



**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, June 5, 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. LAFCO 101 Presentations

The Commission will receive an update on upcoming educational events.

Recommended Action: No action required; Informational item only.

3. ADOPTION OF MINUTES

The Commission will consider approving the minutes from the May 1, 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. "BCFPD Station Parcel Extraterritorial Service Agreement"

The Commission will consider the extraterritorial service request for a single parcel to receive sewer service from County Service Area 7 under Government Code Section 56133. If approved, a Notice of Exemption will be recorded to fulfill the requirements under the California Environmental Quality Act (CEQA).

Recommended Action: Adopt the draft resolution (No. 2024-12) approving the extraterritorial service agreement involving County Service Area 7.

b. "Reclamation District No. 2049 Dissolution"

The Commission will consider the dissolution of the reclamation district and identify the Pajaro Valley Water Management Agency as the successor agency. If approved, a Notice of Exemption will be recorded to fulfill the requirements under the California Environmental Quality Act (CEQA).

Recommended Action: Adopt LAFCO Resolution (No. 2024-13) approving the dissolution of the Reclamation District No. 2049.

c. Service & Sphere Review for County Service Area 57

The Commission will consider the adoption of a service and sphere of influence review for County Service Area 57 (Woods Cove).

Recommended Actions:

- 1) Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
- 2) Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for CSA 57, and review and update, as necessary;
- 3) Determine, pursuant to Government Code Section 56430, that LAFCO is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
- 4) Adopt LAFCO Resolution (No. 2024-14) approving the 2024 Service and Sphere of Influence Review for CSA 57 with the following conditions:
 - a. Reaffirm CSA 57's sphere of influence to coincide with its current jurisdictional boundary; and
 - b. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to CSA 57 representatives and any other interested or affected parties, including but not limited to the County of Santa Cruz.

6. OTHER BUSINESS

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

a. Auditing Firm Contract

The Commission will consider the contractual agreement between LAFCO and an auditing firm for audit preparation services.

Recommended Action: Approve the draft contractual agreement with Davis Farr LLP for auditing services.

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 April and May

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, August 7, 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, May 1, 2024
Start Time - 9:00 a.m.

1. ROLL CALL

Vice-Chair Manu Koenig 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 Roger Anderson
- Commissioner Justin Cummings
- Commissioner Manu Koenig (*Vice-Chair*)
- Commissioner Rachél Lather (*Arrived at 9:04 a.m.*)
- Commissioner Eduardo Montesino
- Commissioner Allan Timms

Commissioner Manu Koenig will serve as Chair for the meeting in the absence of Alternate Commissioner John Hunt.

The following LAFCO staff members were present:

- LAFCO Analyst, Francisco Estrada
- Legal Counsel, Malathy Subramanian
- Executive Officer, Joe Serrano

2. EXECUTIVE OFFICER'S MESSAGE

2a. Virtual Meeting Process

Executive Officer Joe Serrano shared two announcements with the Commission. First, 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. In his second announcement, Mr. Serrano welcomed Roger Anderson and John Hunt to the Commission after they were reappointed as the Regular and Alternate Public Members at the April regular meeting.

3. ADOPTION OF MINUTES

Vice-Chair Manu Koenig requested public comments on the draft minutes. **Executive Officer Joe Serrano** noted no public comment on the item.

Vice-Chair Manu Koenig closed public comments and called for a motion. **Commissioner Allan Timms** motioned for approval of the April 3rd Meeting Minutes and **Commissioner Justin Cummings** seconded the motion.

Vice-Chair Manu Koenig called for a voice vote on the approval of the draft minutes.

MOTION: Allan Timms

SECOND: Justin Cummings

FOR: Justin Cummings, Manu Koenig, Eduardo Montesino, and Allan Timms.

AGAINST: None

ABSTAIN: Roger Anderson

MOTION PASSES: 4-0-1

4. ORAL COMMUNICATIONS

Vice-Chair Manu Koenig 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.

Vice-Chair Manu Koenig closed public comments and moved on to the next agenda item.

5. PUBLIC HEARINGS

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

5a. "Porter Gulch Road Parcel Annexation"

Vice-Chair Manu Koenig requested staff to provide a presentation on the proposed annexation of a single parcel to the Santa Cruz County Sanitation District (SCCSD) for sewer services.

Executive Officer Joe Serrano informed the Commission that LAFCO received an application, initiated by the landowner, requesting formal annexation of a single, 6.6-acre parcel into the SCCSD for the provision of sewer services to current and future dwelling units. The parcel is located within the sphere of influence of the District and the County has indicated that it is willing and capable of providing the requested services. Mr. Serrano stated that the request is consistent with LAFCO law, as well as the Commission's adopted policies, and recommended adopting the draft resolution approving the single parcel annexation into the SCCSD.

Vice-Chair Manu Koenig requested comments or clarifying questions from the Commission. **Commissioner Rachél Lather** inquired about the proposal area. Mr. Koenig indicated that the proposal area was located in Aptos near Cabrillo College.

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 motioned for approval of staff recommendation and **Commissioner Eduardo Montesino** seconded the motion.

Vice-Chair Manu Koenig called for a voice vote on the motion based on the staff recommendation: **Adopt the draft resolution (No. 2024-10) approving the single parcel annexation into the Santa Cruz County Sanitation District.**

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

MOTION PASSES: 6-0

5b. Final Budget for Fiscal Year 2024-25

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

Executive Officer Joe Serrano informed the Commission that the draft budget for FY 2024-25 was adopted at the last regular meeting in April. Staff then distributed the adopted draft budget to the corresponding funding agencies for feedback and did not receive comments or concerns. Mr. Serrano informed the Commission that minor modifications were made to the proposed final budget to facilitate the hiring of a firm for auditing services in the near future. The proposed changes will ensure enough funding will be available to contract the desired services while maintaining a balanced budget for the upcoming year. Mr. Serrano recommended the Commission adopt the final budget for FY 2024-25.

Vice-Chair Manu Koenig requested comments or clarifying questions from the Commission.

Commissioner Roger Anderson stated that by his analysis there may be a shortfall in the proposed budget and inquired about both carryover funds and past reserve fund policy advice.

Executive Officer Joe Serrano explained that the proposed final budget is the most transparent budget to date and that the Comprehensive Quarterly Report serves as an opportunity to keep the Commission apprised on the budget's performance and to make adjustments if warranted. Additionally, Mr. Serrano stated that the reserve fund policies adopted by the Commission were developed with the purpose of distinguishing the use

of annual carryforward funds. Finally, Mr. Serrano reminded the Commission that they have the authority to review and modify the reserve fund policy. Mr. Anderson followed up with a question on advice previously given to LAFCO by the County regarding reserve funds and also inquired about the management of liabilities. Mr. Serrano could not comment on the past advice or speak on behalf of the County but mentioned that staff coordinated with LAFCO's legal counsel when developing the reserve balances. Staff will also continue to monitor the status of the budget and provide regular updates to the Commission.

Vice-Chair Manu Koenig requested public comments on the item.

Executive Officer Joe Serrano indicated that there was one request to address the Commission on the item.

Becky Steinbruner, member of the public, requested the Commission include in the proposed final budget funding to support the Scotts Valley Fire Protection District (SVFPD) in transitioning to district-based elections. If no action is taken by the Commission, Ms. Steinbruner stated she may pursue legal action.

Vice-Chair Manu Koenig had a clarifying question on how the "Aptos/La Selva and Central Fire Consolidation" addressed the transition to district-based elections.

Executive Officer Joe Serrano explained the transition to district-based elections was a mutual decision made by the affected agencies prior to taking formal action and LAFCO did not play a role post-consolidation. Mr. Koenig added that it is ultimately up to the respective agencies to pursue such courses of action but noted that upcoming fire reports and studies can provide further clarity on the status of fire protection services countywide.

Vice-Chair Manu Koenig closed public comments and called for a motion. **Commissioner Allan Timms** motioned for approval of staff recommendation and **Commissioner Eduardo Montesino** seconded the motion.

Vice-Chair Manu Koenig called for a voice vote on the motion based on the staff recommendation: **Adopt LAFCO Resolution (No. 2024-11) approving the final budget for Fiscal Year 2024-25, and authorizing staff to request the Auditor-Controller's Office to distribute the final budget and apportionment amounts to the funding agencies by July 2024.**

MOTION: Allan Timms

SECOND: Eduardo Montesino

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

AGAINST: None

ABSTAIN: None

MOTION PASSES: 6-0

6. OTHER BUSINESS

Vice-Chair Manu Koenig indicated that there was one business item for Commission consideration today.

6a. Comprehensive Quarterly Report – Third Quarter (FY 2023-24)

Vice-Chair Manu Koenig requested staff to provide a presentation on the quarterly report.

Executive Officer Joe Serrano explained that the report is meant to keep the Commission informed about all LAFCO-related activities, including the status of active proposals, the schedule of upcoming service reviews, the current financial performance of LAFCO's adopted budget, and other projects. Mr. Serrano covered these areas and indicated that the third quarter ended with approximately 55% of anticipated expenses met and with approximately \$425,000 in reserves. Mr. Serrano added that a chart illustrating the actual and projected fund balance will be part of the quarterly report and presentation moving forward.

Vice-Chair Manu Koenig opened the floor for Commission discussion. **Commissioner Allan Timms** commended the staff on their hard work during the past quarter.

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 Roger Anderson inquired about the status of the Pajaro Valley Fire Protection District (PVFPD). **Executive Officer Joe Serrano** noted that after the failure of a benefit assessment election in March 2024, the PVFPD board analyzed its options at a special meeting and will pursue a new benefit assessment in November and consider annexing the fire district into CSA 48. Mr. Serrano mentioned that he, along with LAFCO's fire consultant, have been in coordination with the affected agencies and elected representatives to develop a long-term solution. Mr. Anderson followed up with a question regarding tracking fire agencies struggling financially. Mr. Serrano assured the Commission that staff is continually monitoring the financial status of fire agencies throughout the county.

Vice-Chair Manu Koenig moved to the next item since no Commission action was required.

7. WRITTEN CORRESPONDENCE

Vice-Chair Manu Koenig inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** informed the Commission it had received a late correspondence from Becky Steinbruner regarding district-based elections for SVFPD. Mr. Serrano remarked that the transition to district-based elections was not a condition for approval set forth by LAFCO as part of the reorganization between the two fire agencies and noted that SVFPD itself had not made a formal request for financial assistance. Finally, Mr. Serrano reminded the Commission that matters pertaining to an election process are outside the purview of LAFCO law.

Vice-Chair Manu Koenig opened the floor for Commission discussion. **Commissioner Justin Cummings** explained that potentially providing financial assistance to fund demographers can become an expensive effort when considering all the public agencies in the county and should be the responsibility of the affected agency. **Executive Officer Joe Serrano** added that LAFCO has historically considered requests that are based on findings or recommendations made in their statutorily mandated service and sphere of influence reviews.

Vice-Chair Manu Koenig moved to the next item since no Commission action was required.

8. PRESS ARTICLES

Vice-Chair Manu Koenig requested staff to provide a presentation on the press articles. **Executive Officer Joe Serrano** indicated that this item highlights LAFCO-related articles recently circulated in local newspapers.

Vice-Chair Manu Koenig moved to the next item since no Commission action was required.

9. COMMISSIONERS' BUSINESS

Vice-Chair Manu Koenig inquired whether any Commissioner would like to share any information. Mr. Koenig indicated that there were no requests to share any information.

Vice-Chair Manu Koenig moved to the next item since no Commission action was required.

10. ADJOURNMENT

Vice-Chair Manu Koenig adjourned the Regular Commission Meeting at 9:32 a.m. to the next regular LAFCO meeting scheduled for Wednesday, June 5, 2024 at 9:00 a.m.

JOHN HUNT, CHAIRPERSON

Attest:

JOE A. SERRANO, EXECUTIVE OFFICER



Date: June 5, 2024
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **“BCFPD Station Parcel Extraterritorial Service Agreement” with County Service Area 7 (LAFCO Project No. ESA 24-10)**

SUMMARY OF RECOMMENDATION

LAFCO has received an application from the County requesting an extraterritorial service agreement involving County Service Area 7 and a single parcel owned by the Boulder Creek Fire Protection District (BCFPD). The proposed agreement would allow the County to provide sewer service to the fire station located on the subject parcel.

Staff is recommending that the Commission adopt the draft Resolution (No. 2024-12) approving the extraterritorial service agreement involving County Service Area 7.

EXECUTIVE OFFICER’S REPORT:

The County of Santa Cruz submitted an application on May 2, 2024 requesting an extraterritorial service agreement (“ESA”) between County Service Area 7 and a single parcel (approximately one acre in size; APN: 083-273-01) in order for the BCFPD fire station to receive sewer service. The proposal area is currently located outside CSA 7’s jurisdictional and sphere boundaries. **Attachment 1** provides a map of the agency’s current boundaries in relation to the subject parcel.

Background

Historically, the fire station received sewer service from the Big Basin Water Company (BBWC), a privately-owned system that is now being operated by a court-appointed receiver due to various violations and mismanagement under the previous owner. A detailed analysis about the BBWC was prepared by LAFCO in March¹. The receiver noted that the system can no longer provide services and sewer responsibilities must be transferred to another public agency, specifically the County.

CSA 7 is a dependent special district in Boulder Creek that is operated by the County to provide sewer services. A portion of this CSA includes the Fallen Leaf neighborhood that was receiving sewer services from the BBWC, which sustained heavy damage during the CZU wildfire and is no longer able to provide services. The Department of Community Development and Infrastructure is proposing to assume responsibility over the sewer services previously provided by BBWC and creating a new zone within CSA 7 and annexing the Cal Fire Jamison Creek fire station into the zone. Due to the timing sensitivity, the County is requesting the establishment of an ESA as a precursor to annexation.

¹ BBWC Governance Report: https://santacruzlafco.org/wp-content/uploads/2024/02/6a.0-BBWC-Staff-Report_Hyperlinked.pdf

State Law

In accordance with State law, a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the Commission (Government Code Section 56133). The County, acting as the applicant, has taken the proactive steps to begin a two-part process: (1) first establish an ESA to provide adequate sewer services to the fire station under CSA 7, and (2) secondly, initiate and complete an annexation in the near future (no later than June 30, 2028) as a condition of the ESA request.

Commission Policy

In 2011, the Commission adopted the Extraterritorial Services Policy which outlined regulations for agencies to provide services outside their jurisdictional and/or sphere boundaries. This policy is now available under one comprehensive handbook which contains all LAFCO policies and procedures². Under this policy, the Commission typically limits its extraterritorial service authorizations to public health emergencies and three specific circumstances:

a) Facilities are already in place.

CSA 7 provides sewer services to properties directly adjacent to the proposal area (refer to **Attachment 1**). More importantly, the former BBWC sewer system is already connected to the fire station, and therefore, CSA 7 will assume ownership and oversight of the existing infrastructure and service provision.

b) Annexation would not be practical.

The LAFCO process for annexations, on average, takes at least six to eight months to complete under the Cortese-Knox-Hertzberg Act and would involve at least two other parcels due to the proximity of the fire station and CSA 7's jurisdictional boundary. Due to the need to inform those residents about the annexation process, coupled with the fact that the BBWC sewer system may become inoperative as early as July and the fire station cannot function properly without the reassurance of sewer capabilities, the proposed ESA should be approved as a precursor to annexation.

The draft resolution includes a condition that the subject parcel must be annexed within four years (June 2028). If the County submits and completes the annexation process within two years (June 2026), then LAFCO may waive the filing fee as a financial incentive. County representatives have reviewed the draft resolution and proposed condition and agree with LAFCO's requirement.

c) Cortese-Knox-Hertzberg Act Requirements.

The proposed extraterritorial service agreement meets the statutory criteria outlined in LAFCO law, pursuant to Government Code Section 56133. The County, as the affected agency, submitted an application for LAFCO approval.

Pursuant to the Commission's policy, individual requests for ESAs shall be filed with the Executive Officer on a prescribed application form. The applicant is responsible for paying the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. An application and fee deposit of \$950 was submitted to LAFCO on May 2, 2024.

² LAFCO Policy Handbook: <https://santacruzlafco.org/wp-content/uploads/2024/03/PP-Handbook-Adopted-Version-3-6-24.pdf>

Application Packet

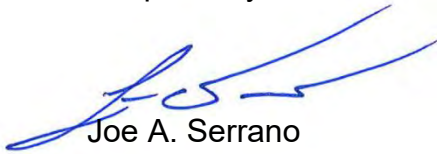
In accordance with LAFCO law and the Commission's adopted policy, this type of application requires several documents. The following section summarizes these items:

- 1) **Application Form** – Commission Policy requires a signed extraterritorial service agreement form. A signed application was submitted on May 2, 2024.
- 2) **Landowner Consent** – Commission Policy requires documentation showing consent from the affected property owner as part of the application. The property owner of APN: 083-273-01 (Boulder Creek FPD) submitted the signed form on May 21, 2024 (**Attachment 2**).
- 3) **County Support** – Government Code Section 56133 requires documentation from the affected agency indicating support and capacity to provide the requested service. The County, on behalf of CSA 7, is the applicant and received direction from the County Board of Supervisors on April 30, 2024 to move forward with this ESA request as part of the overall transfer of ownership and responsibility from BBWC to CSA 7. **Attachment 3** provides a copy of the April 30th staff report. **Attachment 4** also provides the Will-Serve Letter from the County indicating their willingness and capability to provide service under CSA 7.
- 4) **Notification to Alternative Service Provider** – Government Code Section 56133(c) requires the Commission to notify any alternative service provider that has filed a map and a statement of its service capabilities with the Commission. LAFCO staff has determined that there are no nearby or alternative service providers for sewer service. However, a public notice was advertised in the Sentinel on May 14, 2024, as shown in **Attachment 5**.
- 5) **Environmental Document** – Commission Policy indicates that all matters that are reviewable pursuant to environmental regulations are subject to the applicable provisions of the California Environmental Quality Act. LAFCO, as the Lead Agency, will record a Notice of Exemption after Commission approval, pursuant to State CEQA Guidelines Section 15320 Class 20(b), "Changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised, including but not limited to consolidation of two or more districts having identical powers," because the project would transfer responsibility from BBWC to CSA 7 (**Attachment 6**).
- 6) **Indemnification Agreement** – Commission Policy requires a signed indemnification agreement in the event a lawsuit is filed against LAFCO's action. A signed indemnification agreement was submitted with the application (**Attachment 7**).
- 7) **Fee Deposit** – Commission Policy requires a fee deposit of \$950 for any proposed extraterritorial service request. A deposit was included with the application packet. Following the completion of the LAFCO process, staff will conduct a cost analysis and refund any remaining funds, if available.

Conclusion

LAFCO typically encourages boundary changes, such as annexations, when there is a request for municipal services. In some cases, annexations are not practical for various reasons. LAFCO staff evaluated this application and confirmed that the proposed extraterritorial service agreement meets all the requirements under State law and the Commission's adopted policy. Approval of the extraterritorial service agreement will ensure that the sewer services will be operated by a sustainable agency going forward. More importantly, this ESA is a clear reflection of the immense work done by the County, the court receiver, and various local agencies to ensure residents have sustainable sewer service. This multi-agency effort was, and continues to be, a significant tool for the Big Basin customers as they explore and select the best governance options for their community. And finally, the terms and conditions outlined in the draft resolution require annexation to occur no later than June 30, 2028 (refer to **Attachment 8**). Therefore, staff is recommending that the Commission approve the attached resolution.

Respectfully Submitted,

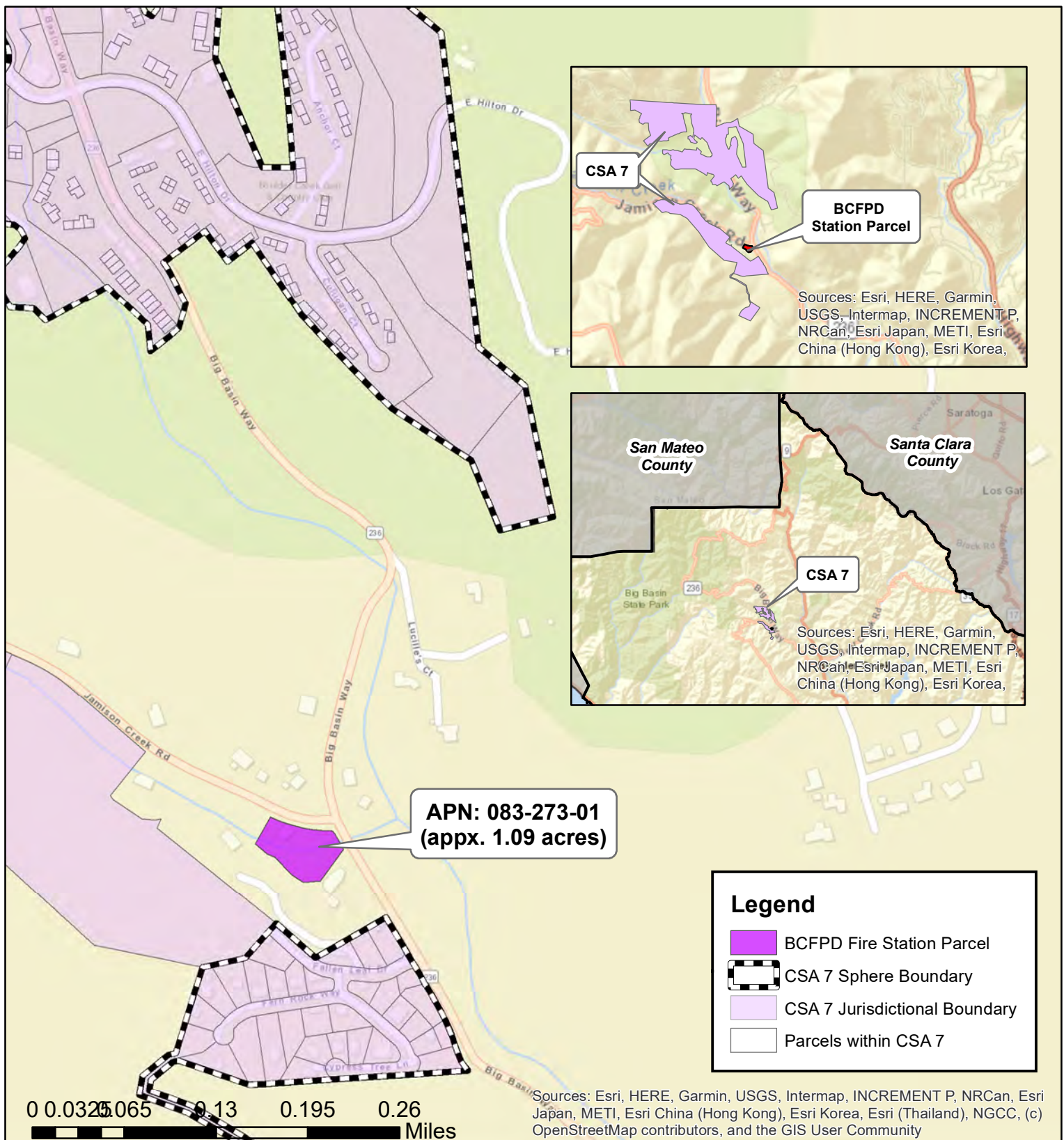


Joe A. Serrano
Executive Officer

Attachments:

1. Proposal Area Map
2. BCFPD Consent Form
3. County Board of Supervisors Staff Report (dated April 30, 2024)
4. Will-Serve Letter (dated May 2, 2024)
5. Notice of Public Hearing (published May 14, 2024)
6. Notice of Exemption (CEQA)
7. Indemnification Agreement (signed May 2, 2024)
8. Draft Resolution No. 2024-12

cc: Boulder Creek Fire Protection District (Property Owner; APN: 083-273-01)
JM Brown, Supervisor McPherson Office
Nicolas Jaber, Court Receiver (BBWC)
Matt Machado, County Public Works
Sierra Ryan, County Environmental Health Department



County Service Area 7 (Boulder Creek) Jurisdictional and Sphere Boundaries (LAFCO Project No. ESA 24-10)



Map created on 5/1/24

The subject parcel is currently outside the District's sphere and service boundaries. Pursuant to GCS 56133(a), the parcel may receive sewer services after receiving LAFCO approval.

SANTA CRUZ LAFCO

Project Application Form
Page 5 of 7**ATTACHMENT 1****Property Owner Consent Form**

(All legal owners must sign a consent form or submit a letter of signed consent.)

I, BOULDER CREEK FPD, consent to the annexation/reorganization of my property ^{to CSA7}
located at 16115 Jamison Creek Rd ^{BOULDER CREEK,} CA 95006

or Assessor Parcel Numbers 08327301

to the [agency(ies)] _____

Signature: _____

MARK BINGHAM,
FIRE CHIEF

Date: _____

5/21/24

Address: _____

13230 CENTRAL AVE BOULDER CREEK, CA 95006

City, State, Zip: _____

5A: ATTACHMENT 3**County of Santa Cruz Board of Supervisors****Agenda Item Submittal****From:** DPW: Sanitation

(831) 454-2160

Subject: Public Hearing 2024-25 Proposed Sewer Charges and Inclusion of Big Basin Sewer Area in CSA 7**Meeting Date:** April 30, 2024**Recommended Actions**

- 1) Open the public hearing and hear objections or protests, if any, to the proposed County of Santa Cruz County Service Area No. 7 establishing zones and 2024-25 sewer service charges for Zone 1 and Zone 2;
- 2) Direct Staff to open, tabulate, and certify the benefit assessment (standby charge) ballots;
- 3) Close the public hearing;
- 4) Accept the certification of the vote results and direct the Deputy CAO/Director of Community Development and Infrastructure to retain the ballots for at least six months following the certification; and
- 5) If there are no majority written protests to CSA 7 Zone 1 proposed sewer service charges:
 - Adopt the Resolution Confirming Adopted Increase in Service Charges Zone 1; and
 - Adopt the Resolution setting Tuesday, June 4, 2024, at 9:00 a.m. or thereafter, as the date and time for a public hearing on the service charge reports; and
 - Direct the Clerk of the Board to publish the notice of public hearing, once a week for two weeks before the hearing, in a newspaper of general circulation; and
- 6) If the result of the balloting shows no majority protest to CSA 7 Zone 2 benefit assessment (standby charge) and there is no majority written protests for the creation of the zones and proposed sewer service charges for Zone 2:
 - Adopt the Resolutions Authorizing Creation of Zones, Adopting Assessment Charges for CSA 7 Zone 2, and Confirming Adopted Increase in Service Charges Zone 2; and

- Adopt the Resolution setting Tuesday, June 4, 2024, at 9:00 a.m. or thereafter, as the date and time for a public hearing on the service charge reports; and
- Direct the Clerk of the Board to publish the notice of public hearing, once a week for two weeks before the hearing, in a newspaper of general circulation.

Executive Summary

The Department of Community Development and Infrastructure is proposing to take over the sewer services previously provided by Big Basin Water Company by creating a new zone within CSA 7. A public hearing is required to consider this and sewer charges for two zones in CSA 7. Additionally, a public hearing must be set to consider the sewer charge reports if the new sewer charges are to be implemented.

Discussion

County Service Area 7 is a benefit assessment district in Boulder Creek that provides sewer services. A portion of this CSA includes the Fallen Leaf neighborhood that was receiving sewer services from the Big Basin Water Company (BBWC), which sustained heavy damage during the CZU wildfire and is no longer able to provide services. The Department of Community Development and Infrastructure is proposing to take over the sewer services previously provided by BBWC by creating a new zone within CSA 7 and annexing the Cal Fire Jamison Creek fire station into the zone.

On March 12, 2024, the Board set April 30, 2024, at 9:00 a.m. or thereafter, as the date and time of the public hearing to consider a resolution for CSA 7 regarding FY 2024-25 sewer service charges for Zone 1 and Zone 2 that will be effective July 1, 2024. Further, the Board directed Community and Development and Infrastructure to mail notices and ballots of today's public hearing to all affected property owners and directed the Clerk of the Board to publish the notice in a newspaper of general circulation.

Boulder Creek WWTP (Zone 1)

The proposed service charges for Zone 1 (the area served by the Boulder Creek WWTP) for the 2024-25 fiscal year reflect an overall increase of 10 percent, which is necessary to adequately fund the CSA's revenue requirements. The service charge increase will continue to fund maintenance and operations, as well as the planned replacement of the deteriorating equalization tank for the Boulder Creek WWTP. Additionally, the revenue will cover the outstanding balance left over after the repairs and upgrades at the WWTP after the CZU fire. Insurance covered much of these costs but covering some of the necessary upgrades to the plant (including the blower room and office construction and new generator) is the responsibility of the CSA.

Big Basin WWTP (Zone 2)

The Board also adopted a resolution of intention to authorize and levy a benefit assessment in CSA 7, Zone 2 to provide funding for sewer maintenance and operation of the Big Basin Water Company wastewater treatment plant, and provided for mailing

ballots to affected property owners, setting April 30, 2024 as the date of the public hearing on the formation of CSA 7 - Zone 2 and for tabulating of the benefit assessment ballots.

The proposed sewer service charges for FY 2024-25 are as follows:

Supervisor District	CSA Number	User Group	Current 2023/24 Charges	Proposed 2024/25 Charges
5	7	Boulder Creek Zone 1*		
		Condominium	\$2,251.91	\$2,477.10
		Single Family	\$2,497.74	\$2,747.51
		Commercial Flat Rate	\$1,723.34	\$1,895.67
		Commercial HCF	plus \$7.50 per HCF	plus \$8.65 per HCF
		Boulder Creek Zone 2**		
		Single Family Residence (Connected to Sewer)	\$1,440.00	\$3,728.81
		Fire Station	Data destroyed in the CZU Fire	\$7,457.63
		Single Family Residence + Accessory Dwelling Unit	N/A	Reserved for future use
		Stand By (Vacant Buildable Parcel)	N/A	\$932.20
		Unbuildable Parcel	N/A	\$0

* 10 percent rate increases

**Zone 2 is a new addition to Boulder Creek CSA 7 rate structure. Previous sewer service charges were assessed by Big Basin Water Company.

Notice of the public hearing and ballots were mailed to affected property owners on March 13, 2024, and must be returned prior to the close of today's public hearing.

Today's public hearing will provide the opportunity for any member of the public, including any property owner within CSA 7, to address the Board on the formation of Zone 2 and of the proposed sewer service charges for FY 2024-25. CDI will tabulate and certify the ballots for Zone 2 and return to the Board with the results later in today's meeting. If a majority of the ballots that have been received from property owners are not in favor of the assessment for a standby charge for the maintenance and operation of the Big Basin Water Company Wastewater Plant, the Board will not be permitted to proceed with the formation of Zone 2. Otherwise, the Board will be authorized to consider adoption of the attached resolutions authorizing and levying an assessment for

a standby charge for CSA 7 Zone 2 for the 2024/25 fiscal year and each year following and directing staff to take additional actions and the creation of zones within CSA No. 7.

Community Development and Infrastructure will place the service charge report for CSA 7 Zone 1 and 2 on file electronically with the Clerk of the Board on or before May 21, 2024. These reports, containing the Assessor's parcel number, a description of each parcel of real property receiving sanitary sewage services, and the amount of the charge allows for public review at least two weeks prior to the June 4, 2024, public hearing. The purpose of the June 4, 2024, hearing is for the Board to hear and consider all objections or protests, if any, to the service charge reports. The service charge reports must be approved by the Board and forwarded to the Auditor-Controller by August 10, 2024, in order to be included on the 2024-25 property tax roll.

Financial Impact

There is no net County cost associated with creating the zones within CSA 7. The Assessment Engineering costs are covered by the State Water Resources Control Board.

An overall increase in the sewer service charges by 10 percent is necessary for infrastructure improvements and operations and maintenance for CSA 7 Zone 1. At the proposed rates, the total service charge revenue for Zone 1 is projected to be \$661,629.83 (GL Key 625105 - 41866).

With the proposed sewer service charges for Zone 2, revenue from the charges is projected to be \$68,050.85 and a separate GL Key will be established if Zone 2 is approved.

Strategic Initiatives

Increasing the sewer rates allows the County to meet the goal of responsibly maintaining County assets, which include the sewer collection system and wastewater treatment plants at CSA 7 - Boulder Creek (Zones 1 and 2). This aligns with the County's Strategic Plan goal to have Operational Excellence in County Infrastructure.

Submitted by:

Matt Machado, District Engineer

Recommended by:

Carlos J. Palacios, County Administrative Officer

Attachments:

- a Notice of Public Hearing CSA 7 Charge Reports 2024-25 Zone 1
- b Notice of Public Hearing CSA 7 Charge Reports 2024-25 Zone 2
- c Resolution - Authorizing Creation of Zones (eSign)

- d Resolution - Adopting Assessment Charges for CSA 7 and Zone 2 (eSign)
- e Resolution - Confirming Adopted Increase in Service Charges Zone 1 (eSign)
- f Resolution - Confirming Adopted Increase in Service Charges Zone 2 (eSign)
- g Resolution - Setting Public Hearing on Proposed Service Charge Report (eSign)

**NOTICE OF PUBLIC HEARING ON SERVICE CHARGE REPORT FOR
COUNTY SERVICE AREA 7 BOULDER CREEK ZONE 1**

NOTICE IS HEREBY GIVEN that on Tuesday, June 4, 2024, at 9:00 a.m. or thereafter in the Board of Supervisors Chambers, Room 525, County Governmental Center, 701 Ocean Street, Santa Cruz, California, the Board of Supervisors will consider adoption of a resolution confirming the sewer service charge report for the 2024/25 tax roll. The sewer service charges for 2024/2025 are as follows:

Supervisor District	CSA Number	User Group	Current 2023/24 Charges	Proposed 2024/25 Charges
5	7	Condominium	\$2,251.91	\$2,477.10
		Single Family	\$2,497.74	\$2,747.51
		Commercial Flat Rate	\$1,723.34	\$1,895.67
		Commercial HCF	plus \$7.50 per HCF	plus \$8.65 per HCF

A copy of said written report containing a description of each parcel of real property receiving sanitary sewage services from CSA No. 7 Zone 1 and the amount of such sewer service charges for each such parcel will be available on or before May 21, 2024, for public inspection at the office of the Clerk of the Board of Supervisors at 701 Ocean Street, Room 500, Santa Cruz, California 95060.

Disclaimer: Rate code assignments are based on the best available data provided by the Assessor's Office, field inspections, and historical data collected by the CSA. Property owners may contact Community Development & Infrastructure to confirm or update rate codes if there is a concern about accuracy (831) 454-2160 or email dpwsanitation@santacruzcounty.us.

Notice is further given that at the time, date and place stated above, the Board of Supervisors shall hear and consider all objections or protests, if any, to the Service Charge Report.

If you have any questions regarding the contents of the Notice of Public Hearing or the Service Charge Report, please call the Community Development Infrastructure at (831) 454-2160.

The County complies with the Americans with Disabilities Act (ADA). Questions regarding accommodation under the ADA should be directed to the Clerk of the Board at (831) 454-2323. As a courtesy to those affected, please attend the meeting smoke and scent free.

BY ORDER OF THE BOARD OF SUPERVISORS
By: Chief Deputy Clerk

**NOTICE OF PUBLIC HEARING ON SERVICE CHARGE REPORT FOR
COUNTY SERVICE AREA 7 BOULDER CREEK ZONE 2***

NOTICE IS HEREBY GIVEN that on Tuesday, June 4, 2024, at 9:00 a.m. or thereafter in the Board of Supervisors Chambers, Room 525, County Governmental Center, 701 Ocean Street, Santa Cruz, California, the Board of Supervisors will consider adoption of a resolution confirming the sewer service charge report for the 2024/25 tax roll. The sewer service charges for 2024/2025 are as follows:

Supervisor District	CSA Number	User Group	Current 2023/24 Charges	Proposed 2024/25 Charges
5	7	Single Family Residence (Connected to Sewer)	\$1,440.00	\$3,728.81
		Fire Station	Data Destroyed in the CZU Fire	\$7,457.63
		Single Family Residence + Accessory Dwelling Unit	N/A	Reserved for future use
		Stand By (Vacant Buildable Parcel)	N/A	\$932.20
		Unbuildable Parcel	N/A	-

*Zone 2 is a new addition to Boulder Creek CSA 7 rate structure. Previous sewer service charges were assessed by Big Basin Water Company.

A copy of said written report containing a description of each parcel of real property receiving sanitary sewage services from CSA No. 7 Zone 2 and the amount of such sewer service charges for each such parcel will be available on or before May 21, 2024, for public inspection at the office of the Clerk of the Board of Supervisors at 701 Ocean Street, Room 500, Santa Cruz, California 95060.

Disclaimer: Rate code assignments are based on the best available data provided by the Assessor's Office, field inspections, and historical data collected by the CSA. Property owners may contact Community Development & Infrastructure to confirm or update rate codes if there is a concern about accuracy (831) 454-2160 or email dpwsanitation@santacruzcounty.us.

Notice is further given that at the time, date and place stated above, the Board of Supervisors shall hear and consider all objections or protests, if any, to the Service Charge Report.

If you have any questions regarding the contents of the Notice of Public Hearing or the Service Charge Report, please call the Community Development Infrastructure at (831) 454-2160.

The County complies with the Americans with Disabilities Act (ADA). Questions regarding accommodation under the ADA should be directed to the Clerk of the Board at (831) 454-2323. As a courtesy to those affected, please attend the meeting smoke and scent free.

BY ORDER OF THE BOARD OF SUPERVISORS
By: Chief Deputy Clerk

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

RESOLUTION NO. _____

On the motion of Supervisor:
Duly seconded by Supervisor:

The following resolution is adopted:

RESOLUTION AUTHORIZING THE CREATION OF ZONES WITHIN
COUNTY SERVICE AREA NO. 7 BOULDER CREEK

WHEREAS, this Board, by its Resolution No. 54-2024, adopted March 12, 2024, declared its intention to create zones 1 and 2 within County Service Area No. 7, Boulder Creek as shown on Exhibit 1 attached hereto, and with proper notice set April 30, 2024, at 9:00 a.m. or thereafter, as the time for hearing on said matter; and

WHEREAS, at this time and place fixed, with no majority protest; and

WHEREAS, pursuant to California Government Code 25210.30 et seq., this Board considers creation of zones to be in the best interest of CSA No. 7, Boulder Creek.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Supervisors of the County of Santa Cruz that said Board does hereby so declare and determine that CSA No. 7, Boulder Creek zones 1 and 2 are hereby established.

BE IT FURTHER RESOLVED AND ORDERED that the geographic boundaries of each zone CSA No. 7, Boulder Creek Zone 1 and Zone 2 are reflected and shown on Exhibit 1.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this ____ day of _____, 20____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Resolution _____

Chair of the Board of Supervisors

ATTEST: _____
Clerk of the Board

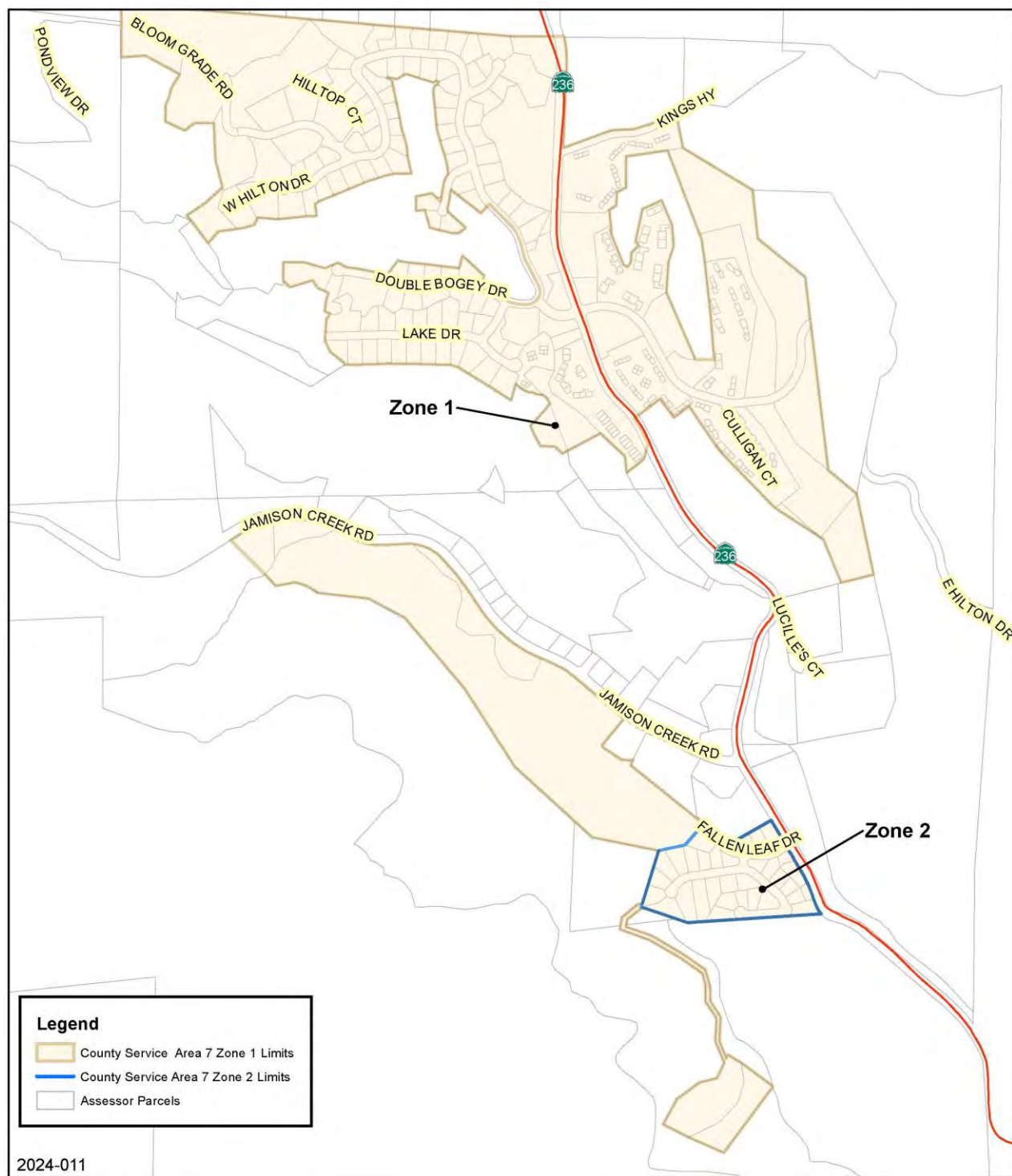
Approved as to Form:

DocuSigned by:
Michael De Smidt
77B7BAAA5B324F0... 3/29/2024

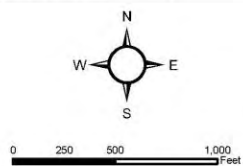
Office of the County Counsel
3/28/2024 (AMS 15862)

Attachment: Exhibit 1

Resolution _____



2024-011



CSA No. 7 Boulder Creek

Zone 1 and 2

Exhibit 1



Date: 2/21/2024

COB Rev. 8-1-22

Certificate Of Completion

Envelope Id: E9C03AA9E8084E74A792CB5803771DBF

Status: Completed

Subject: Resolution - Authorizing Creation of Zones (15862) BOS 4/30/2024

Source Envelope:

Document Pages: 3

Signatures: 1

Envelope Originator:

Certificate Pages: 4

Initials: 0

Blanca Martinez

AutoNav: Enabled

701 Ocean Street

Envelopeld Stamping: Enabled

Santa Cruz, CA 95060

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

Blanca.Martinez@santacruzcountyca.gov

IP Address: 108.64.244.228

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3/29/2024 7:51:19 AM

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Pool: FedRamp

Storage Appliance Status: Connected

Pool: County of Santa Cruz

Location: DocuSign

Signer Events

Michael De Smidt

Michael.DeSmidt@santacruzcountyca.gov

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

DocuSigned by:



77B7BAA5B324F0...

Signature Adoption: Pre-selected Style

Using IP Address: 24.5.158.121

Timestamp

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Viewed: 3/29/2024 10:59:37 AM

Signed: 3/29/2024 10:59:54 AM

Electronic Record and Signature Disclosure:

Accepted: 3/29/2024 10:59:37 AM

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In Person Signer Events**Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp****Carbon Copy Events****Status****Timestamp****Witness Events****Signature****Timestamp****Notary Events****Signature****Timestamp****Envelope Summary Events****Status****Timestamps**

Envelope Sent

Hashed/Encrypted

3/29/2024 7:53:16 AM

Certified Delivered

Security Checked

3/29/2024 10:59:37 AM

Signing Complete

Security Checked

3/29/2024 10:59:54 AM

Completed

Security Checked

3/29/2024 10:59:54 AM

Payment Events**Status****Timestamps****Electronic Record and Signature Disclosure**

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

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

Getting paper copies

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

Withdrawing your consent

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

Consequences of changing your mind

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

All notices and disclosures will be sent to you electronically

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

How to contact County of Santa Cruz:

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

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

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.

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

RESOLUTION NO. _____

On the motion of Supervisor:
Duly seconded by Supervisor:

The following resolution is adopted:

RESOLUTION CONFIRMING AN ASSESSMENT FOR A STANDBY CHARGE
FOR MAINTENANCE AND OPERATION OF THE BIG BASIN WATER
COMPANY WASTEWATER PLANT COUNTY SERVICE AREA NO. 7, ZONE 2

WHEREAS, on March 12, 2024, this Board adopted its Resolution of Intention to authorize and levy an assessment for a standby charge for maintenance and operation of the Big Basin Water Company Wastewater Plant CSA No. 7 (Zone 2), pursuant to Article XIID, Section 4 of the Constitution; and

WHEREAS, the Engineer's Report was duly made and filed, and duly considered by this Board, whereupon it was determined that the Engineer's Report should stand as the Engineer's Report for all subsequent proceedings and pursuant to the Resolution of Intention; and

WHEREAS, this Board designated Tuesday, April 30, 2024, at the hour of 9:00a.m. (or as soon thereafter as the matter may be heard) in the Board of Supervisors Chambers, 701 Ocean Street, Santa Cruz, California as the time and place for the public hearing in relation to the proposed assessment for a standby charge and the tabulation of the assessment ballots, notice of which was given as required by law; and

WHEREAS, the public hearing was duly and regularly held, and all persons interested desiring to be heard were given an opportunity to be heard, and all matters and things pertaining to the proposed Standby Charge were fully heard and considered by this Board, and all protests, both written and oral, were duly heard and considered, and all assessment ballots submitted by property owners were received and tabulated;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Supervisors of the County of Santa Cruz that:

No Majority Protest; Protests Overruled. It is hereby determined that, upon the conclusion of the public hearing, and after tabulation of the assessment ballots submitted, no majority protest against the assessment existed because the

COB Rev. 8-1-22

Resolution _____

assessment ballots submitted in opposition to the assessment did not exceed the ballots submitted in favor of the assessment.

BE IT FURTHER RESOLVED AND ORDERED that:

1. The assessed standby charge is proportional to the special benefit derived by each identified parcel in relationship to the entirety of the cost of the property related service being provided. No assessment exceeds the reasonable cost of the proportional special benefit conferred on that parcel.
2. Standby Charge \$932.20
3. For each fiscal year after 2024-25, the standby charge may be increased by a percentage which does not exceed the percentage increase in the Consumer Price Index, All Urban Consumers, for the San Francisco-Oakland-Hayward Area, as published by the U.S. Department of Labor, Bureau of Labor Statistics, (or in any price index which replaces that index in the future) for the prior calendar year. The standby charge will be increased only when necessary to meet approved expenses and would not increase automatically each year. If in any year the standby charge is not increased or is increased by an amount less than the increase in the Consumer Price Index, the difference between the rate of the increase in the assessment rate and the rate of increase in the Consumer Price Index will remain available for use in future years to raise the standby charge as necessary to meet approved expenses.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this ____ day of _____, 20____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Chair of the Board of Supervisors

ATTEST: _____

COB Rev. 8-1-22

Resolution _____

Clerk of the Board

Approved as to Form:

DocuSigned by:

77B7BAAA5B324F0... 3/29/2024

Office of the County Counsel
3/28/2024 (AMS 15862)

Attachment: Resolution - Adopting Assessment Charges for CSA 7 and Zone 2 (eSign) (15862 : Public Hearing 2024-25 Proposed Sewer

Certificate Of Completion

Envelope Id: DEBF5C344F424D2284595836BB85C272

Status: Completed

Subject: Resolution - Adopting Assessment Charges for CSA 7 and Zone 2 (15862) BOS 4/30/2024

Source Envelope:

Document Pages: 3

Signatures: 1

Envelope Originator:

Certificate Pages: 4

Initials: 0

Blanca Martinez

AutoNav: Enabled

701 Ocean Street

Envelopeld Stamping: Enabled

Santa Cruz, CA 95060

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

Blanca.Martinez@santacruzcountyca.gov

IP Address: 108.64.244.228

Record Tracking

Status: Original

Holder: Blanca Martinez

Location: DocuSign

3/29/2024 7:56:29 AM

Blanca.Martinez@santacruzcountyca.gov

Security Appliance Status: Connected

Pool: FedRamp

Storage Appliance Status: Connected

Pool: County of Santa Cruz

Location: DocuSign

Signer Events

Michael De Smidt

Michael.DeSmidt@santacruzcountyca.gov

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

DocuSigned by:



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Signature Adoption: Pre-selected Style

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Signed: 3/29/2024 10:58:45 AM

Electronic Record and Signature Disclosure:

Accepted: 3/29/2024 10:58:23 AM

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Envelope Sent

Hashed/Encrypted

3/29/2024 7:58:18 AM

Certified Delivered

Security Checked

3/29/2024 10:58:23 AM

Signing Complete

Security Checked

3/29/2024 10:58:45 AM

Completed

Security Checked

3/29/2024 10:58:45 AM

Payment Events**Status****Timestamps****Electronic Record and Signature Disclosure**

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

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

Getting paper copies

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

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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..

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

RESOLUTION NO. _____

On the motion of Supervisor:
Duly seconded by Supervisor:

The following resolution is adopted:

RESOLUTION CONFIRMING ADOPTED INCREASE IN BENEFIT
ASSESSMENT/SERVICE CHARGES FOR
COUNTY SERVICE AREA NO. 7, BOULDER CREEK ZONE 1

BE IT RESOLVED AND ORDERED by the Board of Supervisors of the
County of Santa Cruz as follows:

Section 1. Benefits assessments/service charges for parcels within
Boulder Creek, County Service Area No. 7 Zone 1 for the 2024/25 fiscal year and
for each fiscal year thereafter unless increased by the Consumer Price Index, all
Urban Consumers for the San Francisco-Oakland-San Jose Metropolitan Area or
changed by Resolution of the Board adopted after any public hearing and
proceedings required by law, shall be as follows:

Zone 1

\$2,477.10 Condominium
\$2,747.51 Single Family
\$1,895.67 Commercial
plus \$8.65 per HCF

Section 2. Service Charge Exemptions: Service charges will not be levied
on parcels in the following areas:

1. Common area parcels.
2. Parcels with an assessed valuation of \$5,000 or less.
3. Unbuildable parcels as determined by Planning and Environmental
Health regulations.
4. Parcels used solely for, and dedicated to, providing private water
supply to residential areas (well or tank sites).

PASSED AND ADOPTED by the Board of Supervisors of the County of
Santa Cruz, State of California, this ____ day of _____, 20__, by the
following vote:

COB Rev. 8-1-22

Resolution _____

AYES:
NOES:
ABSENT:
ABSTAIN:

Chair of the Board of Supervisors

ATTEST: _____
Clerk of the Board

Approved as to Form:

DocuSigned by:
Michael De Smidt
77B7BAAA5B324F0... 3/29/2024

Office of the County Counsel
3/28/2024 (AMS 15862)

Attachment: Resolution - Confirming Adopted Increase in Service Charges Zone 1 (eSign) (15862 : Public Hearing 2024-25 Proposed Sewer

Certificate Of Completion

Envelope Id: 452C7FF7316D4831A3C46752C574AB9E

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Subject: Resolution - Confirming Adopted Increase in Service Charges Zone 1 (15862) BOS 4/30/2024

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Signer Events

Michael De Smidt

Michael.DeSmidt@santacruzcountyca.gov

Security Level: Email, Account Authentication
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Sent: 3/29/2024 8:22:36 AM

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Signed: 3/29/2024 10:57:47 AM

Electronic Record and Signature Disclosure:

Accepted: 3/29/2024 10:57:17 AM

ID: 6b095499-1502-491e-92b3-60c58e29f9aa

In Person Signer Events**Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp****Carbon Copy Events****Status****Timestamp****Witness Events****Signature****Timestamp****Notary Events****Signature****Timestamp****Envelope Summary Events****Status****Timestamps**

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3/29/2024 10:57:17 AM

Signing Complete

Security Checked

3/29/2024 10:57:47 AM

Completed

Security Checked

3/29/2024 10:57:47 AM

Payment Events**Status****Timestamps****Electronic Record and Signature Disclosure**

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All notices and disclosures will be sent to you electronically

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

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

RESOLUTION NO. _____

On the motion of Supervisor:
Duly seconded by Supervisor:

The following resolution is adopted:

RESOLUTION CONFIRMING ADOPTED INCREASE IN BENEFIT
ASSESSMEN/SERVICE CHARGES FOR
COUNTY SERVICE AREA NO. 7, BOULDER CREEK ZONE 2

BE IT RESOLVED AND ORDERED by the Board of Supervisors of the
County of Santa Cruz as follows:

Section 1. Benefits assessments/service charges for parcels within
Boulder Creek, County Service Area No. 7 Zone 2 for the 2024/25 fiscal year and
for each fiscal year thereafter unless increased by the Consumer Price Index, all
Urban Consumers for the San Francisco-Oakland-San Jose Metropolitan Area or
changed by Resolution of the Board adopted after any public hearing and
proceedings required by law, shall be as follows:

Zone 2

\$3,728.81 Single Family Residence
\$7,457.63 Fire Station
\$932.20 Stand By

Section 2. Service Charges will be levied on the Fire Station (APN 083-
273-01) after proper LAFCO procedures are in place; and

Section 3. Service Charge Exemptions: Service charges will not be levied
on parcels in the following areas:

1. Common area parcels.
2. Parcels with an assessed valuation of \$5,000 or less.
3. Unbuildable parcels as determined by Planning and Environmental
Health regulations.
4. Parcels used solely for, and dedicated to, providing private water
supply to residential areas (well or tank sites).

COB Rev. 8-1-22

Resolution _____

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this _____ day of _____, 20____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Chair of the Board of Supervisors

ATTEST: _____
Clerk of the Board

Approved as to Form:

DocuSigned by:
Michael De Smidt
77B7BAAA5B324F0... 3/29/2024

Office of the County Counsel
3/28/2024 (AMS 15862)

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Envelope Id: 90FED0A49E134DA4B4A3CDE03D0BBED0

Status: Completed

Subject: Resolution - Confirming Adopted Increase in Service Charges Zone 2 (15862) BOS 4/30/2024

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Signer Events

Michael De Smidt

Michael.DeSmidt@santacruzcountyca.gov

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

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Signed: 3/29/2024 10:57:02 AM

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Security Checked

3/29/2024 10:57:02 AM

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Security Checked

3/29/2024 10:57:02 AM

Payment Events**Status****Timestamps****Electronic Record and Signature Disclosure**

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

RESOLUTION NO. _____

On the motion of Supervisor:
Duly seconded by Supervisor:

The following resolution is adopted:

RESOLUTION SETTING HEARING ON PROPOSED BENEFIT
ASSESSMENT/SERVICE CHARGE REPORT FOR COUNTY SERVICE AREA
NO. 7, BOULDER CREEK

WHEREAS, the Board of Supervisors has determined the nature, extent and cost of the extended services to parcels within CSA No. 7 Boulder Creek for the 2024-25 fiscal year; and

WHEREAS, the Director of Community Development and Infrastructure will prepare reports apportioning the total cost of such extended services to parcels within the above County Service Area in proportion to the estimated benefits to be received by each parcel; and

WHEREAS, on or before May 21, 2024, said reports will be placed on file within the Clerk of the Board of Supervisors.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Supervisors that Tuesday, June 4, 2024, at 9:00 a.m. or thereafter, in the Board Chambers, Room 525, County Governmental Center, 701 Ocean Street, Santa Cruz, California, the Board of Supervisors will conduct a public hearing on the service charge report of service charges within the County Service Area No. 7, Boulder Creek for the 2024-25 fiscal year.

BE IT FURTHER RESOLVED AND ORDERED that at the time, date and place above, the Board of Supervisors shall hear objections or protests, if any, to the proposed service charge reports.

BE IT FURTHER RESOLVED AND ORDERED that the Clerk of the Board of Supervisors shall cause notice of the filing of the reports and time, date, and place of hearing, to be published once a week for two successive weeks prior to the date set for hearing, in a newspaper of general circulation printed and published in Santa Cruz County, pursuant to Government Code Section 6066 and County Code Section 4.26.

COB Rev. 8-1-22

Resolution _____

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this _____ day of _____, 20____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Chair of the Board of Supervisors

ATTEST: _____
Clerk of the Board

Approved as to Form:

DocuSigned by:
Michael De Smidt
77B7BAAA5B324F0...

3/29/2024

Office of the County Counsel
3/28/2024 (AMS 15862)

Certificate Of Completion

Envelope Id: AA8CE6FB44184803BC8E073DEE125FFC

Status: Completed

Subject: Resolution - Setting Public Hearing on Proposed Service Charge Report (15862) BOS 4/30/2024

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Document Pages: 2

Signatures: 1

Envelope Originator:

Certificate Pages: 4

Initials: 0

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Signer Events

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Security Level: Email, Account Authentication
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Accepted: 3/29/2024 10:56:20 AM

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Signing Complete

Security Checked

3/29/2024 10:56:34 AM

Completed

Security Checked

3/29/2024 10:56:34 AM

Payment Events**Status****Timestamps****Electronic Record and Signature Disclosure**

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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.

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To advise County of Santa Cruz of your new email address

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- 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..

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- 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.



County of Santa Cruz

Department of Community Development and Infrastructure

701 Ocean Street, Fourth Floor, Santa Cruz, CA 95060
 Planning (831) 454-2580 Public Works (831) 454-2160
 sccoplanning.com dpw.co.santa-cruz.ca.us

Matt Machado - Deputy CAO / Director

Jocelyn Drake
 Assistant Director
 Permit Division

Stephanie Hansen
 Assistant Director
 Housing & Policy

Carolyn Burke
 Assistant Director
 Special Services

Steve Wiesner
 Assistant Director
 Transportation

Damon Adlao
 Director
 Capital Projects

Kim Moore
 Director
 Administration

May 2, 2024

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Joe Serrano, Executive Officer
 701 Ocean Street, Room 318-D
 Santa Cruz, CA 95060

**SUBJECT: EXTRATERRITORIAL SERVICE AGREEMENT
 FOR APN 083-273-01
 BOULDER CREEK FIRE DISTRICT**

Dear Mr. Serrano:

The County of Santa Cruz Community Development and Infrastructure (CDI) requests the Local Agency Formation Commission (LAFCO) of Santa Cruz County initiate an Extraterritorial Service Agreement (ESA) to continue to provide sewer services to the property located at 16115 Jaminson Creek Road, Boulder Creek, California (APN 083-273-01). The subject property is owned by Boulder Creek Fire Protection District and is located on the corner of Jamison Creek and Highway 236 in Boulder Creek, California. Since the early 1980s, the fire station has pumped their wastewater to Big Basin Water Company's wastewater treatment plant.

For background information, on March 12, 2024, CDI presented to the Santa Cruz County Board of Supervisors a proposal to form a new zone within the established CSA No. 7 Boulder Creek. A portion of this CSA includes the Fallen Leaf neighborhood that was receiving sewer services from the Big Basin Water Company (BBWC), which sustained heavy damage during the CZU wildfire and was no longer able to provide services. CDI proposed to take over the sewer services previously provided by BBWC by creating a new zone within CSA 7 and annexing the fire station into CSA 7 Zone 2. The Board also adopted a resolution to levy a benefit assessment on the proposed Zone 2 and a public hearing was held on April 30, 2024, to hear objections and tally ballots from property owners within Zone 2. The ballots received were tallied and a majority of property owners supported the formation of Zone 2 and the proposed benefit assessment charges to be levied on the parcels within Zone 2.

In the future, CDI intends to annex the subject parcel, however due to a limited timeline to ensure that revenue is collected from the parcel for Fiscal Year 2024-2025, CDI proposes to establish an ESA. The service charge reports will be presented at the Board of Supervisors meeting on June 4, 2024, and must be approved by the Board and forwarded to the Auditor-Controller by August 10, 2024, to be included on the 2024-25 property tax roll.

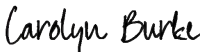
Therefore, CDI staff requests the support of LAFCO to establish an ESA with the subject parcel at the LAFCO meeting on June 5, 2024, to ensure continued sewer service to the fire station and to generate revenues for the ongoing maintenance and operation of the wastewater treatment plant.

If you should have any questions on the project application, please contact Beatriz Barranco, Senior Civil Engineer at Beatriz.Barranco@santacruzcountyca.gov.

Yours truly,

MATT MACHADO
Deputy CAO
Director of Community Development
& Infrastructure

By:

DocuSigned by:

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Carolyn Burke
Assistant Director – Special Services

BB:sm

Copy to: Central File

Local Agency Formation Commission of Santa Cruz County.docx

Certificate Of Completion

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Carolyn Burke

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Santa Cruz, CA 95060

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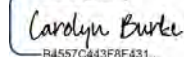
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CDI - Assistant Director

County of Santa Cruz

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Signed: 5/2/2024 9:19:14 AM

Freeform Signing

Electronic Record and Signature Disclosure:

Accepted: 3/6/2022 8:03:27 PM

ID: 2ab106e8-a394-4f47-9e48-b7980d79d5d8

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

Beatriz Barranco

beatriz.barranco@santacruzcountyca.gov

Sr. Civil Engineer

County of Santa Cruz

Security Level: Email, Account Authentication
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Electronic Record and Signature Disclosure:

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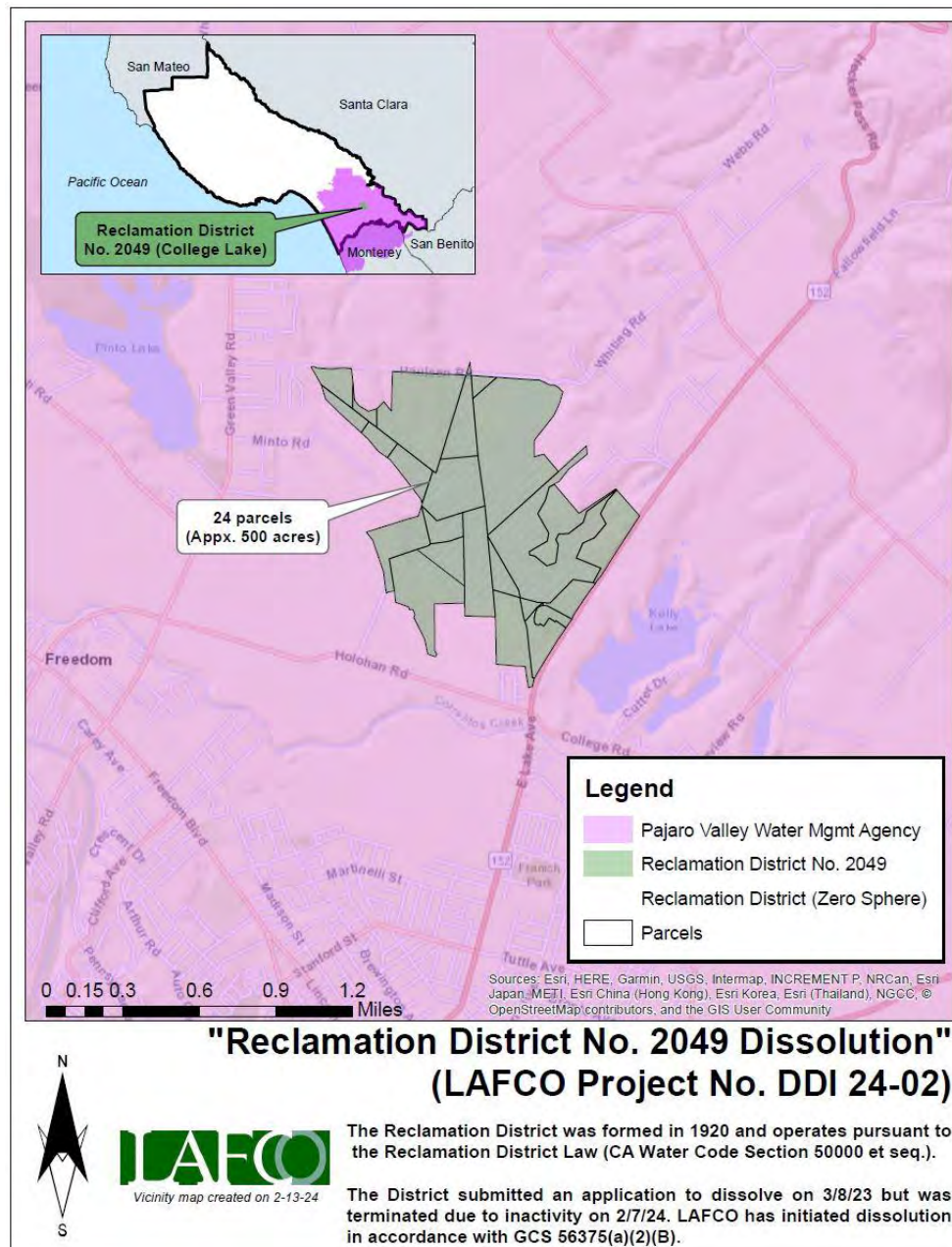
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NOTICE OF PUBLIC HEARING LOCAL AGENCY FORMATION COMMISSION

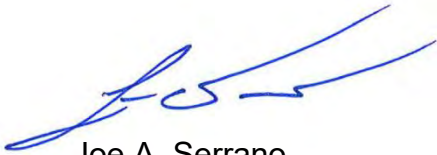
NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, June 5, 2024, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following items below.

- “Reclamation District No. 2049 Dissolution”:** The Commission will consider the dissolution of the reclamation district located north of Holohan Road, east of Green Valley Road, south of Paulsen Road, and west of Highway 152. The District’s service area is completely surrounded by the Pajaro Valley Water Management Agency (PVWMA), as shown below. The proposed dissolution does not affect property taxes nor does it change the land use designation of the subject properties. PVWMA will assume responsibility for drainage services if the dissolution is approved and finalized.



- **“BCFPD Station Parcel Extraterritorial Service Agreement” with CSA 7:** Consideration of an extraterritorial service agreement request for a single parcel owned by the Boulder Creek Fire Protection District to receive sewer services from County Service Area 7. The proposal area is located north of Fallen Leaf Drive, east of Empire Grade, west of Big Basin Way/Highway 236, and south of Jamison Creek Road. If approved, the ESA would be in compliance with GCS 56133(a) and will be used as a precursor for annexation in the near future.
- **Service and Sphere of Influence Review for County Service Area 57:** Consideration of a service and sphere review for CSA 57. The CSA was formed in 2001 and provides stormwater drainage services to the unincorporated community known as Woods Cove. A full analysis will be conducted for this dependent special district.

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 you will require special assistance in order to participate, please contact the LAFCO office at least 48 hours in advance of the meeting to make arrangements.



