LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY
701 Ocean Street, #318-D
Santa Cruz, CA 95060
Phone Number: (831) 454-2055
Website: www.santacruzlafco.org
Email: info@santacruzlafco.org

REGULAR MEETING AGENDA

********SPECIAL LOCATION********

Wednesday, September 3, 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: **Watsonville City Chambers**
(275 Main Street, Top Floor, Watsonville, CA 95076)

HYBRID MEETING PROCESS

LAFCO has established a hybrid meeting process in accordance with AB 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.

3. ADOPTION OF MINUTES

The Commission will consider approving the minutes from the June 4, 2025 Regular LAFCO Meeting.

Recommended Action: Approve the minutes as presented with any desired changes.

4. ORAL COMMUNICATIONS

This is an opportunity for members of the public to address the Commission on items not on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on an off-agenda item(s) unless authorized by law.

5. PUBLIC HEARINGS

Public hearing items require expanded public notification per provisions in State law, directives of the Commission, or are those voluntarily placed by the Executive Officer to facilitate broader discussion.

a. Service & Sphere Review for the Resource Conservation District

The Commission will consider the adoption of a service and sphere review for the only resource conservation district in Santa Cruz County.

Recommended Actions:

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

2) Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for the Resource Conservation District of Santa Cruz County, and review and update, as necessary;

3) Determine, pursuant to Government Code Section 56430, that LAFCO is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and

4) Adopt the resolution (LAFCO No. 2025-09) approving the 2025 Service and Sphere Review for the Resource Conservation District of Santa Cruz County, with the following terms and conditions:

a. Reaffirm the District's current sphere of influence;

b. Update the District's website to fulfill the statutory requirements under Senate Bill 929 no later than August 31, 2026 and provide a status update to the Commission on the District's website no later than September 2, 2026; and

c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Resource Conservation District for their records and to include on their website.

6. OTHER BUSINESS

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

a. Felton Fire Protection District Governance Options Report

The Commission will receive an update on the analysis of possible governance options developed by LAFCO for the Felton Fire Protection District.

Recommended Actions:

1) Receive and file the Felton FPD Governance Options Report; and

2) Direct staff to continue working with the Felton Fire Protection District and provide periodic updates, when warranted.

b. Pajaro Valley Fire Protection District Fee Waiver Request

The Commission will consider the request from the Pajaro Valley Fire Protection District (PVFPD) to waive the application fees regarding the proposed reorganization between PVFPD and County Service Area 48 (CSA 48).

Recommended Actions:

1) Approve a full fee waiver ($8,000);

2) Approve a fee reduction based on Commission discussion; or

3) Deny fee waiver

c. CALAFCO Update

The Commission will receive an update on the status of the California Association of Local Agency Formation Commission (CALAFCO), discuss this year's annual conference, and designate a voting delegate for the upcoming CALAFCO Board of Directors election process.

Recommended Actions:

1) Designate a Voting Delegate for the upcoming election;

2) Approve the nomination of Roger Anderson for the public member seat on the CALAFCO Board of Directors; and

3) Approve the proposed nominations for the Outstanding CALAFCO Volunteer Award and the Outstanding LAFCO Professional Award

d. Special District Risk Management Authority Election Process

The Commission will consider electing up to four candidates for the upcoming vacancies on the SDRMA Board of Directors.

Recommended Action: Identify any candidate the commission supports and direct staff to vote on behalf of Santa Cruz LAFCO.

e. LAFCO Meeting Relocation

The Commission will consider relocating two future LAFCO meetings due to a rescheduled remodeling project in the County Board of Supervisors Chambers in October and November.

Recommended Action: Relocate LAFCO's October and November Meetings to a new location within Santa Cruz County.

f. Legislative Update

The Commission will receive a status update on the new legislative session and legislative-related activities of LAFCO interest.

Recommended Action: No action required; Informational item only.

g. Comprehensive Quarterly Report – Fourth Quarter (FY 2024-25)

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

Recommended Action: No action required; Informational item only.

7. WRITTEN CORRESPONDENCE

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

8. PRESS ARTICLES

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

a. Press Articles during the Months of May to August

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

Recommended Action: No action required; Informational item only.

9. COMMISSIONERS' BUSINESS

This is an opportunity for Commissioners to comment briefly on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No discussion or action may occur or be taken, except to place the item on a future agenda if approved by a Commission majority. The public may address the Commission on these informational matters.

10. ADJOURNMENT

LAFCO's next regular meeting is scheduled for Wednesday, October 1, 2025 at 9:00 a.m. (meeting location to be determined).

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 $500 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 $500 or more to a LAFCO Commissioner while a proceeding is pending or for 3 months afterward. Disclosure forms and further information can be obtained from the LAFCO office at Room #318-D, 701 Ocean Street, Santa Cruz, CA 95060 (phone 831-454-2055).

Contributions and Expenditures Supporting and Opposing Proposals

Pursuant to Government Code Sections §56100.1, §56300(b), §56700.1, §59009, and §81000 et seq., and Santa Cruz LAFCO's Policies and Procedures for the Disclosures of Contributions and Expenditures in Support of and Opposition to proposals, any person or combination of persons who directly or indirectly contributes a total of $1,000 or more or expends a total of $1,000 or more in support of or opposition to a LAFCO Proposal must comply with the disclosure requirements of the Political Reform Act (Section 84250). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. Additional information may be obtained at the Santa Cruz County Elections Department, 701 Ocean Street, Room 210, Santa Cruz, CA 95060 (phone 831-454-2060). More information on the scope of the required disclosures is available at the web site of the Fair Political Practices Commission: www.fppc.ca.gov. Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).

Accommodating People with Disabilities

The Local Agency Formation Commission of Santa Cruz County does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs or activities. The Commission meetings are held in an accessible facility. If you wish to attend this meeting and will require special assistance in order to participate, please contact the LAFCO office at 831-454-2055 at least 24 hours in advance of the meeting to make arrangements. For TDD service, the California State Relay Service 1-800-735-2929 will provide a link between the caller and the LAFCO staff.

Late Agenda Materials

Pursuant to Government Code Section 54957.5 public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be available to the public at Santa Cruz LAFCO offices at 701 Ocean Street, #318-D, Santa Cruz, CA 95060 during regular business hours. These records, when possible, will also be made available on the LAFCO website at www.santacruzlafco.org. To review written materials submitted after the agenda packet is published, contact staff at the LAFCO office or in the meeting room before or after the meeting.

LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

DRAFT MINUTES

LAFCO REGULAR MEETING AGENDA

Wednesday, June 4, 2025
Start Time - 9:00 a.m.

1. ROLL CALL

Vice-Chair Rachél Lather called the meeting of the Local Agency Formation Commission of Santa Cruz County (LAFCO) to order at 9:01 a.m. and welcomed everyone in attendance. She asked staff to conduct the roll call.

The following Commissioners were present:

- Commissioner Jim Anderson
- Commissioner Joe Clarke
- Commissioner Rachél Lather (Vice-Chair)
- Commissioner Eduardo Montesino
- Alternate Commissioner John Hunt

Vice-Chair Rachél Lather will serve as the meeting facilitator on behalf of Chair Manu Koenig *and* ***Alternate Commissioner John Hunt*** *will be a voting member in the absence of* ***Commissioner Roger Anderson*** *(Public).*

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.

Vice-Chair Rachél Lather moved on to the next agenda item.

3. ADOPTION OF MINUTES

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

Vice-Chair Rachél Lather called for a motion. **Commissioner Jim Anderson** motioned for approval of the May 7th Meeting Minutes and **Commissioner Eduardo Montesino** seconded the motion.

Vice-Chair Rachél Lather called for a voice vote on the approval of the draft minutes.

MOTION: Jim Anderson
SECOND: Eduardo Montesino
FOR: Jim Anderson, Joe Clarke, John Hunt, Rachél Lather, and Eduardo Montesino.
AGAINST: None
ABSTAIN: None

MOTION PASSES: 5-0

4. ORAL COMMUNICATIONS

Vice-Chair Rachél Lather 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.

Vice-Chair Rachél Lather closed public comments and moved on to the next agenda item.

5. PUBLIC HEARINGS

5a. "Comprehensive Sanitation Service & Sphere Review"

Vice-Chair Rachél Lather requested staff to provide a presentation on the countywide report that analyzed the 10 sanitation districts in Santa Cruz County.

Executive Officer Joe Serrano explained to the Commission that due to the ongoing and robust analysis still being conducted by both LAFCO staff and the County, more time is needed to accurately complete the report and made the recommendation to defer action again until the report has been finalized by County and LAFCO staff.

Vice-Chair Rachél Lather opened the floor to Commission comments or clarifying questions. **Executive Officer Joe Serrano** noted no requests from the Commission.

Vice-Chair Rachél Lather requested public comments on the item. **Executive Officer Joe Serrano** noted no request to address the Commission on the item. Vice-Chair Lather closed public comments.

Commissioner Joe Clarke asked a clarifying question about voting on the item. **Executive Officer Joe Serrano** explained that it was at the discretion of the commissioner to vote on any agenda item.

Commissioner Jim Anderson motioned for approval of staff recommendation and **Vice-Chair Rachél Lather** seconded the motion.

Vice-Chair Rachél Lather called for a voice vote on staff recommendation: **Postpone action on the draft sanitation service and sphere review until the next LAFCO regular meeting to allow for adequate review and preparation.**

MOTION: Jim Anderson
SECOND: Rachél Lather
FOR: Jim Anderson, Joe Clarke, John Hunt, Rachél Lather, and Eduardo Montesino.
AGAINST: None
ABSTAIN: None

MOTION PASSES: 5-0

5b. "Service & Sphere Review for the Pajaro Valley Public Cemetery District"

Vice-Chair Rachél Lather requested staff to provide a presentation to consider the adoption of a service and sphere review for the Pajaro Valley Public Cemetery District (PVPCD).

Executive Officer Joe Serrano explained that PVPCD was formed in 1955 and is Santa Cruz County's only public cemetery district, although it also provides services to parts of Monterey County. Mr. Serrano's analysis found that the district efficiently manages five cemeteries in Santa Cruz County and is considered to be financially sound. Additionally, the district lacks a long-term capital improvement plan, and its website needs an update to increase transparency. Additionally, there are discussions about annexing unserved areas of Prunedale to either the PVPCD or Castroville Cemetery District (CCD) in Monterey County to ensure all residents have access to cemetery services. Mr. Serrano recommended adopting the draft resolution approving the 2025 service and sphere review with its identified conditions, including coordinating with Monterey County LAFCO the possible annexation of unserved areas in Monterey County and consider a sphere designation in February 2026.

Vice-Chair Rachél Lather requested public comments on the item. **Executive Officer Joe Serrano** noted a request to address the Commission on the item.

Elizabeth Lopez, PVPCD Manager, thanked the Commission for the report and indicated she was available for questions. **Commissioners Jim Anderson** asked about the agency status of the cemetery district. Ms. Lopez noted that PVPCD is an endowment cemetery district.

Commissioner John Hunt asked about the population of the unserved area in Monterey County. **Executive Officer Joe Serrano** explained that one expected outcome from the coordination with CCD will be collecting demographic data on the unserved areas. **Vice-Chair Rachél Lather** had a follow-up question about nearby cemeteries. Mr. Serrano explained that the Prunedale area is mostly residential and added that cemeteries across the state are looking for land to expand services.

Commissioner Jim Andeson asked about residential requirements to access cemetery services. **Elizabeth Lopez**, PVPCD Manager, explained how residents and non-residents can access their services.

Vice-Chair Rachél Lather requested a motion approving staff recommendation. **Commissioner Eduardo Montesino** motioned for approval and **Commissioner Jim Anderson** seconded the motion.

Vice-Chair Rachél Lather called for a voice vote on staff recommendation: **Adopt the draft resolution (LAFCO No. 2025-08) approving the 2025 Service and Sphere Review for the Pajaro Valley Public Cemetery District with the following conditions: A) Amend the District's sphere of influence to include the unserved area of Prunedale located in Monterey County; B) Provide a status update to the Commission on the District's website no later than February 4, 2026; C) Coordinate with Monterey LAFCO to analyze the possible annexation of the unserved Prunedale community to either the Castroville or Pajaro Valley Public Cemetery Districts; and D) Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Pajaro Valley Public Cemetery District and any other interested or affected parties, including but not limited to Monterey LAFCO as the affected LAFCO.**

MOTION: **Eduardo Montesino**
SECOND: **Jim Anderson**
FOR: **Jim Anderson, Joe Clarke, John Hunt, Rachél Lather, and Eduardo Montesino.**
AGAINST: **None**
ABSTAIN: **None**

MOTION PASSES: 5-0

6. OTHER BUSINESS

6a. Fire-related Projects – Status Update

Vice-Chair Rachél Lather requested staff to provide an update on the ongoing reorganization efforts involving CSA 48 and other fire agencies.

Executive Officer Joe Serrano provided the Commission with updates on the following fire-related projects: CSA 48 Reorganization, Pajaro Valley Fire Protection District Reorganization, the multi-agency fire memorandum of understanding, and the Felton Fire Protection District Governance Options Report. Mr. Serrano recommended the Commission direct staff to continue working with the fire agencies, and to develop a governance options study for the Felton Fire Protection District (FFPD).

Vice-Chair Rachél Lather requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were three requests to address the Commission on the item.

Chief Jeff Maxwell, Zayante Fire Protection District (ZFPD), requested LAFCO to prioritize the governance options study for FFPD based on their current situation, needs, and potential impacts to the area.

Rae Spencer-Hill, Santa Cruz County Supervisorial District 5 Analyst, had a question on the upcoming schedule. **Executive Officer Joe Serrano** explained the timeline and process to develop the governance options study, stated that the project is a priority for LAFCO, and noted that he is available for timely updates to the Commission or to partner agencies if requested.

Becky Steinbruner, a member of the public, spoke on the CSA 48 Reorganization, the May 20th board meeting of the PVPFD, and provided updates on the status of the memorandum of understanding.

Vice-Chair Rachél Lather closed public comments and opened the floor to Commission comments or clarifying questions. **Commissioner John Hunt** had a clarifying question on the CSA 48 Reorganization. **Executive Officer Joe Serrano** stated that LAFCO is assessing the potential level of service as part of the proposed CSA 48 transition plan and has identified CalFIRE as the service provider. **Commissioner Jim Anderson** added that CSA 48 provides all around fire services and agrees with expediting the FFPD study.

Commissioner Joe Clarke asked about funding options for the proposed independent fire district. **Executive Officer Joe Serrano** stated that as part of the reorganization process, potential long-term revenue options will be considered. Mr. Clarke also spoke on the confusion experienced by constituents who receive fire services in the unincorporated areas. Mr. Serrano noted that although fires do not recognize jurisdictional boundaries, LAFCO is working to ensure all residents get the best level of fire protection service.

Commissioner John Hunt asked about staff capacity. **Executive Officer Joe Serrano** stated that staff continue to complete projects in a timely and collaborative manner.

Vice-Chair Rachél Lather requested a motion approving staff recommendation. **Commissioner Eduardo Montesino** motioned for approval of staff recommendation with the condition that the Felton FPD governance report be completed as soon as possible and provide an update to the commission in September. **Commissioner Joe Clarke** seconded the motion.

Vice-Chair Rachél Lather called for a voice vote on the motion: **Direct staff to continue working with the fire agencies and develop a governance options study for the Felton Fire Protection District as soon as possible and provide an update to the Commission by September 2025.**

MOTION: **Eduardo Montesino**
SECOND: **Joe Clarke**
FOR: **Jim Anderson, Joe Clarke, John Hunt, Rachél Lather, and Eduardo Montesino.**
AGAINST: **None**
ABSTAIN: **None**

MOTION PASSES: 5-0

6b. LAFCO Meeting Schedule – Proposed Cancellation of August Meeting

Vice-Chair Rachél Lather requested staff to provide a presentation to consider cancelling the August 6, 2025 LAFCO Meeting due to a staffing conflict.

Executive Officer Joe Serrano informed the Commission that with the birth of his second child approaching, staff has requested to cancel the August LAFCO meeting and instead reconvene in September. Mr. Serrano added that projects will not be affected by the request and assured the Commission that objectives will continue to be met in a timely manner.

Vice-Chair Rachél Lather opened the floor to Commission comments or clarifying questions and said she was open to cancelling the meeting. **Commissioner John Hunt** asked a clarifying question on providing staff direction to continue working on ongoing LAFCO-related projects. **Executive Officer Joe Serrano** explained the process and received a consensus from the Commission to continue moving forward with ongoing projects, including prioritizing the FFPD governance options study.

Vice-Chair Rachél Lather requested a motion approving staff recommendation. **Commissioner Eduardo Montesino** motioned for approval of staff recommendation and **Commissioner Rachél Lather** seconded the motion.

Vice-Chair Rachél Lather called for a voice vote on the motion: **Cancel the August 6, 2025 LAFCO Meeting and reconvene at the September 3, 20205 LAFCO Meeting.**

MOTION: **Eduardo Montesino**
SECOND: **Rachél Lather**
FOR: **Jim Anderson, Joe Clarke, John Hunt, Rachél Lather, and Eduardo Montesino.**
AGAINST: **None**
ABSTAIN: **None**

MOTION PASSES: 5-0

6c. Educational Workshops Update

Vice-Chair Rachél Lather requested staff to provide an update on the various educational workshops being developed and/or hosted by Santa Cruz LAFCO.

Executive Officer Joe Serrano provided an update on the collaborative workshops that LAFCO staff has attended (ex. consolidation and private water systems forum), plans to attend (ex. the California Special Districts Association annual conference), or plans to host (ex. educational workshop for road-related CSAs).

Vice-Chair Rachél Lather opened the floor for Commission comments or clarifying questions. **Executive Officer Joe Serrano** noted no requests from the Commission.

Vice-Chair Rachél Lather requested public comments on the item. **Executive Officer Joe Serrano** indicated that there was a request to address the Commission on the item.

Becky Steinbruner, a member of the public, spoke on the “Connecting the Drops” workshops, on the small private water consolidation workshop hosted by the county, and on the potential benefits of hosting regular road CSA meetings.

Vice-Chair Rachél Lather moved to the next item since no Commission action was required.

7. WRITTEN CORRESPONDENCE

Vice-Chair Rachél Lather inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** indicated that no written correspondence had been submitted.

Vice-Chair Rachél Lather moved to the next item since no Commission action was required.

8. PRESS ARTICLES

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

Vice-Chair Rachél Lather moved to the next item since no Commission action was required.

9. COMMISSIONERS’ BUSINESS

Vice-Chair Rachél Lather inquired whether any Commissioner would like to share any information. **Executive Officer Joe Serrano** noted no request from the Commission.

Vice-Chair Rachél Lather moved to the next item since no Commission action was required.

10. ADJOURNMENT

Vice-Chair Rachél Lather adjourned the Regular Commission Meeting at 9:58 a.m. for the next regular LAFCO meeting scheduled for Wednesday, September 3, 2025 at 9:00 a.m. in the Watsonville City Council Chambers.

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MANU KOENIG, CHAIRPERSON

Attest:

_____

FRANCISCO ESTRADA, LAFCO ANALYST

DRAFT

Agenda Item No. 5a

Santa Cruz Local Agency Formation Commission

Date: September 3, 2025
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: Resource Conservation District Service & Sphere Review

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SUMMARY OF RECOMMENDATION

LAFCO periodically performs municipal service reviews and sphere of influence updates for each agency subject to LAFCO's boundary regulations. As part of the Commission's Multi-Year Work Program, LAFCO staff has drafted a service and sphere review for the Resource Conservation District and scheduled a public hearing. **Figure A** on page 2 shows the jurisdictional boundary of the sole resource conservation district in the County.

It is recommended that the Commission take the following actions:

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

2. Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for the Resource Conservation District of Santa Cruz County, and review and update, as necessary;

3. Determine, pursuant to Government Code Section 56430, that LAFCO is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and

4. Adopt the resolution (LAFCO No. 2025-09) approving the 2025 Service and Sphere Review for the Resource Conservation District of Santa Cruz County with the following conditions:

    a. Reaffirm the District's current sphere of influence;

    b. Update the District's website to fulfill the statutory requirements under Senate Bill 929 no later than August 31, 2026 and provide a status update to the Commission on the District's website no later than September 2, 2026; and

    c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Resource Conservation District for their records and to include on their website.

Figure A: Vicinity Map



EXECUTIVE OFFICER'S REPORT:

LAFCO staff has prepared a service and sphere review for the Resource Conservation District (RCD). Key findings and recommendations are presented in the *Executive Summary* of the attached report. The review also includes an analysis of the agency's ongoing operations, current financial performance, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The attached report concludes with determinations required by State law.

Purpose & Key Findings

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

1. **The District provides services countywide.**
   The RCD was formed in 1977 following the consolidation of two existing conservation districts: Pajaro Soil and Redwood Soil Conservation Districts. In 1983, the City of Capitola was annexed into the District. While the remaining three cities are not within the District's jurisdiction, RCD has developed strategic partnerships with those cities and other local governments to help protect, conserve, and restore natural resources through various services and programs. At present, RCD has over 60 strategic partnerships at the local, state and federal level.

2. **The District offers timely resources involving wildfire prevention, resiliency, and recovery.**
   The RCD has a long history of collaborating with local community and agency stakeholders to provide residents with educational and cost share assistance to reduce wildfire threat. The District also collaborates with CAL FIRE, Fire Districts, Fire Safe Councils, and others to identify high priority areas for fire breaks and other fuel management projects as outlined in the Community Wildfire Protection Plan, and the newly developed Regional Priority Plan of the Santa Cruz Mountains. The Forest Health and Wildfire Resiliency Program also provides a number of services to residents, including chipping, fuel load reduction around homes and structures, fire breaks in wildlands, ecosystem restoration to reduce risk of catastrophic wildfire, wildfire awareness and resilience education, and post-fire recovery of the land.

3. **The District is financially sound.**
   The RCD's primary source of revenue is from Grants. In FY 2023-24, Grant funds represented approximately 70% of the District's entire revenue source. Based on LAFCO's analysis, RCD has experienced a surplus in four consecutive years (2020 to 2024). LAFCO staff believes the positive trend may continue as the District focuses on obtaining substantial grant funding while keeping costs down on an annual basis.

4. **The District is complying with website requirements under State law.**
   Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. It outlines minimum website data requirements agencies must provide including contact information, financial reports, and meeting agendas/minutes. While RCD maintains a website, it does not meet all of the requirements outlined in SB 929. At present, the website is missing five of the 20 statutory benchmarks. LAFCO recommends that the District update their website for more transparency and awareness for its constituents by no later than August 31, 2026.

5. **The District's sphere of influence is countywide.**
   Santa Cruz LAFCO designated the first sphere of influence for RCD in December 1983. The District's sphere is the entire County of Santa Cruz, including unincorporated and incorporated areas. The last sphere review occurred in October 2020. The sphere boundary has remained unchanged since its original adoption. Staff is recommending that the sphere for RCD be reaffirmed as part of this service review.

Environmental Review

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

Agency Coordination and Public Notice

A hearing notice for this draft service review was published in the August 12th issue of the Santa Cruz Sentinel (**Attachment 3**). The draft service and sphere review is attached to this staff report. An administrative draft of the report was shared with the general manager as an opportunity to review LAFCO staff's findings and provide corrections and/or feedback before the report was finalized. Their assistance in completing the report was greatly appreciated by LAFCO. In conclusion, staff is recommending that the Commission adopt the attached resolution (**Attachment 4**) approving the service and sphere review.

Respectfully Submitted,

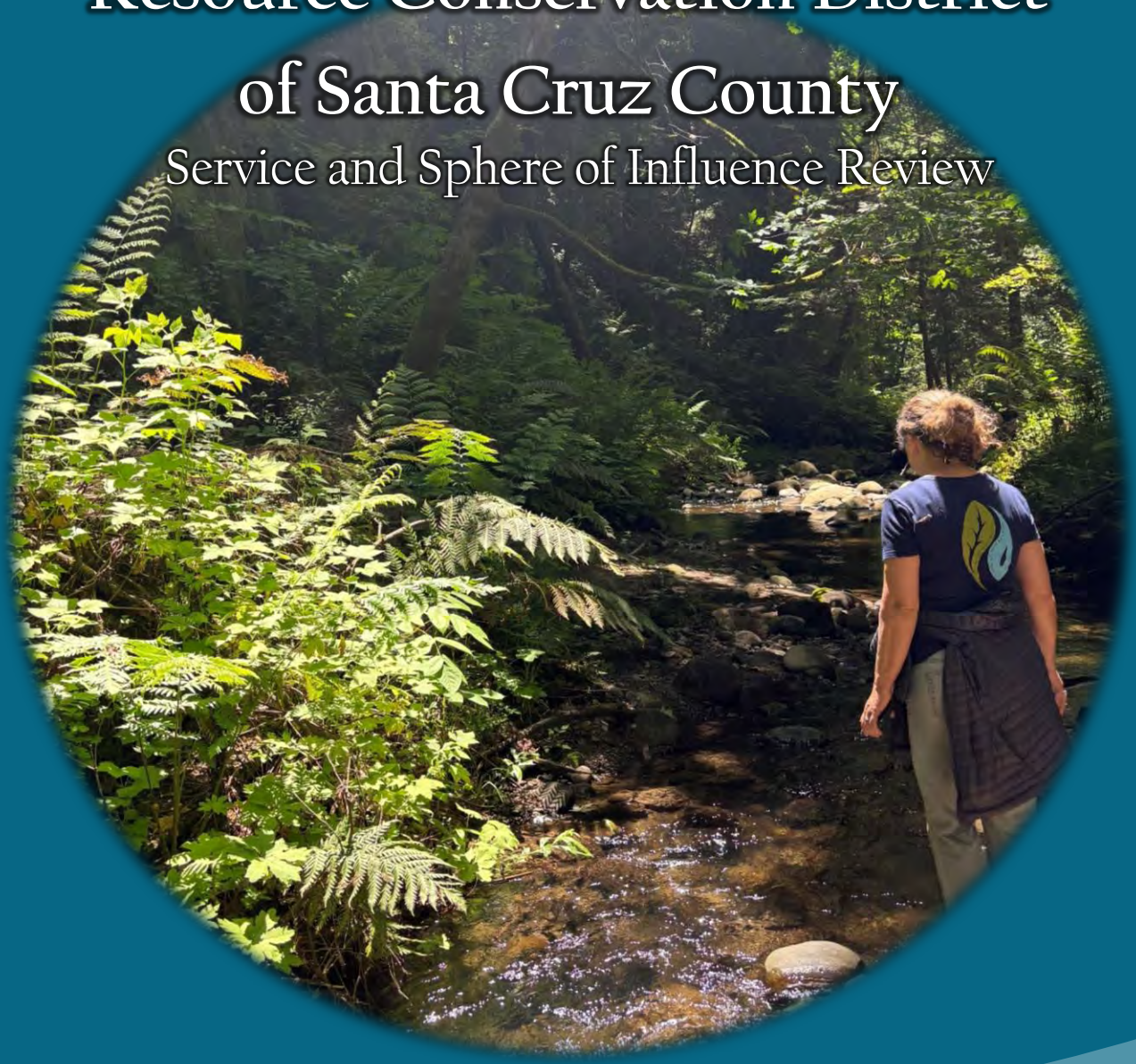
Joe A. Serrano
Executive Officer

Attachments:
1. Service and Sphere Review – Administrative Draft
2. Environmental Determination – Categorical Exemption
3. Public Hearing Notice
4. Draft Resolution No. 2025-09

cc: Lisa Lurie, RCD General Manager

Resource Conservation District of Santa Cruz County

Service and Sphere of Influence Review



Draft Version (August 20, 2025)

Local Agency Formation Commission of Santa Cruz County

701 Ocean Street, Room 318-D Santa Cruz, CA 95060
Website: www.santacruzlafco.org
Phone: (831) 454-2055

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EXECUTIVE SUMMARY

Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries of the Resource Conservation District of Santa Cruz County. The report will be used by the Local Agency Formation Commission to conduct a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of Spheres of Influence for all cities and districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting Sphere updates (Government Code section 56430). The District's last service review was adopted on October 7, 2020.

The service review process does not require LAFCO to initiate changes of organization based on service review conclusions or findings; it only requires that LAFCO make determinations regarding the delivery of public services in accordance with Government Code Section 56430. However, LAFCO, local agencies, and the public may subsequently use the determinations and related analysis to consider whether to pursue changes in service delivery, government organization, or spheres of influence.

Service and sphere reviews are informational documents and are generally exempt from environmental review. LAFCO staff has conducted an environmental review of the District's existing sphere of influence pursuant to the California Environmental Quality Act (CEQA) and determined that this report is exempt from CEQA. Such an exemption is due to the fact that it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment (Section 15061[b][3]).

District Overview

The Resource Conservation District of Santa Cruz County ("RCD" or "District") was formed as an independent special district in December 1977 to help people protect, conserve, and restore natural resources through information, education, and technical assistance programs. The RCD has ongoing projects that promote natural resource conservation in relation to farming and ranching operations and watershed-based habitat restoration. The District's services and programs focus on reducing soil erosion, off-farm sediment transport, non-point source pollution, salmonid and wildlife recovery, and improving ecosystem health. The District encompasses the unincorporated county lands as well as the City of Capitola. The Cities of Santa Cruz, Scotts Valley, and Watsonville are excluded from RCD's jurisdictional boundary. An overview map is shown as **Figure 1** on page 5.

Sphere of Influence

Santa Cruz LAFCO adopted the first sphere of influence for RCD on December 19, 1983. The District's sphere is the entire County of Santa Cruz, including all four cities. The last sphere update occurred in August 2015. **Figure 8** on page 24 shows the current sphere of influence boundary. LAFCO staff is recommending that the sphere boundary be reaffirmed as part of this service and sphere review.

Key Findings

The following are key findings of the 2025 Service and Sphere of Influence Review for the Resource Conservation District of Santa Cruz County:

1. **The District provides services countywide.**
   The RCD was formed in 1977 following the consolidation of two existing conservation districts: Pajaro Soil and Redwood Soil Conservation Districts. In 1983, the City of Capitola was annexed into the District. While the remaining three cities are not within the District's jurisdiction, RCD has developed strategic partnerships with those cities and other local governments to help protect, conserve, and restore natural resources through various services and programs. At present, RCD has over 60 strategic partnerships at the local, state and federal level.

2. **The District offers timely resources involving wildfire prevention, resiliency, and recovery.**
   The RCD has a long history of collaborating with local community and agency stakeholders to provide residents with educational and cost share assistance to reduce wildfire threat. The District also collaborates with CAL FIRE, Fire Districts, Fire Safe Councils, and others to identify high priority areas for fire breaks and other fuel management projects as outlined in the Community Wildfire Protection Plan, and the newly developed Regional Priority Plan of the Santa Cruz Mountains. The Forest Health and Wildfire Resiliency Program also provides a number of services to residents, including chipping, fuel load reduction around homes and structures, fire breaks in wildlands, ecosystem restoration to reduce risk of catastrophic wildfire, wildfire awareness and resilience education, and post-fire recovery of the land.

3. **The District is financially sound.**
   The RCD's primary source of revenue is from Grants. In FY 2023-24, Grant funds represented approximately 70% of the District's entire revenue source. Based on LAFCO's analysis, RCD has experienced a surplus in four consecutive years (2020 to 2024). LAFCO staff believes the positive trend may continue as the District focuses on obtaining substantial grant funding while keeping costs down on an annual basis.

4. **The District is complying with website requirements under State law.**
   Senate Bill 929 was signed into law in September 2018 and requires all independent special districts to have and maintain a website by January 1, 2020. It outlines minimum website data requirements agencies must provide including contact information, financial reports, and meeting agendas/minutes. While RCD maintains a website, it does not meet all of the requirements outlined in SB 929. At present, the website is missing five of the 20 statutory benchmarks. LAFCO recommends that the District update their website for more transparency and awareness for its constituents by no later than August 31, 2026.

5. **The District's sphere of influence is countywide.**
   Santa Cruz LAFCO designated the first sphere of influence for RCD in December 1983. The District's sphere is the entire County of Santa Cruz, including unincorporated and incorporated areas. The last sphere review occurred in October 2020. The sphere boundary has remained unchanged since its original adoption. Staff is recommending that the sphere for RCD be reaffirmed as part of this service review.

Recommended Actions

Based on the analysis and findings in the 2025 Service and Sphere of Influence Review for the Resource Conservation District of Santa Cruz County, the Executive Officer recommends that the Commission:

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

2. Determine, pursuant to Government Code Section 56425, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the Resource Conservation District of Santa Cruz County, and review and update, as necessary;

3. Determine, pursuant to Government Code Section 56430, the Local Agency Formation Commission of Santa Cruz County is required to conduct a service review before, or in conjunction with an action to establish or update a sphere of influence; and

4. Adopt a Resolution (LAFCO No. 2025-09) approving the 2025 Service and Sphere of Influence Review for Resource Conservation District of Santa Cruz County with the following conditions:

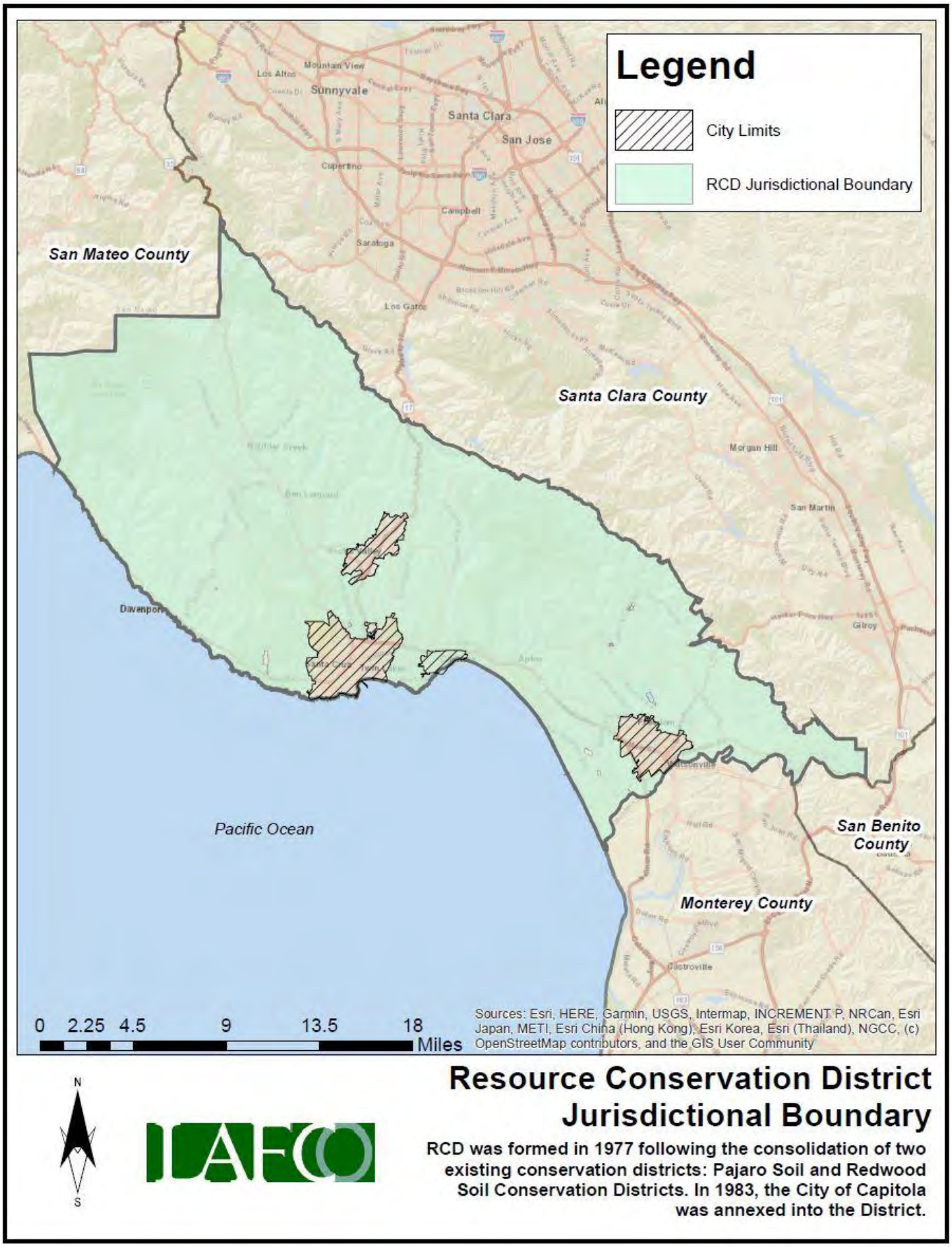
    a. Reaffirm the District's current sphere of influence;

    b. Update the District's website to fulfill the statutory requirements under Senate Bill 929 no later than August 31, 2026 and provide a status update to the Commission on the District's website no later than September 2, 2026; and

    c. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the Resource Conservation District for their records and to include on their website.

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Figure 1: Vicinity Map



DISTRICT OVERVIEW

History

The Resource Conservation District of Santa Cruz County is an independent special district that operates pursuant to the Resource Conservation District Act (California Resources Code Section 9151 et seq.). The formation of this public agency was a result of a consolidation between two conservation districts: Pajaro Soil and Redwood Soil Resource Conservations Districts. The Pajaro Soil RCD was originally formed in 1941 and served the southern portion of the County. The Redwood Soil RCD was originally formed in 1949 and served the central portion of the County. In 1977, the Directors of the two Districts petitioned the Board of Supervisors and LAFCO to consolidate the two agencies and extend the boundaries countywide. The Commission approved the consolidation on December 29, 1977. The City of Capitola was later annexed into the District in 1983. The District's service area (encompassing about 419 square miles) has remained the same since 1983, as shown in **Figure 1** on page 5.

Services and Operations

While RCD has no regulatory or enforcement functions, its mission focuses on helping residents protect, conserve, and restore natural resources through information, education, and technical assistance programs. The RCD has ongoing projects that promote natural resource conservation in relation to farming and ranching operations and watershed-based habitat restoration. These projects fall within three main program areas: Watershed Restoration, Stewardship in Agriculture, and Forest Health & Wildfire Resiliency. Projects focus on reducing soil erosion, water conservation on farms, off-farm sediment transport, non-point source pollution, salmonid and wildlife recovery, and improving ecosystem health and resilience to climate change. The District carries out various core programs and services focused on conservation, restoration, and technical support across the unincorporated areas of Santa Cruz County. RCD's primary business and governmental emphasis are summarized below. These services and programs are listed in **Figures 2 and 3** on pages 8 and 9. These efforts are also emphasized in the District's adopted strategic plan, shown in **Appendix A**.

Technical and Educational Assistance

RCD provides non-regulatory, voluntary guidance and planning for private landowners, farmers, and rural communities on natural resource issues such as erosion control, soil conservation, water quality, water conservation, habitat management, and watershed health. RCD also offers conservation education for landowners, agricultural producers, and the community addressing topics like fire fuels management, stormwater, and irrigation efficiency, among others.

Grant Writing, Project Design & Funding Coordination

RCD develops resource conservation plans, feasibility studies, and grant proposals to secure funding from local, state and federal agencies and private sources on behalf of landowners, agencies, and municipalities. In many cases, RCD acts as a grant manager and coordinates multi-million-dollar grant funds to support local implementations across multiple properties, while receiving a fraction of that amount from property taxes

(approximately $42,000/year). While it varies from year to year, the RCD leverages each tax dollar, on average, to bring over $33 of state, federal and other funds to Santa Cruz County. For example, in June 2025, the RCD secured a $7 million grant from CAL FIRE to implement forest health interventions across 830 acres of public and private lands in the Santa Cruz Mountains.

Regulatory & Permit Coordination

RCD created a “one-stop-shop” Permit Coordination Program (Partners in Restoration) to streamline CEQA compliance and expedite approvals from multiple agencies such as the State Regional Water Boards, Coastal Commission, and county authorities. The RCD also developed a Forest Health and Fire Resiliency Public Works Plan which provides cost-effective, programmatic permitting for forest health and fuels management projects to reduce the threat of catastrophic wildfire and improve ecological conditions for forests, woodlands, and grasslands specifically within the coastal zone.

Habitat Enhancement & Watershed Restoration

RCD leads watershed and habitat restoration efforts, such as streambank stabilization, wetland enhancement, tributary restoration, forest health and rare habitat management. The District supports endangered species recovery including but not limited to salmonids and the Santa Cruz long-toed salamander. RCD also champions the Integrated Watershed Restoration Program (IWRP), which includes county-wide assessment, design, outreach, monitoring, and coordinated implementation of watershed restoration projects. In July 2025, RCD, in partnership with the San Lorenzo Valley Water District, held a public tour of the Habitat and Wildfire Resilience Project they completed in partnership near Felton. This project removed invasive vegetation to reduce wildfire risk and protect endangered Sandhills habitat while ensuring water supply protection.

Erosion Control, Rural Roads & Fire Fuels Management

RCD provides technical assistance for rural road design, drainage improvements, sediment basin installation, and erosion control to reduce runoff and protect water quality. The District also implements wildfire prevention and fuel load reduction programs, including funds from CAL FIRE for forest health treatments, prescribed burning, thinning, invasive species removal, and post-fire restoration across forested areas.

Aquifer Recharge & Stormwater Management

RCD advises on stormwater management practices and managed aquifer recharge as part of improving groundwater resilience and water quality within agricultural and rural lands.

Community Outreach & Engagement

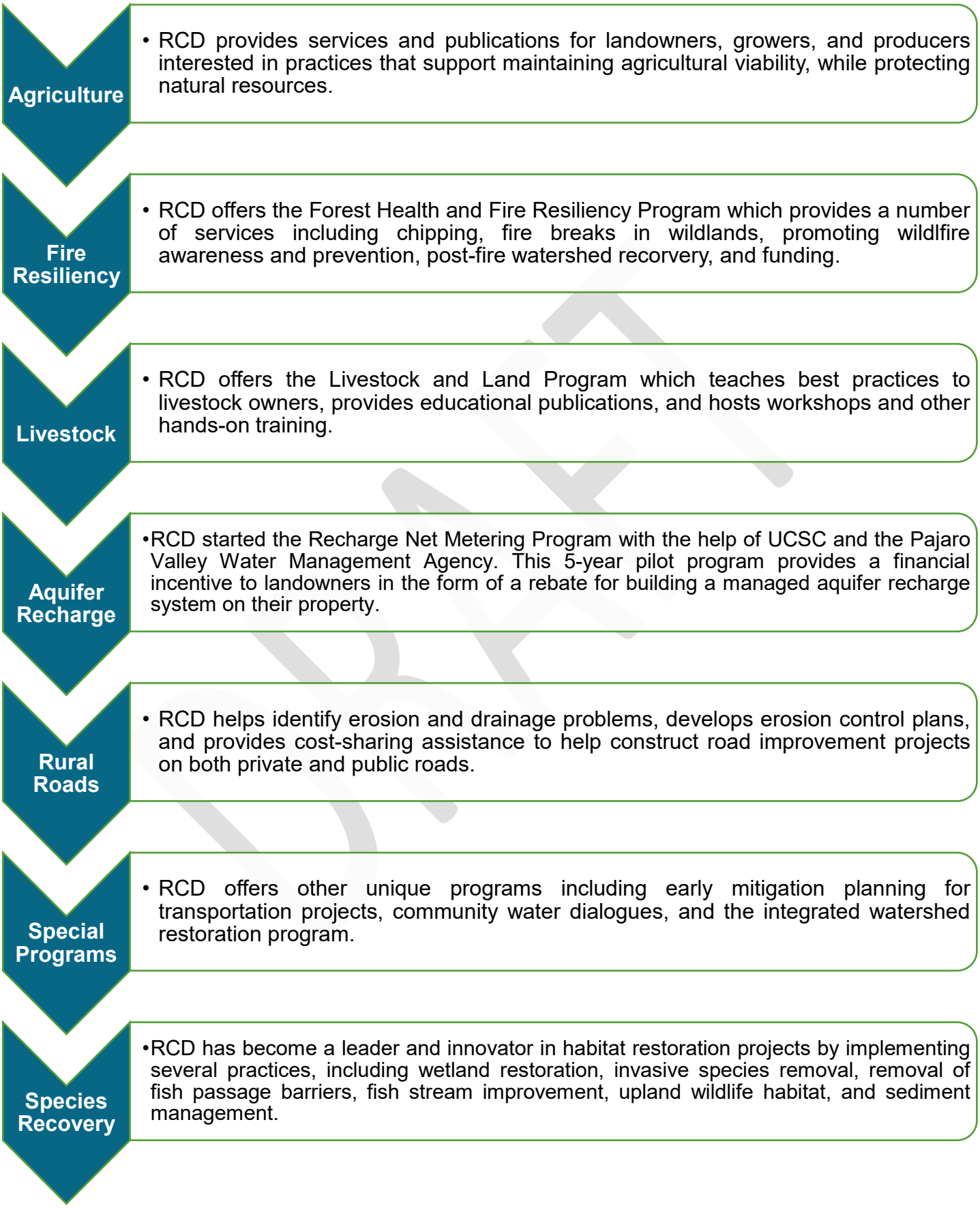
RCD offers educational resources, newsletters, workshops, public outreach forums, and volunteer opportunities including but not limited to habitat planting events or invasive species removal on local lands. Additionally, RCD offers free or reimbursed wood-chipping services for homeowners living in wildfire-prone areas for defensible space creation. The RCD served over 400 households with the chipping program in 2024.

Figure 2: RCD Services[1]



[1] RCD Webpages: https://www.rcdsantacruz.org/request-services

Figure 3: RCD Programs[2]



[2] RCD Webpages: https://www.rcdsantacruz.org/programs-and-projects

Program Highlight: Forest Health and Wildfire Resiliency

Santa Cruz County is continually threatened by catastrophic wildfire, particularly in the wildland-urban interface. Local topography and fuels make the County subject to periodic wildfires. Combined with 100 years of effective fire suppression, these conditions have led to uncharacteristically high fuel loads. This threat has been felt countywide due to the recent fires. The RCD has a long history of collaborating with local community and agency stakeholders to provide County residents with educational, technical and financial assistance to reduce wildfire threat and to collaborate with Cal Fire and other local experts and stakeholders to identify high priority areas for fire breaks as outlined in the Community Wildfire Protection Plan and the newly developed Regional Priority Plan of the Santa Cruz Mountains. The Forest Health and Wildfire Resiliency Program provides a number of services to Santa Cruz residents, including:

- **Chipping**: Once vegetation is cleared around homes and neighbors for compliance with defensible space guidelines, the material can be chipped and spread on-site to reduce the risks of wildfire to homes in fire prone areas.

- **Fuel Load Reduction around homes and structures**: State Law requires that any person that owns, leases, controls, operates, or maintains a building or structure in, upon or adjoining any land covered with flammable material shall at all times maintain 100 feet of defensible space. The RCD can provide assistance to landowners that require clearing of flammable materials or creating defensible space on their property, while ensuring that sensitive habitats are considered.

- **Fuel Load Reduction/Fire Breaks in Wildlands**: The RCD employs fuels management to reduce the threat of wildfire on private and public forestland. Hazardous fuels are reduced through a variety of treatments which remove or modify wildland fuels, thereby reducing the potential for severe wildland fire behavior, lessening post-fire damage, minimizing soil erosion and the impacts to water quality, enhancing wildlife habitat, and limiting the spread of invasive species and diseases.

- **Promoting wildfire awareness and prevention**: The RCD promotes wildfire awareness and prevention by creating and distributing educational outreach materials to County residents and partner agencies. These resources, including the Living with Fire in Santa Cruz County Guide, RCD Chipper Program Flyer, Defensible Space Trifold and Firescaping with Appropriate Plant Lists, are available on the District website. The RCD also works with partner organizations to sponsor workshops to provide information and cost share assistance for wildfire prevention and recovery strategies.

- **Post-Fire Recovery:** Working closely with their federal partner, the UDSA Natural Resources Conservation Service, the RCD offers post-fire recovery to the community in times of need. These services include on-site technical and planning services to assess post-fire land conditions and recommend appropriate actions, concerning potential harmful debris runoff, erosion and drainage issues, stream impacts, tree health, winter preparedness, private road and culvert damage, and hillslope stability. The RCD can also provide permit assistance for post-recovery actions and help agricultural and forest landowners find and navigate potential funding resources to reduce the cost burden of restoring and protecting the land.

Population and Growth

Based on staff's analysis, the population of the RCD service area in 2025 is estimated to be 148,000. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. **Table A** shows the anticipated population for each local agency within RCD. The average rate of change is 1.18%.

Population Projection

Based on the projections for Santa Cruz County and the City of Capitola within the District's service area, LAFCO staff was able to develop a population forecast for RCD. Staff increased the District's 2025 population amount by 1.18% each year. Under this assumption, LAFCO staff projects that the entire population of the RCD service area will be approximately 152,000 by 2040.

Table A: Projected Population

	2025	2030	2035	2040	Average Rate of Change
Santa Cruz County (unincorporated area)	137,896	139,105	140,356	141,645	0.96%
City of Capitola	10,312	10,451	10,622	10,809	1.39%
Resource Conservation District	**148,208**	**149,556**	**150,978**	**152,454**	**1.18%**

Source: AMBAG 2018 Regional Growth Forecast

Disadvantaged Unincorporated Communities

State law requires LAFCO to identify and describe all "disadvantaged unincorporated communities" (DUCs) located within or contiguous to the existing spheres of influence of cities and special districts that provide fire protection, sewer, and/or water services. DUCs are defined as inhabited unincorporated areas within an annual median household income that is 80% or less than the statewide annual median household income.

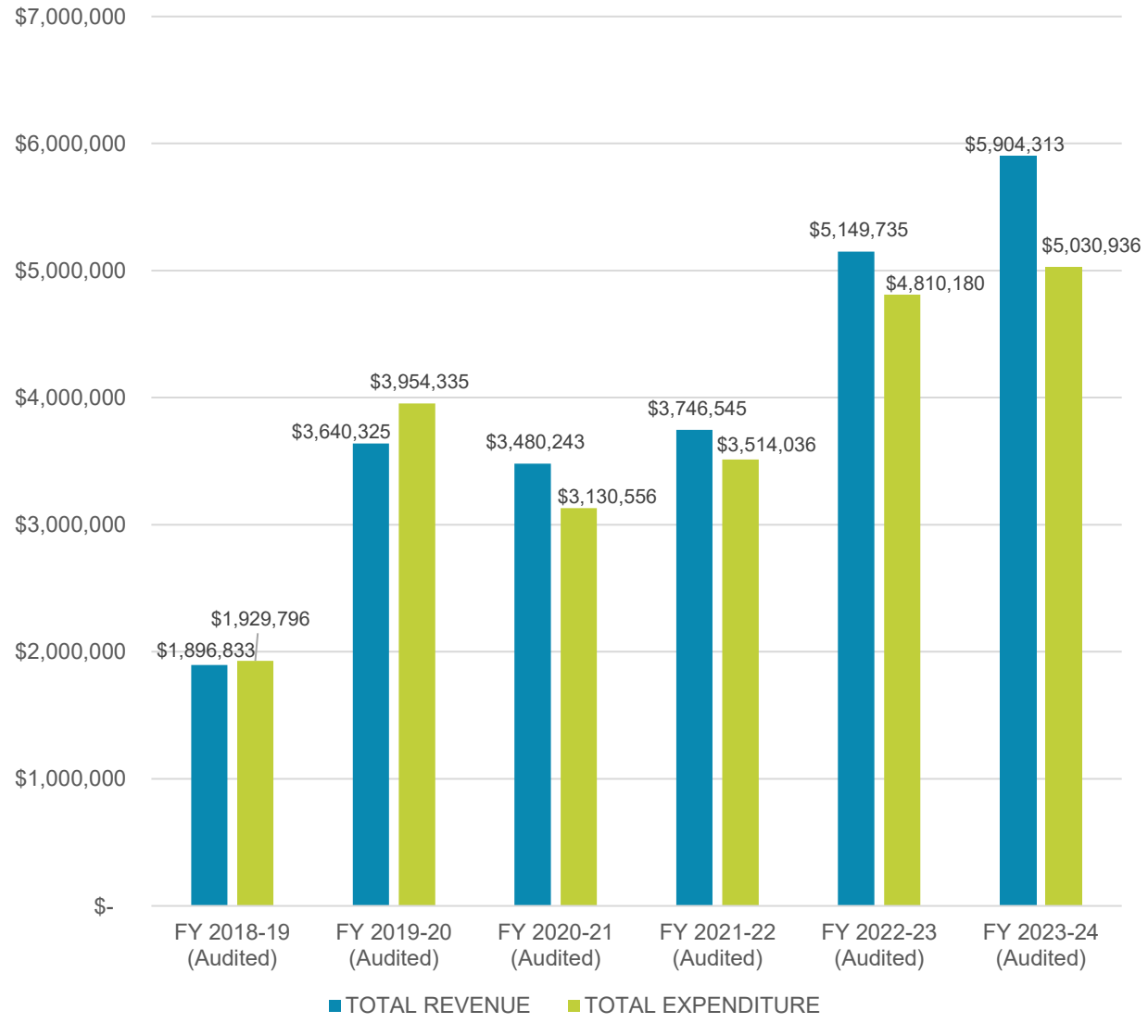
In 2025, the California statewide annual median household income was $109,266, and 80% of that is $87,413. LAFCO staff utilized the ArcGIS mapping program to locate potential DUCs in Santa Cruz County. It is important to note that the RCD is not subject to SB 244 because it does not provide water, sewer, or fire service, and therefore, no further analysis is required. While the District does not fall under the purview of SB 244, RCD has implemented several projects and programs that benefit disadvantaged communities, such as Davenport, areas surrounding Boulder Creek, and the City of Watsonville. Many of these projects were implemented in partnership with several non-governmental organizations, including the Watsonville Wetlands Watch and the Land Trust of Santa Cruz County. Projects have included technical studies, wetlands and stream restoration. Many of these projects have multiple benefits that not only address resource concerns, but also provide recreational opportunities and open space for the City's residents. The District has also worked extensively with the agricultural community surrounding the City of Watsonville to address serious water supply concerns that could affect sustainability of the agricultural industry that supports many of the jobs in the community. Much of this work has targeted Spanish speaking growers.

FINANCES

This section will highlight the District's financial performance during the most recent fiscal years. Fiscal Year 2023-24 is the latest audited financial statement available. LAFCO evaluated RCD's financial health from 2018 to 2024. A comprehensive analysis of the District's financial performance during the past six years is shown in **Tables C-D** on pages 16 and 17. The sources used by LAFCO are available on RCD's website: https://www.rcdsantacruz.org/annual-reports-and-financials.

At the end of Fiscal Year 2023-24, total revenue collected was approximately $5.9 million, representing a 15% increase from the previous year ($5.1 million in FY 22-23). Total expenses for FY 2023-24 were approximately $5.0 million, which increased from the previous year by 5% ($4.8 million in FY 22-23). While the District ended in a deficit during FY 2018-19 and FY 2019-20, the last four fiscal years have ended in a surplus, as shown in **Figure 4**. c

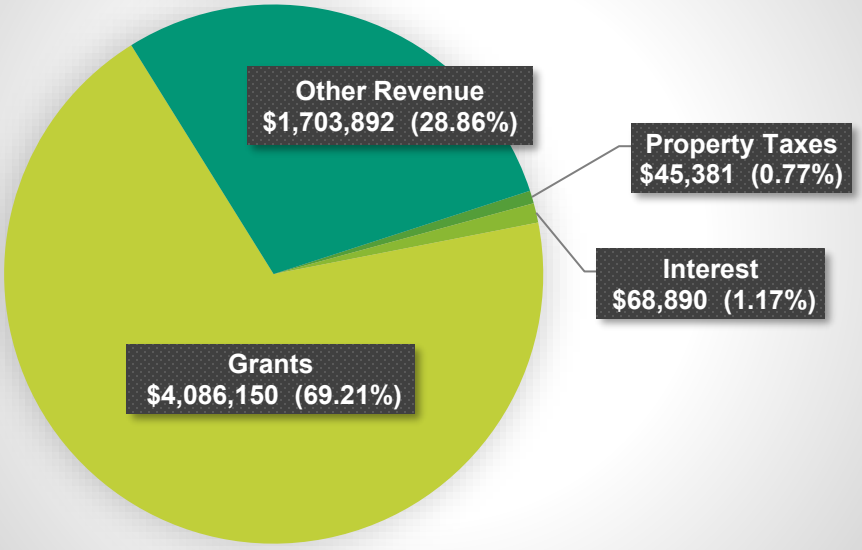
Figure 4: Statement of Revenues & Expenditures



Revenues

RCD's primary source of revenue is from Grants. In FY 2023-24, Grants totaled approximately $4 million which represents 69% of the District's entire revenue stream. Other revenue sources include property taxes, interest, and other revenue. **Figure 5** provides a breakdown each revenue stream.

Figure 5: Total Revenue (FY 2023-24)

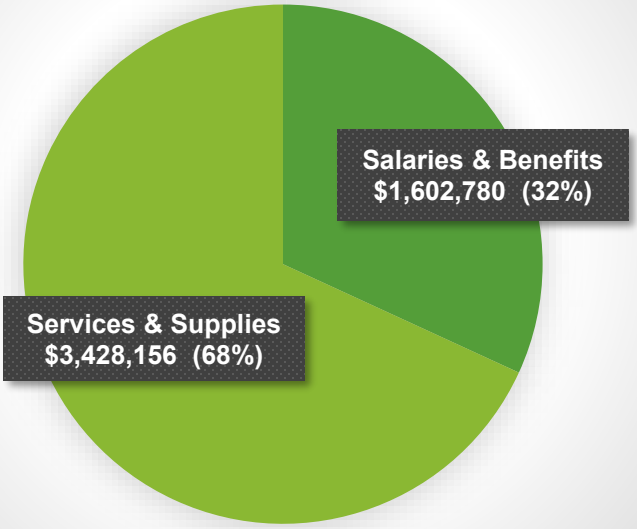


Footnote: Other revenue includes Special District Augmentation Fund, Contributions & Donations, and RDA Pass-Throughs.

Expenditures

RCD's total expenditures can be categorized into two budgetary groups: Salaries and Benefits and Services and Supplies. **Figure 6** shows that Services and Supplies represented approximately 68% of the District's entire operational expenses in FY 2023-24. The remaining expenditures are based on Salaries and Employee Benefits (32%).

Figure 6: Total Expenditure (FY 2023-24)

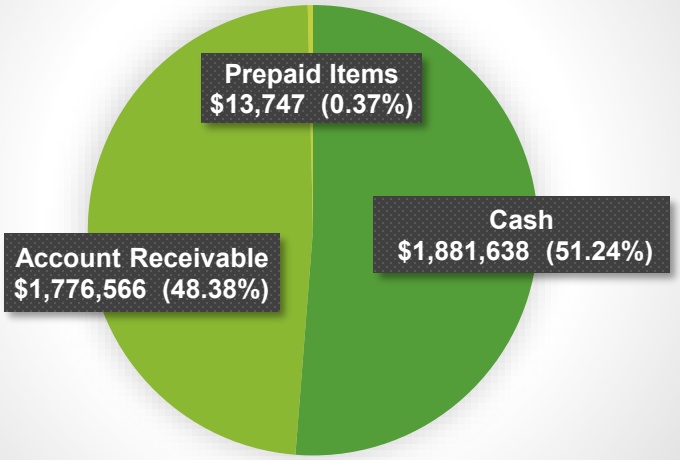


Assets & Liabilities

District Assets

As of June 30, 2024, the District had approximately $3.7 million in total assets. This represents a decrease of approximately $359,000 or 9% from FY 2022-23's total assets of $4.0 million. Total assets can be categorized into three types: Cash, Account Receivable, and Prepaid Items. As shown in **Figure 7**, cash represented 51% of total assets.

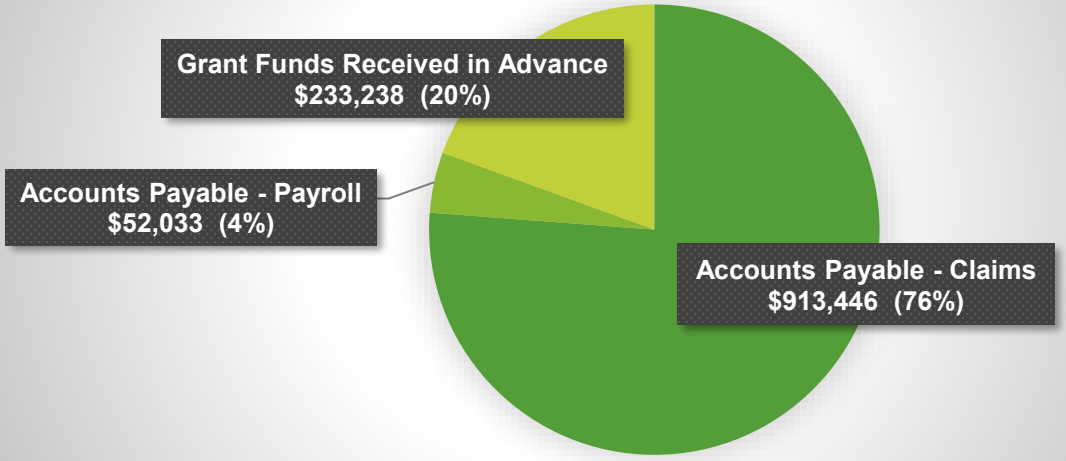
Figure 7: Total Assets (FY 2023-24)



District Liabilities

As of June 30, 2024, the District had approximately $1.2 million in total liabilities. This represents a decrease of approximately $983,000 or 45% from FY 2022-23's total liabilities of $2.2 million. Total liabilities can be categorized into three types: Accounts Payable (Claims), Accounts Payable (Payroll), and Grant Funds Received in Advance. As shown in **Figure 8**, Claims represented 76% of total liabilities.

Figure 8: Total Liabilities (FY 2023-24)



Fund Balance / Net Position

As of June 30, 2024, the total net position balance ended with approximately $2.4 million. The following table highlights the net position balance from 2018 to 2024. As shown in **Table B**, the District's fund balance has experienced a steady increase since 2018.

Table B: Net Position (2018 to 2024)

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Beginning Balance	$371,867	$354,700	$458,621	$817,545	$1,123,644	$1,800,288
Ending Balance	**$354,700**	**$458,621**	**$817,545**	**$1,123,644**	**$1,800,288**	**$2,417,354**
Difference		+$103,921	+$358,924	+$306,099	+$676,644	+$676,644



Table C: Total Revenues & Expenditures

	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)	FY 2022-23 (Audited)	FY 2023-24 (Audited)
REVENUE						
Property Taxes						
Current Secured	$ 31,516	$ 33,151	$ 34,844	$ 36,170	$ 38,763	$ 40,845
Current Unsecured	$ 633	$ 648	$ 590	$ 668	$ 718	$ 808
Current Secured - Supplemental	$ 956	$ 620	$ 401	$ 1,190	$ 1,140	$ 493
Current Unsecured - Supplemental	$ 42	$ 8	$ 18	$ 15	$ 49	$ 36
Residual Distribution	$ 3,416	$ 3,633	$ 2,425	$ 2,272	$ 3,125	$ 2,978
Prior Years	$ 82	$ 128	$ 178	$ 104	$ 149	$ 197
In-Lieu Taxes Other	$ 10	$ 5	$ 23	$ 14	$ 13	$ 24
Total Property Taxes	**$ 36,655**	**$ 38,193**	**$ 38,479**	**$ 40,433**	**$ 43,957**	**$ 45,381**
Use of Money and Property						
Interest	$ 9,003	$ 12,091	$ 3,428	$ 5,637	$ 25,674	$ 68,890
Total Use of Money and Property	**$ 9,003**	**$ 12,091**	**$ 3,428**	**$ 5,637**	**$ 25,674**	**$ 68,890**
Aid from Other Govt Agencies						
Homeowners' Property Tax Relief	$ 186	$ 187	$ 185	$ 182	$ 158	$ 194
Contribution from Other Govt Agenic	$ -	$ -	$ -	$ -	$ -	$ -
Total Aid from Other Govt Agencies	**$ 186**	**$ 187**	**$ 185**	**$ 182**	**$ 158**	**$ 194**
Grants						
State Department of Parks & Rec	$ -	$ -	$ -	$ -	$ -	$ 72,213
State Water Resources Control Board	$ 117,404	$ 812,804	$ 243,669	$ 114,082	$ 45,769	$ 277,213
State - Other	$ 869,663	$2,000,800	$2,080,452	$1,633,919	$3,509,923	$ 3,622,789
Federal - Other	$ 160,423	$ 132,358	$ 153,758	$ 191,083	$ 254,571	$ 113,935
Total Grants	**$1,147,490**	**$2,945,962**	**$2,477,879**	**$1,939,084**	**$3,810,263**	**$ 4,086,150**
Other Revenues						
Other Taxes - Special Dist Augmentati	$ 41,289	$ 41,289	$ 41,289	$ 41,289	$ 41,289	$ 41,289
Contributions and Donations	$ 2,517	$ 1,831	$ 2,073	$ 12,298	$ 21,594	$ 1,250
RDA Pass-Throughs	$ 97	$ 436	$ 56	$ 100	$ 106	$ 51
Other Revenue	$ 659,596	$ 600,336	$ 916,854	$1,707,522	$1,206,694	$ 1,661,108
Total Other Revenues	**$ 703,499**	**$ 643,892**	**$ 960,272**	**$1,761,209**	**$1,269,683**	**$ 1,703,698**
TOTAL REVENUE	**$1,896,833**	**$3,640,325**	**$3,480,243**	**$3,746,545**	**$5,149,735**	**$ 5,904,313**
EXPENDITURE						
Salaries and Employee Benefits						
Regular Pay	$ 621,827	$ 762,484	$ 835,639	$ 915,302	$1,098,996	$ 1,291,444
Social Security	$ 46,250	$ 57,262	$ 62,445	$ 69,472	$ 82,462	$ 97,225
Employee Insurance and Benefits	$ 81,784	$ 89,995	$ 90,891	$ 113,779	$ 137,541	$ 187,120
Unemployment Insurance	$ 4,359	$ 4,476	$ 3,968	$ 4,852	$ 5,644	$ 5,761
Workers' Compensation	$ 3,239	$ 4,828	$ 10,269	$ 9,755	$ 29,721	$ 8,820
Other Benefits Misc	$ -	$ -	$ -	$ -	$ -	$ 12,410
Total Salaries and Employee Benefits	**$ 757,459**	**$ 919,045**	**$1,003,212**	**$1,113,160**	**$1,354,364**	**$ 1,602,780**
Services and Supplies						
Telephone	$ 5,526	$ 7,106	$ 8,064	$ 9,086	$ 9,561	$ 2,206
Insurance	$ 9,616	$ 9,740	$ 14,646	$ 14,106	$ 14,579	$ 17,287
Memberships	$ 1,195	$ 2,427	$ 2,949	$ 5,456	$ 5,573	$ 4,358
Postage	$ 529	$ -	$ 7	$ 249	$ 20	$ -
Supplies	$ 1,082	$ 127	$ 170	$ 478	$ 425	$ -
Accounting and Auditing	$ 27,296	$ 24,163	$ 32,333	$ 32,240	$ 30,420	$ 36,299
Legal Services	$ 10,450	$ 10,619	$ 12,997	$ 16,002	$ 7,425	$ 29,614
Professional Services	$ 980,945	$2,724,332	$1,877,140	$2,149,822	$3,173,610	$ 3,050,725
Publication Printing Costs	$ -	$ -	$ -	$ -	$ 383	$ -
Legal Notices	$ -	$ -	$ -	$ -	$ -	$ -
Rents and Leases - Structures	$ 46,833	$ 45,118	$ 40,825	$ 37,869	$ 43,771	$ 44,326
Special District Expense - Services	$ 80,977	$ 203,512	$ 131,333	$ 125,152	$ 151,989	$ 225,130
Mileage	$ 4,725	$ 4,155	$ 4,106	$ 7,078	$ 14,097	$ 14,464
Utilities	$ 3,139	$ 2,613	$ 2,545	$ 2,887	$ 3,173	$ 3,404
Credit Card Fees	$ 24	$ 5	$ 229	$ 451	$ 790	$ 343
COVID 19 Expenses	$ -	$ 1,373	$ -	$ -	$ -	$ -
Total Services and Supplies	**$1,172,337**	**$3,035,290**	**$2,127,344**	**$2,400,876**	**$3,455,816**	**$ 3,428,156**
Retirement of Other L/T Debt						
Principal on Long-Term Deb	$ -	$ -	$ -	$ -	$ -	$ -
Total Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fixed Assets						
Equipment	$ -	$ -	$ -	$ -	$ -	$ -
Total Fixed Assets	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Appropriations for Contingencies						
Contingencies	$ -	$ -	$ -	$ -	$ -	$ -
Total Appropriations for Contingencie	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL EXPENDITURE	**$1,929,796**	**$3,954,335**	**$3,130,556**	**$3,514,036**	**$4,810,180**	**$ 5,030,936**
Surplus/(Deficit)	**$ (32,963)**	**$ (314,010)**	**$ 349,687**	**$ 232,509**	**$ 339,555**	**$ 873,377**
NET POSITION						
Beginning of Year	$ 371,867	$ 354,700	$ 458,621	$ 817,545	$1,123,644	$ 1,800,288
End of Year	$ 354,700	$ 458,621	$ 817,545	$1,123,644	$1,800,288	$ 2,417,354

Table D: Total Assets & Liabilities

	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY 2021-22 (Audited)	FY 2022-23 (Audited)	FY 2023-24 (Audited)
ASSETS							
Cash	$ 305,850	$ 556,260	$ 618,100	$ 550,439	$ 966,783	$2,250,502	$1,881,638
Account Receivable	$ 609,262	$ 704,789	$1,175,480	$1,528,521	$1,474,973	$1,770,031	$1,776,566
Prepaid Items	$ 21,003	$ 1,100	$ 1,100	$ 1,100	$ 7,367	$ 9,920	$ 13,747
TOTAL ASSETS	**$ 936,115**	**$1,262,149**	**$1,794,680**	**$2,080,060**	**$2,449,123**	**$4,030,453**	**$3,671,951**
LIABILITIES							
Accounts Payable - Claims	$ 416,967	$ 377,111	$ 812,012	$ 655,959	$ 819,202	$1,850,005	$ 913,446
Accounts Payable - Payroll	$ 26,910	$ 31,703	$ 48,461	$ 29,903	$ 16,050	$ 33,782	$ 52,033
Grant Funds Received in Advance	$ 95,016	$ 463,758	$ 429,452	$ 535,807	$ 448,245	$ 297,577	$ 233,238
TOTAL LIABILITIES	**$ 538,893**	**$ 872,572**	**$1,289,925**	**$1,221,669**	**$1,283,497**	**$2,181,364**	**$1,198,717**
Deferred Inflows of Resources:							
Unavailable Revenue	$ 503,719	$ 529,037	$ 958,225	$ 962,174	$1,036,900	$1,380,808	$1,131,576
Total Deferred Inflows of Resources	$ 503,719	$ 529,037	$ 958,225	$ 962,174	$1,036,900	$1,380,808	$1,131,576
Fund Balances:							
Prepaid Items	$ 21,003	$ 1,100	$ 1,100	$ 1,100	$ 7,367	$ 9,920	$ 13,747
Unassigned	$ (127,500)	$ (140,560)	$ (454,570)	$ (104,883)	$ 121,359	$ 458,361	$1,327,911
Total Fund Balances	$ (106,497)	$ (139,460)	$ (453,470)	$ (103,783)	$ 128,726	$ 468,281	$1,341,658
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	**$ 936,115**	**$1,262,149**	**$1,794,680**	**$2,080,060**	**$2,449,123**	**$4,030,453**	**$3,671,951**

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GOVERNANCE

Legal Authority

The Resource Conservation District of Santa Cruz County operates according to Public Resources Code Sections 9000 et seq. and is authorized to: conduct surveys and research relating to conservation of resources, prevention and control measures and improvements needed; development and distribution of water; make improvements or conduct operations on public or private lands in furtherance of erosion control, water conservation and distribution, agricultural and wildlife enhancement, erosion stabilization, including but not limited to terraces, ditches, levees, and dams or other structures and the planting of trees, shrubs, grasses or other vegetation; and provide public education and technical assistance. As a public resource agency, the District does not have regulatory power but is designated by the Board of Supervisors to review applications for grading permit exemptions related to development in unincorporated areas.



The RCD collaborates with landowners and managers, technical advisors, local jurisdictions, government agencies, and others to protect, conserve and restore natural resources in Santa Cruz County. The District includes several acres of mostly rural, agricultural and open space lands, and includes all watersheds in Santa Cruz County. RCDs have a close working relationship with the USDA Natural Resource Conservation Service (NRCS) and through the local RCD, an NRCS conservationist and other specialists provide local landowners technical assistance. The RCD acts as a liaison between local property owners and land management organizations and the NRCS federal program administration. The California Association of Resource Conservation Districts describes the relationships of local conservation districts and the NRCS as: a unique partnership to work with private landowners and operators to deliver the technical and financial assistance needed to help them apply complex conservation treatments to control erosion and improve the quality of our soil resources; protect and improve water and air quality; enhance fish and wildlife habitat; and manage woodlands, pasturelands and rangelands.

Local Accountability & Structure

RCD is governed by a seven-member Board of Directors, which is appointed by the Santa Cruz County Board of Supervisors. In 1996, the Board of Supervisors accepted responsibility for appointing Directors to the Resource Conservation District. The current Board is as follows:

Table E: Board of Directors

Board Member	Term of Office
Jim McKenna, President	First Appointed: 1986 Term Limit Ends: General 2026
Michael Manfre, Vice-President	First Appointed: 2000 Term Limit Ends: General 2028
Howard Liebenberg	First Appointed: 1996 Term Limit Ends: General 2028
John Ricker	First Appointed: 2000 Term Limit Ends: General 2028
Kelley K. Bell	First Appointed: 2018 Term Limit Ends: General 2026
Robert Ketley	First Appointed: 2014 Term Limit Ends: General 2026
Michael Eaton	First Appointed: 2020 Term Limit Ends: General 2028

The Board holds regularly-scheduled meetings on the second Wednesday of each month at 6:30 PM in the RCD's office in Capitola or other publicly-noticed local location. Board meetings are hybrid in-person and online to allow broader public access and participation. Public notice is provided through posting, and website. The District's Long Range Conservation Program states that all meetings are to be conducted in accordance with "Roberts Rules of Order" and all meetings shall follow the guidelines set forth in the Brown Act. Meeting agendas are emailed out to a listserv, posted on the window of the District's office and posted on the District's website at least three days (72 hours) in advance of any meeting. RCD traditionally adopts an annual report including comprehensive overviews, permit coordination programs, and financials (budget and audits). These reports are also available on the District's website: https://www.rcdsantacruz.org/annual-reports-and-financials.

Management Efficiencies

The Santa Cruz County Resource Conservation District officially began operations January 1, 1978, in conformity with Santa Cruz County Board of Supervisors Resolution 744-77. This resolution authorized the consolidation of the Pajaro Resource Conservation District and the Redwood Conservation District to form the Santa Cruz County Resource Conservation District. The District is comprised of the land areas of the former Pajaro and Redwood Resource Conservation Districts. In September 2007, the Santa Cruz County Resource Conservation District was renamed Resource Conservation District of Santa Cruz County. The mission of the District is to help people protect, conserve, and restore natural resources though information, education, and technical assistance programs. At present, staffing includes 13 full-time staff (defined as 30+ hours a week) with an additional 2 part-time staff with occasional interns. The following link provides an overview of all the key staff members for the District: https://www.rcdsantacruz.org/staff.

Opportunities and Challenges

RCD is authorized to provide a broad range of conservation-related services that provide benefit throughout the District's service area. The District's boundaries currently exclude the incorporated cities of Santa Cruz, Scotts Valley, and Watsonville. However, RCD has developed a network of strategic partnerships beyond its boundaries. This has led to recent achievements, best practices, and other success stories. The following section discusses how the District can continue exploring opportunities to improve efficiencies while addressing current and future challenges.

Local and Regional Collaborations

Strategic partnerships are a critical component to RCD. The District specializes in bridging gaps between private landowners and public agencies, and solving problems through the creation of partnerships, traditional and non-traditional. **Appendix B** depicts the various partnerships. At present, RCD has over 60 strategic partnerships at the local, state and federal level. Such collaboration is a great example of collaborative efforts among local agencies in pursuit of economies of scale, service efficiency, and overall "good government." These partnerships are based on separate contracts or agreements and based in informal, trust-based relationships.

For example, the District has formed a "Durable Collaboration" with San Mateo, Monterey County, and Upper Salinas-Las Tablas RCD to strengthen their ability to share staff, skills, and resources. This partnership also improves their ability to address regional priorities like forest health, watershed management, and species recovery through collaborative programs and grant proposals. LAFCO staff believes that it may be beneficial to explore additional opportunities to combine or establish a regional agreement through various methods.

- **Memorandum of Understanding** - A Memorandum of Understanding describes an agreement between two or more parties: in this case, the local agencies' overarching conservation goals. The purpose of a MOU is to formally agree on the objectives, roles and ground rules of the partnership between the local governments that holds the mandate for service provision and the implementing organization. Establishing a clear agreement can help prevent conflict and reputational harm because expectations discussed, agreed and documented at an early stage leaves less room for misinterpretation. It also increases transparency in the relationship with the public authority and allows holding either party accountable to their commitments.

- **Joint Powers Authority** – A JPA is defined by the California State Legislature Senate Local Government Committee as a formal, legal agreement between two or more public agencies that share a common power and want to jointly implement programs, build facilities, or deliver services. Officials from those public agencies formally approve a cooperative arrangement. JPAs offer another way for governments to deliver services. With a joint powers agreement, a member agency agrees to be responsible for delivering a service on behalf of the other member agencies.

- **Potential LAFCO Partnership** - Alameda LAFCO has collaborated with the Alameda County Resource Conservation District (ACRCD) to protect and promote the conservation of agricultural and natural-resource lands in the county through the Alameda County Agricultural Resiliency Project (ACARP). This effort is funded by the California Climate Investments program via the Department of Conservation and its goals include forming a countywide stakeholder coalition to review local agricultural policies and map out priority areas at risk of being converted to more intensive greenhouse gas-emitting land uses. This collaborative partnership could be replicated in Santa Cruz County, if warranted.

LAFCO Staff Recommendation: *The District should continue collaborating with other local agencies to maximize efficiencies and/or explore other cost-saving opportunities.*

Governance Options

The original purpose of resource conservation districts was to manage soil and water resources for conservation, these powers were expanded in the early 1970s to include related resources, including fish and wildlife habitat. This expansion of powers was reflected in the change of name from Soil Conservation Districts to Resource Conservation Districts in 1971. As the understanding of resource challenges has expanded over the years, the scope of services has also shifted to addressing impacts of urbanized areas, as well as the governance structure of these agencies. The RCD of Santa Cruz County was a direct result of a consolidation. This governance restructuring allowed for further utilization of existing facilities, maximization of economies of scale, and cost-savings towards internal and external operations. Since RCD offers programs and services that benefit landowners in the incorporated cities of Santa Cruz, Scotts Valley, and Watsonville, and the RCD has developed strategic partnerships and working relationships with these municipalities, agencies, and community-based organizations within them, it may be beneficial to explore annexation. The following summarizes the benefits of regional annexation.

- **Annexation** – Pursuant to state law, RCD may consider annexing the incorporated cities of Santa Cruz, Scotts Valley, and Watsonville. Annexation may increase levels of service and programs within incorporated areas. The District provides a broad range of conservation services and could provide services that improve environmental quality and address resource concerns in the incorporated cities. Additionally, grant awards to the RCD for this work could result in lower costs for water quality, species recovery or flood management that are ultimately borne by taxpayers. It may also provide a greater opportunity for implementing watershed plans and programs on a watershed-based approach that is not constrained by political boundaries.

LAFCO Staff Recommendation: *The District should continue exploring governance options, including annexation, which may help reduce costs, improve service provisions, and expand its conservation efforts throughout the coastal region.*

Website Requirements

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

LAFCO conducted a thorough review of the District's website based on SB 929's criteria and the recommendations set by the SDLF. **Table F** below summarizes staff's findings on whether their website meets the statutory requirements. At present, RCD does not meet all the benchmarks. While the District has a website in place, it must consider adding more useful information and resources that are easily accessible to the public.

