



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

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

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**REGULAR MEETING AGENDA**

**Wednesday, February 5, 2025 at 9:00 a.m.**  
(hybrid meeting may be attended remotely or in-person)

**Attend Meeting by Internet:** <https://us02web.zoom.us/j/84543003276>  
(Password 452077)

**Attend Meeting by Conference Call:** Dial 1-669-900-6833 or 1-253-215-8782  
(Webinar ID: 845 4300 3276)

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

**HYBRID MEETING PROCESS**

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

- a) Commission Quorum: State law indicates that a quorum must consist of Commissioners in person pursuant to AB 2449.
- b) Public Comments: For those wishing to make public comments remotely, identified individuals will be given up to three (3) minutes to speak. Staff will inform the individual when one minute is left and when their time is up. For those attending the meeting remotely, please click on the “Raise Hand” button under the “Reactions Tab” to raise your hand. For those joining via conference call, pressing \*9 will raise your hand. The three (3) minute limit also applies to virtual public comments.
- c) Accommodations for Persons with Disabilities: Santa Cruz LAFCO does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs, or activities. If you are a person with a disability and wish to attend the meeting, but require special assistance in order to participate, please contact the staff at (831) 454-2055 at least 24 hours in advance of the meeting to make the appropriate arrangements. Persons with disabilities may also request a copy of the agenda in an alternative format.

## 1. ROLL CALL

## 2. EXECUTIVE OFFICER'S MESSAGE

The Executive Officer may make brief announcements in the form of a written report or verbal update, and may not require Commission action.

### a. Hybrid Meeting Process

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

Recommended Action: No action required; Informational item only.

### b. Welcome Recently Appointed Commissioners

The Commission will welcome the new City and County members on LAFCO.

Recommended Action: No action required; Informational item only.

## 3. ADOPTION OF MINUTES

The Commission will consider approving the minutes from the November 6, 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. SPECIAL PRESENTATIONS

This is an opportunity for the Commission to receive special presentations from local, regional, or state agencies / representatives regarding LAFCO-related matters. These presentations may or may not require Commission action.

### a. Scotts Valley Fire Protection District – “Life After Reorganization”

The Commission will receive an update from Fire Chief Mark Correia regarding the reorganization involving the Branciforte and Scotts Valley Fire Protection Districts approved by the Commission in August 2023.

Recommended Action: No action required; Informational item only.

### b. Big Basin Water Company – Moonshot Missions Report

The Commission will receive an update from Senior Program Manager Lydia Rossiter regarding the Big Basin Water Company and Moonshot Missions' recent analysis report of the private water provider.

Recommended Action: No action required; Informational item only.

## 6. 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.

None

## **7. OTHER BUSINESS**

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

### **a. Appoint New Chair and Vice-Chair**

The Commission will consider selecting its new Chair and Vice-Chair for LAFCO.

Recommended Action: Select Chair and Vice-Chair for the 2025 calendar year.

### **b. CSA 38 Service & Sphere Review Update**

The Commission will receive an update on the recommended actions identified in the adopted service and sphere review for County Service Area 38.

Recommended Action: Receive and file the update from CSA 38.

### **c. UC Berkeley Water Report & Potential Legislative Action**

The Commission will receive an update on a statewide effort to empower LAFCOs to assist on water-related issues throughout California.

Recommended Action: Direct staff to continue working with the stakeholder group.

### **d. Comprehensive Quarterly Report – Second Quarter (FY 2024-25)**

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

Recommended Action: No action required; Informational item only.

## **8. 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.

## **9. 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 October to December 2024**

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.

## **10. 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 a Commission majority. The public may address the Commission on these informational matters.

## 11. CLOSED SESSION

Pursuant to State law, a closed session may be held to appoint, employ, evaluate the performance of, discipline, or dismiss a public employee. Prior to the closed session, the public is invited to address the Commission regarding the closed session items.

### a. Public Employee Performance Evaluation

Pursuant to: Government Code Section 54957

Title: Executive Officer

### b. Conference with Labor Negotiators

Pursuant to: Government Code Section 54957.6

Agency designated representatives: Personnel Committee

Unrepresented Employee: Executive Officer

## 12. ANNOUNCEMENTS FROM CLOSED SESSION

The Chair and/or Legal Counsel will indicate whether there were any reportable actions from the Closed Session.

## 13. ADJOURNMENT

LAFCO's next regular meeting is scheduled for Wednesday, March 5, 2025 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](http://www.fppc.ca.gov). Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).

#### Accommodating People with Disabilities

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



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

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**DRAFT MINUTES**

**LAFCO REGULAR MEETING AGENDA**

**Wednesday, November 6, 2024**

**Start Time - 9:00 a.m.**

**1. ROLL CALL**

**Chair John Hunt** called the meeting of the Local Agency Formation Commission of Santa Cruz County (LAFCO) to order at 9:09 a.m. and welcomed everyone in attendance. He asked the staff to conduct the roll call.

The following Commissioners were present:

- Commissioner Jim Anderson
- Commissioner Roger Anderson
- Commissioner Justin Cummings
- Commissioner Manu Koenig (*Vice-Chair*)
- Commissioner Rachél Lather (*arrived at 9:14 a.m.*)
- Commissioner Eduardo Montesino
- Commissioner Allan Timms
- Alternate Commissioner Ed Banks
- Alternate Commissioner Zach Friend (*arrived at 9:12 a.m.*)
- Alternate Commissioner John Hunt (*Chair*)

***Alternate Commissioner Ed Banks was a voting member until the arrival of Commissioner Rachél Lather (District Member).***

The following LAFCO staff members were present:

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

**2. EXECUTIVE OFFICER'S MESSAGE**

**2a. Virtual Meeting Process**

**Executive Officer Joe Serrano** 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.

## **2b. CALAFCO Conference Update**

**Executive Officer Joe Serrano** shared that Santa Cruz LAFCO received the Mike Gotch Excellence in Public Service Innovation Award for the *Big Basin Water Company Governance Options Report* at the 2024 CALAFCO Annual Conference.

## **2c. Upcoming Seat Vacancies (City and District Representation on LAFCO)**

**Executive Officer Joe Serrano** provided an update regarding the upcoming seat vacancies on the Commission for 2025, which includes Capitola and Scotts Valley rotating a regular member seat, two district member seats with terms ending in May, and the appointment of a new county member to replace the departing Zach Friend.

**Chair John Hunt** moved on to the next agenda item.

## **3. ADOPTION OF MINUTES**

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

**Chair John Hunt** called for a motion. **Commissioner Jim Anderson** motioned for approval of the October 2nd Meeting Minutes and **Commissioner Manu Koenig** seconded the motion.

**Chair John Hunt** called for a voice vote on the approval of the draft minutes.

**MOTION:** Jim Anderson

**SECOND:** Manu Koenig

**FOR:** Jim Anderson, Roger Anderson, Ed Banks, Justin Cummings, Manu Koenig, Eduardo Montesino, and Allan Timms.

**AGAINST:** None

**ABSTAIN:** None

**MOTION PASSES: 7-0**

## **4. ORAL COMMUNICATIONS**

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

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

## **5. SPECIAL PRESENTATION**

### **5a. Resolution of Appreciation for Commissioner Zach Friend's Distinguished Public Service and Leadership**

**Chair John Hunt** requested staff to make a presentation honoring the 11 years of service by Zach Friend on the LAFCO Commission.

**Executive Officer Joe Serrano** thanked and discussed the impact of Commissioner Zach Friend's service on Santa Cruz LAFCO for the past 11 years. **LAFCO Analyst Francisco Estrada** also shared words of gratitude for Mr. Friend.

**Chair John Hunt** opened the floor for commission discussion. **Commissioners Rachél Lather, Manu Koenig, Justin Cummings, Roger Anderson, Eduardo Montesino, Jim Anderson, Allan Timms, and John Hunt** expressed their appreciation for Commissioner Zach Friend's distinguished career on the commission.

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

**Chair John Hunt** called for a voice vote on the motion based on the staff recommendation: **Adopt the draft resolution (No. 2024-17) for outgoing Commissioner Zach Friend.**

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

**MOTION PASSES: 7-0**

**Commissioner Zach Friend** spoke on the importance and role of LAFCO in our county and across the state and mentioned that local governments and agencies will play a larger role in this country moving forward. He also encouraged the commission to continue finding ways to work together on difficult issues that may arise.

**Chair John Hunt** moved to the next item.

## **6. PUBLIC HEARINGS**

**Chair John Hunt** noted that there was no public hearing item for Commission consideration today.

**Chair John Hunt** moved on to the next agenda item.

## **7. OTHER BUSINESS**

### **7a. Big Basin Water Company – Status Update**

**Chair John Hunt** requested staff to provide an update on the status of the Big Basin Water Company, including the forensic audit completed by a non-profit organization.

**Executive Officer Joe Serrano** informed the Commission that LAFCO staff were invited to present on the Big Basin Water Company (BBWC) at the CALAFCO annual conference. The presentation was well received. Representatives from the court receiver, the nonprofit Moonshot Missions, and Supervisor Bruce McPherson's office joined Santa

Cruz LAFCO to discuss the current state of BBWC, the status of private water companies across the state, and explained how LAFCOs can play a role in supporting small systems to be successful. Mr. Serrano also informed the Commission that Moonshot Missions had completed its technical audit of the BBWC and stated that staff can arrange to have a representative present on the report's findings at a future meeting. The report provides the public with over 50 recommendations to move forward, mirroring the governance options report developed by LAFCO staff. Mr. Serrano did note that the difference between the two reports is that the report from Moonshot Mission contains a greater degree of technical evaluation. LAFCO staff will continue to coordinate with partnering agencies and local state leaders to support the residents of Big Basin.

**Chair John Hunt** requested public comments on the item. **Executive Officer Joe Serrano** noted a request to address the Commission on the item.

**Becky Steinbruner**, a member of the public, discussed the state's goal regarding small water systems, supported the option of a special presentation from Moonshot Missions, and believes that a "Connecting the Drops" event hosted by LAFCO would benefit the general public. She also had a question about a recommendation from the report. **Executive Officer Joe Serrano** made clarifications on the report's recommendations, and provided an update on the proposed "Connecting the Drops" event and other upcoming educational workshops.

**Commissioner Rachél Lather** requested an opportunity to connect with a representative from Moonshot Missions to provide updated information. **Executive Officer Joe Serrano** said he would follow up with the request.

**Commissioner Roger Anderson** commended the efforts and presentation made by Executive Officer Joe Serrano at the CALAFCO Annual Conference.

**Commissioner Justin Cummings** agreed that outreach to the public is important and appreciated efforts by LAFCO staff to host workshops at different locations throughout the county. **Executive Officer Joe Serrano** stated that LAFCO wants all small private water systems to succeed and reiterated that LAFCO should be seen as a trusted partner.

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

**Chair John Hunt** called for a voice vote on the motion based on the staff recommendation: **Receive and file the forensic audit developed by Moonshot Missions as part of the collaboration between the court receiver and LAFCO.**

**MOTION: Jim Anderson**

**SECOND: Justin Cummings**

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

**AGAINST: None**

**ABSTAIN: None**

**MOTION PASSES: 7-0**



## **7b. Multi-Year Work Program Update**

**Chair John Hunt** requested staff to provide a presentation on the new multi-year work program to accomplish the next round of service reviews and sphere updates.

**Executive Officer Joe Serrano** informed the Commission that in 2019, LAFCO adopted its first multi-year work program, which provided a five-year roadmap to conduct service reviews and sphere updates in Santa Cruz County. At the conclusion of the initial cycle, the number of public agencies in the county decreased from 81 to 77. Mr. Serrano highlighted the role of LAFCO in promoting efficient governance, provided a description of the next workplan cycle (2025-2029), and indicated that the new healthcare district located in south county will be reviewed in 2025 as mandated by state law.

**Chair John Hunt** requested public comments on the item. **Executive Officer Joe Serrano** noted a request to address the Commission on the item.

**Becky Steinbruner**, a member of the public, appreciated staff's detailed workplan, commented on the upcoming healthcare district service and sphere review, and discussed the Watsonville Municipal Airport.

**Chair John Hunt** closed public comments and opened the floor for Commission discussion. **Commissioner Jim Anderson** motioned for approval of staff recommendation and **Commissioner Roger Anderson** seconded the motion.

**Chair John Hunt** called for a voice vote on the motion based on the staff recommendation: **Adopt the proposed multi-year work program (2025-2029).**

**MOTION: Jim Anderson**

**SECOND: Roger Anderson**

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

**AGAINST: None**

**ABSTAIN: None**

**MOTION PASSES: 7-0**

## **7c. LAFCO Meeting Schedule (2025 Calendar)**

**Chair John Hunt** requested staff to provide a presentation on the 2025 LAFCO meeting schedule.

**Executive Officer Joe Serrano** presented the 2025 LAFCO meeting schedule, noting that the January 8<sup>th</sup> meeting will be held in Watsonville and discussed the need to relocate the June 4<sup>th</sup> meeting to address a scheduling conflict.

**Commissioner Justin Cummings** recommended having the June meeting in Watsonville and motioned to adopt the 2025 LAFCO meeting schedule. **Commissioner Roger Anderson** seconded the motion.

**Chair John Hunt** called for a voice vote on the motion based on the recommendation: **Adopt the meeting schedule for the 2025 calendar year and hold the June 4<sup>th</sup> LAFCO Meeting in the Watsonville City Council Chambers.**

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

**MOTION PASSES: 7-0**

#### **7d. Comprehensive Quarterly Report – First Quarter (FY 2024-25)**

**Chair John Hunt** 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 during the first quarter of FY 2024-25. Mr. Serrano also mentioned that LAFCO staff would need to revisit apportionment allocation amounts for the funding agencies in 2025.

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

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

### **8. WRITTEN CORRESPONDENCE**

**Chair John Hunt** inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** indicated that two correspondences had been submitted, one from a member of the public and one from Orange County LAFCO.

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

### **9. PRESS ARTICLES**

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

**Chair John Hunt** requested public comments on the item. **Executive Officer Joe Serrano** noted a request to address the Commission on the item.

**Becky Steinbruner**, a member of the public, commented on articles related to healthcare districts.

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

## **10. COMMISSIONERS' BUSINESS**

**Chair John Hunt** inquired whether any Commissioner would like to share any information. **Executive Officer Joe Serrano** indicated that there were no requests to share any information.

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

## **11. ADJOURNMENT**

**Chair John Hunt** adjourned the Regular Commission Meeting at 9:52 a.m. to the next regular LAFCO meeting scheduled for Wednesday, January 8, 2025 at 9:00 a.m. in the Watsonville City Council Chambers.

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JOHN HUNT, CHAIRPERSON

Attest:

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FRANCISCO ESTRADA, LAFCO ANALYST



Santa Cruz Local Agency Formation Commission

Date: February 5, 2025  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: Selection of New LAFCO Chair and Vice-Chair

**SUMMARY OF RECOMMENDATION**

The Commission selects a new Chair and Vice-Chair at the first meeting of each year. It is recommended that the Commission discuss and appoint a new LAFCO Chair and Vice-Chair for the 2025 calendar year.

**EXECUTIVE OFFICER’S REPORT:**

In accordance with the Commission’s Meeting Policy, at its first regular meeting of the calendar year, the Commission shall choose two of its members to function as the Chair and Vice-Chair. The new officers will serve the balance of the calendar year or until the election of their successors occurs in the event of a vacancy. Once selected, the new officers will begin their appointments at the March 5th LAFCO Meeting. There is currently no rule of succession or rotation. Historically, the acting Vice-Chair has been elected to be the new Chair. Past officers for the last nine years are listed below.

**Table 1: Chair and Vice-Chair Appointments (2016 – 2024)**

Calendar Year	Chair	Vice-Chair
2016	Roger Anderson (Public)	Tom LaHue (District)
2017	Tom LaHue (District)	John Leopold (County)
2018	John Leopold (County)	Jim Anderson (District)
2019	Jim Anderson (District)	Roger Anderson (Public)
2020	Roger Anderson (Public)	Justin Cummings (City)
2021	Justin Cummings (City)	Rachél Lather (District)
2022	Rachél Lather (District)	Yvette Brooks (City)
2023	Yvette Brooks (City)	John Hunt (Public)
<b>2024</b>	<b>John Hunt (Public)</b>	<b>Manu Koenig (County)</b>

The Commission’s roster, with their respective term limits, is attached to this staff report. Staff recommends the Commission discuss and select a Chair and Vice-Chair for this new calendar year.

Respectfully Submitted,

Joe A. Serrano  
Executive Officer

Attachment: Current Commission Roster

## LAFCO TERMS OF OFFICE

Representation (Seat)	Term Limit (Ending Date)	Commissioner (Current)
<b>Regular Members</b>		
1. County Seat	May 2028	Manu Koenig (BOS District 1)
2. County Seat	May 2027	Justin Cummings (BOS District 3)
3. City Seat	January 2027	Joe Clarke (Capitola)
4. City Seat	January 2026	Eduardo Montesino (Watsonville)
5. District Seat	May 2025	Jim Anderson (Felton Fire)
6. District Seat	May 2027	Rachél Lather (Soquel Creek Water)
7. Public Seat	May 2028	Roger Anderson (County Resident)
<b>Alternate Members</b>		
8. County Seat	May 2028	Kimberly De Serpa (BOS District 2)
9. City Seat	January 2026	Fred Keeley (Santa Cruz)
10. District Seat	May 2025	Ed Banks (Pajaro Valley Public Cemetery)
11. Public Seat	May 2028	John Hunt (County Resident)

### Footnotes:

- a) City Representation** – City members are elected by the city selection committee, which is composed of the presiding mayor or designated council member from each of the four cities (Capitola, Santa Cruz, Scotts Valley, and Watsonville). The city rotation goes with the city and not with the person. In 2023, a new rotation schedule was adopted by the committee with two-year term limits ending in January.
- b) District Representation** - Special district members are elected by the special district selection committee, which is made up of one voting member from each Independent Special District Board with four-year term limits ending in May.
- c) County Representation** – The county members are appointed each January by the Board of Supervisors and may change each year at that time. The four-year term limits end in May.
- d) Public Representation** – The public members are appointed by the Commission when a vacancy occurs. The four-year term limits end in May.



Date: February 5, 2025  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **CSA 38 Service & Sphere Review Update**

**SUMMARY OF RECOMMENDATION**

The Commission adopted a service and sphere review for County Service Area 38 (CSA 38) on January 10, 2024. Several conditions were adopted as part of the service review, including a condition that the County develop a webpage disclosing CSA 38’s operations, governance, and finances. The deadline to create this informational site was January 30, 2025. The Commission also directed LAFCO staff to provide an update on February 5, 2025 to determine if the County fulfilled the Commission’s recommendations. 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 CSA was created in 1983 as a funding mechanism to provide “extended police protection” in areas outside the four cities. Based on LAFCO’s analysis in the January 2024 service review<sup>1</sup>, a clear correlation between CSA 38 and the County Sheriff Department could not be established. LAFCO was unable to determine how CSA 38 provides services, how many employees operate the district, whether the CSA had a standalone board and regular meetings, and could not locate an official webpage. As a result, LAFCO reaffirmed the CSA’s sphere boundary with the condition that the County create a webpage dedicated to CSA 38 and/or add CSA 38 related information to the County Sheriff Department’s website. This recommendation had a deadline of January 30, 2025. If the task was not completed, LAFCO was set to revisit the District’s sphere designation and discuss the CSA’s future.

**CONCLUSION**

The County worked diligently with LAFCO staff to complete the recommended action following the adoption of the service and sphere review. LAFCO staff is happy to report that the County launched a dedicated webpage for CSA 38 in August 2024 – well before the January 30, 2025 deadline. The following link directs you to the new webpage: <https://shf.santacruzcountyca.gov/SheriffHome/Transparency/CountyServiceArea38.aspx>.

**Figure A** on page 2 also shows a screenshot of the new webpage. This site includes information about CSA 38’s history, governance, service area, and finances. Additionally, the webpage provides maps, census data, and contact information. In summary, the completion of this recommended action now provides the public with an online resource showing CSA 38’s purpose, function, and governance. LAFCO staff appreciates the County’s efforts in completing this task, specifically Melodye Serino (Deputy County Administrative Officer), Jim Hart (former County Sheriff), and Carlos Palacio (County Administrative Officer).

<sup>1</sup> CSA 38 MSR: <https://santacruzlafco.org/wp-content/uploads/2024/01/CSA-38-MSR-Adopted-Version.pdf>

Figure A: Screenshot of New CSA 38 Webpage

en Español County of Santa Cruz f X p n Select Language

**SANTA CRUZ COUNTY SHERIFF'S OFFICE** Our Agency I Need To... Transparency

## County Service Area 38

**About**  
Service Area  
Governance  
Funding Information  
Contact Us

A county service area (CSA) is a type of local government which is similar to a special district. CSAs operate under the County Service Area Law (Government Code §25210.1 et seq.) created in the 1953 and amended in 2008 by SB 1458. A county board of Supervisors always govern a CSA, which can provide any type of county service or a higher level of any county service that the county government provides to an unincorporated area.

CSA 38 was created on January 12, 1983 as a funding mechanism to provide extended police protection in the unincorporated area. Prior to 1983, the four cities (Santa Cruz, Watsonville, Scotts Valley and Capitola) were providing police patrol outside their city boundaries in the unincorporated areas. They requested that the County take on these services.

In order to fund separate police protection for the portion of the population that lives in the unincorporated area (outside city boundaries), property owners taxed themselves. CSA 38 collects property taxes to assist in funding the sheriff's patrol services in the unincorporated county areas.

Patrols in the unincorporated area include two teams divided into 11 beats with 3 shifts to provide a 24-hour period of coverage. Patrol services also include special services such as search and rescue, air squadron, bomb team, hostage negotiation team and K-9 unit. Data on monthly service calls within the patrol division can be found at <https://www.scsheriff.com/SheriffHome/Transparency/MonthlyAgencyStatistics.aspx>.

