

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
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REGULAR MEETING AGENDA

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

Wednesday, October 1, 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: Scotts Valley City Chambers

(1 Civic Center Drive Scotts Valley, CA 95066)

HYBRID MEETING PROCESS

LAFCO has established a hybrid meeting process in accordance with AB 2449:

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

1. ROLL CALL

2. EXECUTIVE OFFICER'S MESSAGE

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

a. Hybrid Meeting Process

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

Recommended Action: No action required; Informational item only.

b. California Special Districts Association – Local Chapter Formation

The Commission will receive an update on the newly formed CSDA chapter.

Recommended Action: No action required; Informational item only.

3. ADOPTION OF MINUTES

The Commission will consider approving the minutes from the September 3, 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. "Hawks Peak Road / Mark Doyle Extraterritorial Service Agreement"

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

<u>Recommended Action:</u> Adopt the draft resolution (No. 2025-10) approving the extraterritorial service agreement involving the Santa Cruz County Sanitation District for sewer services.

b. Comprehensive Sanitation Service and Sphere Review

The Commission will consider the adoption of a service and sphere of influence review for 10 sanitation districts: Bear Creek Estates Wastewater System, County Service Area 2 (Place de Mer), County Service Area 5 (Sand Dollar/Canon del Sol), County Service Area 7 (Boulder Creek), County Service Area 10 (Rolling Woods/Graham Hill), County Service Area 20 (Trestle Beach), Davenport County Sanitation District, Freedom County Sanitation District, Salsipuedes Sanitary District, and Santa Cruz County Sanitation District.

Recommended Actions:

- Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO determined that the service and sphere of influence review is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
- Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for the 10 sanitation districts, and review and update, as necessary;
- 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 draft resolution (LAFCO No. 2025-11) approving the 2025 Comprehensive Sanitation Service and Sphere Review, with the following terms and conditions:
 - Reaffirm sphere of influence boundary for the following: Bear Creek Estates Wastewater System, CSA 2, CSA 5, CSA 10, CSA 20, and Freedom County Sanitation District;
 - b. Amend the sphere of influence boundary to be coterminous with the jurisdictional boundary for the following: CSA 7, Salsipuedes Sanitary District, and Santa Cruz County Sanitation District;
 - Expand the sphere of influence boundary for the Davenport County Sanitation District to include the existing extraterritorial service agreement;
 and
 - d. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the 10 sanitation districts and any other interested or affected parties, including but not limited to the County Department of Community Development & Infrastructure (formally known as Public Works), the County Administrative Office, and the four cities (Capitola, Santa Cruz, Scotts Valley, and Watsonville).

6. OTHER BUSINESS

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

a. Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board - District Seat Vacancies

The Commission will consider certifying the district representative appointments on the Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board.

<u>Recommended Action:</u> Adopt the draft resolution (No. 2025-12) certifying the results of the appointment process.

b. Pajaro Valley Health Care District Apportionment Waiver Request

The Commission will consider the request from the health care district to waive their allocation payment to LAFCO for Fiscal Year 2025-26.

Recommended Action: Approve the full apportionment waiver of \$610.17.

c. Policies & Procedures Handbook - Proposed Amendments

The Commission will consider amendments to the comprehensive handbook detailing all the current policies and procedures.

<u>Recommended Action:</u> Adopt the draft resolution (No. 2025-13) approving the proposed minor and non-substantial adjustments identified throughout the Policies & Procedures Handbook.

d. Fire-Related Projects - Status Update

The Commission will receive an update on the ongoing reorganization efforts involving CSA 48 and other fire agencies.

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 August and September

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, November 5, 2025 in the Watsonville City Council Chambers at 9:00 a.m.

ADDITIONAL NOTICES:

Campaign Contributions

State law (Government Code Section 84308) requires that a LAFCO Commissioner disqualify themselves from voting on an application involving an "entitlement for use" (such as an annexation or sphere amendment) if, within the last twelve months, the Commissioner has received \$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, September 3, 2025 Start Time - 9:00 a.m.

1. ROLL CALL

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

The following Commissioners were present:

- Commissioner Jim Anderson
- Commissioner Roger Anderson
- Commissioner Joe Clarke
- Commissioner Justin Cummings
- Alternate Commissioner Kimberly De Serpa
- Alternate Commissioner Lani Faulkner

Commissioner Roger Anderson will serve as the meeting facilitator and Alternate Commissioner Kimberly De Serpa will be a voting member in the absence of Chair Manu Koenig. Alternate Commissioner Lani Faulkner will be a voting member in the absence of Vice-Chair Rachél Lather.

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.

Chair Roger Anderson moved on to the next agenda item.

3. ADOPTION OF MINUTES

Chair Roger Anderson requested public comments on the draft minutes. **Executive Officer Joe Serrano** noted no public comment on the item. Chair Anderson closed public comments and asked for clarification on voting for the minutes. Mr. Serrano clarified that Commissioners present in today's meeting may vote on the meeting minutes regardless if they were in attendance in the previous meeting. Legal Counsel Josh Nelson confirmed staff's explanation.

Chair Roger Anderson called for a motion. Commissioner Lani Faulkner motioned for approval of the June 4th Meeting Minutes and Commissioner Jim Anderson seconded the motion.

Chair Roger Anderson called for a voice vote on the approval of the draft minutes.

MOTION: Lani Faulkner SECOND: Jim Anderson

FOR: Jim Anderson, Joe Clarke, Justin Cummings, Kimberly De Serpa, and

Lani Faulkner.

AGAINST: None

ABSTAIN: Roger Anderson

MOTION PASSES: 5-0-1

4. ORAL COMMUNICATIONS

Chair Roger Anderson requested public comments on any non-agenda items. Executive Officer Joe Serrano indicated that there was a request to address the Commission on the item.

Bruce Halloway, a member of the public, commented on the lessons learned from the process to annex Branciforte Fire Protection District into the Scotts Valley Fire Protection District.

Chair Roger Anderson closed public comments and moved on to the next agenda item.

5. PUBLIC HEARINGS

5a. "Service & Sphere Review for the Resource Conservation District"

Chair Roger Anderson requested staff to provide a presentation on the service and sphere review for the Resource Conservation District (RCD) of Santa Cruz County.

Executive Officer Joe Serrano explained the mission and history of the district to the Commission and mentioned that it provides important services countywide. The agency relies on partnerships and grant funding to sustain the unique services they provide. Mr. Serrano also noted that in the last four fiscal year budgets, the RCD has ended with surpluses, although their website needs to be updated to meet transparency benchmarks. The Executive Officer recommended the Commission approve the draft report and adopt LAFCO Resolution No. 2025-09 with its identified conditions.

Chair Roger Anderson opened the floor to Commission comments or clarifying questions. **Commissioner Jim Anderson** inquired about the district receiving Measure Q funding. **Lisa Lurie**, RCD General Manager, stated that the RCD will be receiving around 10% of the measure funding.

Commissioner Lani Faulkner inquired about future funding. **Lisa Laurie** stated that diversifying funding sources, establishing partnerships, and participating in the Measure Q process have been priorities for this year. Ms. Faulkner had a follow-up question about annexing city jurisdictions into the district. Ms. Lurie mentioned that they would study the pros and cons of such an action.

Commissioner Kimberly De Serpa thanked the district for their services to the county.

Commissioner Roger Anderson inquired about fire prevention services. **Lisa Lurie** discussed the different programs offered by the district to help both residents and the natural environment.

Commissioner Lani Faulkner had a clarifying question about CEQA. **Executive Officer Joe Serrano** explained the CEQA exemption for studies and reports such as the proposed service and sphere review for RCD.

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

Becky Steinbruner, a member of the public, spoke on the positive work done by the RCD and on the grant funding the district makes available for local fire-wise groups.

Chair Roger Anderson closed public comments and requested a motion approving staff recommendation. **Commissioner Justin Cummings** made the motion and **Commissioner Lani Faulkner** seconded the motion.

Chair Roger Anderson called for a voice vote on staff recommendation: Adopt the draft resolution (LAFCO No. 2025-09) approving the 2025 Service and Sphere Review for the Resource Conservation District 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.

MOTION: Justin Cummings SECOND: Lani Faulkner

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings,

Kimberly De Serpa, and Lani Faulkner.

AGAINST: None ABSTAIN: None

MOTION PASSES: 6-0

6. OTHER BUSINESS

6a. Felton Fire Protection District Governance Options Report

Chair Roger Anderson requested staff to provide an update on the analysis of possible governance options developed by LAFCO for the Felton Fire Protection District (FFPD).

Executive Officer Joe Serrano provided background information to the Commission on the purpose and development of the governance options report by LAFCO in support of the FFPD board. The report identified 12 governance options for the FFPD board and residents to consider and provided recommendations to address ongoing funding issues related to the provision of fire services to the Felton community. The district has indicated that they wish to continue as an independent fire district but will also pursue a parallel process to reorganize County Service Area 48 (CSA 48) in the event they are not successful in securing the required funding to continue the provision of adequate fire protection services. Finally, Mr. Serrano recommended to the Commission to direct staff to continue working with the FFPD.

Chair Roger Anderson opened the floor to Commission comments or clarifying questions. Commissioner Lani Faulkner inquired about the governance options. Executive Officer Joe Serrano provided an explanation of the possible governance options available to the district and stated that a partner (successor agency) had yet to be identified. Ms. Faulkner asked a follow-up question regarding the financial health of the agency. Mr. Serrano stated that the agency conducts audits every other year.

Chair Roger Anderson requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were three requests to address the Commission on the item.

Bruce Halloway, a member of the public, provided comments on the different revenue streams available to the district. Mr. Halloway also commented on the most recent board meeting of the FFPD.

Becky Steinbruner, a member of the public, provided comments on correspondence that she had previously submitted to staff, the governance options report, and on the speed of the reorganization process.

Chair Roger Anderson closed public comments. Executive Officer Joe Serrano provided an explanation on the timeline for the governance options report and on LAFCO's statutory powers.

Commissioner Lani Faulkner thanked staff for the report and spoke on the urgency of the matter. **Chair Roger Anderson** inquired about the October 6th deadline and about a potential ballot measure. **Executive Officer Joe Serrano** explained how the deadline was meant to encourage the district to take preliminary action and move forward with one of the identified options. This type of approach has been employed over the years and has resulted in positive outcomes.

Commissioner Kimberly De Serpa compared the FFPD's current efforts with those of the Pajaro Valley Fire Protection District and made a motion to approve staff recommendations. **Commissioner Justin Cummings** seconded the motion.

Becky Steinbruner, a member of the public, provided additional context about FFPD's staffing levels and on the latest FFPD Board action to the LAFCO Commission.

Bruce Halloway, a member of the public, provided comments on the agency's unfunded liabilities. **Commissioner Jim Anderson** commented on the agency's unfunded liabilities and provided additional context to recent board actions.

Virginia Chang Kiraly, San Mateo LAFCO Commissioner, provided comments on the work of Santa Cruz LAFCO and explained how it impacts the region.

Executive Officer Joe Serrano praised the progress made by the FFPD and emphasized the importance of addressing their sustainability issues. **Chair Roger Anderson** provided comments on potential liability issues facing the district and acknowledged the complexity of the situation.

Chair Roger Anderson called for a voice vote on the motion: Receive and file the Felton FPD Governance Options Report and direct staff to continue working with the Felton Fire Protection District and provide periodic updates, when warranted.

MOTION: Kimberly De Serpa SECOND: Justin Cummings

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings,

Kimberly De Serpa, and Lani Faulkner.

AGAINST: None ABSTAIN: None

MOTION PASSES: 6-0

6b. Pajaro Valley Fire Protection District Fee Waiver Request

Chair Roger Anderson requested staff to provide a presentation to consider a request from the Pajaro Valley Fire Protection District (PVFPD) board to waive the application fees regarding the proposed reorganization between PVFPD and County Service Area 48 (CSA 48).

Executive Officer Joe Serrano informed the Commission that staff received an application from PVFPD requesting reorganization with CSA 48. As part of the application process, applicants are required to pay a filing fee. Based on the total acreage of the district, PVFPD is to pay \$8,000 as part of the application process. The PVFPD board has also submitted a letter to LAFCO requesting to waive the filing fee due to financial limitations currently experienced by the district.

Chair Roger Anderson opened the floor to Commission comments or clarifying questions on the item. **Commissioner Lani Faulkner** inquired about a potential concurrent ballot measure PVFPD is pursuing. **Executive Officer Joe Serrano** explained the reason for the parallel reorganization tracks and the steps LAFCO staff have taken thus far.

Commissioner Jim Anderson asked a clarifying question on a potential filing fee refund. **Executive Officer Joe Serrano** explained the process to determine the cost and potential refund for staff time.

Chair Roger Anderson requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were two requests to address the Commission on the item.

Becky Steinbruner, a member of the public, commented on the proposed waiver, the AP Triton Report, and the Seahawk Battery project's fire department. **Executive Officer Joe Serrano** made a clarification on a previous request made by the City of Capitola in 2024.

Dave Martone, PVFPD Board President, provided additional information in support of waiving the filing fee.

Chair Roger Anderson requested a motion. Commissioner Kimberly De Serpa motioned to approve a full waiver to PVFPD for the \$8,000 application filing fee and Commissioner Lani Faulkner seconded the motion.

Chair Roger Anderson called for a voice vote on the motion: Approve the \$8,000 filing fee waiver for the Pajaro Valley Fire Protection District.

MOTION: Kimberly De Serpa SECOND: Lani Faulkner

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings,

Kimberly De Serpa, and Lani Faulkner.

AGAINST: None ABSTAIN: None

MOTION PASSES: 6-0

6c. CALAFCO Update

Chair Roger Anderson requested staff to provide 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.

Executive Officer Joe Serrano provided an update on the upcoming CALAFCO Annual Conference, including what commissioners will attend and what panels staff will be participating in. Mr. Serrano also explained that at the conference, new CALAFCO board members will be selected, and award nominees will be honored. A regular and alternate voting delegate will need to be determined by the Commission prior to the conference. Finally, staff have also been active in planning and leading CALAFCO U workshops.

Chair Roger Anderson opened the floor for Commission comments or clarifying questions. **Executive Officer Joe Serrano** noted no requests from the Commission.

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

Commissioner Lani Faulkner inquired about the proposed amendments to the CALAFCO bylaws. **Executive Officer Joe Serrano** shared with the Commission past issues affecting CALAFCO and the purpose of the proposed amendments.

Commissioner Justing Cummings motioned to approve staff recommendation and **Commissioner Joe Clarke** seconded the motion.

Chair Roger Anderson commented on past experiences amending the bylaws, asked how executive officers will be chosen to serve on the board, and inquired about how informed member LAFCOs are with the proposed amendments. **Executive Officer Joe Serrano** assured the Commission that the Regional Officers are keeping their respective LAFCOs informed.

Chair Roger Anderson called for a voice vote on the motion: (A) Designate Roger Anderson as the Regular Voting Delegate and Eduardo Montesino as the Alternate Voting Delegate for the upcoming election; (B) Approve the nomination of Roger Anderson for the public member seat on the CALAFCO Board of Directors; and approve the proposed nomination for the Outstanding LAFCO Professional Award.

MOTION: Justin Cummings

SECOND: Joe Clarke

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings,

Kimberly De Serpa, and Lani Faulkner.

AGAINST: None ABSTAIN: None

MOTION PASSES: 6-0

6d. Special District Risk Management Authority Election Process

Chair Roger Anderson requested staff to provide a presentation to consider electing up to four candidates for the upcoming vacancies on the Special District Risk Management Authority (SDRMA) Board of Directors.

Executive Officer Joe Serrano provided an explanation on the election process to determine board membership for SDRMA. The Commission can select up to four candidates to join the board.

Commissioner Jim Anderson inquired about meeting frequency. **Executive Officer Joe Serrano** explained that the board meets in Sacramento.

Commissioner Lani Faulkner expressed support for a candidate from the Coastal Region. **Commissioner Kimberley De Serpa** asked a clarifying question on supporting board candidates. **Executive Officer Joe Serrano** provided information on the candidates he has worked with in the past.

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

Commissioner Justin Cummings motioned to approve the current SDRMA incumbent board members and Virginia Chang Kiraly. **Commissioner Kimberly De Serpa** seconded the motion.

Chair Roger Anderson called for a voice vote on the motion: Nominate Virginia Chang Kiraly (San Mateo County Harbor District), Robert Housley (Midway City Sanitary District), Mike Scheafer (Costa Mesa Sanitary District), and Tom Wright (Clovis Veterans Memorial District) for the SDRMA board of directors.

MOTION: Justin Cummings SECOND: Kimberly De Serpa

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings,

Kimberly De Serpa, and Lani Faulkner.

AGAINST: None ABSTAIN: None

MOTION PASSES: 6-0

6e. LAFCO Meeting Relocation

Chair Roger Anderson requested staff to provide a presentation to consider relocating two future LAFCO meetings due to a rescheduled remodeling project in the County Board of Supervisors Chambers in October and November.

Executive Officer Joe Serrano explained that the remodeling project for the Board of Supervisors Chambers will take place between September and December of this year. Due to the renovation project, LAFCO will need to hold their October and November meetings at different locations in the county. Staff is recommending to hold the October meeting in the Scotts Valley City Council Chambers in October and in the Watsonville City Council Chambers for November.

Chair Roger Anderson 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, provided the Commission with additional recommendations for potential meeting locations.

Commissioner Kimberly De Serpa motioned to approve staff recommendation. **Commissioner Jim Anderson** seconded the motion.

Chair Roger Anderson called for a voice vote on the motion: Relocate LAFCO's October and November Meetings to the City of Scotts Valley and Watsonville, respectively.

MOTION: Justin Cummings SECOND: Kimberly De Serpa

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Justin Cummings,

Kimberly De Serpa, and Lani Faulkner.

AGAINST: None ABSTAIN: None

MOTION PASSES: 6-0

6f. Legislative Update

LAFCO Analyst Francisco Estrada provided the Commission with an update on the state legislative session and on proposed LAFCO-related bills being tracked by staff. Staff may provide additional updates in October and November.

Commissioner Lani Faulkner requested clarification regarding the Omnibus Bill and AB 1075. **Executive Officer Joe Serrano** explained the purpose of the proposed changes to the Omnibus Bill and stated that more information will be provided if action is needed on any bill.

Chair Roger Anderson inquired into taking a position on certain bills. **Executive Officer Joe Serrano** mentioned that the CALAFCO executive committee may take a position on certain bills at their upcoming meeting.

Chair Roger Anderson moved to the next item since no Commission action was required.

6g. Comprehensive Quarterly Report – Fourth Quarter (FY 2024-25)

Chair Roger Anderson requested staff to provide an update on active proposals, upcoming service reviews, latest budgetary performance, and other staff activities.

LAFCO Analyst Francisco Estrada noted that this report is meant to keep the Commission informed about all LAFCO-related activities, including the status of active proposals, the schedule of upcoming service reviews, the current financial performance of LAFCO's adopted budget, and other projects. Mr. Estrada covered these areas, highlighted meetings held and indicated that the Commission's budget ended with approximately 66% of the anticipated expenses having been spent.

Commissioner Lani Faulkner inquired about the area requesting a potential extraterritorial service agreement (ESA). **Executive Officer Joe Serrano** provided context information on the ESA application.

Becky Steinbruner, a member of the public, provided information on the proposed ESA between Soquel Creek Water District and the San Andras Mutual Water Company.

Chair Roger Anderson moved to the next item since no Commission action was required.

7. WRITTEN CORRESPONDENCE

Chair Roger Anderson inquired whether there was any written correspondence submitted to LAFCO. **Executive Officer Joe Serrano** indicated that no written correspondence had been submitted.

Becky Steinbruner, a member of the public, requested a clear pathway or page on the LAFCO website to submit correspondence to the Commission.

Chair Roger Anderson moved to the next item since no Commission action was required.

8. PRESS ARTICLES

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

Chair Roger Anderson moved to the next item since no Commission action was required.

9. COMMISSIONERS' BUSINESS

Chair Roger Anderson inquired whether any Commissioner would like to share any information. **Executive Officer Joe Serrano** noted one request from the Commission.

Commissioner Lani Faulkner spoke on the LAFCO presentation made at the California Special Districts Annual Conference in Monterey.

Chair Roger Anderson moved to the next item since no Commission action was required.

10. ADJOURNMENT

Chair Roger Anderson adjourned the Regular Commission Meeting at 11:04 a.m. for the next regular LAFCO meeting scheduled for Wednesday, October 1, 2025 at 9:00 a.m. in the Scotts Valley City Council Chambers.

MANU KOENIG, CHAIRPERSON
Attest:
FRANCISCO ESTRADA. LAFCO ANALYST





Santa Cruz Local Agency Formation Commission

Date: October 1, 2025

To: LAFCO Commissioners

From: Joe Serrano, Executive Officer

Subject: "Hawks Peak Road / Mark Doyle Extraterritorial Service Agreement"

with the Santa Cruz County Sanitation District

SUMMARY OF RECOMMENDATION

LAFCO has received an application from a landowner requesting an extraterritorial service agreement involving the Santa Cruz County Sanitation District. The proposed agreement would allow the District to replace an aging septic system and provide adequate sewer service to a single parcel with an existing single-family home and potential accessory dwelling unit.

Staff is recommending that the Commission adopt the draft Resolution (No. 2025-10) approving the extraterritorial service agreement involving the Santa Cruz County Sanitation District.

EXECUTIVE OFFICER'S REPORT:

A landowner submitted an application on June 23, 2025 requesting an extraterritorial service agreement ("ESA") between the Santa Cruz County Sanitation District ("District" and "SCCSD") and a single parcel (approximately four acres in size; APN: 040-232-18) to receive sewer service for a single-family home and a potential accessory dwelling unit ("ADU"). The proposal area is currently located outside the District's service area but within its sphere of influence boundary. **Attachment 1** provides a map of the agency's current boundaries in relation to the location of the proposal area.

Based on staff's analysis, there are three distinct benefits in approving the proposed ESA: (1) it discontinues the use of an aging septic system, (2) it aligns with the State's goal of transitioning septic systems to a more reliable wastewater infrastructure managed by a public agency; and (3) it supports the Commission's sphere designation identifying the District as the most logical provider of public services. Approval of the proposed extraterritorial service agreement would also be a precursor to an annexation at a future date.

State Law

California Water Code

In accordance with State law, the Regional Water Quality Control Board prohibits the discharge of wastewater from existing or new individual septic tank disposal systems if sewer service is available from a public agency (Water Code Section 13281). This law further states that for a sewer system to be deemed available, it is necessary for a sewer system to be within 200 feet of an existing or proposed dwelling unit. The distance of the proposed connection between the District and the subject property (APN: 040-232-18) is within 200 feet. Additionally, the proposed connection is subject to Government Code Section 56133 under the Cortese-Knox-Hertzberg Act.

Cortese-Knox-Hertzberg Act

In accordance with State law, a city or district may provide new or extended services by contract or agreement outside its jurisdictional boundary only if it first requests and receives written approval from the Commission (Government Code Section 56133). The Commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory if both of the following requirements are met:

- The entity applying for approval has provided the Commission with documentation of a threat to the health and safety of the public or the affected residents; and
- The Commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the Commission.

Commission Policy

In 2011, the Commission adopted the Extraterritorial Services Policy which outlined regulations for agencies to provide services outside their service and/or sphere boundaries. This policy is now available under one comprehensive handbook which contains all LAFCO policies and procedures¹. Under this policy, the Commission typically limits its extraterritorial service authorizations to public health emergencies and three specific circumstances:

a) Facilities are already in place.

The District provides sewer services to properties directly adjacent to the proposal area. In fact, the County (which operates SCCSD) has previously expressed interest in annexing territory within their sphere. This proposed ESA would be used as a precursor to annexation in the foreseeable future.

b) Annexation would not be practical.

Annexation is not feasible at this time, as the County is presently evaluating a comprehensive ("blanket") annexation that may encompass multiple parcels within a single application. Given that this broader reorganization process is expected to be prolonged, the subject landowners have expressed a preference to proceed with establishing their connection in a more expedited manner under the proposed ESA with the understanding that annexation will occur at a future date.

c) Cortese-Knox-Hertzberg Act Requirements.

The proposed extraterritorial service agreement meets the statutory criteria outlined in LAFCO law, pursuant to Government Code Section 56133.

Pursuant to the Commission's policy, individual requests for ESAs shall be filed with the Executive Officer on a prescribed application form. The applicant is responsible for paying the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. An application and a fee deposit of \$950 was submitted to LAFCO on June 23, 2025.

¹ LAFCO Policy Handbook: https://santacruzlafco.org/wp-content/uploads/2024/03/PP-Handbook-Adopted-Version-3-6-24.pdf
Extraterritorial Service Agreement Staff Report

Page 2 of 4

Application Packet

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

- **1) Application Form** Commission Policy requires a signed extraterritorial service agreement form. A signed application was submitted on June 23, 2025.
- **2)** Landowner Consent Commission Policy requires documentation showing consent from the affected property owner as part of the application. The property owner of APN: 040-232-18 was the applicant and signed the submitted application.
- 3) District Support Government Code Section 56133 requires documentation from the affected agency indicating support and capacity to provide the requested service. The District provided a Will-Serve Letter, dated January 17, 2025, to the subject landowner indicating that the County is willing and capable of providing sewer service to the subject parcel under the SCCSD (Attachment 2).
- 4) Notification to Alternative Service Provider Government Code Section 56133(c) requires the Commission to notify any alternative service provider that has filed a map and a statement of its service capabilities with the Commission. LAFCO staff has determined that there are no nearby or alternative service providers for sewer service. However, a public notice was advertised in the Sentinel on September 9, 2025, as shown in Attachment 3.
- 5) Environmental Document Commission Policy indicates that all matters that are reviewable pursuant to environmental regulations are subject to the applicable provisions of the California Environmental Quality Act. LAFCO, as the Lead Agency, will record a Notice of Exemption after Commission approval, pursuant to State CEQA Guidelines Section 15303(d), "New Construction or Conversion of Small Structures," because the project would discontinue the existing septic system and connect to a public agency's wastewater infrastructure (Attachment 4).
- **6) Indemnification Agreement** Commission Policy requires a signed indemnification agreement in the event a lawsuit is filed against LAFCO's action. A signed indemnification agreement was submitted with the application (**Attachment 5**).
- 7) Fee Deposit Commission Policy requires a fee deposit of \$950 for any proposed extraterritorial service request. A deposit was included with the application packet. Following the completion of the LAFCO process, staff will conduct a cost analysis and refund any remaining funds, if available.

Conclusion

LAFCO typically encourages boundary changes, such as annexations, when there is a request for municipal services. In some cases, annexations are not practical for various reasons. LAFCO staff evaluated this application and confirmed that the proposed extraterritorial service agreement meets all the requirements under State law and the Commission's adopted policy. Approval of the extraterritorial service agreement will discontinue the aging septic system and allow SCCSD to deliver sewer service to the subject area. The terms and conditions outlined in the draft resolution ensure that the aging septic system is addressed accordingly (refer to **Attachment 6**). LAFCO's Legal Counsel has also reviewed the draft resolution with the proposed terms and conditions. Therefore, staff is recommending that the Commission approve the attached resolution.

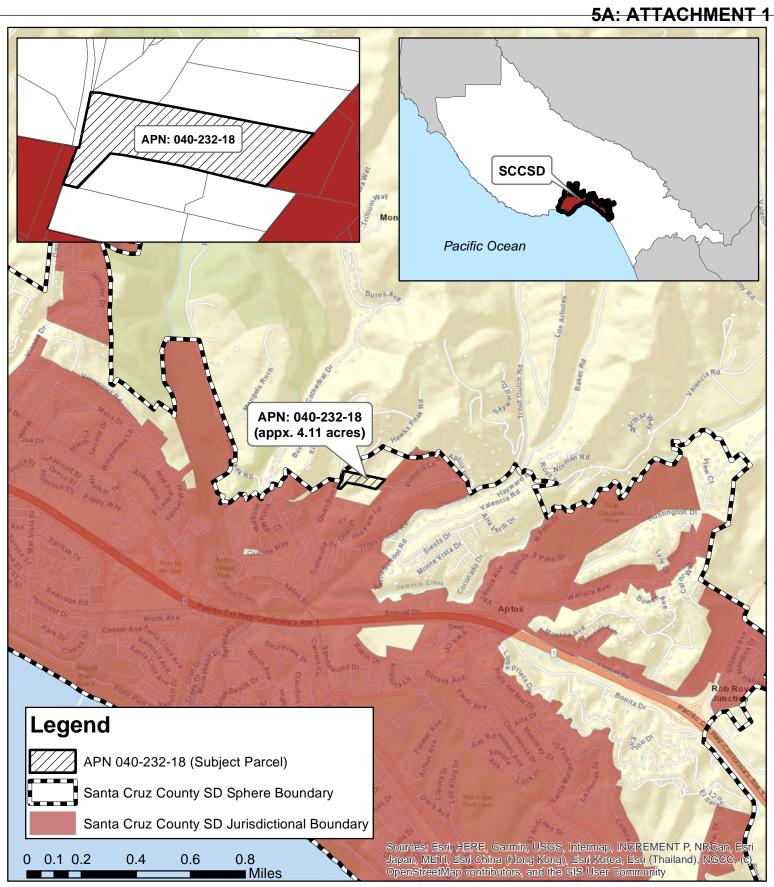
Respectfully Submitted,

Joe A. Serrano
Executive Officer

Attachments:

- 1. Proposal Area Map
- 2. SCCSD Will-Serve Letter
- 3. Notice of Public Hearing
- 4. Notice of Exemption (CEQA)
- 5. Indemnification Agreement
- 6. Draft Resolution No. 2025-10

cc: Mark Doyle (Property Owner; APN: 040-232-18)
Bryan Wardlow, Community Development & Infrastructure Department





"Hawks Peak Road / Mark Doyle" ESA with the Santa Cruz County Sanitation District (LAFCO Project No. ESA 25-13)

The subject parcel is currently outside the District's service boundary but within the District's sphere, indicating that SCCSD is the most logical service provider.



SANTA CRUZ COUNTY SANITATION DISTRICT

5A: ATTACHMENT 2

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073 (831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US MATT MACHADO, DISTRICT ENGINEER

JANUARY 17, 2025

MARK DOYLE 210 HAWKS PEAK RD. APTOS CA 95003

SUBJECT: SEWER AVAILABILITY AND DISTRICT'S CONDITIONS OF SERVICE FOR THE

FOLLOWING PROPOSED DEVELOPMENT

APN: 040-232-18

PARCEL ADDRESS: 210 HAWKS PEAK RD.

PROJECT DESCRIPTION: EXTENSION TO THE PUBLIC SEWER MAIN AND INSTALLATION OF

PRIVATE SEWER COLLECTOR IN ORDER TO PROVIDE SEWER SERVICE TO EXISTING PARCEL WITH EXISTING SFD ON SEPTIC. NEW SFD TO BE

CONSTRUCTED.

Dear Mr. Doyle:

The District has received your inquiry regarding sewer service availability for the subject parcel(s). This parcel is not currently within the existing Santa Cruz County Sanitation District boundaries and sewer service is not currently available at this address. However, your proposal to extend the public sewer main and install a new sewer collector in Hawks Peak Rd. has been deemed feasible. Sewer service is available in Quail Run Rd. for the subject development contingent on annexation of this parcel into the Sanitation District and satisfying all Sanitation District requirements related to public sewer extensions and new sewer installations.

No downstream capacity problem or other issue is known at this time. However, downstream sewer requirements will again be studied at time of Planning Permit review, at which time the District reserves the right to add or modify downstream sewer requirements.

This notice is valid for one year from the date of this letter. If, after this time frame, this project has not yet received approval from the Planning Department, then this determination of availability will be considered to have expired. If that occurs or is likely to occur prior to an upcoming submittal or public hearing, please call us ahead of time for a new letter. At that time, we can evaluate the then proposed use, improvements, and downstream capacity, and provide a new letter.

MARK DOYLE PAGE 2

Also, for your reference, we have attached a list of common items required during the review of sanitation projects. Thank you for your inquiry. If you have any questions, please call Bryan Wardlow at **(831) 454-2160**.

Yours truly, MATT MACHADO District Engineer

By:

528D647137C44D4...

DocuSigned by:

Ashleigh Trujillo Sanitation Engineer

BW/arg:25-004.docx

Cc: Planning Department: Julie Newbold

MARK DOYLE PAGE 3

Common Items Required During the Review of Sanitation Projects

What to show on the drawings: When you begin the design process, please show:

On the plot/site/utility plan:

- 1. Location of any **existing** on-site sewer lateral(s), clean-out(s), and connection(s) to existing public sewer on the site (plot) plan.
- 2. Location of any **proposed** on-site sewer lateral(s), clean-out(s), and connection(s) to existing public sewer on the site (plot) plan.

Place a note, "Existing" or "(E)", on each existing item that is to be removed. Place a note, "To be removed", on each existing item that is to be removed. Place a note, "New" or "(N)", on each item that is to be new.

On a floor plan:

1. All plumbing fixtures both existing and new (label "(E)" or "(N)") on a floor plan of the entire building. Completely describe all plumbing fixtures according to table T-702.1 of the California Plumbing Code. (Sanitation District Code sections 7.04.040 and 7.04.430)

Design and Construction Standards

The project sewer design and connection of the project to the Santa Cruz County Sanitation District system will be required to conform to the County of Santa Cruz Design Criteria (CDC) Part 4, Sanitary Sewer Design, February 2017 edition. Reference for County Design Criteria: http://www.dpw.co.santa-cruz.ca.us/Portals/19/pdfs/Design%20Crit/DESIGNCRITERIA.pdf

New Connection

If the proposed plans will involve one or more new sewer connections, we must issue a new sewer connection permit for each new connection. The final connection charges can be determined only after the District and, as needed, other Department of Public Works divisions have reviewed and approved the final engineered sewer improvement plans. (Sanitation District Code section 7.04.410)

Tentative, parcel, or final map required

When any new tentative, parcel, or final map is required, please show the following on the improvement plans:

- 1. All adjacent or impacted roads and easements,
- 2. All on- and off-site sewer improvements needed to provide service to each lot or unit proposed.

The plans must conform to the County's "Design Criteria."

MARK DOYLE PAGE 4

If a tentative, parcel, or final map is NOT required, please provide to the District written proof of recordation (in the form of copies of the recorded documents) of any and all existing or proposed easement(s).

Multi-unit development with a private collector line

If the development will require a private collector line serving several separate units or parcels, which will be individually and separately owned, prior to any land split or building permit, the applicant must form a homeowners' association with ownership and maintenance responsibilities for all on-site sewers for this project. Please reference this homeowner's association directly on the *tentative map* and *final map*, as well as in the Association's recorded CC&R's. Please record those CC&Rs, and provide a copy of the recorded documents, with proof of recordation, to the District prior to the filing of the final map.

Backflow prevention device

A backflow preventive device may be required. While this determination is often made "in the field" at the time of installation, if you are engaging a surveyor, civil engineer, or knowledgeable contractor, there is nothing to prevent you from making that determination while in the design process. (Sanitation District Code section 7.04.100 and 7.04.375.A.4)



NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, October 1, 2025, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following items:

- "Hawks Peak Road / Mark Doyle Extraterritorial Service Agreement" with the Santa Cruz County Sanitation District: Consideration of an extraterritorial service agreement request for a single parcel to receive sewer services from SCCSD. The proposal area is located north of Trout Gulch Road, east of Quail Run Road, south of Hawks Peak Road, and west of Victoria Lane. If approved, the ESA would fulfill the requirements under GCS 56133.
- Comprehensive Sanitation Service and Sphere of Influence Review: Consideration of a countywide service and sphere review for the following ten sanitation districts – Bear Creek Estates Wastewater System, Davenport County Sanitation District, Freedom County Sanitation District, Salsipuedes Sanitary District, Santa Cruz County Sanitation District, and County Service Areas 2, 5, 7, 10, and 20.

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: September 9, 2025

То:	Office of Planning at 1400 Tenth Street, F Sacramento CA 958	Room 121	From: (Public Agency) Santa Cruz Local Agency Formation Commission 701 Ocean Street, Room 318-D Santa Cruz CA 95060
То:	Clerk of the Board County of Santa Cru 701 Ocean Street, R Santa Cruz CA 9506	oom 500	
Project	Title: "Hawks Peak Road /	Mark Doyle Ex	traterritorial Service Agreement" (ESA 25-13)
influence east of C	boundary, outside the Dis	trict's jurisdicti wks Peak Roac	ne Santa Cruz County Sanitation District's sphere conal limits, and is located north of Trout Gulch Road, and west of Victoria Lane. Attached is a vicinity ma
Project	Location City: N/A	Project Lo	cation County: Santa Cruz
landown by the D	er petition. The subject are oyle family. The purpose o	a includes one of the application	ciaries of Project: The proposal was initiated by parcel totaling four acres. The single parcel is owned in its to discontinue an aging septic tank system an accent public wastewater agency.
County (2025. A	'Santa Cruz LAFCO"). A pul	olic hearing on	Local Agency Formation Commission of Santa Cruthis proposal is scheduled for 9:00 a.m. on October of meeting is available on the LAFCO websit
Name c	f Person or Agency Carr	ying Out Proj	ect: Santa Cruz LAFCO
Exempt	Status: (check one)		
	nisterial (Sec. 21080(b)(1);	15268);	
X Ca	eclared Emergency (Sec. 21 nergency Project (Sec. 2108 tegorical Exemption: State atutory Exemptions: State of her: The activity is not a pr	080(b)(3); 152 80(b)(4); 1526 type and section code number	9 (b)(c)); on number
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Project Application FormPage 6 of 7

ATTACHMENT 2

INDEMNIFICATION AND DEFENSE

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

A) Notification and Cooperation

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

B) Fees and Costs:

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

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

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

D) Successors Bound:

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

E) Recordation:

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

fes-	Markayl
(Signature of LAFCO Executive Officer)	(Signature of Applicant)
Joe A. Serrano (Printed Name)	(Printed Name)
6/23/25	6.23.25
(Date)	(Date)

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

5A: ATTACHMENT 6

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2025-10

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
APPROVING THE HAWKS PEAK ROAD / MARK DOYLE
EXTRATERRITORIAL SERVICE AGREEMENT WITH THE SANTA CRUZ COUNTY
SANITATION DISTRICT (LAFCO PROJECT NO. ESA 25-13)

WHEREAS, an application for an extraterritorial service agreement involving a single parcel (APN 040-232-18) (the "proposal") was submitted and accepted for filing by the Executive Officer of this Local Agency Formation Commission ("LAFCO" or "Commission"); and

WHEREAS, the proposal area is outside the Santa Cruz County Sanitation District ("SCCSD" and "District") jurisdictional boundary, within the District's sphere of influence, and located north of Trout Gulch Road, east of Quail Run Road, south of Hawks Peak Road, and west of Victoria Lane, as shown in Exhibit A; and

WHEREAS, in accordance with Government Code Section 56133(b), the Commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary but within its sphere of influence in anticipate of a later change of organization; and

WHEREAS, in accordance with Government Code Section 56133(c), the Commission may authorize a city or district to provide new or extended services outside its jurisdictional boundary and outside its sphere of influence to respond to an existing or impending threat to the health or safety of the public or the residents of the affected territory; and

WHEREAS, the Executive Officer determined that the subject parcel is within the District's sphere boundary, has provided documentation showing evidence of a health and safety issue, and there are no alternate service providers of wastewater near the subject territory; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56133 and the Commission's Extraterritorial Services Policy, determined that the proposal met the statutory requirements and set October 1, 2025, as the hearing date on this proposal and provided public notice as required by law; and

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

WHEREAS, this Commission, on October 1, 2025, heard from interested parties and considered the proposal and the report of the Executive Officer, and considered the factors determined by the Commission to be relevant to this proposal.

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

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

<u>Section 2.</u> Compliance with the California Environmental Quality Act (CEQA) has been met by a categorical exemption pursuant to State CEQA Guidelines Section 15303, "New Construction or Conversion of Small Structures," because the project would discontinue the existing septic system and connect to SCCSD's wastewater infrastructure. The Commission, as a lead agency, shall file a Notice of Exemption.

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

- a) Within Sphere Boundary: Government Code Section 56133(b) requires the subject area to be within the District's sphere of influence boundary. LAFCO has determined that the proposal meets the requirements under this code section.
- b) <u>Later Change of Organization</u>: Government Code Section 56133(b) requires the subject area to be annexed at a future date. The applicant and County support the annexation of the subject territory. Therefore, LAFCO will approve the extraterritorial service agreement request with the condition that the subject parcel be annexed within the next five years (October 2030) unless determined by the affected parties and LAFCO that more time is needed.
- c) Health & Safety Issue: Government Code Section 56133(c) requires documentation showing evidence of a threat to the health and safety of the public or the affected residents. The proposed ESA indicates that an aging septic system is present that cannot provide adequate services to the existing single family home and the proposed accessory dwelling unit. This aging system poses a health and safety threat to the public and there are no alternate service providers of wastewater near the subject territory.

<u>Section 4.</u> The Commission determined that the proposal is consistent with the Policies and Procedures Relating to Extraterritorial Services as outlined below:

- a) Agency Endorsement: The Executive Officer shall not file the application unless the affected public agency has submitted a written endorsement indicating its willingness to provide the service if the Commission approves the request. The County of Santa Cruz submitted a Will-Serve Letter expressing support on January 17, 2025, as shown in Exhibit B.
- b) <u>Fee Deposit:</u> The applicant shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. The landowner, as the applicant, submitted a fee deposit of \$950 as part of the extraterritorial service request.

c) <u>Commission Hearing:</u> The Commission shall consider the request after it has been placed on an agenda of a Commission meeting. After deeming the proposal complete, the Executive Officer advertised the proposal in the Santa Cruz Sentinel newspaper on September 9, 2025, and scheduled the proposal for Commission consideration on October 1, 2025.

<u>Section 5.</u> The applicant shall agree, as a condition of the approval of the application for an extraterritorial service agreement, to be bound by the LAFCO Indemnification and Defense Form.

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

<u>Section 7.</u> The proposed extraterritorial service agreement shall be effective as of the date of recordation of the Certificate of Completion.

<u>Section 8.</u> The Commission shall approve, disapprove, or approve with conditions the extended services. If the new or extended services are disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration. If the Commission denies a request, a similar application cannot be refiled for one year unless the Commission grants an exception to this rule.

<u>Section 9.</u> The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Government Code Section 56882.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 1st day of October 2025.

AYES:	
NOES:	
ABSTAIN:	
	MANU KEONIG, CHAIRPERSON
Attest:	Approved as to form:
Joe A. Serrano	Joshua Nelson
Executive Officer	LAFCO Counsel

EXHIBIT A

VICINITY MAP



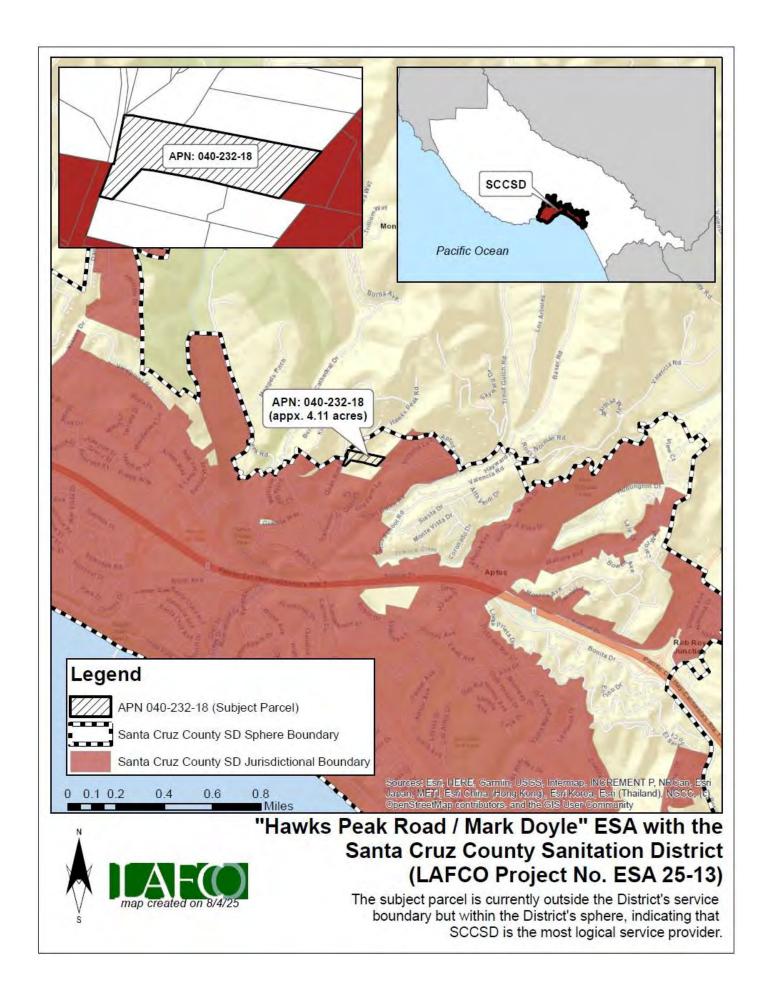


EXHIBIT B

SANTA CRUZ COUNTY'S WRITTEN CORRESPONDENCE REGARDING THE ABILITY TO PROVIDE SEWER SERVICE SERVICES



Docusign Envelope ID: 6BFF1AA4-B3FF-4B41-B01B-26901570ED1A



SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073 (831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US MATT MACHADO, DISTRICT ENGINEER

JANUARY 17, 2025

MARK DOYLE 210 HAWKS PEAK RD. APTOS CA 95003

SUBJECT: SEWER AVAILABILITY AND DISTRICT'S CONDITIONS OF SERVICE FOR THE

FOLLOWING PROPOSED DEVELOPMENT

APN: 040-232-18

PARCEL ADDRESS: 210 HAWKS PEAK RD.

PROJECT DESCRIPTION: EXTENSION TO THE PUBLIC SEWER MAIN AND INSTALLATION OF

PRIVATE SEWER COLLECTOR IN ORDER TO PROVIDE SEWER SERVICE TO EXISTING PARCEL WITH EXISTING SFD ON SEPTIC. NEW SFD TO BE

CONSTRUCTED.

Dear Mr. Doyle:

The District has received your inquiry regarding sewer service availability for the subject parcel(s). This parcel is not currently within the existing Santa Cruz County Sanitation District boundaries and sewer service is not currently available at this address. However, your proposal to extend the public sewer main and install a new sewer collector in Hawks Peak Rd. has been deemed feasible. Sewer service is available in Quail Run Rd. for the subject development contingent on annexation of this parcel into the Sanitation District and satisfying all Sanitation District requirements related to public sewer extensions and new sewer installations.

No downstream capacity problem or other issue is known at this time. However, downstream sewer requirements will again be studied at time of Planning Permit review, at which time the District reserves the right to add or modify downstream sewer requirements.

This notice is valid for one year from the date of this letter. If, after this time frame, this project has not yet received approval from the Planning Department, then this determination of availability will be considered to have expired. If that occurs or is likely to occur prior to an upcoming submittal or public hearing, please call us ahead of time for a new letter. At that time, we can evaluate the then proposed use, improvements, and downstream capacity, and provide a new letter.

Docusign Envelope ID: 6BFF1AA4-B3FF-4B41-B01B-26901570ED1A MARK DOYLE PAGE 2 Also, for your reference, we have attached a list of common items required during the review of sanitation projects. Thank you for your inquiry. If you have any questions, please call Bryan Wardlow at (831) 454-2160. Yours truly, MATT MACHADO District Engineer DocuSigned by: By: -528D647137C44D4... Ashleigh Trujillo Sanitation Engineer BW/arg:25-004.docx Cc: Planning Department: Julie Newbold

Docusign Envelope ID: 6BFF1AA4-B3FF-4B41-B01B-26901570ED1A

MARK DOYLE PAGE 3

Common Items Required During the Review of Sanitation Projects

What to show on the drawings: When you begin the design process, please show:

On the plot/site/utility plan:

- Location of any existing on-site sewer lateral(s), clean-out(s), and connection(s) to existing public sewer on the site (plot) plan.
- 2. Location of any **proposed** on-site sewer lateral(s), clean-out(s), and connection(s) to existing public sewer on the site (plot) plan.

Place a note, "Existing" or "(E)",on each existing item that is to be removed. Place a note, "To be removed", on each existing item that is to be removed. Place a note, "New" or "(N)", on each item that is to be new.

On a floor plan:

 All plumbing fixtures both existing and new (label "(E)" or "(N)") on a floor plan of the entire building. Completely describe all plumbing fixtures according to table T-702.1 of the California Plumbing Code. (Sanitation District Code sections 7.04.040 and 7.04.430)

Design and Construction Standards

The project sewer design and connection of the project to the Santa Cruz County Sanitation District system will be required to conform to the County of Santa Cruz Design Criteria (CDC) Part 4, Sanitary Sewer Design, February 2017 edition. Reference for County Design Criteria: http://www.dpw.co.santa-cruz.ca.us/Portals/19/pdfs/Design%20Crit/DESIGNCRITERIA.pdf

New Connection

If the proposed plans will involve one or more new sewer connections, we must issue a new sewer connection permit for each new connection. The final connection charges can be determined only after the District and, as needed, other Department of Public Works divisions have reviewed and approved the final engineered sewer improvement plans. (Sanitation District Code section 7.04.410)

Tentative, parcel, or final map required

When any new tentative, parcel, or final map is required, please show the following on the improvement plans:

- All adjacent or impacted roads and easements,
- All on- and off-site sewer improvements needed to provide service to each lot or unit proposed.

The plans must conform to the County's "Design Criteria."

Docusign Envelope ID: 6BFF1AA4-B3FF-4B41-B01B-26901570ED1A

MARK DOYLE PAGE 4

If a tentative, parcel, or final map is NOT required, please provide to the District written proof of recordation (in the form of copies of the recorded documents) of any and all existing or proposed easement(s).

Multi-unit development with a private collector line

If the development will require a private collector line serving several separate units or parcels, which will be individually and separately owned, prior to any land split or building permit, the applicant must form a homeowners' association with ownership and maintenance responsibilities for all on-site sewers for this project. Please reference this homeowner's association directly on the *tentative map* and *final map*, as well as in the Association's recorded CC&R's. Please record those CC&Rs, and provide a copy of the recorded documents, with proof of recordation, to the District prior to the filing of the final map.

Backflow prevention device

A backflow preventive device may be required. While this determination is often made "in the field" at the time of installation, if you are engaging a surveyor, civil engineer, or knowledgeable contractor, there is nothing to prevent you from making that determination while in the design process. (Sanitation District Code section 7.04.100 and 7.04.375.A.4)





Santa Cruz Local Agency Formation Commission

Date: October 1, 2025

To: LAFCO Commissioners

From: Joe Serrano, Executive Officer

Subject: Comprehensive Sanitation Service & Sphere Review

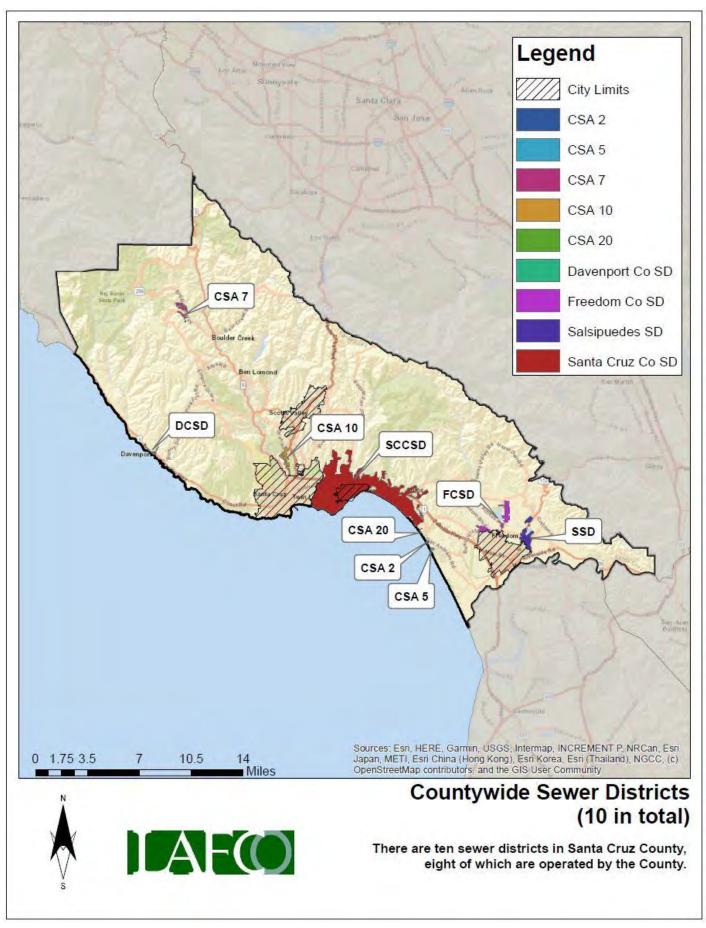
SUMMARY OF RECOMMENDATION

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 10 sanitation districts and scheduled a public hearing. **Figure A** on page 2 shows the jurisdictional boundary of each sewer agency.

It is recommended that the Commission take the following actions:

- Find, pursuant to Section 15061(b)(3) of the State CEQA Guidelines, that LAFCO
 determined that the service and sphere of influence review is not subject to the
 environmental impact evaluation process because it can be seen with certainty that
 there is no possibility that the activity in question may have a significant effect on the
 environment and the activity is not subject to CEQA;
- 2. Determine, pursuant to Government Code Section 56425, that LAFCO is required to develop and determine a sphere of influence for the 10 sanitation districts, 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 draft resolution (LAFCO No. 2025-11) approving the 2025 Comprehensive Sanitation Service and Sphere Review, with the following terms and conditions:
 - Reaffirm sphere of influence boundary for the following: Bear Creek Estates Wastewater System, CSA 2, CSA 5, CSA 10, CSA 20, and Freedom County Sanitation District;
 - Amend the sphere of influence boundary to be coterminous with the jurisdictional boundary for the following: CSA 7, Salsipuedes Sanitary District, and Santa Cruz County Sanitation District;
 - c. Expand the sphere of influence boundary for the Davenport County Sanitation District to include the existing extraterritorial service agreement; and
 - d. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the 10 sanitation districts and any other interested or affected parties, including but not limited to the County Department of Community Development & Infrastructure (formally known as Public Works), the County Administrative Office, and the four cities (Capitola, Santa Cruz, Scotts Valley, and Watsonville).

Figure A: Countywide Map (10 Sanitation Districts)



EXECUTIVE OFFICER'S REPORT:

LAFCO staff has prepared a service and sphere review for the 10 sewer districts (refer to **Attachment 1**). Key findings and recommendations are presented in the *Executive Summary* of the attached report. The review also includes an analysis of the agencies' ongoing operations, current financial performance, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The attached report concludes with determinations required by State law. This staff report summarizes the service and sphere review's findings, as shown below.

Purpose & Key Findings

The goal of this analysis is to accomplish the Commission's direction to complete a service and sphere review for each sewer 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 County governs most of the sanitation districts.

Santa Cruz County has 10 sanitation districts, eight of them are operated and governed by the County. Salsipuedes Sanitary District is the only independent special district that provides sewer service. San Lorenzo Valley Water District is the only water district that also provides sewer service to a small area of their jurisdiction. In total, approximately 60% of the entire county (83,000 people) receive sewer service from these 10 sanitation districts.

2. The majority of the districts' financial health lacks stability.

LAFCO has determined that seven sanitation districts have ended with multiple annual deficits in the last six fiscal years, and six districts have ended with consecutive annual deficits in the same time span. Only three districts (CSA 10, Salsipuedes Sanitary District, and Santa Cruz County Sanitation District) have ended a fiscal year without a deficit between 2018 to 2024.

3. Benefits assessments increase on a regular basis.

The 10 sanitation districts are primarily funded through service charges, specifically annual benefit assessments. It is LAFCO's understanding that these assessments are reviewed on a yearly basis by the County Board of Supervisors while Davenport, Freedom, and Santa Cruz County Sanitation Districts have their own boards. Sanitation Districts and CSAs operated by the county are governed by Proposition 218 and have resolutions in place to ensure annual rate increases of at least Consumer Price Index (CPI).

4. The sanitation districts are transparent.

State law requires independent special districts to maintain a robust website to ensure that constituents are aware of the local agencies' operations and finances. While the law does not apply to dependent special districts, LAFCO is impressed with the level of transparency from the 10 sanitation districts. The County has a webpage dedicated to all their sanitation districts which discloses financial information, board meeting agendas and minutes, vicinity maps, or scheduled capital improvement projects. San Lorenzo Valley Water District (for Bear Creek Estates) and Salsipuedes Sanitary District also have robust websites. Based on LAFCO's 2025 analysis, all 10 sanitation districts met most of the benchmarks used to measure online transparency.

5. Certain sphere boundaries require amendments.

The original sphere boundaries for the Districts were primarily adopted between 1983 to 1991, with two being adopted in 2019 during LAFCO's last service review cycle. Based on LAFCO's 2025 analysis, the sphere boundaries for CSA 7, Davenport County Sanitation District, Freedom County Sanitation District, Salsipuedes Sanitary District, and Santa Cruz County Sanitation District require modifications to accurately reflect their service area. The remaining six spheres should be reaffirmed.

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 September 9th issue of the Santa Cruz Sentinel (**Attachment 3**). An administrative copy was shared with the general managers and staff of each sanitation district prior to publication of the final report. This allowed the agencies an opportunity to review LAFCO staff's findings and provide corrections and/or feedback before the report was finalized. The service review was initially scheduled for consideration in May, but additional time was needed from the affected agencies to review LAFCO's findings and recommendations. Their assistance and support in completing the countywide service review was greatly appreciated by LAFCO. In conclusion, staff is recommending that the Commission adopt the attached draft 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. 2025-11

cc: County of Santa Cruz (DCSD, FCSD, SCCSD, CSAs 2, 5, 7, 10, and 20)
Salsipuedes Sanitary District
San Lorenzo Valley Water District (Big Creek Estates Wastewater System)

Local Agency Formation Commission of Santa Cruz County

LAF©



Comprehensive Sanitation Service and Sphere Review:

- BEAR CREEK ESTATES WASTEWATER SYSTEM
- COUNTY SERVICE AREAS 2, 5, 7, 10, AND 20
- DAVENPORT COUNTY SANITATION DISTRICT
- FREEDOM COUNTY SANITATION DISTRICT
- SALSIPUEDES SANITARY DISTRICT
- SANTA CRUZ COUNTY SANITATION DISTRICT

Draft Version – September 22, 2025

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EXECUTIVE SUMMARY

Introduction

This Service and Sphere of Influence Review provides information about the services and boundaries of 10 sanitation districts located throughout Santa Cruz County. The purpose of the report is to allow 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 special districts, including county service areas (CSAs), in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting Sphere updates (Government Code section 56430). The last countywide sewer analysis conducted for the 10 sanitation districts occurred on October 2, 2019.

The municipal 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 to the provisions of 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 to service delivery, government organization, or spheres of influence.

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

Structure of Report

This *Executive Summary* presents a brief overview of the service review, key findings, and recommended actions. The *District Profile* chapters contain individual evaluations for each of the 10 sanitation districts - highlighting specific characteristics, ongoing operations, current fiscal health, existing governance structure, ability to provide services, and its importance within its jurisdictional area. The profiles conclude with statutory determinations required for all service and sphere of influence reviews pursuant to the Cortese-Knox-Hertzberg Act. These chapters are followed by *Appendices* with sources used to conduct the service review.

Service Provision

Wastewater services within Santa Cruz County are provided by nine dependent special districts, three cities, and two independent special districts. Facilities range from individual or small community septic systems to local wastewater collection systems and regional treatment plants. Wastewater systems are closely regulated both for health and environmental concerns. The Regional Water Quality Control Board regulates operations and discharges from sewage systems.

In accordance to the Commission's Multi-Year Work Program adopted in 2024, the following 10 sanitation districts will be analyzed in this report. **Figure 1** on page 6 provides an overview map depicting the 10 subject agencies.

List of Subject Agencies:

- 1. Bear Creek Estates Wastewater System (San Lorenzo Valley Water District)
- 2. County Service Area 2 (Place de Mer)
- 3. County Service Area 5 (Sand Dollar/Canon del Sol)
- 4. County Service Area 7 (Boulder Creek Country Club)
- 5. County Service Area 10 (Rolling Woods)
- 6. County Service Area 20 (Trestle Beach)
- 7. Davenport County Sanitation District
- 8. Freedom County Sanitation District
- 9. Salsipuedes Sanitary District
- 10. Santa Cruz County Sanitation District

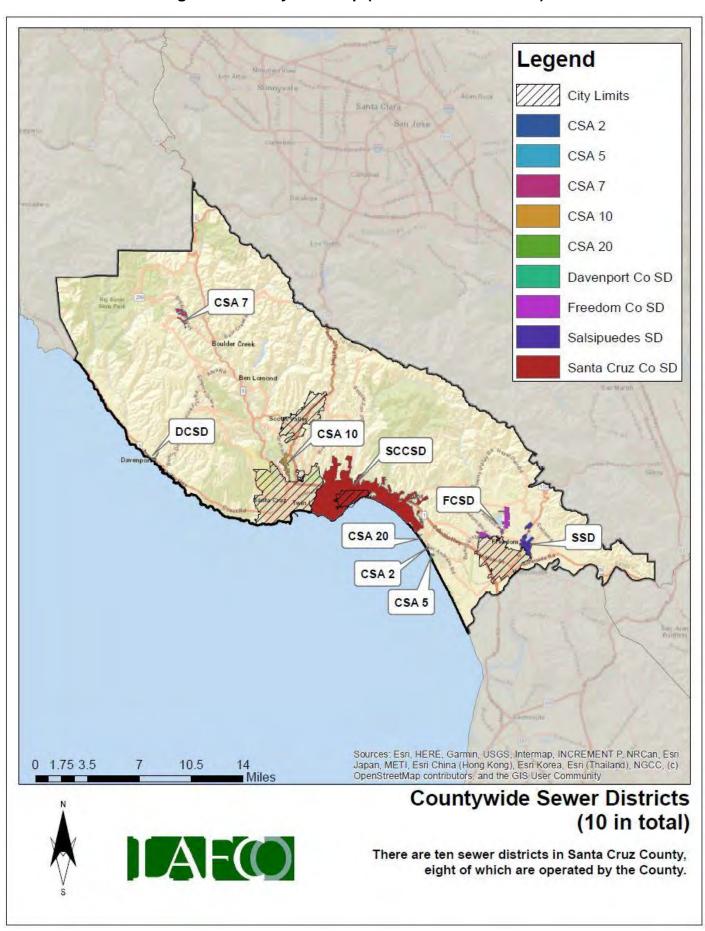
CSA 12 (Wastewater Management) and the Cities of Santa Cruz, Scotts Valley, and Watsonville were analyzed in the previous service review cycle and are excluded from this 2025 report. LAFCO's website contains the service reviews for these four additional wastewater providers: https://www.santacruzlafco.org/reviews/.

Regulatory Requirements

All federal and state agencies, municipalities, counties, districts, and other public entities that own or operate sanitary sewer systems greater than one mile in length, that collect and/or convey untreated or partially treated wastewater to a publicly owned treatment facility in the State of California, are required to comply with the terms of the State Water Resources Control Board's Statewide Sanitary Sewer Systems General Order. In 2023, the State Water Resources Control Board (State Water Board) adopted the existing Statewide Sanitary Sewer System Order. Through this General Order, the State Water Board began regulating the sanitary sewer systems designed to convey sewage. This General Order establishes statewide waste discharge requirements and supersedes the previous State Water Resources Control Board (State Water Board) Order from 2006 and amendments thereafter. All sections and attachments of the latest General Order are enforceable by the State Water Board and Regional Water Quality Control Boards (Regional Water Boards). Through this General Order, the State Water Board requires an Enrollee to:

- Comply with federal and state prohibitions of discharge of sewage to waters of the State, including federal waters of the United States;
- Comply with the specifications, and notification, monitoring, reporting and recordkeeping requirements of this General Order that relate to implementation of the federal Clean Water Act, the California Water Code (Water Code), water quality control plans (including Regional Water Board Basin Plans) and policies;
- Proactively operate and maintain resilient sanitary sewer systems to prevent spills;
- Eliminate discharges of sewage to waters of the State through effective implementation of a Sewer System Management Plan;
- Monitor, track, and analyze spills for ongoing system-specific performance improvements; and
- Report noncompliance with this General Order per reporting requirements.

Figure 1: Countywide Map (10 Sanitation Districts)



Growth and Population

The Association of Monterey Bay Area Governments (AMBAG) indicates that the unincorporated areas within Santa Cruz County will experience a slow growth over the next fifteen years. The 2018 AMBAG Regional Growth Forecast Report states that the population in unincorporated territory will grow at a rate of approximately 1% every five years. Based on this anticipated growth rate, LAFCO staff calculated the estimated population for each subject agency from 2025 to 2040, as shown below. These growth projections are using LAFCO's methodology and may differ from projections based on regional housing needs:

Table 1: Population Estimates

Sanitation District	2025	2030	2035	2040
Bear Creek Estates Wastewater System	186	188	189	191
CSA 2 (Place de Mer)	169	171	172	174
CSA 5 (Sand Dollar/Canon del Sol)	222	224	226	228
CSA 7 (Boulder Creek Country Club)	662	668	674	679
CSA 10 (Rolling Woods)	897	904	912	920
CSA 20 (Trestle Beach)	43	43	44	44
Davenport County Sanitation District	219	221	223	225
Freedom County Sanitation District	4,200	4,272	4,308	4,345
Salsipuedes Sanitary District	2,172	2,190	2,209	2,228
Santa Cruz County Sanitation District	73,894	<u>74,756</u>	75,628	<u>76,510</u>
Total Population Within the 10 Sewer Districts	82,664	83,637	84,585	85,544

Population growth will continue to affect the agencies providing wastewater services as they upgrade their systems to comply with regulatory changes and maintain service levels. In general, CSAs, small package treatment plants, and their wastewater disposal systems may not be an efficient method of providing wastewater service for the rural areas of the County due to three primary factors: (1) the rising costs of addressing aging infrastructure, (2) the lack of revenue streams to cover current and long-term liabilities, and (3) the reliability offered by larger agencies with established treatment plants. Based on the findings discussed in this report, all future dense developments should consider connecting to existing wastewater facilities rather than establishing small, limited sewer collection systems.

<u>Disadvantaged Unincorporated Communities</u>

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

- Considering a city annexation proposal involving 10 or more acres with an existing DUC located contiguous to the proposal area; and
- Approving sphere of influence and municipal service review determinations associated with the update or establishment of spheres of influence for local agencies subject to SB 244 requirements.

In 2025, the California statewide annual median household income was \$109,266¹, and 80% of that is \$87,413. LAFCO staff utilized the ArcGIS mapping program to locate potential DUCs in Santa Cruz County. Staff's analysis initially found two areas that may be considered DUCs in the Twin Lakes and Freedom area, as shown in **Figure 2**. Based on the criteria set forth by SB 244, in conjunction with further evaluation of these areas, staff determined that these areas are not disadvantaged unincorporated communities since the land use designation for the DUC in Freedom is for agriculture and the land use designation for the DUC in Twin Lakes is for mixed-use which includes both high-valued homes and commercial properties.

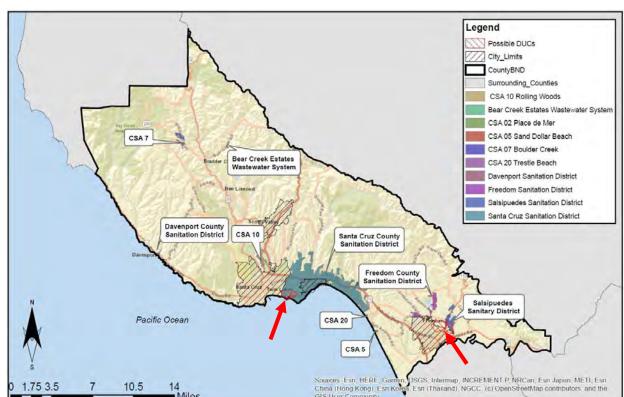


Figure 2: Disadvantaged Unincorporated Communities in Santa Cruz County

 ¹ 2019-2023 U.S. Census Bureau's American Community Survey (ACS) 2019-2023 5-year estimates
 Comprehensive Sanitation Service and Sphere Review

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<u>Infrastructure Components</u>

Wastewater infrastructure includes septic systems, collection and sewer main lines, lift stations, treatment plants and recycled water treatment systems. The geography of the local area, water quality conditions, accessibility of treatment facilities, and funding considerations are factors in determining the type of system used and its infrastructure needs. Parcels that are not in proximity to a public sewer system and meet certain requirements may use individual septic systems; some geographically isolated communities share a community septic system or use an onsite package treatment plant. Developed areas are served by collection systems with treatment provided at local or regional facilities. One treatment plant, operated by the Davenport County Sanitation District, is currently producing recycled water.

The following table summarizes the wastewater infrastructure for the 10 sanitation districts:

Table 2: Wastewater Infrastructure Summary

Table 2: Wastewater infrastructure Guiffinary								
Sanitation District	Formation Year	Type of System	Treatment No. of Connections		No. of Lift Stations	Miles of Sewer Line		
Bear Creek Estates	1985	Septic and Collection System	N/A	56	2	1.2		
CSA 2	1968	Collection and Advanced Treatment	N/A 93		2	0.4		
CSA 5	1972	Collection and Treatment	Secondary	184	2	1.15		
CSA 7	1968	Collection and Treatment	Secondary	Zone 1: 254 Zone 2: 12	6	3.4		
CSA 10	1970	Collection	N/A	157	1	3.5		
CSA 20	1980	Collection, and Treatment	Secondary 22		1	0.3		
Davenport Co	1979	Collection, Treatment, and Recycled Water	Tertiary	109	3	3.0		
Freedom Co	1965	Collection	N/A	1,891	9	15.3		
Salsipuedes	1965	Collection	N/A	512	2	7.0		
Santa Cruz Co	1973	Collection	N/A	36,000	35	220.0		

Footnote: Data from the County's 2022 Sewer System Management Plan and input from the subject agencies. CSA 7 Zone 2 was defined in 2024.

Aging infrastructure and the need for repair, replacement, or upgrades are a growing concern for most of the 10 sanitation districts. In some cases, a lack of funding has postponed certain capital improvement projects. Not all sanitation districts have an adopted capital improvement plan in place. The need for long-term maintenance planning should be considered and determined by all sanitation districts to identify adequate funding to address current and future maintenance, replacement needs, and/or upgrades to their aging infrastructure.

Funding Source

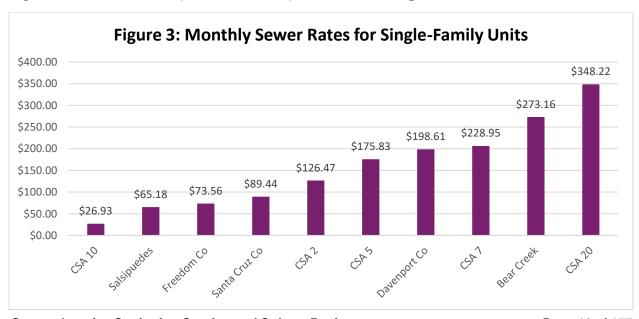
Wastewater services are primarily funded through sewer charges. Wastewater service rates include flat residential rates with commercial and institutional accounts being charged a base rate plus quantity charge. The following table summarizes the current annual wastewater rates. A full review of all wastewater rates for each sanitation district is discussed in the District Profile Chapters within the report.

Table 3: Annual Sewer Rates (FY 24-25 data)

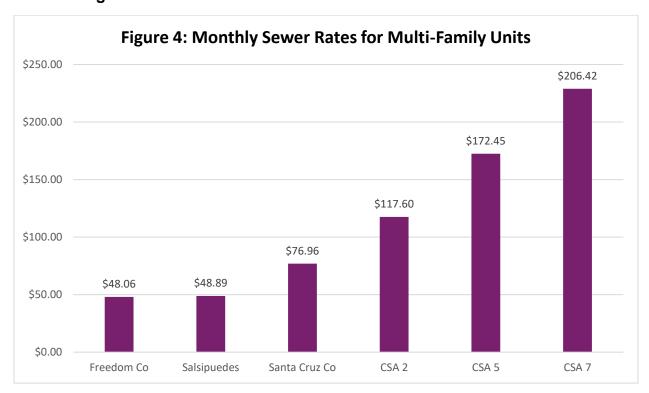
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	Single Family	Multi Mobile Commercial Use Family		School Sites						
Bear Creek	\$3,277.92	-	-	-	-					
CSA 2	\$1,517.64	\$1,411.19	-	-	-					
CSA 5	\$2,109.91	\$2,069.37	-	-	-					
CSA 7 Zone 1	\$2,757.51	\$2,477.10	-	\$1,895.67 plus \$8.65/HCF	-					
CSA 7 Zone 2 ₍₁₎	\$3,728.81	-	-	\$7,457.63 (2)						
CSA 10	\$323.11	-	-	\$6,069.68 (3)	-					
CSA 20	\$4,178.67	-	-	-	-					
Davenport Co	\$2,383.28	-	-	\$749.72 plus \$20.02/HCF	\$749.72 plus \$48.25/ADA					
Freedom Co	\$882.76	\$576.66	\$890.42	\$198.92 plus \$7.84/HCF	\$198.92 plus \$18/90/ADA					
Salsipuedes	\$782.16	\$586.68	-	\$152.88	\$82.32					
Santa Cruz Co	\$1,073.28	\$923.52	\$788.64	\$427.08 plus volume fee (4)	\$427.08 plus student count fee					

Footnotes: (1) CSA 7 Zone 2 also has a "standby" charge for parcels that may connect once they have rebuilt after the CZU Fire. Standby charge is \$932.20/parcel. (2) The only commercial user is a fire station and is charged as two single-family dwellings; it is not comparable with other commercial rates. (3) This flat rate is for multiple buildings/users at the Pasatiempo Golf Course based on estimated water usage at the time of their connection agreement; it is not comparable with other commercial rates (4)For list of volume and student count fees by user type see District website at: https://sccsd.wpcomstaging.com/rates-charges/

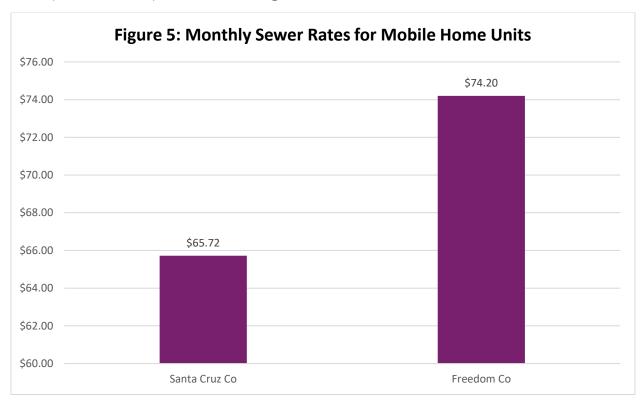
For comparison purposes, the following figures show the sewer rates by category and monthly costs. All 10 sanitation districts have single family units within their jurisdiction. The lowest rate for single-family units is offered by CSA 10 (\$26.93/month) and the highest is from CSA 20 (\$348.22/month), as shown in **Figure 3**.



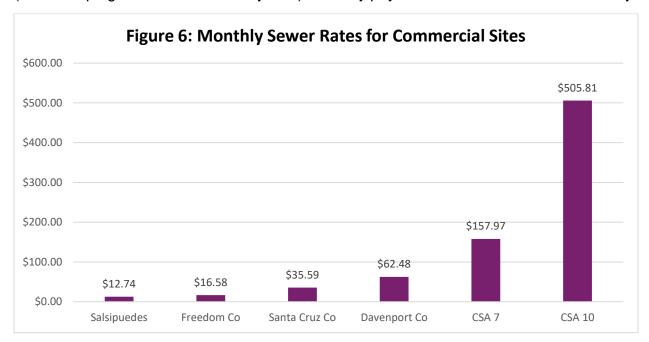
More than half of the 10 sanitation districts provide sewer service to multi-family residential units. The lowest rate for multi-family units is offered by Freedom County Sanitation District (\$48.06/month) and the highest is from CSA 7 (\$206.42/month), as shown in **Figure 4**.



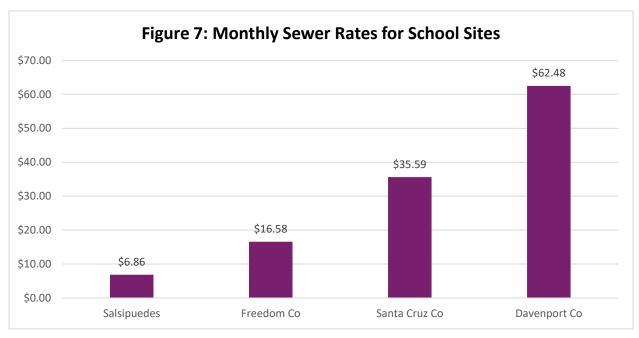
Only 2 of the 10 sanitation districts provide sewer service to mobile home units. Santa Cruz County Sanitation District currently offers the lowest sewer rate (\$65.72/month) when compared to Freedom County Sanitation District's sewer rates for mobile home units (\$74.20/month), as shown in **Figure 5**.



More than half of the 10 sanitation districts provide sewer service to commercial sites. Various districts' commercial rates are difficult to compare since there are some districts that have flat fees, plus fees based on their water usage. Looking only at the flat rate portions, the lowest rate for commercial areas is offered by Salsipuedes Sanitary District (\$12.74/month) and the highest is from CSA 10 (\$505.81/month), as shown in **Figure 6**. However, it is important to note that only one site is billed as commercial in CSA 10 (Pasatiempo golf course and county club) and they pay this one rate for their entire facility.



Only 4 of the 10 sanitation districts provide sewer service to school sites. Various districts' school rates are difficult to compare since Salsipuedes Sanitation District only has a flat fee, and the other three districts have flat fees plus fees for the number of average daily attendance at the school. Looking only at the flat rate portions, Salsipuedes Sanitary District currently offers the lowest sewer rate (\$6.86/month), and the highest rate is from Davenport County Sanitation District (\$62.48/month), as shown in **Figure 7**.



Financial Health

The sanitation districts are primarily funded through service charges. **Table 4** highlights whether the districts had enough revenue to cover annual expenses for FY 2023-24. A full review of all revenue funds for each district during the past decade is discussed in the *Profile Chapters* within this report.

Table 4: Total Revenue vs. Total Expense (FY 2023-24)

Sanitation Districts	Total Revenue	Total Expense	Surplus/(Deficit)	Net Position
Bear Creek Estates	\$173,021	\$121,827	\$51,194	\$337,241
CSA 2	\$115,389	\$154,154	-\$38,765	\$295,746
CSA 5	\$410,724	\$350,377	\$60,347	\$749,716
CSA 7 (Zone 1)	\$568,219	\$608,415	-\$40,196	5,690,019
CSA 10	\$122,037	\$27,123	\$94,914	1,115,134
CSA 20	\$84,779	\$83,827	\$952	\$5,925
Davenport Co	\$329,068	\$295,935	\$30,554	\$762,535
Freedom Co	\$5,391,911	\$1,705,838	\$3,686,073	14,581,389
Salsipuedes	\$537,297	\$329,870	\$208,427	\$2,858,033
Santa Cruz Co	\$34,729,590	\$30,885,553	\$3,844,037	\$3,551,916

Footnote: Surplus/(Deficit) amounts are before any year-end adjustments

Potential Countywide Coordination

Out of the 10 sanitation districts being analyzed in this report, it is noteworthy to highlight that the County manages and operates 8 of these agencies. More importantly, there is an overall coordination between the 10 sanitation districts and other regional treatment plant operators, including the Cities of Santa Cruz and Watsonville.

- City of Santa Cruz operates and maintains a regional wastewater treatment and disposal facility. Wastewater treatment and ocean outfall disposal are provided for the City of Santa Cruz and the Santa Cruz County Sanitation District, which include Live Oak, Capitola, Soquel and Aptos. Ocean outfall disposal is provided for the City of Scotts Valley.
- City of Watsonville operates as a regional treatment plant service for the City, the
 Freedom County Sanitation District, Pajaro Dunes, the Salsipuedes Sanitary District,
 and the Pajaro County Sanitation District in Monterey County. Additionally,
 Watsonville has partnered with Pajaro Valley Water Management Agency in treating
 municipal wastewater through their Water Recycle Plant. The treated water is mixed
 with well water, delivered through the PVWMA's coastal distribution system, and used
 for crop irrigation.

These partnerships are based on separate contracts and agreements. It may be beneficial to explore opportunities to combine or establish a regional agreement through a Countywide Memorandum of Understanding or the creation of a Joint Powers Authority.

- Memorandum of Understanding (MOU) A Memorandum of Understanding describes an agreement between two or more parties: in this case, the local agencies that provide sewer services in Santa Cruz County. The MOU expresses a convergence of wills between the parties, specifying an intended common line of action or goal. 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 upon 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 commitments².
- Joint Powers Authority (JPA) defined by the California State Legislature Senate Local Government Committee, is a formal, legal agreement between two or more public agencies that share a common jurisdictional power and want to jointly implement programs, build facilities, or deliver services. Officials from those public agencies must formally approve a cooperative arrangement. JPAs offer another way for governments to deliver services. With a JPA, a member agency agrees to be responsible for delivering a service on behalf of the other member agencies. For example, Marin County, City of Larkspur, and other special districts formed a JPA to plan, acquire, construct, maintain and operate facilities, for either joint or sole use, for the collection, treatment, reclamation and disposal of sewage and other wastewater for the benefit of lands and inhabitants within the collective boundaries³.

Sphere of Influence

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 with the preparation of service and sphere 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 & planned uses in the area, including agricultural & 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
- ❖ An update on a sphere of influence for 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.

² Definition and purpose provided by the Water Integrity Network: https://www.waterintegritynetwork.net/2018/03/23/11124/

³ Information based on 2018 Joint Exercise of Powers Agreement: https://www.cmsa.us/assets/documents/administrative/2018%20CMSA%20JPA%20with%20Exhibits.pdf

Sphere Determinations

Most of the spheres of influence for each sewer district were originally adopted between 1975 to 1991. Since then, the sphere boundaries have been evaluated during the last two cycles of service reviews in 2016 and 2019. **Table 5** shows the past and proposed sphere determinations for each district. A full discussion about the proposed sphere determinations is available in each agencies' profile chapter as part of this report.

Table 5: Sphere Designations (1988 to 2025)

Sanitation District	Original Adoption (Years Vary)	Previous Sphere Review (2019)	Current Sphere Review (2025)
Bear Creek	Zero Sphere (2019)	Established Sphere	Proposed: Reaffirm Zero Sphere
CSA 2	Coterminous Sphere (1988)	Reaffirmed Sphere	Proposed: Reaffirm Current Sphere
CSA 5	Coterminous Sphere (1988)	Reaffirmed Sphere	Proposed: Reaffirm Current Sphere
CSA 7	Sphere Smaller than District (1987)	Reaffirmed Sphere	Proposed: Amend Sphere to be Coterminous w/ District
CSA 10	Coterminous Sphere (1984)	Reaffirmed Sphere	Proposed: Reaffirm Current Sphere
CSA 20	Coterminous Sphere (2019)	Established Sphere	Proposed: Reaffirm Current Sphere
Davenport Co	Coterminous Sphere (1991)	Reaffirmed Sphere	Proposed: Expand Sphere to include Existing ESA
Freedom Co	Sphere Larger than District (1975)	Reaffirmed Sphere	Proposed: Reaffirm Current Sphere
Salsipuedes	Sphere Larger than District (1987)	Reaffirmed Sphere	Proposed: Amend Sphere to be Coterminous w/ District
Santa Cruz Co	Sphere Smaller than District (1983)	Reaffirmed Sphere	Proposed: Amend Sphere to be Coterminous w/ District

Key Findings

The following are key findings of the 2025 Comprehensive Sanitation Service and Sphere of Influence Review:

1. The County governs most of the sanitation districts.

Santa Cruz County has 10 sanitation districts, eight of them are operated and governed by the County. Salsipuedes Sanitary District is the only independent special district that provides sewer service. San Lorenzo Valley Water District is the only water district that also provides sewer service to a small area of their jurisdiction. In total, approximately 60% of the entire county (83,000 people) receive sewer service from these 10 sanitation districts.

2. The majority of the districts' financial health lacks stability.

LAFCO has determined that seven sanitation districts have ended with multiple annual deficits in the last six fiscal years, and six districts have ended with consecutive annual deficits in the same time span. Only three districts (CSA 10, Salsipuedes Sanitary District, and Santa Cruz County Sanitation District) have ended a fiscal year without a deficit between 2018 to 2024.

3. Benefits assessments increase on a regular basis.

The 10 sanitation districts are primarily funded through service charges, specifically annual benefit assessments. It is LAFCO's understanding that these assessments are reviewed on a yearly basis by the County Board of Supervisors while Davenport, Freedom, and Santa Cruz County Sanitation Districts have their own boards. Sanitation Districts and CSAs operated by the county are governed by Proposition 218,, and have resolutions in place to ensure annual rate increases of at least Consumer Price Index (CPI).

4. The sanitation districts are transparent.

State law requires independent special districts to maintain a robust website to ensure that constituents are aware of the local agencies' operations and finances. While the law does not apply to dependent special districts, LAFCO is impressed with the level of transparency from the 10 sanitation districts. The County has a webpage dedicated to all their sanitation districts which discloses financial information, board meeting agendas and minutes, vicinity maps, or scheduled capital improvement projects. San Lorenzo Valley Water District (for Bear Creek Estates) and Salsipuedes Sanitary District also have robust websites. Based on LAFCO's 2025 analysis, all 10 sanitation districts met most of the benchmarks used to measure online transparency.

5. Certain sphere boundaries require amendments.

The original sphere boundaries for the Districts were primarily adopted between 1983 to 1991, with two being adopted in 2019 during LAFCO's last service review cycle. Based on LAFCO's 2025 analysis, the sphere boundaries for CSA 7, Davenport County Sanitation District, Freedom County Sanitation District, Salsipuedes Sanitary District, and Santa Cruz County Sanitation District require modifications to accurately reflect their service area. The remaining six spheres should be reaffirmed.

Recommended Actions

Based on the analysis and findings in the 2025 Comprehensive Sanitation Service and Sphere of Influence Review, the Executive Officer recommends that the Commission:

- Find that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, 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, the Local Agency Formation Commission of Santa Cruz County is required to develop and determine a sphere of influence for the 10 sanitation districts, and review and update, as necessary;
- 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. 2025-11) approving the 2025 Comprehensive Sanitation Service and Sphere Review, with the following terms and conditions:
 - Reaffirm sphere of influence boundary for the following: Bear Creek Estates Wastewater System, CSA 2, CSA 5, CSA 10, CSA 20, and Freedom County Sanitation District;
 - Amend the sphere of influence boundary to be coterminous with the jurisdictional boundary for the following: CSA 7, Salsipuedes Sanitary District, and Santa Cruz County Sanitation District;
 - c. Expand the sphere of influence boundary for the Davenport County Sanitation District to include the existing extraterritorial service agreement; and
 - d. Direct the Executive Officer to distribute a copy of the adopted service and sphere review to the 10 sanitation districts and any other interested or affected parties, including but not limited to the County Department of Community Development & Infrastructure (formally known as Public Works), the County Administrative Office, and the four cities (Capitola, Santa Cruz, Scotts Valley, and Watsonville).

BEAR CREEK ESTATES WASTEWATER SYSTEM

District Overview

The Bear Creek Estates Wastewater System, operated by the San Lorenzo Valley Water District (SLVWD), provides wastewater collection and treatment for 56 parcels in a portion of the Bear Creek Estates subdivision (units 3, 4, and 5). The Bear Creek Estates Wastewater Treatment plant is located at 15900 Bear Creek Road, Boulder Creek, California. It was initially constructed in 1985 as a septic tank treatment system. It was designed to treat an average flow of 12,000 gallons per day (GPD) and a peak wet weather flow of 32,500 gallons per day (GPD). The System consists of two (2) cast-in-place, underground concrete tanks, four (4) above ground trickling media filters, an influent pump station, an effluent pump station, and a 2.3-acre leach field. **Figure 8**, on page 19, is a vicinity map of the service area. **Appendix A** provides a copy of the formation resolution.

Sewer Provision History

The Bear Creek Estates subdivision was first developed between 1963 and 1965 and expanded in 1975. Residential units were historically on private septic systems, and approximately half the units remained on private septic systems during the conversion to the sewer system. A private developer constructed the District's wastewater collection system and septic disposal system in 1985. The Wastewater System was acquired by SLVWD when the development requested annexation into the District's water system. There are no direct wastewater system employees. The system is operated on a routine or as needed basis with direct staff being allocated from the Water Fund Operations & Distribution or Supply & Treatment Departments.

Population & Growth

There are no growth projections available for the San Lorenzo Valley Water District or the Bear Creek Estates Wastewater System. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. LAFCO staff estimates that the population within the Bear Creek Estates Wastewater System was approximately 185 in 2020. Based on the slow growth rate of 0.86% for the unincorporated areas in the County, LAFCO staff projects that the System's entire population in 2040 may reach 191.

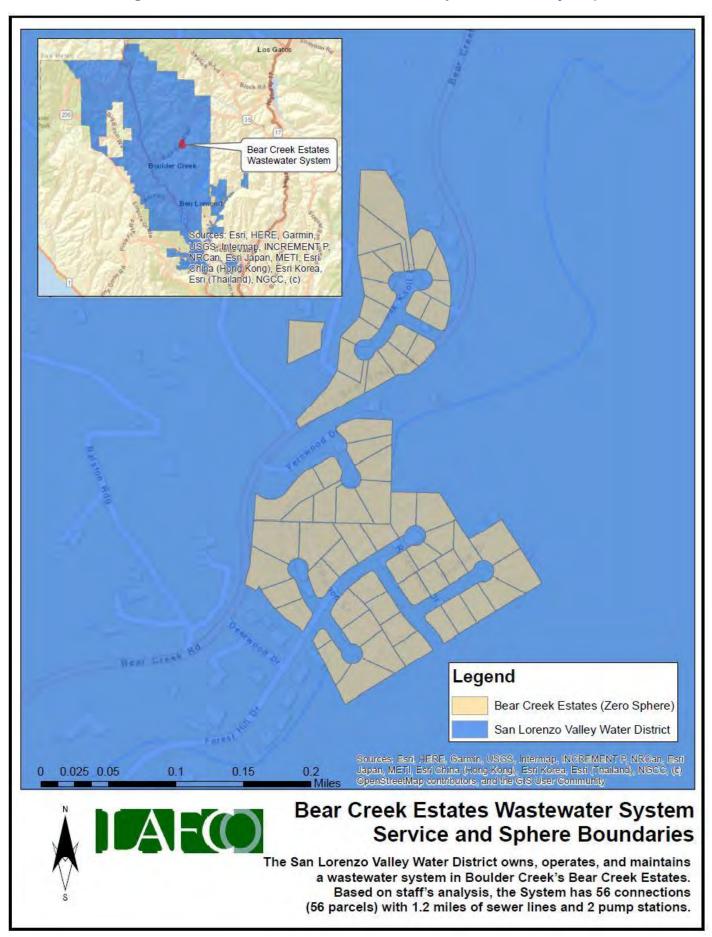
Under the assumed population growth, the projected population for the Bear Creek Estates Wastewater System for the next 15 years are as follows:

Table 6: Projected Population

	2020	2025	2030	2035	2040	Growth Rate
Santa Cruz County (unincorporated)	136,891	137,896	139,105	140,356	141,645	0.86%
San Lorenzo Valley Water District	19,882	20,052	20,224	20,398	20,572	0.86%
Bear Creek Estates Wastewater System	185	186	188	189	191	0.86%

Source: AMBAG 2018 Regional Growth Forecast

Figure 8: Bear Creek Estates Wastewater System's Vicinity Map



Services & Operations

The San Lorenzo Valley Water District owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates. Based on staff's analysis, the System has 56 connections with 1.2 miles of sewer lines and 2 pump stations. The System is operating on a routine or as needed basis with staff being allocated from the Operations & Distribution or Supply & Treatment Departments. An indirect allocation process is used based on number of overall customers to allocate indirect costs identified as being a shared benefit to all customers. The following are key highlights of the Bear Creek Estates Wastewater System:

- The system collects and treats domestic wastewater flow;
- The existing collection system consists of 19 manholes, 2 cleanouts, approximately 3,600 linear feet of gravity sewer, 2,600 linear feet of force mains, 2 sewer pump stations, and 56 laterals;
- From 2005 to 2013, the District completed several modifications aimed at achieving regulatory compliance and improved nitrogen removal efficiency. This resulted in the existing treatment septic system being modified to incorporate a 3stage trickling filter system, new internal recirculation/splitter/ball valves, and new air blowers with high-capacity disc diffusers in the clarifier tanks; and
- Due to high regulatory requirements, there is still significant improvements needed for the wastewater system.

Sewer Rates

At present, the System's annual sewer rates derive from single-family units in the Bear Creek Estates subdivision. **Table 7** shows the gradual increase in annual rates during the last 12 years. The District recently conducted a rate study to implement new rates that would ensure adequate revenue was collected to cover annual expenses.

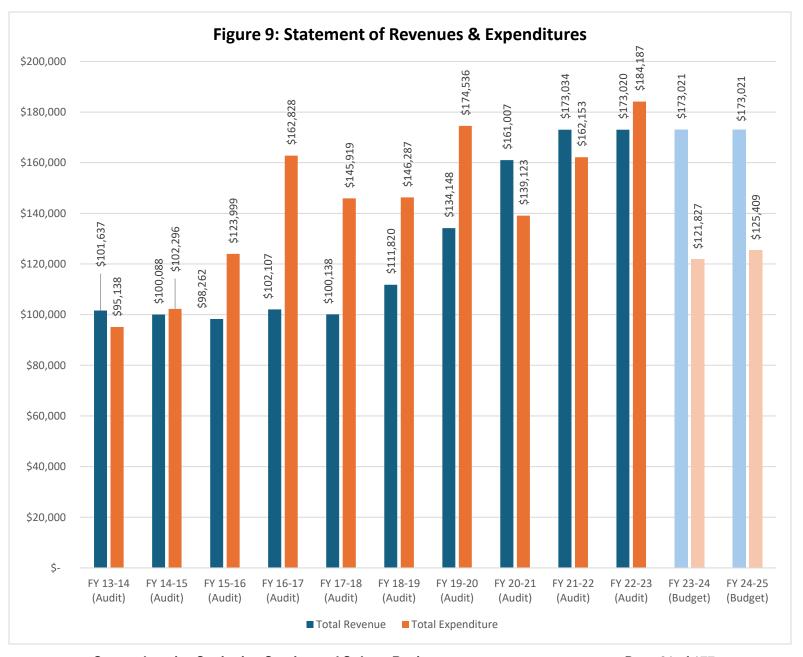
Table 7: Annual Sewer Rates

	FY 13-14 to FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Bear Creek Estates	\$1,788.00	\$1,788.00	\$2,136.00	\$2,574.72	\$3,089.64	\$3,089.64	\$3,182.40
Monthly Rate	\$149.00	\$178.00	\$214.56	\$257.47	\$257.47	\$265.20	\$273.16
Change (%)		19%	21%	20%	0%	3%	3%

Finances

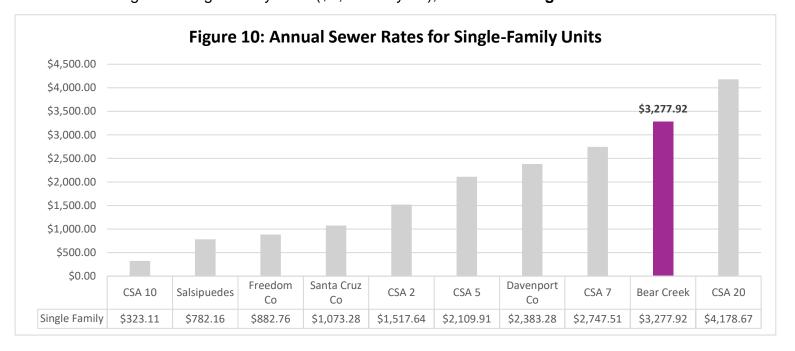
This section will highlight the System's audited financial performance during the most recent fiscal years. Fiscal Year 2022-23 is the latest audited financial statement available. A comprehensive analysis of the System's financial performance during the past 12 years is shown in **Table 9**, on page 23.

At the end of Fiscal Year 2022-23, total revenue collected was approximately \$173,000, which was virtually the same from the previous year (\$173,034 in FY 21-22). Total expenses for FY 2022-23 were approximately \$184,000, which increased from the previous year by approximately \$22,000 (\$162,153 in FY 21-22). During LAFCO's last service review analysis in 2019, the System experienced annual deficits in four of the five fiscal years (FY 13-14 to FY 17-18). During this service review cycle, the System experienced three annual deficits in the past five years (FY 18-19 to FY 22-23), as shown in **Figure 9** below. However, based on the two recently adopted budgets and the upcoming rate increases, LAFCO staff believes that the District may now have enough revenue to offset annual expenses.



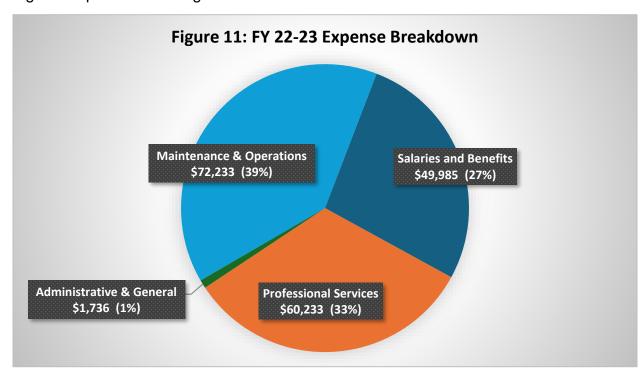
District Revenues

The Bear Creek Estates Wastewater System's only source of revenue is from Wastewater Service Fees. On average, the System receives approximately \$125,500 each year in service fees. When comparing the sewer rates with the other sanitation districts analyzed in this report, the Bear Creek Estates Wastewater System is ranked the second highest in charges for single-family units (\$3,277.92/year), as shown in **Figure 10**.



District Expenditures

The Bear Creek Estates Wastewater System's total expenditures can be categorized into 4 budgetary groups: Salaries & Benefits, Administrative & General, Professional Services, and Maintenance & Operations. **Figure 11** distinguishes the cost and percentage per category. As shown below, maintaining and operating the sewer infrastructure was the highest expenditure during FY 2022-23.



Fund Balance/Net Position

As of June 30, 2024, the total fund balance was approximately \$337,000. The following table highlights the Fund Balance from 2018 to 2025. As **Table 8** shows below, the fund balance has fluctuated in recent years. On average, total reserves has decreased by approximately \$14,000 or 3% since FY 2013-14. A full review of the District's revenues and expenditures from FY 2013-14 to FY 24-25 is shown in **Table 9**.

Table 8: Fund Balance/Net Position

	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Budget)	FY 24-25 (Budget)
Net Position (Ending Balance)	\$304,837	\$264,449	\$286,333	\$297,214	\$286,047	\$337,241	\$384,853
Change in (\$) from previous year		\$(40,388)	\$21,884	\$10,881	\$(11,167)	\$51,194	\$47,612
Change in (%) from previous year		-13.25%	8.28%	3.80%	-3.76%	17.90%	14.12%

Table 9: Total Revenues & Expenditures (12 Year Overview)

	FY 13-14 (Audit)	FY 14-15 (Audit)	FY 15-16 (Audit)	FY 16-17 (Audit)	FY 17-18 (Audit)	FY 18-19 (Audit)	FY 19-20 (Audit)	FY 20-21 (Audit)	FY 21-22 (Audit)	FY 22-23 (Audit)	FY 23-24 (Budget)	FY 24-25 (Budget)
REVENUE												
Wastewater Service	\$ 101,637	\$ 100,088	\$ 98,262	\$ 102,107	\$ 100,138	\$ 111,820	\$ 134,148	\$ 161,007	\$ 173,034	\$ 173,020	\$ 173,021	\$ 173,021
Total Revenue	\$ 101,637	\$ 100,088	\$ 98,262	\$ 102,107	\$ 100,138	\$ 111,820	\$ 134,148	\$ 161,007	\$ 173,034	\$ 173,020	\$ 173,021	\$ 173,021
EXPENDITURE												
Salaries and Benefits	\$ 12,954	\$ 7,213	\$ -	\$ -	\$ 47,796	\$ 48,499	\$ 44,296	\$ 34,608	\$ 48,591	\$ 49,985	\$ 33,919	\$ 34,371
Professional Services	\$ 5,406	\$ 21,500	\$ 33,791	\$ 66,751	\$ 28,423	\$ 28,744	\$ 62,178	\$ 35,527	\$ 43,079	\$ 60,233	\$ 39,231	\$ 39,197
Operational	\$ 10,620	\$ 2,453	\$ 12,285	\$ 18,319	\$ 16,116	\$ 15,211	\$ 11,228	\$ 13,661	\$ 15,213	\$ 26,589	\$ 32,074	\$ 34,074
Maintenance	\$ 280	\$ -	\$ -	\$ -	\$ 1,106	\$ 1,140	\$ 1,503	\$ 1,356	\$ 1,392	\$ 1,477	\$ 2,984	\$ 3,705
Facilities	\$ 8,769	\$ 8,608	\$ 15,486	\$ 8,403	\$ 8,384	\$ 9,085	\$ 11,816	\$ 10,390	\$ 8,745	\$ 8,940	\$ 12,273	\$ 12,708
General and Administrativ	\$ 15,336	\$ 20,749	\$ -	\$ -	\$ 1,738	\$ 1,607	\$ 1,515	\$ 1,580	\$ 1,650	\$ 1,736	\$ 1,346	\$ 1,354
Overhead Adsorption	\$ -	\$ -	\$ 22,987	\$ 26,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,331)	\$ -	\$ -
Depreciation	\$ 41,773	\$ 41,773	\$ 39,450	\$ 42,357	\$ 42,356	\$ 42,001	\$ 42,000	\$ 42,001	\$ 43,483	\$ 43,558	\$ -	\$ -
Total Expenditure	\$ 95,138	\$ 102,296	\$ 123,999	\$ 162,828	\$ 145,919	\$ 146,287	\$ 174,536	\$ 139,123	\$ 162,153	\$ 184,187	\$ 121,827	\$ 125,409
Surplus/(Deficit)	\$ 6,499	\$ (2,208)	\$ (25,737)	\$ (60,721)	\$ (45,781)	\$ (34,467)	\$ (40,388)	\$ 21,884	\$ 10,881	\$ (11,167)	\$ 51,194	\$ 47,612
Net Position - Beginning	\$ 467,252	\$ 473,751	\$ 471,543	\$ 445,806	\$ 385,085	\$ 339,304	\$ 304,837	\$ 264,449	\$ 286,333	\$ 297,214	\$ 286,047	\$ 337,241
Net Position - Ending	\$ 473,751	\$ 471,543	\$ 445,806	\$ 385,085	\$ 339,304	\$ 304,837	\$ 264,449	\$ 286,333	\$ 297,214	\$ 286,047	\$ 337,241	\$ 384,853

Governance

The San Lorenzo Valley Water District currently owns and operates the Bear Creek Estates Wastewater System. SLVWD is an independent special district governed by a five-member Board of Directors elected at-large by the voters within the District. When candidates run unopposed, they are appointed by the County Board of Supervisors in lieu of conducting the election. The current Board is as follows:

Table 10: Board of Directors

Board Member	Title	Term of Office
Mark Smolley	President	12/16/22 to 12/15/26
Alina Layng	Vice President	12/6/24 to 12/5/28
Bryan Largay	Director	12/6/24 to 12/5/28
Bob Fultz	Director	12/16/22 to 12/15/26
Jeff Hill	Director	12/16/22 to 12/15/26

The Board of Directors meet on the first and third Thursday of each month at 6:30 PM. Meetings are held at various locations throughout the San Lorenzo Valley. Public notice is provided through posting. The District also contracts for independent audits.

Capital Improvement Plan

The San Lorenzo Valley Water District has adopted a District-wide capital improvement plan. Based on staff's research, there are no capital improvement projects scheduled for the Bear Creek Estates Wastewater System. The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.

Sewer System Management Plan

The State Water Resources Control Board regulates wastewater discharges to surface water (rivers, ocean, etc.) and to groundwater (via land). The State Water Board requires sanitation districts to follow the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. These requirements include the following:

- Sanitary Sewer Overflows are prohibited, and
- All Sanitary Sewer Overflow (SSOs), with the exception of Private Sewer Lateral Discharge (PLSDs), irrespective of size, must be reported to the State Water Board electronically using the California Integrated Water Quality System, and the Districts/CSAs must prepare and implement a Sewer System Management Plan (SSMP).

The San Lorenzo Valley Water District has adopted an Urban Water Management Plan, which includes a description of the existing location and capacity of the Wastewater System. It is LAFCO staff's understanding that the District does not have an adopted SSMP.

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 a number of 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 in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the System's webpage. **Table 11** summarizes staff's findings on whether the website meets the statutory requirements. At present, the District almost meets all the statutory requirements under SB 929 and SDLF's website transparency criteria. The District is only missing access to LAFCO's adopted service and sphere reviews on their website. Overall, SLVWD has a transparent website filled with useful information and resources easily accessible to the public regarding its water and wastewater services.

Table 11: Website Transparency

Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
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	✓
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)	19 (95%)

Opportunities & Challenges

The Bear Creek Estates Wastewater System is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Governance Structure Options

The San Lorenzo Valley Water District has expressed a desire to transfer ownership and operation of the wastewater system to another agency, such as the County of Santa Cruz, which may be able to operate the system more efficiently. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency. These steps include:

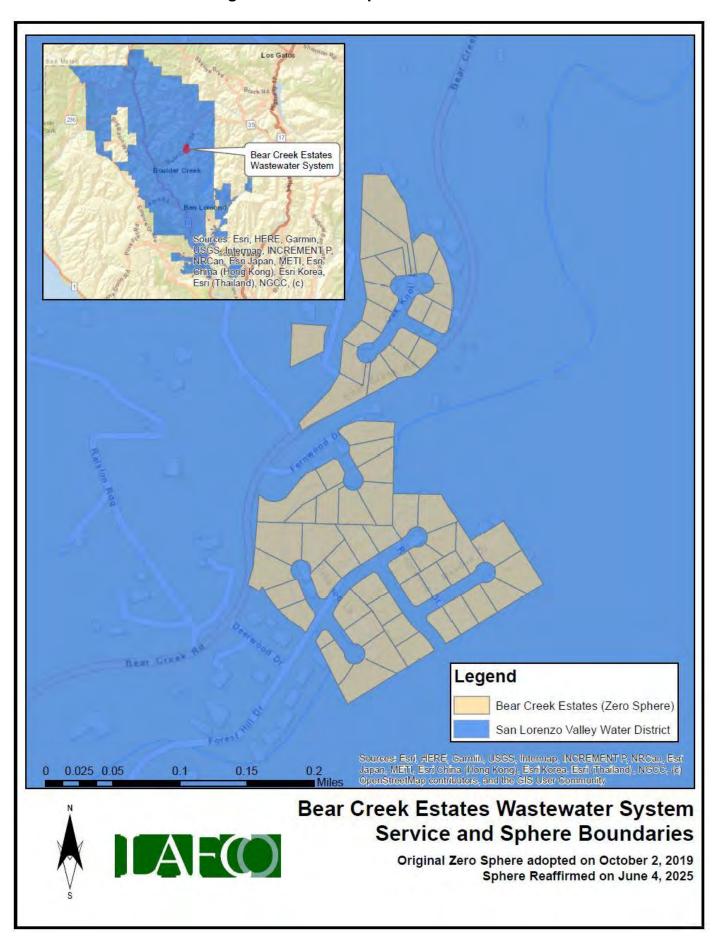
- Development of a rate-study that will establish operational and capital needs of the wastewater system;
- Implement a Proposition 218 rate increase process that will set rates appropriate to the operational and capital needs of the system; and
- Coordination with Bear Creek Estates residents, meeting with County representatives on a regular basis to discuss and move this idea forward, and collaboratively establish a plan with a timeline and key milestones.

LAFCO staff sees value in local agencies collaborating and exploring opportunities to improve delivery of municipal services. Now that the District has adopted new rates to ensure adequate revenue funds, this may be an opportunity to coordinate with the County to perhaps form a new county service area and transfer sewer responsibilities from SLVWD to the County. It is still unknown whether it is feasible for the County or another local service provider to assume responsibilities within this area. Therefore, LAFCO staff recommends that the District continue to discuss possible partnerships with the County and other neighboring agencies.

Sphere of Influence

LAFCO has established a zero sphere for the Bear Creek Estates Wastewater System in 2019. A "zero" sphere of influence designation (encompassing no territory) means that the public service functions of the agency are either: nonexistent, no longer needed, or should be reallocated to some other agency of government. The adoption of a "zero" sphere indicates the agency should transfer service responsibilities to another local agency. **Figure 12**, on page 27, shows the current sphere of influence boundary for the Bear Creek Estates Wastewater System. LAFCO staff is recommending that the Commission reaffirm the sphere boundary.

Figure 12: Current Sphere of Influence



District Summary

Bear Creek Estates Wastewater System (San Lorenzo Valley Water District)		
Formation	California Water Code, section 30,000 et seq.	
Board of Directors	Five members, elected at-large to four-year terms	
Contact Person	John Kunkel, General Manager	
Employees	31 Full-Time Employees and 2 Part-Time Employees (entire SLVWD)	
Facilities	19 manholes, 2 cleanouts, approximately 3,600 linear feet of gravity sewer, 2,600 linear feet of force mains, 2 sewer pump stations, and 56 laterals	
District Area	18.44 acres (0.029 square miles)	
Sphere of Influence	Current Designation: Zero Sphere of Influence	
	Proposed Designation: Reaffirm Zero Sphere of Influence	
FY 2024-25 Budget	Total Revenue = \$173,021	
	Total Expenditure = \$125,409	
	Projected Net Position (Beginning Balance) = \$337,241	
Contact Information	Mailing Address: 13060 Highway 9 Boulder Creek CA 95006	
	Phone Number: (831) 430-4636	
	Email Address: bod@slvwd.com	
	Website: http://www.slvwd.com/_BearCreek.htm	
Public Meetings	Meetings are typically held on the first and third Thursday of each month at 6:30 p.m.	
Mission Statement	"Our mission is to provide our customers and all future generations with reliable, safe and high quality water at an equitable price; to create and maintain outstanding customer service; to manage and protect the environmental health of the aquifers and watersheds; and, to ensure the fiscal vitality of the San Lorenzo Valley Water District."	

Service and Sphere Review Determinations

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

Service Determinations

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

- 1. Growth and population projections for the affected area.
 - There are no growth projections available for the San Lorenzo Valley Water District or the Bear Creek Estates Wastewater System. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. LAFCO staff estimates that the System's entire population in 2040 will be around 190.
- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
 In 2025, the California statewide annual median household income was \$109,266,

and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within the Bear Creek Estates Wastewater System.

 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.

Since the development of the Bear Creek Estates subdivision back in 1985, SLVWD has been providing sewer service to 56 connections under the governance of the Bear Creek Estates Wastewater System. This residential subdivision has approximately 183 residents and represents approximately 2% of the total population within the San Lorenzo Valley Water District. The District has expressed interest in transferring sewer service responsibilities to another local agency.

4. Financial ability of agencies to provide services.

The Bear Creek Estates Wastewater System has experienced various annual deficits over the past 12 years. However, it is LAFCO's understanding that the District has implemented new rates to ensure that adequate revenue funds are being collected to offset increases in annual expenses.

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

Several sanitation districts, including the Bear Creek Estates Wastewater System, have expressed interest in transferring sewer responsibilities to another agency due to funding issues, limited long-term planning, or lack of economies of scale. Establishment of a countywide memorandum of understanding or a joint powers authority may unify the already-established collaboration set by the sanitation providers in the county.

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

The San Lorenzo Valley Water District has adopted a District-wide capital improvement plan. Based on staff's research, there are no capital improvement

projects scheduled involving the Bear Creek Estates Wastewater System. The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.

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

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

Sphere Determinations

Government Code Section 56425 requires LAFCO to periodically review and update spheres 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:

 The present and planned land uses in the area, including agricultural and openspace lands.

The Bear Creek Estates Wastewater System's service area is built out with residential homes. There are no agricultural or open-space lands within the service area.

- 2. The present and probable need for public facilities and services in the area. SLVWD has expressed interest in transferring sewer responsibilities to another local governmental entity. LAFCO may play a role in helping find a successor agency. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency.
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

SLVWD owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates. The System has 56 connections with 1.2 miles of sewer lines and 2 pump stations. The System is operating on a routine or as needed basis with staff being allocated from the Operations & Distribution or Supply & Treatment Departments.

- 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.
 - LAFCO staff is not aware of any social or economic communities of interest in the area. The Bear Creek Estates Wastewater System's service area is primarily single-family homes.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

COUNTY SERVICE AREA 2 (PLACE DE MER)

District Overview

County Service Area 2 serves the Place de Mer subdivision which encompasses 12.8 acres (0.02 square miles). The wastewater facility is a community advanced secondary treatment system (106 parcels) with 78 connections. The existing treatment system was required and approved by the State Water Board. The system was constructed in 2022 and was funded by the formation of the Assessment District No. 21-01. **Figure 13**, on page 32, is a vicinity map of the service area. **Appendix B** provides a copy of the formation resolution.

Population & Growth

The Place de Mer subdivision is an ocean-front residential development in La Selva Beach that is substantially built-out. There are no growth projections available for CSA 2. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 2's entire population in 2040 will be around 174. The projected population for CSA 2 are as follows:

Table 12: Projected Population

	2025	2030	2035	2040	Growth Rate
Santa Cruz County (unincorporated)	137,896	139,105	140,356	141,645	0.86%
CSA 2	169	171	172	174	0.86%

Source: AMBAG 2018 Regional Growth Forecast

Services & Operations

CSA 2 Place De Mer has a new advanced secondary treatment system that services the privately-owned residential properties. The system is maintained by the County of Santa Cruz. Based on staff's analysis, CSA 2 has 78 connections with 0.4 miles of sewer lines and 2 pump stations. Fifteen parcels (Zone H) are on their own septic system and pay the CSA for park maintenance and security. Annual sewer charges are the District's primary source of revenue.

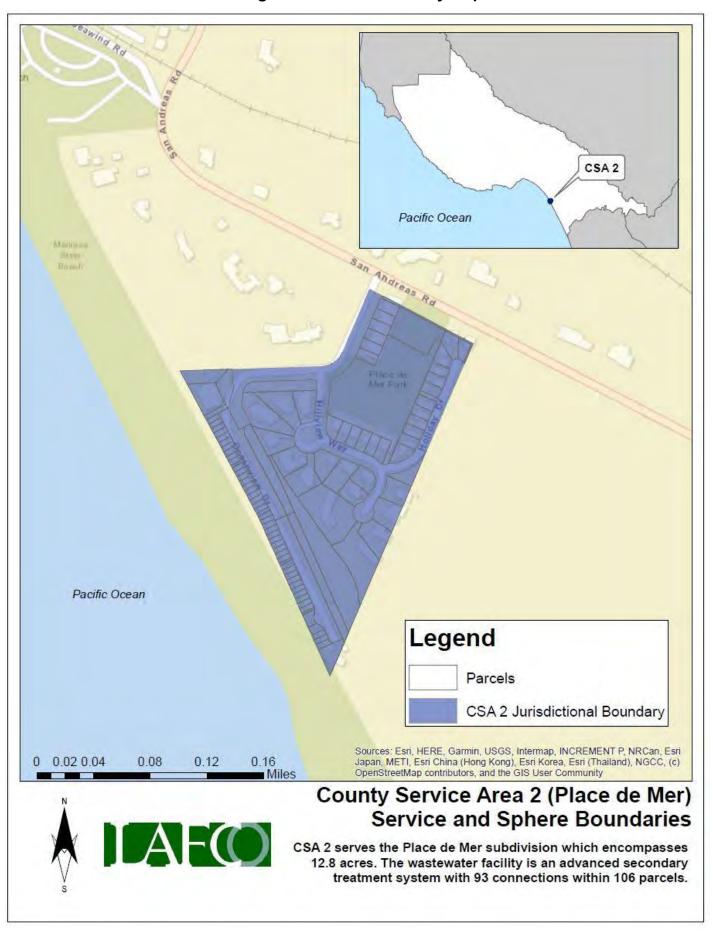
Infrastructure Summary

CSA 2 operates a two-pump station advanced secondary treatment system. It currently has 78 connections and approximately 0.4 miles of sewer line. **Table 13** provides an overview of the type of service and current infrastructure:

Table 13: Infrastructure Summary

				•	
	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
CSA 2	Advanced Secondary	N/A	78	2	0.4
	Treatment				

Figure 13: CSA 2's Vicinity Map



Sewer Rates

At present, CSA 2's annual sewer rates are based on four zones: Apartment (Zone A), Hill (Zone H), Park (Zone P), and Townhouse (Zone T). Each zone has its own sewer rate. **Table 14** shows the gradual increase in annual rates during the last seven years.

Table 14: Annual Sewer Rates

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Zone A	\$1,151.75	\$1,203.57	\$1,233.66	\$1,258.33	\$1,311.18	\$1,375.43	\$1,411.19
Zone H*	\$97.38	\$101.76	\$104.30	\$106.39	\$110.86	\$116.29	\$119.31
Zone P	\$1,151.75	\$1,203.57	\$1,233.66	\$1,258.33	\$1,311.18	\$1,375.43	\$1,411.19
Zone T	\$1,238.62	\$1,294.36	\$1,326.72	\$1,353.25	\$1,410.09	\$1,479.18	\$1,517.64

Footnote: Zone H (individual septic)

Pursuant to Santa Cruz County Code Section 4.26, the Director of CDI must annually compute the benefit assessment/service charge rates for CSAs and submit a report to the Board of Supervisors describing each parcel of real property receiving the special benefit and the amount of the charge per CSA for each parcel for the upcoming fiscal year.

CSA fees are considered benefit assessments, and any rate increase (except for preapproved annual Consumer Price Index (CPI) increases) must comply with Proposition 218 procedures. These procedures state that an increase is approved as long as it is not protested by 51% of the connected parcel owners. A public hearing must be held to consider any protests to the proposed increase. The following tables (**Tables 15 to 18**) depict the change in dollar amount and percentage for each specific zone.

Table 15: Zone A (Apartments) Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Zone A	\$1,151.75	\$1,203.57	\$1,233.66	\$1,258.33	\$1,311.18	\$1,375.43	\$1,411.19	
Change (\$)		\$51.82	\$30.09	\$24.67	\$52.85	\$64.25	\$35.76	\$37.08
Change (%)		4%	3%	2%	4%	5%	3%	3%

Table 16: Zone H (Hill) Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Zone H	\$97.38	\$101.76	\$104.30	\$106.39	\$110.86	\$116.29	\$119.31	
Change (\$)		\$4.38	\$2.54	\$2.09	\$4.47	<i>\$5.4</i> 3	\$3.02	\$2.95
Change (%)		4%	2%	2%	4%	5%	3%	3%

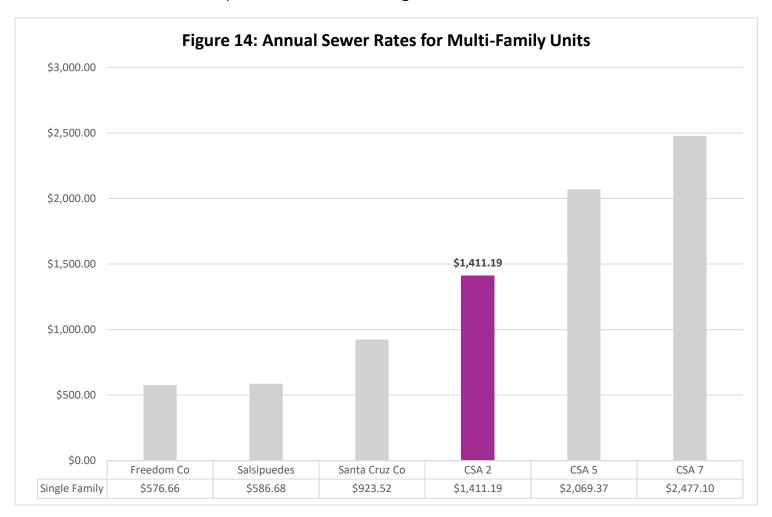
Table 17: Zone P (Park) Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Zone P	\$1,151.75	\$1,203.57	\$1,233.66	\$1,258.33	\$1,311.18	\$1,375.43	\$1,411.19	
Change (\$)		\$51.82	\$30.09	\$24.67	\$52.85	\$64.25	\$35.76	\$37.08
Change (%)		4%	3%	2%	4%	5%	3%	3%

Table 18: Zone T (Townhouse) Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Zone T	\$1,238.62	\$1,294.36	\$1,326.72	\$1,353.25	\$1,410.09	\$1,479.18	\$1,517.64	
Change (\$)		\$55.74	\$32.36	\$26.53	\$56.84	\$69.09	\$38.46	\$39.88
Change (%)		5%	3%	2%	4%	5%	3%	3%

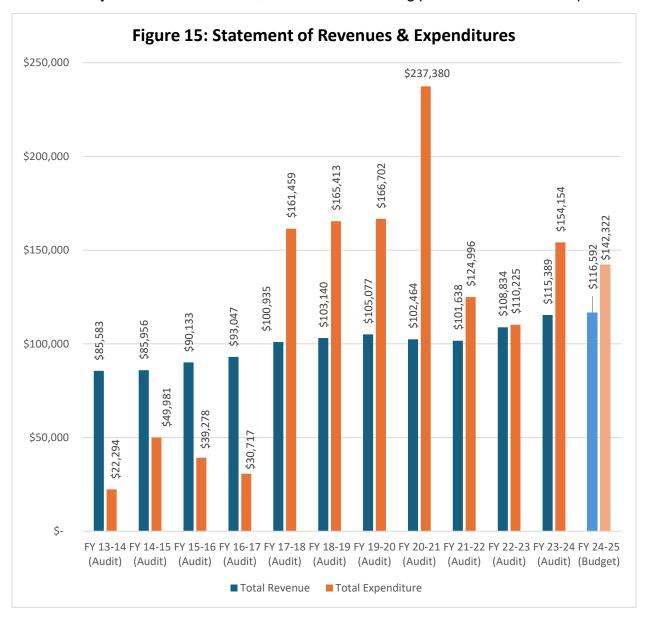
When comparing the sewer rates with the other sanitation districts analyzed in this report, CSA 2's multi-family rates (\$1,411.19/year and \$1,517.64/year). rank in fourth place out of six. Sewer rate comparisons are shown in **Figure 14**.



Finances

This section will highlight the District's audited financial performance during the most recent fiscal years. Fiscal Year 2023-24 is the latest audited financial statement available. A comprehensive analysis of the District's financial performance during the past 12 years is shown in **Table 21** on page 37.

At the end of Fiscal Year 2023-24, total revenue collected was \$115,389, representing a 6% increase from the previous year (\$108,627 in FY 22-23). Total expenses for FY 2023-24 were \$154,154, which increased from the previous year by 40% (\$110,225 in FY 22-23). During LAFCO's last service review analysis in 2019, CSA 2 experienced annual surpluses in four of the five fiscal years (FY 13-14 to FY 17-18). However, during this service review cycle, CSA 2 experienced six consecutive annual deficits in the past six years (FY 18-19 to FY 23-24), as shown in **Figure 15** below. However, a deficit calculated as a difference between the year's revenue and the year's expenditures is not always a true deficit. Annual budgets are set so there are not more expenditures than the sum of the beginning fund balance plus that year's revenue. Therefore, even with the six consecutive years of annual deficits, the CSA's net ending position has remained positive.



District Revenues

CSA 2's primary source of revenue is from Charges for Services. In FY 23-24, the District received revenue from two different sources: Charges for Services (\$112,662) and Interest and Investment Income (\$2,727). On average, the District receives approximately \$103,000 each year in service fees. **Table 19** highlights the total revenue received since 2018.

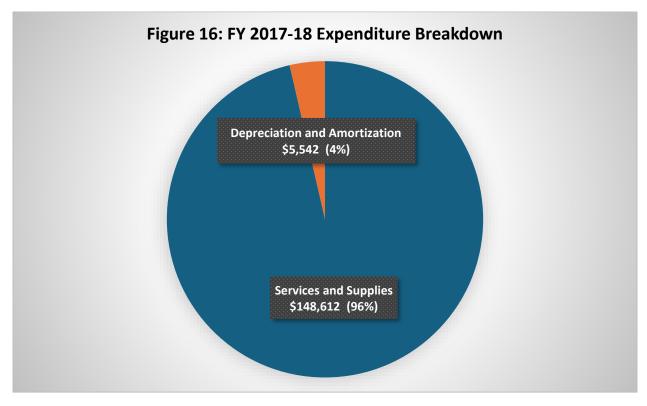
Table 19: Total Revenue (FY 18-19 to FY 23-24)

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Charges for Services	\$94,340	\$98,585	\$101,050	\$103,070	\$107,400	\$112,662
Intergovernmental	\$59	-	-	-	-	-
Interest Investment Income	<u>\$8,741</u>	\$6,492	<u>\$1,414</u>	<u>-\$1,433</u>	<u>\$1,434</u>	<u>\$2,727</u>
Total Revenue	\$103,140	\$105,077	\$102,464	\$101,638	\$108,834	\$115,389

Footnote: Intergovernmental revenue is derived from FEMA funds to repair failing infrastructure.

District Expenditures

CSA 2's total expenditures can be categorized into two budgetary groups: Services & Supplies and Depreciation & Amortization. **Figure 16** below depicts how funding is distributed by category. The District's primary expenditure is associated with operational and management costs, under Services and Supplies.



Fund Balance/Net Position

As of June 30, 2024, the total fund balance is approximately \$276,000. The following table highlights the Fund Balance from 2018 to 2025. As **Table 20** shows below, the District has experienced a decrease in total reserves each year. On average, total reserves have decreased by approximately \$23,400 or 5% since FY 2013-14. A full review of the District's revenues and expenditures from FY 2013-14 to FY 24-25 is shown on **Table 21**.

