



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

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

REGULAR MEETING AGENDA
*******SPECIAL LOCATION*******

Wednesday, March 4, 2026 at 9:00 a.m.
(hybrid meeting may be attended remotely or in-person)

Attend Meeting by Internet: <https://us02web.zoom.us/j/84673049008>
(Password 408013)

Attend Meeting by Conference Call: **Dial 1-669-900-6833 or 1-253-215-8782**
(Webinar ID: 846 7304 9008)

Attend Meeting In-Person: **Watsonville City Chambers**
(275 Main Street, Top Floor, Watsonville, CA 95076)

HYBRID MEETING PROCESS

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

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

1. ROLL CALL

2. EXECUTIVE OFFICER'S MESSAGE

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

a. Hybrid Meeting Process

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

Recommended Action: No action required; Informational item only.

3. ADOPTION OF MINUTES

The Commission will consider approving the minutes from the February 4, 2026 Regular LAFCO Meeting.

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

4. ORAL COMMUNICATIONS

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

5. SPECIAL PRESENTATIONS

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

a. CALAFCO Update

The Commission will receive an update from CALAFCO Executive Director Michelle McIntyre regarding the statewide organization's recent achievements.

Recommended Action: No action required; Informational item only.

6. PUBLIC HEARINGS

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

a. "Monroe Avenue / Huntington Drive Annexation"

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

Recommended Action: Adopt the draft resolution (No. 2026-02) approving the single parcel annexation into the Santa Cruz County Sanitation District.

b. City of Capitola Sphere Boundary Adjustment

The Commission will consider amending the sphere of influence for the City of Capitola. If approved, a Notice of Exemption will be recorded to fulfill the requirements under the California Environmental Quality Act.

Recommended Action: Adopt the draft resolution (No. 2026-03) approving the sphere adjustment for the City of Capitola.

c. Policies & Procedures Handbook – Proposed Amendments

The Commission will consider amendments to the comprehensive handbook to better reflect current LAFCO practices and guide staff on future decisions.

Recommended Action: Adopt the draft resolution (No. 2026-04) approving the proposed amendments to LAFCO’s Policies & Procedures Handbook.

7. OTHER BUSINESS

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

a. “Atkinson Lane / Brewington Avenue ESA” – Time Extension

The Commission will review an update on the annexation requirement outlined in the 2021 extraterritorial service agreement involving the City of Watsonville.

Recommended Action: Approve a six-month extension to submit an annexation application involving the subject parcel and the City of Watsonville.

b. Legislative Update

The Commission will receive a status update on the new legislative session and any LAFCO-related bills.

Recommended Action: No action required; Informational item only.

c. Fire-Related Projects (Recurring Item)

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

Recommended Action: No action required; Informational item only.

8. WRITTEN CORRESPONDENCE

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

9. PRESS ARTICLES

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

a. Press Articles during the Months of January and February 2026

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

Recommended Action: No action required; Informational item only.

10. COMMISSIONERS' BUSINESS

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

11. CLOSED SESSION

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

a. Public Employee Performance Evaluation

Pursuant to: Government Code Section 54957

Title: Executive Officer

b. Conference with Labor Negotiators

Pursuant to: Government Code Section 54957.6

Agency designated representatives: Personnel Committee

Unrepresented Employee: Executive Officer

12. ANNOUNCEMENTS FROM CLOSED SESSION

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

13. ADJOURNMENT

LAFCO's next regular meeting is scheduled for Wednesday, April 1, 2026 at 9:00 a.m. (Watsonville City Chambers).

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, February 4, 2026
Start Time - 9:00 a.m.**

1. ROLL CALL

Chair Manu Koenig called the meeting of the Local Agency Formation Commission of Santa Cruz County (LAFCO) to order at 9:02 a.m. and welcomed everyone in attendance. He asked staff to conduct a roll call.

The following Commissioners were present:

- Commissioner Jim Anderson
- Commissioner Roger Anderson
- Commissioner Joe Clarke
- Commissioner Kimberly De Serpa
- Commissioner Manu Koenig (*Chair*)
- Commissioner Rachél Lather (*Vice Chair*)
- Commissioner Eduardo Montesino
- Alternate Commissioner Lani Faulkner
- Alternate Commissioner John Hunt

Alternate Commissioner Kimberly De Serpa will be a voting member on behalf of Commissioner Justin Cummings (County).

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 welcomed everyone to the Capitola City Chambers and 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 **Manu Koenig** moved on to the next agenda item.

3. ADOPTION OF MINUTES

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

Chair **Manu Koenig** called for a motion. **Commissioner Roger Anderson** motioned for approval of the November 5th Meeting Minutes and **Commissioner Jim Anderson** seconded the motion.

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

MOTION: Roger Anderson

SECOND: Jim Anderson

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Kimberly De Serpa, Manu Koenig, Rachél Lather, and Eduardo Montesino.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 7-0

4. ORAL COMMUNICATIONS

Chair **Manu Koenig** requested public comments on any non-agenda items. **Executive Officer Joe Serrano** noted one request to provide public comment.

Becky Steinbruner, a member of the public, provided comments to the Commission.

Chair **Manu Koenig** closed public comment and moved on to the next agenda item.

5. PUBLIC HEARINGS

5a. "San Andreas Mutual Water Company Extraterritorial Service Agreement"

Chair **Manu Koenig** requested staff to provide a presentation on the proposed extraterritorial service agreement involving the Soquel Creek Water District for an emergency intertie connection.

Executive Officer Joe Serrano explained that LAFCO received an application from the San Andreas Mutual Water Company (SAMWC) for an extraterritorial service agreement (ESA). The ESA will allow SAMWC to receive adequate water service through an emergency intertie connection with Soquel Creek Water District (SqCWD). Both agencies are currently cooperating through an existing Memorandum of Interest adopted in 2025. **Executive Officer Serrano** recommended the Commission adopt the draft Resolution (No. 2026-01) approving the ESA involving the SqCWD and the SAMWC.

Chair **Manu Koenig** opened the floor to Commission comments or clarifying questions. **Commissioner John Hunt** inquired about defining the term "emergency." **Executive Officer Joe Serrano** summarized Government Code Section 56133 and explained how the proposed ESA would address a health and safety issue.

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

Becky Steinbruner, a member of the public, spoke on her experience as a customer of a private water system and provided comments on the proposed ESA.

Paul Lego, representative of SAMWC, supported staff's recommendation and offered to answer any Commission questions.

Chair Manu Koenig closed public comment and requested a motion approving staff recommendation. **Commissioner Rachél Lather** made the motion and **Commissioner Eduardo Montesino** seconded the motion.

Chair Manu Koenig called for a voice vote on staff recommendation: **Adopt the draft resolution (No. 2026-01) approving extraterritorial service agreement involving the Soquel Creek Water District for an emergency intertie connection.**

MOTION: Rachél Lather

SECOND: Eduardo Montesino

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Kimberly De Serpa, Manu Koenig, Rachél Lather, and Eduardo Montesino.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 7-0

5b. Comprehensive Sanitation Service and Sphere Review (Continued Item)

Chair Manu Koenig requested staff to provide a presentation on the draft Comprehensive Sanitation Service and Sphere Review.

Executive Officer Joe Serrano explained that in October 2025, the Commission directed staff to work with Community Development and Infrastructure (CDI) staff on clarifying financial information from the report. Along with an ad-hoc committee composed of LAFCO Commissioners, staff met with County representatives to discuss and further clarify the financial status of each agency. Executive Officer Serrano stated that the municipal service review had been updated with the requested changes and that the draft report was now ready for Commission consideration. Executive Officer Serrano recommended adopting the draft resolution (LAFCO No. 2025-11) approving the 2026 Comprehensive Sanitation Service and Sphere Review with its identified conditions.

Chair Manu Koenig opened the floor to Commission comments or clarifying questions. **Commissioner Jim Anderson** inquired about Bear Creek Estates. **Executive Officer Joe Serrano** explained how rates were determined by the San Lorenzo Valley Water District (SLVWD), who operates the small sewer system.

Commissioner Roger Anderson provided comments on the Bear Creek Estates rates and potential governance options. **Executive Officer Joe Serrano** noted that SLVWD has expressed interest in transferring sewer service responsibilities to another local agency, such as the County.

Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there was one request to address the Commission.

Becky Steinbruner, a member of the public, spoke on her experiences with assessment and rate increases, Proposition 4 funds, the Big Basin Water Company, and the draft report.

Chair Manu Koenig closed public comment and requested a motion approving staff recommendation. **Commissioner Eduardo Montesino** made the motion and **Commissioner Jim Anderson** seconded the motion.

Chair Manu Koenig called for a voice vote on staff recommendation: **Adopt the draft resolution (No. 2025-11) approving the 2026 Comprehensive Sanitation Service and Sphere Review, with its identified terms and conditions.**

MOTION: Eduardo Montesino

SECOND: Jim Anderson

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Kimberly De Serpa, Manu Koenig, Rachél Lather, and Eduardo Montesino.

AGAINST: None

ABSTAIN: None

MOTION PASSES: 7-0

6. OTHER BUSINESS

6a. Appoint New Chair and Vice-Chair

Chair Manu Koenig requested staff to provide a presentation on the appointment of the Chair and Vice Chair for the calendar year.

Executive Officer Joe Serrano explained that in accordance with the Commission's Meeting Rules Policy, the Commission appoints a new Chair and Vice Chair at the first meeting of each year. Executive Officer Serrano also indicated that there is no rule of succession or rotation, however, the acting Vice Chair has historically been elected as the new Chair. Staff recommended the Commission discuss and appoint a new Chair and Vice Chair for the remainder of the year.

Chair Manu Koenig opened the floor to Commission comments or clarifying questions on the item. There were no requests from the Commission.

Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** noted no requests to address the Commission on this item.

Chair Manu Koenig closed public comment and requested nominations for Chair and Vice Chair. **Commissioner Roger Anderson** motioned to nominate **Commissioner Rachél Lather** as Chair and **Chair Manu Koenig** seconded the motion.

Chair Manu Koenig called for a voice vote on the motion: **Appoint Commissioner Rachél Lather as LAFCO Chairperson for the 2026 calendar year.**

MOTION: Roger Anderson
SECOND: Manu Koenig
FOR: Jim Anderson, Roger Anderson, Joe Clarke, Kimberly De Serpa, Manu Koenig, Rachél Lather, and Eduardo Montesino.
AGAINST: None
ABSTAIN: None

MOTION PASSES: 7-0

Chair Manu Koenig nominated **Commissioner Joe Clarke** as Vice Chair of the Commission and **Commissioner Kim De Serpa** seconded the motion.

Chair Manu Koenig called for a voice vote on the motion: **Appoint Commissioner Joe Clarke as LAFCO Vice Chairperson for the 2026 calendar year.**

MOTION: Manu Koenig
SECOND: Kim De Serpa
FOR: Jim Anderson, Roger Anderson, Joe Clarke, Kimberly De Serpa, Manu Koenig, Rachél Lather, and Eduardo Montesino.
AGAINST: None
ABSTAIN: None

MOTION PASSES: 7-0

6b. Appoint New Personnel Committee

Chair Manu Koenig requested staff to provide a presentation to consider selecting members for the personnel committee.

Executive Officer Joe Serrano explained to the Commission the purpose and responsibilities of the personnel committee which includes assessing staff performance. Executive Officer Serrano recommended the Commission appoint new members to the personnel committee for a two-year term.

Chair Manu Koenig opened the floor to Commission comments or clarifying questions on the item. There were no requests from the Commission.

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

Commissioner Rachél Lather and **Commissioner Roger Anderson** both indicated their willingness to continue serving on the personnel committee.

Commissioner Jim Anderson nominated **Commissioner Rachél Lather** and **Commissioner Roger Anderson** to the personnel committee. **Commissioner Kim De Serpa** seconded the motion.

Chair Manu Koenig called for a voice vote on the motion: **Appoint Commissioner Roger Anderson and Rachél Lather to the personnel committee for a two-year term ending in December 2027.**

MOTION: Jim Anderson
SECOND: Kim De Serpa
FOR: Jim Anderson, Roger Anderson, Joe Clarke, Kimberly De Serpa, Manu Koenig, Rachél Lather, and Eduardo Montesino.
AGAINST: None
ABSTAIN: None

MOTION PASSES: 7-0

6c. Shared Services Agreement – Placer LAFCO

Chair Manu Koenig requested staff to provide a presentation to consider providing temporary recruitment support to Placer LAFCO to search for a new executive officer.

Executive Officer Joe Serrano provided the Commission with an overview of past shared services agreements and explained how Santa Cruz LAFCO will assist Placer LAFCO in selecting a new executive officer. Executive Officer Serrano emphasized that productivity would not be affected by this agreement and recommended approval.

Chair Manu Koenig opened the floor to Commission comments or clarifying questions on the item. **Commissioner Roger Anderson** asked about a timeline for the contracted services and asked how it would impact staff's current workload. **Executive Officer Joe Serrano** explained how the agreement will be implemented and stated that the goal is for Placer to have a new executive officer by the start of the upcoming fiscal year.

Commissioner Jim Anderson inquired about the cost of providing these services. **Executive Officer Joe Serrano** provided financial information on the proposal and explained how these agencies will be invoiced.

Commissioner Lani Faulkner asked about follow-up services. **Executive Officer Joe Serrano** explained the benefits of establishing these types of shared agreement proposals between LAFCOs.

Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there was a request to address the Commission.

Becky Steinbruner, a member of the public, provided comments on the current workload and projects for Santa Cruz LAFCO, and spoke on the potential obstacles. **Executive Officer Joe Serrano** stated that Santa Cruz projects will always be the top priority.

Chair Manu Koenig asked if Santa Cruz LAFCO would make a profit providing services to Placer LAFCO. **Executive Officer Serrano** stated that the agency would not profit from the proposed services and payments will cover services rendered.

Commissioner Rachél Lather requested staff to provide presentations to other LAFCOs on the shared services process. **Executive Officer Joe Serrano** stated that such discussions have been covered at previous CALAFCO annual conferences.

Chair Manu Koenig asked for a motion from the Commission. **Commissioner Eduardo Montesino** motioned to approve staff recommendation and **Commissioner Jim Anderson**.

Chair Manu Koenig called for a voice vote on the motion: **Adopt the draft contract approving temporary assistance to Placer LAFCO.**

MOTION: Eduardo Montesino

SECOND: Jim Anderson

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Kimberly De Serpa, Manu Koenig, Rachél Lather, and Eduardo Montesino.

AGAINST: None

ABSTAIN: None

MOTION PASSES 7-0

6d. CALAFCO Update

Chair Manu Koenig requested an update on upcoming meetings and membership actions from CALAFCO.

Executive Officer Joe Serrano summarized the recent actions CALAFCO has taken in the past year to address ongoing issues with the member agencies. One of the changes has included adding executive officers (specifically the four regional officers) to the board as voting members. There is a special meeting scheduled in late February for the membership to discuss and consider additional changes. The purpose of the amendments is to bring back LAFCOs that have left the statewide organization. Executive Officer Serrano recommended designating voting delegates for the February 23rd Special Meeting.

Chair Manu Koenig opened the floor to Commission comments or clarifying questions on the item. **Commissioner Roger Anderson** provided comments on the proposed changes to the CALAFCO bylaws and structure of the board and shared his concerns. **Executive Officer Joe Serrano** added historical context on past changes to CALAFCO and why these specific changes were proposed.

Commissioner Jim Anderson commented on the needs and limited influence of smaller districts on the CALAFCO board due to their size.

Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there was no request to address the Commission on this item.

Chair Manu Koenig closed public comments and requested a motion from the Commission. **Commissioner Rachél Lather** asked about LAFCO members that left CALAFCO. **Executive Officer Joe Serrano** stated that those agencies have been kept apprised and the goal is to have them rejoin CALAFCO.

Chair Manu Koenig nominated **Commissioner Roger Anderson** as the regular voting member for the upcoming meeting and **Executive Officer Joe Serrano** as the alternate voting member. **Commissioner Jim Anderson** seconded the motion.

Chair Manu Koenig called for a voice vote on the motion: **Appoint Commissioner Roger Anderson and Executive Officer Joe Serrano as the regular voting member and alternate voting member, respectively, for the upcoming CALAFCO Special Meeting.**

MOTION: Manu Koenig

SECOND: Jim Anderson

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Kimberly De Serpa, Manu Koenig, Rachél Lather, and Eduardo Montesino.

AGAINST: None

ABSTAIN: None

MOTION PASSES 7-0

6e. Fire-Related Projects (Status Update)

Chair Manu Koenig requested an update on ongoing reorganization efforts involving CSA 48 and other fire agencies.

Executive Officer Joe Serrano provided the Commission with updates for the proposed reorganizations of CSA 48 and Pajaro Valley Fire Protection District (PVFPD), the fire memorandum of understanding between the City of Santa Cruz/Central Fire District/Scotts Valley Fire Protection District, and the Felton Fire Protection District (FFPD) governance options report.

Jed Wilson, County Fire Chief, provided additional financial data and background information for the proposed PVFPD reorganization. Executive Officer Serrano recommended hosting an educational workshop to inform the PVFPD community on the ongoing reorganization, service delivery levels, and fiscal impacts. Executive Officer Serrano also recommended establishing an ad hoc committee with commissioners to provide expertise and direction on each fire-related project.

Chair Manu Koenig opened the floor to Commission comments or clarifying questions on the item. **Commissioner Jim Anderson** asked about the Cal Fire contract and financial projections for PVFPD. **Jed Wilson**, County Fire Chief, provided financial information on the District. **Executive Officer Joe Serrano** added that the reorganization must make financial sense to the County before it can provide a Will-Serve letter. Commissioner Anderson followed up with insights on the financial situation for fire districts around the state.

Commissioner Lani Faulkner commented on potential fund excess for the proposed PVFPD reorganization. **Jed Wilson**, County Fire Chief, provided clarification on the use of the projected carryover funds resulting from the reorganization. **Executive Officer Joe Serrano** added that the projections for the reorganization were meant to provide a high-level overview of the finances, but further analysis would be needed.

Commissioner Jim Anderson asked about the cost for potential paramedic services. **Executive Officer Joe Serrano** emphasized the need to inform impacted communities about the purpose of the proposed reorganization. **Jed Wilson**, County Fire Chief, provided additional information on paramedic services.

Commissioner Lani Faulkner asked about flow units. **Jed Wilson**, County Fire Chief, stated it was connected and based on the area requesting the services.

Commissioner Kimberly De Serpa asked about contracting paramedic services. **Jed Wilson**, County Fire Chief, explained how single contracts function and how levels of services can be improved. Commissioner De Serpa explained the challenges with leading Proposition 218 processes and expressed interest in joining the ad hoc committee. **Executive Officer Joe Serrano** clarified that an alternate voting commissioner can join the ad hoc committee.

Commissioner Jim Anderson provided additional comments on potential paramedic services. **Commissioner Lani Faulkner** added that she is also interested in serving on the ad hoc committee.

Chair Manu Koenig requested public comments on the item. **Executive Officer Joe Serrano** indicated that there were four requests to address the Commission.

Dave Martone, Chair of the PVFPD, supported Commissioner Kim De Serpa joining the ad hoc committee and provided historical context for the proposed fire reorganization.

Liz Taylor-Selling, a member of the public, provided comments on efforts by Felton residents to support the ongoing fire reorganization process.

Becky Steinbruner, a member of the public, provided comments on Proposition 172 funding, assessment information from the report, the District's contract with the City of Watsonville, and other fire-related challenges across the county.

Don Jarvis, a member of the public, provided comments about the five-year financial projections and asked the Commission to consider the impact on constituents.

Jed Wilson, County Fire Chief, provided clarification on the contract between PVFPD and the City of Watsonville, PERS liabilities, and on the PVFPD working group.

Commissioner Joe Clarke expressed interest in joining the proposed ad hoc committee. **Executive Officer Joe Serrano** clarified requirements for membership of the committee. **Commissioner Kimberly De Serpa** recommended **Commissioner Eduardo Montersino** join the ad hoc committee. **Chair Manu Koenig** asked for clarification regarding membership. Executive Officer Serrano explained that the Commission must consider the Brown Act. **Commissioner Lani Faulkner** and **Commissioner Jim Anderson** expressed interest in joining the ad hoc committee.

Commissioner Eduardo Montesino motioned to nominate **Commissioner Jim Anderson**, **Commissioner Kimberly De Serpa**, and himself to serve on the ad hoc committee, and to direct staff to coordinate the educational workshop for PVFPD residents. **Commissioner Kimberly De Serpa** seconded the motion.

Chair Manu Koenig called for a voice vote on the motion: **(1) Appoint Commissioners Jim Anderson, Kimberly De Serpa, and Eduardo Montesino on the fire-related ad hoc committee; and (2) Direct staff to coordinate with PVFPD, CAL Fire, and the**

County to conduct an educational workshop to the Pajaro Valley community about the proposed reorganization, service delivery levels, and fiscal impacts.

MOTION: Eduardo Montesino

SECOND: Kimberly De Serpa

FOR: Jim Anderson, Roger Anderson, Joe Clarke, Kimberly De Serpa, Manu Koenig, Rachél Lather, and Eduardo Montesino.

AGAINST: None

ABSTAIN: None

MOTION PASSES 7-0

6f. Comprehensive Quarterly Report – Second Quarter (FY 2025-26)

Chair Manu Koenig requested staff to provide an update on all staff activities.

Executive Officer Joe Serrano 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. Executive Officer Serrano addressed these areas, highlighted meetings held and reported that approximately 36% of the Commission's anticipated annual expenditures had been incurred during the first six months of the fiscal year, reflecting a favorable budgetary position.

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

7. WRITTEN CORRESPONDENCE

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

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

8. PRESS ARTICLES

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

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

9. COMMISSIONERS' BUSINESS

Chair Manu Koenig inquired whether any Commissioner would like to share any information. There was one request from the Commission.

Commissioner Rachél Lather provided an update on the activities of the recently created local chapter of the California Special Districts' Association.

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

10. ADJOURNMENT

Chair Manu Koenig adjourned the Regular Commission Meeting at 11:07 a.m. for the next regular LAFCO meeting scheduled for Wednesday, March 4, 2026 at 9:00 a.m. in the Watsonville City Chambers.

MANU KOENIG, CHAIRPERSON

Attest:

FRANCISCO ESTRADA, LAFCO ANALYST

DRAFT



Santa Cruz Local Agency Formation Commission

Date: March 4, 2026
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **“Monroe Avenue / Huntington Drive Annexation” to the Santa Cruz County Sanitation District (LAFCO Project No. DA 25-10)**

SUMMARY OF RECOMMENDATION

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

It is recommended that the Commission adopt the draft resolution (LAFCO No. 2026-02) approving the single parcel annexation into the Santa Cruz County Sanitation District.

EXECUTIVE OFFICER’S REPORT:

The proposed annexation was initiated by landowner petition. The signed application was submitted to LAFCO on May 12, 2025. The subject area includes one parcel (APN: 041-221-04) totaling 1.06 acres and is located within unincorporated county territory. In general, the subject area is located north of Soquel Drive, west of Monroe Avenue, south of Huntington Drive, and east of Rio Del Mar Boulevard, as shown in **Attachment 1**. The landowner signed both the required petition and subsequent consent form expressing support for the proposed annexation. The subject parcel is currently developed with a single-family residence served by a septic system that is more than 20 years old. The subject parcel is also located within SCCSD’s sphere – meaning that LAFCO has identified SCCSD as the most logical service provider for the subject parcel. The County has indicated that SCCSD is capable of providing sewer service to the existing housing unit and provided LAFCO with a Will-Serve Letter outlining several conditions should the parcel be annexed (**Attachment 2**).

General Plan/Zoning Designation

The subject area is uninhabited (less than 12 registered voters) and currently designated as R-1-20 (Single family residential – 20,000 square foot lot minimum) under the County’s General Plan. The application does not propose any changes to the existing designation.

