



# ***SPECIAL DISTRICTS SERVICE REVIEW: PHASE 1***

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Rancho Rinconada Recreation and Park District  
Santa Clara County Lighting Service Area  
Santa Clara County Vector Control District  
Saratoga Cemetery District  
South Santa Clara Valley Memorial District  
Santa Clara Valley Transportation Authority

*Adopted June 5, 2013*

Prepared for the  
Local Agency Formation Commission of Santa Clara County

*Prepared by  
Policy Consulting Associates, LLC.*



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# ACRONYMS

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AB:	Assembly Bill
ABAG:	Association of Bay Area Governments
ACE:	Altamont Commuter Express
ADA:	Americans with Disabilities Act
BART:	Bay Area Rapid Transit
BOE:	State Board of Equalization
CAFR:	Santa Clara County's Comprehensive Annual Financial Reports
CCR:	California Code of Regulations
CD:	Certificates of Deposit
CEQA:	California Environmental Quality Act
CIP:	Capital Improvement Plan or Program
CKH:	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CMP:	Congestion Management Program
CSDA:	California Special District Association
CY:	Calendar year
DEH:	County Department of Environmental Health
DFG:	California Department of Fish and Game
DPH:	California Department of Public Health
DWR:	California Department of Water Resources
EIR:	Environmental Impact Report
ERAF:	Educational Revenue Augmentation Fund
FAQ:	Frequently Asked Questions
FTA:	Federal Transit Administration
FTE:	full-time equivalent
FY:	Fiscal year
IF:	inductive fluorescent
GIS:	Geographic Information Systems
GM:	General Manger
GP:	General Plan
JPA:	Joint Powers Authority or Agency
LAFCO:	Local Agency Formation Commission
LED:	light emitting diode
LOMU:	Letter of Mutual Understanding
MOUs:	Memorandums of Understanding
MSR:	Municipal Service Review
NA:	Not applicable
NP:	Not provided
OPEB:	Other Post-Employment Benefit Liability Reduction Reserve
OPR:	Governor's Office of Planning and Research
PERS:	California Public Employees' Retirement System
PG&E:	Pacific Gas and Electric

RRRPD:	Rancho Rinconada Recreation and Park District
SCCTD:	Santa Clara County Transit District
SCVTA:	Santa Clara Valley Transportation Authority
SFE:	single family equivalent
SCCLSA:	Santa Clara County Lighting Service Area
SCCVCD:	Santa Clara County Vector Control District
SCD:	Saratoga Cemetery District
SSCVMD:	South Santa Clara Valley Memorial District
SOI:	Sphere of influence
TDA:	Transportation Development Act
USA:	Urban Service Area
USDA:	U.S. Department of Agriculture
VTA:	Valley Transportation Authority



# ***PREFACE***

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Prepared for the Local Agency Formation Commission of Santa Clara County (LAFCO), this report is a service review of providers of various miscellaneous services around the County. A service review is defined as a state-required comprehensive study of services within a designated geographic area—in this case, Santa Clara County. This service review focuses on six local agencies that provide recreation and park, lighting, vector control, transit/transportation, cemetery and memorial services within Santa Clara County. Each district is the only special district provider of its respective services in the County.

## **CONTEXT**

LAFCO of Santa Clara County is required to prepare this service review by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000, et seq.), which took effect on January 1, 2001. The service review examines services provided by public agencies whose boundaries and governance are subject to LAFCO.

## **CREDITS**

The authors extend their appreciation to those individuals at many agencies that provided planning and financial information and documents used in this report. The local agencies have provided a substantial portion of the information included in this report. Each local agency provided budgets, financial statements, various plans, and responded to questionnaires. The service providers provided interviews covering workload, staffing, facilities, regional collaboration, and service challenges.

Santa Clara LAFCO Executive Officer, Neelima Palacherla, who was assisted by Dunia Noel (LAFCO Analyst) and Emmanuel Abello (LAFCO Clerk), provided project direction and review. Steve Borgstrom, at the Santa Clara County Planning Office, prepared maps. The Technical Advisory Committee, composed of LAFCO Commissioners Margaret Abe-Koga and Linda J. LeZotte, appointed by LAFCO; and Santa Clara Valley Water District Board Member Patrick Kwok and Saratoga Fire Protection District Fire Commissioner Eugene Zambetti, appointed by the Santa Clara County Special Districts Association, provided input and guidance during the review process.

This report was prepared by Policy Consulting Associates, LLC, and was co-authored by Jennifer Stephenson and Oxana Wolfson.

# **BACKGROUND**

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This report is prepared pursuant to legislation enacted in 2000 that requires LAFCO to conduct a comprehensive review of municipal service delivery and update the spheres of influence (SOIs) of all agencies under LAFCO's jurisdiction. The focus of this report is six special districts that provide distinct and diverse services throughout the County. This chapter provides the background of the service review requirements and an overview of the process for this particular service review. The outline of the chapter is as follows:

- 1) The history and purpose of LAFCO,
- 2) Purpose of the service review,
- 3) Sphere of influence updating process, and
- 4) Process and methodology of the review.

## **LAFCOs, SERVICE REVIEWS, AND SPHERES OF INFLUENCE**

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### **History of LAFCO**

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After World War II, California experienced dramatic growth in population and economic development. With this boom came a demand for housing, jobs and public services. To accommodate this demand, many new local government agencies were formed, often with little forethought as to the ultimate governance structures in a given region, and existing agencies often competed for expansion areas. The lack of coordination and adequate planning led to a multitude of overlapping, inefficient jurisdictional and service boundaries, and the premature conversion of California's agricultural and open-space lands.

Recognizing this problem, in 1959, Governor Edmund G. Brown, Sr. appointed the Commission on Metropolitan Area Problems. The Commission's charge was to study and make recommendations on the "misuse of land resources" and the growing complexity of local governmental jurisdictions. The Commission's recommendations on local governmental reorganization were introduced in the Legislature in 1963, resulting in the creation of a Local Agency Formation Commission, or "LAFCO," operating in each county.

Each LAFCO was formed as a countywide agency to discourage urban sprawl, preserve agricultural and open space resources, promote efficient service provision and encourage the orderly formation and development of local government agencies. LAFCO has jurisdiction over local governmental boundaries, including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers and dissolutions of districts, as well as reviewing ways to reorganize, simplify, and streamline governmental structure. The Commission's efforts are focused on ensuring that

services are provided efficiently and economically while agricultural and open-space lands are protected. To better inform itself and the community as it seeks to exercise its charge, LAFCO conducts service reviews to evaluate the provision of services within the County.

LAFCO regulates, through approval, denial, conditions and modification, boundary changes proposed by public agencies or individuals. It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCO is empowered to initiate updates to the SOIs and proposals involving the dissolution or consolidation of special districts, mergers, establishment of subsidiary districts, and any reorganization including such actions. Otherwise, LAFCO actions must originate as petitions or resolutions from affected voters, landowners, cities or districts.

LAFCO of Santa Clara County consists of seven regular members: two members from the Santa Clara County Board of Supervisors, two city council members with one permanent seat for San Jose as the largest city, two special district members, and one public member who is appointed by the other members of the Commission. There is an alternate in each category. All Commissioners are appointed to four-year terms.

The mandate for LAFCOs to conduct service reviews is part of the Cortese-Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act), California Government Code §56000 et seq. LAFCOs are required to conduct service reviews prior to or in conjunction with sphere of influence updates and are required to review and update the sphere of influence for each city and special district as necessary, but not less than once every five years. LAFCO of Santa Clara County completed and adopted its first round of service reviews and sphere of influence updates prior to January 1, 2008, as required by state law. LAFCO of Santa Clara County is responsible for establishing, reviewing and updating spheres of influence for 44 public agencies in Santa Clara County (15 cities and 28 special districts).

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## Service Reviews

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The service review requirement was enacted by the Legislature months after the release of two studies recommending that LAFCOs conduct reviews of local agencies. The “Little Hoover Commission” focused on the need for oversight and consolidation of special districts, whereas the “Commission on Local Governance for the 21st Century” focused on the need for regional planning to ensure adequate and efficient local governmental services as the California population continues to grow.

### *Little Hoover Commission*

In May 2000, the Little Hoover Commission released a report entitled *Special Districts: Relics of the Past or Resources for the Future?* This report focused on governance and financial challenges among independent special districts, and the barriers to LAFCO’s pursuit of consolidation and dissolution of districts. The report raised the concern that “the underlying patchwork of special district governments has become unnecessarily redundant, inefficient and unaccountable.”

In particular, the report raised concern about a lack of visibility and accountability among some independent special districts. The report indicated that many special districts hold excessive reserve funds and some receive questionable property tax revenue. The report expressed concern about the lack of financial oversight of the districts. It asserted that financial reporting by special districts is inadequate, that districts are not required to submit financial information to local elected officials, and concluded that district financial information is “largely meaningless as a tool to evaluate the effectiveness and efficiency of services provided by districts, or to make comparisons with neighboring districts or services provided through a city or county.”<sup>1</sup>

The report questioned the accountability and relevance of certain special districts with uncontested elections and without adequate notice of public meetings. In addition to concerns about the accountability and visibility of special districts, the report raised concerns about special districts with outdated boundaries and outdated missions. The report questioned the public benefit provided by health care districts that have sold, leased or closed their hospitals, and asserted that LAFCOs consistently fail to examine whether they should be eliminated. The report pointed to service improvements and cost reductions associated with special district consolidations, but asserted that LAFCOs have generally failed to pursue special district reorganizations.

The report called on the Legislature to increase the oversight of special districts by mandating that LAFCOs identify service duplications and study reorganization alternatives when service duplications are identified, when a district appears insolvent, when district reserves are excessive, when rate inequities surface, when a district’s mission changes, when a new city incorporates and when service levels are unsatisfactory. To accomplish this, the report recommended that the State strengthen the independence and funding of LAFCOs, require districts to report to their respective LAFCO, and require LAFCOs to study service duplications.

### Commission on Local Governance for the 21st Century

The Legislature formed the Commission on Local Governance for the 21st Century (“21st Century Commission”) in 1997 to review statutes on the policies, criteria, procedures and precedents for city, county and special district boundary changes. After conducting extensive research and holding 25 days of public hearings throughout the State, at which it heard from over 160 organizations and individuals, the 21st Century Commission released its final report, *Growth Within Bounds: Planning California Governance for the 21st Century*, in January 2000.<sup>2</sup> The report examines the way that government is organized and operates and establishes a vision of how the State will grow by “making better use of the often invisible LAFCOs in each county.”

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<sup>1</sup> Little Hoover Commission, 2000, page 24.

<sup>2</sup> The Commission on Local Governance for the 21st Century ceased to exist on July 1, 2000, pursuant to a statutory sunset provision.

The report points to the expectation that California's population will double over the first four decades of the 21st Century, and raises concern that our government institutions were designed when our population was much smaller and our society was less complex. The report warns that without a strategy open spaces will be swallowed up, expensive freeway extensions will be needed, job centers will become farther removed from housing, and this will lead to longer commutes, increased pollution and more stressful lives. Growth Within Bounds acknowledges that local governments face unprecedented challenges in their ability to finance service delivery since voters cut property tax revenues in 1978 and the Legislature shifted property tax revenues from local government to schools in 1993. The report asserts that these financial strains have created governmental entrepreneurship in which agencies compete for sales tax revenue and market share.

The 21st Century Commission recommended that effective, efficient and easily understandable government be encouraged. In accomplishing this, the 21st Century Commission recommended consolidation of small, inefficient or overlapping providers, transparency of municipal service delivery to the people, and accountability of municipal service providers. The sheer number of special districts, the report asserts, "has provoked controversy, including several legislative attempts to initiate district consolidations,"<sup>3</sup> but cautions LAFCOs that decisions to consolidate districts should focus on the adequacy of services, not on the number of districts.

Growth Within Bounds stated that LAFCOs cannot achieve their fundamental purposes without a comprehensive knowledge of the services available within its county, the current efficiency of providing service within various areas of the county, future needs for each service, and expansion capacity of each service provider. Comprehensive knowledge of water and sanitary providers, the report argued, would promote consolidations of water and sanitary districts, reduce water costs and promote a more comprehensive approach to the use of water resources. Further, the report asserted that many LAFCOs lack such knowledge and should be required to conduct such a review to ensure that municipal services are logically extended to meet California's future growth and development.

Service reviews would require LAFCO to look broadly at all agencies within a geographic region that provide a particular municipal service and to examine consolidation or reorganization of service providers. The 21st Century Commission recommended that the review include water, wastewater, and other municipal services that LAFCO judges to be important to future growth. The Commission recommended that the service review be followed by consolidation studies and be performed in conjunction with updates of SOIs. The recommendation was that service reviews be designed to make nine determinations, each of which was incorporated verbatim in the subsequently adopted legislation. The legislature since consolidated the determinations into six required findings, and subsequently added a seventh determination effective July 2012.

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<sup>3</sup> Commission on Local Governance for the 21<sup>st</sup> Century, 2000, page 70.

### Municipal Services Review Legislation

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review and update SOIs not less than every five years and to review municipal services before updating SOIs. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California's anticipated growth. The service review provides LAFCO with a tool to study existing and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

Effective January 1, 2008, Government Code §56430 requires LAFCO to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following topics:

- ❖ Growth and population projections for the affected area;
- ❖ The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI (effective July 1, 2012);
- ❖ Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence);
- ❖ Financial ability of agencies to provide services;
- ❖ Status of, and opportunities for shared facilities;
- ❖ Accountability for community service needs, including governmental structure and operational efficiencies; and
- ❖ Any other matter related to effective or efficient service delivery, as required by commission policy.

### Purposes of the Report

This Special District Service Review: Phase I will be available for use by LAFCO, the County, cities, special districts, and the public to better understand how services are provided within Santa Clara County. Additionally, the review will be a resource to inform LAFCO decisions, including:

- ❖ Updating spheres of influence,
- ❖ Initiating or considering jurisdictional boundary changes,
- ❖ Considering other types of LAFCO applications, and

- ❖ Providing a resource for further studies.

LAFCO will use this report as a basis to update the spheres of influence of the six special districts.

The report contains a discussion of various alternative government structures for efficient service provision. LAFCO is not required to initiate any boundary changes based on service reviews. However, LAFCO, other local agencies (including cities, special districts or the County) or the public may subsequently use this report together with additional research and analysis, where necessary, to pursue changes in jurisdictional boundaries. Government Code Section 56375(a) gives LAFCO the power to initiate certain types of boundary changes consistent with a service review and sphere of influence study. These boundary changes include:

- ❖ Consolidation of districts (joining two or more districts into a single new successor district);
- ❖ Dissolution (termination of the existence of a district and its corporate powers);
- ❖ Merger (termination of the existence of a district by the merger of that district with a city);
- ❖ Establishment of a subsidiary district (where the city council is designated as the board of directors of the district); or
- ❖ A reorganization that includes any of the above.

LAFCO may also use the information presented in the service reviews in reviewing future proposals for annexations or extensions of services beyond an agency's jurisdictional boundaries or for proposals seeking amendment of urban service area boundaries of cities or sphere of influence boundaries of districts.

Other entities and the public may use this report as a foundation for further studies and analysis of issues relating to the services offered by these districts in this County.

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## Sphere Of Influence Updates

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The Commission is charged with developing and updating the sphere of influence (SOI) for each city and special district within the County.<sup>4</sup>

An SOI is a LAFCO-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual

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<sup>4</sup> The initial statutory mandate, in 1971, imposed no deadline for completing sphere designations. When most LAFCOs failed to act, 1984 legislation required all LAFCOs to establish spheres of influence by 1985.

boundary change proposals and are intended to encourage efficient provision of organized community services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

Every determination made by a commission must be consistent with the SOIs of local agencies affected by that determination,<sup>5</sup> for example, territory may not be annexed to a city or district unless it is within that agency's sphere. In other words, the SOI essentially defines where and what types of government reorganizations (e.g., annexation, detachment, dissolution and consolidation) may be initiated. If and when a government reorganization is initiated, there are a number of procedural steps that must be conducted for a reorganization to be approved. Such steps include more in-depth analysis, LAFCO consideration at a noticed public hearing, and processes by which affected agencies and/or residents may voice their approval or disapproval.

SOIs should discourage duplication of services by local governmental agencies, guide the Commission's consideration of individual proposals for changes of organization, and identify the need for specific reorganization studies, and provide the basis for recommendations to particular agencies for government reorganizations.

The Cortese-Knox-Hertzberg (CKH) Act requires LAFCO to develop and determine the SOI of each local governmental agency within the county and to review and update the SOI every five years, as necessary. LAFCOs are empowered to adopt, update and amend the SOI. They may do so with or without an application and any interested person may submit an application proposing an SOI amendment.

LAFCO may recommend government reorganizations to particular agencies in the County, using the SOIs as the basis for those recommendations. In determining the SOI, LAFCO is required to complete a service review and adopt the seven determinations previously discussed. In addition, in adopting or amending an SOI, LAFCO must make the following determinations:

- ❖ Present and planned land uses in the area, including agricultural and open-space lands;
- ❖ Present and probable need for public facilities and services in the area;
- ❖ Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide;
- ❖ Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency;

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<sup>5</sup> Government Code §56375.5.



- ❖ Present and probable need for water, wastewater, and structural fire protection facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence; and
- ❖ In the case of special districts, the nature, location, and extent of any functions or classes of services provided by existing districts.

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## Urban Service Area

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In Santa Clara County, the SOI as defined in state law is relevant for special districts; however, for cities, the inclusion of an area within a city's SOI should not necessarily be seen as an indication that the city will either annex or allow urban development and services in the areas. The urban service area (USA) is the more critical boundary considered by LAFCO for the cities, and serves as the primary means of indicating whether an area will be annexed to a city and provided with urban services.

Review and amendment of USA boundaries is the Commission's primary vehicle for encouraging orderly city growth. Within the USAs, LAFCO does not review city annexations and reorganizations if the proposals are initiated by city resolution and meet certain conditions. State law gives cities in Santa Clara County the authority to approve such reorganizations.

## SERVICE REVIEW PROCESS AND METHODOLOGY

Standard analytical tools and practices were used to gather and analyze information for the service review. The service review process is outlined as follows:

- ❖ **Technical Advisory Committee:** LAFCO formed a committee to provide input on the service review and insight into any particular issues.
- ❖ **Outreach:** LAFCO performed outreach and explanation of the project through an informational flier.
- ❖ **Establishment of Criteria:** Preliminary general criteria, appropriate to each district, to be used in making the determinations required under the laws governing service reviews were developed, consistent with Santa Clara LAFCO policies on service reviews.
- ❖ **Data Discovery:** Collection of data from available online and central data resources (i.e., agency websites), and population information and projections, developed by the Association of Bay Area Governments (ABAG).
- ❖ **Request for Information and Interviews:** Creation of a questionnaire for each agency and distribution to the agencies for completion. After reviewing each agency's questionnaire response and submitted documents, the agencies were

interviewed to fill in missing information, follow up on current matters, as well as to see what progress was made on issues identified in the previous service review.

- ❖ **Drafting of Agency Chapters:** Chapters on each of the agencies were compiled, using a standard format, based on the interviews and data collected. Agencies responded to information requests in varying levels of detail. Reasonable efforts were taken to obtain a level of consistency in the data to make the required determinations and analyze issues.
- ❖ **Agency Review for Accuracy:** The chapters were provided to each agency for internal review and comment, to ensure accuracy prior to further analysis and public release of the document.
- ❖ **Data Analysis and Service Review Determinations:** Information gathered from the agencies and the interviews was analyzed and applied to the determination criteria to make the required determinations for each agency.
- ❖ **Public Review Draft Released:** The draft document is released for public review and comment.
- ❖ **LAFCO Hearing:** LAFCO holds a public hearing to discuss and accept public comments on the draft report.
- ❖ **Response to Comments:** A comment log, along with a redlined draft of the report, is released indicating a comprehensive list of comments received and any action taken pursuant to the respective comments.
- ❖ **Adoption of Final Report:** LAFCO holds a public hearing where the Commission to consider adoption of the final report, determinations and sphere of influence updates, as well as consider next steps for implementing recommendations.

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## Review Criteria

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Each agency under LAFCO jurisdiction is assessed in each category using the criteria described below.

### Growth and population projections for the affected area

- ❖ The amount and percent of population growth projected by the Association of Bay Area Governments between 2010 and 2035.

*The location and characteristics of any disadvantaged unincorporated communities*

- ❖ The existence of any disadvantaged unincorporated communities as a determined by the Department of Water Resources, based on its definition of size of “community.”

*Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies*

- ❖ Capacity constraints as reported by the agency.
- ❖ Infrastructure needs and agency’s plans to address these needs, as reported by the agency, or identified in capital improvement plans.
- ❖ Management practices: To establish public trust and accountability, best management practices include 1) preparing a budget before the beginning of the fiscal year, 2) conducting periodic financial audits, 3) maintaining relatively current financial records, 4) evaluating rates and fees periodically, 5) planning and budgeting for community service needs, and 6) an established process to address complaints.

*Financial ability of agency to provide services*

- ❖ The adequacy of the level of financing and any financing challenges or constraints as reported by the agency.
- ❖ Rates: The degree to which the rates (and other revenue, if applicable) are able to cover annual operating and capital costs, anticipated future capital costs, and maintain a healthy a reserve.
- ❖ Capital planning: Whether or not the agency has an up-to-date capital improvement plan with estimated timing and anticipated financing sources for each project.
- ❖ Capital reserves: the capital reserve fund balance as of June 30, 2012 and the anticipated capital funding needs based on identified infrastructure needs and estimated costs.
- ❖ Reserves: the audited unrestricted fund balance as of June 30, 2012. A reserve of three months of operating costs is considered a minimum.

*Status of and opportunities for shared facilities*

- ❖ The degree of existing cost minimization efforts through facility, personnel and equipment sharing.
- ❖ The potential for facility, personnel, and equipment sharing as reported by the agency.

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

- ❖ Public Access and Outreach: Agency efforts to engage and educate constituents through outreach activities and availability of information on a website, in addition to compliance with open meeting and public records laws.
- ❖ Governance and Service Delivery Options: The potential to restructure the governance of agencies and/or service providers, or change the service provider with the goal of increasing service efficiency.

# 1. RANCHO RINCONADA RECREATION AND PARK DISTRICT

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## AGENCY OVERVIEW

Rancho Rinconada Recreation and Park District (RRRPD) was established as an independent special district in 1955. The District owns and operates a recreation center in the City of Cupertino. A service review for the District was last conducted in 2007.

The principal act that governs the District is the Recreation and Park District Law.<sup>6</sup> The principal act empowers recreation and park districts to 1) organize, promote, conduct, and advertise programs of community recreation, including, but not limited to, parks and open space, parking, transportation, and other related services that improve the community's quality of life, 2) establish systems of recreation and recreation facilities, including, but not limited to, parks and open space, and 3) acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, both inside and beyond the district's boundaries.<sup>7</sup> The principal act also defines the powers and duties of recreation and park districts in cooperating with other local governments.<sup>8</sup> Districts must apply and obtain LAFCO approval to exercise latent powers, that is, those services authorized by the principal act but not provided by the district by the end of 2000.<sup>9</sup>

There are 108 recreation and park districts in the State.<sup>10</sup> RRRPD is the only district of its type in Santa Clara County.

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## Boundaries

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RRRPD is located almost entirely within the City of Cupertino. There are two parcels to the east along Lawrence Expressway, that lie within the City of San Jose, that consists of the Saratoga Creek Trail and associated riparian area. The District is bounded on the north by Stevens Creek Road, on the south by Bollinger Road, on the east by Lawrence Expressway, and on the west by Tantau and Stern Avenues. The District encompasses approximately 0.4 square miles.

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<sup>6</sup> California Public Resources Code §5780-5791.

<sup>7</sup> California Public Resources Code §5786.

<sup>8</sup> California Public Resources Code §5786.11-5786.13.

<sup>9</sup> California Government Code §56824.10.

<sup>10</sup> California State Controller, Special Districts Annual Report Fiscal Year 2009 – 2010.

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## Sphere of Influence

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LAFCO adopted the existing zero SOI for the District in 1982 in recognition that the area should ultimately be served by the City of Cupertino rather than the District. During the most recent SOI update in 2007, LAFCO reaffirmed the existing zero SOI.

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## Type and Extent of Services

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### *Services Provided*

RRRPD provides all services via its single recreation facility. The maintenance and operation of this building and property, including delivery of recreation services at that facility, are the sole services provided by the District. The District offers the following recreation programs directly through district staff: swimming pool activities, Kids Night Out, after-school activities, facility and barbeque rentals, a snack bar, and a location for community-related activities. These recreation services and periods of when they are offered are described in more detail below.

- ❖ Public swim: Public swim is typically offered daily during the summer (generally second week of June until the end of August), and on the weekends in September.
- ❖ Swim lessons: Swim lessons are typically offered Monday through Thursday during the summer, from mid-May through the end of October.
- ❖ Lap swim: Lap swim is offered year round, Monday through Friday.
- ❖ Youth swim team: The District provides youth swim team training on a year-round basis, Monday through Friday. The team specifically serves children five to 17 years.
- ❖ Kids Night Out: The District provides an evening recreation program on Friday nights entitled “Kids Night Out”. This program is offered year-round. Kids Night Out consists of a movie, dinner, indoor and outdoor games, a drink and a snack. It is open to kids five to 12 years old.
- ❖ After-School Program: The District provides an after-school program for children that offers a snack, recreation activities, basic homework assistance, academic tutoring, guest speakers, workshops, and other activities. The program is provided Monday through Friday for students from 1<sup>st</sup> through 8<sup>th</sup> grade, during the school year.
- ❖ Facility rental: The recreation activity room/hall, the swimming pool, and the barbecue/patio area are available for rent for private functions, classes, meetings, and weekly gatherings. At present, there is one ongoing rental for a yoga class that is open to the public. The barbecue/patio area is available for rent during the summer. The recreation activity room/hall is available for rent from September through May. The pool is available for rent from April through October.

Service Area

The recreation center itself is located within the District’s boundaries; however, services are offered to residents and non-residents alike. Non-residents are charged slightly higher rates than residents of RRRPD for certain services.

Service to Other Agencies

The District does not have any contracts to provide services to other public agencies.

Contracts for Services

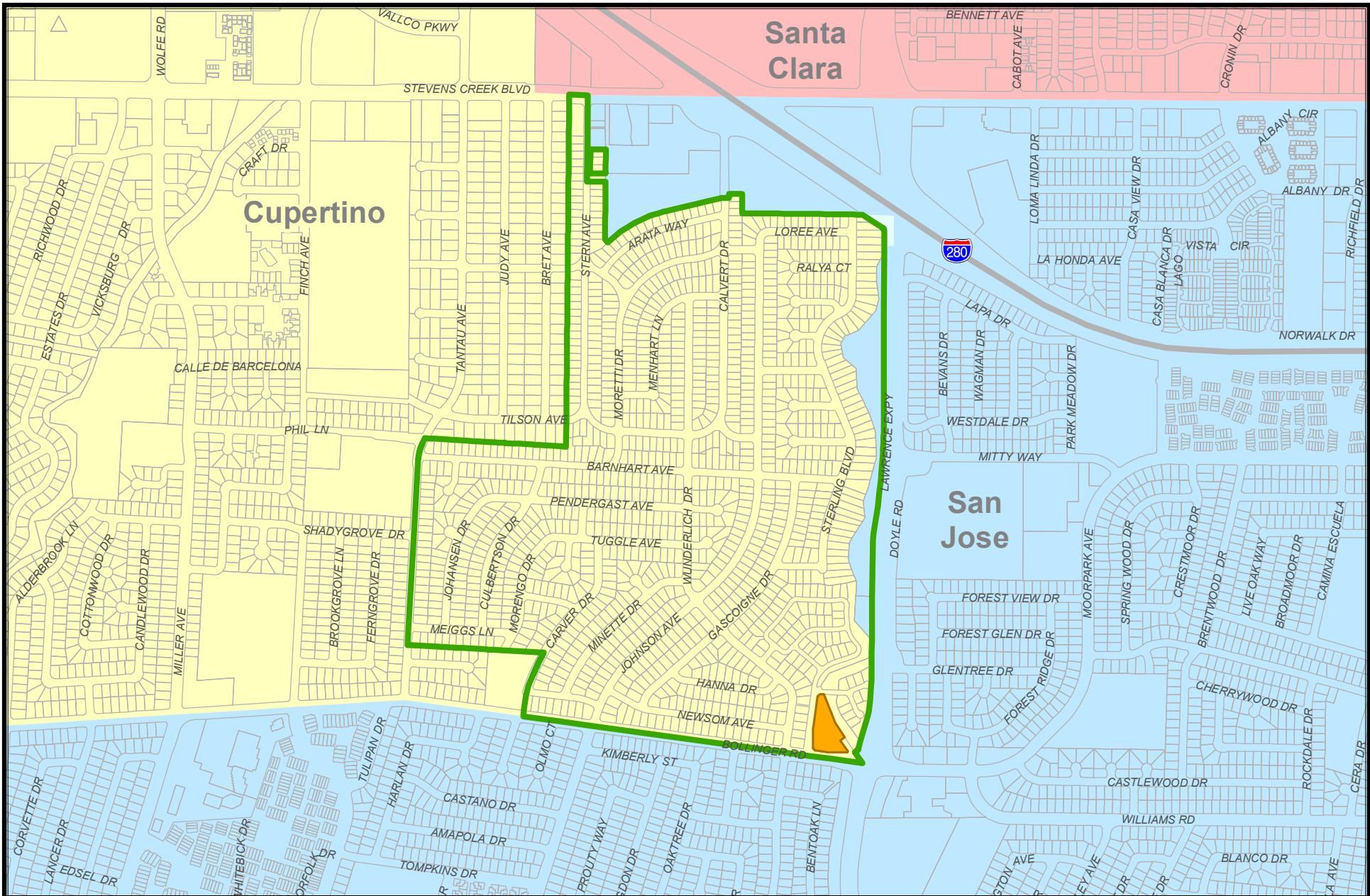
The District does not have any contracts with public agencies for service delivery at the recreation center.

Collaboration



RRRPD does not collaborate with other public agencies in the delivery of recreation services; however, the District does collaborate with individuals to offer additional public classes at the recreation facility, such as yoga.

Overlapping and Neighboring Service Providers

The City of Cupertino almost entirely overlaps RRRPD. The City provides similar, and substantially more, recreation services, including swimming pool facilities and lifeguard instruction, as well as other educational and fitness classes. Notably, the City does not provide youth swim team opportunities like the District, and swim instruction and lap swim services are limited to a two month period in the summer. The City has two swimming pools, which are both located at the Blackberry Farm Park—four miles from the District’s swimming facilities. Additionally, the City partners with Cupertino High School to offer swimming opportunities during the summer. The high school is located just over a mile from the District’s facility.



# Rancho Rinconada Recreation and Park District

-  Rancho Rinconada  
Recreation & Park District  
*District has a zero Sphere of Influence*
-  District Facility  
18000 Chelmsford Drive, Cupertino



This map created by the Santa Clara County Planning Office. The GIS data was compiled from various sources. While deemed reliable, the Planning Office assumes no liability.  
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February 2013



## ACCOUNTABILITY AND GOVERNANCE

The District is managed and governed by a five-member Board of Directors. Board members are elected to four-year terms of office. There are no term limits. The County Board of Supervisors appoints members to the District's Board, if there is a lack of candidates for election. All five of the current Directors were appointed. For the past ten years, board members have run unopposed. As the four-year term of an incumbent board member expires, existing members have been re-appointed by the Board of Supervisors in lieu of an election. This reflects a lack of candidate and resident interest in the District's activities and governance, perhaps due to a lack of outreach to area residents.

Prior to an election (in an election year), the County Registrar of Voters publishes a legal notice in a local newspaper of the District's choice to announce any upcoming board terms that are expiring. Any persons interested in running for the position (incumbent or otherwise), must file with the County Registrar of Voters. If no more than one person is running for each available position, then the Board of Supervisors can consolidate the election and appoint individuals without conducting the election. If no one runs for a position, then the Board of Supervisors is empowered to appoint any person to the office who is qualified on the date when the election would have been held.<sup>11</sup>

The process for appointment by the Board of Supervisors differs by district. There are no formal policies or standardized procedures on the part of the District nor the Board of Supervisors defining how openings are to be announced, how long the application period should be open, and the manner for interviews, etc. Upon appointment by the Board of Supervisors, it is unclear where the responsibility lies regarding reporting the Board of Supervisor's decision back to the Registrar of Voters, whether it's the District or the Clerk of the Board. However, in the case of RRRPD, the Registrar of Voters has maintained up-to-date information on the board members and their respective term expiration dates, and this information is made available online.

The current Board member names, positions, and term expiration dates are presented in Figure 1-2.

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<sup>11</sup> Elec. Code, § 10515(a).

**Figure 1-2: RRRPD Governing Body**

<b>Rancho Rinconada Recreation and Park District</b>					
<i>District Contact Information</i>					
<b>Contact:</b>	Kevin Davis, Interim Assistant Office Manager				
<b>Address:</b>	18000 Chelmsford Drive, Cupertino, CA 95014				
<b>Telephone:</b>	408-252-8429				
<b>Email:</b>	<a href="mailto:contact@ranchoreccenter.com">contact@ranchoreccenter.com</a>				
<b>Website:</b>	<a href="http://www.ranchoreccenter.com/home">http://www.ranchoreccenter.com/home</a>				
<i>Board of Directors</i>					
<b>Member Name</b>	<b>Position</b>	<b>Began Serving</b>	<b>Term Expires</b>	<b>Manner of Selection</b>	<b>Length of Term</b>
Jordan Eldridge	Board Member	2010	2014	Appointed	4 years
Julie Jervis	Board Secretary	2005	2016	Appointed	4 years
Miriam Salo	Vice President	1996	2016	Appointed	4 years
Sandra Yeaton	Board President	1996	2016	Appointed	4 years
Steve Wesolowski	Board Member	1994	2014	Appointed	4 years
<i>Meetings</i>					
<b>Date:</b>	Tuesdays at 7:15 pm (1 <sup>st</sup> or 2 <sup>nd</sup> Tuesday of every month)				
<b>Location:</b>	Rancho Rinconada Recreation Center at 18000 Chelmsford Drive, Cupertino				
<b>Agenda Distribution:</b>	Posted online and on the bulletin board at the entrance of the recreation center				
<b>Minutes Distribution:</b>	Posted online and on the bulletin board at the entrance of the recreation center				

The Board of Directors meets either on the first or second Tuesday of each month. The meetings are held at the District’s recreation center at 18000 Chelmsford Drive in Cupertino. Each Director receives a \$100 stipend for the first meeting in a month, and receives \$50 for each additional meeting thereafter. Government Code §53235 requires that if a district provides compensation or reimbursement of expenses to its board members, the board members must receive two hours of training in ethics at least once every two years and the district must establish a written policy on reimbursements. The District’s Board has completed the training. The District does not have a written policy on expense reimbursements.

RRRPD began publishing the Board of Directors’ meeting agendas and minutes to the District’s website in October 2012. The agenda is posted 72 hours prior to every Board meeting at the entrance of the recreation center, and also on the District’s website. The District conducts constituent outreach in addition to legally required agenda posting via its website. The District posts a variety of information to its website, including its recreation services (e.g., aquatics, facility rentals); a calendar depicting the dates and times for delivery of recreation services by the District; the e-mail address for the District; and the agendas and minutes for the Board of Directors meetings. The District’s annual financial reports and annual budgets are not available on its website.

The Board of Directors have developed and adopted bylaws that provide a framework and direction for district governance by the Board. These bylaws cover the creation of board, meeting agendas, minutes, public inspection of district records, and appointments to the Board.

Government Code §87203 requires persons that hold office to disclose their investments, their interests in real property and their income, and file Form 700 with the Fair Political Practices Commission each year. RRRPD board members filed the required Form 700 Statement of Economic Interest forms in 2012.

## MANAGEMENT AND STAFFING

The Board of Directors govern the District, while a part-time office manager oversees the day-to-day operations. The office manager supervises the assistant office manager, aquatics director, human resources director and a general office worker, who, in turn, supervise seasonal or temporary staff. All district employees are part-time<sup>12</sup> or seasonal, work less than 2,080 hours per year, and do not receive any benefits.

As shown in Figure 1-3, in 2011, the District had 41 employees who worked hours equivalent to 7.69 full-time positions (based upon 2,080 hours per full-time employee). A majority of these employees were seasonal pool lifeguards. The District’s five administrative employees equate to 1.75 full-time equivalent staff.

**Figure 1-3: Average Number of Hours and Full-Time Equivalent Employees for 2011**

Department	Number of Employees	Average Annual Hours/Employee	Total Full-Time Equivalent Staff
Administration	5	731	1.75
Custodian	1	1,149	0.55
Pool Lifeguard	28	375	5.05
Recreation Instructors	7	100	0.34
<b>TOTAL</b>	<b>41</b>	<b>390</b>	<b>7.69</b>

Source: Rancho Rinconada Recreation and Park District

The District retains private firms or individuals for various services related to the maintenance of the recreation center, including a landscape maintenance contractor, and a janitorial contractor for cleaning of the recreation center. Additionally, the District has retained a certified public accountant to prepare the annual financial transaction reports, which are required by the State Controller under Government Code Section §53891. This service is provided without a contract between the accountant and the District. The District’s legal counsel is the County Counsel’s Office.

The District has not adopted a mission statement, goals, objectives, long-range plans or performance measures. However, the District has adopted bylaws, which includes a statement of the District’s purpose, which is to provide leisure activities by the development and delivery of supervised recreation programs, construction and maintenance of recreation and park facilities, and cooperation with other agencies in the area that provide like services or can assist in providing said services.

<sup>12</sup> While the district manager and assistant manager positions are technically categorized as part-time according to the position descriptions, these two employees regularly work over 40 hours a week, constituting a full-time position, particularly in the summer.

Other documents that the District uses to guide efforts and services include the annually adopted budget. The District has adopted a budget for FY 12-13. The District's budget is not available on its website.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor's office. The County has reported that in recent years, it has not been the practice for special districts to file their budgets with the County.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the close of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.<sup>13</sup> The District's annual audit is prepared by the same certified public accountant that prepares the District's annual financial transaction reports. The District has filed their annual audits with the County. These audits are prepared annually for the District. As of the drafting of this report, the FY 11-12 audit was in the final drafting stages and was anticipated to be completed within a month.

## POPULATION AND PROJECTED GROWTH

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### Land Uses

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Land uses within the District are primarily residential with some public uses (the District's recreation center and two parks).

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### Current Population

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As of 2010, the District had approximately 3,983 residents, based on GIS analysis of 2010 Census data.

#### *Disadvantaged Unincorporated Communities*

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined as any area with 12 or more

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<sup>13</sup> Government Code §26909.

registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.<sup>14</sup>

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. However, the DWR data can be used for the purposes of this report as an indicator of any larger communities that may meet the income definition of disadvantaged. Based on mapping information from DWR, there are no disadvantaged unincorporated communities within or adjacent to RRRPD.<sup>15</sup>

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## Projected Growth

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Minimal population growth is anticipated within the District's bounds, as the area is entirely built out. While population projections specific to the District are not available, future population may be imputed from the Association of Bay Area Government's (ABAG) projections for the City of Cupertino. ABAG projects that the City will experience four percent growth over the 25-year period from 2010 to 2035, which is equivalent to 0.2 percent average annual growth.<sup>16</sup> Should the territory within RRRPD experience growth similar to that of the entire City, then the District is anticipated to have a population of 4,142 in 2035.

## FINANCING

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### Financial Adequacy

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The District reported that the current level of financing is adequate to provide services. District revenues have exceeded expenditures for four of the past five fiscal years (2007-2011), as shown in Figure 1-4. In FY 11, the District experienced a decrease in income from service charges, due to a decline in usage of the facility. Also in FY 11, the District made investments in capital assets in excess of previous years. Consequently, district expenditures exceeded annual revenue, and the District used reserves to cover the excess expenditures in that year. RRRPD has undertaken efforts to reduce costs, including low flow shower heads, reduced phone bills, and a reduction in security; however, as the District's primary expenditure is salaries for staffing essential to the services offered, the District reportedly has more of a focus on increasing revenues by offering more services.

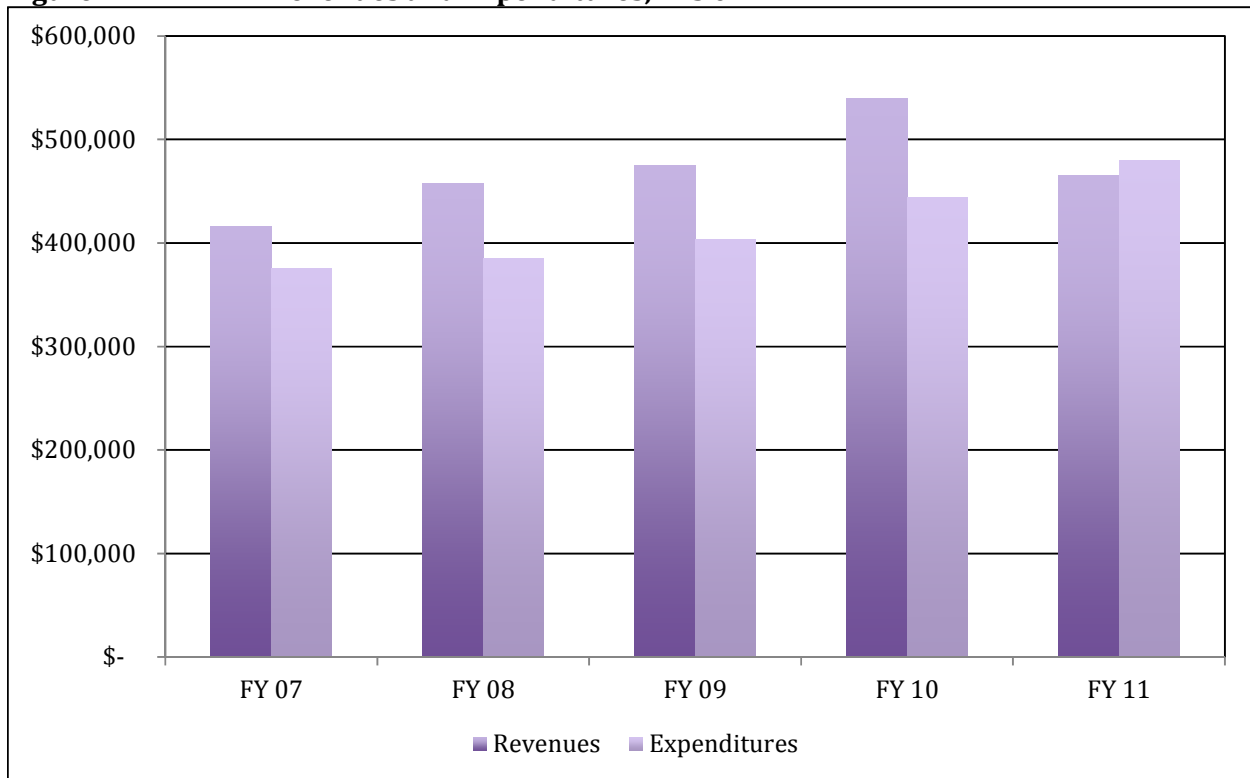
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<sup>14</sup> Government Code §56033.5.

