



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

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

REGULAR MEETING AGENDA

Wednesday, May 1, 2024 at 9:00 a.m.

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

Attend Meeting by Internet: <https://us02web.zoom.us/j/85603836977>
(Password 208678)

Attend Meeting by Conference Call: **Dial 1-669-900-6833 or 1-253-215-8782**
(Webinar ID: 856 0383 6977)

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

HYBRID MEETING PROCESS

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

- a) Commission Quorum: State law indicates that a quorum must consist of Commissioners in person pursuant to AB 2449.
- b) Public Comments: For those wishing to make public comments remotely, identified individuals will be given up to three (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 three (3) minute limit also applies to virtual public comments.
- c) Accommodations for Persons with Disabilities: Santa Cruz LAFCO does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs, or activities. If you are a person with a disability and wish to attend the meeting, 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.

b. Welcome Recently Appointed Commissioners

The Commission will welcome John Hunt and Roger Anderson as the alternate and regular public members on LAFCO.

Recommended Action: No action required; Informational item only.

3. ADOPTION OF MINUTES

The Commission will consider approving the minutes from the April 3, 2024 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. "Porter Gulch Road Parcel Annexation"

The Commission will consider the proposed annexation of a single parcel to the Santa Cruz County Sanitation District for sewer service. If approved, a Notice of Exemption will be recorded to fulfill the requirements under CEQA.

Recommended Action: Adopt the draft resolution (No. 2024-10) approving the single parcel annexation into the Santa Cruz County Sanitation District.

b. Final Budget for Fiscal Year 2024-25

The Commission will consider the adoption of a final budget for the upcoming year.

Recommended Actions:

- 1) Adopt the draft resolution (No. 2024-11) approving the final budget for Fiscal Year 2024-25; and
- 2) Authorize staff to request the Auditor-Controller's Office to distribute the final budget and apportionment amounts to the funding agencies by July 2024.

6. OTHER BUSINESS

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

a. Comprehensive Quarterly Report – Third Quarter (FY 2023-24)

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

Recommended Action: No action required; Informational item only.

7. WRITTEN CORRESPONDENCE

LAFCO staff receive 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 March and April

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, June 5, 2024 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: www.fppc.ca.gov. Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).

Accommodating People with Disabilities

The Local Agency Formation Commission of Santa Cruz County does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs or activities. The Commission meetings are held in an accessible facility. If you wish to attend this meeting and 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 www.santacruzlafco.org. To review written materials submitted after the agenda packet is published, contact staff at the LAFCO office or in the meeting room before or after the meeting.



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

DRAFT MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, April 3, 2024

Start Time - 9:00 a.m.

1. ROLL CALL

Chair John Hunt called the meeting of the Local Agency Formation Commission of Santa Cruz County (LAFCO) to order at 9:00 a.m. and welcomed everyone in attendance. He asked the staff to conduct a roll call.

The following Commissioners were present:

- Commissioner Jim Anderson
- Commissioner Justin Cummings
- Commissioner Manu Koenig (*Vice-Chair*)
- Commissioner Rachél Lather
- Commissioner Eduardo Montesino
- Commissioner Allan Timms
- Alternate Commissioner John Hunt (*Chair*)

Alternate Commissioner John Hunt will be a voting member on behalf of Commissioner Roger Anderson (Public Member). Commissioner Eduardo Montesino announced he was attending the meeting virtually pursuant Assembly Bill 2449.

The following LAFCO staff members were present:

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

2. EXECUTIVE OFFICER'S MESSAGE

2a. Virtual Meeting Process

Executive Officer Joe Serrano had one announcement to make to the Commission. Mr. Serrano indicated that the 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.

3. ADOPTION OF MINUTES

Chair John Hunt requested public comments on the draft minutes. **Executive Officer Joe Serrano** noted no public comment on the item. **Chair John Hunt** closed public comments.

Chair John Hunt called for a motion. **Commissioner Jim Anderson** motioned for approval of the March 6th Meeting Minutes and **Commissioner Manu Koenig** seconded the motion.

Chair John Hunt called for a roll call vote on the approval of the draft minutes.

MOTION: Jim Anderson

SECOND: Manu Koenig

FOR: Jim Anderson, Justin Cummings, Rachél Lather, Eduardo Montesino, Allan Timms, Manu Koenig, and John Hunt.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 7-0

4. ORAL COMMUNICATIONS

Chair John Hunt requested public comments on any non-agenda items. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission on the item.

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

5. PUBLIC HEARINGS

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

5a. "Service & Sphere Review for County Service Area 3"

Chair John Hunt requested staff to provide a presentation on the service and sphere of influence review for County Service Area 3 (CSA 3).

Executive Officer Joe Serrano informed the Commission that CSA 3 provides five types of services to 24,000 residents living on 1,700 parcels (530 acres) within the unincorporated area of Seascape (Aptos). A sixth service was approved in 2006 but was never activated. Mr. Serrano stated that CSA 3 remains financially stable only because the County has selected to reduce the level of service due to an assessment that has not been updated in almost 30 years. Mr. Serrano also noted that the County should consider adding more information on their website regarding the activities of CSA 3 as it would significantly benefit its constituents. Finally, Mr. Serrano determined that after 40 years of inactivity, the sphere boundary for CSA 3 should be amended and reduced to be coterminous with its jurisdictional boundary. Mr. Serrano recommended the Commission adopt the draft resolution approving the 2024 Service and Sphere of Influence Review for CSA 3 with its identified conditions.

Chair John Hunt requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission on the item. **Chair John Hunt** closed public comments.

Chair John Hunt requested comments or clarifying questions from the Commission. **Commissioner Rachél Lather** inquired about outreach efforts to residents when conducting benefit assessments. **Executive Officer Joe Serrano** indicated that staff is not aware of prior outreach efforts during assessment elections but noted that the County and CSA 3 liaisons have met during past processes to plan and coordinate.

Commissioner Manu Koenig had a clarifying question regarding the website transparency benchmarks. **Executive Officer Joe Serrano** provided an overview on the importance of maintaining a robust and transparent website for public agencies including CSAs. Mr. Koenig had a follow-up question regarding assessing the efficiency and delivery of services to the residents of CSA 3. Mr. Serrano explained that the intent of the service and sphere reviews is to provide a high-level analysis for each public agency in the county under LAFCO's purview, but future reports can include additional information requested by the Commission.

Chair John Hunt had a clarifying question about the sphere boundary. **Executive Officer Joe Serrano** stated that approval of recommended actions would amend the sphere boundary but added that future Commissions can act to amend the sphere if needed.

Commissioner Rachél Lather motioned for approval of staff recommendation and **Commissioner Justin Cummings** seconded the motion.

Chair John Hunt called for a roll call vote on the motion based on the staff's recommendation: **Adopt the draft resolution (No. 2024-08) approving the 2024 Service and Sphere of Influence Review for CSA 3 with the following conditions: (A) Amend CS3's sphere of influence to coincide with its current jurisdictional boundary; (B) Determine that the "open space maintenance service," initially approved on December 6, 2006, was never implemented before LAFCO's two-year deadline of December 6, 2008 and therefore not an official service under CSA 3; and; (C) Direct the Executive Officer to distribute a copy of the adopted service and sphere review to CSA 3 representatives and any other interested or affected parties, including but not limited to the County of Santa Cruz.**

MOTION: Rachél Lather
SECOND: Justin Cummings
FOR: Jim Anderson, Justin Cummings, Rachél Lather, Eduardo Montesino, Allan Timms, Manu Koenig, and John Hunt.
AGAINST: None
ABSTAIN: None

MOTION PASSES: 7-0

5b. “Draft Budget for Fiscal Year 2024-25”

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

Executive Officer Joe Serrano informed the Commission that the proposed budget was balanced without having to raise the allocation amount for funding agencies for a third consecutive fiscal year. Additionally, Mr. Serrano highlighted that: (1) total expenditure was reduced for the upcoming year; (2) information regarding the recently established reserve funds was available in the report, and (3) LAFCO did not hear concerns from the funding agencies about the proposed budget. Mr. Serrano informed the Commission that the final budget will be considered during a public hearing in May 2024 and recommended approving the draft resolution with its identified conditions.

Chair John Hunt requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission on the item. **Chair John Hunt** closed public comments.

Chair John Hunt requested comments or clarifying questions from the Commission. **Commissioner Allan Timms** commended staff for their ongoing efforts to reduce total expenditure.

Commissioner Rachél Lather asked for clarification regarding the reserve fund balances. **Executive Officer Joe Serrano** explained how the reserve funds were calculated and noted that the final budget will contain detailed information on the two funds. Mr. Serrano also mentioned that the Commission can request other types of information be included in the final budget report.

Chair John Hunt had a clarifying question about the reserves and on potentially increasing total allocation amount. **Executive Officer Joe Serrano** explained that staff has done their best to balance budgets without raising the allocation amount to partner agencies but added that potential increases will need to be considered in the future. **Commissioner Jim Anderson** remarked that staff have been able to balance past budgets while also maintaining a minimum balance in the reserves.

Chair John Hunt called for a motion. **Commissioner Jim Anderson** motioned for approval of staff recommendation and **Commissioner Manu Koenig** seconded the motion.

Chair John Hunt called for a roll call vote on the motion based on staff's recommendation: **Adopt LAFCO Resolution (No. 2024-09) approving the draft budget for Fiscal Year 2024-25, with the following conditions: (A) Direct staff to distribute the draft budget for review and comment to the 25 funding agencies; and (B) Direct staff to schedule a public hearing, pursuant to Government Code Section 56381, for consideration and adoption of a final budget for Fiscal Year 2024-25 no later than June 5, 2024.**

MOTION: Jim Anderson
SECOND: Manu Koenig

FOR: Jim Anderson, Justin Cummings, Rachél Lather, Eduardo Montesino, Allan Timms, Manu Koenig, and John Hunt.
AGAINST: None
ABSTAIN: None

MOTION PASSES: 7-0

6. OTHER BUSINESS

Chair John Hunt indicated that there was one business item for Commission consideration today.

6a. "Public Member Selection Process – Candidate Interviews"

Chair John Hunt yielded the Chair to **Vice-Chair Manu Koenig**, who continued with the meeting and requested candidates to proceed to the designated waiting area.

Executive Officer Joe Serrano provided an explanation to the Commission on the interview process to determine the regular and alternate public member. At the conclusion, Mr. Serrano recommended that the Commission select a regular and alternate public member after conducting an interview with each candidate.

Vice-Chair Manu Koenig requested comments or clarifying questions from the Commission regarding the interview process. **Commissioner Allan Timms** inquired about the interview process for the candidate that could not attend in-person. **Executive Officer Joe Serrano** clarified that Roger Anderson had recorded his interview prior to the public hearing and the recording would be displayed to the Commission and the public.

Commissioner Jim Anderson inquired about a candidate's request to be considered for both the regular and alternate member seat. **Executive Officer Joe Serrano** explained that the Commission has discretion to accept or deny the request. **Commissioner Justin Cummings** expressed support for the request made by Lowell Hurst prior to the public hearing. **Vice-Chair Manu Koenig** noted no Commission opposition to the request.

The Commission proceeded to interview the candidates individually and in the following order: **Becky Steinbruner, Renee Shepherd, JoAnn Segrue, Lowell Hurst, John Hunt, Adam Hensleigh, and Roger Anderson** (video recording with LAFCO staff). Each candidate was asked the same five interview questions and had an opportunity to provide final remarks.

Vice-Chair Manu Koenig closed the interview process and invited the candidates to return to the chambers. **Executive Officer Joe Serrano** informed the Commission that per their request, a map illustrating countywide representation on the current LAFCO commission had been included as part of the agenda packet.

Vice-Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were no requests to address the Commission on the item. **Vice-Chair Manu Koenig** closed public comments.

Commissioner Justin Cummings thanked the candidates for applying to join LAFCO and motioned to reappoint John Hunt and Roger Anderson as the alternate and regular public members respectively.

Commissioner Allan Timms thanked the candidates for their interest and invited the public to see the recorded interview responses. Mr. Timms also expressed support for the candidacies of John Hunt and Roger Anderson as the alternate and regular public members and seconded the motion.

Commissioner Eduardo Montesino thanked the candidates for their interest in serving on LAFCO and explained the importance of representation on the Commission for residents of south county.

Vice-Chair Manu Koenig thanked all the candidates for their interest in LAFCO and called for a roll call vote on the motion: **Appoint Roger Anderson and John Hunt as the Regular and Alternate Public Member with terms ending in May 2028.**

MOTION: Justin Cummings
SECOND: Allan Timms
FOR: Jim Anderson, Justin Cummings, Rachél Lather, Eduardo Montesino, Allan Timms, and Manu Koenig.
AGAINST: None
ABSTAIN: None

MOTION PASSES: 6-0

Commissioner John Hunt rejoined the Commission on the dais. **Vice-Chair Manu Koenig** yielded administrative duties back to **Chair John Hunt**.