Other Municipal Services

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

Affected/Interested Agency Comments

A referral letter, which summarized the proposal, was distributed in May 2025 to all the affected and interested agencies within or near the subject area, including but not limited to the County, City of Capitola, Central Fire District, Soquel Creek Water, and the Pajaro Valley Unified School District. This was an opportunity for an agency to provide comments regarding the proposed boundary change. LAFCO did not receive any opposition during the comment period.

Property Tax Exchange Agreement

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement involving the affected local agency before LAFCO can consider a jurisdictional change. The Board of Supervisors (BOS) acts as the authorizing body for the District regarding property tax adjustments. The BOS adopted a property tax exchange agreement for this proposal on October 21, 2025, as shown in **Attachment 3**.

Plan for Service

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

Extraterritorial Service Agreements

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). Additionally, 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 anticipation of a later change of organization or if there is a threat to the health and safety of the subject landowners and/or surrounding residents.

SCCSD currently provides sewer service under two existing ESAs near the annexation area, as shown in Attachment 1. LAFCO approved the ESA involving APN: 041-221-18 in 1981 and a separate ESA involving APN: 041-221-19 in 2023. LAFCO staff believes that these two parcels should be annexed into SCCSD. If an application is submitted and completed by March 31, 2028, then LAFCO shall waive the filing fees associated with the proposed annexation application.

Environmental Review

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

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

The purpose of the application is for the provision of sewer services by allowing the landowner to connect to a nearby sewer line for a residential home in compliance with County zoning and guidelines, and therefore aligns with the categorical exemption identified above. A Notice of Exemption, as shown in **Attachment 5**, will be recorded following the Commission's approval of this proposal.

Notice of Public Hearing

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

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

As previously mentioned, the territory is uninhabited (only 10 registered voters), the affected agency (SCCSD) is in support of the annexation, and the affected landowner (applicant) supports the change of organization as well. While the proposal meets the criteria under GCS 56662(a), staff published a voluntary hearing notice in the Santa Cruz Sentinel on February 11, 2026 indicating that a public hearing will be held on March 4, 2026 (refer to **Attachment 6**).

Protest Proceedings

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

1. The territory is uninhabited;
2. The proposal is accompanied by proof, satisfactory to the Commission, that all the owners of land within the affected territory, exclusive of land owned by a private railroad company, have given their written consent to the proposal and a private railroad company that is an owner of land within the affected territory has not submitted written opposition to the waiver of protest proceedings prior to the conclusion of the commission hearing; and
3. A subject agency has not submitted written opposition to a waiver of protest proceedings.

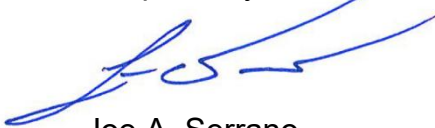
The subject area is uninhabited (10 registered voters in total), and the only affected landowner is the applicant of this proposal. Additionally, no subject agency submitted written opposition to the proposed waiver of the protest proceedings. As a result, LAFCO staff is recommending to waive the protest proceedings based on the statutory criteria.

STAFF RECOMMENDATION

Since 1973, the Santa Cruz County Sanitation District (SCCSD) has provided wastewater collection services to the City of Capitola, the unincorporated communities of Aptos, Soquel, and Live Oak, and select additional service areas, including Harbor High School and the Santa Cruz Port District. The District's current service area encompasses approximately 870 acres. SCCSD has confirmed that it possesses adequate capacity and operational capability to serve the proposed annexation area. The proposal satisfies the requirements set forth in the Cortese-Knox-Hertzberg Act and is consistent with the Commission's Proposal Evaluation Policy, as well as SCCSD's adopted sphere of influence boundary.

In conclusion, approval of this annexation would enable the affected property owner to transition from an aging septic system to a reliable public wastewater system, thereby ensuring adequate and sustainable sewer service for the existing single-family residence and any future occupants. Therefore, staff recommends that the Commission adopt the draft resolution approving the proposed annexation (**Attachment 7**).

Respectfully Submitted,

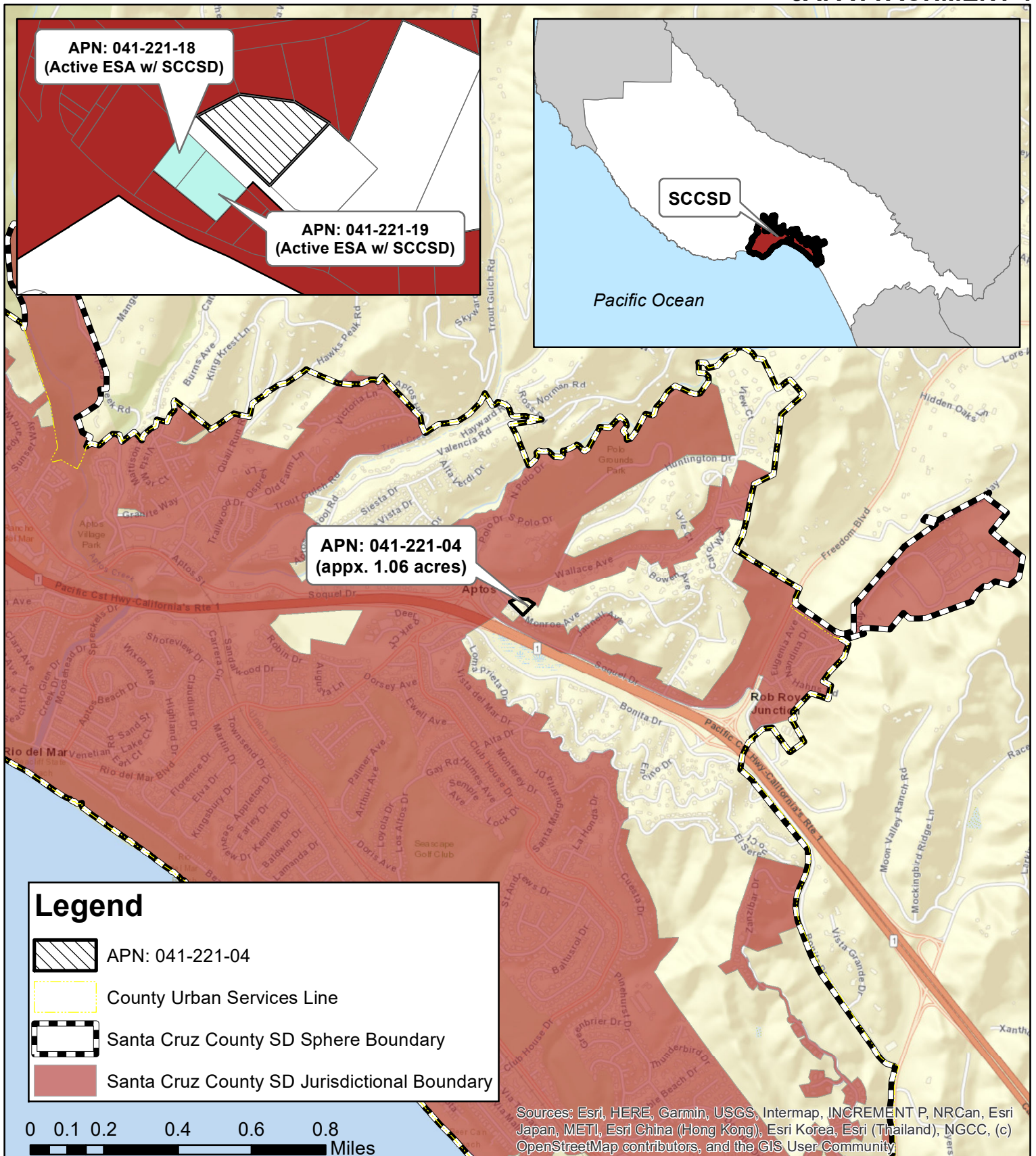


Joe A. Serrano
Executive Officer

Attachments:

1. Vicinity Map
2. Will-Serve Letter
3. Property Tax Exchange Agreement
4. Plan for Service
5. Notice of Exemption
6. Notice of Public Hearing
7. Draft Resolution (LAFCO No. 2026-02)

cc: Norris Family; Landowner (APN: 041-221-04)
County of Santa Cruz



"Monroe Avenue / Huntington Drive Annexation" to the Santa Cruz County Sanitation District (LAFCO Project No. DA 25-10)

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

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

FEBRUARY 20, 2026

GEOFFREY NORRIS
9281 MONROE AVENUE
APTOS, CA 95003

SUBJECT: SEWER AVAILABILITY AND DISTRICT'S CONDITIONS OF SERVICE FOR THE FOLLOWING PROPOSED DEVELOPMENT
APN: 041-221-04
PARCEL ADDRESS: 9281 MONROE AVENUE
PROJECT DESCRIPTION: SEPTIC ABANDONMENT AND SEWER CONNECTION FOR SINGLE FAMILY DWELLING AND ADU

Dear Mr. Norris:

The District has received your inquiry regarding sewer service availability for the subject parcel(s). This parcel is not currently within the Santa Cruz County Sanitation District and there is no existing public sewer main adjacent to the property. Sewer service would require annexation into the Sanitation District, obtaining a private sewer utility easement across the neighboring private parcel at APN 04122135, and presenting a plan adhering to District design requirements. Assuming the applicant can achieve these conditions, sewer service is available in Monroe Ave for the subject development.

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.

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...
Ashleigh Trujillo
Sanitation Engineer

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>

Demolition and sewer abandonment

If the proposed plans will involve some demolition, the existing sewer lateral(s) must be properly abandoned (including inspection by District) prior to issuance of demolition permit or relocation or disconnection of structure. An abandonment permit (either temporary or permanent) for disconnection work must be obtained from the District. This process is often overlooked until the last minute and can result in unnecessary delays, and you are encouraged to plan for the relatively short time and small expense to fulfill this requirement. There is no charge for either permit or inspection.

(Sanitation District Code section 7.04.410)

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)



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

Adopted 10/21/2025
Board of Supervisors
DOC-2025-849 20.c

RESOLUTION NO. **202-2025**

On the motion of Supervisor: Cummings

Duly seconded by Supervisor: Martinez

The following resolution is adopted:

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

**LAFCO #DA 25-10 – Monroe Avenue/Huntington Drive to Santa Cruz County
Sanitation District**

WHEREAS, California Revenue and Taxation Code Section 99 requires that each city or county (or the county on behalf of special districts) included in a governmental reorganization or jurisdictional change accept a negotiated exchange of property tax revenues; and

WHEREAS, the governing bodies of all agencies whose service areas would be altered by the jurisdictional change referred to in Exhibit "A" have met to determine the allocation of property tax revenues; and

WHEREAS, the County of Santa Cruz agrees to accept the negotiated exchange of property tax revenue as provided for in Exhibit "A";

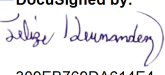
NOW, THEREFORE, BE IT RESOLVED that the County of Santa Cruz hereby accepts the negotiated exchange of property tax revenues as provided for in Exhibit "A" as required by California Revenue and Taxation Code Section 99; and

BE IT FURTHER RESOLVED AND ORDERED that the Clerk of the Board shall forward a copy of this Resolution to the Santa Cruz County Auditor-Controller-Treasurer-Tax Collector; and

BE IT FURTHER RESOLVED AND ORDERED that the Santa Cruz County Auditor-Controller-Treasurer-Tax Collector is directed to disperse property tax revenues as provided for in Exhibit "A" upon receipt of a copy of this Resolution and a concurring resolution of any affected cities, if any, and following recordation of a Certificate of Completion.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Cruz, State of California, this 21st day of October 2025, by the following vote:

AYES: Supervisors Koenig, De Serpa, Cummings, Martinez and Hernandez
NOES: None
ABSENT: None

DocuSigned by:

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10/22/2025

Felipe Hernandez
Chair of the Board

Resolution 202-2025

DocuSigned by:

ATTEST:

Juliette Rezzato

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10/22/2025

Juliette Rezzato
Chief Deputy Clerk of the Board

APPROVED AS TO FORM:

Signed by:

Jason M. Heath

2336E057FF38435

Jason M. Heath
County Counsel

10/14/2025

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

Exhibit A

Agenda: October 21, 2025

LAFCO #DA 25-10 – Monroe Avenue/Huntington Drive to Santa Cruz County Sanitation District

1. Description

LAFCO # DA 25-10 – Monroe Avenue/Huntington Drive Annexation to Santa Cruz County Sanitation District

Assessor's Parcel Numbers: 041-221-04

2. Property Tax Exchange

A. Base Year Full Cash Value: No Exchange

B. Incremental Full Cash Value: No Exchange

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



Certificate Of Completion

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 George.Entis@santacruzcountyca.gov
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Signer Events

Jason M. Heath
 jason.heath@santacruzcountyca.gov
 County Counsel
 County of Santa Cruz
 Security Level: Email, Account Authentication
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Signature

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 County of Santa Cruz
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Resolution 202-2025

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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

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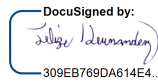
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Signer Events

Felipe Hernandez
Felipe.Hernandez@santacruzcountyca.gov
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Signature



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Juliette Rezzato
Juliette.Rezzato@santacruzcountyca.gov
Chief Deputy Clerk of the Board of Supervisors
County of Santa Cruz
Security Level: Email, Account Authentication (None)



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County of Santa Cruz
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Freeform Signing

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Juliette Rezzato Juliette.Rezzato@santacruzcountyca.gov Chief Deputy Clerk of the Board of Supervisors County of Santa Cruz Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Accepted: 5/11/2022 7:47:21 AM ID: 050883f5-a40c-4427-bdbd-fa282a697a25	COPIED	Sent: 10/28/2025 10:14:27 AM
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To contact us by email send messages to: nada.algharib@santacruzcounty.us

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- ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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**“Monroe Avenue / Huntington Drive Annexation”
Plan for Service - in accordance with GCS 56653**

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

The proposed annexation to the Santa Cruz County Sanitation District (SCCSD) consists of one single parcel totaling approximately one acre. The subject parcel has a single family home and receives sewer service from an aging septic system. Connecting the property to SCCSD will discontinue an individual septic system and connect into a more reliable sewer infrastructure operated by the County.

2. The level and range of those services.

SCCSD has provided wastewater collection services to the City of Capitola, the unincorporated communities of Aptos, Soquel, and Live Oak, and select additional service areas, including Harbor High School and the Santa Cruz Port District for over 50 years (since 1973). The District's current service area encompasses approximately 870 acres. SCCSD has confirmed that it possesses adequate capacity and operational capability to serve the proposed annexation area.

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

The applicant has demonstrated feasibility of the proposed annexation and sewer connection through documentation that includes a recorded private utility easement authorizing installation of a private sewer lateral across adjacent property, preliminary plans illustrating the proposed sewer alignment, and written confirmation from LAFCO that the annexation is moving forward. Additional requirements include obtaining a septic system abandonment permit from the Environmental Health Department and payment of all applicable fees. Annexation fees total \$762.48, based on a rate of \$720 per acre. Sewer connection fees are assessed based on the number of dwelling units and drainage fixture units, with a minimum fee of \$3,000 per unit. Based on preliminary information, the accessory dwelling unit (ADU) would incur a \$3,000 fee, while the primary residence is estimated to range between \$3,000 and \$4,500, subject to final determination following submission of floor plans and field verification at the time of connection.

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

The applicant has provided documentation supporting the feasibility of the proposed annexation and sewer connection, including a recorded five-foot-wide private utility easement authorizing installation of a private sewer lateral across neighboring property, conceptual plans illustrating the proposed sewer alignment, and written confirmation from LAFCO indicating that the annexation meets the statutory requirements under the CKH Act and local policies. Additional requirements include securing a septic system abandonment permit from the Environmental Health Department prior to connection.

Applicable fees include annexation charges totaling \$762.48, based on a rate of \$720 per acre, and sewer connection fees assessed according to the number of dwelling units and installed drainage fixture units. The minimum connection fee is \$3,000 per unit. Based on preliminary information, the accessory dwelling unit (ADU) would be subject to a \$3,000 fee, while the primary residence is estimated to range from \$3,000 to \$4,500, pending review of floor plans and verification of plumbing fixtures at the time of connection.

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

The owner is responsible for providing and paying for all facilities connecting their property to the existing sewer system. In addition, the owner is fully responsible for providing all easements necessary for the installation, operations, maintenance and replacement of pipelines and facilities owned or to be owned by SCCSD.

Notice of Exemption

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

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

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

Project Title: "Monroe Ave./Huntington Dr. Annexation" to the Santa Cruz County Sanitation District

Project Location: The subject area is within unincorporated county territory and is located north of Soquel Drive, west of Monroe Avenue, south of Huntington Drive, and east of Rio Del Mar Boulevard. Attached is a vicinity map of the subject area (refer to **Attachment A**).

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

Description of Nature, Purpose, and Beneficiaries of Project: The proposal was initiated by landowner petition. The subject area includes a single parcel totaling one acre. The purpose of the proposal is for the provision of sewer services from a nearby public agency to existing single-family home. The subject parcel is within the District's sphere of influence, indicating that the District is the most logical service provider to the subject parcel for sewer services.

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County ("Santa Cruz LAFCO"). A public hearing on this proposal is scheduled for 9:00 a.m. on March 4, 2026. Additional information on the upcoming meeting is available on the LAFCO website (<https://www.santacruzlafco.org>).

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

Exempt Status: (check one)

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

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

Lead Agency Contact Person: Joe A. Serrano

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

Signature: _____
Joe A. Serrano, Executive Officer

Date: March 5, 2026

Signed by Lead Agency



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

NOTICE IS HEREBY GIVEN that at 9:00 a.m., Wednesday, March 4, 2026, the Local Agency Formation Commission of Santa Cruz County (LAFCO) will hold public hearings on the following items:

- **“Monroe Avenue / Huntington Drive Annexation”**: Consideration of a single parcel annexation into the Santa Cruz County Sanitation District. The subject parcel is located north of Highway 1, east of Soquel Drive, south of Wallace Avenue, and west of Monroe Avenue. If approved, the single family home located within the subject area will receive sewer service from a neighboring sanitation district.
- **Capitola Sphere of Influence Amendment**: Consideration of sphere amendment for the City of Capitola. LAFCO adopted a service and sphere review for Capitola in May 2022 and requested the City to evaluate its current sphere boundary. If approved, the City’s sphere will be modified to better reflect its future based on their recent study’s findings.
- **Policies & Procedures Handbook Update**: Consideration of proposed modifications to LAFCO’s Policies & Procedures Handbook to add language with guidelines on various items including but not limited to processing financial assistance requests.

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

A handwritten signature in blue ink, appearing to read 'Joe A. Serrano'.

Joe A. Serrano
Executive Officer

Date: February 11, 2026

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2026-02

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
MAKING DETERMINATIONS AND ORDERING THE
“MONROE AVENUE / HUNTINGTON DRIVE ANNEXATION”
TO THE SANTA CRUZ COUNTY SANITATION DISTRICT
(LAFCO PROJECT NO. DA 25-10)

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

WHEREAS, the proposal was initiated by the affected landowner and therefore has 100% landowner consent. The subject area includes a single parcel (APN: 041-221-04) totaling approximately one acre. The purpose of the proposal is for the provision of sewer services from a nearby public agency to the existing facility; and

WHEREAS, the proposal was assigned the short-term designation of “Monroe Avenue / Huntington Drive Annexation”; and

WHEREAS, the subject area is within unincorporated county territory and is located north of Soquel Drive, west of Monroe Avenue, south of Huntington Drive, and east of Rio Del Mar Boulevard; and

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

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

WHEREAS, correspondence summarizing the proposal was sent to all affected and interested agencies requesting comments on May 27, 2025. LAFCO did not receive any opposition following the conclusion of the comment period; and

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

WHEREAS, a public hearing by the Commission was held on March 4, 2026; and at the hearing the Commission heard and received all oral and written protests, objections, and evidence that were presented.

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

Section 1. The foregoing recitals are true and correct.

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

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

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

LAFCO analyzed these and other factors as part of the March 4th staff report.

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

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

- a) Agency Endorsement: The Executive Officer shall not file the application unless the affected public agency has submitted a written endorsement indicating its willingness to provide the service if the Commission approves the request. The District submitted a Will-Serve Letter dated February 20, 2026 indicating its willingness and ability to provide services to the existing single family home.

- b) Fee Deposit: The applicant shall pay the costs of processing the application as specified in the Commission's Schedule of Fees and Deposits. The applicant submitted a fee deposit of \$2,500 as part of the application packet.
- c) Map & Legal Description: A map of any proposed boundary changes shall show the present and proposed boundaries of all affected agencies in the vicinity of the proposal site. The Commission shall ensure that any approved boundary changes are definite and certain. The required metes and bounds of the proposal are shown in Exhibit A. The vicinity map of the proposal is shown in Exhibit B.
- d) Commission Hearing: The Commission shall consider the request after it has been placed on an agenda of a Commission meeting. After deeming the proposal complete, the Executive Officer advertised the proposal in the Santa Cruz Sentinel newspaper on February 11, 2026, and scheduled the proposal for Commission consideration on March 4, 2026.

Section 5. The applicant shall agree, as a condition of the approval of the application for annexation, to be bound by the LAFCO Indemnification and Defense Form signed on May 12, 2025.

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

- a) Property Tax Exchange Agreement: California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement involving the affected local agency before LAFCO can consider a jurisdictional change. The Board of Supervisors (BOS) acts as the authorizing body for the District regarding property tax adjustments. The BOS adopted the property tax exchange agreement for this proposal on October 21, 2025.
- b) State Board of Equalization: The proponent shall provide a legal map, description, and fees to meet State Board of Equalization requirements.
- c) District Fees & Charges: The District shall levy and collect within the territory being annexed any previously established and collected benefit assessment of property-related fees or charges that are collected within all or part of the district at the time of annexation. The applicant shall be responsible for all fees and costs associated with the connection of sewer service with the District.
- d) LAFCO Processing Fees: The applicant shall pay any remaining processing fees as set in this Commission's Schedule of Fees and Deposits.

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

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

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

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

Section 11. The County may consider submitting an annexation request to annex the two existing extraterritorial service agreements near the subject area involving APNs 041-221-18 and 041-221-19. If an application is submitted and completed by March 31, 2028, then LAFCO shall waive its filing fees associated with the proposed annexation application.

Section 12. 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 4th day of March 2026.