Table 20: Fund Balance/Net Position

	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Audited)	FY 24-25 (Budget)
Net Position	\$516,798	\$455,176	\$320,260	\$296,902	\$295,511	\$256,746	\$250,558
Change in (\$) from previous year		\$(61,622)	\$(134,916)	\$(23,358)	\$(1,391)	\$(38,765)	\$(6,188)
Change in (%) from previous year		-12%	-30%	-7%	-0.5%	-13%	-2%

Table 21: Total Revenues & Expenditures

	F	Y 13-14	F	Y 14-15	F	Y 15-16	F	Y 16-17	ı	FY 17-18	F	Y 18-19	F	Y 19-20	ı	FY 20-21	F	Y 21-22	F	Y 22-23	F	Y 23-24	F	Y 24-25
	((Audit)	((Audit)		(Audit)		(Audit)		(Audit)		(Audit)		(Audit)		(Audit)	(Audit)		(Audit)		(Audit)		(1	Budget)
REVENUE																								
Charges for Services	\$	82,983	\$	84,016	\$	87,150	\$	88,580	\$	91,681	\$	94,340	\$	98,585	\$	101,050	\$	103,070	\$	107,400	\$	112,662	\$	115,592
Intergovernmental	\$	-	\$	-	\$	-	\$	-	\$	2,875	\$	59	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Interest and Investment Income	\$	2,600	\$	1,940	\$	2,983	\$	4,467	\$	6,379	\$	8,741	\$	6,492	\$	1,414	\$	(1,432)	\$	1,434	\$	2,727	\$	1,000
Property Taxes	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Gain on Disposal of Capital Assets	\$	-	\$	-	\$		\$	-	\$	-	\$	-	\$	-	\$		\$	-	\$	-	\$	-	\$	-
Total Revenue	\$	85,583	\$	85,956	\$	90,133	\$	93,047	\$	100,935	\$	103,140	\$	105,077	\$	102,464	\$	101,638	\$	108,834	\$	115,389	\$	116,592
EXPENDITURE																								
Services and Supplies	\$	16,752	\$	44,439	\$	33,736	\$	25,175	\$	144,091	\$	159,871	\$	161,160	\$	231,838	\$	119,454	\$	104,683	\$	148,612	\$	136,780
Depreciation and Amortization	\$	5,542	\$	5,542	\$	5,542	\$	5,542	\$	5,542	\$	(5,542)	\$	5,542	\$	5,542	\$	5,542	\$	5,542	\$	5,542	\$	5,542
Depreciation Storage Tanks	\$	-	\$	-	\$	-	\$	-	\$	-	\$	11,084	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Loss on Disposal of Capital Assets	\$	-	\$	-	\$		\$	-	\$	11,826	\$	-	\$		\$		\$	-	\$	-	\$	-	\$	-
Total Expenditure	\$	22,294	\$	49,981	\$	39,278	\$	30,717	\$	161,459	\$	165,413	\$	166,702	\$	237,380	\$	124,996	\$	110,225	\$	154,154	\$	142,322
Surplus/(Deficit)	\$	63,289	\$	35,975	\$	50,855	\$	62,330	\$	(60,524)	\$	(62,273)	\$	(61,625)	\$	(134,916)	\$	(23,358)	\$	(1,391)	\$	(38,765)	\$	(25,730)
Net Position - Beginning	\$	427,146	\$	490,435	\$	526,410	\$	577,265	\$	639,595	\$	579,071	\$	516,801	\$	455,176	\$	320,260	\$	296,902	\$	295,511	\$	276,288
Net Position - Ending	\$	490,435	\$	526,410	\$	577,265	\$	639,595	\$	579,071	\$	516,798	\$	455,176	\$	320,260	\$	296,902	\$	295,511	\$	256,746	\$	250,558

Governance

County Service Area 2 is a dependent special district governed by the County Board of Supervisors and managed by the Community Development & Infrastructure Public Works Division. The current Board is as follows:

Table 22: Board of Directors

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

The Board of Directors generally meets twice a month on a Tuesday in the Board of Supervisors' Chambers, 701 Ocean Street, Room 525. Meetings generally begin at 9:00am. Public notice is provided through posting. The County contracts for independent audits.

The County Community Development & Infrastructure Public Works Division is responsible for the administration, engineering, maintenance, emergency response and construction of all County sanitation services. The department also manages various Board-governed special districts and CSAs. The Sanitation Operations unit is one of six organizational units within the Special Services Division of Public Works and provides operation and maintenance services to County sanitation districts and CSAs. Sanitation operations employees work in all Districts and CSAs. Each sanitation district is governed according to its specific code of regulations. The Districts' codes are very similar, and some sections are adopted by reference from the Santa Cruz County Sanitation District Code. CSAs are governed according to the Santa Cruz County Code of Regulations. Most of the County Code pertaining to sanitary sewer collection systems is adopted by reference from the SCCSD Code.

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 a number of 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 in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the CSA's website (even though said law only applies to independent special districts). **Table 23** summarizes staff's findings on whether the website meets the statutory requirements. At present, the CSA does meet the statutory requirements set under SB 929 and SDLF's website transparency criteria. LAFCO appreciates the recent efforts by the County to revamp the organization's website, which included a new webpage specifically for the sewer agencies governed and managed by the County.

Table 23: Website Transparency

Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
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	✓
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)	20 (100%)

Opportunities & Challenges

County Service Area 2 is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Capital Improvement Plan

There is no specific capital improvement plan for CSA 2, however, CSA 2 is part of the County's 2021/22 Capital Improvement Program. The 2021/22 Capital Improvement Program (CIP) presents a five-year financing implementation plan for capital improvements within the unincorporated County; Parks, Open Space and Cultural Services; and County Facility projects located Countywide. The CIP is an outgrowth of cooperative planning, programming and financing efforts through the County Administrative Office and by the County's land use departments including Planning, Public Works, and Parks, Open Space and Cultural Services, as well as non-land use departments including the Health Services Agency, General Services Department, Probation, and the Sheriff's Department. Unprogrammed road, roadside, sanitation, flood control, parks, and recycling and solid waste projects (which funding is not anticipated for in the coming five years, or longer, and meets requirements of unincorporated County service level needs at build-out under the 1994 General Plan) are also identified in the CIP. The Place De Mer Septic System project was in the CIP and has now been completed. The County continuously seeks grant or loan funding to help finance these improvements.

Sewer System Management Plan

The State Water Resources Control Board regulates wastewater discharges to surface water (rivers, ocean, etc.) and to groundwater (via land). The State Water Board requires sanitation districts to follow the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. These requirements include the following:

- Sanitary Sewer Spills are prohibited, and
- All Sanitary Sewer Spills, with the exception of Private Sewer Lateral Discharge (PLSDs), irrespective of size, must be reported to the State Water Board electronically using the California Integrated Water Quality System, and the Districts/CSAs must prepare and implement a Sewer System Management Plan (SSMP).

In 2022, the County adopted an SSMP to cover the management, operation and maintenance, design, construction and emergency response of the Davenport Sanitation District, Freedom Sanitation District, Santa Cruz County Sanitation District and three county service areas (CSAs 5, 7, and 10). However, it is LAFCO staff's understanding that CSA 2 is excluded from the County SSMP because the CSA does not meet the minimum requirements to enroll under the Waste Discharge Requirements.

LAFCO Staff Recommendation: The County should consider including CSA 2 in the County's Sewer System Management Plan to ensure that the Place de Mer community's sewer infrastructure has proper management and oversight for current and future needs.

Infrastructure Deficiencies

In 2019, Sanitation Operations staff investigated the cause of the failing septic tank system and found that the pipe for the leach pits had collapsed in some areas and caused sewage to flow back to the undersized and corroded precast concrete septic tanks. Biosphere Consulting Incorporated (Biosphere) of Santa Cruz, California was retained to design the improvements of the wastewater treatment system to serve Place De Mer. A design was completed and submitted to the Regional Water Quality Control Board (RWQCB) for approval.

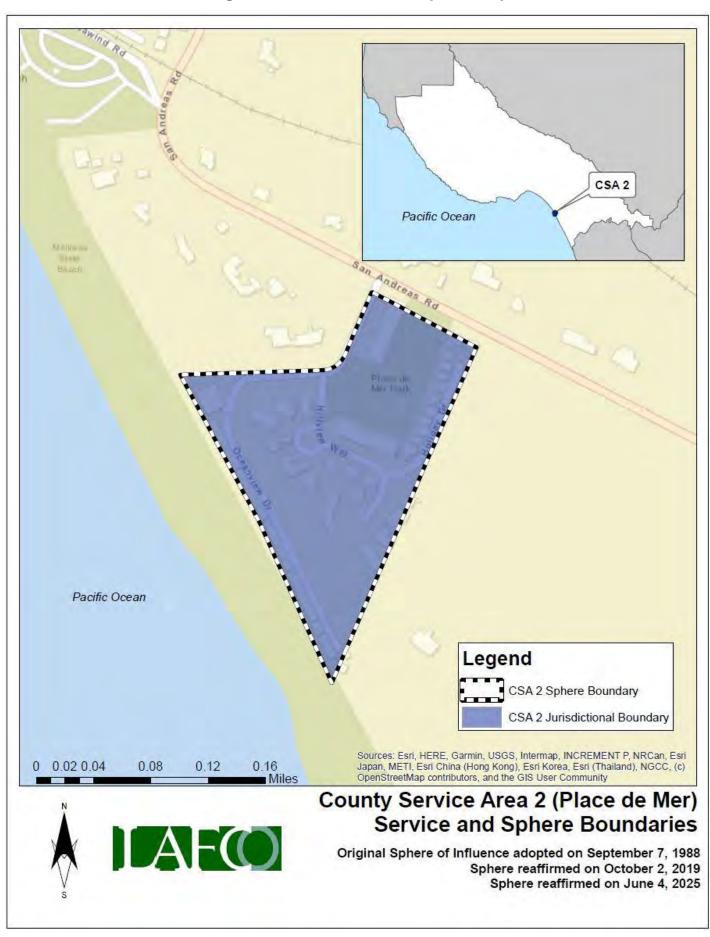
Due to the wet weather causing infiltration into the septic tanks and the ongoing work by Biosphere, it is necessary to transfer funds from the capital reserves to operations and structures and improvements. A total of \$130,000 is required to cover the maintenance and the replacement tanks and leach pit design costs. The CSA does not have the reserves to pay for the required septic system upgrades. An assessment district was required to fund the necessary improvements and was approved by the Place de Mer community in May 2021. The Place de Mer Septic Improvements project included replacing most of the sewer infrastructure except the 4-inch force main that pumps the wastewater from the lower pump station to the upper pump station. The County may consider adopting a long-term capital improvement plan for CSA 2 to ensure scheduled and unforeseen repairs and replacements are adequately funded.

Sphere of Influence

LAFCO originally adopted a coterminous sphere of influence for the District in 1988. A coterminous sphere of influence is identical to the agency's jurisdictional boundary. For almost 40 years, the sphere boundary has remained unchanged. LAFCO staff, along with representatives of CSA 2, do not recommend any changes to the sphere of influence at this time. **Figure 17** on page 42 shows the current sphere of influence boundary.



Figure 17: CSA 2's Current Sphere Map



District Summary

	County Service Area 2 (Place de Mer)
Formation	California Government Code, section 25210.1 et seq. (County Service Area Law)
Board of Directors	5 members, elected at-large to four-year terms
Contact Person	Matt Machado, Deputy CAO/Director of Community Development and Infrastructure
Employees	1.50 full-time employee (approximately)
Facilities	Two-pump station and advanced treatment system; 78 connections
District Area	12.8 acres (0.02 square miles)
Sphere of Influence	Coterminous with District (i.e. no sphere beyond existing jurisdictional boundary)
	Total Revenue = \$116,592
FY 2024-25 Budget	Total Expenditure = \$142,322
	Projected Net Position (Beginning Balance) = \$256,746
	Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060
Contact Information	Phone Number: (831) 454-2160
	Email Address: Matt.Machado@santacruzcountyca.gov
	Website: http://dpw.co.santa-cruz.ca.us/Home/SewerWater.aspx
Public Meetings	The Board regularly meets every second Tuesday in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
Mission Statement	The CSA does not have a published mission statement. However, their mission aligns with the published mission statement for the Santa Cruz County Sanitation District.

Service and Sphere Review Determinations

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

Service Determinations

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

1. Growth and population projections for the affected area.

The Place de Mer subdivision is an ocean-front residential development in La Selva Beach that is substantially built-out. There are no growth projections available for CSA 2. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 2's entire population in 2040 will be around 174.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within CSA 2.

 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.

County Service Area 2 has been collecting and disposing wastewater from the oceanfront townhome development in La Selva Beach, known as Place de Mer, since the construction of the septic system back in 1972. The current two-pump station community septic tank system has 78 connections and serves about 169 residents.

4. Financial ability of agencies to provide services.

County Service Area 2 is struggling financially. The CSA has experienced an annual deficient in seven consecutive years. As of June 30, 2024, CSA 2 is operating with a net position of approximately \$257,000.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The County currently has a countywide capital improvement plan and a specific capital improvement plan for the Santa Cruz County Sanitation District. Additionally, the County has adopted a Sewer System Management Plan. However, CSA 2 does not have any current or proposed sewer-related capital improvement projects scheduled at this time.

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 and sphere review.

Sphere Determinations

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

1. The present and planned land uses in the area, including agricultural and openspace lands.

The Place de Mer subdivision is an ocean-front residential development in La Selva Beach that is substantially built-out. There are no agricultural or open-space lands within the service area.

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

The Place de Mer subdivision is an ocean-front residential development in La Selva Beach that is substantially built-out. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 2's entire population in 2040 will be around 174.

LAFCO originally adopted a coterminous sphere of influence for the District in 1988. A coterminous sphere of influence is identical to the agency's jurisdictional boundary. For almost 40 years, the sphere boundary has remained unchanged. LAFCO staff, along with representatives of CSA 2, do not recommend any changes to the sphere of influence at this time.

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

CSA 2 Place De Mer has a new advanced treatment system that services the privately-owned residential properties. The system is maintained by the County of Santa Cruz. Based on staff's analysis, CSA 2 has 78 connections with 0.4 miles of sewer lines and 2 pump stations. Annual sewer charges are the District's primary source of revenue.

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.

LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.

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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, CSA 2 has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence.

COUNTY SERVICE AREA 5 (SAND DOLLAR/CANON DEL SOL)

District Overview

County Service Area 5 serves the Sand Dollar Beach and Canon Del Sol subdivisions totaling 640 acres (1.0 square miles). The wastewater system consists of two on-site interconnected package treatment plants that provide secondary treatment to the 195 parcels. The Sand Dollar treatment plant was constructed in 1967, and the Canon del Sol treatment plant was constructed in 1982. **Figure 18**, on page 47, is a vicinity map of the service area. **Appendix C** provides a copy of the formation resolution.

Population & Growth

The Sand Dollar/Canon del Sol subdivisions are considered to be built-out. There are no growth projections available for CSA 5. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 5's entire population in 2040 will be around 228. The projected population for CSA 5 are as follows:

Table 24: Projected Population

	2025	2030	2035	2040	Growth Rate
Santa Cruz County (unincorporated)	137,896	139,105	140,356	141,645	0.86%
CSA 5	222	224	226	228	0.86%

Source: AMBAG 2018 Regional Growth Forecast

Services & Operations

CSA 5 has aging package treatment plants that serves single family homes in the Sand Dollar community and condominiums in the Canon del Sol community. The plants are maintained by the County of Santa Cruz. Based on the County's 2022 Sewer System Management Plan, CSA 5 has 184 connections with 1.15 miles of gravity sewer lines, 0.53 miles of force main lines, and 2 pump stations. Annual sewer charges are the District's primary source of revenue.

Infrastructure Summary

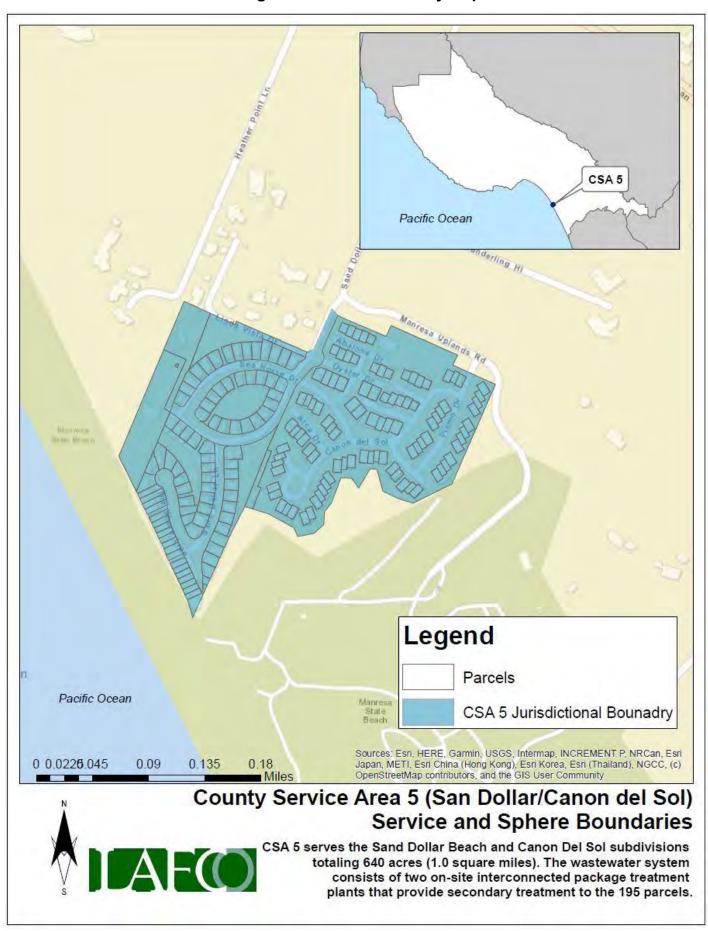
CSA 5 operates two separate treatment plants and serves over 200 residents. It currently has 184 connections and approximately 1.2 miles of sewer line. **Table 25** provides an overview of the type of service and current infrastructure:

Table 25: Infrastructure Summary

				,	
	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
CSA 5	Collection and Treatment	Secondary	184	2	1.15

Infrastructure improvements continue to be an ongoing issue for not only CSA 5, but rather, most of the sanitation districts throughout the County.

Figure 18: CSA 5's Vicinity Map



Sewer Rates

At present, CSA 5's annual sewer rates derive from the single-family residential units in the Sand Dollar subdivision and the condominiums in the Canon del Sol subdivision. Each community has its own sewer rate. **Table 26** shows a gradual increase in annual rates during the last seven years.

Table 26: Annual Sewer Rates

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Sand Dollar	\$1,722.00	\$1,799.49	\$1,844.48	\$1,881.37	\$1,960.38	\$2,056.44	\$2,109.91
Canon del Sol	\$1,444.02	\$1,509.00	\$1,546.73	\$1,577.66	\$1,643.92	\$1,724.47	\$2,069.37

Pursuant to Santa Cruz County Code Section 4.26, the Director of CDI must annually compute the benefit assessment/service charge rates for CSAs and submit a report to the Board of Supervisors describing each parcel of real property receiving the special benefit and the amount of the charge per CSA for each parcel for the upcoming fiscal year.

CSA fees are considered benefit assessments, and any rate increase (except for preapproved annual Consumer Price Index (CPI) increases) must comply with Proposition 218 procedures. These procedures state that an increase is approved as long as it is not protested by 51% of the connected parcel owners. A public hearing must be held to consider any protests to the proposed increase. The following tables (**Tables 27 to 28**) depict the change in dollar amount and percentage for each specific zone.

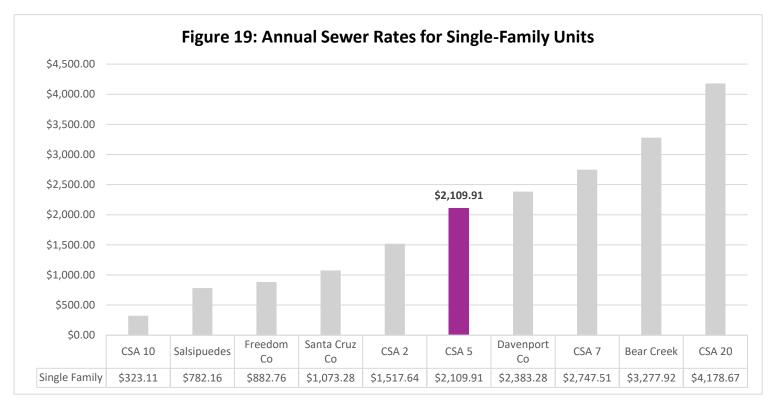
Table 27: Sand Dollar Subdivision's Annual Sewer Rates Review

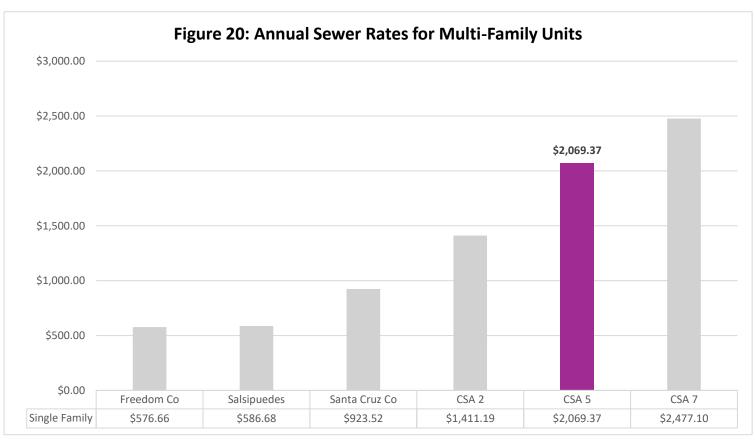
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Sand Dollar	\$1,722.00	\$1,799.49	\$1,844.48	\$1,881.37	\$1,960.38	\$2,056.44	\$2,109.91	
Change (\$)		\$77.49	\$44.99	\$36.89	\$79.01	\$96.06	\$53.47	\$55.45
Change (%)		5%	3%	2%	4%	5%	3%	3%

Table 28: Canon del Sol Subdivision's Annual Sewer Rates Review

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	Average Change
Canon del Sol	\$1,444.02	\$1,509.00	\$1,546.73	\$1,577.66	\$1,643.92	\$1,724.47	\$2,069.37	
Change (\$)		\$64.98	\$37.73	\$30.93	\$66.26	\$80.55	\$344.90	\$73.77
Change (%)		4%	3%	2%	4%	5%	20%	5%

When comparing the sewer rates with the other sanitation districts analyzed in this report, CSA 5 is ranked sixth in charges for single family units (\$2,109.91/year) and ranked the second highest in charges for multi-family units (\$2,069.37/year). Sewer rate comparisons are shown in the following figures (**Figures 19 and 20**).

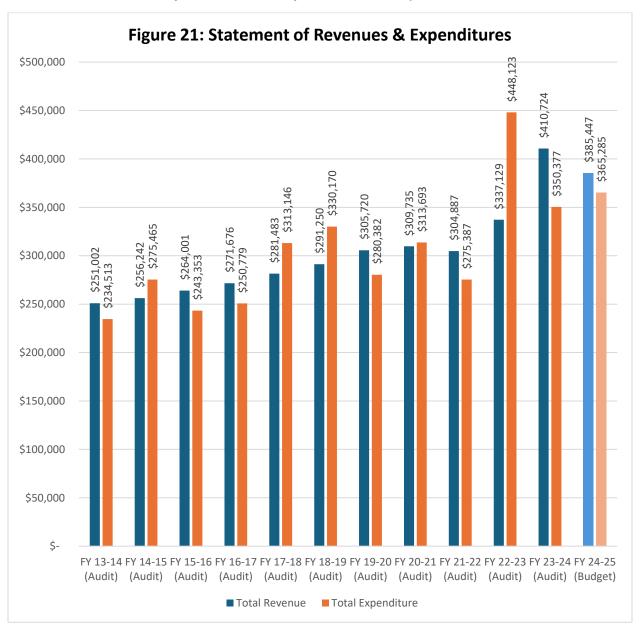




Finances

This section will highlight the CSA 5's audited financial performance during the most recent fiscal years. Fiscal Year 2023-24 is the latest audited financial statement available. A comprehensive analysis of the CSA 5's financial performance during the past 12 years is shown in **Tables 31** on page 52.

At the end of Fiscal Year 2023-24, total revenue collected was \$410,724, representing a 22% increase from the previous year (\$337,129 in FY 22-23). Total expenses for FY 2023-24 were \$350,377, which decreased from the previous year by 22% (\$448,123 in FY 22-23). During LAFCO's last service review analysis in 2019, CSA 5 experienced annual surpluses in three of the five fiscal years (FY 13-14 to FY 17-18). However, during this service review cycle, CSA 5 experienced three annual deficits in the past six years (FY 18-19 to FY 23-24), as shown in **Figure 21** below. Based on the recently adopted budget and past performances, LAFCO staff believes that the fluctuating trend will continue unless additional revenue sources are collected or annual expenses are reduced to maintain sustainability and consistency in future fiscal performances.



District Revenues

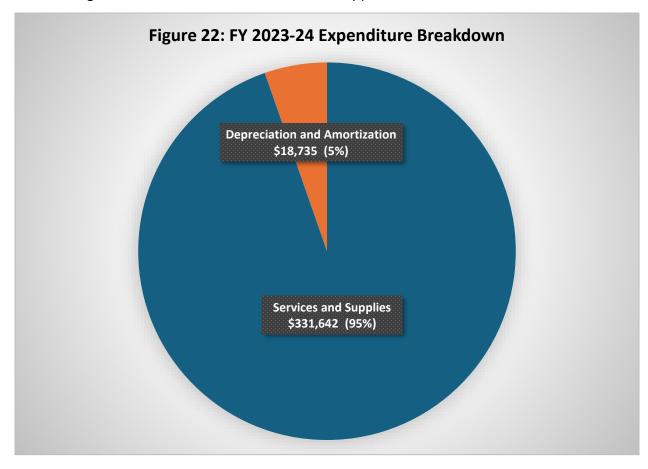
CSA 5's primary source of revenue is from Charges for Services. In FY 2023-24, the District received revenue from two different sources: Charges for Services (\$342,721) and Interest and Investment Income (\$13,203). On average, the District receives approximately \$290,000 each year in service fees. **Table 29** highlights the total revenue received since 2018.

Table 29: Total Revenue (FY 18-19 to FY 23-24)

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Charges for Services	\$285,556	\$299,898	\$307,397	\$313,544	\$326,713	\$342,721
Interest Investment Income	<u>\$5,694</u>	<u>\$5,822</u>	<u>\$2,338</u>	<u>-\$8,657</u>	<u>\$10,416</u>	<u>\$13,203</u>
Total Revenue	\$291,250	\$305,720	\$309,735	\$304,887	\$337,129	\$410,724

District Expenditures

CSA 5's total expenditures can be categorized into two budgetary groups: Services & Supplies and Depreciation & Amortization. The figure below depicts how funding is distributed by category. The District's primary expenditure is associated with operational and management costs, under Services and Supplies.



Fund Balance/Net Position

As of June 30, 2024, the total fund balance is approximately \$746,000. The following table highlights the Fund Balance from 2018 to 2025. As **Table 30** shows below, the District has experienced fluctuation in total reserves each year. While the District has seen consecutive years of surpluses, it also gets affected by unexpected expenditures or costly repairs/replacement projects. A full review of the District's revenues and expenditures from FY 2013-14 to FY 24-25 is shown on **Table 31**.

Table 30: Fund Balance/Net Position

	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Audited)	FY 24-25 (Budget)
Net Position	\$749,482	\$774,820	\$770,862	\$800,362	\$689,3368	\$749,716	\$769,878
Change in (\$) from previous year		\$25,338	-\$3,958	\$29,500	-\$110,994	\$60,348	\$20,162
Change in (%) from previous year		3%	-1%	4%	-14%	9%	3%

Table 31: Total Revenues & Expenditures

	FY 13-14 (Audit)	FY 14-15 (Audit)	FY 15-16 (Audit)	FY 16-17 (Audit)	FY 17-18 (Audit)	FY 18-19 (Audit)	FY 19-20 (Audit)	FY 20-21 (Audit)	FY 21-22 (Audit)	FY 22-23 (Audit)	FY 23-24 (Audit)	FY 24-25 (Budget)
REVENUE	(Addit)	(Addit)	(Addit)	(Addit)	(Flault)	(Addit)	(Flault)	(Addit)	(Hadit)	(Hault)	(Addit)	(Budget)
Charges for Services	\$ 249,989	\$ 255,488	\$ 262,640	\$ 269,464	\$ 277,507	\$ 285,556	\$ 299,898	\$ 307,397	\$ 313,544	\$ 326,713	\$ 342,721	\$ 380,447
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Investment Income	\$ 1,013	\$ 754	\$ 1,361	\$ 2,212	\$ 3,976	\$ 5,694	\$ 5,822	\$ 2,338	\$ (8,657)	\$ 10,416	\$ 13,203	\$ 5,000
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
St-Homeowners Prop Tax Relief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,800	\$ -
Gain on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 251,002	\$ 256,242	\$ 264,001	\$ 271,676	\$ 281,483	\$ 291,250	\$ 305,720	\$ 309,735	\$ 304,887	\$ 337,129	\$ 410,724	\$ 385,447
EXPENDITURE												
Services and Supplies	\$ 199,596	\$ 240,547	\$ 208,435	\$ 217,457	\$ 277,931	\$ 298,667	\$ 255,263	\$ 294,958	\$ 256,652	\$ 429,388	\$ 331,642	\$ 346,550
Depreciation and Amortization	\$ 34,917	\$ 34,918	\$ 34,918	\$ 33,322	\$ 31,503	\$ 31,503	\$ 25,119	\$ 18,735	\$ 18,735	\$ 18,735	\$ 18,735	\$ 18,735
Loss on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 3,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 234,513	\$ 275,465	\$ 243,353	\$ 250,779	\$ 313,146	\$ 330,170	\$ 280,382	\$ 313,693	\$ 275,387	\$ 448,123	\$ 350,377	\$ 365,285
Surplus/(Deficit)	\$ 16,489	\$ (19,223)	\$ 20,648	\$ 20,897	\$ (31,663)	\$ (38,920)	\$ 25,338	\$ (3,958)	\$ 29,500	\$(110,994)	\$ 60,347	\$ 20,162
Net Position - Beginning	\$ 781,254	\$ 797,743	\$ 778,520	\$ 799,168	\$ 820,065	\$ 788,402	\$ 749,482	\$ 774,820	\$ 770,862	\$ 800,362	\$ 689,369	\$ 746,322
Net Position - Ending	\$ 797,743	\$ 778,520	\$ 799,168	\$ 820,065	\$ 788,402	\$ 749,482	\$ 774,820	\$ 770,862	\$ 800,362	\$ 689,368	\$ 749,716	\$ 766,484

Governance

County Service Area 5 is a dependent special district governed by the County Board of Supervisors and managed by the Public Works Department. The current Board is as follows:

Table 32: Board of Directors

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

The Board of Directors generally meets twice a month on a Tuesday in the Board of Supervisors' Chambers, 701 Ocean Street, Room 525. Meetings generally begin at 9:00am. Public notice is provided through posting. The County contracts for independent audits.

The County Community Development & Infrastructure Public Works Division is responsible for the administration, engineering, maintenance, emergency response and construction of all County sanitation services. The department also manages various Board-governed special districts and CSAs. The Sanitation Operations unit is one of six organizational units within the Special Services Division of Public Works and provides operation and maintenance services to County sanitation districts and CSAs. Sanitation operations employees work in all Districts and CSAs. Each sanitation district is governed according to its specific code of regulations. The Districts' codes are very similar, and some sections are adopted by reference from the Santa Cruz County Sanitation District Code. CSAs are governed according to the Santa Cruz County Code of Regulations. Most of the County Code pertaining to sanitary sewer collection systems is adopted by reference from the SCCSD Code.

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 a number of 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 in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the CSA's website (even though said law only applies to independent special districts). **Table 33** summarizes staff's findings on whether the website meets the statutory requirements. At present, the CSA does meet the statutory requirements set under SB 929 and SDLF's website transparency criteria. LAFCO appreciates the recent efforts by the County to revamp the organization's website, which included a new webpage specifically for the sewer agencies governed and managed by the County.

Table 33: Website Transparency

Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
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	✓
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)	20 (100%)

Opportunities & Challenges

County Service Area 5 is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Capital Improvement Plan

There is no specific capital improvement plan for CSA 5. The County has a countywide CIP to address the replacement of the aging sewer system, however, CSA 5 lacks funds to make all the improvements. The County of Public Works continually seek grant or loan funding to help finance these improvements.

LAFCO Staff Recommendation: Currently CSA 5 is included in the countywide capital improvement plan. The County should consider developing a specific capital improvement plan that covers the sanitation districts managed and operated by the Public Works Department – Davenport, Freedom, Santa Cruz County Sanitation Districts, and CSAs 2, 5, 7, 10, and 20.

Sewer System Management Plan

The State Water Resources Control Board regulates wastewater discharges to surface water (rivers, ocean, etc.) and to groundwater (via land). The State Water Board requires sanitation districts to follow the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. These requirements include the following:

- Sanitary Sewer Spills are prohibited, and
- All Sanitary Sewer Spills, with the exception of Private Sewer Lateral Discharge (PLSDs), irrespective of size, must be reported to the State Water Board electronically using the California Integrated Water Quality System, and the Districts/CSAs must prepare and implement a Sewer System Management Plan (SSMP).

In 2022, the County adopted a Sewer System Management Plan to cover the management, operation and maintenance, design, construction and emergency response of the Davenport Sanitation District, Freedom Sanitation District, Santa Cruz County Sanitation District and three county service areas: CSAs 5, 7 and 10.

Infrastructure Deficiencies

The Sand Dollar and Canon Del Sol subdivisions each have a small onsite wastewater treatment plant system that treat the domestic water from the surrounding residential homes. In 2019, it was determined that the treatment plants each required additional maintenance to address failing equipment. Due to the unanticipated hours to operate the treatment plants, the Board of Supervisors transferred funds from the Capital Reserves to Maintenance and Operations for Sand Dollar and Canon Del Sol. A total of \$25,000 was required from Sand Dollar Capital Reserves and \$25,000 was required from Canon Del Sol Capital Reserves to cover maintenance and operation costs of each treatment plant for the remainder of the fiscal year.

In winter 2023, a retaining wall in CSA 5 – Canon del Sol's required emergency repairs. A portion of the retaining wall surrounding the treatment plant was failing. To cover the emergency repairs, it was necessary to increase the service charges for CSA 5 Canon del Sol. Infrastructure improvements continue to be an ongoing issue for not only CSA 5, but rather, most of the sanitation districts throughout the County. The County may consider adopting a long-term capital improvement plan for CSA 5 to ensure scheduled and unforeseen repairs and replacements are adequately funded.

Sphere of Influence

LAFCO originally adopted a coterminous sphere of influence for the District in 1988. A coterminous sphere of influence is identical to the agency's jurisdictional boundary. For the past 30 years, the sphere boundary has remained unchanged. LAFCO staff, along with representatives of CSA 5, do not recommend any changes to the sphere of influence at this time. **Figure 23** on page 57 shows the current sphere of influence boundary for CSA 5.



Figure 23: CSA 5's Current Sphere Map



District Summary

Count	y Service Area 5 (Sand Dollar/Canyon del Sol)
Formation	California Government Code, section 25210.1 et seq. (County Service Area Law)
Board of Directors	5 members, elected at-large to four-year terms
Contact Person	Matt Machado, Deputy CAO/Director of Community Development and Infrastructure
Employees	1.50 full-time employees (approximately)
Facilities	Package Treatment Plant; 2 lift stations; 184 connections
District Area	640 acres (1.0 square miles)
Sphere of Influence	Coterminous with District (i.e. no sphere beyond existing jurisdictional boundary)
	Total Revenue = \$385,447
FY 2024-25 Budget	Total Expenditure = \$365,285
	Projected Net Position (Beginning Balance) = \$749,716
	Mailing Address: 701 Ocean Street, Room 410 Santa Cruz CA 95060
Contact Information	Phone Number: (831) 454-2160
	Email Address: Matt.Machado@santacruzcountyca.gov
	Website: http://dpw.co.santa-cruz.ca.us/Home/SewerWater.aspx
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
Mission Statement	The CSA does not have a published mission statement. However, their mission aligns with the published mission statement for the Santa Cruz County Sanitation District.

Service and Sphere Review Determinations

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

Service Determinations

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

1. Growth and population projections for the affected area.

The Sand Dollar/Canon del Sol subdivisions are considered to be built-out. There are no growth projections available for CSA 5. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 5's entire population in 2040 will be around 228.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within CSA 5.

 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.

County Service Area 5 operates two separate treatment plants and serves over 200 residents. The Sand Dollar treatment plant was constructed in 1967, and the Canon del Sol treatment plant was constructed in 1982. It currently has 184 connections and approximately 1.2 miles of sewer line.

4. Financial ability of agencies to provide services.

County Service Area 5's annual sewer rates derive from the single-family residential units in the Sand Dollar area and the condominiums in Canon del Sol area. Each community has its own sewer rate. The CSA has experienced an annual deficient in three out of the last six fiscal years. As of June 30, 2024, CSA 5 is operating with a net position of approximately \$750,000.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The County currently has a countywide capital improvement plan and a specific capital improvement plan for the Santa Cruz County Sanitation District. Additionally, the County has adopted a Sewer System Management Plan. However, CSA 5 does not have any current or proposed sewer-related capital improvement projects scheduled at this time.

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 and sphere review.

Sphere Determinations

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

1. The present and planned land uses in the area, including agricultural and openspace lands.

There are no agricultural or open-space lands within the service area.

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

The Sand Dollar and Canon del Sol subdivisions are substantially built-out. Based on

the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 5's entire population in 2040 will be around 228.

LAFCO originally adopted a coterminous sphere of influence for CSA 5 in 1988. A coterminous sphere of influence is identical to the agency's jurisdictional boundary. For almost 40 years, the sphere boundary has remained unchanged. LAFCO staff, along with representatives of CSA 5, do not recommend any changes to the sphere of influence at this time.

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

CSA 5 has an aging package treatment plant that serves single family homes in the Sand Dollar community and condominiums in the Canon del Sol community. The plant is maintained by the County of Santa Cruz. Based on the County's 2022 Sewer System Management Plan, CSA 5 has 184 connections with 1.15 miles of gravity sewer lines, 0.53 miles of force main lines, and 2 pump stations. Annual sewer charges are the District's primary source of revenue.

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.

LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.

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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, CSA 5 has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The CSA's principal needs are repair and replacement of aging infrastructure.

COUNTY SERVICE AREA 7 (BOULDER CREEK)

District Overview

County Service Area 7 serves residential housing and one commercial business within the Boulder Creek Country Club subdivision. The service area includes 192 acres (0.3 square miles) and has an estimated population of 640 within 364 parcels. The wastewater system is a full treatment plant offering secondary treatment services with primary disposal via a community leach field. The wastewater treatment plant was constructed in the 1970s and was upgraded to tertiary treatment in the 1990s. **Figure 24**, on page 62, is a vicinity map of the service area. **Appendix D** provides a copy of the formation resolution. In March 2024, the County created Zones 1 and 2 within CSA 7 to address the transfer of sewer responsibilities from the failing privately-owned Big Basin Water Company (BBWC). Zone 1 represents the historical service area of CSA 7 while Zone 2 represents the newly added Fallen Leaf community (previously serviced by BBWC). **Appendix E** provides a copy of the formation resolution for the two zones.

Population & Growth

The Boulder Creek Country Club subdivision is substantially built-out. There are no growth projections available for CSA 7. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 7's entire population in 2040 will be around 679. The projected population for CSA 7 are as follows:

Table 34: Projected Population

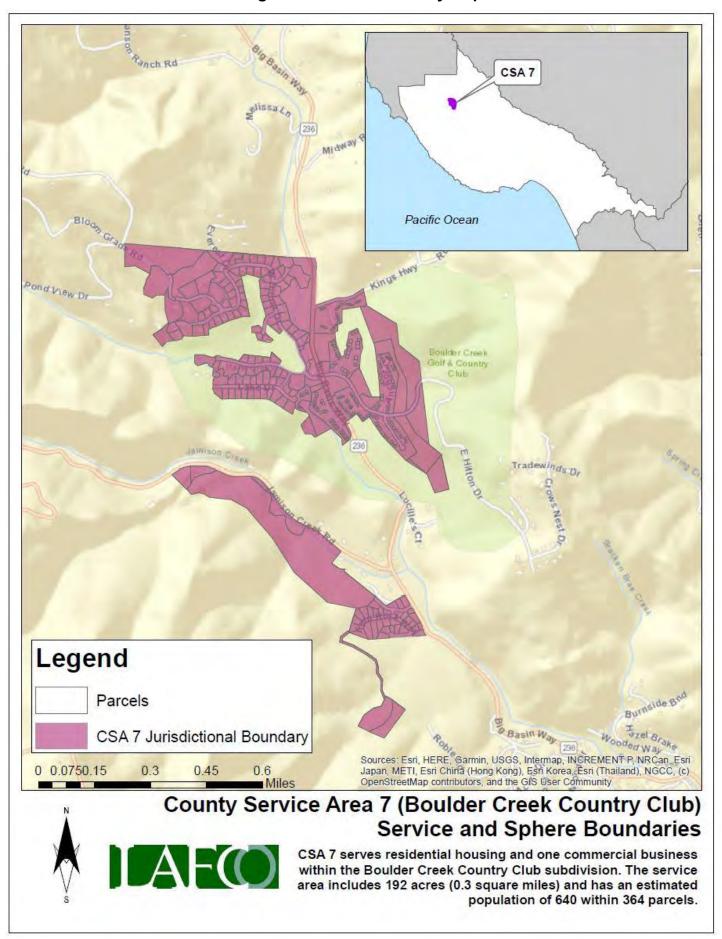
	2025	2030	2035	2040	Growth Rate
Santa Cruz County (unincorporated)	137,896	139,105	140,356	141,645	0.86%
CSA 7	662	668	674	679	0.86%

Source: AMBAG 2018 Regional Growth Forecast

Services & Operations

CSA 7 Boulder Creek has a wastewater collection and treatment plant that treats the domestic wastewater from the Boulder Creek Country Club and surrounding houses. The all-in-one wastewater treatment plant consists of an equalization tank, aeration tank, and a clarifier to remove solids, and the treated effluent is discharged to leach fields. Based on the County's 2022 Sewer System Management Plan, CSA 7 has 254 connections with 3.0 miles of gravity sewer lines, 1.27 miles of force main lines, and 5 pump stations. Annual sewer charges are the CSA's primary source of revenue. The original treatment plant was constructed in 1978 and has a design capacity of 104,000 gallons per day (gpd). The plant was constructed to accommodate flows from the Boulder Creek Country Club development, totaling 260 residences and a commercial establishment. This plant was upgraded to tertiary treatment in 1996 in order to reduce nitrate levels in the effluent that is pumped via force main to the leach field above Fern Rock Way. This is an activated sludge nitrification/dentification process. The processes include one primary clarifier, one sand filter, a sludge holding tank, effluent discharge line, emergency generator, and one grinder. The facility also contains a small laboratory for performing basic analyses, such as pH levels and temperatures.

Figure 24: CSA 7's Vicinity Map



Infrastructure Summary

CSA 7 (Zone 1) operates a collection and treatment plant and serves over 600 residents. It currently has 254 connections and approximately 4 miles of sewer line. **Table 35** provides an overview of the type of service and current infrastructure:

Table 35: Infrastructure Summary

	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
CSA 7	Collection, Treatment	Secondary	254	5	3.0

CDI has indicated that the current infrastructure is aging, deteriorating, and in need of repair. The wastewater treatment plant currently requires approximately \$1.2M in repairs (of which \$405,000 has been grant funded). Another \$200,000 is needed in the short term to line manholes and perform spot repairs of the sewer mains. Replacement/rehabilitation is also needed at some of the CSA's sewer pump stations and sewer mains.

Sewer Rates

At present, CSA 7's annual sewer rates derive from three areas: Single Family Dwelling, Condominiums, and Commercial. Each area has its own sewer rate. **Table 36** shows a gradual increase in annual rates during the last seven years.

Table 36: Annual Sewer Rates

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Single Family	\$2,051.50	\$2,143.82	\$2,240.29	\$2,285.10	\$2,381.07	\$2,497.74	\$2,747.51
Condos	\$1,849.59	\$1,932.81	\$2,019.80	\$2,060.20	\$2,146.72	\$2,251.91	\$2,477.10
Commercial	\$1,415.45	\$1,479.15	\$1,545.71	\$1,576.62	\$1,642.84	\$1,723.34	\$1,895.67
Additional Charge	\$6.47	\$6.76	\$7.06	\$7.20	\$7.50	\$7.87	\$8.65

Note: Additional Charge is for Commercial usage only; based on Hundred Cubic Feet of Water (HCF)

Pursuant to Santa Cruz County Code Section 4.26, the Director of CDI must annually compute the benefit assessment/service charge rates for CSAs and submit a report to the Board of Supervisors describing each parcel of real property receiving the special benefit and the amount of the charge per CSA for each parcel for the upcoming fiscal year. CSA fees are considered benefit assessments, and any rate increase (except for preapproved annual Consumer Price Index (CPI) increases) must comply with Proposition 218 procedures. These procedures require that an increase is approved by at least half of the votes cast by the property owners, with the votes weighted according to the amount of the proposed assessment of each parcel. Furthermore, a public hearing must be held to consider any protests to the proposed increase.

The following tables (**Tables 37 to 39**) depict the change in dollar amount and percentage for each specific zone.

Table 37: Single Family Dwelling's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Single Family	\$2,051.50	\$2,143.82	\$2,240.29	\$2,285.10	\$2,381.07	\$2,497.74	\$2,747.51	
Change (\$)		\$92.32	\$96.47	\$44.81	\$95.97	\$116.67	-\$20.64	\$62.73
Change (%)		5%	4%	2%	4%	5%	-1%	3%

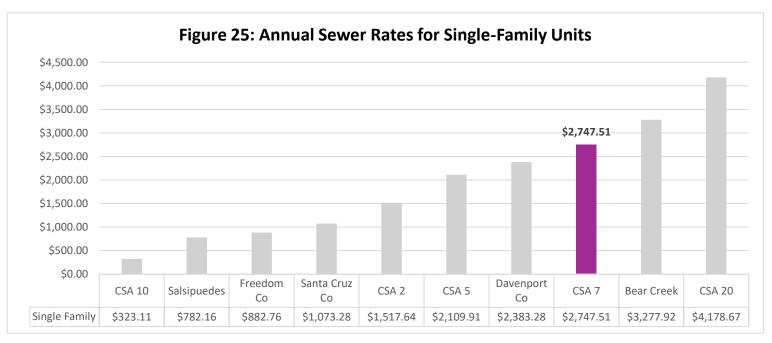
Table 38: Condominium's Annual Sewer Rates Review

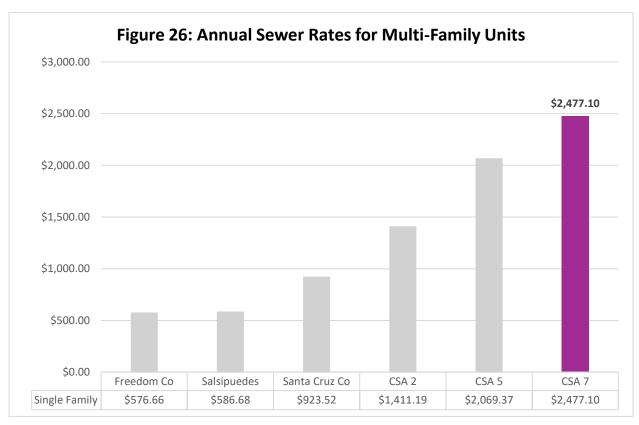
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Condos	\$1,849.59	\$1,932.81	\$2,019.80	\$2,060.20	\$2,146.72	\$2,251.91	\$2,477.10	
Change (\$)		\$83.22	\$86.99	\$40.40	\$86.52	\$105.19	\$495.60	\$103.31
Change (%)		4%	5%	2%	4%	5%	22%	5%

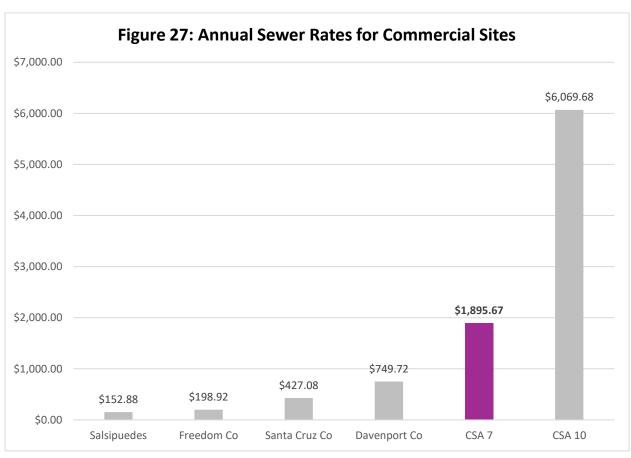
Table 39: Commercial's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Commercial	\$1,415.45	\$1,479.15	\$1,545.71	\$1,576.62	\$1,642.84	\$1,723.34	\$1,895.67	
Change (\$)		\$63.70	\$66.56	\$30.91	\$66.22	\$80.50	\$172.33	\$60.24
Change (%)		5%	4%	2%	4%	5%	10%	4%

When comparing the sewer rates with the other sanitation districts analyzed in this report, CSA 7 is ranked the third highest in charges for single family units (\$2,747.51/year), ranked the highest in charges for multi-family units (\$2,477.10/year), and ranked the second highest in charges to commercial units (\$1,895.67/year). Sewer rate comparisons are shown in the following figures (**Figures 25 to 27**).



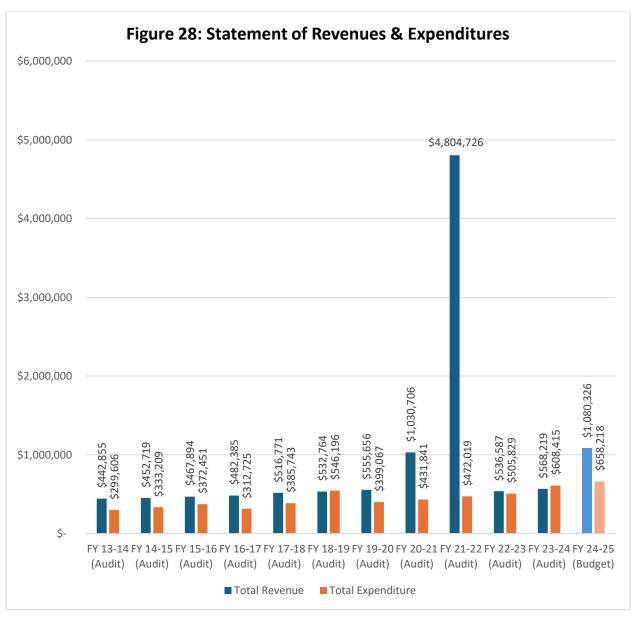




Finances

This section will highlight the CSA's audited financial performance during the most recent fiscal years. Fiscal Year 2023-24 is the latest audited financial statement available. A comprehensive analysis of the CSA's financial performance during the past 12 years is shown in **Table 42** on page 68.

At the end of Fiscal Year 2023-24, total revenue collected was \$568,219, representing a 6% increase from the previous year (\$536,587 in FY 22-23). Total expenses for FY 2023-24 were \$608,415, which increased from the previous year by 20% (\$505,829 in FY 22-23). During LAFCO's last service review analysis in 2019, CSA 7 experienced annual surpluses in all five fiscal years (FY 13-14 to FY 17-18). However, during this service review cycle, CSA 7 experienced two non-consecutive annual deficits in the past six years (FY 18-19 to FY 23-24), as shown in **Figure 28** below. Based on the recently adopted budget and past performances, LAFCO staff believes that CSA 7 will continue to operate effectively due to its stable revenue stream and stagnant expenditures.



District Revenues

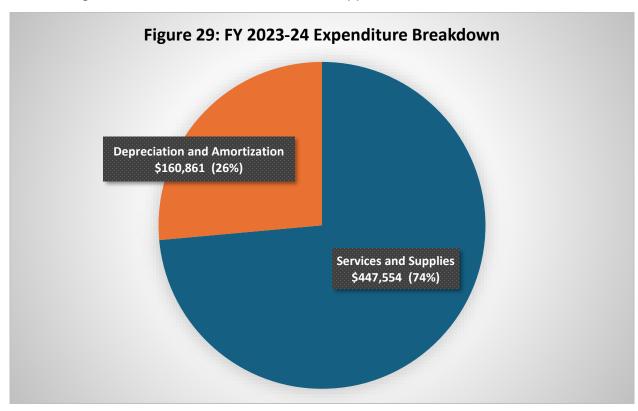
CSA 7's primary source of revenue is from Charges for Services. In FY 2023-24, Charges for Services was \$592,056. On average, the District receives approximately \$505,000 each year in service fees. **Table 40** highlights the total revenue received since 2018.

Table 40: Total Revenue (FY 18-19 to FY 23-24)

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Charges for Services	\$510,949	\$532,320	\$522,963	\$526,406	\$548,793	\$592,056
Interest & Investment Income	\$21,815	\$23,336	\$7,743	\$(4,374)	\$(16,003)	\$(23,837)
St-Natural Disaster Assistance	-	-	-	\$18,985	-	-
FED-FEMA	-	-	-	\$133,906	\$3,797	-
Insurance Proceeds	=	=	\$500,000	\$4,129,803	=	=
Total Revenue	\$532,764	\$555,656	\$1,030,706	\$4,804,726	\$536,587	\$568,219

District Expenditures

CSA 7's total expenditures can be categorized into 2 budgetary groups: Services & Supplies and Depreciation & Amortization. The figure below depicts how funding is distributed by category. The District's primary expenditure is associated with operational and management costs, under Services and Supplies.



Fund Balance/Net Position

As of June 30, 2024, the total fund balance is approximately \$6.8 million. The following table highlights the Fund Balance from 2018 to 2025. As **Table 41** shows below, the District has generally experienced an increase in total reserves each year. On average, total reserves have increased by approximately \$558,000 or 25% since FY 2018-19. A full review of the District's revenues and expenditures from FY 2013-14 to FY 24-25 is shown on **Table 42**.

Table 41: Fund Balance/Net Position

	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Audited)	FY 24-25 (Budget)
Net Position	\$1,750,132	\$1,906,721	\$2,505,584	\$6,838,291	\$6,869,050	\$5,690,019	\$7,253,178
Change in (\$) from previous year		\$156,589	\$598,863	\$4,332,707	\$30,759	-\$1,179,031	\$1,563,159
Change in (%) from previous year		9%	31%	173%	0.05%	-17%	27%

Table 42: Total Revenues & Expenditures

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
	(Audit)	(Budget)										
REVENUE												
Charges for Services	\$ 439,060	\$ 449,290	\$ 461,736	\$ 474,870	\$ 491,016	\$ 510,949	\$ 532,320	\$ 522,963	\$ 526,406	\$ 548,793	\$ 592,056	\$ 655,014
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,312
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 11,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Interest and Investment Income	\$ 3,795	\$ 3,429	\$ 6,158	\$ 7,515	\$ 12,238	\$ 21,815	\$ 23,336	\$ 7,743	\$ (4,374)	\$ (16,003)	\$ (23,837)	\$ -
St-Natural Disaster Assistance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,985			
FED-FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,906	\$ 3,797	\$ -	\$ -
Insurance Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$4,129,803			
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 2,259	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 442,855	\$ 452,719	\$ 467,894	\$ 482,385	\$ 516,771	\$ 532,764	\$ 555,656	\$1,030,706	\$4,804,726	\$ 536,587	\$ 568,219	\$1,080,326
EXPENDITURE												
Services and Supplies	\$ 231,660	\$ 270,700	\$ 309,942	\$ 245,782	\$ 312,079	\$ 475,679	\$ 362,898	\$ 246,335	\$ 453,057	\$ 368,618	\$ 447,554	\$ 470,319
Depreciation and Amortization	\$ 67,946	\$ 62,509	\$ 62,509	\$ 66,943	\$ 73,664	\$ 70,517	\$ 36,169	\$ 36,169	\$ 18,962	\$ 137,211	\$ 160,861	\$ 187,899
Loss on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,337	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 299,606	\$ 333,209	\$ 372,451	\$ 312,725	\$ 385,743	\$ 546,196	\$ 399,067	\$ 431,841	\$ 472,019	\$ 505,829	\$ 608,415	\$ 658,218
Surplus/(Deficit)	\$ 143,249	\$ 119,510	\$ 95,443	\$ 169,660	\$ 131,028	\$ (13,432)	\$ 156,589	\$ 598,865	\$4,332,707	\$ 30,758	\$ (40,196)	\$ 422,108
Net Position - Beginning	\$1,104,674	\$1,247,923	\$1,367,433	\$1,462,876	\$1,632,536	\$1,763,564	\$1,750,132	\$1,906,719	\$2,505,584	\$6,838,292	\$ 6,869,050	\$6,828,854
Net Position - Ending	\$1,247,923	\$1,367,433	\$1,462,876	\$1,632,536	\$1,763,564	\$1,750,132	\$1,906,721	\$2,505,584	\$6,838,291	\$6,869,050	\$ 5,690,019	\$7,253,178

Governance

County Service Area 7 is a dependent special district governed by the County Board of Supervisors and managed by the Public Works Department. The current Board is as follows:

Table 43: Board of Directors

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

The Board of Directors generally meets twice a month on a Tuesday in the Board of Supervisors' Chambers, 701 Ocean Street, Room 525. Meetings generally begin at 9:00am. Public notice is provided through posting. The County contracts for independent audits.

The County Community Development & Infrastructure Public Works Division is responsible for the administration, engineering, maintenance, emergency response and construction of all County sanitation services. The department also manages various Board-governed special districts and CSAs. The Sanitation Operations unit is one of six organizational units within the Special Services Division of Public Works and provides operation and maintenance services to County sanitation districts and CSAs. Sanitation operations employees work in all Districts and CSAs. Each sanitation district is governed according to its specific code of regulations. The Districts' codes are very similar, and some sections are adopted by reference from the Santa Cruz County Sanitation District Code. CSAs are governed according to the Santa Cruz County Code of Regulations. Most of the County Code pertaining to sanitary sewer collection systems is adopted by reference from the SCCSD Code.

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 a number of 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 in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the CSA's website (even though said law only applies to independent special districts). **Table 44** summarizes staff's findings on whether the website meets the statutory requirements. At present, the CSA does meet the statutory requirements set under SB 929 and SDLF's website transparency criteria. LAFCO appreciates the recent efforts by the County to revamp the organization's website, which included a new webpage specifically for the sewer agencies governed and managed by the County.

Table 44: Website Transparency

Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
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	✓
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)	20 (100%)

Opportunities & Challenges

County Service Area 7 is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Capital Improvement Plan

CSA7 is part of the County's 2025/2030 Capital Improvement Program. The 2025/2030 Capital Improvement Program (CIP) presents a five-year financing implementation plan for capital improvements within the unincorporated County; Parks, Open Space and Cultural Services; and County Facility projects located Countywide. The CIP is an outgrowth of cooperative planning, programming and financing efforts through the County Administrative Office and by the County's land use departments including Planning, Public Works, and Parks, Open Space and Cultural Services, as well as non-land use departments including the Health Services Agency, General Services Department, Probation, and the Sheriff's Department. Unprogrammed road, roadside, sanitation, flood control, parks, and recycling and solid waste projects (which funding is not anticipated for in the coming five years, or longer, and meets requirements of unincorporated County service level needs at build-out under the 1994 General Plan) are also identified in the CIP. The Boulder Creek Wastewater Treatment Plant Equalization Tank and Mixer Replacement project is in the 2025/2030 CIP. Replacement of the equalization tank is planned in FY26-27. The project is about 75% funded and the County is in the process of applying for a loan from the United States Department of Agriculture to fund the remaining amount. CSA 7 lacks funds to make all the improvements needed in CSA 7. The County continuously seeks grant or loan funding to help finance these improvements.

LAFCO Staff Recommendation: Currently CSA 7 is included in the countywide capital improvement plan. The County should consider developing a specific capital improvement plan that covers the sanitation districts managed and operated by the Public Works Department – Davenport, Freedom, Santa Cruz County Sanitation Districts, and CSAs 2, 5, 7, 10, and 20.

Sewer System Management Plan

The State Water Resources Control Board regulates wastewater discharges to surface water (rivers, ocean, etc.) and to groundwater (via land). The State Water Board requires sanitation districts to follow the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. These requirements include the following: (1) Sanitary Sewer Spills are prohibited, and (2) All Sanitary Sewer Spills, with the exception of Private Sewer Lateral Discharge (PLSDs), irrespective of size, must be reported to the State Water Board electronically using the California Integrated Water Quality System, and the Districts/CSAs must prepare and implement a Sewer System Management Plan (SSMP).

In 2022, the County adopted a Sewer System Management Plan to cover the management, operation and maintenance, design, construction and emergency response of the Davenport Sanitation District, Freedom Sanitation District, Santa Cruz County Sanitation District and three county service areas: CSAs 5, 7 and 10.

<u>Infrastructure Deficiencies</u>

During the wet winter, CSA 7 experienced high influent flows due to infiltration in the aging sewer system and the treatment plant could not treat the high volume of wastewater, requiring Sanitation Operations to remove wastewater from the equalization tank. As a result of the unforeseen costs to haul wastewater from the equalization tank by Sanitation Operations staff, the Board of Supervisors recently transferred funds from the Structure Upgrades to operations in the Boulder Creek Treatment Plant. A total of \$30,000 was required to cover the maintenance and operation of the wastewater treatment plant for the remainder of the fiscal year. Replacement of the equalization tank is planned in FY26-27. The project is about 75% funded with CSA and grant funding and the County is in the process obtaining bond financing for the remaining amount. The Public Works Department has acknowledged that CSA 7 lacks funds to make all the necessary improvements. Infrastructure improvements continue to be an ongoing issue for not only CSA 7, but rather, most of the sanitation districts throughout the County. The County may consider adopting a long-term capital improvement plan for CSA 7 to ensure scheduled and unforeseen repairs and replacements are adequately funded.

Sphere of Influence

LAFCO originally adopted a sphere of influence for CSA 7 back in 1987 and has remained the since then, as shown in **Figure 30** on page 73. The Commission, at that time, adopted a sphere boundary that excluded 3 parcels (APNs 083-273-04, -05, and -06). This area, located outside the sphere of influence but within CSA 7, is approximately 64 acres, undeveloped, and mostly open terrain. Today, the excluded area is mostly undeveloped, but the original parcels have now been split into six parcels, as shown in **Table 45**.

Table 45: Parcels Within CSA 7 but Excluded from Sphere Boundary

APNs	Land Use Designation	Zoning Description	Acres
083-273-07	R-R	061-HOMESITE/1-4.9 ACRES	2.503
083-273-03	R-R	060-HOMESITE/< 1 ACRE	0.895
083-273-05	R-R	061-HOMESITE/1-4.9 ACRES	2.452
083-273-04	R-R	053-20- 49.9 ACRE/RURAL	29
083-273-06	R-MT	060-HOMESITE/< 1 ACRE	0.984
083-251-76	O-C; R-MT	063-HOMESITE/20-49.9 ACRES	27.7

Proposed Sphere Amendment

Since the excluded area is designated as residential use and is already within the District's jurisdictional boundary, staff is recommending that the sphere be amended to be coterminous with the District's current service area. The sphere amendment would reflect the District's jurisdiction while also clarifying who is the most logical provider of sewer service in the Big Basin community. **Figure 31** on page 74 shows the proposed sphere of influence boundary for CSA 7.

Figure 30: CSA 7's Current Sphere Map

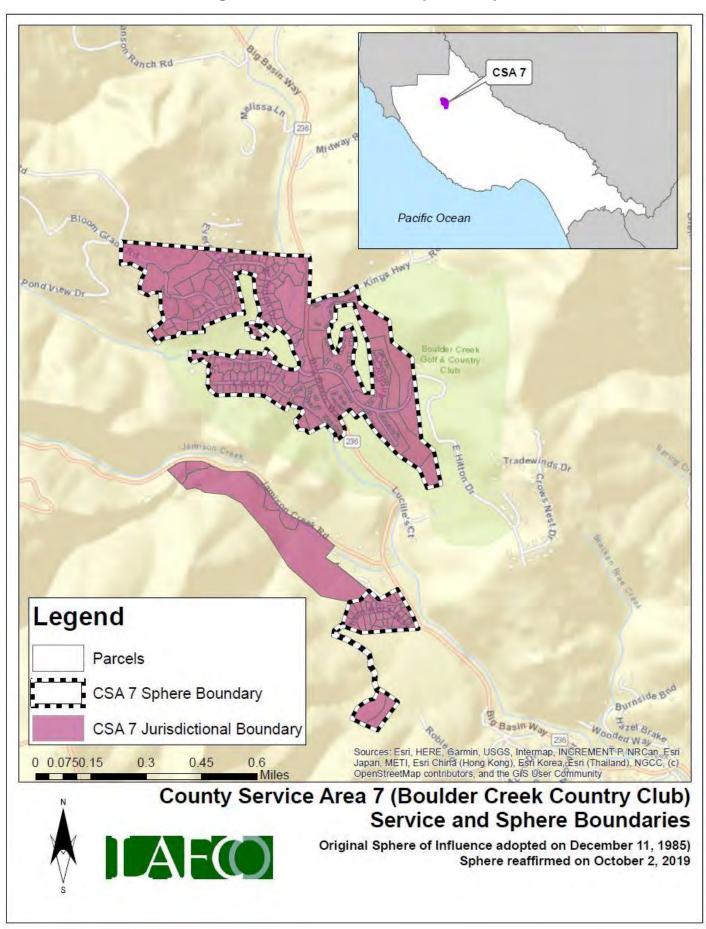
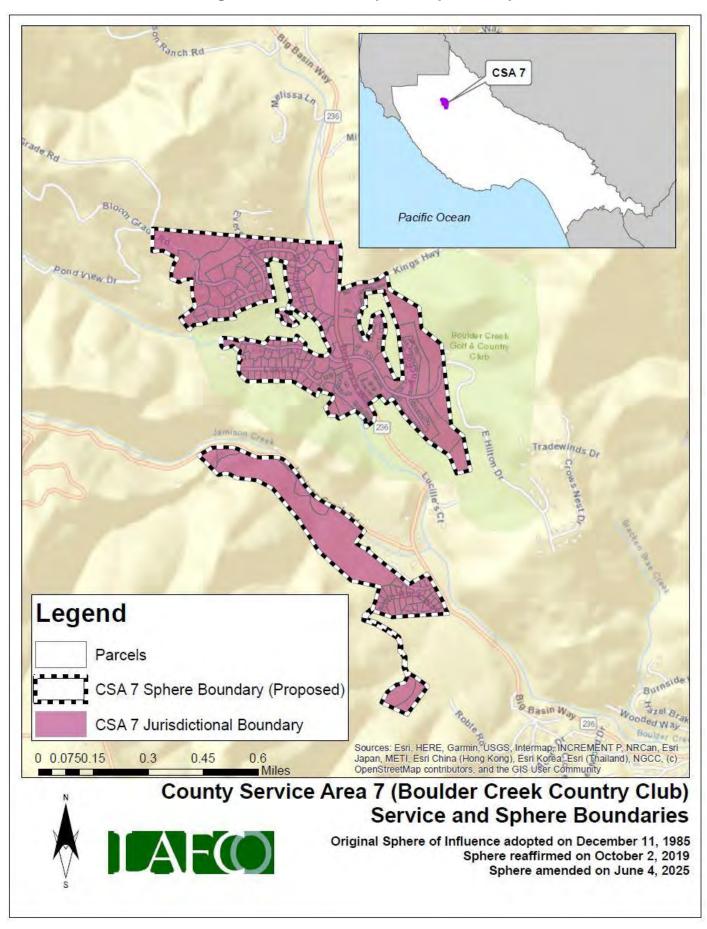


Figure 31: CSA 7's Proposed Sphere Map



District Summary

County	Service Area 7 (Boulder Creek Country Club)
Formation	California Government Code, section 25210.1 et seq. (County Service Area Law)
Board of Directors	5 members, elected at-large to four-year terms
Contact Person	Matt Machado, Deputy CAO/Director of Community Development and Infrastructure
Employees	1.50 full-time employee (approximately)
Facilities	Collection and Treatment Plant; 5 pump stations; 254 connections
District Area	153.6 acres (0.24 square miles)
Sphere of Influence	Smaller than the District (i.e. sphere excludes a portion of the existing jurisdictional boundary)
	Total Revenue = \$1,080,326
FY 2024-25 Budget	Total Expenditure = \$658,218
	Projected Net Position (Beginning Balance) = \$6,828,854
	Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060
Contact Information	Phone Number: (831) 54-2160
	Email Address: Matt. Machado@santacruzcountyca.gov
	Website: http://dpw.co.santa-cruz.ca.us/Home/SewerWater.aspx
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
Mission Statement	The CSA does not have a published mission statement. However, their mission aligns with the published mission statement for the Santa Cruz County Sanitation District.

Service and Sphere Review Determinations

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

Service Determinations

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

1. Growth and population projections for the affected area.

The Boulder Creek Country Club is substantially built-out. There are no growth projections available for CSA 7. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 7's entire population in 2040 will be around 679.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within CSA 7.

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

CSA 7 Boulder Creek has a wastewater collection and treatment plant that treats the domestic wastewater from the Boulder Creek Country Club and surrounding houses. The all-in-one wastewater treatment plant consists of an equalization tank, aeration tank, and a clarifier to remove solids, and the treated effluent is discharged to leach fields. Based on the County's 2022 Sewer System Management Plan, CSA 7 has 254 connections with 3.0 miles of gravity sewer lines, 1.27 miles of force main lines, and 6 pump stations. Annual sewer charges are the District's primary source of revenue.

4. Financial ability of agencies to provide services.

County Service Area 7's financial ability seems to be stable. The CSA has successfully kept costs below its revenue stream in most years since 2013. As of June 30, 2024, CSA 7 is operating with a net position of approximately \$6.8 million.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The County currently has a countywide capital improvement plan and a specific capital improvement plan for the Santa Cruz County Sanitation District. Additionally, the County has adopted a Sewer System Management Plan. However, CSA 7 does not have any current or proposed sewer-related capital improvement projects scheduled at this time.

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 and sphere review.

Sphere Determinations

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

1. The present and planned land uses in the area, including agricultural and openspace lands.

There are no agricultural or open-space lands within the service area.

- 2. The present and probable need for public facilities and services in the area. CSA 7 Boulder Creek has a wastewater collection and treatment plant that treats the
 - domestic wastewater from the Boulder Creek Country Club and surrounding houses. The all-in-one wastewater treatment plant consists of an equalization tank, aeration tank, and a clarifier to remove solids, and the treated effluent is discharged to leach fields. CSA 7 has 254 connections and serves over 600 residents. LAFCO originally adopted a sphere of influence for CSA 7 back in 1987. The Commission, at that time, adopted a sphere boundary that excluded parcels. Staff is recommending that these parcels are included in the District's sphere.
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

County Service Area 7 serves residential housing and one commercial business within the Boulder Creek Country Club subdivision. The service area includes 192 acres (0.3 square miles) and has an estimated population of 640. The wastewater system is a full treatment plant offering secondary and tertiary treatment with primary disposal via a community leach field. The wastewater treatment plant was constructed in the 1970s and upgraded to tertiary treatment in the 1990s.

- 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.
 - LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, CSA 7 has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The CSA's principal needs are repair and replacement of aging infrastructure.

COUNTY SERVICE AREA 10 (ROLLING WOODS/GRAHAM HILL)

District Overview

County Service Area 10 operates a sanitary sewer collection system in the southern part of Rolling Woods centering around Treetop Drive and covers approximately 269 acres (0.42 square miles). There are currently 157 connections within 382 parcels. CSA 10's sewage is transported through a gravity sewer main to the corner of Graham Hill Road and Henry Cowell Drive, where it connects to the Graham Hill sewer main, and then transfers to the City of Santa Cruz system. The City treats the sewage at its Neary Lagoon Wastewater Treatment Facility and disposes the treated wastewater into the Pacific Ocean off West Cliff Drive. **Figure 32**, on page 79, is a vicinity map of the service area. **Appendix F** provides a copy of the formation resolution.

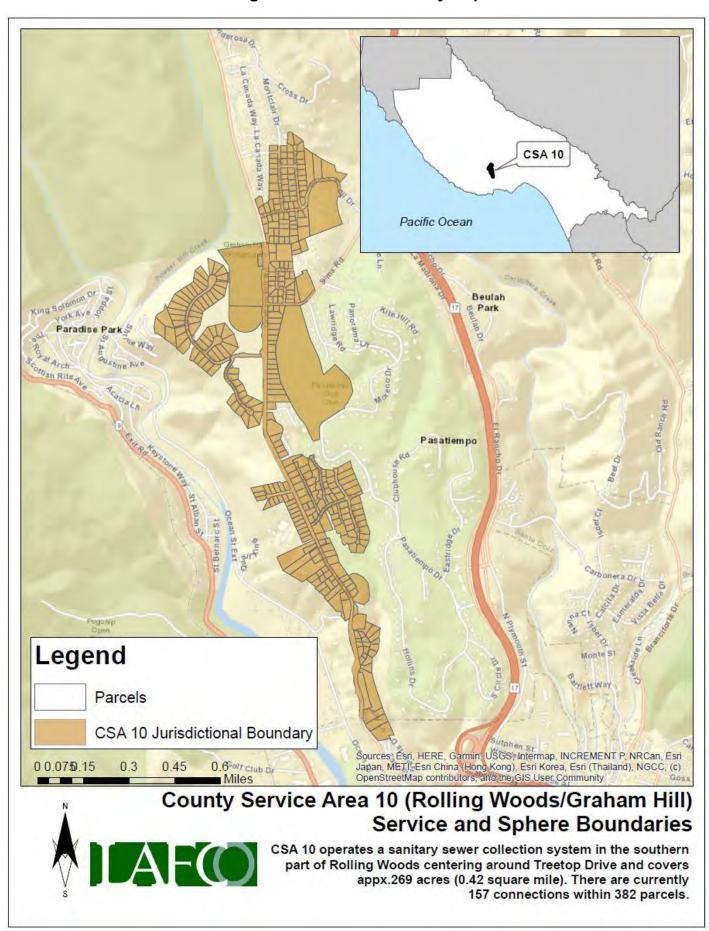
District History

Most of the Graham Hill corridor area has been developed with low-density homes on individual septic systems. The sewer mains were built in parts of the corridor in three phases. During the period of 1964-74, the County approved subdivisions in Rolling Woods. The southern portion of Rolling Woods, centered along Treetop Drive, was approved with quarter-acre lots. Sewage disposal was provided by a sanitary sewage collection system and a treatment plant located on the east side of Graham Hill Road, north of Nepenthe Drive. Disposal occurred in seepage pits near Brook Knoll School.

In 1996, after an extensive project review process involving several on-site and off-site sewage disposal options, the County approved what is now known as the Woods Cove Subdivision on the west side of Graham Road along Henry Cowell Drive. That approval included keeping the Graham Hill Showgrounds for equestrian use. In 1998, the County's revised approval process required that the residential developer construct a collection system in the new subdivision and a new sewer main along Graham Hill Road, from Henry Cowell Drive to the sewer system operated by the City of Santa Cruz. The main includes a siphon under the San Lorenzo River. The County sewer main connects to the city system near the bus maintenance yard on River Street.

In 2001, after LAFCO's approval, County Service Area 57 was formed to provide two types of services in the Woods Cove and showgrounds area. These services included storm water management for the drainage system that is directed downhill toward the San Lorenzo River and sewer services to the Woods Cove subdivision and showgrounds. In 2013, the County submitted an application to establish a single sewer provider in the Graham Hill corridor. In consultation with LAFCO, the County evaluated several alternatives for reorganizing sewer services. Based on staff's analysis at that time, CSA 10 was the most logical successor to be the single sanitation agency in this area. In 2014, the Commission approved a reorganization that transferred sewer services from CSA 57 to CSA 10. In total, 299 parcels were annexed into CSA 10 under this reorganization. Todays, the District services 382 parcels within the Rolling Woods community.

Figure 32: CSA 10's Vicinity Map



Population & Growth

The Graham Hill corridor area is substantially built-out with low-density single-family homes. There are no growth projections available for CSA 10. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 10's entire population in 2040 will be around 920. The projected population for CSA 10 are as follows:

Table 46: Projected Population

	2025	2030	2035	2040	Growth Rate
Santa Cruz County (unincorporated)	137,896	139,105	140,356	141,645	0.86%
CSA 10	897	904	912	920	0.86%

Source: AMBAG 2018 Regional Growth Forecast

Services & Operations

CSA 10 has a collection system that serves the residential areas of Rolling Woods and Woods Cove, as well as the Pasatiempo Golf Club. Based on the County's 2022 Sewer System Management Plan, CSA 10 has 157 connections with 3.18 miles of gravity sewer lines, 0.35 miles of force main lines, and one pump station.

Infrastructure Summary

CSA 10 maintains and operates one pump station, a collection system, and has almost 900 residents within its service area. It currently has 157 connections and approximately 3.5 miles of sewer line. **Table 47** provides an overview of the type of service and current infrastructure:

Table 47: Infrastructure Summary

	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
CSA 10	Collection	N/A	157	1	3.5

CDI has indicated that if there is a system failure that occurs and must be fixed on an emergency basis, depending on the size of the required repair, the CSA may require additional funds.

Septic Systems within CSA 10

The operation and repair of septic systems is regulated by the Santa Cruz County Health Department, Environmental Health Services Division. Properties currently using individual septic systems may continue to use individual systems or may choose to connect to CSA 10's sewer main. A property owner may defer the decision to connect, unless the property is less than 200 feet away from a sewer main and three of the following situations occur: (1) If a septic system fails, the property must connect to the sewer main; (2) If the property owner desires to do a major remodel but the septic system does not meet current standards, upgrade of the septic system is not an option and the property must connect to the sewer main; and (3) If a septic system repair has been completed in the last five years using an interim conventional system where enhanced treatment would have been required, the property must connect to the sewer main within 6 months of sewer availability.

Sewer Rates

At present, CSA 10's annual sewer rates derive from three areas: Rolling Woods, Woods Cove, and the Pasatiempo Golf Club. Each area has its own sewer rate. **Table 48** shows the gradual increase in annual rates during the last seven years.

Table 48: Annual Sewer Rates

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Golf Club	\$5,834.14	\$6,096.68	\$6,096.68	\$6,096.68	\$6,096.68	\$6,096.68	\$6,069.68
Rolling Woods	\$301.36	\$314.92	\$314.92	\$314.92	\$314.92	\$314.92	\$323.11
Woods Cove	\$301.36	\$314.92	\$314.92	\$314.92	\$314.92	\$314.92	\$323.11

Pursuant to Santa Cruz County Code Section 4.26, the Director of CDI must annually compute the benefit assessment/service charge rates for CSAs and submit a report to the Board of Supervisors describing each parcel of real property receiving the special benefit and the amount of the charge per CSA for each parcel for the upcoming fiscal year.

CSA fees are considered benefit assessments, and any rate increase (except for preapproved annual Consumer Price Index (CPI) increases) must comply with Proposition 218 procedures. These procedures require that an increase is approved by at least half of the votes cast by the property owners, with the votes weighted according to the amount of the proposed assessment of each parcel. Furthermore, a public hearing must be held to consider any protests to the proposed increase. The following tables (Tables 49 to 51) depict the change in dollar amount and percentage for each specific zone.

Table 49: Pasatiempo Golf Club's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Golf Club	\$5,834.14	\$6,096.68	\$6,096.68	\$6,096.68	\$6,096.68	\$6,096.68	\$6,096.68	
Change (\$)	-	\$262.54	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$43.76
Change (%)	-	5%	0%	0%	0%	0%	0%	0.75%

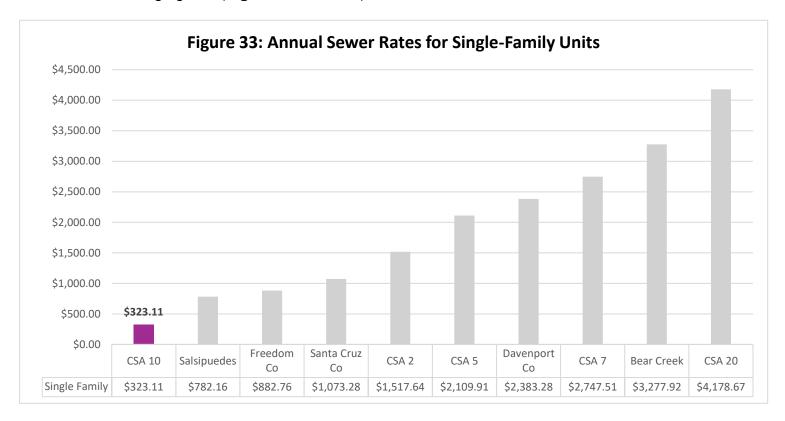
Table 50: Rolling Wood's Annual Sewer Rates Review

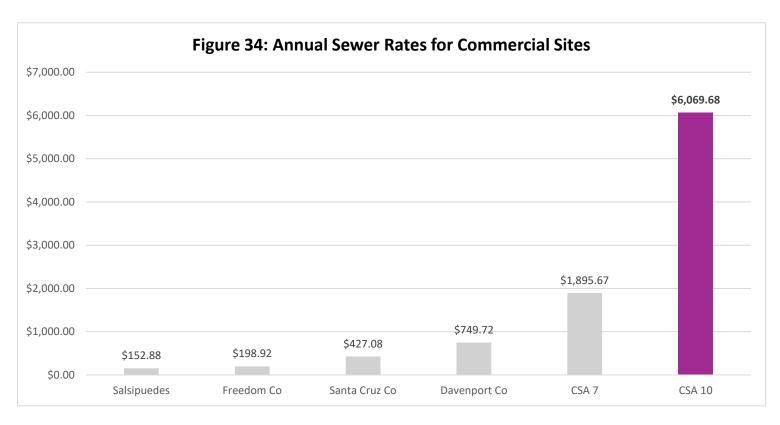
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Rolling Woods	\$301.36	\$314.92	\$314.92	\$314.92	\$314.92	\$314.92	\$323.11	
Change (\$)	-	\$13.56	\$0.00	\$0.00	\$0.00	\$0.00	\$8.19	\$3.63
Change (%)	-	5%	0%	0%	0%	0%	3%	1%

Table 51: Woods Cove's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Woods Cove	\$301.36	\$314.92	\$314.92	\$314.92	\$314.92	\$314.92	\$323.11	
Change (\$)	-	\$13.56	\$0.00	\$0.00	\$0.00	\$0.00	\$8.19	\$3.63
Change (%)	-	5%	0%	0%	0%	0%	3%	1%

When comparing the sewer rates with the other sanitation districts analyzed in this report, CSA 10 is ranked the lowest in charges for single family units (\$323.11/year) and ranked highest in charges for commercial sites (\$6,069.68); however, it is important to note that only one site is billed as commercial in CSA 10 (Pasatiempo golf course and county club) and they pay this one rate for their entire facility. Sewer rate comparisons are shown in the following figures (**Figures 33 and 34**).

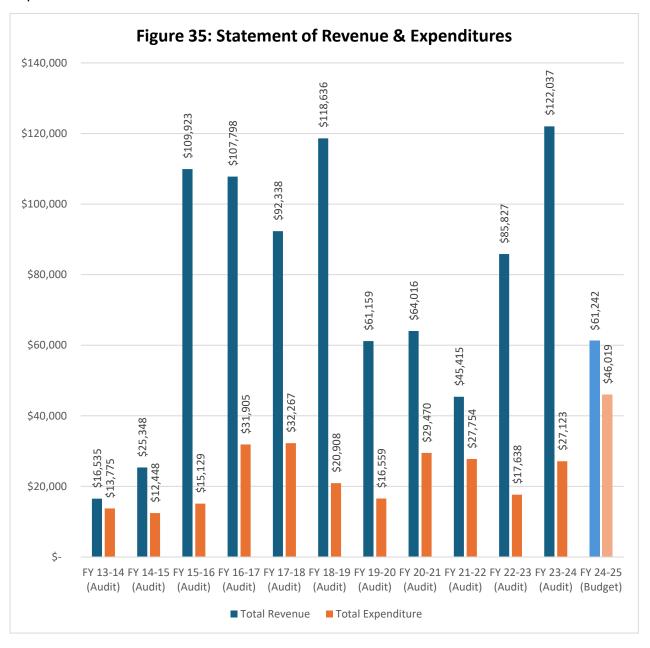




Finances

This section will highlight the CSA's audited financial performance during the most recent fiscal years. Fiscal Year 2023-24 is the latest audited financial statement available. A comprehensive analysis of the CSA's financial performance during the past 12 years is shown in **Table 54** on page 85.

At the end of Fiscal Year 2023-24, total revenue collected was \$122,037, representing a 42% increase from the previous year (\$85,827 in FY 22-23). Total expenses for FY 2023-24 were \$27,123, which increased from the previous year by 54% (\$17,638 in FY 22-23). During LAFCO's last service review analysis in 2019, CSA 10 experienced annual surpluses in all five fiscal years (FY 13-14 to FY 17-18). During this service review cycle, CSA 10 continued that positive trend by completing six consecutive annual surpluses in the past six years (FY 18-19 to FY 23-24), as shown in **Figure 35** below. Based on the recently adopted budget and past performances, LAFCO staff believes that CSA 10 will continue to operate effectively due to its stable revenue stream and stagnant expenditures.



District Revenues

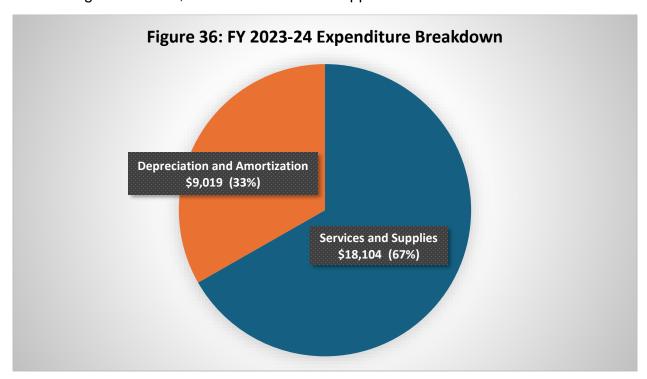
CSA 10's primary source of revenue is from Charges for Services. In FY 2023-24, the CSA received revenue from four different sources: Charges for Services, Interest & Investment Income, Connection Fees, and Assessments. On average, the District receives approximately \$55,000 each year in service fees. **Table 52** highlights the total revenue received since 2013.

Table 52: Total Revenue (FY 18-19 to FY 23-24)

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Charges for Services	\$36,804	\$38,810	\$40,207	\$50,567	\$51,249	\$51,872
Interest & Investment Income	\$14,506	\$16,072	\$5,854	-\$18,346	\$20,983	\$40,929
Connection Fees	\$64,379	\$3,330	\$8,947	\$10,247	\$13,595	\$17,447
Assessments	\$2,947	\$2,947	\$8,842	\$2,947	\$-	\$11,789
Permit Processing Fees	\$-	\$-	\$166	\$-	\$-	\$-
Total Revenue	\$118,636	\$61,159	\$64,016	\$45,415	\$85,827	\$122,037

District Expenditures

CSA 10's total expenditures can be categorized into two budgetary groups: Services & Supplies and Depreciation & Amortization. The figure below depicts how funding is distributed by category. The CSA's primary expenditure is associated with operational and management costs, under Services and Supplies.



Fund Balance/Net Position

As of June 30, 2024, the total fund balance is approximately \$1.15 million. The following table highlights the Fund Balance from 2018 to 2025. As **Table 53** shows below, the District has experienced a steady increase in total reserves each year. On average, total reserves have increased by approximately \$99,000 or 34% since FY 2013-14. A full review of the District's revenues and expenditures from FY 2013-14 to FY 24-25 is shown on **Table 54**.

Table 53: Fund Balance/Net Position

	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Audited)	FY 24-25 (Budget)
Net Position	\$895,224	\$939,824	\$974,371	\$992,032	\$1,063,634	\$1,155,134	\$1,169,250
Change in (\$) from previous year		\$44,600	\$34,547	\$17,661	\$71,602	\$91,500	\$14,116
Change in (%) from previous year		5%	4%	2%	7%	9%	1%

Table 54: Total Revenues & Expenditures

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Budget)
REVENUE												
Charges for Services	\$ 16,518	\$ 25,234	\$107,867	\$102,909	\$ 83,423	\$ 36,804	\$ 38,810	\$ 40,207	\$ 50,567	\$ 51,249	\$ 51,872	\$ 51,242
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and Investment Income	\$ 17	\$ 114	\$ 2,056	\$ 4,889	\$ 8,915	\$ 14,506	\$ 16,072	\$ 5,854	\$ (18,346)	\$ 20,983	\$ 40,929	\$ 10,000
Permit Processing Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166				
Assessment DST Buy-in Cnnct Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,947	\$ 2,947	\$ 8,842	\$ 2,947	\$ -	\$ 11,789	\$ -
Connection Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,379	\$ 3,330	\$ 8,947	\$ 10,247	\$ 13,595	\$ 17,447	\$ -
Insurance Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 16,535	\$ 25,348	\$109,923	\$107,798	\$ 92,338	\$ 118,636	\$ 61,159	\$ 64,016	\$ 45,415	\$ 85,827	\$ 122,037	\$ 61,242
EXPENDITURE												
Services and Supplies	\$ 4,455	\$ 3,129	\$ 5,904	\$ 22,697	\$ 21,357	\$ 11,889	\$ 7,540	\$ 20,451	\$ 18,735	\$ 8,619	\$ 18,104	\$ 37,000
Depreciation and Amortization	\$ 9,320	\$ 9,319	\$ 9,225	\$ 9,208	\$ 9,019	\$ 9,019	\$ 9,019	\$ 9,019	\$ 9,019	\$ 9,019	\$ 9,019	\$ 9,019
Approp for Contingencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 1,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenditure	\$ 13,775	\$ 12,448	\$ 15,129	\$ 31,905	\$ 32,267	\$ 20,908	\$ 16,559	\$ 29,470	\$ 27,754	\$ 17,638	\$ 27,123	\$ 46,019
Surplus/(Deficit)	\$ 2,760	\$ 12,900	\$ 94,794	\$ 75,893	\$ 60,071	\$ 97,728	\$ 44,600	\$ 34,546	\$ 17,661	\$ 68,189	\$ 94,914	\$ 15,223
Capital Contributions	\$ -	\$ -	\$391,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	*	4	4	4							4	4
Net Position - Beginning	\$159,519	\$162,279	\$175,179	\$661,532	\$ 737,425	\$ 797,496		\$ 939,825	\$ 974,371	\$ 995,445	\$1,060,220	\$ 1,155,134
Net Position - Ending	\$162,279	\$175,179	\$661,532	\$737,425	\$ 797,496	\$ 895,224	\$ 939,824	\$ 974,371	\$ 992,032	\$1,063,634	\$1,155,134	\$ 1,169,250

Governance

County Service Area 10 is a dependent special district governed by the County Board of Supervisors and managed by the Public Works Department. The current Board is as follows:

Table 55: Board of Directors

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

The Board of Directors generally meets twice a month on a Tuesday in the Board of Supervisors' Chambers, 701 Ocean Street, Room 525. Meetings generally begin at 9:00am. Public notice is provided through posting. The County contracts for independent audits.

The County Community Development & Infrastructure Public Works Division is responsible for the administration, engineering, maintenance, emergency response and construction of all County sanitation services. The department also manages various Board-governed special districts and CSAs. The Sanitation Operations unit is one of six organizational units within the Special Services Division of Public Works and provides operation and maintenance services to County sanitation districts and CSAs. Sanitation operations employees work in all Districts and CSAs. Each sanitation district is governed according to its specific code of regulations. The Districts' codes are very similar, and some sections are adopted by reference from the Santa Cruz County Sanitation District Code. CSAs are governed according to the Santa Cruz County Code of Regulations. Most of the County Code pertaining to sanitary sewer collection systems is adopted by reference from the SCCSD Code.

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 a number of 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 in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the CSA's website (even though said law only applies to independent special districts). **Table 56** summarizes staff's findings on whether the website meets the statutory requirements. At present, the CSA does meet the statutory requirements set under SB 929 and SDLF's website transparency criteria. LAFCO appreciates the recent efforts by the County to revamp the organization's website, which included a new webpage specifically for the sewer agencies governed and managed by the County.

Table 56: Website Transparency

Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
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	✓
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)	20 (100%)

Opportunities & Challenges

County Service Area 10 is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Capital Improvement Plan

There is no specific capital improvement plan for CSA 10. The County has a countywide CIP to address the replacement of the aging sewer system, however, CSA 10 lacks funds to make all the improvements. The County of Public Works continually seek grant or loan funding to help finance these improvements.

LAFCO Staff Recommendation: Currently CSA 10 is included in the countywide capital improvement plan. The County should consider developing a specific capital improvement plan that covers the sanitation districts managed and operated by the Public Works Department – Davenport, Freedom, Santa Cruz County Sanitation Districts, and CSAs 2, 5, 7, 10, and 20.

Sewer System Management Plan

The State Water Resources Control Board regulates wastewater discharges to surface water (rivers, ocean, etc.) and to groundwater (via land). The State Water Board requires sanitation districts to follow the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. These requirements include the following:

- Sanitary Sewer Spills are prohibited, and
- All Sanitary Sewer Spills, with the exception of Private Sewer Lateral Discharge (PLSDs), irrespective of size, must be reported to the State Water Board electronically using the California Integrated Water Quality System, and the Districts/CSAs must prepare and implement a Sewer System Management Plan (SSMP).

In 2022, the County adopted a Sewer System Management Plan to cover the management, operation and maintenance, design, construction and emergency response of the Davenport Sanitation District, Freedom Sanitation District, Santa Cruz County Sanitation District and three county service areas: CSAs 5, 7 and 10.

Governance Structure Options

CSA 10 is just north of the boundary for the City of Santa Cruz's wastewater collection system. The wastewater from the CSA is transported to the City's treatment plant where it is processed. Due to the proximity of the two systems, the shared transmission line to the treatment plant, and the shared treatment plant, the County has requested that LAFCO consider expanding the boundary of the City of Santa Cruz's service area to include the limits of this CSA. LAFCO staff sees value in local agencies collaborating and exploring opportunities to improve delivery of municipal services. It is still unknown whether it is feasible for the City or another local service provider to assume responsibilities within this area. Therefore, LAFCO staff recommends that the County continue to discuss possible partnerships with the City and other neighboring agencies.

Sphere of Influence

LAFCO originally adopted a sphere of influence for the District in 1984. In 2014, the Commission approved a reorganization that transferred sewer services from CSA 57 to CSA 10. In total, 299 parcels were annexed into CSA 10 under this reorganization. As part of the reorganization, CSA 10's sphere of influence was amended to reflect the annexation. Today, the sphere of influence for CSA 10 is coterminous with its service area and includes 382 parcels. **Figure 37** on page 90 shows the current sphere of influence boundary for CSA 10.

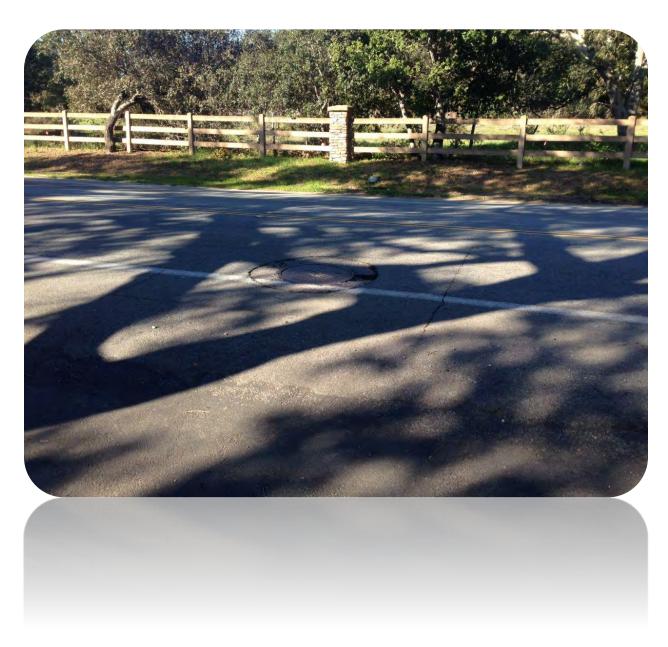
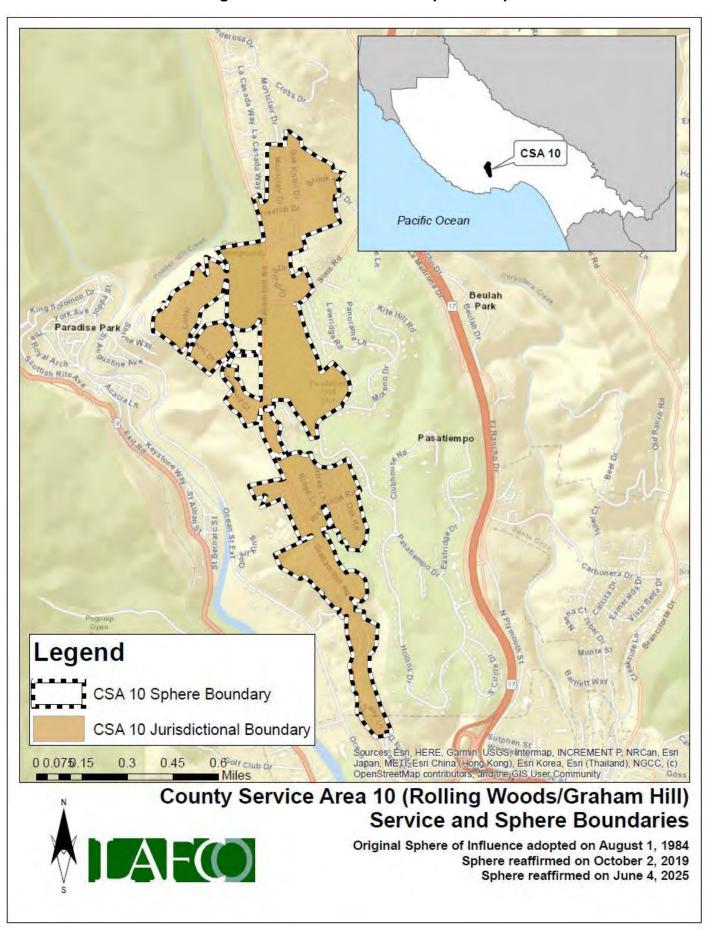


Figure 37: CSA 10's Current Sphere Map



District Summary

County	Service Area 10 (Rolling Woods/Graham Hill)
Formation	California Government Code, section 25210.1 et seq. (County Service Area Law)
Board of Directors	5 members, elected at-large to four-year terms
Contact Person	Matt Machado, Deputy CAO/Director of Community Development and Infrastructure
Employees	1 full-time employee (approximately)
Facilities	Collection System; 1 pump station; 157 connections
District Area	269 acres (0.42 square mile)
Sphere of Influence	Coterminous with District (i.e. no sphere beyond existing jurisdictional boundary)
	Total Revenue = \$61,242
FY 2024-25 Budget	Total Expenditure = \$46,019
	Projected Net Position (Beginning Balance) = \$1,155,134
	Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060
Contact Information	Phone Number: (831) 54-2160
	Email Address: Matt. Machado@santacruzcountyca.gov
	Website: http://dpw.co.santa-cruz.ca.us/Home/SewerWater.aspx
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
Mission Statement	The CSA does not have a published mission statement. However, their mission aligns with the published mission statement for the Santa Cruz County Sanitation District.

Service and Sphere Review Determinations

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

Service Determinations

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

1. Growth and population projections for the affected area.

The Graham Hill corridor area is substantially built-out with low-density single-family homes. There are no growth projections available for CSA 10. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 10's entire population in 2040 will be around 920.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within CSA 10.

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

CSA 10 has a collection system and one lift station that serves the residential areas of Rolling Woods and Woods Cove, as well as the Pasatiempo Golf Club. The plant is maintained by the County of Santa Cruz. Based on the County's 2022 Sewer System Management Plan, CSA 10 has 104 connections with 3.18 miles of gravity sewer lines, 0.35 miles of force main lines, and zero pump stations.

4. Financial ability of agencies to provide services.

County Service Area 10's financial ability to provide services is well-established. The CSA has successfully kept costs below its revenue stream since 2013. As of June 30, 2024, CSA 10 is operating with a net position of approximately \$1.15 million.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The County currently has a countywide capital improvement plan and a specific capital improvement plan for the Santa Cruz County Sanitation District. Additionally, the County has adopted a Sewer System Management Plan. However, CSA 10 does not have any current or proposed sewer-related capital improvement projects scheduled at this time.

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 and sphere review.

Sphere Determinations

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

1. The present and planned land uses in the area, including agricultural and openspace lands.

There are no agricultural or open-space lands within the service area.

- 2. The present and probable need for public facilities and services in the area. CSA 10 has an aging collection system that serves the residential areas of Rolling Woods and Woods Cove, as well as the Pasatiempo Golf Club. The plant is maintained by the County of Santa Cruz. Based on the County's 2022 Sewer System Management Plan, CSA 10 has 104 connections with 3.18 miles of gravity sewer lines, 0.35 miles of force main lines, and zero pump stations. Annual sewer charges are the District's primary source of revenue.
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

County Service Area 10 operates a sanitary sewer collection system and serves the residential areas of Rolling Woods and Woods Cove, as well as the Pasatiempo Golf Club. The County currently has a contractual agreement with the City of Santa Cruz to transfer collected wastewater to the City of Santa Cruz's treatment system. The City treats the sewage at its Neary Lagoon Wastewater Treatment Facility and disposes the treated wastewater into the Pacific Ocean off West Cliff Drive. CSA 10 has 104 connections and has almost 900 residents within its service area.

- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, CSA 10 has adequate transmission capacity for the present and planned facilities within the sphere of influence. The CSA's principal needs are repair and replacement of aging infrastructure.

COUNTY SERVICE AREA 20 (TRESTLE BEACH)

District Overview

County Service Area 20 serves the Trestle Beach subdivision near La Selva Beach, which encompasses 12.8 acres (0.02 square miles) and has a population of 43 within 38 parcels. The County formed CSA 20 in June 1980. Today, the wastewater system provides on-site treatment to a secondary level. **Figure 38**, on page 95, is a vicinity map of the service area. **Appendix G** provides a copy of the formation resolution.

Population & Growth

The Trestle Beach subdivision is built-out with low-density single-family homes. There are no growth projections available for CSA 20. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 20's entire population in 2040 will be around 44. The projected population for CSA 20 are as follows:

Table 57: Projected Population

	2025	2030	2035	2040	Growth Rate
Santa Cruz County (unincorporated)	137,896	139,105	140,356	141,645	0.86%
CSA 20	43	43	44	44	0.86%

Source: AMBAG 2018 Regional Growth Forecast

Services & Operations

CSA 20 has a wastewater collection and treatment plant that treats the domestic wastewater from the Trestle Beach community. Based on staff's analysis, CSA 20 has 22 connections with 0.3 miles of sewer lines and 1 onsite treatment system. Annual sewer charges are the District's primary source of revenue.

Infrastructure Summary

CSA 20 operates a collection and treatment plant and serves about 40 residents. It currently has 22 connections and approximately 0.3 miles of sewer line. **Table 58** provides an overview of the type of service and current infrastructure:

Table 58: Infrastructure Summary

	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
CSA 20	Collection and Treatment	Secondary	22	1	0.3

CDI has indicated that the current infrastructure is aging, deteriorating, and in need of repair. The wastewater treatment plant currently also requires routine maintenance such as painting and lining of sewer manholes. If there is a system failure that occurs and must be fixed on an emergency basis, depending on the size of the required repair, the CSA may require additional funds.

Figure 38: CSA 20's Vicinity Map



Sewer Rates

At present, CSA 20's annual sewer rates derive from single family units in the Trestle Beach community. **Table 59** shows the gradual increase in annual rates during the last seven years.

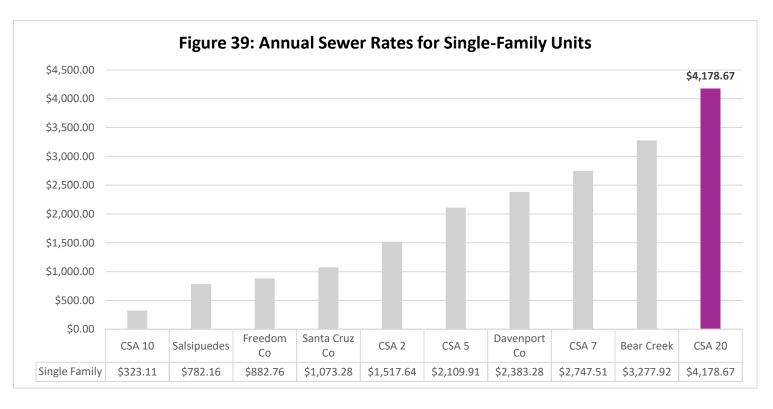
Table 59: Annual Sewer Rates

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Single Family	\$2,410.81	\$2,519.29	\$3,652.98	\$3,726.04	\$3,882.53	\$4,072.78	\$4,178.67
Change (\$)		\$108.48	\$1,133.69	\$73.06	\$156.49	\$190.25	\$105.89
Change (%)		4%	45%	2%	4%	5%	3%

Pursuant to Santa Cruz County Code Section 4.26, the Director of Public Works must annually compute the benefit assessment/service charge rates for CSAs and submit a report to the Board of Supervisors describing each parcel of real property receiving the special benefit and the amount of the charge per CSA for each parcel for the upcoming fiscal year.

CSA fees are considered benefit assessments, and any rate increase (except for preapproved annual Consumer Price Index (CPI) increases) must comply with Proposition 218 procedures. These procedures require that an increase is approved by at least half of the votes cast by the property owners, with the votes weighted according to the amount of the proposed assessment of each parcel. Furthermore, a public hearing must be held to consider any protests to the proposed increase.

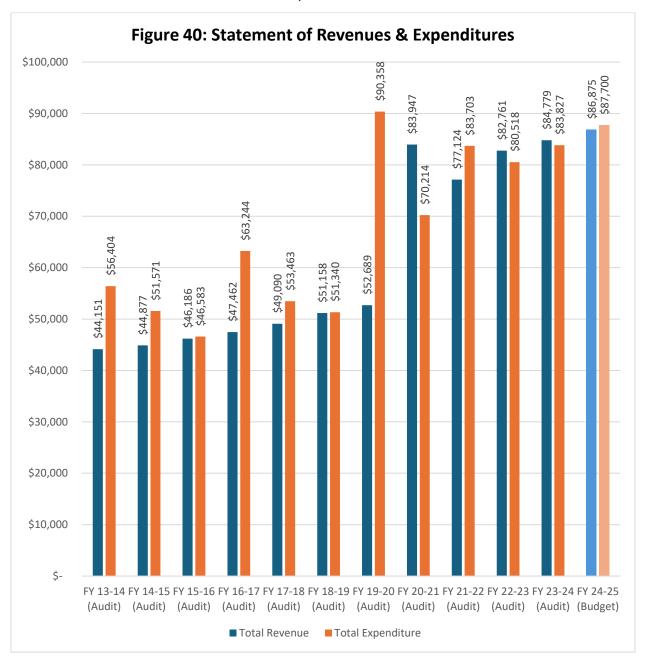
When comparing the sewer rates with the other sanitation districts analyzed in this report, CSA 20 is ranked the highest in charges for single family units (\$4,178.67/year), as shown in the figure below.



Finances

This section will highlight the District's audited financial performance during the most recent fiscal years. Fiscal Year 2023-24 is the latest audited financial statement available. A comprehensive analysis of the District's financial performance during the past 12 years is shown in **Table 63** on page 99.

At the end of Fiscal Year 2023-24, total revenue collected was \$84,779, representing a 2% increase from the previous year (\$82,827 in FY 22-23). Total expenses for FY 2023-24 were \$83,827, which increased from the previous year by 4% (\$80,518 in FY 22-23). During LAFCO's last service review analysis in 2019, CSA 20 experienced annual deficits in all five fiscal years (FY 13-14 to FY 17-18). During this service review cycle, CSA 20 experienced three annual deficits in the past six years (FY 18-19 to FY 23-24), as shown in **Figure 40** below. Based on the recently adopted budget and past performances, LAFCO staff believes that the negative trend will continue unless additional revenue sources are allocated to cover annual expenses.



District Revenues

CSA 20's primary source of revenue is from Charges for Services. In FY 2023-24, Charges for Services were \$84,673 and Interest and Investment Income was \$106. On average, the District receives approximately \$70,000 each year in service fees. **Table 60** highlights the total revenue received since 2018.

Table 60: Total Revenue (FY 18-19 to FY 23-24)

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Charges for Services	\$50,121	\$52,376	\$75,945	\$77,464	\$80,718	\$84,673
Connection Fees	\$400	\$-	\$8,000	\$-	\$1,825	\$-
Interest & Investment Income	\$637	\$313	\$2	\$(340)	\$218	\$106
Total Revenue	\$51,158	\$52,689	\$83,947	\$77,124	\$82,761	\$84,779

District Expenditures

CSA 20's only budgetary expense is associated with operational and management costs, under Services and Supplies. Based on staff's analysis of the County's audited financial statements, no other expenses have been reported for the past six years. As **Table 61** shows, the CSA's only expenditure fluctuates each year with more annual increases spiking at a significant amount in comparison to years when reduction in expenses are incurred.

Table 61: Total Expenditure (FY 18-19 to FY 23-24)

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Services and Supplies	\$51,340	\$90,358	\$70,214	\$83,703	\$80,518	\$83,827
Change (\$)		\$39,018	\$(20,144)	\$13,489	\$(3,185)	\$3,309
Change (%)		76%	-22%	19%	-4%	4%

Fund Balance/Net Position

As of June 30, 2024, the total fund balance is approximately \$5,900. The following table highlights the Fund Balance from 2018 to 2025. As **Table 62** shows below, the District has generally experienced a decrease in total reserves each year. On average, total reserves have decreased by approximately \$5,500 or 45% since FY 2013-14. A full review of the District's revenues and expenditures from FY 2013-14 to FY 2024-25 is shown on **Table 63**.

Table 62: Fund Balance/Net Position

	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Audited)	FY 24-25 (Budget)
Net Position	\$33,245	\$(4,424)	\$9,309	\$2,730	\$4,973	\$5,925	\$4,914
Change in (\$) from previous year		\$(37,669)	\$13,733	\$(6,579)	\$2,243	\$952	\$(1,011)
Change in (%) from previous year		-113%	-310%	-71%	82%	19%	-17%

Table 63: Total Revenues & Expenditures

	FY	/ 13-14	F١	14-15	F'	Y 15-16	F۱	/ 16-17	F	Y 17-18	F	Y 18-19	F	Y 19-20	F۱	Y 20-21	F۱	/ 21-22	F	Y 22-23	F١	/ 23-24	F	Y 24-25
	(/	Audit)	(/	Audit)	(Audit)	(Audit)		(Audit)	(Audit)	((Audit)	(Audit)	(.	Audit)	(Audit)	(,	Audit)	(E	Budget)
REVENUE																								
Charges for Services	\$	43,659	\$	44,620	\$	45,869	\$	47,061	\$	48,708	\$	50,121	\$	52,376	\$	75,945	\$	77,464	\$	80,718	\$	84,673	\$	86,875
Connection Fees	\$	-	\$	-	\$	-	\$	-	\$	-	\$	400	\$	-	\$	8,000	\$	-	\$	1,825	\$	-	\$	-
Intergovernmental	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Interest and Investment Income	\$	492	\$	257	\$	317	\$	401	\$	382	\$	637	\$	313	\$	2	\$	(340)	\$	218	\$	106	\$	-
Property Taxes	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Gain on Disposal of Capital Assets	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	
Total Revenue	\$	44,151	\$	44,877	\$	46,186	\$	47,462	\$	49,090	\$	51,158	\$	52,689	\$	83,947	\$	77,124	\$	82,761	\$	84,779	\$	86,875
EXPENDITURE																								
Services and Supplies	\$	55,738	\$	50,893	\$	46,583	\$	63,244	\$	53,463	\$	51,340	\$	90,358	\$	70,214	\$	83,703	\$	80,518	\$	83,827	\$	87,700
Depreciation and Amortization	\$	666	\$	678	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Loss on Disposal of Capital Assets	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	
Total Expenditure	\$	56,404	\$	51,571	\$	46,583	\$	63,244	\$	53,463	\$	51,340	\$	90,358	\$	70,214	\$	83,703	\$	80,518	\$	83,827	\$	87,700
Surplus/(Deficit)	\$	(12,253)	\$	(6,694)	\$	(397)	\$	(15,782)	\$	(4,373)	\$	(182)	\$	(37,669)	\$	13,733	\$	(6,579)	\$	2,243	\$	952	\$	(825)
Net Position - Beginning	\$	72,926	\$	60,673	\$	53,979	\$	53,582	\$	37,800	\$	33,427	\$	33,245	\$	(4,424)	\$	9,309	\$	2,730	\$	4,973	\$	5,739
Net Position - Ending	\$	60,673	\$	53,979	\$	53,582	\$	37,800	\$	33,427	\$	33,245	\$	(4,424)	\$	9,309	\$	2,730	\$	4,973	\$	5,925	\$	4,914

Governance

County Service Area 20 is a dependent special district governed by the County Board of Supervisors and managed by the Public Works Department. The current Board is as follows:

Table 64: Board of Directors

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

The Board of Directors meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean Street, Room 525. Meetings generally begin at 9:00am. Public notice is provided through posting. The County contracts for independent audits.

The County of Santa Cruz Public Works Division is responsible for the administration, engineering, maintenance, emergency response and construction of all County sanitation services. The department also manages various Board-governed special districts and CSAs. The Sanitation Operations unit is one of six organizational units within the Special Services Division of Public Works and provides operation and maintenance services to County sanitation districts and CSAs. Sanitation operations employees work in all Districts and CSAs. Each sanitation district is governed according to its specific code of regulations. The Districts' codes are very similar, and some sections are adopted by reference from the Santa Cruz County Sanitation District Code. CSAs are governed according to the Santa Cruz County Code of Regulations. Most of the County Code pertaining to sanitary sewer collection systems is adopted by reference from the SCCSD Code.

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 a number of 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 in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the CSA's website (even though said law only applies to independent special districts). **Table 65** summarizes staff's findings on whether the website meets the statutory requirements. At present, the CSA does meet the statutory requirements set under SB 929 and SDLF's website transparency criteria. LAFCO appreciates the recent efforts by the County to revamp the organization's website, which included a new webpage specifically for the sewer agencies governed and managed by the County.

Table 65: Website Transparency

Website Components	Checkmark (Yes)				
Required Items (SB 949 Criteria and SDLF Benchmarks)					
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)	20 (100%)				

Opportunities & Challenges

County Service Area 20 is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Capital Improvement Plan

There is no specific capital improvement plan for CSA 20. The County has a countywide CIP to address the replacement of the aging sewer system, however, CSA 20 lacks funds to make all the improvements. The County of Public Works continually seek grant or loan funding to help finance these improvements.

LAFCO Staff Recommendation: Currently CSA 20 is included in the countywide capital improvement plan. The County should consider developing a specific capital improvement plan that covers the sanitation districts managed and operated by the Public Works Department – Davenport, Freedom, Santa Cruz County Sanitation Districts, and CSAs 2, 5, 7, 10, and 20.

Sewer System Management Plan

The State Water Resources Control Board regulates wastewater discharges to surface water (rivers, ocean, etc.) and to groundwater (via land). The State Water Board requires sanitation districts to follow the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. These requirements include the following:

- Sanitary Sewer Spills are prohibited, and
- All Sanitary Sewer Spills, with the exception of Private Sewer Lateral Discharge (PLSDs), irrespective of size, must be reported to the State Water Board electronically using the California Integrated Water Quality System, and the Districts/CSAs must prepare and implement a Sewer System Management Plan (SSMP).

In 2022, the County adopted a Sewer System Management Plan to cover the management, operation and maintenance, design, construction and emergency response of the Davenport Sanitation District, Freedom Sanitation District, Santa Cruz County Sanitation District and three county service areas (CSAs 5, 7, and 10). However, it is LAFCO staff's understanding that CSA 20 is excluded from the County SSMP because the CSA does not meet the minimum requirements to enroll under the Waste Discharge Requirements.

LAFCO Staff Recommendation: While SSMP only requires inclusion of collection systems with more than one mile of sewer mains, the County may want to consider including CSA 20 in the County's Sewer System Management Plan to ensure that the Trestle Beach community's sewer infrastructure has proper management and oversight for current and future needs.

Sphere of Influence

LAFCO originally adopted spheres of influence for a number of CSAs back in the 1980s. Based on staff's analysis and research, it was determined that there is no sphere of influence for CSA 20. In accordance to Government Code Section 56425, the Commission shall adopt a sphere of influence for cities, special districts, and county service areas.

During the months of August and September in 2019, LAFCO staff met with representatives of CSA 20 to discuss the sphere designation. While the CSA was experiencing a financial shortage at that time, the County reassured LAFCO that they were working to make CSA 20 economically sustainable. As a result of LAFCO's ongoing discussions with the County, the Commission adopted a coterminous sphere of influence with a note that if the financial shortage continued, the Commission should consider a zero sphere during the next service review cycle.

It appears that the County has made some improvements to CSA 20's finances, operations, and transparency. Therefore, LAFCO staff is recommending that the Commission reaffirm the existing sphere boundary, as shown in **Figure 41** on page 104.



Figure 41: CSA 20 Current Sphere



District Summary

	County Service Area 20 (Trestle Beach)
Formation	California Government Code, section 25210.1 et seq. (County Service Area Law)
Board of Directors	5 members, elected at-large to four-year terms
Contact Person	Matt Machado, Deputy CAO/Director of Community Development and Infrastructure
Employees	1.25 full-time employee (approximately)
Facilities	Collection and Treatment Plant; 1 pump station; 22 connections
District Area	12.8 acres (0.02 square mile)
Sphere of Influence	Coterminous with District (i.e. no sphere beyond existing jurisdictional boundary)
	Total Revenue = \$86,875
FY 2024-25 Budget	Total Expenditure = \$87,700
	Projected Net Position (Beginning Balance) = \$5,739
	Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060
Contact Information	Phone Number: (831) 454-2160
	Email Address: Matt.Machado@santacruzcountyca.gov
	Website: http://dpw.co.santa-cruz.ca.us/Home/SewerWater.aspx
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
Mission Statement	The CSA does not have a published mission statement. However, their mission aligns with the published mission statement for the Santa Cruz County Sanitation District.

Service and Sphere Review Determinations

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

Service Determinations

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

- 1. Growth and population projections for the affected area.
 - The Trestle Beach subdivision is built-out with low-density single-family homes. There are no growth projections available for CSA 20. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO projects that CSA 20's entire population in 2040 will be around 44.
- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within CSA 20.

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

CSA 20 has a wastewater collection and treatment plant that treats the domestic wastewater from the Trestle Beach community. Based on staff's analysis, CSA 20 has 22 connections with 0.3 miles of sewer lines and 1 pump station. Annual sewer charges are the District's primary source of revenue.

4. Financial ability of agencies to provide services.

County Service Area 20 has experienced an annual deficit in three of the last six years. As of June 30, 2024, CSA 20 is operating with a net position of approximately \$5,900. LAFCO staff projects that this negative trend will continue unless the CSA increases its overall revenue stream or decreases annual expenses.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The County currently has a countywide capital improvement plan and a specific capital improvement plan for the Santa Cruz County Sanitation District. Additionally, the County has adopted a Sewer System Management Plan. However, CSA 20 does not have any current or proposed sewer-related capital improvement projects scheduled at this time.

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 and sphere review.

Sphere Determinations

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

1. The present and planned land uses in the area, including agricultural and openspace lands.

There are no agricultural or open-space lands within the service area.

- 2. The present and probable need for public facilities and services in the area. CSA 20 operates a collection and treatment plant located in the Trestle Beach subdivision near La Selva Beach. The wastewater system provides on-site treatment to a secondary level and serves a small community of around 40 residents.
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The Public Works Department has indicated that the current infrastructure is aging, deteriorating, and in need of repair. The wastewater treatment plant currently requires approximately \$95,000 in repairs.

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.

LAFCO staff is not aware of any social or economic communities of interest in the

area. The CSA's service area is primarily residential units.

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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, CSA 20 has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The CSA's principal needs are repair and replacement of aging infrastructure.

DAVENPORT COUNTY SANITATION DISTRICT

District Overview

The Davenport County Sanitation District (District) owns and operates a wastewater treatment facility serving the community of Davenport, which includes a domestic wastewater collection system, influent headworks, aerated lagoon, sand filter, and a chlorine contact tank. The District provides service to approximately 109 sewer connections within 136 parcels. More recently, the District now operates a recycled water treatment plant, with a recycled water fill station and a recycled water storage pond. **Figure 42**, on page 109, is a vicinity map of the service area. **Appendix H** provides a copy of the formation resolution.

The Davenport County Sanitation District serves 112 water connections in the Old Town, New Town, and San Vicente areas of Davenport. The District relies on surface water diverted from Mill Creek and San Vicente Creek for supply. The District is managed by the County Department of Public Works and infrastructure needs are funded by water and sewer rates and grants. For purposes of this report, staff's analysis will focus on the sanitation services provided by the District.

Infrastructure Summary

Davenport County Sanitation District provides treated drinking water and sewage collection, treatment and disposal services to the town of Davenport. It currently has 109 connections and approximately 3.2 miles of sewer line. **Table 66** provides an overview of the type of service and current infrastructure:

Table 66: Infrastructure Summary

	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
Davenport County Sanitation District	Collection, Treatment, and Recycled Water	Tertiary	109	3	3.0

Population & Growth

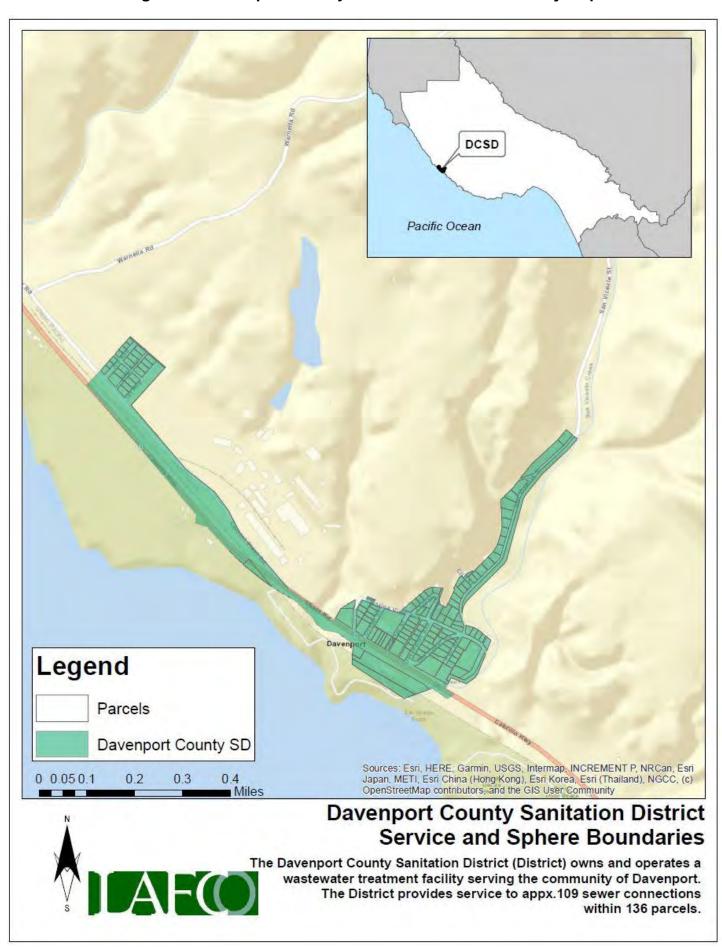
The Davenport community is generally built-out with residential and commercial use. There are no growth projections available for the District. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the District's entire population in 2040 will be 225. The projected population for the Davenport County Sanitation District are as follows:

Table 67: Projected Population

	2025	2030	2035	2040	Growth Rate
Santa Cruz County (unincorporated)	137,896	139,105	140,356	141,645	0.86%
Davenport County Sanitation District	219	221	223	225	0.86%

Source: AMBAG 2018 Regional Growth Forecast

Figure 42: Davenport County Sanitation District's Vicinity Map



Services & Operations

The Davenport County Sanitation District has an aging collection and treatment plant that serves residential units in the Davenport Community. The District also operates a recycled water system. The infrastructure is maintained by the County of Santa Cruz. Based on the County's 2022 Sewer System Management Plan, Davenport County Sanitation District has 109 connections with 3.0 miles of gravity sewer lines, 1.30 miles of force main lines, and 3 pump stations. Revenues to operate the District are collected yearly from residents and businesses that are connected to either the waterworks or the sanitary sewer system.

The volume of wastewater is determined from records of water usage as metered by the Davenport Water Facility. Due to the lead time involved in getting the yearly sewer charges placed on the County property tax statements, the current fiscal year's charges are based on water use and strength factors from the previous calendar year.

Prior to its closure in 2008, the CEMEX Cement Plant was the primary user of effluent from the wastewater treatment facility. Today, CEMEX still owns the parcel and has an existing extraterritorial service agreement in place for water and sewer services. The existing facility treats about 28 acre-feet of water annually to Title 22 disinfected tertiary level and the treated water is spray irrigated onto un-mowed turf adjacent to the treatment plant. The wastewater is treated in a 4-million-gallon capacity aerated lagoon where it undergoes primary and secondary treatment. Coagulant and hypochlorite are added to lagoon effluent prior to tertiary treatment in an up-flow sand filter. The filter has an area of 19 square feet; this equates to a maximum capacity of 95 gpm (136,800 gpd) at the maximum allowable loading rate under Title 22 requirements.

The treated wastewater then passes through a 3,000-gallon chlorine contact chamber for disinfection. For disinfected tertiary quality water Title 22 requires 90 minutes of contact time and a CT of not less than 450 mg-min/L; to meet this requirement the flow rate would need to be no more than 48,000 gpd with a chlorine residual of 5 mg/L. Sodium bisulfite is injected after the chlorine contact chamber for de-chlorination and the treated effluent is pumped to a spray field adjacent to the plant for application to un-mowed grass.

