. "It builds on decades of partnerships to help our community and natural resources be more resilient to the extremes of a changing climate."

The grant will also fund the development of a Multibenefit Agricultural Land Repurposing Plan, which will be created by a committee of community members to identify and prioritize land repurposing opportunities and lay out implementation strategies while also engaging local representatives, per the release.

"We are grateful for the opportunity to collaborate with the growers and landowners of the Pajaro Valley, under the leadership of PV Water, and alongside these capable partners," said Bryan Largay, conservation director for the Land Trust of Santa Cruz County, in a statement. "The Pajaro Valley grows the healthiest – and most delicious – food in the world. We must protect our best farmland while solving our water supply challenges and keep this valley in production."

PV Water General Manager Brian Lockwood called it "a win-win for the Pajaro Valley," in which groundwater accounts for 90% of water use.

"We look forward to this excellent opportunity and we are grateful for the support from the Department of Conservation," he wrote.

The other agencies to be funded through the grant were the East Turlock Groundwater Sustainability Agency, Merced Subbasin Groundwater Sustainability Agency and Westlands Water District Groundwater Sustainability Agency in Fresno and Kings counties.

8A: ATTACHMENT 5

californiacountynews.org

Rainbow and Fallbrook Could Pull Out of San Diego County Water Authority

~4 minutes

Wed, 07/12/2023

Voters will decide whether two rural water districts should leave the San Diego County Water Authority (SDCWA) and get water from the Eastern Municipal Water District in Riverside instead.

The San Diego County Local Area Formation Commission voted Monday to allow the Fallbrook Public Utility District and the Rainbow Municipal Water District to leave SDCWA. The vote was 5-3, with San Diego County Supervisor Joel Anderson, Solana Beach Deputy Mayor Kristi Becker, and San Diego City Councilmember Stephen Whitburn opposed. Supervisor Jim Desmond, El Cajon Mayor Dane White, former Vista Irrigation Director Jo MacKenzie, Alpine Fire Protect District Director Baron Willis, and former North County Fire Protection District Chief Andrew Vanderlaan voted in favor of allowing detachment.

In order to split from SDCWA, Fallbrook and Rainbow will be required to pay an exit fee of \$4.8 million a year for five years. According to SDCWA Chair Mel Katz, that won't be enough to offset the departure of 56,000 ratepayers. Katz is warning that detachment would incur rate increases for the rest of San Diego County.

"Today's unprecedented decision by San Diego LAFCO is very disappointing because it will raise water rates for disadvantaged communities, working families, 70% of agriculture in the county, small businesses and everyone else across our region," said Katz. "We're deeply concerned that LAFCO decided that water ratepayers across San Diego County don't get a say in whether Fallbrook and Rainbow can walk away from their bills and shift their costs to the rest of the county.

"It's also clear that LAFCO failed to study the environmental impacts of its decision, as required by state law — a serious breach of public confidence in a system that's supposed to protect us all," he added.

But Fallbrook and Rainbow say the split is necessary to bring relief to their ratepayers, especially those in the agricultural sector. They "have been burdened for years by skyrocketing water costs from the County Water Authority," <u>said Fallbrook Public Utility District</u> <u>Manager Jack Bebee</u>.

Read more at Times of San Diego.

Comments

Top Stories



Monday, July 17, 2023 - 09:47

Thousands of acres have burned across Riverside County, thanks to several fast-moving wildfires.

Legal



Monday, July 17, 2023 - 08:08

A judge has blocked an investigation into Los Angeles County Sheriff's deputy gangs on the grounds that the probe could violate state labor laws.

Policy



Wednesday, July 12, 2023 - 10:40

Voters will decide whether two rural water districts should leave the San Diego County Water Authority (SDCWA) and get water from the Eastern Municipal Water District in Riverside instead.

Finance



Tuesday, July 4, 2023 - 05:29

Santa Barbara County cannabis businesses that are behind on their taxes could soon lose their license to operate.

8A: ATTACHMENT 6

lookout.co

The fate of Branciforte Fire's lone station sits with voters this week -Lookout Local Santa Cruz

Christopher Neely

6-8 minutes



Ballots are due Thursday from property owners in Branciforte Fire Protection District, just north of the Santa Cruz city limits around Branciforte Drive and Granite Creek Road, for a tax that would raise an additional \$1 million per year and provide enough money to double paid staff from three to six. The vote comes amid a push to consolidate Branciforte Fire into the neighboring Scotts Valley Fire Protection District.