<sup>15</sup> DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) and are compiled for the five-year period 2006-2010.

<sup>16</sup> ABAG, Projections 2009, 2009.

**Figure 1-4: RRRPD Revenues and Expenditures, FYs 07-11**



Source: FY 2007–FY 2011 Independent Financial Audits

## Revenue Sources

In FY 11, the District received \$465,427 in revenue as depicted in Figure 1-5. The primary sources of revenue for the District are property taxes (67 percent) and fees for service (33 percent). Revenue from fees for services decreased in FY 11 by \$69,952, due to reductions in use of the center. The District reported that usage of the public swim facilities greatly depends on weather, and mild summers lead to less usage. The beginning of Summer 2011 was particularly cool and wet, leading to less pool patrons. Additionally, RRRPD’s revenues are greatly constrained by the facility and staffing capacity.

**Figure 1-5: RRRPD Revenue Sources, FY 11**

Revenue Category	Revenue	% of Total Revenue
Property Tax	\$310,177	66.6%
Interest and Investment Income	\$1,372	0.3%
Fees for Service	\$153,878	33.1%
<b>Total</b>	<b>\$465,427</b>	<b>100.0%</b>

Source: FY 2011 Independent Financial Audit

Rates

Figure 1-6 presents a list of the rates and user fees charged by the District for recreation activities. The District most recently increased its rates in 2006. The District charges a slightly higher rate for non-residents for a majority of activities. Certain charges are significantly discounted for seniors over 55 years of age, as shown below, for example lap swim passes. Charges are the same regardless of residency for certain activities, including the After School Program, Kids Night Out, and pre-competitive swim training.

**Figure 1-6: RRRPD Rates for Residents and Non-Residents**

Category	Resident	Non-Resident
<b>Public Swim</b>		
Single Entry (4-55 yrs)	\$2.50	\$3.00
Single Entry (55+ yrs)	\$1.50	\$2.00
Group Discount	\$2.50	\$2.50
10 punch card	\$23.00	\$28.00
20 punch card	\$45.00	\$55.00
Single Summer Pass (4-55 yrs)	\$60.00	\$70.00
Single Summer Pass (55+ yrs)	\$30.00	\$35.00
Family Summer Pass	\$120.00	\$150.00
Add 1 to Summer Pass	\$25.00	\$25.00
<b>Lap Swim</b>		
Single Entry (4-55 yrs)	\$1.50	\$2.00
Single Entry (55+ yrs)	\$1.00	\$1.25
3 month pass (4-55 yrs)	\$45.00	\$50.00
3 month pass (55+ yrs)	\$20.00	\$25.00
<b>Swim Lessons</b>		
Single Lesson	\$20.00	\$20.00
8 Lessons-Session	\$130.00	\$150.00
Group Lesson	\$100.00	\$100.00
<b>Swim Team</b>		
Swim Team/Month	\$80.00	\$80.00
Pre-Competitive Swim Training (2 wks)	\$150.00	\$150.00
<b>Kids Activities:</b>		
Kids Night Out	\$5.00	\$5.00
After School Program (month)	\$350.00	\$350.00
After School Program (10 passes)	\$200.00	\$200.00

Additionally, the District charges rental fees for rental of the BBQ area, recreation hall and swimming pool. These rates generally depend on day of the week for the rental. The BBQ area may be rented for a three-hour period for \$60 or for six hours for \$100. The recreation hall may be rented on weekdays for \$50 an hour regardless of residency and for \$75 residents/\$100 non-residents per hour on the weekends. Pool rental is \$140 per hour with the required minimum of two lifeguards, and \$20 additional per hour for each additional lifeguard.

Figure 1-7 presents the rates charged by the District for certain swimming activities in comparison to the Cities of Cupertino and Campbell—two neighboring providers of similar swimming services. The District’s rates are the lowest among the three service providers.

It is recommended that the District conduct a rate study to ensure that rates are sufficient to cover operation and capital needs and appropriate compared to those rates charged by other service providers. Additionally, the District should consider charging higher rates for non-residents, given that current rates are substantially lower than other providers, and property tax revenues from residents are in essence subsidizing services to non-residents.

**Figure 1-7: Neighboring Provider Rate Comparison**

Type of Swim Recreation Provided	Rancho Rinconada	Cupertino	Campbell
Private Swim Lesson - Resident	\$130	\$210	N/A
Adult Lap Swim-Drop In - Resident	\$1.50	\$4	\$7
Adult Lap Swim - 20-day pass - Resident	\$30	\$60	\$80

Sources: City of Cupertino Parks and Recreation staff and City of Campbell Spring 2013 Activity Guide

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## Expenditures

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In FY 11, the District expended a total of \$480,071 as depicted in Figure 1-8. A majority (63 percent) of expenditures are attributable to wages and related payments to staff. Expenditures increased in FY 11 by \$36,453 compared to FY 10, due to several capital improvements, including replacement of pool covers, new dividers in the bathrooms, and painting of the bathrooms and recreation activity room.

**Figure 1-8: RRRPD Expenditures, FY 11**

Expense Category	Expenditure	% of Total Expenditures
Payroll and Related	\$302,788	63.1%
Operating Expenses	\$177,283	36.9%
<b>Total</b>	<b>\$480,071</b>	<b>100.0%</b>

Source: FY 11 Independent Financial Audit

### Capital Outlays

The District has not developed or adopted a written capital improvement program. Capital improvements are planned for in the District’s annual budget. The District attributes capital repairs in its financial statements to operating expenses.

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## Reserves

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The District does not have a formal policy regarding the level of reserves to be maintained at any given time; however, given the District aims to maintain its balance as high as possible. The District does not maintain a separate reserve fund, and instead groups roll-over cash balances from year to year in its single general fund. The balance of which may be used for operating needs, contingencies and capital needs.



Given that the District does not separate out reserves from its general operating revenue, it is difficult to identify what the District’s actual level of savings is. At the end of FY 11, the District maintained a general fund balance of \$519,827 or 108 percent of FY 11 expenditures. The District’s roll-over fund balance has doubled in the past five years, from \$255,957 in FY 07 to \$519,827 in FY 11. However, a majority of this fund balance is to be used for operations over the next fiscal year.

It is recommended that the District clearly define and designate its reserves for contingencies and capital needs separate from its operating cash balance.

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## Debt

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The District does not have any long-term debt.

## INFRASTRUCTURE AND FACILITIES

The District owns and operates the recreation center at 18000 Chelmsford Drive in Cupertino, near the corner of Bollinger Road and Lawrence Expressway. This property and facility are the District’s sole assets.

The recreation center property is 1.992 acres. The center has an outdoor five-lane, 25-yard swimming pool of 2,910 square feet and 120,000 gallons. The pool has a maximum capacity of 140 persons. The recreation center provides approximately 4,933 square feet of indoor space, and includes a bathhouse with restrooms and showers, a snack bar, a kitchen, and a recreational activity room/hall and office.

Administration office hours for the District in the summer are typically 9 am to 8 pm Monday through Friday and 12 pm to 6 pm Saturday and Sunday. During other seasons, the office is open from 9 am to 2 pm and 3 pm to 8 pm Monday through Friday. Similarly, center hours differ based on season. During the summer, the center is typically open 7 am to 8 pm Monday to Thursday, 12 pm to 9:30 pm on Fridays, and 12 pm to 6 pm on the weekends. During the off season, the center is open 7 am to 9 am and 3 pm to 7 pm Monday to Thursday and 6 pm to 9:30 pm on Fridays.

In the past five fiscal years, the District has made a number of improvements, including re-roofing the recreation center, painting the fence around the recreation center, replacing two fence gates, upgrading the swimming pool equipment, replacing computers, pool controls, and the television at the recreation center, repainting the exterior of the building, and repairing damages caused by termite infestation.

Additionally, new furniture and equipment were purchased within the past five fiscal years, including a freezer, swimming pool pumps, LED swimming pool lights, a probe and monitor saddle for the swimming pool, an air conditioner for the recreation center, an employee time card clock, a large lap clock, pool covers, a storage shed, new drapes for the recreation activity room, and playground equipment.

The District has not made any capital improvements since May 2011. However, the District is in the process of updating its signage for the recreation center.

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## Infrastructure Needs

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The recreation center, which was originally built in 1955 and completely renovated between 1989 and 1991, appears to be reasonably maintained. The District reported that there were no critical deferred maintenance issues; however, it is anticipated that sometime over the next five years the pool deck will need to be replaced or covered due to pitting. Other plans for improvements are generally small, such as new towel hooks, etc. The District generally makes these improvements as needed and as financing allows.

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## Shared Facilities

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The District makes its facility available to the Registrar of Voters for biennial elections.

## **DEMAND FOR SERVICES**

The District reported that there was a noticeable decline in use of the District's services in FY 11, which is attributable to weather and district capacity constraints. The District reported that it is unable to keep up with demand with regard to swimming lessons, primarily, due to the small size of the pool and limited staffing. Classes are always filled to maximum capacity and potential customers are turned away. The District is reportedly working to address staffing constraints and expanding classes offered.

The District uses various means to track use of the facility and recreation programs. Attendance during public swim on any given day may be tracked via receipt of payments for each swim. The District estimated that average daily public swim attendance was between 80 and 90 persons in July and August 2012. The District reported that approximately 45 percent to 55 percent of public swim attendance consists of non-district residents.

Attendance at swim lessons is roughly estimated base on the number of instructors and the average class size for each lesson during the summer of 2012.<sup>17</sup> The District estimated that approximately 128 customers attend swim lessons on any given day.

Lap swim attendance is tracked via a sign-in sheet that is administered by the lifeguards. Unfortunately, the District's computer tracking system for this information was deleted sometime in late 2012. Based on a memory of this information, there are approximately 25 lap swimmers per day during the summer, and during the off season in the spring there are approximately 12 to 20 swimmers each day.

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<sup>17</sup> There are generally eight swim instructors in the morning and 12 instructors in the afternoon. Each instructor offers one-on-one training, with instructors training four sessions each in the morning and eight sessions each in the afternoon.

Youth swim team attendance is tracked by the swim coaches on written logs. Like the other pool related activities, attendance greatly depends on the season. Based on the logs in 2012, there are between 30 and 60 children that take part in swim team activities on a daily basis—with higher attendance in the summer and lower attendance in the off season.

The District tracks attendance at Kids Night Out in a written log; however, these records were lost. While attendance can range from 15 to 30 students in any week, the District estimated that on average there are 21 children that attend Kids Night Out every week. Attendance fluctuates based on the kids' school year and vacation schedule.

As of February 2013, the After School Program serves between five and eight children on a daily basis. Participation in the After School Program is estimated based on the number of monthly subscribers and adjusted to account for those children who use punch passes.

Given the capacity limitations of the facility, and the need for the District to more efficiently make use of the space available, the District should conduct thorough tracking of use of the pool, during public swim, lap swimming, lessons, and swim team.

## **GOVERNANCE STRUCTURE OPTIONS**

Within Cupertino, the City and the District both provide recreation services. The swimming pool provided by the District is located four miles from the two swimming pools provided by the City at Blackberry Farm Park and one mile from the Cupertino High School pool. The District's facility is located in close proximity to other Cupertino park facilities as well, such as Creekside Park, a 13-acre city park located 1.4 miles from the District's facility. The duplication in services delivered within the boundaries of Cupertino creates inherent inefficiencies and fragmented service delivery and impedes long-term planning for the delivery of recreation services to the residents of Cupertino.

Additionally, RRRPD's primary revenue source is a portion of the one percent property tax, meaning that residents of the area are paying for recreation services to two separate public entities and that the City receives less property tax revenue from the areas within RRRPD. The City generally uses property tax revenue to fund general services, from which RRRPD residents reap the same benefits as other city residents; however, as a result of RRRPD receiving a portion of the total one percent property tax levied in the area, residents of the District are paying a smaller portion of the total one percent property tax into the City's general services than other city residents. Alternatives exist for the District and the City in operation and governance for a more efficient approach to serve the Cupertino community.

There are four governance structure options for RRRPD.

The first alternative is maintaining RRRPD as an independent special district, with steps to improve the services provided by the District, its transparency and accountability. Under

this alternative, the District would continue to operate as an independent special district, but would make improvements, including the following:

- ❖ Long-term business planning for the delivery of services by the District, including conducting a recreation needs assessment, developing a business plan, and developing a mission statement, goals, objectives, and performance measures;
- ❖ Long-term financial planning for services by developing a five-year capital improvement program and jointly reviewing rates to ensure that they are set at sufficient levels to cover all operational and capital needs; and
- ❖ Enhancing accountability and transparency by adopting a policy on expense reimbursements as part of the District’s policies and administrative regulations, and developing and implementing a plan to enhance outreach to district residents in an effort to increase interest in board activities.

Adopting this alternative would have the following potential advantages and disadvantages, should conditions remain unchanged.

**Figure 1-9: Advantages and Disadvantages of Continuing as a Special District**

Advantages	Disadvantages
The delivery of services by the District would continue uninterrupted.	The District could potentially revert to old practices over time.
The long-term business planning of the District would be enhanced by conducting a recreation needs assessment.	Property tax revenues levied from within the District would continue to be dispersed to two agencies providing recreation services (RRRPD and the City).
The variety of recreation services provided by the District could be enhanced, as a result of the recreation needs assessment.	The property tax revenues collected by RRRPD would continue to be directed away from the City’s general fund used for general city services. District residents would continue to benefit from these city services but contribute less for these services than other city residents.
The long-term financial planning of the District could be enhanced by a rate comparison study and development of a five-year capital improvement program.	
The accountability and transparency of the District could be enhanced by adopting a policy on expense reimbursements and by developing and implementing efforts to enhance interest in district activities.	

Following the release of this document, RRRPD and the City of Cupertino met to discuss options for partnering and sharing of facilities and resources to enhance services to city and district residents. The District proposed this option as a means of reducing the identified fragmentation in recreation services in the area and perhaps pooling available resources between the agencies. The potential partnership is in the early phase of informal discussion, and the exact structure of the proposed partnership has not yet been established. It should be noted that the proposed partnership, while a means to enhance efficiency and cooperation between the two agencies, would not eliminate the duplication of services offered by the two public agencies.

Another governance structure option for RRRPD may be merger with the City of Cupertino. A merger is defined as the termination of the existence of a district when the responsibility for the functions, services, assets, and liabilities of that district are assumed by a city.<sup>18</sup> Government Code §57104 requires that all territory of a district must be within the City for which merger is proposed. In the case of RRRPD, there are two parcels with parkland in the east, which are within the City of San Jose. In order for merger of RRRPD with the City of Cupertino to be a possibility, these parcels would need to be detached from the District. Upon merger with the City, the District would cease to exist as a special district and the City would assume all assets, functions and governance along with all debts and liabilities. In order for the City to receive the property tax currently dedicated to the District, negotiations with the County would need to be conducted.

Adopting this alternative would have the following potential advantages and disadvantages, should conditions remain unchanged.

**Figure 1-10: Advantages and Disadvantages of Merger with City of Cupertino**

Advantages	Disadvantages
The fragmentation in service delivery of recreation services in Cupertino would be eliminated by a single entity providing services.	Unless negotiated, the District’s property tax revenue may be disbursed among other taxing agencies that receive a portion of the one percent property tax, and the City may have to take on operations and liability of the facility without the additional revenue source. Taking on operations of the pool without supporting revenues may require the City to reduce its costs and service levels to compensate.
Long-term planning for the delivery of recreation services to the residents of Cupertino would be enhanced.	The delivery of services to area residents could potentially be interrupted during the transition period.
The management of recreation service delivery to the residents of the District	Any additional property tax revenue received as a result of the merger would

<sup>18</sup> Government Code §56056.

would be enhanced with the substantive management and supervisory structure of the City’s Parks and Recreation Department.	go into the City’s general fund and possibly be divided among the various municipal services offered.
Enhanced efficiencies by eliminating an additional level of government.	
Enhanced ease of use for constituents, with a single provider of services.	

Another governance option may be establishing the District as a subsidiary district of the City of Cupertino. As a subsidiary district RRRPD would continue to exist as a legal entity, but the City Council is designated as the ex officio board of directors of the District. At least 70 percent of the territory within the District or 70 percent of registered voters of the District must be within the City, in order to meet legal requirements of establishing a subsidiary district.<sup>19</sup> In the case of RRRPD, the territory of the District lies almost entirely within the City of Cupertino, meeting the requirements to be a subsidiary district.

The establishment of RRRPD as a subsidiary district would not change the legal status of the District as a special district; however, it would exchange the existing elected district Board of Directors for the City Council as the ex-officio board of directors. Similar to merger, the City would assume all assets, functions and governance along with all debts and liabilities of the subsidiary district. The establishment of the District as a subsidiary district of the City would not change the designation of the share of the ad valorem property tax received by the District. This option may be initiated by the Commission,<sup>20</sup> the legislative body of the district wishing to establish itself as a subsidiary district,<sup>21</sup> the legislative body of a city wishing to establish a subsidiary district,<sup>22</sup> or by petition.<sup>23</sup>

Adopting this alternative would have the following potential advantages and disadvantages, should conditions remain unchanged.

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<sup>19</sup> Government Code §57105.

<sup>20</sup> Government Code §56375(a)(2)(D).

<sup>21</sup> Government Code §56658(a).

<sup>22</sup> Government Code §56658(a).

<sup>23</sup> Government Code §56866

**Figure 1-11: Advantages and Disadvantages of Establishing a Subsidiary District**

Advantages	Disadvantages
The fragmentation in service delivery of recreation services in Cupertino would be eliminated by a single entity providing services.	The delivery of services to area residents could potentially be interrupted during the transition period.
Long-term planning for the delivery of recreation services to the residents of Cupertino would be enhanced.	The property tax revenues collected by RRRPD would continue to be directed away from the City's general fund used for general city services. District residents would continue to benefit from these city services but contribute less for these services than other city residents.
The management of recreation service delivery to the residents of the District would be enhanced with the substantive management and supervisory structure of the City's Parks and Recreation Department.	
Enhanced efficiencies by eliminating an additional level of government.	
Enhanced ease of use for constituents, with a single provider of services.	

The potential advantages to forming RRRPD as a subsidiary of the City of Cupertino would be largely similar to merger of the two agencies as previously reported. The most notable difference to the disadvantages would be that the property tax revenue presently collected by RRRPD would be guaranteed to continue to be dedicated to recreation services in the community. The City would receive the property taxes and would be required to account for the activities associated with the District's functions separately from other city services. In the case of a merger between the two agencies, any additional property tax revenue received would go into the City's general fund and possibly be divided among the various municipal services offered.

This alternative should be the subject of additional study to determine the level of benefit in terms of services and anticipated costs and savings. The special study should also describe in more detail the process of a merger or becoming a subsidiary district. Prior to moving forward with this option, the City of Cupertino would need to be approached regarding interest in taking on the associated responsibilities.

Dissolution of the District and designating the City of Cupertino as the successor is essentially the same as merger with the City, which was discussed previously. No other suitable or potential successor agencies have been identified to continue services for the District should it be dissolved.

## **RANCHO RINCONADA RECREATION AND PARK DISTRICT SERVICE REVIEW DETERMINATIONS**

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### **Growth and Population Projections**

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- ❖ Rancho Rinconada Recreation and Park District's (RRRPD) population is approximately 3,983 based on GIS analysis of 2010 Census data.
- ❖ Minimal population growth is anticipated within the District's bounds, as the area is entirely built out. Should RRRPD experience growth similar to that anticipated for the City of Cupertino by the Association of Bay Area Governments, then the District is projected to have a population of 4,142 in 2035.

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### **Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence**

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- ❖ There are no disadvantaged unincorporated communities within or adjacent to the District.

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### **Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies**

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- ❖ The District has limited facility and staffing capacity to address demand. The pool is small, which hinders the daily program offerings during the summer. Also, programming is greatly reliant on staff availability. Swim lessons are reportedly always filled to maximum capacity and the District must turn potential customers away. The District is working to expand swim lessons offered to meet constituent needs by making more efficient use of space, scheduling enhancements, and expanding staffing levels.
- ❖ Given the capacity limitations of the facility, and the need for the District to more efficiently make use of the space available, the District should conduct thorough tracking of use of the pool, during public swim, lap swimming, lessons, and swim team.
- ❖ The recreation center appears to be reasonably maintained. The District reports that there are no significant infrastructure needs related to services provided.
- ❖ The District provides a limited array of recreation services, primarily aquatic services. It is recommended that the District conduct a recreation needs assessment in conjunction with an assessment of the current facility use to determine the



interest of its residents in expanding the array of recreation services provided and availability of space for these services.

- ❖ The District does not conduct long-term planning for the delivery of services. The District has not adopted goals, objectives, or performance measures, and has not prepared a business plan to guide the efforts of the District. It is recommended that the District develop and adopt goals, objectives, and performance measures and prepare a business plan to provide direction for delivery of services by the District over the next three to five years.

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### Financial Ability of Agency to Provide Services

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- ❖ The District appears to have sufficient financial resources to provide an adequate level of service. The District has been able to generate sufficient revenues to exceed expenditures in four of the past five fiscal years and maintains no long-term debt. However, the District is working to add additional programs to expand revenue sources and ensure sufficient funds in future years.
- ❖ The rates charged by the District for aquatic services appear to be lower than those charged by the neighboring Cities of Campbell and Cupertino for similar services. These low rates enhances the District’s reliance on property tax revenue to provide services. It may be appropriate for the District to conduct a survey of fees charged by other similar service providers, and simultaneously develop a capital improvement plan to ensure that charges for services are sufficient to cover all potential capital needs. Additionally, the District should consider charging higher rates for non-residents, given that current rates are substantially lower than other providers, and property tax revenues from residents are in essence subsidizing services to non-residents.
- ❖ RRRPD has not compiled or adopted a capital improvement plan. It is recommended that all agencies have a multi-year capital improvement program, which may be used to identify timing and funding for the projects.
- ❖ It is recommended that the District clearly define and designate its reserves for contingencies and capital needs separate from its operating cash balance.

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### Status and Opportunities for Shared Facilities

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- ❖ The District makes its facility available to the Registrar of Voters for biennial elections. No other opportunities for facility sharing with other public agencies were identified.

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## Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

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- ❖ The District generally demonstrated accountability and transparency with regard to governance by adopting a mission statement as part of its bylaws, adopting an annual budget prior to the start of the fiscal year, publishing agendas for public meetings as legally required, filing of Form 700 Statement of Economic Interest and completion of ethics training by all board members, and by maintaining a website where information is made available to the public.
- ❖ Several improvements could be made to the District's operations in order to enhance accountability and transparency. The District should file a copy of its annual budget with the County Auditor as required by Government Code §53901. The Board of Directors should adopt a policy on expense reimbursements as part of their policies and administrative regulations. In order to enhance constituent interest and participation, the District could make use of advertisements in public newspapers and mail information to residents regarding the Board of Directors and district services.
- ❖ Possible governance structure alternatives with regard to RRRPD include 1) continued operations as an independent special district with efforts to improve upon long-term business and financial planning and accountability, 2) merger with the City of Cupertino, 3) establishment of the District as a subsidiary district of the City, or 4) dissolution of the District and identify successor agency other than the City of Cupertino.
- ❖ It is recommended that further analysis be conducted to identify and quantify the benefits of RRRPD becoming a subsidiary district of the City of Cupertino. Prior to moving forward with this option, discussions need to be held with the City of Cupertino to assess interest on the part of the City.

## RANCHO RINCONADA RECREATION AND PARK DISTRICT SPHERE OF INFLUENCE UPDATE

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### Existing Sphere of Influence Boundary

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RRRPD presently has a zero sphere of influence.

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### Recommended Sphere of Influence Boundary

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Given the District's duplication in services with the City of Cupertino, it is recommended that RRRPD continue to maintain a zero sphere of influence, indicating that the District should eventually not exist as an independent special district. In this case, it is recommended that the City of Cupertino and the District consider formation of RRRPD as a subsidiary district of the City. There are several potential advantages to these options as identified in the Governance Structure section of this chapter, but most importantly it minimizes duplication of services by two separate agencies allowing for coordinated recreation service offerings.

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### Proposed Sphere of Influence Determinations

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#### *The nature, location, extent, functions, and classes of services provided*

- ❖ RRRPD provides all services via its single recreation facility. The maintenance and operation of this building and property, including delivery of recreation services at that facility, are the sole services provided by the District. The District offers the following recreation programs directly through district staff: swimming pool activities, Kids Night Out, after-school activities, facility and barbeque rentals, a snack bar, and a location for community-related activities.

#### *Present and planned land uses in the area, including agricultural and open-space lands*

- ❖ Land uses within the District are primarily residential with some public uses (the District's recreation center and two parks).
- ❖ There are no agricultural or open space lands within the District's bounds.

#### *Present and probable need for public facilities and services in the area*

- ❖ There is significant demand for the District's services, and consequently, the District is generally at maximum capacity during the summer months for pool-related activities.

- ❖ Demand for the District's services is anticipated to continue as residents will likely have the sustained desire to learn how to swim and participate in swimming-related fitness activities.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

- ❖ The District has limited facility and staffing capacity to address demand. The pool is small, which hinders the daily program offerings during the summer. Also, programming is greatly reliant on staff availability. Swim lessons are reportedly always filled to maximum capacity and the District must turn potential customers away. The District is working to expand its offerings to meet constituent needs.
- ❖ The recreation center appears to be reasonably maintained. The District reports that there are no significant infrastructure needs related to services provided.
- ❖ The District provides a limited array of recreation services, primarily aquatic services. It is recommended that the District conduct a recreation needs assessment in conjunction with an assessment of the current facility use to determine the interest of its residents in expanding the array of recreation services provided and availability of space for these services.
- ❖ The District does not conduct long-term planning for the delivery of services. It is recommended that the District develop and adopt goals, objectives, and performance measures and prepare a business plan to provide direction for delivery of services by the District over the next three to five years.

Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

- ❖ The District entirely consists of territory within the City of Cupertino, with the exception of two park parcels that are within the City of San Jose.

## ***2. SANTA CLARA COUNTY LIGHTING SERVICE AREA***

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### **AGENCY OVERVIEW**

Santa Clara County Lighting Service Area (SCCLSA) was created in 1964. It is a dependent special district created in response to property-owner requests for streetlights in some of the unincorporated areas of Santa Clara County. SCCLSA installs, maintains, and services county-owned streetlights, as well as reimburses Pacific Gas and Electric (PG&E) for installation and maintenance costs of PG&E-owned streetlights and electricity costs associated with all streetlights within the District. The County's Roads and Airports Department administers the District. The most recent service review for SCCLSA was completed in 2006.

The principal act that governs the District is the County Service Area law.<sup>24</sup> The principal act authorizes county service areas to provide a wide variety of municipal services, including street maintenance, fire protection, extended police protection, water and sewer services.<sup>25</sup> Government Code §25212 grants the Board of Supervisors rights and powers to administer service areas. A county service area may only provide those services authorized in its formation resolution, unless the Board of Supervisors applies to and receives authorization from LAFCO for activation of a latent power.<sup>26</sup> Under LAFCO law, districts must apply and obtain LAFCO approval to exercise latent powers or, in other words, those services authorized by the principal act but not provided by the district at the end of 2000.<sup>27</sup>

There are 458 lighting service areas and lighting maintenance districts in California.<sup>28</sup> SCCLSA is the only dependent special district created for street lighting services in the County.

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<sup>24</sup> California Government Code §25210.1-25211.3.

<sup>25</sup> California Government Code §25210.4 and 25210.4a.

<sup>26</sup> California Government Code §25213.5.

<sup>27</sup> Government Code §56824.10.

<sup>28</sup> California State Controller, *Special Districts Annual Report Fiscal Year 2009 - 2010*.

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## Boundaries

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The boundaries of SCCLSA consists of several non-contiguous areas in unincorporated portions of the County. The areas are broken down into zones of benefit, of which there are 12. Combined, the SCCLSA territory totals 5.1 square miles.

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## Sphere of Influence

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LAFCO originally adopted a zero SOI in 1982 for SCCLSA, recognizing that district lands within cities' urban service areas should annex to cities and lands outside of these urban service areas should not receive urban types of services. However, during the District's most recent SOI update, in 2006, LAFCO adopted an SOI coterminous with SCCLSA's boundaries, as continued demand for the District's services was likely.

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## Type and Extent of Services

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### Services Provided

SCCLSA operates, maintains, and services the County-owned streetlights located in areas of public right-of-way in a number of different unincorporated communities of the County. Maintenance of the streetlights includes repair, removal or replacement of all, or part of, any streetlight. A majority of the streetlights in the area are owned by PG&E; SCCLSA reimburses PG&E for services rendered to these streetlights, including the cost of electricity for all lights within the District.

The County Roads and Airports Department provides the maintenance, repair, and program management services on behalf of the District. The District acts as a financing mechanism to reimburse the County and PG&E for these services, and does not maintain its own dedicated staff.

### Service Area

The District consists of 12 non-contiguous benefit zones (Zones 1-11 & 13). The zones were created in 2000 in order to ensure that costs were accurately attributed to each area and to identify the benefit to each parcel in the zones as the basis for a benefit assessment. Because property owners in Zone 2 did not approve the proposed assessment, services have not been provided in the area since 2000. More recently, in 2009, the territory that made up Zone 12 was annexed to the City of San Jose, and was detached from SCCLSA; therefore, SCCLSA is no longer responsible for the maintenance and operations of the street lights in that area. All other zones are presently receiving street lighting services from the District. Each zone is depicted in Figures 2-1 to 2-20 and described below.

- ❖ Zone 1 consists of eight distinct areas south and east of the City of Morgan Hill.

- ❖ Zone 2 (presently inactive) is a single area abutting the western county line along SR 17.
- ❖ Zone 3 consists of 13 areas scattered along the western limits of the cities of Saratoga, Monte Sereno, Los Gatos, and San Jose.
- ❖ Zone 4 is a single unincorporated island in the middle of San Jose.
- ❖ Zone 5 consists of five separate unincorporated islands in the cities of Los Gatos (one) and San Jose (four).
- ❖ Zone 6 and Zone 11 are each single unincorporated islands in the City of San Jose.
- ❖ Zone 7 consists of 11 areas located to the east of San Jose's bounds, and is partially outside the City's urban service area.
- ❖ Zone 8 (two areas) and Zone 9 (one area) are largely surrounded by the City of San Jose along the City's eastern limit. The areas are entirely within the City's urban service area.
- ❖ Zone 10 consists of seven areas within an unincorporated island to the east of the City of Los Altos Hills and the West of the City of Los Altos. The island is surrounded by both cities on all sides.
- ❖ Zone 13 is a single area located to the west of the City of Palo Alto, outside of the City's urban service area.

#### Service to Other Agencies

SCCLSA does not provide services to other public agencies.

#### Contracts for Services

The District does not have any formal contracts with other public agencies for service delivery.

There is no formal contract with PG&E for providing services and electricity to the streetlights. The County is billed a monthly charge per street light based on PG&E's published street light rate schedule as approved by the California PUC. The billing rate for each street light is determined by the type and wattage of the lamp in the street light and covers the cost of the electricity for the street light. For those streetlights owned by PG&E, a facilities charge per street light per month is added to the electrical rate to account for any capital maintenance or replacement performed by the company.

#### Collaboration

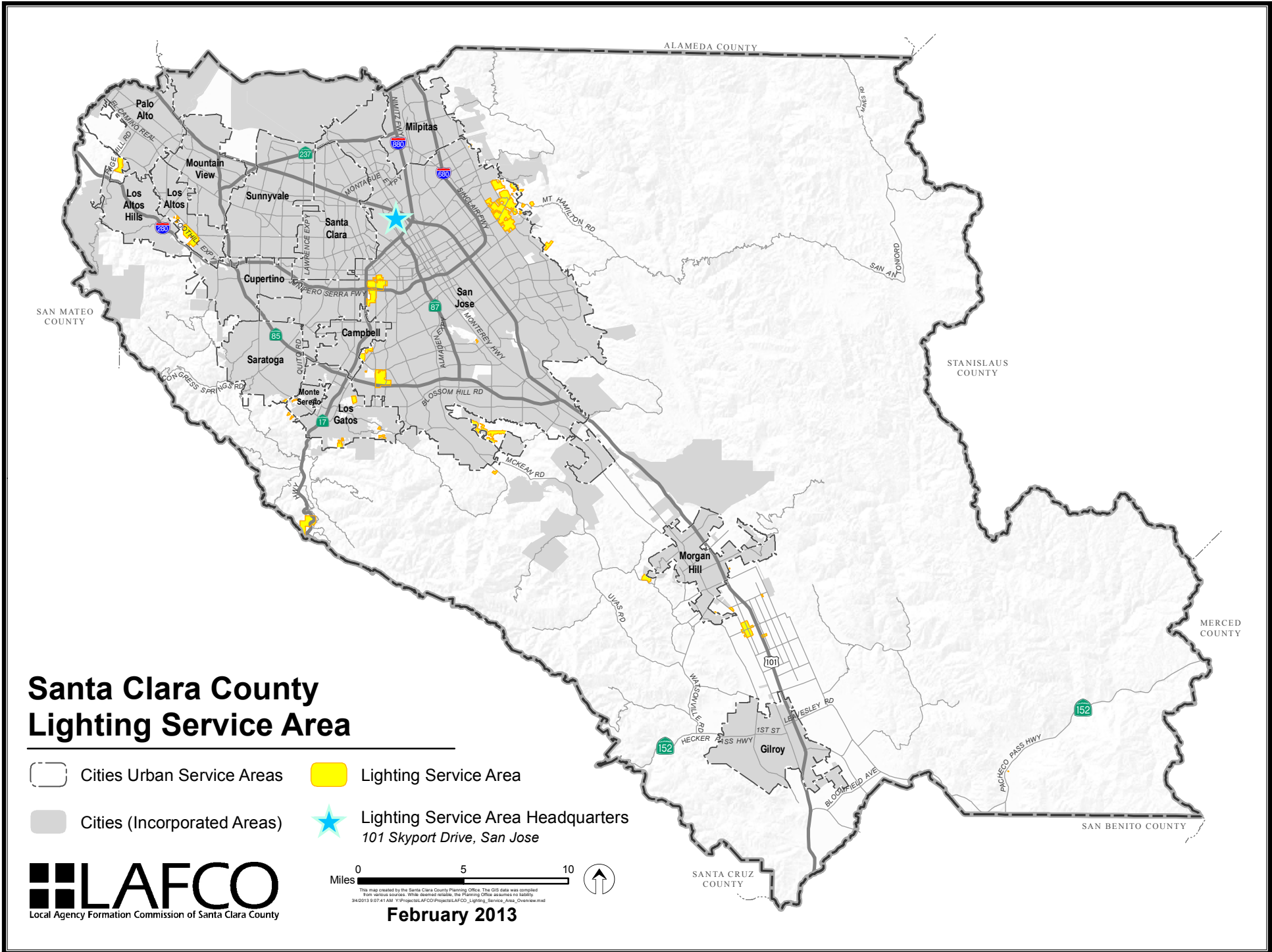
The District collaborates with PG&E to ensure that any reported streetlight issues are passed on to the company to be addressed.

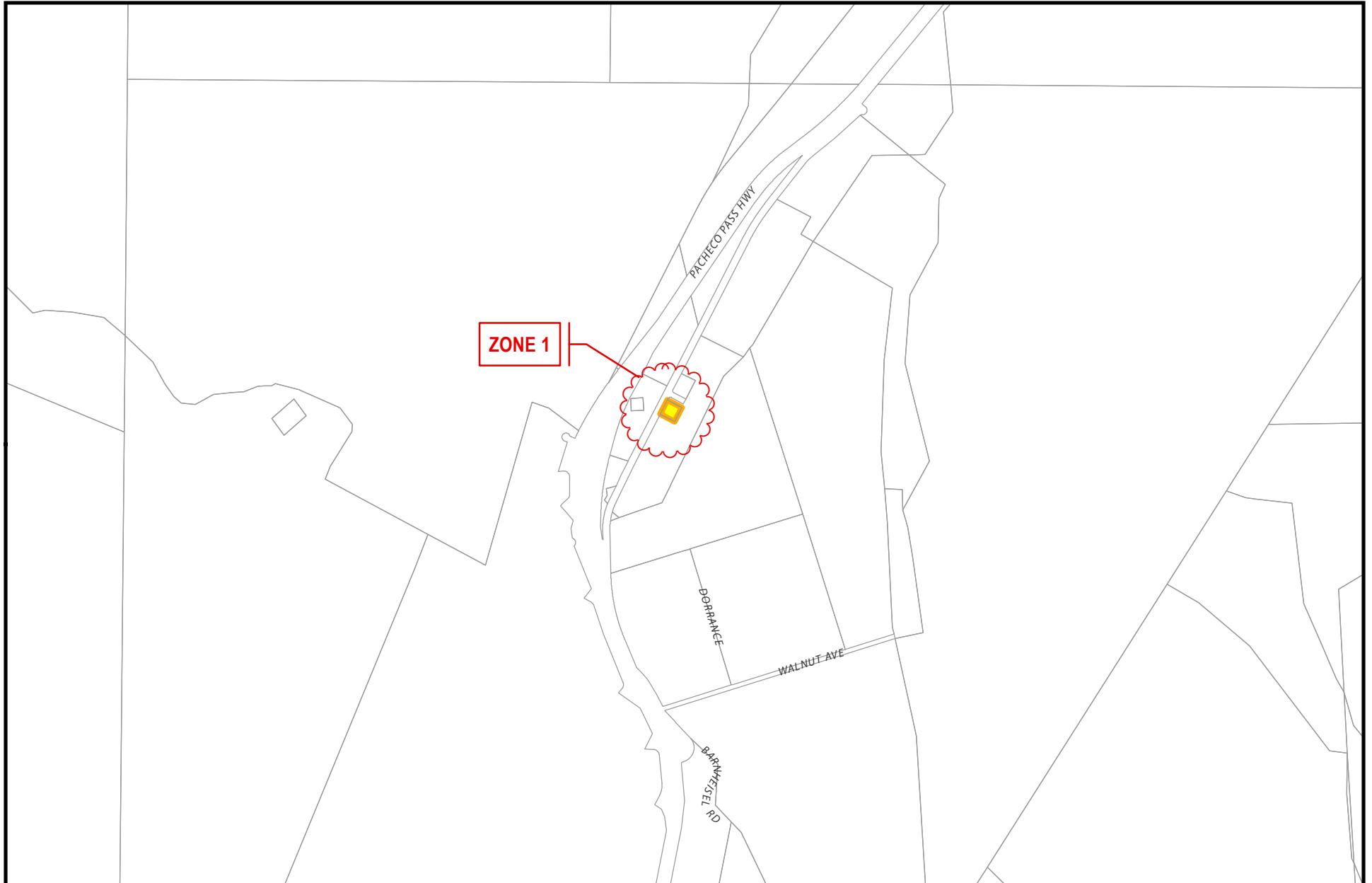
Overlapping and Neighboring Service Providers

PG&E provides street lighting services similar to SCCLSA, throughout the County and around the State.

There are streetlights in the unincorporated areas of Santa Clara County outside of the SCCLSA benefit zones, which are also operated and maintained by the respective owners—the County Roads and Airports Department and PG&E. These safety streetlights are in areas along roads, highways or at intersections where it is considered a best practice to have a well-lit area. The light does not provide any benefit specific to a particular residential or commercial parcel or area, and in this case the County pays for maintenance and PG&E electricity from the County’s Road Fund.