7. WRITTEN CORRESPONDENCE

Chair John Hunt inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** informed the Commission it had received a late correspondence from Lowell Hurst prior to the meeting.

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

8. PRESS ARTICLES

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

9. COMMISSIONERS' BUSINESS

Chair John Hunt inquired whether any Commissioner would like to share any information. Mr. Hunt indicated that there were no requests to share any information. **Chair John Hunt** moved to the next item since no Commission action was required.

10. ADJOURNMENT

Chair John Hunt adjourned the Regular Commission Meeting at 10:59 a.m. to the next regular LAFCO meeting scheduled for Wednesday, May 1, 2024 at 9:00 a.m.

JOHN HUNT, CHAIRPERSON

Attest:

JOE A. SERRANO, EXECUTIVE OFFICER

DRAFT



Date: May 1, 2024
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **“Porter Gulch Road Parcel Annexation” to the Santa Cruz County Sanitation District (LAFCO Project No. DA 23-19)**

SUMMARY OF RECOMMENDATION

This application is requesting the annexation of a single parcel (totaling seven acres) into the Santa Cruz County Sanitation District (“SCCSD”). If approved, the subject area will receive adequate sewer service from a public agency immediately adjacent to the parcel.

It is recommended that the Commission adopt the draft resolution (LAFCO No. 2024-10) approving the single parcel annexation into the Santa Cruz County Sanitation District.

EXECUTIVE OFFICER’S REPORT:

The proposed annexation was initiated by landowner petition. The signed application was submitted to LAFCO on December 14, 2023. The subject area includes one parcel totaling approximately seven acres and is located within unincorporated county territory. In general, the subject area is located north of Soquel Drive, east of Park Avenue, south of Tolak Road, and west of Porter Gulch Road, as shown in **Attachment 1**. The landowner signed both the required petition and subsequent consent form expressing support for the proposed annexation. The subject parcel currently has two single-family homes, and an additional four dwelling units are being considered for construction. However, the existing septic system will not be able to support the additional homes. The County has indicated that SCCSD is capable of providing sewer service to the existing and future homes, if annexed. The subject parcel is also located within SCCSD’s sphere – meaning that LAFCO has identified SCCSD as the most logical service provider for the subject parcel.

General Plan/Zoning Designation

The subject area is uninhabited (less than 12 registered voters) and currently designated as R-1-1AC (Single family residential – 1 acre minimum) 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 other existing public agencies, including but not limited to fire services from Central Fire District and water services from Soquel Creek Water District.

Affected/Interested Agency Comments

A referral letter, which summarized the proposal, was distributed to all the affected and interested agencies within or near the subject area. This was an opportunity for an agency to provide comments regarding the proposed boundary change. LAFCO did not receive any opposition during the comment period.

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 local agency before LAFCO can consider a jurisdictional change. The Board of Supervisors (BOS) acts as the authorizing body for the District regarding property tax adjustments. The BOS adopted a property tax exchange agreement for this proposal on February 27, 2024, as shown in **Attachment 2**.

Environmental Review

The proposal is subject to an environmental review. Santa Cruz LAFCO will serve as the lead agency for assessing impacts under CEQA. Based on staff analysis, the underlying action qualifies as a project under CEQA. As the lead agency, LAFCO staff determined that the proposal was exempt pursuant to CEQA Guidelines Section 15319, Class 9(a):

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

The purpose of the application is for the provision of sewer services by allowing the landowner to connect to a nearby sewer line for residential homes in compliance with County zoning and guidelines, and therefore, aligns with the categorical exemption identified above. A Notice of Exemption, as shown in **Attachment 3**, will be recorded following the Commission's approval of this proposal.

Notice of Public Hearing

Pursuant to Government Code Section 56662(a), a proposed annexation may not require notice or a hearing if the proposal meets all of the following criteria:

1. The territory is uninhabited;
2. An affected local agency has not submitted a written demand for notice and hearing during the comment period; and
3. The proposal has written consent from the affected landowner.

While the proposal meets the criteria under GCS 56662(a), staff published a voluntary hearing notice in the Santa Cruz Sentinel on April 9th indicating that a public hearing will be held on May 1st (refer to **Attachment 4**).

Protest Proceedings

State law requires a protest proceeding to occur if a boundary change (i.e., annexation) is approved. This protest period provides an opportunity for affected residents within the subject area to voice their opposition to the Commission's action. However, pursuant to Government Code Section 56662(d), the protest proceedings may be waived entirely if the following occurs:

1. The territory is uninhabited;
2. The proposal is accompanied by proof, satisfactory to the Commission, that all the owners of land within the affected territory, exclusive of land owned by a private

railroad company, have given their written consent to the proposal and a private railroad company that is an owner of land within the affected territory has not submitted written opposition to the waiver of protest proceedings prior to the conclusion of the commission hearing; and

3. A subject agency has not submitted written opposition to a waiver of protest proceedings.

The subject area is uninhabited (six registered voters in total), and the only affected landowner is the applicant of this proposal. Additionally, no subject agency submitted written opposition to the proposed waiver of the protest proceedings. As a result, LAFCO staff is recommending to waive the protest proceedings based on the statutory criteria.

STAFF RECOMMENDATION

Since 1973 the Santa Cruz County Sanitation District has been providing wastewater collection service for the City of Capitola, the unincorporated communities of Aptos, Soquel, and Live Oak, and other areas including but not limited to the Harbor High School and the Santa Cruz Port District. At present, the service area of the District encompasses approximately 870 acres. The District has indicated that there is sufficient capacity and ability to provide sewer service to the proposed annexation area. Additionally, the proposal meets the criteria outlined in LAFCO law and the Commission's Proposal Evaluation Policy. The proposal is also consistent with SCCSD's current sphere of influence boundary. More importantly, this proposal allows the affected landowner to discontinue their existing septic system and connect into a sustainable public infrastructure – allowing current and future residents to receive adequate sewer service to the single-family homes within the subject parcel. Therefore, staff is recommending that the Commission adopt the draft resolution approving the proposed annexation (see **Attachment 5**).

Respectfully Submitted,

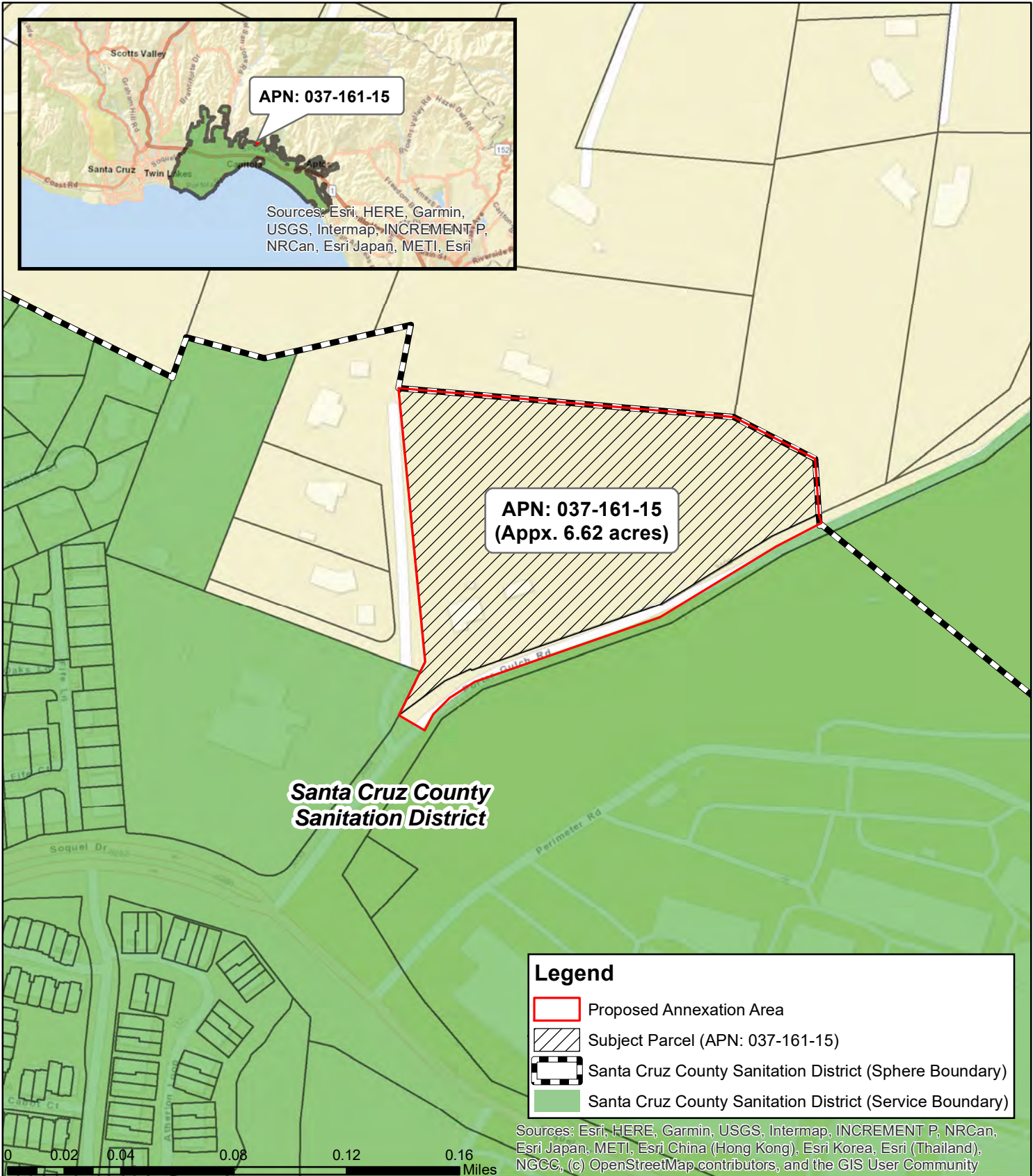


Joe A. Serrano
Executive Officer

Attachments:

1. Vicinity Map
2. Property Tax Exchange Agreement
3. Notice of Exemption
4. Notice of Public Hearing
5. Draft Resolution (LAFCO No. 2024-10)

cc: Matt Machado, Santa Cruz County Sanitation District
Ashleigh Trujillo, Santa Cruz County Sanitation District
Michele Robbins, Landowner (APN: 037-161-15)
Ken Hart, Landowner Consultant



"Porter Gulch Road Parcel Annexation" to the Santa Cruz County Sanitation District

The subject parcel is currently located within the District's sphere boundary but outside its service area. This means that the subject parcel may connect to the County's sewer infrastructure after LAFCO approval.





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

Adopted 02/27/2024
Board of Supervisors
DOC-2024-155 18.c

RESOLUTION NO. 41-2024

On the motion of Supervisor: Hernandez
Duly seconded by Supervisor: Koenig
The following resolution is adopted:

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

**LAFCO #DA 23-19 – Porter Gulch Road Parcel Annexation to Santa Cruz County
Sanitation District**

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 27th day of February 2024, by the following vote:

AYES: Supervisors: Koenig, Friend, Hernandez, McPherson and Cummings
NOES: None
ABSENT: None

DocuSigned by:
Justin Cummings
3F3CBD7CBC2B443...

2/29/2024

Justin Cummings
Chair of Said Board

Resolution 41-2024

ATTEST: DocuSigned by:
Juliette Rezzato
466B074F3141450...