Joe A. Serrano
Executive Officer
Date: May 14, 2024

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: "BCFPD Station Parcel **Extraterritorial Service Agreement**" (ESA 24-10)

Project Location: The subject area is located north of Fallen Leaf Drive, east of Empire Grade, west of Big Basin Way/Highway 236, and south of Jamison Creek 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 the County of Santa Cruz via an adopted resolution by the Board of Supervisors. The subject area includes one parcel totaling one acre. The single parcel is owned by the Boulder Creek Fire Protection District. The purpose of the application is to ensure the existing fire station gets adequate sewer service by connecting the parcel to CSA 7, which is the adjacent public wastewater agency.

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 June 5, 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 15320, Class 20(b): Changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised, including but not limited to consolidation of two or more districts having identical powers.

Lead Agency Contact Person: Joe A. Serrano

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

Signature: _____
Joe A. Serrano, Executive Officer

Date: June 6, 2024

☒ Signed by Lead Agency

SANTA CRUZ LAFCO

Project Application Form

Page 6 of 7

ATTACHMENT 2**INDEMNIFICATION AND DEFENSE**

The undersigned applicant for the above-referenced application ("Applicant"), as a condition of submission of this application, approval of the application and any subsequent amendment of the approval which is requested by the Applicant, hereby agrees to defend, using counsel reasonably acceptable to the Local Agency Formation Commission of Santa Cruz County ("LAFCO"), indemnify, and hold harmless LAFCO, its officers, employees, and agents, from and against any claim, demand, damages, costs or liability of any kind (including attorneys' fees) against LAFCO arising from or relating to this application or any approval or subsequent amendment to the approval thereof, subject to the conditions set forth below.

A) Notification and Cooperation

LAFCO shall notify the Applicant of any claim, action, or proceeding against which LAFCO seeks to be defended, indemnified, or held harmless. LAFCO shall reasonably cooperate in such defense.

B) Fees and Costs:

Nothing contained herein shall prohibit LAFCO from participating in the defense of any claim, action, or proceeding if either of the following occur:

- 1) LAFCO bears its own attorneys' fees and costs; or
- 2) LAFCO and the Applicant agree in writing to the Applicant paying part or all of the Commission's attorneys' fees and costs.

C) Settlement:

When representing LAFCO, the Applicant shall not enter into any stipulation or settlement modifying or affecting the interpretation or validity of any of the terms or conditions of the approval without the prior written consent of LAFCO.

D) Successors Bound:

The obligations of the Applicant under this Indemnity and Defense agreement are specifically associated with and shall run with the land that is the subject of the application and/ or approval and shall be binding upon the applicant and the successor(s) in interest, transferee(s), and assign(s) of the applicant in the land.

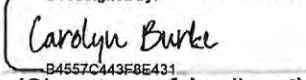
E) Recordation:

At any time after submission of the application, LAFCO may, at its sole option, record in the office of the Santa Cruz County Recorder a memorandum of agreement which incorporates the provisions of this condition, or this approval shall become null and void.


(Signature of LAFCO Executive Officer)

Joe A. Serrano
(Printed Name)

5/2/24
(Date)


(Signature of Applicant)

Carolyn Burke
(Printed Name)

May 2, 2024
(Date)

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2024-12

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
APPROVING THE BCFPD STATION PARCEL
EXTRATERRITORIAL SERVICE AGREEMENT WITH
COUNTY SERVICE AREA 7 (LAFCO PROJECT NO. ESA 24-10)

WHEREAS, an application for an extraterritorial service agreement involving a single parcel (APN 083-273-01) (the “proposal”) was submitted by the County of Santa Cruz (“County”) and accepted for filing by the Executive Officer of this Local Agency Formation Commission (“LAFCO” or “Commission”); and

WHEREAS, the proposal area is approximately one acre in size and owned by the Boulder Creek Fire Protection District (“BCFPD”); and

WHEREAS, the proposal area has historically received sewer services from the Big Basin Water Company’s Wastewater Treatment Plan since the early-1980s; and

WHEREAS, the Big Basin Water Company’s court receiver and the County of Santa Cruz have agreed to transfer over sewer responsibilities to County Service Area 7; and

WHEREAS, the proposal area is outside the jurisdictional and sphere boundaries of County Service Area No. 7 (“CSA 7” or “District”) and is generally located north of Fallen Leaf Drive, east of Empire Grade, west of Big Basin Way/Highway 236, and south of Jamison Creek Road, as shown in Exhibit A; and

WHEREAS, in accordance with Government Code Section 56133, a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the Commission; and

WHEREAS, the Executive Officer determined there are no alternate service providers of wastewater near the subject territory; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56133 and the Commission’s Extraterritorial Services Policy, determined that the proposal met the statutory requirements and set June 5, 2024, as the hearing date on this proposal and provided public notice as required by law; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56665, has reviewed this proposal and prepared a report, including recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, this Commission, on June 5, 2024, heard from interested parties and considered the proposal and the report of the Executive Officer, and considered the factors determined by the Commission to be relevant to this proposal.

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 CEQA has been met by a categorical exemption pursuant to CEQA Guidelines Section 15320, Class 20(b): Changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised, including but not limited to consolidation of two or more districts having identical powers.

Section 3. The Commission considered the requirements set forth for extraterritorial services in the Cortese-Knox-Hertzberg Act, Government Code Section 56133, and found the proposal to be consistent with those requirements as outlined below:

- a) Services by Contract Outside District Boundaries: Government Code Section 56133(a) allows a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from LAFCO. An application was submitted by the County of Santa Cruz on behalf of CSA 7 on May 2, 2024.

Section 4. The Commission determined that the proposal is consistent with the Policies and Procedures Relating to Extraterritorial Services 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 County is the applicant and submitted a Will-Serve Letter expressing support on May 2, 2024, as shown in Exhibit B.
- 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 County, as the applicant, will submit a fee deposit of \$950 prior to recordation.
- c) 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 May 14, 2024, and scheduled the proposal for Commission consideration on June 5, 2024.

Section 5. The applicant shall agree, as a condition of the approval of the application for an extraterritorial service agreement, to be bound by the LAFCO Indemnification and Defense Form signed on May 2, 2024. The applicant, on behalf of itself and future owners and assigns, further agrees to annex the subject area to CSA 7 as determined by the County and LAFCO as set forth in Section 6.

Section 6. The County shall submit and complete an annexation request no later than June 5, 2028. If an application is submitted and completed by June 4, 2026, then LAFCO shall waive its filing fees associated with the proposed annexation application.

Section 7. The Certificate of Completion for the extraterritorial service agreement shall not be issued until all terms and conditions are met.

Section 8. The proposed extraterritorial service agreement shall be effective as of the date of recordation of the Certificate of Completion.

Section 9. The Commission shall approve, disapprove, or approve with conditions the extended services. If the new or extended services are 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 10. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Government Code Section 56882.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 5th day of June 2024.

AYES:

NOES:

ABSTAIN:

JOHN HUNT, CHAIRPERSON

Attest:

Approved as to form:

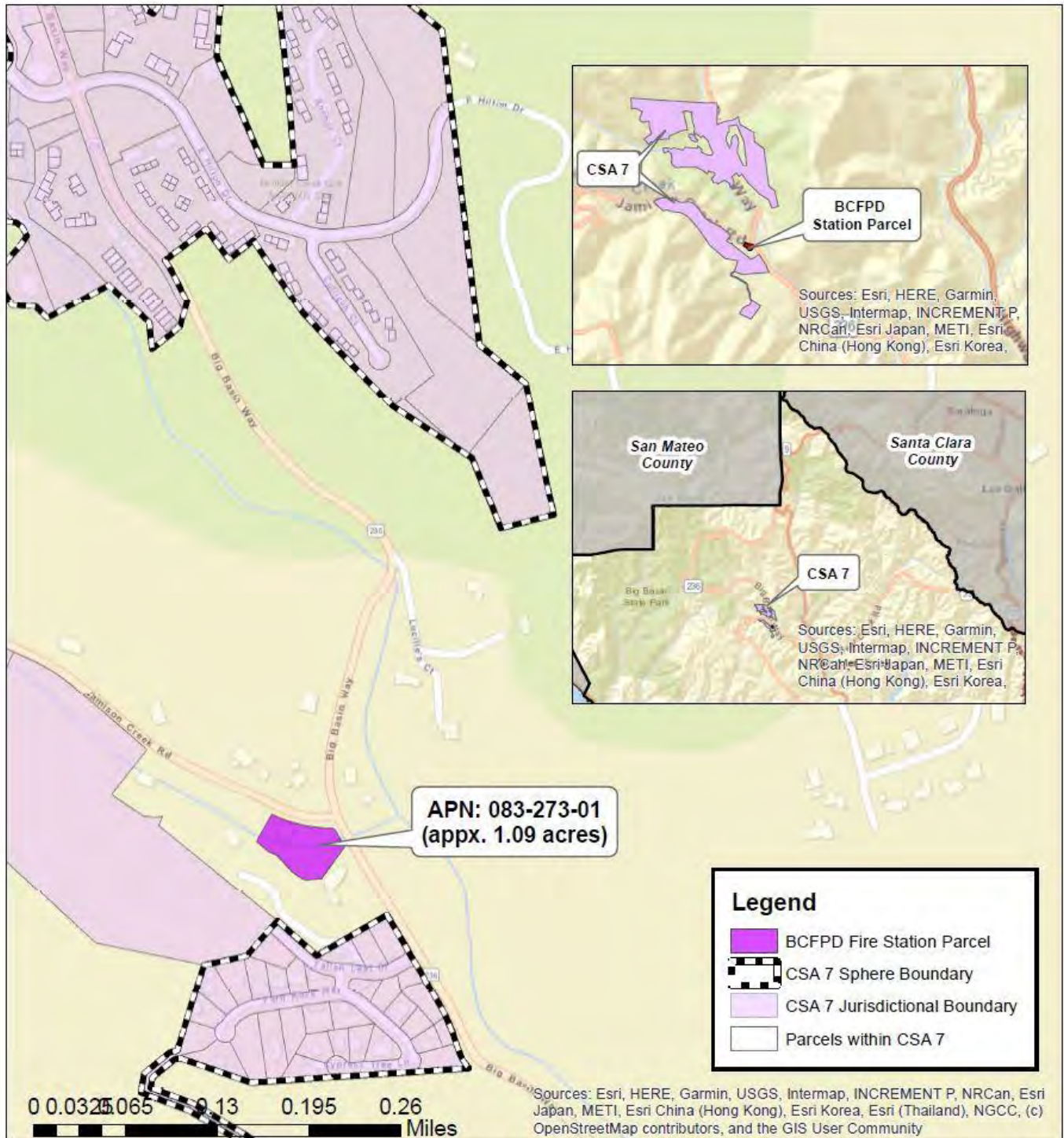
Joe A. Serrano
Executive Officer

Joshua Nelson
LAFCO Counsel

EXHIBIT A

VICINITY MAP

DRAFT



County Service Area 7 (Boulder Creek) Jurisdictional and Sphere Boundaries (LAFCO Project No. ESA 24-10)

The subject parcel is currently outside the District's sphere and service boundaries. Pursuant to GCS 56133(a), the parcel may receive sewer services after receiving LAFCO approval.

EXHIBIT B

COUNTY LETTER INDICATING WILLINGNESS AND CAPABILITY TO SERVE THE PROPOSAL AREA

DRAFT



County of Santa Cruz

Department of Community Development and Infrastructure

701 Ocean Street, Fourth Floor, Santa Cruz, CA 95060
Planning (831) 454-2580 Public Works (831) 454-2160
sccoplanning.com dpw.co.santa-cruz.ca.us

Matt Machado - Deputy CAO / Director

Jocelyn Drake
Assistant Director
Permit Division

Stephanie Hansen
Assistant Director
Housing & Policy

Carolyn Burke
Assistant Director
Special Services

Steve Wiesner
Assistant Director
Transportation

Damon Adlao
Director
Capital Projects

Kim Moore
Director
Administration

May 2, 2024

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Joe Serrano, Executive Officer
701 Ocean Street, Room 318-D
Santa Cruz, CA 95060

**SUBJECT: EXTRATERRITORIAL SERVICE AGREEMENT
 FOR APN 083-273-01
 BOULDER CREEK FIRE DISTRICT**

Dear Mr. Serrano:

The County of Santa Cruz Community Development and Infrastructure (CDI) requests the Local Agency Formation Commission (LAFCO) of Santa Cruz County initiate an Extraterritorial Service Agreement (ESA) to continue to provide sewer services to the property located at 16115 Jaminson Creek Road, Boulder Creek, California (APN 083-273-01). The subject property is owned by Boulder Creek Fire Protection District and is located on the corner of Jamison Creek and Highway 236 in Boulder Creek, California. Since the early 1980s, the fire station has pumped their wastewater to Big Basin Water Company's wastewater treatment plant.

For background information, on March 12, 2024, CDI presented to the Santa Cruz County Board of Supervisors a proposal to form a new zone within the established CSA No. 7 Boulder Creek. A portion of this CSA includes the Fallen Leaf neighborhood that was receiving sewer services from the Big Basin Water Company (BBWC), which sustained heavy damage during the CZU wildfire and was no longer able to provide services. CDI proposed to take over the sewer services previously provided by BBWC by creating a new zone within CSA 7 and annexing the fire station into CSA 7 Zone 2. The Board also adopted a resolution to levy a benefit assessment on the proposed Zone 2 and a public hearing was held on April 30, 2024, to hear objections and tally ballots from property owners within Zone 2. The ballots received were tallied and a majority of property owners supported the formation of Zone 2 and the proposed benefit assessment charges to be levied on the parcels within Zone 2.

In the future, CDI intends to annex the subject parcel, however due to a limited timeline to ensure that revenue is collected from the parcel for Fiscal Year 2024-2025, CDI proposes to establish an ESA. The service charge reports will be presented at the Board of Supervisors meeting on June 4, 2024, and must be approved by the Board and forwarded to the Auditor-Controller by August 10, 2024, to be included on the 2024-25 property tax roll.

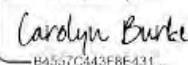
Therefore, CDI staff requests the support of LAFCO to establish an ESA with the subject parcel at the LAFCO meeting on June 5, 2024, to ensure continued sewer service to the fire station and to generate revenues for the ongoing maintenance and operation of the wastewater treatment plant.

If you should have any questions on the project application, please contact Beatriz Barranco, Senior Civil Engineer at Beatriz.Barranco@santacruzcountycalifornia.gov.

Yours truly,

MATT MACHADO
Deputy CAO
Director of Community Development
& Infrastructure

By:

DocuSigned by:

B4557C443F8E431...

Carolyn Burke
Assistant Director – Special Services

BB:sm

Copy to: Central File

Local Agency Formation Commission of Santa Cruz County.docx



Santa Cruz Local Agency Formation Commission

Date: June 5, 2024
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **"Reclamation District No. 2049 Dissolution"**

SUMMARY OF RECOMMENDATION

State law allows LAFCOs to initiate dissolution of a special district if deemed necessary. After multiple joint meetings with representatives from the Reclamation District No. 2049 ("District") and the Pajaro Valley Water Management Agency (PVWMA), LAFCO determined that the Commission should take the lead in the dissolution process. The Commission adopted a resolution to initiate the dissolution of the reclamation district on February 7, 2024. The dissolution process has been deemed complete and ready for Commission approval.

It is recommended that the Commission adopt the draft resolution (No. 2024-13) approving the dissolution of the Reclamation District No. 2049.

EXECUTIVE OFFICER'S REPORT

The Reclamation District No. 2049 was formed on February 2, 1920, in conformity with Division 2200 of the Deering Act and currently operates under Section 50000 et seq. of the California Water Code. The District encompasses 24 parcels and provides drainage services for approximately 500 acres in the College Lake area, north of the City of Watsonville, as shown in **Attachment 1**. While the District's sole purpose is to drain College Lake once a year to allow for farming in the summer season, 2024 will be the first year the District will not drain the lake. This lack of action was due to the following:

- In March 2023, the District submitted an application for dissolution;
- In May 2023, the board of directors decided not to adopt a budget for FY 2023-24 and have not held a board meeting since then;
- In late-2023, the board of directors went from three members to a single member; and
- Throughout 2023, PVWMA continued with their efforts to construct a new pump station, water treatment plant and six-mile pipeline at College Lake, making the reclamation district obsolete.

As stated above, representatives from Reclamation District No. 2049 initially submitted an application to dissolve the agency in March 2023 based on LAFCO's recommendations from the 2022 Countywide Water Service and Sphere Review. However, the application remained inactive for almost a year. LAFCO did not expect the agency to fulfill the statutory requirements necessary to move their application forward due to its depleted board, lack of staff, and no district activity. That is why the Commission terminated their application and initiated the dissolution process in February 2024.

District's Dissolution Application

The board president of the Reclamation District No. 2049 submitted a signed application on March 8, 2023. State law requires LAFCO to review the application and inform the applicant whether the application is complete or incomplete within 30 days of submittal. LAFCO sent a status letter to the applicant on April 7, 2023 informing them that the application was incomplete because it was missing various items including but not limited to the following:

- Signed copy of the initiating resolution adopted by the District's board of directors;
- Signed copy of the indemnification agreement; and
- Payment of LAFCO's filing fee of \$1,250.

It is normal for applications to be missing items upon initial inspection, and applicants typically submit the outstanding items in a timely manner. However, the District has not been able to submit the required documentation because it no longer has an acting board and cannot take any official action beyond administrative tasks (i.e. paying monthly bills) – resulting in the application being dormant for almost a year. The Commission terminated the application on February 7, 2024¹.

LAFCO's Dissolution Effort

While the initial application to dissolve the reclamation district remained inactive, LAFCO continued to proactively engage with representatives of the District and PVWMA to discuss the future of College Lake and the reclamation district. After determining that the original application could not move forward, the two parties and LAFCO awaited to see if the State Controller's Office would designate the reclamation district as an "inactive district" under GCS 56042, but it did not. This designation would have required a mandatory dissolution. The District met all the requirements to be considered an inactive district with the exception of the criteria regarding fund balances. State law requires an inactive district to have a zero-fund balance and to date, the District has approximately \$40,000 in the bank. As a result, the two agencies agreed that LAFCO should initiate the dissolution process to ensure that the lake receives adequate drainage services from a reliable public agency. Government Code Section 56375(a)(2)(B) allows the Commission to exercise its power and duty to initiate the dissolution of a district by adopting a resolution. The Commission initiated the dissolution by adopting a resolution on February 7, 2024. Since then, all the statutory requirements have been completed, which are summarized below.

LAFCO-INITIATED APPLICATION

After the Commission adopted the initiating resolution, staff began the dissolution process. The following factors were analyzed and addressed in accordance with LAFCO law.

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 (February 13 to March 8).

¹ 2/7/24 LAFCO Staff Report: https://santacruzlafco.org/wp-content/uploads/2024/01/6b.0-RD2049-Dissolution-Staff-Report_Hyperlinked.pdf

General Plan/Zoning Designation

State law identifies a proposal area as uninhabited if it has less than 12 registered voters. The dissolution area is uninhabited (four registered voters) and the County's General Plan designates the vast majority of the area as Agriculture, with a small portion designated as Public Facility. The dissolution does not propose any changes to the existing land use designation.

Other Municipal Services

No other change of organization is required. The proposal area will continue to receive municipal services from existing public agencies, including but not limited to fire protection services from the Pajaro Valley Fire Protection District.

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 May 14, 2024, as shown in **Attachment 2**.

Plan for Service

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

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 15320, Class 20(b):

Changes In Organization of Local Agencies: Class 20 consists of changes in organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised.

The purpose of the application is for the dissolution of an inactive and obsolete special district (Reclamation District No. 2049) in which a successor agency (Pajaro Valley Water Management Agency) will be able to assume drainage services at a better level of service to the proposal area. A Notice of Exemption, as shown in **Attachment 4**, will be recorded following the Commission's approval of this proposal.

Certificate of Filing

Pursuant to Government Code Section 56020.6, a certificate of filing is a document issued by the Executive Officer that confirms an application for a change of organization has met submission requirements and is ready for Commission consideration. The Executive Officer deemed the application complete and signed the certificate of filing on May 6, 2024 as shown in **Attachment 5**. Following the issuance of the certificate of filing, the Executive Officer shall proceed to set the proposal for hearing and give published notice. The date of the hearing shall be no more than 90 days after issuance of the certificate of filing or after the application is deemed to have been accepted, whichever is earlier. Notwithstanding Government Code Section 56106, the date for conducting the hearing is mandatory.

Notice of Public Hearing

Pursuant to State law, LAFCO is required to advertise the consideration of the proposed dissolution in a newspaper at least 21 days prior to the hearing date (Government Code Section 56157[h]). After deeming the proposal complete, the Executive Officer advertised the proposal in the Santa Cruz Sentinel on May 14, 2024. The public notice was also uploaded on LAFCO's website, posted in various locations in the County Building, shared with the affected agencies, and mailed to all affected landowners and registered voters within the dissolution area as well as within a 300-foot radius. LAFCO did not receive any opposition or concerns from any recipient since the notice distribution in early-May. The public notice indicated that the dissolution was scheduled for Commission consideration on June 5, 2024 and included a vicinity map. A copy of the public notice is shown in **Attachment 6**.

Commission Hearing

Pursuant to Government Code Section 56666, a hearing is required when considering a change of organization. At the hearing, the Commission shall hear and receive any oral or written protests, objections, or evidence that shall be made, presented, or filed, and consider the report of the Executive Officer and the plan for providing services to the proposal area. The June 5th Agenda Packet, with access to the dissolution's staff report and supporting documents, was published on LAFCO's website on May 30, 2024.

If the Commission approves the proposed dissolution, State law requires the commencement of a request for reconsideration period and a protest proceeding. These two periods are summarized below. **Attachment 7** provides a complete overview of the entire LAFCO process schedule – from the day the application was submitted to the proposed completion date (assuming the dissolution effort is successful).

Request for Reconsideration

Pursuant to Government Code Section 56895, when the Commission adopts a resolution making determinations regarding a change of organization, any person or affected agency may file a written request with the Executive Officer requesting amendments to or reconsideration of the resolution. The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously are claimed to warrant the reconsideration. Individuals or agencies have up to 30 days after adoption of the resolution to submit a written request. The request for reconsideration period is scheduled for June 6 to July 5, 2024.

Protest Proceedings

Pursuant to Government Code Section 57000, when the Commission adopts a resolution making determinations regarding a change of organization, affected residents within the proposal area will have an opportunity to voice their opposition during the protest period. The Commission shall specify a timeframe between twenty-one (21) and sixty (60) days for the collection and filing of written protests pursuant to Government Code Section 56886(o), and that timeframe shall be included in the terms and conditions of an approval for a change of organization. Within thirty (35) days of the adoption of the Commission's resolution, the Executive Officer shall notice a protest hearing and, in the notice, set the hearing date as prescribed by the Commission in its terms and conditions. LAFCO staff has set forth a 24-day protest proceeding. The protest period is scheduled for July 8 to July 31, 2024. A protest hearing will be held on Wednesday, July 31st to collect the final petitions and hear any resident feedback. A public notice for the protest hearing is scheduled to be advertised in the Sentinel Newspaper on July 2, 2024.

Protest Results

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

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

For additional transparency, and to clarify the statutory requirements outlined in the Cortese-Knox-Hertzberg Act, the Commission adopted a Protest Proceedings Policy².

Certificate of Completion

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

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

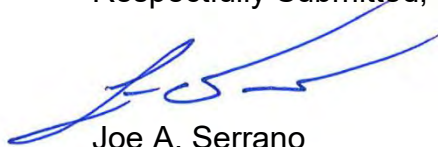
Pursuant to Government Code Section 57001, if a certificate of completion for a change of organization has not been filed within one year after the commission approves a proposal for that proceeding, the proceeding shall be deemed terminated unless prior to the expiration of that year the Commission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

² LAFCO Policy Handbook: <https://santacruzlaftco.org/wp-content/uploads/2024/03/PP-Handbook-Adopted-Version-3-6-24.pdf>

STAFF RECOMMENDATION

Reclamation District No. 2049 has been in existence for a century and played a key role in draining the College Lake for farming purposes. However, its operational and governmental role has diminished over the years. At present, it does not have a general manager or adequate staffing levels. It also does not have a website, a physical office or any accessible contact information, adopted policies in place, and has four vacancies on the five-member board. The last official board meeting was held in May 2023. In early-2023, the District submitted an application to dissolve the agency, however, it did not provide all the required documentation in accordance with state law. As a result, the application has remained inactive for almost a year and there were no plans to address the outstanding items. This led the two affected agencies and LAFCO to determine that this Commission should take the lead in the dissolution process to resolve this predicament. The dissolution application has been deemed complete and ready for Commission action. Staff is recommending that the Commission adopt the draft resolution, as shown in **Attachment 8**, to officially dissolve the reclamation district and transfer drainage service responsibilities over to the Pajaro Valley Water Management Agency.

Respectfully Submitted,

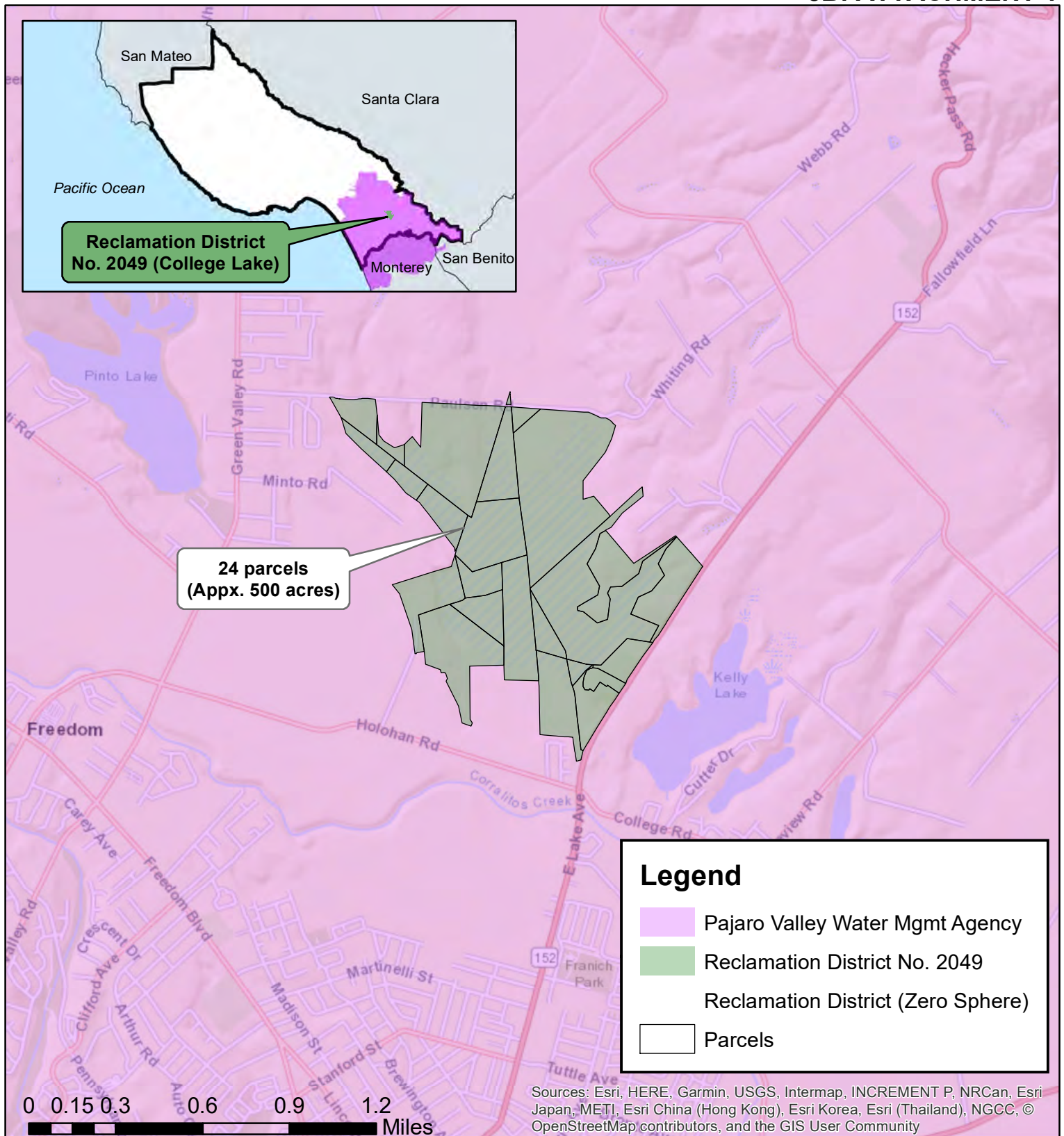


Joe A. Serrano
Executive Officer

Attachments:

1. Vicinity Map
2. Property Tax Exchange Agreement
3. Plan for Service
4. Notice of Exemption
5. Certificate of Filing
6. Notice of Public Hearing
7. Dissolution Timeline
8. LAFCO Resolution No. 2024-13

cc: Reclamation District No. 2049
Pajaro Valley Water Management Agency



"Reclamation District No. 2049 Dissolution" (LAFCO Project No. DDI 24-02)



Vicinity map created on 2-13-24

The Reclamation District was formed in 1920 and operates pursuant to the Reclamation District Law (CA Water Code Section 50000 et seq.).

The District submitted an application to dissolve on 3/8/23 but was terminated due to inactivity on 2/7/24. LAFCO has initiated dissolution in accordance with GCS 56375(a)(2)(B).

Resolution 136-2024



Adopted 05/14/2024
Board of Supervisors
DOC-2024-377 28.d

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

RESOLUTION NO. 136-2024

On the motion of Supervisor Hernandez
Duly seconded by Supervisor Koenig

The following resolution is adopted:

RESOLUTION PROVIDING FOR EXCHANGE OF PROPERTY TAX
REVENUES PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE
SECTION 99

LAFCO DDI 24-02 Reclamation District No. 2049 Dissolution

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.

Resolution 136-2024

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 14th day of May 2024, by the following vote:

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

DocuSigned by:
Justin Cummings
C15905D366C8451...

5/22/2024

JUSTIN CUMMINGS
Chair of the Board of Supervisors

DocuSigned by:
Juliette Rezzato
466B074F3141450...

5/22/2024

ATTEST: _____
JULIETTE REZZATO
Clerk of the Board

Approved as to Form:

DocuSigned by:
Jason M. Heath 5/1/2024
7336E053EE38435
JASON M. HEATH (MM/DD/YYYY, AMS)
Office of the County Counsel

CC: Assessor-Recorder, Auditor-Controller/Treasurer-Tax Collector

Resolution 136-2024

Exhibit A

Agenda: May 14, 2024

LAFCO DDI 24-02 – Reclamation District No. 2049 Dissolution

1. Description

DDI 24-02 – Reclamation District No. 2049
Assessor's Parcel Numbers attached.

2. Property Tax Exchange

- A. Base Year Full Cash Value: 100% Exchange
- B. Incremental Full Cash Value: 100% Exchange

Resolution 136-2024

Assessor's Parcel Information

APN	Land	Imps	Total	TRA
051-101-07	697,068	0	697,068	69-258
051-101-09	0	0	0	89-565
051-101-10	199,988	23,916	223,904	69-258
051-101-11	31,832	0	31,832	69-258
051-101-12	66,784	0	66,784	69-258
051-101-13	32,657	0	32,657	69-258
051-101-15	59,181	0	59,181	69-258
051-101-18	87,492	0	87,492	69-258
051-101-24	114,240	72,988	187,228	69-258
051-101-50	742,305	6,127	748,432	69-258
051-101-54	48,444	0	48,444	69-258
051-101-59	0	0	0	69-258
051-441-02	196,862	0	196,862	69-258
051-441-04	0	0	0	69-258
051-441-07	0	0	0	69-254
051-441-11	0	0	0	69-258
051-441-12	175,704	920	176,624	69-258
051-441-20	277,216	503,374	780,590	69-260
051-441-22	0	0	0	69-254
051-441-24	291,785	0	291,785	69-260
051-441-27	16,094	0	16,094	69-260
051-441-28	198,841	893,625	1,092,466	69-254
051-651-01	34,048	0	34,048	69-258
051-651-05	11,783	0	11,783	69-258

Resolution 136-2024



Certificate Of Completion

Envelope Id: D88D947CD040489480E778460E9300D1	Status: Completed
Subject: Complete with DocuSign: Resolution and Exhibit A.pdf	
Source Envelope:	
Document Pages: 4	Signatures: 1
Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Melodye Serino
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	701 Ocean Street
	Santa Cruz, CA 95060
	Melodye.Serino@santacruzcountyca.gov
	IP Address: 63.194.190.100

Record Tracking

Status: Original	Holder: Melodye Serino	Location: DocuSign
5/1/2024 9:27:18 AM	Melodye.Serino@santacruzcountyca.gov	
Security Appliance Status: Connected	Pool: FedRamp	
Storage Appliance Status: Connected	Pool: County of Santa Cruz	Location: DocuSign

Signer Events

Signature	Timestamp
Jason M. Heath	Sent: 5/1/2024 9:31:17 AM
Jason.Heath@santacruzcountyca.gov	Viewed: 5/1/2024 10:15:02 AM
County Counsel	Signed: 5/1/2024 10:16:11 AM
Security Level: Email, Account Authentication (None)	
Signature Adoption: Pre-selected Style	
Using IP Address: 73.189.24.90	

Electronic Record and Signature Disclosure:
Accepted: 5/1/2024 10:15:02 AM
ID: e5df9653-6f20-42ef-abf7-462124629020

In Person Signer Events

Editor Delivery Events

Agent Delivery Events

Intermediary Delivery Events

Certified Delivery Events

Carbon Copy Events

Melodye Serino		Sent: 5/1/2024 10:16:12 AM
melodye.serino@santacruzcountyca.gov		
Deputy CAO		
County of Santa Cruz		
Security Level: Email, Account Authentication (None)		

Electronic Record and Signature Disclosure:
Accepted: 3/1/2022 8:54:02 AM
ID: f16866e9-a995-406c-93df-20e4c0b266df

Witness Events

Notary Events

Envelope Summary Events

Envelope Sent	Hashed/Encrypted	5/1/2024 9:31:17 AM
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Resolution 136-2024

Envelope Summary Events	Status	Timestamps
Certified Delivered	Security Checked	5/1/2024 10:15:02 AM
Signing Complete	Security Checked	5/1/2024 10:16:11 AM
Completed	Security Checked	5/1/2024 10:16:12 AM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

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

Getting paper copies

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

Withdrawing your consent

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

Consequences of changing your mind

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

All notices and disclosures will be sent to you electronically

Resolution 136-2024

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:

Resolution 136-2024

- 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.

**“Reclamation District No. 2049 Dissolution”
Plan for Service - in accordance with GCS 56653**

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

The Reclamation District No. 2049 was formed on February 2, 1920 and its sole purpose was to drain College Lake once a year to allow for farming during the summer season. The District historically used one weir and a small water dam to control the flow of the water. At present, the District no longer has a functioning weir, nor does it have an active board or employees. Additionally, the Pajaro Valley Water Management Agency (PVWMA), which already includes the reclamation district within its existing service area, is currently working on a capital project that can drain the lake using a more efficient and environmentally friendly method.

2. The level and range of those services.

PVWMA is in the process of completing a project directly tied to College Lake. The primary purposes of the College Lake Integrated Resources Project are to help balance the groundwater basin, prevent further seawater intrusion, and meet water supply needs in PVWMA’s service area by developing College Lake as a water storage and supply source. Project components include a weir structure and intake pump station, a water treatment plant, and an approximately 6-mile-long pipeline to convey water from the water treatment plant to the Watsonville Area Recycled Water Treatment Facility and to the Coastal Distribution System. Construction is expected to conclude in mid-2025.

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

PVWMA was formed in November 1984 through special legislation (Pajaro Valley Water Management Act). The District manages existing and supplemental water supplies within 124 square miles of territory that encompasses the City of Watsonville and unincorporated territory located in three counties (Monterey, San Benito, and Santa Cruz). PVWMA is not a water purveyor of domestic (i.e. potable) water, such as a typical water district or municipal water department, but rather is a Groundwater Sustainability Agency (GSA) responsible for achieving sustainable groundwater resources within the Pajaro Valley Groundwater Basin. No new services are being proposed at this time. PVWMA will be equipped to continue providing drainage-related services to the dissolution area upon completion of the LAFCO process and construction of the College Lake Integrated Resources Project.

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

As previously mentioned, the PVWMA is in the process of completing a project directly tied with the College Lake, which will help balance the groundwater basin, prevent further seawater intrusion, and meet water supply needs in PVWMA's service area by developing College Lake as a water storage and supply source. Project components include a weir structure and intake pump station, a water treatment plant, and an approximately 6-mile-long pipeline to convey water from the water treatment plant to the Watsonville Area Recycled Water Treatment Facility and to the Coastal Distribution System. Such improvements will replace the outdated (and no longer operating) weir infrastructure previously operated by the reclamation district.

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

PVWMA provides supplemental water service to groundwater users throughout the Pajaro Valley Basin. Supplemental water service includes the purchase/acquisition, capture, storage, and distribution of supplemental water through existing facilities, as well as the implementation of projects identified in the Basin Management Plan Update to reduce groundwater overdraft and retard seawater intrusion. The supplemental water service is funded primarily through an augmentation charge pursuant to the PVWMA Act. The augmentation charge is a fee levied on the extraction of groundwater from wells within PVWMA. In order to administer the charge, it is necessary for the District to know the actual or reasonable estimate of groundwater extraction from each well. PVWMA installs meters on all wells capable of extracting 10 or more-acre feet per year. Residents of the dissolved area are already constituents of PVWMA, and therefore, are subject to augmented charges if utilizing PVWMA's services. No new or additional costs are associated with the proposed dissolution of the reclamation district.

Notice of Exemption

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

From: (Public Agency)
Santa Cruz Local Agency Formation
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: "Reclamation District No. 2049 Dissolution" (LAFCO Project No. DDI 24-02)

Project Location: Reclamation District No. 2049 was formed on February 2, 1920 to provide drainage services to approximately 500 acres in the College Lake Area, north of the City of Watsonville. A vicinity map depicting the District's boundary is attached (refer to Attachment A).

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

Description of Nature, Purpose, and Beneficiaries of Project: Government Code Section 56375(a)(2)(B) allows the Commission to exercise its power and duty to initiate the dissolution of a district by adopting a resolution. At present, it does not have a general manager or adequate staff. It also does not have a website, a physical office or any accessible contact information, adopted policies in place, and has four vacancies on the five-member board. The last official board meeting was held in May 2023. The two affected agencies and LAFCO determined that the reclamation district should be dissolved. On behalf of the reclamation district, LAFCO initiated the dissolution process in February 2024 and will consider the official dissolution on June 5, 2024.

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 June 5, 2024. Additional information on the upcoming meeting is available on the LAFCO website.

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


Exempt Status: (check one)

- ☐ 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 15320, Class 20(b): Changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised, including but not limited to consolidation of two or more districts having identical powers.

Lead Agency Contact Person: Joe A. Serrano

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

Signature: 
Joe A. Serrano, Executive Officer

Date: June 6, 2024

☒ Signed by Lead Agency



**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

CERTIFICATE OF FILING

SUBJECT: “Reclamation District No. 2049 Dissolution” (Project No. DDI 24-02)

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

1. The filing date for this proposal is May 6, 2024.
2. The Local Agency Formation Commission will consider this proposal on Wednesday, June 5, 2024 at 9:00am.
3. This proposal is:
 - ☐ A 100 percent consent item.
 - ☒ An item requiring a noticed public hearing.



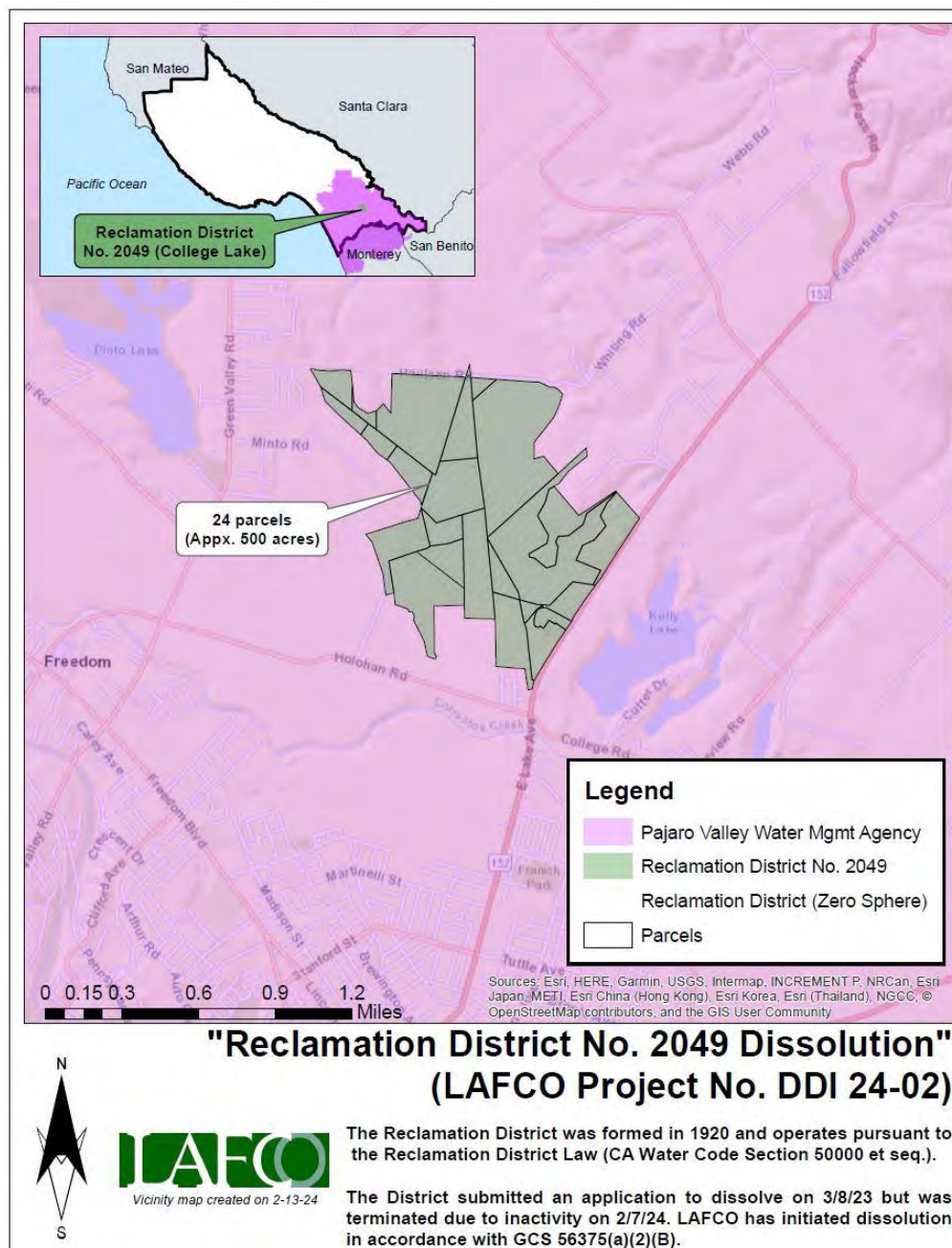
JOE A. SERRANO
EXECUTIVE OFFICER



NOTICE OF PUBLIC HEARING LOCAL AGENCY FORMATION COMMISSION

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, June 5, 2024, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following items below.

- **“Reclamation District No. 2049 Dissolution” (Project No. DDI 24-02):** The Commission will consider the dissolution of the reclamation district located north of Holohan Road, east of Green Valley Road, south of Paulsen Road, and west of Highway 152. The District’s service area is completely surrounded by the Pajaro Valley Water Management Agency, as shown below.



Upcoming Meeting - Additional Information

In compliance with the California Environmental Quality Act (CEQA), LAFCO staff is scheduled to prepare a Categorical Exemption for the proposal 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 you will require special assistance in order to participate, please contact the LAFCO office at least 48 hours in advance of the meeting to make arrangements.

Why Are You Getting This Notice?

State law requires LAFCOs to inform any resident within 300 feet of the proposed dissolution. You have been identified as a landowner and/or registered voter outside the dissolution area but within the 300 foot radius. Please note that the proposed dissolution does not affect your property taxes nor does it change the land use designation of your property. This is simply an informational notice for you – **no action is required**. However, if you have any questions regarding this Notice, please contact the LAFCO office at 831-454-2055 or by email at info@santacruzlafco.org.



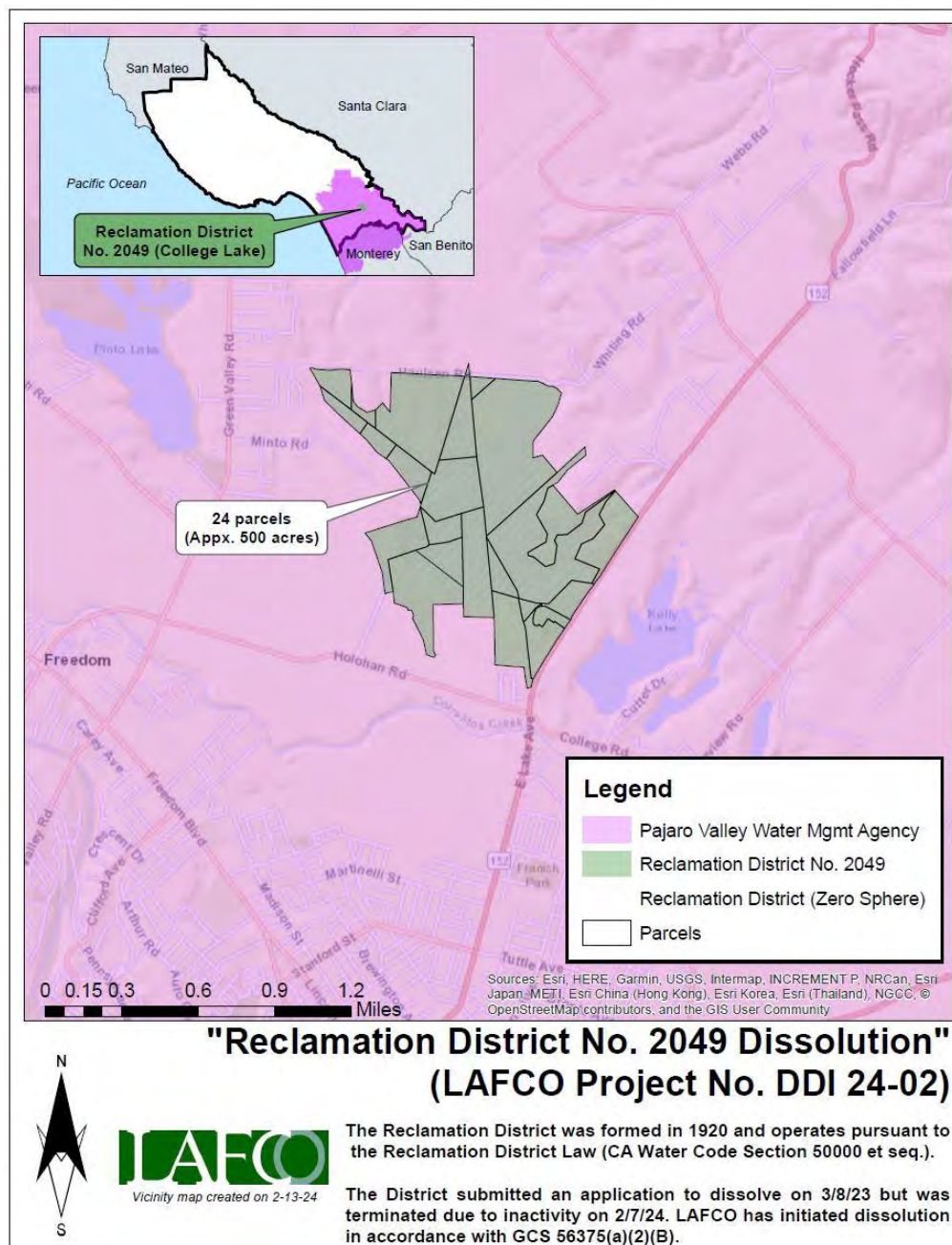
Joe A. Serrano
Executive Officer
Date: May 14, 2024



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Why Are You Getting This Notice?

State law requires LAFCOs to inform the affected resident about the proposed dissolution. You have been identified as a landowner and/or registered voter within the reclamation district. Please note that the proposed dissolution does not affect your property taxes nor does it change the land use designation of your property. The Pajaro Valley Water Management Agency will assume responsibility for drainage services if the dissolution is approved and finalized.

If you have any questions regarding this Notice, please contact the LAFCO office at 831-454-2055 or by email at info@santacruzlafco.org.



Joe A. Serrano
Executive Officer
Date: May 14, 2024

"Reclamation District No. 2049 Dissolution" Initiated by Commission Resolution LAFCO Process - Proposed Schedule <i>(For Discussion Purposes Only - Dates Subject to Change)</i>			
Action	Responsible Agency	Target Date	Description
Pre-LAFCO Process			
Discussion with Affected Agencies	Reclamation; PVWMA; and LAFCO	2022 - 2023	Discuss the LAFCO process, proposal area, and application requirements to dissolve the reclamation district
During LAFCO Process			
LAFCO Action (Commission Meeting)	LAFCO	February 7, 2024	During the meeting, LAFCO will take the following actions: 1) Terminate inactive application submitted by the District; and 2) Adopt a resolution to initiate the dissolution in accordance with Government Code Section 56375(a)(2)(B).
Notification of Application	LAFCO	February 12 - March 1, 2024	Pursuant to state law, LAFCO will identify any missing items to the applicant within 30 days. Concurrently, LAFCO will solicit comments from affected and interested agencies/parties.
Discuss Application's Pending Items	Reclamation; PVWMA; and LAFCO	April 2024	Address any pending items. These items must be resolved before LAFCO staff can deem this project complete and ready for Commission consideration.
Complete Certificate of Filing	LAFCO	May 6, 2024	Pursuant to State law, LAFCO's Executive Officer will deem the project complete when a Certificate of Filing is signed. All required documents/actions need to be completed before this step is taken.
Adoption of a Property Tax Exchange Agreement	County	May 14, 2024	The County of Santa Cruz will need to determine the transfer of ad valorem property tax revenues to fulfill the requirements of Section 99 of the Revenue and Taxation Code.
Advertise LAFCO Hearing	LAFCO	May 14, 2024	Pursuant to State law, LAFCO will advertise the consideration of the proposal in a newspaper (Sentinel) at least 21-days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper).
Conduct LAFCO Hearing (Consider Proposal)	LAFCO	June 5, 2024	The Commission will consider the proposed change of organization in a public forum. Affected/interested agencies and members of the public will have an opportunity to address LAFCO on this matter.
Record Environmental Document	LAFCO	June 6, 2024	Pursuant to State law, and based on local practices, LAFCO may file an environmental document regarding the proposal as a Responsible Agency, unless the proposal is exempt from CEQA. The environmental document will be recorded after the LAFCO hearing date.
Conduct 30-day Request for Reconsideration Period	LAFCO	June 6 to July 5, 2024	Pursuant to state law, reconsideration period is 30 days. <u>Reconsideration:</u> If the proposal is approved, any person or affected agency may file a written request with the executive officer requesting amendments to or reconsideration of the adopted resolution. The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously are claimed to warrant the reconsideration.
Advertise LAFCO Protest Hearing in Newspaper(s)	LAFCO	July 1, 2024	Pursuant to State law, LAFCO will advertise the protest proceedings for the reorganization in a newspaper(s) at least 21-days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper). Notices will also be mailed to the affected residents (landowners/reg voters).
Conduct Protest Proceedings	LAFCO	July 8 - 31, 2024	Pursuant to state law, the date of the protest hearing shall not be less than 21 days or more than 60 days after the date the notice is given. This is an opportunity for affected residents/landowners to submit protest petitions against the Commission's action (i.e. approval of the reorganization). If less than 25% oppose, then Commission action holds If 25%-50% oppose, then election is required If more than 50% oppose, then Commission action is terminated
Conduct Protest Hearing (Collect Final Petitions)	LAFCO	July 31, 2024	A protest hearing will be held to receive any final protest petitions from affected residents/landowners.
Conduct LAFCO Hearing (Adopt Protest Results)	LAFCO	August 7, 2024	Pursuant to state law, LAFCO will adopt a resolution acknowledging the results of the protest proceedings.
Completion of all Terms & Conditions	District & LAFCO	August 8, 2024	The adopted resolution from the June 5th LAFCO Meeting will list a number of terms and conditions. The applicant will be responsible to fulfill such conditions prior to recordation.
Recordation of Proposal	LAFCO	August 2024	<u>LAFCO:</u> Recordation of the approved proposal with the County and the State Board of Equalization. <u>Districts:</u> The effective date of the proposal will be the date of recordation or a date determined by the affected agencies.
Post-LAFCO Process			
Certificate of Completion Distribution	LAFCO	August 2024	LAFCO will send a copy of the Certificate of Completion, which includes the adopted resolution, to all affected/interested parties.
State Board of Equalization Tax Roll Update	SBE	Aug - Sep 2024	The proposal will be reflected in new tax roll.

Foonote - scheduled created on 5/20/24 for discussion purposes only

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2024-13

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
APPROVING THE DISSOLUTION OF RECLAMATION DISTRICT NO. 2049
(LAFCO PROJECT NO. DDI 24-02)

WHEREAS, on August 3, 2022, the Local Agency Formation Commission of Santa Cruz County ("LAFCO" or "Commission") adopted a countywide service and sphere review for the nine water agencies in Santa Cruz County, including the Reclamation District No. 2049 ("District"); and

WHEREAS, the District is responsible for drainage services once a year for farming purposes involving 24 parcels (approximately 0.78 square miles); and

WHEREAS, the adopted countywide service and sphere review determined that the District had no website, no general manager or adequate staffing, no physical office or contact information available for the public, no adopted policies in place, multiple vacancies on the board of directors, and continues to face financial distress; and

WHEREAS, on August 3, 2022, the Commission adopted a zero sphere of influence for the District, indicating that the district should be dissolved in the foreseeable future, as shown in Exhibit A; and

WHEREAS, on March 8, 2023, the District submitted an application for dissolution. If approved, the Pajaro Valley Water Management Agency ("PVWMA") will be identified as the successor agency for drainage services to the dissolved area; and

WHEREAS, LAFCO deemed the application incomplete due to various omitted documentations, including but not limited to signed copy of the initiating resolution, signed copy of the indemnification agreement, payment of the LAFCO filing fee, and completion of a map and legal description; and

WHEREAS, the application has been inactive for almost a year with no possible action by the District since the board of directors has been reduced to only one board member. The District has not held an official board meeting since May 2023; and

WHEREAS, LAFCO coordinated with PVWMA representatives and the District's legal counsel about next steps. The two affected parties and LAFCO determined that the District should be dissolved; and

WHEREAS, in accordance with Government Code Section 56375(a)(2)(B), LAFCO may initiate dissolution; and

WHEREAS, the Commission advertised a notice of public hearing in a newspaper on January 17, 2024, held a public hearing on February 7, 2024, and unanimously adopted a resolution to initiate the dissolution on behalf of the reclamation district; and

WHEREAS, LAFCO staff deemed the project complete and ready for Commission action by signing a Certificate of Filing on May 6, 2024; and

WHEREAS, the Commission advertised the notice of public hearing in a newspaper on May 14, 2024, which set a public hearing to consider the dissolution of the District at its June 5, 2024 Regular LAFCO Meeting; and

WHEREAS, pursuant to Government Code Section 56375(a)(2)(B), LAFCO held a public hearing on June 5, 2024, considered the request, received public comment and adopted a resolution dissolve the Reclamation District No. 2049; and

WHEREAS, the Commission heard and considered all oral and written testimony for and against the proposal including, but not limited to, the LAFCO staff report including the staff recommendation.

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 Government Code Section 56375(a)(2)(B), which allows the Commission to initiate dissolution.

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

- a) Initiating Resolution: Pursuant to Government Code Section 56375(a)(2)(B), the Local Agency Formation Commission of Santa Cruz County unanimously adopted a resolution to initiate the dissolution process. The dissolution addresses issues with the Reclamation District's current internal operations, compliance with state laws, inadequate governance structure, and the lack of activity.
- b) Application: The Reclamation District initiated and submitted an application to dissolve in March 2023, but the application remained inactive for almost an entire year. The Commission terminated the application on February 7, 2024 and initiated the dissolution on behalf of the inactive district.

- c) Plan for Service: Pursuant to Government Code Section 56653, the applicant shall submit a plan for providing services within the affected territory ("Plan for Service"). The Plan for Service shall include all of the following information and any additional information required by LAFCO: (1) An enumeration and description of the services currently provided or to be extended to the affected territory; (2) The level and range of those services; (3) An indication of when those services can feasibly be extended to the affected territory, if new services are proposed; (4) An indication of any improvement or upgrading of structures, roads, sewer or water facilities, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed; and (5) Information with respect to how those services will be financed. The staff report found in the June 5, 2024 agenda packet includes a plan for service document that fulfilled the statutory requirement under Government Code Section 56653.
- d) Environmental Review: Compliance with the California Environmental Quality Act (CEQA) will be met by a categorical exemption pursuant to State CEQA Guidelines Section 15320, Class 20(b), "Changes in organization of local agencies," because the dissolution does not change the geographical area in which previously existing powers are exercised. The Commission, as a lead agency, will record a Notice of Exemption after approval of the dissolution during a public hearing.
- e) Sphere Determination: A zero sphere of influence was adopted for the Reclamation District on August 3, 2022 as a precursor to dissolution, as shown in **Exhibit A**. The dissolution area is already within PVWMA's existing sphere boundary, as shown in **Exhibit B**.

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

- a) Agency Endorsement: The Executive Officer shall not file the application unless the affected public agencies have submitted a written endorsement indicating their willingness to provide services if the Commission approves the request. The Pajaro Valley Water Management Agency has expressed support throughout the dissolution process and will provide a letter before the date of recordation.
- b) 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 ensure that any approved boundary changes are definite and certain. The subject area encompasses 500 acres and involves 24 parcels, as shown in Exhibit B.
- c) General Plan/Zoning Designation: The subject area is uninhabited (four registered voters) and the County's General Plan designates the vast majority of the area as Agriculture with a small portion designated as Public Facility. The dissolution does not propose any changes to the existing land use designation.
- d) Other Municipal Services: No other change of organization is required as part of the reorganization. The subject area will continue to receive municipal services from existing public agencies, including but not limited to fire protection services from the Pajaro Valley Fire Protection District.

- e) Commission Hearing: The Commission shall consider the dissolution after it has been placed on the agenda of a Commission meeting. After deeming the proposal complete, the Executive Officer advertised the dissolution in the Santa Cruz Sentinel on May 14, 2024 and posted the public notice on LAFCO's website and in several locations in the County Governmental Building. The public notice indicated that the dissolution was scheduled for Commission consideration on June 5, 2024. Information on how to participate in the LAFCO Meeting was included in the public notice.

Section 5. The Certificate of Completion for the dissolution shall not be issued until all of the following terms and conditions are met:

- a) Transfer of Functions and Responsibilities: Upon the effective date of the dissolution, the functions of the Reclamation District No. 2049 will cease and be transferred to the Pajaro Valley Water Management Agency as the successor agency.
- b) Transfer of Assets & Liabilities: Upon the effective date of the dissolution, all assets and liabilities of the reclamation district shall become assets and liabilities of PVWMA at the time the dissolution is deemed complete.
- c) State Board of Equalization: The dissolution may be subject to a special fee provision for dissolution transactions. LAFCO will assume responsibility for these fees, if warranted.

Section 6. The dissolution shall be effective as of the date of recordation of the Certificate of Completion.

Section 7. The Executive Officer will hereby conduct a 30-day request for reconsideration in accordance with Government Code Section 56895. The reconsideration period is scheduled for June 6, 2024 to July 5, 2024.

Section 8. The Executive Officer will hereby conduct a 24-day protest proceeding as provided in Government Code Section 57000. The protest period is scheduled for July 8 to July 31, 2024.

Section 9. Pending the issuance and recordation of a Certificate of Completion, the District shall not: (1) appropriate, encumber, expend, or otherwise obligate, any revenue of the District, or (2) hire any staff or contractors.

Section 10. Upon the effective date of the dissolution (i.e., recordation of the Certificate of Completion), the District shall be dissolved, its existence shall be terminated, and all of its powers shall cease.

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

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 5th day of June 2024.

AYES:

NOES:

ABSTAIN:

JOHN HUNT, CHAIRPERSON

Attest:

Approved as to form:

Joe A. Serrano
Executive Officer

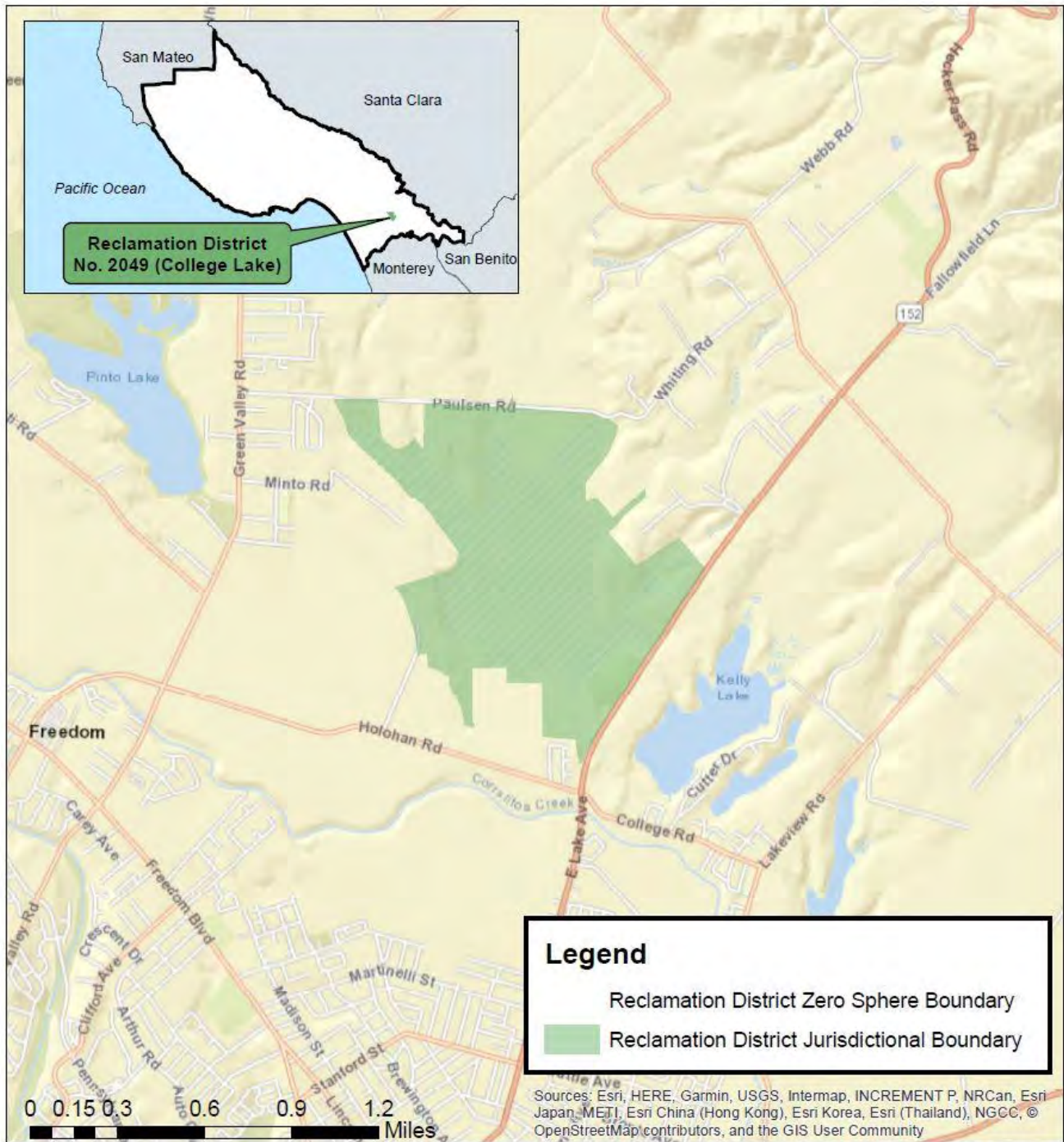
Josh Nelson
LAFCO Counsel

DRAFT

EXHIBIT A

VICINITY MAP

DRAFT



Reclamation District No. 2049 Jurisdictional & Sphere Boundaries

Original sphere adopted on November 2, 1988
Sphere amendment on December 6, 2017
Zero sphere adopted on August 3, 2022

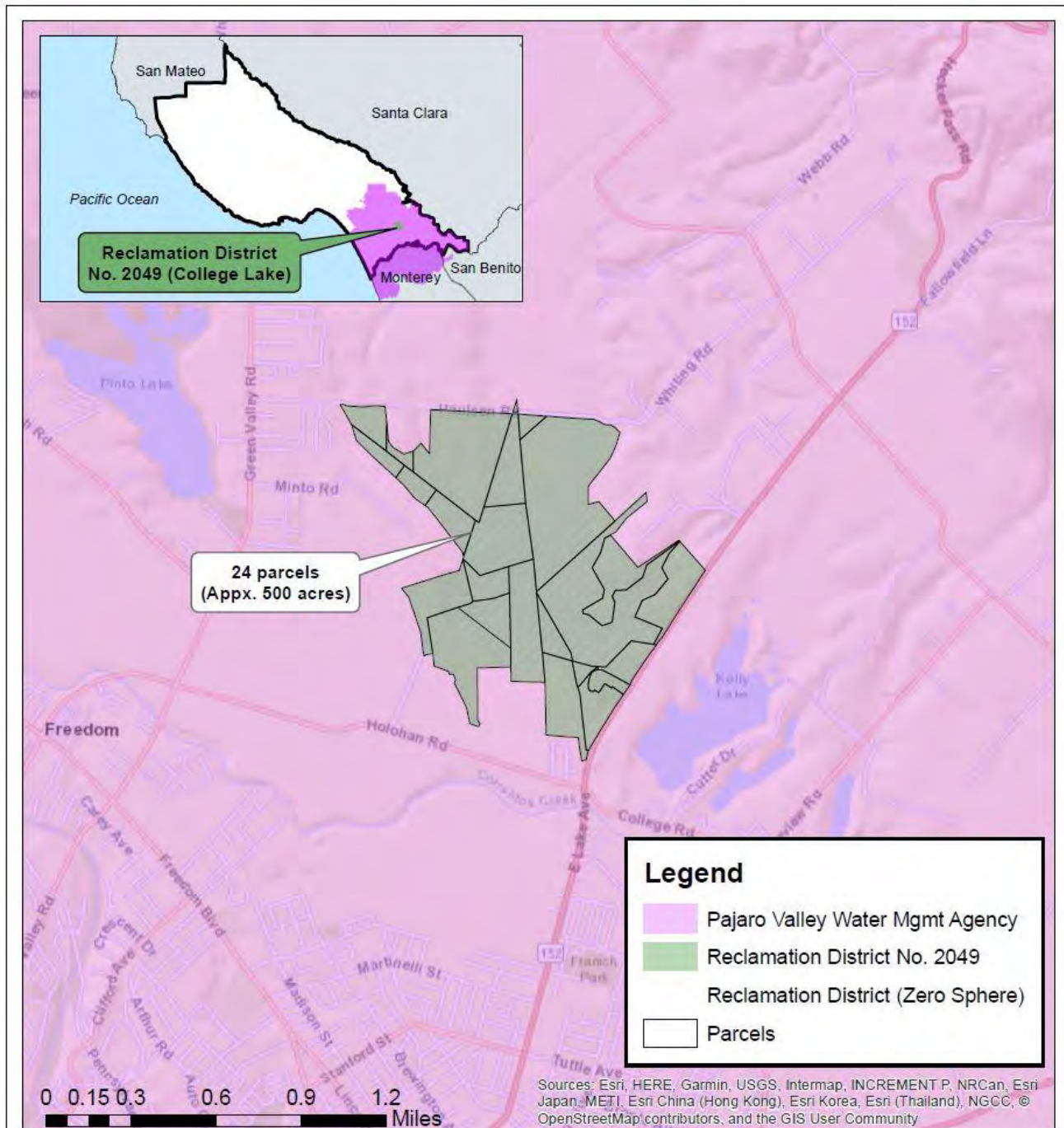


Vicinity map created on May 31, 2022

EXHIBIT B

SPHERE MAP

DRAFT



"Reclamation District No. 2049 Dissolution" (LAFCO Project No. DDI 24-02)



Vicinity map created on 2-13-24

The Reclamation District was formed in 1920 and operates pursuant to the Reclamation District Law (CA Water Code Section 50000 et seq.).