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For years, the Branciforte Fire Protection District has struggled to stay in operation.

Financial woes mean its lone station, which is along Branciforte Drive and serves more than 1,700 residents, can afford only an interim chief and two captains as its full-time staff. A drop in volunteerism has further dwindled the force in recent years, from 41 volunteers in 2013 to nine today (the sustainability of volunteerdriven fire departments is <u>becoming a national issue</u>).

The station does not employ a paramedic, so responding to

medical emergencies, which officials say make up more than half of its calls, requires the assistance of other, nearby stations. Sometimes, only one person is at the district's station. When a fire breaks out in the district, that person hops into a full-sized fire truck, alone, and responds to the fire by themself; they often need to wait for help from surrounding stations.

These staffing and resource issues, and the constant need for help, are the central reasons behind the push by the Local Agency Formation Commission (LAFCO) of Santa Cruz County to consolidate Branciforte Fire Protection District into Scotts Valley Fire Protection District, from which it splintered off back in 1942. LAFCO's seven commissioners will vote Aug. 2 on whether to finalize the staff-recommended consolidation.

Before that, however, is a separate existential vote that will determine the fate of the fire district's 73-year-old station.

Ballots have already gone out to the owners of 745 parcels throughout the 9-square-mile district surrounding Branciforte Drive and Granite Creek Road, and are due Thursday. Property owners are voting whether to support a new tax that, depending on the number of structures sitting on their parcel, will cost them anywhere between \$200 and \$12,000 annually.

This is a <u>Proposition 218</u> election, which requires proposed new property-related taxes and fees that fund local services to be put to a vote. It also means the influence of each ballot differs depending on the value derived from the proposed benefit. In this case, ballots are weighed based on how many structures sit on a parcel. A ballot representing a parcel with multiple structures will count toward a greater share of the vote than a ballot representing a vacant piece of land.

Joe Serrano, a senior analyst for LAFCO who has led the four-year push to consolidate Branciforte Fire into Scotts Valley's district, said he has never seen a Prop 218 election propose such a high jump in costs for landowners. He said this is because the proposed increase aims to make up for the decades that the district did not increase the tax it levies on its service area. If parcel owners support the new tax, it will — regardless of Branciforte's consolidation into Scotts Valley Fire District — raise an additional \$1 million per year and provide enough money to double paid staff from three to six.



(Kevin Painchaud / Lookout Santa Cruz)

If parcel owners reject the tax, and the Scotts Valley consolidation advances as recommended, interim chief Nate Lackey said the fire station will shut down, eliminating a hyperlocal emergency response center for this heavily wooded community, characterized by tall and lush tree canopies, underbrush and steep and uneven terrain.

When a fire breaks out or someone needs a paramedic, the first trucks on the scene will arrive from Scotts Valley, Live Oak, Soquel or Santa Cruz. The change would push 82 parcels (12%) in the district outside the 5-mile radius of any fire station. (The 5-mile threshold was used by insurance companies to determine whether to cover a property, <u>but that was before several insurance</u> <u>companies began rejecting new policies for Californians en masse</u>.)

Heightening the drama, on Thursday, Branciforte Fire Protection District's board of directors will host its regular monthly meeting, where it has invited the Santa Cruz County Clerk's Office to manually tally the ballots in front of the public. Live and in person, the community will learn its decision and the fate of the fire station. If residents vote to shutter the station, Serrano says the community will still have improved service if it becomes part of Scotts Valley's service area, as understaffing has effectively crippled response time for the Branciforte station.

In 2019, Serrano's team published a report highlighting the logistical and safety issues related to an understaffed Branciforte fire station, from one-person emergency response to not having a paramedic on staff. According to the report, Branciforte Fire Protection District fields only 200 calls per year, and most of them are medical calls. Without a paramedic staffed in the fire station, medical calls had to wait for either Scotts Valley or another nearby fire station to arrive anyway.

However, Serrano said, from a service perspective, the more (adequately staffed) fire stations, the better. "Having more fire stations is always preferable," Serrano said.

If the new tax fails, he said Scotts Valley Fire Protection District has agreed to keep the station ready for emergency staging, or for use as a fire station again if enough funding comes through in the future to fully staff it. Otherwise, the community will continue to maintain it as a gathering place.