Sewer Rates

At present, the District's annual sewer rates derive from three areas: Single Family Dwelling, Commercial, and Schools. Each area has its own sewer rate. **Table 68** shows the gradual increase in annual rates during the last seven years.

Table 68: Annual Sewer Rates

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Residential	\$2,333.00	\$2,433.56	\$2,546.96	\$2,664.00	\$2,575.22	\$2,775.52	\$2,383.28
Commercial	\$759.76	\$803.26	\$837.92	\$874.70	\$832.74	\$899.70	\$749.72
Additional Charge*	\$19.98	\$19.98	\$20.94	\$20.94	\$21.35	\$30.65	\$20.02
School*	\$759.76	\$803.26	\$837.92	\$874.70	\$832.74	\$899.70	\$749.72
Additional Charge*	\$53.34	\$53.34	\$55.92	\$55.92	\$51.46	\$55.40	\$48.25

Note: Additional Charge is for "Commercial" is per Hundred Cubic Feet of Water (HCF); Additional Charge is for "School" is per Average Daily Attendance (ADA)

Revenues to operate the Davenport County Sanitation District are collected annually from residents, businesses and schools that are connected to the sanitary sewer system through property taxes and manual bills. Sewer service rates are established through hearings held with the Santa Cruz County Board of Supervisors.

Using information supplied by District staff, the rates are reviewed each year by an independent engineering firm which specializes in revenue studies for utility districts and are subject to final approval by the Board. Before the rates are set, a notice of public hearing is mailed to all owners of property within the Sanitation District boundaries, another notice is published in the Santa Cruz Sentinel, and the public hearing is held. The public hearing is normally scheduled in April or May of each year, with the rates becoming effective on the first of July. The following tables (**Tables 69 to 71**) show the gradual increase in annual rates for each area.

Table 69: Residential's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Residential	\$2,333.00	\$2,433.56	\$2,546.96	\$2,664.00	\$2,575.22	\$2,775.52	\$2,383.28	
Change (\$)		\$100.56	\$113.40	\$117.04	-\$88.78	\$200.30	-\$392.24	\$22.11
Change (%)		4%	5%	5%	-3%	8%	-14%	1%

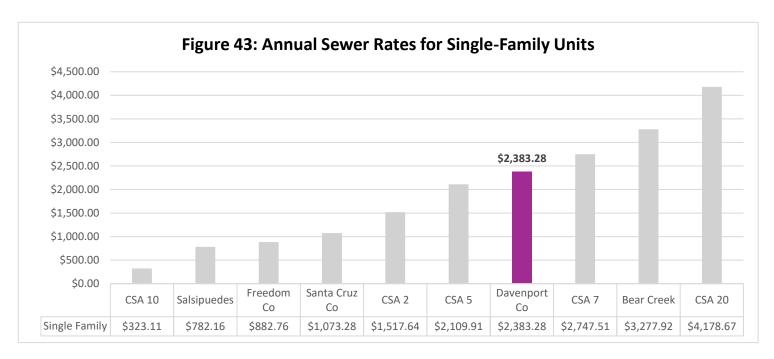
Table 70: Commercial's Annual Sewer Rates Review

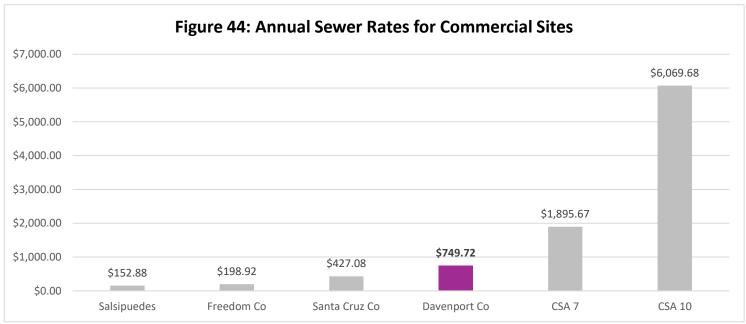
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Commercial	\$759.76	\$803.26	\$837.92	\$874.70	\$832.74	\$899.70	\$749.72	
Change (\$)		\$43.50	\$34.66	\$36.78	-\$41.96	\$66.96	-\$149.98	\$3.19
Change (%)		6%	4%	4%	-5%	8%	-17%	1%

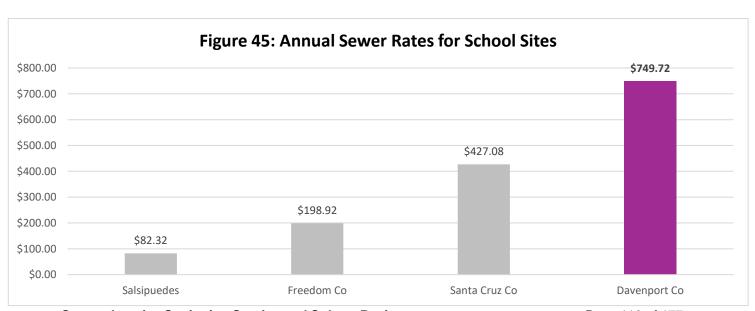
Table 71: School's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
School	\$759.76	\$803.26	\$837.92	\$874.70	\$832.74	\$899.70	\$749.72	
Change (\$)		\$43.50	\$34.66	\$36.78	-\$41.96	\$66.96	-\$149.98	\$3.19
Change (%)		6%	4%	4%	-5%	8%	-17%	1%

When comparing the sewer rates with the other sanitation districts analyzed in this report, Davenport County Sanitation District is ranked the fourth highest in charges for single family units (\$2,383.28/year), ranked the third highest in charges for commercial units (\$749.72/year), and ranked the highest in charges to school sites (\$749.72/year). Sewer rate comparisons are shown in the following figures (**Figures 43 to 45**) on page 112.



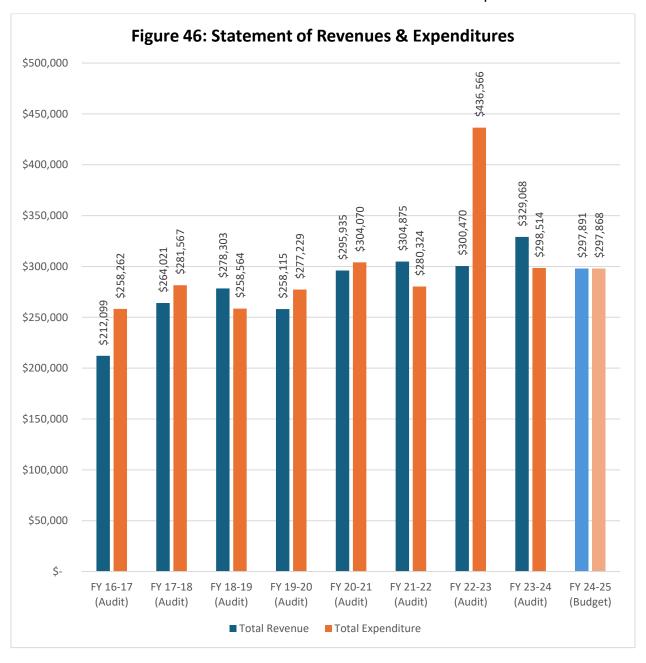




Finances

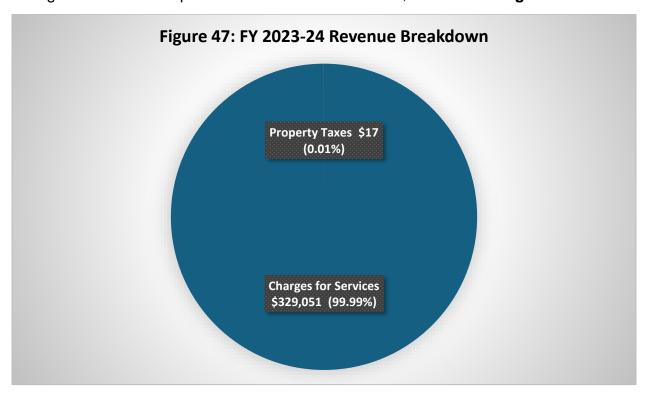
This section will highlight the District's audited financial performance during the most recent fiscal years. Fiscal Year 2023-24 is the latest audited financial statement available. A comprehensive analysis of the District's financial performance during the past 9 years is shown in **Table 73** on page 115.

At the end of Fiscal Year 2023-24, total revenue collected was \$329,068, representing a 10% increase from the previous year (\$300,470 in FY 22-23). Total expenses for FY 2023-24 were \$298,514, which decreased from the previous year by 32% (\$436,566 in FY 22-23). During LAFCO's last service review analysis in 2019, the District experienced consecutive annual deficits in FY 16-17 and FY 17-18. During this service review cycle, the District continued to experience annual deficits in the past six years (FY 18-19 to FY 23-24), as shown in **Figure 46** below. While the recently adopted budget is anticipating a positive fiscal year, LAFCO staff believes that the historical negative trend will continue unless additional revenue sources are allocated to cover annual expenses.



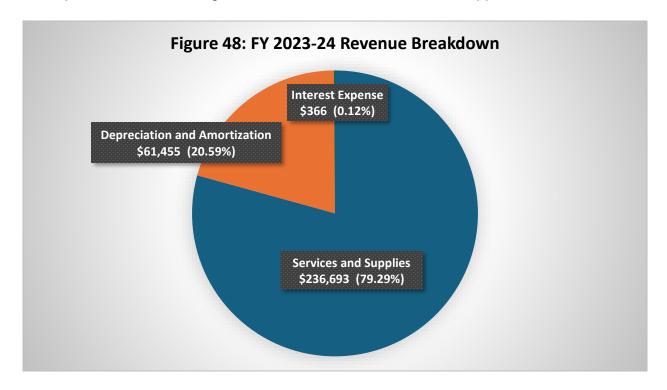
District Revenues

The District's primary source of revenue is from Charges for Services. In FY 2023-24, Charges for Services represented 99% of total revenue, as shown in **Figure 47**.



District Expenditures

The District's total expenditures can be categorized into three budgetary groups: Services & Supplies, Depreciation & Amortization, and Interest Expense. The figure below depicts how funding is distributed by category. The District's primary expenditure is associated with operational and management costs, under Services and Supplies.



Fund Balance/Net Position

As of June 30, 2024, the total fund balance is approximately \$10 million. The following table highlights the Fund Balance from 2018 to 2025. As **Table 72** shows below, the District has generally experienced a decrease in total reserves each year. On average, total reserves have decreased by approximately \$63,000 or 4% between FY 19-20 to FY 23-24. A full review of the District's revenues and expenditures from FY 2013-14 to FY 24-25 is shown on **Table 73**.

Table 72: Fund Balance/Net Position

	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Audited)	FY 24-25 (Budget)
Net Position	\$921,802	\$902,687	\$738,703	\$724,271	\$576,716	\$762,535	\$762,558
Change in (\$) from previous year		\$(19,115)	\$(163,984)	\$(14,432)	\$(147,555)	\$185,819	\$23
Change in (%) from previous year		-2%	-18%	-2%	-20%	32%	0%

Table 73: Total Revenues & Expenditures

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Budget)
REVENUE												
Charges for Services	\$ -	\$ -	\$ -	\$ 211,387	\$ 266,379	\$ 281,409	\$ 289,918	\$ 298,271	\$ 306,411	\$ 299,627	\$ 329,051	
Interest and Investment Income	\$ -	\$ -	\$ -	\$ 712	\$ (2,358)	\$ (20,925)	\$ (31,803)	\$ (2,336)	\$ (1,536)	\$ 843	\$ -	
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,819	\$ -	\$ -	\$ -		\$ -	
Total Revenue	\$ -	\$ -	\$ -	\$ 212,099	\$ 264,021	\$ 278,303	\$ 258,115	\$ 295,935	\$ 304,875	\$ 300,470	\$ 329,068	\$ 297,891
EXPENDITURE												
Services and Supplies	\$ -	\$ -	\$ -	\$ 195,908	\$ 220,215	\$ 197,572	\$ 216,607	\$ 244,597	\$ 220,851	\$ 375,919	\$ 236,693	
Depreciation and Amortization	\$ -	\$ -	\$ -	\$ 59,335	\$ 58,637	\$ 58,637	\$ 58,637	\$ 58,637	\$ 58,637	\$ 59,811	\$ 61,455	
Interest Expense	\$ -	\$ -	\$ -	\$ 3,019	\$ 2,715	\$ 2,355	\$ 1,985	\$ 836	\$ 836	\$ 836	\$ 366	
Total Expenditure	\$ -	\$ -	\$ -	\$ 258,262	\$ 281,567	\$ 258,564	\$ 277,229	\$ 304,070	\$ 280,324	\$ 436,566	\$ 298,514	\$ 297,868
Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ (46,163)	\$ (17,546)	\$ 19,739	\$ (19,114)	\$ (8,135)	\$ 24,551	\$ (136,096)	\$ 30,554	\$ 23
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position - Beginning	\$ -	\$ -	\$ -	\$ 965,777	\$ 919,614	\$ 902,068	\$ 921,802	\$ 902,687	\$ 738,703	\$ 724,271	\$ 576,716	\$ 762,535
Net Position - Ending	\$ -	\$ -	\$ -	\$ 919,614	\$ 902,068	\$ 921,802	\$ 902,687	\$ 738,703	\$ 724,271	\$ 576,716	\$ 762,535	\$ 762,558

Governance

The Davenport County Sanitation District is governed by a District Board comprised of members of the Santa Cruz County Board of Supervisors. The DCSD is a nonprofit public agency providing treated drinking water and sewage collection, treatment and disposal services to the town of Davenport. The current Board is as follows:

Table 74: Board of Directors

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

The Board of Directors meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean Street, Room 525. Meetings generally begin at 9:00am. Public notice is provided through posting. The County contracts for independent audits.

The County of Santa Cruz Public Works Division is responsible for the administration, engineering, maintenance, emergency response and construction of all County sanitation services. The division also manages various Board-governed special districts and CSAs. The Sanitation Operations unit is one of six organizational units within the Special Services Division of Public Works and provides operation and maintenance services to County sanitation districts and CSAs. Sanitation operations employees work in all Districts and CSAs. Each sanitation district is governed according to its specific code of regulations. The Districts' codes are very similar, and some sections are adopted by reference from the Santa Cruz County Sanitation District Code. CSAs are governed according to the Santa Cruz County Code of Regulations. Most of the County Code pertaining to sanitary sewer collection systems is adopted by reference from the SCCSD Code.

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 a number of 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 in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the District's website (even though said law only applies to independent special districts). **Table 75** summarizes staff's findings on whether the website meets the statutory requirements. At present, the District does meet the statutory requirements set under SB 929 and SDLF's website transparency criteria. LAFCO appreciates the recent efforts by the County to revamp the organization's website, which included a new webpage specifically for the sewer agencies governed and managed by the County.

Table 75: Website Transparency

Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	✓
Names of Key Staff, including General Manager	✓
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	✓
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)	20 (100%)

Opportunities & Challenges

The Davenport County Sanitation District is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Infrastructure Deficiencies

Older infrastructure is aging, deteriorating, and in need of repair. The County previously indicated that one undersized sewer trunk required upsizing to lift a sanitary sewer moratorium: this project was scheduled for 2020-2021. The District also expressed interest in the past to relocate the existing water line from the intake at San Vicente Creek and through the creek bed to a more secure location in the adjacent roadway. This would take significant funds to study viable options, complete the necessary studies, obtain permits, and construct the new pump station and pipeline. Today, infrastructure improvements continues to be an ongoing issue for not only the District, but rather, most of the sanitation districts throughout the County – which highlights the importance of a robust capital improvement plan.

Capital Improvement Plan

The Davenport County Sanitation District is part of the County's 2025/30 Capital Improvement Program. The 2025/30Capital Improvement Program (CIP) presents a fiveyear financing implementation plan for capital improvements within the unincorporated County; Parks, Open Space and Cultural Services; and County Facility projects located Countywide. The CIP is an outgrowth of cooperative planning, programming and financing efforts through the County Administrative Office and by the County's land use departments including Planning, Public Works, and Parks, Open Space and Cultural Services, as well as non-land use departments including the Health Services Agency. General Services Department, Probation, and the Sheriff's Department. Unprogrammed road, roadside, sanitation, flood control, parks, and recycling and solid waste projects (which funding is not anticipated for in the coming five years, or longer, and meets requirements of unincorporated County service level needs at build-out under the 1994 General Plan) are also identified in the CIP. The 2025/30CIP currently identifies two projects within the Davenport County Sanitation District, the Davenport Drinking Water Improvements Phase III and the Davenport Water Tank Rehabilitation. Neither of these projects impact the sewer system.

LAFCO Staff Recommendation: Currently Davenport is included in the countywide capital improvement plan. The County should consider developing a specific capital improvement plan that covers the sanitation districts managed and operated by the Public Works Department – Davenport, Freedom, Santa Cruz County Sanitation Districts, and CSAs 2, 5, 7, 10, and 20.

Sphere of Influence

LAFCO originally adopted a coterminous sphere of influence for the District in 1991, as shown in **Figure 49** on page 120. A coterminous sphere of influence is identical to the agency's jurisdictional boundary. For the past 34 years, the sphere boundary has remained unchanged. Although the CEMEX site is and has been served by the District, the sphere of influence boundary does not include the CEMEX property.

Proposed Sphere Amendment

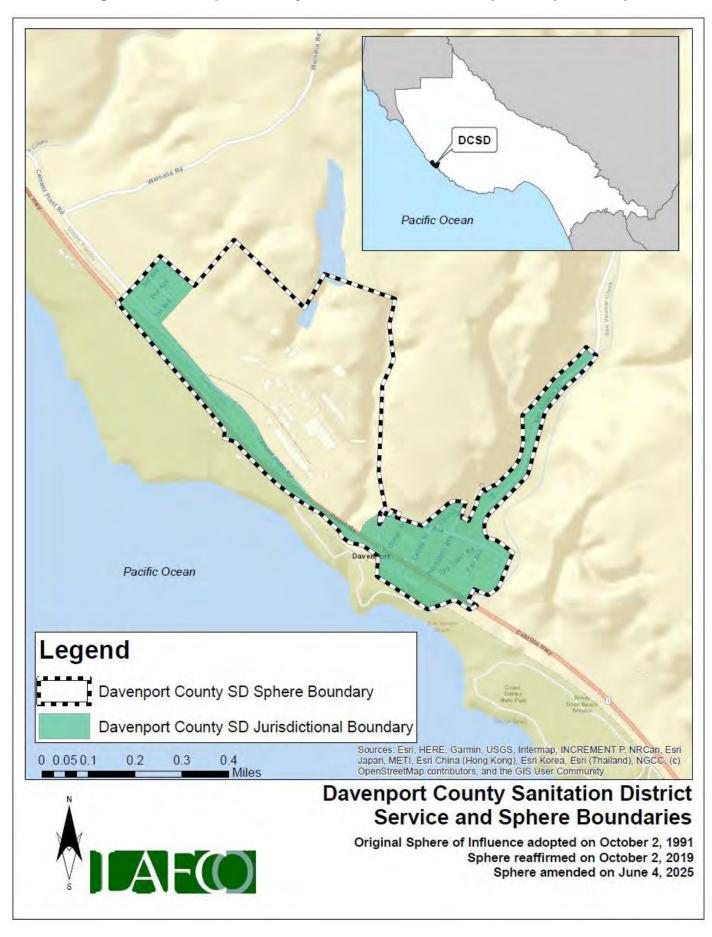
The CEMEX parcel has been receiving services from the District since 2005 under an extraterritorial service agreement (ESA) and the County has previously expressed interest in annexing the parcel. The parcel is approximately 112 acres and is designated for agricultural and rural mountain residential use under the County's General Plan. To ensure that the District's sphere accurately reflects its service area, LAFCO is recommending that the Commission amend the sphere to include the existing ESA. **Figure 50** on page 121 shows the proposed sphere boundary.



Figure 49: Davenport County Sanitation District's Current Sphere Map



Figure 50: Davenport County Sanitation District's Proposed Sphere Map



District Summary

	Davenport County Sanitation District
Formation	County Sanitation District Act (Health and Safety Code Sections 4700-4858)
Board of Directors	5 members, elected at-large to four-year terms
Contact Person	Matt Machado, Deputy CAO/Director of Community Development and Infrastructure
Employees	2.50 full-time employee (approximately)
Facilities	Collection, Treatment, and Recycled Water Plant; 3 pump stations; 109 connections
District Area	64 acres (0.1 square mile)
Sphere of Influence	Coterminous with District (i.e. no sphere beyond existing jurisdictional boundary)
	Total Revenue = \$297,891
FY 2024-25 Budget	Total Expenditure = \$297,868
	Projected Net Position (Beginning Balance) = \$762,558
	Mailing Address: 701 Ocean Street, Room 410, Santa Cruz CA 95060
Contact Information	Phone Number: (831) 454-2160
	Email Address: Matt.Machado@santacruzcountyca.gov
	Website: http://dpw.co.santa-cruz.ca.us/Home/SewerWater.aspx
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.
Mission Statement	The District does not have a published mission statement. However, their mission aligns with the published mission statement for the Santa Cruz County Sanitation District.

Service and Sphere Review Determinations

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

Service Determinations

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

- 1. Growth and population projections for the affected area.
 - The Davenport community is generally built-out with residential and commercial use. There are no growth projections available for the District. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO projects that the District's entire population in 2040 will be 225.
- 2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within the District.

 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.

The Davenport County Sanitation District has an aging collection and treatment plant that serves residential units in the Davenport Community. The District also operates a recycled water system. The infrastructure is maintained by the County of Santa Cruz. Based on the County's 2022 Sewer System Management Plan, Davenport County Sanitation District has 109 connections with 3.0 miles of gravity sewer lines, 1.30 miles of force main lines, and 3 pump stations. Revenues to operate the District are collected yearly from residents and businesses that are connected to either the waterworks or the sanitary sewer system.

4. Financial ability of agencies to provide services.

The Davenport County Sanitation District continues to experience annual deficits. LAFCO staff projects that this negative trend will continue unless the District increases its overall revenue stream or decreases annual expenses. As of June 30, 2024, the District is operating with a net position of approximately \$10 million.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The CEMEX plant closed in 2008. The County has indicated that if the CEMEX plant is sold and developed, it could add a significant population to the Davenport County Sanitation District's service area. Any added commercial or residential use would be

beneficial to the District, as the revenue generated from the sewer and water rates could fund necessary infrastructure improvements that are too expensive for the small population of the District to fund. If the CEMEX site were to be developed, the water treatment plant and recycled water plant would need to be expanded to meet the new demands. There would also be a need for new transmission lines and possibly pump stations to serve the new development.

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 and sphere review.

Sphere Determinations

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

1. The present and planned land uses in the area, including agricultural and openspace lands.

There are no agricultural or open-space lands within the service area.

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

The Davenport County Sanitation District owns and operates a wastewater treatment facility serving the community of Davenport, which includes a domestic wastewater collection system, influent headworks, aerated lagoon, sand filter, and a chlorine contact tank. More recently, the District now operates a recycled water treatment plant, with a recycled water fill station and a recycled water storage pond. The District currently has 109 connections and serves over 200 residents.

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

The CEMEX plant closed in 2008. The County has indicated that if the CEMEX plant is sold and developed, it could add a significant population to the Davenport County Sanitation District's service area.

- 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.
 - LAFCO staff is not aware of any social or economic communities of interest in the area. The District's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

FREEDOM COUNTY SANITATION DISTRICT

District Overview

The Freedom County Sanitation District provides wastewater collection service for the Buena Vista/Calabasas area of Freedom and the Green Valley Road corridor outside the Watsonville city limits (totaling 1,504 parcels). **Figure 51**, on page 126, is a vicinity map of the service area. The Santa Cruz County Board of Supervisors acts as the Board of Directors to the District. The County Public Works Department operates the District's sewage collection system. The District contracts with the City of Watsonville to treat, recycle, and dispose of the District's wastewater at the city treatment plant. **Appendix I** provides a copy of the formation resolution.

Population & Growth

The Freedom area is substantially built-out. There are no growth projections available for the District. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the District's entire population in 2040 will be around 4,300. The projected population for the Freedom County Sanitation District are as follows:

Table 76: Projected Population

			•		
	2025	2030	2035	2040	Growth Rate
Santa Cruz County (unincorporated)	137,896	139,105	140,356	141,645	0.86%
Freedom County Sanitation District	4,236	4,272	4,308	4,345	0.86%

Source: AMBAG 2018 Regional Growth Forecast

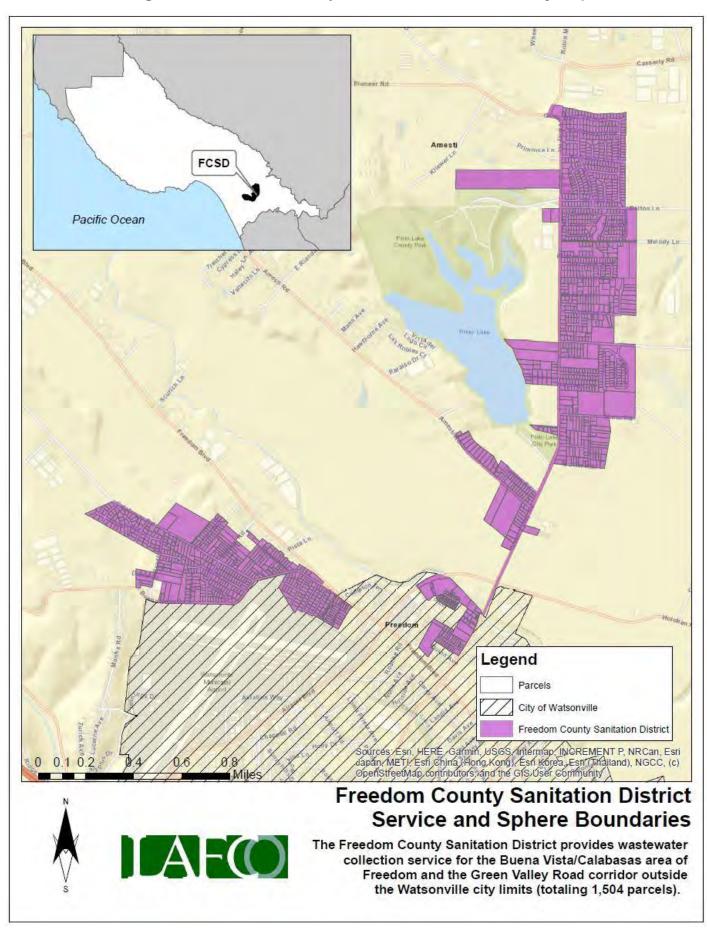
Services & Operations

The Freedom County Sanitation District has two non-contiguous service zones. The western zone serves the neighborhoods of the Watsonville Airport off Freedom Boulevard, Buena Vista Drive, Calabasas Road, and Bowker Road. The northern service zone serves the Green Valley Road corridor, including neighborhoods off Steward Street, Pajaro Lane, Amesti Road, Paulsen Road, Melody Lane, and Mesa Verde. The District collection system is pumped to the wastewater treatment plant on Beach Street, owned and operated by the City of Watsonville. The volume of wastewater is determined from records of water usage as metered by the Watsonville Water Department. Based on the County's 2022 Sewer System Management Plan, Freedom County Sanitation District has approximately 1,891 connections with over 15miles of gravity sewer lines, and 9 pump stations, as shown in **Table 77**.

Table 77: Infrastructure Summary

	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
Freedom County Sanitation District	Collection	N/A	1,891	9	15.30

Figure 51: Freedom County Sanitation District's Vicinity Map



Sewer Rates

At present, the District's annual sewer rates derive from five user classes: Single-Family Units, Multi-Family Units, Mobile Homes, Commercial, and Schools. Each user class has its own sewer rate. **Table 78** shows a gradual increase in annual rates during the last seven years.

Table 78: Annual Sewer Rates

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Single-Family	\$559.80	\$593.54	\$640.86	\$694.80	\$746.96	\$814.44	\$882.76
Multi-Family	\$418.22	\$417.70	\$443.60	\$453.72	\$488.10	\$532.32	\$576.66
Mobile Homes	\$478.80	\$546.64	\$614.56	\$700.84	\$753.42	\$821.50	\$890.42
Commercial	\$142.74	\$146.26	\$161.78	\$156.88	\$171.70	\$190.50	\$198.92
Additional Charge (per HCF)*	\$4.14	\$4.80	\$5.39	\$6.18	\$6.63	\$7.23	\$7.84
School*	\$142.74	\$146.26	\$161.78	\$156.88	\$171.70	\$190.50	\$198.92
Additional Charge (per ADA)*	\$11.05	\$12.83	\$14.39	\$16.49	\$15.98	\$17.42	\$18.90

Note: Additional Charge is for "Commercial" is per Hundred Cubic Feet of Water (HCF); Additional Charge is for "School" is per Average Daily Attendance (ADA)

Revenues to operate the Freedom County Sanitation District are collected annually from residents, businesses and schools that are connected to the sanitary sewer system through property taxes and manual bills. Sewer service rates are established through hearings held with the Santa Cruz County Board of Supervisors.

Using information supplied by District staff, the rates are reviewed each year by an independent engineering firm which specializes in revenue studies for utility districts and are subject to final approval by the Board. Before the rates are set, a notice of public hearing is mailed to all owners of property within the Sanitation District boundaries, another notice is published in the Santa Cruz Sentinel, and the public hearing is held. The public hearing is normally scheduled in April or May of each year, with the rates becoming effective on the first of July. The following tables (**Tables 79 to 83**) show the gradual increase in annual rates for each area.

Table 79: Single-Family Unit's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Single Family	\$559.80	\$593.54	\$640.86	\$694.80	\$746.96	\$814.44	\$882.76	
Change (\$)		\$33.74	\$47.32	\$53.94	\$52.16	\$67.48	\$68.32	\$40.57
Change (%)		6%	8%	8%	8%	9%	8%	6.68%

Table 80: Multi-Family Unit's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Multi- Family	\$418.22	\$417.70	\$443.60	\$453.72	\$488.10	\$532.32	\$576.66	
Change (\$)		-\$0.52	\$25.90	\$10.12	\$34.38	\$44.22	\$44.34	\$21.26
Change (%)		0%	6%	2%	8%	9%	8%	4.89%

Table 81: Mobile Home Unit's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Mobile Homes	\$478.80	\$546.64	\$614.56	\$700.84	\$753.42	\$821.50	\$890.42	
Change (\$)		\$67.84	\$67.92	\$86.28	\$52.58	\$68.08	\$68.92	\$49.41
Change (%)		14.2%	12%	14%	8%	9%	8%	10.9%

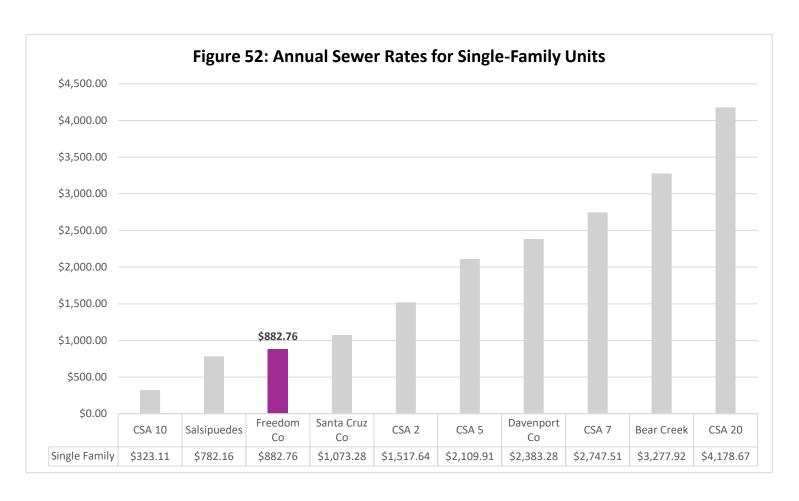
Table 82: Commercial's Annual Sewer Rates Review

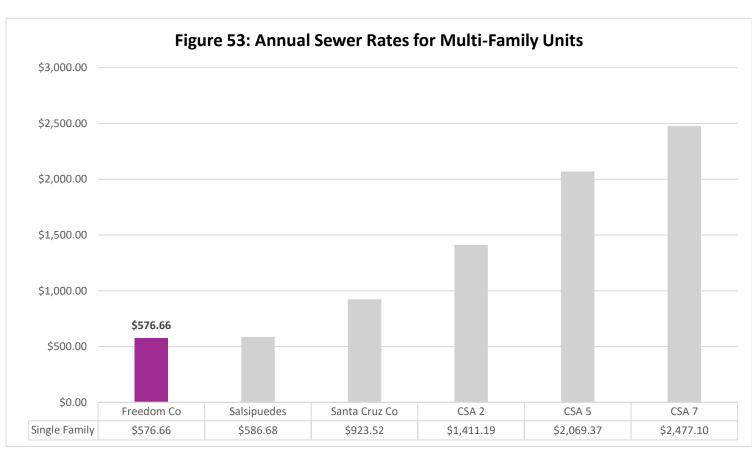
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Commercial	\$142.74	\$146.26	\$161.78	\$156.88	\$171.70	\$190.50	\$198.92	
Change (\$)		\$3.52	\$15.52	-\$4.90	\$14.82	\$18.80	\$8.42	\$4.52
Change (%)		2%	11%	-3%	9%	11%	4%	2.77%

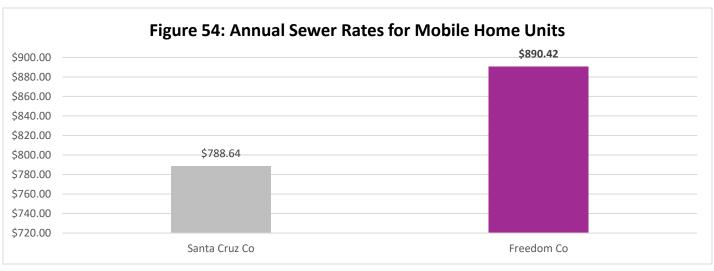
Table 83: School's Annual Sewer Rates Review

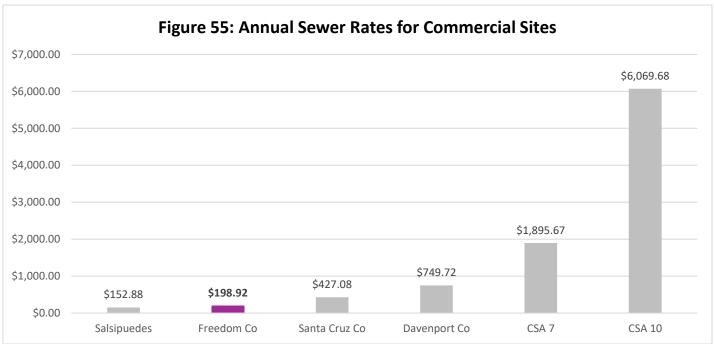
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
School	\$142.74	\$146.26	\$161.78	\$156.88	\$171.70	\$190.50	\$198.92	
Change (\$)		\$3.52	\$15.52	-\$4.90	\$14.82	\$18.80	\$8.42	\$4.52
Change (%)		2%	11%	-3%	9%	11%	4%	2.77%

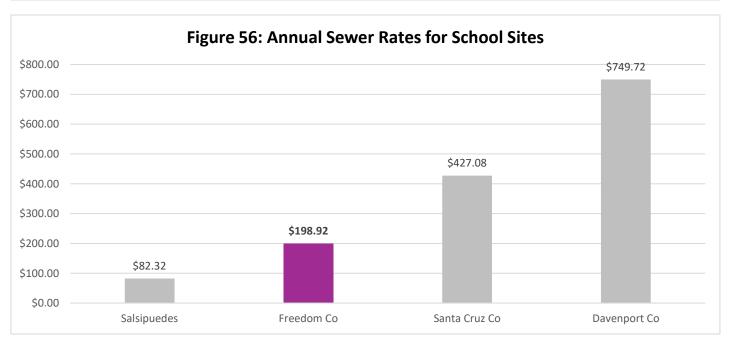
When comparing the sewer rates with the other sanitation districts analyzed in this report, Freedom County Sanitation District is ranked the third lowest in charges for single family units (\$882.76/year), ranked the lowest in charges for multi-family units (\$576.66/year), ranked the highest in charges to mobile home units (\$890.42/year), ranked the second lowest in charges to commercial units (\$198.92/year), and ranked the second lowest in charges for school sites (\$198.92/year). Sewer rate comparisons are shown in the following figures (**Figures 52 to 56**).







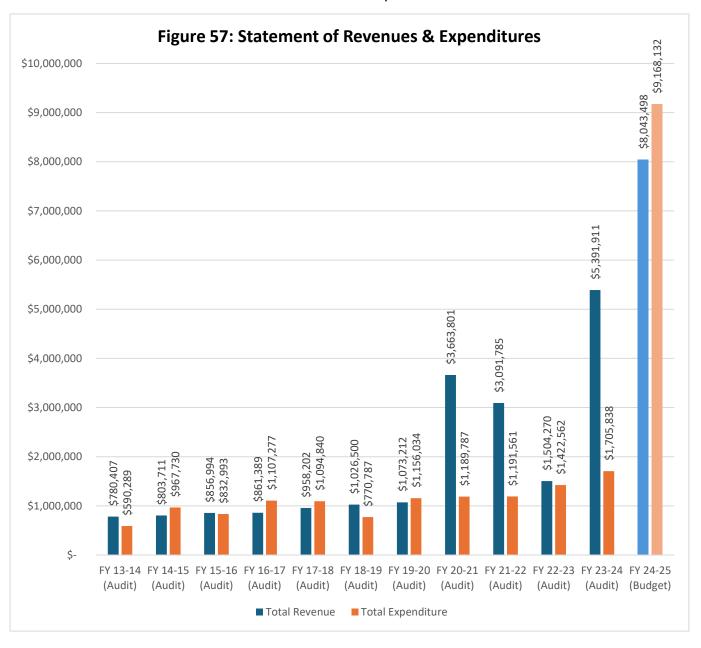




Finances

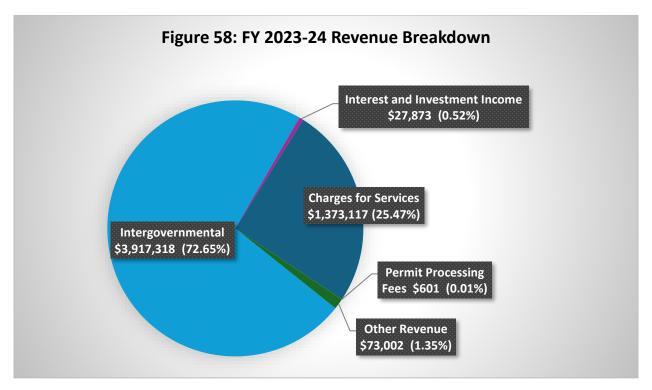
This section will highlight the District's audited financial performance during the most recent fiscal years. Fiscal Year 2023-24 is the latest audited financial statement available. A comprehensive analysis of the District's financial performance during the past 12 years is shown in **Table 85** on page 134.

At the end of Fiscal Year 2023-24, total revenue collected was approximately \$5 million, representing a 258% increase from the previous year (\$1.5 million in FY 22-23). Total expenses for FY 2023-24 were approximately \$1.7 million, which increased from the previous year by 20% (\$1.4 million in FY 22-23). During LAFCO's last service review analysis in 2019, the District experienced annual deficits in three of the five fiscal years (FY 13-14 to FY 17-18). During this service review cycle, the District continued to experience annual deficits in the past six years (FY 18-19 to FY 23-24), as shown in **Figure 57** below. The recently adopted budget also anticipates another negative year. LAFCO staff believes that the historical negative trend will continue unless additional revenue sources are allocated to cover annual expenses.



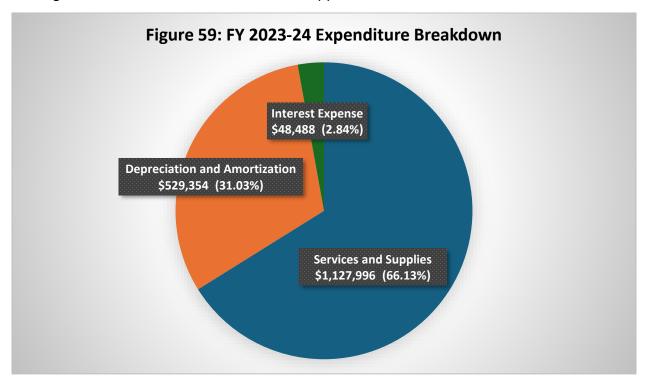
District Revenues

Freedom County Sanitation District's primary source of revenue is Charges for Services. In FY 2023-24, the District received revenue from multiple sources as shown in **Figure 58**.



District Expenditures

The District's total expenditures can be categorized into three budgetary groups, as shown in **Figure 59**. The District's primary expenditure is associated with operational and management costs, under Services and Supplies.



Fund Balance/Net Position

As of June 30, 2024, the total fund balance is approximately \$9.5 million. The following table highlights the Fund Balance from 2018 to 2025. As **Table 84** shows below, the District has generally experienced a decrease in total reserves each year due to an influx of intergovernmental assistance in certain years. A full review of the District's revenues and expenditures from FY 2013-14 to FY 24-25 is shown on **Table 85**.

Table 84: Fund Balance/Net Position

	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Audited)	FY 24-25 (Budget)
Net Position	\$6,359,690	\$6,439,370	\$8,913,384	\$12,480,184	\$10,895,316	\$14,581,389	\$9,475,500
Change in (\$) from previous year		\$79,680	\$2,474,014	\$3,566,800	\$(1,584,868)	\$3,686,073	\$(5,105,889)
Change in (%) from previous year		1%	38%	40%	-13%	34%	-35%

Table 85: Total Revenues & Expenditures

	Y 13-14	Y 14-15	FY 15-16	Y 16-17	FY 17-18		Y 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23			FY 23-24	FY 24-25
	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)		(Audit)	(Audit)	(Audit)	(Audit)	(Audit)		(Audit)		(Budget)
REVENUE															
Charges for Services	\$ 765,831	\$ 795,227	\$ 845,074	\$ 844,752	\$ 935,805	\$	988,340	\$ 1,048,619	\$ 1,118,875	\$ 1,239,427	\$	1,316,750	\$	1,373,117	\$ 1,580,500
Permit Processing Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	\$ -	\$ -	\$ -	\$	-	\$	601	\$ -
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	\$ -	\$ -	\$ -	\$	77,993	\$	73,002	\$ 6,456,998
Job Cost Billings Only	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	\$ -	\$ -	\$ -	\$	-	\$	-	\$ -
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	\$ -	\$ -	\$ -	\$	71,977	\$	3,917,318	\$ -
Interest and Investment Income	\$ 14,576	\$ 8,484	\$ 11,920	\$ 16,637	\$ 22,397	\$	38,160	\$ 24,593	\$ 6,567	\$ (29,934)	\$	37,550	\$	27,873	\$ 6,000
Fed-Misc Grants	\$ -	\$	\$ -	\$	\$ -	\$	-	\$ -	\$ 2,538,359	\$ 1,882,292	\$	-	\$		\$ -
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-	\$ -	\$ -	\$ -	\$	-	\$	-	\$ -
Gain on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 	\$		\$ -	\$ -	\$ -	\$	-	\$	-	\$
Total Revenue	\$ 780,407	\$ 803,711	\$ 856,994	\$ 861,389	\$ 958,202	\$:	1,026,500	\$ 1,073,212	\$ 3,663,801	\$ 3,091,785	\$	1,504,270	\$	5,391,911	\$ 8,043,498
EXPENDITURE															
Services and Supplies	\$ 402,847	\$ 759,792	\$ 627,096	\$ 899,002	\$ 869,217	\$	560,803	\$ 908,795	\$ 957,588	\$ 899,557	\$	855,247	\$	1,127,996	\$ 1,075,391
Depreciation and Amortization	\$ 187,442	\$ 207,938	\$ 205,897	\$ 208,275	\$ 210,881	\$	209,984	\$ 247,239	\$ 232,199	\$ 223,519	\$	517,770	\$	529,354	\$ 755,347
Operating Transfers Out	\$	\$	\$ -	\$,	\$ -	\$	-	\$ -	\$	\$	\$	-	\$		\$ 7,142,032
Interest Expense	\$	\$	\$ -	\$,	\$ -	\$	-	\$ -	\$	\$ 68,485	\$	49,545	\$	48,488	\$ 47,419
Contrib to Other Agencies	\$	\$	\$ -	\$,	\$ -	\$	-	\$ -	\$	\$	\$	-	\$		\$ 147,943
Loss on Disposal of Capital Assets	\$ -	\$ -	\$ -	\$	\$ 14,742	\$		\$ 	\$ -	\$	\$		\$	-	\$ -
Total Expenditure	\$ 590,289	\$ 967,730	\$ 832,993	\$ 1,107,277	\$ 1,094,840	\$	770,787	\$ 1,156,034	\$ 1,189,787	\$ 1,191,561	\$	1,422,562	\$	1,705,838	\$ 9,168,132
Surplus/(Deficit)	\$ 190,118	\$ (164,019)	\$ 24,001	\$ (245,888)	\$ (136,638)	\$	255,713	\$ (82,822)	\$ 2,474,014	\$ 1,900,224	\$	81,708	\$	3,686,073	\$ (1,124,634)
Net Position - Beginning	\$ 6,598,905	\$ 6,789,023	\$ 6,625,004	\$ 6,649,005	\$ 6,403,117	\$ (6,266,479	\$ 6,522,192	\$ 6,439,370	\$ 8,913,384	\$	10,813,608	\$	10,895,316	\$ 10,600,134
Net Position - Ending	\$ 6,789,023	\$ 6,625,004	\$ 6,649,005	\$ 6,403,117	\$ 6,266,479	\$ (6,522,192	\$ 6,439,370	\$ 8,913,384	\$ 10,813,608	\$	10,895,316	\$	14,581,389	\$ 9,475,500

Governance

The Freedom County Sanitation District is governed by a District Board comprised of members of the Santa Cruz County Board of Supervisors. The FCSD is a nonprofit public agency providing sewage collection to the town of Freedom. The current Board is as follows:

Table 86: Board of Directors

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

The Board of Directors meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean Street, Room 525. Meetings generally begin at 9:00am. Public notice is provided through posting. The County contracts for independent audits.

The County of Santa Cruz Public Works Division is responsible for the administration, engineering, maintenance, emergency response and construction of all County sanitation services. The division also manages various Board-governed special districts and CSAs. The Sanitation Operations unit is one of six organizational units within the Special Services Division of Public Works and provides operation and maintenance services to County sanitation districts and CSAs. Sanitation operations employees work in all Districts and CSAs. Each sanitation district is governed according to its specific code of regulations. The Districts' codes are very similar, and some sections are adopted by reference from the Santa Cruz County Sanitation District Code. CSAs are governed according to the Santa Cruz County Code of Regulations. Most of the County Code pertaining to sanitary sewer collection systems is adopted by reference from the SCCSD Code.

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 a number of 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 in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the District's website (even though said law only applies to independent special districts). **Table 87** summarizes staff's findings on whether the website meets the statutory requirements. At present, the District does meet the statutory requirements set under SB 929 and SDLF's website transparency criteria. LAFCO appreciates the recent efforts by the County to revamp the organization's website, which included a new webpage specifically for the sewer agencies governed and managed by the County.

Table 87: Website Transparency

Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
Names and Contact Information of Board Members*	✓
2. Board Member Term Limits	✓
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	✓
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)	20 (100%)

Opportunities & Challenges

The Freedom County Sanitation District is affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Capital Improvement Plan

The Freedom County Sanitation District is part of the County's 2021/22 Capital Improvement Program. The 2021/22 Capital Improvement Program (CIP) presents a fiveyear financing implementation plan for capital improvements within the unincorporated County; Parks, Open Space and Cultural Services; and County Facility projects located Countywide. The CIP is an outgrowth of cooperative planning, programming and financing efforts through the County Administrative Office and by the County's land use departments including Planning, Public Works, and Parks, Open Space and Cultural Services, as well as non-land use departments including the Health Services Agency, General Services Department, Probation, and the Sheriff's Department. Unprogrammed road, roadside, sanitation, flood control, parks, and recycling and solid waste projects (which funding is not anticipated for in the coming five years, or longer, and meets requirements of unincorporated County service level needs at build-out under the 1994 General Plan) are also identified in the CIP. The *Freedom Sewer Rehabilitation Phase* I and Freedom Sewer Rehabilitation Phase III projects are included in the 2021/22 CIP. These projects are now completed. Together they rehabilitated over 4.2 miles of sewer mains and associated manholes.

Sewer System Management Plan

The State Water Resources Control Board regulates wastewater discharges to surface water (rivers, ocean, etc.) and to groundwater (via land). The State Water Board requires sanitation districts to follow the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems. These requirements include the following:

- Sanitary Sewer Spills are prohibited, and
- All Sanitary Sewer Spills, with the exception of Private Sewer Lateral Discharge (PLSDs), irrespective of size, must be reported to the State Water Board electronically using the California Integrated Water Quality System, and the Districts/CSAs must prepare and implement a Sewer System Management Plan (SSMP).

In 2022, the County adopted a Sewer System Management Plan to cover the management, operation and maintenance, design, construction and emergency response of the Davenport Sanitation District, Freedom Sanitation District, Santa Cruz County Sanitation District and County Service Areas sanitary sewer systems.

Sphere of Influence

The Freedom County Sanitation District was formed in 1958, before the establishment of LAFCOs. Santa Cruz LAFCO adopted the first sphere of influence for the District in 1975, and performed a major review of the District's sphere boundary in 1990. The last sphere update for the Freedom County Sanitation District was in March 2011. At present, the sphere boundary goes beyond the jurisdictional boundary of the District. A total of 266 parcels are located within the District's sphere. Staff recommends that the Commission reaffirm the sphere boundary. **Figure 60** on page 138 shows the current sphere of influence boundary for the Freedom County Sanitation District.

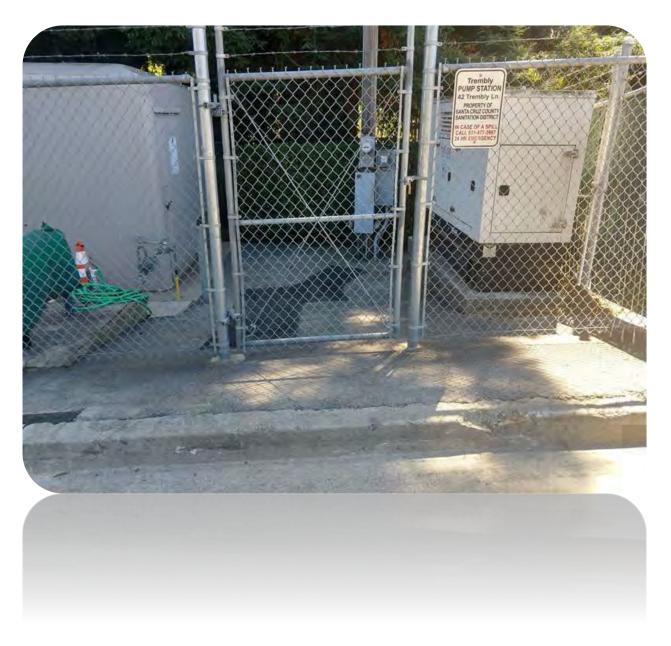
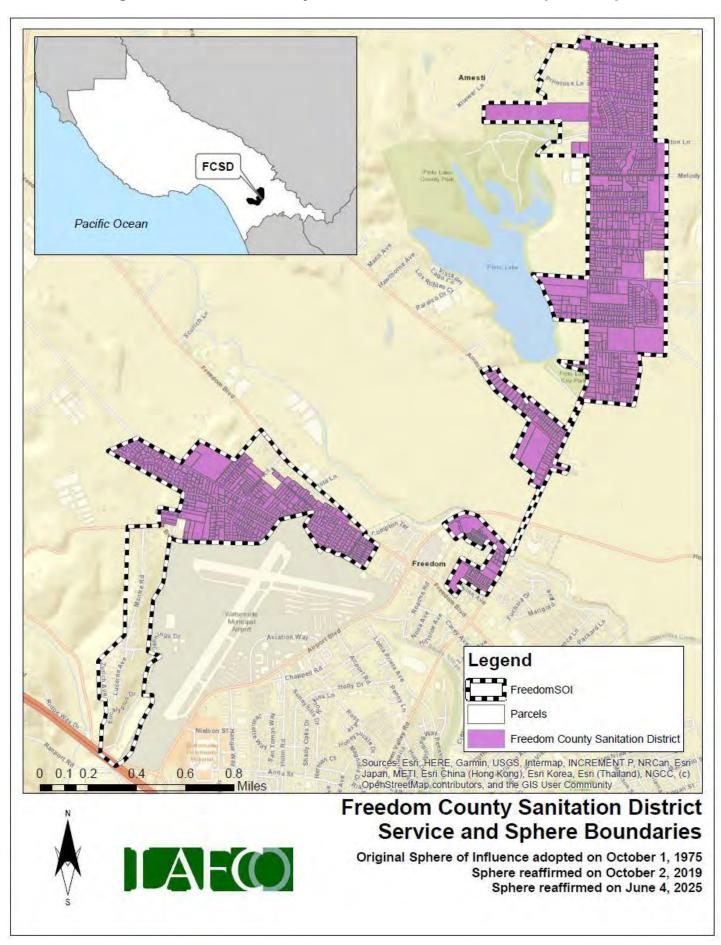


Figure 60: Freedom County Sanitation District's Current Sphere Map



District Summary

	Freedom County Sanitation District					
Formation	County Sanitation District Act (Health and Safety Code Sections 4700-4858)					
Board of Directors	5 members, elected at-large to four-year terms					
Contact Person	Matt Machado, Deputy CAO/Director of Community Development and Infrastructure					
Employees	8 full-time employees (approximately)					
Facilities	Collection System; 9 pump stations; 1,891 connections					
District Area	704 acres (1.1 square mile)					
Sphere of Influence	Larger than District (i.e. sphere goes beyond existing jurisdictional boundary)					
	Total Revenue = \$8,043,498					
FY 2024-25 Budget	Total Expenditure = \$9,168,132					
	Projected Net Position (Beginning Balance) = \$14,581,389					
	Mailing Address: 701 Ocean Street, Room 410 Santa Cruz CA 95060					
Contact Information	Phone Number: (831) 454-2160					
	Email Address: Matt.Machado@santacruzcountyca.gov					
	Website: http://dpw.co.santa-cruz.ca.us/Home/SewerWater.aspx					
Public Meetings	The Board regularly meets on most Tuesdays in the Board of Supervisors' Chambers, 701 Ocean St, Rm. 525. Meetings generally begin at 9:00 am.					
Mission Statement	The District does not have a published mission statement. However, their mission aligns with the published mission statement for the Santa Cruz County Sanitation District.					

Service and Sphere Review Determinations

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

Service Determinations

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

1. Growth and population projections for the affected area.

The Freedom area is substantially built-out. There are no growth projections available for the District. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the District's entire population in 2040 will be around 4,300.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within the District.

 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.

The Freedom County Sanitation District provides wastewater collection service for the Buena Vista/Calabasas area of Freedom and the Green Valley Road corridor outside the Watsonville city limits (totaling 1,504 parcels).

4. Financial ability of agencies to provide services.

The Freedom County Sanitation District has recently experienced annual deficits. During the last six fiscal years, deficits have ranged from \$1.1 to \$1.6 million. As of June 30, 2024, the District is operating with a net position of approximately \$15 million.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The Freedom County Sanitation District provides wastewater collection service for the Buena Vista/Calabasas area of Freedom and the Green Valley Road corridor outside the Watsonville city limits. The District also serves three connections outside its boundaries, including one duplex, one single family dwelling, and the Pinto Lake County Park ranger's residence. The District currently has over 1,800 connections and serves approximately 4,000 residents.

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 and sphere review.

Sphere Determinations

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

1. The present and planned land uses in the area, including agricultural and openspace lands.

There are no agricultural or open-space lands within the service area.

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

The Freedom County Sanitation District provides wastewater collection service for the Buena Vista/Calabasas area of Freedom and the Green Valley Road corridor outside the Watsonville city limits. The District also serves three connections outside its boundaries, including one duplex, one single family dwelling, and the Pinto Lake County Park ranger's residence. The District currently has over 1,800 connections and serves approximately 4,000 residents.

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

The Freedom County Sanitation District was formed in 1958, before the establishment of LAFCOs. Santa Cruz LAFCO adopted the first sphere of influence for the District in 1975, and performed a major review of the District's sphere boundary in 1990. Since then, the City of Watsonville has annexed over 300 acres of the District involving thousands of residents at the time of annexation. The last sphere update for the Freedom County Sanitation District was in March 2011. LAFCO is recommending that the current sphere be reaffirmed.

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.

LAFCO staff is not aware of any social or economic communities of interest in the area. The District's service area is primarily residential units.

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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

SALSIPUEDES SANITARY DISTRICT

District Overview

The Salsipuedes Sanitary District has provided wastewater collection services to the unincorporated area northeast of Watsonville since 1965. The service area of the District encompasses about 800 acres and includes 502 parcels. Today, the District provides services to residential properties, as well as to Lakeview Middle School, St. Francis High School, Our Lady Help of Christians Catholic Church, the Santa Cruz County Fairgrounds, and several commercial businesses. **Appendix J** provides a copy of the formation resolution. The main streets in Salsipuedes Sanitary District's jurisdictional boundary include East Lake Avenue (Highway 152) and College Road. The District has 512 connections, and rents an office at 739 East Lake Avenue in Watsonville. The District has a five-person board of directors and employs a part-time Secretary-Manager. The District has a contract with the City of Watsonville to treat, recycle, and/or dispose sewage at the City's plant on Beach Road. **Figure 61**, on page 143, is a vicinity map of the service area.

District History

Salsipuedes Sanitary District was formed in 1965 following an election. Prior to the formation of the Salsipuedes Sanitary District, the Interlocken County Sanitary District provided limited sanitary sewer service to the unincorporated area in southern Santa Cruz County, northeast of the City of Watsonville. Upon formation, the District boundary extended from the Watsonville city limits at Hushbeck Avenue to the north end of Cutter Drive. The District has experienced a series of boundary changes of which the principal annexations were along East Lake Avenue (Highway 152) to include what is now Lakeview Middle School, Our Lady Help of Christians Catholic Church, St. Francis High School, two cemeteries, and the Santa Cruz County Fairgrounds. Detachments involving the District have also occurred as land was annexed to the City of Watsonville, which took over the sanitary sewer service responsibilities. A significant detachment occurred in 1987, in which LAFCO conditioned the Fairgrounds Reorganization to detach 200 acres of commercial agricultural land. This land was previously annexed into the District in the 1960s but was unlikely to need sewer service due to the agricultural land preservation policies enacted by the County in the 1970s and 1980s.

Population & Growth

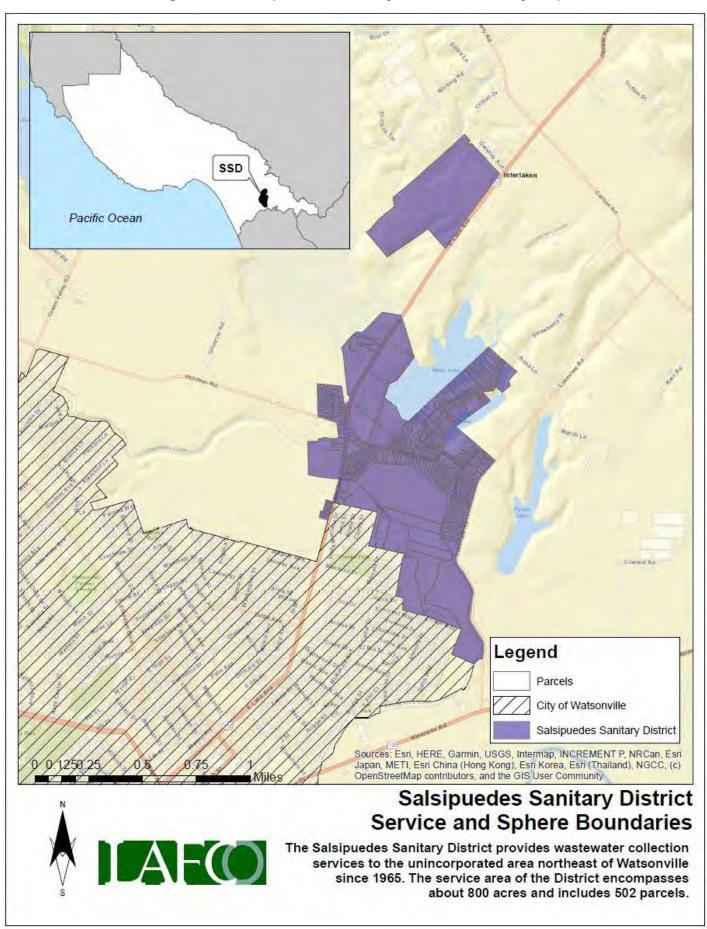
There are no growth projections available for the Salsipuedes Sanitary District. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the District's population in 2040 will be around 2,228. In the daytime, the population in the District increases from attendance at the schools, churches, and fairgrounds. The projected population for the Salsipuedes Sanitary District is as follows:

Table 88: Projected Population

- same service pointing.									
	2025	2030	2035	2040	Growth Rate				
Santa Cruz County (unincorporated)	137,896	139,105	140,356	141,645	0.86%				
Salsipuedes Sanitary District	2,172	2,190	2,209	2,228	0.86%				

Source: AMBAG 2018 Regional Growth Forecast

Figure 61: Salsipuedes Sanitary District's Vicinity Map



Services & Operations

Salsipuedes Sanitary District provides wastewater collection services for 512 connections within an unincorporated area northeast of Watsonville. Treatment of collected wastewater is provided by the Watsonville Wastewater Treatment Plant. The District has two lift stations and seven miles of sewer pipeline. The only reported sewer spill in the last ten years occurred in May 2014 when forty gallons spilled in the Beverly Drive neighborhood. To avoid a repeat spill, the district added that sewer segment to its preventive maintenance program. The District utilizes a private contractor, Green Line, to perform the maintenance on the mains and pump stations.

Table 89: Current Infrastructure

	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
Salsipuedes Sanitary District	Collection	N/A	512	2	7.0

In 2009, in cooperation with the Pajaro Valley Water Management Agency, the City of Watsonville began treating part of its effluent flow to an advanced tertiary level, and providing it to the Pajaro Valley Water Management Agency to mix with inland well water and distribute through its Coastal Distribution System to irrigate farms in the coastal area of the Pajaro Valley. This recycled water use is a major component in reducing saltwater intrusion into the groundwater aquifers. The tertiary plant has a capacity of 7.7 million gallons per day. On October 1, 2015, the Pajaro Valley Water Management Agency broke ground on a 1.5-million-gallon storage tank that will increase tertiary water deliveries during the peak irrigation periods.

Contractual Agreement with the City of Watsonville

The District has acquired certain capacity rights to the City of Watsonville's Wastewater Treatment Facilities under an agreement dated March 28, 1985. The agreement provides for the apportionment of the costs of construction, reconstruction, enlargement, maintenance and operation of the existing and proposed facilities for the treatment and disposal of all sanitary sewage and industrial waste.

Under the agreement, the District does not obtain any ownership rights or other property rights, other than capacity rights. Capacity rights are for the right to discharge to the City of Watsonville's collection system and treatment plant up to a maximum of 0.281 million-gallon-per-day (mgd) of wastewater flow, 440 pounds a day biochemical oxygen demand, and 514 pounds a day suspended solids reflecting 1.7%, 0.71% and 1.00%, respectively of the treatment plant's capacity. Charges under the contract include operations and maintenance (based on the total flow from the District divided by the total flow to the treatment plant) and city collection system capital improvements (based on the District's rights to use in the improved facility). Charges under the contract totaled \$157,252 for FY 2023-24. The following table depicts the City's contractual charges for the District's share of the treatment plant's operating and maintenance expenses during the last 5 years.

Table 90: Charges under the contract with the City of Watsonville

	FY 18-19 (audit)	FY 19-20 (audit)	FY 20-21 (audit)	FY 21-22 (audit)	FY 22-23 (audit)	FY 23-24 (audit)
Contractual Charges	\$94,838	\$128,580	\$174,395	\$173,536	\$164,575	\$157,252
Change (\$)		\$33,742	\$45,815	\$(859)	\$(8,960)	\$(7,323)
Change (%)		35.6%	35.6%	-0.5%	-5.2%	-4.4%

Sewer Rates

At present, the District's annual sewer rates derive from five primary areas: Single Family Dwelling, Condominiums, Commercial, the Lakeview Middle School, and the Fairgrounds. Each area has its own sewer rate. The following tables (**Tables 91 to 96**) show the gradual increase in annual rates during the last seven years.

Table 91: Annual Sewer Rates

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Residential	\$694.80	\$715.68	\$729.96	\$729.96	\$751.80	\$766.80	\$782.16
Condos	\$521.16	\$536.76	\$547.44	\$547.44	\$563.88	\$575.16	\$586.68
Commercial	\$117.96	\$122.40	\$126.12	\$136.56	\$141.84	\$150.84	\$152.88
School	\$74.04	\$76.20	\$77.64	\$77.16	\$79.32	\$80.64	\$82.32
Fairgrounds	\$18,069.00	\$19,277.04	\$18,976.08	\$15,642.96	\$18,462.00	\$19,332.00	\$21,852.00

Table 92: Single Family Dwelling's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Single- Family	\$694.80	\$715.68	\$729.96	\$729.96	\$751.80	\$766.80	\$782.16	
Change (\$)		\$20.88	\$14.28	\$0.00	\$21.84	\$15.00	\$15.36	\$16.06
Change (%)		3%	2%	0%	3%	2%	2%	2%

Table 93: Condominium's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Multi- Family	\$521.16	\$536.76	\$547.44	\$547.44	\$563.88	\$575.16	\$586.68	
Change (\$)		\$15.60	\$10.68	\$0.00	\$16.44	\$11.28	\$11.52	\$12.04
Change (%)		3%	2%	0%	3%	2%	2%	2%

Table 94: Commercial's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Commercial	\$117.96	\$122.40	\$126.12	\$136.56	\$141.84	\$150.84	\$152.88	
Change (\$)		\$4.44	\$3.72	\$10.44	\$5.28	\$9.00	\$2.04	\$5.28
Change (%)		4%	3%	8%	4%	6%	1%	4%

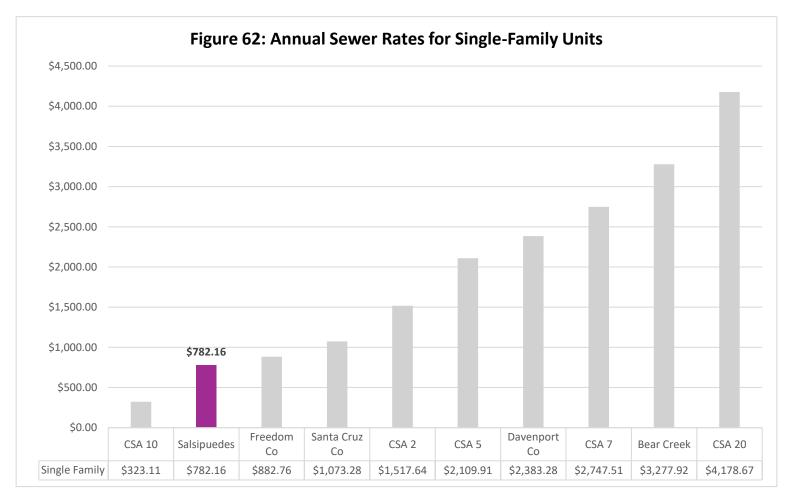
Table 95: School's Annual Sewer Rates Review

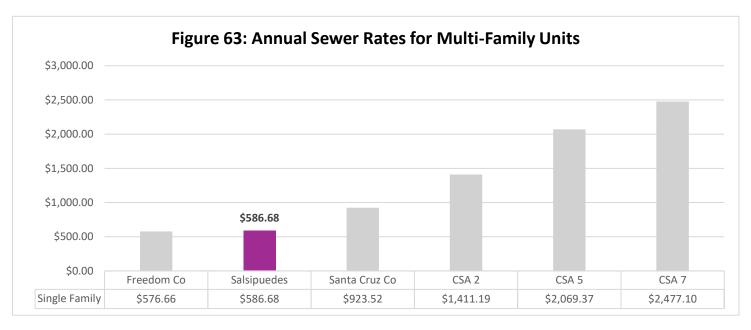
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
School	\$74.04	\$76.20	\$77.64	\$77.16	\$79.32	\$80.64	\$82.32	
Change (\$)		\$2.16	\$1.44	-\$0.48	\$2.16	\$1.32	\$1.68	\$1.38
Change (%)		3%	2%	-1%	3%	2%	2%	2%

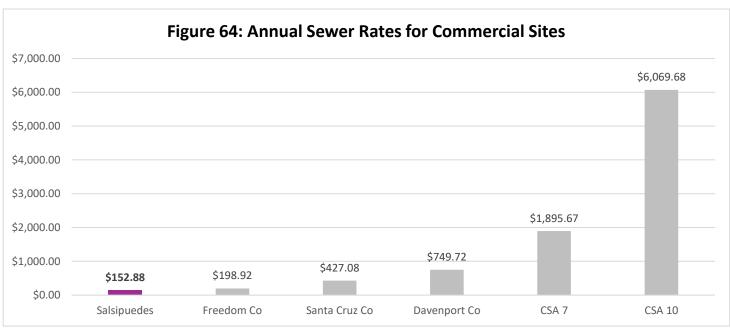
Table 96: Fairground's Annual Sewer Rates Review

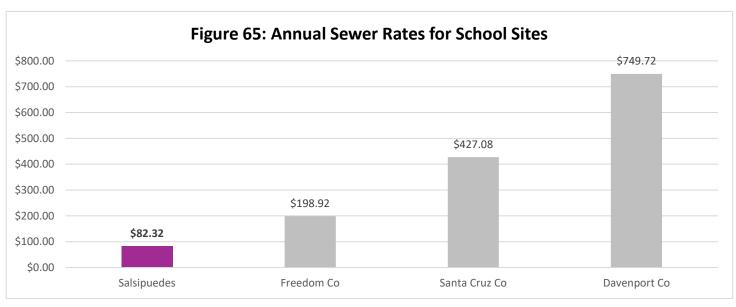
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Fairgrounds	\$18,069.00	\$19,277.04	\$18,976.08	\$15,642.96	\$18,462.00	\$19,332.00	\$21,852.00	
Change (\$)		\$1,208.04	-\$300.96	-\$3,333.12	\$2,819.04	\$870.00	\$2,520.00	\$740.45
Change (%)		7%	-2%	-18%	18%	5%	13%	5%

When comparing the sewer rates with the other sanitation districts analyzed in this report, Salsipuedes Sanitary District is ranked the second lowest in charges for single family units (\$782.16/year), ranked the second lowest in charges for multi-family units (\$586.68/year), and ranked the lowest in commercial sites (\$152.88/year), and ranked the lowest in charges to school units (\$82.32/year). Sewer rate comparisons are shown in the following figures (**Figures 62 and 65**).





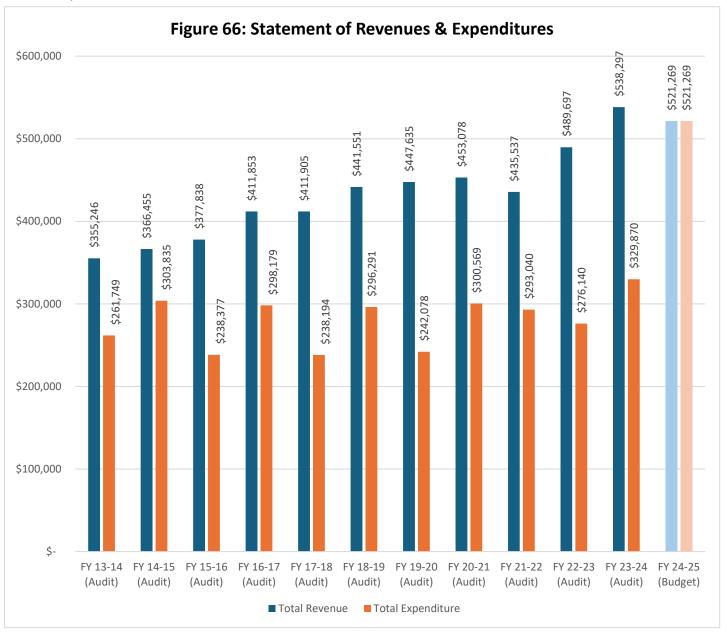




Finances

This section will highlight the District's audited financial performance during the most recent fiscal years. Fiscal Year 2023-24 is the latest audited financial statement available. A comprehensive analysis of the District's financial performance during the past 12 years is shown in **Table 99** on page 150.

At the end of Fiscal Year 2023-24, total revenue collected was \$538,297, representing a 10% increase from the previous year (\$489,697 in FY 22-23). Total expenses for FY 2023-24 were \$329,870, which increased from the previous year by 19% (\$276,140 in FY 22-23). During LAFCO's last service review analysis in 2019, the District experienced annual surpluses in all five fiscal years (FY 13-14 to FY 17-18). During this service review cycle, the District continued to experience consecutive annual surpluses in the past six years (FY 18-19 to FY 23-24), as shown in **Figure 66** below. Based on the recently adopted budget and past performances, LAFCO staff believes that the District will continue to operate effectively due to its stable revenue stream and stagnant expenditures.



District Revenues

Operating Revenue

Salsipuedes Sanitary District's primary source of revenue is from Sewer Service Charges. In FY 2023-24, Sewer Service Charges totaled approximately \$424,000. Overall, operating revenue represents 79% of the District's entire revenue stream. **Table 97** highlights the operating revenue funds for FY 2023-24.

Non-Operating Revenue

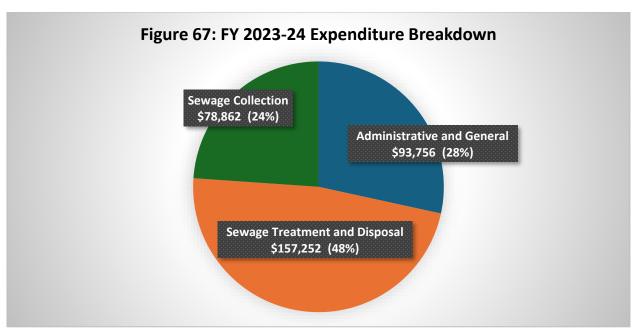
In FY 2023-24, the District collected approximately \$114,000 in non-operating revenue. Interest Income (\$86,231) and Property Taxes (\$26,824) are the largest contributors to the non-operating revenue stream. Overall, non-operating revenue represents 21% of the District's entire revenue stream. **Table 97** highlights the non-operating revenue funds for FY 2023-24.

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Operating Revenues:	(\$)	(%)
Sewer Service Charges	\$424,117	78.79%
Miscellaneous Revenue	=	0.00%
Sub-total: Operating Revenue	\$424,117	78.79%
Non-Operating Revenues:		
Interest Income	\$86,231	16.02%
Taxes – Property	\$26,824	4.98%
Homeowners Property Tax Relief	\$124	0.02%
Sewer Inspection and Fees	\$1,000	0.19%
Sub-total: Non-Operating Revenue	<u>\$114,179</u>	21.21%
Total Revenue	\$538,297	100.0%

Table 97: Fiscal Year 2023-24 Revenue Breakdown

District Expenditures

Salsipuedes Sanitary District's total expenditures can be categorized into three budgetary groups: Administrative and General, Sewerage Treatment & Disposal, and Sewage Collection. **Figure 67** depicts the how funding is distributed by category.



Fund Balance/Net Position

As of June 30, 2024, the total fund balance is approximately \$3 million. The following table highlights the Fund Balance from 2018 to 2025. As **Table 98** shows below, the District has generally experienced an increase in total reserves each year. On average, total reserves have increased by approximately \$156,000 or 8% since 2013. A full review of the District's revenues and expenditures from FY 2013-14 to FY 24-25 is shown on **Table 99**.

Table 98: Fund Balance/Net Position

	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Audited)	FY 24-25 (Budget)
Net Position	\$1,935,487	\$2,141,044	\$2,293,553	\$2,436,050	\$2,649,607	\$2,858,033	\$2,858,033
Change in (\$) from previous year	-	\$205,557	\$152,508	\$142,497	\$213,557	\$208,427	-
Change in (%) from previous year	-	11%	7%	6%	9%	8%	-

Table 99: Total Revenues & Expenditures

	FY 13-14 (Audit)	FY 14-15 (Audit)	FY 15-16 (Audit)	FY 16-17 (Audit)	FY 17-18 (Audit)	FY 18-19 (Audit)	FY 19-20 (Audit)	FY 20-21 (Audit)	FY 21-22 (Audit)	FY 22-23 (Audit)	FY 23-24 (Audit)	FY 24-25
REVENUE	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Budget)
Operating Revenue												
Sewer Service Charges	\$ 334,605	\$ 343,747	\$ 352,535	\$ 374,990	\$ 357,786	\$ 390,457	\$ 393,583	\$ 416,210	\$ 400,284	\$ 424,910	\$ 424,117	\$ 455,844
Miscellaneous Revenue	\$ -	\$ 1,667	\$ 705	\$ 978	\$ -	\$ 519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Revenue Sub-total	\$ 334,605		\$ 353,240	\$ 375,968	\$ 357,786	\$ 390,976	\$ 393,583	\$ 416,210	\$ 400,284	\$ 424,910	\$ 424,117	\$ 455,844
Non-Operating Revenue	3 334,003	3 343,414	333,240	373,300	337,780	3 330,370	333,363	7 410,210	3 400,204	3 424,510	y 424,117	\$ 433,64
Interest Income	\$ 2,466	\$ 3,663	\$ 5.853	\$ 9,191	\$ 15.076	\$ 28.248	\$ 31,092	\$ 11.974	\$ 8.852	\$ 37.978	\$ 86,231	\$ 29,590
Taxes - Property	\$ 15,601	\$ 17.248	\$ 18.219	\$ 19.367	\$ 20,535	\$ 22,200	\$ 22,835	\$ 23,571	\$ 24.879	\$ 26,088	\$ 26,824	\$ 29,110
Homeowners Property Tax Relief	\$ 124	T /	\$ 126	\$ 127		\$ 126	\$ 125	\$ 122	\$ 122	\$ 121	\$ 124	\$ 125
Connection Fees	\$ 1,650		\$ -	\$ 6,000		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600
Sewer Inspection and Fees	\$ 800		\$ 400	\$ 1,200		\$ -	\$ -	\$ 1,200	\$ 1,400	'	\$ 1,000	\$ 3,000
Non-Operating Revenue Sub-total	\$ 20,641	\$ 21.041	\$ 24,598	\$ 35.885	\$ 54.119	\$ 50.574	\$ 54,052	\$ 36,868	\$ 35,253	\$ 64.787	\$ 114.179	\$ 65,425
		+			ļ						7	
Total Revenue	\$ 355,246	\$ 366,455	\$ 377,838	\$ 411,853	\$ 411,905	\$ 441,551	\$ 447,635	\$ 453,078	\$ 435,537	\$ 489,697	\$ 538,297	\$ 521,269
EXPENDITURE												
Administrative and General		1.	ļ					1.			l	
Salaries & Benefits	\$ 44,090		\$ 32,025	\$ -	\$ 34,890	\$ 42,407	\$ 38,388		\$ 42,487	\$ 43,455	\$ 43,579	\$ 44,960
Payroll Taxes	\$ 4,022		\$ 2,917	\$ -	\$ 3,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Workers' Compensation	\$ 1,583		\$ 2,344	\$ -	\$ 2,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Attorney Fees	\$ 2,534 \$ 7.880		\$ 200	\$ -	\$ -	\$ 408	\$ 239	\$ 1,689 \$ 5.003	\$ 4,194	\$ -	\$ 162	\$ 3,350
Accounting and Auditing Fees	\$ 7,880 \$ -	\$ 8,920	\$ 9,457 \$ -	\$ - \$ -	\$ 1,529 \$ -	\$ 8,337	\$ 1,589 \$ -	\$ 5,003	\$ 5,406	\$ 1,819 \$ -	\$ 11,717 \$ -	\$ 13,845 \$ 500
Custodial Services Directors' Fees	\$ 8,090		\$ 6,100	\$ - \$ -	\$ 6,400	\$ 6,500	\$ 6,800	\$ 6,450	\$ 6,200	\$ 5,550	\$ 6,250	\$ 7,150
Professional and Special Services	\$ 8,090		\$ 6,100	\$ -	\$ 6,400	\$ 1,126	\$ 1,604	\$ 0,430	\$ 2,064	\$ 3,550	\$ 6,230	\$ 2,350
Telephone	\$ 2,324		\$ 2,399	\$ -	\$ 2,812	\$ 2,330	\$ 2,572	\$ 2,418	\$ 2,172	\$ 2,577	\$ 2,272	\$ 3,350
Property Insurance	\$ 2,324		\$ 2,399	\$ - \$ -	\$ 2,812	\$ 2,330	\$ 2,372	\$ 2,416	\$ 2,172	\$ 2,502	\$ 2,272	\$ 4,000
Utilities	\$ 1,916		\$ 2,491	\$ -	\$ 3,357	\$ 4,196	\$ 2,462	\$ 2,645	\$ 2,913	\$ 3,497	\$ 3,136	\$ 3,850
Office Expense - Supplies	\$ 6,506		\$ 2,584	\$ -	\$ 3,405	\$ 5,146	\$ 3,112	\$ 1,985	\$ 1,639	\$ 858	\$ 1,342	\$ 2,781
Publication and Legal Notices	\$ 1,461		\$ 1,177	\$ -	\$ 983	\$ 392	\$ 853	\$ 748	\$ 644	\$ -	\$ 1,567	\$ 1,350
Rent	\$ 7,620		\$ 8,220	\$ -	\$ 12,000	\$ 11,000	\$ 13,000	\$ 13,201	\$ 12,430	\$ 13,800	\$ 13,580	\$ 15,350
Election Expense	\$ 75		\$ 0,220	\$ -	\$ 75	\$ -	\$ 75		\$ -	\$ 15,000	\$ -	\$ 389
Travel - Mileage	\$ 1,301		\$ 1,042	\$ -	\$ 1,362	\$ 2,048	\$ 1,353		\$ 1,357	\$ 1,552	\$ 1,514	\$ 2,781
Contingencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,000
Contribution to Other Agencies	\$ 455	\$ 505	\$ 505	\$ -	\$ 538	\$ -	\$ 587	\$ 515	\$ 531	\$ 501	\$ 556	\$ 455
Administrative and General Sub-total	\$ 91,296	\$ 79,750	\$ 72,920	\$ 75,209	\$ 74,273	\$ 88,243	\$ 76,237	\$ 88,516	\$ 82,038	\$ 78,225	\$ 93,756	\$ 132,461
Sewage Treatment and Disposal	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,	,===	, ,,,,,,		,	1	. ,,,,,,,	1	1	. , , , ,
Treatment Plant Operating and Maintenance Contract	\$ 83,381	\$ 83,147	\$ 95,330	\$ 155,783	\$ 114,953	\$ 94,838	\$ 129,892	\$ 174,395	\$ 173,536	\$ 164,575	\$ 157,252	\$ 233,272
Sewage Collection												
Maintenance and Repair Projects - Sewer Line - MRO	\$ 46,782	\$ 106,961	\$ 37,444	\$ -	\$ 18,821	\$ 109,782	\$ 35,414	\$ 35,879	\$ 29,683	\$ 30,791	\$ 77,147	\$ 139,186
Engineering	\$ 13,659	\$ 7,346	\$ 6,052	\$ -	\$ 3,471	\$ 3,428	\$ 534	\$ 1,780	\$ 5,283	\$ 2,548	\$ 1,715	\$ 4,350
Sewage Collection Sub-total	\$ 60,441	\$ 114,307	\$ 43,496	\$ 40,556	\$ 22,292	\$ 113,210	\$ 35,948	\$ 37,659	\$ 34,966	\$ 33,339	\$ 78,862	\$ 143,536
Other Expenses												
Capital Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,000
Depreciation	\$ 26,631	\$ 26,631	\$ 26,631	\$ -	\$ 26,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Expenses Sub-total	\$ 26,631	\$ 26,631	\$ 26,631	\$ 26,631	\$ 26,676	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ 12,000
Total Expenditure	\$ 261,749	\$ 303,835	\$ 238,377	\$ 298,179	\$ 238,194	\$ 296,291	\$ 242,078	\$ 300,569	\$ 293,040	\$ 276,140	\$ 329,870	\$ 521,269
Surplus/(Deficit)	\$ 93,497	\$ 62,620	\$ 139,461	\$ 113,674	\$ 173,711	\$ 145,260	\$ 205,557	\$ 152,508	\$ 142,497	\$ 213,557	\$ 208,427	\$ -
Net Position - Beginning of Year	\$ 1,207,264	\$ 1,300,761	\$ 1,363,381	\$ 1,502,842	\$ 1,616,516	\$ 1,790,227	\$ 1,935,487	\$ 2,141,044	\$ 2,293,553	\$ 2,436,050	\$ 2,649,607	\$ 2,858,033
Net Position - End of Year	\$ 1,300,761	\$ 1,363,381	\$ 1,502,842	\$ 1,616,516	\$ 1,790,227	\$ 1.935,487	\$ 2,141,044	\$ 2,293,553	\$ 2,436,050	\$ 2,649,607	\$ 2,858,033	\$ 2,858,033

Governance

Salsipuedes Sanitary District is an independent special district governed by a fivemember Board of Directors elected at large by the voters within the District. When candidates run unopposed, they are appointed by the County Board of Supervisors in lieu of conducting the election. The current Board is as follows:

Table 100: Board of Directors

Board Member	Title	Term of Office Expiration
David Ferracane	Director	2027
Jenet DeCosta	Director	2027
Robert Roberts	Director	2027
Allen Rusler	Director	2027
Dan Dewig	Director	2025

The Board of Directors meet on the third Wednesday of each month at 7:00 PM at the District's offices. Public notice is provided through posting. The District contracts for independent audits.

Infrastructure Management Plans

The State Water Resources Control Board regulates wastewater discharges to surface water (rivers, ocean, etc.) and to groundwater (via land). The State Water Board requires sanitation districts to follow the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems.

The District's sewer system management plan consists of weekly inspections to both pump lift stations by a maintenance staff. Regular inspections ensure that wastewater flow is at adequate levels. Additionally, the District is scheduled for annual flushing.

At present, the District does not have a capital improvement plan. The District's General Manager has indicated that the District is developing a CIP plan which will identify future infrastructure repairs/replacements. The District is currently reviewing grant information to prepare for costs of future infrastructure needs.

LAFCO Staff Recommendation: The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.



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 a number of 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 in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the District's website. **Table 101** summarizes staff's findings on whether the website meets the statutory requirements. At present, the District does meet most of the statutory requirements set under SB 929 and SDLF's website transparency criteria. LAFCO appreciates the recent efforts by the County to revamp the organization's website, which included a new webpage specifically for the sewer agencies governed and managed by the County.

Table 101: Website Transparency

Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
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)	17 (85%)

Opportunities & Challenges

Salsipuedes Sanitary District is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Regional Collaboration

Several sanitation districts, including entities managed and operated by the County, have expressed interest in transferring sewer responsibilities to another agency due to funding issues, limited long-term planning, or lack of economies of scale. Establishment of a countywide memorandum of understanding or a joint powers authority may unify the already-established collaboration set by the sanitation providers in the county. Such agreements may also lay the foundation for future changes of organization, including but not limited to annexations, consolidations, or mergers.

Sphere of Influence

LAFCO originally adopted a sphere of influence for the District back in 1987. The Commission, at that time, adopted a sphere boundary that goes beyond the District's jurisdictional boundary in the north but also excluded areas from being part of the sphere boundary adjacent to Watsonville's city limits. The area outside the sphere of influence but within the District is approximately 60 acres, undeveloped, and primarily used for agriculture. **Figure 68** on page 154 shows the current sphere of influence boundary for the Salsipuedes Sanitary District.

The current sphere has been in place for almost 40 years without any change or anticipated action. Therefore, staff is recommending that the Commission adopt a coterminous sphere to accurately reflect the District's current service area. **Figure 69** on page 155 shows the proposed sphere boundary.



Figure 68: Salsipuedes Sanitary District's Current Sphere Map

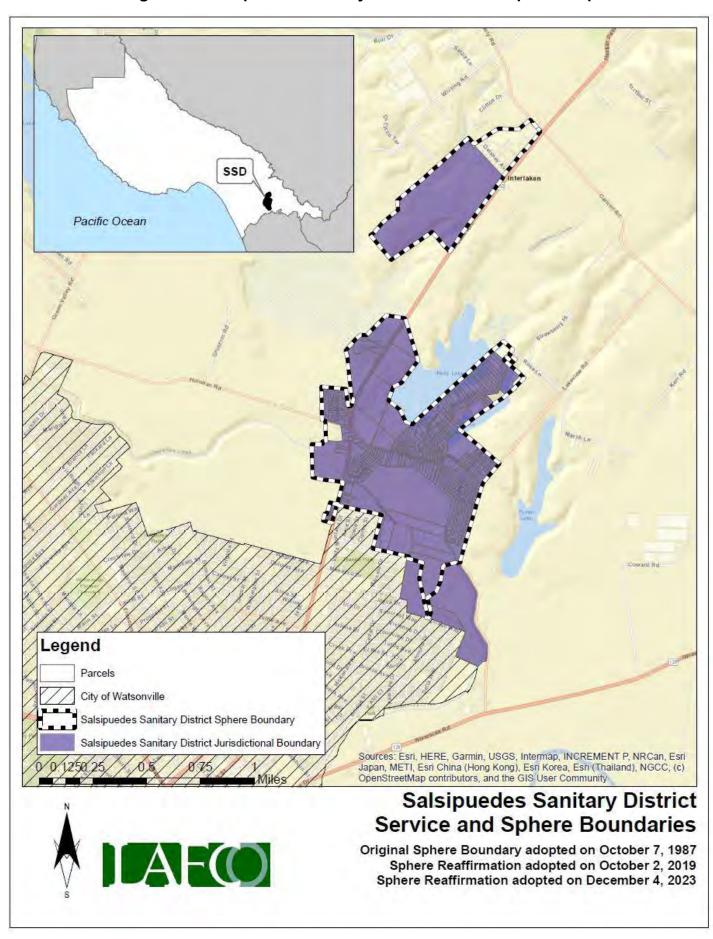
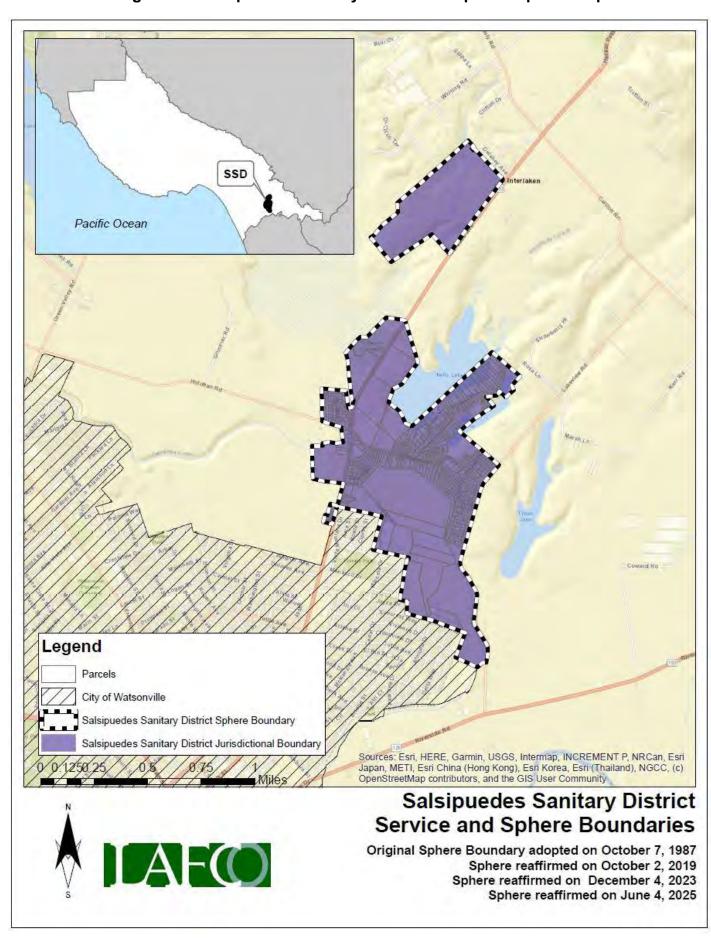


Figure 69: Salsipuedes Sanitary District's Proposed Sphere Map



District Summary

	Salsipuedes Sanitary District					
Formation	Health and Safety Code §6400 et seq. (Sanitary District Act of 1923)					
Board of Directors	Five members, elected at-large to four-year terms					
Contact Person	Delia N. Brambila, Secretary/Manager					
Employees	2 Part-Time Employees					
Facilities	Collection Plant; 2 pump stations; 512 connections					
District Area	7 square miles					
Sphere of Influence	Current Sphere: Slightly Larger than the District (i.e. sphere goes beyond existing jurisdictional boundary)					
	Proposed Sphere: Coterminous with District's service area					
	Total Revenue = \$521,269					
FY 2024-25 Budget	Total Expenditure = \$ 521,269					
	Projected Net Position (Beginning Balance) = \$2,858,033					
	Mailing Address: 739 East Lake Avenue, Suite 2, Watsonville CA 95076					
Contact Information	Phone Number: (831) 722-7760					
	Email Address: salsisanitary@gmail.com					
	Website: https://salsipuedessanitary.specialdistrict.org/					
Public Meetings	The Board of Directors meets on the third Wednesday of each month at 7:00 PM at the District's offices. Public noticed is provided through posting.					
Mission Statement	None					

Service and Sphere Review Determinations

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

Service Determinations

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

1. Growth and population projections for the affected area.

Salsipuedes Sanitary District serves an unincorporated community northeast of the City of Watsonville. The population of the District is approximately 2,100. The County General Plan anticipates very little future growth within the District's jurisdictional and sphere of influence boundaries.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within the District.

 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.

Salsipuedes Sanitary District serves 512 connections. It has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

4. Financial ability of agencies to provide services.

Salsipuedes Sanitary District's financial ability to provide services is well-established. The District has successfully kept costs below its revenue stream since 2013. As of June 30, 2024, the District is operating with a net position of approximately \$3 million.

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

Salsipuedes Sanitary District has an active contract with the City of Watsonville to utilize their regional treatment plant. The District should explore other collaborative efforts with neighboring agencies, which may help to reduce costs and/or maximize economies of scale.

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

Salsipuedes Sanitary District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.

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 and sphere review.

Sphere Determinations

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

1. The present and planned land uses in the area, including agricultural and openspace lands.

The present and planned land uses in the Salsipuedes Sanitary District are principally suburban residential and public facilities. There are some neighborhood commercial uses near the corner of Holohan Road and East Lake Avenue. Rural homes and agricultural buildings in the southern agricultural portion of the District's jurisdictional and sphere boundaries are connected to the District's mains. The County of Santa Cruz plans for the southern portion of the District, between Salsipuedes Creek and the City of Watsonville, to remain in commercial agricultural uses.

- 2. The present and probable need for public facilities and services in the area. The present and probable future need for public facilities and services in the Salsipuedes Sanitary District is the maintenance, repair, and replacement of aging main lines and pumps.
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide. Salsipuedes Sanitary District serves 512 connections. It has adequate transmission

and treatment capacity for the present and planned facilities within the District's jurisdictional and sphere of influence boundaries. The District's principal needs are repair and replacement of aging infrastructure.

- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The District's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the Salsipuedes Sanitary District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

SANTA CRUZ COUNTY SANITATION DISTRICT

District Overview

The Santa Cruz County Sanitation District provides wastewater collection service for the City of Capitola and the unincorporated communities of Aptos, Soquel and Live Oak. The District also serves Harbor High School, a satellite medical center and the Port District which are within the City of Santa Cruz and outside the District's boundary. The District receives periodic inquiries regarding sewer service in the La Selva Beach area due to septic problems in that area, but that area lies outside its current sphere of influence. **Figure 70**, on page 160, is a vicinity map of the service area. **Appendix K** provides a copy of the formation resolution.

The Santa Cruz County Sanitation District was formed in 1973 by the consolidation of three sanitation districts: East Cliff, Capitola, and Aptos. At that time each district had a primary treatment plant and ocean outfall into Monterey Bay. The discharges did not meet either the Federal or State clean water standards. During the 1970s the District participated in regional sewer studies and ultimately acted to abandon its treatment plants and outfall, build a transmission line into the City of Santa Cruz, and contract with the city to treat and dispose of the district's sewage. The city built a new outfall in 1989 and added secondary treatment in 1998.

Population & Growth

There are no growth projections available for the Santa Cruz County Sanitation District. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. However, the District also includes the entire City of Capitola. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the District's entire population in 2040 will be around 76,500. The projected population for the Santa Cruz County Sanitation District are as follows:

Table 102: Projected Population

			•		
	2025	2030	2035	2040	Growth Rate
Santa Cruz County (unincorporated)	137,896	139,105	140,356	141,645	0.86%
City of Capitola	10,312	10,451	10,622	10,809	1.48%
Santa Cruz County Sanitation District	73,894	74,756	75,628	76,510	1.17%

Source: AMBAG 2018 Regional Growth Forecast

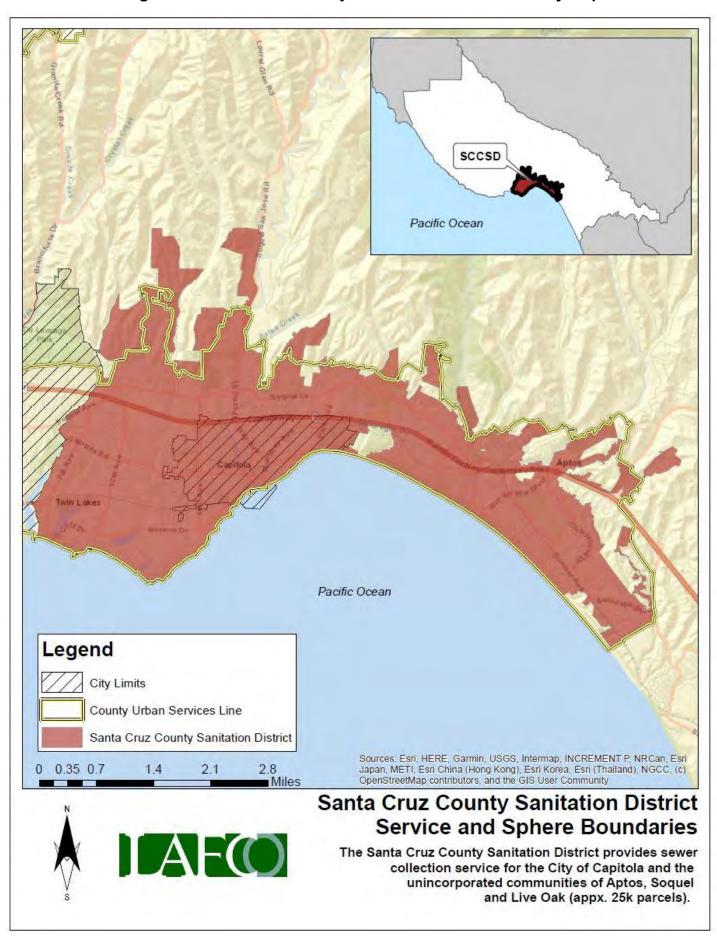
Infrastructure Summary

Santa Cruz County Sanitation District operates a collection system and serves about 72,000 residents. It currently has 36,000 connections and approximately 200 miles of sewer line. **Table 103** provides an overview of the type of service and current infrastructure:

Table 103: Infrastructure Summary

	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
Santa Cruz County Sanitation District	Collection	N/A	36,000	35	220.0

Figure 70: Santa Cruz County Sanitation District's Vicinity Map



Services & Operations

The Santa Cruz County Sanitation District includes the following areas in the County with sewer service: Aptos, Capitola, Soquel, and Live Oak. The District collection system is pumped to the City of Santa Cruz POTW for treatment. The District is required to comply with the requirements of the City of Santa Cruz NPDES permit NO. CA0048194. The main pump station along the transmission main is located at the D. A. Porath Facility at 2750 Lode Street off 26th Avenue in Live Oak. That facility pumps sewage from the entire District before it is pumped to the City of Santa Cruz for treatment. The District uses a Supervisory Control and Data Acquisition (SCADA) system to remotely monitor its pumping stations.

The volume of wastewater is determined from records of water usage as metered by the Santa Cruz City Water Department (their jurisdiction within the Santa Cruz County Sanitation District covers the Live Oak area from Lake Avenue on the east side of the Yacht Harbor to 41st Avenue) and Soquel Creek Water District (from 41st Avenue to San Andreas Road). Due to the lead time involved in getting the yearly sewer charges placed on the County property tax statements, the current fiscal year's charges are based on water use and strength factors from the previous calendar year.

Sewer Rates

At present, the District's annual sewer rates derive from five user classes: Single-Family Units, Multi-Family Units, Mobile Homes, Commercial, and Schools. Each user class has its own sewer rate. **Table 104** shows the gradual increase in annual rates.

FY 18-19 FY 19-20 FY 20-21 FY 21-22 FY 22-23 FY 23-24 FY 24-25 Single-Family \$824.16 \$997.56 \$783.00 \$846.96 \$880.92 \$939.96 \$1,073.28 Multi-Family \$676.80 \$712.80 \$731.76 \$762.48 \$812.28 \$861.36 \$923.52 Mobile Homes \$581.04 \$612.48 \$628.20 \$655.80 \$697.44 \$738.84 \$788.64 \$353.88 \$368.40 \$351.36 \$372.48 \$427.08 Commercial \$390.12 \$407.64 \$8.25 -\$8.43 -\$8.97 -\$9.05 -\$9.63 -\$13.63 -\$11.24 -Additional Charge (HCF)* \$13.20 \$13.40 \$13.95 \$13.74 \$15.32 \$40.56 \$24.63 \$390.12 \$407.64 \$427.08 School* \$353.88 \$368.40 \$351.36 \$372.48 \$8.43 -\$7.97 -\$8.97 -\$9.05 -\$9.63-\$13.63 -\$11.24 -Additional Charge (ADA)* \$31.95 \$33.82 \$35.50 \$36.30 \$34.75 \$36.89 \$40.56

Table 104: Annual Sewer Rates

Note: Additional Charge is for "Commercial" is per Hundred Cubic Feet of Water (HCF); Additional Charge is for "School" is per Average Daily Attendance (ADA)

Using information supplied by District staff, the rates are reviewed each year by an independent engineering firm which specializes in revenue studies for utility districts and are subject to final approval by the Board. Before the rates are set, a notice of public hearing is mailed to all owners of property within the Sanitation District boundaries, another notice is published in the Santa Cruz Sentinel, and the public hearing is held. The public hearing is normally scheduled in April or May of each year, with the rates becoming effective on the first of July. Customers are encouraged to participate in the public hearings and can send written comments to the attention of the District Engineer.

The following tables (**Tables 105 to 109**) show the gradual increase in annual rates for each area. Please note that FY 24-25 data was not available for LAFCO's analysis.

Table 105: Single-Family Unit's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Single Family	\$783.00	\$824.16	\$846.96	\$880.92	\$939.96	\$997.56	\$1,073.28	
Change (\$)		\$41.16	\$22.80	\$33.96	\$59.04	\$57.60	\$75.72	\$37.72
Change (%)		5%	3%	4%	7%	6%	8%	8%

Table 106: Multi-Family Unit's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Multi- Family	\$676.80	\$712.80	\$731.76	\$762.48	\$812.28	\$861.36	\$923.52	
Change (\$)		\$36.00	\$18.96	\$30.72	\$49.80	\$49.08	\$62.16	\$34.24
Change (%)		5%	3%	4%	7%	6%	7%	7%

Table 107: Mobile Home Unit's Annual Sewer Rates Review

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Mobile Homes	\$581.04	\$612.48	\$628.20	\$655.80	\$697.44	\$738.84	\$788.64	
Change (\$)		\$31.44	\$15.72	\$27.60	\$41.64	\$41.40	\$49.80	\$28.72
Change (%)		5%	3%	4%	6%	6%	7%	7%

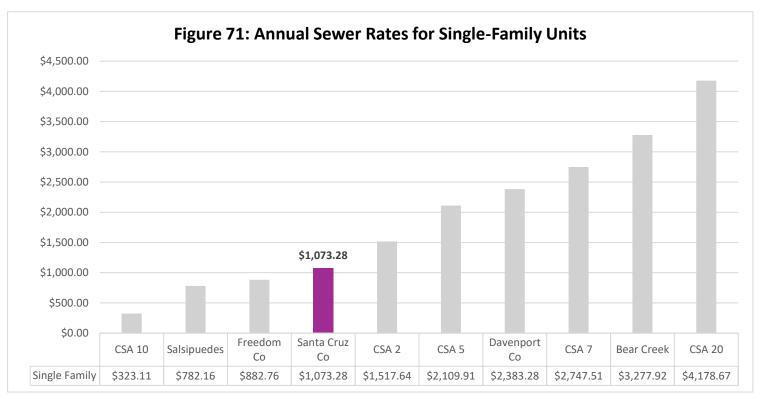
Table 108: Commercial's Annual Sewer Rates Review

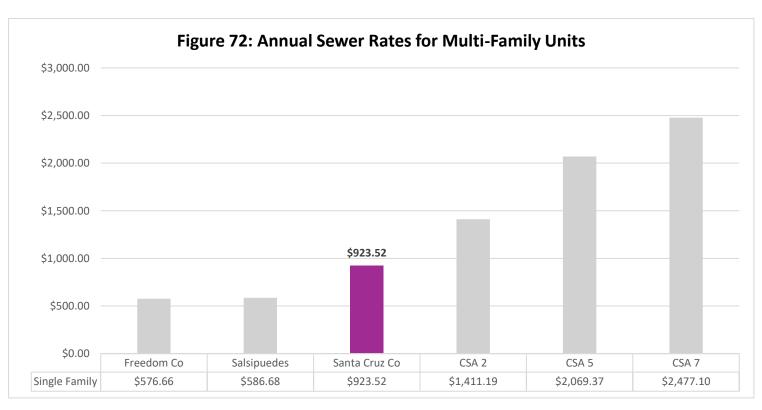
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
Commercial	\$353.88	\$368.40	\$351.36	\$372.48	\$390.12	\$407.64	\$427.08	
Change (\$)		\$14.52	-\$17.04	\$21.12	\$17.64	\$17.52	\$19.44	\$16.04
Change (%)		4%	-5%	6%	5%	4%	5%	5%

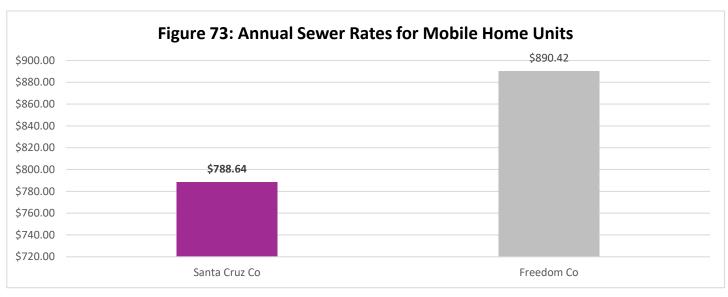
Table 109: School's Annual Sewer Rates Review

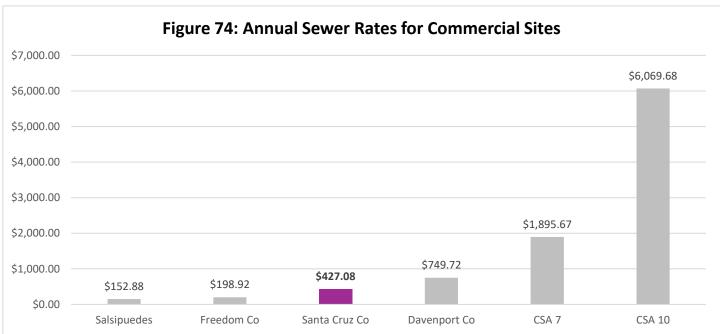
	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25	Average Change
School	\$353.88	\$368.40	\$351.36	\$372.48	\$390.12	\$407.64	\$427.08	
Change (\$)		\$14.52	-\$17.04	\$21.12	\$17.64	\$17.52	\$19.44	\$16.04
Change (%)		4%	-5%	6%	5%	4%	5%	5%

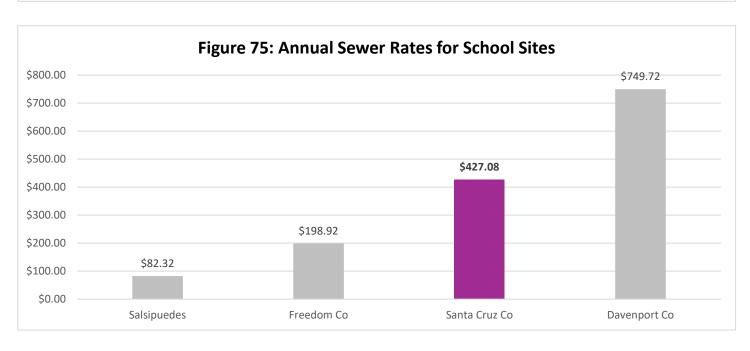
When comparing the sewer rates with the other sanitation districts analyzed in this report, Santa Cruz County Sanitation District is ranked fourth in charges for single family units (\$1,073.28/year), ranked the third lowest in charges for multi-family units (\$923.52/year), ranked the lowest in charges to mobile home units (\$788.64/year), ranked third in charges to commercial units (\$427.08/year), and ranked second highest in charges for school sites (\$427.08/year). Sewer rate comparisons are shown in the following figures (**Figures 71 to 75**).







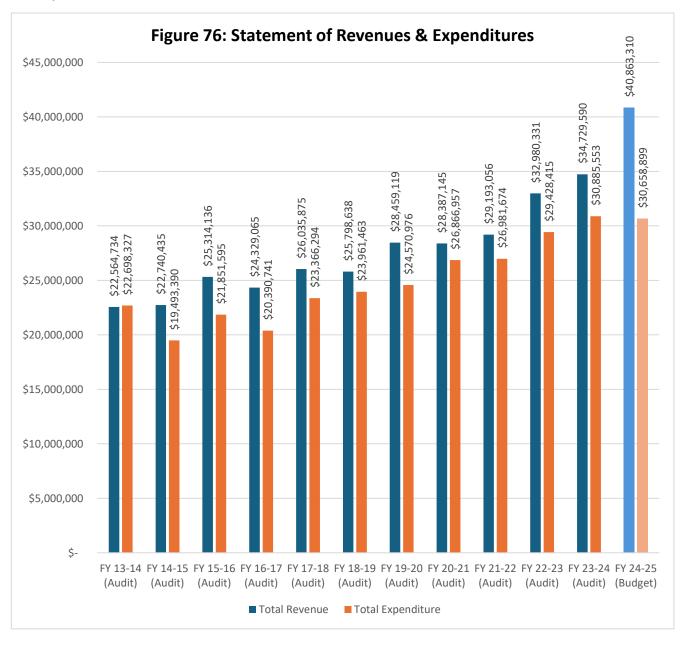




Finances

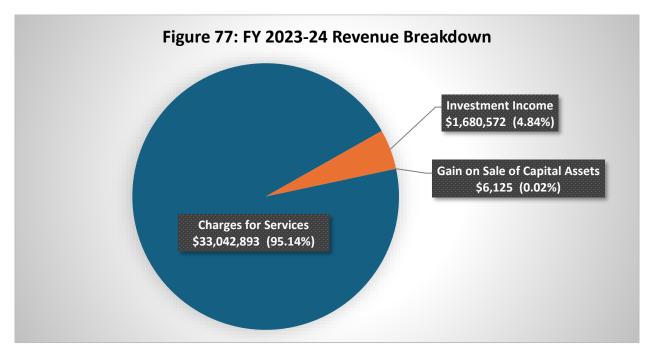
This section will highlight the District's audited financial performance during the most recent fiscal years. Fiscal Year 2023-24 is the latest audited financial statement available. A comprehensive analysis of the District's financial performance during the past 12 years is shown in **Table 111** on page 167.

At the end of Fiscal Year 2023-24, total revenue collected was approximately \$35 million, representing a 5% increase from the previous year (\$33 million in FY 22-23). Total expenses for FY 2023-24 were approximately \$31 million, which increased from the previous year by 5% (\$29 million in FY 22-23). During LAFCO's last service review analysis in 2019, the District experienced an annual surplus in four of the five fiscal years (FY 13-14 to FY 17-18). During this service review cycle, the District continued that positive trend by completing six consecutive annual surpluses in the past six years (FY 18-19 to FY 23-24), as shown in **Figure 76** below. LAFCO staff believes that the District will continue to operate effectively due to its stable revenue stream and stagnant expenditures.



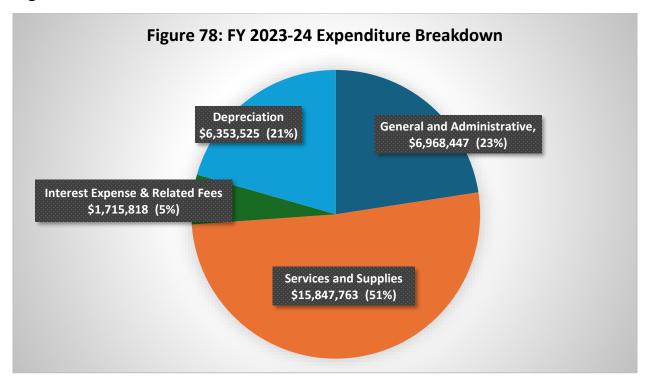
District Revenues

The District's primary source of revenue is from Charges for Services. In FY 2023-24, the District received revenue from three different sources: Charges for Services, Interest Income, and Gain on Sale of Capital Assets. On average, the District receives approximately \$26 million each year in service fees. **Figure 77** highlights the total revenue received in FY 2023-24.



District Expenditures

The District's total expenditures can be categorized into four budgetary groups: General & Administrative, Services & Supplies, Interest Expense, and Depreciation, as shown in **Figure 78**.



Fund Balance/Net Position

As of June 30, 2024, the total fund balance is approximately \$151 million. The following table highlights the Fund Balance from 2018 to 2025. As **Table 110** shows below, the District has generally experienced an increase in total reserves each year. On average, total reserves have decreased by approximately \$2.9 million or 2% between FY 13-14 to FY 23-24. A full review of the District's revenues and expenditures from FY 2013-14 to FY 24-25 is shown on **Table 111**.

Table 110: Fund Balance/Net Position

	FY 18-19 (Audited)	FY 19-20 (Audited)	FY 20-21 (Audited)	FY 21-22 (Audited)	FY 22-23 (Audited)	FY 23-24 (Audited)	FY 24-25 (Budget)
Net Position	\$135,574,234	\$139,462,377	\$140,982,565	\$143,193,947	\$146,745,863	\$150,589,900	\$160,749,311
Change in (\$) from previous year		\$3,888,143	\$1,520,188	\$2,211,382	\$3,551,916	\$3,844,037	\$10,204,411
Change in (%) from previous year		3%	1%	2%	2%	3%	7%

Table 111: Total Revenues & Expenditures

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Audit)	(Budget)
REVENUE												
Charges for Services	\$ 21,977,224	\$ 22,412,016	\$ 23,491,067	\$ 23,814,123	\$ 24,758,144	\$ 25,664,972	\$ 27,096,778	\$ 27,780,566	\$ 29,088,620	\$ 31,679,491	\$ 33,042,893	\$ 40,750,390
Special Assessments	\$ 93,064	\$ 90,297	\$ 91,598	\$ 91,703	\$ 91,348	\$ (129,567)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aid from Other Government Agencies	\$ 21,898		\$ 1,586,016	\$ 307,000	\$ 965,497	\$ -	\$ 1,160,140	\$ 514,482	\$ 104,436	\$ 189,673	\$ -	\$ -
Investment Income	\$ 229,497	\$ 153,593	\$ 144,855	\$ 116,239	\$ 220,886	\$ 263,233	\$ 202,201	\$ 92,097	\$ -	\$ 1,101,758	\$ 1,680,572	\$ 112,920
Contributions and Donations	\$ 238,396		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain on Sale of Capital Assets	\$ 4,655	\$ 84,529	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,409	\$ 6,125	\$ -
Total Revenue	\$ 22,564,734	\$ 22,740,435	\$ 25,314,136	\$ 24,329,065	\$ 26,035,875	\$ 25,798,638	\$ 28,459,119	\$ 28,387,145	\$ 29,193,056	\$ 32,980,331	\$ 34,729,590	\$ 40,863,310
EXPENDITURE												
General and Administrative	\$ 4,438,926	\$ 4,639,987	\$ 5,331,941	\$ 5,357,032	\$ 5,434,920	\$ 5,771,734	\$ 6,114,191	\$ 6,163,848	\$ 6,296,211	\$ 6,894,506	\$ 6,968,447	\$ -
Services and Supplies	\$ 12,971,877	\$ 9,545,195	\$ 11,784,103	\$ 9,817,855	\$ 12,444,069	\$ 12,869,924	\$ 12,675,255	\$ 14,699,556	\$ 13,570,675	\$ 15,054,640	\$ 15,847,763	\$ 27,992,035
Bond Interest and Related Fees	\$ 855,013	\$ 671,143	\$ 401,514	\$ 447,909	\$ 298,209	\$ 231,732	\$ 452,935	\$ 510,219	\$ 1,000,241	\$ 1,303,947	\$ -	\$ 2,666,864
Loss on Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ 66,796	\$ -	\$ 9,245	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense & Related Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,016	\$ -	\$ 1,715,818	\$ -
Depreciation	\$ 4,432,511	\$ 4,637,065	\$ 4,334,037	\$ 4,767,945	\$ 5,122,300	\$ 5,088,073	\$ 5,319,350	\$ 5,493,334	\$ 5,684,531	\$ 6,175,322	\$ 6,353,525	\$ -
Total Expenditure	\$ 22,698,327	\$ 19,493,390	\$ 21,851,595	\$ 20,390,741	\$ 23,366,294	\$ 23,961,463	\$ 24,570,976	\$ 26,866,957	\$ 26,981,674	\$ 29,428,415	\$ 30,885,553	\$ 30,658,899
Surplus/(Deficit)	\$ (133,593)	\$ 3,247,045	\$ 3,462,541	\$ 3,938,324	\$ 2,669,581	\$ 1,837,175	\$ 3,888,143	\$ 1,520,188	\$ 2,211,382	\$ 3,551,916	\$ 3,844,037	\$ 10,204,411
Net Position - Beginning	\$121,523,635	\$ 121,390,042	\$ 123,666,613	\$127,129,154	\$ 131,067,478	\$ 133,737,059	\$ 135,574,234	\$ 139,462,377	\$ 140,982,565	\$ 143,193,947	\$ 146,745,863	\$ 150,589,900
Net Position - Ending	\$121,390,042	\$ 124,637,087	\$ 127,129,154	\$131,067,478	\$ 133,737,059	\$ 135,574,234	\$ 139,462,377	\$ 140,982,565	\$ 143,193,947	\$ 146,745,863	\$ 150,589,900	\$ 160,794,311

Governance

The Santa Cruz County Sanitation District operates under the authority of the County Sanitation District Act. The Board consists of the Mayor of Capitola (or his or her council representative) and the County Supervisors representing the 1st and 2nd Districts. The current Board is as follows:

Table 112: Board of Directors

Board Member	Title	Years of Service	Term of Office Expiration		
Kimberly De Serpa	Director 2 nd District	First Year	Next Election: Primary 2028		
Manu Koenig	Director 1 st District	4 years	Next Election: Primary 2028		
Joe Clarke	Chairperson	First Year	Next Election: Primary 2026		
Gerry Jensen	Alternate Director	First Year	Next Election: Primary 2028		
Jacques Bertrand	Alternate Director	6 years	Next Election: April 2029		

Board members receive \$100 compensation per meeting. The Board's meeting room is located at the D.A. Porath Facility, 2750 Lode Street, Santa Cruz. The Board's regular meeting dates are the first and third Thursday of the month at 4:45 p.m. Public notice is provided through posting. The District contracts for independent audits.

The County of Santa Cruz Public Works Division is responsible for the administration, engineering, maintenance, emergency response and construction of all County sanitation services. The division also manages various Board-governed special districts and CSAs. The Sanitation Operations unit is one of six organizational units within the Special Services Division of Public Works and provides operation and maintenance services to County sanitation districts and CSAs. Sanitation operations employees work in all Districts and CSAs. Each sanitation district is governed according to its specific code of regulations. The Districts' codes are very similar, and some sections are adopted by reference from the Santa Cruz County Sanitation District Code. CSAs are governed according to the Santa Cruz County Code of Regulations.

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 a number of 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 in an effort to promote transparency in the operations and governance of special districts to the public and to provide special districts with an opportunity to showcase their efforts in transparency.

Based on SB 929's criteria and the recommendations set by the SDLF, LAFCO conducted a thorough review of the District's website (even though said law only applies to *Comprehensive Sanitation Service and Sphere Review*Page 168 of 177

independent special districts). **Table 113** summarizes staff's findings on whether the website meets the statutory requirements. At present, the District does meet the statutory requirements set under SB 929 and SDLF's website transparency criteria. LAFCO appreciates the recent efforts by the County to revamp the organization's website, which included a new webpage specifically for the sewer agencies governed and managed by the County.

Table 113: Website Transparency

Website Components	Checkmark (Yes)
Required Items (SB 949 Criteria and SDLF Benchmarks)	
Names and Contact Information of Board Members*	✓
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	✓
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)	20 (100%)

Opportunities & Challenges

The Santa Cruz County Sanitation District is significantly affected by aging infrastructure, escalating operational costs, and changes to state laws and regulations that may introduce new requirements without additional funding. These issues are common with other sanitation districts in Santa Cruz County. The following section discusses these challenges and identifies possible opportunities to ensure the delivery of wastewater services in an efficient and effective manner.

Urban Services Line

The County General Plan, the Local Coastal Program Land Use Plan and Chapter 17.01 SCCC (Growth Management) requires the County to preserve a distinction between urban and rural areas, to encourage the location of new development in urban areas, and to protect agricultural land and natural resources in rural areas. These policies are supported by the establishment of a rural services line (RSL) and an Urban Services Line (USL) to define areas which are or have the potential to be urban and areas which are and should remain rural. The establishment of distinct urban boundaries serves the following purposes:

- To administer separate urban and rural growth rates and the allocation of residential building permits;
- To encourage residential development to locate in urban areas and to discourage division of land in rural areas:
- To develop and apply different policies governing urban and rural development;
- To provide a basis for a County capital improvements program;
- To coordinate planning for the public services among the County, cities, special districts, and the Local Agency Formation Commission (LAFCO);
- To ensure that urban development proceeds at a pace consistent with the provision of urban public services; and
- To limit the extension of urban services to those areas within the rural services line in the Coastal Zone. [Ord. 4416 § 27, 1996; Ord. 4406 § 27, 1996; Ord. 3327 § 1, 1982; Ord. 2657, 1979].

It is important to note that the Urban Services Line was developed and managed by the County, not LAFCO. Historically, LAFCO staff receives inquiries from confused landowners who are interested in connecting to the Santa Cruz County Sanitation District but are unfamiliar with the Urban Services Line restrictions. A primary reason for such confusion is the inconsistency between the District's jurisdictional and sphere boundaries and the Urban Services Line, as shown on the map on page 172 (refer to **Figure 79**).

The Santa Cruz County Sanitation District's northern boundary does not match the County Urban Services Line. In some cases, before the adoption of the Urban Services Line in 1979, the District annexed strips of land up into the lower elevations of Santa Cruz

Mountains. The Urban Services Line was subsequently adopted closer to the urbanized and sewer areas of the Mid-County. The current County General Plan does not envision urban or suburban development occurring further than the Urban Services Line at the edge of the mountains, and the County and District may want to propose detachments of the areas within the district boundary that are unsewered and beyond the Urban Services Line.

In other cases, there are areas within the Urban Services Line and the adopted District Sphere of Influence that are not within the County Sanitation District's boundaries. The current practice is for individual property owners to apply for annexation either when a septic system fails at an existing house, or when the planning approvals are secured for new development. The County and District may want to propose wholesale annexations of areas within the Urban Service Area that are developed or are planned for development at a density that only utilizes sanitary sewers.

Sphere of Influence

LAFCO originally adopted a sphere of influence for the Santa Cruz County Sanitation District on October 5, 1983. The main theme of that sphere boundary was to utilize the County's Urban Services Line as the primary tool to locate the sphere line. Sanitary sewer is perhaps the clearest example of an "urban service." The adopted sphere of influence line included the areas of the District in Live Oak, Capitola, Soquel, and Aptos and many developed and undeveloped areas of Live Oak (Santa Cruz Gardens), Soquel, and Aptos that were inside the Urban Services Line, but not yet annexed or connected for sewer service. **Figure 79** on page 172 shows the current sphere boundary.

The 1983 sphere excluded a series of unserved rural areas in the lower Santa Cruz Mountains above Live Oak, Soquel, and Aptos that were outside the Urban Services Line, but had annexed to the Sanitation District, by its predecessor district during the 1950s, 1960s, and 1970s. To ensure that the sphere boundary accurately reflects the District's service area and reduces the confusion on where the District can provide services, staff is recommending that the Commission amend the sphere to be generally coterminous with the District's current jurisdictional boundary. **Figure 80** on page 173 shows the proposed sphere of influence boundary for the Santa Cruz County Sanitation District.