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Respectfully Submitted,

Joe A. Serrano  
Executive Officer

cc: Chris Clark, Santa Cruz County Sheriff Department  
Matt Machado, Santa Cruz County Public Works Department  
Carlos Palacio, Santa Cruz County Administrative Office



Date: February 5, 2025  
To: LAFCO Commissioners  
From: Joe Serrano, Executive Officer  
Subject: **UC Berkeley Water Report & Potential Legislative Action**

**SUMMARY OF RECOMMENDATION**

A report about LAFCOs and their ability to address water-related issues facing California was published in early-2024. The report garnered attention from various statewide organizations, specifically the Community Water Center and the Leadership Counsel for Justice & Accountability. These organizations formed a stakeholder group in late-2024 with representatives from the two universities and several LAFCOs to utilize the report’s findings as the basis of proposed legislative action to grant LAFCOs across the state with additional tools to address local water issues. It is recommended that the Commission direct staff to continue working with the stakeholder group.

**EXECUTIVE OFFICER’S REPORT**

UC Berkeley and UCLA, under the University of California Agriculture and Natural Resources Division, co-authored a report in January 2024 that analyzed the current oversight of public and private water systems in California by LAFCO agencies. **Attachment 1** provides a copy of the water report. The University interviewed state regulators and LAFCO representatives, received input from state technical assistance providers, and conducted a survey of LAFCO Executive Officers to gather information for their report. As a result, their evaluation aimed to cover three key areas:

- 1) Highlight the important intersections between LAFCOs’ local planning and regulatory roles and state policies and programs that prioritize water system consolidation as a safe drinking water solution;
- 2) Identify the challenges at these intersections that limit progress on shared goals; and
- 3) Provide recommendations to begin to address these challenges.

Key Takeaway

While the report did highlight some proactive LAFCO agencies and effective service and sphere reviews (such as Santa Cruz LAFCO’s 2022 countywide water report), the authors concluded that the lack of information sharing and LAFCO’s limited abilities to initiate possible solutions (ex. annexations) were the primary challenges for local and state regulators to address water quality and delivery issues in California. The overarching theme was clear – there was a glaring need for more facilitation, communication, and data sharing among private systems, local governments, state organizations, and the public. These findings garnered the attention of two statewide organizations: the Community Water Center (CWC) and the Leadership Counsel for Justice & Accountability (LCJA). These two organizations were instrumental in the enactment of Senate Bill 244<sup>1</sup> and Senate Bill 1318<sup>2</sup>, both of which empowered LAFCOs to help disadvantaged unincorporated communities facing water issues.

<sup>1</sup> SB 244: [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201120120SB244](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201120120SB244)  
<sup>2</sup> SB 1318: [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201520160SB1318](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB1318)



The Community Water Center is a non-profit organization which was formed in 2006 for the purpose of realizing the human right to water for all communities in California through education, organizing, and advocacy. Their main office is located at the heart of San Joaquin Valley in Visalia, and in 2012 they opened a second office in Sacramento in order to bring their advocacy to the statewide level. In 2018, they expanded and opened a third office in Watsonville. The Leadership Counsel for Justice & Accountability is a community-based advocacy organization headquartered in Fresno, California, with offices in Coachella, Bakersfield, Merced and Sacramento. Their mission is to work alongside the most impacted communities to advocate for sound policy and eradicate injustice to secure equal access to opportunity regardless of wealth, race, income, and place.

### **Potential Legislative Bill**

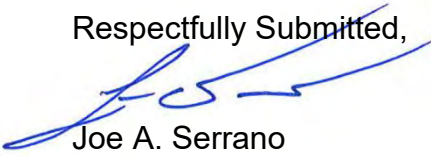
In order to address the ongoing challenges in advancing the State's interest in making public water systems more resilient through consolidations, with a specific focus on disadvantaged and otherwise underserved communities, a stakeholder group was formed with representatives from the two universities, CWC, LCJA, and various LAFCOs. **Attachment 2** provides a copy of a joint letter signed by the stakeholders to advance the water report's recommendations. Specifically, the letter identifies three legislative proposals:

- **Amplify MSR's Role in Communicating Community Needs**  
Amend California Government Code 56430 and its provisions on preparing municipal service reviews to require LAFCOs to take up these studies at noticed hearings as well as require the affected agencies to formally receive the studies at their own noticed hearing and providing confirmation of doing so back to LAFCOs.
- **Expand LAFCOs ability to initiate organizations and reorganizations under certain circumstances**  
Amend California Government Code 56375(a) and its enumeration of LAFCO initiating powers to support timely water or wastewater services consistent with community needs.
- **Address Service Barriers for Mutual Water Companies and Mobile Home Parks**  
Amend California Government Code 56036 and its definition of "special district" for LAFCO purposes to include mutual water companies. Similarly, amend California Corporations Code Section 14300 to address known gaps.

### **Next Steps**

The stakeholder group is currently developing support documents such as a fact sheet for additional context and a first draft of the proposed bill language. Additionally, the group is searching for possible bill authors. Santa Cruz LAFCO is currently scheduling meetings with our local representatives, including but not limited to Senator John Laird, to discuss the recent water report and potential bill. LAFCO staff will continue to provide periodic updates to the Commission as the process unfolds. In conclusion, LAFCO staff is recommending that the Commission direct staff to continue working with the stakeholder group.

Respectfully Submitted,



Joe A. Serrano  
Executive Officer

Attachments:

- 1) UC Berkeley Water Report
- 2) Joint Letter of Legislative Interest

cc: University Water Report Authors  
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# **LAFCo and Water System Consolidation:**

*Bridging the gap between  
local and state regulators  
to stop and reverse  
water system fragmentation*

**JANUARY 2024**

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## Acknowledgements

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## Introduction

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In 2012, California passed AB 685 enshrining the human right to water into state law. Achieving this vision is not a simple task, instead it requires ongoing commitment and investment by state legislators and regulators. Water system consolidation, or the merging of two or more water systems, has increasingly become a focus of these efforts due to a wide array of potential benefits. This is particularly true for the state's very small water systems, many of which struggle to achieve consistent regulatory compliance. In the hopes of halting and reversing the proliferation of small water systems, California has implemented policy changes including developing financial incentives for larger water systems to consolidate small systems, introducing new powers to mandate consolidation under specific circumstances, and working to limit permits for new water systems in favor of extending existing systems. With these efforts as well as unprecedented financial investments in consolidation through the new Safe and Affordable Funding for Equity and Resilience (SAFER) program, the state has reduced the total number of public water systems by more than 3% in the last 9 years.<sup>1</sup>

Despite these successes, implementing consolidations in an efficient and equitable manner continues to be a difficult task. A large array of challenges from local politics to funding regularly delay and sometimes prevent consolidations, both between existing systems and for systems intended to serve new industrial or residential development. This report focuses on one such challenge, the need to coordinate and align actions by state and local regulators. Under the Federal Safe Drinking Water Act, the state of California is responsible for ensuring compliance among public water systems. This role has put the State Water Resources Control Board (SWRCB) at the forefront of efforts to reduce the number of small water systems. Nonetheless, changes to drinking water services often implicate changes to local government, thus requiring consultation with, and sometimes the approval of, local regulators.

In particular, in California, county Local Agency Formation Commissions, known as LAFCo, are regional planning and regulatory agencies tasked with “coordinating logical and timely changes in local government boundaries, conducting special studies that review ways to reorganize, simplify and streamline governmental structure and preparing a sphere of influence for each city and special district within each county.”<sup>2</sup> In this capacity, they have a critical role to play in promoting and implementing water system consolidations for existing and proposed water systems. Because LAFCos regulate boundaries between most public agencies, they often have the final say over water system consolidation projects that involve a local government entity including special districts and cities. Yet in practice, many water system consolidations are conceived of and planned without input from local planners and may only come before LAFCo for formal review after significant resources have already been invested in the project. Much the same can be said for local development plans. To the extent a new development relies on a new public water system, local project proponents may find themselves at odds with state regulators who wish to avoid the creation of additional small water systems they perceive as unsustainable. In these cases, there is significant potential for frustration on all sides when plans are delayed or must be changed due to inadequate coordination, conflicting policies and/or competing priorities.

These examples highlight what can be a wide gulf between drinking water regulators and LAFCos when implementing water system consolidations, whether for existing or new systems. Though intertwined in practice, the two often approach questions of water system fragmentation with distinct perspectives and priorities. Such differences can reverberate beyond individual projects, impacting broader efforts to rationalize drinking water services, increase equitable access, and ensure sustainability under a changing climate. Overwhelmingly LAFCos and state drinking water regulators share goals for promoting equitable,

efficient, and sustainable local drinking water service. Yet we are a long way from the policy alignment necessary to stop, let alone reverse, the proliferation of small water systems.

Drawing on interviews with state regulators and LAFCo representatives, input from state technical assistance providers, and a survey of county LAFCo Executive Officers, this report

aims to: 1) Highlight important intersections between LAFCos' local planning and regulatory roles and state policies and programs that prioritize water system consolidation as a safe drinking water solution; 2) Identify challenges at these intersections that limit progress on shared goals; and 3) Provide recommendations to begin to address these challenges.

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## Section I: Understanding LAFCos and Their Role in Water System Consolidation

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### About LAFCos

Local Agency Formation Commissions (LAFCos) are county-specific independent governmental agencies charged with conducting studies to evaluate, reorganize, and streamline local government functions and services. LAFCos were first created by the State of California in 1963 to manage sprawl. Subsequent legislative updates have gradually increased the scope of LAFCo powers and authorities over time. The most important of these updates occurred in 2000 with the passage of the [Cortese-Knox-Hertzberg Act](#) (CKH).<sup>3</sup> Though amended periodically, the CKH Act remains the most important reference for understanding LAFCo powers and processes.

Each LAFCo is governed by a commission comprised of elected and appointed individuals. Every LAFCo includes representatives of the county's Board of Supervisors and city councils from cities within the county boundaries along with one appointed member of the general public.

Many LAFCos also include board members from special districts within the county. The exact structure of individual LAFCo commissions varies, but a typical commission has at least five, and up to seven, members who serve four-year terms. Though geographically coterminous with every county, LAFCos are politically independent from the county government where they operate. Commission decisions are not subject to oversight, review, or approval by the County Board of Supervisors.

LAFCo commission meetings are public meetings, and as such must be regularly held, open to the public, and are subject to the Ralph M. Brown Act.<sup>4</sup> The work of the commission is carried out by staff, led by an Executive Officer. Staffing levels vary substantially between counties. Some have full-time Executive Officers and up to eight additional full-time staff members, and others have only part-time Executive Officers and minimal, or even no, additional staff ([See Appendix](#)).

### The Cortese-Knox-Hertzberg Act of 2000

The Cortese-Knox-Hertzberg Act of 2000 was the most recent major overhaul of LAFCo powers. It establishes procedures for local government changes of organization, including city incorporations, annexations to a city or special district, and city and special district consolidations. In carrying out these functions, the Act specifically directs LAFCos to:

- Limit urban sprawl;
- Ensure orderly boundaries between governmental agencies;
- Preserve open space and agricultural lands.

Though LAFCos may have other priorities related to local political preferences, these three mandates are shared to some extent by all LAFCos in accordance with state law.

LAFCoS are funded from two primary sources. First, all LAFCoS receive annual funding from the local governments represented on the commission (county, cities, and sometimes special districts). The size of these contributions varies by county, as each LAFCo sets its own budget. Second, LAFCoS may charge fees for some types of applications or services. These fees are typically borne by the relevant agencies or other applicants (such as landowners) applying for the action in question, for example, an adjustment to a district's jurisdictional boundary.

### **LAFCoS and water system consolidations**

To avoid the duplication of services and ensure that growth occurs in an orderly fashion, one of LAFCoS' primary roles is to regulate and approve changes to the jurisdictional boundaries and planning boundaries of all cities and most special districts (the most notable exception is school districts). As a result, LAFCo will be involved in any consolidation project if one or more of the systems — either consolidating or receiving — is a public agency, specifically a city or a special district.<sup>5</sup> If a consolidation project involves no such water systems, there is no formal role for LAFCo, although if the consolidation involves one or more Investor-Owned Utilities, the California Public Utilities Commission (CPUC) will play a similar oversight role. If a project involves both public and private water systems, LAFCo may only be involved in certain components. For example, if an Investor-Owned Utility takes over water provision in a community previously served by a local agency (as in the case of the Sativa Water District in Los Angeles County), LAFCo would be involved in the dissolution of the public district but not in the “annexation” by the Investor-Owned Utility of the new service area which would instead be approved by the CPUC.

It is important to keep in mind that while a LAFCo's purview includes districts that provide drinking water, LAFCoS do not primarily regulate drinking water providers or their day-to-day operations. Rather, their role is to ensure that drinking water provision happens in an orderly manner that does not create additional burdens on residents, does not conflict with established

local policies or encourage unwanted urban sprawl, and does not create wasteful duplication of services. In other words, in many cases LAFCoS will be concerned with the question: How will this consolidation fit into our broader planning priorities for the county?

The answer to this question will largely depend on the structure of the proposed consolidation. Water system consolidation can be accomplished in many ways including not only district or city consolidation but also through extensions of service, annexations, etc. (See ‘*Bridging differences in terminology*’ box). Any one of these procedures may also trigger reorganizations or dissolutions, all of which may have distinct procedures and requirements for implementation. In some cases, LAFCoS have a preferred pathway for how to accomplish consolidations that will need to be adhered to in order to receive the necessary approvals. However, in other cases, LAFCoS may prefer to make recommendations or determinations based on the specifics of an individual project. We recently surveyed LAFCoS across the state and received responses from 23 of the state's 58 LAFCoS. Nearly 40% of respondents indicated they preferred outright annexation to extraterritorial service agreements whereas 52% reported having no pre-set preference.

Even when a LAFCo has a preference, however, they may still approve exceptions based on specific circumstances. For example, under California law, LAFCoS may (but are not required to) approve a request for a service extension outside of a service providers' jurisdictional boundary and sphere of influence to respond to an “existing or impending threat to the health and safety of the public or the residents of the affected territory”.<sup>6</sup> More than two thirds of survey respondents indicated they had approved such a request in their county. Notably the requirements for doing so vary between counties. Some counties require only a letter from an affected local government body, while others require expert documentation of the threat.

Beyond the need to coordinate with LAFCo on the structure of a proposed consolidation, LAFCo involvement has another important implication: Fees. Given that LAFCoS are authorized to collect

## Bridging Differences In Terminology

This report uses the term “consolidation” in a broad sense to mean the formal merging of some or all functions of drinking water provision between two or more water providers or communities. Consolidation, in this drinking-water focused sense, can happen through a variety of different pathways that vary in not only their implementation but also outcomes (for more information see the 2022 guide [Designing Water System Consolidations](#)). Under this definition, consolidation can include the physical interconnection of existing water system infrastructure (physical consolidation) but it does not have to. Consolidation may instead entail merging only the governance and management functions of two pre-existing systems (managerial consolidation) or extending a water system to serve a domestic well community or new development. This inclusive definition is informed by, and aligned with, the definition state drinking water regulators and community water advocates employ.

However, for a LAFCo, the term consolidation refers to a narrowly defined legal process, closely constrained by state law. The CKH Act defines consolidation as “the uniting or joining of two or more cities located in the same county into a single new successor city or two or more districts into a single new successor district.” Consolidation in a LAFCo sense always entails the creation of an entirely new district.

While largely semantic, this difference can cause confusion. Projects such as the extension of a community water system to serve residents previously reliant on a state small water system or where a special district like a County Service Area is absorbed into a neighboring city would both be commonly referred to as consolidations among drinking water stakeholders. To a LAFCo representative, however, many such “consolidations” are instead understood as extensions of service, annexations, reorganizations, and/or dissolutions.

fees for services and studies and that some rely on these fees to cover the associated costs of those additional reviews, those seeking to consolidate drinking water services may have to bear the cost of any related study required by state law. LAFCOs have some degree of autonomy in setting fees to compensate for staff time. As such, relevant fees vary significantly between counties. Of the 23 LAFCOs that responded to our survey, estimated total fees associated with a consolidation project ranged from \$0 to \$50,000, depending on the LAFCo and the complexity of the project. Seventy percent of survey respondents said that they waive fees under specific circumstances, the remainder indicated that fee waivers were not available.

### **Municipal Service Reviews**

Beyond regulating local government boundaries, LAFCOs also play an important role in evaluating municipal services within their county and making recommendations for improvements. The CKH Act mandates that every five years, as necessary, LAFCOs review and update the designated sphere of influence for each city and special district under their jurisdiction.<sup>7</sup> Prior to establishing or updating a sphere of influence, LAFCOs must

perform a special study called a Municipal Service Review (MSR). MSRs are comprehensive studies designed to better inform LAFCo, local agencies, and the community about the provision of municipal services. MSRs can be conducted individually for specific cities or districts, covering all services, or on a county-wide or regional basis focused on specific services.

Based on these requirements, some LAFCOs conduct regular MSRs while others do so only when necessary, such as when a sphere of influence issues arise. Budget and capacity constraints are a major factor influencing how frequently MSRs are conducted. Some LAFCOs reported in interviews that they did not conduct MSRs as frequently as they would like due to high costs.

The requirements related to MSR contents are also loosely bounded, meaning that in practice, the content and level of detail varies by county. Ideally an MSR will have insights into the kinds of things those pursuing consolidation would likely be interested in — water quality, water source reliability, fiscal stability, managerial capacity, and technical expertise. Take for example the recent [Countywide Water Service and Sphere Review](#) by Santa Cruz County which provides significant detail



on system finances, water rates, transparency and local accountability among other items.<sup>8</sup> In other cases, MSRs may have few of these details and thus provide little in the way of local insights either supporting or challenging consolidation efforts (capacity can also be a factor here). By statute, LAFcos are authorized to request information from privately owned water systems as part of their reviews including from mutual water companies.<sup>9</sup> Notably, very few LAFcos currently do so and some LAFcos report mutual water companies have failed to respond to requests for information when they have attempted to include them in MSRs.

### **Approval of new public water systems**

Recognizing the importance of stopping the further proliferation of potentially unsustainable small water systems throughout the state, recent regulatory changes now require that all applications for new public water systems<sup>10</sup> must be approved by the SWRCB. Applicants wishing to construct a new system must apply at least six months before initiating water-related development with an accompanying “preliminary technical report.” The preliminary technical report must analyze the feasibility of connecting to any public water systems within three miles, assess the twenty-year costs of operating the proposed system, and evaluate the sustainability and

**38% of LAFcos report that they evaluate the feasibility of consolidation as part of their MSR process and 61% report that they recommend consolidation in MSR findings where warranted.**

resilience of the proposed system long-term. As part of the assessment of consolidation feasibility, an applicant needs to document contact with LAFco regarding the identified existing water systems. Approval of non-water system related development (e.g., a warehouse facility to be served by the proposed water system), however, remains a local decision and LAFcos retain final authority on areas where services can be provided by the existing water systems of cities and special districts. Thus, there is potential for inconsistent determinations between state and local authorities, which could cause delays and/or lead to potential litigation. These changes increase the need for coordination between state drinking water regulators and local authorities regarding when and where the creation of new water systems is appropriate.

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## **Section II: Challenges**

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Based on our interviews and survey results, in this section we describe seven key challenges that limit effective coordination between state and local regulators with respect to water system consolidation, both among existing and new systems.

### **Lack of communication and information sharing between LAFcos and drinking water regulators**

Although LAFcos, the State Water Resources Control Board (SWRCB), and the California Public Utilities Commission (CPUC) all play key roles relevant to drinking water system consolidations, each has a unique niche in the enforcement patchwork, and

communication between these agencies is limited.

While, in many cases, LAFcos rely on publicly available SWRCB data in developing their MSRs for water services, the MSR process also often generates new information about the status of local water providers, especially regarding the state of system governance and finances. This information can be highly relevant to understanding the potential of a system to encounter future challenges. Yet only 30% of surveyed LAFcos report sharing their MSR findings with drinking water regulators. And while some SWRCB staff do independently seek out and use MSRs when working with a system, not all MSRs are publicly available online.

This lack of information sharing mirrors a general lack of communication between local planners and state drinking water regulators. Nearly all LAFCo Executive Officers we interviewed reported only infrequent contact with state drinking water regulators. The lack of communication creates issues in both directions. On the one hand, the SWRCB may have information about the challenges of local agencies unavailable to LAFCos who often only have infrequent communications with the small water providers under their jurisdiction. Similarly, a LAFCo might be aware of issues which could merit consolidation in the future. These systems might be good candidates for SWRCB intervention, but intervention is unlikely if information does not flow between agencies. On the other hand, the SWRCB may pursue solutions such as consolidation without a clear understanding of locally specific challenges such as conflicting policies, or potential political barriers.

California's other key water agency, the CPUC, regulates Investor-Owned Utilities. The CPUC communicates even less frequently with LAFCos than the SWRCB. This is not surprising, given that LAFCos do not regulate private utilities. But in some cases, LAFCos might be ignorant of potential privately-owned consolidation partners for troubled local government systems or vice-versa, of struggling private systems where governmental systems could expand their service area. Additionally, consolidations involving Investor-Owned Utilities (referred to by the CPUC as acquisitions) can significantly impact local development. Currently there are no specific mechanisms for LAFCos to provide feedback to the CPUC on these matters except to file a motion for party status in an acquisition proceeding which is subject to approval and conditions by a judge.

### **Lack of shared language and vision**

Sometimes, when drinking water stakeholders interested in water system consolidations encounter LAFCos, they find the experience to be frustrating. Often, part of the problem is that LAFCos do not share a common vision or even use the same language to talk about consolidations. As previously mentioned, for LAFCo staff the term

“consolidation” refers to a specific legal process, not a broad suite of options. Conversations that casually use the term consolidation can thus create confusion, since many water system consolidation projects fall under LAFCo descriptions for annexations, dissolutions, extraterritorial service agreements, or other arrangements.