The District submitted an application to dissolve on 3/8/23 but was terminated due to inactivity on 2/7/24. LAFCO has initiated dissolution in accordance with GCS 56375(a)(2)(B).



Santa Cruz Local Agency Formation Commission

Date: June 5, 2024
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Service and Sphere Review for County Service Area 57**

SUMMARY OF RECOMMENDATION

LAFCO periodically performs municipal service reviews and sphere of influence updates for each agency subject to LAFCO's boundary regulations. As part of the Commission's Multi-Year Work Program, LAFCO staff has drafted a service and sphere review for County Service Area 57 ("CSA 57") and scheduled a public hearing.

It is recommended that the Commission take the following actions:

1. Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for CSA 57, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, that LAFCO is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt LAFCO Resolution (No. 2024-14) approving the 2024 Service and Sphere of Influence Review for CSA 57 with the following conditions:
 - a. Reaffirm CSA 57's sphere of influence to coincide with its current jurisdictional boundary; and
 - b. Direct the Executive Officer to distribute a copy of this adopted service and sphere review to the CSA 57 representatives and any other interested or affected parties, including but not limited to the County of Santa Cruz.

EXECUTIVE OFFICER'S REPORT:

State law requires LAFCO to periodically review and update the services and spheres of all cities and special districts. LAFCO staff has prepared a service and sphere review for the CSA (refer to **Attachment 1**). Key findings and recommendations are presented in the *Executive Summary* of the attached report. The review also includes an analysis of the CSA's ongoing operations, current financial performance, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The attached report concludes with determinations required by State law. This staff report summarizes the service and sphere review's findings, as shown in the following page.

Purpose & Key Findings

The goal of this analysis is to accomplish the Commission's direction to complete a service and sphere review for the CSA under the Multi-Year Work Program and fulfill the service and sphere determinations under the Cortese-Knox-Hertzberg Act. The following are the main conclusions of the report:

1. CSA 57 provides one service to an unincorporated community.

The CSA's service area encompasses approximately 170 acres of unincorporated territory and includes approximately 300 residents within the Woods Cove community. At present, CSA 57 is only providing stormwater drainage services.

2. CSA 57 is currently facing financial challenges.

The CSA's primary source of revenue is from service charges. CSA 57's fund balance ended with approximately \$375,000 in FY 2022-23, a decrease of 11% from the previous fiscal year. Financial statements indicate that the CSA ended with a surplus each year from FY 2017-18 to FY 2020-21. However, the CSA experienced consecutive deficits during the last two fiscal years (FY 2021-22 and FY 2022-23). The increase in expenditures over the past two fiscal years, compared to the prior years, was to fund Public Works Engineering and Drainage Operations staff developing the long-term maintenance plan as was required by the LAFCO commission during its last review in June 2019, including completing minor repairs as identified when assessing the condition of the drainage improvements within the CSA. The condition assessment revealed that more substantial repairs will be needed, and Public Works staff is currently obtaining cost estimates from contractors to complete these repairs.

3. CSA 57 fulfilled LAFCO's 2019 service review recommendation.

The Commission evaluated CSA 57 in 2019 and determined that the District was operating efficiently but would benefit from the development of a long-term maintenance and capital replacement plan. Based on LAFCO's analysis, the County created a comprehensive report that includes a long-term maintenance plan and a capital replacement plan. This report is attached as an appendix and is discussed in more detail in this service review.

4. CSA 57 requires improvement in governmental transparency.

State law now requires all independent special districts to maintain and operate a website by January 1, 2020. CSA 57 is a dependent special district, and therefore, not subject to this statutory requirement. However, CSA 57 provides a specific public service and should strive to be as transparent as possible. Based on LAFCO's analysis, the CSA does not meet any of the transparency benchmarks evaluated in this service review. LAFCO encourages the County to offer more information about CSA 57 on their website to ensure residents have the opportunity to participate in the CSA's decision-making process and future actions.

5. CSA 57's sphere of influence goes beyond its jurisdictional boundary.

The Commission adopted CSA 57's original sphere of influence in March 2001 and is coterminous (or identical) with the CSA's jurisdictional boundary. A coterminous sphere indicates that the CSA should not expand beyond its service area at this time. Staff is recommending that the Commission reaffirm the existing sphere boundary.

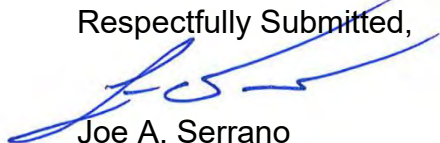
Environmental Review

LAFCO staff has conducted an environmental review for the draft service and sphere review in accordance with the California Environmental Quality Act (CEQA). Staff has determined that the service and sphere review is exempt because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and the activity is not subject to CEQA (Section 15061[b][3]). A Notice of Exemption, as shown in **Attachment 2**, will be recorded after Commission action.

Agency Coordination and Public Notice

A hearing notice for this draft service review was published in the May 14th issue of the Santa Cruz Sentinel (**Attachment 3**). The draft service and sphere review is attached to this staff report. As part of staff's extensive process, an administrative draft of the report was also shared with county representatives of CSA 57 including Matt Machado, the Deputy Chief Administrative Officer and Director of Community Development & Infrastructure. This allowed the CSA an opportunity to review LAFCO staff's findings and provide corrections and/or feedback before the report was finalized. The assistance of Mr. Machado and their staff in completing this service review was greatly appreciated. In conclusion, staff is recommending that the Commission adopt the attached resolution (refer to **Attachment 4**) approving the service and sphere review.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. Service and Sphere Review – Administrative Draft
2. Environmental Determination – Categorical Exemption
3. Public Hearing Notice
4. Draft Resolution No. 2024-14

cc: Matt Machado, Community Development & Infrastructure (County Public Works)

County Service Area 57

(Service & Sphere Review)



Local Agency Formation Commission
of Santa Cruz County



Administrative Version June 5, 2024

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EXECUTIVE SUMMARY

Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries regarding County Service Area 57 (referred to as “CSA 57”). The report will be used by the Local Agency Formation Commission (LAFCO) to conduct a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that LAFCO conduct periodic reviews and updates of Spheres of Influence for all cities and special districts in Santa Cruz County (Government Code Section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code Section 56430). The last service review conducted for CSA 57 was adopted on June 5, 2019.

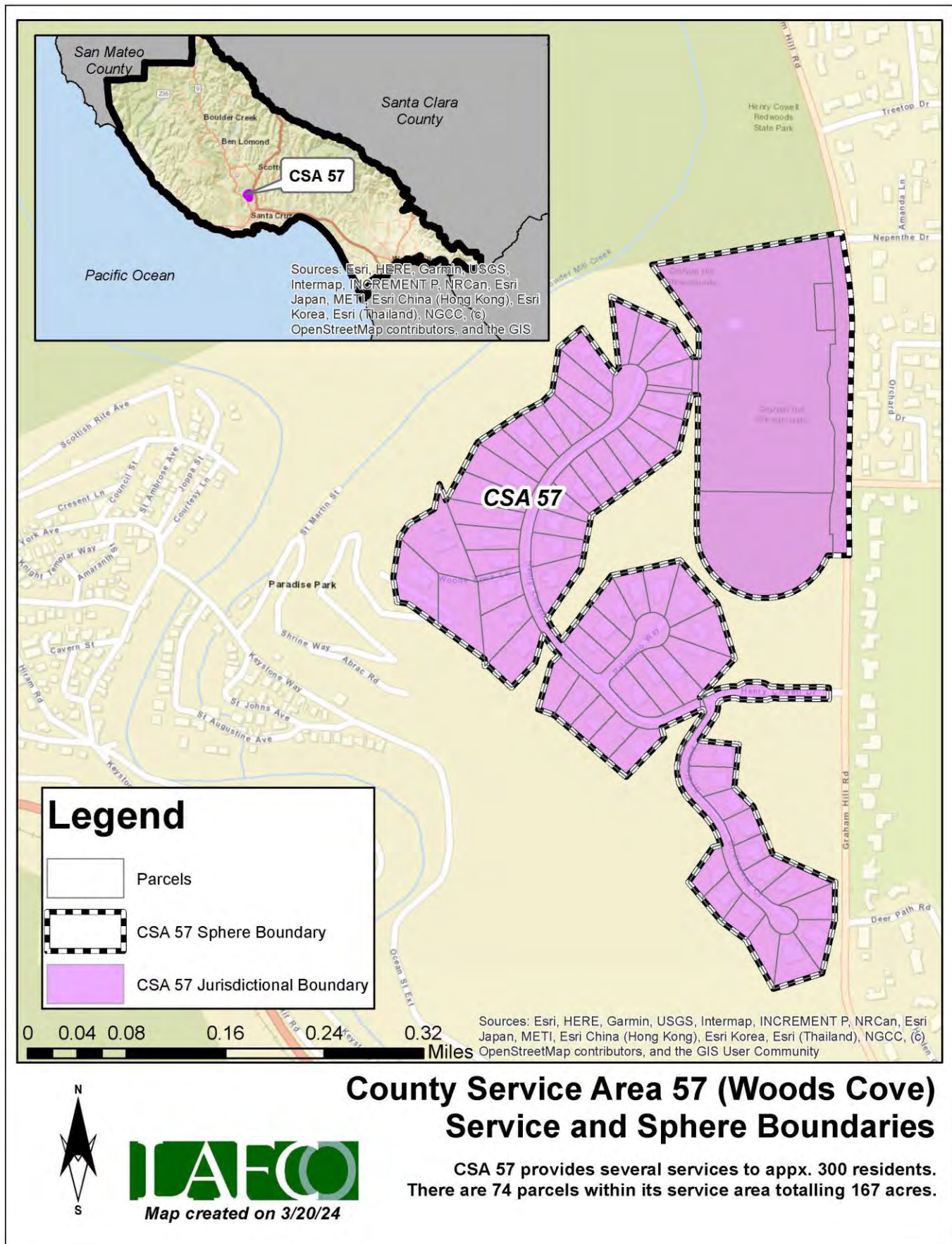
The service review process does not require LAFCO to initiate changes of organization based on service review conclusions or findings; it only requires that LAFCO make determinations regarding the delivery of public services in accordance with Government Code Section 56430. However, LAFCO, local agencies, and the public may subsequently use the determinations and related analysis to consider whether to pursue changes in service delivery, government organization, or spheres of influence. Service and sphere reviews are informational documents and are generally exempt from environmental review. LAFCO staff has conducted an environmental review of the District’s existing sphere of influence pursuant to the California Environmental Quality Act (CEQA) and determined that this report is exempt from CEQA. Such an exemption is due to the fact that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (Section 15061[b][3]).

CSA 57 (Woods Cove) Overview

County Service Area 57 was formed in 2001 to provide sanitary and stormwater drainage to the Woods Cove Subdivision. In 2014, sewer services along Graham Hill Road were transferred over to County Service Area 10. Today, the sole service that CSA 57 continues to provide is storm drain maintenance to the Woods Cove community which has a population of approximately 300 residents.

The County’s Community Development & Infrastructure Department (previously known as the Planning and Public Works Departments) is responsible for the operation and management of CSA 57. All CSAs are formed and operate in accordance with the County Service Area Law (Government Code Section 25210 et seq.). **Figure 1** on page 3 provides a vicinity map showing the location of the CSA in the central portion of Santa Cruz County north of the City of Santa Cruz and south of the City of Scotts Valley.

Figure 1: Vicinity Map



Legal Authority

CSA 57 is governed by the County Service Area Law (Government Code Section 25210 et seq.). The Legislature finds and declares the following:

- a) Population growth and development in unincorporated areas result in new and increased demands for public facilities and services that promote the public peace, health, safety, and general welfare.
- b) The residents and property owners in unincorporated areas should have reasonable methods available so that they can finance and provide these needed public facilities and services.
- c) The residents and property owners in some unincorporated areas may propose the incorporation of new cities or annexations to existing cities as a way to fulfill these demands for public facilities and services.
- d) In other unincorporated areas, independent special districts with directly elected or appointed governing boards can fulfill these demands for public facilities and services.
- e) County boards of supervisors need alternative organizations and methods to finance and provide needed public facilities and services to the residents and property owners of unincorporated areas.
- f) In enacting the County Service Area Law by this chapter, it is the intent of the Legislature to continue a broad statutory authority for county boards of supervisors to use county service areas as a method to finance and provide needed public facilities and services.
- g) Further, it is the intent of the Legislature that county boards of supervisors, residents, and property owners use the powers and procedures provided by the County Service Area Law to meet the diversity of local conditions, circumstances, and resources.

CSA Zones of Benefit

State law indicates that LAFCOs have purview over cities and special districts, including county services areas. However, in accordance with Government Code Section 56036(b)(10), LAFCOs do not have authority over a zone of any special district. This service review is intended to provide information about CSA 57 only. The creation, modification, or dissolution of future zones can only be implemented by the County through official action from the Board of Supervisors. It is LAFCO's understanding that there are no zones of benefits within CSA 57, however, the County may consider this option to ensure accurate funding is available to offset rising operational costs. More information regarding the CSA's financial health is shown later in the report.

Key Findings

The following are key findings of the 2024 Service and Sphere of Influence Review for County Service Area 57 (Woods Cove):

1. CSA 57 provides one service to an unincorporated community.

The CSA's service area encompasses approximately 170 acres of unincorporated territory and includes approximately 300 residents within the Woods Cove community. At present, CSA 57 is only providing stormwater drainage services.

2. CSA 57 is currently facing financial challenges.

The CSA's primary source of revenue is from service charges. CSA 57's fund balance ended with approximately \$375,000 in FY 2022-23, a decrease of 11% from the previous fiscal year. Financial statements indicate that the CSA ended with a surplus each year from FY 2017-18 to FY 2020-21. However, the CSA experienced consecutive deficits during the last two fiscal years (FY 2021-22 and FY 2022-23). The increase in expenditures over the past two fiscal years, compared to the prior years, was to fund Public Works Engineering and Drainage Operations staff developing the long-term maintenance plan as was required by the LAFCO commission during its last review in June 2019, including completing minor repairs as identified when assessing the condition of the drainage improvements within the CSA. The condition assessment revealed that more substantial repairs will be needed, and Public Works staff is currently obtaining cost estimates from contractors to complete these repairs.

3. CSA 57 fulfilled LAFCO's 2019 service review recommendation.

The Commission evaluated CSA 57 in 2019 and determined that the District was operating efficiently but would benefit from the development of a long-term maintenance and capital replacement plan. Based on LAFCO's analysis, the County created a comprehensive report that includes a long-term maintenance plan and a capital replacement plan. This report is attached as an appendix and is discussed in more detail in this service review.

4. CSA 57 requires improvement in governmental transparency.

State law now requires all independent special districts to maintain and operate a website by January 1, 2020. CSA 57 is a dependent special district, and therefore, not subject to this statutory requirement. However, CSA 57 provides a specific public service and should strive to be as transparent as possible. Based on LAFCO's analysis, the CSA does not meet any of the transparency benchmarks evaluated in this service review. LAFCO encourages the County to offer more information about CSA 57 on their website to ensure residents have the opportunity to participate in the CSA's decision-making process and future actions.

5. CSA 57's sphere of influence goes beyond its jurisdictional boundary.

The Commission adopted CSA 57's original sphere of influence in March 2001 and is coterminous (or identical) with the CSA's jurisdictional boundary. A coterminous sphere indicates that the CSA should not expand beyond its service area at this time. Staff is recommending that the Commission reaffirm the existing sphere boundary.

Recommended Actions

Based on the analysis and findings in the 2024 Service and Sphere of Influence Review for County Service Area 57, the Executive Officer recommends that the Commission:

1. Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, LAFCO determined that the sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for County Service Area 57, and review and update, as necessary;
3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and
4. Adopt a Resolution (LAFCO No. 2024-14) approving the 2024 Service and Sphere of Influence Review for County Service Area 57 with the following conditions:
 - a. Reaffirm CSA 57's sphere of influence to coincide with its current jurisdictional boundary; and
 - b. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to CSA 57 representatives and any other interested or affected parties, including but not limited to the County of Santa Cruz.

DISTRICT OVERVIEW

History

County Service Area 57 was formed on March 7, 2001 and its service area encompasses 74 parcels (totaling 167 acres), as shown in the map on page 3. **Appendix A** provides a copy of the 2001 formation resolution. CSA 57's original purpose was limited to the "operation and maintenance of storm drainage facilities of the Graham Hill Estates Subdivision, and operation and maintenance of sanitary sewer facilities within the Graham Hill Estates Subdivision between the subdivision and the City of Santa Cruz sewer system." It is important to note that the subdivision was later changed to "Woods Cove." In 2014, LAFCO approved a reorganization which transferred sewer responsibilities to CSA 10. The reorganization was based on LAFCO's findings in its 2013 service review and through coordination with the County. **Appendix B** provides a copy of the 2014 reorganization resolution. Figure 2 on page 8 also shows the current land use designation within CSA 57, which is primarily zoned as Urban Very Low Residential and Existing Parks & Open Space.

Charges for Services

CSA 57 charges single-family homes an annual rate for storm water drainage. **Table 1** provides an overview of the annual rates for the last six fiscal years.

Table 2: Annual Charges

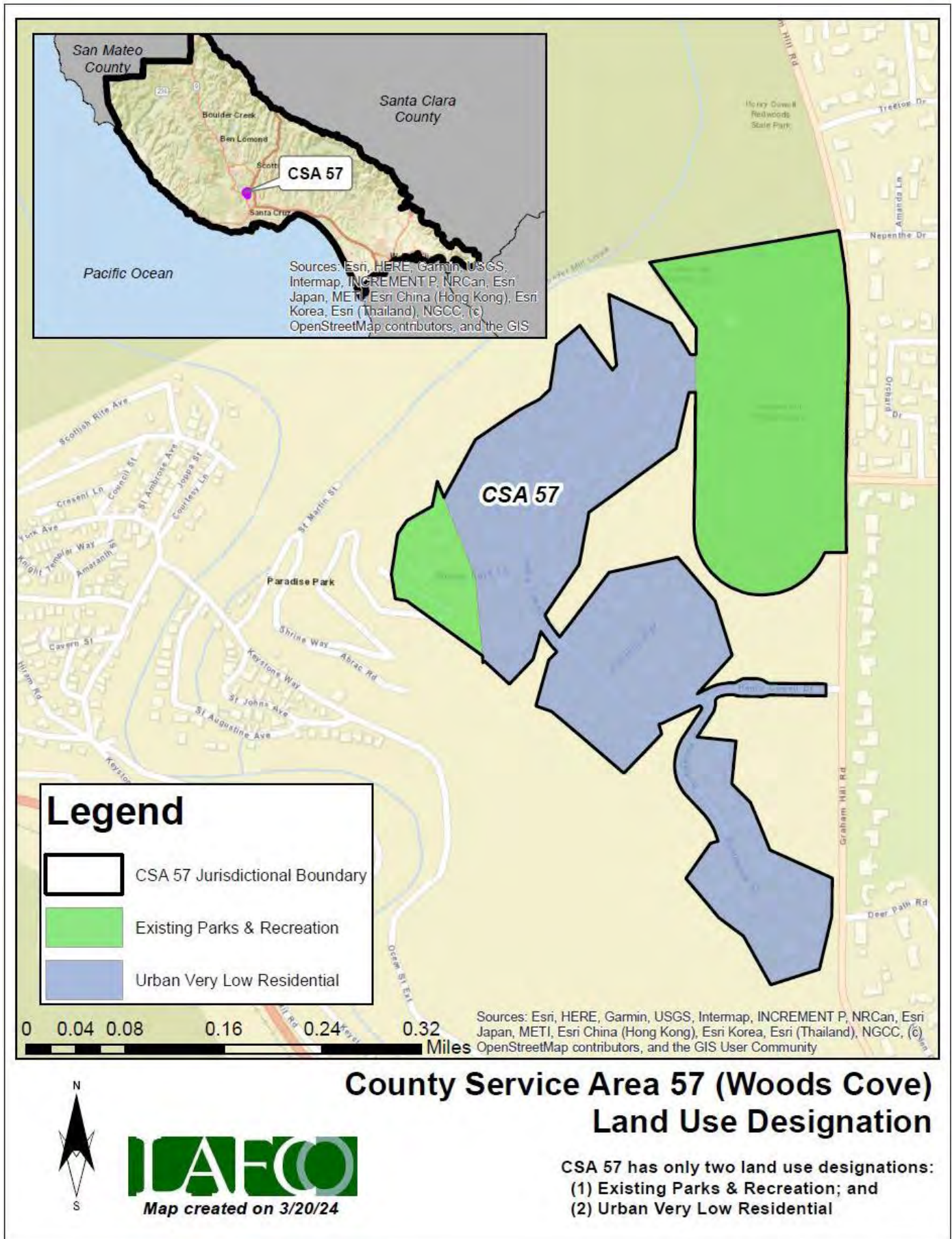
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Single Family Residence	591.44	614.50	634.78	645.56	666.22	703.53
Change (\$)	-	\$23.06	\$20.28	\$10.78	\$20.66	\$37.31
Change (%)	-	4%	3%	2%	3%	6%

Footnote: FY 24-25 rates were recently approved by the County. The rates will be \$729.56, representing a 4% increase from the previous year.

Strategic Plan

The County has developed a comprehensive report that focuses on how to effectively operate and finance CSA 57. This long-range document is directly tied to LAFCO's recommendation outlined in its 2019 service and sphere review for CSA 57. This strategic plan has two primary categories: Long-Term Maintenance and Capital Replacement. The Long-Term Maintenance Plan covers administrative, operational, and routine maintenance activities. These are activities that are needed for the proper functioning of the existing storm drain system. The Capital Replacement Plan is a long-term financing strategy that allows the CSA to complete capital improvement replacement and upgrade projects over time and as necessary. It is anticipated that when the drainage facilities reach the end of their lifespan in approximately 60 years, the CSA Capital Reserves will be far less than what will be needed, as described in details in the attached Long-Term Maintenance and Capital Replacements Plan (refer to **Appendix C**). To avoid increasing the assessments by many folds as drainage facilities reach their end of lifespans, Public Works staff recommends starting in FY 2025-26 to apply annual increases that align with construction cost increases such as the California Department of Transportation Construction Cost Index (CCI) which has been averaging about 5.33% over the past forty years. This will be slightly higher compared to the average CPI increase of 2.56% since the annual increases started in 2002, a year after the establishment of the CSA.

Figure 2: Land Use Map



Population & Growth

Based on staff's analysis, the population of CSA 57 in 2020 was estimated to be 300. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next fifteen years. **Table 3** shows the anticipated population for the CSA. The average rate of change within CSA 57 is 0.86%.

Population Projection

Based on the projections for Santa Cruz County, LAFCO staff was able to develop a population forecast for CSA 57 by increasing the CSA's 2020 population amount by 0.86% for the next fifteen years. Under this assumption, LAFCO staff projects that the entire population of the CSA will be 310 by 2040.

Table 3: Projected Population

	2020	2025	2030	2035	2040
Unincorporated County Territory	136,891	137,896	139,105	140,356	141,645
CSA 57 (Woods Cove)	300	303	305	308	310

Disadvantaged Unincorporated Communities

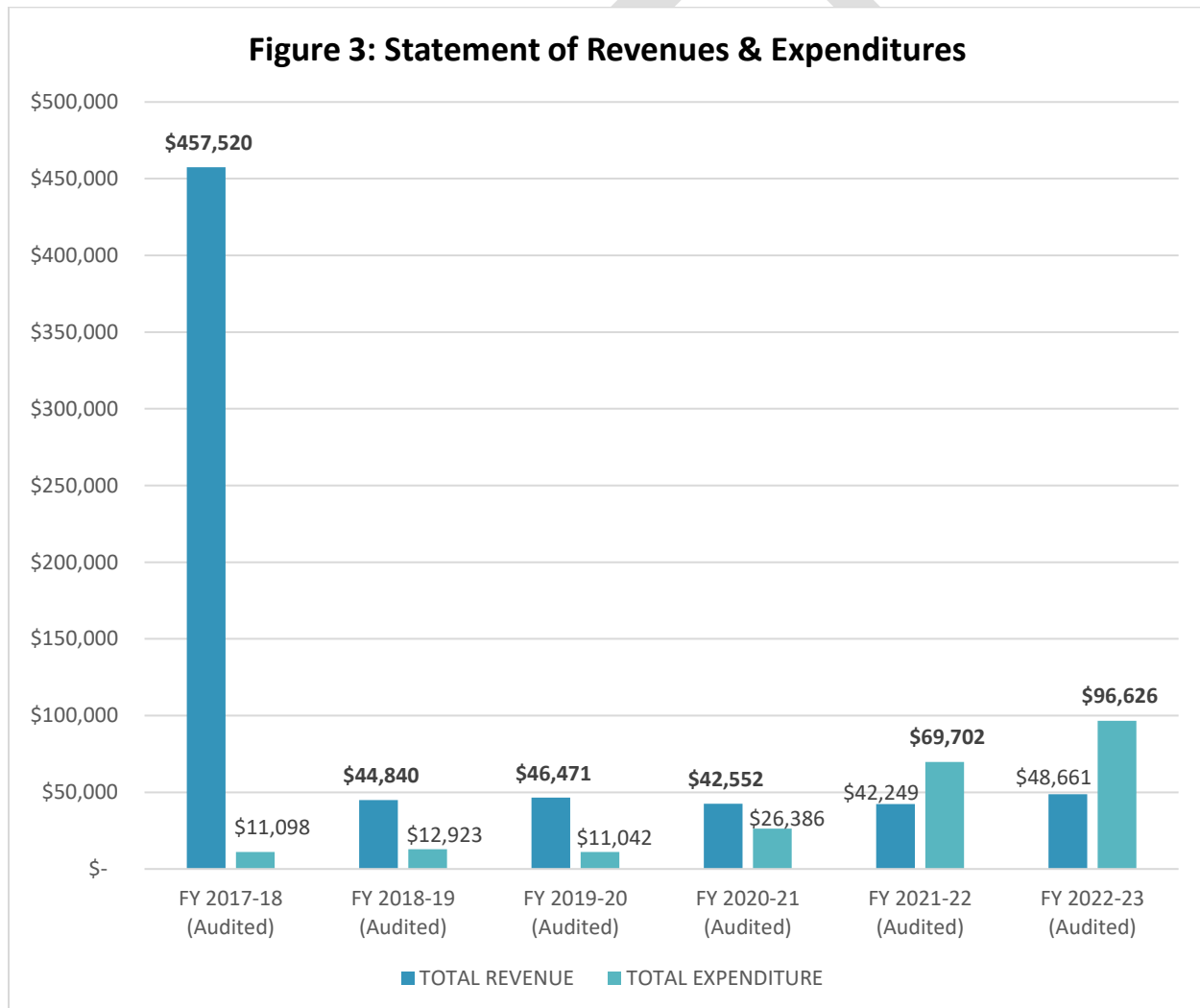
In accordance with Senate Bill 244, which became effective on January 1, 2012, state law requires the identification and description of all "disadvantaged unincorporated communities" (DUCs) located within or contiguous to the existing spheres of influence of cities and special districts which provide fire protection, sewer, and/or water services (Government Code Section 56046). DUCs are defined as inhabited unincorporated areas with an annual median household income that is 80% or less than the statewide annual median household income.

In 2020, the California statewide annual median household income was \$78,672, and 80% of that was \$62,938. LAFCO staff utilized the ArcGIS mapping program to locate potential DUCs in Santa Cruz County. Based on the criteria set forth by SB 244, in conjunction with further evaluation of these areas, staff determined that there are no disadvantaged unincorporated communities within CSA 57 at this time.

FINANCES

This section will highlight the CSA's audited financial performance during the most recent fiscal years. Fiscal Year 2022-23 is the latest audited financial statement publicly available. A comprehensive analysis of the CSA's financial performance during the past six years is shown in **Table 6** on page 12.

At the end of FY 2022-23, the total revenue collected by the CSA was approximately \$49,000, representing a 15% increase from the previous year (\$42,000 in FY 2021-22). Total expenses for FY 2022-23 were approximately \$97,000, which increased from the previous year by 39% (\$70,000 in FY 2021-22). As shown in **Figure 3**, the CSA has ended with a surplus each year from FY 2017-18 to FY 2020-21. However, the CSA experienced consecutive deficits during the last two fiscal years (FY 2021-22 and FY 2022-23). It is unknown whether the CSA will continue this downward trend even though service rates have increased each year.

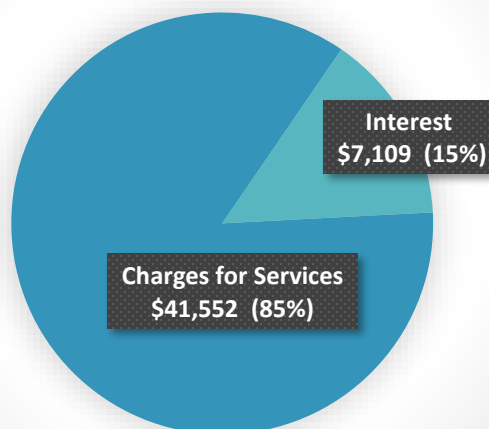


Footnote: CSA 57 received appx. \$338,000 from "Operating Transfer In" during FY 2017-18.

Revenues

CSA 57's primary source of revenue is charges for services. Annual charges represented 85% of total revenue in FY 2022-23. The remaining 15% of total revenue came from interest earned. **Figure 4** highlights the limited revenue stream during the last fiscal year.

Figure 4: Total Revenues (FY 2022-23)



Expenditures

CSA 57's total expenditures are from Services & Supplies. **Table 4** distinguishes the cost and percentage since 2017. As the table shows, total expenditures fluctuate each year. Such inconsistencies may prevent the CSA from having sufficient funds to offset the costs.

Table 4: Total Expenditure

	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Services & Supplies	11,098	12,923	11,042	26,386	69,702	96,626
Change (%)		16%	-15%	139%	164%	39%
Total Expenditure	11,098	12,923	11,042	26,386	69,702	96,626
Change (%)		16%	-15%	139%	164%	39%

Fund Balance

As of June 30, 2023, the total fund balance was approximately \$375,000. **Table 5** on page 12 highlights the net position balance from 2017 to 2023. CSA 57's fund balance has fluctuated over the years, recently experiencing significant decreases during the most recent years. The decreases in the Fund Balance resulted from funding the extra work to complete the Long-Term Maintenance and Capital Replacement Plan as requested by the LAFCO commission in June 2019. The results of this work lead to the fortuitous recognition that the current CPI annual increases are not aligned with the increases in the cost of drainage inventory repairs and, eventually, replacement of the drainage facilities as they reach the end of life. If adjustments in these annual assessments are not done, the CSA will not have the funds to implement the expected inventory replacements when the drainage improvements reach the end of their lifespan without increasing the assessments by many folds; such increases would not be reasonable and, most likely, would not be appreciated or approved by future property owners of the CSA.

Table 5: Fund Balance/Net Position

	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Net Position (Ending Balance)	446,423	399,176	434,605	450,771	423,317	375,352
Change in (\$) from previous year		-\$47,247	\$35,429	\$16,166	-\$27,454	-\$47,965
Change in (%) from previous year		-11%	9%	4%	-6%	-11%

Table 6: Total Revenues & Expenditures

COUNTY SERVICE AREA 57 (WOODS COVE)						
	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)	FY 2022-23 (Audited)
REVENUE						
Charges for Services	\$ 35,849	\$ 36,888	\$ 38,326	\$ 39,583	\$ 40,264	\$ 41,552
Interest	\$ 4,237	\$ 7,952	\$ 8,145	\$ 2,969	\$ 1,985	\$ 7,109
State-Natural Disaster Assistance	\$ 79,163	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Transfers In	\$ 338,271	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ 457,520	\$ 44,840	\$ 46,471	\$ 42,552	\$ 42,249	\$ 48,661
EXPENDITURE						
Services & Supplies	\$ 11,098	\$ 12,923	\$ 11,042	\$ 26,386	\$ 69,702	\$ 96,626
TOTAL EXPENDITURE	\$ 11,098	\$ 12,923	\$ 11,042	\$ 26,386	\$ 69,702	\$ 96,626
Surplus / (Deficit)	\$ 446,422	\$ 31,917	\$ 35,429	\$ 16,166	\$ (27,453)	\$ (47,965)
FUND BALANCE						
Ending Balance	\$ 446,423	\$ 399,176	\$ 434,605	\$ 450,771	\$ 423,317	\$ 375,352
Change (\$)		\$ (47,247)	\$ 35,429	\$ 16,166	\$ (27,454)	\$ (47,965)
Change (%)		-11%	9%	4%	-6%	-11%

GOVERNANCE

CSA 57 is a dependent special district governed by the County Board of Supervisors. All CSAs are formed and operate pursuant to the County Service Area Law (Government Code Section 25210 et seq.). County Supervisors receive no additional compensation for their CSA responsibilities. The County's Community Development & Infrastructure Department (previously known as the Planning and Public Works Departments) manages the services related to CSA 57. The Board of Supervisors holds public hearings when considering any annual charges and/or work programs overseen by the Board.

Local Accountability & Structure

The current Board is as follows:

Table 8: Board of Directors

Board Member	Supervisory District	Term of Office
Manu Koenig	First District (Live Oak, Soquel, Summit, Santa Cruz Gardens, Carbonera, and parts of Scotts Valley & Capitola)	First Elected: 2020 Next Election: Primary 2028
Zach Friend	Second District (Aptos, Freedom, Corralitos, La Selva Beach, and parts of Capitola & Watsonville)	First Elected: 2012 Next Election: Primary 2024
Justin Cummings	Third District (Santa Cruz, Bonny Doon, North Coast)	First Elected: 2022 Next Election: Primary 2026
Felipe Hernandez	Fourth District (Pajaro Valley, Watsonville)	First Elected: 2022 Next Election: Primary 2026
Bruce McPherson	Fifth District (San Lorenzo Valley, most of Scotts Valley, parts of Santa Cruz, and Paradise Park)	First Elected: 2012 Next Election: Primary 2024

Challenges and Opportunities

Both independent and dependent special districts are tasked with operating in an efficient and transparent manner on a regular basis. LAFCO staff has taken the position that public agencies should always prepare and consider future opportunities and potential challenges in order to properly provide and sustain adequate services to their constituents. The following section explores possible actions that should be considered by the CSA.

Website Requirements

Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. SB 929 identifies several components that must be found within an agency's website. Additionally, the Special District Leadership Foundation (SDLF), an independent, non-profit organization formed to promote good governance and best practices among California's special districts, has also outlined recommended website elements as part of its District Transparency Certificate of Excellence. This program was created as an effort to promote transparency in the operations and governance of special districts to the public.

Based on SB 929's criteria and the recommendations set by the SDLF; LAFCO conducted a thorough review of the CSA's website even though said law only applies to independent special districts. **Table 7** summarizes staff's findings on whether the website is meeting the statutory requirements. At present, the CSA does not meet the statutory requirements under SB 929 and SDLF's website transparency criteria. In fact, LAFCO could not find any reference to CSA 57 on the County's website. The financial information used to conduct LAFCO's analysis for this service review was available within the County's budget and audit webpages, but were retrieved after a thorough examination of the fiscal documentations. There is currently no financial information available exclusively for CSA 57 at this time. It is LAFCO's recommendation that the County develop a website or dedicate a webpage for CSA 57 information. This recommendation is consistent with previous requests for other CSAs within Santa Cruz County.

Table 57: Website Transparency

Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
1. Names and Contact Information of Board Members*	
2. Board Member Term Limits	
3. Names of Key Staff, including General Manager	
4. Contact Information for Staff	
5. Election/Appointment Procedure & Deadlines	
6. Board Meeting Schedule*	
7. Mission Statement	
8. Description of District's Services/Functions and Service Area	
9. Authorizing Statute/Enabling Act	

10. Adopted District Budgets*	
11. Financial Audits*	
12. Archive of Board Meeting Agendas & Minutes*	
13. Link to State Controller's Webpages for District's reported Board Member and Staff Compensation	
14. Link to State Controller's Webpages for District's reported Financial Transaction Report	
15. Reimbursement & Compensation Policy / Annual Policies	
16. Home Page Link to Agendas/Board Packets	
17. SB 272 - Compliance-Enterprise Catalogs	
18. Machine Readable/Searchable Agendas	
19. Recipients of Grant Funding or Assistance	
20. Link or Copies of LAFCO's Service & Sphere Reviews	
Total Score (out of a possible 20)	0 (0)
Additional Items (SDLF's Recommended Elements)	
1. Board Member Ethics Training Certificates	
2. Picture, Bio, and Email Addresses of Board Members	
3. Last Three Years of Audits	
4. Financial Reserves Policy	
5. Online/Downloadable Public Records Act Request Form	
6. Audio or Video Recordings of Board Meetings	
7. Map of District Boundaries/Service Area	
8. Link to CSDA Mapping Program	
9. General Description of Special Districts or Link to www.districtmakethedifference.org	
10. Link to Most Recently Filed to FPPC Forms	
Total Score (out of a possible 10)	0 (0)

*Footnote: Senate Bill 929 Statutory Requirements

LAFCO Staff Recommendation: LAFCO encourages more transparency from CSA 57 by sharing online information on how residents can participate in the CSA's decision-making process and future actions. The CSA is not subject to SB 929, but as a dependent district that provides various services, it should create a webpage dedicated to CSA 57 to fulfill the requirements under SB 929 to ensure transparency at its highest level.

SPHERE OF INFLUENCE

Cortese-Knox-Hertzberg Act

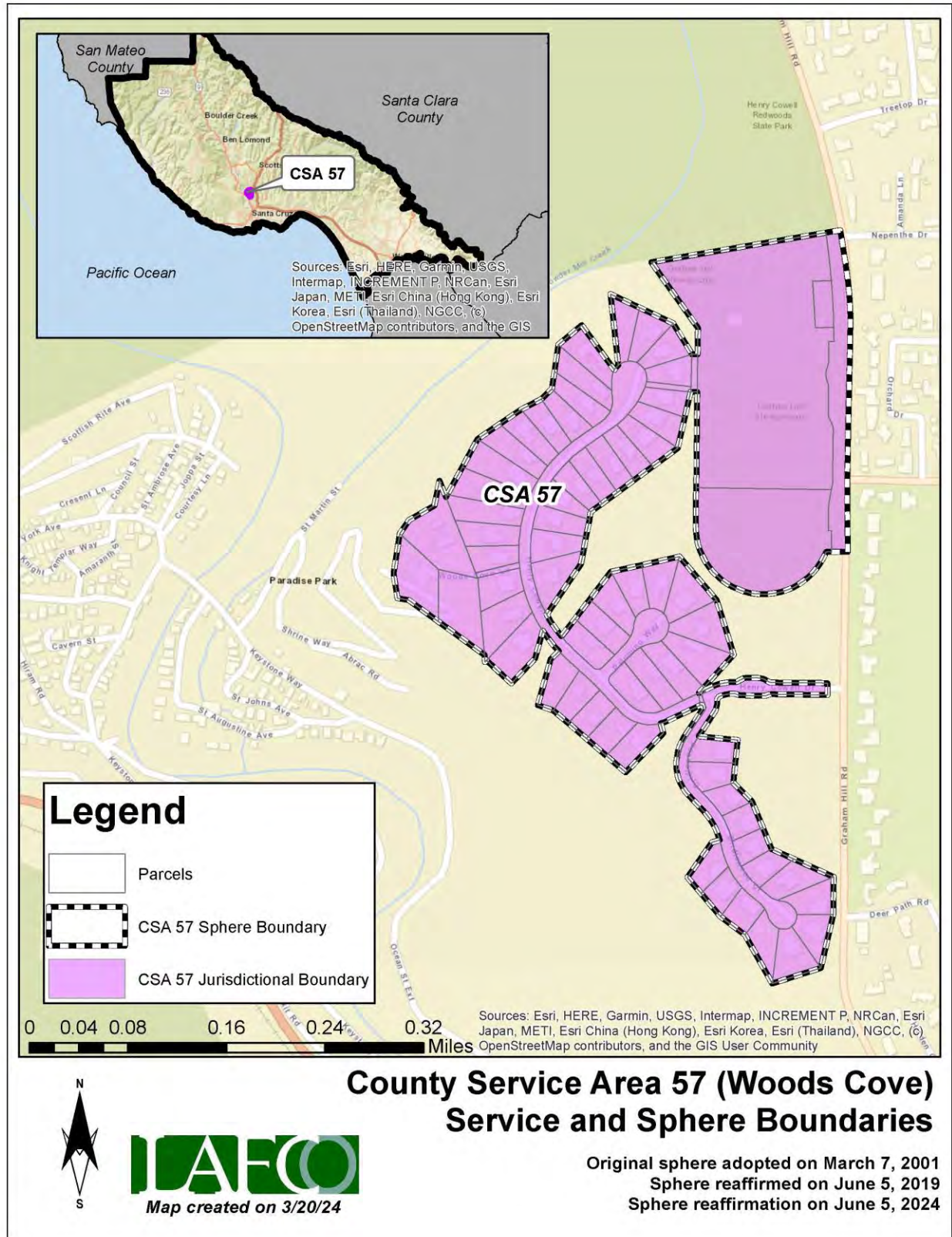
City and special district spheres of influence define the probable physical boundaries and service area of a local agency, as determined by the Commission (Government Code Section 56076). The law requires that spheres be updated at least once every five years either concurrently or subsequently in preparation of Municipal Service Reviews. Spheres are determined and amended solely at the discretion of the Commission. In determining the sphere of influence for each local agency, the Commission is required by Government Code Section 56425(e) to consider certain factors, including:

- The present and planned uses in the area, including agricultural and open space lands;
- The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency; and
- For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

Sphere Boundary

CSA 57's original sphere was adopted on March 7, 2001 and is coterminous with its service area, as shown in **Figure 1** on page 3 and **Figure 5** on page 17. Staff believes that the current sphere boundary reflects CSA 57's future, and therefore, is recommending that the Commission reaffirm the existing sphere of influence.

Figure 5: Current Sphere Map



DISTRICT SUMMARY

CSA 57 (Woods Cove)	
Formation	California Government Code, Section 25210 et seq. (County Service Area Law)
Board of Trustees	County Board of Supervisors; five members; elected at-large to a four-year term
Contact Person	Matt Machado, Deputy Chief Administrative Officer and Director of Community Development & Infrastructure
Employees	0 full-time employees
Facilities	Various sized and length storm drain pipes, inlets, manholes, headwalls, energy dissipators, check dams, outfalls, storm drain markings, open channels, trash rack, etc.
District Area	167 acres (74 parcels)
Sphere of Influence	The sphere boundary goes beyond the jurisdictional boundary.
FY 2022-23 Audit	Total Revenue \$48,661 Total Expenditure \$96,626 Projected Net Position (Ending Balance) \$375,352
Contact Information	Mailing Address: 701 Ocean Street, Room 410 Santa Cruz CA 95060 Phone Number: 831-454-2160 Email Address: dpwcsa@santacruzcountyca.gov Website: https://www.dpw.co.santa-cruz.ca.us/Home/CSAs.aspx (no website/webpage currently dedicated to CSA 57)
Public Meetings	Annual public meeting is held by the Board of Supervisors to adopt annual charges.
Mission Statement	N/A

SERVICE AND SPHERE REVIEW DETERMINATIONS

The following service and sphere review determinations fulfill the requirements outlined in the Cortese-Knox-Hertzberg Act.

Service Provision Determinations

Government Code Section 56430 requires LAFCO to conduct a municipal service review before, or in conjunction with, an action to establish or update a sphere boundary. Written statements of determination must be prepared with respect to each of the following:

1. Growth and population projections for the affected area.

CSA 57 encompasses the community of Woods Cove in unincorporated county territory. It is estimated that approximately 300 residents currently live within the CSA's jurisdiction. LAFCO staff projects that the CSA's population will still be around 300 by 2040.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

CSA 57 does not provide water, sewer, or fire protection to the community.

4. Financial ability of agencies to provide services.

CSA 57's primary source of revenue is from service charges. CSA 57's fund balance ended with approximately \$375,000 in FY 2022-23. The CSA is currently solvent; however, recent fiscal years have incurred consecutive deficits because of the additional cost incurred for the development of the Long-Term Maintenance and Capital Replacement Plan. The cost of the additional repairs is still being determined, and will be incurred in FY 2024-25.

5. Status of, and opportunities for, shared facilities.

The County should consider utilizing its existing website to promote and share more information about CSA 57's finances, activities, and governance.

6. Accountability for community service needs, including governmental structure and operational efficiencies.

LAFCO encourages more transparency from CSA 57 by sharing online information on how residents can participate in the CSA's decision-making process and future actions.

7. Any other matter related to effective or efficient service delivery, as required by commission policy.

No additional local LAFCO policies are specifically relevant to this service review.

Sphere of Influence Determinations

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Written statements of determination must be prepared with respect to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.

The present and planned land uses are based on the general plan from the County, which range from urban to rural uses. The general plan anticipates growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas.

2. The present and probable need for public facilities and services in the area.

CSA 57 may benefit from creating zones or reevaluating how to operate the storm water drainage system to ensure revenues offset rising costs.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

CSA 57 is only responsible for storm water drainage services. It is LAFCO's understanding that the drainage facilities are operating efficiently.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

It is unknown if the CSA has a resident-based governance body. It may be beneficial to consider forming a governance body to help the County make decisions for the community, if none exist at this time.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

APPENDICES

Appendix A: 2001 Formation Resolution

Appendix B: 2014 Reorganization Resolution

Appendix C: 2024 Long-Term Maintenance & Capital Replacement Plan



APPENDIX A:

2001 Formation Resolution

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 876

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

ADOPTING THE SPHERE OF INFLUENCE FOR THE GRAHAM HILL COUNTY
SERVICE AREA
.....

The Santa Cruz Local Agency Formation Commission does hereby resolve, determine,
and order as follows:

1. The Commission has initiated the Graham Hill County Service Area Sphere of Influence Study pursuant to Government Code Section 56425.
2. The Executive Officer has given notice of public hearing by this Commission upon the Graham Hill County Service Area Sphere of Influence in the form and manner prescribed by law.
3. The public hearing was held by this Commission on March 7, 2001, and at the hearing this Commission heard all interested persons.
4. The Commission has considered the Negative Declaration dated January 24, 2001 with the comments received during the public review process, and approves the Negative Declaration. The Commission finds that adopting this sphere of influence will not have a significant effect on the environment.
5. The Commission adopts the Sphere of Influence findings listed in Exhibit B.
6. The Commission hereby adopts the Sphere of Influence for the Graham Hill Road County Service Area to include portion of the Graham Hill Estates Subdivision shown on the map designated Exhibit A attached hereto, and to be subject of the following policy:
 - a. The services provided by this county service area shall be limited to:
 - operation and maintenance of a sanitary sewer main along Graham Hill Road and connecting to the City of Santa Cruz system near the intersection of River Street and Golf Club Drive, and
 - operation and maintenance of the storm drainage facilities of the Graham Hill Estates Subdivision as required by County permits 90-1245, 97-0909, and 98-0121.

PASSED AND ADOPTED by the Local Agency Formation Commission in the County of Santa Cruz this seventh day of March 2001.

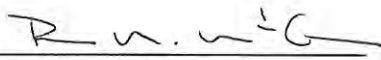
AYES: Campos, Rapoza, Ebey, Gualtieri, Ainsworth

NOES: Wormhoudt, Levy

ABSENT: None


MARDI WORMHOUDT
CHAIRPERSON

Attest:


Patrick M. McCormick
Executive Officer

Approved as to form:



Jane M. Scott
LAFCO Counsel

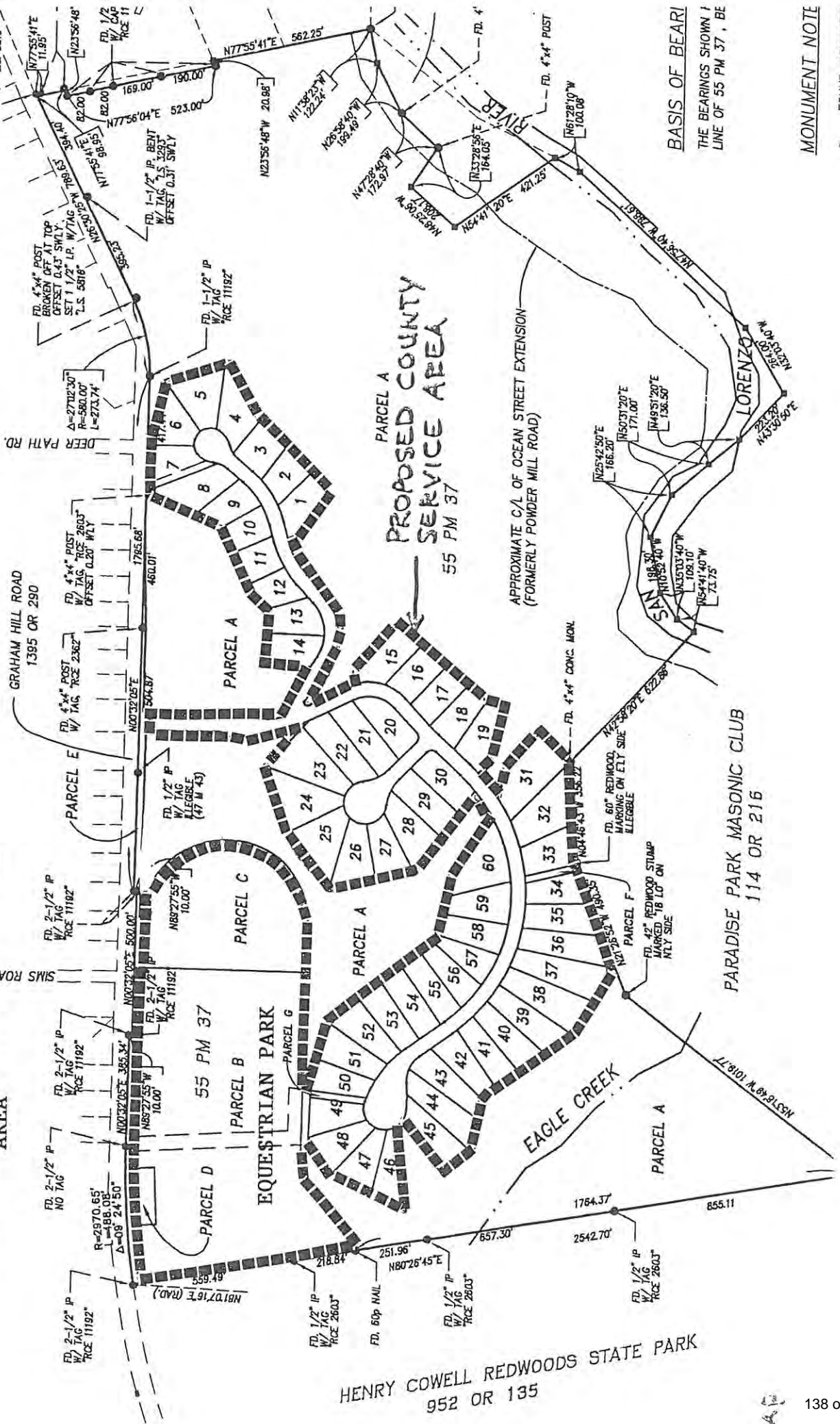
EXHIBIT A
RESOLUTIONS NO.
876 and 876-A

SPHERE AND
FORMATION BOUNDARY

GRAHAM HILL COUNTY SERVICE
AREA

TOWNSHIP 11 SOUTH, RANGE 2 WEST, MOUNT DIABLO BASE AND MERIDIAN.

Robert Bein, William Frost & Associates
PROFESSIONAL ENGINEERS, PLANNERS & SURVEYORS
1981 NORTH BROADWAY, WALNUT CREEK, CALIFORNIA 94596.
(925) 906-1460 FAX (925) 906-1465



BASIS OF BEARINGS
THE BEARINGS SHOWN
LINE OF 55 PM 37, BE

MONUMENT NOTE

EXHIBIT B
SANTA CRUZ LAFCO RESOLUTION NO. 876
GRAHAM HILL COUNTY SERVICE AREA

The following determinations are made pursuant to Government Code Section 56425.

- 1) The present and planned land uses in the area, including agricultural and open space lands.

Determination: The County General Plan designates this area for urban residential very low-density uses (1-4 dwellings per acre), mountain residential (10-40 acres per dwelling) with timber resource overlay, and a park site (at the show grounds). The Planned land uses, as approved by the County in the tentative map for the Graham Hill Estates Subdivision are: 60 residential lots on 33 acres, 118 acres of common area managed as commercial redwood forest, and 20 acres of equestrian park.

- 2) The present and probable need for public facilities and adequacy of public services in the area.

Determination: Presently, there is no need for sanitary sewers to the property, which is, used an equestrian facility. The probable need for sewer services, as estimated in the Graham Hill Show Grounds Subdivision environmental documents, for future sewage transportation capacity is a peak weather flow of 40,000 gallons per day (0.04 MG/D). The proposed new 12" sewer main along Graham Hill Road, for which this county service area would take over the maintenance after construction, would have adequate capacity to serve this flow. This additional volume would increase flow through the City of Santa Cruz mains by 0.1 to 1.0%. The impact of this project on the cumulative volume through the City's mains and treatment plant are not projected to exceed the system's capacity.

- 3) The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide.

Determination: The Graham Hill County Service Area does not currently exist. The service area will begin functioning after the developer constructs the sewer and drainage improvements and the County Public Works Department inspects and

accepts the improvements. The tentative budget for the service area estimates the first year operating assessments at \$1,150 per house (Pat—check overhead % with Suzanne). This level of assessment, even if increased moderately due to unforeseen circumstances, can be expected to support adequate maintenance of the sewer main and storm drainage facilities.

- 4) The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.

Determination: The sphere of influence is the same as the formation boundary of the Graham Hill County Service Area. The community of interest is the 60 planned homes and relocated equestrian facility that are required by county permit to dispose of sewage in a manner that won't impact the ground and downstream surface waters as would standard septic systems.

End of Exhibit B

Exhibit B

LAFCO Resolution No. 876 Establishing a Sphere of Influence for the Graham Hill Road County Service Area and LAFCO Resolution No. 876-A Formation of Graham Hill County Service Area

Environmental Review Findings

The Santa Cruz Local Agency Formation Commission (LAFCO) is a responsible agency under the California Environmental Quality Act in reviewing a project known as the Graham Hill Estates Subdivision. The County of Santa Cruz, as lead agency, has prepared, circulated, and certified the following environmental review documents for this project:

- 1) S.H. Cowell Foundation/Graham Hill Show Grounds Subdivision; Revised Draft Environmental Impact Report; June 1995;
- 2) S.H. Cowell Foundation/Graham Hill Show Grounds Subdivision; Response to Comments; March 1, 1996 (Final EIR);
- 3) Addendum; November 26, 1996; and
- 4) Negative Declaration and Notice of Determination; 98-0121 Standard Pacific Corporation; September 3, 1998 (gravity sewer alternative).

This 60-lot subdivision is being reviewed by LAFCO because the property owner, Standard Pacific Corporation, has filed an application under the Local Government Reorganization Act of 2000 to form a County Service Area that would maintain sewer facilities and storm drainage facilities that are constructed for the subdivision.

The County's documents identify potentially significant environmental effects of the project, alternatives to the project, and mitigation measures to reduce the environmental impacts of the project. As lead agency, the County of Santa Cruz has adopted a set of environmental findings that the project, as modified and conditioned, would not result in significant environmental effects. LAFCO acknowledges those findings; but, nevertheless, LAFCO wishes to make a separate, independent set of findings so as to clearly set forth the basis of its action, and thereby adopts the following findings.

Pursuant to the policy stated in Section 21002 and 21002.1 of the California Environmental Quality Act, no public agency shall approve or carry out a project for which an environmental Impact Report has been certified which identifies one or more significant effects on the environment unless the public agency makes one or more of the following findings:

(1) Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment.

(2) Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency.

(3) Specific economic, legal, social, technological, or other considerations, including considerations for the provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or alternatives identified in the environmental impact report.

Mitigation measures addressed in this document maintain the same numbering system (such as LU-1 and GEO-1) as used in the environmental impact report. Unless specifically segregated for individual mitigation measures, the LAFCO findings at the end of each topic (such as Land Use, Plans and Policies), apply to all of the mitigation measures under that topic.

Mitigation Measures

LAND USE, PLANS AND POLICIES

LU-1: The Design Guidelines should be revised to include and/or exclude the language as specified below.

- The third sentence in paragraph 2. Design Committee, shall read:

“Design Committee review will therefore involve design professionals to assist the Committee in reviewing all *building permit* applications.”

- The last (fourth) sentence in paragraph 3.b. Development Envelopes shall be revised and a new sentence shall be added as follows:

“All *surface* improvements except driveways must be contained within development envelopes, including buildings, accessory structures, garden walls, pools, etc. *Subsurface improvements such as water and sewage lines may extend beyond the development envelope.*”

- The last (third) sentence in paragraph 2.i. Pools, Shelters, and Accessory Buildings shall be revised as follows:

“Minor adjustments to the approved development envelopes to allow such improvements shall be permitted if approved by Design Committee and the County according to the procedures for amending subdivision maps specified in County Code Section 14.10.340, et seq.

- The last sentence in paragraph 3.f. Landscaping shall be modified as follows:

“All new landscaping outside of development envelopes shall be approved by the Design Committee prior to installation and shall be limited to areas immediately adjacent to buildings and shall consist of plant materials that are compatible with existing vegetation. Tree plantings shall be limited to native species already present at the project site and shall use container stock grown from propagation materials collected on-site, to the maximum extent possible.”

LU-2a: The tentative map should be revised to designate nine lots for affordable housing distributed throughout the project, and the applicant should construct affordable single-family homes on each lot consistent with the requirements of County Code Chapter 17.10. As an alternative, the applicant should provide affordable housing as specified below in LU-2b.

LU-2b: If the applicant does not provide nine affordable dwellings on the project site, then the applicant should provide affordable housing through one of the alternative methods permitted by County Code Chapter 17.10, as follows:

1. Purchase of nine affordable housing credits from a developer who has constructed a project with more than 35% affordable housing and who has available credits for sale in accordance with County Code Section 17.10.040.

OR

2. Construction of ten affordable units on another site within the Carbonera planning area consistent with the requirements of County Code Section 17.10.030(a)13.

OR

3. Payment of an in-lieu fee based on either the appraised value of nine lots within the project after subdivision improvements have been made or the market price of the first parcel sold in the subdivision in accordance with County Code Section 17.10.035.

OR

4. Dedication of nine parcels in the project to the County for the purpose of construction of affordable housing by the County on those parcels in accordance with County Code Section 17.10.035.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision.

GEOLOGY, SOILS AND SEISMICITY

GEO-1: Minimize grading to preserve the clay-rich surface, which acts as an aquitard to percolating surface waters.

GEO-2: Minimize the removal of the natural vegetative cover on slopes. Revegetate stripped or graded areas as soon as possible following construction, and in no case later than October 15(theoretical beginning of the rainy season).

GEO-3: Direct drainage away from unstable slopes.

GEO-4: Keep all major drainages clear of debris. Construct sediment traps and clean them out prior to the rainy season at each major drainages.

GEO-5: If septic systems are installed at the site, set back leach lines for septic systems at least 40 feet from slopes with greater than 30 percent grade.

GEO-6: Set back structures 75 feet from all mapped landslides or the major break-in-slope, whichever is closer to the proposed development site. Structures may be located closer than 75 feet if approved by a registered engineering geologist.

GEO-7: A geologist or soil engineer shall be present during site preparation and construction to evaluate the quality of work, verify compliance with recommendations and suggest changes in procedures, if necessary. The soils engineer shall be notified at least four working days prior to any site clearing or grading operations on the property in order to observe the excavation and disposal of contaminated materials.

GEO-8: To minimize erosion problems on the equestrian trail, implement erosion control measures as a regular part of trail maintenance prior to October 15 of each year. These measures shall include repair of washouts, installation of earthen water bars, ground cover planting at unstable areas directly up slope and down slope of the trail, and correction of irregularities in the horizontal slope of the trail where needed to achieve appropriate drainage flow.

GEO-9: Prior to issuance of grading or building permits, the project sponsor shall conduct a geologic hazard evaluation of individual building sites. The presence or absence and stability of landslides below individual building sites shall be evaluated and a registered engineering geologist shall be employed to identify specific mitigation measures and remediation techniques in areas where slope stability is a concern. The measures may include setbacks, and the removal of unsuitable soils. The evaluation shall be submitted to the County Planning Geologist for review and approval.

GEO-10: *Deleted pursuant to final EIR revisions.*

GEO-11: Design cuts and fills to balance as nearly as possible to avoid the nuisance (such as increased truck traffic and soils spilled on local roadways) created by off-site hauling.

GEO-12: To minimize the risk of damage from strong ground shaking during an earthquake, all pre-development reports shall be reviewed by a registered engineering geologist and a structural engineer. Structures shall be constructed under the provisions of the most recent edition of the Uniform Building Code.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision.

SURFACE AND GROUNDWATER HYDROLOGY

HYDRO-1: Analyze the existing channel conditions and the expected velocity of the storm water runoff to assure stable channel conditions for the projected design runoff flows. The County of Santa Cruz has published guidelines for permissible velocities of storm water runoff in open channels. These velocities vary depending on the soil type and channel bottom conditions. If post development runoff velocities exceed County standards, suitable channel protection and/or channel modification shall be completed to the satisfaction of the County Public Works and Planning Departments.

HYDRO-2: Complete a detailed hydraulic analysis and comprehensive engineered drainage plan for the project for review and approval by the County Geologist and the Santa Cruz County Department of Public Works prior to recordation of the Final Subdivision Map. The analysis and engineering plan shall address issues of hillside disturbance, storm drain protection and maintenance, and outfall protection (energy dissipater), and shall be completed prior to the issuance of any building permits.

HYDRO-3: A drainage and erosion control plan shall be prepared by a civil engineer to minimize the impacts from erosion and sedimentation during grading. This plan shall be reviewed and approved by the County Planning and Public Works Departments prior to recordation of the Final Subdivision Map and shall conform to all standards adopted by Santa Cruz County. This plan shall include measures such as: (a) restricting grading to the dry season; (b) protecting all finished graded slopes from erosion using such techniques as hillslope benching, erosion control matting, and hydroseeding; (c) protecting downstream storm drainage inlets from sedimentation; and (d) use of silt fencing to retain sediment on the project site.

HYDRO-4 After construction is completed, all storm drains shall be inspected for accumulated sediment and storm drain damage prior to October 15 and between April 15 and May 15 and

during each month there is rain during November through March of each year. Where sediment has accumulated, these drainage structures shall be cleared of debris and sediment.

HYDRO-5: Obtain NPDES stormwater discharge permit which applies to the grading of five or more acres of land and comply with all requirements of that permit.

HYDRO-6: Maintain existing natural vegetated channels, swales and incorporate detention areas in their natural vegetated condition wherever practicable. Detention ponds shall be sized according to County standards and should support vegetation during the winter. Where removal of vegetation is necessary, replant all exposed soil surfaces with ground cover native to the immediate area.

HYDRO-7: Incorporate measures for the control of street litter to minimize potential aesthetic impacts to downstream receiving waters. This may be achieved by the installation of grease and silt traps as well as trash racks at storm drain inlets. All silt and grease traps shall be permanently maintained on a regular basis according to a monitoring and maintenance program specified by the County Public Works Department.

HYDRO-8: The drainage system design shall be modified to specifically incorporate natural detention areas or other suitable measures to assure that animal wastes from the show grounds area are contained on-site and are not subject to wash-off or leaching into the new storm drainage system for the project, so as to prevent any water quality degradation of the San Lorenzo River. This modification shall be incorporated into the plan described in mitigation measures HYDRO-2.

HYDRO-9: Following construction and County approval of the project drainage facilities, the applicant shall establish a County Service Area (CSA) for the permanent maintenance of these facilities by the County, or another public agency or entity under contract to the County for this purpose. The CSA to be established for the operation of the package treatment plant could be extended to include drainage facilities maintenance.

HYDRO-10: The development plan for the future equestrian park shall include detailed design of all new horse trail - intermittent stream crossings, and a 3-foot earthen berm around the perimeter of the show grounds at Parcel C. The development plan shall incorporate appropriate measures to prevent the direct runoff or deposition of animal wastes and eroded soil into the stream channels. This may include, for instance, the use of culverts and vegetated buffer strips to prevent horses from entering intermittent drainage channels and to enhance natural filtering through overland flow. Additionally, at a minimum, an annual inspection shall be made of the trails for clean-up of horse manure and repair of erosion damage prior to the rainy season. This shall be the responsibility of the operators of the showgrounds equestrian facilities and shall be identified as part of the Development Permit for the future park development.

HYDRO-11: The homeowners' association for the development shall provide educational material to all residents regarding the need for proper use of landscaping chemicals and the adverse

environmental consequences of improper use. The information shall be distributed annually and the requirement to do so shall be made a part of the subdivision CC&Rs.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision. Furthermore, Mitigation HYDRO-9 is implemented, in part, by the LAFCO's authorization of storm drainage maintenance to be provided by the Graham Hill County Service Area.

DOMESTIC SEWAGE DISPOSAL

SEW-1: Install a package treatment plan that provides the level of treatment required by the City of Scotts Valley and the RWQCB with effluent discharge to the Scotts Valley - Santa Cruz wastewater transmission line to eliminate all wastewater disposal on the project site. The package treatment plant shall be designed to produce effluent quality that meets requirements of Title 22, California Administrative Code, for unrestricted reclamation uses, or,

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision. Additionally, this on-site treatment alternative is not being pursued by the developer. Under the current gravity main alternative, no package treatment plant will be needed.

SEW-2: Install a package treatment plant that provides enhanced nitrogen removal with a community leachfield. Additional percolation testing shall be completed in the area of the proposed community leachfield and the system design shall be prepared to the satisfaction of the Santa Cruz County Environmental Health Service and the Department of Public Works. The package treatment plant shall be designed and operated to provide enhanced nitrogen removal, such that final effluent quality demonstrates at least a 50 percent reduction in total nitrogen as compared with conventional septic tank effluent, or,

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision. Additionally, this on-site treatment alternative is not being pursued by the developer. Under the current gravity main alternative, no package treatment plant will be needed.

SEW-3: *Deleted because this option is no longer applicable to this project.*

SEW-4: The pump station shall incorporate appropriate redundancy features and alarm(s) including, at a minimum: (a) a duplex or triplex pump arrangement; (b) emergency back-up generator; and (c) auto-dialer alarm system. The pump system design shall be subject to review and approval by the Santa Cruz County Department of Public Works. In addition, all sewage collection pipes shall be sized to allow for infiltration and inflow which is typically 10% of designed wastewater flow.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision. Additionally, this on-site treatment alternative is not being pursued by the developer. Under the current gravity main alternative, no package treatment plant will be needed.