AYES:

NOES:

ABSTAIN:

RACHÉL LATHER, CHAIRPERSON

Attest:

Approved as to form:

Joe A. Serrano
Executive Officer

Joshua Nelson
LAFCO Counsel

Exhibit A: Map & Legal Description



VICINITY MAP

NO SCALE

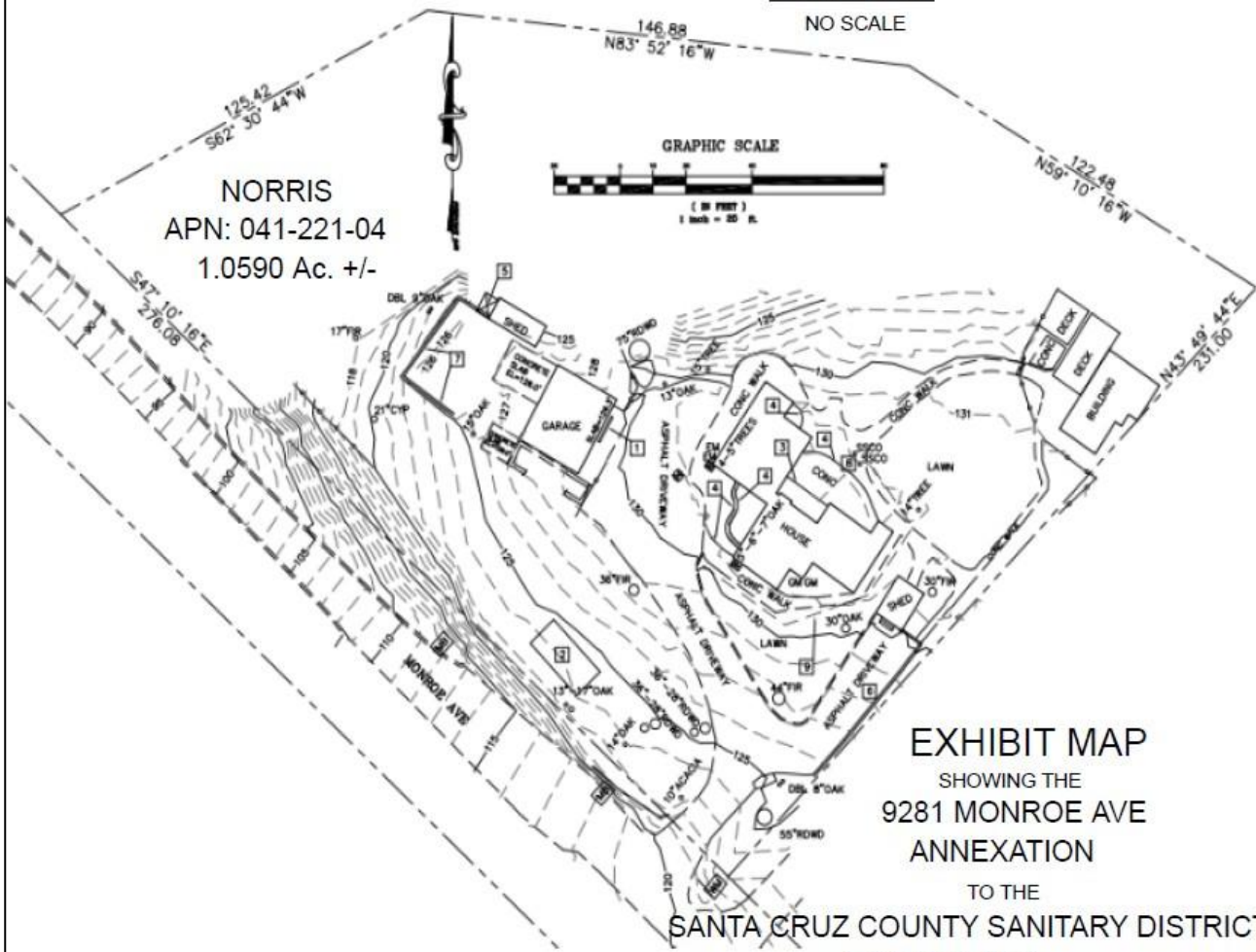


EXHIBIT MAP

SHOWING THE
9281 MONROE AVE
ANNEXATION

TO THE
SANTA CRUZ COUNTY SANITARY DISTRICT
LAFCO NO.

PREPARED BY
GEOFF NORRIS OWNER/GEN. CONTR.
P.O. Box 1078
Aptos, CA 95001
831-594.4028

LEGAL DESCRIPTION
for the
9281 MONROE AVE ANNEXATION
to the
SANTA CRUZ COUNTY SANITARY DISTRICT

LAFCO No.

SITUATE in the County of Santa Cruz, State of California, and

BEING a portion of the lands of Geoffrey B. Norris, an unmarried man, of Lot 21 of the Aptos Rancho, as described in that certain Grant Deed recorded 11/08/2022, Document No. 2022-0030297, Official Records of the County of Santa Cruz.

BEGINNING at a point from which the point of intersection of the Northeastern line of Monroe Avenue with a direct production Northeasternly of the Southeastern line of Block 31, as said avenue and block are delineated and so designated on that certain map entitled "Map of Subdivision No. 3., Aptos Beach County Club Properties, Aptos, Santa Cruz County, California", etc., and filed for the record on August 10th, 1925, in Volume 23 of maps at Page 3, Santa Cruz County Records,

Course 1. Bears North 47° 11' West a distance of 247.10' (the bearing of said Northeasternly line of Monroe Avenue, being called North 45° 00' West for the purpose of this description);
thence runs

Course 2. South 62° 42' West 125.42' thence;

Course 3. North 83° 41' West 146.88' thence;

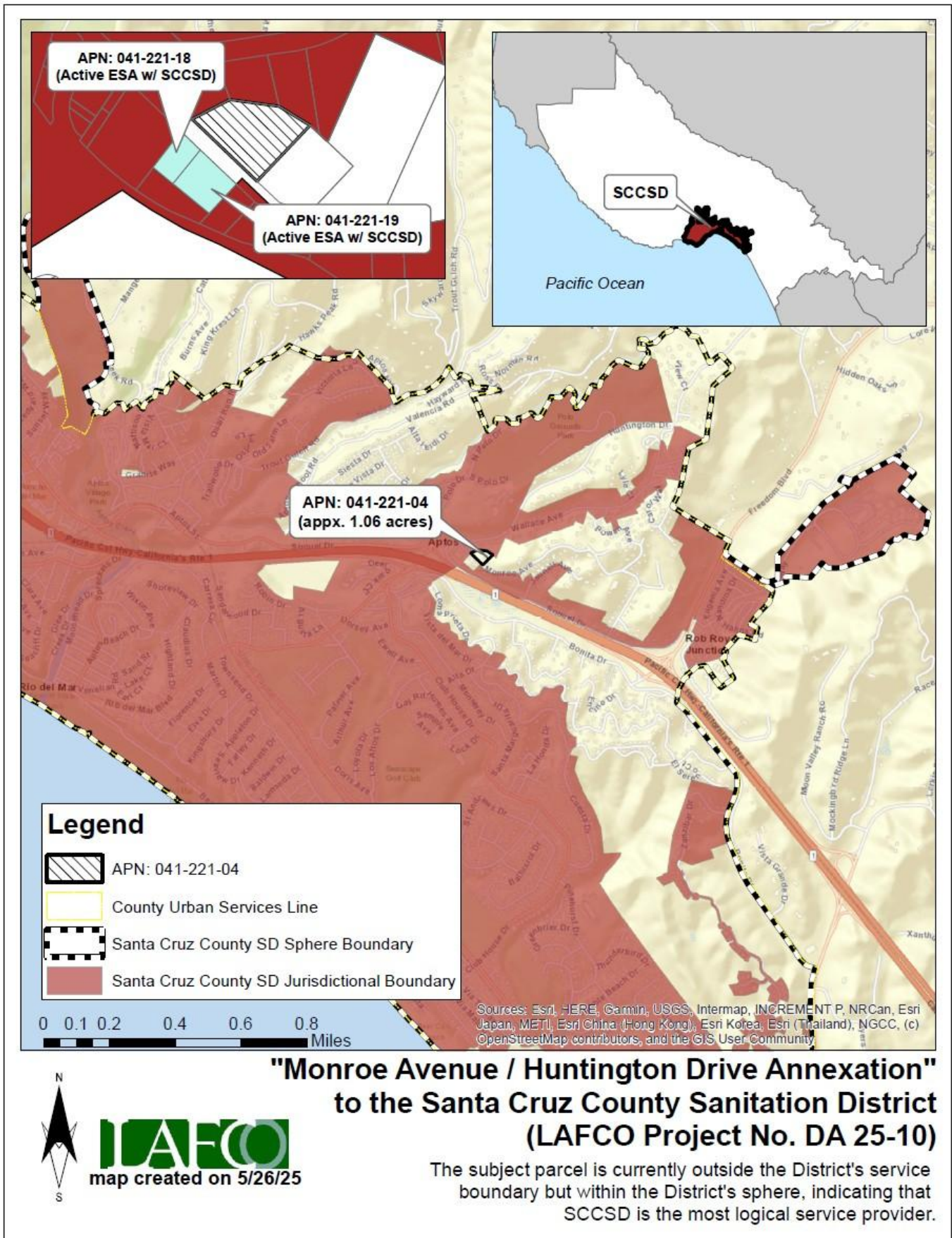
Course 4. North 58° 59' West 122.48' thence;

Course 5. North 44° 01' East 236.18' thence;

Course 6. South 46° 59' East 276.08 Feet; to point of beginning.

APN: 041-221-04

Exhibit B: Vicinity Map





Santa Cruz Local Agency Formation Commission

Date: March 4, 2026
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **City of Capitola Sphere Boundary Adjustment**

SUMMARY OF RECOMMENDATION

The Commission adopted a service and sphere review for the City of Capitola in May 2022 and included a recommendation to develop an annexation plan before their next service review cycle (May 2027). The City of Capitola hired an outside consultant in April 2024 to analyze the City’s current sphere boundary. In November 2025, the Capitola City Council reviewed the consultant’s findings and directed city staff to work with LAFCO to modify their sphere to better reflect the City’s future.

It is recommended that the Commission adopt the draft resolution (LAFCO No. 2026-03) approving the sphere adjustment for the City of Capitola.

EXECUTIVE OFFICER’S REPORT

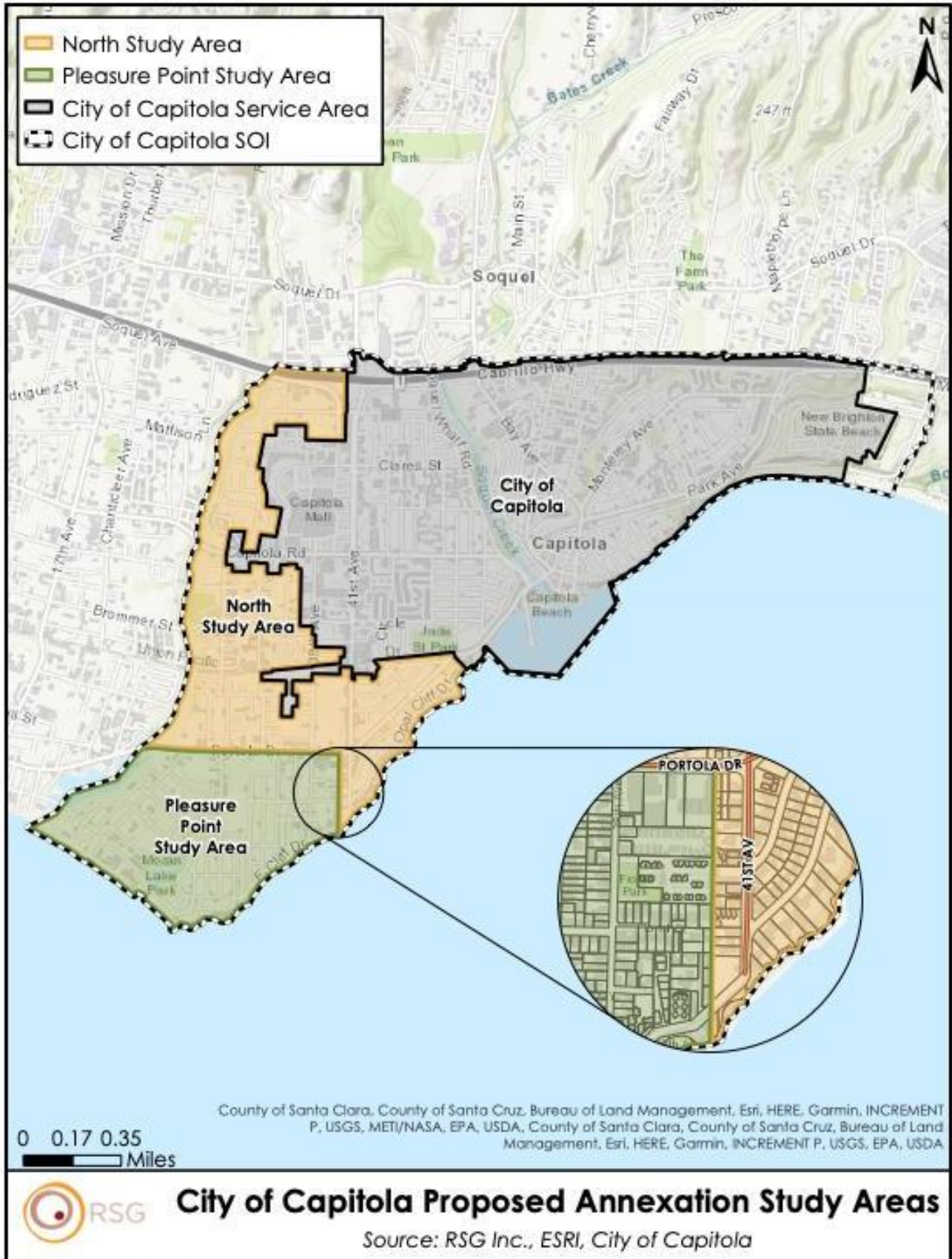
The City of Capitola received a presentation from RSG, Inc. on November 13, 2025 summarizing the results of a consultant-led annexation feasibility study evaluating potential future annexations within the City’s existing sphere of influence (SOI), as shown in **Attachment 1**. Capitola’s current SOI includes approximately 2,200 parcels totaling 622 acres outside the City’s jurisdictional boundary. The study was undertaken in response to a 2022 LAFCO service and sphere review that reaffirmed Capitola’s SOI and recommended the City prepare an analysis of potential annexation scenarios by May 2027. The study was funded through a combined \$45,000 contribution from the City (\$30,000) and LAFCO (\$15,000), which was approved by the Commission on March 6, 2024¹.

RSG analyzed the fiscal, operational, and service impacts associated with annexing portions of the SOI, which was divided into two geographic study areas: the northern area (including Capitola Mall, the “keyhole” area, and Opal Cliffs) and the southern area (Pleasure Point). **Page 2** of this report provides a map depicting the two study areas.

Three scenarios were evaluated by RSG: (1) annexation of the northern area, (2) the southern area, or (3) both. Based on preliminary findings, the analysis indicated that annexation of any of the study areas would not be financially feasible or advantageous for the City under current conditions. As a result, further detailed departmental cost analyses were paused. During the November 2025 City Council Meeting, the City directed their staff to share the findings with LAFCO for consideration and potential adjustment of the City’s sphere boundary.

¹3/6/24 LAFCO Staff Report: <https://santacruzlafco.org/wp-content/uploads/2024/02/6c.0-Capitola-Annexation-Plan-Staff-Report.pdf>

Map of Study Areas



Date created: 8/25/2025

Proposed Sphere Update

Based on the findings of the sphere analysis prepared by RSG, Inc., LAFCO staff is recommending that the City of Capitola's current sphere of influence (**Attachment 2**) be amended to exclude the Pleasure Point study area, as current fiscal and service analyses do not support its potential annexation. LAFCO staff, in coordination with City staff, believes that it is appropriate to retain the North study area within the City's sphere of influence, as it may represent a logical and feasible area for municipal expansion in the future, subject to changing conditions and additional analysis. Additionally, the City and LAFCO agreed to exclude the small area to the east of the city limits since there is no interest to annex in the foreseeable future. **Attachment 3** provides a copy of the proposed sphere map.

Government Code Section 56425 requires LAFCO to periodically review and update spheres of influence in concert with conducting municipal service reviews. Spheres are used as regional planning tools to discourage urban sprawl and encourage orderly growth. Based on RSG's recent findings, LAFCO has prepared the following written statements of determination to accompany the proposed sphere adjustment:

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

The present and planned land uses are based on the City's general plan which ranges from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of open space, residential uses, and environmental protection. Planned land uses within the applicable general plans are a mix of urban and residential, public recreation, and open-space lands.

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

Capitola has identified and prioritized its infrastructure needs in various projects. LAFCO has recommended that the City adopt a new five-year capital improvement plan, similar to the one completed in 2014.

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

Capitola provides various types of municipal services, including but not limited to law enforcement and public works. In 2021, the City's population was estimated to be 10,200. LAFCO staff projects that the City's population will reach 10,800 by 2040.

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.

Capitola appoints its citizens on an array of boards, commissions, and committees to assist and advise in formulating policies. These advisory bodies provide feedback that may help the City make significant decisions. In total, the City has one board (Historical Museum Board), three Commissions (Art & Cultural, Environment, and Planning), and two committees (Architectural & Site Review and Finance Advisory).

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.

LAFCO did not identify any DUCs within the City's sphere boundary. It is important to note that the City does not provide water, sewer, or fire protection to its constituents. Those services are provided by independent special districts in the area.

Environmental Review

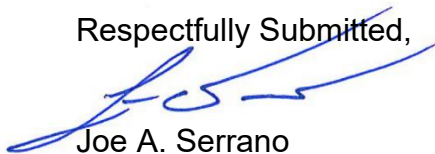
LAFCO staff has conducted an environmental review for the proposed sphere amendment in accordance with the California Environmental Quality Act (CEQA). Staff has determined that the sphere update is exempt because it can be seen with certainty that there is no possibility that the activity in question 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 4**, will be recorded after commission approval.

CONCLUSION

Based on the comprehensive fiscal, service, and operational analysis prepared by RSG, Inc., and consistent with LAFCO's statutory responsibilities and adopted policies promoting orderly growth, logical municipal boundaries, and efficient public service delivery, LAFCO staff is recommending that the City of Capitola's sphere of influence be amended to remove the Pleasure Point study area. The analysis demonstrates that annexation of this area is neither fiscally sustainable nor operationally advantageous under current conditions and does not represent a logical extension of the City's historic development pattern. LAFCO staff also recommends retaining the North study area within the City's sphere of influence, as it reflects a more logical future expansion area that is consistent with Capitola's historical growth trends, existing urban development patterns, and long-range planning objectives, and may warrant reconsideration of possible annexation in the future should fiscal, service, or infrastructure conditions change.

This outcome and staff's recommendation recognizes and commends the City Council and their staff for their proactive, collaborative, and data-driven approach to long-range planning. In response to LAFCO's 2022 Service and Sphere Review recommendations, the City voluntarily engaged an independent consultant to conduct a detailed annexation feasibility study, demonstrating a strong commitment to thoughtful growth management, fiscal responsibility, and interagency coordination. The City has reviewed the findings and concurs with the proposed sphere amendment, reflecting a shared policy objective between the City and LAFCO that ensures Capitola's sphere of influence accurately reflects realistic, logical, and sustainable future municipal boundaries. Therefore, staff is recommending that the Commission adopt the draft resolution, as shown in **Attachment 5**, approving the sphere adjustment for the City of Capitola.

Respectfully Submitted,



Joe A. Serrano
Executive Officer

Attachments:

1. Sphere Analysis Findings
2. Capitola Current Sphere Boundary Map
3. Capitola Proposed Sphere Boundary Map
4. Notice of Exemption
5. Draft Resolution No. 2026-03

cc: Jamie Goldstein, Capitola City Manager



Preliminary Findings

Annexation Plan Development for Capitola

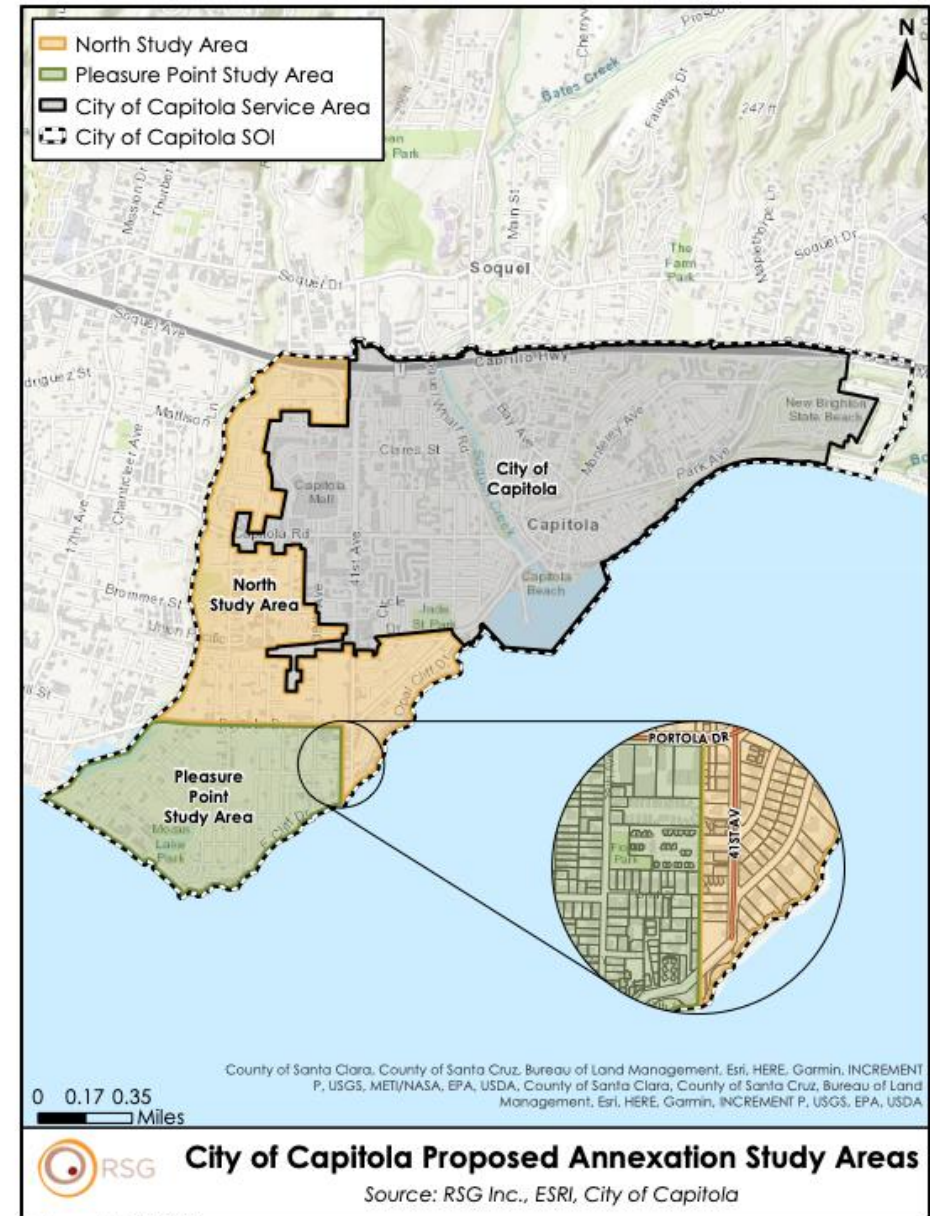
RSG, City of Capitola

November 13, 2025



Study Areas - Updated

Study Area	Size	Parcels	Population
North	0.63	1,526	4,857
Pleasure Point	0.45	1,430	3,342
Combined	1.08	2,956	8,199
City	1.72	4,500	9,598



Service Providers

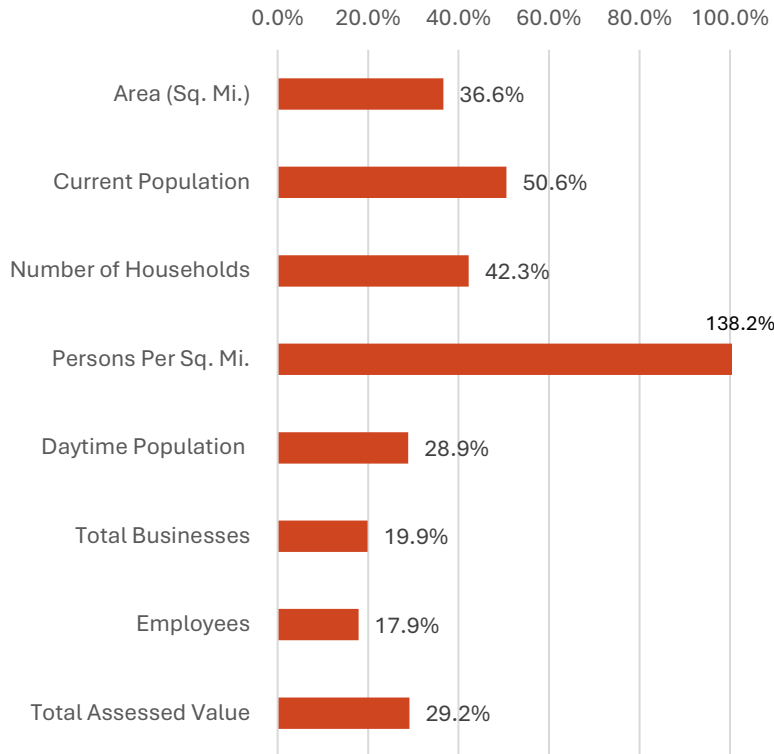
The following service providers will detach from their current providers and annex into the City:

- Law Enforcement
- Parks and Recreation
- Lighting
- Streets/Road Maintenance
- Solid Waste

Service	Current Service Provider to Study Area	Service Provider to Study Area After Annexation	Impact
Law Enforcement	County Sheriff's Office	Capitola Police Department	Annexation
Fire & Emergency Medical	Central Fire District	Central Fire District	No Change
Parks and Recreation	Parks and Recreation CSA-11	Public Works Parks Department/ Community Services and Recreation	Detachment /Annexation
Lighting	Santa Cruz County Residential Lighting CSA-09A	Capitola Public Works Department	Detachment /Annexation
Streets/Road Maintenance	CSA-09D/E	Capitola Public Works Department	Detachment /Annexation
Solid Waste	Refuse Disposal CSA-09C (GreenWaste)	Capitola Public Works Department (GreenWaste)	Detachment /Annexation
Water	Soquel Creek Water District City of Santa Cruz DPW Small Water District	Soquel Creek Water District City of Santa Cruz DPW Small Water District	No Change
Wastewater	Santa Cruz County Sanitation District	Santa Cruz County Sanitation District	No Change
Transportation	Santa Cruz Metropolitan Transit District	Santa Cruz Metropolitan Transit District	No Change

Demographic Data

North Study Area Percent Increase Pre to Post-Annexation



	City	Combined Study Area	North Study Area	Pleasure Point Study Area
Area (Sq. Mi.)	1.72	1.08	0.63	0.45
Current Population	9,598	8,199	4,857	3,342
Number of Households	4,572	3,451	1,932	1,519
Persons Per Sq. Mi.	5,580	7,592	7,710	7,427
Daytime Population	13,127	5,978	3,790	2,188
Total Businesses	846	208	168	40
Employees	7,745	1,792	1,384	408
Total Assessed Value	\$3.5 billion	\$2.2 billion	\$1.0 billion	\$1.2 billion
As of July 1, 2025				
Sources: Esri, Santa Cruz County Assessment Roll 2023-24				

Revenues

Annexation Plan Development for Capitola

Property Tax Revenues

City of Capitola will collect **5.94%** of property taxes in Combined Study Area based on Master Tax Agreement unless renegotiated

Projected Annual Property Tax Revenue (2025-26)

- North Study Area \$ 686,162
- Pleasure Point Study Area \$ 772,622
- Combined Study Area \$ 1,458,788

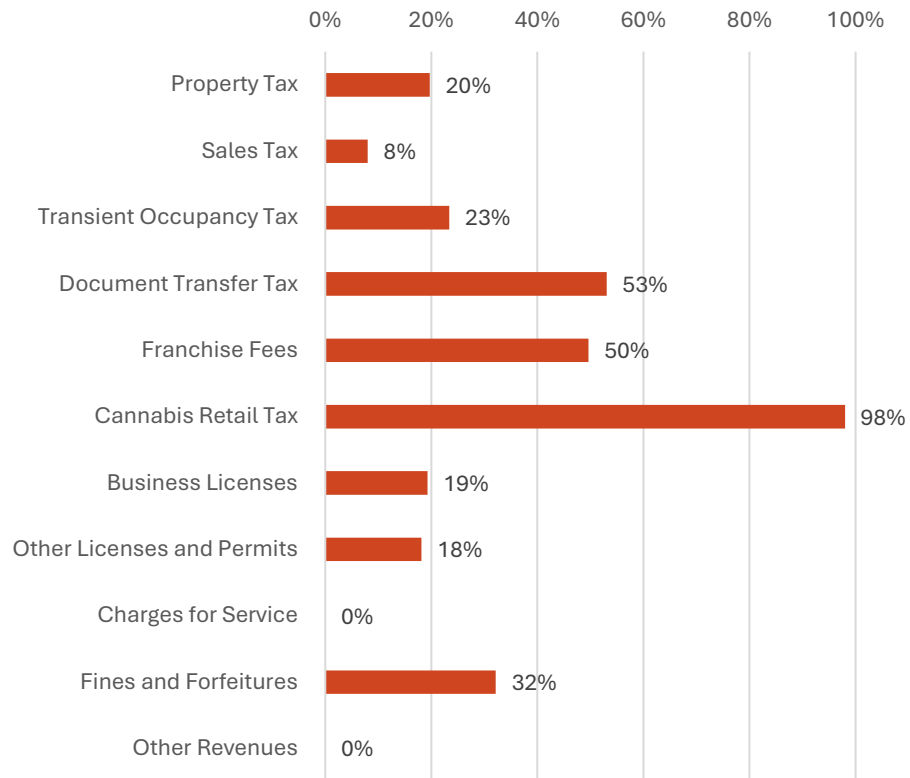
- City \$ 3,277,120

Based on 2024-25 AV with 2% growth

Base Tax	Combined Study Area	North Study Area	Pleasure Point Study Area
A: Co. Base Tax Pre-Tax Share	23.76%	24.08%	23.48%
B: CSA 9	0.21%	0.21%	0.22%
C: CSA 9-A	0.48%	0.76%	0.24%
D: CSA 11	0.30%	0.37%	0.24%
Share of County GF	24.00%	24.00%	24.00%
Co. Base Tax to City	5.70%	5.78%	5.64%
Co. Base Tax to Co.	18.06%	18.30%	17.85%
CSA Shares to City	0.24%	0.32%	0.17%
Total City Share	5.94%	6.10%	5.81%
As of July 1, 2025			
Sources: Esri, Santa Cruz County Assessment Roll 2023-24			

Net New Revenues – North Study Area

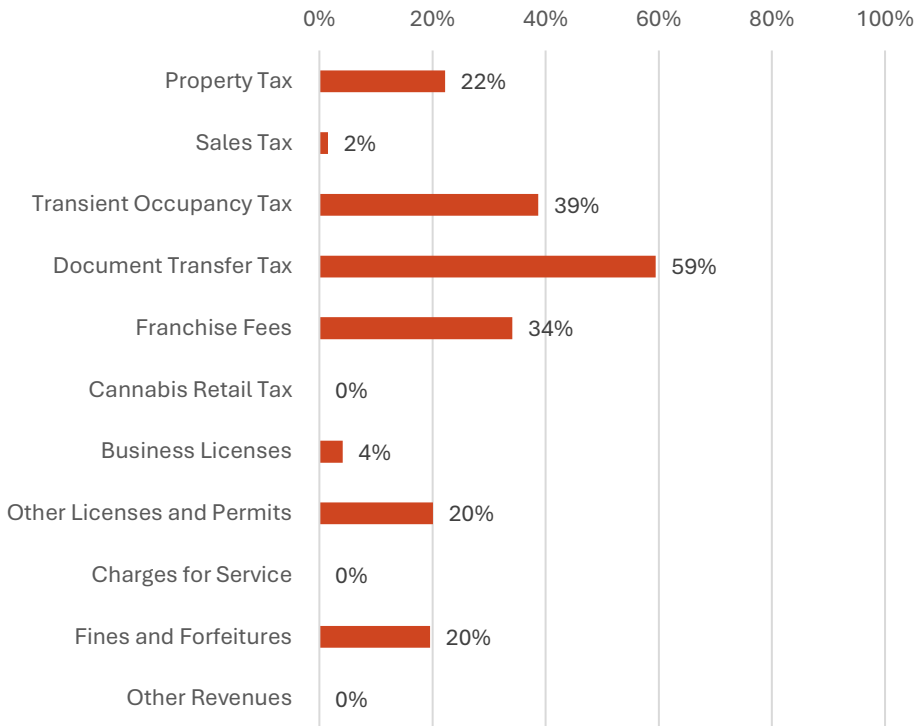
North Study Area Percent Revenue Increase
Pre to Post Annexation
(17% Total)



	City	North Study Area	City + North Study Area
General Fund Revenues			
Property Tax	\$ 3,477,706	\$ 686,162	\$ 4,163,868
Sales Tax	9,029,447	721,732	9,751,179
Transient Occupancy Tax	2,358,004	551,500	2,909,504
Document Transfer Tax	106,121	56,300	162,421
Franchise Fees	741,254	367,800	1,109,054
Cannabis Retail Tax	318,362	312,100	630,462
Business Licenses	338,260	65,257	403,517
Other Licenses and Permits	447,468	81,200	528,668
Charges for Service	Omitted from Analysis		
Fines and Forfeitures	644,684	207,300	851,984
Other Revenues	439,086	-	439,086
Total	\$ 17,900,393	\$ 3,049,351	\$ 20,949,743
* This table excludes charges for services which are off-setting expenses			
As of July 1, 2025. Sources: Esri, Santa Cruz County Assessment Roll 2023-24			

Net New Revenues Pleasure Point Study Area

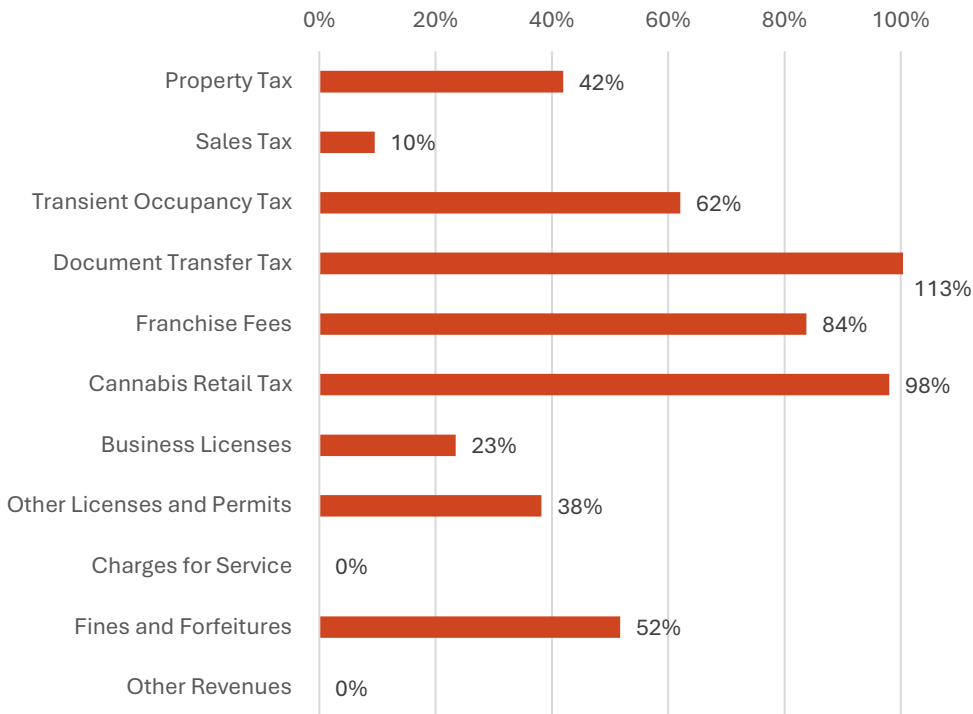
Pleasure Point Study Area Percent Revenue Increase Pre to Post Annexation (13% Total)



	City	Pleasure Point Study Area	City + Pleasure Point Study Area
General Fund Revenues			
Property Tax	\$ 3,477,706	\$ 772,622	\$ 4,250,328
Sales Tax	9,029,447	136,525	9,165,972
Transient Occupancy Tax	2,358,004	912,700	3,270,704
Document Transfer Tax	106,121	63,100	169,221
Franchise Fees	741,254	253,000	994,254
Cannabis Retail Tax	318,362	-	318,362
Business Licenses	338,260	13,977	352,237
Other Licenses and Permits	447,468	89,800	537,268
Charges for Service	Omitted from Analysis		
Fines and Forfeitures	644,684	126,200	770,884
Other Revenues	439,086	-	439,086
Total	\$ 17,900,393	\$ 2,367,924	\$ 20,268,317
* This table excludes charges for services which are off-setting expenses			
As of July 1, 2025. Sources: Esri, Santa Cruz County Assessment Roll 2023-24			

Net New Revenues – Combined Study Area

Combined Study Area Percent Revenue Increase Pre to Post Annexation (30% Total)

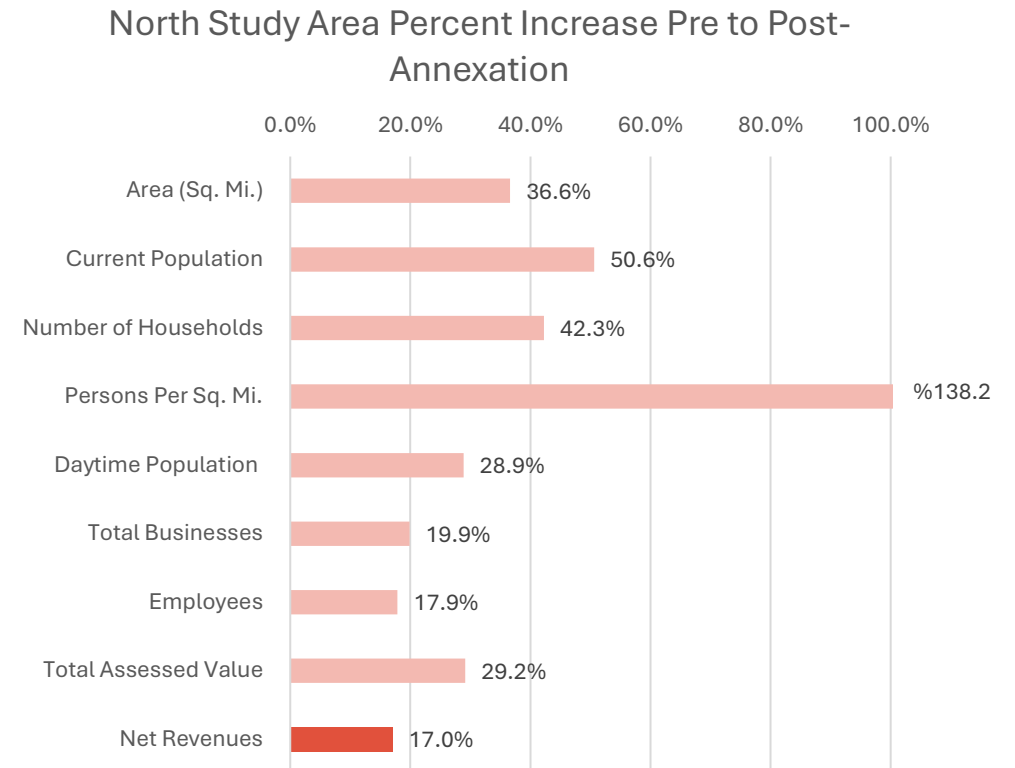


	City	Combined Study Areas	City + Combined Study Areas
General Fund Revenues			
Property Tax	\$ 3,477,706	\$ 1,458,784	\$ 4,936,490
Sales Tax	9,029,447	858,257	9,887,704
Transient Occupancy Tax	2,358,004	1,464,200	3,822,204
Document Transfer Tax	106,121	119,400	225,521
Franchise Fees	741,254	620,800	1,362,054
Cannabis Retail Tax	318,362	312,100	630,462
Business Licenses	338,260	79,234	417,494
Other Licenses and Permits	447,468	171,000	618,468
Charges for Service	Omitted from Analysis		
Fines and Forfeitures	644,684	333,500	978,184
Other Revenues	439,086	-	439,086
Total	\$ 17,900,393	\$ 5,417,275	\$ 23,317,668
* This table excludes charges for services which are off-setting expenses			
As of July 1, 2025. Sources: Esri, Santa Cruz County Assessment Roll 2023-24			

Revenues Takeaways

- Despite increasing population by 51%, the North study area will increase total revenues by 17%.

<u>Percent Increase in</u>	<u>Revenues</u>	<u>vs</u>	<u>Population</u>
Combined SA	30%	vs	85%
North Study Area	17%	vs	51%
Pleasure Point Study Area	13%	vs	35%



Expenditure Considerations

Annexation Plan Development for Capitola

Key Impacts to Expenses

Percentage Increase in Need	<u>Combined Study Area</u>	<u>North Study Area</u>	<u>Pleasure Point Study Area</u>
• Police Department – Calls for Service	22%	12%	11%
• Public Works Department – Streets	58%	36%	22%
• Parks and Recreation – Number of Parks	124%	59%	65%

Further Considerations

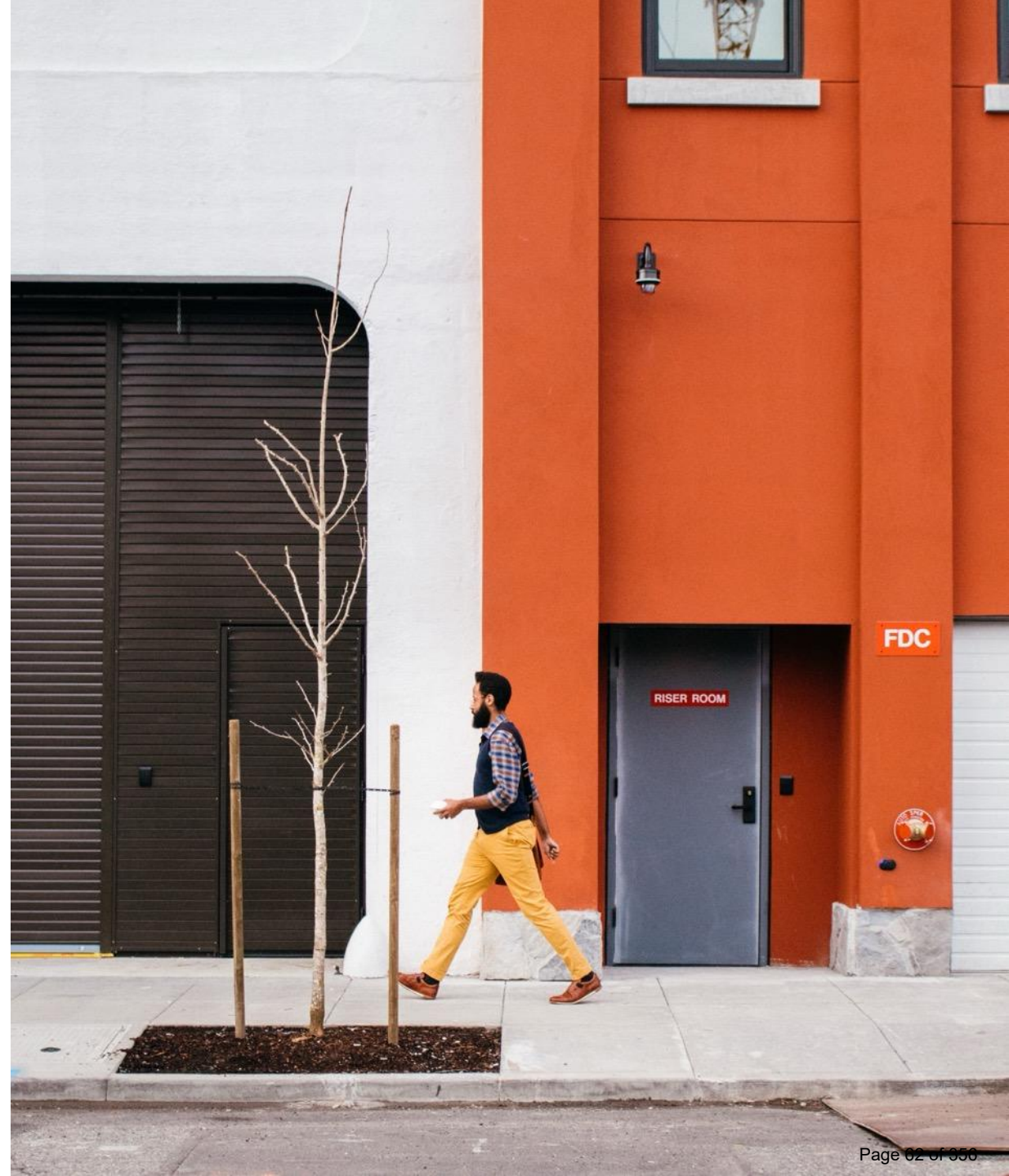
- One-time capital public works projects
- Increase in personnel per department

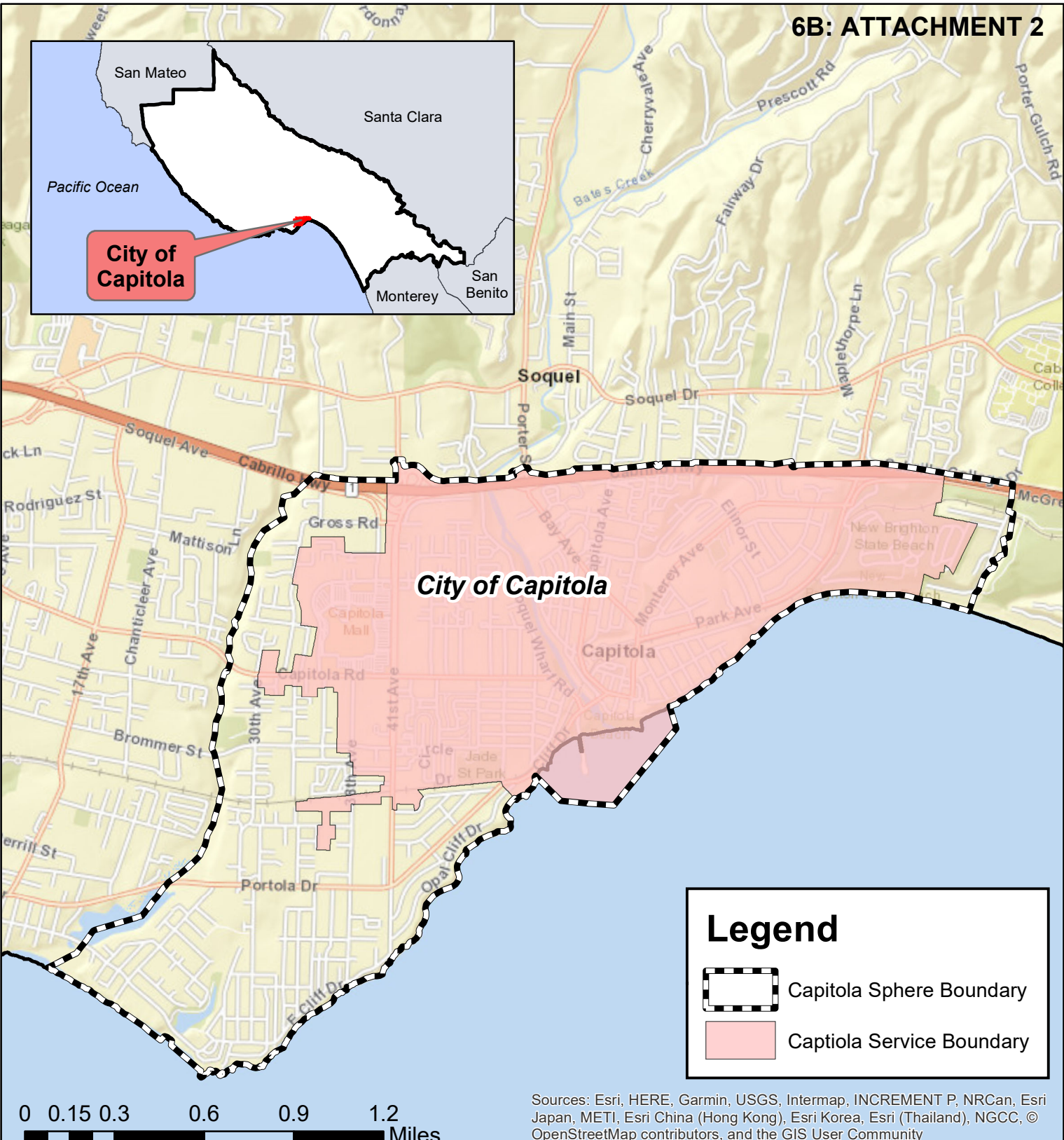


Thank you! Any Questions?