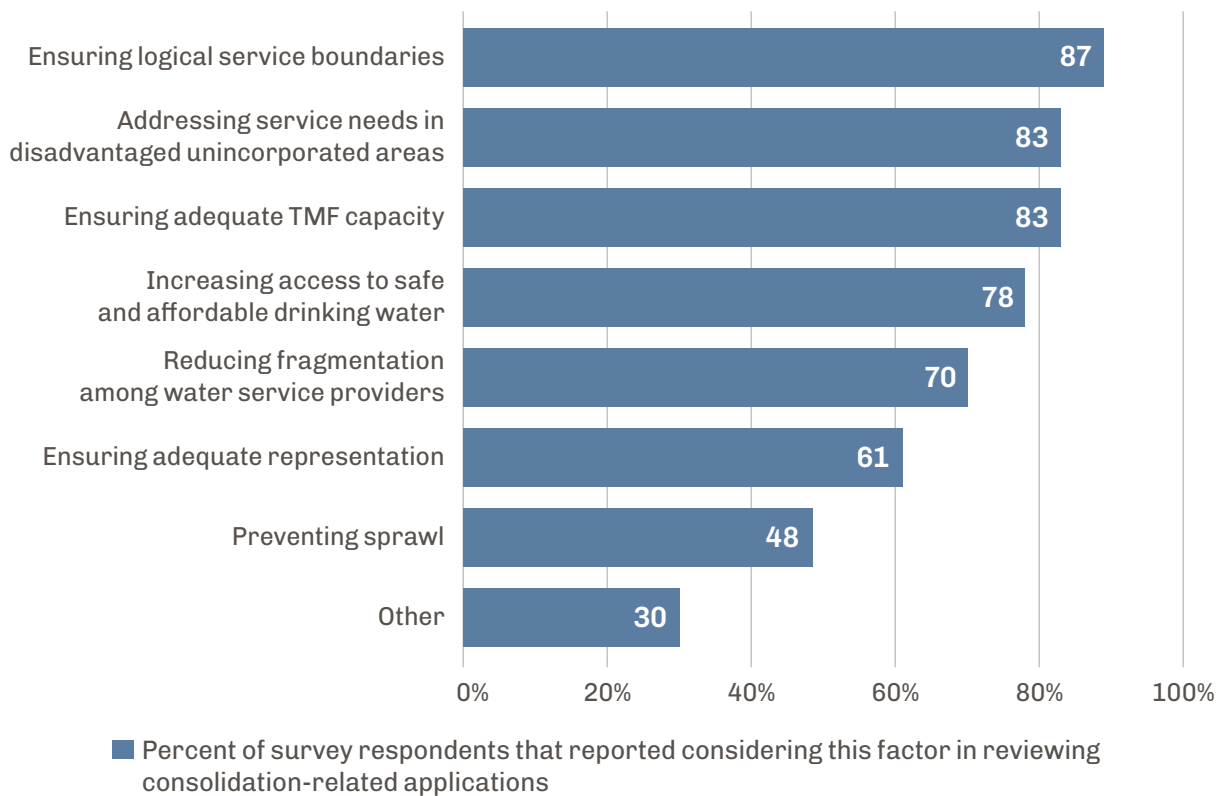
But this challenge is not only semantic. While all parties share a commitment to ensuring efficient, equitable local services, the goals that motivate system consolidation and the metrics by which “success” is assessed in these projects can also vary. State regulators tend to prioritize projects on the basis of Safe Drinking Water Act compliance, cost, and improving system sustainability (i.e., targeting “at-risk” systems). Overall LAFCos take a broader perspective, including considering impacts to different community services as well as county-wide impacts and consistency in long-term planning. This is well demonstrated by the fact that surveyed LAFCos reported considering, on average, more than five different factors when reviewing consolidation-related applications (*Figure 1*). Among these considerations, 30% of LAFCos reported that ensuring adequate Technical, Managerial, and Financial (TMF) capacity was the most important, followed by ensuring logical service boundaries and increasing access to safe and affordable drinking water, each of which was voted most important 26% of respondents. Notably, whereas preventing and reversing water system fragmentation is a top priority of the SWRCB, this consideration did not rise to the top among LAFCos, only 70% of which said they consider system fragmentation when reviewing consolidation-related applications.

### **Diversity in local implementation**

All LAFCos are governed by the CKH Act, but policy occurs just as much in implementation as in statute. Because the CKH leaves substantial autonomy for local LAFCos to tailor their operations to local conditions, implementation varies substantially from LAFCo to LAFCo. The state's rules have few hard guidelines except when it comes to specific procedural actions.

For example, according to statute, LAFCos are supposed to interpret any requests to

**Figure 1. LAFCo considerations in reviewing consolidation related applications by frequency.**



accommodate a system consolidation based on the potential costs and savings, as well as other impacts to local residents. This open-ended set of criteria leaves room for interpretation leading LAFCos to review a wide range of factors as mentioned above. This statute language also allows for LAFCos to have different local policies leading some LAFCos to prioritize specific planning goals, like the prevention of urban sprawl or addressing service needs in unincorporated areas.

LAFCos vary substantially in their preferences regarding consolidation pathways. Technical assistance providers may select a consolidation pathway which they think will best suit the needs of the community they work with. LAFCos will tend to take a more holistic view and measure the proposed benefits of any consolidation project against the potential impact on development and services county-wide. For example, if a consolidation of private wells into a nearby municipal system would extend that city's sphere of influence into

an area slated for non-development purposes, the LAFCo may oppose the project for fear of losing open space. In many cases there are workable compromises that can be found if these goals and constraints are clearly communicated, for example pursuing an Extraterritorial Service Agreement (also called Out-of-Agency, Out-of-Boundary or Outside Service Agreements depending on the county).<sup>11</sup>

### **Unclear roles and responsibilities**

While the SWRCB is committed to stopping and reversing the proliferation of small water systems as part of advancing the Human Right to Water (AB 685), precisely because of the planning and local government implications, there are practical and political limits to their ability to do this work on their own. Yet there is ambiguity, and even disagreement, regarding what the role and responsibilities of local planners such as LAFCos is, or should be, with respect to advancing the same mission.

Generally, LAFcos rely on the SWRCB to flag struggling systems and initiate consolidation processes rather than do so themselves (although in certain counties, LAFcos do sometimes play a more central role in promoting projects). However, LAFcos do not necessarily view this as a positive from a local policy standpoint. Several LAFcos indicated that state-level policymakers and agencies generally lacked an understanding of the intricacies of local implementation of consolidations. Some also regarded state-initiated projects without adequate state financial support as unfunded burdens for the affected communities and for LAFcos themselves.

But locally initiating projects has its own challenges. California state law is clear that, in some circumstances, LAFcos have the power to initiate water system consolidations through district dissolution, even without the consent of targeted district.<sup>12</sup> These types of consolidations are rare, however, for several reasons. Perhaps unsurprisingly, LAFco commissioners are often reluctant to go against locally elected political leaders—some of whom may even sit on the LAFco commission themselves. Second, such actions are subject to public hearings and can be blocked by formal protests from residents, an outcome which is more likely because the threshold for popular motions to block the action is lower in LAFco-initiated proceedings. Third, LAFcos are generally reluctant to force other systems to take

**Nearly 40% of LAFcos report facilitating or supporting local consolidation projects whereas less than 9% report initiating consolidation projects.**

on new customers, even if the receiving system is best suited to serve those communities. LAFcos generally operate under tight budgets and with limited staff, and thus generally require a project proponent to fund any necessary studies to proceed with a dissolution rather than take on the cost from their own budget. Additionally, LAFcos are prohibited from initiating certain consolidation pathways, such as annexations. Thus, even if a LAFco knows consolidation is the best choice, they rarely act as proponents. An exception to this trend is when a local scandal erupts, either around system governance or water quality.

This does not mean, however, that LAFcos do not view themselves as having any role in consolidations. For some LAFcos, considering consolidation options is already a part of their standard operations. Thirty-two percent of surveyed LAFcos reported assessing the feasibility of consolidations as part of MSRs for drinking water service providers. Sixty percent reported recommending system consolidation as part of

### **Consolidating Sativa County Water District Post-Scandal**

When some Compton residents began to notice discolored water in their taps in the spring of 2018, popular protests erupted. One entity was not surprised. Los Angeles (LA) LAFco had flagged the water provider, the Sativa County Water District, as struggling in multiple categories as early as 2005, and staff had recommended outright dissolution of the agency to the commission in 2012. However, despite these red flags, the agency continued to operate, and no consolidation efforts were formally initiated, either locally or by the SWRCB. When the protests began, however, LA LAFco was prepared to spring into action. With the changed political winds following the fallout from the scandal, the commission was able to initiate a dissolution process for Sativa just two months after complaints first arose and soon thereafter work with the state to allow the county to temporarily takeover operations while all parties looked for a new permanent provider.

The case of Sativa highlights just how effective a well-resourced LAFco can be in dealing with a local crisis. But the case also provides an example of how a lack of coordination around system dissolution priorities and political inertia can lead to a crisis in the first place. A more aggressive approach locally, or better coordination from the SWRCB, might have dealt with the issues at Sativa before brown water flowed out of residents' taps. Nonetheless, LA LAFco's quick response and effective collaboration between local and state regulators headed off the problem before things got worse.

MSRs based on assessments of water supply, governance, proximity to other systems, or other factors. In these cases, our interviews reveal that most LAFCoS view the initiative to then fall on the individual system boards to explore possible options for consolidations or alternatively, for the SWRCB to intervene if a system is underperforming to such a degree to require consolidation.

As a result, most consolidation projects in California are initiated by, or in partnership with, the SWRCB. Due to the SWRCB's responsibilities under the Safe Drinking Water Act, these consolidations tend to target existing or imminent health and safety concerns. A more proactive approach to other types of potentially challenged systems — such as small systems with governance issues, those unable to raise capital or with retiring staff or those particularly vulnerable to climate disasters — has so far not been on the agenda for lack of a clear responsible party or champion.

### **Gaps in relevant authorities**

In addition to ambiguity about the role of LAFCoS in reversing water system fragmentation, the fact that not all water systems are subject to the jurisdiction of LAFCoS limits even the potential for LAFCoS to support consolidation projects. Water systems are regulated by a patchwork of state and local agencies, depending on the structure of the system and other key factors. Because of this, some of the systems most suitable for consolidation fall between the cracks.

LAFCoS only regulate and review cities and special districts, not private firms. Yet many struggling water systems are private systems, like mobile home parks or mutual water companies, which unlike Investor-Owned Utilities, are not regulated by the CPUC. State policymakers have noticed this oversight and granted LAFCoS the ability to include information for private water systems operating in their county in MSRs. However, doing so is optional, and often inhibited by resource and information constraints. Because most LAFCoS have their hands full performing MSRs for the public agencies under their jurisdiction, very few have included mutual water companies, mobile home parks, or other small systems in their MSR cycles, and most do not anticipate doing so in

### **Resident Support Is Often Non-Negotiable**

Most LAFCo actions, such as district dissolutions and annexations, are subject to protest by registered voters and landowners in the affected territory. Generally, if more than 25% of the voters or landowners representing 25% of the assessed value of land in the area submit written protests, the change must then be approved by voters in an election which is a costly and time-consuming undertaking. In some instances, namely if LAFCo initiates the boundary change itself, this threshold is lowered to 10%. Moreover, some LAFCo actions that can be needed for a consolidation project, like the creation of new special district, always require a local election. This means that regardless of whether a consolidation project is initiated by the state or a local proponent, resident support is usually critical to successful implementation.

the future. While LAFCoS might seem to be natural agencies to promote consolidation for these types of systems, they ultimately do not have either the statutory mandate, funding, or powers to do so.

### **Competing local priorities**

LAFCoS are political organizations primarily composed of elected officials. As such, local politics matter a lot. If a local agency's board does not favor consolidation, even for a consolidation that is logical and feasible, LAFCo commissioners may be reluctant to force the issue to avoid controversy or protect local relationships. The same can be true for supporting new development. To the extent that a new water system is tied to a politically favored development project or powerful local interests, LAFCoS may be subject to significant political pressure to support the preliminary technical report required by the SWRCB.

County specific priorities and policies can also impede consolidation efforts. One such example is the issue of limiting urban sprawl. If a consolidation project is seen to have the potential for increasing development in an area the county has earmarked for light or no development, a LAFCo might be unlikely to approve the consolidation. Notably, such concerns are county specific. Only 48% of survey respondents listed preventing sprawl as a factor for approving consolidation-related

applications. However, it is increasingly common for municipalities or special districts to implement their own moratoriums on new connections. Such moratoriums serve to arrest new development, but they can also prevent the consolidation of water services for existing peripheral residents.

Importantly, local priorities and interests can also have positive effects on efforts to increase water system consolidation. When locals identify system fragmentation as a major concern, LAFCo staff can work effectively to foster consolidation in unique ways. Tulare County, for example, has completed more than 16 consolidations since 2015, in part due to the active involvement and support from the Board of Supervisors.

### **Limited and uneven LAFCo resources**

LAFCos have uneven funding levels across the state. Because represented agencies are a primary source of funds, counties with small numbers of cities,

special districts, or both, typically have small LAFCo budgets. In some of these counties, LAFCo work may be handled on a contract basis by the county planning department or be contracted out to a private firm. By contrast, counties with large amounts of regulated agencies, like San Diego or Los Angeles, often have relatively large LAFCo budgets.

In many cases, funding levels can directly correspond to staffing levels. LAFCos in counties with low staffing levels may be harder to contact and necessary procedures may take longer, especially if there is no full-time staff. MSRs in such counties may also be updated less frequently than would be preferred if local capacity was higher. Limited resources can also lead to over-reliance on fees associated with studies and applications, which can in turn increase costs and impede a county's ability to offer fee waivers. As previously mentioned, only about two-thirds of the 23 LAFCos who responded to our survey offered fee waivers for studies.

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## **Section III: Recommendations**

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Based on the challenges outlined in the previous section, the following recommendations highlight potential pathways for addressing the existing gaps and improving alignment between local and state regulators organized around three key themes: Improving information sharing and communication between regulators; Identifying consolidation opportunities; and Advancing locally-driven consolidation projects.

### **Improving information sharing and communication between regulators**

- **Ensure regular, sustained communication between LAFCos and state drinking water regulators:** Locally, LAFCo, the SWRCB, and the CPUC (as applicable) should routinely meet to discuss failing and at-risk systems within each county. Such meetings would present the opportunity for each party to share the information on specific systems as well as identify promising partnerships across a range of system types that are consistent with local plans and policies. When distinct from LAFCo staff, county planners

should also be included. At the state-level, biannual LAFCo conferences and SWRCB's internal staff training programs present opportunities for cross-learning on relevant topics with the potential to increase collaboration. Regular communication would go a long way to increasing mutual understanding of relevant priorities and limitations as well as overcoming terminology and other barriers.

- **Transmit and connect information from MSRs and the annual state drinking water needs assessment:** Currently, both MSRs and the annual SWRCB drinking water needs assessments contain information helpful for assessing the functioning and sustainability of community water systems operated by cities and special districts. Systematically sharing these findings would help connect relevant knowledge from the local and state agencies and align with the Open and Transparent Water Data Act. At a minimum, MSRs should be readily accessible online and county-level meetings can support their use by the SWRCB. Most LAFCos that responded to the

survey support this type of information sharing (See Figure 2). In the future, the SWRCB could create formal pathways for integrating MSR data and/or the state legislature could consider changes to require information sharing and coordination.

- **Clarify and message relevant state goals:** Many LAFCoS are eager to support state efforts for advancing safe, accessible, and affordable drinking water and climate resilience but do not have a clear understanding of state priorities on these topics nor the type of performance metrics they could use to assess and advance these goals locally. The state should develop clear resources that can guide LAFCoS in the development of MSRs and inform local decision-making about service boundaries.
- **Ensure early coordination on system consolidation projects:** For project proponents, ensuring early coordination between communities, the SWRCB, technical assistance providers and LAFCo staff is essential. Consolidation can be accomplished through many potential pathways that must be matched with local conditions. It is therefore important to learn what pathways are preferred or even possible locally and why. If a LAFCo has formal or informal policies related to consolidation, they should be shared as soon as possible. Having this information as a project is developed will help ensure alignment with local planning and promote success. Early communication can also help avoid unnecessary delays in planning or implementation by anticipating fees, processing times, etc.
- **Ensure early coordination on proposals that implicate new public water systems:** State regulators, LAFCoS, and counties should communicate as early as possible about development proposals that explicitly or implicitly could lead to the creation of a new public water system. Early coordination on priorities and limitations at both levels will help prevent inconsistencies that could lead to conflict and delay.

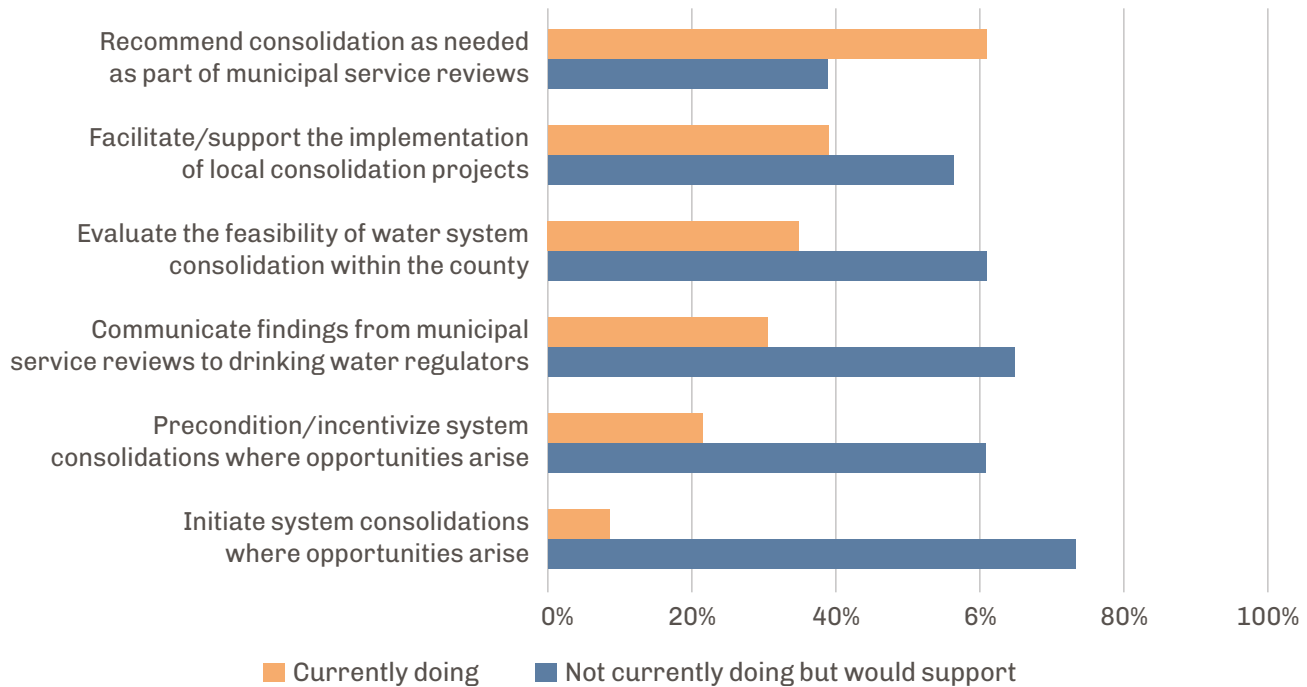
### Identifying consolidation opportunities

- **Ensure robust and regular MSRs for drinking**

**water service providers:** Municipal Service Reviews (MSRs) are a valuable opportunity to both assess the functioning of local service providers and make recommendations for improvements. Ensuring that thorough MSRs are conducted regularly throughout the state could go a long way towards identifying and advancing consolidations. Importantly, identifying funding sources to support this work is likely key to achieving this goal.

- **Standardize assessment of consolidation feasibility as a part of the MSR process and recommend consolidation, as appropriate, in the findings:** California state law requires that LAFCoS explore “opportunities for shared facilities” for public water systems as a part of their MSR process. Some LAFCoS go beyond this requirement to assess consolidation opportunities for some or all systems under their jurisdiction. All LAFCoS should do so with an eye not only for physical consolidations but also managerial consolidations and water system partnerships (e.g., shared staff). Where appropriate based on these findings, LAFCoS should make formal recommendations for consolidation as part of their MSR findings. While not all counties responded to our survey, the results demonstrate unanimous support for both actions among those who did.
- **Fill data and oversight gaps for under-regulated water systems:** LAFCoS collect and maintain important information about the water systems operated by municipalities and special districts in their jurisdictions. The CPUC maintains similar information for the state’s Investor-Owned Utilities. For other private water systems like mutual water companies and mobile home parks data collection is limited to the drinking water needs assessment which necessarily provides very limited insights on system governance and management. Figuring out how to fill this gap should be a state priority. For example, these systems could be subject to reporting and oversight by the CPUC or included in MSRs.
- **Proactively identify priority consolidations and tie these into other opportunities for boundary expansion:** Some systems are reluctant to receive

**Figure 2.** Existing practices and policy preferences among surveyed LAFCoS for addressing local water challenges.



customers from struggling systems but are happy to expand with greenfield development. Working with both state drinking water regulators and local water managers (e.g. Groundwater Sustainability Agencies), LAFCoS should develop and maintain a list of priority consolidation projects in their county. LAFCoS should then use their existing authorities to tie these projects to locally promoted boundary changes, for example, annexations or sphere of influence updates, when feasible. More than 80% of LAFCoS that responded to the survey support this type of approach.

- Clarify roles for identifying and promoting potential consolidations:** Currently the SWRCB is the primary entity identifying potential consolidation projects and initiating conversations with a particular focus on “failing systems” with pressing health and safety concerns and those at-risk of failing. There is a need to clarify who else, if anyone, should take responsibility for identifying and initiating potential consolidations among different subsets of systems such as

privately-owned non-Investor-Owned Utilities and low-hanging fruit consolidations (e.g., based on proximity or where system managers wish to retire).

### Advancing locally-driven consolidation projects

- Reduce financial impediments to locally-driven consolidations:** Proposed consolidations entail LAFCo related costs to be borne by a project proponent and/or the LAFCo itself. As such, promising projects can languish if they are not financially supported by the SWRCB and/or a local government proponent. Establishing a funding source to support LAFCoS or other local proponents to advance consolidation projects could help increase the number of locally initiated projects. Similarly, state and federal funding and technical assistance is often essential to make consolidation feasible. Creating clear pathways for accessing these resources for locally-initiated projects could similarly increase local leadership on the issue.