Table F: Website Transparency

Website Components	Status (Yes = ✓)
Required Items (SB 929 Criteria and SDLF Benchmarks)	
1. Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	
3. Names of Key Staff, including General Manager	✓
4. Contact Information for Staff	✓
5. Election/Appointment Procedure & Deadlines	
6. Board Meeting Schedule*	✓
7. Mission Statement	✓
8. Description of District's Services/Functions and Service Area	✓
9. Authorizing Statute/Enabling Act	✓
10. Adopted District Budgets*	✓
11. Financial Audits*	✓
12. Archive of Board Meeting Agendas & Minutes*	✓
13. Link to State Controller's Webpages for District's reported Board Member and Staff Compensation	✓
14. Link to State Controller's Webpages for District's reported Financial Transaction Report	✓
15. Reimbursement & Compensation Policy / Annual Policies	
16. Home Page Link to Agendas/Board Packets	✓
17. SB 272 - Compliance-Enterprise Catalogs	✓
18. Machine Readable/Searchable Agendas	
19. Recipients of Grant Funding or Assistance	✓
20. Link or Copies of LAFCO's Service & Sphere Reviews	
Total Score (out of a possible 20)	**15 (75%)**

LAFCO Staff Recommendation: *The District must update its website to fulfill the legal requirements under SB 929 by August 31, 2026.*

SPHERE OF INFLUENCE

Cortese-Knox-Hertzberg Act

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

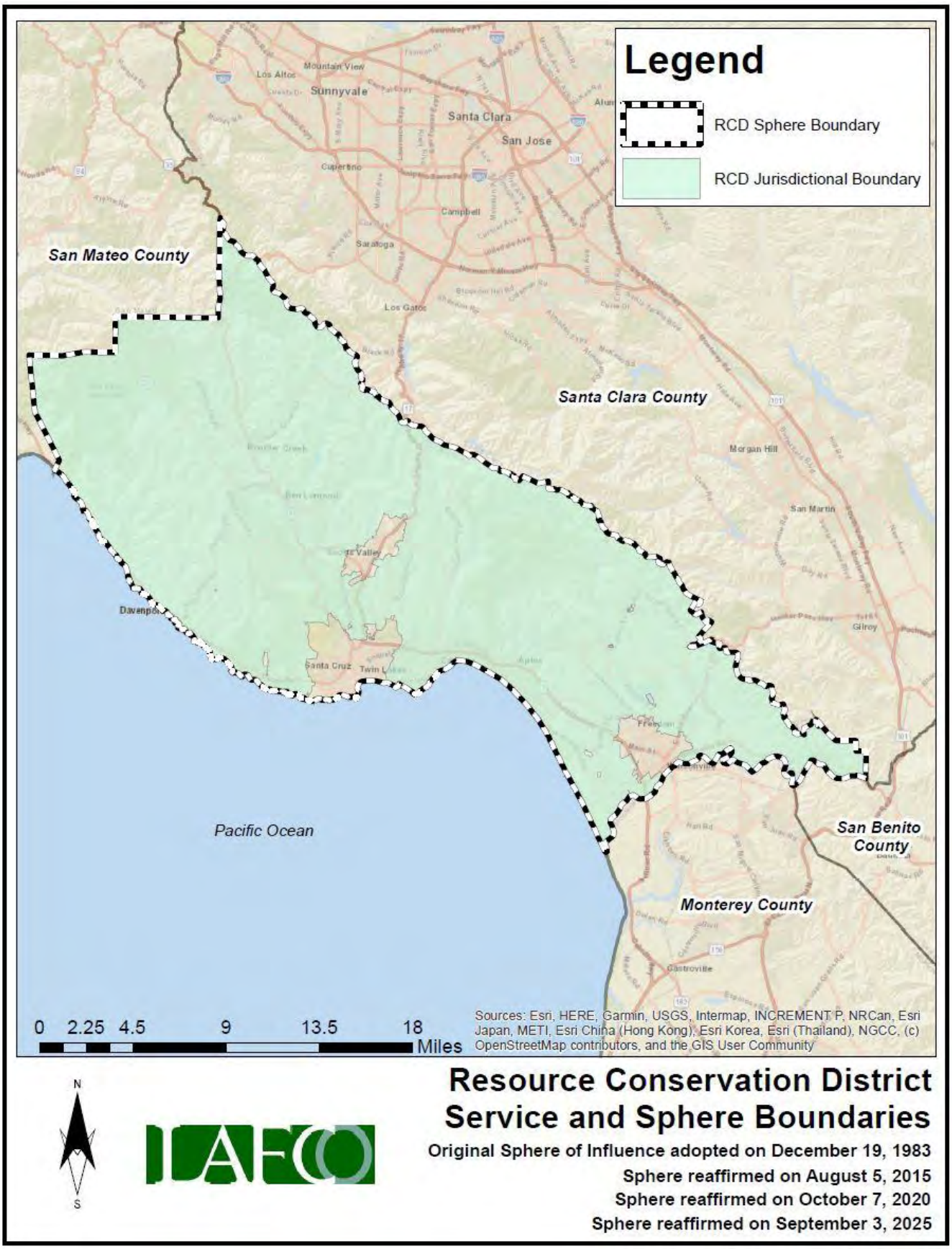
- The present and planned uses in the area, including agricultural and open-space lands;
- The present and probable need for public facilities and services in the area;
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
-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

Current Sphere Boundary

Santa Cruz LAFCO adopted the first sphere of influence for RCD on December 19, 1983. The adopted sphere of influence is watershed-based. It includes the entire watersheds of the North Coast streams, the San Lorenzo River, Soquel Creek, Aptos Creek, and the portion of the Pajaro River watershed located in Santa Cruz County. As a result, the District's sphere is the entire County of Santa Cruz, including all four cities. The last sphere update occurred in October 2020, which resulted in the reaffirmation of the existing sphere boundary. **Figure 9** on page 24 shows the current sphere of influence. LAFCO staff is recommending that the sphere boundary be reaffirmed once again as part of this service and sphere review.

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Figure 9: District Sphere Map



DISTRICT SUMMARY

Resource Conservation District of Santa Cruz County	
Formation	California Public Resources Code §9000 et seq. (Resource Conservation District Act)
Board of Directors	Governed by a seven-member Board of Directors. Board members are appointed to four-year terms by the Santa Cruz County Board of Supervisors.
Contact Person	Lisa Lurie, Executive Director
Employees	13 full-time employees (defined as 30+ hours per week) and 2 part-time staff members
District Area	Entire County, excluding the Cities of Santa Cruz, Scotts Valley and Watsonville (Approximately 419 square miles)
Sphere of Influence	The sphere boundary is countywide and coterminous with the District's jurisdictional limits.
FY 2023-24 Audit	Total Revenue = $5,904,313 Total Expenditure = $5,030,936 Projected Net Position (Ending Balance) = $2,418,354
Contact Information	Mailing Address: 820 Bay Avenue, Suite 136, Capitola, CA 95010 Phone Number: 831-464-2950 Email Address: info@rcdsantacruz.org Website: http://www.rcdsantacruz.org/
Public Meetings	Meetings are typically held on the second Wednesday of the month, at 6:30 pm. These Board meetings are typically held at the RCD's administrative office in Capitola or other publicly noticed local location and are open to the public.
Mission Statement	The mission of the Resource Conservation District of Santa Cruz County is to help people protect, conserve, and restore natural resources through information, education, and technical assistance programs.

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SERVICE AND SPHERE REVIEW DETERMINATIONS

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

Service Provision Determinations

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

1. **Growth and population projections for the affected area.**
   RCD encompasses over 400 square miles. It is estimated that approximately 148,000 residents currently live within the District's jurisdiction. LAFCO staff projects that the District's population may reach 152,000 by 2040.

2. **The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**
   RCD is not subject to SB 244 because it does not provide water, sewer, or fire service.

3. **Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**
   RCD provides non-discriminatory assistance and educational opportunities to agricultural producers, land users, educators, and anyone with land-based resource conservation needs. RCD's services include conservation education, soil erosion control, water quality enhancement, wildfire resilience, and watershed enhancement.

4. **Financial ability of agencies to provide services.**
   RCD's primary source of revenue is from Grants. The District has experienced an annual surplus from FY202-21 to FY 2023-24. Net position ended with a balance of $2.4 million during FY 2023-24.

5. **Status of, and opportunities for, shared facilities.**
   At present, RCD has over 60 strategic partnerships at the local, state and federal level. Such collaboration is a great example of collaborative efforts among local agencies in pursuit of economies of scale, service efficiency, and overall "good government."

6. **Accountability for community service needs, including governmental structure and operational efficiencies.**
   RCD is highly reliant on irregular grants. The District should continue sharing expertise and explore sharing staffing with RCDs in the adjacent counties.

7. **Any other matter related to effective or efficient service delivery, as required by commission policy.**
   No additional local LAFCO policies are specifically relevant to this service review.

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Sphere of Influence Determinations

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

1. **The present and planned land uses in the area, including agricultural and open-space lands.**
   The present and planned land uses are based on the general plans from the County and the City of Capitola, which range from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas. The planned land uses within the five applicable general plans are a mix of urban, rural and mountain residential, agricultural, timber, public recreation, and open-space lands.

2. **The present and probable need for public facilities and services in the area.**
   The area within the adopted sphere of influence needs, and will continue to need, the soil management, wildland fuel load reduction, riparian restoration, and watershed management services provided by the District.

3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
   The services and programs of RCD substantially rely on grant funding, which may vary on an annual basis. The District's services may change based upon the types and levels of grant funds received during any given year.

4. **The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**
   The adopted sphere of influence is watershed-based. It includes the entire watersheds of the North Coast streams, the San Lorenzo River, Soquel Creek, Aptos Creek, and the portion of the Pajaro River watershed located in Santa Cruz County.

5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**
   The District does not provide services related to sewers, municipal and industrial water, or structural fire protection. Therefore, this determination is not applicable.

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APPENDICES

Appendix A: Strategic Plan (2020-2024)

Appendix B: Strategic Partnerships (List)

Appendix C: Coastal Region RCDs (Map)



APPENDIX A:

Strategic Plan (2020-2024)

Resource Conservation District of Santa Cruz County

Strategic Direction

Adopted by the RCDSCC Board May 13, 2020

RESOURCE
CONSERVATION DISTRICT
OF SANTA CRUZ COUNTY

Board of Directors

Steve Auten

Kelley Bell

Robert Ketley

Howard Liebenberg

Mike Manfre, Vice President

Jim McKenna, President

John Ricker

Staff

Kelli Camara, Technical Director (consultant)

Angie Carreras, Program Specialist

Tangi Chapman, Executive Assistant

Sharon Corkrean, Director of Finance

Karl Fieberling, Program Specialist

Angie Gruys, Program Specialist

Sacha Lozano, Program Manager

Lisa Lurie, Executive Director

Erin McCarthy, Program Specialist

Arianne Rettinger, Grants Manager

Gerry Spinelli, Program Specialist

Developed with support from Solid Ground Consulting and funding from the Community Foundation of Santa Cruz County

RESOURCE CONSERVATION DISTRICT OF SANTA CRUZ COUNTY

Our Mission

The mission of the Resource Conservation District of Santa Cruz County is to inspire and assist the people and communities of Santa Cruz County to protect, conserve, and restore our natural resources.

Our Vision

At the Resource Conservation District of Santa Cruz County, we envision our county as a place where natural resources and the communities and economies that depend upon them are thriving and resilient.

We believe protecting natural resources meets the needs of people, the community, and the environment—for water, food, clean air, connection, and a diversity of landscapes that are necessary for all life to thrive.

Ecosystem health and its connection to a thriving community is demonstrated by:

- A community where all residents, landowners, land users and leaders understand and are empowered to contribute to the stewardship of natural resources;
- Healthy, productive watersheds and lands;
- The recovery and flourishing of native wildlife and plants;
- Plentiful clean water; and
- Natural and human systems that are resilient to climate change.

The Resource Conservation District is a valuable and reliable partner dedicated to helping our community realize this vision and achieve results. We strive to serve as:

- **A go-to resource for land stewardship and natural resource issues in Santa Cruz County.** Our skilled and passionate staff members and board of directors offer science-based assistance and education to support our community in learning about and caring for our natural environment. Our expertise centers on stewardship in agriculture and watershed restoration and management. Our core program areas are water management, land & soil stewardship, habitat restoration & species recovery, forest health & fire resiliency, multi-objective planning, and regulatory assistance.
- **A nimble, collaborative partner and a hub of creative problem solving.** We strive to be known and trusted by leaders, landowners, land users, farmers, residents, and cooperating organizations throughout the county. We serve as a connector and a bridge, understanding diverse perspectives and goals and bringing people together to collaborate, build trust, and develop solutions that benefit all. We focus on action on-the-ground, helping to remove barriers to conservation and staying ready to act to meet the changing needs of our community.
- **A stable, sustainably funded organization.** We strive to secure stable and ongoing funding as a result of being a valuable and reliable partner that gets results. Stable funding enables the RCD to fulfill its vital role with consistency and quality. We will work with our allies, partners, and supporters to secure the financial resources needed to achieve our goals.

- **A place of fun and celebration.** We are a dedicated team who are having fun changing the world! We celebrate our successes, reflect on our experiences and support each other to learn, grow, and live our mission.

2020-2024 Goals and Strategies

Goal #1: The RCD implements effective watershed health programs to promote ecosystems that are thriving and resilient to climate change.	
Strategies	***Potential Outcomes***
1. Work with partners to implement a watershed-based approach to water management. 1.1. Utilize the Integrated Watershed Restoration Program (IWRP) to identify, prioritize, and implement watershed restoration and protection actions on public and private lands. 1.2. Review and update existing watershed plans. 1.3. Participate in regional urban stormwater management planning efforts to identify and advance projects. 1.4. Participate in Integrated Regional Water Management Program to incorporate watershed restoration efforts in water management projects (supply, flood mitigation, etc.) 1.5. Implement watershed-based planning and action strategies (including but not limited to the following activities: rural road erosion control, stormwater management, home drainage, water use efficiency, etc.) 1.6. Partner with Groundwater Sustainability Agencies and landowners to develop and implement local solutions for sustaining groundwater supplies, including managed aquifer recharge, water use efficiency, etc. 1.7. Conduct watershed education and outreach to private landowners and land users to encourage watershed stewardship. 2. Work with partners to develop and implement a countywide ecological restoration and stewardship program for species recovery. 2.1. Utilize the Integrated Watershed Restoration Program (IWRP) to identify, prioritize, and implement watershed restoration and protection actions on public and private lands.	▪ Watershed and regional conservation plans are updated/created and include metrics to guide actions. ▪ Data for water quality, water quantity, and habitat parameters show trends of improvement. ▪ Focal species are down listed. ▪ A multi-objective approach to forest health and fire resiliency is well defined and guiding projects of the RCD and our partners. ▪ Climate resiliency is integrated into RCD programs and projects.

2.2. Review and update existing and/or develop local recovery and watershed plans for habitat restoration, enhancement and creation. 2.3. Conduct education and outreach to private landowners and land users to encourage species recovery actions. 2.4. Coordinate with local, state and federal partners to modify regulations and ordinances to encourage landowner actions to support species on their property. 3. Work with partners to develop and implement a pro-active forest health and fire resiliency program bringing a multi-objective approach. 3.1. Participate in regional forest health planning and project prioritization. 3.2. Support the countywide firesafe council in their mission to educate and mobilize the people of Santa Cruz County to protect their community, homes, and environment from wildfire. 3.3. Implement small and large scale forest health and fire resiliency projects. 4. Work with partners to identify and reduce barriers to implementation of conservation projects on private lands. 4.1. Utilize and promote the Partners in Restoration permit coordination program to improve the ease of permitting conservation projects. 4.2. Understand and work to reduce where possible landowner liability related to conservation project implementation. 5. Work with partners to develop new and updated conservation approaches at a regional scale and within Santa Cruz County. 5.1. Build on existing processes to support and implement advanced mitigation planning. 5.2. Identify additional mechanisms to facilitate large scale, high impact projects. 6. Evaluate RCD programs to ensure climate resiliency is addressed.	

Goal #2: Conservation actions on agricultural working lands support the environmental health and economic drivers of Santa Cruz County to be viable and resilient to climate change.	
Strategies	***Potential Outcomes***
1. Partner with Groundwater Sustainability Agencies (GSAs) and growers to develop and implement local solutions for sustaining groundwater supplies, including managed aquifer recharge, irrigation efficiency, covered fallow, and soil health. 1.1. Partner with the Pajaro Basin GSA to reduce groundwater overdraft with three additional Managed Aquifer Recharge (MAR) basins in the Pajaro Basin. 1.2. Incorporate additional MAR into the Pajaro Valley Basin Management Plan. 1.3. Coordinate partners to address water rights aspects of MAR. 1.4. Inform GSAs on diverse practices to improve water use on farms (such as covered fallow, soil health). 1.5. Continue to engage with partners on desired incentives and strategies to implement incentives. 1.6. Share successes and lessons learned from the Pajaro Valley with other GSA's within the District and across the state. 2. Provide sustained on-farm technical assistance for improving water quality, water supply, and soil health, including: 2.1. Irrigation and nutrient management, 2.2. Soil erosion control and winter cover crop, and 2.3. Carbon farm planning to implement on-farm practices that reduce greenhouse gas emissions and maximize carbon sequestration on farms. 3. Establish monitoring programs to evaluate progress. 4. Support grower compliance with environmental regulations (including record keeping, conservation planning, best management practice implementation, and third-party collaborative alternative approaches). 4.1. Engage with partners to explore cooperative compliance models.	▪ MAR projects contribute an additional 700 acre-feet per year of aquifer recharge. ▪ Pajaro Valley basin-wide data show a decreasing trend in agricultural water use. ▪ 20 farms are actively implementing soil management practices that augment soil carbon. ▪ Water quality monitoring data show improving trends. ▪ Participation in RCD ag technical assistance programs is increasing.

4.2. Work with regulatory and agencies and the community to promote practices that are workable and effective. 5. Provide outreach to growers to connect with technical and financial assistance.	

Goal #3: Community members understand and participate in RCD efforts in Santa Cruz County	
Strategies	***Potential Outcomes***
1. Understand community needs and priorities. 1.1. Meet with partners to understand their needs and their constituents' needs and potential alignment with the RCD. 1.2. Convene at least one community meeting each year. 2. Improve the ease of access and participation in RCD programs by the broader community. 2.1. Identify and reach out to new partners, community members, and agencies who have not worked with the RCD in the past. 2.2. Nurture priority partnerships including building relationships with equity and social justice organizations and understanding where alignment exists. 3. Develop systems and tools for effectively communicating about the RCD and its work. 3.1. Gather information about the RCD's successes. 3.2. Develop and implement a communications plan for the RCD, including key messages by audience. 3.3. Train all staff and board to use key messages. 3.4. Increase staff capacity in marketing and communications. 3.5. Develop printed and electronic promotional and education materials and branded RCD gear to support consistent RCD communications. 3.6. Use digital communications, video, and social media to promote the RCD's programs and messages. 3.7. Be present and visible at community events and activities that align with our strategic goals	▪ Target audiences (as defined in the RCD's communications plan) have high awareness of the RCD and our work. ▪ Participation in RCD programs reflects the diversity of our community. ▪ We develop new partners that view the RCD as a trusted, sought-after partner.

Goal #4: Stable and sufficient revenue allows the RCD to advance its mission and vision.	
Strategies	***Potential Outcomes***
1. Recover full costs of program implementation. 1.1. Develop an updated cost allocation plan for the RCD. 1.2. Inform funders to improve funding programs to fully cover indirect costs, reduce administrative costs, create more sustained programmatic funding, and provide baseline funding. 1.3. Continue to keep RCD indirect costs in line with OMB principles 2. Seek capacity building funds to develop a full business plan / revenue plan for the RCD. 3. Investigate and pursue new, diverse funding sources. 3.1. Research funding models of other RCDs. 3.2. Research and analyze funder/partner needs and strategic alignment (local agencies, foundation and individual funders, landowners and ag innovators). 3.3. Research new fundraising mechanisms including the potential of developing a 501c3 support organization. 3.4. Research passive income opportunities. 3.5. Continue to explore opportunities for a local funding measure to support bundled services (water quality, fire resiliency, stormwater, etc.). 3.6. Diversify funding to provide on-the-ground services without creating excessive administrative burden. 3.7. Explore opportunities to bring cities and city funding into the District. 3.8. Increase applications for private foundation grants. 3.9. Develop a plan to seek funding from major donors. 4. Develop stronger relationships with local agencies including County Departments to advocate for increased support for work that aligns with their priorities.	▪ The RCD prioritizes grants that fully cover indirect operating costs. ▪ By 2024, 20% of the RCD's personnel budget is unrestricted and supports external and internal planning, professional development, and program evaluation. ▪ The RCD's core programs are sustained over time. ▪ The RCD will implement one visible, revenue generating project. ▪ The fund source to staff ratio will decrease (i.e. we will seek and secure larger grants). ▪ The RCD will have sufficient funds to maintain staff pay on par with a competitive job market.

5. Identify and pro-actively fund core emergency response services (such as stormwater management, fire preparedness, post fire recovery, and drought response) that the RCD needs to maintain and offer to the community for immediate response to natural disasters. 5.1. Develop a funding emergency plan – how to maintain core functions in times of funding drought. 6. Investigate expanding fee-for-service programs. 6.1. Operationalize the In-Lieu Fee Mitigation program. 6.2. Research competitive pricing for potential fee for service opportunities. 6.3. Develop business plans for services to ag innovators and landowners. 7. Pursue funding opportunities based on a cost-benefit analysis with an aim to achieve more efficient administration. 7.1. Pursue fewer, larger grants	

Goal #5: The RCD Board of Directors and staff have the capacity, tools, and culture needed to implement the strategic plan goals.	
Strategies	***Potential Outcomes***
1. Enable a skilled and engaged Board of Directors. 1.1. Use board meetings efficiently by engaging in strategic discussion and going deep on topics that take advantage of the collective experience and diverse perspectives of the board to provide staff with thought-partnership that enhances their work. 1.2. Regularly inform the board of the work of the RCD staff. 1.3. Engage the board in outreach as ambassadors to key stakeholders and potential funders. 1.4. Identify and recruit Directors and Associate Directors with key skills, connections, and demographics that align with our strategic goals and reflect the various perspectives within the community. 2. Continue to hire and retain a highly skilled professional staff. 2.1. Secure funding for professional development for staff. 2.2. Refine RCD staff structure to streamline operations. 2.3. Implement an effective performance review process that evaluates and encourages staff progress relative to individual and strategic plan goals. 2.4. Ensure competitive pay and recognition of staff achievements. 3. Enable a cohesive and productive organizational culture. 3.1. Seek unrestricted funding to enable time for planning, reflection, and evaluation. 3.2. Celebrate successes. 3.3. Continue to encourage innovation and creativity. 3.4. Encourage collaboration across RCD programs. 4. Create an RCD that is welcoming, inclusive, and diverse.	▪ The Board is active and engaged as ambassadors, advocates and strategic thought partners for the RCD. ▪ RCD staff feel supported, valued, and satisfied in their work. ▪ The board and staff of the RCD reflect the diversity of our community.

4.1. Provide training to board and staff on becoming a more diverse, equitable, and inclusive organization. 4.2. Update the RCD's policies as needed. 4.3. Learn and follow best practices for recruitment of a diverse staff and board. 4.4. Maintain an intentional culture that supports all members of the team to achieve their best.	

APPENDIX B:

Strategic Partnerships (List)

State and Federal Agencies			
AmeriCorps	CA Department of Parks & Recreation	State Coastal Commission	US Department of Agriculture
CAL FIRE	CA Department of Conservation	State Coastal Conservancy	US Forest Service
CA Conservation Corps	CA Department of Water Resources	State Water Resources Control Board	USFWS Coastal Program
CA Department of Fish & Wildlife	Natural Resources Conservation Service	US Bureau of Land Management	-
CA Department of Food & Agriculture	National Oceanic and Atmospheric Administration (NOAA)	US Army Corps of Engineers	-
Local and Regional Agencies			
City of Capitola	Loma Prieta Resource Conservation District	San Benito County Water District	Santa Clara Valley Water District
City of Santa Cruz	Pajaro Valley Water Management Agency	San Lorenzo Valley and Soquel Creek Water Districts	Santa Cruz County Fish & Game Commission
City of Watsonville	Regional Water Quality Control Board (Central Coast Region)	San Mateo County Resource Conservation District	Santa Cruz County Regional Transportation Commission
Santa Cruz County	San Benito County Resource Conservation District	Santa Clara Open Space Authority	Sonoma County Agricultural Preservation and Open Space District
Schools and Educational Institutions			
Cal Poly San Luis Obispo, Swanton Pacific Ranch	Live Oak Elementary and Soquel Union School Districts	Pacific Elementary School	Santa Cruz City Schools
Cal State University, Monterey Bay	Monterey Institute of International Studies	San Lorenzo Valley Unified School District	UC Cooperative Extension and UCSC
Non-Profit Organizations, Local Businesses, and Community Groups			
American Conservation Experience (ACE)	David and Lucile Packard Foundation	Friends of State Parks	Santa Cruz County Farm Bureau
Bonny Doon Fire Safe Council	Ecology Action	Gordon and Betty Moore Foundation	Santa Cruz County Horsemen's Association
CA Association of Resource Conservation Districts (CARCD)	Eco Farm	James Irvine Foundation	Save Our Shores
CA Native Plant Society	El Mercado Popular	Land Trust of Santa Cruz County	Sempervirens Fund
Coastal Watershed Council	Farm Link	Moore Family Foundation	South Skyline Fire Safe Council
Community Foundation of Santa Cruz County	Friends of Soquel Creek	San Lorenzo Valley Women's Club	Watsonville Wetlands Watch

APPENDIX C:

Coastal Region RCDs (Map)



Central Coast Region

RCDs in the Central Coast Region

7 CACHUMA RCD
(805) 868-4013

12 COASTAL SAN LUIS RCD
(805) 704-9119

44 LOMA PRIETA RCD
(831) 801-8776

64 RCD OF MONTEREY COUNTY
(831) 236-1740

65 RCD OF SANTA CRUZ COUNTY
(831) 464-2950

66 RCD OF THE SANTA MONICA MOUNTAINS
(323) 309-0842

69 SAN BENITO RCD
(805) 772-4398

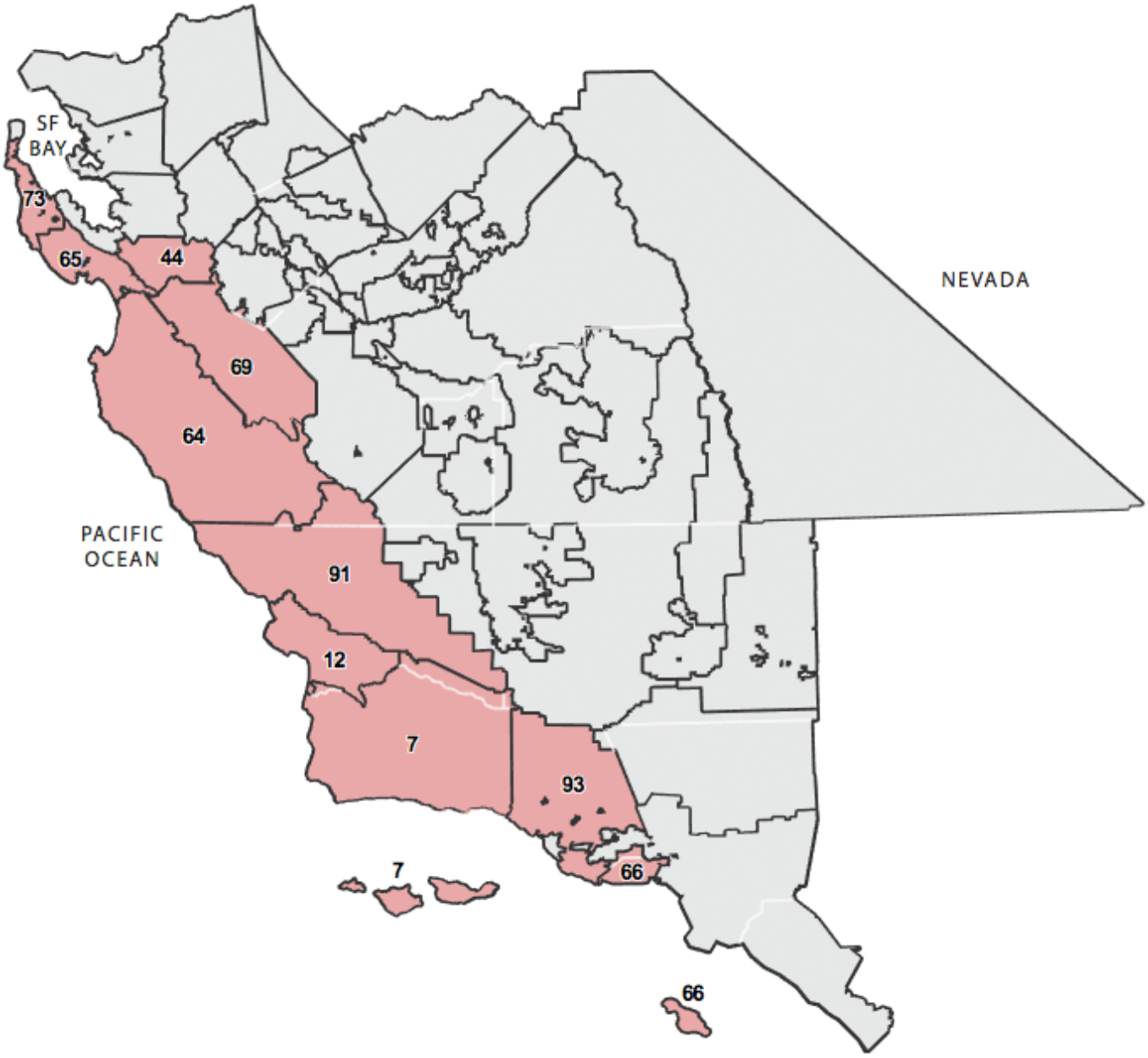
73 SAN MATEO COUNTY RCD
(415) 317-7399

91 UPPER SALINAS-LAS TABLAS RCD
(805) 536-3196

93 VENTURA COUNTY RCD
(805) 386-4489

Map of Central Coast Region RCDs

We have COVID-19 resources for RCDs. See Resources



RESOURCE CONSERVATION DISTRICTS

What are RCDs?

Find Your Local RCD

Impact Stories

Conservation Resources

MEMBER DASHBOARD

We have COVID-19 resources for RCDs. See Resources

Notice of Exemption

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

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

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

Project Title: Resource Conservation District Service and Sphere of Influence Review

Project Location: The resource conservation district was formed as an independent special district in December 1977 to help people protect, conserve, and restore natural resources through information, education, and technical assistance programs. The District's service area encompasses 419 square miles, including all the unincorporated county territory and the City of Capitola. A vicinity map depicting the District's jurisdictional and sphere boundaries is attached (refer to Attachment A).

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

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

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County. The LAFCO public hearing for this proposal is scheduled for 9:00 a.m. on September 3, 2025.

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

Exempt Status: (check one)

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

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

Lead Agency Contact Person: Joe A. Serrano

Area Code/Phone Extension: 831-454-2055

Signature:_____ Date: September 4, 2025
Joe A. Serrano, Executive Officer

▨ Signed by Lead Agency

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NOTICE OF PUBLIC HEARING
LOCAL AGENCY FORMATION COMMISSION

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, September 3, 2025, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold a public hearing on the following item:

- **Resource Conservation District Service and Sphere of Influence Review:** Consideration of a service and sphere review for the Resource Conservation District of Santa Cruz County which was formed as an independent special district in December 1977 to help people protect, conserve, and restore natural resources through information, education, and technical assistance programs in Santa Cruz County.

In compliance with the California Environmental Quality Act (CEQA), LAFCO staff is scheduled to prepare a Categorical Exemption for the proposals listed above. Instructions for members of the public to participate in-person or remotely are available in the Agenda and Agenda Packet: https://santacruzlafco.org/meetings/. During the meeting, the Commission will consider oral or written comments from any interested person. Maps, written reports, environmental review documents and further information can be obtained by contacting LAFCO's staff at (831) 454-2055 or from LAFCO's website at www.santacruzlafco.org. LAFCO does not discriminate on the basis of disability, and no person shall, by reason of a disability, be denied the benefits of its services, programs or activities. If you wish to attend this meeting and require special assistance in order to participate, please contact the LAFCO office at least 24 hours in advance of the meeting to make arrangements.

Joe A. Serrano
Executive Officer
Date: August 12, 2025

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2025-09

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION APPROVING THE 2025 SERVICE AND SPHERE OF INFLUENCE REVIEW FOR THE RESOURCE CONSERVATION DISTRICT OF SANTA CRUZ COUNTY

****

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

1. In accordance with Government Code Sections 56425, 56427, and 56430, the Commission has initiated and conducted the 2023 Service and Sphere Review for the Resource Conservation District ("District").

2. The Commission's Executive Officer has given notice of a public hearing by this Commission of the service and sphere of influence review in the form and manner prescribed by law.

3. The Commission held a public hearing on September 3, 2025, and at the hearing, the Commission heard and received all oral and written protests, objections, and evidence that were presented.

4. This approval of the 2025 Service and Sphere of Influence Review for the District is exempt under the California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines Section 15061(b)(3) because this Commission action does not change the services or the planned service area of the subject agency. There is no possibility that the activity may have a significant impact on the environment. This action qualifies for a Notice of Exemption under CEQA and staff is directed to file the same.

5. The Commission hereby approves the 2025 Service and Sphere of Influence Review for the Resource Conservation District.

6. The Commission hereby approves the Service Review Determinations, as shown on Exhibit A.

7. The Commission hereby approves the Sphere of Influence Determinations, as shown on Exhibit B.

8. The Commission hereby reaffirms the existing sphere boundary for the Resource Conservation District, as shown in Exhibit C.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 3rd day of September 2025.

AYES:

NOES:

ABSTAIN:

_____
MANU KOENIG, CHAIRPERSON

Attest:

_____
Joe A. Serrano
Executive Officer

Approved as to form:

_____
Joshua Nelson
LAFCO Counsel

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1. **Growth and population projections for the affected area.**
   RCD encompasses over 400 square miles. It is estimated that approximately 148,000 residents currently live within the District's jurisdiction. LAFCO staff projects that the District's population may reach 152,000 by 2040.

2. **The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.**
   RCD is not subject to SB 244 because it does not provide water, sewer, or fire service.

3. **Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.**
   RCD provides non-discriminatory assistance and educational opportunities to agricultural producers, land users, educators, and anyone with land-based resource conservation needs. RCD's services include conservation education, soil erosion control, water quality enhancement, wildfire resilience, and watershed enhancement.

4. **Financial ability of agencies to provide services.**
   RCD's primary source of revenue is from Grants. The District has experienced an annual surplus from FY202-21 to FY 2023-24. Net position ended with a balance of $2.4 million during FY 2023-24.

5. **Status of, and opportunities for, shared facilities.**
   At present, RCD has over 60 strategic partnerships at the local, state and federal level. Such collaboration is a great example of collaborative efforts among local agencies in pursuit of economies of scale, service efficiency, and overall "good government."

6. **Accountability for community service needs, including governmental structure and operational efficiencies.**
   RCD is highly reliant on irregular grants. The District should continue sharing expertise and explore sharing staffing with RCDs in the adjacent counties.

7. **Any other matter related to effective or efficient service delivery, as required by commission policy.**
   No additional local LAFCO policies are specifically relevant to this service review.

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1. **The present and planned land uses in the area, including agricultural and open-space lands.**
   The present and planned land uses are based on the general plans from the County and the City of Capitola, which range from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of agricultural production, rural residential uses, and environmental protection in rural areas. The planned land uses within the five applicable general plans are a mix of urban, rural and mountain residential, agricultural, timber, public recreation, and open-space lands.

2. **The present and probable need for public facilities and services in the area.**
   The area within the adopted sphere of influence needs, and will continue to need, the soil management, wildland fuel load reduction, riparian restoration, and watershed management services provided by the District.

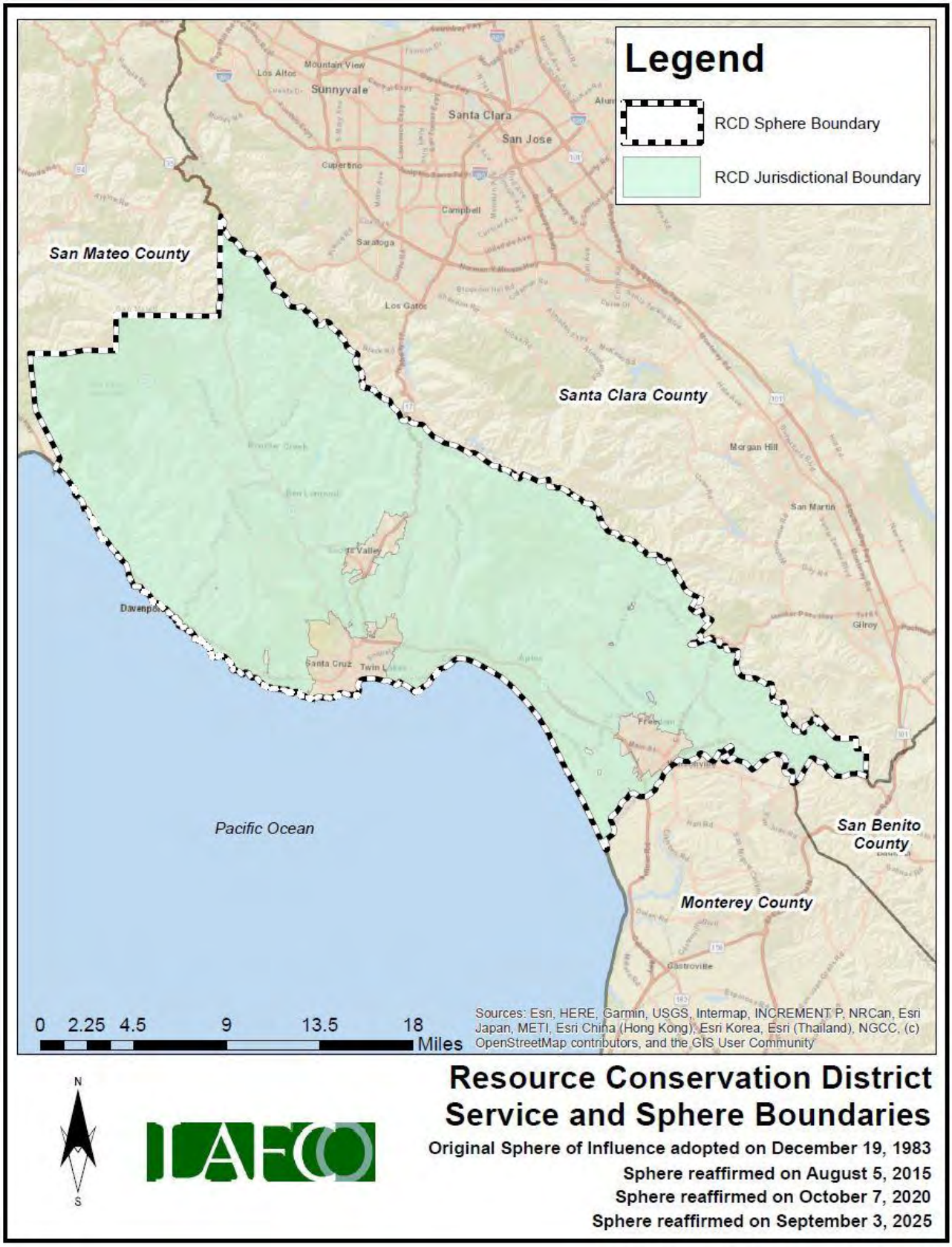
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
   The services and programs of RCD substantially rely on grant funding, which may vary on an annual basis. The District's services may change based upon the types and levels of grant funds received during any given year.

4. **The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**
   The adopted sphere of influence is watershed-based. It includes the entire watersheds of the North Coast streams, the San Lorenzo River, Soquel Creek, Aptos Creek, and the portion of the Pajaro River watershed located in Santa Cruz County.

5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**
   The District does not provide services related to sewers, municipal and industrial water, or structural fire protection. Therefore, this determination is not applicable.

EXHIBIT C
RESOURCE CONSERVATION DISTRICT
SPHERE OF INFLUENCE MAP

LAFCO reaffirms the sphere boundary for the Resource Conservation District.



Agenda Item No. 6a

Santa Cruz Local Agency Formation Commission

Date: September 3, 2025
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: Felton Fire Protection District Governance Options Report

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SUMMARY OF RECOMMENDATION

Santa Cruz LAFCO continues to play a key role in exploring service and governance efficiency opportunities with local agencies, including but not limited to the 12 fire districts in Santa Cruz County. During the past year, LAFCO staff has been collaborating with various fire agencies to determine if there are any opportunities to maximize existing resources, elevate service delivery, and meet the unique demands from their respective constituents. This staff report provides an update on LAFCO's efforts to help the Felton Fire Protection District explore governance options to ensure adequate fire protection and emergency medical services are provided to the Felton community.

It is recommended that the Commission consider the following actions:

1. Receive and file the Felton FPD Governance Options Report; and
2. Direct staff to continue working with the Felton Fire Protection District and provide periodic updates, when warranted.

EXECUTIVE OFFICER'S REPORT:

Felton Fire Protection District (FFPD) was formed in October 1946 and encompasses nearly six square miles of territory located in the San Lorenzo Valley. In 2021, FFPD operated with one full-time fire chief, one part-time employee and 28 volunteer firefighters. Since then, FFPD has seen four different fire chiefs, board members have resigned, there has been a reduction in volunteers, and a discontinuation of a two-year agreement with Ben Lomond Fire Protection District (BLFPD) for operational services after only six months in effect. Felton FPD is now experiencing significant governance and operational challenges, prompting local agencies, including LAFCO, to examine potential solutions to ensure the Felton community continues to receive reliable fire protection and emergency medical services.

LAFCO staff determined that preparing a governance options analysis would be a valuable step in helping to evaluate the district's future. At the June 4th LAFCO meeting, staff recommended completing the in-house report and presenting at the September 3rd LAFCO meeting, given that no meetings were scheduled in July or August due to Commission's approval of a short summer recess. However, recognizing the urgency of the matter, the Commission directed staff to expedite the study, provide the final report to Felton FPD by July 2025, and present the findings to the Commission in September. This report fulfills the Commission's direction given at the June meeting and represents LAFCO's effort to support FFPD in addressing its current challenges.

Governance Options Analysis

LAFCO staff has prepared a comprehensive report, in consultation with the affected fire agencies, to assist Felton FPD in addressing its current challenges (see **Attachment 1**). The report, which was published and distributed on July 25, explains the broader issues facing volunteer fire departments statewide, outlines the specific circumstances affecting FFPD, and presents 12 possible governance options for the FFPD Board to consider. The intent of the report is to support the district in identifying and implementing a solution that will ensure the Felton community continues to receive reliable fire protection and emergency medical services. **Table A** below summarizes the 12 options. The report also sets an October 6th deadline for FFPD to select one of these options and begin the process of implementation. This type of deadline has been used by LAFCO in other special studies involving urgent situations, including the Branciforte FPD reorganization, the dissolution of the Opal Cliffs Recreation District, and the revitalization of the Alba Park & Recreation District. In each case, LAFCO required timely action, but the agencies themselves ultimately decided their own futures.

In summary, the analysis and conclusions found in this report are not designed to impose a predetermined set of outcomes or force Felton FPD into dissolution, but to instead clearly explain the situation to the public and encourage the district board to take timely action and address its challenges before they worsen, and to underscore the urgent need to safeguard reliable fire and emergency services for the community. The attached study is meant to be a resource for Felton FPD, its neighboring fire agencies, and more importantly, the Felton community.

Table A: List of Governance Options

Governance Options	Resident Action Required?	Duration* (Time To Complete)	Representation (Board Structure)	LAFCO Action Required?
1) FFPD remains as a stand-alone agency	Yes; Supplemental Revenue Vote	8 – 12 months	No Change; (FFPD Board)	No
2) Reorganization with Ben Lomond FPD	Yes; LAFCO Protest Period	6 – 12 months	Represented by BLFPD Board	Yes
3) Reorganization with Boulder Creek FPD	Yes; LAFCO Protest Period	6 – 12 months	Represented by BCFPD Board	Yes
4) Reorganization with CSA 48 (County Fire)	Yes; Supplemental Revenue Vote & LAFCO Protest Period	6 – 12 months	Represented by County Board of Supervisors	Yes
5) Reorganization with Scotts Valley FPD	Yes; Supplemental Revenue Vote & LAFCO Protest Period	6 – 12 months	Represented by SVFPD Board	Yes
6) Reorganization with Zayante FPD	Yes; LAFCO Protest Period	6 – 12 months	Represented by ZFPD Board	Yes
7) Contract with Ben Lomond FPD	No; Unless Supplemental Revenue Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
8) Contract with Boulder Creek FPD	No; Unless Supplemental Revenue Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
9) Contract with Scotts Valley FPD	Supplemental Revenue Vote Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
10) Contract with Zayante FPD	No; Unless Supplemental Revenue Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
11) Contract with Santa Cruz Fire Dept.	Supplemental Revenue Vote Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
12) Contract with CAL FIRE	Supplemental Revenue Vote Needed	6 – 12 months	No Change; (FFPD Board)	Possibly

Footnote: Proposed timelines vary and could be longer or shorter than identified.

Feedback and Participation

LAFCO staff worked closely with all of the fire agencies identified in the governance options report to ensure the findings were accurate and reflected the on-the-ground realities. While LAFCO was under no obligation to circulate a draft report, it was shared with the agencies as a matter of professional courtesy and, more importantly, because LAFCO values the expertise and perspectives of those directly involved in the delivery of municipal services. Their feedback and input were critical in refining the analysis and providing a more balanced and practical assessment of the governance options under consideration. Through this collaborative process, LAFCO was able to rank the 12 governance options based on the collective input of the agencies. The rankings are intended to reflect the option LAFCO believes may be most feasible, beneficial to the community, or likely to succeed. However, they are not prescriptive, nor do they impose a path that Felton FPD must take. Instead, they serve as a planning tool to help inform the district's decision-making process, with the final determination resting in the hands of Felton FPD and its constituents.

Since the publication of the governance options report, several board meetings and community events in the San Lorenzo Valley have discussed LAFCO's report and its findings. For example, the Boulder Creek Fire Protection District (BCFPD) Board has reviewed the governance options report twice during its August 12 and 19, 2025 meetings. The BCFPD Board acknowledged the growing challenges of operating a volunteer fire department but reaffirmed the importance of volunteer-based service to the San Lorenzo Valley community. After reviewing the 12 governance options, BCFPD stated it was not interested in consolidating or contracting operations with Felton FPD at this time, however; BCFPD indicated that they will continue to honor all mutual aid agreements and joint powers arrangements already in place. The BCFPD Board also noted it may be open to further discussion if consolidation or contracting with another independent San Lorenzo Valley fire district is deemed unsustainable. BCFPD sent a letter to the Commission (refer to **Attachment 2**) requesting that LAFCO keep them informed of any developments regarding Felton FPD, given the close working relationship among the valley's fire agencies.

Next Steps

LAFCO staff is coordinating with Felton FPD's interim fire chief to schedule an official presentation of the report to the Felton FPD Board of Directors and their constituents. LAFCO is tentatively scheduled to present at their September 15th Board Meeting. In the meantime, staff recommends that the Commission receive and file the governance options report and direct staff to continue working with the Felton Fire Protection District and provide periodic updates, when warranted.

Respectfully Submitted,

Joe A. Serrano
Executive Officer

Attachments:

1. Felton FPD Governance Options Report
2. Boulder Creek FPD Letter (submitted August 19, 2025)

Felton Fire Protection District

GOVERNANCE OPTIONS ANALYSIS REPORT

Santa Cruz LAFCO

July 25, 2025

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EXECUTIVE SUMMARY

Introduction

Operating a volunteer fire department in today's modern world presents a complex and evolving set of challenges. As California continues to experience more frequent and severe wildfires, coupled with population increases within wildland areas, the demand on fire services (particularly volunteer departments) has never been greater. Volunteer fire departments, which have historically been a cornerstone of fire protection in rural and semi-rural communities, are now grappling with limited funding, rising costs, recruitment difficulties, staff and board attrition, and escalating training and statutory requirements.

The modern landscape demands a level of readiness, technology, and professionalization that is difficult to sustain without full-time staffing and consistent financial support. Additionally, regulatory compliance, liability concerns, and the mental and physical toll on volunteers contribute to a growing strain. Despite these hurdles, volunteer fire departments remain a vital part of California's emergency response infrastructure, driven by community commitment and a tradition of service. However, ensuring their sustainability and effectiveness in the face of modern pressures requires innovative solutions, policy support, and community investment.

The Felton Fire Protection District (hereafter referred to as "FFPD" or "Felton FPD") was formed in October 1946, encompasses nearly six square miles of territory located in the San Lorenzo Valley, and is one of 12 fire agencies in Santa Cruz County. However, FFPD is the latest local agency to face the challenges of maintaining a volunteer-based rural fire department. In 2021, FFPD operated with one full-time fire chief, one part-time employee and 28 volunteer firefighters. Since then, FFPD has seen four different fire chiefs, board member resignations, a reduction in the number of active volunteers, and the discontinuation of a two-year agreement with Ben Lomond Fire Protection District (BLFPD) for operational services after only six months in effect. **Table 1** provides a quick overview of why FFPD is currently failing.

Table 1: List of Concerns

Concerns	Description
1) Unbalanced Growth	Call volume has increased over the years, but staffing (volunteers and paid) hasn't kept pace.
2) Underfunded Operations	Current and historical budgets undercut operational realities while relying heavily on an outdated volunteer model.
3) Leadership Instability	Fire Chief turnover and multiple board resignations have paralyzed strategic responses.
4) Volunteer Decline	Volunteer numbers continue to fluctuate with some living outside of Felton.
5) Patchwork Solutions	Mutual aid and temporary contracts are not sustainable solutions to ensure adequate service delivery and proper governance.

The recent governance and operational issues facing FFPD has tasked local agencies, including LAFCO, to explore possible options to ensure that the Felton community receives adequate fire protection and emergency medical services. The agreement between BLFPD and FFPD ended on June 8, 2025 – resulting in the rehiring of a former interim fire chief as a temporary solution. An additional board member recently resigned, and was quickly replaced, which leaves the fire district with another new member on the board. As a result, LAFCO has determined that a governance options analysis may be helpful to determine FFPD's future. This report was completed by LAFCO with direct coordination with affected and interested local agencies.

Potential Governance Options

When a fire district begins to show signs of operational or financial failure, whether due to declining revenue, insufficient staffing, increased service demand, or community growth, it is critical to explore alternative governance options. Governance directly impacts how decisions are made, how resources are allocated, and how services are delivered. In a failing district, the current structure may no longer support the needs of the community or ensure the safety and sustainability of emergency services. Therefore, identifying governance options, such as reorganization with neighboring districts or contracting services, can provide pathways to improved stability, efficiency, and service delivery. These options may open the door to better funding mechanisms, shared resources, full-time professional staffing, and more robust administrative support.

Ultimately, evaluating governance alternatives is not just about restructuring - it's about preserving the essential mission of FFPD to provide an appropriate level of fire protection and emergency response services to the Felton community. It ensures the community's safety remains a priority, even as the district adapts to changing demands, financial constraints, and operational challenges. This report identifies 12 governance options for FFPD's review and consideration. It is imperative that the FFPD Board initiate an action based on the identified options as soon as possible. **Table 2** on page 4 summaries the 12 governance options.



Table 2: List of Governance Options

Governance Options	Resident Action Required?	Duration* (Time To Complete)	Representation (Board Structure)	LAFCO Action Required?
1) FFPD remains as a stand-alone agency	Yes; Supplemental Revenue Vote	8 – 12 months	No Change; (FFPD Board)	No
2) Reorganization with Ben Lomond FPD	Yes; LAFCO Protest Period	6 – 12 months	Represented by BLFPD Board	Yes
3) Reorganization with Boulder Creek FPD	Yes; LAFCO Protest Period	6 – 12 months	Represented by BCFPD Board	Yes
4) Reorganization with CSA 48 (County Fire)	Yes; Supplemental Revenue Vote & LAFCO Protest Period	6 – 12 months	Represented by County Board of Supervisors	Yes
5) Reorganization with Scotts Valley FPD	Yes; Supplemental Revenue Vote & LAFCO Protest Period	6 – 12 months	Represented by SVFPD Board	Yes
6) Reorganization with Zayante FPD	Yes; LAFCO Protest Period	6 – 12 months	Represented by ZFPD Board	Yes
7) Contract with Ben Lomond FPD	No; Unless Supplemental Revenue Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
8) Contract with Boulder Creek FPD	No; Unless Supplemental Revenue Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
9) Contract with Scotts Valley FPD	Supplemental Revenue Vote Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
10) Contract with Zayante FPD	No; Unless Supplemental Revenue Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
11) Contract with Santa Cruz Fire Dept.	Supplemental Revenue Vote Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
12) Contract with CAL FIRE	Supplemental Revenue Vote Needed	6 – 12 months	No Change; (FFPD Board)	Possibly

Footnote: Proposed timelines vary and could be longer or shorter than identified.

DISTRICT OVERVIEW

Background

The Felton Fire Protection District was formed on October 23, 1946 and operates under the Fire Protection District Law of 1987. FFPD encompasses nearly six square miles of territory (approximately 27,000 acres and 2,945 parcels) located in the San Lorenzo Valley. **Figure A** on page 6 is a vicinity map depicting FFPD's current jurisdictional and sphere boundaries. **Figure B** on page 7 also shows the current land use designation under the County's General Plan. At present, the land use within the District varies from agriculture to service commercial. The vast majority of the District is designated as residential.

Service Provisions

Fire protection covers a variety of services from basic life support to vegetation management. In 2021, LAFCO staff identified 18 different types of services provided by fire agencies in Santa Cruz County. At that time, FFPD offered 89% of those services (16 out of 18). FFPD offered the second highest number of services when compared to the other fire agencies in Santa Cruz County. However, FFPD currently provides only basic life support, and operates with a temporary fire chief, no administrative staff, and currently 22 volunteer firefighters – a significant decline in operations and management occurring within the last four years.

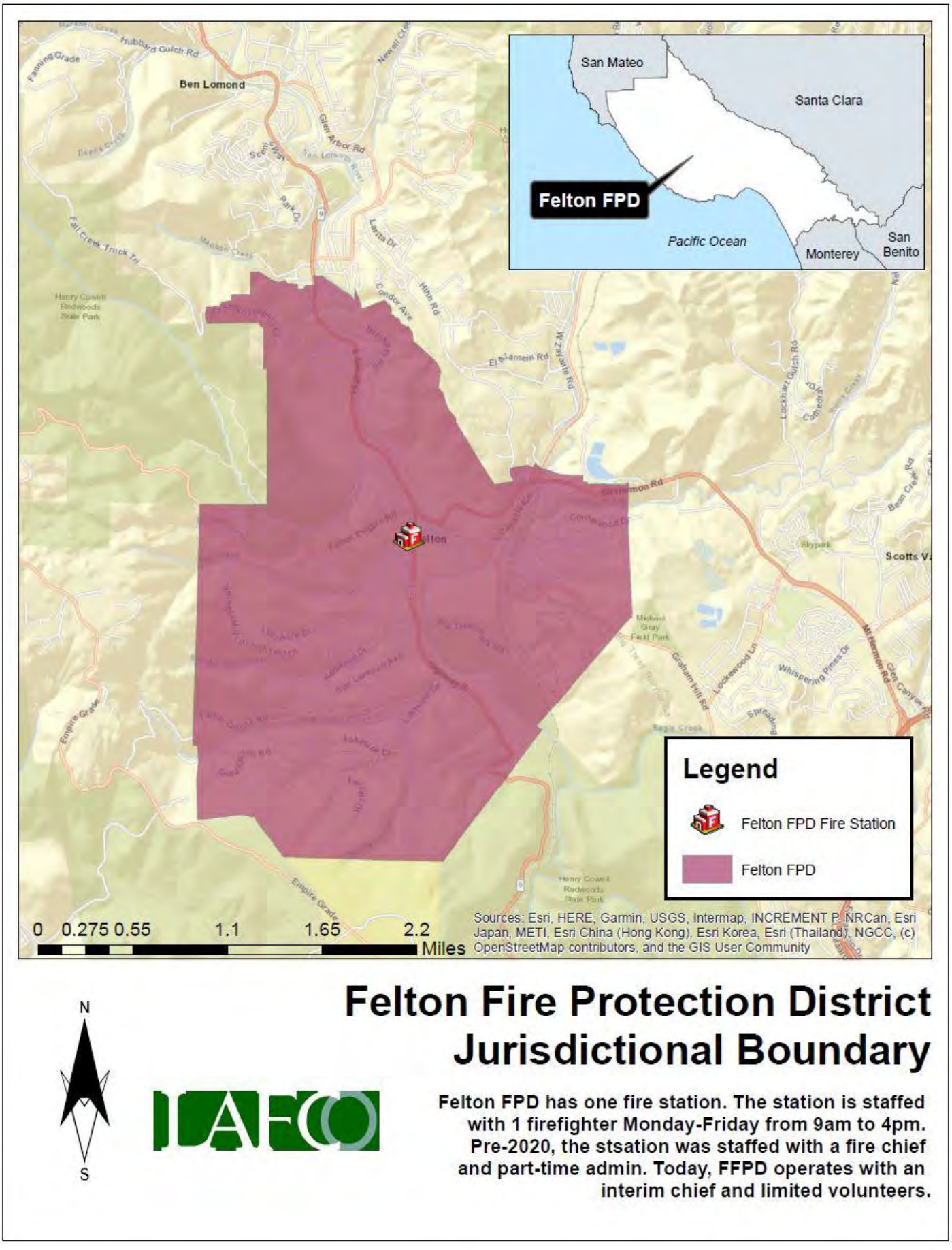
Types of Calls

Based on LAFCO's analysis, fire service providers handle several types of emergency calls, beyond fire-related situations such as medical calls, mutual aid, and vehicle accidents. LAFCO staff identified 14 different types of calls responded by fire agencies in 2021. The annual call average for FFPD during 2015 to 2020 was estimated to be 667 calls/year. The District's average response time was approximately 8 minutes. Today, FFPD experiences over 900 calls/year. Medical related calls is the most requested service in Felton. While service demand continues to increase, FFPD is currently not equipped to address those calls – which is why many surrounding fire agencies (specifically Ben Lomond FPD, CSA 48, and Zayante FPD) have seen an increase in requests to manage these types of calls within Felton instead of FFPD. It is LAFCO's understanding that FFPD's request for assistance may have decreased in the last month under the leadership of the interim fire chief, however, it is unknown whether this trend will continue.

Population & Growth

Based on LAFCO's analysis, the population of FFPD today is approximately 6,000. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands is expected to increase by 0.86%. Under this assumption, LAFCO's projections indicate that the entire population of FFPD will be approximately 6,300 by 2040.

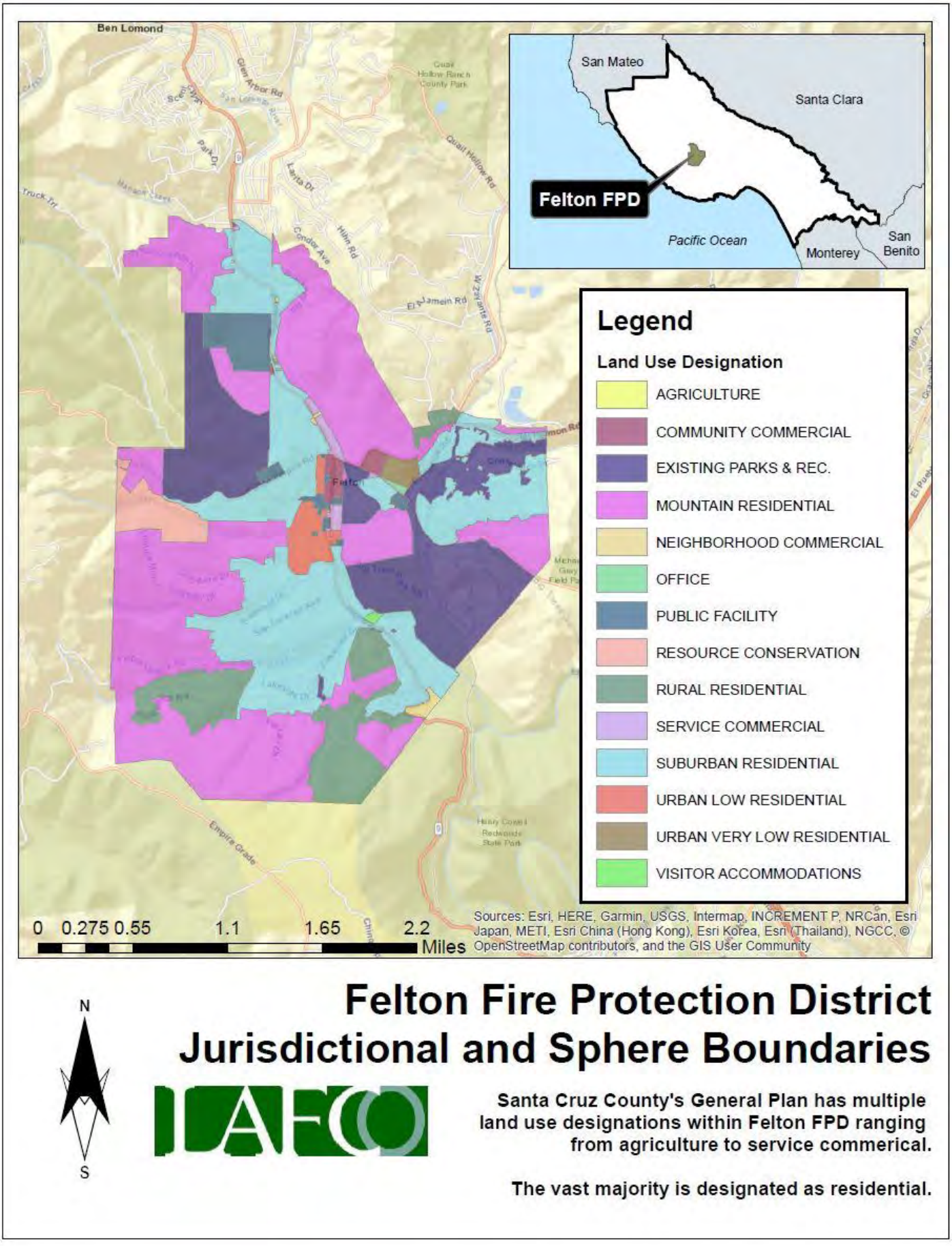
Figure A: Vicinity Map



Felton Fire Protection District Jurisdictional Boundary

Felton FPD has one fire station. The station is staffed with 1 firefighter Monday-Friday from 9am to 4pm. Pre-2020, the stsation was staffed with a fire chief and part-time admin. Today, FFPD operates with an interim chief and limited volunteers.

Figure B – Land Use Map



Felton Fire Protection District Jurisdictional and Sphere Boundaries

Santa Cruz County's General Plan has multiple land use designations within Felton FPD ranging from agriculture to service commerical.

The vast majority is designated as residential.

Current / Ongoing Challenges

Unfortunately, the Felton Fire Protection District is struggling significantly as a rural fire agency due to a combination of governance, finances, and staffing challenges. **Table 3** provides a breakout of FFPD's current and ongoing issues.

Table 3: List of Challenges

Challenge / Issue	Description
Staffing Shortage	
1) Lack of Volunteers	Significant decline in volunteers over the last few years. Numbers have gone from 30 to as low as 12 volunteers in June 2025, with several not living in the Felton community. As of July 2025, FFPD has 22 volunteers but their duration with the organization is yet to be determined.
2) Limited Paid Staff	Last full-time Fire Chief was former chief Dan Walters in 2024. He informed a local newspaper about responding alone to calls 11 times in 90 days.
3) Staff Number Decline	FFPD is down to one part-time fire chief. The FFPD Board recently directed that any compensation would be stipend only; hourly pay will no longer be offered in order to reduce the PERS liability.
4) Increase Service Demand	Call volume has surged from 600 calls a year to over 900 calls a year.
Overreliance on Mutual Aid	
5) Inadequate Service Provisions	FFPD has not consistently been able to respond to 9-1-1 calls and has relied heavily on neighboring fire agencies to cover emergency calls. Felton FPD has been "dropping" calls since the former Chief resigned in late 2023.
6) Delay in Service Delivery	Response times are being stretched compared to previous years since many calls have had to be rerouted to neighboring fire districts.
7) Inability to Reciprocate	FFPD has not been able to consistently provide mutual aid to its partner agencies, resulting in an imbalance of aid received vs aid given.
Budget & Financial Constraints	
8) Recruitment/Retention	The District believes it does not have sufficient funding to provide competitive wages and benefits. Recruitment for a permanent Fire Chief has been postponed indefinitely given that the district cannot offer a reasonable compensation package. All four of the full-time Captains/Firefighters resigned and no attempt has been made to replace them.
9) Pension Liability	CalPERS pension obligations represent 70% of FFPD's entire long-term liabilities. Raising wages or hiring additional staff may trigger even higher pension debt.
10) Limited Revenue Source	FFPD relies almost exclusively on property taxes, which represents approximately 93% of FFPD's entire revenue source.
11) Deferred Capital Maintenance and Replacement	The station, apparatus, and equipment have not received industry-standard maintenance and testing. One Type-1 engine is due for replacement; the station is in the midst of a stalled remodel; the station solar system is failing; pumps and ladders were only recently tested; and there is a persistent rodent infestation of the firehouse. There is no capital replacement plan.
12) Additional Revenue Difficulty	Felton is a rural, aging community and passing a new tax to provide adequate funding may be resisted by voters and/or property owners.

Leadership Instability / Governance Deficiencies	
13) High Turnover	Five Fire Chiefs since 2023, including the exit by Ben Lomond FPD from an agreement between the two fire districts for operational services. Three of the five board seats have seen turnover in the past two years; some more than once.
14) Lack of Trust with Board	Number of board resignations, misuse of District equipment, and possible Brown Act violations have resulted in the Board losing credibility within the community.
15) Lack of Urgency	The District has struggled to prepare for the future and relied on historic practices rather than proactively developing a strategic plan to evolve and modernize to ensure sustainability.
16) Lack of Planning	FFPD does not have a strategic plan to help guide the organization to evolve, modernize, and ensure sustainability. Decision making is primarily reactive to issues at the moment. Many reactive "solutions" implemented over the past few years have not proven successful.
Decline of Volunteerism	
17) Volunteer Model Unsustainable	Volunteer numbers have fluctuated by around two-thirds since the start of the year. A purely volunteer model is not considered practical for a department running 800-900 calls per year.
18) Recruitment Issue	FFPD has been unable to maintain a sufficient number of volunteers within their roster. Many applicants live outside the district, including several of the existing volunteers.
19) Broader Fire Agency Problem	The decline in volunteerism is not strictly a FFPD problem, but a local, state, and nationwide issue due to various factors including stringent requirements, changes in laws, decrease in availability and interest.

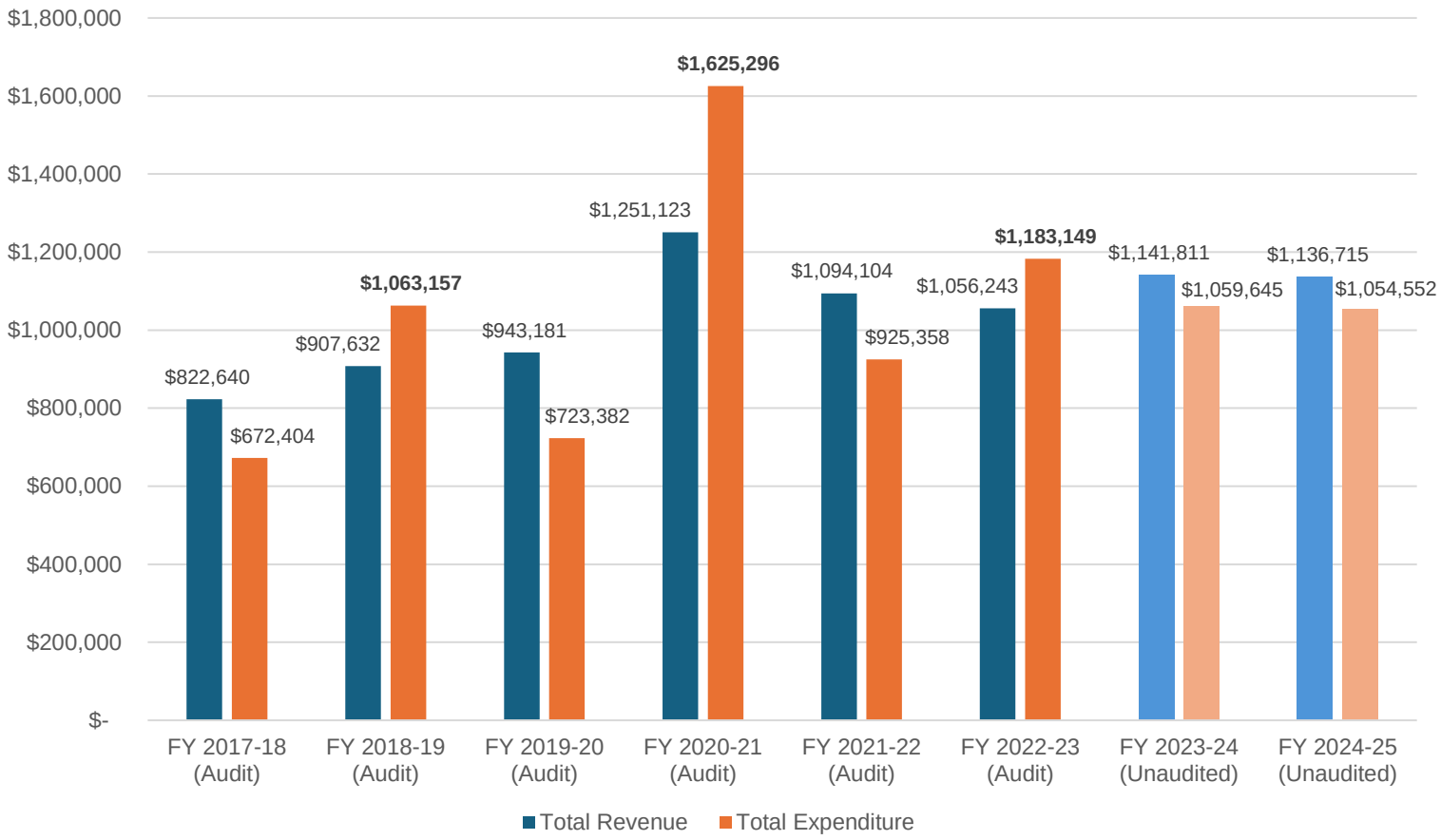
FINANCIAL OVERVIEW

State law requires special districts to conduct an annual audit. The law also requires special districts to file a report of the completed audit to the State Controller's Office and their respective LAFCO (Government Code Section 56036). Felton FPD completes their audits every two years. For purposes of this report, Felton FPD provided financial documents covering the last six years (FY 2017-18 to FY 2022-23). In addition, LAFCO analyzed the last two unaudited fiscal years (FY 2023-24 and FY 2024-25). This section will highlight the District's financial performance during the most recent fiscal years based on available information retrieved. Specifically, LAFCO evaluated FFPD's financial health from 2017 to 2025, as shown in **Tables 4 and 5** on pages 12 and 13. Below is a summary of LAFCO's findings.

Financial Performance – At a Glance

At the end of FY 2022-23, total revenue collected for the District was approximately $1.06 million, representing a decrease from the previous year ($1.09 in FY 2021-22). Total expenses for FY 2022-23 were approximately $1.2 million, which increased from the previous year by 28% ($925,000 in FY 2021-22). The District has ended with an annual deficit in three of the last six audited fiscal years, as shown in **Figure C**. Based on this financial pattern of running a deficit every other year, LAFCO anticipates the District will end this current fiscal year (FY 2024-25) in a deficit. LAFCO also believes that this negative trend may continue going forward under current operational requirements.

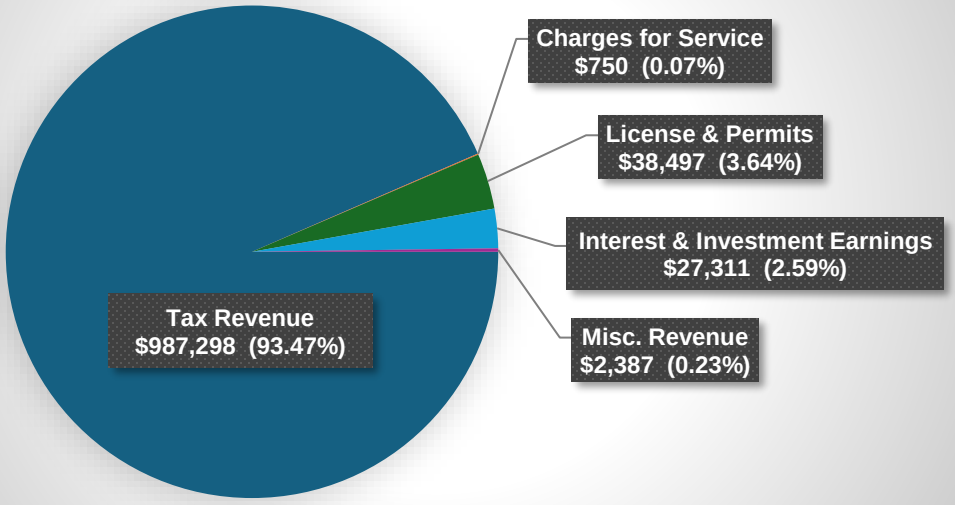
Figure C: Financial Performance (FY 2017-18 to FY 2024-25)



District Revenues

FFPD's revenue stream can be categorized into five groups: (1) tax revenue, (2) charges for services, (3) license & permits, (4) interest & investment earnings, and (5) miscellaneous revenue. FFPD's primary source of revenue is from Tax Revenue, specifically property taxes. **Figure D** highlights the revenue received during the last audited year (FY 2022-23).

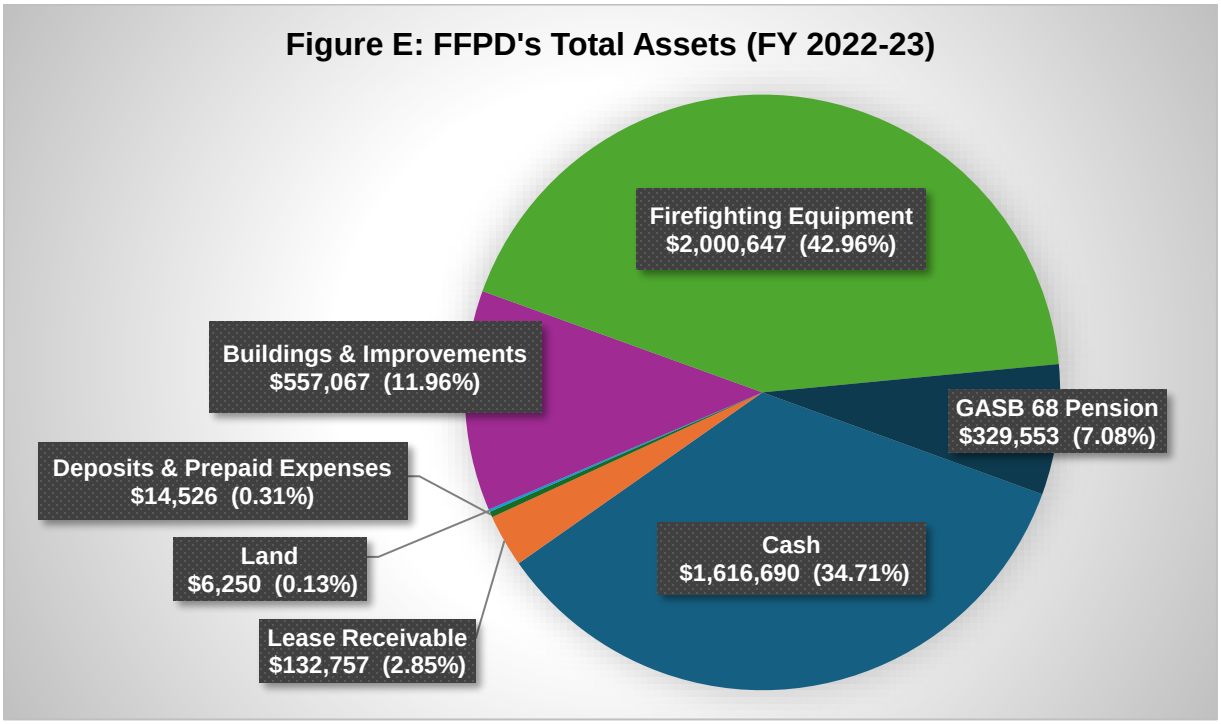
Figure D: FFPD's Revenue Source (FY 2022-23)



Existing Assets

FFPD's total assets can be categorized into two groups: current and capital assets. Current assets include cash on hand, lease receivable, and prepaid expenses. Capital assets include land, buildings and improvements, equipment, GASB 68 pension, and accumulated depreciation (which is deducted). **Figure E** shows the breakdown of all the assets from the last audited year (FY 2022-23).

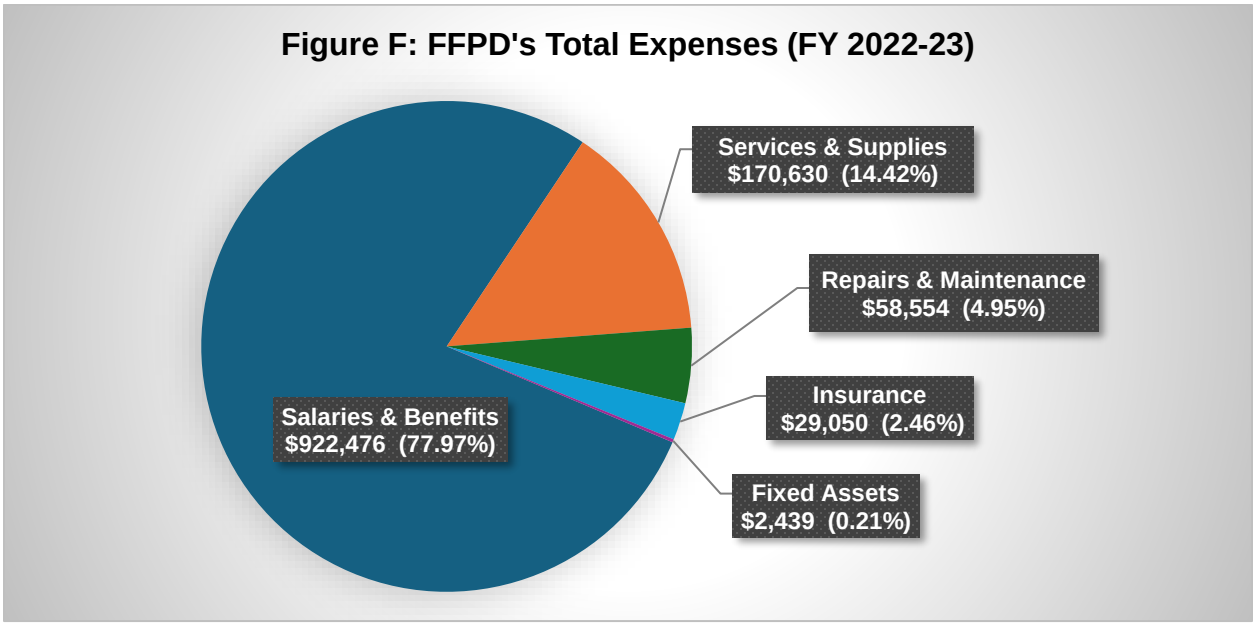
Figure E: FFPD's Total Assets (FY 2022-23)



District Expenses

FFPD's expenditures can be categorized into five groups: (1) salaries & benefits, (2) services & supplies, (3) repairs & maintenance, (4) insurance, and (5) fixed assets. FFPD's primary expense was, and continues to be, salaries & benefits. **Figure F** highlights the expenses incurred during the last audited year (FY 2022-23).

Figure F: FFPD's Total Expenses (FY 2022-23)



Existing Liabilities

FFPD's total liabilities can be categorized into two groups: current and long-term liabilities. Current liabilities include accounts payable, accrued payroll liabilities, and accrued compensated absences. Long-term liabilities include pension liabilities, lease payments, and GASB 48 pension. **Figure G** shows the breakdown of all the liabilities from the last audited year (FY 2022-23).