Juliette Rezzato 2/29/2024
Clerk of Said Board

DocuSigned by:
Jason M. Heath
AF757CF813B5418...
APPROVED AS TO FORM: 2/6/2024
County Counsel

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

Exhibit A

Agenda: February 27, 2024

LAFCO #DA 23-19 – Porter Gulch Road Parcel to County of Santa Cruz Sanitation District

1. Description

LAFCO # DA 23-14 – Porter Gulch Road Parcel to County of Santa Cruz Sanitation District
Assessor's Parcel Number 037-161-15

2. Property Tax Exchange

A. Base Year Full Cash Value: No Exchange

B. Incremental Full Cash Value: No Exchange

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

Certificate Of Completion

Envelope Id: BC730B63AD2E4A5B838615A58B101974
Subject: Complete with DocuSign: DA 23-19 Resolution.doc
Source Envelope:
Document Pages: 3
Certificate Pages: 5
AutoNav: Enabled
Enveloped Stamping: Enabled
Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Status: Completed

Envelope Originator:
Melodye Serino
701 Ocean Street
Santa Cruz, CA 95060
Melodye.Serino@santacruzcountyca.gov
IP Address: 63.194.190.100

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Status: Original
2/6/2024 1:49:32 PM
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Melodye.Serino@santacruzcountyca.gov
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Signer Events

Jason M. Heath
Jason.Heath@santacruzcounty.us
County Counsel -- Approved as to Form
Security Level: Email, Account Authentication (None)

Signature

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Viewed: 2/6/2024 1:59:10 PM
Signed: 2/6/2024 1:59:28 PM

Electronic Record and Signature Disclosure:
Accepted: 2/6/2024 1:59:10 PM
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In Person Signer Events

Signature

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Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

Melodye Serino
melodye.serino@santacruzcountyca.gov
Deputy CAO
County of Santa Cruz
Security Level: Email, Account Authentication (None)

COPIED

Sent: 2/6/2024 1:59:29 PM

Electronic Record and Signature Disclosure:
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Witness Events

Signature

Timestamp

Notary Events

Signature

Timestamp

Envelope Summary Events

Status

Timestamps

Envelope Sent

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2/6/2024 1:51:23 PM

Resolution 41-2024

Envelope Summary Events

Status

Timestamps

Certified Delivered	Security Checked	2/6/2024 1:59:10 PM
Signing Complete	Security Checked	2/6/2024 1:59:28 PM
Completed	Security Checked	2/6/2024 1:59:29 PM

Payment Events

Status

Timestamps

Electronic Record and Signature Disclosure

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

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

Withdrawing your consent

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

Consequences of changing your mind

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

All notices and disclosures will be sent to you electronically

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

How to contact County of Santa Cruz:

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

To contact us by email send messages to: nada.algharib@santacruzcounty.us

To advise County of Santa Cruz of your new email address

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

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

To request paper copies from County of Santa Cruz

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

To withdraw your consent with County of Santa Cruz

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

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

Required hardware and software

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

Acknowledging your access and consent to receive and sign documents electronically

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

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

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

Notice of Exemption

To: Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento CA 95814

From: (Public Agency)
Santa Cruz Local Agency Formation Commission
701 Ocean Street, Room 318-D
Santa Cruz CA 95060

To: Clerk of the Board
County of Santa Cruz
701 Ocean Street, Room 500
Santa Cruz CA 95060

Project Title: "Porter Gulch Road Parcel **Annexation**" to the Santa Cruz County Sanitation District

Project Location: The subject area is within unincorporated county territory and is located north of Soquel Drive, east of Park Avenue, south of Tolak Road, and west of Porter Gulch Road. 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: The proposal was initiated by landowner petition. The subject area includes a single parcel totaling seven acres. The purpose of the proposal is for the provision of sewer services from a nearby public agency to existing and future single-family homes. **The subject parcel is within the District's sphere of influence, indicating that the District is the most logical service provider to the subject parcel for sewer services.**

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 May 1, 2024.** Additional information on the upcoming meeting is available on the LAFCO website (<https://www.santacruzlafco.org>).

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

Exempt Status: (check one)

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269 (b)(c));
- Categorical Exemption: State type and section number
- Statutory Exemptions: State code number
- Other: The activity is not a project subject to CEQA.

Reason Why Project is Exempt: Pursuant to CEQA Guidelines Section 15319, Class 9(a): Annexations to a city or special district of areas containing existing or private structures developed to the density allowed by the current zoning or pre-zoning, of either the gaining or losing governmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities.

Lead Agency Contact Person: Joe A. Serrano

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

Signature: _____
Joe A. Serrano, Executive Officer

Date: May 2, 2024

Signed by Lead Agency



**NOTICE OF PUBLIC HEARING
LOCAL AGENCY FORMATION COMMISSION**

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, May 1, 2024, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following items:

- **“Porter Gulch Road Parcel Annexation” (LAFCO Project No. DA 23-19):** Consideration of a single parcel annexation (totaling 7 acres) to the Santa Cruz County Sanitation District (SCCSD). The subject area is generally located north of Soquel Drive, east of Park Avenue, south of Tolak Road, and west of Porter Gulch Road. SCCSD is capable of providing sewer service to the subject parcel, if annexed.
- **Final Budget for Fiscal Year 2024-25:** Adoption of the final budget for the upcoming fiscal year. The review, approval, and notice of this budget will be conducted in a manner consistent with Government Code Section 56381.

In compliance with the California Environmental Quality Act (CEQA), LAFCO staff is scheduled to prepare a Categorical Exemption for the 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.

A handwritten signature in blue ink, appearing to read 'Joe A. Serrano', written over a horizontal line.

Joe A. Serrano
Executive Officer
Date: April 9, 2024

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2024-10

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
“PORTER GULCH ROAD PARCEL ANNEXATION”
TO THE SANTA CRUZ COUNTY SANITATION DISTRICT
(LAFCO PROJECT NO. DA 23-19)

WHEREAS, an application requesting the annexation was filed by landowner petition pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.); and

WHEREAS, the proposal was initiated by the affected landowner and therefore has 100% landowner consent. The subject area includes a single parcel (APN: 037-161-15) totaling approximately seven acres. The purpose of the proposal is for the provision of sewer services from a nearby public agency to the existing facility; and

WHEREAS, the proposal was assigned the short-term designation of “Porter Gulch Road Parcel Annexation”; and

WHEREAS, the subject area is within unincorporated county territory and is located north of Soquel Drive, east of Park Avenue, south of Tolak Road, and west of Porter Gulch Road; and

WHEREAS, the subject parcel is within the District’s sphere of influence, indicating that the Santa Cruz County Sanitation District is the most logical service provider to the subject parcel for sewer services; and

WHEREAS, the proposal consists of the following change of organization: annexation into the Santa Cruz County Sanitation District (“District”); and

WHEREAS, correspondence summarizing the proposal was sent to all affected and interested agencies requesting comments on January 9, 2024. LAFCO did not receive any opposition following the conclusion of the comment period; and

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

WHEREAS, a public hearing by the Commission was held on May 1, 2024; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented.

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

Section 1. The foregoing recitals are true and correct.

Section 2. Compliance with the California Environmental Quality Act (CEQA) has been met by a categorical exemption pursuant to State CEQA Guidelines Section 15319, Class 9(a): Annexations to a city or special district of areas containing existing or private structures developed to the density allowed by the current zoning or pre-zoning, of either the gaining or losing governmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities. Staff may file a notice of exemption.

Section 3. The Commission considered the requirements set forth for annexation in the Cortese-Knox-Hertzberg Act, Government Code Section 56650, and found the proposal to be consistent with those requirements as outlined below:

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

LAFCO analyzed these and other factors as part of the May 1st staff report.

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

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

- a) Agency Endorsement: The Executive Officer shall not file the application unless the affected public agency has submitted a written endorsement indicating its willingness to provide the service if the Commission approves the request. The District submitted a Will-Serve Letter dated December 8, 2023 indicating its willingness and ability to provide services to the two existing single family homes and future development (additional four dwelling units).

- b) Fee Deposit: The applicant shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. The applicant submitted a fee deposit of \$2,500 as part of the application packet.
- c) Map & Legal Description: A map of any proposed boundary changes shall show the present and proposed boundaries of all affected agencies in the vicinity of the proposal site. The Commission shall assure that any approved boundary changes are definite and certain. The required metes and bounds of the proposal are shown on Exhibit A. The vicinity map of the proposal is shown on Exhibit B.
- d) Commission Hearing: The Commission shall consider the request after it has been placed on an agenda of a Commission meeting. After deeming the proposal complete, the Executive Officer advertised the proposal in the Santa Cruz Sentinel newspaper on April 9, 2024, and scheduled the proposal for Commission consideration on May 1, 2024.

Section 5. The applicant shall agree, as a condition of the approval of the application for annexation, to be bound by the LAFCO Indemnification and Defense Form signed on December 7, 2023.

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

- a) 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 local agency before LAFCO can consider a jurisdictional change. The Board of Supervisors (BOS) acts as the authorizing body for the District regarding property tax adjustments. The BOS adopted the property tax exchange agreement for this proposal on February 27, 2024.
- b) State Board of Equalization: The proponent shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
- c) District Fees & Charges: The District shall levy and collect within the territory being annexed any previously established and collected benefit assessment of property-related fees or charges that are collected within all or part of the district at the time of annexation. The applicant shall be responsible for all fees and costs associated with the connection of sewer service with the District.
- d) LAFCO Processing Fees: The applicant shall pay any remaining processing fees as set in this Commission's Schedule of Fees and Deposits.

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

Section 8. The Commission shall approve, disapprove, or approve with conditions the proposed annexation. If the proposal is disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration. If the Commission denies a request, a similar application cannot be re-filed for one year unless the Commission grants an exception to this rule.

Section 9. The Executive Officer will hereby conduct a 30-day request for reconsideration in accordance with Government Code Section 56895.

Section 10. The Executive Officer is hereby authorized and directed to waive the protest proceedings entirely because the proposal meets the criteria outlined in Government Code Section 56662(d).

Section 11. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Government Code Section 56882.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 1st day of May 2024.

AYES:

NOES:

ABSTAIN:

JOHN HUNT, CHAIRPERSON

Attest:

Approved as to form:

Joe A. Serrano
Executive Officer

Joshua Nelson
LAFCO Counsel

Exhibit A: Map & Legal Description

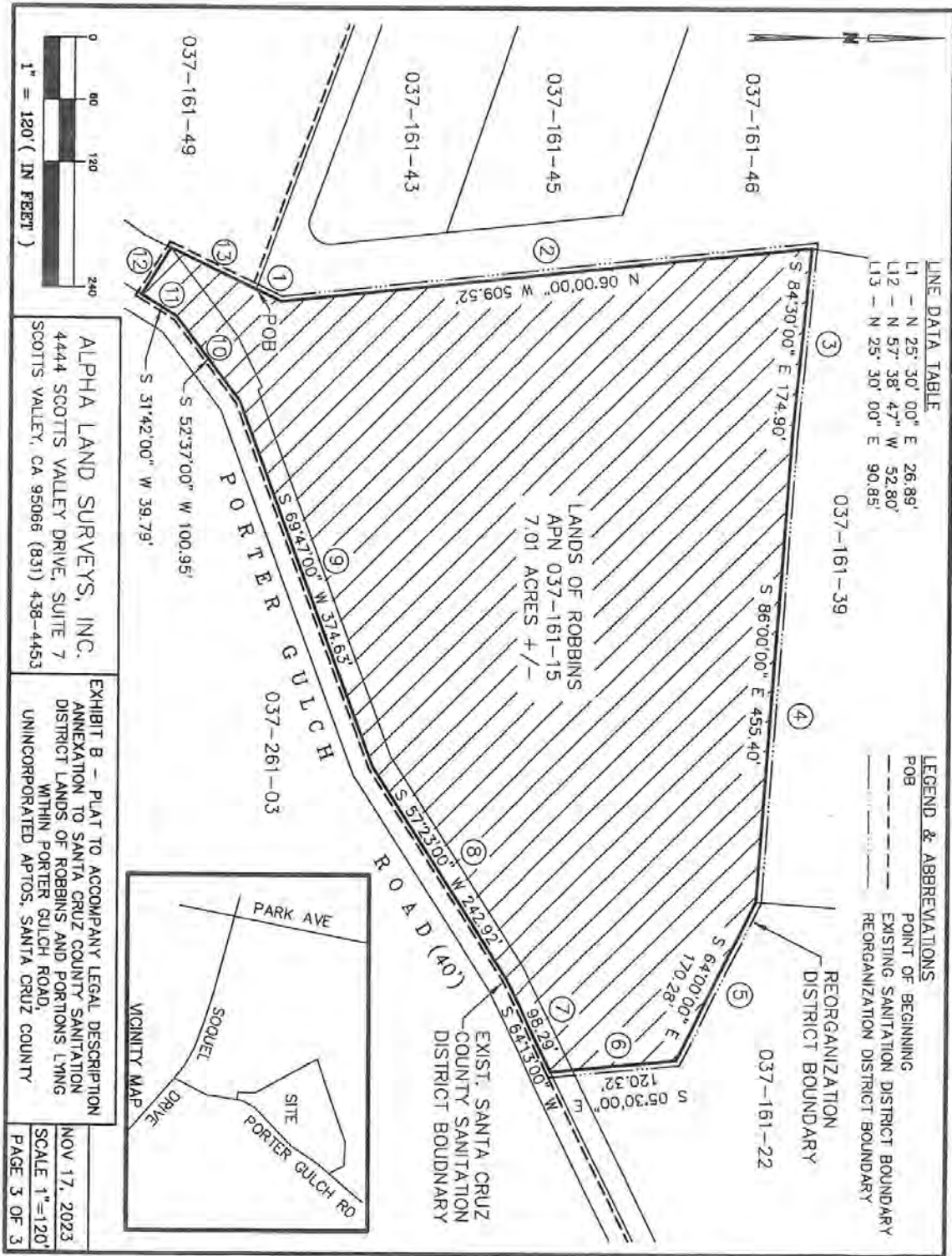
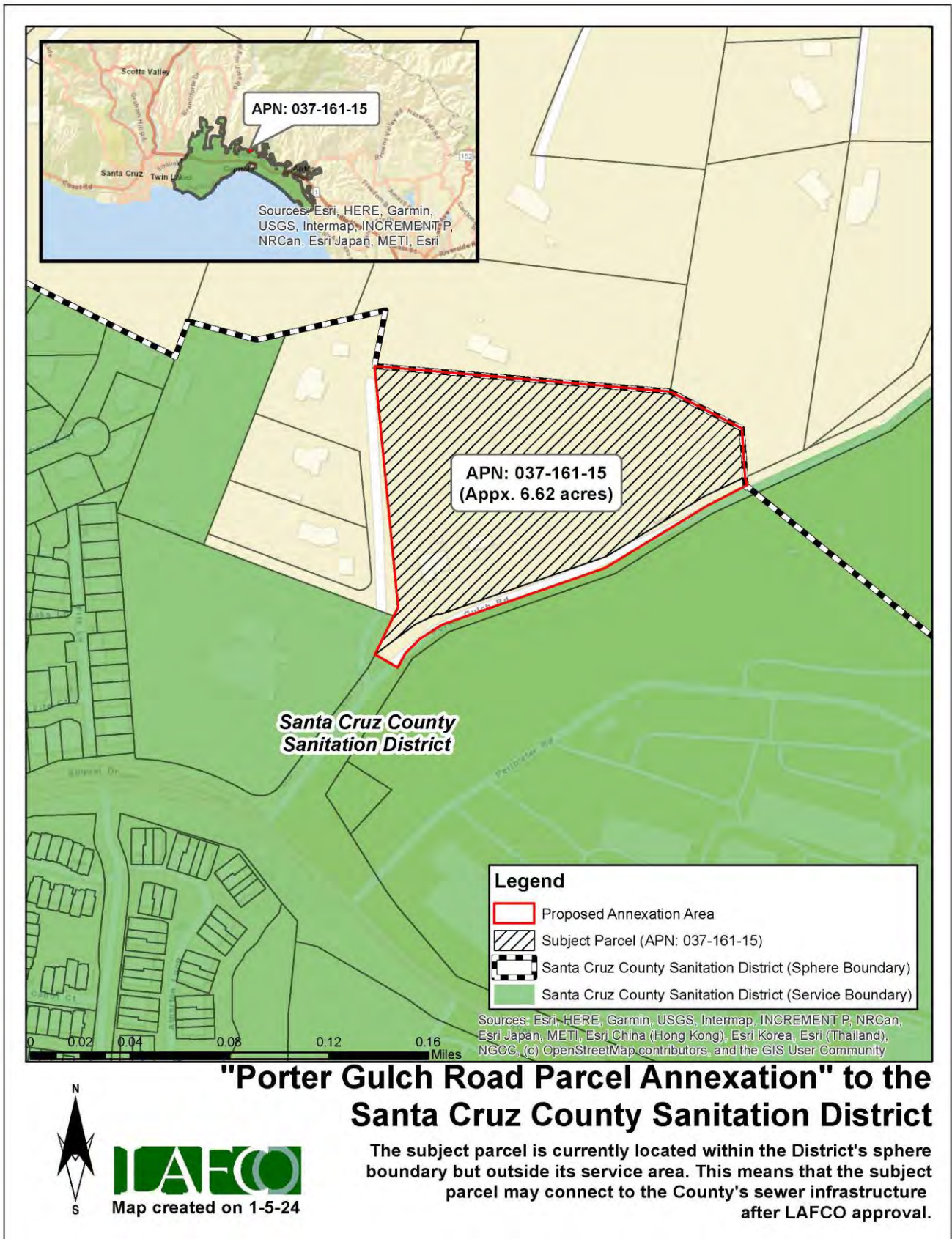


Exhibit B: Vicinity Map





Date: May 1, 2024
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Final Budget for Fiscal Year 2024-25**

SUMMARY OF RECOMMENDATION

State law requires that LAFCO adopt a final budget by June 15 of each year. The draft budget was adopted in April and the final budget is now ready for consideration. This report will provide an overview of the FY 2024-25 final budget.

It is recommended that the Commission take the following actions:

1. Adopt the draft resolution (No. 2024-11) approving the final budget for Fiscal Year 2024-25; and
2. Authorize the Executive Officer to request the Auditor-Controller's Office to distribute the final budget and apportionment amounts to the funding agencies by July 2024.

EXECUTIVE OFFICER'S REPORT:

The Commission adopted a draft budget for Fiscal Year 2024-25 on April 3rd¹ and directed staff to inform the funding agencies about the proposed budget and anticipated allocation amounts. The draft budget and proposed allocations were distributed to each of the funding agencies for review and comment. No formal comments were received. After the distribution of the draft budget, Santa Cruz LAFCO participated in an interview process, along with four other LAFCOs, to hire a firm to produce audits for the next five years. The following section summarizes the impact of the hiring process on the budget.

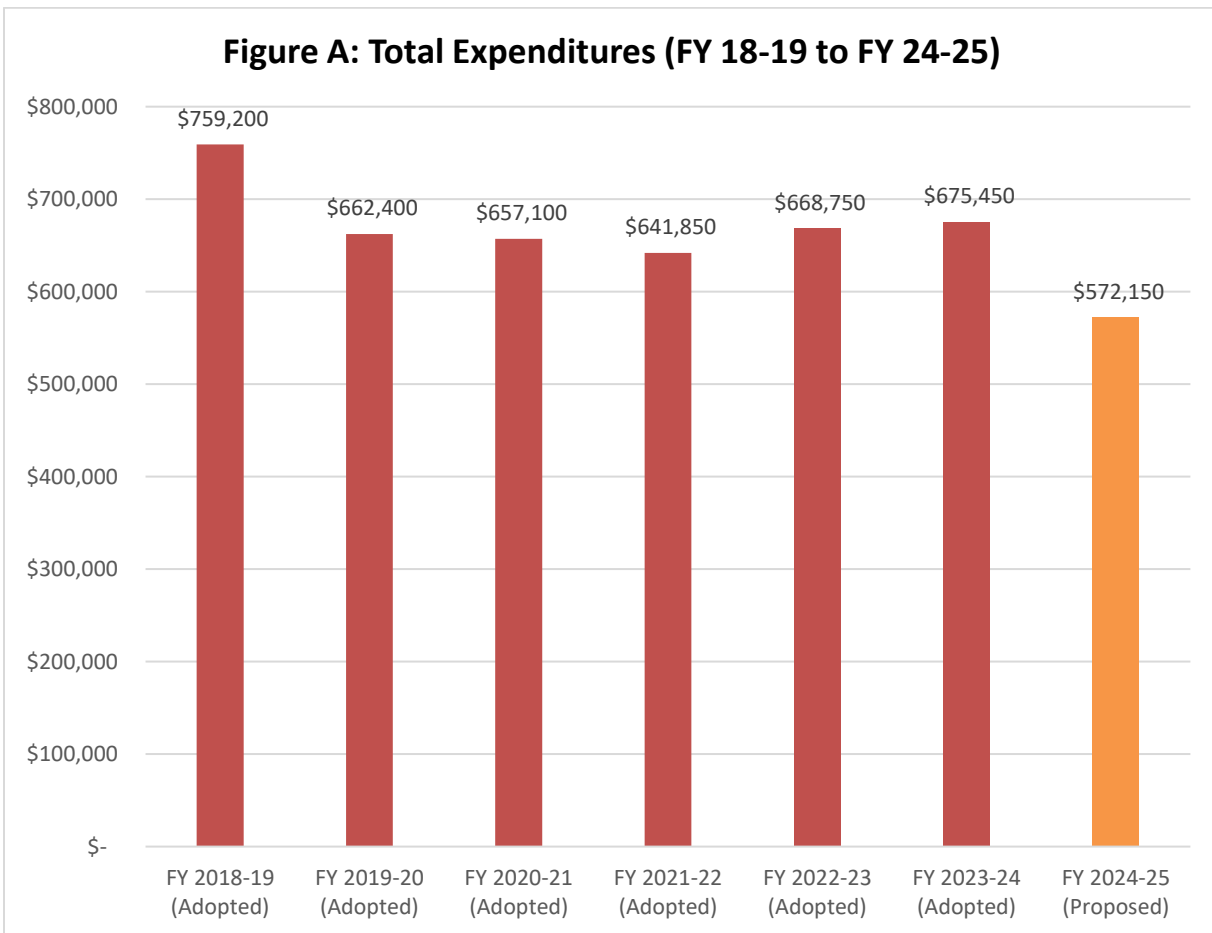
Accounting Services Budget Line Item (Future Audits)

A total of five LAFCOs submitted a joint request for proposal in January to identify a firm to produce audits for the respective LAFCOs for the next five years: El Dorado, Fresno, Marin, Santa Barbara, and Santa Cruz. Four bids were submitted before the March 22nd deadline. The five LAFCOs analyzed the bids and scheduled an interview for the top three bids from *Brown Armstrong Accountancy Corporation*, *Chavan & Associates LLP*, and *Davis Farr LLP*. Formal interviews were held on April 15, 2024 from 10am to Noon. The Commission will consider hiring the most qualified firm on June 5. In the interim, the final budget will include an increase to the *Accounting Services* budget line item by \$2,500 (\$11,500 to \$14,000) to ensure that enough funds are available regardless of which firm is chosen. Staff reduced *Data Services* by \$1,500 (\$11,000 to \$9,500) and *Miscellaneous Expense* by \$1,000 (\$5,000 to \$4,000) to balance the budget. No further changes were made. The updated version of the proposed budget is shown in **Attachment 1** for the Commission's consideration.

¹ 4/3/24 Staff Report: https://santacruzlafco.org/wp-content/uploads/2024/03/5b.0-Draft-Budget-Staff-Report_Hyperlinked.pdf

CONCLUSION

While LAFCO is experiencing a slight budget increase in *Accounting Services*, the Commission has taken proactive measures during the last few years to reduce overall costs. **Figure A** shows how the Commission has dramatically decreased total expenditures since FY 2018-19. Under this conservative approach, LAFCO staff was able to propose a budget for Fiscal Year 2024-25 that reduces total expenditures by 15% while also being more transparent with the inclusion of total reserves. Therefore, staff is recommending that the Commission adopt the final budget for the upcoming fiscal year by adopting the draft budget shown in **Attachment 2**.