SEW-5: *Deleted for the same reasons as SEW-3.*

SEW-7: *Deleted for the same reasons as SEW-3.*

SEW-8: *Deleted for the same reasons as SEW-3.*

SEW-9: *Deleted for the same reasons as SEW-3.*

SEW-10: *Deleted pursuant to Final EIR revisions.*

SEW-11: *Deleted for the same reasons as SEW-3.*

SEW-12: *Deleted pursuant to Final EIR revisions.*

SEW-13: The project, the relocated inhabitable equestrian facilities (clubhouse and caretaker's dwelling) shall also be served by the package treatment plant. To fulfill the County's long-range plans for the equestrian park, the collection system that would serve equestrian facilities shall be designed to accommodate twice their expected sewage flow. Collection system upgrades would facilitate sewage collection from future park facilities such as a public restroom. The County of Santa Cruz could share in any upgrades that will serve future public restrooms at the equestrian park.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency. Specifically, the County of

Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision. Furthermore, LAFCO has included the equestrian facilities within the boundaries of the Graham Hill County Service Area in order to facilitate compliance with this mitigation.

Negative Declaration Condition 8: To ensure that the project does not result in the potential significant growth-inducing impacts, the applicant shall establish a one foot non-access easement around the raw sewage pipeline prior to acceptance of the improvements by the County Department of Public Works Sanitation District. Additional connections to the raw sewage pipeline, in excess of those identified by this project (60 residential parcels and the relocated equestrian facility, including a clubhouse, caretaker's quarters, and future public restrooms) will require Environmental Review and subsequent environmental determination.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that other agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision. Furthermore, under the Local Government Reorganization Act of 2000, any future connections to the sewer main will require LAFCO approval for amendment of the Graham Hill Road County Service Area Sphere of Influence (LAFCO Resolutions No. 876) and annexation to the Graham Hill Road County Service Area, or for the formation of another sewer district.

BIOTIC RESOURCES

BIO-1: Prior to project construction, survey the proposed project site to determine the presence or absence of Cooper's hawk. Surveys for this candidate species shall be accomplished by a professional biologist familiar with this species and its requirements, and shall be accomplished during the appropriate seasons (May-June). Submit documentation containing the methodology, findings, and conclusions of this survey to the CDFG and the County of Santa Cruz. If nesting pairs of this species are located within the development area, the report shall contain the precise location and description of the immediate environment. Avoid specific areas found to contain nesting Cooper's hawks by establishing a 300 foot buffer zone around the nest site where no grading or construction would occur until the young have fledged. If accepted survey methodologies are adhered to and not nesting pairs are located within the immediate development area, no mitigation is required.

BIO-2: As part of the Comprehensive Habitat Mitigation Plan, the project sponsor shall place a special conservation easement on the 65.5 acres of forest habitat located within the common area. Preservation of this habitat, in addition to implementation of measures BIO-5 and BIO-7 will reduce potential impacts to Cooper's hawks to less than significant levels.

BIO-3: Maximize the use native plants in landscaping inside development envelopes. Any planting outside the development envelopes shall use native plants appropriate to the habitat they are planted in. These plants provide food for regional wildlife, and nesting and resting areas for common bird species. Additionally, these species have relatively low water and maintenance requirements. The California Native Plant Society has set forth the following general principles for revegetation and landscaping:

- Trees , shrubs, and other herbaceous plants shall be used which are indigenous to the general development area.

- The use of aggressive, exotic plant species shall be avoided. Where aggressive exotics could threaten native flora (e.g., the use of French broom in landscaping), this fact shall be made of record.

BIO-4: (a) Fence off trees within 100 feet of areas to be developed to be retained around their drip-line (approximately equal to the area covered by the tree's canopy) prior to any construction related activities in order to prevent accidental damage due to construction activities. These fences shall remain in place until all construction-related activities have cease. When digging utility trenches near trees to be retained, all trenching shall be done by hand, and shall stay at least ten feet away from tree trunks. Consider tunneling to avoid major roots. Utility lines and pipes shall be concentrated in as few conduits as possible. Foundations shall be bridged over roots that are unavoidable. Leaf mulch, straw or grass seeds shall be placed on exposed soils as soon as possible to prevent erosion and soil loss. Generally, avoid filling or paving in close proximity to tree trunks.

(b) Special care shall be taken not to increase soil moisture from irrigation, and inappropriate landscaping and run-off from improvements, as these would increase root-rotting fungi. Water-dependent landscaping such as lawns and grading within the drip-line of large oaks shall be avoided and made a requirement of all property owners stipulated in the Homeowner's Association Agreement for the project. Periodic inspections of the population by a certified arborist on common lots shall be carried out, and recommendations of the arborist implemented by the property owners.

BIO-5: Divert irrigation or potential runoff associated with the proposed project away from retained oaks to guard against fungal root infections.

BIO-6: The project sponsor shall place a special conservation easement over the 65.5 acres of forest within the common area (outside the development area). This land would then be permanently dedicated as forest habitat in perpetuity. This conservation easement shall recognize the protected land is designated as "Timber Resource" and therefore will permit timber harvesting that is done in a sustainable and ecologically sound manner. The conservation easement document shall be reviewed and approved by County Planning staff and County Counsel prior to recordation of the subdivision map. The operations and maintenance of the forest common area shall be the responsibility of the homeowners association.

BIO-7: The County of Santa Cruz Department of Parks and Recreation shall identify 3.7 acres of either (1) degraded woodland or forest habitat to be enhanced or (2) degraded non-native grassland or ruderal habitat to be planted in oak woodland or mixed forest habitat. This land, if not already protected, would have a conservation easement placed upon it in perpetuity. The conservation easement document shall be reviewed and approved by County Planning staff and County Counsel prior to approval of a new park plan. The operations and maintenance of the forest mitigation site shall be the responsibility of the County of Santa Cruz Department of Parks and Recreation and may be implemented on publicly owned lands. In either case, the County of Santa Cruz Department of Parks and Recreation shall be responsible for development of a tree revegetation plan.

Guidelines for the Tree Revegetation Plan are outlined in the sections that follow. The Tree Revegetation Plan shall consist of an implementation and a monitoring component.

- Trees shall be planted using locally-grown or harvested stock. Acorns or seedlings would be preferable because they have been shown to have greater survivability and growth than larger, container-grown stock. Spacing shall range from 5 feet to 15 feet, depending on species, location and size of initial planting. The final replacement plan shall be subject to review by CDFG and the County Planning staff

- Replacement trees shall be planted as contiguous habitat, and not as isolated, scattered trees, to provide similar community structure and habitat value for wildlife.

- Only species native to the project site shall be used. Some of the plant source material could be collected in the project area, such as from trees that will be lost to construction activities. This material could be supplemented by commercially available native species (not cultivars) where insufficient plant material is available on-site or where collection of plant material is determined to have a negative effect on existing resources. Container plants shall be grown from material collected on the project site, in the vicinity, or within the region.

- Planted trees shall be protected from browsing by deer, rodents, and insects, through the use of collars and screens. A metal, rust-resistant collar located below the ground surface would discourage gopher and other rodent damage, promote deep rooting, and anchor the screen. Screens would protect plants from browsing, shade young plants, and allow some accumulation of moisture at night. An area of at least three feet in diameter shall be cleared of vegetation around each planted tree or shrub to reduce competition for water and nutrients and to minimize crowding out of desired species. A weed mat or minimum 3-inch mulch shall be applied in each planting basin.

- Container stock, seeds, and cuttings of woody vegetation shall be planted in the fall to early winter following the onset of the rainy season when moisture levels should be adequate for planting site preparation, as determined by the revegetation contractor.

-Mitigation planing areas shall be protected by a conservation easement or other deed restriction. Fuel modification (periodic mowing) shall not be allowed.

BIO-8: The County of Santa Cruz Department of Parks and Recreation shall develop a Revegetation Plan, that will include the following documents, for review by CDFG and County Planning staff.

-A planting program prepared at 100-foot-scale.

-A final irrigation plan (if necessary) prepared at 100-foot-scale. This plan shall include specifications on installation and a schedule identifying the frequency of irrigation.

-Calculations of areas and numbers of trees for woodland/forest proposed to be created or enhanced. The species of trees proposed for planting and locations of proposed plantings shall also be identified.

-The Plan shall also include (1) stated performance standards, (2) contingency plan elements, and (3) monitoring plan requirements. All of the components of the Plan shall be determined to be sufficient by CDFG and County Planning staff to ensure the long-term success of the mitigation.

BIO-9: The oak forest Habitat Mitigation Plan shall identify monitoring and management techniques for a minimum period of five years following implementation. The plan shall establish success criteria (performance standards) and shall describe steps to be taken to replace vegetation not meeting the success criteria (contingency plans). Performance standards could relate to the number of trees, species and sizes of trees, acreage of woodland, area of canopy, or a combination. Appropriate data sampling and statistical treatment of data shall be developed and utilized. The equestrian park's monitoring and management plan shall include the following components.

-Plant survival shall be evaluated with field surveys. Individual trees shall be tagged during the first year of implementation, catalogued in a data base, and surveyed for survival, growth, and vigor. Monitoring reports will be prepared annually and submitted to CDFG and County Planning. If at any point during the five-year monitoring period, the mitigation plan is judged to have not been successful, the mitigation action shall be re-initiated, after modification as necessary, and monitored until judged successful.

-The annual reports shall include monitoring data and shall discuss any corrective actions undertaken. At the end of the 5th year of the mitigation program, the report shall evaluate the success of the project against the performance standards. If a portion of the mitigation plan fails to meet the specified criteria, the County of Santa Cruz Department of Parks and Recreation shall implement additional mitigation designed to mitigate impacts, as directed by County Planning.

BIO-10: A preliminary mitigation plan(based on the elements presented in this EIR) shall be submitted for review to CDFG and County Planning prior to approval of the design of the

equestrian park.

BIO-11: The project sponsor shall implement the Comprehensive Habitat Mitigation Plan (refer to Appendix H). This plan has the following elements:

- a. Enhancement of existing prairie habitat through removal of non-native invasive plants (e.g., French Broom);
- b. Restoration of 0.9 acres of land to coastal terrace prairie habitat to compensate for the 0.9 acres of prairie habitat removed by the project;
- c. Salvage collection of soil, seeds, tubers of special status plant species and other plants native to the prairie habitat in those portion of prairie to be removed for use in prairie restoration efforts;
- d. Security bonding to ensure the success of enhancement and restoration efforts during the first five years of implementing the Plan; and
- e. Long-term management of preserved biotic resources by the Homeowners Association.

The homeowner's association for the development shall provide educational material to all residents regarding the need for proper use of landscaping chemicals and the adverse environmental consequences of improper use. The information shall be distributed annually and the requirement to do so shall be made a part of the subdivision CC&Rs.

BIO-12: The proposed project has been redesigned to reduce impacts to Coastal Terrace Prairie and special status plant species. The prairie (special status plant species habitat) to be retained and restored on-site shall be protected under a biotic conservation easement (or similar protection acceptable to the County) in perpetuity. The "protected land" shall include that portion of Parcel A now in prairie habitat and the additional 0.9 acres north of the vernal marsh to be restored to prairie habitat (special status plant species habitat). The conservation easement document shall be reviewed and approved by County Planning staff and County Counsel prior to recordation of the subdivision map.

BIO-13: Prior to project construction, construction fencing of a minimum of 5' in height shall be installed around the perimeter of the coastal terrace prairie to prevent encroachment by construction vehicles and sidecasting of grading material. The fenced area shall include a 10 foot buffer zone beyond the prairie habitat. Fencing shall be installed to allow an entry corridor (with no buffer zone) where the project access road will be constructed. The final installation of the fencing shall be inspected and approved by a qualified botanist approved by the County prior to any grading or construction for the project. The botanist shall reinspect the fencing and proximate construction activities on a weekly basis during the construction of all subdivision improvements and make recommendations as appropriate to protect the prairie habitat.

BIO-14: Construction activities for the residences and roadway shall avoid discharge of any construction or project-related materials and fluids into portions of the coastal terrace prairie community to be retained to prevent damage to special status plant species, native vegetation and associated wildlife. A sediment erosion plan shall be prepared by the project sponsor and reviewed and approved by the County Planning Department prior to the time that any project related activities proceed. Construction shall generally take place during the dry season (i.e., April 15 to October 15).

BIO-15: The project sponsor shall prepare and distribute educational materials to construction workers concerning the sensitive habitat and special status plant species. The project sponsor shall be responsible for obtaining signed documentation from each of the construction workers (currently working on the project) stating that they have been given the educational materials (referenced above) and that they understand that they can be held personally liable for impacts to special status plant species or coastal terrace prairie habitat due to worker negligence.

BIO-16: The project sponsor shall be required to post a financial security with the County of Santa Cruz to ensure that no individual special status plants or habitats are impacted during the construction phase of the proposed project. This bond would be refunded to the project sponsor when construction has ceased and it is proven that no individuals of the aforementioned species have been harmed. Implementation of the above measures would reduce the identified impacts, to below the threshold of significance.

BIO-17: Prior to any construction on the site, the entire perimeter of the vernal marsh shall be fenced in the same manner as specified in BIO-13 with temporary construction fencing of a minimum height of five-feet. This fencing shall remain in place until all site improvements are completed to the satisfaction of the County Public Works and Planning Departments.

BIO-18: Avoid discharge of any construction or project related materials and fluids into portions of wetland communities to be retained to prevent damage to native vegetation and associated wildlife. A sediment and erosion control plan shall be prepared as specified in mitigation BIO-14.

BIO-19: Use construction practices that minimize impact to retained wetlands on-site (e.g., locate construction staging areas away from retained wetlands and install silt fences around retained wetlands prior to construction to avoid sedimentation during the construction phase of the proposed project).

BIO-20: Avoid the use of non-biodegradable herbicides and pesticides for landscape maintenance. This shall be written into the Homeowner's Association Agreement.

BIO-21: Enter into a "Streambed Alteration Agreement" (SAA with the CDFG pursuant to Fish and Game Code 1601-1603 and comply with the conditions of the SAA. This agreement is necessary to allow alteration of the San Lorenzo River due to the installation of a storm water discharge unit under current development plans. In general, the CDFG will grant the SAA once all

other permits (e.g., Corps, USFWS) and certifications are obtained. Construction would not be permitted by the CDFG until a SAA is executed.

BIO-22: Following construction, revegetate all areas along the San Lorenzo River that are disturbed during construction of the storm drain outfall with appropriate California native species. CDFG recommends replacement of removed or damaged riparian vegetation with members of the same species (if California native), or with appropriate California native species (when removed vegetation is non-native). Replacement schedule (ratio of number of plants removed to number planted) for riparian vegetation is set at five-to-one for trees (e.g., if one white alder is removed, killed, or substantially damaged during project development, five white alders shall be planted for mitigation), and three-to-one for understory species.

BIO-23: Avoid discharge of any construction or project related materials and fluids into the San Lorenzo River to prevent damage to riparian vegetation, water quality, and associated wildlife. A sediment erosion plan shall be prepared by a qualified consultant for the project sponsor and reviewed and approved by both CDFG and the County Planning Department prior to any project related activities, focusing on measures to eliminate migration of sediment-laden runoff into the San Lorenzo River during all phases of project development and use. Construction shall take place during the dry season (April 15 to October 15).

BIO-24: The project sponsor shall be required to post a bond with the County of Santa Cruz to ensure the success of the aforementioned riparian revegetation program. This bond would be refunded in full to the project sponsor after a minimum period of five years if the program is determined to be successful by a qualified biologist and the CDFG.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision.

TIMBER RESOURCES

TIMB-1: Provide a no-cut or lighter-cut buffer zone of 150 feet along the entire western edge of the subdivision boundary, with a graduated buffer where the lightest cutting is immediately adjacent to the subdivision boundary and the intensity of marking gradually increases to the edge of the 150-foot zone where the silvicultural prescription for the stand is achieved.

TIMB-2: Requirements for slash and debris disposal shall exceed those of the local forest practice rules. This is primarily for aesthetic purposes and, to a lesser degree, for fire prevention. The entire area shall be lopped and scattered to a height of 24 inches rather than the 30 inches allowed by law. Within 50 feet of the hiking trail and 150 of the subdivision boundary, lop or crunch slash

with the metal tracks of a tractor down to a height of 12 inches. Burying or chipping of slash are other options in appropriate areas.

TIMB-3: Require extensive grass seeding, strawing, and mulching of the bare areas. This is especially important for bare areas visible from the hiking trail, subdivision, and Ocean Street Extension.

TIMB-4: The intensity of tree removal shall be less than 60 percent of trees over eighteen inches in diameter currently allowed by law. A harvesting intensity of 40 to 45 percent overall is recommended, with the lighter thinning in open areas and heavier thinning in dense clumps or groupings of trees.

TIMB-5: Interplant coniferous seedlings after harvest is recommended in the areas where the canopy has been opened.

TIMB-6: Close the hiking trail during the period of active harvesting.

TIMB-7: Limit hours of timber harvesting operation from 7:30 a.m.-4:00 p.m., and prohibit weekend work.

TIMB-8: Initiate an education and publicity program directed toward users of the trail and residents of the adjacent subdivision. This shall be carried out at least one of two years prior to harvest through mailings and public meetings. Input and recommendations from concerned neighbors shall be sought, and, where feasible, incorporated into the Timber Harvest Plan.

TIMB-9: Implement mitigation BIO-6, in Section E, Biotic Resources, to place forested lands (including the "TP" zone) in the common area under a special conservation easement.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision.

TRANSPORTATION AND CIRCULATION

TRANS-1: If a Roadway/Roadside Exception is not granted, the roads internal to the project should be constructed (right-of-way, pavement widths, and secondary access standards) to meet Santa Cruz County Design Criteria standards for local roads. Briefly, this would require two 12-foot paved travel lanes for two-lane rural local streets, with two 6-foot parking shoulders, for a total of 36 feet of paved roadway width. (Although it should be noted that increases in paved roadway width could result in increased impacts on special-status species that would require areas

for additional biological resource mitigation.)

TRANS-2: The project applicant shall contribute a fair share cost to install a traffic signal at the Graham Hill Road/Sims intersection, as a result of the project and cumulative traffic. The contribution should be made to a County fund specifically established for this purpose.

TRANS-3: The project applicant shall construct a combined pedestrian/bicycle pathway along the project frontage between the project entry road and Sims Road. The design of the pathway shall constitute a dual function pedestrian and bicycle use with a meandering route to minimize tree removal.

TRANS-4: The project applicant shall improve the existing bus stop at the Graham Hill Road/Sims Road intersection to meet the Santa Cruz Metropolitan Transit District's standards for bus turnouts.

TRANS-5: The project applicant shall construct a left turn pocket at the northbound approach to the project entry road.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision.

NOISE

NOISE-1: Restrict noisy construction activities for site improvements and individual home sites to the hours of 7:00 a.m. to 7:00 p.m., Monday through Friday, and 9:00 a.m. to 5:00 p.m. on weekends, and stipulate this restriction in all construction contracts for the project.

NOISE-2: Require that prospective homeowners agree to muffle and shield all intake and exhaust ports on power construction equipment, and shroud all impact tools, and stipulate this as a requirement of all property owners in the Homeowners' Association Agreement.

NOISE-3: The applicant shall designate a construction disturbance coordinator to respond to public complaints and inquiries regarding noise disturbances during site grading and construction of improvements. The telephone number shall be posted on a sign on the site in a manner which makes the sign's information readily visible from off-site. This sign shall be posted, and the disturbance coordinator shall be available to resolve noise problems, during the entire grading and site improvement phase of the project.

NOISE-4: Construct three-foot barriers (of earthen or masonry construction) at the eastern edges

of the development envelopes of Lots 6 and 7. At Lot 6, the barrier would be approximately 100 feet long along the eastern edge connecting to 20-foot-long segments along the northern and southern edges of the development envelopes (to address edge effects). At Lot 7, the barrier would be approximately 75 feet in length connecting to 20-foot-long segments in a similar configuration as described for Lot 6.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision.

AIR QUALITY

AIR-1: The applicant shall designate a construction disturbance coordinator to respond to public complaints and inquiries regarding dust and other air quality disturbance during the site grading and construction of improvements. The telephone number of the disturbance coordinator and the purpose of the telephone number shall be posted on a sign on the site in a manner which makes the sign's information readily visible from off-site. This sign shall be posted and the disturbance coordinator shall be available to resolve dust-related problems during the entire grading and site improvement phase of this project.

AIR-2: The County shall require that development of individual home sites proceed with the following elements of a dust abatement program:

- Pavement of the main access road serving the home sites being developed shall occur prior to the start of construction at any of those individual home sites.
- Sprinkle all unpaved construction areas with water at least twice per day to reduce dust emissions. Additional watering shall be carried out on hot or windy days. Watering could reduce particulate emissions by about 50 percent.
- Cover all trucks hauling loose soil or debris to or from the site.
- Sweep up dirt or debris spilled onto paved surfaces immediately to reduce resuspension of particulate matter through vehicle movement over these surfaces.

AIR-3: Maintain and operate construction equipment so as to minimize exhaust emissions.. During construction, trucks and equipment shall be running only when necessary. Engines shall be shut off when trucks are loading, unloading or waiting. Equipment shall also be kept in good condition and well-tunes, to minimize exhaust emission

AIR-4: All houses designed to accommodate wood burning stoves or fireplaces shall be designed to include EPA-certified stove and fireplace inserts. EPA-certified stoves have been shown to have 70 to 90% fewer emissions than conventional stoves. This requirement shall be specified in the CC and Rs for the subdivision and should be included in construction drawings submitted to the County for individual dwelling building permits.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been , or can and should be, adopted by that agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision.

VISUAL QUALITY

VIS-1: Require vegetative screening in portions of the common area between the proposed development and Graham Hill Road to blend the development into the existing viewscape. The rear lot lines of lots 8 through 13 are in and/or adjacent to sensitive coastal terrace prairie habitat and should not receive vegetative screening. The following lots identified should undergo vegetative screening and/or retention:

- Retain existing stand of oak forest across from Deer Path/Graham Hill Road intersection to screen lots 5-8.
- Retain existing oak trees and/or plant oak trees along lot lines exposed to Graham Hill Road including lots 21 through 25.
- Plant oak trees along eastern-oriented lot lines exposed to Graham Hill Road including lots 14, and 48 through 52.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been , or can and should be, adopted by that agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision.

ARCHAEOLOGICAL

ARCH-1: If archaeological resources or human remains are discovered during construction activities, work shall be halted within 60 meters (200 feet) of the find until it can be evaluated by the County Planning Department and a qualified professional archeologist. If the find is determined to be significant, appropriate mitigation measures shall be formulated and implemented according to the procedures specified in County Code Sections 16.40.040-.060 (Site Discovery During Excavation and Archaeological Site Development Approval).

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision.

PUBLIC SERVICES AND UTILITIES

SERV-1: The project sponsor shall provide for the design and construction of water service infrastructure in accordance with SCWD requirements.

SERV-2: Public water system work design shall conform to all City of Santa Cruz Water Department Standard Specifications. The project sponsor shall provide design plans to SCWD for review and approval. Water improvement must be approved by both SCWD and the County of Public Works Department prior to the filing of the Final Subdivision Map. Installation of improvements shall be inspected by SCWD and the County Public Works Department prior to permitting occupancy of any dwelling unit.

SERV-3: The project sponsor shall obtain, prior to receiving final approval to construct subdivision improvements, all required City-approved, non-revocable water main rights-of-way and easements on all private roads where City mains are extended. Such rights-of-ways and easements shall be delineated on the Final Subdivision Map.

SERV-4: The project sponsor shall obtain, prior to the issuance of the construction permit, the required Water Main Extension Agreement and Performance, Labor, and Materials Bonds.

SERV-5: To avoid excessive water use, the project sponsor shall agree to include in lot sales agreements provisions for implementation of measures to conserve water. Accomplish this by submitting an agreement to the County for approval stating that the sales agreements will contain a requirement for installation of water conservation devices in all project residences. The devices shall include ultra-low-flush toilets (toilets that use a maximum of 1.6 gallons of water per flush) and low-flow shower heads (shower heads that use a maximum of 2.5 gallons of water per minute). The County Planning Department shall review and approve the construction plans for project residences prior to issuing a building permit, and County building inspections staff would inspect the installation of the water conservation devices prior to permitting occupancy.

SERV-6: Deleted because it addresses a less significant impact and is infeasible to enforce.

SERV-7: Deleted because it addresses a less significant impact and is infeasible to enforce.

SERV-8: Annexation of the project site to the Scotts Valley Fire Protection District shall be initiated by the project sponsor.

LAFCO Note: A Negative Declaration prepared by LAFCO in 2001 for LAFCO Application No. 877 evaluates an annexation to the SVFPD of this site and other parcels.

SERV-9: The project sponsor shall pay the Scott Valley Fire Protection District a mitigation fee upon annexation to compensate for improvements to the existing fire station on Sims Road, or deed to Scotts Valley Fire Protection District a fire station site as proposed on Tentative Map Parcel D. The 1.2 acre fire station site shall measure 140 feet fronting on Graham Hill Road and

170 feet deep, or as close to these dimensions as feasible. The appropriate option shall be selected by the District.

SERV-10: The project sponsor shall install all utilities to the property line of the fire station site, including all off-site sewage disposal system improvements necessary to serve the proposed fire station. A sewer service line shall be run to the Fire District property line. Sewage disposal for the fire station would be provided by an on-site package treatment facility. Utility improvements shall be shown on the engineering improvement plans for the project and installed according to the plans as approved by the County Public Works Department.

SERV-11: The project sponsor shall provide water mains within the project site sized to provide a minimum fire flow of 1,000 gallons per minute for a two-hour duration. Domestic water improvements shall be shown on the engineering improvement plans for the project and installed according to the plans as approved by the County Public Works Department and Scotts Valley Fire Protection District.

SERV-12: The project sponsor shall provide standard steamer type fire hydrants within the proposed subdivision, in the number and locations identified by the Scotts Valley Fire Protection District. Hydrant locations shall be shown on the engineering improvement plans for the project and installed according to the plans as approved by County Public Works and the Scotts Valley Fire Protection District.

SERV-13: All highly flammable vegetation shall be removed and maintained 30 feet from all structures. All buildings backing up to the Common Area (Parcel A) shall be provided with a 100-foot clearance.

SERV-14: Deleted because it is the responsibility of another agency other than the County and addresses property beyond project site.

LAFCO Finding:

Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by that agency. Specifically, the County of Santa Cruz has jurisdiction as the land use regulatory agency and has included these changes in its approval of the Graham Hill Estates Subdivision.

Mitigation Monitoring Program

The County of Santa Cruz is the lead agency for conducting the mitigation monitoring program, and has adopted such a program. As a responsible agency with no direct land-use regulatory role, LAFCO will have its staff follow the County's mitigation monitoring program. If the LAFCO Executive Officer becomes aware of any failure to carry out the mitigation efforts, the staff shall

inform the County of Santa Cruz and the LAFCO Commission.

Alternatives, and Statement of Overriding Considerations

Since the EIR and Mitigated Negative Declaration found that the project would have no significant environmental impact if all the specified mitigations were incorporated into the project by re-design or condition, and since the County of Santa Cruz has included all the mitigations in its approval of the subdivision, there are no significant environmental impacts for which a more extensive review of alternatives or a statement of overriding considerations must be prepared under state law.

End of Exhibit B

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 876-A

On the motion of Commissioner Gualtieri

duly seconded by Commissioner Ebey

the following resolution is adopted:

MAKING DETERMINATIONS AND AUTHORIZING PROTEST PROCEEDINGS FOR THE
FORMATION OF THE GRAHAM HILL COUNTY SERVICE AREA

The Santa Cruz Local Agency Formation Commission does hereby resolve, determine, and order as follows:

1. An application for the proposed formation of a county service area was filed with the Executive Officer of this Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.), and the territory is assigned the short term designation of "Formation of the Graham Hill County Service Area".
2. The Executive Officer of this Commission has examined the application, has given notice of public hearing by this Commission upon the application in the form and manner provided by law, has prepared a report, including his recommendation, and has presented his report before this Commission.
3. The public hearing by this Commission was held on March 7, 2001, and at the hearing this Commission heard and received all oral and written comments that were presented.
4. The subject territory includes approximately 60 acres and is found to be uninhabited for purposes of formation law.
5. The boundaries set forth in the description of territory subject to the formation are definite and certain, and are approved as submitted and shown on Exhibit A to include the residential portion (lots 1-60) and the relocated equestrian facility (Parcels B, C, and D) of the Graham Hill Estates Subdivision.

6. The approval of this county service area formation is subject to the following terms and conditions:
 - a) The services to be performed by the Graham Hill County Service Area shall be limited to operation and maintenance of storm drainage facilities of the Graham Hill Estates Subdivision, and operation and maintenance of a sanitary sewer facilities within the Graham Hill Estates Subdivision and between the subdivision and the City of Santa Cruz sewer system.
 - b) Prior to issuance of a Certificate of Completion for this formation, the County of Santa Cruz shall complete any tax, assessment, or fee elections pursuant to Proposition 218 (California Constitution Articles XIII C & D) required to fund the services authorized for the Graham Hill Road County Service Area.
 - c) The proponents shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
 - d) The proponents shall pay any remaining processing fees as set by this Commission Schedule of Fees and Deposits.
 - e) Prior to issuance of a Certificate of Completion for this formation, the applicant shall deliver an executed indemnification agreement which is in a form that is acceptable to the Commission and suitable for recordation.
7. The Commission hereby determines pursuant to Government Code Section 56810 that there will be no exchange of property tax revenues as a result of this county service area formation.
8. This Commission has genuinely considered the environmental effects of the project as shown in the Draft and Final Environmental Impact Report for the Graham Hill Show Grounds Subdivision, the 1996 Addendum, and the 1998 Negative Declaration that were prepared and certified by the County of Santa Cruz. The Commission makes the finding in accordance with the California Environmental Quality Act as listed in Exhibit B (Environmental Impact Findings).
9. The proposal, as conditioned, is consistent with the Sphere of Influence for the Graham Hill Road County Service Area.

10. The justification for authorizing this county service area formation is explained in the Executive Officer's Report on LAFCO No. 876/876-A and in the "Analysis of a Proposal to LAFCO" prepared by the staff for LAFCO No. 876-A.
11. The Commission hereby approves this proposal and authorizes protest proceedings without notice and hearing as permitted by Government Code Section 56663(a).

PASSED AND ADOPTED by the Local Agency Formation Commission in Santa Cruz County this seventh day of March, 2001 by the following vote:

AYES: Campos, Rapoza, Ebey, Gualtieri, Ainsworth

NOES: Wormhoudt, Levy

ABSENT: None

Mardi Wormhoudt

MARDI WORMHOUDT, CHAIRPERSON
Santa Cruz Local Agency Formation Commission

Attest:

Patrick M. McCormick

Patrick M. McCormick
Executive Officer

Approved as to form:

Jane M. Scott

Jane M. Scott
LAFCO Counsel

End of Resolution

EXHIBIT A

RESOLUTIONS NO.
876 and 876-A

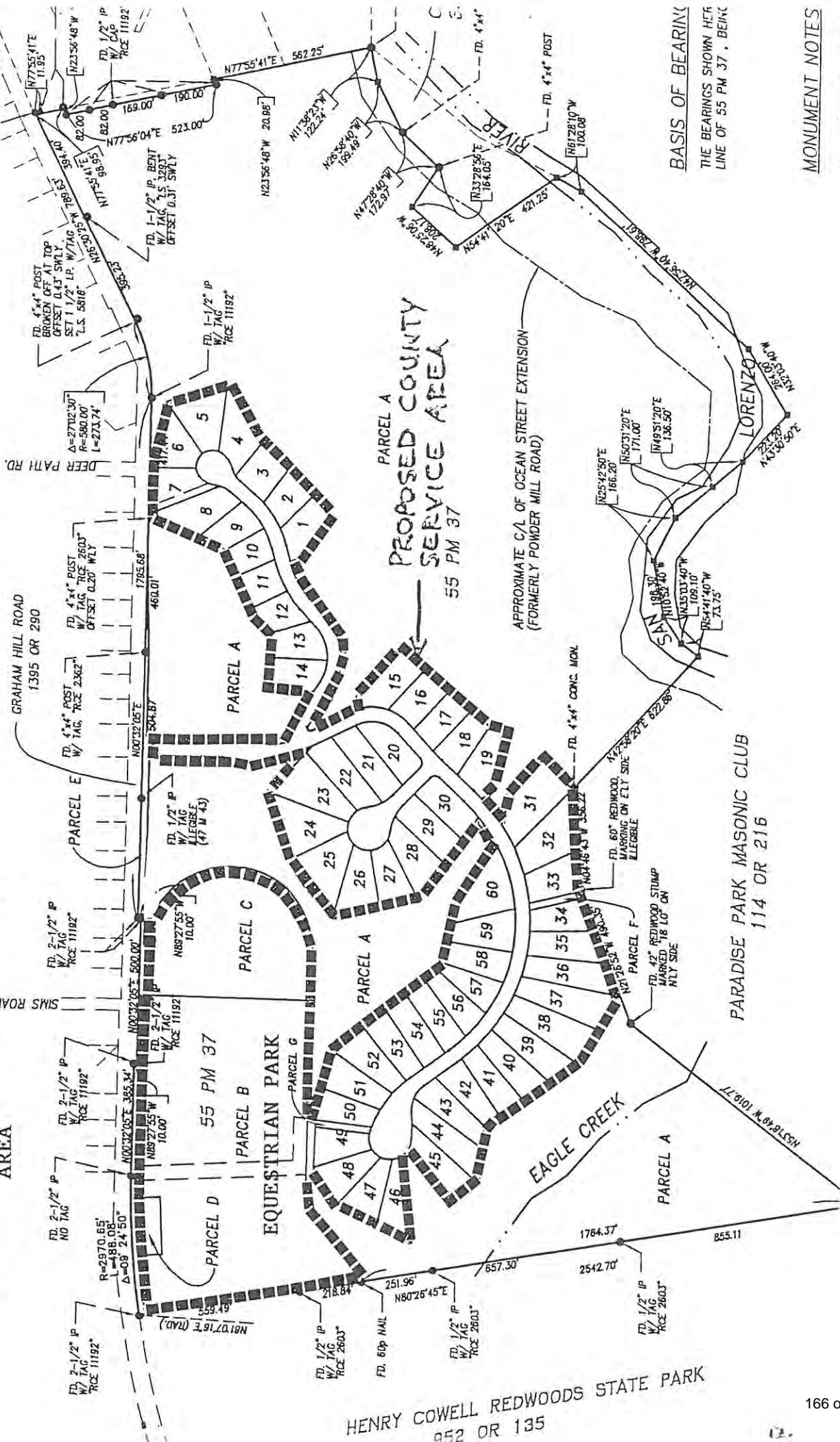
SPHERE AND
FORMATION BOUNDARY



Robert Bein, William Frost & Associates
PROFESSIONAL ENGINEERS, PLANNERS & SURVEYORS
1981 NORTH BROADWAY, WALNUT CREEK, CALIFORNIA 94596.
(925) 906-1460 FAX (925) 906-1465

TOWNSHIP 11 SOUTH, RANGE 2 WEST, MOUNT DIABLO BASE AND MERIDIAN.

GRAHAM HILL COUNTY SERVICE
AREA



BASIS OF BEARING
THE BEARINGS SHOWN HERE
LINE OF 55 PM 37, BEING

MONUMENT NOTES

HENRY COWELL REDWOODS STATE PARK
952 OR 135

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 877

On the motion of Commissioner Campos
Duly seconded by Commissioner Rapoza
The following resolution is adopted:

MAKING DETERMINATIONS AND ORDERING PROTEST PROCEEDINGS
OF TERRITORY DESIGNATED AS THE
GRAHAM HILL ROAD REORGANIZATION
TO SCOTTS VALLEY FIRE PROTECTION DISTRICT
LAFCO NO. 877


The Santa Cruz Local Agency Formation Commission does hereby RESOLVE, DETERMINE, AND ORDER as follows:

1. A resolution for the proposed reorganization of certain territory was filed by Resolution No. 2000-19 of the Scotts Valley Fire Protection District pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.); and said territory is assigned the short term designation of "Graham Hill Road Reorganization."
2. The reorganization consists of the following changes of organization:
 - Annexation to the Scotts Valley Fire Protection District,
 - Detachment from County Service Area 48 (County Fire).
3. The Executive Officer of the Commission has reviewed the resolution, and has prepared a report, including his recommendations thereon, and has presented the same before this Commission for consideration.
4. Public hearing by the Commission was held on March 7, 2001; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented.
5. Said territory includes approximately 2500 acres and is found to be inhabited for purposes of reorganization law.
6. The boundaries of the area of the proposed reorganization are approved as shown on Exhibit A to include the Graham Hill Estates Subdivision, the Castle property portion of APN 061-321-11, the campgrounds area of Henry Cowell Redwoods State Park, and 42 other parcels along the Graham Hill Road corridor.
7. The approval of the reorganization is conditioned upon the following terms and conditions:
 - A) If the 3.5-acre, three-parcel minor land division of APN 061-321-11 (Castle property, Paradise Park Masonic Club), designated as application number 99-0345 and pending before the County of Santa Cruz, is not approved by the County, it shall be excluded from the reorganization map that the Executive Officer files with the Certificate of Completion.

- B) The proponent shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
 - C) The proponent shall be responsible to pay any fees required to comply with Fish and Game Code Section 711.4 (Fish and Game Fees required when notices of environmental decisions are filed).
 - D) The proponent shall pay any remaining processing fees as set in this Commission's Schedule of Fees and Deposits.
 - E) The Executive Officer shall not record the certificate of completion finalizing this annexation, during the time period between the closing of the precinct maps and a subsequent election directly involving any seat or measure of the Scotts Valley Fire Protection District.
8. The Commission has considered the Negative Declaration dated January 24, 2001 together with the comments received during the public review process, and approves the negative declaration. The Commission finds that this reorganization will not have a significant effect on the environment.
9. Upon completion of the reorganization, the property tax revenues will be transferred in accordance with Board of Supervisors Resolution No. 12-2001 adopted January 23, 2001.
10. The annexation, as approved, is consistent with the Spheres of Influence of the Scotts Valley Fire Protection District as adopted by LAFCO Resolution No. 767-A and County Service Area 48 (County Fire) as adopted by LAFCO Resolution No. 701.
11. This Commission hereby approves this reorganization, as conditioned, and directs the Executive Officer to conduct protest proceedings in accordance with State law.

PASSED AND ADOPTED by the Local Agency Formation Commission in the County of Santa Cruz this seventh day of March 2001.

AYES: Campos, Rapoza, Levy, Ebey, Gualtieri, Ainsworth, Wormhoudt
NOES: None
ABSENT: None

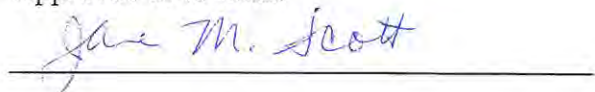

MARDI WORMHOUDT, CHAIRPERSON
Santa Cruz Local Agency Formation Commission

Attest:



Patrick M. McCormick, Executive Officer

Approved as to form:



Jane M. Scott, LAFCO Counsel

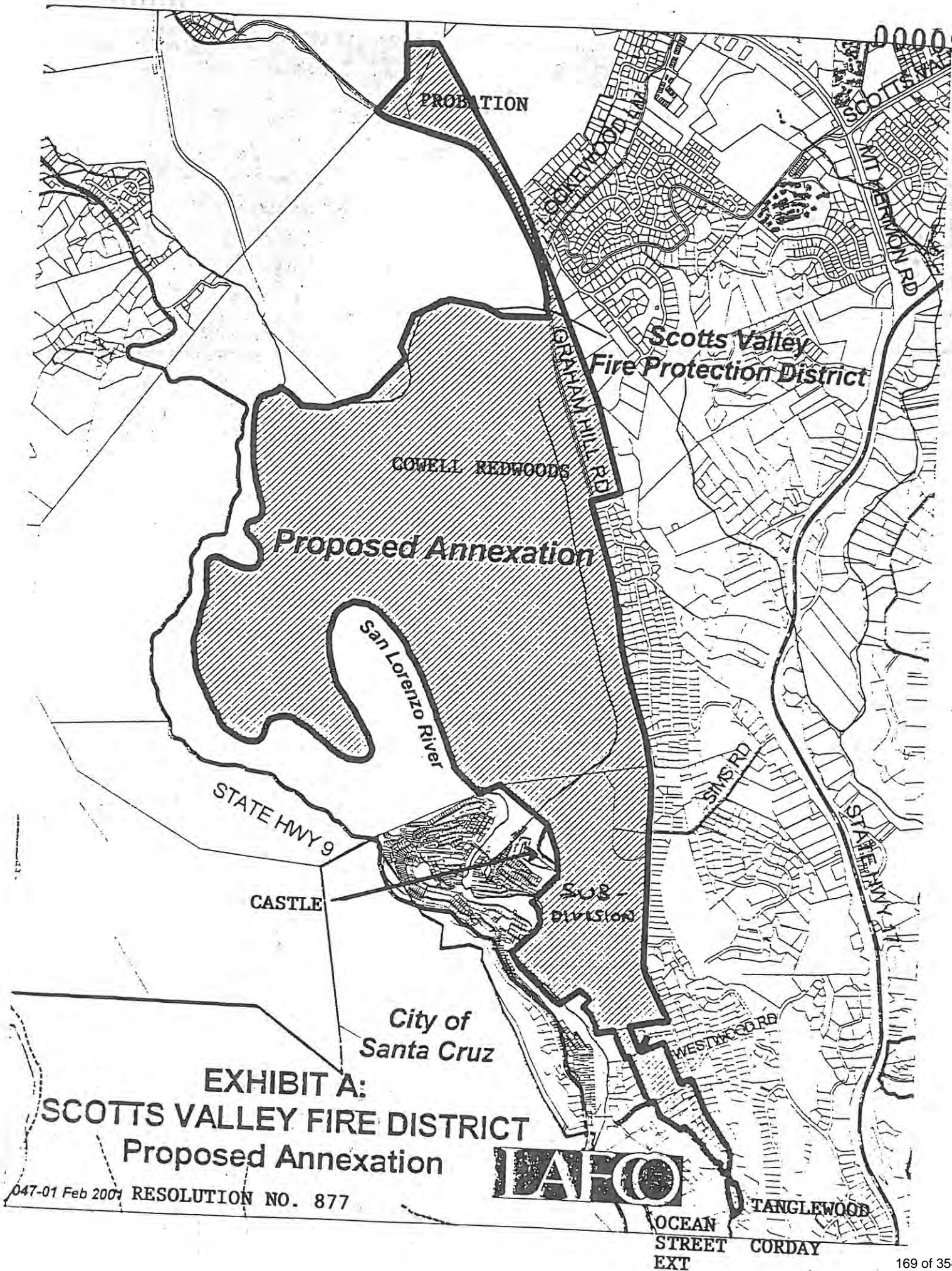


EXHIBIT A:
SCOTTS VALLEY FIRE DISTRICT
Proposed Annexation

047-01 Feb 2004 RESOLUTION NO. 877



APPENDIX B:

2014 Reorganization Resolution

SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 947

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

APPROVING THE 2013 MUNICIPAL SERVICE REVIEW AND SPHERE OF
INFLUENCE STUDY OF THE GRAHAM HILL SANITARY SEWER AGENCIES
AND
ADOPTING THE 2013 SPHERE OF INFLUENCE AMENDMENT FOR COUNTY
SERVICE AREA 10 (ROLLING WOODS SANITATION)

The Santa Cruz Local Agency Formation Commission (the "Commission") does hereby resolve, determine, and order as follows:

1. In accordance with Government Code Section 56428, the Santa Cruz County Board of Supervisors, acting as the governing authority of County Service Area 10 and County Service Area 57, has filed an application designated as the 2013 Sphere of Influence Amendment for County Service Area 10 (Rolling Woods Sanitation), LAFCO No. 947.
2. In accordance with Government Code Section 56430, the Commission has initiated and conducted a municipal service review of sanitary sewer services along the Graham Hill Road corridor, which are currently provided by County Service Area 10 (Rolling Woods) and County Service Area 57 (Woods Cove). That municipal service review is contained in the study titled "2013 Municipal Service Review and Sphere of Influence Study of the Graham Hill Sanitary Sewer Agencies."
3. In accordance with Government Code Section 56425 et seq., the Commission has received a report and recommendation from its staff evaluating the 2013 Sphere of Influence Amendment for County Service Area 10.
4. The Commission's Executive Officer has given notice of a public hearing by this Commission upon the municipal service review and sphere of influence amendment in the form and manner prescribed by law.

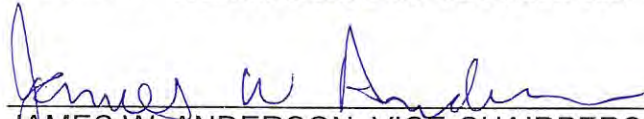
5. The Commission held its public hearing on this matter on October 2, 2013; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented.
6. The Commission has reviewed and considered the information contained in the Initial Study/Mitigated Negative Declaration issued for this project by the County of Santa Cruz Environmental Administrator on April 19, 2013. The Commission has reviewed the Addendum prepared by LAFCO staff on September 23, 2013 concerning the addition of Brook Knoll School to the Sphere of Influence of County Service Area 10. The Commission finds that the mitigated negative declaration is adequate for its review of this project.
7. The Commission hereby approves the 2013 Municipal Service Review and Sphere of Influence Study of the Graham Hill Sanitary Sewer Agencies, and makes the determinations listed on Exhibit A.
8. The Commission hereby amends the Sphere of Influence for County Service Area 10 (Rolling Woods Sanitation) to include the 2013 Sphere of Influence Amendment as amended by the Commission and shown on Exhibit B attached hereto.
9. Upon subsequent implementation of the municipal service review and sphere of influence study recommendations, County Service Area 57 will only provide storm drainage services to the Woods Cove Subdivision, and all sanitary sewer assets, liabilities, and revenues in County Service Area 57S (also known as Zone S of County Service Area 57) will transfer to County Service 10 (Rolling Woods Sanitation). Thereafter, County Service Area 57 will no longer provide sanitary sewer services.
10. Prior to this resolution becoming effective, the Santa Cruz County Board of Supervisors, acting as the governing authority of the effected service areas, shall deliver an executed indemnification agreement that is in a form that is acceptable to this Commission.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this second day of October 2013.

AYES: Commissioners Friend, Bobbe, Rapoza, Lane, Coonerty,
and Vice-Chairperson J. Anderson


NOES: None

ABSENT: Commissioners R. Anderson and Dodge



JAMES W. ANDERSON, VICE-CHAIRPERSON

Attest:


Patrick M. McCormick, Executive Officer
Executive Officer

Approved as to form:



Christopher Cheleden, LAFCO Counsel

EXHIBIT B
RESOLUTION NO. 947
LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Municipal Service Review Determinations
Government Code Section 56430

MSR 1. Growth and population projections for the affected area.

- a. *The proposed expanded sphere of influence for County Service Area 10 currently contains approximately 881 residents, of which approximately 249 are living in homes utilizing the Graham Hill sewer main and 591 are living in homes utilizing individual septic systems. Under the current general plan, the maximum build-out would result in population growth of approximately 41 additional people living within the proposed expanded sphere of influence for County Service Area 10.*

MSR 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

- a. *There are no disadvantaged unincorporated communities within or contiguous to the existing spheres of County Service Area 10 and County Service Area 57.*
- b. *There are no disadvantages unincorporated communities within or contiguous to the proposed expanded sphere of influence for County Service Area 10.*

MSR 3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged , unincorporated communities within or contiguous to the sphere of influence.

- a. *The Graham Hill sewer main has sufficient capacity to serve the proposed expanded sphere of influence for County Service Area 10, if all the parcels are built out in accordance with the County General Plan and connected to the sewer main.*
- b. *The City of Santa Cruz Wastewater Treatment Plant has sufficient capacity to serve the proposed expanded sphere of influence for County Service Area 10, if all parcels are built out in accordance with the County General Plan and connected to the sewer main.*

MSR 4. Financial ability of agencies to provide services.

- a. *The anticipated costs for operating the County Service Area 10 collection and transmission system within the proposed expanded sphere of influence are within the projected revenues of County Service Area 10.*
- b. *The City of Santa Cruz Wastewater Plant is operating as an enterprise account by the City of Santa Cruz. The costs of operating the plant are currently covered by wastewater rates.*

MSR 5. Status of, and opportunities for, shared facilities.

- a. *Both the current set-up of two county service areas (CSA 10 and 57), and the proposal for a single county service area (expanded CSA 10) utilize one transmission main and the City's treatment plant. Both set-ups utilize the Board of Supervisors for governance, acting as the governing authority of the county service area, and the County Department of Public Works for operations.*

MSR 6. Accountability for community service needs, including governmental structure and operational efficiencies.

- a. *As dependent districts of the County, county service areas area operate with limited overhead costs. Budget and rate hearings are conducted by the Board of Supervisors, acting as the governing authority of the county service area.*

MSR 7. Any other matter related to effective or efficient delivery, as required by commission policy.

- a. *With the preparation of each service review, Commission policy requires identification of agency mission statements and rules of order adopted by the agencies subject to the review. The Board of Supervisors, acting as the governing authority of the county service area, has not adopted a mission statement for County Service Area 10 or County Service Area 57. The Board has adopted Sturgis Standard Code of Parliamentary Procedure to cover the conduct of its meetings.*

Sphere of Influence Determinations

Government Code Section 56425

SOI 1. The present and planned land uses in the area, including agricultural and open-space lands.

- a. *The proposed sphere of influence for County Service Area 10 is substantially developed into low-density single-family dwellings, a horse showgrounds, a school, and a few neighborhood commercial uses (on Graham Hill Road, south of Nepenthe Drive). At maximum build-out, approximately 10 additional houses could be built within the proposed, expanded sphere of influence for County Service Area 10.*
- b. *There are no agricultural or open-space lands within the proposed expanded sphere of influence for County Service Area 10.*
- c. *There are open-space uses adjacent, and outside the proposed expanded sphere of influence for County Service Area 10. They include Henry Cowell Redwoods State Park, Woods Cove open space, and Pasatiempo open space. The proposal would not affect the open space uses of these properties.*

SOI 2. The present and probable need for public facilities and services in the area.

- a. *The principal need for sanitation services in the area is making the existing Graham Hill sewer main available for use by the single-family houses that are operating on individual septic systems.*
- b. *Given the adequacy of current public services other than sanitary sewers, and the limited amount of additional development planned for the area, no other services will be impacted by the expanded sewer services proposed within the expanded sphere of County Service Area 10.*

SOI 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

- a. *County Service Area 10 utilizes a collection system, and a transmission main along Graham Hill Road. The transmission main connects to the City of Santa Cruz's system, and the sewage is treated at a modern sewage treatment plant with adequate capacity for growth planned within its service area.*

SOI 4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

- a. *The Commission determines that social and economic communities of interest are not relevant to the agency's sphere of influence.*

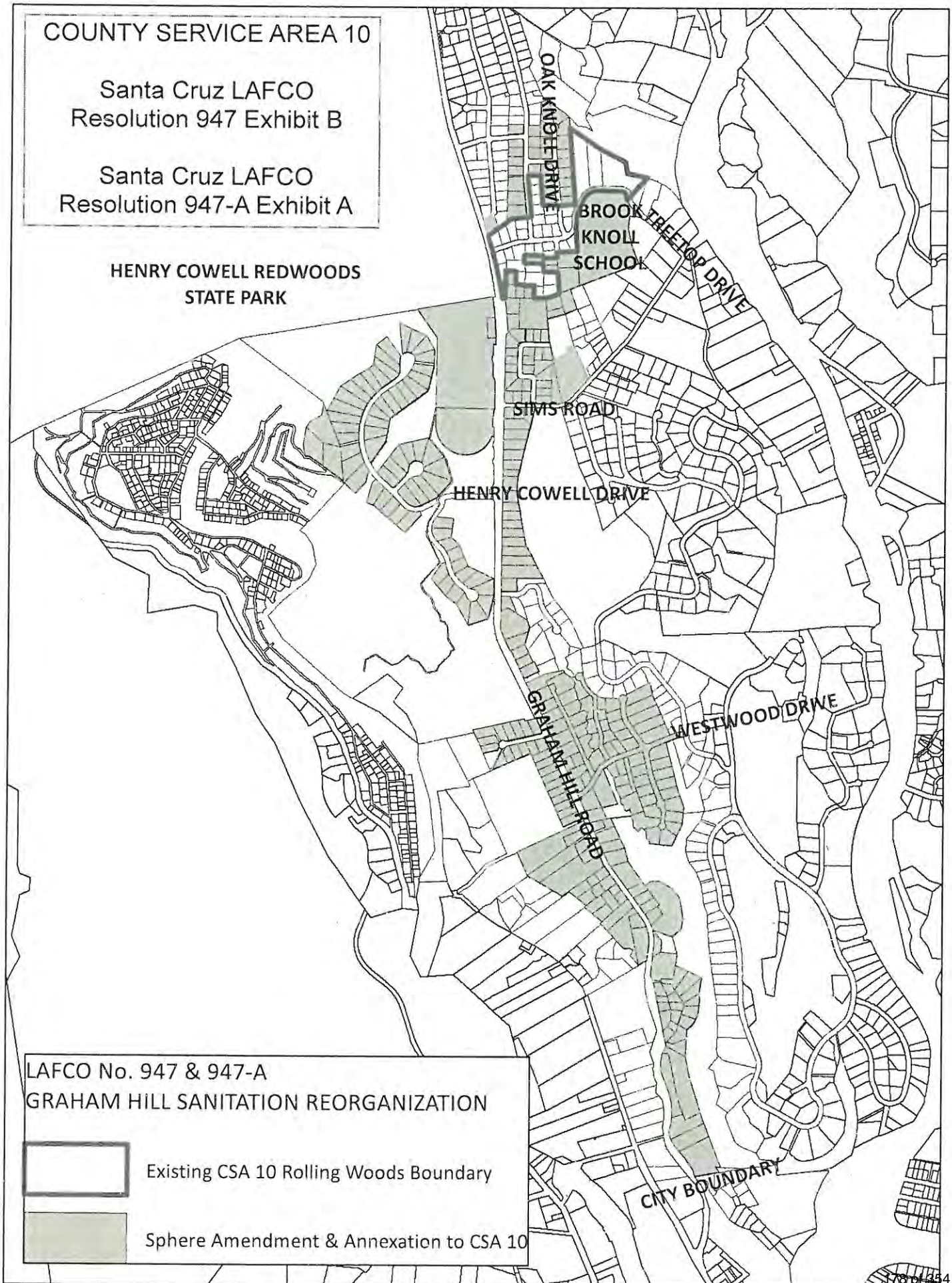
Exhibit B
Sphere Map

COUNTY SERVICE AREA 10

Santa Cruz LAFCO
Resolution 947 Exhibit B

Santa Cruz LAFCO
Resolution 947-A Exhibit A

HENRY COWELL REDWOODS
STATE PARK



LAFCO No. 947 & 947-A
GRAHAM HILL SANITATION REORGANIZATION



Existing CSA 10 Rolling Woods Boundary



Sphere Amendment & Annexation to CSA 10

LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 947-A

On the motion of Commissioner Friend
Duly seconded by Commissioner Lane
The following resolution is adopted:

MAKING DETERMINATIONS AND ORDERING PROTEST PROCEEDINGS
OF TERRITORY DESIGNATED AS THE
GRAHAM HILL SANITATION REORGANIZATION
LAFCO NO. 947-A

The Santa Cruz Local Agency Formation Commission does hereby RESOLVE,
DETERMINE, AND ORDER as follows:

1. A resolution for the proposed annexation of certain territory was filed by Resolution No. 128-2013 of the Santa Cruz County Board of Supervisors, acting as the governing authority of County Service Area 10 and County Service Area 57, pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.); and the territory is assigned the short term designation of the "Graham Hill Sanitation Reorganization, LAFCO No. 947-A".
2. The reorganization consists of the following changes of organization:
 - Annexation to County Service Area 10 (Rolling Woods)
 - Transfer of sanitary sewer collection services currently provided in the Woods Cove Subdivision from County Service Area 57S (Woods Cove Sanitation) to County Service Area 10 (Rolling Woods).
3. The Executive Officer of the Commission has reviewed the resolution, and has prepared a report, including his recommendations thereon, and has presented the same before this Commission for consideration.
4. Public hearing by the Commission was held on October 2, 2013; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented.
5. Said territory includes approximately 211 acres and is found to be inhabited for purposes of annexation law.
6. The boundaries of the area of the proposed annexation are approved as revised by LAFCO and shown on Exhibit A.

7. The approval of this reorganization is conditioned upon the following terms and conditions:
 - A) The proponent district shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
 - B) The proponent agency shall be responsible to pay any fees required to comply with Fish and Game Code Section 711.4 (Fish and Game Fees required when notices of environmental decisions are filed).
 - C) The proponent agency shall pay any remaining processing fees as set in this Commission's Schedule of Fees and Deposits.
 - D) Prior to issuance of a Certificate of Completion for this reorganization, the proponent agency shall deliver an executed indemnification agreement that is in a form that is acceptable to this Commission and suitable for recordation.
8. The Commission has reviewed and considered the information contained in the Initial Study/Mitigated Negative Declaration issued for this project by the County of Santa Cruz Environmental Administrator on April 19, 2013. The Commission has reviewed the Addendum prepared by LAFCO staff on September 23, 2013 concerning the addition of Brook Knoll School to the annexation to County Service Area 10. The Commission finds that the mitigated negative declaration is adequate for its review of this project.
9. Upon completion of this reorganization, the property tax revenues will be transferred in accordance with the Board of Supervisors tax exchange resolution (No. 168-2013) adopted for the Graham Hill Sanitation Reorganization.
10. Upon completion of this reorganization, all assets and liabilities of County Service Area 57, Zone S (Woods Cove Sanitation) shall transfer to County Service Area 10 (Rolling Woods).
11. Upon completion of this reorganization, County Service Area 10 shall levy and collect within the territory being annexed any previously established and collected tax, benefit assessment, or property-related fees or charges that collected within all or part of the county service area at the time of annexation.
12. The annexation, as approved, is consistent with the Spheres of Influence of County Service Area 10 as amended by LAFCO Resolution No. 947 on October 2, 2013.
13. This Commission hereby approves this reorganization, as conditioned, and directs the Executive Officer to conduct protest proceedings in accordance with State law.

PASSED AND ADOPTED by the Local Agency Formation Commission in the County of Santa Cruz this second day of October 2013.

AYES: Commissioners Friend, Bobbe, Rapoza, Lane, Coonerty, and Vice-Chairperson J. Anderson

NOES: None

ABSENT: Commissioners R. Anderson and Dodge



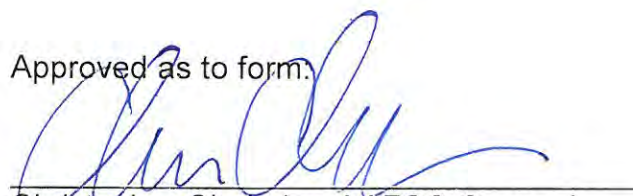
JAMES W. ANDERSON, VICE-CHAIRPERSON
Santa Cruz Local Agency Formation Commission

Attest:



Patrick M. McCormick, Executive Officer

Approved as to form:



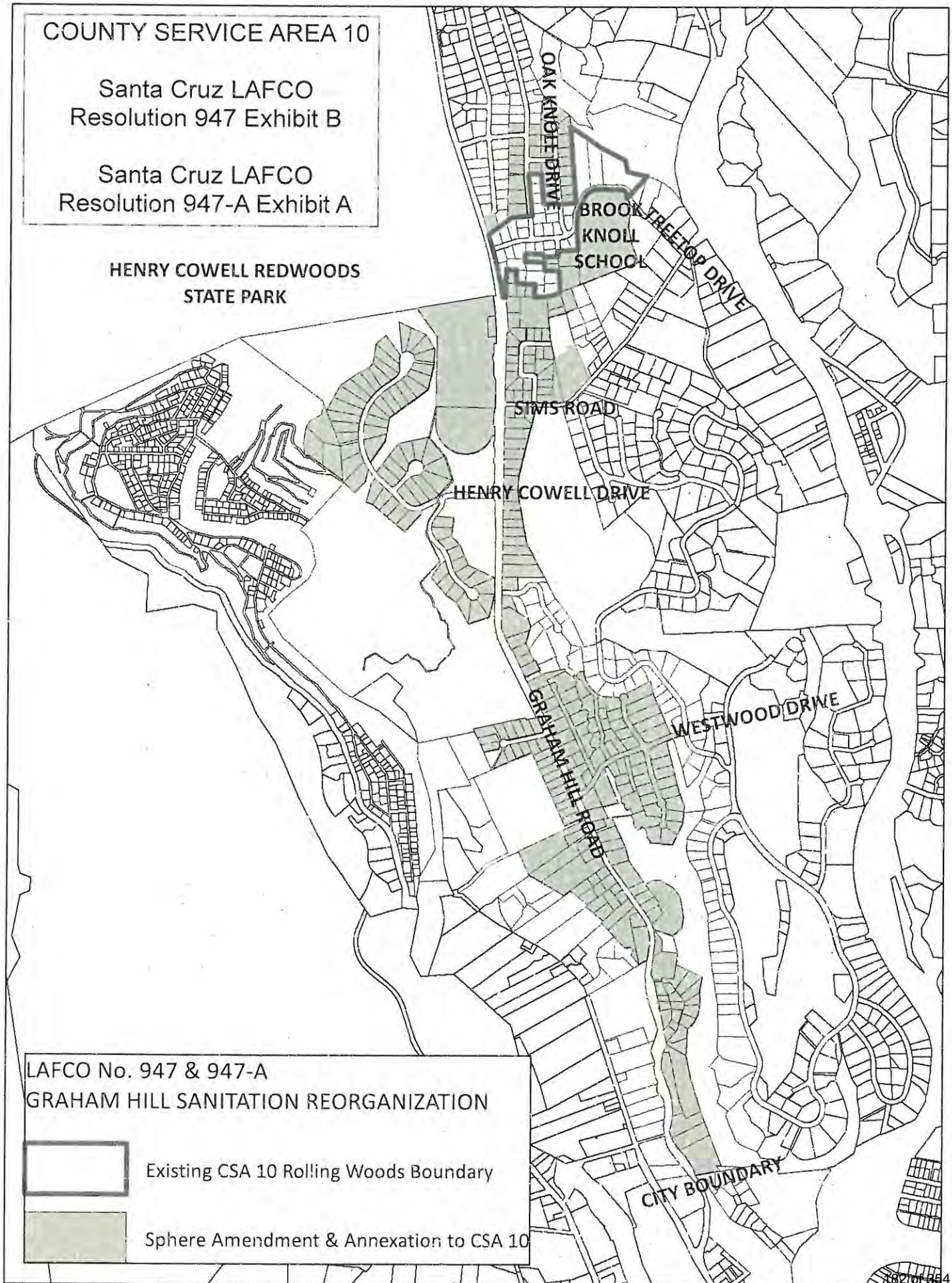
Christopher Cheleden, LAFCO Counsel

COUNTY SERVICE AREA 10

Santa Cruz LAFCO
Resolution 947 Exhibit B

Santa Cruz LAFCO
Resolution 947-A Exhibit A

HENRY COWELL REDWOODS
STATE PARK



LAFCO No. 947 & 947-A
GRAHAM HILL SANITATION REORGANIZATION



Existing CSA 10 Rolling Woods Boundary

Sphere Amendment & Annexation to CSA 10

LOCAL AGENCY FORMATION COMMISSION
RESOLUTION NO. 947-A-EO

ORDERING REORGANIZATION OF TERRITORY DESIGNATED AS THE
GRAHAM HILL SANITATION REORGANIZATION
LAFCO NO. 947-A

WHEREAS, the Local Agency Formation Commission of Santa Cruz County adopted its Resolution No. 947-A on October 2, 2013 making determinations and ordering me, its Executive Officer, to conduct protest proceedings in accordance with Government Code Section 57000 (et seq.) for the proposed Graham Hill Reorganization ; and

WHEREAS, the affected territory in the Graham Hill Reorganization is shown on Exhibit A attached hereto and by reference incorporated herein; and

WHEREAS, the Graham Hill Reorganization consists of annexation of the territory shown on Exhibit A to County Service Area 10, and transfer of the sanitary sewer collection services currently provided in the Woods Cove Subdivision from County Service Area 57S to County Service Area 10, and

WHEREAS, I have conducted the protest proceedings in accordance with State law and Resolution No. 947-A concluding with a public hearing to receive protest on November 27, 2013;

NOW, THEREFORE, I FIND that the value of written protests filed and not withdrawn is less than 25 percent of the number of property owners of land owning less than 25 percent of the assessed value of land within the affected territory; and

I FIND that the value of written protests filed and not withdrawn is less than 25 percent of the number of registered voters residing within the affected territory; and

CONSEQUENTLY ORDER the Graham Hill Reorganization as shown in Exhibit A; and

FURTHER DETERMINE as follows:


- 1) The approval of the reorganization is conditioned upon the terms and conditions stated in Section 7 of Santa Cruz LAFCO Resolution No. 947-A:
 - A) The proponent district shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
 - B) The proponent district shall be responsible to pay any fees required to comply

with Fish and Game Code Section 711.4 (Fish and Game Fees required when notices of environmental decisions are filed).

- C) The proponent shall pay any remaining processing fees as set in this Commission's Schedule of Fees and Deposits.
 - D) Prior to issuance of a Certificate of Completion for this annexation, the proponent shall deliver an executed Indemnification Agreement that is in a form acceptable to the Commission and suitable for recordation.
- 2) The purposes of the reorganization are to make the Graham Hill sanitary sewer main available for use by the residents of the reorganization area, and to provide sanitary sewer services in County Service Area 10 in a more cost-effective manner.
 - 3) The regular county assessment roll will be utilized.
 - 4) The reorganization area will not be taxed for any existing general bonded indebtedness of County Service Area 57S or County Service Area 10.

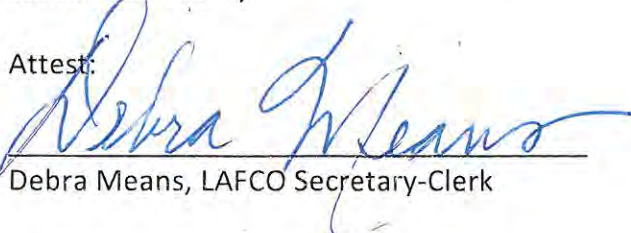
The LAFCO staff shall file this resolution with the County Recorder and the State Board of Equalization when the terms and conditions are met, at which time the reorganization shall be effective and final.