Figure G: FFPD's Total Liabilities (FY 2022-23)

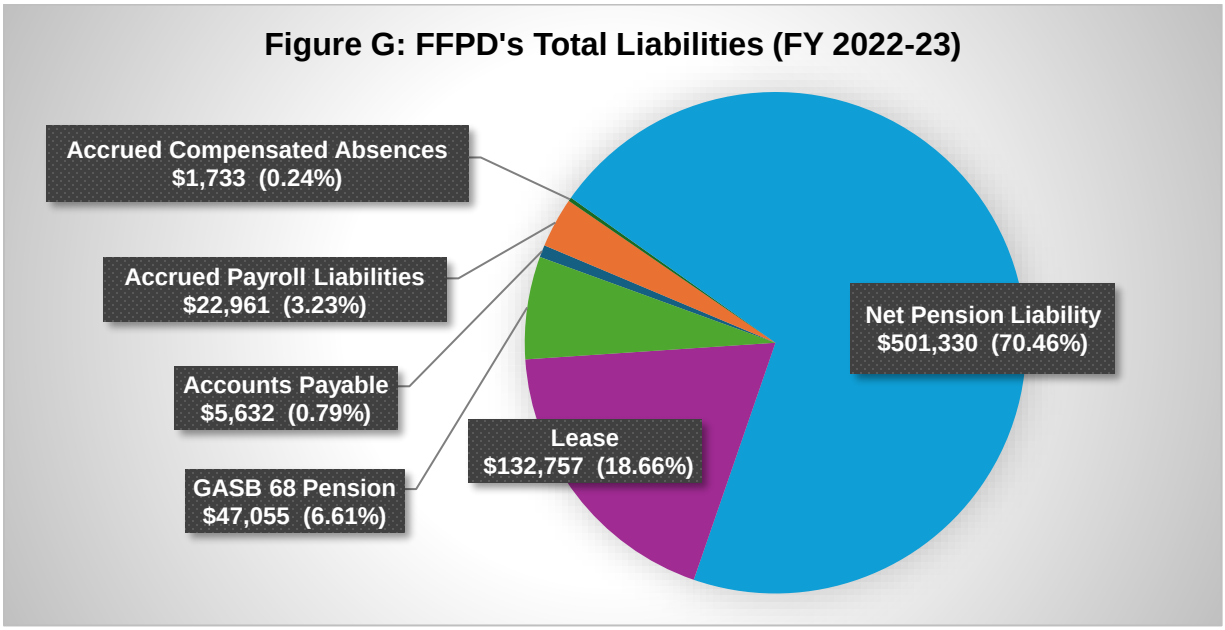


Table 4: Revenue & Expenditure Overview (2017 to 2025)

	FY 2017-18 (Audit)	FY 2018-19 (Audit)	FY 2019-20 (Audit)	FY 2020-21 (Audit)	FY 2021-22 (Audit)	FY 2022-23 (Audit)	FY 2023-24 (Unaudited)	FY 2024-25 (Unaudited)
REVENUE								
Tax Revenue	$ 764,255	$ 814,118	$ 850,375	$ 882,077	$ 929,946	$ 987,298	$ 1,027,468	$ 1,022,424
Strike Team Reimbursements	$ -	$ -	$ -	$ 186,825	$ -	$ -	$ -	$ -
Charges for Service	$ 700	$ 1,050	$ -	$ 250	$ 500	$ 750	$ -	$ 3,411
License & Permits	$ 20,908	$ 37,019	$ 38,055	$ 39,567	$ 40,122	$ 38,497	$ -	$ -
Interest & Investment Earnings	$ 36,391	$ 32,589	$ 33,941	$ 9,720	$ 7,082	$ 27,311	$ 94,916	$ 97,450
Intergovernmental Revenues	$ -	$ 15,312		$ -	$ -	$ -	$ 12,160	$ 6,751
Miscellaneous	$ 386	$ 7,544	$ 20,810	$ 132,684	$ 116,454	$ 2,387	$ 7,266	$ 6,996
Total Revenue	**$ 822,640**	**$ 907,632**	**$ 943,181**	**$1,251,123**	**$ 1,094,104**	**$1,056,243**	**$ 1,141,811**	**$ 1,137,032**
EXPENDITURE								
Salaries & Benefits	$ 406,972	$ 434,583	$ 407,449	$ 682,145	$ 642,840	$ 922,476	$ 617,027	$ 520,992
Services & Supplies	$ 152,534	$ 159,958	$ 215,921	$ 168,146	$ 164,137	$ 170,630	$ 341,540	$ 301,954
Repairs & Maintenance	$ 71,054	$ 43,915	$ 44,027	$ 45,759	$ 60,162	$ 58,554	$ -	$ -
Insurance	$ 22,566	$ 23,001	$ 25,794	$ 25,070	$ 27,345	$ 29,050	$ -	$ -
Fixed Assets	$ 19,278	$ 401,700	$ 30,191	$ 704,176	$ 30,874	$ 2,439	$ 101,078	$ 231,606
Total Expenditure	**$ 672,404**	**$1,063,157**	**$ 723,382**	**$1,625,296**	**$ 925,358**	**$1,183,149**	**$ 1,059,645**	**$ 1,054,552**
Surplus/(Deficit)	**$ 150,236**	**$ (155,525)**	**$ 219,799**	**$ (374,173)**	**$ 168,746**	**$ (126,906)**	**$ 82,166**	**$ 82,480**
FUND BALANCE								
Beginning Balance	$1,705,920	$1,856,156	$1,700,631	$1,920,430	$ 1,546,257	$1,715,003	$ 1,588,097	$ 1,670,264
Ending Balance	**$1,856,156**	**$1,700,631**	**$1,920,430**	**$1,546,257**	**$ 1,715,003**	**$1,588,097**	**$ 1,670,264**	**$ 1,752,743**

Table 5: Assets & Liabilities Overview (2017 to 2025)

	FY 2017-18 (Audit)	FY 2018-19 (Audit)	FY 2019-20 (Audit)	FY 2020-21 (Audit)	FY 2021-22 (Audit)	FY 2022-23 (Audit)	FY 2023-24 (Unaudited)	FY 2024-25 (Unaudited)
ASSETS								
Current Assets:								
Cash	$ 1,895,027	$ 1,745,582	$ 1,949,819	$ 1,568,024	$ 1,741,703	$ 1,616,690	$ 1,700,022	$ 1,773,765
Accounts Receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lease Receivable	$ -	$ -	$ -	$ -	$ 169,012	$ 132,757	$ -	$ -
Deposits & Prepaid Expenses	$ 12,004	$ 12,541	$ 12,541	$ 13,427	$ 13,673	$ 14,526	$ -	$ -
Total Current Assets	**$ 1,907,031**	**$ 1,758,123**	**$ 1,962,360**	**$ 1,581,451**	**$ 1,924,388**	**$ 1,763,973**	**$ 1,700,022**	**$ 1,773,765**
Capital Assets:								
Land	$ 6,250	$ 6,250	$ 6,250	$ 6,250	$ 6,250	$ 6,250	$ 6,250	$ 6,250
Buildings & Improvements	$ 508,445	$ 508,445	$ 508,445	$ 526,193	$ 557,067	$ 557,067	$ 526,193	$ 526,193
Firefighting Equipment	$ 1,854,295	$ 2,045,718	$ 2,045,718	$ 2,000,646	$ 2,000,647	$ 2,000,647	$ 2,000,646	$ 2,000,646
Construction in Progress	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Accumulated Depreciation	$(1,442,387)	$(1,380,891)	$(1,473,706)	$(1,207,610)	$(1,270,567)	$(1,345,315)	$(1,473,706)	$(1,473,706)
Total Capital Assets	**$ 926,603**	**$ 1,179,522**	**$ 1,086,707**	**$ 1,325,479**	**$ 1,293,397**	**$ 1,218,649**	**$ 1,059,383**	**$ 1,059,383**
TOTAL ASSETS	**$ 2,833,634**	**$ 2,937,645**	**$ 3,049,067**	**$ 2,906,930**	**$ 3,217,785**	**$ 2,982,622**	**$ 2,759,405**	**$ 2,833,148**
Deferred Outflow								
GASB 68 Pension	$ 145,657	$ 108,966	$ 86,137	$ 66,252	$ 185,217	$ 329,553	$ 66,252	$ 66,252
Total Deferred Outflow	**$ 145,657**	**$ 108,966**	**$ 86,137**	**$ 66,252**	**$ 185,217**	**$ 329,553**	**$ 66,252**	**$ 66,252**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$ 2,979,291**	**$ 3,046,611**	**$ 3,135,204**	**$ 2,973,182**	**$ 3,403,002**	**$ 3,312,175**	**$ 2,825,657**	**$ 2,899,400**
LIABILITIES								
Current Liabilities								
Accounts Payable	$ 5,776	$ 15,521	$ 11,337	$ -	$ 3,840	$ 5,632	$ 3,256	$ -
Accrued Payroll Liabilities	$ 33,095	$ 29,430	$ 18,052	$ 21,767	$ 22,860	$ 22,961	$ 29,176	$ 23,402
Accrued Compensated Absences	$ 300	$ 907	$ 5,407	$ 9,746	$ 4,450	$ 1,733	$ 9,746	$ 9,746
Total Current Liabilities	**$ 39,171**	**$ 45,858**	**$ 34,796**	**$ 31,513**	**$ 31,150**	**$ 30,326**	**$ 42,179**	**$ 33,148**
Long-Term Liabilities								
Net Pension Liability	$ 286,481	$ 289,453	$ 323,538	$ 367,798	$ 211,657	$ 501,330	$ 377,679	$ 367,798
Total Long-Term Liabilities	**$ 286,481**	**$ 289,453**	**$ 323,538**	**$ 367,798**	**$ 211,657**	**$ 501,330**	**$ 377,679**	**$ 367,798**
TOTAL LIABILITIES	**$ 325,652**	**$ 335,311**	**$ 358,334**	**$ 399,311**	**$ 242,807**	**$ 531,656**	**$ 419,858**	**$ 400,946**
Deferred Inflow								
Lease	$ -	$ -	$ -	$ -	$ 169,012	$ 132,757		
GASB 68 Pension	$ -	$ -	$ 5,581	$ 30,644	$ 177,317	$ 47,055		
Total Deferred Inflow	**$ -**	**$ -**	**$ 5,581**	**$ 30,644**	**$ 346,329**	**$ 179,812**	**$ -**	**$ -**
TOTAL LIABILITIES & DEFERRED INFLOWS	**$ 325,652**	**$ 335,311**	**$ 363,915**	**$ 429,955**	**$ 589,136**	**$ 711,468**	**$ 419,858**	**$ 400,946**
NET POSITION								
Net Investment in Capital Assets	$ 926,603	$ 1,179,522	$ 1,086,707	$ 1,325,479	$ 1,293,397	$ 1,218,649		
Unrestricted	$ 1,727,036	$ 1,531,778	$ 1,684,582	$ 1,217,748	$ 1,520,469	$ 1,382,058		
TOTAL NET POSITION	**$ 2,653,639**	**$ 2,711,300**	**$ 2,771,289**	**$ 2,543,227**	**$ 2,813,866**	**$ 2,600,707**	**$ -**	**$ -**
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$ 2,979,291**	**$ 3,046,611**	**$ 3,135,204**	**$ 2,973,182**	**$ 3,403,002**	**$ 3,312,175**	**$ -**	**$ -**

Pension Liability / CalPERS Buyout Option

Felton FPD has been a member of the California Public Employees' Retirement System (CalPERS) since May 1995. CalPERS is the largest public pension fund in the United States, administering retirement and health benefits for over 2 million public employees, retirees, and their families in California. It is LAFCO's understanding that Felton FPD has expressed interest in exiting from the system (often referred to as a "CalPERS buyout" or "termination"). If successful, this removal of long-term debt could make it easier for successor agencies to consider reorganization with Felton FPD. However, paying off all pension obligations with CalPERS and fully withdrawing from the system is a complex and highly regulated process. When a public agency (such as Felton FPD) initiates the process to terminate its CalPERS contract, CalPERS prepares a termination valuation to estimate how much the agency must pay to fully meet its pension obligations. Two key terms in this process are projected compensation and frozen compensation, which represent different assumptions used in calculating this liability.

- **Projected Compensation** assumes that employees' salaries will continue to increase in the future, based on historical trends or actuarial assumptions. CalPERS estimates that the projected compensation to buy out from its system will be $1,247,400 (Classic Plan of $1,219,100 plus PEPRA Plan of $28,300).

- **Frozen Compensation** assumes that for purposes of calculating pension, employees' salaries are frozen at their current levels as of the date of contract termination – in other words, any future increases in pay for any existing employees would not be used in their pension calculations. CalPERS estimates that the frozen compensation to buy out from its system will be $1,044,900 (Classic Plan of $1,030,400 plus PEPRA Plan of $14,500). Since Felton FPD currently has no employees, it is possible that the "Frozen Compensation Option" may be a reasonable choice should FFPD choose to pursue an exit from CalPERS.

Appendix C provides copies of CalPERS termination valuation and a breakdown of the two compensation calculations in more detail. In summary, Felton FPD would need to pay between $1,030,400 to $1,219,100 in order to formally withdraw from CalPERS. It is LAFCO's understanding that Felton FPD currently has approximately $1,774,000 cash on hand. Agencies seeking to end their membership must follow a series of formal steps to ensure compliance with CalPERS' rules and state law. Below is a breakdown of the major steps required to initiate and complete this process. **Table 6** on page 16 also illustrates the key steps in the termination process.

1) Board Adoption of Resolution of Intent to Terminate
   The first formal step is to adopt a *Resolution of Intent* to terminate their CalPERS contract. This resolution must be passed by the District's Board of Directors and formally notifies CalPERS of the agency's intent to terminate its contract. It is important to note that the resolution does not immediately terminate the contract, but rather simply initiates the termination process. State law requires that the resolution be adopted in an open session and reported to CalPERS. It is LAFCO's understanding that Felton FPD adopted a resolution of intent on March 3, 2025. **Appendix D** provides a copy of the adopted resolution.

2) Notification and Initial Actuarial Valuation

Once CalPERS receives the adopted resolution, it will perform a preliminary actuarial valuation to determine the district's termination liability, which is typically a higher amount than the district's normal unfunded accrued liability (UAL) since CalPERS uses a much more conservative set of assumptions to ensure long-term solvency of benefits once the member exits the system. As previously mentioned, **Felton FPD's termination liability is between $1,030,400 to $1,247,000**. Felton FPD would be required to pay the full termination liability in a lump sum if it wants to fully exit CalPERS and leave no further obligation to the successor agency.

3) Deadline and Timelines

Once the resolution of intent is submitted, and after CalPERS issues the termination liability estimate, Felton FPD must decide whether to move forward. Once the district confirms its intent to proceed, it must submit a final resolution to terminate. CalPERS requires that agencies meet all legal obligations, provide necessary employee and retiree data, and confirm they will pay the total liability. The termination process typically takes 6 to 12 months. It is important to note that CalPERS establishes a one-year deadline to complete the termination process. Therefore, **Felton FPD has until March 3, 2026** to complete the process before their request is withdrawn by CalPERS. Timing is crucial because actuarial valuations can change due to market fluctuations and demographic shifts. If Felton FPD fails to complete the termination process prior to March 3, 2026 deadline, then the process will have to be restarted with a new request.

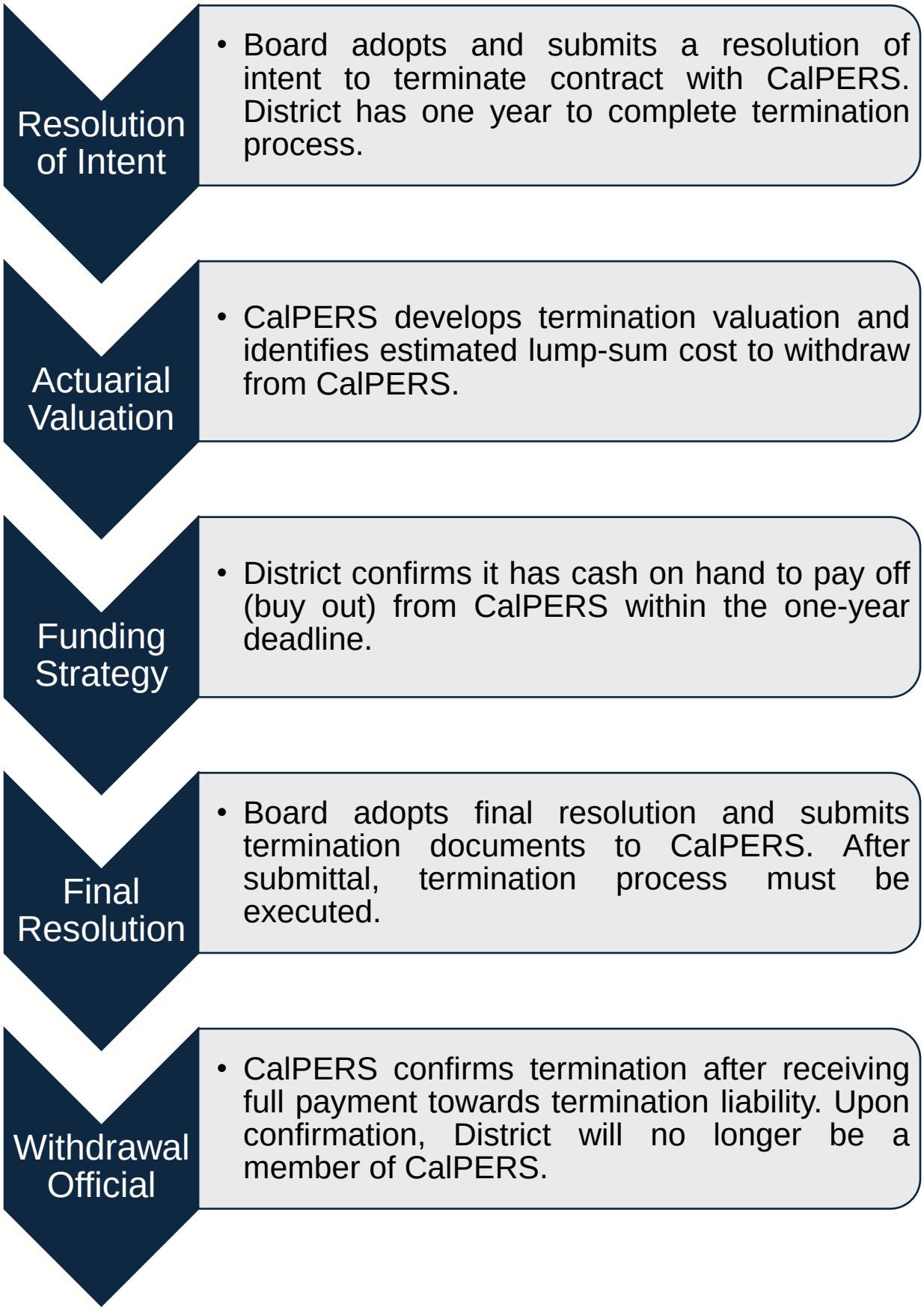
4) Funding and Lump-Sum Payment

To officially terminate, Felton FPD must pay CalPERS the entire termination liability as a lump sum. This funding can come from reserves, special tax revenue, or proceeds from asset sales or other funding strategies. Failure to fully fund the obligation at the time of termination can result in CalPERS reducing retiree benefits, although this is rare and only occurs in distressed or insolvent agencies. Based on LAFCO's analysis (shown in pages 9 to 13), **Felton FPD has approximately $1.8 million cash on hand** – which is enough to cover the buy-out amount. However, it will be important that FFPD retain enough cash on hand to cover "dry period" funding from July 1 to December 31 each year to avoid cashflow problems.

5) Final Termination Agreement and Completion

Assuming the FFPD Board adopts the final resolution, and after CalPERS receives the full payment, CalPERS will issue a *Final Termination Agreement*, confirming the agency has withdrawn from the system. **CalPERS will then assume responsibility for paying the current and active retiree and beneficiary benefits** directly using the lump sum provided from that point on. Felton FPD will no longer make contributions and cannot rejoin CalPERS unless it goes through a new enrollment process. After terminating the contract, no new employees can participate in CalPERS through Felton FPD, and the agency must seek alternative retirement options. In summary, this process is significant and permanent. Felton FPD should weigh all financial and operational impacts and considerations before deciding to exit CalPERS.

Table 6: CalPERS Termination Process



GOVERNANCE OPTIONS

Felton Fire Protection District as a Stand-alone Agency

An independent fire protection district is a local government agency established to provide essential fire suppression, emergency medical response, rescue services, and fire prevention resources to a specific geographic area. Most fire districts, including Felton FPD, operate under the Fire Protection District Law of 1987. In rural communities, many of these districts have historically relied on volunteer firefighters to meet the needs of their residents. However, maintaining a volunteer-based model has become increasingly difficult in today's world due to declining volunteerism, increased training requirements, rising call volumes, and the growing complexity of emergency response. Despite these challenges, rural fire districts can remain sustainable by evolving their operational models, such as the transition to a combination or fully career staffing model, hiring a full-time fire chief for consistent leadership and oversight, and securing stable funding through special taxes or benefit assessments approved by local voters. These strategic changes can help ensure Felton FPD can have a long-term viability as a rural fire district.

Option 1: Felton FPD Stays in Existence

At present, Felton FPD is operating under a volunteer-model that was first established in 1946 when the fire district was originally formed. This type of model has been proven to be unsustainable – which is why we see Felton FPD struggling to sustain its current operations and overall management. Sustainability hinges on having a full-time fire chief for leadership, a small team of full-time firefighters for consistent coverage, and supplemental volunteer or reserve firefighters to handle peak demand. Typically, a rural fire district serving a population of around 5,000 - 7,000 residents may require 6 to 9 full-time personnel to provide 24/7 coverage through rotating shifts (or alternative ways to maintain adequate coverage), along with administrative support. Annual operating costs in Santa Cruz County can range from $2 million to $3 million, depending on staffing levels, facility and equipment needs, insurance, and call volume. To remain viable, districts often rely on benefit assessments and special taxes approved by voters to supplement property tax revenue, ensuring that residents continue receiving timely and adequate fire protection and emergency services. The difference between assessments and special taxes is discussed in more detail on page 31 under *"Supplemental Revenue Measures."*

Strategic Plan

It is LAFCO staff's understanding that the contractual agreement between Felton and Ben Lomond FPDs ended on June 8, 2025. Under this contract, BLFPD was responsible for FFPD's internal operations and management, including but not limited to - acting as the District's Fire Chief, managing the firefighters and volunteers, paying all bills and invoices, processing payroll, retaining all digital and physical files, completing property and construction inspections, addressing fire prevention, completing plan checks and public education, conducting public hearings, addressing public requests, and fulfilling the statutory requirements as a special district. This was meant to be a two-year contract but ended after a few months. This abrupt departure by BLFPD has left FFPD once again without proper staffing levels and leadership. There needs to be a strategic plan in place if Felton FPD plans to continue operating as a sustainable and standalone fire district.

Felton FPD must hire new personnel in order to fulfill the statutory requirements outlined in Health & Safety Code Section 13800 et seq. It is unknown how many staff members are needed or how much it will cost to hire them. The District has one of the lowest revenue streams in the county and approximately 90% is already allocated for salaries and benefits. As the District currently has no full-time employees, the funding allocated for salaries and benefits is being used to reimburse Ben Lomond and Zayante for staffing services and to pay stipends to members available to staff the station during the day. Thus, the actual expenses in the salary and benefits category will likely not closely match the budgeted amount. It is LAFCO's assumption that the residents will need to support and approve a special tax/benefit assessment in order to be self-sufficient. It is important to note that LAFCO staff, at present, has major reservations about FFPD's ability to comply with the statutory requirements with regards to administrative responsibilities.

It is LAFCO's understanding that it required all of Ben Lomond FPD's administrative staff, including their Fire Chief, to fulfill the daily, weekly, monthly, quarterly, and annual duties on behalf of FFPD under the now defuncted contract. LAFCO staff believes that a new and full-time fire chief would have difficulty in fulfilling these requirements alone – even more so as a part-time employee. While LAFCO recognizes the proactive efforts by the interim fire chief and passionate board members, LAFCO discourages the District from using board members to act as FFPD's "unofficial administrative staff." It is the responsibility of the District staff, not the board, to complete all internal operations. That is why LAFCO is requiring the District to develop a detailed plan on how internal operations and all administrative duties will be completed and identifies the responsible staff member(s). **Appendix E** provides an example of the areas that must be identified and addressed. This example is meant to be used as a guideline. Transitioning away from a volunteer-based model will be difficult but a detailed plan will lay the foundation for a transparent and successful process. If Felton FPD decides to continue as a stand-alone agency, it must submit a detailed strategic plan to LAFCO no later than October 6, 2025. Due to the significant changes needed to remain as a standalone agency, **LAFCO ranks this option as #7 out of 12.**

Reorganization with a Local Fire District

An independent fire district may consider dissolving itself and concurrently annexing into a neighboring fire district (also known as a reorganization) as a strategic response to ongoing operational, financial, and/or administrative challenges. This approach is often driven by the need to improve service delivery, reduce duplication of efforts, address staffing shortages, or stabilize long-term funding. By merging resources with a neighboring agency, Felton FPD can ensure continued emergency response coverage and enhance overall efficiency in service delivery while also experiencing the benefits from being part of a larger organizational infrastructure with more administrative support and professional leadership. This decision is typically rooted in a desire to better serve the respective community and ensures the sustainability of fire protection and emergency services by transferring responsibility to another local agency with capabilities to provide the requested services. LAFCO has identified five different reorganization scenarios for consideration. The following section explains the LAFCO process and discusses those five scenarios in more detail.

Reorganization Process

LAFCO oversees changes of organization for cities and special districts, which may involve the consolidation, merger, or dissolution and concurrent annexation involving two or more agencies (also known as a reorganization). In this case, the process typically begins with an application submitted by one or both fire districts, the County, or through a LAFCO-initiated resolution. A comprehensive plan for service is prepared outlining the governance, service delivery, staffing, and financial impacts of the proposed reorganization. LAFCO conducts a thorough review, including public hearings, environmental review (if applicable), and consultation with the affected agencies. If approved, the decision may be subject to protest proceedings or a special election, depending on the public response. Once finalized, LAFCO records the reorganization, files with the State Board of Equalization, and the new successor agency structure becomes official. As part of this process, a more robust evaluation will be conducted if this option is considered and initiated by Felton FPD. LAFCO will also require a $8,000 deposit from the applicant to process any proposed reorganization.

Reorganization Options

Based on LAFCO's analysis, and the proximity of neighboring fire agencies, there are five potential reorganization options for Felton FPD's consideration – each with their own level of service / viability. **Figure H** on page 23 shows the neighboring fire districts within proximity of Felton FPD's jurisdictional boundary.

- Option #2: Reorganization with Ben Lomond Fire Protection District
- Option #3: Reorganization with Boulder Creek Fire Protection District
- Option #4: Reorganization with County Service Area 48 (County Fire)
- Option #5: Reorganization with Scotts Valley Fire Protection District
- Option #6: Reorganization with Zayante Fire Protection District

These five options are examined in more detail below.

Option 2: Reorganization with Ben Lomond Fire Protection District

A potential reorganization between Felton and Ben Lomond FPDs would need to address several key operational and financial considerations to ensure a successful merger. Both districts currently operate under a primarily volunteer staffing model, supplemented by a limited number of paid personnel. This shared structure could facilitate alignment in personnel practices and operational expectations during and after reorganization.

Governance is another critical factor to consider, as both districts are overseen by locally elected boards of directors, and each are composed of five members. Any reorganization would require determining how board representation would be managed moving forward to ensure fair and balanced oversight for all constituents. Additionally, the current full-time paid Fire Chief position in place at Ben Lomond FPD could play a unifying leadership role, but the scope and oversight responsibilities of this position would still need to be redefined to lead and support a larger, combined agency. Financially, the combined revenue of approximately $2.27 million projected for fiscal year 2025–26 provides a starting point to consider budgeting and resource allocation. However, before reorganization can move forward, these significant discrepancies must be addressed:

- CalPERS Membership: BLFPD is not currently a CalPERS member, which may impact benefits, liabilities, & employment terms for FFPD paid staff post-reorganization.
- Supplemental Revenue: Neither BLFPD nor FFPD have a supplemental revenue source; therefore, the only available funding consists of the combined total of the property tax receipts allocated to the two districts. If additional funding is needed to provide an appropriate service model, voters in the combined district would need to approve the additional charges.
- Service Model: The proposed service model and long-term cost structure for a combined district remain unknown. A feasibility study and public engagement process would be necessary in both districts to evaluate and design a sustainable operational model that maintains service quality while ensuring fiscal responsibility.

In conclusion, a reorganization between Felton FPD and Ben Lomond FPD may be possible – there are similarities between the two neighboring fire districts, and they have worked together in the past. However, due to the recent abrupt contract cancellation between the two agencies and the potential need for more funding, the viability of this option is moderate at this time. **Therefore, LAFCO ranks this option as #3 out of 12.**

Option 3: Reorganization with Boulder Creek Fire Protection District

A reorganization between Felton FPD and the Boulder Creek FPD presents both opportunities and challenges that must be carefully addressed to ensure a smooth and effective transition. Both agencies operate with a primarily volunteer staffing model supplemented by limited paid personnel, which could ease integration of operations and expectations. However, determining a sustainable and unified service model that reflects the needs of both communities with the available financial resources remains a critical step that is yet to be defined. The current full-time paid Fire Chief position in place at Boulder Creek FPD could play a unifying leadership role, but the scope and oversight responsibilities of this position would need to be redefined to lead and support a larger, combined agency. Although the governance structures are compatible, as both districts are overseen by locally elected five-member boards of directors, a reorganization would require agreement on how board representation would be managed post-reorganization with an emphasis on maintaining equitable community input. BCFPD's status as a CalPERS agency would likely require that BCFPD assume the FFPD CalPERS contract and associated assets and liabilities. The two agencies' PERS plans are nearly identical, smoothing any potential issues with employment transition. Also, BCFPD benefits from a $41 per parcel voter-approved special tax which could result in an additional $100,000 annually from the Felton community, should reorganization come to fruition.

A significant logistical challenge is that the two districts are not geographically contiguous. At this time Ben Lomond FPD sits between Boulder Creek FPD and Felton FPD. While the Fire Protection District Law of 1987 allows for the annexation of non-contiguous territory, the outcome may result in irregular boundaries, service confusion, and governance concerns. Annexing non-contiguous territory creates irregular, "leapfrogged" district boundaries which may lead to unclear jurisdictional lines. This may result in

confusion about which fire district is responsible for a specific area and could lead to slower response times in emergencies. Additionally, if the annexing district must bypass or duplicate services provided by another local fire district, it may waste resources and may result in overlapping coverage. Despite these challenges, the estimated combined revenue of $2.58 million (excluding the special tax) suggests there may be sufficient resources to develop a financially sustainable district, provided a clear, efficient service model can be established. However, the non-contiguous annexation would need to be clearly addressed if considered. **Therefore, LAFCO ranks this option as #4 out of 12.**

Option 4: Reorganization with County Service Area 48 (County Fire)

A potential reorganization between Felton FPD and the County Service Area 48 (CSA 48), served under a CAL FIRE contract model, would represent a significant shift in governance and service delivery for the Felton community. Unlike FFPD's locally elected board of directors, CSA 48 is governed by the Santa Cruz County Board of Supervisors, meaning that local control would be relinquished in favor of county-level oversight. This governance change would need to be clearly communicated to the affected community members to ensure transparency and establish public trust. The current service model under CSA 48 relies on a contractual relationship with CAL FIRE for fire protection services. While both the County and CAL FIRE are CalPERS members, which aligns pension structures, many operational and cost-related details remain undetermined, including staffing levels, station coverage, and response times. Financial sustainability is another key consideration. CSA 48 is funded through two existing benefit assessments totaling $367 per single family equivalent (SFE); however, it is unclear whether this revenue is sufficient to cover the costs of absorbing FFPD's service area and maintaining current or improved service levels. The total revenue potential of an expanded CSA 48 that includes the Felton community is also unknown, making it difficult to evaluate long-term financial viability without a comprehensive fiscal analysis.

The CAL FIRE model, under CSA 48, offers operational efficiencies and continuity under a larger system. In other words, the Felton community could see an increase in service level from a well-established fire organization that is already providing services in the San Lorenzo Valley compared to their current status. A successful transition would hinge on clear planning, financial transparency, and assurance that service quality would be preserved or enhanced for Felton residents. These benefits are why another fire reorganization involving CSA 48 and the Pajaro Valley Fire Protection District is currently underway. Additionally, the County and LAFCO are in the process of exploring the concept of transitioning CSA 48 from a "county department" to a standalone/independent fire protection district. CSA 48 may be strategically positioned to become the successor agency for any struggling fire district in Santa Cruz County. **Therefore, LAFCO ranks this option as #2 out of 12.**

Option 5: Reorganization with Scotts Valley Fire Protection District

A reorganization between Felton and Scotts Valley FPDs would involve transitioning from Felton's primarily volunteer-based fire service model to a fully career-operated agency with enhanced staffing and service capabilities. SVFPD maintains a professional structure with a minimum of three-person paramedic engine staffing, offering advanced emergency

medical response that exceeds the current service level in Felton. Both agencies are governed by locally elected five-member boards of directors, allowing for a compatible governance transition, though representation and local accountability would need to be preserved in the new structure. SVFPD is a CalPERS member, which aligns with FFPD's existing structure for paid staff and provides consistency in retirement and employment benefits. However, expanding SVFPD's service area to include Felton would come at a significant cost (appx. $3 to $4 million annually). To make this expansion feasible, the reorganization would require the approval of a new supplemental revenue source in the range of $2 to $3 million per year. This likely means placing a tax or benefit assessment before voters in the Felton community while also requiring strong community engagement, education, and support.

Despite the operational and governance alignment, SVFPD has indicated that they are not currently interested in pursuing a reorganization. This lack of interest is a key limiting factor, as any reorganization would require mutual agreement, political will, and a shared vision from both agencies. Unless SVFPD's position changes, this option remains infeasible in the near term, though it could be revisited in the future. **Therefore, LAFCO ranks this option as #12 out of 12.**

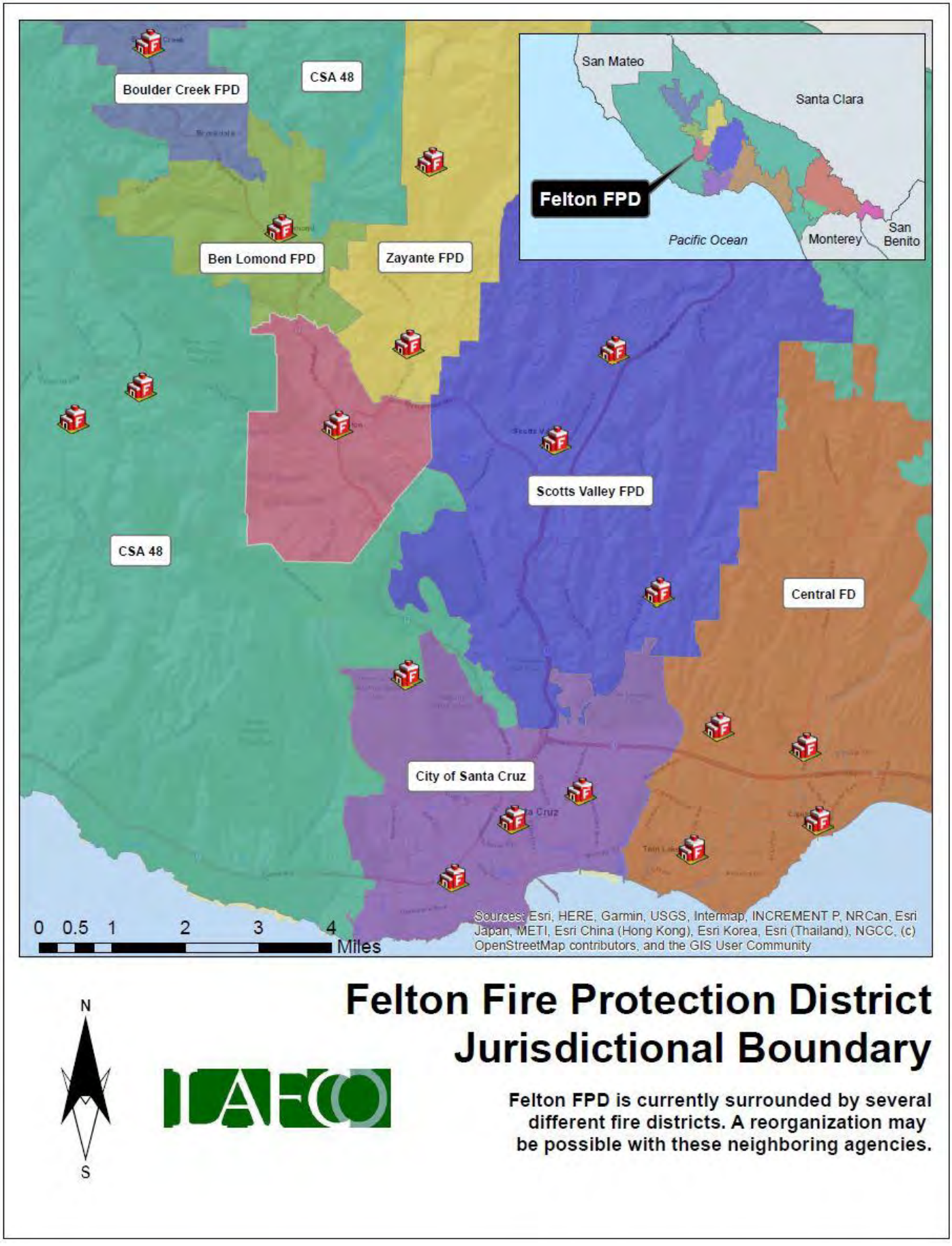
Option 6: Reorganization with Zayante Fire Protection District

A reorganization between Felton and Zayante FPDs is a viable option that would require careful coordination around staffing models, governance, finances, and long-term service delivery planning. ZFPD is currently operating a combination paid/volunteer department, which could align well with FFPD's existing structure and facilitate a smoother operational merger. Both districts are governed by locally elected five-member board, which would allow for a relatively seamless governance transition, provided that representation from both communities is preserved in any restructured board.

Financially, ZFPD benefits from a $290 per parcel voter-approved special tax, which if applied to the parcels in Felton FPD could contribute an estimated $700,000 per year in supplemental revenue if reorganized with ZFPD. The total combined revenue of the new agency is projected to be approximately $2.8 million in FY 2026–27, providing a solid foundation for ongoing operations. However, ZFPD is not a CalPERS member and has made it clear that a reorganization plan would hinge on FFPD's exit from the CalPERS system. This particular issue would be a key consideration in the reorganization process.

While the service model and long-term operational costs have not yet been determined, both districts share a small-district culture and community focus, which may help facilitate a unified approach to staffing, emergency response, and financial planning. A successful reorganization would depend on the development of a joint service plan, a clear fiscal strategy, and engagement with both communities to build support and ensure continued quality of service. A reorganization between FFPD and ZFPD could also enhance operational efficiency, improve staffing resilience, and create economies of scale that benefit both agencies. For ZFPD and the broader San Lorenzo Valley fire districts, it could foster more coordinated service delivery, reduce duplication, and strengthen long-term sustainability in the face of increasing emergency demands and fiscal pressures. **Therefore, LAFCO ranks this option as #1 out of 12.**

Figure H – Neighboring Fire Agencies (for Potential Reorganization)



Contract with a Local Fire Agency

An independent fire district may choose to enter into a contractual agreement with a neighboring fire agency for various reasons, including but not limited to enhancing the effectiveness, efficiency, and sustainability of its operations while continuing to serve its community with locally governed fire protection services. This type of collaborative arrangement allows Felton FPD to access experienced leadership, such as a shared fire chief and administrative support, without the full cost or complexity of hiring and maintaining an independent operational structure. By leveraging the strengths of a more resourced fire agency, Felton FPD can improve service delivery, streamline operations, and ensure regulatory compliance, all while preserving its local control, board authority, and community identity. LAFCO has identified seven different contractual scenarios for consideration. The following section explains the LAFCO process and discusses those seven scenarios in more detail.

LAFCO Process

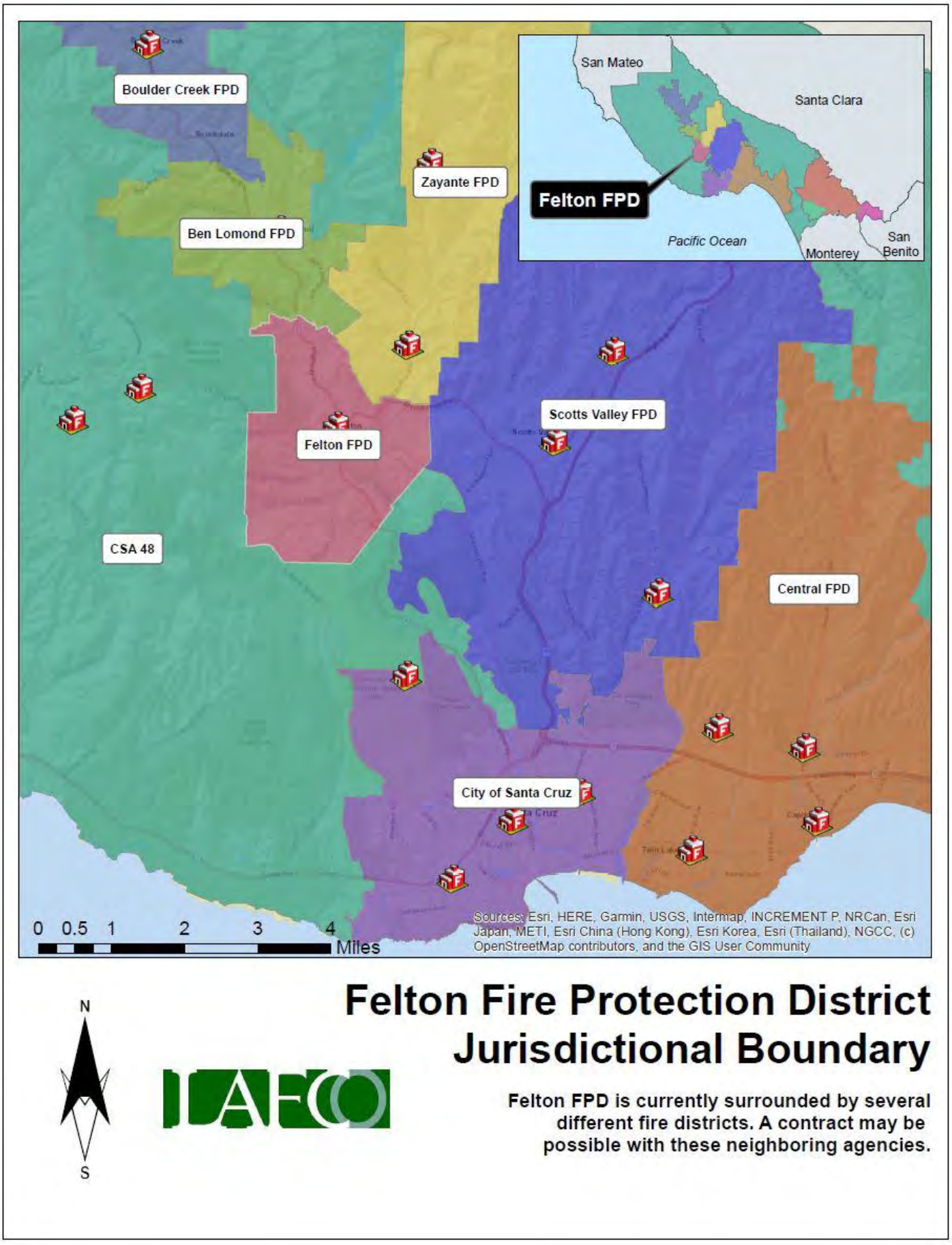
State law allows two or more public agencies (ex. cities and special districts) to enter into contracts to share resources and/or provide services to maximize efficiencies, share costs, and in most cases promote good government. Contracts between two or more public agencies do not require LAFCO action. However, Senate Bill No. 239 made changes to LAFCO's purview over fire contracts in 2015. SB 239, which went into effect on January 1, 2016, amended Government Code Sections 56017.2 and 56133, and added Section 56134. In accordance with SB 239, public agencies, under specified circumstances, must receive written approval from the LAFCO in an affected county before providing new or extended fire protection services outside the agencies' jurisdictional boundaries, if the contract results in either of the following conditions: (1) transfers responsibility for providing services in more than 25% of the area within the jurisdictional boundaries of any public agency affected by the contract or agreement; or (2) changes the employment status of more than 25% of the employees of any public agency affected by the contract or agreement. The new law places added responsibilities on local and state agencies, plus LAFCO. Since there are many uncertainties with respect to implementation of SB 239, **Appendix F** provides guidelines to assist the Commission, affected agencies, and the public to ensure that a consistent approach for the review and approval of fire protection contract applications.

Contractual Options

Based on LAFCO's analysis, and the proximity to neighboring fire agencies, there are six potential contractual options for Felton FPD's consideration – each with its own potential of success / viability. **Figure I** on page 25 shows the neighboring fire districts within proximity to Felton FPD's jurisdictional boundary.

- Option #7: Contract with Ben Lomond Fire Protection District
- Option #8: Contract with Boulder Creek Fire District
- Option #9: Contract with Scotts Valley Fire Protection District
- Option #10: Contract with Zayante Fire Protection District
- Option #11: Contract with the City of Santa Cruz
- Option #12: Contract with CAL FIRE

Figure I – Neighboring Fire Agencies (for Potential Contractual Agreements)



Key Factors to Consider

Two fire districts can successfully enter into a cooperative agreement where one district provides operational and administrative support to the other by engaging in a structured, collaborative planning process that clearly defines expectations, responsibilities, and financial terms. The first step is to jointly determine the desired level of service and the service delivery model (such as staffing standards, response times, and types of calls covered) to ensure that both districts understand the operational outcomes the contract is intended to achieve. This includes deciding whether the service will be provided 24/7, whether it includes command staff, paramedic response, or station coverage, and how services will be adapted to the supported district's needs.

Equally important is identifying which services will and will not be included in the agreement. For example, while fire suppression, emergency medical services, and training might be covered, services like fleet maintenance or fire prevention may be excluded or negotiated separately. Clarifying these details up front helps avoid confusion and potential conflict later. The districts must also determine the employment status of all personnel involved. This includes whether paid staff and volunteers in the supported district will remain employed or affiliated with their current agency, or be integrated into the supporting agency's workforce. Addressing CalPERS participation, workers' comp, and volunteer policies is critical to ensure compliance and continuity of service.

An assessment of unfulfilled needs, such as deficiencies in facilities, staffing, apparatus, or equipment, should be conducted collaboratively to understand what gaps the supporting district may be expected to help fill, and whether additional funding or resources are required. Finally, contract terms must be carefully negotiated, including the total cost of services, duration of the agreement, performance measures, liability, and mechanisms for renewal or termination. A well-crafted agreement with clear roles, equitable cost-sharing, and mutual accountability lays the foundation for a successful partnership that enhances fire and emergency services for both communities.

Option 7: Contract with Ben Lomond Fire Protection District

Felton FPD could explore contracting with the Ben Lomond FPD for operational and administrative support by leveraging their similar service models, which are both rooted in volunteer staffing supplemented by limited paid personnel. Under such an arrangement, BLFPD could provide part-time leadership oversight, assistance with training and administration, and emergency response support from its station when available. The contract could also include a limited number of paid staff hours or shared use of duty personnel to enhance coverage and continuity.

However, the viability of this option is currently very low due to a recent history of a failed contractual relationship between the two districts. That experience has likely contributed to diminished trust, unresolved operational concerns, and potential political or organizational resistance. While the service models are technically compatible, and geographic proximity allows for practical coordination, past challenges present a significant barrier to reestablishing a formal partnership. As such, any attempt to renew a

contract would require a deliberate rebuilding of relationships, clear definition of roles and expectations, and a mutually agreed-upon framework to avoid repeating prior issues. Without strong mutual interest and leadership commitment from both boards, the likelihood of a successful long-term agreement remains minimal. **Therefore, LAFCO ranks this option as #11 out of 12.**

Option 8: Contract with Boulder Creek Fire District

Felton FPD could consider contracting with the Boulder Creek FPD for operational and administrative support, given their shared service model of volunteer firefighters supplemented by limited paid staff. In theory, this arrangement could include shared administrative oversight, joint training efforts, and scheduled staffing support. However, several significant challenges limit the viability of this option. The two districts do not share a contiguous boundary, complicating direct emergency response coordination and raising questions about jurisdictional efficiency. Additionally, BCFPD has no prior experience contracting for fire or administrative services, which means developing a functional agreement would require building new governance, operational, and financial frameworks from scratch. Moreover, BCFPD's current service model may not meet Felton FPD's operational needs, especially if more robust or immediate staffing and command coverage is required. Both districts may also face infrastructure limitations, including facilities, equipment, and staffing capacity, that would hinder BCFPD's ability to take on additional responsibilities. Given these factors, the potential for a successful contract between FFPD and BCFPD is considered low at this time. **Therefore, LAFCO ranks this option as #5 out of 12.**

Option 9: Contract with Scotts Valley Fire Protection District

Felton FPD could consider contracting with Scotts Valley FPD for operational and administrative support, which would provide a significant upgrade in service delivery. SVFPD operates a fully paid, professional model with three-person Advanced Life Support (ALS) engine staffing, supplemented by paid-call firefighters. This model offers high-level emergency medical and fire response capabilities that could greatly benefit Felton. However, the feasibility of such a contract is very low due to several critical challenges. Felton FPD's current infrastructure, including facilities, equipment, and staffing resources, would likely require substantial upgrades to meet the operational standards and service demands of SVFPD. Additionally, the cost of providing service to Felton under this model is estimated to be in the range of $3 to $4 million annually, which far exceeds Felton FPD's current revenue capacity. Given these significant financial and logistical barriers, a contractual arrangement with SVFPD is not considered a viable option at this time. **Therefore, LAFCO ranks this option as #10 out of 12.**

Option 10: Contract with Zayante Fire Protection District

Felton FPD could potentially contract with Zayante FPD for operational and administrative support, leveraging their similar service models and geographic proximity. ZFPD currently provides Basic Life Support (BLS) engine staffing with a limited number of paid personnel, supplemented by volunteers, and could offer coverage through scheduled staffing and response from its station. While ZFPD has no prior history of entering into service

contracts with another agency, the alignment in organizational scale and structure makes this partnership more feasible than others Felton has considered.

However, several challenges would need to be addressed to move forward. It is currently unknown whether ZFPD can meet Felton's staffing needs, particularly given the very low compensation offered for paid positions, which may hinder recruitment and retention. Additionally, a new supplemental revenue source would likely need to be approved by Felton voters in order to fund the increased operational capacity, and overall costs have not yet been determined. Infrastructure improvements (such as equipment, station upgrades, or shared administrative systems) may also be necessary to support the partnership. Despite these hurdles, this option holds moderate viability, provided both districts are willing to engage in careful planning, financial analysis, and community outreach to build a sustainable, shared-service model. **Therefore, LAFCO ranks this option as #6 out of 12.**

Option 11: Contract with the City of Santa Cruz

Felton FPD could consider contracting with the City of Santa Cruz for operational and administrative support, which would provide access to a highly professionalized fire service model featuring three-person Advanced Life Support (ALS) engine staffing. This would significantly elevate Felton FPD's current level of service by ensuring consistent emergency response and paramedic-level care. However, the potential viability of this option is very low due to a number of critical challenges. The two jurisdictions are not geographically contiguous, creating logistical complications for daily response operations and mutual aid efficiency. Felton FPD's infrastructure, such as facilities, equipment, and communications systems, would likely require major upgrades to meet the operational standards of a full-service municipal fire department. Additionally, the estimated cost of service, ranging from $3 to $4 million per year, is well beyond Felton FPD's current financial capacity. Cultural and organizational differences also present a barrier; the City of Santa Cruz Fire Department operates as a large, urban municipal agency with a different firefighter culture, compensation model, and staffing demographics compared to Felton FPD's smaller, community-based fire district. These structural and financial mismatches make this partnership an impractical and unsustainable option at this time. **Therefore, LAFCO ranks this option as #8 out of 12.**

Option 12: Contract with CAL FIRE

Felton FPD could consider contracting with CAL FIRE for operational and administrative support, potentially implementing a service model that includes three-person BLS staffing, supplemented by volunteers and oversight from a Battalion Chief. This arrangement could offer consistent staffing, enhanced supervision, and integration into the broader state fire protection system. However, the viability of this option is very low due to several major challenges. First, Felton FPD would need to negotiate a new contract with the State of California, which may or may not fall under the Amador Plan model (an agreement that allows for year-round staffing outside the normal fire season) but will require a 3-0 staffing model at minimum. This process can be complex, lengthy, and dependent on state approval. Additionally, Felton FPD's current infrastructure, including fire stations,

equipment, and support systems, would likely require significant upgrades to meet CAL FIRE's operational standards. The estimated cost for service, ranging from $3-4 million annually, far exceeds Felton FPD's current funding capacity. These financial, contractual, and infrastructure obstacles significantly limit the feasibility of entering into a contract with CAL FIRE at this time. **Therefore, LAFCO ranks this option as #9 out of 12.**

Other Options Not Analyzed

Hiring private firefighters or increasing volunteers is not a viable solution for a failing rural fire protection district because both options lack sustainability, reliability, and cost-effectiveness. Private fire services are often too expensive for struggling districts and may not prioritize public safety over profit. At the same time, recruiting and retaining volunteers has become increasingly difficult due to declining interest, demanding training requirements, and high burnout rates. These approaches also raise liability concerns, may not integrate well with local emergency systems, and fail to address the core issue of chronic underfunding. Lasting solutions require structural changes, stable funding, and professional staffing—not temporary or inconsistent fixes. Therefore, these options were not analyzed in this report.

In conclusion, LAFCO has analyzed 12 potential options that may ensure the Felton community receives adequate fire protection and emergency medical services as the Felton Fire Protection District looks for a better way to serve its community. **Table 7** on page 30 provides an overview of each governance option. **Table 8** on page 30 also summarizes the ranking order determined by LAFCO's analysis and conclusions. These two tables are meant to be for informational purposes only and do not require Felton FPD to select a particular option based on ranking alone.



Table 7: Overview of Governance Options

Options	Governing Board	Staffing[1]	Annual Cost[2]	Supplemental Revenue	Political Factors[3]	Viability
1. Standalone	FFPD Board	2 on duty 3 on duty	$2 million $3 million	$1-2 million	Low	Low
Reorganization with…						
2. Ben Lomond FPD	BLFPD Board	1 on duty (and volunteers)	$1.1 million	N/A	High	Moderate
3. Boulder Creek FPD	BCFPD	1 on duty (and volunteers)	$1.2 million	$41/parcel ($100,000)	High	Moderate
4. CSA 48	County Board of Supervisors	3 on duty (24hr)	$3-4 million	$2-3 million	Moderate	High
5. Scotts Valley FPD	SVFP Board	3 on duty (24hr)	$3-4 million	$2-3 million	High	Very Low
6. Zayante FPD	ZFPD Board	3 on duty (24hr)	$1.8 million	$290/parcel ($700,000)	High	High
Contract with…						
7. Ben Lomond FPD	No Change; FFPD Board remains the overseeing body	1 on duty (and volunteers)	$1.1 million	N/A	Very High	Very Low
8. Boulder Creek FPD		1 on duty (and volunteers)	$1.1 million	N/A	High	Low
9. CAL FIRE		3 on duty (24hr)	$3-4 million	$2-3 million	Low	Very Low
10. City of Santa Cruz		3 on duty (24hr)	$3-4 million	$2-3 million	Low	Very Low
11. Scotts Valley FPD		3 on duty (24hr)	$3-4 million	$2-3 million	High	Very Low
12. Zayante FPD		4 on duty (Mon-Fri; 8 hr.) 2 on duty (Sat-Sun)	$1.1 million	N/A	High	Low

Table 8: Ranking of Governance Options

Options	Ranking
Reorganization with Zayante FPD	1
Reorganization with CSA 48	2
Reorganization with Ben Lomond FPD	3
Reorganization with Boulder Creek FPD	4
Contract with Boulder Creek FPD	5
Contract with Zayante FPD	6
Remain as a Standalone Agency	7
Contract with the City of Santa Cruz	8
Contract with CAL FIRE	9
Contract with Scotts Valley FPD	10
Contract with Ben Lomond FPD	11
Reorganization with Scotts Valley FPD	12

[1] Options 1 and 6 are based on projected need. For all others, based on the agency's current model.

[2] Funds to cover the cost are generated within the FFPD territory. All figures are conceptual estimates.

[3] This column acknowledges the relative impact of the many intangible factors that will need to be addressed to get to an agreement. It is given that history, cultural similarities or differences, representation, the appearance of fairness, cost allocation, and a host of other issues will have to be discussed and agreed upon before any change in organization can be successfully implemented.

SUPPLEMENTAL REVENUE MEASURES

With approximately $1.1 million in annual revenue collected, FFPD lacks adequate funding to provide an appropriate level of fire protection and emergency medical services to its respective community. Consequently, regardless of which option is chosen to move forward, additional and ongoing revenue will be required to supplement the existing revenue stream. The amount of supplemental revenue needed will depend upon the cost of the service model chosen. The difference between the revenue currently collected and the funds needed to support the service model chosen will determine the scale of charges that will be applied to parcels within the current FFPD territory. For example, if the Felton community preferred to have 3 people on duty on a 24/7 schedule, then an additional $2 million (approximately) would be required. Under this hypothetical scenario, a flat parcel tax or assessment could be more than $700/year per parcel. It is important to note that a comprehensive feasibility study would be required to determine the true cost.

Fire districts across California have very limited options for increasing operating revenue. The California Constitution allows for two types of measures to be placed before a district's constituents for consideration. The first is a Special Tax, which requires approval by two thirds of the registered voters casting ballots in a general election. The second type of revenue measure is a Benefit Assessment, which requires approval from a majority of property owners voting in the mail-in ballot.

Special Taxes

A "special tax" is defined as "any tax imposed for specific purposes". A tax imposed by a special district, including a parcel tax, is termed a special tax. A proposed special tax may state a range of rates or amounts and may take into account inflationary adjustments to the rate or amount pursuant to the clearly defined formula. Typical fire district special tax measures include a per-parcel rate for developed parcels and a lesser rate for vacant land, although examples can be found that provide for a number of different rates based on the land-use classification. Inflationary adjustments are usually tied to increases in the CPI, and may include a cap (usually 3 or 4 percent per year).

Benefit Assessments

An "assessment" is defined as any levy or charge upon real property by an agency for the special benefit conferred upon the real property. Before imposing an assessment, the agency must first identify all parcels that will receive a special benefit from the proposed services. The assessments must be supported by a detailed engineer's report prepared by a registered professional engineer. The engineer's report must quantify the proportionate special benefit derived by each identified parcel in relationship to the entirety of the cost of the services provided, and must calculate the amount of the assessment imposed on each identified parcel.

In practice, the requirements of a benefit assessment process result in a unique calculated assessment for every parcel in the district, based on the specific benefit derived from receiving fire services. The special benefit is usually expressed in terms of a unit of benefit; examples are a "fire flow unit" or "Single Family (dwelling) Equivalent" (SFE). Properties more at risk receive more benefit and are assessed at a higher rate

than properties that are less at risk, since those lower-risk properties derive less benefit from a functioning fire service. Only property owners vote on the assessment, and each property owner's votes are weighted in direct proportion to their assessment- or simply put, one dollar in assessment equals one vote. Ballots are mailed to each property owner, and a simple majority of votes is required to pass the measure. Like a special tax, a benefit assessment usually includes a clause allowing for an annual inflationary adjustment.

Implementing Supplemental Revenue Measures

There are some key provisions that apply to special taxes and benefit assessments. The first is that the revenues from any tax or assessment shall be used for the sole purpose or service for which the tax was imposed, and for no other purpose whatsoever. The second key factor is that no assessment may be imposed that exceeds the reasonable cost of the special benefit that is conferred on a parcel; and finally, taxes and assessments may be pledged to repay bonds or other forms of indebtedness.

A fire district board of directors has the authority to place a special tax measure on the ballot or call for a benefit assessment process. FFPD could independently propose either a special tax or benefit assessment to increase district revenue. Alternatively, LAFCO can require the successful implementation of a revenue generating measure as a condition of FFPD's reorganization with another district. In addition, a special tax or benefit assessment already in existence in a fire district may be applied to territory annexed into the district in accordance with terms and conditions imposed by LAFCO. This is a key concept, as ZFPD, BCFPD, and CSA 48 all have supplemental revenue measures in place that could potentially be applied to the FFPD territory as a condition of reorganization.

Existing Revenue Measures

As mentioned, three local fire agencies have existing revenue measures that could conceivably be applied to FFPD territory through a LAFCO reorganization process. The characteristics of each district are detailed below.

<u>Boulder Creek FPD Measure N Special Tax</u>

- Approved by 2/3 majority vote in November 2016
- Initially set at $35 per parcel, with annual increases capped at 2%
- The FY 25/26 rate is expected to be about $41 per parcel
- Restricted to use for capital items (vehicles, protective gear)
- Sunsets after 30 years, in June 2048

Potential revenue should BCFPD annex the Felton area and the special tax applied to the 2,944 parcels in the FFPD is about **$100,000** annually. Growth is limited to 2% annually, and use of the funds is restricted to vehicles and PPE.

<u>Zayante FPD Measure T Special Tax</u>

- Approved by 2/3 majority vote in November 2024
- Tiered rates
    - Vacant parcel less than 5 acres- $50

    - Vacant parcel more than 5 acres- $100
    - Developed parcel- $290
- Annual increases not to exceed CPI
- Restricted to use for staffing and capital equipment; no sunset provision

Potential revenue should the ZFPD annex the Felton area and the special tax applied to the 2,944 FFPD parcels is approximately **$700,000** per year, with growth tied to the annual increase in the CPI.

County Service Area 48 Benefit Assessments (Two separate assessments)

- Original assessment (aka "Fire Flow Tax") by landowner ballot in June 1997
    - Initial rate $42.80; annual increases tied to CPI
    - FY 25/26 rate $97.18 per Fire flow unit
    - 2 Fire flow units per single family home; other assessments vary

- 2020 Benefit Assessment by landowner ballot
    - Initial rate $148 per SFE
    - FY 25/26 rate $172.71per SFE; annual increases CPI capped at 4%
    - Assessments vary per parcel
    - There are no restrictions on the use of benefit assessment funds

Together, the CSA 48 benefit assessments total $367 for a benchmark single family dwelling. Since each parcel has a unique assessment, many single family homes will have assessments that are higher or lower than the benchmark, and all other parcels will have assessments that differ from the SFE benchmark.

Potential revenue should CSA 48 annex the Felton area and apply the benefit assessments to the 2,944 FFPD parcels cannot be determined until a preliminary analysis is completed by a certified engineer and the assessments calculated for each parcel.

Important Timing Considerations

Special tax and benefit assessment measures are subject to deadlines that impact when the approved supplemental revenue can reach the agency's coffers. Missing a critical deadline can cause a delay over a year in funds being available for use by the district.

Election Cycle

Special tax measures are placed on a general or primary election ballot. Elections are scheduled in June and November of even-numbered years. The next opportunity to place a special tax on the ballot is the June 2, 2026 primary election.

Benefit assessment measures are conducted by mail-in balloting, so they can happen at any time during the year. This frees an agency from the limitations of the election cycle, but there is still a critical deadline that must be met for the agency to avoid delays in receiving funds.

Tax Collection Process

Each year the County Tax Collector sets a date for receiving completed lists of charges to be placed on the coming year's tax rolls. This deadline is usually in early August so the

property tax bills can be prepared in time for mailing at the end of the year. This process occurs only once a year; if the deadline is missed, the next opportunity to get the charges on the property tax bill is the following August.

Combined, these two processes tightly constrain the ability of an agency to get a supplemental revenue source approved and then collect the approved charges without delay. In creating a supplemental revenue stream to provide adequate service in the Felton area, the following table illustrates the key dates:

Table 9: Upcoming Key Dates

Action / Event	Key Date
Primary Election	June 2, 2026
Last Day to get Charges on 2027 Tax Roll	August 10, 2026

If a new special tax is desired, it must be placed on the June 2, 2026 primary election ballot. If a special tax or benefit assessment is to be applied through a reorganization process, the Certificate of Completion must be issued by LAFCO in time to get the charges on the tax rolls by August 10, 2026.

If these deadlines are met, Felton FPD or its successor, will receive operating revenue from the new charges in December 2026/January 2027. If the charges are not made available to the County Tax Collector by August 10, they will not be placed on the property tax bills and **funds will not be available until December 2027/January 2028**. FFPD or its successor agency would have to operate on limited funds for a **full year** longer than necessary.

CONCLUSION

The Felton Fire Protection District is in crisis - not because it lacks dedication, but due to structural and systemic failures including but not limited to soaring demand, crumbling board confidence, financial constraints, volunteer depletion, inconsistent leadership, and a lack of planning. FFPD must implement strategic reforms in governance, funding, staffing, and community involvement to regain stability. Without these changes, the current fiscal and operational patchwork is unsustainable and may harm public safety and negatively impact neighboring fire agencies.

Recap of Governance Options

Felton FPD must explore strategic governance changes to maintain stability and effective service. LAFCO has identified 12 potential governance options for Felton FPD to consider, which are summarized below (and in ranking order):

1. **Reorganization with Zayante FPD:** Dissolve Felton FPD and concurrently annex with Zayante Fire Protection District, a combination paid/volunteer department with a strong voter-approved special tax but lacking CalPERS participation.

2. **Reorganization with CSA 48:** Dissolve Felton FPD and concurrently annex into CSA 48, which operates under a CAL FIRE contract model, offering professional staffing but facing funding and infrastructure challenges.

3. **Reorganization with Ben Lomond FPD:** Dissolve Felton FPD and concurrently annex with Ben Lomond FPD, a volunteer-based district with some paid staff and a modest combined revenue, though service model and costs remain undetermined.

4. **Reorganization with Boulder Creek FPD:** Dissolve Felton FPD and concurrently annex Boulder Creek FPD, which has a volunteer model supplemented by paid staff but faces geographic non-contiguity and infrastructure challenges.

5. **Contract with Boulder Creek FPD:** Enter a service contract with Boulder Creek FPD, although geographic separation and lack of prior contracting experience present significant obstacles.

6. **Contract with Zayante FPD:** Contract for operational and administrative support from Zayante FPD, leveraging similar service models but likely requiring voter-approved supplemental revenue and addressing staffing uncertainties.

7. **Remain as a Standalone Agency:** Maintain independent operations, which would require addressing governance, funding, staffing, and planning deficits internally to regain stability. If selected, FFPD must complete and submit a copy of the strategic plan to LAFCO. The submitted plan must fulfill the minimum requirements identified LAFCO's strategic plan outline in **Appendix E**.

8. **Contract with the City of Santa Cruz:** Contract for service with the City's ALS-staffed fire department, challenged by non-contiguous boundaries, high costs, infrastructure needs, and cultural differences.

9. **Contract with CAL FIRE:** Establish a direct contract with CAL FIRE for professional fire service with three-person BLS engine staffing, facing high costs and infrastructure demands.

10. **Contract with Scotts Valley FPD:** Contract with Scotts Valley FPD's career ALS engine-staffed department, facing prohibitive costs and significant infrastructure upgrades.

11. **Contract with Ben Lomond FPD:** Contract with Ben Lomond FPD for operational support, though previous failed contractual relationships and limited viability complicate this option.

12. **Reorganization with Scotts Valley FPD:** Dissolve Felton FPD and concurrently annex with Scotts Valley FPD's career fire department offering advanced staffing, but high costs and lack of mutual interest makes this option unlikely.

Each option presents a unique balance of operational capacity, financial impact, governance structure, and community implications. FFPD must carefully evaluate these choices in light of their urgent need for sustainable reform. That said, Felton FPD must select one of these options to begin the implementation process no later than **October 6, 2025**.

LAFCO Recommendations

The Felton Fire Protection District is at a critical crossroads. Public safety is at increasing risk, and surrounding agencies may be forced to absorb service gaps that Felton FPD can no longer reliably fill. To regain stability and protect its residents, FFPD must implement immediate and strategic reforms in governance, funding, staffing, and community engagement. LAFCO has identified 12 governance options for the District, ranging from reorganization with neighboring fire districts, to entering into service contracts, or pursuing internal reform as a standalone agency. Each option carries distinct operational, financial, and logistical implications, but continued inaction is no longer an option.

FFPD must choose a path forward and act without delay. That is why LAFCO is requiring the District to select one of the 12 options within the next 60 days. Should the Felton FPD Board of Directors fail to select and begin implementing a governance solution by the established deadline of **Monday, October 6, 2025,** LAFCO may exercise its authority to impose an option on Felton FPD's behalf to ensure continuity of service and safeguard public well-being. This is a pivotal moment for the District's future - one that demands leadership, urgency, and a clear commitment to change. LAFCO is dedicated to help Felton FPD establish a successful future, regardless of the option the board selects, and the first step is to take immediate action on one of the identified options.

APPENDICES

Appendix A: Facilities & Apparatus Evaluation

Appendix B: Audited Financial Statements (FY 2017-18 to FY 2022-23)

Appendix C: Termination Valuation Analysis (CalPERS)

Appendix D: Resolution of Intent to Terminate (CalPERS)

Appendix E: Standalone Agency Strategic Plan Outline

Appendix F: GCS 56134 Guidelines (LAFCO & Fire Contracts)



APPENDIX A:

FELTON FIRE PROTECTION DISTRICT'S FACILITIES & APPARATUS EVALUATION

FELTON FIRE PROTECTION DISTRICT
FELTON FIRE STATION (FACILITIES & APPARATUS)

The following figure outlines the basic features of the FFPD fire station facilities. The condition of the fire station is rated based on the criteria identified in the introduction to this section of the report.

Felton Fire Station

Station Name/Number:	Felton Fire Station 1
Address/Physical Location:	131 Kirby St Felton CA 95018



General Description:
A large 9,500 sq. ft two-story fire sprinkler-protected facility located in downtown Felton. The original fire station was built in 1954. Both this building and the newer attached annex do not meet the requirements or standards prescribed for a modern fire department facility.

Structure						
Date of Original Construction	1954					
Seismic Protection	Minimal following the 1989 earthquake					
Auxiliary Power	Yes, a 60KW generator was installed in 1993					
General Condition	Fair					
Number of Apparatus Bays	Drive-through Bays	0	Back-in Bays	8		
ADA Compliant	Mostly, but not all					
Total Square Footage	9,500					
Facilities Available						
Sleeping Quarters	2	Bedrooms	2	Beds	0	Dorm Beds
Maximum Staffing Capability	22 (Volunteer)					
Exercise/Workout Facilities	Yes, Full Gym					
Kitchen Facilities	Yes, original to the building					
Individual Lockers Assigned	Yes (PPE gear racks)					
Bathroom/Shower Facilities	Yes, 2 restrooms/showers & one public-use bathroom					
Training/Meeting Rooms	Yes, One training room					
Washer/Dryer/Extractor	Commercial extractor & residential washer and dryer					
Safety & Security						
Station Sprinklered	Yes					
Smoke Detection	Yes, in offices, the day room, and sleeping areas					
Decon & Biological Disposal	No					
Security System	Video Cameras with recording and remote access					
Apparatus Exhaust System	Yes, Plymovent					

Fire Station Discussion

FFPD's fire station is considered to be in fair condition, with some deferred maintenance evident. The facilities comprise two large attached two-story structures on a corner commercial property in downtown Felton. The station facilities appear to be reasonably well maintained for their age. The station seems to have been constructed over the years, focusing on equipment and apparatus storage. The current administrative offices and publicly accessible spaces are cramped and limited.

Like most 69-year-old fire stations, this facility does not meet the requirements of modern firefighting. The firefighting environment has changed over the last six decades. The technology, equipment, and safety systems have also changed to meet new demands. However, older buildings do not typically have the space or engineering systems to meet that new environment.

FFPD Station Configuration and Condition

Station	Apparatus Bays	Staffing Capacity	General Condition	Station Age
Station 1	8	2	Fair	69 years
Totals/Average:	**8**	**2**	**Fair**	**69 years**

Modern fire service working and living conditions also require much more access to electrical outlets than was expected in older buildings, including charging stations for battery-operated equipment and EVs. Although remodeled over the years to accommodate a growing community and fire department, this station is still dated and challenged by its lack of parking, modern administrative office space, adequate living spaces for full-time staffing, and limited equipment storage facilities.

The District has provided an adjoining small portable sleeping unit placed in a rear alley area directly behind the apparatus bays to accommodate volunteer firefighters staffing the station on a 24-hour basis. This type of sleeping arraignment will not adequately accommodate permanent on-duty staffing when and if the Fire District decides to move towards that type of staffing. The existing fire station facility has adequate space to accommodate the construction of living quarters to house firefighters and/or emergency medical response personnel.

Concerns have been raised relative to the failure of the solar system, an unfinished remodel project that was started in the upstairs area of the original building; a sinkhole that appeared near the front ramp; and a persistent rodent infestation.

Apparatus

FFPD operates with two Type 1, a Type 3, and a Type 6 engine. In addition, it has a breathing support unit, two command vehicles, a water tender, and one utility truck. The following figure shows the type and condition of FFPD's fleet.

FFPD Vehicles & Apparatus

CAD Radio Name	Apparatus Type	Condition
C2300	Fire Chief command pick up	Good
C2301	Asst fire chief command pickup	Fair
E2336	Type 3 Pumper 500 Gal	Excellent
E2310	Type 1 Pumper 500 Gal	Good
E2311	Reserve Type 1 Pumper 500 gal	Due for Replacement
S2365	Breathing Support (5,500 PSI)	Excellent
W2350	Water Tender 2500 Gal	Excellent
E2346	Type 6 pumper/rescue 300 Gal	Excellent
U2397	Utility/EMS response vehicle	Good

Facility Replacement & Infrastructure Needs

FFPD has occupied the current fire station location for over 69 years. Its central location in downtown Felton provides excellent access to the town's main commercial and residential areas. This is essential for emergency responses and volunteer firefighters responding to the station to staff fire apparatus. The Felton location does have significant parking challenges for responding volunteers and little space for expansion. The community and the District should consider developing a plan to address the fire department's future space and facilities needs. These must be addressed as call volumes increase and the community's needs change.

APPENDIX B:

AUDITED FINANCIAL STATEMENTS
(FY 2017-18 to FY 2022-23)

Felton Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2018
and
June 30, 2019

September 29, 2019

Felton Fire Protection District

Felton, CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Felton Fire Protection District as of and for the year-ended June 30, 2018 and June 30, 2019, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Certified Public Accountant | Zachary Pehling | Master of Business Administration
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Felton Fire Protection District as of June 30, 2018 and June 30, 2019, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and Budget VS. Actual comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Zach Pehling, CPA's

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Felton Fire Protection District

Audit Report
June 30, 2018
and
June 30, 2019

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Felton Fire Protection District

Management's Discussion and Analysis
for Fiscal Years Ended June 30, 2018 and June 30, 2019

As management of the Felton Fire Protection District ("the District"), our discussion and analysis of the financial performance of the District offers readers of these financial statements an overview of the District's financial activities for the year ended June 30, 2018 and June 30, 2019, based on currently known facts, decisions, or conditions, as well as a comparative analysis of changes in the District's financial position between FY 2017-2018 and FY 2018-2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities by $2,653,639 (net position) at the close of fiscal June 30, 2018. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,727,036 at June 30, 2018.

- The assets of the District exceeded its liabilities by $2,711,300 (net position) at the close of fiscal June 30, 2019. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,531,778 at June 30, 2019.

- The District's total net position increased by $241,077 and 57,661 for 2018 and 2019 respectively.

- Short-term liabilities (accounts payable, interest and accrued expenses) increased $6,687. The District's long-term liabilities increased $2,972 (pension).

Using This Annual Report - Overview of the Financial Statements

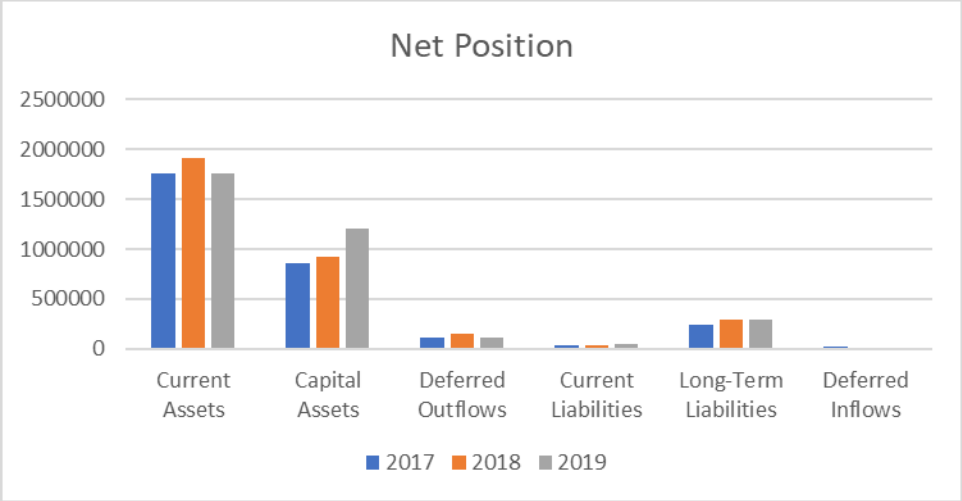
This report consists of several basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities of the District and present a longer-term view of the District's finances. These statements provide information about the financial activities of the District in a manner similar to private sector companies.

Financial statement notes are an important part of the basic financial statements. They provide the readers additional information required by Generally Accepted Accounting Principles.

Government-wide Financial Statements

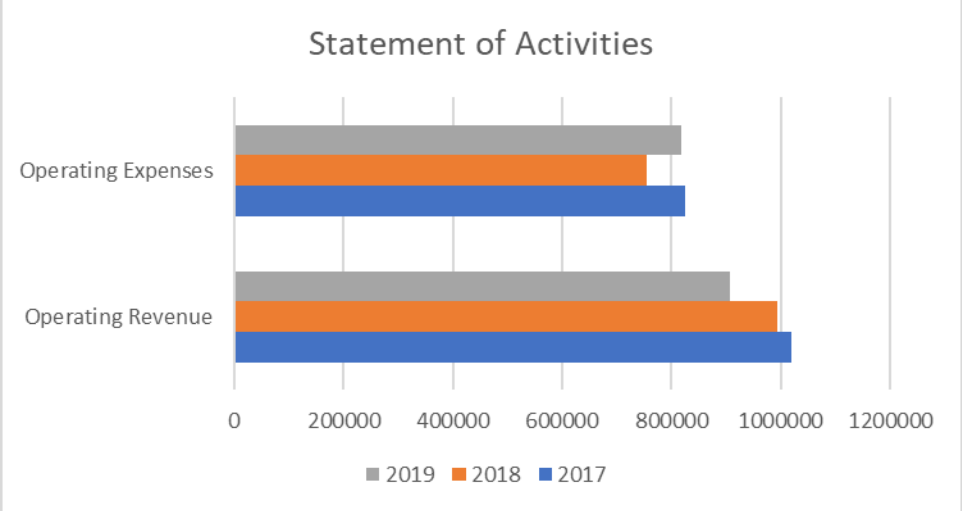
The financial provide readers with a broad overview of the District as a whole and about its activities for the current period. They include all assets and liabilities using the accrual basis of accounting. In this method, all the current year's revenues and expenses are considered regardless of when cash is paid or received.

The Statement of Net Position represents the difference between all the District's assets and liabilities and the Statement of Activities reports the changes in net position during the fiscal year. Examining net position is an effective way to measure the District's financial health or position. Increases and decreases in net position is a good indicator of whether the District's financial position is improving or deteriorating



For the fiscal year 2018-2019, net position was $2,742,839, a increase of $89,004.

Total Revenues for fiscal year 2018-2019 were lower than the prior year, while expenses also increased.



Budget vs Actual

The Statement of Revenues, Expenses and Changes in Fund Net Position Budget and Actual shows a comparison. The budget is based on anticipated cash flows.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2018-2019, the District had $2,560,413 invested in a range of capital assets, including land, structures, vehicles and equipment.

Economic Factors and Next Year's Budget

The goal for FY 2018-2019 is to continue providing for the safety of the community, safety of District employees and being good stewards of District assets. The FY 2018-2019 budgets reflect such by projecting continued expenditures in personal protective equipment, training, and maintenance of

facilities, equipment and vehicles. The District is incurring increased costs in salaries / benefits, utilities and fuel.

Although the District experienced financial growth, the District needs to be aware of external factors that affect the largest cost; wages and benefits. There also is the continuing need to replace vehicles, equipment, and major maintenance projects. The long-term effect of these concerns is routinely reviewed and analyzed when preparing extended projections. The board and staff members use the projections as a basis to gain efficiencies on a number of different levels.

CalPERS Retirement Program

The District currently provides CalPERS retirement plans for four basic employee groups: Safety Classic (3% at age 55). The distinction of Classic are CalPERS members prior to January 1, 2013 and Non-Classic are CalPERS members January 1, 2013 and thereafter. Since our plans each had fewer than 100 active members as of June 30, 2003, we were required to participate in a risk pool. At the time of joining the risk pool, a side fund (unfunded asset liability) was created to account for the difference between the funded status of the pool and the funded status of our plans.

The unfunded asset liability (UAL) for the District plans, including side funds, as of the following measurement dates, are:

Safety		
Proportion based on Collective Balance	2018	286,481
	2019	289,453

GASB 68 modified the reporting requirements for UAL. For accounting valuations, the fiduciary net position includes, if applicable, deficiency reserves, fiduciary self-insurance and OPEB expenses. These amounts are excluded for rate setting in the funding actuarial valuation. Differences may also result from early CAFR closing and final reconciled reserves.

The District's management continues to carefully monitor the condition of our pension funds and the discount rate. It is not possible to accurately predict the market's future impact on CalPERS, but prior disappointing investment returns and resulting discount rate reduction shows the cause and effect relationship.

Other Fiscal Matters

As always, the District actively pursues as many sources of funding as are available to us (including grants) to ensure that during these challenging economic times our level of service to the public remains at the high level we have all come to expect.

Requests for Information

This financial report is designed to provide a general overview of the Felton Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, Felton Fire Protection District, 131 Kirby St, Felton, CA 95018

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Balance Sheet
June 30, 2018
and
June 30, 2019

	2018 General Fund	2019 General Fund
ASSETS		
Assets:		
Cash	$ 1,895,027	$ 1,745,582
Accounts Receivable	-	-
Deposits & Prepaid Expenses	-	-
TOTAL ASSETS	1,895,027	1,745,582
LIABILITIES & FUND BALANCES		
Liabilities:		
Accounts Payable	5,776	15,521
Accrued Payroll	33,095	29,430
TOTAL LIABILIITES	38,871	44,951
Fund Balances:		
Unassigned	1,855,956	1,700,431
Unspendable	200	200
Committed	-	-
Total Fund Balance	1,856,156	1,700,631
TOTAL LIABILITIES & FUND BALANCE	$ 1,895,027	$ 1,745,582

The accompanying notes are an integral part of these financial statements.