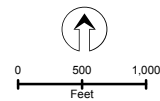




# Santa Clara County Lighting Service Area

February 2013

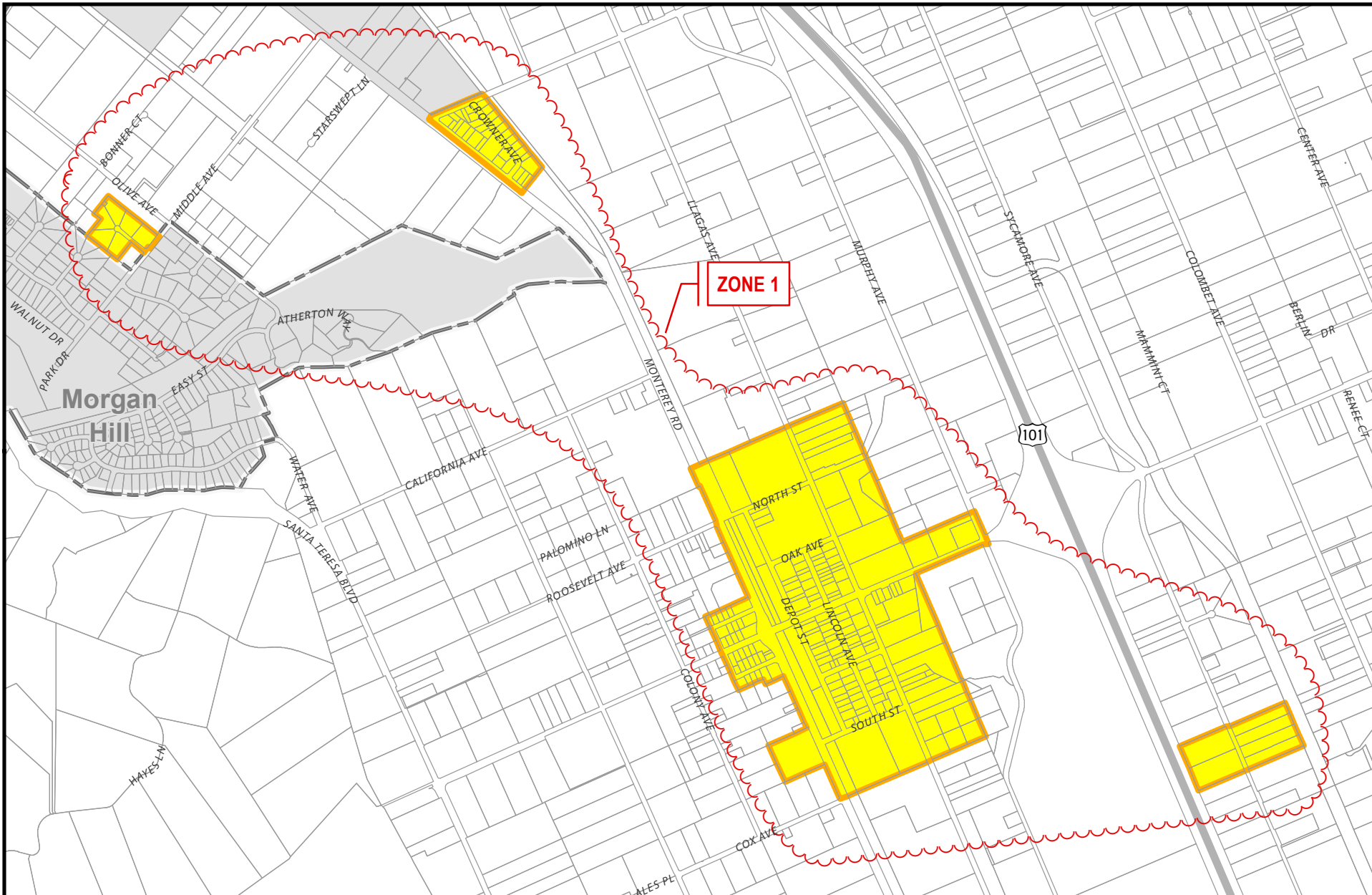
-  Cities Urban Service Areas
-  City Limits (Incorporated Areas)
-  Lighting Service Area



**LAFCO**  
Local Agency Formation Commission of Santa Clara County

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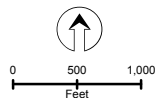


**ZONE 1**

# Santa Clara County Lighting Service Area

February 2013

-  Cities Urban Service Areas
-  City Limits (Incorporated Areas)
-  Lighting Service Area



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



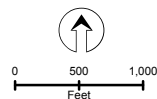
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February 2013

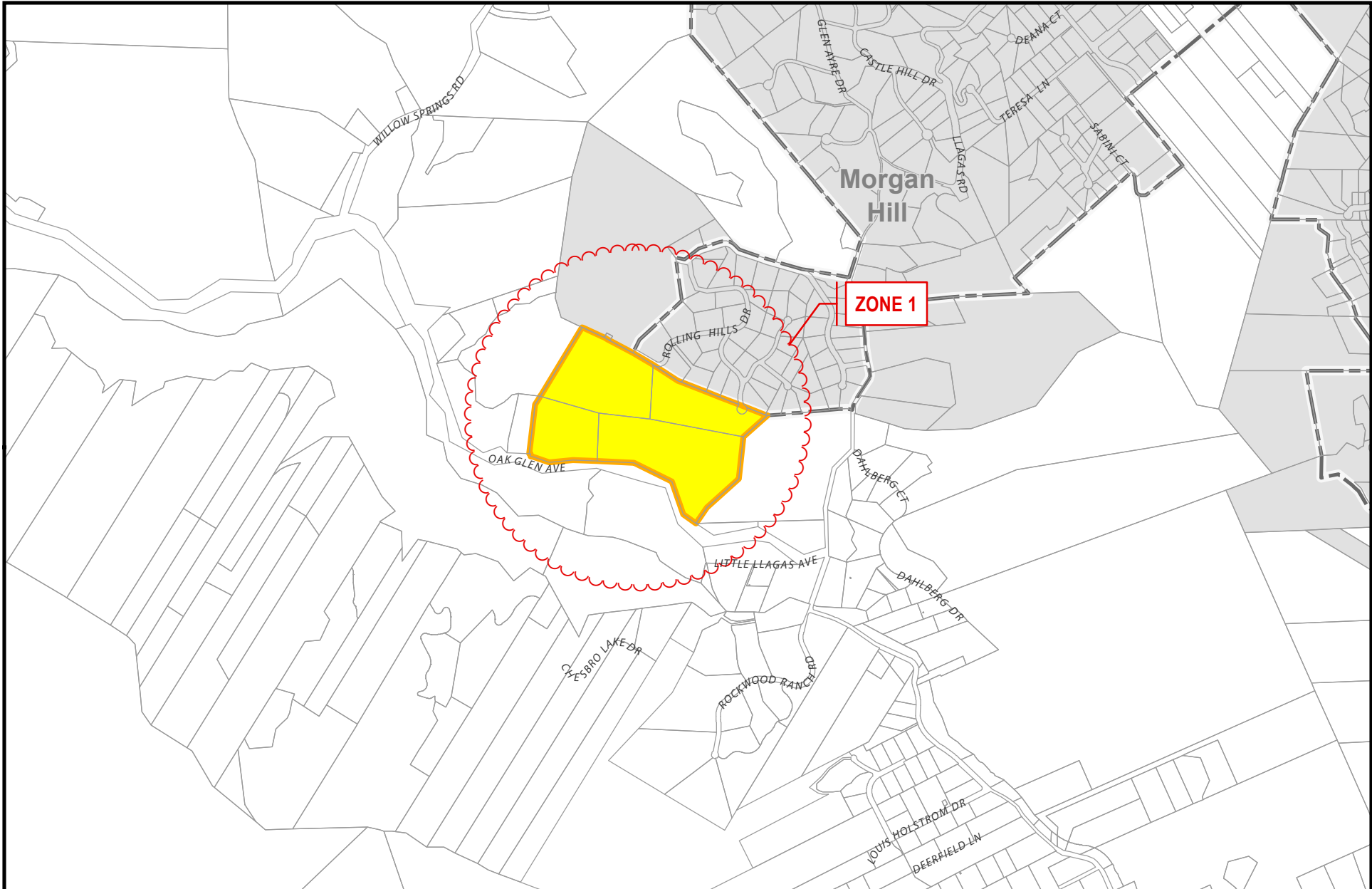
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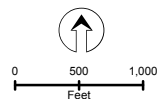




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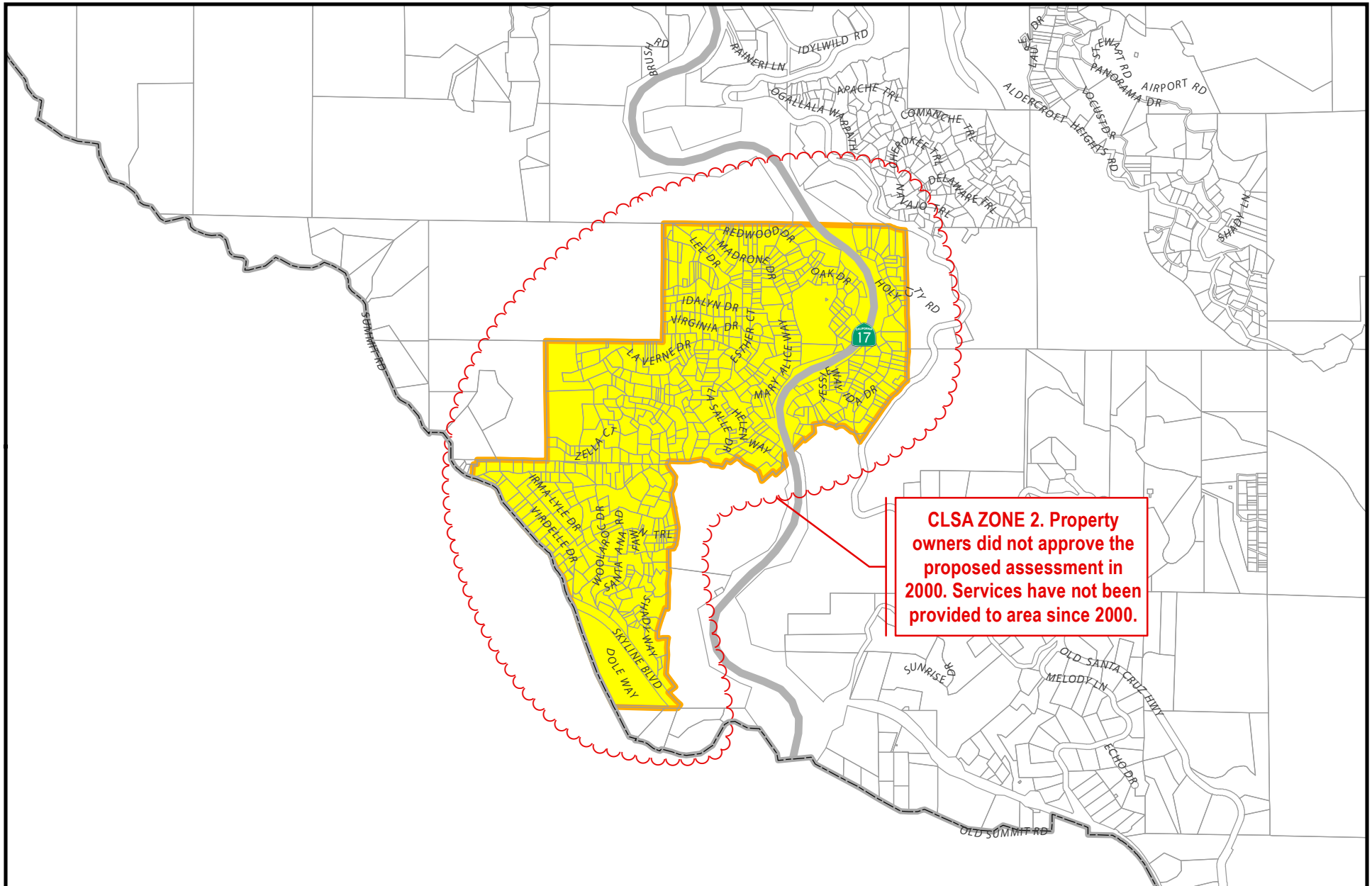
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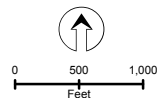




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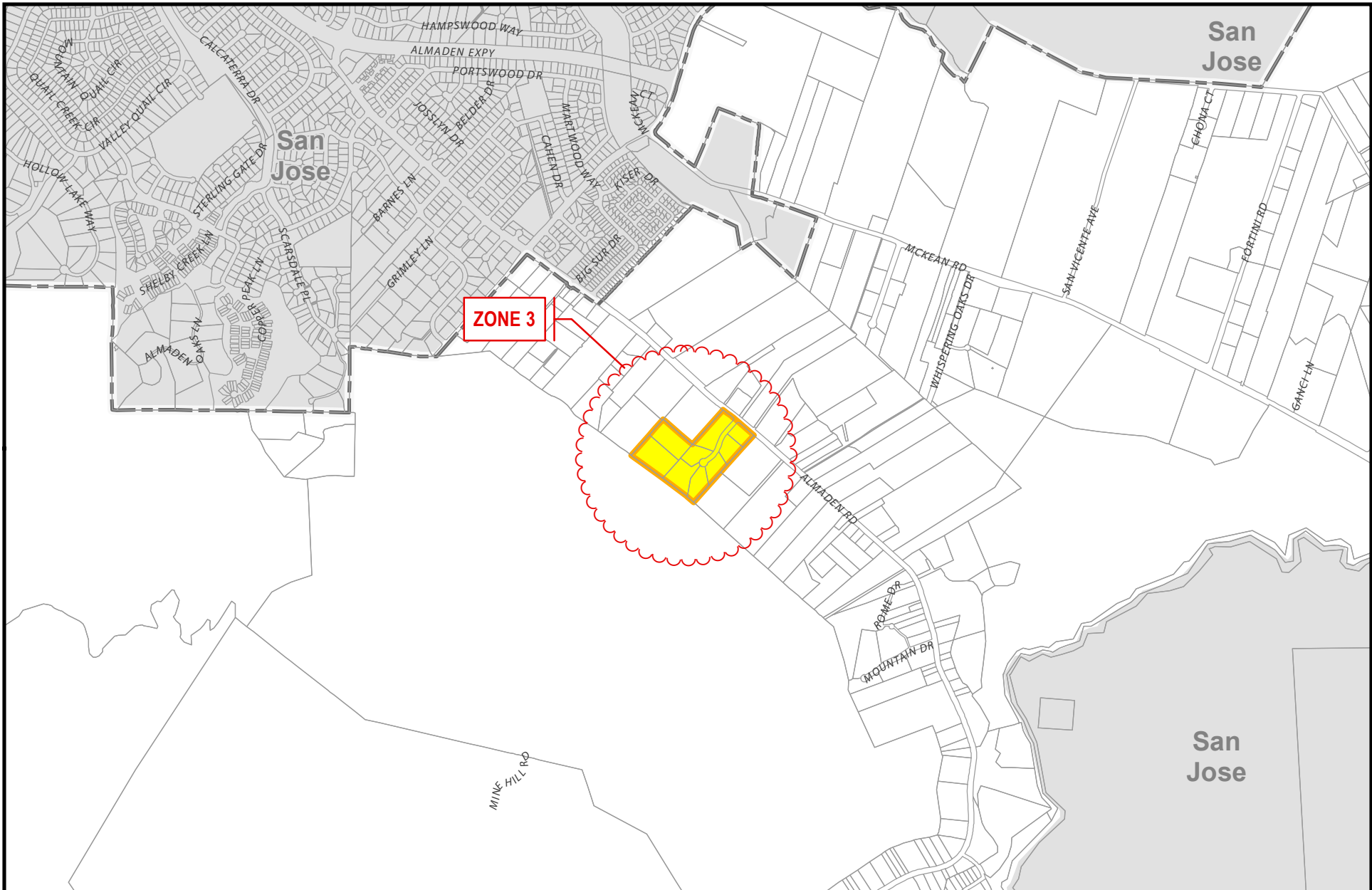
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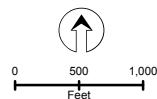
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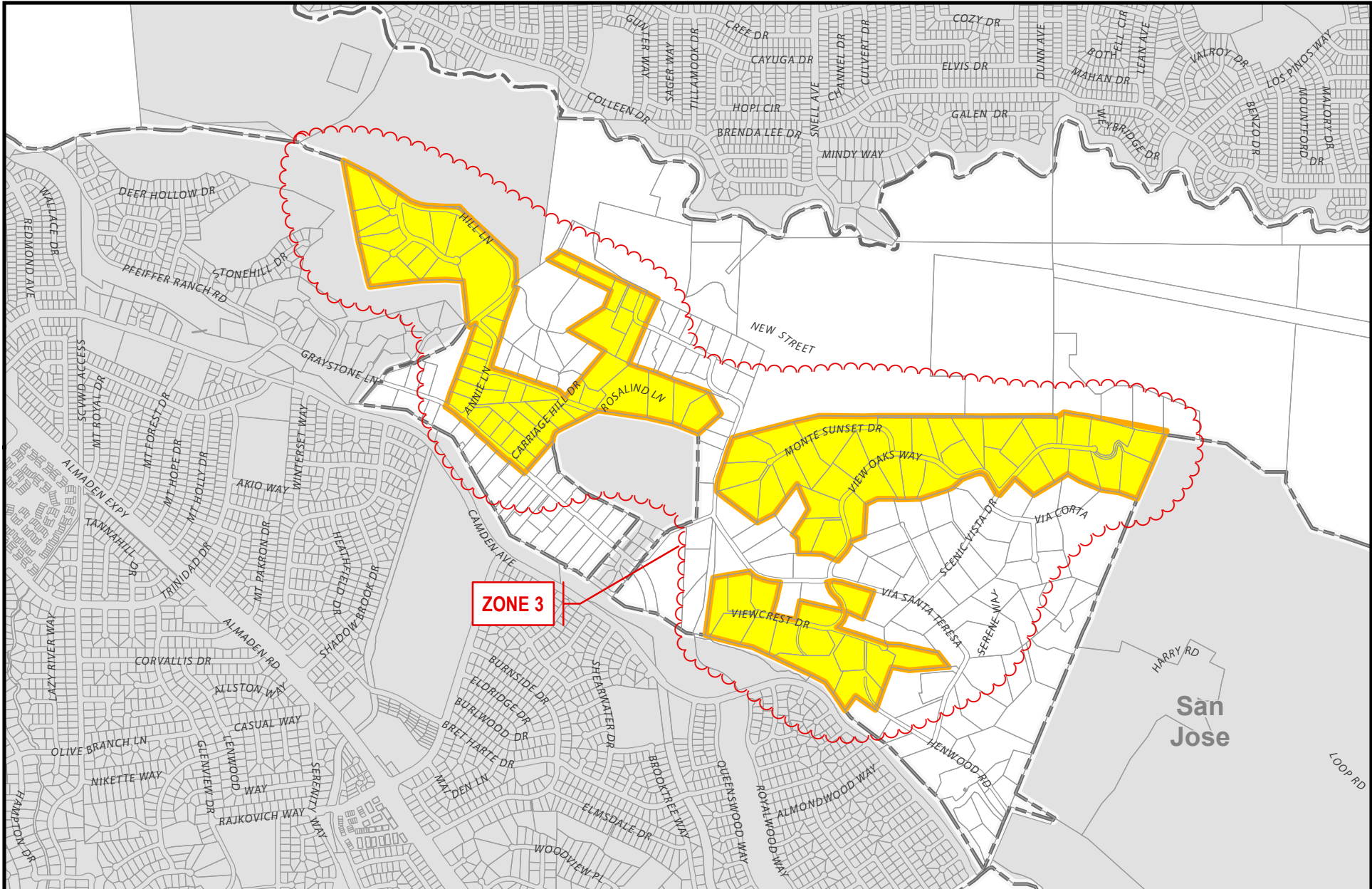
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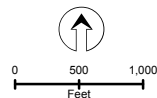




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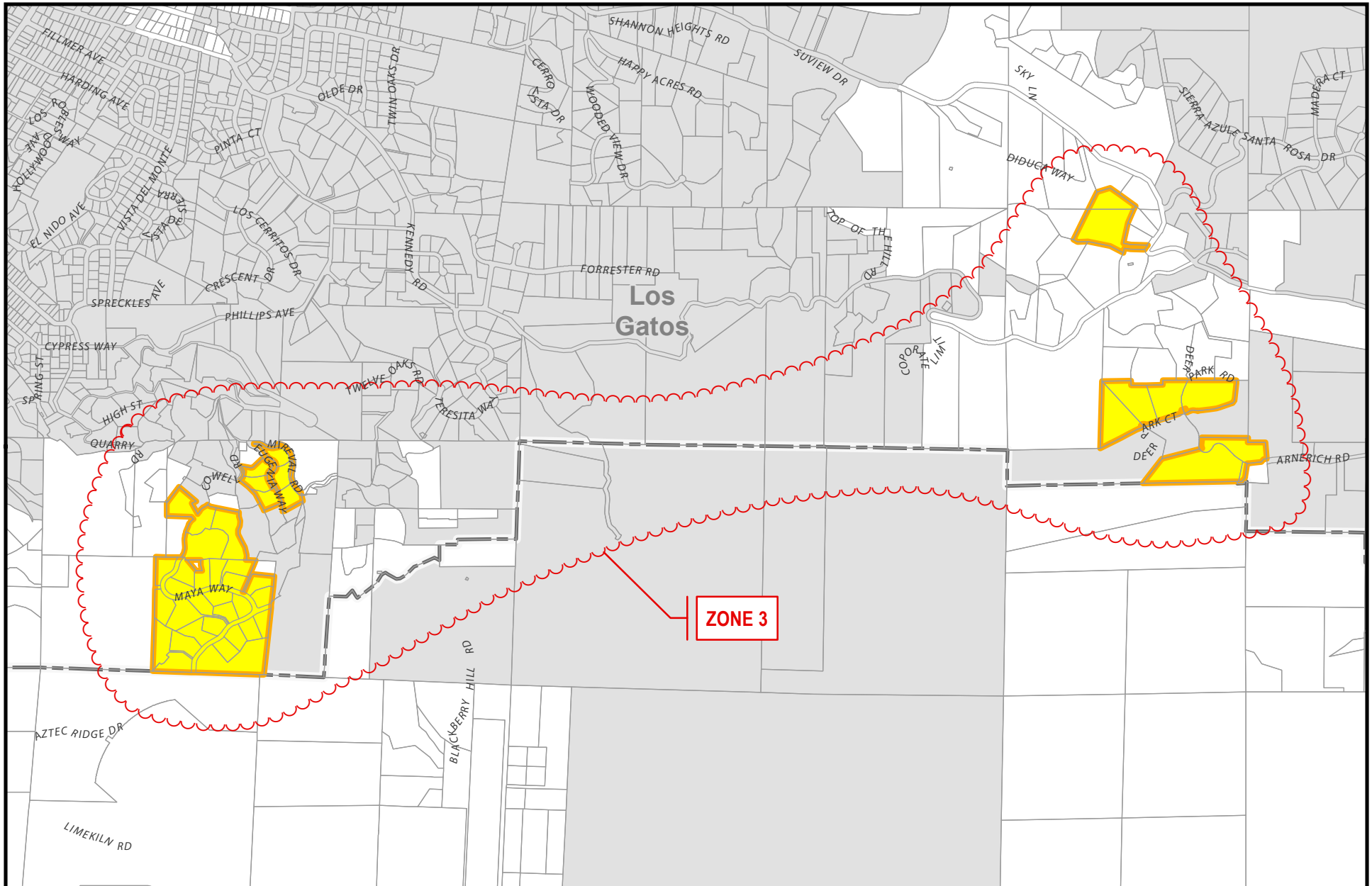


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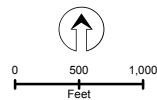




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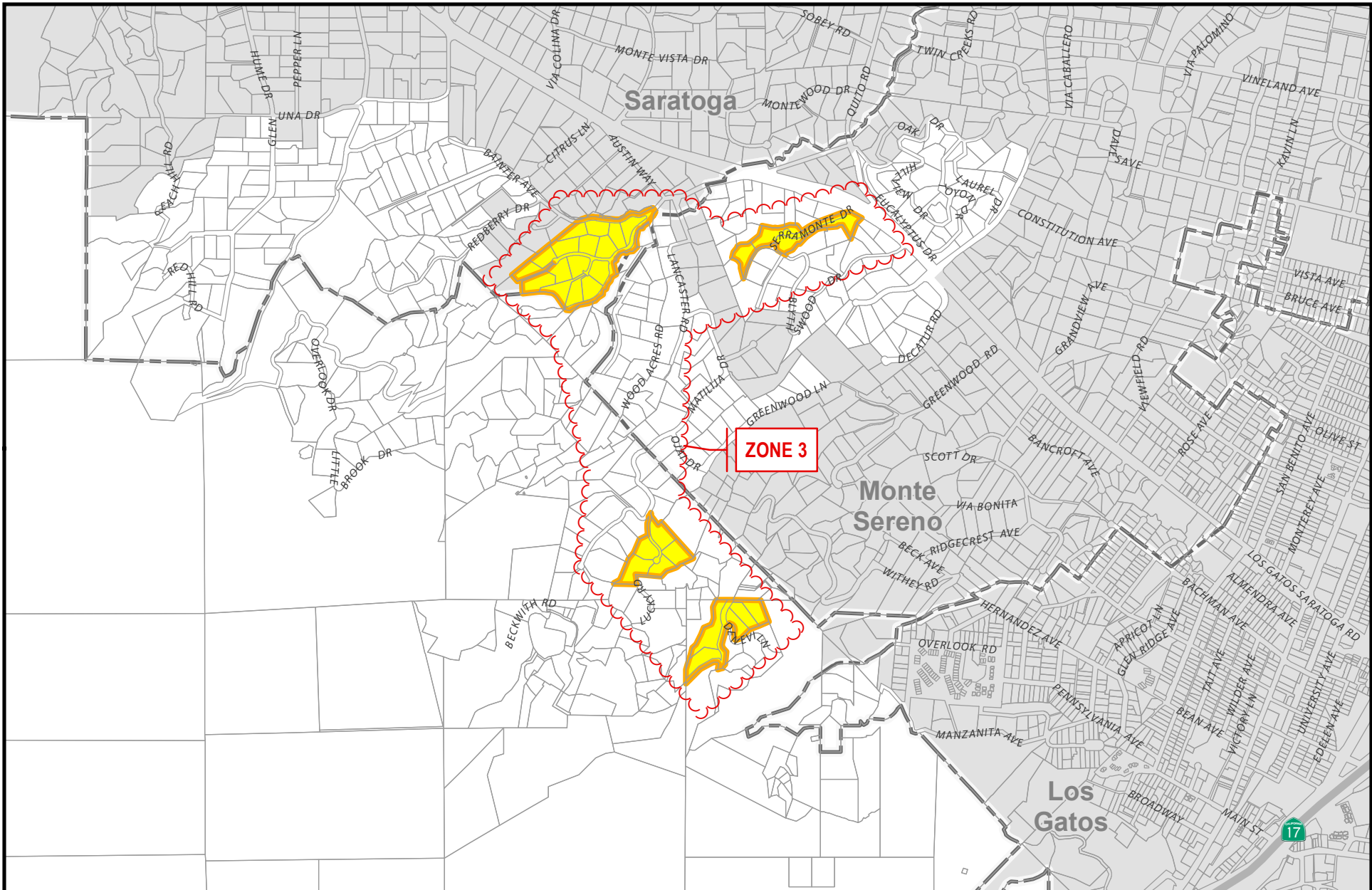
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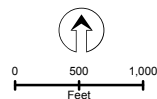




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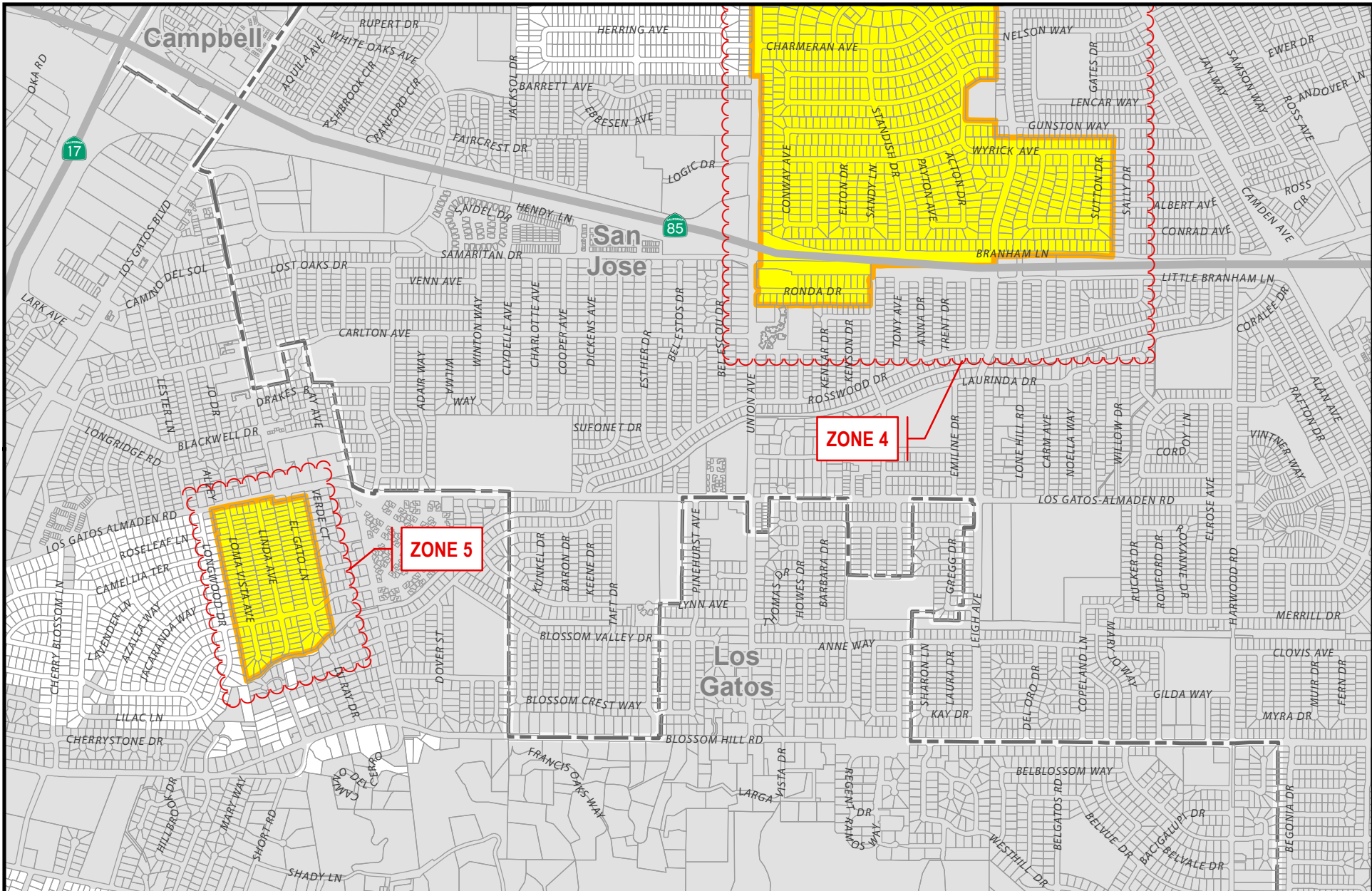
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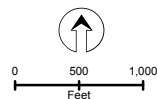
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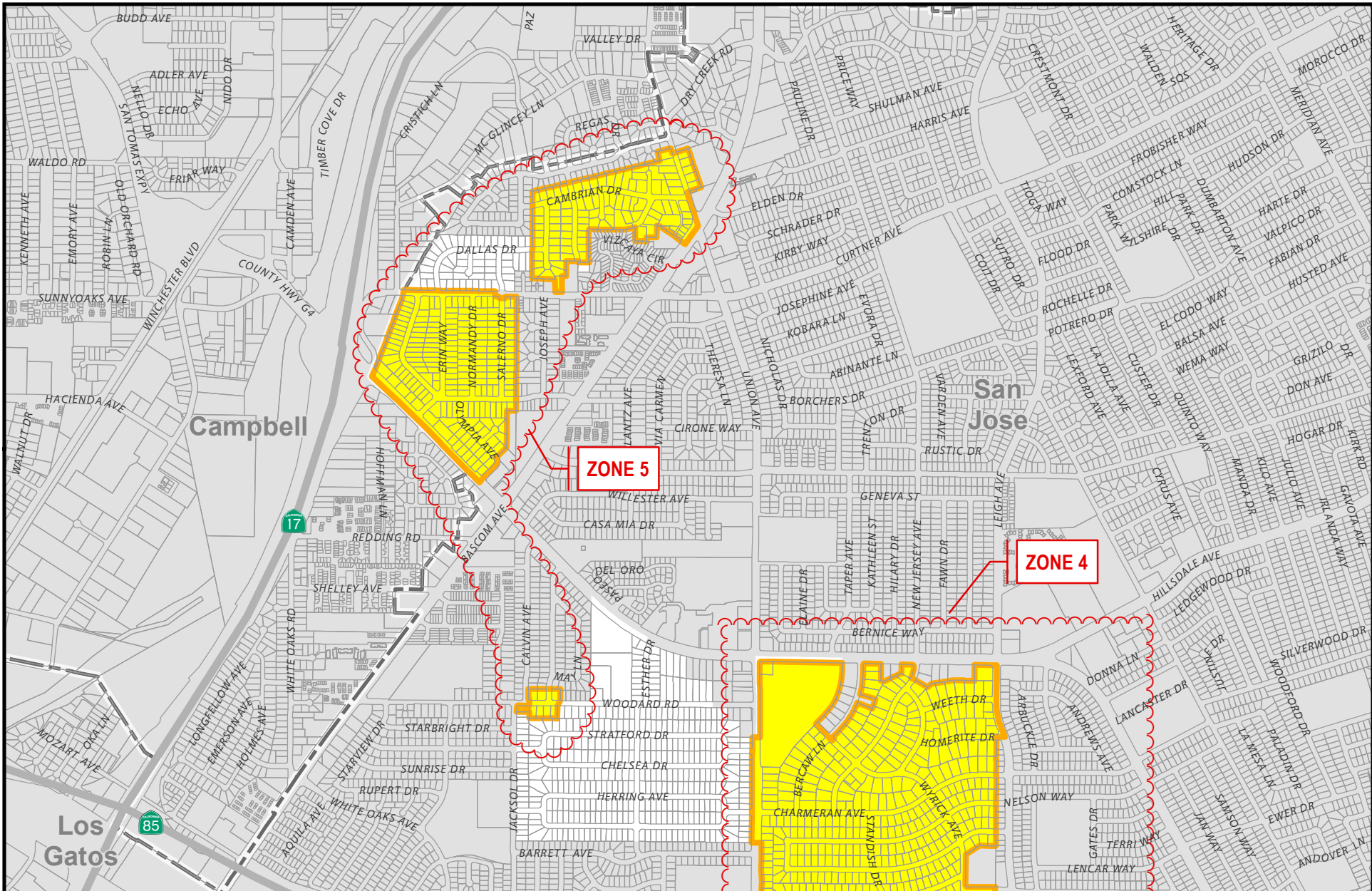
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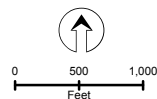




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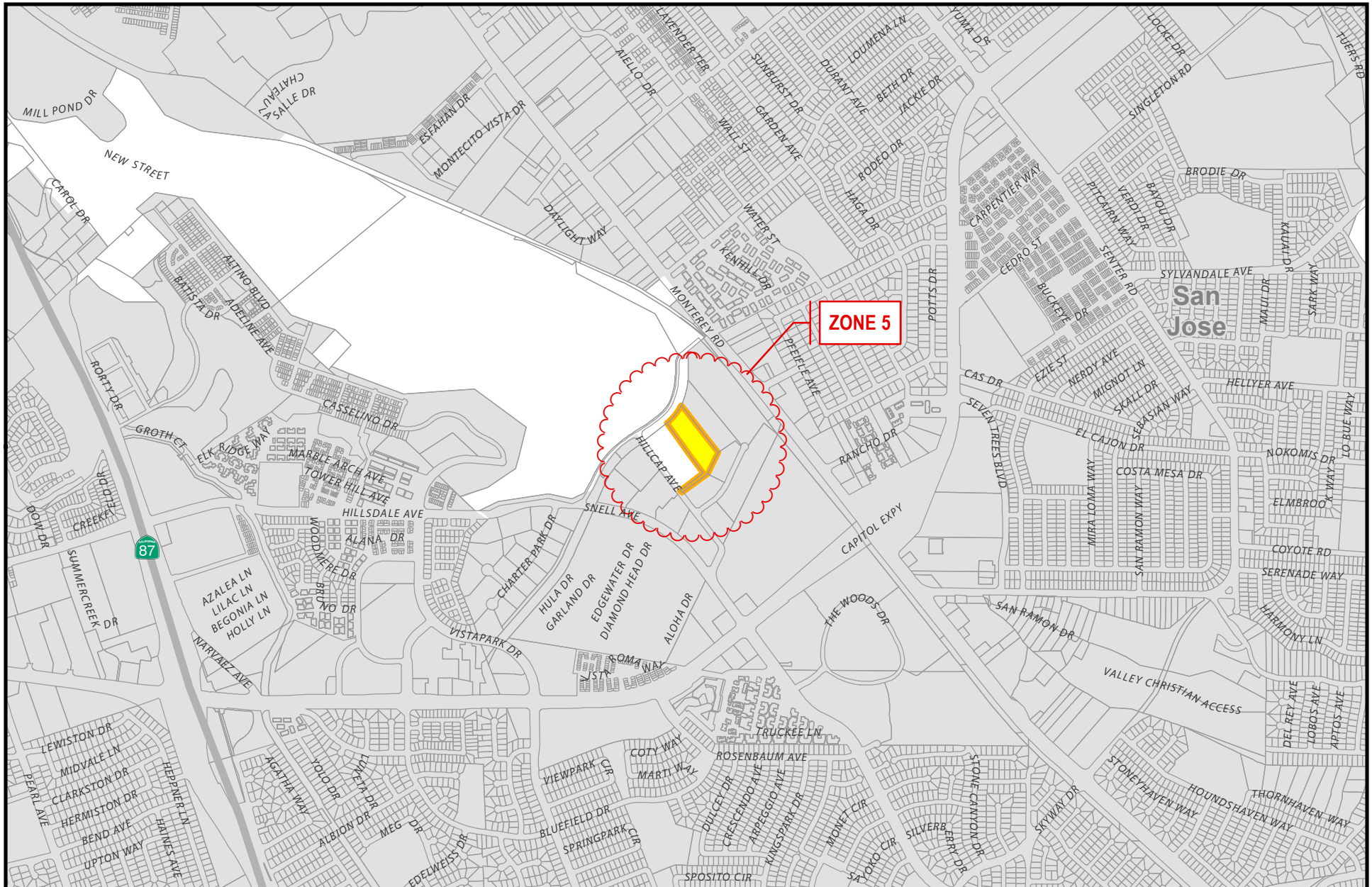
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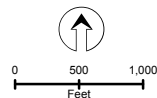




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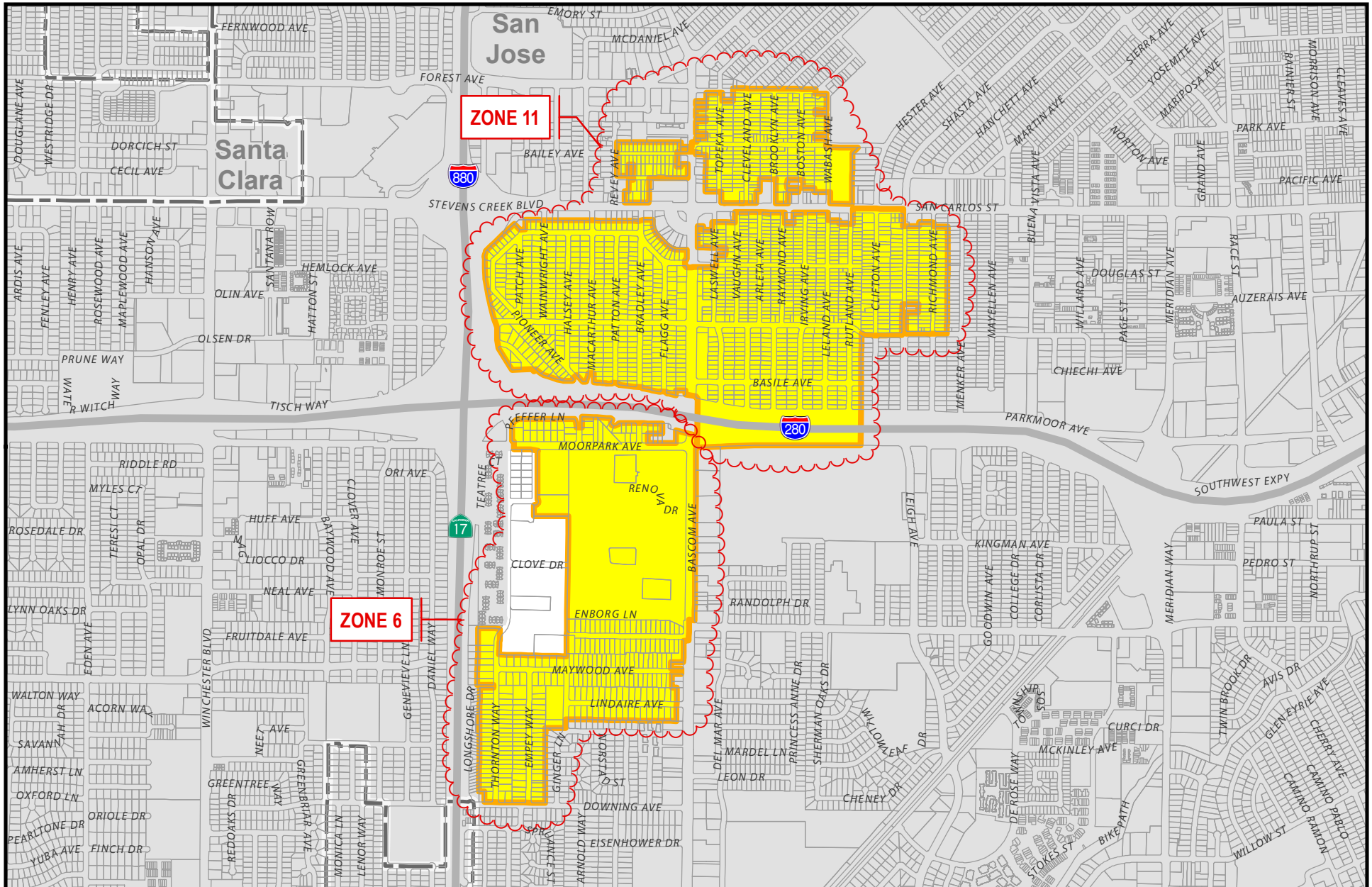
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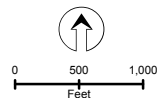




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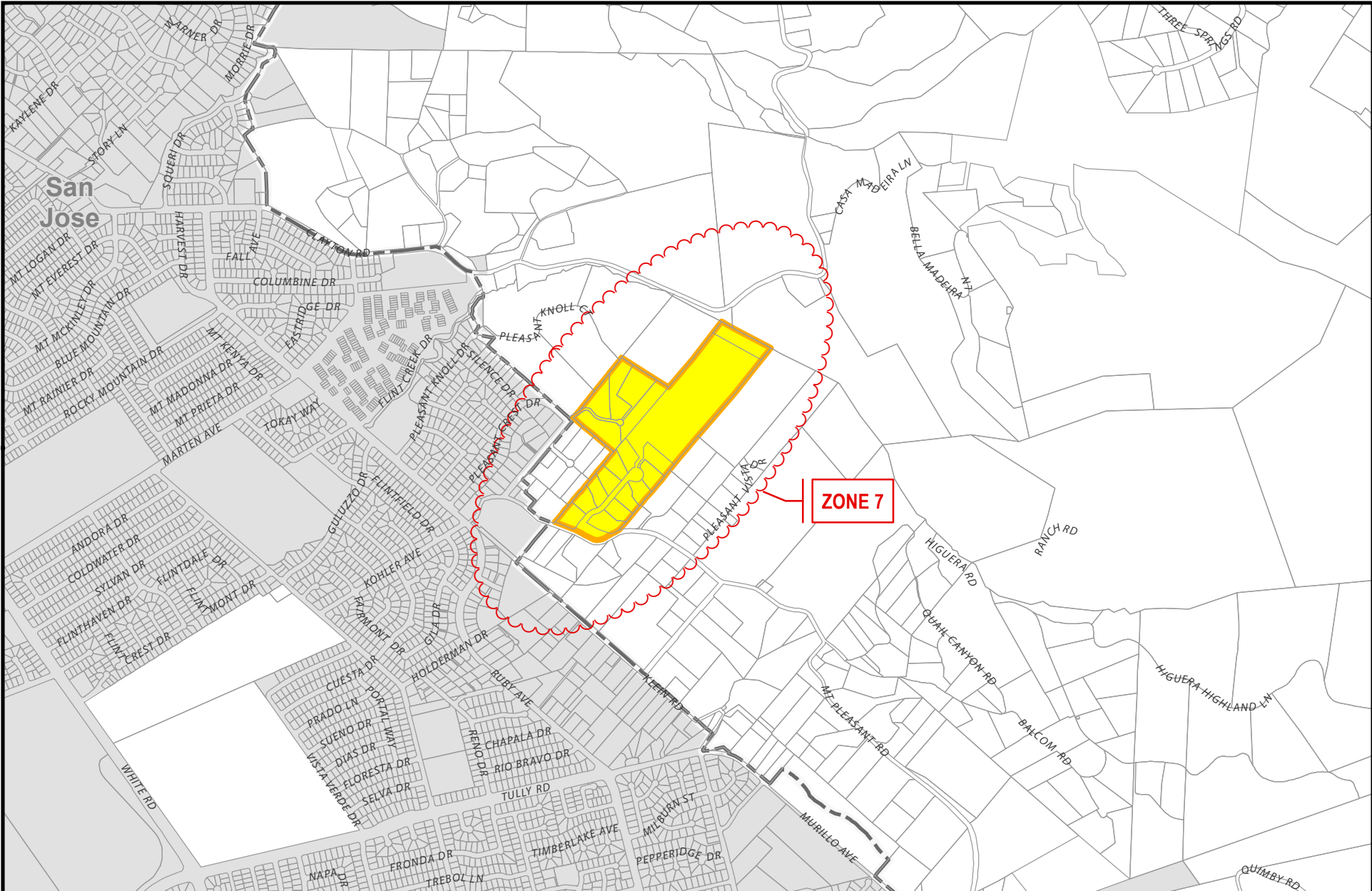
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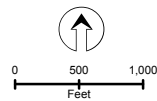