Signature Date: December 11, 2013



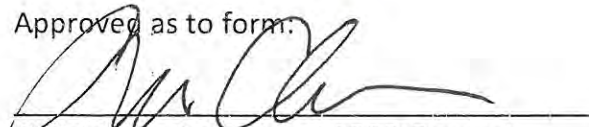
Patrick M. McCormick
Executive Officer
Local Agency Formation Commission of
Santa Cruz County

Attest:



Debra Means, LAFCO Secretary-Clerk

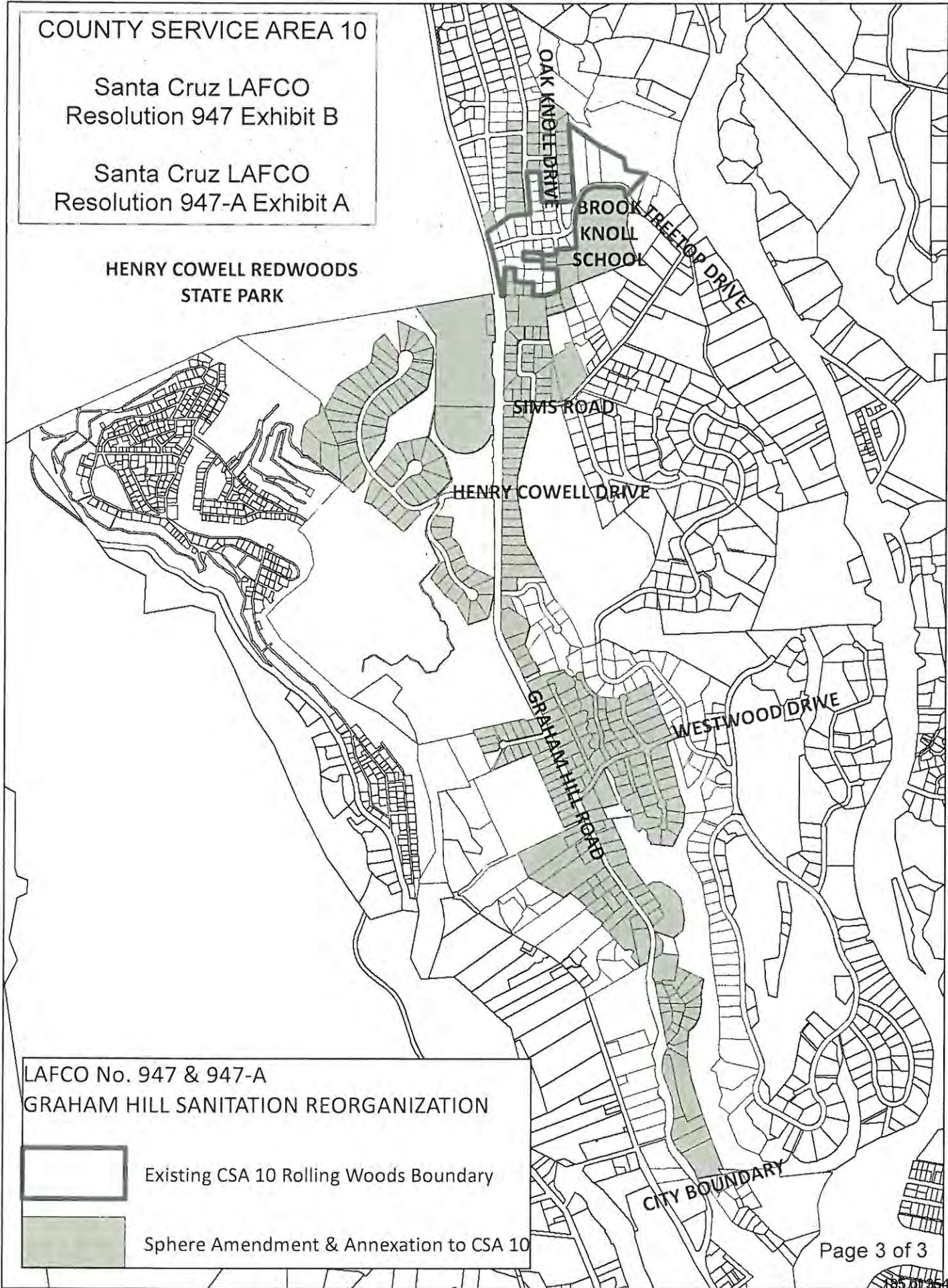
Approved as to form:



Christopher Cheleden, LAFCO Counsel

Attachment: Exhibit A Map

Exhibit A, Santa Cruz LAFCO Resolution No. 947-A-EO



APPENDIX C:

2024 Long-Term Maintenance & Capital Replacement Plan

WOODS COVE

COUNTY SERVICE AREA #57

PART OF: GRAHAM HILL ESTATES SUBDIVISION IMPROVEMENTS, TRACT 1339

LONGTERM MAINTENANCE & CAPITAL REPLACEMENT PLAN

MAY 2024



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Development History

The development area served by County Service Area (CSA) 57 was originally a subdivision named Graham Hill Estates, Tract map 1339, later changed in name to Woods Cove. This CSA was formed in 2001, with independent storm drainage and sanitary sewage systems. The two types of facilities were administratively separated in 2014 with the sanitation components being redesignated CSA 10. CSA 57 contains 62 acres of land area, with 63 residential zoned lots and 6 larger open-space and recreation zoned parcels. The original tract consisted of 60 parcels. Three additional parcels were added to the County Service Area in 2003.

LAFCO Review

LAFCO last performed a typical sphere of influence review in June of 2019 as a mandated means of State oversight of county service areas. LAFCO concluded that CSA 57 was being operated responsibly, and that no amendments were to be recommended to the sphere of influence. They did identify need *"to develop a long-term maintenance and capital replacement plan"*. This report presents those two plans.

Purpose

The Long-Term Maintenance Plan covers administrative, operational, and routine maintenance activities. These are activities that are needed for the proper functioning of the existing storm drain system.

The Capital Replacement Plan is a long-term financing strategy that allows the CSA to complete capital improvement replacement and upgrade projects over time and as necessary.

Long-Term Maintenance Plan

For the four year period 2015 through 2019 actual DPW drainage expenditures on record for CSA maintenance averaged \$21,471. In present year 2023 this figure would now be increased to \$29,320 (CalTrans CCI of 5.33% for a stable multi-decade period 1972 to 2003). This is a similar value to the rule-of-thumb guideline of estimating maintenance using 1.25% of the 2023 estimated capital replacement value of \$2,320,000 for the entire CSA maintained drainage infrastructure, which would yield \$29,000. This ~1.1% variation in figures indicates that actual prior history of drainage expenditures is roughly in-line with reasonable estimated maintenance cost guidelines.

For the four year period 2015 through 2019 DPW drainage revenues on record for CSA parcel collections and accrued interest averaged \$38,887. In present year 2023 this figure should now be represented as \$53,103 (CalTrans CCI of 5.33% for a stable multi-decade period 1972 to 2003). Divided by the 63 assessed parcels this would equate to a 2023 annual assessment of about \$843. In actuality the 2023 assessment is presently somewhat lower at approximately \$660 per parcel. This is because the actual long-term CPI increase typically used to raise assessments is closer to 2.25%, rather than being related to real maintenance costs, or published

construction-related cost indexes. This points to a future funding problem for the capital replacement plan to be discussed in a following section of this report.

Types and Schedule of Maintenance Performed:

CSA-57 Stormdrain System	Service	Upgrade	Repair	Replace	Event Based [#]	Bi-Annually	Annually	Every 5-Years	Every 10-Years	Every 15-Years	Every 30-Years	Every 40-Years	Seasonal Schedule for Activity																								
													JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC													
Maintenance Schedule																																					
Recurring Labor Items:																																					
Tree-fall Inspection & Removal													X X X X X X X X X X X X																								
Grass & Brush Removal													X X X X X X X X X X X X																								
WQMH Device Servicing/Vacuum Sumps													X X X X X X X X X X X X																								
Flush & Vacuum Problem Pipelines & Catch Basins													X X X X X X X X X X X X																								
Street Sweeping													X X X X X X X X X X X X																								
WQ Stenciling/Badging Inspection													X X X X X X X X X X X X																								
Erosion Inspection & Repairs													X X X X X X X X X X X X																								
Vandalism Repairs													X X X X X X X X X X X X																								
Open Channel Sediment/Debris Removal													X X X X X X X X X X X X																								
Check Dam Sediment/Debris Removal, Insp. & Repair													X X X X X X X X X X X X																								
Torque Flange Bolts & Ck Ground Mounts - Forest Pipe													X X X X X X X X X X X X																								
Photo/Video Documentation - Serviced Externals													X X X X X X X X X X X X																								
Closed Circuit TV - Video Pipes Internally													X X X X X X X X X X X X																								
Capital Replacement/Upgrade Schedule																																					
Future Scheduled Items:																																					
Replace WQ Stenciling/Badging - Worn Off													X X X X X X X X X X X X																								
Replace Hardware - Corrosion													X X X X X X X X X X X X																								
Replace Chainlink Fencing - Corrosion													X X X X X X X X X X X X																								
Replace Gabion Check Dams - Corrosion													X X X X X X X X X X X X																								
#																																					
Pertains to LARGE damaging events of wind, rain, fire, vandalism, etc...																																					
Comprehensive Field Assessment																																					
Identified Action Items: * Past Due																																					
Install County keyed padlock @ gate, Ocean St. Ext.													X* X X X X X X X X X X X X																								
Service 12" RCP Line-F, Street-A (Flush & Vac Gravels)													X* X X X X X X X X X X X X																								
Upgrade WQMH Baffles to Proper Functionality													X X X X X X X X X X X X																								
Repair HDPE Pipeline Hacking - Vandalism													X X X X X X X X X X X X																								
Repair Chainlink Fence & Fabric Mounting - Vandalism													X X X X X X X X X X X X																								
Repair Outfall Foundation Undermining - Erosion													X X X X X X X X X X X X																								
Replace WQ Stenciling/Badging - Worn Off													X X X X X X X X X X X X																								
Replace Gate Hardware - Corrosion													X X X X X X X X X X X X																								

- Brush Removal: Bi-annually along forest HDPE pipeline and open channels of upper meadows
- Tree-fall Removal: Scout HDPE forest line after major saturation rain/wind events; at least bi-annually w/removals upon noted occurrence.
- Open Channel Sediment/Debris Removal: Within gabion check dam basins every 5 years
- Check Dam Repairs: Inspect gabion wires every 5 years for galvanizing coating/corrosion. Anticipate replacement at 40 years.
- Water Quality Device Servicing: Vacuum sump and check baffle position and mounts bi-annually.
- WQ stenciling/badging: Inspect annually, re-stencil/badge street catch basins, approx. every 10 years.
- Vandalism Repairs: Promptly as noticed upon the various other inspections, or as reported.
- Hardware Replacements: 15 year interval for galvanized bolts, studs, nuts, washers within/near water flows. Chainlink fall-protection fencing (mesh, posts, hardware) at 30 year interval.
- HDPE Pipeline S.S. Bolting @ Fittings and MHs: Check tightness to load spec every 10 years or after any access use.
- Pipeline Filming External: HDPE forested line every 5 years in entirety; every occurrence of tree-fall across line. Document bolted joints of fittings, MHs, pipe anchors.
- Pipeline Filming Internal: CCTV entire system every 10 years.
- Still photos: Document bolted joints of fittings, MHs, pipe anchors, Outfalls, Inlets/Catch Basins every 5 years.

Administrative Management:

- Review Video & Photos: 1, 5 & 10 year intervals based on activity, reported conditions.
- Filing Documentation: Produce organized reports, maintain central storage directory locations.
- Annual Budget and Audit: Co-ordinate involved Field Crew, SWM office and Fiscal staff.

Capital Replacement Plan

It is the difference between revenues and expenditures that can be set aside to accrue and earn interest for future replacement of failing infrastructure. In 2023 terms, the difference between \$53,000 collected and a \$29,000 expenditure leaves a \$24,000 annual accrual. This accrual can be projected into the future with just 3.0% inflation/interest adjustments:

Long Term Annual Capital Replacement Reserve Accrual			
Year	1st 30 Yrs.	2nd 30 Yrs.	3rd 30 Yrs.
(2023) 1	\$24,000	\$58,254	\$141,398
2	\$24,720	\$60,002	\$145,640
3	\$25,462	\$61,802	\$150,010
4	\$26,225	\$63,656	\$154,510
5	\$27,012	\$65,566	\$159,145
6	\$27,823	\$67,533	\$163,920
7	\$28,657	\$69,559	\$168,837
8	\$29,517	\$71,645	\$173,902
9	\$30,402	\$73,795	\$179,119
10	\$31,315	\$76,009	\$184,493
11	\$32,254	\$78,289	\$190,028
12	\$33,222	\$80,638	\$195,729
13	\$34,218	\$83,057	\$201,600
14	\$35,245	\$85,548	\$207,648
15	\$36,302	\$88,115	\$213,878
16	\$37,391	\$90,758	\$220,294
17	\$38,513	\$93,481	\$226,903
18	\$39,668	\$96,285	\$233,710
19	\$40,858	\$99,174	\$240,721
20	\$42,084	\$102,149	\$247,943
21	\$43,347	\$105,214	\$255,381
22	\$44,647	\$108,370	\$263,043
23	\$45,986	\$111,621	\$270,934
24	\$47,366	\$114,970	\$279,062
25	\$48,787	\$118,419	\$287,434
26	\$50,251	\$121,972	\$296,057
27	\$51,758	\$125,631	\$304,939
28	\$53,311	\$129,400	\$314,087
29	\$54,910	\$133,282	\$323,509
30	\$56,558	\$137,280	\$333,215
Total	\$1,141,810	\$2,771,473	\$6,727,091

The sums collected after 30, 60, and 90 years prove to be useful amounts, but grossly deficient if they were needed at some far future date to replace the entirety of the drainage systems, whether incrementally or at some terminal end.

An additional 60 to 90 years of life is a reasonable expected service lifespan for much of the drainage infrastructure materials that exist within CSA57. Some items will need replacement significantly sooner, such as the gabion mesh check dams.

SUMMARY OF STORMDRAIN FACILITIES								
ITEM NO.	Cal Trans Item Code	Cal Trans Item Description	Unit	2018 Section	QUANTITY	UNIT	Cal Trans Weighted Ave. Adj. UNIT PRICE	COST
30	510094	Structural Concrete, Drainage Inlet	CY	51	19	EA	\$4,716.80	\$89,619.20
30A	510094	Structural Concrete, Drainage Inlet	CY	51	4	EA	\$9,433.60	\$37,734.40
31	638506 or 641107	18" PLASTIC PIPE	LF	64	325	LF	\$126.70	\$117,197.50
32	641113	24" PLASTIC PIPE	LF	64	780	LF	\$142.43	\$111,095.40
32A	710544 & 155540	HDPE PLASTIC PIPELINER (36" OD SDR 32.5)	LF	71	1777	LF	\$316.19	\$561,869.63
32B	650516	24" REINFORCED CONCRETE PIPE (CLASS V)	LF	65	340	LF	\$155.00	\$52,700.00
33	650520	30" REINFORCED CONCRETE PIPE (CLASS V)	LF	65	112	LF	\$207.24	\$23,210.88
34	510092	STRUCTURAL CONCRETE, HEADWALL	CY	51	8	EA	\$4,197.10	\$33,576.80
34A	510092	STRUCTURAL CONCRETE, HEADWALL	CY	51	1	EA	\$42,753.41	\$42,753.41
35	021202 or 020953 & 021235 & 020801	GROSS SOLIDS REMOVAL DEVICE INCLINED SCREEN TYPE A	EA	62	4	EA	\$63,104.31	\$252,417.24
36	707225 & 750010	48" PRECAST CONCRETE PIPE MANHOLE & MANHOLE FRAME AND COVER	LF & EA	70 & 75	18	EA	\$8,693.01	\$156,474.18
36A	707233 & 750010	60" PRECAST CONCRETE PIPE MANHOLE & MANHOLE FRAME AND COVER	LF & EA	70 & 75	8	EA	\$12,799.65	\$102,397.20
37			EA		54	EA		\$0.00
40A	702123	24" TO 18" CORRUGATED STEEL ECCENTRIC REDUCER (.073" THICK)	EA	70	2	EA	\$1,631.83	\$3,383.66
41	708041, 708045, 708050	Ave. of 18", 24" & 36" ALTERNATIVE PIPE RISER	LF	70	8	EA	\$2,073.39	\$16,587.12
42	641128	42" PLASTIC PIPE	LF	64	486	LF	\$189.71	\$92,199.06
43A	650507	12" REINFORCED CONCRETE PIPE (CLASS V)	LF	65	390	LF	\$146.15	\$56,998.50
46	510092	STRUCTURAL CONCRETE, HEADWALL	CY	51	2	EA	\$49,855.06	\$99,710.12
47	641119	30" PLASTIC PIPE	LF	64	323	LF	\$235.23	\$75,979.29
47A	641125	36" PLASTIC PIPE	LF	64	396	LF	\$238.19	\$94,323.24
75	720110 or 723095	SMALL-ROCK SLOPE PROTECTION or ROCK SLOPE PROTECTION (20 lb. CLASS I, METHOD B) (CY)	CY	72	8300	SF	\$11.97	\$99,351.00
79A	722020	GABION (156.33 CY)	CY	72	4	EA	\$20,994.34	\$83,977.36
								\$2,200,177.53

(Table in 2022 dollars – adjust for 2023 = \$2,320,000)

To better illustrate, one can determine the future worth of the present day \$2,320,000 capital value of the drainage systems. Notice that with time passage available funds increasingly lose ground.

For 30 years: \$11,017,000 future worth in 2053 vs. \$1,142,000 accrued, or 10.4%

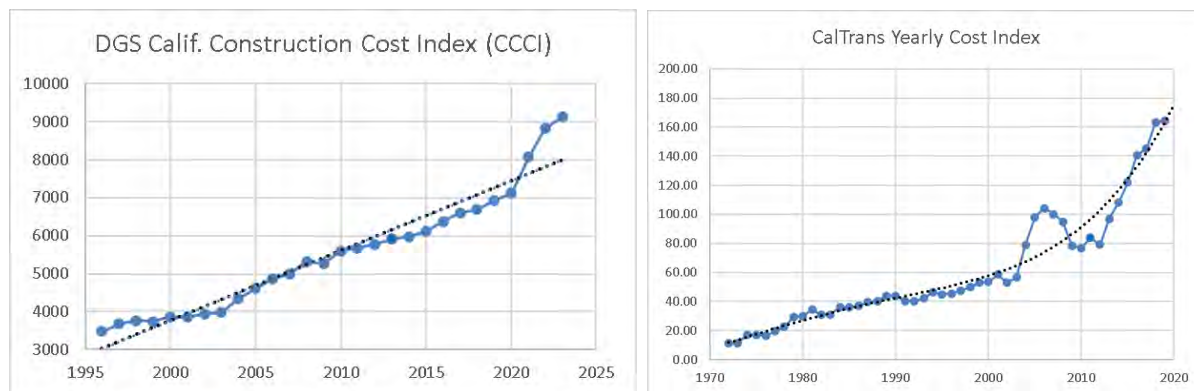
For 60 Years: \$52,313,000 future worth in 2083 vs. \$2,771,000 accrued, or 5.3%

For 90 Years: \$248,414,000 future worth in 2113 vs. \$6,727,000 accrued, or 2.7%

The capital replacement funding problem lies in the stark difference between the stable long-term CalTrans CCI rate of 5.3% greatly out-pacing over time the allowed CPI adjustment on collections of 2.5% plus any interest earned on deposited/invested funds. Over the initial history of the CSA earned interest on accrued funds appears to have averaged little better than 0.7%. So combined annual adjustments on accruals is about 3.2%, falling far behind 5.3%.

Making matters worse, recent construction index trends have accelerated over the past decade to values much higher than the older long-term values used in this presentation. It is unknown whether this pace of increase will abate.

California State Department of General Services has shown recent dramatic increases in construction costs (maintenance proxy) of 13.4% in 2021 and 9.3% in 2022. From January 2011 to May 2021 monthly cost increases were more stable over the period at 0.20% on average, or 2.39% annually. From May 2021 to March 2023 the cost increase have greatly inflated, averaging 1.09% monthly or 13.13% annually. Likewise, Cal Trans cost index shows an even longer term persistent increase in construction (capital replacement proxy) costs. These recent unstable trends break down any pre-planning and attempt at longer term fund management.



It is clear that the interest earned on accrued funds needs to be significantly greater if it is to compensate. There are safe investments such as US treasuries that would yield well above 0.7%, and could even close the 2.1% performance gap that exists. Alternatively, perhaps the viewpoint, and planning, should be that collected and accrued funds are only expected to cover partial and modest replacements of the system, and any time a significant replacement is needed that a different mechanism, such as bond issuance in then-current day funds be pursued; the future debt burden typically atrophying with inflationary time passage.

It should be pointed out that a catastrophic forest fire would literally liquidate and then consume the above-ground HDPE pipeline that routes through the adjacent forest. This untimeable replacement could be incurred in any year, and would be a very substantial expenditure. Presently, and over the medium term, there are insufficient funds accrued to cover such an expenditure. Bond issuance could provide a replacement solution for such event. Possibly an insurance policy could be obtained. Re-evaluation of the need for this unusual pipe application could alternately be reviewed, and perhaps cheaper routing methods substituted.

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: Service and Sphere of Influence Review for County Service Area 57

Project Location: County Service Area 57 was formed in 2001 to provide sanitary and stormwater drainage to the Woods Cove Subdivision. In 2014, sewer services along Graham Hill Road were transferred over to County Service Area 10. Today, the sole service that CSA 57 continues to provide is storm drain maintenance to the Woods Cove community which has a population of approximately 300 residents. A vicinity map depicting the **CSA's** jurisdictional and sphere boundaries is attached (refer to Attachment A).

Project Location City: N/A

Project Location County: Santa Cruz County

Description of Nature, Purpose, and Beneficiaries of Project: The report is for use by the Local Agency Formation Commission in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of spheres of influence of all cities and districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code section 56430). Santa Cruz LAFCO has prepared a municipal service review, and sphere of influence update for the CSA. The purpose of the report is to ensure the effectiveness and efficiency in the delivery of public services by the CSA, in accordance with the statutory requirements outlined in the Cortese-Knox-Hertzberg Act.

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County. The LAFCO public hearing on this proposal is scheduled for 9:00 a.m. on June 5, 2024.

Name of Person or Agency Carrying Out Project: Santa Cruz Local Agency Formation Commission

Exempt Status: (check one)

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

Reason Why Project is Exempt: The LAFCO action does not change the services or the planned service area of the City. There is no possibility that the activity may have a significant impact on the environment--State CEQA Guidelines Section 15061(b)(3).

Lead Agency Contact Person: Joe A. Serrano

Area Code/Phone Extension: 831-454-2055

Signature: _____ Date: June 6, 2024
 Joe A. Serrano, Executive Officer

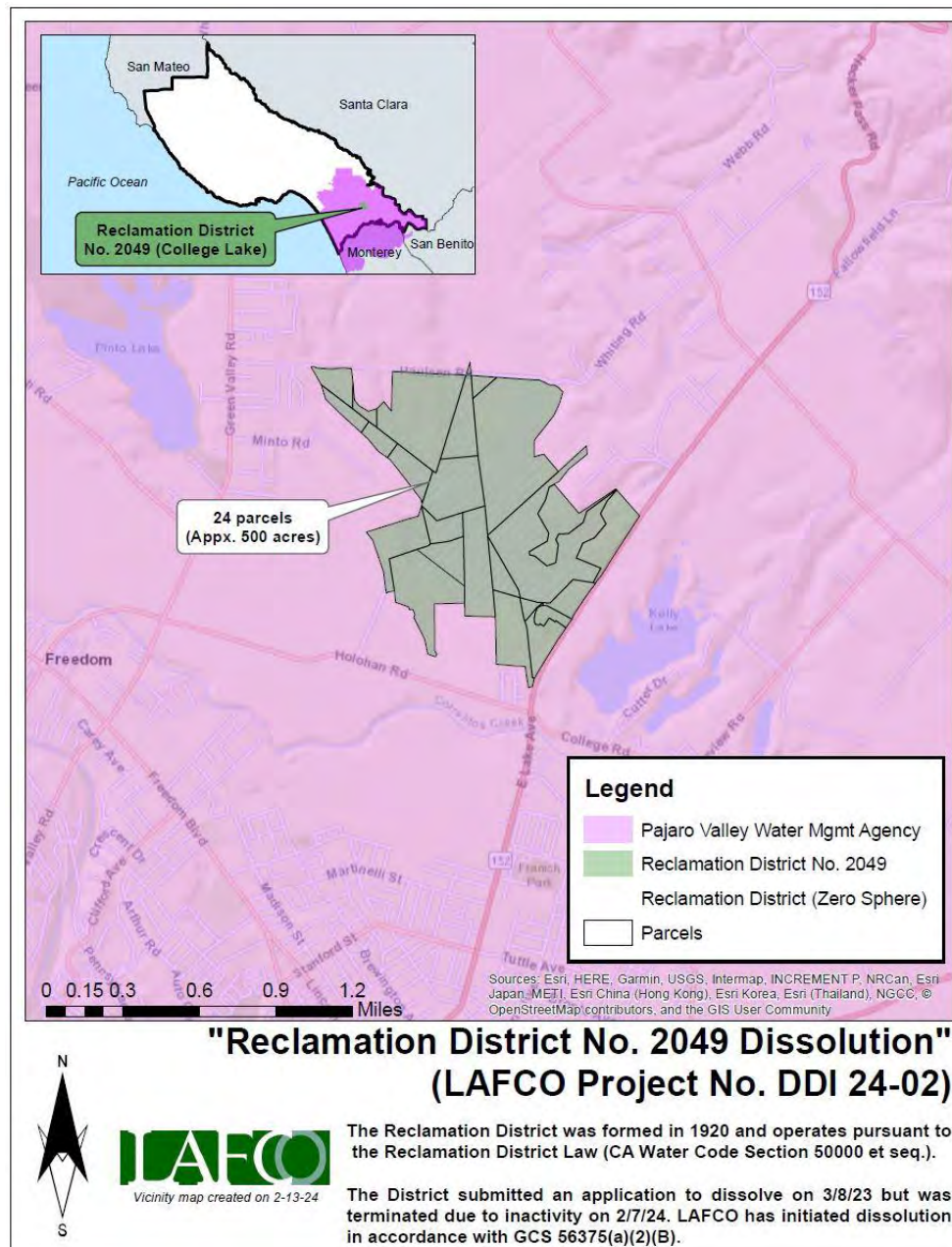
☒ Signed by Lead Agency



NOTICE OF PUBLIC HEARING LOCAL AGENCY FORMATION COMMISSION

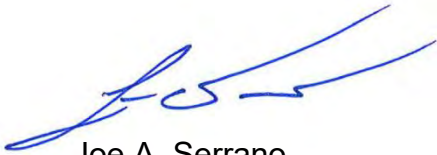
NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, June 5, 2024, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following items below.

- “Reclamation District No. 2049 Dissolution”:** The Commission will consider the dissolution of the reclamation district located north of Holohan Road, east of Green Valley Road, south of Paulsen Road, and west of Highway 152. The District’s service area is completely surrounded by the Pajaro Valley Water Management Agency (PVWMA), as shown below. The proposed dissolution does not affect property taxes nor does it change the land use designation of the subject properties. PVWMA will assume responsibility for drainage services if the dissolution is approved and finalized.



- **“BCFPD Station Parcel Extraterritorial Service Agreement” with CSA 7:** Consideration of an extraterritorial service agreement request for a single parcel owned by the Boulder Creek Fire Protection District to receive sewer services from County Service Area 7. The proposal area is located north of Fallen Leaf Drive, east of Empire Grade, west of Big Basin Way/Highway 236, and south of Jamison Creek Road. If approved, the ESA would be in compliance with GCS 56133(a) and will be used as a precursor for annexation in the near future.
- **Service and Sphere of Influence Review for County Service Area 57:** Consideration of a service and sphere review for CSA 57. The CSA was formed in 2001 and provides stormwater drainage services to the unincorporated community known as Woods Cove. A full analysis will be conducted for this dependent special district.

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 you will require special assistance in order to participate, please contact the LAFCO office at least 48 hours in advance of the meeting to make arrangements.



Joe A. Serrano
Executive Officer
Date: May 14, 2024

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2024-14

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
APPROVING THE 2024 SERVICE AND SPHERE OF INFLUENCE REVIEW
FOR COUNTY SERVICE AREA 57

The Local Agency Formation Commission of Santa Cruz County (the “Commission”) does hereby resolve, determine, and order as follows:

1. In accordance with Government Code Sections 56425, 56427, and 56430, the Commission has initiated and conducted the 2024 Service and Sphere of Influence Review for County Service Area 57 (“CSA 57”).
2. The Commission’s Executive Officer has given notice of a public hearing by this Commission of the service and sphere of influence review in the form and manner prescribed by law.
3. The Commission held a public hearing on June 5, 2024, and at the hearing, the Commission heard and received all oral and written protests, objections, and evidence that were presented.
4. This approval of the 2024 Service and Sphere of Influence Review for CSA 57 is exempt under the California Environmental Quality Act (“CEQA”) pursuant to the CEQA Guidelines Section 15061(b)(3) because this Commission action does not change the services or the planned service area of the subject agency. There is no possibility that the activity may have a significant impact on the environment. This action qualifies for a Notice of Exemption under CEQA and staff is directed to file the same.
5. The Commission hereby approves the 2024 Service and Sphere of Influence Review for CSA 57.
6. The Commission hereby approves the Service Review Determinations, as shown on Exhibit A.
7. The Commission hereby approves the Sphere of Influence Determinations, as shown on Exhibit B.
8. The Commission hereby amends the Sphere of Influence Map for CSA 57 to be coterminous with its existing service area, as shown in Exhibit C.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 5th day of June 2024.

AYES:

NOES:

ABSTAIN:

JOHN HUNT, CHAIRPERSON

Attest:

Joe A. Serrano
Executive Officer

Approved as to form:

Joshua Nelson
LAFCO Counsel

EXHIBIT A
COUNTY SERVICE AREA 57
2024 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

CSA 57 encompasses the community of Woods Cove in unincorporated county territory. It is estimated that approximately three hundred residents currently live within the CSA's jurisdiction. LAFCO staff projects that the CSA's population will be around 310 by 2040.

2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.

CSA 57 does not provide water, sewer, or fire protection to the community.

4. Financial ability of agencies to provide services.

CSA 57's primary source of revenue is from service charges. CSA 57's fund balance ended with approximately \$375,000 in FY 2022-23. The CSA is currently solvent; however, recent fiscal years have incurred consecutive deficits.

5. Status of, and opportunities for, shared facilities.

The County should consider utilizing its existing website to promote and share more information about CSA 57's finances, activities, and governance.

6. Accountability for community service needs, including governmental structure and operational efficiencies.

LAFCO encourages more transparency from CSA 57 by sharing online information on how residents can participate in the CSA's decision-making process and future actions.

7. Any other matter related to effective or efficient service delivery, as required by commission policy.

No additional local LAFCO policies are specifically relevant to this service review.

EXHIBIT B
COUNTY SERVICE AREA 57
2024 SPHERE OF INFLUENCE DETERMINATIONS

1. The present and planned land uses in the area, including agricultural and open-space lands.

The present and planned land uses are based on the general plan from the County, which range from urban to rural uses. The general plan anticipates growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas.

2. The present and probable need for public facilities and services in the area.

CSA 57 may benefit from creating zones or reevaluating how to operate the storm water drainage system to ensure revenues offset rising costs.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

CSA 57 is only responsible for storm water drainage services. It is LAFCO's understanding that the drainage facilities are operating efficiently.

4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

It is unknown if the CSA has a resident-based governance body. It may be beneficial to consider forming a governance body to help the County make decisions for the community, if none exist at this time.

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

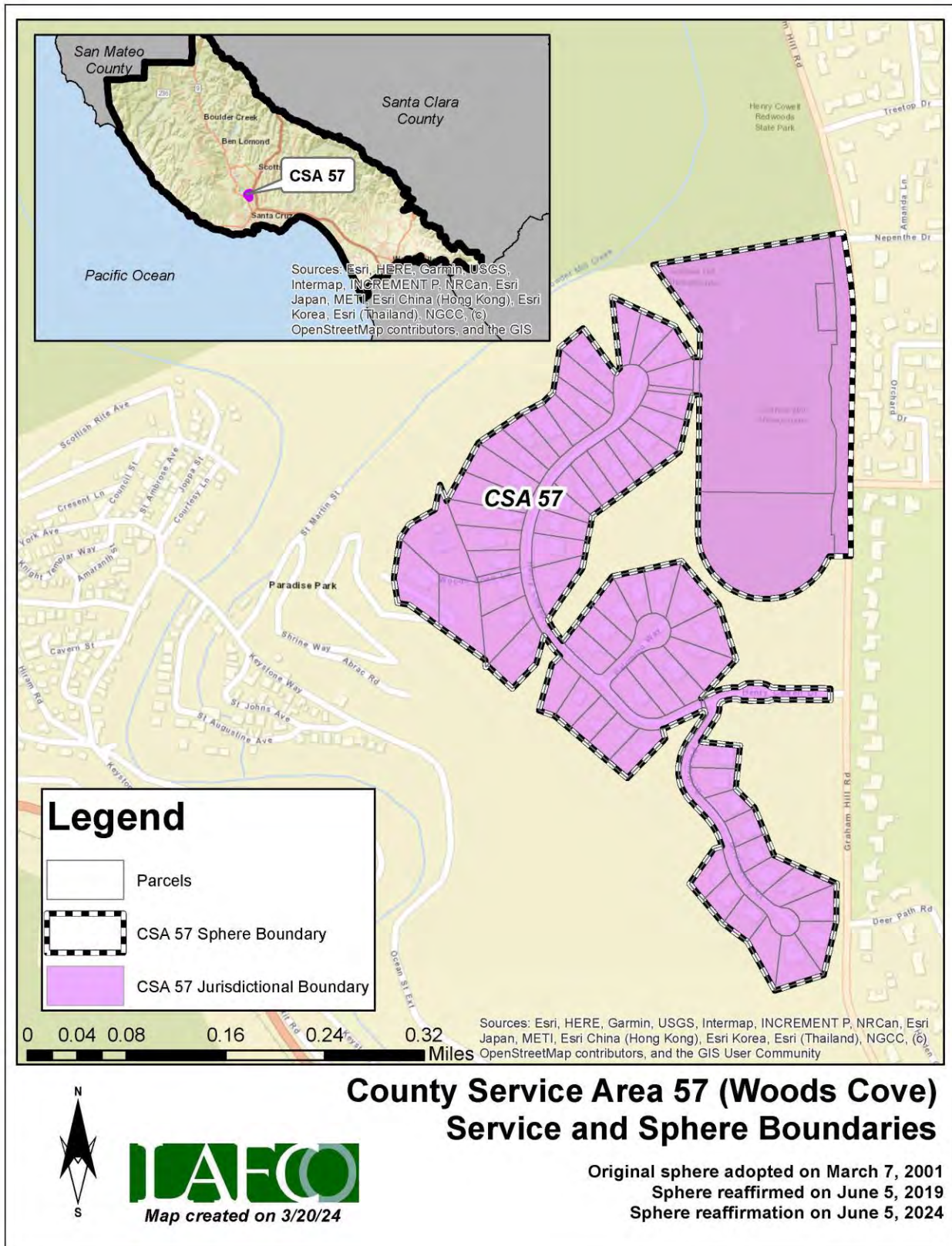
In 2020, the California statewide median household income was \$78,672, and 80% of that was \$62,938. Based on LAFCO's analysis, there are no disadvantaged unincorporated communities within or contiguous to the District's sphere boundary.

EXHIBIT C

COUNTY SERVICE AREA 57

SPHERE OF INFLUENCE MAP

LAFCO reaffirms the Sphere of Influence for CSA 57.





Santa Cruz Local Agency Formation Commission

Date: June 5, 2024
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **Auditing Firm Contract**

SUMMARY OF RECOMMENDATION

In the name of transparency, state law requires audited financial statements to be completed by governmental agencies, including cities, special districts, and counties. While unclear whether LAFCOs are subject to such requirements, Santa Cruz LAFCO has determined that additional transparency is needed and beneficial. A joint request for proposal (“RFP”) was sent out by five LAFCOs to hire an auditing firm. Four bids were submitted, and the five LAFCOs interviewed the top three finalists. Several factors were analyzed to select the most qualified auditing firm.

It is recommended that the Commission approve the draft contractual agreement between LAFCO and an auditing firm for audit preparation services.

EXECUTIVE OFFICER’S REPORT:

Since 2019, the Commission has updated how LAFCO’s finances are disclosed, governed, and expended by revising its policies and reformatting its budgetary process. For additional transparency, staff joined with neighboring LAFCOs (El Dorado, Fresno, Marin, and Santa Barbara) to distribute an RFP on January 24, 2024 and select LAFCO’s first ever independent auditing firm. **Attachment 1** provides a copy of the RFP.

A total of 36 auditing firms were selected to receive a copy of the RFP. The deadline to submit proposals was March 22, 2024. In total, LAFCO received four proposals prior to the deadline. This staff report provides an overview of two key components to consider: (1) summary of the top three firms’ proposals, and (2) staff’s recommendation on which firm is the most suitable for Santa Cruz LAFCO.

RANKING OF AUDTING FIRMS (BASED ON WEIGHTED CRITERIA)

A total of four firms submitted a proposal expressing interest in becoming LAFCO’s new auditor. The four firms are listed in **Table A** on page 2. In accordance with the RFP, all proposals were evaluated based on their responses to provisions of the RFP. The following criteria was used to evaluate responses to this proposal:

1. The firm’s licensing, independence with respect to LAFCO and results of most recent peer review (mandatory requirements);
2. Qualifications and Related Experience of the audit team who will serve LAFCO (Partner, Manager and Senior Auditors);
3. Experience of the firm auditing California agencies;

4. Prior experience of the engagement team in implementation of GASB #34 and other GASB Pronouncements;
5. Reference of local government clients;
6. Thoroughness of approach to conducting the audit of LAFCO;
7. Demonstration of the understanding of the objectives and scope of the audit;
8. Commitment to timeliness in the conduct of the audit; and
9. Maximum fees to conduct the audit.

Attachment 2 provides a more detailed evaluation of each firm based on the weighted criteria. Items 2 through 8 will represent 80% of the weight of the evaluation criteria. Item 9 will be assigned a 20% weighting in the overall evaluation. In order to calculate the weighted criteria, LAFCO first used a 1-10 scale with 10 points being the best, and then factored in the weighted criteria to rank each firm, as shown below.

Most Suitable Auditing Firm

It is staff's position that the most important areas to analyze are the qualifications of the auditing firm and the proposed costs of services. LAFCO's goal is to ratify a contract with a firm that is qualified and cost effective. Based on the firms' responses, and in conjunction with the weighted criteria, LAFCO staff and other LAFCOs identified Davis Farr LLP as the most suitable auditing firm to serve as LAFCO's first independent auditor. **Table A** shows the ranking of each firm. The five LAFCOs made this determination following an interview process with the top three candidates. An explanation of each firms' ranking is found on page 3.

Table A: Auditing Firm Rankings (In Order of Weighted Points)

LAFCOs	Davis Farr	Brown Armstrong	Chavan	Einer Advisory*
El Dorado	96	96	72	50
Fresno	85	88	87	63
Marin	88	81	80	57
Santa Barbara	87	80	88	48
Santa Cruz	100	99	91	85
Total Average	91	89	84	61

**Footnote: Due to the low score from all five LAFCOs, Einer Advisory Group was not invited to interview.*

Ranked #1: Davis Farr LLP

Davis Farr LLP earned 91 out of 100 points from the five LAFCOs. This firm serves as the auditor for several governmental agencies throughout the state, including eight LAFCOs: Imperial, Los Angeles, Orange, Marin, Placer, Riverside, San Bernardino, and San Diego – the most LAFCO clients out of the three finalists. The firm identified Shannon Ayala as LAFCO's primary point person and has a total of 52 employees. Davis Farr LLP has significant LAFCO experience and currently provides auditing services to Marin LAFCO, which is located in the Coastal Region. If selected, Davis Farr LLP is offering their services at \$13,750 in Year One (FY 23-24) and not to exceed \$13,740 for the next five years (FY 24-25 to FY 28-29). **Attachment 3** provides a copy of their proposal.

Ranked #2: Brown Armstrong Accountancy Corporation

Brown Armstrong earned 89 out of 100 points from the five LAFCOs. This firm serves as the auditor for several governmental agencies around the state and two LAFCOs: Kern and Napa. The firm identified Lindsey Zimmerman as LAFCO's primary point person and has a total of 62 employees. While Brown Armstrong has LAFCO experience, most of their focus is currently on special districts throughout California. If selected, Brown Armstrong is offering their services at \$13,000 in Year One (FY 23-24) and not to exceed \$14,000 by Year Six (FY 28-29). **Attachment 4** provides a copy of their proposal.

Ranked #3: Chavan & Associates LLP

Chavan & Associates earned 84 out of 100 points from the five LAFCOs. This firm serves as the auditor for several governmental agencies around the state but mostly school districts. The firm identified Sheldon Chavan as LAFCO's primary point person and has a total of six employees. Chavan & Associates currently has no experience with LAFCOs. If selected, Chavan is offering their services at \$13,500 in Year One (FY 23-24) and not to exceed \$15,000 by Year Six (FY 28-29). It is important to note that these prices are only valid if all five LAFCOs hire Chavan & Associates LLP. The other two firms do not have this condition as part of their bids. **Attachment 5** provides a copy of their proposal.

COST ANALYSIS (CURRENT VS POTENTIAL)

As previously mentioned, qualifications and the cost of service are two critical factors to consider when selecting a new auditing firm. The first part of this staff report summarized each firm. LAFCO staff also wanted to provide further insight on the anticipated expenses from each potential candidate. **Table B** illustrates the annual cost to complete audits for the following six fiscal years: FY 23-24 to FY 28-29. While Davis Farr LLP is the most expense in Year One by \$250 and \$750 when compared to Chavan and Brown Armstrong, Davis Farr is the least expense in the long-term due to their commitment in establishing a cost limit not to exceed \$13,740 from Year 4 (FY 26-27) to Year 6 (FY 28-29). Davis Farr LLP also indicated in their proposal that additional cost savings can be achieved if LAFCO is organized and responsive during the actual audit preparation.

Table B: Auditing Firm Rankings (Annual Costs Per Audit)

	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	Total
Davis Farr	\$13,750	\$12,465	\$13,090	\$13,740	\$13,740	\$13,740	\$80,525
Brown Armstrong	\$13,000	\$13,000	\$13,500	\$13,500	\$14,000	\$14,000	\$81,000
Chavan & Associates	\$13,500	\$13,500	\$13,500	\$14,000	\$14,500	\$15,000	\$84,000

STAFF RECOMMENDATION

Santa Cruz LAFCO continues to evolve. Today, the Commission's staff reports, special studies, and service reviews provide more in-depth analysis than ever, allowing LAFCO to be an unbiased governmental resource for local agencies and the public. LAFCO relies on expertise and transparency to pursue its mission, and staff has been prudent in selecting and utilizing reputable outside consultants to comply with the Commission's statutory mandates, including but not limited to the hiring of Best, Best & Krieger as LAFCO's legal counsel in 2021. That is why staff believes it would benefit the Commission to consider hiring a highly qualified auditing firm to continue with the effective use of agency resources and to provide more transparency in LAFCO's operations. Based on the analysis conducted by staff and the four other LAFCOs, it is recommended that the Commission select Davis Farr LLP to be LAFCO's auditing firm by adopting the draft contractual agreement (refer to **Attachment 6**).

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. Joint Request for Proposal
2. Weighted Criteria Ranking (Detailed Table)
3. Davis Farr LLP Proposal
4. Brown Armstrong Accountancy Corporation Proposal
5. Chavan & Associates LLP Proposal
6. Draft Contractual Agreement with Davis Farr LLP

cc: Joint RFP LAFCOs (El Dorado, Fresno, Marin, and Santa Barbara)



Marin Local Agency Formation Commission

Regional Service Planning | Subdivision of the State of California

January 24, 2024

Subject: Reissue of Request for Proposal

Dear Sir or Madam:

The El Dorado, Fresno, Marin, Santa Barbara, and Santa Cruz Local Agency Formation Commissions (LAFCo) are seeking proposals from qualified independent Certified Public Accounting firms to audit the financial statements of each LAFCo. The starting fiscal year will vary by LAFCo with the first one starting in with fiscal year ending June 30, 2023. All LAFCo are looking to go through FYE June 30, 2029. One LAFCo is only requesting services for every other year. An option to extend the contract for an additional one year will be considered for firms preparing a superior response.

LAFCos are state-mandated local governmental agencies charged with the responsibility of making difficult decisions on proposals for new cities, special districts, spheres of influence, and annexations. Each county in California is required to have a LAFCo.

If your firm is interested in being considered for this opportunity, please submit an electronic file, following the instructions described in the attached Request for Proposal (RFP), no later than **March 22, 2024 at 5pm**. If you have any questions regarding the RFP, please do not hesitate to contact me by email at jfried@marinlafco.org or by phone at (415) 578-2304.

Sincerely, Jason Fried

Executive Officer

Marin LAFCo

Attachment (1) – RFP

Attachment (2) – Price Chart

Attachment (3) – Sample Contract

Administrative Office
Jason Fried, Executive Officer
1401 Los Gatos Drive, Suite 220
San Rafael, California 94903
T: 415-448-5877 E: staff@marinlafco.org
www.marinlafco.org

Dennis Rodoni, Vice-Chair
County of Marin
Eric Lucan, Regular
County of Marin
Stephanie Moulton-Peters, Alternate
County of Marin

Barbara Coler, Chair
Town of Fairfax
Steve Burdo, Regular
Town of San Anselmo
Stephen Burke, Alternate
City of Mill Valley

Lew Kiou, Regular
Almonte Valley Sanitary District
Craig Murray, Regular
Las Gallinas Valley Sanitary District
Cathryn Hilliard, Alternate
Southern Marin Fire Protection District

Larry Chu, Regular
Public Member
Roger Smith, Alternate
Public Member

**EL DORADO, FRESNO, MARIN, SANTA CRUZ, AND SANTA BARBARA
LOCAL AGENCY FORMATION COMMISSIONS
REQUEST FOR PROPOSAL FOR AUDIT SERVICES**

I. INTRODUCTION

General Information

The El Dorado, Fresno, Marin, Santa Barbara, and Santa Cruz Local Agency Formation Commissions hereby known as “The LAFCos” are seeking proposals from qualified independent Certified Public Accounting firms to audit the financial statements of each LAFCo. The starting fiscal year will vary by LAFCo with the first one starting in with fiscal year ending June 30, 2023. All LAFCos are looking to go through FYE June 30, 2029. One LAFCo only is requesting services for every other year. An option to extend the contract for an additional one year will be considered for firms preparing a superior response. Audit reports would be prepared each of the years – separate audits for each of The LAFCo’s. Links to copies of previous audits are available below in each LAFCo profile.

The LAFCos have agreed to participate in a joint RFP to realize cost savings on each annual audit and on the overall cost of preparation.

The audits are to be conducted in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

There is no expressed or implied obligation for LAFCo to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, an electronic file of the proposal must be received by Jason Fried, Executive Officer, Marin Local Agency Formation Commission, on or before **March 22, 2014 (5:00 p.m.)**. The LAFCos reserves the right to reject any or all proposals submitted.

During the evaluation process, LAFCos reserves the right, where it may serve LAFCo’s best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of LAFCo, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

LAFCo reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal is acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between LAFCo and the firm selected. A contract between the firm selected and each LAFCo will be approved separately by each LAFCo.

It is anticipated the RFP committee will make a selection of a firm by April 30, 2024. Each LAFCo will need to approve its own contract with the firm they selected which should occur within a couple of months of this date based on when each Commission meets.

A multiple -year contract with a one-year extension option is contemplated. The one-year renewal option will be subject to review by each LAFCo and satisfactory negotiation of terms (including a price acceptable to that LAFCo and to the selected firm).

Creation of LAFCos

In 1963, the State Legislature created Local Agency Formation Commissions to help direct and coordinate California's growth in a logical, efficient, and orderly manner. Each county within California is required to have a LAFCo. LAFCos are charged with the responsibility of making difficult decisions on proposals for new cities and special districts, spheres of influence, consolidations, and annexations.

LAFCo Profiles

El Dorado LAFCo

Is a 7 member Commission with 4 alternate members and has 2 FTE staff. It meets every other month with an approximate budget of \$620,000. It is part of the California Public Employees' Retirement System (CalPERS). El Dorado LAFCo is independent, but participates in the County benefits pool for health, dental, and vision insurance. LAFCo's payroll is processed by the County Auditor's office.

First Audit Year needed – FY23-24

Commission preference is to have the audit completed by the end of the calendar year for the prior fiscal year. The audit can be conducted remotely.

Most Recent Year Audit - <https://www.edlafco.us/audit-fy2021-22>

Contract – Use sample contract in Exhibit A attached to this RFP.

Fresno LAFCo

Fresno LAFCo is a 5-member commission with 3 alternate members and has 4 FTE staff. The Commission meets once per month and operates from a budget of \$665,000. As an independent body we offer retirement benefits through Mission Square which we offer an option 457b and Commission funded 401a but also hold an agreement with our County to provide Health benefits as well as tech related services. Our office space is about to enter the second year of a five year agreement and we currently contract out our payroll, human resources, insurance, and legal services.

First Audit Year needed – FY 23-24, with future audits done every other year

Audits have been completed within a 6-month period starting in December and completed in May before the Fiscal Year ends. While this is the preference of the Commission, there is flexibility on our end to adjust this should it allow for savings opportunities.

Most Recent Year Audit – <https://www.fresnolafco.org/files/b047d7542/Agenda+Packet+Aug+2022.pdf>
(pages 5-36 of the attached packet)

Marin LAFCo

Is a 7 member commission with 4 alternate members and has 3 FTE staff. It meets every other month with an approximate budget of \$630,000. It is part of the Marin County Employee's Retirement Association (MCERA). Marin LAFCo is mostly independent, only being part of the County benefits pool for such things as health and dental insurance which it pays its own bills for and signs up staff to be part of.

First Audit Year needed – FY 24-25

Books close in November/ December time frame. Normally ready to have audit done in December/ January time frame. Does not need to be an in person audit willing to have a remote audit being conducted.

Most Recent Year Audit - <https://www.marinlafco.org/annual-audit-report>

Santa Cruz

Santa Cruz LAFCo is a 7-member commission with 4 alternate members and has 2 FTE staff. It meets once a month with an approximate budget of \$669,000. It is part of the California Public Employees' Retirement System (CalPERS). Santa Cruz LAFCo is an independent body that contracts with the County as a vendor for various services, including but not limited to accounting and office space.

First Audit Year needed – FY23-24 (This will be the first independent audit they have done.)

Santa Cruz LAFCo's fiscal year runs July 1 to June 30 and financials are typically ready for an audit in the September/October time frame. An in-person audit is not necessary.

Santa Barbara LAFCo

Santa Barbara LAFCo is a 7-member commission with 4 alternates and has 2 FTE staff. The Commission contracts with County Counsel for legal services. LAFCo staff prepares draw warrants and journal entries for each expenditure and deposit. These are entered in the County's financial system (Workday). General Accounting services include the use of the County's centralized accounting system and the validation, processing, and recording of financial transactions submitted by LAFCo. LAFCo has access to the general ledger, revenue, expenditure, and budget status reports as needed. Services also include processing, recording, tracking and mailing expenditures. SBLAFCO operates under a single-program government fund with an annual budget of approximately \$572,000 and is a part its County retirement system (SBCERS).

First Audit Year needed – FY23-24

Normally ready to have an audit done in January/February time frame.

Most Recent Year Audit – FY 2020-2021

<https://www.sblafco.org/files/0550ab793/SBLAFCO+Final+Financials+2021.pdf>

Funding for LAFCos

In 2000, the State Legislature signed into a law the Cortese-Knox-Hertzberg Local Government Reorganization Act which provided more independence for LAFCos and changed the way LAFCos are funded. Previously, LAFCos were funded (staffing, facilities, etc.) through their respective counties. Beginning July 1, 2001, the law requires that LAFCos be independent of their respective counties and requires that LAFCos be independent of their respective counties and requires that LAFCO's beneficiaries, the county, cities and special districts, equally share in the funding of LAFCO's budgetary costs.

General for all LAFCos

Although the counties contribute half or one-third of the LAFCo funding, LAFCo is an independent agency and its budget is not subject to County approval or oversight. Because of available cost saving opportunities, each LAFCO has entered into various contractual arrangements with the appropriate county as well as private vendors to provide certain services for LAFCo, including: office facilities, insurance, banking/investment, purchasing, internal auditing and employee benefits. While some LAFCos may have independent bookkeeping and bill paying system by state government code Counties collect dues from member agencies. In addition some LAFCo have contracts they use for general services such as this. Please see each profile on if they have a general contract to be used.

II. SCOPE OF THE WORK TO BE PERFORMED AND STANDARDS TO BE FOLLOWED

The LAFCo desire its General Purpose Financial Statements (GPFS) to be prepared by Independent Auditors and be fully compliant for GASB #34 and any other applicable GASB pronouncements and then-current accounting/audit requirements and standards for the fiscal years as shown in attached spread sheet.

The following is a summary of the scope of the audit of LAFCos for the previous fiscal years:

1. The audit firm will perform an audit of all funds of LAFCo. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States. The Audit will be in full compliance with GASB #34 and any other GASB pronouncements and then-current accounting/audit requirements and standards for the fiscal year being audited. The audit firm will render their auditors' report on the basic financial statements which will include both Government-Wide Financial Statements and Fund Financial Statements. The audit firm will also apply limited audit procedures to Management's Discussion and Analysis (MD&A) and required supplementary information pertaining to the General Fund and each major fund of the agency.
2. The audit firm shall issue a separate "management letter" that includes recommendations for improvements in internal control that are considered to be non-reportable conditions.

Each LAFCo staff will provide normal cooperation and assistance during the audit including typing of confirmation requests, referral to the appropriate person and/or department for supporting documents and reconciliations of major asset and liability balances. Each LAFCo staff will prepare the MD&A and transmittal letters based on a template supplied by the consultant. The format of supporting documents provided by LAFCo is at the discretion of each LAFCo. All other information and financial statements are the responsibility of the audit firm.

All working papers and reports are to be retained at the auditors' expense for a minimum of three years. The audit firm will be responsible for making working papers available to each LAFCo or any other appropriate government agency.

III. TIMETABLE OF DELIVERABLE REPORTS

The audit firm shall be responsible for the preparation and word processing of the following financial statements:

<u>Report Description</u>	<u>Number of Copies</u>	<u>Due date</u>
General Purpose Financial Statements (GPFS)	1 electronic copy	Based on agreement with each LAFCo

A draft copy of each financial statement should be delivered to the LAFCo Executive Officer for review approximately 21 days prior to the deadlines noted above. Deadlines for delivery of draft and final financials statements may vary for each LAFCo referenced in this request for proposal and would be specified in the contract between the firm selected and each LAFCo.

IV. TIMETABLE OF AUDIT WORK TO BE PERFORMED

Each LAFCo has indicated above when they expected that LAFCo's books will be closed and ready for audit. The audit consultant should work out with each LAFCo upon closing out of the books a time to meet each LAFCo needs. At the discretion of each LAFCo, the appropriate staff from the audit firm may be requested to present audit report to the Commission during a public meeting.

V. PROPOSAL REQUIREMENTS

The following material is requested to be received by the proposal due date or the firm will not be considered:

1. **Title Page** - The title page shall show the proposal subject, the firm's name and contact person and the firm's California CPA License Number and firm's Federal Identification Number.
2. **Cover Letter** - The cover letter should briefly state the proposer's understanding of the work to be performed, the commitment to perform the work in the required time frame and statements as to why the firm believes it is best qualified to perform the engagement. The cover letter should also make a statement that the firm's offer is a firm, irrevocable offer for at least 120 days. The cover letter should indicate whether the firm is independent with respect to LAFCo and that the firm is an Equal Opportunity Employer.
3. **Table of Contents**
4. **Proposer's Qualifications** - The audit firm should set forth the following:
 - A. **Qualifications and Related Experience of the Personnel Who Will Serve LAFCo** - Resumes of the Partner, Manager and Senior Auditor should be included. Resumes should include all relevant experience, education and CPA licenses and continuing education of the individuals over the past 3 years.
 - B. **Prior Experience Auditing Cities, Independent Special Districts and Other Local Governments** - Sufficient information should be provided regarding current local government audit clients, and date that the client has been served. Information should be provided regarding clients that the firm serves that have received the CSMFO and GFOA awards.
 - C. **Assistance in Implementation of GASB #34 and Other GASB Pronouncements** - Set forth your understanding of this accounting pronouncement and provide information on clients that you have assisted to date in implementing GASB #34 and other GASB Pronouncements.
 - D. **References of Local Government Clients** - Provide a listing of at least five municipal clients for which the firm's serves.
 - E. **Capabilities in General Consulting and Compliance Auditing** - Provide any other information regarding general consulting and special audits provided by the firm.
5. **Approach, Scope and Timing of the Audit**
 - A. **Provide in sufficient detail the firm's approach to LAFCo's audit**, including procedures to be performed, tasks to be accomplished under GASB #34 and other GASB pronouncements, tasks required as a part of the A-133 single audit, extent to which statistical sampling is to be used in the engagement, type and extent of use of software in the audit engagement, analytical procedures that may be used, the approach to be taken to gain and document an understanding of LAFCo's internal control structure, the approach to be taken in drawing audit samples for purposes of compliance testing, the consideration of laws and regulations, assistance required from LAFCo staff and proposed segmentation of the audit. Segmentation of the audit should include breakdown of hours required to perform the audit by classification and in total for the

planning and interim, GASB #34 and other GASB pronouncements implementation, final audit procedures including CAFR and reports preparation.

- B. Provide sufficient information of your firm's understanding of the Objectives and Scope of the Engagement** - Specifics should be provided of the auditing standards to be followed and reports to be issued by the audit firm.

6. Hourly Rates

Hourly Rates of the Firm's Employees should be provided by the firm for services which may be requested outside the scope of the audits as shown below. The hourly rates should be inclusive:

<u>Classification</u>	<u>Hourly Rate</u>
Partner	\$
Manager	\$
Senior Accountant	\$
Staff Accountant	\$

7. Maximum Fee

The maximum fees for the audit of each LAFCo should be provided in the attached excel spread sheet. The fees should be inclusive of any out of pocket expenses incurred by the audit firm. All proposals shall contain provisions to the effect that in the event that extraordinary circumstances warrant more intensive and detailed services beyond those in the contractual agreement, the firm shall provide in writing and in advance, the reasons for the additional services together with the firm's estimate of costs, and a statement that no work will be performed without advance approval by LAFCo. Any and all additional work as agreed to in advance by LAFCo shall be compensated at the same rate quoted in the schedule submitted in the proposal.

8. Other Information Required in Proposal

The Auditing Firm shall provide a copy of its most recent Peer Review together with the California Society of CPA's acceptance of such peer review. The auditing firm shall make a positive statement that it has the required insurance policies in force in amounts of coverage for not less than \$1,000,000 per occurrence or accident for each of the following: Professional Liability (Errors & Omissions), Workers Compensation and Employer's Liability, Comprehensive General Liability and Bodily Injury Insurance, and Automobile Liability (Owned and Non-Owned) and Property Damage Insurance. Prior to any commencement of audit services, the auditor will be required to provide certificates of insurance coverage to LAFCO. The auditing firm shall make a positive statement that it will not delegate or subcontract its responsibilities without prior written consent of LAFCo.

9. Contract

Do you have any issues with using the sample contract attached at the end of the RFP? If so please indicate the issue with the contract.

VI. EVALUATION CRITERIA

Proposals will be evaluated based upon their response to provisions of this Request for Proposal. The following criteria will be used to evaluate responses to this proposal:

1. The firm's licensing, independence with respect to LAFCo and results of most recent peer review (mandatory requirements)

2. Qualifications and Related Experience of the audit team who will serve LAFCo (Partner, Manager and Senior Auditors)
3. Experience of the firm auditing California agencies
4. Prior experience of the engagement team in implementation of GASB #34 and other GASB Pronouncements
5. Reference of local government clients
6. Thoroughness of approach to conducting the audit of LAFCo
7. Demonstration of the understanding of the objectives and scope of the audit
8. Commitment to timeliness in the conduct of the audit
9. Maximum fees to conduct the audit

Items 2 through 8 will represent 80% of the weight of the evaluation criteria. Item 9 will be assigned a 20% weighting in the overall evaluation.

This RFP does not commit any LAFCo to award a contract or to pay any costs incurred for any services. The LAFCOs, at their sole discretion, reserves the right to accept or reject any or all proposals received as a result of this RFP, to negotiate with any qualified source(s), or to cancel this RFP in part or in its entirety. The LAFCOs may waive any irregularity in any proposal. All proposals will become the property of the LAFCOs. If any proprietary information is contained in the proposal, it should be clearly identified.

VII. CONFIDENTIALITY

The California Public Records Act ("PRA") (Cal. Govt. Code Sections 7920.000 et seq.) mandates public access to government records. Therefore, unless information is exempt from disclosure by law, the content of any request for explanation, exception, or substitution, response to this RFP, protest, or any other written communication between the LAFCOs and proposer, shall be available to the public in accordance with the PRA.

If a proposer believes any communication contains trade secrets or other proprietary information that the proposer believes would cause substantial injury to the proposer's competitive position if disclosed, the proposer shall request that the LAFCOs withhold from disclosure the proprietary information by marking each page containing such proprietary information as confidential. Proposer may not designate its entire proposal as confidential nor designate its price proposal as confidential.

VIII. OTHER INFORMATION

Firms are encouraged to contact Jason Fried, Executive Officer, Marin LAFCo, with any questions relating to this RFP or for copies of the LAFCOs' previous audits. Mr. Fried can be reached most easily by email at jfried@marinlafco.org. His telephone number is (415) 578-2304.

LAFCo	FY 23-24	FY24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
El Dorado						
Fresno						
Marin						
Mendocino						
Santa Barbara						
Santa Cruz						

PLEASE PROVIDE THE NOT TO EXCEED AMOUNT FOR EACH YEAR.
Black Box means that LAFCo does not need an audit for that FY.

[INSERT DATE]

[INSERT NAME]

[INSERT ADDRESS]

[INSERT CITY, STATE ZIP]

Dear [INSERT NAME]:

Letter Agreement for [Insert Type of Services]

This letter shall be our Agreement ("Letter Agreement") regarding the [INSERT TYPE OF SERVICES] described below ("Services") to be provided by [INSERT NAME OF PERSON OR FIRM AND INDICATE IF IT IS A CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP OR OTHER LEGAL ENTITY] ("Consultant") as an independent contractor to the Marin Local Agency Formation Commission (the "Commission") for the Commission's [INSERT NAME OF PROJECT] ("Project"). Consultant is retained as independent contractor and is not an employee of the Commission. Commission and Consultant are sometimes referred to herein as "Party" or "Parties."

The Services to be provided include the following: [INSERT DETAILED DESCRIPTION OF SERVICES - IF THE CONSULTANT HAS A SEPARATE SCOPE OF SERVICES DOCUMENT, MAKE SURE IT IS CONSISTENT WITH THE LANGUAGE IN THIS LETTER AGREEMENT, MARK IT AS EXHIBIT "A", ATTACH IT AND REPLACE THIS PARAGRAPH WITH THE FOLLOWING: The Services to be provided are more particularly described in the Scope of Services attached hereto as Exhibit "A" and are incorporated herein by reference.] Services on the Project shall begin immediately and shall be completed by [INSERT DATE], unless extended by the Commission in writing.

Consultant shall perform all Services under this Letter Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California, and consistent with all applicable laws. Consultant represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, including any required business license, and that such licenses and approvals shall be maintained throughout the term of this Letter Agreement.

Consultant has represented to the Commission that certain key personnel will perform and coordinate the Services under this Letter Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of equal competence upon written approval of the Commission. In the event that the Commission and Consultant cannot agree as to the substitution of key personnel, the Commission shall be entitled to terminate this Letter Agreement for cause. The key personnel for performance of this Letter Agreement are as follows: [INSERT NAMES]

Compensation shall be based on the actual amount of time spent in adequately performing the Services, and shall be billed at the hourly rate(s) of \$ [INSERT RATES FOR EACH TYPE OF EMPLOYEE TO BE USED, OR IF THE CONSULTANT HAS A RATE SHEET, MARK IT AS EXHIBIT "___" AND ATTACH IT, AND REPLACE THIS SENTENCE WITH THE FOLLOWING: Compensation shall be based on the actual amount of time spend in adequately performing the Services and shall be

billed at the hourly rate(s) described in the Consultant's rate sheet, attached hereto as Exhibit "____" and incorporated herein by reference]. The total compensation shall not exceed \$[INSERT DOLLAR AMOUNT] without written approval of the [INSERT POSITION/TITLE OF DEPARTMENT HEAD, OR EXECUTIVE OFFICER]. Consultant's invoices shall include a detailed description of the Services performed. Invoices shall be submitted to the Commission on a monthly basis as performance of the Services progresses. The Commission shall review and pay the approved charges on such invoices in a timely manner.

Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. [INSERT "IF" OR "SINCE" AS APPLICABLE] the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and [INSERT "IF" OR "SINCE" AS APPLICABLE] the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Commission shall provide Consultant with a copy of the prevailing rates of per diem wages in effect at the commencement of this Letter Agreement upon request. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. Consultant shall defend, indemnify and hold the Commission, its officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Consultant and all subconsultants to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Sections 1777.1). The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

[INSERT "IF" OR "SINCE" AS APPLICABLE] the Services are being performed as part of an applicable "public works" or "maintenance" project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such Services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

This Project may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant's sole responsibility to comply with all applicable

registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor that affect Consultant's performance of services, including any delay, shall be Consultant's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant caused delay and shall not be compensable by the Commission. Consultant shall defend, indemnify and hold the Commission, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor.

Consultant shall provide proof of: A. Commercial General Liability Insurance, of at least \$1,000,000 per occurrence/\$2,000,000 aggregate for bodily injury, personal injury and property damage, at least as broad as Insurance Services Office Commercial General Liability most recent Occurrence Form CG 00 01; B. Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, of at least \$1,000,000 per occurrence for bodily injury and property damage, at least as broad as most recent Insurance Services Office Form Number CA 00 01 covering automobile liability, Code 1 (any auto); C. Workers' Compensation in compliance with applicable statutory requirements and Employer's Liability Coverage of at least \$1,000,000 per occurrence; and D. Consultants providing professional services shall provide Professional Liability (Errors and Omissions) Insurance of at least \$1,000,000. Insurance carriers shall be licensed to do business in California and maintain an agent for process within the state. Such insurance carrier shall have not less than an "A-VII" rating according to the latest Best Key Rating unless otherwise approved by the Commission. The Commission, its officials, officers, employees, agents, and authorized volunteers shall be named as Additional Insureds on Consultant's policies of Commercial General Liability and Automobile Liability insurance and such coverage provided to the Commission as an Additional Insured shall apply on a primary and non-contributory basis. Waiver of subrogation endorsements in favor of the Commission shall be provided on Consultant's policies of Commercial General Liability, Automobile Liability and Workers' Compensation/Employer's Liability insurance.

The Commission may terminate this Letter Agreement at any time with or without cause. If the Commission finds it necessary to terminate this Letter Agreement without cause before Project completion, Consultant shall be entitled to be paid in full for those Services adequately completed prior to the notification of termination. Consultant may terminate this Letter Agreement only upon 30 calendar days' written notice to the Commission only in the event of Commission's failure to perform in accordance with the terms of this Letter Agreement through no fault of Consultant.

To the fullest extent permitted by law, Consultant shall defend (with counsel of Commission's choosing), indemnify and hold the Commission, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors,

consultants or agents in connection with the performance of the Consultant's services, the Project or this Letter Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the Commission, its officials, officers, employees, agents, or volunteers.

If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements; all emissions limits and permitting requirements imposed by the California Air Resources Board (CARB) or other governmental agencies; and all water quality laws, rules and regulations of the Environmental Protection Agency, the State Water Resources Control Board and the Commission.