- **Reduce administrative and procedural hurdles to implementing consolidations:** Consolidation is a complicated and difficult process constrained by convoluted statutes with significant limitations and even contradictions. Often a single consolidation project may trigger several concurrent actions which only further increases the administrative burden and associated costs. To every extent possible, the associated statutory requirements should be clarified and streamlined.
- **Create local pathways for consolidation of mutual water companies, mobile home park systems, and other small private systems:** LAFcos do not have authority over private water systems and therefore cannot initiate consolidation among them. Thus, the state must explore possibilities to promote the consolidation of small private systems that are not Investor-Owned Utilities.
- **Allow LAFcos to initiate annexations:** Currently LAFcos can initiate dissolutions but not annexations. Given that annexation is a common and often preferred mechanism for consolidating water systems, granting LAFcos the ability to initiate annexations could increase the number of projects advanced locally.
- **Ensure technical assistance providers working on consolidations have a clear understanding of work plan elements and project requirements related to LAFCo:** The SWRCB should provide technical assistance providers clear guidance for addressing the local planning dimensions of consolidations including working with LAFCo. Ensuring that LAFCo tasks and expenses are accounted for in work plans and budgets will streamline implementation.

## Resources and Further Reading

Assembly Committee on Local Government. (2023). Guide to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. <https://alcl.assembly.ca.gov/system/files/2024-01/ckh-local-goverment-reorganization-act-of-2000-2023.pdf>

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Senate Governance and Finance Committee. (2013). 50 Years of LAFCos: A guide to LAFCos. [https://caLAFCo.org/sites/default/files/resources/50%20Years%20of%20LAFCos%20%282013%29%20-%20A%20guide%20to%20LAFCos\\_0.pdf](https://caLAFCo.org/sites/default/files/resources/50%20Years%20of%20LAFCos%20%282013%29%20-%20A%20guide%20to%20LAFCos_0.pdf)

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State Water Resources Control Board (SWRCB). (2023). Drinking water system partnerships and consolidations. [https://www.waterboards.ca.gov/drinking\\_water/certlic/drinkingwater/waterpartnership.html](https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/waterpartnership.html)

US Water Alliance. (2022). Catalyzing Community-Driven Utility Consolidations and Partnerships. [https://uswateralliance.org/wp-content/uploads/2023/09/Catalyzing-Community-Driven-Utility-Consolidations-and-Partnerships-PAGES\\_0.pdf](https://uswateralliance.org/wp-content/uploads/2023/09/Catalyzing-Community-Driven-Utility-Consolidations-and-Partnerships-PAGES_0.pdf)

# Appendix

## LAFCo information and select survey results by county

County	# of Staff	Offers Fee Wavers?	Approx. Range for Consolidation-Related Fees
Alameda	2	N	\$6,500 - \$13,000
Alpine	1	Did not respond to survey	Did not respond to survey
Amador	4	Did not respond to survey	Did not respond to survey
Butte	4	Y	\$1,000 – \$25,000
Calaveras	2	Did not respond to survey	Did not respond to survey
Colusa	2	Did not respond to survey	Did not respond to survey
Contra Costa	2	Y	\$4,000 - \$8,500
Del Norte	2	Did not respond to survey	Did not respond to survey
El Dorado	2	Y	\$1,000 – \$50,000
Fresno	5	Did not respond to survey	Did not respond to survey
Glenn	1	Did not respond to survey	Did not respond to survey
Humboldt	3	Did not respond to survey	Did not respond to survey
Imperial	4	Did not respond to survey	Did not respond to survey
Inyo	2	Did not respond to survey	Did not respond to survey
Kern	3	Did not respond to survey	Did not respond to survey
Kings	2	Did not respond to survey	Did not respond to survey
Lake	2	Did not respond to survey	Did not respond to survey
Lassen	3	Did not respond to survey	Did not respond to survey
Los Angeles	7	Y	\$6,000 - \$30,000
Madera	2	N	\$3,000 - \$6,000
Marin	2	Did not respond to survey	Did not respond to survey
Mariposa	1	Did not respond to survey	Did not respond to survey
Mendocino	2	Did not respond to survey	Did not respond to survey
Merced	2	N	\$2,000 - \$5,000
Modoc	2	Did not respond to survey	Did not respond to survey
Mono	1	Did not respond to survey	Did not respond to survey
Monterey	4	Did not respond to survey	Did not respond to survey
Napa	2	Y	\$8,500 - \$34,000

County	# of Staff	Offers Fee Waivers?	Approx. Range for Consolidation-Related Fees
Nevada	2	Did not respond to survey	Did not respond to survey
Orange	5	N	\$10,000 - \$30,000
Placer	2	Y	\$20,000 - \$40,000
Plumas	2	Did not respond to survey	Did not respond to survey
Riverside	5	Did not respond to survey	Did not respond to survey
Sacramento	2	Y	\$3,000 - \$10,000
San Benito	2	Did not respond to survey	Did not respond to survey
San Bernardino	4	Did not respond to survey	Did not respond to survey
San Diego	10	Y	\$6,500 - \$25,000
San Francisco	1	Did not respond to survey	Did not respond to survey
San Joaquin	3	N	\$2,000 - \$2,500
San Luis Obispo	3	Y	\$3,000 - \$7,500
San Mateo	3	Y	\$2,000 - \$10,000
Santa Barbara	2	Y	\$2,000 - \$6,000
Santa Clara	2	Y	\$4,000 - \$8,500
Santa Cruz	2	Y	\$1,000 - \$2,000
Shasta	2	Did not respond to survey	Did not respond to survey
Sierra	1	Did not respond to survey	Did not respond to survey
Siskiyou	2	Did not respond to survey	Did not respond to survey
Solano	3	N	\$7,500 - \$35,000
Sonoma	3	Y	\$4,000 - \$6,000
Stanislaus	3	Y	\$500 - \$3,500
Sutter	3	Did not respond to survey	Did not respond to survey
Tehama	1	Did not respond to survey	Did not respond to survey
Trinity	2	Did not respond to survey	Did not respond to survey
Tulare	3	Y	\$3,500 - \$4,000
Tuolumne	2	Did not respond to survey	Did not respond to survey
Ventura	3	Did not respond to survey	Did not respond to survey
Yolo	2	Y	\$1,500 - \$6,500
Yuba	2	Did not respond to survey	Did not respond to survey

## References and Notes

- 1 Dobbin, K. B., McBride, J., & Pierce, G. (2023). Panacea or placebo? The diverse pathways and implications of drinking water system consolidation. *Water Resources Research*, 59(12), <https://doi.org/10.1029/2023WR035179>.
- 2 CALAFCo website, What Are LAFCos responsibilities? Accessed 11/6/23. <https://caLAFCo.org/LAFCo-law/faq/what-are-LAFCos-responsibilities>
- 3 CA Government Code §56000 et seq.
- 4 CA Government Code §54950 et seq.
- 5 A consolidating water system is a system that will stop providing drinking water service after a consolidation is completed. In contrast, a receiving water system is a system that continues to provide drinking water service including to new customers/territory added through the consolidation.
- 6 CA Government Code §56133(c)
- 7 CA Government Code §56425(g); A sphere of influence or SOI is a planning boundary outside of an agency's jurisdictional boundary (such as the city limit line or water service area) that designates the agency's probable future boundary and service area.
- 8 Countywide Water Service and Sphere Review. Local Agency Formation Commission of Santa Cruz County. Accessed 01/22/24. <https://santacruzlafco.org/wp-content/uploads/2022/09/Countywide-Water-MSR-Adopted-Version.pdf>
- 9 CA Government Code §56430(7)(d)
- 10 A public water system is a water system serving at least 15 connections or 25 people for a minimum of 60 days per year. This is the body of water systems that is regulated by the SWRCB under the Federal Safe Drinking Water Act.
- 11 Extraterritorial, Out-of-Agency, Out-of-Boundary or Outside service agreements all refer to situations where a city or special district extend services outside of their jurisdictional boundaries. For drinking water service this means outside of their approved service area. Prior to 1994 service extensions only required LAFCo approval if they involved annexation. Since 1994 service extensions always require approval by LAFCo (with some exceptions such as the transfer of non-treated water).
- 12 CA Government Code §56035; For a LAFCo, a dissolution entails the “disincorporation, extinguishment, or termination of the existence of a district and the cessation of all its corporate powers.”



January 27, 2025

### **Letter of Joint Legislative Interest**

Advancing Report Recommendations

LAFCO and Water System Consolidations in California, 2024

In January 2024, with funding from the University of California Agriculture and Natural Resources, a report entitled “LAFCo and Water System Consolidation” published by Kristin Dobbin (UC Berkeley/UC ANR) and Justin McBride (UCLA) addressing the relationship between State regulators and Local Agency Formation Commissions (LAFCOs) in achieving the State’s interest in consolidating and otherwise remedying problems with small public water systems. The report draws on surveys and related analysis showing priority deviations and communication barriers that underlie the ongoing challenges in advancing the State’s interest in making public water systems more resilient through consolidations with specific focus on disadvantaged and otherwise underserved communities. A copy of the report is available online at [bit.ly/LAFCO\\_systemconsolidation](https://bit.ly/LAFCO_systemconsolidation).

The signatories to this letter represent several LAFCOs as well as non-profit organizations located throughout California. We jointly believe the time is now to put the report’s recommendations into action. Most notably, now is the time to propose common sense legislative solutions to advance LAFCOs ability to help ensure the timely and sustainable extension of municipal water and wastewater services – as well as other interrelated core urban services – to all Californians with the following legislative proposals:

- **Expand LAFCOs ability to initiate organizations and reorganizations under certain circumstances**  
Amend California Government Code 56375(a) and its enumeration of LAFCO initiating powers to support timely water or wastewater services consistent with community needs.

- **Amplify MSRs Role in Communicating Community Needs**

Amend California Government Code 56430 and its provisions on preparing municipal service reviews to require LAFCOs to take up these studies at noticed hearings as well as require the affected agencies to formally receive the studies at their own noticed hearing and provide confirmation in doing so back to LAFCOs.

- **Address Service Barriers for Mutual Water Companies and Mobile Home Parks**

Amend California Government Code 56036 and its definition of “special district” for LAFCO purposes to include mutual water companies. Similarly, amend California Corporations Code Section 14300 to address documented gaps in oversight.

The signatories welcome your interest and support in this important effort and anyone of us are available to meet with you at your earliest convenience.

With appreciation,

Carolyn Emery, Executive Officer – Orange County LAFCO

Brendon Freeman, Executive Officer – Napa LAFCO

José Henríquez, Executive Officer – Sacramento LAFCO

Rachel Jones, Executive Officer – Alameda LAFCO

Steve Lucas, Executive Officer – Butte County LAFCO

Joe Serrano, Executive Officer – Santa Cruz County LAFCO

Keene Simonds, Executive Officer – San Diego County LAFCO

Janaki Anagha, Staff Attorney – Community Water Center

Nataly Escobedo Garcia – Leadership Counsel for Justice and Accountability



Santa Cruz Local Agency Formation Commission

Date: February 5, 2025  
To: LAFCO Commissioners  
From: Francisco Estrada, LAFCO Analyst  
Subject: **Comprehensive Quarterly Report – Second Quarter (FY 2024-25)**

**SUMMARY OF RECOMMENDATION**

This report provides an overview of projects currently underway, the status of the Commission’s Multi-Year Work Program, the financial performance of the annual budget, and staff’s outreach efforts from October through December. This agenda item is for informational purposes only and does not require any action. Therefore, it is recommended that the Commission receive and file the Executive Officer’s report.

**EXECUTIVE OFFICER’S REPORT**

The Cortese-Knox-Hertzberg Act delegates LAFCOs with regulatory and planning duties to coordinate the logical formation and development of local governmental agencies. **Attachment 1** summarizes how several of these statutory mandates are being met through the consideration of boundary changes, the development of scheduled service reviews, and staff’s ongoing collaboration with local agencies.

Respectfully Submitted,

Francisco Estrada  
LAFCO Analyst

Attachment:

- 1. FY 2024-25 Comprehensive Quarterly Report (Second Quarter)



# Comprehensive Quarterly Report

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FISCAL YEAR 2024-25  
SECOND QUARTER  
(OCTOBER TO DECEMBER)



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

## ACTIVE PROPOSALS

As of December 31, 2024, Santa Cruz LAFCO has two active applications.

1. **“Lockwood Lane/Graham Hill Road Parcel Annexation” (Project No. DA 24-12):** This application was initiated by landowner petition on July 3, 2024, and proposes to annex a single parcel (APN: 061-441-01) into the San Lorenzo Valley Water District. The purpose of the annexation is for the provision of water services to a single-family unit development from a nearby public agency.

**Latest Status:** Pending - may be considered by the Commission in early 2025.

2. **“1610 Bulb Avenue Parcel Annexation” (Project No. CA 24-13):** This application was initiated by landowner petition on August 15, 2024, and proposes to annex a single parcel (APN: 031-121-39) into the City of Capitola. The purpose of the annexation is to receive municipal services and land use oversight from the City.

**Latest Status:** Pending – the item is scheduled to be considered by the Capitola City Council in February-March 2025.

## MULTI-YEAR WORK PROGRAM (SERVICE REVIEWS)

A new five-year work program was adopted in 2024 to ensure that service reviews for each local agency under LAFCO’s purview are considered within the legislative deadline. The Commission reviews and adopts the work plan on an annual basis. A total of five separate service and sphere reviews will be completed this year. Below is a status update on each scheduled review.

1. **County Service Area 9 (County Public Works) –** The CSA was formed in 1968 to provide public works services to the unincorporated county area and the City of Scotts Valley.

Tentative Hearing Date: The Commission will consider adopting the service and sphere review on March 5, 2025.

2. **Countywide Sanitation Districts (12 local agencies in total) –** The proposed service review will analyze, CSA 2, CSA 5, CSA 7, CSA 10, CSA 20, Davenport County Sanitation District, Freedom County Sanitation District, Salsipuedes Sanitary District, Santa Cruz County Sanitation District, and the Bear Creek Estates System managed by the San Lorenzo Valley Water District.

Tentative Hearing Date: The Commission will consider adopting the service and sphere review on May 7, 2025.

3. **Pajaro Valley Public Cemetery District –** The district was formed in 1955 to provide cemetery services in south Santa Cruz County, including a portion of Monterey County.

Tentative Hearing Date: The Commission will consider adopting the service and sphere review on June 4, 2025.

- 4. Resource Conservation District** – The independent district was formed in 1977 to help people protect, conserve, and restore natural resources through information, education, and technical assistance programs.

Tentative Hearing Date: The Commission will consider adopting the service and sphere review on August 6, 2025.

- 5. Pajaro Valley Health Care District** – The District was formed in 2022 through special legislation to continue with the provision of acute care and emergency services in south Santa Cruz County. State law requires Santa Cruz LAFCO to complete a service and sphere review of the district by December 2025.

Tentative Hearing Date: The Commission will consider adopting the service and sphere review on November 5, 2025.

## OTHER PROJECTS

Santa Cruz LAFCO currently has four other LAFCO-related projects:

- 1. CSA 48 Reorganization Effort:** Staff continue to meet and coordinate with representatives from the County and CalFire to develop a plan for the potential reorganization of CSA 48 into an independent fire district. Staff is scheduled to host another stakeholder meeting in the third quarter (January-March).
- 2. Educational Workshops:** LAFCO is planning to host educational workshops tailored to the private water systems and road-CSAs in Santa Cruz County. The purpose of the workshops is to provide helpful tools for these local entities to succeed. Staff is currently working with CSDA to potentially co-host one or both of these workshops.
- 3. CALAFCO Sustainability:** The statewide organization is currently facing some internal issues. Various missteps and misjudgments by CALAFCO occurred during the 2024 calendar year. In short, there has been a lack of communication and transparency – resulting in several LAFCOs considering not to renew their membership for the upcoming fiscal year (FY 25-26). Your staff, as the Coastal Regional Officer, has coordinated with the 15 Coastal Region LAFCOs to determine how to address the ongoing issues. As a result, an “improvement plan” was developed by the four regional officers. This plan is scheduled to be presented to the CALAFCO Board for consideration and approval on February 7.
- 4. Upcoming Special Districts Election:** The 20 independent special districts in Santa Cruz County have three seats on LAFCO. Two seats will become vacant in May. As a result, LAFCO solicited applications from board members of those 20 districts. A total of 5 candidates submitted applications to run for the regular and alternate member seats: Jim Anderson (Felton FPD, regular member incumbent), Ed Banks (Pajaro Valley Public Cemetery District, alternate member incumbent), Lani Faulkner (Central Fire District), Alina Layng (San Lorenzo Valley Water District), and Tony Nunez (Pajaro Valley Health Care District). Ballots were mailed out on January 27 and the voting districts have until March 26 to submit their ballots. The Commission will ratify the election results on April 2.

## BUDGET REPORT

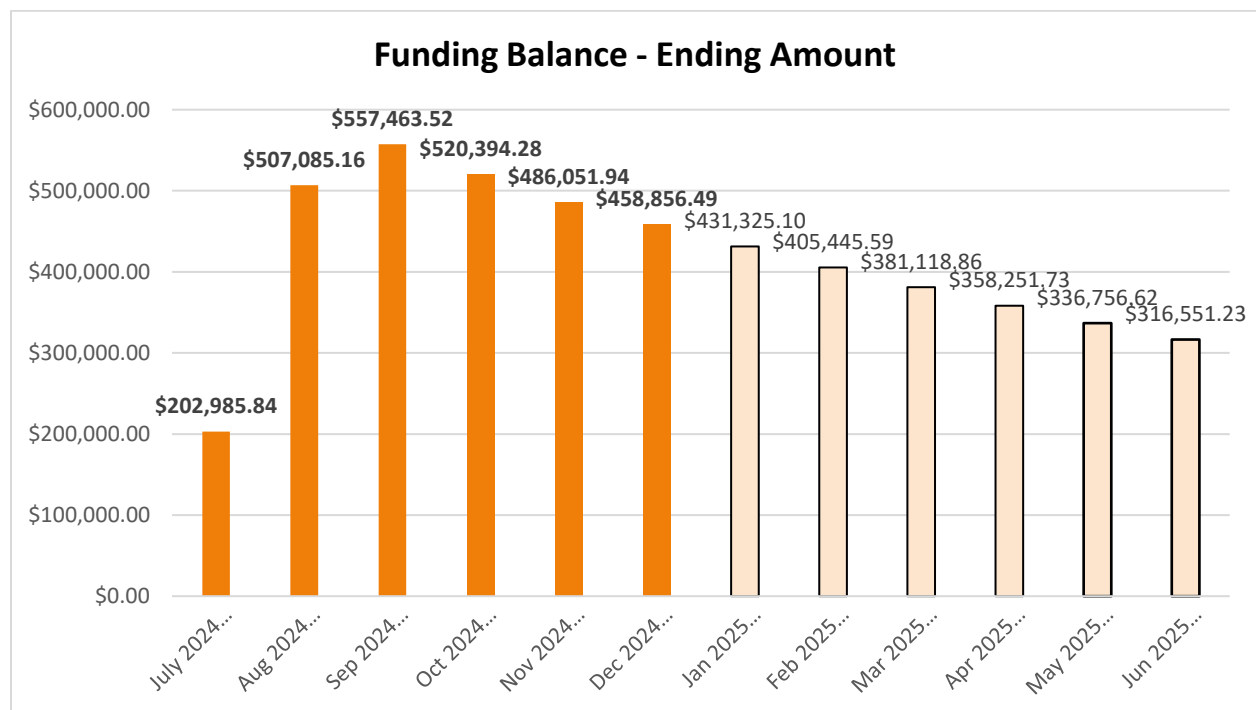
The second quarter of Fiscal Year 2024-25 ended on December 31, 2024. During this three-month period, the Commission received \$10,000 in revenue. During the same period, the Commission incurred approximately \$109,000 in total expenses. In total, LAFCO has used 35% of estimated costs for the entire fiscal year, as shown in the table below.

	FY 24-25 (1st Qtr.)	FY 24-25 (2nd Qtr.)	Available Funds	FY 24-25 Total Amt	FY 24-25 Budget	Percent (%)
<b>Total Revenue</b>	\$424,113	\$9,954	\$351,385	\$785,453	\$772,150	102%
<b>Total Expense</b>	<u>\$160,277</u>	<u>\$108,561</u>	-	<u>\$268,838</u>	<u>\$772,150</u>	35%
<b>Difference</b>	\$263,837	(\$98,607)	\$351,385	\$514,920	-	-

\$458,856 was the ending balance of the Commission’s reserves: \$351,385 was earmarked to balance the budget and the remaining \$107,471 was designated as unrestricted revenue. The unrestricted revenue may be used to address any unanticipated expenses during the fiscal year. A detailed review of LAFCO’s financial performance during the first and second quarters (July to December) is shown on page 4.

### Fund Balance / Reserves

As of December 31, 2024, the total fund balance ended with approximately \$459,000. The following table highlights the fund balance during the entire fiscal year (actual and projected). LAFCO’s fund balance typically reaches its peak during the first quarter after receiving all the scheduled apportionments from the funding agencies. The ending balance of FY 24-25 will be used to balance the new budget in FY 25-26, if needed.