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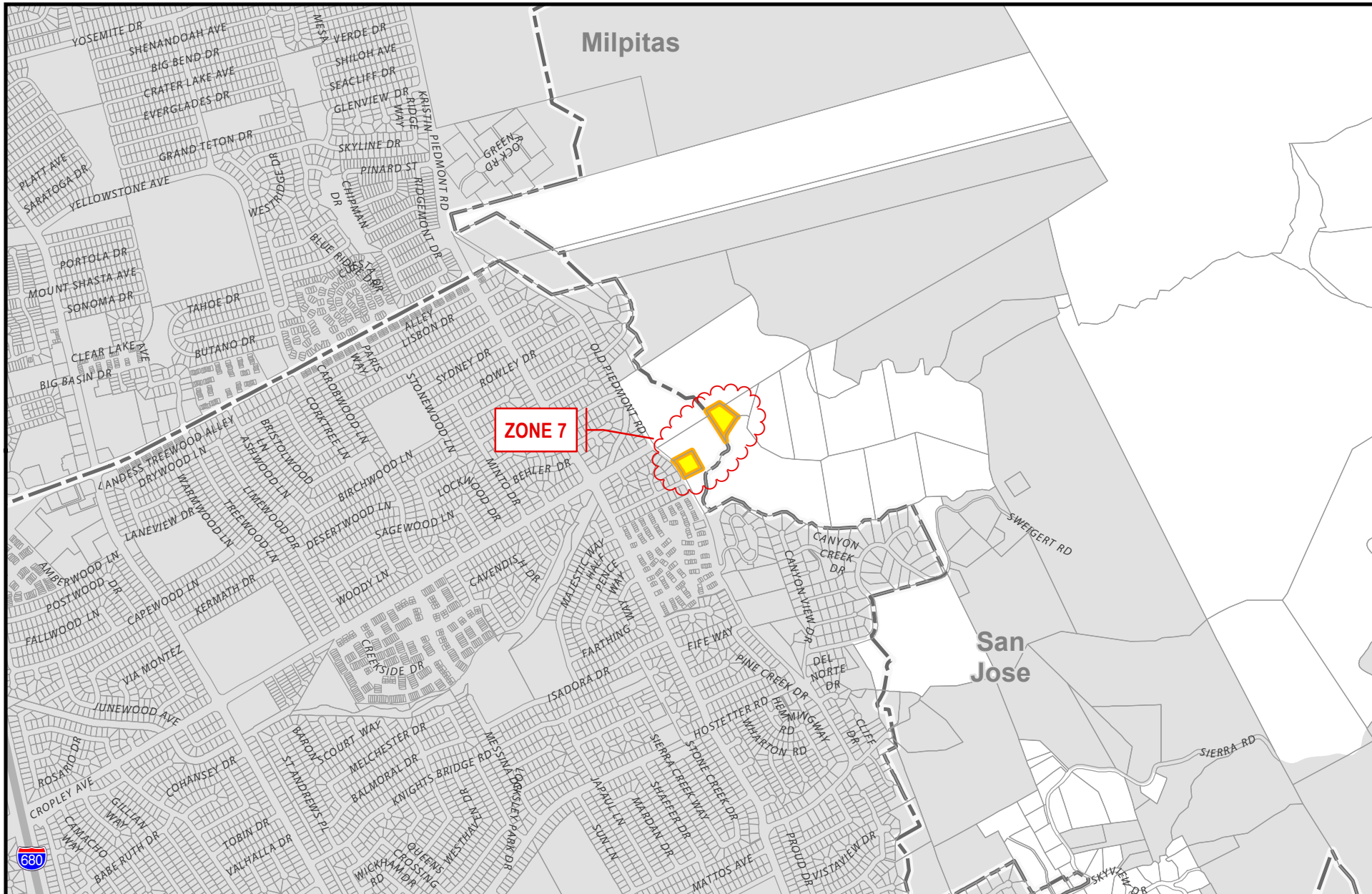
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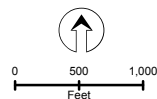




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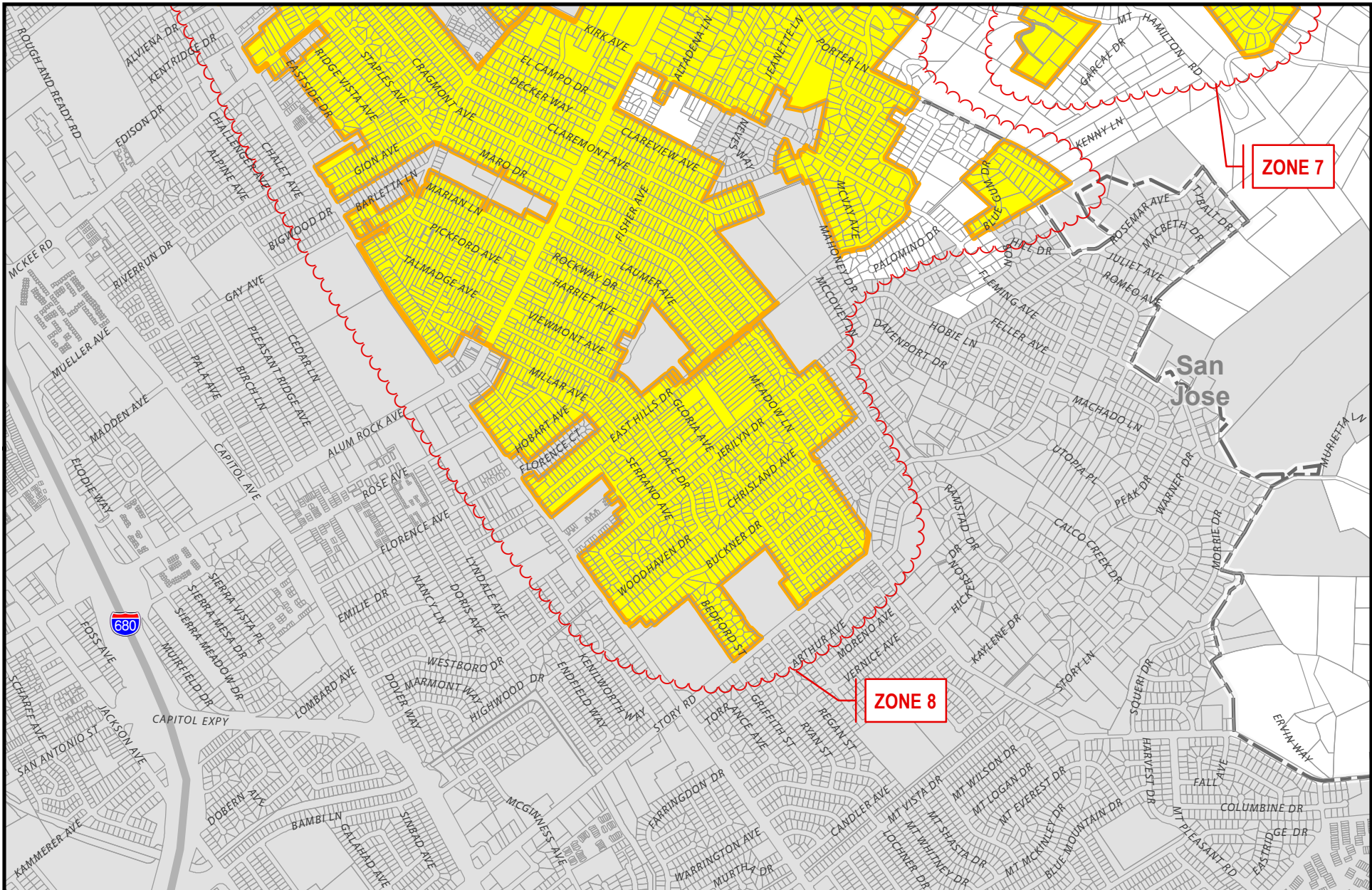


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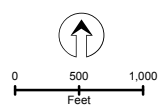
**ZONE 7**

**ZONE 8**

# Santa Clara County Lighting Service Area

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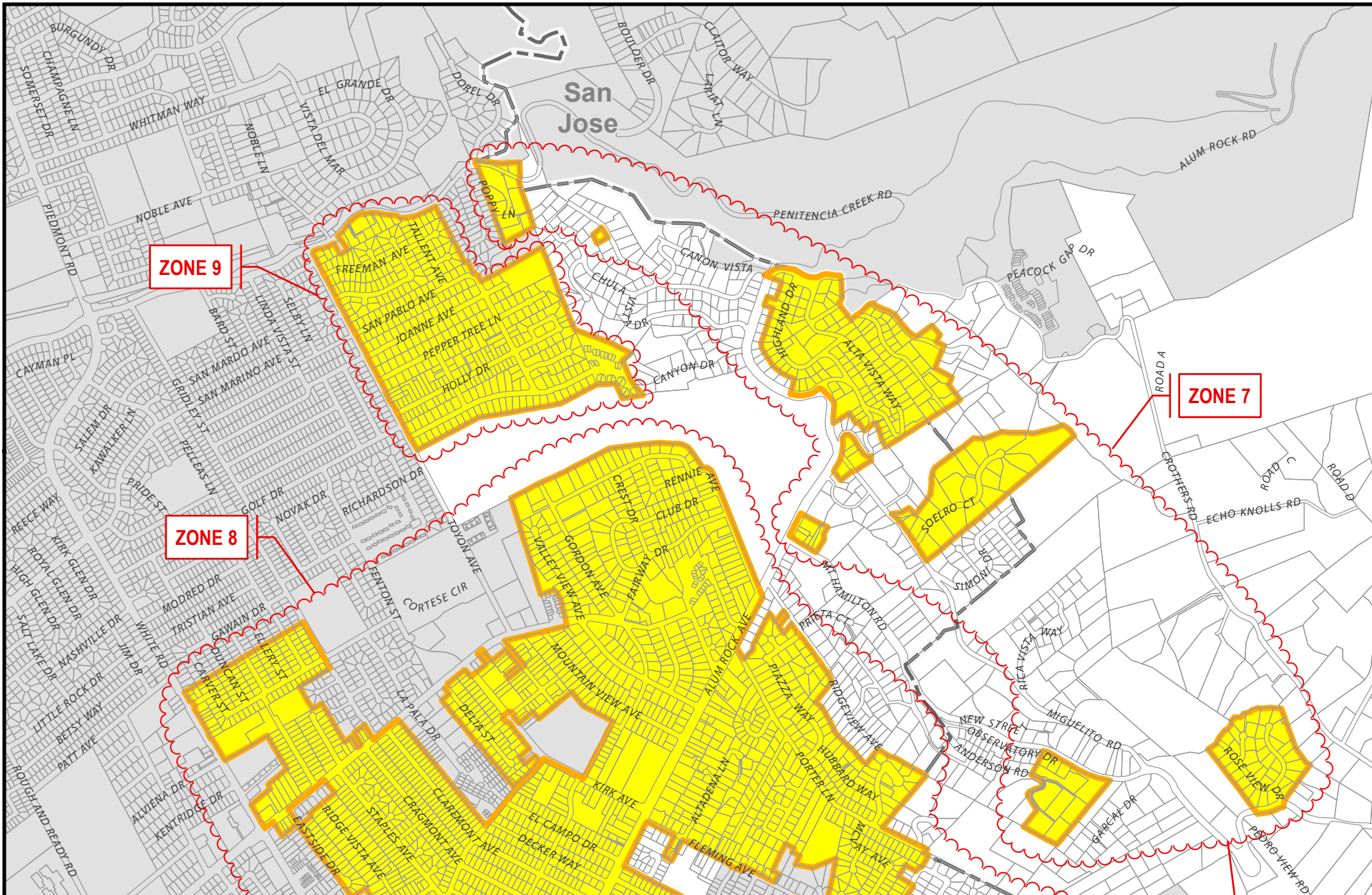
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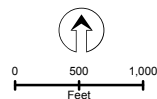
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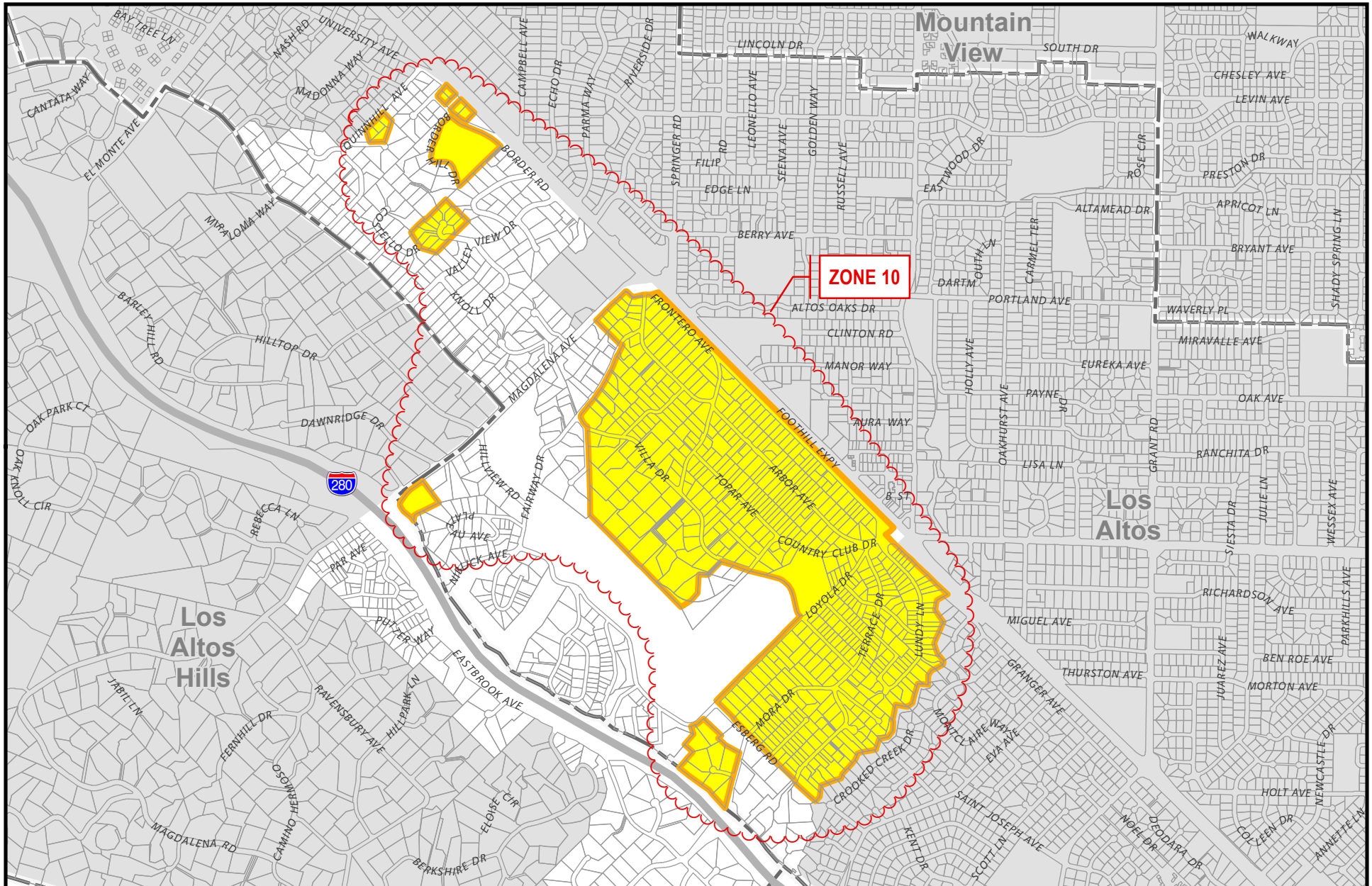
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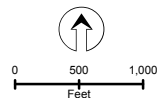


**ZONE 10**

# Santa Clara County Lighting Service Area

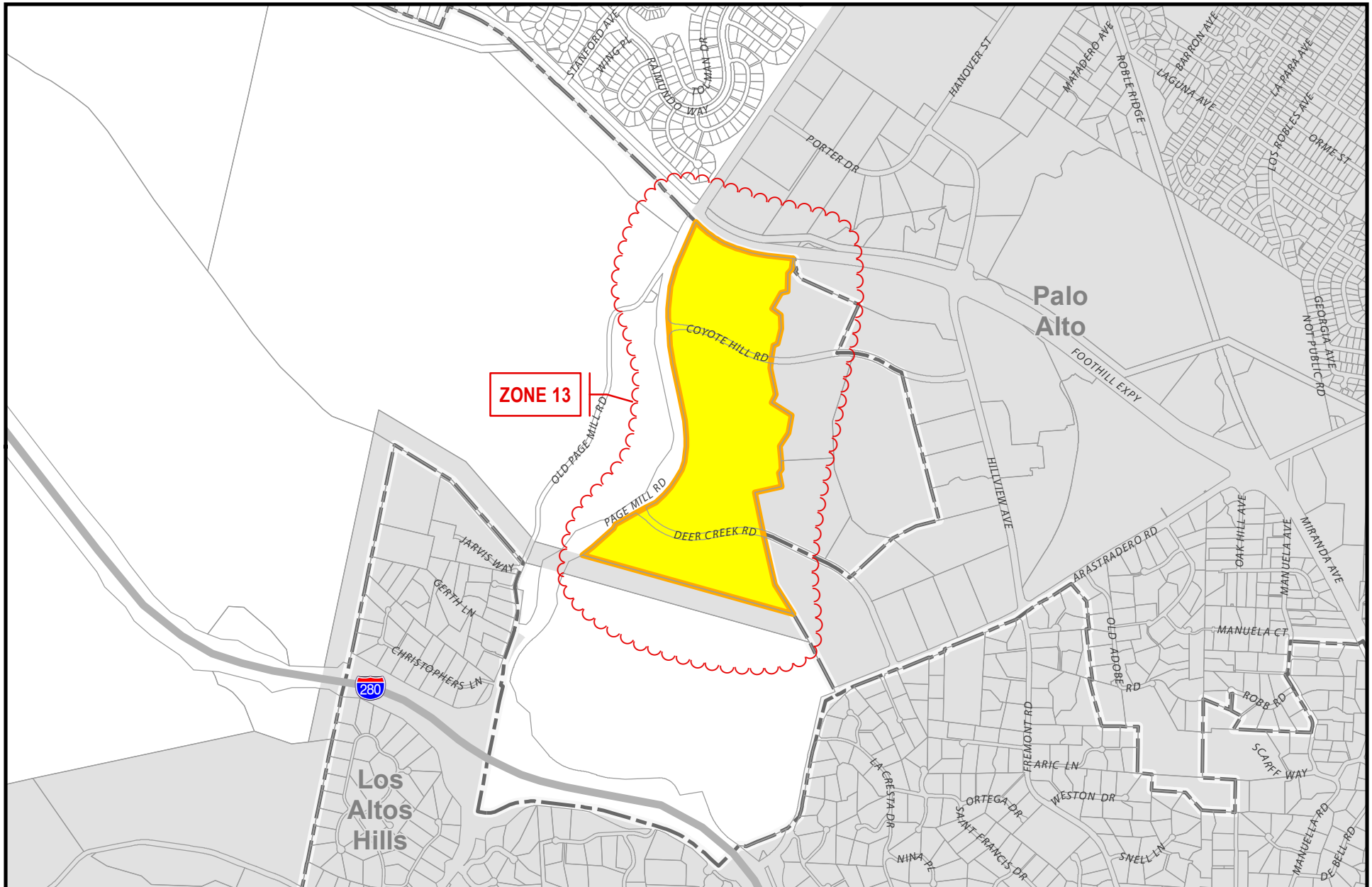
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

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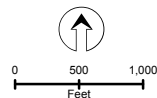




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## ACCOUNTABILITY AND GOVERNANCE

The District was formed as a dependent special district with the Santa Clara County Board of Supervisors as its governing body. The five county supervisors are elected to four-year terms of office with a three-term limit. Current board member names, positions, and term expiration dates are shown in Figure 2-22.

**Figure 2-22: SCCLSA Governing Body**

Santa Clara County Lighting Service Area					
<i>District Contact Information</i>					
<b>Contact:</b>	Dawn Cameron, County Transportation Planner				
<b>Address:</b>	101 Skyport Drive, San Jose, CA 95110-1302				
<b>Telephone:</b>	408-573-2465				
<b>Email:</b>	<a href="mailto:dawn.cameron@rda.sccgov.org">dawn.cameron@rda.sccgov.org</a>				
<b>Website:</b>	<a href="http://www.countyroads.org">www.countyroads.org</a>				
<i>Board of Directors</i>					
Member Name	Position	Began Serving	Term Expires	Manner of Selection	Length of Term
Mike Wasserman	District 1	2010	November 2014	Elected	4 years
Vacant	District 2	NA	November 2016	NA	4 years
Dave Cortese	District 3	2008	November 2016	Elected	4 years
Ken Yeager	District 4, President	2006	June 2014	Elected	4 years
Joe Simitian	District 5	2012	November 2016	Elected	4 years
<i>Meetings</i>					
<b>Date:</b>	Tuesdays at 9:00 am (Every other Tuesday)				
<b>Location:</b>	County of Santa Clara Board of Supervisors' Chambers at 70 West Hedding Street, San Jose				
<b>Agenda Distribution:</b>	Posted online and at the County Government Center				
<b>Minutes Distribution:</b>	Posted online and at the County Government Center				

The Board of Supervisors meets every other Tuesday morning at the Board of Supervisors' chambers in the County Government Center located at 70 West Hedding Street in San Jose. Each member of the Board of Supervisors receives \$143,000 annually in salary. Government Code §53235 requires that if a local government provides compensation or reimbursement of expenses to its board members, that local government must establish a written policy on reimbursements, and the board members must receive two hours of training in ethics at least once every two years. The County has adopted policies related to expense reimbursements, and the members of the Board of Supervisors have completed biennial ethics training as required.

Agendas and minutes for the meetings are posted on the bulletin board at the County Government Center, and are published online on the county website. The website also contains video archives of previous Board of Supervisors' meetings.

The county website has several pages dedicated to information regarding SCCLSA, including "Frequently Asked Questions" and a form for reporting a streetlight problem. The website does not include information regarding how to request installation of a streetlight, assessment methodology regarding the different benefit zones, the rates for

each zone, the location of each benefit zone on a map, the District's budget, nor the District's assessment report for FY 13.

The Board of Supervisors has adopted a policy manual that articulates the ethical standards and administrative policies for the Board. This policy manual was updated in July 2012 and is published on the county website.

Government Code §87203 requires persons who hold office to disclose their investments, their interests in real property and their incomes, and file these forms with the Fair Political Practices Commission each year. All four of the current members of the Board of Supervisors have filed the Form 700 Statement of Economic Interest forms in 2012.

## MANAGEMENT AND STAFFING

The County Roads and Airports Department administers SCCLSA and provides necessary staffing for administering, maintaining, and servicing of County-owned streetlights within the District's bounds. Staff are allocated to the District on a part-time basis, as workload requires. Department personnel are used for program management and administration of the District and electrical maintenance of the streetlights. Given that the Department provides similar services in other unincorporated areas and for the Expressway System within incorporated areas, this specialized staffing is available to the District as well. Figure 2-23 lists the authorized positions that the County Roads and Airport Department has available to allocate to SCCLSA, when necessary. In FY 12, the Department charged 365 hours to SCCLSA for work performed in the maintenance and repair of streetlights and program management of the District.

**Figure 2-23: Santa Clara County Roads and Airport Department Authorized Positions, FY 13**

Division	# of Positions
Program Management	3
Maintenance	11
<b>Total</b>	<b>14</b>

Source: Reported by the Santa Clara County Roads and Airport Department

As a dependent special district of the County, all administrative services are provided by county departments, including legal counsel and compilation of financial transaction reports for the State Controller's Office required under Government Code Section §53891. Also as a dependent district of the County, SCCLSA jointly receives accounting services from the same certified public accountant with other county departments. The County's accountant conducts an annual audit of the District's finances as part of the County's audit.

The County Roads and Airports Department has adopted a mission statement as part of the County's annual budget. The Department has not adopted goals, objectives, and performance measures specific to SCCLSA. However, the Department's five-year plan and budget for Road Fund funded street lights does make goals and statement of standards regarding street lighting services in general. The 5-Year Plan includes the following goal statement: "Maintain County street lights in optimum operating condition." For the lights

funded out of the Road Fund, the constrained budget service level is as follows: “Respond to street-light outages and other problems on a complaint driven basis only. Install new inductive fluorescent street lights on all signal poles only. Replace failed street lights with IF fixtures.” The unconstrained budget service level is listed as: “Annually inspect, repair, and replace all expressway maintained and operated street light with energy efficient fixtures (inductive fluorescent).”

Other documents that the District uses to guide efforts and services include the County’s annually adopted budget, as SCCLSA is included as part of the County’s compiled budget. The County has adopted a budget for FY 12-13, which is available online.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor’s office. While, the County has reported that in recent years, it has not been the practice for special districts to file their budgets with the County, SCCLSA’s budget is part of the County’s budget and is readily available online.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the close of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.<sup>29</sup> The District is not required to submit audits to the County, as the District’s finances are included in the County’s Comprehensive Annual Financial Reports (CAFR) which are audited annually. The District’s most recent audit was completed for FY 12.

## **POPULATION AND PROJECTED GROWTH**

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### Land Uses

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SCCLSA consists of multiple noncontiguous unincorporated areas that are scattered throughout the County. The areas that receive services are developed with a range of urban land uses, but primarily residential or commercial uses, that require (or desire) lighting services.

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<sup>29</sup> Government Code §26909.

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## Current Population

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As of 2010, there were approximately 26,528 residents in SCCLSA, based on GIS analysis of 2010 Census data.

### *Disadvantaged Unincorporated Communities*

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.<sup>30</sup>

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. However, the DWR data can be used for the purposes of this report as an indicator of any larger communities that may meet the income definition of disadvantaged. Based on mapping information from DWR, there are no disadvantaged unincorporated communities within or adjacent to SCCLSA.<sup>31</sup>

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## Projected Growth

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While population projections specific to the District are not available, future population may be imputed from the Association of Bay Area Government's (ABAG) projections for the unincorporated areas of the County. ABAG projects that unincorporated areas will grow by 19 percent over the period from 2010 to 2035.<sup>32</sup> Should the area within SCCLSA experience growth as projected by ABAG, then the District is anticipated to have the same overall growth of 19 percent over the 25-year period with a population of 31,568 in 2035.

## FINANCING

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### Financial Adequacy

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The Roads and Airports Department reported that the current level of financing for SCCLSA is adequate to provide services. Revenues exceeded expenditures for each of the

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<sup>30</sup> Government Code §56033.5.

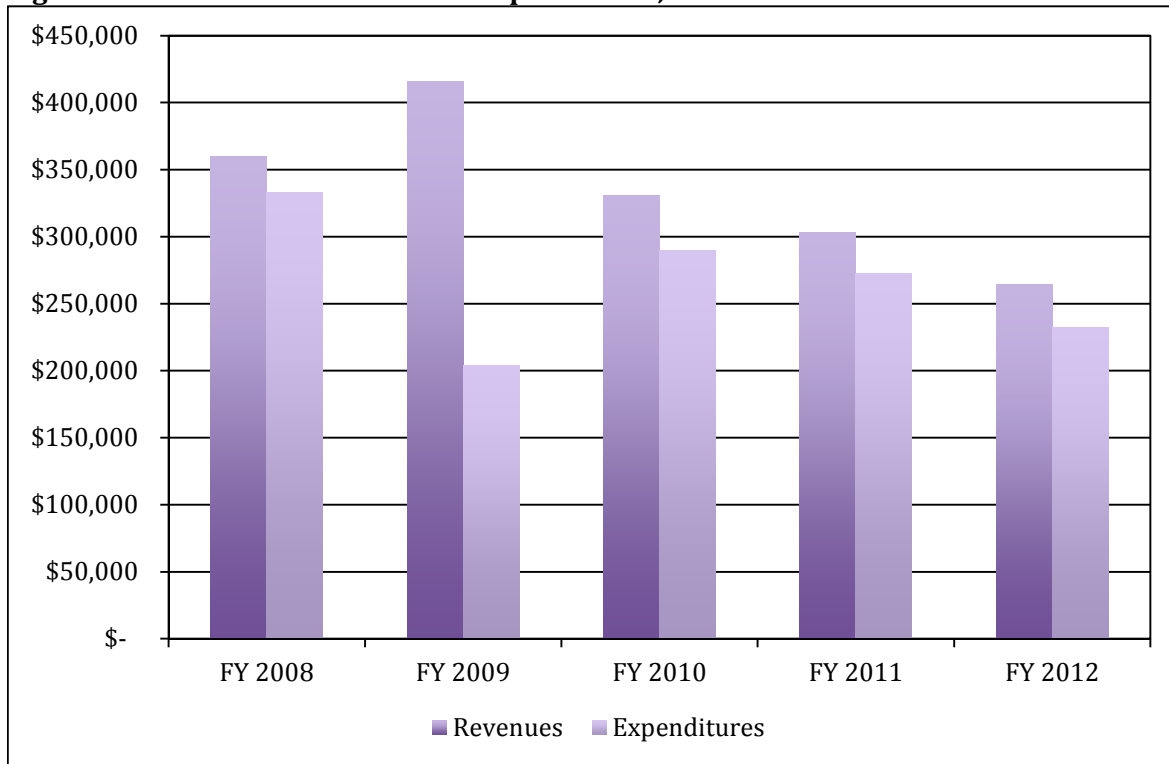
<sup>31</sup> DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) and are compiled for the five-year period 2006-2010.

<sup>32</sup> ABAG, Projections 2009, 2009.



past five fiscal years (FYs 08-12). In FY 09, revenues were higher than other years, due to a one-time return from the County’s Road Fund to SCCLSA for a historical street lighting program. In that same year, expenditures were reduced by \$75,293 to correct for overcharges by the County Roads and Airports Department from FY 2004 to FY 2008. Figure 2-24 represents the revenues and expenditures for SCCLSA over the past five fiscal years.

**Figure 2-24: SCCLSA Revenues and Expenditures, FYs 08-12**



Source: Roads and Airports Department

## Revenue Sources

The District’s primary income source is benefit assessment revenue. The District also receives minimal income from interest on savings. In FY 13, the District budgeted for \$263,097 in revenue from the benefit assessment, which was the estimated revenue from the assessment in FY 12. The District also anticipates approximately \$5,000 in additional revenue from interest income in that year. The District’s FY 13 budgeted revenue sources are shown in Figure 2-25.

**Figure 2-25: SCCLSA Revenue Sources, FY 13**

Revenue Category	Revenue	% of Total Revenue
Estimated FY 12 Assessments	\$263,097	98%
Estimated Interest Earnings	\$5,000	2%
<b>Total</b>	<b>\$268,097</b>	<b>100%</b>

Source: FY 2013 County Lighting Service Area Assessment Report

Revenues and expenditures for the District are anticipated to decline in future years as areas are annexed into cities and the areas are detached from SCCLSA. Over the last year (2012), over 300 streetlights have been removed from the SCCLSA billings, due to annexations and over \$61,000 in PG&E billings have been credited back to the District.

Rates

District property owners passed a benefit assessment in 11 of the 12 zones in 2000. These assessments are based upon a formula established by County ordinance defining the benefit to each zone depending on the ownership of the streetlights, the type of land use, and the placement of the streetlights (i.e., corner, mid-block) in the zone. The assessment may be inflated annually according to the Consumer Price Index up to three percent. There is no sunset for the assessment. Figure 2-26 shows the assessment rate for each benefit zone.

**Figure 2-26: SCCLSA Benefit Assessment per Benefit Unit by Benefit Zone, FY 13**

Benefit Zone	Level #1 Assessment Rate per BU	Level #2 Assessment Rate Per BU	Level #3 Assessment Rate per BU
Benefit Zone No. 1	\$12.00	\$36.85	N / A
Benefit Zone No. 2	No assessment approved in 2000.		
Benefit Zone No. 3	\$28.00	\$68.12	N / A
Benefit Zone No. 4	\$10.35	\$32.67	N / A
Benefit Zone No. 5	\$9.94	\$30.89	N / A
Benefit Zone No. 6	\$8.46	\$27.71	N / A
Benefit Zone No. 7	\$12.15	\$60.48	N / A
Benefit Zone No. 8	\$7.36	\$26.42	N / A
Benefit Zone No. 9	\$7.82	\$23.85	N / A
Benefit Zone No. 10	\$9.29	\$28.86	N / A
Benefit Zone No. 11	\$8.99	\$20.38	\$36.53
Benefit Zone No. 12	Area detached from the District.		
Benefit Zone No. 13	\$0.65	\$2.58	\$7.12

Source: FY 11-12 County Lighting Service Area Assessment Report

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Expenditures  
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The District’s primary expenditure is payment to PG&E for electricity for all lights and maintenance for all PG&E-owned lights. In FY 13, the District budgeted for \$260,000 in payments to PG&E of a total budget of \$365,000. Reimbursements to the Roads and Airports Department for maintenance of county-owned lights was budgeted to be about \$40,000 or approximately 11 percent of expenditures for the year. Figure 2-27 presents the District budget for FY 13.

**Figure 2-27: SCCLSA Expenditures, FY 13**

Expenditure Category	Expenditures	% of Total Expenditures
Pacific Gas and Electric charges (Electricity for all lights and maintenance for all PG&E-owned lights)	\$260,000	71%
Maintenance of county-owned streetlights	\$40,000	11%
Land development services	\$20,000	5%
Professional consulting services	\$35,000	10%
Intra-county professional services	\$10,000	3%
<b>Total</b>	<b>\$365,000</b>	<b>100%</b>

Source: FY 2013 County Lighting Service Area Assessment Report

### Capital Outlays

There is no schedule or cycle for replacing the District's street lights and/or parts. A majority of the infrastructure (e.g., poles, wiring) have a long life span and tend to need replacement, due to damage rather than wearing out. Therefore, the light fixtures are replaced only when badly damaged and the poles are replaced when knocked down. To ensure there are adequate resources to keep the fixtures, poles, and wiring in good repair, the District maintains a healthy reserve in its account.

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### Reserves

SCCLSA has adopted a policy that the equivalent of 50 percent of operating expenditures shall be kept as operating reserves for contingency purposes, given that revenues are received every six months. In FY 14, the District plans to add to the budget that in addition to the contingency reserves, 50 percent of the capital replacement costs of the lights maintained by the County should be maintained as a capital reserve.

The District's fund balance as of June 30, 2012 amounted to \$481,765, or 132 percent of operating expenditures in that year. While the reserve greatly exceeded the District's adopted contingency reserve policy, the excess is considered its capital reserve.

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### Debt

SCCLSA does not have any long-term debt.

## INFRASTRUCTURE AND FACILITIES

SCCLSA is responsible for a total of 1,429 streetlights within its bounds. Of these lights, 1,313 are in residential areas and 116 are in commercial areas. PG&E owns 1,133 or 79 percent of the streetlights, while the County owns the others.

As Figure 2-28 indicates, there are different levels of lighting within each benefit zone. The different levels of lighting are presented below.

- ❖ Level 1 includes parcels that receive only a special benefit from intersection and cul-de-sac streetlights.
- ❖ Level 2 includes parcels that receive special benefits from intersection, cul-de-sac and mid-block streetlights. Mid-block streetlights are spaced approximately 300 to 500 feet apart along a street.
- ❖ Level 3 includes all parcels that receive special benefit from intersection, cul-de-sac, mid-block, and mid-mid block streetlights. Mid-mid block streetlights are spaced less than 300 feet apart along a street.

**Figure 2-28: Number of Streetlights per Benefit Zone, FY 11-12**

Benefit Zone	# of Level 1 Lights (Inter & Cul-de-sac Only)		# of Level 2 Lights (Mid Block Only)		# of Level 3 Lights (Mid-Mid Block Only)		Total # of Lights
	Res.*	Comm.	Res.	Comm.	Res.	Comm.	
Benefit Zone No. 1	20	1	14	1	0	0	36
Benefit Zone No. 2	No assessment approved in 2000.						
Benefit Zone No. 3	27	2	22	2	0	0	53
Benefit Zone No. 4	44	2	87	2	0	0	135
Benefit Zone No. 5	23	5	50	9	0	0	87
Benefit Zone No. 6	12	3	29	7	0	0	51
Benefit Zone No. 7	12	1	43	3	0	0	59
Benefit Zone No. 8	120	4	310	10	0	0	444
Benefit Zone No. 9	77	0	158	0	0	0	235
Benefit Zone No. 10	16	0	48	0	0	0	64
Benefit Zone No. 11	48	18	57	20	74	26	243
Benefit Zone No. 12	Area annexed into San Jose and detached from the District.						
Benefit Zone No. 13	2	0	6	0	14	0	22
<b>Total</b>	<b>401</b>	<b>36</b>	<b>824</b>	<b>54</b>	<b>88</b>	<b>26</b>	<b>1,429</b>

\*Res. = Residential, Comm. = Commercial

Source: FY 11-12 County Lighting Service Area Assessment Report

The County Roads and Airport Department makes use of county facilities to provide services on behalf of SCCLSA. The County Roads and Airport Department administration building is located at 101 Skyport Drive in San Jose and houses administrative staff of SCCLSA.

The Roads and Airports Department staff that perform the maintenance of the streetlights for the District are based at the East Yard located at 1505 Schallenberger Road in San Jose. The entire yard is 11.3 acres with buildings comprising 93,888 square feet. Staff that perform streetlight maintenance occupy approximately 21,416 square feet or 23 percent of the facility.

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## Infrastructure Needs

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For FY 13, SCCLSA has set aside \$214,976 for capital replacement of streetlights infrastructure. SCCLSA does not replace street light fixtures unless badly damaged. There is no schedule or cycle for replacing the fixtures, wire, or poles. The last time streetlight fixtures were systematically replaced was to complete the conversion from Mercury Vapor to High Pressure Sodium type fixtures, which occurred about 20 years ago.

Additionally, the District will be investing in a Street Light Pilot Project to retrofit the street lights with more energy efficient fixtures. The types of fixtures to be studied are inductive fluorescent (IF) or light emitting diode (LED). The costs of the pilot project includes purchasing the IF or LED fixtures and labor to install the fixtures. SCCLSA is in the process of identifying a pilot location to install some different types of bulbs and have local residents evaluate the options and perceived quality, brightness, and color of the lights on their streets. It is anticipated that there will be electrical savings by transitioning to IF or LED; however, the level of savings cannot be estimated until the type of bulb is chosen. Factors that will determine the return on investment include the purchase and installation costs of the new bulbs, savings in PG&E monthly charges, and for County-maintained street lights, the reliability and life-span of the new bulbs compared to the current bulbs. The pilot project is expected to help answer these questions.

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## Shared Facilities

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SCLSA shares facilities with the County Roads and Airports Department, including the County Roads and Airport Department administration building and the County's East Yard.

## **DEMAND FOR SERVICES**

Overall, the District submits approximately 60 service requests for the PG&E-maintained streetlights each year. For the County-maintained lights, the Roads and Airports Department staff perform approximately 20 streetlight repairs per year.

## **GOVERNANCE STRUCTURE OPTIONS**

No governance options were identified with regard to SCCLSA.

## SANTA CLARA COUNTY LIGHTING SERVICE AREA SERVICE REVIEW DETERMINATIONS

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### Growth and Population Projections

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- ❖ Based on a GIS analysis of 2010 Census data, the Santa Clara County Lighting Service Area (SCCLSA) provides service to a population of approximately 26,528.
- ❖ Based on ABAG population projections, the District is anticipated to have a population of 31,568 in 2035.

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### Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

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- ❖ There are no disadvantaged unincorporated communities within or adjacent to SCCLSA.

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### Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

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- ❖ SCCLSA appears to be a well-run professional agency. No significant accountability, administrative, operational, financial, or infrastructure deficiencies were identified.
- ❖ Overall, the District submits approximately 60 service requests for PG&E-maintained streetlights each year. For County-maintained lights, the Roads and Airports Department staff perform approximately 20 streetlight repairs per year. County staff appears to have sufficient capacity to address this minimal level of demand.
- ❖ SCLSA does not replace street light fixtures, unless badly damaged. There is no schedule or cycle for replacing the fixtures, wire, or poles. It is recommended that the District establish a preventive maintenance program for its streetlights. This program should include the periodic inspection of streetlights at night for lamp failures and other defects, and a periodic preventive maintenance inspection of streetlights and their associated fixtures.
- ❖ The District plans to invest in a street light pilot project to retrofit the street lights with more energy efficient fixtures. SCCLSA is in the process of identifying a pilot location to install some different types of bulbs and have local residents evaluate the options and perceived quality, brightness, and color of the lights on their streets. It

is anticipated that there will be electrical savings by transitioning to these bulbs; however, the level of savings cannot be estimated until the type of bulb is chosen.