A trip along Branciforte Drive is a tour of signs excoriating the tax and calling for its defeat. Lackey said the opposition is loud, but he's unsure where the vote will land. A 25-year veteran of the district, Lackey lamented the possible future.

"It's sad — the station has been there for a long time and I think it's an important place to residents," Lackey told Lookout. "I know it's going to be hard to say goodbye."

8A: ATTACHMENT 7

santacruzsentinel.com

State files lawsuit against Big Basin Water Co.

PK Hattis

6-8 minutes

BOULDER CREEK — State water authorities have filed a lawsuit against Big Basin Water Co. in an escalation of their efforts to bring the local water provider into compliance with regional standards.

The lawsuit, filed last week by California Attorney General Rob Bonta's office on behalf of the State Water Resource Control Board Division of Drinking Water, aims to have a court-appointed authority, or receiver, assume managerial responsibility of the company in an effort to bring it back into compliance.

"We have all these documented violations of Big Basin Water Co. many of which remain unaddressed – the lack of source capacity, the frequent water outages, the frequent boil water notices," Monterey District Engineer for the Department of Drinking Water Jonathan Weininger said at a public information meeting in Ben Lomond Thursday. "That's not acceptable."

The meeting, organized by the California Water Boards and held at the Highlands Park Senior and Community Center, attracted more than 70 in-person attendees and 77 participants on Zoom.

According to Weininger, Big Basin has received 11 enforcement actions from the Department of Drinking Water since 2019, three of which remain unaddressed including a lack of source capacity or plans for temporary backup water and replacement of infrastructure damaged in the 2020 CZU Lightning Complex Fire.

"The current management has not demonstrated the managerial or financial capacity to sustainably run the system," said Weininger.

The water side

A court hearing date for the lawsuit has not yet been set, though Weininger said the agency has pushed for expedition and requested it happen no later than this fall.

While the state can and has recommended a receiver with either the financial or industry expertise it believes the company needs to stabilize, the judge has ultimate authority to choose the receiver and the scope of their power, though ownership of the company will not change.

"Is the water legally safe or not to drink? Because I'm absolutely tired of buying bottled water," said Carolyn Gagnon, one of Big Basin's more than 520 customers, during an open question-andanswer period.

Weininger said the company's water source does meet regional quality standards, but the fact that it has only one source makes it vulnerable to unexpected outages and system depressurization situations.

"There's a lot of unknown when there's water outages and a lot of problems that could happen from that scenario," he said.

Other customers voiced questions about who will foot the bill for a receiver. Laura Mooney, attorney for the State Water Board Office of Enforcement, said a receivership is typically paid for through the company's assets, including revenue from ratepayers.

"There are potentially other assets. There are potentially other ways to pay," noted Mooney, declining to go into further detail for fear of undermining the state's case.

While the receivership process plays out, Damian Moore, Big Basin's chief operator and son of owners Jim and Shirley Moore, told the Sentinel that the water provider has found a private buyer. He said Big Basin has set up a purchase agreement with Central States Water Resources, which he said is "a more managerial, financial capable entity" that can adequately operate the system. The sales price and other details are still being negotiated, said Moore. Mooney said it's "hard to imagine" the sale is completed before the court's receivership decision comes through, as the state's change of ownership and permitting process can take up to a year to complete.

"The best case scenario would be that the contract is signed, submitted and if they do end up following through with putting in a receiver, then the customers wouldn't have to pay the receiver very long before the company would transition and the receiver would be removed."

Wastewater woes

But Big Basin's woes don't end at the water's edge.

A subset of Big Basin's customers in the Fallen Leaf area of Boulder Creek also receive wastewater services from the local provider.

However, the wastewater plant was severely damaged during the CZU fires that also destroyed many of the buildings on the roughly 30 parcels it services. Since then, Moore said Big Basin has been utilizing an ad hoc system for the roughly eight connections it is currently servicing where waste is manually pumped into trucks and transported to another treatment facility.

But Jennifer Epp, a senior engineer with the Central Coast Regional Water Quality Control Board, said the board learned last fall that wastewater was not regularly being pumped and hauled and, as a result, raw sewage from the connected properties was traveling to the facility and spilling out onto the open ground.

"This is not a common thing we see at wastewater plants and definitely something we consider very serious and egregious," said Epp.

The receivership process playing out on the water side of things is entirely separate from the wastewater facility, but Epp said the control board is also working with the attorney general to explore more formal enforcement actions.