Figure 79: Santa Cruz County Sanitation District's Current Sphere Map

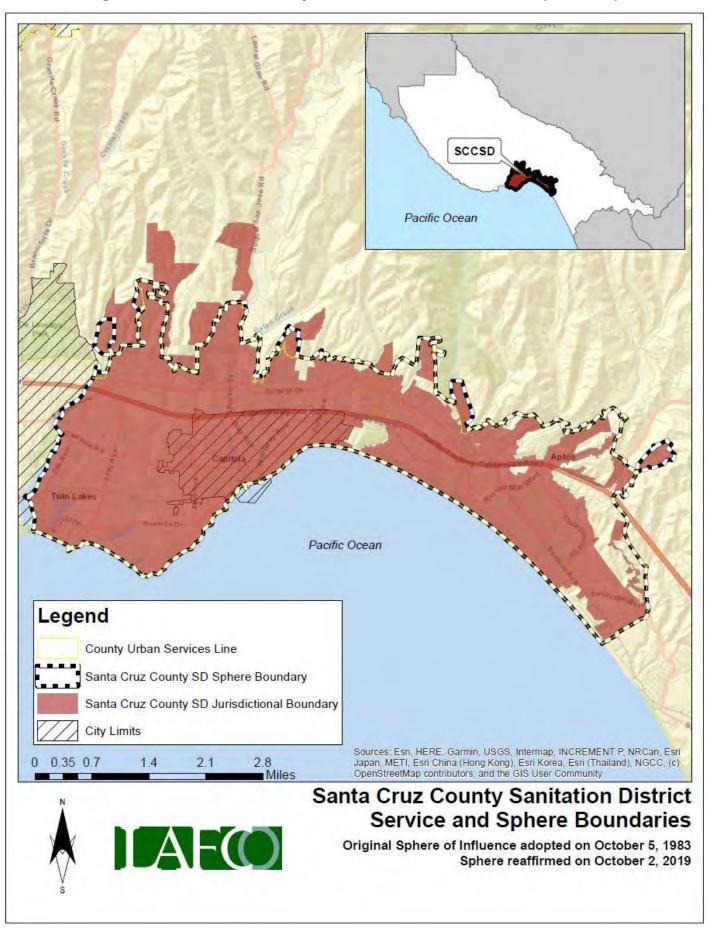
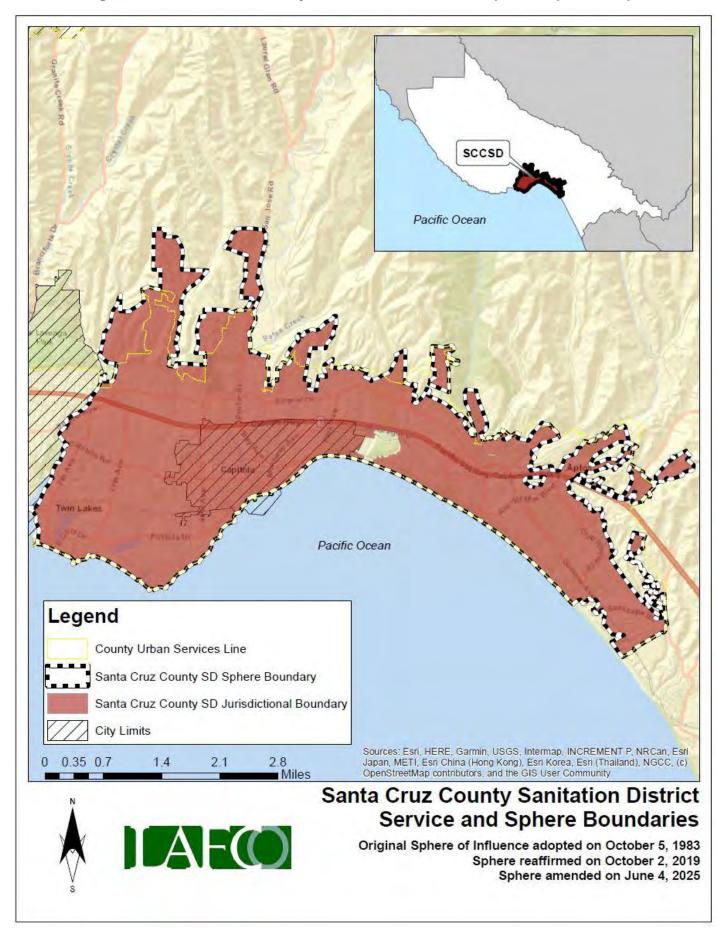


Figure 80: Santa Cruz County Sanitation District's Proposed Sphere Map



District Summary

	Santa Cruz County Sanitation District		
Formation	County Sanitation District Act (Health and Safety Code Sections 4700-4858)		
Board of Directors	Three-member board; two County Board of Supervisors and one Capitola City Council Member.		
Contact Person	Matt Machado, Deputy CAO/Director of Community Development and Infrastructure		
Employees	52 full-time employees (approximately)		
Facilities	Collection Plant; 35 pump stations; 36,000 connections		
District Area	870 acres (1.36 square mile)		
Sphere of Influence	Slightly larger than the District in the south-eastern side (i.e. sphere goes beyond existing jurisdictional boundary); and		
	Total Revenue = \$40,863,310		
FY 2024-25 Budget	Total Expenditure = \$30,658,899		
	Projected Net Position (Beginning Balance) = \$160,794,311		
	Mailing Address: 701 Ocean Street, Room 410 Santa Cruz CA 95060		
Contact Information	Phone Number: (831) 454-2160		
	Email Address: Matt.Machado@santacruzcountyca.gov		
	Website: http://dpw.co.santa-cruz.ca.us/Home/SewerWater.aspx		
Public Meetings	The Board's regular meeting dates are the first and third Thursday of the month at 4:45 p.m. Meetings are held at 2750 Lode Street, Santa Cruz.		
Mission Statement	"The purpose of the District is to construct and maintain pipelines transporting waste from the District to the Wastewater Treatment Facility, as well as to provide instruction, services, and monitoring for environmental compliance. To accomplish this last item, the District's Environmental Compliance Unit conducts programs to educate residents, professionals, and business owners about the proper use of their sewer and drainage systems in order to help preserve their own, as well as the District's facilities and to help protect the environment."		

Service and Sphere Review Determinations

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

Service Determinations

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

1. Growth and population projections for the affected area.

There are no growth projections available for the Santa Cruz County Sanitation District. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. However, the District also includes the entire City of Capitola. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the District's entire population in 2040 will be around 76,500.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within the District.

 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.

The Santa Cruz County Sanitation District provides wastewater collection service for the City of Capitola and the unincorporated communities of Aptos, Soquel and Live Oak. The District also serves Harbor High School, a satellite medical center and the Port District which are within the City of Santa Cruz and outside the District's boundary. The District receives periodic inquiries regarding sewer service in the La Selva Beach area due to septic problems in that area, but that area lies outside its current sphere of influence. The Santa Cruz County Sanitation District was formed in 1973 by the consolidation of three sanitation districts: East Cliff, Capitola, and Aptos. At that time each district had a primary treatment plant and ocean outfall into Monterey Bay. The discharges did not meet either the Federal or State clean water standards. During the 1970s the District participated in regional sewer studies and ultimately acted to abandon its treatment plants and outfall, build a transmission line into the City of Santa Cruz, and contract with the city to treat and dispose of the District's sewage. The city built a new outfall in 1989 and added secondary treatment in 1998.

4. Financial ability of agencies to provide services.

The Santa Cruz County Sanitation District continues to experience annual surpluses. LAFCO staff projects that this positive trend will continue. As of June 30, 2024, the District is operating with a net position of approximately \$151 million.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The Santa Cruz County Sanitation District provides wastewater collection service for the City of Capitola and the unincorporated communities of Aptos, Soquel and Live Oak. The District also serves a high school, a medical center and the Port District that are outside the County boundaries.

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 and sphere review.

Sphere Determinations

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

1. The present and planned land uses in the area, including agricultural and openspace lands.

There are no agricultural or open-space lands within the service area.

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

The Santa Cruz County Sanitation District provides wastewater collection service for the City of Capitola and the unincorporated communities of Aptos, Soquel and Live Oak. The District also serves Harbor High School, a satellite medical center and the Port District which are within the City of Santa Cruz and outside the District's boundary. The District currently has approximately 36,000 connections and serves over 73,000 residents.

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

LAFCO originally adopted a sphere of influence for the Santa Cruz County Sanitation District back in 1983. Staff is recommending that the Commission modify the sphere boundary to better reflect the District's current service area.

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.

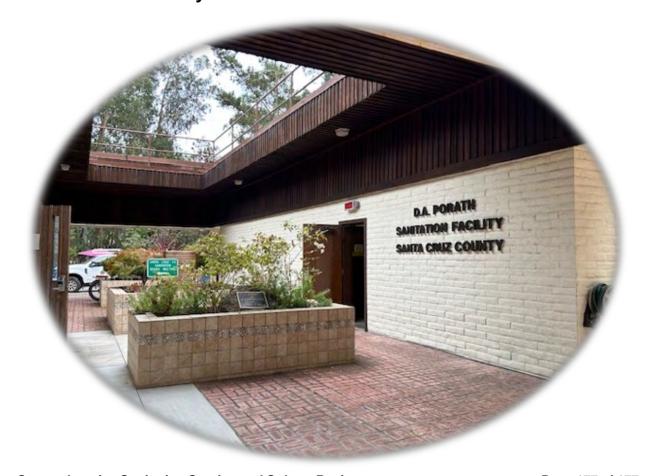
LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.

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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity (at the City of Santa Cruz's Wastewater Treatment Plant) for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

APPENDICES

- A. Bear Creek Estates Wastewater System Formation Document
- B. CSA 2 (Place de Mer) Formation Resolution
- C. CSA 5 (Sand Dollar/Canon del Sol) Formation Resolution
- D. CSA 7 (Boulder Creek) Formation Resolution
- E. CSA 7 (Zone 2) Formation Resolution
- F. CSA 10 (Rolling Woods/Graham Hill) Formation Resolution
- G. CSA 20 (Trestle Beach) Formation Resolution
- H. Davenport County Sanitation District Formation Resolution
- I. Freedom County Sanitation District Formation Resolution
- J. Salsipuedes Sanitary District Formation Resolution
- K. Santa Cruz County Sanitation District Formation Resolution



APPENDIX A:

BEAR CREEK ESTATES WASTEWATER SYSTEM (FORMATION DOCUMENT)



California Regional Water Quality Control Board

Central Coast Region



Winston H. Hickox
Secretary for
mental
cotton

Internet Address: http://www.swrch.ca.gov/~rvqcb3 81 Higuera Street, Suite 200, San Luis Obispo, California 93401-5427 Phone (805) 549-3147 • FAX (805) 543-0397

July 25, 2000

RECEIVED

JUL 2 8 2000

SAN LORENZO VALLEY

WATER DISTRICT

Mr. James Mueller San Lorenzo Valley Water District 13060 Highway 9 Boulder Creek, CA 95006

Dear Mr. Mueller:

RENEWAL OF BEAR CREEK ESTATES WASTEWATER FACILITY, SANTA CRUZ COUNTY, ORDER NO. 00-043

Enclosed is an updated copy of Waste Discharge Requirements Order No. 00-043, for Bear Creek Estates Wastewater Facility, Santa Cruz County. This Order was adopted by the Board at July 14, 2000 meeting.

If you have any questions or comments please call Howard Kolb at 805/549-333 For Chris Adair 805/542-4629 of my staff.

5/2-362-12-3.15 Sincerely, 67

Enclosure

s:/northern/howard/permits/wdr/san lorenzo valley water dist, bear creek estates/final renewal bear creek Discharger File: San Lorenzo Valley Water DistrictBear Creek Estates

California Environmental Protection Agency



Recycled Paper

RWQC\$-6 (1/64) .



re of Cal/EPA's objectives is to provide superior levels of customer service. Your feedback telling us what is going well and at needs improvement is essential to our success in our efforts to better serve you. Please take a moment to respond to sfollowing questions.

Winston H. Hickor, Secretary for Environmental Protection

SERVICE PROVIDER: Region	nal Water Qualit	y Control Bo	ard (San Lu	ls Obispo)	
What was the nature of your contact w	dth us? (Please che	eck only <u>one</u> bo	(ж	e e	
General Information Permitting/Licensing Assistance		n Resolution tion Assistance	; ;	Technical A	ssistance
			hack (7)	As Appropria	6
STATEMENT		Strongly Agrea	Agree	Digagree	A CALLED AND A CALLED
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The regulations were underst					
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Please indicate any staff person you	would like to comm	nend:			
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Comments:					
) If you feel we fell short in meeling y person involved and the date the inc	vour service expect Aldent occurred.	allony, please d	lescribe the sit	uation, includir	ng name of the sta
As a result of your experience with u	s, what service-rela	led improvema	ents canyoure	commend?	

Please fold this survey in thirds, staple/tape, and mail. Postage will be paid by Cal/EPA.

STATE OF CALIFORNIA CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD CENTRAL COAST REGION 81 Higuera Street, Suite 200 San Luis Obispo, California 93401-5427

WASTE DISCHARGE REQUIREMENTS ORDER NO. 00-043
Waste Discharger Identification No. 3 440107001

FOR SAN LORENZO VALLEY WATER DISTRICT, BEAR CREEK ESTATES WASTEWATER TREATMENT FACILITY, SANTA CRUZ COUNTY

The California Regional Water Quality Control Board, Central Coast Region (hereinafter called the Board) finds that:

SITE OWNER AND LOCATION

- 1. On January 27, 2000, James A. Mueller, San Lorenzo Valley Water District (SLVWD) District Manager, filed a Report of Waste Discharge. The report was filed on behalf of Bear Creek Estates Wastewater Treatment Facility for authorization to continue discharging treated domestic wastewater within the San Lorenzo River sub-basin.
- San Lorenzo Valley Water District (hereafter Discharger), 13060 Highway 9, Boulder Creek, owns and operates a wastewater treatment facility. The facility includes collection lines and a septic-tank/leachfield system. It is located in Santa Cruz County along Bear Creek Road approximately 2 1/2 miles northeast of the community of Boulder Creek as shown on Attachment "A" of this Order.

PURPOSE OF ORDER

The primary objectives of this order are to: 1)
 Permit the discharge of treated domestic
 wastewater; 2) Review and revise discharge
 limits; and 3) Review and revise a discharge
 monitoring program to evaluate the impact to
 water quality.

SITE/FACILITY DESCRIPTION

Discharge Type

 The facility is designed to treat and dispose domestic wastewater from the Bear Creek Estates Subdivision, Units 3, 4, and 5.

Design and Current Capacity

- 5. The facility treatment system consists of two single-chambered septic tanks in series, each having a liquid volume of approximately 16,800 gallons (total capacity of approximately 33,600 gpd).
- Septic tank effluent is alternately discharged among five leachfields.
- The facility is designed to treat an average dry weather flow of 12,000 gallons per day gpd and a peak wet weather flow of 32,500 gpd.
- 8. The system treats and disposes up to 16,500 gallons-per-day (gpd) of domestic wastewater.

Geology

 The leachfield disposal area is located on approximately 2.1 acres of sloping (5-30%) topography consisting of silty/clay soils underlain by siltstone and sandstone.

Surface and Groundwater

- 10. Bear Creek, a tributary to San Lorenzo River, flows around the eastern portion of the disposal area. The edge of the leachfield disposal area is over 100 feet from the creek.
- 11. Depth to ground water was measured during wet weather at a depth of 12 feet and generally migrates in a southerly direction. Ground water in the vicinity of the discharge has the following average concentrations based on results of ground water samples collected from March 1986 to September 1994:

Constituent Total dissolved solids Sodium Chloride Total nitrogen	Concentration 552 mg/l 102 mg/l 31 mg/l 3.4 mg/l
Nitrate as NO3	1.8 mg/l

collected Ground water samples December 1991 to December 1999 have the following average concentrations:

Sodium Chloride	503 mg/l 95 mg/l 36 mg/l 7.4 mg/l 1.4 mg/l
-----------------	--

12. Storm water flows over the leachfield area and into Bear Creek. Because the flow is less than one million gpd, the facility is not required to have a storm water pollution prevention plan.

Monitoring and Reporting Program (MRP)

The MRP requires effluent monitoring, ground water monitoring, receiving water monitoring, leachfield/seep monitoring, and system performance monitoring.

BASIN PLAN

13. The Water Quality Control Plan, Central Coastal Basin (Basin Plan), was adopted by the Board on November 17, 1989, and approved by the State Water Resources Control Board on The Regional Board August 16, 1990. approved amendments of the Plan on February 11, 1994 and September 8, 1994. The Basin Plan incorporates statewide plans and policies by reference and contains a strategy for protecting beneficial uses of State waters. BP

- 14. Present and anticipated beneficial uses of Bear Creek that could be affected by the discharge include: BP
 - Domestic and municipal supply;
 - Agricultural supply;
 - Ground water recharge;
 - Industrial service supply;
 - Water contact recreation;
 - Non-contact water recreation;
 - Wildlife habitat;
 - Cold fresh-water habitat; h
 - Fish migration;
 - Fish spawning
 - Preservation of Biological Habitats of Special Significance;
 - Rare, Threatened, or Endangered Species;
 - m. Fresh Water Replenishment and,
 - Commercial and Sport Fishing.
 - 15. Present and anticipated uses of ground in the vicinity of the discharge include: HP
 - Domestic supply; a.
 - b. Agricultural supply;
 - c. Industrial process supply; and,
 - Industrial service supply.
 - 16. The San Lorenzo Wastewater Management Plan (WWMP), adopted by Santa Cruz County Board of Supervisors, was approved by the Regional Board on April 5, 1995 as Resolution 95-04. The WWMP includes findings and recommendations resulting from investigation of elevated nitrate levels in surface water and groundwater in the San Lorenzo River The WWMP recommends the watershed. Regional Board require nitrogen control measures in the issuance of new or revised waste discharge requirements. The WWMP's

goal is for at least 50 % reduction in nitrogen from onsite disposal systems. BP

- This order requires 50 % reduction of nitrogen in effluent, consistent with Resolution No. 95-04. BP
- The surface water quality objectives specified in the Basin Plan for the San Lorenzo River above Bear Creek, are: BP

Analyte	Value	Units
Total Dissolved Solids	400	nıg/l
Sodium	50	mg/l
Chloride	60	mg/l
Boron	0.2	mg/l
Sulfate	80	mg/l

 The range of median ground water quality objectives in the San Lorenzo Sub-Basin, as specified in the Basin Plan, are reported as follows: BP

Analyte	Range	Units
Total Dissolved Solids	100-250	mg/l
Sodium	10-20	mg/l
Chloride	20-30	mg/l
Nitrate (as N)	1-5	mg/l .
Sulfate	10-50	mg/l

CEQA

20. These waste discharge requirements are for an existing facility and are exempt from provisions of the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.) in accordance with Section 15301, Chapter 3, Title 14, of the California Code of Regulations.

EXISTING ORDERS AND GENERAL FINDINGS

- 21. The discharge has been regulated by Waste Discharge Requirements Order No. 95-09, adopted by the Board on March 10, 1995. The discharge from Bear Creek Estates has been regulated by the Board since February 15, 1963.
- 22. Discharge of waste is a privilege, not a right,

- and authorization to discharge is conditional upon the discharge complying with provisions of Division 7 of the California Water Code and any more stringent effluent limitations necessary to implement water quality control plans, to protect beneficial uses, and to prevent nuisance. Compliance with this Order should assure this and mitigate any potential adverse changes in water quality due to the discharge.
- 23. On March 28, 2000, the Board notified the Discharger and interested agencies and persons of its intent to adopt waste discharge requirements for the discharge and has provided them with a copy of the proposed Order and an opportunity to submit written views and comments.
- 24. In a public hearing on July 14, 2000, the Regional Board heard and considered all comments pertaining to the discharge and found this Order consistent with the above findings.

IT IS HEREBY ORDERED, pursuant to authority in Section 13263 of the California Water Code, that San Lorenzo Valley Water District, its agents, successors, and assigns, may discharge wastewater at Bear Creek Estates Wastewater Treatment Facility providing compliance is maintained with the following:

[Note: Other prohibitions and conditions, definitions, and the method of determining compliance are contained in the attached "Standard Provisions and Reporting Requirements for Waste Discharge Requirements" dated January, 1984. Applicable paragraphs are referenced in paragraph £.3. of this Order.

Throughout the Order superscripts (BP) are provided to indicate requirements taken from the Basin Plan. Requirements not referenced are based on staff's professional judgment.]

PROHIBITIONS

 Discharge of wastewater to the treatment system from other than Bear Creek Estates Units 3, 4, and 5, is prohibited.

- Discharge of wastewater is prohibited outside of the leachfield disposal area shown on Attachment "A".
- Discharge of wastewater within 100 feet of Bear Creek is prohibited.
- Wastewater on the soil surface of the leachfield disposal area is prohibited.
- Bypass of the collection and treatment systems and discharge of untreated or partially treated wastes directly to the leachfield disposal area is prohibited.

SPECIFICATIONS

Effluent Limitations

- Daily flow averaged over each month shall not exceed 16,500 gallons.
- 2. Effluent discharged to the leachfield shall not have a pH less than 6.5 or greater than 8.3BP.

Receiving Water Limitations

3. The discharge shall not cause a statistically significant increase in fecal coliform concentration in Bear Creek. Compliance is evaluated by statistically comparing fecal coliform concentrations in creek samples collected upstream and downstream of the leachfield disposal area.

Ground Water Limitations

- 4. The discharge shall not cause a statistically significant increase of mineral constituent (total dissolved solids, sodium, chloride, and nitrate) concentrations in the ground water. This is determined by statistical analysis of water quality data from the disposal area's monitoring wells.
- 5. The discharge shall not cause ground water to exceed concentrations of chemical constituents limits specified in Title 22, Chapter 15, Article

4, Section 64435, of the California Code of Regulations as listed below BP.

Maximum Contaminant Constituents Level (mg/l)

Nitrate (as NO3) 45

System Operation Specifications

- 6. The wastewater discharge shall be rotated among the five leaching areas at least once every nine months.
- 7. High water alarms, readily audible or visible to maintenance personnel, shall be installed at each raw wastewater pumping station.
- 8. Stand-by power or portable pumps shall be available for use when wastewater-pumping facilities fail.
- 9. The Discharger currently has an onsite septic system. To comply with the San Lorenzo Wastewater Management Plan, this system shall be modified to reduce nitrogen levels by a minimum of 50%. The Discharger will comply with the timeline listed below for system construction:

Completion Date Task

1/1/2002 Completion of

extended treatment system design

7/1/2003 Installation of

extended treatment system

Submit a technical report detailing optimal system

performance

1/1/2004

-5-

Solids/Solid Waste Control

- 10. Solids accumulation in each septic tank shall be measured semi-annually and the appropriate tank cleaned when it appears (a) the bottom of the scum layer will be within 4" of the bottom of the outlet device before the next scheduled inspection or (b) the sludge level will be within 10" of the outlet device before the next scheduled inspection.
- 11. Solids cleaned from tanks shall be disposed of at an approved septage receiving facility.

Stormwater Control

12. Extraneous surface drainage shall be diverted away from the treatment system and leachfield disposal area.

Inflow/Infiltration Control

- 13. The Discharger shall develop and implement an Infiltration/Inflow and Spill Prevention Program (Program). The Program shall be reviewed and updated as necessary by every five years.
- A. The Program shall be developed in accordance with good engineering practices and shall address the following objectives:
 - identify infiltration and inflow sources that may affect treatment facility operation or possibly result in overflow or exceed pump station capacity; and,
 - b. identify, assign, and implement spill prevention measures and collection system management practices to ensure overflows pollutants contribution of and incompatible wastes to Discharger's treatment system are minimized.
- B. The District shall make a copy of the Program available upon request to a representative of the Regional Board.
- C. The Program shall provide a description of the collection and transport system, measures used to ensure proper operation, and other

information necessary to determine compliance with these requirements. The Program shall include, at a minimum, the following items:

- a. A map showing: collection system lines greater than 12 inches, pump stations, standby power facilities, surface water bodies (including discharge point(s) where pump station overflows may occur), storm drain inlets, and date of last revision.
- b. A narrative description of the following:
 - Line Flushing and Cleaning: Describe available equipment and projected schedule necessary to clean and flush entire system every two years, and assigned staff. Describe coordination with area plumbers to address introduction of incompatible wastes (e.g., root balls, construction debris, etc.) during lateral cleaning and efforts to abate introduction of material into the system, which might cause system backup.
 - Visual System Inspection: Describe ii. visual inspection methods (e.g., rep'acement lines,), schedules, frequency, collection system length and assigned staff. Describe results and detail problem areas found. Inspection records shall be retained for five years.
 - Inflow & Infiltration: Describe current iii. and five year projected investigation smoke testing), (e.g., methods frequency, results, and efforts to reduce storm water inflows and sewer line exfiltration. Inspection records shall be retained for five years. Preventive Repair and Replacement; Describe a projected schedule to eliminate sewage conveyance systems determined or structurally projected 10 be compromised. List each project or reach of conveyance to be replaced separately along with proposed start and estimated completion dates.

- iv Pump Station Maintenance: Describe each pump station, location, flow monitoring (wet and dry weather), and the previous year's operational problems and overflows.
- v. Alternate Power Supply for Pump Station Operation: Describe alternate power supply for each pump station within the member entity's system.
- D. Fiscal Resources: The Program shall provide a description of fiscal resources necessary to ensure system operation. The Program shall include, at a minimum, the following items:
 - Fee Structure: Quantification of current and five year projected sewer assessment fees necessary to implement the Program.
 - b. Available Fiscal Resources: Actual and five year projected budget expenses for staffing, operation and replacement of the collection system, including a description of a capital improvement or sinking fund to provide funding for item E.e., below.
- E. Personnel and Training: The Program shall provide a description of staffing available to ensure system operation. The Program shall include, at a minimum, the following items:
 - a. Personnel: Identify specific individuals (and job titles) who are responsible for developing, implementing, and revising the Program. Provide an organizational chart of all staff, position, duties, and training received during the past year. Identify managers and provide a list of contacts with associated phone numbers.
 - b. Training: List the frequency of training, qualification of each employee. Periodic dates for training shall be identified.
 - . Planning and Reporting: The Program shall

provide a description of planning efforts and reporting of system operation. The Program shall include, at a minimum, the following items:

- a. Spill Response: Describe a plan, identify employees responsible and duties necessary to implement your response to spills. Identify posting, notification, and spill estimation efforts used.
- b. Annual Reporting: List spills or system problems during the previous year, cleanups, amounts, location, and efforts to ensure similar spills or problems do not reoccur. A tracking or follow-up procedure shall be used to ensure appropriate response has been taken. Inspections and maintenance activities shall be documented and recorded.
- c. Offsite and Onsite Spill Alarms: Describe the current or proposed alarm system (or why unnecessary), central information location, staffing and response times for detecting spills from the system.
- d. Wet Season Manhole Inspections: Describe or propose frequency to conduct inspections to detect line blockage during wet season flows to avoid system overflows, staffing, and available and projected equipment to ensure safe and effective inspections.
- e. Capital Improvement Describe a current and projected work plan.
- f. Five Year Planning Describe projected planning efforts.
- g. 20 Year Planning Describe long term planning efforts.
- G. The District shall provide an annual report, due January 30th of each year, describing program development and permit compliance over the previous twelve months. Report shall be of

sufficient content as to enable the Regional Board to determine compliance with requirements.

PROVISIONS

- Order No. 95-09, "Waste Discharge Requirements for San Lorenzo Valley Water District, Bear Creek Estates, Santa Cruz County" adopted by the Board on March 10, 1995 is hereby rescinded.
- Discharger shall comply with "Monitoring and Reporting Program No. 00-043", and any amendments thereto, as specified by the Executive Officer.
- 3. The Discharger shall comply with all items of the attached "Standard Provisions and Reporting Requirements for Waste Discharge Requirements" dated January, 1984; except Item Nos. A.8. and A11.
- Pursuant to Title 23, Division 3, Chapter 9, of the California Code of Regulations, the Discharger must submit a written report to the Executive Officer not later than January 1, 2009, addressing:
 - a. Whether there will be changes in the continuity, character, location, or volume of the discharge; and,
 - Whether, in their opinion, there is any portion of the Order that is incorrect, obsolete, or otherwise in need of revision.

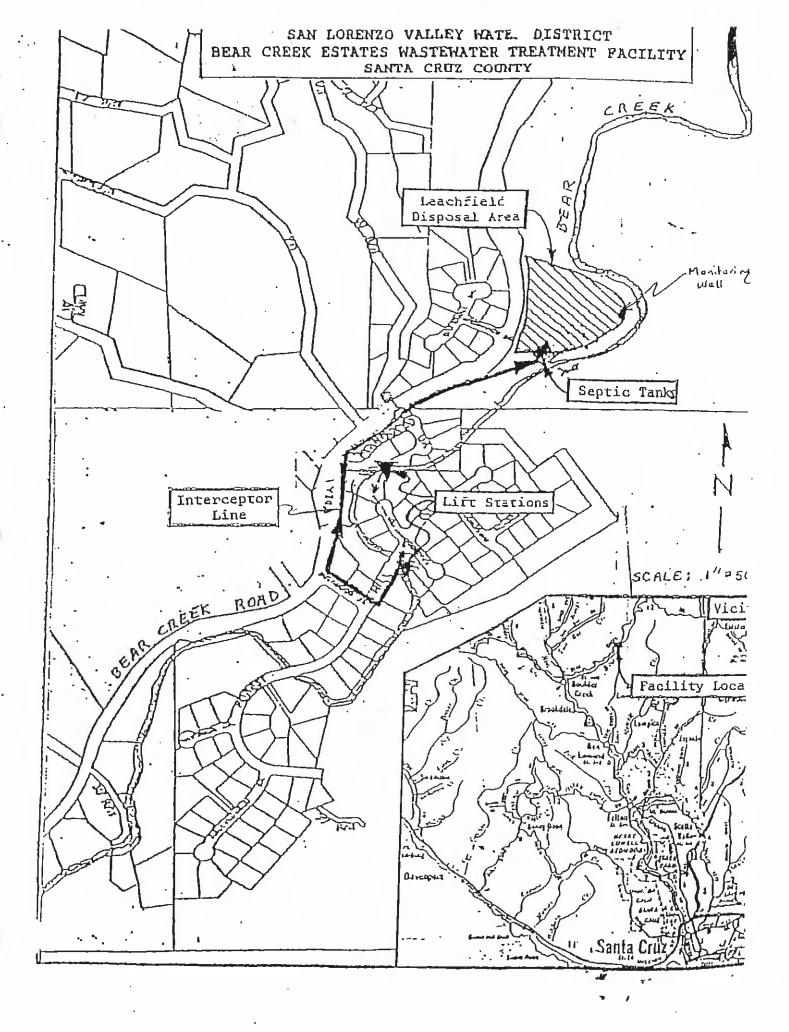
I, Roger W. Briggs, Executive Officer, do hereby certify the foregoing is a full, true, and correct copy of an Order adopted by the California Regional Water Quality Control Board, Central Coast Region, on July 14, 2000.

Madly E. Hagemon

HEK/SLR/Permits/Bear Creek/00-043 WDR

Task: 121-01

File: Discharger file; San Lorenzo Valley WD, Bear Creek Estates WWF



STATE OF CALIFORNIA CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD CENTRAL COAST REGION 81 Higuera Street, Suite 200 San Luis Obispo, CA 93401-5427

MONITORING AND REPORTING PROGRAM NO. 00-043 FOR SAN LORENZO VALLEY WATER DISTRICT BEAR CREEK ESTATES WASTEWATER TREATMENT FACILITY SANTA CRUZ COUNTY

INFLUENT MONITORING1

Representative influent samples shall be collected before treatment and analyzed for the following:

Parameter	Units	Type of Sample	Minimum Measuring Frequency
BOD	mg/l	Grab	Monthly
pH	64	п	ii
Organic Nitrogen (N)	64	п	* Twice per month
Nitrate (N)	"	п	
Nitrite (N)	u	п	h
Ammonia (N)	ı,	ii .	(1
Total dissolved solids	n	u	Quarterly
Total suspended solids	ıı .	п	14

(N) - All nitrogen data shall be reported as nitrogen.

^{*}Staff requires monitoring twice per month for the Nitrogen series (Organic Nitrogen, Nitrate, Nitrite, and Ammonia) for a minimum of 15 months. After 15 months Discharger shall submit a report analyzing the nitrogen removal efficiency of the wastewater treatment plant. Regional Board staff will evaluate the report to determine the need and frequency for continued nitrogen monitoring.

I Influent monitoring shall begin after installation of enhanced wastewater treatment system. The enhanced wastewater treatment system shall be installed by July 1, 2003.

EFFLUENT MONITORING

Representative effluent samples shall be collected prior to leachfield disposal and analyzed for the following:

Parameter	Units	Type of Sample	Minimum Measuring Frequency
Flow to Leachfield	Gallons per day	Metered	Monthly
BOD	mg/l	Grab	11
рН	41	"	tt .
Organic Nitrogen (N)	n	п	* Twice per month ²
Nitrate (N)	4	"	
Nitrite (N)	ď	45	II .
Ammonia (N)	u u	41	H .
Total suspended solids	· ·	"	Quarterly .
Total dissolved solids	ti	,	R
Sodium	0	'n	0
Chloride	п	II	tt.

⁽N) - All nitrogen data shall be reported as nitrogen.

^{*}Staff requires monitoring twice per month for the Nitrogen series (Organic Nitrogen, Nitrate, Nitrite, and Ammonia) for a minimum of 15 months. After 15 months Discharger shall submit a report analyzing the nitrogen removal efficiency of the wastewater treatment plant. Regional Board staff will evaluate the report to determine the need and frequency for continued nitrogen monitoring.

² Effluent nitrogen monitoring shall be conducted quarterly until the installation of enhanced wastewater treatment system. The additional effluent nitrogen monitoring shall commence once the enhanced wastewater treatment system is installed or July 1, 2003, which ever comes first.

SEPTIC TANK MONITORING

Each septic tank shall be opened and measured for the following items:

Measurement	Units	Type of Measurement	Minimum Measuring Frequency
Distance of scum layer from bottom of outlet device	Inches	Staff gauge	Semi-Annually (June & Dec.)
Distance of sludge layer from bottom of outlet device	Inches	Staff gauge	Semi-Annually (June & Dec.)

Septic tanks shall be pumped as necessary to ensure proper performance and protection of the leachfield. In the event of a leachfield failure or impending failure, the Executive Officer and the County Environmental Health Department shall be notified immediately. In the event of failure, the area shall be posted to prevent public contact with domestic wastewater.

GROUND WATER MONITORING

The Discharger shall install one monitoring well upgradient and two wells downgradient of the leachfield disposal area. Prior to the installation of monitoring wells, Discharger shall submit a report to the Executive Officer discussing the proposed locations, monitoring well depths, and the technical justification of the proposal. The report shall include an estimated direction of groundwater flow and depth, to accurately position up gradient and down gradient wells. Reports detailing groundwater monitoring well installation and flow must be prepared by a registered professional engineer or hydrogeologist or equivalent professional knowledgeable in hydrogeology and ground water monitoring. The wells shall be installed by January 1, 2001.

The Discharger shall sample monitoring wells in accordance with the following schedule:

Constituent	Units	Type of Sample	Minimum Sampling and Analyzing Frequency
Total Dissolved Solids	mg/l	Grab	Semi-annually (June & Dec)
Sodium	н	II	11
Chloride	п	"	п
Organic Nitrogen (N)	PI .	11	11
Nitrate (N)	II .	и	п
Nitrite (N)	11		II
Ammonia (N)	li .	n	0
pH	II .	п	li .

BEAR CREEK MONITORING

Discharger shall establish two Bear Creek monitoring stations to determine impact of discharge. One station shall be located 100 feet upstream of the leachfield disposal area. The second station shall be located 100 feet downstream of the disposal area. Creek samples from these stations shall be collected and analyzed according to the following:

Constituent	Units	Type of Sample	Minimum Sampling and Analyzing Frequency
Fecal coliform	MPN/100 ml	Grab	Monthly*
Enterococci	и	11	н
Nitrate as N	mg/l	11	11
Total dissolved solids	п	н	11

^{*}Monthly samples shall be collected during the 1st working day of the month. After one year of creek sampling (twelve samples) the Discharger may provide an analysis of coliform monitoring data to determine if a significant change has occurred due to the discharge. If no significant change has occurred, the Discharger may request a reduction in creek monitoring subject to Executive Officer approval.

DISPOSAL AREA INSPECTION

Monthly inspections shall be made of the leachfield disposal area for evidence of surfacing effluent. During the inspection, the level of effluent in each leachfield trench shall be recorded. Notes shall be kept of observations and shall be summarized in the Quarterly Monitoring Reports. In the event of a leachfield failure or impending failure, the Executive Officer and the County Environmental Health Department shall be notified immediately. In the event of failure, the area shall be posted to prevent public contact with domestic wastewater. Repairs shall be made as quickly as possible. To assure compliance with discharge specifications the discharger shall describe which leachfield is in use and when the leachfield was last rotated.

Monthly inspections shall be made of seep areas (along Bear Creek) for evidence of surfacing effluent. Notes shall be kept of observations and shall be summarized in the Quarterly Monitoring Reports. In the event of a surfacing effluent, the Executive Officer and the County Environmental Health Department shall be notified immediately. In the event of failure, the area shall be posted to prevent public contact with domestic wastewater. Repairs shall be made as quickly as possible.

REPORTING

Monthly sampling and inspection results shall be reported quarterly by the 1st day of February, May, August, and November. Semi-annual sampling results shall be submitted with the January and July quarterly reports.

The quarterly reports shall also include a summary of sewage collection or treatment or disposal systems spill(s) during the reporting quarter. At a minimum, the following information shall be reported:

- Location, volume, date, and time of sewage spill, and the number of times spill has occurred at this
 location within the last five years.
- 2. Corrective action(s) taken to stop and mitigate spill and prevent future spills.

If there is no spill during the reporting quarter, a "no sewage spill" statement shall be included in the quarterly report.

All data (weekly, monthly, and semi-annual) shall be submitted to the Board in both hard copy and electronic format. The electronic data submission shall conform to criteria approved by the Central Coast Regional Water Quality Control Board Executive Officer.

ORDERED B

July 14, 2000

Date

HEK/SLR/Permits/Bear Creek/00-043 MRP

Task: 121-01

File: Discharger file;San Lorenzo Valley WD, Dear Creek Estates WWF

APPENDIX B:

COUNTY SERVICE AREA 2 (FORMATION RESOLUTION)

OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

RESOLUTION NO. 301-68

On the motion of Supervisor Black duly seconded by Supervisor Locatelli the following resolution is adopted:

RESOLUTION AUTHORIZING ACCEPTANCE OF CON-VEYANCES EXECUTION OF GRANT OF EASEMENT AND QUIT CLAIM OF UNNECESSARY EASEMENT -PLACE DE MER TR. 386, UNIT NO. 3 -COUNTY SURVICE AREA NO. 2 PLACE DE MER

WHEREAS, construction and improvement of the Place
we her Planned Unit Development has been completed, and
WHEREAS, as a condition of approving the final map
of said development certain improvements and dedications of
service facilities were required which are now completed.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that this Board hereby authorizes and directs as follows:

- appurtenances connected with the sewer, water, park and that portion of Oceanview Drive not accepted into the County Highway System. (said easements to be maintained, repaired and operated through the Place De Mer County Service Area No. 2, as required by the Use Permit and final map of said Unit No. 3) are hereby accepted, and the Chairman of this Board is directed to indicate thereon Acceptance by the County of Santa Cruz for said Service Area, and recording of the documents is hereby ordered.
- That a grant of easement from the County of Santa Uruz to the owners of the Place De Mer Condominium

for the right to landscape and construct improvements (paths and stairways) subject to the prior right of the County of Santa Cruz for utility purposes over a portion of Lot 1 of said Unit No. 3 be and hereby is authorized to be executed by the Chairman of this Board.

- 3. That the 10 foot drainage easement over lot 57 of said Unit 3 be and hereby is declared no longer necessary and the Chairman is authorized and directed to execute said quit claim.
- 4. That all of the subdivision bonds filed pursuant to the subdivision agreement for said Unit 3 be and hereby are authorized to be released.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 7th day of May, 1968, by the following vote:

AYES:

SUPERVISORS Burton, Black, Locatelli and McCallie

HOES:

SUPERVISORS None

ABSENT:

SUPERVISORS Mello

RUSS MCCALLIE Chairman of said Board

ATTEST: TOM M. KELLEY Clerk of said Board

DISTRIBUTION: Recorder

Public Works

Approved as to form

JERRY W. BARTHOLOW Assistant County Counsel STATE OF CALIFORNIA STATE OF CALIFORNIA COUNTY OF SANTA CRUZ I, TOM M. KELLEY, County Clerk and ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz, 'tate of California, do hereby certify that the free rights a true and correct copy of eresolution rasses and subpaced by and entered in the minutes of in Witness whereof I have hereunto set my hand and affixed the real of the said Board, on MAY 10 1863 TOM M. KILLEY, County Clerk florence Danis.

STATEMENT OF FUNCTIONS AND SERVICES

1/12/96

DISTR	RICT: CSA 2 Place de	Mer		
On Ja	anuary 4, 1995, this distr	rict	was providing the follow	ing functions and services:
FUNC	TION	SERV	<u>/ICES</u>	STATE CODE SECTIONS
1_1	Cemeteries	1_1	Cemeteries	
121	Fire and All Emergency Medical Services		Fire protection First response, basic life support First response, paramedic Patient transport Hazardous materials (including administration and response) Rescue services Disaster planning and response Weed abatement	
1_}	Flood Control	1_1	Flood control	
Ι <u>×</u> Ι	Harbor		Harbor facilities and services Public access(beach ASES Safety Visitor services	Sovernment Code Section 252104
K.I	Parks and Recreation	X _X X _X	Park acquisition Development Operation and maintenand Recreational and educational activities	
1_1	Pest and Vector Control	1_1	Pest and vector control	
x l	Police .	X	Police Security patrols	
1_1	Public Transportation	1_1	Land transportation	
k <u>√</u> l	Roads, Streets and Highways	X X X	Road improvement Road maintenance Road landscaping School crossing guards	

<u>FUNC</u>	TION	SERVICES	<u>2</u>	TATE	CODE SECT	FIONS	
Į <u>X</u> į	Sewer	X Sewage collection X Sewage transportation X Sewage treatment X Sewage reclamation X Sewage disposal Septic tank maintenance		and	Safety	4741	
[_]	Soil Conservation	[] Soil conservation				•	
<u> </u> 	Solid Wastes .	Waste collection Waste disposal Recycling Litter control Graffiti control				•	
$ \underline{\tilde{x}} $	Street Lighting	$ \widetilde{\underline{\mathbf{x}}} $ Street lighting					
{ <u>x</u> }	Water	X Water supply X Water treatment X Water distribution					
1_1	Water Management	Groundwater management Surface Water managemen Conservation and educat	t ion				
<u>Addi</u>	tional Information				-		
ΙŽΊ	Additional information checked above.	is attached to explain the ca	tegories				
1_1	No additional information	on is attached.					
<u>Cert</u>	Signature: Susau Printed or typed name: Title: CSA Administra District: Co Service	Susann Rogberg	· .				
	Date: Jan 12, 1996						

Please return the completed form to the LAFCO office. An envelope is provided.

RESOLUTION NO. 680-63

On the motion of Supervisor McCallie duly seconded by Supervisor Burton the following resolution is adopted:

RESOLUTION OF INTENTION TO ESTABLISH A COUNTY SERVICE AREA IN THE SOQUEL SUPERVISORIAL DISTRICT

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

- 1. That a county service area is proposed to be established under the terms of Title 3, Division 2, Part 2, Chapter 2 of the Government Code, Sections 25210.1 et seq., in the unincorporated area of the Second Supervisorial District of the County of Santa Cruz.
- 2. That the boundaries of the territory proposed for inclusion in the area are described as set forth in Exhibit "A" attached hereto and made a part hereof, as fully as though set forth at length herein.
 - 3. That the name proposed for the area is COUNTY SERVICE AREA NO. 2.
- 4. That the types of extended county services already provided or proposed to be provided are:
 - (a) Establishment and maintenance of local Park, Recreation or Parkway facilities.
 - (b) Maintenance of roads.
 - (c) Acquisition, development, distribution and sale of water.
 - (d) Extended police protection.
 - (e) Extended sewer service.
 - (f) Street lighting service.
- 5. That a tax sufficient to pay for all such services which are furnished on an extended basis will be annually levied upon all taxable property within the said county service area.

	BE IT	FURTHER RESOLVED	AND ORDERED that	Tuesday		the
12th	day of_	November	, 1963, at 2:15	o'clock_	Р.,м.,	
in the	superviso	ors Room, Courtho	ouse Annex, Santa C	ruz, Califor	nia, be	
fixed a	s the tir	me and place for	a public hearing of	the establ	ishment	
of the	IIca.					

BE IT FURTHER RESOLVED AND ORDERED that the clerk shall publish a notice of the hearing one time in the Watsonville Register-Pajaronian, a newspaper of general circulation published in the county, and that publication shall be complete at least seven (7) days prior to the date of the hearing.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 28th day of October 1963 by the following vote:

AYES:

SUPERVISORS McCallie, Burton, Silliman, Locatelli and Nelson

NOES:

SUPERVISORS None

ABSENT:

SUPERVISORS None

orn'h. Clerk of said Board

Approved as to form

STATE OF CALIFORNIA COUNTY OF SANTA ORUZ

I, TOM M. KELLEY, County Clerk and ev-officio Clerk of the Board of Supervisors of the County of Santa Cruz, State of California, do hereby certify that the foregoing is a true and correct copy of a resolution aid Board.

TOM M. KELLEY, County Clerk.

Jeny Halgwood

RESOLUTION NO. 703-63

On the motion of Supervisor McCallie duly seconded by Supervisor Burton the following resolution is adopted:

RESOLUTION ESTABLISHING COUNTY SERVICE AREA NO. 2

WHEREAS, this board by its Resolution No. 680-63, adopted October 28, 1963, declared its intention to establish a County Service Area in a certain area of the unincorporated territory of Santa Cruz County, and for that purpose fixed a time and place for public hearing on said resolution, and

WHEREAS, At the time and place fixed no protests were received and the property owners affected urged the formation of said service area.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Supervisors of Santa Cruz County, California, that said Board of Supervisors does hereby so declare and determine that the County Service Area No. 2 be and it hereby is established.

BE IT FOUND AND DETERMINED that the boundaries of County Service Area No. 2 shall be as set forth in Exhibit "A", attached hereto and by this reference made a part hereof.

BE IT FURTHER RESOLVED AND ORDERED that the types of services to be performed in County Service Area No. 2 shall include any one or more of the following:

- (a) Establishment and maintenance of local Park, Recreation or Parkway facilities.
- (b) Maintenance of roads.
- (c) Acquisition, development, distribution and sale of water.
- (d) Extended police protection.
- (e) Extended sewer service.
- (f) Street lighting service.

BE IT FURTHER RESOLVED AND ORDERED that the County Clerk shall comply with the provisions of Government Code §§54900, et seq.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 12th day of November, 1963 by the following vote:

AYES:

SUPERVISORS McCallie, Burton, Locatelli and Nelson

NOES:

SUPERVISORS None

ABSENT:

SUPERVISORS Silliman

Chairman of said Board

DISTRIBUTION: Assessor

Auditor Surveyor

Dept. of Public Work

STATE OF CALLY PINIA COUNTY OF SARTA RUZ

I, TOM M. E. J.L.EY, Con to Clark and a sofficio Clerk of the Boa 4 of Supervisers of the County of Santa Cruz, State of California, do tomby certify that the foregoing is a true and correct copy of a resolution passed and adopted by and entered in the minutes of the said Board.

In Witness whereof I have hereunto set my hand and affixed the seal of the said Board, on Now 15 19 65

TOM M. KELLEY, County Clerk

Approved as to form

County Counsel

EXHIBIT "A"

BEING a part of the San Andreas Rancho and beginning at a 3/4 inch pipe on the Southwestern line of San Andreas Road at the most Northern corner of Ocean View Drive as shown on the Map entitled, "Tract 295, Place De Mer, Unit No. 1", filed for record September 12, 1961 in Map Book 37, Page 52, Santa Cruz County Records; thence along the Northwestern and Northern line of Oceanview Drive and the prolongation thereof, curving to the right with a radius of 20.00 feet through an angle of 84° 54' 06" a distance of 29.64 feet to a 3/4 inch pipe; thence South 21° 28' 26" West 247.42 feet to a 3/4 inch pipe; thence curving to the right with a radius of 100.00 feet through an angle of 65° 05' a distance of 113.59 feet to a 3/4 inch pipe; thence South 86° 33' 26" West 537.60 feet to a 3/4 inch pipe at the Northwestern corner of Lot 1, as shown on the above mentioned Map; thence along the Northeasterly boundary of lands of the State of California as said boundary is shown on the Record of Survey Map in Volume 33 of Maps at page 81; thence South 30° 19' 34" East 630.52 feet to an angle; thence South 26° 28' 34' East 668.02 feet to the most Southern corner of the lands conveyed to George A. Place, et ux., by Deed recorded in Volume 1334 at page 65, Official Records of Santa Cruz County; thence along the southeastern boundary of said last mentioned lands, North 21° 28' 20" West 1380.14 feet to a concrete monument on the Southwestern line of San Andreas Road; thence along the Southwestern line of San Andreas Road, North 63° 25' 40" West 466.19 feet to the point of beginning.

APPENDIX C:

COUNTY SERVICE AREA 5 (FORMATION RESOLUTION)

RESOLUTION NO. 195

On the motion of Commissioner McCallie Duly seconded by Commissioner Fleming The following resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SANTA CRUZ WAIVING PUBLIC HEARING AND APPROVING BOUNDARIES OF SPECIAL FIRE PROTECTION ZONE "A" IN THE SCOTTS VALLEY FIRE PROTECTION DISTRICT

The Local Agency Formation Commission of the County of Santa Cruz DOES HEREBY DETERMINE, FIND AND RESOLVE as follows:

- 1. The Scotts Valley Fire Protection District, by Resolution, has requested this Local Agency Formation Commission to review, in accordance with the provisions of Section 54790(f) of the Government Code, the boundaries of territory involved in a Special Fire Protection Zone "A" with respect to the definiteness and certainty thereof.
- 2. A Special Fire Protection Zone is not a "Special District" as defined in Section 54775(i) of the Government Code and therefore not subject to the provisions of District Reorganizations Act.
- 3. The Local Agency Formation Commission hereby waives any requirement for a public hearing on the formation of said Special Fire Protection Zone before this Commission.
- 4. The proposed boundaries of said Fire Protection Zone have been reviewed by the County Surveyor of the County of Santa Cruz and a report on the same made to this Commission.
- 5. The Local Agency Formation Commission finds the said boundaries to be definite and certain and that there is no non-conformance with lines of assessment or ownership.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Cruz this 17th day of December, 1969 by the following vote:

AYES: Commissioners Hall, Fleming, Haber, McCallie, Forbus

NOES:

ABSENT:

EDWARD C. HALL - Chairman Local Agency Formation Commission

of the County of Santa Cruz

ATTEST:

E. R. Hanna, Executive Officer

APPENDIX D:

COUNTY SERVICE AREA 7 ZONE 1 (FORMATION RESOLUTION)

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

RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION OF THE COUNTY OF SANTA CRUZ
MAKING DETERMINATIONS AND APPROVING THE
PROPOSED ANNEXXATION OF TERRITORY DESIGNATED
AS FORMATION
TO THE BOULDER CREEK GOLF AND COUNTRY CLUB COUNTY SERVICE AREA

formation

WHEREAS a petition for the proposed ANNIENCE NO CETTAIN

territory to known as BOULDER CREEK GOLF AND COUNTRY CLUB COUNTY SERVICE AREA

in the County of Santa Cruz was heretofore filed with the Executive

Officer of this Local Agency Formation Commission, and said Executive

Officer has examined said petition and executed his certificate

determining and certifying that said petition is sufficient as a

petition; and

WHEREAS, at the times and in the form and manner provided by law, said Executive Officer has given notice of public hearing by this Commission upon said petition; and

WHEREAS said Executive Officer has reviewed said petition and prepared a report, including his recommendations, thereon, said petition and report having been presented to and considered by this Commission; and

WHEREAS the public hearing by this Commission was held upon the date and at the time and place specified in said notice of public hearing and in any order or orders continuing such hearing; and

WHEREAS at such hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed and received evidence as to whether the

territory proposed to be xammexwext is inhabited or uninhabited and all persons present were given an opportunity to hear and be heard in respect to any matter relating to said petition and report,

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

Section 1. Subject to the terms and conditions hereinafter specified, if any, said petition is approved.

BOULDER CREEK COUNTY SERVICE AREA

Section 3. Any resolution ordering such annexation shall formation provide that such annexation shall be made subject to the following specified terms conditions:

- (a) The terms and conditions contained in said petition, and
- (b) The following additional term and condition:

NONE

Section 4. The Boulder Creek Golf and Country Club County Service Area is designated as the conducting district and the Board of Directors formation of said district is hereby directed to initiate annumentation proceedings in compliance with this resolution. Any election called by said

Board of Directors upon the question of confirming an order for formation such anxious shall be called, held and conducted upon such formed question only within the territory ordered to be anxious exects.

Section 5. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Section 56272 of the Government Code. In addition, said Executive Officer shall also mail to said conducting district a certified copy, without signatures, of said petition.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Cruz, State of California, this 20th day of March, 1968, by the following vote:

AYES:

Commissioners Burton, Mello, Fleming, Hall

NOES:

Commissioners None

ABSENT:

Commissioners Silliman

Chairman of said Commission

ATTEST:

Executive

Distribution:

County Counsel

Officer

County Surveyor

Ben B. White & Associates, Inc.

621 Capitola Avenue Capitola, California(c)

APPENDIX E:

COUNTY SERVICE AREA 7 ZONE 2 (FORMATION RESOLUTION)



RESOLUTION NO. 90-2024

On the motion of Supervisor McPherson: Duly seconded by Supervisor Friend:

The following resolution is adopted:

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

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

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

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

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

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

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 30th day of April, 2024, by the following vote:

AYES: Supervisors Koenig, Friend, McPherson, Cummings

NOES: None

ABSENT: Supervisor Hernandez

ABSTAIN: None

Resolution 90-2024

ATTEST:

Docusigned by:

Justin Cummings

Chair of the Board of Supervisors

5/1/2024

C15905D366C8451...

Justin Cummings

Chair of the Board of Supervisors

5/1/2024

Juliette Rezzato

Clerk of the Board

Approved as to Form:

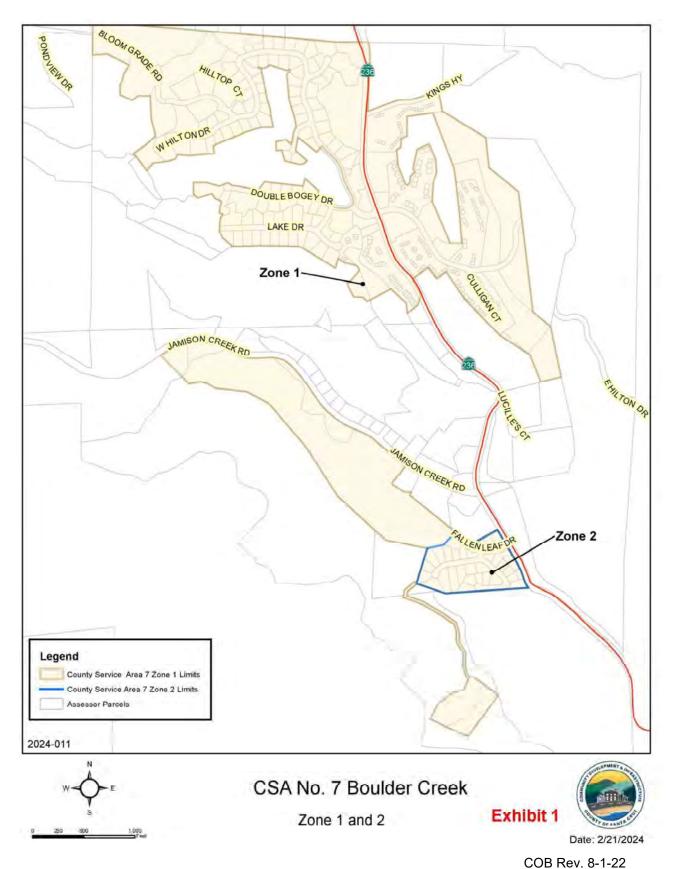
Docusigned by:
Michael De Smidt
77B7BABAA5B324F0...

3/29/2024

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

Attachment: Exhibit 1

Resolution _____



Certificate Of Completion

Envelope Id: E9C03AA9E8084E74A792CB5803771DBF

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

Source Envelope:

Document Pages: 3 Signatures: 1 Certificate Pages: 4 Initials: 0 Blanca Martinez 701 Ocean Street

AutoNav: Enabled

Envelopeld Stamping: Enabled

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

Envelope Originator:

Status: Completed

Santa Cruz, CA 95060

IP Address: 108.64.244.228

Blanca.Martinez@santacruzcountyca.gov

Record Tracking

Status: Original Holder: Blanca Martinez Location: DocuSign

> Blanca.Martinez@santacruzcountyca.gov Pool: FedRamp

Storage Appliance Status: Connected Pool: County of Santa Cruz Location: DocuSign

Signer Events

Michael De Smidt Michael.DeSmidt@santacruzcountyca.gov Security Level: Email, Account Authentication

3/29/2024 7:51:19 AM

Security Appliance Status: Connected

(None)

Signature

Michael De Smidt

Timestamp

Sent: 3/29/2024 7:53:16 AM Viewed: 3/29/2024 10:59:37 AM Signed: 3/29/2024 10:59:54 AM

Signature Adoption: Pre-selected Style Using IP Address: 24.5.158.121

Electronic Record and Signature Disclosure:

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

ID: 258f3b16-c2b3-48c8-a38f-08b57de9f4f6

In Person Signer Events	Signature	Timestamp		
Editor Delivery Events	Status	Timestamp		
Agent Delivery Events	Status	Timestamp		
Intermediary Delivery Events	Status	Timestamp		
Certified Delivery Events	Status	Timestamp		
Carbon Copy Events	Status	Timestamp		
Witness Events	Signature	Timestamp		
Notary Events	Signature	Timestamp		
Envelope Summary Events	Status	Timestamps		
Envelope Sent Certified Delivered Signing Complete Completed	Hashed/Encrypted Security Checked Security Checked Security Checked	3/29/2024 7:53:16 AM 3/29/2024 10:59:37 AM 3/29/2024 10:59:54 AM 3/29/2024 10:59:54 AM		
Payment Events	Status	Timestamps		
Electronic Record and Signature Disclosure				

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

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

Getting paper copies

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

Withdrawing your consent

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

Consequences of changing your mind

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

All notices and disclosures will be sent to you electronically

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

How to contact County of Santa Cruz:

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

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

To advise County of Santa Cruz of your new email address

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

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

To request paper copies from County of Santa Cruz

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

To withdraw your consent with County of Santa Cruz

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

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

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

Acknowledging your access and consent to receive and sign documents electronically

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

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

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

Certificate Of Completion

Envelope Id: F7162FCC718E4888969D11D951D2E39C Status: Completed

Subject: Complete with DocuSign: Resolution 90-2024 Authorizing Creation of Zones Within CSA 7 Boulder C...

Source Envelope:

Document Pages: 7 Signatures: 2 Envelope Originator: Initials: 0 Certificate Pages: 5 CBD eSignature AutoNav: Enabled Stamps: 1 701 Ocean Street Envelopeld Stamping: Enabled

Santa Cruz, CA 95060

IP Address: 63.194.190.100

cbd.esignature@santacruzcountyca.gov

Record Tracking

Canada)

Status: Original Holder: CBD eSignature Location: DocuSign

cbd.esignature@santacruzcountyca.gov 5/1/2024 12:44:30 PM

Security Appliance Status: Connected Pool: FedRamp

Storage Appliance Status: Connected Pool: County of Santa Cruz Location: DocuSign

Signer Events

Signature

Timestamp

Justin Cummings Justin.Cummings@santacruzcountyca.gov

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

Security Level: Email, Account Authentication (None)

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Signature Adoption: Pre-selected Style Using IP Address: 63.194.190.100

Electronic Record and Signature Disclosure:

Accepted: 3/8/2024 2:38:43 PM

ID: 00624c5c-4d5e-4a8d-b971-d1796ce82049

Juliette Rezzato

Juliette.Rezzato@santacruzcountyca.gov Chief Deputy Clerk of the Board of Supervisors

County of Santa Cruz

Security Level: Email, Account Authentication

(None)

Juliette Reggato

Signature Adoption: Pre-selected Style Using IP Address: 63.194.190.100

Using IP Address: 63.194.190.100

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Electronic Record and Signature Disclosure:

Accepted: 5/11/2022 7:47:21 AM ID: 050883f5-a40c-4427-bdbd-fa282a697a25

CBD eSignature

cbd.esignature@santacruzcountyca.gov

County of Santa Cruz

Security Level: Email, Account Authentication

(None)



Sent: 5/1/2024 2:25:37 PM Viewed: 5/1/2024 3:53:32 PM Signed: 5/1/2024 3:53:55 PM

Freeform Signing

Electronic Record and Signature Disclosure:

Accepted: 8/24/2023 12:21:41 PM

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Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp	
Carbon Copy Events	Status	Timestamp	
Beatriz Barranco Beatriz.Barranco@santacruzcountyca.gov Sr. Civil Engineer County of Santa Cruz Security Level: Email, Account Authentication (None)	COPIED	Sent: 5/1/2024 3:53:56 PM	
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Blanca Martinez Blanca.Martinez@santacruzcountyca.gov Security Level: Email, Account Authentication (None)	COPIED	Sent: 5/1/2024 3:53:57 PM	

Witness Events	Signature	Timestamp		
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Payment Events	Status	Timestamps		
Electronic Record and Signature Disclosure				

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To advise County of Santa Cruz of your new email address

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

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

To request paper copies from County of Santa Cruz

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

To withdraw your consent with County of Santa Cruz

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

i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;

ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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Acknowledging your access and consent to receive and sign documents electronically

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

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

APPENDIX F:

COUNTY SERVICE AREA 10 (FORMATION RESOLUTION)

RESOLUTION NO. 228

On motion of Commissioner Lappin seconded by Commissioner Forbus

The following Resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SANTA CRUZ MAKING DETERMINATIONS AND AUTHORIZING PROCEEDINGS FOR THE FORMATION OF "ROLLING WOODS COUNTY SERVICE AREA NO. 10"

The Local Agency Formation Commission of the County of Santa Cruz DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

- 1. A petition for the proposed formation of "Rolling Woods County Service Area No. 10" was heretofore filed with the Executive Officer of this Commission; said County Service Area is assigned the short form designation of "Rolling Woods County Service Area No. 10" the County of Santa Cruz is designated as the conducting agency; and the Board of Supervisors of said County is hereby authorized to conduct proceedings in compliance with this resolution.
- 2. The Executive Officer of this Commission has examined said petition and executed his certificate determining and certifying that said petition is sufficient as a legal document; has given notice of public hearing by this Commission upon said petition in the form and manner provided by law; and has reviewed said petition and has prepared a report, including his recommendations, thereon, and has presented the same before this Commission for consideration.
- 3. The public hearing by this Commission was held on August 19, 1970 being the time and date, and at the place specified in said notice of public hearing, and at such hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented, or filed.
- 4. The boundaries set forth in said petition are approved as submitted.
- 5. The approval of such formation is conditioned upon the following terms and conditions:

Rolling Woods County Service Area No. 10 shall perform only the following extended services:

- To own, operate and maintain a sewerage system.
- To plan, construct, finance, and any other act or function necessary to the furnishing of a complete sewerage service.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Cruz this 19th day of August by the following vote:

AYES: Commissioners
NOES: Commissioners

McCallie, Lappin, Wicklund, Haber, Forbus

NOES: Commissioners ABSENT: Commissioners

Chairman
Local Agency Formation Commission

Attest:

E. R. Hanna, Executive Officer

APPENDIX G:

COUNTY SERVICE AREA 20 (FORMATION RESOLUTION)

RESOLUTION NO. 564

On the motion of Commissioner Liddicoat duly seconded by Commissioner Liberty The following Resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SANTA CRUZ
MAKING DETERMINATIONS AND AUTHORIZING PROCEEDINGS TO
CREATE A COUNTY SERVICE AREA DESIGNATED AS
TRESTLE BEACH NO. 564

The Local Agency Formation Commission of the County of Santa Cruz DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

- 1. A petition for the proposed formation of a County Service Area was heretofore filed with the Executive Officer of this Commission; said County Service Area is assigned the short form designation of "Trestle Beach No. 564," the County of Santa Cruz is designated as the conducting agency; and the Board of Supervisors of said County is hereby authorized to conduct proceedings in compliance with this Resolution.
- 2. The Executive Officer of this Commission has examined said petition and executed his certificate determining and certifying that said petition is sufficient as a legal document; has given notice of public hearing by this Commission upon said petition in the form and manner provided by law; and has reviewed said petition and has prepared a report, including his recommendations, thereon, and has presented the same before this Commission for consideration.
- 3. The public hearing by this Commission was held on August 8, 1979, being the time and date, and at the place specified in said notice of public hearing, and at such hearing this Commission heard and received all oral and written protests, objections, and evidence which were made, presented, or filed.
- 4. The boundaries set forth in said petition are approved as submitted.
- 5. Creation of said County Service Area is in order to provide a County controlled public agency to operate and maintain a sanitary sewer system. The Board of supervisors of Santa Cruz County may complete these proceedings only after receiving the recommendations of the County Environmental Health Officer and the Director of Public Works that the proper handling of sewage can best be accomplished through the vehicle of the proposed County Service Area.
- 6. For the purposes of complying with the California Environmental Quality Act and the Local Agency Formation Commission Environmental Impact Guidelines, the County of Santa Cruz is the Lead Agency.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Cruz this $8 \, \text{th}$ day of August , 1979 by the following vote:

AYES: Commissioners Liddicoat, Palmtag, Liberty, Levy, Ghio

NOES: Commissioners None
ABSENT: Commissioners None

Chairman, Santa Cruz Local Agency Formation Commission

ATTEST:

Acting Executive Officer

Thewell

APPENDIX H:

DAVENPORT COUNTY SANITATION DISTRICT (FORMATION RESOLUTION)

RESOLUTION NO. 565

On the motion of Commissioner Levy duly seconded by Commissioner Liberty The following Resolution is adopted:

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SANTA CRUZ
MAKING DETERMINATIONS AND AUTHORIZING PROCEEDINGS FOR THE
FORMATION OF THE DAVENPORT COUNTY SANITATION DISTRICT

The Local Agency Formation Commission of the County of Santa Cruz DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

- 1. A resolution for the proposed formation of the Davenport County Sanitation District was heretofore filed with the Executive Officer of this Commission; the County of Santa Cruz is designated as the conducting agency; and the Board of Supervisors of said County is hereby authorized to conduct proceedings in compliance with this Resolution.
- 2. The Executive Officer of this Commission has examined said petition and executed his certificate determining and certifying that said resolution is sufficient as a legal document; has given notice of public hearing by this Commission upon said petition in the form and manner provided by law; and has reviewed said petition and has prepared a report, including his recommendations, thereon, and has presented the same before this Commission for consideration.
- 3. The public hearing by this Commission was held on August 8, 1979, being the time and date, and at the place specified in said notice of public hearing, and at such hearing this Commission heard and received all oral and written protests, objections, and evidence which were made, presented, or filed.
- 4. The boundaries set forth in said petition are approved as submitted.
- The approval of such formation is conditioned upon the following terms and conditions: None.
- 6. The boundaries set forth in said petition of territory to be included in the formation are approved as amended.
- 7. Said territory is found to be inhabited for purposes of District formation.
- 8. The formation of this District will not have a significant effect on the environment and, therefore, a negative declaration is issued as defined in the California Environmental Quality Act.

PASSED AND ADOPTED by the Local Agency FormationCommission of the County of Santa Cruz this 8th day of August , 1979, by the following vote:

AYES: Commissioners Liddicoat, Palmtag, Liberty, Levy, Ghio

NOES: Commissioners None
ABSENT: Commissioners None

Chairman, Santa Cruz Local Agency Formation Commission

ATTEST:

Acting Executive Officer

APPENDIX I:

FREEDOM COUNTY SANITATION DISTRICT (FORMATION RESOLUTION)

SANITATION DISTRICTS 588 2 Freedom Sanitation Dist General - Prior 1969



ે**૮** ડેન્ટ RESOLUTION NO. 904-65

On the motion of Director Sillimum

Duly seconded by Director Black

the following resolution is adopted:

RESOLUTION AUTHORIZING AND DIFFICIONS THE COUNTY TREASURYR TO DEPOSIT FRRES PRESENTLY IN THE FREEDAM COUNTY SANITATION DISCRETE CONSTRUCTION FUND # 537

WHEREAS, there are in the Freedom County Sanitation District
Construction Fund #532 certain monies which are not presently seeded for
the district's surposes, and

WHERFAS, the Public Works Director recommends that said funds be invested.

MON, THEREFORE, BE IT RESOLVED AND ORDERED that the County Treasurer be and he hereby is authorized and directed to deposit the sum of \$65,100.00 from the funds presently in the Freedom County Sanitation District Construction Fund \$532 with the Hells Fargo Bank for six months.

PARSED AND ADOPTED by the Board of Directors of Freedom County Sanitation District, County of Santa Cruz, State of California, this 21st day of December, 1965, by the following vote:

AYKS: DIRECTORS Black, Silliman, Locatelli and McCullie

mora: DIRECTORS Rone

Andary Directors Burton

Chairman of said Board

Clerk of said Board

DISTRIBUTION: Tressurer & Tax Collector

Auditor-Controller

Director of Public Works

Approved as to form

County Councel

L. TOM M. KELLEY, County Clerk and expellicing Clerk of the Board of Supervisors of the County of antia Cruz, State of California do her be existed that foregoing as a true and a local county of the said Board.

To Witness whereof I have been a set as board and sufficient of the said the scal of the said Board.

TOM M. KLLLEY, County Clerk

By C. Lee E. Reit, Deputy

RESOLUTION NO. 10-65

On the motion of Director Silliman duly seconded by Director Nelson the following resolution is adopted:

RESOLUTION CREATING FREEDOM COUNTY SANITATION DISTRICT EXPANSION CONSTRUCTION RUND

BE IT RESOLVED AND ORDERED by the Board of Directors of the Freedom County Sanitation District that there is hereby created a fund No. 531 to be known as the Freedom County Sanitation District Expansion Construction Fund, the purpose of which shall be to receive such amounts as are collected by the Department of Public Works representing connection fees from new dwellings and subdivisions, the proceeds of which are to be used in the expansion of the existing system from time to time as requirements may indicate.

PASSED AND ADOPTED by the Board of Directors of Freedom County Sanitation District, County of Santa Cruz, State of California, this 4th day of January, 1965, by the following vote:

AYES:

DIRECTORS Nelson, Burton, Silliman, Locatelli and McCallie

NOES:

DIRECTORS None

ABSENT:

DIRECTORS None

Chairman of said Board

ATTEST Clark of said B

DISTRIBUTION: Auditor

County Counsel

Approved as to form

County Counsel

STATE OF CALIFORNIA COUNTY OF SANTA CRUZ

I. TOM M. KELLEY, County Clerk and e officio Clerk of the Board of Supervisors of the County of Sana Cruz, State of California, do hereby certify that he foregoing is a true and correct copy of a resolution the kaid Board.

In Witness whereof I have hereunto set my hand and affixed the seal of the said Board, on 19/10 19/10

TOM M. KELLEY, County Clerk

By Lleunce Sain D

421-66

On the metion of Birector

Locatelli
Buly seconded by Birector

The following resolution is admited:

RESOLUTION AUTHORIZEDS AND DIRECTION THE GOUNTY TREASURER TO DEPOSIT PURDS PRESENTLY IN THE PRINCIPAL COUNTY SANITATION DISTRICT CONSTRUCTION FIRST \$532

WERREAS, there are in the Freedom County Semitation District Construction Fund 9532 contain monies which are not presently needed for the district's purposes; and

WHIREAS, the Public Works Director recommends that said funds be invested.

MOW, TREMESORY, BE IT RESOLVED AND ORDERED that the County Pressurer be and he hereby is authorized and directed to deposit the sum of \$65,100. from the funds presently in the Freedom County Sanitation District Construction Fund \$552 with the Wells Fargo Sank for six (6) months.

PASSED AND ADSPTED by the Board of Directors of Freedom County Samitation District, County of Santa Grus, State of California, this 28th day of June,

1966, by the fellowing vete:

McCallie, Burton, Silliman, Locatelli

DIRECTORS

None

Black

1000

DIRECTORS

Action to the second second

America: Directors

RUSS McCALLIE

Temporary

Chairman of said Board

ATTEST:

TOM M. KELLEY

Clerk of said heard

DISTRIBUTION:

County Counsel

Treasurer-Tax Collector

Anditor-Controller

Dir of Public Votter

APPROVED AS TO FORM:

County Counsel

STATE OF CALIFORNIA COUNTY OF SANTA CRUZ SS

I, TOM M. KELLEY, County Clerk and ex-officio Clerk of the Board of Supervisors of the County of Santa Cruz, Siate of Califorma, do hereby certify that the foregoing is a true and correct copy of a resolution passed and adopted by and entered in the minutes of the said Board.

In Witness whereof I have hereunto set my hand and affixed the scal of the said Board, on 111 6 1968

TOM M. KELLEY, County Clerk

(M/W/, Deputy

'By

THE BOARD NOW MEETS AS THE BOARD OF DIRECTORS OF FREEDOM COUNTY SANTIATION DISTAICT

(Resolution No. 584-58 (Freedom County Sanitation District Directing preparation of Survey & Report....

and disposal.

On motion of Director Locatelli, seconded by Director McLean, the following resolution is adopted:

RESOLVED, by the Board of Directors of the Freedom County Sanitation District, Santa Cruz County, California, that

WHEREAS, Section 4748 of the Health and Safety Code provides that said Board shall employ one or more sanitation engineers to make a survey of the problems of said District concerning sanitation and especially with reference to the matters of sewage collection, treatment.

NOW, THEREFORE, IT IS HEREBY ORDERED, as follows:

- 1. That the engineering office of Bowman & Williams is hereby employed and ordered and directed to make and file a survey and report called for under Section 4748 of said Code, for said District, setting forth the following:
- (a) A general description of existing facilities for sewage collection, treatment and disposal.
- (b) A general description of the work proposed to be done to carry out the objects of the District.
 - (c) A general plan and general specifications of
- (d) A general description of the property proposed to be acquired or damaged in carrying out the work.
- (e) A map showing the boundaries of the District and in general the location of the work proposed to be done, property taken or damaged, and any other information useful to an understanding of the work.
 - (f) An estimate of the cost of the proposed work.

(Resolution No. 585-58 (Freedom County Sanitation Dist. (Fixing time and place for hearing (Engineer's Report....

On metion of Director Locatelli, seconded by Director McLean, the following resolution

September 2, 1958

is adopted:

RESOLVED, by the Board of Directors of the Freedom County Sanitation District, Santa Cruz County, California, that

WHEREAS, Section 4748 of the Health and Safety Code of the State of California provides that said Board shall employ one or more sanitation engineers to make a survey of the problems of said District concerning sanitation and especially with reference to the matter of sewage collection, treatment and disposal; and

WHEREAS, the Engineer employed to make such survey has prepared and filed with this Board a report entitled "Report on Existing and Proposed Sanitary Sewerage Facilities for Freedom County Sanitation District, Santa Cruz County, California, Project No. 58-1", dated September 2, 1958; and

whereas, this Board has examined said report and found that said report complies with the provisions of the County Sanitation District Act and is satisfactory to this Board;

NOW, THEREFORE, IT IS HEREBY RESOLVED, DETERMINED AND ORDERED, as follows:

- 1. Monday, the 8th day of September 1958, at the hour of 2:00 o'clock P.M. in the regular meeting place of this Board, Board of Supervisors Room, Court House Annex, Santa Cruz, California, are hereby fixed as the time and place for hearing objections to the said report and to doing all or any part of the work referred to therein.
- 2. Notice of the hearing shall be given by publishing a notice, in form a copy of which is hereto attached and made a part hereof by reference, for five times in the Watsonville Register-Pajaronian, a daily newspaper of general circulation circulated within the District.

(Resolution No. 582-58
(Freedom Sanitation District
(Dissolving District...... NOTF: Sundam Landston District......

On motion of Supervisor Locatelli, seconded by Supervisor McLean, the following resolution is adopted:

RESOLVED, by the Board of Supervisors of the County of Santa Cruz, State of California, WHEREAS, in 1937 this Board conducted proceedings for the formation of the Freedom Sanitation District under an act then designated "County Sanitation District Act" (Stats. 1923, page 498; Deering Act 7106);

WHEREAS, the office of said District is located in the County of Santa Cruz, State of California;

WHEREAS, said District has no outstanding obligations;

WHEREAS, said District owns no property;

WHEREAS, for five years said District has not collected taxes or other revenues, or disbursed any District funds; and

WHEREAS, the Clerk of this Board has, not less than thirty days prior to this date,

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September 2, 1958

sent notice to the last known principal place of business of said District that under the provisions of Article 2, Division 1, Title 6, Government Code, State of California, this Board will on this date consider a dissolution resolution concerning said District.

NOW, THEREFORE, IT IS HEREBY ORDERED, as follows:

- 1. That pursuant to Section 58980 of the Government Code of the State of California the Freedom Sanitation District is dissolved.
- 2. That the Clerk of this Board be, and he is hereby, instructed to file certified copies of this resolution with the Secretary of State, the State Board of Equalization, the County Clerk, County of Santa Cruz; and the County Assessor, County of Santa Cruz, State of California.

(Freedom County Sanitation Dist. (Hearing on formation.....

This being the time fixed for a public hearing on the formation of Freedom County
Sanitation District the Board now proceeds with said hearing and all persons desiring to be
heard were heard. Tom P. Williams, Jr., Engineer, now files his affidavit that the territory
proposed to be formed into Freedom County Sanitation District will be benefited by said formation

(Resolution No. 583-58 (Freedom County Sanitation Dist. (Creation of District.....

On motion of Supervisor Locatelli, seconded by Supervisor McLean, the following resolution is adopted:

RESOLVED, by the Board of Supervisors of the County of Santa Cruz, California, WHEREAS, said Board of Supervisors did on July 28, 1958 adopt its Resolution.

Intention No. 467-58 to create a County Sanitation District in said County under the County.

Sanitation District Act, Chapter 3, Part 3, Division 5, Health and Safety Code, to be known.

"Freedom County Sanitation District", which Resolution of Intention defined and established the boundaries of the proposed district and fixed this as the time and place for hearing objections to the formation of said District or to the extent thereof;

WHEREAS, as therein directed, said Resolution of Intention, including notice of
the time and place of said hearing, has been published at length twice in the Watsonville
Register-Pajaronian, a newspaper of general circulation in said County and circulated in the
proposed district, as more fully appears from the affidavit of publication on file in the office
of the County Clefk of said County;

WHEREAS, no protests and objections to the formation of the District were made; the hearing has been held and oral and documentary evidence as to benefits duly taken and considered by this Board;

NOW, THEREFORE, IT IS FOUND, ORDERED AND DETERMINED, as follows:

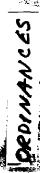
- 1. That written objections to the creation of said District signed by two percent (2%) of the registered electors of said District were not filed with said Board.
- 2. That no persons appeared and objected orally or in writing to the creation said District.
- 3. That the lands proposed to be embraced within said District are all of the lands that would be especially benefited by the creation of said District and that no lands

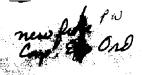
1.5.

September 2, 1958

have been excluded from said District which would be especially benefited therefrom.

- 4. That the territorial extent of said District shall encompass and include the unincorporated territory, the exterior boundaries of which are more particularly described in Exhibit "A" hereto attached and by reference made a part hereof.
- 5. That no part of said territory is included with any other District formed for similar purposes.
- 6. That the said proposed District, more particularly defined and established in said Exhibit "A", and to be known as the FREEDOM COUNTY SANITATION DISTRICT, be, and the same is hereby, created and established as a County Sanitation District under the County Sanitation District Act.
- 7. That the County Clerk file a copy of this Resolution, together with a map showing the boundaries of the District, with the County Assessor and the State Board of Equalization, pursuant to Section 54900, et seq., of the Government Code of the State of California.





ORDINANCE MD. 1329

The Board of Supervisors of the gummaty of Sente Cruz do ordain as follows:

Section I

- 1. That this ordinance shall be cited as the "Freedom Sewer Maintenance District Capacity Expansion Ordinance".
- 2. That District may extend or emlarge the capacity of certain portions of sewer main necessitated by road or free-way construction or reconstruction, or other reasons, which said extension or enlarged capacity will serve future users.
- 3. That District Engineer shall prepare a repayment plan to recover the cost of said extension or enlarged capacity which shall determine the fee to be collected from future users of said extension or enlarged capacity. Said fee may be computed on either a per connection or gallonage basis, whichever is determined to be most equitable by District Engineer.
- 4. That any person, firm, or experation which connects to or uses the extension or enlarged capacity of said sewer main shall pay, in addition to the regular connection fee charged by District, the fee as determined by District Engineer in paragraph 3, above. Said fee shall be paid at the time necessary building permits are obtained or prior to the time said connection is made if no building permits are required.

Section II

This ordinance shall take effect thirty (30) days from and after the date of its adoption and before the expiration of fifteen (15) days after its passage shall be

published once, with the names of the Board of Supervisors voting for and against the same in the Watsonville Register-Pajaronism, a newspaper of general circulation printed and published in the County of Santa Cruz, State of California.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 28th day of May, , 1968, by the following vote:

AYES: SUPERVISORS Burton, Black, Locatelli, Mello and McCallie

NOES: SUPERVISORS None

ABSENT: SUPERVISORS None

RUSS McCALLIE

ATTEST: TOM N. KELLEY
Clerk of said Board

Approved as to form

JERRY W. BARTHOLOW

Assistant County Counsel

no file 1 Cap Elip Ord

ORDINANCE NO. 1328

The Board of Directors of the Freedom County Sanitation

District do ordain as follows:

Section I

- 1. That this ordinance shall be cited as the

 "Freedom County Sanitation District Capacity
 Expansion Ordinance".
- 2. That District may extend or enlarge the capacity of certain portions of sewer main necessitated by road or free-way construction or reconstruction, or other reasons, which said extension or enlarged capacity will serve future users.
- 3. That District Engineer shall prepare a repayment plan to recover the cost of said extension or enlarged capacity which shall determine the fee to be collected from future users of said extension or enlarged capacity. Said fee may be computed on either a per connection or gallonage basis, whichever is determined to be most equitable by District Engineer.
- 4. That any person, firm, or corporation which connects to or uses the extension or enlarged capacity of said sewer main shall pay, in addition to the regular connection fee charged by District, the fee as determined by District Engineer in paragraph 3, above. Said fee shall be paid at the time necessary building permits are obtained or prior to the time said connection is made if no building permits are required.

Section II

This ordinance shall take effect thirty (30) days from and after the date of its adoption and before the expiration of fifteen (15) days after its passage shall be

published once, with the names of the Board of Directors voting for and against the same in the newspaper of general circulation printed and published in the County of Santa Cruz, State of California.

	PASSED AND	ADOPTE	אס עיי	ne Board of	Directors	or the
Freed	om County	Sani	tation	District,	County of S	anta Cruz,
State of	California,	this_	28th	_day of	May	_, 1968,
by the fo	llowing vot	:e:				
AYES:	DIRECTORS	Burton	, Black	, Locatell:	l, Mello and	McCallie
NOES:	DIRECTORS	Noae				
ABSENT:	DIRECTORS	None			McCALLIE n of said Bo	
ATTEST:	TOM M. I			·. -		

Approved as to form

Assistant County Counsel

1968 MA: 13 OF 8:03

ORDERANCE NO. 1317

The Board of Supervisors of the County of Santa Crus do ordain as follows:

Section I

- 1. That this ordinance shall be cited as the "Freedom Sewer Maintenance District Line Extension Ordinance."
- 2. That the definition of the following terms when applied herein shall be as follows:
 - a. repayment fee: that amount collected by the Freedom Sewer Maintenance District for each connection made to the line installed which said fee shall be 1.25 times the repayment rate and be for the purpose of reimbursing the installer of such sever line as provided hereunder.
 - b. repayment rate: the total cost of constructing said sewer line divided by the total number of connections to said sever line as computed by District Engineer.
 - c. reimbursable portion: the total number of connections to said sewer line, as computed by
 District Engineer, less the number of connections
 to be made by the installer, as computed by
 District Engineer.
- 3. That a private party or parties who construct any sewer line 300 feet or more in length which will be of use to and benefit properties of others shall be entitled to reimbursement of a portion of the actual cost of said construction when the following requirements have been met:
 - a. Prior to construction of said sever line, the Board of Supervisors agree to repayment for the reimbursable portion of the work.

- b. The construction the line is completed in accordance with plans and specifications approved by the District Engineer and is inspected and specified by the District Engineer.
- c. The party claiming reimbursement provides
 satisfactory evidence to show the actual cost
 of construction including engineering costs.
- 4. After all requirements have been met, the District Engineer shall determine the total number of commentions which can reasonably be made to the line including those to be made by the installer, and the repayment rate shall be computed by dividing the total actual cost of construction including engineering costs by the total number of connections. Upon determination of the number of connections, the repayment rate and the reimbursable portion as provided for hereunder, installer shall enter into an agreement with the Francom Sewer Maintenance District upon the terms, conditions and provintens set forth in Paragraphs 3, 6, and 7 herein.
- 5. After acceptance by the District Engineer of a line installed pursuant to this ordinance, the Freedom Sewer Maintenance District shall collect a repayment fee for each connection made to such line in an amount equal to 1.25 times the repayment rate. Twenty percent (20%) of said amount shall be deposited in the operating fund of the Freedom Sewer Maintenance District and the remainder shall be deposited in a trust fund account. Said repayment fee shall be in addition to regular standard connection fees applicable.
- 6. The installer of the line shall be paid on January 1, and July 1 of each year (or as seen thereafter as may be practical) all funds contained in the trust fund account

established for the line.

- 7. When the total emount paid to any installer of a line subject to repayment pursuant to this ordinance shell equal the repayment rate multiplied by the total number of connections as determined under paragraph 4 minus the repayment rate multiplied by the number of connections made by the installer, or when ten (10) years have elapsed subsequent to the date of acceptance of the line, whichever shall first occur, all payments to such installer shall cause and the 80 percent portion of all sums collected thereafter pursuant to this ordinance shall be deposited in the expansion construction fund of the Freedom Sewer Maintenance District.
- 8. In the event any person is dissatisfied with the determination of the total number of connections which can be made to the line, that person may appeal therefrom within fifteen (15) days after receipt of such determination by filing written notice of appeal, stating the grounds thereof, with the Board of Supervisors.

At the next regular meeting of the Beard of Supervisors, said Board shall hear such appeal and make its determination which shall be final for the purposes of the application of this Ordinance.

- 9. That the Freedom Sewer Maintenance District shell incur no liability whatsoever either as to funds collected pursuant to this Ordinance or for funds which may become due hereunder, or for their collection.
- 10. That no right, title or interest is hereby created; that this Ordinance may be modified or repealed at any time without affecting any property right; that no property right shall become vested by operation of this Ordinance; and

that no liability of any kind shall be incurred by the Freedom Sever Maintenance District by reason of any amendment to or repeal of this Ordinance.

Section II

This ordinance shall take effect thirty (30) days

from and after the date of its adoption and before the expiration of fifteen (15) days after its passage shall be
published once, with the names of the Board of Supervisors witing
for and against the same in a newspaper of general circulation
printed and published in the County of Santa Cruz, State of
California.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 7th day of

May , 1968, by the following vote:

AYES: SUPERVISORS Black, Locatelli and McCallie

NOES: SUPERVISORS Burton

ABSENT: SUPERVISORS Melle

RUSS McCALLIE

Chairman of said Board

ATTEST: TON H. RELLEY

Approved as to form

JERRY W. BARTHOLOW Assistant County Counsel 1968 MA: 13 19 8:0

ORDINAMEN NO. 1316

The Board of Directors of Freedom County Sanitation District do ordein as follows:

Section I

- 1. That this ordinance shall be sited as the "Freedom County Sanitation District Line Extension Ordinance."
- 2. That the definition of the following terms when applied herein shall be as follows:
 - a. repayment fee: that amount collected by the Freedom County Senitation District for each connection made to the line installed which said fee shall be 1.25 times the repayment rate and be for the purpose of reimbursing the installer of such sever line as provided hereunder.
 - b. repayment rate: the total cost of constructing said sewer line divided by the total number of connections to said sewer line as computed by District Engineer.
 - c. reimbursable portion: the total number of counections to said sever line, as computed by
 District Engineer, less the number of enamections
 to be made by the installer, as computed by
 District Engineer.
- 3. That a private party or parties who construct any sever line 300 feet or more in length which will be of use to and benefit properties of others shall be entitled to reimbursement of a portion of the actual cost of said construction when the following requirements have been met:
 - a. Prior to construction of said sever line, the Board of Directors agree to repayment for the reimbursable portion of the work.

- b. The construction with line is completed in accordance with plans and specifications approved by the District Engineer and is inspected and accepted by the District Engineer.
- c. The party staining reinbersement provides
 satisfactory evidence to show the estual cost
 of construction including engineering costs.
- A. After all requirements have been met, the District Engineer shall determine the total number of connections which can reasonably be made to the line including those to be made by the installer, and the repayment rate shall be computed by dividing the total actual cost of constructions including engineering costs by the total number of connections. Upon determination of the number of connections, the repayment rate and the reimbursable portion as provided for hereunder, installer shall enter into an agreement with the Freedom County Saniw tation District upon the terms, conditions and provisions set forth in Paragraphs 5, 6, and 7 herein.
- 5. After acceptance by the District Engineer of a line installed pursuant to this ordinance, the Freedom County Sanitation District shall collect a repayment fee for each connection made to such line in an amount equal to 1.25 times the repayment fate. Twenty percent (20%) of said amount shall be deposited in the operating fund of the Freedom County Sanitation District and the remainder shall be deposited in a trust fund account. Said repayment fee shall be in addition to regular standard connection fees applicable.
- 6. The installer of the line shall be paid on

 January 1 and July 1 of each year (or a s toom thereafter as

 may be practical) all funds contained in the trust fund account

metablished for the limit

- In a line subject to repayment pursuant to this endinging shall equal the repayment rate unitiplied by the total number of gennections as determined under paragraph & missis the repayment fats unitiplied by the number of sommetions make by the installar, or when ten (10) years have alapsed appearant to the date of soceptance of the line, whichever shall first occur, all payments to such installar shall quast and the 80 percent portion of all soms collected thereafter payment to this ordinance shall be deposited in the expension don-struction family of the Presiden County Sanitation District.
- 8. In the event any person is dissatisfied with the determination of the total number of sommetions which can be made to the line, that person may appeal therefore within fifteen (15) days after receipt of such determination by filing written notice of appeal, stating the grounds thereof, with the District Board.

At the next regular meeting of the District Board, said Board shall bear such appeal and make its determination which shall be final for the purposes of the application of this Ordinanse.

- 9. That the Semitation District shall insur no liability whatsoever either as to funds collected pursuant to this Ordinance or for funds which may become due hereunder, or for their collection.
- 10. They no right, title or interest is hereby created; that this Ordinance may be modified or repealed at my time without affecting any property right; that no property right shall become vested by operation of this Ordinance; and

that no liability of any kind small be incurred by the Freedom County Samitation District by reason of any amendment to or repeal of this Ordinance.

Section II

This ordinance shall take affect thirty (30) days from and after the date of its adoption and before the expiration of fifteen (15) days after its passage shall be published once, with the names of the Board of Directors voting for and against the same in a newspaper of general circulation printed and published in the County of Santa Cruz, State of California,

PASSED AND ADOPTED by the Board of Directors of Preedom County Sanitation District, County of Santa Cruz, State , 1968, by of California, this 7th day of Kay the following vote:

DIRECTORS Black, Locatelli and McCallie AYES:

DIRECTORS Burton HOES: DIRECTORS Mello

ABSENT:

Approved as to form JERRY W. BARTHOLON

ORDINANCE NO. ___803

AN ORDINANCE ESTABLISHING LINE EXTENSION REGULATIONS FOR THE SPEED OF THAT SANITATION DISTRICT

The Bourd of Directors of the Proedu

wanty and itation District, DOMS ORDAIN as follows:

- 1. <u>Definitions</u>. For purposes of this Ordinance, the terms used herein are defined as follows:
 - a) <u>District</u> means the Freedom County Sanitation District as it now exists or as its boundaries may be hereafter changed by annexation or exclusion.
 - b) Board is the Board of Supervisors of the County of Santa Cruz acting ex-officio as the Board of Directors of the District.
 - c) County is the County of Santa Cruz.
 - d) <u>Director of Sanitation means that person appointed</u>
 by the Board to direct and control the operation of the
 sanitation system of the District.
 - e) Sewer is a pipe or conduit including manholes, lampholes, wye branches and appurtenances, which carries sewage and/or industrial wastes to which storm, surface and ground waters are not intentionally admitted.
 - f) <u>Public sewer</u> is a sewer lying within a street or public easement and which is owned and controlled or under the jurisdiction of the District.
 - g) Total units of use means the number of units of use to be required by the person constructing the line which is the subject of this Ordinance, plus the number of additional units that may reasonably be expected to be required to use the said line.
 - h) Units of additional use hears that portion of the total units of use which will not be required by the person constructing the line.

- i) <u>Units of use</u> means the number of units to be required by the person constructing the line.
- j) Total cost factor means the total cost of the sewer as constructed as determined from the records and accounts of the person installing same, divided by the total units of use.
- k) Use factor means the total cost factor multiplied by 1.25.
- 2. <u>Determination of Use</u>. Upon the construction of any public sewer to the requirements of the District by private parties, the Director of Sanitation shall, if requested by the person constructing said sewer, make a determination as to whether the sewer so constructed will provide sewer service to properties other than those owned or in control of the person constructing such sewer.
- 3. <u>Determination of Total Units of Use</u>. If the Director of Sanitation advises that the sewer will provide sewer service to others he shall determine the total units of use. Such determination shall be in writing to the person constructing the sewer and shall expressly state the units of use, the units of additional use and total units of use.
- 4. <u>Determination of Cost and Use Factors</u>. The Director of Sanitation shall thereupon determine the total cost of the sewer and shall determine the total cost factor by dividing such total cost by the total units of use. He shall thereupon multiply the total cost factor by 1.25, thereby determining the use factor.
- 5. Subsequent Connection and Payment to District. Upon such determination and the establishment of the use factor as aforesaid, every subsequent connection to the public sewer, excepting connections made by the person who constructed the sewer or his assigns, shall be made only after payment to the District of an amount to be determined by multiplying the number of units of use required by the connection of the property, by the use factor, as hereinabove established. Said payment shall be in addition to all other charges required to be paid to the District.

- 6. Payment by District. The amount so collected shall be deposited in a fund to be established and known as the "Line Extension Fund", with appropriate accounting for each public sewer so installed, identifying the location of the public sewer, the name and address of the person who constructed same, the determined units of use, units of additional use and the use factor. On January 1 and July 1 of each year, or as soon thereafter as may be practical, the District shall audit said account and return to the person who constructed the same, an amount calculated by multiplying all amounts collected from later users of the public sewer by a factor of 0.8, less any amounts previously paid. When the total amount so paid to any person installing said public sewer shall equal the total cost of constructing said public sewer, minus the units of use multiplied by the total cost factor, or ten (10) years have elapsed from the date of acceptance of the public sewer, whichever occurs first, all payments to such person shall cease and all sums thereafter collected pursuant to this Ordinance shall be deposited in the Sewer Construction Fund of the District and expended for any lawful purpose.
- 7. Appeal to Board. In the event any person is dissatisfied with the determinations of the District Director of Sanitation, that person may appeal therefrom within fifteen (15) days after receipt of written notice of such determination, by filing a written notice of appeal with the Board stating the grounds thereof.

At the next regular meeting of the Board, it shall hear such appeal and make its determination, which shall be final and conclusive.

8. Non-Liability. The District shall in no way be obligated to assure that the persons constructing such public sewer are paid the total or any part of the cost thereof, nor to initiate any action nor incur any expense to collect any sum to be paid such person; nor shall any refund be made from any revenues or assets of the District derived from any source other than the payments collected pursuant to Section 5 hereof.

9. Amendment or Repeal. This Ordinance may be amended or repealed at any time without liability on the part of the District to make or continue to make any payments under this Ordinance. No property rights shall become vested by reason of this Ordinance and no liability of any kind or nature shall be devolved upon the District by reason of any such amendment or repeal.

Section II

This ordinance shall take effect 30 days from and after the date of its adoption and before the expiration of 15 days after its passage shall be published once, with the names of the Board of Directors of the Freedom County Sanitation District Johns for and scains tithe same in the Watsonville Register-Pajaronian, a newspaper of general circulation, printed and published in the County of Santa Cruz, State of California.

PASSED AND ADOPTED this 6th day of August , 1962, by the following vote:

AYES: DIRECTORS McLean, Burton, Nelson, Locatelli and Silliman

NOES: DIRECTORS None

ABSENT: DIRECTORS None

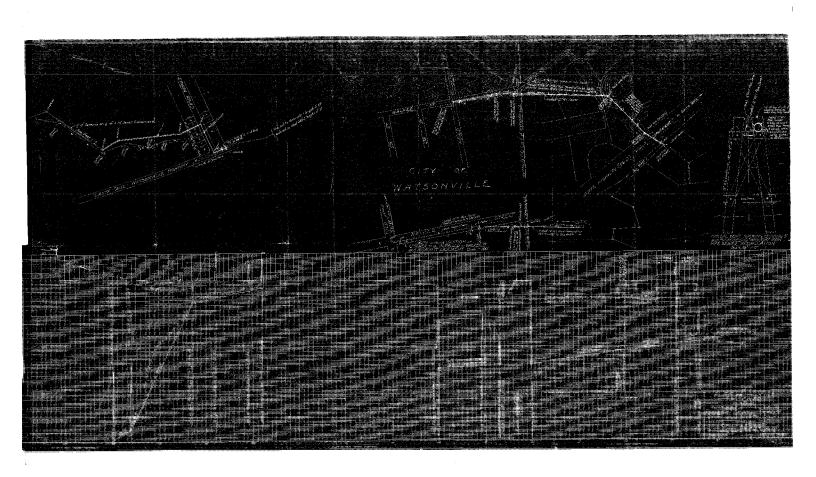
Chairman of said Board

Clark of said

Approved as to form

County Counsel

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BECLINED



APPENDIX J:

SALSIPUEDES SANITARY DISTRICT (FORMATION RESOLUTION)

RESOLUTION NO. 56-LAFC

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

RESOLUTION APPROVING FORMATION OF SALSIPUEDES SANITARY DISTRICT

BE IT RESOLVED AND ORDERED that the FORMATION OF SALSIPUEDES SANITARY DISTRICT be approved, pursuant to the filing of Notice of Intention, legal description and map, which are on file in the office of the Executive Officer.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Cruz, State of California, this 21st day of July 1965, by the following vote:

AYES:

Commissioners Lezin, Burton, Silliman, Mello and Flodberg

NOES:

Commissioners None

ABSENT:

Commissioners None

ATTEST:

TOM M. KELLEY, Executive Officer

cc: Petitioners

APPENDIX K:

SANTA CRUZ COUNTY SANITATION DISTRICT (FORMATION RESOLUTION)

RESOLUTION NO. 174

On motion of Commissioner Wicklund seconded by Commissioner Liteky The following Resolution is adopted:

RESOLUTION OF THE SANTA CRUZ LOCAL AGENCY FORMATION COMMISSION APPROVING AND AUTHORIZING PROCEEDINGS FOR THE CONSOLIDATION OF THE APTOS, CAPITOLA AND EAST CLIFF SANITATION DISTRICTS INTO A SINGLE DISTRICT

The Santa Cruz Local Agency Formation Commission DOES HEREBY DETERMINE, RESOLVE AND ORDER as follows:

- 1. The Boards of Directors of the Aptos, Capitola and East Cliff County Sanitation Districts have, by Resolution unanimously adopted, petitioned this Local Agency Formation Commission for consent to consolidate into a single District subject to certain terms and conditions.
- 2. The Executive Officer of this Commission has given notice of public hearing by this Commission upon said petition in the form and manner prescribed by law; has reviewed said petition and has prepared a report, including his recommendations thereon, and has represented the same before this Commission.
- 3. The public hearing by this Commission was held on May 2, 1973, being the time and date, and at the place specified in said notice of public hearing, and at such hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed.
- 4. The proposal to consolidate into a single district is approved; the County of Santa Cruz is designated as the conducting agency; and the Board of Supervisors of said County is hereby authorized and directed to conduct proceedings in compliance with this Resolution.
- 5. The approval of such consolidation is conditioned upon the following terms and conditions:
 - a. Upon the effective date of consolidation, all of the assets, liabilities and powers of said consolidating Districts shall become those of the consolidated District.
 - b. The consolidated District shall be known as the Santa Cruz County Sanitation District.
 - c. For purposes of taxes or assessments, the boundaries of the consolidating Districts shall continue in existence until there has been a substitution of the boundaries of the consolidated District for such purposes, and rates and charges of the consolidated District to be collected on the tax rolls of the consolidating Districts as if such Districts continued to exist independently.
 - d. The Resolution of the Board of Supervisors ordering consolidation shall expressly recite the express intention of the Boards of Directors of the consolidating Districts in their petitions to consolidate as being also the express intent of the Board of Supervisors regarding designation of the voting Directors of the consolidated District.
 - e. The consolidated District shall have the authority to sell any authorized but unsold securities or bonds of the consolidating Districts and to deposit the proceeds of such sale or sales in the appropriate funds of the consolidated District.
- 6. Waiving of Notice and Hearing before the conducting agency in conformance with provisions of Section 56261.1 of the Government Code is approved.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Cruz this 2 day of May, 1973 by the following vote:

AYES: Commissioners Richards, Forbus, Wicklund, Liteky

NOES: Commissioners

ABSENT: Commissioners Haber

(Acting) Chairman

Santa Cruz Local Agency Formation Commission

Attest:

E. R. Hanna, Executive Officer

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	Sama Graz GA 73000
Project Title: Comprehensive Sanitation Service and Sphere Review		
Project Location: The project area includes ten sanitation districts located throughout Santa Cruz County. These districts include Bear Creek Estates Wastewater System, Davenport County Sanitation District, Freedom County Sanitation District, Salsipuedes Sanitary District, Santa Cruz County Sanitation District, and County Service Areas 2, 5, 7, 10, and 20. A vicinity map depicting the location of each subject agency is included (refer to Attachment A).		
Project Location City: N/A Project Location County: Santa Cruz		
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 ten sanitation districts. The purpose of the report is to ensure the effectiveness and efficiency in the delivery of sewer provisions by each subject agency, in accordance to the statutory requirements outlined in the Cortese-Knox-Hertzberg Act.		
Name of Public Agency Approving Project: Santa Cruz Local Agency Formation Commission. The LAFCO public hearing on this proposal is scheduled for 10:00 a.m. on October 1, 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 X Other: The activity is not a project subject to CEQA. 		
Reason Why Project is Exempt: The LAFCO action does not change the services or the planned service area of the ten sanitation districts. There is no possibility that the activity may have a significant impact on the environmentState CEQA Guidelines Section 15061(b)(3).		
Lead Agency Contact Person: Joe A. Serrano		
Area Code/Phone Extension: 831-454-2055.		
	o, Executive Officer y Lead Agency	Date: October 2, 2025



NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, October 1, 2025, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following items:

- "Hawks Peak Road / Mark Doyle Extraterritorial Service Agreement" with the Santa Cruz County Sanitation District: Consideration of an extraterritorial service agreement request for a single parcel to receive sewer services from SCCSD. The proposal area is located north of Trout Gulch Road, east of Quail Run Road, south of Hawks Peak Road, and west of Victoria Lane. If approved, the ESA would fulfill the requirements under GCS 56133.
- Comprehensive Sanitation Service and Sphere of Influence Review: Consideration of a countywide service and sphere review for the following ten sanitation districts – Bear Creek Estates Wastewater System, Davenport County Sanitation District, Freedom County Sanitation District, Salsipuedes Sanitary District, Santa Cruz County Sanitation District, and County Service Areas 2, 5, 7, 10, and 20.

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: September 9, 2025

5B: ATTACHMENT 4

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2025-11

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 SANITATION DISTRICTS IN SANTA CRUZ COUNTY

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

- In accordance with Government Code sections 56425, 56427, and 56430, the Commission has initiated and conducted the 2025 Service and Sphere of Influence Review for ten sanitation districts: Bear Creek Estates Wastewater System, Davenport County Sanitation District, Freedom County Sanitation District, Salsipuedes Sanitary District, Santa Cruz County Sanitation District, and County Service Areas 2, 5, 7, 10, and 20.
- 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 October 1, 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 sanitation districts 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 Comprehensive Sanitation Service and Sphere Review.
- 6. The Commission hereby approves the Service Review Determinations, as shown on Exhibits 1, 4, 7, 10, 13, 16, 19, 22, 25, and 28.
- 7. The Commission hereby approves the Sphere of Influence Determinations, as shown on Exhibits 2, 5, 8, 11, 14, 17, 20, 23, 26, and 29.

- 8. The Commission hereby reaffirms the sphere of influence boundaries for the following: Bear Creek Estates Wastewater System, CSA 2, CSA 5, CSA 10, CSA 20, and the Freedom County Sanitation District as shown on Exhibits 3, 6, 9, 15, 18, and 24.
- 9. The Commission hereby amends the sphere of influence boundaries to be coterminous with the jurisdictional boundary for the following: CSA 7, Salsipuedes Sanitary District, and the Santa Cruz County Sanitation District as shown on Exhibits 12, 27, and 30.
- 10. The Commission hereby expands the sphere of influence boundary for the Davenport County Sanitation District to include the existing extraterritorial service agreement as shown on Exhibit 21.
- 11. The Commission hereby directs the LAFCO Executive Officer to meet with the Santa Cruz County Public Works Department to discuss how the Santa Cruz County's Urban Services Line relates to the Santa Cruz County Sanitation District's jurisdictional and sphere boundaries, and explore opportunities to address any irregularities.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 1st day of October 2025.

AYES:		
NOES:		
ABSTAIN:		
MANU KOENIG, CHAIRPERSON		
Attest:		
Joe A. Serrano		
Executive Officer		
Approved as to form:		
Joshua Nelson		
LAFCO Counsel		

BEAR CREEK ESTATES WASTEWATER SYSTEM 2025 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

There are no growth projections available for the San Lorenzo Valley Water District or the Bear Creek Estates Wastewater System. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. LAFCO staff estimates that the System's entire population in 2040 will be around 190.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within the Bear Creek Estates Wastewater System.

 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.

Since the development of the Bear Creek Estates subdivision back in 1985, SLVWD has been providing sewer service to 56 connections under the governance of the Bear Creek Estates Wastewater System. This residential subdivision has approximately 183 residents and represents approximately 2% of the total population within the San Lorenzo Valley Water District. The District has expressed interest in transferring sewer service responsibilities to another local agency.

4. Financial ability of agencies to provide services.

The Bear Creek Estates Wastewater System has experienced various annual deficits over the past 12 years. However, it is LAFCO's understanding that the District has implemented new rates to ensure that adequate revenue funds are being collected to offset increases in annual expenses.

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

Several sanitation districts, including the Bear Creek Estates Wastewater System, have expressed interest in transferring sewer responsibilities to another agency due to funding issues, limited long-term planning, or lack of economies of scale. Establishment of a countywide memorandum of understanding or a joint powers authority may unify the already-established collaboration set by the sanitation providers in the county.

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

The San Lorenzo Valley Water District has adopted a District-wide capital improvement plan. Based on staff's research, there are no capital improvement projects scheduled involving the Bear Creek Estates Wastewater System. The District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.

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.

BEAR CREEK ESTATES WASTEWATER SYSTEM 2025 SPHERE OF INFLUENCE DETERMINATIONS

1. The present and planned land uses in the area, including agricultural and openspace lands.

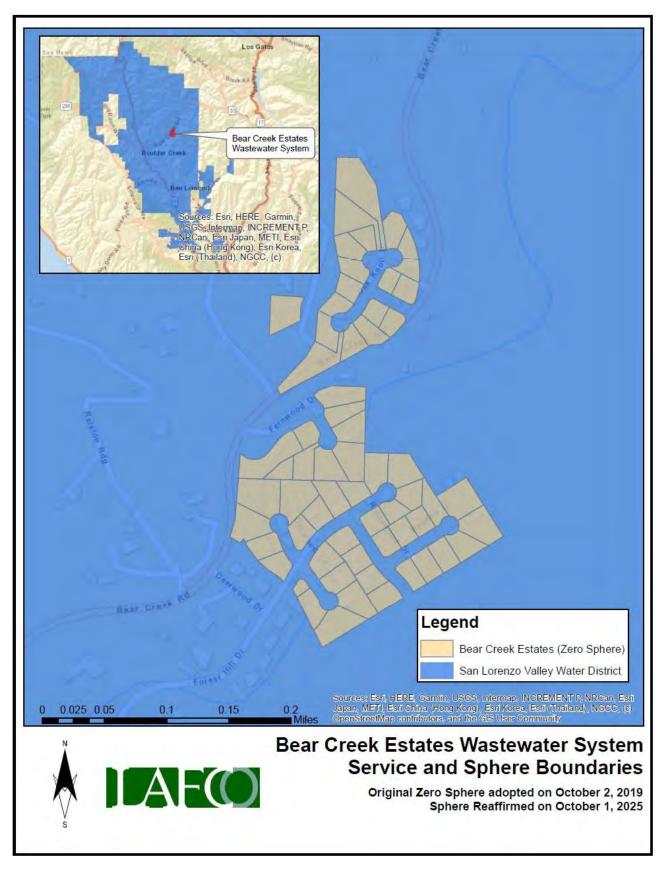
The Bear Creek Estates Wastewater System's service area is built out with residential homes. There are no agricultural or open-space lands within the service area.

- 2. The present and probable need for public facilities and services in the area. SLVWD has expressed interest in transferring sewer responsibilities to another local governmental entity. LAFCO may play a role in helping find a successor agency. The District's 2016 Strategic Plan identifies specific steps to potentially transfer service provisions to another local agency.
- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
 SLVWD owns, operates, and maintains a wastewater system in Boulder Creek's Bear Creek Estates. The System has 56 connections with 1.2 miles of sewer lines and 2 pump stations. The System is operating on a routine or as needed basis with staff being allocated from the Operations & Distribution or Supply & Treatment Departments.
- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The Bear Creek Estates Wastewater System's service area is primarily single-family homes.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

EXHIBIT 3BEAR CREEK ESTATES WASTEWATER SYSTEM SPHERE OF INFLUENCE MAP

LAFCO reaffirms a Zero Sphere of Influence for the Bear Creek Estates Wastewater System.



COUNTY SERVICE AREA 2 (PLACE DE MER) 2025 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

The Place de Mer subdivision is an ocean-front residential development in La Selva Beach that is substantially built-out. There are no growth projections available for CSA 2. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 2's entire population in 2040 will be around 174.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within CSA 2.

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.

County Service Area 2 has been collecting and disposing wastewater from the ocean-front townhome development in La Selva Beach, known as Place de Mer, since the construction of the septic system back in 1972. The current two-pump station community septic tank system has 97 connections and serves about 169 residents.

4. Financial ability of agencies to provide services.

County Service Area 2 is struggling financially. The CSA has experienced an annual deficient in seven consecutive years. As of June 30, 2024, CSA 2 is operating with a net position of approximately \$250,000.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The County currently has a countywide capital improvement plan and a specific capital improvement plan for the Santa Cruz County Sanitation District. Additionally, the County has adopted a Sewer System Management Plan. However, CSA 2 does not have any current or proposed sewer-related capital improvement projects scheduled at this time.

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 and sphere review.

COUNTY SERVICE AREA 2 (PLACE DE MER) 2025 SPHERE OF INFLUENCE DETERMINATIONS

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

The Place de Mer subdivision is an ocean-front residential development in La Selva Beach that is substantially built-out. There are no agricultural or open-space lands within the service area.

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

The Place de Mer subdivision is an ocean-front residential development in La Selva Beach that is substantially built-out. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 2's entire population in 2040 will be around 174.

LAFCO originally adopted a coterminous sphere of influence for the District in 1988. A coterminous sphere of influence is identical to the agency's jurisdictional boundary. For almost 40 years, the sphere boundary has remained unchanged. LAFCO staff, along with representatives of CSA 2, do not recommend any changes to the sphere of influence at this time.

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

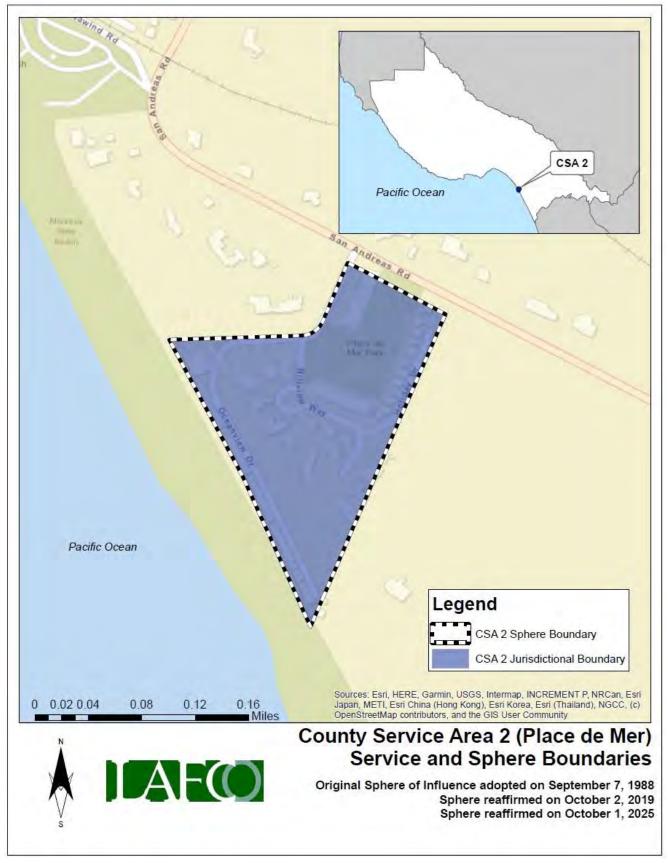
CSA 2 Place De Mer has an aging septic system that services the privatelyowned residential properties. The system is maintained by the County of Santa Cruz. Based on staff's analysis, CSA 2 has 97 connections with 0.4 miles of sewer lines and 2 pump stations. Annual sewer charges are the District's primary source of revenue.

- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, CSA 2 has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The CSA's principal needs are repair and replacement of aging infrastructure.

EXHIBIT 6 COUNTY SERVICE AREA 2 (PLACE DE MER) SPHERE OF INFLUENCE MAP

LAFCO reaffirms the Sphere of Influence for CSA 2.



COUNTY SERVICE AREA 5 (SAND DOLLAR/CANON DEL SOL) 2025 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

The Sand Dollar/Canon del Sol subdivisions are considered to be built-out. There are no growth projections available for CSA 5. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 5's entire population in 2040 will be around 228.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within CSA 5.

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.

County Service Area 5 operates two separate treatment plants and serves over 200 residents. The Sand Dollar treatment plant was constructed in 1967, and the Canon del Sol treatment plant was constructed in 1982. It currently has 184 connections and approximately 1.2 miles of sewer line.

4. Financial ability of agencies to provide services.

County Service Area 5's annual sewer rates derive from the single-family residential units in the Sand Dollar area and the condominiums in Canon del Sol area. Each community has its own sewer rate. The CSA has experienced an annual deficient in three out of the last six fiscal years. As of June 30, 2024, CSA 5 is operating with a net position of approximately \$746,000.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The County currently has a countywide capital improvement plan and a specific capital improvement plan for the Santa Cruz County Sanitation District. Additionally, the County has adopted a Sewer System Management Plan. However, CSA 5 does not have any current or proposed sewer-related capital improvement projects scheduled at this time.

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 and sphere review.

COUNTY SERVICE AREA 5 (SAND DOLLAR/CANON DEL SOL) 2025 SPHERE OF INFLUENCE DETERMINATIONS

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

There are no agricultural or open-space lands within the service area.

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

The Sand Dollar and Canon del Sol subdivisions are substantially built-out. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 5's entire population in 2040 will be around 228.

LAFCO originally adopted a coterminous sphere of influence for CSA 5 in 1988. A coterminous sphere of influence is identical to the agency's jurisdictional boundary. For almost 40 years, the sphere boundary has remained unchanged. LAFCO staff, along with representatives of CSA 5, do not recommend any changes to the sphere of influence at this time.

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

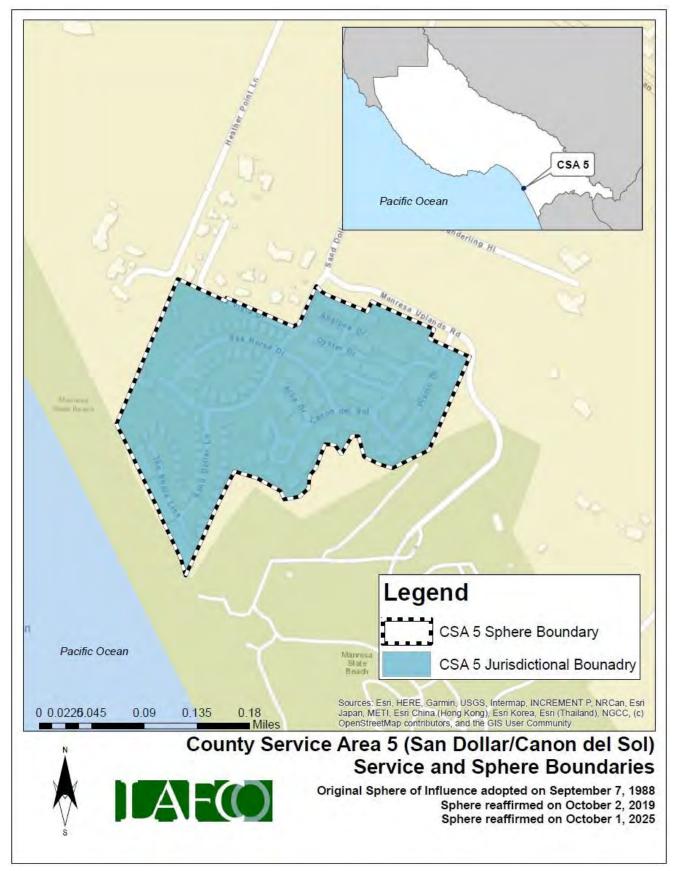
CSA 5 has an aging package treatment plant that serves single family homes in the Sand Dollar community and condominiums in the Canon del Sol community. The plant is maintained by the County of Santa Cruz. Based on the County's 2022 Sewer System Management Plan, CSA 5 has 184 connections with 1.15 miles of gravity sewer lines, 0.53 miles of force main lines, and 2 pump stations. Annual sewer charges are the District's primary source of revenue.

- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, CSA 5 has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The CSA's principal needs are repair and replacement of aging infrastructure.

EXHIBIT 9COUNTY SERVICE AREA 5 (SAND DOLLAR/CANON DEL SOL) SPHERE OF INFLUENCE MAP

LAFCO reaffirms the Sphere of Influence for CSA 5.



COUNTY SERVICE AREA 7 (BOULDER CREEK) 2025 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

The Boulder Creek Country Club is substantially built-out. There are no growth projections available for CSA 7. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 7's entire population in 2040 will be around 679.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within CSA 7.

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

CSA 7 Boulder Creek has a wastewater collection and treatment plant that treats the domestic wastewater from the Boulder Creek Country Club and surrounding houses. The all-in-one wastewater treatment plant consists of an equalization tank, aeration tank, and a clarifier to remove solids, and the treated effluent is discharged to leach fields. Based on the County's 2017 Sewer System Management Plan, CSA 7 has 263 connections with 3.0 miles of gravity sewer lines, 1.27 miles of force main lines, and 5 pump stations. Annual sewer charges are the District's primary source of revenue.

4. Financial ability of agencies to provide services.

County Service Area 7's financial ability seems to be stable. The CSA has successfully kept costs below its revenue stream in most years since 2013. As of June 30, 2024, CSA 7 is operating with a net position of approximately \$6.8 million.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The County currently has a countywide capital improvement plan and a specific capital improvement plan for the Santa Cruz County Sanitation District. Additionally, the County has adopted a Sewer System Management Plan. However, CSA 7 does not have any current or proposed sewer-related capital improvement projects scheduled at this time.

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 and sphere review.

COUNTY SERVICE AREA 7 (BOULDER CREEK) 2025 SPHERE OF INFLUENCE DETERMINATIONS

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

There are no agricultural or open-space lands within the service area.

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

CSA 7 Boulder Creek has a wastewater collection and treatment plant that treats the domestic wastewater from the Boulder Creek Country Club and surrounding houses. The all-in-one wastewater treatment plant consists of an equalization tank, aeration tank, and a clarifier to remove solids, and the treated effluent is discharged to leach fields. CSA 7 has 263 connections and serves over 600 residents. LAFCO originally adopted a sphere of influence for CSA 7 back in 1987. The Commission, at that time, adopted a sphere boundary that excluded parcels. Staff is recommending that these parcels are included in the District's sphere.

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

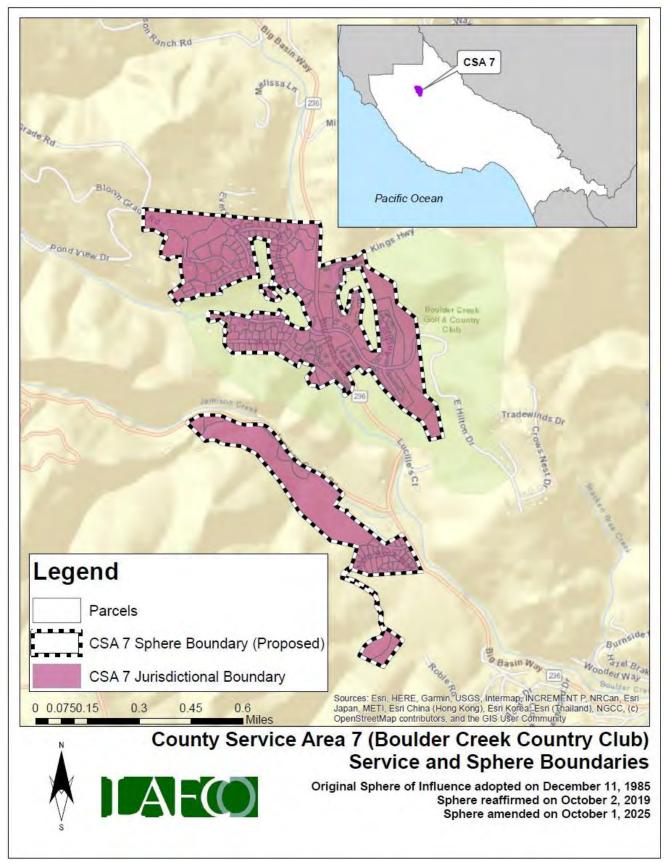
County Service Area 7 serves residential housing and one commercial business within the Boulder Creek Country Club subdivision. The service area includes 192 acres (0.3 square miles) and has an estimated population of 640. The wastewater system is a full treatment plant offering secondary and tertiary treatment with primary disposal via a community leach field. The wastewater treatment plant was constructed in the 1970s and upgraded to tertiary treatment in the 1990s.

- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, CSA 7 has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The CSA's principal needs are repair and replacement of aging infrastructure.

EXHIBIT 12COUNTY SERVICE AREA 7 (BOULDER CREEK) SPHERE OF INFLUENCE MAP

LAFCO expands the Sphere of Influence for CSA 7.



COUNTY SERVICE AREA 10 (ROLLING WOODS/GRAHAM HILL) 2025 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

The Graham Hill corridor area is substantially built-out with low-density single-family homes. There are no growth projections available for CSA 10. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that CSA 10's entire population in 2040 will be around 920.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within CSA 10.

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

CSA 10 has a collection system and one lift station that serves the residential areas of Rolling Woods and Woods Cove, as well as the Pasatiempo Golf Club. The plant is maintained by the County of Santa Cruz. Based on the County's 2017 Sewer System Management Plan, CSA 10 has 104 connections with 3.18 miles of gravity sewer lines, 0.35 miles of force main lines, and zero pump stations.

4. Financial ability of agencies to provide services.

County Service Area 10's financial ability to provide services is well-established. The CSA has successfully kept costs below its revenue stream since 2013. As of June 30, 2024, CSA 10 is operating with a net position of approximately \$1.15 million.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The County currently has a countywide capital improvement plan and a specific capital improvement plan for the Santa Cruz County Sanitation District. Additionally, the County has adopted a Sewer System Management Plan. However, CSA 10 does not have any current or proposed sewer-related capital improvement projects scheduled at this time.

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 and sphere review.

COUNTY SERVICE AREA 10 (ROLLING WOODS/GRAHAM HILL) 2025 SPHERE OF INFLUENCE DETERMINATIONS

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

There are no agricultural or open-space lands within the service area.

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

CSA 10 has an aging collection plant that serves the residential areas of Rolling Woods and Woods Cove, as well as the Pasatiempo Golf Club. The plant is maintained by the County of Santa Cruz. Based on the County's 2017 Sewer System Management Plan, CSA 10 has 104 connections with 3.18 miles of gravity sewer lines, 0.35 miles of force main lines, and zero pump stations. Annual sewer charges are the District's primary source of revenue.