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### Financial Ability of Agency to Provide Services

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- ❖ SCCLSA appears to have sufficient financial resources to provide an adequate level of service. Income levels have been adequate to generate sufficient revenues to cover operating and capital expenditures in each of the last five fiscal years and meet the District's policy for reserves.
- ❖ Opportunities for enhanced revenue are constrained by the District's ability to increase annual assessments. These assessments may be increased based on the prior year's change in the Consumer Price Index, not to exceed three percent. Any increase beyond this adjustment would require approval of the property owners in the District's benefit zones, as required by Proposition 218.
- ❖ SCCLSA has adopted a policy that the equivalent of 50 percent of operating expenditures shall be kept as operating reserves for contingency purposes. In FY 14, the District plans to add that an additional 50 percent of the capital replacement costs of the lights maintained by the County should be maintained as a capital reserve. The District's reserve level at the end of FY 12 appears appropriate to these reserve policies.

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### Status and Opportunities for Shared Facilities

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- ❖ SCCLSA shares facilities with the County Roads and Airports Department, including the County Roads and Airport Department administration building and the County's East Yard.

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### Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

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- ❖ SCCLSA demonstrated accountability and transparency in its various aspects of operations. The governing body updates constituents, broadcasts its meetings, solicits constituent input, discloses its finances, and posts some public documents and information on its website. SCCLSA keeps its financial reporting and budgets up-to-date and readily available to the public. The District fully cooperated with LAFCO requests for information.
- ❖ While the District maintains a website where some information is made available to the public, it is recommended that the website be enhanced to include additional information, such as how to request installation of a streetlight, assessment methodology information regarding the different benefit zones, the rates for each

zone, the location of each benefit zone on a map, the budget for the District, and the most recent assessment report.

- ❖ The Board of Supervisors has adopted a policy manual that articulates the ethical standards and administrative policies for the Board. All current members of the Board of Supervisors have filed the Statement of Economic Interest forms in 2012 and completed biennial ethics training. The County has adopted an ordinance on expense reimbursements for the Board of Supervisors.
- ❖ No government structure options were identified for the SCCLSA.



## SANTA CLARA COUNTY LIGHTING SERVICE AREA SPHERE OF INFLUENCE UPDATE

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### Existing Sphere of Influence Boundary

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Santa Clara County Lighting Service Area's existing SOI is coterminous with its boundaries.

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### Recommended Sphere of Influence Boundary

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It is recommended that LAFCO reaffirm the District's coterminous SOI.

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### Proposed Sphere of Influence Determinations

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#### *The nature, location, extent, functions, and classes of services provided*

- ❖ SCCLSA operates, maintains, and services the County-owned streetlights located in areas of public right-of-way in a number of different unincorporated communities of the County. Maintenance of the streetlights includes repair, removal or replacement of all, or part of, any streetlight. SCCLSA reimburses PG&E for services rendered to PG&E-owned streetlights, including the cost of electricity for all lights within the District.
- ❖ The County Roads and Airports Department provides the maintenance, repair, and program management services on behalf of the District. The District acts as a financing mechanism to reimburse the County and PG&E for these services, and does not maintain its own dedicated staff.

#### *Present and planned land uses in the area, including agricultural and open-space lands*

- ❖ SCCLSA consists of multiple noncontiguous unincorporated areas that are scattered throughout the County. The areas that receive services are developed with a range of urban land uses, but primarily residential or commercial uses, that require (or desire) lighting services.

#### *Present and probable need for public facilities and services in the area*

- ❖ Unincorporated areas of the County are anticipated to experience 19 percent growth over the period from 2010 to 2035. However, as areas are planned for urban density levels the areas would generally be annexed into a city and removed from the District. It is anticipated that as growth occurs, demand for street lighting services provided by the District will decline.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

- ❖ SCCLSA appears to be a well-run professional agency. No significant accountability, administrative, operational, financial, or infrastructure deficiencies were identified.
- ❖ Overall, the District submits approximately 60 service requests for PG&E-maintained streetlights each year. For County-maintained lights, the Roads and Airports Department staff perform approximately 20 streetlight repairs per year. County staff appears to have sufficient capacity to address this minimal level of demand.

Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

- ❖ The residents within each zone of the SCCLSA are considered communities of interest, given that they pay for the enhanced street lighting services and have an economic interest in the operations of the District.

# 3. *SANTA CLARA COUNTY VECTOR CONTROL DISTRICT*

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## AGENCY OVERVIEW

Santa Clara County Vector Control District (SCCVCD) was formed in May 1988 as a dependent special district of Santa Clara County. The District is a part of the County's Department of Environmental Health. The District provides mosquito, rat and other vector and wildlife control services throughout Santa Clara County. A service review for the District was last conducted in 2006.

The principal act that governs the District is the Mosquito Abatement and Vector Control District Law, originally called Mosquito Abatement Act of California of 1915, that was revised in 2003 (SB 1588).<sup>33</sup> The principal act empowers such districts to conduct surveillance programs and other studies of vectors and vector-borne diseases, take appropriate actions to prevent the occurrence of vectors and vector-borne diseases, and take necessary actions to abate or control vectors and vector-borne diseases.<sup>34</sup> Districts must apply and obtain LAFCO approval to exercise latent powers, that is, those services authorized by the principal act but not provided by the district by the end of 2000.<sup>35</sup>

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### Boundaries

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The boundary of SCCVCD is countywide and includes 1,304 square miles.

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### Sphere of Influence

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During the most recent SOI update in 2006, LAFCO reaffirmed the District's existing coterminous SOI.

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<sup>33</sup> California Health and Safety Code § 2000-2093

<sup>34</sup> California Health and Safety Code §2000-2093.

<sup>35</sup> California Government Code §56824.10.

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## Type and Extent of Services

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### Services Provided

The services provided by the District include 1) detection of the presence and prevalence of vector-borne diseases such as plague, West Nile Virus, rabies and Lyme Disease through ongoing and comprehensive vector surveillance and testing, 2) reducing vectors or exposure to vectors that transmit diseases, 3) conducting routine inspections and treatment as necessary of known mosquito and rodent sources, 4) responding to public service requests for identification, advice and/or initiation of control measures for mosquitoes, rodents, wildlife, and miscellaneous invertebrates (e.g., ticks, yellow jackets, cockroaches, bees, fleas, flies, etc.), 5) providing public information through a variety of channels, including a website, social media and educational presentations for schools, homeowners associations, private businesses, civic groups and other interested groups regarding vectors and vector-borne diseases, and 6) preventing disease and illness by identifying, inventorying, inspecting, and treating sources of vector development.

### Service Area

Vector control services are provided by SCCVCD throughout Santa Clara County, which includes 300 miles of streams, 5,000 acres of marshlands and 27,000 storm drain catch basins.

### Service to Other Agencies

SCCVCD provides mosquito control services to the San Jose/Santa Clara Water Pollution Control Plant under contract.

### Contracts for Services

The District does not receive any contract services from other public agencies. The District does make use of the State Department of Public Health laboratory, if for some reason the District's own lab is unable to process certain specimens. Although there is not contract for the lab, services are billed and performed under a broader statewide disease surveillance system.

### Collaboration

SCCVCD is a division of the Santa Clara County Environmental Health Department. SCCVCD receives support services from the County, such as maintenance of the District's vehicles, financial management, and purchasing, which provides cost savings for the District. The District reimburses the County for services rendered with district funds. The District also participates in joint financing and purchasing efforts to minimize costs. SCCVCD's service yard was partially financed by the County, as it is shared with the Environmental Health Department.

In addition, the District has unwritten mutual aid agreements with respect to materials and supplies with other mosquito and vector control districts within the region. The District has joined a statewide coalition of abatement districts to share the cost of expensive chemical analysis for regulatory compliance, and collaborated with other Bay Area agencies to produce a Program Environmental Impact Report under the California Environmental Quality Act.

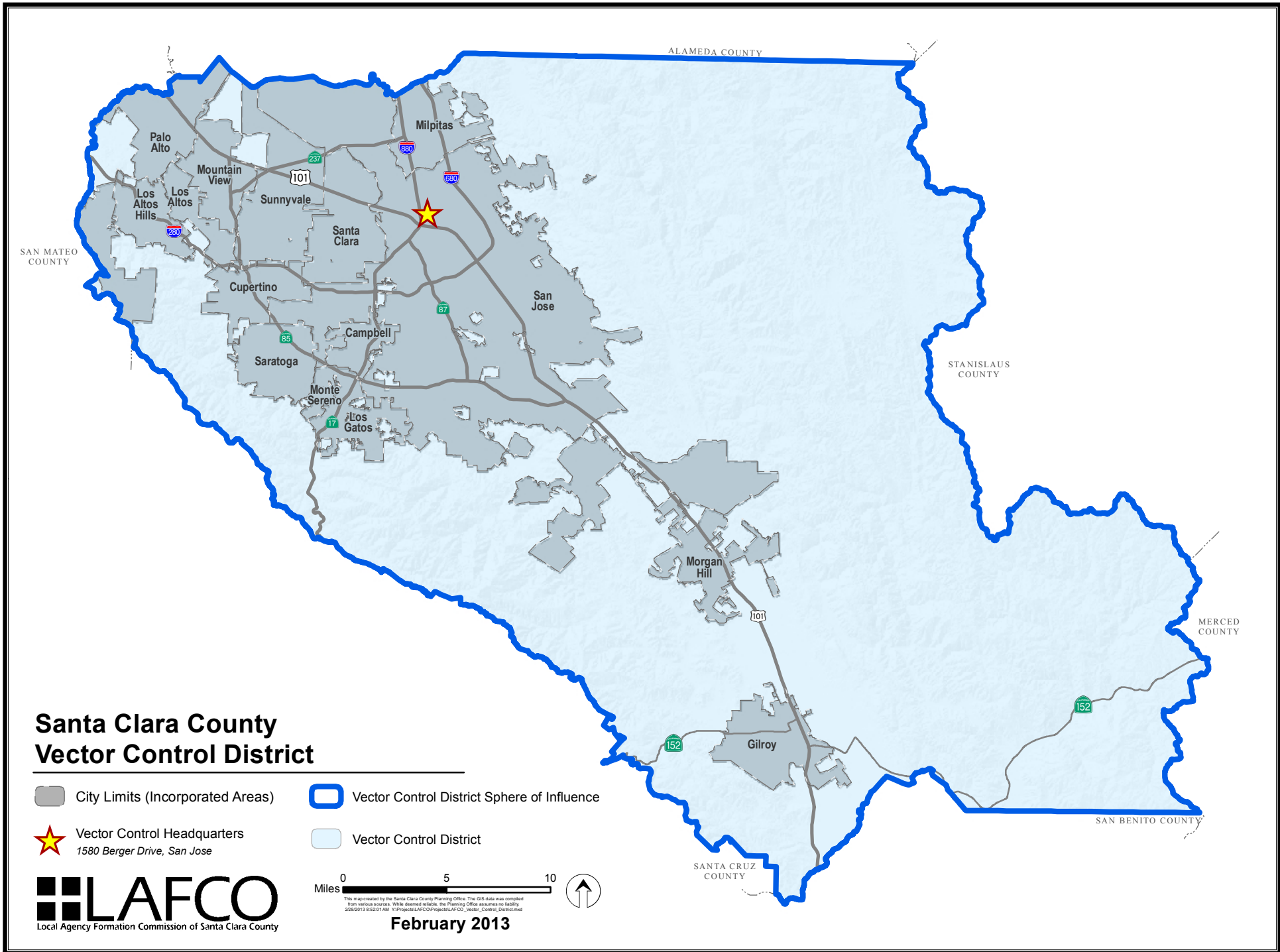
The District also interacts professionally at many levels. The Vector Biology Discussion Group meets monthly to discuss biological issues with eight other vector control districts in the Bay Area. District personnel attend meetings of the Mosquito and Vector Control Association of California, the American Mosquito Control Association, The Society for Vector Ecologists, and the Entomological Society of America.

The District uses data on threat assessment shared by Santa Clara County Department of Public Health.

SCCVDC maintains cooperative exchanges with the City of Palo Alto, City of Sunnyvale, and U.S. Fish and Wildlife Service in regards to salt marsh treatment, and with the City of Palo Alto for provision of storm drain treatment.

#### *Overlapping and Neighboring Service Providers*

There is no overlap in services provided by SCCVDC. There are, however, public agencies that provide services complimentary to the ones delivered by the District in Santa Clara County. Santa Clara County Division of Agriculture performs insect and non-medical pest identification. Individual cities in the County enforce sanitation laws which prevent vector spread. The County Department of Environmental Health addresses waste tire disposal, which is a significant mosquito breeding source. Santa Clara Valley Water District is in charge of access to and maintenance of natural streams within its jurisdiction, and design of wetlands and other structures. California Department of Fish and Game deals with wildlife problems and endangered species issues. California Department of Public Health provides laboratory support, collation of data, licensing of technicians, and West Nile Virus predictive risk analyses. The U.S. Army Corps of Engineers oversees project development related to waterways.



## Santa Clara County Vector Control District

-  City Limits (Incorporated Areas)
-  Vector Control District Sphere of Influence
-  Vector Control Headquarters  
1580 Berger Drive, San Jose
-  Vector Control District



This map created by the Santa Clara County Planning Office. The GIS data was compiled from various sources. While deemed reliable, the Planning Office assumes no liability.

**February 2013**

## ACCOUNTABILITY AND GOVERNANCE

The District was formed as a dependent special district with the Santa Clara County Board of Supervisors as its governing body. The five county supervisors are elected to four-year terms of office with a three-term limit. Current board member names, positions, and term expiration dates are shown in Figure 3-2.

**Figure 3-2: SCCVCD Governing Body**

Santa Clara County Vector Control District					
<i>District Contact Information</i>					
<b>Contact:</b>	Russell Parman, Acting Vector Control Program Manager				
<b>Address:</b>	1580 Berger Drive, San Jose, CA 95131				
<b>Telephone:</b>	408-918-3497				
<b>Email:</b>	russell.parman@deh.sccgov.org				
<b>Website:</b>	<a href="http://www.sccgov.org/sites/vector/Pages/Vector-Control-District-Site-Home-Page.aspx">http://www.sccgov.org/sites/vector/Pages/Vector-Control-District-Site-Home-Page.aspx</a> or <a href="http://www.sccvector.org">www.sccvector.org</a>				
<i>Board of Supervisors</i>					
Member Name	Position	Began Serving	Term Expires	Manner of Selection	Length of Term
Mike Wasserman	District 1	2010	2014	Elected	4 years
Vacancy	District 2	N/A	N/A	N/A	N/A
Dave Cortese	District 3	2008	2016	Elected	4 years
Ken Yeager	District 4, President	2006	2014	Elected	4 years
Joe Simitian	District 5	2012	2016	Elected	4 years
<i>Meetings</i>					
<b>Date:</b>	Every other Tuesday at 9am.				
<b>Location:</b>	Santa Clara Board of Supervisors' Chambers, 70 West Hedding St. San Jose.				
<b>Agenda Distribution:</b>	Posted online and at the County Government Center.				
<b>Minutes Distribution:</b>	Posted online and at the County Government Center.				

The Board of Supervisors meets every other Tuesday morning at the Board of Supervisors' chambers in the County Government Center located at 70 West Hedding Street in San Jose. Each member of the Board of Supervisors receives \$143,000 annually in salary. Government Code §53235 requires that if a local government provides compensation or reimbursement of expenses to its board members, that local government must establish a written policy on reimbursements, and the board members must receive two hours of training in ethics at least once every two years. The County has adopted policies related to expense reimbursements, and the members of the Board of Supervisors have completed biennial ethics training as required.

Agendas and minutes for the meetings are posted on the bulletin board at the County Government Center, and are published online on the county website. The website also contains video archives of previous Board of Supervisors' meetings.

The District conducts constituent outreach through various methods. The county website has several pages dedicated to information regarding SCCVCD, including its mission, services provided, background information, online service requests, office location, media releases, and description of vectors, vector borne diseases and disease surveillance programs. Additionally, the District maintains two full-time positions for public relations, outreach and education. The Community Resources Specialist and Health Education Associate develop and deliver press releases, public brochures, respond to requests for interviews from all media, inform other government agencies, and give presentations.

The Board of Supervisors has adopted a policy manual that articulates the ethical standards and administrative policies for the Board. This policy manual was updated in July 2012 and is published on the county website.

Government Code §87203 requires persons who hold office to disclose their investments, their interests in real property and their incomes, and file these forms with the Fair Political Practices Commission each year. All of the current members of the Board of Supervisors have filed the Form 700 Statement of Economic Interest forms in 2012.

## MANAGEMENT AND STAFFING

As shown in Figure 3-3, SCCVCD has a total of 32 full-time staff and seven part-year seasonal staff (3.5 FTEs). These staff are dedicated solely to the District's activities. If SCCVCD personnel contributes to County functions, then the District is reimbursed for this support. The District's general manager is responsible for the day-to-day operations of the District. The general manager of the District is accountable to the Director of Agriculture and Environmental Management who is accountable to the County Board of Supervisors. Many SCCVCD's personnel are certified by the State of California as Certified Technicians pursuant to the provisions of the California State Health and Safety Code.

**Figure 3-3: Staffing Level by Division, FY 12-13**

Division	FTE
Vector Control Program Manager	1
Vector Control Assistant Manager	1
Field Operations Supervisors	2
Field Operations Support Specialist	1
Account Clerk	1
Information Services Analyst	1
Disease Assessment & Lab Services	7
Public Outreach & Education	2
North County Operations Technicians	8
South County Operations Technicians	8
Seasonal Staff (seven total)	3.5
<b>TOTAL</b>	<b>35.5</b>

Source: Acting Vector Control District Manager



As a dependent special district of the County, some administrative services are provided by county departments, including information systems, legislative files for board motions, legal counsel, and accounting. The County is reimbursed based on a generalized rate for overhead services (i.e., clerk time) that are financed through the County's general fund. For services such as legal counsel, the District is billed an hourly rate by County Counsel. A certified public accountant firm and private engineering firm are contracted with directly by the District, when necessary.

SCCVCD has adopted a mission statement and goals. The District's mission statement is to detect and minimize vector-borne diseases, to abate mosquitoes, and to assist the public in resolving problems with rodents, wildlife, and insects of medical significance. The District uses numerical objectives and performance measures to assess its operations. SCCVCD has recently developed a strategic plan for 2013-2015 and a *Mosquito-borne Virus Response and Operations Plan* which provides procedures and strategies for surveillance and operational response to mosquito-borne viruses, such as West Nile virus, St. Louis encephalitis and western equine encephalomyelitis. SCCVCD submits reports to the County Agricultural Commissioner, County Department of Environmental Health and the County Board of Supervisors.

Other documents that the District uses to guide efforts and services include the County's annually adopted budget, as SCCVCD is included as part of the County's compiled budget. The County has adopted a budget for FY 12-13, which is available online.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor's office. While, the County has reported that in recent years, it has not been the practice for special districts to file their budgets with the County, SCCVCD's budget is part of the County's budget and is readily available online.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the close of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.<sup>36</sup> Although SCCVCD conducts its own annual audits of its financial statements, the District does not have to submit them to the County; the District's finances are also included in the County's Comprehensive Annual Financial Reports (CAFR) which are audited annually. The District's most recent audit was completed for FY 12.

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<sup>36</sup> Government Code §26909.

## POPULATION AND PROJECTED GROWTH

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### Land Uses

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The District encompasses the entire County. The County of Santa Clara contains a wide range of land uses, from all types of urban uses to large areas of hillside, open space, and agricultural uses. Numerous unincorporated pocket areas exist that are developed with urban uses. Development within the cities ranges from fully developed urban areas to expansive hillside, open space, and agricultural lands.

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### Current Population

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As of 2010, the District had approximately 1,781,642 residents, based on 2010 Census data.

#### *Disadvantaged Unincorporated Communities*

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.<sup>37</sup>

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. However, the DWR data can be used for the purposes of this report as an indicator of any larger communities that may meet the income definition of disadvantaged. Based on mapping information from DWR, there are no disadvantaged unincorporated communities within or adjacent to SCCVCD.<sup>38</sup>

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### Projected Growth

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Moderate population growth is anticipated within the District's bounds based on the Association of Bay Area Government's (ABAG) projections for Santa Clara County. ABAG projects that the County will experience 36 percent growth over the 25-year period from

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<sup>37</sup> Government Code §56033.5.

<sup>38</sup> DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) and are compiled for the five-year period 2006-2010.

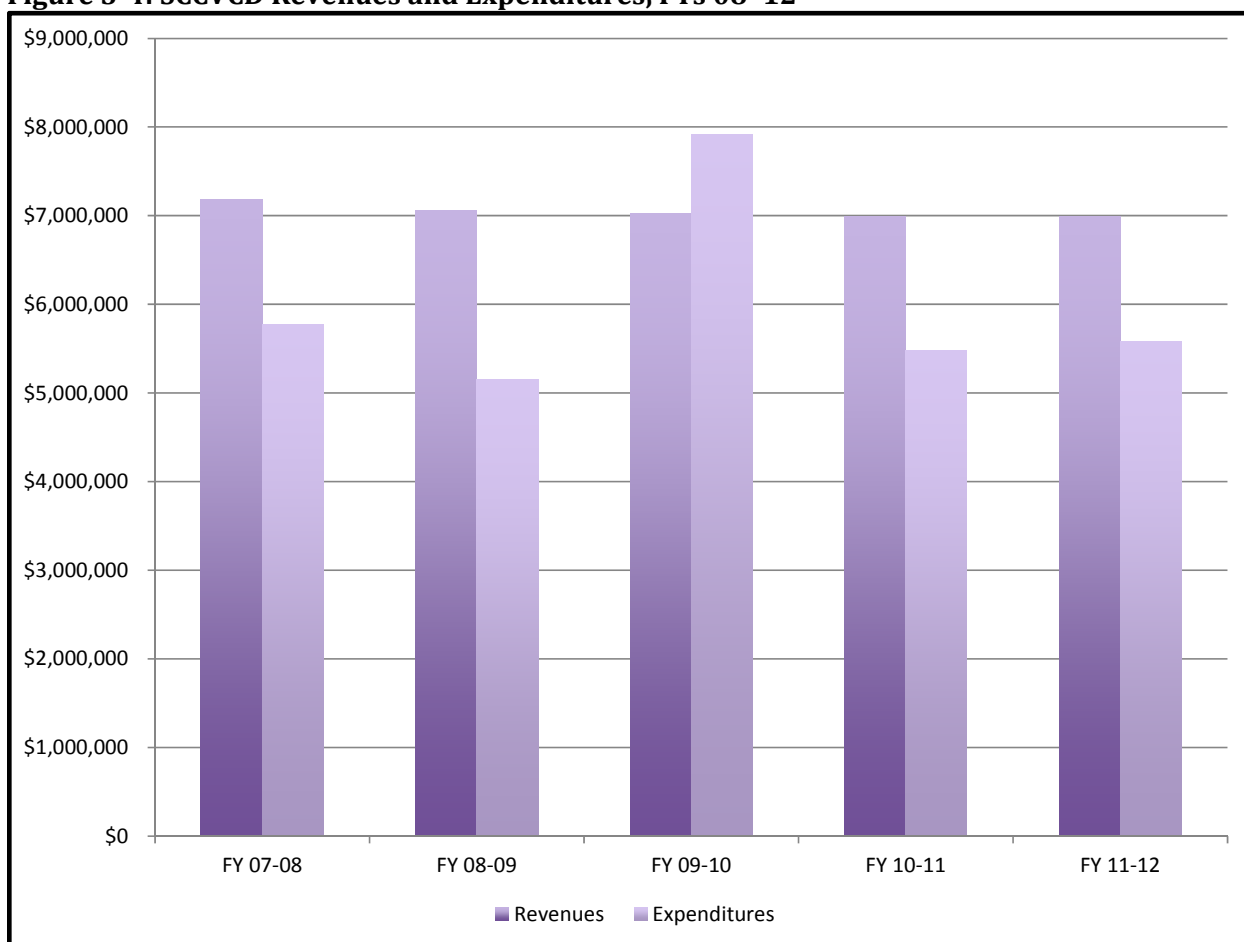
2010 to 2035, which is equivalent to 1.5 percent average annual growth.<sup>39</sup> By 2035, the population of SCCVCD is expected to reach 2,431,400.

## FINANCING

### Financial Adequacy

The District reported that the current level of financing was adequate to provide services. District revenues have exceeded expenditures in FYs 08, 09, 11, and 12, as shown in Figure 3-4. In FY 10, expenditures were higher than revenues by \$889,045, due to capital improvements in the amount of \$2.7 million performed by SCCVCD. The funds were spent on alterations to the new vector control building.

**Figure 3-4: SCCVCD Revenues and Expenditures, FYs 08-12**



Source: Annual Audited Statements for FYs 2008 through FY 2012

<sup>39</sup> ABAG, Projections 2009, 2009.

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## Revenue Sources

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In FY 12, the District received \$6,995,269 in revenue as depicted in Figure 3-5. The primary source of revenue for the District was benefit assessment income (98 percent). The a majority of the remaining revenue came from interest income and miscellaneous revenue, which is received for providing mosquito control services at the San Jose/Santa Clara Water Pollution Control Plant.

**Figure 3-5: Revenue Sources, FY 12**

Revenue Category	Revenue	% of Total Revenue
<b>Benefit Assessment Income</b>	\$6,889,156	98%
<b>Interest Income</b>	\$68,970	1.5%
<b>Intergovernmental</b>	\$1,509	0%
<b>Miscellaneous</b>	\$35,634	.5%
<b>Total</b>	<b>\$6,995,269</b>	<b>100%</b>

Source: Vector Control FY 2012 Audit Report

### Rates

SCCVCD has levies two benefit assessments on properties within the District. The first assessment began in 1996. The District annually collects approximately \$2.6 million from this particular assessment. The assessment is a flat rate dependent on land use, and is not adjusted annually. There is no sunset date for the assessment. A single family residence is considered one benefit unit and is levied \$2.41 annually. Other land uses are considered greater benefit units and are assessed at \$2.41 per unit. The maximum assessment is \$14.45 for a regional shopping center.

In 2005, SCCVCD's voters passed an assessment ballot proceeding establishing another benefit assessment to fund the District's cost of providing vector control services, maintenance and capital improvement expenses. The assessment may be inflated up to three percent annually depending on the Consumer Price Index. The assessment is to be continued in perpetuity, so long as mosquitoes and vectors remains in existence in the County and the District requires funding from the assessment for its services. In order to continue the assessment, the Board must approve an annually updated engineer's report, a budget specific to the assessment revenues, and a list of services to be provided via the assessment revenue, as well as conduct an public hearing regarding the assessment.

The assessment is based on benefit zones, which have been identified based on the proportion of benefit to the real property from services offered by the District. Areas east of the westernmost ridgeline of the Diablo Range are more remotely located and receive a reduced level of services and corresponding benefits relative to other parcels in SCCVCD.<sup>40</sup> These areas are referred to as Zone B. All other parcels within the County boundaries are

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<sup>40</sup> SCCVCD, Mosquito, Vector, and Disease Control Assessment Engineer's Report, April 2009, p. 41.

within Zone A. Using district estimates for the amount of services provided to parcels in Zone B, it was found that parcels in Zone B receive approximately half of the average level of services and benefits provided to Zone A. Therefore, residents in Zone B pay 50 percent of the assessment rate per benefit unit. Figure 3-6 shows the allocation of assessments for FY 13.

**Figure 3-6: Benefit Assessment by Zone, FY 13**

Zone of Benefit	Total SFE* Units	Assessment per SFE*	Total Assessment
Zone A	498,926.27	\$8.36	\$4,171,024
Zone B	1,928.57	\$4.18	\$8,061
		\$12.54	\$4,179,085

\*SFE = Single Family Equivalent

Source: Vector Control District Engineer's Report FY 2013

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## Expenditures

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In FY 12, the District spent a total of \$5.6 million as depicted in Figure 3-7. A majority of expenditures are attributable to salaries and benefits (65 percent) and service and supplies (31 percent).

**Figure 3-7: SCCVCD Expenditures FY 2012**

Expenditure Category	Expenditures	% of Total Expenditures
Salaries and Benefits	\$3,592,361	65%
Services and Supplies	\$1,744,504	31%
Capital Outlay	\$(105,663)	-2%
Principal Debt Service	\$170,000	3%
Interest Debt Service	\$179,156	3%
Fees Debt Service	\$1,800	0%
<b>Total</b>	<b>\$5,582,158</b>	<b>100%</b>

Source: Vector Control FY 2012 Audit Report

### Capital Outlays

In 2012, the County adopted an annual update of its five-year capital improvement plan (CIP). It includes one capital project for SCCVCD—alterations to the new vector control building—which has already been completed. The amount available for alterations was \$2,793,617. In FY 10, the District spent \$2,680,454 on the project. After the project's completion, the amount remaining was \$113,163.

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## Reserves

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Although, the District has not adopted a formal written policy regarding financial reserves, SCCVCD has a management practice to keep a reserve balance. The reserve, which is reviewed annually during the budget process, is designed to cover operating fund, retirement payoff, health insurance, PERS, building maintenance, legal liability, debt service, and early loan payoff as needed. At the end of FY 12, the District had a significant

financial reserve of \$11,883,193, which was equivalent to 212 percent of the District’s FY 12 expenditures. Currently, a significant portion of reserves are being set aside annually for early building loan payoff which will save the District a considerable amount of interest costs over the long run.

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**Debt**

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As shown in Figure 3-8, the District’s long-term debt is represented by certificates of participation for \$4,495,000 issued by SCCVCD in November 2006 through the California Special Districts Association (CSDA) Finance Corporation to finance the acquisition of an office building. At the end of FY 12, the debt balance was \$3.6 million. The debt matures in 2027.

**Figure 3-8: SCCVCD Long-Term Debt**

Debt Instrument	Certificates of Participation, 2006 Series
Purpose:	Finance the acquisition of an office building
Date of Issue	November 15, 2006
Outstanding Amount FY 12	\$3,630,000
How Financed	Special Districts Association Finance Corporation
Maturity Date:	June 1, 2027

**INFRASTRUCTURE AND FACILITIES**

The District owns and operates an office building and property purchased in 2006. The property is located at 1580 Berger Drive in San Jose. SCCVCD occupied the building in 2010 after tenant improvements, which included addition of a laboratory, in the amount of \$3.7 million were completed. The property containing the District’s office building is 1.81 acres in size with approximately 20,000 square feet of office space. The District has not made any capital improvements since 2010.

SCCVCD also occupies about 300 square feet of office space in the South County Environmental Health Department facility situated on Highland Avenue in San Martin.

The Vector Control District also owns a service yard located at 1551 Berger Drive. The property is 0.7 acres with 7,596 square feet of equipment storage.

The District’s vehicle fleet consists of 38 vehicles.

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**Infrastructure Needs**

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The District’s office building and the service yard appear to be well maintained. No critical deferred maintenance issues were identified. Given that significant capital improvements were made to the office building in 2010, the building appears to be in good working condition. SCCVCD’s fleet has an effective replacement program and does not exceed reasonable replacement guidelines.

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## Shared Facilities

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In addition to its own office building, SCCVCD recently began sharing office space with other county agencies in the South County Environmental Health Department. In addition, the District shares its warehouse space with the Environmental Health Department.

## DEMAND FOR SERVICES

The District’s field workers target between 500 and 600 inventoried mosquito breeding sources in the County. In addition, the District has inventoried over 4,000 neglected pools since 2007, and routinely treats tens of thousands of catchbasins annually. Staff members visit high-risk sources (those breeding West Nile virus vectors) once a week and other sources once or twice a month.

Property owners and residents can electronically request or call the District for a free home and yard consultation for rodent, wildlife and mosquito problems. Service technicians usually respond within two to three business days of receiving a request for service.

As shown in Figure 3-9, while the number of vector control requests received from the public has decreased over the past five years, the number of mosquito source inspections has increased. Over the course of the last few years, the number of mosquito source control applications fluctuated peaking in FY 10.

**Figure 3-9: SCCVCD Service Demand, FYs 07-12**

Type of Workload	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Vector Control Services (# of Requests)	7,290	5,722	4,710	4,498	4,984	4,585
Mosquito Source Inspections (# of Inspections)	5,889	5,271	3,868	6,400	7,069	8,054
Mosquito Source Control (# of Applications)	1,608	1,321	1,984	2,157	1,714	1,677

Source: Santa Clara County CAFR FY 12

## GOVERNANCE STRUCTURE OPTIONS

No government structure options were identified for Santa Clara County Vector Control District.

## SANTA CLARA COUNTY VECTOR CONTROL DISTRICT SERVICE REVIEW DETERMINATIONS

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### Growth and Population Projections

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- ❖ As of 2010, Santa Clara County Vector Control District (SCCVCD) had approximately 1,781,642 residents, based on 2010 Census data.
- ❖ Association of Bay Area Governments (ABAG) projects that the area will experience 1.5 percent average annual growth through 2035. By 2035, the population of SCCVCD is expected to reach 2,431,400.

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### Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

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- ❖ There are no disadvantaged unincorporated communities within or adjacent to the SCCVCD's service area, based on mapping information provided by the State of California Department of Water Resources.

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### Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

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- ❖ The District's facilities have sufficient capacity, based on the absence of current infrastructure needs, lack of deferred maintenance at its buildings and warehouse, and SCCVCD's fleet being within reasonable replacement guidelines.
- ❖ SCCVCD plans for its capital improvements through the five-year Capital Improvement Plan (CIP) adopted by the County. The current CIP included one project for the District, in the form of enhancements to its new vector control building, which has already been completed.
- ❖ SCCVCD has established an adequate level of vector control services to limit the nuisance effects of mosquitoes, yellow jackets, rodents, and ticks consistent with constituent preferences and local, state and federal requirements. There are no present or recent public health advisories concerning mosquito or vector-borne illnesses in the areas served by SCCVCD.
- ❖ The District reports that all environmental and safety standards, as required by local, state, and federal programs, are strictly enforced, and there are no deficiencies related to services provided.



- ❖ Based on the response time of typically within two to three business days that SCCVCD is able to maintain, with an estimated average of 13 requests per day, it appears that the District has sufficient capacity to continue to serve existing and anticipated demand.
- ❖ SCCVCD's staff are appropriately certified by the State of California as Certified Technicians pursuant to the provisions of the California State Health and Safety Code.

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### Financial Ability of Agency to Provide Services

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- ❖ SCCVCD reported that its financing levels were adequate to deliver services. No challenges to financing were identified.
- ❖ District revenues have exceeded expenditures in FYs 08, 09, 11, and 12. In FY 10, expenditures were higher than revenues, due to capital improvements performed by SCCVCD.
- ❖ Ninety eight percent of the District's revenues are derived from two benefit assessments.
- ❖ SCCVCD has a management practice to maintain a reserve balance. At the end of FY 12, the District had a significant financial reserve of 212 percent of the District's FY 12 expenditures. Currently, a significant portion of reserves are being set aside annually for early building loan payoff.
- ❖ The District's long-term debt is represented by certificates of participation for \$4,495,000, which was used to purchase the new office building. The debt matures in 2027.

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### Status and Opportunities for Shared Facilities

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- ❖ SCCVCD is a dependent district and a division of the County's Environmental Health Department.
- ❖ The District receives support services from the County, such as maintenance of the District's vehicles, financial management, and purchasing.
- ❖ SCCVCD shares office space in the County Environmental Health Department facility with other county agencies.
- ❖ The District participates in joint financing and purchasing efforts to minimize costs. The District's warehouse was partially financed by the County, as it is shared with the Environmental Health Department

- ❖ SCCVCD has an unwritten mutual-aid agreement with respect to materials and supplies with other mosquito and vector-control districts within the region.
- ❖ The District has joined a statewide coalition of abatement districts to share the cost of expensive chemical analysis for regulatory compliance, and collaborated with other service providers to produce a Program Environmental Impact Report under the California Environmental Quality Act.
- ❖ District personnel attend meetings of the Vector Biology Discussion group, the Mosquito and Vector Control Association of California, the American Mosquito Control Association, and the Entomological Society of America.
- ❖ The District uses data on threat assessment shared by Santa Clara County Department of Public Health.

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### Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

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- ❖ SCCVCD demonstrated accountability and transparency in its various aspects of operations. The governing body updates constituents, broadcasts its meetings, solicits constituent input, discloses its finances, and posts public documents on its website. The District's website appropriately provides information on SCCVCD services, District's activity updates, vector-related facts, and contact information to submit service requests. SCCVCD keeps its financial reporting and budgets up-to-date and readily available to the public. The District fully cooperated with LAFCO requests for information.
- ❖ The Board of Supervisors has adopted a policy manual that articulates the ethical standards and administrative policies for the Board. All four current members of the Board of Supervisors have filed the Statement of Economic Interest forms in 2012 and completed biennial ethics training. The County has adopted an ordinance on expense reimbursements for the Board of Supervisors.
- ❖ No government structure options were identified for SCCVCD.

## SANTA CLARA COUNTY VECTOR CONTROL DISTRICT SPHERE OF INFLUENCE UPDATE

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### Existing Sphere of Influence Boundary

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The District's current SOI is countywide and coterminous with SCCVCD's boundaries.

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### Recommended Sphere of Influence Boundary

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As the existing SOI for the District is coterminous with the County's boundaries, no further outward expansion is possible. Reduction in the sphere of influence is also not recommended, as the District is the primary provider for vector abatement services throughout the County. Services provided by SCCVCD are not duplicated; other public agencies provide services complimentary to the ones delivered by the District. As there are no areas within the District's boundaries and SOI where the District's services are not provided, it is recommended for the Commission to retain the SCCVCD's coterminous SOI.

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### Proposed Sphere of Influence Determinations

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#### *The nature, location, extent, functions, and classes of services provided*

- ❖ The services provided by the District throughout Santa Clara County include 1) detection of the presence and prevalence of vector-borne diseases through surveillance and testing, 2) reduction of vectors or exposure to vectors that transmit diseases, 3) conducting routine inspections and treatment of known mosquito and rodent sources, 4) responding to public service requests, 5) providing educational information on vectors and vector-borne diseases, and 6) preventing disease and illness by identifying, inventorying, inspecting, and treating sources of vector development.

#### *Present and planned land uses in the area, including agricultural and open-space lands*

- ❖ The countywide District contains a wide range of land uses, including all types of urban uses to large areas of hillside, open space, and agricultural uses. While the unincorporated areas are generally not developed, there are numerous unincorporated pocket areas are developed with urban uses. Development within the cities ranges from fully developed urban areas to expansive hillside, open space, and agricultural lands.
- ❖ While there are agricultural and open-space lands within SCCVCD, no impacts on agricultural resources, open space or Williamson Act contracts will occur as no service changes are proposed.

Present and probable need for public facilities and services in the area

- ❖ Given that in FY 12, SCCVCD frequently visited mosquito sources, responded to about 4,585 service requests, performed 8,054 mosquito source inspections, and completed 1,677 mosquito source control applications, there is a present need for the District's services.
- ❖ The County is expected to experience a moderate growth rate of 1.5 percent annually through 2035. As demand for vector control services is driven by growth of both human and vector populations, as well as the creation of water and vegetative conditions that are conducive to vector breeding, the need for vector-control services may grow in the future.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

- ❖ Based on the service request response time of typically within two to three business days that SCCVCD is able to maintain with an estimated average of 13 requests per day, it appears that the District has sufficient capacity to continue to serve existing and anticipated demand.
- ❖ There are no present or recent public health advisories concerning mosquito or vector-borne illnesses in the areas served by SCCVCD. The District has been successful in reducing the outbreak of illnesses, including plague and encephalitis.
- ❖ The District's facilities have sufficient capacity, based on the absence of current infrastructure needs, lack of deferred maintenance at its buildings and service yard, and SCCVCD's fleet being within reasonable replacement guidelines.

Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

- ❖ SCCVCD was formed to provide countywide vector control services and serve the residents of Santa Clara County. All County residents benefit from services provided by SCCVCD. Residents in Zone A who pay higher benefit assessment and receive higher level of service than residents in Zone B, have a stronger economic interest in the activities of the District.

## ***4. SARATOGA CEMETERY DISTRICT***

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### **AGENCY OVERVIEW**

Saratoga Cemetery District (SCD) was formed in 1927 as an independent special district. The District owns and operates the Madronia Cemetery in Saratoga. The maintenance and operation of this cemetery is the sole service provided by the District. A service review for SCD was last conducted in 2007.

Prior to the formation of the District, the Madronia Cemetery Association oversaw the operation of the cemetery from 1863 to 1927. The association needed further funds to maintain the cemetery and saw the formation of a district as a means of obtaining tax revenue for that purpose. Madronia Cemetery is the only cemetery within the District's bounds and continues to be heavily used by residents to this day.

The principal act that governs SCD is the Public Cemetery District Law.<sup>41</sup> The principal act authorizes the district to own, operate, improve, and maintain cemeteries, provide interment services within its boundaries, and to sell interment accessories and replacement objects (e.g., burial vaults, liners, and flower vases). The principal act requires the district to maintain cemeteries owned by the district.<sup>42</sup> Although the district may require and regulate monuments or markers, it is precluded from selling them. The law allows the district to inter non-residents under certain circumstances.<sup>43</sup> The law requires a cemetery district to establish and maintain an endowment care fund for the long-term care of burial plots.<sup>44</sup> Districts must apply and obtain LAFCO approval to exercise latent powers or, in other words, those services authorized by the principal act but not provided by the district at the end of 2000.<sup>45</sup>

There are 231 cemetery districts throughout California.<sup>46</sup> Saratoga Cemetery District is the only district of its type in Santa Clara County.

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<sup>41</sup> California Health and Safety Code §9000-9093.

<sup>42</sup> California Health and Safety Code §9040.

<sup>43</sup> Non-residents eligible for interment are described in California Health and Safety Code §9061, and include former residents, current and former taxpayers, family members of residents and former residents, family members of those already buried in the cemetery, those without other cemetery alternatives within 15 miles of their residence, and those who died while serving in the military.

<sup>44</sup> Health and Safety Code §9065.

<sup>45</sup> Government Code §56824.10.

<sup>46</sup> California State Controller, Special Districts Annual Report, FY 09–10.

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## Boundaries

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SCD bounds include the entire City of Monte Sereno, all of the City of Saratoga (except two small areas northwest of Prospect Road), three parcels in the City of Los Gatos, and unincorporated areas west of the cities to the Santa Clara/Santa Cruz county line.<sup>47</sup> The District encompasses approximately 28.8 square miles.

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## Sphere of Influence

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During SCD's most recent SOI update in 2007, LAFCO reaffirmed a sphere of influence coterminous with the District's boundary.