Respectfully Submitted,

Joe A. Serrano
Executive Officer

Attachments:

1. FY 2024-25 Final Budget
2. Draft Resolution (LAFCO No. 2024-11)

cc: County of Santa Cruz (Board of Supervisors, Auditor-Controller, and CAO)
Cities (Capitola, Santa Cruz, Scotts Valley, and Watsonville)
Independent Special Districts (20 in total)

5B: ATTACHMENT 1

FISCAL YEAR 2024-25	FY 23-24 Adopted Budget	FY 24-25 Final Budget	Budget Variance (\$)	Budget Variance (%)
REVENUE DESCRIPTION				
Interest	\$ 1,500	\$ 1,500	\$ -	0%
Funding Agencies' Apportionments	\$ 419,265	\$ 419,265	\$ -	0%
LAFCO Processing Fees	\$ -	\$ -	\$ -	0%
Medical Charges-Employee	\$ -	\$ -	\$ -	0%
Reserves / Fund Balance	\$ 254,685	\$ 351,385	\$ 96,700	38%
TOTAL REVENUES	\$ 675,450	\$ 772,150	\$ 96,700	14%
EXPENDITURE DESCRIPTION				
Regular Pay	\$ 245,000	\$ 260,000	\$ 15,000	6%
Holiday Pay	\$ 10,000	\$ 10,300	\$ 300	3%
Social Security	\$ 18,000	\$ 18,000	\$ -	0%
PERS	\$ 103,000	\$ 113,000	\$ 10,000	10%
Insurances	\$ 45,000	\$ 45,000	\$ -	0%
Unemployment	\$ 250	\$ 600	\$ 350	140%
Workers Comp	\$ 500	\$ 1,500	\$ 1,000	200%
Total Salaries & Benefits	\$ 421,750	\$ 448,400	\$ 26,650	6%
Telecom	\$ 1,200	\$ 1,600	\$ 400	33%
Office Equipment	\$ 200	\$ 200	\$ -	0%
Memberships	\$ 7,500	\$ 7,500	\$ -	0%
Hardware	\$ 150	\$ -	\$ (150)	0%
Duplicating	\$ 500	\$ 500	\$ -	0%
PC Software	\$ 600	\$ 700	\$ 100	17%
Postage	\$ 1,000	\$ 800	\$ (200)	-20%
Subscriptions	\$ 1,800	\$ 3,300	\$ 1,500	83%
Supplies	\$ 800	\$ 500	\$ (300)	-38%
Accounting	\$ 1,500	\$ 14,000	\$ 12,500	833%
Attorney	\$ 150,000	\$ 15,000	\$ (135,000)	-90%
Data Service	\$ 12,000	\$ 9,500	\$ (2,500)	-21%
Director Fees	\$ 5,000	\$ 5,000	\$ -	0%
Prof. Services	\$ 45,000	\$ 40,000	\$ (5,000)	-11%
Legal Notices	\$ 3,500	\$ 4,000	\$ 500	14%
Rents	\$ 9,400	\$ 10,000	\$ 600	6%
Misc. Expenses	\$ 5,000	\$ 4,000	\$ (1,000)	-20%
Air Fare	\$ 1,500	\$ 600	\$ (900)	-60%
Auto Rental	\$ -	\$ -	\$ -	0%
Training	\$ 1,000	\$ 500	\$ (500)	-50%
Lodging	\$ 2,000	\$ 2,000	\$ -	0%
Meals	\$ -	\$ -	\$ -	0%
Mileage	\$ 800	\$ 800	\$ -	0%
Travel-Other	\$ 250	\$ 250	\$ -	0%
Registrations	\$ 3,000	\$ 3,000	\$ -	0%
Total Services & Supplies	\$ 253,700	\$ 123,750	\$ (129,950)	-51%
TOTAL EXPENDITURES	\$ 675,450	\$ 572,150	\$ (103,300)	-15%
RESERVE DESCRIPTION				
Contingency Reserves	\$ -	\$ 100,000	\$ 100,000	-
Litigation Reserves	\$ -	\$ 100,000	\$ 100,000	-
Total Reserve Balance	\$ -	\$ 200,000	\$ 200,000	-
TOTAL EXPENDITURES & RESERVES	\$ 675,450	\$ 772,150	\$ 96,700	14%

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2024-11

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
ADOPTING A FINAL BUDGET FOR FISCAL YEAR 2024-25

WHEREAS, California Government Code Section 56381(a) requires the Local Agency Formation Commission of Santa Cruz County (“LAFCO” or “Commission”) to adopt draft and final budgets each year by May 1st and June 15th, respectively; and

WHEREAS, the Commission’s Executive Officer prepared a written report outlining recommendations with respect to anticipated work activities and budgetary needs in Fiscal Year 2024-25; and

WHEREAS, the draft budget was advertised in the Santa Cruz Sentinel Newspaper on March 12th for consideration at the April 3rd LAFCO Meeting; and

WHEREAS, the Commission heard and fully considered all the evidence on a draft budget during a public hearing held on April 3, 2024; and

WHEREAS, the Commission directed the Executive Officer to distribute the adopted draft budget to all funding agencies for additional comments; and

WHEREAS, the Commission did not receive any formal written correspondence from the funding agencies regarding the draft budget or the proposed apportionment amount; and

WHEREAS, the final budget was advertised in the Santa Cruz Sentinel Newspaper on April 9th for consideration at the May 1st LAFCO Meeting; and

WHEREAS, the Commission heard and fully considered all the evidence on a final budget during a public hearing held on May 1, 2024; and

WHEREAS, the draft and final budget will allow the Commission to fulfill the programs and purposes of the Cortese-Knox-Hertzberg Act because it will allow the Commission to prepare the state-mandated service reviews in a timely manner; and

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby adopts a final budget for the fiscal year beginning July 1, 2024 in the amount of \$772,150, with the amount to be funded by the participating agencies of \$419,265 which includes the County Auditor-Controller’s fee to calculate and collect the participating agencies’ apportionments.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 1st day of May 2024.

AYES:

NOES:

ABSTAIN:

JOHN HUNT, CHAIRPERSON

Attest:

Approved as to form:

Joe A. Serrano
Executive Officer

Joshua Nelson
LAFCO Counsel

DRAFT



Santa Cruz Local Agency Formation Commission

Date: May 1, 2024
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Comprehensive Quarterly Report – Third Quarter (FY 2023-24)**

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 January through March. 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 2023-24 Comprehensive Quarterly Report (Third Quarter)

Comprehensive Quarterly Report

FISCAL YEAR 2023-24
THIRD QUARTER
(JANUARY TO MARCH)



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

ACTIVE PROPOSALS

Santa Cruz LAFCO currently has three active applications:

1. **“Pajaro Valley Fire Protection District Reorganization” (Project No. RO 22-06):** This application was initiated by board resolution on March 22, 2022 and proposes the annexation of approximately 72 square miles into the 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: The District’s recent attempt to increase funding failed in a recent election and could face financial distress. The District’s Board of Directors are considering several options, including but not limited to, dissolving PVFPD and concurrently annexing the dissolved area to County Service Area 48. LAFCO staff will begin coordinating with the District, CalFire, and the County to determine if this proposed reorganization or other governance options are feasible.

2. **“Porter Gulch Road Parcel Annexation” to the Santa Cruz County Sanitation District (Project No. DA 23-19):** This application was initiated by landowner petition on December 14, 2023 and proposes to annex a single parcel (APN: 037-161-15). The subject parcel currently has two single-family homes, and an additional four dwelling units are being considered for construction. The purpose of the annexation is for the delivery of sewer service to the current and future homes.

Latest Status: The Commission will consider the application at the May 1st meeting. If approved, the annexation will be recorded by mid/late June 2024.

3. **“Reclamation District No. 2049 Dissolution” (Project No. DDI 24-02):** This application was initiated by Commission resolution on February 7, 2024 and proposes to dissolve the only reclamation district in Santa Cruz County. If approved, the dissolution will address the inactive status of the district which currently has no full-time staff, no office or website, and only one board member.

Latest Status: The Commission terminated the application (Project No. DDI 23-03) in February 2024 after a year of inactivity and additionally initiated the dissolution of the District in accordance with GCS 56375(a)(2)(B). The Commission will consider the current application (Project No. DDI 24-02) at the June 5, 2024 meeting.

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. The Commission reviews and adopts the work plan on an annual basis. A total of seven separate service and sphere reviews will be completed in 2024. Below is a summary of each scheduled review.

- 1. County Service Area 38 (Sheriff's Patrol)** – The CSA was formed in 1983 and provides extended police protection, under the County Sheriff's Department, to areas outside city limits. The CSA serves the entire county excluding the four cities.

Tentative Hearing Date: The Commission adopted the service and sphere review on January 10, 2024.

- 2. 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.

Tentative Hearing Date: The Commission adopted the service and sphere review on February 7, 2024.

- 3. County Service Area 3 (Aptos Seascap)** – The CSA was formed in 1965 to provide a series of services to the unincorporated community known as Seascap. Services allowed to be provided by CSA 3 include road median landscaping maintenance, street sweeping, beach access maintenance, beach patrol, and beach litter control.

Tentative Hearing Date: The Commission adopted the service and sphere review on April 3, 2024.

- 4. County Service Area 57 (Graham Hill)** – The CSA was formed in 2001 to provide sanitary and storm sewer services to the Woods Cove Subdivision. In 2014, sanitary sewer services along Graham Hill Road were transferred to County Service Area 10 (Rolling Woods). CSA 57 continues to provide storm drain maintenance to Woods Cove.

Tentative Hearing Date: A service and sphere review is scheduled to be presented to the Commission in June 2024.

- 5. Santa Cruz Port District** – The District was formed in 1950 to provide for and manage small craft harbor facilities in Santa Cruz County. The District offers slip renter services including wet berthing and dry storage, as well as visitor services such as visitor berthing, launching and parking. The District also leases space for restaurants, retail, office, and marine commercial businesses.

Tentative Hearing Date: A service and sphere review is scheduled to be presented to the Commission in August 2024.

- 6. Midpeninsula Regional Open Space District** – The District was formed in 1972 to preserve the regional greenbelt in northwestern Santa Clara County. In accordance with its principal act, the District may be located within multiple counties as long as the lands are contiguous. In the last four decades, the District has expanded its services into three counties. In 1992, the District was extended to include a small portion of Santa Cruz County.

Tentative Hearing Date: A service and sphere review is scheduled to be presented to the Commission in October 2024.

- 7. Sanitation Districts (10 in total)** – Wastewater services within Santa Cruz County are provided by three cities, five special districts, and six CSAs. Facilities range from individual or small community septic systems to local wastewater collection systems and regional treatment plants. This service review will focus on the following 10 special districts: Bear Creek Estates Wastewater System (San Lorenzo Valley Water District), CSA 2, CSA 5, CSA 7, CSA 10, CSA 20, Davenport County Sanitation District, Freedom Sanitation District, Salsipuedes Sanitary District, and Santa Cruz County Sanitation District.

Tentative Hearing Date: A service and sphere review is scheduled to be presented to the Commission in November 2024.

PROFESSIONAL SERVICES AGREEMENT

Santa Cruz LAFCO currently has three active professional service agreements:

- 1. AP Triton (Feasibility Study):** 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 County also hired AP Triton to produce a countywide Fire Master Plan. The adopted contract notes that the services may not exceed \$40,000. While the hiring of AP Triton to complete the County's master plan does provide consistency in the data source and analysis with LAFCO's feasibility study, it has also delayed the completion of our study. ***Latest Status:*** *The feasibility study is now tentatively scheduled to be presented to the Commission in Summer-2024.*
- 2. Don Jarvis (Fire Consultant):** The Commission hired Don Jarvis in March 2022 to help with LAFCO's ongoing effort to address the efficient delivery of fire protection and emergency services throughout Santa Cruz County. The amount allowed under his current contract is set not to exceed \$40,000 per calendar year. During the third quarter, Mr. Jarvis worked 25 hours (\$2,500 in total). ***Latest Status:*** *Mr. Jarvis continues to assist staff with fire-related projects, including but not limited to, coordination with Felton and Pajaro Valley FPDs with their current situations.*
- 3. Piret Harmon (Water Consultant):** The Commission hired Piret Harmon in March 2023 to help LAFCO address water issues countywide, including but not limited the future governance of the Big Basin Water Company in the San Lorenzo Valley area. During the third quarter, Ms. Harmon worked 10.5 hours (\$1,050 in total). ***Latest Status:*** *Ms. Piret continues to assist staff with water-related projects, specifically with the Big Basin Water Company and their current situation.*