Epp said Big Basin has contracted an operator to restore and

manage the plant. Currently, the two highest priorities are to seed the plant with microorganisms that break down human waste and to secure reliable power so outages don't kill those microorganisms once they're established.

According to control board spokesperson Blair Robertson, staff told Big Basin Water Co. at a meeting last Friday that its expectation is that it seed the plant and have a generator by Wednesday. Epp said the plant operator estimates that the plant could adequately treat wastewater about two weeks after it is seeded.

Epp said Big Basin Water can't accept additional flows to the wastewater system until the plant is once again approved by the regional board.

Asked why residents who are nearly done with rebuilding their homes after the CZU fires can't use composting toilets to expedite their return timelines, Epp said the microorganisms at the plant survive off of nutrients from human feces that they can't get from other sources that flow to the plant such as washing machines or showers.

"In order to have an optimally run wastewater plant, the wastewater strength needs to not be too weak or too strong in order for those bugs to do their job," said Epp.

8A: ATTACHMENT 8

lookout.co

Residents overwhelmingly reject tax to fund Branciforte Fire Protection District; station set to close - Lookout Local Santa Cruz

Max Chun

4–5 minutes



Residents voted against a levy that would have raised an additional \$1 million per year to double the staff at the Branciforte Fire Protection District and keep its only station open. The Local Agency Formation Commission of Santa Cruz County will vote Aug. 2 to finalize the consolidation of Branciforte's staff with the Scotts Valley Fire Protection District.

Residents throughout the 9-square-mile district around Branciforte Drive and Granite Creek Road have resoundingly rejected a tax that would have raised an additional \$1 million per year for the Branciforte Fire Protection District and doubled its current staff. As a result, the area's only fire station will cease operation.

Ballots were mailed to the owners of 745 parcels in the area. Santa Cruz County Clerk Tricia Webber and some of her office staff counted the votes in person Thursday evening. Out of 434 ballots returned, 379 votes were against the measure, about 87%, while just 53 were in favor. Two ballots were unmarked.

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PROMOTED CONTENT

For the second consecutive year, Cabrillo College robotics club wins first place in world competition

Read about Cabrillo College Robotics Club securing the top spot in the World MATE ROV Competition for the second year in a row, emerging as the champions of the Pioneer Division.



Cabrillo College The ballots were weighted based on how many structures sit on a

parcel, so a ballot corresponding to a parcel with multiple structures holds a greater share of the vote than a ballot representing an empty lot. When factoring the weighted results into the raw numbers, the "no" votes finished with a weighted score of 875,554.23, and the "yes" votes finished with 103,393.05.

Had the measure passed, the tax would have cost property owners anywhere from \$200 and \$12,000 per year — a main point of contention among residents.



(Max Chun / Lookout Santa Cruz)

Richard Landon, a former member of the Branciforte Fire Protection District board of directors, called the move "a total money grab" and argued that the special assessment tax is an overreach.

"Any local agenda — fire, water, whatever they want to come up with — can come up with a special assessment," he said. "It's very tricky."

Clement Shields, who lives on Granite Creek Road, felt that the differing amounts each owner would be subject to was confusing and concerning.

"I don't see any clear patterns, and this is a pretty huge amount," he said. "It would double our entire tax payments."

The fire station along Branciforte Drive has struggled to stay open for years, as it could afford only an interim chief and two captains as its full-time staff. Volunteer numbers have dropped, too, falling from 41 in 2013 to just nine now. Calls often require assistance from other stations.

The lack of staff and resources are the main reasons that the Local Agency Formation Commission (LAFCO) of Santa Cruz County is seeking to consolidate Branciforte into the Scotts Valley Fire Protection District. LAFCO's commissioners will vote on Aug. 2 to finalize that consolidation.



(Max Chun / Lookout Santa Cruz)

Interim fire chief Nate Lackey said moving the station's operations to Scotts Valley will not negatively affect response times to the area much.

"Right now, our budget allows for one person to be on duty a day, and then we hope we get volunteers," he said. "And it's not safe to run a call by yourself."

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Lackey added that because the station does not have a paramedic, consolidating with Scotts Valley will provide the Branciforte region with that vital service.

Though the Branciforte fire station will shut down, Joe Serrano, a senior analyst for LAFCO, <u>previously told Lookout</u> that the Scotts Valley Fire Protection District has agreed to keep the station ready for emergencies, community gatherings or for full-time use should enough funding come through to fully staff it in the future.

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