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2018
and
June 30, 2019

	2018 General Fund	2019 General Fund
REVENUE		
Tax Revenue	$ 764,255	$ 814,118
Strike Team Reimbursements	-	-
Charges for Service	700	1,050
Interest & Investment Earnings	20,908	32,589
License & Permits	36,391	37,019
Grants & Contributions	172,335	15,312
Miscellaneous	386	7,544
TOTAL REVENUE	994,975	907,632
EXPENDITURES		
Capital Assets	186,913	401,700
Debt Service:		
Principle	-	-
Interest	-	-
Salaries and Employee Benefits	406,972	434,583
Repairs and Maintenance	71,054	43,915
Insurance	22,566	23,001
Services, Supplies and Refunds	152,534	159,958
TOTAL EXPENDITURES	840,039	1,063,157
Excess (Deficit) Revenues over Expenditures	154,936	(155,525)
CHANGE IN FUND BALANCE	154,936	(155,525)
FUND BALANCE, BEGINNING OF YEAR	1,705,920	1,860,856
FUND BALANCE, END OF YEAR	$ 1,860,856	$ 1,705,331

The accompanying notes are an integral part of these financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Net Position
June 30, 2018
and
June 30, 2019

ASSETS	2018	2019
Current Assets:		
Cash	$ 1,895,027	$ 1,745,582
Accounts Receivable	-	-
Deposits & Prepaid Expenses	12,004	12,541
Total Current Assets	1,907,031	1,758,123
Capital Assets:		
Land	6,250	6,250
Buildings & Improvements	508,445	508,445
Firefighting Equipment	1,854,295	2,045,718
Construction in Progess	-	-
Less: Accumulated Depreciation	(1,442,387)	(1,380,891)
Total Capital Assets	926,603	1,179,522
TOTAL ASSETS	2,833,634	2,937,645
DEFERRED OUTFLOW		
GASB 68 Pension	145,657	108,966
TOTAL DEFERRED OUTFLOW	145,657	108,966
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,979,291	3,046,611
LIABILITIES		
Current Liabilities:		
Accounts Payable	5,776	15,521
Accrued Payroll Liabilities	33,095	29,430
Accrued Compensated Absences	300	907
Total Current Liabilities	39,171	45,858
Long-term Liabilities:		
Net Pension Liability	286,481	289,453
Total Long-term Liabilities	286,481	289,453
TOTAL LIABILITIES	325,652	335,311
DEFERRED INFLOWS		
GASB 68 Pension	-	-
TOTAL DEFERRED INFLOWS	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	325,652	335,311
NET POSITION		
Net Investment in Capital Assets	926,603	1,179,522
Unrestricted	1,727,036	1,531,778
TOTAL NET POSITION	$ 2,653,639	$ 2,711,300

The accompanying notes are an integral part of these financial statements.

FELTON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

	June 30, 2018	June 30, 2019
Total Fund Balances - Governmental Funds	$ 1,856,156	$ 1,700,631
Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.		
Total Historical Cost of Capital Assets	2,368,990	2,560,413
Less: Accumulated Depreciation	(1,442,387)	(1,380,891)
Prepaid expenses, some expenditures not due & payable within the current period were paid, those amounts are shown as expended in the governmental funds	12,004	12,541
Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds.	(300)	(907)
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	145,657	108,966
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds.This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	-	-
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(286,481)	(289,453)
Net Position	$ 2,653,639	$ 2,711,300

The accompanying notes are an integral part of these financial statemnets

Felton Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2018
and
June 30, 2019

2018

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team Reimbursements	Operating Revenues: Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 638,084	$ 700	$ -	$ 172,335	$ (465,049)
Depreciation (Unallocated)	115,814	-		-	(115,814)
Total Governmental Activites					(580,863)
General Revenues:					
Tax Revenue					764,255
Interest & Investment Earnings					20,908
License, Permits & Rents					36,391
Miscellaneous					386
Total General Revenues					821,940
NET CHANGE IN NET POSITION					241,077
NET POSITION, BEGINNING OF YEAR					2,412,562
NET POSITION, END OF YEAR					$ 2,653,639

2019

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team Reimbursements	Operating Revenues: Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 732,729	$ 1,050	$ -	$ 15,312	$ (716,367)
Depreciation (Unallocated)	117,242	-		-	(117,242)
Total Governmental Activites					(833,609)
General Revenues:					
Tax Revenue					814,118
Interest & Investment Earnings					32,589
License, Permits & Rents					37,019
Miscellaneous					7,544
Total General Revenues					891,270
NET CHANGE IN NET POSITION					57,661
NET POSITION, BEGINNING OF YEAR					2,653,639
NET POSITION, END OF YEAR					$ 2,711,300

The accompanying notes are an integral part of these financial statements.

FELTON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

	June 30, 2018	June 30, 2019
Net Change in Fund Balances - Total Governmental Funds	154,936	(155,525)
Amounts reported for governmental activities in the Statement of Activities are different as follows:		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year		
Current Year Capital Outlays	186,913	401,700
Less: Current Year Depreciation Expense	(115,814)	(117,242)
In the Governmental Funds CalPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CalPers expenditures are measured by the amounts expensed during the year	15,042	(39,663)
In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year	-	537
In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year	-	(607)
In the Governmental Funds expenditures are measured by the amount of financial resources used. In the Government-Wide Statement of Activities, expenses are measured by the amounts incurred during the year	-	(31,539)
Change in Net Position of Governmental Activities	$ 241,077	$ 57,661

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Fiduciary Net Position
June 30, 2018
and
June 30, 2019

ASSETS	**2018**	**2019**
Current Assets:		
Cash	46,219	55,595
Total Current Assets	46,219	55,595
Capital Assets:		
Firefighting Equipment	23,852	23,852
Less: Accumulated Depreciation	(23,852)	(23,852)
Total Capital Assets	-	-
TOTAL ASSETS	46,219	55,595
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	-
Total Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET POSITION		
Breathing support units maintenance fund	15,060	17,724
Education trailer mainenance fund	31,159	37,871
Hose maintenance fund	0	0
TOTAL NET POSITION	$ 46,219	$ 55,595

The accompanying notes are an integral part of these financial statements.

Felton Fire Protection District

Statement of Activities & Change in Fiduciary Net Position - Fiduciary Funds
For the Year Ended
June 30, 2018
and
June 30, 2019

ADDITIONS	2018 Fiduciary Fund	2019 Fiduciary Fund
Aid from other government agencies	15,299	12,000
Use of Money and Property	17	15
TOTAL ADDITIONS	15,316	12,015
DEDUCTIONS		
Depreciation	-	-
Services, Supplies and Refunds	8,773	2,639
TOTAL DEDUCTIONS	8,773	2,639
CHANGE IN NET POSITION	6,543	9,376
NET POSITION, BEGINNING OF YEAR	39,676	46,219
NET POSITION, END OF YEAR	$ 46,219	$ 55,595

The accompanying notes are an integral part of these financial statements.

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Background: The District is an independent special district within the County of Santa Cruz and was established under Health and Safety Code Section 14001 in October 23, 1946 and reorganized in conformity with under Health and Safety Code Section 13801 in September 1966. It is governed by a five-member Board of Directors who are elected to four-year terms by area residents. The District provides fire protection in the Town of Felton and surrounding areas.

Note 1 - Significant Accounting Policies

Accounting Principles

The financial statements of the Felton Fire Protection District(District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Financial Statement Presentation

Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-

type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The District's governmental-wide fund balance is classified in the following categories:

Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government take the same formal action that imposed the constraint originally.

Assigned - Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fiduciary Fund Financial Statements

The District entered into an arrangement whereby the District reports resources held and administered by the District in a fiduciary capacity for the San Lorenzo Valley Fire Districts Council. Per Deifinition, the resources held under this arrangement are not available to support the District's own programs. Fiduciary fund financial statements include a statement of net position and a statement on activities and change in net position.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Budgets and Budgetary Accounting

The District prepares a fiscal year budget in accordance with applicable laws and regulations.

Pooled Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such a collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, as the fair market value adjustment at the yearend was immaterial.

Accounts Receivable

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for Governmental or Grant Funds since prior experience has shown that uncollectable receivables are not significant.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures in the period benefited.

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

General Capital Assets	$300 and or a serviceble life greater than 5 years

Depreciation on all assets is provided on the straight-line basis over and estimated useful life.

Buildings	40 years
Equipement	5-20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow/inflows of resources, represents an acquisition/disposition of net position that applies to future period(s) and will not be recognized as an outflow/inflow of resources until that time.

Liability for Compensated Absences

The District is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation and vested sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position

Property Taxes

The County of Santa Cruz assesses properties, bills, and collects property taxes for the District. Assessed values are determined annually by the County Assessor as of March 1, and become a lien on real property as of that date. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The County bills and collects property taxes and remits them to the District

under the state authorized method of apportioning taxes whereby all local agencies, including special districts, receive for the County their respective shares of the amount of ad valorem taxes collected.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contribitions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 – Cash

Summary of Cash

	June 30, 2017	June 30, 2016
County Cash	$ 1,894,827	$ 1,745,382
Petty Cash	200	200
Deposits in Financial Institutions	-	-
Total	$ 1,895,027	$ 1,745,582

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses its interest rate risk, credit risk, and concentration of credit risk.

Investment in the County of Santa Cruz's Investment Pool: The District maintains its cash in County of Santa Cruz's cash and investment pool which is managed by the Santa Cruz County Treasurer. The District's cash balances invested in the Santa Cruz County Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. Santa Cruz County does not invest in any derivative financial products. The Santa Cruz County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Santa Cruz County's cash and investment pool. The value of pool shares in Santa Cruz County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the poll. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The County's investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool).

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recoer collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2019.

Note 3 –Accounts Receivable

On June 30, 2019, the District had $0 in Accounts Receivable.
On June 30, 2018, the District had $0 in Accounts Receivable.

Note 5 – Capital Assets

The District believes that sufficient detail of Capital assets balances is provided in the financial statements to avoid obscuring of significant components by aggregation

Note 6 – Compensated Absences

On June 30, 2019, the liability for compensated absences was $907
On June 30, 2018, the liability for compensated absences was $300

Note 7 – Lease Commitments

The District leases to a third party a portion of its real property located at 131 Kirby Street under a noncencellable operating lease. The lease commenced on December 1, 1997 with an initial term of five years, at which time the tenant will have an option to renew for an additional five consequtive periods of five years each. The tenant exercised an amended agreement, rent is currently $2,758 per month

Note 8 - Public Employees' retirement Plan:

Plan Description - The Felton Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Felton Fire Protection District's defined benefit pension plan is part if the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law. The Felton Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits though local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies

For Purposes of Measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this Purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used.

Validation Date (VD)	June 30, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

Validation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For Public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by the employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

For the measurement period ending June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. Both the June 30, 2019 total pension liability were based on the following actuarial methods and assumptions:

For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. Both the June 30, 2018 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.5% Net of Pension Plan Administrative and Investment Expenses
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality Rate Table[1]	Derived using CalPERS' membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1]The mortality table used was developed based on CalPERS' specific data. The table includes 5 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the 2010 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call the "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of

return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relations ships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations if individual plan amounts as of the valuation date are used where not available.

Pension Expense as of June 30, 2019	84,563

At 6/30/2019, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	289,453
Total	**289,453**

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2018 and 6/30/2019:

	Miscellaneous	Safety	Total
Proportion - June 30, 2018	0.00000%	0.00479%	0.00289%
Proportion - June 30, 2019	0.00000%	0.00493%	0.00300%
Change - Increase/(Decrease)	0.00000%	0.00014%	0.00012%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2020	$ -	$ 39,072	$ 39,072
2021	-	26,914	26,914
2022	-	(2,788)	(2,788)
2023	-	(2,005)	(2,005)
2024	-	-	-
Thereafter	-	-	-
	-	61,193	$ 61,193

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	-	-	-
Employer's Net Pension Liability/(Asset) - **Safety**	482,205	289,453	131,528
Employer's Net Pension Liability/(Asset) - **Total**	482,205	289,453	131,528

Pension Expense as of June 30, 2018	70,076

At 6/30/2018, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	286,481
Total	**286,481**

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2017 and 6/30/2018:

	Miscellaneous	Safety	Total
Proportion - June 30, 2017	0.00000%	0.00468%	0.00280%
Proportion - June 30, 2018	0.00000%	0.00479%	0.00289%
Change - Increase/(Decrease)	0.00000%	0.00012%	0.00009%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2019	$ -	$ 38,491	$ 38,491
2020	-	40,047	40,047
2021	-	25,982	25,982
2022	-	(6,638)	(6,638)
2023	-	-	-
Thereafter	-	-	-
	-	97,883	$ 97,883

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	-	-	-
Employer's Net Pension Liability/(Asset) - **Safety**	458,371	286,481	145,970
Employer's Net Pension Liability/(Asset) - **Total**	458,371	286,481	145,970

SAFETY	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.004930%	0.00479%	0.004679%	0.00436%	0.00287%
Proportionate share of the net pension liability	$ 289,453	$ 286,481	$ 242,326	$ 179,670	$ 178,658
Covered - employee payroll - measurement period	$ 208,939	$ 180,353	$ 176,531	$ 175,400	$ 173,567
Proportionate share of the net pension liability as a percentage of covered payroll	138.53%	158.84%	137.27%	102.43%	102.93%
Plan fiduciary net position as a percentage of the total pension liability	79.29%	76.68%	77.54%	82.21%	68.52%
	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 47,773	$ 44,901	$ 38,248	$ 35,797	$ 34,677
Contributions in relation to the actuarially determined contributions	47,773	44,901	38,248	35,797	34,677
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll - fiscal year	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400
Contributions as a percentage of covered - employee payroll	20.41%	21.49%	21.21%	20.28%	19.77%
Notes to Schedule:					
Valuation date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

Methods and assumptions used to determine contribution rates:

	Entry age normal	
Amortized method	Level percentage of payroll, closed	
Remaining amortization period	13 years	14 years
Asset valuation method	5-year smoothed market	
Inflation	2.75%	2.75%
Salary increases	Varies by entry age and service	
Investment rate of return	.50%, net of pension plan investmen	
	expense, including inflation	

Note 9 – Risk Management

The District is a member of the Santa Cruz County Fire Agencies Insurance Group (the "Group"). In a board meeting on June 19, 2002, the Group approved the return of its self-insurance certificates to the State and to accept a proposal from California Public Entity Insurance Authority (CPEIA) and joint powers authority for both primary and excess workers' compensation coverage. In a resolution dated September 20, 2007 the Santa Cruz Fire Agencies Insurance Group's Board of Directors opted to terminate the CPEA joint power agreement and merge into the CSAC Excess Insurance Authority (CSAC-EIA) Joint Power Agreement. This change was predicted on the decision of CSAC-EIA to restructure their bylaws and JPA agreements, discontinuing the operation of CPEIA member granted automatic approval of inclusion into both the Primary and Excess EIA workers' compensation programs beginning with the July 1, 2007 policy renewals. The relationship between the Group and CSAC-EIA ("the JPA") is such that CSAC0EIA is not a component unit of the Group for reporting purposes.

CSAC-EIA is a joint powers agency (JPA formed pursuant to Section 6500 et seq. of the California Government Code. Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments if it is determined that the contributions are insufficient. Members may withdraw from the CSAC-EIA only at the end of a policy period and only if a sixty day written advance note is given. However, CSAC-EIA may cancel a membership at any time upon a two-thirds vote of the Board of Directors and with sixty days written notice. Upon withdrawal or cancellation, a member shall remain liable for additional assessments for the program periods they have participated. CSAC-EIA is governed by a board of directors. The Board controls the operations of CSAC-EIA including adopting and annual budget.

Primary Workers' Compensation - The Primary Workers' Compensation program is a full service program including claims administration. The program blends pooling of workers' compensation claims with purchased stop loss insurance.

Excess Workers' Compensation - CSAC retains responsibility for payment of claims in excess of $125,000 for each member who also participates in the primary workers' compensation program. Claim liabilities are recognized based on the actuarial estimate of expected ultimate claim cost discounted at 6%.

Insurance coverage as of June 30, 2018and 2019 is as follows:

Property	Deductible	Limits
Real Property, Including Code Upgrade and On-site Equipment Breakdown	$1,000	Guaranteed Replacement Cost Included
Building Contents and Personal Property	$1,000	
Building and Contents Sublime, Earthquake and Flood	$1,000	$1,000,000 Each loss and each location
Electronic Data Processing		
Business - Personal Property Included	$500	$250,000
Equipment	$500	$250,000
Software	$500	$250,000

Emergency Services	Deductible	Limits
Commandeered and Impounded Property		Larger of Actual Value or Liability
Scheduled Equipment Floater: Miscellaneous Portable Equipment	$250	Guaranteed Replacement Cost (Unlimited)
Public Employee Dishonesty/Fidelity Bond		$250,000
Employee Benefits Liability		$1,000,000
Automobile Comprehensive	$250/1,000	Agreed Value or ACV
Automobile Collision	$250/1,000	Agreed Value or ACV
Liability		
Commercial/General Liability Each Occurrence		$1,000,000
General Aggregate Limit		$10,000,000
Automobile Coverage -		
Combined Single Limit		$1,000,000
Uninsured/Underinsured Motorists		$1,000,000
Excess Liability Coverage -		
Operation, Aggregate, Automobile and Public Offices Errors and Omissions, Occurrence		$5,000,000 Each Occurrence $10,000,000 Aggregate
Public Officials Errors and Omissions/Management Liability including Emergency Services Liability - Occurrence, Aggregate - Primary		$1,000,000 Each Wrongful Act $10,000,000 Aggregate
Medical Expense (Any one person)		$5,000
Valuable Papers/Records		$250,000
Loss of Income - Extra Expense		Actual Cost
Money and Securities	$250	$25,000
Uncollected Funds		$250,000
Personnel:		

Workers' Compensation				Statutory
PERS Health to 12/31/05, FDAC EBA from 1/1/06 to current				Per Policy
Dental				Per Policy
Term Life Insurance				Per Policy

Note 10 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2019for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through September 29, 2019, the date the financial statements because available to be issued. The entity has not evaluated subsequent events after September 29, 2019.

Felton Fire Protection District

Supplemental Information
June 30, 2018

June 30, 2019

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2018

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ 725,178	$ 764,255	$ 39,077
Strike Team Reimbursements	-	-	-
Charges for Service	1,500	700	(800)
License & Permits	35,155	20,908	(14,247)
Interest & Investment Earnings	6,000	36,391	30,391
Grants & Contributions	-	-	-
Miscellaneous	27,000	386	(26,614)
TOTAL REVENUE	794,833	822,640	27,807
EXPENDITURES			
Capital Assets	875,000	19,278	855,722
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	587,684	406,972	180,712
Repairs and Maintenance	109,500	71,054	38,446
Insurance	25,250	22,566	2,684
Services, Supplies and Refunds	1,002,241	152,534	849,707
Total Expenditures	2,599,675	672,404	1,927,271
CHANGE IN FUND BALANCE	(1,804,842)	150,236	
FUND BALANCE, BEGINNING OF YEAR		1,705,920	
FUND BALANCE, END OF YEAR		$ 1,856,156	

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2019

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ 769,026	$ 814,118	$ 45,092
Strike Team Reimbursements	-	-	-
Charges for Service	1,500	1,050	(450)
License & Permits	-	37,019	37,019
Interest & Investment Earnings	15,000	32,589	17,589
Grants & Contributions	-	15,312	15,312
Miscellaneous	27,000	7,544	(19,456)
TOTAL REVENUE	812,526	907,632	95,106
EXPENDITURES			
Capital Assets	875,000	401,700	473,300
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	519,150	434,583	84,567
Repairs and Maintenance	109,500	43,915	65,585
Insurance	25,500	23,001	2,499
Services, Supplies and Refunds	1,088,705	159,958	928,747
Total Expenditures	2,617,855	1,063,157	1,554,698
CHANGE IN FUND BALANCE	(1,805,329)	(155,525)	
FUND BALANCE, BEGINNING OF YEAR		1,856,156	
FUND BALANCE, END OF YEAR		$ 1,700,631	

Felton Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2020
and
June 30, 2021

December 9, 2021

Felton Fire Protection District

Felton, CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Felton Fire Protection District as of and for the year-ended June 30, 2020 and June 30, 2021, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Pehling's PnPCPA
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Felton Fire Protection District as of June 30, 2020 and June 30, 2021, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and Budget VS. Actual comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Zach Pehling, CPA's

Pehling's PnPCPA
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Felton Fire Protection District

Audit Report
June 30, 2020
and
June 30, 2021

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Felton Fire Protection District

Management's Discussion and Analysis
for Fiscal Years Ended June 30, 2020 and June 30, 2021

As management of the Felton Fire Protection District ("the District"), our discussion and analysis of the financial performance of the District offers readers of these financial statements an overview of the District's financial activities for the year ended June 30, 2020 and June 30, 2021, based on currently known facts, decisions, or conditions, as well as a comparative analysis of changes in the District's financial position between FY 2019-2020 and FY 2020-2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities by $2,771,289 (net position) at the close of fiscal June 30, 2020. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,684,582 at June 30, 2020.

- The assets of the District exceeded its liabilities by $2,543,227 (net position) at the close of fiscal June 30, 2021. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,217,748 at June 30, 2021.

- The District's total net position increased/(decreased) by $59,089 and 228,062 for 2020 and 2021 respectively.

- Short-term liabilities (accounts payable, interest and accrued expenses) decreased ($3,283). The District's long-term liabilities increased $44,260 (pension).

Using This Annual Report - Overview of the Financial Statements

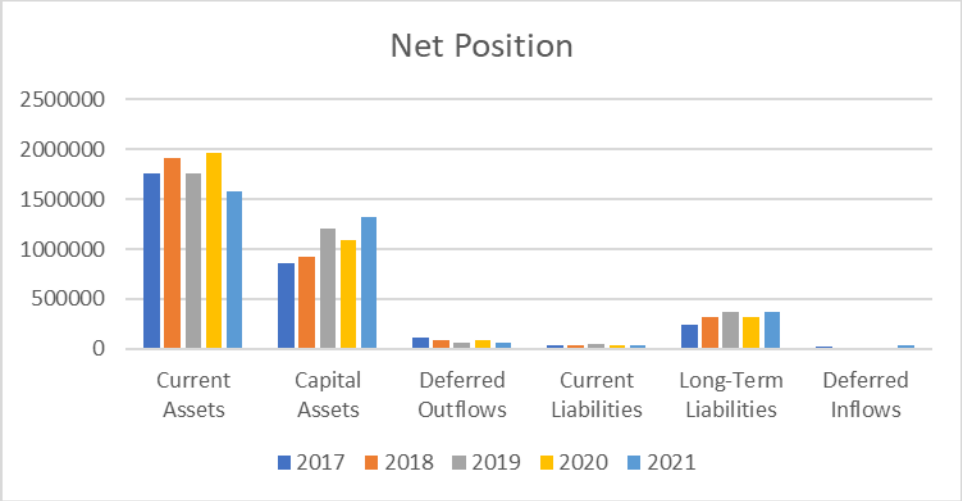
This report consists of several basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities of the District and present a longer-term view of the District's finances. These statements provide information about the financial activities of the District in a manner similar to private sector companies.

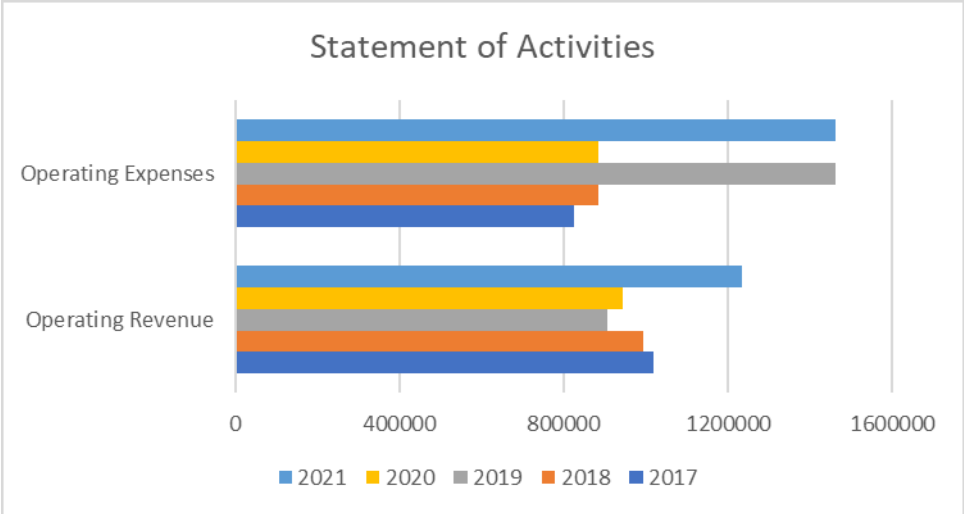
Financial statement notes are an important part of the basic financial statements. They provide the readers additional information required by Generally Accepted Accounting Principles.

Government-wide Financial Statements

The financial provide readers with a broad overview of the District as a whole and about its activities for the current period. They include all assets and liabilities using the accrual basis of accounting. In this method, all the current year's revenues and expenses are considered regardless of when cash is paid or received.

The Statement of Net Position represents the difference between all the District's assets and liabilities and the Statement of Activities reports the changes in net position during the fiscal year. Examining net position is an effective way to measure the District's financial health or position. Increases and decreases in net position is a good indicator of whether the District's financial position is improving or deteriorating





Budget vs Actual

The Statement of Revenues, Expenses and Changes in Fund Net Position Budget and Actual shows a comparison. The budget is based on anticipated cash flows.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2020-2021, the District had $2,533,089 invested in a range of capital assets, including land, structures, vehicles and equipment.

Economic Factors and Next Year's Budget

The goal for FY 2020-2021 is to continue providing for the safety of the community, safety of District employees and being good stewards of District assets. The FY 2020-2021 budgets reflect such by projecting continued expenditures in personal protective equipment, training, and maintenance of facilities, equipment and vehicles. The District is incurring increased costs in salaries / benefits, utilities and fuel.

Although the District experienced financial growth, the District needs to be aware of external factors that affect the largest cost; wages and benefits. There also is the continuing need to replace vehicles, equipment, and major maintenance projects. The long-term effect of these concerns is routinely reviewed and analyzed when preparing extended projections. The board and staff members use the projections as a basis to gain efficiencies on a number of different levels.

CalPERS Retirement Program

The District currently provides CalPERS retirement plans for four basic employee groups: Safety Classic (3% at age 55). The distinction of Classic are CalPERS members prior to January 1, 2013 and Non-Classic are CalPERS members January 1, 2013 and thereafter. Since our plans each had fewer than 100 active members as of June 30, 2003, we were required to participate in a risk pool. At the time of joining the risk pool, a side fund (unfunded asset liability) was created to account for the difference between the funded status of the pool and the funded status of our plans.

The unfunded asset liability (UAL) for the District plans, including side funds, as of the following measurement dates, are:

SAFETY	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.005520%	0.00518%	0.004930%	0.00479%	0.004679%	0.00436%	0.00287%
Proportionate share of the net pension liability	$ 367,798	$ 323,538	$ 289,453	$ 286,481	$ 242,326	$ 179,670	$ 178,658
Covered - employee payroll - measurement period	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400	$ 173,567
Proportionate share of the net pension liability as a percentage of covered payroll	142.06%	138.21%	138.53%	158.84%	137.27%	102.43%	102.93%
Plan fiduciary net position as a percentage of the total pension liability	79.86%	78.23%	79.29%	76.68%	77.54%	82.21%	68.52%
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 45,153	$ 38,180	$ 47,773	$ 44,901	$ 38,248	$ 35,797	$ 34,677
Contributions in relation to the actuarially determined contributions	45,153	38,180	47,773	44,901	38,248	35,797	34,677
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll - fiscal year	$ 334,535	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400
Contributions as a percentage of covered - employee payroll	13.50%	14.75%	20.41%	21.49%	21.21%	20.28%	19.77%

GASB 68 modified the reporting requirements for UAL. For accounting valuations, the fiduciary net position includes, if applicable, deficiency reserves, fiduciary self-insurance and OPEB expenses. These amounts are excluded for rate setting in the funding actuarial valuation. Differences may also result from early CAFR closing and final reconciled reserves.

The District's management continues to carefully monitor the condition of our pension funds and the discount rate. It is not possible to accurately predict the market's future impact on CalPERS, but prior disappointing investment returns and resulting discount rate reduction shows the cause and effect relationship.

Other Fiscal Matters

As always, the District actively pursues as many sources of funding as are available to us (including grants) to ensure that during these challenging economic times our level of service to the public remains at the high level we have all come to expect.

Requests for Information

This financial report is designed to provide a general overview of the Felton Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, Felton Fire Protection District, 131 Kirby St, Felton, CA 95018

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Balance Sheet
June 30, 2020
and
June 30, 2021

	2020	2021
	General Fund	General Fund
ASSETS		
Assets:		
Cash	$ 1,949,819	$ 1,568,024
Accounts Receivable	-	-
Deposits & Prepaid Expenses	-	-
TOTAL ASSETS	1,949,819	1,568,024
LIABILITIES & FUND BALANCES		
Liabilities:		
Accounts Payable	11,337	-
Accrued Payroll	18,052	21,767
TOTAL LIABILIITES	29,389	21,767
Fund Balances:		
Unassigned	1,920,230	1,546,057
Unspendable	200	200
Committed	-	-
Total Fund Balance	1,920,430	1,546,257
TOTAL LIABILITIES & FUND BALANCE	$ 1,949,819	$ 1,568,024

The accompanying notes are an integral part of these financial statements.

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2020
and
June 30, 2021

	2020 General Fund	2021 General Fund
REVENUE		
Tax Revenue	$ 850,375	$ 882,077
Strike Team Reimbursements	-	186,825
Charges for Service	-	250
Interest & Investment Earnings	33,941	9,720
License & Permits	38,055	39,567
Grants & Contributions	-	-
Miscellaneous	20,810	132,684
TOTAL REVENUE	943,181	1,251,123
EXPENDITURES		
Capital Assets	30,191	704,176
Debt Service:		
Principle	-	-
Interest	-	-
Salaries and Employee Benefits	407,449	682,145
Repairs and Maintenance	44,027	45,759
Insurance	25,794	25,070
Services, Supplies and Refunds	215,921	168,146
TOTAL EXPENDITURES	723,382	1,625,296
Excess (Deficit) Revenues over Expenditures	219,799	(374,173)
CHANGE IN FUND BALANCE	219,799	(374,173)
FUND BALANCE, BEGINNING OF YEAR	1,700,631	1,920,430
FUND BALANCE, END OF YEAR	$ 1,920,430	$ 1,546,257

The accompanying notes are an integral part of these financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Net Position
June 30, 2020
and
June 30, 2021

ASSETS	2020	2021
Current Assets:		
Cash	$ 1,949,819	$ 1,568,024
Accounts Receivable	-	-
Deposits & Prepaid Expenses	12,541	13,427
Total Current Assets	1,962,360	1,581,451
Capital Assets:		
Land	6,250	6,250
Buildings & Improvements	508,445	526,193
Firefighting Equipment	2,045,718	2,000,646
Construction in Progess	-	-
Less: Accumulated Depreciation	(1,473,706)	(1,207,610)
Total Capital Assets	1,086,707	1,325,479
TOTAL ASSETS	3,049,067	2,906,930
DEFERRED OUTFLOW		
GASB 68 Pension	86,137	66,252
TOTAL DEFERRED OUTFLOW	86,137	66,252
TOTAL ASSETS AND DEFERRED OUTFLOWS	3,135,204	2,973,182
LIABILITIES		
Current Liabilities:		
Accounts Payable	11,337	-
Accrued Payroll Liabilities	18,052	21,767
Accrued Compensated Absences	5,407	9,746
Total Current Liabilities	34,796	31,513
Long-term Liabilities:		
Net Pension Liability	323,538	367,798
Total Long-term Liabilities	323,538	367,798
TOTAL LIABILITIES	358,334	399,311
DEFERRED INFLOWS		
GASB 68 Pension	5,581	30,644
TOTAL DEFERRED INFLOWS	5,581	30,644
TOTAL LIABILITIES AND DEFERRED INFLOWS	363,915	429,955
NET POSITION		
Net Investment in Capital Assets	1,086,707	1,325,479
Unrestricted	1,684,582	1,217,748
TOTAL NET POSITION	$ 2,771,289	$ 2,543,227

The accompanying notes are an integral part of these financial statements.

FELTON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

	June 30, 2020	June 30, 2021
Total Fund Balances - Governmental Funds	$ 1,920,430	$ 1,546,257
Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.		
Total Historical Cost of Capital Assets	2,560,413	2,533,089
Less: Accumulated Depreciation	(1,473,706)	(1,207,610)
Prepaid expenses, some expenditures not due & payable within the current period were paid, those amounts are shown as expended in the governmental funds	12,541	13,427
Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds.	(5,407)	(9,746)
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	86,137	66,252
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds.This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	(5,581)	(30,644)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(323,538)	(367,798)
Net Position	$ 2,771,289	$ 2,543,227

The accompanying notes are an integral part of these financial statemnets

Felton Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2020
and
June 30, 2021

2020

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team Reimbursements	Operating Revenues: Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 790,377	$ -	$ -	$ -	$ (790,377)
Depreciation (Unallocated)	92,815	-	-	-	(92,815)
Total Governmental Activites					(883,192)
General Revenues:					
Tax Revenue					850,375
Interest & Investment Earnings					33,941
License, Permits & Rents					38,055
Miscellaneous					20,810
Total General Revenues					943,181
NET CHANGE IN NET POSITION					59,989
NET POSITION, BEGINNING OF YEAR					2,711,300
NET POSITION, END OF YEAR					$ 2,771,289

2021

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team Reimbursements	Operating Revenues: Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 1,352,224	$ 250	$ 186,825	$ -	$ (1,165,149)
Depreciation (Unallocated)	109,773	-	-	-	(109,773)
Total Governmental Activites					(1,274,922)
General Revenues:					
Tax Revenue					882,077
Interest & Investment Earnings					9,720
License, Permits & Rents					39,567
Miscellaneous					115,496
Total General Revenues					1,046,860
NET CHANGE IN NET POSITION					(228,062)
NET POSITION, BEGINNING OF YEAR					2,771,289
NET POSITION, END OF YEAR					$ 2,543,227

The accompanying notes are an integral part of these financial statements.

FELTON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

	June 30, 2020	June 30, 2021
Net Change in Fund Balances - Total Governmental Funds	$ 219,799	$ (374,173)
Amounts reported for governmental activities in the Statement of Activities are different as follows:		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year		
Current Year Capital Outlays	-	365,733
Less: Current Year Depreciation Expense	(92,815)	(109,773)
In the Governmental Funds CalPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CalPers expenditures are measured by the amounts expensed during the year	(62,495)	(89,208)
In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year	-	(17,189)
In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year	(4,500)	(4,339)
In the Governmental Funds expenditures are measured by the amount of financial resources used. In the Government-Wide Statement of Activities, expenses are measured by the amounts incurred during the year	-	887
Change in Net Position of Governmental Activities	$ 59,989	$ (228,062)

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Fiduciary Net Position
June 30, 2020
and
June 30, 2021

ASSETS	**2020**	**2021**
Current Assets:		
Cash	71,837	88,813
Total Current Assets	71,837	88,813
Capital Assets:		
Firefighting Equipment	23,852	23,852
Less: Accumulated Depreciation	(23,852)	(23,852)
Total Capital Assets	-	-
TOTAL ASSETS	71,837	88,813
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	-
Total Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET POSITION		
Breathing support units maintenance fund	28,692	37,557
Education trailer mainenance fund	43,145	51,256
Hose maintenance fund	-	-
TOTAL NET POSITION	$ 71,837	$ 88,813

The accompanying notes are an integral part of these financial statements.

Felton Fire Protection District

Statement of Activities & Change in Fiduciary Net Position - Fiduciary Funds
For the Year Ended
June 30, 2020
and
June 30, 2021

ADDITIONS	2020 Fiduciary Fund	2021 Fiduciary Fund
Aid from other government agencies	22,000	20,000
Use of Money and Property	304	80
TOTAL ADDITIONS	22,304	20,080
DEDUCTIONS		
Depreciation	-	-
Services, Supplies and Refunds	9,471	3,104
TOTAL DEDUCTIONS	9,471	3,104
CHANGE IN NET POSITION	12,833	16,976
NET POSITION, BEGINNING OF YEAR	59,004	71,837
NET POSITION, END OF YEAR	$ 71,837	$ 88,813

The accompanying notes are an integral part of these financial statements.

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND JUNE 30, 2021

Background: The District is an independent special district within the County of Santa Cruz and was established under Health and Safety Code Section 14001 in October 23, 1946 and reorganized in conformity with under Health and Safety Code Section 13801 in September 1966. It is governed by a five-member Board of Directors who are elected to four-year terms by area residents. The District provides fire protection in the Town of Felton and surrounding areas.

Note 1 - Significant Accounting Policies

Accounting Principles

The financial statements of the Felton Fire Protection District(District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Financial Statement Presentation

Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-

type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The District's governmental-wide fund balance is classified in the following categories:

Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government take the same formal action that imposed the constraint originally.

Assigned - Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fiduciary Fund Financial Statements

The District entered into an arrangement whereby the District reports resources held and administered by the District in a fiduciary capacity for the San Lorenzo Valley Fire Districts Council. Per Deifinition, the resources held under this arrangement are not available to support the District's own programs. Fiduciary fund financial statements include a statement of net position and a statement on activities and change in net position.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Budgets and Budgetary Accounting

The District prepares a fiscal year budget in accordance with applicable laws and regulations.

Pooled Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such a collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, as the fair market value adjustment at the yearend was immaterial.

Accounts Receivable

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for Governmental or Grant Funds since prior experience has shown that uncollectable receivables are not significant.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures in the period benefited.

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

General Capital Assets	$300 and or a serviceable life greater than 5 years

Depreciation on all assets is provided on the straight-line basis over and estimated useful life.

Buildings	40 years
Equipment	5-20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow/inflows of resources, represents an acquisition/disposition of net position that applies to future period(s) and will not be recognized as an outflow/inflow of resources until that time.

Liability for Compensated Absences

The District is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation and vested sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position

Property Taxes

The County of Santa Cruz assesses properties, bills, and collects property taxes for the District. Assessed values are determined annually by the County Assessor as of March 1, and become a lien on real property as of that date. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The County bills and collects property taxes and remits them to the District

under the state authorized method of apportioning taxes whereby all local agencies, including special districts, receive for the County their respective shares of the amount of ad valorem taxes collected.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contribitions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 – Cash

Summary of Cash

	June 30, 2020	June 30, 2021
County Cash	$ 1,949,619	$ 1,567,824
Petty Cash	200	200
Deposits in Financial Institutions	-	-
Total	$ 1,949,819	$ 1,568,024

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses its interest rate risk, credit risk, and concentration of credit risk.

Investment in the County of Santa Cruz's Investment Pool: The District maintains its cash in County of Santa Cruz's cash and investment pool which is managed by the Santa Cruz County Treasurer. The District's cash balances invested in the Santa Cruz County Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. Santa Cruz County does not invest in any derivative financial products. The Santa Cruz County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Santa Cruz County's cash and investment pool. The value of pool shares in Santa Cruz County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the poll. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The County's investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool).

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recoer collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2021.

Note 3 –Accounts Receivable

On June 30, 2021, the District had $0 in Accounts Receivable.
On June 30, 2020, the District had $0 in Accounts Receivable.

Note 5 – Capital Assets

The District believes that sufficient detail of Capital assets balances is provided in the financial statements to avoid obscuring of significant components by aggregation

Note 6 – Compensated Absences

On June 30, 2021, the liability for compensated absences was $9,746
On June 30, 2020, the liability for compensated absences was $5,407

Note 7 – Lease Commitments

The District leases to a third party a portion of its real property located at 131 Kirby Street under a noncencellable operating lease. The lease commenced on December 1, 1997 with an initial term of five years, at which time the tenant will have an option to renew for an additional five consequtive periods of five years each. The tenant exercised an amended agreement, rent is currently $2,758 per month

Note 8 - Public Employees' retirement Plan:

Plan Description - The Felton Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Felton Fire Protection District's defined benefit pension plan is part if the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law. The Felton Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits though local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies

For Purposes of Measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this Purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used.

Validation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

Validation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For Public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by the employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

For the measurement period ending June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. Both the June 30, 2019 total pension liability were based on the following actuarial methods and assumptions:

For the measurement period ending June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. Both the June 30, 2018 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.5% Net of Pension Plan Administrative and Investment Expenses
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality Rate Table[1]	Derived using CalPERS' membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1]The mortality table used was developed based on CalPERS' specific data. The table includes 5 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the 2010 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report call the "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of

return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relations ships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations if individual plan amounts as of the valuation date are used where not available.

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2020 Reporting Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	10,673	-
Differences between Expected and Actual Experience	21,124	-
Differences between Projected and Actual Investment Earnings	-	4,451
Differences between Employer's Contributions and Proportionate Share of Contributions	-	1,130
Change in Employer's Proportion	24,159	-
Pension Contributions Made Subsequent to Measurement Date	30,180	-
	86,137	5,581
Net Pension Liability as of 6/30/2020	323,538	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the Jul 2019-Jun 2020 JE Flow worksheet

Pension Expense as of June 30, 2020	92,675

At 6/30/2020, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	323,538
Total	**323,538**

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2019 and 6/30/2020:

	Miscellaneous	Safety	Total
Proportion - June 30, 2019	0.00000%	0.00493%	0.00300%
Proportion - June 30, 2020	0.00000%	0.00518%	0.00316%
Change - Increase/(Decrease)	0.00000%	0.00025%	0.00015%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2021	$ -	$ 37,319	$ 37,319
2022	-	6,439	6,439
2023	-	5,752	5,752
2024	-	866	866
2025	-	-	-
Thereafter	-	-	-
	-	50,376	$ 50,376

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	-	-	-
Employer's Net Pension Liability/(Asset) - **Safety**	527,217	323,538	156,553
Employer's Net Pension Liability/(Asset) - **Total**	527,217	323,538	156,553

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2021 Reporting Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	-	1,225
Differences between Expected and Actual Experience	28,521	-
Differences between Projected and Actual Investment Earnings	7,994	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	29,419
Change in Employer's Proportion	24,355	-
Pension Contributions Made Subsequent to Measurement Date	45,153	-
	106,022	30,644
Net Pension Liability as of 6/30/2021	367,798	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the **Jul 2020-Jun 2021 JE Flow** worksheet

Pension Expense as of June 30, 2021	102,591

At 6/30/2021, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	367,798
Total	**367,798**

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2020 and 6/30/2021:

	Miscellaneous	Safety	Total
Proportion - June 30, 2020	0.00000%	0.00518%	0.00316%
Proportion - June 30, 2021	0.00000%	0.00552%	0.00338%
Change - Increase/(Decrease)	0.00000%	0.00034%	0.00022%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2022	$ -	$ 10,712	$ 10,712
2023	-	10,322	10,322
2024	-	5,186	5,186
2025	-	4,005	4,005
2026	-	-	-
Thereafter	-	-	-
	-	30,225	$ 30,225

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	-	-	-
Employer's Net Pension Liability/(Asset) - **Safety**	615,840	367,798	164,257
Employer's Net Pension Liability/(Asset) - **Total**	615,840	367,798	164,257

SAFETY	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.005520%	0.00518%	0.004930%	0.00479%	0.004679%	0.00436%	0.00287%
Proportionate share of the net pension liability	$ 367,798	$ 323,538	$ 289,453	$ 286,481	$ 242,326	$ 179,670	$ 178,658
Covered - employee payroll - measurement period	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400	$ 173,567
Proportionate share of the net pension liability as a percentage of covered payroll	142.06%	138.21%	138.53%	158.84%	137.27%	102.43%	102.93%
Plan fiduciary net position as a percentage of the total pension liability	79.86%	78.23%	79.29%	76.68%	77.54%	82.21%	68.52%
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 45,153	$ 38,180	$ 47,773	$ 44,901	$ 38,248	$ 35,797	$ 34,677
Contributions in relation to the actuarially determined contributions	45,153	38,180	47,773	44,901	38,248	35,797	34,677
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll - fiscal year	$ 334,535	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400
Contributions as a percentage of covered - employee payroll	13.50%	14.75%	20.41%	21.49%	21.21%	20.28%	19.77%
Notes to Schedule:							
Valuation date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

Note 9 – Risk Management

The District is a member of the Santa Cruz County Fire Agencies Insurance Group (the "Group"). In a board meeting on June 19, 2002, the Group approved the return of its self-insurance certificates to the State and to accept a proposal from California Public Entity Insurance Authority (CPEIA) and joint powers authority for both primary and excess workers' compensation coverage. In a resolution dated September 20, 2007 the Santa Cruz Fire Agencies Insurance Group's Board of Directors opted to terminate the CPEA joint power agreement and merge into the CSAC Excess Insurance Authority (CSAC-EIA) Joint Power Agreement. This change was predicted on the decision of CSAC-EIA to restructure their bylaws and JPA agreements, discontinuing the operation of CPEIA member granted automatic approval of inclusion into both the Primary and Excess EIA workers' compensation programs beginning with the July 1, 2007 policy renewals. The relationship between the Group and CSAC-EIA ("the JPA") is such that CSAC0EIA is not a component unit of the Group for reporting purposes.

CSAC-EIA is a joint powers agency (JPA formed pursuant to Section 6500 et seq. of the California Government Code. Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments if it is determined that the contributions are insufficient. Members may withdraw from the CSAC-EIA only at the end of a policy period and only if a sixty day written advance note is given. However, CSAC-EIA may cancel a membership at any time upon a two-thirds vote of the Board of Directors and with sixty days written notice. Upon withdrawal or cancellation, a member shall remain liable for additional assessments for the program periods they have participated. CSAC-EIA is governed by a board of directors. The Board controls the operations of CSAC-EIA including adopting and annual budget.

Primary Workers' Compensation - The Primary Workers' Compensation program is a full service program including claims administration. The program blends pooling of workers' compensation claims with purchased stop loss insurance.

Excess Workers' Compensation - CSAC retains responsibility for payment of claims in excess of $125,000 for each member who also participates in the primary workers' compensation program. Claim liabilities are recognized based on the actuarial estimate of expected ultimate claim cost discounted at 6%.

Insurance coverage as of June 30, 2020and 2021 is as follows:

Property	Deductible	Limits
Real Property, Including Code Upgrade and On-site Equipment Breakdown	$1,000	Guaranteed Replacement Cost Included
Building Contents and Personal Property	$1,000	
Building and Contents Sublime, Earthquake and Flood	$1,000	$1,000,000 Each loss and each location
Electronic Data Processing		
Business - Personal Property Included	$500	$250,000
Equipment	$500	$250,000
Software	$500	$250,000

Emergency Services	Deductible	Limits
Commandeered and Impounded Property		Larger of Actual Value or Liability
Scheduled Equipment Floater: Miscellaneous Portable Equipment	$250	Guaranteed Replacement Cost (Unlimited)
Public Employee Dishonesty/Fidelity Bond		$250,000
Employee Benefits Liability		$1,000,000
Automobile Comprehensive	$250/1,000	Agreed Value or ACV
Automobile Collision	$250/1,000	Agreed Value or ACV
Liability		
Commercial/General Liability Each Occurrence		$1,000,000
General Aggregate Limit		$10,000,000
Automobile Coverage -		
Combined Single Limit		$1,000,000
Uninsured/Underinsured Motorists		$1,000,000
Excess Liability Coverage -		
Operation, Aggregate, Automobile and Public Offices Errors and Omissions, Occurrence		$5,000,000 Each Occurrence $10,000,000 Aggregate
Public Officials Errors and Omissions/Management Liability including Emergency Services Liability - Occurrence, Aggregate - Primary		$1,000,000 Each Wrongful Act $10,000,000 Aggregate
Medical Expense (Any one person)		$5,000
Valuable Papers/Records		$250,000
Loss of Income - Extra Expense		Actual Cost
Money and Securities	$250	$25,000
Uncollected Funds		$250,000
Personnel:		
Workers' Compensation		Statutory
PERS Health to 12/31/05, FDAC EBA from 1/1/06 to current		Per Policy

Dental				Per Policy
Term Life Insurance				Per Policy

Note 10 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2021 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through **December 9, 2021**, the date the financial statements because available to be issued. The entity has not evaluated subsequent events after **December 9, 2021**.

Felton Fire Protection District

Supplemental Information
June 30, 2020

June 30, 2021

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2020

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ -	$ 850,375	$ 850,375
Strike Team Reimbursements	-	-	-
Charges for Service	-	-	-
License & Permits	-	33,941	33,941
Interest & Investment Earnings	-	38,055	38,055
Grants & Contributions	-	-	-
Miscellaneous	-	20,810	20,810
TOTAL REVENUE	-	943,181	943,181
EXPENDITURES			
Capital Assets	-	30,191	(30,191)
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	-	407,449	(407,449)
Repairs and Maintenance	-	44,027	(44,027)
Insurance	-	25,794	(25,794)
Services, Supplies and Refunds	503	218,288	(217,785)
Total Expenditures	503	725,749	(725,246)
CHANGE IN FUND BALANCE	(503)	217,432	
FUND BALANCE, BEGINNING OF YEAR		1,705,920	
FUND BALANCE, END OF YEAR		$ 1,923,352	

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2021

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ 922,765	$ 882,077	$ (40,688)
Strike Team Reimbursements	-	-	-
Charges for Service	-	250	250
License & Permits	48,753	39,567	(9,186)
Interest & Investment Earnings	-	9,720	9,720
Grants & Contributions	-	-	-
Miscellaneous	-	132,684	132,684
TOTAL REVENUE	971,518	1,064,298	92,780
EXPENDITURES			
Capital Assets	786,913	704,176	82,737
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	387,500	682,145	(294,645)
Repairs and Maintenance	100,690	45,759	54,931
Insurance	12,000	25,070	(13,070)
Services, Supplies and Refunds	324,820	168,568	156,252
Total Expenditures	1,611,923	1,625,718	(13,795)
CHANGE IN FUND BALANCE	(640,405)	(561,420)	
FUND BALANCE, BEGINNING OF YEAR		1,923,352	
FUND BALANCE, END OF YEAR		$ 1,361,932	

Felton Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2022
and
June 30, 2023

Felton Fire Protection District

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of Felton Fire Protection District as of and for the year-ended June 30, 2022 and June 30, 2023, as listed in the Table of Contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Felton Fire Protection District as of June 30, 2022 and June 30, 2023, and the respective changes in financial position, and cash flows where applicable for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The District's ability to continue as a going concern for twelve months beyond the financial statem ent date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

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may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and Budget VS. Actual comparison be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

PNPCPA

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Felton Fire Protection District

Audit Report
June 30, 2022
and
June 30, 2023

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Felton Fire Protection District

Management's Discussion and Analysis
for Fiscal Years Ended June 30, 2022 and June 30, 2023

As management of the Felton Fire Protection District ("the District"), our discussion and analysis of the financial performance of the District offers readers of these financial statements an overview of the District's financial activities for the year ended June 30, 2022 and June 30, 2023, based on currently known facts, decisions, or conditions, as well as a comparative analysis of changes in the District's financial position between FY 2021-2022 and FY 2022-2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities by $2,813,866 (net position) at the close of fiscal June 30, 2022. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,520,469 at June 30, 2022.

- The assets of the District exceeded its liabilities by $2,600,707 (net position) at the close of fiscal June 30, 2023. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,382,058 at June 30, 2023.

- The District's total net position increased/(decreased) by $270,639 and (213,160) for 2022 and 2023 respectively.

- Short-term liabilities (accounts payable, interest and accrued expenses) decreased ($824). The District's long-term liabilities increased $289,673 (pension).

Using This Annual Report - Overview of the Financial Statements

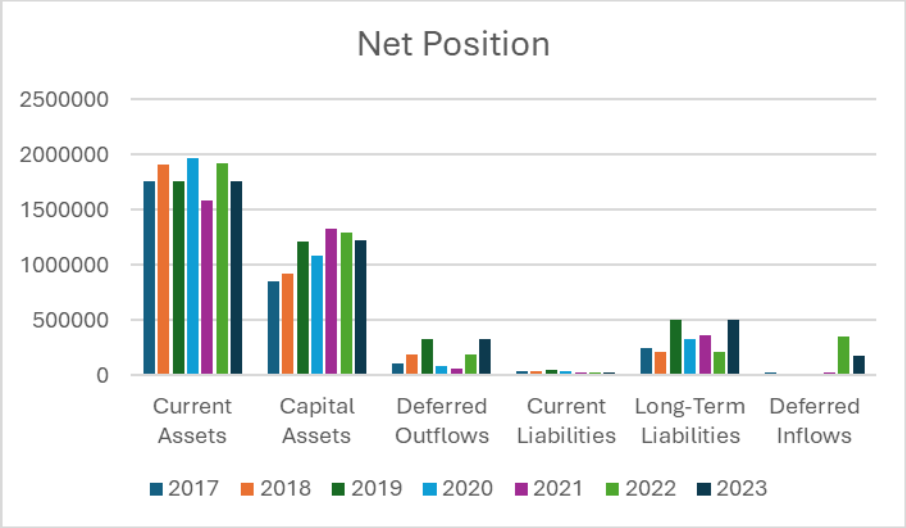
This report consists of several basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities of the District and present a longer-term view of the District's finances. These statements provide information about the financial activities of the District in a manner similar to private sector companies.

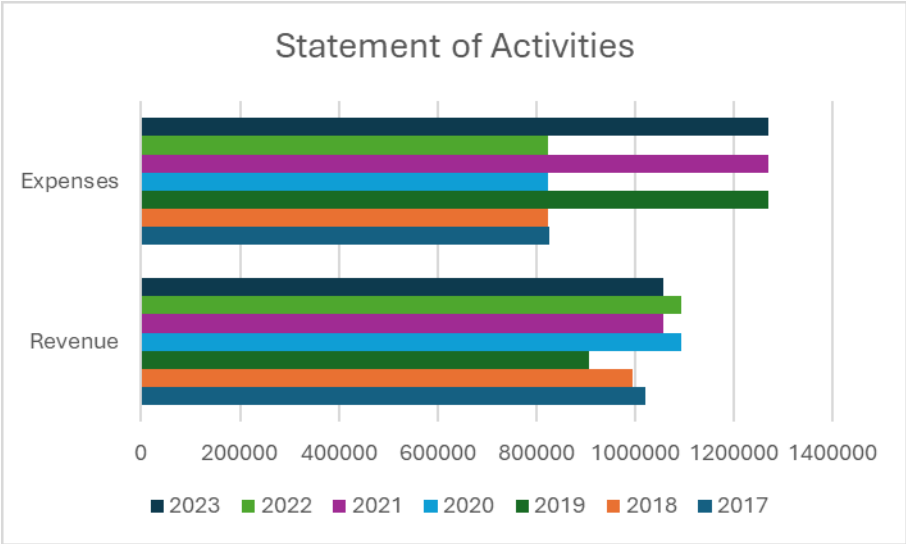
Financial statement notes are an important part of the basic financial statements. They provide the readers additional information required by Generally Accepted Accounting Principles.

Government-wide Financial Statements

The financial provide readers with a broad overview of the District as a whole and about its activities for the current period. They include all assets and liabilities using the accrual basis of accounting. In this method, all the current year's revenues and expenses are considered regardless of when cash is paid or received.

The Statement of Net Position represents the difference between all the District's assets and liabilities and the Statement of Activities reports the changes in net position during the fiscal year. Examining net position is an effective way to measure the District's financial health or position. Increases and decreases in net position is a good indicator of whether the District's financial position is improving or deteriorating





Budget vs Actual

The Statement of Revenues, Expenses and Changes in Fund Net Position Budget and Actual shows a comparison. The budget is based on anticipated cash flows.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2022-2023, the District had $2,563,964 invested in a range of capital assets, including land, structures, vehicles and equipment.

Economic Factors and Next Year's Budget

The goal for FY 2022-2023 is to continue providing for the safety of the community, safety of District employees and being good stewards of District assets. The FY 2022-2023 budgets reflect such by projecting continued expenditures in personal protective equipment, training, and maintenance of

facilities, equipment and vehicles. The District is incurring increased costs in salaries / benefits, utilities and fuel.

Although the District experienced financial growth, the District needs to be aware of external factors that affect the largest cost; wages and benefits. There also is the continuing need to replace vehicles, equipment, and major maintenance projects. The long-term effect of these concerns is routinely reviewed and analyzed when preparing extended projections. The board and staff members use the projections as a basis to gain efficiencies on a number of different levels.

CalPERS Retirement Program

The District currently provides CalPERS retirement plans for four basic employee groups: Safety Classic (3% at age 55). The distinction of Classic are CalPERS members prior to January 1, 2013 and Non-Classic are CalPERS members January 1, 2013 and thereafter. Since our plans each had fewer than 100 active members as of June 30, 2003, we were required to participate in a risk pool. At the time of joining the risk pool, a side fund (unfunded asset liability) was created to account for the difference between the funded status of the pool and the funded status of our plans.

The unfunded asset liability (UAL) for the District plans, including side funds, as of the following measurement dates, are:

SAFETY	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.007300%	0.00603%	0.005520%	0.00518%	0.004930%	0.00479%	0.004679%	0.00436%	0.00287%
Proportionate share of the net pension liability	$ 501,330	$ 211,657	$ 367,798	$ 323,538	$ 289,453	$ 286,481	$ 242,326	$ 179,670	$ 178,658
Covered - employee payroll - measurement period	$ 319,627	$ 245,009	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400	$ 173,567
Proportionate share of the net pension liability as a percentage of covered payroll	156.85%	86.39%	142.06%	138.21%	138.53%	158.84%	137.27%	102.43%	102.93%
Plan fiduciary net position as a percentage of the total pension liability	76.03%	88.80%	79.86%	78.23%	79.29%	76.68%	77.54%	82.21%	68.52%
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 103,056	$ 80,845	$ 45,153	$ 38,180	$ 47,773	$ 44,901	$ 38,248	$ 35,797	$ 34,677
Contributions in relation to the actuarially determined contributions	103,056	80,845	45,153	38,180	47,773	44,901	38,248	35,797	34,677
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll - fiscal year	$ 308,872	$ 319,627	$ 245,009	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400
Contributions as a percentage of covered - employee payroll	33.37%	25.29%	18.43%	14.75%	20.41%	21.49%	21.21%	20.28%	19.77%
Notes to Schedule:									
Valuation date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

GASB 68 modified the reporting requirements for UAL. For accounting valuations, the fiduciary net position includes, if applicable, deficiency reserves, fiduciary self-insurance and OPEB expenses. These amounts are excluded for rate setting in the funding actuarial valuation. Differences may also result from early CAFR closing and final reconciled reserves.

The District's management continues to carefully monitor the condition of our pension funds and the discount rate. It is not possible to accurately predict the market's future impact on CalPERS, but prior disappointing investment returns and resulting discount rate reduction shows the cause and effect relationship.

Other Fiscal Matters

As always, the District actively pursues as many sources of funding as are available to us (including grants) to ensure that during these challenging economic times our level of service to the public remains at the high level we have all come to expect.

Requests for Information

This financial report is designed to provide a general overview of the Felton Fire Protection District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, Felton Fire Protection District, 131 Kirby St, Felton, CA 95018

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Balance Sheet
June 30, 2022
and
June 30, 2023

	2022	2023
	General Fund	General Fund
ASSETS		
Assets:		
Cash	$ 1,741,703	$ 1,616,690
Accounts Receivable	-	-
Deposits & Prepaid Expenses	-	-
TOTAL ASSETS	1,741,703	1,616,690
LIABILITIES & FUND BALANCES		
Liabilities:		
Accounts Payable	3,840	5,632
Accrued Payroll	22,860	22,961
TOTAL LIABILIITES	26,700	28,593
Fund Balances:		
Unassigned	1,714,803	1,587,897
Unspendable	200	200
Committed	-	-
Total Fund Balance	1,715,003	1,588,097
TOTAL LIABILITIES & FUND BALANCE	$ 1,741,703	$ 1,616,690

The accompanying notes are an integral part of these financial statements.

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2022
and
June 30, 2023

	2022 General Fund	2023 General Fund
REVENUE		
Tax Revenue	$ 929,946	$ 987,298
Strike Team Reimbursements	-	-
Charges for Service	500	750
Interest & Investment Earnings	7,082	27,311
License & Permits	40,122	38,497
Grants & Contributions	-	-
Miscellaneous	116,454	2,387
TOTAL REVENUE	1,094,104	1,056,243
EXPENDITURES		
Capital Assets	30,874	2,439
Debt Service:		
Principle	-	-
Interest	-	-
Salaries and Employee Benefits	642,840	922,476
Repairs and Maintenance	60,162	58,554
Insurance	27,345	29,050
Services, Supplies and Refunds	164,137	170,630
TOTAL EXPENDITURES	925,358	1,183,149
Excess (Deficit) Revenues over Expenditures	168,746	(126,906)
CHANGE IN FUND BALANCE	168,746	(126,906)
FUND BALANCE, BEGINNING OF YEAR	1,546,257	1,715,003
FUND BALANCE, END OF YEAR	$ 1,715,003	$ 1,588,097

The accompanying notes are an integral part of these financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Net Position
June 30, 2022
and
June 30, 2023

ASSETS	2022	2023
Current Assets:		
Cash	$ 1,741,703	$ 1,616,690
Accounts Receivable	-	-
Lease Receivable	169,012	132,757
Deposits & Prepaid Expenses	13,673	14,526
Total Current Assets	1,924,388	1,763,973
Capital Assets:		
Land	6,250	6,250
Buildings & Improvements	557,067	557,067
Firefighting Equipment	2,000,647	2,000,647
Construction in Progess	-	-
Less: Accumulated Depreciation	(1,270,567)	(1,345,315)
Total Capital Assets	1,293,397	1,218,649
TOTAL ASSETS	3,217,785	2,982,622
DEFERRED OUTFLOW		
GASB 68 Pension	185,217	329,553
TOTAL DEFERRED OUTFLOW	185,217	329,553
TOTAL ASSETS AND DEFERRED OUTFLOWS	3,403,002	3,312,175
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,840	5,632
Accrued Payroll Liabilities	22,860	22,961
Accrued Compensated Absences	4,450	1,733
Total Current Liabilities	31,150	30,326
Long-term Liabilities:		
Net Pension Liability	211,657	501,330
Total Long-term Liabilities	211,657	501,330
TOTAL LIABILITIES	242,807	531,656
DEFERRED INFLOWS		
Lease	169,012	132,757
GASB 68 Pension	177,317	47,055
TOTAL DEFERRED INFLOWS	346,329	179,812
TOTAL LIABILITIES AND DEFERRED INFLOWS	589,136	711,468
NET POSITION		
Net Investment in Capital Assets	1,293,397	1,218,649
Unrestricted	1,520,469	1,382,058
TOTAL NET POSITION	$ 2,813,866	$ 2,600,707

The accompanying notes are an integral part of these financial statements.

FELTON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

	June 30, 2022	June 30, 2023
Total Fund Balances - Governmental Funds	$ 1,715,003	$ 1,588,097
Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.		
Total Historical Cost of Capital Assets	2,563,964	2,563,964
Less: Accumulated Depreciation	(1,270,567)	(1,345,315)
Long-term receivables are not due in the current period and therefore, are not reported as assets in the governmental funds.	169,012	132,757
Prepaid expenses, some expenditures not due & payable within the current period were paid, those amounts are shown as expended in the governmental funds	13,673	14,526
Compensated Absences are reported in the Government-Wide Statement of Net Assets, but they do not require the use of current financial resources. Therefore, the liability is not reported in Governmental Funds.	(4,450)	(1,733)
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	185,217	329,553
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds.This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	(346,329)	(179,812)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(211,657)	(501,330)
Net Position	$ 2,813,866	$ 2,600,707

The accompanying notes are an integral part of these financial statemnets

Felton Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2022
and
June 30, 2023

2022

		Operating Revenues			
	Expenses	**Charges for Services**	**Strike Team Reimbursements**	**Grants and Contributions**	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 760,507	$ 500	$ -	$ -	$ (760,007)
Depreciation (Unallocated)	62,958	-	-	-	(62,958)
Total Governmental Activites					(822,965)
General Revenues:					
Tax Revenue					929,946
Interest & Investment Earnings					7,082
License, Permits & Rents					40,122
Miscellaneous					116,454
Total General Revenues					1,093,604
NET CHANGE IN NET POSITION					270,639
NET POSITION, BEGINNING OF YEAR					2,543,227
NET POSITION, END OF YEAR					$ 2,813,866

2023

		Operating Revenues			
	Expenses	**Charges for Services**	**Strike Team Reimbursements**	**Grants and Contributions**	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 1,194,654	$ 750	$ -	$ -	$ (1,193,904)
Depreciation (Unallocated)	74,748	-	-	-	(74,748)
Total Governmental Activites					(1,268,652)
General Revenues:					
Tax Revenue					987,298
Interest & Investment Earnings					27,311
License, Permits & Rents					38,497
Miscellaneous					2,387
Total General Revenues					1,055,493
NET CHANGE IN NET POSITION					(213,159)
NET POSITION, BEGINNING OF YEAR					2,813,866
NET POSITION, END OF YEAR					$ 2,600,707

The accompanying notes are an integral part of these financial statements.

FELTON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

	June 30, 2022	June 30, 2023
Net Change in Fund Balances - Total Governmental Funds	$ 168,746	$ (126,906)
Amounts reported for governmental activities in the Statement of Activities are different as follows:		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year		
Current Year Capital Outlays	30,874	-
Less: Current Year Depreciation Expense	(62,958)	(74,748)
In the Governmental Funds CalPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CalPers expenditures are measured by the amounts expensed during the year	128,433	(14,223)
In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year	-	-
In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year	5,544	2,718
In the Governmental Funds expenditures are measured by the amount of financial resources used. In the Government-Wide Statement of Activities, expenses are measured by the amounts incurred during the year	-	-
Change in Net Position of Governmental Activities	$ 270,639	$ (213,159)

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Fiduciary Net Position
June 30, 2022
and
June 30, 2023

ASSETS	**2022**	**2023**
Current Assets:		
Cash	101,933	116,659
Total Current Assets	101,933	116,659
Capital Assets:		
Firefighting Equipment	23,852	23,852
Less: Accumulated Depreciation	(23,852)	(23,852)
Total Capital Assets	-	-
TOTAL ASSETS	101,933	116,659
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	-
Total Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET POSITION		
Breathing support units maintenance fund	42,620	50,380
Education trailer mainenance fund	59,313	66,279
Hose maintenance fund	-	-
TOTAL NET POSITION	$ 101,933	$ 116,659

The accompanying notes are an integral part of these financial statements.

Felton Fire Protection District

Statement of Activities & Change in Fiduciary Net Position - Fiduciary Funds
For the Year Ended
June 30, 2022
and
June 30, 2023

ADDITIONS	2022 Fiduciary Fund	2023 Fiduciary Fund
Aid from other government agencies	20,000	20,000
Use of Money and Property	100	417
TOTAL ADDITIONS	20,100	20,417
DEDUCTIONS		
Depreciation	-	-
Services, Supplies and Refunds	6,980	5,691
TOTAL DEDUCTIONS	6,980	5,691
CHANGE IN NET POSITION	13,120	14,726
NET POSITION, BEGINNING OF YEAR	88,813	101,933
NET POSITION, END OF YEAR	$ 101,933	$ 116,659

The accompanying notes are an integral part of these financial statements.

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2023

Background: The District is an independent special district within the County of Santa Cruz and was established under Health and Safety Code Section 14001 in October 23, 1946 and reorganized in conformity with under Health and Safety Code Section 13801 in September 1966. It is governed by a five-member Board of Directors who are elected to four-year terms by area residents. The District provides fire protection in the Town of Felton and surrounding areas.

Note 1 - Significant Accounting Policies

Accounting Principles

The financial statements of the Felton Fire Protection District(District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Financial Statement Presentation

Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-

type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The District's governmental-wide fund balance is classified in the following categories:

Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government take the same formal action that imposed the constraint originally.

Assigned - Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fiduciary Fund Financial Statements

The District entered into an arrangement whereby the District reports resources held and administered by the District in a fiduciary capacity for the San Lorenzo Valley Fire Districts Council. Per Deifinition, the resources held under this arrangement are not available to support the District's own programs. Fiduciary fund financial statements include a statement of net position and a statement on activities and change in net position.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Budgets and Budgetary Accounting

The District prepares a fiscal year budget in accordance with applicable laws and regulations.

Pooled Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such a collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, as the fair market value adjustment at the yearend was immaterial.

Accounts Receivable

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for Governmental or Grant Funds since prior experience has shown that uncollectable receivables are not significant.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures in the period benefited.

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

General Capital Assets	$300 and or a serviceable life greater than 5 years

Depreciation on all assets is provided on the straight-line basis over and estimated useful life.

Buildings	40 years
Equipment	5-20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow/inflows of resources, represents an acquisition/disposition of net position that applies to future period(s) and will not be recognized as an outflow/inflow of resources until that time.

Liability for Compensated Absences

The District is required to recognize a liability for employees' rights to receive compensation for future absences. All vacation and vested sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position

Property Taxes

The County of Santa Cruz assesses properties, bills, and collects property taxes for the District. Assessed values are determined annually by the County Assessor as of March 1, and become a lien on real property as of that date. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The County bills and collects property taxes and remits them to the District

under the state authorized method of apportioning taxes whereby all local agencies, including special districts, receive for the County their respective shares of the amount of ad valorem taxes collected.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 – Cash

Summary of Cash

	June 30, 2022	June 30, 2023
County Cash	$ 1,741,503	$ 1,616,490
Petty Cash	200	200
Deposits in Financial Institutions	-	-
Total	$ 1,741,703	$ 1,616,690

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses its interest rate risk, credit risk, and concentration of credit risk.

Investment in the County of Santa Cruz's Investment Pool: The District maintains its cash in County of Santa Cruz's cash and investment pool which is managed by the Santa Cruz County Treasurer. The District's cash balances invested in the Santa Cruz County Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. Santa Cruz County does not invest in any derivative financial products. The Santa Cruz County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Santa Cruz County's cash and investment pool. The value of pool shares in Santa Cruz County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the poll. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The County's investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool).

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2023.

Note 3 –Accounts Receivable

On June 30, 2023, the District had $0 in Accounts Receivable.
On June 30, 2022, the District had $0 in Accounts Receivable.

Note 5 – Capital Assets

The District believes that sufficient detail of Capital assets balances is provided in the financial statements to avoid obscuring of significant components by aggregation

Note 6 – Compensated Absences

On June 30, 2023, the liability for compensated absences was $1,733
On June 30, 2022, the liability for compensated absences was $4,450

Note 7 – Lease Commitments

The District leases to a third party a portion of its real property located at 131 Kirby Street under a noncancellable operating lease. The lease commenced on December 1, 1997 with an initial term of five years, at which time the tenant will have an option to renew for an additional five consequtive periods of five years each. The tenant exercised an amended agreement, rent is currently $3,270 per month

January 1, 2022 PV of Future pyaments		$ (186,870.33)
June 30, 2022 PV of future payments		$ (169,012.43)
June 30, 2023 PV of future payments		$ (132,756.73)
June 30, 2024 PV of future payments		$ (95,769.08)
June 30, 2025 PV of future payments		$ (58,034.72)
June 30, 2026 PV of future payments		$ (19,538.55)
June 30, 2027 PV of future payments		$ -

Note 8 - Public Employees' retirement Plan:

Plan Description - The Felton Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Felton Fire Protection District's defined benefit pension plan is part if the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law. The Felton Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits though local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Summary of Significant Accounting Policies

For Purposes of Measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this Purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used.

Validation Date (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

Validation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For Public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the

estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by the employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

Actuarial Methods and Assumptions Used to determine Total Pension Liability

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Investment rate of return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table[1]	Derived using CalPERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1]The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate

To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was

set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in your GASB 68 accounting valuation report may differ from the plan assets reported in your funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relations ships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations if individual plan amounts as of the valuation date are used where not available.

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2022 Reporting Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	-	-
Differences between Expected and Actual Experience	36,161	-
Differences between Projected and Actual Investment Earnings	-	125,977
Differences between Employer's Contributions and Proportionate Share of Contributions	-	51,341
Change in Employer's Proportion	68,211	-
Pension Contributions Made Subsequent to Measurement Date	80,845	-
	185,217	177,317
Net Pension Liability as of 6/30/2022	211,657	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the Jul 2021-Jun 2022 JE Flow worksheet

Pension Credit as of June 30, 2022	7,818

At 6/30/2022, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	211,657
Total	**211,657**

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2021 and 6/30/2022:

	Miscellaneous	Safety	Total
Proportion - June 30, 2021	0.00000%	0.00552%	0.00338%
Proportion - June 30, 2022	0.00000%	0.00603%	0.00391%
Change - Increase/(Decrease)	0.00000%	0.00051%	0.00053%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2023	$ -	$ (6,904)	$ (6,904)
2024	-	(12,422)	(12,422)
2025	-	(18,952)	(18,952)
2026	-	(34,667)	(34,667)
2027	-	-	-
Thereafter	-	-	-
	-	(72,945)	$ (72,945)

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	-	-	-
Employer's Net Pension Liability/(Asset) - **Safety**	467,800	211,657	1,267
Employer's Net Pension Liability/(Asset) - **Total**	467,800	211,657	1,267

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2023

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2023 Reporting Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	50,549	-
Differences between Expected and Actual Experience	15,304	-
Differences between Projected and Actual Investment Earnings	79,167	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	47,055
Change in Employer's Proportion	81,477	-
Pension Contributions Made Subsequent to Measurement Date	103,056	-
	329,553	47,055
Net Pension Liability as of 6/30/2023	501,330	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the Jul 2022-Jun 2023 JE Flow worksheet

Pension Expense as of June 30, 2023	118,131

At 6/30/2023, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	501,330
Total	**501,330**

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2022 and 6/30/2023:

	Miscellaneous	Safety	Total
Proportion - June 30, 2022	0.00000%	0.00603%	0.00603%
Proportion - June 30, 2023	0.00000%	0.00730%	0.00730%
Change - Increase/(Decrease)	0.00000%	0.00126%	0.00126%

Note: Due to the nature of calculating proportionate share of the Net Pension Liability/(asset), total proportion for all employer plans will not equal the sum of the miscellaneous proportion % and the safety proportion %

Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	Miscellaneous	Safety	Total
2024	$ -	$ 57,620	$ 57,620
2025	-	49,420	49,420
2026	-	24,110	24,110
2027	-	48,293	48,293
2028	-	-	-
Thereafter	-	-	-
	-	179,442	$ 179,442

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	-	-	-
Employer's Net Pension Liability/(Asset) - **Safety**	790,186	501,330	265,256
Employer's Net Pension Liability/(Asset) - **Total**	790,186	501,330	265,256

SAFETY	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.007300%	0.00603%	0.005520%	0.00518%	0.004930%	0.00479%	0.004679%	0.00436%	0.00287%
Proportionate share of the net pension liability	$ 501,330	$ 211,657	$ 367,798	$ 323,538	$ 289,453	$ 286,481	$ 242,326	$ 179,670	$ 178,658
Covered - employee payroll - measurement period	$ 319,627	$ 245,009	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400	$ 173,567
Proportionate share of the net pension liability as a percentage of covered payroll	156.85%	86.39%	142.06%	138.21%	138.53%	158.84%	137.27%	102.43%	102.93%
Plan fiduciary net position as a percentage of the total pension liability	76.03%	88.80%	79.86%	78.23%	79.29%	76.68%	77.54%	82.21%	68.52%
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 103,056	$ 80,845	$ 45,153	$ 38,180	$ 47,773	$ 44,901	$ 38,248	$ 35,797	$ 34,677
Contributions in relation to the actuarially determined contributions	103,056	80,845	45,153	38,180	47,773	44,901	38,248	35,797	34,677
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll - fiscal year	$ 308,872	$ 319,627	$ 245,009	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400
Contributions as a percentage of covered - employee payroll	33.37%	25.29%	18.43%	14.75%	20.41%	21.49%	21.21%	20.28%	19.77%
Notes to Schedule:									
Valuation date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

Note 9 – Risk Management

The District is a member of the Santa Cruz County Fire Agencies Insurance Group (the "Group"). In a board meeting on June 19, 2002, the Group approved the return of its self-insurance certificates to the State and to accept a proposal from California Public Entity Insurance Authority (CPEIA) and joint powers authority for both primary and excess workers' compensation coverage. In a resolution dated September 20, 2007 the Santa Cruz Fire Agencies Insurance Group's Board of Directors opted to terminate the CPEA joint power agreement and merge into the CSAC Excess Insurance Authority (CSAC-EIA) Joint Power Agreement. This change was predicted on the decision of CSAC-EIA to restructure their bylaws and JPA agreements, discontinuing the operation of CPEIA member granted automatic approval of inclusion into both the Primary and Excess EIA workers' compensation programs beginning with the July 1, 2007 policy renewals. The relationship between the Group and CSAC-EIA ("the JPA") is such that CSAC0EIA is not a component unit of the Group for reporting purposes.

CSAC-EIA is a joint powers agency (JPA formed pursuant to Section 6500 et seq. of the California Government Code. Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments if it is determined that the contributions are insufficient. Members may withdraw from the CSAC-EIA only at the end of a policy period and only if a sixty day written advance note is given. However, CSAC-EIA may cancel a membership at any time upon a two-thirds vote of the Board of Directors and with sixty days written notice. Upon withdrawal or cancellation, a member shall remain liable for additional assessments for the program periods they have participated. CSAC-EIA is governed by a board of directors. The Board controls the operations of CSAC-EIA including adopting and annual budget.

Primary Workers' Compensation - The Primary Workers' Compensation program is a full service program including claims administration. The program blends pooling of workers' compensation claims with purchased stop loss insurance.

Excess Workers' Compensation - CSAC retains responsibility for payment of claims in excess of $125,000 for each member who also participates in the primary workers' compensation program. Claim liabilities are recognized based on the actuarial estimate of expected ultimate claim cost discounted at 6%.

Insurance coverage as of June 30, 2022and 2023 is as follows:

Property	Deductible	Limits
Real Property, Including Code Upgrade and On-site Equipment Breakdown	$1,000	Guaranteed Replacement Cost Included
Building Contents and Personal Property	$1,000	
Building and Contents Sublime, Earthquake and Flood	$1,000	$1,000,000 Each loss and each location
Electronic Data Processing		
Business - Personal Property Included	$500	$250,000
Equipment	$500	$250,000
Software	$500	$250,000

Emergency Services	Deductible	Limits
Commandeered and Impounded Property		Larger of Actual Value or Liability
Scheduled Equipment Floater: Miscellaneous Portable Equipment	$250	Guaranteed Replacement Cost (Unlimited)
Public Employee Dishonesty/Fidelity Bond		$250,000
Employee Benefits Liability		$1,000,000
Automobile Comprehensive	$250/1,000	Agreed Value or ACV
Automobile Collision	$250/1,000	Agreed Value or ACV
Liability		
Commercial/General Liability Each Occurrence		$1,000,000
General Aggregate Limit		$10,000,000
Automobile Coverage -		
Combined Single Limit		$1,000,000
Uninsured/Underinsured Motorists		$1,000,000
Excess Liability Coverage -		
Operation, Aggregate, Automobile and Public Offices Errors and Omissions, Occurrence		$5,000,000 Each Occurrence $10,000,000 Aggregate
Public Officials Errors and Omissions/Management Liability including Emergency Services Liability - Occurrence, Aggregate - Primary		$1,000,000 Each Wrongful Act $10,000,000 Aggregate
Medical Expense (Any one person)		$5,000
Valuable Papers/Records		$250,000
Loss of Income - Extra Expense		Actual Cost
Money and Securities	$250	$25,000
Uncollected Funds		$250,000
Personnel:		
Workers' Compensation		Statutory
PERS Health to 12/31/05, FDAC EBA from 1/1/06 to current		Per Policy

Dental				Per Policy
Term Life Insurance				Per Policy

Note 10 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2023 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through , the date the financial statements because available to be issued. The entity has not evaluated subsequent events after .