Jim Simon, Principal
jsimon@rsgsolutions.com

SAN DIEGO · LOS ANGELES · OAKLAND
170 Eucalyptus Ave, Suite 200, Vista, CA 92084 | 714.541.4585 | rsgsolutions.com





0 0.15 0.3 0.6 0.9 1.2 Miles

Legend

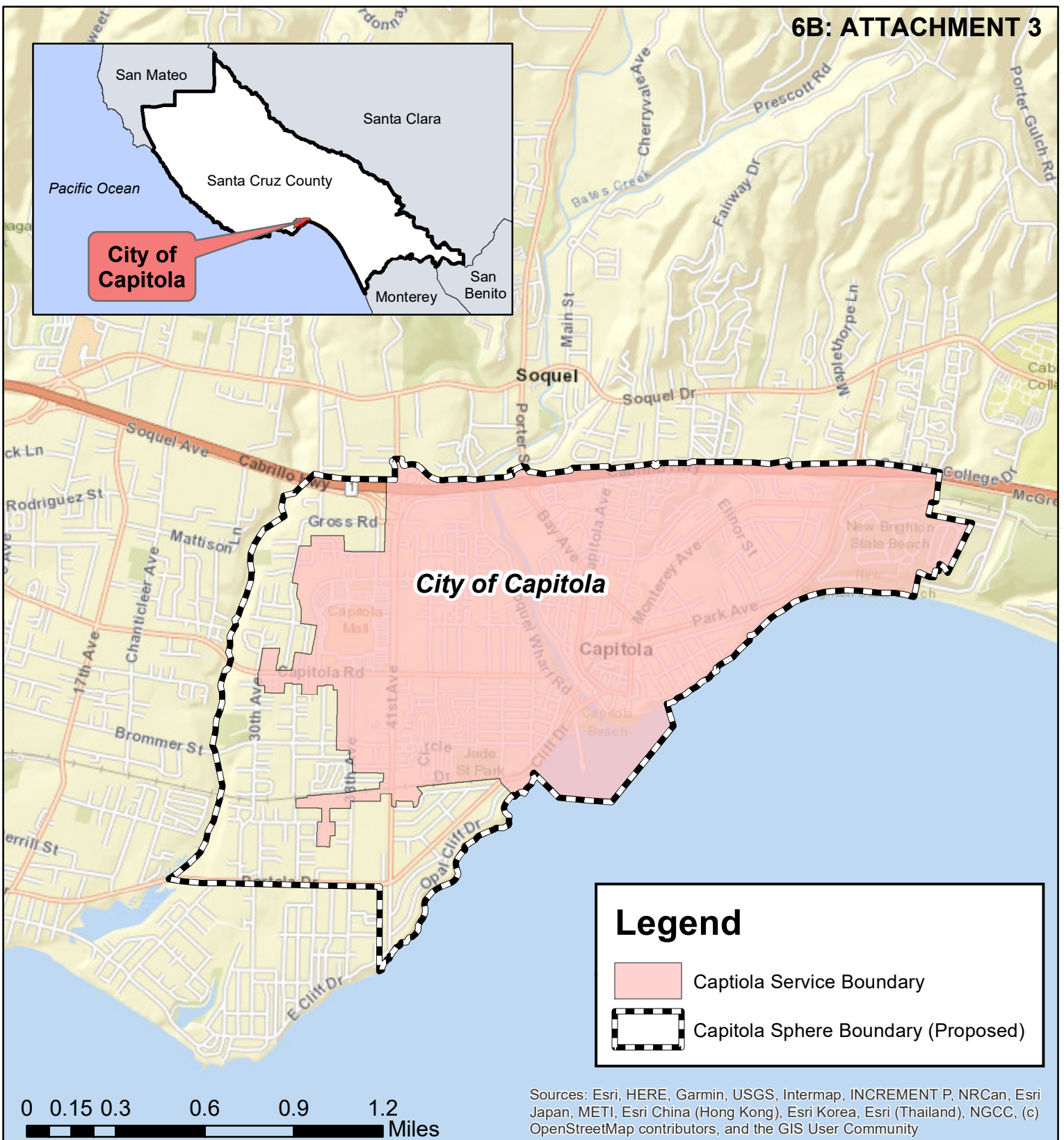
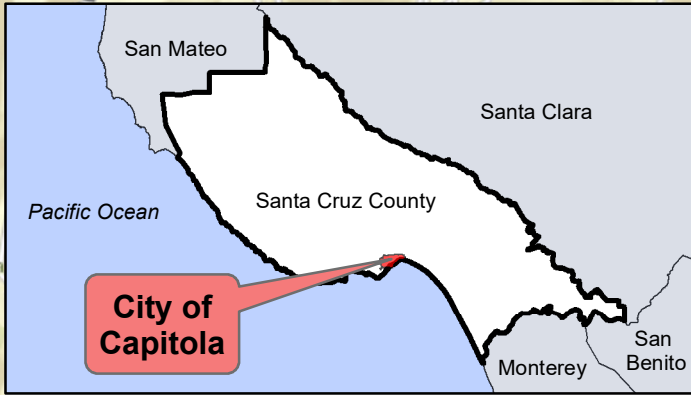
- Capitola Sphere Boundary
- Capitola Service Boundary

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, © OpenStreetMap contributors, and the GIS User Community

City of Capitola Jurisdictional and Sphere Boundaries

Original Sphere Adopted on June 18, 1975
 Sphere Amendment on March 5, 1980
 Sphere Reaffirmed on August 2, 2017
 Sphere Reaffirmed on May 4, 2022

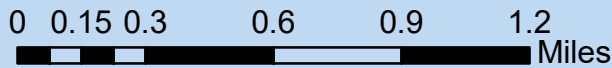




Legend

- Capitola Service Boundary
- Capitola Sphere Boundary (Proposed)

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community



City of Capitola Jurisdictional and Sphere Boundaries



Map created on 12/17/25

- Original Sphere Adopted on June 18, 1975
- Sphere Amendment on March 5, 1980
- Sphere Reaffirmed on August 2, 2017
- Sphere Reaffirmed on May 4, 2022
- Sphere Amendment on March 4, 2026

Notice of Exemption

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

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

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

Project Title: City of Capitola Sphere of Influence Amendment

Project Location: The City of Capitola was incorporated in 1949 and operates as a general law city pursuant to the laws of the State of California. Capitola’s city limits encompasses approximately two square miles and has a population estimated at 10,000. The City provides an array of services, including but not limited to, law enforcement, animal control, and parks and recreation. A vicinity map depicting the City’s jurisdictional and sphere boundaries is attached (refer to **Attachment A**).

Project Location City: Capitola **Project Location County:** Santa Cruz County

Description of Nature, Purpose, and Beneficiaries of Project: The report is for use by the Local Agency Formation Commission in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of spheres of influence of all cities and districts in Santa Cruz County (Government Code section 56425). It also requires LAFCO to conduct a review of municipal services before adopting sphere updates (Government Code section 56430). Santa Cruz LAFCO has prepared a municipal service review, and sphere of influence update for the City. The purpose of the sphere update is meant to be a planning tool in order to accurately reflect the City’s potential future growth.

Name of Public Agency Approving Project: Local Agency Formation Commission of Santa Cruz County. The LAFCO public hearing on this proposal is scheduled for 9:00 a.m. on March 4, 2026.

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

Exempt Status: (check one)

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

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

Lead Agency Contact Person: Joe A. Serrano

Area Code/Phone Extension: 831-454-2055

Signature: _____
Joe A. Serrano, Executive Officer

Date: March 5, 2026

Signed by Lead Agency

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2026-03

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

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
APPROVING THE SPHERE OF INFLUENCE BOUNDARY AMENDMENT
FOR THE CITY OF CAPITOLA

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

1. In accordance with Government Code Sections 56425, 56427, and 56430, the Commission has initiated and conducted the 2022 Service and Sphere of Influence Review for the City of Capitola ("City").
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 March 4, 2026, and at the hearing, the Commission heard and considered all oral and written testimony, objections, and evidence that were presented.
4. This approval of the 2026 Sphere Amendment for the City 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 Sphere of Influence Amendment for the City.
6. The Commission hereby approves the Sphere of Influence Determinations, as shown on Exhibit A.
7. The Commission hereby amends the Sphere of Influence Map for the City, as shown in Exhibit B.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 4th day of March 2026.

AYES:

NOES:

ABSTAIN:

RACHÉL LATHER, CHAIRPERSON

Attest:

Joe A. Serrano
Executive Officer

Approved as to form:

Joshua Nelson
LAFCO Counsel

DRAFT

EXHIBIT A
CITY OF CAPITOLA
2026 SPHERE OF INFLUENCE DETERMINATIONS

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

The present and planned land uses are based on the City's general plan which ranges from urban to rural uses. General plans anticipate growth centered on existing urban areas and the maintenance of open space, residential uses, and environmental protection. Planned land uses within the applicable general plans are a mix of urban and residential, public recreation, and open-space lands.

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

Capitola has identified and prioritized its infrastructure needs in various projects. LAFCO has recommended that the City adopt a new five-year capital improvement plan, similar to the one completed in 2014.

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

Capitola provides various types of municipal services, including but not limited to law enforcement and public works. In 2021, the City's population was estimated to be 10,200. LAFCO staff projects that the City's population will reach 10,800 by 2040.

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.

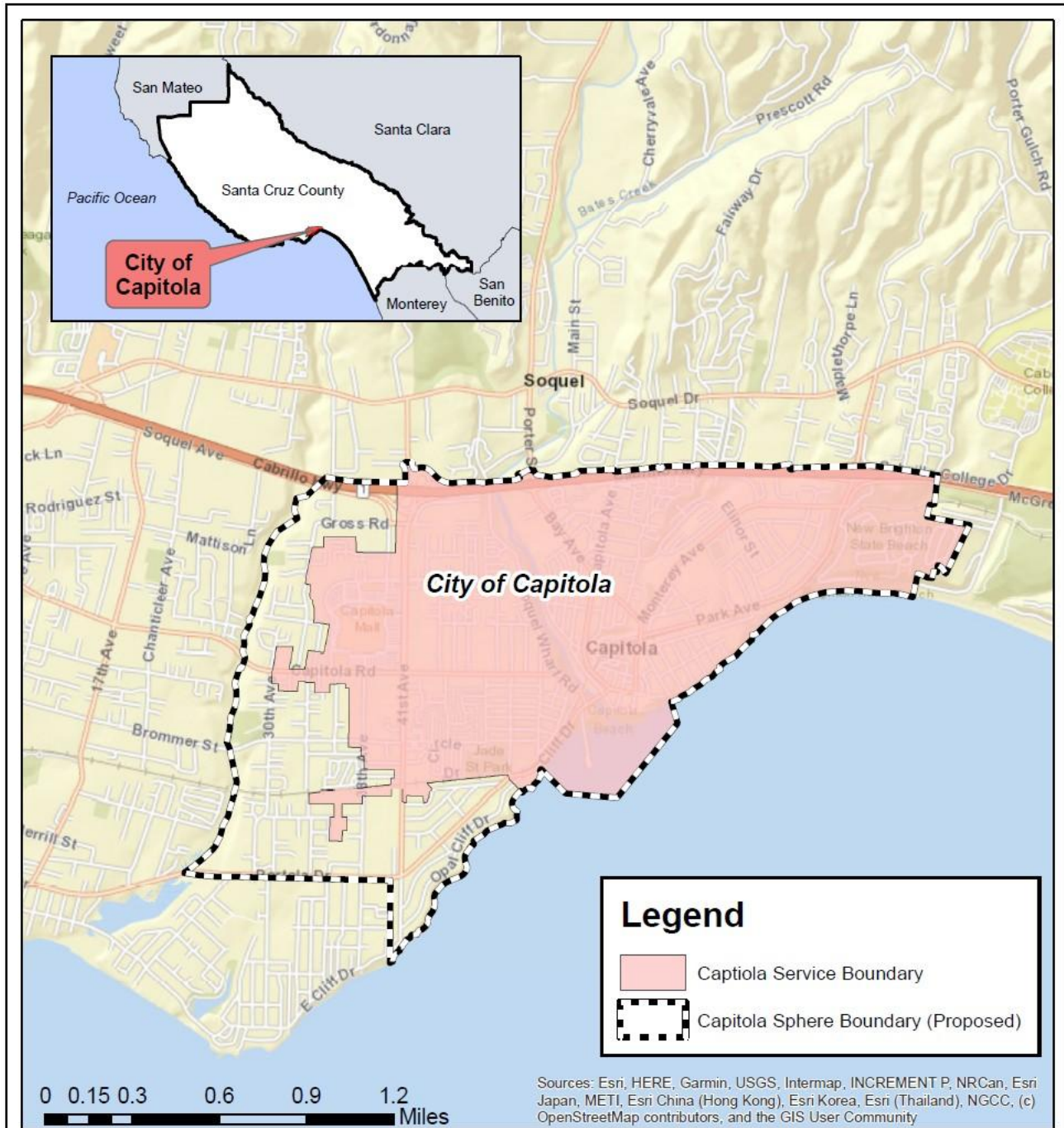
Capitola appoints its citizens on an array of boards, commissions, and committees to assist and advise in formulating policies. These advisory bodies provide feedback that may help the City make significant decisions. In total, the City has one board (Historical Museum Board), three Commissions (Art & Cultural, Environment, and Planning), and two committees (Architectural & Site Review and Finance Advisory).

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.

LAFCO did not identify any DUCs within the City's sphere boundary. It is important to note that the City does not provide water, sewer, or fire protection to its constituents. Those services are provided by independent special districts in the area.

EXHIBIT B
CITY OF CAPITOLA
SPHERE OF INFLUENCE MAP

LAFCO amends the Sphere of Influence for the City of Capitola.



City of Capitola
Jurisdictional and Sphere Boundaries

- Original Sphere Adopted on June 18, 1975
- Sphere Amendment on March 5, 1980
- Sphere Reaffirmed on August 2, 2017
- Sphere Reaffirmed on May 4, 2022
- Sphere Amendment on March 4, 2026





Santa Cruz Local Agency Formation Commission

Date: March 4, 2026
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 made 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 completed in October 2025.

It is recommended that the Commission adopt the draft resolution (No. 2026-04) approving the proposed adjustments to LAFCO’s 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 two new policies and one revision to an existing policy for commission consideration:

Employment Policy (Update Compensation Schedule)

The Board previously adopted a compensation schedule establishing salary steps for all LAFCO positions, with the most recent update completed in March 2024. Staff now recommends revising the schedule to align with current practices and updated salary ranges for the Executive Officer and Analyst classifications. The draft policy language is provided on page 9 of 119 in the attached handbook (**Attachment 1**).

Political Neutrality and Candidate Endorsements Policy (New Policy)

The first policy is intended to preserve LAFCO’s role as an impartial, quasi-legislative governmental entity and to maintain public trust in its independence and objectivity. During the past few years, staff has been asked to consider an endorsement during election cycles. The policy would prohibit employees from endorsing, supporting, or opposing candidates for elected local government boards, councils, or commissions that

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

may be eligible to serve on the Commission during election periods, in any manner that could reasonably be perceived as representing LAFCO. It is important to note that the policy allows employees to continue engaging in lawful personal political activities in their private capacity provided that such activities do not involve candidate endorsements, or reference LAFCO employment, and do not conflict with LAFCO's mission to remain politically neutral. The draft policy language can be found on page 15 of 119 in the attached handbook (see **Attachment 1**).

Apportionment Deferral, Reduction and Waiver Policy (New Policy)

Pursuant to the Cortese-Knox-Hertzberg Act, LAFCO is funded through annual apportionments charged to its member agencies, as calculated by the County Auditor in accordance with Government Code Section 56381. While this funding structure ensures the stable operations for LAFCO, circumstances may arise in which a member agency experiences significant financial hardship that impacts its ability to pay the full apportionment. In October 2025, the Commission considered and approved the apportionment deferral for the Pajaro Valley Health Care District. As part of the approval, the Commission directed staff to coordinate with our legal counsel and develop a policy to address future requests. This proposed policy establishes a formal, transparent, and equitable process through which member agencies may request a deferral, reduction, or waiver of their annual apportionment under limited and clearly defined conditions.

The policy outlines eligibility, submittal requirements, and evaluation criteria to ensure that requests are reviewed consistently and based on demonstrated undue hardship. It will require for staff-level screening by the Executive Officer, followed by Commission consideration and final determination, while clarifying that any granted relief is temporary, non-precedential, and does not shift financial responsibility to other members. Adoption of this policy will promote fiscal accountability, fairness, and transparency, while allowing the Commission limited flexibility to respond to exceptional financial circumstances faced by the funding agencies. The draft policy language can be found on page 47 of 119 in the attached handbook (see **Attachment 1**).

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. 2026-03 (with "clean version" of policy as Exhibit A)

2026

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



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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.
- Intern – 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

- Position Responsibilities: 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.
- Typical Duties: 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.

- **Typical Duties:** 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.
- **Typical Duties:** 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

- **Position Responsibilities:** 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 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 3/4/26)							
		Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H
Position	Range	Base Salary	1- 32 years	42-63 year	73-94 year	104-125 year	135-156 years	156+ years	>>
Executive Officer	N/A	Range = \$ 100154 ,000 - \$ 190205 ,000 (determined by commission) Current Salary = \$ 176,509 <u>190,000</u> (\$ 84.86 <u>91.35</u> /hour)							
Assistant EO									Commission Discretion
Salary Range		90,000	92,520	95,111	97,774	100,511	103,326	106,219	
Hourly Rate		\$43.27	\$44.48	\$45.73	\$47.01	\$48.32	\$49.68	\$51.07	
LAFCO Analyst									Commission Discretion
Salary Range		80,000	82,240	84,543	86,910	89,343	91,845	94,417	
Hourly Rate		\$38.46	\$39.54	\$40.65	\$41.78	\$42.95	\$44.16	\$45.39	
Commission Clerk									Commission Discretion
Salary Range		60,000	61,680	63,407	65,182	67,008	68,884	70,813	
Hourly Rate		\$28.85	\$29.65	\$30.48	\$31.34	\$32.22	\$33.12	\$34.04	
Administrative Analyst									Commission Discretion
Salary Range		55,000	56,540	58,123	59,751	61,424	63,143	64,911	
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, e-mail, 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:

- Executive Officer: 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.

22. POLITICAL NEUTRALITY AND CANDIDATE ENDORSEMENTS

LAFCO is an impartial, quasi-legislative governmental entity whose effectiveness depends on maintaining public trust and political neutrality. To preserve the integrity, independence, and credibility of LAFCO, employees shall not endorse, support, or oppose any candidate for an elected local government board, council, or commission seat during any election period, whether in an official capacity or in any manner that could reasonably be perceived as representing LAFCO.

Nothing in this policy is intended to prohibit employees from engaging in lawful personal political activities in their private capacity, provided such activities do not involve candidate endorsements, do not reference LAFCO employment, and do not otherwise conflict with LAFCO's obligation to remain neutral or with applicable law.

*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)
Last Revision on March 4, 2026*



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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)*



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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 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 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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;
- i) 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)	<p>Not a public record;</p> <p>For Employee Medical Records & Employee Exposure Records regarding exposure to toxic substances or harmful physical agents:</p> <p>*Includes Material Safety Data Sheets (MSDS)</p> <p>*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.</p>	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	<p>Until audited +4 years</p> <p>Published articles show 4-7 years retention</p> <p>Sec. of State Guidelines recommends permanent retention</p>
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/Publications	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 <i>La Barbera v. A. Morrison Trucking, Inc.</i> 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/Repair 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/Authorizations	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	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/Opposition, 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	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/Compensation 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



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

“Request for Destruction of Obsolete Records”

To: Joe A. Serrano, LAFCO Executive Officer

From: _____

Subject: Request for Destruction of Obsolete Records

I am requesting approval to destroy the obsolete records listed below.

DATE OF RECORD	TYPE OF RECORD	LEGAL AUTHORITY	RETENTION PERIOD

APPROVED:

Commission Clerk

Date

Executive Officer

Date

The obsolete records described above were destroyed under my supervision using the following method:

- Shredding Recycling Other (specify method)

I certify that such destruction meets the requirements of the Records Retention and Destruction Policy of LAFCO and all applicable requirements of State and federal law.

Commission Clerk

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



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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 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 or 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)*



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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. Vacancy Notification: 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. Deadline Establishment: The deadline for applications shall be at least 21 days following the meeting at which the Commission authorizes the solicitation.
- c. Candidate Application: 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;
- b. 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)*



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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 cross-section 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 Health 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.
5. 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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.

****Start of New Rotation Schedule -January 22, 2024****

*Adopted on September 6, 2023 (Resolution No. 2023-20)
Last revision on March 6, 2024 (Resolution No. 2024-07)*



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

APPORTIONMENT DEFERRAL, REDUCTION AND WAIVER POLICY

1. OVERVIEW

Pursuant to the Cortese-Knox-Hertzberg Act, the LAFCO of Santa Cruz County ("LAFCO") is funded by the local agencies within its jurisdiction which are eligible to be represented on the LAFCO. After the LAFCO adopts its annual budget following noticed public hearings, the County auditor apportions the net operating expenses of the LAFCO ("Apportionment") according to a formula set forth in Government Code section 56381. From time to time, LAFCO receives requests from members to waive all or part of their Apportionment due to financial hardship and other circumstances. This Policy sets forth the process under which a member may request a deferral, reduction, or waiver of their annual Apportionment.

2. DEFERRAL, REDUCTION AND WAIVER GUIDELINES

It shall be the policy of the LAFCO of Santa Cruz County to allow member agencies to seek a deferral, reduction or waiver of their annual Apportionment under the following process and conditions:

2.1 Eligibility: Every member of the LAFCO upon which an Apportionment is levied is eligible to apply for a deferral, reduction or waiver of their Apportionment.

2.2 Submittal of Requests: Requests for deferral, reduction or waiver of a member's Apportionment shall be made in writing, addressed to the Executive Officer, and submitted not later than July 31st before the due date of the Apportionment for which the deferral, reduction or waiver, as applicable is requested.

2.3 Grounds for Granting a Request: Requests shall be granted on a case-by-case basis where it can be shown that levying the full Apportionment would cause significant, undue hardship to the member. The Executive Officer shall screen all requests to determine whether undue hardship is demonstrated before forwarding any request/s hardship to the Commission for a final determination.

2.4 Deferral Period: Any deferral, if granted, shall be for a period no later than the following financial year, and may be for a shorter period, at the discretion of the Commission.

2.5 No Multi-Year Deferrals, Reductions, or Waivers: Granting of any deferral, reduction or waiver of a member's Apportionment does not entitle that member to a deferral, reduction or waiver in any future year.

2.6 Total Apportionment Impact: Granting of any deferral, reduction or waiver to any member shall not alter the Apportionment amount charged to any other member(s).

CHAPTER III

APPLICATIONS & PROPOSALS



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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 pre-zoning, 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;
- b) 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;
- b) To replace a septic system that has failed. New service connections shall not be sized to accommodate more intensive development;
- c) 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 initiate 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.)

APPLICATION 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?

GENERAL 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 *Attachment A on page 5*).

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

WHO INITIATED THIS PROPOSAL? Generally, LAFCO proposals may be initiated by a resolution of an affected agency, a city council, special district or by the Board of Supervisors. 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

LOCATION AND ADDRESS OF PROPERTY:

MAP AND LEGAL DESCRIPTION:

A map and legal description of the proposal may be prepared by a private engineering firm. An application can be filed with LAFCO without a map and legal, but a proposal cannot be scheduled for LAFCO hearing prior to receipt map and legal description.

Additionally, the map and legal description must meet the State Board of Equalization's requirements. The BOE's "Change of Jurisdictional Boundary" requirements are available for download at <http://www.boe.ca.gov/proptaxes/sprdcont.htm>. Please note, the BOE requires an additional vicinity map that shows the project area in relation to a larger geographic area.

A map and legal description has been:

- Certified by a private engineering firm and is attached to this application.
- Currently being reviewed / developed.
- Other (please explain)

DISCLOSURE OF POLITICAL EXPENDITURES:

LAFCO requires applicants to report all expenditures for political purposes related to an application and proceedings to be reported to the Commission's Executive Officer in compliance with Government Code Sections 56700.1 and 57009. The following is attached to 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.