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

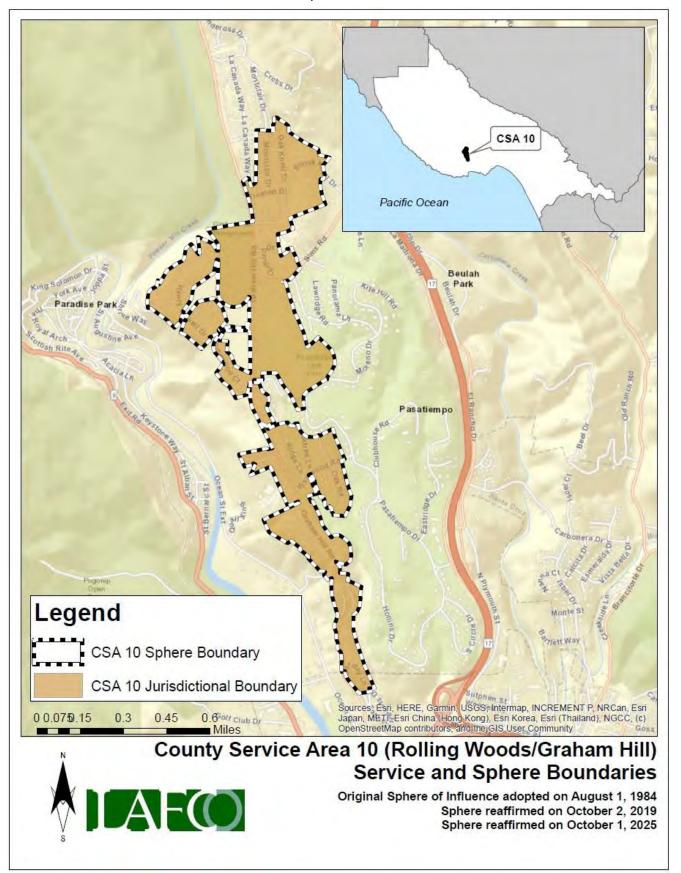
County Service Area 10 operates a sanitary sewer collection system and serves the residential areas of Rolling Woods and Woods Cove, as well as the Pasatiempo Golf Club. The County currently has a contractual agreement with the City of Santa Cruz to transfer collected wastewater to the City of Santa Cruz's treatment system. The City treats the sewage at its Neary Lagoon Wastewater Treatment Facility and disposes the treated wastewater into the Pacific Ocean off West Cliff Drive. CSA 10 has 104 connections and has almost 900 residents within its service area.

- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, CSA 10 has adequate transmission capacity for the present and planned facilities within the sphere of influence. The CSA's principal needs are repair and replacement of aging infrastructure.

EXHIBIT 15 COUNTY SERVICE AREA 10 (ROLLING WOODS/GRAHAM HILL) SPHERE OF INFLUENCE MAP

LAFCO reaffirms the Sphere of Influence for CSA 10.



COUNTY SERVICE AREA 20 (TRESTLE CREEK) 2025 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

The Trestle Beach subdivision is built-out with low-density single-family homes. There are no growth projections available for CSA 20. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO projects that CSA 20's entire population in 2040 will be around 44.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within CSA 20.

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

CSA 20 has a wastewater collection and treatment plant that treats the domestic wastewater from the Trestle Beach community. Based on staff's analysis, CSA 20 has 21 connections with 0.3 miles of sewer lines and 1 pump station. Annual sewer charges are the District's primary source of revenue.

4. Financial ability of agencies to provide services.

County Service Area 20 has experienced an annual deficit in three of the last six years. As of June 30, 2024, CSA 20 is operating with a net position of approximately \$5,700. LAFCO staff projects that this negative trend will continue unless the CSA increases its overall revenue stream or decreases annual expenses.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The County currently has a countywide capital improvement plan and a specific capital improvement plan for the Santa Cruz County Sanitation District. Additionally, the County has adopted a Sewer System Management Plan. However, CSA 20 does not have any current or proposed sewer-related capital improvement projects scheduled at this time.

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 and sphere review.

COUNTY SERVICE AREA 20 (TRESTLE CREEK) 2025 SPHERE OF INFLUENCE DETERMINATIONS

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

There are no agricultural or open-space lands within the service area.

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

CSA 20 operates a collection and treatment plant located in the Trestle Beach subdivision near La Selva Beach. The wastewater system provides on-site treatment to a secondary level and serves a small community of around 40 residents. The Public Works Department has indicated that the current infrastructure is aging, deteriorating, and in need of repair.

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

County Service Area 20 operates a collection and treatment plant located in the Trestle Beach subdivision near La Selva Beach. The wastewater system provides on-site treatment to a secondary level and serves a small community of around 40 residents. The Public Works Department has indicated that the current infrastructure is aging, deteriorating, and in need of repair. The wastewater treatment plant currently requires approximately \$95,000 in repairs.

- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, CSA 20 has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The CSA's principal needs are repair and replacement of aging infrastructure.

EXHIBIT 18 COUNTY SERVICE AREA 20 (TRESTLE CREEK) SPHERE OF INFLUENCE MAP

LAFCO reaffirms the Sphere of Influence for CSA 20.



DAVENPORT COUNTY SANITATION DISTRICT 2025 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

The Davenport community is generally built-out with residential and commercial use. There are no growth projections available for the District. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO projects that the District's entire population in 2040 will be 225.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within the District.

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.

The Davenport County Sanitation District has an aging collection and treatment plant that serves residential units in the Davenport Community. The District also operates a recycled water system. The infrastructure is maintained by the County of Santa Cruz. Based on the County's 2017 Sewer System Management Plan, Davenport County Sanitation District has 108 connections with 3.0 miles of gravity sewer lines, 1.30 miles of force main lines, and 3 pump stations. Revenues to operate the District are collected yearly from residents and businesses that are connected to either the waterworks or the sanitary sewer system.

4. Financial ability of agencies to provide services.

The Davenport County Sanitation District continues to experience annual deficits. LAFCO staff projects that this negative trend will continue unless the District increases its overall revenue stream or decreases annual expenses. As of June 30, 2024, the District is operating with a net position of approximately \$7.8 million.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The CEMEX plant closed in 2008. The County has indicated that if the CEMEX plant is sold and developed, it could add a significant population to the Davenport County Sanitation District's service area. Any added commercial or residential use would be beneficial to the District, as the revenue generated from the sewer and water rates could fund necessary infrastructure improvements that are too expensive for the small population of the District to fund. If the CEMEX site were to be developed, the water treatment plant and recycled water plant would need to be expanded to meet the new demands. There would also be a need for new transmission lines and possibly pump stations to serve the new development.

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 and sphere review.

DAVENPORT COUNTY SANITATION DISTRICT 2025 SPHERE OF INFLUENCE DETERMINATIONS

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

There are no agricultural or open-space lands within the service area.

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

The Davenport County Sanitation District owns and operates a wastewater treatment facility serving the community of Davenport, which includes a domestic wastewater collection system, influent headworks, aerated lagoon, sand filter, and a chlorine contact tank. More recently, the District now operates a recycled water treatment plant, with a recycled water fill station and a recycled water storage pond. The District currently has 108 connections and serves over 200 residents.

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

The CEMEX plant closed in 2008. The County has indicated that if the CEMEX plant is sold and developed, it could add a significant population to the Davenport County Sanitation District's service area.

- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The District's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

EXHIBIT 21 DAVENPORT COUNTY SANITATION DISTRICT SPHERE OF INFLUENCE MAP

LAFCO expands the Sphere of Influence for the Davenport County Sanitation District.



FREEDOM COUNTY SANITATION DISTRICT 2025 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

The Freedom area is substantially built-out. There are no growth projections available for the District. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the District's entire population in 2040 will be around 4,300.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within the District.

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.

The Freedom County Sanitation District provides wastewater collection service for the Buena Vista/Calabasas area of Freedom and the Green Valley Road corridor outside

the Watsonville city limits (totaling 1,504 parcels).

4. Financial ability of agencies to provide services.

The Freedom County Sanitation District has recently experienced annual deficits. During the last six fiscal years, deficits have ranged from \$295,000 to \$4.5 million. As of June 30, 2024, the District is operating with a net position of approximately \$10.6 million.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The Freedom County Sanitation District provides wastewater collection service for the Buena Vista/Calabasas area of Freedom and the Green Valley Road corridor outside the Watsonville city limits. The District also serves three connections outside its boundaries, including one duplex, one single family dwelling, and the Pinto Lake County Park ranger's residence. The District currently has over 1,800 connections and serves approximately 4,000 residents.

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 and sphere review.

FREEDOM COUNTY SANITATION DISTRICT 2025 SPHERE OF INFLUENCE DETERMINATIONS

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

There are no agricultural or open-space lands within the service area.

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

The Freedom County Sanitation District provides wastewater collection service for the Buena Vista/Calabasas area of Freedom and the Green Valley Road corridor outside the Watsonville city limits. The District also serves three connections outside its boundaries, including one duplex, one single family dwelling, and the Pinto Lake County Park ranger's residence. The District currently has over 1,800 connections and serves approximately 4,000 residents.

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

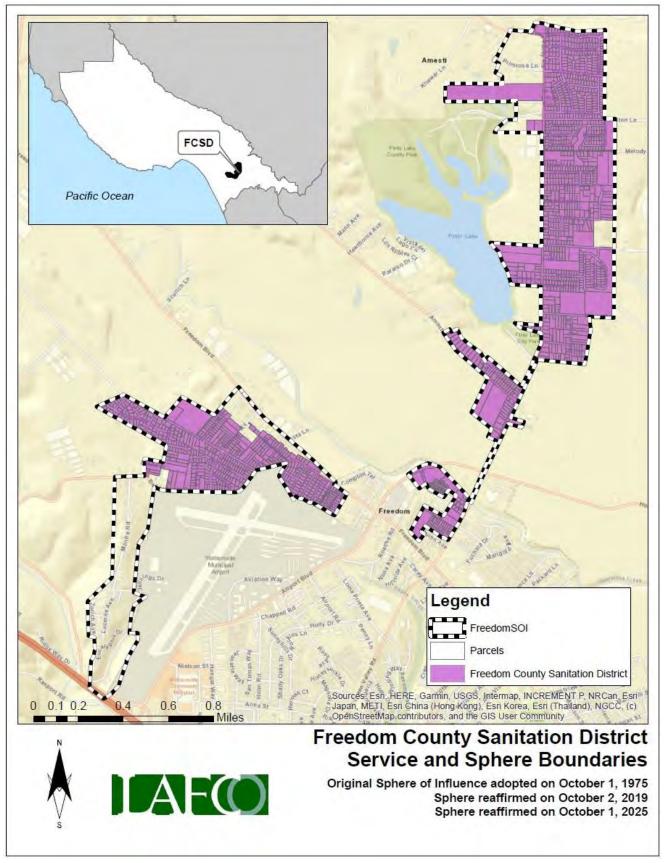
The Freedom County Sanitation District was formed in 1958, before the establishment of LAFCOs. Santa Cruz LAFCO adopted the first sphere of influence for the District in 1975, and performed a major review of the District's sphere boundary in 1990. Since then, the City of Watsonville has annexed over 300 acres of the District involving thousands of residents at the time of annexation. The last sphere update for the Freedom County Sanitation District was in March 2011. LAFCO is recommending that the current sphere be reaffirmed.

- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The District's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

EXHIBIT 24FREEDOM COUNTY SANITATION DISTRICT SPHERE OF INFLUENCE MAP

LAFCO reaffirms the Sphere of Influence for the Freedom County Sanitation District.



SALSIPUEDES SANITARY DISTRICT 2025 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

Salsipuedes Sanitary District serves an unincorporated community northeast of the City of Watsonville. The population of the District is approximately 2,100. The County General Plan anticipates very little future growth within the District's jurisdictional and sphere of influence boundaries.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within the District.

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.

Salsipuedes Sanitary District serves 512 connections. It has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

4. Financial ability of agencies to provide services.

Salsipuedes Sanitary District's financial ability to provide services is well-established. The District has successfully kept costs below its revenue stream since 2013. As of June 30, 2024, the District is operating with a net position of approximately \$3 million.

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

Salsipuedes Sanitary District has an active contract with the City of Watsonville to utilize their regional treatment plant. The District should explore other collaborative efforts with neighboring agencies, which may help to reduce costs and/or maximize economies of scale.

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

Salsipuedes Sanitary District should consider adopting a long-term maintenance plan to ensure scheduled and unforeseen repairs, replacements, and installations are adequately funded.

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 and sphere review.

SALSIPUEDES SANITARY DISTRICT 2025 SPHERE OF INFLUENCE DETERMINATIONS

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

The present and planned land uses in the Salsipuedes Sanitary District are principally suburban residential and public facilities. There are some neighborhood commercial uses near the corner of Holohan Road and East Lake Avenue. Rural homes and agricultural buildings in the southern agricultural portion of the District's jurisdictional and sphere boundaries are connected to the District's mains. The County of Santa Cruz plans for the southern portion of the District, between Salsipuedes Creek and the City of Watsonville, to remain in commercial agricultural uses.

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

The present and probable future need for public facilities and services in the Salsipuedes Sanitary District is the maintenance, repair, and replacement of aging main lines and pumps.

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

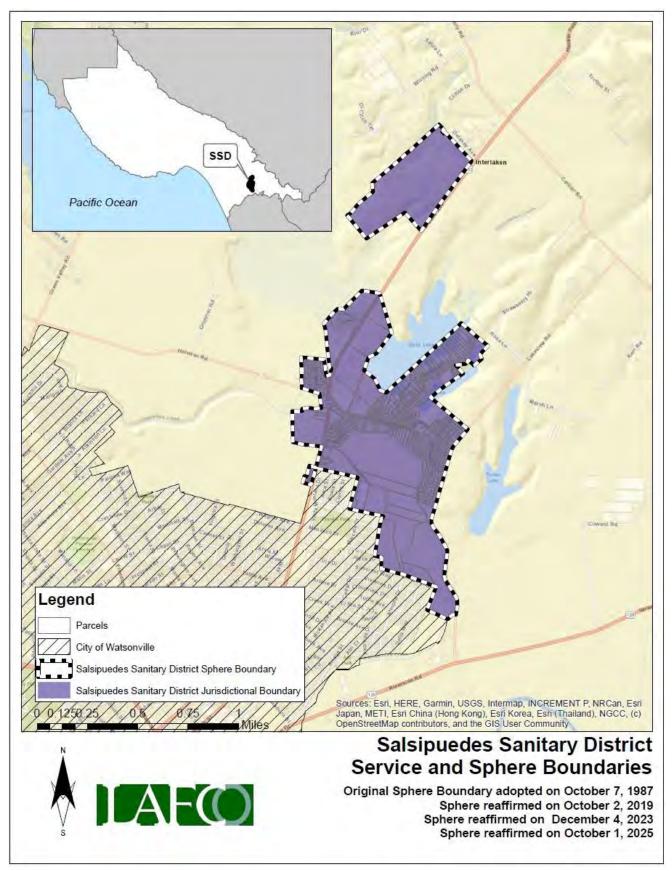
Salsipuedes Sanitary District serves 512 connections. It has adequate transmission and treatment capacity for the present and planned facilities within the District's jurisdictional and sphere of influence boundaries. The District's principal needs are repair and replacement of aging infrastructure.

- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The District's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the Salsipuedes Sanitary District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

EXHIBIT 27SALSIPUEDES SANITARY DISTRICT SPHERE OF INFLUENCE MAP

LAFCO expands the Sphere of Influence for the Salsipuedes Sanitary District.



SANTA CRUZ COUNTY SANITATION DISTRICT 2025 SERVICE REVIEW DETERMINATIONS

1. Growth and population projections for the affected area.

There are no growth projections available for the Santa Cruz County Sanitation District. In general, the Santa Cruz County unincorporated area is projected to have slow growth over the next fifteen years. However, the District also includes the entire City of Capitola. Based on the growth rate of approximately 1% for the unincorporated areas in the County, LAFCO staff projects that the District's entire population in 2040 will be around 76,500.

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

In 2025, the California statewide annual median household income was \$109,266, and 80% of that is \$87,413. Based on the criteria set forth by SB 244, staff's analysis indicated that there are no DUCs within the District.

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.

The Santa Cruz County Sanitation District provides wastewater collection service for the City of Capitola and the unincorporated communities of Aptos, Soquel and Live Oak. The District also serves Harbor High School, a satellite medical center and the Port District which are within the City of Santa Cruz and outside the District's boundary. The District receives periodic inquiries regarding sewer service in the La Selva Beach area due to septic problems in that area, but that area lies outside its current sphere of influence. The Santa Cruz County Sanitation District was formed in 1973 by the consolidation of three sanitation districts: East Cliff, Capitola, and Aptos. At that time each district had a primary treatment plant and ocean outfall into Monterey Bay. The discharges did not meet either the Federal or State clean water standards. During the 1970s the District participated in regional sewer studies and ultimately acted to abandon its treatment plants and outfall, build a transmission line into the City of Santa Cruz, and contract with the city to treat and dispose of the District's sewage. The city built a new outfall in 1989 and added secondary treatment in 1998.

4. Financial ability of agencies to provide services.

The Santa Cruz County Sanitation District continues to experience annual surpluses. LAFCO staff projects that this positive trend will continue. As of June 30, 2024, the District is operating with a net position of approximately \$150 million.

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

The County manages and operates eight of the ten sanitation districts countywide. This allows for the opportunity for economies of scale, maximizing existing resources and staffing, and promoting best practices.

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

The Santa Cruz County Sanitation District provides wastewater collection service for the City of Capitola and the unincorporated communities of Aptos, Soquel and Live Oak. The District also serves a high school, a medical center and the Port District.

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 and sphere review.

SANTA CRUZ COUNTY SANITATION DISTRICT 2025 SPHERE OF INFLUENCE DETERMINATIONS

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

There are no agricultural or open-space lands within the service area.

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

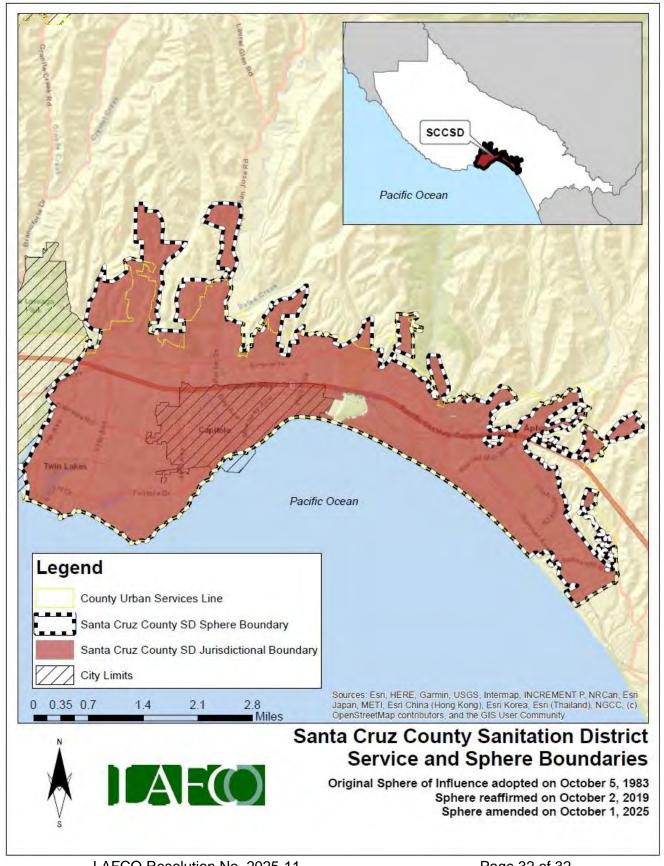
The Santa Cruz County Sanitation District provides wastewater collection service for the City of Capitola and the unincorporated communities of Aptos, Soquel and Live Oak. The District also serves Harbor High School, a satellite medical center and the Port District which are within the City of Santa Cruz and outside the District's boundary. The District currently has 36,000 connections and serves over 72,000 residents.

- 3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
 - LAFCO originally adopted a sphere of influence for the Santa Cruz County Sanitation District back in 1983. Staff is recommending that the Commission modify the sphere boundary to better reflect the District's current service area.
- 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. LAFCO staff is not aware of any social or economic communities of interest in the area. The CSA's service area is primarily residential units.
- 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.

Neither the County nor LAFCO has identified any sub-area within or contiguous to the District's service or sphere boundaries that meet the definition of a disadvantaged unincorporated community. That said, the District has adequate transmission and treatment capacity for the present and planned facilities within the sphere of influence. The District's principal needs are repair and replacement of aging infrastructure.

EXHIBIT 30 SANTA CRUZ COUNTY SANITATION DISTRICT SPHERE OF INFLUENCE MAP

LAFCO amends the Sphere of Influence for the Santa Cruz County Sanitation District.







Santa Cruz Local Agency Formation Commission

Date: October 1, 2025

To: LAFCO Commissioners

From: Joe Serrano, Executive Officer

Subject: Special District Representation – 2025 Selection Results

SUMMARY OF RECOMMENDATION

State law requires LAFCOs to assist the Independent Special District Selection Committee when seats are vacant on specific boards. This staff report ratifies the results of the selection process for the vacancies on the Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board.

It is recommended that the Commission adopt the draft resolution (No. 2025-12) declaring the Regular and Alternate Special District Members to serve on the COB with a term ending in May 2029.

EXECUTIVE OFFICER'S REPORT:

This year, the Independent Special District Selection Committee was authorized to address vacancies on the Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board (COB). The COB oversees the winding down of the former redevelopment agencies in the county. Its purpose is to review and approve financial decisions of the successor agencies (such as property dispositions, enforceable obligations, and repayment of debts) to ensure funds are used properly and in accordance with state law. In other words, it acts as a watchdog to make sure the dissolution process is transparent, fiscally responsible, and consistent across jurisdictions.

The COB is made up of seven members, each appointed by different taxing entities that share in the distribution of former redevelopment funds in accordance with California Health & Safety Code Section 34179. Below is a breakdown of the representation on the COB:

- 1) member appointed by the County Board of Supervisors
- 2) member appointed by the City Selection Committee
- 3) member appointed by the Independent Special Districts' Selection Committee
- 4) member appointed by the County Superintendent of Education
- 5) member appointed by the Chancellor of the California Community Colleges
- 6) member appointed by the largest special district (by property tax share)
- 7) member appointed by the County Board of Supervisors to represent the public at large

The COB requires the appointment of a regular and alternate member to effectively represent the special districts in Santa Cruz County. LAFCO staff provides assistance in conducting the selection process to fill in these vacancies and follows the guidelines outlined in State law and in the Commission's adopted policies.

Selection Process

On July 15, 2025, LAFCO notified the independent special districts of vacancies for both the regular and alternate seats on the Consolidated Oversight Board (COB). Districts were given until August 1st to submit candidate applications; however, no applications were received by that deadline. LAFCO subsequently extended the deadline to September 5, 2025 and two applications were submitted:

- John Previsich of the Central Water District for the regular seat, and
- Lani Faulkner of the Central Fire District for either the regular or alternate seat

Pursuant to Government Code Section 56332(f)(2), when only one candidate is nominated for a vacant seat, that candidate is deemed appointed. As a result, Central Water District Board Member John Previsich and Central Fire District Board Member Lani Faulkner were appointed in lieu of an election to the COB as the new regular and alternate members, respectively. The attached resolution summarizes the selection process. Staff is recommending that the Commission ratify the results through the adoption of the attached resolution.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachments:

1. Draft Resolution No. 2025-12 (COB Election Results)

cc: Independent Special District Selection Committee & Kim Namba (COB)

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2025-12

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

ADOPTING THE INDEPENDENT SPECIAL DISTRICT SELECTION COMMITTEE SANTA CRUZ COUNTY CONSOLIDATED REDEVELOPMENT SUCCESSOR
AGENCY OVERSIGHT BOARD REGULAR AND ALTERNATE MEMBER
SELECTION RESULTS FOR A TERM ENDING IN MAY 2029

WHEREAS, the County of Santa Cruz notified LAFCO about a vacancy on the Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board ("COB") in June 2025; and

WHEREAS, pursuant to Health & Safety Code Section 34179(j)(3), the Santa Cruz Independent Special District Selection Committee appoints a Regular and Alternate Special District Member to serve on the COB; and

WHEREAS, the Executive Officer determined that a mailed-in election process for the purpose of selecting the Special District Regular and Alternate Member was appropriate and consistent with the policies outlined in the Commission's Independent Special District Selection Committee Rules of Procedure; and

WHEREAS, the Executive Officer solicited applications for the two vacancies on July 15, 2025; and

WHEREAS, the deadline to submit applications was August 1, 2025, resulting in zero applications. LAFCO staff extended the deadline to September 5, 2025, resulting in the submittal of two applications: John Previsich from Central Water District for the regular seat and Lani Faulkner from Central Fire District for either the regular or alternate seat; and

WHEREAS, pursuant to Government Code Section 56332(f)(2), if one candidate is nominated for a vacant seat, that candidate shall be deemed appointed; and

WHEREAS, the number of applications received before the deadline equaled the number of vacancies on LAFCO. In accordance with State law, the two applicants were appointed in-lieu of an election; and

NOW, THEREFORE, BE IT RESOLVED, that John Previsich and Lani Faulkner are hereby declared to be elected to the position of Special District Regular and Alternate Members, respectively, pursuant to the above declared election results. Their term limits will both end in May 2029.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this first day of October 2025 by the following vote:
AYES:
NOES:
ABSTAIN:
MANU KOENIG, CHAIRPERSON
Attest:
Joe A. Serrano Executive Officer
Approval as to form:
Joshua Nelson LAFCO Counsel

Agenda I tem No. 6b



Santa Cruz Local Agency Formation Commission

Date: October 1, 2025

To: LAFCO Commissioners

From: Joe Serrano, Executive Officer

Subject: Pajaro Valley Health Care District Apportionment Waiver Request

SUMMARY OF RECOMMENDATION

State law created LAFCOs to oversee the formation and change of organization for cities and special districts in each county in California. However, the Pajaro Valley Health Care District was formed on February 4, 2022 following the Governor's approval of Senate Bill 418 to address the failing Watsonville Community Hospital, which bypassed the LAFCO process through special legislation. A subsequent bill (Senate Bill 969) was enacted to ensure Santa Cruz LAFCO has full jurisdiction over the newly-formed healthcare district. Subsequently, Santa Cruz LAFCO adopted a coterminous sphere boundary for the healthcare district in January 2023 with a scheduled service and sphere review to be conducted by November 2025. While the healthcare district successfully purchased the Watsonville Community Hospital in November 2024, it is currently facing significant financial concerns. As a result, the healthcare district has requested a waiver of its apportionment payment to LAFCO.

It is recommended that the Commission approve the full apportionment waiver of \$610.17.

EXECUTIVE OFFICER'S REPORT:

Senate Bill 418 was signed into law on February 4, 2022, resulting in the formation of the Pajaro Valley Health Care District¹. The District was formed to provide adequate governmental oversight to the Watsonville Community Hospital, which filed for Chapter 11 bankruptcy on December 21, 2021. A subsequent bill, Senate Bill 969, was also signed into law on July 1, 2022 to clearly outline LAFCO's purview over the newly formed district².

Senate Bill 969 requires LAFCO to develop and determine a sphere of influence for the district within one year of the district's date of formation and conduct a municipal service review regarding the health care provision in the district by December 31, 2025 and by December 31 every five years thereafter. Santa Cruz LAFCO adopted a sphere boundary for the healthcare district on January 4, 2023 as shown in **Attachment 1**. LAFCO is also scheduled to present its first service and sphere review on November 5, 2025.

Financial Concerns

Recent federal policy changes affecting Medicaid (Medi-Cal in California) and Medicare are expected to place additional financial and operational pressure on healthcare districts statewide. Based on LAFCO's understanding, Congress and the Centers for Medicare & Medicaid Services (CMS) have advanced measures that tighten Medicaid eligibility and

¹ Senate Bill 418: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB418

² Senate Bill 969: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB969

verification, phased out some pandemic-era flexibilities, and adjusted Medicare reimbursement rates. These actions are projected to reduce federal matching funds, increase administrative workload for eligibility renewals, and shift reimbursement timing and amounts for hospitals serving a high proportion of public program patients.

California's Department of Health Care Services has signaled that the State will work to mitigate coverage losses, but the combination of federal reductions and the State's budget constraints creates uncertainty. Healthcare districts, which already operate with thin margins providing safety-net services, are especially vulnerable to increased uncompensated care if Medi-Cal enrollment declines or renewals lapse. Changes to Medicare payment rules, such as modifications to inpatient and physician fee schedules, may further erode revenue stability and require budget adjustments for the coming fiscal years.

For the Pajaro Valley Health Care District and Watsonville Community Hospital, these federal actions carry heightened risk. The Hospital serves a disproportionately large Medi-Cal and uninsured patient population, so any decrease in federal reimbursements could quickly translate into revenue shortfalls. The district may face higher administrative costs to assist patients with renewals, potential service reductions or deferred capital projects to balance budgets, and greater urgency to secure operational partnerships or supplemental funding.

Apportionment Waiver Request

As previously stated, the healthcare district (as an independent special district) falls under LAFCO's purview and is subject to the statutorily-required allocation payment to LAFCO. The independent special districts' share is determined in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. **Attachment 2** provides the allocation breakdown for each special district under the current Fiscal Year 2025-26 LAFCO Budget. As the table shows, PVHCD is subject to an allocation amount of \$610.17, representing less than a half percent (0.12%) of the total apportionment amount. In light of recent revenue losses, PVHCD has formally requested a waiver of its \$610.17 apportionment payment as it evaluates strategies to reduce expenditures. **Attachment 3** provides a copy of the District's letter to LAFCO.

While LAFCO staff is recommending that the Commission approve the requested allocation waiver, the commission may consider two alternative options: (1) deny the waiver request, or (2) defer payment until the next fiscal year (FY 2026-27) – under this scenario, PVHCD will be required to pay the FY 25-26 amount plus the proposed FY 26-27 amount.

Conclusion

LAFCO staff recommends that the Commission approve Pajaro Valley Health Care District's request to waive its \$610.17 apportionment payment for this fiscal year. Although the amount represents less than half of one percent of the total contributions paid by all special districts, the District's inability to pay even this modest sum is concerning and signals serious financial distress. This issue will be flagged for further analysis in LAFCO's upcoming service and sphere of influence review to evaluate the District's long-term viability and service capacity. Staff also notes that Senate Bill 418, which created PVHCD, requires LAFCO to consider dissolution if the District either sells

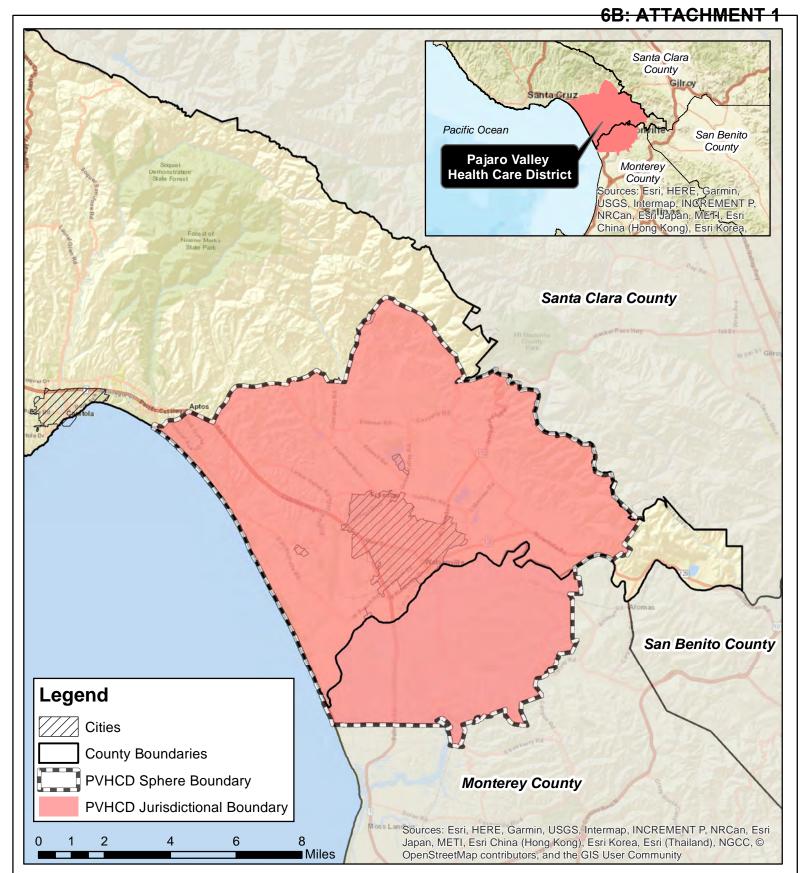
Watsonville Community Hospital to another entity or ceases to provide health care services at the facility. Given the recent revenue losses, the District is actively seeking an operational partner - a process that could potentially trigger SB 418's dissolution clause and will require close monitoring by LAFCO.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachments:

- 1. PVHCD Sphere Map
- 2. FY 2025-26 LAFCO Budget Allocation Breakdown Table
- 3. PVHCD Allocation Waiver Request Letter





Pajaro Valley Health Care District Jurisdictional and Sphere Boundaries



Original sphere adopted on January 4, 2023

(in accordance with Senate Bill 969)

Description	Operating Revenue	Non-Operating Revenue	Apportionment Basis Revenue latest Published State Controller's Report	Deduct Intergovernmental	Total less Intergovernmental	Calculate Proportionate Share	Fee Percentage Projection	FY 25-26 Total Allocation (Proposed)	FY 24-25 Total Allocation (Adopted)	Difference (\$)	Difference (%)
LAFCO Total 2024-2025 Working Budget			495,000					495,000.00	419,265.00	75,735.00	18%
Allocate 1/3 fee to County of Santa Cruz								·			
County of Santa Cruz			165,000.00			165,000.00	33.333%	165,000.00	139,754.99	25,245.01	18%
,			,			·		•	·	,	
Allocate 1/3 fee to all Cities Revenue Factor			165,000.00								
City of Capitola			22,756,352	(2,048,605)	20,707,747	7,379.44	1.491%	7,379.44	6,142.92	1,236.52	20%
City of Santa Cruz			286,938,428	(21,271,583)	265,666,845	94,673.35	19.126%	94,673.35	79,808.99	14,864.36	19%
City of Scotts Valley			25,950,380	(3,763,800)	22,186,580	7,906.44	1.597%	7,906.44	7,659.59	246.85	3%
City of Watsonville			163,269,453	(8,817,235)	154,452,218	55,040.77	11.119%	55,040.77	46,143.51	8,897.26	19%
City of Watsonville											
			498,914,613	(35,901,223)	463,013,390	165,000.00	33.333%	165,000.00	139,755.01	25,244.99	18%
Allocate 1/3 fee to Independent Districts -											<u> </u>
Annual Report			165,000.00								
Non-Enterprise											
Alba Park & Rec			316	0	316	0.36	0.000%	0.36	0.08	0.28	350%
Ben Lomond Fire Protection			1,216,550	(5,027)	1,211,523	1,379.00	0.279%	1,379.00	1,145.22	233.78	20%
Boulder Creek Fire Protection			1,510,459	(5,363)	1,505,096	1,713.00	0.346%	1,713.16	1,354.99	358.17	26%
Boulder Creek Park & Rec			598,967	(1,179)	597,788	680.43	0.137%	680.43	550.94	129.49	24%
Central Fire District (1)			45,311,814	(930,422)	44,381,392	50,516.62	10.205%	50,516.62	41,277.08	9,239.54	22%
Felton Fire Protection				, ,			0.241%				18%
La Selva Beach Park & Rec			1,056,293	(6,260)	1,050,033	1,195.19	0.241%	1,195.19 297.02	1,011.18	184.01	13%
Pajaro Valley Health Care District: new in FY26			261,722	(775)	260,947	297.02			263.02	34.00	13%
			536,063	0 (2.242)	536,063	610.17	0.123%	610.17		610.17	450/
Pajaro Valley Fire Protection			2,474,676	(9,942)	2,464,734	2,805.46	0.567%	2,805.46	2,446.47	358.99	15%
Pajaro Valley Public Cemetery			1,824,736	(4,324)	1,820,412	2,072.06	0.419%	2,072.06	1,686.51	385.55	23%
Pajaro Valley Water Management Agency			16,405,484	(2,525,638)	13,879,846	15,798.58	3.192%	15,798.58	15,088.21	710.37	5%
Santa Cruz County Resource Consv.			5,493,644	(4,309,642)	1,184,002	1,347.68	0.272%	1,347.68	1,838.52	(490.84)	-27%
Scotts Valley Fire Protection (2)			11,512,289	(812,685)	10,699,604	12,178.70	2.460%	12,178.70	10,207.97	1,970.73	19%
Zayante Fire Protection			<u>735,943</u>	(126,183)	609,760	<u>694.05</u>	<u>0.140%</u>	<u>694.05</u>	716.15	(22.10)	-3%
Non-Enterprise Subtotal			88,938,956	(8,737,440)	80,201,516	91,288.32	18.441%	91,288.48	77,586.34	13,702.14	18%
			, ,	() , , ,		,		· · · · · · · · · · · · · · · · · · ·	,	,	
Enterprise - Operating plus Non-Operating Revenue	Operating Revenue	Non-Operating Revenue	Total Revenue								
Central Santa Cruz County Water	965,956	196,908	1,162,864	(661)	1,162,203	1,322.86	0.267%	1,322.86	1,280.45	42.41	3%
Salsipuedes Sanitary	425,510	64,187	489,697	(121)	489,576	557.25	0.113%	557.25	453.82	103.43	23%
San Lorenzo Valley County Water (3)	12,139,561	2,288,100	14,427,661	(217,903)	14,209,758	16,174.10	3.267%	16,174.10	14,094.38	2,079.72	15%
Santa Cruz Port District	11,171,966	3,789,713	14,961,679	(607,393)	14,354,286	16,338.61	3.301%	16,338.61	11,364.68	4,973.93	44%
Scotts Valley County Water	7,605,864	1,417,849	9,023,713	(5,736)	9,017,977	10,264.61	2.074%	10,264.61	8,673.43	1,591.18	18%
Soquel Creek Water District	25,258,598	266,880	<u>25,525,478</u>	<u>0</u>	<u>25,525,478</u>	29,054.10	<u>5.870%</u>	29,054.09	26,301.90	2,752.19	10%
Enterprise Subtotal			65,591,092	(024.044)	64.750.070	73,711.53	14.891%	73,711.52	62,168.66	11,542.86	19%
Special District Total				(831,814)	64,759,278	· ·		· · · · · · · · · · · · · · · · · · ·		•	
Special District Total			154,530,048	(9,569,254)	144,960,794	164,999.85	33.332%	165,000.00	139,755.00	25,245.00	18%
Grand total						494,999.85	99.998%	495,000.00	419,265.00	75,735.00	18%

⁽³⁾ Total revenue used to calculate the apportionment for CFD is based on the data provided by CFD directly as the financial information was not available in the SCO's FY21-22 report due to 2021 consolidation (2) Scotts Valley Fire includes Branciforte Fire for FY24 due to a merger (3) Includes SLV Waste, and Lompico Water

6B: ATTACHMENT 3



August 26, 2025

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

Re: Request for Waiver of Annual Dues

Dear Mr. Serrano,

On behalf of the Pajaro Valley Health Care District (the "District"), I respectfully request a waiver of the annual dues outlined in the approved FY 2025-26 LAFCO budget, due to the District's current fiscal challenges.

As a small public healthcare provider, our annual revenue of \$536,063 is insufficient to meet the full cost of essential services for our community. The dues of \$610.17, while modest, add strain to our limited budget and impact our ability to deliver critical care.

We value LAFCO's service to Santa Cruz County and appreciate your consideration of this request. A waiver would help us focus resources on patient care and community health. We are happy to provide any additional financial documentation if needed and remain committed to collaborating with LAFCO to support our shared mission.

Thank you for your time and attention.

Sincerely,

Steve Gray

Chief Executive Officer

Agenda I tem No. 6c



Santa Cruz Local Agency Formation Commission

Date: October 1, 2025

To: LAFCO Commissioners

From: Joe Serrano, Executive Officer

Subject: Policies & Procedures Handbook – Proposed Amendments

SUMMARY OF RECOMMENDATION

This Commission established various policies to provide clear guidance on how to oversee internal operations, process applications, appoint board members, and efficiently operate Santa Cruz LAFCO as a governmental entity. Previous amendments to the existing policies were done separately and on an as-needed basis. LAFCO believes that an annual review should be conducted and ultimately combined the policies into one comprehensive handbook in September 2023 in order to simplify the review process. The adopted handbook now ensures that all policies are considered by the Commission on a regular basis and kept up-to-date. The last review was in March 2024.

It is recommended that the Commission adopt the draft resolution (No. 2025-13) approving the proposed minor and non-substantial adjustments identified throughout the Policies & Procedures Handbook.

EXECUTIVE OFFICER'S REPORT:

Since 1963, the Commission has adopted various policies to help staff be productive and efficient. Overall, the Commission has adopted 21 distinctive policies to address LAFCO's internal and external responsibilities. These policies are now available under one document - the *Comprehensive Policies & Procedures Handbook*¹. This new approach allows the Commission to review and consider amendments on a regular basis.

This year, staff is proposing minor modifications throughout the handbook. When reviewing the latest version of the handbook, staff noticed minor errors in different policies, specifically typos and formatting issues. **Attachment 1** provides a draft copy of the current handbook with tracked changes shown in red. Therefore, staff is recommending that the Commission adopt the attached resolution approving the proposed amendments (see **Attachment 2**). The attached resolution includes a "clean" version of the updated handbook, without the tracked changes.

Respectfully Submitted,

Joe A. Serrano

Executive Officer

Attachments:

- 1. Policies & Procedures Handbook (proposed version with tracked changes)
- 2. Draft Resolution No. 2025-13 (with "clean version" of policy as Exhibit A)

¹ LAFCO Policy Handbook: https://santacruzlafco.org/wp-content/uploads/2024/03/PP-Handbook-Adopted-Version-3-6-24.pdf
Policies & Procedures Handbook Staff Report

Page 1 of 1

2025

Santa Cruz LAFCO Policies & Procedures Handbook

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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CHAPTER I

ADMINISTRATION & OPERATIONS



EMPLOYMENT POLICY

1. OVERVIEW

This policy applies to the employees of the Local Agency Formation Commission of Santa Cruz County ("LAFCO" or "Commission"). It is not intended to be comprehensive or address all aspects of the topics described below. This Policy supersedes all prior LAFCO employment policies and is intended to supplement, not supersede, current applicable state and federal statutes. Applicable state and federal statutes control if they conflict with any of the guidelines in this Policy.

Employees are expected to read this Policy carefully and know, understand and abide by its contents. LAFCO reserves the right to interpret the Policy's provisions and make changes to the Policy at any time. This Policy does not confer any contractual rights or guarantee any terms or conditions of employment.

2. EQUAL EMPLOYMENT OPPORTUNITY

LAFCO provides equal employment opportunity for all applicants and employees. LAFCO does not unlawfully discriminate on the basis of race, color, religion, religious creed (including religious dress and religious grooming), sex (including pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions), gender, gender identity, gender expression, national origin, ancestry, citizenship, age, physical or mental disability, legally protected medical condition or information (including genetic information) family care or medical leave status, military caregiver status, military status, veteran status, marital status, domestic partner status, sexual orientation, or any other basis protected by local, state, or federal laws.

3. DISABILITY ACCOMODATION

LAFCO is committed to complying fully with state and federal disability discrimination laws. As previously stated, no program or activity administered by the employer shall exclude from participation, deny benefits to or subject to discrimination any individual based on an employee's actual or perceived disability or based on an employee's association with someone who has an actual or perceived disability.

LAFCO is further committed to providing reasonable accommodation to the known physical or mental limitations of an otherwise qualified applicant or employee. If you believe you are a qualified individual with a disability and that you need a reasonable accommodation in order to perform the essential functions of your job, please notify the Executive Officer. The accommodation process is interactive and allows the applicant or employee to identify possible accommodations. However, LAFCO has the right to choose among effective accommodations.

4. AT-WILL EMPLOYMENT

The employment relationship between LAFCO and its employees is for an unspecified term and may be terminated by the employee, Executive Officer or the Commission at any time, with or without cause or advanced notice. Also, LAFCO reserves the right

to transfer, demote, suspend, or administer discipline with or without cause or advance notice. None of the policies, procedures, or contents of this policy is intended to create any contractual obligations which in any way conflict with LAFCO's policy of At-Will Employment. The at-will relationship can only be modified by a written agreement signed by the employee and the LAFCO Executive Officer.

5. POLICY AGAINST HARRASMENT

LAFCO prohibits and will not tolerate harassment of employees, applicants, or persons providing services pursuant to a contract based on factors such as race, color, religion, national origin, ancestry, sex, gender, age, medical condition, sexual orientation, marital status, pregnancy, physical and mental disabilities, veteran or other protected status, including persons perceived to have any of these characteristics or associating with someone who has or is perceived to have any of these characteristics. LAFCO will also take all reasonable steps to prevent harassment based on protected status by third parties, such as customers, clients and suppliers. All such harassment is prohibited by LAFCO and is against the law.

5.1 Definition

Harassment is unwelcomed, and inappropriate conduct directed at an employee, based upon one of the characteristics protected under the federal and state anti-discrimination laws, that substantially prevents an employee from performing their duties, serves to threaten or intimidate an employee, and/or produce a hostile work environment.

Prohibited unlawful harassment includes, but is not limited to, the following behavior: (1) Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations or comments; (2) Visual conduct such as derogatory and/or sexually-oriented posters, photography, cartoons, drawing or gestures; (3) Physical conduct such as assault, unwanted touching, blocking normal movement or interfering with work because of sex, race or any other protected basis; and (4) Threats, demands to submit to sexual requests as a condition of continued employment, or to avoid some other loss, and offers of employment benefits in return for sexual favors.

5.2 Reporting and Compliant Procedure

An employee who believes that they have been subjected to any form of unlawful harassment should promptly make a complaint, preferably written, to the Executive Officer, or if it involves the Executive Officer, to the Chair of the Commission. Complaints should be specific and should include the names of individuals involved and the names of any witnesses. LAFCO will immediately undertake an effective, thorough, and objective investigation and attempt to resolve the situation. If LAFCO determines that unlawful harassment has occurred, effective remedial action will be taken commensurate with the severity of the offense, up to and including termination. Appropriate action will also be taken to deter any future unlawful harassment.

5.3 Retaliation

Employees will not be retaliated against for bringing a complaint in good faith under the Equal Employment Opportunity Policy or the Policy Against Harassment, or for honestly assisting in investigating such a complaint, even if the investigation produces insufficient evidence that there has been a violation, or if the charges cannot be proven. However, disciplinary action may be taken if false or frivolous accusations are made in bad faith. An employee who believes that they have been subjected to any form of unlawful retaliation should promptly make a complaint, preferably written, in the same manner as described above. Complaints of harassment will be investigated, and appropriate action will be taken to protect LAFCO employees from any form of unlawful retaliation.

6. PERFORMANCE MANAGEMENT

The intent of the performance review process is to create a supportive, safe, professional performance evaluation review process and environment that optimizes the employee's ability to receive and actualize constructive performance feedback and that motivates the employee to pursue personal and professional growth/excellence authentically—and—actively. The Commission's Personnel Policy provides more information regarding staff's annual performance evaluation.

7. PERSONNEL RECORDS

Employees have the right to inspect certain documents in their personnel file, as provided by law, in the presence of a LAFCO representative at a mutually convenient time. Employees may add written versions of any disputed item to their file.

LAFCO will attempt to restrict disclosure of an employee's personnel file to authorized individuals within the organization. Any request for information from the file must be made to the Executive Officer or specific designee. Only the Executive Officer or specific designee is authorized to release information regarding current or former employees. Disclosure of personnel information to outside sources will be limited to the extent allowed by law. However, LAFCO will cooperate with requests from authorized law enforcement or local, state or federal agencies conducting official investigations, with validly issued subpoenas and as otherwise required by law or legal proceeding to be released.

8. EMPLOYMENT CATEGORIES

The intent of this section is to define employment categories so that employees understand their employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. Accordingly, the right to terminate the employment relationship at will at any time is retained by both the employee and LAFCO.

8.1 Exempt/Non-Exempt

Each employee is designated as either Exempt or Non-Exempt from federal and state wage and hours. An employee's Exempt or Non-Exempt classification may be changed only upon written notification by the Executive Officer. Generally, Exempt employees (as defined by the Fair Labor Standards of 1938) are not eligible for minimum wage or overtime pay, while Non-Exempt employees are eligible.

8.2 Employment Categories

In addition to information above, each employee will belong to one of the following employment categories:

 Regular Full Time – Employees who are not in an extra help status and who are regularly scheduled to work LAFCO's full-time schedule. Generally, they are eligible for LAFCO's benefit package, subject to the terms, conditions, and limitations of each benefit program.

- Part Time Employees who are not assigned to an extra help status and who are regularly scheduled to work less than 30 hours per week. While part time employees do receive all legally mandated benefits (such as Social Security and workers' compensation insurance), they may be ineligible for some of LAFCO's other benefit programs.
- Extra help Employees who are hired as interim replacements, to temporarily supplement the work force, or to assist in the completion of a specific project. Employment assignments in this category are of a limited duration. Employment beyond any initially stated period does not in any way imply a change in employment status. Extra help employees retain that status unless and until notified of a change in writing signed by the Executive Officer. Extra help employees are ineligible for LAFCO's benefit programs unless otherwise required by law.
- Intern LAFCO may utilize the services of paid student interns. Interns are used
 to supplement the LAFCO work-force and provide opportunities for local students
 to gain local government work experience. Employment is for a specified period of
 time. Interns are ineligible for LAFCO's benefit programs.

9. JOB CLASSIFICATIONS

The intent of this section is to define job descriptions so that employees understand their employment duties and responsibilities. Job descriptions identified in the following section summarize typical tasks but may comprise further responsibilities not listed.

9.1 Executive Officer Classifications

- <u>Position Responsibilities:</u> Under general supervision of the Commission to conduct and perform the Commission's administrative and advisory services, to supervise the daily activities of the Commission staff, and to act as a liaison between the Commission and governmental agencies and the general public.
- <u>Typical Duties:</u> Analyze and evaluate information on administrative and policy matters and advise the Commission on recommended action; conduct studies on governmental reorganization; comply with all legal requirements relating to the Commission's hearings; staff advisory committees to the Commission; prepare correspondence; supervise the maintenance of the Commission's files; attend all Commission meetings; attend City Council, County Board of Supervisors, and Special District Board meetings as necessary; <u>perform_act_</u> as liaison officer between the Commission and cities, special districts, the County, State institutions and the general public; prepare the annual budget for the Commission; supervise the Commission's staff; review proposed local and state legislation, and appear at legislative hearings to represent the position of the Commission.

9.2 LAFCO Analyst

Position Responsibilities: Under the direction of the Executive Officer, the LAFCO Analyst provides a full range of administrative and analytical services to Santa Cruz LAFCO involving a variety of matters that are complex and technical. Other roles include planning, organizing, and managing office activities, and performing other related duties as required. This "at will" position is appointed by and serves at the pleasure of the LAFCO Executive Officer and the Commission.

<u>Typical Duties:</u> Under the direction of the Executive Officer, the LAFCO Analyst completes various tasks and duties including but not limited to: (1) Assembling LAFCO meeting agenda packets and notices of meetings; recording LAFCO meetings and preparing resulting documents including minutes and resolutions; (2) Developing, maintaining and updating LAFCO files and records systems for tracking applications, project activities, contracts, and other records; (3) Ordering supplies and services and maintain records of expenditures; (4) Preparing and reviewing correspondence, memoranda and other written materials; (5) Tracking correspondence, filings, and materials with deadlines and expiration dates; (6) Handling a wide variety of correspondence which requires knowledge of policies and procedures and research skills; (7) Answering and screening telephone calls and visitors; (8) Maintaining the LAFCO Website; and (9) Serving as liaison between the Executive Officer, officials and staff, and the public and interacting with Commissioners.

9.3 Commission Clerk

- Position Responsibilities: Under the direction of the Executive Officer, the Commission Clerk provides a full range of administrative and secretarial services to Santa Cruz LAFCO involving a variety of matters that are complex and technical. Other roles include planning, organizing, and managing office activities, and performing other related duties as required. This "at will" position is appointed by and serves at the pleasure of the LAFCO Executive Officer and the Commission.
- <u>Typical Duties:</u> Under the direction of the Executive Officer, the Commission Clerk completes various tasks and duties including but not limited to: (1) Assembling LAFCO meeting agenda packets and notices of meetings; recording LAFCO meetings and preparing resulting documents including minutes and resolutions; (2) Developing, maintaining and updating LAFCO files and records systems for tracking applications, project activities, contracts, and other records; (3) Ordering supplies and services and maintain records of expenditures; (4) Preparing and reviewing correspondence, memoranda and other written materials; (5) Tracking correspondence, filings, and materials with deadlines and expiration dates; (6) Handling a wide variety of correspondence which requires knowledge of policies and procedures and research skills; (7) Answering and screening telephone calls and visitors; (8) Maintaining the LAFCO Website; and (9) Serving as liaison between the Executive Officer, officials and staff, and the public and interacting with Commissioners.

9.3 Administrative Analyst

- <u>Position Responsibilities:</u> Under the direction of the Executive Officer, the Administrative Analyst conducts analyses and special studies, and make recommendations on local agency boundary change proposals to the Commission; collect data relating to proposals; and process proposals in accordance with state law, the Commission's procedures, and the Commission's policies.
- Typical Duties: Under the direction of the Executive Officer, the Administrative Analyst performs a variety of routine to complex professional and analytical assignments. As experience is gained, assignments become more varied and are performed with greater independence. Positions at this entry level usually perform

most of the duties required of the positions at higher levels but are not expected to function at the same skill level and usually exercise less independent discretion and judgement. Work is usually supervised more closely while in progress and fits and established structure or pattern.

10. HIRING AND STAFFING

To attract and retain qualified staff for LAFCO, it is the policy of LAFCO to use a criterion-based recruitment process and behavioral-based interview process to ensure the most qualified candidates are hired.

10.1 Recruiting

Recruiting applicants will be aggressive enough to assure an adequate supply of qualified candidates to consider. The recruitment process may include, but is not limited to, the use of professional recruitment firms, referrals from current or past employees, walk-in applicants, and/or web-based postings.

10.2 Interviews

The employment interview is a major element in the selection process. It allows the applicant an opportunity to demonstrate their capabilities to perform the job and provides information to the candidate about the position. Interviews may be conducted by telephone or in face-to-face sessions. All interview questions must be job-related and have direct bearing on the tasks of the position. Interviews and questions are standardized so that all applicants are evaluated equally. Questions that express (directly or indirectly) any preference, limitation, or general reference to race, national origin, sex, age, physical handicap, or any other protected category are prohibited.

10.3 Probationary Period

All LAFCO new hires will have a twelve-month probationary period beginning on the first day of employment. The LAFCO staff will provide job training during this time period and the employee will be evaluated every three months during the probationary period. LAFCO may terminate an employee during this twelve-month probationary period or at any point in time therein. Nothing in this provision shall alter the at-will status of any employee.

11. SALARIES

The salaries of all employees shall be set by resolution adopted by the Commission. The salary resolutions for all employees except the Executive Officer shall include provisions for merit increases, if deemed appropriate by the Commission. The Executive Officer shall conduct annual performance reviews and determine if the merit increases are granted. The process for the Executive Officer's performance and compensation review is found in LAFCO's Personnel Policy.

11.1 Adoption of the Compensation Schedule

The Board shall consider and adopt a Compensation Schedule showing the minimum and maximum rates of pay within and between salary ranges for each position in the District. This schedule will be reviewed annually, on or before June 30, by the Commission as part of the budget preparation. Thereafter, the Board may adopt, amend, or change the Compensation Schedule by resolution. Any resolution, which alters, amends, or changes the Compensation Schedule shall be incorporated in Appendix A (Employee Compensation Schedule) of these rules (see page 9).

Appendix A: Compensation Schedule

2.8% COLA	Santa Cruz LAFCO Compensation Schedule (Effective 3/6/24)										
		Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H		
Position	Range	Base Salary	1-3 years	4-6 year	7-9 year	10-12 year	13-15 years	15+ years	>>		
Executive Officer	N/A	Range = \$100,000 - \$190,000 (determined by commission) Current Salary = \$176,509 (\$84.86/hour)									
Assistant EO											
Salary Range		90,000	92,520	95,111	97,774	100,511	103,326	106,219	Commission Discretion		
Hourly Rate		\$43.27	\$44.48	\$45.73	\$47.01	\$48.32	\$49.68	\$51.07			
LAFCO Analyst											
Salary Range		80,000	82,240	84,543	86,910	89,343	91,845	94,417	Commission Discretion		
Hourly Rate		\$38.46	\$39.54	\$40.65	\$41.78	\$42.95	\$44.16	\$45.39			
Commission Clerk											
Salary Range		60,000	61,680	63,407	65,182	67,008	68,884	70,813	Commission Discretion		
Hourly Rate		\$28.85	\$29.65	\$30.48	\$31.34	\$32.22	\$33.12	\$34.04			
Administrative Analyst											
Salary Range		55,000	56,540	58,123	59,751	61,424	63,143	64,911	Commission Discretion		
Hourly Rate		\$26.44	\$27.18	\$27.94	\$28.73	\$29.53	\$30.36	\$31.21			

Footnote: Any step increases or changes to staff salaries are done at the full discretion of the commission.

11.2 Establishing Initial Salary Step and Range for Regular Employees

Upon being hired, new full-time employees will generally be placed at step-A of the Compensation Schedule for the position being filled. In appropriate circumstances, the Executive Officer, at their discretion, may request that the Personnel Committee approve placement of an employee at step-B or above if the employee has extraordinary qualifications.

11.3 Cost of Living Adjustment

Cost of living adjustments will normally be based on the annual Social Security and Supplemental Security Income (SSI) benefits and the Cost of Living Adjustment (COLA). On an annual basis, the Personnel Committee will evaluate whether wages should be adjusted for COLA. The recommendations of the Personnel Committee will be presented to the Commission, who will in the Board's sole discretion, determine whether or not funds are available to grant any COLA. The Commission has the sole discretion in the granting or denying of cost of living increases and the relative percentage of the proposed increase(s). No employee is guaranteed a COLA in any particular year.

11.4 Step Increase

A step increase within the same salary range may be granted to an employee based on three years of continuous employment in steps-A through G of the range, and if the employee has received a satisfactory or better evaluations from their supervisor during the period(s) covered by the increase, refer to page 9 (Compensation Schedule). Employees are not guaranteed any step increases. Such increases are committed at the discretion of the Executive Officer.

11.5 Leave of Absence Without Pay

For special reasons, an employee may be a granted leave of absence without pay for a total of thirty (30) days or more within a given calendar year. When this type of leave is granted (regardless of the underlying reason), the employee's scheduled step increase will be delayed by any time in excess of thirty (30) days. A leave of absence for a period totaling less than thirty (30) days in the given calendar year shall have no effect upon the employee's eligibility for a scheduled step increase. See further information about available leaves of absence in the Benefits section of these rules.

12. WORKING HOURS

LAFCO offices shall be open on all days and the hours that Santa Cruz County offices are open to the public for business. Full-time employees shall work 40 hours per work week and part-time employees shall work at least 20 hours per week.

12.1 Overtime Hours

"Overtime" means authorized time worked in excess of 40 hours in a one-week work period. Employees must obtain approval from the Executive Officer prior to working any overtime. Paid time off from work for any purpose shall not count as time worked for purposes of overtime. Overtime shall be paid at the rate of one and a half times the employee's regular rate of pay or as otherwise required by applicable federal or state law. The Executive Officer must approve regular and overtime work schedules. The Executive Officer is an exempt employee and is not eligible for overtime compensation.

12.2 Remote Work (Procedure)

LAFCO provides employees the privilege of voluntarily working remotely when appropriate. LAFCO considers remote work to be a viable alternative work arrangement in cases where the employee and the employee's position are well-suited to working remotely on either a full-time or hybrid basis. Remote work allows employees to work offsite for all or part of their regular workweek. Remote work is a voluntary work alternative that may be appropriate for some employees and some jobs. It is not a guarantee or an entitlement and it in no way changes the terms and conditions of employment with LAFCO. An employee is not required to work remotely. Work space and equipment is provided for all employees in LAFCO's offices for all employees. All remote work employees are expected to:

- Maintain consistent assigned work hours during LAFCO's hours of operation. Any changes to an employee's schedule or availability must be approved by the Executive Officer. Employees should follow the applicable process for requesting and obtaining time off.
- Establish a routine of periodic work plans and reports to their manager to establish goals and document results.
- Be readily available for impromptu video, email and phone conversations.
 Communicate effectively and be responsive to requests (whether by phone, email, or video).
- Maintain a dedicated and safe home office environment free of distractions and background noise.
- Devote 100% of their attention to working remotely as if you were in the office.
- Store all work product(s) on the LAFCO network and do not store it on any internal storage of the a home computer or laptop.
- Report to LAFCO's offices and/or other work locations in-person for meetings or other activities as required by the employee's manager Executive Officer or Commission.
- Managers may require additional methods of communication and reporting to ensure employees are accessible and reliable.
- Employees must follow all security protocols outlined by the Santa Cruz County
 <u>ISD guidelines</u> when accessing LAFCO records remotely through any personal
 devices, including but not limited to home computers and laptops.

12.2 Remote Work (Communication)

Working from a remote location may add challenges to effective communication, teamwork, and collaboration. The remote employee is responsible for ensuring effective communication and participation while working remotely and for ensuring that coworkers and the Executive Officer feel informed and confident about the work results being produced. If an employee seeks a remote work arrangement, the employee must make the request and obtain approval from the Executive Officer. Remote work can be requested on any of the following bases:

- Full-time (where an employee's primary work location is remote for their full work schedule);
- A regularly scheduled basis (where an employee works a hybrid schedule, with regularly recurring days worked remote); or
- Sporadic As needed (where an employee works remotely on occasion).

Even if full-time or regularly scheduled remote work is approved, employees can be requested to report to LAFCO offices or other work locations as needed. Remote work arrangements can be changed (either reduced or eliminated) at the discretion of the Executive Officer. Remote work arrangements for the Executive Officer will be addressed and approved, and can be <u>subject to</u> changed (either reduced or eliminated) at the discretion of the LAFCO Board Chair.

12.3 Remote Work (Home Office Requirements)

Remote work arrangements require the employee to establish a fully functioning home office environment. LAFCO will decide on a case-by-case basis whether to provide the remote working employee with a computer or monitors for the home office. All other equipment and services are the responsibility of the employee to be paid at their expense including:

- Phone and voicemail with professional outgoing message;
- High speed Internet connection;
- If wireless network is used, a secure, password-protected connection; and
- Repairs or adjustments necessary to maintain a safe working environment

Remote work is for the personal convenience of the employee and is not required by LAFCO. LAFCO maintains work facilities and equipment in its offices. Therefore, if the employee uses their personal computer LAFCO will not:

- Provide support for personal systems;
- Provide maintenance, repairs, or adjustments of any kind;
- Provide upgrades for hardware;
- Provide upgrades for operating systems; and
- Reimburse for the purchase of any software programs

At the conclusion of employment, employees who use their own computer or other personal equipment will be required to certify that there is no LAFCO information on their computer or equipment, and to certify that all LAFCO data, information, and property has been returned.

13. EXPENSES AND TRAVEL

Employees shall be reimbursed for all actual and necessary expenses incurred in the transaction of LAFCO business in accordance with LAFCO's Financial Policy.

14. PAID LEAVES

The following paid leaves shall be provided to LAFCO employees:

- Executive Officer: The Executive Officer shall receive the same paid leave benefits as those provided to appointed Santa Cruz County department heads including vacation, sick leave, administrative leave, bereavement leave, and holidays.
- Other LAFCO Employees: Employees, except the Executive Officer, shall receive the same paid leave benefits as those provided to Santa Cruz County employees in the General Representation Unit including annual leave, bereavement leave, and holidays.

15. RETIREMENT AND INSURANCE

LAFCO employees will receive health insurance, dental insurance and other insurance depending on their particular classifications. These insurance benefits will generally be the same as provided to County of Santa Cruz employees. The Commission will review and establish the benefits annually at its discretion.

15.1 Retirement

LAFCO contracts with the California Public Employees' Retirement System ("CalPERS") to provide pension benefits to full-time and half-time employees. Employee retirement contributions to CalPERS shall be set by resolution adopted by the Commission.

15.2 Insurance

The following insurance benefits shall be provided to LAFCO employees:

- <u>Executive Officer:</u> Insurance benefits which are provided to appointed department heads of Santa Cruz County shall be provided to the Executive Officer. These benefits are health insurance, dental insurance, vision insurance, life insurance, and long-term disability insurance.
- Other LAFCO Employees: Insurance benefits which are provided to Santa Cruz County employees in the General Representation Unit shall be provided to LAFCO full-time employees other than the Executive Officer. These benefits are health insurance, dental insurance, vision insurance, life insurance, and long-term disability insurance.
- Annuitant Employees: LAFCO annuitants who retired through CalPERS may enroll
 in a CalPERS' health plan as provided under the Public Employee's Medical and
 Hospital Care Act and CalPERS regulations. Eligibility and annuitant contribution
 amounts are set by the Commission's health insurance contract.

15.3 Health Insurance

Employees' health insurance contributions shall be the same as the contributions made by employees who hold comparable jobs with Santa Cruz County.

15.4 Deferred Compensation

LAFCO shall provide a deferred compensation program for employees. LAFCO shall not make employer contributions to the deferred compensation program.

16. SAFETY

Every employee is responsible for safety. To achieve our goal of providing a completely safe workplace, everyone must be safety conscious. Employees should report any unsafe or hazardous condition directly to their supervisor immediately. In case of an accident involving a personal injury, regardless of how serious, employees should notify the Executive Officer or LAFCO Chair immediately. Failure to report accidents can result in a violation of legal requirements and can lead to difficulties in processing insurance and benefit claims. If an employee is injured on the job, they will be entitled to benefits under the state workers' compensation law in most cases. LAFCO carries workers' compensation insurance and will assist employees to obtain all benefits to which they are legally entitled.

17. WORKPLACE VIOLENCE

LAFCO is committed to providing a safe work environment that is free of violence and the threat of violence. LAFCO will not tolerate any violent or dangerous behavior of any kind, whether through physical abuse, threats of any kind, intimidation, coercion, stalking or otherwise, defacing LAFCO'S property or causing physical damage to the facilities, bringing weapons or firearms of any kind onto LAFCO'S premises, parking lots, or while conducting business, or any other behavior that suggests a propensity towards violence.

LAFCO strictly prohibits employees, consultants, customers, visitors, or anyone else on LAFCO premises or engaging in a LAFCO-related activity from behaving in a violent or threatening manner. Employees may report all incidents of direct or indirect violence or dangerous behavior to the Executive Officer or LAFCO Chair as soon as possible. Reporting incidents and concerns early can help prevent a situation from escalating and becoming even more dangerous. Employees should never attempt to handle a potentially dangerous situation by themselves. Any LAFCO employee that violates this policy will be subject to discipline, up to and including termination, as well as potential legal action.

18. OFFICE INSPECTION

Although desks, cabinets and shelves are made available for the convenience of employees while at work, employees should remember that all desks, cabinets and shelves remain the sole property of LAFCO. Moreover, LAFCO reserves the right to open and inspect desks, cabinets, and shelves, as well as any contents, effects, or articles in desks, cabinets, and shelves. Such an inspection can occur at any time, with or without advance notice or consent. An inspection may be conducted before, during, or after working hours by the Executive Officer or designee.

Employees have no expectation of privacy in any of these items. Prohibited materials, including weapons, explosives, alcohol and non-prescribed drugs or medications, may not be placed in a desk, cabinet or shelf. Employees who, if requested, fail to cooperate in any inspection will be subject to disciplinary action, up to and including termination. LAFCO is not responsible for any articles that are placed or left in a desk, cabinet, or shelf that are lost, damaged, stolen or destroyed.

19. THEFT OR LOSS OF OFFICE EQUIPMENT

The use of any LAFCO-related equipment (computers, cell phones, laptops, or other office-related equipment) outside of the LAFCO offices must be approved by the Executive Officer. LAFCO employees are fully responsible for the care and safekeeping of all office equipment offsite. Should an item be stolen or lost offsite while under the care of a LAFCO employee, the LAFCO employee is responsible to reimburse LAFCO for the replacement cost of all lost or stolen items. Any loss or theft of the LAFCO equipment must be reported immediately to the Executive Officer, and the employee is responsible to reimburse LAFCO for the replacement cost of the device.

20. OFFICE PROBLEM RESOLUTION PROCEDURE

LAFCO is committed to encouraging an open and frank atmosphere in which any problem, complaint, suggestion, or question receives a timely response. LAFCO strives to ensure fair and honest treatment of all employees. All employees are expected to treat each other with mutual respect. All employees are encouraged to offer positive and constructive criticism. If there is a disagreement concerning established rules of conduct, policies, or practices, employees may express their concern through the problem resolution procedure. No one will be penalized, formally or informally, for voicing a complaint with LAFCO in a reasonable, business-like manner, or for using the problem resolution procedure.

21. TERMINATION OF EMPLOYMENT

Any employee whose employment is terminated by LAFCO for any reason shall be entitled to two weeks' notice or two weeks' pay in lieu of notice.

Adopted on -June 4, 1986 (Resolution No.141-DD)
Amended on December 9, 2015 (Resolution No. 2015-12)
Previous Revision on August 3, 2016 (Resolution No. 2016-12)
Revision on June 3, 2020 (Resolution No. 2020-16)
Revision on September 6, 2023 (Resolution No. 2023-20)
Last Revision on March 6, 2024 (Resolution No. 2024-07)



PERSONNEL POLICY

1. PERFORMANCE EVALUATION - LAFCO STAFF

Evaluations of staff personnel other than the Executive Officer will be made by the Executive Officer on an annual basis. To assist in this process, staff will submit a report documenting their accomplishments from the prior year and their goals for the upcoming year to the Executive Officer for review and discussion. The Executive Officer's review of this report will be conducted by December of each year.

2. PERFORMANCE EVALUATION - EXECUTIVE OFFICER

Personnel evaluations of the Executive Officer will be made by the Commission on an annual basis. To assist in this process, the Executive Officer will submit a report documenting their accomplishments from the prior year and their goals for the upcoming year to the Personnel Committee for review and discussion. The Personnel Committee's review of this report will be conducted by January of each year.

3. COMMISSION REVIEW

All performance evaluations, and any other pertinent information, will be forwarded to the Commission for their review and consideration at the February meeting of each year. In accordance with Government Code Sections 54957 and 54957.6, staff's performance evaluations will be discussed in a closed session.

4. SALARY ADJUSTMENTS

Following the Commission's review and consideration of staff's performance evaluations, the Personnel Committee will provide an annual report on staff salaries and benefits at the March meeting of each year. At this time, the Commission may consider possible salary adjustments to bring staff salaries into alignment with other comparable positions or as compensation for their job performance. This review may include a report by a personnel consultant, when indicated.

5. PERSONNEL COMMITTEE MEMBERSHIP

The members of the Personnel Committee will have at least a two-year term but may continue if reaffirmed by the Commission. At least two Commissioners should be on the Personnel Committee. The current LAFCO Chair is encouraged to be part this committee.

Adopted on June 7, 2000 (Resolution No. 2000-4) Revised on January 9, 2008 (Resolution No. 2008-3) Last Revision on February 5, 2020 (Resolution No. 2020-02)



FINANCIAL POLICY

1. OVERVIEW

It is the policy of Santa Cruz LAFCO to follow ethical, responsible, and reasonable procedures related to purchasing, claims, auditing, money management, and other financial matters. The following accounting discussion is intended to provide an overview of the accounting policies and procedures applicable to LAFCO. This policy documents the financial operations of the organization. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

2. USE OF COUNTY FINANCIAL OFFICES, POLICIES AND PROCEDURES

It is the policy of Santa Cruz LAFCO to utilize the offices, policies, and procedures of the County of Santa Cruz in the conduct of LAFCO's financial matters.

2.1 Santa Cruz County Policies and Procedures Manual

LAFCO shall follow "Title 1—Financing and Accounting Policies and Procedures" of the County of Santa Cruz Policies and Procedures Manual, except as specified in LAFCO's policies. LAFCO is an independent agency; therefore, neither the Board of Supervisors nor the County Administrative Officer has any authority over LAFCO's financial matters. The County Policies and Procedures shall be translated to LAFCO's Policies and Procedures by the following substitutions:

County of Santa Cruz	Santa Cruz LAFCO
Board of Supervisors	LAFCO Commission
County Administrative Officer	LAFCO Executive Officer
Department Head	LAFCO Executive Officer
Purchasing Agent	LAFCO Executive Officer

2.2 Santa Cruz County Auditor-Controller

LAFCO shall use the Santa Cruz County Auditor-Controller for the following functions:

- Claims and warrants;
- · Petty cash;
- Payroll and deductions;
- Collection of county, city, and independent district contributions to the LAFCO budget as required by Government Code Section 56381;
- Maintenance of the LAFCO trust fund; and
- Audits.

2.3 Santa Cruz County Purchasing Policy Manual

For procuring goods and services, LAFCO may follow the most recent edition of the County of Santa Cruz, Purchasing Policy Manual.

LAFCO staff may choose to either use the purchasing services of the Santa Cruz County General Services Department, or may make direct purchases. In the case of direct purchases, LAFCO staff will follow to the extent possible the County's Purchasing Policy Manual, with the Executive Officer functioning as the Purchasing Agent.

3. AUTHORIZATIONS

It shall be the responsibility of the Executive Officer to authorize expenditures of funds within the framework and limitations of the budget adopted by the Commission.

3.1 Payroll

When payroll is due to be filed with the Auditor-Controller and the Executive Officer is absent from the office, the Secretary-Clerk shall attempt to contact the Executive Officer. The Secretary-Clerk may sign the payroll if either:

- The Executive Officer authorizes the payroll amounts verbally or by e-mail, and the Secretary-Clerk keeps a written record of the authorization; or
- The Executive Officer cannot be contacted, and the Secretary-Clerk presents the payroll to the Executive Officer as soon as possible after the Executive Officer becomes available in the office or electronically.

3.2 Claims

When an urgent claim is due and the Executive Officer is absent from the office, the Secretary-Clerk may utilize LAFCO's designated County Administrative Office (CAO) representative to address the claim. If the Executive Officer and the CAO representative are unavailable, the Secretary-Clerk may sign the urgent claim if either:

- The Executive Officer authorizes the urgent claim amount verbally or by email, and the Secretary-Clerk keeps a written record of the authorization, or
- The Executive Officer cannot be contacted, and the Secretary-Clerk presents the urgent claim to the Executive Officer as soon as possible after the Executive Officer becomes available in the office or electronically.

As used in this section, "urgent claim" means a valid claim for which LAFCO would incur a late payment penalty of \$25 or more if the claim were not submitted to the Auditor-Controller on that workday.

3.3 Executive Officer Follow-up Action(s)

Upon returning to the office or becoming available electronically, the Executive Officer shall review any payroll <u>transaction</u> or urgent claim that was authorized by the Secretary-Clerk, separately sign the payroll or claim, and take any necessary actions to correct any errors or oversights.

4. EXPENSES AND TRAVEL

Commissioners (regular and alternate members), employees, and staff shall be entitled to reimbursement for all actual and necessary expenses incurred in the transaction of Commission business, including participation on the CALAFCO board and CALAFCO committees, in accordance with the following provisions:

4.1 Stipends

Regular and Alternate Commissioners shall receive \$50.00 per meeting in order to help defray the costs of attending the meetings.

4.2 Travel Expenses

Regular and Alternate Commissioners, employees, and staff shall be reimbursed in conformance with current County policy for out-of-county travel, meals, and related expenses incurred while on Commission business.

4.3 Mileage Reimbursement

Regular and Alternate Commissioners, employees, and staff shall be reimbursed for authorized use of their private automobiles in conformance with current County policy.

4.4 Lodging Expenses

Travel reimbursements for lodging at rates higher than County policy shall be permitted when Commissioners (Regular and Alternate), employees, and staff stay at the host facility for CALAFCO events, including but not limited to, meetings, workshops, and conferences.

4.5 Staff Definition

As used in this section, "staff" means the LAFCO Counsel or the LAFCO Counsel's back-up attorney when either is traveling on LAFCO business.

4.6 Reimbursement Authorization

No travel expenses shall be reimbursable unless authorized by the Executive Officer.

4.7 Extended Meeting Expenses

For day meetings of the Commission that are expected to last more than four hours, or for any night meetings, the Commission authorizes expenses not to exceed \$5 per attending Commissioners for light refreshments (coffee, bottled water, soft drinks, cookies, etc.)

5. BUDGET

Government Code Section 56381 indicates that LAFCO shall adopt a proposed budget no later than May 1 and a final budget no later than June 15. LAFCO shall prepare an annual budget in conformance with Government Code Section 56381.

5.1 Performance Evaluations

Completion of staff's performance evaluation, as outlined in the Personnel Policy, should be completed by February of each year.

5.2 Salary & Benefit Adjustments

Following the Commission's review and consideration of staff's performance evaluation, any adjustments to their salaries and benefits should occur by March of each year.

5.3 Proposed Budgets

The Commission should consider adopting a draft budget by April of each year. Copies of the draft budget, with the proposed allocation breakdown, should be shared with the funding agencies for review and comments.

5.4 Final Budgets

The Commission should consider adopting a final budget by May of each year. Copies of the final budget, with the final allocation breakdown, should be shared with the funding agencies for their records.

6. RESERVES

As of July 1, 2024, Santa Cruz LAFCO has two reserve funds restricted to the agency's account with the Santa Cruz County. These funds are as follows: (1) Litigation and (2) Contingency. These accounts are considered "restricted" accounts and are only used for the specific purposes described below:

6.1 Litigation Reserves

Restricted funds for costs related to agency legal challenges. The minimum balance in the Litigation Reserve Account shall be \$100,000.

6.2 Contingency Reserves

Restricted funds to cover any unforeseen future agency loss and/or urgentey matter which includes but is not limited to property or equipment damage, loss, or theft. These funds may also be used to balance annual LAFCO budgets. The minimum balance in the Contingency Reserve Account shall be \$100,000.

Adopted on June 2, 2004 (Resolution No. 2004-10) Revision on February 5, 2020 (Resolution No. 2020-03) Last Revision on September 6, 2023 (Resolution No. 2023-20)



RECORDS MANAGEMENT POLICY

1. OVERVIEW

The purpose of this policy is to offer guidelines to staff regarding the retention of Santa Cruz LAFCO files; provide for the identification, maintenance, and safeguarding of Santa Cruz LAFCO records and the destruction of obsolete documents in the normal course of business; ensure prompt and accurate retrieval of records; and ensure compliance with legal and regulatory requirements.

2. COMPLIANCE

It is the policy of this Commission to retain Santa Cruz LAFCO documents and other records in accordance with the retention schedule established in the attached table (refer to **Figure 1**; page 3 of policy). The schedule is in compliance with the minimum retention periods mandated by the California Government Code, the California Code of Civil Procedure, the Code of Federal Regulations, the Secretary of State Local Government Records Management Guidelines, and other legal authorities cited.

3. PROCEDURE

Government Code Section 56382 allows LAFCO to authorize the destruction of any duplicate record which is older than two years as long as a copy is kept in some reliable format. This policy documents the records management of the organization. The following section outlines how LAFCO staff should determine if a document is obsolete and subject to potential destruction.

3.1 Request for Destruction Form

A LAFCO staff member must complete and sign a "Request for Destruction of Obsolete Records" form, listing the date and description of each document to be destroyed. A sample form is attached to this policy as **Figure 2**; (page 4 of policy). The form must include the Executive Officer's signature.

3.2 Approval of Form

After receiving the signed form from the Executive Officer, the Commission Clerk will oversee the destruction of the obsolete documents.

3.3 Records Log

The Commission Clerk will permanently retain a master log of all destroyed obsolete documents which includes the titles or brief descriptions of the purged files that were destroyed, the method of destruction and the date of destruction.

4. GENERAL GUIDELINES

The Commission Clerk shall be responsible for the administration of this policy and shall follow the general guidelines outlined in this document. The following general guidelines apply to all Santa Cruz LAFCO records.

4.1 Duplicate Records

The Commission may authorize the destruction of any duplicate records at any time (Government Code Sections 26201; 60200).

4.2 Two-Year Threshold

Unless otherwise required by State or Federal law, the Commission may authorize the destruction of any original document which is more than two (2) years old without retaining a copy of the document as long as the retention and destruction of the document complies with the retention schedule as set forth in this policy (Government Code Sections 26202; 60201).

4.3 Significant Project Documents

In addition to the retention periods required under this policy, the Commission shall retain original administrative, legal, fiscal, and/or historical records with continued value (i.e., records for long-term transactions and/or special projects) until all matters pertaining to such records are completely resolved or the time for appeals has expired (Government Code Sections 14755; 34090).

4.4 Indestructible Files

Pursuant to Government Code Section 60201, the Commission shall not destroy any of the following records:

- a) Records relating to the formation change of organization or reorganization of the Commission;
- b) Ordinances and resolutions, unless they have been repealed or have become invalid or otherwise unenforceable for five years;
- c) Minutes of any meeting of the Commission;
- d) Records relating to any pending claim, litigation, any settlement or other disposition of litigation within the past two (2) years;
- e) Records that are the subject of any pending request for records under the California Public Records Act, whether or not the record is exempt from disclosure, until the request has been granted or two (2) years after the request has been denied by the Commission;
- f) Records relating to any non-discharged debt of the Commission;
- g) Records relating to the title to real property in which the Commission has an interest;
- h) Records relating to any nondischarged contract to which the Commission is a party;
- Records that have not fulfilled the administrative, fiscal, or legal purpose for which they were created or received;
- j) Records less than seven (7) years old that specify the amount of compensation or expense reimbursement paid to Commission employees, officers, retired annuitant, or independent contractors.

Figure 1 – Records Retention Schedule

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
1	Accident/Illness Reports (OSHA Reports)	Not a public record; For Employee Medical Records & Employee Exposure Records regarding exposure to toxic substances or harmful physical agents: *Includes Material Safety Data Sheets (MSDS) *Does NOT include records of health insurance claims maintained separate from employer's records; first aid records of one-time treatments for minor injuries; records of employees who worked less than one (1) year if records are given to employee upon termination.	GCS 6254(c); CCR 32304(d)(1)(A)(B)	Duration of employment plus 30 years
2	Accidents/Damage to LAFCO Property	Risk Management Administration	GCS 340901 CCP 337.15	10 years
3	Accounting Records – General Ledger	General Ledger	GCS 34090; CCP 337; Sec. of State Local Govt Records Mgmt. Guidelines	Until audited +4 years Published articles show 4-7 years retention Sec. of State Guidelines recommends permanent retention
4	Accounting Records – Permanent Books of Accounts	Records showing items of -gross income, receipts and disbursement (including inventories per IRS regulations)	CFR 31.6001-1(c)&(e)	Permanent

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
5	Accounts Payable	Journals, statements, asset inventories, account postings with supporting documents, vouchers, investments, invoices and back-up documents, purchase orders, petty cash, postage, OCERS reports, check requests, etc. Expense reimbursements to employees & officers; travel expense reimbursements or travel compensation.	CCP 337; CFR 31.6001-1(e)(2); Secretary of State Local Gov't. Records Mgmt. Guidelines	Until audited + 4 years 7 years after date of payment
6	Receipts for deposited checks, coins, currency; reports, investments, receipt books, receipts, cash register tapes, payments for fees, permits, etc.		CFR 31.6001- 1(e)(2); Sec. of State Local Gov't Records Mgmt. Guidelines recommendation	Until audited +4 years
7	Affidavits of Publication / Posting Affidavits of Legal notices for public hearings, publication of ordinances, etc.		GCS 34090	2 years
8	Report of additional compensation received by LAFCO official when appointing themselves to commit boards or commission of other purpose agencies, special districts, joint purpose agencies or joint powers authoriting Current report must be posted on		CCR 18705.5; GCS 34090.5	Recommended retention; keep a copy of report for 2 years after removal from LAFCO's website
9	Original agendas, agenda packets, staff reports, and related attachments, supplemental items and documentation submitted by staff/public in relation to agenda items. Agenda / Agenda Packets Paper copies of agenda -packets should -be maintained for 1 year as complete- packets. Originals will later be imaged for permanent records retention; the imaged record may serve as the permanent record.		GCS 34090, 34090.5	Current + 2 years
10	Agreements (see also Contracts)	Original contracts and agreements and back-up materials, including leases, service/maintenance agreements, etc.	CCP 337; 337.2; 343	4 years after termination/ completion

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
11	' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '		GCS 34090 GCS 60201(d)(1)	Permanent
12	Annual Financial Report	May include independent auditor analysis.	GCS 26201, 34090 GCS 34090, 60201 Sec of State Local Gov't Records Mgmt. Guidelines	Until audited + 7 years
13	Articles of Incorporation	Including but not limited to JPAs, mutual water companies, and changes of organization	GCS 34090(a)	Permanent
14	Audit Reports Financial services; internal and/or external reports; CC Security Services internal and/or external reports;		GCS 34090; CCP 337, 343; Sec. of State Local Gov't. Records Retention Guidelines	Minimum retention – Current + 4 years Sec. of State Guidelines recommends permanent retention
15	Audit Hearing or Review	Documentation created and or received in connection with an audit hearing or review	GCS 26202, 34090	2 years
16	Ballots – Special District elections	Copies of ballots from elections of Special Districts (LAFCO members)	GCS 26202, 34090, 60201	2 years
17	Bank Account Reconciliations	Bank statements, receipts, certificates of deposit, etc.	CFR 31.6001-1(e)(2)	Until audited + 4 years; Secretary of State recommends until audited + 5 years
18	Brochures/Publica tions	Retain selected documents only for historic value	GCS 26202, 34090	2 years
19	Budget, Annual	Annual operating budget approved by LAFCO	GCS 26202, 34090; Sec. of State Local Gov't Records Mgmt. Guidelines	Until audited + 2 years; Sec. of State recommends permanent retention
20	Cal-OSHA	Personnel logs, supplementary records; annual summary (Federal and State-Cal-OSHA)	LAB 6410; CCR 14307	5 years
21	CalPERS - Employee Benefits	Retirement Plan	USC 1027	6 years

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
22	Checks (issued by LAFCO)	LAFCO checks paid – expense reimbursements; payments to independent contractors, etc. Includes check copies; canceled and voided checks; electronic versions of checks. LAFCO check paid to vendors; other LAFCO payments - includes check copies; canceled or voided checks; electronic versions of checks.	GCS 60201(d)(12); CCP 337; Sec. of State Local Gov't Records Mgmt. Guidelines; CCP 31.6001-1(e)(2)	7 years Until audited +4 years
23	Citizen Feedback	General correspondence	GCS 26202, 34090	2 years
24	Claims Against LAFCO	Paid/denied	GCS 60201(d)(4); GCS 25105.5	Until settled + 5 years
25	Complaints/ Requests			2 years
26	Contracts	Original contracts and agreements and back-up materials, including leases, service/maintenance contracts, etc.		4 years after termination/ completion
27	General correspondence, including		GCS 26202, 34090	2 years
28	Deferred Compensation Reports	Finance - pension/retirement funds	CFR 516.5; CFR 1627.3	3 years
29	Demographic/ Statistical Data	Including but not limited to special studies and boundary changes	GCS 26202, 34090	Current +2 years
30	Deposits, Receipts	Receipts for deposited checks, coins, currency	Sec. of State	
31	DMV Driver's Records, Reports (DMV Pull Notice System)	Part of personnel records – not a public record	GC 34090; GC 6254(c) VC 1808.1(c); Sec. of State Local Gov't Records Mgmt. Guidelines	Until superseded (should receive new report every 12 months) Sec. of State recommends retention until termination + 7 years

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
32	Employee Files	Personnel - information - may include release authorizations, certifications, reassignments, outside employment, commendations, disciplinary actions, terminations, oaths of office, evaluations, pre- employee medicals, fingerprints, identification cards	GCS 12946 CFR 1627.3	While current + 3 years
33	Employee Information Applicant Identification Records	Personnel – data recording race, sex, national origin of applicants	CCR 7287(b)(c)(2)	2 years
34	Employee Information, General	Name, address, date of birth, occupation	GCS 12946 CFR 1627.3 LAB 1174	3 years
35	Employee Information, Payment	Rate of pay and weekly compensation earned	GCS 60201	7 years
36	Employee Programs	Includes EAP and Recognition	GCS 26202, 34090; GCS 12946	Current + 2 years
37	Employee, Recruitment	Alternate lists/logs, examination materials, examination answer sheets, job bulletins	GCS 12946; GCS 26202, 34090; CFR 1602 et.seq.; CFR 1627.3	Current + 2 years
38	Employee, Reports	Employee statistics, benefit activity, liability loss	GCS 26202, 34090	Current + 2 years
39	Employee Rights - General		GCS 12946; CFR 1602.31	Length of employment + 2 years
40	Employment Applications - Not Hired	Applications submitted for existing or anticipated job openings, including any records pertaining to failure or refusal to hire applicant	GCS 26202, 34090; GCS 12946; CFR 1627.3	2 years
41	Employment Eligibility Verification (I-9 Forms)	Federal Immigration and Nationality Act; Immigration Reform/Control Act 1986	USC 1324a(b)(3) Pub. Law 99-603	3 years after date of hire, or 1 year after date of termination, whichever is later
42	Employment - Surveys and Studies	Includes classification, wage rates	GCS 12946 GCS 26202, 34090 CFR 516.6	2 years
43	Employment - Training Records, Non-Safety	Volunteer program training - class training materials, internships	GCS 34090 GCS 12946	Length of employment + 2 years

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
44	Employment - Vehicle Mileage Reimbursement Rates Employment - Control Annual mileage reimbursement rates GCS 26202, 34090 GCS 26202, 34090		GCS 26202, 34090	Until superseded + 2 years
45	Environmental Quality California Environmental Reports, mitigation monitoring, Negative Declarations, Notices of		GCS 34090; 60201 CEQA Guidelines	Permanent
46	Environmental Quality Environmental Review	Correspondence, consultants, issues, conservation	GCS 26202, 34090	Completion + 2 years
47	ERISA Records	Employee Retirement Income Security Act of 1974 – plan reports, certified information filed, records of benefits due	USC 1027, 2059 La Barbera v. A. Morrison Trucking, Inc. 2011 US Dist. LEXIS 16343 (E.D.N.Y. Feb. 17, 2011)	6 years
48	Family and Records of leave taken, LAFCO policies relating to leave, notices, CF		CFR 825.500; GCS 12946	While employed +3 years (Federal) or 2 years (State)
49	Fixed Assets Inventory	Reflects purchase date, cost, account number	GCS 26202, 34090	Until audited + 2 years
50	Fixed Assets Surplus Property	Auction, disposal, listing of property	GCS 26202, 34090; CCP 337	Until audited + 4 years
51	Forms	Including but not limited to administrative/project docs		Until Superseded
52	Fund Transfers	Internal; bank transfers & wires	GCS 26202, 34090	Until audited + 2 years
53	General Ledgers	All annual financial summaries	GCS 34090; CCP 337; Sec. of State Local Gov't. Records Retention Guidelines	Until audited +4 years Sec. of State Guidelines recommends permanent retention
54	Gift to Agency Report (FPPC Form 801)	FPPC form showing payment or donation made to Santa Cruz LAFCO or to a Santa Cruz LAFCO official and which can be accepted as being made to LAFCO	FPPC Reg.18944(c)(3)(F)(G); FPPC Fact Sheet: "Gifts to an Agency – Part 2"	Must be posted on LAFCO website for 4 years (per FPPC Fact Sheet)

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
55	Gifts/Bequests	Receipts or other documentation	GCS 34090	Until completed + 2 years
56	Grants - Successful Federal, State, or other grants	Grants documents and all supporting documents: applications, reports, contracts, project files, proposals, statements, sub- recipient dockets, environmental review, grant documents, inventory, consolidated plan, etc.	GCS 34090; CFR 570.502; CFR 85.42	Until completed + 4 years
57	Grants – Unsuccessful	Applications not entitled	GCS 26202, 34090	2 years
58	Insurance	Personnel related	GCS 26202, 34090	Current + 2 years
59	Insurance, Joint Powers Agreement	Accreditation, MOU, agreements and agendas	GCS 26202, 34090	Current + 2 years
60	Insurance Certificates	Liability, performance bonds, employee bonds, property; insurance certificates filed separately from contracts, includes insurance filed by licensees	GCS 26202, 34090	Current + 2 years
61	Insurance, Liability/Property	May include liability, property, Certificates of Participation, deferred, use of facilities	GCS 26202, 34090	Current + 2 years
62	Insurance, Risk Management Reports	Federal and State OSHA forms; loss analysis report; safety reports; actuarial studies	CFR 1904.44; GCS 26202, 34090	5 years (Federal) 2 years (State)
63	Investment Reports, Transactions	Summary of transactions, inventory and earnings report	GCS 34090, 60201; CCP 337; Sec. of State Local Gov't. Records Retention Guidelines	Until audited +4 years Sec. of State Guidelines recommends permanent retention
64	Invoices	Copies sent for fees owed, billing, related documents	GCS 26202, 34090	Until audited + 2 years
65	Legal Notices/ Affidavits of Publication	Notices of public hearings, proof of publication of notices	GCS 26202, 34090	2 years
66	Legal Opinions	Confidential - not for public disclosure (attorney-client privilege)	GCS 26202, 34090	Until superseded + 2 years
67	Litigation	Case files	GCS 26202, 34090	Until settled or addressed + 2 years

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
68	Maintenance Manuals	Equipment service/maintenance	GCS 26202, 34090	Current + 2 years
69	Maintenance/Rep air Records	Equipment	GCS 26202, 34090	2 years
70	Marketing, Promotional	Brochures, announcements, etc.	GCS 26202, 34090	2 years
71	Minutes	Meeting minutes; paper records are to be maintained permanently by the agency.	GCS 34090, 60201(d)(3)	Permanent
72	Newsletters	May wish to retain permanently for historic reference	GCS 26202, 34090	2 years
73	Notices – Public Meetings	Including but not limited to regular and special meetings	GCS 26202, 34090	2 years
74	Oaths of Office	Elected and public officials – commissioners	GCS 26202, 34090; USC 1113; Secretary of State Guidelines	Current plus 6 years
75	Occupational Safety and Health States Cal-OSHA): OSHA 300 Log CCR 143		LC 6410; CCR 14307; CFR 1904.2 -1904.6, 1904.33	5 years
76	Payroll - Federal/State Reports	Annual W-2's, W-4's, Form 1099s, etc.; quarterly and year- end reports	GCS 60201	7 years
77	Payroll Deduction/Authori zations	Finance	CFR 516.6(c); GCS 60201	While Current + 7 years
78	Payroll, registers	Finance – payroll, registers, payroll reports	CFR 516.5(a); LAB 1174(d); GCS 60201	7 years from date of last entry
79	Payroll records terminated employees	Finance files	CFR 516.5; GCS 60201	7 years from date of last entry
80	Payroll, timecards/sheets	Employee	CFR 516.6; LAB 1174; Sec. of State Local Gov't Records Mgmt. Guidelines	3 years Sec. of State recommendation – Until audited + 6 years
81	Payroll - Wage Rates / Job Classifications	Employee records	GCS 60201	le current + 7 years
82	Personnel Records	Other records (not payroll) containing name, address, date of birth, occupation, etc., including records relating to promotion, demotion, transfer, lay-off, termination Page 30 of 118	CFR 1627.3	3 years

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
83	Personnel Rules and Regulations	Amnlovee manuals and other (CER 516 6 162 / 3/a)		Current + 3 years
84	Petitions	Submitted to legislative bodies	GCS 26202, 34090	Current + 2 years
85	Policies & Procedures	All policies and procedures adopted by the Commission; directives rendered by the agency not assigned a resolution number; Commission Bylaws	GCS 26202, 34090	Current + 2 years
86	Political Support/Oppositio n, Requests & Responses	Related to legislation	GCS 26202, 34090	2 years
87	Press Releases	Related to LAFCO actions/activities	GCS 26202, 34090	2 years
88	Procedure Manuals	Administrative	GCS 26202, 34090	Current + 2 years
89	Public Records Request	CODY DIDIC		2 years
90	Purchasing REOs Requests for Qualifications; Requests		GCS 26202, 34090	Current + 2 years
91	Purchasing, Requisitions, Purchase Orders	Original documents	GC 34090; CCP 337	Until audited + 4 years
92	Recordings - audio (e.g., for preparation of meeting minutes)	Audio recordings of Commission meetings	GCS 54953.5	Minimum 30 days
93	Recordings, video meetings of legislative bodies	Video recordings of public meetings made by or at the direction of the Commission	GCS 54953.5	Minimum 30 days
94	Other than video recordings of public Recordings, meetings; considered duplicate		GCS 53161	Minimum 90 days after event is recorded; if no other record of the event exists, the recording must be kept 2 years
95	Records Management Disposition/ Destruction Certification	Documentation of final disposition/destruction of records	GCS 34090, 60201	Permanent

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
96	Records Retention Schedules		GCS 26202, 34090	Current + 2 years
97	Recruitments and Selection	Records relating to hiring, promotion, selection for training	CFR 1627.3	3 years
98	Requests for Qualifications (RFQs); Requests for Proposals (RFPs)	Requests for Qualifications, Requests for Proposals, and related responses	GCS 26202; CCP 337	Current + 4 years
99	Resolutions	Vital records – may be imaged, but originals can never be destroyed	GCS 34090, 60201	Permanent
100	Returned Checks	Finance – Adjustments – NSF, etc. (not LAFCO checks)	GCS 26202, 34090; CCP 337	Until audited + 4 years
101	Salary/Compensat ion Studies, Surveys	Studies of agencies regarding wages, salaries and other compensation benefits		
102	State Controller	Annual reports	GCS 26202, 34090	2 years
103	Statement of Economic Interest (SEI) (FPPC Form 700) (originals – designated employees)	Original SEIs of officers and employees designated in LAFCO's Conflict of Interest Code	GCS 81009(e), (g)	7 years (can image after 2 years)
104	Stop Payments	Finance - bank statements	GCS 26202, 34090	2 years
105	Unemployment Insurance Records	Records relating to unemployment insurance – claims, payments, correspondence, etc.	USC 3301-3311; Calif. Unemployment Insurance Code; CCP 343	4 years
106	Vouchers - Payments	Account postings with supporting documents	GCS 26202, 34090; CCP 337	Until audited + 4 years
107	Wage		Active until garnishment is satisfied; then retain until audited + 4 years	
108	Warrant Register/Check Register	Record of checks issued; approved by the Commission (copy is normally retained as part of agenda packet information)	GCS 26202, 34090	Until audited + 2 years
109	Workers Compensation Files	Work-injury claims (including denied claims); claim files, reports, etc.	CCR 10102; CCR 15400.2	Until settled + 5 years

Figure 2 – Request for Destruction Form



"Request for Destruction of Obsolete Records"

To:	Joe A. Serrano, LAFCO Executive Officer			
From:				
Subject:	Request for Destruction of Obsolete Records			
I am requesting	g approv	al to destroy the obs	olete records listed be	elow.
DATE OF RE	CORD	TYPE OF RECORD	LEGAL AUTHORITY	RETENTION PERIOD
APPROVED:				
Commission Cl	erk		D	ate
Executive Office	er		<u>D</u>	ate
The obsolete refollowing methor		described above wer	e destroyed under my	supervision using the
□Shred	ding	□ Recycling	□ Other (specify n	nethod)
			equirements of the Re ole requirements of Sta	
Commission Cl	erk		Date of Records	Destruction

Adopted on April 5, 2000 (Resolution No. 2000-2) Last Revision on March 4, 2020 (Resolution No. 2020-05)

CHAPTER II

COMMISSION MEETINGS& SELECTION PROCESS



MEETING RULES POLICY

1. TIME AND PLACE OF MEETINGS

The Local Agency Formation Commission of Santa Cruz County shall hold regular meetings on the first Wednesday of each month at the hour of 9:00 o'clock A. M. in the Board of Supervisors Chambers in the County Governmental Center, 701 Ocean Street, Santa Cruz, California. Meetings may be cancelled at the Chair's discretion.

2. AGENDA

The agenda packet shall be available for the Commissioners by Thursday evening, six days preceding the Wednesday meeting. The agenda packet will also be made available on the LAFCO website for the general public.

The Chairperson or the Chairperson's designee shall determine the appropriate content of the agenda, and arrange the order of the agenda, or may delegate the same to the Executive Officer. A majority of the Commission may direct the placement of any item on a future agenda by action taken in a noticed public meeting of the Commission.

The agenda may be organized in the following manner:

Agenda Item		Description		
1)	Roll Call	Identify Commissioners in attendance.		
2)	Adoption of Minutes	Consideration of previous meeting minutes.		
3)	Oral Communications	Opportunity for the public to address the Commission on items not on the agenda, provided that the subject matter is within the Commission's jurisdiction.		
4)	Public Hearing(s)	Items that require expanded public notification per provisions in state law, Commission direction, or voluntarily placed by the Executive Officer.		
5)	Other Business	Items that involve administrative, budgetary, legislative, or personnel matters and may be subject to broader discussion.		
6)	Written Correspondence	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.		
7)	Press Articles	LAFCO staff monitors newspapers, publications, and other media outlets for any news affecting local cities, districts, and communities in Santa Cruz County.		
8)	Commissioners' Business	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.		
9)	Adjournment	Conclusion of LAFCO's open and closed session items.		

In some cases, special items may be added to the agenda, including but not limited to Oath of Office, Closed Sessions, or other non-periodic items. The agenda outline above may include such special items, when applicable.

All reports, communications, resolutions, or other matters to be submitted to the Commission shall be submitted to the Executive Officer no later than noon on Monday, nine days preceding a regular Commission meeting. Correspondence presented to the Commission after that date but before the regular meeting will be made available on the LAFCO website and at the meeting for public review.

Items not on the agenda should not be considered at the scheduled meeting, but should be set for the next available meeting, unless the Commission grants its consent for urgent matters consistent with the Ralph M. Brown Act (Government Code Section 54950.5 *et seq.*).

3. ELECTION OF CHAIRPERSON

The Commission shall, at its first regular meeting in January of each year, or as duly continued by action of the Commission, choose one of its members to serve as Chairperson and one of its members to serve as Vice-Chairperson, to serve the balance of the calendar year or until the election of their successors.

Should the office of Chairperson of Vice-Chairperson become vacant during the calendar year, the Commission shall, at the meeting at which the vacancy occurs, choose a successor to fill the vacancy for the balance of that calendar year, or until the election of a successor.

4. CHAIRPERSON TO PRESIDE

The Chairperson shall preside <u>at over</u> the meetings of the Commission. If the Chairperson is absent or unable to act, the Vice-Chairperson shall serve until the Chairperson returns or is able to act. The Vice-Chairperson has the same powers and duties of the Chairperson while acting as Chairperson.

5. QUORUM

A majority of the regular members of the Commission shall constitute a quorum for the transaction of business. Alternate members, when seated in place of regular members, shall be considered a regular member for quorum determination. When there is no quorum, the Chairperson or Vice-Chairperson, or if no Commissioners are present, the Executive Officer shall adjourn the meeting.

6. MAJORITY VOTE

An affirmative vote of at least four members of the Commission, including alternate members when seated in place of regular members, shall be required to approve any motion before the Commission.

7. READING OF MINUTES

Unless a Commissioner requests a reading of the minutes, the Commission may approve minutes without formal reading if the Executive Officer has previously furnished each member with a draft of the minutes.

8. RULES OF DEBATE

Sturgis Rules of Order shall be followed by the Commission to the fullest extent possible; provided, procedural failure shall not invalidate an otherwise legal act of the Commission. In addition, the Chairperson may second motions and enter into debate regarding all Commission items. Every member desiring to speak shall address the Chairperson, and, upon recognition by the Chairperson, shall speak to the question under debate.

9. MANNER OF ADDRESSING THE COMMISSION--TIME LIMIT

All persons addressing the Commission shall step up to the podium, give their name, geographical area (or City) of residence, and interest in the area under consideration in an audible tone for the record, and unless further time is granted by the Commission, shall limit their time to three minutes. The Chairperson, unless otherwise changed by a motion and vote from the Commission, may set a different time limit.

All remarks shall be addressed to the Commission as a body and not to any member thereof. No person, other than the Chairperson and the person having the floor, shall be permitted to enter into any discussion, either directly or through a member of the Commission, without permission of the Chairperson. No question shall be asked of a Commissioner or staff member except through the Chairperson.

10. METHOD OF VOTING

The Commission shall vote by voice, unless one Commissioner requests a roll call vote. Roll call voting shall be random with the Chairperson voting last. Unless a member of the Commission states that they are disqualified or abstaining from voting, the silence shall be recorded as an affirmative vote.

11. ABSTAINING FROM VOTING

No Commissioner shall abstain from voting without first notifying the Chairperson of the Commissioner's intent to abstain from the vote.

12. DISQUALIFICATION FROM VOTING

Whenever any Commissioner is disqualified from voting, that Commissioner shall announce their disqualification to the extent required by law, step from the dais, and may then participate to the extent permitted by the California Political Reform Act.

13. ALTERNATE COMMISSIONERS

Whenever present at a Commission meeting, Alternate Commissioners shall take part in all of the proceedings of the Commission, but shall not vote on any matter before the Commission unless seated in place of an absent or disqualified regular member of the Commission.

14. ORAL COMMUNICATIONS

The Commission will hear presentations from the public not to exceed three minutes on subjects within the Commission's jurisdiction and not on the agenda that day. No action will be taken by the Commission on any matter presented at that time. The Chairperson, subject to a motion and direction from the Commission, may set a different time limit.

15. SUMMARY ADJOURNMENT

The Chairperson is empowered to summarily, and without <u>a</u> motion, second, or voting, declare a meeting of the Commission adjourned if the Chairperson is unable to enforce the proper decorum of a meeting.

16. RESOLUTION

No resolution shall be adopted by the Commission unless it is presented before the Commission in writing and read aloud. When each Commissioner has received a copy of the resolution, the reading of the resolution is automatically waived unless a

Commissioner specifically requests that it is read. Prior to Commission consideration, draft resolutions will be reviewed by Legal Counsel. Resolutions will be signed by the Chair, Legal Counsel, and the Executive Officer after the Commission has approved them at a public meeting.

17. SPECIAL COMMITTEES

The Commission may appoint special committees at any time for any lawful purpose of the Commission. Unless otherwise directed by the Commission, all special committees shall be appointed by the Chairperson, subject to approval of the Commission.

18. PROTESTS AND DISSENTS BY COMMISSIONERS

Any Commissioner shall have the right to have the reasons for their dissent from, or protest against, any action of the Commission, entered in the minutes.

19. POSTING NOTICES

Posting of official notices, notices of public hearings, and any other official papers of the Commission where posting is required by law, shall be posted on the Official Bulletin Board of the Local Agency Formation Commission of Santa Cruz County at the County Governmental Center at 701 Ocean Street, Santa Cruz, California. These official postings shall also be posted on the Commission's website at www.santacruzlafco.org.

Should the Commission hold a public hearing at any other location than its regular place of meeting, then, in addition to posting the notice on the Official Bulletin Board as listed above, posting shall be made upon or near the door to the stated place of meeting.

20. DOCUMENTS SUBMITTED AFTER AGENDA PACKET IS DISTRIBUTED

Materials related to an item on the agenda that are submitted to the Commission after the agenda packet is distributed, are available to the public at the LAFCO office and during the meeting at the meeting location. Each agenda shall include a statement that the public may review these materials at the Commission office or during the meeting at the meeting location.

21. ATTENDANCE AT MEETINGS

Should any Regular Commissioner be absent for three consecutive regular meetings of the Commission without valid excuse, the Chairperson shall, through the Executive Officer, notify the appointing authority of such unexcused absences.

22. COMMISSION STIPENDS AND EXPENSE REIMBURSEMENT

Commissioners receive a stipend payment of \$50 per posted meeting of the Commission and for attendance at any other Commission approved meetings (i.e. standing or special committee meeting). Commissioners may also receive reimbursement for expenses such as mileage or transportation costs, lodging, and food for approved travel associated with LAFCO business.

Adopted on May 5, 1999 (Resolution No. 1999-4) Revised on October 2, 2019 (Resolution No. 2019-20) Revision on March 4, 2020 (Resolution No. 2020-04) Latest Revision on March 6, 2024 (Resolution No. 2024-07)



PUBLIC MEMBER SELECTION POLICY

1. OVERVIEW

The Public Member Selection Policy establishes guidelines towards the appointment of LAFCO's regular and alternate public members. As stipulated in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, if the office of a regular public member becomes vacant, the alternate member may serve and vote in place of the former regular public member until the appointment and qualification of a regular public member to fill the vacancy. Pursuant to Government Code Section 56334, the term of office of each member shall be four years and until the appointment and qualification of his or her successor.

2. PROCEDURAL GUIDELINES

When the regular public member and/or alternate public member position becomes vacant during a term, or two months in advance of either of these terms ending, the Chairperson and Executive Officer shall place on the agenda, a memo advising the Commission of the need to advertise for candidates to apply for the position(s).

At the meeting, the Commission shall direct staff to advertise the vacancy and receive applications. Unless the Commission gives alternate directions, the following steps will be completed:

- a. <u>Vacancy Notification</u>: Staff will advertise the vacancy as soon as possible on the LAFCO website and in at least two newspapers of general circulation which jointly have broad coverage throughout Santa Cruz County. The notice shall include a summary of the qualifications for the position as specified in Government Code Section 56331 (e.g. can't be an officer or employee of the county, city, or district). Pursuant to Government Code Section 56325(d), a copy of the notice will also be sent to all city clerks, to all independent special districts secretaries, and to the clerk of the Board of Supervisors.
- b. <u>Deadline Establishment:</u> The deadline for applications shall be at least 21 days following the meeting at which the Commission authorizes the solicitation.
- c. <u>Candidate Application</u>: Individuals interested in the position shall apply by completing a form provided by LAFCO staff and submitting the application before the deadline.

3. CANDIDATE REVIEW

The Executive Officer shall compile the applications and present them to the Commission as part of the meeting agenda following the application deadline. Candidates may withdraw an application before or after the application deadline. If a candidate withdraws an application after the deadline, the candidate shall not be considered for the appointment unless the Commission votes to reopen the process and the person reapplies.

4. SELECTION PROCESS

Final appointment for the regular public member and/or alternate public member shall be conducted during an open session at a regularly scheduled LAFCO Meeting. Upon receiving and reviewing the applications, the Commission by majority vote shall choose one of the following three courses of actions:

- a. Make an appointment from the list of candidates;
- Invite all candidates to make oral presentations at a subsequent LAFCO Meeting; or
- c. Reopen the application process.

In the event no candidate from the applicants submitted receives a majority vote and an affirmative vote of at least one county, city, and special district member, the Commission shall conduct a run-off vote of two candidates receiving the most votes. In the event that neither candidate receive a majority vote and an affirmative vote of at least one county, city, and special district member, the Chair shall direct the Executive Officer to re-advertise that a vacancy-(ies) exist(s) in the manner set forth in these procedures.

Adopted on April 7, 2004 (Resolution No. 2004-6) Last Revision on May 6, 2020 (Resolution No. 2020-10)



INDEPENDENT SPECIAL DISTRICTS SELECTION POLICY

1. OVERVIEW

The purpose of the Independent Special District Selection Committee shall be to appoint the regular and alternate special district members of the Local Agency Formation Commission (LAFCO) and to fill unexpired terms when vacancies occur. It is important to note that nothing in these Rules of Procedure shall supersede Government Code Section 56332, which governs the establishment of the Independent Special District Selection Committee.

2. MEMBERSHIP

Membership of the Independent Special District Selection Committee shall be composed of the presiding officer or designated board member of the legislative body of each independent special district either located wholly within Santa Cruz County or containing territory within the county that represents 50% or more of the assessed value of taxable property of the district.

3. MEETINGS

3.1 Notification and Solicitation of Nominations

The Executive Officer of the Commission shall give written notice to all eligible independent special districts of any meeting of the Independent Special District Selection Committee, specifying the date, time, and place.

Any person qualified to serve as an Independent Special District representative to LAFCO shall be qualified to submit a nomination which shall be accompanied by a brief resume on the form provided by LAFCO. Each district shall be encouraged to submit nominations.

3.2 Registration

Each member of the Selection Committee shall be entitled to one vote for each independent special district of which he or she is the presiding officer.

In the event that the presiding officer is unable to attend a meeting of the Committee, the legislative body may appoint one of its members to attend in the presiding officer's place. Such a designated member shall submit written authorization at the time of registration.

Each voting member shall register and complete a declaration of qualification. The voting member will then be given the required number of ballots and other voting materials.

3.3 Quorum

Members representing a majority of the eligible districts shall constitute a quorum for the conduct of Committee business. No meeting shall be called to order earlier than the time specified in the notice and until a quorum has been declared to be present.

Before calling the meeting to order, the Executive Officer shall announce that a quorum is present and request that any voting member who has not yet registered do so at that time. Only those eligible members registered and present shall be allowed to vote.

3.4 Sequential Balloting

If there is more than one position to fill, sequential balloting will be held in the following order using a ballot with names of all eligible nominees: (1) Full term, regular member; (2) Partial term, regular member; and (3) Alternate member.

If a candidate is elected to a position, his or her name will be crossed out on the subsequent ballots.

3.5 Majority to Win

In order for a candidate to be elected, that candidate must receive a majority of the votes being cast.

If no candidate receives a majority, a subsequent round of voting shall be conducted with the eligible candidates limited to the two candidates who received the most votes in the previous round and any candidates who received the same number of votes as the second candidate.

4. COMPOSITION OF SPECIAL DISTRICT REPRESENTATION ON LAFCO

It is desirable that the special district members on LAFCO have a broad crosssection of duties and experience in district matters. Therefore, the following four classes of districts are established:

Class 1: Fire Protection Districts

- > Ben Lomond Fire Protection District
- Boulder Creek Fire Protection District
- Central Fire District¹
- > Felton Fire Protection District
- Pajaro Valley Fire Protection District²
- Scotts Valley Fire Protection District³
- Zayante Fire Protection District

¹ The original resolution listed the Aptos/La Selva Fire Protection District, which was subsequently consolidated with the Central Fire Protection District (named changed to Central Fire District) in 2021.

² The original resolution listed the Freedom Fire Protection District and the Salsipuedes Fire Protection District, which were subsequently consolidated into the Pajaro Valley Fire Protection District.

³ The original resolution listed the Branciforte Fire Protection District, which was subsequently dissolved and annexed into the Scotts Valley Fire Protection District in 2023.

Class 2: Water Districts

- Central Water District
- San Lorenzo Valley Water District⁴
- Scotts Valley Water District
- Soquel Creek Water District

Class 3: Recreation and Park Districts

- Alba Recreation and Park District
- Boulder Creek Recreation and Park District
- La Selva Beach Recreation and Park District

Class 4: Miscellaneous Districts⁵

- Pajaro Valley Heath Care District
- Pajaro Valley Public Cemetery District
- Pajaro Valley Water Management Agency
- Salsipuedes Sanitary District
- Santa Cruz County Resource Conservation District
- Santa Cruz Port District

4.1 Overlapping Classes

At no time shall the two regular special district members on LAFCO come from the same class of districts.

4.2 Class Diversity

Where feasible, nominations for vacancies on LAFCO may not come from the class that already has a regular member sitting on LAFCO.

4.3 Conflicting Classes

Any election that would result in the two regular special district members being from the same class of district shall be immediately deemed invalid, and a subsequent ballot will be prepared excluding the conflicting class of candidates and voted upon.

5. MAILED-BALLOT ELECTIONS

5.1 Authority

A mailed-ballot election may be conducted if the Executive Officer has determined that a meeting of the Special District Selection Committee is not feasible.

5.2 Notification and Solicitation of Nominations

The Executive Officer of the Commission shall give written notice to all eligible independent special districts of the intention to conduct a mailed-ballot election. Each district shall acknowledge receipt of the Executive Officer's notice.

⁴ The original resolution listed the Lompico County Water District which was subsequently dissolved and annexed into the San Lorenzo Valley Water District.

⁵ The original resolution listed the Opal Cliffs Recreation District and the Reclamation District No. 2049, which were subsequently dissolved in 2022 and 2024 respectively. The list also excluded the Pajaro Valley Health Care District which was ultimately created through special legislation in 2022.

Each district shall be encouraged to submit nominations, accompanied by a brief resume on the form provided by LAFCO. All nominations must be received by a specified date that shall be at least six weeks from the date of notification. Emailed copies of nominations may be submitted, if necessary, to meet the established deadline; however, replacement originals must be submitted as soon thereafter as possible.

5.3 Distribution and Return of Ballots

All eligible districts shall be sent, by certified mail, return receipt requested, the following materials: (1) copies of all nominations received by the deadline, (2) ballot(s) as required to vote for Commission members, and (3) voting instructions.

The following outlines the necessary information and steps to submit a complete ballot:

- 1. The ballots shall include the names of all nominees.
- 2. Each ballot shall be accompanied by a certification sheet to be completed by the presiding officer or designated alternate who cast that district's vote.
- 3. A specified period of time, not less than six weeks, shall be allowed for the districts to cast their votes and return their ballots.
- 4. Ballots shall be sent by certified mail, return receipt requested.
- Emailed copies of ballots may be submitted, if necessary, to meet the established deadline; however, replacement originals must be submitted as soon thereafter as possible.
- 6. All ballots received by the deadline shall be counted and the results announced within seven days.
- 7. Certified ballots representing a simple majority of the eligible districts must be returned for a valid election.

5.4 Appointment by Majority Vote

A candidate for a regular or alternate member of the Commission must receive at least a majority of the votes cast in order to be selected. Results of the election will be reviewed and adopted by the Commission during an open session of a regularly scheduled LAFCO Meeting.

In the event that no candidate receives the required number of votes, a run-off election shall be conducted, either by a second mailed ballot or a meeting of the Independent Special District Selection Committee, at the discretion of the Executive Officer.

Adopted on September 7, 1994 (Resolution No. 801-B) Revision on May 6, 2020 (Resolution No. 2020-11) Last Revision on March 6, 2024 (Resolution No. 2024-07)



CITY SELECTION POLICY

1. PURPOSE

The purpose of the City Selection Committee shall be to appoint the regular and alternate city members of the Local Agency Formation Commission (LAFCO) and to fill unexpired terms when vacancies occur (Government Code Section 56325[b]).

2. MEMBERSHIP

Membership of the City Selection Committee shall be composed of the presiding mayor or designated council member of the legislative body of each city located wholly within Santa Cruz County.

3. CLERK OF THE CITY SELECTION COMMITTEE

The County Administrative Officer, acting as the Clerk of the Board, shall function as the recording officer of the City Selection Committee. All meetings of a City Selection Committee shall be conducted in the presence of the clerk or designated personnel. All votes and action taken by a City Selection Committee shall be recorded in writing by the clerk of the committee. The written record of any vote or action taken by the selection committee shall include the name of each member voting and how they voted. Written records and minutes of a selection committee's clerk are public records (Government Code Section 50276).

4. SELECTION/APPOINTMENT OF CITY COMMISSIONERS

The City Selection Committee shall appoint two regular commissioners and one alternate commissioner to serve on LAFCO, each of whom shall be a mayor or city council member from one of the County's incorporated communities (Government Code Section 56325). Such appointments shall be made in accordance with the procedure established by the City Selection Committee and described in the rules and regulations of that body.

5. TERMS OF OFFICE & VACANCIES

The Cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville alternate staggered, four-year terms on LAFCO. All terms end the first Monday in May. Prior to the expiration of a term limit, LAFCO staff will notify the County Administrative Officer to schedule a City Selection Committee meeting to address upcoming vacancies and appoint a new city member.

If a city council member is unable to finish their term on LAFCO, then the City Selection Committee may allow that city to nominate another council member to complete that city's term. In the case of all appointments, a city's nomination must be accepted by the City Selection Committee at a noticed meeting.

6. CITY ROTATION PROCEDURE

The City Selection Committee established a rotation protocol regarding the appointments to LAFCO on June 6, 2023. This procedure ensures that each of the four cities have equal representation on the Commission. The city rotation goes with the city and not with the person. The unanimous action reflects the following rotation schedule:

- The Cities of Santa Cruz and Watsonville will share and rotate between one regular seat and the alternate seats every two years; and
- The Cities of Capitola and Scotts Valley will share and rotate every two years with the other regular seat.

A comprehensive review of the next series of rotation, based on the procedure outlined above, is shown in the table below. The rotation schedule within the table indicates when a city will hold a regular or alternate seat between 2024 to 2040.

YEAR	CAPITOLA	SCOTTS VALLEY	SANTA CRUZ	WATSONVILLE
2024*	Ex Officio	Regular	Alternate	Regular
2025	Regular	Ex Officio	Alternate	Regular
2026	Regular	Ex Officio	Regular	Alternate
2027	Ex Officio	Regular	Regular	Alternate
2028	Ex Officio	Regular	Alternate	Regular
2029	Regular	Ex Officio	Alternate	Regular
2030	Regular	Ex Officio	Regular	Alternate
2031	Ex Officio	Regular	Regular	Alternate
2032	Ex Officio	Regular	Alternate	Regular
2033	Regular	Ex Officio	Alternate	Regular
2034	Regular	Ex Officio	Regular	Alternate
2035	Ex Officio	Regular	Regular	Alternate
2036	Ex Officio	Regular	Alternate	Regular
2037	Regular	Ex Officio	Alternate	Regular
2038	Regular	Ex Officio	Regular	Alternate
2039	Ex Officio	Regular	Regular	Alternate
2040	Ex Officio	Regular	Alternate	Regular

Note: All terms end on the fourth Monday in January. See LAFCO Policy for more information.

Adopted on September 6, 2023 (Resolution No. 2023-20) Last revision on March 6, 2024 (Resolution No. 2024-07)

^{**}Start of New Rotation Schedule -January 22, 2024**

CHAPTER III

APPLICATIONS & PROPOSALS



PROPOSAL EVALUATION POLICY

1. OVERVIEW

Pursuant to Government Code Section 56375, Santa Cruz LAFCO has established standards for the evaluation of proposals. The Commission uses these standards when reviewing and acting upon proposals for annexations and other boundary changes. This policy concludes with a copy of the application form.

2. CONSISTENCY WITH SPHERE OF INFLUENCE

All changes of organization shall be consistent with adopted spheres of influence of affected agencies.

2.1 Sphere Consistency

Consistency shall be determined by a LAFCO finding of consistency with the sphere of influence maps and policies adopted by LAFCO for the affected agencies.

3. INITIAL PROPOSAL EVALUATION

Any proposal involving annexations, incorporations, and formations shall not be approved unless it demonstrates a need for the additional services to be provided to the area; while all proposals involving detachments, <u>a</u> disincorporations, and dissolutions shall not be approved unless the proponent demonstrates that the subject services are not needed or can be provided as well by another agency or private organization.

3.1 Pre-zoning & General Plan Updates

For proposals concerning cities, need shall be established by (a) an adopted prezoning, consistent with the city general plan, that shows current or future development at a density that will require urban services such as sanitary sewer and water, and (b) a city growth rate and pattern that the subject area will be developed within 5 years.

The Commission shall require pre_zoning for all city annexations so that the potential effects of the proposals can be evaluated by the Commission and known to the affected citizens.

3.2 Existing Land Use Designations

For proposals concerning the extension of other services by annexation, incorporation, or district formation, need shall be established by the applicable general plan land use designations and the service levels specified for the subject area in the applicable general plan.

Generally, LAFCO will presume to favor a city's general plan inside the sphere of influence adopted for the city by LAFCO, and the county's general plan elsewhere. It is the proponent's responsibility to prove any exception by referring to the policies of the Local Government Reorganization Act.

3.3 Divestiture of Services

For proposals involving the discontinuation of services, lack of need shall be established by (a) no serious effects on the current users of the service due to discontinuation, and (b) no projected serious effects on the uses that can be expected to occur in the next 5 years based upon the applicable general plan and projected growth rates and patterns.

3.4 Population Analysis

In reviewing proposals, LAFCO shall consider: (1) the "population" in the proposal area to be the population recorded in the last biennial or special census unless the proponent or affected agency can present updated or more detailed information which LAFCO determines to be more accurate, (2) the "population density" to be the population divided by the acreage, and (3) the "per capita assessed valuation" to be the full cash value of all the property in a proposal area (as set by the last secured property tax roll) divided by the population.

3.5 Overlapping Plans

In cases of overlapping plans, LAFCO shall make a determination of which general plan best carries out the policies of the Local Government Reorganization Act.

3.6 In-Fill Development

In order to avoid further urban sprawl, LAFCO shall encourage in-fill development in urban areas and annexations of areas inside the city sphere of influence.

3.7 Provision of Services

In order for LAFCO to approve a change of organization, the proponent shall demonstrate that the subject services can be provided in a timely manner and at a reasonable cost.

3.8 Proposals exceeding 50 acres

For proposals involving the extension of general municipal services to proposal areas greater than 50 acres, the proponent shall either: (a) plan staged growth beginning closest to an existing urban area, or (b) demonstrate why such a plan does not promote urban sprawl and an inefficient pattern of services.

4. AFFECTED AGENCIES AND BOUNDARIES

Proposals, where feasible, should minimize the number of local agencies and promote the use of multi-purpose agencies.

4.1 Ranking Different Boundary Changes

New or consolidated service shall be provided by one of the following agencies in the descending order of preference:

- a) Annexation to an existing city;
- Annexation to an existing district of which the Board of Supervisors is the governing body;
- c) Annexation to an existing multi-purpose district;
- d) Annexation to another existing district;
- e) Formation of a new county service area;
- f) Incorporation of a new city;
- g) Formation of a new multi-purpose district; or
- h) Formation of a new single-purpose district.

4.2 Consolidation Proposals

The Commission will promote and approve district consolidations, where feasible.

4.3 Logical Boundaries

LAFCO shall promote more logical agency boundaries.

4.4 Political Boundaries

To the greatest possible extent, boundaries shall follow existing political boundaries, natural features (such as ridges and watercourses), and constructed features (such as railroad tracks).

4.5 Roads and Streets (Right-of-Way)

Boundary lines shall be located so that entire rights-of-way are placed within the same jurisdiction as the properties <u>fronting on facing</u> the road.

4.6 Community Boundaries

Boundaries should avoid dividing an existing identifiable community, commercial district, or <u>any</u> other area having social or economic homogeneity. Where such divisions are proposed, the proponents shall justify exceptions to this standard.

4.7 Parcel Boundaries

The creation of boundaries that divide assessment parcels shall be avoided whenever possible. If the proposed boundary divides assessment parcels, the proponents must justify to the Commission the necessity for such division. If the Commission approves the proposal, the Commission may condition the approval upon obtaining a boundary adjustment or lot split from a city or county.

4.8 Prevention of "Islands"

Boundaries should not be drawn so as not to create an island or strip either within the proposed territory or immediately adjacent to it. Where such an island or strip is proposed, the proponent must justify reasons for nonconformance with this standard.

4.9 Prevention of Irregular Boundaries

Where feasible, city and related district boundary changes should occur concurrently to avoid an irregular pattern of boundaries.

4.10 Social & Economic Interests

The Commission shall consider the effects of a proposed action on adjacent areas, mutual social and economic interests, and on local governmental structure.