Felton Fire Protection District

Supplemental Information
June 30, 2022

June 30, 2023

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2022

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ 871,910	$ 929,946	$ 58,036
Strike Team Reimbursements	-	-	-
Charges for Service	1,500	500	(1,000)
License & Permits	39,240	7,082	(32,158)
Interest & Investment Earnings	6,000	40,122	34,122
Grants & Contributions	-	-	-
Miscellaneous	129,351	116,454	(12,897)
TOTAL REVENUE	1,048,001	1,094,104	46,103
EXPENDITURES			
Capital Assets	446,628	30,874	415,754
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	634,997	642,840	(7,843)
Repairs and Maintenance	81,300	60,162	21,138
Insurance	30,000	27,345	2,655
Services, Supplies and Refunds	1,049,880	164,137	885,743
Total Expenditures	2,242,805	925,358	1,317,447
CHANGE IN FUND BALANCE	(1,194,804)	168,746	
FUND BALANCE, BEGINNING OF YEAR		1,546,257	
FUND BALANCE, END OF YEAR		$ 1,715,003	

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2023

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ 900,516	$ 987,298	$ 86,782
Strike Team Reimbursements	-	-	-
Charges for Service	2,500	750	(1,750)
License & Permits	39,240	38,497	(743)
Interest & Investment Earnings	6,000	27,311	21,311
Grants & Contributions	-	-	-
Miscellaneous	22,000	2,387	(19,613)
TOTAL REVENUE	970,256	1,056,243	85,987
EXPENDITURES			
Capital Assets	408,631	2,439	406,192
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	974,055	922,476	51,579
Repairs and Maintenance	79,000	58,554	20,446
Insurance	32,000	29,050	2,950
Services, Supplies and Refunds	797,606	170,630	626,976
Total Expenditures	2,291,292	1,183,149	1,108,143
CHANGE IN FUND BALANCE	(1,321,036)	(126,906)	
FUND BALANCE, BEGINNING OF YEAR		1,715,003	
FUND BALANCE, END OF YEAR		$ 1,588,097	

APPENDIX C:

TERMINATION VALUATION ANALYSIS (CALPERS DOCUMENTS)

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

May 12, 2025

CalPERS ID: 1920391483

Felton Fire Protection District
131 Kirby St
Felton, CA 95018

Dear Employer,

As a result of your agency's Resolution of Intent to Terminate its CalPERS contract, a preliminary termination valuation has been performed for the Felton Fire Protection District Safety Plan, rate plan number 1792. The information in this report covers only a single rate plan. A separate preliminary termination valuation is provided for each rate plan the employer sponsors. In order to terminate its retirement contract, the employer must contribute the unfunded liability for all rate plans the employer sponsors, which includes rate plan numbers 1792 and 25399.

This valuation was done two different ways:

1. **Projected Compensation:** all members currently active in a CalPERS agency have compensation increases projected *until their retirement*.

2. **Frozen Compensation:** all members currently active in a CalPERS agency have compensation increases projected *until plan termination* and then **frozen** thereafter.

This valuation was based on the June 30, 2023 financial and membership data, the latest such data available.

Based on the June 30, 2023 data, we projected the funded position of the plan to a *preliminary* termination date of March 31, 2025. Investment return of 9.50% net of administrative expenses was realized for fiscal year 2023-2024, and a 5.59% return was estimated from July 1, 2024 to March 31, 2025 based on year-to-date investment returns. Reflected in the termination is a 5% contingency load for unforeseen negative experience in accordance with CalPERS Board of Administration (board) policy. The charts on the next page summarize the results.

For information on the asset allocation adopted by the board for the Terminated Agency Pool, see Circular Letter 200-058-11 on the CalPERS website.

The asset allocation affects the actuarial assumptions used when calculating the actuarial liabilities of a public agency at the time of termination. The discount rate and inflation assumption used for this preliminary termination valuation are also summarized in the charts on the following page.

Safety Plan Results
(All projected amounts shown to nearest $100)

		Annual Valuation	Termination Valuation (**Non-frozen Compensation**)	Termination Valuation (**Frozen Compensation**)
		As of June 30, 2023 (Actual)	As of March 31, 2025 (Projected)	As of March 31, 2025 (Projected)
(1)	Plan's share of Pool Assets*	$1,854,162	$2,006,100	$2,006,100
(2)	Accrued Actuarial Liability	$2,224,411	$3,071,600	$2,891,900
(3)	Contingency Load	$0	$153,600	$144,600
(4)	Unfunded Liability/(Surplus) = (2) + (3) - (1)	$370,249	$1,219,100	$1,030,400
	Discount Rate	6.80%	4.55%	4.50%
	Inflation Assumption	2.30%	2.45%	2.40%

*Market Value of Assets

Please note that these amounts are estimates only and depend heavily on the assumptions used. In particular, the discount rate has a large impact on the liability measurements. The discount rate for the estimates above was based on US Treasury yields on the valuation date, but the discount rate for the final termination valuation will be based on US Treasury yields on the date of contract termination, which will be different. See the attachment to Circular Letter 200-058-11 for more information on the method to determine the discount rate. Also note that the rate of return of assets between June 30, 2023 and the *final* termination date can have a large impact on the unfunded liability. Furthermore, these estimates do not take into account possible changes in methods or assumptions, benefit improvements, or changes in the membership data of your workforce (particularly salary increases) that occur after June 30, 2023. **Therefore, the actual unfunded liability determined as of the contract termination date could be significantly higher or lower than the estimates provided above.**

In order to terminate the contract, the agency must comply with Government Code sections 20570 and 7507, which may require that the change in accrued liability resulting from benefit changes be disclosed at a public meeting with an actuary present at least two weeks prior to adopting the change. If the agency elects to proceed with the termination, once a final termination date has been determined, CalPERS will perform the final termination actuarial valuation and calculate any additional contributions necessary to be sent to CalPERS to effectuate the termination.

If you have any questions, please contact me at (916) 795-0410.

Sincerely,



Matthew Biggart, ASA, MAAA
Actuary, CalPERS

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

May 12, 2025

CalPERS ID: 1920391483

Felton Fire Protection District
131 Kirby St
Felton, CA 95018

Dear Employer,

As a result of your agency's Resolution of Intent to Terminate its CalPERS contract, a preliminary termination valuation has been performed for the Felton Fire Protection District PEPRA Safety Fire Plan, rate plan number 25399. The information in this report covers only a single rate plan. A separate preliminary termination valuation is provided for each rate plan the employer sponsors. In order to terminate its retirement contract, the employer must contribute the unfunded liability for all rate plans the employer sponsors, which includes rate plan numbers 1792 and 25399.

This valuation was done two different ways:

1. **Projected Compensation:** all members currently active in a CalPERS agency have compensation increases projected *until their retirement*.

2. **Frozen Compensation:** all members currently active in a CalPERS agency have compensation increases projected *until plan termination* and then **frozen** thereafter.

This valuation was based on the June 30, 2023 financial and membership data, the latest such data available.

Based on the June 30, 2023 data, we projected the funded position of the plan to a *preliminary* termination date of March 31, 2025. Investment return of 9.50% net of administrative expenses was realized for fiscal year 2023-2024, and a 5.59% return was estimated from July 1, 2024 to March 31, 2025 based on year-to-date investment returns. Reflected in the termination is a 5% contingency load for unforeseen negative experience in accordance with CalPERS Board of Administration (board) policy. The charts on the next page summarize the results.

For information on the asset allocation adopted by the board for the Terminated Agency Pool, see Circular Letter 200-058-11 on the CalPERS website.

The asset allocation affects the actuarial assumptions used when calculating the actuarial liabilities of a public agency at the time of termination. The discount rate and inflation assumption used for this preliminary termination valuation are also summarized in the charts on the following page.

PEPRA Safety Fire Plan Results
(All projected amounts shown to nearest $100)

		Annual Valuation	Termination Valuation (**Non-frozen Compensation**)	Termination Valuation (**Frozen Compensation**)
		As of June 30, 2023 (Actual)	As of March 31, 2025 (Projected)	As of March 31, 2025 (Projected)
(1)	Plan's share of Pool Assets*	$65,913	$126,100	$126,100
(2)	Accrued Actuarial Liability	$72,978	$147,000	$133,900
(3)	Contingency Load	$0	$7,400	$6,700
(4)	Unfunded Liability/(Surplus) = (2) + (3) - (1)	$7,065	$28,300	$14,500
	Discount Rate	6.80%	4.60%	4.60%
	Inflation Assumption	2.30%	2.30%	2.40%

*Market Value of Assets

Please note that these amounts are estimates only and depend heavily on the assumptions used. In particular, the discount rate has a large impact on the liability measurements. The discount rate for the estimates above was based on US Treasury yields on the valuation date, but the discount rate for the final termination valuation will be based on US Treasury yields on the date of contract termination, which will be different. See the attachment to Circular Letter 200-058-11 for more information on the method to determine the discount rate. Also note that the rate of return of assets between June 30, 2023 and the *final* termination date can have a large impact on the unfunded liability. Furthermore, these estimates do not take into account possible changes in methods or assumptions, benefit improvements, or changes in the membership data of your workforce (particularly salary increases) that occur after June 30, 2023. **Therefore, the actual unfunded liability determined as of the contract termination date could be significantly higher or lower than the estimates provided above.**

In order to terminate the contract, the agency must comply with Government Code sections 20570 and 7507, which may require that the change in accrued liability resulting from benefit changes be disclosed at a public meeting with an actuary present at least two weeks prior to adopting the change. If the agency elects to proceed with the termination, once a final termination date has been determined, CalPERS will perform the final termination actuarial valuation and calculate any additional contributions necessary to be sent to CalPERS to effectuate the termination.

If you have any questions, please contact me at (916) 795-0410.

Sincerely,



Matthew Biggart, ASA, MAAA
Actuary, CalPERS

California Public Employees' Retirement System

Actuarial Valuation for the Safety Plan of the Felton Fire Protection District

as of June 30, 2023

(CalPERS ID: 1920391483)
(Rate Plan ID: 1792)

Required Contributions for Fiscal Year

July 1, 2025 — June 30, 2026

CalPERS

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Section 2 – Risk Pool Actuarial Valuation Information

Section 1

California Public Employees' Retirement System

Plan Specific Information for the Safety Plan of the Felton Fire Protection District

(CalPERS ID: 1920391483)
(Rate Plan ID: 1792)

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Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Safety Plan of the Felton Fire Protection District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2023, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Felton Fire Protection District, while Section 2 is based on the corresponding information for all agencies participating in the Safety Risk Pool to which the plan belongs.

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

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Introduction

This report presents the results of the June 30, 2023, actuarial valuation of the Safety Plan of the Felton Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2025-26.

Purpose of Section 1

This Section 1 report for the Safety Plan of the Felton Fire Protection District of CalPERS was prepared by the Actuarial Office using data as of June 30, 2023. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2023;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2025, through June 30, 2026;
- Determine the required member contribution rate for FY July 1, 2025, through June 30, 2026, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2023, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

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

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

Assessment and Disclosure of Risk

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

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

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found .

Required Employer Contributions — page 8

	Fiscal Year 2024-25	Fiscal Year 2025-26
Employer Normal Cost Rate	23.00%	23.06%
Unfunded Accrued Liability (UAL) Contribution Amount	$26,293	$31,629
Paid either as		
Option 1) 12 Monthly Payments of	$2,191.08	$2,635.75
Option 2) Annual Prepayment in July	$25,442	$30,606

Member Contribution Rates — page 9

	Fiscal Year 2024-25	Fiscal Year 2025-26
Member Contribution Rate	9.00%	9.00%

Projected Employer Contributions — page 14

Fiscal Year	Normal Cost (% of payroll)	Annual UAL Payment
2026-27	23.1%	$34,000
2027-28	23.1%	$36,000
2028-29	23.1%	$43,000
2029-30	23.1%	$43,000
2030-31	23.1%	$43,000

Funded Status — Funding Policy Basis — page 12

	June 30, 2022	June 30, 2023
Entry Age Accrued Liability (AL)	$2,136,070	$2,224,411
Market Value of Assets (MVA)	1,617,962	1,854,162
Unfunded Accrued Liability (UAL) [AL – MVA]	$518,108	$370,249
Funded Ratio [MVA ÷ AL]	75.7%	83.4%

Summary of Valuation Data — Page 26

	June 30, 2022	June 30, 2023
Active Member Count	1	1
Annual Covered Payroll	$122,917	$130,000
Transferred Member Count	0	0
Separated Member Count	1	1
Retired Members and Beneficiaries Count	1	1

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2023, actuarial valuation.

New Disclosure Items

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) requiring actuaries to disclose a low-default-risk obligation measure (LDROM) of the benefits earned. This information is shown in a new exhibit, Funded Status – Low-Default-Risk Basis.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2023, as well as statutory changes, regulatory changes and board actions through January 2024.

During the time period between the valuation date and the publication of this report, inflation has been higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2024, valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

The 2023 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2024 limits, determined in October 2023, are not reflected.

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the Future Investment Return Scenarios exhibit in this report has not been modified and still reflects the projected contribution requirements associated with a reduction in the discount rate.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

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Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, unfunded accrued liability (UAL) emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the Unfunded Accrued Liability Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The Unfunded Accrued Liability Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Required Employer Contributions	Fiscal Year 2025-26
Employer Normal Cost Rate	**23.06%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[1]	**$31,629**
Paid either as	
1) Monthly Payment	**$2,635.75**
Or	
2) Annual Prepayment Option*	**$30,606**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

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

For Member Contribution Rates see the following page.

Development of Normal Cost as a Percentage of Payroll	Fiscal Year 2024-25	Fiscal Year 2025-26
Base Total Normal Cost for Formula	31.99%	32.05%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Plan's Total Normal Cost	31.99%	32.05%
Offset Due to Employee Contributions[3]	8.99%	8.99%
Employer Normal Cost	23.00%	23.06%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2024.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges.

[3] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Safety, 2% at age 55	7%
Safety, 2% at age 50	9%
Safety, 3% at age 55	9%
Safety, 3% at age 50	9%

Other Pooled Safety Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown on this page, correspond to rate plan 1792. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Safety Risk Pool are shown below and assume that the total employer payroll within the Safety Risk Pool will grow according to the overall payroll growth assumption of 2.80% per year for three years. Classic members who are projected to terminate employment are assumed to be replaced by PEPRA members.

Estimated Employer Contributions for all Pooled Safety Rate Plans	Fiscal Year 2024-25	Fiscal Year 2025-26
Projected Payroll for the Contribution Year	$254,986	$420,539
Estimated Employer Normal Cost	$47,502	$71,532
Required Payment on Amortization Bases	$27,459	$32,963
Estimated Total Employer Contributions	$74,961	$104,495
Estimated Total Employer Contribution Rate (illustrative only)	29.40%	24.85%

Breakdown of Entry Age Accrued Liability

Active Members	$586,946
Transferred Members	0
Separated Members	36,595
Members and Beneficiaries Receiving Payments	1,600,870
Total	$2,224,411

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$2,224,411
2.	Projected UAL Balance at 6/30/2023	329,301
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2023 for Asset Share	385,557
5.	Pool's Accrued Liability[1]	30,525,472,379
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2023[1]	7,735,444,959
7.	Pool's 2022-23 Investment (Gain)/Loss[1]	146,133,368
8.	Pool's 2022-23 Non-Investment (Gain)/Loss[1]	400,118,077
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	11,791
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	29,157
11.	Plan's New (Gain)/Loss as of 6/30/2023: (9) + (10)	40,948
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	0
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	0
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	11,791

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$370,249
19.	Plan's Share of Pool's Market Value of Assets (MVA): (1) - (18)	$1,854,162

For a reconciliation of the pool's Market Value of Assets (MVA), information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (Present Value of Benefits) to individual years of service (the Normal Cost). The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The Unfunded Accrued Liability (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The funded ratio equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2022	June 30, 2023
1. Present Value of Benefits	$2,477,768	$2,558,475
2. Entry Age Accrued Liability	2,136,070	2,224,411
3. Market Value of Assets (MVA)	1,617,962	1,854,162
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$518,108	$370,249
5. Funded Ratio [(3) ÷ (2)]	75.7%	83.4%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual a verage future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$2,508,916	$2,224,411	$1,986,741
2. Market Value of Assets (MVA)	1,854,162	1,854,162	1,854,162
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$654,754	$370,249	$132,579
4. Funded Ratio [(2) ÷ (1)]	73.9%	83.4%	93.3%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2025-26 is $31,629. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2025-26 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2025-26 Employer Contributions — Illustrative Scenarios

Funding Approach	Estimated Normal Cost	Minimum UAL Contribution	ADP[1]	Total UAL Contribution	Estimated Total Contribution
Minimum required only	$32,286	$31,629	0	$31,629	$63,915
20 year funding horizon	$32,286	$31,629	$1,822	$33,451	$65,737
15 year funding horizon	$32,286	$31,629	$7,395	$39,024	$71,310
10 year funding horizon	$32,286	$31,629	$19,148	$50,777	$83,063
5 year funding horizon	$32,286	$31,629	$55,692	$87,321	$119,607

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2025, as determined in the June 30, 2023, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	$0	2022-23	$175,000
2020-21	$0	2023-24[2]	$0
2021-22	$0		

[2] Excludes payments made after April 30, 2024

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2023-24 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2023-24 and Beyond)**				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Rate Plan 1792 Results					
Normal Cost %	23.06%	23.1%	23.1%	23.1%	23.1%	23.1%
UAL Payment	$31,629	$34,000	$36,000	$43,000	$43,000	$43,000

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2023.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2025-26.

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

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2023-24 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2024, if necessary, and the expected payment for FY 2024-25 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2025-26	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Minimum Required Payment 2025-26
Fresh Start	6/30/19	No	Ramp	0.00%	11	226,696	25,950	215,294	25,950	203,116	25,950
Net Investment (Gain)	6/30/21	60%	Up Only	0.00%	18	(195,996)	(4,213)	(204,970)	(8,426)	(210,200)	(12,639)
Non-Investment (Gain)/Loss	6/30/21	No	Ramp	0.00%	18	(8,482)	(763)	(8,270)	(763)	(8,044)	(763)
Risk Mitigation	6/30/21	No	Ramp	0.00%	0	57,600	59,526	0	0	0	0
Risk Mitigation Offset	6/30/21	No	Ramp	0.00%	0	(57,600)	(59,526)	0	0	0	0
Investment (Gain)/Loss	6/30/22	40%	Up Only	0.00%	19	273,116	0	291,688	6,270	305,043	12,539
Non-Investment (Gain)/Loss	6/30/22	No	Ramp	0.00%	19	33,967	0	36,277	3,262	35,373	3,262
Investment (Gain)/Loss	6/30/23	20%	Up Only	0.00%	20	11,791	0	12,593	0	13,449	289
Non-Investment (Gain)/Loss	6/30/23	No	Ramp	0.00%	20	29,157	0	31,140	0	33,258	2,991
Total						**370,249**	**20,974**	**373,752**	**26,293**	**371,995**	**31,629**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules			
			15 Year Amortization		10 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2025	371,995	31,629	371,995	39,024	371,995	50,777
6/30/2026	364,605	33,976	356,962	39,024	344,816	50,777
6/30/2027	354,286	36,322	340,906	39,024	315,788	50,777
6/30/2028	340,841	42,882	323,759	39,024	284,787	50,777
6/30/2029	319,702	43,171	305,446	39,024	251,677	50,777
6/30/2030	296,827	43,171	285,887	39,023	216,316	50,777
6/30/2031	272,397	43,171	264,999	39,023	178,550	50,777
6/30/2032	246,305	43,169	242,691	39,023	138,216	50,777
6/30/2033	218,440	43,170	218,866	39,024	95,140	50,777
6/30/2034	188,680	43,167	193,420	39,024	49,134	50,777
6/30/2035	156,899	43,171	166,244	39,024		
6/30/2036	122,954	17,219	137,220	39,023		
6/30/2037	113,521	17,222	106,223	39,024		
6/30/2038	103,443	17,219	73,117	39,023		
6/30/2039	92,682	17,221	37,761	39,024		
6/30/2040	81,188	17,219				
6/30/2041	68,912	17,218				
6/30/2042	55,804	17,220				
6/30/2043	41,803	39,047				
6/30/2044	4,293	4,437				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total	**611,021**		**585,355**		**507,770**	
Interest Paid	**239,026**		**213,360**		**135,775**	
Estimated Savings			**25,666**		**103,251**	

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate	Unfunded Liability Payment
06/30/2014	2016 - 17	16.656%	$8,512
06/30/2015	2017 - 18	16.842%	10,986
06/30/2016	2018 - 19	17.614%	14,705
06/30/2017	2019 - 20	18.928%	18,830
06/30/2018	2020 - 21	20.585%	22,300
06/30/2019	2021 - 22	20.64%	40,455
06/30/2020	2022 - 23	20.64%	41,904
06/30/2021	2023 - 24	22.83%	38,449
06/30/2022	2024 - 25	23.00%	26,293
06/30/2023	2025 - 26	23.06%	31,629

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2014	$983,183	$831,383	$151,800	84.6%	$173,567
06/30/2015	1,051,050	850,772	200,278	80.9%	176,531
06/30/2016	1,144,277	864,520	279,757	75.6%	180,353
06/30/2017	1,329,309	1,046,011	283,298	78.7%	196,326
06/30/2018	1,452,811	1,113,054	339,757	76.6%	202,704
06/30/2019	1,788,216	1,419,661	368,555	79.4%	78,714
06/30/2020	1,879,559	1,461,663	417,896	77.8%	96,000
06/30/2021	1,980,461	1,727,838	252,623	87.2%	99,542
06/30/2022	2,136,070	1,617,962	518,108	75.7%	122,917
06/30/2023	2,224,411	1,854,162	370,249	83.4%	130,000

Risk Analysis

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Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation Policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2043.

Assumed Annual Return FY 2023-24 through FY 2042-43	Projected Employer Contributions				
	2026-27	2027-28	2028-29	2029-30	2030-31
3.0% (5th percentile)					
Discount Rate	6.80%	6.80%	6.80%	6.80%	6.80%
Normal Cost Rate	23.1%	23.1%	23.1%	23.1%	23.1%
UAL Contribution	$36,000	$41,000	$53,000	$61,000	$69,000
10.8% (95th percentile)					
Discount Rate	6.75%	6.70%	6.65%	6.60%	6.55%
Normal Cost Rate	23.5%	23.9%	24.3%	24.7%	25.1%
UAL Contribution	$33,000	$32,000	$34,000	$0	$0

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

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

The following table shows the effect of one and two standard deviation investment losses in FY 2023-24 on the FY 2026-27 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2026-27.

Assumed Annual Return for Fiscal Year 2023-24	Required Employer Contributions	Projected Employer Contributions
	2025-26	2026-27
(17.2%) (2 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	23.06%	23.1%
UAL Contribution	$31,629	$45,000
(5.2%) (1 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	23.06%	23.1%
UAL Contribution	$31,629	$39,000

- Without investment gains (returns higher than 6.8%) in FY 2024-25 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2023-24.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2026-27 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2023, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2023	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost	40.08%	32.05%	25.91%
b) Accrued Liability	$2,508,916	$2,224,411	$1,986,741
c) Market Value of Assets	$1,854,162	$1,854,162	$1,854,162
d) Unfunded Liability/(Surplus) [(b) - (c)]	$654,754	$370,249	$132,579
e) Funded Ratio	73.9%	83.4%	93.3%

Sensitivity to the Price Inflation Assumption

As of June 30, 2023	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	33.58%	32.05%	29.14%
b) Accrued Liability	$2,299,673	$2,224,411	$2,071,355
c) Market Value of Assets	$1,854,162	$1,854,162	$1,854,162
d) Unfunded Liability/(Surplus) [(b) - (c)]	$445,511	$370,249	$217,193
e) Funded Ratio	80.6%	83.4%	89.5%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2023, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2023	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	32.50%	32.05%	31.63%
b) Accrued Liability	$2,261,144	$2,224,411	$2,190,306
c) Market Value of Assets	$1,854,162	$1,854,162	$1,854,162
d) Unfunded Liability/(Surplus) [(b) - (c)]	$406,982	$370,249	$336,144
e) Funded Ratio	82.0%	83.4%	84.7%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2022	June 30, 2023
1. Retiree Accrued Liability	$1,597,555	$1,600,870
2. Total Accrued Liability	$2,136,070	$2,224,411
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	75%	72%

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

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2022, was 0.77 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2022	June 30, 2023
1. Number of Actives	1	1
2. Number of Retirees	1	1
3. Support Ratio [(1) ÷ (2)]	1.00	1.00

Maturity Measures (continued)

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

Asset Volatility Ratio

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

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2022	June 30, 2023
1. Market Value of Assets	$1,617,962	$1,854,162
2. Payroll	$122,917	$130,000
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	13.2	14.3
4. Accrued Liability	$2,136,070	$2,224,411
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	17.4	17.1

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0%	N/A	5.3	6.8
06/30/2018	0%	N/A	5.5	7.2
06/30/2019	86%	1.00	18.0	22.7
06/30/2020	82%	1.00	15.2	19.6
06/30/2021	80%	1.00	17.4	19.9
06/30/2022	75%	1.00	13.2	17.4
06/30/2023	72%	1.00	14.3	17.1

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2023. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis is based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as shown below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2014	3.08%	06/30/2019	2.31%
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Market Value of Assets (MVA) also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the MVA will change in different interest rate environments, the results below use the MVA as of the valuation date.

	Discount Rate: 3.06% Price Inflation: 2.50%	Discount Rate: 5.06% Price Inflation: 2.50%
1. Termination Liability[1]	$3,629,741	$2,702,787
2. Market Value of Assets (MVA)	1,854,162	1,854,162
3. Unfunded Termination Liability [(1) – (2)]	$1,775,579	$848,625
4. Funded Ratio [(2) ÷ (1)]	51.1%	68.6%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 4.82%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2023, net of assumed administrative expenses.

Selected Measures on a Low-Default-Risk Basis	**June 30, 2023**
Discount Rate	4.82%
1. Accrued Liability[2] – Low-Default-Risk Basis (LDROM)	
a) Active Members	$820,577
b) Transferred Members	0
c) Separated Members	36,595
d) Members and Beneficiaries Receiving Payments	1,987,414
e) Total	$2,844,586
2. Market Value of Assets (MVA)	1,854,162
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$990,424
4. Unfunded Accrued Liability – Funding Policy Basis	370,249
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$620,175

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

[1] This index is based on a yield curve of hypothetical AA-rated zero coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

[2] If plan assets were invested entirely in the AA fixed income securities used to determine the discount rate of 4.82%, the CalPERS discount rate could, at various times, be below 4.5% or 5.25%, and some automatic annual retiree COLAs could be suspended (Gov. Code sections 21329 and 21335). Since there is currently no proposal to adopt an asset allocation entirely comprised of fixed income securities, the automatic COLAs have been fully valued in the measures above based on the assumptions used for plan funding. Removing future COLAs from the measurement would understate the statutory obligation.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2022	June 30, 2023
Active Members		
Counts	1	1
Average Attained Age	46.1	47.1
Average Entry Age to Rate Plan	34.3	34.3
Average Years of Credited Service	11.9	12.9
Average Annual Covered Pay	$122,917	$130,000
Annual Covered Payroll	$122,917	$130,000
Present Value of Future Payroll	$1,118,245	$1,093,029
Transferred Members	0	0
Separated Members	1	1
Retired Members and Beneficiaries*		
Counts	1	1
Average Annual Benefits	$104,417	$106,505
Total Annual Benefits	$104,417	$106,505

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the following Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	**Fire**	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	3% @ 55	
Social Security Coverage	Yes	
Full/Modified	Modified	
Employee Contribution Rate	9.00%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	Standard	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	No	
Special	Yes	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms & Publications section

California Public Employees' Retirement System

Actuarial Valuation for the PEPRA Safety Fire Plan of the Felton Fire Protection District

as of June 30, 2023

(CalPERS ID: 1920391483)
(Rate Plan ID: 25399)

Required Contributions for Fiscal Year

July 1, 2025 — June 30, 2026

CalPERS

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Section 1

California Public Employees' Retirement System

Plan Specific Information for the PEPRA Safety Fire Plan of the Felton Fire Protection District

(CalPERS ID: 1920391483)
(Rate Plan ID: 25399)

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Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the PEPRA Safety Fire Plan of the Felton Fire Protection District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2023, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Felton Fire Protection District, while Section 2 is based on the corresponding information for all agencies participating in the Safety Risk Pool to which the plan belongs.

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

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Introduction

This report presents the results of the June 30, 2023, actuarial valuation of the PEPRA Safety Fire Plan of the Felton Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2025-26.

Purpose of Section 1

This Section 1 report for the PEPRA Safety Fire Plan of the Felton Fire Protection District of CalPERS was prepared by the Actuarial Office using data as of June 30, 2023. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2023;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2025, through June 30, 2026;
- Determine the required member contribution rate for FY July 1, 2025, through June 30, 2026, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2023, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

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

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

Assessment and Disclosure of Risk

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

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

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2024-25	Fiscal Year 2025-26
Employer Normal Cost Rate	13.76%	13.99%
Unfunded Accrued Liability (UAL) Contribution Amount	$1,166	$1,334
Paid either as		
Option 1) 12 Monthly Payments of	$97.17	$111.17
Option 2) Annual Prepayment in July	$1,128	$1,291

Member Contribution Rates — page 9

	Fiscal Year 2024-25	Fiscal Year 2025-26
Member Contribution Rate	13.75%	13.75%

Projected Employer Contributions — page 14

Fiscal Year	Normal Cost (% of payroll)	Annual UAL Payment
2026-27	14.0%	$1,300
2027-28	14.0%	$1,300
2028-29	14.0%	$1,300
2029-30	14.0%	$1,300
2030-31	14.0%	$0

Funded Status — Funding Policy Basis — page 12

	June 30, 2022	June 30, 2023
Entry Age Accrued Liability (AL)	$29,241	$72,978
Market Value of Assets (MVA)	24,851	65,913
Unfunded Accrued Liability (UAL) [AL – MVA]	$4,390	$7,065
Funded Ratio [MVA ÷ AL]	85.0%	90.3%

Summary of Valuation Data — Page 26

	June 30, 2022	June 30, 2023
Active Member Count	3	7
Annual Covered Payroll	$111,796	$257,104
Transferred Member Count	1	1
Separated Member Count	0	0
Retired Members and Beneficiaries Count	0	0

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2023, actuarial valuation.

New Disclosure Items

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) requiring actuaries to disclose a low-default-risk obligation measure (LDROM) of the benefits earned. This information is shown in a new exhibit, Funded Status – Low-Default-Risk Basis.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2023, as well as statutory changes, regulatory changes and board actions through January 2024.

During the time period between the valuation date and the publication of this report, inflation has been higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2024, valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

The 2023 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2024 limits, determined in October 2023, are not reflected.

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the Future Investment Return Scenarios exhibit in this report has not been modified and still reflects the projected contribution requirements associated with a reduction in the discount rate.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

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Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, unfunded accrued liability (UAL) emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the Unfunded Accrued Liability Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The Unfunded Accrued Liability Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Required Employer Contributions	Fiscal Year 2025-26
Employer Normal Cost Rate	**13.99%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[1]	**$1,334**
Paid either as	
1) Monthly Payment	**$111.17**
Or	
2) Annual Prepayment Option*	**$1,291**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

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

For Member Contribution Rates see the following page.

Development of Normal Cost as a Percentage of Payroll	Fiscal Year 2024-25	Fiscal Year 2025-26
Base Total Normal Cost for Formula	27.51%	27.74%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Plan's Total Normal Cost	27.51%	27.74%
Offset Due to Employee Contributions[3]	13.75%	13.75%
Employer Normal Cost	13.76%	13.99%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2024.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges.

[3] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2025, based on 50% of the total normal cost rate as of the June 30, 2023, valuation.

		Basis for Current Rate		Rates Effective July 1, 2025			
Rate Plan Identifier	Benefit Group Name	Total Normal Cost	Member Rate	Total Normal Cost	Change	Change Needed	Member Rate
25399	Safety Fire PEPRA Level	27.29%	13.75%	27.74%	0.45%	No	13.75%

Other Pooled Safety Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown on this page, correspond to rate plan 25399. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Safety Risk Pool are shown below and assume that the total employer payroll within the Safety Risk Pool will grow according to the overall payroll growth assumption of 2.80% per year for three years. Classic members who are projected to terminate employment are assumed to be replaced by PEPRA members.

Estimated Employer Contributions for all Pooled Safety Rate Plans	Fiscal Year 2024-25	Fiscal Year 2025-26
Projected Payroll for the Contribution Year	$254,986	$420,539
Estimated Employer Normal Cost	$47,502	$71,532
Required Payment on Amortization Bases	$27,459	$32,963
Estimated Total Employer Contributions	$74,961	$104,495
Estimated Total Employer Contribution Rate (illustrative only)	29.40%	24.85%

Breakdown of Entry Age Accrued Liability

Active Members	$72,804
Transferred Members	174
Separated Members	0
Members and Beneficiaries Receiving Payments	0
Total	$72,978

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$72,978
2.	Projected UAL Balance at 6/30/2023	5,676
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2023 for Asset Share	5,676
5.	Pool's Accrued Liability[1]	30,525,472,379
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2023[1]	7,735,444,959
7.	Pool's 2022-23 Investment (Gain)/Loss[1]	146,133,368
8.	Pool's 2022-23 Non-Investment (Gain)/Loss[1]	400,118,077
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	432
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	957
11.	Plan's New (Gain)/Loss as of 6/30/2023: (9) + (10)	1,389
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	0
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	0
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	432

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$7,065
19.	Plan's Share of Pool's Market Value of Assets (MVA): (1) - (18)	$65,913

For a reconciliation of the pool's Market Value of Assets (MVA), information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (Present Value of Benefits) to individual years of service (the Normal Cost). The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The Unfunded Accrued Liability (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The funded ratio equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2022	June 30, 2023
1. Present Value of Benefits	$543,602	$1,241,560
2. Entry Age Accrued Liability	29,241	72,978
3. Market Value of Assets (MVA)	24,851	65,913
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$4,390	$7,065
5. Funded Ratio [(3) ÷ (2)]	85.0%	90.3%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual a verage future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$85,379	$72,978	$62,555
2. Market Value of Assets (MVA)	65,913	65,913	65,913
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$19,466	$7,065	($3,358)
4. Funded Ratio [(2) ÷ (1)]	77.2%	90.3%	105.4%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2025-26 is $1,334. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2025-26 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2025-26 Employer Contributions — Illustrative Scenarios

Funding Approach	Estimated Normal Cost	Minimum UAL Contribution	ADP[1]	Total UAL Contribution	Estimated Total Contribution
Minimum required only	$39,246	$1,334	0	$1,334	$40,580
5 year funding horizon	N/A	N/A	N/A	N/A	N/A

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2025, as determined in the June 30, 2023, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	0	2022-23	$0
2020-21	$0	2023-24[2]	$0
2021-22	$0		

[2] Excludes payments made after April 30, 2024

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2023-24 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2023-24 and Beyond)**				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Rate Plan 25399 Results					
Normal Cost %	13.99%	14.0%	14.0%	14.0%	14.0%	14.0%
UAL Payment	$1,334	$1,300	$1,300	$1,300	$1,300	$0

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2023.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2025-26.

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

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2023-24 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2024, if necessary, and the expected payment for FY 2024-25 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2025-26	Ramp Shape	Escalation Rate	Amort. Period	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Minimum Required Payment 2025-26
Fresh Start	6/30/23	No	Ramp	0.00%	5	7,065	1,060	6,450	1,166	5,684	1,334
Total						**7,065**	**1,060**	**6,450**	**1,166**	**5,684**	**1,334**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules			
			0 Year Amortization		0 Year Amortization	
Date	Balance	Payment	Balance	Payment	Balance	Payment
6/30/2025	5,684	1,334	N/A	N/A	N/A	N/A
6/30/2026	4,692	1,334				
6/30/2027	3,632	1,334				
6/30/2028	2,500	1,334				
6/30/2029	1,291	1,334				
6/30/2030						
6/30/2031						
6/30/2032						
6/30/2033						
6/30/2034						
6/30/2035						
6/30/2036						
6/30/2037						
6/30/2038						
6/30/2039						
6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total	**6,670**		**N/A**		**N/A**	
Interest Paid	**986**		**N/A**		**N/A**	
Estimated Savings			**N/A**		**N/A**	

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate	Unfunded Liability Payment
06/30/2021	2023 - 24	13.54%	$1,060
06/30/2022	2024 - 25	13.76%	1,166
06/30/2023	2025 - 26	13.99%	1,334

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2021	$7,382	$8,248	($866)	111.7%	$37,024
06/30/2022	29,241	24,851	4,390	85.0%	111,796
06/30/2023	72,978	65,913	7,065	90.3%	257,104

Risk Analysis

- **Future Investment Return Scenarios** **20**
- **Discount Rate Sensitivity** **21**
- **Mortality Rate Sensitivity** **21**
- **Maturity Measures** **22**
- **Maturity Measures History** **23**
- **Funded Status – Termination Basis** **24**
- **Funded Status – Low-Default-Risk Basis** **25**

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation Policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2043.

Assumed Annual Return FY 2023-24 through FY 2042-43	Projected Employer Contributions				
	2026-27	2027-28	2028-29	2029-30	2030-31
3.0% (5th percentile)					
Discount Rate	6.80%	6.80%	6.80%	6.80%	6.80%
Normal Cost Rate	14.0%	14.0%	14.0%	14.0%	14.0%
UAL Contribution	$1,400	$1,500	$1,700	$2,000	$930
10.8% (95th percentile)					
Discount Rate	6.75%	6.70%	6.65%	6.60%	6.55%
Normal Cost Rate	14.4%	14.2%	14.6%	14.9%	14.8%
UAL Contribution	$1,300	$0	$0	$0	$0

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

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

The following table shows the effect of one and two standard deviation investment losses in FY 2023-24 on the FY 2026-27 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2026-27.

Assumed Annual Return for Fiscal Year 2023-24	Required Employer Contributions	Projected Employer Contributions
	2025-26	2026-27
(17.2%) (2 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	13.99%	14.0%
UAL Contribution	$1,334	$1,700
(5.2%) (1 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	13.99%	14.0%
UAL Contribution	$1,334	$1,500

- Without investment gains (returns higher than 6.8%) in FY 2024-25 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2023-24.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2026-27 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2023, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2023	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost	34.92%	27.74%	22.31%
b) Accrued Liability	$85,379	$72,978	$62,555
c) Market Value of Assets	$65,913	$65,913	$65,913
d) Unfunded Liability/(Surplus) [(b) - (c)]	$19,466	$7,065	($3,358)
e) Funded Ratio	77.2%	90.3%	105.4%

Sensitivity to the Price Inflation Assumption

As of June 30, 2023	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	29.30%	27.74%	25.06%
b) Accrued Liability	$77,026	$72,978	$65,907
c) Market Value of Assets	$65,913	$65,913	$65,913
d) Unfunded Liability/(Surplus) [(b) - (c)]	$11,113	$7,065	($6)
e) Funded Ratio	85.6%	90.3%	100.0%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2023, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2023	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	28.10%	27.74%	27.40%
b) Accrued Liability	$74,395	$72,978	$71,660
c) Market Value of Assets	$65,913	$65,913	$65,913
d) Unfunded Liability/(Surplus) [(b) - (c)]	$8,482	$7,065	$5,747
e) Funded Ratio	88.6%	90.3%	92.0%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2022	June 30, 2023
1. Retiree Accrued Liability	$0	$0
2. Total Accrued Liability	$29,241	$72,978
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	0%	0%

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

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2022, was 0.77 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2022	June 30, 2023
1. Number of Actives	3	7
2. Number of Retirees	0	0
3. Support Ratio [(1) ÷ (2)]	N/A	N/A

Maturity Measures (continued)

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

Asset Volatility Ratio

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

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2022	June 30, 2023
1. Market Value of Assets	$24,851	$65,913
2. Payroll	$111,796	$257,104
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	0.2	0.3
4. Accrued Liability	$29,241	$72,978
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	0.3	0.3

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2021	0%	N/A	0.2	0.2
06/30/2022	0%	N/A	0.2	0.3
06/30/2023	0%	N/A	0.3	0.3

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2023. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis is based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as shown below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2014	3.08%	06/30/2019	2.31%
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Market Value of Assets (MVA) also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the MVA will change in different interest rate environments, the results below use the MVA as of the valuation date.

	Discount Rate: 3.06% Price Inflation: 2.50%	Discount Rate: 5.06% Price Inflation: 2.50%
1. Termination Liability[1]	$105,684	$73,900
2. Market Value of Assets (MVA)	65,913	65,913
3. Unfunded Termination Liability [(1) – (2)]	$39,771	$7,987
4. Funded Ratio [(2) ÷ (1)]	62.4%	89.2%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 4.82%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2023, net of assumed administrative expenses.

Selected Measures on a Low-Default-Risk Basis	**June 30, 2023**
Discount Rate	4.82%
1. Accrued Liability[2] – Low-Default-Risk Basis (LDROM)	
a) Active Members	$99,271
b) Transferred Members	409
c) Separated Members	0
d) Members and Beneficiaries Receiving Payments	0
e) Total	$99,680
2. Market Value of Assets (MVA)	65,913
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$33,767
4. Unfunded Accrued Liability – Funding Policy Basis	7,065
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$26,702

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

1 This index is based on a yield curve of hypothetical AA-rated zero coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

2 If plan assets were invested entirely in the AA fixed income securities used to determine the discount rate of 4.82%, the CalPERS discount rate could, at various times, be below 4.5% or 5.25%, and some automatic annual retiree COLAs could be suspended (Gov. Code sections 21329 and 21335). Since there is currently no proposal to adopt an asset allocation entirely comprised of fixed income securities, the automatic COLAs have been fully valued in the measures above based on the assumptions used for plan funding. Removing future COLAs from the measurement would understate the statutory obligation.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2022	June 30, 2023
Active Members		
Counts	3	7
Average Attained Age	38.6	33.8
Average Entry Age to Rate Plan	37.9	32.7
Average Years of Credited Service	0.6	0.5
Average Annual Covered Pay	$37,265	$36,729
Annual Covered Payroll	$111,796	$257,104
Present Value of Future Payroll	$1,652,978	$4,125,220
Transferred Members	1	1
Separated Members	0	0
Retired Members and Beneficiaries*		
Counts	0	0
Average Annual Benefits	$0	$0
Total Annual Benefits	$0	$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the following Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	**Fire**	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2.7% @ 57	
Social Security Coverage	Yes	
Full/Modified	Full	
Employee Contribution Rate	13.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	Standard	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	No	
Special	Yes	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms & Publications section

APPENDIX D:

RESOLUTION OF INTENT TO TERMINATE (CALPERS ACTION)

2025-01

RESOLUTION OF INTENTION

TO TERMINATE THE CONTRACT

BETWEEN THE

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

AND THE

BOARD OF DIRECTORS
FELTON FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors of the Felton Fire Protection District entered into a contract with the Board of Administration, Public Employees' Retirement System pursuant to Government Code Section 20460, effective May 6, 1995, for participation of said agency in the Retirement System; and

WHEREAS, Section 20570 provides that the governing body may terminate the contract between the Board of Administration of the Public Employees' Retirement System and the governing body of the contracting agency by the adoption of a resolution giving notice of intention to terminate, and, not less than 90 days and not more than 1 year later, the adoption by affirmative vote of two-thirds of the members of the governing body of a resolution terminating the contract;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Felton Fire Protection District hereby finds that it is in the best interests of the agency to terminate the contract entered into with the Board of Administration, Public Employees' Retirement System; and

BE IT FURTHER RESOLVED, that the governing body of the above agency does hereby give notice to the Board of Administration, Public Employees' Retirement System, pursuant to Section 20570, of the intention to terminate said contract.

By: _____
Presiding Officer

Board Chair
Title

03/03/25
Date adopted and approved

PERS-CON-71 (4/96)

2025-01

RESOLUTION OF INTENTION

TO TERMINATE THE CONTRACT

BETWEEN THE

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

AND THE

BOARD OF DIRECTORS
FELTON FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors of the Felton Fire Protection District entered into a contract with the Board of Administration, Public Employees' Retirement System pursuant to Government Code Section 20460, effective May 6, 1995, for participation of said agency in the Retirement System; and

WHEREAS, Section 20570 provides that the governing body may terminate the contract between the Board of Administration of the Public Employees' Retirement System and the governing body of the contracting agency by the adoption of a resolution giving notice of intention to terminate, and, not less than 90 days and not more than 1 year later, the adoption by affirmative vote of two-thirds of the members of the governing body of a resolution terminating the contract;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Felton Fire Protection District hereby finds that it is in the best interests of the agency to terminate the contract entered into with the Board of Administration, Public Employees' Retirement System; and

BE IT FURTHER RESOLVED, that the governing body of the above agency does hereby give notice to the Board of Administration, Public Employees' Retirement System, pursuant to Section 20570, of the intention to terminate said contract.

By: _____
Presiding Officer

Board Chair
Title

03/03/25
Date adopted and approved

PERS-CON-71 (4/96)

APPENDIX E:

STANDALONE AGENCY STRATEGIC PLAN OUTLINE

Felton Fire Protection District
Proposed Strategic Plan Outline

(This plan should be completed and sent to LAFCO by August 29, 2025)

Table of Content

- Identify the chapters and their respective pages

Introduction

- Explain the purpose of this detailed plan
    - Example – it will provide clear direction for the Board, staff, and constituents

History

- Provide an overview of the District (info available in LAFCO's Service & Sphere Review)
- Explain the reason why the District was formed and why it is still needed
- Explain the status of the fire station (building, apparatuses, equipment, staffing, etc.)

Level and Range of Services

- Identify what services are currently being provided to the residents
- Identify what additional services may be provided and when (please be sure it aligns with the statutory abilities outlined in the Principal Act)
    - Include projected timeframe
    - Include financial analysis on how to cover expenses to fund additional services

Financial Health

- **Audits:** Explain how and when the District adopts their audited financial statements
    - Include projected timeframe regarding two-year audit process
- **Budgets:** Explain how and when the District will adopt annual budgets and quarterly updates
    - Include projected timeframe to adopt draft and final budgets
    - These annual budgets should include a capital improvement plan in order to earmark necessary funds for future expenses/projects
- **Revenues:** Identify current and future revenue streams and assets
    - If an additional benefit assessment is being considered, describe the process and projected timeframe
- **Expenses:** Identify current and future expenditures and liabilities
    - The financial health section should include a 5 and 10-year projection model showing the anticipated revenue and expenses as well as the projected fund balance

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Management & Governance

- **Board Composition:** Explain and outline the role of the board through bylaws and policies
    - Include projected timeframe for bylaws and policies
    - Indicate how and when the board will conduct regular board meetings (ex. once a month, quarterly basis, etc.)

- **Staffing:** Explain how and when the District will have staff (either in-house or through contracts)
    - Include cost estimates and a projected timeframe

- **Admin Duties:** Explain how and when all administrative duties will be completed
    - List and describe each internal operations (ex. payroll, website, etc.)
    - Include cost estimates for each duty/responsibility if not done by District staff
    - Include projected timeframe (ex. hire staff for admin services by July 31, 2025)

- **County Partnership:** Explain how the District may consider contract with the County or other neighboring districts for grants, payroll, or other services
    - Include cost estimates
    - Include projected timeframe (ex. implement agreement by July 31, 2025)

- **Fire District Partnership:** Explain how the District may contract with neighboring fire districts to purchase equipment or provide/receive services
    - Include cost estimates
    - Include projected timeframe (ex. joint purchase agreement by July 31, 2025)

- **Strategic Memberships:** Explain how the District may utilize the resources offered by CSDA and LAFCO
    - LAFCO suggests that the District seriously consider becoming a member of the California Special Districts Association. CSDA was formed to help special districts not only fulfill and be up-to-date on all current and new laws but its goal is to help districts be successful.

- **Statutory Mandates:** Explain how the District will comply with all statutory requirements including but not limited to website, ethics training, sexual harassment prevention training, Form 700 requirements etc.
    - Include projected timeframe (LAFCO suggests that the District adopt policies & procedures to help fulfill these mandates. These policies should be created and adopted by August 31, 2025)

- **Distinguish Board/Staff Roles:** Explain the role of the board and its staff members
    - LAFCO suggests that the District adopt bylaws or policies clearly defining the roles and responsibilities of the board and its staff
    - Include projected timeframe (LAFCO suggests that the District adopt these bylaws/policies by August 31, 2025)

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APPENDIX F:

GCS 56134 GUIDELINES
(LAFCO & FIRE CONTRACTS)

Government Code Section 56134
(LAFCO & Fire Contracts)

State law allows two or more public agencies (ex. cities and special districts) to enter into contracts to share resources and/or provide services to maximize efficiencies, share costs, and in most cases promote good government. Contracts between two or more public agencies do not require LAFCO action. However, Senate Bill No. 239 made changes to LAFCO's purview over fire contracts in 2015. SB 239, which went into effect on January 1, 2016 amended Government Code Sections 56017.2 and 56133, and added Section 56134. In accordance with SB 239, public agencies, under specified circumstances, must receive written approval from the LAFCO in an affected county before providing new or extended fire protection services outside the agencies' jurisdictional boundaries, if the contract results in either of the following conditions: (1) transfers responsibility for providing services in more than 25% of the area within the jurisdictional boundaries of any public agency affected by the contract or agreement; or (2) changes the employment status of more than 25% of the employees of any public agency affected by the contract or agreement. The new law places added responsibilities on local and state agencies, plus LAFCO.

Since there are many uncertainties with respect to implementation of SB 239, below are guidelines to assist the Commission, affected agencies, and the public to ensure that a consistent approach for the review and approval of fire protection contract applications.

- **Pre-Application Review and Discussion:** Prior to submission of a proposal requesting LAFCO consideration, the Commission will encourage public agencies and service recipients to participate in a pre-application discussion with LAFCO staff. As part of the pre-application discussion, the Executive Officer shall determine whether the proposed fire protection contract or agreement is subject to or exempt from LAFCO purview. A Certificate of Exemption shall be issued by the Executive Officer if the contract or agreement is exempt from LAFCO purview. The Santa Cruz LAFCO and/or Executive Officer will consider the following contracts and agreements exempt from LAFCO purview:

    - Renewal of existing contracts, unless the renewal included amendments or the inclusion of new territory that triggered the 25% change in service area or employment status;
    - Ambulance service agreements;
    - Pre-hospital emergency medical services;
    - Mutual or automatic aid agreements;
    - Contracts or agreements involving dispatch services; and
    - Subordinate or subsidiary fire protection activities including, but not limited to the following: ambulance services; pre-hospital emergency medical services; mutual or automatic aid agreements; major/minor subdivision review, major Use Permit

review, administrative permit review and inspections; fire alarm system plan review and inspections; defensible space inspections and enforcement; business/occupancy inspections in existing structures; vehicle maintenance and repair; sharing of management or other personnel between or among multiple agencies; sharing or loaning of equipment or property between or among multiple agencies.

- **Application Review:** The Executive Officer shall within 30 days of receipt of a fire contract or agreement determine whether the associated contract application is complete and acceptable for filing. The Executive Officer shall notify the applicant if the application is incomplete and the manner in which the application can be rectified if determined to be incomplete.
    - Once the application is ready for Commission consideration, the Executive Officer shall give mailed notice of the hearing, at least 21 days prior to the hearing date, to each affected local agency or affected county and to any interested party who has filed a written request for notice.
    - The Executive Officer shall also publish the notice of hearing in a newspaper of general circulation that is circulated within the territory affected by the proposal and shall post the notice on LAFCO's website at least 21 days prior to the hearing date.

- **Commission Consideration:** The Commission shall not approve a proposed fire protection contract unless it determines, based on the entire record, all of the following:
    - The public agency will have sufficient revenues to carry out the exercise of the new or extended fire protection services outside its current area. The Commission may approve an application where the Commission has determined that the public agency will not have sufficient revenue to provide the proposed new or different functions of services, if the Commission conditions its approval on the concurrent approval of sufficient revenue sources.
    - The proposed exercise of new or extended fire protection services outside a public agency's current service area is consistent with the intent of SB 239, LAFCO's state mandates and established policies and procedures.
    - The Commission has reviewed the plan for service.
    - The Commission has reviewed the comprehensive fiscal analysis.
    - The Commission has reviewed any testimony presented at the public hearing.
    - The proposed affected territory is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three

fiscal years following the effective date of the contract or agreement between the public agencies to provide the new or extended fire protection services.

- **Commission Action:** The Commission may approve, approve with condition(s), or disapprove, the contract for new or extended services upon closure of the associated LAFCO hearing and/or administrative proceeding.

    - Approval - If the Commission determines all the requirements under Government Code Section 56134 have been met, the Commission shall adopt a resolution of approval or other associated document. For contracts that receive consensus from all affected agencies, the Commission may delegate the approval process to the Executive Officer. Any administratively-approved fire contract shall be scheduled as an informational item at the next available LAFCO hearing and may be subject to ratification, as necessary.

    - Approval with Conditions - If the Commission or Executive Officer approves the contract or agreement with conditions, the Commission shall adopt a resolution of approval or other document with the conditions listed. For contracts that receive consensus from all affected agencies, the Commission may delegate the approval process to the Executive Officer. Any administratively-approved fire contract shall be scheduled as an informational item at the next available LAFCO hearing and may be subject to ratification, as necessary.

    - Disapproval - If the Commission or Executive Officer disapproves the contract or agreement, termination proceedings mirroring the procedures outlined in Government Code Section 57090 shall be followed. Pursuant to Government Code Section 57090(a), if a proposal is terminated, no substantially similar proposal for a change or organization of the same or substantially the same territory may be filed with the commission within one year after the date of the certificate of termination. This waiting period may be waived by the Commission if public health, safety, or welfare issues are present.

    - Reconsideration - The Commission establishes a 30-day request for reconsideration period tolled from when a fire protection contract is considered by the Commission or Executive Officer. The request for reconsideration must be in writing and shall be subject to LAFCO's reconsideration rules and payment of associated processing fees.

Boulder Creek Fire Protection District

Fire Chief
Mark Bingham
13230 Central Avenue
Boulder Creek, CA 95006-9125

Santa Cruz County Local Agency Formation Commission

Joe A. Serran; Executive Officer
701 Ocean Street
Room 318 D
Santa Cruz, CA 95060

Dear Mr. Serrano

On August 12th and again on August 19th, 2025, the Boulder Creek Fire Protection District (BCFPD) Board of Directors, at the regular and special meetings reviewed and discussed the Local Agency Formation Commission (LAFCO) comprehensive Felton Fire Protection District Governance Options Report, dated July 25, 2025,

The Board agrees that operating a volunteer fire department in today's modern world presents a complex and evolving set of challenges.

Volunteer fire departments have long been and continue to be a cornerstone of fire protection and well-being in the San Lorenzo Valley, as well as an integral part of the community.

The Board reviewed Governance Options 1 through 12, and at this time, at the Board's direction, BCFPD is not interested in consolidating or contracting operations with the Felton Fire Protection District (FFPD). The district will continue to honor all mutual aid agreements and JPAs with FFPD.

If it is determined that consolidation with, or contracting with one of the other independent special fire districts in the SLV is not viable, BCFPD would like the opportunity for further discussion and consideration.

The Board also requests that LAFCO continue to keep BCFPD informed of developments regarding FFPD, as the San Lorenzo Valley departments work closely together.

If you wish to discuss this subject further, please do not hesitate to contact me at 831-234-5172.

Respectfully,

8/19/25

Bob Locatelli
Board Chair BCFPD

BCFPD Board of Directors: Sam Robustelli, Bob Presswood, Chris Currier, Dave Scruggs

Agenda Item No. 6b

Santa Cruz Local Agency Formation Commission

Date: September 3, 2025
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: Pajaro Valley Fire Protection District Fee Waiver Request

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SUMMARY OF RECOMMENDATION

The Pajaro Valley Fire Protection District submitted an application to LAFCO in early-2025 to dissolve the district and concurrently annex the dissolved area into County Service Area 48 in order for the Pajaro Valley community to receive adequate fire protection and emergency medical services. The proposed reorganization involves over 30,000 acres with a population of approximately 18,000 residents. A $8,000 filing fee, based on acreage, is required as part of the proposed reorganization.

It is recommended that the Commission consider one of the following actions:

1. Approve a full fee waiver ($8,000);

2. Approve a fee reduction based on Commission discussion; or

3. Deny fee waiver

EXECUTIVE OFFICER'S REPORT:

Government Code Section 56383 allows the commission to establish a schedule of fees and a schedule of service charges when considering changes of organization or other LAFCO-related projects. This commission originally adopted a Processing Fees and Deposits Policy in December 2002 and periodically reviews and updates it accordingly. The last review and update occurred in March 2024: https://santacruzlafco.org/wp-content/uploads/2024/04/Fee-Schedule-Policy-3-6-24.pdf

PVFPD Reorganization Status Update

LAFCO staff has been working collaboratively with PVFPD and the County on the proposed reorganization. As part of this effort, PVFPD recently completed a Plan for Service document, which serves as a transition plan outlining how services would be maintained and delivered under the new governance structure. The County is currently reviewing this document before finalizing a Will-Serve Letter, confirming that County Service Area 48 (CSA 48) is both willing and capable of assuming fire protection and emergency medical service responsibilities from PVFPD. The next key step in the process will be a community workshop, where residents will be updated on the status of the reorganization and learn how their input and participation are critical in shaping the future of fire protection and emergency medical services in their community. **Attachment 1** provides a tentative timeline of the next key milestones in the reorganization process.

PVFPD Fee Waiver Request

The fire district is requesting a waiver of the $8,000 filing fee, as shown in **Attachment 2**. The last fee waiver considered and approved by the commission was in August 2023 as part of the Branciforte Fire Protection District Reorganization in which Branciforte FPD was dissolved and the dissolved area was concurrently annexed into the Scotts Valley FPD. Staff is recommending that the commission consider the request and choose one of the three possible options: (1) approve the full fee waiver, (2) approve a fee reduction after commission deliberation, or (3) deny the fee waiver request.

Respectfully Submitted,

Joe A. Serrano
Executive Officer

Attachments:
1. PVFPD Reorganization (Tentative Timeline)
2. PVFPD Fee Waiver Request Letter (dated July 17, 2025)

"Pajaro Valley Fire Protection District Reorganization" (LAFCO Process - Proposed Schedule)

(For Discussion Purposes Only - Dates Subject to Change)

Action	Responsible Agency	Target Date	Description
Pre-LAFCO Process			
Discussion about application requirements	County, CalFIRE, PVFPD, and LAFCO	February - April 2025	Discuss the LAFCO process, proposal area, and application requirements to transfer service responsibilities from Pajaro Valley FPD to CSA 48.
Conduct Community Workshop	County, CalFIRE, PVFPD, and LAFCO	April 15, 2025	While not mandatory, it may be beneficial to educate the community about the existing issues and the benefits from the reorganization. A series of meetings/workshops would help alleviate any misconceptions, issues, or questions from residents.
During LAFCO Process			
Submittal of Application to LAFCO	PVFPD	May 2025	A completed application must also include the following: 1) Initiating Document (adopted resolution); 2) Plan for Service/Feasibility Study; 3) Environmental Questionaire (CEQA requirement); 4) Map & Legal Description (SBE requirement); 5) Signed Indemnification Agreement; 6) LAFCO Filing Fee (Initial Deposit; based on acreage); 7) Letters/Resolutions of support from CSA 48; and 8) Any additional information requested by LAFCO (TBD)
Review and Notification of Application	LAFCO	May 2025	Pursuant to state law, LAFCO will identify any missing items to the applicant within 30 days. Concurrently, LAFCO will solicit comments from affected and interested agencies/parties.
Host Educational Workshop (In-Person Setting)	County, CalFIRE, PVFPD, and LAFCO	September 2025	PVFPD will host an in-person educational study session to inform the community about the reorganization effort, discuss the proposed benefit assessment process, and answer any questions by the residents (1 of 4 workshops).
PVFPD Benefit Assessment Study	County, CalFIRE, PVFPD, and LAFCO	September 2025	Based on the input from the community, PVFPD will consider another attempt to pass a benefit assessment to keep PVFPD in operation. If passed, the reorganization effort will discontinue. If failed, the reorganization effort will continue.
Review PVFPD Benefit Assessment Process	County, CalFIRE, PVFPD, and LAFCO	September - October 2025	PVFPD will review the draft study and determine whether a mailed-in election process will be conducted. Residents will vote to approve the proposed benefit assessment measure to fund PVFPD's operations.
Conduct Board Meeting (Schedule Election Process)	PVFPD	October 2025	PVFPD will decide if they will coordinate with the County Election's Department to determine how to properly organize and schedule the vote-by-mail process for the proposed benefit assessment.
Host Educational Workshop (In-Person Setting)	County, CalFIRE, PVFPD, and LAFCO	October 2025	PVFPD will host an in-person educational study session to inform the community about the reorganization effort, discuss the proposed benefit assessment process, and answer any questions by the residents (2 of 4 workshops).
Host Educational Workshop (Virtual Setting)	County, CalFIRE, PVFPD, and LAFCO	October 2025	PVFPD will host a virtual educational study session to inform the community about the reorganization effort, discuss the proposed benefit assessment process, and answer any questions by the residents (3 of 4 workshops).
Adoption of a Property Tax Exchange Agreement	County and PVFPD	November 2025	The County will need to determine the transfer of ad valorem property tax revenues to fulfill the requirements of Section 99 of the Revenue and Taxation Code.
Discuss Application's Pending Items	County, CalFIRE, PVFPD, and LAFCO	November 2025	Address any pending items. These items must be resolved before LAFCO staff can deem this project complete and ready for Commission consideration.
Distribute Mailed-In Election Ballots to PVFPD residents	PVFPD	November 2025	PVFPD will send out mailed-in ballots to determine whether a new benefit assessment will fund the operation of PVFPD.
Mailed-In Election Results (Host Educational Workshop)	PVFPD	January 2026	PVFPD will certify the results of the mailed-in election. The last educational workshop should be tied with the baord meeting for additional transparency (4 of 4 workshops).
CALPERS Actuarial Report	CALPERS	January 2026	CalPERS will provide an actuarial report indicating how PVFPD's pension obligations will be addressed following the reorganization.
Complete Certificate of Filing	LAFCO	January - February 2026	Pursuant to State law, LAFCO's Executive Officer will deem the project complete when a Certifcate of Filing is signed. All required documents and actions need to be accomplished before this step is taken.
Advertise LAFCO Hearing in Newspaper(s)	LAFCO	February 2026	Pursuant to State law, LAFCO will advertise the consideration of the proposed reorganization in a newspaper(s) at least 21-days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper).
Conduct LAFCO Hearing (Consider Proposal)	LAFCO	March 4, 2026	The Commission will consider the proposed change of organization in a public forum. Affected/interested agencies and members of the public will have an opportunity to address the Commission on this matter.
Record Environmental Document	LAFCO	March 5, 2026	The affected parties and LAFCO must determine which environmental document will be needed to fulfill the requirements of the California Environmental Quality Act (CEQA). LAFCO may act as the Lead Agency.
Conduct 30-day Request for Reconsideration Period	LAFCO	March 5 to April 3, 2026	Pursuant to state law, the request for reconsideration period is 30 days. Reconsideration: If the reorganization is approved, any person or affected agency may file a written request with the executive officer requesting amendments to or reconsideration of the adopted resolution. The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously are claimed to warrant the reconsideration.
Advertise LAFCO Protest Hearing in Newspaper(s)	LAFCO	March 30, 2026	Pursuant to State law, LAFCO will advertise the protest proceedings for the reorganization in a newspaper(s) at least 21-days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper)

Conduct Protest Proceedings	LAFCO	April 6 to April 30, 2026 (25 days)	Pursuant to state law, the date of the protest hearing shall not be less than 21 days or more than 60 days after the date the notice is given. This is an opportunity for affected residents/landowners to submit protest petitions against the Commission's action (i.e. approval of the reorganization). If less than 25% oppose, then Commission action holds It 25%-50% oppose, then election is required If more than 50% oppose, then Commission action is terminated
Conduct Protest Hearing (Collect Final Petitions)	LAFCO	April 30, 2026	A protest hearing will be held to receive any final protest petitions from affected residents/landowners.
Conduct LAFCO Hearing (Adopt Protest Results)	LAFCO	May 6, 2026	Pursuant to state law, LAFCO will adopt a resolution acknowledging the results of the protest proceedings.
Completion of all Terms & Conditions	County, CalFIRE, PVFPD, and LAFCO	May - June 2026	The adopted resolution from the LAFCO Meeting will list a number of terms and conditions. The affected parties will be responsible to fulfill such conditions prior to recordation, including but not limited to legislative assistance, bond measures, etc.
Recordation of Proposal	LAFCO	May - June 2026	LAFCO: Recordation of the approved proposal with the County and the State Board of Equalization. PVFPD / County: The effective date of the reoreganization may be the day of recordation or a specified date. The affected parties may specify the effective date as a potential condition in the LAFCO resolution.
Post-LAFCO Process			
Certificate of Completion Distribution	LAFCO	June 2026	LAFCO will send a copy of the Certificate of Completion, which includes the adopted resolution, to all affected/interested parties.
State Board of Equalization (SBE) Tax Roll Update	SBE	June-July 2026	Reorganization will be reflected in new tax roll

Pajaro Valley Fire Protection District

562 Casserly Road, Watsonville, CA 95076

☎ 831.722.6188 831.722.7333 www.pajarovalleyfire.com

July 17, 2025

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

REQUEST FOR WAIVER OF FEES

Dear Director Serrano,

The Pajaro Valley Fire Protection District ("District") would like to formally request a waiver of any applicable fee(s) related to LAFCO Project No. RO 25-08 and the reorganization/annexation process that is currently underway between the District and Santa Cruz County Fire Department ("SCCFD").

The District believes that the dissolution of the District and reorganization into SCCFD will provide a better and higher level of service to the residents of the District.

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

Respectfully,

DocuSigned by:
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Mike Urbani
Battalion Chief
Pajaro Valley Fire Protection District

Agenda Item No. 6c

Santa Cruz Local Agency Formation Commission

Date: September 3, 2025
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: CALAFCO Update

SUMMARY OF RECOMMENDATION

Santa Cruz LAFCO is a member of the California Association of LAFCOs (CALAFCO). The annual conference hosted by CALAFCO will be held in San Diego from Wednesday, October 22 to Friday, October 24, 2025. This report also provides an update on CALAFCO's upcoming elections, proposed award nominations, and other CALAFCO activities.

It is recommended that the Commission take the following actions:

1. Designate a Voting Delegate for the upcoming election;
2. Approve the nomination of Roger Anderson for the public member seat on the CALAFCO Board of Directors; and
3. Approve the proposed nominations for the Outstanding CALAFCO Volunteer Award and the Outstanding LAFCO Professional Award.

EXECUTIVE OFFICER'S REPORT:

While CALAFCO is currently facing organizational challenges, including the departure of eight member LAFCOs as a result, the organization has already made meaningful strides toward stability and renewed effectiveness. Notable improvements include the adoption of key amendments to CALAFCO's policies and bylaws, the successful rejuvenation of the CALAFCO U webinar series, the hiring of an effective interim executive director with LAFCO experience, and the development of two promising leadership programs (Mentorship Program and LAFCO Academy). In other words, CALAFCO is adding more value to the membership dues being collected – as it should. These actions demonstrate CALAFCO's commitment to supporting LAFCOs across the state, including the Coastal Region, and strengthening its own operational foundation. This report summarizes all the recent and upcoming CALAFCO activities.

Annual Conference

CALAFCO has announced the dates for the 2025 CALAFCO Annual Conference (**Attachment 1**). The annual business meeting and conference will be held on October 22nd to October 24th in San Diego (Southern Region). The CALAFCO conferences offer significant educational value for both new and seasoned Commissioners and staff. The Commission has budgeted a fixed amount to permit two Commissioners and two staff members to attend the annual conference. Commissioners Roger Anderson and Eduardo Montesino are scheduled to accompany both staff members to this year's conference.

Regional Caucus and Business Meeting

CALAFCO board members have been elected by region since 2010. This year, there are two seats open from the Coastal Region: one *City* Member and one *Public* Member. September 19, 2025 is the deadline to submit nomination forms. **Attachment 2** provides the nomination form, a regional map of CALAFCO, and additional information regarding the election process. It is staff's understanding that Commissioner Roger Anderson has expressed interest in running for the public member seat; and therefore, staff is recommending that the Commission officially nominate Roger Anderson for the opening.

In advance of the election process at the annual conference, each LAFCO designates a single representative to cast its votes. Santa Cruz LAFCO's designee traditionally consults with the other Commissioners and staff attending the event in an attempt to establish a consensus position before casting any vote. The designee may also represent Santa Cruz LAFCO during the annual Business Meeting held at the conference. This year, besides the CALAFCO board election, the member LAFCOs will vote on the proposed amendments to the organization's bylaws. **Attachment 3** provides a full overview of the proposed amendments. **Table A** below summarizes the key changes that the members will be voting on. It is important that the Commission designate a voting member and an alternate. The attending commissioners and staff are eligible for either designation.

Table A: Proposed CALAFCO Bylaws Amendment

Proposed Amendment	Description / Reason
1) Regional Officers as Voting Members	This is a vital step in CALAFCO's ongoing transition and creates broader board representation to enhance capacity and decision making. This will not replace commissioners on the board but rather add a more balanced perspective.
2) Term of Office Start Date	This would change the term of office start date from October to December 1 in the year in which they were elected. This change allows new board members adequate time for orientation before taking office on the CALAFCO Board.
3) Board Vacancy Clarification	This change would clarify the replacement steps for a board member due to their lack of attendance in mandatory board meetings.
4) Removal of Proxy for Quorums	This change would remove the ability for board members to use proxy staff to establish quorum at board meetings.
5) Minor & Non-Substantive Changes	After reviewing the entire bylaws, the CALAFCO Board and regional officers identified minor corrections throughout the document, specifically typos and formatting issues.

It is important to note that the CALAFCO Board in February, and again unanimously in July 2025, supported the changes identified above, which reflects a shared desire to better align board representation with operational knowledge and institutional insight from Executive Officers. These amendments do not increase costs or dues but instead address key concerns identified by the member LAFCOs during the past year and helps reestablish trust from the entire membership.

CALAFCO Award Nominations
Each year, CALAFCO presents awards recognizing outstanding achievements by dedicated and committed individuals and/or organizations from throughout the State. **Attachment 4** provides background information on the various award categories. LAFCO staff is recommending one nomination for the *Outstanding CALAFCO Volunteer Award* and one nomination for the *Outstanding LAFCO Professional Award*.

- Outstanding CALAFCO Volunteer Award: This award recognizes a CALAFCO volunteer who has provided exemplary service during the past year. Exemplary service is service which clearly goes above and beyond of what is asked or expected in the charge of their LAFCO responsibilities. This category may include a CALAFCO Board member, regional officer, program volunteer, or any other requested volunteer.

- Outstanding LAFCO Professional Award: This award recognizes an Executive Officer, Staff Analyst, Clerk, Legal Counsel or any other LAFCO staff person for exemplary service during the past year. Exemplary service is considered actions which clearly go above and beyond that which is asked, expected, or required in the charge of their LAFCO responsibilities.

Outstanding CALAFCO Volunteer Award Nomination
Jose Henriquez stepped up as CALAFCO's interim executive director during one of the most challenging and uncertain times in the organization's history. His steady hand, deep commitment, and willingness to take on the role in the midst of turmoil kept CALAFCO stable and moving forward when it mattered most. Simply put, if it weren't for his dedication, it is uncertain where the organization would be today. He has gone above and beyond in service to CALAFCO, and the "Outstanding CALAFCO Volunteer" Award is the recognition he truly deserves. Therefore, staff is recommending that the Commission approve the draft nomination form, as shown in **Attachment 5**. Please note that staff submitted the nomination before the August 31st deadline. If the commission does not support this nomination, staff will request CALAFCO to withdraw the submitted form.

Outstanding LAFCO Professional Award Nomination
In only his third year as an analyst with Santa Cruz LAFCO, Francisco Estrada has demonstrated professionalism and dedication well beyond his experience. When Monterey LAFCO suddenly lost its commission clerk and now faced the imminent departure of one of their long-standing analyst, Francisco selflessly stepped in to provide critical administrative support - ensuring continuity of operations during a vulnerable time. Despite taking on these additional responsibilities, he continued to excel in his projects at Santa Cruz LAFCO, delivering exceptional results without missing a beat. His generosity, skill, and commitment to the LAFCO community makes him the ideal recipient of this year's "Outstanding LAFCO Professional" Award. Therefore, staff is recommending that the Commission approve the draft nomination form, as shown in **Attachment 6**. Please note that staff submitted the nomination before the August 31st deadline. If the commission does not support this nomination, staff will request CALAFCO to withdraw the submitted form.

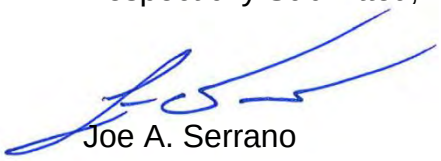
Other CALAFCO Activities
Below is a brief summary of other CALAFCO activities, specifically a status update on CALAFCO's recent webinars, the hiring of a new interim executive director, and the formation of a working group to potentially restructure CALAFCO's regions.

- **New CALAFCO Interim Executive Director:** As previously mentioned, CALAFCO is in the process of hiring Michelle McIntyre from Placer LAFCO as the new interim executive director. Ms. McIntyre has a passion and commitment for the mission of CALAFCO. She understands the unique challenges and opportunities facing CALAFCO and has demonstrated time and again her capacity to navigate them with both strategic foresight and effective action as a Senior Analyst of Solano LAFCO for 16 years and is currently the Executive Officer of Placer LAFCO for the past four years. It is my understanding that she will begin her new role later this year.

- **CALAFCO U Webinar Series:** As CALAFCO's Coastal Regional Officer, Santa Cruz LAFCO's Executive Officer has taken a leading role in supporting and revitalizing the statewide organization by moderating and spearheading three CALAFCO U webinars in consecutive months: July's *Commissioner Best Practices*, August's *Brown Act*, and September's *Mapping 101*. These free sessions for CALAFCO members provide valuable education and engagement opportunities for commissioners and staff statewide. The first two sessions were well-received and averaged 60 registrations. **Attachment 7** summarizes participant feedback from the Brown Act webinar. Santa Cruz LAFCO continues to demonstrate its commitment to strengthening and reviving the statewide organization.

- **Regional & Board Restructuring Working Group:** CALAFCO will begin developing a new regional map and potential board restructuring later this year. This work will be built on the research and participation of staff from member LAFCOs across the state. The tentative timeline includes developing a draft plan by December 2026, solicitation of comments and edits by the member LAFCOs in January 2026, and membership consideration and vote in February 2026. The working group is scheduled to begin meeting in mid-September.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:
1. Annual Conference Announcement
2. Board of Directors Nomination Form
3. Proposed Bylaw Amendments Packet
4. Achievement Award Nomination Letter
5. Outstanding CALAFCO Volunteer Award Nomination (Jose Henriquez)
6. Outstanding LAFCO Professional Award Nomination (Francisco Estrada)
7. Brown Act Webinar Survey Results

JOIN US FOR THE 2025

CALAFCO ANNUAL CONFERENCE

OCTOBER 22 – 24, 2025

Wyndham San Diego Bayside
1355 N Harbor Drive, San Diego, CA 92101

Dive into three dynamic days of making important connections, information sharing and learning opportunities. Engage with CALAFCO members and regional leaders as we examine and discuss today's most pressing topics on growth, sustainable land use, and community resilience. This year's lineup of guest speakers and keynotes will deliver fresh perspectives and real-world strategies, sparking meaningful dialogue and collaboration.



Featuring Keynote Speaker:
DAVID MARQUET

Former Nuclear Submarine Commander | Student of Leadership and Organizational Design | Bestselling Author

With a unique mix of elected officials, experts, and stakeholders all in one place, there's no better opportunity to expand your network and amplify your impact. ***Don't miss the opportunity to be part of this one-of-a-kind gathering that empowers the future of LAFCO work!***

GENERAL SESSIONS INCLUDE:

- **How Am I Supposed to Know That? –** Sharing from a team of new and seasoned commissioners, EO & Counsel of the topmost important things they wish they or their commissioners knew (and the stories behind the lessons)
- **Where the Farmland Meets the Front Porch – How do LAFCOs protect ag lands and increase the supply of housing?** – Explore how can/do we navigate the intricate juxtapose of ag land preservation and housing development
- **CALAFCO Legislative Update –** The Good, The Bad, & The Future

BREAK OUT SESSIONS:

- Reimagining Governance & Growth for Californian's Forgotten Communities
- Incorporations in the New World – What Makes Them Successful?
- Local Government Reorganization - What Tools Are In/Out of LAFCOs Toolbox?
- Using Technology To Bring LAFCOs Into the 21st Century

REGISTRATION IS NOW OPEN!

Scan the code below or visit **https://qrco.de/bgBkrL** to register.



Make your hotel reservations now at the special CALAFCO rate of $249 per night (excludes taxes, fees and parking). Book before September 22, 2025.

TO MAKE HOTEL RESERVATIONS, PLEASE VISIT:
https://book.passkey.com/go/CALCAFCO2025
or call 800-996-3426 and reference the **P1 CALAFCO 2025 Annual Conference** and provide the Group Code **102025CAL**.

Secure your spot today and don't miss out on:

- ✓ Statewide perspectives and discussions with LAFCO leaders and partners
- ✓ Regional caucuses/Board elections
- ✓ Important CALAFCO Annual Business Meeting
- ✓ Regional and Attorney roundtables
- ✓ Special keynote speaker – Bestselling Author David Marquet
- ✓ Sponsor networking reception
- ✓ Focused general and breakout sessions
- ✓ Celebration of service and collaboration

SCAN ME

CALAFCO, 1451 River Park Drive, Suite 185, Sacramento, CA 95815-4520
Phone: (916) 442-6536 | Email: info@calafco.org | www.calafco.org

Join Us at the

2025 CALAFCO ANNUAL CONFERENCE

Wyndham San Diego Bayside
1355 N Harbor Drive, San Diego, CA 92101

TUESDAY – OCTOBER 21, 2025	
	Pre-Conference Activities *To be Announced Soon*
WEDNESDAY – OCTOBER 22, 2025	
9:00 a.m.	LAFCO 101: Building on the Basics of LAFCO
1:30 p.m.	Conference Opening
2:00 p.m.	General Session with Keynote Speaker – *Bestselling Author David Marquet*
3:15 p.m.	Refreshment Break
3:30 p.m.	General Session: How am I Supposed to Know That?
5:15 p.m.	CALAFCO Welcome Reception
6:45 p.m.	Dinner on Your Own
THURSDAY – OCTOBER 23, 2025	
7:00 a.m.	Continental Breakfast Buffet
8:00 a.m.	Regional Caucus Meetings and Elections
9:00 a.m.	CALAFCO Annual Business Meeting
10:30 a.m.	Refreshment Break with Sponsors
10:45 a.m.	Regional and Attorney Roundtables
12:00 p.m.	Lunchtime Chat with Keynote Speaker – *To Be Announced*
1:45 p.m.	**BREAKOUT SESSIONS**
	1) Reimagining Governance & Growth for Californian's Forgotten Communities
	2) Incorporations in the New World – What Makes Them Successful?
3:00 p.m.	Refreshment Break with Sponsors
3:45 p.m.	**BREAKOUT SESSIONS**
	1) Local Government Reorganization – What Tools Are In/Out of LAFCOs Toolbox?
	2) Using Technology To Bring LAFCOs Into the 21st Century
5:45 p.m.	CALAFCO Pre – Dinner Reception with Sponsors (no host bar)
6:45 p.m.	CALAFCO Awards Banquet
FRIDAY – OCTOBER 24, 2025	
7:30 a.m.	Breakfast Buffet
7:30 a.m.	CALAFCO Board of Directors Meeting
9:00 a.m.	General Session: Where the Farmland Meets the Front Porch: How do LAFCOs protect ag lands and increase the supply of housing?
10:30 a.m.	Refreshment Break
10:45 a.m.	General Session: CALAFCO Legislative Update: The Good, The Bad, & The Future
12:00 p.m.	Conference Adjourns

REGISTRATION IS NOW OPEN.
Scan the code or visit
https://qrco.de/bgBkrL

SCAN ME

CALAFCO, 1451 River Park Drive, Suite 185, Sacramento, CA 95815-4520
Phone: (916) 442-6536 | Email: info@calafco.org | www.calafco.org

CALAFCO

Date: June 25, 2025

To: Local Agency Formation Commission Members and Alternate Members

From: Wendy Root Askew, Committee Chair
CALAFCO Board Election Committee / CALAFCO Board of Directors

RE: CALAFCO Board of Directors Nomination Period Now Open for 2025-2026

The Nomination period is now open for the fall elections of the CALAFCO Board of Directors for the following seats:

CENTRAL REGION	COASTAL REGION	NORTHERN REGION	SOUTHERN REGION*
City Member Public Member	City Member Public Member	County Member District Member	County Member

Please inform your Commission that the CALAFCO Election Committee will be accepting nominations for the above-cited seats until:

FRIDAY, SEPTEMBER 19, 2025

This is a critical transition time for CALAFCO and the Association is looking for Board members who are fully committed to moving the organization forward. While the work is challenging, requiring engagement, collaboration, dedication, and the ability to make difficult decisions, this time of transition creates ample opportunities for positive change and growth.

**Due to the pending departure of four of the LAFCOs in the Southern Region, the Executive Committee of the CALAFCO Board, along with the Election Committee, approved holding the two pending open seats in the southern region vacant for a one-year period (District and Public). The two remaining LAFCO Executive Officers in that region have also provided their approval. This decision is scheduled to be ratified by the full Board on July 25, 2025.*

Serving on the CALAFCO Board is a unique opportunity to work with other LAFCO professionals throughout the state on legislative, fiscal, and operational issues that affect us all. The Board meets four to five times each year. You will find the 2026 meeting calendar included in this nomination packet, and you are asked to commit to full attendance and participation. There is typically a hybrid option available for most meetings. However, strategic plan retreats and other meetings may be scheduled in-person and locations may alternate around the state. A job description is attached that more fully describes Director responsibilities and time commitment (which will be revised at some time in the next year).