By executing this Letter Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time. Consultant shall maintain records of its compliance, including its verification of each employee, and shall make them available to the Commission or its representatives for inspection and copy at any time during normal business hours. The Commission shall not be responsible for any costs or expenses related to Consultant's compliance with the requirements. To the same extent and under the same conditions as Consultant, Consultant shall require all of its subcontractors, sub-subcontractors and consultants performing any work relating to the Project or this Letter Agreement to make the same verifications and comply with all requirements and restrictions provided herein. Consultant's failure to comply or any material misrepresentations or omissions relating thereto shall be grounds for terminating this Letter Agreement for cause.

By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services. Finally, Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment in violation of state or federal law. As provided for in the indemnity obligations of this Letter Agreement, Consultant shall indemnify Commission against any alleged violations of this paragraph, including, but not limited to, any fines or penalties imposed by any governmental agency.

This Letter Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Letter Agreement, the action shall be brought in a state or federal court situated in Marin County, State of California. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Consultant must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the Commission. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Consultant. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Consultant shall be barred from bringing and maintaining a valid lawsuit against the Commission.

Consultant shall not assign, sublet, or transfer this Letter Agreement or any rights under or interest in this Letter Agreement without the written consent of the Commission, which may be withheld for any reason. This Letter Agreement may not be modified or altered except in writing signed by both parties. Except to the extent expressly provided for in the termination paragraph, there are no intended third party beneficiaries of any right or obligation of the Parties.

This is an integrated Letter Agreement representing the entire understanding of the parties as to those matters contained herein, and supersedes and cancels any prior oral or written understanding or representations with respect to matters covered hereunder. Since the Parties or their agents have participated fully in the preparation of this Letter Agreement, the language of this Letter Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. The captions of the various paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content or intent of this Letter Agreement.

Consultant warrants that the individual who has signed this Letter Agreement has the legal power, right and authority to make this Letter Agreement and bind the Consultant hereto. If you agree with the terms of this Letter Agreement, please indicate by signing and dating where indicated below.

**MARIN LOCAL AGENCY FORMATION [INSERT CONSULTANT NAME]
COMMISSION**

Approved By:

Signature

Jason Fried
Executive Officer

Name

Date

Title

Attested By:

Date

Board Clerk

SANTA CRUZ LAFCO EVALUATION				
	Davis Farr	Brown Armstrong	Einer Advisory	Chavan
1. The firm's licensing, independence with respect to LAFCO and results of most recent peer review (mandatory requirements)	10	10	9	9
2. Qualifications and Related Experience of the audit team who will serve LAFCo (Partner, Manager and Senior Auditors)	10	10	8	9
3. Experience of the firm auditing California agencies	10	10	8	10
4. Prior experience of the engagement team in implementation of GASB #34 and other GASB Pronouncements	10	10	9	9
5. Reference of local government clients	10	10	8	9
6. Thoroughness of approach to conducting the audit of LAFCO	10	10	8	10
7. Demonstration of the understanding of the objectives and scope of the audit	10	10	9	10
8. Commitment to timeliness in the conduct of the audit	10	10	9	10
9. Maximum fees to conduct the audit	<u>20</u>	<u>19</u>	<u>17</u>	<u>15</u>
Total Score	100	99	85	91

**Footnote: Based on review of bids and post-interviews*



PROPOSAL FOR
PROFESSIONAL AUDITING
SERVICES

Prepared By:

Davis Farr LLP

1903 Wright Place | Suite 280
Carlsbad, CA 92008

California CPA License Number: 7712

Federal Identification Number: 47-3535842

Contact Person:

Shannon Ayala, CPA | Partner

Office: 760.536.5140 | Direct: 760.298.5872

Email: sayala@davisfarr.com



Local Agency Formation Commission

El Dorado
Fresno
Marin
Santa Barbara
Santa Cruz

March 22, 2024

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APPENDIX

Cost proposal

Resumes

Peer Review Documentation

March 22, 2024

Mr. Jason Fried
Executive Director, Marin LAFCo
1401 Los Gatos Drive, Suite 220
San Rafael, CA 94903

We are pleased to provide our proposal to perform audit services to the El Dorado, Fresno, Marin, Santa Barbara, and Santa Cruz Local Agency Formation Commissions (LAFCOs) for the fiscal years ending June 30, 2024, through June 30, 2029, with the option to extend the contract for an additional on year.

Our approach to service emphasizes open and consistent communication, proactive problem-solving, and valuable support. We prioritize listening to your ideas and concerns, leveraging our financial and operational expertise to develop effective, creative solutions. We believe our firm, is the optimal choice for the district because of the following reasons, which are detailed further in our proposal:

- Our team assumes a leadership role when it comes to accounting and auditing issues faced by local governments. Our Partners actively participate in organizations such as the Government Accounting and Audit Committee of the CalCPA Society, CSMFO Professional Standards Committee, GFOA Special Review Committee, and regularly speak at conferences and training events, including the recent CSMFO Annual Conference.
- We currently provide audit services to several LAFCOs in California and possess a deep understanding of the challenges unique to California governments and special districts. This allows us to offer high-quality audits tailored the LAFCOs needs.
- We harness data mining software to detect irregularities in your accounting data, prioritizing areas where errors and potential fraud are more likely to occur.

We appreciate the opportunity to demonstrate our qualifications and are eager to establish a professional working relationship. Davis Farr LLP is independent of LAFCOs and is an Equal Opportunity Employer. Our proposal remains a firm and irrevocable offer for 120 days. I encourage you to contact me directly at (760) 298-5872.

Very truly yours,



Shannon Ayala, CPA
Partner

Section A – About Davis Farr LLP

Background Information – Davis Farr LLP is a regional accounting firm that provides comprehensive attest and advisory services to federal, state, and local governments through offices in California and Washington. Our Carlsbad office will be responsible for this engagement. Our personnel have collectively served governmental entities for over 30 years, with government audit personnel classified as noted in the table below.

License to Practice in California – Davis Farr LLP, as well as all key personnel are licensed as independent certified public accountants (CPAs) with the California State Board of Accountancy.

Independence – Davis Farr LLP is independent with respect to the LAFCo as defined by U.S. General Accounting Office’s *Government Auditing Standards* and Generally Accepted Auditing Standards. Neither Davis Farr LLP nor the key personnel have any potential or real conflicts of interest.

Insurance – Davis Farr LLP will meet the insurance requirements of each contract.

Quality Control – Our firm is committed to maintaining the highest standards of quality control. We are members of the American Institute of Certified Public Accountants (AICPA) and participate voluntarily in the AICPA Peer Review Program, with our most recent Peer Review report demonstrating our “Pass” in maintaining the highest level of quality control for our services, including government engagements. A “Pass” demonstrates the highest level of quality control in a Peer Review. We are also members of the AICPA’s Government Audit Quality Center. Our firm has had no disciplinary action taken or pending against us for the past three years by any state regulatory bodies or professional organizations.

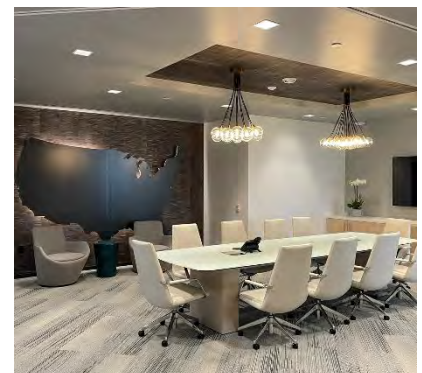
Training – We prioritize the ongoing education and training of every professional member of our firm. Each team member is required to complete 80 hours of training over two years, with at least 24 hours annually dedicated to specific government accounting and audit topics. Our extensive range of courses spans professional and technical subjects, including Fraud, Professional Ethics and Governmental Accounting and Auditing, ensuring all of our practitioners maintain their professional expertise.

Contract – Davis Farr LLP does not have any issues with the sample contract provided.

Exceptions to the Request for Proposal – Davis Farr LLP does not take any exception to the RFP.



Classification	Number of Employees
Partners	8
Managers	9
Supervisors	4
Seniors	15
Staff	12
Administrative	4
Total personnel	52



Professional Affiliations

Government Audit Quality Center – Davis Farr LLP is a member of the Government Audit Quality Center (GAQC). The GAQC promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. GAQC is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits.

National Registry of CPE Sponsors – Davis Farr LLP is registered with the National Association of State Board of Accountancy (NASBA), offering clients continuing professional education (CPE) programs consistent with nationally recognized standards. Our annual GASB Update is a prime example of our dedication to providing CPE opportunities to our clients.

California Society of CPAs (CalCPA) – Many of the CPAs employed by our firm are also members of CalCPA, regularly participating in chapter meetings, education forums, and other events. Our firm's high standards have been recognized by CalCPA, through their *"Women to Watch"* award in the Experienced Leader category, granted to one of our Partners.

American Institute of Certified Public Accountants (AICPA) – Our firm is also a member of the AICPA, which develops and promotes industry standards in audits, shares educational materials with its members, and enforces compliance with technical and ethical standards.

California Society of Municipal Finance Officers (CSMFO) – We are members of CSMFO, a statewide organization serving all California municipal finance professionals. The Partners of Davis Farr LLP regularly participate in CSMFO chapter meetings and conferences, presenting on a variety of accounting and auditing technical topics. We recently presented at the 2023 CSMFO annual conference.

Government Finance Officers Association (GFOA) – The GFOA strives toward enhancing and promoting the professional management of governmental financial resources for the public benefit. Davis Farr LLP's Partners are members of the Special Review Committee for the Certificate of Achievement Program, which reviews Annual Comprehensive Financial Reports submitted to GFOA for the Excellence in Financial Reporting Award Program. We continue to advance our knowledge and share our expertise in these institutions, enabling us to deliver the highest-quality services to our clients.



Section B – Qualifications and Related Experience

With a strong track record in servicing governmental entities, Davis Farr LLP has established itself as a leading provider of specialized auditing services throughout Southern, currently, servicing approximately 60 municipal, state, and federal government entities. Our team brings a unique combination of expertise, technical skills and experience in local government accounting and auditing practices to our engagements, ensuring our clients receive the highest level of service possible. Services routinely provided to our clients include, but are not limited to:



Our government expertise includes Cities, Special Districts, and other Governmental entities. Among the government agencies that the professionals of Davis Farr LLP have served recently are the following:

- City of Avalon
- City of Carlsbad
- City of Commerce
- City of Coronado
- City of Costa Mesa
- City of Cypress
- City of Delano
- City of Encinitas
- City of Fontana
- City of Garden Grove
- City of Huntington Beach
- City of Indio
- City of Irvine
- City of Laguna Niguel
- City of Los Angeles
- City of Mission Viejo
- City of Newport Beach
- City of Poway
- City of Rancho Santa Margarita
- City of Santee
- City of South Gate
- City of Vista
- County Los Angeles
- County of Placer
- County of San Diego
- East Orange County Water District
- Hass Avocado Board
- Irvine Ranch Water District
- Imperial LAFCO
- Los Angeles LAFCO
- Orange County LAFCO
- Marin LAFCO
- Placer County LAFCO
- Riverside LAFCO
- San Bernardino LAFCO
- San Diego Association of Governments
- San Diego County Water Authority
- San Diego LAFCO
- Sweetwater Authority
- Tahoe Regional Planning Agency
- Tahoe Transportation District
- Vallecitos Water District

Section C – Client References

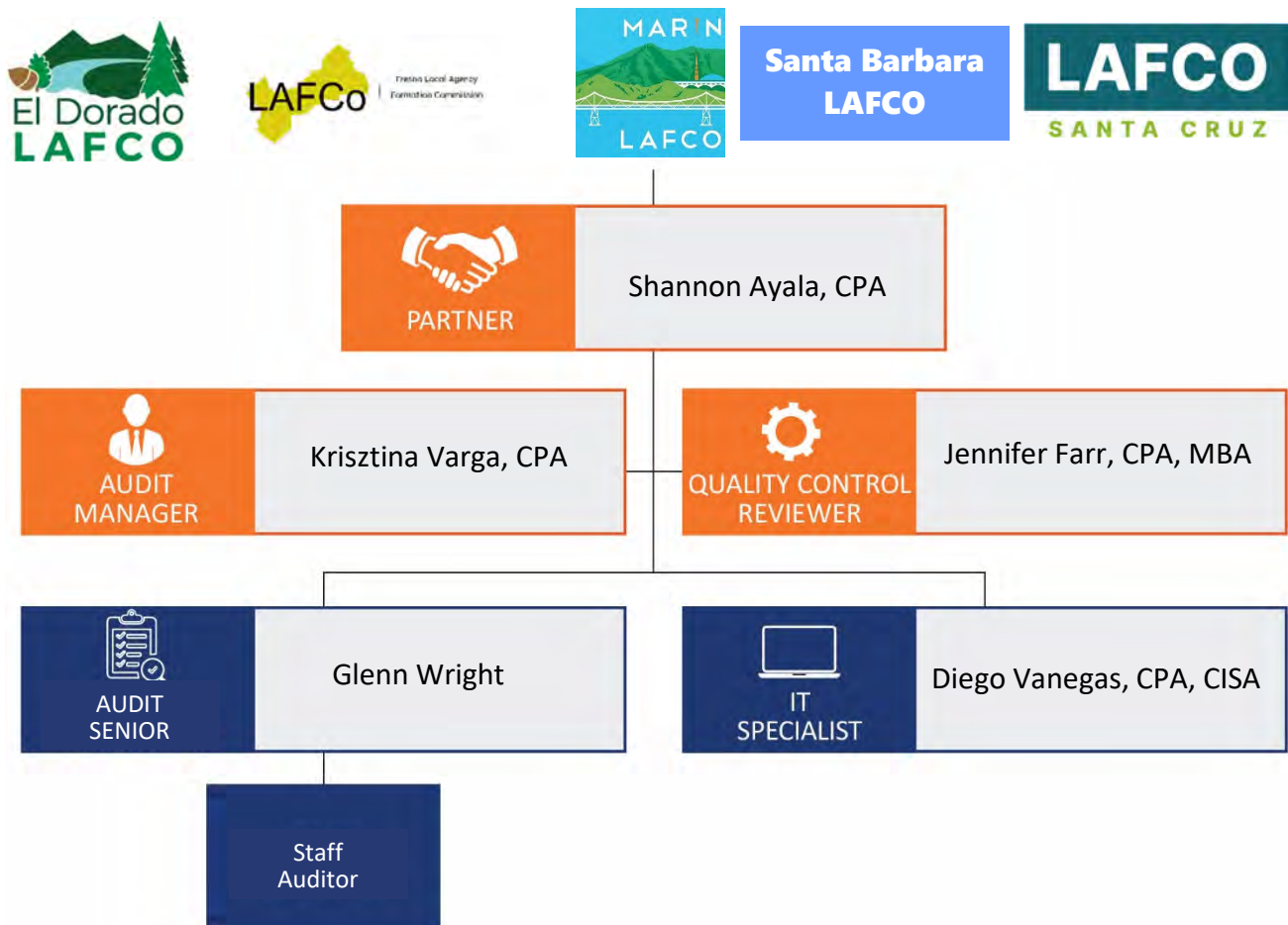
For your convenience, we have listed below references for audit work currently being performed by Davis Farr LLP personnel for several local governments throughout California. For each of the references, we currently serve as independent auditors and have served these clients for a number of years.

CLIENT 1	Imperial LAFCO 1122 W/ State St. Suite, A El Centro, CA Julie Carter, Accounting Manager 760.353.4115 juliec@iclafco.com	Financial Statement Audit of the LAFCO	95 Hours
CLIENT 2	Placer County LAFCO 110 Maple Street Auburn, CA Michelle McIntyre, Executive Officer 530.889.4014 mmcintyre@placer.ca.gov	Financial Statement Audit of the LAFCO	90 Hours
CLIENT 3	San Diego County Water Authority 4677 Overland Avenue San Diego, CA Chris Woidzik, Controller 858.522.6679 cwoidzik@cdcwa.org	Financial Statement Audit of the Authority and Quantification Settlement Agreement	325 Hours
CLIENT 4	Coachella Valley Assoc of Governments 74-199 El Paseo, Ste 100 Palm Desert, CA Claude Kilgore, Director of Finance 760.346.1127 ckilgore@cvag.org	Financial Statement Audit JPA Financial Statement Audits Single Audit	400 Hours
CLIENT 5	North County Dispatch JPA 16936 El Fuego Rancho Santa Fe, CA Christopher Herren, Administrator 858.756.3006 cherren@ncdjpa.org	Financial Statement Audit of the JPA and Single Audit	120 Hours

Section D – Proposed Staffing

The success of any audit depends on the availability of personnel with the required managerial and technical skills. The engagement team at Davis Farr LLP has years of collective experience serving as a team of professionals on numerous financial audit examinations of local government entities. Our team will be composed of key personnel, including the Partner, Manager, and Senior Auditor, who will not be removed or replaced without the prior consent of the LAFCos.

At Davis Farr LLP, we recognize that efficient administrative management and supervision of the audits is a vital factor in attaining the desired results for our clients. To ensure that the auditing process runs smoothly and produces accurate results for the LAFCos, we have developed a solid organizational structure for providing independent auditing services, as follows:



Section E – Audit Approach

At Davis Farr, we are committed to conducting our engagements in the most efficient manner possible, and our audit approach is tailored to be sensitive to the priorities and requirements of our clients. Some unique features of our approach include:

- We prioritize minimizing disruption to LAFCo staff and completing the audit in a timely manner. To this end, we schedule our audit segments and requested documentation around the schedules of our clients.
- When possible, we strive to make use of existing accounting support materials already prepared by LAFCo staff. This avoids unnecessary duplication of effort and undue requests for supporting schedules. Typically, we request support for balance sheet items, the year-end trial balances and cash and long-term debt confirmations.
- Our expertise and focus is in governmental auditing, and our auditors possess the skills and know-how to address issues that are specific to local governments.
- We believe the key to effective internal control recommendations lies in understanding the unique circumstances and needs of each client we serve. For this reason, we take great care to acquire a comprehensive understanding of the specific circumstances at the LAFCo, so we can formulate practical and tailored recommendations that best meet your needs.
- We also understand that accounting issues can arise at any time of the year, and that addressing these concerns is critical to the success of your organization. That's why we make it our priority to be a constant resource for our clients throughout the year, providing accounting advice, researching technical questions, assisting with tax-related issues and helping with other challenges as they occur.

Audit Software - We utilize the highly versatile CaseWare audit software when generating electronic copies of audit workpapers. We understand the need for flexibility and are able to accept audit documentation in both hard copy and electronic format. CaseWare provides the ability to import trial balances from Excel or text documents, allowing us to begin analyzing figures almost immediately. CaseWare audit software offers numerous benefits, including:

- We create our own lead sheets and analytical review schedules through the software. This limits the amount of time finance staff spends creating audit schedules. The automated process also generates analytical review reports by account number. This makes it easier to examine significant fluctuations between fiscal years.
- We can link the financial statement schedules directly to the CaseWare trial balances. As a result, we can provide the LAFCo with financial statements soon after receiving the trial balance from the LAFCo. Journal entries are simple to post to the financial statement schedules, minimizing the risk of data entry errors.
- We can provide customized reports that outline the grouping of the financial statement schedules. These reports show each account grouped to a specific financial statement line item and journal entries posted during the audit.

Data Mining Software – At Davis Farr, we pride ourselves on leveraging technology to improve accuracy and efficiency of our audit procedures. Our dedicated team of trained personnel uses specialized data mining software, IDEA, to identify and investigate inconsistencies and irregularities within your accounting system. The software works by analyzing source data pinpoint potential anomalies, including, but not limited to, cross-referencing vendor and employee addresses, detecting duplicate or voided checks, reviewing journal entry posting for unauthorized individuals, and identifying accounting transactions recorded on the weekend. The IDEA software goes a step further by highlighting specific transactions for the auditors to review, thus enhancing the identification of potential fraud or errors.

Internal Control Evaluation – We have developed an effective methodology for evaluating internal controls that ensures we gain an understanding of your organization's procedures. Our approach includes observation and inquiry, which allows us to thoroughly explore the accounting cycles. When assessing internal controls, we invest significant time with the personnel overseeing the accounting process to better understand the procedures in place.

Following this preliminary assessment, we identify key controls in your processes and design customized tests to evaluate the effectiveness of your existing procedures. In the initial year of the audit, we will focus on the following accounting cycles:

- Billing and cash receipting
- Capital assets
- Purchase and disbursements
- Payroll
- Investment and cash controls
- Information systems

In future years, we will continue to review the accounting cycles mentioned earlier, while refining our approach to other related processes, such as credit card transactions, petty cash, inventory controls, offsite cash receipting, employee reimbursements, contract compliance, and so forth. Our goal is to continually refine our audit approach to achieve optimal efficiency, increase the scope of our assessments and hone our ability to identify and address potential issues.

Audit Stage	Procedures Performed
<i>Planning and Inquiry</i>	<p>During the planning phase of the audit, we plan to perform the following procedures:</p> <ul style="list-style-type: none"> ✓ Meet with finance personnel to gain an understanding of significant transactions during the year. ✓ Communicate with the Commission to ensure compliance with relevant laws and regulations and address any concerns they may have regarding the finances of the LAFCo. ✓ Perform internal control evaluations as outlined above. ✓ Determine materiality levels to guide our selection of audit transactions. ✓ Perform a risk assessment to develop the audit plan for the year. ✓ Review minutes of the Commission meetings to gain an understanding of financial actions taken by the LAFCo throughout the year. ✓ Examine new contracts, bond documents, and agreements. ✓ Evaluate compliance with investments in accordance with the LAFCo's investment policy and CA Government Code. ✓ Test purchase orders and contract management. ✓ Test a sample of cash disbursements to determine adherence to policies and internal controls. ✓ Perform a review of the LAFCo's information systems and controls. ✓ Conduct compliance testing of federal grants, where applicable. ✓ Review the prior audited financial statements and offer feedback to LAFCo staff regarding best practices in financial reporting. ✓ Provide a GASB Update and templates for implementing new accounting standards
<i>Year-End Testing</i>	<p>After the books are closed and ready for audit, we will perform our year-end procedures which include the following:</p> <ul style="list-style-type: none"> ✓ Confirming 100% of all cash and investment balances and test market values provided by your investment custodians. ✓ Testing for proper cutoffs of accounts receivable and grants receivable. ✓ Testing the additions and deletions to capital assets and reviewing depreciation expense for reasonableness. ✓ Testing current liabilities and perform a search for unrecorded liabilities. ✓ Reviewing unearned revenue balances for proper cutoffs. ✓ Testing the balances of accrued payroll and employee related liabilities. ✓ Confirming long-term debt with independent parties, when applicable. ✓ Testing of actuarial valuations and calculations related to pension and OPEB obligations and disclosures under GASB 68 and 75, if applicable. ✓ Evaluating claims and judgments payable. ✓ Testing of restrictions and classifications of net position. ✓ Test the reasonableness of interest income, realized, and unrealized gains/losses on investments. ✓ Analytically and substantively test revenues and expenses reported in the financial statements.

Audit Stage	Procedures Performed
	<p>✓ We will incorporate an element of unpredictability every year that will focus on an audit area that is not typically considered a high or significant risk area such as petty cash, credit card purchases, new vendors, travel expenses, etc.</p> <p>This list of tests, while not exhaustive, represents some of the critical procedures that we undertake during the audit process. During the final stage of the audit, we review our findings and necessary adjustments with your Finance staff. We will ensure you are fully informed of any adjustments or recommendations and that all your questions and concerns are addressed.</p>
Completion of the Audit and Preparation of Financial Statements	<p>Our goal is to deliver comprehensive, audited financial statements that conform to generally accepted accounting principles. Throughout the audit, we scrutinize all relevant information to ensure a reliable and accurate representation of LAFCo's finances. The culmination of this audit information is then used to reach a conclusion on whether the financial statements taken as a whole conform with generally accepted accounting principles.</p> <ul style="list-style-type: none"> ✓ Reviewing significant events following the year-end closing process. ✓ Reviewing attorney letters for significant legal matters. ✓ Providing five levels of review on the LAFCo's Financial Statements. ✓ Meeting with the Commission to present the audit results, if requested.

Section F – Implementation of New GASB Pronouncements

We are committed to helping our clients navigate the ever-changing world of accounting standards. We understand implementing new standards presents significant challenges, and we provide guidance and support to help our clients implement these changes efficiently and effectively. In the upcoming years, LAFCo will be required to implement several new accounting standards. Our services extend to consulting on these new standards to ensure your organization is well-prepared to meet the specified requirements.

Below are some of the significant new GASB pronouncements planned or proposed for local governments that may impact the LAFCo:

<i>GASB 100: Accounting Changes and Error Corrections</i>	This statement provides guidance on accounting changes and accounting for different types of accounting changes and error corrections in the financial statements. This statement is effective for the fiscal year ending June 30, 2024.
<i>GASB 101: Compensated Absences</i>	This statement provides guidance on accounting changes and financial reporting related to compensated absences. This statement is effective for the fiscal year ending June 30, 2025.

Section G – Scope of Work

Our understanding of the objectives and scope of the work to be performed for the LAFCo is as follows:

- Conducting an audit examination of the financial statements of the LAFCo for the fiscal year ending June 30, 2024, through June 30, 2029. The audit will be conducted in accordance with generally accepted auditing standards, the AICPA Audit and Accounting Guide, Audits of State and Local Government Units, and the Government Auditing Standards issued by the Comptroller General of the United States. We will ensure that the Basic Financial Statements are prepared in conformity with the most recent edition of the GAAFR, the GAAFR Update, and subsequent GASB pronouncements.
- When necessary, we will perform a compliance audit of federal expenditures in accordance with the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* in any year the LAFCo has federal expenditures of more than \$750,000.
- We will prepare a “management letter” to the Commission summarizing the audit results in accordance with the Codification of Auditing Standards Section AU-260, and including recommendations for improvements in internal control that are considered to be non-reportable conditions.
- We will prepare a letter to the Commission reporting any internal control issues that meet the threshold of a significant deficiency or material weakness, as defined by the Codification of Auditing Standards Section AU-265. We will immediately report any irregularities or illegal acts that come to our attention to management and/or those charged with governance.
- If requested, we will meet with the Commission to discuss the results of the audit.
- Finally, we consider our role as advisors to the LAFCo regarding generally accepted accounting principles to be an essential part of our services. Throughout the year, the management and other finance personnel of the LAFCo will have full access to us to our team to seek advice on various matters relating to the application of generally accepted accounting principles, financial statement preparation and content, debt issuances, upcoming accounting standards and any other issues that may arise.

Section H – Proposed Timing of the Audits

The following proposed timing is subject to each LAFCO’s specific requirements, however, here is a general timeline of the audits:



Section I – Proposed Fees and Segmentation of the Audit

Please see the appendix for cost information for each LAFCO.

The following is our estimate of the hours by professional classification required to perform the services previously outlined:

Classification	Hours	Percentage
<i>Partner</i>	<i>8</i>	<i>9%</i>
<i>Manager</i>	<i>8</i>	<i>13%</i>
<i>Audit Supervisor/Senior</i>	<i>50</i>	<i>43%</i>
<i>Staff Auditor</i>	<i>30</i>	<i>35%</i>
Total	96	100%

For additional work performed outside of the engagement, our rates are as follows:

<i>Partner</i>	<i>\$250</i>
<i>Manager</i>	<i>180</i>
<i>Supervisor/Senior</i>	<i>130</i>
<i>Staff</i>	<i>110</i>

APPENDIX



Davis Farr LLP

LAFCo	FY 23-24	FY24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
El Dorado*	\$11,875.00	\$12,465.00	\$13,090.00	\$13,740.00	\$13,740.00	\$13,740.00
Fresno**	\$13,125.00		\$14,470.00		\$14,990.00	
Marin-***		\$10,400.00	\$10,920.00	\$11,450.00	\$11,450.00	\$11,450.00
Santa Barbara*	\$11,875.00	\$12,465.00	\$13,090.00	\$13,740.00	\$13,740.00	\$13,740.00
Santa Cruz****	\$13,750.00	\$12,465.00	\$13,090.00	\$13,740.00	\$13,740.00	\$13,740.00

*Based on 95 hours for the first year engagement with prior year audited financial statements completed.

**Bi-annual audit - based on 105 hours, as a bi-annual audit requires additional work on the balances for the preceding year.

***Based on previous knowledge of hours required to complete audit as Marin is a current client.

****First ever audit and as such, there is additional work that needs to be completed. Subsequent years based on recurring annual audits.

Note: Cost savings can be realized by each LAFCo based on preparedness and responsiveness of staff during audit.

PLEASE PROVIDE THE NOT TO EXCEED AMOUNT FOR EACH YEAR.

Black Box means that LAFCo does not need an audit for that FY.



Shannon Ayala, CPA

Partner

Ms. Ayala will serve as the Quality Control Reviewer on this audit. She will be involved in approving the audit plan, reviewing key audit workpapers, reviewing all reports and acting as a second technical resource. Ms. Ayala is a Certified Public Accountant with twenty years of audit experience, spending most of that time on audits for local governments in San Diego County. Ms. Ayala has performed financial statement audits of cities and special districts; grant specific audits of funds awarded by Federal, state, and county governments; Single Audits in accordance with Uniform Guidance, and compliance audits.

Employment History

- Davis Farr LLP – Since 2015
- National CPA Firm – 10 years
- Lennar Homes – 2 years

Education

- Bachelor of Science - Accounting (San Diego State University)

Licenses / Registrations

- California CPA Certificate No. 88126

Professional Affiliations & Awards

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
- California Society of Municipal Finance Officers

AUDITS OF GOVERNMENTAL AGENCIES

- | | |
|--|--|
| ✓ City of Carlsbad | ✓ Rancho California Water District |
| ✓ City of Coronado | ✓ San Diego Local Agency Formation Commission |
| ✓ City of Del Mar | ✓ San Diego County Water Authority |
| ✓ City of Escondido | ✓ San Diego Association of Governments |
| ✓ City of Poway | ✓ Salton Sea Authority |
| ✓ City of San Marcos | ✓ San Dieguito River Park Joint Powers Authority |
| ✓ City of Santee | ✓ Sweetwater Authority |
| ✓ Imperial County Local Agency Formation | ✓ Vallecitos Water District |
| ✓ Leucadia Wastewater District | ✓ Rancho California Water District |



Jennifer Farr, CPA, MBA

Partner

Ms. Farr will serve as the Quality Control Reviewer on this audit. She will be involved in approving the audit plan, reviewing key audit workpapers, reviewing all reports and acting as a second technical resource. Ms. Farr is a Certified Public Accountant with over 20 years of experience in local government auditing. Ms. Farr is a frequent speaker on matters pertaining to technical issues and new GASB pronouncements. Ms. Farr is also responsible for training in the area of local governmental accounting and auditing.

Employment History

- Davis Farr LLP – Founding Partner
- Shareholder – National CPA Firm

Education

- Bachelor of Arts - Business Administration / Accounting (California State University, Fullerton)
- Bachelor of Arts - English (California State University, Fullerton)
- Master of Business Administration (California State University, Fullerton)

Licenses / Registrations

- California CPA Certificate No. 76292, October 1998

Professional Affiliations & Awards

- California Society of Certified Public Accountants
- Government Accounting & Auditing Committee
 - Current Chair of Committee
- California Society of Municipal Finance Officers
- American Institute of Certified Public Accountants
- Government Finance Officers Association
- Financial Review Committee

AUDITS OF GOVERNMENTAL AGENCIES

- | | | |
|---------------------------|------------------------|-----------------------------------|
| ✓ City of Avalon | ✓ City of RSM | ✓ Inland Empire Utilities Agency |
| ✓ City of Carlsbad | ✓ City of Rosemead | ✓ Irvine Ranch Water District |
| ✓ City of Commerce | ✓ City of Santa Ana | ✓ Leucadia Wastewater District |
| ✓ City of Campbell | ✓ City of Santee | ✓ Mesa Water District |
| ✓ City of Coronado | ✓ City of South Gate | ✓ Moulton Niguel Water District |
| ✓ City of Costa Mesa | ✓ City of Villa Park | ✓ Orange County Water District |
| ✓ City of Encinitas | ✓ City of Walnut Creek | ✓ Placer County Water Agency |
| ✓ City of Fontana | ✓ City of West Covina | ✓ San Diego Assoc. of Governments |
| ✓ City of Fountain Valley | ✓ City of Whittier | ✓ Sweetwater Authority |
| ✓ City of Garden Grove | ✓ City of Woodland | ✓ Tahoe Transportation District |
| ✓ City of Indian Wells | ✓ City of Tustin | ✓ Tahoe Regional Planning Agency |
| ✓ City of Mission Viejo | ✓ Cucamonga Valley WD | ✓ West Basin Municipal Water |
| ✓ City of Palm Springs | ✓ Eastern Municipal WD | ✓ Yucaipa Valley Water District |



Diego Vanegas, CPA, CISA, CITP

Partner

Mr. Vanegas will serve as the IT Specialist on the engagement. Mr. Vanegas, CPA, CISA, CITP has over 16 years of progressive governmental accounting and audit experience, including extensive compliance audit experience for governmental and non-profit agencies. He has been involved in financial/compliance audits, internal control audits and assessments, operational/performance audits, and cost proposal analysis/price reviews for various governmental agencies. Mr. Vanegas has served in many capacities depending on the size and requirements of the engagements. He has participated in audits of federal agencies such as NSF, CMS, and CNCS, among others. Additionally, Mr. Vanegas has been involved in agreed-upon-procedures and audit engagements of state/local agencies. These engagements have often combined both financial and compliance aspects of the audit as well as Information Technology (IT). Furthermore, he has strong internal control audit experience through the performance of System and Organization Control examinations of the internal controls of service organizations, as well as knowledge of Government Auditing Standards, Office of Management and Budget (OMB) Circular A-87 and the Federal Acquisition Regulations (FAR).

Employment History

- Davis Farr LLP: Partner – January 1, 2018 – Present
- Davis Farr LLP: Manager – June 2015 – December 31, 2017
- Top 10 National CPA Firm – May 2005 - June 2015

Education

- Bachelor of Science in Business Administration, with an emphasis in Accounting (California State University - Los Angeles)
- Bachelor of Science in Computer Information Systems, with an emphasis in Business Systems (California State University - Los Angeles)

Licenses / Registrations

- CA CPA Certificate No. 113040
- Certified Information Systems Auditor
- Certified Information Technology Professional, No. 3298



Krisztina Varga, CPA

Manager

Ms. Varga will serve as the manager on this engagement. She will be responsible for managing the engagement, providing technical assistance, reviewing reports and supervising staff. Ms. Varga has five years of audit experience, spending the majority of that time on audits for non-profits, and local government. The types of audits Ms. Varga has been involved in include: financial audits of non-profits, cities and special districts; grant specific audits of funds awarded by Federal, state, and county governments; and Single Audits in accordance with OMB Circular A-133.

Employment History

- Davis Farr LLP – Since 2017
- Inveco USA – 2012-2017

Education

- Bachelor of Arts in Business Administration/Accounting (California State University, San Marcos)

Licenses / Registrations

- California CPA Certificate
No. 145505

AUDITS OF SPECIAL DISTRICTS

- | | |
|------------------------------------|---|
| ✓ Community Colleges of Spokane | ✓ San Diego Association of Governments |
| ✓ Eastern Municipal Water District | ✓ San Diego County LAFCO |
| ✓ Encinitas Ranch Golf Authority | ✓ San Diego County Water Authority |
| ✓ Imperial County LAFCO | ✓ San Diego County of Emergency Services |
| ✓ Leucadia Wastewater District | ✓ San Diego Geographic Information Source |
| ✓ Rancho California Water District | ✓ San Dieguito River Park Valley JPA |
| ✓ Ramona Municipal Water District | |

AUDITS OF NON-PROFITS

- | | |
|-----------------------------|---|
| ✓ Family YMCA of the Desert | ✓ San Diego Children's Discovery Museum |
|-----------------------------|---|

AUDITS OF LOCAL GOVERNMENTS

- | | |
|--------------------|-----------------------|
| ✓ City of Carlsbad | ✓ City of Vista |
| ✓ City of Poway | ✓ County of San Diego |
| ✓ City of Santee | |



Glenn Wright

Senior Auditor

Mr. Wright will serve as the in-charge on this engagement. He will be the main point of contact for the staff. He will be responsible for supervising the staff. Mr. Wright has eight years of audit experience in public accounting. Mr. Wright has spent time on audits for special districts and local government engagements. The types of audits Mr. Wright has been involved in include: financial audits of non-profits, cities and special districts, and Single Audits in accordance with Uniform Guidance. Before joining Davis Farr, Mr. Wright spent six years as an external auditor for Big 4 and other top 10 Audit firms.

Employment History

- Davis Farr LLP – 2023 - Present
- BDO USA LLP – 2022-2023
- Ernst & Young – 2021 – 2022
- CBIZ MHM, LLC – 2019 – 2021
- Considine & Considine 2016 - 2019

Education

- Bachelor of Science in Accountancy
(San Diego State University)
- Master of Science in Accountancy: Audit & Assurance
(San Diego State University)

AUDITS OF LOCAL GOVERNMENTS

- ✓ City of Vista
- ✓ City of Coronado
- ✓ City of Tustin

AUDITS OF SPECIAL DISTRICTS

- ✓ Rincon Del Diablo Water District
- ✓ Otay Water District
- ✓ Vista Irrigation District

AUDITS OF ASSOCIATIONS AND COMMISSIONS

- ✓ San Diego Association of Governments
- ✓ Coachella Valley Association of Governments
- ✓ Coachella Valley Conservation Commission
- ✓ Desert Community Energy



Report on the Firm's System of Quality Control

Davis Farr LLP

and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Davis Farr LLP (the firm) in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; and examination of a service organization (SOC 1 engagement).

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

CPAs ■ Advisors

4120 Concours, Suite 100, Ontario, CA 91764
909.948.9990 / 800.644.0696 / FAX 909.948.9633
gyl@gylcpa.com
www.gylcpa.com

CPAmerica
Member  Crowe Global

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Davis Farr LLP in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Davis Farr LLP has received a peer review rating of *pass*.

GYL LLP

Ontario, California
August 8, 2022



DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Local Agency Formation

COMMISSION

PREPARED FOR

*County of El Dorado
County of Fresno
County of Marin
County of Mendocino
County of Santa Barbara
County of Santa Cruz*

PROPOSAL FOR INDEPENDENT AUDITING SERVICES

PREPARED BY

**Brown Armstrong
Accountancy Corporation**

Lindsey Zimmerman, CPA/ Partner
4200 Truxtun Avenue, Suite 300
Bakersfield, California 93309

T: (661) 324-4971 | F: (661) 324-4997 | E: lzimmerman@ba.cpa

FIN: 95-3109182 | LICENSE NO.: 1171

MARCH 22, 2024



2. Cover Letter

March 22, 2024

Jason Fried
Executive Officer
County of Marin LAFCO
1401 Los Gatos Drive, Suite 220
San Rafael, California 94903

Dear Mr. Fried:

Brown Armstrong Accountancy Corporation (Brown Armstrong) is pleased to submit this proposal to perform financial statement audits of the El Dorado, Fresno, Marin, Mendocino, Santa Barbara, and Santa Cruz Local Agency Formation Commissions (LAFCOs) for the fiscal years ending June 30, 2023 through June 30, 2029 (depending on individual LAFCO request). We believe our proposal exceeds the requirements outlined in your request for proposal.

Brown Armstrong would like the opportunity to be your auditors. We believe one of the reasons we are the best candidate to meet your needs is because of our extensive experience serving government entities for almost 50 years and our client-oriented philosophy and hands-on approach. We believe this will allow us to offer you exceptional service.

We have thoroughly read your request for proposal RFP) and understand its requests. We are committed to performance and the efficient completion of this audit on or before the various due date specified in your RFP. At Brown Armstrong, we understand that your timeframes must be met. As one of our key strengths, we develop an approach by which specific deliverables are achieved within set timeframes. We will work with you to develop a timeline that meets your specific requirements, meeting dates, field work dates, status reporting dates, and final report dates.

As noted above, we have almost 50 years of experience auditing numerous governmental entities and during that time frame we have provided superior audit services to the public sector and developed a substantial accounting and audit practice that is amongst the largest in California. Over one-half of our practice is dedicated to the audits of some 100 municipal clients, these include: counties, cities, special districts, public employee retirement systems; joint power authorities, and transit authorities located from Humboldt County in the north to San Diego County in the south. We are experts in governmental accounting and auditing and have assisted numerous clients in receiving the Certificate of Achievement for Excellence in Financial Reporting.

i

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

Our firm's partners, managers, and seniors are actively involved in trade associations such as Government Finance Officers Association (GFOA), California Transit Association, and the California Society of Municipal Finance Officers. Several of our Partners are pro bono recognized reviewers for the GFOA Certificate of Achievement Award Committee. We enthusiastically contribute our time to this Award process because as we review ACFRs from all across the United States, we maintain current, up-to-date knowledge of municipal accounting principles. Beyond the activity in trade associations, we offer our clients the education and organization to prepare themselves for upcoming regulation and compliance changes.

Our approach, people, commitment to timelines, and dedication to financial reporting excellence makes Brown Armstrong the best-qualified firm to meet your needs.

Our firm, its shareholders and employees are independent of the LAFCOs as defined by auditing standards generally accepted in the United States of America, and the General Accounting Office's *Government Auditing Standards*.

Brown Armstrong is an equal opportunity employer. See the *Other Information Required in Proposal* section for our statement regarding our commitment to Equal Employment Opportunities.

I certify that the requirements of the project as described in the RFP have been reviewed and I have conducted all necessary due diligence to confirm material facts upon which this proposal is based.

I will be the engagement partner and primary liaison responsible for all services provided to the LAFCOs, and I am entitled to represent the firm, empowered to submit this bid, and authorized to negotiate and sign a contract with the LAFCOs. I can be contacted at 4200 Truxtun Avenue, Suite 300, Bakersfield, CA 93309 Tel (661) 324-4971, Fax (661) 324-4997, or by email at lzimmerman@ba.cpa.

I, the undersigned, certify that I am duly authorized to represent the above-named firm and am empowered to submit this bid. In addition, I certify that I am authorized to contract with the LAFCO on behalf of the above-named firm. Please contact me if I can clarify or expand on any item contained in this proposal. We are available for an oral presentation, if requested. This proposal is a firm and irrevocable offer for one hundred twenty (120) days.

Sincerely,

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



By: Lindsey Zimmerman, CPA
Partner

California Corporation Number: C0808648

Incorporation Date: February 10, 1977

Registered as:

Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309

Title of person signing on behalf of the corporation: Partner

Local Agency Formation Commission

El Dorado | Fresno | Marin | Santa Barbara | Santa Cruz

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4. Proposer's Qualifications

A. Qualifications and Related Experience of the Personnel Who Will Serve each LAFCO

Lindsey Zimmerman, CPA will be the Engagement Partner and primary liaison responsible for all services to each LAFCO and she is authorized to contractually bind the firm.

The members of the audit team assigned to your engagement are:

LAFCO TEAM



Lindsey Zimmerman, CPA

Engagement Partner

- **10+ years** governmental auditing experience
- Overall responsibility for the audit and delivery of client service
- Approves the overall audit risk assessment and audit procedures
- Communicates with executive management, and members of the LAFCOs, regarding audit planning, fieldwork and reporting
- Available throughout the year to ensure proactive issue identification and service delivery



Eric H. Xin, CPA, MBA

Technical Review Partner

- **25+ years** governmental auditing experience
- Assists in performing the audit risk assessment and design audit procedures
- Assists in audit documentation review in significant areas
- Ensures conformance with GAAP and GFOA requirements
- Advises the audit team regarding technical matters and provides concurring approval of financial statements and audit reports



Sarabeth Prior-Dalmas, CPA

Engagement Manager

- **8+ years** governmental auditing experience
- Reports to the Partners regarding audit and technical matters
- Assists in the coordination of planning, fieldwork, and reporting matters
- Reviews audit documentation for significant audit areas
- Is in constant communication with executive management and members of the LAFCOs regarding audit planning, fieldwork, and reporting



Rishu Kalra, CPA

Engagement Senior

- **1+ years** governmental auditing experience
- Leading fieldwork audit team
- Reviews, analyzes, and documents client internal controls
- Completes complex audit procedures
- Researches and performs tests and analytical reviews on issues under direction of the Engagement Manager
- Reviews financial statements and workpapers before sending the drafts to Engagement Manager and Partners for further review



Yuchao Hu

Engagement Senior

- **5+ years** governmental auditing experience
- Leading fieldwork audit team
- Reviews, analyzes, and documents client internal controls
- Completes complex audit procedures
- Researches and performs tests and analytical reviews on issues under direction of the Engagement Manager
- Reviews financial statements and workpapers before sending the drafts to Engagement Manager and Partners for further review

The LAFCOs require auditors who can quickly identify and understand the pertinent issues and promptly provide assistance whenever and wherever needed. This cannot be accomplished without a comprehensive knowledge of operations. Brown Armstrong has assembled a key group of professionals that possess a firm grasp of the subject matter, as well as the experience, confidence, and friendliness you deserve. Our staff will be there when you need them, and they will be continually involved in the audit procedures. This will allow you to have access to decision makers and the resources you need at all times.

TECHNICAL PROPOSAL

Resumes, continuing professional education and the respective CPA licenses of the proposed engagement team can be found on the following pages.

We want to provide the most stable, consistent staffing available during our partnership. Excessive personnel turnover can complicate engagements and decrease the efficiency of the audit due to “catch-up” time needed. Our mission to the LAFCO’s maximum benefit from their working relationship with Brown Armstrong, we will continue to maintain the highest level of staff continuity throughout the course of the engagement. The engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. We understand that LAFCO staff retains the right to approve or reject replacements. We also understand that other audit personnel may be changed at our discretion, provided that replacements have substantially the same or better qualification or experience. If the LAFCOs wish to rotate staff members to enhance independence, we are willing to discuss those terms in the engagement.

Resumes



Lindsey Zimmerman

Engagement Partner, CPA

Contact

✉ lzimmerman@ba.cpa

☎ 661-324-4971

📍 Bakersfield, California

🌐 www.ba.cpa

Education

Azuza Pacific University
Bachelors of Science Degree
in Accounting
2006

Experience

Cities

Bakersfield
Fresno
Laguna Woods
Morro Bay
Tulare
Visalia
Paso Robles
St. Helena

Counties

Kern
Merced
Napa
Riverside
San Diego – TTC
Investment Pool
Santa Barbara
Santa Cruz

San Joaquin
San Luis Obispo
Tulare

Non-Profits

Buck Owens Crystal Palace
Buck Owens Private Foundation
Goodwill Industries of South Central California
Inspiring Pathways
Rotary Club of Bakersfield
Rotary Club of Wasco

Retirements

Kern County Deferred Compensation Plans
San Francisco Bay Area Rapid Transit – Deferred
Compensation Plan
San Francisco Bay Area Rapid Transit – Money Pension Plan
San Joaquin County Employees' Retirement Association
San Luis Obispo County Pension Trust
Southwest Contractors, Inc. Profit Sharing Plan

Special Districts

Buena Vista Water Storage District
Kern Delta Water District
Kern Fan Authority
Kern County Housing Authority
Kern Local Agency Formation Commission
James Water Bank Authority
Napa County Housing Authority
Napa County Special Districts
Napa Local Agency Formation Commission

Background

Lindsey will be the Engagement Partner for the engagement. She is a partner who has more than 10 years of governmental auditing experience and 18 years of auditing experience. She has been with the firm since August of 2012, joining the firm after 6 years at KPMG Orange County and 4 years of additional accounting and auditing experience before working at KPMG. Her primary business focus is governmental entities audit and accounting. Her audit specialties include counties, cities, special districts, and retirement systems. She also enjoys presenting classes at SACA and CALAPRS.

Lindsey has always ensured that we have the highest level of audit and consulting services for all of her clients. She is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Roles and Responsibilities

- Overall responsibility for the audit and delivery of client service
- Approves the overall audit risk assessment and audit procedures
- Communicates with executive management, and members of the LAFCOs, regarding audit planning, fieldwork and reporting
- Available throughout the year to ensure proactive issue identification and service delivery



Eric H. Xin

Technical Review Partner, CPA, MBA

Background

Eric Xin, a partner at Brown Armstrong's Bakersfield office, will be the Technical Review Partner for this engagement. He has over 25 years of experience in auditing governmental entities and brings expertise in many areas. His primary audit focus is in counties, cities, special districts, nonprofits and school districts.

Not only does he have experience in the audit process, but he will be an integral member of the team when it comes to keeping standards up to date. He is a reviewer for the GFOA Certificate of Achievement Program and reviews the Governmental Accounting Standards Board (GASB) advisory committees' latest pronouncements.

Contact

✉ exin@ba.cpa

☎ 661-324-4971

📍 Bakersfield, California

🌐 www.ba.cpa

Education

Nankai University, China
Bachelors of Science Degree in Business
1989

California State University, Bakersfield
Master's Degree in Business Administration
1996

Experience

Cities

Bakersfield
Delano
Fresno
Laguna Woods
Tulare
Visalia

Counties

Fresno
Kern
Kings
Merced
Riverside
San Diego - TTC
Tulare
Santa Barbara

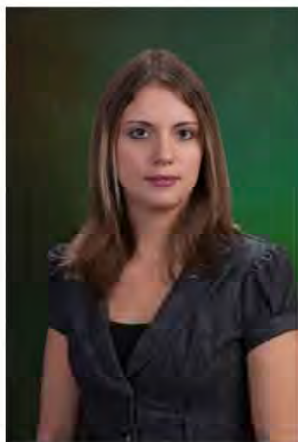
Non-Profits

Bakersfield D.A.R.E., Inc.
Cal State University Bakersfield Foundation
Community Action Partnership of San Luis Obispo
Community Action Partnership of Madera County
Christian Foundation of the West
Ebony Counseling Center
Economic Development Center – Fresno/Kings County
Kern County Probation Officer's Association
Missionary Church Western Region
Pacific Health Education Center

Special Districts

Buena Vista Water Storage District
California Valley Community Services District
First 5 Kern County
First 5 Kings County
First 5 Santa Barbara County
First 5 Stanislaus County
First 5 Merced County
First 5 Monterey County

First 5 San Joaquin
Kern Local Agency Formation Commission
Napa Local Agency Formation Commission
Olcese Water District
San Joaquin Area Flood Control Agency
San Joaquin Valley Air Pollution Control District
South San Joaquin Irrigation District



Sarabeth Prior-Dalmas

Engagement Manager, CPA

Contact

✉ sprior-dalmas@ba.cpa

☎ 661-324-4971

📍 Bakersfield, California

🌐 www.ba.cpa

Education

California State University, Bakersfield
Bachelor of Science Degree in Business
Administration, Concentration in
Accounting

Experience

Cities

Bakersfield
Morro Bay

Counties

Merced
Riverside
San Luis Obispo
Santa Barbara
Santa Cruz
Tulare

Non-Profits

Bakersfield ARC, Inc.
Bakersfield Homeless Center
First Assembly of God Church
National Test Pilot School

Transits

Kern Council of Governments
Tulare County Association of Governments
Stanislaus Council of Governments
Riverside Transit Agency
San Joaquin Council of Governments
San Joaquin Regional Transit District
Tulare County Regional Transit Agency

Special Districts

Bear Mountain Recreation and Park District
Buena Vista Water Storage District
Cawelo Water District
Goleta Water District
Kern Delta Water District
Kern Local Agency Formation Commission
Lamont Public Utility District
Mojave Air and Space Port
Mojave Public Utility District
North Kern Cemetery District
Port Hueneme Water Agency

Background

Sarabeth is the engagement manager of the project and located in our Bakersfield office. She has more than 8 years of governmental auditing experience at Brown Armstrong. Her primary business focus is governmental entities audit and accounting. Her audit specialties include special districts, transits, and non-profits.

Sarabeth will be highly involved in the field work and a face-to-face presence for Brown Armstrong. She and the supervisor accountant will be easily accessible to the LAFCOs at all times. Her ability to manage an audit has become invaluable for Brown Armstrong. She is actively involved in a number of professional organizations such as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Roles and Responsibilities

- Reports to the Partners regarding audit and technical matters
- Assists in the coordination of planning, fieldwork, and reporting matters
- Reviews audit documentation for significant audit areas
- Is in constant communication with executive management and members of the LAFCOs regarding audit planning, fieldwork, and reporting

Retirements

City of Fresno Employees' Retirement System
Ventura County Employees' Retirement System



Rishu Kalra

Engagement Senior, CPA

Background

Rishu is an audit senior with almost two (2) years of governmental auditing experience. She has shown excellent performance in leading fieldwork, compiling and preparing financial statements, performing tests and analytical reviews, as well as creating strong working relationships with clients. He has executed audits in the past with little issues and is great at maximizing efficiency while performing audit work.

Contact

✉ rkalra@ba.cpa
 ☎ 661-324-4971
 📍 Bakersfield, California
 🌐 www.ba.cpa

Education

Panjab University, India
Master of Business Administration
Bachelor of Commerce
 The Institute of Chartered Accountants of India
Chartered Accountant

Roles and Responsibilities

- Leading fieldwork audit team
- Reviews, analyzes, and documents client internal controls
- Completes complex audit procedures
- Researches and performs tests and analytical reviews on issues under direction of the Engagement Manager
- Reviews financial statements and workpapers before sending the drafts to Engagement Manager and Partners for further review

Experience

Cities

Laguna Woods
 Morro Bay
 Paso Robles

Counties

Napa
 Riverside
 Santa Cruz
 Tulare

First 5s

Merced
 San Mateo
 Ventura

Special Districts

Cawelo Water District
 Golden Valley Municipal Water District
 Kern Local Agency Formation Commission
 Lebec County Water District
 North Kern Cemetery District
 Sonoma County Public Safety Consortium
 South San Joaquin Irrigation District

Non-Profits

Christian Foundation of America
 Community Action Partnership of San Luis Obispo
 Goodwill Industries of South Central California
 Greater Bakersfield Legal Association
 Hoffmann Hospice of the Valley, Inc.
 Kern County Hispanic Commission
 Liberty Health Advantage
 National Association of Regional Councils
 N.E.E.D.S. Center
 New Start Youth Facility
 Victory Family Services

Transits

Kern Council of Governments
 San Bernardino County Transportation Authority
 San Luis Obispo Regional Transit Authority
 Stanislaus Regional Transit Authority
 Tulare County Association of Governments



Yuchao Hu

Engagement Senior

Background

Yuchao is an audit senior with over five (5) years of governmental auditing experience. He has shown excellent performance in leading fieldwork, compiling and preparing financial statements, performing tests and analytical reviews, as well as creating strong working relationships with clients. He has executed audits in the past with little issues and is great at maximizing efficiency while performing audit work.

Contact

✉ yhu@ba.cpa
 ☎ 661-324-4971
 📍 Bakersfield, California
 🌐 www.ba.cpa

Roles and Responsibilities

- Leading fieldwork audit team
- Reviews, analyzes, and documents client internal controls
- Completes complex audit procedures
- Researches and performs tests and analytical reviews on issues under direction of the Engagement Manager
- Reviews financial statements and workpapers before sending the drafts to Engagement Manager and Partners for further review

Education

California State University, Bakersfield
Bachelor of Science Degree in Business Administration, Concentration in Accounting and Finance
 2014

Experience

Cities

Bakersfield
 Fresno
 Huron
 Laguna Woods
 Paso Robles
 Tulare

Counties

Merced
 Napa
 Riverside

Special Districts

Antelope Valley East Kern Water Agency
 Buena Vista Water Storage District
 California Valley Community Services District
 First 5 Kern
 Kern Delta Water District
 Kern Water Bank Authority
 Minter Field Airport District
 Mojave Public Utility District
 Visalia Public Cemetery District

Transits

Kern Council of Governments
 Riverside Transit Agency
 San Joaquin Regional Transit District
 San Luis Obispo Council of Governments
 Santa Barbara Metropolitan Transit District
 Tulare County Association of Governments

Non-Profits

Alumni Association California Institute of Technology
 Bakersfield ARC
 Christian Foundation of America
 Community Action Partnership of Kern
 Community Action Partnership of San Luis Obispo
 Desert Tortoise Preserve
 Friends of Mercy Foundation

Global Family Care network, Inc.
 James Penny House
 Kern Local Area Formation Commission
 Kern Medical Center Foundation
 New Start Youth Facility
 Pacific Health Education Center
 Proteus, Inc.
 United Way of the Inland Valleys

Continuing Professional Education

Lindsey Zimmerman, CPA

Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 2, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 1, 2024
2023/24 Federal and California Tax Update, 2024
State Controller's Conference with County Auditors, 2023
Brown Armstrong - Governmental A&A Update, 2023
Accounting and Auditing Update - Day 2, 2023
Accounting and Auditing Update - Day 1, 2023
PCAOB Auditing Standards - Audit of Effectiveness of I/C over Fin Rep, 2022
SB 1343 & AB 1825 Prevention of Sexual Harassment & Bullying for Supervisors, 2022
Ethical Responsibilities for CPAs: Regulatory Review, 2022
Fraud Update - Ethics & Independence, 2022
AuditWatch Accounting & Auditing Update, 2022
Fraud Update - Ethics & Independence, 2022
2021/2022 Federal and California Tax Update - Part II, 2022
2021/2022 Federal and California Tax Update - Part I, 2022
The Head Start Program: COVID-19 Implications and Other Program Updates, 2022
Governmental and NP Accounting & Auditing, 2022
Real World Frauds Found in Governments, 2022
Governmental and Not-For-Profit Annual Update, 2022
Annual Conference of the State Association of County Auditors, 2022
2021 February GAAC Meeting, 2022
The Good (Ethical Leadership), the Bad (Fraud), and the Ugly (SSARS), 2021
GAAP - Update of Significant Accounting Topics, 2021
2020/2021 Federal and California Tax Update - Part 2, 2021
2020/2021 Federal and California Tax Update - Part 1, 2021
Single Audits: A Case Study Approach, 2017

Eric H. Xin, CPA, MBA

ACFE Expert Insights - Embedding Fraud Detection into Internal Audit, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 2, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 1, 2024
2023/24 Federal and California Tax Update, 2024
State Controller's Conference with County Auditors, 2023
Brown Armstrong - Governmental A&A Update, 2023
Accounting and Auditing Update - Day 2, 2023
Accounting and Auditing Update - Day 1, 2023
Breaking Down the New Auditor's Report for ERISA Engagements, 2022
Auditing ERISA Plan Investments, 2022
Planning an ERISA Plan Audit & Auditing the Statements of Net Assets Available for Benefits, 2022
Government & Nonprofit Update - Day 2, 2022
Government & Nonprofit Update, 2022
2022 State and Local Government Audit Planning Considerations, 2022
2022 Annual Required GAQC Webcast, 2022
Annual Conference of the State Association of County Auditors, 2022
AuditWatch Accounting & Auditing Update, 2022
Fraud Update - Ethics & Independence, 2022
2021/2022 Federal and California Tax Update - Part II, 2022
2021/2022 Federal and California Tax Update - Part I, 2022
The Head Start Program: COVID-19 Implications and Other Program Updates, 2021
Governmental and NP Accounting & Auditing, 2021
Real World Frauds Found in Governments, 2021
Governmental and Not-For-Profit Annual Update, 2021
Annual Conference of the State Association of County Auditors, 2021
2021 February GAAC Meeting, 2021
The Good (Ethical Leadership), the Bad (Fraud), and the Ugly (SSARS), 2021
GAAP - Update of Significant Accounting Topics, 2021
GAAP - Update of Significant Accounting Topics, 2021
2020/2021 Federal and California Tax Update - Part 2, 2021
2020/2021 Federal and California Tax Update - Part 1, 2021

TECHNICAL PROPOSAL

Sarabeth Prior-Dalmas, CPA

2023/24 Federal and California Tax Update, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 2, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 1, 2024
Brown Armstrong - Governmental A&A Update, 2023

Rishu Kalra, CPA

Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 2
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 1
Brown Armstrong - Governmental A&A Update
Accounting and Auditing Update - Day 2
Accounting and Auditing Update - Day 1

Yuchao Hu

Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 2, 2024
Brown Armstrong - AuditWatch Accounting & Auditing Update - Day 1, 2024
2023/24 Federal and California Tax Update, 2024
Accounting & Auditing Update, 2023
Government & Nonprofit Update, 2023
Government & Nonprofit Update, 2023
Accounting & Auditing Update, 2023
Government & Nonprofit Update - Day 2, 2022
Government & Nonprofit Update, 2022
AuditWatch Accounting & Auditing Update, 2022
Fraud Update - Ethics & Independence, 2022
Governmental and NP Accounting & Auditing, 2021
Real World Frauds Found in Governments, 2021
Governmental and Not-For-Profit Annual Update, 2021
Ethical Responsibilities for CPAs: Ethics Webcast, 2021
The Good (Ethical Leadership), the Bad (Fraud), and the Ugly (SSARS), 2021
GAAP - Update of Significant Accounting Topics, 2021

Licenses



ZIMMERMAN, LINDSEY

LICENSE NUMBER: [106220](#) LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT

LICENSE STATUS: CLEAR ⓘ EXPIRATION DATE: JUNE 30, 2024

SECONDARY STATUS: N/A

CITY: BAKERSFIELD STATE: CALIFORNIA COUNTY: KERN ZIP: 93309



XIN, ERIC H

LICENSE NUMBER: [76346](#) LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT

LICENSE STATUS: CLEAR ⓘ EXPIRATION DATE: FEBRUARY 28, 2026

SECONDARY STATUS: N/A

CITY: BAKERSFIELD STATE: CALIFORNIA COUNTY: KERN ZIP: 93309



PRIOR-DALMAS, SARABETH

LICENSE NUMBER: [127484](#) LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT

LICENSE STATUS: CLEAR ⓘ EXPIRATION DATE: OCTOBER 31, 2024

SECONDARY STATUS: N/A

CITY: TEHACHAPI STATE: CALIFORNIA COUNTY: KERN ZIP: 93581



KALRA, RISHU

LICENSE NUMBER: [154489](#) LICENSE TYPE: CERTIFIED PUBLIC ACCOUNTANT

LICENSE STATUS: CLEAR ⓘ EXPIRATION DATE: OCTOBER 31, 2025

SECONDARY STATUS: N/A

CITY: BAKERSFIELD STATE: CALIFORNIA COUNTY: KERN ZIP: 93311

B. Prior Experience Auditing Cities, Independent Special Districts, and Other Local Governments

Established in 1974, Brown Armstrong is one of the largest regional accounting firms serving California. We have built a full-service accounting and consulting firm serving clients from San Diego to Mendocino County. The dimension that Brown Armstrong is able to offer the LAFCOs is dedicated years in public accounting, which has enabled us to become a true advisor to your organization and an assistant to your financial success. Now, with sixty-two (62) highly skilled employees, Brown Armstrong continues its growth as a regional firm by offering auditing, tax, accounting, consulting, and assurance services to governmental entities, nonprofits, corporations, partnerships and individuals in California.

The firm now employs 62 people as follows:

<i>Our Staff</i>		<i>Governmental Audit Staff</i>	
Partners	9	Partners	7
Managers	11	Managers	7
Seniors	7	Seniors	6
Staff	18	Staff	17
Support Staff	<u>17</u>	Support Staff	<u>3</u>
	<u>62</u>		<u>40</u>

We are not proposing as a joint venture or consortium.

Brown Armstrong is a full-service accounting firm. Our accountants have the expertise to provide audit, accounting, tax, and bookkeeping services. In addition to these services, the Firm's accountants and consultants practice in the areas of risk assessment and Sarbanes-Oxley solutions, state and local tax, estate planning/wealth transfer, and information technology. We also perform peer reviews for other accounting firms. Our main Bakersfield office performs all listed services whereas our Stockton and Fresno offices perform mainly audit engagements.

Our governmental audit staff is made up of forty (40) professionals who are experts in their field. We have crafted expertise in auditing the public sector since the birth of the company. Through tireless planning, relationship building, and knowledge of the realm, we are dedicated to serving our clients and exceeding their needs and expectations.

All staff assigned to your engagement will be employed on a full-time basis from the Stockton and Bakersfield offices. Our firm has extensive experience in audits of local governments, having performed over 900 audits of public agencies over the past five (5) years. Several of these are local government agencies with a population of over 50,000 and over \$100 million in general governmental revenues. We have also performed Single Audits for most of these agencies.

Project Oversight Responsibilities

In the past seven years, all client deadlines have been met. We track projects using a Critical Dates List (CDL) similar to the one shown in Section 8, to ensure timely delivery and to keep open communication to meet client expectations. We encourage you to reach out to any of the references listed to confirm our dedication to timeliness and our clients' deadlines.

Recent governmental clients serviced by Brown Armstrong are as follows:

*	County of Fresno	2012 – Present	*	City of Morro Bay	2021 – Present
**	County of Merced	2012 – Present	*	City of St. Helena	2020 – Present
*	County of Riverside	2014 – Present	*	City of Tulare	1999 – 2023
*	County of Santa Barbara	2007 – 2019 --Present	*	City of Turlock	2024 – Present
*	County of Santa Cruz	2014 – Present			
*	County of Tulare	2012 – Present			
*	County of Napa	2016 – Present			

TECHNICAL PROPOSAL

Bear Mountain Recreation and Park District	2012-Present
Buena Vista Water Storage District	2015-Present
California Valley Community Services District	2020-Present
Cawelo Water District	2018-Present
County of Fresno Zoo Authority	2012-Present
*East Bay Regional Park District	2019-Present
*Goleta Water District	2015-Present
Golden Valley Municipal Water District	2021-Present
James Water Bank Authority	2020-Present
Kern Local Agency Formation Commission	2018-Present
Kern Tulare Water District	2015-Present
Kern Delta Water District	2012-Present
Lake Isabella Community Services District	2019-Present
Lamont Public Utility District	2016-Present
Lebec County Water District	2015-Present
Mojave Public Utility District	2013-Present
Napa County Vallejo Management Authority	2019-Present
Napa County Upper Valley Waste Management	2016-Present
Napa County Local Agency Formation Commission	2016-Present
Napa County In Home Supportive Services	2016-Present
Napa County Regional Park and Open Space District	2016-Present
Napa County Housing Authority	2016-Present
Napa County Sanitation District	2016-Present
Napa County Flood Control & Water Conservation District	2016-Present
North Kern Cemetery District	2016-Present
Olcese Water District	2018-Present
Port Hueneme Water Agency	2019-Present
Pixley Public Utility District	2012-Present
Santa Cruz County Library Financing Authority	2012-Present
Santa Cruz County Sanitation District	2014-Present
Santa Cruz County Library Facilities	2014-Present
South San Joaquin Irrigation District	2014-Present
Sonoma County Public Safety Consortium	2020-Present
West Side Mosquito Vector Control District	2019-Present
West Valley County Water District	2019-Present
Western Riverside County Regional Conservation Authority	2019-Present 2017-Present

Note that an * indicates a Government Finance Officers Association (GFOA) Certificate of Achievement in Financial Reporting winner.

Note that an ** indicates a CSMFO award winner.

C. Assistance in Implementation of GASB No. 34 and Other GASB Pronouncements

Brown Armstrong's philosophy is to take a proactive approach with new accounting pronouncements. We are involved in several organizations that helps us stay well informed of the most recent issues affecting the industry. We have assisted over one hundred municipal clients prepare for and implement GASB 34 since 2001. In support of this activity, four shareholders and one audit manager have been active participants of the GFOA's Award Review Committee for over ten years. Additionally, two of our partners serve on the State Committee of the Governmental Accounting and Auditing Committee (GAAC) and we also have partner participation in the California Society of Certified Public Accountants (CalCPA). In addition to the aforementioned, our firm has participation in the following:

- California Association of Public Retirement Systems (CALAPRS) – Presenters on GASB 72 implementation
- Members of the AICPA Governmental Audit Quality Center (GAQC) – This organization provides resources to promote high quality audits and our firm participates in the annual webcasts to stay informed on the most current issues.
- Participation in the State Association of County Auditors (SACA) – Our firm has been a presenter on several new pronouncements in recent years including fraud presentations.
- Participation in the State Association of County Retirement Systems (SACRS) – Participation in this organization allows us to remain current on all administrative, legal and accounting issues impacting 1937 Act retirements. Our firm has been a presenter on several new pronouncements in recent years.