(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 / Email: _____

ATTACHMENT 1

Property Owner Consent Form

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

I, _____, 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)

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

Date of contribution _____ Amount \$ _____ Name/ Ref. No of LAFCO Proposal _____

Date 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 of contribution _____ Amount \$ _____ Name/ Ref. No of LAFCO Proposal _____

Date 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.)



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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 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

l) 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 Media	The fees as charged by the County of Santa 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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

Pre-Application Discussion: 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.

CEQA Determination: 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.

LAFCO Initial Comments: 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 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.

- Exemptions: Certification of Categorical or Statutory Exemption;
- Negative Declaration: 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;
- California Department of Fish and Wildlife: 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) may 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 not 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:

- Disapproved Projects: 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.
- Feasibility and Planning Studies: 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:
 - 1) 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.

- LAFCO Consideration: 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").

- Purpose: 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.

- EIR Content: 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.
- 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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)



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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)*



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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 uninhabited, 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



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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 agendaized 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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) Coterminous Sphere: A sphere of influence may be coterminous, or identical, with the agency's current jurisdictional boundary.
- b) Larger-than-jurisdiction Sphere: 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) Smaller-than-jurisdiction Sphere: 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 open-space lands;
- b) The present and probable need for public facilities and services in the area;
- c) 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;
- b) 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)



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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	3. 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



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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)*



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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:

Type	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 adjoining 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)



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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;
- b) 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;
- c) 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)*

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY
RESOLUTION NO. 2026-04

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 Commission of Santa Cruz County (“LAFCO” or “Commission”) adopted a series of policies and procedures since its creation in 1963; and

WHEREAS, the first policy was adopted on March 17, 1964 (Water Policy) and the latest policy was adopted on September 6, 2023 (City Selection Policy). In total, the Commission now has 21 distinct policies in place; and

WHEREAS, the Commission previously reviewed and updated each individual policy on a “as-needed” basis; and

WHEREAS, the Commission conducted an extensive review and update of each of the existing policies and procedures during the 2020 calendar year; and

WHEREAS, on September 6, 2023, the Commission determined that the existing policies and procedures should be combined into a single handbook for a more efficient annual review process; and

WHEREAS, the comprehensive policies and procedures handbook was reviewed on March 4, 2026 and the Commission determined that amendments were needed to address how to process apportionment inquiries, how to ensure LAFCO staff members remain neutral during election cycles, and update the compensation schedule; and

NOW, THEREFORE, BE IT RESOLVED, the Commission hereby updates the comprehensive policies and procedures handbook, as shown in Exhibit A, to add language under the Employment Policy and develop a new policy titled Apportionment Deferrals, Reductions and Waiver Policy.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Cruz County this 4th day of March 2026.

AYES:

NOES:

ABSTAIN:

RACHÉL LATHER, CHAIRPERSON

Attest:

Approved as to form:

Joe A. Serrano
Executive Officer

Joshua Nelson
LAFCO Counsel

2026

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

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CHAPTER I

ADMINISTRATION & OPERATIONS



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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.
- Intern – 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

- Position Responsibilities: 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.
- Typical Duties: 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.

- Typical Duties: 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.
- Typical Duties: 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

- Position Responsibilities: 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 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 3/4/26)								
		Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H
Position	Range	Base Salary	1-2 years	2-3 year	3-4 year	4-5 year	5-6 years	6+ years	>>
Executive Officer	N/A	Range = \$154,000 - \$205,000 (determined by commission) Current Salary = \$190,000 (\$91.35/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 granted a 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, e-mail, 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:

- Executive Officer: 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.

22. POLITICAL NEUTRALITY AND CANDIDATE ENDORSEMENTS

LAFCO is an impartial, quasi-legislative governmental entity whose effectiveness depends on maintaining public trust and political neutrality. To preserve the integrity, independence, and credibility of LAFCO, employees shall not endorse, support, or oppose any candidate for an elected local government board, council, or commission seat during any election period, whether in an official capacity or in any manner that could reasonably be perceived as representing LAFCO.

Nothing in this policy is intended to prohibit employees from engaging in lawful personal political activities in their private capacity, provided such activities do not involve candidate endorsements, do not reference LAFCO employment, and do not otherwise conflict with LAFCO’s obligation to remain neutral or with applicable law.

*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)
Last Revision on March 4, 2026*



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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)*



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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 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 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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;
- i) 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)	<p>Not a public record;</p> <p>For Employee Medical Records & Employee Exposure Records regarding exposure to toxic substances or harmful physical agents:</p> <p>*Includes Material Safety Data Sheets (MSDS)</p> <p>*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.</p>	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	<p>Until audited +4 years</p> <p>Published articles show 4-7 years retention</p> <p>Sec. of State Guidelines recommends permanent retention</p>
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/Publications	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 <i>La Barbera v. A. Morrison Trucking, Inc.</i> 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/Repair 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/Authorizations	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	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/Opposition, 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	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/Compensation 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



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

“Request for Destruction of Obsolete Records”

To: Joe A. Serrano, LAFCO Executive Officer

From: _____

Subject: Request for Destruction of Obsolete Records

I am requesting approval to destroy the obsolete records listed below.

DATE OF RECORD	TYPE OF RECORD	LEGAL AUTHORITY	RETENTION PERIOD

APPROVED:

Commission Clerk

Date

Executive Officer

Date

The obsolete records described above were destroyed under my supervision using the following method:

- Shredding Recycling Other (specify method)

I certify that such destruction meets the requirements of the Records Retention and Destruction Policy of LAFCO and all applicable requirements of State and federal law.

Commission Clerk

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



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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 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 or 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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. Vacancy Notification: 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. Deadline Establishment: The deadline for applications shall be at least 21 days following the meeting at which the Commission authorizes the solicitation.
- c. Candidate Application: 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;
- b. 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)*



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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 cross-section 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 Health 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.
5. 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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.

****Start of New Rotation Schedule -January 22, 2024****

*Adopted on September 6, 2023 (Resolution No. 2023-20)
Last revision on March 6, 2024 (Resolution No. 2024-07)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

APPORTIONMENT DEFERRAL, REDUCTION AND WAIVER POLICY

1. OVERVIEW

Pursuant to the Cortese-Knox-Hertzberg Act, the LAFCO of Santa Cruz County (“LAFCO”) is funded by the local agencies within its jurisdiction which are eligible to be represented on the LAFCO. After the LAFCO adopts its annual budget following noticed public hearings, the County auditor apportions the net operating expenses of the LAFCO (“Apportionment”) according to a formula set forth in Government Code section 56381. From time to time, LAFCO receives requests from members to waive all or part of their Apportionment due to financial hardship and other circumstances. This Policy sets forth the process under which a member may request a deferral, reduction, or waiver of their annual Apportionment.

2. DEFERRAL, REDUCTION AND WAIVER GUIDELINES

It shall be the policy of the LAFCO of Santa Cruz County to allow member agencies to seek a deferral, reduction or waiver of their annual Apportionment under the following process and conditions:

2.1 Eligibility: Every member of the LAFCO upon which an Apportionment is levied is eligible to apply for a deferral, reduction or waiver of their Apportionment.

2.2 Submittal of Requests: Requests for deferral, reduction or waiver of a member’s Apportionment shall be made in writing, addressed to the Executive Officer, and submitted not later than July 31st before the due date of the Apportionment for which the deferral, reduction or waiver, as applicable is requested.

2.3 Grounds for Granting a Request: Requests shall be granted on a case-by-case basis where it can be shown that levying the full Apportionment would cause significant, undue hardship to the member. The Executive Officer shall screen all requests to determine whether undue hardship is demonstrated before forwarding any request/s hardship to the Commission for a final determination.

2.4 Deferral Period: Any deferral, if granted, shall be for a period no later than the following financial year, and may be for a shorter period, at the discretion of the Commission.

2.5 No Multi-Year Deferrals, Reductions, or Waivers: Granting of any deferral, reduction or waiver of a member’s Apportionment does not entitle that member to a deferral, reduction or waiver in any future year.

2.6 Total Apportionment Impact: Granting of any deferral, reduction or waiver to any member shall not alter the Apportionment amount charged to any other member(s).

CHAPTER III

APPLICATIONS & PROPOSALS



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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 pre-zoning, 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;
- b) 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;
- b) To replace a septic system that has failed. New service connections shall not be sized to accommodate more intensive development;
- c) 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 initiate 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.

APPLICATION 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?

GENERAL 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 *Attachment A on page 5*).

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

WHO INITIATED THIS PROPOSAL? Generally, LAFCO proposals may be initiated by a resolution of an affected agency, a city council, special district or by the Board of Supervisors. 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

LOCATION AND ADDRESS OF PROPERTY:

MAP AND LEGAL DESCRIPTION:

A map and legal description of the proposal may be prepared by a private engineering firm. An application can be filed with LAFCO without a map and legal, but a proposal cannot be scheduled for LAFCO hearing prior to receipt map and legal description.

Additionally, the map and legal description must meet the State Board of Equalization's requirements. The BOE's "Change of Jurisdictional Boundary" requirements are available for download at <http://www.boe.ca.gov/proptaxes/sprdcont.htm>. Please note, the BOE requires an additional vicinity map that shows the project area in relation to a larger geographic area.

A map and legal description has been:

- Certified by a private engineering firm and is attached to this application.
- Currently being reviewed / developed.
- Other (please explain)

DISCLOSURE OF POLITICAL EXPENDITURES:

LAFCO requires applicants to report all expenditures for political purposes related to an application and proceedings to be reported to the Commission's Executive Officer in compliance with Government Code Sections 56700.1 and 57009. The following is attached to 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.

(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 / Email: _____

ATTACHMENT 1

Property Owner Consent Form

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

I, _____, 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)

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

Date of contribution _____ Amount \$ _____ Name/ Ref. No of LAFCO Proposal _____

Date 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 of contribution _____ Amount \$ _____ Name/ Ref. No of LAFCO Proposal _____

Date 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



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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 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

l) 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 Media	The fees as charged by the County of Santa 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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

Pre-Application Discussion: 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.

CEQA Determination: 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.

LAFCO Initial Comments: 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 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.

- Exemptions: Certification of Categorical or Statutory Exemption;
- Negative Declaration: 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;
- California Department of Fish and Wildlife: 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) may 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 not 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:

- Disapproved Projects: 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.
- Feasibility and Planning Studies: 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:
 - 1) 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.

- LAFCO Consideration: 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").

- Purpose: 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.

- EIR Content: 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.
- 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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)



LOCAL AGENCY FORMATION COMMISSION
OF SANTA CRUZ COUNTY

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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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 uninhabited, 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



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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 agendaized 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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) Coterminous Sphere: A sphere of influence may be coterminous, or identical, with the agency's current jurisdictional boundary.
- b) Larger-than-jurisdiction Sphere: 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) Smaller-than-jurisdiction Sphere: 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 open-space lands;
- b) The present and probable need for public facilities and services in the area;
- c) 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;
- b) 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)



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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	3. 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



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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)



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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:

Type	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 adjoining 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)*



LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

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;
- b) 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;
- c) 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)*



Santa Cruz Local Agency Formation Commission

Date: March 4, 2026
To: LAFCO Commissioners
From: Joe Serrano, Executive Officer
Subject: **“Atkinson Lane / Brewington Avenue Extraterritorial Service Agreement” with the City of Watsonville (Project No. ESA 21-04)**

SUMMARY OF RECOMMENDATION

LAFCO approved an extraterritorial service agreement request in March 2021 involving the City of Watsonville to allow it to provide water and sewer service to a single parcel with the condition that the subject area will be annexed into the City within one year of final occupancy of the entire development. Final occupancy occurred in October 2025. An application to initiate the annexation process was scheduled to be submitted in October 2025; however, the landowner and City staff required more time before an application is submitted to LAFCO and requested a time extension.

It is recommended that the Commission approve a six-month extension to submit an annexation application involving the subject parcel and the City of Watsonville.

EXECUTIVE OFFICER’S REPORT:

The landowner, MidPen Housing, submitted an application on February 3, 2021, requesting an extraterritorial service agreement (ESA) between the City of Watsonville and a single parcel (APN 048-221-09) to obtain water and sewer service for a proposed 80-unit affordable housing development. Although the parcel lies outside the City’s jurisdictional boundary, it is within Watsonville’s sphere of influence. **Attachment 1** illustrates the City’s current boundaries in relation to the proposal area. Approval of the ESA in March 2021¹ authorized the City to extend water and sewer service to the site as an initial step toward future annexation.

Subject Area - Affordable Housing Update

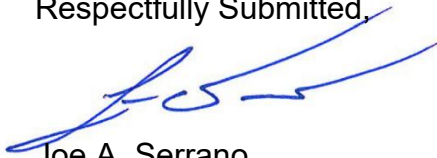
The proposal area, vacant in 2021, has since been developed into an 80-unit affordable housing community known as Pippin Phase II. The project was constructed by MidPen Housing, a nonprofit developer with a long-standing presence in Santa Cruz County and a regional track record of delivering high-quality, permanently affordable housing for low-income families, seniors, and individuals with special needs. MidPen’s work has been instrumental in helping jurisdictions meet state housing obligations and respond to the countywide shortage of affordable units. Pippin Phase II encompasses two parcels: one located in unincorporated territory (APN 048-221-09) and one already within the City of Watsonville (APN 019-236-01). The adjacent Pippin Phase I development, which includes 46 affordable units, also required LAFCO approval and received an ESA in 2014 with a similar two-year annexation condition. Although delays required an extension, Phase I was successfully annexed into the City in 2018.

¹ 3/3/21 Staff Report: <https://www.santacruzlafco.org/wp-content/uploads/2021/02/5a.0-Extraterritorial-Serv-Agreement-Staff-Report.pdf>

NEXT STEPS

LAFCO staff has administratively approved the requested time extension, with support from both the landowner and City representatives. Staff now requests that the Commission formally authorize a six-month extension to provide the City and landowner sufficient time to prepare a complete annexation application and to ensure all LAFCO conditions can be fully addressed. It is important to note that the Commission approved a similar time extension for the previous MidPen Housing project (Pippin Phase I), which was ultimately annexed into the City, and this proposed time extension would continue that established practice. Based on the collaborative effort between the landowner, the City, and LAFCO, staff anticipates an application to be submitted by MidPen in April 2026. The tentative schedule for the entire annexation process is provided in **Attachment 2**.

Respectfully Submitted,

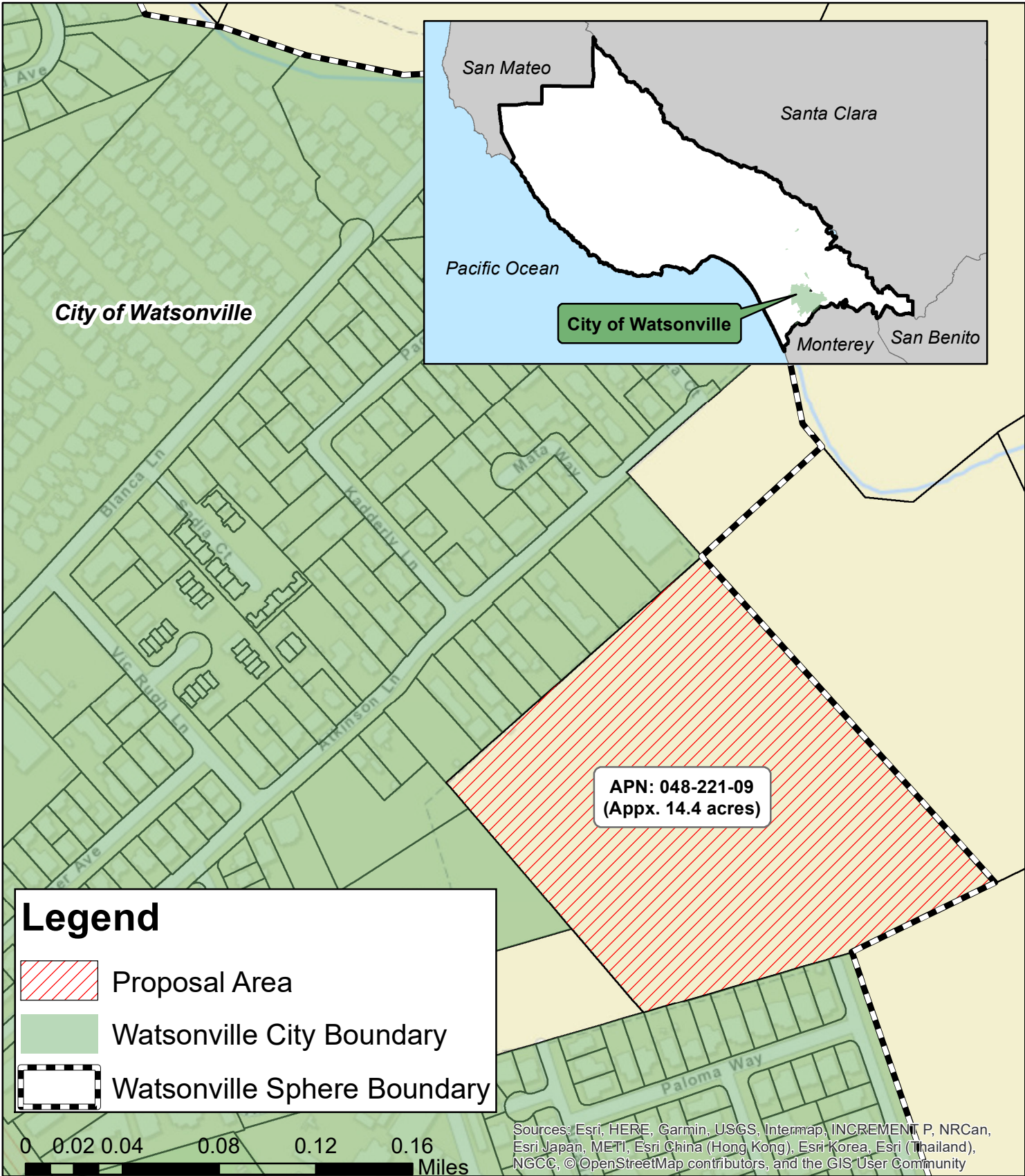


Joe A. Serrano
Executive Officer




Attachments:

1. Proposal Area Map
2. Annexation Timeline

cc: Luis Preciado, Midpen Housing (Property Owner; APN: 048-221-09)
City of Watsonville
County of Santa Cruz



Legend

-  Proposal Area
-  Watsonville City Boundary
-  Watsonville Sphere Boundary

0 0.02 0.04 0.08 0.12 0.16 Miles

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, © OpenStreetMap contributors, and the GIS User Community



**"Atkinson Lane/Brewington Avenue
Extraterritorial Service Agreement"
with the City of Watsonville
(LAFCO Project No. ESA 21-04)**

LAFCO Vicinity Map created on 2-8-21

"Atkinson Lane/Brewington Avenue Annexation" to the City of Watsonville (LAFCO Project No. CA 26-XX)
LAFCO Process: Proposed Schedule (For Discussion Purposes Only - Dates Subject to Change)

Action	Responsible Agency	Target Date	Description
Pre-LAFCO Process			
Discussion about application requirements	Landowner, City & LAFCO	June-October 2025	Discuss the LAFCO process, proposal area, and application requirements to receive municipal services from the City.
During LAFCO Process			
Submittal of LAFCO Application	Applicant/Landowner (Mid-Pen)	April 2026	A completed application must also include the following: 1) Initiating Document (Signed Petition or Adopted Resolution); 2) Environmental Document (CEQA requirement)*; 3) Map & Legal Description (SBE requirement); 4) Signed Indemnification Agreement; 5) LAFCO Filing Fee (Initial Deposit of \$2,500; based on acreage); 6) Any additional information requested by LAFCO (TBD)
Review and Notification of Application	LAFCO	April-May 2026	Pursuant to state law, LAFCO will identify any missing items to the applicant within 30 days. Concurrently, LAFCO will solicit comments from affected and interested agencies/parties.
Discuss Application's Pending Items	Landowner, City & LAFCO	May 2026	Address any pending items. These items must be resolved before LAFCO staff can deem this project complete and ready for Commission consideration.
Adoption of a Property Tax Exchange Agreement	County	July - August 2026	The County of Santa Cruz will need to determine the transfer of ad valorem property tax revenues to fulfill the requirements of Section 99 of the Revenue and Taxation Code.
General Plan Update	City of Watsonville	August 2026	The City will need to update its general plan and pre-zone the subject area before annexation can occur.
Complete Certificate of Filing	LAFCO	September 2026	Pursuant to State law, LAFCO's Executive Officer will deem the project complete when a Certificate of Filing is signed. All required documents and actions need to be accomplished before this step is taken.
Advertise LAFCO Hearing in Newspaper(s)	LAFCO	October 13, 2026	Pursuant to State law, LAFCO will advertise the consideration of the proposed annexation in a newspaper at least 21-days prior to the hearing date (GCS 56157[h] - 1/8 page in newspaper).
Conduct LAFCO Hearing (Consider Proposal)	LAFCO	November 4, 2026	The Commission will consider the proposed change of organization in a public forum. Affected/interested agencies and members of the public will have an opportunity to address the Commission on this matter.
Record Environmental Document	LAFCO	November 5, 2026	Pursuant to State law, and based on local practices, LAFCO may file an environmental document regarding the annexation as a Responsible Agency, unless the proposal is exempt from CEQA. The environmental document will be recorded after the LAFCO hearing date.
Conduct 30-day Request for Reconsideration Period	LAFCO	Nov. 5 - Dec. 4, 2026	Pursuant to state law, the request for reconsideration period is 30 days. <u>Reconsideration:</u> If the annexation is approved, any person or affected agency may file a written request with the executive officer requesting amendments to or reconsideration of the adopted resolution. The request shall state the specific modification to the resolution being requested and shall state what new or different facts that could not have been presented previously are claimed to warrant the reconsideration.
Completion of all Terms & Conditions	Landowner, City & LAFCO	Early-December 2026	The adopted resolution will list a number of terms and conditions. The applicant will be responsible to fulfill such conditions prior to recordation.
Recordation of Proposal	LAFCO	Mid-December 2026	<u>LAFCO:</u> Recordation of the approved proposal with the County and the State Board of Equalization. <u>City:</u> The effective date of the annexation will be the date of recordation.
Post-LAFCO Process			
Certificate of Completion Distribution	LAFCO	December 2026	LAFCO will send a copy of the Certificate of Completion, which includes the adopted resolution, to all affected/interested parties.
State Board of Equalization (SBE) Tax Roll Update	SBE	December 2026	The annexation will be reflected in new tax roll.

Footnote - scheduled created on 10/29/25 for discussion purposes only; Protest Period after Req. for Reconsideration Period scheduled to be waived due to 100% landowner consent



Santa Cruz Local Agency Formation Commission

Date: March 4, 2026
To: LAFCO Commissioners
From: Francisco Estrada, LAFCO Analyst
Subject: **Legislative Update**

SUMMARY OF RECOMMENDATION

LAFCO staff tracks bills during the legislative session and provides periodic updates. The Commission may take a position on any tracked bill. This agenda item is for informational purposes only and does not require any action at this time. Therefore, it is recommended that the Commission receive and file the staff report.

BACKGROUND

The State Legislature reconvened from the winter recess on January 5, 2026. Approximately 1,798 bills were introduced during the 2026 legislative session. The deadline to introduce a bill was February 20. All bills must pass out of their house of origin (Assembly or Senate) no later than May 26. Afterwards, all bills must pass through both houses by September 30 with a 30-day period for the Governor to either sign or veto passed bills. **Attachment 1** provides an overview of this year’s legislative calendar. The website for additional bill information is <http://leginfo.legislature.ca.gov/>.

Tracked Bills

The California Association of LAFCOs (CALAFCO) typically monitors legislative matters that may have an impact on the Commission’s ability to effectively administer its regulatory responsibilities. For your reference, staff has provided an initial list of proposed bills that may impact Santa Cruz LAFCO, as shown in **Table A** on page 2.