4.11 Metes & Bounds

A map of any proposed boundary change shall show the present and proposed boundaries of all affected agencies in the vicinity of the proposal site. The Commission shall assure ensure that any approved boundary changes are definite and certain. The Commission may approve a proposal conditioned on the proponent preparing a new boundary map and description.

4.12 Timely LAFCO Actions

LAFCO will review each proposal and take the actions needed to encourage timely annexations to discourage agencies from extending services by agreement without annexing to the agency.

4.13 Financially Desirable Areas

The sole inclusion of financially desirable areas in a jurisdiction shall be avoided. The Commission shall amend or reject any proposal that, in its estimation, appears to select principally revenue-producing properties for inclusion in a jurisdiction.

4.14 City Jobs & Housing

For city annexation proposals, if the city has more jobs than places for workers to live (jobs to employed residents ratio greater than 1.00) then a proposal which will directly result in urban development including new permanent employment may only be approved if sufficient land is designated for residential uses in the city's general plan to create a jobs/-housing balance.

The Commission will consider and may grant waivers to this standard in cases where all of the following situations exist:

- a) The territory being annexed is an island of incorporated territory and consistent with the definition of "island" in Government Code Section 56375;
- b) The proposal is consistent with the spheres of influence of all affected agencies; and
- c) The proposal has been initiated by resolution of the city which includes the subject property in its adopted sphere of influence.

5. AGRICULTURAL LANDS

Urban growth shall be guided away from prime agricultural lands, unless such action would not promote planned, orderly, efficient development of an area.

5.1 Smart Growth

A change of organization is considered to promote the planned, orderly, and efficient development of an area when:

- a) It is consistent with the spheres of influence boundaries and policies adopted by LAFCO for the affected agencies; and
- b) It conforms to all other policies and standards contained herein.

5.2 Infill Development

LAFCO shall encourage the urbanization of vacant lands and non-prime agricultural lands within an agency's jurisdiction and within an agency's sphere of influence before the urbanization of lands outside the jurisdiction and outside the sphere of influence, and shall encourage detachments of prime agricultural lands and other open space lands from cities, water districts, and sewer districts if consistent with the affected agency's adopted sphere of influence.

5.3 Ranking Urban Development on Open Spaces and/or Farmlands The priorities for urbanization are:

- a) open-space lands within existing boundaries;
- b) open-space lands within an adopted sphere of influence;
- c) prime agricultural lands within existing boundaries; and
- d) prime agricultural lands within an adopted sphere of influence.

5.4 Urbanization of Prime Agricultural Lands

Proposals involving urbanization of prime agricultural lands within adopted spheres of influence shall not be approved, unless it can be demonstrated that: (a) there is insufficient land in the market area for the type of land use proposed, and (b) there is no vacant land in the subject jurisdiction available for that type of use.

6. WATER AND SEWER RESOURCES

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing boundary change applications, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

6.1 Supply of Water

In any proposal requiring water service, the Commission requires that the agency that will provide the water will need to demonstrate the availability of an adequate, reliable and sustainable supply of water.

- a) In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources;
- b) In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase;
- c) In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668(k)); and
- d) In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

6.2 Service Limitations

It is the general policy of the Commission to disapprove annexations to water and sewer agencies (including cities that provide either service) while there is a connection moratorium or other similar service limitation involving the subject water or sewer service. The Commission will consider exceptions to this general policy on a case-by-case basis. The Commission may approve an annexation that meets one or more of the following criteria:

- a) To replace a private water source that has failed, such as a well that has gone dry. New service connections shall not be sized to accommodate more intensive development;
- b) To replace a septic system that has failed. New service connections shall not be sized to accommodate more intensive development;
- To implement a transfer of service between two existing agencies in a manner that is consistent with the adopted Spheres of Influence of those agencies; and/or
- d) To change a boundary, in a manner consistent with an adopted Sphere of Influence, so that an agency boundary does not divide a property that could only be conveyed under a single deed.

Between January 1, 1986, and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986.

An additional criterion, not subject to the 1% cumulative impact limitation, is as follows:

e) To provide facilities or funding that will allow the agency to lift its service limitation.

6.3 Urban Land uses

For proposals concerning water and sewer district annexations, the need shall be established by lack of services to existing urban land uses, or a building permit application or the allocation for a single-family dwelling or, for a larger project, by: (a) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water or sewer service, and (b) a growth rate and pattern that the subject area will be developed within 5 years.

6.4 Commission Approval

The Commission will only approve boundary change applications when the Commission determines that it is unlikely that water resources will be degraded. The Commission will review each application to assure that, by implementing project-specific mitigations, participating in agency water conservation programs, or both if applicable, the project will not adversely affect sustainable yields in groundwater basins, flows in rivers and streams, water quality in surface water bodies and groundwater basins, and endangered species.

6.5 Multiple Service Providers

When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.

Adopted on September 21, 1966 (Resolution No. 97)
Previous Revision on February 2, 2011 (Resolution No. 2011-1)
Revision on August 5, 2020 (Resolution No. 2020-19)
Revision on September 6, 2023 (Resolution No. 2023-20)
Last Revision on March 6, 2024 (Resolution No. 2024-07)

PROJECT APPLICATION FORM OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Santa Cruz LAFCO 701 Ocean Street, Room 318-D Santa Cruz, CA 95060 (831) 454-2055

APPLICATION INSTRUCTIONS

This application form is used to <u>initiate</u> the application process to the Local Agency Formation Commission of Santa Cruz County (LAFCO) for a city or district annexation, reorganization, detachment, or a sphere of influence amendment. LAFCO staff looks forward to assisting you with your project.

In addition to the information that you will provide us on this form, LAFCO staff is required to analyze additional data regarding your proposal from our Geographic Information System (GIS) and in-house data base, including, but not limited to: affected agencies, interested agencies, spheres of influence, school districts, land use/zoning, acres of prime agricultural land, and number of dwelling units. A Plan of Services may also be required demonstrating how municipal services will be provided to the affected territory.

To assist staff in this effort, a mandatory pre-filing meeting is required of all applicants so we can fully understand your project. It is the applicant's responsibility to set up the pre-filing meeting by contacting the LAFCO offices at (831) 454-2055 and requesting an appointment. This application form must be completed prior to the pre-filing meeting.

Please fill out this application as completely as possible. If you need assistance, please do not hesitate to contact a LAFCO staff member for guidance. If a question does not apply to your proposal, indicate "N/A". Santa Cruz LAFCO is transitioning into a "paperless" office and encourages digital copies, when applicable. It is important that you list all email addresses where indicated on the application. Correspondence, staff reports, resolutions and other LAFCO forms and mailings, whenever possible, will be distributed electronically.

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

SANTA CRUZ LAFCO

<u>AF</u>	PPLICATION FOR: (check all that apply)
	Annexation to:
	Detachment from:
	Reorganization (2 or more changes of organization) of:
	Service Review / Sphere Update / Sphere Amendment:
	Other (explain):
	*Extraterritorial Service Agreement ("ESA"):
	If requesting an extraterritorial service agreement "only", please answer the following two questions:
	a. Why is an ESA needed rather than annexation? Does it meet the criteria under Government Code Section 56133?
	b. How would an ESA affect the present and future need for services in the project area?
GE	ENERAL DESCRIPTION AND JUSTIFICATION OF PROPOSAL:
1.	What changes of organization are included? What agencies are involved? What parcels are involved? Please identify all affected assessed parcel numbers (APNs).
2.	Explain the purpose of the requested change in organization.
3.	Explain how the proposal provides more logical boundaries and/or improves the provision of service.
4.	Does this proposal have 100% consent of all property owners? (If so, please complete <i>Attachment A on page 5</i>).

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

	TIATED THIS PROPOSAL? Generally, LAFCO proposals may be initiated by a
	n of an affected agency, a city council, special district or by the Board of
	ors. In addition, a proposal may be initiated by a petition of the affected area's d voters or landowners. Attach one of the following to this application form:
registere	a voters of landowners. Attach one of the following to this application form.
	Agency Resolution
	Landowner Petition
	Registered Voter Petition
LOCATION	ON AND ADDRESS OF PROPERTY:
MAP AN	<u>D LEGAL DESCRIPTION</u> :
•	nd legal description of the proposal may be prepared by a private engineering
	application can be filed with LAFCO without a map and legal, but a proposal e scheduled for LAFCO hearing prior to receipt map and legal description.
Carinot D	e scrieduled for EAT CO flearing prior to receipt map and legal description.
Additiona	ally, the map and legal description must meet the State Board of Equalization's
•	ents. The BOE's "Change of Jurisdictional Boundary" requirements are available
	pload at http://www.boe.ca.gov/proptaxes/sprdcont.htm . Please note, the BOE
geograpl	an additional vicinity map that shows the project area in relation to a larger
goograpi	no aroa.
A map ar	nd legal description has been:
	Certified by a private engineering firm and is attached to this application.
	Currently being reviewed / developed.
	Other (please explain)
DISCLOS	SURE OF POLITICAL EXPENDITURES:
	equires applicants to report all expenditures for political purposes related to an
	on and proceedings to be reported to the Commission's Executive Officer in
	ce with Government Code Sections 56700.1 and 57009. The following is to this application form:
allacheu	• •
	LAFCO Disclosure Form (please complete LAFCO Disclosure of Political
	Expenditures, see Attachment 2 on page 6); copy of Financial reports and
	disclosures submitted to FPPC (please attach)
	Please check here if you have no related financial reports or disclosures.

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

ENVIRONMENTAL DOCUMENT:

The California Environmental Quality Act (CEQA) requires LAFCO and other public agencies to consider the potential environmental impacts of all applications it reviews. An environmental document should accompany all applications and reference the proposed LAFCO action (e.g., annexation).

,
The following is included with this application form:
☐ Environmental Document (ex. Final EIR) produced by the lead agency.☐ Other (explain why Environmental Document not included):
INDEMNIFICATION AGREEMENT:
LAFCO policy requires that all applicants sign an indemnification agreement (see Attachment 3 on page 7) which indemnifies LAFCO employees, agents and attorneys in the event of litigation is filed concerning the approval of an application.
The following is included with this application form:
☐ Signed Indemnification Agreement
FILING FEES: Applicants are required to pay fees in accordance with LAFCO's adopted fee schedule (see Fee Schedule Policy) to cover the administrative and staff costs required to evaluate proposals for hearing. Checks must be made payable to: "Santa Cruz LAFCO".
The following is included with this application form:
☐ Check for Filing Fees
Other (explain why Filing Fees not included):
CERTIFICATION I certify, under penalty of perjury by the laws of the State of California, that the information contained in this application is true and correct. I acknowledge and agree that Santa Cruz LAFCO is relying on the accuracy of the information provided and my representations in order to process this application proposal.
Signature:
Name:
Date:
Phone Number / Emails

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

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Property Owner Consent Form

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

l,	, consent to the annexation/reorganization of my property
located at	
or Assessor Parcel Numbers	
to the [agency(ies)]	
Signature:	Date:
Address:	
City, State, Zip:	

INDEMNIFICATION AND DEFENSE

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

A) Notification and Cooperation

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

B) Fees and Costs:

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

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

C) Settlement:

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

D) Successors Bound:

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

E) Recordation:

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

(Signature of LAFCO Executive Officer)	(Signature of Applicant)
Joe A. Serrano (Printed Name)	(Printed Name)
(Date)	(Date)

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

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LAFCO Disclosure of Political Expenditures

Effective January 1, 2008, political expenditures related to a proposal for a change of organization or reorganization that will be or has been submitted to LAFCO are subject to the reporting and disclosure requirements of the Political Reform Act of 1974 and the Cortese-Knox-Hertzberg Act of 2000.

Please carefully read the following information to determine if reporting and disclosure provisions apply to you.

- 1. Any person or combination of persons who, for political purposes, directly or indirectly contributes \$1,000 or more, or expends \$1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report the contribution to the Commission pursuant to the requirements of the Political Reform Act of 1974 (Government Code Section 81000 et seq.) as provided for local initiative measures, and Section 56700.1 of the Cortese-Knox-Hertzberg Act of 2000.
- 2. Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes \$1,000 or more, or expends \$1,000 or more in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be filed with the Secretary of the State and the appropriate city or county clerk. Copies of the report must also be filed with the LAFCO Executive Officer.

Evaluation Checklist for Disclosure of Political Expenditures

The following checklist is provided to assist you in determining if the requirements of Government Code Sections 81000 *et seq.* apply to you. For further assistance, contact the Fair Political Practices Commission at 428 J Street, Suite 450, Sacramento, CA 95814, (866) 275-3772 or at http://www.fppc.ca.gov.

1.	. Have you directly or indirectly made a contribution or expenditure of \$1,000 or more related support or opposition of a proposal that has been or will be submitted to LAFCO?	
	Yes No No	
Date	e of contributionAmount \$Name/ Ref. No of LAFCO Proposal	
Date	e proposal was submitted to LAFCO	
2.	Have you, in combination with other person(s), directly or indirectly contributed or expended \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO? Yes No	
Date	e of contributionAmount \$Name/ Ref. No of LAFCO Proposal	
Date	e proposal was submitted to LAFCO	
3.	If you filed a report in accordance with FPPC requirements, has a copy of the report been filed with Santa Cruz LAFCO? Yes No	

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

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PROCESSING FEES AND DEPOSITS POLICY

1. OVERVIEW

All deposits are initial payments toward the total cost of processing ("project cost"). Project cost is defined as staff time plus materials. Staff billing rates include personnel costs. Other application-related costs include, but are not limited to, charges for the advertisement of hearings, as well as any fees charged for project reviews by affected agencies. A cost breakdown will be completed at the end of each LAFCO application. If any funds are-remaining at the end of the LAFCO process, then a refund will be provided to the applicant.

2. PETITION CHECKING

There is no charge for verification of the first 20 signatures on a petition. Beginning with the 21st signature, a fee of \$0.55 per signature shall be charged to the applicant.

3. PROCESSING

The following identifies the initial deposits for each boundary change request.

a) District annexations, detachments, and reorganizations not changing city boundaries:

Total Acreage	Fee Deposit
Less than 1	\$1,600
1 – 24.9	\$2,500
25 – 149.9	\$7,000
More than 150	\$8,000

b) Municipal annexations, detachments, and reorganizations involving at least one change in a city boundary:

Total Acreage	Fee Deposit
Less than 1	\$3,150
1 – 24.9	\$4,900
25 – 149.9	\$7,350
More than 150	\$14,600

c) Consolidations, mergers, and establishments of a subsidiary district:

Total Acreage	Fee Deposit
N/A	\$1,800

d) Dissolutions of an independent special district and county service areas:

Total Acreage	Fee Deposit
N/A	\$1,250

e) Formation of a county service area:

Total Acreage	Fee Deposit
N/A	\$5,000

Footnote: includes petition filing fee and sphere adoption

f) Addition of a service to the list of services that a county service area may perform:

Total Acreage	Fee Deposit
N/A	\$1,250

g) Formation of a special district:

Total Acreage	Fee Deposit
N/A	\$15,000

Footnote: includes sphere adoption

h) City incorporations:

Total Acreage	Fee Deposit
N/A	\$30,000

Footnote: includes sphere adoption

i) Request for the State Controller's Review of a Comprehensive Fiscal Analysis on an incorporation proposal:

Actual cost billed by the Controller. If the Controller has not set a cost at the time the deposit is due, the deposit shall be \$-38,200.

If the costs will-exceed the deposit in the opinion of the Executive Officer, the Executive Officer shall bill the party who requested the Controller's review for the estimated costs to complete Controller's review. Failure to pay an additional deposit may result in cessation of the Controller's report and other remedies as determined by the Controller's office and the Commission.

j) Sphere of Influence revision or amendment:

Total Acreage	Fee Deposit
N/A	\$5,150

k) Provision of a new function or service by a district:

Total Acreage	Fee Deposit
N/A	\$1,500

I) Requests for extraterritorial service:

Total Acreage	Fee Deposit
N/A	\$950

m) Request for a service review outside the Commission's schedule in accordance with the adopted multi-year work program:

Actual cost. Note: Initiation of a service review outside of LAFCO's work program is subject to LAFCO's discretion whether the service review can be conducted in a manner that doesn't prejudice the work program, and to LAFCO's discretion as to the appropriate geographic areas, agencies, and scope of the service review.

n) Copies or other reproduction efforts:

Requests	Fee Deposit
Copies	First 30 pages free; thereafter \$0.18 per page
Digital Audio Files	\$14.42 per 80-minute CD
Other Electronic	The fees as charged by the County of Santa
Media	Cruz on its Unified Fee Schedule

4. BILLING RATES

The Commission will review billing rates and the fee schedule on an annual basis and may adjust rates as necessary to <u>assure ensure</u> the cost recovery <u>with of</u> processing each type of application. Documentation regarding actual costs (salaries, benefits, etc.) is available in the LAFCO office.

As of August 5, 2020, staff's hourly rates are the following:

LAFCO Staff	Hourly Rate
Executive Officer	\$138.27
Commission Clerk	\$102.71
Legal Counsel	Same rate charged to LAFCO

5. FINANCIAL ASSISTANCE

LAFCO has established a fee schedule policy in accordance with the allowances provided by the State of California under California Government Code Sections 56383 and 66014. In some cases, a fee waiver or some type of financial assistance may be considered and approved by the Commission, if warranted. The following policies direct the setting and criteria when considering financial assistance.

7.1 Fee Waivers

The LAFCO filing fee for the following types of proposals may be waived provided, however, that a deposit is provided for the anticipated direct costs for environmental review and state board of equalization recordation fees. Compliance with these conditions is to be determined by the LAFCO Executive Officer:

- a) City annexations of island areas that comply with Government Code Section 56375.3; and
- b) The proposal corrects a boundary alignment problem (i.e. a divided assessor's parcel or inadvertent exclusion.

7.2 Proposals Based on Service & Sphere Review Findings/Recommendations An applicant may request a waiver/reduction of the LAFCO filing fee if the proposal stems from an adopted service and sphere review. A request must be submitted in writing, be initiated by the affected agency(ies), accompanied by the submission of an application, and within one (1) year from the most recently adopted service and sphere review for consideration. The Executive Officer shall present the waiver request at the next regular hearing for Commission consideration.

Example of fee waiver request under this policy:

a) LAFCO recommends that a city/district annex areas within its existing sphere boundaries.

Example of fee reduction request under this policy:

 a) LAFCO recommends that two or more districts consolidate to maximize existing resources, optimize economies of scale, and/or improve the provision of services.

A city or special district may also request financial assistance in hiring an outside consultant to explore possible changes of organization based on recommendations found in LAFCO's adopted service and sphere reviews. Examples include but are not limited to the completion of an annexation plan. If the Commission chooses to provide financial assistance, the total amount towards this type of request shall not exceed \$15,000 during the current fiscal year.

Adopted on December 4, 2002 (Resolution No. 2002-9)
Revision on August 3, 2011 (Resolution No. 2011-8)
Revision on February 4, 2014 (Resolution No. 2014-2)
Previous Revision on December 6, 2017 (Resolution No. 2017-12)
Revision on August 5, 2020 (Resolution No. 2020-19)
Last Revision on March 6, 2024 (Resolution No. 2024-07)



ENVIRONMENTAL REVIEW POLICY

1. OVERVIEW

This policy outlines the specific procedures used by LAFCO to tailor the general provisions of the California Environmental Quality Act ("CEQA") Guidelines (California Code of Regulations, Title 14, sections 15000 et seq.) ("State CEQA Guidelines") to LAFCO's specific functions as both a "Responsible" and a "Lead" agency under CEQA. This version of LAFCO's environmental review guidelines incorporates changes in the State CEQA Guidelines through 2019.

These provisions and procedures incorporate by reference (and are to be utilized in conjunction with) the State CEQA Guidelines, a copy of which is available on LAFCO's website. These procedures will be revised as necessary to conform to amendments to the State CEQA Guidelines, within 120 days after the effective date of such amendments. However, LAFCO will implement any such statutory changes that the California Legislature makes to CEQA regulations as soon as those statutory changes become effective, even if not expressly stated herein.

2. PUBLIC AGENCIES' RESPONSIBILITIES

A public agency must meet its own responsibilities under CEQA and shall not rely on comments from other public agencies or private citizens as a substitute for work that CEQA requires the Lead Agency to accomplish. For example, a Lead Agency is responsible for the adequacy of its environmental documents. The Lead Agency shall not knowingly release a deficient document hoping that public comments will correct defects in the document. When making decisions that trigger some type of CEQA review, LAFCO's duty is to minimize the environmental damage that may result from those decisions and to balance the competing public objectives as outlined in the State CEQA Guidelines, section 15021.

3. LAFCO'S ENVIRONMENTAL RESPONSIBILITIES

LAFCO's role as a regulatory agency involves "the discouragement of urban sprawl, the encouragement of the orderly formation, and development of local agencies." A few of its duties require minimal environmental review, especially those involving the commissioning of studies, the hearing of protests, and consolidations, reorganizations and mergers of cities or districts. Most of these duties only constitute jurisdictional changes with no potential for land use changes or for significant effects on the physical environment.

LAFCO's more prominent roles include, but are not limited to, creation of spheres of influence, formation of new districts, incorporation of new cities, and annexations/reorganizations to cities or special districts. These types of LAFCO actions generally require more in-depth analysis, especially if they result in the a direct or indirect physical change in the environment, like facilitation of growth and/or land use alterations. Factors that must be assessed in these cases involve land area and

use, all aspects of the physical and human environment, geographical features, population growth and density, social and economic changes, availability of infrastructure and government services, conformity with city or county land use plans, and creation of unincorporated "islands," etc.

4. LAFCO'S ROLE AS AN "INTERESTED" AGENCY

In situations where LAFCO is not a "Responsible Agency" but has an interest in reviewing a project to ensure that LAFCO related information is correctly identified, LAFCO plays a more limited role in the CEQA process. In those instances, the Executive Officer will review, and, if necessary, comment on all environmental documents submitted by a Lead Agency involving projects/decisions relating to and/or affecting LAFCO projects or policies.

5. LAFCO'S ROLE AS A "RESPONSIBLE" AGENCY

"Responsible" Agency status occurs when LAFCO is not the "Lead" Agency, but nevertheless has discretionary approval authority over a project or some aspect of a project, in tandem with, or separate from that of the Lead Agency in accordance with Section 15096 of the State CEQA Guidelines. Examples of situations where LAFCO may be a Responsible Agency include, but are not limited to:

- A city approving an annexation request to LAFCO, only after pre-zoning the area in question. When a city has pre-zoned an area, the city serves as the Lead Agency for any subsequent annexation of the area and should prepare the environmental documents at the time of pre-zoning or other land use decision; or
- When a special district has conducted an environmental review and prepared an environmental determination for a plan to serve an area proposed for annexation to the district.

LAFCO shall use the environmental document prepared by the Lead Agency for LAFCO's environmental determinations if the Executive Officer deems it adequate for such use pursuant to State CEQA Guidelines, Section 15096. Procedures for determining the adequacy of the lead agency's CEQA document are summarized in the following sub-sections.

4.1 Consultation

<u>Pre-Application Discussion:</u> Regardless of whether LAFCO is a Responsible Agency, each Lead Agency carrying out any project within LAFCO's jurisdiction and function shall inform LAFCO in writing of its intent and process for that project at the beginning of the Lead Agency's CEQA review process, and the Lead Agency shall provide LAFCO with copies of any project applications.

<u>CEQA Determination</u>: The Lead Agency shall consult with LAFCO regarding the preparation of its environmental documents/determinations (Statutory Exemptions, Categorical Exemptions, Initial Studies/Negative Declarations, Environmental Impact Reports ("EIR"), etc.), which must also be used by LAFCO in its role as a Responsible Agency; consultation can be written or verbal and LAFCO's input shall be incorporated/addressed in the Lead Agency's analysis, documentation and determinations.

<u>LAFCO Initial Comments</u>: The Executive Officer shall, as soon as practical but within 30 days of notification, comment as to the appropriate environmental determination from LAFCO's perspective as well as issues of concern to be addressed in any environmental document. The requirement for written notification from the Lead Agency can be waived at the Executive Officer's discretion.

Where LAFCO disagrees with the Lead Agency's proposed environmental determination (such as a Negative Declaration), LAFCO will identify the specific environmental effects which it believes could result from the project and recommend the project be mitigated with measures to reduce the potential impacts to less than "significant" (when feasible) or that an EIR be prepared to properly characterize potentially significant impacts.

Notice of Preparation: When it intends to prepare an EIR, the Lead Agency shall send a Notice of Preparation by certified mail to LAFCO to solicit input in accordance with Section 15082 of the State CEQA Guidelines.

LAFCO shall respond to any Notice of Preparation submitted to LAFCO in accordance with subsection (A)(5) above in writing within 30 days, specifying the scope and content of the environmental data and analysis germane-related to LAFCO's statutory responsibilities for the proposed project. LAFCO shall also provide the Lead Agency with input regarding environmental issues and the minimum content of the analysis needed to meet a standard of adequacy for use of the environmental document/determination by LAFCO as a CEQA Responsible Agency.

4.2 Preparation of Environmental Documents by a Lead Agency

The Lead Agency shall include information in the Statutory Exemption, Categorical Exemption, Initial Study/Negative Declaration/EIR to allow its subsequent use by LAFCO for its considerations; referencing on the title page and in the project description any boundary changes, changes of organization or reorganization, or other proposed actions requiring subsequent discretionary action by LAFCO to fully implement the project.

The Lead Agency shall send the draft document to LAFCO as part of the public review process required by the CEQA and applicable guidelines (sections 15072 and 15082 of the State CEQA Guidelines). The Executive Officer will, within the established review period, send comments to the Lead Agency in writing (which can be transmitted either via U.S. mail or overnight delivery, or electronically by email or other messaging system), all of which LAFCO expects to be incorporated and assessed in the final document. LAFCO's comments on a draft CEQA document submitted to LAFCO by a lead agency should focus on the appropriateness of the CEQA document chosen, the adequacy of the environmental document's content, in the case of an EIR -- additional alternatives or mitigation measures, etc., that are germane to environmental impacts that could result from LAFCO's subsequent discretionary action or to the adequacy of the document for use by LAFCO as a CEQA Responsible Agency.

A final EIR prepared by a Lead Agency or a Negative Declaration adopted by a Lead Agency shall be conclusively presumed to comply with CEQA for purposes of use by Responsible Agencies which were consulted pursuant to Sections 15072 or 15082, unless one of the following conditions occurs:

- The EIR or Negative Declaration is finally adjudged in a legal proceeding not to comply with the requirements of CEQA; or
- A subsequent EIR is made necessary by Section 15162 of the State CEQA Guidelines.

4.3 LAFCO Requirement of Environmental Documents/Determinations

Applications filed by Lead Agencies with LAFCO shall include copies of one of the following environmental documents as specified in LAFCO's filing requirements and all applicable findings for an EIR per Sections 15091, 15092 and 15093 of the State CEQA Guidelines.

- <u>Exemptions</u>: Certification of Categorical or Statutory Exemption;
- <u>Negative Declaration</u>: Notice of Intent to Adopt a Negative Declaration and a Final Negative Declaration (including copy of Initial Study) or a Final Negative Declaration with mitigation measures (including copy of Initial Study), all technical appendices, and Mitigation Monitoring/Reporting Plan;
- Environmental Impact Report: Notice of Subsequent Use of an Existing EIR (which
 was previously available or has been made available to LAFCO), –Notice of
 Preparation of a Draft EIR, Notice of Availability/Notice of Completion of Draft EIR
 (including copy of Draft EIR), Final EIR, Statements of Findings/Overriding
 Considerations, and Mitigation Monitoring/Reporting Plan;
- <u>California Department of Fish and Wildlife</u>: copy of environmental filing fee receipt including, if applicable, a CEQA Filing Fee No Effect Determination Form; and/or
- Other Appropriate CEQA Documents: copy of any other environmental document/determination not listed in this policy.

4.4 LAFCO's Use of Lead Agency's Environmental Documents

In making its determinations on boundary change proposals, changes of organization or reorganization, or other proposed actions requiring discretionary action by LAFCO, LAFCO will generally use the environmental document prepared by the Lead Agency if the procedures regarding consultation and preparation of environmental documents by a Lead Agency outlined above have been followed.

Prior to project approval, the Commission will certify that it has reviewed and considered the information contained in the Lead Agency's document. LAFCO may request the Lead Agency furnish additional information or findings as required to support a legally adequate Responsible Agency environmental determination in accordance with Section 15096 of the State CEQA Guidelines.

When a Lead Agency's EIR identifies significant environmental effects, LAFCO will incorporate the Lead Agency's findings or formulate its own, for each significant effect, or otherwise make findings in accordance with State CEQA Guidelines, Section 15091 for each significant environmental effect that is identified in a Lead Agency's EIR.

LAFCO may take any of the following actions to conform to CEQA requirements when rendering a decision on an application:

- LAFCO will not approve a proposed project with significant impacts if it can adopt feasible alternatives or mitigation measures within its powers that would substantially lessen the magnitude of such effects, unless it adopts a Statement of Overriding Considerations (State CEQA Guidelines, section 15093);
- If LAFCO mitigates impacts listed in the EIR to a less than significant level via the adoption of boundary alternatives or conditions of approval (negotiated with the local agency), such findings shall be reinforced by adequate rationale and inserted in the record; or
- If the environmental impacts of the LAFCO decision cannot be mitigated to a less than significant level, LAFCO will adopt a Statement of Overriding Considerations per State CEQA Guidelines, Sections 15093 and 15096.

Upon project approval, LAFCO shall file a Notice of Determination in a like manner as a Responsible Agency in accordance with Section 15096(i) of the State CEQA Guidelines. The Notice of Determination shall be filed with the Santa Cruz County Clerk of the Board.

6. LAFCO'S ROLE AS A "LEAD" AGENCY

LAFCO will be the Lead Agency responsible for performing CEQA mandated environmental review when its discretion for approval or denying a project involves general governmental powers. This is in contrast with a Responsible Agency role which only has single, limited powers over the project, normally subsequent and secondary to LAFCO's function, such as pre-zoning for the property of interest. Examples of projects requiring LAFCO to act as a Lead Agency include but are not limited to the following:

- Establishment of spheres of influence for cities and special districts;
- Adoption of studies or municipal service reviews; and
- Special District activation or divestiture of a function or class of service.

6.1 Delegation of Responsibilities by the Commission to the Executive Officer The following quotations from Section 15025 of the State CEQA Guidelines indicate those functions that can and cannot be delegated to the Executive Officer by the Commission:

A public agency (the Commission) <u>may</u> assign specific functions to its staff (Executive Officer) to assist in administering CEQA. Functions which may be delegated include but are not limited to:

- Determining whether a project is exempt;
- Conducting an Initial Study and deciding whether to prepare a draft EIR or Negative Declaration (refer to Section IV, F. 2. of these guidelines for a discussion of the appeal process when an EIR is required.);

- Preparing a Negative Declaration or EIR;
- Determining that a Negative Declaration has been completed within a period of 180 days (see Section 21100.2 of CEQA);
- Preparing responses to comments on environmental documents; and
- Filing of notices.

The decision-making body of a public agency (the Commission) shall <u>not</u> delegate the following functions:

- Reviewing and considering a final EIR or approving a Negative Declaration prior to approving a project before the Commission; and
- The making of findings as required by Sections 15091 and 15093.

7. LAFCO'S LEAD AGENCY PROCEDURES

The following process and procedures, specific to LAFCO's function, summarize or supplement the State CEQA Guidelines and are to be used to process all accepted applications.

7.1 Statutory Exemptions (CEQA Guidelines, Sections 15260-15285)Statutorily exempt projects defined by the Legislature that could apply to a LAFCO project include the following:

- <u>Disapproved Projects</u>: CEQA does not apply to projects that LAFCO rejects or disapproves. This statutory exemption is intended to allow an initial screening of projects on the merits for quick disapprovals prior to the initiation of the CEQA process where LAFCO can determine that the project cannot be approved. This statutory exemption shall not relieve an applicant from paying the costs for an EIR or negative declaration prepared for the project prior to the lead agency's disapproval of the project after normal evaluation and processing.
- <u>Feasibility and Planning Studies:</u> A project involving only feasibility or planning studies for possible future actions which the agency, board, or commission has not approved, adopted, or funded does not require the preparation of an EIR or Negative Declaration but does require consideration of environmental factors. This section does not apply to the adoption of a plan that will have a legally binding effect on later activities.
- Ministerial Projects: Actions or Ministerial Projects involve the application of fixed standards without the option of exercising personal or subjective judgment (discretion) by the Executive Officer or the Commission. Examples include but are not limited to the following: (1) Consolidation/reorganization of special districts where the district boards adopt similar resolutions of applications for said consolidation/reorganization into a single agency (pursuant to Government Code Section 56853), and (2) Certain island annexations (pursuant to Government Code Section 56375) where approval is mandated if the annexation meets certain specific findings.

7.2 Categorical Exemptions (CEQA Guidelines, Section 15300)

The following classes of projects, specifically pertaining to LAFCO's activities, have been identified in the State CEQA Guidelines as not having the potential to cause significant environmental effects, and may be categorically exempt from the requirements of CEQA if certain specified criteria are satisfied (Note: A categorical exemption shall not be used for these activities where there is substantial evidence to support that one of the exceptions to the categorical exemptions in State CEQA Guidelines, section 15300.2 is present.):

- Construction or Conversion of New, Small Structures (Class 3): Included within
 this category are extraterritorial or out-of-agency service contracts/agreements
 involving the extension of water, sewer, and/or other utility services by a city or
 district outside its boundaries but lying within its respective sphere of influence.
- Annexations of Existing Facilities and Lots for Exempt Facilities (Class 19): Included within this category are: (1) Annexations to special districts where the district's services would be provided even without annexation and construction has been initiated prior to the issuance of a Certificate of Filing, (2) Annexations of areas containing existing public or private structures developed to the density allowed by current zoning or pre-zoning, whichever is more restrictive, (provided, however, that the extension of utility services within the annexed area would have a capacity to serve only those existing facilities), (3) Detachments from cities where the land being detached is committed, by virtue of an adopted land-use plan, to remain in agricultural use or open space; or where the land is presently developed and no change in land-use can be reasonably anticipated, and (4) Detachments from special districts which will not result in any change in zoning or land use.
- Changes in Organization of Local Agencies (Class 20): Included within this category are changes in the organization or reorganization of local agencies where the changes do not modify the geographic area in which previously existing powers are exercised. Examples include but are not limited to: (1) Establishment of a subsidiary district, (2) Consolidation of two or more districts having identical boundaries, (3) Merger with a city of a district lying entirely within the boundaries of the city, or (4) Reorganization of agencies consisting of annexations or detachments providing similar services.

7.3 Recordation of Notice of Exemptions

When a LAFCO project qualifies for an exemption, LAFCO staff may develop and record with the Santa Cruz County Clerk of the Board a "Notice of Exemption" form, to include: (1) A brief project description, (2) The project location with supporting map, (3) The specific exemption including the finding and citation of the CEQA Guidelines section or statute under which it is found to be exempt, and (4) The rationale for its selection, including a brief statement of reasons to support the findings.

7.4 Initial Studies

A project for which LAFCO is the Lead Agency and which is not exempt will require the preparation of an Initial Study to determine if the project has the potential for causing a significant environmental effect. The Initial Study assessment shall consider all phases of the project; the purposes, policies, rules, regulations and standards set forth in CEQA and its State CEQA Guidelines; these procedures and the adopted plans and policies of cities, the County, and LAFCO. An Initial Study need not be prepared if the Executive Officer determines at the beginning stages of review that a full-scope EIR will be required, but will be used to document the significance of specific impacts requiring a focused EIR, i.e. the Initial Study shall document the rationale for narrowing the scope of issues to be addressed in an EIR.

Process: The Initial Study will be prepared on a State CEQA Guidelines Standard Initial Study Environmental Checklist Form using the project application, environmental description forms, appropriate literature, etc. A site visit may be necessary. Individual findings for environmental issues will be documented with sufficient technical data to substantiate conclusions regarding the potential for significant adverse impact. Insufficiency of available information will be noted on the form if it affects the ability to reach a conclusion.

The preparer shall consult with all Responsible Agencies and other public agencies/persons/organizations affected by or knowledgeable of the project and its issues. Under appropriate circumstances such review could also involve use of the County's or a city's Environmental Review Committee and its public forum to more fully assess the physical, social and infrastructural implications of complex projects. The Initial Study will be the supporting document for findings of "significance" and "non-significance" (whether to prepare a Negative Declaration or EIR). It is a tool for modifying projects and/or identifying mitigation measures to allow a finding of "non-significance." It can also be used to focus the EIR on effects determined to be potentially significant or to determine whether a previously prepared EIR could be used/modified for the project, etc.

The Initial Study shall contain: (1) A project description and location; (2) Environmental setting; (3) Identification of all environmental impacts using the most recent version of the State CEQA Guidelines environmental checklist form (Appendix G) and substantial evidence to support environmental impact findings, including ways to mitigate (avoid, minimize, compensate or otherwise reduce) a significant impact to a less than significant level; and (4) Examination of project consistency with zoning and land-use plans, etc. Section 15063 of the State CEQA Guidelines contains a detailed description of the content of and uses for the Initial Study and it is hereby incorporated by reference. Funding for the preparation of an Initial Study shall be borne by the applicant for the LAFCO action pursuant to Commission policy.

- <u>Executive Officer's Determinations/Findings</u>: After <u>a</u> review of the Initial Study and all supporting information, the Executive Officer shall determine the appropriate environmental determination based on one of the following findings:
 - The project will not have a significant environmental effect. Prepare a Negative Declaration and a Notice of Determination and publish a Notice of Intent to Adopt a Negative Declaration. After an appropriate public review period consistent with the applicable State CEQA Guideline's requirements, the documentation will be finalized and forwarded to the Commission with a recommendation for adoption;

- 2) The project, as proposed, would have a significant environmental effect, but with alterations, stipulations, or mitigation measures, all adverse impacts can be mitigated to a less than significant level. Prepare a Mitigated Negative Declaration and a Notice of Determination and publish a Notice of Intent to Adopt a Negative Declaration. After appropriate public review period consistent with State CEQA Guideline's requirements, the documentation will be forwarded to the Commission with a recommendation for adoption;
- 3) The project will have a significant environmental effect, but all such impacts have been adequately assessed in a final EIR previously reviewed by LAFCO and mitigated to the extent feasible. Submit the EIR to the Commission with appropriate findings for certification;
- 4) The project will have a significant environmental effect. An EIR will be prepared and submitted to the Commission with appropriate findings; or
- 5) The project will have a significant environmental effect and an EIR has been prepared. However, new information or changed conditions affecting the project or the site warrant additional analysis. Prepare a supplemental EIR or addendum to the original EIR focusing on these changes. Submit to the Commission with appropriate findings for certification.

7.5 Negative Declaration or Mitigated Negative Declaration

A Negative Declaration (finding of non-significant effect) or a Mitigated Negative Declaration (finding of non-significant effect with project changes/mitigation measures/conditions of approval) will be prepared on the State CEQA Guidelines Initial Study Environmental Checklist Form by staff per the findings of the Initial Study based on substantiating evidence.

The Negative Declaration or Mitigated Negative Declaration's contents will include a brief project description, location (i.e., vicinity map), name of applicant, the finding of non-significance, attached Initial Study with any applicable technical reports, data or other information constituting the substantial evidence supporting the environmental analysis, and a list of mitigation measures (if any, in the context of a Mitigated Negative Declaration). A determination of the Initial Study's adequacy and the preparation of the accompanying Negative Declaration or Mitigated Negative Declaration initially rests with the Executive Officer. The formal adoption of the Negative Declaration or Mitigated Negative Declaration rests ultimately with the Commission.

• Notice Requirements: The document will be available at the LAFCO office for public review and comment for a minimum of 21 days prior to LAFCO action on the project. Recommended Negative Declarations and Mitigated Negative Declaration (in the form of a Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration) will be noticed at least once in a newspaper of general circulation in the project area; noticed in the "local" newspaper of the affected area (if any); mailed to all Responsible Agencies and public agencies with jurisdiction within the project area; mailed to those individuals and organizations who have requested such notices.

Where one or more state agencies will be a Responsible or Trustee Agency or will exercise jurisdiction over natural resources affected by the project, LAFCO shall send copies of the Negative Declaration or Mitigated Negative Declaration to the State Clearinghouse for distribution to these state agencies. Review by state agency(ies) will require a 30-day period unless reduced by prior approval of the State Clearinghouse. Pursuant to adopted Commission policy, costs associated with the Notice and distribution requirements shall be funded by the applicant for the LAFCO action.

- <u>LAFCO Consideration</u>: The Commission will consider the proposed Negative Declaration or Mitigated Negative Declaration and any public and agency comments prior to approving a project, and will approve the Negative Declaration or Mitigated Negative Declaration if it finds there is no substantial evidence in the whole of the administrative record that the project will have a significant environmental effect. Where mitigation is included as a condition of the Mitigated Negative Declaration, the mitigation monitoring and reporting program (MMRP) shall assign responsibility for implementing the mitigation measure(s) when the Mitigated Negative Declaration is approved by the Commission.
- Notice of Determination: After the Commission's approval of a project for which a Negative Declaration or Mitigated Negative Declaration has been adopted, the Executive Officer shall file a Notice of Determination. The Notice of Determination's content shall include: (1) Project description, identification and location; (2) Date project approved by LAFCO; (3) Determination of "non-significant" effect, or determination that mitigation measures were imposed and made conditions of approval for the project to reduce impacts to less than significant levels; (4) Statement that a Negative Declaration or Mitigated Negative Declaration has been prepared and approved; and (5) Address of LAFCO office where a copy of Negative Declaration or Mitigated Negative Declaration is filed.

The Notice shall be filed with the Santa Cruz County Clerk of the Board. If the project requires a discretionary approval from any state agency, the Notice shall also be filed with the State Office of Planning and Research, State Clearinghouse. Fees for filing a Notice of Determination for a Negative Declaration or Mitigated Negative Declaration shall be funded by the applicant for the LAFCO action.

7.6 Environmental Impact Report

If the Executive Officer or the Commission finds, based on substantial evidence in the record or contained in the Initial Study and public comments, that a project may have a significant environmental effect, the Executive Officer will initiate the preparation of an Environmental Impact Report ("EIR").

<u>Purpose</u>: An EIR is an informational document; a major tool in the decision-making process, informing Commissioners and all parties involved of the environmental consequences of project decisions before they are made. An EIR's primary functions are to identify and mitigate significant adverse impacts and to provide alternative project and boundary options that may reduce potentially significant impacts of the proposed project.

- An EIR is not an instrument to rationalize approval or denial of a project; nor do indications of adverse impacts require automatic denial. LAFCO has the authority to balance environmental, economic, social or other objectives as part of its mandate to develop orderly governmental boundaries (Sections 15091, 15092 and 15093, State CEQA Guidelines). An EIR should be prepared early in the application process to facilitate the integration of environmental considerations in project or boundary design. The applicant is responsible for submitting all necessary project data for the EIR per the Executive Officer's request or funding the preparation of required project data for the EIR.
- Appeals: The Executive Officer's determination to require an EIR is appealable to the Commission within 10 working days of the issuance of the decision to prepare an EIR. Such an appeal must be filed, on LAFCO forms, with the Executive Officer and must include specific substantiation for the appeal, directly related to environmental issues. The appeal shall be heard on the next regularly scheduled Commission agenda that permits adequate public notification. The Commission's decision shall be final. The only legal remedy available to appeal the Commission's final action is to file a petition for writ of mandate in the superior court under California Code of Civil Procedure Section 1085.
- Notice of Preparation: At the earliest feasible date following the Executive Officer's/Commission's formal decision to prepare an EIR (based on the administrative record or an Initial Study), a Notice of Preparation ("NOP") will be mailed to all responsible and affected agencies (including the State Clearinghouse and affected state agencies, if any) and any parties requesting notification. State review of an EIR will result in the issuance of an identification number (State Clearinghouse Number) which shall be used on all subsequent documentation and correspondence.

The NOP shall include sufficient information on the project and its anticipated impacts to facilitate meaningful responses on the environmental issues that may cause significant adverse impacts. Such content to should include: (1) Project description; (2) Mapped location; (3) Probable environmental effects; and (4) A copy of the Initial Study or substantial evidence in the record justifying the preparation of an EIR, etc. The NOP shall be sent to all responsible/trustee agencies or interested parties via certified mail or other method to document its receipt.

Within 30 days after LAFCO's release of the NOP, each Responsible Agency/interested party shall submit to LAFCO specific information directly related to that agency's/party's statutory responsibility for the project; the environmental issues, alternatives, and mitigation measures to be explored; and the agency's/party's role in the project's review, etc. If LAFCO does not receive a response or request to extend the public comment period on the NOP by the end of the 30-day NOP review period, LAFCO may presume that no response will be made from an agency or party that received the NOP.

Scope of EIR: LAFCO may also convene meetings involving all parties (especially
at the request of a Responsible Agency) to further assist in the determination of
the EIR's scope and content, no later than 30 days after such request. Early and
complete scoping, consultation and negotiation are critical to the preparation of an

adequate EIR. LAFCO may request use of the County's or a local agency's Environmental Review Committee in a public meeting forum to aid in the identification and resolution of any technical issues. LAFCO will compile all comments and identify in writing the focus for the EIR. An EIR can be prepared by staff or consultants under contract to LAFCO, coordinated by the Executive Officer or designee. LAFCO may accept data for an EIR from any source subject to independent validation by LAFCO staff. Also, LAFCO may charge an applicant appropriate fee to cover all costs for preparing and processing an EIR.

- <u>EIR Content:</u> Article 9 of the State CEQA Guidelines describes the complete content of all required sections of an EIR, as modified from time to time. However, LAFCO has discretion to narrow the scope of an EIR's content during the scoping process (State CEQA Guidelines, section 15063).
- Consultant EIRs: The Executive Officer shall use a Request for Proposals bidding process to select a consultant to write the EIR. The Executive Officer shall maintain and update as necessary a list of consultants, a minimum of three from which proposals shall be solicited for each consultant prepared EIR. The Executive Officer and the applicant will screen the proposals in an attempt to gain a consensus on choosing the consultant. However, the Executive Officer is ultimately responsible for final selection of the consultant. The Commission will review the scope of work, consultant qualifications, contract cost, and all other aspects before authorizing a contract.

The applicant will be charged a fee to cover all contract and staff costs, to be deposited into a LAFCO trust fund. (Note: The contract will be between LAFCO and the consultant which will work solely at the Executive Officer's, not the applicant's, direction.) The Executive Officer will disburse the funds to the consultant at stages specified in the contract based on completion and performance. In addition to the contract costs, the fees charged will be based on actual staff time involved in, but not limited to: (1) Consultant selection including bid solicitation and review, submission of information to consultants, etc.; (2) Review of Draft EIR, corrections, additions, legal review by the Commission's legal counsel, etc.; (3) Compiling comments and reviewing responses to comments for preparation of Final EIR; and (4) Meetings with applicant, consultant and public regarding EIR preparation.

Public Participation (CEQA Guidelines, Section 15201): Public participation is an essential part of the CEQA process. LAFCO includes provisions in its CEQA procedures for wide public involvement, formal and informal, consistent with its existing activities and procedures, in order to receive and evaluate public reactions to environmental issues related to the agency's activities. Such procedures include, whenever possible, making environmental information available in electronic format and on LAFCO's website.

Interacting with the public is an important CEQA process that allows the public to voice its concerns about environmental issues and the potential effect of a project on the physical environment. Therefore, in order to ensure public involvement in LAFCO's CEQA process, the Commission—in addition to the requirements for public notification on the NOP and/or the Notice of Completion—will provide the public with the opportunity to participate in any meetings related to the EIR,

whether through a scoping meeting (optional) to provide verbal or written comments on the content of the EIR and/or through the public hearing (required) on the certification of the Final EIR.

- Completion Notice (CEQA Guidelines, Section 15085): Because most LAFCO EIRs will require circulation through the State Clearinghouse, the default procedure is that as soon as the draft EIR is completed, a Notice of Completion ("NOC") must be filed with the California Governor's Office of Planning and Research, denoting the project's description and location, address where EIR copies are available, and the period which comments can be submitted.
- Agency/Public Review: At the time the NOC is sent, the Executive Officer shall provide public notice of the draft EIR's availability to all organizations, agencies and individuals who previously requested such notice; as well as publication in The Santa Cruz Sentinel (newspaper of general circulation) and/or local newspapers. The Executive Officer shall also distribute copies of the draft EIRs and requests for comments to all public agencies with jurisdiction within the project area; to any persons or organizations previously requesting such copies; to public libraries in the affected areas; as well as maintaining copies in the LAFCO and any Responsible Agency's offices (upon request). The Executive Officer may consult with any person who has special expertise in any environmental issue involved.

Review periods are not to be less than 30 days nor longer than 60 days from the date of the NOC except in unusual situations, per the Executive Officer's discretion. The review period for draft EIRs submitted to state agencies via the State Clearinghouse will be a minimum of 45 days. The last date for comment submittal shall be specified in the request for comments. A lack of response by that date constitutes a non-objection or "no-comment" by that particular party.

The sufficiency of the EIR per State CEQA Guidelines is the only issue to be addressed during this review. Questions/issues regarding the feasibility or desirability of the project itself shall only be considered by the Commission at the appropriate hearing, not integrated into the environmental review process. In instances where complex technical issues or disagreements among experts arise in the context of an EIR, the Executive Officer can convene a meeting of the County's or a local agency's Environmental Review Committee to provide a forum for a more thorough review of the EIR's adequacy.

- Adequacy: The Executive Officer will make preliminary (not appealable)
 determinations of the EIR's adequacy, utilizing all aspects of the public record; in
 turn making specific recommendations on adequacy to the Commission, for its
 findings, at the time the project is heard.
- Response to Comments on an EIR (CEQA Guidelines, Section 15088): The Executive Officer shall prepare a written response to all comments received during the comment period (and MAY respond to those received after the period): describing the disposition of issues, opinions or facts raised, project revisions or mitigation measures resulting from these comments, reasons for not accepting recommendations, all substantiated by factual information. The response to comments may be in the form of revisions to the EIR text, a separate section in the final EIR or as notes typed in the margins of the comment letters, depending on the event of the resulting revisions.

- Preparation of Final EIR (CEQA Guidelines, Sections 15089 and 15132): The Executive Officer/consultant will prepare a final EIR before the Commission makes a decision on the project. Project denial does not require certification of the Final EIR. Final EIR contents include: (1) The draft EIR and any revisions made to it in response to comments; (2) Comments and recommendations received on the draft EIR verbatim; (3) A list of persons, organizations and agencies commenting on the draft EIR; (4) LAFCO's responses to significant points raised during review and consultation; (5) Plus any other pertinent information. Final EIRs shall be available for a minimum of 10 days prior to the Commission hearing on a project and shall be provided to any commenting partyies 10 days prior to a Commission hearing on a project. The final EIR shall be submitted to the Commission with the project application and a mitigation measure monitoring plan/program (if necessary) for certification prior to the decision.
- Certification of Final EIR (CEQA Guidelines, Section 15090): Prior to approving a project for which an EIR has been prepared, the Commission shall certify that: (1) The final EIR has been completed in compliance with CEQA; (2) The final EIR was presented to the Commission which reviewed and considered it prior to approving the project; and, (3) The final EIR reflects the lead agency's independent judgment and analysis. If the Commission, through testimony or its own review of the data, finds that the environmental review is incomplete or the EIR does not adequately assess the full range of project impacts, it can refer it back to staff for revisions; deferring approval of the project until it can certify the amended final EIR. Under such circumstances, the Commission shall instruct staff to recirculate/not recirculate the amended EIR in accordance with the extent of requested revisions and as required by CEQA Guidelines, section 15088.5.
- Findings (CEQA Guidelines, Section 15091): The Commission cannot approve or carry out a project for which an EIR identifies one or more significant environmental effects, unless it makes one or more written findings for each significant effect, each reinforced by substantial evidence in the record. Such findings include: (1) Changes have been incorporated into the project which avoid or substantially reduce the significant environmental effect(s) identified in the final EIR, (2) Such changes are not within LAFCO's jurisdiction, but are within the responsibility and jurisdiction of another agency which has adopted such changes, or which can and should adopt such changes, or (3) Specific economic, social or other considerations make infeasible the mitigation measures or project alternatives identified in the final EIR.
- Approval (CEQA Guidelines, Section 15092): LAFCO shall not approve or carry out a project for which an EIR was prepared unless either: (1) The project, as approved, will not have a significant environmental effect, or (2) LAFCO has eliminated or substantially reduced all significant effects where feasible per State CEQA Guidelines, section 15091, and determined that any remaining significant effects found to be unavoidable per State CEQA Guidelines, section 15091, are acceptable due to overriding concerns described in CEQA Guidelines, section 15093.

- Statement of Overriding Considerations (CEQA Guidelines, Section 15093): When LAFCO approves a project that will have a significant effect on the environment that cannot be avoided or mitigated to a less than significant level, LAFCO shall state in writing the specific reasons to support its action based on the final EIR and/or other information in the record. The Commission shall balance, as applicable, the economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project against its unavoidable environmental risks when determining whether to approve the project. If the specific economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable". The statement of overriding considerations shall be supported by substantial evidence in the record. The Commission's statement of overriding considerations should be included in the record of the project approval and so stated in the Notice of Determination.
- Notice of Determination (CEQA Guidelines, Section 15094): The Executive Officer shall file a Notice of Determination following each project approval for which an EIR was certified. The notice shall include: (1) The final EIR has been completed in compliance with CEQA; (2) The final EIR was presented to the Commission which reviewed and considered it prior to approving the project; (3) The final EIR reflects the lead agency's independent judgment and analysis; (4) Determination of any significant environmental effects; (5) Statement that an EIR was prepared and certified pursuant to CEQA; (6) Whether mitigation measures were made conditions of the project; (7) Whether findings were made per State CEQA Guidelines, section 15091; (8) Whether a statement of overriding considerations was adopted; (9) The address of the location of a copy of the final EIR and the project record; and (10) If different from the applicant, the identity of the person undertaking the project which is supported, in whole or in part, through contracts, grants, subsidies, loans, or other forms of assistance from one or more public agencies or the identity of the person receiving a lease, permit, licenser, certificate, and other entitlement for use from one or more public agencies. The notice shall be filed with the Clerk of the County Board. If the project requires discretionary approval from a state agency, the notice shall also be filed with OPR State Clearinghouse.
- Disposition of Final EIR (CEQA Guidelines, Section 15095): The Executive Officer shall: (1) File a copy of the Final EIR with the Santa Cruz County Planning Department and the city, if applicable, where significant environmental effects may occur; (2) Include the Final EIR in all subsequent project administration; (3) Maintain a copy of the Final EIR as a permanent public record for the project; and (4) Require the applicant to provide a copy of the certified, final EIR to each Responsible Agency. Pursuant to adopted Commission policy, funding for the preparation of an EIR, fees for filing a Notice of Determination, and other related fees (i.e. notice and distribution requirements), are the responsibility of the applicant for the LAFCO action.

Adopted on September 6, 2000 (Resolution No.2000-5) Revision on August 5, 2020 (Resolution No. 2020-19) Last Revision on March 6, 2024 (Resolution No. 2024-07)



INDEMNIFICATION AGREEMENT POLICY

1. OVERVIEW

The purpose of this policy is to establish guidelines that require all applicants to indemnify the Commission, its agents, officers, attorneys, and employees from any action brought to challenge the discretionary approvals of proposals by the Commission.

2. BACKGROUND

Applicants to the Commission for discretionary approvals of proposals for changes of organization are typically the real parties in interest and therefore have financial interest in the Commission's decisions on their applications. Applicants who are not the real parties in interest also have interest in the outcome of their applications. Therefore, LAFCO believes that it is fair and equitable for all applicants to indemnify LAFCO from suits brought to challenge the discretionary approvals of their applications by the Commission. LAFCO also believes that indemnifying LAFCO furthers good government practices and public policy by providing applicants with an incentive to assist the Commission in complying with all laws, including those intended to ensure public rights.

3. PROCESS

In order to fulfill this practice, and to protect the integrity of the Commission's ability to make good government decisions, it is the policy of this Commission that:

- a) As part of any application submitted to the Commission, the applicant(s) shall be required to submit a signed agreement to indemnify the Commission, its agents, officers, attorneys, and employees from any action brought to challenge the Commission's discretionary approvals related to the application in the form provided in Exhibit "A";
- b) In the event that an action is brought to challenge the discretionary approval of a proposal by the Commission, the Commission shall promptly notify the applicant(s) and real party(ies) in interest of the existence of the legal challenge; and
- c) The Executive Officer shall not issue a Certificate of Filing for an application if an indemnification agreement in the form provided on the following page has not been executed and submitted to the Executive Officer by the applicant(s).

Adopted on September 6, 1995 (Resolution No. 141-QQQ) Previous Revision on April 1, 2015 (Resolution No. 2015-6) Last Revision on September 2, 2020 (Resolution No. 2020-23)

INDEMNIFICATION AND DEFENSE

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

A) Notification and Cooperation

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

B) Fees and Costs:

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

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

C) Settlement:

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

D) Successors Bound:

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

E) Recordation:

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

(Signature of LAFCO Executive Officer)	(Signature of Applicant)
Joe A. Serrano (Printed Name)	(Printed Name)
(Date)	(Date)



CERTIFICATE OF FILING POLICY

1. OVERVIEW

Pursuant to Government Code Section 56020.6, a Certificate of Filing is a document issued by the Executive Officer that confirms an application for a change of organization has met submission requirements and is ready for Commission consideration.

2. INACTIVE APPLICATIONS

Applicants for a change of organization or reorganization must meet submission requirements established in the Cortese-Knox-Hertzberg Act as well as Commission policies and procedures. Once these requirements are met, a Certificate of Filing will be issued by the Executive Officer deeming the application complete. Any application not deemed complete will be found considered incomplete and the applicant notified of missing requirements. If the application remains incomplete for a period of twelve (12) months without substantial progress being made towards its completion, the Executive Officer will notify the applicant and affected agencies that the application is deemed inactive will be closed without prejudice, and may be subject to a refund if any portion of the application fee has not already been used to cover staff time and other processing costs. If the applicant chooses to refile at a later date, a new application and filing fees will be required.

3. COMPLETE APPLICATIONS

Once a Certificate of Filing has been issued, the application officially becomes a proposal (Government Code Section 56069) and is scheduled for consideration by the Commission. When a proposal has been scheduled for hearing, no additional modification or amendment may be made to the proposal unless requested by Commission staff or the Commission's board by majority vote. However, an applicant may withdraw its application prior to the closing of the scheduled hearing. Withdrawal of an application must be submitted in writing to the Executive Officer. If an application is withdrawn and resubmitted, the applicant must file a completely new application and associated fee.

Adopted on December 2, 1981 (Resolution No. 97-M)
Last Revision on September 2, 2020 (Resolution No. 2020-24)



PROTEST PROCEEDINGS POLICY

1. OVERVIEW

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

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

2. PROTEST PROCEEDING GUIDELINES

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

- **2.1 Protest Proceeding Timeframe:** The Commission shall specify a timeframe between twenty-one (21) and sixty (60) days for the collection and filing of written protests pursuant to Government Code Section 56886(o), and that timeframe shall be included in the terms and conditions of an approval for a change of organization or reorganization for which protest proceedings are not waived pursuant to Government Code Section 56663.
- **2.2 Public Noticing:** Within thirty (35) days of the adoption of the Commission's resolution making determinations and approving a change or organization or reorganization, the Executive Officer shall notice a protest hearing and, in the notice, set the hearing date as prescribed by the Commission in its terms and conditions.
- **2.3 Types of Public Noticing:** Notice of the hearing shall be provided pursuant to Government Code Section 56150 et seq., and as follows:
- a) Notice must be published, posted, and mailed to affected agencies, proponents, and any persons requesting special notice;
- b) Mailed notice must be provided to all landowners affected by the proposal;
- c) The time, date, and location of the hearing shall be specified in the notice as determined by the Executive Officer; and

- d) The protest hearing must be held in the affected territory if the hearing is a proposal initiated by the Commission pursuant to Government Code Section 56375(a) for a district consolidation, dissolution, or merger, or the establishment of a subsidiary district.
- **2.4 Protest Hearing:** At the protest hearing, the Executive Officer, or designee, shall (1) summarize the Commission's resolution, and (2) hear and receive any oral or written protests, objections, or evidence. Written protests may be filed by any affected landowner or registered voter. The Executive Officer, or designee, may continue the protest, but for no more than sixty (60) days from the date specified in the notice.
- **2.5 Protest Hearing Results:** At the conclusion of the protest hearing:
- a) If no written protests have been filed, the Executive Officer, or designee, shall adopt a form of resolution ordering the change of organization or reorganization without an election; or
- b) If written protests have been filed, the Executive Officer, or designee, shall within thirty (30) days after the conclusion of the hearing, make determinations on the value of written protests filed and not withdrawn; and
- c) To determine the value of written protests filed and not withdrawn, the Executive Officer, or designee, shall cause the names of the signers on the protests to be compared with the voters' register in the County Elections Department pursuant to Government Code Section 56707 and/or the names of the owners of land on the most recent assessment roll pursuant to Government Code Sections 56708 and 56710.
- **2.6 LAFCO Actions after Protest Proceedings:** Upon determination of the value of written protests filed and not withdrawn, the Executive Officer, or designee, shall take one of the following actions, depending on the nature of the change of organization or reorganization:
- a) If less than 25% of the affected registered voters or landowners oppose the proposal, then a form of resolution making determinations and ordering the change of organization or reorganization will be adopted without an election;
- b) If 25% to 50% of the affected registered voters or landowners oppose the proposal, then a form of resolution making determinations and ordering the change of organization or reorganization will be adopted subject to confirmation by the voters; or
- c) If more than 50% of the affected registered voters or landowners oppose the proposal, then a Certificate of Termination will be issued, which ends the LAFCO proceedings.
- **2.7 Election Process:** If an election is required, the Executive Officer or designee, pursuant to Government Code Section 57000(d), shall inform the legislative body of the affected agency of LAFCO's determination and request the legislative body to direct the elections official to conduct the election.

3. LAFCO AS A CONDUCTING AUTHORITY

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

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

4. PROTEST THRESHOLD FOR OTHER BOUNDARY CHANGES

The percentage protest thresholds for a dissolution, consolidation, merger, or the establishment of a subsidiary district differ from the previous changes of organization discussed in the previous sections. While Government Code Section 57077 addresses the requirements for these changes of organization, Government Code Section 56854 supersedes those provisions.

The provisions of Government Code Section 56854 (previously Government Code Section 56839.1) was the product of legislation passed in 1997. Pursuant to Government Code Section 56854(a), LAFCO is required to order a dissolution, consolidation, merger, or the establishment of a subsidiary district without an election unless certain protest requirements are met. Those requirements are enumerated in the outline below. However, pursuant to Government Code Section 56854(b), the Commission is prohibited from ordering a merger or the establishment of a subsidiary district without the consent of the affected city.

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

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

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

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

- **4.2 Initiated by the Commission:** Where the proposal was initiated by the Commission, and regardless of whether an affected city or district has objected to the proposal by resolution:
- a) In the case of inhabited territory where there are 300 or more landowners or registered voters within the affected territory, a petition signed by:
 - i. At least 10% of the number of landowners who own at least 10% of the assessed value of land within the affected territory; or
 - ii. At least 10% of the registered voters residing, or owning land, within the affected territory.
- b) In the case of inhabited territory where there are less than 300 landowners or registered voters within the affected territory, a petition signed by:
 - i. At least 25% of the number of landowners who own at least 25% of the assessed value of land within the affected territory; or
 - ii. At least 25% of the registered voters residing, or owning land, within the affected territory.
- c) In the case of a landowner-voter district where the territory is uninhabited and there are 300 or more landowner voters entitled to vote, a petition signed by:
 - i. At least 10% of the number of landowners who own at least 10% of the assessed value of land within the affected territory.
- d) In the case of a landowner-voter district where the territory is uninhabited and there are less than 300 or more landowner voters entitled to vote, a petition signed by:
 - i. At least 25% of the landowner voters entitled to vote.

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

CHAPTER IV

TYPE OF APPLICATIONS



EXTRATERRITORIAL SERVICES POLICY

1. OVERVIEW

The purpose of this policy is to explain to the public, cities, and districts the procedures by which the Commission will review requests to authorize a city or district in Santa Cruz County to provide one or more services outside its jurisdictional limits pursuant to Government Code Section 56133.

2. COMMISSION APPROVAL REQUIRED FOR NEW OR EXTENDED SERVICES

Except for the specific situations exempted by Government Code Section 56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from the Local Agency Formation Commission of Santa Cruz County ("LAFCO").

3. LIST OF PRE-EXISTING SERVICES

In 1994, the Executive Officer originally asked each city and district to provide a list or map of parcels receiving extraterritorial service under Government Code Section 56133. The Executive Officer subsequently presented a report on these extraterritorial services with the Commission. As a regular practice, a list of all approved extraterritorial service agreements are is presented to the Commission on an annual basis.

4. AREAWIDE APPROVALS

Upon the initiative of either a public agency or the Commission, the Commission shall consider an areawide approval as a regularly agendized item and may grant approval for subsequent services to be provided by a city or district within a mapped area as specified by the Commission. The approval may include conditions. The Commission shall specify a time period not greater than ten years for which the areawide approval shall be valid. The Commission may, upon its own initiative or at the request of a public agency, renew with or without amendments, an areawide approval for a period not to exceed ten years.

Before granting an areawide approval, the Commission shall determine that the city or district is able to provide the service in a manner that does not negatively affect the services provided within the agency's boundaries and sphere of influence, and in a manner that does not negatively affect the resources in the area. Also, before granting an areawide approval, the Commission shall determine that the approval is consistent with the requirements of law and LAFCO policies.

5. INDIVIDUAL REQUESTS

Individual requests for extraterritorial service shall be filed with the Executive Officer on a prescribed application form. The applicant shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. The application deposit regarding the request for extraterritorial service is \$950. Deposit amount may be subsequently changed in future revisions of the Schedule of Fees and Deposits.

The Executive Officer shall not file the application unless the affected public agency has submitted a written endorsement indicating its willingness to provide the service if the Commission approves the request. The Commission shall consider the request after it has been placed on an-the agenda of a Commission meeting.

6. ENVIRONMENTAL REVIEW

All matters that are reviewable pursuant to these regulations are subject to the applicable provisions of the California Environmental Quality Act.

7. COMMISSION ACTION

The Executive Officer shall prepare a report and place the request for extraterritorial service on the Commission's agenda. The Commission shall provide an opportunity for any interested individual or party to address it. The Commission may call a subsequent public hearing in order to receive additional public testimony before acting upon a request. The Commission acts on the request by majority vote. Subsequently, the Executive Officer shall notify the applicant in writing of the Commission's action. If the Commission denies a request, a similar application cannot be re-filed for one year unless the Commission grants an exception to this rule.

8. DELIVERY OF MUNICIPAL SERVICES

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and this Commission's adopted policies encourage smart growth and relyies on the appropriate governance options to ensure the effective and efficient delivery of municipal services. Therefore, the Commission intends to reinforce that the standard manner in which services will be extended is by annexation (and sphere of influence amendment, if necessary). The Commission shall limit its extraterritorial service authorizations to public health emergencies and circumstances where:

- a) Facilities are already in place, and
- b) Annexation would not be practical, and
- c) Extraterritorial service is determined by the Commission to be consistent with the policies adopted in and pursuant to the Cortese-Knox-Hertzberg Act.

When the Commission authorizes the emergency provision of municipal services via extraterritorial service outside an agency's boundaries, and annexation is practical, the Commission will require annexation to be completed within two years.

9. WATER PROVISIONS

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing extraterritorial service applications, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft. A water policy has also been adopted by this Commission and should be reviewed before submitting any application for potential service delivery, including annexations or requests for extraterritorial services.

Adopted on June 9, 1994 (Resolution No.97-W) Last Revision on June 3, 2020 (Resolution No. 2020-15)



SPHERES OF INFLUENCE POLICY

1. OVERVIEW

The Knox-Nisbet Act of 1963 (former Government Code Section 54773 et seq.) established the Local Agency Formation Commission to promote the orderly development of local government agencies in the County and discourage urban sprawl. The law was subsequently combined with other laws regarding boundary changes and recodified as the Cortese-Knox- Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000-57550).

Among its objectives, LAFCO is authorized to perform studies which will contribute to the logical and reasonable development of local governments to provide for the present and future needs of each county and its communities. (Government Code Section 56301). State law further provides that, in order to carry out its responsibilities for planning and shaping the logical and orderly development of local government agencies, the Local Agency Formation Commission shall develop and determine the sphere of influence of each local governmental agency within the county. (Government Code Section 56425). 'Sphere of Influence' means a plan for the probable physical boundaries and service area of a local government agency. (Government Code Section 56076).

2. TYPES OF SPHERES

There are several types of sphere boundaries that the Commission may adopt:

- a) <u>Coterminous Sphere</u>: A sphere of influence may be coterminous, or identical, with the agency's current jurisdictional boundary.
- b) <u>Larger-than-jurisdiction Sphere</u>: A sphere of influence may be larger than the agency's current jurisdictional boundary. This designation identifies areas that should be annexed into the agency in the foreseeable future.
- c) <u>Smaller-than-jurisdiction Sphere</u>: A sphere of influence may be smaller than the agency's current jurisdictional boundary. This designation identifies areas that should be detached from the agency in the foreseeable future.
- d) Zero Sphere: A sphere of influence may be removed entirely if the Commission determines that the service responsibilities and functions of the agency should be reassigned to another local government, and that the agency assigned a "zero sphere of influence' should be dissolved.

3. SPHERE DETERMINATIONS

In accordance with Government Code Section 56425, the Commission is required to consider and prepare a written statement of its determination with respect to each of the following:

- a) The present and planned land uses in the area, including agricultural and openspace lands;
- b) 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, including the funding of capital, debt, service, and operations;
- d) 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
- e) For an update of a sphere of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

None of the individual factors listed above will be deemed to be a determining factor but will be reviewed collectively when considering the establishment or revision to a sphere of influence for a city or special district.

4. SPHERE UPDATES

Spheres of influence are to be adopted by the Commission following a public hearing and are to be reviewed and updated every five years. After adoption, the sphere of influence "shall be used by the Commission as a factor in making regular decisions on proposals over which it has jurisdiction. The Commission may recommend governmental reorganizations to particular agencies in the county, using the sphere of influence as a basis for such recommendations...–(Government Code Section 56425)." The purpose of a sphere of influence study is to provide the Commission information needed to determine an agency's potential growth and to make recommendations towards future service provisions within areas the county.

5. POLICY GUIDELINES

The Commission will use spheres of influence to discourage inefficient development patterns and to encourage the orderly expansion of local government agencies. Spheres of influence will be used to:

- a) Provide long-range guidelines for the efficient provision of services and timely changes of governmental organization;
- b) Discourage duplication of services by two or more local government agencies;
- c) Guide the Commission in considering individual proposals for changes of organization; and
- d) Identify the need for specific reorganization studies.

- **5.1 Municipal Service Reviews:** Pursuant to Government Code Section 56425, spheres of influence shall be reviewed and/or updated every five years. Additionally, state law mandates that spheres be prepared or updated in conjunction with or after completion of a related Municipal Service Review (Government Code Section 56430).
- **5.2 Overlapping Spheres:** To promote efficient and coordinated planning among the county's various agencies, city spheres shall not overlap, and districts that provide the same type of service should not have overlapping sphere boundaries.
- **5.3 Logical Service Provider:** When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.
- **5.4 Service Efficiencies:** The Commission will encourage the elimination or consolidation of small, single-purpose special districts when a more efficient alternative exists for providing the necessary services. Whenever a combination of urban services is required, general purpose governments or multi-services districts will be preferred to single-purpose districts.
- **5.5 Sphere Designations and Annexation:** Before territory can be annexed to a city or special district, it must be within the agency's sphere (Government Code Section 56375.5). However, a sphere is only one of several factors the Commission considers when evaluating changes of organization.
- **5.6 Long-Range Planning:** –LAFCO recognizes the planning accomplishments of local agencies in the County. In developing spheres of influence, the Commission will consider those adopted plans, and policies of local governments which encourage staged, cost-effective development patterns and the efficient provision of services. Sphere boundaries will identify probable boundaries for an agency's expansion and will be periodically reviewed to reflect changing conditions and circumstances.

Once established, an agency's sphere of influence will be a primary guide to the Commission in its decisions on individual proposals affecting that agency. Before the Commission may approve a change of organization inconsistent with the adopted sphere of influence, the Commission shall amend the sphere of influence.

- **5.7 Consistency with General Plans and Pre-Zoning:** The Commission will review the existing and future land uses of territory prior to including it within a city's sphere in order to determine the logical extension of municipal services and the probable future boundary of a city or district. The Commission strongly encourages each city to include all territory within its sphere of influence within the city's General Plan and each special district to address in its infrastructure, facilities and operational planning documents.
- **5.8 Land Use Inconsistencies:** City and County general plans will be a significant factor in determining spheres of influence. Where a city's and the County's general plan for the same area are inconsistent, the Commission should encourage the affected agencies to resolve any inconsistencies. In the event the inconsistency cannot be resolved, by law the final decision for the Sphere of Influence must remain with LAFCO.

- **5.9 Encourage Annexation of Unincorporated Islands:** The Commission acknowledges that unincorporated islands are generally costly for County government to serve and often have impacts on the surrounding city or district. Cities and special districts (where applicable) $_{\tau}$ will be encouraged to annex unincorporated islands within their sphere of influence.
- **5.10 Urban Development:** Proposals for urban development within a city's sphere of influence should first be considered for annexation to that city, unless such annexation would create a "leapfrog" pattern of expansion with respect to existing city boundaries.
- **5.11 Water Supply:** LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere of influence adoptions and amendments, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

To assist in the review of Spheres of Influence and other LAFCO reports, the Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

- a) The Public Water System Annual Reports filed by each public water agency with the California Department of Public Health;
- The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et.seq.; and
- c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

It is preferable that the residents who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

- **5.12 Coastal Zone:** In an effort to promote cooperation among the land use agencies with jurisdiction over lands in the Coastal Zone, any application to LAFCO for a sphere of influence amendment regarding land in the Coastal Zone shall contain the following information:
- a) A statement that the staffs of the Coastal Commission and from other land use agencies with jurisdiction over the land which is the subject of the application have reviewed and jointly discussed the sphere of influence amendment application with respect to consistency with applicable general plans, the Coastal Act, and local coastal programs. The statement should also memorialize the results of the review;

- b) Preliminary review and comments from the Coastal Commission staff as to potential issues of Coastal Act consistency; and
- c) Review and comments from any other land use agency with jurisdiction, through a Local Coastal Program or otherwise, over the land which is the subject of the application, including an analysis of consistency of the proposed amendment with its general plan.

LAFCO will consider consistency with the Coastal Act and the relevant general plans in making its Sphere of Influence determination.

Adopted on June 1, 1977 (Resolution No. 97-F) Previous Revision on February 2, 2010 (Resolution No. 2011-1) Last Revision on November 4, 2020 (Resolution No. 2020-32)



CITY INCORPORATION POLICY

1. OVERVIEW

In each county, a Local Agency Formation Commission (LAFCO) has been set up by the State of California to regulate city incorporations and other boundary changes to cities and districts. LAFCO's mission is to promote the orderly formation and development of local governments through its enforcement of state-mandated procedures, State policies, and local LAFCO policies.

The purpose of these guidelines is to provide guidance to citizens who are considering and proposing the incorporations of a new city within the County of Santa Cruz ("County"). These guidelines do not supersede State law or local policies. Local policies include "Spheres of Influence Policies and Guidelines" and "Standards for Evaluating Proposals." In order to make a final decision on a particular proposal, LAFCO may need additional information not specified in these guidelines. While LAFCO will assist in obtaining any additional information that is needed, the proponents may also have to prepare additional information.

2. PURPOSE OF FEASIBILITY STUDY

The preparation of an incorporation feasibility study is the responsibility of the proponents of a city incorporation. It is an important step in the process. It allows the proponents to understand and, in turn, explain to the citizenry how the new city would operate. Major topics include boundaries, functions, revenues, and expenditures. The feasibility study allows LAFCO to review the effects of the proposal on the entire structure of governmental services. Two of LAFCO's major duties are to make sure that the new city would have sufficient funds with which to operate and would not negatively impact the provision of services by other governmental agencies.

3. STATUTORY BASIS

Incorporation proceedings are set up by the Cortese-Knox Local Government Reorganization Act of 1985 (Government Code Sections §56000-57550)_(the "Act"). Under the Act, LAFCO has the responsibility to review applications and to approve; approve subject to amendments, conditions or modifications; or deny applications. If LAFCO denies the proposal, the Act specifies a one-year waiting period before the proponents may initiate another incorporation proposal. If a proposal is approved, LAFCO will forward it to the County Board of Supervisors, which is responsible for calling an election within the authorized incorporation boundaries. If a majority of registered voters in the proposed city petition the Board of Supervisors to terminate the incorporation process, it is terminated and cannot be resubmitted for two years. If a majority of registered voters in the incorporation area vote for the incorporation, then the new city is incorporated. If the proposal is defeated at the election, then there is a two-year waiting period.

4. CONTENTS OF FEASIBILITY STUDY

For LAFCO to make its decision, sufficient information needs to be put on record and analyzed by the registered voters, the affected governmental agencies, and LAFCO staff. The basic elements of a feasibility study are:

- 1) Reason for proposal.
- 2) Proposed boundary map at a scale that allows the identification of individual assessor's parcels.
- 3) The population and number of registered voters in the incorporation area. Projection of population growth for the next ten years.
- 4) The assessed value of the property in incorporation area.
- 5) A description of the local agencies which presently serve the community, with a discussion of the range and level of services currently provided.
- 6) A list and discussion of the functions that the new city would assume.
- 7) A discussion and supporting data on the financial and service efficiency impacts that the proposal would have on all governmental agencies that would give up service responsibility as a result of this proposal. This discussion should include the effects of the incorporation on adjacent communities, special districts, and the County.
- 8) A list and descriptions of the County and special district functions that the new city is not proposed to assume, a list of the special districts that are proposed to continue services to the new city, and a discussion of the foreseeable level of services in the community after incorporation. If the new city would have has any potential impacts on these districts (including economic or level of service impacts), the feasibility study should discuss the impacts and quantify them, where possible.

A clear and compelling rationale must be provided if the continued overlap of any special district (e.g., water, fire, parks, sanitation, or storm drainage) is proposed. There should be a special emphasis on the impact of incorporation on the County or any special districts which are currently providing services to the area immediately surrounding the proposed city.

- 9) A map showing a proposed sphere of influence of the new city, including the existing sphere of influence of any city that overlaps or comes within two miles of the proposed city sphere.
- 10) A ten-year forecast of revenues and expenditures for the new city broken out by revenue and expenditure categories. The forecast should include the applicable categories in the same order. Where fees will be set by municipality, include projection of fee levels and anticipated volume. Table A depicts the required financial information as part of the ten-year projections.

Table A: Ten-Year Forecast (Revenue & Expenditure)

Table A: Ten-Year Forecast (Revenue & Expenditure)				
Revenue	Expenditure			
1. Property Tax	1. Legislative			
2. Sales and Use Taxes	2. Management and Support			
3. Transportation Taxes	Capital Improvements (Municipal Buildings, etc.)			
4. Transient Lodging Taxes	4. Police			
5. Franchise	5. Fire			
6. Business License Taxes	6. Animal Regulation			
7. Real Property Transfer Taxes	7. Weed Abatement			
8. Utility Users Tax	8. Street Lighting			
9. Construction Permits	9. Disaster Preparedness			
10. Vehicle Code Fines and Forfeitures	10. Streets, Highways, and Storm Drains			
11. Investment Earnings	11. Street Trees and Landscaping			
12. State Motor Vehicle In-Lieu Tax	12. Public Transit			
13. State Cigarette Tax	13. Planning			
14. State Homeowners Relief Tax	14. Construction and Engineering Regulations Enforcement			
15. State Gasoline Tax and SB 325 Funds	15. Housing and Community Development			
16. Federal Aid for Urban Streets	16. Community Promotion			
17. Zoning and Subdivision Fees	17. Physical and Mental Health			
18. Plan Checking Fees	18. Solid Waste			
19. Animal Shelter Fees	19. Sewers			
20. Engineering Fees	20. Parks and Recreation			
21. Weed and Lot Cleaning	21. Libraries			
22. Sewer Service Charges and Connection Fees	22. Water			
23. Solid Waste Revenues	23. Child Care			
24. Library Fines and Fees	24. Senior Services			
25. Park and Recreation Fees	25. Other Expenses			
26. Water Service Charges and Connection Fees				
27. Other Revenues				

The above list is not meant to be all-inclusive. Additional items may be added. When appropriate, any additions should be included in the same category as outlined in the State Controller's Annual Report of the Financial Transactions Concerning Cities of California. The expenditure chart should summarize the level of service and basis for each expenditure. Projected staffing levels should be included. The background information should be included in the report and based on prevailing staffing patterns and wage rates in comparable communities.

- 11) A map of any agricultural or other open space lands in the incorporation boundaries, or the proposed sphere of influence. A discussion of the effect of the proposal on maintaining or converting these lands to other uses.
- 12) A justification of the proposed boundaries explaining why certain sub-areas were included and why adjoining sub-areas were excluded.
- 13) Based upon existing master plans and capital improvement programs of the County and affected districts, the feasibility study shall include a list of planned capital improvements related to city responsibilities, their costs, an indication of which projects would likely be funded, and the source of the funds.

5. EARLY DISTRIBUTION OF FORECAST OF LOCAL REVENUES

Upon learning that a community group has been formed to sponsor an incorporation effort and after receiving an appropriate street map of the proposed city from the proponents, LAFCO staff will request a "Forecast of Local Revenues" from the proper State and/or County agencies to determine what funds would be available to the proposed new city.

6. FURTHER ASSISTANCE

LAFCO staff is available to incorporation proponents, opponents, affected public agencies, and the general citizenry to provide further assistance. This assistance includes explanations of the incorporation process, copies of the incorporation laws and LAFCO policies, and notices of LAFCO's hearing on –the incorporation proposal.

Adopted on April 5, 1989 (Resolution No. 97-S)
Last Revision on October 7, 2020 (Resolution No. 2020-29)

CHAPTER V

OTHER POLICIES



CONFLICT OF INTEREST POLICY

1. OVERVIEW

LAFCO's Conflict of Interest Policy outlines conflicts of interest rules and the role of LAFCO's legal counsel. The goal of this policy is to provide consistency and fairness to the Commission's decision-making process. Commissioners have a personal responsibility to comply with conflict of interest regulations as promulgated by the California Fair Political Practices Commission ("FPPC"), but they may consult with LAFCO's legal counsel to assist in making decisions in the event of a potential conflict of interest.

2. THE CALIFORNIA POLITICAL REFORM ACT

The California Political Reform Act (Government Code section 81000, *et seq.*) (the "Act") requires state and local government agencies to establish a conflict of interest code. The FPPC, as the state agency responsible for administering and enforcing the Act, enacted regulations to implement the law. FPPC Regulation section 18730 (Tit. 2, Div. 6, Cal. Code of Regs.) states that an agency can incorporate by reference its model conflict of interest code, which the FPPC amends from time to time. LAFCO adopted and incorporated this model code along with the designation of positions and formulation of disclosure categories in section 18730.

The Act prohibits a Commissioner from using their official position to influence a governmental decision in which they have a financial interest. To help identify potential conflicts of interest, the Act and the FPPC Regulations require Commissioners to report their financial interests (i.e., reportable investments, real property interests, business positions, income and its sources, and other financial interests that may give rise to a conflict of interest) on a form called Statement of Economic Interests ("Form 700"). The conflict of interest code and the Form 700s provide transparency in local government and are fundamental tools in ensuring that officials are acting in the public's best interest and not their own.

3. CONFLICTS OF INTEREST RULES

Under the Act, a Commissioner has a disqualifying conflict of interest in a LAFCO decision if it is foreseeable that the decision will have a financial impact on their personal finances or other financial interests. A Commissioner with a disqualifying conflict of interest must not make, participate in making, or use their position to influence a LAFCO decision. Commissioners must publicly identify the presence of a conflict of interest and recuse themselves from participating in the affected decision. Recusals allows Commissioners to avoid actual biased decision-making or any appearance of improprieties in favor of the public's interest over their own.

There are five types of interests that might result in disqualification:

- Business Entity. A business entity in which a Commissioner has an investment of \$2,000 or more and is a director, officer, partner, trustee, employee, or manager.
- Real Property. Real property in which a Commissioner has an interest of \$2,000 or more, including leaseholds.
- Income. An individual or an entity from whom a Commissioner has received income or promised income aggregating to \$500 or more in the previous 12 months, including the Commissioner's community property interest in the income of their spouse or registered domestic partner.
- *Gifts*. An individual or an entity from whom a Commissioner has received gifts aggregating to \$500 or more in the previous 12 months.
- Personal Finances. A Commissioner's personal finances, including their expenses, income, assets, or liabilities, as well as those of their immediate family.

The financial impact or effect on any of the above interests disqualifies a Commissioner from a LAFCO decision if: (1) the financial impact or effect is foreseeable, and (2) the financial impact or effect is significant enough to be considered material. The FPPC has rules called "materiality standards" to inform which financial effects are important enough to trigger a conflict of interest.

There are two limited exceptions to the conflict of interest rules:

- The Public Generally Exception. A Commissioner is not disqualified from a decision if the effect on the Commissioner's interests is indistinguishable from the effect on the public.
- Legally Required to Participate. In certain rare circumstances, a Commissioner
 may be randomly selected to take part in a decision if a quorum cannot be
 reached because too many Commissioners are disqualified under the Act.

4. ROLE OF LEGAL COUNSEL

A. Commissioners are individually responsible for understanding and following the duties and responsibilities of their office, including making determinations on whether they have disqualifying conflicts of interest in LAFCO decisions. Commissioners are encouraged to consult with legal counsel regarding potential conflicts, exceptions, and recusal. However, counsel's advice cannot provide a Commissioner with any immunityies from criminal or civil prosecutions. Only good faith reliance upon written advice from the FPPC on a specific situation can protect a Commissioner. Legal counsel will provide assistance in obtaining an advice letter from the FPPC. Legal counsel is authorized to engage experts, such as appraisers or business consultants, in an amount not to exceed \$5,000 if counsel deems such experts are necessary to provide this assistance.

- **B.** Legal counsel represents LAFCO as an agency governed by the Commission as a corporate body. Therefore, individual consultations with legal counsel are not separately protected by the attorney-client privilege.
- **C.** Upon consultation, legal counsel will respond directly to the individual Commissioner seeking advice and shall not share the advice with the entire Commission, unless the advice provided involves a Commissioner with a disqualifying interest who intends to participate in a LAFCO decision notwithstanding that advice.
- **D.** Legal Counsel is not available to provide advice relating to past conduct, to investigate conflicts of interest, or to enforce conflict of interest laws.
- **E.** Legal Counsel is not available to provide advice to <a href="https://example.com/one-a-commissioner-about the-implications of another Commissioner's financial interest. However, at the request of the Commission, legal counsel may provide the Commission advice about the validity of its decisions under Government Code section 1090, which restricts Commissioners and designated employees from making a contract in which they are financially interested.
- F. When a member of the public or government agency submits an inquiry about whether a Commissioner has a disqualifying interest under the Act or a financial interest in a contract under Government Code section 1090, that inquiry will be forwarded to the entire Commission, with a copy to legal counsel. It shall be the responsibility of the individual Commissioner, who is the subject of the inquiry, to determine whether they will seek advice from legal counsel, the FPPC, or their own counsel in addressing these inquiries.

Adopted on September 5, 1979 (Resolution No. 141-H) Previous Revision on June 2, 2004 (Resolution No. 2004-9) Last Revision on May 6, 2020 (Resolution No. 2020-08)



DISCLOSURE OF POLITICAL CONTRIBUTIONS POLICY

1. OVERVIEW

The Commission finds that the public interest would be served by adoption of procedures for the public disclosure of contributions and expenditures relating to Commission proposals, and further finds that adopting the process is consistent with State law, including the Political Reform Act of 1974, as amended.

2. DEFINITIONS

Unless otherwise provided, definitions of the terms used herein shall be those contained in the Political Reform Act of 1974, as amended.

"Contribution" as used herein shall have the same definition as provided in Government Code Section 82015, as amended.

"Expenditure" as used herein shall have the same definition as provided in Government Code Section 82025, as amended.

"Independent expenditure" as used herein shall have the same definition as provided in Government Code Section 82031, as amended, except that the term "measure" as used in Section 82031 shall be replaced with the term "LAFCO Proposal."

"Political purposes" as used herein shall mean for the purpose(s) of: (i) influencing public opinion and/or actions of voters; (ii) lobbying public officials including LAFCO Commissioners; and/or, (iii) influencing legislative or administrative action as defined in Government Code § 82032.

It shall not include for the purpose(s) of complying with legal requirements and LAFCO rules for the processing of a proposal, including, but not limited to and by way of example only, preparation of a comprehensive fiscal analysis for an incorporation (Government Code Section 56800) or documents necessary to comply with the California Environmental Quality Act, Public Resources Code Section 21000 et seq., such as a mitigated negative declaration or environmental impact report.

3. APPLICABILITY

These policies and procedures are applicable to LAFCO Proposals, as defined in Government Code § 82035.5.and sphere of influence adoption, amendment or review, when applications for same are submitted for filing with Executive Officer. LAFCO proposals include but are not limited to annexation to a city or district, incorporation, or formation or dissolution of a special district.

4. GENERAL REQUIREMENTS OF DISCLOSURE

Any person or combination of persons who directly or indirectly makes an expenditure or independent expenditure for political purposes of \$1,000 or more in support of, or in opposition to, a change of organization, reorganization, or sphere of influence adoption or amendment proposal submitted to the commission shall comply with the reporting and disclosure requirements of Article 2.5 (commencing with Section 84250) of Chapter 4 of the Political Reform Act (Government Code §§ 81000 et seq.). Such reporting and disclosure requirements, except as otherwise excluded herein, extend to those required by the Fair Political Practices Commission Regulations regarding such disclosures and shall include disclosure of contributions, expenditures and independent expenditures.

A committee primarily formed to support or oppose a LAFCO proposal shall file all statements required under Chapter 4 of the Political Reform Act except that, in lieu of the statements required by Sections 84200 and 84202.3, the committee shall file monthly campaign statements from the time circulation of a petition begins until a measure is placed on the ballot or, if a measure is not placed on the ballot, until the committee is terminated pursuant to Section 84214.

The committee shall file an original and one copy of each statement on the 15th day of each calendar month, covering the prior calendar month, with the clerk of the county in which the measure may be voted on. If the petition results in a measure that is placed on the ballot, the committee thereafter shall file campaign statements required by Chapter 4. In addition to any other statements required by Chapter 4, a committee that makes independent expenditures in connection with a LAFCO proposal shall file statements pursuant to Section 84203.5.

5. CERTAIN REPORTS AND DISCLOSURES

This policy also requires that the persons subject to it comply with the regulations regarding the names of campaign committees, disclosures of the sources of mass mailings, and disclosures of the source of automated telephone calls under Government Code Sections 84501 et seq. and the regulations of the Fair Political Practices Commission implementing those sections.

6. FILING OFFICE

All reports and disclosures required hereunder shall be filed with the Santa Cruz County elections official, who the Santa Cruz LAFCO hereby designates as a deputy of LAFCO for purposes of receiving and filing such reports. LAFCO Commissioners (Regular and Alternate) and staff (Executive Officer, Legal Counsel, Commission Clerk, and Analysts) submit their annual Statement of Economic Interests (Form 700) by using the County's e-filing system. This online platform is managed and operated by the County Clerk/Elections Department.

For this purpose, forms developed by the Fair Political Practices Commission for disclosures relating to ballot measures shall be used as specified by the Santa Cruz County Elections Office. Acceptable methods of filing or delivery shall conform to those applicable to elections relating to ballot measures. Copies of filed statements will be available to any person upon payment of 10¢ per page.

7. FILING SCHEDULE

Prior to a LAFCO decision by resolution on an application, any required disclosures shall be filed with the Santa Cruz County Elections Department no later than twelve days before the noticed date of the public hearing or continued deliberation or discussion on the proposal at LAFCO. The period covered by this report shall be from any prior filing period to seventeen days preceding the LAFCO hearing date.

Additionally, contributions and expenditures for the period commencing sixteen days before the LAFCO meeting and ending one day before the LAFCO meeting shall also be filed with the Santa Cruz County Elections Department within 24 hours of receipt or expenditure but in no event later than 24 hours before the LAFCO meeting begins. Should the LAFCO hearing or deliberation or discussion be continued to additional dates, or be accepted for reconsideration, the foregoing periods apply for expenditures or contributions received after the initial date and prior to the subsequent dates. Additionally, contributions and expenditures from any prior filing period to seven days after a decision has been made, shall be filed with the Elections Department no later than fourteen days after a decision has been made.

After a final LAFCO decision by resolution and until the completion of protest and election proceedings, disclosures shall conform to all requirements for campaign committees pursuant to the Political Reform Act. For purposes of determining the deadlines by which such reports and disclosures must be filed, the term "election" as used in the Political Reform Act for determining such deadlines shall mean the date of the originally scheduled commission hearing on a proposal for organization, reorganization, or sphere of influence adoption or amendment. If no hearing date has been scheduled at the time a person becomes subject to disclosure under this policy, he or she shall request that the executive officer establish a date to serve as the "election" date for this purpose. The executive officer shall establish a date, such as, but not limited to, the date which is 6 months after the first filing with the commission regarding the proposal, and inform the requestor of that date in writing.

8. NOTICE

The following notice shall be printed on the Commission's application forms, the resulting notices of public hearing, the agenda of each meeting, and the Commission's website:

"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)."

9. AMENDMENT

These policies and procedures may be further amended from time to time by Santa Cruz LAFCO following a noticed public hearing pursuant to State law.

10. REPORTING REQUIREMENTS ARE NON-EXCLUSIVE

The disclosure and reporting requirements herein are in addition to any other requirements that may be otherwise applicable under provisions of the Political Reform Act or by local ordinance.

11. ENFORCEMENT

Enforcement and penalties for violation of these policies and procedures shall be pursuant to the Political Reform Act of 1974 and its corresponding regulations, to the extent permitted by law.

Adopted on March 3, 2010 (Resolution No. 2010-1) Last Revision on May 6, 2020 (Resolution No. 2020-09)



SPECIAL DISTRICTS GOVERNANCE POLICY

1. OVERVIEW

The Special Districts Governance Policy was first introduced in December 1981. The intent was to set rules and regulations that will govern the functions and services of independent special districts. The purpose was to clarify the legal requirements under Government Code Section 56450 et seq. These particular sections were eventually repealed and replaced with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000("Cortese-Knox-Hertzberg Act" or "CKH Act"). The Cortese-Knox-Hertzberg Act establishes procedures for local government changes or organization, including city incorporations, annexations to a city or special district, and city and special district consolidations.

2. GOVERNANCE

There are three primary sources of authority for forming and reorganizing special districts. The first is the special district's enabling act. Most types of districts have a series of statutes specific to that type of special district. These statutes often contain the procedures for creating that type of special district. The second is the Cortese-Knox-Hertzberg Act, which governs the establishment and reorganizations of local governments. Finally, there is the District Organization Law, which provides standardized special district organization and governance procedures for certain types of special districts⁶.

For purposes of this policy, the following sections will focus on the special districts under LAFCO's purview in accordance with Government Code Section 56036:

- a) "District" or "special district" are synonymous and mean an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries and in areas outside district boundaries when authorized by the commission pursuant to Government Code Section 56133.
- b) "District" or "special district" includes a county service area, but excludes all of the following: (1) The state, (2) A county, (3) A city, (4) A school district or a community college district, (5) An assessment district or special assessment district, (6) An improvement district, (7) A community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982 (California Government Code section 53311 et seq.), (8) A permanent road division (formed pursuant to California Government Code 1160), (9) An air pollution control district or an air quality maintenance district, and (10) A zone of any special district.

⁶ California Special Districts Association – Laws Governing Special Districts (December 23, 2015)

3. PRINCIPAL ACTS

Principal Acts are statutes established for an entire category of special districts. The Commission creates and governs independent special districts under the authority of these acts. Each special district type has its own principal act. Exhibit A is a list of independent special district types, the location of the associated principal act, and other relevant information about the district types.

4. SPECIAL ACTS

Special Acts are statutes that address the specific needs of a community and establish a specific special district to address those needs. These districts (rather than district types) are uniquely created by the Legislature. Below is a list of special acts affecting Santa Cruz County:

Туре	Code Section
Flood Control	
Santa Cruz County Flood Control and Water Conservation District Act (1955; Chapter 1489)	Water Code (77-1)
Transit	
Santa Cruz Metropolitan Transit District Act of 1967	Public Utilities Code (§98000 et seq.)
Water Agency or Authority	
County Water Authority Act (1943; Chapter 545)	Water Code (45-1)
Pajaro Valley Water Management Agency Act (1984)	Water Code (124-1)

Special District Principal Acts

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
Airport Districts Public Utilities Code (§22001 et seq.)	Assist in the development of airports, spaceports, and air navigation facilities	Any territories of one or more counties and one or more cities, all or any part of any city and any part of the unincorporated territory of any county; the boundaries of a district may be altered and outlying contiguous territory in the same or an adjourning county annexed to the district.	Elected by resident voters to 4- year terms	5 Directors
California Water Districts Water Code (§34000 et seq.)	Maintain the necessary works for the production, storage, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works	Any area of land which is capable of using water beneficially for irrigation, domestic, industrial or municipal purposes and which can be serviced from common sources of supply and by the same system of works; area need not be contiguous	Elected by landowner voters to 4-year terms	At least 5 Directors (may be increased to 7, 9, or 11)
California Water Storage Districts Water Code (§39000 et seq.)	Maintain the necessary works for the storage and distribution of water and drainage or reclamation works	Any land irrigated or capable of irrigation from a common source; under specific conditions the district need not be contiguous	Elected by landowner voters to 4-year terms	At least 5 Directors
Citrus Pest Districts Food & Agri. Code (§8401 et seq.)	Control and eradicate citrus pests	Any county devoted exclusively to the growing of citrus fruits	Appointed by the Board of Supervisors to fixed 4- year terms	5 Directors
Community Services Districts Government Code (§61000 et seq.)	Provide up to 32 different services such as, water, garbage collection, wastewater management, security, fire protection, public recreation, street lighting, mosquito abatement services, etc.	Any county or counties of an unincorporated territory or incorporated territory of a contiguous or noncontiguous area	Elected by resident voters to 4- year terms	5 Directors
Cotton Pest Abatement Districts Food & Agri. Code (§6051 et seq.)	Control and prevent introduction of pests, and oversee cotton plants in areas that are at risk of pests	Any land in more than one of the counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura with the consent of the Board of Supervisors of the counties affected	Appointed by the Board of Supervisors to fixed 4- year terms	5 Directors

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
County Sanitation Districts Health & Safety Code (§4700 et seq.)	Maintain and operate sewage systems and sewage disposal or treatment plants	Any unincorporated or incorporated territory or both; the incorporated territory included in the district may include the whole or part of one or more cities with the permission of that city	Elected by resident voters to 4-year terms or may choose to have a mixed board	3 Directors
County Water Districts Water Code (§30000 et seq.)	Develop regulations for the distribution and consumption of water; sell water; collect and dispose sewage, garbage, waste, trash and storm water; store water for future needs; may generate hydroelectric power; and provide fire protection under specified conditions	Any county or two or more contiguous counties or of a portion of such county or counties, whether the portion includes unincorporated territory or not	Elected by resident voters to 4-year terms	At least 5 Directors (may be increased to 7, 9, or 11)
Fire Protection Districts Health & Safety Code (§13800 et seq.)	Provide fire protection and other emergency services	Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous, may be included	Elected by resident voters to 4-year terms or appointed by the Board of Supervisors (and City Council where applicable) to fixed 4-year terms	May be 3, 5, 7, 9, or 11 Directors (not to exceed 11)
Harbor Districts Harbors & Navigation Code (§6000 et seq.)	Manage any bay, harbor, inlet, river, channel, etc. in which tides are affected by the Pacific Ocean	Any portion or whole part of a county, city, or cities, the exterior boundary of which includes a harbor	Elected by resident voters to 4-year terms	5 Commissioners
Health Care / Hospital Districts Health & Safety Code (§32000 et seq.)	Establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to: outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities	Any incorporated or unincorporated territory, or both, or territory in any one or more counties; the territory comprising this district need not be contiguous but the territory of a municipal corporation shall not be divided	Elected by resident voters to 4-year terms	5 Directors

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
Irrigation Districts Water Code (§20500 et seq.)	Sell and lease water; operate sewage collection and disposal system; deliver water for fire protection; dispose and salvage sewage water; protect against damage from flood or overflow; provide drainage made necessary by the irrigation provided; maintain recreational facilities in connection with any dams, reservoirs, etc.; and operate and sell electrical power	Any land capable of irrigation; includes land used for residential or business purposes susceptible of receiving water for domestic or agriculture purposes; need not be contiguous	Elected by resident voters to 4- year terms	3 or 5 Directors
Levee Districts Water Code (§70000 et seq.)	Protect the district's land from overflow by constructing and maintaining the necessary infrastructure	Any county or counties or any portion thereof of an unincorporated territory or incorporated territory in need of protection of the lands of the district from overflow and for the purpose of conserving or adding water to the sloughs and drains	Elected by landowner voters to 4-year terms	3 Directors
Library Districts Education Code (§19400 et seq.)	Equip and maintain a public library in order to exhibit knowledge in a variety of areas	Any incorporated or unincorporated territory, or both, in any one or more counties, so long as the territory of the district consists of contiguous parcels and the territory of no city is divided	Appointed by the Board of Supervisors to fixed 4- year terms	3 or 5 Trustees
Memorial Districts Military & Veterans Code (§1170 et seq.)	Operate and maintain memorial halls, meeting places, etc. for veterans	Any incorporated territory of the county together with any contiguous unincorporated territory thereof; or may be formed entirely of contiguous incorporated territory; or entirely of contiguous unincorporated territory	Elected by resident voters to 4-year terms	5 Directors
Mosquito Abatement & Vector Control Districts Health & Safety Code (§2000 et seq.)	Conduct effective programs for the surveillance, prevention, abatement and control of mosquitos and other vectors	Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous and districts may not overlap	Appointed by the Board of Supervisors or the City Council to fixed 2–4- year terms	5 Trustees

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
Municipal Utility Districts Public Utilities Code (§11501 et seq.)	Manage and supply light, water, power, heat, transportation, telephone service, or other means of communication, or means for the collection, treatment, or disposition of garbage, sewage or refuse matter	Any public agency together with unincorporated territory, or two or more public agencies, with or without unincorporated territory; public agencies and unincorporated territory included within a district may be in the same or separate counties and need not be contiguous; no public agency shall be divided in the formation of a district	Elected by resident voters to 2-4 year terms	5 Directors
Municipal Water Districts Water Code (§71000 et seq.)	Develop and sell water; promote water use efficiency; operate public recreational facilities; provide fire protection; collect and dispose trash, garbage, sewage, storm water and waste; and generate, sell and deliver hydroelectric power	Any county or counties, or of any portions thereof, whether such portions include unincorporated territory only or incorporated territory of any city or cities; cities and unincorporated territory does not need to be contiguous	Elected by resident voters to 4-year terms	5 Directors
Police Protection Districts Health & Safety Code (§20000 et seq.)	Provide police service to a community	May be formed in unincorporated towns	Elected by resident voters to 2-4 year terms	3 Commissioners
Port Districts Harbors & Navigation Code (§6200 et seq.)	Maintain and secure the ports	Shall include one municipal corporation and any contiguous unincorporated territory in any one county, but a municipal corporation shall not be divided	Appointed by the Board of Supervisors and City Council to fixed 4-year terms, and approved by resident voters	5 Commissioners
Public Cemetery Districts Health & Safety Code (§9000 et seq.)	Maintain public cemeteries in communities as necessary	Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous; districts may not overlap	Appointed by the Board of Supervisors to fixed 4-year terms	3 or 5 Trustees

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
Public Utility Districts Public Utilities Code (§15501 et seq.)	Maintain the infrastructure to provide electricity, natural gas, water, power, heat, transportation, telephone service, or other means of communication, or the disposition of garbage, sewage, or refuse matter	May be incorporated and managed in unincorporated territory	Elected by resident voters to 2-4 Year terms	At least 3 Directors
Reclamation Districts Water Code (§50000 et seq.)	Reclaim and maintain land that is at risk of flooding for a variety of purposes	Any land within any city in which land is subject to overflow or incursions from the tide or inland waters of the state	Elected by landowner voters to 4-year terms	3, 5 or 7 Trustees
Recreation & Park Districts Public Resource Code (§5780 et seq.)	Organize and promote programs of community recreation, parks and open space, parking, transportation and other related services that improve the community's quality of life	Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous	Elected by resident voters to 4-year terms or appointed by the Board of Supervisors to fixed 4-year terms	5 Directors
Resource Conservation Districts Public Resource Code (§9151 et seq.)	Manage a diversity of resource conservation projects, including soil and water conservation projects, wildlife habitat enhancement and restoration, control of exotic plant species, watershed restoration, conservation planning, education, and many others	Any land shall be those generally of value for agricultural purposes, but other lands may be included in a district if necessary to conserve resources	Elected by resident voters to 4-year terms	5 ,7, or 9 Directors
Sanitary Districts Health & Safety Code (§6400 et seq.)	Maintain and operate garbage dumpsites, garbage collection and disposal systems, sewers, storm water drains and storm water collection, recycling and distribution systems	Any county, or in two or more counties within the same natural watershed area	Elected by resident voters to 4-year terms	5 Directors

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
Transit Districts Public Utilities Code (§24501 et seq.)	Construct and operate rail lines, bus lines, stations, platforms, terminals and any other facilities necessary or convenient for transit service	Any city together with unincorporated territory, or two or more cities, with or without unincorporated territory may organize and incorporate as a transit district; cities and unincorporated territory included within a district may be in the same or separate counties and need not be contiguous; no city shall be divided in the formation of a district	Elected by resident voters to 2- 4 year terms	7 Directors
Water Conservation Districts Water Code (§74000 et seq.)	Maintain, survey, and research water supplies	Unincorporated territory or partly within unincorporated and partly within incorporated territory, and may be within one or more counties that need water conservation services; territory does not need to be contiguous	Elected by resident voters to 4- year terms	3, 5 or 7 Directors
Water Replenishment Districts Water Code (§60000 et seq.)	Replenish the water and protect and preserve the groundwater supplies	Any land entirely within unincorporated territory, or partly within unincorporated territory and partly within incorporated territory, and within one or more counties in this state	Elected by resident voters to 4- year terms	5 Directors

Adopted on December 7, 1994 (Resolution No. 801-D) Last Revision on October 7, 2020 (Resolution No. 2020-28)



WATER POLICY

1. OVERVIEW

Government Code Section 56300 requires each Local Agency Formation Commission to establish written policies and to exercise its powers in a manner pursuant to the Cortese-Knox-Hertzberg Local Government Act of 2000 and consistent with the written policies of each Commission. In 1964, the Commission adopted the first water policy to align the limited water supply with existing service providers and smart growth as population continues to increase in Santa Cruz County. The purpose of this policy is to clarify LAFCO's role when considering boundary changes involving cities and special districts.

2. SPHERES OF INFLUENCE

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere adoptions and amendments, LAFCO will be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

To assist in the review of sphere boundaries and other LAFCO reports, the Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

- a) The Public Water System Annual Reports filed by each public water agency with the State Water Resources Control Board;
- The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et.seq; and
- c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

3. BOUNDARY CHANGES

In any proposal requiring water service, the Commission requires that the affected agency identified as the potential water provider to-must demonstrate the availability of an adequate, reliable and sustainable supply of water. The following factors may be considered:

- a) In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources;
- b) In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase;
- c) In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668[k]); and
- d) In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

4. SERVICE REQUEST

Proposals requesting water service from a city of special district will need to provide proof of lack of services to existing urban land uses, a building permit application, allocation for a single-family dwelling, or for a larger project by: (1) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water service and (2) a growth rate and pattern that the subject area will be developed within 5 years.

The Commission will only approve boundary change applications when the Commission determines that it is unlikely that water resources will be degraded. The Commission will review each application to <u>assure ensure</u> that, by implementing project-specific mitigations, participating in agency water conservation programs, or both if applicable, the project will not adversely affect sustainable yields in groundwater basins, flows in rivers and streams, water quality in surface water bodies and groundwater basins, and endangered species.

5. EXTRATERRITORIAL SERVICE AGREEMENTS

When the Commission authorizes the emergency provision of water services via extraterritorial service outside an agency's boundaries, and annexation is practical, the Commission will require annexation to be completed within two years.

6. CONNECTION MORATORIUM

It is the general policy of the Commission to disapprove annexations to water and sewer agencies (including cities that provide either service) while there is a connection moratorium or other similar service limitation involving the subject water or sewer service. The Commission will consider exceptions to this general policy on a case-by-case basis. The Commission may approve an annexation that meets one or more of the following criteria:

- a) To replace a private water source that has failed, such as a well that has gone dry, new service connections shall not be sized to accommodate more intensive development;
- b) To replace a septic system that has failed, new service connections shall not be sized to accommodate more intensive development;
- To implement a transfer of service between two existing agencies such transfer shall be in a manner that is consistent with the adopted Spheres of Influence of those agencies; and
- d) To change a boundary, in a manner consistent with an adopted Sphere of Influence, an agency boundary shall not divide a property that could only be conveyed under a single deed.

Between January 1, 1986 and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986. In this case, an additional criteria not subject to the 1% cumulative impact limitation would be to provide facilities or funding that will allow the agency to lift its service limitation.

7. PUBLIC PARTICIPATION

Water resources and supplies are critical issues for many spheres of influence and application decisions made by LAFCO. Public information and participation are important components in the decisions made by the Commission, the land use agencies, and the water agencies. To promote public education, at least every two years, the Local Agency Formation Commission will sponsor, or co-sponsor with the Regional Water Management Foundation, the County of Santa Cruz, and local water agencies, a public forum that provides the public with an overview of the state of the water supplies in Santa Cruz County.

It is preferable that the residents who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

Adopted on March 17, 1964 (Resolution No. 14)
Previous Revision on February 2, 2010 (Resolution No. 2011-1)
Last Revision on November 4, 2020 (Resolution No. 2020-33)

6C: ATTACHMENT 2

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY RESOLUTION NO. 2025-13

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION APPROVING THE AMENDMENTS TO THE COMPREHENSIVE POLICIES AND PROCEDURES HANDBOOK

***********	**********
WHEREAS, the Local Agency Formation Cor "Commission") adopted a series of policies and	
WHEREAS, the first policy was adopted on M policy was adopted on September 6, 2023 (Ci now has 21 distinct policies in place; and	,
WHEREAS, the Commission previously review "as-needed" basis; and	wed and updated each individual policy on a
WHEREAS, the Commission conducted an existing policies and procedures during the 202	
WHEREAS, on September 6, 2023, the Commi procedures should be combined into a single process; and	
WHEREAS, the comprehensive policies and pr 1, 2025 and the Commission determined that and non-substantial changes to the policies; ar	amendments were needed to address minor
NOW, THEREFORE, BE IT RESOLVED comprehensive policies and procedures handle and non-substantial changes including but not	book, as shown in Exhibit A, to address mino
PASSED AND ADOPTED by the Local Agency this 1st day of October 2025.	Formation Commission of Santa Cruz County
AYES:	
NOES:	
ABSTAIN:	
MANU KOENIG, CHAIRPERSON	
Attest:	Approved as to form:

Joshua Nelson

LAFCO Counsel

Joe A. Serrano

Executive Officer

Santa Cruz LAFCO Policies & Procedures Handbook

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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CHAPTER I

ADMINISTRATION & OPERATIONS



EMPLOYMENT POLICY

1. OVERVIEW

This policy applies to the employees of the Local Agency Formation Commission of Santa Cruz County ("LAFCO" or "Commission"). It is not intended to be comprehensive or address all aspects of the topics described below. This Policy supersedes all prior LAFCO employment policies and is intended to supplement, not supersede, current applicable state and federal statutes. Applicable state and federal statutes control if they conflict with any of the guidelines in this Policy.

Employees are expected to read this Policy carefully and know, understand and abide by its contents. LAFCO reserves the right to interpret the Policy's provisions and make changes to the Policy at any time. This Policy does not confer any contractual rights or guarantee any terms or conditions of employment.

2. EQUAL EMPLOYMENT OPPORTUNITY

LAFCO provides equal employment opportunity for all applicants and employees. LAFCO does not unlawfully discriminate on the basis of race, color, religion, religious creed (including religious dress and religious grooming), sex (including pregnancy, perceived pregnancy, childbirth, breastfeeding, or related medical conditions), gender, gender identity, gender expression, national origin, ancestry, citizenship, age, physical or mental disability, legally protected medical condition or information (including genetic information) family care or medical leave status, military caregiver status, military status, veteran status, marital status, domestic partner status, sexual orientation, or any other basis protected by local, state, or federal laws.

3. DISABILITY ACCOMODATION

LAFCO is committed to complying fully with state and federal disability discrimination laws. As previously stated, no program or activity administered by the employer shall exclude from participation, deny benefits to or subject to discrimination any individual based on an employee's actual or perceived disability or based on an employee's association with someone who has an actual or perceived disability.

LAFCO is further committed to providing reasonable accommodation to the known physical or mental limitations of an otherwise qualified applicant or employee. If you believe you are a qualified individual with a disability and that you need a reasonable accommodation in order to perform the essential functions of your job, please notify the Executive Officer. The accommodation process is interactive and allows the applicant or employee to identify possible accommodations. However, LAFCO has the right to choose among effective accommodations.

4. AT-WILL EMPLOYMENT

The employment relationship between LAFCO and its employees is for an unspecified term and may be terminated by the employee, Executive Officer or the Commission at any time, with or without cause or advanced notice. Also, LAFCO reserves the right

to transfer, demote, suspend, or administer discipline with or without cause or advance notice. None of the policies, procedures, or contents of this policy is intended to create any contractual obligations which in any way conflict with LAFCO's policy of At-Will Employment. The at-will relationship can only be modified by a written agreement signed by the employee and the LAFCO Executive Officer.

5. POLICY AGAINST HARRASMENT

LAFCO prohibits and will not tolerate harassment of employees, applicants, or persons providing services pursuant to a contract based on factors such as race, color, religion, national origin, ancestry, sex, gender, age, medical condition, sexual orientation, marital status, pregnancy, physical and mental disabilities, veteran or other protected status, including persons perceived to have any of these characteristics or associating with someone who has or is perceived to have any of these characteristics. LAFCO will also take all reasonable steps to prevent harassment based on protected status by third parties, such as customers, clients and suppliers. All such harassment is prohibited by LAFCO and is against the law.

5.1 Definition

Harassment is unwelcomed, and inappropriate conduct directed at an employee, based upon one of the characteristics protected under the federal and state anti-discrimination laws, that substantially prevents an employee from performing their duties, serves to threaten or intimidate an employee, and/or produce a hostile work environment.

Prohibited unlawful harassment includes, but is not limited to, the following behavior: (1) Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations or comments; (2) Visual conduct such as derogatory and/or sexually-oriented posters, photography, cartoons, drawing or gestures; (3) Physical conduct such as assault, unwanted touching, blocking normal movement or interfering with work because of sex, race or any other protected basis; and (4) Threats, demands to submit to sexual requests as a condition of continued employment, or to avoid some other loss, and offers of employment benefits in return for sexual favors.

5.2 Reporting and Compliant Procedure

An employee who believes that they have been subjected to any form of unlawful harassment should promptly make a complaint, preferably written, to the Executive Officer, or if it involves the Executive Officer, to the Chair of the Commission. Complaints should be specific and should include the names of individuals involved and the names of any witnesses. LAFCO will immediately undertake an effective, thorough, and objective investigation and attempt to resolve the situation. If LAFCO determines that unlawful harassment has occurred, effective remedial action will be taken commensurate with the severity of the offense, up to and including termination. Appropriate action will also be taken to deter any future unlawful harassment.

5.3 Retaliation

Employees will not be retaliated against for bringing a complaint in good faith under the Equal Employment Opportunity Policy or the Policy Against Harassment, or for honestly assisting in investigating such a complaint, even if the investigation produces insufficient evidence that there has been a violation, or if the charges cannot be proven. However, disciplinary action may be taken if false or frivolous accusations are

made in bad faith. An employee who believes that they have been subjected to any form of unlawful retaliation should promptly make a complaint, preferably written, in the same manner as described above. Complaints of harassment will be investigated, and appropriate action will be taken to protect LAFCO employees from any form of unlawful retaliation.

6. PERFORMANCE MANAGEMENT

The intent of the performance review process is to create a supportive, safe, professional evaluation review process and environment that optimizes the employee's ability to receive and actualize constructive feedback and that motivates the employee to pursue personal and professional growth/excellence authentically. The Commission's Personnel Policy provides more information regarding staff's annual performance evaluation.

7. PERSONNEL RECORDS

Employees have the right to inspect certain documents in their personnel file, as provided by law, in the presence of a LAFCO representative at a mutually convenient time. Employees may add written versions of any disputed item to their file.

LAFCO will attempt to restrict disclosure of an employee's personnel file to authorized individuals within the organization. Any request for information from the file must be made to the Executive Officer or specific designee. Only the Executive Officer or specific designee is authorized to release information regarding current or former employees. Disclosure of personnel information to outside sources will be limited to the extent allowed by law. However, LAFCO will cooperate with requests from authorized law enforcement or local, state or federal agencies conducting official investigations, with validly issued subpoenas and as otherwise required by law or legal proceeding to be released.

8. EMPLOYMENT CATEGORIES

The intent of this section is to define employment categories so that employees understand their employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. Accordingly, the right to terminate the employment relationship at will at any time is retained by both the employee and LAFCO.

8.1 Exempt/Non-Exempt

Each employee is designated as either Exempt or Non-Exempt from federal and state wage and hours. An employee's Exempt or Non-Exempt classification may be changed only upon written notification by the Executive Officer. Generally, Exempt employees (as defined by the Fair Labor Standards of 1938) are not eligible for minimum wage or overtime pay, while Non-Exempt employees are eligible.

8.2 Employment Categories

In addition to information above, each employee will belong to one of the following employment categories:

 Regular Full Time – Employees who are not in an extra help status and who are regularly scheduled to work LAFCO's full-time schedule. Generally, they are eligible for LAFCO's benefit package, subject to the terms, conditions, and limitations of each benefit program.

- Part Time Employees who are not assigned to an extra help status and who are regularly scheduled to work less than 30 hours per week. While part time employees do receive all legally mandated benefits (such as Social Security and workers' compensation insurance), they may be ineligible for some of LAFCO's other benefit programs.
- Extra help Employees who are hired as interim replacements, to temporarily supplement the work force, or to assist in the completion of a specific project. Employment assignments in this category are of a limited duration. Employment beyond any initially stated period does not in any way imply a change in employment status. Extra help employees retain that status unless and until notified of a change in writing signed by the Executive Officer. Extra help employees are ineligible for LAFCO's benefit programs unless otherwise required by law.
- <u>Intern</u> LAFCO may utilize the services of paid student interns. Interns are used to supplement the LAFCO workforce and provide opportunities for local students to gain local government work experience. Employment is for a specified period of time. Interns are ineligible for LAFCO's benefit programs.

9. JOB CLASSIFICATIONS

The intent of this section is to define job descriptions so that employees understand their employment duties and responsibilities. Job descriptions identified in the following section summarize typical tasks but may comprise further responsibilities not listed.

9.1 Executive Officer Classifications

- <u>Position Responsibilities:</u> Under general supervision of the Commission to conduct and perform the Commission's administrative and advisory services, to supervise the daily activities of the Commission staff, and to act as a liaison between the Commission and governmental agencies and the general public.
- <u>Typical Duties:</u> Analyze and evaluate information on administrative and policy matters and advise the Commission on recommended action; conduct studies on governmental reorganization; comply with all legal requirements relating to the Commission's hearings; staff advisory committees to the Commission; prepare correspondence; supervise the maintenance of the Commission's files; attend all Commission meetings; attend City Council, County Board of Supervisors, and Special District Board meetings as necessary; act as liaison officer between the Commission and cities, special districts, the County, State institutions and the general public; prepare the annual budget for the Commission; supervise the Commission's staff; review proposed local and state legislation, and appear at legislative hearings to represent the position of the Commission.

9.2 LAFCO Analyst

Position Responsibilities: Under the direction of the Executive Officer, the LAFCO Analyst provides a full range of administrative and analytical services to Santa Cruz LAFCO involving a variety of matters that are complex and technical. Other roles include planning, organizing, and managing office activities, and performing other related duties as required. This "at will" position is appointed by and serves at the pleasure of the LAFCO Executive Officer and the Commission.

<u>Typical Duties:</u> Under the direction of the Executive Officer, the LAFCO Analyst completes various tasks and duties including but not limited to: (1) Assembling LAFCO meeting agenda packets and notices of meetings; recording LAFCO meetings and preparing resulting documents including minutes and resolutions; (2) Developing, maintaining and updating LAFCO files and records systems for tracking applications, project activities, contracts, and other records; (3) Ordering supplies and services and maintain records of expenditures; (4) Preparing and reviewing correspondence, memoranda and other written materials; (5) Tracking correspondence, filings, and materials with deadlines and expiration dates; (6) Handling a wide variety of correspondence which requires knowledge of policies and procedures and research skills; (7) Answering and screening telephone calls and visitors; (8) Maintaining the LAFCO Website; and (9) Serving as liaison between the Executive Officer, officials and staff, and the public and interacting with Commissioners.

9.3 Commission Clerk

- Position Responsibilities: Under the direction of the Executive Officer, the Commission Clerk provides a full range of administrative and secretarial services to Santa Cruz LAFCO involving a variety of matters that are complex and technical. Other roles include planning, organizing, and managing office activities, and performing other related duties as required. This "at will" position is appointed by and serves at the pleasure of the LAFCO Executive Officer and the Commission.
- <u>Typical Duties:</u> Under the direction of the Executive Officer, the Commission Clerk completes various tasks and duties including but not limited to: (1) Assembling LAFCO meeting agenda packets and notices of meetings; recording LAFCO meetings and preparing resulting documents including minutes and resolutions; (2) Developing, maintaining and updating LAFCO files and records systems for tracking applications, project activities, contracts, and other records; (3) Ordering supplies and services and maintain records of expenditures; (4) Preparing and reviewing correspondence, memoranda and other written materials; (5) Tracking correspondence, filings, and materials with deadlines and expiration dates; (6) Handling a wide variety of correspondence which requires knowledge of policies and procedures and research skills; (7) Answering and screening telephone calls and visitors; (8) Maintaining the LAFCO Website; and (9) Serving as liaison between the Executive Officer, officials and staff, and the public and interacting with Commissioners.

9.3 Administrative Analyst

- <u>Position Responsibilities:</u> Under the direction of the Executive Officer, the Administrative Analyst conducts analyses and special studies, and make recommendations on local agency boundary change proposals to the Commission; collect data relating to proposals; and process proposals in accordance with state law, the Commission's procedures, and the Commission's policies.
- <u>Typical Duties:</u> Under the direction of the Executive Officer, the Administrative Analyst performs a variety of routine to complex professional and analytical assignments. As experience is gained, assignments become more varied and are performed with greater independence. Positions at this entry level usually perform

most of the duties required of the positions at higher levels but are not expected to function at the same skill level and usually exercise less independent discretion and judgement. Work is usually supervised more closely while in progress and fits an established structure or pattern.

10. HIRING AND STAFFING

To attract and retain qualified staff for LAFCO, it is the policy of LAFCO to use a criterion-based recruitment process and behavioral-based interview process to ensure the most qualified candidates are hired.

10.1 Recruiting

Recruiting applicants will be aggressive enough to assure an adequate supply of qualified candidates to consider. The recruitment process may include, but is not limited to, the use of professional recruitment firms, referrals from current or past employees, walk-in applicants, and/or web-based postings.

10.2 Interviews

The employment interview is a major element in the selection process. It allows the applicant an opportunity to demonstrate their capabilities to perform the job and provides information to the candidate about the position. Interviews may be conducted by telephone or in face-to-face sessions. All interview questions must be job-related and have direct bearing on the tasks of the position. Interviews and questions are standardized so that all applicants are evaluated equally. Questions that express (directly or indirectly) any preference, limitation, or general reference to race, national origin, sex, age, physical handicap, or any other protected category are prohibited.

10.3 Probationary Period

All LAFCO new hires will have a twelve-month probationary period beginning on the first day of employment. The LAFCO staff will provide job training during this time period and the employee will be evaluated every three months during the probationary period. LAFCO may terminate an employee during this twelve-month probationary period or at any point in time therein. Nothing in this provision shall alter the at-will status of any employee.

11. SALARIES

The salaries of all employees shall be set by resolution adopted by the Commission. The salary resolutions for all employees except the Executive Officer shall include provisions for merit increases, if deemed appropriate by the Commission. The Executive Officer shall conduct annual performance reviews and determine if the merit increases are granted. The process for the Executive Officer's performance and compensation review is found in LAFCO's Personnel Policy.

11.1 Adoption of the Compensation Schedule

The Board shall consider and adopt a Compensation Schedule showing the minimum and maximum rates of pay within and between salary ranges for each position in the District. This schedule will be reviewed annually, on or before June 30, by the Commission as part of the budget preparation. Thereafter, the Board may adopt, amend, or change the Compensation Schedule by resolution. Any resolution, which alters, amends, or changes the Compensation Schedule shall be incorporated in Appendix A (Employee Compensation Schedule) of these rules (see page 9).

Appendix A: Compensation Schedule

2.8% COLA		Santa Cruz LAFCO Compensation Schedule (Effective 3/6/24)							
		Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H
Position	Range	Base Salary	1-3 years	4-6 year	7-9 year	10-12 year	13-15 years	15+ years	>>
Executive Officer	N/A		Range				mined by 0 (\$84.86/ho		n)
Assistant EO									
Salary Range		90,000	92,520	95,111	97,774	100,511	103,326	106,219	Commission Discretion
Hourly Rate		\$43.27	\$44.48	\$45.73	\$47.01	\$48.32	\$49.68	\$51.07	
LAFCO Analyst									
Salary Range		80,000	82,240	84,543	86,910	89,343	91,845	94,417	Commission Discretion
Hourly Rate		\$38.46	\$39.54	\$40.65	\$41.78	\$42.95	\$44.16	\$45.39	
Commission Clerk									
Salary Range		60,000	61,680	63,407	65,182	67,008	68,884	70,813	Commission Discretion
Hourly Rate		\$28.85	\$29.65	\$30.48	\$31.34	\$32.22	\$33.12	\$34.04	
Administrative Analyst									
Salary Range		55,000	56,540	58,123	59,751	61,424	63,143	64,911	Commission Discretion
Hourly Rate		\$26.44	\$27.18	\$27.94	\$28.73	\$29.53	\$30.36	\$31.21	

Footnote: Any step increases or changes to staff salaries are done at the full discretion of the commission.