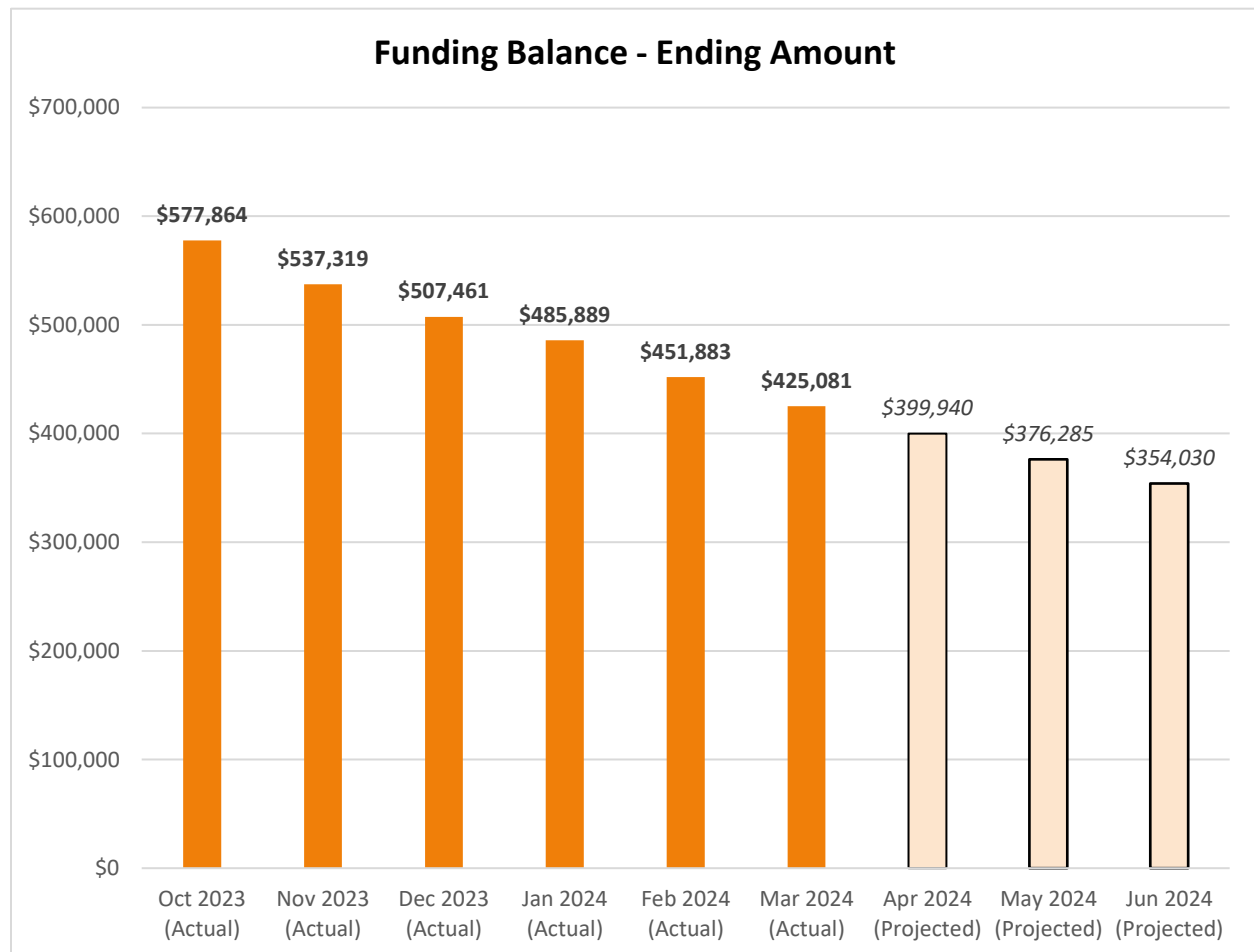
BUDGET REPORT

The third quarter of Fiscal Year 2023-24 ended on March 31, 2024. During this three-month period, the Commission received over \$9,000 in revenue. During the same period, the Commission incurred about \$93,000 in total expenses. In total, LAFCO used 55% of estimated costs during the first, second, and third quarter, as shown in the table below.

	FY 23-24 (1st Qtr.)	FY 23-24 (2nd Qtr.)	FY 23-24 (3rd Qtr.)	Available Funds	FY 23-24 Total Amt	FY 23-24 Budget	Percent (%)
Total Revenue	\$431,538	\$5,067	\$9,105	\$254,685	\$700,395	\$675,450	104%
Total Expense	<u>\$176,158</u>	<u>\$103,316</u>	<u>\$92,988</u>	-	<u>\$372,462</u>	<u>\$675,450</u>	55%
Difference	\$255,380	-\$98,249	-\$83,883	-	\$327,932	-	-

Fund Balance / Reserves

\$425,081 was the ending balance of the Commission's reserves on March 31, 2024: \$254,685 is earmarked to balance the budget and the remaining \$170,396 is designated as unrestricted revenue. The unrestricted revenue may be used to address any unanticipated expenses during this fiscal year. Below is an overview of the fund balance throughout the fiscal year.



FY 2023-24 Budget (Financial Performance by Quarter)

FISCAL YEAR 2023-24	FY 23-24 First Qtr. (Jul - Sep)	FY 23-24 Second Qtr (Oct - Dec)	FY 23-24 Third Qtr (Jan - Mar)	FY 23-24 Adopted Budget	FY 23-24 Actual	Difference (\$)	Budget Line Item Notes
REVENUES DESCRIPTION							
Interest	\$ 4,042	\$ 4,652	\$ 3,149	\$ 1,500	\$ 11,843	\$ 10,343	Surplus Funds
Contributions from Other Govt Agencies	\$ 419,265	\$ -	\$ 2,090	\$ 419,265	\$ 421,355	\$ 2,090	Marin LAFCO Workshop
LAFCO Processing Fees	\$ 7,850	\$ -	\$ 3,450	\$ -	\$ 11,300	\$ 11,300	Application Deposits
Medical Charges-Employee	\$ 381	\$ 415	\$ 415	\$ -	\$ 1,211	\$ 1,211	Surplus Funds
Re-budget from Fund Balance	\$ -	\$ -	\$ -	\$ 254,685	\$ 254,685	\$ 247,985	Net Position Funds (if needed)
TOTAL REVENUES	\$ 431,538	\$ 5,067	\$ 9,105	\$ 675,450	\$ 700,395	\$ 272,930	Additional Funds in Total Revenue
EXPENDITURES DESCRIPTION							
Regular Pay	\$ 49,999	\$ 62,808	\$ 53,713	\$ 245,000	\$ 166,521	\$ 78,479	Remaining Funds
Holiday Pay	\$ 1,560	\$ 2,812	\$ 3,750	\$ 10,000	\$ 8,122	\$ 1,878	Remaining Funds
Social Security	\$ 4,021	\$ 4,862	\$ 4,396	\$ 18,000	\$ 13,279	\$ 4,721	Remaining Funds
PERS	\$ 90,728	\$ 7,151	\$ 6,275	\$ 103,000	\$ 104,155	\$ (1,155)	Overbudgeted Amount
Insurances	\$ 9,270	\$ 9,360	\$ 10,184	\$ 45,000	\$ 28,814	\$ 16,186	Remaining Funds
Unemployment	\$ -	\$ -	\$ 868	\$ 250	\$ 868	\$ (618)	Overbudgeted Amount
Workers Comp	\$ (3)	\$ -	\$ -	\$ 500	\$ (3)	\$ 503	Remaining Funds
Salaries Sub-total	\$ 155,575	\$ 86,994	\$ 79,186	\$ 421,750	\$ 321,755	\$ 99,995	Remaining Funds in Salaries & Benefits
Telecom	\$ 157	\$ 584	\$ 586	\$ 1,200	\$ 1,327	\$ (127)	Overbudgeted Amount
Office Equipment	\$ 77	\$ -	\$ -	\$ 200	\$ 77	\$ 123	Remaining Funds
Memberships	\$ 5,413	\$ 1,715	\$ 34	\$ 7,500	\$ 7,162	\$ 338	Remaining Funds
Hardware	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ 150	Remaining Funds
Duplicating	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 500	Remaining Funds
PC Software	\$ 237	\$ -	\$ -	\$ 600	\$ 237	\$ 363	Remaining Funds
Postage	\$ 12	\$ 13	\$ 23	\$ 1,000	\$ 48	\$ 952	Remaining Funds
Subscriptions	\$ 1,719	\$ -	\$ 56	\$ 1,800	\$ 1,776	\$ 24	Remaining Funds
Supplies	\$ -	\$ -	\$ 60	\$ 800	\$ 60	\$ 740	Remaining Funds
Accounting	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ 1,500	Remaining Funds
Attorney	\$ 1,183	\$ 1,403	\$ 3,375	\$ 150,000	\$ 5,960	\$ 144,040	Remaining Funds
Data Process GIS	\$ 1,305	\$ 5,380	\$ 910	\$ 12,000	\$ 7,595	\$ 4,405	Remaining Funds
Director Fees	\$ 1,000	\$ 800	\$ -	\$ 5,000	\$ 1,800	\$ 3,200	Remaining Funds
Prof. Services	\$ 1,991	\$ 5,594	\$ 6,487	\$ 45,000	\$ 14,071	\$ 30,929	Remaining Funds
Legal Notices	\$ 3,160	\$ 446	\$ 701	\$ 3,500	\$ 4,307	\$ (807)	Overbudgeted Amount
Rents	\$ -	\$ -	\$ 328	\$ 9,400	\$ 328	\$ 9,072	Remaining Funds
Misc. Expenses	\$ 1,255	\$ 800	\$ 550	\$ 5,000	\$ 2,605	\$ 2,395	Remaining Funds
Air Fare	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ 1,500	Remaining Funds
Training	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000	Remaining Funds
Lodging	\$ -	\$ 238	\$ 167	\$ 2,000	\$ 405	\$ 1,595	Remaining Funds
Mileage	\$ -	\$ -	\$ -	\$ 800	\$ -	\$ 800	Remaining Funds
Travel-Other	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ 250	Remaining Funds
Registrations	\$ 3,075	\$ (650)	\$ 525	\$ 3,000	\$ 2,950	\$ 50	Remaining Funds
Supplies Sub-total	\$ 20,583	\$ 16,322	\$ 13,802	\$ 253,700	\$ 50,707	\$ 202,993	Remaining Funds in Services & Supplies
TOTAL EXPENDITURES	\$ 176,158	\$ 103,316	\$ 92,988	\$ 675,450	\$ 372,462	\$ 302,988	Remaining Funds in 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. 41 meetings were held during the third quarter (January, February, and March). A summary of those meetings is shown in the following table.

January Meetings			
Topic	Date	Subject Agency(ies)	Purpose
Grand Jury Visit	1/3	Santa Cruz Grand Jury	Staff met with grand jury members to discuss how LAFCO contacts local agencies.
Big Basin Water Company	1/3	Local and State Leaders	Staff participated in a group meeting to discuss the potential governance options for BBWC.
CSDA Representative Meet & Greet	1/4	California Special Districts Association	Staff met with the new CSDA representative for the Bay Area region.
CALAFCO Meeting	1/5	CALAFCO	Staff attended CALAFCO's regular board meeting.
Marin LAFCO Workshop	1/8	Marin LAFCO	Marin and Santa Cruz LAFCO staff met to prepare for the upcoming workshop.
Big Basin Water Company	1/11	Local and State Leaders	Staff attended this ongoing stakeholder meeting to discuss BBWC-related issues.
Multi-LAFCO Shared Services Agreement	1/11	Santa Barbara LAFCO	Staff attended Santa Barbara LAFCO's commission meeting to answer questions regarding the shared services agreement.
Marin LAFCO Workshop	1/12	Marin LAFCO	Staff acted as the facilitator for Marin LAFCO's commission workshop in accordance with the shared services agreement.
CSA Formation (Road Service)	1/16	Lompico Area Representatives	Staff met with reps from the road association to discuss steps to form a CSA for road services in the Lompico area.
Reclamation District Status Update	1/18	Reclamation District No. 2049 and the PV Water Mgmt. Agency	Staff hosted a stakeholder meeting with reps from both agencies to discuss the proposed dissolution of the reclamation district.
Santa Cruz County Small Water Systems Forum	1/18	Santa Cruz County Environmental Health	Staff presented a "LAFCO 101" to the small water systems in the county.
CAO Office	1/22	Santa Cruz County	Staff met with the County's CAO to provide an update on LAFCO-related projects affecting Santa Cruz County.
City Selection Committee	1/22	Cities & County	Staff attended the committee meeting and answered questions regarding the new city rotation schedule on LAFCO.
Scotts Valley FPD	1/24	Scotts Valley FPD	Staff met with the fire chief to discuss how the agency is doing post-reorganization.
Big Basin Water Company	1/24	Court-Appointed Receiver	Staff met with the court receiver to discuss BBWC governance options.
Big Basin Water Company	1/25	Local and State Leaders	Staff attended this ongoing stakeholder meeting to discuss BBWC-related issues.

February Meetings

Topic	Date	Subject Agency(ies)	Purpose
CSA Formation (Road Service)	2/1	Lompico Area Representatives	Staff met with reps from the road association to discuss steps to form a CSA for road services in the Lompico area.
Big Basin Water Company	2/6	Court-Appointed Receiver	Staff met with the court receiver to discuss BBWC governance options.
Councilmember (Meet & Greet)	2/7	City of Watsonville	Staff met with Ari Parker, District 7 Representative from the City of Watsonville.
Water Commission	2/7	County	Staff participated in the County's regular water commission meeting.
Big Basin Water Company	2/8	Local and State Leaders	Staff attended this ongoing stakeholder meeting to discuss BBWC-related issues.
Big Basin Water Company Discussion	2/9	Court-Appointed Receiver and Moonshot Missions	Staff introduced Moonshot Missions reps to the court receiver and discussed how this non-profit organization may help with the court's effort to find a successor agency.
CSA 38 (Sheriff's Patrol)	2/13	Sheriff and CSA 38	Staff met with the Sheriff and County reps to discuss the status of CSA 38's service and sphere review.
Central Fire District	2/15	Central Fire District	Staff met with Chief Jason Nee to receive update on LAFCO-related projects.
City of Watsonville	2/16	City of Watsonville	Staff met with City of Watsonville Manager Rene Mendez to receive an update on LAFCO-related projects.
Legislative Committee	2/16	CALAFCO	Staff provided a status update regarding this year's omnibus bill.
Public Member	2/16	Becky Steinbruner	Staff met with a resident to discuss several LAFCO-related topics and projects.
Big Basin Water Company	2/22	Local and State Leaders	Staff attended this ongoing stakeholder meeting to discuss BBWC-related issues.
Professional Fighters Union	2/27	Professional Firefighters of Santa Cruz County	Staff met with reps from the union to discuss the impacts of future reorganizations.
UC Santa Cruz (Meet & Greet)	2/29	UCSC	Staff had an introductory meeting with the UCSC Chancellor and members of her staff.