## FY 2024-25 Budget (Financial Performance by Quarter)

FISCAL YEAR 2024-25	FY 24-25 First Qtr. (Jul - Sep)	FY 24-25 Second Qtr (Oct - Dec)	FY 24-25 Adopted Budget	FY 24-25 Actual	Difference (\$)	Budget Line Item Notes
<b>REVENUES DESCRIPTION</b>						
Interest	\$ 4,468	\$ 5,439	\$ 1,500	\$ 9,907	\$ 8,407	
Contributions from Other Govt Agencies	\$ 419,265	\$ -	\$ 419,265	\$ 419,265	\$ -	
LAFCO Processing Fees	\$ -	\$ 4,100	\$ -	\$ 4,100	\$ 4,100	
Medical Charges-Employee	\$ 381	\$ 415	\$ -	\$ 796	\$ 796	
Re-budget from Fund Balance	\$ -	\$ -	\$ 351,385	\$ 351,385	\$ 247,985	
<b>TOTAL REVENUES</b>	<b>\$ 424,113</b>	<b>\$ 9,954</b>	<b>\$ 772,150</b>	<b>\$ 785,453</b>	<b>\$ 261,288</b>	<b>Additional Funds in Total Revenue</b>
<b>EXPENDITURES DESCRIPTION</b>						
Regular Pay	\$ 54,225	\$ 65,667	\$ 260,000	\$ 119,893	\$ 140,107	Remaining Funds
Holiday Pay	\$ 497	\$ 3,980	\$ 10,300	\$ 4,477	\$ 5,823	Remaining Funds
Social Security	\$ 4,186	\$ 4,800	\$ 18,000	\$ 8,987	\$ 9,013	Remaining Funds
PERS	\$ 68,863	\$ 7,690	\$ 113,000	\$ 76,553	\$ 36,447	Remaining Funds
Insurances	\$ 10,093	\$ 9,910	\$ 45,000	\$ 20,003	\$ 24,997	Remaining Funds
Unemployment	\$ -	\$ -	\$ 600	\$ -	\$ 600	Remaining Funds
Workers Comp	\$ 1,498	\$ -	\$ 1,500	\$ 1,498	\$ 2	Remaining Funds
<b>Salaries Sub-total</b>	<b>\$ 139,363</b>	<b>\$ 92,048</b>	<b>\$ 448,400</b>	<b>\$ 231,411</b>	<b>\$ 216,989</b>	<b>Remaining Funds in Salaries &amp; Benefits</b>
Telecom	\$ 109	\$ 336	\$ 1,600	\$ 445	\$ 1,155	Remaining Funds
Office Equipment	\$ -	\$ 33	\$ 200	\$ 33	\$ 167	Remaining Funds
Memberships	\$ 5,541	\$ 1,809	\$ 7,500	\$ 7,350	\$ 150	Remaining Funds
Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	Remaining Funds
Duplicating	\$ -	\$ 1	\$ 500	\$ 1	\$ 499	Remaining Funds
PC Software	\$ 474	\$ -	\$ 700	\$ 474	\$ 226	Remaining Funds
Postage	\$ 19	\$ -	\$ 800	\$ 19	\$ 781	Remaining Funds
Subscriptions	\$ 2,050	\$ 206	\$ 3,300	\$ 2,257	\$ 1,043	Remaining Funds
Supplies	\$ -	\$ -	\$ 500	\$ -	\$ 500	Remaining Funds
Accounting	\$ -	\$ 5,000	\$ 14,000	\$ 5,000	\$ 9,000	Remaining Funds
Attorney	\$ 759	\$ 1,397	\$ 15,000	\$ 2,155	\$ 12,845	Remaining Funds
Data Process GIS	\$ 2,076	\$ 5,481	\$ 9,500	\$ 7,557	\$ 1,943	Remaining Funds
Director Fees	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000	Remaining Funds
Prof. Services	\$ 5,234	\$ 650	\$ 40,000	\$ 5,884	\$ 34,116	Remaining Funds
Legal Notices	\$ 288	\$ -	\$ 4,000	\$ 288	\$ 3,712	Remaining Funds
Rents	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000	Remaining Funds
Misc. Expenses	\$ 400	\$ 525	\$ 4,000	\$ 925	\$ 3,075	Remaining Funds
Air Fare	\$ -	\$ -	\$ 600	\$ -	\$ 600	Remaining Funds
Training	\$ -	\$ -	\$ 500	\$ -	\$ 500	Remaining Funds
Lodging	\$ 1,163	\$ 1,076	\$ 2,000	\$ 2,239	\$ (239)	Overbudgeted Amount
Mileage	\$ -	\$ -	\$ 800	\$ -	\$ 800	Remaining Funds
Travel-Other	\$ -	\$ -	\$ 250	\$ -	\$ 250	Remaining Funds
Registrations	\$ 2,800	\$ -	\$ 3,000	\$ 2,800	\$ 200	Remaining Funds
<b>Supplies Sub-total</b>	<b>\$ 20,914</b>	<b>\$ 16,514</b>	<b>\$ 123,750</b>	<b>\$ 37,427</b>	<b>\$ 86,323</b>	<b>Remaining Funds in Services &amp; Supplies</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 160,277</b>	<b>\$ 108,561</b>	<b>\$ 572,150</b>	<b>\$ 268,838</b>	<b>\$ 303,312</b>	<b>Remaining Funds in Total Expenditures</b>

## RECENT & UPCOMING MEETINGS

LAFCO staff values collaboration with local agencies, the public, and other LAFCOs to explore and initiate methods to improve efficiency in the delivery of municipal services. During the second quarter (October – December) of 2024, staff participated in over 30 meetings. For transparency purposes, a summary of those meetings is shown in the following table.

October Meetings			
Topic	Date	Subject Agency(ies)	Purpose
LAFCO Academy	10/1	CALAFCO	Staff met with CALAFCO representatives to discuss the development of the LAFCO Academy.
UCSC Update	10/1	County and City of Santa Cruz	Staff met with Santa Cruz County and City representatives to discuss the ongoing UCSC lawsuit.
New City Manager	10/2	City of Watsonville	Staff met with the new city manager to provide an update on LAFCO-related projects affecting the City of Watsonville.
Countywide Water	10/2	Santa Cruz Water Advisory Commission	Staff participated in the County's regular water commission meeting.
CALAFCO Conference	10/4	CALAFCO	Staff continue their participation in the planning committee for the conference.
CSA 3 Discussion	10/8	CSA 3 (Seascape) Representatives	Staff met with CSA 3 residents to discuss the possible formation of a zone to fund beach patrol services.
Private Water Systems Breakout Session	10/10	CALAFCO	Staff held a meeting with the panelists to prepare for the upcoming breakout session focused on LAFCO's role with private water systems in California.
CALAFCO Conference	10/16 to 10/28	CALAFCO	Staff attended the 2024 annual conference and was part of various session panels.
LAFCO's Water Consultant	10/22	Piret Harmon	Staff met with LAFCO's water consultant to discuss water-related projects/issues.
UCSC Visit	10/29	Institute of the Arts and Sciences	Staff was invited by the chancellor to participate in a water-related event.
CSA 43 Discussion	10/30	CSA 43 (Bonita Encino) Representatives	Staff met with representatives of CSA 43 to discuss ongoing road issues and possible solutions.

## November Meetings

Topic	Date	Subject Agency(ies)	Purpose
Joint RFP Effort (Fire Study)	11/6	City of Santa Cruz and Central Fire District	Staff continue to meet with representatives from the City and District to discuss the development of a fire study to explore governance options.
City of Watsonville	11/6	City of Watsonville	Staff met with the city manager and staff to discuss their upcoming general plan update.
Educational Workshops	11/7	Santa Cruz County	Staff met with county representatives to discuss the proposed road/private water systems educational workshops.
CALAFCO Conference	11/7	Los Angeles LAFCO	Staff met with LA LAFCO staff members to discuss the recently completed annual conference.
Fire Update	11/8	Don Jarvis	Staff met with Santa Cruz LAFCO's fire consultant to discuss various countywide fire-related issues/projects.
CSA 43 Discussion	11/15	CSA 43 (Bonita Encino) Representatives	Staff met with representatives from the County and CSA residents to discuss the ongoing road-related issues.
City of Capitola	11/20	City of Capitola	Staff met with the city manager to discuss the City's ongoing sphere study.
Performance Evaluation	11/21	LAFCO	The Executive Officer and LAFCO Analyst met to discuss their performance during the 2024 calendar year and identify goals for the upcoming year.
CALAFCO Conference	11/21	CALAFCO	Staff met with CALAFCO's Executive Director and Regional Officers to evaluate and assess the recent annual conference.
CALAFCO Executive Committee Meeting	11/27	CALAFCO	Staff met with the CALAFCO Executive Committee to evaluate and assess the recent annual conference.

## December Meetings

Topic	Date	Subject Agency(ies)	Purpose
Big Basin Community Meeting	12/3	Court-Appointed Receiver	Staff attended a community meeting with residents of the Big Basin area to discuss ongoing water issues.
Santa Cruz County Sanitation District	12/4	Santa Cruz County	Staff met with County representatives to discuss the possible application to reorganize the District's boundaries to be consistent with the County's Urban Services Line.
Legislative Committee	12/6	CALAFCO	Staff, as CALAFCO's Omnibus Bill Liaison, provided an update on the legislative effort to address minor issues with LAFCO Law (CKH Act).
Connecting the Drops	12/9	Santa Cruz County	Staff met with representatives from the County to discuss the proposed educational workshop.
Fire Consolidation	12/11	Contra Costa LAFCO	Staff attended Contra Costa LAFCO's commission meeting and hear their discussion about the proposed fire consolidation in their county.
CALAFCO	12/11	San Mateo LAFCO	Staff met with San Mateo LAFCO's Executive Officer to discuss CALAFCO's future.
CSA 48 Reorganization	12/12	Santa Cruz County & CalFire	Staff met with representatives from the County and CalFire to discuss the proposed reorganization of CSA 48.
LAFCO's Water Consultant	12/16	Piret Harmon	Staff met with LAFCO's water consultant to discuss water-related projects/issues.
Regular Meeting	12/17	Santa Cruz County Board of Supervisors	Staff attended the last meeting of Supervisors Zach Friend and Bruce McPherson.
LAFCO Academy	12/19	California Special Districts Association	Staff met with representatives of CSDA to discuss their potential role in the proposed LAFCO Academy.





Santa Cruz Local Agency Formation Commission

Date: February 5, 2025  
To: LAFCO Commissioners  
From: Francisco Estrada, LAFCO Analyst  
Subject: **Press Articles during the Months of October, November, & December**

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### **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.

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

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

**Article #1: Colantuono, Highsmith, & Whatley, PC Newsletter, Fall 2024.** The newsletter, dated October 31, provides articles related to actions taken by Governor Gavin Newsom to bolster defense of utility rates, the impact of the Ninth Circuit Court's decision in *Pimental v. City of Los Angeles*, and an update on remote meeting attendance for elected officials with disabilities.

**Article #2: "Watsonville Community Hospital building, land in local hands after sale for \$40 million"**. The article, dated November 1, announced that the Pajaro Valley Health Care District has purchased the 27-acre property, and the building associated with the Watsonville Community Hospital for \$40 million, bringing the hospital back into community ownership. The purchase will result in cost savings of \$3 million a year in lease and insurance payments and funds will be redirected towards improving health care services.

**Article #3: "After a year of drama, Felton Fire District hopes a competitive election means a fresh start"**. The article, dated November 1, provides the public with an update on the Felton Fire Protection District's electoral race for three open-board seats. The articles reports that the field of seven will join a fire district struggling with budget shortfalls, staff and volunteer shortages, as well as recent leadership questions and ethics violations.

**Article #4: "Pajaro Valley Water celebrates 40 years; looking back on struggles and looking ahead to new projects"**. The article, dated November 5, details the 40<sup>th</sup> anniversary celebration for Pajaro Valley Water Management Agency, which was established in 1984 to address the dwindling water supply in the region. The event was attended by local and state leaders, both past and present, to honor the struggles and achievements of PVWMA, and General Manager Brian Lockwood spoke on the future of the agency.

**Article #5: “SLVWD Board appoints interim general manager”**. The article, dated November 7, informs the public that the board of the San Lorenzo Valley Water District recently approved for John Kunkel to become their interim general manager. The district will continue to search for a permanent general manager and the appointment comes at a time when more than \$13 million in water system upgrades are expected to take place in the near future.

**Article #6: “Santa Cruz County needs to rethink rural wildland fire protection – county fire needs to become an independent fire district”**. The article, dated November 12, is an opinion piece written by Sanjay Khandelwal, the last chair of the county’s fire department advisory commission, advocating to convert CSA 48 into an independent fire district. The article provides reason for this position, including financial considerations, countywide needs and service levels, use of volunteers, personnel, and added oversight through an elected board.

**Article #7: “Reorganization of fire districts may include Ophir Hill and Peardale-Chicago Park over time”**. The article, dated November 22, details the challenges faced by fire districts within Nevada County to stay financially afloat. The challenges prompted Nevada LAFCO to hire AP Triton to conduct a comprehensive fire service study and provide recommendations to move forward. The aim of the study is to provide small fire districts with ways to share the cost of services evenly in the county, to make note of the assets and deficiencies in their service model, and to provide a timeline for the phased reorganization of the struggling fire districts in Nevada county.

**Article #8: “OCWD highlights benefits of OC LAFCO consolidation study”**. The article, dated November 23, announces and invites the public to view a study conducted by Orange County LAFCO evaluating the benefits and feasibility of consolidating two local water agencies. The study follows up with a Grand Jury report that examined potential consolidation between the Municipal Water District of Orange County and the Orange County Water District. The purpose of the study is to determine if the benefits of consolidation align with the best interests of ratepayers and the community.

**Article #9: “California reflects on SGMA 10 years later”**. The article, dated November 27, reflects on the impact that the 2014 Sustainable Groundwater Management Act (SGMA) has had on farmers and communities across the state since its inception a decade ago. The purpose of the SGMA is to help basins achieve long-term sustainability by limiting overdraft, land subsidence and impacts to drinking water. Although most water agencies have submitted their groundwater sustainability plan, the California Department of Water Resources has also rejected some, triggering the state’s intervention process.

**Article #10: “City of Santa Cruz must provide UCSC with water as university expands”**. The article, dated November 27, details the November 21<sup>st</sup> Sixth Court of Appeals ruling that overturned prior rulings requiring LAFCO approval for expanded water services into parts of the UCSC campus located outside city limits. In response, the Santa Cruz City Council may vote to petition the California Supreme Court to take up the case. Along with this case, the city and the university are engaged in another lawsuit regarding UCSC’s 2021 Long Range Development Plan.

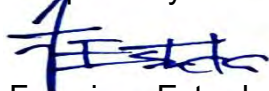
**Article #11: “Appeals court sides with UCSC over water access dispute with City of Santa Cruz”**. The article, dated November 27, also covers the recent court decision. The three-member appeals court stated that the original agreement committed the city to provide water service to new development or parts of the campus outside the city limits without distinction.

**Article #12: “Fire protection districts sign on for unification”**. The article, dated November 27, details the annexation of the Diamond Springs-El Dorado Fire Protection District into the El Dorado County Fire Protection District. The article goes on to explain the annexation process, which required special legislation from the state, and how the action has already led to improved efficiencies and cost savings. The article mentions that the annexation process was also well received by the public and partner agencies in the county.

**Article #13: “La Jolla cityhood petition drive ends with “well over” 7,000 signatures”**. The article, dated December 4, provides an update on efforts by advocates to gather signatures and move La Jolla towards potentially detaching from the City of San Diego to form its own city. Advocates gathered nearly 8,000 signatures and have until December 15<sup>th</sup> to submit their petition to the county registrar and to San Diego LAFCO. If approved, the next steps are to submit a feasibility study, have LAFCO consider the formal cityhood proposal, and potentially have a ballot initiative in 2026.

**Article #14: “LAFCO approves Con Fire annexing Rodeo-Hercules district”**. The article, dated December 23, provides an update on Contra Costa LAFCO’s decision to approve the annexation of Rodeo-Hercules Fire Protection District into the Contra Costa County Fire Protection District. Effective July 1, Con Fire will absorb all Rodeo-Hercules’ firefighters, support staff, facilities, apparatus, and equipment into its operations. The decision came after years of careful study and deliberation, and will yield enhanced fire, rescue and EMS services to the communities of Rodeo-Hercules.

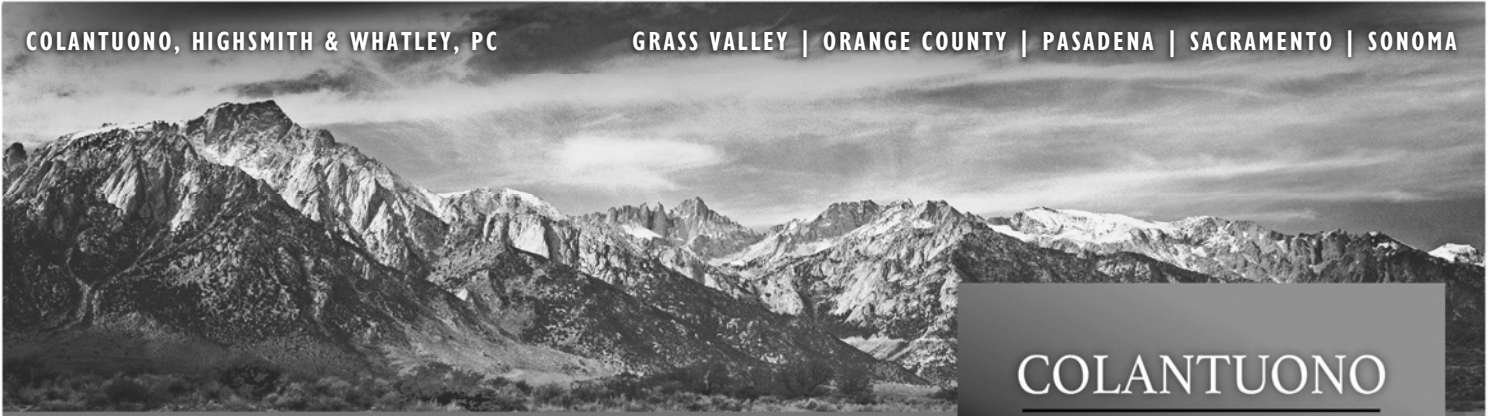
Respectfully Submitted,



Francisco Estrada  
LAFCO Analyst

Attachments:

1. Colantuono, Highsmith, & Whatley, PC Newsletter, Fall 2024
2. “Watsonville Community Hospital building, land in local hands after sale...”
3. “After a year of drama, Felton Fire District hopes a competitive election...”
4. “Pajaro Valley Water celebrates 40 years; looking back on struggles...”
5. “SLVWD Board appoints interim general manager.”
6. “Santa Cruz County needs to rethink rural wildland fire protection...”
7. “Reorganization of fire districts may include Ophir Hill and Peardale-Chicago...”
8. “OCWD highlights benefits of OC LAFCO consolidation study.”
9. “California reflects on SGMA 10 years later.”
10. “City of Santa Cruz must provide UCSC with water as university expands.”
11. “Appeals court sides with UCSC over water access dispute with City of Santa Cruz.”
12. “Fire protection districts sign on for unification.”
13. “La Jolla cityhood petition drive ends with “well over” 7,000 signatures.”
14. “LAFCO approves Con Fire annexing Rodeo-Hercules district.”



COLANTUONO  
HIGHSMITH  
WHATLEY, PC

Newsletter | Fall 2024

## Update on Public Law New Statutes Defend Utility Rates

By Michael G. Colantuono, Esq.

In September, Governor Newsom signed three statutes to bolster defense of water and sewer rates. Action is needed to maximize benefits of one, but all three are good news for local governments.

First, AB 2257 (Wilson, D-Suisun City) makes two helpful changes to the Prop. 218 Omnibus Implementation Act. First, it authorizes agencies to require those who challenge new or increased fees, charges, or assessments for water or sewer services to exhaust administrative remedies before suit. That would require litigants to inform the agency, in writing, of the legal theories of suit along with a protest under Prop. 218's procedures for property-related fees or assessments. If they do not, they cannot sue. If they do, they can sue only on the issues an objector raised. The requirements for the local remedy (best clarified by ordinance or resolution) are many, but most restate existing law. New requirements are that an agency must state in hearing notices that an exhaustion requirement applies and must respond in writing to every substantive comment made in objection to a proposed rate, charge, or assessment. This will require some work and last-minute comments (common in CEQA disputes) will slow down ratemaking, but adopting a local policy to clarify and maximize the exhaustion requirement ought to be a priority for every local water or sewer provider.

AB 2257 also provides that Prop. 218 challenges to water and sewer charges, fees, and assessments are litigated on the agency's record of its ratemaking – expensive discovery of other information is not permitted on the merits of such disputes. This is what many public lawyers understood to be the law, but we have been litigating the point and not always winning it. So, this is a helpful change. In addition, the statute defines the contents of a ratemaking record, ending expensive disputes on that subject, too. These rules take effect in January without local action.

SB 1072 (Padilla, D-Chula Vista) states that refund remedies are not permitted in Proposition 218 challenges to property-related fees, including those for water, sewer and trash service. If a challenge to a fee determines that one class of customers or another, or all customers, have been overcharged, the necessary repayment is to be accomplished in the next ratemaking. This will prevent the multimillion-dollar refunds a few cases have awarded, threatening the finances of providers of vital utility services. Such refunds wipe out agency reserves, which have to be refunded by rate increases, so this is all a very expensive way of shifting money from ratepayers' left pocket to their right – generating defense costs and large fee awards to plaintiffs'

*(continued on page 2)*

### Welcome Ajit Thind, Anchor of our O.C. Office!

CHW welcomes Ajit Thind, City Attorney of La Palma and anchor of our new Orange County office. Ajit previously served as Assistant City Attorney of Laguna Beach, Menifee, and San Clemente. He also represents the operator of the Uptown Whittier Community Benefit District .

He has advised a wide variety of clients on issues relating to open government, land use, civil rights, housing, water, environmental protection and labor/employment.

His current cases involve the role of an elected city attorney, disruption at city council meetings, and gaming regulation.

He anchors our new Irvine office, where Thais Alves, Carmen Brock, and Matt Slentz also practice.

Welcome Ajit! Welcome,  
Orange County!

# More (But Not Much More) Than “Zilch” Needed to Justify Fine and Penalty Amounts

By Holly O. Whatley, Esq.

The Ninth Circuit recently expanded on the application of the Eighth Amendment’s Excessive Fines Clause to municipal fines in *Pimentel v. City of Los Angeles (Pimentel II)*. That case follows the Court’s 2020 decision in *Pimentel I*, which found Los Angeles’s \$63 parking fine did not violate the Eighth Amendment’s Excessive Fines Clause. But *Pimentel I* reversed and remanded as to whether Los Angeles’s \$63 late fee, 100% of the fine and due if the fine is not paid within 21 days, violated the Eighth Amendment. On remand, the trial court granted summary judgment to Los Angeles, ruling the late penalty was not grossly disproportionate to the failure to pay timely. In *Pimentel II*, the Ninth Circuit reversed.