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## Types and Extent of Services

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### *Services Provided*

The District provides cemetery plots, burials, and maintenance of grounds for the residents and taxpayers of the District at the Madronia Cemetery. Services that the District provides includes sale of full-burial sites, half-burial sites for cremated remains, and niches within a columbarium also for cremated remains; opening and closing of the burial sites; and sale of the required vaults for both cremation and full-casket in-ground burials, as well as setting markers of different types. The District does not sell caskets or operate a funeral home or crematory.

### *Service Area*

SCD provides interments to property owners and residents of the District. Additionally, some former residents and residents' relatives are eligible for burial. Eligible former residents include those who purchased interment rights while they were residents, or those who lived in the District continuously for at least five years (in their last ten years) and who have a written request from a current resident that they be allowed to purchase interment rights. Family members of residents and former residents and family members of those already buried in the cemetery are also qualified for burial. According to California Health and Safety Code §9061, exceptions may also be made for those without a cemetery within 15 miles of their residence and those who died while serving in the military.

### *Service to other agencies*

SCD does not have any contracts to provide services to other public agencies.

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<sup>47</sup> With regard to the areas within the City of Saratoga but not in SCD, the City annexed one area adjacent to Prospect Road in 2006, that lie outside of the District's bounds. It is not clear when the other area was annexed to the City.

Contracts for Services

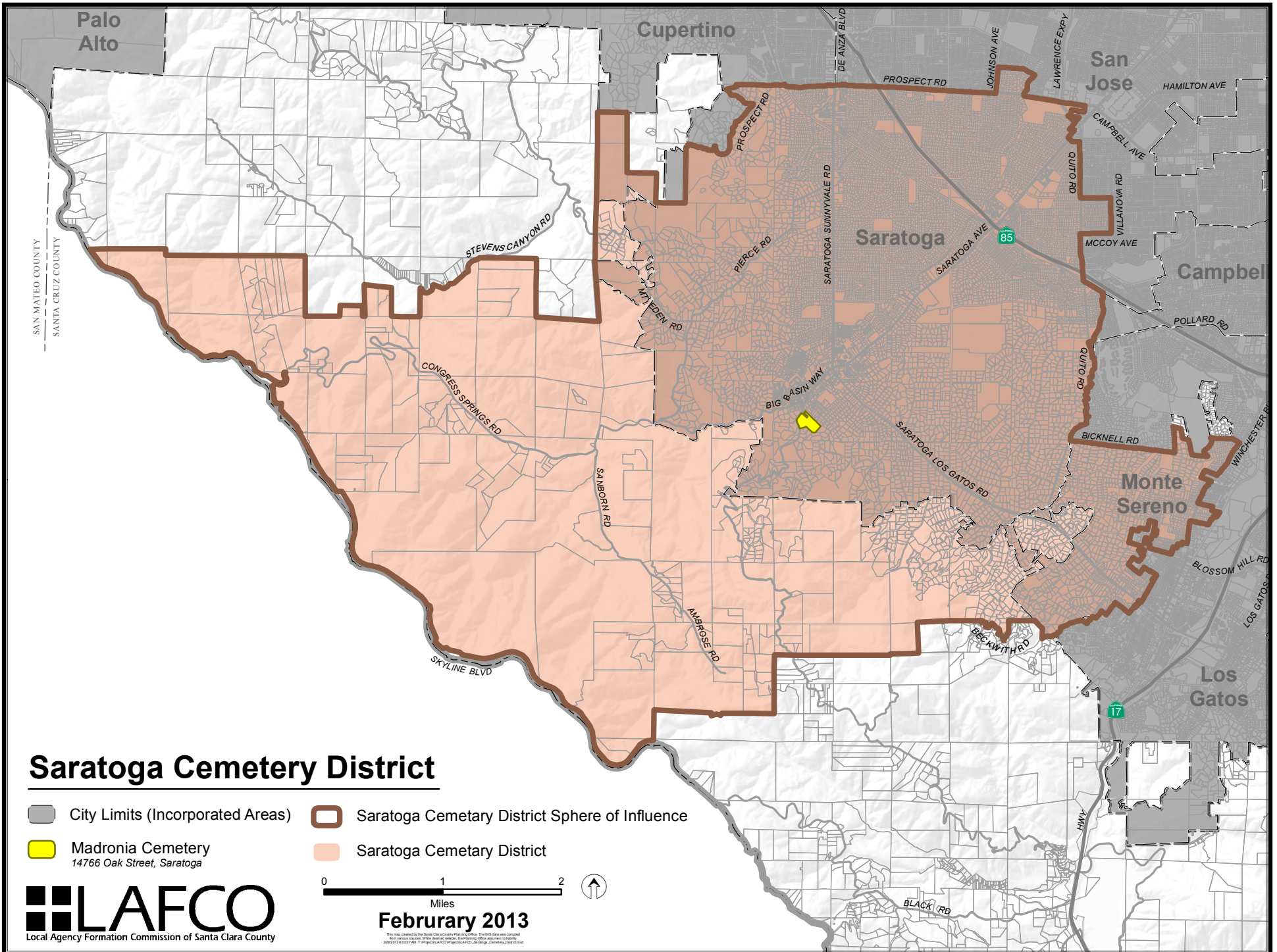
The Saratoga Cemetery District does not have any contracts with public agencies for service delivery at the cemetery.

Collaboration

The Saratoga Cemetery District does not collaborate with other public agencies in the delivery of cemetery services.

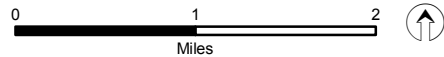
Overlapping and Neighboring Providers

Other providers of cemetery services that tend to overlap with cemetery districts are cemeteries associated with certain churches and private owners of cemeteries. In the case of SCD, there are no other cemetery facilities located within the District's bounds. The nearest cemetery facility is the privately-owned Los Gatos Memorial Park in Los Gatos. The Los Gatos Memorial Park is within the nearby vicinity of the District's bounds, and most likely serves some overlapping territory with SCD.



# Saratoga Cemetery District

- City Limits (Incorporated Areas)
- Saratoga Cemetery District Sphere of Influence
- Madronia Cemetery  
14766 Oak Street, Saratoga
- Saratoga Cemetery District



February 2013

This map was prepared by the Santa Clara County Planning Division. The GIS data was provided by the Santa Clara County Planning Division. Other information was provided by the Santa Clara County Planning Division. All rights reserved. 2013. 02/13/13 10:00 AM P:\Projects\GIS\2013\Map\Map\_Saratoga\_Cemetery\_2013.mxd



## ACCOUNTABILITY AND GOVERNANCE

SCD is governed by a five-member Board of Trustees. The County Board of Supervisors appoints all members of the Board, as required in California State Health and Safety Code §9021. The term of office for each member of the Board of Trustees is four years, with a three-term limit. The current member names, positions, and term expiration dates are presented in Figure 4-2.

**Figure 4-2: SCD Governing Body**

Saratoga Cemetery District					
<i>District Contact Information</i>					
<b>Contact:</b>	Gary Reed, General Manager				
<b>Address:</b>	14766 Oak Street, Saratoga, CA 95070				
<b>Telephone:</b>	408-867-3717				
<b>Email:</b>	<a href="mailto:saratogacemetery@sbcglobal.net">saratogacemetery@sbcglobal.net</a>				
<b>Website:</b>	<a href="http://www.madroniacemetery.com/">http://www.madroniacemetery.com/</a>				
<i>Board of Trustees</i>					
Member Name	Position	Began Serving	Term Expires	Manner of Selection	Length of Term
Judy Johnstone	Trustee	May 2008	December 2013	Appointed	4 years
Vicky Bosworth	Chairperson	May 2008	December 2013	Appointed	4 years
James Nunn	Vice Chair	October 2010	December 2013	Appointed	4 years
Debra Cummins	Finance Officer	May 2011	December 2014	Appointed	4 years
Wayne McIntyre	Trustee	November 2012	December 2016	Appointed	4 years
<i>Meetings</i>					
<b>Date:</b>	Wednesdays at 5:00 pm (4 <sup>th</sup> Wednesday of each month)				
<b>Location:</b>	Faculty Lounge, Oak Street School, 14592 Oak Street, Saratoga				
<b>Agenda Distribution:</b>	Posted online and at the District office				
<b>Minutes Distribution:</b>	Posted online and at the District office				

In the case of SCD, the District functions entirely within County Supervisorial District 5; consequently, the District 5 Supervisor is responsible for nominating appointees to the District and making a recommendation for appointment to the full Board of Supervisors.<sup>48</sup> While not formalized in a resolution or adopted policies, the process for soliciting members of SCD's Board of Trustees generally involves posting the vacancy on the County's website, district residents visiting the County's website and completing the appropriate application online. The process by which applications are solicited and interviews are conducted is entirely up to the responsible supervisor. There are no formal policies defining how openings are to be announced, how long the application period should be open, and the manner for interviews, etc. Because the District's board is entirely appointed and does not

<sup>48</sup> Resolution of the Board of Supervisors of the County of Santa Clara Relating to the Appointment Process for Districts and Committees Which Function Only within One Supervisorial District, adopted May 20, 2003.

conduct elections, the Registrar of Voters does not track the composition of the Board and term expiration dates and this information is not made available on the County’s website.

The Board of Trustees meets on the fourth Wednesday of each month at the Oak Street School. Each Trustee receives a stipend of \$100 for each meeting attended, with a maximum of four meetings per month. Government Code §53235 requires that if a district provides compensation or reimbursement of expenses to its board members, the board members must receive two hours of training in ethics at least once every two years and the district has to establish a written policy on reimbursements. SCD is up-to-date on its biennial ethics training. The District has appropriately adopted a policy on expense reimbursements.

Meeting agendas are posted, the Friday before the meeting, on a bulletin board outside the district office, and published online on the District’s website. The agenda is also mailed to members of the public who have requested notification. Meeting minutes are also posted on the District’s website after adopting at the subsequent Board meeting. The District conducts constituent outreach in addition to legally required agenda posting via its website. The District’s website provides information on the services provided by the District, including its policies, a fee schedule, a map of the cemetery, annual financial reports for FYs 09-12, a management report for 2010, and a development plan for an undeveloped portion of the cemetery.

The Board of Trustees have adopted policies and administrative regulations in lieu of bylaws. These policies and regulations have not been compiled into a single document that is available on the District’s website as they are voluminous in nature. Pertinent policies and regulations are available on the District’s website.

Government Code §87203 requires persons that hold office to disclose their investments, their interests in real property and their income, and file these forms with the Fair Political Practices Commission upon taking and leaving a position, as well as every year prior to April 1. All members of the Board of Trustees have filed the Form 700 Statement of Economic Interest forms in 2012.

## MANAGEMENT AND STAFFING

The District’s Board of Trustees is responsible for governing the District, while a general manager oversees the day-to-day operations and supervises an assistant manager and office manager. The District has three employees as shown in Figure 4-3.

**Figure 4-3: Number of Authorized Positions for the Cemetery District, FY 13**

Title	Number of Authorized Positions
General Manager	1
Assistant Manager	0.6
Office Manager	0.6
<b>TOTAL</b>	<b>2.25</b>

Source: Cemetery District General Manager

SCD retains private firms or individuals for legal services and ground maintenance. Anthony Condotti of Atchison, Barisone, Condotti and Kovacevich provides legal services when necessary. A contractor provides landscape maintenance and interment services. Additionally, the District has retained a certified public accountant to prepare the annual financial reports and annual financial transaction reports, as required by the State Controller under Government Code Section §53891. The District has contracts with the landscape/interment contractor and the accountant. Legal services are provided without a formal contract between the firm and the District.

The District has not adopted long-range plans or specific performance measures, but the Board has strategic goals with time frames for completing those goals. There are also annual performance evaluations for employees. Additionally, the District has adopted a mission statement, which states: “The Saratoga Cemetery District is a public, partially-tax supported special district, which maintains and operates Madronia Cemetery in order to provide for the interment needs of the district residents in perpetuity, while being respectful of the community, the history, and environment.”

Other documents that the District uses to guide efforts and services include the annually adopted budget and a development plan for an undeveloped portion of the cemetery. The board adopted a budget for FY 13 in June 2012. The budget is not available on the District’s website.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor’s office. The County has reported that in recent years, it has not been the practice for special districts to file their budgets with the County. However, SCD has appropriately submitted its budget for the most recent fiscal year.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the close of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.<sup>49</sup> The District’s annual audit is prepared by the same certified public accountant that prepares the District’s annual financial transaction reports. The District has filed their annual audits with the County. These audits are prepared annually for the District. The most recent audit prepared by the District was in September 2012 for fiscal year 2012.

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<sup>49</sup> Government Code §26909.

## POPULATION AND PROJECTED GROWTH

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### Land Uses

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The District encompasses the Cities of Monte Sereno and Saratoga and unincorporated areas within the County. The area contains a wide range of land uses, including residential uses, and large areas of hillside and open space uses.

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### Current Population

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As of 2010, the District had a population of approximately 34,671 residents, based on GIS analysis of 2010 Census data. Of the District's population, approximately 86 percent reside in the City of Saratoga and 10 percent in the City of Monte Sereno, while the remaining four percent live in the unincorporated area of the District.

#### *Disadvantaged Unincorporated Communities*

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.<sup>50</sup>

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. However, the DWR data can be used for the purposes of this report as an indicator of any larger communities that may meet the income definition of disadvantaged. Based on mapping information from DWR, there are no disadvantaged unincorporated communities within or adjacent to SCD.<sup>51</sup>

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### Projected Growth

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While population projections specific to the District are not available, future population may be imputed from the Association of Bay Area Government's (ABAG) projections for the Cities of Saratoga and Monte Sereno and the unincorporated area. ABAG projects that the population of Saratoga remains unchanged between 2010 and 2035. The City of Monte

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<sup>50</sup> Government Code §56033.5.

<sup>51</sup> DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) and are compiled for the five-year period 2006-2010.

Sereno is anticipated to experience growth of approximately six percent over that same time period, while unincorporated areas are anticipated to grow by 19 percent. Should each area within SCD experience growth as projected by ABAG, then the District is anticipated to have overall growth of one percent over the 25-year period with a population of 35,138 in 2035.

## FINANCING

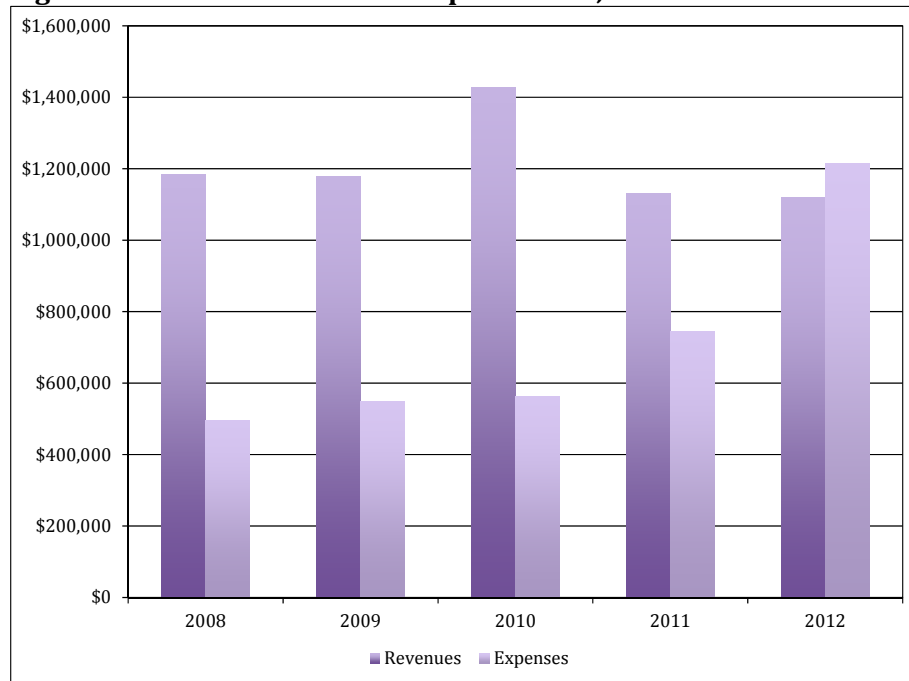
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### Financial Adequacy

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The District reported that the current level of financing is adequate to provide services. The revenue for the Cemetery District exceeded expenditures in four of the past five fiscal years (2008–2012), as shown in Figure 4-4. In FY 10, the District experienced a record number of interments, which caused revenues to peak that year. In FYs 11 and 12, the number of burials and associated revenues returned to previous levels. In FY 12, the District made planned capital investments, causing expenditures to exceed revenues in that year. These capital outlay expenditures were used primarily for the development of two acres of the cemetery for burial plots.

**Figure 4-4: SCD Revenues and Expenditures, FYs 08–12**



Source: FYs 2008 through FY 2012 annual financial reports

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### Revenue Sources

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In FY 12, the Cemetery District received \$1,119,884 in revenue from the sources depicted in Figure 4-5. The primary source of revenue for the Cemetery District is property taxes (58 percent). Sales and charges for service are 23 percent of revenues. The remaining

revenue is investment income derived from interest on investments, endowment fees, and miscellaneous revenue sources.

**Figure 4-5: SCD Revenue Sources, FY 12**

Revenue Category	Revenue	% of Total Revenue
Property Taxes	\$645,537	58%
Intergovernmental	\$4,314	0%
Charges for Service	\$261,019	23%
Investment Income	\$147,936	13%
Endowment Care	\$28,146	3%
Other Revenue	\$32,932	3%
<b>Total</b>	<b>\$1,119,884</b>	<b>100%</b>

Source: Saratoga Cemetery District CAFR, FY 12

### Rates

SCD reviews its prices and adjusts its rates annually. The rates were most recently updated effective August 2012. All rates are available on the District's website.

Rates for a full-sized grave site range from \$2,000 to \$5,000, and half graves range from \$1,000 to \$2,500. These rates depend on on the type of marker used (raised or flat) and the location of the plot within the cemetery. Niches for cremated remains range from \$1,200 to \$1,850, depending on the type of niche (bronze or granite) and the height of the niche. Each customer must pay an endowment fee, which is contingent on the price of the grave site. Endowment fees for grave sites range from \$175 for a half-sized site with a flat marker to \$650 for a full-sized grave with a raised monument. The endowment fee for the cremation niches is \$300 regardless of the type of niches purchased. In addition to these rates and fees, the District also charge for opening and closing of the site and for other related items, such as vaults.

Non-resident fees apply to anyone who is eligible for burial, but was not a resident or taxpayer of the District at the time of death. The amount of the non-resident fee varies depending on resident status (i.e., resident, former resident, non-resident) at the time of death and the type of service (i.e., full burial or cremation interment).

A comparison of rates was conducted by the Funeral Education Foundation—a non-profit corporation located in Palo Alto—of the cemeteries in Santa Clara and San Mateo Counties. The organization fields inquiries from families needing help in planning funerals. This survey was conducted in 2008 and consisted of responses by 11 cemeteries in Santa Clara County. The rates charged by SCD, at that time, were second lowest for a single full-grave site, and just below the median charged by all respondents for opening and closing graves and cremation niches.<sup>52</sup>

<sup>52</sup> Funeral Education Foundation, Cemetery Survey, 2008.

A review of current rates offered by a few private cemetery providers in the area shows that the District’s rates continue to be lower than other non-public providers. While SCD charges \$2,000 for its cheapest full-grave plot, an informal survey of three other private providers shows that the cheapest full-grave sites range from \$4,400 to \$6,615, which is more than double SCD’s rates.<sup>53</sup>

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## Expenditures

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Total district expenditures in FY 12 were \$1.2 million. Expenses in that year were unusually high, as the District had significant planned capital outlays, which comprised 61 percent of total expenditures. These capital expenditures were paid for out of the District’s Land Acquisition and Capital Improvements Fund. In the previous four fiscal years, capital expenditures were minimal, and expenses consisted predominantly of services and supplies and salaries and benefits. Figure 4-6 presents a breakdown of district expenditures in FY 12.

**Figure 4-6: SCD Expenditures, FY 12**

Expenditure Category	Expenditures	% of Total Expenditures
Salaries and Benefits	\$204,443	17%
Services & Supplies	\$265,274	22%
Capital Outlay	\$744,396	61%
<b>Total</b>	<b>\$1,214,113</b>	<b>100%</b>

Source: Saratoga Cemetery District FY 2012 CAFR

In FY 13, SCD expenditures are anticipated to return to previous levels. The District has budgeted for \$515,884 in expenditures during the year, of which 45 percent is anticipated to be used for salaries and benefits, 53 percent for operations, and two percent will be dedicated for reserves.

### Capital Outlays

SCD does not have a formal written five-year capital improvement plan; however, the District does plan ahead for major capital outlays by saving for anticipated projects in a dedicated capital fund and has developed an informal list of projects the District would like to accomplish over the next several fiscal years.

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## Reserves

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The District has not adopted any formal written policies and procedures regarding the purpose, use or the amount of reserves to maintained. SCD maintains three separate funds, including the General Fund for operating expenditures, the Capital Project/Land

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<sup>53</sup> Rates of other providers as reported via a phone conversation. Rates were reported as follows: Los Gatos Memorial Park - \$4,400, Alta Mesa - \$6,615, Oak Hill - \$5,195.

Acquisition Fund for capital improvements and land purchases, and the Endowment Fund to provide for the upkeep of the cemetery when other sources of funding have ceased or the cemetery is no longer operating. At the end of FY 12, the General Fund had an unrestricted fund balance of \$441,862, which is equivalent to 36 percent of FY 12 expenditures. In the same year, the Capital Project/Land Acquisition Fund had an ending balance of \$3,089,747, of which the entire balance was reserved for future capital projects.

Cemetery districts are required to establish an endowment care fund and may only use the interest of the fund to finance the care of the facilities.<sup>54</sup> SCD's Endowment Fund had a balance of \$2,237,864 at the end of FY 12. In that year, the District had interest income of \$65,023 on its Endowment Fund, which it could use for maintenance of the facilities; however, no expenditures were made from this fund in FY 12. The District's current endowment fee, which is charged on each burial, exceeds the endowment fee required by the District's principal act.<sup>55</sup> However, the total Endowment Fund necessary for a cemetery to guarantee continued maintenance depends largely on the endowment fee collected, the number of years that the cemetery will continue burial operations, over which period the endowment fund may continue to grow, as well as the expected life span of large capital assets. It is recommended that the District conduct an analysis of its endowment fee, the anticipated growth of its Endowment Fund until the cemetery has reached capacity, and a long-term capital needs assessment, for the period after the cemetery is full, to ensure that the fees are sufficient to meet the future needs of the cemetery.

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## Debt

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SCD did not have any long-term debt at the end of FY 12.

## INFRASTRUCTURE AND FACILITIES

The District owns one cemetery—Madronia Cemetery—located at 14766 Oak Street in Saratoga. This cemetery is the District's sole asset. The cemetery is 12.5 acres, of which a total of 10.5 acres of the cemetery have been developed, and two acres remain undeveloped. (A developed area has lawn, which is irrigated, and is laid out for sale and burial.)

At the current rate of sales, the District estimates that it has sufficient grave sites to handle demand for the next 43 to 50 years before reaching maximum capacity. The number of available grave sites by type are shown in Figure 4-7 and discussed in more detail below.

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<sup>54</sup> Health and Safety Code §9065.

<sup>55</sup> Health and Safety Code §8738.



**Figure 4-7: SCD Available Grave Sites**

	Total Available	Sold but Unused	Unsold and unused
Full grave	5,665	1,733	3,892
Half grave	465	110	355
Cremation Niche	393	113	280

Full-grave sites are for casket internments. It is unknown how many used full-grave sites the Madronia Cemetery has. At present, approximately 5,665 sites are not occupied. Of these grave sites 1,733 are sold but currently unused, 941 are unused and unsold and in developed areas, and 2,951 are unsold, unused, and are in undeveloped areas. A majority of available grave sites (52 percent) are in areas that will be developed in the future.

It is unknown how many full half-grave sites the cemetery has. These half-grave sites are for cremation interments. There are approximately 465 unused half graves, which includes 110 that are sold and 355 that are unsold. Of the unsold sites, 184 or 52 percent are in developed areas, while the remaining 171 are in undeveloped areas.

The cemetery has a columbarium with niches where urns containing cremated remains are placed. The columbarium has 393 unused niches—113 sold niches and 280 available for sale.

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## Infrastructure Needs

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SCD has developed a list of projects to be completed over the next several years. In FY 13, the District plans to focus on construction of screening for the water well and updating the hardware and software for the District's computer system. In subsequent years, the District has planned for the following improvements: fixing the storage shed door; creating a scattering garden for cremations; planting trees in the back of the cemetery; replacing the dying magnolia trees; renovating the general manager's building; developing perimeter fencing; and screening a few areas of the cemetery.

Besides these structural and capital improvements, some long-term goals of the District include remodeling the existing buildings, reusing the old Madronia Cemetery sign, and creating a cenotaph with pump shelter.

The cemetery and associated buildings, while reflective of their age, appear to be reasonably maintained. No critical deferred maintenance issues were identified over the course of this review.

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## Shared Facilities

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SCD does not share any facilities with other agencies or organizations.

## DEMAND FOR SERVICES

Demand for cemetery services is indicated by the number of burials in any given year, as well as the number of annual sales for grave sites.

Over the past 10-year period, the District has experienced an overall increase in the number of annual burials from 97 burials in FY 03 to 125 in FY 12, which is equivalent to an increase of 29 percent over that period. Also during that period, there has been a gradual trend in favor of cremation burials as opposed to full-body burials. Figure 4-8 presents 10-year interment trend data for the Madronia Cemetery.

**Figure 4-8: SCD Interments, FY 03-12**

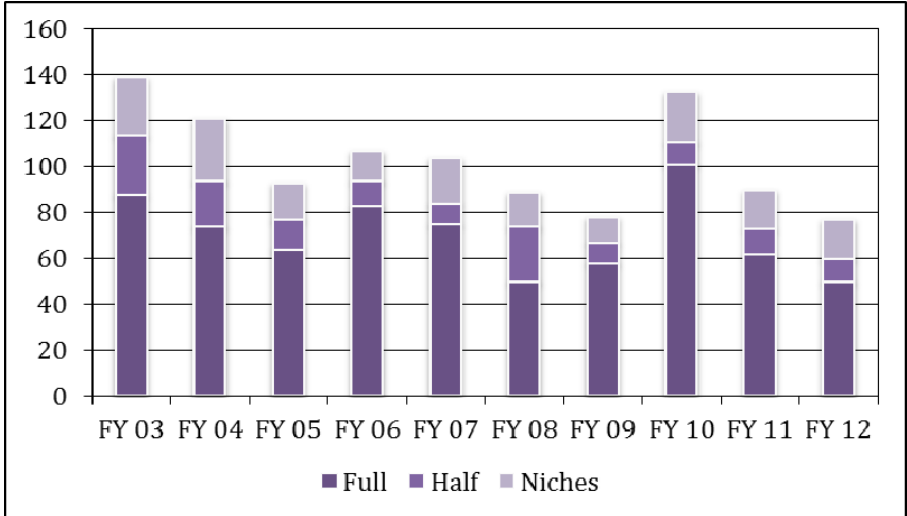
Fiscal Year	Number of Burials By Type			Total Burials
	Full Burials	Cremation Burials	Niche Burials	
FY 03	50	32	15	97
FY 04	53	41	14	108
FY 05	53	36	17	106
FY 06	62	34	15	111
FY 07	64	29	16	109
FY 08	45	45	24	114
FY 09	57	39	15	111
FY 10	69	40	29	138
FY 11	62	43	19	124
FY 12	61	42	22	125
<b>Annual Average</b>	<b>57.60</b>	<b>38.10</b>	<b>18.60</b>	<b>114.30</b>

Source: Saratoga Cemetery District, Interment Statistics, June 30, 2012.

The Madronia Cemetery appears to be the primary cemetery choice for people in the area. There were approximately 175 deaths within the District's bounds, based on Santa Clara County's death rate of 0.05 percent in 2010.<sup>56</sup> In that same year, there were 138 burials in Madronia Cemetery, of which 99 were residents and 39 were eligible non-residents. In that particular year, it appears that approximately 57 percent of potential customers chose Madronia Cemetery. Contrary to the District's burial trend, there has been an overall decline in grave site sales over the same 10-year period. The District went from a total of 139 sales of grave sites and niches in FY 03 to 77 sales in FY 12. This is attributable to the use of pre-sold sites in previous years. Figure 4-9 presents number of sales by type for Madronia Cemetery for the past 10 fiscal years.

<sup>56</sup> California Department of Public Health, Death Statistical Data Table 5-16: Deaths by Year of Death, California Counties, 2001-2010. 2011.

**Figure 4-9: Sales by Type, FYs 03-12**



Source: Saratoga Cemetery District, Sales Statistics, June 30, 2012.

### GOVERNANCE STRUCTURE OPTIONS

No governance structure options were identified with regard to SCD.

## SARATOGA CEMETERY DISTRICT SERVICE REVIEW DETERMINATIONS

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### Growth and Population Projections

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- ❖ Saratoga Cemetery District's (SCD) population is approximately 34,671 people, based on GIS analysis of 2010 Census data.
- ❖ Should each area within SCD experience growth as projected by ABAG, then the District is anticipated to have a population of approximately 35,138 in 2035.

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### Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

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- ❖ There are no disadvantaged unincorporated communities within or adjacent to the District, based on mapping information provided by the State of California Department of Water Resources.

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### Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

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- ❖ At the current rate of sales, the District estimates that it has sufficient space for burials for the next 43 to 50 years.
- ❖ The District appropriately meets all standards required by its principal act.
- ❖ There are certain improvements that could be made to operations, including long-term financial planning in the form of a rate study and adoption of a reserve fund policy.
- ❖ The cemetery and associated buildings, while reflective of their age, appear to be reasonably maintained. No critical deferred maintenance issues were identified over the course of this review.
- ❖ SCD has developed a list of projects to be completed over the next several years. In FY 13, the District plans to focus on construction of screening for the water well and updating the hardware and software for the District's computer system. In subsequent years, the District plans to fix the storage shed door; create a scattering garden for cremations; plant trees in the back of the cemetery; replace the dying magnolia trees; renovate the general manager's building; develop perimeter fencing; and screen a few areas of the cemetery.

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## Financial Ability of Agency to Provide Services

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- ❖ While rates are low compared to other providers, district funding appears to be sufficient to meet the agency's existing operational and capital needs, which allows the SCD to provide an adequate level of service.
- ❖ The revenue for the District exceeded expenditures in four of the past five fiscal years. In FY 12, the District made planned capital investments, causing expenditures to exceed revenues in that year.
- ❖ Compared to other service providers in the County, the District charges some of the lowest rates, particularly in comparison to private providers. It is recommended that the District conduct a rate study, taking into consideration long-term capital improvement needs, to ensure that rates, in particular endowment fees, are set at levels to ensure care of the facility in perpetuity.
- ❖ SCD maintained a healthy cash balance in its general fund to finance approximately four months of district operations should the need arise. Additionally, the District maintains a significant Capital Project/Land Acquisition reserve fund balance to fund any future capital needs, as well as purchase additional property that meets the particular needs of the District should the opportunity arise.
- ❖ The District has established an Endowment Reserve, as required by the State to provide for the upkeep of the cemetery when other sources of funding have ceased or the cemetery is no longer operating. Of the Endowment Reserve, the District may only make use of the interest earnings for maintenance of the facility. The District made no expenditures from this fund in FY 12. The District should conduct a formal review of the adequacy of the endowment care fund to determine if the fund balance will be sufficient to provide perpetual care to the cemetery facilities once it has reached maximum capacity, and adopt appropriate and prudent fees based upon that review.

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## Status and Opportunities for Shared Facilities

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- ❖ The District does not share any facilities with any other agencies or organizations. No opportunities for facility sharing with other public agencies were identified.

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## Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

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- ❖ The District generally demonstrated accountability and transparency with regard to governance by adopting a mission statement, adopting an annual budget prior to the start of the fiscal year, publishing agendas for public meetings as legally required, filing of Form 700 Statement of Economic Interest and completion of ethics training

by all board members, and by maintaining a website where information is made available to the public.

- ❖ Improvements could be made to the District's operations in order to enhance accountability and transparency. The District should make available on its website its comprehensive policies and administrative regulations.

## SARATOGA CEMETERY DISTRICT SPHERE OF INFLUENCE UPDATE

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### Existing Sphere of Influence Boundary

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SCD's SOI is presently coterminous with its bounds.

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### Recommended Sphere of Influence Boundary

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It is recommended that LAFCO reaffirm the District's coterminous SOI.

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### Proposed Sphere of Influence Determinations

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#### *The nature, location, extent, functions, and classes of services provided*

- ❖ The District provides cemetery plots, burials, and maintenance of grounds for the residents and taxpayers of the District at the Madronia Cemetery. Services that the District provides includes sale of full-burial sites, half-burial sites for cremated remains, and niches within a columbarium also for cremated remains; opening and closing of the burial sites; and sale of the required vaults for both cremation and full-casket in-ground burials, as well as setting markers of different types.
- ❖ SCD provides interments to property owners and residents of the District. Additionally, some former residents and residents' relatives are eligible for burial.

#### *Present and planned land uses in the area, including agricultural and open-space lands*

- ❖ The District encompasses the Cities of Monte Sereno and Saratoga and unincorporated areas within the County. The area contains a wide range of land uses, including residential uses, and large areas of hillside and open space uses.
- ❖ While the District's bounds and proposed SOI do include some agricultural and open space lands, the proposed SOI is not anticipated to impact these lands.

#### *Present and probable need for public facilities and services in the area*

- ❖ Approximately, 57 percent of potential resident customers chose the District's cemetery facilities. Given the lack of other nearby public cemetery options, demand for the District's services is anticipated to endure.
- ❖ Over the past 10-year period, the District experienced an overall increase in the number of annual burials, equivalent to an increase of 29 percent between FY 02 and FY 12. Also during that period, there has been a gradual trend in favor of cremation burials as opposed to full-body burials.

- ❖ The District is anticipated to have overall growth of one percent over the 25-year period from 2010 to 2035. This increase in population is anticipated to have a minimal impact on demand for the District's services.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

- ❖ At the current rate of sales, the District estimates that it has sufficient space for burials for the next 43 to 50 years.
- ❖ The District appropriately meets all standards required by its principal act.
- ❖ There are certain improvements that could be made to operations, including long-term financial planning in the form of a rate study, and adoption of a reserve fund policy.
- ❖ The cemetery and associated buildings, while reflective of their age, appear to be reasonably maintained. No critical deferred maintenance issues were identified over the course of this review.

Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

- ❖ The District encompasses a majority of the social and economic communities of the Cities of Saratoga and Monte Sereno. The City of Saratoga is considered a divided community of interest given that two small incorporated areas extend outside of the District's bounds.



## **5. SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT**

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### **AGENCY OVERVIEW**

South Santa Clara Valley Memorial District (SSCVMD) was formed on August 26, 1946 as an independent special district. The District owns and operates a memorial hall located in the City of Gilroy. The maintenance and operation of this building and property is the sole service provided by the District. A service review for the District was last conducted in 2006.

Memorial districts are formed under, and operate pursuant to the provisions of Division 6, Chapter 1 of the Military and Veterans Code of the State of California (§1170 et seq.). Through the principal act, memorial districts are empowered to provide and maintain memorial halls, buildings, and other recreation facilities for use by veteran as well as non-veteran individuals and organizations. Districts must apply and obtain LAFCO approval to exercise services authorized by the principal act but not already provided (i.e., latent powers) by the district at the end of 2000.<sup>57</sup>

There are 27 memorial districts in California.<sup>58</sup> Fourteen of these memorial districts are located in Tulare County, and six in Calaveras County. No other county in the State has more than two memorial districts. SSCVMD is the only district of its type in Santa Clara County.

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### **Boundaries**

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SSCVMD's boundaries include the City of Gilroy and surrounding unincorporated lands. It is bounded on the north by Church Avenue, and on the east, west and south, it extends to the Santa Clara County line. The District encompasses 311.3 square miles.

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### **Sphere of Influence**

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The sphere of influence of SSCVMD is coterminous with its boundaries.

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<sup>57</sup> Government Code §56824.10.

<sup>58</sup> California State Controller *Special Districts Annual Report Fiscal Year 2009 – 2010*.

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## Type and Extent of Services

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### Services Provided

The Memorial District owns, operates, and maintains a memorial hall for the use of veterans and other members of the public.

Three veterans groups use the memorial hall for meetings. These groups include the American Legion Post 217, the Veterans of Foreign War Post 6309, and the Gilroy Chapter of the Ladies' Auxiliary of Veterans of Foreign War Post 6309. These veterans groups are described below.

- ❖ The American Legion is a patriotic veterans organization that focuses on service to veterans, service members, and communities. The mission of the American Legion is to mentor youth and sponsor programs in communities, advocate patriotism and honor, promote strong national security, and promote programs that benefit service members and veterans. The American Legion currently has about 2.4 million members in 14,000 posts worldwide. American Legion Post 217 has 341 members.
- ❖ The Veterans of Foreign Wars traces its roots back to 1899. The mission of the Veterans of Foreign Wars is to foster camaraderie among veterans of overseas conflicts; to serve veterans, the military, and communities; and to advocate on behalf of all veterans. There are a total of 2.1 million members of the Veterans of Foreign Wars. Post 6309 has 237 members.
- ❖ The Ladies Auxiliary of the Veterans of Foreign Wars was established in 1914. It has 555,000 members. The mission of the Ladies Auxiliary of the Veterans of Foreign Wars is to serve veterans and their families, promote pride in America, teach young people about the cost of freedom, and serve the community. Services include support services for veterans and their family and volunteering in hospitals and outpatient facilities. The Ladies Auxiliary of Post 6309 has 38 members.

A number of different types of meetings and events are held at the memorial hall by these groups as well as the public. Meetings and events range from funeral and memorial services for veterans to community events such as a Memorial Day barbecue and a Veterans Day breakfast. These events are hosted by individuals or one of the mentioned organizations. The Memorial Day barbecue, the Veterans Day breakfast, and weekly bingo are hosted by the Veterans of Foreign War. Additionally, the Veterans of Foreign War and the American Legion each use the memorial hall for bi-monthly standing meetings.

The memorial hall includes a bar, which is operated and managed by the Bar Council—a separate body from SSCVMD composed of two members from each of the Veterans of Foreign Wars and the American Legion organizations. The Bar Council reports to its member organizations, and revenues from the bar operations are shared between the two groups. The bar is open from 8:00 am to 6:30 pm daily. Bar operations are discussed in more depth in the Financing Section of this chapter.

Service Area

Members of the groups that make use of the District's facility reside both within and outside the District's bounds. Non-residents come from the neighboring unincorporated area of San Martin, the City of Morgan Hill, and City of San Jose, but can also come from as far as outside the State. Approximately 60 percent of the American Legion Post 217 members reside within the District. Of the members of the Veterans of Foreign Wars Post 6309, 55 percent reside within the District. Approximately 89 percent of the Ladies Auxiliary reside within the District's bounds.

Services to Other Agencies

The District does not have any contracts to provide services to other public agencies.

Contracts for Service

The District does not have any contracts with other public agencies for service delivery at the memorial hall.

Collaboration

The District collaborates with the above mentioned veterans groups to coordinate services and events at its facility.

Overlapping and Neighboring Service Providers

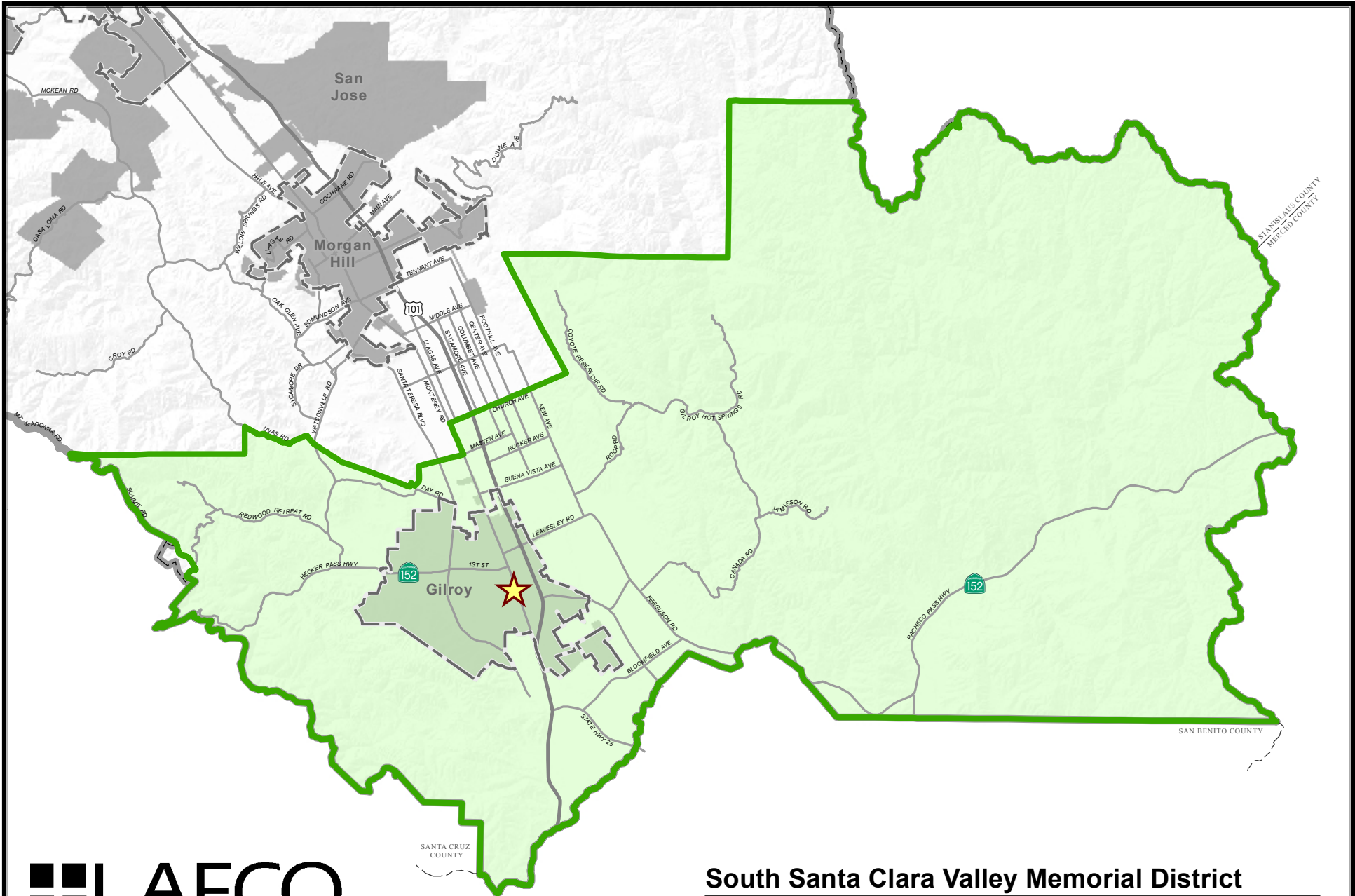
Various agencies and organizations provide services to veterans within the southern region of Santa Clara County.