March Meetings

Topic	Date	Subject Agency(ies)	Purpose
CalFire	3/4	CalFire	Staff met with CalFire representatives to discuss ongoing fire issues in the county.
Zayante FPD	3/4	Zayante FPD & Supervisor McPherson	Staff met with County and SVFPD reps to discuss the District's efforts to raise more funds while the County explores options for road improvements in Lompico.
Special District Chapter	3/6	California Special Districts Association	Staff met with CSDA and district reps to discuss the potential formation of a chapter in Santa Cruz County.
Big Basin Water Company	3/7	Local and State Leaders	Staff attended this ongoing stakeholder meeting to discuss BBWC-related issues.
Fifth Supervisorial District	3/8	Supervisor Bruce McPherson's Office	Staff met with Supervisor McPherson's Office regarding LAFCO-related projects in the Fifth Supervisorial District.
CSA Formation (Road Services)	3/13	Lompico Area Residents & Bruce McPherson's Office	Staff met with Supervisor Bruce McPherson, his staff, and residents of his district to discuss road services in the Lompico area.
CSA 57 (Graham Hill)	3/13	CSA 57	Staff met with County reps to discuss the status of CSA 57's service review.
Multi-LAFCO Shared Services Agreement	3/14	San Benito LAFCO	Staff attended San Benito LAFCO's commission meeting to answer questions regarding the shared services agreement.
Annexation Plan	3/20	City of Capitola	Staff met with the City Manager to discuss the hiring of an outside consultant to produce an annexation plan.
Big Basin Water Company	3/21	Local and State Leaders	Staff attended this ongoing stakeholder meeting to discuss BBWC-related issues.
Legislative Committee	3/22	CALAFCO	Staff provided a status update regarding this year's omnibus bill.
CSA 37 Residents	3/22	CSA 37	Staff met with representatives from CSA 37 to discuss governance options.
Big Basin Water Company Discussion	3/25	Court-Appointed Receiver and Residents	Staff met with reps from Serviam by Wright LLP and Moonshot Missions to discuss BBWC governance options.
CSA Formation	3/26	Lompico	Staff met with a resident of the Lompico area to discuss the CSA formation process and its impact/benefits to the community.



Santa Cruz Local Agency Formation Commission

Date: May 1, 2024
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Press Articles during the Months of March and April**

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: “La Jolla cityhood effort still in research phase”: The article, dated March 25, provides an update on the ongoing efforts by residents in San Diego County to form a new city. The Association for the City of La Jolla is attempting to detach from the City of San Diego and concurrent incorporate the dissolved area. This effort must be approved by San Diego LAFCO and supported by the City of San Diego in order to be successful.

Article #2: “Thousands of Santa Cruz homeowners scramble to find new insurance after State Farm non-renewals”: The article, dated April 1, explains how 4,300 county residents have lost coverage from State Farm Insurance. The agency has indicated that home insurances will not be renewed due to the fire risk in the unincorporated areas. Such impact is another reason why LAFCO continues to explore ways to ensure adequate fire protection countywide.

Article #3: “Enrollment decline, budget worries add urgency to consolidation talk across Santa Cruz County’s 10 school districts”: The article, dated April 8, discusses the potential benefits and challenges associated with merging school districts. It is important to note that LAFCOs have no jurisdiction over school districts, and therefore, such consolidations would not require LAFCO action.

Respectfully Submitted,

Joe A. Serrano
Executive Officer

Attachments:

- 1. “La Jolla cityhood effort still in research phase”
- 2. “Thousands of Santa Cruz homeowners scramble to find new insurance...”
- 3. “...Consolidation talk across Santa Cruz County’s 10 school districts”

lajollalight.com

Updates: La Jolla cityhood effort still in research phase - La Jolla Light

Ashley Mackin-Solomon

2–3 minutes

Work is still being done behind the scenes to research whether making La Jolla its own city is viable.

The effort, led by the Association for the City of La Jolla, is gathering information from the broader community in the city of San Diego to get an idea of public sentiment on the subject, according to the association.

The exploration of cityhood has been underway since fall 2021. As a first step, the group raised \$60,000 through donations for a [preliminary fiscal analysis](#) by [Richard Berkson](#) of urban economics company [Berkson Associates](#) to determine whether it is financially feasible for La Jolla to detach from San Diego.

A [draft of the study](#) was produced last fall, when the association said the results looked promising. The group plans a public release sometime this year.

The fiscal analysis is intended to help the association determine whether to pursue the next steps to incorporation, which are:

- A formal proposal submitted to the [San Diego Local Agency Formation Commission](#), which helps communities considering incorporation

- A petition supporting incorporation signed by at least 25 percent of La Jolla registered voters
- LAFCO approval of the initiative
- Public voting showing that both a majority of La Jollans and the rest of San Diego approve of La Jolla's secession

La Jolla sign meets fundraising goal

The team behind a planned “Welcome to La Jolla” sign says it has raised all the money needed to bring the project to fruition — nearly \$95,000.

Now the proposal is being circulated through appropriate San Diego city departments. Final renderings were not immediately made available to the *La Jolla Light*.

The plan, shepherded by the Rotary Club of La Jolla, is to make and install a vegetated sign that reads “Welcome to La Jolla” on the median at the intersection of Torrey Pines Road and La Jolla Shores Drive.

Rotarian Cindy Goodman said “we have enough [money] to cover what we need. ... We’re not going to do anything more until the permits are in and done, but right now the permits and the sign itself are covered.”

There has been talk of creating an endowment fund to cover future maintenance and repairs, but such a plan has not been finalized. ♦

lookout.co

Thousands of Santa Cruz homeowners scramble to find new insurance after State Farm non-renewals

Hillary Ojeda

7–9 minutes

Quick Take:

Nearly 4,300 Santa Cruz County residents learned recently that State Farm isn't renewing their home insurance policies as part of a broad pullback by the insurance giant across the state. Several told Lookout they're concerned about rising costs and risks.

When Angie Richman, 35, learned State Farm was not planning to renew her home insurance policy come November, the Ben Lomond resident was “surprised and upset.” Richman lives a half-mile from the nearest fire station.

She's one of nearly 4,300 Santa Cruz County residents who learned recently that State Farm was not renewing their home insurance policies as part of a broad pullback by the insurance giant across the state. In total, State Farm has said it would not renew policies for about 30,000 homeowners in California, along with another 42,000 commercial policies on apartment buildings.

Locally, residents of the Santa Cruz Mountains and San Lorenzo Valley were hardest hit by the change. According to data published by the California Department of Insurance, State Farm is not renewing the policies of more than 40% of homeowners in the

Felton area and 65% of those living in the communities surrounding Highway 35 in the mountains, an area that stretches into Santa Clara County. The insurance company is also opting to not renew 38% of the 953 homeowner policies it now has in the Soquel area.

Richman is one of 311 Ben Lomond residents to be non-renewed – or 31.6% of State Farm’s total 984 policyholders there.

State Farm is one of the last insurers to start to pull out of areas deemed to be a high risk of environmental catastrophes such as wildfires or floods, leaving almost no options for Richman. She’s preparing to potentially sign up for the much more expensive FAIR Plan, the state-mandated insurer of last resort.

“It just feels like the cost of everything keeps increasing – water and power, and now this,” she said. “It’s pretty overwhelming.”

The news from State Farm comes after it [announced last summer](#) that it would no longer be writing new home insurance policies in the state, partially due to the rising fire risk.

Advertisement

PROMOTED CONTENT

★ **Top 10 ways to make a difference during Global Volunteer Month in Santa Cruz County**

April is Global Volunteer Month! Whether you’re passionate about environmental conservation, community service, or simply want to lend a helping hand, there’s a place for you.

CLICK TO READ

VolunteerCenter
Be the difference

“This decision was not made lightly and only after careful analysis of State Farm General’s financial health, which continues to be impacted by inflation, catastrophe exposure, reinsurance costs, and the limitations of working within decades-old insurance regulations,” the company said in a March 20 [statement](#).

The state's Insurance Commissioner, Ricardo Lara, is rushing to implement [policies to reform](#) the insurance industry. They include streamlining the review process for the state to approve or deny insurance companies' proposed rate increases, and regulations that would allow insurers to use catastrophe modeling – computer programs take into account various factors, such as climate change, to set rates based on the likelihood of future catastrophic events.



Angie Richman stands outside her Ben Lomond home, March 27, 2024.

But until the state is able to come to a deal to lure insurance companies back, homeowners in Santa Cruz County and the rest of California aren't sure where they'll go next for insurance. Many expect that their only option will be the Fair Access to Insurance Requirement, or FAIR Plan, which is run by an association made up of all private insurers who write property and casualty business policies in California. Insurers take on losses and receive profits from the plan.

Advertisement

Rising Together
TEDx SantaCruz
 April 13, 2024 - Crocker Theater

PROMOTED CONTENT

★ **TEDxSantaCruz unveils speaker lineup and opens ticket sales for April event**

With a focus on this year's theme, **RISING TOGETHER**, speakers from across Santa Cruz County will deliver talks aimed at celebrating collective strength and offering fresh ideas and solutions for building resilience within the local and global community.

CLICK TO READ

TEDx SantaCruz
x = independently organized TED event

If Richman and her husband can't find another option other than the FAIR Plan, they expect their insurance costs – currently at about \$3,630 a year for their home and cars – to more than double to around \$6,900.

“What’s the point? There’s no point in saving money because it’s all just going out the window,” she said. “Every raise is gone before you see the money.”

Still, the FAIR Plan isn't without its own financial challenges. As insurance companies have scaled back their business across California, the FAIR plan has seen its number of homeowner policies [more than double](#) in the past five years, from around 154,000 in 2019 to nearly 340,000 by December 2023.

Advertisement

SANTA CRUZ
APRIL 18 to 25 DANCE WEEK 2024

KICK OFF EVENT!
DANCING IN THE STREETS

Thursday, April 18
5:00PM - 9:00PM

MOTION PACIFIC

Earlier this month, Victoria Roach, president of the FAIR Plan

Association, [told an assembly committee hearing](#) that the plan has seen its liability exposure climb dramatically over the past several years because it's been forced to take on high-risk policies. She warned the insurer of last resort and may not be able to financially survive a major disaster.

The State Farm announcement has also overwhelmed local insurance agents. Lookout reached out to nine Santa Cruz County agents. Three responded and declined to comment. They provided contact information for the company spokesperson.

Someone who answered the phone at a local State Farm agent's office said, "It's been nonstop. Crazy." She said one agent had to make 600 phone calls to notify customers that their policies were being non-renewed.

One State Farm agent declined to comment saying, "It's so toxic out there." He said he didn't want his name publicized with the stress of the announcement on so many homeowners.

Greg Rauch, 73, grew up in Ben Lomond and bought a home there in 1987. He pays nearly \$4,000 in home insurance through State Farm.

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Sunday, May 19 at 4pm
Quarry Amphitheater, UC Santa Cruz

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The advertisement features a yellow background. On the left, the text 'THE DEEP READ' is stacked vertically. Below it, 'FREE EVENT!' is written. On the right, 'REGISTER TODAY!' is written. In the center, there is a circular portrait of a man (Hernan Diaz) and a book cover titled 'TRUST'. Below the portrait and book, the main title 'a conversation with HERNAN DIAZ' is displayed in a large, bold, serif font. Underneath the title, the event details 'Sunday, May 19 at 4pm' and 'Quarry Amphitheater, UC Santa Cruz' are listed. In the bottom left corner, the logo for 'The Humanities Institute' is present, and in the bottom right corner, 'UC SANTA CRUZ' is written.

Almost two weeks ago, when he saw his agent's number calling he knew something wasn't right.

“When he called, I saw the caller ID, and I thought well, Justin doesn't normally call with good news,” said Rauch.

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With climate change leading to increases in the size and frequency of wildfires, UC Santa Cruz researchers warn that such natural disasters can change the chemistry of streams that people and wildlife depend on for drinking water.

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His agent told him their policy was non-renewed and would expire August 25. Rauch said he's full of frustration and doesn't know what all of his options are yet, or if he'll only have the FAIR Plan.