Proposed LAFCO Bill (2026)

In January 2024, UC Berkeley published a report discussing an array of benefits that potential small water system consolidations can deliver in meeting the basic needs of both residents and the state. Specifically, the study discussed the potential role of LAFCOs in helping the state meet critical water system milestones. In their role to regulate and approve changes to the jurisdictional and planning boundaries of a city or special district, the authors argue that LAFCOs across the state could have a bigger impact if they were provided with the added authority to initiate consolidations of small water systems on behalf of struggling or noncomplying agencies.

In 2025, a working group, with various LAFCOs across the state including Santa Cruz LAFCO, was established to pursue the goals of the report published by UC Berkeley. In 2026, the working group moved on to working closely with Senator John Laird’s office to vet, inform, and potentially sponsor a bill to provide LAFCOs with the power to initiate small water system consolidations. After months of working together in partnership, the group decided in February not to pursue the proposed legislation due to a lack of consensus from CALAFCO and member LAFCOs. The Executive Officer has indicated that he will continue to collaborate with the working group and maintain communications with Senator Laird’s office to potentially revisit the legislation in 2027.

Periodic Updates

To ensure that the Commission is up to date on LAFCO-related bills or bills affecting local agencies in Santa Cruz County, staff will provide updates in May and November of each year. The first update will be provided in May once legislative bills have been introduced and discussed in their respective committees, and a second update in November once the governor has signed proposed legislation into law. The Commission may receive additional legislative updates throughout the year if requested.

Table A: Monitored Bills by Santa Cruz LAFCO

Bill No.	Sponsor	Topic & Code	Brief Description	Status
Proposed LAFCO Bill	Laird	Small water systems annexations	Would authorize LAFCOs the ability to initiate annexation to address failing private water systems	Will not move forward in 2026
AB-2083	Jackson	Welfare and Institutions Code	To establish the Moreno Valley-Perris Childcare Special District	Introduced on 2/18/2026
SB-910	Seyarto	Water Code	For the provision of water service to Indian lands that are not within the district	Introduced on 1/26/2026

Footnote: "Bill No." column includes hyperlinks to the proposed bills for additional information

Respectfully Submitted,



Francisco Estrada
LAFCO Analyst

Attachment: 2026 Legislative Calendar

2026 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised September 29, 2025

DEADLINES

JANUARY						
S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

- Jan. 1** Statutes take effect (Art. IV, Sec. 8(c)).
- Jan. 5** Legislature reconvenes (J.R. 51(a)(4)).
- Jan. 10** Budget must be submitted by Governor (Art. IV, Sec. 12 (a)).
- Jan. 16** Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house in the odd-numbered year (J.R. 61(b)(1)).
- Jan. 19** Martin Luther King, Jr. Day.
- Jan. 23** Last day for any committee to hear and report to the **Floor** bills introduced in that house in the odd-numbered year (J.R. 61(b)(2)). Last day to **submit bill requests** to the Office of Legislative Counsel.
- Jan. 31** Last day for each house to **pass bills introduced** in that house in the odd-numbered year (Art. IV, Sec. 10(c)), (J.R. 61(b)(3)).

FEBRUARY						
S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

- Feb. 16** Presidents' Day.
- Feb. 20** Last day for bills to be **introduced** (J.R. 61(b)(4)), (J.R. 54(a)).

MARCH						
S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

- Mar. 26** **Spring Recess** begins upon adjournment (J.R. 51(b)(1)).
- Mar. 30** Cesar Chavez Day observed.

APRIL						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

- Apr. 6** Legislature reconvenes from **Spring Recess** (J.R. 51(b)(1)).
- Apr. 24** Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house (J.R. 61(b)(5)).

MAY						
S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

- May 1** Last day for **policy committees** to hear and report to the Floor **non-fiscal bills** introduced in their house (J.R. 61(b)(6)).
- May 8** Last day for **policy committees** to meet prior to June 1 (J.R. 61(b)(7)).
- May 15** Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61 (b)(8)). Last day for **fiscal committees** to meet prior to June 1 (J.R. 61 (b)(9)).
- May 25** Memorial Day.
- May 26 – 29 Floor Session only.** No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(b)(10)).
- May 29** Last day for each house to pass bills introduced in that house (J.R. 61(b)(11)).

*Holiday schedule subject to Senate Rules committee approval.

2026 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised September 29, 2025

JUNE						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

- June 1** Committee meetings may resume (J.R. 61(b)(12)).
- June 15** Budget Bill must be passed by **midnight** (Art. IV, Sec. 12(c)(3)).
- June 25** Last day for a legislative measure to qualify for the Nov. 3 General Election ballot (Elections Code Sec. 9040).

JULY						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

- July 2** Last day for **policy committees** to meet and report bills (J.R. 61(b)(13)). **Summer Recess** begins upon adjournment of session, provided Budget Bill has passed (J.R. 51(b)(2)).
- July 3** Independence Day observed.

AUGUST						
S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

- Aug. 3** Legislature reconvenes from **Summer Recess** (J.R. 51(b)(2)).
- Aug. 14** Last day for **fiscal committees** to meet and report bills to the Floor (J.R. 61(b)(14)).
- Aug. 17 – 31 Floor Session only.** No committee, other than conference and Rules committees, may meet for any purpose (J.R. 61(b)(15)).
- Aug. 21** Last day to **amend** on the Floor (J.R. 61(b)(16)).
- Aug. 31** Last day for **each house to pass bills** (Art. IV, Sec. 10(c)), (J.R. 61(b)(17)). **Final recess** begins upon adjournment. (J.R. 51(b)(3)).

*Holiday schedule subject to Senate Rules committee approval.

IMPORTANT DATES OCCURRING DURING FINAL RECESS

2026

- Sept. 30 Last day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in the Governor’s possession on or after Sept. 1 (Art. IV, Sec. 10(b)(2)).
- Nov. 3 General Election.
- Nov. 30 Adjournment *sine die* at midnight (Art. IV, Sec. 3(a)).
- Dec. 7 12 Noon convening of the 2027-28 Regular Session (Art. IV, Sec. 3(a)).

2027

- Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).



Santa Cruz Local Agency Formation Commission

Date: February 4, 2026
To: LAFCO Commissioners
From: Francisco Estrada, LAFCO Analyst
Subject: **Press Articles during the months of January and February 2026**

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: “PVHD Board Delays Hospital Closure To January 16 Pending Loan From City of Blythe”. The article, dated January 9, provides an update on the imminent closure of Palo Verde Hospital due to severe ongoing financial issues and efforts by local leaders to continue providing services to residents. In May 2025, Riverside LAFCO voted to begin the process of dissolving the District. In January, PVHD requested a bridge loan of over \$300,000 from the City of Blythe to provide the hospital with an additional week to meet payroll obligations. If the hospital were to close, it would leave more than 17,000 residents without local access to emergency care.

Article #2: “La Jolla breakup bid heats up as San Diego backs off court fight”. The article, dated January 28, details how the City of San Diego opted not to appeal a judge’s decision to dismiss a lawsuit challenging efforts from the Association for the City of La Jolla to operate as its own city. The Association will now continue with its incorporation process and will need to pay \$200,000 to complete a final fiscal analysis before it can move to the ballot box in 2028. Although the process is allowed to move forward, no La Jolla secession effort has been successful since LAFCOs were created by the state in 1963, demonstrating the challenges associated with incorporating new cities.

Article #3: “Watsonville Community Hospital reports nearly \$23 million loss in 2025”. The article, dated February 2, indicates that the Watsonville Community Hospital, managed by the Pajaro Valley Health Care District, reported a financial loss of almost \$23 million in 2025 following changes to federal and state funding. Additionally, the hospital received revenues that were \$35 million less than anticipated. PVHCD leaders expect to lose million in funding over the next three years and are seeking partnerships to stabilize their financial situation.

Article #4: “Annexation: How Cities Grow”. The article, dated February 5, provides an explanation on how the LAFCO annexation process functions in California, which allows cities to expand or reduce their boundaries. In this case, the article explains the annexation process for the City of Suisun, which aims to annex 22,900 acres of adjacent land owned by the California Forever corporation. According to local leaders, the purpose of the proposed annexation is to support economic development in Suisun and expand services to more residents.

Article #5: “Supervisor Martinez chosen as 2026 board chair”. The article, dated February 5, informs the public that Santa Cruz County Supervisor Monica Martinez (District 5) will serve as the board chair for 2026. Supervisor Martinez will be the first openly LGBTQ+ and Latina chairperson in the board’s long history. As a member of the board, Supervisor Martinez has been an advocate for protecting essential services, supporting vulnerable populations, strengthening wildfire preparedness and deepening community engagement.

Article #6: “Notification of LAFCo Protest hearing regarding fire district consolidations coming soon”. The article, dated February 7, details an upcoming protest hearing to be conducted by Nevada LAFCO to consider an application submitted by Penn Valley Fire Protection District (PVFPD) and Rough and Ready Fire Protection Districts (R&RFPD) to consider consolidation. The proposed consolidation is expected to benefit the inhabitants and properties of both districts by improving efficiency and effectiveness, and helping to sustain long-term services such as fire suppression, prevention, protection, and emergency medical services within the subject territories.

Article #7: “What’s going on with the Davenport cement plant?”. The article, dated February 11, informs the public that Pacific Elementary Superintendent Eric Gross has developed a plan to purchase and redevelop the 172-acre Davenport cement plant into a new school campus with workforce housing and public safety facilities. The proposed project would face significant obstacles, including negotiations with the owner, CEMEX, as well as environmental remediation, zoning changes, and ecological concerns. In 2026, Santa Cruz LAFCO approved expansion of the Davenport County Sanitation District sphere of influence to include the existing ESA for the cement plant.

Article #8: “Judge rules for Watsonville pilots in yearslong airport land-use lawsuit”. The article, dated February 17, provides the public with an update on a prolonged lawsuit involving the City of Watsonville and the Watsonville Pilots Association (WPA). In February, a Santa Cruz County judge sided with the WPA and determined that the City violated a state aviation safety law and environmental review guidelines when it approved a 21-unit housing development near the municipal airport in 2021. Per the ruling, the City is now not allowed to approve future development in the airport safety zones unless it first updates its general plan to be compliant with state law or an airport land-use commission is established.

Article #9: “After 22 years leading LAFCO, Executive Officer Kate McKenna prepares to retire”. The article, dated February 18, announces the retirement of Kate McKenna, the current executive officer of Monterey LAFCO after 22 of public service. Additionally, Kate spent 26 years serving in various other public sectors including as a regional planner. The Commission will seek to hire a replacement by July 1st.

Article #10: “Rogers seeks San Lorenzo Valley Water board seat after decades with district”. The article, dated February 20, informs the public that Rick Rogers, former general manager for the San Lorenzo Water District, will seek to join the board of the agency in November. During his time as an employee of the District, Mr. Rogers held nearly every position possible until he retired in 2023. Mr. Rogers has indicated that he hopes to support the current general manager of SLVWD, prioritize groundwater use to reduce costs, and move forward with more capital improvement projects.

Respectfully Submitted,



Francisco Estrada
LAFCO Analyst

Attachments:

1. “PVHD Board Delays Hospital Closure To January 16 Pending Loan...”
2. “La Jolla breakup bid heats up as San Diego backs off court fight”
3. “Watsonville Community Hospital reports nearly \$23 million loss in 2025”
4. “Annexation: How Cities Grow”
5. “Supervisor Martinez chosen as 2026 board chair”
6. “Notification of LAFCo Protest hearing regarding fire district consolidations...”
7. “What’s going on with the Davenport cement plant?”
8. “Judge rules for Watsonville pilots in yearslong airport land-use lawsuit”
9. “After 22 years leading LAFCO, Executive Officer Kate McKenna prepares to retire”
10. “Rogers seeks San Lorenzo Valley Water board seat after decades with district”



GOVERNMENT

PVHD Board Delays Hospital Closure To January 16 Pending Loan From City Of Blythe

by **Alicia Ramirez**
January 9, 2026



A photo of the exterior of Palo Verde Hospital in Blythe, which is overseen by the Palo Verde Healthcare District board. (Alicia Ramirez/The Riverside Record)

The Palo Verde Healthcare District (PVHD) board, which oversees the Palo Verde Hospital and Community Clinic, pushed back the closure of the facilities by a week pending receipt of a \$330,000 bridge loan from the city of Blythe.

“This will allow for approximately one additional week of payroll,” PVHD attorney Lena Wade said at **the January 9 special meeting**. “This time will allow for discussions with the county, city and other stakeholders regarding transition opportunities.”

The loan was approved by the Blythe City Council earlier in the day with the caveat that the PVHD board allow the county to come in and manage the day-to-day operations of the hospital, according to interim City Manager Mallory Crecelius.

“I understand the county is ready and willing to come in,” she said in an email to *The Riverside Record*.

In an email sent to Wade ahead of the meeting obtained by *The Record*, County Executive Officer Jeff Van Wagenen said the collective goal of ensuring the residents of the Palo Verde Valley have access to emergency medical care “remains steadfast.”

“Please know that the county will continue to work expeditiously with the hospital to explore all potential options and to offer whatever assistance we can,” he said. “We do recognize, however, that challenging financial and legal hurdles stand in our way, including the pending Chapter 9 bankruptcy proceedings and the district’s significant outstanding debt.”

At the meeting, PVHD interim Chief Financial Officer Michael Rose said the district received the draft terms of the loan agreement earlier in the day, but that the conditions were “not yet finalized.”

“The motion should be to approve the loan with the city, subject to additional negotiations with council representatives and district representatives,” Joanna Gonzalez, PVHD Board Clerk, said.

The board unanimously approved the loan as recommended by staff. Director Dr. David Brooks was absent.

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After approving the loan, the board unanimously voted to authorize the district to post and deliver closure notices for the indefinite cessation of medical services at the hospital and community clinic as of 11:59 p.m. January 16. That date, according to Rose, assumes the district receives the loan from the city by Monday morning.

“If the loan is not forthcoming, then there will not be enough money to continue to bring staff to work, in which case then closure of the hospital would become imminent,” he said, noting that the district as of Friday evening had approximately \$300,000 in the bank.

The day before the meeting, **the district announced** that the California Department of Health Care Services (HCS) declined the district’s request for funding through the Medi-Cal Intergovernmental Transfer (IGT) Voluntary Rate Range Program.

In order to participate in the program, the district was required to pay \$3.45 million in December in order to receive roughly \$10 million this month. The district was able to secure **a \$4 million loan to cover the cost**, but HCS determined that a loan was not a permissible source for the contribution.

“As has been stated, I believe since before the start of the fiscal year, the IGT fund was needed to balance the budget through the end of the fiscal year,” Rose said at the January 9 meeting. “Without this funding, it puts the district in a very difficult predicament.”

The state said the proceeds from the loan would be returned to the district, but it was not immediately disclosed whether that

money would immediately be returned to the loan company.

Last May, PVHD announced that the **hospital would be suspending patient admissions** due to financial issues. In September, the Riverside County Local Agency Formation Commission (LAFCO) **voted to begin the process of dissolving the district**. In October, **the hospital filed for bankruptcy** prompting **LAFCO to reevaluate its next steps**. That same month, the Riverside County Board of Supervisors **approved a property tax revenue advance** to support continued hospital operations.

“It’s just a shame that [if] this hospital, which provides health care for folks in that immediate area, shuts down what it will do, not only for healthcare, but what it will do for the economy, for the people overall,” Board Chair V. Manuel Perez said at that **October 21 meeting**. “It’s just a tough situation.”

If the hospital closes, more than 17,000 residents will be left without local access to emergency care, according to the city. Those with PPO plans would be forced to travel 50 miles to La Paz Regional Hospital in Arizona, while those with HMOs would need to travel 100 miles to John F. Kennedy Memorial Hospital in Indio or other Coachella Valley hospitals.

The district has another special meeting set for 6 p.m. January 14 at Blythe City Hall.

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Dr John Raffetto

January 11, 2026 at 8:01 am

Over \$100 million is spent each year by Medicare, Medi-Cal and commercial insurance plans on medical services rendered to the residents of Blythe. Most is spent 100 miles away in the Coachella Valley. It can be captured with a local Rural Centric Care Organization (RCCO) and used to capitalize a new hospital and multispecialty clinic in town enabling the RCCO to centralize care in Blythe, increase jobs and the local economy. Blythe will sparkle.

Pingback:

Palo Verde Healthcare District, Blythe Come To Agreement On Bridge Loan - The Riverside Record

Pingback:

PVHD Agrees To Negotiate With County On \$1M Loan, Management Proposal - The Riverside Record

Pingback:

PVHD, County Set To Begin Hospital Management Negotiations - The Riverside Record

Comments are closed.



SAN DIEGO

SELECT A TAG

San Diego

LA JOLLA BREAKUP BID HEATS UP AS SAN DIEGO BACKS OFF COURT FIGHT

 By Ben J. Costas

Published on January 28, 2026



The long-running breakup bid between La Jolla and the city of San Diego just got a serious boost. Yesterday, the Association for the City of La Jolla said San Diego had opted not to appeal a judge's dismissal of its lawsuit, clearing a major legal hurdle for the secession effort. That decision removes the immediate court obstacle and allows the Local Agency Formation Commission to resume the review that will decide whether La Jolla could operate as its own city.

Proponents still face a funding gap, though, and must complete a consultant-driven fiscal analysis before any ballot measure can be scheduled.

Judge's Ruling and What Changed

Superior Court Judge Judy Bae granted the ACLJ's anti-SLAPP motion in October, striking down the city of San Diego's attempt to block LAFCO's certification of petition signatures, as reported when La Jolla moved closer to secession. That ruling left LAFCO free to continue an administrative review of the group's application, and it is that court decision that opponents of the petition had been contesting, per [Hoodline](#).

City Drops Appeal and Group Details

The city of San Diego has now told ACLJ it will not appeal Bae's dismissal, a move the group says clears the way for LAFCO's next steps. The association told [The San Diego Union-Tribune](#) that it still needs roughly \$200,000 to complete a final fiscal analysis and that producing the report will take six to nine months, ACLJ President Diane Kane said. The group is aiming to have a cityhood question ready for the 2028 ballot if the fiscal review comes back favorable.

LAFCO's Timeline and the Fiscal Study

San Diego LAFCO issued a request for proposals last Wednesday, inviting consultants to prepare a Comprehensive Fiscal Analysis, according to [San Diego](#)

LAFCO. The RFP sets a March 10 deadline for proposals and anticipates consultant selection and contract initiation by April, with a draft CFA currently targeted for release in April 2027. The consultant chosen will test the proponents' assumptions about revenues, services and any mitigation payments to the city.

What the Preliminary Numbers Show

A preliminary fiscal analysis compiled for the ACLJ by economist Richard Berkson estimated a roughly \$74.8 million first-year city budget and a positive first-year net position of more than \$8 million, while projecting a roughly \$8.5 million annual impact on San Diego under the proposed boundaries, according to [LaJolla.ca](#).

Those preliminary figures reflect the ACLJ's boundary map, which notably excludes UC San Diego, and will be scrutinized during LAFCO's CFA. If LAFCO's analysis diverges substantially, proponents and the city could be in for a period of negotiation or additional study.

Funding and Community Campaign

The Association for the City of La Jolla is actively fundraising and recruiting volunteers as it prepares for the LAFCO process, and its website lays out ways to contribute and get involved, including donations and volunteer sign-ups. The group has already raised some initial funds toward LAFCO application fees and consulting costs, and organizers say more outreach to San Diegans outside La Jolla will be part of the next

phase. Events and public education efforts are likely once a draft fiscal report is released.

Legal Implications

The city's decision not to appeal closes that particular legal front for now but does not guarantee a new city will follow. Under state law and LAFCO procedures, incorporation proposals must clear fiscal and social-equity tests at the commission level and then win voter approval both inside the proposed city and across the existing municipality, a high bar noted by local coverage and experts, according to the [UCSD Guardian](#). That procedural pathway, along with the fact that no La Jolla secession has succeeded since LAFCOs were created in 1963, helps explain why proponents still face a steep climb ahead.

For now, the decisive next steps are fundraising and the selection of a fiscal consultant; if LAFCO's draft analysis is favorable, the campaign could begin a public push toward a citywide vote. Expect public hearings and a detailed LAFCO report over the next year as the commission moves the proposal forward, according to [San Diego LAFCO](#).

San Diego - Politics & Govt ▾

lookout.co

Watsonville Community Hospital reports nearly \$23 million loss in 2025

Tania Ortiz

6–7 minutes



Watsonville Community Hospital in November 2025. Credit: Kevin Painchaud / Lookout Santa Cruz

Quick Take

Watsonville Community Hospital reported losses of nearly \$23 million in 2025 following a challenging year of fewer patient visits and changes to federal and state funding. Hospital leadership expects to have an update by March on its search for a private partner to help shore up its finances.

[Watsonville Community Hospital](#) is reporting a nearly \$23 million loss in 2025, following a flurry of challenges including a decline in the number of patients and changes to state and federal funding.

“2025 has been a really challenging time for our community for a ton of different reasons,” said hospital board chair Tony Nuñez. “Everything that has happened around us and to us has made it a difficult time for the hospital as well.”

WATSONVILLE COMMUNITY HOSPITAL: [Read Lookout’s news and Community Voices opinion coverage](#)

The hospital generated \$137 million in revenue in 2025, which is about \$35 million less than anticipated, [CEO Stephen Gray](#) said. He added that last year, the hospital was able to save \$9 million in its expense budget by cutting supplies and more efficient staffing, but those savings still weren’t enough to make up for revenue loss.

In total, the [Pajaro Valley Health Care District](#), which includes the hospital and its clinics, reported around \$24 million in financial losses last year, said Nuñez. The majority of the losses comes from the hospital, with an additional \$1 million coming from the public clinics the health district also operates, he said.

Gray [previously told Lookout](#) the hospital expects to lose between \$4.5 and \$10 million over the next three years, largely due to the Republican budget reconciliation bill passed last year, which cut nearly \$1 trillion in funding for the Medicaid reimbursements that public hospitals rely on.





CEO Stephen Gray speaks at Watsonville Community Hospital in April 2025. Credit: Kevin Painchaud / Lookout Santa Cruz

Hospital leadership will continue its search for potential partnerships with regional health care providers, such as UC San Francisco, CommonSpirit Health (manager of Santa Cruz's Dominican Hospital) and Sutter Health, to help manage the hospital's day-to-day operations. Gray promised an update on those conversations by the end of March.

Gray said the hospital is also struggling with a drop in patients seeking care there, so it's encouraging more residents and primary care physicians to use services provided by the public hospital and the Pajaro Valley Health Care District. "We have the capacity to take care of more people," he said.

The health care district recently recruited new general and orthopedic surgeons to its network, and the hospital will get new MRI and CT machines in the next few months, Gray said.

The hospital is also getting less funding from the federal Centers for Medicare and Medicaid Services (CMS). Last year's "quality assurance fee," which provides supplemental payments to hospitals that serve Medicaid and uninsured patients, was delayed indefinitely.

The hospital is also working to get a federal grant through the Rural Health Transformation Program, which helps rural health facilities.

Both Gray and Nuñez said they feel increasing pressure to find a financial partner and other solutions to the hospital's financial challenges. "The path to breaking even or making some money is

very challenging on our own, and so that financial imperative to do things differently is definitely on the board and myself’s mind,” Gray said.

Nuñez added that the hospital board has talked about next steps — likely making painful cuts — if the search for a financial partner doesn’t work out. “We have to be good stewards of our hospital,” he said. “We have to make sure that we’re not back to where we were in 2021,” when the hospital flirted with bankruptcy and closure.

In early January, Nuñez, Gray and the rest of the hospital board faced a room full of nurses [demanding clarity on the state of the hospital’s intensive care unit](#) after talks of its possible closure spread among staff. Hospital leadership denied any plans to close the department, and added that such a decision could take months.



Nurses assembled in January to hear from Watsonville Community Hospital management. Credit: Kevin Painchaud / Lookout Santa Cruz

Gray said the hospital will continue to be transparent with its staff about any updates to its financial status and on solutions, such as ongoing community outreach. “The more I can be transparent and

communicate with our staff and our physicians, the better,” he said.