A mobile veterans center provides services, once a month, at Gavilan College in Gilroy. The center is based out of the United States Veterans Affairs office in Santa Cruz. The center provides a range of readjustment counseling services to veterans.

There is also a counselor from the United States Department of Veterans Affairs available to veterans every other Monday at the work2future One-Stop Center in Gilroy. The work2Future program is funded and operated by the City of San Jose, and offers services and resources that help job seekers obtain the skills and training they need to find a job, assist businesses in meeting their workforce and economic development needs, and enable youth to jump-start their career.

The Santa Clara County Office of Veterans Services provides veteran's services at the San Jose Veterans Center. These services include counseling, outreach, and referral services to eligible veterans in order to help them readjust to civilian life. The Santa Clara County Office of Veterans Services also advocates for veterans, provides case management services for veterans, files claims on behalf of veterans with the United States Department of Veteran Affairs, provides veterans with information and referrals, processes appeals by

veterans to the United States Department of Veteran Affairs, interfaces with other organizations, and provides in-home visitation.



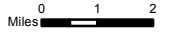
### South Santa Clara Valley Memorial District

-  Cities Urban Service Areas
-  City Limits (Incorporated Areas)
-  Memorial Hall  
74 West Sixth Street, Gilroy
-  South Santa Clara Valley Memorial District Sphere of Influence
-  South Santa Clara Valley Memorial District



This map created by the Santa Clara County Planning Office. The GIS data was compiled from various sources. While deemed reliable, the Planning Office assumes no liability.

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February 2013

## ACCOUNTABILITY AND GOVERNANCE

SSCVMD is managed and governed by a five-member Board of Directors. At least three of the five seats on the District's Board are designated for veterans as required by Military and Veterans Code §1197. Board members are elected to four-year terms of office. There are no term limits. The County Board of Supervisors appoints members to the district Board if elections are uncontested or if there are no candidates for election. The County Board of Supervisors has appointed all of the current board members. No elections for the District board have been held for at least the last ten years, according to the Registrar of Voters. As the four-year terms of office of incumbent Board members expire, existing members are generally re-appointed, or if the member does not desire to serve any longer, then new members are appointed by the County Board of Supervisors, in lieu of an election. This reflects a lack of candidate and resident interest in the District's activities and governance, perhaps due to a lack of outreach to area residents.

Prior to an election (in an election year), the County Registrar of Voters publishes a legal notice in a local newspaper of the District's choice to announce any upcoming board terms that are expiring. Any persons interested in running for the position (incumbent or otherwise), must file with the County Registrar of Voters. If no more than one person is running for each available position, then the Board of Supervisors can consolidate the election and appoint individuals without conducting the election. If no one runs for a position, then the Board of Supervisors is empowered to appoint any person to the office who is qualified on the date when the election would have been held.<sup>59</sup>

The process for appointment by the Board of Supervisors differs by district. While not formalized in a resolution or adopted policies, the District's Board of Directors conducts solicitation and review of applicants and then makes a recommendation to the County Board of Supervisors for appointment. There are no formal policies or standardized procedures on the part of the District nor the Board of Supervisors defining how openings are to be announced, how long the application period should be open, and the manner for interviews, etc. It appears that the District has not come to the Board of Supervisors for appointment of two of the members sitting on the board, and instead has seated the members. The District then had the members appointed by the Board of Supervisors during the next consolidated election.

Upon appointment by the Board of Supervisors, it is unclear where the responsibility lies regarding reporting the Board of Supervisor's decision back to the Registrar of Voters, whether it's the District or the Clerk of the Board. In the case of SSCVMD, the Registrar of Voters has not been able to maintain up-to-date information on the board members and their respective term expiration dates, and the District was unable to provide the correct term expiration dates for each of the board members. There appears to be an opportunity for improvement to this process, to ensure that all interested parties (the District, the

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<sup>59</sup> Elec. Code, § 10515(a).

public, the Clerk of the Board, and the Registrar of Voters) can readily identify the existing governing body of the District and respective term expiration dates.

The current Board member names, positions, and term expiration dates are presented in Figure 5-2.

**Figure 5-2:SSCVMD Governing Body**

<b>South Santa Clara Valley Memorial District</b>					
<i>District Contact Information</i>					
<b>Contact:</b>	Gabriel Perez, Board President				
<b>Address:</b>	74 West 6th St., Gilroy, CA 95020				
<b>Telephone:</b>	408-710-3482				
<b>E-mail:</b>	<a href="mailto:suefullington@msn.com">suefullington@msn.com</a>				
<b>Website:</b>	The District does not have a website				
<i>Board of Directors</i>					
<b>Member Name</b>	<b>Position</b>	<b>Began Serving</b> (reported by District)	<b>Current Term Expires</b>	<b>Manner of Selection</b>	<b>Length of Term</b>
Nicolas Marquez	Director	2008	2015	Appointed	4 years
Phil Garcia	Director	2011	Not Provided <sup>1</sup>	Appointed	4 years
Gabriel Perez	President	2007	2013	Appointed	4 years
John Ceballos	Director	2010	Not Provided <sup>1</sup>	Appointed	4 years
Ray Sanchez	Director	2010	2015	Appointed	4 years
<i>Meetings</i>					
<b>Date:</b>	Wednesdays at 7:00 pm (3 <sup>rd</sup> Wednesday of each month)				
<b>Location:</b>	Gilroy Memorial Hall 74 W. 6 <sup>th</sup> St., Gilroy				
<b>Agenda Distribution:</b>	Filed in a binder located in the front lobby of the memorial hall				
<b>Minutes Distribution:</b>	Filed in a binder located in the front lobby of the memorial hall				
<b>Notes: 1) When a previous board member (David Roderiguez) left office, Ray Sanchez was appointed by the District's Board to fill the position, which expired in 2013. However, Ray Sanchez filed with the County Registrar of Voters when he was notified differently that his position was expiring in 2011, and as the only filer of three positions, was placed in a position that expires in 2015. Both John Ceballos and Phil Garcia were appointed by the District's Board at around the same time. It is unclear which of these two took on the term expiring in 2013 and which has the term ending in 2015.</b>					

The Board of Directors meets on the third Wednesday of each month at the memorial hall. Pursuant to Military and Veterans Code §1197, board members are prohibited from receiving compensation, but may be reimbursed for actual and necessary expenses incurred in the performance of duties. As a consequence, Board members serve without compensation. Government Code §53235 requires that if a district provides compensation or reimbursement of expenses to its board members, the board members must receive two hours of training in ethics at least once every two years and the district must establish a written policy on reimbursements. The Board President completed the training in 2008,

and has not completed the required biennial ethics training since then. Other Board members have not completed the required biennial ethics training. The District reported that it is planning to complete the necessary ethics training in the near future through either Santa Clara County or the City of Gilroy. The District does not have a policy on expense reimbursements.

Agendas and minutes are filed in a binder on the front desk of the lobby in the memorial hall; agendas and minutes are retained for approximately six months in the binders. The agenda and minutes are not posted in any other location. The District's secretary also retains copies of all of the agendas and minutes, off-site at the secretary's private office. SSCVMD does not conduct additional outreach activities to inform the public of district activities. The District does not maintain a website where public documents and information are made available to constituents.

Several deficiencies to proper governing, accountability and transparency were identified over the course of this review, including 1) not meeting legal requirements outlined in the District's principal act, 2) inadequate and possibly illegal bylaws, 3) numerous Brown Act violations, 4) illegally attempting to remove a board member, 5) excluding the vote of a board member, 6) failing to use a bidding process for hiring contractors, and 7) failure to file required disclosure forms to the Fair Political Practices Commission in 2012. These deficiencies are each described in more detail below.

According to Military and Veterans Code §1198, SSCVMD is required to elect both a president and secretary from the Board members. While the District has an identified president, it has not designated a secretary as legally required. It should be noted that the current president has been in the position for multiple years as there is no defined term for the positions and no adopted process for renewing his term or electing a new president.

Until recently, SSCVMD was operating without bylaws that outline fundamental aspects of district governance, operations and activities. The District considered new bylaws in February 2012 and adopted the bylaws at the March 2012 meeting. These bylaws contain eight provisions in total, which are presented below. The District did not receive any legal advice in drafting these bylaws. According to LAFCO Counsel, these bylaws, besides being unusual, may be illegal and may be in violation of free speech rights. Additionally, there seems to be a lack of several procedures and processes critical to proper governance by the Board (i.e., process for appointing board positions) as well as a lack of clarity in the difference between the District's Board and the Building Committee.



**Figure 5-3: SSCVMD Bylaws**

Bylaw	Concern
<p>The affairs of the Building Committee shall be governed by the Board of Directors and the Board of Directors shall consist of five members, one member will consist of a member appointed by the President, and the remaining four members will be designated Directors, and the President may delegate duties to any or all Directors.</p>	<p>This policy is unclear in that it references a Board of Directors, which may be the Board of the Directors of the District itself or a separate body specific to the Building Committee. If the committee is intended to be specific to building issues, then it should be designated something other than the Board of Directors. Additionally, it is unclear who will comprise the four other "Directors" of this committee. If the policy is indeed referencing the District's Board of Directors, then the President may not appoint a member as election and appointment of the five Directors is governed by the District's principal act and the Uniform District Election Law.</p>
<p>A quorum is required to conduct all business, and a quorum will consist of three of the five members, which includes the President.</p>	<p>It is unusual for a president to be included in the definition of a quorum. Military and Veterans Code §1199 specifies that a majority of the board shall constitute quorum and does not require the president to be present to establish quorum.</p>
<p>All motions, rules, by-laws and decisions that affect the Building must be approved by a quorum.</p>	
<p>Meetings will be held once a month on the third Wednesday of each month unless otherwise notified, and all meetings are open to the public.</p>	
<p>Any member of the Board of Directors that misses two consecutive meetings, excused or unexcused, shall have their voting rights revoked for an equal amount of time. In the event that a member misses three consecutive meetings, his voting rights will be revoked for a period of four months and he will be put on notice that one more consecutive absence will result in</p>	<p>Proper procedure for vacating an elected office is determined by Government Code §1770, which provides for a vacancy when a board member ceases "to discharge the duties of his or her office for the period of three consecutive months, except when prevented by sickness, or when absent from the state with the permission required by law." Additionally, the Board lacks the</p>

<p>disciplinary action. If a director misses four consecutive meetings, disciplinary actions will be initiated with the Board of Supervisors for removal of that director from office. A quorum is required to excuse any absence or waive disciplinary action.</p>	<p>authority to revoke the voting rights of an elected member, and in the case of excused absences doing so defies logic.</p>
<p>All Board members shall maintain a file containing a copy of the by-laws, policy and procedures and the last 6 months of minutes of the South Santa Clara Valley Memorial District Building Committee.</p>	<p>It is unclear why minutes are only kept for the Building Committee and not the District's Board of Directors.</p>
<p>The Board of Directors shall maintain a "Policy and Procedures Manual"; the Board is the sole entity responsible for creating the policies and may edit them at any time with a quorum vote of the Directors.</p>	
<p>No member of the Board of Directors shall go to an outside source to register a complaint without first presenting their grievance to the Board of Directors at a regular meeting. The Board will then have the opportunity to resolve the matter. If the Board of Directors cannot resolve the issue, then the member may seek an outside source to resolve the issue. The voting rights of that member will be revoked for a period of 3 months for non-compliance.</p>	<p>Otherwise lawful complaints to outside agencies are protected under the First Amendment. (See also California Government Code §54954.3 [right to criticize local agency].) Retaliating against someone for exercising their First Amendment rights subjects the District to potential liability. In addition, certain disclosures may be further protected or allowed by law. For example, disclosures related to improper closed session are expressly permitted under the Brown Act. (California Government Code § 54963).</p>

There have been complaints to the County of Santa Clara Board of Supervisors, the County District Attorney's Office, the Civil Grand Jury and LAFCO alleging illegality in the governance and operation of SSCVMD. Allegations against the District are regarding violations of the Brown Act, attempting to illegally remove one Board member, not counting the vote of a board member, and not using a bidding process for hiring contractors.

The Santa Clara County Grand Jury has issued reports in the past regarding SSCVMD. In 2005-2006, the Grand Jury reported that "The South Santa Clara Valley Memorial District's internal financial statements contain numerous errors and offer no comprehensible audit trail of District activities. If District management cannot remedy these serious shortcomings immediately, the Board of Supervisors should replace the existing board with persons who can effectively oversee District affairs. This board should hire, using accepted

County procurement procedures, a qualified outside management firm to conduct operations.” The Grand Jury also reported that the District did not have a long-range management plan, financial skills of management personnel were questionable and need improvement, accurate internal month-to-month financial statements are not available, budgets appear to be inflated, and reserves are high compared to expenses with no justification.

In May 2012, the Grand Jury reported that the District and/or Board members had failed to follow the law in the following respects: 1) attempting to illegally remove one board member, 2) conducting an unlawful closed-session meeting on October 16, 2011, 3) violating requirements for approving contracts, 4) failing to complete required biennial ethics training for all board members; and 5) failing to complete the Form 700 Statement of Economic Interest form in 2012 as required by Government Code §87203.<sup>60</sup> Other concerns were noted as well, including the lack of any constituent outreach and lack of district contact information. The Grand Jury generally found that the District was significantly lacking in good governance and good business practices. The District responded in its defense that the remodel project had been put out to bid as required, although no substantiating evidence was provided, and that it was now aware of the requirements to lawfully remove a board member. The District did not respond regarding the other concerns identified by the Grand Jury.

Over the course of this review, other Brown Act violations were identified. The District appears to have a lack of understanding of what constitutes a meeting that requires public notice. The Brown Act requires that meetings involving a majority of a legislative body must be open to the public and must satisfy certain meeting notice and agenda requirements. Four members of the District’s Board of Directors met with LAFCO staff and its consultants in September 2012 without properly noticing the meeting.

In order to enhance District accountability and compliance with legal requirements, it is recommended that the District inform itself of proper operating and governing requirements in the District’s principal act, the Brown Act, and the Uniform District Election Law. Additionally, to ensure that the District is operating legally, it should secure dedicated legal counsel to direct the District on the legality of operations and provide input on items up for adoption by the Board.

## **MANAGEMENT AND STAFFING**

The Board of Directors is responsible for the management of the District and the maintenance, repair, and operations of the memorial hall. The District does not have any employees.

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<sup>60</sup> As of the drafting of this report, four of the District’s five board members had filed their Form 700s for 2013. The fifth Director was not yet delinquent in filing for the year.

SSCVMD retains private firms or individuals for certain regular needs and various services related to the maintenance of the memorial hall. The District retains a secretary to provide administrative services, on a monthly retainer. At present, there is no contract with the secretary for these services. The secretary receives \$150 per month to manage rentals of the memorial hall, record and prepare agendas and meeting minutes, prepare checks for payment of invoices for the approval of the Board of Directors, and maintain bank records for the District. The secretary maintains all records off-site at her office. Additionally, the District has retained a certified public accountant to prepare the annual financial transaction reports that are required by the State Controller under Government Code Section §53891. This service is also provided without a contract between the accountant and the District. The District reported that it is planning to formalize contracts with both the secretary and the accountant. The District does not have legal counsel. The District relies on several companies for maintenance related needs, including Clark Pest Control, ASCO for air conditioning, a landscape maintenance contractor, and janitors for cleaning of the memorial hall. South Valley Property Management manages the rental of the hall for outside events.

SSCVMD has not adopted a mission statement, goals, objectives, long-range plans or performance measures to guide district services.

The District also maintains an annual budget of anticipated expenditures for the fiscal year. Based on a review of meeting minutes, it appears that while the District was able to provide copies of the budgets for FYs 12 and 13, they were not considered or adopted at the board meetings prior to the start of the fiscal year. Most recently, the District considered adjusting the budget for FY 13, and appropriately considered the changes at a public meeting and adopted a resolution to make the adjustments.<sup>61</sup>

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor's office. The County has reported that in recent years, it has not been the practice for special districts to file their budgets with the County.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the close of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a

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<sup>61</sup> SSCVMD Resolution dated January 16, 2013.

biennial or five-year schedule.<sup>62</sup> In the case of SSCVMD, both the District and the County is under the understanding that the District is under a five-year audit schedule;<sup>63</sup> however, there are no records to confirm that this was in fact approved by the Board of Supervisors. The most recent audit prepared by the District was in November 2008 for the five-year period covering FY 04 to FY 08. This audit was prepared by the same accountant who prepares the annual financial transaction reports, which are submitted to the State Controllers' Office. The District's next audit will be due for the period FY 09 to FY 13. Given the lack of records to substantiate that a five-year audit schedule was approved, and certain concerns regarding financial transparency of the District, it may be prudent for the County to consider an annual audit requirement for the District.

Certain deficiencies were identified with regard to the District's tracking and administration of funds. The secretary to the Board prepares monthly and annual "profit and loss statements" for the Board of Directors review. While the secretary to the Board provides these statements at each meeting, they are not placed on the Board agenda or approved by the Board of Directors. Additionally, several discrepancies exist between the District's annual financial transaction reports submitted to the State Controller and the annual "profit and loss financial statements" prepared by the secretary. These discrepancies are discussed in more detail in the Financing Section of this chapter.

## POPULATION AND PROJECTED GROWTH

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### Land Uses

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The District encompasses the City of Gilroy and the adjacent unincorporated County areas, which extend to the County boundary to the south, east, and west. The City of Gilroy is a largely residential and agricultural community. The unincorporated County areas are largely ranchlands, hillsides, regional parkland, and agricultural areas. However, smaller areas consisting of open space reserves also exist adjacent to Gilroy.

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### Current Population

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As of 2010, the District had approximately 57,538 residents, based on GIS analysis of 2010 Census data. The City of Gilroy is the only urban population center in the District, with a population of 48,821 according to the 2010 Census.

#### *Disadvantaged Unincorporated Communities*

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A

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<sup>62</sup> Government Code §26909.

<sup>63</sup> Correspondence with Annie Tom, Santa Clara County Auditors Office, February 14, 2013.

disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.<sup>64</sup>

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. However, the DWR data can be used for the purposes of this report as an indicator of any larger communities that may meet the income definition of disadvantaged. Based on mapping information from DWR, there are no disadvantaged unincorporated communities within or adjacent to SSCVMD.<sup>65</sup>

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## Projected Growth

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While population projections specific to the District are not available, future population may be imputed from the Association of Bay Area Government's (ABAG) projections for the City of Gilroy and the unincorporated area. ABAG projects that the population of Gilroy will grow by 43 percent between 2010 and 2035. Over that same time period, unincorporated areas are anticipated to grow by 19 percent. Should each area within SSCVMD experience growth as projected by ABAG, then the District is anticipated to have overall growth of 39 percent over the 25-year period with a population of 79,973 in 2035.

## FINANCING

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### Financial Adequacy

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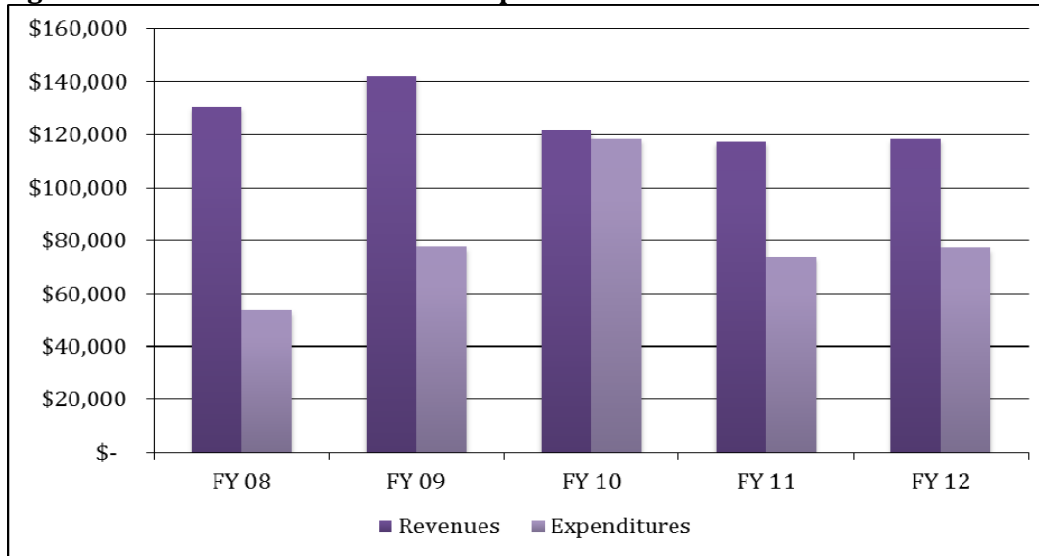
SSCVMD reported that the current level of financing is adequate to provide services. The District's revenues exceeded expenditures in each of the past five fiscal years (08-12), as shown in Figure 5-4. Revenues peaked in FY 09 and have slowly declined since. In FY 10, the District's expenditures peaked as the District purchased additional supplies and made capital improvements to the hall.

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<sup>64</sup> Government Code §56033.5.

<sup>65</sup> DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) and are compiled for the five-year period 2006-2010.

**Figure 5-4: SSCVMD Revenues and Expenditures FYs 08-12**



Source: FY 2008 – FY 2012 CPA Financial Transaction Reports

Several discrepancies exist between the District’s annual financial transaction reports submitted to the State Controller and the annual “profit and loss financial statements” prepared by the secretary of the Board. It was not possible to compare the specifics of the revenues and expenses between the two statements, because the annual financial transaction report lacks the necessary level of detail. Total revenues, expenditures and fund balances from these two documents do not match for FYs 09-12. Annual “profit and loss statements” are not available for years prior to 2009. Figure 5-5 compares the two statements. Of particular note is the significant difference in cash and cash equivalents reported at the end of each fiscal year in the two documents. At the end of the FY 12, the profit and loss statement showed a cash balance of \$265,584, while the financial transaction report showed a cash balance of \$389,904, which is a significant discrepancy of \$124,320. The District should ensure consistency between its various financial documents to enhance clarity and transparency, as such a large discrepancy in fund balances certainly brings into question the District’s ability to function appropriately as a public agency.

**Figure 5-5: Comparison of Revenues and Expenditures, FYs 09-12**

	FY 2009		FY 2010		FY 2011		FY 2012	
	Financial Transaction Report	Annual Profit and Loss Statements	Financial Transaction Report	Annual Profit and Loss Statements	Financial Transaction Report	Annual Profit and Loss Statements	Financial Transaction Report	Annual Profit and Loss Statements
Revenues	\$142,039	\$215,370	\$121,773	\$222,840	\$117,234	\$42,388	\$118,394	\$117,445
Expenditures	\$77,467	\$74,727	\$118,414	\$108,590	\$74,020	\$73,444	\$77,048	\$75,700
Fund Balance (including reserves)	\$302,397	\$140,643	\$305,756	\$254,894	\$348,970	\$223,839	\$389,904	\$265,584

Source: Financial Transaction Reports, FYs 09-12, and Annual Profit and Loss Statements, FYs 09-12.

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## Revenue Sources

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In FY 12, the District received \$118,394 in revenue as depicted in Figure 5-6. The primary source of revenue for the District was property taxes (84 percent). Memorial hall rentals (events and bingo rentals) comprised 14 percent of revenues, while interest income and Homeowners Property Tax Relief<sup>66</sup> constituted the other two percent of income.

**Figure 5-6: SSCVMD Revenue Sources, FY 12**

Revenue Category	Revenue	% of Total Revenue
Property Tax Income	\$99,665	84%
Interest Income	\$1,379	1%
Other Income (Event Rentals)	\$16,687	14%
Homeowners Property Tax Relief	\$663	1%
<b>Total</b>	<b>\$118,394</b>	<b>100%</b>

Source: FY 2011-12 Annual Financial Transaction Report prepared by CPA

Of note is the District did not report rental income from the Bar Council in FY 12. The Bar Council reportedly reimbursed the District for its share of liability insurance for the memorial hall in that year; however, this was not recorded in the annual financial transaction reports.

### Rates

The rental rates for the memorial hall are depicted in Figure 5-7. It is not known when the rates were last updated, but records indicate that they have not been modified since at least 2007. The District has not conducted a rate comparison with other similar rental facilities in the area to ensure rates are competitive with other locations.

There is a rental rate discount for veterans that are paid members of the American Legion or Veterans of Foreign Wars. These discounts range from 32 percent for general hall use to 45 percent for memorial services. In addition to rental fees, the District collects a \$500 refundable damage deposit and security is required at events. Residents and non-residents are charged the same rental rates.

**Figure 5-7: SSCVMD Rates by Category**

Category	Amount
General Hall Use – Non-Paid Member	\$1,100
General Hall Use - Paid Member of American Legion or Veterans of Foreign War	\$750
Memorial Services – Public	\$450
Memorial Services - Paid Member of American Legion or Veterans of Foreign War	\$250

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<sup>66</sup> Homeowners Property Tax Relief is revenue distributed from the State to local agencies that existed prior to Proposition 13 for the tax revenue lost due to homeowner's exemptions.



The Veterans of Foreign Wars pays rent for the use of the memorial hall for weekly bingo. The memorial hall is available at no charge for use by the Veterans of Foreign War, the American Legion, and the Ladies Auxiliary Veterans of Foreign War.

As previously noted, the Bar Council is independent from the District and consists of members from the two veterans posts. Revenues from the bar's operations are shared between the two groups. The District previously received rental income for the Bar Council for bar operations. However, the Board decided that since the bar is operated for the benefit of the Veterans of Foreign War 6309 and the American Legion Post 217, the Bar Council should no longer pay rent to the District for use of the space. However, there appears to be a conflict of interest in that some district Board Members are also on the Bar Council. The District is not receiving rent from the bar's operations and is covering insurance and utility costs for the bar, which in essence subsidizes the bar with public funds. It is recommended that SCCVMD resume receiving rent from the bar, in order to limit the District's liabilities with regard to the bar's activities.

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## Expenditures

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In FY 12, the District expended \$77,048. The annual financial transaction report did not include a breakdown of the type of expenditures. All expenditures were categorized as services and supplies. Based on the District's profit and loss statement from that year, primary expenditures consisted of 31 percent for repairs and maintenance, 18 percent for janitorial services, 23 percent for utilities, 14 percent for insurance, and seven percent for landscape maintenance. Other expenditures included professional services, office expenses, licenses/dues, and security.

### Capital Outlays

The District has not developed or adopted a written five-year capital improvement program. The District appears to record its capital outlays under repairs and maintenance in its financial statements. Plans for capital improvements are made annually or on an as needed basis.

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## Reserves

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As of June 30, 2012, the District had total cash and cash equivalent balance of \$389,904, based on the annual financial transaction report, which is equivalent to 506 percent of FY 12 expenditures. The transaction report does not distinguish whether these funds are in reserves or a roll-over fund balance of the general operating account. The District does not have a written policy regarding an ideal amount of reserves to be maintained or the use of reserves. The District has not provided a rationale for maintaining reserves at these levels. The Memorial District has not adopted any formal written policies and procedures regarding the purpose, use or the amount of reserves.

The current level of reserves appears to greatly exceed the needs of SSCVMD, given that the District does not have any debt, the District's sole asset (the memorial hall) is considered to be well maintained with no significant deficiencies, and district revenues have exceeded expenditures in each of the past five years by an annual average of 68 percent and have been more than adequate to fund the District's annual operations, maintenance, and ongoing capital requirements. While the District does plan on remodeling the kitchen in the hall and bringing the bathrooms into compliance with Americans with Disabilities Act (ADA) standards, the District's estimated expenditures for these capital improvements are approximately one-third the existing cash balance.

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## Debt

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At the end of FY 12, the District did not have any debt.

## INFRASTRUCTURE AND FACILITIES

The District has only one asset—the memorial hall located at 74 West Sixth Street, on an 11,761 square foot parcel in Gilroy. This building was constructed in 1951. Building permit records with the City of Gilroy indicate that the memorial hall is approximately 7,800 square feet. However, the District reported that the hall is approximately 19,000 square feet. The building contains a kitchen, a dining room with a capacity for 54 persons for dining or 116 persons for assembly, an assembly room or hall with a capacity for 271 persons for assembly or 127 persons for dining, an outside barbeque/patio area at the back of the property with a gazebo, an office, a bar (with a capacity of 45 persons), and restrooms.

Within the past five years the District has completed a number of capital projects to improve the memorial hall and the property on which the memorial hall is located. The memorial hall was re-plumbed and two water heaters were replaced. A security system was installed, consisting of 11 security cameras (nine interior and two exterior). Television monitors and updated technical equipment were added to the assembly hall for memorial services and bingo. New window blinds, insulation, solar panels, and a roof to the outside barbeque were also added to the hall. The exterior of the hall was re-landscaped, the concrete sidewalks replaced, a flagpole base added, and a new sprinkler system installed. The interior and the exterior of the memorial hall were repainted.

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## Infrastructure Needs

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SSCVMD reported that there are certain other infrastructure improvements that need to be made to the facility. The most critical need identified by the Board of Directors was a kitchen remodel. The existing kitchen has not had any major improvements since the memorial hall was built in 1951. The Board estimated the cost of the kitchen remodel to be approximately \$100,000. Additionally, the bathrooms in the facility are not ADA compliant, and remodeling will be required to bring the bathrooms into compliance with ADA

standards. The District reported that it is in the process of creating a plan for the remodeling of the bathrooms.

The memorial hall building, while reflective of its age, appears to be reasonably well maintained. No critical deferred maintenance issues were identified.

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## Shared Facilities

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The District shares its facility free of charge or for significantly discounted prices with the American Legion Post 217, the Veterans of Foreign War Post 6309, and the Gilroy Chapter of the Ladies' Auxiliary of Veterans of Foreign War Post 6309.

The District does not share facilities with other regional veteran service providers, such as the United States Department of Veterans Affairs and the Santa Clara County Office of Veterans Services. There may be opportunities for enhanced collaboration with these agencies. It is recommended that the District develop and implement plans to enhance the utilization of the memorial hall by other veterans organizations, including the Mobile Veterans Center of the United States Department of Veterans Affairs, the Santa Clara County Office of Veterans Services, and other non-profit veterans organizations

## DEMAND FOR SERVICES

Figure 5-8 indicates the number of rental events held in the memorial hall in addition to the regularly scheduled meetings and events (i.e., bingo) of the veteran organizations. Meetings and events held by the veterans groups (in addition to regularly scheduled standing events) are noted as “member” and other meetings and events are noted as “public.”

**Figure 5-8: Rentals by Type, 2011 & 2012**

Type of Event	2011	2012
Full Day Events - Public	5	5
Full Day Events - Member	7	4
Memorial Services - Public	3	5
Memorial Services - Member	8	9
<b>Total</b>	<b>23</b>	<b>23</b>

Over the two-year period, the memorial hall was rented out 46 times. This includes 25 memorial services and 21 full-day events. The hall is also used for standing events, such as bingo and veteran groups' meetings. Bingo is played every Friday, except holidays, and is organized by the Veterans of Foreign War. According to the Board President, an average of 100 people attend bingo each Friday, and the Veterans of Foreign War collects all the proceeds associated with the event. Bar attendance reportedly varies from three to 15 people daily.

It appears that the facility is underutilized, particularly on weekends when it is rarely used. This is likely due to the lack of outreach on the part of the District and the lack of a web presence where the general public are likely to search for facilities available for rent.

## **GOVERNANCE STRUCTURE OPTIONS**

With respect to SSCVMD, four governance structure options were identified for the District, including 1) continued operations as an independent special district with significant improvements to governance, transparency, and accountability, 2) merger with the City of Gilroy, 3) becoming a subsidiary district of the City of Gilroy, and 4) dissolution.

Should LAFCO determine that the District should continue operating as an independent special district, then certain significant improvements would need to be made in order to enhance governance, transparency, and accountability. Under this alternative, the District would continue to operate as an independent special district, but would be required to make certain defined improvements. The most critical of these improvements would need to be made immediately to bring the District into compliance with legal requirements. The other improvements could be made over a period of one year. The most critical improvements that would require immediate implementation include the following:

- ❖ Hire a general manager to implement necessary improvements as defined here.
- ❖ Conduct required ethics training as required by law.
- ❖ Conduct annual Brown Act training to ensure Board members are aware of legal requirements.
- ❖ Hire legal counsel to ensure all legal requirements are met regarding operations, accountability, and board actions.
- ❖ Edit and adopt appropriate bylaws based on guidance from legal counsel.
- ❖ Clearly define in the bylaws how the Board President and Secretary are to be selected and the term of the appointment. Appoint both a president and a secretary from among the Board members as required by law.
- ❖ Eliminate conflicts of interest by precluding District Board Members from holding governing positions on the Bar Council and the Bingo Committee.
- ❖ Ensure that board positions are properly filled through the election process or appointment by the Board of Supervisors with clearly defined term expiration dates for each board member.
- ❖ Ensure consistency and clarity of financial documents by conducting a forensic audit and annual audits thereafter.

Other improvements that should be made, but implementation may require a longer period, include the following:

- ❖ Properly conduct a documentable bidding process for any future capital improvements through advertisements in printed press, online proposal search engines and on the District's website.
- ❖ Adopt a policy regarding long-term retention of records, such as minutes, agendas, and resolutions.
- ❖ Conduct outreach to veterans, as well as residents of the District, regarding the services offered by the District, in the form of a website, making pamphlets available at other veteran service locations and veteran related events, and advertising board positions when member terms are nearing expiration.
- ❖ Conduct a rate study to ensure that rates are appropriate, given that the District's revenues are almost entirely funded through property taxes from residents, and competitive with other similar service providers. The facility should be made available to residents and veterans alike at similar rates, given the use of public funds to run the facility.

While it is recommended that the District conduct long-term planning and develop and implement plans to enhance utilization of its existing facility as well as other facilities, these improvements to operations are secondary to ensuring that the District is conducting business within legal requirements as appropriate for a public agency receiving public funds. Once the above mentioned improvements have been made, it is recommended that District focus its efforts on developing and implementing plans to enhance the utilization of the memorial hall by veterans organizations, including the Mobile Veterans Center of the United States Veterans Affairs, the Santa Clara County Office of Veterans Services, and other non-profit veterans organizations, as well as plans to identify and fund facilities at sites other than the memorial hall for the benefit of veterans and the public.

Continuation of SSCVMD as an independent special district with the outlined improvements would have the following potential advantages and disadvantages, as outlined in Figure 5-9, should conditions remain unchanged.

Given the Board of Directors has demonstrated an unwillingness to reform as indicated by its lack of response to the findings and recommendations contained in the reports issued by the Grand Jury in 2006 and 2012, other governance options must be addressed.

**Figure 5-9: Advantages and Disadvantages of Continuing as an Independent District**

Advantages	Disadvantages
Delivery of services by the District would continue uninterrupted.	The District could potentially revert to old practices over time.
Taxpayer contributions would be utilized more effectively for the delivery of services.	The Board of Directors may lack the capacity to effectively implement the recommendations contained within these determinations.
The governance structure of the District would be strengthened.	
Financial and budgetary transparency would be enhanced. The District would put systems in place to ensure that residents of the District would be able to influence and monitor the use of taxpayer funds.	

As there is an identified need for more professional management of the District, it may be appropriate for another public agency to take on management of the District or provision of its services, such as a city or the County.

The City of Gilroy, being the only incorporated city within the District, may take on management and administration of the District through either a merger or formation of a subsidiary district of the City. A merger is defined as the termination of the existence of a district when the responsibility for the functions, services, assets, and liabilities of that district are assumed by a city.<sup>67</sup> Government Code §57104 requires that all territory of a district must be within the City for which merger is proposed. In the case of SSCVMD, because there is significant territory outside of the City’s boundaries, merger is not a feasible option.

As a subsidiary district, SSCVMD would continue to exist as a legal entity, but the City Council is designated as the ex officio board of directors of the District. At least 70 percent of the territory within the District or 70 percent of registered voters of the District must be within the City, in order to meet legal requirements of establishing a subsidiary district.<sup>68</sup> In the case of SSCVMD, a significant portion of the territory of the District lies outside of the City; however, 85 percent of the District’s population is within the City and would therefore likely meet the required standard regarding registered voters to become a subsidiary district.

The establishment of SSCVMD as a subsidiary district would not change the legal status of the District as a special district; however, it would exchange the existing elected district Board of Directors for the City Council as the ex-officio board of directors. The City would

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<sup>67</sup> Government Code §56056.

<sup>68</sup> Government Code §57105.

assume all assets, functions and governance along with all debts and liabilities of the subsidiary district. This option may be initiated by the Commission,<sup>69</sup> the legislative body of the district wishing to establish itself as a subsidiary district,<sup>70</sup> the legislative body of a city wishing to establish a subsidiary district,<sup>71</sup> or by petition.<sup>72</sup>

The District would continue to exist under this option, and property tax revenue presently collected by SSCVMD would be guaranteed to continue to be dedicated to veteran services in the area. The City would receive the District property tax revenues and would be required to account for the activities associated with the District’s functions separately from other city services. This and other potential advantages and disadvantages are outlined in Figure 5-10 below.

**Figure 5-10: Advantages and Disadvantages of Becoming a Subsidiary of the City of Gilroy**

Advantages	Disadvantages
Service levels will be enhanced as services would be offered by a professional full-time staff and elected city council.	The delivery of could potentially be interrupted during the transition period.
Accountability and transparency would be greatly enhanced given the visibility of the City.	
Long-term planning for the delivery of services to area residents would be enhanced.	
The District would continue to exist and funds would continue to be dedicated to the purpose intended.	
The management of service delivery to the residents of the District would be enhanced with the substantive management and supervisory structure of the City.	

It should be noted that the City has not been contacted regarding the potential of taking on the District as a subsidiary district. Consequently, it is unknown whether the City would be interested in taking on this responsibility. The City would need to be contacted before considering or moving forward with this option.

Complete dissolution of SSCVMD and establishment of a successor agency other than the City of Gilroy is another option. According to Government Code §56035, dissolution

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<sup>69</sup> Government Code §56375(a)(2)(D).

<sup>70</sup> Government Code §56658(a).

<sup>71</sup> Government Code §56658(a).

<sup>72</sup> Government Code §56866

means the “dissolution, disincorporation, extinguishment, and termination of the existence of a district and the cessation of all its corporate powers.” Upon dissolution, LAFCO would need to identify a successor agency to implement the wind-up of the District, in accordance with Government Code §57451. In this case, the most appropriate option may be Santa Clara County, as it has an Office of Veterans Services, which provides services to veterans.

Under this scenario, service responsibilities, assets, and liabilities would be transferred to a successor agency in a manner that results in fund balances and revenues being segregated for the purpose of delivery of veterans services in the South Santa Clara Memorial District service area. As the successor agency, the Santa Clara County Office of Veterans Services would receive the District’s funds and assets with a term of conditions being that the funds and assets be used strictly for the uses that may be provided by a memorial district in a defined fund.

The District, LAFCO, or any “affected local agency”, could initiate dissolution proceedings. An affected local agency is any local government agency which contains, or whose sphere of influence contains, any territory that is also within the boundary of the District.

Adopting this alternative would have the following potential advantages and disadvantages, should conditions remain unchanged.

**Figure 5-11: Advantages and Disadvantages of Dissolution**

Advantages	Disadvantages
Dissolution would resolve the lack of district reform and enable improved governance and accountability for delivery of services by the County.	The delivery of services could potentially be interrupted during the transition period.
Sharing of facilities and collaboration with other similar service providers would be enhanced for the delivery of services to veterans.	There is no guarantee of continued services.
Financial and budgetary transparency would be greatly enhanced.	Property tax could be redistributed, unless otherwise negotiated.

The County has not been contacted regarding the potential for taking on the District’s services and responsibilities. The County would need to be contacted before considering or moving forward with this option.

LAFCO may desire to offer the opportunity for the District to make the necessary improvements in governance, transparency and public accountability, prior to considering these other options. In this case, LAFCO should define a timeline for the improvements to be made with a deadline for the District to report back to LAFCO. At which time, LAFCO may determine whether sufficient improvement has been made. If it is determined that the District has not been able to make the necessary improvements, then LAFCO may wish to consider formation of a subsidiary district with the City of Gilroy or dissolution of the District.



## **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT SERVICE REVIEW DETERMINATIONS**

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### **Growth and Population Projections**

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- ❖ South Santa Clara Valley Memorial District (SSCVMD) had a population of approximately 57,538 in 2010. The City of Gilroy is the only urban population center in the District with a population of 48,821, according to the 2010 Census.
- ❖ Should each area within SSCVMD experience growth as projected by ABAG, then the District is anticipated to have overall growth of 39 percent over the 25-year period with a population of 79,973 in 2035.

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### **Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence**

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- ❖ There are no disadvantaged unincorporated communities within or adjacent to SSCVMD, based on mapping information provided by the State of California Department of Water Resources.

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### **Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies**

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- ❖ The memorial hall has more than sufficient capacity to serve the three veterans groups that regularly use the memorial hall for meetings. It appears that the facility is underutilized, particularly on weekends when it is rarely used. This is likely due to a lack of outreach on the part of the District and the lack of a web presence where the general public is likely to search for facilities available for rent.
- ❖ In order to maximize use of the facility and interest in the District's functions, it is recommended that the District conduct outreach to veterans, as well as residents of the District, regarding the services offered by the District, in the form of a website, making pamphlets available at other veteran service locations and veteran related events, and advertising board positions when member terms are nearing expiration.
- ❖ While it is recommended that the District conduct long-term planning and develop and implement plans to enhance utilization of its existing facility as well as other facilities, these improvements to operations are secondary to ensuring that the District is conducting business within legal requirements as appropriate for a public agency receiving public funds.

- ❖ The memorial hall, while reflective of its age, appears to be reasonably maintained. No critical deferred maintenance issues were identified.
- ❖ The District reported the need for two improvements to the memorial hall. The most critical need identified was a kitchen remodel. The existing kitchen has reportedly not had major improvements for over 60 years. The kitchen remodel is estimated to cost approximately \$100,000. Additionally, the restrooms in the facility are not compliant with Americans with Disability Act, and require remodeling. The District reported that it is in the process of creating a plan for the remodeling of the bathrooms.