The opinion takes pains to limit its holding to its procedural context, grant of summary judgment, and whether the opposing party’s evidence created a triable issue of fact. The Court found a genuine factual dispute existed as to the City’s basis for the late fee. Plaintiff submitted declarations of two former City employees claiming the late fee was set only to raise revenue and not to induce timely payment. The Court of Appeals found the City provided no material evidence to rebut this claim and reversed. The decision provides valuable guidance for setting and, if necessary, defending fines and penalties.

First, the opinion reiterates *Pimentel I*’s holding that cities need not prove “strict proportionality” between a fine and the seriousness of the offense for which it is imposed. But, a local government cannot rely solely on the deference afforded such legislation. Here, the Court recognized the City’s legitimate interest in ensuring timely payment of parking tickets, but declined to find that deference, alone, required a conclusion the \$63 penalty was proportionate to the seriousness of failure to timely pay parking tickets.

Second, a fine’s revenue-raising purpose does not make it unconstitutional under the Eighth Amendment. The test is whether the fine “bears some relationship to the gravity of the offense that it is designed to punish.” That it may also generate revenue is irrelevant.

Third, a city’s evidentiary burden to justify a fine is low, but more than “zilch.” A city should demonstrate a fine is large enough to deter, but not “grossly out of proportion” to the offense. Because the Court found Los Angeles presented no evidence as to how or why it set its late fee, summary

judgment was inappropriate. But the Court noted the burden is a “low evidentiary bar” and “just requires the government to provide some evidence that the fine amount was not wholly arbitrary.”

When setting fines and penalties, local agencies should ensure the record justifies the amount and that it bears some relationship to the seriousness of the offense. Though the bar is low, an agency must still clear it to defeat an Eighth Amendment claim.

For more information, please contact Holly at [HWhatley@chwlaw.us](mailto:HWhatley@chwlaw.us) or 213.542.5704.

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## New Statutes Defend Utility Rates

*(continued from page 1)*

counsel, too. Orders that rates be corrected will be sufficient to protect ratepayers and to enforce Prop. 218. Indeed, this was how limits on revenue measures were enforced until the advent of class action claims in the last decade.

Finally, AB 1827 (Papan, D-San Mateo) encourages adoption of tiered water rates, which make water progressively more expensive as customers use more of it — to encourage conservation. The statute is declaratory of existing law and allows the use of peaking factors (the extent to which a customer’s or customer class’s peak use exceeds its average or typical use) to allocate costs to rate tiers — a common approach. It may make such rates more easily defended notwithstanding published losses for the City of San Juan Capistrano and the Otay Water District.

Good news for local ratemakers! Further developments are coming as the Supreme Court must act by year end on San Jose’s petition for review in a regulatory fee case under Prop. 26 and requests that the decision be depublished (making it authority only as to San Jose, binding no other agency). Stay tuned!

For more information, please contact Michael at [MColantuono@chwlaw.us](mailto:MColantuono@chwlaw.us) or 530.432.7357.

# Remote Meeting Attendance for Disabled Elected Officials

By Aleks R. Giragosian, Esq.

The Ralph M. Brown Act governs the conduct of meetings of a local legislative body. In 1988, the Brown Act was first amended to authorize remote participation. In 2021, AB 361 amended the Brown Act to authorize remote participation during a state of emergency (like COVID). In 2022, AB 2449 amended the Brown Act to authorize remote participation for “just cause” or an “emergency circumstance.” “Just cause” includes “a need related to a physical or mental disability ... not otherwise accommodated by [the ADA].”

The Americans with Disabilities Act prohibits discrimination against disabled people. Under the ADA, a public agency must offer a “reasonable accommodation” as to its programs, services, and public facilities to a “qualified individual” with a disability.

In July 2024, the California Attorney General published Opinion No. 23-1002. The Opinion concludes members of a legislative body are “qualified individuals” under the ADA, and that the ADA may require remote participation consistent with the just cause exception as a “reasonable accommodation” for a disabled member of the legislative body.

AB 2449 limits the use of its just cause exception to no more than two meetings per calendar year. In September 2024, the Governor signed AB 2302, which takes effect January 1, 2025. AB 2302 places a combined limit on the number of times a member of a legislative body may use the just cause and emergency circumstances exceptions to:

- two meetings per year, if the body meets once a month or less frequently;
- five meetings per year, if it meets twice a month; and
- seven meetings per year, if it meets three or more times a month.

Unlike the Brown Act, the ADA does not limit the number of times a member of a legislative body may participate remotely. Because federal law preempts contrary state law, the Brown Act’s limits under AB 2449 and AB 2302 do not apply to a disabled member of a legislative body. The Attorney General’s Opinion notes this distinction, stating, “The most logical explanation ... is that the Legislature presupposed that a member may already participate remotely for an unlimited number of sessions as an ADA accommodation.”

Therefore, if a member of a local legislative body demonstrates a disability protected by the ADA, the agency can follow the requirements of the just cause exception and waive any caps on frequency under the Brown Act.

Note that the Opinion does not allow remote participation in public meetings by staff or members of the public. The Opinion will likely raise questions as to disabled members of staff or the public, however, and public agencies should be prepared to consult counsel if a request is made by one who makes an adequate showing of disability preventing him or her from attending a meeting in person.

For more information, please contact Aleks at [AGiragosian@chwlaw.us](mailto:AGiragosian@chwlaw.us) or 213.542.5734.

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# Watsonville Community Hospital building, land in local hands after sale for \$40 million

*Tania Ortiz*

4-5 minutes



Watsonville Community Hospital. Credit: Kevin Painchaud / Lookout Santa Cruz

## Quick Take

Friday's announcement that the Pajaro Valley Health Care District had purchased the 27-acre property and the building that's home to Watsonville Community Hospital clears the way for funds from March's Measure N to be used to improve the hospital building.



Ownership of the Watsonville Community Hospital building and surrounding land is back under local control. The Pajaro Valley Health Care District announced on Friday that it had purchased the 27-acre property for \$40 million from an Alabama-based real estate investment firm with money from Measure N, a [\\$116 million bond passed by county voters](#) in March.

The purchase of the property from Alabama-based Medical Properties Trust — a real estate investment firm that acquires and leases hospital facilities — was the final threshold to pass for the hospital to be “truly owned by the community,” said [Stephen Gray](#), CEO of the Pajaro Valley Health Care District and Watsonville Community Hospital.

### MORE

Now, the hospital will be able to save \$3 million a year in lease and insurance payments, and can redirect that money to invest in improving health care services.

In 2021, Halseen Healthcare, previous owner of Watsonville Community Hospital, filed for bankruptcy and almost caused the hospital to shut down. The Pajaro Valley Healthcare District Project — formed by local organizations, Santa Cruz County and the City of Watsonville — [raised more than \\$60 million](#) to purchase the hospital.

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As the community was fundraising to purchase the hospital, Assembly

Speaker Robert Rivas and state Sen. John Laird pushed forward [Senate Bill 418](#), which created the Pajaro Valley Health Care District — making the hospital publicly owned.

The sale of the hospital didn't include the building or land, but included a clause offering the Pajaro Valley Health Care District first right of refusal to acquire the property for \$40 million. That provision was set to expire Dec. 31, 2025. After months of consideration, the Pajaro Valley Health Care District's board [voted in September to pursue the purchase](#).

The move will clear the way for funds from Measure N to be used to improve the hospital building.

“The fastest that we could finally become the owners of this hospital, the better that is for the hospital for the community,” [board chair Tony Nuñez](#) told Lookout in September. “As soon as we become the owners of the hospital, everything else that was included in the measure opens up.”

Nuñez said that although the district technically could have made improvements to the building under its lease agreement, the board preferred to own it outright prior to spending millions of dollars on projects that will include purchasing a new CT scanner and doubling the size of the hospital's emergency department.

Not only is this a huge win for the healthcare district, the hospital, the foundation and every person who works there, Nuñez told Lookout on Friday, it's also a big win for the community and people who believed the hospital could reach this milestone.

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“I’m just blown away by the fact that we’re here faster than I thought we were going to be because the option was to purchase by the end of 2025 and we’re in October, or, I guess, now Nov. 1, 2024, and we’re the owners of the hospital,” said Nuñez.

A few of the next tasks for the hospital include bringing in more primary care providers to its clinics and improving access to preventative care in the community, where there’s a huge need for it, he said.

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Tania Ortiz joins Lookout Santa Cruz as the California Local News Fellow to cover South County. Tania earned her master’s degree in journalism in December 2023 from Syracuse University, where she was... [More by Tania Ortiz](#)

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## After a year of drama, Felton Fire District hopes a competitive election means a fresh start

*Christopher Neely*

4-6 minutes



The Felton Fire Protection District firehouse. Credit: Kevin Painchaud / Lookout Santa Cruz

### Quick Take

Felton Fire Protection District's three open board seats have drawn seven candidates, as the embattled agency faces funding gaps, leadership upheaval and ethics violations.

Among the more competitive races in Santa Cruz County this fall is the

competition for three open board of director seats for the Felton Fire Protection District, which has [struggled with budget shortfalls](#), staff and volunteer shortages, leadership questions and ethics violations.

[Seven candidates](#) have filed to fill the three openings on the [five-person board](#), responsible for the district’s finances and holding the fire chief, which it hires, accountable. The Felton Fire Protection District serves roughly 6,000 residents, with a \$1.7 million budget.

Felton finds itself facing the same dire resource constraints as many rural fire departments throughout California and in Santa Cruz County. The district is funded primarily through a parcel tax formula that hasn’t been updated in decades, while hollowed volunteer ranks — the bread and butter of its force — have left it relying more on outside help to meet its call volume.

“As a whole, the fire service in rural areas are overlooked and underfunded by a lot,” Fire Captain Ian Jones told Lookout over the summer. “If we’re going to keep building new stuff and adding sources of call volumes without augmenting our service, it’s going to come to a head.”

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Despite a revolving door of interim and acting chiefs, the station hasn’t had a permanent fire chief since Chief Robert Gray left in October 2023. On Wednesday, the Felton Fire Protection District announced an agreement with Ben Lomond Fire Protection District to share the latter’s

chief, Stacie Brownlee, and Mike Ayers, its training chief.

[In a media release](#), the district announced the hybrid chief model would last for at least two years, and help the district save money while increasing its firefighting force. The agreement comes months after Felton struck [a deal with Zayante Fire Protection District](#) to similarly share resources.

The district has also been dealing with accusations of ethics violations on the board of directors. In April, two of the five board members stepped down [due to violations of the Brown Act](#), the state statute that governs public meetings law, leaving only three votes on the board. Then, in June, board member Mike Shults took one of the district's water tender vehicles to fill his personal pool without permission, [and later admitted to it](#). District legal counsel Cassie Bronson in August said the board of directors could either admonish or censure Shults. Shults had to recuse himself from deliberations on the issue, which left only board chair Jim Anderson and vice chair Norm Crandell. The board needs three votes to take any action, which has left it stalled out on how to respond.

Shults, appointed to the board in January, is among the seven candidates seeking a full, four-year seat on the board. He is joined by salesperson Adam Hensleigh, local business owners Jeff Myers and Doug Conrad, communications manager Mark Giblin, retired bank manager Judy Anderson and Erica Schwanbeck, a manager with the county's human services department.

Lookout was able to reach only Myers, who said he'd been paying attention to much of the drama over the past year and thought his small business acumen could help balance the budget and lead a department that has suffered from infighting and morale issues.

"Board members should work to present themselves in a way that doesn't create friction as much, and have a positive outlook," Myers said. "They still have a ways to go with the budget and how to keep everything staffed."

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**Santa Cruz Symphony welcomes Nancy Zhou back as Artist in Residence and Concertmaster**

The Santa Cruz Symphony is thrilled to announce that internationally renowned violinist Nancy Zhou has joined the orchestra as their Artist in Residence and Concertmaster.

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Over the past decade, Christopher Neely has built a diverse journalism résumé, spanning from the East Coast to Texas and, most recently, California’s Central Coast. Chris reported from Capitol Hill... [More by Christopher Neely](#)

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## Pajaro Valley Water celebrates 40 years; looking back on struggles and looking ahead to new projects

*Nick Sestanovich*

5–6 minutes

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WATSONVILLE — In 1984, amid concerns of dwindling water supply in the region, the Pajaro Valley Water Management Agency was established by the California Legislature to manage water supplies in the Pajaro Valley and prevent an increase in long-term overdraft.

The agency celebrated with a party in the Community Room of the Watsonville Civic Plaza with speeches, slideshows of photos illustrating the history of the agency and an array of appetizers, sandwiches, cookies and a cake catered by Busy Bee's Cafe. The agency also gave out free hose nozzles and shower heads to attendees.

Amy Newell, chair of the PV Water board of directors, thanked the agency's founders for working with the Pajaro Valley's state representatives at the time, including Assemblyman Sam Farr and state Sen. Henry Mello, to put forth legislation that would get the agency off the ground.

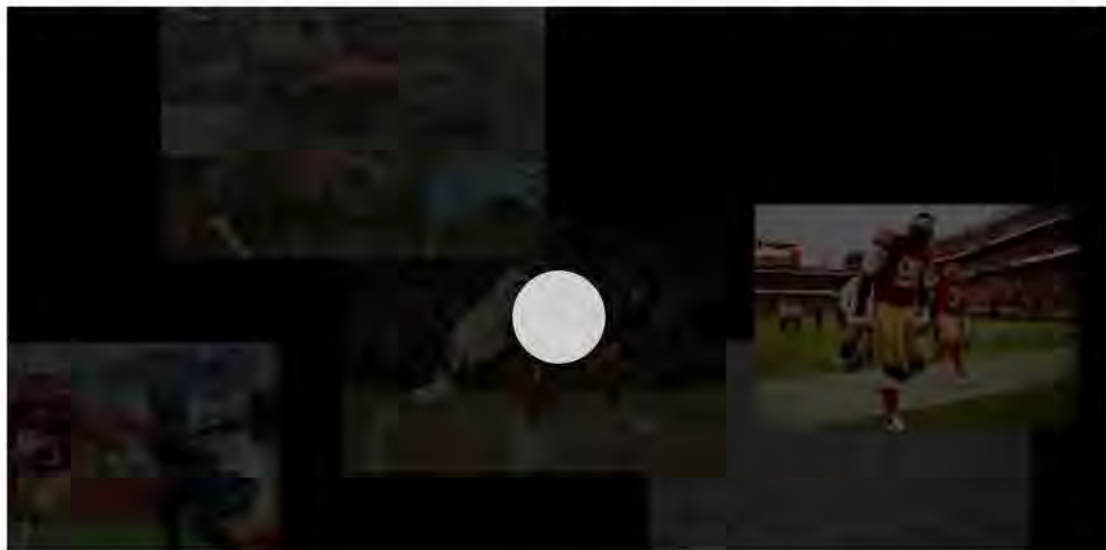
"We can't thank them enough for their foresight and their wisdom and, frankly, their guts," she said. "The idea of putting meters on agricultural wells and charging people according to how much water they pumped was not a very straight path to popularity back then, to put it mildly."

The roots of Pajaro Valley Water date back to 1980 when the Pajaro



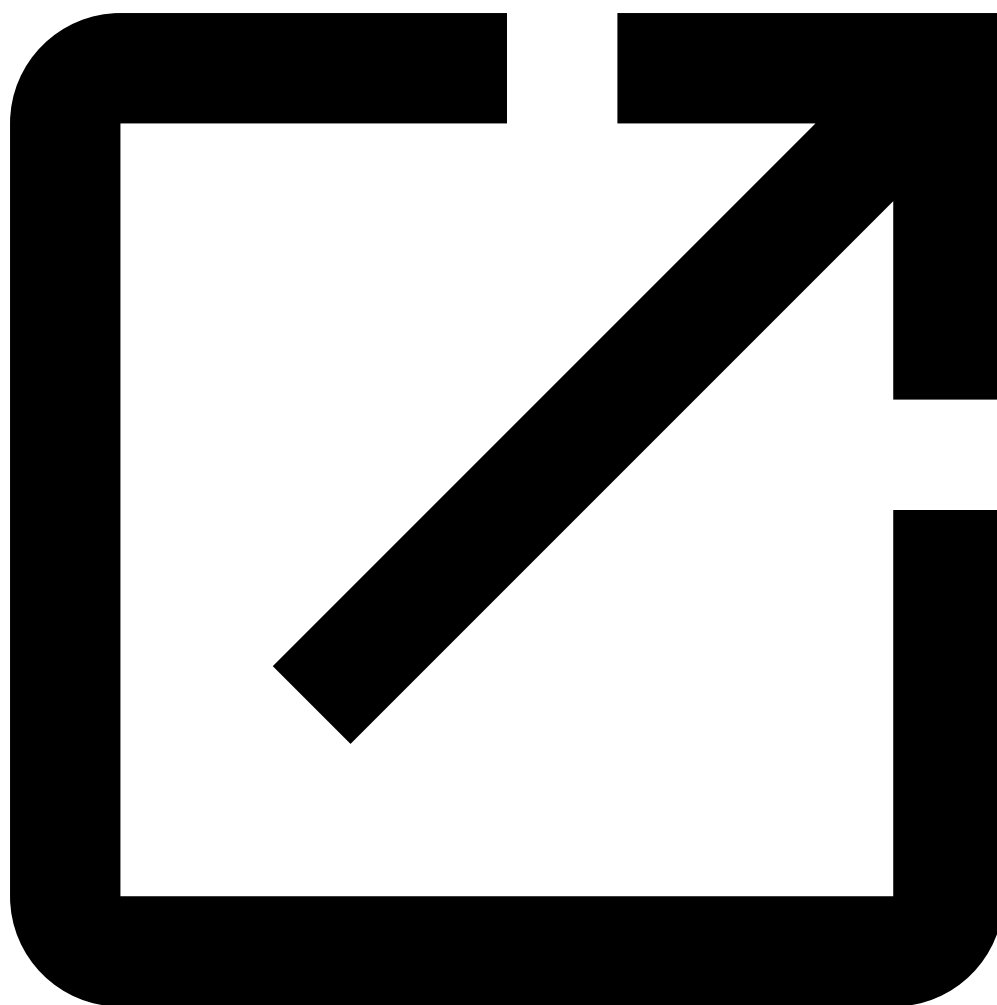
Valley's basin was singled out by the California Department of Water Resources as one of 11 basins with critical conditions of overdraft, which occurs when the amount of groundwater extracted from a basin exceeds its annual replenishment. An ad hoc group was formed to draw the agency's boundaries — which include the city of Watsonville and portions of Santa Cruz, Monterey and San Benito counties — and develop its goals. The legislation was approved in Sacramento and by local voters in the November 1984 election, which established Pajaro Valley Water as a state-chartered water management agency.

Since then, the agency has taken on projects such as the recharge basin facility at Harkins Slough, upgraded Watsonville Wastewater Treatment Plant and the College Lake pipeline project, currently in progress.



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Newell said it was a “wonderful coincidence” that Pajaro Valley Water was celebrating its 40th anniversary right as the College Lake project — aimed at connecting a pipeline to deliver treated water from College Lake to more than 5,500 acres of farmland through Pajaro Valley Water’s Coastal Distribution System — is under construction. Newell learned about the College Lake Project in 2011, when first engaging with PV Water on a planning committee.

“It’s gonna be a tremendous boon” to have more delivered water available to growers on the coast, she said.

After some proclamations by Santa Cruz Supervisor Felipe Hernandez as well as state Sen. John Laird and Assembly Speaker Robert Rivas’

offices, Monterey County Supervisor Glenn Church talked about how ahead of the curve the agency was when it came to addressing water issues.



Sergio Zárate of state Sen. John Laird's office, center, presents Amy Newell, chair of the Pajaro Valley Water Management Agency Board of Directors, with a proclamation honoring the agency's 40th anniversary. Also pictured is General Manager Brian Lockwood. (Nick Sestanovich – Santa Cruz Sentinel)

"You really set the trend, you really set a vision and the state followed," he said. "This is 30 years before SGMA (The Sustainable Groundwater Management Act). I sit on the Salinas Valley Basin Groundwater Sustainability Agency. It started in 2017. I feel almost embarrassed to say that because I'm right here looking at a community that saw a problem in the '80s. Everyone saw a problem, but nobody went for it to do it."

Dennis Osmer, former board director and Watsonville mayor, joked that he was not sure if the previous speeches could be construed as a celebration or revisionist history. He said the agency underwent a massive struggle in the beginning.

“For 25, 30 of those years, it was war,” he said. “It was serious war between people, not so much divided on certain lines, but certainly everybody in the water business has a strong opinion, it seems.”

Osmer said this all culminated in the loss of a lawsuit in 2008 that challenged the agency’s water rate increases.

“We were in a very bad place for a very long time,” he said.

Osmer said the matter of whether the agency should continue went before voters, who determined it should. He said one of the most important things he learned was that the best solution was the one people could agree on.

“If there’s serious contention in the community, it’s not the right solution,” he said. “We persevered, and during that time when things were really bad at the agency, we simply put one foot in front of the other and got through it.”

PV Water General Manager Brian Lockwood said the agency has a lot of exciting projects moving forward, including a \$2 million grant for a watershed resilience plan, a collaboration with the California Department of Conservation on an \$8.9 million Multibenefit Land Repurposing Program grant and the Recharge Net Metering program with UC Santa Cruz.

“Our success is really largely thanks to all the folks in this room and so many others who aren’t here,” he said.

Originally Published: October 30, 2024 at 4:34 PM PST

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## SLVWD Board appoints interim general manager - Press Banner | Scotts Valley, CA

*Staff Report*

1-2 minutes



San Lorenzo Valley Water District (Contributed)

San Lorenzo Valley Water District (SLVWD) Board of Directors recently announced it has approved a contract for John Kunkel to be interim general manager.

Kunkel has extensive experience in local government. A former chief of police, he has served as city manager in several communities. Most recently, he was the interim city manager for the City of Huron in Fresno County.