“I don't know that much about the California FAIR Plan, but it doesn't sound very fair,” he said.

Rauch added that his agent told him that he had about 200 similar phone calls to make.

“He's a really good guy, and he's feeling this pain,” he said. “There's some economic pain he has to go through, but to let 200 policyholders know they're not renewing is really painful for a conscientious insurance agent, on behalf of his customers, and, facing a serious decline in business revenue.”

Rauch, a retired electrical engineer, thinks a major reimagination of the insurance industry is needed. He added that he doesn't have much hope in elected officials' ability to make improvements and isn't sure about the potential for independent groups of people or organizations to pull their resources to create their own insurance program.

“I think the process is broken,” he said.

Santa Cruz County Supervisor Bruce McPherson for the fifth district, which includes the San Lorenzo Valley, told Lookout he and fellow supervisors have been advocating for changes at the state level, but there isn't much they can do besides that.

"We lodge our concerns and complaints, but it's literally out of our hands," he said.



A stone patio wall sits along what's left of the Haskey family's neighbor's property along the 300 block of Braemoor Drive in Bonny Doon on Saturday, August 14, 2021. Both the Haskey's and their neighbors lost their homes in the CZU Lightning Complex Fire last year. Credit: Neil Strebig / Lookout Santa Cruz

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Enrollment decline, budget worries add urgency to consolidation talk across Santa Cruz County's 10 school districts

Hillary Ojeda

14–18 minutes

Quick Take

The backlash over Live Oak School District's budget cuts has renewed questions among teachers, parents and even some trustees over whether Live Oak – and other school districts like it – should be folded into neighboring districts to save money. The idea also has its critics.

The backlash over [Live Oak School District's budget cuts](#) has renewed questions among teachers, parents and even some trustees over whether Live Oak – and other school districts like it – should be folded into neighboring districts to save money.

Suggestions about merging some of Santa Cruz County's 10 school districts have percolated in small circles across the region for years. But as declining enrollment thins classrooms and [the state weighs potential cuts to education funding](#) to help balance its books, some school districts are facing an existential crisis, fueling an added sense of urgency.

Because funding is largely based on enrollment, districts lose money when enrollment declines. As a result, some have resorted to not filling staff vacancies, or, in Live Oak's situation, making layoffs to make ends meet.

The county's public schools are set to see [enrollment drop](#) by more than 21% – or more than 8,000 students – over the next decade, the steepest decline of any county statewide, according to recent figures from the state.

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County Superintendent of Schools Faris Sabbah said the county's school districts will have to make challenging decisions if enrollment continues declining as projected. Schools, Sabbah said, should be “open-minded” about the options for managing that decline, like merging districts or closing schools, to stay fiscally solvent.

However, he emphasized that the school districts will be the ones to decide how they move forward with these changes.

“I don't think that it would be appropriate for me to say, ‘You should be thinking about this option or that option,’” Sabbah said. “I think that boards should really consider a variety of different options to adapt to the changing landscape that we're experiencing.”

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Some Live Oak teachers, parents like the idea

Santa Cruz County's 10 public school districts and charter schools serve about 37,000 students and have elementary and high schools stretching from Bonny Doon down into Pajaro in Monterey County. While some like Pajaro Valley Unified School District encompass a sprawling geographic area and serve more than 15,000 students (without including charters), others like Happy Valley Elementary School District on Branciforte Drive in Santa Cruz manage just one school and around 120 students.

Sabbah said the majority of the county's school districts have developed organically over the past 150 years or so.



Pacific Elementary School in Davenport. Credit: Kevin Painchaud / Lookout Santa Cruz

“Basically single schoolhouses ended up becoming school districts and as they grew, the size of those schools grew and multiple schools were needed,” he said. “So the current distribution or structure of those school districts really has come from an organic, natural process.”

Advocates for consolidation say that organic growth has added costly administrative and political layers to the region’s education system. Each school district has a governing board and a superintendent that manages its budget and operations. The county’s mid-sized and larger districts also have a central office run by a support staff of human resources directors, chief business officers and directors of curriculum, for example.

Shoreline Middle School eighth-grade teacher Jeremy Powell has been teaching in Live Oak School District for 16 years. He argues that consolidation of school districts makes sense to reduce redundant overhead costs.

A former teachers union co-president who stepped down in the fall, Powell and union leadership started researching consolidation several years ago when they began looking at growing district offices and redundant positions across the county.

If four districts were to combine to become something like the “Santa Cruz County Public School District,” then four superintendents aren’t needed, he said. Instead, there would be one superintendent, one director of curriculum and instruction and one human resources director, for example.

“Let’s make the dollars that we get from the state and the [federal government] go farther by eliminating all these positions,” he said.

Another benefit, he added, is that a single, large district would be in a stronger position to bargain for more competitive health insurance. “We would see better rates,” he said. Insurance companies “would look at us, and say, ‘That’s a great client. I’d

really love to have those 1,000 educators under my insurance umbrella – we can make a lot of money here.”

Powell said he understands that merging districts is complicated and would likely take years to accomplish. And, he acknowledges, people feel a strong sense of identity and connection to their school district — and of course employees don’t want to be laid off as the result of a merger.

“Obviously, people’s feelings get hurt,” he said. “People at the district office, at other district offices throughout the county, don’t want to lose their jobs.”

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Attendees at a Live Oak School District governing board meeting in February at Live Oak Elementary School. Credit: Kevin Painchaud / Lookout Santa Cruz

But based on his conversations with parents and teachers, Powell says he thinks a majority of the people he's talked to support consolidation despite the time it takes and the complications.

Live Oak Elementary parent Mette Griffith said given the potential benefits of reducing overhead costs, she's generally supportive of consolidation.

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"On the surface it does seem like a good thing for the district," she said, adding that she has yet to do in-depth research on it.

Griffith has a fourth grader, a first grader and a third child entering preschool in the upcoming year. Over the past couple of months, as the district's financial crisis unfolded, she has joined an informal group of active parents who share information about upcoming board meetings and education-related news.

One teacher told her the district could consider merging with Santa Cruz City Schools because it's larger. Some parents have raised the idea of merging with Soquel Union Elementary School District because it's close.

"The people that I have talked to have all been in favor of looking into [consolidation] and exploring that as an option," she said. "It's definitely something that I would love to see explored and talked

about.”

Soquel Union Superintendent Scott Turnbull said he has heard from community members that some small districts should merge or be absorbed into a bigger district.

But he hasn’t had any formal discussions about merging with Live Oak and hasn’t had discussions with that district’s [outgoing superintendent, Daisy Morales](#), about it. Turnbull said his district isn’t actively exploring consolidation and he’s not certain how he feels about it himself.

“I’d have to have more information to have an informed opinion on whether it’s a good idea,” he said. “There are just too many unknowns.”



Scott Turnbull, the Soquel Union Elementary School District superintendent, in his Capitola office. Credit: Kevin Painchaud / Lookout Santa Cruz

‘Our dollars stay local’

However, there is plenty of opposition to consolidation in the county. Local officials and proponents of consolidation alike admit that the process is sensitive, complicated and will likely take years to carry

out.

In the case of Live Oak School District, board president Kristin Pfothenauer told a February meeting that merging with Soquel Union has drawbacks. Among them is the fact that [Soquel Union teachers are paid less](#) and their health benefits aren't as good as Live Oak's.

Consolidation "might be something we need to look at, but there are a lot of complications to this," she said, adding that it "will not solve our current problem."

Another downside of consolidation, Sabbah said, is that keeping the districts as they are allows the community to maintain local control. And larger school districts aren't automatically more efficient simply because they're bigger.

"I think that being able to be very thoughtful about how to prioritize the resources you have, also what kinds of resources you can rely on from the county office of education," he said, adding that among the COE's responsibilities is to help school districts find ways to cut costs.

State Sen. John Laird also sees some economic benefits of merging school districts, such as consolidating business practices and administration. But, he adds, the challenges include the loss of a community's identity.

"Many of the small school districts are the community center for their area," he said. "So yes, it makes sense to have one superintendent instead of two. But it's really hard for the community to surrender the one thing that is common to the community and holds them together."

He said the decision to consolidate is a local one and shouldn't be forced on a district: "I think the community needs to make the decision, because if they're paying a little extra, they're making the decision to pay a little extra for the value of it being a community center."

Happy Valley Elementary School District Superintendent Michelle Stewart said she couldn't think of one good reason her single-school district should consolidate with other districts.

"Absolutely not," she said about the prospect.

The tiny district employs just 25 staff, including teachers. Stewart serves as the principal and superintendent. Parents are actively involved in the school, she said.

"What we love about being Happy Valley, and our little school, is our dollars stay local," she said. If Happy Valley merged with a larger district, that could bring budget changes that might not benefit the school, Stewart said.

She added that if Happy Valley were to merge with Santa Cruz City Schools, for example, the school could end up with just one representative on a newly formed board, instead of the five it currently has: "So you really lose that local control right here."



Happy Valley Elementary School District on Branciforte Drive in Santa Cruz. Credit: Kevin Painchaud / Lookout Santa Cruz

As part of a larger district, Happy Valley likely would not be able to keep its smaller class sizes of about 17 students and an aide for each class, Stewart said. The school has a \$1.7 million endowment

fund, which would be rapidly absorbed into the budget of a merged district.

Pacific Elementary School District Superintendent Eric Gross said he doesn't think merging the district, which operates a single 160-student elementary school in Davenport, with a neighboring district is a good idea.

He imagines two likely scenarios for merging, and in both cases, Pacific Elementary loses. If Pacific Elementary was to merge with Bonny Doon Union Elementary School District, he said, the newly formed district's funding would be "watered down."

"Bonny Doon is significantly better funded than we are and so it would almost be no-go from the start for them," he added.

If Pacific Elementary were to instead merge with Santa Cruz City Schools, he imagines the district would just close down the Davenport school because of low enrollment.

Why would Santa Cruz City Schools want to pay for a principal for a school so small when the district has struggled with its own declining enrollment in recent years, he asked.

He doesn't believe the Pacific Elementary community would be interested in consolidating in the first place because they like the school as it is. About two-thirds of their students are transfers from other local districts – a sign to Gross that families are choosing the school because they like the programs and culture.

For example, the [school's lunch program](#), called FoodLab, teaches fifth and sixth graders during weekly sessions how to plan, prepare and cook lunch for the school. The students also help plant and harvest produce from the school garden.

"I think some of the things they like about us are the way we do food differently. They like that we're small and rural. They like that we have different programs," Gross said. "We have sort of a quirky way of doing things that you don't get in larger systems."

The school also has a hybrid independent study program where

students attend school in person three days a week and homeschool two days a week.



Pacific Elementary School District Superintendent Eric Gross points to roof damage at the school in Davenport. Credit: Kevin Painchaud / Lookout Santa Cruz

Consolidation likely takes years to complete

Adding to the concerns over consolidation is that the process is complicated.

It starts in one of two ways, Sabbah said: Both school boards could pass resolutions supporting consolidation, or they could both put a measure on an upcoming ballot.

District consolidations also have to be supported by the Santa Cruz County Committee on School District Organization. The committee, made up of the same people who serve on the County Office of Education board, typically addresses changes to school district boundaries. Committee members would have to make a recommendation supporting consolidation to the state's Department of Education.

The department reviews the recommendation to see if the merger

might violate any laws and whether it's in the fiscal interest of both districts. The department then conducts an environmental impact review and holds a public hearing sending the proposal to the State Board of Education for approval.

Sabbah hasn't been part of any consolidation, but said it will likely take at least several years to even get approval. From there, it would take at least a couple of additional years to finalize.

It's a "huge structural, systemic change."

Jeremy Ray, a Live Oak board member and deputy chief at the Santa Clara Fire Department, draws lessons from both the local fire community and from his experience on the school board.

"It is true that after 30 years of trying, our fire districts merged – [Central Fire and Aptos-La Selva merged](#)," he told a February public meeting. "And from what I hear, it's going pretty well. But it literally did take 30 years. "

He said if Live Oak merged with another district, it's unlikely a newly merged school board would retain all the members from both districts. The new district would likely have to hold new elections.

With almost 12 years on the Live Oak board, Ray said he's seen how difficult it is to recruit people to run for elections or serve on the board.

"I don't know whether that's the way to go," he said. "I don't know whether parents want that. I don't know whether that would be good. But, you know, hey, I'm open to all options."





Live Oak School District board member Jeremy Ray at a February board meeting. Credit: Kevin Painchaud / Lookout Santa Cruz

Have something to say? Lookout welcomes letters to the editor, within our policies, from readers. Guidelines [here](#).