11.2 Establishing Initial Salary Step and Range for Regular Employees

Upon being hired, new full-time employees will generally be placed at step-A of the Compensation Schedule for the position being filled. In appropriate circumstances, the Executive Officer, at their discretion, may request that the Personnel Committee approve placement of an employee at step-B or above if the employee has extraordinary qualifications.

11.3 Cost of Living Adjustment

Cost of living adjustments will normally be based on the annual Social Security and Supplemental Security Income (SSI) benefits and the Cost of Living Adjustment (COLA). On an annual basis, the Personnel Committee will evaluate whether wages should be adjusted for COLA. The recommendations of the Personnel Committee will be presented to the Commission, who will in the Board's sole discretion, determine whether or not funds are available to grant any COLA. The Commission has the sole discretion in the granting or denying of cost of living increases and the relative percentage of the proposed increase(s). No employee is guaranteed a COLA in any particular year.

11.4 Step Increase

A step increase within the same salary range may be granted to an employee based on three years of continuous employment in steps-A through G of the range, and if the employee has received a satisfactory or better evaluations from their supervisor during the period(s) covered by the increase, refer to page 9 (Compensation Schedule). Employees are not guaranteed any step increases. Such increases are committed at the discretion of the Executive Officer.

11.5 Leave of Absence Without Pay

For special reasons, an employee may be a granted leave of absence without pay for a total of thirty (30) days or more within a given calendar year. When this type of leave is granted (regardless of the underlying reason), the employee's scheduled step increase will be delayed by any time in excess of thirty (30) days. A leave of absence for a period totaling less than thirty (30) days in the given calendar year shall have no effect upon the employee's eligibility for a scheduled step increase. See further information about available leaves of absence in the Benefits section of these rules.

12. WORKING HOURS

LAFCO offices shall be open on all days and the hours that Santa Cruz County offices are open to the public for business. Full-time employees shall work 40 hours per work week and part-time employees shall work at least 20 hours per week.

12.1 Overtime Hours

"Overtime" means authorized time worked in excess of 40 hours in a one-week work period. Employees must obtain approval from the Executive Officer prior to working any overtime. Paid time off from work for any purpose shall not count as time worked for purposes of overtime. Overtime shall be paid at the rate of one and a half times the employee's regular rate of pay or as otherwise required by applicable federal or state law. The Executive Officer must approve regular and overtime work schedules. The Executive Officer is an exempt employee and is not eligible for overtime compensation.

12.2 Remote Work (Procedure)

LAFCO provides employees the privilege of voluntarily working remotely when appropriate. LAFCO considers remote work to be a viable alternative work arrangement in cases where the employee and the employee's position are well-suited to working remotely on either a full-time or hybrid basis. Remote work allows employees to work offsite for all or part of their regular workweek. Remote work is a voluntary work alternative that may be appropriate for some employees and some jobs. It is not a guarantee or an entitlement and it in no way changes the terms and conditions of employment with LAFCO. An employee is not required to work remotely. Work space and equipment is provided for all employees in LAFCO's offices. All remote work employees are expected to:

- Maintain consistent assigned work hours during LAFCO's hours of operation. Any changes to an employee's schedule or availability must be approved by the Executive Officer. Employees should follow the applicable process for requesting and obtaining time off.
- Establish a routine of periodic work plans and reports to their manager to establish goals and document results.
- Be readily available for impromptu video, email and phone conversations.
 Communicate effectively and be responsive to requests (whether by phone, email, or video).
- Maintain a dedicated and safe home office environment free of distractions and background noise.
- Devote 100% of their attention to working remotely as if you were in the office.
- Store all work product(s) on the LAFCO network and do not store on any internal storage of a home computer or laptop.
- Report to LAFCO's offices and/or other work locations in-person for meetings or other activities as required by the Executive Officer or Commission.
- Managers may require additional methods of communication and reporting to ensure employees are accessible and reliable.
- Employees must follow all security protocols outlined by Santa Cruz County ISD guidelines when accessing LAFCO records remotely through any personal devices, including but not limited to home computers and laptops.

12.2 Remote Work (Communication)

Working from a remote location may add challenges to effective communication, teamwork, and collaboration. The remote employee is responsible for ensuring effective communication and participation while working remotely and for ensuring that coworkers and the Executive Officer feel informed and confident about the work results being produced. If an employee seeks a remote work arrangement, the employee must make the request and obtain approval from the Executive Officer. Remote work can be requested on any of the following bases:

• Full-time (where an employee's primary work location is remote for their full work

schedule);

- A regularly scheduled basis (where an employee works a hybrid schedule, with regularly recurring days worked remote); or
- As needed (where an employee works remotely on occasion).

Even if full-time or regularly scheduled remote work is approved, employees can be requested to report to LAFCO offices or other work locations as needed. Remote work arrangements can be changed (either reduced or eliminated) at the discretion of the Executive Officer. Remote work arrangements for the Executive Officer will be addressed and approved, and can be subject to change (either reduced or eliminated) at the discretion of the LAFCO Board Chair.

12.3 Remote Work (Home Office Requirements)

Remote work arrangements require the employee to establish a fully functioning home office environment. LAFCO will decide on a case-by-case basis whether to provide the remote working employee with a computer or monitors for the home office. All other equipment and services are the responsibility of the employee to be paid at their expense including:

- Phone and voicemail with professional outgoing message;
- High speed Internet connection;
- If wireless network is used, a secure, password-protected connection; and
- Repairs or adjustments necessary to maintain a safe working environment

Remote work is for the personal convenience of the employee and is not required by LAFCO. LAFCO maintains work facilities and equipment in its offices. Therefore, if the employee uses their personal computer LAFCO will not:

- Provide support for personal systems;
- Provide maintenance, repairs, or adjustments of any kind;
- Provide upgrades for hardware;
- Provide upgrades for operating systems; and
- Reimburse for the purchase of any software programs

At the conclusion of employment, employees who use their own computer or other personal equipment will be required to certify that there is no LAFCO information on their computer or equipment, and to certify that all LAFCO data, information, and property has been returned.

13. EXPENSES AND TRAVEL

Employees shall be reimbursed for all actual and necessary expenses incurred in the

transaction of LAFCO business in accordance with LAFCO's Financial Policy.

14. PAID LEAVES

The following paid leaves shall be provided to LAFCO employees:

- Executive Officer: The Executive Officer shall receive the same paid leave benefits as those provided to appointed Santa Cruz County department heads including vacation, sick leave, administrative leave, bereavement leave, and holidays.
- Other LAFCO Employees: Employees, except the Executive Officer, shall receive
 the same paid leave benefits as those provided to Santa Cruz County employees
 in the General Representation Unit including annual leave, bereavement leave,
 and holidays.

15. RETIREMENT AND INSURANCE

LAFCO employees will receive health insurance, dental insurance and other insurance depending on their particular classifications. These insurance benefits will generally be the same as provided to County of Santa Cruz employees. The Commission will review and establish the benefits annually at its discretion.

15.1 Retirement

LAFCO contracts with the California Public Employees' Retirement System ("CalPERS") to provide pension benefits to full-time and half-time employees. Employee retirement contributions to CalPERS shall be set by resolution adopted by the Commission.

15.2 Insurance

The following insurance benefits shall be provided to LAFCO employees:

- <u>Executive Officer:</u> Insurance benefits which are provided to appointed department heads of Santa Cruz County shall be provided to the Executive Officer. These benefits are health insurance, dental insurance, vision insurance, life insurance, and long-term disability insurance.
- Other LAFCO Employees: Insurance benefits which are provided to Santa Cruz County employees in the General Representation Unit shall be provided to LAFCO full-time employees other than the Executive Officer. These benefits are health insurance, dental insurance, vision insurance, life insurance, and long-term disability insurance.
- Annuitant Employees: LAFCO annuitants who retired through CalPERS may enroll
 in a CalPERS' health plan as provided under the Public Employee's Medical and
 Hospital Care Act and CalPERS regulations. Eligibility and annuitant contribution
 amounts are set by the Commission's health insurance contract.

15.3 Health Insurance

Employees' health insurance contributions shall be the same as the contributions made by employees who hold comparable jobs with Santa Cruz County.

15.4 Deferred Compensation

LAFCO shall provide a deferred compensation program for employees. LAFCO shall

not make employer contributions to the deferred compensation program.

16. SAFETY

Every employee is responsible for safety. To achieve our goal of providing a completely safe workplace, everyone must be safety conscious. Employees should report any unsafe or hazardous condition directly to their supervisor immediately. In case of an accident involving a personal injury, regardless of how serious, employees should notify the Executive Officer or LAFCO Chair immediately. Failure to report accidents can result in a violation of legal requirements and can lead to difficulties in processing insurance and benefit claims. If an employee is injured on the job, they will be entitled to benefits under the state workers' compensation law in most cases. LAFCO carries workers' compensation insurance and will assist employees to obtain all benefits to which they are legally entitled.

17. WORKPLACE VIOLENCE

LAFCO is committed to providing a safe work environment that is free of violence and the threat of violence. LAFCO will not tolerate any violent or dangerous behavior of any kind, whether through physical abuse, threats of any kind, intimidation, coercion, stalking or otherwise, defacing LAFCO'S property or causing physical damage to the facilities, bringing weapons or firearms of any kind onto LAFCO'S premises, parking lots, or while conducting business, or any other behavior that suggests a propensity towards violence.

LAFCO strictly prohibits employees, consultants, customers, visitors, or anyone else on LAFCO premises or engaging in a LAFCO-related activity from behaving in a violent or threatening manner. Employees may report all incidents of direct or indirect violence or dangerous behavior to the Executive Officer or LAFCO Chair as soon as possible. Reporting incidents and concerns early can help prevent a situation from escalating and becoming even more dangerous. Employees should never attempt to handle a potentially dangerous situation by themselves. Any LAFCO employee that violates this policy will be subject to discipline, up to and including termination, as well as potential legal action.

18. OFFICE INSPECTION

Although desks, cabinets and shelves are made available for the convenience of employees while at work, employees should remember that all desks, cabinets and shelves remain the sole property of LAFCO. Moreover, LAFCO reserves the right to open and inspect desks, cabinets, and shelves, as well as any contents, effects, or articles in desks, cabinets, and shelves. Such an inspection can occur at any time, with or without advance notice or consent. An inspection may be conducted before, during, or after working hours by the Executive Officer or designee.

Employees have no expectation of privacy in any of these items. Prohibited materials, including weapons, explosives, alcohol and non-prescribed drugs or medications, may not be placed in a desk, cabinet or shelf. Employees who, if requested, fail to cooperate in any inspection will be subject to disciplinary action, up to and including termination. LAFCO is not responsible for any articles that are placed or left in a desk, cabinet, or shelf that are lost, damaged, stolen or destroyed.

19. THEFT OR LOSS OF OFFICE EQUIPMENT

The use of any LAFCO-related equipment (computers, cell phones, laptops, or other office-related equipment) outside of the LAFCO offices must be approved by the Executive Officer. LAFCO employees are fully responsible for the care and safekeeping of all office equipment offsite. Should an item be stolen or lost offsite while under the care of a LAFCO employee, the LAFCO employee is responsible to reimburse LAFCO for the replacement cost of all lost or stolen items. Any loss or theft of the LAFCO equipment must be reported immediately to the Executive Officer, and the employee is responsible to reimburse LAFCO for the replacement cost of the device.

20. OFFICE PROBLEM RESOLUTION PROCEDURE

LAFCO is committed to encouraging an open and frank atmosphere in which any problem, complaint, suggestion, or question receives a timely response. LAFCO strives to ensure fair and honest treatment of all employees. All employees are expected to treat each other with mutual respect. All employees are encouraged to offer positive and constructive criticism. If there is a disagreement concerning established rules of conduct, policies, or practices, employees may express their concern through the problem resolution procedure. No one will be penalized, formally or informally, for voicing a complaint with LAFCO in a reasonable, business-like manner, or for using the problem resolution procedure.

21. TERMINATION OF EMPLOYMENT

Any employee whose employment is terminated by LAFCO for any reason shall be entitled to two weeks' notice or two weeks' pay in lieu of notice.

Adopted on June 4, 1986 (Resolution No.141-DD)
Amended on December 9, 2015 (Resolution No. 2015-12)
Previous Revision on August 3, 2016 (Resolution No. 2016-12)
Revision on June 3, 2020 (Resolution No. 2020-16)
Revision on September 6, 2023 (Resolution No. 2023-20)
Last Revision on March 6, 2024 (Resolution No. 2024-07)



PERSONNEL POLICY

1. PERFORMANCE EVALUATION – LAFCO STAFF

Evaluations of staff personnel other than the Executive Officer will be made by the Executive Officer on an annual basis. To assist in this process, staff will submit a report documenting their accomplishments from the prior year and their goals for the upcoming year to the Executive Officer for review and discussion. The Executive Officer's review of this report will be conducted by December of each year.

2. PERFORMANCE EVALUATION - EXECUTIVE OFFICER

Personnel evaluations of the Executive Officer will be made by the Commission on an annual basis. To assist in this process, the Executive Officer will submit a report documenting their accomplishments from the prior year and their goals for the upcoming year to the Personnel Committee for review and discussion. The Personnel Committee's review of this report will be conducted by January of each year.

3. COMMISSION REVIEW

All performance evaluations, and any other pertinent information, will be forwarded to the Commission for their review and consideration at the February meeting of each year. In accordance with Government Code Sections 54957 and 54957.6, staff's performance evaluations will be discussed in a closed session.

4. SALARY ADJUSTMENTS

Following the Commission's review and consideration of staff performance evaluations, the Personnel Committee will provide an annual report on staff salaries and benefits at the March meeting of each year. At this time, the Commission may consider possible salary adjustments to bring staff salaries into alignment with other comparable positions or as compensation for their job performance. This review may include a report by a personnel consultant, when indicated.

5. PERSONNEL COMMITTEE MEMBERSHIP

The members of the Personnel Committee will have at least a two-year term but may continue if reaffirmed by the Commission. At least two Commissioners should be on the Personnel Committee. The current LAFCO Chair is encouraged to be part this committee.

Adopted on June 7, 2000 (Resolution No. 2000-4) Revised on January 9, 2008 (Resolution No. 2008-3) Last Revision on February 5, 2020 (Resolution No. 2020-02)



FINANCIAL POLICY

1. OVERVIEW

It is the policy of Santa Cruz LAFCO to follow ethical, responsible, and reasonable procedures related to purchasing, claims, auditing, money management, and other financial matters. The following accounting discussion is intended to provide an overview of the accounting policies and procedures applicable to LAFCO. This policy documents the financial operations of the organization. Its primary purpose is to formalize accounting policies and selected procedures for the accounting staff and to document internal controls.

2. USE OF COUNTY FINANCIAL OFFICES, POLICIES AND PROCEDURES

It is the policy of Santa Cruz LAFCO to utilize the offices, policies, and procedures of the County of Santa Cruz in the conduct of LAFCO's financial matters.

2.1 Santa Cruz County Policies and Procedures Manual

LAFCO shall follow "Title 1—Financing and Accounting Policies and Procedures" of the County of Santa Cruz Policies and Procedures Manual, except as specified in LAFCO's policies. LAFCO is an independent agency; therefore, neither the Board of Supervisors nor the County Administrative Officer has any authority over LAFCO's financial matters. The County Policies and Procedures shall be translated to LAFCO's Policies and Procedures by the following substitutions:

County of Santa Cruz	Santa Cruz LAFCO
Board of Supervisors	LAFCO Commission
County Administrative Officer	LAFCO Executive Officer
Department Head	LAFCO Executive Officer
Purchasing Agent	LAFCO Executive Officer

2.2 Santa Cruz County Auditor-Controller

LAFCO shall use the Santa Cruz County Auditor-Controller for the following functions:

- Claims and warrants;
- · Petty cash;
- Payroll and deductions;
- Collection of county, city, and independent district contributions to the LAFCO budget as required by Government Code Section 56381;
- Maintenance of the LAFCO trust fund; and
- Audits.

2.3 Santa Cruz County Purchasing Policy Manual

For procuring goods and services, LAFCO may follow the most recent edition of the County of Santa Cruz, Purchasing Policy Manual.

LAFCO staff may choose to either use the purchasing services of the Santa Cruz County General Services Department or may make direct purchases. In the case of direct purchases, LAFCO staff will follow to the extent possible the County's Purchasing Policy Manual, with the Executive Officer functioning as the Purchasing Agent.

3. AUTHORIZATIONS

It shall be the responsibility of the Executive Officer to authorize expenditures of funds within the framework and limitations of the budget adopted by the Commission.

3.1 Payroll

When payroll is due to be filed with the Auditor-Controller and the Executive Officer is absent from the office, the Secretary-Clerk shall attempt to contact the Executive Officer. The Secretary-Clerk may sign the payroll if either:

- The Executive Officer authorizes the payroll amounts verbally or by e-mail, and the Secretary-Clerk keeps a written record of the authorization; or
- The Executive Officer cannot be contacted, and the Secretary-Clerk presents the payroll to the Executive Officer as soon as possible after the Executive Officer becomes available in the office or electronically.

3.2 Claims

When an urgent claim is due and the Executive Officer is absent from the office, the Secretary-Clerk may utilize LAFCO's designated County Administrative Office (CAO) representative to address the claim. If the Executive Officer and the CAO representative are unavailable, the Secretary-Clerk may sign the urgent claim if either:

- The Executive Officer authorizes the urgent claim amount verbally or by email, and the Secretary-Clerk keeps a written record of the authorization, or
- The Executive Officer cannot be contacted, and the Secretary-Clerk presents the urgent claim to the Executive Officer as soon as possible after the Executive Officer becomes available in the office or electronically.

As used in this section, "urgent claim" means a valid claim for which LAFCO would incur a late payment penalty of \$25 or more if the claim were not submitted to the Auditor-Controller on that workday.

3.3 Executive Officer Follow-up Action(s)

Upon returning to the office or becoming available electronically, the Executive Officer shall review any payroll transaction or urgent claim that was authorized by the Secretary-Clerk, separately sign the payroll or claim, and take any necessary actions to correct any errors or oversights.

4. EXPENSES AND TRAVEL

Commissioners (regular and alternate members), employees, and staff shall be entitled to reimbursement for all actual and necessary expenses incurred in the transaction of Commission business, including participation on the CALAFCO board and CALAFCO committees, in accordance with the following provisions:

4.1 Stipends

Regular and Alternate Commissioners shall receive \$50.00 per meeting in order to help defray the costs of attending the meetings.

4.2 Travel Expenses

Regular and Alternate Commissioners, employees, and staff shall be reimbursed in conformance with current County policy for out-of-county travel, meals, and related expenses incurred while on Commission business.

4.3 Mileage Reimbursement

Regular and Alternate Commissioners, employees, and staff shall be reimbursed for authorized use of their private automobiles in conformance with current County policy.

4.4 Lodging Expenses

Travel reimbursements for lodging at rates higher than County policy shall be permitted when Commissioners (Regular and Alternate), employees, and staff stay at the host facility for CALAFCO events, including but not limited to, meetings, workshops, and conferences.

4.5 Staff Definition

As used in this section, "staff" means the LAFCO Counsel or the LAFCO Counsel's back-up attorney when either is traveling on LAFCO business.

4.6 Reimbursement Authorization

No travel expenses shall be reimbursable unless authorized by the Executive Officer.

4.7 Extended Meeting Expenses

For day meetings of the Commission that are expected to last more than four hours, or for any night meetings, the Commission authorizes expenses not to exceed \$5 per attending Commissioners for light refreshments (coffee, bottled water, soft drinks, cookies, etc.)

5. BUDGET

Government Code Section 56381 indicates that LAFCO shall adopt a proposed budget no later than May 1 and a final budget no later than June 15. LAFCO shall prepare an annual budget in conformance with Government Code Section 56381.

5.1 Performance Evaluations

Completion of staff's performance evaluation, as outlined in the Personnel Policy, should be completed by February of each year.

5.2 Salary & Benefit Adjustments

Following the Commission's review and consideration of staff's performance evaluation, any adjustments to their salaries and benefits should occur by March of each year.

5.3 Proposed Budgets

The Commission should consider adopting a draft budget by April of each year. Copies of the draft budget, with the proposed allocation breakdown, should be shared with the funding agencies for review and comments.

5.4 Final Budgets

The Commission should consider adopting a final budget by May of each year. Copies of the final budget, with the final allocation breakdown, should be shared with the funding agencies for their records.

6. RESERVES

As of July 1, 2024, Santa Cruz LAFCO has two reserve funds restricted to the agency's account with the Santa Cruz County. These funds are as follows: (1) Litigation and (2) Contingency. These accounts are considered "restricted" accounts and are only used for the specific purposes described below:

6.1 Litigation Reserves

Restricted funds for costs related to agency legal challenges. The minimum balance in the Litigation Reserve Account shall be \$100,000.

6.2 Contingency Reserves

Restricted funds to cover any unforeseen future agency loss and/or urgent matter which includes but is not limited to property or equipment damage, loss, or theft. These funds may also be used to balance annual LAFCO budgets. The minimum balance in the Contingency Reserve Account shall be \$100,000.

Adopted on June 2, 2004 (Resolution No. 2004-10) Revision on February 5, 2020 (Resolution No. 2020-03) Last Revision on September 6, 2023 (Resolution No. 2023-20)



RECORDS MANAGEMENT POLICY

1. OVERVIEW

The purpose of this policy is to offer guidelines to staff regarding the retention of Santa Cruz LAFCO files; provide for the identification, maintenance, and safeguarding of Santa Cruz LAFCO records and the destruction of obsolete documents in the normal course of business; ensure prompt and accurate retrieval of records; and ensure compliance with legal and regulatory requirements.

2. COMPLIANCE

It is the policy of this Commission to retain Santa Cruz LAFCO documents and other records in accordance with the retention schedule established in the attached table (refer to **Figure 1**; page 3 of policy). The schedule is in compliance with the minimum retention periods mandated by the California Government Code, the California Code of Civil Procedure, the Code of Federal Regulations, the Secretary of State Local Government Records Management Guidelines, and other legal authorities cited.

3. PROCEDURE

Government Code Section 56382 allows LAFCO to authorize the destruction of any duplicate record which is older than two years as long as a copy is kept in some reliable format. This policy documents the records management of the organization. The following section outlines how LAFCO staff should determine if a document is obsolete and subject to potential destruction.

3.1 Request for Destruction Form

A LAFCO staff member must complete and sign a "Request for Destruction of Obsolete Records" form, listing the date and description of each document to be destroyed. A sample form is attached to this policy as **Figure 2**; (page 4 of policy). The form must include the Executive Officer's signature.

3.2 Approval of Form

After receiving the signed form from the Executive Officer, the Commission Clerk will oversee the destruction of the obsolete documents.

3.3 Records Log

The Commission Clerk will permanently retain a master log of all destroyed obsolete documents which includes the titles or brief descriptions of the purged files that were destroyed, the method of destruction and the date of destruction.

4. GENERAL GUIDELINES

The Commission Clerk shall be responsible for the administration of this policy and shall follow the general guidelines outlined in this document. The following general guidelines apply to all Santa Cruz LAFCO records.

4.1 Duplicate Records

The Commission may authorize the destruction of any duplicate records at any time (Government Code Sections 26201; 60200).

4.2 Two-Year Threshold

Unless otherwise required by State or Federal law, the Commission may authorize the destruction of any original document which is more than two (2) years old without retaining a copy of the document as long as the retention and destruction of the document complies with the retention schedule as set forth in this policy (Government Code Sections 26202; 60201).

4.3 Significant Project Documents

In addition to the retention periods required under this policy, the Commission shall retain original administrative, legal, fiscal, and/or historical records with continued value (i.e., records for long-term transactions and/or special projects) until all matters pertaining to such records are completely resolved or the time for appeals has expired (Government Code Sections 14755; 34090).

4.4 Indestructible Files

Pursuant to Government Code Section 60201, the Commission shall not destroy any of the following records:

- a) Records relating to the formation change of organization or reorganization of the Commission;
- b) Ordinances and resolutions, unless they have been repealed or have become invalid or otherwise unenforceable for five years;
- c) Minutes of any meeting of the Commission;
- d) Records relating to any pending claim, litigation, any settlement or other disposition of litigation within the past two (2) years;
- e) Records that are the subject of any pending request for records under the California Public Records Act, whether or not the record is exempt from disclosure, until the request has been granted or two (2) years after the request has been denied by the Commission;
- f) Records relating to any non-discharged debt of the Commission;
- g) Records relating to the title to real property in which the Commission has an interest;
- h) Records relating to any nondischarged contract to which the Commission is a party;
- Records that have not fulfilled the administrative, fiscal, or legal purpose for which they were created or received;
- j) Records less than seven (7) years old that specify the amount of compensation or expense reimbursement paid to Commission employees, officers, retired annuitant, or independent contractors.

Figure 1 – Records Retention Schedule

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
1	Accident/Illness Reports (OSHA Reports)	Not a public record; For Employee Medical Records & Employee Exposure Records regarding exposure to toxic substances or harmful physical agents: *Includes Material Safety Data Sheets (MSDS) *Does NOT include records of health insurance claims maintained separate from employer's records; first aid records of one-time treatments for minor injuries; records of employees who worked less than one (1) year if records are given to employee upon termination.	GCS 6254(c); CCR 32304(d)(1)(A)(B)	Duration of employment plus 30 years
2	Accidents/Damage to LAFCO Property	Risk Management Administration	GCS 340901 CCP 337.15	10 years
3	Accounting Records – General Ledger	General Ledger	GCS 34090; CCP 337; Sec. of State Local Govt Records Mgmt. Guidelines	Until audited +4 years Published articles show 4-7 years retention Sec. of State Guidelines recommends permanent retention
4	Accounting Records – Permanent Books of Accounts	Records showing items of gross income, receipts and disbursement (including inventories per IRS regulations)	CFR 31.6001-1(c)&(e)	Permanent

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
5	Accounts Payable	Journals, statements, asset inventories, account postings with supporting documents, vouchers, investments, invoices and back-up documents, purchase orders, petty cash, postage, OCERS reports, check requests, etc. Expense reimbursements to employees & officers; travel expense reimbursements or travel compensation.	CCP 337; CFR 31.6001-1(e)(2); Secretary of State Local Gov't. Records Mgmt. Guidelines	Until audited + 4 years 7 years after date of payment
6	Accounts Receivable	Receipts for deposited checks, coins, currency; reports, investments, receipt books, receipts, cash register tapes, payments for fees, permits, etc.	CFR 31.6001- 1(e)(2); Sec. of State Local Gov't Records Mgmt. Guidelines recommendation	Until audited +4 years
7	Affidavits of Publication / Posting	Legal notices for public hearings, publication of ordinances, etc.	GCS 34090	2 years
8	Agency Report of Public Official Appointments (FPPC Form 806)	Report of additional compensation received by LAFCO official when appointing themselves to committees, boards or commission of other public agencies, special districts, joint powers agencies or joint powers authorities. Current report must be posted on LAFCO's website.	CCR 18705.5; GCS 34090.5	Recommended retention; keep a copy of report for 2 years after removal from LAFCO's website
9	Agenda / Agenda Packets	Original agendas, agenda packets, staff reports, and related attachments, supplemental items and documentation submitted by staff/public in relation to agenda items. Paper copies of agenda packets should be maintained for 1 year as complete packets. Originals will later be imaged for permanent records retention; the imaged record may serve as the permanent record.	GCS 34090, 34090.5	Current + 2 years
10	Agreements (see also Contracts)	Original contracts and agreements and back-up materials, including leases, service/maintenance agreements, etc.	CCP 337; 337.2; 343	4 years after termination/ completion

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
11	Annexations / Reorganizations	Notices, Resolutions, Certificates of Completion; documents may be imaged, but the originals can never be destroyed.	GCS 34090 GCS 60201(d)(1)	Permanent
12	Annual Financial Report	May include independent auditor analysis.	GCS 26201, 34090 GCS 34090, 60201 Sec of State Local Gov't Records Mgmt. Guidelines	Until audited + 7 years
13	Articles of Incorporation	Including but not limited to JPAs, mutual water companies, and changes of organization	GCS 34090(a)	Permanent
14	Audit Reports	Financial services; internal and/or external reports;	GCS 34090; CCP 337, 343; Sec. of State Local Gov't. Records Retention Guidelines	Minimum retention – Current + 4 years Sec. of State Guidelines recommends permanent retention
15	Audit Hearing or Review	Documentation created and or received in connection with an audit hearing or review	GCS 26202, 34090	2 years
16	Ballots – Special District elections	Copies of ballots from elections of Special Districts (LAFCO members)	GCS 26202, 34090, 60201	2 years
17	Bank Account Reconciliations	Bank statements, receipts, certificates of deposit, etc.	CFR 31.6001-1(e)(2)	Until audited + 4 years; Secretary of State recommends until audited + 5 years
18	Brochures/Publica tions	Retain selected documents only for historic value	GCS 26202, 34090	2 years
19	Budget, Annual	Annual operating budget approved by LAFCO	GCS 26202, 34090; Sec. of State Local Gov't Records Mgmt. Guidelines	Until audited + 2 years; Sec. of State recommends permanent retention
20	Cal-OSHA	Personnel logs, supplementary records; annual summary (Federal and State-Cal-OSHA)	LAB 6410; CCR 14307	5 years
21	CalPERS - Employee Benefits	Retirement Plan	USC 1027	6 years

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
22	Checks (issued by LAFCO)	LAFCO checks paid – expense reimbursements; payments to independent contractors, etc. Includes check copies; canceled and voided checks; electronic versions of checks. LAFCO check paid to vendors; other LAFCO payments - includes check copies; canceled or voided checks; electronic versions of checks.	GCS 60201(d)(12); CCP 337; Sec. of State Local Gov't Records Mgmt. Guidelines; CCP 31.6001-1(e)(2)	7 years Until audited +4 years
23	Citizen Feedback	General correspondence	GCS 26202, 34090	2 years
24	Claims Against LAFCO	Paid/denied	GCS 60201(d)(4); GCS 25105.5	Until settled + 5 years
25	Complaints/ Requests	Various files, not related to specific lawsuits involving the agency and not otherwise specifically covered by the retention schedule	GCS 26202, 34090	2 years
26	Contracts	Original contracts and agreements and back-up materials, including leases, service/maintenance contracts, etc.	CCP 337, 337.2, 343	4 years after termination/ completion
27	Correspondence	General correspondence, including letters and e-mail; various files, not otherwise specifically covered by the retention schedule	GCS 26202, 34090	2 years
28	Deferred Compensation Reports	Finance - pension/retirement funds	CFR 516.5; CFR 1627.3	3 years
29	Demographic/ Statistical Data	Including but not limited to special studies and boundary changes	GCS 26202, 34090	Current +2 years
30	Deposits, Receipts	Receipts for deposited checks, coins, currency	Sec. of State Local Gov't Records Mgmt. Guidelines; CCP 337	Until audited + 4 years
31	DMV Driver's Records, Reports (DMV Pull Notice System)	Part of personnel records – not a public record	GC 34090; GC 6254(c) VC 1808.1(c); Sec. of State Local Gov't Records Mgmt. Guidelines	Until superseded (should receive new report every 12 months) Sec. of State recommends retention until termination + 7 years

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
32	Employee Files	Personnel - information - may include release authorizations, certifications, reassignments, outside employment, commendations, disciplinary actions, terminations, oaths of office, evaluations, pre- employee medicals, fingerprints, identification cards	GCS 12946 CFR 1627.3	While current + 3 years
33	Employee Information Applicant Identification Records	Personnel – data recording race, sex, national origin of applicants	CCR 7287(b)(c)(2)	2 years
34	Employee Information, General	Name, address, date of birth, occupation	GCS 12946 CFR 1627.3 LAB 1174	3 years
35	Employee Information, Payment	Rate of pay and weekly compensation earned	GCS 60201	7 years
36	Employee Programs	Includes EAP and Recognition	GCS 26202, 34090; GCS 12946	Current + 2 years
37	Employee, Recruitment	Alternate lists/logs, examination materials, examination answer sheets, job bulletins	GCS 12946; GCS 26202, 34090; CFR 1602 et.seq.; CFR 1627.3	Current + 2 years
38	Employee, Reports	Employee statistics, benefit activity, liability loss	GCS 26202, 34090	Current + 2 years
39	Employee Rights - General		GCS 12946; CFR 1602.31	Length of employment + 2 years
40	Employment Applications - Not Hired	Applications submitted for existing or anticipated job openings, including any records pertaining to failure or refusal to hire applicant	GCS 26202, 34090; GCS 12946; CFR 1627.3	2 years
41	Employment Eligibility Verification (I-9 Forms)	Federal Immigration and Nationality Act; Immigration Reform/Control Act 1986	USC 1324a(b)(3) Pub. Law 99-603	3 years after date of hire, or 1 year after date of termination, whichever is later
42	Employment - Surveys and Studies	Includes classification, wage rates	GCS 12946 GCS 26202, 34090 CFR 516.6	2 years
43	Employment - Training Records, Non-Safety	Volunteer program training - class training materials, internships	GCS 34090 GCS 12946	Length of employment + 2 years

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
44	Employment - Vehicle Mileage Reimbursement Rates	Annual mileage reimbursement rates	GCS 26202, 34090	Until superseded + 2 years
45	Environmental Quality California Environmental Quality Act (CEQA)	Exemptions, Environmental Impact Reports, mitigation monitoring, Negative Declarations, Notices of Completion and Determination, comments, Statements of Overriding Considerations	GCS 34090; 60201 CEQA Guidelines	Permanent
46	Environmental Quality Environmental Review	Correspondence, consultants, issues, conservation	GCS 26202, 34090	Completion + 2 years
47	ERISA Records	Employee Retirement Income Security Act of 1974 – plan reports, certified information filed, records of benefits due	USC 1027, 2059 La Barbera v. A. Morrison Trucking, Inc. 2011 US Dist. LEXIS 16343 (E.D.N.Y. Feb. 17, 2011)	6 years
48	Family and Medical Leave Act (FMLA) (Federal)	Records of leave taken, LAFCO policies relating to leave, notices, communications relating to taking leave	CFR 825.500; GCS 12946	While employed +3 years (Federal) or 2 years (State)
49	Fixed Assets Inventory	Reflects purchase date, cost, account number	GCS 26202, 34090	Until audited + 2 years
50	Fixed Assets Surplus Property	Auction, disposal, listing of property	GCS 26202, 34090; CCP 337	Until audited + 4 years
51	Forms	Including but not limited to administrative/project docs		Until Superseded
52	Fund Transfers	Internal; bank transfers & wires	GCS 26202, 34090	Until audited + 2 years
53	General Ledgers	All annual financial summaries	GCS 34090; CCP 337; Sec. of State Local Gov't. Records Retention Guidelines	Until audited +4 years Sec. of State Guidelines recommends permanent retention
54	Gift to Agency Report (FPPC Form 801)	FPPC form showing payment or donation made to Santa Cruz LAFCO or to a Santa Cruz LAFCO official and which can be accepted as being made to LAFCO	FPPC Reg.18944(c)(3)(F)(G); FPPC Fact Sheet: "Gifts to an Agency – Part 2"	Must be posted on LAFCO website for 4 years (per FPPC Fact Sheet)

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
55	Gifts/Bequests	Receipts or other documentation	GCS 34090	Until completed + 2 years
56	Grants - Successful Federal, State, or other grants	Grants documents and all supporting documents: applications, reports, contracts, project files, proposals, statements, sub- recipient dockets, environmental review, grant documents, inventory, consolidated plan, etc.	GCS 34090; CFR 570.502; CFR 85.42	Until completed + 4 years
57	Grants – Unsuccessful	Applications not entitled	GCS 26202, 34090	2 years
58	Insurance	Personnel related	GCS 26202, 34090	Current + 2 years
59	Insurance, Joint Powers Agreement	Accreditation, MOU, agreements and agendas	GCS 26202, 34090	Current + 2 years
60	Insurance Certificates	Liability, performance bonds, employee bonds, property; insurance certificates filed separately from contracts, includes insurance filed by licensees	GCS 26202, 34090	Current + 2 years
61	Insurance, Liability/Property	May include liability, property, Certificates of Participation, deferred, use of facilities	GCS 26202, 34090	Current + 2 years
62	Insurance, Risk Management Reports	Federal and State OSHA forms; loss analysis report; safety reports; actuarial studies	CFR 1904.44; GCS 26202, 34090	5 years (Federal) 2 years (State)
63	Investment Reports, Transactions	Summary of transactions, inventory and earnings report	GCS 34090, 60201; CCP 337; Sec. of State Local Gov't. Records Retention Guidelines	Until audited +4 years Sec. of State Guidelines recommends permanent retention
64	Invoices	Copies sent for fees owed, billing, related documents	GCS 26202, 34090	Until audited + 2 years
65	Legal Notices/ Affidavits of Publication	Notices of public hearings, proof of publication of notices	GCS 26202, 34090	2 years
66	Legal Opinions	Confidential - not for public disclosure (attorney-client privilege)	GCS 26202, 34090	Until superseded + 2 years
67	Litigation	Case files	GCS 26202, 34090	Until settled or addressed + 2 years

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
68	Maintenance Manuals	Equipment service/maintenance	GCS 26202, 34090	Current + 2 years
69	Maintenance/Rep air Records	Equipment	GCS 26202, 34090	2 years
70	Marketing, Promotional	Brochures, announcements, etc.	GCS 26202, 34090	2 years
71	Minutes	Meeting minutes; paper records are to be maintained permanently by the agency.	GCS 34090, 60201(d)(3)	Permanent
72	Newsletters	May wish to retain permanently for historic reference	GCS 26202, 34090	2 years
73	Notices – Public Meetings	Including but not limited to regular and special meetings	GCS 26202, 34090	2 years
74	Oaths of Office	Elected and public officials – commissioners	GCS 26202, 34090; USC 1113; Secretary of State Guidelines	Current plus 6 years
75	Occupational Safety and Health Administration (OSHA)	OSHA Log 200, Supplementary Record, Annual Summary (Federal & State- Cal-OSHA); OSHA 300 Log, privacy case list, annual summary, OSHA 301 incident report forms	LC 6410; CCR 14307; CFR 1904.2 -1904.6, 1904.33	5 years
76	Payroll - Federal/State Reports	Annual W-2's, W-4's, Form 1099s, etc.; quarterly and year- end reports	GCS 60201	7 years
77	Payroll Deduction/Authori zations	Finance	CFR 516.6(c); GCS 60201	While Current + 7 years
78	Payroll, registers	Finance – payroll, registers, payroll reports	CFR 516.5(a); LAB 1174(d); GCS 60201	7 years from date of last entry
79	Payroll records terminated employees	Finance files	CFR 516.5; GCS 60201	7 years from date of last entry
80	Payroll, timecards/sheets	Employee	CFR 516.6; LAB 1174; Sec. of State Local Gov't Records Mgmt. Guidelines	3 years Sec. of State recommendation – Until audited + 6 years
81	Payroll - Wage Rates / Job Classifications	Employee records	GCS 60201	le current + 7 years
82	Personnel Records	Other records (not payroll) containing name, address, date of birth, occupation, etc., including records relating to promotion, demotion, transfer, lay-off, termination Page 30 of 118	CFR 1627.3	3 years

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
83	Personnel Rules and Regulations	Including employee handbook, employee manuals, and other policies/procedures	CFR 516.6, 1627.3(a)	Current + 3 years
84	Petitions	Submitted to legislative bodies	GCS 26202, 34090	Current + 2 years
85	Policies & Procedures	All policies and procedures adopted by the Commission; directives rendered by the agency not assigned a resolution number; Commission Bylaws	GCS 26202, 34090	Current + 2 years
86	Political Support/Oppositio n, Requests & Responses	Related to legislation	GCS 26202, 34090	2 years
87	Press Releases	Related to LAFCO actions/activities	GCS 26202, 34090	2 years
88	Procedure Manuals	Administrative	GCS 26202, 34090	Current + 2 years
89	Public Records Request	Requests from the public to inspect or copy public documents	GCS 26202, 34090, 60201(d)(5)	2 years
90	Purchasing RFQs, RFPs	Requests for Qualifications; Requests for Proposals – regarding goods and services	GCS 26202, 34090	Current + 2 years
91	Purchasing, Requisitions, Purchase Orders	Original documents	GC 34090; CCP 337	Until audited + 4 years
92	Recordings - audio (e.g., for preparation of meeting minutes)	Audio recordings of Commission meetings	GCS 54953.5	Minimum 30 days
93	Recordings, video meetings of legislative bodies	Video recordings of public meetings made by or at the direction of the Commission	GCS 54953.5	Minimum 30 days
94	Recordings, video, other events	Other than video recordings of public meetings; considered duplicate records if another record of the same event is kept (i.e., written minutes or audio recording)	GCS 53161	Minimum 90 days after event is recorded; if no other record of the event exists, the recording must be kept 2 years
95	Records Management Disposition/ Destruction Certification	Documentation of final disposition/destruction of records	GCS 34090, 60201	Permanent

#	Type of Record	Description or Example of Record	Legal Authority	Minimum Legal Retention Period
96	Records Retention Schedules		GCS 26202, 34090	Current + 2 years
97	Recruitments and Selection	Records relating to hiring, promotion, selection for training	CFR 1627.3	3 years
98	Requests for Qualifications (RFQs); Requests for Proposals (RFPs)	Requests for Qualifications, Requests for Proposals, and related responses	·	
99	Resolutions	Vital records – may be imaged, but originals can never be destroyed	GCS 34090, 60201	Permanent
100	Returned Checks	Finance – Adjustments – NSF, etc. (not LAFCO checks)	GCS 26202, 34090; CCP 337	Until audited + 4 years
101	Salary/Compensat ion Studies, Surveys	Studies of agencies regarding wages, salaries and other compensation benefits	GCS 26202,34090	While current + 2 years
102	State Controller	Annual reports	GCS 26202, 34090	2 years
103	Statement of Economic Interest (SEI) (FPPC Form 700) (originals – designated employees)	Original SEIs of officers and employees designated in LAFCO's Conflict of Interest Code	GCS 81009(e), (g)	7 years (can image after 2 years)
104	Stop Payments	Finance - bank statements	GCS 26202, 34090	2 years
105	Unemployment Insurance Records	Records relating to unemployment insurance – claims, payments, correspondence, etc.	USC 3301-3311; Calif. Unemployment Insurance Code; CCP 343	4 years
106	Vouchers - Payments	Account postings with supporting documents	GCS 26202, 34090; CCP 337	Until audited + 4 years
107	Wage Garnishment	Wage or salary garnishment	CCP 337	Active until garnishment is satisfied; then retain until audited + 4 years
108	Warrant Register/Check Register	Record of checks issued; approved by the Commission (copy is normally retained as part of agenda packet information)	GCS 26202, 34090	Until audited + 2 years
109	Workers Compensation Files	Work-injury claims (including denied claims); claim files, reports, etc.	CCR 10102; CCR 15400.2	Until settled + 5 years

Figure 2 – Request for Destruction Form



"Request for Destruction of Obsolete Records"

То:	Joe A. Serrano, LAFCO Executive Officer						
From:							
Subject:	Reque	Request for Destruction of Obsolete Records					
I am requestin	g approv	val to destroy the obs	olete records listed be	elow.			
DATE OF RE	CORD	TYPE OF RECORD	LEGAL AUTHORITY	RETENTION PERIOD			
APPROVED:	lerk		<u>D</u>	ate			
Executive Office	er		D	Date			
The obsolete if ollowing methor		described above wer	e destroyed under my	supervision using the			
□Shred	lding	□ Recycling	□ Other (specify n	nethod)			
			equirements of the Re ole requirements of Sta				
Commission Clerk			Date of Records	Date of Records Destruction			

Adopted on April 5, 2000 (Resolution No. 2000-2) Last Revision on March 4, 2020 (Resolution No. 2020-05)

CHAPTER II

COMMISSION MEETINGS& SELECTION PROCESS



MEETING RULES POLICY

1. TIME AND PLACE OF MEETINGS

The Local Agency Formation Commission of Santa Cruz County shall hold regular meetings on the first Wednesday of each month at the hour of 9:00 o'clock A. M. in the Board of Supervisors Chambers in the County Governmental Center, 701 Ocean Street, Santa Cruz, California. Meetings may be cancelled at the Chair's discretion.

2. AGENDA

The agenda packet shall be available for the Commissioners by Thursday evening, six days preceding the Wednesday meeting. The agenda packet will also be made available on the LAFCO website for the general public.

The Chairperson or the Chairperson's designee shall determine the appropriate content of the agenda, and arrange the order of the agenda, or may delegate the same to the Executive Officer. A majority of the Commission may direct the placement of any item on a future agenda by action taken in a noticed public meeting of the Commission.

The agenda may be organized in the following manner:

Agenda Item		Description
1)	Roll Call	Identify Commissioners in attendance.
2)	Adoption of Minutes	Consideration of previous meeting minutes.
3)	Oral Communications	Opportunity for the public to address the Commission on items not on the agenda, provided that the subject matter is within the Commission's jurisdiction.
4)	Public Hearing(s)	Items that require expanded public notification per provisions in state law, Commission direction, or voluntarily placed by the Executive Officer.
5)	Other Business	Items that involve administrative, budgetary, legislative, or personnel matters and may be subject to broader discussion.
6)	Written Correspondence	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.
7)	Press Articles	LAFCO staff monitors newspapers, publications, and other media outlets for any news affecting local cities, districts, and communities in Santa Cruz County.
8)	Commissioners' Business	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.
9)	Adjournment	Conclusion of LAFCO's open and closed session items.

In some cases, special items may be added to the agenda, including but not limited to Oath of Office, Closed Sessions, or other non-periodic items. The agenda outline above may include such special items, when applicable.

All reports, communications, resolutions, or other matters to be submitted to the Commission shall be submitted to the Executive Officer no later than noon on Monday, nine days preceding a regular Commission meeting. Correspondence presented to the Commission after that date but before the regular meeting will be made available on the LAFCO website and at the meeting for public review.

Items not on the agenda should not be considered at the scheduled meeting, but should be set for the next available meeting, unless the Commission grants its consent for urgent matters consistent with the Ralph M. Brown Act (Government Code Section 54950.5 *et seg.*).

3. ELECTION OF CHAIRPERSON

The Commission shall, at its first regular meeting of each year, or as duly continued by action of the Commission, choose one of its members to serve as Chairperson and one of its members to serve as Vice-Chairperson, to serve the balance of the calendar year or until the election of their successors.

Should the office of Chairperson of Vice-Chairperson become vacant during the calendar year, the Commission shall, at the meeting at which the vacancy occurs, choose a successor to fill the vacancy for the balance of that calendar year, or until the election of a successor.

4. CHAIRPERSON TO PRESIDE

The Chairperson shall preside over the meetings of the Commission. If the Chairperson is absent or unable to act, the Vice-Chairperson shall serve until the Chairperson returns or is able to act. The Vice-Chairperson has the same powers and duties of the Chairperson while acting as Chairperson.

5. QUORUM

A majority of the regular members of the Commission shall constitute a quorum for the transaction of business. Alternate members, when seated in place of regular members, shall be considered a regular member for quorum determination. When there is no quorum, the Chairperson or Vice-Chairperson, or if no Commissioners are present, the Executive Officer shall adjourn the meeting.

6. MAJORITY VOTE

An affirmative vote of at least four members of the Commission, including alternate members when seated in place of regular members, shall be required to approve any motion before the Commission.

7. READING OF MINUTES

Unless a Commissioner requests a reading of the minutes, the Commission may approve minutes without formal reading if the Executive Officer has previously furnished each member with a draft of the minutes.

8. RULES OF DEBATE

Sturgis Rules of Order shall be followed by the Commission to the fullest extent possible; provided, procedural failure shall not invalidate an otherwise legal act of the Commission. In addition, the Chairperson may second motions and enter into debate regarding all Commission items. Every member desiring to speak shall address the Chairperson, and, upon recognition by the Chairperson, shall speak to the question under debate.

9. MANNER OF ADDRESSING THE COMMISSION--TIME LIMIT

All persons addressing the Commission shall step up to the podium, give their name, geographical area (or City) of residence, and interest in the area under consideration in an audible tone for the record, and unless further time is granted by the Commission, shall limit their time to three minutes. The Chairperson, unless otherwise changed by a motion and vote from the Commission, may set a different time limit.

All remarks shall be addressed to the Commission as a body and not to any member thereof. No person, other than the Chairperson and the person having the floor, shall be permitted to enter into any discussion, either directly or through a member of the Commission, without permission of the Chairperson. No question shall be asked of a Commissioner or staff member except through the Chairperson.

10. METHOD OF VOTING

The Commission shall vote by voice, unless one Commissioner requests a roll call vote. Roll call voting shall be random with the Chairperson voting last. Unless a member of the Commission states that they are disqualified or abstaining from voting, the silence shall be recorded as an affirmative vote.

11. ABSTAINING FROM VOTING

No Commissioner shall abstain from voting without first notifying the Chairperson of the Commissioner's intent to abstain from the vote.

12. DISQUALIFICATION FROM VOTING

Whenever any Commissioner is disqualified from voting, that Commissioner shall announce their disqualification to the extent required by law, step from the dais, and may then participate to the extent permitted by the California Political Reform Act.

13. ALTERNATE COMMISSIONERS

Whenever present at a Commission meeting, Alternate Commissioners shall take part in all of the proceedings of the Commission but shall not vote on any matter before the Commission unless seated in place of an absent or disqualified regular member of the Commission.

14. ORAL COMMUNICATIONS

The Commission will hear presentations from the public not to exceed three minutes on subjects within the Commission's jurisdiction and not on the agenda that day. No action will be taken by the Commission on any matter presented at that time. The Chairperson, subject to a motion and direction from the Commission, may set a different time limit.

15. SUMMARY ADJOURNMENT

The Chairperson is empowered to summarily, and without a motion, second, or voting, declare a meeting of the Commission adjourned if the Chairperson is unable to enforce the proper decorum of a meeting.

16. RESOLUTION

No resolution shall be adopted by the Commission unless it is presented before the Commission in writing and read aloud. When each Commissioner has received a copy of the resolution, the reading of the resolution is automatically waived unless a

Commissioner specifically requests that it is read. Prior to Commission consideration, draft resolutions will be reviewed by Legal Counsel. Resolutions will be signed by the Chair, Legal Counsel, and the Executive Officer after the Commission has approved them at a public meeting.

17. SPECIAL COMMITTEES

The Commission may appoint special committees at any time for any lawful purpose of the Commission. Unless otherwise directed by the Commission, all special committees shall be appointed by the Chairperson, subject to approval of the Commission.

18. PROTESTS AND DISSENTS BY COMMISSIONERS

Any Commissioner shall have the right to have the reasons for their dissent from, or protest against, any action of the Commission, entered in the minutes.

19. POSTING NOTICES

Posting of official notices, notices of public hearings, and any other official papers of the Commission where posting is required by law, shall be posted on the Official Bulletin Board of the Local Agency Formation Commission of Santa Cruz County at the County Governmental Center at 701 Ocean Street, Santa Cruz, California. These official postings shall also be posted on the Commission's website at www.santacruzlafco.org.

Should the Commission hold a public hearing at any other location than its regular place of meeting, then, in addition to posting the notice on the Official Bulletin Board as listed above, posting shall be made upon or near the door to the stated place of meeting.

20. DOCUMENTS SUBMITTED AFTER AGENDA PACKET IS DISTRIBUTED

Materials related to an item on the agenda that are submitted to the Commission after the agenda packet is distributed, are available to the public at the LAFCO office and during the meeting at the meeting location. Each agenda shall include a statement that the public may review these materials at the Commission office or during the meeting at the meeting location.

21. ATTENDANCE AT MEETINGS

Should any Regular Commissioner be absent for three consecutive regular meetings of the Commission without valid excuse, the Chairperson shall, through the Executive Officer, notify the appointing authority of such unexcused absences.

22. COMMISSION STIPENDS AND EXPENSE REIMBURSEMENT

Commissioners receive a stipend payment of \$50 per posted meeting of the Commission and for attendance at any other Commission approved meetings (i.e. standing or special committee meeting). Commissioners may also receive reimbursement for expenses such as mileage or transportation costs, lodging, and food for approved travel associated with LAFCO business.

Adopted on May 5, 1999 (Resolution No. 1999-4) Revised on October 2, 2019 (Resolution No. 2019-20) Revision on March 4, 2020 (Resolution No. 2020-04) Latest Revision on March 6, 2024 (Resolution No. 2024-07)



PUBLIC MEMBER SELECTION POLICY

1. OVERVIEW

The Public Member Selection Policy establishes guidelines towards the appointment of LAFCO's regular and alternate public members. As stipulated in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, if the office of a regular public member becomes vacant, the alternate member may serve and vote in place of the former regular public member until the appointment and qualification of a regular public member to fill the vacancy. Pursuant to Government Code Section 56334, the term of office of each member shall be four years and until the appointment and qualification of his or her successor.

2. PROCEDURAL GUIDELINES

When the regular public member and/or alternate public member position becomes vacant during a term, or two months in advance of either of these terms ending, the Chairperson and Executive Officer shall place on the agenda, a memo advising the Commission of the need to advertise for candidates to apply for the position(s).

At the meeting, the Commission shall direct staff to advertise the vacancy and receive applications. Unless the Commission gives alternate directions, the following steps will be completed:

- a. <u>Vacancy Notification</u>: Staff will advertise the vacancy as soon as possible on the LAFCO website and in at least two newspapers of general circulation which jointly have broad coverage throughout Santa Cruz County. The notice shall include a summary of the qualifications for the position as specified in Government Code Section 56331 (e.g. can't be an officer or employee of the county, city, or district). Pursuant to Government Code Section 56325(d), a copy of the notice will also be sent to all city clerks, to all independent special districts secretaries, and to the clerk of the Board of Supervisors.
- b. <u>Deadline Establishment:</u> The deadline for applications shall be at least 21 days following the meeting at which the Commission authorizes the solicitation.
- c. <u>Candidate Application:</u> Individuals interested in the position shall apply by completing a form provided by LAFCO staff and submitting the application before the deadline.

3. CANDIDATE REVIEW

The Executive Officer shall compile the applications and present them to the Commission as part of the meeting agenda following the application deadline. Candidates may withdraw an application before or after the application deadline. If a candidate withdraws an application after the deadline, the candidate shall not be considered for the appointment unless the Commission votes to reopen the process and the person reapplies.

4. SELECTION PROCESS

Final appointment for the regular public member and/or alternate public member shall be conducted during an open session at a regularly scheduled LAFCO Meeting. Upon receiving and reviewing the applications, the Commission by majority vote shall choose one of the following three courses of actions:

- a. Make an appointment from the list of candidates;
- Invite all candidates to make oral presentations at a subsequent LAFCO Meeting; or
- c. Reopen the application process.

In the event no candidate from the applicants submitted receives a majority vote and an affirmative vote of at least one county, city, and special district member, the Commission shall conduct a run-off vote of two candidates receiving the most votes. In the event that neither candidate receive a majority vote and an affirmative vote of at least one county, city, and special district member, the Chair shall direct the Executive Officer to re-advertise that a vacancy(ies) exist(s) in the manner set forth in these procedures.

Adopted on April 7, 2004 (Resolution No. 2004-6) Last Revision on May 6, 2020 (Resolution No. 2020-10)



INDEPENDENT SPECIAL DISTRICTS SELECTION POLICY

1. OVERVIEW

The purpose of the Independent Special District Selection Committee shall be to appoint the regular and alternate special district members of the Local Agency Formation Commission (LAFCO) and to fill unexpired terms when vacancies occur. It is important to note that nothing in these Rules of Procedure shall supersede Government Code Section 56332, which governs the establishment of the Independent Special District Selection Committee.

2. MEMBERSHIP

Membership of the Independent Special District Selection Committee shall be composed of the presiding officer or designated board member of the legislative body of each independent special district either located wholly within Santa Cruz County or containing territory within the county that represents 50% or more of the assessed value of taxable property of the district.

3. MEETINGS

3.1 Notification and Solicitation of Nominations

The Executive Officer of the Commission shall give written notice to all eligible independent special districts of any meeting of the Independent Special District Selection Committee, specifying the date, time, and place.

Any person qualified to serve as an Independent Special District representative to LAFCO shall be qualified to submit a nomination which shall be accompanied by a brief resume on the form provided by LAFCO. Each district shall be encouraged to submit nominations.

3.2 Registration

Each member of the Selection Committee shall be entitled to one vote for each independent special district of which he or she is the presiding officer.

In the event that the presiding officer is unable to attend a meeting of the Committee, the legislative body may appoint one of its members to attend in the presiding officer's place. Such a designated member shall submit written authorization at the time of registration.

Each voting member shall register and complete a declaration of qualification. The voting member will then be given the required number of ballots and other voting materials.

3.3 Quorum

Members representing a majority of the eligible districts shall constitute a quorum for the conduct of Committee business. No meeting shall be called to order earlier than the time specified in the notice and until a quorum has been declared to be present.

Before calling the meeting to order, the Executive Officer shall announce that a quorum is present and request that any voting member who has not yet registered do so at that time. Only those eligible members registered and present shall be allowed to vote.

3.4 Sequential Balloting

If there is more than one position to fill, sequential balloting will be held in the following order using a ballot with names of all eligible nominees: (1) Full term, regular member; (2) Partial term, regular member; and (3) Alternate member.

If a candidate is elected to a position, his or her name will be crossed out on the subsequent ballots.

3.5 Majority to Win

In order for a candidate to be elected, that candidate must receive a majority of the votes being cast.

If no candidate receives a majority, a subsequent round of voting shall be conducted with the eligible candidates limited to the two candidates who received the most votes in the previous round and any candidates who received the same number of votes as the second candidate.

4. COMPOSITION OF SPECIAL DISTRICT REPRESENTATION ON LAFCO

It is desirable that the special district members on LAFCO have a broad crosssection of duties and experience in district matters. Therefore, the following four classes of districts are established:

Class 1: Fire Protection Districts

- Ben Lomond Fire Protection District
- Boulder Creek Fire Protection District
- Central Fire District¹
- > Felton Fire Protection District
- Pajaro Valley Fire Protection District²
- Scotts Valley Fire Protection District³
- Zayante Fire Protection District

¹ The original resolution listed the Aptos/La Selva Fire Protection District, which was subsequently consolidated with the Central Fire Protection District (named changed to Central Fire District) in 2021.

² The original resolution listed the Freedom Fire Protection District and the Salsipuedes Fire Protection District, which were subsequently consolidated into the Pajaro Valley Fire Protection District.

³ The original resolution listed the Branciforte Fire Protection District, which was subsequently dissolved and annexed into the Scotts Valley Fire Protection District in 2023.

Class 2: Water Districts

- Central Water District
- San Lorenzo Valley Water District⁴
- Scotts Valley Water District
- Soquel Creek Water District

Class 3: Recreation and Park Districts

- Alba Recreation and Park District
- Boulder Creek Recreation and Park District
- La Selva Beach Recreation and Park District

Class 4: Miscellaneous Districts⁵

- Pajaro Valley Heath Care District
- Pajaro Valley Public Cemetery District
- Pajaro Valley Water Management Agency
- Salsipuedes Sanitary District
- Santa Cruz County Resource Conservation District
- Santa Cruz Port District

4.1 Overlapping Classes

At no time shall the two regular special district members on LAFCO come from the same class of districts.

4.2 Class Diversity

Where feasible, nominations for vacancies on LAFCO may not come from the class that already has a regular member sitting on LAFCO.

4.3 Conflicting Classes

Any election that would result in the two regular special district members being from the same class of district shall be immediately deemed invalid, and a subsequent ballot will be prepared excluding the conflicting class of candidates and voted upon.

5. MAILED-BALLOT ELECTIONS

5.1 Authority

A mailed-ballot election may be conducted if the Executive Officer has determined that a meeting of the Special District Selection Committee is not feasible.

5.2 Notification and Solicitation of Nominations

The Executive Officer of the Commission shall give written notice to all eligible independent special districts of the intention to conduct a mailed-ballot election. Each district shall acknowledge receipt of the Executive Officer's notice.

⁴ The original resolution listed the Lompico County Water District which was subsequently dissolved and annexed into the San Lorenzo Valley Water District.

⁵ The original resolution listed the Opal Cliffs Recreation District and the Reclamation District No. 2049, which were subsequently dissolved in 2022 and 2024 respectively. The list also excluded the Pajaro Valley Health Care District which was ultimately created through special legislation in 2022.

Each district shall be encouraged to submit nominations, accompanied by a brief resume on the form provided by LAFCO. All nominations must be received by a specified date that shall be at least six weeks from the date of notification. Emailed copies of nominations may be submitted, if necessary, to meet the established deadline; however, replacement originals must be submitted as soon thereafter as possible.

5.3 Distribution and Return of Ballots

All eligible districts shall be sent, by certified mail, return receipt requested, the following materials: (1) copies of all nominations received by the deadline, (2) ballot(s) as required to vote for Commission members, and (3) voting instructions.

The following outlines the necessary information and steps to submit a complete ballot:

- 1. The ballots shall include the names of all nominees.
- 2. Each ballot shall be accompanied by a certification sheet to be completed by the presiding officer or designated alternate who cast that district's vote.
- 3. A specified period of time, not less than six weeks, shall be allowed for the districts to cast their votes and return their ballots.
- 4. Ballots shall be sent by certified mail, return receipt requested.
- Emailed copies of ballots may be submitted, if necessary, to meet the established deadline; however, replacement originals must be submitted as soon thereafter as possible.
- 6. All ballots received by the deadline shall be counted and the results announced within seven days.
- 7. Certified ballots representing a simple majority of the eligible districts must be returned for a valid election.

5.4 Appointment by Majority Vote

A candidate for a regular or alternate member of the Commission must receive at least a majority of the votes cast in order to be selected. Results of the election will be reviewed and adopted by the Commission during an open session of a regularly scheduled LAFCO Meeting.

In the event that no candidate receives the required number of votes, a run-off election shall be conducted, either by a second mailed ballot or a meeting of the Independent Special District Selection Committee, at the discretion of the Executive Officer.

Adopted on September 7, 1994 (Resolution No. 801-B) Revision on May 6, 2020 (Resolution No. 2020-11) Last Revision on March 6, 2024 (Resolution No. 2024-07)



CITY SELECTION POLICY

1. PURPOSE

The purpose of the City Selection Committee shall be to appoint the regular and alternate city members of the Local Agency Formation Commission (LAFCO) and to fill unexpired terms when vacancies occur (Government Code Section 56325[b]).

2. MEMBERSHIP

Membership of the City Selection Committee shall be composed of the presiding mayor or designated council member of the legislative body of each city located wholly within Santa Cruz County.

3. CLERK OF THE CITY SELECTION COMMITTEE

The County Administrative Officer, acting as the Clerk of the Board, shall function as the recording officer of the City Selection Committee. All meetings of a City Selection Committee shall be conducted in the presence of the clerk or designated personnel. All votes and action taken by a City Selection Committee shall be recorded in writing by the clerk of the committee. The written record of any vote or action taken by the selection committee shall include the name of each member voting and how they voted. Written records and minutes of a selection committee's clerk are public records (Government Code Section 50276).

4. SELECTION/APPOINTMENT OF CITY COMMISSIONERS

The City Selection Committee shall appoint two regular commissioners and one alternate commissioner to serve on LAFCO, each of whom shall be a mayor or city council member from one of the County's incorporated communities (Government Code Section 56325). Such appointments shall be made in accordance with the procedure established by the City Selection Committee and described in the rules and regulations of that body.

5. TERMS OF OFFICE & VACANCIES

The Cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville alternate staggered, four-year terms on LAFCO. All terms end the first Monday in May. Prior to the expiration of a term limit, LAFCO staff will notify the County Administrative Officer to schedule a City Selection Committee meeting to address upcoming vacancies and appoint a new city member.

If a city council member is unable to finish their term on LAFCO, then the City Selection Committee may allow that city to nominate another council member to complete that city's term. In the case of all appointments, a city's nomination must be accepted by the City Selection Committee at a noticed meeting.

6. CITY ROTATION PROCEDURE

The City Selection Committee established a rotation protocol regarding the appointments to LAFCO on June 6, 2023. This procedure ensures that each of the four cities have equal representation on the Commission. The city rotation goes with the city and not with the person. The unanimous action reflects the following rotation schedule:

- The Cities of Santa Cruz and Watsonville will share and rotate between one regular seat and the alternate seats every two years; and
- The Cities of Capitola and Scotts Valley will share and rotate every two years with the other regular seat.

A comprehensive review of the next series of rotation, based on the procedure outlined above, is shown in the table below. The rotation schedule within the table indicates when a city will hold a regular or alternate seat between 2024 to 2040.

YEAR	CAPITOLA	SCOTTS VALLEY	SANTA CRUZ	WATSONVILLE
2024*	Ex Officio	Regular	Alternate	Regular
2025	Regular	Ex Officio	Alternate	Regular
2026	Regular	Ex Officio	Regular	Alternate
2027	Ex Officio	Regular	Regular	Alternate
2028	Ex Officio	Regular	Alternate	Regular
2029	Regular	Ex Officio	Alternate	Regular
2030	Regular	Ex Officio	Regular	Alternate
2031	Ex Officio	Regular	Regular	Alternate
2032	Ex Officio	Regular	Alternate	Regular
2033	Regular	Ex Officio	Alternate	Regular
2034	Regular	Ex Officio	Regular	Alternate
2035	Ex Officio	Regular	Regular	Alternate
2036	Ex Officio	Regular	Alternate	Regular
2037	Regular	Ex Officio	Alternate	Regular
2038	Regular	Ex Officio	Regular	Alternate
2039	Ex Officio	Regular	Regular	Alternate
2040	Ex Officio	Regular	Alternate	Regular

 ${\it Note: All terms end on the fourth\ Monday\ in\ January.\ See\ LAFCO\ Policy\ for\ more\ information.}$

Adopted on September 6, 2023 (Resolution No. 2023-20) Last revision on March 6, 2024 (Resolution No. 2024-07)

^{**}Start of New Rotation Schedule -January 22, 2024**

CHAPTER III

APPLICATIONS & PROPOSALS



PROPOSAL EVALUATION POLICY

1. OVERVIEW

Pursuant to Government Code Section 56375, Santa Cruz LAFCO has established standards for the evaluation of proposals. The Commission uses these standards when reviewing and acting upon proposals for annexations and other boundary changes. This policy concludes with a copy of the application form.

2. CONSISTENCY WITH SPHERE OF INFLUENCE

All changes of organization shall be consistent with adopted spheres of influence of affected agencies.

2.1 Sphere Consistency

Consistency shall be determined by a LAFCO finding of consistency with the sphere of influence maps and policies adopted by LAFCO for the affected agencies.

3. INITIAL PROPOSAL EVALUATION

Any proposal involving annexations, incorporations, and formations shall not be approved unless it demonstrates a need for the additional services to be provided to the area; while all proposals involving detachments, a disincorporation, and dissolutions shall not be approved unless the proponent demonstrates that the subject services are not needed or can be provided as well by another agency or private organization.

3.1 Pre-zoning & General Plan Updates

For proposals concerning cities, need shall be established by (a) an adopted prezoning, consistent with the city general plan, that shows current or future development at a density that will require urban services such as sanitary sewer and water, and (b) a city growth rate and pattern that the subject area will be developed within 5 years.

The Commission shall require pre-zoning for all city annexations so that the potential effects of the proposals can be evaluated by the Commission and known to the affected citizens.

3.2 Existing Land Use Designations

For proposals concerning the extension of other services by annexation, incorporation, or district formation, need shall be established by the applicable general plan land use designations and the service levels specified for the subject area in the applicable general plan.

Generally, LAFCO will presume to favor a city's general plan inside the sphere of influence adopted for the city by LAFCO, and the county's general plan elsewhere. It is the proponent's responsibility to prove any exception by referring to the policies of the Local Government Reorganization Act.

3.3 Divestiture of Services

For proposals involving the discontinuation of services, lack of need shall be established by (a) no serious effects on the current users of the service due to discontinuation, and (b) no projected serious effects on the uses that can be expected to occur in the next 5 years based upon the applicable general plan and projected growth rates and patterns.

3.4 Population Analysis

In reviewing proposals, LAFCO shall consider: (1) the "population" in the proposal area to be the population recorded in the last biennial or special census unless the proponent or affected agency can present updated or more detailed information which LAFCO determines to be more accurate, (2) the "population density" to be the population divided by the acreage, and (3) the "per capita assessed valuation" to be the full cash value of all the property in a proposal area (as set by the last secured property tax roll) divided by the population.

3.5 Overlapping Plans

In cases of overlapping plans, LAFCO shall make a determination of which general plan best carries out the policies of the Local Government Reorganization Act.

3.6 In-Fill Development

In order to avoid further urban sprawl, LAFCO shall encourage in-fill development in urban areas and annexations of areas inside the city sphere of influence.

3.7 Provision of Services

In order for LAFCO to approve a change of organization, the proponent shall demonstrate that the subject services can be provided in a timely manner and at a reasonable cost.

3.8 Proposals exceeding 50 acres

For proposals involving the extension of general municipal services to proposal areas greater than 50 acres, the proponent shall either: (a) plan staged growth beginning closest to an existing urban area, or (b) demonstrate why such a plan does not promote urban sprawl and an inefficient pattern of services.

4. AFFECTED AGENCIES AND BOUNDARIES

Proposals, where feasible, should minimize the number of local agencies and promote the use of multi-purpose agencies.

4.1 Ranking Different Boundary Changes

New or consolidated service shall be provided by one of the following agencies in the descending order of preference:

- a) Annexation to an existing city;
- Annexation to an existing district of which the Board of Supervisors is the governing body;
- c) Annexation to an existing multi-purpose district;
- d) Annexation to another existing district;
- e) Formation of a new county service area;
- f) Incorporation of a new city;
- g) Formation of a new multi-purpose district; or
- h) Formation of a new single-purpose district.

4.2 Consolidation Proposals

The Commission will promote and approve district consolidations, where feasible.

4.3 Logical Boundaries

LAFCO shall promote more logical agency boundaries.

4.4 Political Boundaries

To the greatest possible extent, boundaries shall follow existing political boundaries, natural features (such as ridges and watercourses), and constructed features (such as railroad tracks).

4.5 Roads and Streets (Right-of-Way)

Boundary lines shall be located so that entire rights-of-way are placed within the same jurisdiction as the properties facing the road.

4.6 Community Boundaries

Boundaries should avoid dividing an existing identifiable community, commercial district, or any other area having social or economic homogeneity. Where such divisions are proposed, the proponents shall justify exceptions to this standard.

4.7 Parcel Boundaries

The creation of boundaries that divide assessment parcels shall be avoided whenever possible. If the proposed boundary divides assessment parcels, the proponents must justify to the Commission the necessity for such division. If the Commission approves the proposal, the Commission may condition the approval upon obtaining a boundary adjustment or lot split from a city or county.

4.8 Prevention of "Islands"

Boundaries should be drawn so as not to create an island or strip either within the proposed territory or immediately adjacent to it. Where such an island or strip is proposed, the proponent must justify reasons for nonconformance with this standard.

4.9 Prevention of Irregular Boundaries

Where feasible, city and related district boundary changes should occur concurrently to avoid an irregular pattern of boundaries.

4.10 Social & Economic Interests

The Commission shall consider the effects of a proposed action on adjacent areas, mutual social and economic interests, and on local governmental structure.

4.11 Metes & Bounds

A map of any proposed boundary change shall show the present and proposed boundaries of all affected agencies in the vicinity of the proposal site. The Commission shall ensure that any approved boundary changes are definite and certain. The Commission may approve a proposal conditioned on the proponent preparing a new boundary map and description.

4.12 Timely LAFCO Actions

LAFCO will review each proposal and take the actions needed to encourage timely annexations to discourage agencies from extending services by agreement without annexing to the agency.

4.13 Financially Desirable Areas

The sole inclusion of financially desirable areas in a jurisdiction shall be avoided. The Commission shall amend or reject any proposal that, in its estimation, appears to select principally revenue-producing properties for inclusion in a jurisdiction.

4.14 City Jobs & Housing

For city annexation proposals, if the city has more jobs than places for workers to live (jobs to employed resident ratio greater than 1.00) then a proposal which will directly result in urban development including new permanent employment may only be approved if sufficient land is designated for residential uses in the city's general plan to create a jobs/housing balance.

The Commission will consider and may grant waivers to this standard in cases where all of the following situations exist:

- a) The territory being annexed is an island of incorporated territory and consistent with the definition of "island" in Government Code Section 56375;
- b) The proposal is consistent with the spheres of influence of all affected agencies; and
- c) The proposal has been initiated by resolution of the city which includes the subject property in its adopted sphere of influence.

5. AGRICULTURAL LANDS

Urban growth shall be guided away from prime agricultural lands, unless such action would not promote planned, orderly, efficient development of an area.

5.1 Smart Growth

A change of organization is considered to promote the planned, orderly, and efficient development of an area when:

- a) It is consistent with the spheres of influence boundaries and policies adopted by LAFCO for the affected agencies; and
- b) It conforms to all other policies and standards contained herein.

5.2 Infill Development

LAFCO shall encourage the urbanization of vacant lands and non-prime agricultural lands within an agency's jurisdiction and within an agency's sphere of influence before the urbanization of lands outside the jurisdiction and outside the sphere of influence, and shall encourage detachments of prime agricultural lands and other open space lands from cities, water districts, and sewer districts if consistent with the affected agency's adopted sphere of influence.

5.3 Ranking Urban Development on Open Spaces and/or Farmlands The priorities for urbanization are:

- a) open-space lands within existing boundaries;
- b) open-space lands within an adopted sphere of influence;
- c) prime agricultural lands within existing boundaries; and
- d) prime agricultural lands within an adopted sphere of influence.

5.4 Urbanization of Prime Agricultural Lands

Proposals involving urbanization of prime agricultural lands within adopted spheres of influence shall not be approved, unless it can be demonstrated that: (a) there is insufficient land in the market area for the type of land use proposed, and (b) there is no vacant land in the subject jurisdiction available for that type of use.

6. WATER AND SEWER RESOURCES

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing boundary change applications, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

6.1 Supply of Water

In any proposal requiring water service, the Commission requires that the agency that will provide the water will need to demonstrate the availability of an adequate, reliable and sustainable supply of water.

- a) In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources;
- b) In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase;
- c) In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668(k)); and
- d) In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

6.2 Service Limitations

It is the general policy of the Commission to disapprove annexations to water and sewer agencies (including cities that provide either service) while there is a connection moratorium or other similar service limitation involving the subject water or sewer service. The Commission will consider exceptions to this general policy on a case-by-case basis. The Commission may approve an annexation that meets one or more of the following criteria:

- a) To replace a private water source that has failed, such as a well that has gone dry. New service connections shall not be sized to accommodate more intensive development;
- To replace a septic system that has failed. New service connections shall not be sized to accommodate more intensive development;
- To implement a transfer of service between two existing agencies in a manner that is consistent with the adopted Spheres of Influence of those agencies; and/or
- d) To change a boundary, in a manner consistent with an adopted Sphere of Influence, so that an agency boundary does not divide a property that could only be conveyed under a single deed.

Between January 1, 1986, and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986.

An additional criterion, not subject to the 1% cumulative impact limitation, is as follows:

e) To provide facilities or funding that will allow the agency to lift its service limitation.

6.3 Urban Land uses

For proposals concerning water and sewer district annexations, the need shall be established by lack of services to existing urban land uses, or a building permit application or the allocation for a single-family dwelling or, for a larger project, by: (a) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water or sewer service, and (b) a growth rate and pattern that the subject area will be developed within 5 years.

6.4 Commission Approval

The Commission will only approve boundary change applications when the Commission determines that it is unlikely that water resources will be degraded. The Commission will review each application to assure that, by implementing project-specific mitigations, participating in agency water conservation programs, or both if applicable, the project will not adversely affect sustainable yields in groundwater basins, flows in rivers and streams, water quality in surface water bodies and groundwater basins, and endangered species.

6.5 Multiple Service Providers

When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.

Adopted on September 21, 1966 (Resolution No. 97)
Previous Revision on February 2, 2011 (Resolution No. 2011-1)
Revision on August 5, 2020 (Resolution No. 2020-19)
Revision on September 6, 2023 (Resolution No. 2023-20)
Last Revision on March 6, 2024 (Resolution No. 2024-07)

PROJECT APPLICATION FORM OF THE LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

Santa Cruz LAFCO 701 Ocean Street, Room 318-D Santa Cruz, CA 95060 (831) 454-2055

APPLICATION INSTRUCTIONS

This application form is used to <u>initiate</u> the application process to the Local Agency Formation Commission of Santa Cruz County (LAFCO) for a city or district annexation, reorganization, detachment, or a sphere of influence amendment. LAFCO staff looks forward to assisting you with your project.

In addition to the information that you will provide us on this form, LAFCO staff is required to analyze additional data regarding your proposal from our Geographic Information System (GIS) and in-house data base, including, but not limited to: affected agencies, interested agencies, spheres of influence, school districts, land use/zoning, acres of prime agricultural land, and number of dwelling units. A Plan of Services may also be required demonstrating how municipal services will be provided to the affected territory.

To assist staff in this effort, a mandatory pre-filing meeting is required of all applicants so we can fully understand your project. It is the applicant's responsibility to set up the pre-filing meeting by contacting the LAFCO offices at (831) 454-2055 and requesting an appointment. This application form must be completed prior to the pre-filing meeting.

Please fill out this application as completely as possible. If you need assistance, please do not hesitate to contact a LAFCO staff member for guidance. If a question does not apply to your proposal, indicate "N/A". Santa Cruz LAFCO is transitioning into a "paperless" office and encourages digital copies, when applicable. It is important that you list all email addresses where indicated on the application. Correspondence, staff reports, resolutions and other LAFCO forms and mailings, whenever possible, will be distributed electronically.

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

SANTA CRUZ LAFCO

<u>AP</u>	PLICATION FOR: (check all that apply)
	Annexation to:
	Detachment from:
	Reorganization (2 or more changes of organization) of:
	Service Review / Sphere Update / Sphere Amendment:
	Other (explain):
	*Extraterritorial Service Agreement ("ESA"):
	If requesting an extraterritorial service agreement "only", please answer the following two questions:
	a. Why is an ESA needed rather than annexation? Does it meet the criteria under Government Code Section 56133?
	b. How would an ESA affect the present and future need for services in the project area?
<u>GE</u>	ENERAL DESCRIPTION AND JUSTIFICATION OF PROPOSAL:
1.	What changes of organization are included? What agencies are involved? What parcels are involved? Please identify all affected assessed parcel numbers (APNs).
2.	Explain the purpose of the requested change in organization.
3.	Explain how the proposal provides more logical boundaries and/or improves the provision of service.
4.	Does this proposal have 100% consent of all property owners? (If so, please complete <i>Attachment A on page 5)</i> .

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

WHO INIT	IATED THIS PROPOSAL? Generally, LAFCO proposals may be initiated by a
	of an affected agency, a city council, special district or by the Board of
	rs. In addition, a proposal may be initiated by a petition of the affected area's
registered	voters or landowners. Attach one of the following to this application form:
	Agency Resolution
	Landowner Petition
	Registered Voter Petition
<u>LOCATIO</u>	N AND ADDRESS OF PROPERTY:
MAP AND	LEGAL DESCRIPTION:
•	d legal description of the proposal may be prepared by a private engineering
	pplication can be filed with LAFCO without a map and legal, but a proposal scheduled for LAFCO hearing prior to receipt map and legal description.
Additional	ly, the map and legal description must meet the State Board of Equalization's
	ents. The BOE's "Change of Jurisdictional Boundary" requirements are available
	oad at http://www.boe.ca.gov/proptaxes/sprdcont.htm . Please note, the BOE
•	n additional vicinity map that shows the project area in relation to a larger
geograph	c area.
A map and	d legal description has been:
. \square	Certified by a private engineering firm and is attached to this application.
	Currently being reviewed / developed.
	Other (please explain)
<u>DISCLOS</u>	URE OF POLITICAL EXPENDITURES:
	quires applicants to report all expenditures for political purposes related to an
	and proceedings to be reported to the Commission's Executive Officer in
	e with Government Code Sections 56700.1 and 57009. The following is o this application form:
	LAFCO Disclosure Form (please complete LAFCO Disclosure of Political
	Expenditures, see Attachment 2 on page 6); copy of Financial reports and
	disclosures submitted to FPPC (please attach)
	Please check here if you have no related financial reports or disclosures.
	r loads shook hore if you have he related infariolal reports of disolosures.

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

ENVIRONMENTAL DOCUMENT:

The California Environmental Quality Act (CEQA) requires LAFCO and other public agencies to consider the potential environmental impacts of all applications it reviews. An environmental document should accompany all applications and reference the proposed LAFCO action (e.g., annexation).

The following is included with this application form:
☐ Environmental Document (ex. Final EIR) produced by the lead agency.☐ Other (explain why Environmental Document not included):
INDEMNIFICATION AGREEMENT: LAFCO policy requires that all applicants sign an indemnification agreement (see Attachment 3 on page 7) which indemnifies LAFCO employees, agents and attorneys in the event of litigation is filed concerning the approval of an application.
The following is included with this application form:
☐ Signed Indemnification Agreement
FILING FEES: Applicants are required to pay fees in accordance with LAFCO's adopted fee schedule (see Fee Schedule Policy) to cover the administrative and staff costs required to evaluate proposals for hearing. Checks must be made payable to: "Santa Cruz LAFCO". The following is included with this application form: Check for Filing Fees Other (explain why Filing Fees not included):
CERTIFICATION I certify, under penalty of perjury by the laws of the State of California, that the information contained in this application is true and correct. I acknowledge and agree that Santa Cruz LAFCO is relying on the accuracy of the information provided and my representations in order to process this application proposal.
Signature:
Name:
Date:
Phone Number / Emails

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

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ATTACHMENT 1

Property Owner Consent Form

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

l,	, consent to the annexation/reorganization of my property
located at	_
or Assessor Parcel Numbers	
to the [agency(ies)]	
Signature:	Date:
Address:	
City, State, Zip:	

ATTACHMENT 2

INDEMNIFICATION AND DEFENSE

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

A) Notification and Cooperation

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

B) Fees and Costs:

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

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

C) Settlement:

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

D) Successors Bound:

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

E) Recordation:

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

(Signature of LAFCO Executive Officer)	(Signature of Applicant)
Joe A. Serrano (Printed Name)	(Printed Name)
(Date)	(Date)

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

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ATTACHMENT 3

LAFCO Disclosure of Political Expenditures

Effective January 1, 2008, political expenditures related to a proposal for a change of organization or reorganization that will be or has been submitted to LAFCO are subject to the reporting and disclosure requirements of the Political Reform Act of 1974 and the Cortese-Knox-Hertzberg Act of 2000.

Please carefully read the following information to determine if reporting and disclosure provisions apply to you.

- 1. Any person or combination of persons who, for political purposes, directly or indirectly contributes \$1,000 or more, or expends \$1,000 or more in support of, or in opposition to a proposal for a change of organization or reorganization that will be submitted to the Commission, shall disclose and report the contribution to the Commission pursuant to the requirements of the Political Reform Act of 1974 (Government Code Section 81000 et seq.) as provided for local initiative measures, and Section 56700.1 of the Cortese-Knox-Hertzberg Act of 2000.
- 2. Pursuant to Government Code Section 57009, any person or combination of persons who directly or indirectly contributes \$1,000 or more, or expends \$1,000 or more in support of, or in opposition to, the conducting authority proceedings for a change of organization or reorganization, must comply with the disclosure requirements of the Political Reform Act of 1974, (Government Code section 81000 et seq.). Applicable reports must be filed with the Secretary of the State and the appropriate city or county clerk. Copies of the report must also be filed with the LAFCO Executive Officer.

Evaluation Checklist for Disclosure of Political Expenditures

The following checklist is provided to assist you in determining if the requirements of Government Code Sections 81000 *et seq.* apply to you. For further assistance, contact the Fair Political Practices Commission at 428 J Street, Suite 450, Sacramento, CA 95814, (866) 275-3772 or at http://www.fppc.ca.gov.

1.	Have you directly or indirectly made a contribution or expenditure of \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO?
	Yes No No
Date	e of contributionAmount \$Name/ Ref. No of LAFCO Proposal
Date	e proposal was submitted to LAFCO
2.	Have you, in combination with other person(s), directly or indirectly contributed or expended \$1,000 or more related to the support or opposition of a proposal that has been or will be submitted to LAFCO? Yes No
Date	e of contributionAmount \$Name/ Ref. No of LAFCO Proposal
Date	e proposal was submitted to LAFCO
3.	If you filed a report in accordance with FPPC requirements, has a copy of the report been filed with Santa Cruz LAFCO?

(The information contained in this application may be subject to disclosure under the California Public Records Act Government Code Section 6250 et seq.)

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PROCESSING FEES AND DEPOSITS POLICY

1. OVERVIEW

All deposits are initial payments toward the total cost of processing ("project cost"). Project cost is defined as staff time plus materials. Staff billing rates include personnel costs. Other application-related costs include, but are not limited to, charges for the advertisement of hearings, as well as any fees charged for project reviews by affected agencies. A cost breakdown will be completed at the end of each LAFCO application. If any funds remain at the end of the LAFCO process, then a refund will be provided to the applicant.

2. PETITION CHECKING

There is no charge for verification of the first 20 signatures on a petition. Beginning with the 21st signature, a fee of \$0.55 per signature shall be charged to the applicant.

3. PROCESSING

The following identifies the initial deposits for each boundary change request.

a) District annexations, detachments, and reorganizations not changing city boundaries:

Total Acreage	Fee Deposit
Less than 1	\$1,600
1 – 24.9	\$2,500
25 – 149.9	\$7,000
More than 150	\$8,000

b) Municipal annexations, detachments, and reorganizations involving at least one change in a city boundary:

Total Acreage	Fee Deposit
Less than 1	\$3,150
1 – 24.9	\$4,900
25 – 149.9	\$7,350
More than 150	\$14,600

c) Consolidations, mergers, and establishments of a subsidiary district:

Total Acreage	Fee Deposit
N/A	\$1,800

d) Dissolutions of an independent special district and county service areas:

Total Acreage	Fee Deposit
N/A	\$1,250

e) Formation of a county service area:

Total Acreage	Fee Deposit
N/A	\$5,000

Footnote: includes petition filing fee and sphere adoption

f) Addition of a service to the list of services that a county service area may perform:

Total Acreage	Fee Deposit
N/A	\$1,250

g) Formation of a special district:

Total Acreage Fee D		Fee Deposit
	N/A	\$15,000

Footnote: includes sphere adoption

h) City incorporations:

	Total Acreage	Fee Deposit
N/A		\$30,000

Footnote: includes sphere adoption

i) Request for the State Controller's Review of a Comprehensive Fiscal Analysis on an incorporation proposal:

Actual cost billed by the Controller. If the Controller has not set a cost at the time the deposit is due, the deposit shall be \$38,200.

If the costs exceed the deposit in the opinion of the Executive Officer, the Executive Officer shall bill the party who requested the Controller's review for the estimated costs to complete Controller's review. Failure to pay an additional deposit may result in cessation of the Controller's report and other remedies as determined by the Controller's office and the Commission.

j) Sphere of Influence revision or amendment:

Total Acreage	Fee Deposit
N/A	\$5,150

k) Provision of a new function or service by a district:

Total Acreage	Fee Deposit
N/A	\$1,500

I) Requests for extraterritorial service:

Total Acreage	Fee Deposit
N/A	\$950

m) Request for a service review outside the Commission's schedule in accordance with the adopted multi-year work program:

Actual cost. Note: Initiation of a service review outside of LAFCO's work program is subject to LAFCO's discretion whether the service review can be conducted in a manner that doesn't prejudice the work program, and to LAFCO's discretion as to the appropriate geographic areas, agencies, and scope of the service review.

n) Copies or other reproduction efforts:

Requests	Fee Deposit
Copies	First 30 pages free; thereafter \$0.18 per page
Digital Audio Files	\$14.42 per 80-minute CD
Other Electronic	The fees as charged by the County of Santa
Media	Cruz on its Unified Fee Schedule

4. BILLING RATES

The Commission will review billing rates and the fee schedule on an annual basis and may adjust rates as necessary to ensure the cost recovery of processing each type of application. Documentation regarding actual costs (salaries, benefits, etc.) is available in the LAFCO office.

As of August 5, 2020, staff's hourly rates are the following:

LAFCO Staff	Hourly Rate
Executive Officer	\$138.27
Commission Clerk	\$102.71
Legal Counsel	Same rate charged to LAFCO

5. FINANCIAL ASSISTANCE

LAFCO has established a fee schedule policy in accordance with the allowances provided by the State of California under California Government Code Sections 56383 and 66014. In some cases, a fee waiver or some type of financial assistance may be considered and approved by the Commission, if warranted. The following policies direct the setting and criteria when considering financial assistance.

7.1 Fee Waivers

The LAFCO filing fee for the following types of proposals may be waived provided, however, that a deposit is provided for the anticipated direct costs for environmental review and state board of equalization recordation fees. Compliance with these conditions is to be determined by the LAFCO Executive Officer:

- a) City annexations of island areas that comply with Government Code Section 56375.3; and
- b) The proposal corrects a boundary alignment problem (i.e. a divided assessor's parcel or inadvertent exclusion.

7.2 Proposals Based on Service & Sphere Review Findings/Recommendations An applicant may request a waiver/reduction of the LAFCO filing fee if the proposal stems from an adopted service and sphere review. A request must be submitted in writing, be initiated by the affected agency(ies), accompanied by the submission of an application, and within one (1) year from the most recently adopted service and sphere review for consideration. The Executive Officer shall present the waiver request at the next regular hearing for Commission consideration.

Example of fee waiver request under this policy:

a) LAFCO recommends that a city/district annex areas within its existing sphere boundaries.

Example of fee reduction request under this policy:

 a) LAFCO recommends that two or more districts consolidate to maximize existing resources, optimize economies of scale, and/or improve the provision of services.

A city or special district may also request financial assistance in hiring an outside consultant to explore possible changes of organization based on recommendations found in LAFCO's adopted service and sphere reviews. Examples include but are not limited to the completion of an annexation plan. If the Commission chooses to provide financial assistance, the total amount towards this type of request shall not exceed \$15,000 during the current fiscal year.

Adopted on December 4, 2002 (Resolution No. 2002-9)
Revision on August 3, 2011 (Resolution No. 2011-8)
Revision on February 4, 2014 (Resolution No. 2014-2)
Previous Revision on December 6, 2017 (Resolution No. 2017-12)
Revision on August 5, 2020 (Resolution No. 2020-19)
Last Revision on March 6, 2024 (Resolution No. 2024-07)



ENVIRONMENTAL REVIEW POLICY

1. OVERVIEW

This policy outlines the specific procedures used by LAFCO to tailor the general provisions of the California Environmental Quality Act ("CEQA") Guidelines (California Code of Regulations, Title 14, sections 15000 et seq.) ("State CEQA Guidelines") to LAFCO's specific functions as both a "Responsible" and a "Lead" agency under CEQA. This version of LAFCO's environmental review guidelines incorporates changes in the State CEQA Guidelines through 2019.

These provisions and procedures incorporate by reference (and are to be utilized in conjunction with) the State CEQA Guidelines, a copy of which is available on LAFCO's website. These procedures will be revised as necessary to conform to amendments to the State CEQA Guidelines, within 120 days after the effective date of such amendments. However, LAFCO will implement any such statutory changes that the California Legislature makes to CEQA regulations as soon as those statutory changes become effective, even if not expressly stated herein.

2. PUBLIC AGENCIES' RESPONSIBILITIES

A public agency must meet its own responsibilities under CEQA and shall not rely on comments from other public agencies or private citizens as a substitute for work that CEQA requires the Lead Agency to accomplish. For example, a Lead Agency is responsible for the adequacy of its environmental documents. The Lead Agency shall not knowingly release a deficient document hoping that public comments will correct defects in the document. When making decisions that trigger some type of CEQA review, LAFCO's duty is to minimize the environmental damage that may result from those decisions and to balance the competing public objectives as outlined in the State CEQA Guidelines, section 15021.

3. LAFCO'S ENVIRONMENTAL RESPONSIBILITIES

LAFCO's role as a regulatory agency involves "the discouragement of urban sprawl, the encouragement of the orderly formation, and development of local agencies." A few of its duties require minimal environmental review, especially those involving the commissioning of studies, the hearing of protests, and consolidations, reorganizations and mergers of cities or districts. Most of these duties only constitute jurisdictional changes with no potential for land use changes or for significant effects on the physical environment.

LAFCO's more prominent roles include, but are not limited to, creation of spheres of influence, formation of new districts, incorporation of new cities, and annexations/reorganizations to cities or special districts. These types of LAFCO actions generally require more in-depth analysis, especially if they result in a direct or indirect physical change in the environment, like facilitation of growth and/or land use alterations. Factors that must be assessed in these cases involve land area and use,

all aspects of the physical and human environment, geographical features, population growth and density, social and economic changes, availability of infrastructure and government services, conformity with city or county land use plans, and creation of unincorporated "islands," etc.

4. LAFCO'S ROLE AS AN "INTERESTED" AGENCY

In situations where LAFCO is not a "Responsible Agency" but has an interest in reviewing a project to ensure that LAFCO related information is correctly identified, LAFCO plays a more limited role in the CEQA process. In those instances, the Executive Officer will review, and, if necessary, comment on all environmental documents submitted by a Lead Agency involving projects/decisions relating to and/or affecting LAFCO projects or policies.

5. LAFCO'S ROLE AS A "RESPONSIBLE" AGENCY

"Responsible" Agency status occurs when LAFCO is not the "Lead" Agency but nevertheless has discretionary approval authority over a project or some aspect of a project, in tandem with, or separate from that of the Lead Agency in accordance with Section 15096 of the State CEQA Guidelines. Examples of situations where LAFCO may be a Responsible Agency include, but are not limited to:

- A city approving an annexation request to LAFCO, only after pre-zoning the area in question. When a city has pre-zoned an area, the city serves as the Lead Agency for any subsequent annexation of the area and should prepare the environmental documents at the time of pre-zoning or other land use decision; or
- When a special district has conducted an environmental review and prepared an environmental determination for a plan to serve an area proposed for annexation to the district.

LAFCO shall use the environmental document prepared by the Lead Agency for LAFCO's environmental determinations if the Executive Officer deems it adequate for such use pursuant to State CEQA Guidelines, Section 15096. Procedures for determining the adequacy of the lead agency's CEQA document are summarized in the following sub-sections.

4.1 Consultation

<u>Pre-Application Discussion:</u> Regardless of whether LAFCO is a Responsible Agency, each Lead Agency carrying out any project within LAFCO's jurisdiction and function shall inform LAFCO in writing of its intent and process for that project at the beginning of the Lead Agency's CEQA review process, and the Lead Agency shall provide LAFCO with copies of any project applications.

<u>CEQA Determination</u>: The Lead Agency shall consult with LAFCO regarding the preparation of its environmental documents/determinations (Statutory Exemptions, Categorical Exemptions, Initial Studies/Negative Declarations, Environmental Impact Reports ("EIR"), etc.), which must also be used by LAFCO in its role as a Responsible Agency; consultation can be written or verbal and LAFCO's input shall be incorporated/addressed in the Lead Agency's analysis, documentation and determinations.

<u>LAFCO Initial Comments</u>: The Executive Officer shall, as soon as practical but within 30 days of notification, comment as to the appropriate environmental determination from LAFCO's perspective as well as issues of concern to be addressed in any environmental document. The requirement for written notification from the Lead Agency can be waived at the Executive Officer's discretion.

Where LAFCO disagrees with the Lead Agency's proposed environmental determination (such as a Negative Declaration), LAFCO will identify the specific environmental effects which it believes could result from the project and recommend the project be mitigated with measures to reduce the potential impacts to less than "significant" (when feasible) or that an EIR be prepared to properly characterize potentially significant impacts.

<u>Notice of Preparation</u>: When it intends to prepare an EIR, the Lead Agency shall send a Notice of Preparation by certified mail to LAFCO to solicit input in accordance with Section 15082 of the State CEQA Guidelines.

LAFCO shall respond to any Notice of Preparation submitted to LAFCO in accordance with subsection (A)(5) above in writing within 30 days, specifying the scope and content of the environmental data and analysis related to LAFCO's statutory responsibilities for the proposed project. LAFCO shall also provide the Lead Agency with input regarding environmental issues and the minimum content of the analysis needed to meet a standard of adequacy for use of the environmental document/determination by LAFCO as a CEQA Responsible Agency.

4.2 Preparation of Environmental Documents by a Lead Agency

The Lead Agency shall include information in the Statutory Exemption, Categorical Exemption, Initial Study/Negative Declaration/EIR to allow its subsequent use by LAFCO for its considerations; referencing on the title page and in the project description any boundary changes, changes of organization or reorganization, or other proposed actions requiring subsequent discretionary action by LAFCO to fully implement the project.

The Lead Agency shall send the draft document to LAFCO as part of the public review process required by the CEQA and applicable guidelines (sections 15072 and 15082 of the State CEQA Guidelines). The Executive Officer will, within the established review period, send comments to the Lead Agency in writing (which can be transmitted either via U.S. mail or overnight delivery, or electronically by email or other messaging system), all of which LAFCO expects to be incorporated and assessed in the final document. LAFCO's comments on a draft CEQA document submitted to LAFCO by a lead agency should focus on the appropriateness of the CEQA document chosen, the adequacy of the environmental document's content, in the case of an EIR -- additional alternatives or mitigation measures, etc., that are germane to environmental impacts that could result from LAFCO's subsequent discretionary action or to the adequacy of the document for use by LAFCO as a CEQA Responsible Agency.

A final EIR prepared by a Lead Agency or a Negative Declaration adopted by a Lead Agency shall be conclusively presumed to comply with CEQA for purposes of use by Responsible Agencies which were consulted pursuant to Sections 15072 or 15082, unless one of the following conditions occurs:

- The EIR or Negative Declaration is finally adjudged in a legal proceeding not to comply with the requirements of CEQA; or
- A subsequent EIR is made necessary by Section 15162 of the State CEQA Guidelines.

4.3 LAFCO Requirement of Environmental Documents/Determinations

Applications filed by Lead Agencies with LAFCO shall include copies of one of the following environmental documents as specified in LAFCO's filing requirements and all applicable findings for an EIR per Sections 15091, 15092 and 15093 of the State CEQA Guidelines.

- <u>Exemptions</u>: Certification of Categorical or Statutory Exemption;
- <u>Negative Declaration</u>: Notice of Intent to Adopt a Negative Declaration and a Final Negative Declaration (including copy of Initial Study) or a Final Negative Declaration with mitigation measures (including copy of Initial Study), all technical appendices, and Mitigation Monitoring/Reporting Plan;
- Environmental Impact Report: Notice of Subsequent Use of an Existing EIR (which
 was previously available or has been made available to LAFCO), Notice of
 Preparation of a Draft EIR, Notice of Availability/Notice of Completion of Draft EIR
 (including copy of Draft EIR), Final EIR, Statements of Findings/Overriding
 Considerations, and Mitigation Monitoring/Reporting Plan;
- <u>California Department of Fish and Wildlife</u>: copy of environmental filing fee receipt including, if applicable, a CEQA Filing Fee No Effect Determination Form; and/or
- Other Appropriate CEQA Documents: copy of any other environmental document/determination not listed in this policy.

4.4 LAFCO's Use of Lead Agency's Environmental Documents

In making its determinations on boundary change proposals, changes of organization or reorganization, or other proposed actions requiring discretionary action by LAFCO, LAFCO will generally use the environmental document prepared by the Lead Agency if the procedures regarding consultation and preparation of environmental documents by a Lead Agency outlined above have been followed.

Prior to project approval, the Commission will certify that it has reviewed and considered the information contained in the Lead Agency's document. LAFCO may request the Lead Agency furnish additional information or findings as required to support a legally adequate Responsible Agency environmental determination in accordance with Section 15096 of the State CEQA Guidelines.

When a Lead Agency's EIR identifies significant environmental effects, LAFCO will incorporate the Lead Agency's findings or formulate its own, for each significant effect, or otherwise make findings in accordance with State CEQA Guidelines, Section 15091 for each significant environmental effect that is identified in a Lead Agency's EIR.

LAFCO may take any of the following actions to conform to CEQA requirements when rendering a decision on an application:

- LAFCO will not approve a proposed project with significant impacts if it can adopt feasible alternatives or mitigation measures within its powers that would substantially lessen the magnitude of such effects, unless it adopts a Statement of Overriding Considerations (State CEQA Guidelines, section 15093);
- If LAFCO mitigates impacts listed in the EIR to a less than significant level via the adoption of boundary alternatives or conditions of approval (negotiated with the local agency), such findings shall be reinforced by adequate rationale and inserted in the record; or
- If the environmental impacts of the LAFCO decision cannot be mitigated to a less than significant level, LAFCO will adopt a Statement of Overriding Considerations per State CEQA Guidelines, Sections 15093 and 15096.

Upon project approval, LAFCO shall file a Notice of Determination in a like manner as a Responsible Agency in accordance with Section 15096(i) of the State CEQA Guidelines. The Notice of Determination shall be filed with the Santa Cruz County Clerk of the Board.

6. LAFCO'S ROLE AS A "LEAD" AGENCY

LAFCO will be the Lead Agency responsible for performing CEQA mandated environmental review when its discretion for approval or denying a project involves general governmental powers. This is in contrast with a Responsible Agency role which only has single, limited powers over the project, normally subsequent and secondary to LAFCO's function, such as pre-zoning for the property of interest. Examples of projects requiring LAFCO to act as a Lead Agency include but are not limited to the following:

- Establishment of spheres of influence for cities and special districts;
- Adoption of studies or municipal service reviews; and
- Special District activation or divestiture of a function or class of service.
- **6.1 Delegation of Responsibilities by the Commission to the Executive Officer** The following quotations from Section 15025 of the State CEQA Guidelines indicate those functions that can and cannot be delegated to the Executive Officer by the Commission:

A public agency (the Commission) <u>may</u> assign specific functions to its staff (Executive Officer) to assist in administering CEQA. Functions which may be delegated include but are not limited to:

- Determining whether a project is exempt;
- Conducting an Initial Study and deciding whether to prepare a draft EIR or Negative Declaration (refer to Section IV, F. 2. of these guidelines for a discussion of the appeal process when an EIR is required.);

- Preparing a Negative Declaration or EIR;
- Determining that a Negative Declaration has been completed within a period of 180 days (see Section 21100.2 of CEQA);
- Preparing responses to comments on environmental documents; and
- Filing of notices.

The decision-making body of a public agency (the Commission) shall <u>not</u> delegate the following functions:

- Reviewing and considering a final EIR or approving a Negative Declaration prior to approving a project before the Commission; and
- The making of findings as required by Sections 15091 and 15093.

7. LAFCO'S LEAD AGENCY PROCEDURES

The following process and procedures, specific to LAFCO's function, summarize or supplement the State CEQA Guidelines and are to be used to process all accepted applications.

7.1 Statutory Exemptions (CEQA Guidelines, Sections 15260-15285)Statutorily exempt projects defined by the Legislature that could apply to a LAFCO project include the following:

- <u>Disapproved Projects</u>: CEQA does not apply to projects that LAFCO rejects or disapproves. This statutory exemption is intended to allow an initial screening of projects on the merits for quick disapprovals prior to the initiation of the CEQA process where LAFCO can determine that the project cannot be approved. This statutory exemption shall not relieve an applicant from paying the costs for an EIR or negative declaration prepared for the project prior to the lead agency's disapproval of the project after normal evaluation and processing.
- <u>Feasibility and Planning Studies:</u> A project involving only feasibility or planning studies for possible future actions which the agency, board, or commission has not approved, adopted, or funded does not require the preparation of an EIR or Negative Declaration but does require consideration of environmental factors. This section does not apply to the adoption of a plan that will have a legally binding effect on later activities.
- Ministerial Projects: Actions or Ministerial Projects involve the application of fixed standards without the option of exercising personal or subjective judgment (discretion) by the Executive Officer or the Commission. Examples include but are not limited to the following: (1) Consolidation/reorganization of special districts where the district boards adopt similar resolutions of applications for said consolidation/reorganization into a single agency (pursuant to Government Code Section 56853), and (2) Certain island annexations (pursuant to Government Code Section 56375) where approval is mandated if the annexation meets certain specific findings.

7.2 Categorical Exemptions (CEQA Guidelines, Section 15300)

The following classes of projects, specifically pertaining to LAFCO's activities, have been identified in the State CEQA Guidelines as not having the potential to cause significant environmental effects, and may be categorically exempt from the requirements of CEQA if certain specified criteria are satisfied (Note: A categorical exemption shall not be used for these activities where there is substantial evidence to support that one of the exceptions to the categorical exemptions in State CEQA Guidelines, section 15300.2 is present.):

- Construction or Conversion of New, Small Structures (Class 3): Included within
 this category are extraterritorial or out-of-agency service contracts/agreements
 involving the extension of water, sewer, and/or other utility services by a city or
 district outside its boundaries but lying within its respective sphere of influence.
- Annexations of Existing Facilities and Lots for Exempt Facilities (Class 19): Included within this category are: (1) Annexations to special districts where the district's services would be provided even without annexation and construction has been initiated prior to the issuance of a Certificate of Filing, (2) Annexations of areas containing existing public or private structures developed to the density allowed by current zoning or pre-zoning, whichever is more restrictive, (provided, however, that the extension of utility services within the annexed area would have a capacity to serve only those existing facilities), (3) Detachments from cities where the land being detached is committed, by virtue of an adopted land-use plan, to remain in agricultural use or open space; or where the land is presently developed and no change in land-use can be reasonably anticipated, and (4) Detachments from special districts which will not result in any change in zoning or land use.
- Changes in Organization of Local Agencies (Class 20): Included within this category are changes in the organization or reorganization of local agencies where the changes do not modify the geographic area in which previously existing powers are exercised. Examples include but are not limited to: (1) Establishment of a subsidiary district, (2) Consolidation of two or more districts having identical boundaries, (3) Merger with a city of a district lying entirely within the boundaries of the city, or (4) Reorganization of agencies consisting of annexations or detachments providing similar services.

7.3 Recordation of Notice of Exemptions

When a LAFCO project qualifies for an exemption, LAFCO staff may develop and record with the Santa Cruz County Clerk of the Board a "Notice of Exemption" form, to include: (1) A brief project description, (2) The project location with supporting map, (3) The specific exemption including the finding and citation of the CEQA Guidelines section or statute under which it is found to be exempt, and (4) The rationale for its selection, including a brief statement of reasons to support the findings.

7.4 Initial Studies

A project for which LAFCO is the Lead Agency and which is not exempt will require the preparation of an Initial Study to determine if the project has the potential for causing a significant environmental effect. The Initial Study assessment shall consider all phases of the project; the purposes, policies, rules, regulations and standards set forth in CEQA and its State CEQA Guidelines; these procedures and the adopted plans and policies of cities, the County, and LAFCO. An Initial Study need not be prepared if the Executive Officer determines at the beginning stages of review that a full-scope EIR will be required, but will be used to document the significance of specific impacts requiring a focused EIR, i.e. the Initial Study shall document the rationale for narrowing the scope of issues to be addressed in an EIR.

Process: The Initial Study will be prepared on a State CEQA Guidelines Standard Initial Study Environmental Checklist Form using the project application, environmental description forms, appropriate literature, etc. A site visit may be necessary. Individual findings for environmental issues will be documented with sufficient technical data to substantiate conclusions regarding the potential for significant adverse impact. Insufficiency of available information will be noted on the form if it affects the ability to reach a conclusion.

The preparer shall consult with all Responsible Agencies and other public agencies/persons/organizations affected by or knowledgeable of the project and its issues. Under appropriate circumstances such review could also involve use of the County's or a city's Environmental Review Committee and its public forum to more fully assess the physical, social and infrastructural implications of complex projects. The Initial Study will be the supporting document for findings of "significance" and "non-significance" (whether to prepare a Negative Declaration or EIR). It is a tool for modifying projects and/or identifying mitigation measures to allow a finding of "non-significance." It can also be used to focus the EIR on effects determined to be potentially significant or to determine whether a previously prepared EIR could be used/modified for the project, etc.

The Initial Study shall contain: (1) A project description and location; (2) Environmental setting; (3) Identification of all environmental impacts using the most recent version of the State CEQA Guidelines environmental checklist form (Appendix G) and substantial evidence to support environmental impact findings, including ways to mitigate (avoid, minimize, compensate or otherwise reduce) a significant impact to a less than significant level; and (4) Examination of project consistency with zoning and land-use plans, etc. Section 15063 of the State CEQA Guidelines contains a detailed description of the content of and uses for the Initial Study and it is hereby incorporated by reference. Funding for the preparation of an Initial Study shall be borne by the applicant for the LAFCO action pursuant to Commission policy.

- Executive Officer's Determinations/Findings: After a review of the Initial Study and all supporting information, the Executive Officer shall determine the appropriate environmental determination based on one of the following findings:
 - The project will not have a significant environmental effect. Prepare a Negative Declaration and a Notice of Determination and publish a Notice of Intent to Adopt a Negative Declaration. After an appropriate public review period consistent with the applicable State CEQA Guideline's requirements, the documentation will be finalized and forwarded to the Commission with a recommendation for adoption;

- 2) The project, as proposed, would have a significant environmental effect, but with alterations, stipulations, or mitigation measures, all adverse impacts can be mitigated to a less than significant level. Prepare a Mitigated Negative Declaration and a Notice of Determination and publish a Notice of Intent to Adopt a Negative Declaration. After appropriate public review period consistent with State CEQA Guideline's requirements, the documentation will be forwarded to the Commission with a recommendation for adoption;
- 3) The project will have a significant environmental effect, but all such impacts have been adequately assessed in a final EIR previously reviewed by LAFCO and mitigated to the extent feasible. Submit the EIR to the Commission with appropriate findings for certification;
- 4) The project will have a significant environmental effect. An EIR will be prepared and submitted to the Commission with appropriate findings; or
- 5) The project will have a significant environmental effect and an EIR has been prepared. However, new information or changed conditions affecting the project or the site warrant additional analysis. Prepare a supplemental EIR or addendum to the original EIR focusing on these changes. Submit to the Commission with appropriate findings for certification.

7.5 Negative Declaration or Mitigated Negative Declaration

A Negative Declaration (finding of non-significant effect) or a Mitigated Negative Declaration (finding of non-significant effect with project changes/mitigation measures/conditions of approval) will be prepared on the State CEQA Guidelines Initial Study Environmental Checklist Form by staff per the findings of the Initial Study based on substantiating evidence.

The Negative Declaration or Mitigated Negative Declaration's contents will include a brief project description, location (i.e., vicinity map), name of applicant, the finding of non-significance, attached Initial Study with any applicable technical reports, data or other information constituting the substantial evidence supporting the environmental analysis, and a list of mitigation measures (if any, in the context of a Mitigated Negative Declaration). A determination of the Initial Study's adequacy and the preparation of the accompanying Negative Declaration or Mitigated Negative Declaration initially rests with the Executive Officer. The formal adoption of the Negative Declaration or Mitigated Negative Declaration rests ultimately with the Commission.

• Notice Requirements: The document will be available at the LAFCO office for public review and comment for a minimum of 21 days prior to LAFCO action on the project. Recommended Negative Declarations and Mitigated Negative Declaration (in the form of a Notice of Intent to Adopt a Negative Declaration or Mitigated Negative Declaration) will be noticed at least once in a newspaper of general circulation in the project area; noticed in the "local" newspaper of the affected area (if any); mailed to all Responsible Agencies and public agencies with jurisdiction within the project area; mailed to those individuals and organizations who have requested such notices.

Where one or more state agencies will be a Responsible or Trustee Agency or will exercise jurisdiction over natural resources affected by the project, LAFCO shall send copies of the Negative Declaration or Mitigated Negative Declaration to the State Clearinghouse for distribution to these state agencies. Review by state agency(ies) will require a 30-day period unless reduced by prior approval of the State Clearinghouse. Pursuant to adopted Commission policy, costs associated with the Notice and distribution requirements shall be funded by the applicant for the LAFCO action.

- <u>LAFCO Consideration</u>: The Commission will consider the proposed Negative Declaration or Mitigated Negative Declaration and any public and agency comments prior to approving a project, and will approve the Negative Declaration or Mitigated Negative Declaration if it finds there is no substantial evidence in the whole of the administrative record that the project will have a significant environmental effect. Where mitigation is included as a condition of the Mitigated Negative Declaration, the mitigation monitoring and reporting program (MMRP) shall assign responsibility for implementing the mitigation measure(s) when the Mitigated Negative Declaration is approved by the Commission.
- Notice of Determination: After the Commission's approval of a project for which a Negative Declaration or Mitigated Negative Declaration has been adopted, the Executive Officer shall file a Notice of Determination. The Notice of Determination's content shall include: (1) Project description, identification and location; (2) Date project approved by LAFCO; (3) Determination of "non-significant" effect, or determination that mitigation measures were imposed and made conditions of approval for the project to reduce impacts to less than significant levels; (4) Statement that a Negative Declaration or Mitigated Negative Declaration has been prepared and approved; and (5) Address of LAFCO office where a copy of Negative Declaration or Mitigated Negative Declaration is filed.

The Notice shall be filed with the Santa Cruz County Clerk of the Board. If the project requires a discretionary approval from any state agency, the Notice shall also be filed with the State Office of Planning and Research, State Clearinghouse. Fees for filing a Notice of Determination for a Negative Declaration or Mitigated Negative Declaration shall be funded by the applicant for the LAFCO action.

7.6 Environmental Impact Report

If the Executive Officer or the Commission finds, based on substantial evidence in the record or contained in the Initial Study and public comments, that a project may have a significant environmental effect, the Executive Officer will initiate the preparation of an Environmental Impact Report ("EIR").

<u>Purpose</u>: An EIR is an informational document; a major tool in the decision-making process, informing Commissioners and all parties involved of the environmental consequences of project decisions before they are made. An EIR's primary functions are to identify and mitigate significant adverse impacts and to provide alternative project and boundary options that may reduce potentially significant impacts of the proposed project.

- An EIR is not an instrument to rationalize approval or denial of a project; nor do indications of adverse impacts require automatic denial. LAFCO has the authority to balance environmental, economic, social or other objectives as part of its mandate to develop orderly governmental boundaries (Sections 15091, 15092 and 15093, State CEQA Guidelines). An EIR should be prepared early in the application process to facilitate the integration of environmental considerations in project or boundary design. The applicant is responsible for submitting all necessary project data for the EIR per the Executive Officer's request or funding the preparation of required project data for the EIR.
- Appeals: The Executive Officer's determination to require an EIR is appealable to the Commission within 10 working days of the issuance of the decision to prepare an EIR. Such an appeal must be filed, on LAFCO forms, with the Executive Officer and must include specific substantiation for the appeal, directly related to environmental issues. The appeal shall be heard on the next regularly scheduled Commission agenda that permits adequate public notification. The Commission's decision shall be final. The only legal remedy available to appeal the Commission's final action is to file a petition for writ of mandate in the superior court under California Code of Civil Procedure Section 1085.
- Notice of Preparation: At the earliest feasible date following the Executive Officer's/Commission's formal decision to prepare an EIR (based on the administrative record or an Initial Study), a Notice of Preparation ("NOP") will be mailed to all responsible and affected agencies (including the State Clearinghouse and affected state agencies, if any) and any parties requesting notification. State review of an EIR will result in the issuance of an identification number (State Clearinghouse Number) which shall be used on all subsequent documentation and correspondence.

The NOP shall include sufficient information on the project and its anticipated impacts to facilitate meaningful responses on the environmental issues that may cause significant adverse impacts. Such content should include: (1) Project description; (2) Mapped location; (3) Probable environmental effects; and (4) A copy of the Initial Study or substantial evidence in the record justifying the preparation of an EIR, etc. The NOP shall be sent to all responsible/trustee agencies or interested parties via certified mail or other method to document its receipt.

Within 30 days after LAFCO's release of the NOP, each Responsible Agency/interested party shall submit to LAFCO specific information directly related to that agency's/party's statutory responsibility for the project; the environmental issues, alternatives, and mitigation measures to be explored; and the agency's/party's role in the project's review, etc. If LAFCO does not receive a response or request to extend the public comment period on the NOP by the end of the 30-day NOP review period, LAFCO may presume that no response will be made from an agency or party that received the NOP.

Scope of EIR: LAFCO may also convene meetings involving all parties (especially
at the request of a Responsible Agency) to further assist in the determination of
the EIR's scope and content, no later than 30 days after such request. Early and
complete scoping, consultation and negotiation are critical to the preparation of an

adequate EIR. LAFCO may request use of the County's or a local agency's Environmental Review Committee in a public meeting forum to aid in the identification and resolution of any technical issues. LAFCO will compile all comments and identify in writing the focus for the EIR. An EIR can be prepared by staff or consultants under contract to LAFCO, coordinated by the Executive Officer or designee. LAFCO may accept data for an EIR from any source subject to independent validation by LAFCO staff. Also, LAFCO may charge an applicant appropriate fee to cover all costs for preparing and processing an EIR.

- <u>EIR Content:</u> Article 9 of the State CEQA Guidelines describes the complete content of all required sections of an EIR, as modified from time to time. However, LAFCO has discretion to narrow the scope of an EIR's content during the scoping process (State CEQA Guidelines, section 15063).
- Consultant EIRs: The Executive Officer shall use a Request for Proposals bidding process to select a consultant to write the EIR. The Executive Officer shall maintain and update as necessary a list of consultants, a minimum of three from which proposals shall be solicited for each consultant prepared EIR. The Executive Officer and the applicant will screen the proposals in an attempt to gain a consensus on choosing the consultant. However, the Executive Officer is ultimately responsible for final selection of the consultant. The Commission will review the scope of work, consultant qualifications, contract cost, and all other aspects before authorizing a contract.

The applicant will be charged a fee to cover all contract and staff costs, to be deposited into a LAFCO trust fund. (Note: The contract will be between LAFCO and the consultant which will work solely at the Executive Officer's, not the applicant's, direction.) The Executive Officer will disburse the funds to the consultant at stages specified in the contract based on completion and performance. In addition to the contract costs, the fees charged will be based on actual staff time involved in, but not limited to: (1) Consultant selection including bid solicitation and review, submission of information to consultants, etc.; (2) Review of Draft EIR, corrections, additions, legal review by the Commission's legal counsel, etc.; (3) Compiling comments and reviewing responses to comments for preparation of Final EIR; and (4) Meetings with applicant, consultant and public regarding EIR preparation.

Public Participation (CEQA Guidelines, Section 15201): Public participation is an essential part of the CEQA process. LAFCO includes provisions in its CEQA procedures for wide public involvement, formal and informal, consistent with its existing activities and procedures, in order to receive and evaluate public reactions to environmental issues related to the agency's activities. Such procedures include, whenever possible, making environmental information available in electronic format and on LAFCO's website.

Interacting with the public is an important CEQA process that allows the public to voice its concerns about environmental issues and the potential effect of a project on the physical environment. Therefore, in order to ensure public involvement in LAFCO's CEQA process, the Commission—in addition to the requirements for public notification on the NOP and/or the Notice of Completion—will provide the public with the opportunity to participate in any meetings related to the EIR,

whether through a scoping meeting (optional) to provide verbal or written comments on the content of the EIR and/or through the public hearing (required) on the certification of the Final EIR.

- Completion Notice (CEQA Guidelines, Section 15085): Because most LAFCO EIRs will require circulation through the State Clearinghouse, the default procedure is that as soon as the draft EIR is completed, a Notice of Completion ("NOC") must be filed with the California Governor's Office of Planning and Research, denoting the project's description and location, address where EIR copies are available, and the period which comments can be submitted.
- Agency/Public Review: At the time the NOC is sent, the Executive Officer shall provide public notice of the draft EIR's availability to all organizations, agencies and individuals who previously requested such notice; as well as publication in The Santa Cruz Sentinel (newspaper of general circulation) and/or local newspapers. The Executive Officer shall also distribute copies of the draft EIRs and requests for comments to all public agencies with jurisdiction within the project area; to any person or organizations previously requesting such copies; to public libraries in the affected areas; as well as maintaining copies in the LAFCO and any Responsible Agency's offices (upon request). The Executive Officer may consult any person who has special expertise in any environmental issue involved.

Review periods are not to be less than 30 days nor longer than 60 days from the date of the NOC except in unusual situations per the Executive Officer's discretion. The review period for draft EIRs submitted to state agencies via the State Clearinghouse will be a minimum of 45 days. The last date for comment submittal shall be specified in the request for comments. A lack of response by that date constitutes a non-objection or "no-comment" by that particular party.

The sufficiency of the EIR per State CEQA Guidelines is the only issue to be addressed during this review. Questions/issues regarding the feasibility or desirability of the project itself shall only be considered by the Commission at the appropriate hearing, not integrated into the environmental review process. In instances where complex technical issues or disagreements among experts arise in the context of an EIR, the Executive Officer can convene a meeting of the County's or a local agency's Environmental Review Committee to provide a forum for a more thorough review of the EIR's adequacy.

- Adequacy: The Executive Officer will make preliminary (not appealable)
 determinations of the EIR's adequacy, utilizing all aspects of the public record; in
 turn making specific recommendations on adequacy to the Commission, for its
 findings, at the time the project is heard.
- Response to Comments on an EIR (CEQA Guidelines, Section 15088): The Executive Officer shall prepare a written response to all comments received during the comment period (and MAY respond to those received after the period): describing the disposition of issues, opinions or facts raised, project revisions or mitigation measures resulting from these comments, reasons for not accepting recommendations, all substantiated by factual information. The response to comments may be in the form of revisions to the EIR text, a separate section in the final EIR or as notes typed in the margins of the comment letters, depending on the event of the resulting revisions.

- Preparation of Final EIR (CEQA Guidelines, Sections 15089 and 15132): The Executive Officer/consultant will prepare a final EIR before the Commission makes a decision on the project. Project denial does not require certification of the Final EIR. Final EIR contents include: (1) The draft EIR and any revisions made to it in response to comments; (2) Comments and recommendations received on the draft EIR verbatim; (3) A list of persons, organizations and agencies commenting on the draft EIR; (4) LAFCO's responses to significant points raised during review and consultation; (5) Plus any other pertinent information. Final EIRs shall be available for a minimum of 10 days prior to the Commission hearing on a project and shall be provided to any commenting party 10 days prior to a Commission hearing on a project. The final EIR shall be submitted to the Commission with the project application and a mitigation measure monitoring plan/program (if necessary) for certification prior to the decision.
- Certification of Final EIR (CEQA Guidelines, Section 15090): Prior to approving a project for which an EIR has been prepared, the Commission shall certify that: (1) The final EIR has been completed in compliance with CEQA; (2) The final EIR was presented to the Commission which reviewed and considered it prior to approving the project; and, (3) The final EIR reflects the lead agency's independent judgment and analysis. If the Commission, through testimony or its own review of the data, finds that the environmental review is incomplete or the EIR does not adequately assess the full range of project impacts, it can refer it back to staff for revisions; deferring approval of the project until it can certify the amended final EIR. Under such circumstances, the Commission shall instruct staff to recirculate/not recirculate the amended EIR in accordance with the extent of requested revisions and as required by CEQA Guidelines, section 15088.5.
- Findings (CEQA Guidelines, Section 15091): The Commission cannot approve or carry out a project for which an EIR identifies one or more significant environmental effects, unless it makes one or more written findings for each significant effect, each reinforced by substantial evidence in the record. Such findings include: (1) Changes have been incorporated into the project which avoid or substantially reduce the significant environmental effect(s) identified in the final EIR, (2) Such changes are not within LAFCO's jurisdiction, but are within the responsibility and jurisdiction of another agency which has adopted such changes, or which can and should adopt such changes, or (3) Specific economic, social or other considerations make infeasible the mitigation measures or project alternatives identified in the final EIR.
- Approval (CEQA Guidelines, Section 15092): LAFCO shall not approve or carry out a project for which an EIR was prepared unless either: (1) The project, as approved, will not have a significant environmental effect, or (2) LAFCO has eliminated or substantially reduced all significant effects where feasible per State CEQA Guidelines, section 15091, and determined that any remaining significant effects found to be unavoidable per State CEQA Guidelines, section 15091, are acceptable due to overriding concerns described in CEQA Guidelines, section 15093.

- Statement of Overriding Considerations (CEQA Guidelines, Section 15093): When LAFCO approves a project that will have a significant effect on the environment that cannot be avoided or mitigated to a less than significant level, LAFCO shall state in writing the specific reasons to support its action based on the final EIR and/or other information in the record. The Commission shall balance, as applicable, the economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project against its unavoidable environmental risks when determining whether to approve the project. If the specific economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable". The statement of overriding considerations shall be supported by substantial evidence in the record. The Commission's statement of overriding considerations should be included in the record of the project approval and so stated in the Notice of Determination.
- Notice of Determination (CEQA Guidelines, Section 15094): The Executive Officer shall file a Notice of Determination following each project approval for which an EIR was certified. The notice shall include: (1) The final EIR has been completed in compliance with CEQA; (2) The final EIR was presented to the Commission which reviewed and considered it prior to approving the project; (3) The final EIR reflects the lead agency's independent judgment and analysis; (4) Determination of any significant environmental effects; (5) Statement that an EIR was prepared and certified pursuant to CEQA; (6) Whether mitigation measures were made conditions of the project; (7) Whether findings were made per State CEQA Guidelines, section 15091; (8) Whether a statement of overriding considerations was adopted; (9) The address of the location of a copy of the final EIR and the project record; and (10) If different from the applicant, the identity of the person undertaking the project which is supported, in whole or in part, through contracts, grants, subsidies, loans, or other forms of assistance from one or more public agencies or the identity of the person receiving a lease, permit, licenser, certificate, and other entitlement for use from one or more public agencies. The notice shall be filed with the Clerk of the County Board. If the project requires discretionary approval from a state agency, the notice shall also be filed with OPR State Clearinghouse.
- <u>Disposition of Final EIR (CEQA Guidelines, Section 15095):</u> The Executive Officer shall: (1) File a copy of the Final EIR with the Santa Cruz County Planning Department and the city, if applicable, where significant environmental effects may occur; (2) Include the Final EIR in all subsequent project administration; (3) Maintain a copy of the Final EIR as a permanent public record for the project; and (4) Require the applicant to provide a copy of the certified, final EIR to each Responsible Agency. Pursuant to adopted Commission policy, funding for the preparation of an EIR, fees for filing a Notice of Determination, and other related fees (i.e. notice and distribution requirements), are the responsibility of the applicant for the LAFCO action.