The Board of Directors approved his contract at its Oct. 17 meeting. Kunkel started work on Oct. 28. While Kunkel serves as interim general manager, the District will continue to search for a permanent general manager.

[The District](#) is undertaking more than \$13 million in water system upgrade work through its Safeguarding San Lorenzo Valley program, which will fix aging infrastructure by replacing undersized pipelines, hardening against wildfires, ensuring more reliable water infrastructure and adding fire hydrants to improve water supply resiliency and increase firefighting capabilities.

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# Santa Cruz County needs to rethink rural wildland fire protection – county fire needs to become an independent fire district

*Sanjay Khandelwal*

7–8 minutes

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## Quick Take

For years, Santa Cruz County has not paid enough attention to community fire protection and safe movement, particularly in the rural wildland districts that ring the county, writes Sanjay Khandelwal. Now, he writes, it's time. Lessons from the 2020 CZU fire mean we need an urgent rethink of how we handle fire protection. For Khandelwal, a Summit resident who served as the last chair of the county's fire department advisory commission, an important step is converting county fire, which has a \$10.8 million budget, into an independent fire district. The board of supervisors is considering this, and Khandelwal hopes the new board will push forward with this needed change.

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

The elections are over and the Santa Cruz County Board of Supervisors will soon look different, with Monica Martinez and either Kim De Serpa or Kristen Brown likely joining the all-male board. I hope the new board will support the sorely needed changes afoot with Santa Cruz County Fire.

Over the past few years, the [Santa Cruz County Civil Grand Jury](#) has issued a number of investigative reports on fire protection, including one [after the CZU fire](#). A recurrent theme of these reports is the lack of attention the county government pays to community protection and creating safe evacuation routes. Despite these reports, not much has changed over the years.

Until now.

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The advertisement features a photograph on the left showing several senior citizens wearing blue gloves and working together to fill large brown paper bags with fresh produce like carrots and potatoes. The scene is set in a well-lit indoor space, possibly a community center or a food bank. To the right of the photo, the text reads: 'PROMOTED CONTENT' in teal, followed by a teal star icon and the headline 'Nourishing your Neighbor: How Grey Bears senior volunteers fill plates and hearts throughout Santa Cruz County'. Below the headline is a short paragraph: 'A force of over 500 strong, the Grey Bears Volunteers, most of whom are seniors themselves, work toward one simple goal: nourishing their neighbors.' At the bottom of the text area is a teal button that says 'CLICK TO READ' and the Grey Bears logo, which consists of a stylized bear head in teal and orange, with the text 'Grey Bears connect sustain recycle' below it.

At the September meeting, the board of supervisors voted to explore the potential to convert county fire into an independent fire district or merging it with an existing fire district. As the last chair of the [fire department advisory commission](#) (FDAC), I pushed for this.

In my 2½ years on FDAC, I realized how big a concern the financial and oversight model was. We had big, unanswered questions, like would we be able to pay for the needed services or do we need to go ask for more taxes, and whom do we ask and who will drive this?

The cost to provide fire and emergency services continues to increase. Equipment is aging and needs to be maintained and upgraded. Fire season is becoming longer and winters shorter, causing Cal Fire to want to renegotiate the contract with our community. There are many issues around service levels, use of volunteers, financial sustainability and oversight.



Now, an independent fire district is not a panacea but will, hopefully, resolve many of these issues.

An independent fire district will give us an elected and dedicated board that will work with Cal Fire, and with our volunteers, and be clearly responsible for getting essential emergency services to residents in unincorporated areas that ring the county. This will take those responsibilities away from the board.

It has to be better than what we have now.

### Advertisement

The advertisement is a rectangular graphic with a dark teal background. On the right side, there is a portrait of Dr. Bobby Singh, a man with short, graying hair, wearing a dark suit jacket over a white shirt, smiling. To the left of the portrait, the text reads: "Struggling with **ADDICTION?**" in white, with "ADDICTION?" in a larger, bold font. Below this, it says "We can help." followed by the phone number "831-484-4191", the website "www.thekeyiop.com", and the email "info@thekeyiop.com". A small white circle contains the text "We accept insurance.". At the bottom left, there is a logo for "THE KEY ADDICTION TREATMENT CENTER" with a stylized 'k' and 'y' icon. To the right of the portrait, the text identifies him as "Dr. Bobby Singh, Stanford Trained, Addiction Specialist".

Santa Cruz County Fire currently operates under the guidance and direction of the board of supervisors. As various grand jury reports and a [recent master plan assessment](#) done by an independent consultant show, county fire has not received sufficient guidance or direction.

Oversight is buried in the county reporting structure. The fire chief gets to speak at a board of supervisors meeting once a year. Every year, the budget gets approved by rote, as part of the consent agenda, but is not deemed important for any discussion.

Two-thirds of Santa Cruz County is considered a wildland-urban interface (WUI), putting a large percentage of our population, housing, economy, wildlife and environment at risk from catastrophic fire. A vast part of this population is in County Service Area 48, which covers most of North

County, including Davenport and Bonny Doon, extends down the Summit area, and goes all the way to Corralitos. It's a big area.



Credit: [County of Santa Cruz](https://www.santacruzcountyca.gov/)

County fire provides us services including traditional fire protection, but also medical first response for emergencies, rescue services and hazardous materials response. It also conducts fire inspections, plans reviews, does fire-cause and arson investigations and offers public education and prevention programs.

County fire in Santa Cruz is mainly comprised of Cal Fire personnel. In addition, there are six volunteer companies, with about 70 volunteers ([they always need more!](#)). All these volunteers are much loved and appreciated. In the Summit area, our beloved [Loma Prieta Fire and Rescue](#) is considered part of county fire.

Santa Cruz County Fire has been operating under an [Amador contract](#) with Cal Fire since 1948. Things started to change with the increase of catastrophic fires across the state, including the CZU fire in an area that is

part of CSA 48. Cal Fire holds the contract to provide services to county fire, but has started to push back on the Amador contract – which, to be honest, does need to be changed and updated. We are no longer in 1948, right?

In December 2023, the fire department advisory commission (FDAC) received a 272-page master [fire plan report](#) prepared by an outside county consultant. It offered a pretty good assessment of the current state of county fire, as does FDAC’s assessment of the report.

Look under other documents for the Jan. 17 meeting. This report, along with the FDAC assessment, was also presented to the board of supervisors on Sept. 24. Here is the [board presentation](#).

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On Oct. 2, the [Santa Cruz Local Agency Formation Commission](#) also [recommended](#) reorganizing CSA 48.

All signs point to the same thing: it is time to reorganize CSA 48.





Sanjay Khandelwal. Credit: Kayleigh Khandelwal

The board presentation came with a recommendation that the county explore the feasibility of converting county fire into an independent fire district.

At the same September meeting, the board disbanded FDAC, recognizing it as an ineffective oversight group. Finally.

That has left us where we are.

We need county fire. Period. And we need the right oversight to ensure

that these emergency response services are provided to us at the right service levels, at the right cost and by the right trained personnel.

It's about time we look at alternatives.

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*Sanjay Khandelwal is a 20-plus-year Summit area resident who describes himself as a [multipotentialite](#), i.e., someone with many interests and creative pursuits. To pay for all of them, he currently works in mergers and acquisitions and has served as an executive/consultant for companies like Hewlett Packard, Agilent Technologies, Spring Education, Twitter and Carbon 3D. Currently, he runs the [95033Talk community group](#) in the Summit area, is the board president of the [Loma Prieta Community Foundation](#) and is on the board of the [Fire Safe Council of Santa Cruz County](#). He served as the last chair of the fire department advisory commission.*

[theunion.com](https://www.theunion.com)

## Reorganization of fire districts may include Ophir Hill and Peardale-Chicago Park over time

*Marianne Boll-See Staff Writer*

8–9 minutes

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Fire districts within Nevada County have been working to stay afloat over the past several years; with inflation as it is, balancing expenses and revenue can be a challenge.

About a year and a half ago, Rough and Ready Fire Protection District (Rough and Ready) was forced to reduce its staffing, and Fire Station #59 located in the heart of the community, was only in service a few days a week.

Talk of dissolving other smaller fire districts in the area and across the state seemed to be contagious.

Finally in the summer of 2023 the Nevada County Board of Supervisors agreed to Rough and Ready's request for up to \$1 million in temporary gap funding to operate Station #59 fulltime over the next two years.

A plan for the reorganization of three fire districts into one, may evolve to include several more small districts over the next decade.

Ophir Hill Fire Protection District made a decision in June of 2024 to take steps to join the efforts of Rough and Ready, Penn Valley Fire Protection District (PVFPD), and Nevada County Consolidated Fire Protection District (Consolidated) in their reorganization plans.

To make the reorganization happen, the Nevada County Local Agency Formation Commission (LAFCo) enlisted the services of AP Triton to conduct a comprehensive Fire Service Review (the Review) for Nevada County.

The final draft of the Municipal Service Review and Sphere of Influence Update was approved by the LAFCo Commission during yesterday's meeting at the Eric Rood Administrative Center.

"We're very excited. This Review validates a lot of what we've been working on," Fire Chief Jason Robitaille from Nevada County Consolidated Fire said. "We're going to take this as a guiding document."

There is more work to be done to save the small fire districts and to spread the costs of services evenly across the county, but the Review offered sound recommendations.

"Our reorganization is not finalized. We still have to do the application, but this put this on the right path to what we're trying to accomplish. We still have our work to do," Robitaille said.

The consultant AP Triton confirmed that the Western County three fire districts would need "a sphere of influence that reflects the Commission's understanding that these districts will reorganize and become one," SR Jones, Executive Officer of LAFCo said.

"They also approved an addition of Peardale-Chicago Park Fire Protection District to that sphere, the inclusion of Peardale as a long term sphere for that consolidated district," Jones said. "Indicating that even though Peardale is not engaged in discussions and does not seem to be moving towards the reorganization at this time, the understanding is that probably eventually they will want to."

The consultants concluded that Higgins Area Fire Protection District is currently "financially capable at this point," Jones said.

A sphere of influence for North San Juan, which included about 2,000

acres, was also adopted, as well as a sphere of influence for Truckee.

The Washington County Water District and mostly volunteer fire department was included in the study, but is not expected to enlarge its sphere of influence at this time.

Washington County Water District requested the commission defer taking action on the sphere boundaries presented in the draft resolution.

### **Key findings and recommendations**

- The fire service providers are working very well together to meet the needs of their communities, and the high level of cooperation and coordination amongst the agencies was especially noted by the consultants.
- The fire service in Nevada County is significantly under-staffed, with two-person companies being the norm. The commonly accepted industry standard is three-person fire companies.
- The fact that all fire agencies are dispatched by the CAL FIRE Grass Valley Emergency Command Center (GVECC) is a tremendous advantage in ensuring the most effective response to calls for service.
- There are a significant number of fire stations within the county that are unstaffed. The responsible agencies should determine which facilities may be needed in the future and develop plans to dispose of surplus real estate.
- The presence of the Sierra College Fire Training Center, co-located with Grass Valley Fire Station 2, is a tremendous asset to the fire services in western Nevada County. The fire agencies should continue to collaborate to take full advantage of the opportunities presented by their proximity to the facility.
- Grass Valley Fire Department is impacted by the number of responses the three stations are handling. The system may be nearing capacity. The service demand is, in part, driven by the number of Automatic aid calls



into adjacent unincorporated areas.

### **Sharing the costs**

The final draft of the Review document also recognized that although several districts have since passed special taxes or increased assessments, these measures have not always kept pace with cost increases, and other measures have failed.

The Review determined who is responsible for responding to and paying for the suppression of wildland fires — whether it be federal, state, or local agencies.

The allocation of property tax share to the different districts varies significantly.

Differences in the levels of assessments range from zero to \$416 annually, according to the Review.

“There is not a direct correlation between the amount of assessment and the level of service- in fact, some of the highest assessments are in districts with the lowest levels of service,” according to the Review.

During the public comment period, retired Sheriff Captain the Nevada County Sheriff’s Department Lee Osborne questioned the fee structures last implemented in 1990.

“We’ve got to have some way to have the income come up so that we don’t incur the cost of going for a special election that is really skewed towards the few people who just don’t want to pay but they want the services,” Osborne said.

Creating revenue to provide for fire and emergency services will be dealt with after the reorganization is complete.

“Once reorganization takes place and the dust settles a little bit, then it will be up to the reorganization district to establish those long term fees, but that’s a great takeaway, as far as making sure we’re not stuck in Dark Ages,” Joshua Susman, Chair of the Nevada County LAFCo said.

## Recommended actions

- AP Triton recommends that the Nevada County Consolidated, Penn Valley, Rough and Ready, and Ophir Hill fire districts reorganize into a single fire district as soon as practical.
- It is further recommended that the Peardale-Chicago Park Fire District join with the newly formed district when the timing is appropriate, sometime within five to ten years.
- AP Triton recommends that the property tax transfer agreement required by Revenue and Taxation Code Section 99 be utilized within the limitations of state law to negotiate an increase in the property tax allocation to the reorganized fire district.
- An agreement to shift enough property tax revenue from the County to the District to make the reorganization financially feasible is a policy decision that the Board of Supervisors can make to support the emergency response system in the west county.
- A
- P Triton recommends that the reorganized fire district place a single, consistent supplemental assessment that includes a cost-of-living allowance before the voters or landowners, as the case may be, within 3 years of the date the reorganization.
- The funding derived from the new assessment structure should provide for three-person engine crews at least at key fire stations.

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## PRESS RELEASE: OCWD highlights benefits of OC LAFCO consolidation study

*Press Release/Notice*

~2 minutes

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*Press release from the Orange County Water District:*



The Orange County Water District (OCWD; the District) announces the release of an Orange County Local Agency Formation Commission (OC LAFCO) study evaluating the benefits and feasibility of consolidating OCWD and the Municipal Water District of Orange County (MWDOC). This effort aims to improve government efficiency, reduce redundancies, and better serve ratepayers.

OCWD requested this study following a June 2022 Orange County Grand Jury report recommending the consolidation of the two agencies. OC LAFCO's unbiased analysis examines whether consolidating MWDOC, a smaller agency, with OCWD's larger operation could yield benefits. With both agencies already sharing a headquarters in Fountain Valley, the potential for integration may be simplified.

Consolidation offers improved coordination of imported water and local [groundwater](#), operational efficiencies through cost savings, enhanced

accountability with a unified water agency, and stronger advocacy at state and federal levels. OCWD believes it is worth exploring consolidation to assess whether these benefits align with the best interests of ratepayers and the community.

The public is encouraged to review the [study](#) and share their feedback. Written comments will be accepted from November 15, 2024, through December 30, 2024, until 5:00 p.m. Feedback can be submitted via email to [ltapia@oclafco.org](mailto:ltapia@oclafco.org).

For more details on the proposed consolidation and to learn about OCWD's commitment to delivering a reliable water supply to 2.5 million people, please visit the [OCWD website](#).

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## California reflects on SGMA 10 years later

November 27, 2024

7–8 minutes



Water applied to this groundwater recharge basin in Tulare County is one of many projects farmers are doing to balance critically overdrafted aquifers under the state's groundwater law.

Photo/Christopher Hornung

By Christine Souza

California water officials, local water agencies and farmers have spent the past decade preparing for the 2014 Sustainable Groundwater Management Act, or SGMA, a historic regulatory framework developed to bring overdrafted aquifers into balance by 2040.

Under SGMA, local groundwater sustainability agencies must submit plans that show how the basins will achieve long-term sustainability by limiting overdraft, land subsidence and impacts to drinking water.

Last March, the California Department of Water Resources rejected groundwater sustainability plans for the following subbasins: Chowchilla,

Delta-Mendota, Kaweah, Kern County, Tulare Lake and Tule. The action by the state triggered the state intervention process, allowing the state water board to step in to manage the basin if necessary. Basins are in different stages of the process, but in recent weeks, a meeting to consider whether to place the Kaweah subbasin under probation was canceled, while the Kern subbasin is set to appear before the board Feb. 20.

As SGMA implementation takes shape, state and local water officials, lawmakers, farmers and association leaders commemorated the 10th anniversary of SGMA last week at the California Natural Resources Agency in Sacramento. The daylong event featured panel discussions on the past, present and future of the regulation. The keynote address was delivered by former Gov. Jerry Brown, who in 2014 signed three pieces of legislation known collectively as SGMA after the state experienced a multiyear drought that caused some drinking wells to go dry.

In reflecting on when SGMA was passed, Paul Gosselin, DWR deputy director for sustainable groundwater management, said, "There was a sense at that moment that something really, really big was happening.

"The way SGMA is constructed, and the leadership that we're seeing at the regional and local levels, is a paradigm shift in California," Gosselin said. "It's a recognition that the answers to a lot of our resource challenges are not found in Sacramento or Washington, D.C., but across California, where people actually understand the conditions best."

Brian Lockwood, general manager of the Pajaro Valley Water Management Agency, said his agency's approach includes use of demand management, an agricultural conservation program, optimizing existing water supply facilities and working to build new facilities. Other goals, he said, include tackling seawater intrusion and doing more groundwater recharge.

Fresno County farmer Don Cameron, president of the California State Board of Food and Agriculture and member of the state's Environmental Farming Act Science Advisory Panel, said it is important that the state be positioned to take advantage of rainfall during wet years for use in dry

years.

“We need to be prepared to capture as much (water) as we can and move it onto land and store it for periods when we go through drought,” said Cameron, known as a pioneer in on-farm recharge, or flooding agricultural lands with water to help restore the groundwater basin. “In the last 10 years, we had three years of flooding and seven years of drought, and we’re seeing more of these extremes as we move forward, so we need to be prepared.”

He suggested improvements to the process to increase adoption of using flood flows to recharge groundwater.

“We need to have better monitoring on the rivers and streams that feed these watersheds, and we need to establish parameters that, when we do hit certain levels, we know that we can go ahead and take water,” he said.

To improve the permitting process for groundwater recharge, Cameron suggested updates to make it more responsive and simple, and to lower costs.

Many agencies try to increase basin capacity by working on groundwater recharge projects, but Gosselin suggested they also start developing demand management programs to reduce groundwater pumping.

“Every agency should, if they haven’t now, start scoping out what a demand management program would look like, even if they don’t need to have one immediately in place,” he said. “You are going to have land-use changes, changes in water supply, surface-water supply, reliability and other factors, including climate change.”

California Department of Food and Agriculture Secretary Karen Ross said few realize that 60% of farms in the state are fewer than 100 acres, and the vast majority are fewer than 50 acres. She called California farms “vital to local resilient food systems.”

“They all contribute to this really healthy, nutrient-dense food that we grow in California that cannot be grown in other states and few other regions in the world,” Ross said.

Researchers studying impacts of SGMA say they anticipate the landmark law will result in the fallowing of 500,000 to 1 million acres of farmland.

Geoff Vanden Heuvel, director of regulatory and economic affairs for the Milk Producers Council, expressed concern about a “tremendous reduction” in market value for farmland. He added, “Most farmers have debt, and they rely on that equity in their land to get operating loans to be able to function.

“When you cut those land values by half or more, which is what’s happening, suddenly even a farmer that was relatively in good shape with his loan to value rates is upside down,” he said. “That puts an enormous amount of pressure on that farmer to probably liquidate.”

Vanden Heuvel reminded state water officials that they have a tremendous responsibility.

“Sometimes, you just have to hear the reality of what’s happening out in the field,” he said. “The reality is small farmers are in the most vulnerable position to be able to handle the regulation.”

Alexandra Biering, California Farm Bureau senior policy advocate, spoke of accomplishments by farmers and local agencies to comply with SGMA and noted there is more work ahead.

“Ten years in, it is remarkable that more than 90% of the high- and medium-priority basins have approved groundwater sustainability plans that are now being implemented,” Biering said. “Nonetheless, the land use transition under SGMA is already underway and will be painful for many growers.”

She added, “California Farm Bureau will continue to advocate for policies and programs that can help minimize impacts to our agricultural economy and communities.”

(Christine Souza is an assistant editor of Ag Alert. She may be contacted at [csouza@cfbf.com](mailto:csouza@cfbf.com).)



[santacruzlocal.org](https://santacruzlocal.org)

# City of Santa Cruz must provide UCSC with water as university expands - Santa Cruz Local

*Jesse Kathan*

5–7 minutes

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The Santa Cruz City Council could vote to petition the California Supreme Court to take up the case. The case will likely be discussed during closed session of the Dec. 10 city council meeting, but a decision may not be made that day, said Santa Cruz City Attorney Tony Condotti. The city will have 60 days after the trial court issues the new ruling to petition the court.

Water service is key to [UCSC's 2021 plan](#) to expand its north campus and boost enrollment to 28,000 students by 2040. But that plan is still in limbo after [a separate court decision in August](#) found that the university hasn't sufficiently addressed the environmental and regional impacts of expansion.

## **Lawsuit details**

Agreements between the city and the university in 1962 and 1965 secured the city's pledge to provide the campus with water. The lawsuit hinged on whether those agreements obligate the city to provide water to areas of the campus outside of city limits.

The city argued that water service to the north campus, which is outside the city, requires approval from the Local Agency Formation Commission of Santa Cruz County, an independent agency that regulates the

boundaries of cities and other jurisdictions.

LAFCO approval would require the university and city to jointly file for the city to annex north campus, or pledge to annex it in the future. It would also require environmental review from the university, legal review from LAFCO staff, and approval from the seven-member commission.

The university argued that Santa Cruz already provides water to Colleges 9 and 10, which are outside city limits. Condotti agreed, but said “the city didn’t waive the right to assert its position that it had maintained for decades, that further LAFCO approval was required.”

In 2022, a Santa Cruz County Superior Court judge ruled in agreement with the city that expanded water service beyond city limits requires LAFCO approval. The Nov. 21 appellate court opinion overturned that ruling.

“We welcome this decision by the Sixth Court of Appeals and appreciate their careful review of this case,” UCSC spokesperson Scott Jason-Hernandez wrote in a statement.

“UC Santa Cruz has a track record of carefully managing—and reducing—its water use. The campus is using less water than it did 25 years ago, when we had many fewer students. Providing water service to all parts of our residential campus will help UC Santa Cruz build housing, classrooms, and space for research and creative scholarship, and fulfill its commitment to the local community and faculty, staff, and students,” he wrote.