In addition, we are proud that an alumnus of our firm, Jialan Su, is now a project manager at the GASB. Jialan has been a great resource for responding to technical accounting issues.

As a result of our participation in the above organizations, we have the latest in theory and practice regarding governmental auditing and accounting.

The proposed engagement team assisted several clients with early implementation of GASB Statement No. 34. More recently, Brown Armstrong developed a task force for implementation of GASB Statement No. 67 and No. 68 to assist clients with implementation. The task force comprised of several stakeholders including auditors, Plan sponsors, and actuaries. The proposed engagement team participated in the task force that involved communication with all stakeholders, developing a timeline, assisting with researching topics related to the new pension standards, and reviewing disclosures and calculations. Similar assistance has been provided to several of our clients with GASB Statement No. 75. Ms. Flores currently serves as the firm's Chair of the Audit Quality Committee (AQC). The AQC develops policies, ensures audit quality is maintained, and discusses new accounting pronouncements to proactively assist our clients with timely implementation.

In addition to our participation in numerous organizations, as mentioned above, our staff keeps current on professional standards. Brown Armstrong hosts annual two-day governmental accounting and auditing continuing education seminars on the most recent governmental accounting pronouncements for clients and staff to ensure our staff has the knowledge and is aware of the latest pronouncements and can serve as advisors to our clients when implementing new standards or an accounting matter arises.

D. References of Local Governments Clients

Our firm has extensive experience in audits of local governments, see Section 8 for a listing of governmental audits performed. The following are references of similar engagements and can be used as references.

County of Santa Barbara

Date:	2007 – 2019 & 2023 --Present
GFOA Awarded	Yes
Partner:	L. Zimmerman
Principal Contact:	Jenavieve Shiloh (805) 568-2134 jshiloh@countyofsb.org
Scope of Services:	ACFR Single Audit FNS 209 AUP GANN Limit Treasury Oversight Audit First 5 BSCC Audit Department of Insurance State Audits Agency Fund Audit

City of Morro Bay

Date:	2021 --Present
GFOA Awarded	Yes
Partner:	L. Zimmerman
Principal Contact:	Emily Conrad (805) 771-7202 econrad@morrobayca.gov
Scope of Services:	ACFR Single Audit Transit Funds Audit GANN Limit SCO Reports

City of St. Helena

Date:	2020 --Present
GFOA Awarded	Yes
Partner:	L. Zimmerman
Principal Contact:	Mandy Kellogg (707) 968-2649 mkellogg@cityofstheleena.org
Scope of Services:	ACFR Single Audit TDA Compliance SCO Reporting

Napa Local Agency Formation Commission

Date:	2016 --Present
GFOA Awarded	N/A
Partner:	L. Zimmerman
Principal Contact:	Brendon Freeman (707) 259-8645 bfreeman@napa.lafco.ca.gov
Scope of Services:	Financial Statements

Kern Local Agency Formation Commission

Date:	2018 – Present
GFOA Awarded:	N/A
Partner:	L. Zimmerman
Principal Contact:	Blair Knox (661) 716-1076 eo@kernlafco.org
Scope of Services:	Financial Statements

E. Capabilities in General Consulting and Compliance Auditing

Brown Armstrong is a full service accounting firm. We can provide advisory and other accounting services, including new accounting pronouncement implementation, non-profit tax issues, Federal compliance, and other areas, as long as these services will not impair our independence for audit.

The vast majority of our local entity governmental clients receive federal funds that require a single audit in accordance with the Super Circular issued by the Federal Register. Of the clients that we perform single audit procedures for, several of those have federal expenditures in excess of \$100 million including: the County of Fresno, County of Riverside, County of Santa Cruz, , and the County of Santa Barbara.

Our audit team also brings a wealth of experience in auditing joint power authorities, many of which are associated with current engagements of local entities. We also have vast experience in auditing non-profit entities. See a sampling listing of our experience as listed in Exhibit I of the proposal. Many of our local entity audits include public financing authorities as a component unit, which is audited in conjunction with the local entity audit, and all audit team members proposed for LAFCO have experience in dealing with those capital financing authorities.

In addition, the audit team assembled for the LAFCOs have worked on several different governmental entities, including Cities and Special Districts that have large enterprise fund operations, including both water and utility. The audit team also has experience in auditing public utilities including the Pixley Public Utility District, Mojave Public Utility District, and several different cities operating utility districts.

5. Approach, Scope, and Timing of Audit

A. Project Approach

The audit will be done in accordance with generally accepted auditing standards in the United States of America, and *Government Auditing Standards*, issued by the State Comptroller General of the United States.

If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly notify the LAFCOs' Executive Directors. We will not perform extended services unless mutually agreed upon by both parties.

In accordance with *Government Auditing Standards*, we will perform a compliance audit by selecting necessary procedures for testing to express an opinion regarding compliance with the provisions of any and all Federal, State, and County Statutes, Ordinances Administrative Code and rules and regulations.

Method of Providing the LAFCO with Important Accounting Changes

As the selected firm, we will keep the LAFCOs informed of new state and national developments affecting Government finance and reporting, standards and trends including changes in federal/state grant program accounting, new GASBs and reporting requirements.

Each year Brown Armstrong organizes four days of CPE seminars in Bakersfield (two, two-day sessions covering 32 hours of CPE) for its professional staff and clients' personnel. One of the two-day CPE seminars is in the middle of January. It covers accounting and auditing updates relating to for-profit businesses (FASB, PCAOB, and SAS). Another two-day CPE seminar covering primarily governmental accounting and auditing updates (GASB, Yellowbook, Single Audit) is typically in May. The course material covers emerging issues, current pronouncements, auditing standards, risk alerts, information systems, reporting issues, and other topics of interest which concern auditing and accounting with an emphasis on governmental issues. Course materials are prepared by professional lecturers, our partners, managers, and seniors based on their own experience, research, and learning. Last year's attendance included Brown Armstrong professionals and nearly 60 clients and their accounting staff. All staff assigned to governmental entities meets the CPE requirements in accordance with *Government Auditing Standards*.

Identification of Anticipated Potential Audit Problems

We currently do not anticipate any audit problems. However, with our history of working with numerous local entities, often the greatest challenge and area that causes the most audit problems for local agencies is the handling and implementation of new GASB standards.

In the event problems are identified during the course of our audit procedures, we will resolve the problem as follows:

- Discussion amongst audit team at the time of identified potential audit problem for consultation and consensus amongst the team.
- Consultation and discussion with appropriate LAFCO personnel when identified to ensure all facts are known and agreed upon with the audit team.
- Consultation and discussion with liaison(s).
- Resolution with appropriate LAFCO personnel.
- If applicable, a management letter will be submitted documenting the criteria, condition, cause and effect of the issue, along with our recommendation and management's response and corrective action plan.

TECHNICAL PROPOSAL

B. Work Plan

Below is the proposed timeline of the engagement. Once contracted we will create a critical dates list , similar to the one listed in Section 8, with an aggressive schedule for specific dates that management has agreed to that will ensure a smooth flow of the audit process and completion before the assigned deadlines. Please see the following page for a detailed description of each phase.

Timing	Phase	Staff	Hours
December - February	Planning and Scope of Work <ul style="list-style-type: none"> Contract Award Perform predecessor audit workpaper review Conduct kick-off meeting with Management to discuss schedules and approach Obtain understanding of the LAFCO and its environment Develop audit programs Establish critical dates list with management Provide information request to LAFCO Obtain confirmations from LAFCO for mailing or emailing 	Partner Manager Senior Staff	1 4 85 10
September/ October	Internal Control Evaluation and Audit Risk Assessment, Establishment of Audit Plan, and Field Work <ul style="list-style-type: none"> Trial balance to be obtained from each LAFCO Document key accounting and compliance processes with management and/or county personnel Obtain support for testing of controls. We will provide sample selections at least one week prior Evaluate internal control testing results and findings, if any Fraud risk assessment and fraud interviews Evaluate key estimates and contingencies Perform substantive testing over accounts and balances including predictive tests and analytical procedures Hold exit meeting with Management to discuss any potential issues, findings. 	Partner Manager Senior Staff	3 10 16 24
October - December	Completion of the Audit and Financial Reporting <ul style="list-style-type: none"> Assist with drafting financial statement disclosures and supporting documentation Complete review of financial reporting package Detailed Quality Control review by technical partner Issuance of required audit reports by the deadline 	Partner Manager Senior Staff	4 4 4 6
To Be Decided by LAFCO	Exit Meeting With Board of Directors <ul style="list-style-type: none"> Explain overall audit approach Discuss findings and recommendations Report opinions on financial statements Address required communication topics 		
		Total Hours	94

TECHNICAL PROPOSAL

We will begin with an entrance conference (aka kick-off meeting) with LAFCO Management. During this time, we will begin the following procedures:

Planning

During this phase of the audit, we will:

- < Confer with management to coordinate our efforts with the LAFCO's efforts in terms of confirmations, schedules to be prepared, and critical dates with an aggressive schedule that will ensure a smooth flow of the audit process and completion before the deadline;
- < Perform predecessor audit workpaper review;
- < Prepare a preliminary assessment of the LAFCO's internal control structure including controls over federal and state financial assistance programs;
- < Obtain responses to our Information Technology Inquiry to perform review of the Electronic Data Processing (EDP) controls relating to the LAFCO's computer system;
- < Perform planning analytical procedures consisting of: (1) Comparative analytics (current balances versus budget and prior year); and (2) Predictive analysis (revenues and expenditures/expenses susceptible to such testing based on our expectations);
- < Confer with management regarding the results of our planning and availability of remote access to systems;
- < Submit questionnaires and requests for information to management regarding internal control. Our approach will emphasize transaction processing; investments, cash receipts, cash disbursements, payroll, capital assets, and external reporting;
- < Obtain an understanding of general ledger and related reports available for audit; and
- < Obtain basic information from management relating to risk assessment, including fraud risks.

Internal Control Evaluation and Audit Risk Assessment

During this phase we will obtain an understanding of and evaluate key components of the LAFCO's internal control structure. This is the cornerstone of the engagement. Internal accounting control generally comprises the plan of organization and procedures and records that are concerned with the safeguarding of assets and reliability of financial records. We will begin by preparing memoranda to fully describe all financial systems. We will then review the documents to isolate the significant strengths and weaknesses that would affect the extent of substantive audit procedures to be employed. Each strength is then tested and the results are subjected to evaluation. These evaluations assist us in determining the amount of reliance we can place on those significant strengths we have identified. We will also assess risk factors, including fraud risk relating to significant audit areas and transaction cycles. Procedures will consist of:

- < Reviewing questionnaires and documents obtained from management regarding the internal control structure.
- < Performing walk-throughs and tests of compliance with policies and procedures.
- < Identifying risk factors, including fraud risk, relating to significant audit areas and transaction cycles.
- < Interviewing key management personnel to verify or resolve complicated issues.
- < Summarizing potential significant deficiencies and opportunities for efficiencies and improvements for discussion with management.

Understanding Laws and Regulations of Audit Work

Our experience with various municipal audit clients, most with federal or state monies, has created a reservoir of knowledge of many laws and regulations.

Establishment of Audit Plan

Our audit plan will be based on the following:

- Results of our compliance and control testing;
- Analytical procedures applied to interim financial statements of LAFCO;
- Results of our risk assessment;
- Results of audit brainstorming and team discussions; and
- Discussions with management.

Statistical Sampling

Based on our preliminary assessment of the internal control structure and risk factors, we anticipate performing internal control testing in the following areas:

Review Area	Sample Size
Receipts and revenues	25-60
Disbursements and accounts payable	25-60
Payroll and related liabilities	25-60

Staff will perform internal control testing (subject to when the LAFCO's books close), with direct supervision by Ms. Prior-Dalmas. Sample sizes will depend on the extent of reliance placed on the given sample and the volume of transactions involved. Statistical and random sampling will be used to ensure that all samples truly represent the population being tested. We will use if allowed access your on-site automated data system on an "inquiry only" basis for purposes of identifying the postings of items selected for testing or excel extracts from your system. We will provide sample selections at least one week prior to scheduled fieldwork for LAFCO to pull supporting documentation.

Type and Extent of Analytical Procedures

We will perform analytical procedures during all phases of our audit (audit planning, field work and audit completion). We will build our expectations based on historical experience and known current year factors and will investigate significant departures at the financial statement level to decide if we can reach our comfort level for certain audit areas. We will also perform substantive analytical procedures, where we use analytical procedures as the principal substantive test of a significant financial statement assertion, based on the auditor's judgment and on the expected effectiveness and efficiency of available procedures.

Familiarity with Various Pension Documents

Our firm has developed a niche in governmental pensions which has allowed us to gain an understanding of actuarial terms and reports and have gained good knowledge of the unique pension accounting requirements.

Field Work

We can begin the final stages of the work remotely in September once the trial balances and financial statements are available to begin auditing.

During this phase, we will perform both analytical and substantive procedures such as variance analysis between prior year actual balances vs. current year actual balances and between current year actual balances vs. budget balances, predictive testing, confirming account balances, vouching revenues and expenditures and reviewing estimates for unpaid claims.

At the end of our field work, we will discuss any proposed adjustments with management, and we will request a representation letter from management regarding the audit.

Completion of the Audits

At the completion of all of the above procedures, we will the assist with the preparation of the financial statements for GAAP compliance at our manager and partner level. We will then issue drafts of all required reports, and discuss these drafts with appropriate LAFCO personnel. Upon approval by LAFCO, we will issue our reports in final form and be available for a presentation to the Board of Directors. For the fiscal year's financial statements, the auditor shall issue for LAFCO:

1. An individual report on the fair presentation of the financial statements in conformity with generally accepted accounting principles for each LAFCO.
2. Management letter including recommendations and improvements in internal control that are considered to be non-reportable conditions for each LAFCO.

TECHNICAL PROPOSAL

Exit Presentation

Our engagement team is experienced with Board presentations. We understand the importance of in person meetings, which are fundamental to effectively communicating the audit results. Ms. Zimmerman has been presenting to public Boards for over 10 years. The audit team understands the importance of disseminating financial information in a cohesive and easy to understand for the average individual.

6. Hourly Rates

Staff Classification	Hourly Rate
Partner	\$300
Manager	\$180
Senior	\$120
Staff	\$100

7. Maximum Fee

Listed below is a condensed schedule of the maximum fees for the 2024-2028 engagements. Please refer to Exhibit C for the required form.

LAFCO	23-24	24-25	25-26	26-27	27-28	28-29
El Dorado	\$ 13,000	\$ 13,000	\$ 13,500	\$ 13,500	\$ 14,000	\$ 14,000
Fresno	13,000	-	13,500	-	14,000	-
Marin	-	13,000	13,500	13,500	14,000	14,000
Mendocino	13,000	13,000	13,500	13,500	14,000	14,000
Santa Barbara	13,000	13,000	13,500	13,500	14,000	14,000
Santa Cruz	13,000	13,000	13,500	13,500	14,000	14,000
Maximum Price	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 81,000</u>	<u>\$ 67,500</u>	<u>\$ 84,000</u>	<u>\$ 70,000</u>

We do not anticipate that additional services will be necessary to complete the audit. If it should become necessary for the Agency to request Brown Armstrong to render any additional services to either supplement the services requested in the Request for Proposal, or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an amendment to the contract between the LAFCOs and the Firm. Any such additional work agreed to between the LAFCO and the Firm shall be performed at the same rates set forth in listed above in Section 6.

8. Other Information Required in Proposal

Independence

Our firm, its shareholders and employees are independent of the LAFCOs as defined by auditing standards generally accepted in the United States of America, and the General Accounting Office's *Government Auditing Standards*.

We have had no professional relationships involving the LAFCOs for the past five (5) years. We do not have a conflict of interest relative to performing the proposed audit. In the event our firm is to enter into any professional relationships during the period of our agreement, we will provide the LAFCOs with written notice of this fact.

We understand that the services performed by us are in the capacity of independent contractors and not as an officer, agent, or employee of the LAFCOs.

License to Practice in California

Our firm, the engagement partner, and all assigned key professional staff are properly licensed to practice public accounting in the State of California and are in good standing with all licensing agencies.

External Quality Control Review Report Results

As part of our commitment to quality control, our firm is a member of the Center for Public Firms Auditors Section (Center) of the American Institute of Certified Public Accountants (AICPA). We have completed several External Quality Control reviews under the AICPA's guidance, all of which included one or more governmental audits. The following page contains a copy of our most recent report. As indicated in that report, our Firm received a peer review rating of a "pass," which is the highest rating available.

On the following pages are copies of our most recent peer review report and California Society of CPA's peer review acceptance letter.

Insurance

Brown Armstrong has the required insurance policies outlined in the Request for Proposal and will furnish them upon notification of award of contract. Brown Armstrong understands this is a condition of the award.

Subcontracting

Brown Armstrong has no intention of subcontracting any portion of the engagement.

9. Contract

External Quality Control Review Report



6025 SOUTH QUEBEC STREET, SUITE 260
CENTENNIAL, COLORADO 80111
303-792-3020 (o) | 303-792-5153 (f)
WWW.WCRCPA.COM

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 30, 2022

To the Shareholders of
Brown Armstrong Accountancy Corporation
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

RANDY WATSON | JEREMY RYAN | TROY COON | KELLY WATSON | JOHNNIE DOWNING

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended October 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Brown Armstrong Accountancy Corporation has received a peer review rating of *pass*.



Watson Coon Ryan, LLC

Peer Review Acceptance Letter



National Peer
Review Committee

November 22, 2022

Andrew Paulden
Brown Armstrong Paulden McCown Starbuck Thornburg & Keeter Accountancy Corporation
4200 Truxtun Ave Ste 300
Bakersfield, CA 93309-0668

Dear Andrew Paulden:

It is my pleasure to notify you that on November 16, 2022, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is April 30, 2025. This is the date by which all review documents should be completed and submitted to the administering entity. Since your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael Wagner'.

Michael Wagner
Chair, National PRC

+1.919.402.4502

cc: Troy Coon, Thomas Young

Firm Number: 900010090180

Review Number: 589682

220 Leigh Farm Road, Durham, NC 27707-8110
T: +1.919.402.4502 F: +1.919.419.4713
aicpaglobal.com | cimaglobal.com | aicpa.org | cima.org

Summary of Recent Governmental Experience

TRANSITS

Anaheim Transportation Network
Antelope Valley Transit Authority
Central Contra Costa Transit Authority
Eastern Contra Costa Transit Authority
Fresno County Transportation Authority
Gold Coast Transit District
Golden Empire Transit District
Kern Council of Governments
Kings County Area Public Transit Agency
Marin County Transit District
Napa Valley Transportation Authority
Peninsula Corridor Joint Powers Board
Riverside County Transportation Commission
Riverside Transit Agency
San Joaquin Council of Governments
San Joaquin Regional Transit District
San Luis Obispo Council of Governments
San Luis Obispo Regional Transit Agency
Santa Barbara Metropolitan Transit District
Santa Cruz Metropolitan Transit District
Solano County Transit
Stanislaus Council of Governments
Stanislaus Regional Transit Authority
Tulare County Association of Governments
Tulare County Regional Transit Agency

NON-PROFITS

Bakersfield ARC
California Association of County Treasurers
and Tax Collectors
California Association of Public Authorities
for IHSS
Civil Justice Association of California
Community Action Partnership of Kern
Community Action Partnership of San Luis Obispo
Community Action Partnership of Madera County
Kern County Bar Association
Missionary Church Western Regional
Tranquil Waters Guidance Center
Valley Consortium for Medical Education
Women's Center – High Desert

COUNTY RETIREMENTS

Fresno	San Diego
Imperial	San Joaquin
Kern	San Mateo
Los Angeles	Santa Barbara
Marin	Sonoma
Merced	Stanislaus
Mendocino	Tulare
Sacramento	Ventura
San Bernardino	

SPECIAL DISTRICTS

Antelope Valley East Kern Water Agency
Bear Mountain Recreation and Park District
Buena Vista Water Storage District
California Valley Community Services District
Carpinteria Valley Water District
Cawelo Water District
East Bay Regional Park District
Eastern Kern Air Pollution Control District
Golden Valley Municipal Water District
Goleta Water District
Indian Wells Valley Groundwater Authority
James Water Bank Authority
Kern Local Agency Formation Commission
Kern Tulare Water District
Kern Water Bank Authority
Lake Isabella Community Services District
Lamont Public Utility District
Lebec County Water District
Mojave Public Utility District
Napa Local Agency Formation Commission
North Kern Cemetery District
North Coast Unified Air Quality Management District
Riverside County Habitat Conservation Agency
Pixley Public Utility District
Port Hueneme Water Agency
San Joaquin Area Flood Control Agency
San Joaquin Valley Air Pollution Control District
San Luis Obispo County Integrated Waste
Management Authority
Shafter Recreation and Park District
Sonoma County Public Safety Consortium
South San Joaquin Irrigation District
West Valley County Water District
Westside Mosquito and Vector Control District

HEALTHCARE

Liberty Health Advantage
Heritage Provider Network
Heritage California Medical Group
Heritage New York Medical Group
Southwest Health Care District
Riverside County Health System - Medical Center

OTHER RETIREMENTS

City of Fresno Employees' Retirement Systems
Los Angeles Fire and Police Pension System
Los Angeles City Employees' Retirement System
San Diego City Employees' Retirement System
San Francisco Bay Area Rapid Transit District
Money Purchase Plan and Deferred Compensation Plan
San Joaquin Regional Transit District Retirement Plans
San Luis Obispo County Employees' Pension Trust

CITIES

Bakersfield
Fresno
Huron
Laguna Woods
Morro Bay
Paso Robles
St. Helena
Tulare
Turlock

COUNTIES

Fresno
Kern
Merced
Riverside
San Joaquin
Santa Barbara
Santa Cruz
Stanislaus
Tulare
Napa

FIRST 5

Kern
Merced
Monterey
Napa
San Mateo
Sonoma
Stanislaus
Ventura

Sample Critical Dates List

LAFCOs

CRITICAL DATES LIST

<u>DUE DATE</u>	<u>ITEM</u>	<u>STATUS</u>
Friday August 30, 2024	AUDITORS to provide ___ LAFCO with information request list including confirmation templates	
Friday September 27, 2024	Trial balance and populations due from ___ LAFCo	
Monday September 30, 2024	All other items on Fieldwork Information Request Lists due from ___ LAFCo	
Friday October 4, 2024	Beginning of audit fieldwork at ___ LAFCo's office	
Friday October 4, 2024	Entrance Meeting with ___ LAFCo Management	
Friday October 4, 2024	___ LAFCo to provide the GASB 68/GASB 75 actuarial reports for AUDITOR review	
Friday September 27, 2024	AUDITOR to review the GASB 68/75 Schedules and approve JE's for the TB	
Monday September 30, 2024	AUDITOR to provide ___ LAFCo with first draft of financial statements for preparation of the MDA	
Monday October 28, 2024	___ LAFCo to prepare MDA	
Friday November 1, 2024	AUDITOR to provide ___ LAFCo with second draft of financial statements with MDA as well as any findings reports for review and comment	
Friday November 8, 2024	___ LAFCo to provide AUDITOR with suggested revisions to the financial statements and with responses to findings and recommendations (if any)	
Friday November 16, 2024	AUDITOR to provide final "packets" to ___ LAFCo management for Commissioner's meeting	
Friday November 16, 2024	___ LAFCo to provide AUDITOR with the Legal confirmation template for mailing	
Friday November 29, 2024	___ LAFCo assembles/delivers packet for Commissioners, including audit	
TBD	Management will present financial statements to the ___ LAFCo Commission, as requested (Reports to be in final form, separate packet for each Commissioners member)	

Equal Employment Opportunity Commitment

The Firm is an equal opportunity employer and makes employment decisions on the basis of merit. We want to have the best available people in every job. Therefore, the Company does not discriminate, and does not permit its employees to discriminate against other employees or applicants because of race, color, religion, sex, sexual orientation, gender identity or expression, pregnancy, marital status, national origin, citizenship, veteran status, ancestry, age (40 or over), physical or mental disability (an impairment that limits a major life activity), medical condition (cancer-related or genetic characteristic), or any other consideration made unlawful by applicable laws. Equal employment opportunity will be extended to all persons in all aspects of the employer-employee relationship, including recruitment, hiring, upgrading, training, promotion, transfer, compensation, benefits, discipline, layoff, recall and termination.

This policy not to discriminate in employment also includes, but is not limited to, the following:

- 1) The Firm will employ those applicants who possess the necessary skills, education, and experience for the position, without regard to race, color, religion, sex, pregnancy, national origin, ancestry, sexual orientation, age, marital status, gender identity, physical or mental disability, or medical condition.
- 2) No employee will aid, abet, compel, coerce, or conspire to discharge or cause another employee to resign because of race, color, religion, sex, pregnancy, national origin, ancestry, sexual orientation, age, marital status, gender identity, physical or mental disability, or medical condition.
- 3) The Firm will establish rates of pay and terms, conditions, or privileges of employment without regard to race, color, religion, sex, pregnancy, national origin, ancestry, sexual orientation, age, marital status, gender identity, physical or mental disability, or medical condition.
- 4) The Firm will use, for job referral purposes, only those employment agencies that do not discriminate on the basis of race, color, religion, sex, pregnancy, national origin, ancestry, sexual orientation, age, marital status, gender identity, physical or mental disability, or medical condition.

The Firm seeks to comply with legal requirements to ensure equal employment opportunities for persons who are qualified individuals with a disability. In order to make known to the Firm the person's disability, any applicant or employee who requires accommodation in order to perform the essential functions of the job should contact the Human Resources Administrator and request such an accommodation. The individual with the disability should specify what accommodation he or she needs to perform the job. The Firm will then engage in a good faith interactive process with the employee or applicant to determine what, if any, effective accommodations can be made for the employee or applicant. The Firm will conduct an investigation to identify the barriers that make it difficult for the applicant or employee to have an equal opportunity to perform his or her job. The Firm will identify possible accommodations, if any, that will help eliminate the limitation. If the accommodation is reasonable and will not impose an undue hardship, the Firm will make the accommodation.


If an employee believes they have been subjected to any form of unlawful discrimination, they are to provide a written complaint to the Human Resources Administrator as soon as possible. If the complaint relates to the Human Resources Administrator, provide the complaint to the President of the Firm. An employee's complaint should be specific and should include the names of the individuals involved and the names of any witnesses. The Firm will immediately undertake an effective, thorough and objective investigation and attempt to resolve the situation.

If the Firm determines that unlawful discrimination has occurred, effective remedial action will be taken, commensurate with the severity of the offense. Appropriate action will also be taken to deter any future discrimination. The Firm will not retaliate against an applicant or employee for filing a complaint and will not willingly permit retaliation by management employees or co-workers.

It is the responsibility of all Officers, managers, seniors, supervisors, and employees to carry out to the fullest extent the purpose and intent of the Firm's policy regarding equal employment opportunity. All members of management are responsible for the implementation of this program as it relates to their individual departments.

Employment decisions shall, therefore, comply with all applicable state and federal laws prohibiting discrimination in employment.

<p>PROPOSAL FOR CONDUCTING</p> <p>THE ANNUAL INDEPENDENT AUDIT</p> <p>OF THE</p> <p>LAFCO</p>

<p><i>Submitted March 22, 2024</i></p>
<div></div> <p>Chavan & Associates, LLP Certified Public Accountants 15105 Concord Circle, Suite 130 Morgan Hill, CA 95037 Phone: (650) 346-1329 Fax: (408) 872-4159 E-mail: sheldon@cnaillp.com Contact: Sheldon Chavan, Partner</p>

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March 22, 2024

We are pleased to have this opportunity to submit our proposal to provide auditing services for the LAFCOs. Our understanding of the work outlined in the request for proposal is that we will audit the financial statements of the LAFCO for fiscal years ending June 30, 2024 through June 30, 2029.

Our audits will be performed in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the United States General Accounting Office's (GAO) *Government Auditing Standards*, the provisions of the Federal Single Audit Act of 1984 and the Single Audit Act Amendments of 1996; the U. S. Office of Management and Budget's (OMB) guidance for federal awards and agreements as provided in the Code of Federal Regulation (CFR) 2 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and relevant Governmental Accounting Standards Board (GASB) Statements. We will also apply the necessary procedures to prepare the reports as requested in the RFP and noted in our cost proposal.

As a result of our audit, we will express an opinion on the fair presentation of the basic financial statements, as listed in the RFP, in accordance with GAAP. We will also issue a report on internal controls over financial reporting and on compliance with applicable laws and regulations in accordance with *Government Auditing Standards*.

Throughout the contract period, we will provide consultation on accounting and compliance issues and attend meetings to discuss the audit and management comments. It is our commitment to the LAFCO that we will complete the work within the agreed time frame and that we have the resources, time and personnel to dedicate to this engagement for the entirety of the contract. We are confident Chavan & Associates LLP ("C&A") is the best-qualified firm to serve as your independent auditors. A brief list of reasons includes:

- We specialize in the audits of local governments and not for profit entities.
- Our partners/reviewers have 82 years of combined experience auditing local governments.
- Our firm and key professionals are properly licensed to practice in the state of California.
- Our service will be dependable, reliable and timely.
- We will be sensitive to your workload. We understand you and your staff must keep up with your current work as well as deal with the audit.
- Our staff and partners are available twelve months of the year to serve our audit clients. You are important to our firm and we promise a high level of involvement and enthusiasm at all levels.
- The engagement partner will attend all conferences and meetings and will supervise the audit directly during each year and phase of the engagement.
- We offer flexible staffing and scheduling. We can send a full team onsite, work 100% remotely, or send a small team on site to minimize COVID-19 exposure. All of our team members are vaccinated and will follow your policies in regard to COVID-19.



Chavan and Associates, LLP
Certified Public Accountants

- To improve the efficiency of the audit process, we use online software, Engagement Organizer (EO), to provide a list of information and monitor the workflow during the audit. The link to EO is provided early during the planning process and includes items for both interim and year-end work, such that we can edit the list as needed moving forward. All documents can be uploaded here and notes, status updates and comments are done through EO. We also have a secure portal as an additional way to share information.

We have a full-time IT manager on staff that is available to assist throughout the audit. All of our partners and staff are familiar with software utilization and data extraction. We also focus on the management of user ID's, passwords, and password authentication tools. Finally, when performing test of controls, we look for controls that will prevent email scams, such as requests to change remittance advice for a vendor's invoice.

While most of our clients prefer digitally published reports in pdf format, we have invested in HP color printers, binding machines and binding supplies, to provide professional bound reports to clients whom still appreciate a printed report. Our team has been printing, binding and publishing ACFR's and similar reports for over forty years; beginning with Jeff Ira back in the 1980's.

Staffing for the audit will include one Engagement Partner, one Associate Partner, one Supervisor, one Professional Staff and one Administrative Staff. The Engagement Partner, one Senior and two Staff will be assigned to visit your offices, as feasible with regard to COVID-19 circumstances.

Sheldon Chavan and Paul Pham are the partners authorized to sign and obligate the firm contractually and represent the firm. He is empowered to submit the bid and authorized to sign a contract. This proposal is a firm and irrevocable offer for 120 days. We look forward to being of service to you.

Very truly yours,

Sheldon Chavan, C.P.A., Partner
Chavan & Associates, LLP

Section A

Firm Qualifications & Experience

Section A - Firm Qualifications & Experience

LAFCO Proposal for Auditing Services

Independence

C&A is independent of the LAFCO and all of its component units as defined by generally accepted auditing standards and the **U.S. General Accountability Office's Government Auditing Standards**. *In all matters relating to the audit work, the audit organization and individual auditors, whether government or public, should be free from personal and external impairments to independence, should be fiscally independent, and should maintain an independent attitude and appearance.*

C&A did not have any professional relationships involving the LAFCO, or any of its agencies and component units, for the past five (5) years that would cause a conflict of interest relative to the scope of services identified in the request for proposal.

License to Practice in the State of California

C&A and all key professionals are properly licensed to practice as certified public accountants in the State of California and do not have any record of substandard work or unsatisfactory performance pending with the State Board of Accountancy. C&A is registered with the California State Board of Accountancy and our stat number is PAR 7294.

Contractor Identification and Introduction

Company Name: Chavan & Associates, LLP (C&A)
Address: 15105 Concord Circle, Suite 130, Morgan Hill, CA 95037
Office: 408-217-8749
Fax: 408-872-4159
E-mail: Sheldon@cnallp.com
CA File Number: 202009218003
FEIN: 27-0630496
Authorized to Sign: Sheldon Chavan, Partner; Paul Pham, Partner

Our partners and reviewers have performed audits under Governmental Auditing Standards, the Single Audit Act and the State Controller's Office Minimum Audit Requirements for a combined 82 years; Sheldon for 25 years, Jeff Ira for 41 years, and Paul Pham for 16 years. In August of 2009, we established C&A as a limited liability partnership. C&A is a local audit firm in San Jose, CA specializing in local government auditing and consulting. We have audited and prepared Annual Comprehensive Financial Reports (**ACFRs**) and basic financial statements as required by the Government Finance Officers Association (**GFOA**) and the Governmental Accounting Standards Board (**GASB**) for cities, fire districts, water districts, sanitation districts, JPAs and other types of special districts. Our partners have been reviewers of ACFRs for the **GFOA** and **CSMFO**. Most recently, C&A **prepared ACFRs** for the City of El Cerrito, City of Oroville, City of Suisun, Town of Los Gatos, and City of Carmel-by-the Sea for the year ending June 30, 2023. Our goal at C&A is to provide premium audit services at a reasonable fee. We believe that continuous partner involvement helps us achieve our goal, which is why our partners are constantly involved in every audit. Ultimately, minimizing on-the-job training allows us to focus exclusively on servicing our clients.

*Single Audit
Experience*

Section A - Firm Qualifications & Experience

LAFCO Proposal for Auditing Services

After starting the firm with only 9 clients in 2009, we currently have approximately **200 government, nonprofit and grant engagements** covering about 109 clients, 43 of which were required to have a single audit under uniform guidance in the last audit season. Our firm's experience includes numerous audits under state and federal compliance audit guides, including the Minimum Audit Requirements and Reporting Guidelines for Cities as required by the State Controller's Office. **What makes us unique from other audit firms** is that we eliminate "on-the-job" training through intensive in-house training, audit planning, and by having partners in the field throughout the entire engagement (not just "spot-checking"). The daily interaction with our Engagement Partner has been invaluable to our clients as it provides the opportunity for immediate feedback and the chance to ask questions related to accounting, account coding, grant requirements, ACFR requirements, budgeting, and much more. Auditing is the main focus of our practice and we are available to start as early as February 1st, however **our calendar is flexible**.

C&A is also a member of the **AICPA's Government Audit Quality Center** which promotes the importance of quality governmental audits and the value of such audits to purchasers of governmental audit services. GAQC is a voluntary membership center for CPA firms and state audit organizations that perform governmental audits.

Firm Size, Staff Size, Location and Staffing

We also have **fourteen** professional, full-time staff in addition to our partners and two administrative staff that will be available to assist as needed throughout the engagement. Our engagement partners are directly involved with the audits. Our central office is located in Morgan Hill, CA. Staffing for the LAFCO's audit will include the following professionals (audit experience):

Sheldon Chavan, CPA, Managing Partner (25 years)

Jeff Ira, Independent Reviewer (41 Years)

Paul Pham, CPA, Associate Partner (16 years)

Niru Machiraju, Supervisor (6 years)

Andrew Quintero, Senior Auditor (5 years)

Matthew Ojeda, Senior Auditor (7 years)

One of the professional staff could change from year to year. The LAFCO will be notified of any staff changes prior to fieldwork. The Engagement Partner, manager, and supervisor will be the same during each year of the engagement.

Section A - Firm Qualifications & Experience

LAFCO Proposal for Auditing Services

Range of Services

The following summarizes the range of services we provide:

Entity Type	Number of Clients	Percent by Entity	Auditing	Management, Accounting & Other	Nonprofit Tax
Local Education Agencies	33	30%	100%	0%	0%
Charter Schools	13	12%	100%	0%	100%
Non-profit Organizations	22	20%	91%	0%	68%
Cities and Towns	13	12%	85%	0%	0%
Special Districts	19	17%	84%	16%	0%
Privately Held	9	8%	67%	22%	0%

	GAAS Audit	GAGAS Audit	Single Audit	Bond Audit	EAAP Audit
Percent by Service Type	93%	75%	39%	19%	41%

Contract Terminations and Affirmation Concerning Substandard Audit Work

C&A and all assigned personnel do not have any record of substandard work, contract failures, outstanding claims, litigation, investigations, or other unsatisfactory performance issues against us or pending with the State Board of Accountancy or any other entity. In addition, we have not had any federal or state desk review or field reviews of our audits. C&A has no record of lost clients or contract failures.

Equal Opportunity Employer

C&A is an equal opportunity employer and is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all applicable federal and state laws and regulations relating to equality.

Subcontractor

C&A will not be engaged with any subcontractors during this engagement.

Business Licenses

C&A will obtain and maintain a valid business license throughout the duration of the contract, as applicable.

Quality Control Review

We are enrolled in the AICPA quality control peer review program. Our peer review was performed in compliance with AICPA and GAO requirements and included a selection of government audit engagements. Our audits complied with auditing standards generally accepted in the United States of America and Generally Accepted Governmental Auditing Standards.

There were no desk reviews or disciplinary action in the last 3 years.

Section B

Specific Audit Approach

Section B - Specific Audit Approach

LAFCO Proposal for Auditing Services

The C&A audit approach begins with an entrance conference between Sheldon Chavan and management to gather information for risk assessment and audit planning. Upon the conclusion of the entrance conference, Sheldon will plan and schedule C&A's **three phase audit** approach and prepare a list of items to be provided for Phase I of the audit. Significant aspects of each phase are outlined below as augmented based on our review of the LAFCO's financial reports, RFP, Budget documents, and Council and Finance Commission agendas and minutes:

Three Phase Audit Approach

Phase I - Planning and Risk Assessment

This phase is designed to evaluate your operating and accounting procedures and will provide the basis for a significant portion of our letter to management. The results of our work during this phase will determine our audit approach for significant accounts and compliance. We plan to begin this phase by meeting with management and the Finance Commission to plan the audit and discuss any significant issues with the proposed audit plan and timeline.

At least six weeks prior to the beginning of this phase, we intend to provide the LAFCO with a link to Engagement Organizer ("EO") detailing the information and timing that will be needed in order to facilitate the completion of the audit in a timely manner. Having all items in EO uploaded prior to the beginning of the audit field work will allow us to complete the audit within the allotted time frame or earlier. We will also begin the testing of federal compliance for major programs during this phase, if applicable. The EO will include Phase I, II, and III items once uploaded and will be updated during the year. The LAFCO will be able to leave notes on each item, upload attachments and message our team through EO.

We plan the audit and obtain our **understanding of the internal control structure**, control environment, and accounting system through:

Internal Controls Documentation

- Inquiries of appropriate management and staff personnel.
- Inspection of the LAFCO's documents, records, budget and related materials, organizational charts, manuals and programs.
- Observation of the LAFCO's activities and operations to corroborate the results of inquiries.
- Testing of the controls to determine they are operating as planned.
- Performance of preliminary analytical review on interim financials. The analytical review entails comparing similar information for the same time frame from the prior year and also comparing current year-to-date information to the budget to determine areas that may need additional attention during Phase II.
- Review and evaluation of the LAFCO's financial and other management **information system controls** and procedures. Our staff has gained invaluable experience with systems such as HTE, Multiple Operation Management (MOM), Springbrook, Pentamotion, QuickBooks, Digital Schools, **SunGuard**, Escape, FUND\$, CECC, SACS, Financial 2000, SASi and many others. It is our goal to maximize the usage of your computer system during the audit.

This phase constitutes approximately 40% of all non-clerical hours of the engagement and may be combined with Phase II if desired. At the completion of Phase I, an exit conference will be held to discuss findings and recommendations and prepare for Phase II.

Section B - Specific Audit Approach

LAFCO Proposal for Auditing Services

Phase II - Substantive Audit Procedures and Compliance

This phase is designed to complete our substantive and compliance audit procedures on the accounts of the LAFCO. The approach for Phase II will be based on the results of Phase I. Audit programs will be tailored for your LAFCO's needs. This work will begin after the closing of your books.

Sample size and selection is based on our assessment of risk and planned or actual deviations. A typical **sample size will be 25 to 60** items and be randomly selected. Our sampling methods vary depending

Sampling Methods

on the type of tests we perform. Sample selection for compliance work will be based on the respective compliance and audit guides, KC, our experience and judgment, and other various sources. We use Knowledge Coach (KC) audit programs by Commerce Clearing House (CCH) to assist in our risk determination and sampling selection. We also use **ProSystems fx Engagement** paperless audit, Microsoft Excel, and Microsoft Word on laptops to perform the audit. Generally, we prefer

information provided in electronic format, however we use production scanners in the office and portable scanners in the field for information that is unavailable in electronic format.

Analytical procedures during Phase II involve comparing current data to prior year and budget data, calculating dollar and percentage variances and investigating differences. We also analyze trends and relationships of the various financial statement components and ratios.

Analytical Procedures & Laws and Regulations

Laws and regulations subject to audit will be determined based on inquiry and familiarity we gain with the LAFCO and with state and federal compliance requirements. We also attend seminars and webinars related to state and federal regulations to keep abreast of new requirements.

Phase II will take approximately 40% of the engagement hours. At this time, an exit conference will be held to discuss findings and recommendations, the status of new accounting principles and reporting requirements, and prepare for Phase III.

Phase III - Financial Statement Preparation and Review

This phase consists of preparing or assisting with the preparation of your financial statements, **as required in the RFP**, in conformity with accounting principles generally accepted in the United States of America. We will also prepare all other financial and compliance reports required of us as listed on the RFP. The required reports and management letter will be submitted to management as noted in the timeline in the RFP, unless otherwise agreed. We will also ensure that new GASB pronouncements identified in phase I and II have been appropriately accounted for and disclosed in the financial statements and that the impact of these statements is sufficiently presented in our audit reports. The most efficient way to ensure we meet the reporting deadlines is to have the audited trial balance and final adjustment completed by the last day of field work. This, in combination of the automation provided by **Prosystems Engagement** will reduce the lag time from the completion of field work and report issuance.

Our reporting process is automated through our audit software. Once we obtain the LAFCO's trial balance in electronic format, we can import that into our system, which will automatically code and update all financial statements and most note disclosures in the financial statements and notes. We can

Section B - Specific Audit Approach

LAFCO Proposal for Auditing Services

also auto link tables, charts and other documents the LAFCO would like to generate. **All of this information can be shared through our online secure lockbox/filesshare website at www.cnallp.com** and through our **online engagement portal** which is linked to our list of items. All agreed upon adjustments will be linked in our audit software. This greatly reduces the report preparation time and involvement of LAFCO staff and creates more opportunity for review of information systems, internal controls and management recommendations. At the end of this phase we will provide a summary of audit adjustments and uncorrected misstatements (passed adjustments).

We anticipate that Phase III will comprise approximately 20% of the engagement hours, including the majority of the clerical hours. The timing of each phase of the audit is estimated based on the assumption that the LAFCO will meet their close schedule and responsibilities as noted in the request for proposal.

Please note that we generally hold entrance conferences at the beginning of Phase I and II and exit conferences at the end of Phase I, II and III. However, we are available to meet with the LAFCO at any time.

Compliance and Program Specific Auditing

Included in all phases are specific procedures required to complete individual compliance items. Analytic and sampling procedures generally follow those described in the preceding phase, but are modified, when needed, to meet specific guidelines of the programs audited.

Recommendations for Improved Operations

We feel we have accumulated valuable knowledge in accounting and auditing which has allowed us to offer a wide range of specific recommendations to increase the efficiency and effectiveness of our audit clients. With our background, we can provide services that may be very beneficial to you presently and in the future. As our client, you can look to us for informed support **year-round in all areas of interest or concern**. In the course of our engagement with the LAFCO, we will provide prompt, knowledgeable answers to your questions regarding all aspects of accounting, finance, management, and operations. It is our policy to discuss discrepancies and recommendations with LAFCO staff directly involved and then with management, as necessary. If an item warrants inclusion in the report as a finding, we will obtain management's responses to each finding. All responses will be reviewed with management and relevant committees before they are presented to the LAFCO Commission.

Irregularities and Illegal Acts

We will make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which we become aware to the Audit Committee (or similar) and Attorney.

Control Risk Assessment

As part of our audit approach, we use KC forms, narratives, questionnaires and summary schedules to gain an understanding of the control environment and assess its overall effectiveness. This helps us identify the types of potential misstatements and factors that affect the risk of material misstatement and their impact on the audit plan.

Analytical Procedures

Analytical procedures are used at three points of time during our audit; planning, substantive testing, and final review of the completed financial statements. Analytical procedures are used to obtain

Section B - Specific Audit Approach

LAFCO Proposal for Auditing Services

knowledge of conditions and events, to indicate the presence of possible misstatements, to provide substantive evidence of balances and to assess the financial condition of the LAFCO.

As we obtain knowledge about the LAFCO, we will be able to direct our attention to areas requiring greater audit emphasis as well as provide substantive evidence in support of recorded account balances.

Identification of Potential Audit Problems

Each year we approach the audit objectively and use a risk-based approach to anticipate any potential audit problems. If anything were to come to our attention during the course of the audit, it would be reported to the proper management level depending on the nature of the problem and as noted in the RFP.

Resources Available for Standards Interpretations

In addition to the items published by GFOA, AICPA, FASB, and GASB, we use RIA checkpoint and Thompsons as our main online reference material. As our client, the LAFCO will have access to all our resources.

Client References and Similar Engagements

Entity Name	Bay Area Water Supply & Cons Agency	Sonoma Valley Fire District	Midpeninsula Regional Open Space
Contact Person	Deborah Grimes	Steve Akre	Rafaela Ocegüera
Title	Finance Manager	Fire Chief	Budget & Finance Manager
Address	155 Bovet Rd., Ste 650, San Mateo, CA 94402	630 2nd St W, Sonoma, CA 95476	5050 El Camino Real, Los Altos, CA 94022
Phone	650-349-3000	707-996-2102	650-625-6587
E-mail	DGrimes@bawsc.org	SteveA@sonomavalleyfire.org	rocegüera@openspace.org
Partner	Paul Pham	Sheldon Chavan	Sheldon Chavan
GFOA Award	No	No	Yes
Type:	Special District	Special District	Special District
Scope of Work	Revenue Bond Audit GAGAS Audit SCO Min Audit Req Review SCO Report SAS 114 Report Management Letter Year Round Consultation	GAGAS Audit SCO Min Audit Req GASB 34 Reconciliation SAS 114 Report Management Letter Year Round Consultation	ACFR GO Bond Audit GAGAS Audit SCO Min Audit Req GASB 34 Reconciliation SAS 114 Report Management Letter Year Round Consultation

Summary of Staff Hours by Phase

Level of Staff	Phases		Total Hours
	I & II	III	
Engagement Partner	12	12	24
Associate Partner	2	2	4
Supervisor	32	16	48
Professional Staff	40	8	48
Administrative Staff	2	2	4
Totals	88	40	128

Section B - Specific Audit Approach

LAFCO Proposal for Auditing Services

Summary Timeline

Segment	Estimated	Phase
Entrance Conference	TBD	I
Audit Planning C&A's Office	TBD	I
List of Items Required by Client and Audit Plan	TBD	I
Preparation and Mailing of Confirmation Letters to 3rd Parties	TBD	I/II
Year-end Field Work	TBD	I/II
Exit Conference	TBD	I/II
Progress List of Management Point and Recommendations	TBD	I/II
Final List of Management Point and Recommendations	TBD	I/II
Audit Adjustments	TBD	I/II
Draft Reports, Financials, Management Letters	TBD	III
Final Reports, Financials, Management Letters	TBD	III
Board, Committee & Public Presentations	As Needed	III

Special District Client List (Subset of 114 Clients)

Special Districts	ACFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Bay Area Water Supply Conservation Agency		✓	✓	✓			
Castro Valley Sanitary District		✓	✓				
El Dorado Hills Community Services District	✓	✓	✓				
Lake Canyon Community Services District		✓	✓				
Midpeninsula Regional Open Space District		✓	✓	✓			
Mid-Peninsula Water District						✓	
North County Library Authority		✓	✓				
Purissima Hills Water District						✓	
Ross Valley Sanitary District	✓	✓	✓				
Sausalito-Marín City Sanitation District		✓	✓	✓			
Stege Sanitary District		✓	✓				
South San Francisco Conference Center		✓					
The Cities' Group		✓	✓				
Tres Pinos Water District		✓	✓				
Valley of the Moon Fire District		✓	✓	✓			
West Bay Sanitary District		✓	✓				
West Valley Sanitation District		✓	✓				
West Valley Clean Water Authority		✓	✓				
Westborough Water District						✓	

Section C

Scope of Services

Section C - Scope of Services

LAFCO Proposal for Auditing Services

Audit Scope

We understand, accept and have included in our work plan the following scope of services to prepare an Annual Comprehensive Financial Report (ACFR) that addresses the following tasks:

- A.** Independent Auditor's Reports for the LAFCO on the fair presentation of the financial statements in conformity with generally accepted accounting principles based upon audits of the Basic Financial Statements of the LAFCO.
- B.** The other supplementary information listed in the Table of Contents in the LAFCO's ACFR, including combining schedules and additional budgetary comparison schedules, are not a required part of the basic financial statements, however, C&A is to provide a report on the combining and individual fund financial statements and supporting schedules. The information presented shall be based on the auditing procedures applied during the audits of these basic financial statements.
- C.** Management and Statements on Auditing Standards (SAS) 114 Letters, which include findings, statements, observations, opinions, comments, or recommendations, related to:
 - 1. Systems of internal control based upon C&As' understanding of the control structure and assessment of control risk.
 - 2. Compliance with applicable laws and regulations.
 - 3. Accounting systems, functions, procedures and processes, especially with regard to cost effectiveness.
- D.** Management and SAS 114 Letters.
- E.** To meet the requirements of this request for proposal, these audits are to be performed in accordance with all applicable and generally accepted auditing standards including, but not limited to: the standards set forth for financial audits by the Governmental Accounting Standards Board (GASB), and in the General Accounting Office's (GAO) Government Auditing Standards.
- F.** All working papers and reports must be retained, at C&A's expense, for a minimum of five (5) years following completion of the audit, unless the firm is notified in writing by the LAFCO of the need to extend the retention period. C&A will be required to make working papers available, upon request, to the following parties or their designees:
 - 1. Parties designated by the federal or state governments or by the LAFCO as part of an audit quality review process.
 - 2. Auditors of entities of which the LAFCO of Capitola is a sub-recipient of grant funds.
 - 3. State of California, Office of the State Controller.

Section C - Scope of Services
LAFCO Proposal for Auditing Services

- G.** In addition, C&A shall respond to the inquiries of successor auditors and allow successor auditors to review working papers relating to matters of accounting significance.

Section D

Partner, Supervisory and Staff Resumes

Section D - Partner, Supervisory and Staff Resumes

LAFCO Proposal for Auditing Services

We are aware of the need for continuity of personnel on the engagement and promise that the Engagement Partner will be directly involved in the audit **during each year** of the contract. We believe that extensive partner involvement provides continuity that could not be achieved in any other way. All staff committed in this proposal will be available for the entire June 30, 2022 and 2023 audit and are available 12 months a year for questions, comments and implementation support. We understand that the Engagement Partners, managers and other supervisory staff and specialists may be changed only with the express prior written permission of the LAFCO. Other audit personnel may be changed at our discretion as long as the replacements have substantially the same or better qualifications or experience. The LAFCO retains the right to approve or reject replacements.

Sheldon Chavan, CPA

Managing Partner (Member CalCPA, AICPA, GFOA, CSMFO, GAQC)



Sheldon holds a B.S. in Accounting from San Jose State University. He began his career in public accounting in **1998** and has been auditing local governments and nonprofit organizations ever since. Sheldon is a CPA licensed in California and a member of AICPA, CalCPA, CSMFO, GAQC and GFOA. **He has also been a member of the GFOA Special Review Committee, with responsibility for reviewing ACFR's for award of the Certificate of Excellence in Financial Reporting.** Sheldon has prepared/reviewed ACFR's for the City of Berkeley, City of Sunnyvale, City of Pittsburg and many others over his career. Most recently, Sheldon prepared the ACFR of the City of Oroville, Town of Lost Gtos and the City of Albany for the fiscal years ended

June 30, 2023 (partial listing).

*ACFR
Preparation*

Sheldon has managed governmental audits his entire career, which includes the technical review of all work papers, staffing, scheduling, reporting, state compliance, federal compliance, state controllers reports and much more. He is responsible for running the audit in the field and providing accounting and auditing technical support to other partners and staff, primarily in the areas of compliance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the United States General Accounting Office's (GAO) *Government Auditing Standards*, and the provisions of the Federal Single Audit Act and the United States Office of Management and Title 2 CFR Part 200 (Uniform Guidance). Sheldon also ensures that each staff has met the continuing professional education requirements under these standards and teaches several in-house seminars a year. He also administers our firm's quality control system as required by GAAS and Yellow Book standards. Sheldon has been performing audits under the Single Audit Act his entire career. Understanding the complexities of the various federal programs is one of his specialties. Over the years, Sheldon has audited major programs such as ARPA, CARES Act, National School Lunch, Title II Education Technology, IDEA Special Education Local Assistance, Title I, Education Jobs Fund, Title IV Drug Free Schools, NCLB Title III, Title II Improving Teacher Quality, CDBG, Shelter Plus Care, Home Investment in Affordable Housing, HUD Section 8, Highway Planning and Construction, Medi-Cal, Low-income Low Energy Assistance, and many more.

Sheldon has extensive experience auditing government bond programs and can assist the LAFCO with bond covenant calculations, bond compliance, tax filings, bond arbitrage issues and any other general

Section D - Partner, Supervisory and Staff Resumes

LAFCO Proposal for Auditing Services

reporting requirements. In addition, we currently have multiple clients for which we complete special bond performance audits each year. We also provide contractor prequalification services for some clients who use restricted bond funds for modernization and infrastructure improvements.

Sheldon's recent continuing professional education:

Description of Program/Training
Yellow Book: Revised Government Auditing Standards
Government Auditing Standards - Yellow Book
Frequent Government and NPO Frauds: Misuse of Assets
Governmental and Nonprofit Annual Update: Federal Government Activities
Single Audit Lighting Round
Governmental Audit Quality Center Annual Update Webcast
Program-Specific Audits' plus 'Audit Tools and Guidance'
Applying Risk Assessment Standards: Understanding the Entity and Its Environment
GASB Updates
Governmental Accounting and Auditing Conference Webcast - 5121266C
Not-for-Profit Organizations Conference Webcast - 5121343C
Cases in NFP Acct. & Auditing: 'Financial Statement Requirements' plus 'Net Asset Classifications'
Governmental Auditing: Course Two Performance Audits
Governmental Auditing: Course Three Financial Audits, Attestation Engagements, and..
Governmental Accounting and Reporting
Ethics: AA&C LLP - Accounting Firm Practice Development Committee
State and Local Govt Planning Considerations
Cases in NFP Acct. & Auditing: Contributions
Field Work Documentation: Preparation, Maintenance, Types of Workpapers
School District Update Including LCFF and LCAP Compliance
School Districts Conference
Understanding the Changes to Yellow Book Independence
California Regulatory Review Course
Fraud Audit Techniques Using Excel
Applying the Uniform Guidance in Your Single Audits
Testing Compliance' plus 'Reporting Requirements
Fid Act Understanding impacts of GASB 84
Its Here! Fid Act Implementation Considerations
Accounting and Auditing Conference
Bernard Madoff Investment Securities' Auditor'
The Detection and Prevention of Fraud in Financial Statements
Governmental Auditing: Course One Fundamental Principles for Government Auditing

Section D - Partner, Supervisory and Staff Resumes

LAFCO Proposal for Auditing Services

The following is a **partial list** of Sheldon's clients over the years:

Cities and Towns	Special Districts/JPA's	School Districts/COE's	Nonprofits and Other
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	2006 Washington St.
City of Berkeley	Central Marin Sanitation Agency	Belmont Redwood Shores	Bay Area Special Education JPA
City of Carmel-by-the-Sea	East Bay Dischargers Authority	Burlingame	Bay Area Water Users Association
City of Del Rey Oaks	Fairfield-Suisan Sanitation	Cabrillo Unified	Black Adoption Placement
City of Marina	Half Moon Bay Fire Protection	Campbell Union	Boys and Girls Clubs of Sonoma
City of Novato	Hayward Area Parks and Rec	Cloverdale Unified	Center for Empowering Refugees
City of Oroville	Highland Recreation District	Cotati Rohnert Park	Children of Grace
City of Pacific Grove	Los Trancos Water District	Hillsborough City	Collective Roots
City of Pittsburg	Mckinney Water District	La Honda Pescadero	Credo High School
City of Point Arena	Menlo Park Fire Protection	Lakeside	Diagnostics for the Real World
City of Salinas	Midpen Regional Open Space	Las Lomitas Elementary	Hidaya Foundation
City of San Rafael	Pleasant Hill Parks and Rec	Lassen View Elementary	Livebooks
City of Saratoga	Point Montara Fire District	Los Altos Elementary	Mashery
City of Scotts Valley	Santa Clara Regional Open Space	Luther Burbank	Mission Charter
City of Sonoma	Saratoga Cemetery District	Manton Joint Union	Mission Language and Vocational
City of South San Francisco	South Bayside System Authority	Menlo Park City	Morgan Hill Charter Foundation
City of Suisun City	South San Francisco Conf. Ctr.	Millbrae Elementary	Morgan Hill Charter School
City of Sunnyvale	Sausalito-Marin City Sanitation	Mineral	Nob Hill Home Owners Assoc.
City of Tracy	Tahoe Regional Planning Agency	Mountain View Whisman	O'Conner Water
Town of Los Gatos	The Cities Group	Orchard	One Million Lights
Town of Windsor	Valley of the Moon Fire	Pacifica	Orange County Charter School
	West Bay Sanitary District	Plum Valley	Pathway to Choices
	West County Wastewater District	Portola Valley Elementary	Pyramid Alternatives
	Westborough Water District	Red Bluff	Redwood City Education Foundation
	Woodside Fire Protection District	Salinas Union High	San Jose Conservation Charter
		San Bruno Park	San Jose Conservation Corps
		San Carlos Elementary	Singularity University
		San Mateo County Office	Sociometrics
		San Mateo Union High	South Tahoe Area Transit Authority
		Scotts Valley Unified	Stone Bridge Charter School
		Sequoia Union High	Woodside Atherton Authority
		Sonoma Valley Unified	Work2future Foundation
		Union School District	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	

Section D - Partner, Supervisory and Staff Resumes

LAFCO Proposal for Auditing Services

Jeffrey J. Ira, CPA

Independent Reviewer, (Member CalCPA, AICPA, GFOA, CSMFO, GAQC)



Jeffrey is a graduate of Humboldt State University with a B.S. in Business with a concentration in Accounting. He is a CPA licensed in California, a member of the AICPA, the California Society of CPAs, the GFOA and the CSMFO. Jeff joined our firm in 2017 and has been auditing local governments since 1981. Jeff is a member of the GFOA Special Review Committee, with responsibility for reviewing ACFRs for award of the Certificate of Excellence in Financial Reporting. **Jeff served as a Councilmember and the Mayor for Redwood City.** He has also served on various local governing boards and committees, which makes him acutely aware of both your financial and management needs. Jeff will be responsible for concurrent review of your audit, which is a quality control measure designed to ensure the audit is completed effectively and in compliance with governmental auditing standards, compliance requirements and uniform guidance requirements.

Jeff has forty years of professional experience and has participated in a variety of auditing and consulting engagements with cities, school districts, and special districts including the following (partial listing):

Cities and Towns	Special Districts	School Districts/COE's
City of Berkeley	Bay Area Water Supply Conserv. Agency	Antelope Elementary
City of Cloverdale	Central Marin Sanitation Agency	Cabrillo Unified
City of Oroville	East Bay Dischargers Authority	Cotati Rohnert Park
City of Point Arena	Half Moon Bay Fire Protection	La Honda Pescadero
City of Saratoga	Los Trancos Water District	Lassen View Elementary
City of Sonoma	Menlo Park Fire Protection	Las Lomitas Elementary
City of Tracy	Pleasant Hill Parks and Rec	Los Altos Elementary
Town of Los Gatos	Point Montara Fire Protection District	Luther Burbank
City of Pittsburg	Santa Clara Regional Open Space Auth	Redwood City Elementary
City of San Rafael	Saratoga Cemetery District	Menlo Park City
City of Concord	South Bayside Systems Authority	Millbrae Elementary
City of Salinas	South San Francisco Conf. Ctr.	Santa Cruz City
City of Sunnyvale	Tahoe Regional Planning Agency	Mountain View Whisman
City of San Carlos	The Cities Group	Orchard School District
City of South San Francisco	West Bay Sanitary District	Burlingame
City of Marina	West County Wastewater District	Jefferson Union High
City of San Bruno	Westborough Water District	Portola Valley Elementary
City of Campbell	Woodside Fire Protection District	Red Bluff
City of Novato	Highland Recreation	San Bruno Park
Town of Atherton	Coast side Water District	San Mateo County Office
City of Cupertino		Sequoia Union High
		Sonoma Valley Unified
		San Mateo Unified
		Ravenswood Elementary
		Windsor Unified
		Woodside Elementary

Section D - Partner, Supervisory and Staff Resumes

LAFCO Proposal for Auditing Services

A summary of Jeff's recent professional education includes:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

Section D - Partner, Supervisory and Staff Resumes

LAFCO Proposal for Auditing Services

Paul Pham, CPA

Associate Partner (AICPA, CalCPA)



Paul received his Bachelor of Science from Pacific University and hopes to pursue a Master of Accountancy in the near future. Paul has been working in public and private accounting since 2007 and has completed Fourteen governmental audit seasons. He has completed financial and compliance audits for the entities listed below since 2007. Besides the standard control documentation and substantive testing required for GAAS audits, Paul has performed audits and prepared reports under OMB Subpart F and the Single Audit Act for most of the entities listed below. He has audited Federal grants from various agencies, including FEMA, HUD, FTA, the Department of Education (Title I, Special Education, Title II, Adult Ed) and much more.

Paul's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a partial list of Paul's clients over the years:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Charter Schools
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	Bay Area Water Users Association
City of Berkeley	Central Marin Sanitation Agency	Burlingame	Black Adoption Placement
City of Carmel-by-the-Sea	Fairfield-Suisun Sanitation District	Cabrillo Unified	Boys and Girls Clubs of Sonoma
City of Del Rey Oaks	Menlo Park Fire Protection	Cotati Rohnert Park	Center for Empowering Refugees
City of Oroville	Midpen Regional Open Space	Hillsborough City	Children of Grace
City of Pacific Grove	Santa Clara Regional Open Space	La Honda Pescadero	Collective Roots
City of Point Arena	Saratoga Cemetery District	Las Lomitas Elementary	Credo High School
City of Rocklin	South Bayside System Authority	Lassen View Elementary	Hidaya Foundation
City of Saratoga	South San Francisco Conf. Ctr.	Los Altos Elementary	Livebooks
City of Sonoma	Suasalito-Marin City Sanitation District	Luther Burbank	Mashery
City of Suisun City	Tahoe Regional Planning Agency	Manton Joint Union	Mission Charter
City of Tracy	The Cities Group	Millbrae Elementary	Mission Language and Vocational School
Town of Los Gatos	Valley of the Moon Fire	Mineral	NASA AMES Exchange
	West Bay Sanitary District	Mountain View Whisman	Orange County Charter School
	Westborough Water District	Orchard	Pathway to Choices
		Pacifica	Pyramid Alternatives
		Plum Valley	Redwood City Education Foundation
		Portola Valley Elementary	San Jose Conservation Charter
		Red Bluff	San Jose Conservation Corps
		San Bruno Park	Sociometrics
		San Carlos Elementary	South Tahoe Area Transit Authority
		San Lorenzo Valley Unified	Stone Bridge Charter School
		San Mateo County Office	Work2future Foundation
		Scotts Valley Unfied	
		Sequoia Union High	
		Sonoma Valley Unified	
		Soquel Elementary	
		Union School District	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	

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LAFCO Proposal for Auditing Services

Niru Machiraju

Audit Supervisor

Niru received her Bachelor and Master of Science in Accounting from the University of Saint Thomas. Niru has been working in public accounting since 2017 and has completed six audit seasons. During the 2022 audit season, she completed the financial and compliance audits for the entities listed below and has additional experience in the manufacturing, distribution, and non-profit industries. Niru has audited over sixty local governments and nonprofits since 2017. Besides the standard control documentation and substantive testing required for GAAS audits, Niru has performed audits and prepared reports under GAGAS and Uniform Guidance. She has also audited Federal grants from various agencies, including HUD and the Department of Education (Title I, Special Education) and much more.

Niru's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a list of Niru's clients over the past year:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	Bay Area Water Users Association
City of Carmel-by-the-Sea	Chico Area Recreation and Park District	Burlingame	Boys and Girls Clubs of Sonoma
City of Del Rey Oaks	Lake Canyon Community Services District	Cabrillo Unified	Center for Empowering Refugees
City of Oroville	Midpen Regional Open Space	Cotati Rohnert Park	Children of Grace
City of Pacific Grove	Ross Valley Sanitary District	Hillsborough City	Credo High School
City of Point Arena	Santa Clara Regional Open Space	Las Lomas Elementary	Hidaya Foundation
City of Rocklin	South San Francisco Conf. Ctr.	Lassen View Elementary	Mission Charter
City of Saratoga	Steger Sanitary District	Los Altos Elementary	NASA AMES Exchange
City of Marina	Suasalito-Marina City Sanitation District	Luther Burbank	Pathway to Choices
City of Suisun City	The Cities Group	Millbrae Elementary	Peninsula Conflict Resolution Center
	Valley of the Moon Fire	Orchard	Redwood City Education Foundation
	West Bay Sanitary District	Pacifica	Stone Bridge Charter School
	Westborough Water District	Red Bluff	Work2future Foundation
		San Bruno Park	Stone Bridge Charter School
		San Carlos Elementary	
		San Lorenzo Valley Unified	
		San Mateo County Office	
		Sequoia Union High	
		Sonoma Valley Unified	
		Soquel Elementary	
		Union School District	
		West County Agency (LEA)	
		Woodside Elementary	

Section D - Partner, Supervisory and Staff Resumes

LAFCO Proposal for Auditing Services

Andrew Quintero

Senior Auditor

Andrew has successfully completed five seasons of governmental auditing. Andrew has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various special districts and cities. He has been the Senior Auditor in-charge of clients such as the Town of Yountville, City of Suisun City, Fairfield-Suisun Sanitary District and many more. Besides the standard control documentation and substantive testing required for GAAS audits, Andrew has performed audits and prepared reports under OMB Subpart F and the Single Audit Act. He has audited Federal grants from various agencies, including Special Education, National School Lunch, Title I, Department of Education grants and others.