Adopted on September 6, 2000 (Resolution No.2000-5) Revision on August 5, 2020 (Resolution No. 2020-19) Last Revision on March 6, 2024 (Resolution No. 2024-07)



INDEMNIFICATION AGREEMENT POLICY

1. OVERVIEW

The purpose of this policy is to establish guidelines that require all applicants to indemnify the Commission, its agents, officers, attorneys, and employees from any action brought to challenge the discretionary approvals of proposals by the Commission.

2. BACKGROUND

Applicants to the Commission for discretionary approvals of proposals for changes of organization are typically the real parties in interest and therefore have financial interest in the Commission's decisions on their applications. Applicants who are not the real parties in interest also have interest in the outcome of their applications. Therefore, LAFCO believes that it is fair and equitable for all applicants to indemnify LAFCO from suits brought to challenge the discretionary approvals of their applications by the Commission. LAFCO also believes that indemnifying LAFCO furthers good government practices and public policy by providing applicants with an incentive to assist the Commission in complying with all laws, including those intended to ensure public rights.

3. PROCESS

In order to fulfill this practice, and to protect the integrity of the Commission's ability to make good government decisions, it is the policy of this Commission that:

- a) As part of any application submitted to the Commission, the applicant(s) shall be required to submit a signed agreement to indemnify the Commission, its agents, officers, attorneys, and employees from any action brought to challenge the Commission's discretionary approvals related to the application in the form provided in Exhibit "A";
- b) In the event that an action is brought to challenge the discretionary approval of a proposal by the Commission, the Commission shall promptly notify the applicant(s) and real party(ies) in interest of the existence of the legal challenge; and
- c) The Executive Officer shall not issue a Certificate of Filing for an application if an indemnification agreement in the form provided on the following page has not been executed and submitted to the Executive Officer by the applicant(s).

Adopted on September 6, 1995 (Resolution No. 141-QQQ) Previous Revision on April 1, 2015 (Resolution No. 2015-6) Last Revision on September 2, 2020 (Resolution No. 2020-23)

ATTACHMENT 2

INDEMNIFICATION AND DEFENSE

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

A) Notification and Cooperation

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

B) Fees and Costs:

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

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

C) Settlement:

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

D) Successors Bound:

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

E) Recordation:

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

(Signature of LAFCO Executive Officer)	(Signature of Applicant)
Joe A. Serrano (Printed Name)	(Printed Name)
(Date)	(Date)



CERTIFICATE OF FILING POLICY

1. OVERVIEW

Pursuant to Government Code Section 56020.6, a Certificate of Filing is a document issued by the Executive Officer that confirms an application for a change of organization has met submission requirements and is ready for Commission consideration.

2. INACTIVE APPLICATIONS

Applicants for a change of organization or reorganization must meet submission requirements established in the Cortese-Knox-Hertzberg Act as well as Commission policies and procedures. Once these requirements are met, a Certificate of Filing will be issued by the Executive Officer deeming the application complete. Any application not deemed complete will be considered incomplete and the applicant notified of missing requirements. If the application remains incomplete for a period of twelve (12) months without substantial progress being made towards its completion, the Executive Officer will notify the applicant and affected agencies that the application is deemed inactive will be closed without prejudice, and may be subject to a refund if any portion of the application fee has not already been used to cover staff time and other processing costs. If the applicant chooses to refile at a later date, a new application and filing fees will be required.

3. COMPLETE APPLICATIONS

Once a Certificate of Filing has been issued, the application officially becomes a proposal (Government Code Section 56069) and is scheduled for consideration by the Commission. When a proposal has been scheduled for hearing, no additional modification or amendment may be made to the proposal unless requested by Commission staff or the Commission's board by majority vote. However, an applicant may withdraw its application prior to the closing of the scheduled hearing. Withdrawal of an application must be submitted in writing to the Executive Officer. If an application is withdrawn and resubmitted, the applicant must file a completely new application and associated fee.

Adopted on December 2, 1981 (Resolution No. 97-M)
Last Revision on September 2, 2020 (Resolution No. 2020-24)



PROTEST PROCEEDINGS POLICY

1. OVERVIEW

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

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

2. PROTEST PROCEEDING GUIDELINES

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

- **2.1 Protest Proceeding Timeframe:** The Commission shall specify a timeframe between twenty-one (21) and sixty (60) days for the collection and filing of written protests pursuant to Government Code Section 56886(o), and that timeframe shall be included in the terms and conditions of an approval for a change of organization or reorganization for which protest proceedings are not waived pursuant to Government Code Section 56663.
- **2.2 Public Noticing:** Within thirty (35) days of the adoption of the Commission's resolution making determinations and approving a change or organization or reorganization, the Executive Officer shall notice a protest hearing and, in the notice, set the hearing date as prescribed by the Commission in its terms and conditions.
- **2.3 Types of Public Noticing:** Notice of the hearing shall be provided pursuant to Government Code Section 56150 et seq., and as follows:
- a) Notice must be published, posted, and mailed to affected agencies, proponents, and any person requesting special notice;
- b) Mailed notice must be provided to all landowners affected by the proposal;
- c) The time, date, and location of the hearing shall be specified in the notice as determined by the Executive Officer; and

- d) The protest hearing must be held in the affected territory if the hearing is a proposal initiated by the Commission pursuant to Government Code Section 56375(a) for a district consolidation, dissolution, or merger, or the establishment of a subsidiary district.
- **2.4 Protest Hearing:** At the protest hearing, the Executive Officer, or designee, shall (1) summarize the Commission's resolution, and (2) hear and receive any oral or written protests, objections, or evidence. Written protests may be filed by any affected landowner or registered voter. The Executive Officer, or designee, may continue the protest, but for no more than sixty (60) days from the date specified in the notice.
- **2.5 Protest Hearing Results:** At the conclusion of the protest hearing:
- a) If no written protests have been filed, the Executive Officer, or designee, shall adopt a form of resolution ordering the change of organization or reorganization without an election; or
- b) If written protests have been filed, the Executive Officer, or designee, shall within thirty (30) days after the conclusion of the hearing, make determinations on the value of written protests filed and not withdrawn; and
- c) To determine the value of written protests filed and not withdrawn, the Executive Officer, or designee, shall cause the names of the signers on the protests to be compared with the voters' register in the County Elections Department pursuant to Government Code Section 56707 and/or the names of the owners of land on the most recent assessment roll pursuant to Government Code Sections 56708 and 56710.
- **2.6 LAFCO Actions after Protest Proceedings:** Upon determination of the value of written protests filed and not withdrawn, the Executive Officer, or designee, shall take one of the following actions, depending on the nature of the change of organization or reorganization:
- a) If less than 25% of the affected registered voters or landowners oppose the proposal, then a form of resolution making determinations and ordering the change of organization or reorganization will be adopted without an election;
- b) If 25% to 50% of the affected registered voters or landowners oppose the proposal, then a form of resolution making determinations and ordering the change of organization or reorganization will be adopted subject to confirmation by the voters; or
- c) If more than 50% of the affected registered voters or landowners oppose the proposal, then a Certificate of Termination will be issued, which ends the LAFCO proceedings.
- **2.7 Election Process:** If an election is required, the Executive Officer or designee, pursuant to Government Code Section 57000(d), shall inform the legislative body of the affected agency of LAFCO's determination and request the legislative body to direct the elections official to conduct the election.

3. LAFCO AS A CONDUCTING AUTHORITY

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

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

4. PROTEST THRESHOLD FOR OTHER BOUNDARY CHANGES

The percentage protest thresholds for a dissolution, consolidation, merger, or the establishment of a subsidiary district differ from the previous changes of organization discussed in the previous sections. While Government Code Section 57077 addresses the requirements for these changes of organization, Government Code Section 56854 supersedes those provisions.

The provisions of Government Code Section 56854 (previously Government Code Section 56839.1) was the product of legislation passed in 1997. Pursuant to Government Code Section 56854(a), LAFCO is required to order a dissolution, consolidation, merger, or the establishment of a subsidiary district without an election unless certain protest requirements are met. Those requirements are enumerated in the outline below. However, pursuant to Government Code Section 56854(b), the Commission is prohibited from ordering a merger or the establishment of a subsidiary district without the consent of the affected city.

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

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

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

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

- **4.2 Initiated by the Commission:** Where the proposal was initiated by the Commission, and regardless of whether an affected city or district has objected to the proposal by resolution:
- a) In the case of inhabited territory where there are 300 or more landowners or registered voters within the affected territory, a petition signed by:
 - i. At least 10% of the number of landowners who own at least 10% of the assessed value of land within the affected territory; or
 - ii. At least 10% of the registered voters residing, or owning land, within the affected territory.
- b) In the case of inhabited territory where there are less than 300 landowners or registered voters within the affected territory, a petition signed by:
 - i. At least 25% of the number of landowners who own at least 25% of the assessed value of land within the affected territory; or
 - ii. At least 25% of the registered voters residing, or owning land, within the affected territory.
- c) In the case of a landowner-voter district where the territory is uninhabited and there are 300 or more landowner voters entitled to vote, a petition signed by:
 - i. At least 10% of the number of landowners who own at least 10% of the assessed value of land within the affected territory.
- d) In the case of a landowner-voter district where the territory is uninhabited and there are less than 300 or more landowner voters entitled to vote, a petition signed by:
 - i. At least 25% of the landowner voters entitled to vote.

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

CHAPTER IV

TYPE OF APPLICATIONS



EXTRATERRITORIAL SERVICES POLICY

1. OVERVIEW

The purpose of this policy is to explain to the public, cities, and districts the procedures by which the Commission will review requests to authorize a city or district in Santa Cruz County to provide one or more services outside its jurisdictional limits pursuant to Government Code Section 56133.

2. COMMISSION APPROVAL REQUIRED FOR NEW OR EXTENDED SERVICES

Except for the specific situations exempted by Government Code Section 56133, a city or district shall not provide new or extended services to any party outside its jurisdictional boundaries unless it has obtained written approval from the Local Agency Formation Commission of Santa Cruz County ("LAFCO").

3. LIST OF PRE-EXISTING SERVICES

In 1994, the Executive Officer originally asked each city and district to provide a list or map of parcels receiving extraterritorial service under Government Code Section 56133. The Executive Officer subsequently presented a report on these extraterritorial services with the Commission. As a regular practice, a list of all approved extraterritorial service agreements is presented to the Commission on an annual basis.

4. AREAWIDE APPROVALS

Upon the initiative of either a public agency or the Commission, the Commission shall consider an areawide approval as a regularly agendized item and may grant approval for subsequent services to be provided by a city or district within a mapped area as specified by the Commission. The approval may include conditions. The Commission shall specify a time period not greater than ten years for which the areawide approval shall be valid. The Commission may, upon its own initiative or at the request of a public agency, renew with or without amendments, an areawide approval for a period not to exceed ten years.

Before granting an areawide approval, the Commission shall determine that the city or district is able to provide the service in a manner that does not negatively affect the services provided within the agency's boundaries and sphere of influence, and in a manner that does not negatively affect the resources in the area. Also, before granting an areawide approval, the Commission shall determine that the approval is consistent with the requirements of law and LAFCO policies.

5. INDIVIDUAL REQUESTS

Individual requests for extraterritorial service shall be filed with the Executive Officer on a prescribed application form. The applicant shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. The application deposit regarding the request for extraterritorial service is \$950. Deposit amount may be subsequently changed in future revisions of the Schedule of Fees and Deposits.

The Executive Officer shall not file the application unless the affected public agency has submitted a written endorsement indicating its willingness to provide the service if the Commission approves the request. The Commission shall consider the request after it has been placed on the agenda of a Commission meeting.

6. ENVIRONMENTAL REVIEW

All matters that are reviewable pursuant to these regulations are subject to the applicable provisions of the California Environmental Quality Act.

7. COMMISSION ACTION

The Executive Officer shall prepare a report and place the request for extraterritorial service on the Commission's agenda. The Commission shall provide an opportunity for any interested individual or party to address it. The Commission may call a subsequent public hearing in order to receive additional public testimony before acting upon a request. The Commission acts on the request by majority vote. Subsequently, the Executive Officer shall notify the applicant in writing of the Commission's action. If the Commission denies a request, a similar application cannot be re-filed for one year unless the Commission grants an exception to this rule.

8. DELIVERY OF MUNICIPAL SERVICES

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and this Commission's adopted policies encourage smart growth and rely on appropriate governance options to ensure the effective and efficient delivery of municipal services. Therefore, the Commission intends to reinforce that the standard manner in which services will be extended is by annexation (and sphere of influence amendment, if necessary). The Commission shall limit its extraterritorial service authorizations to public health emergencies and circumstances where:

- a) Facilities are already in place, and
- b) Annexation would not be practical, and
- c) Extraterritorial service is determined by the Commission to be consistent with the policies adopted in and pursuant to the Cortese-Knox-Hertzberg Act.

When the Commission authorizes the emergency provision of municipal services via extraterritorial service outside an agency's boundaries, and annexation is practical, the Commission will require annexation to be completed within two years.

9. WATER PROVISIONS

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing extraterritorial service applications, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft. A water policy has also been adopted by this Commission and should be reviewed before submitting any application for potential service delivery, including annexations or requests for extraterritorial services.

Adopted on June 9, 1994 (Resolution No.97-W) Last Revision on June 3, 2020 (Resolution No. 2020-15)



SPHERES OF INFLUENCE POLICY

1. OVERVIEW

The Knox-Nisbet Act of 1963 (former Government Code Section 54773 et seq.) established the Local Agency Formation Commission to promote the orderly development of local government agencies in the County and discourage urban sprawl. The law was subsequently combined with other laws regarding boundary changes and recodified as the Cortese-Knox- Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000-57550).

Among its objectives, LAFCO is authorized to perform studies which will contribute to the logical and reasonable development of local governments to provide for the present and future needs of each county and its communities. (Government Code Section 56301). State law further provides that, in order to carry out its responsibilities for planning and shaping the logical and orderly development of local government agencies, the Local Agency Formation Commission shall develop and determine the sphere of influence of each local governmental agency within the county. (Government Code Section 56425). 'Sphere of Influence' means a plan for the probable physical boundaries and service area of a local government agency. (Government Code Section 56076).

2. TYPES OF SPHERES

There are several types of sphere boundaries that the Commission may adopt:

- a) <u>Coterminous Sphere</u>: A sphere of influence may be coterminous, or identical, with the agency's current jurisdictional boundary.
- b) <u>Larger-than-jurisdiction Sphere</u>: A sphere of influence may be larger than the agency's current jurisdictional boundary. This designation identifies areas that should be annexed into the agency in the foreseeable future.
- c) <u>Smaller-than-jurisdiction Sphere</u>: A sphere of influence may be smaller than the agency's current jurisdictional boundary. This designation identifies areas that should be detached from the agency in the foreseeable future.
- d) Zero Sphere: A sphere of influence may be removed entirely if the Commission determines that the service responsibilities and functions of the agency should be reassigned to another local government, and that the agency assigned a "zero sphere of influence' should be dissolved.

3. SPHERE DETERMINATIONS

In accordance with Government Code Section 56425, the Commission is required to consider and prepare a written statement of its determination with respect to each of the following:

- a) The present and planned land uses in the area, including agricultural and openspace lands;
- b) 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, including the funding of capital, debt, service, and operations;
- d) 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
- e) For an update of a sphere of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

None of the individual factors listed above will be deemed to be a determining factor but will be reviewed collectively when considering the establishment or revision of a sphere of influence for a city or special district.

4. SPHERE UPDATES

Spheres of influence are to be adopted by the Commission following a public hearing and are to be reviewed and updated every five years. After adoption, the sphere of influence "shall be used by the Commission as a factor in making regular decisions on proposals over which it has jurisdiction. The Commission may recommend governmental reorganizations to particular agencies in the county, using the sphere of influence as a basis for such recommendations...(Government Code Section 56425)." The purpose of a sphere of influence study is to provide the Commission information needed to determine an agency's potential growth and to make recommendations towards future service provisions within areas the county.

5. POLICY GUIDELINES

The Commission will use spheres of influence to discourage inefficient development patterns and to encourage the orderly expansion of local government agencies. Spheres of influence will be used to:

- a) Provide long-range guidelines for the efficient provision of services and timely changes of governmental organization;
- b) Discourage duplication of services by two or more local government agencies;
- c) Guide the Commission in considering individual proposals for changes of organization; and
- d) Identify the need for specific reorganization studies.

- **5.1 Municipal Service Reviews:** Pursuant to Government Code Section 56425, spheres of influence shall be reviewed and/or updated every five years. Additionally, state law mandates that spheres be prepared or updated in conjunction with or after completion of a related Municipal Service Review (Government Code Section 56430).
- **5.2 Overlapping Spheres:** To promote efficient and coordinated planning among the county's various agencies, city spheres shall not overlap, and districts that provide the same type of service should not have overlapping sphere boundaries.
- **5.3 Logical Service Provider:** When more than one agency could serve an area, the agencies' services capabilities, costs for providing services, and the desires of the affected community will be key factors in determining a sphere of influence.
- **5.4 Service Efficiencies:** The Commission will encourage the elimination or consolidation of small, single-purpose special districts when a more efficient alternative exists for providing the necessary services. Whenever a combination of urban services is required, general purpose governments or multi-services districts will be preferred to single-purpose districts.
- **5.5 Sphere Designations and Annexation:** Before territory can be annexed to a city or special district, it must be within the agency's sphere (Government Code Section 56375.5). However, a sphere is only one of several factors the Commission considers when evaluating changes of organization.
- **5.6 Long-Range Planning:** LAFCO recognizes the planning accomplishments of local agencies in the County. In developing spheres of influence, the Commission will consider those adopted plans, and policies of local governments which encourage staged, cost-effective development patterns and the efficient provision of services. Sphere boundaries will identify probable boundaries for an agency's expansion and will be periodically reviewed to reflect changing conditions and circumstances.

Once established, an agency's sphere of influence will be a primary guide to the Commission in its decisions on individual proposals affecting that agency. Before the Commission may approve a change of organization inconsistent with the adopted sphere of influence, the Commission shall amend the sphere of influence.

- **5.7 Consistency with General Plans and Pre-Zoning:** The Commission will review the existing and future land uses of territory prior to including it within a city's sphere in order to determine the logical extension of municipal services and the probable future boundary of a city or district. The Commission strongly encourages each city to include all territory within its sphere of influence within the city's General Plan and each special district to address in its infrastructure, facilities and operational planning documents.
- **5.8 Land Use Inconsistencies:** City and County general plans will be a significant factor in determining spheres of influence. Where a city's and the County's general plan for the same area are inconsistent, the Commission should encourage the affected agencies to resolve any inconsistencies. In the event the inconsistency cannot be resolved, by law the final decision for the Sphere of Influence must remain with LAFCO.

- **5.9 Encourage Annexation of Unincorporated Islands:** The Commission acknowledges that unincorporated islands are generally costly for County government to serve and often have impacts on the surrounding city or district. Cities and special districts (where applicable) will be encouraged to annex unincorporated islands within their sphere of influence.
- **5.10 Urban Development:** Proposals for urban development within a city's sphere of influence should first be considered for annexation to that city, unless such annexation would create a "leapfrog" pattern of expansion with respect to existing city boundaries.
- **5.11 Water Supply:** LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere of influence adoptions and amendments, LAFCO shall be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

To assist in the review of Spheres of Influence and other LAFCO reports, the Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

- a) The Public Water System Annual Reports filed by each public water agency with the California Department of Public Health;
- The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et.seq.;
 and
- c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

It is preferable that the residents who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

- **5.12 Coastal Zone:** In an effort to promote cooperation among the land use agencies with jurisdiction over lands in the Coastal Zone, any application to LAFCO for a sphere of influence amendment regarding land in the Coastal Zone shall contain the following information:
- a) A statement that staff of the Coastal Commission and from other land use agencies with jurisdiction over the land which is the subject of the application have reviewed and jointly discussed the sphere of influence amendment application with respect to consistency with applicable general plans, the Coastal Act, and local coastal programs. The statement should also memorialize the results of the review;

- b) Preliminary review and comments from the Coastal Commission staff as to potential issues of Coastal Act consistency; and
- c) Review and comments from any other land use agency with jurisdiction, through a Local Coastal Program or otherwise, over the land which is the subject of the application, including an analysis of consistency of the proposed amendment with its general plan.

LAFCO will consider consistency with the Coastal Act and the relevant general plans in making its Sphere of Influence determination.

Adopted on June 1, 1977 (Resolution No. 97-F) Previous Revision on February 2, 2010 (Resolution No. 2011-1) Last Revision on November 4, 2020 (Resolution No. 2020-32)



CITY INCORPORATION POLICY

1. OVERVIEW

In each county, a Local Agency Formation Commission (LAFCO) has been set up by the State of California to regulate city incorporations and other boundary changes to cities and districts. LAFCO's mission is to promote the orderly formation and development of local governments through its enforcement of state-mandated procedures, State policies, and local LAFCO policies.

The purpose of these guidelines is to provide guidance to citizens who are considering and proposing the incorporations of a new city within the County of Santa Cruz ("County"). These guidelines do not supersede State law or local policies. Local policies include "Spheres of Influence Policies and Guidelines" and "Standards for Evaluating Proposals." In order to make a final decision on a particular proposal, LAFCO may need additional information not specified in these guidelines. While LAFCO will assist in obtaining any additional information that is needed, the proponents may also have to prepare additional information.

2. PURPOSE OF FEASIBILITY STUDY

The preparation of an incorporation feasibility study is the responsibility of the proponents of a city incorporation. It is an important step in the process. It allows the proponents to understand and, in turn, explain to the citizenry how the new city would operate. Major topics include boundaries, functions, revenues, and expenditures. The feasibility study allows LAFCO to review the effects of the proposal on the entire structure of governmental services. Two of LAFCO's major duties are to make sure that the new city would have sufficient funds with which to operate and would not negatively impact the provision of services by other governmental agencies.

3. STATUTORY BASIS

Incorporation proceedings are set up by the Cortese-Knox Local Government Reorganization Act of 1985 (Government Code Sections §56000-57550) (the "Act"). Under the Act, LAFCO has the responsibility to review applications and to approve; approve subject to amendments, conditions or modifications; or deny applications. If LAFCO denies the proposal, the Act specifies a one-year waiting period before the proponents may initiate another incorporation proposal. If a proposal is approved, LAFCO will forward it to the County Board of Supervisors, which is responsible for calling an election within the authorized incorporation boundaries. If a majority of registered voters in the proposed city petition the Board of Supervisors to terminate the incorporation process, it is terminated and cannot be resubmitted for two years. If a majority of registered voters in the incorporation area vote for the incorporation, then the new city is incorporated. If the proposal is defeated at the election, then there is a two-year waiting period.

4. CONTENTS OF FEASIBILITY STUDY

For LAFCO to make its decision, sufficient information needs to be put on record and analyzed by the registered voters, the affected governmental agencies, and LAFCO staff. The basic elements of a feasibility study are:

- 1) Reason for proposal.
- 2) Proposed boundary map at a scale that allows the identification of individual assessor's parcels.
- 3) The population and number of registered voters in the incorporation area. Projection of population growth for the next ten years.
- 4) The assessed value of the property in incorporation area.
- 5) A description of the local agencies which presently serve the community, with a discussion of the range and level of services currently provided.
- 6) A list and discussion of the functions that the new city would assume.
- 7) A discussion and supporting data on the financial and service efficiency impacts that the proposal would have on all governmental agencies that would give up service responsibility as a result of this proposal. This discussion should include the effects of the incorporation on adjacent communities, special districts, and the County.
- 8) A list and descriptions of the County and special district functions that the new city is not proposed to assume, a list of the special districts that are proposed to continue services to the new city, and a discussion of the foreseeable level of services in the community after incorporation. If the new city has any potential impacts on these districts (including economic or level of service impacts), the feasibility study should discuss and quantify them, where possible.

A clear and compelling rationale must be provided if the continued overlap of any special district (e.g., water, fire, parks, sanitation, or storm drainage) is proposed. There should be special emphasis on the impact of incorporation on the County or any special districts which are currently providing services to the area immediately surrounding the proposed city.

- 9) A map showing a proposed sphere of influence of the new city, including the existing sphere of influence of any city that overlaps or comes within two miles of the proposed city sphere.
- 10) A ten-year forecast of revenues and expenditures for the new city broken out by revenue and expenditure categories. The forecast should include the applicable categories in the same order. Where fees will be set by municipality, include projection of fee levels and anticipated volume. Table A depicts the required financial information as part of the ten-year projections.

Table A: Ten-Year Forecast (Revenue & Expenditure)

Revenue	Expenditure
1. Property Tax	1. Legislative
2. Sales and Use Taxes	2. Management and Support
3. Transportation Taxes	Capital Improvements (Municipal Buildings, etc.)
4. Transient Lodging Taxes	4. Police
5. Franchise	5. Fire
6. Business License Taxes	6. Animal Regulation
7. Real Property Transfer Taxes	7. Weed Abatement
8. Utility Users Tax	8. Street Lighting
9. Construction Permits	9. Disaster Preparedness
10. Vehicle Code Fines and Forfeitures	10. Streets, Highways, and Storm Drains
11. Investment Earnings	11. Street Trees and Landscaping
12. State Motor Vehicle In-Lieu Tax	12. Public Transit
13. State Cigarette Tax	13. Planning
14. State Homeowners Relief Tax	14. Construction and Engineering Regulations Enforcement
15. State Gasoline Tax and SB 325 Funds	15. Housing and Community Development
16. Federal Aid for Urban Streets	16. Community Promotion
17. Zoning and Subdivision Fees	17. Physical and Mental Health
18. Plan Checking Fees	18. Solid Waste
19. Animal Shelter Fees	19. Sewers
20. Engineering Fees	20. Parks and Recreation
21. Weed and Lot Cleaning	21. Libraries
22. Sewer Service Charges and Connection Fees	22. Water
23. Solid Waste Revenues	23. Child Care
24. Library Fines and Fees	24. Senior Services
25. Park and Recreation Fees	25. Other Expenses
26. Water Service Charges and Connection Fees	
27. Other Revenues	

The above list is not meant to be all-inclusive. Additional items may be added. When appropriate, any additions should be included in the same category as outlined in the State Controller's Annual Report of the Financial Transactions Concerning Cities of California. The expenditure chart should summarize the level of service and basis for each expenditure. Projected staffing levels should be included. The background information should be included in the report and based on prevailing staffing patterns and wage rates in comparable communities.

11) A map of any agricultural or other open space lands in the incorporation Page 98 of 118

boundaries, or the proposed sphere of influence. A discussion of the effect of the proposal on maintaining or converting these lands to other uses.

- A justification of the proposed boundaries explaining why certain sub-areas were included and why adjoining sub-areas were excluded.
- 13) Based upon existing master plans and capital improvement programs of the County and affected districts, the feasibility study shall include a list of planned capital improvements related to city responsibilities, their costs, an indication of which projects would likely be funded, and the source of the funds.

5. EARLY DISTRIBUTION OF FORECAST OF LOCAL REVENUES

Upon learning that a community group has been formed to sponsor an incorporation effort and after receiving an appropriate street map of the proposed city from the proponents, LAFCO staff will request a "Forecast of Local Revenues" from the proper State and/or County agencies to determine what funds would be available to the proposed new city.

6. FURTHER ASSISTANCE

LAFCO staff is available to incorporation proponents, opponents, affected public agencies, and the general citizenry to provide further assistance. This assistance includes explanations of the incorporation process, copies of the incorporation laws and LAFCO policies, and notices of LAFCO's hearing on the incorporation proposal.

Adopted on April 5, 1989 (Resolution No. 97-S)
Last Revision on October 7, 2020 (Resolution No. 2020-29)

CHAPTER V

OTHER POLICIES



CONFLICT OF INTEREST POLICY

1. OVERVIEW

LAFCO's Conflict of Interest Policy outlines conflicts of interest rules and the role of LAFCO's legal counsel. The goal of this policy is to provide consistency and fairness to the Commission's decision-making process. Commissioners have a personal responsibility to comply with conflict of interest regulations as promulgated by the California Fair Political Practices Commission ("FPPC"), but they may consult with LAFCO's legal counsel to assist in making decisions in the event of a potential conflict of interest.

2. THE CALIFORNIA POLITICAL REFORM ACT

The California Political Reform Act (Government Code section 81000, *et seq.*) (the "Act") requires state and local government agencies to establish a conflict of interest code. The FPPC, as the state agency responsible for administering and enforcing the Act, enacted regulations to implement the law. FPPC Regulation section 18730 (Tit. 2, Div. 6, Cal. Code of Regs.) states that an agency can incorporate by reference its model conflict of interest code, which the FPPC amends from time to time. LAFCO adopted and incorporated this model code along with the designation of positions and formulation of disclosure categories in section 18730.

The Act prohibits a Commissioner from using their official position to influence a governmental decision in which they have a financial interest. To help identify potential conflicts of interest, the Act and the FPPC Regulations require Commissioners to report their financial interests (i.e., reportable investments, real property interests, business positions, income and its sources, and other financial interests that may give rise to a conflict of interest) on a form called Statement of Economic Interests ("Form 700"). The conflict of interest code and the Form 700s provide transparency in local government and are fundamental tools in ensuring that officials are acting in the public's best interest and not their own.

3. CONFLICTS OF INTEREST RULES

Under the Act, a Commissioner has a disqualifying conflict of interest in a LAFCO decision if it is foreseeable that the decision will have a financial impact on their personal finances or other financial interests. A Commissioner with a disqualifying conflict of interest must not make, participate in making, or use their position to influence a LAFCO decision. Commissioners must publicly identify the presence of a conflict of interest and recuse themselves from participating in the affected decision. Recusals allow Commissioners to avoid actual biased decision-making or any appearance of improprieties in favor of the public's interest over their own.

There are five types of interests that might result in disqualification:

- Business Entity. A business entity in which a Commissioner has an investment of \$2,000 or more and is a director, officer, partner, trustee, employee, or manager.
- Real Property. Real property in which a Commissioner has an interest of \$2,000 or more, including leaseholds.
- Income. An individual or an entity from whom a Commissioner has received income or promised income aggregating to \$500 or more in the previous 12 months, including the Commissioner's community property interest in the income of their spouse or registered domestic partner.
- Gifts. An individual or an entity from whom a Commissioner has received gifts aggregating to \$500 or more in the previous 12 months.
- Personal Finances. A Commissioner's personal finances, including their expenses, income, assets, or liabilities, as well as those of their immediate family.

The financial impact or effect on any of the above interests disqualifies a Commissioner from a LAFCO decision if: (1) the financial impact or effect is foreseeable, and (2) the financial impact or effect is significant enough to be considered material. The FPPC has rules called "materiality standards" to inform which financial effects are important enough to trigger a conflict of interest.

There are two limited exceptions to the conflict of interest rules:

- The Public Generally Exception. A Commissioner is not disqualified from a decision if the effect on the Commissioner's interests is indistinguishable from the effect on the public.
- Legally Required to Participate. In certain rare circumstances, a Commissioner
 may be randomly selected to take part in a decision if a quorum cannot be
 reached because too many Commissioners are disqualified under the Act.

4. ROLE OF LEGAL COUNSEL

A. Commissioners are individually responsible for understanding and following the duties and responsibilities of their office, including making determinations on whether they have disqualifying conflicts of interest in LAFCO decisions. Commissioners are encouraged to consult with legal counsel regarding potential conflicts, exceptions, and recusal. However, counsel's advice cannot provide a Commissioner with any immunity from criminal or civil prosecutions. Only good faith reliance upon written advice from the FPPC on a specific situation can protect a Commissioner. Legal counsel will provide assistance in obtaining an advice letter from the FPPC. Legal counsel is authorized to engage experts, such as appraisers or business consultants, in an amount not to exceed \$5,000 if counsel deems such experts are necessary to provide this assistance.

- **B.** Legal counsel represents LAFCO as an agency governed by the Commission as a corporate body. Therefore, individual consultations with legal counsel are not separately protected by the attorney-client privilege.
- **C.** Upon consultation, legal counsel will respond directly to the individual Commissioner seeking advice and shall not share the advice with the entire Commission, unless the advice provided involves a Commissioner with a disqualifying interest who intends to participate in a LAFCO decision notwithstanding that advice.
- **D.** Legal Counsel is not available to provide advice relating to past conduct, to investigate conflicts of interest, or to enforce conflict of interest laws.
- **E.** Legal Counsel is not available to provide advice to a Commissioner about the implications of another Commissioner's financial interest. However, at the request of the Commission, legal counsel may provide the Commission advice about the validity of its decisions under Government Code section 1090, which restricts Commissioners and designated employees from making a contract in which they are financially interested.
- F. When a member of the public or government agency submits an inquiry about whether a Commissioner has a disqualifying interest under the Act or a financial interest in a contract under Government Code section 1090, that inquiry will be forwarded to the entire Commission, with a copy to legal counsel. It shall be the responsibility of the individual Commissioner, who is the subject of the inquiry, to determine whether they will seek advice from legal counsel, the FPPC, or their own counsel in addressing these inquiries.

Adopted on September 5, 1979 (Resolution No. 141-H) Previous Revision on June 2, 2004 (Resolution No. 2004-9) Last Revision on May 6, 2020 (Resolution No. 2020-08)



DISCLOSURE OF POLITICAL CONTRIBUTIONS POLICY

1. OVERVIEW

The Commission finds that the public interest would be served by adoption of procedures for the public disclosure of contributions and expenditures relating to Commission proposals, and further finds that adopting the process is consistent with State law, including the Political Reform Act of 1974, as amended.

2. DEFINITIONS

Unless otherwise provided, definitions of the terms used herein shall be those contained in the Political Reform Act of 1974, as amended.

"Contribution" as used herein shall have the same definition as provided in Government Code Section 82015, as amended.

"Expenditure" as used herein shall have the same definition as provided in Government Code Section 82025, as amended.

"Independent expenditure" as used herein shall have the same definition as provided in Government Code Section 82031, as amended, except that the term "measure" as used in Section 82031 shall be replaced with the term "LAFCO Proposal."

"Political purposes" as used herein shall mean for the purpose(s) of: (i) influencing public opinion and/or actions of voters; (ii) lobbying public officials including LAFCO Commissioners; and/or, (iii) influencing legislative or administrative action as defined in Government Code § 82032.

It shall not include for the purpose(s) of complying with legal requirements and LAFCO rules for the processing of a proposal, including, but not limited to and by way of example only, preparation of a comprehensive fiscal analysis for an incorporation (Government Code Section 56800) or documents necessary to comply with the California Environmental Quality Act, Public Resources Code Section 21000 et seq., such as a mitigated negative declaration or environmental impact report.

3. APPLICABILITY

These policies and procedures are applicable to LAFCO Proposals, as defined in Government Code § 82035.5.and sphere of influence adoption, amendment or review, when applications for same are submitted for filing with Executive Officer. LAFCO proposals include but are not limited to annexation to a city or district, incorporation, or formation or dissolution of a special district.

4. GENERAL REQUIREMENTS OF DISCLOSURE

Any person or combination of persons who directly or indirectly makes an expenditure or independent expenditure for political purposes of \$1,000 or more in support of, or in opposition to, a change of organization, reorganization, or sphere of influence adoption or amendment proposal submitted to the commission shall comply with the reporting and disclosure requirements of Article 2.5 (commencing with Section 84250) of Chapter 4 of the Political Reform Act (Government Code §§ 81000 et seq.). Such reporting and disclosure requirements, except as otherwise excluded herein, extend to those required by the Fair Political Practices Commission Regulations regarding such disclosures and shall include disclosure of contributions, expenditures and independent expenditures.

A committee primarily formed to support or oppose a LAFCO proposal shall file all statements required under Chapter 4 of the Political Reform Act except that, in lieu of the statements required by Sections 84200 and 84202.3, the committee shall file monthly campaign statements from the time circulation of a petition begins until a measure is placed on the ballot or, if a measure is not placed on the ballot, until the committee is terminated pursuant to Section 84214.

The committee shall file an original and one copy of each statement on the 15th day of each calendar month, covering the prior calendar month, with the clerk of the county in which the measure may be voted on. If the petition results in a measure that is placed on the ballot, the committee thereafter shall file campaign statements required by Chapter 4. In addition to any other statements required by Chapter 4, a committee that makes independent expenditures in connection with a LAFCO proposal shall file statements pursuant to Section 84203.5.

5. CERTAIN REPORTS AND DISCLOSURES

This policy also requires that the persons subject to it comply with the regulations regarding the names of campaign committees, disclosures of the sources of mass mailings, and disclosures of the source of automated telephone calls under Government Code Sections 84501 et seq. and the regulations of the Fair Political Practices Commission implementing those sections.

6. FILING OFFICE

All reports and disclosures required hereunder shall be filed with the Santa Cruz County elections official, who the Santa Cruz LAFCO hereby designates as a deputy of LAFCO for purposes of receiving and filing such reports. LAFCO Commissioners (Regular and Alternate) and staff (Executive Officer, Legal Counsel, Commission Clerk, and Analysts) submit their annual Statement of Economic Interests (Form 700) by using the County's e-filing system. This online platform is managed and operated by the County Clerk/Elections Department.

For this purpose, forms developed by the Fair Political Practices Commission for disclosures relating to ballot measures shall be used as specified by the Santa Cruz County Elections Office. Acceptable methods of filing or delivery shall conform to those applicable to elections relating to ballot measures. Copies of filed statements will be available to any person upon payment of 10¢ per page.

7. FILING SCHEDULE

Prior to a LAFCO decision by resolution on an application, any required disclosures shall be filed with the Santa Cruz County Elections Department no later than twelve days before the noticed date of the public hearing or continued deliberation or discussion on the proposal at LAFCO. The period covered by this report shall be from any prior filing period to seventeen days preceding the LAFCO hearing date.

Additionally, contributions and expenditures for the period commencing sixteen days before the LAFCO meeting and ending one day before the LAFCO meeting shall also be filed with the Santa Cruz County Elections Department within 24 hours of receipt or expenditure but in no event later than 24 hours before the LAFCO meeting begins. Should the LAFCO hearing or deliberation or discussion be continued to additional dates, or be accepted for reconsideration, the foregoing periods apply for expenditures or contributions received after the initial date and prior to the subsequent dates. Additionally, contributions and expenditures from any prior filing period to seven days after a decision has been made, shall be filed with the Elections Department no later than fourteen days after a decision has been made.

After a final LAFCO decision by resolution and until the completion of protest and election proceedings, disclosures shall conform to all requirements for campaign committees pursuant to the Political Reform Act. For purposes of determining the deadlines by which such reports and disclosures must be filed, the term "election" as used in the Political Reform Act for determining such deadlines shall mean the date of the originally scheduled commission hearing on a proposal for organization, reorganization, or sphere of influence adoption or amendment. If no hearing date has been scheduled at the time a person becomes subject to disclosure under this policy, he or she shall request that the executive officer establish a date to serve as the "election" date for this purpose. The executive officer shall establish a date, such as, but not limited to, the date which is 6 months after the first filing with the commission regarding the proposal, and inform the requestor of that date in writing.

8. NOTICE

The following notice shall be printed on the Commission's application forms, the resulting notices of public hearing, the agenda of each meeting, and the Commission's website:

"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)."

9. AMENDMENT

These policies and procedures may be further amended from time to time by Santa Cruz LAFCO following a noticed public hearing pursuant to State law.

10. REPORTING REQUIREMENTS ARE NON-EXCLUSIVE

The disclosure and reporting requirements herein are in addition to any other requirements that may be otherwise applicable under provisions of the Political Reform Act or by local ordinance.

11. ENFORCEMENT

Enforcement and penalties for violation of these policies and procedures shall be pursuant to the Political Reform Act of 1974 and its corresponding regulations, to the extent permitted by law.

Adopted on March 3, 2010 (Resolution No. 2010-1) Last Revision on May 6, 2020 (Resolution No. 2020-09)



SPECIAL DISTRICTS GOVERNANCE POLICY

1. OVERVIEW

The Special Districts Governance Policy was first introduced in December 1981. The intent was to set rules and regulations that will govern the functions and services of independent special districts. The purpose was to clarify the legal requirements under Government Code Section 56450 et seq. These particular sections were eventually repealed and replaced with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000("Cortese-Knox-Hertzberg Act" or "CKH Act"). The Cortese-Knox-Hertzberg Act establishes procedures for local government changes or organization, including city incorporations, annexations to a city or special district, and city and special district consolidations.

2. GOVERNANCE

There are three primary sources of authority for forming and reorganizing special districts. The first is the special district's enabling act. Most types of districts have a series of statutes specific to that type of special district. These statutes often contain the procedures for creating that type of special district. The second is the Cortese-Knox-Hertzberg Act, which governs the establishment and reorganizations of local governments. Finally, there is the District Organization Law, which provides standardized special district organization and governance procedures for certain types of special districts⁶.

For purposes of this policy, the following sections will focus on the special districts under LAFCO's purview in accordance with Government Code Section 56036:

- a) "District" or "special district" are synonymous and mean an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries and in areas outside district boundaries when authorized by the commission pursuant to Government Code Section 56133.
- b) "District" or "special district" includes a county service area, but excludes all of the following: (1) The state, (2) A county, (3) A city, (4) A school district or a community college district, (5) An assessment district or special assessment district, (6) An improvement district, (7) A community facilities district formed pursuant to the Mello-Roos Community Facilities Act of 1982 (California Government Code section 53311 et seq.), (8) A permanent road division (formed pursuant to California Government Code 1160), (9) An air pollution control district or an air quality maintenance district, and (10) A zone of any special district.

⁶ California Special Districts Association – Laws Governing Special Districts (December 23, 2015)

3. PRINCIPAL ACTS

Principal Acts are statutes established for an entire category of special districts. The Commission creates and governs independent special districts under the authority of these acts. Each special district type has its own principal act. Exhibit A is a list of independent special district types, the location of the associated principal act, and other relevant information about the district types.

4. SPECIAL ACTS

Special Acts are statutes that address the specific needs of a community and establish a specific special district to address those needs. These districts (rather than district types) are uniquely created by the Legislature. Below is a list of special acts affecting Santa Cruz County:

Туре	Code Section
Flood Control	
Santa Cruz County Flood Control and Water Conservation District Act (1955; Chapter 1489)	Water Code (77-1)
Transit	
Santa Cruz Metropolitan Transit District Act of 1967	Public Utilities Code (§98000 et seq.)
Water Agency or Authority	
County Water Authority Act (1943; Chapter 545)	Water Code (45-1)
Pajaro Valley Water Management Agency Act (1984)	Water Code (124-1)

Special District Principal Acts

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
Airport Districts Public Utilities Code (§22001 et seq.)	Assist in the development of airports, spaceports, and air navigation facilities	Any territories of one or more counties and one or more cities, all or any part of any city and any part of the unincorporated territory of any county; the boundaries of a district may be altered and outlying contiguous territory in the same or an adjourning county annexed to the district.	Elected by resident voters to 4- year terms	5 Directors
California Water Districts Water Code (§34000 et seq.)	Maintain the necessary works for the production, storage, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any drainage or reclamation works	Any area of land which is capable of using water beneficially for irrigation, domestic, industrial or municipal purposes and which can be serviced from common sources of supply and by the same system of works; area need not be contiguous	Elected by landowner voters to 4- year terms	At least 5 Directors (may be increased to 7, 9, or 11)
California Water Storage Districts Water Code (§39000 et seq.)	Maintain the necessary works for the storage and distribution of water and drainage or reclamation works	Any land irrigated or capable of irrigation from a common source; under specific conditions the district need not be contiguous	Elected by landowner voters to 4-year terms	At least 5 Directors
Citrus Pest Districts Food & Agri. Code (§8401 et seq.)	Control and eradicate citrus pests	Any county devoted exclusively to the growing of citrus fruits	Appointed by the Board of Supervisors to fixed 4- year terms	5 Directors
Community Services Districts Government Code (§61000 et seq.)	Provide up to 32 different services such as, water, garbage collection, wastewater management, security, fire protection, public recreation, street lighting, mosquito abatement services, etc.	Any county or counties of an unincorporated territory or incorporated territory of a contiguous or noncontiguous area	Elected by resident voters to 4- year terms	5 Directors
Cotton Pest Abatement Districts Food & Agri. Code (§6051 et seq.)	Control and prevent introduction of pests, and oversee cotton plants in areas that are at risk of pests	Any land in more than one of the counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura with the consent of the Board of Supervisors of the counties affected	Appointed by the Board of Supervisors to fixed 4- year terms	5 Directors

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
County Sanitation Districts Health & Safety Code (§4700 et seq.)	Maintain and operate sewage systems and sewage disposal or treatment plants	Any unincorporated or incorporated territory or both; the incorporated territory included in the district may include the whole or part of one or more cities with the permission of that city	Elected by resident voters to 4-year terms or may choose to have a mixed board	3 Directors
County Water Districts Water Code (§30000 et seq.)	Develop regulations for the distribution and consumption of water; sell water; collect and dispose sewage, garbage, waste, trash and storm water; store water for future needs; may generate hydroelectric power; and provide fire protection under specified conditions	Any county or two or more contiguous counties or of a portion of such county or counties, whether the portion includes unincorporated territory or not	Elected by resident voters to 4-year terms	At least 5 Directors (may be increased to 7, 9, or 11)
Fire Protection Districts Health & Safety Code (§13800 et seq.)	Provide fire protection and other emergency services	Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous, may be included	Elected by resident voters to 4-year terms or appointed by the Board of Supervisors (and City Council where applicable) to fixed 4-year terms	May be 3, 5, 7, 9, or 11 Directors (not to exceed 11)
Harbor Districts Harbors & Navigation Code (§6000 et seq.)	Manage any bay, harbor, inlet, river, channel, etc. in which tides are affected by the Pacific Ocean	Any portion or whole part of a county, city, or cities, the exterior boundary of which includes a harbor	Elected by resident voters to 4-year terms	5 Commissioners
Health Care / Hospital Districts Health & Safety Code (§32000 et seq.)	Establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to: outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities	Any incorporated or unincorporated territory, or both, or territory in any one or more counties; the territory comprising this district need not be contiguous but the territory of a municipal corporation shall not be divided	Elected by resident voters to 4-year terms	5 Directors

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
Irrigation Districts Water Code (§20500 et seq.)	Sell and lease water; operate sewage collection and disposal system; deliver water for fire protection; dispose and salvage sewage water; protect against damage from flood or overflow; provide drainage made necessary by the irrigation provided; maintain recreational facilities in connection with any dams, reservoirs, etc.; and operate and sell electrical power	Any land capable of irrigation; includes land used for residential or business purposes susceptible of receiving water for domestic or agriculture purposes; need not be contiguous	Elected by resident voters to 4- year terms	3 or 5 Directors
Levee Districts Water Code (§70000 et seq.)	Protect the district's land from overflow by constructing and maintaining the necessary infrastructure	Any county or counties or any portion thereof of an unincorporated territory or incorporated territory in need of protection of the lands of the district from overflow and for the purpose of conserving or adding water to the sloughs and drains	Elected by landowner voters to 4- year terms	3 Directors
Library Districts Education Code (§19400 et seq.)	Equip and maintain a public library in order to exhibit knowledge in a variety of areas	Any incorporated or unincorporated territory, or both, in any one or more counties, so long as the territory of the district consists of contiguous parcels and the territory of no city is divided	Appointed by the Board of Supervisors to fixed 4- year terms	3 or 5 Trustees
Memorial Districts Military & Veterans Code (§1170 et seq.)	Operate and maintain memorial halls, meeting places, etc. for veterans	Any incorporated territory of the county together with any contiguous unincorporated territory thereof; or may be formed entirely of contiguous incorporated territory; or entirely of contiguous unincorporated territory	Elected by resident voters to 4-year terms	5 Directors
Mosquito Abatement & Vector Control Districts Health & Safety Code (§2000 et seq.)	Conduct effective programs for the surveillance, prevention, abatement and control of mosquitos and other vectors	Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous and districts may not overlap	Appointed by the Board of Supervisors or the City Council to fixed 2–4- year terms	5 Trustees

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
Municipal Utility Districts Public Utilities Code (§11501 et seq.)	Manage and supply light, water, power, heat, transportation, telephone service, or other means of communication, or means for the collection, treatment, or disposition of garbage, sewage or refuse matter	Any public agency together with unincorporated territory, or two or more public agencies, with or without unincorporated territory; public agencies and unincorporated territory included within a district may be in the same or separate counties and need not be contiguous; no public agency shall be divided in the formation of a district	Elected by resident voters to 2-4 year terms	5 Directors
Municipal Water Districts Water Code (§71000 et seq.)	Develop and sell water; promote water use efficiency; operate public recreational facilities; provide fire protection; collect and dispose trash, garbage, sewage, storm water and waste; and generate, sell and deliver hydroelectric power	Any county or counties, or of any portions thereof, whether such portions include unincorporated territory only or incorporated territory of any city or cities; cities and unincorporated territory does not need to be contiguous	Elected by resident voters to 4-year terms	5 Directors
Police Protection Districts Health & Safety Code (§20000 et seq.)	Provide police service to a community	May be formed in unincorporated towns	Elected by resident voters to 2-4 year terms	3 Commissioners
Port Districts Harbors & Navigation Code (§6200 et seq.)	Maintain and secure the ports	Shall include one municipal corporation and any contiguous unincorporated territory in any one county, but a municipal corporation shall not be divided	Appointed by the Board of Supervisors and City Council to fixed 4-year terms, and approved by resident voters	5 Commissioners
Public Cemetery Districts Health & Safety Code (§9000 et seq.)	Maintain public cemeteries in communities as necessary	Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous; districts may not overlap	Appointed by the Board of Supervisors to fixed 4-year terms	3 or 5 Trustees

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
Public Utility Districts Public Utilities Code (§15501 et seq.)	Maintain the infrastructure to provide electricity, natural gas, water, power, heat, transportation, telephone service, or other means of communication, or the disposition of garbage, sewage, or refuse matter	May be incorporated and managed in unincorporated territory	Elected by resident voters to 2-4 Year terms	At least 3 Directors
Reclamation Districts Water Code (§50000 et seq.)	Reclaim and maintain land that is at risk of flooding for a variety of purposes	Any land within any city in which land is subject to overflow or incursions from the tide or inland waters of the state	Elected by landowner voters to 4-year terms	3, 5 or 7 Trustees
Recreation & Park Districts Public Resource Code (§5780 et seq.)	Organize and promote programs of community recreation, parks and open space, parking, transportation and other related services that improve the community's quality of life	Any territory, whether incorporated or unincorporated, whether contiguous or noncontiguous	Elected by resident voters to 4-year terms or appointed by the Board of Supervisors to fixed 4-year terms	5 Directors
Resource Conservation Districts Public Resource Code (§9151 et seq.)	Manage a diversity of resource conservation projects, including soil and water conservation projects, wildlife habitat enhancement and restoration, control of exotic plant species, watershed restoration, conservation planning, education, and many others	Any land shall be those generally of value for agricultural purposes, but other lands may be included in a district if necessary to conserve resources	Elected by resident voters to 4-year terms	5 ,7, or 9 Directors
Sanitary Districts Health & Safety Code (§6400 et seq.)	Maintain and operate garbage dumpsites, garbage collection and disposal systems, sewers, storm water drains and storm water collection, recycling and distribution systems	Any county, or in two or more counties within the same natural watershed area	Elected by resident voters to 4-year terms	5 Directors

Special District Type & Principal Act	Powers & Functions	Formation	Election Process	Number of Board Members
Transit Districts Public Utilities Code (§24501 et seq.)	Construct and operate rail lines, bus lines, stations, platforms, terminals and any other facilities necessary or convenient for transit service	Any city together with unincorporated territory, or two or more cities, with or without unincorporated territory may organize and incorporate as a transit district; cities and unincorporated territory included within a district may be in the same or separate counties and need not be contiguous; no city shall be divided in the formation of a district	Elected by resident voters to 2- 4 year terms	7 Directors
Water Conservation Districts Water Code (§74000 et seq.)	Maintain, survey, and research water supplies	Unincorporated territory or partly within unincorporated and partly within incorporated territory, and may be within one or more counties that need water conservation services; territory does not need to be contiguous	Elected by resident voters to 4- year terms	3, 5 or 7 Directors
Water Replenishment Districts Water Code (§60000 et seq.)	Replenish the water and protect and preserve the groundwater supplies	Any land entirely within unincorporated territory, or partly within unincorporated territory and partly within incorporated territory, and within one or more counties in this state	Elected by resident voters to 4- year terms	5 Directors

Adopted on December 7, 1994 (Resolution No. 801-D) Last Revision on October 7, 2020 (Resolution No. 2020-28)



WATER POLICY

1. OVERVIEW

Government Code Section 56300 requires each Local Agency Formation Commission to establish written policies and to exercise its powers in a manner pursuant to the Cortese-Knox-Hertzberg Local Government Act of 2000 and consistent with the written policies of each Commission. In 1964, the Commission adopted the first water policy to align the limited water supply with existing service providers and smart growth as population continues to increase in Santa Cruz County. The purpose of this policy is to clarify LAFCO's role when considering boundary changes involving cities and special districts.

2. SPHERES OF INFLUENCE

LAFCO recognizes that the water resources of Santa Cruz County are limited, and the Commission's objective is to ensure that its decisions relating to water do not lead to adverse impacts on the natural resources of Santa Cruz County. In reviewing sphere adoptions and amendments, LAFCO will be guided by the potential impacts of the proposal on water resources and will consider the efforts of the water agencies and land use agencies to maintain stream and river flows, promote high water quality of surface waters and groundwater, and reduce groundwater overdraft.

To assist in the review of sphere boundaries and other LAFCO reports, the Commission will utilize the following data sources to maintain an ongoing data base of the supply, demand, and related water data of the local water agencies subject to LAFCO's boundary regulation:

- a) The Public Water System Annual Reports filed by each public water agency with the State Water Resources Control Board;
- The Urban Water Management Plans prepared by water suppliers with 3000 or more customers as required by the California Water Code Sections 10610 et.seq; and
- c) The annual Water Resources Report prepared for consideration by the Santa Cruz County Board of Supervisors.

3. BOUNDARY CHANGES

In any proposal requiring water service, the Commission requires that the affected agency identified as the potential water provider must demonstrate the availability of an adequate, reliable and sustainable supply of water. The following factors may be considered:

- a) In cases where a basin is overdrafted or existing services are not sustainable, a boundary change proposal may be approved if there will be a net decrease in impacts on water resources;
- b) In cases where a phased development is proposed, the agency should demonstrate that adequate service capacity will be provided as needed for each phase;
- c) In cases where a proposed new service area will be served by an onsite water source, the proponent should demonstrate its adequacy (Government Code Section 56668[k]); and
- d) In cases where the proposal's new water demand on the agency does not exceed the typical amount of water used by a single-family dwelling in the agency's service area, the Commission will not require that an "adequate, reliable, and sustainable" supply be demonstrated if the agency has a water conservation program and the program will be implemented as part of any new water service.

4. SERVICE REQUEST

Proposals requesting water service from a city of special district will need to provide proof of lack of services to existing urban land uses, a building permit application, allocation for a single-family dwelling, or for a larger project by: (1) a tentative or final land use entitlement (tentative subdivision map use permit, etc.) conditioned on obtaining water service and (2) a growth rate and pattern that the subject area will be developed within 5 years.

The Commission will only approve boundary change applications when the Commission determines that it is unlikely that water resources will be degraded. The Commission will review each application to ensure that, by implementing project-specific mitigations, participating in agency water conservation programs, or both if applicable, the project will not adversely affect sustainable yields in groundwater basins, flows in rivers and streams, water quality in surface water bodies and groundwater basins, and endangered species.

5. EXTRATERRITORIAL SERVICE AGREEMENTS

When the Commission authorizes the emergency provision of water services via extraterritorial service outside an agency's boundaries, and annexation is practical, the Commission will require annexation to be completed within two years.

6. CONNECTION MORATORIUM

It is the general policy of the Commission to disapprove annexations to water and sewer agencies (including cities that provide either service) while there is a connection moratorium or other similar service limitation involving the subject water or sewer service. The Commission will consider exceptions to this general policy on a case-by-case basis. The Commission may approve an annexation that meets one or more of the following criteria:

- a) To replace a private water source that has failed, such as a well that has gone dry, new service connections shall not be sized to accommodate more intensive development;
- b) To replace a septic system that has failed, new service connections shall not be sized to accommodate more intensive development;
- To implement a transfer of service between two existing agencies such transfer shall be in a manner that is consistent with the adopted Spheres of Influence of those agencies; and
- d) To change a boundary, in a manner consistent with an adopted Sphere of Influence, an agency boundary shall not divide a property that could only be conveyed under a single deed.

Between January 1, 1986 and the time the service limitation is totally lifted, the Commission shall limit the annexations so that the number of cumulative connections made under the above exemption criteria do not exceed 1% of the total agency's flow (as expressed in equivalent single family dwelling units) in service on January 1, 1986. In this case, an additional criteria not subject to the 1% cumulative impact limitation would be to provide facilities or funding that will allow the agency to lift its service limitation.

7. PUBLIC PARTICIPATION

Water resources and supplies are critical issues for many spheres of influence and application decisions made by LAFCO. Public information and participation are important components in the decisions made by the Commission, the land use agencies, and the water agencies. To promote public education, at least every two years, the Local Agency Formation Commission will sponsor, or co-sponsor with the Regional Water Management Foundation, the County of Santa Cruz, and local water agencies, a public forum that provides the public with an overview of the state of the water supplies in Santa Cruz County.

It is preferable that the residents who use water also participate in the governance of the system that provides the water. Therefore, in making decisions on spheres of influence and boundary changes, the Commission will favor water supply entities for which the users of the system participate in the governance of the system.

Adopted on March 17, 1964 (Resolution No. 14)
Previous Revision on February 2, 2010 (Resolution No. 2011-1)
Last Revision on November 4, 2020 (Resolution No. 2020-33)

Agenda I tem No. 6d



Santa Cruz Local Agency Formation Commission

Date: October 1, 2025

To: LAFCO Commissioners

From: Joe Serrano, Executive Officer

Subject: Fire-related Projects – Status Update

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 all the fire-related projects within the county 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:

It has now been four years (October 2021) since the Commission adopted the countywide fire report which analyzed the existing fire agencies. The Countywide Fire Protection Service & Sphere Review sparked interest from various fire agencies, led to multiple LAFCO presentations and discussions, helped launch the reorganization of the Branciforte Fire Protection District, and reinforced the fact that the affected fire agencies, the County, and LAFCO play a critical role in the current and future delivery of fire protection and emergency medical services in Santa Cruz County. The Commission's robust analysis clearly demonstrated how operational and governmental improvements identified by LAFCO can come to fruition through joint efforts between the affected agencies and LAFCO. This collaborative effort continues to this day. **Table A** on page 2 provides an overview of all the fire-related projects that LAFCO is currently working on. A summary of each project is also available in this staff report.

County Service Area 48 Reorganization Analysis

In August 2024, the Commission received a fire study prepared by AP Triton that analyzed the potential financial impacts to CSA 48 if local fire agencies in Santa Cruz County annexed areas within their respective spheres of influence. The findings of this report prompted the formation of a stakeholder group composed of representatives from the County, CAL FIRE, and LAFCO to develop a specialized transition study evaluating the conversion of CSA 48 from a dependent fire agency to an independent fire protection district. The transition study is designed to address key considerations, including proposed governance structures, levels of service, operational frameworks, financial capacity, and long-term sustainability as a newly formed special district. Over the past year, the stakeholder group has met regularly to advance this effort. The goal is to present the study's findings and recommendations to both the County Board of Supervisors and this Commission in early to mid-2026 for their review and consideration.

Table A: Overview of Fire Projects

Project	Affected Agencies	Description	Timeline / Deadline
CSA 48 Reorganization	County (CSA 48) and CalFIRE	Status: Ongoing The affected agencies and LAFCO are exploring the concept of transitioning CSA 48 into an independent special district. A transition plan/study is being developed.	Group effort started in August 2024; Draft transition plan may be available by mid-2026
Pajaro Valley FPD Reorganization	County (CSA 48), CalFIRE, and Pajaro Valley Fire Protection District	Status: Ongoing LAFCO is processing an application submitted by PVFPD that would dissolve the district and concurrently annex the area into CSA 48. LAFCO is currently soliciting comments from affected / interested local agencies. Multiple community meetings will occur in the coming months.	Application received on May 2, 2025; Commission may consider the reorganization by early-2026
Fire Memorandum of Understanding	City of Santa Cruz, Central Fire District, and Scotts Valley Fire Protection District	Status: Pending The affected agencies and LAFCO continue to explore shared services opportunities and recently considered adopting an MOU to develop a feasibility study. The MOU is currently on pause as the affected agencies and LAFCO determine next steps.	Group effort started in July 2023; LAFCO may analyze this effort as part of the 2026 Countywide Fire Service & Sphere Review
Felton FPD Governance Options	Felton Fire Protection District	Status: Pending The affected agency is currently exploring two governance options: (1) remain as a standalone agency with a new funding source or (2) reorganize with a neighboring fire agency. Felton FPD's recent actions stem from LAFCO's recent governance option report which was published in July 2025 and identified 12 possible options for their consideration.	Ben Lomond FPD-Felton FPD Shared Agreement started in November 2024 and discontinued in June 2025; LAFCO is expected to develop a report identifying possible governance options by September 2025

Pajaro Valley Fire Protection District Reorganization

On April 24, 2025, the Pajaro Valley Fire Protection District Board of Directors adopted a resolution to dissolve the District and concurrently annex its service area into CSA 48. The District formally submitted an application to initiate this reorganization in May 2025. Since that time, LAFCO has been actively coordinating with both the County and PVFPD to guide the reorganization process while also supporting the District's exploration of an alternative funding mechanism that could allow it to remain a standalone agency. To ensure transparency and community engagement, LAFCO is scheduled to co-host public meetings in the Pajaro Valley community to inform residents about the proposed reorganization and a potential election to consider new funding that would preserve PVFPD as an independent fire agency. These workshops are anticipated to occur between October and December 2025.

Should PVFPD choose not to pursue a new funding source, or should the community decline to support the additional charge, LAFCO staff anticipates that the reorganization proposal will be fully prepared for Commission consideration by January or February 2026. In either scenario, LAFCO remains committed to providing strong leadership and fostering community dialogue to ensure that the outcome best serves the long-term fire protection and emergency medical needs of Pajaro Valley residents.

Fire Memorandum of Understanding (Potential Fire Study)

Since November 2024, LAFCO staff has actively participated in a stakeholder group with representatives from the City of Santa Cruz, Central Fire District, and Scotts Valley Fire Protection District. Early discussions produced consensus on engaging an independent consultant to assess the benefits and limitations of potential shared services arrangements (including but not limited to reorganizations or consolidations) through the development of a comprehensive feasibility study. To formalize this collaboration, a memorandum of understanding (MOU) was prepared among the four participating agencies. The City of Santa Cruz and LAFCO approved the MOU during their respective board meetings in May 2025. However, the Central Fire District Board declined to adopt the agreement, and the Scotts Valley Fire Protection District opted to table the item pending further discussion among the affected parties.

The stakeholder group reconvened in early June to consider next steps for pursuing shared services opportunities, with or without an MOU. While no formal action was taken, the discussion underscored the need for decisive leadership. As a result, LAFCO is prepared to take a proactive role in guiding this process, fostering continued collaboration among all parties, and ensuring that governance options are thoroughly evaluated as part of the upcoming 2026 Countywide Fire Report.

Felton Fire Protection District Governance Options Analysis

The commission directed staff to develop a governance options report for Felton FPD in June 2025 with an expedited deadline (in other words, as soon as possible). LAFCO published a report in July 2025 identifying 12 possible governance options for Felton FPD and its residents to consider. Felton FPD subsequently sent a letter in September to LAFCO (see **Attachment 1**) indicating they will pursue a dual-approach: (1) consider a new funding source to remain as a standalone fire district and (2) consider a reorganization with a neighboring fire agency.

New Funding Source

LAFCO's Governance Options Report included a dedicated chapter outlining the process for evaluating potential new funding sources. Based on its analysis, LAFCO staff

determined that the Felton Fire Protection District (FFPD), which currently collects approximately \$1.1 million in annual revenue, does not have sufficient funding to sustain an appropriate level of fire protection and emergency medical services for its community. Consequently, regardless of the governance option ultimately selected, securing additional and ongoing revenue will be essential to supplement the existing funding stream. The exact amount of supplemental revenue required will depend on the cost of the service model chosen, and the difference between current revenues and projected service costs will determine the scale of any charges applied to parcels within the FFPD territory.

As an illustrative example, the report presented a hypothetical scenario in which the Felton community supported maintaining three personnel on duty 24/7. Under this model, an estimated \$2 million in additional funding would be required. Using a simple calculation, dividing \$2 million by the 3,085 parcels in the district, LAFCO staff arrived at a figure of \$648.30 per parcel and, for clarity, rounded the estimate to approximately \$700 per parcel annually. It is important to emphasize that this figure was provided solely for illustrative purposes. A comprehensive feasibility study would be necessary to determine the precise cost implications of any governance alternative for individual Felton residents.

Conclusion

Fire agencies throughout California and across the nation are contending with significant and persistent challenges, including escalating operational costs, declining numbers of both volunteer and career firefighters, and the increasing prevalence of year-round fire seasons. Within Santa Cruz County, a growing and aging population is further elevating expectations for prompt emergency medical response and dependable fire protection services. In light of these factors, local fire agencies have demonstrated a greater willingness to evaluate alternative and collaborative strategies to address shared operational and fiscal pressures. More importantly, these agencies now regard this Commission as a valued partner in advancing effective and efficient governance and have actively invited LAFCO's participation in developing long-term solutions. LAFCO staff remains fully committed to providing the necessary expertise and support to assist in these efforts.

Respectfully Submitted,

Joe A. Serrano Executive Officer

Attachment: Felton FPD Letter (dated 9/2/25)



To: Joe Serrano, Executive Officer Local Agency Formation Commission – Santa Cruz

From: Isaac Blum, Interim Chief, Felton Fire Protection District

Date: September 2, 2025

Regarding: LAFCo report dated July 25, 2025

Felton Fire Protection District Governance Options Analysis Report

Dear Mr. Serrano, this letter is in reply to your request to provide a decision by the Felton Fire Protection District on or before October 6th, 2025, regarding the twelve governance options outlined within your report.

It is the intent of the Felton Fire District to choose two concurrent options to ensure reliable, competent and continued services are provided for the community of Felton. The district expects to put forth effort into both options simultaneously to ensure that in the event one option becomes unviable that a transition to the secondary option will be as expeditious and seamless as possible.

As a primary option the Felton Fire District would like to exercise its right to remain an independent special district. In choosing such option the district realizes that it must successfully fulfill the requirements set forth by LAFCo in the report, as well as successfully pass a tax measure to ensure financial responsibility for the forceable future.

As a secondary option the district would like to enter into a reorganization with one of the twelve agencies identified in the report. Letters are presently being sent to districts that have expressed interest or appear to be viable options for further talks into reorganization.

I respectfully ask to meet in person to discuss further details of both options and identify any concerns LAFCo may have.

I thank you for your time.

Respectfully,

Isaac Blum

Interim Chief, Felton Fire Protection District

Signature: Blum

Date: 09-03-2025

Cosigned: Norm Crandell

Chair, Felton Fire Protection District Board of Directors

Signature:

Date: 3 Syst 2025

Agenda I tem No. 8a



Santa Cruz Local Agency Formation Commission

Date: October 1, 2025

To: LAFCO Commissioners

From: Francisco Estrada, LAFCO Analyst

Subject: Press Articles during the Month of August and September 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: "LAFCO examines governance solutions for Felton Fire Protection District". The article dated August 20, provides information on a governance options report developed by LAFCO for the distressed Felton Fire Protection District (FFPD). The report identifies unbalanced growth, leadership instability, underfunded operations, volunteer decline and a patchwork of solutions as the source for the district's ongoing challenges. The article does note that the district has worked to address and improve certain issues, and the interim fire chief has identified possible options to pursue moving forward and remains optimistic FFPD can remain as a self-sustaining entity.

Article #2: "California American Water Files Motion for Summary Judgement on Hostile Government Takeover Attempt". The article, dated August 21, informs the public that California American Water has filed a motion to dismiss the Monterey Peninsula Water Management District's lawsuit that sought to take ownership of the company's Monterey Peninsula water system through eminent domain. California American Water and its processor companies have operated the water system for 60 years and argue that the water district failed to both get the required approval from Monterey LAFCO and does not possess the authority to be a retail water provider.

Article #3: "Pajaro Valley Health Care District moving to zone elections, seeks public input". The article, dated August 25, describes efforts by the Pajaro Valley Health Care District to move from at-large to district-based elections. The district will be hosting events and providing the public with an opportunity to provide feedback or ideas on how equal representation should be drawn out. CEO Stephen Gray noted that the purpose of their efforts is to ensure representation for all residents in every corner of the Pajaro Valley.

Article #4: "Sacramento County Supervisors turn down Isleton \$800k Ioan plea, leaving options on table". The article, dated September 4, explains a recent decision made by the Sacramento County Supervisors to reject a loan request made by the struggling City of Isleton, citing the high risk involved in such an action. Although discussions will continue, Isleton residents could be responsible for whatever outstanding debt is left in case of disincorporation. Isleton's interim city manager has stated that they are considering three options, including disincorporation through Sacramento LAFCO.

Article #5: "Scotts Valley Vice Mayor resigns". The article, dated September 9, announces the resignation of Scotts Valley Vice Mayor (and former Commissioner), Alan Timms, after informing the public that he was no longer going to reside in the city. The city will now work to determine his replacement and will consider a pool that currently includes three candidates to fill his vacated seat.

Article #6: "La Jolla group countersues city of San Diego in independence drive". The article, dated September 9, details a countersuit brought on by the Association for the City of LA Jolla against the City of San Diego, who is challenging their efforts to make La Jolla an independent municipality. The City of San Diego has cited "substantial irreparable harm" as the reason for their legal challenge, but leaders of the nonprofit organization will move forward with a feasibility study to determine if La Jolla could be viable as its own city. If residents are successful in their incorporation efforts, La Jolla could be the first city in California to detach from another city.

Article #7: "Should more fire districts become part of Cal Fire/County Fire? The Grand Jury thinks so, but San Miguel and Alpine districts hotly contest that finding". The article, dated September 11, provides information on the response by local fire districts to the findings of a Civil Grand Jury report published in San Diego County, which recommended consolidation with County Fire for many smaller districts. The article provides information on why some independent districts and leaders, like the San Miguel Fire Chief, are pushing back on that finding and explain the importance of remaining a standalone fire district for their residents.

Article #8: "Everything you need to know about Santa Cruz County's proposed vector control assessment". The article, dated September 11, explains the proposed new benefit assessment being considered by voters in Santa Cruz County to raise revenue for the county's Mosquito and Vector Control Division. If funding windfall is approved through the ballot measure, the division will be able to provide enough revenue to continue with mosquito and vector control population reduction efforts, disease testing and public health monitoring, preservation of existing staff and operations, and expanded public outreach and education. Voters have until November 4 to submit their ballots.

Article #9: "Felton Fire floats parcel tax to save district". The article, dated September 12, explains that the Felton Fire Protection District considered pursuing a parcel tax at their recent board meeting. Chief Isaac Blum noted that staff is still working to determine what parcels could be exempt without limiting potential total revenues. If the ballot initiative fails, Felton Fire may need to consider merging with a nearby public entity or with County Fire. Both options may include the need to extend existing benefit assessments and/or special taxes to Felton residents and ensure adequate funding is collected to provide fire protection and medical emergency service demands within the community.

Article #10: "Details of proposed Felton Fire tax remain unclear". The article, dated September 17, provides an update on the proposed parcel tax to support the staffing levels and fire protection operations of Felton Fire Protection District. Interim Fire Chief Issac Blum has drafted different levels of staffing based on what different revenue totals could support for the residents of the Felton community. The Felton Fire board will again consider language for the proposed ballot initiative at their next meeting.

Article #11: "Colantuono/Highsmith/Whatley, PC Newsletter, Summer 2025". The newsletter, from its Summer 2025 edition, provides articles on various topics including but not limited to the recent Propositions 218 and 26 legal challenges brought on throughout the state; the increased scrutiny in the use of social media by elected representatives; and a recent Supreme Court victory for El Dorado in defending the development and application of its impact fees.

Respectfully Submitted,

Francisco Estrada LAFCO Analyst

Attachments:

- 1. "LAFCO examines governance solutions for Felton Fire Protection District"
- 2. "California American Water Files Motion for Summary Judgement..."
- 3. "Pajaro Valley Health Care District moving to zone elections, seeks public input"
- 4. "Capitola City Council appoints Susan Westman to fill vacant seat"
- 5. "Scotts Valley Vice Mayor resigns"
- 6. "La Jolla group countersues city of San Diego in independence drive"
- 7. "Should more fire districts become part of Cal Fire/County Fire?..."
- 8. "Everything you need to know about Santa Cruz County's proposed vector..."
- 9. "Felton Fire floats parcel tax to save district"
- 10. "Details of proposed Felton Fire tax remain unclear"
- 11. "Colantuono/Highsmith/Whatley, PC Newsletter, Summer 2025"

8A: ATTACHMENT 1

pressbanner.com

LAFCO examines governance solutions for Felton Fire Protection District

Christina Wise

8-10 minutes



Felton Fire Protection District leaders and community members are discussing future governance options to ensure sustainable fire services. (SLV Steve)



Santa Cruz LAFCO (Local Agency Formation Commission) directed staff on June 4 to conduct an analysis of all possible governance options for consideration and implementation by the Felton Fire Protection District (FFPD).

"The goal of this report was to clearly explain the issues currently faced by Felton FPD, and more importantly, identify all the possible solutions to ensure the effective and efficient delivery of fire protection and emergency medical services to the Felton community," according to the <u>LAFCO</u>

website.

LAFCO's charge is to oversee special districts within the county. The organization is a state-mandated agency in California that oversees changes to the boundaries of cities and special districts, of which FFPD is one. Specifically, they are responsible for approving or denying proposals for reorganizations of these local government entities.

Given the sprawling challenges that FFPD has endured in recent years, the July 25 release of the LAFCO report created a surge of renewed interest in the difficulties that the district is facing. The report traced back issues related to five main problematic metrics within FFPD over the past four years: unbalanced growth, leadership instability, underfunded operations, volunteer decline and patchwork solutions.

While the Press Banner has reported on the repeated upheavals of leadership at FFPD, the LAFCO report goes into greater detail regarding the other issues plaguing the district. As a result, the report established 12 options for district leadership to consider in an effort to maintain a functioning fire department—variations included reorganization and contractual agreements with sister fire departments, along with a standalone option for the district.

FFPD Chief Isaac Blum narrowed those choices down to just a few.

"Several of the departments listed in the report as having the potential for reorganization or contract said they were never contacted and have no interest in moving forward with the LAFCO recommendations," Blum said.

The report gave FFPD an Oct. 20 deadline to select one of the proposed options for the district's sustainability.

In reviewing the report and the proposed options, Blum said the contents of the report's findings were accurate, but added that they didn't take into account the recent changes within the district.

"The LAFCO report took a screenshot of the last four years of the district, with the reporting ending at the point of our agreement with Ben Lomond Fire," said Blum, who acknowledged that the report addressed the failures within the department leading up to the Ben Lomond Fire Department (BLFD) agreement. "The report gives us a roadmap of where to go, and I appreciate that."

Blum noted that since the separation with BLFD, Felton has been staffed 24/7 with no lapse in coverage and their volunteer roster has increased to the point that he doesn't have the capacity to onboard all of those who have submitted applications.

"We're going to have to bring them on in tiers in order to fulfill the training requirements for each applicant," he said.

He also indicated that the issue with not having enough driver operators for their apparatus has been overcome, saying, "We've had some promotions to ensure our staffing levels are appropriately maintained."

Blum pointed to a number of improvements within the district over the past four months, namely the increase in volunteers on staff. While he accepts and appreciates the findings, he also wants the community to know that the department is moving forward in a proactive manner.

"We are running much like a paid department but on a stipend basis of \$125/day," Blum said. "We have solid coverage and our response times have been reduced."

In late 2024, BLFD entered into a two-year agreement with FFPD for service and leadership coverage; BLFD's Chief Stacie Brownlee was brought on to help FFPD address the very issues that were highlighted in the LAFCO report. A tumultuous period followed, and as a result of poor communication, heavy-handed governance by the FFPD board and accusations of sexual harassment toward Brownlee by a Felton board member, the BLFD board terminated the shared agreement effective June 2025.

That brought the Felton department back to square one; at the same time, one of the FFPD board members nominated into his position in January 2025, Doug Conrad, submitted his resignation in mid-June after serving less than six months of his two-year term, leaving district leadership scrambling to fill the void before a special election was mandated by the

county.

Felton resident and Firewise board member and advocate Craig Winter was appointed to fill Conrad's seat on July 25, the same day the LAFCO report was released. (Firewise USA is a program administered by the National Fire Protection Association that "empowers communities to become more resilient to wildfire. It provides a framework for neighbors to work together, assess their wildfire risk, and take action to reduce the potential for damage from wildfires," according to its website.)

Winter and his family moved to Felton from Los Angeles about seven years ago, and was a relatively new resident when the CZU Fire swept through the San Lorenzo Valley in August 2020. While the experience was traumatic, Winter said that wasn't his main motivation for joining the Firewise and FFPD boards.

"I like purpose and making a high-impact difference," said Winter, who is in the tech sphere and credits his interest in problem-solving to his career as a generative AI strategy adviser and product manager. "In my role, I focus on roadmaps and creating compromise to establish and achieve priorities," all of which seems to complement his work on both boards.

On Aug. 16, Winter and Blum took to the stage at Felton Community Hall for a Felton Fire Department Revival Meeting, during which they addressed issues around call volume, the lack of tax income (no increases in the last 30 years), the lack of sustainability around the current volunteer firefighter structure, budgetary concerns and what the community can do to support the district.

Around 160 community members attended the meeting, with the conversation ranging from posting reflective green address signs (available through Zayante Fire Department) to an upcoming special election on the proposed parcel tax to using life skills to support the department (social media posts, Firewise engagement opportunities and bringing baked goods to the station). As Winter said, "You don't need to be a firefighter to support the Felton district."

Overall, Winter was pleased with the outcome of the event, although he wished more residents had attended.

"Felton has a population of around 6,000 people, so there are a lot of opportunities for us to invite community members to participate in supporting the district," he said.

Like Blum, Winter is optimistic that FFPD can emerge from this contentious period as a self-sustaining entity, so long as the public votes to approve the parcel tax assessment.

"I prefer not to see this as a tax on the public as much as an opportunity for us to have a sustainable fire service in Felton. This is an opportunity for Felton residents to vote on their future as a community, and I want people to see this as their choice," Winter said.

If FFPD selects that stand-alone option for the health of the department, the LAFCO report recommends a \$700 annual flat tax per parcel. Winter and fellow board member Erica Schwanbeck were tasked with investigating the stand-alone option, while board members Jim Anderson and Mike Shults looked into the potential of a shared service agreement or consolidation with a sister fire agency; both teams reported their findings in the FFPD board meeting on Aug. 18.

With both options on the table, the decision was made to investigate the stand-alone option as the primary consideration with consolidation as the secondary. Winter and Chief Blum both reiterated the fact that either option would be costly to the residents of Felton, and the stand-alone option would need to be voted on in a special election this fall.

Results of the investigation of FFPD maintaining independence will follow in the weeks to come.

8A: ATTACHMENT 2

morningstar.com

California American Water Files Motion for Summary Judgment on Hostile Government Takeover Attempt

5-6 minutes

California American Water Files Motion for Summary Judgment on Hostile Government Takeover Attempt

California American Water has filed a Motion for Summary Judgment asking the Monterey County Superior Court to enter Judgment in favor of California American Water and dismiss the Monterey Peninsula Water Management District's (District) lawsuit seeking to take ownership of the company's Monterey Peninsula water system through eminent domain. The motion argues that the District cannot meet fundamental legal requirements needed to proceed with its action, which therefore should be dismissed.

"California American Water is the Monterey Peninsula's provider of safe, reliable water service. Our team is focused on and remains committed to serving their community," said Evan Jacobs, Director of External Affairs. "The District does not have the required Monterey County LAFCO approval or authority to be a retail water provider and has spent more than \$3 million dollars of residents' funds on their misguided effort."

California American Water's motion asserts that the District lacks legal authorization from the Monterey County Local Agency Formation Commission (LAFCO) to provide retail potable water service. In addition, California American Water asserts that the District is not and has never been an operator of a public water system responsible for the provision of safe drinking water to homes, schools and businesses.

The District was created to manage water resources and endeavor to find

new, reliable water sources. It is not a retail potable water provider. Subject to any appeals, the Motion for Summary Judgment will end the eminent domain case with judgment in favor of California American Water.

"The Water Management District needs to focus on its original charge, to secure reliable new water sources for the Monterey Peninsula and protect the Carmel River," said Jacobs. "Instead, they are focused on lawsuits that are driving up costs for local residents."

California American Water and its predecessor companies have operated the Monterey Peninsula's water system for more than 60 years. The system currently serves roughly 100,000 people with a network of over 680 miles of pipeline and over 100 storage tanks. It is one of the most complex water systems in California.

About American Water

American Water (NYSE: AWK) is the largest regulated water and wastewater utility company in the United States. With a history dating back to 1886, We Keep Life Flowing® by providing safe, clean, reliable and affordable drinking water and wastewater services to more than 14 million people with regulated operations in 14 states and on 18 military installations. American Water's 6,700 talented professionals leverage their significant expertise and the company's national size and scale to achieve excellent outcomes for the benefit of customers, employees, investors and other stakeholders.

For more information, visit <u>amwater.com</u> and join American Water on <u>LinkedIn</u>, <u>Facebook</u>, <u>X</u> and <u>Instagram</u>.

About California American Water

California American Water, a subsidiary of American Water, provides safe, clean, reliable and affordable water and wastewater services to approximately 750,000 people. For more information, visit www.californiaamwater.com and follow California American Water on LinkedIn, Facebook, X, and Instagram.

9/22/2025, 12:46 PM

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9/22/2025, 12:46 PM

8A: ATTACHMENT 3

santacruzsentinel.com

Pajaro Valley Health Care District moving to zone elections, seeks public input

Nick Sestanovich

3-4 minutes

WATSONVILLE — Three years into its existence, the Pajaro Valley
Health Care District Board of Directors is already seeking to make a major
change in how its directors are elected.

Currently, its directors are elected at large, meaning they are voted on by residents throughout the Pajaro Valley Health Care District's boundaries, which span 108 square miles from Aptos to Pajaro. The district is looking to move to "by-zone" elections where the district will be divided into zones where, starting in 2026, voters will elect a board member who represents and resides in different zones.

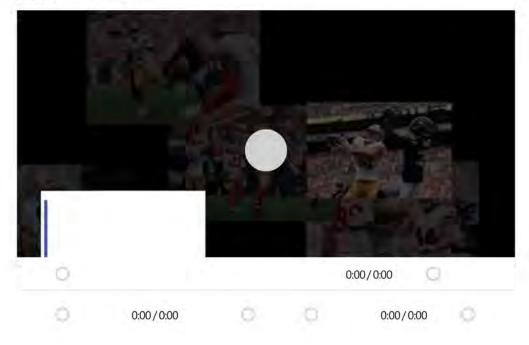
The district will be hosting its first public hearing at 5:15 p.m. Wednesday where the public is invited to share their thoughts on what the zones should look like. A community forum for those who want to learn how to create and submit maps will be scheduled for 5:30 p.m. Sept. 17, and an additional public hearing is scheduled for 5:15 p.m. Sept. 24.

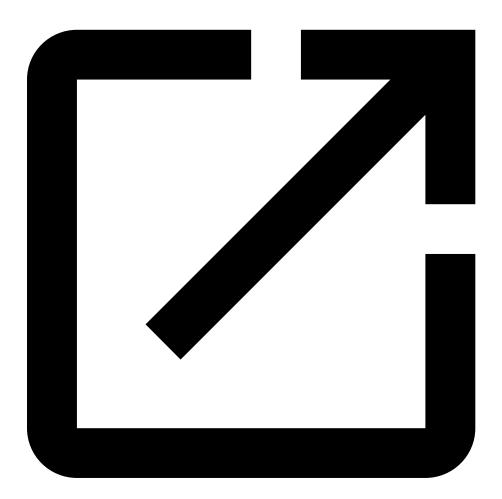
The deadline for the public to submit map ideas is 5 p.m. Oct. 17, after which another public hearing is scheduled for Oct. 29. A community forum will take place at 5:30 p.m. Nov. 15, followed by the revised map deadline of 5 p.m. Nov. 7 and the release of the revised draft maps Nov. 12. A fourth public hearing, in which the board may vote to select a map, is slated for Nov. 19. A potential fifth public hearing is scheduled for Jan. 28, 2026, in which the board will vote to approve the final map and the election sequence.

All hearings and forums will take place in the Pajaro Valley Health Trust Community Room, 85 Nielson St. Those unable to attend any of the

meetings in person are encouraged to email their ideas to zones@pvhcd.org.

"This transition is about ensuring representation for all corners of the Pajaro Valley," Stephen Gray, CEO of the Pajaro Valley Health Care District and Watsonville Community Hospital, said in a statement. "We encourage community members to share their stories, define their neighborhoods, and help us draw zones that reflect the diversity and history of our region."





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District officials wrote in a news release that the transition to zone-based elections is partly intended to comply with Senate Bill 418, which Gov. Gavin Newsom signed into law in 2022. The legislation, authored by Sen. John Laird (D-Santa Cruz), led to the creation of the Pajaro Valley Health Care District, which now manages the Watsonville Community Hospital following 23 years of for-profit ownership and a bankruptcy scare and near closure of the hospital in 2021. Among other things, the district's creation led to a five-member board of directors who vote on matters related to the hospital.

For information on the process of moving to zone-based elections, go to DrawPajaro.org.

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8A: ATTACHMENT 4

abc10.com

Sacramento County Supervisors turn down Isleton \$800k loan plea, leaving options on table

Gurajpal Sangha

4-5 minutes

County staff also recommended denying the loan. Supervisors agreed, but Hume noted they are leaving room for continued talks.

SACRAMENTO COUNTY, Calif. — <u>Sacramento County</u> <u>supervisors</u> rejected the <u>City of Isleton's</u> request for an \$800,000 loan Wednesday, a decision that city leaders said could push the small Delta community closer to bankruptcy.

Supervisors said the risk of using county funds at this time was too high.

"They are in a pretty significant tailspin right now," said Sacramento County Supervisor Pat Hume. "If they choose to disincorporate, whatever outstanding debt does not go away, it now transfers over to the responsibility of the residents of Isleton."

County staff also recommended denying the loan. Supervisors agreed, but Hume noted they are leaving room for continued talks.

"We are keeping a door ajar," Hume said. "I will work with our staff and the City of Isleton staff to try and flush out what the financial future of Isleton looks like. They did receive a state grant to hire on [an] auditor to basically go back and rebuild their financials for the last however many years. That is a positive thing, that is going to give us a good picture."

For Isleton residents, the city's financial problems, with debt around \$4.7 million, go beyond numbers on paper.

"Living in town, just taking it one day at a time, know, it's affecting us

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slowly, obviously, but over time it takes its toll," said Isleton resident Matthew Velasquez.

Interim City Manager Jon Kennedy told ABC10 that leaders are modeling three paths forward: stabilizing cityhood through Chapter 9 bankruptcy and financial restructuring, pursuing preservation without bankruptcy if possible, or considering disincorporation through the Local Agency Formation Commission.

Statement from Jon Kennedy, Interim City Manager:

"We appreciate Sacramento County's engagement and Supervisor Hume's practical approach. While the loan decision wasn't a surprise, we're rigorously modeling three paths: (1) a stabilization plan that preserves cityhood, potentially via Chapter 9, through tight cash management, expense controls, aligning revenues and rates, stabilizing insurance coverage, and restructuring obligations; (2) a preservation path without Chapter 9 if feasible through negotiated workouts and interagency partnerships; and (3) potential disincorporation through LAFCO, including how essential services would be provided. We owe residents an honest picture of the tradeoffs, and our north star is continuity of essential services."

Supervisors pressed Isleton officials for a clearer plan.

"The question that I have and you don't need to answer now, but please take it back to your council is, what is going to change?" said Sacramento County Board Chair Phil Serna.

"We are going to reverse this legacy of shame, noncompliance and isolation," said Isleton Mayor David Kent.

County leaders said they will continue working with Isleton but want to see more concrete steps before committing taxpayer dollars.

ABC10: Watch, Download, Read

1/13

8A: ATTACHMENT 5

santacruzlocal.org

Scotts Valley Vice Mayor resigns - Santa Cruz Local

Jesse Kathan

2-3 minutes

Scotts Valley Vice Mayor Alan Timms has announced his resignation and move from the city. (Marcello Hutchinson-Trujillo — Santa Cruz Local file)

SCOTTS VALLEY >> Scotts Valley Vice Mayor Alan Timms announced his resignation from City Council during Thursday evening's meeting.

"It's a very considered decision that has taken some significant time to come to," he said at the city council meeting. "It is for personal reasons, and I will be leaving the city, so I can no longer serve on the council."

Timms' resignation is effective today. The city now must decide by Nov. 4 whether to fill the seat by appointment or a special election. The replacement would stay in office for the remainder of Timms' term, which ends December 2026.

Timms said Scotts Valley's staff and leadership has "transformed over the three year period" since he took office, Timms said at Thursday's meeting. "It's become this highly organized, highly effective, high performing organization that really has taken a huge leap forward in how the city operates."

The city council is set to discuss the process for choosing Timms'

replacement at the next city council meeting Sept. 17.

"It's very disappointing that you're leaving, and we do understand life comes up," said Scotts Valley Mayor Derek Timm. "You're going to leave a void that we're going to have to work hard to fill."

Timms is the second Vice Mayor in Santa Cruz County to resign this year, following <u>Alexander Pedersen's departure</u> from the Capitola City Council in May. The Capitola City Council appointed former councilmember Margeaux Morgan, who had lost a reelection bid in November 2024, as Pedersen's replacement.

Three candidates — Corky, Dustin Lopez, John Lewis and Mercedes Molloy— ran unsuccessful campaigns for <u>Scotts Valley City Council in</u> the Nov. 4, 2024 election. They or other Scotts Valley residents could seek to fill the vacant position.

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8A: ATTACHMENT 6

LA JOLLA VILLAGE NEWS

A Times of San Diego Publication

POLITICS

La Jolla group countersues city of San Diego in independence drive



by Dave Schwab • Times of San Diego Sept. 9, 2025, 10:02 a.m.



The Association for the City of La Jolla has an information tent set up in La Jolla. (Photo by Sharon Wampler/Special to La Jolla Village News)

LA JOLLA – A nonprofit group seeking to make La Jolla an independent municipality has countersued the city of San Diego in an escalating battle over whether to put the issue on the ballot.

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The <u>Association for the City of La Jolla</u> told residents at a Sept. 2 public meeting that they've filed an action seeking to have the city's suit voided. That legal action, known as an anti-Strategic Lawsuit Against Public Participation (SLAPP) motion, was taken in response to a lawsuit brought by the city against the <u>San Diego</u> <u>County Local Agency Formation Commission</u> (LAFCO), a state agency regulating the creation, expansion, and reorganization of local government agencies.

The grassroots association's anti-SLAPP motion argues that the city's lawsuit is "a meritless attempt to obstruct democratic participation and silence a public-interest effort through costly litigation."

The city has amended its lawsuit challenging the ongoing effort to detach La Jolla from San Diego. The city is maintaining that a regional agency's plans to proceed with the incorporation review process would impose "substantial irreparable harm" on it due to costs associated with city staff time required to review Association for the City of La Jolla's proposal.

In a prepared statement, the association argued that "The city's shifting legal claims, first alleging insufficient (ballot initiative) signatures, and now citing economic inconvenience, reveal its true intent: to suppress lawful civic engagement. This is a textbook case of voter suppression. San Diego voters should be deeply alarmed that City Hall is using public funds to attack a community-driven process, one that simply seeks an open and transparent assessment of whether La Jolla could operate as an independent city. In the end, the decision of becoming a city belongs to the voters."

Leaders said the next step in the formal process for La Jolla to become a new city is to ask, "Could La Jolla stand on its own? A question that has been raised for decades."

The reconstituted organization's board, with Diane Kane as its new president and Ed Witt as vice president, introduced itself at La Jolla Riford Library, with new board members addressing why incorporation is important – and why they're involved.

"This is truly a community-driven campaign," said Kane. "This would not have happened without you (public)." Kane added that the group is "hopeful the court will rule in our favor."

Kane noted that the organization will have to hire a consultant to conduct a final feasibility report on whether La Jolla could be viable as its own city, a process she expects to take six to 9 months. She added that the current timeline is to get the question of cityhood for La Jolla on an election ballot in 2028.

Witt referred to the adages that "freedom is not free" and that it "takes a village" to accomplish community endeavors. Of incorporation, he pointed out, "This is our best, and I guess last chance, to do this."

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Witt pointed out the novelty of the efforts. "This attempt at cityhood, for all of us, is extremely historical," he said. "It has never been done before. Never has a city in California left a city. There have been cities that have left counties. But never a city separating from a city: This is a big deal."

Board member Jeffery F. Scott talked about why he's involved in the incorporation effort. "What I bring to the party is financial management," he said. "To do this right, we can't afford to make a mistake. This is a once-in-a-lifetime opportunity."

Noting her passion is parks and beaches, board member Mary Munk stressed there is a long way to go for La Jolla to incorporate, adding what's needed most is fundraising dollars to keep the cause going. "When you look at the numbers, we need \$6 million to \$8 million for a campaign," she said, pointing out the rules require a successful incorporation to be revenue neutral. "The new city of La Jolla will be required to pay some kind of alimony (to San Diego)," she noted.

Board member Sharon Wampler, a biotech scientist, has been busy "crunching the numbers" with the paperwork required by LAFCO. "I've been here 36 years and I just saw an opportunity for improvement and self-determination and for the community to actually be better," she said of her motivation for getting involved.

Board member and commercial real estate professional Ted Levis disclosed his motivation for joining the group, noting he's become "frustrated with the city and what it's done – and not done – for our community. Suppressing the voters is not the American way. I can't sit around and see that happen."

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8A: ATTACHMENT 7

eastcountymagazine.org

Should more fire districts become part of Cal Fire/County Fire? The Grand Jury thinks so, but San Miguel and Alpine districts hotly contest that finding

15-20 minutes



By Karen Pearlman

September 11, 2025 (San Diego County) -- San Miguel Fire Consolidated Protection District is taking the lead in challenging a San Diego County Civil Grand Jury report(link is external) released earlier this year that recommends consolidation of fire protection districts around San Diego County, and recommending that "willing" districts become part of the San Diego County Fire Protection District. The goal is to improve fire protection services.

San Miguel Fire Chief Andy Lawler is pushing back against a narrative that recommends standalone fire districts like his become part of the California Department of Forestry and Fire Protection (CalFire). Alpine Fire also aims to stay independent, while some other districts have already relinquished local control, in most cases voluntarily though one

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community fought consolidation in court.

History of fire consolidation efforts in San Diego County

"Since the tragic 2003 Cedar Fire the Grand Jury has paid close attention to San Diego County programs to address wildfire prevention and response in unincorporated areas. The most recent report commended actions taken by what was then known as the San Diego County Fire Authority in close partnership with CalFire to improve round-the-clock fire services across the unincorporated areas and to consolidate 15 (of 28) rural FPDs," states the Grand Jury report.

The San Diego County Fire Protection District (SDCFPD) is a unique and integrated system. Rather than being a single, standalone department, it's a cooperative model where CalFire provides fire and emergency services under a contract with the County of San Diego.

In unincorporated areas of the county, some firefighters and command staff are CalFire employees, but they operate under the direction of the San Diego County Fire Authority which oversees the SDCFPD.

Others are notable standalones that remain independent including San Miguel, the Alpine Fire Protection District, Lakeside Fire Protection District and several others.

Some formerly independent districts have already been consolidated under the County Fire and CalFire umbrella. Borrego Springs joined the county system in 2023 at the request of the Borrego fire district. In some rural areas, where there weren't enough volunteer firefighters to man the station many days, the service likely improved.



Residents in Julian, by

contrast, balked at the county taking over its volunteer fire department, sparking a lawsuit in which the county prevailed, so the volunteer district

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was dissolved. After consolidation, some residents complained of safety issues such as a Cal Fire engine stuck in snow due to lacking a snow plow, as well as reports of brush rigs being first to respond to some fires instead of a larger rig, which may have resulted in structures lost. There have also been anecdotal complaints of fire stations in remote areas such as Ranchita sometimes left unattended. ECM has asked for staffing records for selection stations, but has not yet received a response.

Photo, left: A Julian business posted a banner opposing Cal Fire moving into the former Julian Volunteer Firefighters' station.)

The Grand Jury report notes that Borrego Springs "cited financial considerations in their respective decisions" to approach San Diego County Fire "and request that SDCFPD assume their fire protection responsibilities." Borrego, as well as Ramona (which contracted with the county in 2022) benefitted by receiving new personnel and equipment as well as commitments to improve facilities as part of their transition to SDCFPD.

"The Ramona and Borrego Springs experiences speak to the efficacy and value of further consolidation of fire services under SDCF," the Grand Jury report said.

San Miguel's return to independent status

The San Miguel district has a major stake in the region because it is the largest in the county, covering 47 square miles including Casa de Oro, Spring Valley, Grossmont, Mt. Helix, Rancho San Diego, Dehesa, Crest, Bostonia, and unincorporated parts of El Cajon and La Mesa.

San Miguel also has a unique history with consolidation.

While facing serious budget cuts and a decline in property tax revenues, San Miguel Fire's Board of Directors in September 2012 entered into a 5½-year contract with Cal Fire for its fire protection needs. But the SMFPD board terminated the deal in 2016 to take back its standalone status in July 2017, after consolidation opponents won election. Those favoring returning to independent status indicated that firefighters were asked to work longer hours, leading to fatigue.

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"If you look at our district as a whole, we are more sensitive to this topic than probably most because of what we went through," Chief Lawler said. "I think as long as the (San Miguel governing) board is OK with it, I'm not going to sit on my heels... It's bureaucratic red tape when you get into it, especially in that system. And what's really blurred here is we say 'County' but we need to remember the patch they have on the side both sides of their arms it's a State patch. And I think that's a problem — they're saying they're county but they are the state of California."

The Findings of the 2024-25 Grand Jury

The Grand Jury report notes how in recent years, fire risk has intensified. In 2024, CalFire reported the County responded to 32 fires with more than 10 acres of destruction each, and noted that most of those occurred in unincorporated areas.

The risk is even greater, the Grand Jury reports, because development along the urban-wildland interface has expanded continuously -- with county estimates suggesting the potential for 60,000 additional residential units. Industrial expansion is also underway in unincorporated areas, including at least 10 projects under review for the construction of additional Battery Energy Storage Systems, which have been linked to increased fire risk.

The Grand Jury's findings included:

- · Given rising costs of personnel, construction and equipment, "fire protection districts in unincorporated areas "should expect to require increased resources to effectively prevent and respond to wildfires."
- Consolidation has improved response times, upgraded equipment, augmented staff and in other ways improved fire protection across the San Diego County Fire Protection District's area of responsibility.
- Uniform defensible space and burn permit codes contribute to fire prevention efforts across unincorporated county areas.

Its recommendations included:

Explore consolidation of "additional willing FPDs (Fire Protection Districts) to improve overall efficiency and community safety."

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- Lead an effort with current FPDs to standardize defensible space requirements and controlled burn permitting across the unincorporated areas.
- · Increase cooperation with FPDs to maximize opportunities to meet wildfire hardening standards (landscape practices designed to make structures more resistant to ignition from fires), receive home inspections and enhance access to fire insurance.

Lawler said that while San Miguel appreciated the Grand Jury's intent to improve wildfire resilience and the provision of services, it disagrees on several items.

Lawler did not mince words in his official response to the Grand Jury report, which was published in May, and made several findings and recommendations for the County to consider.

"The Grand Jury's report raises important concerns about wildfire preparedness, but its call for accelerated consolidation under the San Diego County Fire Protection District overlooks the proven value of local governance and the broad range of emergency services provided by independent fire agencies," Lawler wrote in his official response to the report.

"SMCFPD operates with legal authority, strong community trust, and an established record of operational effectiveness. While regional coordination is essential, this can and does occur through mutual aid, shared training, and formal agreements — without sacrificing local control.

"A one-size-fits-all approach risks eroding tailored fire prevention efforts and community engagement while creating potential disruptions to other emergency services currently provided by Fire Protection Districts.

SMCFPD emphasizes collaboration over consolidation and proven local leadership over structural mandates."

Lawler pointed out that local governance is constitutionally and statutorily protected, that "local control over the types, levels and availability of these services is a long-standing tradition in California." He said that FPDs are embedded deeply in their communities and that its structure of elected

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local boards for governing purposes are "tailored to the unique geographic, ecological and cultural needs of their jurisdictions."

Lawler said that San Miguel responds to about 15,000 calls for service annually and provides rescue, EMS and hazardous material response. It also offers weed abatement that ensures the clearing of hazardous vegetation through a dedicated contractor -- a service the county lacks.

He also shared that San Miguel has demonstrated operational excellence and fiscal responsibility independently and was recognized in a 2025 national award granted by the Government Finance Officers Association.

Alpine opposes consolidation

Alpine Fire District Fire Chief Brian Boggeln said his district agrees about the need for consistency in defensible space requirements and supporting community in wildfire preparedness, and works with the County FPD and other neighboring agencies.

But Boggeln expressed concerns about maintaining the independence and accountability the district has had since it formed in 1957.

"We are directly accountable to our community, both fiscally and operationally, and we believe that model continues to serve Alpine well," Boggeln said. "While we support regional collaboration, we do not believe consolidation is in the best interest of Alpine residents."

He said there is concern that if Alpine were to be absorbed by the San Diego County Fire Protection District, the community could lose the direct representation and local governance it has today.

Its elected board of directors, all Alpine residents, "knows the unique needs of this community and responds directly to them."

He said that on July 15, the Alpine Fire District board voted unanimously to affirm that the district is not interested in pursuing consolidation.

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Supervisors Weigh In

In late July, the San Diego County Supervisors acknowledged the report and had the county Chief Administrative Officer Ebony Shelton share public responses to its findings.

The county leaders several times said that while it agreed with some of the findings, it also did not feel it could "respond on behalf of other agencies."

In one of the responses, the county wrote that it increased resources to County Fire in its Recommended Operational Plan for Fiscal Years 2025-27.

As to the recommendations, the county wrote that two of them – consolidation of willing fire protection districts and efforts to standardize defensible space requirements/controlled burn permitting – needed "further analysis" and again that it "cannot respond on behalf of other agencies."

The county said that consolidation "could be explored" if an independent FPD takes action by filing an application for dissolution with the Local Agency Formation Commission (LAFCO).

It also wrote that every three years, the county's fire code is updated, and that "San Diego County Fire leads recurring meetings of fire protection district fire marshals to minimize fire code differences between agencies." The county noted that it would explore standardizing fire code differences with the marshals "but it will be up to each independent FPD to take action."

Change is Not Mandated

The San Diego County Civil Grand Jury's findings and recommendations do not mean that any change is imminent.

The Grand Jury is made up of a body of 19 residents who are selected by the San Diego County Superior Court. They are charged and sworn to investigate county matters of civil concern

James Tuck, the 2024-25 Grand Jury Foreman, said he could not share the person or entity that asked for the Grand Jury to look into the

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consolidation matter.

Tuck said the Grand Jury website https://www.sdcourt.ca.gov/sdcourt/ jury2/grandjury(link is external) has a link for people to share suggestions on matters they want it to look into.

He said that this was not the first time, nor would it be the last time, that a Grand Jury looked into fire matters.

Tuck said Grand Jury makes a case at the beginning of the report about the 2003 Cedar Fire (which burned nearly 275,000 acres) and the 2007 Witch Creek Fire (more than 195,000 acres burned), which devastated the county.

Tuck said the Grand Jury also considered last January's fires in Los Angeles, and the report refers to the "less-damaging but still significant" Lilac Fire (which burned 4,100 acres in 2017) and Border 2 Fire (in January of this year, which grew to nearly 7,000 acres) that scorched San Diego County.

"I think if nothing else it really raised the importance of having fire preparedness and prevention forefront on our minds and really start to think about our unincorporated areas that are becoming more and more developed," Tuck said. "There's more people living there, and more of us are going to be at risk for fire hazards just by virtue of us being in the backcountry."

County/CalFire Fire Chief's Thoughts



Tony Mecham, San Diego County

Fire Chief and Cal Fire Unit Chief (photo, left), said that he believes that in every community County Fire has gone into, it has improved the region's fire protection. He acknowledged that the county is open to any interested

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parties who are interested in consolidating their districts.

But like Lawler said, Mecham agreed that it's not always a one-size-fitsall.

"We've been more cost effective, more efficient, all those things," he said. "But on the other hand, I have to respect that these are independent government agencies, elected by the voters. I don't know that I really have standing to say that I know that their district would benefit. Do I do I think some would benefit? Yes."

Mecham said he wasn't going to be making any outgoing calls to the standalone districts.

"We would love to sit down and talk to people about opportunities, but they have to call my phone," he said.

CalFire and the County have been accused of taking over agencies, but Mecham said that is not the case.

He did say that the county is "willing to sit down with anyone if they feel they could improve service to their community by partnering with the county."

Property Taxes and Other Fiscal Notes

The property tax allocation for FPDs is also of note.

The 12 current FPDs under County jurisdiction in the unincorporated areas cooperate well within their means, but their resources vary, the Grand Jury reported.

Property taxes are the main revenue source for most FPDs. The eight FPDs formed before voters passed Proposition 13 in 1978 receive a larger share of property tax revenues (as much as 12 percent) than those formed after 1978 (as little as 2 percent).

San Miguel Fire's average annual tax increment allocation is 14.17 percent, and County Fire's is 6 percent. Also by comparison, Alpine is 10.29 percent and Lakeside is 16.97 percent.

In an email, Anna Brown, legislative coordinator for County Supervisor Joel Anderson, wrote and explained to Lawler that San Miguel is a "pre prop 13 agency, which is why their allocation is at 14.17%."

Brown said that each agency formed prior to Prop 13 had a property tax allocation based on whatever was negotiated when they were created.

"Prop 13 and subsequent legislation locked in that rate," Brown wrote.

"Agencies that were formed after Prop 13 were left with negotiating a new base percentage with the County, and they only received about 2%."

All FPDs seek additional resources through grants, service fees, special taxes and donations but collectively these form a relatively small percentage of funding.

The Grand Jury report said that as equipment, construction and personnel costs increase, some FPDs are struggling to retain staff, upgrade facilities or equipment, and meet the increasing demand for services.

The report noted that in October 2024, County Supervisors agreed "to increase the property tax allocations for Deer Springs and Valley Center FPDs from 2.1 percent to 6 percent each but noted continued disparities in fire protection resources across the unincorporated areas."

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8A: ATTACHMENT 8

santacruzsentinel.com

Everything you need to know about Santa Cruz County's proposed vector control assessment

PK Hattis

7-9 minutes

SANTA CRUZ — When the invasive mosquito Aedes aegypti was detected in Santa Cruz County for the first time in 2022, county Assistant Mosquito and Vector Control Manager Amanda Poulsen knew her team had to act fast before the non-native species could find a local foothold.

The mosquito, known for its zebra-like black and white spots, can transmit dangerous viruses such as dengue, chikungunya, Zika and yellow fever. Though only dengue has been detected in California and instances have been very rare, according to the California Department of Public Health, A. aegypti is also considered a formidable threat because, unlike native species, it bites during daytime hours in an aggressive way, making the chances of transmission from person-to-person much likelier.

Poulsen and a small crew of vector control specialists <u>launched a robust</u> <u>containment campaign</u> in the Watsonville neighborhood where the pesky insect was spotted and about two years, more than 125 traps and many investigative resident interviews later, the nonnative bug was declared eradicated.



Identification of the invasive Aedes aegypti mosquito in Watsonville in 2022 helped inspire Santa Cruz County vector control experts to push for a new benefit assessment to combat the insect that is known for spreading dangerous diseases. (James Gathany/Centers for Disease Control and Prevention via AP, File)

That effort was a success at the time and remains one today, given that A. aegypti hasn't been spotted in the county since. But Poulsen has also come to see the incident as a stark warning.

"Finding. (A. aegypti) was a wakeup call for our team," Poulsen reflected at a recent community meeting. "We realized how much fighting this mosquito in just a small neighborhood taxed our staff, our products, our supplies. And if we find it in more than one location in our county it's going to be a really tough fight."

That experience is part of what has motivated the county to put forward a new benefit assessment — its first in more than 20 years — that will raise extra funds exclusively for mosquito and vector control officials as they try to keep pace with rising costs and emerging threats, including A. aegypti.

Poulsen and a representative from SCI Consulting Group, which helped the county <u>prepare a study</u> for the assessment, explained at a sparsely attended community meeting in Watsonville this week that ballots went out Sept. 2 to about 71,000 homeowners and property owners countywide and must be returned by Nov. 4.

Should a majority of returned ballots come out in favor of the new assessment, it would bring in approximately \$1.1 million during fiscal year 2026 to 2027 and all the revenue will be dedicated only to the county's Mosquito and Vector Control Division.

Currently, the division does not receive any county general fund support and is funded through property owner benefit assessments that range in annual dues per single-family home from \$18.69 to \$24.26. Poulsen said that since the division was established in 1993, three assessments have been levied with the most recent one coming in 2004 in response to the West Nile virus.

"The majority of our expenses really is the cost to have the staff that we have, and we run a really tight ship for the whole of Santa Cruz County," said Poulsen.

The division currently has seven permanent staff members to cover 445 square miles of diverse terrain across the county. In addition to keeping a close eye on about 5,000 sites that are known mosquito breeding

grounds, vector control provides free rodent inspections, tick identification and consultation, rapid response to rodent, mosquito, tick or wasp concerns, yellowjacket and wasp control and free mosquito-eating fish for backyard water sources.

But as costs have risen, the division has been pulling from its dedicated fund — meant as a reserve for public health emergencies — to power its operations. And that reserve funding is expected to be depleted by fiscal year 2031-2032, signaling to division leaders that more revenue is needed.

If the funding windfall is approved, Poulsen said the division will continue with mosquito and vector control population reduction, disease testing and public health monitoring, preservation of existing staff and operations without relying on reserve funding, along with expanded public outreach and education.

And while the reemergence of A. aegypti has been staved off for now, Poulsen emphasized that it remains a key point of focus for the division and community members need look no further than Southern California to see what can happen if the bug is allowed to establish a California homestead. The mosquito arrived in Southern California in 2013 and as the eradication effort grew further out of reach, the response at some point shifted from elimination to adaptation.

"They're at the point where they're not trying to eradicate the mosquito anymore — that's not the agenda. It's just, 'How do we live with it?'" said Poulsen. "Some folks in some of those regions are frustrated that their vector control can't do more but once this mosquito takes over, it's rough. So I'm hoping that's not what we see here."

While Santa Cruz's cool coastal temperatures have helped make it an uncomfortable settling experience for mosquitos that thrive in warmth and humidity, Poulsen said climate change is turning up the heat and, in turn, the hospitality for these disease-spreading insects.

According to state law codified through Proposition 218, a common practice used by local jurisdictions to raise money, the assessments vary by parcel and are based on several parcel characteristics and factors including type of property, size, number of dwelling units and the expected benefit each property will receive.

For the proposed assessment, the annual charge for an average singlefamily home on less than an acre of land is almost \$12 per year, while a commercial parcel of about 1.5 acres could see a rise of \$36 per year and an apartment complex of 25 units can be charged more than \$70 annually. Moreover, ballots are weighted in proportion to the parcel's proposed assessment, meaning the total assessment amount is also the amount of votes the property has been afforded.

Certain oversight powers are also given to the Board of Supervisors, should the assessment be approved by voters. The board holds sole authority to revise the assessment, and it can only be charged if the division can justify a budgetary need, otherwise the board can choose not to levy the fees. A maximum 3% consumer price index increase can also be added each year to keep pace with rising costs, but that increase can also be cumulatively reserved and can be applied in years when the index is less than 3%, according to the division's presentation.

To be considered timely, ballots must be returned by mail via the enclosed prepaid envelope or hand delivered by the end of a county public hearing on the issue set to start at 9 a.m. Nov. 4 in the Watsonville City Council chambers at 275 Main St. in Watsonville. The county expects that votes will be tabulated and results announced by Nov. 18.

Information about the assessment is on the county's vector control website at mvc.santacruzcountyca.gov under the "transparency" tab.

BENEFIT ASSESSMENT

Who: Santa Cruz County Mosquito and Vector Control.

Why: To support ongoing services and emerging threats.

How: If approved, most homeowners would pay about \$12 per year, though individual amounts are listed on each ballot.

When: Ballots went out to homeowners and property owners countywide Sept. 2 and must be returned by the end of a public hearing in Watsonville Nov. 4.

8A: ATTACHMENT 9

santacruzlocal.org

Felton Fire floats parcel tax to save district - Santa Cruz Local

Jesse Kathan

3-4 minutes

Felton Fire proposes new parcel tax in an effort to avoid consolidation. (Jesse Kathan — Santa Cruz Local)

Update: The Board of Directors Thursday did not approve a ballot measure on this item. Another meeting is scheduled for 6 p.m. on Monday, Sept. 15.

FELTON>> The Felton Fire Protection District is set to consider a \$700 parcel tax initiative on Thursday as part of a last-ditch effort to avoid consolidation with another fire agency.

The fire protection district has been financially struggling for years, and at times has been unable to maintain enough volunteers to respond to calls. The proposed tax money is meant to replace aging fire engines and other equipment, maintain the fire station and hire paid staff.

Ideally, Felton Fire would have a full-time chief, a full-time administrator, three full-time firefighters and two part-time positions that could involve firefighting or other duties, Interim Fire Chief Issac Blum said. Firefighters are currently paid stipends for shifts.

The \$700 tax would go to voters in a special election. An initial draft ballot initiative proposed Sept. 1 called for the \$700 tax on each of the district's

2,905 parcels. The cost was based on a financial analysis in an August report from the Local Agency Formation Commission of Santa Cruz County.

In response to community concerns about the \$700 price tag, a second draft initiative proposed Sept. 6 exempted adjoining parcels with the same owner, plus homeowners with households that earn less than 80% Santa Cruz County's <u>annual median income</u> (\$111,100 for a single person in 2025).

On Monday, Blum said he was determining whether the tax could also include other exemptions. But with more exemptions to the tax, he said, it may not raise enough to support all those positions.

Depending on the level of community support, the board could vote to move forward with the special election or continue to develop the tax measure with community input, Blum said. If approved, an election could be scheduled for December. Ballots would be mailed to all registered voters in the district, and the measure would need at least 66.6% voter support.

If the ballot initiative fails, the department may have no choice but to merge with another fire agency, such as Zayante Fire Protection District or Community Service Area 48. Both agencies already have taxes in place that would be extended to residents now served by Felton Fire.

Zayante Fire 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. CSA 48 has a benefit assessment based on property size and buildings totaling about \$370 for a typical single-family home.

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8A: ATTACHMENT 10

santacruzlocal.org

Details of proposed Felton Fire tax remain unclear - Santa Cruz Local

Jesse Kathan

~2 minutes

Interim Fire Chief Issac Blum said that the expenditures for the tax income would depend on the details of the approved ballot measure. As the board has considered different tax exemptions, Blum has drafted different levels of staffing the income could support.

"If anyone wants to meet one-on-one, I'm happy to show you the numbers that I have" for tax expenditures, he said. "But you have to understand that those numbers will be subject to change."

The details of the tax amount and expenditures are a "chicken and egg situation," said Director Craig Winter.

The potential \$700 tax is based on a preliminary financial analysis from the Local Area Formation Commission of Santa Cruz County published in a <u>July report</u> that considered possible options for Felton Fire to maintain services, or consolidate.

That analysis assumes that the district needs an additional \$1 million annually, in part to pay for a full-time fire chief and three full-time firefighters. LAFCO Executive Director Joe Serrano expects to give more details about the financial analysis in a LAFCO meeting Oct. 1, he said in an interview.

The Felton Fire board will again consider language for the proposed ballot measure at its next meeting on Sept. 29, Winter said, adding that it and future board meetings will be streamed and recorded on Zoom.



By Michael G. Colantuono, Esq.

Legal developments under Propositions 218 and 26 regarding utility fees continue to come fast and furiously. Just looking at the Supreme Court's docket, we can see that water rates are a frequent target for plaintiff's lawyers.

Coziahr v. Otay Water District and Patz v. City of San Diego were originally filed as one suit to challenge two agencies' tiered water rates – rates which increase with water use to reflect the increasing cost to serve inefficient use. They were eventually separated, but both agencies lost at trial, with the trial court concluding their rate-making records did justify rates as covering only the cost of delivering water in each service tier (i.e., each step of increased water demand). Both were ordered to pay multi-million-dollar refunds. In Coziahr, the Riverside Court of Appeal affirmed the judgment against the District and refused to apply a new statute forbidding refunds in Prop. 218 challenges, and the California Supreme Court denied review.

In *Patz*, another panel of the Riverside Court of Appeal affirmed the ruling against the City, but vacated the remedy and remanded for determination of how to apply Government Code § 53758.5's demand that any monetary relief to upper-tier water users should come via an offset in a future ratemaking. Interestingly, a lengthy and articulate dissent by Justice Frank Menetrez argued that the Courts in both *Coziahr* and *Patz* were micromanaging legislative ratemaking and invalidating rates without any guidance to local governments for future ratemaking. He noted that the trial court had adopted a statement of decision drafted by plaintiffs' counsel without substantive change which was overreaching. He noted the tension between *Patz* and *Coziahr* with the more flexible approach taken by earlier cases and a recent case involving the Santa Clara Valley Water District. That dissent will be very useful in San Diego's upcoming petition for review.

But the Supreme Court has refused review in a number of recent cases raising ratemaking questions under Propositions 218 and 26, so uncertainty may continue. We should know whether the Court will take *Patz* by Thanksgiving.

Solid waste rates have been of concern ever since the California Supreme Court's 2022 decision in *Zolly v. City of Oakland* allowing a challenge to the

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Welcome, San Diego!

CHW launched its sixth office on June 1st in San Diego. It is home to Tripp May, leader of our telecom practice, and David Nagele, a real estate lawyer who supports our municipal clients and our telecom practice. We will add another litigator to join Tripp soon.

CHW has long had a substantial practice in San Diego County and is pleased to launch an office to support it. Holly Whatley is General Counsel of San Diego LAFCO, Meghan Wharton handles revenue matters for the City of San Diego, and we represent the Port District and a number of Cities as special counsel, too.

Courts Continue to Police Public Officials' Social Media Posts

By Julia W. Cohene, Esq. & Michael G. Colantuono, Esq.

Public officials and agencies may violate the First Amendment and give rise to damages claims by removing comments on social media posts or blocking commenters. In *Garnier v. O'Connor-Ratcliff*, the Ninth Circuit recently analyzed this issue on remand from the U.S. Supreme Court. A public official's social media activity — particularly deleting comments and blocking users — is restricted by others' free speech rights when the official has actual authority to speak for government and purports to do so on social media. In *Garnier*, the Ninth Circuit's applied this rule to school board members.

Two members of Poway Unified School District's (PUSD) Board of Education maintained public Facebook and Twitter accounts. They used their social media pages to campaign, and continued to use them as Board members. When parents posted critical comments on these pages, sometimes repeatedly, the Board members started deleting comments, and eventually blocked the parents.

The Ninth Circuit easily finds actual authority to speak for the District based on a "statute, ordinance, regulation, custom, or usage." The Board president has such authority under the Education Code and the District's bylaws. Social media accounts do not need to be officially authorized to trigger First Amendment analysis. Second, as to exercising that authority, the Court considers if an official's social media account functions as a personal account, an official account, or both. Generally, an official account is a protected site for others' free speech; a personal account is not; and a mixeduse account is protected on a post-by-post basis.

Account appearance is based on factors like: its labeling as personal or official; whether a disclaimer states posts reflect only personal views; and content. Social media posts have official functions if, for example, they: announce official information (like a hiring or firing) before other official sources do; invoke government authority; distribute official information such as public meeting agendas and materials; invite public feedback; or are posted by government staff. Blocking someone from a social media account is risky if any posts in the account are of these types. Deleting comments is risky if the post commented on is of these types.

The Court found the Board president's social media accounts appeared official because she used her title, identified herself as a "Government Official," her Facebook page included her PUSD e-mail address, she did not include a

disclaimer stating her posts were personal, she had a separate personal account, and her posts were almost entirely about PUSD matters. The Court also found some posts served official functions, including announcements of Board employment actions and information on Board meeting times. Because at least some posts on the account were official, the Board president violated the First Amendment when she blocked parents from her account and from official posts.

Public officials should keep personal, campaign, and official social media accounts separate and clearly labeled; keep content specific to each account; and seek legal advice before blocking commenters or deleting comments from official or mixed-use accounts.

For more information on this subject, please contact Michael at MColantuono@chwlaw.us or 530.432.7357.

Utility Fees Challenges

(continued from page 1)

franchise fees included in that City's refuse rates. Most recent is *Rogers v. City of Redlands*, a decision of the Orange County Court of Appeal, which held that the City violated a Vehicle Code section forbidding tolls for use of local roadways when it used trash rate proceeds to fund the portion of street repair costs attributable to heavy trash trucks. The Supreme Court denied Redlands' petition for review. A legislative solution is possible, as the source of this challenge is statutory.

Given the many active plaintiffs' lawyers challenging local utility fees, local governments are advised to (i) avoid public controversy over rates or charges, if possible; (ii) use a strong consulting report to support fees; (iii) have a lawyer review it before rates are made; (iv) implement last year's SB 2257, which allows an agency to require would-be challengers to identify their legal theories before the close of a hearing on a fee and bars suit If they do not, and (v) seek the protection of the short, 120-day statute of limitations for challenges to water and trash fees.

Developments continue. We'll keep you posted!

For more information on this topic, please contact Michael at MColantuono@chwlaw.us or 530.432.7357.

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Sheetz Happens: What it Means for Your Fee Program

By Taylor M. Anderson, Esq.

In a closely watched land-use case, the California Court of Appeal has reaffirmed the constitutionality of El Dorado County's traffic impact mitigation fee following remand from the U.S. Supreme Court in *Sheetz v. County of El Dorado*. The decision is a helpful (but unsurprising) roadmap for defending development impact fees against a Fifth Amendment Takings Clause claim.

The case originated when George Sheetz challenged a \$23,420 fee imposed as a condition for building a singlefamily home near Placerville. He argued the fee was an unconstitutional exaction under the Takings Clause, asserting that the County did not show an "essential nexus" and "rough proportionality" between the fee and the traffic impacts of his project, as required under Nollan v. California Coastal Commission and Dolan v. City of Tigard.

Initially, the Sacramento Court of Appeal upheld the fee based on precedent holding that Nollan Dolan scrutiny only applied to individually imposed, discretionary permit conditions—not to legislatively imposed, generally applicable fees. However, in 2024, the U.S. Supreme Court reversed, holding that the Takings Clause applies equally to legislative and administrative exactions. This landmark decision meant that all development fees—despite their origin—must meet the heightened scrutiny of Nollan/Dolan.

On remand, the Court of Appeal affirmed the fee's validity after applying the Nollan Dolan test. Due to a strong administrative record, the Court found "essential nexus" (or logical connection) between the County's legitimate interest in mitigating traffic congestion and its fee. It also concluded the fee was "roughly proportional" to the expected traffic impacts of Sheetz's development, based on expert traffic modeling and trip generation data.

The Court rejected Sheetz's argument the County must make project-specific determinations to justify the fee. Instead, it affirmed that reasonable, well-documented formulas and schedules assessing impacts by development type and geographic zone can satisfy Nollan/Dolan. The Court emphasized that requiring individualized assessments for every permit would impose impractical burdens on local governments and undermine longstanding planning practices.

Fortunately, this is nothing new — development fees that strictly comply with the Mitigation Fee Act are wellpositioned to withstand Nollan/Dolan scrutiny because the Act also requires thorough, methodologically sound nexus studies that satisfy these constitutional requirements.

The best defense is a good offense. Stay on the offense by fortifying your fee program:

- Invest in comprehensive technical studies using accepted methodologies to quantify the impacts of different development types.
- Document how each fee supports infrastructure to serve the developments on which it is levied.
- Develop administrative records documenting assumptions, data, and calculations used to support fee determinations.
- Make required findings yearly and every five years, and update nexus studies every 8 years (as of Jan. 1, 2022).
- Consult experts to ensure your fees meet legal requirements and your studies and findings are defensible.

Given the ever-changing legal landscape, local governments should review their fee programs to ensure compliance with the Nollan Dolan framework and the Mitigation Fee Act.

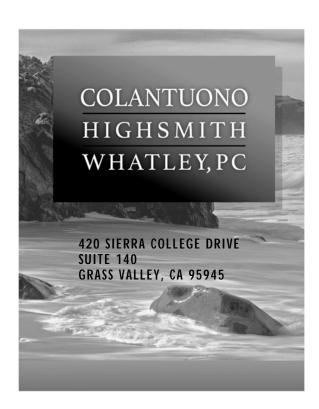
For more information, please contact Taylor at TAnderson@chwlaw.us or 626.219.2768.

We've Got Webinars!

CHW offers webinars on a variety of public law topics including redistricting, the welter of new housing laws; personnel, public works, police personnel records, and cutting-edge CPRA issues involving video and other police technologies.

Our webinars provide advice and Q&A for public agency counsel and staff in an attorney-client-privileged setting for \$1,500 per agency. To schedule a webinar, contact Bill Weech at BWeech@chwlaw.us or (213) 542-5700.

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