Board terms span a two-year period, with no term limits, and any LAFCO commissioner or alternate commissioner is eligible to run for a Board seat. Elections will be conducted during Regional Caucuses at the CALAFCO Annual Conference prior to the Annual Membership Meeting on Thursday, October 23, 2025 at the Wyndham Bayside Hotel, San Diego, California.

Please consider your desire to participate on the CALAFCO Board of Directors carefully. Especially during this time of transition, as it is an important commitment.

All candidates must:

- Have the support of their Commission;
- Have the support of their respective Executive Officer;
- Complete the Nomination Form and Candidate Form in their entirety; and
- Submit all required paperwork by the deadline.

All candidates are encouraged to attend a 1-hour candidate nomination orientation to be held virtually on **Friday, September 5, 2025, at 9 a.m.** Should you be interested, please notify Pamela Miller at pmiller@millermcg.com **no later than Friday, August 29, 2025 at 3 p.m.** and a meeting access link will be provided to you. Your Executive Officer is also strongly encouraged to attend with you.

All newly elected Board members and their Executive Officers are required to attend a Board Member Orientation between the election and the December 5, 2025 Board meeting. You will receive a one-to-one orientation either in person or virtually, depending upon your location. This must be completed prior to your first full Board meeting.

Should your Commission nominate a candidate, please return the completed Nomination Form and Candidate Form by the deadline. Completed nomination forms and all materials must be RECEIVED by CALAFCO by the deadline of September 19, 2025.

Electronic filing of nomination forms is ***highly encouraged*** to facilitate the recruitment process. Please email to info@calafco.org. However, hard copy forms and materials may also be mailed to:

Election Committee c/o Interim Executive Director

California Association of Local Agency Formation Commissions

1451 River Park Drive, Suite 185

Sacramento, CA 95815

Complete nomination packets received by the **September 19, 2025** deadline will be included in the Election Committee's Report that will be distributed to LAFCO members. Candidate names will be listed in the report, and on the ballot, in the order nominations are received. The Election Committee Report will be distributed no later than October 8, 2025, with ballots made available to Voting Delegates at the Annual Conference.

Nominations received after the deadline will be returned; however, nominations may be made from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

For those member LAFCOs who cannot send a voting delegate to the Annual Meeting, an electronic ballot will be made available *if requested in advance*. Ballot requests must also be received no later than Friday, September 19, 2025, with completed absentee ballots due to CALAFCO no later than Friday, October 17, 2025.

2025 NOMINATION/ELECTION PROCESS DEADLINES AND TIMELINES

- **June 25** – Nomination Announcement and packet sent to LAFCO membership and posted on the CALAFCO website.
- **September 19** – Completed Nomination packet due @ 12 p.m.
- **September 19** –Request for an absentee/electronic ballot due @ 12 p.m.
- **September 19** – Voting delegate name due to CALAFCO @ 12 p.m.
- **October 8** – Distribution of the Election Committee Report (includes all completed/submitted nomination papers)
- **October 8** – Distribution of requested absentee/electronic ballots.
- **October 17** – Absentee ballots due to CALAFCO @ 12 p.m.
- **October 23** - Elections

If you have any questions about the election process, please contact CALAFCO Transition Team Specialist Pamela Miller at pmiller@millermcg.com. Or you may contact the CALAFCO Interim Executive Director José Henríquez at jhenriquez@calafco.org or by calling 916-442-6536 and leaving a message.

Members of the 2025/2026 CALAFCO Election Committee are:

Wendy Root Askew, Committee Chair (831) 883-7570	Monterey LAFCO (Coastal Region) District4@countyofmonterey.gov
Gay Jones (916) 874-6458	Sacramento LAFCO (Central Region) h2ogay@pacbell.net
Steve Sanchez (951) 369-0631	Riverside LAFCO (Southern Region) ssanchez@laquintaca.gov
Paul Minchella (916) 926-7793	Modoc LAFCO (Northern Region) Pminchella@yahoo.com

To assist you in this consideration, included for your reference are the following documents:

- Nomination Form (to be completed and returned)
- Candidate Form (to be completed and returned)
- CALAFCO Board Member Job Description
- Board of Directors meeting calendar December 2025 through December 2026
- CALAFCO Board of Directors Nomination and Election Policies
- Current listing of Board Members and corresponding terms of office. The seats eligible for election this year are highlighted.

We sincerely hope you will consider joining us in making a difference for LAFCOs statewide, and for CALAFCO's future.

Board of Directors Nomination and Election Policies, Procedures and Forms

5.1 Board Nomination and Election Procedures

The procedures for nominations and election of CALAFCO Board [Board] are designed to assure full, fair and open consideration of all candidates, provide confidential balloting for contested positions and avoid excessive demands on the time of those participating in CALAFCO Annual Conference.

The Board nomination and election procedures shall be:

1. APPOINTMENT OF AN ELECTION COMMITTEE:
    a. Following the Annual Membership Meeting the Board shall appoint an Election Committee of four members of the Board. The Election Committee shall consist of one member from each region whose term is not ending.
    b. The Board Chair shall appoint one of the members of the Election Committee to serve as Election Committee Chair. The CALAFCO Executive Director shall either serve as staff to the Election Committee or appoint a Regional Officer to serve as staff in cooperation with the Executive Director.
    c. Each Regional Officer shall serve as staff liaison to the Election Committee specifically to assist in conducting the election as directed by the Executive Director and Committee.
    d. Goals of the Election Committee are to encourage and solicit candidates by region who represent member LAFCos across the spectrum of geography, size, and urban-suburban-rural population, and to provide oversight of the elections process.
2. ANNOUNCEMENT TO ALL MEMBER LAFCOs:
    a. No later than four months prior to the Annual Membership Meeting, the Election Committee Chair shall send an announcement to each LAFCo for distribution to each commissioner and alternate. The announcement shall include the following:
        i. A statement clearly indicating which offices are subject to the election.
        ii. A regional map including LAFCos listed by region.
        iii. The specific date by which all nominations must be received by the Election Committee. The deadline shall be no later than 30 days prior to the opening of the Annual Conference. Nominations received after the closing date shall be returned to the proposing LAFCo marked "Received too late for Election Committee action."
        iv. The names of the Election Committee members and the name of their LAFCo, regional representation, email address and phone number. The name, email address and phone number of the Executive Director shall also be included.

v. The email address and physical address to send the nominations forms.

vi. A form for a Commission to use to nominate a candidate and a candidate resume form of no more than one page each to be completed for each nominee.

vii. The specific date by which all voting delegate names are due.

viii. The specific date by which absentee ballots must be requested, the date CALAFCO will distribute the absentee ballots and the date by which they must be received by the Executive Director.

b. A copy of these procedures shall be posted on the web site.

3. THE ELECTION COMMITTEE:

a. The Election Committee and the Executive Director have the responsibility to monitor nominations and help assure that there are adequate nominations from each region for each seat up for election. No later than two weeks prior to the Annual Conference, the Election Committee Chair shall distribute to the members the Committee Report organized by regions, including copies of all nominations and resumes, which are received prior to the end of the nomination period.

b. At the close of the nomination period, the Election Committee shall prepare regional ballots. Each region will receive a ballot specific to that region. Each region shall conduct a caucus at the Annual Conference for the purpose of electing their designated representatives. Caucus elections must be held prior to the annual membership meeting at the Conference. The assigned Regional Officers along with a member of the Election Committee shall tally ballots at each caucus and provide the Election Committee the names of the elected Board members and any open seats. In the event of a tie, the Regional Officer and Election Committee member shall immediately conduct a run-off ballot of the tied candidates.

c. Make available sufficient copies of the Committee Report for each Voting Delegate by the beginning of the Annual Conference. Only the designated Voting Delegate, or the designated Alternate Voting Delegate shall be allowed to pick up the ballot packet at the Annual Conference.

d. Make available blank copies of the nomination forms and resume forms to accommodate nominations from the floor at either the caucuses or the annual meeting (if an at-large election is required).

e. Advise the Executive Director to provide “CANDIDATE” ribbons to all candidates attending the Annual Conference.

f. Advise the Executive Director to provide “VOTING DELEGATE” ribbons to all voting delegates attending the Annual Conference.

g. Post the candidate statements/resumes organized by region on a bulletin board or other easily accessible location near the registration desk.

h. Regional elections shall be conducted as described in Section 4 below. The representative from the Election Committee shall serve as the Presiding Officer for the purpose of the caucus election and shall be assisted by a Regional Officer from a region other than their own, as assigned by the Executive Director.

i. Following the regional elections, in the event that there are open seats for any offices subject to the election, the Election Committee Chair shall notify the Chair of the Board that an at-large election will be required at the annual membership meeting and to provide a list of the number and category of seats requiring an at-large election.

4. ELECTRONIC BALLOT FOR LAFCO IN GOOD STANDING NOT ATTENDING ANNUAL MEETING

Limited to the elections of the Board:

a. Any LAFCo in good standing shall have the option to request an electronic ballot if there will be no representative attending the annual meeting.

b. LAFCos requesting an electronic ballot shall do so in writing to the Executive Director no later than 30 days prior to the annual meeting.

c. The Executive Director shall distribute the electronic ballot no later than two weeks prior to the annual meeting.

d. LAFCo must return the ballot electronically to the Executive Director no later than three working days prior to the annual meeting.

e. LAFCos voting by electronic ballot may discard their electronic ballot if a representative is able to attend the annual meeting.

f. LAFCos voting under this provision may only vote for the candidates nominated by the Election Committee as noted on the ballot and may not vote in any run-off elections.

5. AT THE TIME FOR ELECTIONS DURING THE REGIONAL CAUCUSES OR ANNUAL MEMBERSHIP MEETING:

a. The Presiding Officer shall:

i. Review the election procedure with the membership of their region.

ii. Present the Election Committee Report (previously distributed).

iii. Call for nominations from the floor by category for those seats subject to this election:

1. For city member.

2. For county member.

3. For public member.

4. For special district member.

b. To make a nomination from the floor, a LAFCo, which is in good standing, shall identify itself and then name the category of vacancy and individual being nominated. The nominator may make a presentation not to exceed two minutes in support of the nomination.

c. When there are no further nominations for a category, the Presiding Officer shall close the nominations for that category.

d. The Presiding Officer shall conduct a “Candidates Forum”. Each candidate shall be given time to make a brief statement for their candidacy. If a candidate is absent from the regional caucus, they may ask someone in their region to make a brief statement on their behalf.

e. The Presiding Officer shall then conduct the election:

i. For categories where there are the same number of candidates as vacancies, the Presiding Officer shall:

1. Name the nominees and offices for which they are nominated.
2. Call for a voice vote on all nominees and thereafter declare those unopposed candidates duly elected.

ii. For categories where there are more candidates than vacancies, the Presiding Officer shall:

1. Poll the LAFCos in good standing by written ballot.
2. Each LAFCo in good standing may cast its vote for as many nominees as there are vacancies to be filled. The vote shall be recorded on a tally sheet.
3. Any ballots submitted electronically for candidates included in the Election Committee Report shall be added to the tally.
4. With assistance from the Regional Officer, tally the votes cast and announce the results.

iii. Election to the Board shall occur as follows:

1. A majority of the total number of LAFCos in a given region are required for a quorum. Returned absentee ballots shall count towards the total required for a quorum.
2. The nominee receiving the majority of votes cast is elected.
3. In the case of no majority, the two nominees receiving the two highest number of votes cast shall face each other in a run-off election. Electronic ballots are not included in the tally for any run-off election(s).
4. In case of tie votes:
    a. A second run-off election shall be held with the same two nominees.
    b. If there remains a tie after the second run-off, the winner shall be determined by a draw of lots.

6. ADDITIONAL PROCEDURES

a. For categories where there are more candidates than vacancies, names shall be listed on the ballot in the order the nomination was received and deemed complete.

b. The Election Committee Chair shall announce and introduce all Board Members elected during the Regional Caucuses at the annual business meeting.

c. In the event that Board seats remain unfilled after a Regional Caucus, an election will be held immediately at the annual business meeting to fill the position at-large. Nominations will be taken from the floor and the election process will follow the procedures described in Section 4 above. Any commissioner or alternate from a member LAFCo may be nominated for at-large seats.

d. Seats elected at-large become subject to regional election at the expiration of the term. Only representatives from the region may be nominated for the seat.

e. As required by the Bylaws, the members of the Board shall meet as soon as possible after election of new Board Members for the purpose of electing officers, determining meeting places and times for the coming year, and conducting any other necessary business.

7. LOSS OF ELECTION IN HOME LAFCO

Board Members and candidates who lose elections in their home office shall notify the Executive Director within 15 days of the certification of the election.

8. FILLING BOARD VACANCIES

Vacancies on the Board may be filled by appointment by the Board for the balance of the unexpired term. Appointees must be from the same category as the vacancy, and should be from the same region.

CALAFCO policies and procedures were adopted by the CALAFCO Board of Directors on 12 January 2007 and amended on 9 November 2007, 8 February 2008, 13 February 2009, 12 February 2010, 18 February 2011, 29 April 2011, 11 July 2014, 27 October 2017, 11 May 2018, 24 July 2020, 30 April 2021, 30 July, 2021, and 21 January, 2022. They supersede all previous versions of the policies.

CALAFCO's Four Regions



As of June 25, 2025, the LAFCOs in each of the four regions consist of the following:

Northern Region
Butte
Colusa
Del Norte
Glenn
Humboldt
Lake
Lassen
Mendocino
Modoc
Nevada
Plumas
Shasta
Sierra
Siskiyou
Sutter
Tehama
Trinity
Yuba

CONTACT: Stephen Lucas
Butte LAFCO
slucas@buttecounty.net

After June 30:
Shannon Costa
Butte LAFCO
scosta@buttecounty.net

Southern Region
Imperial
Los Angeles*
Orange*
Riverside
San Bernardino*
San Diego*

CONTACT: Adriana Romo
Los Angeles LAFCO
aromo@lalafco.org

After June 30:
José Henriquez
Interim Executive Director
jhenriquez@calafco.org

Coastal Region
Alameda
Contra Costa
Marin
Monterey
Napa*
San Benito
San Francisco
San Luis Obispo
San Mateo
Santa Barbara
Santa Clara
Santa Cruz
Solano
Sonoma
Ventura

CONTACT: Joe Serrano
Santa Cruz LAFCO
joe@santacruzlafco.org

Central Region
Alpine
Amador
Calaveras
El Dorado*
Fresno
Inyo
Kings
Madera
Mariposa
Merced
Mono
Placer
Sacramento
San Joaquin
Stanislaus
Tulare
Tuolumne
Yolo

CONTACT: José Henriquez
Sacramento LAFCO
henriquezj@saccounty.net

LAFCOs noted with an asterisk (*) have provided CALAFCO official notice they will end their membership effective June 30, 2025.

Date Received

_____

Board of Directors

2025/2026 Nomination Form

(Must accompany the Candidate Form)

Nomination to the CALAFCO Board of Directors

In accordance with the Nominations and Election Procedures of CALAFCO,

_____ LAFCO of the _____ Region

Nominates _____

for the (check one) ☐ City ☐ County ☐ Special District ☐ Public Position on the CALAFCO Board of Directors to be filled by election at the next Annual Membership Meeting of the Association. *As Chair, I attest that our LAFCO fully supports this Commissioner as a CALAFCO Board member. Further, I attest that our Executive Officer will support this Commissioner during their tenure on the CALAFCO Board.*

_____

LAFCO Chair

_____

Date

NOTICE OF DEADLINE

Nomination Packets must be received by **September 19, 2025** to be considered by the Election Committee.

Send completed nominations to info@calafco.org

Or, mail to:

CALAFCO Election Committee
CALAFCO
1451 River Park Drive, Ste. 185
Sacramento, CA 95815

Date Received

_____

Board of Directors
2025/2026 Candidate Form

(All sections and questions must be thoroughly answered)

Please attach your professional resume or vitae to this form.

Nominated By: _____ LAFCO Date: _____

Region (please check one): ❑ Northern ❑ Coastal ❑ Central ❑ Southern

Category (please check one): ❑ City ❑ County ❑ Special District ❑ Public

Candidate Name _____

Address _____

Phone Office _____ Mobile _____

e-mail _____

PART ONE - LAFCO experience:

- How many years on your LAFCO?
- How many of your LAFCO meetings have you missed in the past 2 years?
- What are some examples of major projects, applications, or issues your LAFCO has undertaken/addressed during your tenure?

PART TWO - CALAFCO experience:

- How many CALAFCO conferences have you attended?
- When was the last time you attended a LAFCO 101 session?

PART THREE - Pertinent professional background:

- What background besides LAFCO experience do you have that may be applicable to representing LAFCOs statewide as a CALAFCO Board member?

- What particular set of skills do you bring to the CALAFCO Board that you believe will be useful at this critical transition time?

PART FOUR - Confirmation of availability:

- ❑ I confirm my understanding that being elected to the Board is a responsibility that requires my commitment to showing up, being fully present, and fully engaged.

- ❑ I confirm that I understand the Board's attendance policy and that I will attend the following Board meetings for 2025/2026 (barring any unforeseen emergency):

    - December 5, 2025 – in-person with hybrid option (San Jose or Sacramento)
    - February 26, 2026 – in-person full day teambuilding & strategic plan retreat (no hybrid - Sacramento)
    - February 27, 2026 – in-person Board meeting (Sacramento)
    - May 8, 2026 – virtual
    - August 7, 2026 - in-person with hybrid option
    - October 23, 2026 – in-person at annual conference (Sacramento)
    - December 11, 2026 – in-person with hybrid option (southern CA)

- ❑ I confirm that I will volunteer for and fully participate in at least one of the following Board Committees:

    - Legislative
    - Annual Conference Planning
    - Elections
    - Achievement Awards

PART FIVE - Other Comments or information:

NOTICE OF DEADLINE

Complete Nomination Packets must be received by **September 19, 2024** to be considered by the Election Committee.

Send completed nominations to info@calafco.org

Or, mail to:

CALAFCO Election Committee
CALAFCO
1451 River Park Drive, Ste. 185
Sacramento, CA 95815

California Association of
Local Agency Formation Commissions
CALAFCO

Board Member Job Description
Adopted April 12, 2024

Duties

Board members have the following legal duties:

1. ***Duty of Care:*** *Ensuring prudent use of all assets including financial, facility, people, and good will.*
2. ***Duty of Loyalty:*** *Ensuring that the association's activities and transactions are, first and foremost, advancing its mission; Recognizing and disclosing conflicts of interest; Making decisions that are in the best interest of the association and not in the best interest of an individual board member, or any other individual or entity.*
3. ***Duty of Obedience:*** *Ensuring that the association obeys applicable laws and regulations; follows its own bylaws and policies; and that it adheres to its stated corporate purposes/mission.*

Position

Serving as a CALAFCO Board member is an extraordinary opportunity for an individual who is passionate about the importance of the role that LAFCOs play in the sustainable growth of a region, and who has a track record of leadership. His/her accomplishments will allow him/her to interface effectively with the state legislature, as well as attract other well-qualified, high- performing board members.

As a governing body, the Board is expected to support the work of CALAFCO by providing mission-based leadership and strategic governance. While day-to-day operations are led by CALAFCO's Executive Director (E.D.), the Board-E.D. relationship is a partnership and the appropriate involvement of the Board is both critical and expected. Board members are tasked with the Leadership, Governance, and Oversight of the association through the following responsibilities:

- Representing CALAFCO to stakeholders; acting as an ambassador for the organization to regional members and California legislators.
- Approving policies that provide the appropriate authority and guidance for/to the E.D. in the administration of the organization.
- Serving as a trusted advisor to the E.D.
- Participating in strategic planning retreats.
- Reviewing agenda and supporting materials, and communicating questions to the E.D., prior to board and committee meetings.
- Weighing the organization's outcomes against strategic plan initiatives.

- Approving CALAFCO's annual budget, financial reports, and business decisions; being informed of, and meeting all, legal and fiduciary responsibilities.
- Assisting the E.D. and board chair in identifying and recruiting other board members to ensure CALAFCO's commitment to a diverse board and staff that recognizes the differing perspectives among LAFCOs.
- Partnering with the E.D. and other board members to ensure that board resolutions are carried out.
- Serving on committees or task forces and taking on special assignments, as needed.

California Association of
Local Agency Formation Commissions
CALAFCO

Board of Directors Meeting Calendar
December 2025 – December 2026

Approved by the Executive Committee of the Board on Wednesday, June 18, 2025
To be ratified by the full Board on July 25, 2025

For regular meetings, please schedule from approx. 9 a.m. – 2 p.m. Meetings may be shorter in duration.

Teambuilding / strategic planning session is an all-day event. The Board meeting the following day is typically 9 a.m. – 12 p.m.

All CALAFCO members will have virtual access to attend Board meetings except for the February 26, 2026 retreat. There is no virtual option for this session.

- December 5, 2025 – in-person with hybrid option (San Jose or Sacramento - TBD)
- February 26, 2026 – in-person full day teambuilding & strategic plan retreat (no hybrid - Sacramento)
- February 27, 2026 – in-person Board meeting (Sacramento)
- May 8, 2026 – virtual
- August 7, 2026 - in-person with hybrid option
- October 23, 2026 – in-person at annual conference (Sacramento)
- December 11, 2026 – in-person with hybrid option (southern CA)

CALAFCO Board Members 2024-25 (as of June 23, 2025)		
Board Member Name	**LAFCO – Region**	**Type – Term Expires**
Jaron Brandon	Tuolumne – Central	County – 2026
Virginia Chang Kiraly	San Mateo – Coastal	District – 2026
Kimberly Cox	San Bernardino – Southern	District – 2025 Seat being held open for 1 year
Yxstian Gutierrez	Riverside – Southern	County – 2025
Gay Jones	Sacramento – Central	District – 2026
Kenneth Leary	Napa – Coastal	Public – 2025
Derek McGregor	Orange – Southern	Public – 2026 Seat being held open for 1 year upon vacating
Paul Minchella	Modoc – Northern	City – 2026
Nancy Ogren	Siskiyou – Northern	County – 2025
Anita Paque	Calaveras – Central	Public – 2025
Wendy Root Askew	Monterey – Coastal	County – 2026
Steve Sanchez	Riverside – Southern	City – 2026
Josh Susman	Nevada – Northern	Public – 2026
Vacant	Central	City – 2025
Vacant	Coastal	City – 2025
Vacant	Northern	District – 2025

Seats up for election for the 2025-26 year

Memo

To: Member LAFCOs

From: CALAFCO Board of Directors and Transition Team

Date: August 15, 2025

Subject: **CALAFCO Board Recommending Bylaws Amendments at October 23, 2025 Annual Business Meeting**

Dear Member LAFCOs,

This October, you will be asked to vote on several proposed amendments to CALAFCO's Bylaws. These changes are part of the larger Association transformation effort underway and are in direct response to feedback from Member LAFCOs.

One amendment adds the four Regional Officers as voting members of the Board. This action is a vital next step in CALAFCO's ongoing transition and creates broader Board representation to enhance capacity and decision-making. (Refer to Bylaws Section 4.1.)

The proposed amendment to Bylaws Section 4.2.1 changes the term of office for newly elected Board Members to begin on December 1 in the year in which they were elected. This change allows new Board Members time for appropriate onboarding and orientation before taking office, supporting their successful governance capability.

To support the Bylaws change approved by the membership in 2024 (in Section 4.4 which addresses potential termination due to attendance), Section 4.3(C) has been added to explicitly state that a vacancy may occur as a result of the attendance matters outlined in Section 4.4.

In Section 4.5.6, it is proposed to remove the ability for a Board Member to give proxy to the Executive Director to establish a quorum for Board Meetings.

All other proposed amendments are minor and non-substantive.

Supported by the Board in February and again unanimously in July 2025, this proposal reflects a shared desire to better align Board representation with the operational knowledge and institutional insight of LAFCO Executive Officers and support new Board Members by better preparing them to take office. It is part of a broader package of reforms that began in 2024 and continue in response to concerns raised by Member LAFCOs.

These amendments do not increase costs or dues. Rather, they strengthen CALAFCO by:

- Broadening representation on the Board
- Enhancing the quality of deliberation and decision-making
- Setting the stage for full Executive Officer participation on the Board
- Strengthens Board governance and best practices

Failure to approve these changes will undermine the possibility of future inclusion of Executive Officers as voting Board members and will hamper CALAFCO's ability to properly prepare new Board Members for their role. We believe that the outcome would be detrimental to the long-term health, viability and relevance of the Association.

We urge you to review the enclosed FAQ, presentation, and proposed Bylaws changes and share this information with your Commission. For questions, please contact Transition Team member Pamela Miller at pmiller@millermcg.com, Interim Executive Director José Henríquez at jhenriquez@calafco.org, your Regional Officer or your Board Member representatives.

We truly appreciate your continued support.

Sincerely,

CALAFCO Board of Directors & Transition Team

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Attachment: Bylaws reflecting proposed amendments in tracked changes as approved by the Board on February 7, and July 25, 2025

California Association of
Local Agency Formation Commissions

CALAFCO

SUPPORTING SUSTAINABLE
COMMUNITY GROWTH

Proposed Bylaws Changes

To be considered at the October 2025 Annual Business Meeting

Q: What is CALAFCO proposing?

A: The Board is recommending the Membership approve the following Bylaws amendments:

- Adding the four Regional Officers as voting members of the CALAFCO Board of Directors (Section 4.1). This is an interim step toward ultimately giving Executive Officers the ability to serve as voting Board members, pending future Membership approval;
- Changing the effective date of Board Members' term of office to begin December 1 in the year of their election, beginning with the 2026 election (Section 4.2.1); and
- Other minor, non-substantive clean-up amendments.

Q: Why are these changes being proposed?

A: The proposed changes are a critical milestone in CALAFCO's organizational transition. They are in response to feedback from Member LAFCOs and are part of a larger effort that includes new leadership, updated policies and procedures, and ongoing transformation efforts. Adding Regional Officers to the Board will strengthen representation and enhance decision-making by incorporating deeper institutional and operational knowledge. Changing the effective date of assuming office allows newly elected Board Members time for proper onboarding and orientation before taking office.

Q: What are the benefits of the changes?

- Broader Representation: Balances policymaker insight with expert operational knowledge from LAFCO practitioners.
- Increased Board Capacity: Enhances institutional knowledge and brings in day-to-day LAFCO experience.
- Responsiveness: Aligns CALAFCO's governance with the evolving needs of its membership.
- Stronger Decisions: Leads to better-informed, more relevant Board deliberations and outcomes.

Q: What happens if these changes are not approved?

A: Failure to pass the amendments will likely halt further progress toward seating Executive Officers as voting Board members—an outcome that would significantly limit CALAFCO's ability to evolve and reflect its full membership; and will hamper CALAFCO's ability to properly prepare new Board Members for their role.

Q: When is the vote and who votes?

A: The vote takes place at the CALAFCO Annual Business Meeting on October 23, 2025, at 9:00 a.m., during the Annual Conference in San Diego. Each member LAFCO in good standing may designate a voting delegate to vote in person (pursuant to Bylaws Sections 3.5 through 3.7).

California Association of
Local Agency Formation Commissions

CALAFCO

SUPPORTING SUSTAINABLE
COMMUNITY GROWTH

Strengthening the CALAFCO Board

2025 Bylaws Amendment Proposal

AUGUST, 2025



Why This Matters



Direct response to concerns raised by Member LAFCOs

Part of broader reform efforts (staffing, policies, governance)

Builds a stronger, more responsive and cohesive CALAFCO

What's Changing

Adds the four Regional Officers as **voting members** of the Board

First step toward **Executive Officers** being eligible to be elected to the Board





Why Support It?



More inclusive decision-making



Balances policymaker and practitioner perspectives



Enhances institutional knowledge



Creates a more responsive Association

What's At Stake



Risk of stalling CALAFCO's progress and responsiveness to the membership

Let's move forward – together



Final Thoughts & Discussion

BYLAWS

OF THE

CALIFORNIA ASSOCIATION OF LOCAL AGENCY FORMATION COMMISSIONS

ARTICLE I

OFFICES

1.1 Principal Office. The principal office of California Association of Local Agency Formation Commissions ("Corporation") is located at California Local Agency Formation Commissions, 1451 River Park Drive, Suite 185, Sacramento, California 95815[1].

1.2 Change of Address. The Board of Directors ("Board") (as that term is defined in Section 4.1.1 of these Bylaws) hereby is granted full power and authority to change the location of the principal office of Corporation. Any such change shall be noted by the Secretary in these Bylaws, but shall not be considered an amendment of these Bylaws.

ARTICLE II

MEMBERS

2.1 Classification and Qualifications of Members. The Corporation shall have three (3) classes of members as follows: Member Local Agency Formation Commissions ("Member LAFCOs")~~Os~~; Officers of Member LAFCOs; and Associate Members. Member LAFCOs shall be any local agency formation commission ("LAFCO"), which have paid the required annual membership dues and assessments and have indicated by appropriate action their desire to join the Corporation. Officers of Member LAFCOs shall be any regular or alternate Commissioner, executive officer, deputy executive officer, legal counsel, or deputy legal counsel of any Member LAFCO in good standing as a Member LAFCO. Associate Members of the Corporation shall be any member of the public, a government agency, a business, or an educational institution, either who or which has paid the required annual membership dues and assessments and has indicated by appropriate action ~~its~~their desire to join the Corporation. Notwithstanding any other provision in these Bylaws to the contrary, the terms generally meaning "approval of members or the membership" or "ratification by the members or membership" or "adopted by the members or membership" shall mean such approval or ratification or adoption by ~~members~~Members~~s~~ LAFCOs eligible to vote.

2.2 Membership Dues. The Board shall identify the privileges, and set the amount of membership dues, in accordance herewith, for membership categories during the budget adoption process. The membership dues payable to the Corporation for the admission calendar year by newly admitted members shall be payable in full at the time of admittance. The amount of membership dues and the time or times of payment may, in accordance herewith, be determined and fixed by the Board, and a member, upon learning of any change in such amount or the time or

[1] Office location changed on August 1, 2023.

times of payment, may avoid liability therefor by promptly resigning from membership. **(Amended 6 September 2006)**

2.2.1 Notwithstanding the foregoing, Member LAFCO annual membership dues shall be levied based upon a formula that includes the following components:

(1) Dues are population based. The fiscal year 2020-2021 dues uses a 0.013802199 per capita rate and 2020 population estimates based on data from the California Department of Finance.

(2) A base charge as set by the Board ~~of Directors~~, which shall be the same for each Member LAFCO. The base charge for fiscal year 2020-2021 is $1,000 per LAFCO.

(3) A population threshold as set by the Board ~~of Directors~~.

(4) Population estimates per County updated annually based on data provided by the California Department of Finance.

(5) The per capita rate shall be set by the Board ~~of Directors~~.

(6) No Member LAFCO will pay less than its current dues based on the baseline dues of fiscal year 2018-2019.

2.2.2 Based on the above-described formula, the fiscal year 2020-2021 dues for each Member LAFCO are as follows:

County	Population Estimate 2020	Population For Dues Calculation	Base Dues	Per Capita Dues	Base + Per Capita Dues	Total Per Capita Rate
ALAMEDA	1,703,660	700,000	1,000	9,662	10,662	0.0063
ALPINE	1,107	1,107	1,000	15	1,015	0.9171
AMADOR	37,560	37,560	1,000	518	1,518	0.0404
BUTTE	230,701	230,701	1,000	3,184	4,184	0.0181
CALAVERAS	44,953	44,953	1,000	620	1,620	0.0360
COLUSA	23,144	23,144	1,000	319	1,319	0.0570
CONTRA COSTA	1,178,639	700,000	1,000	9,662	10,662	0.0090
DEL NORTE	26,997	26,997	1,000	373	1,373	0.0508
ELDORADO	189,576	189,576	1,000	2,617	3,617	0.0191
FRESNO	1,033,095	700,000	1,000	9,662	10,662	0.0103
GLENN	29,691	29,691	1,000	410	1,410	0.0475
HUMBOLDT	137,711	137,711	1,000	1,901	2,901	0.0211
IMPERIAL	195,814	195,814	1,000	2,703	3,703	0.0189
INYO	18,724	18,724	1,000	258	1,258	0.0672
KERN	930,885	700,000	1,000	9,662	10,662	0.0115
KINGS	154,549	154,549	1,000	2,133	3,133	0.0203

LAKE	65,302	65,302	1,000	901	1,901	0.0291
LASSEN	30,626	30,626	1,000	423	1,423	0.0465
LOS ANGELES	10,435,036	700,000	1,000	9,662	10,662	0.0010
MADERA	162,990	162,990	1,000	2,250	3,250	0.0199
MARIN	265,152	265,152	1,000	3,660	4,660	0.0176
MARIPOSA	18,031	18,031	1,000	249	1,249	0.0693
MENDOCINO	90,175	90,175	1,000	1,245	2,245	0.0249
MERCED	286,746	286,746	1,000	3,958	4,958	0.0173
MODOC	9,422	9,422	1,000	130	1,130	0.1199
MONO	13,986	13,986	1,000	193	1,193	0.0853
MONTEREY	454,599	454,599	1,000	6,274	7,274	0.0160
NAPA	143,800	143,800	1,000	1,985	2,985	0.0208
NEVADA	99,548	99,548	1,000	1,374	2,374	0.0238
ORANGE	3,260,012	700,000	1,000	9,662	10,662	0.0033
PLACER	397,368	397,368	1,000	5,485	6,485	0.0163
PLUMAS	19,374	19,374	1,000	267	1,267	0.0654
RIVERSIDE	2,500,975	700,000	1,000	9,662	10,662	0.0043
SACRAMENTO	1,572,886	700,000	1,000	9,662	10,662	0.0068
SAN BENITO	60,067	60,067	1,000	829	1,829	0.0305
SAN BERNARDINO	2,230,602	700,000	1,000	9,662	10,662	0.0048
SAN DIEGO	3,398,672	700,000	1,000	9,662	10,662	0.0031
SAN FRANCISCO	905,637	700,000	1,000	9,662	10,662	0.0118
SAN JOAQUIN	782,662	700,000	1,000	9,662	10,662	0.0136
SAN LUIS OPISPO	284,126	284,126	1,000	3,922	4,922	0.0173
SAN MATEO	792,271	700,000	1,000	9,662	10,662	0.0135
SANTA BARBARA	460,444	460,444	1,000	6,355	7,355	0.0160
SANTA CLARA	2,011,436	700,000	1,000	9,662	10,662	0.0053
SANTA CRUZ	282,627	282,627	1,000	3,901	4,901	0.0173
SHASTA	180,198	180,198	1,000	2,487	3,487	0.0194
SIERRA	3,129	3,129	1,000	43	1,043	0.3334
SISKIYOU	44,186	44,186	1,000	610	1,610	0.0364
SOLANO	453,784	453,784	1,000	6,263	7,263	0.0160
SONOMA	515,486	515,486	1,000	7,115	8,115	0.0157
STANISLAUS	572,000	572,000	1,000	7,895	8,895	0.0156
SUTTER	101,418	101,418	1,000	1,400	2,400	0.0237
TEHAMA	65,119	65,119	1,000	899	1,899	0.0292
TRINITY	13,389	13,389	1,000	185	1,185	0.0885
TULARE	487,733	487,733	1,000	6,732	7,732	0.0159
TUOLUMNE	53,976	53,976	1,000	745	1,745	0.0323
VENTURA	869,486	700,000	1,000	9,662	10,662	0.0123
YOLO	229,023	229,023	1,000	3,161	4,161	0.0182
YUBA	79,087	79,087	1,000	1,092	2,092	0.0264

2.2.3 Dues may be increased by the Board on an annual basis to reflect changes in the Consumer Price Index (CPI) for California based on data provided by the California Department of Finance.

2.2.4 ~~Membership~~ Member LAFCO dues may be reduced by the ~~board~~Board if financial hardship is demonstrated to the satisfaction of the Board.

2.2.5 Officers of ~~member~~Member LAFCOs shall not pay membership dues.

2.2.6 Notwithstanding the foregoing, ~~associate~~ Associate ~~member~~ Member annual membership dues shall be established by action of the Board ~~of Directors~~.

2.3 Assessments. Assessments may be imposed on members by resolution of the Board, except that any such assessments established by the Board first must be ratified by the voting membership before becoming effective. A member, upon learning of an assessment, may avoid liability therefor by promptly resigning from membership.

2.4 Number of Members. There shall not be any limit on the number of members the Corporation may have.

2.5 Membership Book. The Corporation shall keep in any form capable of being converted in written form a membership book containing the name, address, and class of each member. The book also shall contain the fact of termination and the date on which such membership ceased. Such book shall be kept at the principal office of the Corporation and shall be subject to the rights of inspection required by law and as set forth in Section 2.6 of these Bylaws.

2.6 Inspection Rights of Members.

2.6.1 The accounting books and records and minutes of proceedings of the members, the Board, and committees of the Board shall be open to inspection upon written demand on the Corporation of any member at any reasonable time, for a purpose reasonably related to such person's interests as a member.

2.6.2 Inspection pursuant to this Section 2.6 of these Bylaws by a member may be made in person or by agent or attorney, and the right of inspection includes the right to copy and make extracts at such member's sole expense and cost.

2.6.3 If any record subject to inspection pursuant to this Section 2.6 of these Bylaws is not maintained in written form, the Corporation shall at its expense make such record available in written form.

2.6.4 Notwithstanding the foregoing, the right of a member to inspect and copy or obtain a copy of the list of names and addresses of members is as prescribed by Sections 6330 through 6338, inclusive, of the California Corporations Code ("CCC").

2.7 Certificates of Membership. The Corporation shall not issue membership certificates; however, the Corporation reserves the right to issue identity cards or similar devices

to members which serve to identify members qualifying to use the facilities or services of the Corporation.

2.8 Nonliability of Members. A member of the Corporation shall not, solely because of such membership, be personally liable for the debts, obligations, or liabilities of the Corporation.

2.9 Transferability of Membership. Neither the membership in the Corporation nor any rights in the membership may be transferred or assigned for value or otherwise.

2.10 Termination of Membership.

2.10.1 The membership and all rights of membership automatically shall terminate on the occurrence, where applicable, of any of the following:

(A) Death.

(B) The voluntary resignation of a member, effective as of the date notice of such resignation is either personally hand-delivered to the President or Secretary of the Corporation or deposited in United States first-class mail, postage prepaid.

(C) The nonpayment of required dues, assessments or fees.

2.10.2 Termination of membership shall not relieve the resigning member from any obligation for charges incurred, services or benefits actually rendered, dues, assessments, or fees, arising from contract or otherwise prior to such effective date of resignation, and shall not diminish any right of the Corporation to enforce any such obligation or obtain damages for its breach.

ARTICLE III

MEETINGS OF MEMBERS

3.1 Place. Meetings of members shall be held at the principal office of the Corporation or at such location within the State of California as may be designated from time to time by the Board.

3.2 Regular Meetings. Regular meetings shall be as determined by the Board. The business to be conducted at such meetings shall include, but not be limited to:

(1) the election to the Board ~~of Directors~~ as provided in Article IV of these Bylaws;

(2) the written resolution of any Member LAFCO in good standing, provided such resolution was submitted to the Board at least sixty (60) days prior to such meeting; and

(3) the written resolution of any Member LAFCO in good standing not submitted in accordance with the immediately preceding clause (2), provided not less than fifty percent (50%) of Member LAFCOs eligible to vote are present and not less than two-thirds (~~K~~2/3) of such present members agree to waive the 60 day prior notice requirement in the immediately preceding clause (2).

3.3 Special Meetings. Special meetings may be called by the Chairperson or by a majority of the voting ~~members~~Members~~ LAFCOs~~ of the Corporation for any lawful purpose.

3.4 Notice of Meetings. Notice of member meetings shall be given in writing as follows:

3.4.1 Written notice of regular and special meetings shall be given not less than thirty (30) days nor more than ninety (90) days prior to the meeting to each Member LAFCO and Associate Member of the Corporation. Such notice shall state the place, date and hour of the meeting, and in the case of the annual meeting, those matters which the Board, at the time of the mailing of the notice, intends to present for action by the members.

3.4.2 Notice of any meeting, written ballot, or report shall be given either personally, by first-class United States mail, postage prepaid, or other means of written communication, addressed to the member at the address of such member appearing on the books of the Corporation or given by the member to the Corporation for the purpose of notice; or if no such address appears or is given, at the place where the principal office of the Corporation is located. The notice, written ballot, or report shall be deemed to have been given at the time when delivered personally, deposited in the mail, or otherwise sent, as the case may be. An affidavit of mailing of any notice, written ballot, or report in accordance with the provisions of this Section 3.4.2 of these Bylaws, executed by the Secretary, shall be evidence of the giving of the notice, written ballot, or report.

3.4.3 Except as otherwise prescribed by the Board in particular instances and except as otherwise provided by applicable law, the Secretary shall prepare and give, or cause to be prepared and given, the notice of meetings and the written ballots.

3.5 Approvals. No action may be taken at a regular or special meeting unless a majority of the voting ~~members~~Member LAFCOs are present. The Corporation may act on all matters upon the majority vote of the voting ~~members~~ Member LAFCOs present at the meeting. All such approvals shall be made a part of the minutes of the meeting.

3.6 Quorum.

3.6.1 A quorum at any meeting shall consist of not less than fifty (50%) of the ~~members~~Member LAFCOs entitled to vote.

3.6.2 Except where a greater vote is required by the Articles of Incorporation, these Bylaws, or applicable law, if a quorum is present, the affirmative vote of a majority of the ~~members~~Members~~ LAFCOs~~ present shall be the act of the members.

3.6.3 In the absence of a quorum, any meeting of members may be adjourned from time to time by the vote of a majority of the ~~members~~Member LAFCOs present, but no other business may be transacted.

3.6.4 When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof is announced at the meeting at which the adjournment is taken. The meeting shall not be adjourned for more than forty-five (45) days. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

3.7 Voting of Membership.

3.7.1 Each Member LAFCO, in good standing, is entitled to one (1) vote on each matter submitted to a vote of the members. A Member LAFCO's vote may be cast by the Officer of a Member LAFCO designated in writing to the Executive Director or the Board by such Member LAFCO prior to or at the meeting. Members in the class of either Officer of a Member LAFCO or Associate Member are not entitled to vote on any matter submitted to a vote of the members.

3.7.2 Cumulative voting shall not be authorized for any purposes.

3.7.3 Proxies are not permitted.

3.8 Written Ballot of Members.

3.8.1 Whenever the ~~members~~Member LAFCOs are to vote on any proposal for action which could be taken at any regular or special meeting of members, the members may, in the discretion of the Board (unless a specific method of voting is prescribed by these Bylaws), vote by written ballot without a meeting pursuant to this Section 3.8 of these Bylaws.

3.8.2 A written ballot shall be mailed to every ~~member~~Member LAFCO entitled to vote on the matter pursuant to Section 3.4.2 of these Bylaws.

3.8.3 The written ballot shall set forth the time by which the ballot must be received in order to be counted and the minimum number of written ballots which must be returned to meet the quorum requirement.

3.8.4 If the vote is for other than Directors, then the written ballot shall set forth:

(A) The proposal to be voted on, and for this purpose related proposals may be grouped as a single proposal for the written ballot.

(B) Offer the member a choice between approval and disapproval on each such proposal.

(C) Specify that the proposal must be approved by a majority of the written ballots voting on the proposal, provided that sufficient written ballots are returned to meet the quorum requirement.

3.8.5 Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

3.8.6 A written ballot may not be revoked.

3.9 Unanimous Written Consent of Members. In addition to the written ballot procedure of Section 3.8 of these Bylaws, any action required or permitted to be taken by the members may be taken without a meeting if all members individually or collectively shall consent in writing to the action. The written consent or consents shall be filed with the minutes of the proceedings of the members. The action by written consent shall have the same force and effect as the unanimous vote of the ~~members~~Member LAFCOs.

3.10 Conduct of Meetings.

3.10.1 The President of the Corporation or, in ~~his or her~~their absence, the Vice President of the Corporation, or in ~~his or her~~their absence, any other person chosen by a majority of the voting members present in person shall be Chairperson of and shall preside over the meetings.

3.10.2 The Secretary of the Corporation shall act as the Secretary of all meetings; provided that in his or her absence, the Chairperson shall appoint another person to act as secretary of the meetings.

3.10.3 The Chairperson shall decide questions of order at Member meetings subject to appeal by a majority of the quorum.

3.11 Inspectors of Election.

3.11.1 In advance of any meeting, the Board may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any person appointed fails to appear or refuses to act, the Chairperson of any meeting may, and on the request of any ~~member~~ Member LAFCO present shall, appoint inspectors of election (or persons to replace those who fail or refuse) at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more ~~members~~Member LAFCOs, the majority of ~~members~~ Member LAFCOs present shall determine whether one or three inspectors are to be appointed.

3.11.2 The inspectors of election shall determine the number of memberships outstanding~~-~~, the number present at the meeting, the existence of a quorum, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in

connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all ~~members~~Member LAFCOs.

3.11.3 The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

ARTICLE IV

DIRECTORS

4.1 Number.

4.1.1 The authorized number of Directors of the Corporation shall be ~~nineteen~~twenty-two (~~19~~22), of which ~~sixteen~~twenty (~~16~~20) shall be voting members and elected from among the ~~Commission Members~~ Member LAFCOs (or in the case of the Regional Officers (as that term is defined below in Section 4.1.1 (5) of these Bylaws), until such time as these Bylaws are amended to permit Executive Officers to be directly elected to the Board, elected from Executive Officers from within their regions) as follows:

(1) Four (4) Directors shall be city members or alternates of LAFCOs, of which two (2) Directors shall be elected at each annual meeting;

(2) Four (4) Directors shall be county members or alternates of LAFCOs, of which two (2) Directors shall be elected at each annual meeting;

(3) Four (4) Directors shall be public members or alternates of LAFCOs, of which two (2) Directors shall be elected at each annual meeting;

(4) Four (4) Directors shall be special district members or alternates of LAFCOs, of which two (2) Directors shall be elected at each annual meeting;

(5) Four (4) Directors shall be regional officers, elected by the Executive Officers from within their regions ("Regional Officers").

4.1.2 ~~Three~~Two (~~3~~2) nonvoting Directors shall be appointed as follows:

~~(1) One Director, appointed by the voting members of the Board, shall be an Executive Officer or a person functioning as executive officer of a Member LAFCO;~~

(~~2~~1) One Director, appointed by the voting members of the Board, shall be the Executive Director of the Corporation; and

(~~3~~2) One Director, appointed by the voting members of the Board, shall be a legal counsel or deputy legal counsel of a Member LAFCO.

Collectively, the Directors shall be known as the Board of Directors ("Board").

4.1.3 The State shall be divided into four (4) regions as follows for the purpose of electing Board Members: Northern, Central, Coastal and Southern. The counties in each of the four (4) regions shall be determined by the Board of Directors.

Each region shall elect four (4) Directors comprised of one city member, one county member, one public member and one special district member.

4.2 Nomination; Election; and Term.

4.2.1 Prior to the annual meeting, the Board shall appoint a recruitment committee consisting of one member from each Region, in accordance with election procedures adopted by the Board. The committee shall solicit nominations and conduct regional elections for positions on the Board, the terms of which will expire with the annual meeting. Effective with the 2026 Board elections, newly elected Board members shall begin their term on December 1 in the year of their election and be seated at the first Board meeting thereafter. Directors-elect are encouraged to attend Board and planning session meetings in the interim.

4.2.2 In the event that: (a) less than fifty (50) percent of the regions' Member LAFCOs vote, or (b) no nominations are received for an open director position in the region, then the open director position becomes at-large for one term and shall be elected at the annual meeting.

4.2.3 Nominations shall be made from the floor at the annual meeting for any at-large position described in Section 4.2.2. The nominations shall be from the same category as the open director position.

4.2.4 Only Commissioners of Member LAFCOs in good standing and whose membership dues and assessments are fully paid may be nominated to be a Director by the method of nomination authorized by the Board or by any other method authorized by law.

4.2.5 Directors shall be elected at a regular or special meeting or by written ballot as authorized by Section 3.8 of these Bylaws. Directors shall be eligible for reelection without limitation on the number of terms they may serve, unless elected to an at-large position that is not within their region.

4.2.6 Directors are elected for a term of two (2) years.

4.2.7 A vacancy occurring in the office of Director may be filled by the Board for the balance of the unexpired term and until a successor has been elected and qualified by the Board in accordance with Board-adopted election procedures.

4.2.8 Each elected Director shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

4.2.9 The Board shall make such rules as are necessary to carry out the provisions of Section 4.2.

4.3 Vacancies on Board. A vacancy or vacancies on the Board shall exist on the occurrence of the following:

(A) The death or resignation of any Director;

(B) The declaration by resolution of the Board of a vacancy in the office of a Director who has been declared of unsound mind by an order of court, convicted of a felony, or found by final order of judgment of any court to have breached a duty under Article 3 of Chapter 2 of the CCC; ~~or~~

(C) The removal of a Director pursuant to Section 4.4; or

(D) The increase of the authorized number of Directors.

4.4 Resignations and Terminations of Directors. Except as provided below, any Director may resign by giving written notice to the President or the Secretary of the Board. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. The Board, in its sole discretion, may declare vacant the position of any Director who misses two (2) consecutive meetings of the Board. Such Director, however, first shall be given prior notice of such pending termination and given the opportunity to offer a reason for such absences.

4.5 Meetings of the Board.

4.5.1 Meetings of the Board shall be held at the principal office of the Corporation unless another place is stated in the notice of the meeting.

4.5.2 A special meeting of the Board may be called by the President, the Secretary, or any two Directors.

4.5.3 Notice of all regular and special meetings of the Board shall be given. A notice need not include the purpose or agenda for the meeting. The notice may be in writing and mailed at least three (3) days before the meeting. The notice may also be delivered personally or by telephone at least 48 hours before the meeting.

4.5.4 Notice of a meeting need not be given to any Director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Director. All such waivers, consents and approvals shall be made a part of the minutes of the meeting.

4.5.5 Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as all such Directors participating in such meeting can hear one another. Participation in a meeting by this means constitutes presence in person at such meeting.

4.5.6 A majority of the authorized number of voting Directors shall constitute a quorum of the Board for the transaction of business, except to adjourn. ~~A Director may give a proxy to the Executive Director solely for the purpose of constituting a quorum.~~

4.5.7 A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given, prior to the time of the adjourned meeting, to the Directors who were not present at the time of adjournment.

4.6 Required Vote of Directors.

4.6.1 Every act or decision done or made by a majority of the voting Directors present at a meeting duly held at which quorum is present is the act of the Board. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

4.7 Written Consent of Directors. Any action required or permitted to be taken by the Board may be taken without a meeting, if all Directors individually or collectively shall consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. All members of the Board, as used in this Bylaw does not include any "interested director" as defined in Section 5233 of the CCC.

4.8 Compensation of Directors. Directors shall receive no compensation for their services.

4.9 Inspection Rights of Directors. Every Director shall have the absolute right to any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Corporation during normal weekday business hours. If a Director wishes to be accompanied by an attorney during such inspection, then the inspection will be scheduled at a time when the Corporation's attorney will be present.

4.10 Interested Persons. Not more than forty-nine percent (49%) of the persons serving on the Board may be interested persons.

4.10.1 As used in this section, an "interested person" means either:

(A) Any person currently being compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full- or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director;

or

(B) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

4.10.2 The provisions of this Section 4.10 of these Bylaws shall not affect the validity or enforceability of any transaction entered into by the Corporation.

4.11 Powers of the Board.

(1) It may call special meetings of the members whenever it deems it necessary.

(2) It shall appoint and remove, at pleasure, all officers, agents, and employees of the Corporation and it shall prescribe their duties to the extent that they are not set out in these Bylaws.

(3) It may appoint an executive officer or member LAFCO staff person to be a deputy Corporation executive officer.

(4) It shall conduct and manage the affairs and business of the Corporation, and it shall make rules and regulations not inconsistent with these Bylaws for the guidance of the officers and management of the affairs of the Corporation.

(5) It may contract with others for such staff and clerical assistance as may be necessary to perform its duties.

(6) It shall establish, levy, and collect, in accordance with these Bylaws, annual dues and assessments and such other charges and fees necessary to carry out the purposes of the Corporation.

(7) It may delegate any of its duties to committees to the extent not inconsistent with the Articles of Incorporation, these Bylaws, and applicable laws.

(8) It shall possess any and all other powers not inconsistent with the Articles of Incorporation, these Bylaws, and applicable laws.

4.12 Duties of the Board.

(1) It shall arrange and conduct an annual meeting of the Corporation and such other meetings and conferences as it determines necessary.

(2) It shall arrange for the exchange of information among Member LAFCOs.

(3) It shall review laws and proposed laws affecting Member LAFCOs and make such recommendations thereon as it deems appropriate.

(4) It shall appoint such committees as are necessary to assist the Board in the performance of its duties.

(5) It may adopt rules of procedure for the conduct of its meetings.

(6) It shall perform such other duties as are necessary to carry out the purposes of the Corporation or as directed by the membership, all in accordance with the Articles of Incorporation, these Bylaws, and applicable laws.

ARTICLE V

OFFICERS

5.1 Number and Titles. The officers of the Corporation shall be a President or Chairperson, a Vice-President or Vice-Chairperson, ~~a Secretary~~, a Treasurer, a Secretary, an Executive Director, and such other officers with such titles and such duties as shall be determined and deemed advisable by the Board.

5.1.1 The President shall preside over all meetings of the Board and of the membership and shall sign, in such capacity, all deeds, contracts, notes, conveyances, and other papers, documents, and instruments in writing in the name of the Corporation, which have first been approved by the Board, and shall have, subject to the direction of the Board, general supervision of the business affairs of the Corporation and generally shall discharge such other duties as may be required by the Board.

5.1.2 The Vice-President shall, in the absence of the President or the inability or refusal of the President to act, carry on all duties and powers required by law or these Bylaws and ~~hall~~shall have all the powers conferred by law or these Bylaws upon the President.

[5.1.3 – REORDERED/MOVED TO SECTION 5.1.4 WITHOUT REVISION]

~~5.1.3 The Secretary shall keep or cause to be kept the minute book of the Corporation as prescribed by Section 8.1 of these Bylaws. The Secretary shall sign in the name of the Corporation, either alone or with one or more other officers, all documents authorized or required to be signed by the Secretary. If the Corporation has a corporate seal, the Secretary shall keep the seal at the Corporation's principal office and shall affix the seal to documents as appropriate or desired. The Board may by resolution authorize one or more Assistant Secretaries to perform, under the direction of the Secretary, some or all the duties of the Secretary.~~

5.1.4~~3~~ The Treasurer is the chief financial officer of the corporation, and, where appropriate, may be designated by the alternate title "Chief Financial Officer~~"~~." The Treasurer is responsible for the receipt, maintenance, and disbursement of all funds of the Corporation and for the safekeeping of all securities of the Corporation. The Treasurer shall keep or cause to be kept books and records of account and records of all properties of the Corporation. The Treasurer shall prepare or cause to be prepared annually, or more often if so directed by the Board or President, financial statements of the Corporation. The Board may authorize one or more Assistant Treasurers to perform, under the direction of the Treasurer, some or all the duties of the Treasurer.

5.1.4 The Secretary shall keep or cause to be kept the minute book of the Corporation as prescribed by Section 8.1 of these Bylaws. The Secretary shall sign in the name of the Corporation, either alone or with one or more other officers, all documents authorized or required to be signed by the Secretary. If the Corporation has a corporate seal, the Secretary shall keep the seal at the Corporation's principal office and shall affix the seal to documents as appropriate or desired. The Board may by resolution authorize one or more Assistant Secretaries to perform, under the direction of the Secretary, some or all the duties of the Secretary.

5.1.5 The Executive Director shall work directly with the Board in managing the day to day activities of the Corporation. The Executive Director shall be directly responsible for assisting the Board in the development of a strategic business plan to achieve greater financial performance and increased visibility, and generally be responsible for Board administration matters, education and training, communication, legislative activities, regulatory monitoring advocacy, and inter-agency communication, as may be described more fully by and at the pleasure of the Board.

5.2 Appointment and Removal of Officers.

5.2.1 The officers shall be elected by the Board.

5.2.2 Any officer elected by the Board may be removed from office at any time by the Board, with or without cause or prior notice.

5.2.3 When authorized by the Board, any elected officer may be appointed for a specific term under a contract of employment. Notwithstanding that such officer is appointed for a specified term or under a contract of employment, any such officer may be removed from office at any time pursuant to Section 5.2.2 of these Bylaws and shall have no claim against the Corporation on account of such removal other than for such monetary compensation as the officer may be entitled to under the terms of the contract of employment.

5.2.4 Any officer may resign at any time upon written notice to the Corporation without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. Such resignation is effective upon receipt of the written notice by the Corporation unless the notice prescribes a later effective date or unless the notice prescribes a condition to the effectiveness of the resignation.

5.2.5 The same person may hold more than one appointed office, except that neither the Secretary nor the Treasurer may serve concurrently as the President. When serving as Board members, Regional Officers shall not be eligible to serve as Board Officers.

ARTICLE VI

INDEMNIFICATION

6.1 Indemnification of Directors, Officers, and Employees.

6.1.1 The Corporation may indemnify a Director, officer, or employee under the provisions of Section 5238 of the CCC, or pursuant to any contract entered into with any employee who is not an officer or Director.

6.1.2 Expenses incurred in defending any proceeding may be advanced by the Corporation as authorized in Section 5238 of the CCC prior to the final disposition of such proceeding, upon receipt of an undertaking by or on behalf of the Director, officer, or employee to repay such amount unless it shall be determined ultimately that the Director, officer, or employee is entitled to be indemnified.

6.1.3 The Corporation may purchase and maintain insurance on behalf of any Director, officer, or employee of the Corporation against any liability asserted against or incurred by the Director, officer, or employee in such capacity or arising out of the Director's officer's, or employee's status as such, whether or not the Corporation would have the power to indemnify the Director, officer, or employee against such liability under the provisions of Section 5238 of the CCC, except as provided in subdivision (I) of Section 5238 of the CCC.

ARTICLE VII

AMENDMENT

7.1 Amendment of Articles. The amendment of the Articles of Incorporation of the Corporation is provided for by California state law and generally requires the approval of the membership pursuant to these Bylaws and the filing of a certificate of amendment in the Office of the Secretary of State.

7.2 Amendment of Bylaws. The amendment of Bylaws is provided for by California state law and generally requires the approval of the membership pursuant to these Bylaws, and to the extent not inconsistent herewith:

(A) These Bylaws may be amended at a meeting of the Corporation or at any statewide, general meeting convened upon order of the Board. Bylaw amendments may be proposed by a Member LAFCO in good standing or by the Board.

(B) Proposed amendments shall be submitted to the Board in writing at least sixty days prior to the meeting at which they are to be considered. The Board shall mail copies of the proposed amendments to all Member LAFCOs in good standing at least thirty days prior to the meeting at which they are to be considered. A majority vote of the Member LAFCOs in good standing which are present and eligible to vote is required for adoption of the amendments submitted under this procedure.

(C) Written amendments to the Bylaws may be submitted and considered at a meeting of the Corporation without complying with the requirements set out in the preceding paragraph if at least fifty percent (50%) of the Member LAFCOs in good standing are present and

eligible to vote at such meeting and two-thirds (2/3) of the Member LAFCOs in good standing present and eligible to vote approve a waiver of the requirements set out in the immediately preceding subparagraph (B).

ARTICLE VIII

RECORDS

8.1 Minute Book. The Corporation shall keep or cause to be kept a minute book which shall contain:

(A) The record of all meetings of the Board including date, place, those attending and the proceedings thereof, a copy of the notice of the meeting and when and how given, written waivers of notice of meeting, written consents to holding meeting, written approvals of minutes of meeting, and unanimous written consents to action of the Board without a meeting, and similarly as to meetings of committees of the Board established pursuant to the Bylaws and as to meetings or written consents of the incorporator of the Corporation prior to the appointment of the initial Directors.

(B) A copy of the Articles of Incorporation and all amendments thereof and a copy of all certificates filed with the Secretary of State.

(C) A copy of these Bylaws as amended, duly certified by the Secretary.

8.2 Annual Report.

8.2.1 Financial statements shall be prepared as soon as reasonably practicable after the close of the fiscal year. The financial statements shall contain in appropriate detail the following:

(A) The assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year.

(B) The principal changes in assets and liabilities, including trust funds, during the fiscal year.

(C) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year.

(D) The expenses or disbursements of the Corporation for both general and restricted purposes, during the fiscal year.

8.2.2 Any report furnished to Directors of the Corporation which includes the financial statements prescribed by Section 8.2.1 of these Bylaws shall be accompanied by any report thereon of independent accountants, or, if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation.

8.2.3 A report including the financial statements prescribed by Section 8.2.1 of these Bylaws shall be furnished annually to all Directors of the Corporation.

8.3 Report of Transactions and Indemnifications. The Corporation shall mail to all Directors a statement of any transaction between the Corporation and one of its officers or Directors or of any indemnification paid to any officer or Director if, and to the extent, required by Section 6322 of the CCC. The statement shall be mailed within 120 days after the close of the fiscal year. The statement required by this Section 8.3 of these Bylaws shall describe briefly:

(A) Any covered transaction during the previous fiscal year involving more than Fifty Thousand Dollars ($50,000), or which was one of a number of covered transactions in which the same "interested person" had a direct or indirect material financial interest, and which transactions in the aggregate involved more than Fifty Thousand Dollars ($50,000).

(B) The names of the "interested persons" involved in such transactions, stating such person's relationship to the Corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

(C) The statement shall describe briefly the amount and circumstances of any indemnifications or advances aggregating more than Ten Thousand Dollars ($10,000) paid during the fiscal year to any officer or Director of the Corporation pursuant to Section 5233 of the CCC.

For these purposes, an "interested person" is any Director, officer, or member of the Corporation.

ARTICLE IX

MISCELLANEOUS

9.1 Bonding. All employees handling funds shall be properly bonded.

9.2 Self-Dealing. In the exercise of voting right by Directors, no Director shall vote on any issue, motion or resolution which directly or indirectly inures to his or her benefit financially, except that such Director may be counted in order to qualify a quorum and, except as the board may otherwise direct, participate in a discussion on such an issue, motion or resolution if he or she first discloses the nature of his or her interest subject to Section 5230 through, and including Section 5239 of the CCC.

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CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of California Association of Local Agency Formation Commissions, a California nonprofit corporation; and

2. That the foregoing Bylaws, comprising eighteen (18) pages, constitute the Bylaws of said Corporation as duly Incorporator of said Corporation, and as duly approved by the required vote of the members of said Corporation at a meeting duly held on Thursday, 10 September, 1998 and amended on 6 September, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Corporation this 6th day of October, 2006.

(Del)
Susan Vicklund-Wilson
Secretary

California Association of
Local Agency Formation Commissions
CALAFCO
SUPPORTING SUSTAINABLE
COMMUNITY GROWTH

Date: July 18, 2025

To: CALAFCO Members
LAFCO Commissioners and Staff
Other Interested Organizations

From: José Henríquez, CALAFCO Interim ED
CALAFCO Achievement Awards Committee
CALAFCO Board of Directors

Subject: 2025 CALAFCO Achievement Award Nominations Period Open



Deadline: Sunday, August 31, 2025

On behalf of the Association, I am pleased to announce that the nomination period for the 2025 CALAFCO Achievement Awards is now open!

Each year, CALAFCO is honored to recognize outstanding achievements by dedicated and committed individuals and/or organizations from throughout the state at its Annual Conference Achievement Awards Ceremony. This year's ceremony will be held at the beautiful Wyndham San Diego Bayside in Downtown San Diego on October 23rd, during the awards banquet.

Recognizing individual and organizational achievements is an important responsibility. It provides visible recognition and support to those who have gone ***above and beyond*** over the last year to advance the principles and goals of the Cortese-Knox-Hertzberg Act. We invite you to use this opportunity to nominate the individuals and organizations you feel deserve this important recognition based on the criteria outlined.

Before submitting a nomination, ***please carefully review the nomination instructions and the criteria for each award as incomplete nominations, and nominations that do not adhere to the submission guidelines, will not be considered by the Committee.***

ACHIEVEMENT AWARDS NOMINATION PROCEDURE:

1. Most nominations may be made by an individual, a LAFCO, a CALAFCO Associate Member, or any other organization.
2. Each nomination must meet the specific award category criteria for consideration.
3. With the exception of the Lifetime Achievement Award, all nominated projects or acts of service must have occurred or been completed between August 16, 2024, and August 15, 2025.
4. Nominations ***must be submitted with a completed nomination form***. Please use a separate form for each

nomination. The form is your opportunity to highlight the most important points of your nomination.

5. Nomination *Executive Summaries* must be ***limited to no more than 250 words in length.*** Nomination *Summaries* must be ***limited to no more than 1,000 words or 2 pages in length maximum***. You are encouraged to write them in a clear, concise and understandable manner. If the Awards Committee members require additional information, you will be contacted with that request. Any nomination received that exceeds this amount ***will not be considered by the Committee***.
6. All supporting information (e.g. reports, news articles, etc.) must be submitted with the nomination. ***Limit supporting documentation to no more than 3 pages.*** If the Awards Committee members require additional information, you will be contacted with that request. Any nomination received that exceeds this amount ***will not be considered by the Committee***.
7. All nomination materials must be submitted at one time and must be received by the deadline. No late nominations will be accepted – no exceptions. Electronic submittals are required and must be submitted as pdf document, using the fillable pdf document provided.
8. Nominations and all supporting materials must be received no later than Sunday, August 31, 2025. Send nominations via e-mail to:

José Henríquez, CALAFCO Executive Officer
jhenriquez@calafco.org

You may contact José Henríquez, CALAFCO Executive Officer, at henriquezj@saclafco.org, jhenriquez@calafco.org or at (916) 874-6458 with any questions.

Members of the 2025 CALAFCO Board of Directors Awards Committee

Board Members:

Yxstian Gutierrez (Riverside LAFCO, Southern Region)
Anita Paque (Calaveras LAFCO, Central Region)
Josh Susman (Nevada LAFCO, Northern Region)

Regional Officer Members:

José Henríquez, CALAFCO Executive Officer (Central Region)	henriquezj@saccounty.net
Joe Serrano, CALAFCO Deputy Executive Officer (Coastal Region)	joe@santacruzlafco.org
Shannon Costa, CALAFCO Deputy Executive Officer (Northern Region)	scosta@buttecounty.net
Tyler Salcido, CALAFCO Deputy Executive Officer (Southern Region)	tylers@iclafco.com

Attachments:

- Achievement Award categories, nomination and selection criteria
- Listing of prior Achievement Award recipients
- 2025 Achievement Award nomination form (separate file)

CALAFCO ACHIEVEMENT AWARD CATEGORIES, NOMINATION & SELECTION CRITERIA

Every year, CALAFCO recognizes excellence within the LAFCO community, and among the full membership, by presenting *Achievement Awards* at the CALAFCO Annual Conference. Nominations are now open and being accepted until ***Sunday, August 31, 2025*** in the following categories:

OUTSTANDING CALAFCO VOLUNTEER

Award Summary:

Recognizes a CALAFCO volunteer who has provided exemplary service **during the year past**. Exemplary service is service which clearly goes above and beyond that which is asked or expected in the charge of their responsibilities. This category may include a CALAFCO Board member, regional officer, program volunteer, or any other requested volunteer.

Nomination criteria:

1. Nominee must have volunteered for the Association during the year in which the nomination is being made.
2. Nominee does not have to be a CALAFCO member.
3. Volunteer efforts must have demonstrated the individual going above and beyond what was asked/expected with positive and effective results.
4. Nominee can be a CALAFCO Board member, regional officer, program volunteer or any other volunteer.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to each nominee, regardless of their position or role as a volunteer. Only the contributions and outcomes shall be considered, not the individual's position.
3. The extent of the volunteerism and the overall impact to the statewide Association and membership based on that volunteerism shall be considered.
4. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

OUTSTANDING CALAFCO ASSOCIATE MEMBER

Award Summary:

Presented to an active CALAFCO Associate Member (person or agency) that has advanced or promoted the cause of LAFCOs by consistently producing distinguished work that upholds the mission and goals of LAFCOs and has helped elevate the role and mission of LAFCOs through its work. Recipient consistently demonstrates a collaborative approach to LAFCO stakeholder engagement.

Further, the individual or firm has a proven commitment to the Association membership through volunteering time and resources to further the cause of LAFCO and CALAFCO.

Nomination criteria:

1. Nominee must be a CALAFCO Associate Member in good standing with the Association.
2. Nominee shall be an Associate Member for the full year in which the nomination is being made.
3. The Associate Member nominated shall have been an Associate Member in good standing with the Association for at least one year prior to the year for which the nomination is being made.
4. As an Associate Member, the nominee may be an individual, firm or agency.
5. The nominee may be an individual within an Associate Member firm or agency.
6. Nominee shall demonstrate that through their work as an Associate Member, the role and mission of LAFCO has been upheld and furthered.
7. Nominee must have proven cooperative and collaborative approaches to situations and solutions that affect LAFCOs statewide as an Associate Member.
8. Proven commitment to the Association's membership as an Associate Member by volunteering resources to the Association during the year in which the nomination is made.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. The level of volunteering time and resources to the Association shall be a consideration with all other nomination criteria.

OUTSTANDING COMMISSIONER

Award Summary:

Presented to an individual Commissioner for extraordinary service to his or her Commission. Extraordinary service is considered actions above and beyond those required in the course of fulfilling their statutory responsibilities as a Commissioner. It requires consistently demonstrating independent judgment on behalf of the interest of the entire county, developing innovative and collaborative solutions to local issues, and leading the commission and community by example.

Nomination criteria:

1. Nominee must be a Commissioner of a LAFCO in good standing with the Association.
2. Nominee shall be a Commissioner for the full year in which the nomination is being made.
3. Proven demonstration of consistently exercising independent judgment for the greater good of the County is required.
4. Proven leadership of the commission and the community through collaborative, innovative and creative solutions to local issues is required.
5. Proven effective results and outcomes shall be demonstrated in the nomination.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. Representation type (city-county-district-public) shall not be a consideration nor shall be the size or geographic area of the LAFCO on which the Commissioner serves.

4. The overall impact of the leadership of the Commissioner shall be considered.
5. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

OUTSTANDING LAFCO PROFESSIONAL

Award Summary:

Recognizes an Executive Officer, Staff Analyst, Clerk, Legal Counsel or any other LAFCO staff person for exemplary service during the past year. Exemplary service is considered actions which clearly go above and beyond that which is asked, expected, or required in the charge of their LAFCO responsibilities.

Nomination criteria:

1. Nominee must be a staff person of a LAFCO in good standing with the Association.
2. Nominee shall be a staff person for the full year in which the nomination is being made.
3. As a staff person, the nominee can be either an employee of the LAFCO or a contractor providing employee-type services to the LAFCO.
4. Efforts must be demonstrated that the individual has consistently gone above and beyond or outside the scope of their role or job responsibilities, with proven results that otherwise would not have occurred.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to all nominees that meet the nominating criteria.
3. Position within a LAFCO shall not be a consideration, nor shall be the size or geographic area of the LAFCO.
4. The overall impact of the LAFCO professional to their LAFCO and the greater community shall be considered.
5. Preference may be given to individuals who have not previously received this award and meet all the required criteria.

LIFETIME ACHIEVEMENT AWARD

Award Summary:

Recognizes any individual who has made extraordinary contributions to the statewide LAFCO community in terms of longevity of service, exemplary advocacy of LAFCO-related legislation, proven leadership in approaching a particular issue or issues, and demonstrated support in developing and implementing innovative and creative ways to support the goals of LAFCOs throughout California. At a minimum, the individual should be involved in the LAFCO community for at least twenty (20) years.

Nomination criteria:

1. Nomination must be received from a member LAFCO or Associate Member in good standing with the Association.
2. A minimum of 20 years direct involvement with the LAFCO community is required for

consideration.

3. During that time, nominee shall have a proven positive impact and effect on the support and evolution of LAFCOs statewide.
4. This includes advocacy of LAFCOs statewide through legislation, developing creative and innovative solutions to LAFCO issues that serve beyond their LAFCO to the greater good, and collaborative stakeholder approaches to issues and opportunities to further the cause and mission of LAFCO.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Preference may be given to nominees who also have proven experience volunteering for CALAFCO through a regional officer role, serving on committees, serving on the CALAFCO Board, or any other method of volunteering for the Association that serves to promote and support the mission and work of LAFCOs throughout the state.

LEGISLATOR OF THE YEAR

Award Summary:

Presented to a member of the California State Senate or Assembly in recognition of leadership and valued contributions in support of LAFCO goals that have a statewide effect. The recipient shall have demonstrated clear support and effort to further the cause and ability of LAFCOs to fulfill their statutory mission. Selected by CALAFCO Board by super majority.

Nomination criteria:

1. Nominee shall be a California State legislator during the full year in which the nomination was made.
2. Nominee must have demonstrated extraordinary leadership in the Legislature on behalf of LAFCOs statewide, with efforts resulting in a positive impact for all LAFCOs.

Selection criteria:

1. Must meet all nomination criteria requirements for consideration.
2. All Legislator of the Year nominations shall be forwarded by the Achievement Awards Committee to the Board for consideration.
3. Selection of the recipient of this award shall be done with a super majority approval of the Board (present at the time of the vote).

MIKE GOTCH EXCELLENCE IN PUBLIC SERVICE AWARD

Award Summary:

Awarded to an individual, group or agency for actions that rise above expected or common functions or actions that are LAFCO-related; *and* reduce or eliminate common institutional roadblocks; *and* result in a truly extraordinary public service outcome. Individuals, a LAFCO, or collaborative effort among multiple LAFCOs or a LAFCO with other entities are eligible. Other entities shall be decision-making bodies at the local, regional or state level. This award has two distinct categories, each focusing on a specific area:

1. *Protection of agricultural and open space lands and prevention of sprawl*

2. *Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services*

Award categories:

- **Protection of agricultural and open space lands and prevention of sprawl**

Includes the development and implementation of programs or other actions associated with agriculture, water, flood control, parks and recreation, habitat conservation plans and public lands. Demonstrates the recipient has identified, encouraged and ensured the preservation of agricultural and open space lands. Proven actions that encourage cities, counties and special districts to direct development away from all types of agricultural lands, including prime agricultural lands and open space lands. Includes demonstrated consideration given in decisions to Regional Transportation Plans, including sustainable communities strategies and other growth plans to ensure reliable services, orderly growth, and sustainable communities.

- **Innovation, collaboration, outreach and effective support of the evolution and viability of local agencies, promotion of efficient and effective delivery of municipal services**

Includes the development and implementation of innovate support and systems within internal LAFCO operations in the support of local agencies. Actions produce systemic and sustainable improvements and innovation of local government. Proven facilitation of constructive discussions with local and regional agencies and proactive outreach to local and regional agencies as well as local stakeholders and communities to identify issues and solutions and demonstrated action as a coordinating agency in offering and supporting unique local solutions to meet local challenges. Successful demonstration of development of capacities and abilities of local agencies. Provide tools and resources to local agencies to address aging infrastructure, fiscal challenges and the maintenance of existing services. Demonstrated action to streamline the provision of local services with proven results that services are consistent or have been improved as a result, with little to no increased cost to the consumer. Focused efforts and proven results to ensure delivery of services to all communities, especially disadvantaged communities.

Nomination criteria:

1. Clear demonstration that the actions rise above expected or common functions or actions.
2. The actions reduced or eliminated common institutional roadblocks.
3. The actions clearly proven a truly extraordinary public service outcome that is systemic and sustainable.
4. Identified unique circumstances and factors leading to the solution/project.
5. The innovative steps taken by the LAFCO or entity/entities/individual to solve the problem, overcome the situation, or to take action.
6. Clear description of the results/outcomes of the work and the short- and long-term effects.
7. How this work can be promoted as a LAFCO best practice.
8. Clear demonstration how this nomination meets all criteria.

Selection Criteria:

1. Must meet all nomination criteria requirements for consideration.
2. Equal consideration shall be given to each nominee within each category. The size or geographic area of the LAFCO within a given category shall not be a consideration.
3. The overall impact of the actions and outcomes to the greater community being served shall be considered.
4. The level of impact based on the required nomination criteria shall be considered.

QUALIFYING PERIOD: ***With the exception of the Lifetime Achievement Award, all nominated projects or acts of service must have occurred or been completed between August 16, 2024, and August 15, 2025.***

PREVIOUS CALAFCO ACHIEVEMENT AWARD RECIPIENTS

2024

Legislator of the Year Award:	**Senator Dave Cortese**
Lifetime Achievement Award:	**Stephen Lucas**, Butte LAFCO
Outstanding Commissioner:	**Bill Connelly**, Butte LAFCO
Outstanding LAFCO Professional	**J.D. Hightower**, San Joaquin LAFCO
Mike Gotch Award -	
Agriculture	**Monterey LAFCO**
Innovation	Two-Way Tie: **Santa Cruz LAFCO** **Riverside LAFCO & Imperial LAFCO**

2023

Lifetime Achievement Award:	**Dawn Mittleman Longoria**, Napa LAFCO
Outstanding Commissioner	**Richard Bettencourt**, San Benito LAFCO
Outstanding LAFCO Professional	Two-Way Tie: **José C. Henriquez,** Sacramento LAFCO **Andrea Ozdy,** Ventura LAFCO
Outstanding Associate Member	**Colantuono, Highsmith & Whatley**
Outstanding Volunteer	**Anita Paque,** Calaveras LAFCO
Mike Gotch Award -	
Agriculture	**Napa LAFCO**
Innovation	**Tom Cooley,** Plumas LAFCO

2022

Outstanding Commissioner	**Don Saylor,** Yolo LAFCO
Outstanding LAFCO Professional	**Carolyn Emery**, Orange LAFCO
Mike Gotch Award -	Two-Way Tie:
Innovation, Collaboration, And Outreach	**Cristine Crawford,Yolo LAFCO**, and **Erica Sanchez, El Dorado LAFCO & Amanda Ross, South Fork Consulting, LLC**

2020 – 2021 *(2 year period due to the pandemic)*

Outstanding Associate Member	**Planwest Partners**
Outstanding Commissioner	**Olin Woods**, Yolo LAFCO
Outstanding LAFCO Professional	**Crystal Craig**, Riverside LAFCO
Mike Gotch Protection of Ag and Open Space Lands & Prevention of Urban Sprawl	**Napa LAFCO**
Mike Gotch Courage & Innovation in Local Government Leadership Award	**Yolo LAFCO**
Lifetime Achievement Award	**Jerry Glabach**, Los Angeles LAFCO

2019

Distinguished Service Award	**Charley Wilson**, Orange LAFCO
Most Effective Commission	**Contra Costa LAFCO**
Outstanding Commissioner	**Jim DeMartini,** Stanislaus LAFCO
Outstanding LAFCO Professional	**David Church**, San Luis Obispo LAFCO
Project of the Year	**Orange LAFCO**, *for San Juan Capistrano Utilities MSR*
Government Leadership Award	**CA State Water Resources Control Board, Los Angeles County and Los Angeles LAFCo**, *for Sativa Water District*
Mike Gotch Courage & Innovation in Local Government Leadership Award	**Butte LAFCO**
Legislator of the Year	**Assembly Member Mike Gipson**
Lifetime Achievement Award	**John Benoit,** various LAFCOs, **Jurg Heuberger,** Imperial LAFCO

2018

Distinguished Service Award	**John Withers**, Orange LAFCO
Most Effective Commission	**Santa Clara LAFCO**
Outstanding Commissioner	**Margie Mohler,** Napa LAFCO
Outstanding LAFCO Professional	**George Williamson**, Del Norte LAFCO
Outstanding LAFCO Clerk	**Elizabeth Valdez**, Riverside LAFCO
Outstanding CALAFCO Associate Member	**Best Best & Krieger**
Project of the Year	**Lake LAFCo,** water services consolidation
Government Leadership Award	**City of Porterville, County of Tulare, Dept. of Water Resources, State Water Resources Control Board, Governor's Office of Emergency Services, Self Help Enterprises, Community Water Center** for East Porterville water supply project
Mike Gotch Courage & Innovation in Local Government Leadership Award	**Mike Ott,** San Diego LAFCO
Legislator of the Year	**Assembly Member Anna Caballero**
Lifetime Achievement Award	**Pat McCormick,** Santa Cruz LAFCO, **George Spiliotis**, Riverside LAFCO

2017

Most Effective Commission	**Los Angeles LAFCO**
Outstanding CALAFCO Member	**Sblend Sblendorio,** Alameda LAFCO
Outstanding Commissioner	**John Marchand,** Alameda LAFCO
Outstanding LAFCO Professional	**Paul Novak**, Los Angeles LAFCO
Outstanding LAFCO Clerk	**Richelle Beltran**, Ventura LAFCO
Outstanding CALAFCO Associate Member	**Policy Consulting Associates**
Project of the Year	**County Services MSR,** Butte LAFCO, and **Santa Rosa Annexation,** Sonoma LAFCO
Government Leadership Award	**San Luis Obispo County Public Works Dept.**
Lifetime Achievement Award	**Kathy Rollings McDonald** (San Bernardino)

2016

Distinguished Service Award	**Peter Brundage**, Sacramento LAFCO
Most Effective Commission	**San Luis Obispo LAFCO**

Outstanding CALAFCO Member	**John Leopold,** Santa Cruz LAFCO
Outstanding Commissioner	**Don Tatzin,** Contra Costa LAFCO
Outstanding LAFCO Professional	**Steve Lucas**, Butte LAFCO
Outstanding LAFCO Clerk	**Cheryl Carter-Benjamin**, Orange LAFCO
Project of the Year	**Countywide Water Study,** (Marin LAFCO)
Government Leadership Award	**Southern Region of CALAFCO**
Lifetime Achievement Award	**Bob Braitman** (retired Executive Officer)

2015

Mike Gotch Courage & Innovation in Local Government Leadership Award	**Yuba County Water Agency**
Distinguished Service Award	**Mary Jane Griego**, Yuba LAFCO
Most Effective Commission	**Butte LAFCO**
Outstanding CALAFCO Member	**Marjorie Blom,** formerly of Stanislaus LAFCO
Outstanding Commissioner	**Matthew Beekman,** formerly of Stanislaus LAFCO
Outstanding LAFCO Professional	**Sam Martinez**, San Bernardino LAFCO
Outstanding LAFCO Clerk	**Terri Tuck**, Yolo LAFCO
Project of the Year	**Formation of the Ventura County Waterworks District No. 38** (Ventura LAFCO) and **2015 San Diego County Health Care Services five-year sphere of influence and service review report** (San Diego LAFCO)
Government Leadership Award	**The Cities of Dublin, Pleasanton, Livermore and San Ramon, the Dublin San Ramon Services District and the Zone 7 Water Agency**
CALAFCO Associate Member of the Year	**Michael Colantuono** of Colantuono, Highsmith & Whatley
Legislators of the Year Award	**Assembly member Chad Mayes**
Lifetime Achievement Award	**Jim Chapman** (Lassen LAFCO) and **Chris Tooker** (formerly of Sacramento LAFCO)

2014

Mike Gotch Courage & Innovation in Local Government Leadership Award	**David Church,** San Luis Obispo LAFCO
Distinguished Service Award	**Kate McKenna**, Monterey LAFCO
Most Effective Commission	**Santa Clara LAFCO**
Outstanding CALAFCO Member	**Stephen Lucas, Butte** LAFCO
Outstanding Commissioner	**Paul Norsell**, Nevada LAFCO
Outstanding LAFCO Professional	**Kate McKenna**, Monterey LAFCO
Outstanding LAFCO Clerk	**Paige Hensley**, Yuba LAFCO
Project of the Year	**LAFCo Procedures Guide: 50th Year Special Edition,** San Diego LAFCO
Government Leadership Award	**Orange County Water District, City of Anaheim, Irvine Ranch Water District, and Yorba Linda Water District**
Legislators of the Year Award	**Assembly member Katcho Achadjian**
Lifetime Achievement Award	**Susan Wilson, Orange** LAFCO

2013

Mike Gotch Courage & Innovation in Local Government Leadership Award	**Simón Salinas,** Commissioner, Monterey LAFCO
Distinguished Service Award	**Roseanne Chamberlain**, Amador LAFCO
Most Effective Commission	**Stanislaus LAFCO**
Outstanding CALAFCO Member	**Harry Ehrlich**, San Diego LAFCO
Outstanding Commissioner	**Jerry Gladbach**, Los Angeles LAFCO
Outstanding LAFCO Professional	**Lou Ann Texeira**, Contra Costa
LAFCO Outstanding LAFCO Clerk	**Kate Sibley**, Contra Costa LAFCO
Project of the Year	**Plan for Agricultural Preservation**, Stanislaus LAFCo
Government Leadership Award	**Orange County LAFCO Community Islands Taskforce,** Orange LAFCO
Legislators of the Year Award	**Senators Bill Emmerson and Richard Roth**
Lifetime Achievement Award	**H. Peter Faye,** Yolo LAFCO; **Henry Pellissier,** Los Angeles LAFCO; **Carl Leverenz,** Butte LAFCo; **Susan Vicklund-Wilson,** Santa Clara LAFCO.