Andrew's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a list of Andrew's clients:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Oroville	Bay Area Water Supply Conservation Agency	Jefferson Union High School District	Peninsula Conflict Resolution Center
City of Pacific Grove	Castro Valley Sanitary District	John Swett Unified School District	Redwood City Education Foundation
City of Point Arena	El Dorado Hills Community Services District	Las Lomitas School District	San Mateo County Exposition and Fair Association
City of Rocklin	Lake Canyon Community Services District	Lassen View Union Elementary School District	Sonoma Valley Hospital Foundation
City of Saratoga	Midpeninsula Regional Open Space District	Los Altos School District	The Moca Foundation
City of Suisun City	Purissima Hills Water District	Luther Burbank School District	The San Jose Library Foundation
Town of Yountville	Ross Valley Sanitary District	Menlo Park City School District	
	Santa Clara County Regional Open Space Auth	Millbrae School District	
	Sausalito-Marin City Sanitation District	Mountain View Whisman School District	
	Stege Sanitary District	Napa Valley Unified School District	
	Silicon Valley Clean Water	Orchard School District	
	South San Francisco Conference Center	Pacifica School District	
	The Cities' Group	Red Bluff Joint Union High School District	
	Valley of the Moon Fire District	Red Bluff Union Elementary School District	
	West Bay Sanitary District	Roseland Elementary School District	
	West Valley Sanitation District	San Bruno Park School District	
	Westborough Water District	San Carlos School District	
		San Lorenzo Valley Unified School District	
		San Mateo Foster City School District	
		San Rafael City Schools	
		Santa Rosa City Schools	
		Woodside Elementary	

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LAFCO Proposal for Auditing Services

Matthew Ojeda

Senior Auditor

Matthew graduated from the San Jose State University, with a B.S. in Accounting. Starting in public accounting in 2014, he has successfully completed seven seasons of governmental auditing. Matthew has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various special districts and school districts. Besides the standard control documentation and substantive testing required for GAAS audits, Matthew has performed audits and prepared reports under OMB Subpart F and the Single Audit Act. He has audited Federal grants from various agencies, including Special Education, National School Lunch, Title I, Department of Education grants and others.

Matthew's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a list of Matthew's clients over the years:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Other
City of Del Rey Oaks	Castro Valley Sanitary District	Antelope Elementary	Boys and Girls Club of Central Sonoma County
City of Oroville	Central Marin Sanitation Agency	Burlingame	Boys and Girls Clubs of Sonoma Valley
City of Pacific Grove	Fairfield-Suisan Sanitation District	Cabrillo Unified	Credo High School
City of Point Arena	Midpen Regional Open Space Auth	Cotati Rohnert Park	Diagnostics for the Real World
City of Rocklin	Oro Loma Sanitary District	Golden Valley Unified	Mission Language and Vocational School
City of Saratoga	Santa Clara Regional Open Space Auth	Hillsborough City	Morgan Hill Charter Foundation
City of Suisun City	Saratoga Cemetery District	Las Lomitas Elementary	Morgan Hill Charter School
Town of Los Gatos	Sausalito-Marin City Sanitation District	Lassen View Elementary	Orange County Charter School
	Silicon Valley Clean Water	Los Altos Elementary	Organic Farming Research Foundation
	The Cities Group	Luther Burbank	Prohealth Homecare
	West Valley Sanitation District	Millbrae Elementary	Redwood City Education Foundation
		Mission Preparatory School	San Jose Conservation Charter
		Mountain View Whisman	San Jose Conservation Corps
		Napa Valley Unified	San Mateo County Exposition Fair Association
		Orchard	Sociometrics
		Pacifica	Work2future Foundation
		Palo Alto Unified	
		Portola Valley Elementary	
		Red Bluff	
		Roseland Charter	
		Roseland Elementary	
		San Bruno Park	
		San Carlos Elementary	
		San Lorenzo Valley Unified	
		San Mateo County Office	
		San Mateo Foster City	
		Santa Rosa City School	
		Scotts Valley Unfied	
		Sequoia Union High	
		Sonoma Valley Unified	
		Soquel Elementary	
		South San Francisco Unified	
		Union School District	
		Woodside Elementary	

Section D - Partner, Supervisory and Staff Resumes

LAFCO Proposal for Auditing Services

Professional Education and Training

Our professionals complete 80 hours of continuing professional education every two years in auditing and accounting which includes at least 80 hours of governmental auditing and accounting training specific to local governments. We use a combination of in-house seminars, self-study and outside seminars sponsored by AICPA, GFOA, the California Education Foundation and other recognized groups.

All assigned staff meet the educational requirements for Governmental engagements as specified by the California Board of Accountancy, Federal General Accounting Office, Governmental Accounting Standards Board, and the AICPA as appropriate.

Attachments

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 18, 2021

To the Partners of Chavan & Associates, LLP
and the Peer Review Committee
of the California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP in effect for the year ended December 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements are identified as not having been performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

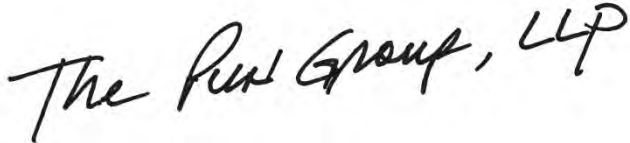
Engagements selected for review included engagements performed under *Government Auditing Standards* including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

To the Partners of Chavan & Associates, LLP
and the Peer Review Committee
of the California Society of Certified Public Accountants
Page 2


Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP in effect for the year ended December 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Chavan & Associates, LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "The Peer Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California

<p style="text-align: center;">FEES SUMMARY</p> <p style="text-align: center;">FOR THE ANNUAL INDEPENDENT AUDIT</p> <p style="text-align: center;">OF THE</p> <p style="text-align: center;">LAFCO</p>

<p style="text-align: center;"><i>Submitted March 22, 2024</i></p>
<div style="text-align: center;"><p>Chavan & Associates, LLP Certified Public Accountants 15105 Concord Circle, Suite 130 Morgan Hill, CA 95037 Phone: (650) 346-1329 Fax: (408) 872-4159 E-mail: sheldon@cnallp.com Contact: Sheldon Chavan, Partner</p></div>

Fees Summary

LAFCO Proposal for Auditing Services

Date: March 22, 2024

Firm: Chavan & Associates, LLP (C&A)
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037
Phone: (650) 346-1329

Contact Person: Sheldon Chavan, Managing Partner
Sheldon@cnallp.com
650-346-1329

Price per Year by Service Level:

Services	Hours	2024	2025	2026	2027	2028	2029
El Dorado	128	\$ 13,500	\$ 13,500	\$ 13,500	\$ 14,000	\$ 14,500	\$ 15,000
Fresno	128	13,500	-	13,500	-	14,500	-
Marin	128	-	13,500	13,500	14,000	14,500	15,000
Mendocino	100	10,500	10,500	10,500	11,000	11,500	12,000
Santa Barbara	100	10,500	10,500	10,500	11,000	11,500	12,000
Santa Cruz	128	13,500	13,500	13,500	14,000	14,500	15,000
GASB implementation and guidance	N/A	Included	Included	Included	Included	Included	Included
Printing and binding	N/A	Included	Included	Included	Included	Included	Included
Present Reports to Council and Committees	N/A	Included	Included	Included	Included	Included	Included
Meals, Lodging and Transportation	N/A	Included	Included	Included	Included	Included	Included
Total All-Inclusive Maximum Price	712	\$ 61,500	\$ 61,500	\$ 75,000	\$ 64,000	\$ 81,000	\$ 69,000

Certification: I, the undersigned, certify I am duly authorized to represent C&A and I am empowered to submit this bid. In addition, I certify I am authorized to contract with the LAFCO on behalf of C&A.



Signature	Managing Partner	March 22, 2024
	Title	Date

Sheldon Chavan
Name

Fees Summary

LAFCO Proposal for Auditing Services

Schedule of Professional Fees

Our professional fees are based on actual time devoted to an engagement, at hourly rates related to the experience levels of the individuals performing the work. The following is our standard fee schedule for our audit personnel and estimated hours per engagement.

	Hourly Rates	El Dorado	Hours				
			Freno	Marin	Mendocino	Santa Barbara	Santa Cruz
Engagement Partner	\$ 250	24	24	24	20	20	24
Associate Partner/Reviewer	200	4	4	4	4	4	4
Supervisor	100	48	48	48	32	32	48
Professional Staff	90	48	48	48	40	40	48
Administrative Staff	85	4	4	4	4	4	4
Total Hours		128	128	128	100	100	128

Manner of Payment

Progress payments will be made on the basis of pro-rated audit work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with our proposal.

Rates for Additional Professional Services

In the event that extraordinary circumstances require additional services beyond the agreed upon scope, C&A will provide, in writing and in advance, the reasons for the additional services along with our estimated costs and a statement that no work will be performed prior to City approval. **Rates for additional services would be the same as those identified under the quoted hourly rates above.**

**LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
PROFESSIONAL SERVICES AGREEMENT**

This Agreement is made and entered into as of June 6, 2024 by and between the Local Agency Formation Commission of Santa Cruz County, a public agency organized and operating under the laws of the State of California with its principal place of business at 701 Ocean Street, Room 318-D, Santa Cruz CA 95060 (hereinafter referred to as "LAFCO" and "Commission"), and Davis Farr LLP a Partnership with its principal place of business at 18201 Von Karman Avenue, Suite 1100, Irvine, CA 92612 (hereinafter referred to as "Consultant"). Commission and Consultant are sometimes individually referred to as "Party" and collectively as "Parties" in this Agreement.

RECITALS

A. Commission is a public agency of the State of California and is in need of professional services for the following project:

Financial Statement Audit Services (hereinafter referred to as "the Project").

B. Consultant is duly licensed and has the necessary qualifications to provide such services.

C. The Parties desire by this Agreement to establish the terms for Commission to retain Consultant to provide the services described herein.

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Services.

Consultant shall provide the Commission with the services described in the Scope of Services attached hereto as Exhibit "A."

2. Compensation.

a. Subject to paragraph 2(b) below, the Commission shall pay for such services in accordance with the Schedule of Charges set forth in Exhibit "A."

b. In no event shall the total amount paid for services rendered by Consultant under this Agreement exceed the sum of \$13,750 in any given fiscal year. This amount is to cover all printing and related costs, and the Commission will not pay any additional fees for printing expenses. Periodic payments shall be made within 30 days of receipt of an invoice which includes a detailed description of the work performed. Payments to Consultant for work performed will be made on a monthly billing basis.

3. Additional Work.

If changes in the work seem merited by Consultant or the Commission, and informal consultations with the other party indicate that a change is warranted, it shall be processed in the following manner: a letter outlining the changes shall be forwarded to the Commission by Consultant with a statement of estimated changes in fee or time schedule. An amendment to this

Agreement shall be prepared by the Commission and executed by both Parties before performance of such services, or the Commission will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

4. Maintenance of Records.

Books, documents, papers, accounting records, and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the contract period and for four (4) years from the date of final payment under the contract for inspection by Commission.

5. Time of Performance.

Consultant shall perform its services in a prompt and timely manner and shall commence performance upon receipt of written notice from the Commission to proceed ("Notice to Proceed"). Consultant shall complete the services required hereunder within **period noted in Exhibit A**. The Notice to Proceed shall set forth the date of commencement of work.

6. Delays in Performance.

a. Neither Commission nor Consultant shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Agreement, such circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint.

b. Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Agreement.

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government, including Cal/OSHA requirements.

b. If required, Consultant shall assist the Commission, as requested, in obtaining and maintaining all permits required of Consultant by federal, state and local regulatory agencies.

c. If applicable, Consultant is responsible for all costs of clean up and/ or removal of hazardous and toxic substances spilled as a result of his or her services or operations performed under this Agreement.

8. Standard of Care

Consultant's services will be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions.

9. Assignment and Subconsultant

Consultant shall not assign, sublet, or transfer this Agreement or any rights under or interest in this Agreement without the written consent of the Commission, which may be withheld for any reason. Any attempt to so assign or so transfer without such consent shall be void and without legal effect and shall constitute grounds for termination. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement. Nothing contained herein shall prevent Consultant from employing independent associates, and subconsultants as Consultant may deem appropriate to assist in the performance of services hereunder.

10. Independent Contractor

Consultant is retained as an independent contractor and is not an employee of Commission. No employee or agent of Consultant shall become an employee of Commission. The work to be performed shall be in accordance with the work described in this Agreement, subject to such directions and amendments from Commission as herein provided.

11. Insurance. Consultant shall not commence work for the Commission until it has provided evidence satisfactory to the Commission it has secured all insurance required under this section. In addition, Consultant shall not allow any subcontractor to commence work on any subcontract until it has secured all insurance required under this section.

a. Commercial General Liability

(i) The Consultant shall take out and maintain, during the performance of all work under this Agreement, in amounts not less than specified herein, Commercial General Liability Insurance, in a form and with insurance companies acceptable to the Commission.

(ii) Coverage for Commercial General Liability insurance shall be at least as broad as the following:

(1) Insurance Services Office Commercial General Liability coverage (Occurrence Form CG 00 01) or exact equivalent.

(iii) Commercial General Liability Insurance must include coverage for the following:

- (1) Bodily Injury and Property Damage
- (2) Personal Injury/Advertising Injury
- (3) Premises/Operations Liability
- (4) Products/Completed Operations Liability
- (5) Aggregate Limits that Apply per Project
- (6) Explosion, Collapse and Underground (UCX) exclusion deleted
- (7) Contractual Liability with respect to this Agreement
- (8) Property Damage
- (9) Independent Consultants Coverage

(iv) The policy shall contain no endorsements or provisions limiting coverage for (1) contractual liability; (2) cross liability exclusion for claims or suits by one insured against another; (3) products/completed operations liability; or (4) contain any other exclusion contrary to the Agreement.

(v) The policy shall give Commission, its officials, officers, employees, agents and Commission designated volunteers additional insured status using ISO endorsement forms CG 20 10 10 01 and 20 37 10 01, or endorsements providing the exact same coverage.

(vi) The general liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by the Commission, and provided that such deductibles shall not apply to the Commission as an additional insured.

b. Automobile Liability

(i) At all times during the performance of the work under this Agreement, the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles, in a form and with insurance companies acceptable to the Commission.

(ii) Coverage for automobile liability insurance shall be at least as broad as Insurance Services Office Form Number CA 00 01 covering automobile liability (Coverage Symbol 1, any auto).

(iii) The policy shall give Commission, its officials, officers, employees, agents and Commission designated volunteers additional insured status.

(iv) Subject to written approval by the Commission, the automobile liability program may utilize deductibles, provided that such deductibles shall not apply to the Commission as an additional insured, but not a self-insured retention.

c. Workers' Compensation/Employer's Liability

(i) Consultant certifies that he/she is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and he/she will comply with such provisions before commencing work under this Agreement.

(ii) To the extent Consultant has employees at any time during the term of this Agreement, at all times during the performance of the work under this Agreement, the Consultant shall maintain full compensation insurance for all persons employed directly by him/her to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof, and Employer's Liability Coverage in amounts indicated herein. Consultant shall require all subconsultants to obtain and maintain, for the period required by this Agreement, workers' compensation coverage of the same type and limits as specified in this section.

d. Professional Liability (Errors and Omissions)

At all times during the performance of the work under this Agreement the Consultant shall maintain professional liability or Errors and Omissions insurance appropriate to its profession, in a form and with insurance companies acceptable to the Commission and in an amount indicated herein. This insurance shall be endorsed to include contractual liability applicable to this

Agreement and shall be written on a policy form coverage specifically designed to protect against acts, errors or omissions of the Consultant. "Covered Professional Services" as designated in the policy must specifically include work performed under this Agreement. The policy must "pay on behalf of" the insured and must include a provision establishing the insurer's duty to defend.

e. Minimum Policy Limits Required

(i) The following insurance limits are required for the Agreement:

Combined Single Limit

Commercial General Liability	\$1,000,000 per occurrence/ \$2,000,000 aggregate for bodily injury, personal injury, and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Employer's Liability	\$1,000,000 per occurrence
Professional Liability	\$1,000,000 per claim and aggregate (errors and omissions)

(ii) Defense costs shall be payable in addition to the limits.

(iii) Requirements of specific coverage or limits contained in this section are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance. Any available coverage shall be provided to the parties required to be named as Additional Insured pursuant to this Agreement.

f. Evidence Required

Prior to execution of the Agreement, the Consultant shall file with the Commission evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 00 01 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (Acord Form 25-S or equivalent), together with required endorsements. All evidence of insurance shall be signed by a properly authorized officer, agent, or qualified representative of the insurer and shall certify the names of the insured, any additional insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies, and the expiration date of such insurance.

g. Policy Provisions Required

(i) Consultant shall provide the Commission at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Consultant shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Consultant shall deliver renewal certificate(s) including the General Liability Additional Insured Endorsement to the Commission at least ten (10) days prior to the effective date of cancellation or expiration.

(ii) The Commercial General Liability Policy and Automobile Policy shall each contain a provision stating that Consultant's policy is primary insurance and that any insurance, self-insurance or other coverage maintained by the Commission or any named insureds shall not be called upon to contribute to any loss.

(iii) The retroactive date (if any) of each policy is to be no later than the effective date of this Agreement. Consultant shall maintain such coverage continuously for a period of at least three years after the completion of the work under this Agreement. Consultant shall purchase a one (1) year extended reporting period A) if the retroactive date is advanced past the effective date of this Agreement; B) if the policy is cancelled or not renewed; or C) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.

(iv) All required insurance coverages, except for the professional liability coverage, shall contain or be endorsed to waiver of subrogation in favor of the Commission, its officials, officers, employees, agents, and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against Commission, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

(v) The limits set forth herein shall apply separately to each insured against whom claims are made or suits are brought, except with respect to the limits of liability. Further the limits set forth herein shall not be construed to relieve the Consultant from liability in excess of such coverage, nor shall it limit the Consultant's indemnification obligations to the Commission and shall not preclude the Commission from taking such other actions available to the Commission under other provisions of the Agreement or law.

h. Qualifying Insurers

(i) All policies required shall be issued by acceptable insurance companies, as determined by the Commission, which satisfy the following minimum requirements:

(1) Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII and admitted to transact in the business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

i. Additional Insurance Provisions

(i) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by the Commission, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(ii) If at any time during the life of the Agreement, any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, Commission has the right but not the duty to obtain the insurance it deems necessary and any premium paid by Commission will be promptly reimbursed by

Consultant or Commission will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, Commission may cancel this Agreement.

(iii) The Commission may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(iv) Neither the Commission nor any of its officials, officers, employees, agents or volunteers shall be personally responsible for any liability arising under or by virtue of this Agreement.

j. Subconsultant Insurance Requirements. Consultant shall not allow any subcontractors or subconsultants to commence work on any subcontract until they have provided evidence satisfactory to the Commission that they have secured all insurance required under this section. Policies of commercial general liability insurance provided by such subcontractors or subconsultants shall be endorsed to name the Commission as an additional insured using ISO form CG 20 38 04 13 or an endorsement providing the exact same coverage. If requested by Consultant, Commission may approve different scopes or minimum limits of insurance for particular subcontractors or subconsultants.

12. Indemnification.

a. To the fullest extent permitted by law, Consultant shall defend (with counsel of Commission's choosing), indemnify and hold the Commission, its officials, officers, employees, volunteers, and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the Commission, its officials, officers, employees, agents, or volunteers.

b. If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance of "design professional" services (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

13. California Labor Code Requirements.

a. Consultant is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects ("Prevailing Wage Laws"). If the services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall defend, indemnify and hold the Commission, its officials, officers,

employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. It shall be mandatory upon the Consultant and all subconsultants to comply with all California Labor Code provisions, which include but are not limited to prevailing wages (Labor Code Sections 1771, 1774 and 1775), employment of apprentices (Labor Code Section 1777.5), certified payroll records (Labor Code Sections 1771.4 and 1776), hours of labor (Labor Code Sections 1813 and 1815) and debarment of contractors and subcontractors (Labor Code Section 1777.1). The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

b. If the services are being performed as part of an applicable “public works” or “maintenance” project, then pursuant to Labor Code Sections 1725.5 and 1771.1, the Consultant and all subconsultants performing such services must be registered with the Department of Industrial Relations. Consultant shall maintain registration for the duration of the Project and require the same of any subconsultants, as applicable. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

c. This Agreement may also be subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements. Any stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor that affect Consultant’s performance of services, including any delay, shall be Consultant’s sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Consultant caused delay and shall not be compensable by the Commission. Consultant shall defend, indemnify and hold the Commission, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Consultant or any subcontractor.

14. Verification of Employment Eligibility.

By executing this Agreement, Consultant verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subconsultants and sub-subconsultants to comply with the same.

15. Laws and Venue.

This Agreement shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state or federal court situated in the County of Santa Cruz, State of California.

16. Termination or Abandonment

a. Commission has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event, Commission shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that

portion of the work completed and/or being abandoned. Commission shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by Commission and Consultant of the portion of such task completed but not paid prior to said termination. Commission shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services, and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to Commission only in the event of substantial failure by Commission to perform in accordance with the terms of this Agreement through no fault of Consultant.

17. Documents. Except as otherwise provided in "Termination or Abandonment," above, all original field notes, written reports, Drawings and Specifications and other documents, produced or developed for the Project shall, upon payment in full for the services described in this Agreement, be furnished to and become the property of the Commission.

18. Organization

Consultant shall assign Shannon Ayala as Project Manager. The Project Manager shall not be removed from the Project or reassigned without the prior written consent of the Commission.

20. Limitation of Agreement.

This Agreement is limited to and includes only the work included in the Project described above.

21. Notice

Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to:

COMMISSION:

Santa Cruz LAFCO
701 Ocean Street, Room 318-D
Santa Cruz, CA 95060
Attn: Joe Serrano

CONSULTANT:

Davis Farr LLP
18201 Von Karman Avenue, Suite 1100
Irvine, CA 92612
Attn. Shannon Ayala

and shall be effective upon receipt thereof.

22. Third Party Rights

Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the Commission and the Consultant.

23. Equal Opportunity Employment.

Consultant represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

24. Entire Agreement

This Agreement, with its exhibits, represents the entire understanding of Commission and Consultant as to those matters contained herein, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters covered hereunder. Each Party acknowledges that no representations, inducements, promises or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This Agreement may not be modified or altered except in writing signed by both Parties hereto. This is an integrated Agreement.

25. Severability

The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the remaining provisions unenforceable, invalid or illegal.

26. Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of each Party to this Agreement. However, Consultant shall not assign or transfer by operation of law or otherwise any or all of its rights, burdens, duties or obligations without the prior written consent of Commission. Any attempted assignment without such consent shall be invalid and void.

27. Non-Waiver

None of the provisions of this Agreement shall be considered waived by either Party, unless such waiver is specifically specified in writing.

28. Time of Essence

Time is of the essence for each and every provision of this Agreement.

29. Commission's Right to Employ Other Consultants

Commission reserves its right to employ other consultants, including engineers, in connection with this Project or other projects.

30. Prohibited Interests

Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee,

commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, Commission shall have the right to rescind this Agreement without liability. For the term of this Agreement, no director, official, officer or employee of Commission, during the term of his or her service with Commission, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

When funding for the services is provided, in whole or in part, by an agency of the federal government, Consultant shall also fully and adequately comply with the provisions included in Exhibit "D" (Federal Requirements) attached hereto and incorporated herein by reference ("Federal Requirements"). With respect to any conflict between such Federal Requirements and the terms of this Agreement and/or the provisions of state law, the more stringent requirement shall control.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE FOR PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE SANTA CRUZ LAFCO AND DAVIS FARR LLP**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

SANTA CRUZ LAFCO

DAVIS FARR LLP

By: _____
Joe Serrano
Executive Officer

By: _____
Shannon Ayala, CPA
Partner

ATTEST:

By: _____
Josh Nelson
Legal Counsel

EXHIBIT A

Scope of Services

See attached Proposal

DRAFT

EXHIBIT B

Schedule of Charges/Payments

Consultant will invoice Commission on a monthly cycle. Consultant will include with each invoice a detailed progress report that indicates the amount of budget spent on each task. Consultant will inform Commission regarding any out-of-scope work being performed by Consultant. This is a time-and-materials contract.

See Attached Proposal

DRAFT

EXHIBIT C
Activity Schedule

See attached Proposal

DRAFT



Date: June 5, 2024
To: LAFCO Commissioners
From: Francisco Estrada, LAFCO Analyst
Subject: **Press Articles during the Month of April and May**

SUMMARY OF RECOMMENDATION

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

EXECUTIVE OFFICER'S REPORT

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

Article #1: "Watsonville City Council to consider Vides as interim city manager":

The article, dated April 22, informs the public that the Watsonville City Council will consider appointing Tamara Vides as interim city manager in May. Ms. Vides currently serves as assistant city manager and would replace Rene Mendez, who is leaving his post to serve as the city manager of Salinas, if approved. His final day with the city will be May 15.

Article #2: "Feasibility study on fire department merger to LAFCO": The article, dated April 24, discusses the approval of a feasibility study by directors from the Diamond Springs and El Dorado County fire protection districts recommending the merger of the two fire departments into one larger agency. Both fire districts have been operating under a shared services agreement to share staffing, fire prevention, training, operations and other roles.

Article #3: "Del Paso Manor Water District has 1 year to fix infrastructure or face dissolution.": The article, dated May 6, details Sacramento LAFCO's decision to give Del Paso Manor Water District a year to address its infrastructure repairs, estimated at \$52 million, or face dissolution. A 2021 grand jury report alleged the water district was flooded with public safety dangers and required tens of millions of dollars in repairs.

Article #4: "Lookout Santa Cruz wins Pulitzer Prize for Breaking News Reporting":

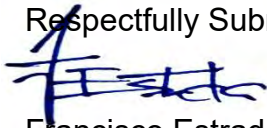
The article, dated May 6, notes that a local newspaper agency, Lookout Santa Cruz, received the "Breaking News Reporting" award by the Pulitzer Prize jury for their extensive coverage of Santa Cruz County's catastrophic January 2023 floods. Past winners for this award include the Los Angeles Times, the Miami Herald, and the Minneapolis Star Tribune.

Article #5: “California Insurance Commissioner’s Office to make stop in Santa Cruz County”: The article, dated May 12, announced that a representative from the office of California Insurance Commissioner Ricardo Lara would be attending a board of supervisor’s meeting in June to discuss recent market shifts and answer questions from county leaders. As climate change and severe weather impacts continue to rise, so too are rates from many of the state’s largest home insurers, if coverage hasn’t already been discontinued altogether.

Article #6: “California farmers are low on water. Why not help them go solar?”: The article, dated May 14, makes the case that it should be easier for farmers with dwindling water supplies to convert their lands from crop production to solar energy generation by amending the Williamson Act. Decades of over pumping, coupled with global warming, have forced a growing number of farmers to consider converting some of their abundant fields to solar or wind farms, despite the fact there is still some reluctance and hesitation to support solar and wind powered technology.

Article #7: “Former Watsonville Mayor, longtime attorney Todd McFarren”: The article, dated May 24, announced the passing of former Watsonville Mayor and LAFCO Commissioner Todd McFarren at the age of 74. During his three-decade career, he was a director on the Santa Cruz Metro Board, the president of the League of California Cities, and was the first Chair of the Pajaro Valley Cesar Chavez Democratic Club. He also served as a U.S. Marine sergeant during the Vietnam War.

Respectfully Submitted,



Francisco Estrada
LAFCO Analyst

Attachments:

1. “Watsonville City Council to consider Vides as interim city manager”
2. “Feasibility study on fire department merger to LAFCO”
3. “Del Paso Manor Water District has 1 year to fix infrastructure or face dissolution”
4. “Lookout Santa Cruz wins Pulitzer Prize for Breaking News Reporting”
5. “California Insurance Commissioner’s Office to make stop in Santa Cruz County”
6. “California farmers are low on water. Why not help them go solar?”
7. “Former Watsonville Mayor, longtime attorney Todd McFarren”

https://www.mtdemocrat.com/feasibility-study-on-fire-department-merger-to-lafco/article_129cb004-0272-11ef-8ebd-5b06bb330182.html

Feasibility study on fire department merger to LAFCO

Mountain Democrat staff

Apr 24, 2024

Directors from the Diamond Springs-El Dorado and El Dorado County fire protection districts met Thursday to review and approve a feasibility study on combining the two fire departments into one larger agency, according to a news release from fire officials.

To move forward with the annexation process such a study must be submitted to the El Dorado County Local Agency Formation Commission.

The study conducted by Fitch and Associates consultants identified six key findings:

- Communities would benefit from the annexation.
- No staffing cuts or station closures are proposed.
- An added battalion chief would support the community and firefighters with enhanced operational capacity, training, safety and risk reduction.
- No new facilities are needed. Services will be delivered from existing facilities.
- Sufficient revenues exist to support joint annexation.
- Careful consideration should be given to combined unfunded accrued liability and other post-employment benefits costs and to provide sufficient reserves for the new entity.

The study provided information on the agencies, current service delivery, fleet, proposed service plan, financial analysis, disadvantaged community analysis, future growth and joint annexation performance measures. A copy of the study is available at the district administration office and on the website eldoradocountyfire.com.

Both fire districts have been operating under a shared services agreement to share staffing, fire prevention, training, operations and other roles. In March 2023 El Dorado County Fire began staffing a paramedic ambulance, resuming ambulance services in the community at Diamond Springs Fire Station 49. In September 2023 both agencies further cooperated to provide a second duty chief officer, assuring two chief officers are available to respond within both fire districts daily.

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

Watsonville City Council to consider Vides as interim city manager

Nick Sestanovich

3–4 minutes

WATSONVILLE — As Watsonville continues to search for a new city manager, the City Council will consider whether to appoint Assistant City Manager Tamara Vides to serve in the position on an interim basis at its Tuesday meeting.

The item is on the council's consent agenda, meaning it will be approved in one motion alongside other generally routine items unless it is pulled for discussion by a council member or member of the public.

In March, City Manager Rene Mendez announced that he would be leaving his post after two years to serve as the city manager of Salinas. His final day with the city will be May 15, but Mayor Vanessa Quiroz-Carter approved a subcommittee consisting of herself as well as Councilmembers Eduardo Montesino and Ari Parker to hire an interim city manager to serve after Mendez leaves. The subcommittee recommended appointing Vides to the position.

According to a staff report by Deputy City Manager Nathalie Manning and the hiring subcommittee, Vides has served with the city for 25 years, the past seven of which have been in the City Manager's Office. She has served as assistant city manager since 2020 and previously served as interim city manager from 2021 to 2022 following Matt Huffaker's departure for Santa Cruz and prior to Mendez's hiring.

“Ms. Vides possesses the necessary experience, skills, and expertise to serve as the City’s Interim City Manager,” the report’s authors wrote.

The council will also be approving a contract with a base salary of \$247,200 and an annual \$5,000 contribution to deferred compensation. Additionally, the contract will include benefits equitable to the city’s at-will employees including longevity pay, sick leave, administrative leave, bilingual pay and health benefits. The contract will become effective on Mendez’s last day and remain in place until a permanent city manager assumes the position, the agreement is terminated or six months from the effective date. The report’s authors indicated that the process to hire a city manager is expected to take up to six months.

In other business, the council will consider adopting the 2024 Urban Forest Management Plan. Funded through the Cal Fire Urban & Community Forestry Program, the document seeks to develop an urban forest inventory for Watsonville to evaluate current urban forest resources, identify locations, opportunities and needs for urban forest expansion activities, develop appropriate policies to sustain and enhance urban forest resources within the city over time and implement urban forest expansion activities in a way that advances these efforts. The city currently has an average tree canopy of 9.4%, or 412 acres, including both public and private trees.

Also on the council agenda are the final hearing for city charter amendments and a presentation on the 34-unit housing navigation tiny village project at Westview Presbyterian Church.

The council will meet publicly at 5:30 p.m. Tuesday on the top floor of the Watsonville City Council Chambers, 275 Main St. A closed session to discuss legal matters will precede the regular meeting at 4:30.

lookout.co

Lookout Santa Cruz wins Pulitzer Prize for Breaking News Reporting

Lookout Santa Cruz

4–5 minutes



The Lookout Santa Cruz staff celebrates Monday's Pulitzer Prize announcement. Credit: Natasha Loudermilk / Lookout Santa Cruz

Quick Take

Lookout Santa Cruz has won the 2024 Pulitzer Prize for Breaking News Reporting, for our coverage of the catastrophic January 2023 floods in Santa Cruz County.

We have incredible news to share.

Today, the Pulitzer Prize jury gave its coveted [“Breaking News Reporting” award](#) to Lookout for our wall-to-wall coverage of Santa Cruz County’s catastrophic January 2023 floods.

“For its detailed and nimble community-focused coverage, over a holiday weekend, of catastrophic flooding and mudslides that

displaced thousands of California residents and destroyed more than 1,000 homes and businesses,” said Marjorie Miller, vice president and global enterprise editor at The Associated Press said Monday in announcing the award.



We are awed to win the [category](#) won in the past three years by the Los Angeles Times, the Miami Herald and the Minneapolis Star Tribune.

The other finalists were the [Honolulu Civil Beat](#) for its coverage of Maui wildfires and [the Los Angeles Times](#) for coverage of a fatal Lunar New Year shooting.

Everyone in our company contributed to that coverage and our many (digital) ways to distribute it to readers throughout the county, even those without internet service. It was a true team effort that required us to often work 12-hour days and through weekends. But our newsroom matched the often-heroic work of local responders, doing the job we were built to do.

We made all our coverage free. [Here's a page](#) that collects much of it, along with our award-winning submission to the Pulitzer Prizes.

We reported quickly and carefully, vetting often scattered and confusing facts, making sure we got out the accurate news and information essential to individual and community decision-making. We documented in words, images and videos what people from the reaches of San Lorenzo Valley to Pajaro to Capitola were experiencing. We called on President Joe Biden to visit

beleaguered South County as well as jaw-dropping coastal damage. We did what we always do, but at warp speed and still made sure that our deep reporting work got its usual double edits by our experienced, diligent editors.

We also used every digital means at our disposal to keep getting news and information out. Digital distribution is instantaneous and works for most of you. But [our text messaging service](#) often got through to phones, when the internet got interrupted. That allowed us to keep the updates coming, but as the best community radio stations once did.

Sign up for breaking new TEXT ALERTS

In short, we did our jobs, and we heard so many thanks for it. The Pulitzer is icing on that cake.

So, thank you for being our members, readers, marketing partners, civic partners and supporters. of our work. You helped us build the team and the product that could meet the moment. Last week, I told you about our [second Lookout in Eugene-Springfield, Oregon](#), coming soon – and our wider plans to build a Lookout Local network so more communities can get the daily coverage they need – and have trusted journalists ready to meet the community's unforeseen crisis.

And if you haven't yet become a member, there is no day like Pulitzer day to do that. Please join us today. It's the best way to celebrate with us.

Become a Lookout Member

Support our Pulitzer Prize winning newsroom and gain unlimited access to all our coverage.

This prize further certifies what we believed as we have all together built Lookout: If you offer a community a new able-to-be-trusted, authentically local news brand, they will come, read and become members.

8A: ATTACHMENT 4

[abc10.com](https://www.abc10.com)

Del Paso Manor Water District has 1 year to fix infrastructure or face dissolution

Vicente Vera

4–5 minutes

A Sacramento County commissioner said Del Paso Manor Water District customers could be on the hook for \$52 million in repairs without state funding.

SACRAMENTO, Calif. — [Sacramento Local Agency Formation Commissioners voted last Wednesday](#) to give Del Paso Manor Water District 12 months to fix its infrastructure or face dissolution.

[Del Paso Manor Water District](#) supplies water to 1,864 residential connections according to county documents, all of whom could be left to help pay the district's estimated \$52 million in infrastructure repairs.

The estimated \$52 million in repairs is just a baseline cost, commissioners said, and the price to bring the water district back up to speed could be higher.

A [2021 grand jury report alleged the water district](#) was flooded with public safety dangers and needed to make tens of millions of dollars in repairs.

The State of California Water Resources Board Division of Drinking Water [also cited](#) the water district for a violation for failing to let customers know of a contaminated well.

"Commissioners took this action because the consumers deserve clean, affordable water service at this district, and they're not getting it, certainly not in the near future," said Sacramento Local Agency Formation Commission executive officer José C. Henríquez. "Taken as a whole, the commission felt the preponderance of evidence was overwhelming."

He says if the Del Paso Manor Water District is faced with dissolution, the district can request another water agency take over the service and its residents.

Response from Del Paso Manor Water District

The district is eligible for at least \$111 million in California state grants and principal forgiveness funding if the district consolidates with another water agency, something it considered as recently as last year, [according to county documents](#).

Such state funding would alleviate [Del Paso Manor Water District](#) customers from having to foot the infrastructure bill.

District director Robert Matteoli told county commissioners Wednesday he wasn't given a chance to voice his concerns and he wanted the vote pushed back.

But Henríquez says he received no further questions or concerns from the water district when they presented the same information to them earlier last month.

"This information has been out there. The presentation all comes from information that has been out there on the street publicly for a long time," Henríquez said. "None of this information should be new."

Sacramento County Supervisor Rich Desmond also says the community has been aware of concerns about the water district's infrastructure since the [2021 grand jury report](#).

District General Manager Adam Coyan said their [water well casing](#) is past its usable life and could fail at any time.

"Del Paso Manor Water District's mission is to provide safe drinking water in accordance with California and federal regulations, and to maintain a reliable water supply for consumption and fire protection," Coyan said Wednesday. "Currently, without the inner ties of [SSWD](#), we are incapable of meeting that goal."

He also commended the water district board for passing a rate increase to address the needs of the water district.

"It's my hope that if the resolution of dissolution is passed tonight, that [the board members] step up once again and voluntarily enter into discussions with SSWD and reorganize with SSWD prior to the remediation period," Coyan said.

ABC10: Watch, Download, Read

California Insurance Commissioner's Office to make stop in Santa Cruz County

PK Hattis

SANTA CRUZ — Amid an escalating crisis in homeowners insurance both locally and statewide, a representative from California's Department of Insurance — the [nation's largest state consumer protection agency](#) — will come to Santa Cruz County to discuss recent market shifts and answer questions from county leaders.

The office of California Insurance Commissioner Ricardo Lara will send a high-level spokesperson to Tuesday's county Board of Supervisors meeting to share a presentation on issues facing residents in the wildland-urban interface region and what the state agency plans to do to solve those problems.

As climate change and severe weather impacts continue to rise, so too are rates from many of the state's largest home insurers, if coverage isn't discontinued altogether. Most recently, Travelers Insurance announced it was planning to raise rates for hundreds of thousands of policyholders [by an average of 15.3%](#), according to a recent report from the Bay Area News Group. This news came less than two months after State Farm, the state's largest insurer, said it plans to drop coverage for [72,000 homes across the state](#), many of which are in Santa Cruz County.

"The loss of insurance has had life-altering consequences for many in our community," said 2nd District Supervisor Zach Friend, who requested the visit from the commissioner's office. "Residents are either paying astronomically higher rates for less coverage or aren't able to find coverage at all putting their home and what they've worked for at risk."

The market conditions have forced many homeowners to join the state's last-resort FAIR Plan, which provides significantly less coverage at higher costs.

Meanwhile, Lara and his team have announced an intention to overhaul home insurance regulations by the [end of the year](#) in an effort to stabilize the volatile market.

The representative from Lara's office is expected to appear before the board no sooner than 1 p.m. Tuesday in board chambers at 701 Ocean St., Room 525, Santa Cruz.

To provide another opportunity for the public to more directly engage with experts on this issue, the commissioner's representative will also attend a subsequent community education and preparedness workshop in Scotts Valley later that same day.

That meeting has been set for 6-8 p.m. Tuesday inside the Performing Arts and Cultural Center at 251 Kings Village Road, Scotts Valley. It will include presentations from Cal Fire, Firewise and the Scotts Valley Fire Department. Scotts Valley Vice Mayor Derek Timm will moderate a panel discussion with United Policyholders, Cassidy Insurance Agency and the Realtors Association.

Permit center extension

The board's Tuesday agenda also includes consideration of a contract extension with 4Leaf Inc., which was hired in the aftermath of the CZU Lightning Complex Fire to help local residents with

permitting and general recovery-related services through the Recovery Permit Center.

The permit center, established in 2021, is scheduled to sunset at the end of June but the proposed \$600,000 contract would extend its services to fire survivors for another six months. During that time, county staff plans to create an integrated service model that puts 4Leaf staff within the county's Department of Community Development and Infrastructure's Environmental Health Division.

CZU survivors would continue to receive priority customer service, same-day and walk-in appointments as well as expedited pre-clearance and building permit review, according to a release from the county. The recommended action also includes approving the first phase of a transition plan to integrate the recovery permit center into the county's unified permit center.

This item appears in the regular agenda and will be addressed after the meeting begins at 9 a.m.

Bond issuance

As the county's infrastructure struggles to recover from the eight federally declared disasters it has experienced since 2017, the board will also consider authorizing issuance of up to \$95 million in bonds to address growing cash flow troubles.

According to the staff report, the county racked up more than \$250 million from 2017 to 2023 in claims eligible for reimbursement from the Federal Emergency Management Agency. The problem is that only about 50% of those claims — more than \$125 million — have been paid back so far, causing the county to spend money for urgent cleanups, particularly on roadways, that it doesn't recoup for six or seven years at times.

The bonds would help provide the county with necessary funds to keep things running while it waits for reimbursement. According to the staff report, this capital financing will be the largest in the county's history.

This item is also not expected to be considered until the afternoon session, after 1 p.m.

If you go

What: Santa Cruz County Board of Supervisors meeting.

No sooner than 1 p.m.: a presentation by a representative from the California Department of Insurance. Also, proposal to approve issuance of up to \$95 million in bonds.

Morning session, after 9 a.m.: proposed six-month extension of 4Leaf Inc. contract and Recovery Permit Center services.

Where: 701 Ocean St., Room 525, Santa Cruz or Zoom: us06web.zoom.us/j/81732202363

[latimes.com](https://www.latimes.com)

Column: California farmers are low on water. Why not help them go solar?

Sammy Roth

22–28 minutes

It sounds like a climate solution everyone should be able to support: Let's make it easier and cheaper for farmers with dwindling water supplies to convert their lands from crop production to solar energy generation, if that's what those farmers want.

So what's stopping such a bill from sailing through the California Legislature?

"Change can be difficult," said Shannon Eddy, executive director of the Large-scale Solar Assn.

Tell me about it.

You're reading Boiling Point

Sammy Roth gets you up to speed on climate change, energy and the environment. Sign up to get it in your inbox twice a week.

You may occasionally receive promotional content from the Los Angeles Times.

Even as coal, oil and gas combustion fuel an ever-deadlier rise in global temperatures, finding a spot to build a solar or wind farm where no one will object is damn near impossible. Some concerns are legitimate, such as safeguarding [wildlife habitat](#) and [sacred Indigenous sites](#). Others, not so much. Take, for example, [false claims](#) that living near renewable energy projects can cause health problems — claims that have been spread by groups with ties to the fossil fuel industry, and by former President Trump.

The misinformation campaigns, unfortunately, aren't going anywhere.

But in the American West — where pristine landscapes are treasured, and dry times are getting drier with climate change — the region’s abundant agricultural lands seem like a great place to put solar panels while minimizing environmental conflicts.

In California in particular, groundwater levels have fallen dramatically after [decades of overpumping](#), especially by Central Valley farmers. Global warming, meanwhile, is [sapping the river flows](#) that also supply large amounts of water to agribusinesses.

So it’s no surprise that a growing number of farmers are converting some of their fields to solar.

“In one case we’re growing an agricultural product that has value, and in another case we’re producing electrons that have value,” Steven Swartz, an executive at Wonderful Co., the company owned by billionaires Stewart and Lynda Resnick, told me [in 2019](#).

For some farmers, though, there’s a financial obstacle: the Williamson Act.



Westlands Solar Park was built on former agricultural land in California’s Kings County, in the San Joaquin Valley.

(Carolyn Cole / Los Angeles Times)

Also known as the California Land Conservation Act of 1965, the law gives property tax breaks to landowners who sign contracts agreeing to keep their land in agricultural production or open space

for at least 10 years. Landowners who make those deals are taxed based on the value of their land for what it's currently being used for (i.e. farming), rather than the full market value of the land (which would be a lot higher, since the landowner could otherwise sell to a residential or commercial developer).

The Williamson Act's goal — as explained to me by Chris Scheuring, senior counsel for California Farm Bureau Federation — was to preserve farms and ranches as property values rose in the 1950s and 1960s, sending suburbs sprawling in all directions.

The law has had climate benefits too: Keeping new housing more tightly packed in cities can [limit long freeway commutes](#). Plus, "working lands" such as farms and ranches [can be useful](#) for absorbing heat-trapping carbon emissions if handled with care.

"The Williamson Act is an important statute. It's a successful statute," Scheuring said.

The challenge can arise if a grower wants to switch from vegetables, nuts or other crops to solar energy.

To get out of a Williamson Act agreement, a landowner typically must wait out the 10-year contract or pay an upfront fee — often 12.5% of their land's full market value, to account for the fact that they've benefited from years of reduced tax payments.

That makes sense in a nutshell.

But here's the thing: We're in a desperate hurry to stave off the worsening heat waves, floods and fires of the climate crisis. And under the [state groundwater law](#), there will almost certainly be huge amounts of farmland fallowed in the San Joaquin Valley.

So why not tweak the Williamson Act to make it cheaper for those growers to switch to solar?

That's the idea behind [Assembly Bill 2528](#) from Assemblymember Joaquin Arambula (D-Fresno).

Here's how it would work: In eight San Joaquin Valley counties with groundwater basins that state officials have found to be in "critical overdraft," landowners could ask local governments to cancel their Williamson Act contracts for a fee of just 6.25%, half the normal

rate, if they want to use their properties for solar farms, wind turbines or batteries — or transmission lines that hook up to renewable energy projects. A portion of the reduced fees would pay for local “community benefits packages.”

Arambula told me the Williamson Act has proved especially challenging for landowners who want to go solar because the 10-year contracts automatically renew every year unless a farmer decides to cancel — a process that then takes a decade, or else that hefty upfront fee.

“This bill allows us to begin to site and build these solar projects sooner,” he said.



State Assemblymember Joaquin Arambula (D-Fresno), left, is seen at the Capitol in Sacramento in 2023.

(Rich Pedroncelli / Associated Press)

The legislation made it through the Assembly’s utilities and agriculture committees last month with no dissenting votes, powered by a coalition of supporters that includes solar developers, agriculture industry groups and unions whose members would benefit from building more solar and wind farms. The bill now awaits a vote in the appropriations committee.

One key backer is the Irvine-based Western Growers Assn. Matthew Allen, the group’s vice president of state government affairs, told me it’s crucial that the legislation leaves final decision-

making to local governments. If a county board of supervisors decides it doesn't want to see farmland converted from crop production to solar generation, it would be allowed to say no.

"The county is essentially in charge," Allen said.

Even with all that support, the bill's passage is no guarantee — partly because of opposition from the farm bureau.

Although nobody has voted against it yet, a few Democrats have declined to vote "yes." To overcome that skepticism, Arambula watered down the original bill, which would have zeroed out cancellation fees entirely for solar farm conversions. He also limited the legislation to the San Joaquin Valley, in the face of skepticism from some lawmakers in other agricultural regions.

"It's been a long time since the Williamson Act has been amended," said Eddy from the solar industry group. "Though pressing climate impacts and the need on the ground are clear, we've had to work through some hesitation to take these steps."

When I asked Scheuring why the farm bureau opposes AB 2528, he told me California has some of the world's most fertile soil — and there's only so much of it. Once a landowner goes solar, he said, their farm ground may never be the same.

"If we pave it over, there it goes," he said.

The group's opposition runs deeper than that, though.

As I learned during a [visit to the Imperial Valley](#), another agricultural empire in California's southeastern corner, some growers — like many of us — simply don't like change. These are folks whose families have enjoyed quiet, agrarian existences for a century or more (even if their workers haven't always had it so good). So when industrial solar projects move in next door, many farmers see the developers as a threat to their way of life — even as their neighbors eagerly sell their land or take lease payments.

Scheuring assured me the farm bureau isn't opposed to solar, and I believe him. He also said he's sympathetic to family farmers who don't feel confident they'll have enough water to keep investing in growing crops. I believe him on that front, too.

When I asked him what would be so bad about making it as easy as possible for growers in water-stressed areas to get out of their Williamson Act contracts, he responded that “getting out of the Williamson Act was not intended to be as easy as possible.” If we want to protect farmland and open space, he said, we should protect farmland and open space. Don’t weaken the law.

Even for the sake of building climate-friendly energy, which is so hard almost everywhere else?

And this was when I really began to understand.



A boat skims across Tulare Lake, which reappeared on thousands of acres of San Joaquin Valley farmland last year and has since receded.

(Robert Gauthier / Los Angeles Times)

Scheuring cited the text of the Williamson Act, which highlights the value of avoiding “discontiguous” development, with urban areas leapfrogging open space. He also mentioned the importance of “orderly” development — a point raised on the California Department of Conservation’s [website](#), which says the Williamson Act has helped promote “orderly patterns” of development.

“The Williamson Act is a commitment to move deliberately,” he said. “To me, that’s what promoting orderly growth means.”

Landowners who want to go solar can make it happen, he added. They just might have to wait 10 years, or pay a fee.

“I don’t buy the argument that if it’s going to happen someday [with

solar], let's just open the floodgates right now," he said.

That might be fine, if not for the climate crisis. With scientists telling us we've got six years to cut global carbon pollution nearly in half — and the fate of human civilization hanging in the balance — moving deliberately is not an option. We have no choice but to open the floodgates. If we don't [embrace some scary changes](#), and fast, the outcome will be far worse. For everyone.

I don't mean to sound unsympathetic to farmers. I don't grow my own food. I doubt I could if I tried.

But for California lawmakers, this should be an easy one. Help farmers feed us solar power, if that's what they want to do.

On that note, here's what else is happening around the West:

TOP STORIES



President Biden visits Virginia's Prince William Forest Park on April 22, Earth Day.

(Manuel Balce Ceneta / Associated Press)

“Even on the issue of climate, Biden and Trump are statistically tied among voters younger than 30, according to an April CBS poll.” That startling tidbit comes from [this story](#) by my L.A. Times colleague Noah Bierman, which explores why young voters don't give President Biden more credit for signing the most

significant climate bill in U.S. history. Biden has certainly made some decisions that undercut his climate goals; his approval of the Willow oil project comes to mind. But as I [wrote in March](#), there's no comparison between Biden and his clean energy-bashing opponent. There's a reason California's attorney general, Rob Bonta, is preparing for the attempted rollback of federal environmental rules if Trump wins, as Noah and David G. Savage [report](#).

April marked Earth's 11th straight record-hot month — and 2024 could challenge last year as the hottest ever measured.

[Details here](#) from my colleague Hayley Smith, who states plainly that “global warming fueled by fossil fuel emissions continues to be the primary driver of high temperatures.” The last few weeks have seen deadly floods and heat waves batter Brazil, Thailand, Houston and elsewhere, leading some scientists to say that they're “hard-pressed to remember when so much of the world has had its weather on overdrive at the same time,” the Associated Press [reports](#). In other scary news, the vast majority of the world's leading climate scientists say they don't think we'll manage to limit global warming to 1.5 or even 2 degrees Celsius, per a [new survey](#) conducted by the Guardian. But as the Guardian's Damian Carrington writes, many scientists “said the climate fight must continue, however high global temperature rose, because every fraction of a degree avoided would reduce human suffering.”

Two straight wet winters have put California in a good position water-wise — but the long-term outlook is still precarious, with climate change driving whiplash between stronger storms and ever-more-extreme droughts. Right now, we've got lots of water on hand — check out these [insane before/after pictures](#) of Lake Oroville and Big Bear Lake, and [these data visualizations](#) from The Times' Sean Greene breaking down the Golden State's snowpack and reservoir levels. (Lake Tahoe is [also expected](#) to fill up for the first time since 2019.) The situation is pretty good beneath our feet too; California's aquifers saw some of their [biggest gains in modern times](#) last year, The Times' Ian James reports. Still, we could be banking a lot more groundwater during wet years through bigger

investments in aquifer recharge. Similarly, it's great that Los Angeles County's stormwater capture investments are paying off; the county captured [96 billion gallons](#) during last year's storms, Ian reports, reducing L.A.'s reliance on increasingly unreliable supplies from Northern California and the Colorado River. Still, Los Angeles could be capturing a lot more water locally.

THE ENERGY TRANSITION

California's electric grid has so many batteries this year that we're burning less fossil gas after sundown on sunny spring days, because we've banked so much solar energy during the afternoon. It seemed pretty likely that this was happening, but now there's solid data proving it out, as [artfully explained](#) by Canary Media's Julian Spector. This doesn't mean we've totally solved the 100% clean energy puzzle, but it's super encouraging nonetheless. Speaking of which, Canary Media's Akielly Hu reports that Vermont is on the verge of mandating [100% clean energy by 2035](#), in line with President Biden's goal for the U.S. — and 10 years ahead of California's target. Meanwhile, Gov. Gavin Newsom has [stood idly by](#) as his appointees gut rooftop solar incentives.

California officials voted to add \$24.15 fees to monthly bills paid by customers of Southern California Edison, Pacific Gas & Electric and San Diego Gas & Electric, while lowering the rates that people pay for the electricity they use. [Details here](#) from my L.A. Times colleague Melody Petersen. The fixed fees — which were backed by the utility companies, and which Melody [explained in more detail](#) before the vote — provoked outrage, with critics calling them a utility cash grab that would discourage conservation. Personally, I think it's more complicated, as I wrote in a [column earlier this year](#). Supporters say fixed charges, when paired with lower per-kilowatt-hour electricity rates, will encourage Californians to drive electric cars and heat their homes with electric heat pumps, while ensuring utility companies have enough money to upgrade their power grids to withstand the climate crisis.

New Mexico's Los Alamos National Laboratory, a federal research institute, insists it needs a new electric line to power

a supercomputer that would model climate change scenarios and simulate nuclear weapons behavior. But the line would run through Caja del Rio, a beautiful plateau sacred to the Pueblo people. [Here's the story](#) by Molly Montgomery for Searchlight New Mexico. This is just one of many conflicts between power-line development and conservation in the West. In Arizona, for instance, there are [so many legal challenges](#) to the SunZia line — which is already being built and would help bring wind energy from New Mexico to California — that I'm having trouble keeping track of them. (Story by Wyatt Myskow for Inside Climate News.) Knowing those conflicts could slow the energy transition, the Biden administration wants to use federal authority to accelerate permitting of long-distance power lines. Canary Media's Jeff St. John [has a map](#) showing where federal officials might try to do so.

POLITICAL CLIMATE



Gov. Gavin Newsom unveils his revised 2024-25 state budget during a news conference in Sacramento on Friday.

(Rich Pedroncelli / Associated Press)

Gov. Gavin Newsom isn't proposing additional climate budget cuts to the Legislature — but the several billions in slashed spending he first pitched in January amid a huge projected deficit are still on the table. Politico has an [update](#) on Newsom's

latest climate budget request (scroll down in the piece); for more details, see [this story](#) by my L.A. Times colleagues Hayley Smith and Ian James (written in January but still relevant). The Times' Taryn Luna has a [broader piece](#) on other parts of the state budget where the governor is proposing cuts. As it happens, two days before announcing his latest budget outline, Newsom hosted a call with reporters to [tout the billions of dollars](#) generated for climate initiatives by California's cap-and-trade program, as Ian reports. The cap-and-trade spending is definitely a big deal, even as some experts say the numbers are likely a bit exaggerated.

More than two dozen Republican attorneys general and several industry trade groups are suing to block one of President Biden's most significant climate rules, which would limit planet-warming carbon pollution from power plants. [Details here](#) from Reuters' Clark Mindock. If Biden's carbon rule stands, it could spell doom for Montana's Colstrip coal plant, which I visited in December and [wrote about in detail last month](#). In other bad news for Montanans hoping Colstrip stays open, the plant's operator, Talen Energy, had planned to acquire a big share of its ownership from a Washington electric utility that's legally required to stop buying coal power by the end of next year. But the acquisition has [fallen through](#), Tom Lutey reports for the Billings Gazette.

Keep an eye out for electric Amazon big rigs rolling out of the ports of Los Angeles and Long Beach. The batteries are made by Volvo and can go [275 miles before a recharge](#), The Times' Russ Mitchell reports. That's nifty! As I frequently point out, though, electric vehicles aren't enough — we'll need robust public transit to end the reign of gas cars. And as Times columnist Steve Lopez writes, L.A. Metro must do more to [make buses and trains safe](#), or else people won't feel comfortable getting on board. In better news, Metro is making it easier to [rent a bike locker](#), The Times' Tom Carroll reports. The Inglewood Pumptrack, meanwhile, is an ["extraordinary new playground"](#) that could help make biking a bigger part of L.A.'s culture, The Times' Kailyn Brown writes.

AROUND THE WEST



Wonderful Co. is pushing to more than double the size of its Kern County industrial park, right, hoping to capitalize on America's seismic shift to online shopping.

(Myung J. Chun / Los Angeles Times)

As online shopping continues to grow, agriculture billionaires Stewart and Lynda Resnick are planning a huge warehouse expansion that could bring lots of jobs — and polluting truck traffic — to California's Kern County, where farming and oil extraction face economic and environmental headwinds.

[Here's the story](#) from The Times' Rebecca Plevin, who writes that the Resnicks "want to position Kern County as a new frontier for the industrial-scale warehousing that is key to connecting customers with their goods." As bad as fossil fueled trucks are for our lungs, they're far from the only source of unhealthy air pollution in our communities. One unfortunate example: Do you love walking down the street and smelling food cooking? It turns out you may be breathing in a key ingredient in smog, according to new research.

[Details here](#) from The Times' Grace Toohey.

What kind of wildfire season should we expect in California? "I think ... we'll have a slow start, but a particularly pronounced and perhaps intense finish — and one that perhaps lasts longer than usual," one scientist predicted, [as reported by](#) Toohey. In related

news, a new study finds that California forests aren't regrowing after fires [nearly as quickly](#) as they used to, possibly because of climate-fueled drought, the San Francisco Chronicle's Jack Lee writes. Meanwhile, state officials rejected Pacific Gas & Electric's proposal to sell a 49.9% share of its power plants to investment firm KKR, which PG&E said would have helped finance power-grid upgrades to limit wildfire risks. The Wall Street Journal's Katherine Blunt [wrote about](#) the decision.

Los Angeles museums are saving energy and cutting climate pollution by turning down the air conditioning. "Museums have historically maintained strict, narrow ranges of temperatures and relative humidity since the British Museum created the standards around 100 years ago," [The Times' Kaitlyn Huamani writes](#). But now, "new research and international art conservation guidelines suggest that a wider range of climate controls can be safe for artwork and would significantly cut energy use." In other encouraging news, [this supposedly smiling black bear photo](#) — captured by photographer Johanna Turner, and reported on by my colleague Terry Castleman — could make a great advertisement for the newly expanded San Gabriel Mountains National Monument.

ONE MORE THING



Russell (Jordan Nagai) and Carl Fredricksen (Ed Asner) star in the animated feature “Up.”

(Disney / Pixar)

As I’ve [mentioned recently](#), I’m a huge Disney fan. And there’s no film I love more than Disney/Pixar’s “Up.”

Carl and Ellie’s love story, Russell and Dug the dog, Michael Giacchino’s transcendent score — it tugs at my heartstrings. So when I read that Airbnb plans to [rent out](#) a replica of the movie’s floating house in New Mexico as part of its Icons series — and that the house will actually soar high above the desert, with a canopy of balloons overhead, just like in the film — I was enchanted.

Still, one question tugged at my climate consciousness.

The New York Times’ Orlando Mayorquín [wrote](#) that the “Up” house “does not appear to be connected to the ground by pipes or wiring.” Asked whether the house had plumbing or electricity, Airbnb told Mayorquín the house “is connected to a generator and other utilities that will be disconnected and reconnected before and after flying.”

I wondered: What will power the generator? Will Carl and Ellie’s house be kept afloat by renewable energy or fossil fuel?

I posed that question to an Airbnb spokesperson. They wouldn’t give me an answer, saying in an email that the company “takes our commitment to sustainability very seriously.” They added that the floating house “is only available for a very limited number of nights and is covered by our existing programs to purchase high-quality carbon offsets and removals.”

To be fair, Airbnb has [ambitious sustainability plans](#), including a goal of net-zero climate pollution from its corporate operations by 2030. And the “Up” house is currently only available for 20 one-night stays from June through September. Even if it’s powered with a filthy diesel generator — that’s a hypothetical — one house isn’t going to bring the global climate crashing down.

But as I’ve learned reporting on Disneyland’s Autopia ride — which the Walt Disney Co. [promised to refashion from gas-guzzling cars to electric vehicles](#) soon after I started asking questions about it —

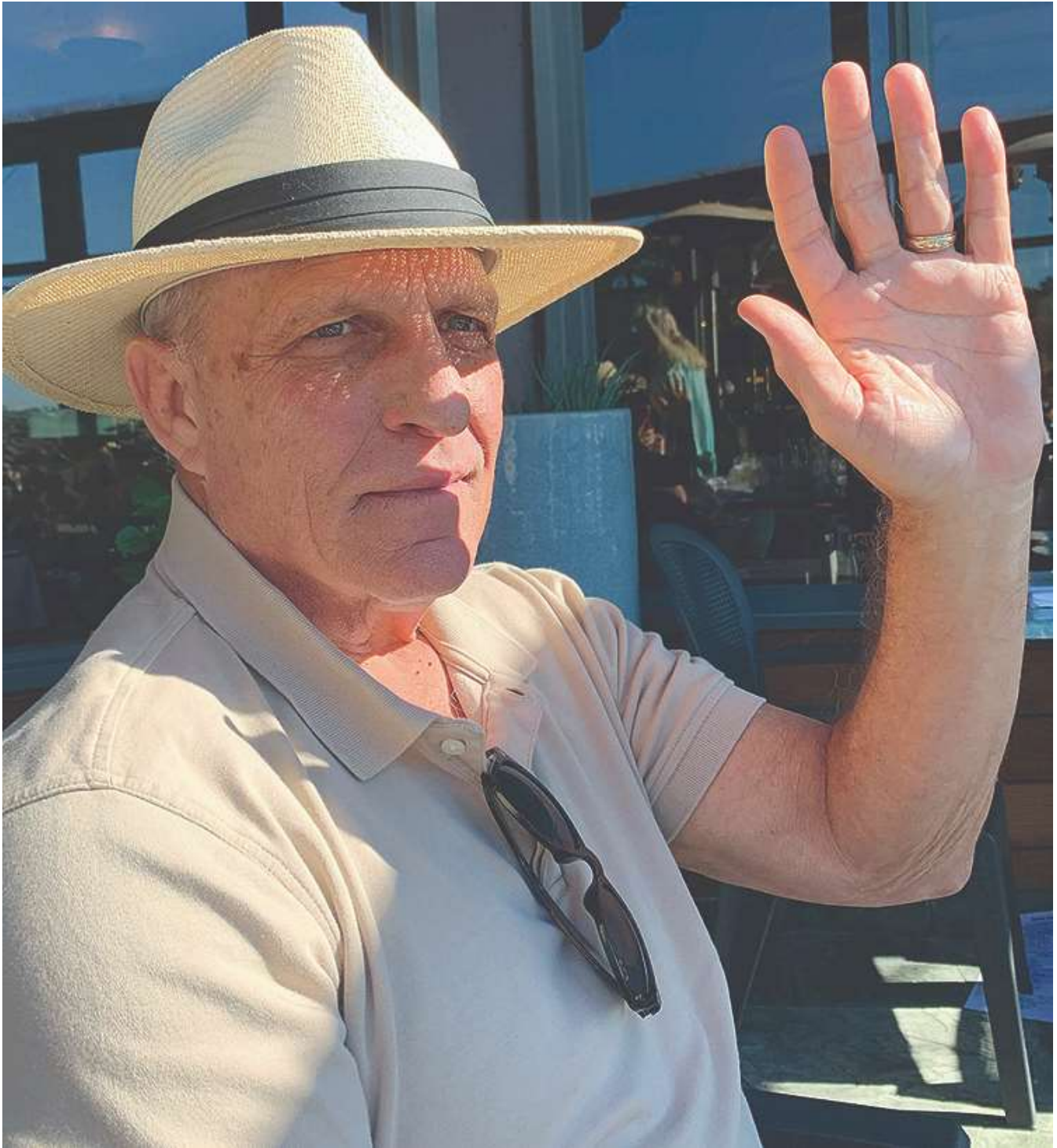
there's enormous power in storytelling.

If Airbnb could figure out a way to power Carl and Ellie's house with climate-friendly energy — maybe a battery that's recharged by solar panels before the house is lifted into the air — the company could send an incredible message about what kind of world we all want to live in. The kind of world where Russell and Dug and Kevin and her chicks can live long, happy, healthy lives.

I don't think that's too much to ask.

This column is the latest edition of Boiling Point, an email newsletter about climate change and the environment in California and the American West. You can sign up for [Boiling Point here](#). And for more climate and environment news, follow [@Sammy_Roth](#) on X.

Former Watsonville Mayor, longtime attorney Todd McFarren dies



Contributed. Todd McFarren

Todd McFarren, who sat on the Watsonville City Council from 1989–98—including two stints as Mayor—who served as a U.S. Marine sergeant in the Vietnam War, and who as an attorney was known to fight fiercely for the “little guy” during his career spanning three decades, died May 14 after a battle with Alzheimer’s Disease. He was 74.

As an attorney, McFarren served the Watsonville area, specializing in personal injury, social security-disability and workers compensation.

“He was always fighting for the little guy against the big corporations, the big insurance companies,” said Neil Berman, managing partner for Rucka, O’Boyle, Lombardo & McKenna, where McFarren worked. “He was willing to be the David against the Goliath,”

Berman described McFarren as someone that could relate to people from all walks of life.

“He could communicate with judges and attorneys, but equally communicate well with his clients, blue-collar clients, farmworkers, hard working people of Santa Cruz County, and he always did so with a smile and compassion,” Berman said.

McFarren’s wife Yolanda described him as a committed and dedicated community member who cared about the county and its people.

“He really cared about what was going on in the Watsonville and Santa Cruz area,” she said. “He gave a lot to the community, as well as to our family. He was able to give of himself so lovingly.”

Monterey County Supervisor Luis Alejo said that McFarren joined the Watsonville City Council just after the cannery strikes, during the 1989 Loma Prieta Earthquake, just after the racially-charged federal Voting Rights Act case Gomez vs. City of Watsonville and during the adverse impacts of the North American Free Trade Agreement on Watsonville’s Frozen Food industry.

“Todd stood with the Latino community his entire life, and worked to help Latinos get elected to office,” Alejo said. “He was a very just, charismatic leader and true champion for the working people.”

McFarren taught philosophy at Cabrillo College and founded the Moreland Notre Dame Chess Club.

He was president of the California Applicants’ Attorneys Association and the Workplace Injury Litigation Group.

He also served with the Santa Cruz Local Agency Formation Commission and the Santa Cruz Metro Board of Directors. He was president of the League of California Cities and served on the Community Action Board.

He was former chair of the Santa Cruz County Democratic Central Committee and the first Chair of the Pajaro Valley Cesar Chavez Democratic Club.

Despite a career and a life that depended on speaking with people, his daughter Erica Ferrier said that McFarren was a “man of few words.”

“But when he spoke, people listened,” she said. “Because he always said what he meant, and he meant what he said.”

Ferrier said that her father’s clients would frequently call their home—or walk up to him on the street to say hello—and he would always make time for them.

“He was good, honest and caring and he consistently showed integrity and kindness and he used that toward the community,” she said. “He was just that person that just exudes positivity and kindness. I take pride in that.”