UCSC representatives did not respond to further questions about the case or plans for north campus.

The appellate court upheld part of the prior ruling that the city did not violate the 1962 and 1965 agreements by asking for LAFCO approval, as the university had alleged. “It’s a very serious matter when one public agency accuses another of breach of contract, and so that was a very important issue that the city was vindicated on,” Condotti said.

## **LAFCO's role**

After a prior legal battle over university expansion plans, the city and the university in 2008 agreed to jointly apply to LAFCO for water service to the north campus. Documents from UCSC needed for LAFCO staff to consider the application were never filed, said Santa Cruz LAFCO Executive Director Joe Serrano.

Serrano said that although he understood the appellate court's interpretation of the 1962 and 1965 agreements, he still believes "LAFCO needs to play a role" in the city's expanded water service. But the organization wasn't part of the lawsuit.

"Had LAFCO taken a greater interest in seeing its interpretation of the law upheld, the court might have looked at [the court case] differently," Condotti said.

Serrano said the commission is committed to remaining neutral in disputes between the university and local governments.

But he said he's surprised at the appellate court decision, given that UC Merced in 2003 went through Merced County LAFCO's approval process to receive water and sewer service from the city of Merced. The university was annexed into the city in July 2024. "Why is it that the Regents are going through the LAFCO process in one county but not in another?" Serrano asked. "To me, that's a little confusing."

*A 2021 map of planned development on UC Santa Cruz's campus shows the City of Santa Cruz boundary in a yellow dotted line. (LAFCO)*

## **Looking forward**

In August, the City of [Santa Cruz prevailed in a separate lawsuit](#) over the university's 2021 Long Range Development Plan, which would add more than 8,000 students to campus by 2040.

The plan calls for development across campus, including new academic buildings north of McLaughlin Drive, employee housing west of Empire

Grade, and expanded student housing near Chiquapin Road — all areas outside city limits.

In the suit between the university and the city, Santa Cruz County, and two community groups, a Santa Cruz Superior Court judge ruled that the university's environmental review hadn't sufficiently accounted for the additional students' potential impact on housing markets, water use, wildlife and evacuation plans. The university has until Dec. 24 to file an appeal.

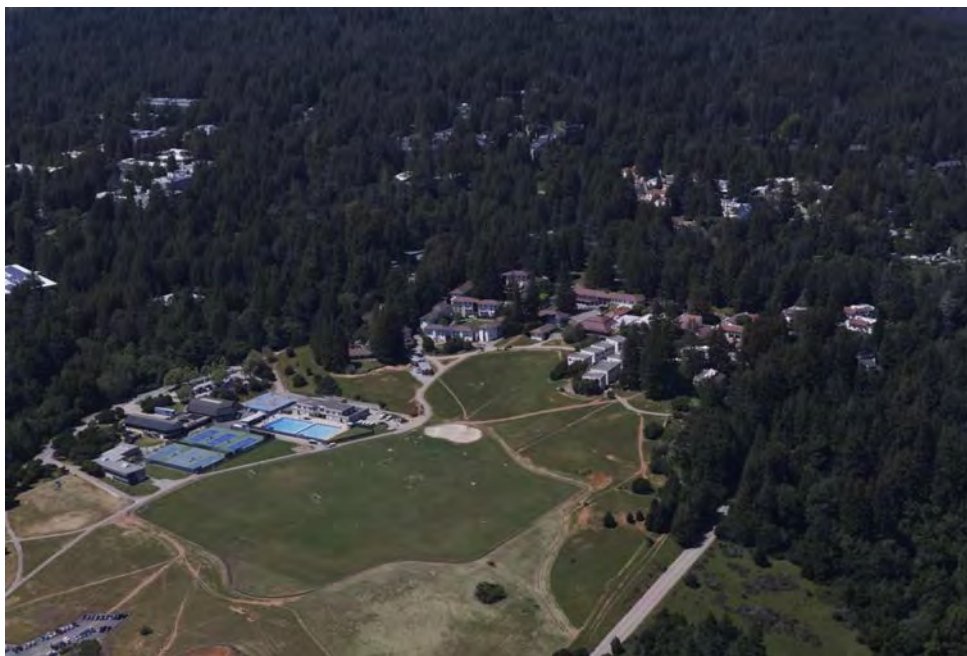
Condotti said "there have been talks periodically" between the university and the city in hopes that both conflicts can be resolved without further legal battles. "Those efforts to date have not been successful," he said.

[lookout.co](https://lookout.co)

## Appeals court sides with UCSC over water access dispute with City of Santa Cruz

*Hillary Ojeda*

6-7 minutes



A view of the UC Santa Cruz campus from the air. Credit: Kevin Painchaud / Lookout Santa Cruz

### Quick Take

A California appeals court ruled that the City of Santa Cruz must provide water access to UC Santa Cruz property located beyond city boundaries. The ruling, the latest in a years-long legal dispute, overturns a 2022 judgment by a Santa Cruz judge that found the city wasn't required to provide the service unless a local commission approved it.

The City of Santa Cruz is required to provide water access to the UC Santa Cruz campus, including its land outside the city limits, and doesn't

need approval from a local commission to do so, a [state appellate court ruled](#) last week.

UCSC officials have long planned to build housing in the northern part of the campus, including on parts of the campus that are outside the city's boundaries.

The Sixth District Court of Appeal on Nov. 21 reversed a [decision](#) by a Santa Cruz County Superior Court judge, issued in fall of 2022, that found the city wasn't required to provide water access to the university's property outside of city limits without approval from Santa Cruz Local Agency Formation Commission (LAFCO).

The lawsuit, filed in 2020 by the university against the city, asserted that the city was obligated to provide water access based on agreements between the parties dating back to [1962](#) and [1965](#), when UCSC was established. The city argued that based on its interpretation of those agreements, it wasn't required to provide water access to the school outside of city boundaries.

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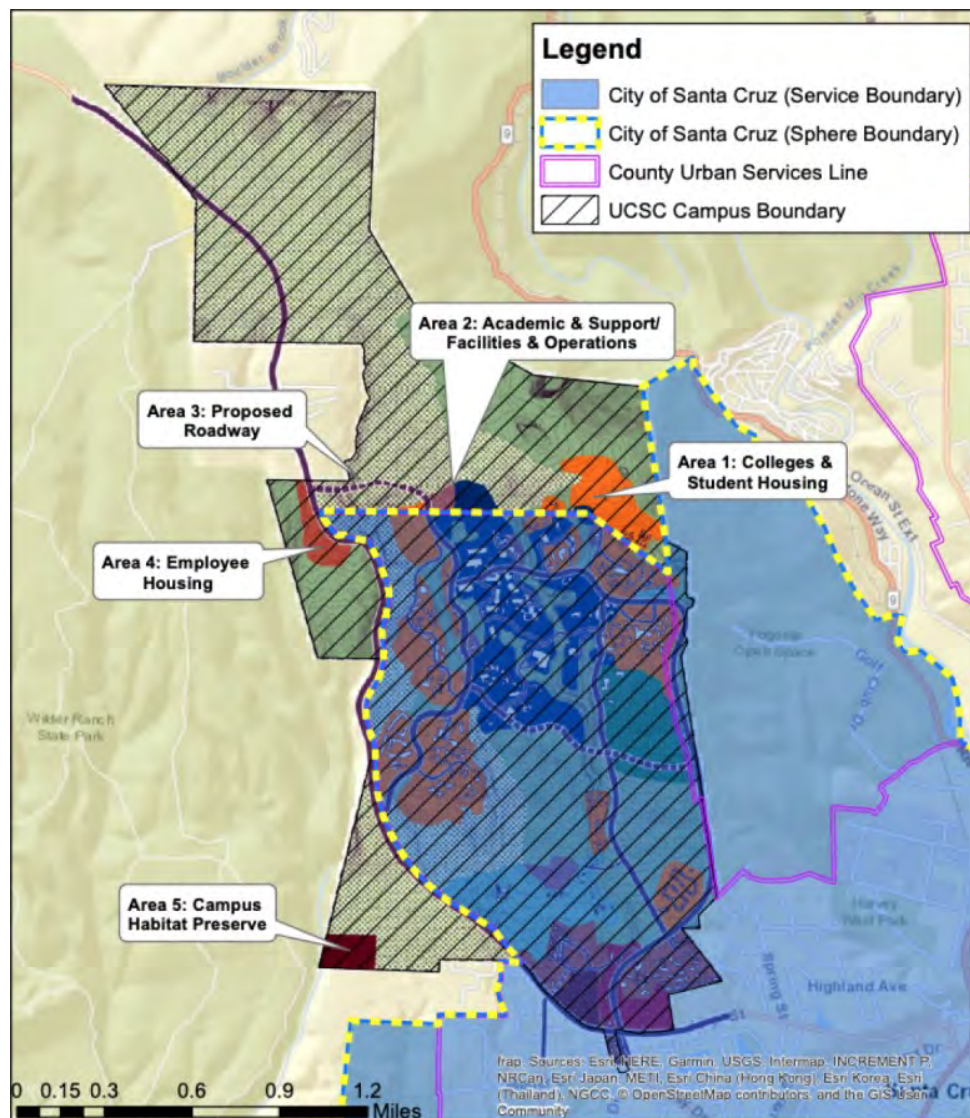
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Santa Cruz city attorney Tony Condotti said that the issues at the heart of the lawsuit are largely technical, as the [city has already incorporated](#) the university's projected water use into its plans.

"In so far as the city is concerned, it doesn't have any real impact upon the city's water supply or infrastructure planning," he said. "It goes to the question of whether or not ... prior to providing water service that will be used for development outside of city limits, LAFCO approval is required. We had argued in the trial court that it was required."

LAFCOS are service planning agencies that have regulatory and planning powers; they're located in all 58 counties across the state. The agencies also oversee government agencies. Santa Cruz County's 11-member [LAFCO is made up of](#) county supervisors, city councilmembers from Santa Cruz, Watsonville and Scotts Valley, along with other local elected officials and two members of the public.

The court ruled that the city did not need LAFCO's approval in order to provide water to the parts of campus outside of city limits, in part because it had already been providing water to areas of UCSC outside of city boundaries for decades.



An image provided by Santa Cruz LAFCO shows proposed projects on UCSC's north campus area outside of city limits. Credit: Via Santa Cruz LAFCO

"The undisputed extrinsic evidence shows that the parties intended the

city to provide water service through its lines that could then be used for distribution to any part of the UC Santa Cruz campus, without any distinction as to whether the water served new development or parts of the campus outside city limits,” the three members of the appeals court wrote in their ruling.

Lookout was unable to reach LAFCO executive officer Joe Serrano by publication time.

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UCSC spokesperson Scott Hernandez-Jason said the university is happy with the decision. He added that the ruling upholds its understanding of the decades-old agreements between the city and the University of California regents.

“UC Santa Cruz has a track record of carefully managing — and reducing — its water use,” he wrote. “The campus is using less water than it did 25 years ago, when we had many fewer students. Providing water service to all parts of our residential campus will help UC Santa Cruz build housing, classrooms, and space for research and creative scholarship, and fulfill its commitment to the local community and faculty, staff, and students.”

The appellate court reversed the Santa Cruz County Superior Court’s decision on Sept. 30, 2022, and directed the Santa Cruz court to enter a new order.

Condotti said the Santa Cruz City Council will ultimately decide whether the city will pursue further legal action in the case or to accept the appellate court’s ruling.

“We’re going to evaluate the decision and then we will consult with the city



council about next steps, which may include seeking Supreme Court review, or the city council may decide to accept the decision of the court of appeal,” he said. “That’s a decision that we haven’t had a chance to consult with the city council on, and so we will be evaluating our position and advising the council.”

In its long-term planning document, called the [Long Range Development Plan](#), the university has included plans to develop four new residential colleges in the north campus area.

Two of them would be located northeast of the academic core and the other two would be located northwest of the academic core. The plan also shows a proposed academic building development adjacent to the two northwest residential college buildings.

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After three years of reporting on public safety in Iowa, Hillary joins Lookout Santa Cruz with a curious eye toward the county’s education beat. At the Iowa City Press-Citizen, she focused on how local... [More by Hillary Ojeda](#)

https://www.mtdemocrat.com/news/fire-protection-districts-sign-on-for-unification/artic1e\_d780c7e2-ab5b-11-ef-8c84-87a456a49ea7.html

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## Fire protection districts sign on for unification

Odin Rasco  
Nov 27, 2024



Diamond Springs-El Dorado Fire Protection District Chief Matt Gallagher, left, and El Dorado County Fire Protection District Chief Tim Cordero stand side by side shortly after the boards of their respective agencies approved resolutions officially beginning annexation efforts. Mountain Democrat photo by Odin Rasco



With unanimous votes in favor from their respective boards of trustees, two local firefighting agencies entered into the Local Agency Formation Commission process Thursday, Nov. 21, which will see the Diamond Springs-El Dorado Fire Protection District annexed into the El Dorado County Fire Protection District.

The move to combine the two agencies has been a pie-in-the-sky idea for years, according to many familiar with the situation.

"A lot of people here have done a lot of work to get Chief [Matt] Gallagher and I to this point," EDCFPD Fire Chief Tim Cordero said at the joint EDCFPD and DSEDFPD boards of trustees meeting Thursday. "To be blunt, this is something that I never thought we'd see."

That dream inched closer to an achievable goal in recent years, starting with the two agencies entering into a shared service agreement in October 2022, which set combined training and fire protection duties between the two groups. On the heels of that decision, the two agencies [established an ad-hoc committee to explore annexation options in late January 2023](#). The two passed resolutions of intent in February 2023 to further look at annexation, with the ad-hoc working group of board members and staff from both agencies also holding the first of its at least once-a-month meetings.

The gears of progress kept turning over the following year, with consultant Bill Adams, described by Cordero as a "tremendous asset," brought on to help bring a legal perspective to the annexation effort; local LAFCO officials also lent a hand to make the process go as smoothly as possible to gear up for the official LAFCO submittal.

In September, a major milestone was hit when Gov. Gavin Newsom signed SB 1240 into law, which made a special adjustment to CalPERS insurance rules to ensure DSEDFPD employees would receive proper compensation post-annexation. Sen. Marie Alvarado-Gil helped get an emergency clause added to the bill, ensuring it was seen to in a timely manner. If the bill had not been passed, employees of the DSEDFPD would have been classified as new employees post-annexation, effectively rolling their benefits timers back to zero.

In anticipation of the annexation process, the two fire protection districts began combining their efforts on a wider scale. Staffing vacancies have been filled with staff from the other agency since August 2023, and training has been conducted in tandem for both districts to ensure a cohesive operation; even daily staffing has been adjusted to a joint system, with the promotion and captain's test lists combined into one.

On the administrative side of things, the Fire Prevention Bureau, as well as payroll and both fire chiefs, have relocated to all operate out of Station 49 in order to streamline discussions and collaboration.

The annexation resolution was originally scheduled to be voted on in October, but was delayed in order to [address concerns regarding benefits for retired DSEDFPD staff](#). Staff later met with many of the concerned retirees and cleaned up language in a resolution regarding benefits to ensure the previous administrative staff and firefighters received the health benefits they had worked for.

"I'd like to thank both boards for taking the time and slowing things down to address some of the concerns we had," retired DSEDFPD Chief Don Denault said. "Thank you all very much."

The meeting closed with a round of applause in Placerville Town Hall, with many taking a moment to recognize the efforts made by staff, boards and Chiefs Cordero and Gallagher in paving a way toward unification.

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Odin Rasco

Reporter

LA JOLLA LIGHT

# La Jolla cityhood petition drive ends with 'well over' 7,000 signatures

The Association for the City of La Jolla now has until Dec. 15 to submit the petitions for validation before the next steps in the process can begin



Signs were placed around La Jolla encouraging people to sign a petition supporting potential cityhood. (Mark Munoz)

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By **ASHLEY MACKIN SOLOMON** | [ashleym@lajollalight.com](mailto:ashleym@lajollalight.com)

PUBLISHED: December 4, 2024 at 12:12 PM PST

A six-month signature-gathering drive that is a key step toward La Jolla potentially detaching from San Diego and forming its own city ended Dec. 1 with the Association for the City of La Jolla reporting that it exceeded its goal of 7,000 signatures.

It now has until Sunday, Dec. 15, to submit the petitions to the San Diego County registrar of voters office and the San Diego Local Agency Formation Commission, or LAFCO, which helps guide communities seeking to incorporate.

As part of the required cityhood process, the association [began collecting petition signatures](#) June 1, needing support from at least 25% of La Jolla registered voters for the effort to continue.

Based on the number of registered voters with full-time residency in La Jolla, the number of valid signatures needed is 6,536. Association members were looking to gather at least 7,000 as a buffer should some later be deemed invalid after being submitted.

Association board member Sharon Wampler told the *La Jolla Light* that “we are at well over 7,000 signatures, approaching 8,000. It’s been really inspiring to see the community rally in support of this.”

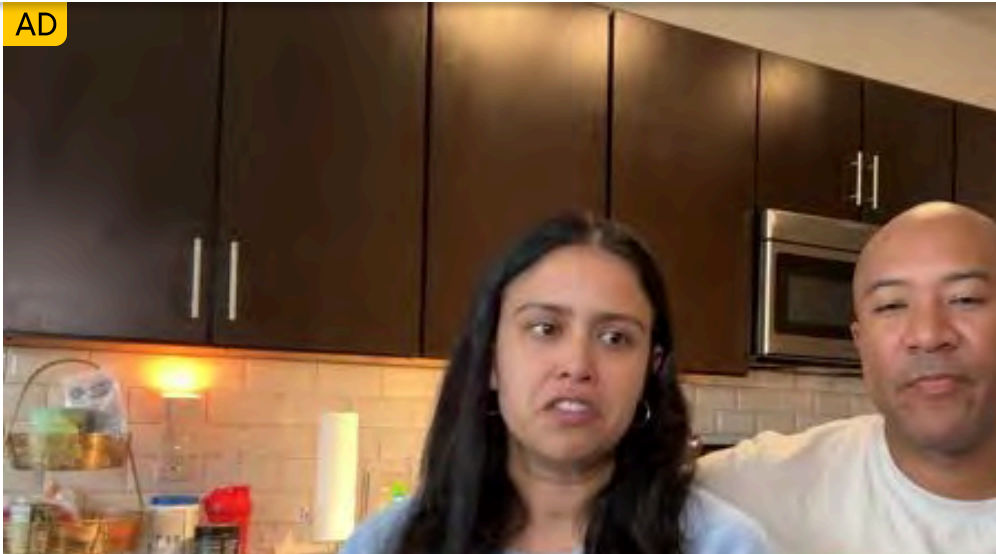
Group President Trace Wilson said he is “super proud of the team working tirelessly for six months and thrilled with the community response.”

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The organization’s effort for La Jolla to become a city began with private meetings in 2021 and continued with public forums and a financial feasibility analysis that has been underway since September 2022.

More than a year ago, the association said initial numbers in a [draft of the feasibility report](#) by [Richard Berkson](#) of urban economics company [Berkson Associates](#) looked promising, without providing specifics. A final draft has not been released. Wilson said the analysis will not be considered final until it is submitted to LAFCO.

### What’s next

If the group’s petition passes LAFCO review, the next series of steps can begin.

Among them are submitting the feasibility study and LAFCO’s consideration of the formal cityhood proposal. That analysis is expected to take nine to 12 months.

If LAFCO approves the proposal, the plan would go to public voting in which a majority both of La Jollans and the rest of San Diego would need to support La Jolla’s secession. The association hopes to have the initiative on the ballot in 2026.

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“We are going to be reaching out to the community for donations at all levels,” said Wilson, who added that donations can be made on the association website, [cityoflajolla.org](http://cityoflajolla.org).

The organization already raised \$60,000 in donations for Berkson’s financial analysis.

Given that the majority of San Diego residents also would need to vote for La Jolla’s detachment, the association is looking to raise an additional \$175,000 to hire a political strategist to help promote the idea throughout San Diego.

“Right now, the polls are stacked against La Jolla,” Wilson said of a poll the association took over the summer that indicated support from about 40% of the 400 people surveyed.

The proposed city’s boundaries largely align with the 92037 ZIP code, stretching north-south from Del Mar to Pacific Beach and east-west from Interstate 5 to the ocean, excluding UC San Diego and Scripps Memorial Hospital. ♦

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## LAFCO approves Con Fire annexing Rodeo-Hercules district

*Bay City News Service*

2-3 minutes

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The Rodeo-Hercules Fire Protection District will officially join the Contra Costa County Fire Protection District.

The Contra Costa County Local Agency Formation Commission (LAFCO) unanimously approved the annexation last week.

LAFCO said in a statement the annexation is expected to be effective on July 1, 2025.

Con Fire will absorb all of Rodeo-Hercules' firefighters, support staff, facilities, apparatus and equipment into its operations.

"After years of careful study and deliberation, I'm very pleased and grateful for the Contra Costa County Local Agency Formation Commission's approval of our district's annexation into the Contra Costa County Fire Protection District," Delano Doss, chairman of the Rodeo-Hercules Fire Protection District Board of Directors, said in a statement.

"Once implemented in mid-2025, residents in the communities of Rodeo and Hercules will receive significantly enhanced fire, rescue and EMS services provided by our firefighters, thanks to the exceptional resources of Contra Costa Fire," Doss said. "This is a huge win for everyone in Rodeo and Hercules, as well as for our dedicated firefighters — and it doesn't cost residents a single extra penny in taxes."

Con Fire officials said when the annexation occurs, residents can expect a seamless transition and a continued high level of emergency response and community connectivity. Benefits will also include increased fire services and improved firefighter safety throughout the entire service area.

Con Fire, which completed its annexation of the former East Contra Costa Fire Protection District in July 2022, now provides fire service to more than 770,000 residents in 12 cities and 10 unincorporated areas over 553 square miles. The San Ramon Valley is now one of just three areas in Contra Costa County with fire districts separate from Con Fire — along with the Kensington and Moraga-Orinda fire protection districts.

— *Story by Tony Hicks, Bay City News Service. DanvilleSanRamon editorial director Jeremy Walsh contributed local information.*

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