2012

Mike Gotch Courage & Innovation in Local Government Leadership Award	**Bill Chiat,** CALAFCO Executive Director
Distinguished Service Award	**Marty McClelland**, Commissioner, Humboldt LAFCO
Most Effective Commission	**Sonoma LAFCO**
Outstanding CALAFCO Member	**Stephen A. Souza,** Commissioner, Yolo LAFCO and CALAFCO Board of Directors
Outstanding Commissioner	**Sherwood Darington**, Monterey
LAFCO Outstanding LAFCO Professional	**Carole Cooper**, Sonoma LAFCO
Outstanding LAFCO Clerk	**Gwenna MacDonald**, Lassen LAFCO
Project of the Year	**Countywide Service Review & SOI Update**, Santa Clara LAFCO
Government Leadership Award	**North Orange County Coalition of Cities,** Orange LAFCO
Lifetime Achievement Award	**P. Scott Browne,** Legal Counsel LAFCOs

2011

Mike Gotch Courage & Innovation in Local Government Leadership Award	**Martin Tuttle**, Deputy Director for Planning, Caltrans **Mike McKeever**, Executive Director, SACOG
Distinguished Service Award	**Carl Leverenz**, Commissioner and Chair, Butte
LAFCo Most Effective Commission	**San Bernardino LAFCO**
Outstanding CALAFCO Member	**Keene Simonds**, Executive Officer, Napa LAFCO
Outstanding Commissioner	**Louis R. Calcagno**, Monterey LAFCO
Outstanding LAFCO Professional	**June Savala,** Deputy Executive Officer, Los Angeles LAFCO
Outstanding LAFCO Clerk	**Debbie Shubert**, Ventura LAFCO
Project of the Year	**Cortese-Knox-Hertzberg Definitions Revision** Bob Braitman, Scott Browne, Clark Alsop, Carole Cooper, and George Spiliotis
Government Leadership Award	**Contra Costa Sanitary District** **Elsinore Water District and Elsinore Valley Municipal Water District**

2010

Mike Gotch Courage & Innovation in Local Government Leadership Award	**Helen Thompson**, Commissioner, Yolo LAFCO
Distinguished Service Award	**Kathleen Rollings-McDonald**, Executive Officer, San Bernardino LAFCO **Bob Braitman**, Executive Officer, Santa Barbara LAFCO
Most Effective Commission	**Tulare LAFCO**
Outstanding CALAFCO Member	**Roger Anderson, Ph.D.**, CALAFCO Chair, Santa Cruz LAFCO
Outstanding Commissioner	**George Lange**, Ventura LAFCO
Outstanding LAFCO Professional	**Harry Ehrlich,** Government Consultant, San Diego LAFCO
Outstanding LAFCO Clerk	**Candie Fleming**, Fresno LAFCO
Project of the Year	**Butte LAFCo** Sewer Commission - Oroville Region Municipal Service Review
Government Leadership Award	**Nipomo Community Services District** and the **County of San Luis Obispo**
Special Achievement	**Chris Tooker**, Sacramento LAFCO and CALAFCO Board of Directors

2009

Mike Gotch Courage & Innovation in Local Government Leadership Award	**Paul Hood**, Executive Officer, San Luis Obispo LAFCO
Distinguished Service Award	**William Zumwalt**, Executive Officer, Kings LAFCO
Most Effective Commission	**Napa LAFCO**
Outstanding CALAFCO Member	**Susan Vicklund Wilson**, CALAFCO Vice Chair **Jerry Gladbach**, CALAFCO Treasurer
Outstanding Commissioner	**Larry M. Fortune**, Fresno LAFCO
Outstanding LAFCO Professional	**Pat McCormick,** Santa Cruz LAFCO Executive Officer
Outstanding LAFCO Clerk	**Emmanuel Abello**, Santa Clara LAFCO
Project of the Year	**Orange LAFCO** Boundary Report
Government Leadership Award	**Cities of Amador City, Jackson, Ione, Plymouth & Sutter Creek; Amador County; Amador Water Agency; Pine Grove CSD –** Countywide MSR Project
Legislator of the Year Award	**Assembly Member Jim Silva**

2008

Distinguished Service Award	**Peter M. Detwiler**, Senate Local Government Committee Chief Consultant
Most Effective Commission	**Yuba LAFCO**
Outstanding Commissioner	**Dennis Hansberger**, San Bernardino LAFCO
Outstanding LAFCO Professional	**Michael Ott,** San Diego LAFCO Executive Officer **Martha Poyatos**, San Mateo Executive Officer
Outstanding LAFCO Clerk	**Wilda Turner**, Los Angeles LAFCO
Project of the Year	**Kings LAFCO** City and Community District MSR and SOI Update
Government Leadership Award	**San Bernardino Board of Supervisors**
Legislator of the Year Award	**Assembly Member Anna M. Caballero**

2007

Outstanding CALAFCO Member	**Kathy Long**, Board Chair, Ventura LAFCo
Distinguished Service Award	**William D. Smith**, San Diego Legal
Counsel Most Effective Commission	**Santa Clara LAFCO**
Outstanding Commissioner	**Gayle Uilkema**, Contra Costa LAFCO
Outstanding LAFCO Professional	**Joyce Crosthwaite**, Orange LAFCO Executive Officer
Outstanding LAFCO Clerk	**Debby Chamberlin**, San Bernardino LAFCO
Project of the Year	**San Bernardino LAFCo and City of Fontana** Islands Annexation Program
Government Leadership Award	**City of Fontana -** Islands Annexation Program
Lifetime Achievement	**John T. "Jack" Knox**

2006

Outstanding CALAFCO Member	**Everett Millais**, CALAFCO Executive Officer and Executive Officer of Ventura LAFCO
Distinguished Service Award	**Clark Alsop,** CALAFCO Legal Counsel
Most Effective Commission Award	**Alameda LAFCO**
Outstanding Commissioner Award	**Ted Grandsen**, Ventura LAFCO **Chris Tooker**, Sacramento LAFCO
Outstanding LAFCO Professional Award	**Larry Calemine**, Los Angeles LAFCO Executive Officer
Outstanding LAFCO Clerk Award	**Janice Bryson**, San Diego LAFCO **Marilyn Flemmer**, Sacramento LAFCO
Project of the Year Award	**Sacramento Municipal Utility District** Sphere of Influence Amendment and Annexation; **Sacramento LAFCO**
Outstanding Government Leadership Award	**Cities of Porterville, Tulare, and Visalia and Tulare LAFCO** Island Annexation Program
Legislator of the Year Award	**Senator Christine Kehoe**

2005

Outstanding CALAFCO Member	**Peter Herzog**, CALAFCO Board, Orange LAFCO
Distinguished Service Award	**Elizabeth Castro Kemper**, Yolo LAFCO
Most Effective Commission Award	**Ventura LAFCO**
Outstanding Commissioner Award	**Art Aseltine**, Yuba LAFCO **Henri Pellissier**, Los Angeles LAFCO
Outstanding LAFCO Professional Award	**Bruce Baracco**, San Joaquin LAFCO
Outstanding LAFCO Clerk Award	**Danielle Ball**, Orange LAFCO
Project of the Year Award	**San Diego LAFCO** MSR of Fire Protection and Emergency Medical Services
Outstanding Government Leadership Award	**Sacramento Area Council of Governments** (SACOG)

2004

Outstanding CALAFCO Member	**Scott Harvey**, CALAFCO Executive Director
Distinguished Service Award	**Julie Howard**, Shasta LAFCO
Most Effective Commission Award	**San Diego LAFCO**
Outstanding Commissioner Award	**Edith Johnsen**, Monterey LAFCO
Outstanding LAFCO Professional Award	**David Kindig**, Santa Cruz LAFCO
Project of the Year Award	**San Luis Obispo LAFCO** Nipomo CSD SOI Update, MSR, and EIR

2003

Outstanding CALAFCO Member	**Michael P. Ryan**, CALAFCO Board Member
Distinguished Service Award	**Henri F. Pellissier**, Los Angeles LAFCO
Most Effective Commission Award	**San Luis Obispo LAFCO**
Outstanding Commissioner Award	**Bob Salazar**, El Dorado LAFCO
Outstanding LAFCO Professional Award	**Shirley Anderson**, San Diego LAFCO
Outstanding LAFCO Clerk Award	**Lori Fleck**, Siskiyou LAFCO
Project of the Year Award	**Napa LAFCo** Comprehensive Water Service Study
Special Achievement Award	**James M. Roddy**

2002

Outstanding CALAFCO Member	**Ken Lee**, CALAFCO Legislative Committee Chair
Most Effective Commission Award	**San Diego LAFCO** Outstanding
Commissioner Award	**Ed Snively**, Imperial LAFCO
Outstanding LAFCO Professional Award	**Paul Hood**, San Luis Obispo LAFCO
Outstanding LAFCO Clerk Award	**Danielle Ball**, Orange LAFCO
Project of the Year Award	**San Luis Obispo LAFCO**
Outstanding Government Leadership Award	**Napa LAFCo, Napa County Farm Bureau, Napa Valley Vintners Association, Napa Valley Housing Authority, Napa County Agricultural Commissioner's Office, Napa County Counsel Office, and Assembly Member Patricia Wiggins**

2001

Outstanding CALAFCO Member	**SR Jones**, CALAFCO Executive Officer
Distinguished Service Award	**David Martin**, Tax Area Services Section, State Board of Equalization
Outstanding Commissioner Award	**H. Peter Faye**, Yolo LAFCO
Outstanding LAFCO Professional Award	**Ingrid Hansen**, San Diego LAFCO
Project of the Year Award	**Santa Barbara LAFCO**
Outstanding Government Leadership Award	**Alameda County Board of Supervisors, Livermore City Council, Pleasanton City Council**
Legislator of the Year Award	**Senator Jack O'Connell**

2000

Outstanding CALAFCO Member	**Ron Wootton**, CALAFCO Board Chair
Distinguished Service Award	**Ben Williams**, Commission on Local Governance for the 21st Century
Most Effective Commission Award	**Yolo LAFCO**
Outstanding Commissioner	**Rich Gordon**, San Mateo LAFCO
Outstanding LAFCO Professional Award	**Annamaria Perrella**, Contra Costa LAFCO
Outstanding LAFCO Clerk Award	**Susan Stahmann**, El Dorado LAFCO
Project of the Year Award	**San Diego LAFCO**
Legislator of the Year Award	**Robert Hertzberg, Assembly Member**

1999

Distinguished Service Award	**Marilyn Ann Flemmer-Rodgers**, Sacramento LAFCO
Most Effective Commission Award	**Orange LAFCO**
Outstanding Executive Officer Award	**Don Graff**, Alameda LAFCO
Outstanding LAFCO Clerk Award	**Dory Adams**, Marin LAFCO
Most Creative Solution to a Multi-Jurisdictional Problem	**San Diego LAFCO**
Outstanding Government Leadership Award	**Assembly Member John Longville**
Legislator of the Year Award	**Assembly Member Robert Hertzberg**

1998

Outstanding CALAFCO Member	**Dana Smith**, Orange LAFCO
Distinguished Service Award	**Marvin Panter**, Fresno LAFCO
Most Effective Commission Award	**San Diego LAFCO**
Outstanding Executive Officer Award	**George Spiliotis**, Riverside LAFCO
Outstanding Staff Analysis	**Joe Convery**, San Diego LAFCO **Joyce Crosthwaite**, Orange LAFCO
Outstanding Government Leadership Award	**Santa Clara County Planning Department**

1997

Most Effective Commission Award	**Orange LAFCO**
Outstanding Executive Officer Award	**George Finney**, Tulare LAFCO
Outstanding Staff Analysis	**Annamaria Perrella**, Contra Costa LAFCO
Outstanding Government Leadership Award	**South County Issues Discussion Group**
Most Creative Solution to a Multi-Jurisdictional Problem	**Alameda LAFCO and Contra Costa LAFCO**
Legislator of the Year Award	**Assembly Member Tom Torlakson**

California Association of
Local Agency Formation Commissions

CALAFCO

SUPPORTING SUSTAINABLE
COMMUNITY GROWTH

CALAFCO

2025 ACHIEVEMENT AWARD NOMINATION

Due Date: Sunday, August 31, 2025

Achievement Award Nomination Form

NOMINEE - Person or Agency Being Nominated

Name: Jose Henriquez

Organization: CALAFCO and Sacramento LAFCO

Address: 1451 River Park Drive, Suite 185 Sacramento CA 95815-4520

Phone: 916-442-6536

E-mail: jhenriquez@calafco.org

NOMINATION CATEGORY (check one – see category criteria on attached sheet)

- (●) Outstanding CALAFCO Volunteer
- ( ) Outstanding CALAFCO Associate Member
- ( ) Outstanding Commissioner
- ( ) Outstanding LAFCo Professional

Mike Gotch Excellence in Public Service (choose one category below)

- ( ) *Protection of agricultural and open space lands and prevention of sprawl*
- ( ) *Innovation, collaboration, outreach and effective support of the evolution and viabilityof local agencies, promotion of efficient and effective delivery of municipal services*

- ( ) Legislator of the Year (must be approved by the full CALAFCO Board)
- ( ) Lifetime Achievement Award

NOMINATION SUBMITTED BY:

Name: Joe Serrano

Organization: Santa Cruz LAFCO

Address: 701 Ocean Street, Room 318-D Santa Cruz CA 95060

Phone: 831-454-2055

E-mail: joe@santacruzlafco.org

EXECUTIVE SUMMARY

In no more than 250 words, summarize why this recipient is the most deserving of this award.

Jose Henriquez stepped up as CALAFCO's interim executive director during a critical and turbulent time, all while continuing his full-time role as Executive Officer at Sacramento LAFCO and teaching as a professor at Sacramento State. On top of balancing these demanding responsibilities, he also navigated tough conversations with some frustrated member LAFCOs. I was personally impressed (and quite frankly amazed) that he still made time to respond to my questions as a regional officer and concerned member LAFCO during evenings and weekends, clearly putting CALAFCO's needs above his own. His dedication and steady leadership was exactly what the organization needed and I can't imagine where CALAFCO would be without his personal sacrifices and focus, his calm presence, and his tireless support and overall commitment – not only to CALAFCO but to the membership itself.

NOMINATION SUMMARY

Please indicate the reasons why this person or agency deserves to be recognized (this section must be no more than 1,000 words or 2 pages maximum. Attach 2nd page, if needed.)

Jose Henriquez embodies the very spirit of volunteerism and service, and his extraordinary contributions during one of CALAFCO's most challenging periods make him highly deserving of the CALAFCO Outstanding Volunteer Award. When CALAFCO found itself in a moment of uncertainty and transition, Jose did not hesitate to step forward and serve as interim executive director. He took on this critical leadership role at a time when the organization needed steadiness, vision, and credibility. What makes Jose's service especially remarkable is that he did so while simultaneously fulfilling his full-time responsibilities as the Executive Officer of Sacramento LAFCO and continuing his work as a professor at Sacramento State. Each of these roles, on their own, requires significant time and energy; yet Jose found a way to balance all three with grace, professionalism, and a tireless commitment to CALAFCO and its membership.

In his role as interim executive director, Jose guided CALAFCO through turbulent waters, including managing sensitive conversations with frustrated member LAFCOs and wary board members. He approached these difficult situations with honesty, patience, and a calm presence that reassured both the Board and the membership. Rather than shy away from hard conversations, Jose leaned in: listening, acknowledging concerns, and helping find constructive ways forward. His ability to bridge divides and maintain trust during this time was invaluable in stabilizing the organization. What stands out most about Jose's service is his deep personal commitment. Despite carrying multiple demanding roles, Jose went above and beyond to make himself available to CALAFCO members. I was personally struck by the fact that, as a regional officer and member LAFCO, I could reach out to Jose with questions and concerns, and he would respond during evenings and weekends.

His responsiveness was not perfunctory, but rather, he took the time to thoughtfully engage, provide guidance, and offer support. This level of dedication underscores how much he prioritized CALAFCO's needs over his own personal time.Jose's leadership style is one of quiet strength and steady dedication. He does not seek recognition, yet his actions have spoken volumes. His calm demeanor brought stability when it was most needed, while his tireless work and personal sacrifices ensured CALAFCO could continue to serve its members effectively. It is not an exaggeration to say that the organization's health and future trajectory were secured in large part because of Jose's willingness to step up, take on difficult responsibilities, and place the interests of the Association and its members above his own. In many ways, Jose exemplifies what this award represents: selfless service, extraordinary commitment, and an unwavering belief in CALAFCO's mission and the value it provides to its members. His tenure as interim executive director was not only a demonstration of professional skill but also of personal integrity and volunteer spirit at the highest level. For all these reasons, I am honored to nominate Jose Henriquez for this award - he should win it by a landslide (in my opinion).

CALAFCO

2025 ACHIEVEMENT AWARD NOMINATION

Due Date: Sunday, August 31, 2025

Achievement Award Nomination Form

NOMINEE - Person or Agency Being Nominated

Name: Jose Henriquez

Organization: CALAFCO and Sacramento LAFCO

Address: 1451 River Park Drive, Suite 185 Sacramento CA 95815-4520

Phone: 916-442-6536

E-mail: jhenriquez@calafco.org

NOMINATION CATEGORY (check one – see category criteria on attached sheet)

- ◯ Outstanding CALAFCO Volunteer
- ◯ Outstanding CALAFCO Associate Member
- ◯ Outstanding Commissioner
- ◯ Outstanding LAFCo Professional

Mike Gotch Excellence in Public Service (choose one category below)

- ◯ *Protection of agricultural and open space lands and prevention of sprawl*
- ◯ *Innovation, collaboration, outreach and effective support of the evolution and viabilityof local agencies, promotion of efficient and effective delivery of municipal services*

- ◯ Legislator of the Year (must be approved by the full CALAFCO Board)
- ◯ Lifetime Achievement Award

NOMINATION SUBMITTED BY:

Name: Joe Serrano

Organization: Santa Cruz LAFCO

Address: 701 Ocean Street, Room 318-D Santa Cruz CA 95060

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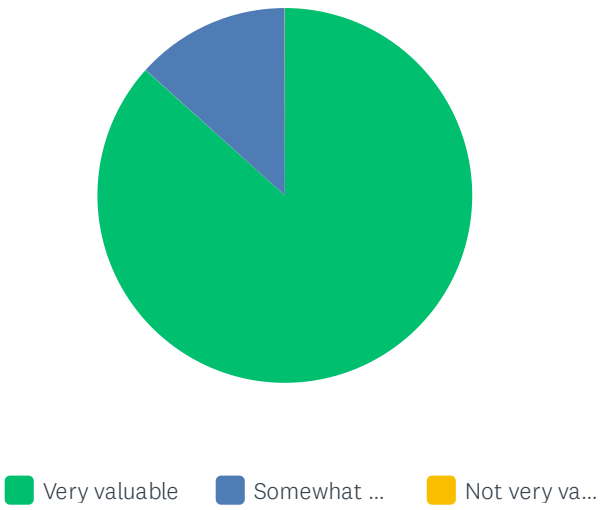
Jose Henriquez embodies the very spirit of volunteerism and service, and his extraordinary contributions during one of CALAFCO's most challenging periods make him highly deserving of the CALAFCO Outstanding Volunteer Award. When CALAFCO found itself in a moment of uncertainty and transition, Jose did not hesitate to step forward and serve as interim executive director. He took on this critical leadership role at a time when the organization needed steadiness, vision, and credibility. What makes Jose's service especially remarkable is that he did so while simultaneously fulfilling his full-time responsibilities as the Executive Officer of Sacramento LAFCO and continuing his work as a professor at Sacramento State. Each of these roles, on their own, requires significant time and energy; yet Jose found a way to balance all three with grace, professionalism, and a tireless commitment to CALAFCO and its membership.

In his role as interim executive director, Jose guided CALAFCO through turbulent waters, including managing sensitive conversations with frustrated member LAFCOs and wary board members. He approached these difficult situations with honesty, patience, and a calm presence that reassured both the Board and the membership. Rather than shy away from hard conversations, Jose leaned in: listening, acknowledging concerns, and helping find constructive ways forward. His ability to bridge divides and maintain trust during this time was invaluable in stabilizing the organization. What stands out most about Jose's service is his deep personal commitment. Despite carrying multiple demanding roles, Jose went above and beyond to make himself available to CALAFCO members. I was personally struck by the fact that, as a regional officer and member LAFCO, I could reach out to Jose with questions and concerns, and he would respond during evenings and weekends.

His responsiveness was not perfunctory, but rather, he took the time to thoughtfully engage, provide guidance, and offer support. This level of dedication underscores how much he prioritized CALAFCO's needs over his own personal time.Jose's leadership style is one of quiet strength and steady dedication. He does not seek recognition, yet his actions have spoken volumes. His calm demeanor brought stability when it was most needed, while his tireless work and personal sacrifices ensured CALAFCO could continue to serve its members effectively. It is not an exaggeration to say that the organization's health and future trajectory were secured in large part because of Jose's willingness to step up, take on difficult responsibilities, and place the interests of the Association and its members above his own. In many ways, Jose exemplifies what this award represents: selfless service, extraordinary commitment, and an unwavering belief in CALAFCO's mission and the value it provides to its members. His tenure as interim executive director was not only a demonstration of professional skill but also of personal integrity and volunteer spirit at the highest level. For all these reasons, I am honored to nominate Jose Henriquez for this award - he should win it by a landslide (in my opinion).

Q1 Overall, the session was

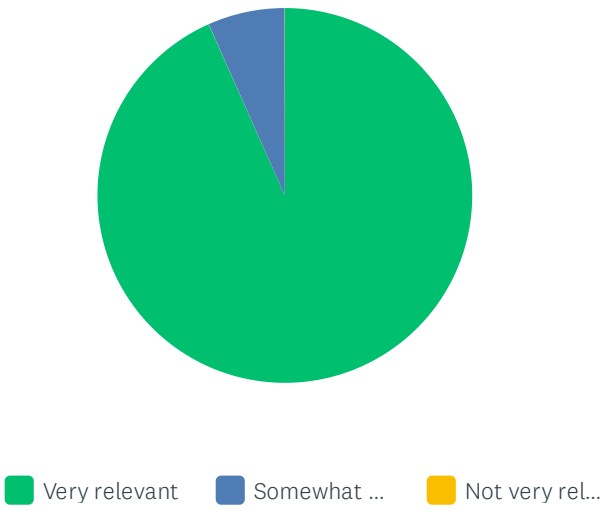
Answered: 15 Skipped: 0



	VERY VALUABLE	SOMEWHAT VALUABLE	NOT VERY VALUABLE	TOTAL	WEIGHTED AVERAGE
(no label)	86.67% 13	13.33% 2	0.00% 0	15	1.13

Q2 The relevancy of the course content was

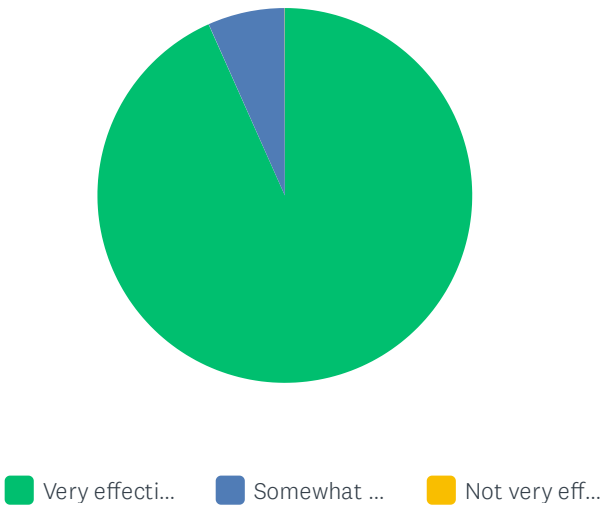
Answered: 15 Skipped: 0



	VERY RELEVANT	SOMEWHAT RELEVANT	NOT VERY RELEVANT	TOTAL	WEIGHTED AVERAGE
(no label)	93.33% 14	6.67% 1	0.00% 0	15	1.07

Q3 The organization of the material and presentation was

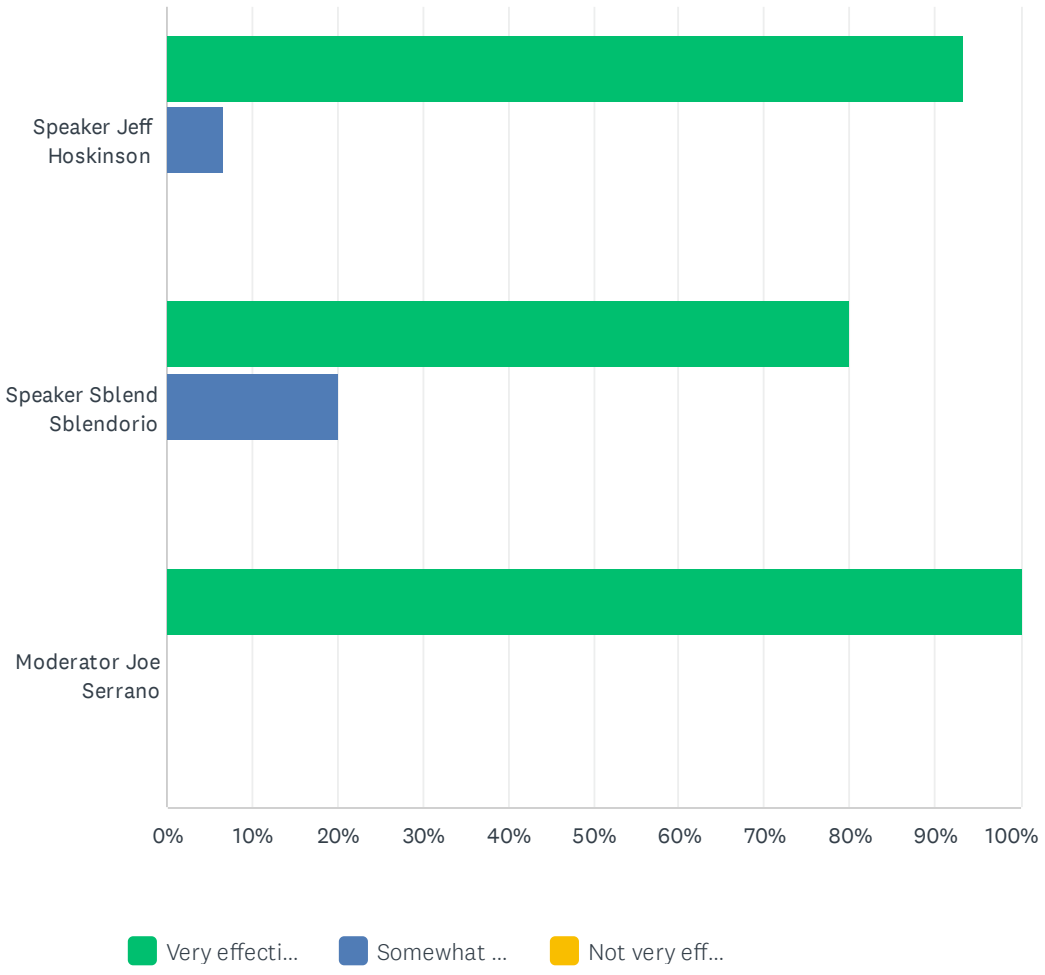
Answered: 15 Skipped: 0



	VERY EFFECTIVE	SOMEWHAT EFFECTIVE	NOT VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
(no label)	93.33% 14	6.67% 1	0.00% 0	15	1.07

Q4 Please share the effectiveness of the presenters/moderator

Answered: 15 Skipped: 0



	VERY EFFECTIVE	SOMEWHAT EFFECTIVE	NOT VERY EFFECTIVE	TOTAL	WEIGHTED AVERAGE
Speaker Jeff Hoskinson	93.33% 14	6.67% 1	0.00% 0	15	1.07
Speaker Sblend Sblendorio	80.00% 12	20.00% 3	0.00% 0	15	1.20
Moderator Joe Serrano	100.00% 15	0.00% 0	0.00% 0	15	1.00

Q5 The most valuable/informative part of the session was

Answered: 8 Skipped: 7

#	RESPONSES	DATE
1	It was a good refresher overall, and the social media component was very helpful. The format was engaging and kept the session lively.	8/12/2025 10:32 AM
2	In depth knowledge of the information- I learned things we need toupdate	8/11/2025 9:10 AM
3	Issues pertaining to the topic.	8/8/2025 10:48 AM
4	Regular and special mtgs	8/7/2025 5:09 PM
5	Special meetings, serial meetings, and teleconferencing.	8/7/2025 4:01 PM
6	Details about the Brown Act	8/7/2025 3:30 PM
7	meeting noticing and agenda info	8/7/2025 3:25 PM
8	Everything	8/7/2025 3:19 PM

Q6 The least valuable/informative part of the session was

Answered: 7 Skipped: 8

#	RESPONSES	DATE
1	Nothing comes to mind.	8/12/2025 10:32 AM
2	Going off topic i.e. talking about close session, Sblendorio started talking about the importance on discussing CEO evaluation.	8/8/2025 10:48 AM
3	Public comment	8/7/2025 5:09 PM
4	Not least valuable, but I am interested in hearing more examples, either from participants who share their own experiences or from the hosts.	8/7/2025 4:01 PM
5	I liked the commercial breaks, but maybe only 1 next time.	8/7/2025 3:30 PM
6	it was all useful	8/7/2025 3:25 PM
7	Nothing	8/7/2025 3:19 PM

Q7 Additional comments

Answered: 8 Skipped: 7

#	RESPONSES	DATE
1	Thank you!	8/12/2025 10:32 AM
2	2 hours is too long and you left very little time for Q&A. Having two persons expressing their thoughts takes too long. Had there been only one presenter we could have been done in an hour.	8/8/2025 10:48 AM
3	Pls keep these going!	8/7/2025 5:09 PM
4	Overall really great session! I liked the theme and the interjection of real world examples with the Brown Act details.	8/7/2025 3:30 PM
5	Thank you for doing this!	8/7/2025 3:30 PM
6	can't wait fr the next one	8/7/2025 3:25 PM
7	Joe Serrano, you are always a pleasure to listen to.	8/7/2025 3:19 PM
8	The theme was spot on and fun. Thank you for making it fun	8/7/2025 3:16 PM

Santa Cruz Local Agency Formation Commission

Date: September 3, 2025
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: Special District Risk Management Authority Election Process

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SUMMARY OF RECOMMENDATION

The Special District Risk Management Authority ("SDRMA") provides workers compensation and other insurance coverage to public agencies in California, including LAFCO. SDRMA is governed by a seven-member board. Every two years, SDRMA conducts elections for its board of directors. Since LAFCO is a member agency, LAFCO is eligible to vote in this election. Votes must be submitted by September 22, 2025.

It is recommended that the Commission review, consider and identify any candidate to support and direct staff to vote on behalf of Santa Cruz LAFCO.

EXECUTIVE OFFICER'S REPORT

SDRMA is a public agency formed under Government Code Section 6500 et seq. and provides a full-service risk management program for California's local governments. For over three decades, SDRMA has offered comprehensive coverage to over 600 public agencies, including LAFCO.

2025 Board of Directors Election

A total of five candidates are running for the four available seats on the SDRMA board, as shown in the table below. At present, the current SDRMA board has 3 central representatives, 2 northern representatives, and 2 southern representatives. There is currently no representation from the Coastal Region.

Table A: SDRMA Board of Directors (Candidates and Existing Members)

Name	Agency	Region
1. Virginia Chang Kiraly	San Mateo County Harbor District	Coastal (San Mateo County)
2. Robert Housley, Incumbent	Midway City Sanitary District	Southern (Orange County)
3. Steven Ruettgers	Kern Mosquito & Vector Control District	Central (Kern County)
4. Mike Scheafer, Incumbent	Costa Mesa Sanitary District	Southern (Orange County)
5. Tom Wright, Incumbent	Clovis Veterans Memorial District	Central (Fresno County)
Existing Board Members		
Jesse Claypool	Honey Lake Valley Resource Conservation District	Northern (Lassen County)
Sandy Seifert-Raffelson	Herlong Public Utility District	Northern (Lassen County)
Robert Swan	Groveland Community Services District	Central (Tuolumne County)
Timothy Unruh *(not running for reelection)*	Kern Mosquito & Vector Control District	Central (Kern County)

2025 Voting Process

SDRMA's Election Committee provided LAFCO with election materials in June, including Candidate Statements (refer to **Attachment 1**). It is important to note that this year SDRMA is using an electronic voting system under the membership online portal, allowing the primary contact of each member agency to easily vote online on behalf of their agency. Your Executive Officer is the primary contact for Santa Cruz LAFCO.

Staff is recommending that the Commission review, consider, and identify any candidates to support and represent our region on the SDRMA board. Based on the available information, staff believes it may be beneficial to consider candidates from the Coastal and Southern regions to ensure a balance representation on this statewide board of directors. Once a candidate or candidates are selected by the commission, staff is recommending that the commission direct the Executive Officer to cast LAFCO's vote before the September 22nd deadline.

Respectfully Submitted,

Joe A. Serrano
Executive Officer

Attachment: Election Material Packet

SDRMA
SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY

June 16, 2025

Joe Serrano
Executive Officer
Santa Cruz Local Agency Formation Commission
701 Ocean Street, Room 318-D
Santa Cruz, California 95060-4027

RE: Notification of Election Ballot – 2025 SDRMA Board of Directors Election

Dear Joe:

The Special District Risk Management Authority (SDRMA) Board of Directors 2025 Election began in March, with the opening of nominations. On May 22, 2025, SDRMA's Election Committee reviewed the nomination documents submitted by the candidates in accordance with SDRMA's Policy No. 2024-08 Establishing Guidelines for Director Elections. The Election Committee confirmed that (5) candidates met the qualification requirements, and those names are included on the Official Election Ballot.

This year, SDRMA is using an electronic voting system in MemberPlus, allowing the Primary Contact of each member agency to easily vote online on behalf of their agency. A member may not vote unless the member was a member of SDRMA in "good standing" on or before the nomination due date for the pending election. "Good standing" is defined as no accounts receivable due to SDRMA which is more than ninety (90) days past due.

To vote, log in to MemberPlus and select the "Board Election" dropdown. The Primary Contact of each agency can electronically vote by selecting the "Submit Ballot" link. If you wish to submit a paper ballot, or designate an alternate contact to vote online, please contact Candice Richardson at crichardson@sdrma.org.

The Official Election Ballot Document Packet has been posted to MemberPlus and includes the following:

- *Election Ballot Instructions*
- *Official Election Ballot (Action Required in MemberPlus)*
- *Candidate's Statements of Qualifications (5)*

Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Candidate* **Virginia Chang Kiraly**
District/Agency San Mateo County Harbor District
Work Address P.O. Box 1449, El Granada Ca, 94018
Work Phone 650-583-4400 Cell Phone 650-868-8515

*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

I believe in SDRMA's mission to provide financially-sound pool resources for risk management, and risk financing for public agencies. Special districts throughout California provide services to tens of millions of Californians, and risk management becomes more crucial every year to safeguard against significant risk exposure.

I have personally seen the value that SDRMA has added for the San Mateo County Harbor District during the ten years I have been an elected Commissioner. Special districts like the Harbor District's commonly face challenges caused by specious claims or lawsuits, captious board governance, or providing affordable medical coverage for employees. SDRMA has been there for the Harbor District and the 780,000 San Mateo County residents to mitigate risk exposure and curb financial liability. I've seen firsthand the value SDRMA provided to the Harbor District, and want to ensure their services remain available.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

My extensive board experience on elected and appointed boards/committees and on nonprofit boards/committees have given me knowledge about board governance, parliamentary procedure, the public process, organizational integrity and ethical standards, transparency, and accountability.

Public Service & Elected Office

For more than two decades, I have served on various nonprofit boards and currently serve on two independent special district elected boards: the Menlo Park Fire Protection District Board of Directors (Fire Board) and the San Mateo County Harbor District Board of Commissioners (Harbor Board).

I also served for seven years as a Commissioner on the California Commission for Economic Development, appointed by Governor Schwarzenegger. On the California Commission for Economic Development, I was appointed by then-Lt. Governor Garamendi to chair the Biotech Advisory Committee and serve on the Goods Movement Committee and the Agriculture Committee. In 2014, the Commission for Economic Development became Go Biz, which is the California Governor's Office of Business and Economic Development created by Governor Brown.

I have served as President, Vice President, Treasurer, and Secretary on both the Harbor and Fire Boards, as well as chairing and serving on various Brown Act committees, such as finance and human resources. Overseeing tens of millions of tax dollars, my experience in finance and budgeting have greatly contributed to the fact that both the Harbor Board and Fire Board are debt-free, have consistently paid down unfunded pension liabilities, hired an investment advisor for cash management, capitalized on macroeconomic factors to earn interest income, and

improved the readability of both budgets so that the public can understand how their tax dollars are spent.

For the Harbor Board, I have also served, and currently serve, on the Oyster Point Marina Liaison Committee, which works with two South San Francisco councilmembers and meets at least once a year, to ensure that the terms of the Memorandum of Understanding are being honored as the manager of the marina, and that any updates are discussed for the benefit of the public, Oyster Point Marina tenants, and the Water Emergency Transportation Authority (WETA) that is San Mateo County's only public ferry transportation provider.

In San Mateo County, I have served on the San Mateo County Civil Grand Jury as a juror and foreperson. I currently serve on the San Mateo County LAFCO Board as one of two special district representatives, and on the San Mateo County Treasury Oversight Committee, which was established after the county pool lost $155 million from the Lehman Brothers bankruptcy. These two committees are important for good government, transparency, and accountability.

Serving as a public servant on elected and appointed boards carries a responsibility to ensure the public's work is done on policymaking, fiscal oversight, making recommendations for the benefit of all Californians, and ensuring that public services and revenue generation continue so that essential services are provided and local economies thrives.

Nonprofit Board Service
While I have served on various nonprofit boards locally, some of my more notable board service statewide and regionally include:

- Silicon Valley Chapter of the American Red Cross
- California State Parks Foundation
- The Tech Museum of Innovation in San Jose
- Cultural Initiatives Silicon Valley

For traditional nonprofits, I have primarily served on fundraising committees, finance committees, and nominating committees. From my community service, I have had the honor of being recognized by the Silicon Valley Business Journal as a "Woman of Influence" in 2015.

Currently, I serve on the board of the California Association of Local Agency Formation Commissions (CALAFCO). For CALAFCO's board, I was elected to represent special districts for the Coastal Region, which is comprised of 15 counties from Ventura County to Sonoma County and going as far east as Alameda County and Contra Costa County. As part of CALAFCO's Legislative Committee, I research state legislation and bills and discuss how they affect LAFCOs in California's 58 counties.

What special skills, talents, or experience (including volunteer experience) do you have? (Response Required)

I have an extensive background in financial research, planning, investments, and the capital markets. I have been involved with stock compensation plans, cash management, and retirement planning, as well as selling insurance products when I had a Series 6 license to do so. Further, I traded options for hedging purposes and also traded stocks and bonds for middle-markets institutional investors and high-net worth retail investors. My experience with risk management and mitigation has afforded me critical skills to help my agencies plan for future capital projects, pay down unfunded pension liabilities, and invest tax dollars to capitalize on the current economic

conditions and fluctuations in the capital markets.

I have a BA in Government and a minor Economics from the University of Texas at Austin and a Masters of Public Administration from the University of Southern California's Sol Price School of Public Policy. With my educational background and experience in elected offices, I understand how government and public agencies work from the elected officials' and public administrators' perspectives.

I have been able to use my professional experience by developing investment policies for both the Harbor District and Fire District and followed these policies to ensure principle preservation and meeting cash-flow needs. Further, since being elected to both the Harbor Board and Fire Board, I am proud that both agencies are debt-free, have consistently paid down unfunded pension liabilities, hired an investment advisor for cash management, capitalized on macroeconomic factors to earn interest income, and improved the readability of both budgets so that the public can understand how their tax dollars are spent. I have also served on the Audit Committee of both districts, which have consistently had clean audits.

As a member of the San Mateo County Treasury Oversight Committee, overseeing approximately $4 billion, my financial expertise and background have been put to use to navigate market uncertainties and an inverted-yield curve environment that required more short-term investments to capture higher yields over the last couple of years. Also, having served on San Mateo County's Measure G Parcel Tax Committee for the San Mateo County Community College District, I understand the importance of the role of oversight of tax dollars. Financial transparency and accountability are crucial for public agencies to keep the public's trust as fiduciaries of tax dollars, and I will bring this experience to the SDRMA Board.

Working on nonprofit boards has given me an opportunity to advocate for organizations whose work I believe in. I have primarily been an advocate for disaster preparedness, state parks, mental health, senior services, and education. I have served on various boards and committees that have allowed me to plan an author's salon to raise money for senior services and San Mateo County' Meals on Wheels program, to lobby the state legislators to protect California state parks during Park Advocacy Day, to provide mental-health services for first responders and the Asian community after the farmworker shooting in Half Moon Bay, and to raise money for my local public schools, among many other causes. Because of my background in business development, advocacy, and sales, I have generally been involved with fundraising committees for the nonprofits, which has allowed me to build partnerships with corporate sponsors and donors and work well with board colleagues and staff.

What is your overall vision for SDRMA? (Response Required)

My overall vision for SDRMA is to increase its membership and educate prospective members about how SDRMA's pool is important for special districts' risk management and why being an SDRMA member is a great investment for special districts. California has approximately 3,400 special districts, so there is a tremendous opportunity to increase membership. There is also an opportunity to provide members with more education about SDRG and the benefits of reinsurance for customized coverage and long-term stability for risk management. In the end, a special district's bottom line could benefit with more members, and these benefits should be part of the communication narrative to the public as an excellent way of protecting public services and public assets.

My professional background in finance and the capital markets and my role in elected office and oversight committees give me a great understanding of risk management for special districts, which provide essential

Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications

services funded by tax dollars. I would be honored to have your vote to serve on the SDRMA Board of Directors. Thank you for your consideration.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature _____ Date 5/13/2025

Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Candidate* MIKE SCHEAFER
District/Agency COSTA MESA SANITARY DISTRICT
Work Address 290 PAULARINO AVE, COSTA MESA, CA92626
Work Phone 949-645-8400 Cell Phone 714-552-9858

*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot. exactly as submitted.

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

As an incumbent of the SDRMA Board I wish to continue providing my expertise, decision making and ability to help Special Districts manage their insurance and risk management challenges and programs. I have dedicated many hours towards those efforts and feel I continue being a valuable asset to the member agencies.

I am uniquely qualified to continue serving on the SDRMA Board as I have over 50 years of experience in the private insurance field.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I have served on the the SDRMA Board since 2014, with 3+ years as Board President. I have continued to work for policies that provide exceptional protection at rates that are reasonable. I am always mindful that public agencies need to protect their constituents at the most affordable rates.

I have been an insurance professional in my private career for over 50 years. I have been awarded numerous insurance industry awards and recognitions for service and dedication to my customers.

I currently hold a Community College teaching credential in insurance education. Additionally I have provided training course instruction for new insurance professionals.

Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications

What special skills, talents, or experience (including volunteer experience) do you have? (Response Required)

I am the current Board President for the Costa Mesa Sanitary District, serving on that Board for 16 years. I am a former City Councilmember for the City of Costa Mesa, a former Parks and Recreation Commissioner and past President of the Costa Mesa Senior Center.

I have been a dedicated member of the Lions Club, serving as District Governor in 1997-1998.

I founded the Costa Mesa Little League, served as President and coached. I served as a Little League Assistant District Administrator. Served as President of the local Boys and Girls Club Boardof Directors.

What is your overall vision for SDRMA? (Response Required)

My vision is to continue helping Special Districts have the very best, most comprehensive risk protection at the most affordable rates. To continue helping Districts and agencies with outstanding, innovative, and comprehensive programs that give them peace of mind knowing that unforseen contingencies will not disrupt or destroy the services they provide.

Insurance can be very difficult, especially now with the state of issues in California. Districts need the experienced hand that I will continue to provide. I will work to make it less difficult and more affordable.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature _____ Date 5/12/25

Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Candidate* Thomas B. Wright
District/Agency Clovis Veterans Memorial District
Work Address 808 4th St. Clovis, CA 93612
Work Phone 559-299-0473 Cell Phone 559-341-2857
*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

I was honored to be elected to the SDRMA Board for the first time four years ago. During my time on the Board I have come to appreciate the role of this organization and its extreme importance to Special Districts throughout the state. I believe SDRMA to be the finest example of "government" doing its job in the best possible manner. I would be honored to continues serving with this organization.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I have been active in California Special Districts for decades. I am currently serving as Chairman of the Clovis Veterans Memorial District. Four years ago I was elected to the SDRMA Board of Directors, and subsequently appointed to the Special Districts Leadership Foundation board.

I have been involved in community and regional leadership activities all of my adult life; ranging from service clubs like Rotary and Lions Clubs, Chambers of Commerce, city and school district bond and tax elections, and local service organizations like the Clovis Rodeo Association. During my term with the SDRMA Board I have come to understand and appreciate the professionalism, extremely high standards, and effectiveness of the SDRMA in serving Special Districts.

Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications

What special skills, talents, or experience (including volunteer experience) do you have? (Response Required)

I have served in leadership positions for many community organizations, local governments, educational boards and committees at all levels, and grassroots movements to assist with emergencies and special needs. Beyond local and state matters, I've been privileged to work with national and even international services in which people working together for the betterment of communities in need and make amazing things happen.

What is your overall vision for SDRMA? (Response Required)

My vision for the SDRMA is to continue to build upon the services it offers its members, always with an eye upon the quality of what we offer and to keep its costs at fair and minimal levels. We have endured some excruciating challenges at SDRMA over the past four years, from wildfires to the abandonment of California by many of its traditional insurance companies. The sound financial condition of SDRMA and its determination to maintain its high standards has served our membership well.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature Thomas B Wylt Date MARCH 24, 2025

Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Candidate* Steven Ruettgers
District/Agency Kern Mosquito & Vector Control District
Work Address 4705 Allen Road, Bakersfield, CA 93314
Work Phone (661) 589-2744 Cell Phone (661) 332-8287

*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

To serve the needs of the SDRMA members consistent with SDRMA's mission statement: to provide excellent risk financing and risk management services through a financially sound pool to California public agencies, delivered in a timely and responsive cost-efficient manner.

I recently retired from the Kern County Water Agency, and desire to continue to contribute to the needs of special districts as I have in the past. This opportunity matches well with my experience, education, and dedication.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

Served 22 years on the Audit-Finance Committee of the ACWA JPIA* (see below), which provided financial oversight to the organization and it's programs (Liability, Property, Workers Compensation, Health Insurance, and pass through insurance).

Served 1 year on the Property Committee of the ACWA JPIA* (see below) before I was asked to serve on the Audit-Finance Committee.

Kern Mosquito & Vector Control District (current Board Member)

North of the River Sanitary District (current Board Member with 17 years experience)

North of the River Recreation & Park District (past Board Member with 22 years experience)

* ACWA JPIA (Association of California Water Agencies Joint Powers Insurance Authority) is a collection of risk pools similar to SDRMA serving nearly 400 California water districts, which has similar member services available and a captive insurance entity.

Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications

What special skills, talents, or experience (including volunteer experience) do you have? (Response Required)

Oregon State University, BS Finance, Minor Economics

California State University, Bakersfield, MBA

Business Manager, Kern County Water Agency, 33 years

What is your overall vision for SDRMA? (Response Required)

To remain consistent with the vision of the SDRMA as outlined in its mission statement. The goals of cost-effectiveness, stability, and reliability in the current insurance/risk market is difficult, though worth pursuing in ernest for all SDRMA members.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature Steven M. Perez Date May 14, 2025

Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications

This information will be distributed to the membership with the ballot, "exactly as submitted" by the candidates – no attachments will be accepted. No statements are endorsed by SDRMA.

Candidate* Robert Housley, CSDM
District/Agency Midway City Sanitary District
Work Address 14451 Cedarwood Street, Westminster, CA 92683
Work Phone 714-893-3553 Cell Phone 562-239-7557

*The name or nickname and any designations (i.e. CPA, SDA, etc.) you enter here will be printed on the official ballot, exactly as submitted.

Why do you want to serve on the SDRMA Board of Directors? (Response Required)

I am seeking to continue my service on the SDRMA Board of Directors, to share my experience and insights, stay actively engaged, and continue learning from others in the industry. With 25 years of experience working in a variety of special districts, including those with very limited financial resources, I understand the challenges many agencies face in balancing fiscal responsibility with providing essential services.

Serving in this capacity would allow me to give back to other agencies by sharing my perspective, helping to shape policies, and supporting collaborative solutions that benefit members. I see this as an opportunity to strengthen risk management practices, advocate for special districts, and ensure that all agencies, regardless of size or resources, have access to the support they need to succeed and serve their communities.

What Board or committee experience do you have that would help you to be an effective Board Member? (SDRMA or any other organization) (Response Required)

I currently serve on the SDRMA Board of Directors and have additional board and committee experience as a member of the Alliance Executive Council (AEC), the CSDA Professional Development Committee, and, as a staff member at Midway City Sanitary District, I actively participate in the Legislative & Public Affairs Outreach Committee and the Franchise Committee.

With 26 years of experience in special districts, as a General Manager and previously as a Director of Finance & Human Resources, I have regularly collaborated with many governing bodies at many different levels and statewide associations, gaining practical experience in policy development, risk management, and member services, all of which directly support the responsibilities of an effective SDRMA Board Member.

Special District Risk Management Authority
Board of Directors
Candidate's Statement of Qualifications

What special skills, talents, or experience (including volunteer experience) do you have? (Response Required)

I have an MBA from the Univesity of La Verne with an empasis in accounting and I am also a Certified Special District Manager (CSDM).

My other special skills and experience include being a forward-thinking, community-focused leader and a problem solver with have more than 26 years of experience working in various special districts. I value collaboration, active listening, and service to others.

I have volunteered as an assistant coach for both Up & Running Again at the Orange County Rescue Mission and as a coach for Back on My Feet at the Long Beach Rescue Mission, both are programs that support individuals experiencing homelessness through community and goal setting. I have also volunteered with the food pantry at church, and I have coached and refereed for many years in AYSO soccer. These experiences reflect my long-standing commitment to public service and community involvement.

What is your overall vision for SDRMA? (Response Required)

I am eager to help advance the outstanding work currently being done by SDRMA. As a General Manager, I understand the critical importance of effective risk management for all Special Districts, as well as the fiscal constraints and limited access to resources that many districts face, particularly those with smaller operations or minimal staffing.

It is my vision to continue building on SDRMA's solid foundation by broadening awareness of its services and ensuring that all Special Districts recognize and benefit from the valuable support it provides. I believe SDRMA should serve as both a partner and an extension of every member district, delivering not only services but also the dependable support districts need to operate safely, efficiently, and confidently in service to their communities.

I am also committed to identifying and pursuing value-added services and new opportunities that enhance the benefits of membership while keeping costs manageable for all members. By expanding outreach and engagement, we can grow SDRMA's reach and deepen its impact across the state.

I certify that I meet the candidate qualifications as outlined in the SDRMA election policy. I further certify that I am willing to serve as a director on SDRMA's Board of Directors. I will commit the time and effort necessary to serve. Please consider my application for nomination/candidacy to the Board of Directors.

Candidate Signature _____ Date 5/1/2025

Agenda Item No. 6e

Santa Cruz Local Agency Formation Commission

Date: September 3, 2025
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: LAFCO Meeting Conflicts

SUMMARY OF RECOMMENDATION

On April 2, 2025, the Commission elected to host their regular meetings for the month of June and September in the Watsonville City Council Chambers due to an upcoming conflict regarding the Commission's usage of the County's Board of Supervisors Chambers as our designated meeting location. Since then, the County has again informed LAFCO about upcoming conflicts for the months of October-December 2025.

It is recommended that the Commission relocate LAFCO's October Meeting to the Scotts Valley City Council Chambers and LAFCO's November Meeting to the Watsonville City Council Chambers.

EXECUTIVE OFFICER'S REPORT:

LAFCO was informed in August that the dates for the Board of Supervisors Chambers remodel had just been updated, and unfortunately, our reservations from October and November will fall within the remodeling period. LAFCO contacted all four cities to determine if there meeting rooms were available. Based on those discussions, and after reviewing their meeting room capabilities, staff is recommending that the Commission consider relocating LAFCO's October 1st Meeting to the Scotts Valley City Council Chambers which aligns with staff's upcoming fire-related project update and LAFCO's November 5th Meeting to the Watsonville City Council Chambers to accommodate the review and consideration of the first ever service and sphere review for the Pajaro Valley Health Care District. The Cities of Watsonville and Scotts Valley have indicated that both dates are available.

The Commission may also consider canceling one or both meetings as well as directing staff to search for other possible locations. That said, staff has identified the Scotts Valley and Watsonville City Council Chambers as the preferred alternatives due to the Commission's previous usage of the location and the nature of the agenda items to be considered during those months. **Attachment 1** shows the updated meeting schedule for the remainder of the 2025 calendar year should the Commission approve the proposed relocation of the October and November meetings.

Respectfully Submitted,

Joe A. Serrano
Executive Officer

Attachment: 2025 LAFCO Meeting Schedule (Updated Version)

Local Agency Formation Commission of Santa Cruz County

2025 SCHEDULE OF REGULAR LAFCO MEETINGS

(Originally adopted on November 6, 2024; Updated on September 3, 2025)

January – No Meeting

February 5

March 5

April 2

May 7

June 4
(*Watsonville City Council Chambers)*

July – No Meeting

August 6 – *Cancelled*

September 3
(*Watsonville City Council Chambers)*

October 1
(Scotts Valley City Council Chambers)

November 5
(Watsonville City Council Chambers)

December – No Meeting

All regular meetings begin at 9:00am and are typically held in the Board of Supervisors Chambers, located on the fifth floor of the County Governmental Center – 701 Ocean Street (Room 525), Santa Cruz, CA

HYBRID LAFCO MEETINGS

Santa Cruz LAFCO has established a hybrid meeting process in accordance with Assembly Bill 2449. Members of the public will have the option to attend virtually or in-person. The Commission will have full discretion on whether to conduct hybrid meetings or revert back to in-person meetings at any point in the calendar year.

DRAFT

Agenda Item No. 6f

Santa Cruz Local Agency Formation Commission

Date: September 3, 2025
To: LAFCO Commissioners
From: Francisco Estrada, LAFCO Analyst
Subject: Legislative Update

SUMMARY OF RECOMMENDATION

LAFCO staff tracks bills during the legislative session and provides periodic updates. The Commission may take a position on any tracked bill. This agenda item is for informational purposes only and does not require any action at this time. Therefore, it is recommended that the Commission receive and file the staff report.

BACKROUND

Staff informed the Commission at the March 5, 2025 LAFCO Regular Meeting that they would receive an update on legislation affecting public agencies in Santa Cruz County in May and November of each year, with additional updates to be conducted when necessary. Staff is providing the latest information on LAFCO-related bills currently monitoring on behalf of the Commission.

Tracked Bills

LAFCO staff is currently monitoring several bills that may be of interest to this commission. **Attachment 1** provides an overview of the eight monitored bills. For the purposes of this update, below are four key bills that warrant discussion at this time.

Senate Bill 5 – Infrastructure Financing Districts

Existing law authorizes the legislative body of a city or a county to establish an infrastructure financing district, with a governing body referred to as the public financing authority, to finance public capital facilities or other specified projects of communitywide significance. The purpose of SB 5 would be to exclude the taxes levied upon a parcel of land enrolled in or subject to a Williamson Act contract or a farmland security zone contract, as specified, from the above-described allocation to the district. It is LAFCO's understanding that this bill may be used to bypass the LAFCO process for the proposed incorporation in Solano County known as "California Forever." CALAFCO has taken a "Watch" position.

Status Update: SB 5 was ordered to a third hearing in the Assembly on August 18, 2025.

Senate Bill 489 – Permit Streamlining Act

The purpose of SB 489 is to increase the housing stock across the state by streamlining the housing development process and requiring public agencies, including LAFCOs, to post online the information necessary for a housing development application to be deemed complete. Although the proposed bill aims to meet the shared goal of facilitating new housing, there are concerns it may also impinge upon the Cortese-Knox-Hertzberg

Local Government Reorganization Act of 2000 by forcing LAFCOs to participate in the land use designation process. CALAFCO has taken a “Watch” position.

Status Update: SB 489 passed the Committee on Appropriations in the Assembly and was ordered to the consent calendar on August 20, 2025.

Senate Bill 777 – Abandoned Endowment Care Cemeteries

Initially, the purpose of SB 777 is to require a local agency designated by the applicable LAFCO to take over the care, maintenance, and embellishment of an abandoned endowment care cemetery. The bill provides that if the one-year period above passes, the Cemetery and Funeral Bureau must notify the applicable LAFCO that there is an abandoned endowment care cemetery in the county. The LAFCO must start proceedings within 30 days to identify a local agency within the county to take over the care, maintenance, and embellishment of the abandoned endowment care cemetery. Many LAFCOs expressed concerned about placing the burden on LAFCO to identify a successor agency when no other local agency has the statutory power to assume this type of service responsibility besides other cemetery districts. As a result, the bill was amended in July.

This bill now requires the bureau to convene a workgroup on or before March 1, 2026, to include CALAFCO, Cal Cities, CSAC, UCC, RCRC, representatives from the cemetery industry, public cemeteries and legislative staff. Purpose of this working group is to discuss options for ensuring continued care, maintenance, and embellishment of abandoned cemeteries, including the possibility of requiring counties to assume responsibility for maintenance, irrigation, public works, and burial services for cemeteries located within their boundaries that become abandoned. The working group is required to provide a report to the Legislature by 1/1/26. CALAFCO has a “Neutral” position on this bill.

Status Update: SB 777 passed the Committee on Appropriations in the Assembly on August 20, 2025.

Senate Bill 858 – Annual Omnibus Bill

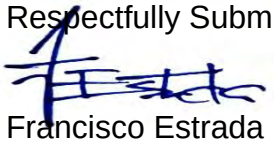
CALAFCO and the Assembly Committee on Local Government regularly co-sponsor the annual Omnibus Bill to propose technical and non-substantive amendments to the CKH Act. However, this year CALAFCO collaborated with the Senate Committee on Local Government to include two proposed amendments to the CKH Act to address minor, non-substantial typos. Specifically, the bill would correct a reference to a code section within CKH as found in Section 37396 and correct a typo in code section 57002(a) . CALAFCO has a “Support” position on this bill. **Attachment 2** provides a copy of a Letter of Support submitted to the State Senate committee as they continued the bill.

Status Update: SB 858 passed the Committee on Appropriations in the Assembly and was ordered to the consent calendar on August 18, 2025.

Next Update

LAFCO staff will provide a final update in November after the governor has signed bills into law. LAFCO staff may also provide another presentation in case possible commission action is required or requested.

Respectfully Submitted,



Francisco Estrada
LAFCO Analyst

Attachment:
1. Tracked Bills by Santa Cruz LAFCO (8 in total)
2. SB 858 Letter of Support (dated 7/29/25)

Monitored Bills by Santa Cruz LAFCO

Bill No.	Sponsor	Topic & Code	Brief Description	Status
SB-5 Introduced on 12/2/24	Cabaldon	Infrastructure financing districts: allocation of taxes: agricultural land exclusion. Government Code, relating to local government	Act to amend Section 53396 Exclude taxes levied on a parcel of land enrolled in or subject to a Williamson Act contract or a farmland security zone contract	Ordered to third reading on August 18 CALAFCO has taken a "Watch" position.
SB-463 Introduced on: 2/19/25	Alvarado-Gil	Drought planning; Water Code, relating to water	Act to amend Section 10609.62 Exempt a water district with fewer than 500 service connections from metering each service connection for water loss due to leakages.	Placed on suspense file
SB-489 Introduced on:	Arreguin	Permit Streamlining Act: housing development projects; Government Code, relating to local government	Act to amend Sections 56300, 65928, and 65940 Require public agencies to post online information necessary for a housing development application to be deemed complete.	Ordered to consent calendar on August 20 CALAFCO has taken a "Watch" position.
SB-581 Introduced on: 2/20/25	McGuire, Grayson, Allen, Perez	Dept of Forestry and Fire Protection: seasonal firefighters; Government Code, relating to public employment	Act to add Section 19846.2 Take the necessary actions to transition seasonal firefighters employed by CAL FIRE to a permanent firefighter employment classification.	Placed on suspense file on August 18
SB-697 Introduced on: 2/21/25	Laird	Determination of water rights; Water Code, relating to water	Act to amend Sections 2551, 2552, 2553, 2554, 2555, and 2600, add Section 2556 During an investigation of water rights of a stream system to, among other things, require representatives of the board to investigate in detail the use of water with the authority, but no requirement, to conduct a field investigation.	Passed Committee on August 20

Footnote: "Bill No." column includes hyperlinks to the proposed bills for additional information

Bill No.	Sponsor	Topic & Code	Brief Description	Status
SB-777 Introduced on: 2/21/25	Richardson	Abandoned endowment care cemeteries: local agency possession and responsibility; Health and Safety Code, relating to cemeteries	Act to amend Section 7612.12 Requires a LAFCO to identify a local agency to take over abandoned care cemeteries.	Passed Committee on August 20 CALAFCO has taken a "Neutral" position.
SB-858 Introduced on: 3/12/25	Durazo, Arreguin, Calbadon, Choi, Laird, Seyarto, Weiner	Committee on Local Government): Local Government Omnibus Act of 2025	Act to amend Section 25103, 25105, 26802.5, 36932, 37396, 53601, 57002, 62463, and 62464 CALAFCO added two minor, non-substantial edits to the CKH Act under this omnibus bill.	Sent to consent calendar on August 18 CALAFCO has taken a "Support" position.
AB-1075 Introduced on: 2/20/25	Bryan	Fire protection: privately contracted firefighters: public water sources; Health and Safety Code	Act to amend Section 14868 To develop regulations prohibiting privately contracted firefighters from hooking up their equipment to public water sources.	Ordered to third reading on August 20

Footnote: "Bill No." column includes hyperlinks to the proposed bills for additional information

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

July 29, 2025

The Honorable Juan Carrillo, Chair
Assembly Local Government Committee
1021 O Street, Suite 5610
Sacramento, CA 95814

Subject: Support of Senate Bill 858 (Committee on Local Government): Local Government Omnibus Act of 2025)

Dear Assembly Member Carrillo:

On behalf of the California Association of Local Agency Formation Commissions (CALAFCO), I write to express our support for Senate Bill 858, the annual Local Government Omnibus Act of 2025. Specifically, CALAFCO supports the provisions that correct cross references in the Cortese-Knox-Hertzberg Act, as a requested component of the bill.

Current law establishes a LAFCO in each county to control the boundaries of cities and special districts, and sets procedures for doing so, including requiring a hearing to count protests to a proposed change of organization. These statutes, also referred to as the Cortese-Knox-Hertzberg Act, currently contain two provisions with incorrect cross references; SB 858 corrects those cross references.

This legislation helps ensure the Cortese-Knox-Hertzberg Act remains a vital and practical law that is consistently applied around the State. We appreciate your Committee's authorship and support of this bill, and your support of the mission of LAFCOs.

Sincerely,

Joe A. Serrano
Executive Officer

cc: Members and Consultants, Assembly Local Government Committee
The Honorable Maria Elena Durazo, Chair, Senate Local Government Committee
Anton Favorini-Csorba, Chief Consultant, Senate Local Government Committee

Agenda Item No. 6g

Santa Cruz Local Agency Formation Commission

Date: September 3, 2025
To: LAFCO Commissioners
From: Francisco Estrada, LAFCO Analyst
Subject: Comprehensive Quarterly Report – Fourth 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 April through June. This agenda item is for informational purposes only and does not require any action. Therefore, it is recommended that the Commission receive and file the Executive Officer's report.

EXECUTIVE OFFICER'S REPORT

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

Respectfully Submitted,

Francisco Estrada
LAFCO Analyst

Attachment:

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

Comprehensive Quarterly Report

FISCAL YEAR 2024-25
FOURTH QUARTER
(APRIL TO JUNE)

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

ACTIVE PROPOSALS

As of June 30, 2025, Santa Cruz LAFCO has six active applications.

1. **"1610 Bulb Ave 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: Opposed by the affected agency. The Capitola City Council considered the proposed annexation and signed a letter of opposition on March 13. The applicant is currently considering their options, but the application may be terminated in the future.

2. **"Pajaro Valley Fire Protection District Reorganization (Project No. RO 25-08):** This application was initiated by board resolution on April 24, 2025, and proposes to dissolve the PVFPD and a reorganization into the Santa Cruz County Fire Department (County Service 48).

   Latest Status: PVFPD is currently in the process of developing its Plan for Service to submit to LAFCO and the affected agency.

3. **"Monroe Avenue/Huntington Drive Annexation" (Project No. DA 25-10):** This application was initiated by landowner petition on May 12, 2025, and proposes to annex a single parcel (APN: 041-221-04) into the Santa Cruz County Sanitation District. The purpose of the annexation is to receive sanitation service from the County.

   Latest Status: Pending. Staff is coordinating with County representatives the Property Tax Exchange Agreement. The proposed annexation is expected to be presented to the Commission in late 2025.

4. **"San Andreas Mutual Water Company Extraterritorial Service Agreement" (Project No. ESA 25-11):** This application was initiated by agency petition on May 16, 2025, and proposes to receive water services under Government Code Section 56133. The proposed extraterritorial service agreement ("ESA") involves 175 parcels and the Soquel Creek Water District (SCWD).

   Latest Status: Pending. Staff from the San Andreas Mutual Water Company and the SCWD continue to hold ongoing discussions on the proposed ESA.

5. **"BCFPD Station Parcel Annexation" (Project No. DA 25-12):** This application was initiated by landowner petition on August 15, 2024, and proposes to annex a single parcel (APN: 083-273-01) into County Service Area 7. The purpose of the annexation is to provide sewer service to a fire station located on the subject parcel. This annexation is part of an ESA approved by the Commission in June 2024.

   Latest Status: Pending. Staff is coordinating with County representatives the Property Tax Exchange Agreement. The proposed annexation is expected to be considered by the Commission in late 2025.

6. **“Hawks Peak Road/Mark Doyle Extraterritorial Service Agreement” (Project No. ESA 25-13):** This application was initiated by landowner petition on June 23, 2025, and proposes to annex a single parcel (APN: 040-232-18) into the Santa Cruz County Sanitation District. The purpose of the proposed ESA is to receive sewer services from a nearby public agency.

   Latest Status: Pending. The proposed ESA may be considered by the Commission in October 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 areas and Scotts Valley.

   Latest Update: Completed. The Commission adopted 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 Wastewater System managed by the San Lorenzo Valley Water District.

   Latest Update: Pending. The Commission will consider adopting the service and sphere review on October 1, 2025.

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

   Tentative Hearing Date: Completed. The Commission adopted 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: Pending. The Commission will consider adopting the service and sphere review on September 3, 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 seven other LAFCO-related projects:

1. **CSA 48 Reorganization:** Staff continued 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 during the fourth quarter (April-June).

2. **Educational Workshops:** Staff participated in the 2025 California Special Districts Association Annual Conference & Exhibitor Showcase with a workshop on how special districts can work more effectively with their local LAFCO.

3. **CALAFCO U Webinars:** After a 2-year hiatus, staff designed and planned two virtual CALAFCO U workshops on the Brown Act and Commissioner Best Practices. Both workshops were well attended and well received.

4. **Felton Fire Protection District Governance Options Report:** The Commission directed staff to develop a governance report for the Felton Fire Protection District in June. The goal of the report was to explain the issues Felton FPD is currently facing, but more importantly, clearly identify possible solutions for the District to explore and consider. LAFCO staff published the governance report on July 15, circulated the report to Felton FPD and other local agencies, and posted the report on LAFCO's website.

5. **CALAFCO Annual Staff Workshop:** The annual staff workshop took place in Temecula between April 30 - May 2, 2025. Staff organized and participated in two presentations regarding Protest Hearings and on improving the MSR process.

6. **CALAFCO Annual Conference:** The CALAFCO Annual Workshop will take place in San Diego between October 21 – October 24, 2025. Staff will participate in two sessions: one will be LAFCO 101, and the other will focus on assisting new Commissioners.

7. **Shared Services Agreement with Monterey LAFCO:** As of June 30, Santa Cruz LAFCO has provided Monterey LAFCO with 35 hours of administrative/clerk support. This includes assisting and preparing for regular meetings, drafting meeting minutes, payroll, and amending staff contracts. Monterey LAFCO compensated the Commission with approximately $3,800 in funding for our services during the fourth quarter.

BUDGET REPORT

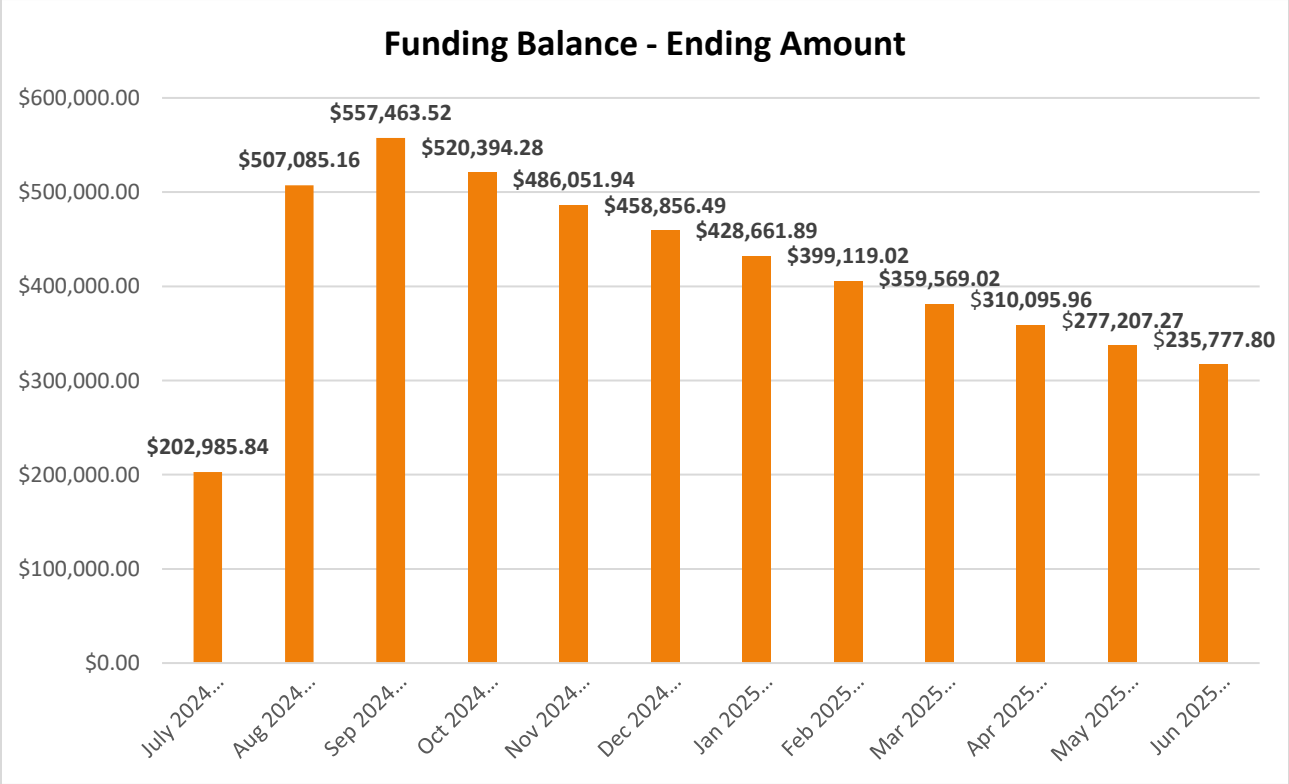
The fourth quarter of Fiscal Year 2024-25 ended on June 30, 2025. During this three-month period, the Commission received approximately $11,400 in revenue. During the same period, the Commission incurred approximately $137,000 in total expenses. In total, LAFCO used 66% of the estimated costs for the entire fiscal year, as shown in the table below.

	FY 24-25 (1st Qtr.)	FY 24-25 (2nd Qtr.)	FY 24-25 (3rd Qtr.)	FY 24-25 (4th Qtr.)	Available Funds	FY 24-25 Total Amt	FY 24-25 Budget	Percent (%)
Total Revenue	$424,113	$9,954	$4,772	$11,387	$351,385	$801,612	$772,150	104%
Total Expense	$160,277	$108,561	$104,060	$137,360	-	$510,258	$772,150	66%
Difference	$263,837	($98,607)	($99,287)	($125,973)	$351,385	$291,354	-	-

As of June 30, 2025, the total fund balance ended with approximately $235,800. The following table highlights the fund balance during the entire fiscal year. LAFCO's fund balance reached its peak in the first quarter after receiving all the scheduled apportionments from the funding agencies. The ending balance of FY 24-25 may be used to balance the new budget for FY 25-26. A detailed review of LAFCO's financial performance during the first, second, third, and fourth quarters (July 2024 to June 2025) is shown on **page 4**.

Fund Balance / Reserves

As of June 30, 2025, the total fund balance ended with approximately $235,000. The following table highlights the fund balance during the entire fiscal year (actual and projected). LAFCO's fund balance reached its peak during the first quarter after receiving all the scheduled apportionments from the funding agencies. The end balance for FY 24-25 will be used to balance the new budget in FY 25-26.



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 Third Qtr (Jan - Mar)	FY 24-25 Fourth Qtr (Apr - Jun)	FY 24-25 Adopted Budget	FY 24-25 Actual	Difference ($)	Budget Line Item Notes
REVENUES DESCRIPTION								
Interest	$ 4,468	$ 5,439	$ 4,357	$ 3,069	$ 1,500	$ 17,333	$ 15,833	Above estimated amount
Contributions from Other Govt Agencies	$ 419,265	$ -	$ -	$ -	$ 419,265	$ 419,265	$ -	-
LAFCO Processing Fees	$ -	$ 4,100	$ -	$ 1,900	$ -	$ 6,000	$ 6,000	Above estimated amount
Medical Charges-Employee	$ 381	$ 415	$ 415	$ 457	$ -	$ 1,668	$ 1,668	Above estimated amount
Misc. Revenue	$ -	$ -	$ -	$ 5,961	$ -	$ 5,961	$ 5,961	Reimbursement from Monterey LAFCO and CALAFCO for services
Re-budget from Fund Balance	$ -	$ -	$ -	$ -	$ 351,385	$ 351,385	$ 247,985	-
TOTAL REVENUES	**$ 424,113**	**$ 9,954**	**$ 4,772**	**$ 11,387**	**$ 772,150**	**$ 801,612**	**$ 277,447**	**Additional Funds in Total Revenue**
EXPENDITURES DESCRIPTION								
Regular Pay	$ 54,225	$ 65,667	$ 57,764	$ 76,454	$ 260,000	$ 254,111	$ 5,889	Remaining Funds
Holiday Pay	$ 497	$ 3,980	$ 4,975	$ 3,802	$ 10,300	$ 13,254	$ (2,954)	Overbudgeted Amount
Social Security	$ 4,186	$ 4,800	$ 4,850	$ 6,388	$ 18,000	$ 20,224	$ (2,224)	Overbudgeted Amount
PERS	$ 68,863	$ 7,690	$ 6,954	$ 8,899	$ 113,000	$ 92,406	$ 20,594	Remaining Funds
Insurances	$ 10,093	$ 9,910	$ 11,132	$ 11,241	$ 45,000	$ 42,377	$ 2,623	Remaining Funds
Unemployment	$ -	$ -	$ 882	$ -	$ 600	$ 882	$ (282)	Overbudgeted Amount
Workers Comp	$ 1,498	$ -	$ -	$ -	$ 1,500	$ 1,498	$ 2	Remaining Funds
Salaries Sub-total	**$ 139,363**	**$ 92,048**	**$ 86,557**	**$ 106,784**	**$ 448,400**	**$ 424,752**	**$ 23,648**	**Remaining Funds in Salaries & Benefits**
Telecom	$ 109	$ 336	$ 335	$ 1,226	$ 1,600	$ 2,007	$ (407)	Overbudgeted Amount
Office Equipment	$ -	$ 33	$ 66	$ -	$ 200	$ 99	$ 101	Remaining Funds
Memberships	$ 5,541	$ 1,809	$ -	$ -	$ 7,500	$ 7,350	$ 150	Remaining Funds
Hardware	$ -	$ -	$ -	$ -	$ -	$ -	$ -	Remaining Funds
Duplicating	$ -	$ 1	$ -	$ 1	$ 500	$ 2	$ 498	Remaining Funds
PC Software	$ 474	$ -	$ -	$ 90	$ 700	$ 564	$ 136	Remaining Funds
Postage	$ 19	$ -	$ 7	$ 43	$ 800	$ 68	$ 732	Remaining Funds
Subscriptions	$ 2,050	$ 206	$ 309	$ 413	$ 3,300	$ 2,979	$ 321	Remaining Funds
Supplies	$ -	$ -		$ 341	$ 500	$ 341	$ 159	Remaining Funds
Accounting	$ -	$ 5,000	$ 8,750	$ 1,311	$ 14,000	$ 15,061	$ (1,061)	Overbudgeted Amount
Attorney	$ 759	$ 1,397	$ 1,693	$ 2,765	$ 15,000	$ 6,612	$ 8,388	Remaining Funds
Data Process GIS	$ 2,076	$ 5,481	$ 566	$ 13,276	$ 9,500	$ 21,399	$ (11,899)	Overbudgeted Amount
Director Fees	$ -	$ -	$ -	$ 3,250	$ 5,000	$ 3,250	$ 1,750	Remaining Funds
Prof. Services	$ 5,234	$ 650	$ 4,550	$ 4,150	$ 40,000	$ 14,584	$ 25,416	Remaining Funds
Legal Notices	$ 288	$ -	$ 387	$ 435	$ 4,000	$ 1,110	$ 2,890	Remaining Funds
Rents	$ -	$ -	$ 410	$ 419	$ 10,000	$ 829	$ 9,171	Remaining Funds
Misc. Expenses	$ 400	$ 525	$ 429	$ 2,371	$ 4,000	$ 3,726	$ 274	Remaining Funds
Air Fare	$ -	$ -	$ -	$ 396	$ 600	$ 396	$ 204	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	$ -	$ -	$ -	$ 89	$ 250	$ 89	$ 161	Remaining Funds
Registrations	$ 2,800	$ -	$ -	$ -	$ 3,000	$ 2,800	$ 200	Remaining Funds
Supplies Sub-total	**$ 20,914**	**$ 16,514**	**$ 17,503**	**$ 30,576**	**$ 123,750**	**$ 85,506**	**$ 38,244**	**Remaining Funds in Services & Supplies**
TOTAL EXPENDITURES	**$ 160,277**	**$ 108,561**	**$ 104,060**	**$ 137,360**	**$ 572,150**	**$ 510,258**	**$ 61,892**	**Remaining Funds in Total Expenditures**

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 third quarter (April – June), staff participated in 38 meetings. For transparency purposes, a summary of those meetings is shown in the following table.