He added that Watsonville Community Hospital is not alone in its financial struggles, and other independent hospitals and health care districts are also struggling. “We are taking solace in the fact that it’s not just us, but also knowing that we’ve got to make sure that we come together as a community to make it work,” Gray said.

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



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

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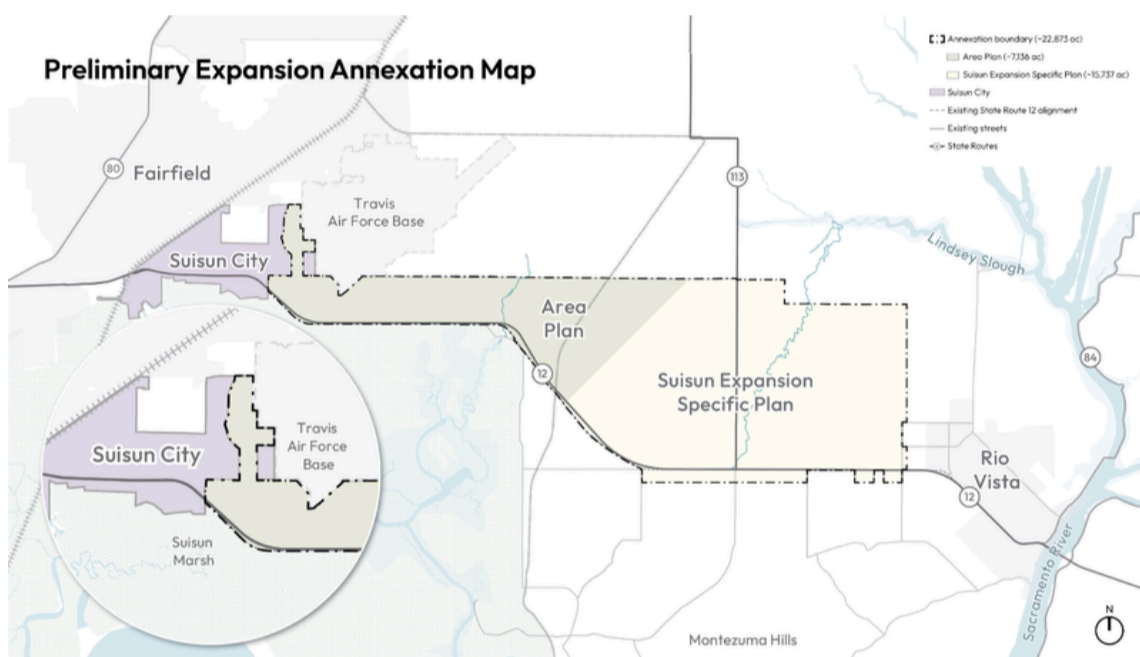
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Annexation: How Cities Grow

In which we explain the process by which cities expand their boundaries to incorporate adjacent land.

BY CHRIS NEKLASON PUBLISHED FEB 5, 2026 7:34 A.M.

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Sometimes a city needs to spread out a little. Or sometimes, a lot.

Suisun City in Solano County recently announced that it is looking into the annexation of 22,900 acres of adjacent land owned by the California Forever corporation. The smallest city in the county at four square miles, Suisun’s move to annex the additional land would increase its size ten-fold.

Wow! Can they really do that?

Annexation Explained

Annexation is the process of bringing unincorporated land into a city to expand its service area, tax base, and jurisdiction. The annexation process is defined by the Cortese–Knox–Hertzberg Local Government Reorganization Act of 2000.

Annexation can be initiated by adjacent landowners or by the city. In the case of Suisun City, it was the city manager who initiated discussions with California Forever, which owned the adjacent land. Exploration of annexation was approved by the city council in January of 2025, and in October, California Forever formally submitted a proposal to the city, where it is under review it to analyze impact,

EXPLAINER

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negotiate terms and update the General Plan if necessary. Once the city and landowners have reached accord, the real work to expand city boundaries can get underway,

The process begins when an application is filed with the county Local Agency Formation Commission, or LAFCO, which is responsible for setting the boundaries of cities and special districts. The application includes the city council's official proclamation, maps of the subject property and a petition from the property owners.

Once submitted, the application is reviewed by the LAFCO, which takes several factors into account, among them:

- Future population growth over 10 years
- Impact on neighboring communities and their economic interests
- Impact on the physical and economic integrity of agricultural lands
- The ability of the city to provide police, fire and other services
- Conformance with the city's General Plan
- Impact of the annexation on the regional transportation plan
- Input from local affected governments or agencies
- Location in flood, fire or other hazard zones

A "protest hearing" will usually be scheduled to give voters and landowners an opportunity to express opposition or support for the proposed annexation. The executive officer of the LAFCO is required by the Cortese-Knox-Hertzberg act to prepare a report on the application and application review, including their recommendation on whether to approve or deny the petition, to be published in advance of the public hearing.

If there is significant opposition by voters, landowners or other stakeholders, the annexation application may be put to a vote by residents of the city.

A successful annexation process can take anywhere from six to 18 months, depending on the level of opposition and whether an election is required.

Why Annex?

Annexation is how cities grow, so the real question often is, why would a city need more land?

For Suisun City, it's about economic development to expand services for residents and smart growth of housing and infrastructure.

For the City of Manteca in San Joaquin County, it's about snagging 2.1 acres for an additional \$100,000 per year in revenue to be used to help pay for city services.

For the City of Davis in Yolo County, the Willowgrove and Village Farms projects are seen as crucial to providing badly needed housing, and as possibly existential to the Davis Unified School District, which has seen student numbers plummet in recent years.

Aside from any litigation or elections, there is no cost to city taxpayers for annexation. If successful, developers pay all costs of extending infrastructure, and the taxpayers residing in the annexed lands pay for the cost of extending municipal services such as police and fire protection.

The rationale for municipal growth can be complex with a mix of upside and downside, unique to every case.

And thanks to the genius of democracy in California, there's a clear process for annexation, centered on public input and directed at providing for public need and public benefit.

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Supervisor Martinez chosen as 2026 board chair

Staff Report

~3 minutes



District 5 Supervisor Monica Martinez, right, will preside over Santa Cruz County Board of Supervisors meetings as chair for 2026. (Contributed)

Santa Cruz County Board of Supervisors has selected District 5 Supervisor Monica Martinez to serve as board chair for 2026.

Martinez—the first openly LGBTQ+ and Latina person to serve as chair—was chosen by her colleagues following a first year focused on protecting essential services, supporting vulnerable populations, strengthening wildfire preparedness and deepening community engagement.

“Serving as chair is an honor, and I’m grateful for the trust of my colleagues,” Martinez said. “My focus will be on preparedness,

equity and making sure the County delivers real, measurable results for residents as we face growing budget pressures and climate impacts.”

Since being sworn in January 2025, Martinez has helped lead several key countywide efforts. She worked to protect essential services like health care and food assistance by convening nonprofit and service-provider partners to address anticipated federal budget cuts. She also helped secure county funding to maintain access to food assistance and community-based services during funding disruptions related to the federal government shutdown.

Martinez brought forward a board-approved resolution to protect women and LGBTQ+ individuals in response to executive actions rolling back civil rights protections, and secured funding to support LGBTQ+ services, as well as legal aid for undocumented immigrants.

To strengthen wildfire preparedness and recovery efforts, Martinez hosted district town halls focused on evacuations and emergency communications, expanded fuel-reduction efforts with a yard waste removal program and improved planning and permitting support for CZU Fire rebuilds. She also invested in parks and community spaces, and secured funding for improvements at Ben Lomond County Park and other District 5 projects.

As chair, Martinez will preside over board meetings, help set the board’s agenda and represent Santa Cruz County in regional and state discussions, while continuing to serve residents of District 5.

The board also named Supervisor Manu Koenig as vice chair.

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

Notification of LAFCo protest hearing regarding fire district consolidations coming soon

The Union staff

3–4 minutes

Landowners and registered voters in the Penn Valley (PVFPD) or Rough and Ready Fire Protection Districts (R&RFPD) should keep an eye out for a notice arriving in their mailboxes early next week from the Local Agency Formation Commission (LAFCo) in Nevada County.

The notice of a protest hearing to be held on Thursday, February 26, 2026, at 10 a.m. at the Rough & Ready Fire Station No. 59 located at 14506 Rough and Ready Highway Rough and Ready.

The public protest hearing is in regards to LAFCo's approval pertaining to the application by the District Boards PVFPD and R&RFPD requesting consolidation.

No action is required unless the landowner intends to protest.

Penn Valley Fire District consists of 58,263 acres and the Rough and Ready Fire District consists of 5,690 acres.

The consolidation is being proposed for the following reason: Penn Valley Fire Protection District with the Rough & Ready Fire Protection District will benefit the inhabitants and properties of both districts by improving efficiency and effectiveness and the long-term sustainability of fire suppression, prevention, protection and emergency medical services within the subject territory.

If approved as proposed, Rough & Ready Fire Protection District's benefit assessment (for example: \$252.54 per single family property) will be extended to the consolidated district, and will in the Penn Valley area, replace the current Fire Suppression Assessment

of \$94.70.

The Penn Valley Fire Protection District's Ambulance Service Special Tax of \$136.94 (per single family property) shall be extended to the consolidated district.

LAFCo is empowered by applicable law to extend such assessments and taxes, subject only to the registered voters and landowners right to protest the consolidation as provided in this protest proceeding.

For information regarding fire protection and emergency response services, fees, assessments and how the consolidation affects your property – contact the PVFPD Chief or the Duty Officer at (530) 432-2630 or you may email Chief Wagner – dwagner@pennvalleyfire.com.

For information regarding the procedures and policy of the consolidation process, you may contact LAFCo staff - either Deborah Gilcrest at (530) 265-7180 or Bud Rice at (530) 265-7182.

Before the conclusion of a protest hearing, any landowner or registered voter within the affected territory may file a written protest regarding the consolidation.

Landowners and registered voters within 300 feet of the affected area have been notified by publication.

All protests must include the following:

- Indicate if landowner or registered voter (if both apply, please submit separate protest filings)
- Signature
- Date upon which he or she signs
- Address or Assessor's Parcel Number (APN) or written description sufficient to identify the location of the land or other designation sufficient to enable the place of residence to be readily ascertained.



An aerial view of the town of Davenport and the Cemex cement plant. Credit: Kevin Painchaud / Lookout Santa Cruz

LATEST NEWS

What's going on with the Davenport cement plant? Pacific Elementary superintendent has a big idea



BY HILLARY OJEDA
February 11, 2026

Quick Take

Pacific Elementary Superintendent Eric Gross is pitching an ambitious plan to purchase and redevelop the long-shuttered 172-acre Davenport cement plant into a new school campus with workforce housing and public safety facilities, backed by an anonymous local philanthropist willing to fund the acquisition and cleanup. The proposal faces major hurdles, including negotiations with owner Cemex, environmental remediation, zoning changes and ecological concerns.

Pacific Elementary School District Superintendent Eric Gross has big dreams for the Davenport community and the 193-student school he's led there for the past decade.

He wants to replace aging school facilities, and he wants school staff to be able to afford to live where they work — a common challenge for employers in the town of about 400.

FROM JULY 2025

How tiny Pacific Elementary defied the trend of declining enrollment: Student chefs, small classes and parent volunteers

His plan: purchase and redevelop the out-of-operation, 172-acre cement plant adjacent to the town. Then, he wants to build a new school, workforce housing, a new sheriff's substation, a Cal Fire station, a visitors center and other facilities.

It sounds like a dream, but now Gross has the help of a local philanthropist — who Gross said is choosing to remain anonymous — who wants to fund the purchase of the property, its cleanup and the new construction. For the first time, Gross is talking about the proposal publicly, with the hope that other interested investors or leaders might learn about the project and offer support.

He's also selling his idea to the Santa Cruz County Sheriff's Office, Cal Fire and community organizations.

“Every single person I talked to in each of these institutions said almost verbatim, ‘We all have trouble retaining and attracting employees because of housing, and we all have facilities that do not adequately address our existing needs, let alone future needs,’” said Gross. “So we need a different vision. We need a new approach.”



Pacific Elementary School Davenport Eric Gross at the school in July 2025. Credit: Kevin Painchaud / Lookout Santa Cruz

Davenport, about 10 miles north of Santa Cruz, has a population of about 400. Since the Davenport cement plant, owned by Cemex, closed down in 2010, the facility has sat unused between the town of Davenport and the New Town neighborhood. In 2019, county staff suggested turning the property into an eco-lodge or housing for older adults, families and workers, but those proposals didn’t move forward.

Santa Cruz County Supervisor Justin Cummings told Lookout that he is aware of Gross’ attempt to revive the property.

“We want to do everything we can to help support moving in a direction where we can convert the Cemex plant into something that’s going to provide a community benefit,” he said.

Lottery dreams

Gross often spends sleepless nights thinking about his “lottery dreams,” plans he would pursue if he won the lottery, including providing affordable housing to his small community. Sometimes he talks to friends and colleagues about his ideas and refines them.

One day, about two years ago, he shared a lottery dream idea with Pacific Elementary parent Brett Gravlin.

“If I win the lottery, I would buy the cement plant and build a new school there, and then build staff housing on the existing campus.” Gross recalled saying. “And [Brett] looked at me and said, ‘We can do that.’”

A few weeks later, Gravlin told Gross, “I found him.”

MORE K-12 EDUCATION COVERAGE

Watsonville teacher placed on leave after making pro-ICE comment on social media

He met a local philanthropist who liked the idea and wanted to fund the purchase of the property, the cleanup and construction. Soon after, Gross met with the philanthropist at the school and talked over the project. He was in, allowing Gross’ lottery dream to become a real project with financial backing.

Gross said the philanthropist has the means to live anywhere, but wants to live in Santa Cruz and believes it should be a place where working-class people can afford to live. He wants to fund this project to help make that happen, according to Gross.

He added that if a purchase were to be successful and the project goes forward, eventually the property would be donated (for a tax benefit) to a new nonprofit with a mission consistent with their goal of providing affordable housing to families and workers and new community resources to Davenport.



Pacific Elementary School District sits in a lot behind Whale City Bakery off of Highway 1 in Davenport. Credit: Kevin Painchaud / Lookout Santa Cruz

Cemex and other challenges

Gross said he gave the philanthropist the contact information for a senior vice president of Cemex, the plant's owner, and he's waiting to hear back about their discussion of the potential purchase. Gross said he doesn't know how much money the philanthropist plans to offer.

Since the philanthropist came on board, Gross' conversations with stakeholders such as the local unit chief for Cal Fire, the Santa Cruz County sheriff and community organizations have been positive: "Instead of laughing me off the stage, they keep saying, 'Hey, that's a good idea.'"

About two years into pitching, Gross said the project still has momentum, but he understands that it could fail. The biggest challenge right now is the purchase, he said. Then there's a long list of obstacles, from the chemical cleanup to zoning changes. The site is also home to a protected red-legged frog, and the development would have impacts on the region's water supply and traffic patterns.

Gross says that's just work, and it's work that can be done, even if it takes 10 years to complete.

“It certainly is a possibility that it'll never happen. It's also a possibility that it'll take even longer than I'm guessing,” he said. “If it's worth happening, and it's possible that it could happen, then it's worth working on.”



An aerial view of the Cemex cement plant in Davenport. Credit: Kevin Painchaud / Lookout Santa Cruz

More on the Davenport cement plant

Built in 1905, the Davenport cement plant was in operation for more than 100 years until it stopped running in 2010. The plant sourced its raw materials from a nearby limestone quarry. Since 2005, the plant has been

under the ownership of RMC Pacific Materials, an entity owned by Cemex, a building materials company based in San Pedro, Mexico.

The site spans 172 acres and has several industrial buildings including the former electric shop, kiln, burner building, oil storage, office and control room.

In its heyday, the plant supplied cement to help San Francisco and Oakland rebuild after the 1906 earthquake; it also provided cement to help build Pearl Harbor in Hawaii, the Panama Canal, the Golden Gate Bridge and the California aqueduct system. Its cement also built the former Davenport jail, church and hospital. By 1910, the plant was producing 1.4 million barrels per year, and at one point it was the largest plant in the state, and the second-largest in the country, according to a county [report](#).

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

lookout.co

Judge rules for Watsonville pilots in yearslong airport land-use lawsuit

Tania Ortiz

3–4 minutes



Watsonville Municipal Airport. Credit: City of Watsonville

Quick Take

A Santa Cruz County judge sided with the Watsonville Pilots Association, finding that the City of Watsonville violated state aviation safety and environmental review guidelines when elected officials approved a 21-unit housing development near the city's airport in 2021.

► **Para leer el artículo en español, haga [clic aquí](#).**

A Santa Cruz County judge is siding with the Watsonville Pilots Association, determining that the City of Watsonville violated a state aviation safety law and environmental review guidelines when the city council approved a 21-unit housing development near the city's airport in 2021.

The lawsuit has since stalled the housing development from moving forward, and continues to be used for a steel fabrication business.

The pilots association filed a lawsuit in 2021 against the city following the approval of a 21-unit housing development across the street from the Watsonville Municipal Airport at 547 Airport Blvd.

The parcel of land is located within the airport's safety zones — areas designed to protect people and property on the ground near a runway. These safety zones usually prevent new construction from happening in those areas.

According to the Feb. 3 ruling, Judge Timothy Schmal found that the city failed to comply with the State Aeronautics Act — a law that regulates air safety and land-use compatibility — and undermined the California Environmental Quality Act.

The city had erred in preparing a mitigated negative declaration, which is a report that states a project will not have a significant impact on the environment, rather than preparing a full environmental review. Additionally, the court found that the report insufficiently analyzed the noise and safety impacts for residents who live and work near the airport.

Analysis of the airport's safety impacts were “conclusory at best,” according to court documents. City staff primarily relied on a 2018 noise study that didn't measure impacts related to the housing development.

Staff also failed to incorporate mandatory state airport safety standards, found in the California Airport Land Use Planning Handbook, into its general plan, which is required by state law and by earlier court rulings against the city, said the court.

Per the ruling, the City of Watsonville is not allowed to approve future development in airport safety zones unless it updates its general plan to be compliant with state law or an airport land-use commission is established.

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



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

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

After 22 years leading LAFCO, Executive Officer Kate McKenna prepares to retire.

Sara Rubin

~2 minutes

After 48 years in public service, Kate McKenna, currently the executive officer of the Local Agency Formation Commission of Monterey County, is retiring this summer. After serving in various roles as a city, county and regional planner, she spent the past 22 years leading LAFCO, a countywide agency responsible for regulating jurisdictional boundaries.

"I have been deeply honored to work alongside my public agency colleagues and elected officials, with support from my Commission and staff, in addressing the needs and challenges of our communities," McKenna writes by email. "I am also thankful for our non-profit organizations, journalists and other community members who care deeply and participate in local government. Together we make a difference in the lives of our residents and in the landscapes we steward."

The plan is for the board to hire a replacement by July 1.

A recruitment ad seeking a new executive officer states, "this role calls for a principled, thoughtful leader who listens first, analyzes carefully, and acts with courage and fairness." The posted salary range is \$175,000-\$225,000/year.

pressbanner.com

Rogers seeks San Lorenzo Valley Water board seat after decades with district

Christina Wise

6–8 minutes



Rick Rogers, a former district manager with nearly 50 years of service, is running for a seat on the board of the San Lorenzo Valley Water District. (Contributed)

For nearly 50 years, Rick Rogers was an integral part of the San Lorenzo Valley Water District (SLVWD). Shortly after graduating high school, he joined the District for a summer job and never looked back.

During his tenure, Rogers held nearly every position within the District, from meter reader to customer service representative to director of operations, head of water treatment and general manager. He eventually worked his way up to the position of district manager, where he held that post for five years.

After retiring in November 2023, Rogers took some time for himself, but realized his heart and passion remained with SLVWD. Now, the

69-year-old is prepared to return to the District to serve in the one seat he never occupied: board member.

Launching his campaign is a new effort for the Boulder Creek resident.

“I’ve never had to campaign for any seat before,” said Rogers, who also served on the Boulder Creek Fire Protection District Board of Directors for 24 years and ran unopposed each term.

Thanks to his years of experience with SLVWD, Rogers said he has the background and knowledge to assist the District in this lull between catastrophes.

“During my time with the District, we had five or six federally declared disasters—everything from earthquakes to floods, windstorms, Covid and the CZU Fire. We managed to get through each event, but it took a toll on our staff and financial reserves,” he said. “Each one of those disasters set the District back five years, and the projects we had planned [were usurped] by our responses to those incidents.”

Following Covid, Rogers lost all his senior staff and was directed to terminate legal counsel.

“I was pretty much by myself,” he recalled.

A main factor in Rogers’ decision to retire was the constant drama he endured from the board of directors.

“The lack of appreciation for my staff was an issue. We were met with aggressive behavior, continued confrontations and general nastiness at board meetings,” he said. “I spoke with the board chairperson at the time and asked for some support for staff, but nothing changed. Even when they tried to hire a new district manager to replace me, they continued being difficult. They hired an interim general manager and wound up terminating him, and I do believe that he filed a claim, resulting in a payoff to that person. Boards only really change during elections, and with three seats up for grabs, now is the time for me to get involved again.”

As he plans to enter the proverbial ring for the first time, Rogers wants the voters of the District to know he’s got their best interests

in mind.

“There’s something rewarding about accomplishing projects and bringing fire flow and better water quality to neighborhoods,” he said. (Fire flow is the minimum rate of water supply [measured in gallons per minute, GPM] required from hydrants to effectively control and extinguish a fire at a specific location. It ensures sufficient volume and pressure to fight fires.)

One of the projects that Rogers is passionate about is regarding the intertie between Lompico and the rest of the water system.

“The pipe that was initially installed was an above-ground high density polyethylene line; we learned after the CZU Fire that those materials melt in high heat, so the District needs to bury that pipe underground,” he said.

Rogers’ frustration lies in the continued discussions regarding the issue and the ensuing lack of action. “We need to move on that project,” he added.

Completing projects was the hallmark of Roger’s time as district manager.

“I oversaw the consolidation of both Lompico and Felton water districts with SLVWD, and I took some heat for those decisions,” he said. “I spent a lot of time sitting in people’s living rooms, listening to their concerns and taking their opinions into consideration. I always acted in the best interests of the District, and I’d like to keep doing that.”

Time is of the essence as far as Rogers is concerned.

“The District has a strong and competent general manager at the helm right now, and he needs a board that is going to support him, his staff and their decisions. He needs to be given guidance by the board, but also has to have the latitude to do his job,” he said.

Having been in that seat, Rogers knows what he speaks, and if he’s elected to the board, he plans to bring those efforts to fruition.

“The board needs to stop overanalyzing projects and get things moving,” he said. “Every time the District decides to address an

issue, the delays mean that the cost of the project can double or triple before it's begun.”

Rogers has a playlist of projects he'd like to accomplish.

“First, fire hardening is a priority. There were surface water lines that were destroyed by CZU, and the District needs to address those failures,” he said. “Managing surface water treatment is another one, and conjunctive use of Loch Lomond and the Santa Margarita Ground Water Basin (SMGWB) is something the District needs to manage.”

Rogers wants to see the District rely more heavily on groundwater usage since utilizing water from SMGWB incurs additional costs to ratepayers.

“You've got to pay a pumping fee, electrical costs and Operations and Management charges compared to groundwater,” he said.

He also wants to see the District focus on the aforementioned fire flow issue while moving forward with other capital improvements.

“I'm grateful that our District received a \$1 million grant thanks to Jimmy Panetta, but the number of projects demanding attention means the District will have to borrow more money to accomplish them,” he said.

With just under nine months to go before election day, Rogers is hopeful that his reputation and years of service will land him a seat on the board.

“My goal is to continue to serve my community, and I look forward to that opportunity,” he said.

*Want more information on Rogers' candidacy? Send him an email at Ri**@*****er.com.*