April Meetings			
Topic	**Date**	**Subject Agency(ies)**	**Purpose**
Small Water Systems Presentation	4/2	County of Santa Cruz	Staff participated in a workshop regarding private water systems and consolidations.
City Sphere Study	4/4	City of Capitola	Staff met with Capitola City Manager Jaime Goldstein to discuss the status of the City's sphere study.
Board of Directors Meeting	4/4	CALAFCO	Staff, as the Coastal Regional Officer, participated in the CALAFCO Board Meeting.
Regional Focus Group Meeting	4/7	CALAFCO	Staff, as the Coastal Regional Officer, participated in a stakeholder meeting to discuss how to improve CALAFCO as a statewide organization.
LAFCO 101 Presentation	4/9	City of Capitola	Staff met with new city commissioner (Joe Clarke) to provide an introductory LAFCO 101 presentation.
Extraterritorial Service Agreement Inquiry	4/10	San Andreas Mutual Water Company	Staff met with representatives of the SAMWC to discuss a proposed ESA.
CSDA Local Chapter Meeting	4/11	California Special Districts Association	Staff attended a CSDA meeting to discuss establishing a local chapter.
Fire Reorganization	4/15	Pajaro Valley Fire Protection District	Staff attended and participated in a town hall organized by PVFPD to discuss potential reorganization.
CALAFCO Staff Workshop Preparation	4/17	Butte LAFCO	Staff met with Butte LAFCO Executive Officer to prepare for staff workshop presentation.
CALAFCO Update	4/24	Napa LAFCO	Staff met with Napa LAFCO Executive Officer to discuss how to improve CALAFCO as a statewide organization.
Pajaro Valley Health Care District Discussion	4/24	Monterey LAFCO	Staff met with Monterey LAFCO to discuss the upcoming MSR for the PVHCD.
CALAFCO Annual Staff Workshop	4/30-5/2	CALAFCO	Staff attended the annual staff workshop and participated in or organized two presentations.

May Meetings			
Topic	**Date**	**Subject Agency(ies)**	**Purpose**
Fire Update	5/6	Central Fire District	Staff met with CFD Fire Chief Jason Nee to discuss fire-related issues.
LAFCO 101 Presentation	5/6	Central Fire District	Staff met with new district commissioner (Lani Faulkner) to provide an introductory LAFCO 101 presentation.
Board Meeting	5/6	Soquel Creek Water District	Staff attended the May board meeting for the SCWD.
Extraterritorial Service Agreement Inquiry	5/7	County Residents	Staff with members of the public interested in establishing an ESA with the Santa Cruz County Sanitation District.
City Annexation	5/8	City of Watsonville /MidPen Housing	Staff met with representatives of the city and MidPen Housing to discuss the next step in the annexation process.
Fire Update	5/20	Zayante Fire Protection District	Staff met with Chief Jeff Maxwell from ZFPD to discuss fire-related topics.
Cienaga Heights Grand Opening	5/23	City of Watsonville	Staff attended the grand opening of the Cienaga Heights housing project with MidPen Housing.
CSDA Conference Session Meeting	5/27	California Special Districts Association	Staff met with CSDA representatives to discuss and plan an upcoming conference breakout session.
Coastal Region Meeting	5/28	CALAFCO	Staff met with Pamela Miller (CALAFCO consultant) and LAFCOs from the Coastal Region to participate in a focus group and discuss how to improve CALAFCO as a statewide organization.

June Meetings			
Topic	**Date**	**Subject Agency(ies)**	**Purpose**
Meeting with Supervisor Felipe Hernandez	6/2	County of Santa Cruz	Staff met with Supervisor Hernandez and his staff to discuss LAFCO projects within District 4.
LAFCO Application Process Meeting	6/3	Pajaro Valley Fire Protection District	Staff met with representatives from PVFPD to discuss the LAFCO application process.
Small Water Systems Proposed Legislation	6/5	Multiple LAFCOs	Staff met with other LAFCOs, UC Berkeley, and water advocacy reps to discuss a possible bill to help private water systems.
CALAFCO Update	6/5	CALAFCO	Staff spoke with CALAFCO's interim executive director (Jose Henriquez) to discuss CALAFCO-related projects.
CALAFCO Webinars	6/5	California Special Districts Association	Staff met with CSDA reps to discuss the development of two webinars regarding Best Practices and the Brown Act.
Assessment District Inquiry	6/9	County of Santa Cruz	Staff met with County staff to discuss the steps in forming an assessment district and clarify LAFCO's role.
CALAFCO Webinars	6/9	County of Santa Cruz	Staff met with County staff to discuss the upcoming GIS 101 webinar for CALAFCO.
Countywide Fire Update	6/11	Supervisor Justin Cummings	Staff met with Commissioner Cummings to discuss fire-related topics in the third supervisorial district.
Regional Officers Meeting	6/13	CALAFCO	Staff participated in a stakeholder meeting with all four regional officers to discuss the status of CALAFCO.
CALAFCO Webinars	6/16	CALAFCO	Staff met with CALAFCO staff to discuss the three upcoming webinars spearheaded by Santa Cruz LAFCO.
Upcoming MSR	6/17	County of Santa Cruz	Staff met county staff to discuss upcoming countywide municipal service review for the sanitation districts.
Big Basin Water Company	6/17	BBWC and County	Staff met with reps from the County and BBWC's court receiver to discuss the status of the private water company.
Extraterritorial Service Agreement	6/23	Doyle Family	Staff met with an applicant requesting an ESA to receive sanitation services from the Santa Cruz County Sanitation District.
Legislative Committee	6/24	CALAFCO	Staff, as the Omnibus Bill Liaison, participated in the CALAFCO Legislative Committee Meeting.
Upcoming Municipal Service Review	6/25	Multiple local and state agencies	Staff presented to representatives of local cities, counties, and special districts on the upcoming MSR for the PVCHD.

Agenda Item No. 8a

Santa Cruz Local Agency Formation Commission

Date: September 3, 2025
To: LAFCO Commissioners
From: Francisco Estrada, LAFCO Analyst
Subject: Press Articles during the Months of May – August 2025

SUMMARY OF RECOMMENDATION

LAFCO staff monitors local newspapers, publications, and other media outlets for any news affecting local agencies or LAFCOs around the State. Articles are presented to the Commission on a periodic basis. This agenda item is for informational purposes only and does not require any action. Therefore, it is recommended that the Commission receive and file the Executive Officer's report.

EXECUTIVE OFFICER'S REPORT

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

Article #1: "Santa Cruz County firefighters gear up for an active 'fire year'". The article dated May 29, indicates that Santa Cruz County fire agencies are bracing for a hotter, drier, and longer-than-ever fire season, prompting CAL FIRE to shift from reactive staffing to year-round readiness (from mid-March through mid-December) reflecting the reality that fire danger is now constant. Fire officials emphasize that the most effective way homeowners can protect their property is by maintaining defensible space (clearing flammable vegetation within 100 feet of homes) and keeping a 5-foot perimeter around structures free of combustibles.

Article #2: "San Lorenzo Valley Water District hires Jason Lillion as new general manager". The article, dated June 9, informs the public on the appointment of Jason Lillion as the new general manager of the San Lorenzo Valley Water District. Mr. Lillion was appointed by the board at their June 5th meeting. Mr. Lillion has 26 years of experience with water systems and operations and has been the district's operations manager since 2012. The election of Mr. Lillion ends a process that began more than a year ago to replace longtime general manager, Rick Rogers.

Article #3: "Suisun City Proposes Annexing Most of California Forever's New City". The article, dated June 1, provides the public with an update on Suisun City's proposal to annex a portion of the proposed California Forever land, raising concerns from residents about their ability to influence the decision-making process. Suisun City staff will recommend to annex almost 23,000 acres of company-owned land, which is similar to what the company had proposed through their November 2024 ballot initiative and did not move forward after resident backlash. The Suisun City Council is expected to consider a reimbursement agreement with California Forever that will allow the city to continue exploring the proposal, but ultimately the decision to allow Suisun City to annex will fall to Solano County LAFCO.

Article #4: "Capitola City Council appoints Susan Westman to fill vacant seat". The article, dated June 13, informs the public that the Capitola City Council selected Susan Westman, former city manager, to fill the vacancy recently left by the departure of Alexander Pederson. Westman was one of 13 candidates that applied for the role. Her term will officially end in December 2026.

Article #5: "Ophir Hill fire district looks to combine with Nevada County Consolidated Fire District". The article, dated June 18, announces that the Nevada County Consolidated Fire District board will consider consolidating with Ophir Hill Fire Protection District at their next meeting. The report to be considered by the Commission took two years to complete and presents a difficult financial outlook in the new agency's first year. The report will also suggest that consolidation will help eventually bring costs down and make the combined fire districts more effective.

Article #6: "CAO Carlos Palacios Resigns After 30 Years". The article, dated June 20, provides details on Santa Cruz County Administrative Officer Carlos J. Palacios decision to step down in December after more than three decades in local government leadership. Among his many accomplishments, Mr. Palacios helped create the county's first Strategic Plan, played a key role in the acquisition of the new South County Government Center, and spearheaded efforts to transform the Watsonville Community Hospital into a public entity.

Article #7: "These Northern California fire districts could fold. 'People would end up dying'". The article, dated June 26, is a piece on the challenges that exist for volunteer-based fire departments as costs continue to rise each year. In most cases, expenditures outpace revenues, while the purchasing and maintenance of equipment increases as well. Call volumes are also increasing, turnover rates remain high, and a volunteer fire force can no longer meet the demands in the way a modern and professional workforce can. Finally, the article also discusses the challenges in raising funding via Proposition 218 due to many factors including a general mistrust of local government by residents and explains how the dissolution of one fire district can begin a devastating domino effect in rural areas in counties such as Yolo.

Article #8: "Sonoma Valley Fire District welcomes new board of directors". The article, dated July 2, provides an update on the merger between Sonoma Valley Fire District and Kenwood Fire Protection District, approved in February of this year. At its July meeting, the newly expanded board welcomed two members from the former Kenwood Fire Protection District board. Outgoing or long-term board members were also honored at the meeting.

Article #9: "Orange County water agencies prevail in major groundwater rights case, safeguarding water equality for 2.5 million residents". The article, dated July 14, provides information on a recent legal dispute between the Irvine Ranch Water District and Orange County water agencies. The court ruling prevents Irvine Ranch Water District from using legal maneuvers that could have unfairly shifted costs and Orange County Groundwater Basin water rights in their favor. The decision ensures that the Basin continues to be managed fairly and for the benefit of all. Irvine Ranch Water District will also be required to pay the litigation costs associated with the legal challenge.

Article #10: "San Simeon Community Services District in dire straits". The article, dated July 22, informs the public that San Simeon Community Services District general manager, along with a board member, have resigned amid worsening financial circumstances. The financial situation is a result of decreasing hotel tax revenue caused by mudslides on Highway 1 and the water district's declining sales. There are a few proposals being considered to move forward; however, the proposed dissolution approved in March 2024 may take years to complete while the district continues to risk financial insolvency.

Article #11: "Blythe City officials push for solutions amid financial crisis at Palo Verde Hospital". The article dated July 31 details efforts led by the City of Blythe to ensure the long-term viability of local emergency care for residents and to address the ongoing financial crisis affecting the Palo Verde Health Care District. City officials have been attending board meetings and participating in an ad hoc committee coordinating efforts to chart a sustainable way forward. In addition, Riverside County requested a municipal service review from their local LAFCO, which will include key findings and recommendations to help address their financial status.

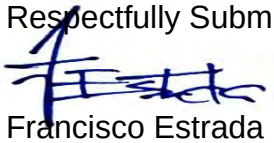
Article #12: "Santa Cruz-Scotts Valley intertie project entering final phase". The article, dated July 31, provides an update on intertie project between the cities of Santa Cruz and Scotts Valley, which is nearing its final phase. The project is aimed at increasing system resilience, improving emergency preparedness and ensuring the availability of reliable, safe drinking water for residents of both cities. The intertie consists of two miles of new pipeline and a pump station and will serve as the final section connecting public water systems from Boulder Creek to La Selva Beach.

Article #13: "Felton residents could face tax proposal for fire service". The article, dated August 6, details the possibility that residents living in the Felton region of the county may need to pay more taxes to receive an appropriate level of fire protection and emergency medical services. The article also explains a governance options report published by Santa Cruz LAFCO, which outlines 12 options for the residents of Felton to consider. Their current fire chief, Isaac Blum, said he'd prefer Felton remain an independent agency, but a meeting would be held to allow for residents and the community to provide input on the report and the future of the Felton Fire Protection District.

Article #14: "College Lake Water Supply Project wraps up". The article, dated August 8, informs the public about the completion of the College Lake Water Supply Project, a 6-mile-long pipeline to convey water from College Lake to thousands of acres of farmland in the Pajaro Valley. The project, which started construction in May 2023, also aims to stop seawater intrusion, reduce groundwater overdraft, and achieve the goals to sustain groundwater resources. It is important to note that this project played a key role in the successful dissolution of the Reclamation District No. 2049 in December 2024.

Article #15: "North Tahoe residents push for town incorporation". The article, dated August 15, details efforts by the nonprofit Eastern Placer Future to explore the possibility of creating a new town in Eastern Placer County to give residents more control over their services, priorities, and future. Members of the group argue that their influence and representation have declined in the fifth district with the growth of West Shore. Incorporation is a long process that still includes submitting an application to Placer LAFCO, conducting feasibility studies, holding meetings, gathering petitions, and ultimately voting on the proposal.

Respectfully Submitted,



Francisco Estrada
LAFCO Analyst

Attachments:
1. “Santa Cruz County firefighters gear up for an active ‘fire year’”
2. “San Lorenzo Valley Water District hires Jason Lillion as new general manager”
3. “Suisun City Proposes Annexing Most of California Forever’s New City”
4. “Capitola City Council appoints Susan Westman to fill vacant seat”
5. “Ophir Hill fire district looks to combine with Nevada County Consolidated…”
6. “CAO Carlos Palacios Resigns After 30 Years”
7. “These Northern California fire districts could fold. ‘People would end up dying’”
8. “Sonoma Valley Fire District welcomes new board of directors”
9. “Orange County water agencies prevail in major groundwater rights case…”
10. “San Simeon Community Services District in dire straits”
11. “Blythe City officials push for solutions amid financial crisis at Palo Verde…”
12. “Santa Cruz-Scotts Valley intertie project entering final phase”
13. “Felton residents could face tax proposal for fire service”
14. “College Lake Water Supply Project wraps up”
15. “North Tahoe residents push for town incorporation”.

lookout.co

Santa Cruz County firefighters gear up for an active ‘fire year’

Max Chun

8–10 minutes

Quick Take

Fire departments throughout Santa Cruz County are prepared for a dry, hot summer as they grapple with fire season starting earlier and lasting longer than it ever has. Area fire professionals agree that focusing on defensible space around one’s home is the most important thing to mitigate risk.

Cal Fire Unit Chief Jed Wilson says the state agency used to staff up only when conditions were ripe for serious wildfires, like extended periods of dry heat and strong winds. Now, Cal Fire begins staffing up in mid-March, pulling from seasonal groups of firefighters that are staggered throughout the year so staffing needs are always met. It stays that way through mid-December.

That extended staffing reflects a stark new reality for Santa Cruz County and much of California: The traditional fire season has become a year-round threat.

With major blazes now occurring even in winter months and increasingly dry conditions stretching well into fall, fire agencies across the county are changing how they respond to fire risks. When crews aren’t actively fighting fires, they’re working with homeowners on trying to prevent them, conducting thousands of property inspections, carrying out prescribed burns and encouraging residents to clear brush and debris from around their homes. With fire becoming an ever-present reality, there is always something to do.

“It’s kind of the fire year now,” said Wilson, chief of the state fire agency’s Santa Mateo-Santa Cruz (CZU) unit.

This year’s fire weather is already here. Jason Nee, chief of the Central Fire District of Santa Cruz County, said his agency anticipates the fire season will be an “active” one, something that is becoming far more common than when Nee first started his career.

“Fire season is a year-round challenge for the California fire service, and in my 25 years, I’ve never seen it like this,” he said. “There’s no denying that things are changing, and I think we need to start reckoning with this change.”



State Parks staff and volunteers worked a Feb. 5 prescribed burn at Henry Cowell Redwoods State Park. Credit: Stephanie Penn

The immediate forecast shows that warm, dry weather is likely here to stay for the foreseeable future, said National Weather Service meteorologist Roger Gass. He said that wetting rains – precipitation that exceeds one-tenth of an inch during a given forecast period – likely won’t arrive until October.

“Grasses and fuels will continue to dry out, and we don’t anticipate much rain aside from coastal drizzle and some in higher terrains,” he said.

Shifting fire seasons have already manifested in alarming ways. Major incidents like the deadly Palisades and Eaton fires in Southern California

in January now occur in the dead of winter, upending traditional expectations.

In Santa Cruz County, it can be easy to get complacent because of the cool coastal moisture and fog that rolls in most mornings. That complacency presents a challenge for firefighters, Nee said. “It’s not in our face all the time like it is in some of the windier, drier areas, which really create a heightened sense of alert for folks,” he said.

However, the new reality of a year-round fire season has pushed fire officials to emphasize that the community should be proactive in preparing for a potential blaze at any time. “When we have a foggy May or the ‘June gloom,’ that’s where we should be taking action for ourselves,” Nee said.

Wilson said Cal Fire will carry out fuel reduction projects in fire-prone zones, like prescribed burns and shaded fuel breaks — a wildland area where vegetation is removed to slow the spread of a fire. James Allen, Cal Fire CZU deputy chief of state operations, said the unit has assisted with prescribed burns in Santa Clara and Monterey counties already this year, and is planning for two more in Santa Cruz County in the near future — one in the Soquel Demonstration Forest and one in the Empire Grade area.

But the first step in fire preparation, officials stress, starts at home.

Scotts Valley Deputy Fire Marshal Erin Collins emphasizes that establishing defensible space — the buffer between your home and the surrounding area — is the most important thing a homeowner can do to prepare. That means removing any vegetation that could ignite and quickly spread to a house. In California, 100 feet of defensible space is required by law in wildland areas, and Collins recommends homeowners remove flammable objects from within a 5-foot radius of their home.

“To be honest, that gives people the most heartache, because these are beautiful plants that they have or patio furniture that has fabric cushions,” she said. “It’s that kind of stuff that we’re really trying to push removing or relocating those further away from your house.”

Collins said she inspects properties for defensible space by request,

complaint or even if she drives by a place and sees possible cause for concern.

Wilson said Cal Fire inspected 3,500 to 4,000 properties in 2024, and pointed to the agency's defensible zone guide that homeowners can follow for themselves. Nee said Central Fire aims to perform defensible space inspections from spring to fall: "That's when it seems like people are more receptive to it, because they see the state catching on fire, and they start reaching out."

Property owners who might tackle home maintenance projects, like creating defensible space or fixing areas where embers may get into the house, just once a year need to start making fire preparations year-round, Collins said. "Now, you're going to have to take care of it maybe three times a year." Wilson said that people might also consider upgrading certain home features, like roofs, to a non-combustible composite material.

So aside from clearing the area around your house of possible fuels for fires, what should people do before a blaze erupts? Pack a go bag or emergency supply kit and make a fire evacuation plan, said Wilson. It's also helpful for residents to make sure their home address can be easily seen from the street by emergency crews. And if people are forced to evacuate, it's best for everyone to travel in one vehicle.



A Central Fire District crew responds to the September 2022 fire at Michael's on

Main in Soquel. Credit: Kevin Painchaud / Lookout Santa Cruz

"If you have, say, 50 homes, and each of those homes have four cars on average, and they all left with three, you'd have 150 cars on the road," he said.

Nee added that Central Fire is promoting Firewise communities — a group of neighbors and community members who help each other prepare for fires and promote ideas such as creating defensible space and keeping useful supplies. He said those interested in forming a Firewise community can reach out to Central Fire, which can get them in touch with someone to provide guidance on getting started. The process is also laid out on the Fire Safe Council of Santa Cruz County website.

The more proactive people are, said Nee, the easier it will be to act fast if and when the next major fire comes.

"We cannot assume that these things are in a distant, faraway land. They're happening across the state and we should anticipate and be prepared for the fact that one day, this will come to our community again," he said. "It's in our best interest to be as prepared as possible."

"Help us help you is the baseline model," said Allen. He puts it simply: "Let's get all this stuff done ahead of time so that when something happens, your house is ready to go, and it can almost stand alone without a fireman there. You can leave the area and it's an easy win for us to save your house and not a real challenge."

Have something to say? Lookout welcomes letters to the editor, within our policies, from readers. Guidelines here.

santacruzsentinel.com

San Lorenzo Valley Water District hires Jason Lillion as new general manager

PK Hattis

~3 minutes

BOULDER CREEK — The San Lorenzo Valley Water District has found a new leader for its staff.

At its June 5 meeting, the district's board unanimously agreed to hire Jason Lillion as general manager. Lillion's first day will be July 1, and his base salary has been set at $250,000, according to a release from the district.

"We're pleased to welcome Jason as our new General Manager," said Board President Mark Smolley in the release. "His strong background in water systems management will serve the District well. We also extend our sincere thanks to Acting General Manager Jennifer Torres for her steady leadership throughout this transition."

Lillion has more than 26 years of experience with water systems and operations and launched his career in 1999 at the Indian Wells Valley Water District in Ridgecrest, California. Lillion has been there ever since and had been serving as the district's operations manager since 2012.

The district's top staffer is poised to oversee a number of critical projects that are meant to address aging infrastructure, wildfire hardening, reliability and water supply resiliency.

Lillion's appointment caps off a process to find a permanent general

manager for the district that began more than a year ago. Longtime district General Manager Rick Rogers retired in 2023 after almost 50 years with the district and was succeeded by Brian Frus on an interim basis. However, Frus resigned from the position last August after a tumultuous tenure, which lead to the appointment of another interim general manager in October, John Kunkel.

Kunkel filled the role until May when he was succeeded by the district's third interim General Manager Jen Torres, who also had experience as the district's secretary.

But the board itself also hasn't been immune from experiencing significant turnover in recent days and years. The district is actively looking to fill the seat of former director Jeff Hill, who resigned in May due to an increase in family obligations. The board also experienced at least two unexpected vacancies in 2024. Bryan Largay was appointed in June to fill the seat of former Director Gail Mahood and Alina Layng was selected to replace former Director Jayme Ackemann. Both Mahood and Ackemann moved out of the area, according to district media releases.

Largay and Layng both won election to full board terms in November.

The San Lorenzo Valley Water District services more than 7,900 metered connections primarily in the Santa Cruz Mountains and was established in 1941.

kqed.org

Suisun City Proposes Annexing Most of California Forever's New City

Adhiti Bandlamudi

9–12 minutes

Jun 9

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Wind turbines in Solano County outside of Suisun City on May 13, 2025. Suisun City's recent proposal to annex a portion of California Forever's land is raising questions from residents as to whether they will have a say in whether the new city gets built. *(Beth LaBerge/KQED)*

For months, Suisun City officials have been considering whether to annex

a piece of California Forever's land, where the company has proposed building a new city from farmland. Now, Suisun City staff are back with a plan for nearly the whole pie.

According to city documents released Friday, staff are recommending the city annex almost 23,000 acres of company-owned land, largely located where California Forever wants to build its walkable city. The move comes nearly a year after the company pulled an initiative seeking voter approval for the project from the November 2024 ballot.

The city's plan looks strikingly similar to what the company proposed last year, when it promised to bring thousands of new homes and jobs to Solano County. But the project faced backlash from county residents and local leaders, who called for more information and were skeptical of the company's myriad "guarantees," including for a sports complex and a water park.

Last July, California Forever CEO Jan Sramek said he would bring the initiative back to voters in 2026 after completing an environmental impact report and ironing out a development agreement with the county. But now that Suisun City officials want to incorporate California Forever's massive proposed development into their city, it is unclear whether voters will get a say in what gets built in their county.

The Suisun City Council is scheduled to vote Tuesday on a reimbursement agreement with California Forever that would allow the city to continue exploring the proposal. California Forever declined to comment on that agreement.





A sign says, 'Welcome to Suisun City' on Highway 12 in Suisun City on May 13, 2025. (Beth LaBerge/KQED)

Sadie Wilson, director of planning and research at the Greenbelt Alliance and a member of the group Solano Together, said the opportunity for public engagement is an important one for a project of this size and questioned whether the annexation process would usurp voters' ability to weigh in.

"While we might see what's going on in the process from an advocacy or public standpoint, there aren't the same ways to actually have your voice heard," she said.

But Suisun City Manager Bret Prebula rejected that idea.

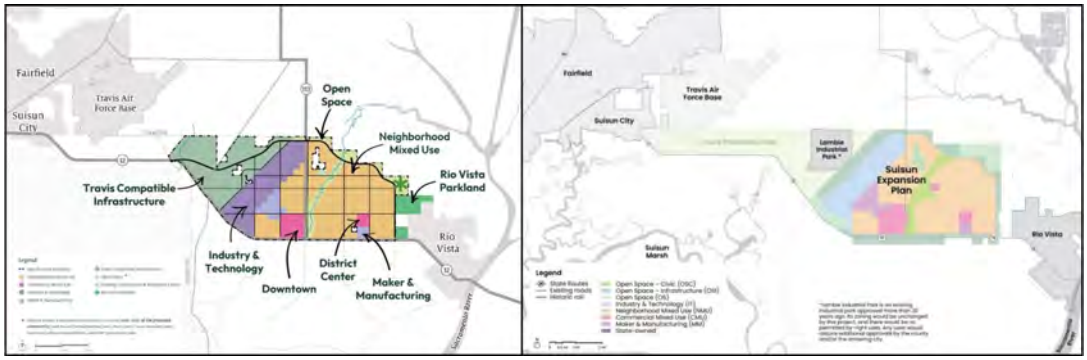
"Is this a trick that someone's trying to do backdoor things? The answer is no," he said. "Why is this beneficial? Because [California Forever gets] a governance and a culture from cities that is hard to do when you just do master-planned communities without it."

Prebula said the development could also benefit Suisun City, which has faced a structural budget deficit for years.

"Some don't want any expansion, but that's unrealistic in our state," he said. "We're gonna have this balance that happens between the need for commercial viability, jobs and housing stock expansion that will benefit the state, that will benefit the region, and it'll benefit the environment, too, because we're going to be able to keep people closer to their families [and] jobs here."

Of the 22,873 acres Suisun City wants to incorporate, about a quarter of the land would be preserved as a buffer zone between the new development and nearby Travis Air Force Base. Two-thirds of the

annexed land would be reserved for new neighborhoods, office and commercial buildings and open space, with another 1,410 acres for an industrial park.



Suisun City's annexation plans (right) look very similar to what California Forever proposed (left) for its new city last year. City staff are considering annexing nearly 23,000 acres of company-owned land and setting aside two-thirds of it for new homes, office and commercial space and open space. (Courtesy of California Forever, City of Suisun City)

With a large share of county residents currently commuting outside the county for work, Suisun City Mayor Alma Hernandez called the prospect of adding jobs and housing a "generational opportunity that will most likely never come again."

She said the proposal before the council is just the first step in a lengthy public process to determine what will be best for both her city and Rio Vista, which neighbors Suisun City and is also exploring annexing some of the company's land. In April, the two cities agreed to work together as both consider expanding their respective boundaries.

"Our position at this time is really, this is a starting point," she said. "We're very clear about it for ourselves: How do you build a community and expand in the right way? That is our position."

Rio Vista Mayor Edwin Okamura said he could not comment on his city's progress in those discussions or on Suisun City's plans because he and other officials were in the middle of negotiations themselves.





After the Suisun City Council approves the reimbursement agreement, it will enter into an extensive process which can take years — sometimes a decade — to complete. The city and developer will have to compile multiple reports detailing the financial burdens of annexing the land, what public services and infrastructure are needed to support it, and how the city will manage it. The proposal will have to be compliant with the California Environmental Quality Act and reviewed for possible environmental impacts.

Ultimately, the decision of whether Suisun City should annex that land will lie in the hands of the Solano Local Agency Formation Commission (LAFCO), an independent body of elected and appointed officials from across the county.

Alex Schafran, a land use expert who has raised questions about California Forever's project, said the company pursuing its new city through annexation could be "a less bad way" of getting a new development approved than through a ballot initiative. He said new cities should be built through conversation and negotiation with multiple stakeholders, not a yes or no vote.

"Where this thing belongs is being negotiated and debated between agencies, public entities, private entities," Schafran said. "We have a system that is designed to do governance, and now it is in that system, and that's where it should be."

Whether the proposal will get through the system is another matter entirely. As part of the annexation process, Suisun City will have to meet with county officials to hear what they think of the plan and decide how both municipalities will share the tax revenue generated there.



The intersection of Highway 12 and Highway 113 in Solano County outside of Suisun City on May 13, 2025. (Beth LaBerge/KQED)

County Administrator Bill Emlen did not immediately respond to KQED's request for comment, but he has previously said a city annexing large swaths of land in unincorporated Solano County would not align with the county's current general plan.

Suisun City Councilmember Princess Washington, a staunch critic of the company and its project, said the large scope of the annexation is why she has consistently voted against efforts to explore it. She wants the city to first focus on building within its existing borders before pursuing development outside of it.

Last week, California Forever offered to purchase $1.5 million worth of city-owned land in Suisun City's downtown area. If the city accepts that offer, it would help close its budget shortfall of between $1.3 million and $1.8 million. The offer, not contingent on the annexation talks, also

included a $55,000 grant to support city-sponsored entertainment events that were slated to be cancelled because of the deficit.

Washington said she welcomed those proposals because they are aligned with what she wants for her city, but remains skeptical about the annexation and whether it will solve the structural deficit.



"That's my hesitation as well with the annexation — not just the sheer landmass, but the amount of time and whether or not it'll pencil out because there are studies that show just because you grow out does not mean that you solve your structural deficits or you solve your fiscal problems," she said. "We can want to grow, but do we actually need to?"

But she noted that the city had been in this position when it had the opportunity to annex land that later became home to the Jelly Belly Factory and a Budweiser brewery, before Fairfield annexed it.

"We could have had that factory and industry, and we would have been in a better position, at least on paper. So I understand the need to explore," she said. "I'm curious to see how it happens. I mean, this is going to really be the greatest political exercise in California history."

But Wilson said the same issues her organization had with California

Forever's original plan still remain. Developing on farmland has environmental impacts that cannot be avoided, she said.

"The environmental impacts of developing in this area near the delta resources, near the Jepson Prairie, I think those [concerns are] still there," she said. "Paving over our farmland and unincorporated areas is something we can never get back."

Prebula does not see it that way. He said whatever is ultimately built on the unincorporated land would have to be balanced between protecting the environment and allowing responsible growth. And that something has to be done about the state's dire housing shortage.

"We have not done well, and it's largely because I think we have been stuck on these archaic policies and ways of operating," he said. "We could be a way to show the state: Here's how you expand to an older city and make it lift up itself and the region at the same time."

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✓ **Signed up.**

LATEST HEADLINES

Capitola City Council appoints Susan Westman to fill vacant seat



Susan Westman took her oath of office Thursday night after being selected to fill a vacant seat on the Capitola City Council. Westman's term will last through the end of 2026. (Contributed – city of Capitola)

By **PK HATTIS** | pkhattis@santacruzsentinel.com | Santa Cruz Sentinel

UPDATED: June 13, 2025 at 3:09 PM PDT

CAPITOLA — The Capitola City Council selected Susan Westman, a former city manager and current member of the Planning Commission, to fill a vacancy behind its five-member dais.

The decision was by way of a 3-1 vote at the council's Thursday meeting, with Councilmember Melinda Orbach voicing the sole dissenting opinion.

Westman, one of 13 candidates who applied for the role, breezed through the appointment process after she was quickly identified as the favorite candidate by Mayor Joe Clarke and Councilmembers Gerry Jensen and Margaux Morgan, with little hesitation or debate.

"I think my resume and my experience and my involvement in the community in being a current planning commissioner would allow me to hit the ground running and help Capitola move forward," Westman said as she made her case to the council prior to the vote. "We're all lucky to be here and we want to make certain that it's a community that continues to be welcoming for all kinds of people — young families who move in, people who want to retire, people who are renters, people who can afford to buy. We need to work together to make certain that we continue to be that kind of community."

Westman will finish the term of former Councilmember Alexander Pedersen who abruptly resigned from office May 8, citing his recent home purchase and plan to move to Santa Cruz, as well as what he called a campaign of legal harassment and intimidation from a local advocacy group as reasons for his departure.

His four-year term, assumed now by Westman, will expire in December 2026.



According to her application, Westman has more than 40 years of experience working

In the room Thursday, Westman received significant and enthusiastic support from the viewing public, including several family members and former city councilmembers.

“I’ve worked with Susan Westman for many years,” said former Councilmember Jacques Bertrand. “Every time I talk to Susan, I learn something new.”

Orbach had a different perspective. She believed, in an effort to promote the values of representative democracy, that it was important not to simply select the individual with the most experience, but the person that could represent the values of the citizens that put Pedersen in office.

This was especially true for Orbach when it came to the issue of the Santa Cruz County Regional Transportation Commission and its high-profile passenger rail project, which passes directly through Capitola. Pedersen had been serving on the commission as the city’s representative when he resigned.

Because she believes Pedersen was generally supportive of the commission’s current approach to the rail-trail planning efforts, Orbach said she didn’t believe it was appropriate to select anyone for the vacancy that endorsed, donated to or worked as an advocate for Greenway. Greenway was the local group that inspired the 2022 Measure D Greenway Initiative that sought to establish a trail on top of the Santa Cruz Branch Rail Line, where a passenger rail project is currently being studied.

The measure was defeated by voters countywide with 73% voting against and 26% voting in favor.

Earlier that year, Westman undersigned a guest commentary written in the Sentinel by Greenway members that argued for a trail on the rail line, and she’s also still listed as a Greenway endorser on its website.

“I’m committed in working in good faith with whomever the majority chooses,” said Orbach, who ranked Peter Wilk as her first choice to fill the vacancy. “But tonight, I have to use my vote to stand up for the residents of our community who are being disenfranchised by this decision and whose votes in the last several elections are being disregarded.”

Before the public comment period began, which featured speeches from several candidates, Orbach asked Clarke if she could ask one of the candidates some questions, but she didn’t say who. Clarke said the council could ask questions if the vote came to a draw, but that it wouldn’t be fair to single out one candidate and not the others, and Orbach agreed to that proposal.

Orbach attempted again to publicly question Westman after it had become clear she was the choice but was denied by Clarke.

Westman's appointment marked the second time the council had gone through the process of filling a vacancy since the start of the year. Westman also applied for the opportunity to fill the seat left empty by former Mayor Yvette Brooks in January but was passed over for Morgan.

"I think it's important that we all work together, we hear from all our citizens, that we're capable of making compromises, that we work with our staff and other agencies outside of Capitola who are involved in the city to make things happen," said Westman, "and continue to have our community be one of the best in Santa Cruz County and, personally, I think in California."

After Westman took her seat, the council unanimously agreed to make Morgan the city's vice mayor this calendar year.

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Around the Web

REVCONTENT

theunion.com

Ophir Hill fire district looks to combine with Nevada County Consolidated Fire District

Jack Carrerow Special to The Union

5–6 minutes

NCCFD board to discuss annual district report

The Nevada County Consolidated Fire District (NCCFD) board will discuss and possibly take action on the inclusion of Ophir Hill Fire Protection District during their upcoming Thursday night meeting. The consolidation is outlined in the 77-page “Plan For Service” document put out jointly by the Nevada County Consolidated and Ophir Hill Fire Protection districts.

According to NCCFD Chief Jason Robitaille, the report took about two years to complete, partly due to the dropping out of the Penn Valley and Rough & Ready fire districts who were originally involved.

“I did think it might be a little over ambitious to try and do this with four fire districts,” Robitaille said. “But we were able to go through and edit out information and stats that didn’t pertain to NCC and Ophir and this is the result.”

The combined district unfortunately will start with a negative fund position in 2025-26 of about -$588,480. In addition, the district would have to fund capital improvement program and previous debt obligations. In short, the 2025-26 total net position with capital expenses expected is estimated at -$975,306.

According to the report, the newly formed reorganized district will have to

find additional revenue sources in order to operate for the first fiscal year 2025-26.

“Unfortunately, costs exceed revenue, we’re understaffed and we live in a high risk district,” Robitaille said. “But we just have to move forward with what we have,” Robitaille added.

The report will be discussed at Thursday’s meeting of the NCCFD.

As in past years’ reports, every aspect of the fire districts is covered in the report, including fire prevention and safety services, EMS training, management and the Local Agency Formation Commission approval process.

Contained in the report are operational items like a proposed plan to reorganize the districts to standardize the administration and deployment of emergency resources. According to the report, this will ensure more consistent response levels of equipment to structure fires, vegetation and wildfires.

Financial items contained in the report include the funding measures initially established by ordinance in 1996, when the Fire Suppression Benefit Assessment District was created to help offset costs relating to fire suppression services within the area of NCCFD. In recent years, this benefit assessment has included a 3% cost of living increase per year based in concurrence with the terms of the voter-approved benefit.

The NCCFD implemented an additional special tax in 2012 for fire suppression, protection and emergency medical response services, which also included a Consumer Price Index increase or a maximum of 3% or whichever is less. On average, these assessments have grown by 3%, as projected by the CPI increases.

The report suggests that the aforementioned reorganization of the districts will help with bringing down costs and make the combined fire districts more effective.

Several other items will also be discussed for possible action.

Consolidated Fire District Board of Directors, including Resolution R25-14, would authorize a special tax for fire prevention, suppression and first responder medical services within the boundaries of the district. The district is requesting that the county should levy and collect this tax increase to $200 per parcel.

Other items on the agenda include discussions and possible action with regards to the transferring of funds. This includes Resolution 25-16 which calls for the transfer of $250,000 from Operating Fund 722 to Capital Reserve Fund 758 for equipment and vehicles, R25-18, the transfer of $50,000 from the Operating Fund 722 for equipment reserve and Resolution R25-19 which would transfer $54,200 from Special Tax Fund 734 to Operating Fund 722.

Also on the agenda for possible action are: The Regional Government Services Agreement for Management and Administrative services for 2025-26; establishing an appropriations limit for fiscal year 2025-26; adopting the preliminary budget for fiscal year 2025-26; the awarding of letters of commendation to various NCCFD employees; and the monthly report by Robitaille.

The meeting will be held at 7 p.m. Thursday, at 11329 McCourtney Road, Grass Valley.

pajaronian.com

CAO Carlos Palacios Resigns After 30 Years

Tarmo Hannula

3–4 minutes



PUBLIC SERVANT Carlos Palacios is shown before he was sworn in as the County Administrator Officer at the Board of Supervisors meeting in Santa Cruz in 2017. PHOTO: Tarmo Hannula/The Pajaronian

The Santa Cruz County Board of Supervisors announced that County Executive Officer Carlos J. Palacios will step down in December after more than 30 years in local government leadership. He was sworn in as county administrative officer in 2017, becoming the county's first Latino leader following 20 years as the city manager of Watsonville.

"It has been the honor of a lifetime to serve the people of Santa Cruz County," Palacios said. "I am incredibly proud of the progress we have made together—from responding to crises to building a stronger, healthier

and more equitable community. None of it would have been possible without the tireless work of county staff, the partnership of community organizations, and the leadership of the Board of Supervisors. I look forward to supporting a smooth transition and seeing what the future holds for this remarkable county."

Board of Supervisors Chair Felipe Hernandez added, "Carlos was Watsonville's city manager when I served my first term as councilmember. He has been one of the most consequential public servants in the history of Santa Cruz County. He led us through some of the toughest times our community has ever faced—from wildfires to a pandemic to historic flooding—with grace, resolve and a deep sense of compassion."

One of Palacios' signature accomplishments was the creation of Santa Cruz County's first Strategic Plan, a community-informed roadmap to guide operations and policy priorities, said Jason Hoppin, public information officer for Santa Cruz County.

The plan was complemented by an Operational Plan and a public-facing dashboard to track progress, earning a 2021 California State Association of Counties Merit Award for innovation in government operations.

Hoppin said that Palacios played a key role in the acquisition and renovation of 500 Westridge Drive in Watsonville, the new South County Government Center in the Pajaro Valley at the former West Marine facility.

Other accomplishments by Palcios:

- Establishing the Office of Response, Recovery & Resilience (OR3), which improved disaster preparedness and groundwork for improving community resilience to the impacts of climate change.
- Helped establish the Public Defender's Office, transitioning from a decades-long contract model, and worked with the Sheriff's Office to reopen the Sobering Center to provide care-first alternatives to incarceration.

- Helped lead a successful unification of the Planning and Public Works departments into the Community Development and Infrastructure Department, streamlining permitting processes and customer service and creating the Unified Permit Center.
- Launched the county's Housing for Health Division, aligning homelessness response with behavioral health and supportive housing and the Children's Crisis Stabilization Center, and launched the Focused Intervention Teams and mobile crisis response units.
- Spearheaded the transformation of Watsonville Community Hospital into a public entity.

Photo

Palacios file

sacbee.com

These Northern California fire districts could fold. ‘People would end up dying’

Ishani Desai

15–18 minutes

Dunnigan Fire Department chief David Garrison shares his concerns on May 20, 2025, about the future of the volunteer department as costs increase for equipment and maintenance. By HECTOR AMEZCUA

Fire Chief David Garrison surveyed fields of golden grass in Yolo County connected to him for generations.

He drove through Dunnigan on a recent morning recalling fighting fires across the small area’s rolling wildlands early in his career. Garrison, chief of the Dunnigan Fire Protection District and sworn to protect about 1,300 residents, is among 15 rural district chiefs representing unincorporated parts of Yolo County. And he is among those on the front lines fighting for the survival of their district.

In these rural parts, firefighters do not just extinguish flames. They are often the fastest emergency medical providers, clear clogged roads and disperse sandbags as storms flood crumbling arteries. Each fire district, composed mostly of volunteers, steps up to ensure people’s survival as ambulances need at least 30 minutes to reach residents to provide critical care.

Without these fire departments, “people would end up dying or structures would end up burning down,” said Dunnigan resident Lawerence Lindberg, 52.

But the world has evolved and the fire agencies’ model has not kept pace, fire chiefs said. Plunging rates of volunteer firefighters — now the

mainstays of most departments — deplete forces as first responders flock to paid positions. Call volumes have generally increased. The rising cost of equipment hollow out budgets.

“Eventually (the failure of rural fire districts is) going to reach people all over the state,” Garrison said. His fire district and others lend firefighters to extinguish historic wildfires all over California.

Lawrence Lindbergh, 52, a resident of Country Fair Estates in Dunnigan, talks in May about the care received from members of the Dunnigan Fire Protection District after a fall. Lindbergh said he’s concerned about the budget problems with the community’s fire department.

Lawrence Lindbergh, 52, a resident of Country Fair Estates in Dunnigan, talks in May about the care received from members of the Dunnigan Fire Protection District after a fall. Lindbergh said he’s concerned about the budget problems with the community’s fire department. HECTOR AMEZCUA hamezcua@sacbee.com

The lack of funding is exacerbated as Cal Fire listed parts around Dunnigan, in a district that borders Colusa County, under high or moderately high fire risk.

Fire protection districts are not county agencies and are responsible for generating their funds, which come from property taxes. Still, the Yolo County Board of Supervisors recognized the “vital services” provided by rural firefighters and attempted to help by allocating one-time general funds in the 2021-22 fiscal year budget and additional funding the following fiscal year, a Yolo County spokesperson said.

“While we have provided technical support and one-time funds, fire

districts are separate agencies from the county and ultimately responsible for securing their own long-term funding," the spokesperson said in a prepared statement.

The very survival of some fire districts hinges on their ability to enact solutions. But in a county containing areas with different priorities and needs, a singular consensus and solution is hard to come by. The varying opinions extend to residents.

Fire chiefs have attempted to pass Proposition 218, a fee to raise money for personnel and equipment. Some districts approved the assessment while others rejected it. In Dunnigan, 80% of residents voted against the fees, the highest rejection across all the districts in 2023 and 2024, according to county election data.

Ballots have begun being mailed to residents of districts in Esparto, Clarksburg, Yolo and Springlake to again weigh in on the new fees. Voters living in those districts rejected the assessment in years past.

Multiple Yolo County fire districts now respond in unison for large-scale incidents, such as fires or farming accidents, Garrison said. The lack of funds could lead to the dissolution of a district, which will transform the landscape of public safety across the region, he said.

"If Dunnigan Fire goes away, you are going to have ripple effect on every other department in the county," Garrison said.

"When you start taking a piece out of the puzzle, eventually that's going to cause another piece to fall out of the puzzle," he added, "and then another and another."

David Garrison, chief of Dunnigan Fire Protection District, stands in the station house in May. Garrison is concerned that his department may soon run out of funding.

David Garrison, chief of Dunnigan Fire Protection District, stands in the station house in May. Garrison is concerned that his department may soon run out of funding. HECTOR AMEZCUA hamezcua@sacbee.com

Volunteerism at Yolo County fire districts

Volunteerism across the fire districts has deep roots, dating to the 1700s, when fighting fires fell on the shoulders of residents living in their communities, according to a 2019 report created by the Yolo County in the wake of challenges endured by fire protection districts.

Esparto Fire Chief Curtis Lawrence fondly recalled one of his best volunteer members on the force — a man in his 70s with deep ties to the community. This first responder does not have a chance to retire because of the difficulty to recruit staff, he said.

Outside of fire departments, few governmental agencies rely on volunteers to provide services to the community, Lawrence said.

“You don’t see volunteer sheriffs on the road,” he said. “You don’t see volunteers out paving the highways. You don’t see volunteer teachers.”

Since the 1980s, volunteer rates have declined. If the downward trend continues, there will be about half the number of volunteers as 20 years ago, according to a 2022 projection.

Paul Dicus, 19, a volunteer firefighter for the Dunnigan Fire Protection District, conducts a maintenance test on his self-contained breathing apparatus in May. The department faces financial struggles as they attempt to keep up with high cost of equipment.

Paul Dicus, 19, a volunteer firefighter for the Dunnigan Fire Protection District, conducts a maintenance test on his self-contained breathing apparatus in May. The department faces financial struggles as they attempt to keep up with high cost of equipment. HECTOR AMEZCUA hamezcua@sacbee.com

Volunteer firefighters make up about 65% of the entire firefighting force in America. In 1984, that workforce numbered 897,750 but dropped to 220,850 people by 2020, according to a May 2023 FEMA report. Over these years, the U.S. population boomed from nearly 236 million to more than 331 million.

Besides falling numbers of volunteers, the Dunnigan Fire Protection District grapples with high turnover. On a recent visit to its fire station, one firefighter was leaving the same day as a new recruit joined the force.

The number of sufficient volunteers is inconsistent across each Yolo County fire protection district. Zamora Fire Chief Chase Covington said he has about 16 volunteers for an area that takes about a minute to drive from end to end. The district has sufficient volunteers to handle its call volume, according to a 2022 report by the Yolo Local Agency Formation Commission.

“Luckily, a lot of our volunteers know a lot of people,” Covington said.

High fire equipment costs

The Zamora Fire Protection District, to buy a bright new fire engine, has a truck fund it keeps to save up for a vital piece of equipment — that’s if money is left over in the budget at the year’s end, Covington said.

But with paltry funds, it could take decades to buy a brand new truck, which industry standards say should be replaced every 10 years. A firefighter union estimated last month that costs of trucks doubled over the past few years, with pumper trucks costing about $1 million and ladder

trucks skyrocketing to $2 million.

Most fire districts' entire budgets are way less than $1 million.

Dunnigan Fire Protection District members conduct brush fire training in May.

Dunnigan Fire Protection District members conduct brush fire training in May. HECTOR AMEZCUA hamezcua@sacbee.com

High costs, which local fire districts attribute to inflation, cause consternation for local budget managers. Fire trucks aren't the only costs — departments must also buy equipment to aid their firefights and to render medical aid. Those costs have increased, too, said fire chiefs.

Dunnigan also has one of the highest call volumes throughout the district, with about 551 requests for help per year for 1,110 residents, according to a 2022 Yolo Local Agency Formation Commission report about fire protection districts. The number of calls increased by 42% in three years, from fiscal year 2018 to fiscal year 2021, according to the report.

The Willow Oak Fire Protection District, with more than double the population size, had 554 calls. The Esparto Fire Protection District recorded 589 calls for 3,780 residents, the report said.

'Change in our model'

To fund his budget, Garrison said he receives about $220,000 worth of property taxes in his budget.

Yolo County collects the second-lowest share of property taxes across

the state, said the county's chief fiscal officer during Board of Supervisors' June 10 meeting.

Garrison, who receives a stipend as a volunteer chief, works seven days a week while trying to balance the responsibilities of his separate day job. His kids eat dinner at the station as he attends meetings with Dunnigan's governing body and with the county.

That Dunnigan locals rejected the Prop. 218 assessment is understandable to Garrison. He called the area's residents principled people — "the world probably needs more people like that" — and he hails from a similar background. Three fire chiefs across Yolo County identified a general mistrust in government for the failure of the initiative.

With his deep-rooted connections to Dunnigan, Garrison called the possibility of the district folding heartbreaking. The closure of Dunnigan Fire Protection District would prompt changes to response times, service costs shouldered by residents and societal changes by replacing local firefighters.

David Garrison, chief of Dunnigan Fire Protection District, stands in the station house in May. Garrison is concerned that his department may soon run out of funding.

David Garrison, chief of Dunnigan Fire Protection District, stands in the station house in May. Garrison is concerned that his department may soon run out of funding. HECTOR AMEZCUA hamezcua@sacbee.com

"It's hard," he said. "You feel like you're failing, and you're letting those

people down."

Stephanie Weir, a Dunnigan resident, recalled how she called firefighters five times in one week to simply help lift her husband after he fell on the floor. In her 70s, she did not have the strength to help him off the ground.

Some believe the county should provide more funds. Dunnigan residents, during a March Board of Supervisors meeting, expressed frustration that sales tax generated by local businesses goes straight to the county.

"Dunnigan is out of sight, out of mind," Mel Smith, a developer credited for bringing growth to the area, said during the meeting.

But Yolo County Counsel Phil Pogledich said sharing sales tax with a special district is not expressly allowed under state law. Supervisor Oscar Villegas added diverting sales tax away from the board does not allow for flexibility across flush or lean fiscal years.

"That's dangerous for us as a board," Villegas added during the meeting.

California counties with rural fire districts have grappled with similar problems felt in Yolo County. Many consolidated protection districts into one agency — similar to the Sacramento Metropolitan Fire District — or contracted with Cal Fire.

In order to maintain services, fire protection districts have to come up with creative solutions.

The Esparto Fire Protection District entered into a joint operating agreement with neighboring fire district Capay Valley to create a shared position and contract out the firefighter to afford the salary, Lawrence said.

Lawrence is in one of four paid positions and he works full time at the station. The district also receives about $45,000 from the Yocha Dehe Wintun Nation, a local Native American tribe.

Esparto residents are among the few that will be asked to approve increased fees through the Prop. 218 assessment this month. Lawrence, after listening to people's concerns of high costs, said the new assessment decreases fees from a 2023 attempt to pass it.

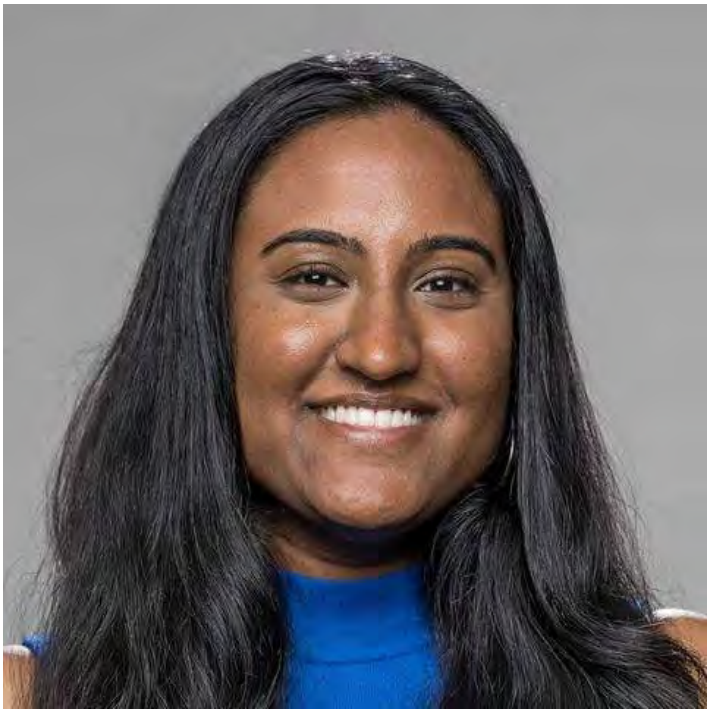
Fire chiefs across Yolo County have differing opinions on the best solution. For Garrison, he believes a sales tax geared toward rural communities could be of help, and does not believe that consolidation could help maintain the same level of service for the same costs — residents would have to bear increased costs with alternative solutions, he said.

Lawrence, for his part, has kept an open mind and believes all options should be explored.

“If we are thinking about what we’re doing today, I think we are failing at our job,” he said. “That’s not our job. As fire chief, our job is preparing for what is coming in the future.”

“We need to start preparing ourselves for a change in our model.”

This story was originally published June 24, 2025 at 5:00 AM.



Ishani Desai is a government watchdog reporter for The Sacramento Bee. She previously covered crime and courts for The Bakersfield Californian.

sonomanews.com

Sonoma Valley Fire District welcomes new board of directors

ISABEL BEER

4–5 minutes

Sonoma Valley Fire District completes the final step in Kenwood Fire Protection District merger by welcoming new board of directors.



Sonoma Valley Fire District welcomed two new board members from the

Kenwood Fire District on July 1, 2025. (Kenwood Fire Protection District)

INDEX-TRIBUNE STAFF WRITER

July 2, 2025

2 minute read

The Sonoma Valley Fire District officially welcomed a newly expanded board of directors Tuesday, July 1, marking the final step in its long-planned merger with the Kenwood Fire Protection District.

The special meeting, held at Station 1 in Sonoma, followed the recent filing of a certificate of completion by the Sonoma County Local Agency Formation Commission (LAFCO), which formally dissolved the Kenwood fire district and annexed its territory into Sonoma Valley's jurisdiction.

First proposed in 2024 and jointly petitioned by both agencies, the merger was driven by shared operational goals and a desire to streamline services. LAFCO approved the consolidation in February after finding insufficient public protest to trigger an election.

Two former Kenwood directors, John Cooper and Robert Uboldi, were sworn in during the meeting, joining five returning Sonoma Valley board members to form a new seven-member governing body that includes President William Norton; Vice President John "Matt" Atkinson; Treasurer Mark Johnson; Director Brian Brady; and Director Mark Emery.

The board will serve staggered terms, with four seats up for election in 2028 and the remaining three in 2026.

"This board is a little bigger than Kenwood, and we're really excited to be moving forward," Uboldi said. "It's great to represent Kenwood and support SVFD on the board."

Outgoing board members Terrence Leen and Nick Greben, who had each served for more than a decade, were recognized for their long-standing commitment.

"It was my honor and pleasure to serve on the board," Leen said. "I know

this board will continue leading the district in a positive direction."

Greben, owner of Grebennikoff Vineyards, said he looked forward to spending more time tending to his grapes, but expressed confidence in the new board's leadership.

"I'd like to welcome both of you," Greben said to Cooper and Uboldi. "You're going to like it here — it's a great bunch of people, and you've got a great chief."

Their departure was also acknowledged by Local 3593 President Christopher Derner, who credited both directors with supporting the union's efforts during a period of significant growth.

"Through that entire process, we knew we were supported and in alignment with your leadership," Derner said. "That kind of partnership isn't always common, and it doesn't go unnoticed."

Fire Chief Steve Akre congratulated the incoming directors and thanked the outgoing members for their years of service.

"All of our consolidations have brought measurable improvements to service," Akre said. "I know that a key priority for all of you going forward will be the safety and wellbeing of our people, right alongside service to the community."

You can reach Staff Writer Isabel Beer at 707-933-2734 or isabel.beer@pressdemocrat.com. On X (Twitter) @IsabelSongBeer

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PRESS RELEASE: Orange County water agencies prevail in major groundwater rights case, safeguarding water equality for 2.5 million residents

SoCal water agencies

4–5 minutes

Press release from Mesa Water District

In a major victory for water justice and regional collaboration, several Orange County water agencies, including Mesa Water District (

Mesa Water®

), have successfully concluded a multiyear legal dispute that ensures the continued protection of the Orange County Groundwater Basin (Basin) — the primary source of drinking water for 2.5 million residents.

Five Orange County water departments and special districts joined forces as cross-complainants in the case of Irvine Ranch Water District (IRWD) v. Orange County Water District (OCWD). Mesa Water and fellow cross-complainants have now received payments from IRWD to cover litigation costs. These agencies united to defend the public's access to a vital water supply and to prevent legal maneuvers that could have unfairly shifted costs and water rights in IRWD's favor. A summary of the multi-phase litigation and outcomes is posted at

www.mesawater.org/about-us/orange-county-groundwater-basin/orange-county-water-district-ocwd-prevails-irvine-ranch

.

“This is more than a legal win — it’s a win for every family, business, and community that depends on this local water supply,” said Marice H. DePasquale,

Board President

of Mesa Water. “The Court of Appeal’s decision affirms the principles of fair and transparent groundwater management and reflects our commitment to protecting ratepayers from unnecessary and unfair costs.”

The case, filed by IRWD in 2015, sought changes to the longstanding management of the Basin. Had it succeeded, the lawsuit would have allowed IRWD to extract more water from the Basin while paying less than the other 18 Groundwater Producers, disrupting long-standing cooperative management of the Basin and potentially increasing costs for millions of customers.

Instead, the courts sided with OCWD on 16 of 17 claims — a resounding affirmation of the OCWD’s stewardship of the Basin. The decision, upheld in October 2024 by the California Court of Appeal, ensures that the Basin continues to be managed fairly for the benefit of all.

“This decision sends a powerful message,” added DePasquale. “When it comes to responsible water management, we must always put the community first. This victory safeguards the future of our most precious natural resource — not just for today, but for generations to come.”

The Basin supplies up to 85% of the drinking water to the region’s 19 Groundwater Producers, which serve communities across north and central Orange County. By intervening in the litigation, the cross-complainants helped ensure that any changes to Basin management would be equitable and data-backed — not driven by individual agency interests.

IRWD’s agreement to pay the litigation costs of the cross-complainants marks a conclusive end to the years-long dispute.

More information about the case can be found in the press release below

and a summary of the outcomes can be found here.

About Mesa Water

Founded on January 1, 1960, and governed by a publicly-elected, five-member

Board of Directors

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Mesa Water District

is an independent special district that provides water service to 110,000 residents in an 18-square-mile service area that includes most of the City of Costa Mesa, parts of Newport Beach, and unincorporated Orange County including John Wayne Airport. Mesa Water provides 100 percent local, reliable groundwater to its customers due to the expansion of its

Mesa Water Reliability Facility

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San Simeon Community Services District in dire straits

~4 minutes

July 22, 2025



By KAREN VELIE

Amid a financial crisis, the San Simeon Community Services District general manager and one of four remaining board members quit effective immediately during the past two days.

Former Interim General Manager Geoff English submitted a letter of resignation on July 21. In his letter, he apologized for his sudden departure related to issues with his status as a government retiree.

“Given my status of a public retiree, I am unable to serve in the role of Interim General Manager or enter into any contractual arrangement for services,” according to English’s letter of resignation. “I sincerely apologize for the circumstance and will do my best to assist the Board of

Directors on your next management transition."

The next day, on July 22, San Simeon CSD Director Jacqueline Diamond sent an email announcing her resignation.

"I hereby resign my position on the Board of the San Simeon Community Services District, effective immediately, due to ongoing health issues and recent changes to district dynamics," Diamond wrote in here email. "Thank you for the opportunity to serve."

Currently spending $25,000 a month from its reserves, the district is in the danger zone. Since 2018, hotel tax revenues are down 47% and the district's water sales have declined 35%.

The district has considered raising sewer and water rates by 30 to 50%, however, district directors worry a rate increase will harm the disadvantaged community and struggling businesses.

A string of mudslides led to multiple year closures of Highway 1, preventing people from driving from San Luis Obispo County to Monterey on the scenic highway, leading to fewer hotel guests.

During a meeting CalTrans held on July 19, public officials and members of the business community discussed the financial issues caused by the lengthy road closure. One hotelier said his hotel was $250,000 in the red last year.

Multiple hotel owners blamed President Donald Trump for the lack of foreign tourists in 2025.

Plagued by years of mismanagement, the San Simeon Community Services District Board of Directors voted unanimously in March 2024 to dissolve the district and have the county take over all services.

The district then prepared and sent a formal application for dissolution to the San Luis Obispo Local Agency Formation Commission (LAFCO).

Following a 30-day review, LAFCO reported it could not finish processing the application because it was inadequate. The San Luis Obispo County

Board of Supervisors then voted to proceed with a study to dissolve the district and either make it a county service area or have it merge with Cambria.

One current proposal is to have Cambria take over wastewater treatment while having the county manage water, lighting and road maintenance.

However, the proposed dissolution could take several years, while the district risks financial insolvency because of a lack of leadership, staff and revenue.

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publicceo.com

Blythe City officials push for solutions amid financial crisis at Palo Verde Hospital

Ted Hwang

4–5 minutes

- View Larger Image



With the future of emergency care in Blythe uncertain, the City is taking urgent steps to protect access to life-saving hospital services, partnering with regional and state leaders to stabilize Palo Verde Hospital operations. The City's decisive actions are in an effort to ensure the long-term viability of local emergency care for residents and address

the ongoing financial crisis affecting the Palo Verde Health Care District.

Prompted by growing community concern earlier this year, city officials began investigating the hospital's fiscal challenges and advocating for urgent intervention. Representatives from the City have been actively participating in Palo Verde Health Care District Board meetings, posing critical questions and demanding transparency. Simultaneously, outreach to Riverside County and State agencies has focused on identifying collaborative solutions and securing vital support.

Mayor Joseph DeConinck formed an Ad Hoc Committee, consisting of Vice Mayor Johnny Rodriguez and Council Member Sam Burton, to coordinate these efforts and chart a path toward sustainable hospital operations.

"The people of Blythe deserve access to reliable, high-quality emergency medical care," said Mayor DeConinck. "Our City is fully committed to doing everything in our power to protect that access, working hand-in-hand with our partners at the County, State and Federal levels."

As part of this effort, the City formally requested a Municipal Service Review (MSR) from the Riverside Local Agency Formation Commission (LAFCO). The MSR, which will be presented at the LAFCO Board meeting on September 25, is expected to include key findings and recommendations aimed at helping the District overcome its financial obstacles and pursue a stable future.



Riverside County has emerged as a vital partner in these efforts, leading the organization of multiple working groups to support hospital operations, displaced staff and the broader community. The County's Housing and Workforce Team has already hosted a rapid response event and is

working closely with the District to assist affected employees.

Further bolstering these efforts, U.S. Senator Alex Padilla recently announced the allocation of federal funding to support financially at-risk hospital districts, including Palo Verde. This funding — tied to the reinstatement of withheld Medi-Cal and Medicare payments — will improve the District's immediate cash flow. However, long-term recovery will require continued investment and strategic support.

In addition, a request for $4 million in emergency State funding has been submitted to the Governor's Office. While this request is under consideration, State budget limitations mean the timing and availability of funds remain uncertain.

The City of Blythe reaffirms its dedication to preserving local emergency services and will continue to engage with residents, partner agencies and elected representatives to ensure a well-funded, functional hospital system for the future.

For continued updates and ways to get involved, follow the City of Blythe on social media: Facebook, Instagram and X.

santacruzsentinel.com

Santa Cruz-Scotts Valley intertie project entering final phase

Aric Sleeper

3–4 minutes

Estimated completion date is winter 2026



Scotts Valley Water District pumps nearly all of its water from groundwater reserves that are recharged by rainfall. (Contributed – Scotts Valley Water District)

SCOTTS VALLEY — The Scotts Valley-Santa Cruz intertie project, which will connect the water supplies of the Santa Cruz Water Department and Scotts Valley Water District, is nearing its final phases, and portions of La Madrona Drive will be closed in early August as it's being repaved.

According to a statement from the city of Santa Cruz, "The critically important project will dramatically increase system resilience, improve emergency preparedness and ensure the availability of reliable, safe drinking water for customers of both agencies."

Because the roadway will need to be fully closed and to minimize the disruption of weekday traffic, paving work on La Madrona Drive is

scheduled for Aug. 9. That day, La Madrona Drive will be fully closed to traffic from Sims Road to the 6000 block of La Madrona Drive, just south of the Santa Cruz-Scotts Valley Hilton Hotel. The Sims Road exit from southbound Highway 17 will also be closed. Drivers should plan to take alternate routes, including Highway 17, Sims Road or Mount Hermon Road.

The statement said that while workers are actively paving the road, the southbound lane of La Madrona Drive will stay open where possible with traffic control. Steel plates will be used to maintain driveway access as needed for residents and emergency vehicles will have full access. Those who live nearby will be notified prior to the paving work with door hangers and signage at various locations.

The intertie project consists of the placement of 2 miles of new pipeline and a pump station, and will serve as the final component to connect public water systems from Boulder Creek to La Selva Beach. The new length of pipeline will run along La Madrona Drive, Sims Road and Firehouse Lane in Pasatiempo. The pipeline will connect the Santa Cruz Water Department's Kite Hill Tanks to the new pump station, which will be located at 6000 La Madrona Drive.

The path of the pipeline was chosen to minimize and avoid damage to the surrounding environment. According to the city, habitat restoration is a component of the project and includes native plant seeding, protecting rare plants and removing invasive and non-native species in work areas.

The project is estimated to be completed in winter 2026 and is funded in part by a $6.5 million grant from the California Department of Water Resources and cost-sharing between the two water agencies. The Santa Cruz Water Department serves about 100,000 customers and manages about 4,000 acres of watershed lands. The Scotts Valley Water District serves the city of Scotts Valley and unincorporated areas north of the city.

For information and updates, visit cityofsantacruz.com.

Originally Published: July 31, 2025 at 11:03 AM PDT

santacruzlocal.org

Felton residents could face tax proposal for fire service

Jesse Kathan

6–8 minutes

Felton Fire collects about $1.1 million annually, the report stated, and "lacks adequate funding to provide an appropriate level of fire protection and emergency medical services to its respective community."

Ahead of a Felton Fire board meeting Friday, district leaders said they will likely pursue a tax proposal in hopes of keeping the district independent.

"No matter what, change is coming, and unfortunately change looks like money," said Interim Chief Issac Blum in an interview.

Report

A LAFCO report outlines the options for the future of Felton Fire. (LAFCO of Santa Cruz County)

A LAFCO report ranks options for the future of Felton Fire. (LAFCO of Santa Cruz County)

The issues facing Felton Fire, including low volunteerism and mounting costs, challenge similar fire districts across the country, said LAFCO Executive Director Joe Serrano.

Within Felton Fire, "you're struggling with finances, you're struggling with volunteers, and you also don't have a full-time fire chief," Serrano said. "These are all concerns that I'm hoping that they can address."

With the report, Serrano said he hopes to give residents and Felton Fire's board of directors information to decide the district's future.

The LAFCO report ranks 12 options, including:

- Dissolve to merge with another district.

- Remain an independent special district.
- Hire another district for service.

The report's four top-ranked options are mergers with nearby districts:

- Zayante Fire.
- County Service Area 48, known as Santa Cruz County Fire.
- Ben Lomond Fire.
- Boulder Creek Fire.

Zayante Fire adjoins Felton Fire and last summer responded to scores of 911 calls in Felton Fire's service area. In June, the Zayante Fire Board of Directors renewed a 2024 reciprocal service agreement for each district to pay for emergency response from the other.

CSA 48 covers much of the North Coast and San Lorenzo Valley. Last year, the Pajaro Valley Fire District applied to be absorbed by CSA 48. The merger has not been finalized.

CSA 48 is governed by the Santa Cruz County Board of Supervisors and is served through a contract with Cal Fire, but could become an independently governed special district. County staff, CalFire and LAFCO are researching the proposal, which could allow the new district to hire its own firefighters. The process would likely take more than a year, Serrano said.

If leaders of Felton Fire and another agency pursue a merger, LAFCO would require a detailed study on the potential call response times and the financial sustainability of the district, before voting on the merger. If more than 25% of residents or 25% of landowners in either district protest the annexation, it would go to a special election.

The LAFCO report gives Felton Fire until Oct. 6 to choose an option. If Felton Fire leaders choose to remain an independent district, they must submit a detailed operation and finance plan.

If Felton Fire doesn't have a plan by Oct. 6, LAFCO could begin the process of merging Felton Fire with another agency. But that process would still legally require cooperation from Felton Fire and the absorbing agency, Serrano said.

"This is not a hostile takeover," he said. "This is not something LAFCO can force on them."

Blum, the interim fire chief, said he wants the agency to remain independent. Since the end of the contract with Ben Lomond Fire, Blum said, Felton Fire has gained volunteers and has not relied on other agencies to respond to its calls. But he said he agrees with the report's findings that depending solely on volunteers is not sustainable.

"I felt kind of vindicated for my understanding of where we're at with things," he said.

Jim Anderson, who sits on the Felton Fire Board of Directors, said he wants to ask voters to support Felton Fire with a new tax, but that the district may have to eventually pursue a merger. "If the public is not interested in supporting us in another fashion, then it pretty much gives us no choice."

Anderson is also a LAFCO commissioner, and said he would abide by the LAFCO attorney's guidance whether to recuse himself from decisions involving Felton Fire.

Possible new tax

Whether Felton Fire remains an independent district or merges with another, residents will likely consider a new tax for fire service.

If Felton Fire merges with another agency, residents would inherit any parcel taxes or assessments those districts charge. For example, a merger with Zayante Fire would mean Felton Fire residents would pay a special tax approved by Zayante Fire voters in November 2024. That tax charges $50 for a vacant parcel less than 5 acres, $100 for a vacant parcel more than 5 acres, and $290 for any parcel with homes or other buildings.

If Felton Fire is absorbed by CSA 48, residents would pay a benefit assessment that would range in price based on the property size and buildings. The assessment is about $367 for a typical single-family home, according to the report.

If Felton Fire leaders decide to stay independent and hire on its own staff, they'd need to propose a new tax — either a parcel tax or a benefit

assessment. Either tax can either be assessed as a flat rate or differ by property.

A parcel tax would need 66% voter approval, and could be considered during the June 2026 election.

A benefit assessment can be proposed at any time. Property owners cast mail-in ballots, and their votes are weighted based on the amount they would pay. District residents who don't own property would not vote.

Felton Fire may not need a new tax if it remains independent but contracts with Boulder Creek Fire Protection District or Zayante Fire to provide services, the report stated.

Meeting Friday

Friday, Felton Fire directors are set to meet and discuss the report. A decision will require input from residents, and would likely be made at a future board meeting, Blum said.

"No matter what happens, there is going to be a financial burden to that, or obligation," Blum said. While consolidation is an option, "you're going to lose the ability to have your own voice heard within your community," he said.

Sept. 3, Serrano is set to update LAFCO commissioners on the situation.

He said he wants to reassure residents that his agency isn't going to unilaterally make a decision on Felton Fire's future. "I understand we're talking about people's community and their community identity," he said.

Correction: This story was updated to reflect Jim Anderson's position on the Felton Fire Board of Directors.

Read more

- Felton Fire loses chief, service contract with Ben Lomond — May 14, 2025
- Felton Fire aims for new contract with Zayante Fire — May 30, 2025

pajaronian.com

College Lake Water Supply Project wraps up

Tarmo Hannula

3–4 minutes



Michael Jaeger leads a tour Friday of the new College Lake Water Supply Project on Holohan Road. (Tarmo Hannula/The Pajaronian)

Over 100 people gathered on Holohan Road Friday to celebrate the completion of the Pajaro Valley Water Management Agency's (PVWMA) new College Lake Water Supply Project.

The landmark project, designed to protect the Pajaro Valley's groundwater resources, includes a water intake and fish passage facility, a water treatment plant and a 6-mile-long, 30-inch diameter treated water pipeline to convey water from College Lake to thousands of acres of area farmland.

"This new water supply facility will produce around 2,000-acre feet a year," said PVWMA General Manager Brian Lockwood. "In this area, that's enough to irrigate about 1,000 acres of typical Pajaro Valley crops."





Community leaders and the public tour the College Lake Water Supply Project. (Tarmo Hannula/The Pajaronian)

Lockwood added that the project will provide a passageway for critically endangered south central coast steelhead, and preserve habitat for migratory water fowl.

“And it will help protect the agricultural way of life in the Pajaro Valley,” Lockwood said.

The project kicked off in May 2023.

The pipeline—which had to be laid across and under agriculture lands, and under highways through Watsonville—also aims to help stop seawater intrusion, reduce groundwater overdraft and achieve sustainable groundwater resources.



State Sen. John Laird, (from left) presents a certificate of recognition to PVWMA board member Mary Bannister and General Manager Brian Lockwood. (Tarmo Hannula/The Pajaronian)

"This is exactly what we are trying to do with the state—to be resilient through the face of climate change; to do what we can to diversify and protect our supplies, protect our water quality and manage our ground water basins locally," said Dorene D'Amato, who serves as Vice Chair on the California State Water Resources Control Board.

State Sen. John Laird delivered a certificate of recognition to PVWMA for their accomplishment.

"In Santa Cruz and Monterey County we do not import water, so we have to survive on what drops from the sky or is in the ground," he said. "You now have about a 25 to 30-year head start on the sustainable ground water management act. So that is why people from around the state are looking at the recycling plant and this project to see what you are doing to see what they should be doing. The overall goal here is to be sustainable locally and that is what this project at the recycling center has done."

•••

The College Lake Water Supply Project is located at 76 Holohan Road. For information, visit pvwater.org/college-lake-project.

sierrasun.com

North Tahoe residents push for town incorporation

Petra Molina

~4 minutes

TRUCKEE, Calif. — A local civic group is exploring the possibility of creating a new town in eastern Placer County, aiming to give residents more control over their services, priorities and future.

“We would have our own locally elected officials, much like the Town of Truckee,” said Andrew Ryan, a member of Eastern Placer Future

. “We often look to Truckee for inspiration on how local governance can work.”

Since 2022, Eastern Placer Future, a 501(c)(4) nonprofit organization, has been meeting regularly to study the benefits and challenges of local governance. Now, the group is officially pursuing municipal incorporation — the process through which a community establishes its own local government, such as a city or town.

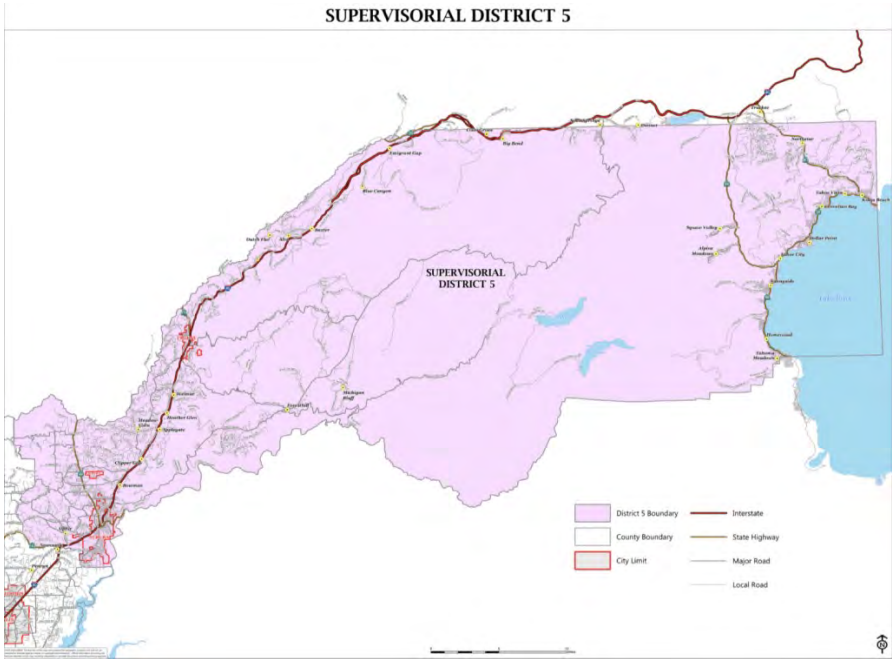
On Tuesday, the organization gave an informational presentation during Truckee’s town council meeting, sharing its vision and progress on the effort to incorporate a new town in eastern Placer County.

“It is a wonderful place where we live. It should be enhanced, it should be maintained well, we should have resilient communities, and we should ensure access,” Ryan said.

Members of Eastern Placer Future say North Tahoe’s representation and influence in District 5 continue to decline, making it more difficult for the community’s specific needs to be addressed.

“As the West Shore grows and more people choose to live there, our

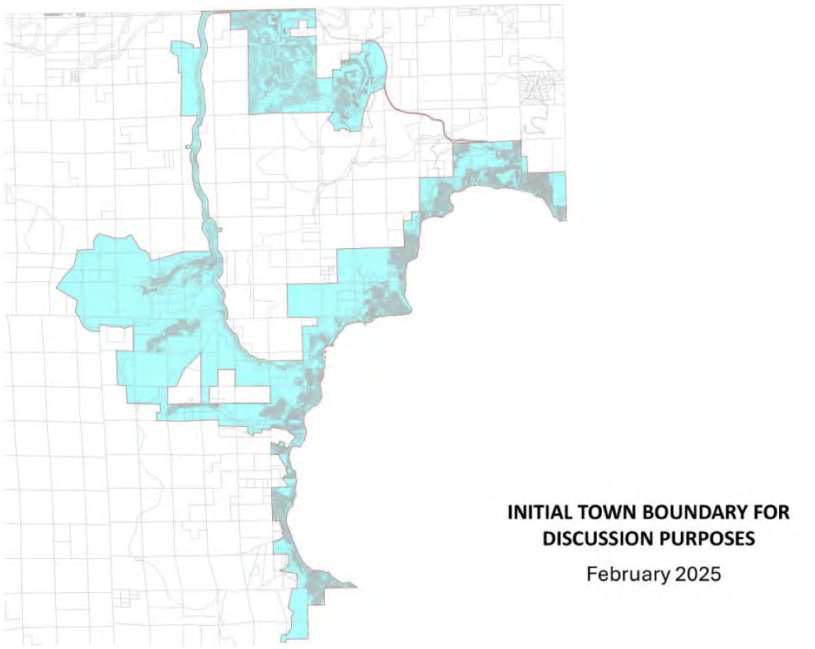
voting power and voice get diluted, and our priorities sometimes get pushed down," Ryan said.



Map of Placer County.
Provided / County of Placer

The group says a town governed by a locally elected council could ensure more consistent representation and direct local decision-making.

Preliminary boundaries for the proposed town would include all areas of Placer County east of Donner Summit, excluding Serene Lakes, Donner Lake and wildland areas designated as State Responsibility Areas for wildfire protection.



Preliminary town boundaries proposed for discussion as of February 2025.

Provided / Eastern Placer Future

An initial fiscal feasibility review estimates the new town could generate about $50.1 million annually in general fund revenue. These funds would come from existing sources such as property taxes, sales tax, transient occupancy tax, property transfer tax, franchise fees and other operating revenues. According to the group, this suggesting the town could operate sustainably at current service levels.

The path to incorporation includes several key steps: submitting an application to the Placer County Local Agency Formation Commission (LAFCO); conducting a full fiscal and service plan analysis; holding public meetings and surveys; gathering petition signatures from at least 25% of registered voters within the proposed boundaries; and ultimately placing the question on the ballot.

Eastern Placer Future is aiming for a public vote in the November 2026 general election.

As the process unfolds, the group continues to engage the community and provide information on what it believes is an opportunity to shape a stronger, more locally accountable future for North Tahoe.

“With a smaller, more focused local government, we’d have a clearer view of how our money is being spent — and more direct control over the decisions that are made,” Ryan said.