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### Financial Ability of Agency to Provide Services

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- ❖ SSCVMD reported that the current level of financing is adequate to provide services. The District's revenues exceeded expenditures in each of the past five fiscal years (08-12), and the District has been able to maintain significant reserves.
- ❖ The current level of reserves appears to greatly exceed the needs of SSCVMD, given that the District does not have any debt, the District's sole asset (the memorial hall) is considered to be well maintained with no significant deficiencies, and district revenues have exceeded expenditures in each of the past five years by an annual average of 68 percent and have been more than adequate to fund the District's annual operations, maintenance, and ongoing capital requirements. The District should adopt a policy to designate the purpose of the reserve funds.
- ❖ Several discrepancies exist between the District's annual financial transaction reports submitted to the State Controller and the annual "profit and loss financial statements" prepared by the secretary of the Board. It is recommended that the District undergo a forensic audit to clarify these discrepancies.
- ❖ Given the lack of records to substantiate that a five-year audit schedule was approved by the Board of Supervisors, and certain concerns regarding financial transparency of the District, it may be prudent for the County to consider an annual audit requirement for the District.
- ❖ Several improvements to financial oversight and transparency are recommended: 1) development and adoption by the Board of a detailed budget before the start of the fiscal year, 2) filing a copy of that budget with the County Auditor as legally required, 3) conducting a forensic audit to correct or clarify discrepancies in record keeping, and 4) annual audits.
- ❖ The District is not receiving rent from the bar's operations and is covering insurance and utility costs for the bar, which in essence subsidizes the bar with public funds. It is recommended that SSCVMD resume receiving rent from the bar, in order to limit the District's liabilities with regard to the bar's activities.

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## Status and Opportunities for Shared Facilities

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- ❖ The Memorial District does not share any facilities with regional veterans service providers.
- ❖ Once improvements of immediate importance have been made, it is recommended that District focus its efforts on developing and implementing plans to enhance the utilization of the memorial hall by veterans organizations, including the Mobile Veterans Center of the United States Veterans Affairs, the Santa Clara County Office of Veterans Services, and other non-profit veterans organizations.

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## Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

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- ❖ Several deficiencies to proper governing, accountability and transparency were identified over the course of this review, including 1) seating board members without appointment by the Board of Supervisors, 2) not meeting legal requirements outlined in the District's principal act, 3) inadequate and possibly illegal bylaws, 4) numerous Brown Act violations, 5) illegally attempting to remove a board member, 6) excluding the vote of a board member, 7) failing to use a bidding process for hiring contractors, 8) failure to file required disclosure forms to the Fair Political Practices Commission in 2012 and 9) failure to conduct biennial ethics training.
- ❖ The District must take immediate action to correct the numerous accountability deficiencies identified. 1) Hire a general manager to implement necessary improvements as defined here. 2) Conduct required ethics training as required by law. 3) Conduct annual Brown Act training to ensure Board members are aware of legal requirements. 4) Hire legal counsel to ensure all legal requirements are met regarding operations, accountability, and board actions. 5) Edit and adopt appropriate bylaws based on guidance from legal counsel. 6) Clearly define in the bylaws how the Board President and Secretary are to be selected and the term of the appointment. Appoint both a president and a secretary from among the Board members as required by law. 7) Eliminate conflicts of interest by precluding District Board Members from holding governing positions on the Bar Council and the Bingo Committee. 8) Ensure that board positions are properly filled through the election process or appointment by the Board of Supervisors with clearly defined term expiration dates for each board member. 9) Ensure consistency and clarity of financial documents by conducting a forensic audit and annual audits thereafter.
- ❖ Other improvements that should be made, but implementation may require a longer period, include the following: 1) properly conduct a documentable bidding process for any future capital improvements, 2) conduct outreach to veterans, as well as residents of the District, regarding the services offered by the District, specifically in the form of a website, 3) creation of a multi-year capital improvement plan, 4)

conduct a rate study to ensure that rates are appropriate, and 5) creating a business plan to provide direction for future service provision.

- ❖ The District lacks a website where information is made available to the public. To enhance transparency and outreach to constituents, it is recommended that the District develop a website and publish on the website the agendas and minutes of the Board of Directors, the annual financial transaction reports, the annual operating budget, etc.
- ❖ There are no formal policies or standardized procedures on the part of the District nor the Board of Supervisors defining how district board openings are to be announced, how long the application period should be open, and the manner for interviews, etc. It is recommended that both the District and the County formalize the appointment procedure in a set of policies.
- ❖ Upon appointment by the Board of Supervisors, it is unclear where the responsibility lies regarding reporting the Board of Supervisor's decision back to the Registrar of Voters. There appears to be an opportunity for improvement to this process, to ensure that all interested parties (the District, the public, the Clerk of the Board, and the Registrar of Voters) can readily identify the existing governing body of the District and respective term expiration dates.
- ❖ With respect to SSCVMD, four governance structure options were identified for the District, including 1) continued operations as an independent special district with significant improvements to governance, transparency, and accountability, 2) merger with the City of Gilroy, 3) becoming a subsidiary district of the City of Gilroy, and 4) dissolution.

## **SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT SPHERE OF INFLUENCE UPDATE**

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### **Existing Sphere of Influence Boundary**

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The sphere of influence of SSCVMD is coterminous with its boundaries.

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### **Recommended Sphere of Influence Boundary**

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Given that SCCMVD is the only service provider of its kind in the area and that LAFCO is for the first time comprehensively reporting the identified deficiencies to the District, LAFCO may desire to offer the opportunity for the District to make the necessary improvements in governance, transparency and public accountability, prior to considering other governance structure options. In which case, it is recommended that LAFCO consider retaining the current coterminous sphere of influence provisionally. The District must return to LAFCO within an established time period and report on progress made in implementing the recommended changes. At which time, LAFCO may determine whether sufficient improvement has been made. If it is determined that the District has not been able to make the necessary improvements, then LAFCO may wish to consider a zero sphere of influence in anticipation of formation of a subsidiary district with the City of Gilroy or dissolution of the District.

Under this scenario, the District would continue to operate as an independent special district, but would be required to make certain defined improvements. The most critical of these improvements would need to be made immediately to bring the District into compliance with legal requirements. The other improvements could be made over a period of one year. The most critical improvements that would require immediate implementation, and which the District should report back to LAFCO on within three months, include the following:

- ❖ Hire a general manager to implement necessary improvements as defined here.
- ❖ Conduct required ethics training as required by law.
- ❖ Conduct annual Brown Act training to ensure Board members are aware of legal requirements.
- ❖ Hire legal counsel to ensure all legal requirements are met regarding operations, accountability, and board actions.
- ❖ Edit and adopt appropriate bylaws based on guidance from legal counsel.

- ❖ Clearly define in the bylaws how the Board President and Secretary are to be selected and the term of the appointment. Appoint both a president and a secretary from among the Board members as required by law.
- ❖ Eliminate conflicts of interest by precluding District Board Members from holding governing positions on the Bar Council and the Bingo Committee.
- ❖ Ensure that board positions are properly filled through the election process or appointment by the Board of Supervisors with clearly defined term expiration dates for each board member.
- ❖ Ensure consistency and clarity of financial documents by conducting a forensic audit and annual audits thereafter.

Other improvements that should be made, but implementation may require a longer period, perhaps one year, include the following:

- ❖ Properly conduct a documentable bidding process for any future capital improvements through advertisements in printed press, online proposal search engines and on the District's website.
- ❖ Adopt a policy regarding long-term retention of records, such as minutes, agendas, and resolutions.
- ❖ Conduct outreach to veterans, as well as residents of the District, regarding the services offered by the District, in the form of a website, making pamphlets available at other veteran service locations and veteran related events, and advertising board positions when member terms are nearing expiration.
- ❖ Conduct a rate study to ensure that rates are appropriate, given that the District's revenues are almost entirely funded through property taxes from residents, and competitive with other similar service providers. The facility should be made available to residents and veterans alike at similar rates, given the use of public funds to run the facility.

Should the District be unable to substantially implement these improvements within in the defined time frame, it is recommended that the Commission consider one of the other governance structure options.

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## Proposed Sphere of Influence Determinations

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### *The nature, location, extent, functions, and classes of services provided*

- ❖ The Memorial District owns, operates, and maintains a memorial hall for the use of veterans and other members of the public. Three veterans groups use the memorial hall for meetings. A number of different types of meetings and events are held at

the memorial hall by these groups as well as the public. Meetings and events range from funeral and memorial services for veterans to community events such as a Memorial Day barbecue and a Veterans Day breakfast. These events are hosted by individuals or one of the veterans organizations. The memorial hall includes a bar, which is operated and managed by the Bar Council—a separate body from SSCVMD.

- ❖ Members of the groups that make use of the District’s facility reside both within and outside the District’s bounds. Non-residents come from the neighboring unincorporated area of San Martin, the City of Morgan Hill, and City of San Jose, but can also come from as far as outside the State.

*Present and planned land uses in the area, including agricultural and open-space lands*

- ❖ The District encompasses the City of Gilroy and the adjacent unincorporated County areas, which extend to the County boundary to the south, east, and west. The City of Gilroy is a largely residential and agricultural community. The unincorporated County areas are largely ranchlands, hillsides, regional parkland, and agricultural areas. However, smaller areas consisting of open space reserves also exist adjacent to Gilroy.

*Present and probable need for public facilities and services in the area*

- ❖ While the District’s facility appears to be underutilized, there is an apparent demand for the services offered by the members of the three veterans groups that make regular use of the facility.
- ❖ Although growth is anticipated in the area, population growth is not anticipated to greatly impact demand for the District’s services, as the level of demand hinges more on the population of veterans in the area and the District’s outreach efforts to inform the public of available services.

*Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide*

- ❖ The memorial hall has more than sufficient capacity to serve the three veterans groups that regularly use the memorial hall for meetings. It appears that the facility is underutilized, particularly on weekends when it is rarely used. This is likely due to a lack of outreach on the part of the District and the lack of a web presence where the general public is likely to search for facilities available for rent.
- ❖ In order to maximize use of the facility and interest in the District’s functions, it is recommended that the District conduct outreach to veterans, as well as residents of the District, regarding the services offered by the District, in the form of a website, making pamphlets available at other veteran service locations and veteran related events, and advertising board positions when member terms are nearing expiration.

- ❖ While it is recommended that the District conduct long-term planning and develop and implement plans to enhance utilization of its existing facility as well as other facilities, these improvements to operations are secondary to ensuring that the District is conducting business within legal requirements as appropriate for a public agency receiving public funds.
- ❖ The District is severely lacking in accountability and transparency, and requires significant improvements, as outlined in the service review determinations, to begin operating appropriately as a public agency.

*Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency*

- ❖ The three veterans groups that make use of the District's facility are considered social communities of interest to SCCVMD.



## **6. SANTA CLARA VALLEY TRANSPORTATION AUTHORITY**

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### **AGENCY OVERVIEW**

In 1969, Santa Clara County had three private bus companies, all of which were in serious financial trouble: Peninsula Transit, San Jose City Lines, and Peerless Stages. The California Legislature passed the Santa Clara County Transit District Act in 1969. However, the Act did not supply funding for the new district, and county voters were reluctant to tax themselves to fund a public bus system. The formation of the Santa Clara County Transit District (SCCTD) was rejected in 1969 and 1970, before it was finally approved by county voters on June 6, 1972. SCCTD took over the operations of the three bus companies on January 1, 1973. On January 1, 1995, the SCCTD merged with the County Congestion Management Agency to become the Santa Clara Valley Transportation Authority (SCVTA or VTA). A service review for VTA was last conducted in 2007.

The principal act that governs SCVTA is the Santa Clara Valley Transportation Authority Act.<sup>73</sup> The principal act empowers SCVTA to 1) provide transit service for the transportation of passengers and their incidental baggage by any means,<sup>74</sup> 2) provide facilities, including streets and highways, for the movement of vehicles, bicycles, and pedestrians,<sup>75</sup> and 3) operate charter bus service with limitations.<sup>76</sup> The principal act also defines the powers and duties of SCVTA regarding its infrastructure and cooperation with other local governments.<sup>77</sup>

There are fifty-five transit districts in California.<sup>78</sup> The Santa Clara Valley Transportation Authority is the only district of its type in Santa Clara County.

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### **Boundaries**

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The boundary of SCVTA is countywide and encompasses 1,304 square miles.

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<sup>73</sup> California Public Utilities Code §10000-100619.

<sup>74</sup> California Public Utilities Code §100160.

<sup>75</sup> California Public Utilities Code §100160.1.

<sup>76</sup> California Public Utilities Code §100160.5.

<sup>77</sup> California Public Utilities Code §100160.2, 100161-100165.

<sup>78</sup> California State Controller *Special Districts Annual Report Fiscal Year 2009 – 2010*

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## Sphere of Influence

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During the most recent SOI update in 2007, LAFCO reaffirmed the District's existing coterminous SOI.

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## Type and Extent of Services

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### Services Provided

SCVTA provides bus and light rail services, regional commuter and inter-city rail service, ADA paratransit service, congestion management, specific highway improvements and other transportation projects, and countywide transportation planning and funding.

VTA initially provided exclusively countywide bus service, but later developed a light rail system that initiated service in 1987. The District further expanded in 1995 having been designated as the region's Congestion Management Agency, with responsibility for reducing congestion and improving air quality in the County. As the Congestion Management Agency for Santa Clara County the District periodically updates the Countywide Long Range Transportation Plan. VTA is responsible for planning, project development, highway development, fund programming, congestion management, and joint development functions.

SCVTA is also responsible for the engineering design and implementation of construction projects that are part of the District's rail, facilities, and highway transportation improvement programs. This includes managing the preparation of construction plans and specifications, administering construction contracts, and coordinating project hand over and acceptance.

In addition, SCVTA manages the engineering, design, and construction of the Bay Area Rapid Transit (BART) project in Santa Clara County, which includes conducting planning for the project, acting as a liaison between design and construction activities and the local communities, pursuing funding, community outreach and stakeholder involvement, and administering the right-of-way and environmental activities for project implementation.

### Service Area

VTA operates an extensive network of transit infrastructure throughout Santa Clara County covering the 346 square mile service area with approximately 1,236 miles of bus routes and 42 miles of light rail system.

SCVTA serves the major core City of San Jose (where the District is based and headquartered), with service to all other cities in the County. Only Campbell, Milpitas, Mountain View, San Jose, Santa Clara and Sunnyvale are served by light rail. Local bus route services are also provided in the urbanized unincorporated areas of the County.

SCVTA provides some services outside of its bounds to enhance connectivity to other areas. Express bus service is provided from areas within Santa Clara County to the nearby City of Fremont (Alameda County) where customers can transfer to or from the BART system. The District partners with Highway 17 Express to provide service from San Jose to the City of Santa Cruz in Santa Cruz County, and collaborates with Dumbarton Express to provide trans-bay service between Union City (Alameda County) and Stanford University, and with Monterey Salina Transit for service between Monterey and San Jose.

### Service to Other Agencies

SCVTA provides services to other entities through Jointly Funded Cooperatives. The San Jose International Airport receives flyer bus service from VTA, acting in collaboration with the City of San Jose. Similarly, SCVTA in partnership with San Jose State University, provides the San Jose downtown area shuttle to city residents and visitors.

In addition, VTA contracts with various employers in the County to operate a complimentary shuttle for their employees from several light rail stations to various employment centers. SCVTA provides an IBM light rail shuttle which connects various IBM facilities with the Santa Teresa light rail as well as the Blossom Hill Caltrain stations. SCVTA has a contract with Outreach, a nonprofit agency, to provide required paratransit services—a door-to-door service available to disabled people who meet the requirements of the 1990 Americans with Disabilities Act.

### Contracts for Services

The District contracts with the Santa Clara County Sherriff for law enforcement services.

### Collaboration

SCVTA collaborates with other public agencies in Santa Clara County for the delivery of regional transportation services, including the Congestion Management Program and the development of the *Valley Transportation Plan 2035*.

VTA has been designated as the County's Congestion Management Agency, with responsibility for developing and updating the Congestion Management Program, and monitoring its progress over time. There are 17 member agencies in the County: VTA, 15 cities within Santa Clara County and the County of Santa Clara. The purpose of the Congestion Management Program is to develop a comprehensive transportation improvement program among local jurisdictions that will reduce traffic congestion and improve land use decision-making and air quality.

The District has also developed the *Valley Transportation Plan 2035*, which is a long-term vision for transportation in the County as a whole. The *Valley Transportation Plan 2035* identifies capital projects with anticipated funds, and lays out a framework for the development and maintenance of the County's transportation system over the next 25 years.








SCVTA partners with a number of transit agencies in the region:

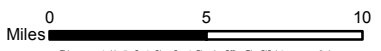
- ❖ The Altamont Commuter Express service, administered and funded under a cooperative agreement between SCVTA, the Alameda County Congestion Management Agency, and the San Joaquin Regional Rail Commission, is a rail service that provides three peak hour round trips each weekday. The rail line includes stops located in Stockton, Lathrop, Tracy, Livermore, Pleasanton, Fremont, Great America, and San Jose Diridon Station.
- ❖ Caltrain service, administered and funded under a cooperative agreement of the Peninsula Corridor Joint Powers Board, which is composed of VTA, the San Mateo County Transit District, and the City and County of San Francisco, operates 86 trains, including 22 Baby Bullet Express trains, which run between San Jose Diridon Station and San Francisco each weekday.
- ❖ The Capitol Corridor Intercity Rail Service, which SCVTA administers through a JPA with 16 other agencies, operates 33 weekday trains between Oakland and Sacramento, with 14 continuing to San Jose.
- ❖ The Dumbarton Express, administered and funded under an agreement between VTA, Alameda County Transit, the Bay Area Rapid Transit District, Union City Transit, and SamTrans, operates a trans-bay route running between the Union City Bart Station and Stanford Research Park in Palo Alto.
- ❖ The Highway 17 Express, administered and funded under a cooperative agreement between VTA, the Santa Cruz Metropolitan Transit District (Santa Cruz Metro), the Capitol Corridor JPA and Caltrans, operates between Santa Cruz and downtown San Jose as an inter-county bus service.
- ❖ The San Jose-Monterey Express, administered and funded under a cooperative agreement between the Monterey/Salinas Transit, the Capitol Corridor Joint Powers Authority and SCVTA, operates the route that runs a morning, midday and late afternoon round trip daily between Monterey and San Jose with additional stops in Edgewater, Prunedale, Gilroy and Morgan Hill.

#### Overlapping and Neighboring Service Providers

Services are not duplicated as VTA partners with multiple transit service providers, whose services are not identical but complementary to the ones provided by the District.

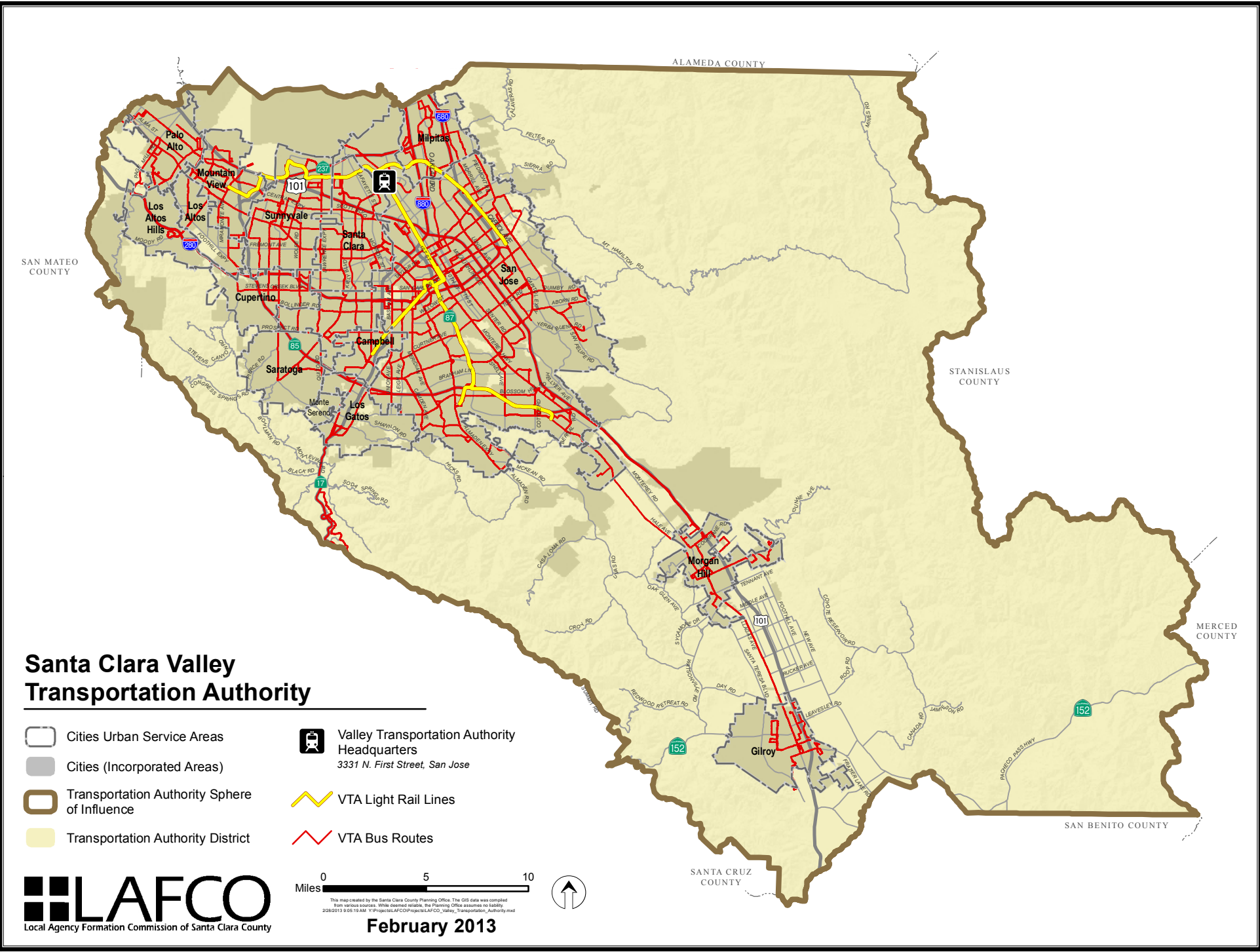
# Santa Clara Valley Transportation Authority

-  Cities Urban Service Areas
-  Cities (Incorporated Areas)
-  Transportation Authority Sphere of Influence
-  Transportation Authority District
-  Valley Transportation Authority Headquarters  
3331 N. First Street, San Jose
-  VTA Light Rail Lines
-  VTA Bus Routes



This map created by the Santa Clara County Planning Office. The GIS data was compiled from various sources. While deemed reliable, the Planning Office assumes no liability.

**February 2013**



## ACCOUNTABILITY AND GOVERNANCE

SCVTA is governed by an eighteen-member Board of Directors with 12 voting and six alternate members. Directors include two members of the County Board of Supervisors, five City Council members from the City of San Jose, and five City Council members selected from among the remaining incorporated cities in the County. Each member serves a two-year term. The members of the Board can be reappointed by their respective jurisdiction depending on the Board’s rotation schedule. There is no limit to how many terms a director may serve. The current member names, positions, and term expiration dates are show in Figure 6-2.

**Figure 6-2: SCVTA Governing Body**

Santa Clara Valley Transportation Authority					
<i>District Contact Information</i>					
<b>Contact:</b>	Patrick Griffin, Manager of Public Affairs and Customer Information				
<b>Address:</b>	3331 N. First Street, San Jose, CA 95134-1906				
<b>Telephone:</b>	408-321-7506				
<b>Email:</b>	patrick.griffin@vta.org				
<b>Website:</b>	http://www.vta.org/index.html				
<i>Board of Directors</i>					
Member Name	Position	Began Serving	Term Expires	Manner of Selection	Length of Term
Joe Pirzynski	Chairperson, Group 3	2001	December 2014	Appointed	2 years
Ash Kalra	Vice Chairperson, Group 1	2009	December 2016	Appointed	2 years
Xavier Campos	Group 1	2011	December 2014	Appointed	2 years
Rose Herrera	Group 1	2009	December 2016	Appointed	2 years
Sam Liccardo	Group 1	2007	December 2014	Appointed	2 years
Donald Rocha	Group 1	2013	January 2015	Appointed	2 years
Johnny Khamis	Alternate, Group 1	2013	January 2015	Appointed	2 years
Margaret Abe-Koga	Group 2	2007	January 2015	Appointed	2 years
Gall A. Price	Alternate, Group 2	2010	December 2014	Appointed	2 years
Evan Low	Alternate, Group 3	2007	December 2014	Appointed	2 years
Perry Woodward	Group 4	2007	November 2012	Appointed	2 years
Larry Carr	Alternate, Group 4	2006	November 2014	Appointed	2 years
Jose Esteves	Group 5	1997	November 2014	Appointed	2 years
Jamie Matthews	Group 5	2005	November 2014	Appointed	2 years
David Whittum	Alternate, Group 5	2008	December 2015	Appointed	2 years
Ken Yeager	Group 6	2001	June 2014	Appointed	2 years
George Shirakawa	Alternate, Group 6	2000	November 2016	Appointed	2 years
Dave Cortese	Group 6	2001	November 2016	Appointed	2 years
<i>Meetings</i>					
<b>Date/Time:</b>	1 <sup>st</sup> Thursday of each month at 5:30pm.				
<b>Location:</b>	Santa Clara Board of Supervisors’ Chambers 70 West Hedding St., San Jose.				
<b>Agenda Distribution:</b>	Posted online and at VTA’s River Oaks and Downtown Customer Service Center.				
<b>Minutes Distribution:</b>	Posted online and at VTA’s River Oaks and Downtown Customer Service Center.				

The Board of Directors meets on the first Thursday of each month at 5:30 in the afternoon at the Santa Clara County Board of Supervisors’ Chambers located at 70 West Hedding Street in San Jose. Directors receive a \$100 stipend per day, not to exceed \$500 per month, for attending board meetings, standing committee meetings, or ad-hoc meetings. The District conducts expense reimbursements according to its administrative code. Government Code §53235 requires that if a district provides compensation or reimbursement of expenses to its board members, the board members must receive two hours of training in ethics at least once every two years and the district must establish a written policy on reimbursements. All members of the Board of Directors have completed their biennial ethics training.

The Board of Directors’ meeting agendas and minutes are posted VTA’s River Oaks and Downtown Customer Service Center locations, and on the VTA website. Agendas are posted 72 hours prior to every Board meeting. The District conducts constituent outreach in addition to legally required agenda posting via its website. SCVTA’s website contains information on the District’s services, bus and train fares, transit schedule, Board of Directors, Board of Directors’ meeting agendas and minutes, meeting schedule, audio recordings of the prior meetings, financial information, and short- and long-range planning documents.

The Board of Directors has developed and adopted administrative code that provides a framework and direction for district governance.

Government Code §87203 requires persons who hold office to disclose their investments, interests in real property and incomes by filing appropriate forms with the Fair Political Practices Commission each year. SCVTA directors filed the required Form 700 Statement of Economic Interest forms in 2012.

## MANAGEMENT AND STAFFING

As shown in Figure 6-3, SCVTA has a total of 2,092 full-time staff. The District’s general manager, who reports to the Board of Directors, is responsible for the day-to-day operations of the District.

**Figure 6-3: Staffing Levels by Organizational Unit, FY 13**

Organizational Unit	FY 12 Budgeted FTE
Office of the General Manager	13
Office of the General Counsel	10
Administrative Services	110
Congestion Management	61
Engineering and Construction	100
External Affairs	59
Fiscal Resources	99
Operations	1,608
Silicon Valley Rapid Transit Program	7
<b>TOTAL</b>	<b>2,092</b>

Source: FY 2013 Biennial Budget

SCVTA has retained a certified public accountant to audit the District's Comprehensive Annual Financial Report and prepare the annual financial transaction reports, which are required by the State Controller under Government Code Section §53891.

SCVTA has adopted a mission statement, goals, objectives, and performance measures. Other documents that the District uses to guide efforts and services include the annually adopted budget. The District has adopted a budget for FY 13, which is available on its website.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor's office. The County has reported that in recent years, it has not been the practice for special districts to file their budgets with the County. However, SCVTA has appropriately submitted its budget for the most recent fiscal year.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the end of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.<sup>79</sup> In the case of SCVTA, the District must submit audits annually. SCVTA submitted its audit to the County for FY 12 in November 2012.

## **POPULATION AND PROJECTED GROWTH**

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### **Land Uses**

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The District encompasses the entire County. The County of Santa Clara contains a wide range of land uses, including all types of urban uses to large areas of hillside, open space, and agricultural uses. Numerous unincorporated pocket areas exist that are developed with urban uses. Development within the cities ranges from fully developed urban areas to expansive hillside, open space, and agricultural lands.

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### **Current Population**

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Based on 2010 Census data, the District's population as of 2010 was 1,781,642.

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<sup>79</sup> Government Code §26909.



### Disadvantaged Unincorporated Communities

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.<sup>80</sup>

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. However, the DWR data can be used for the purposes of this report as an indicator of any larger communities that may meet the income definition of disadvantaged. Based on mapping information from DWR, there are no disadvantaged unincorporated communities within or adjacent to SCVTA.<sup>81</sup>

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## Projected Growth

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Moderate population growth is anticipated within the District's bounds based on the Association of Bay Area Government's (ABAG) projections for Santa Clara County. ABAG projects that the County will experience 36 percent growth over the 25-year period from 2010 to 2035, or 1.5 percent average annual growth.<sup>82</sup> By 2035, the population of SCVTA is expected to reach 2,431,400.

## FINANCING

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### Financial Adequacy

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VTA reported that the current level of financing was adequate to deliver services. As shown in Figure 6-4, in each of the past five fiscal years revenues exceeded expenditures. The District's expenses slightly went up over time, generally due to the increase in its subsidy to Caltrain and increased capital expenditures on behalf of/in contribution to other agencies. Revenues, on the other hand, experienced a decline in FYs 09 and 10, then went

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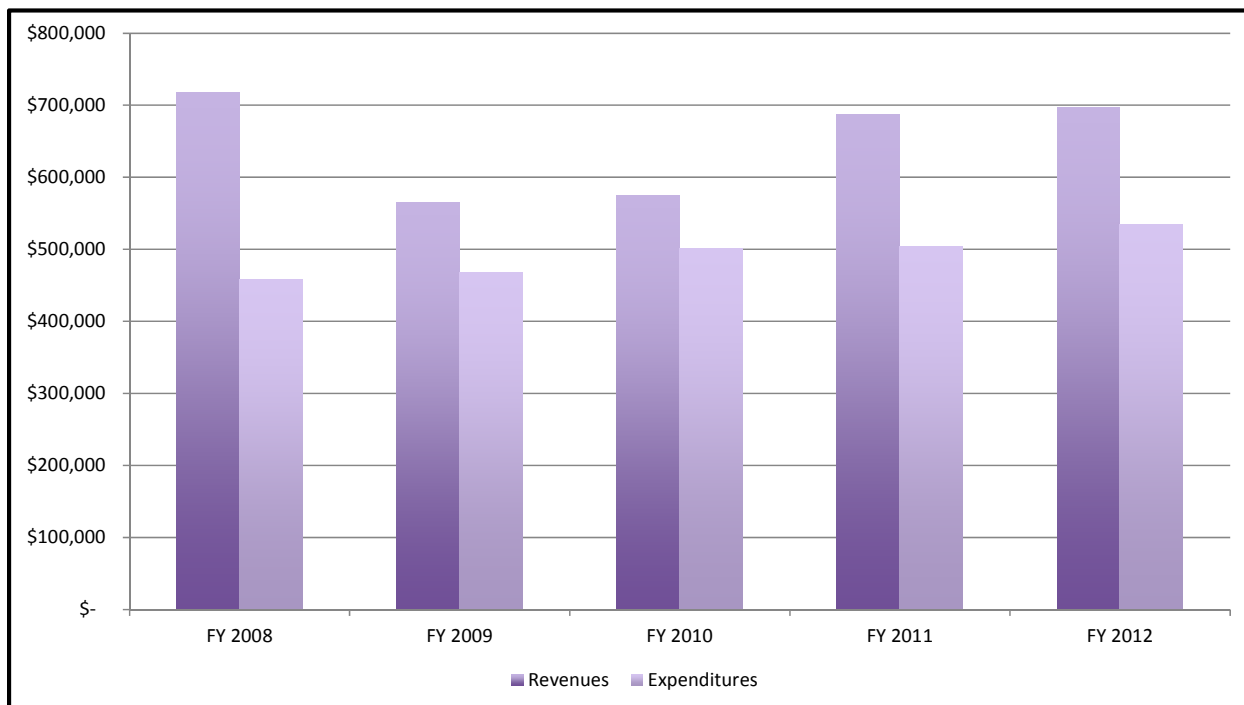
<sup>80</sup> Government Code §56033.5.

<sup>81</sup> DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) and are compiled for the five-year period 2006-2010.

<sup>82</sup> ABAG, Projections 2009, 2009.

back up over the next two years. The reduction in revenue was mostly due to less grant revenue and decreased sales tax<sup>83</sup> income during the economic recession.

**Figure 6-4: SCVTA Revenues and Expenditures, FYs 08-12 (In thousands)**



Source: Comprehensive Annual Financial Reports for FY 2008 through FY 2012 (includes business-type activities and governmental activities)

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## Revenue Sources

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In FY 12, the District received \$696 million in revenue as depicted in Figure 6-5. The VTA's revenue in its financial statements is separated into program revenue (46 percent), which includes charges for services, operating grants and capital grants, and general revenue (54 percent) that consists of sales tax revenue, investment income, a federal subsidy for Build America Bonds, and other income. The most significant sources of revenue were grants and sales tax income.

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<sup>83</sup> In November 2000, the voters in Santa Clara County approved Measure A, a 30-year countywide ½-cent sales tax devoted to specified public transit capital improvement projects and operations.

**Figure 6-5: SCVTA Revenues ,FY 12<sup>84</sup>**

Type of Revenue	Amount of Revenue	% of Total
Charges for Service	\$42,573,000	6.1%
Operating Grants	\$142,529,000	20.5%
Capital Grants	\$137,114,000	19.7%
Sales Tax Revenue	\$332,847,000	47.8%
Investment Income	\$19,320,000	2.8%
Federal Subsidy for Build America Bonds	\$9,399,000	1.4%
Other Income	\$12,411,000	1.8%
<b>TOTAL</b>	<b>\$696,193,000</b>	<b>100.0%</b>

Source: Comprehensive Annual Financial Report, FY 12, p. 2-8.

Rates

Charges for services, derived from bus fare box receipts, light rail ticket sales, the sale of monthly passes (including Eco Pass and tokens) and advertisement income, were \$40.1 million in FY 12, \$56 thousand or 0.1 percent higher compared to FY 11. The slight increase in revenue from charges was due to the implementation of the Express Lane in FY 12 and was partially offset by lower shuttle revenues collected in FY 12. In March 2012, VTA partnered with Caltrans to convert carpool lanes at the SR 237/I 880 interchange in Milpitas to express lanes, and VTA started collecting toll revenues from solo drivers who wished to use the express lanes. As of June 30, 2012, toll revenues collected from the express lanes amounted to approximately \$218 thousand.

Figure 6-6 shows the current fare structure for both, buses and light rail. The SCVTA's fare policy requires that a fare analysis be conducted on a biennial basis. The latest fare increase took place in October 2009.

**Figure 6-6: SCVTA Fares, 2009- 2013**

Fare Category	Fare
<b>Adult (18-64):</b>	
Single Ride	\$2.00
Day Pass	\$6.00
8-Hour Light Rail Pass	\$4.00
Community Bus Single Ride	\$1.25
Monthly Pass	\$70.00
Annual Pass Subscription	\$770.00
Express Single Ride	\$4.00
Express Day Pass	\$12.00
Express Monthly Pass	\$140.00
<b>Youth (5-17):</b>	
Single Ride	\$1.75
Day Pass	\$5.00

<sup>84</sup> Program revenue and general revenue sources include business-type activities and governmental activities.

Fare Category	Fare
8-Hour Light Rail Pass	\$3.50
Community Bus Single Ride	\$0.75
Monthly Pass	\$45.00
Annual Pass Subscription	\$495.00
<b>Senior / Disabled / Medicare:</b>	
Single Ride	\$1.00
Day Pass	\$2.50
8-Hour Light Rail Pass	\$2.00
Community Bus Single Ride	\$0.50
Monthly Pass	\$25.00
Annual Pass Subscription	\$275.00

Source: VTA Fares on VTA Website

## Expenditures

In FY 12, the District's total expenditures amounted to \$371.4 million, as depicted in Figure 6-7. A majority was spent on operations, support and the Congestion Management (CMP) Program (69.5 percent). Other significant expenses were the Caltrain subsidy and capital expenditures on behalf of Caltrain, and contributions to other agencies (17 percent).

**Figure 6-7: SCVTA Expenditures FY 2012<sup>85</sup>**

Type of Expenditure	Amount	% of Total
Operations, support services, and CMP Program	\$371,415,000	69.5%
Caltrain subsidy and capital expenditures on behalf of it, and contributions to other agencies	\$90,290,000	16.9%
Altamont Commuter Express subsidy	\$2,707,000	0.5%
Interest Expense	\$31,307,000	5.9%
Other Non-Operating expenses	\$8,059,000	1.5%
Claims and change in future claim estimates	\$11,419,000	2.1%
Contribution to agencies	\$37,000	0.0%
Capital outlay on behalf of other agencies	\$19,052,000	3.6%
<b>TOTAL</b>	<b>\$534,286,000</b>	<b>100.0%</b>

Source: FY 2012 Comprehensive Annual Financial Report, p. 2-8.

<sup>85</sup> Expenditures include business-type activities and governmental activities.

### Capital Outlays

The District has a formal ten-year capital improvement program for FY 10 through FY 19, included in the Short Range Transit Plan. The VTA's capital improvement plan is divided into two programs—core program and Measure A program. The core program focuses on VTA's current transit network and ensures adequate investment and enhancements in its existing infrastructure. The core program also contains the Light Rail System Enhancements area which includes various light rail enhancement projects that are not part of the Measure A program. The Measure A program includes projects financed by the 30-year countywide ½-cent sales tax passed by Santa Clara County voters in November 2006. The District planned to spend \$1,909,648,000 on capital improvements in FYs 12 and 13.

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### Reserves

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SCVTA adopted a policy establishing an operating reserve goal of 15 percent of the subsequent year's final operating budget in the Transit Enterprise Fund. Operating reserve at the end of FY 12 met the target and amounted to \$56,268,000, which was 15 percent of the 2013 operating budget. The reserve funds are maintained to meet emergency needs that cannot be funded from any other source. The purpose of this reserve is to ensure that sufficient funds are always available in the event of either unanticipated revenue shortfalls or unavoidable expenditure needs.

In 2011, SCVTA also set up a reserve fund for Other Post-Employment Benefit (OPEB) Liability Reduction and Sales Tax Stabilization. The OPEB Liability Reduction Reserve is designed to enhance the District's fiduciary governance practices and to reduce the levels of unfunded OPEB obligations. As of June 30, 2012, VTA had allocated \$20.6 million to the OPEB liability reduction reserve.

In addition, VTA established a Transit Sales Tax Stabilization Fund to mitigate the impact of sales tax receipt volatility on service levels and the District's Transit Fund operating budget. Sales tax based revenues for VTA's Transit Fund include the 1976 half-cent local sales tax, a quarter-cent state sales tax (from Transportation Development Act or TDA), and the 2000 Measure A Sales Tax-Operating Assistance, which is derived from 18.5 percent of Measure A half-cent sales tax revenues. The VTA Transit Sales Tax Stabilization Fund is distinguished from the 15 percent operating reserve in that the operating reserve is designed to ensure that sufficient funds are available in the event of either unavoidable expenditure needs or unanticipated revenue shortfalls from sources other than sales tax based revenues. As of June 30, 2012, the VTA Transit Sales Tax Stabilization Fund had a reserve balance of \$35 million.

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**Debt**


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SCVTA issues long-term debt to accelerate the delivery of projects, spread cost over the useful life of an asset, smooth out annual cash flow, optimize overall financial resources, finance unfunded actuarial liabilities, and refund existing debt.

As shown in Figure 6-8, at the end of FY 12, VTA had \$1.2 billion in outstanding bonds. In FY 12, VTA issued \$47.5 million in Sales Tax Revenues Bonds to refund the 1998 Series A and 2000 Series A Junior Lien bonds in October 2011. The total debt payment made for FY 12 was approximately \$74.4 million, which included the amount due in FY 12 and the refunded debts. Interest rates on all outstanding fixed-rate obligations range from three percent to five percent. Interest on the variable rate debt is reset weekly based upon market conditions.

**Figure 6-8: SCVTA Long-Term Debt**

<b>Liability</b>	<b>Amount</b>
<b>Secured by VTA's 1976 1/2 cent Sales Tax</b>	
2007 Series A Refunding	\$19,541,000
2008 Series A-C Refunding	\$147,959,000
2011 Series A Refunding	\$51,899,000
<b>Secured by VTA's 2000 Measure A 1/2 cent Sales Tax</b>	
2007 Series A Measure A Refunding	\$122,289,000
2008 Series A-D Measure A Refunding	\$240,524,000
2010 Series A-B Measure A	\$666,292,000
<b>Total long-term debt</b>	<b>\$1,248,504,000</b>
Less current portion of long-term debt	(\$13,025)
<b>Long-term debt, excluding current portion</b>	<b>\$1,235,479</b>

Source: Comprehensive Annual Financial Report, FY 12

## INFRASTRUCTURE AND FACILITIES

VTA operates 71 bus routes that cover approximately 1,236 miles. Of these 71 bus routes, 53 are local routes and 18 are express (long-distance commute-oriented lines) and limited (long routes operating through major corridors, generally on arterials and expressways) routes. The District has approximately 3,777 bus stops, 800 shelters, and 10 park and ride lots along these routes. SCVTA owns and operates a fleet of 426 buses.

SCVTA operates three light rail transit lines that cover 42 miles, connecting Mountain View, Sunnyvale, Santa Clara, San Jose, Milpitas, and Campbell. There are a total of 62 light rail stations and 21 park and ride lots for light rail passengers. SCVTA owns and operates a fleet of 99 light rail vehicles.

SCVTA also operates and maintains four restored trolleys. The cars run on light rail tracks, serving a 4.1-mile route through downtown San Jose during the holiday season.

SCVTA owns and operates a number of facilities, including the River Oaks campus, three bus service yards, and a light rail service yard.

The River Oaks campus at 3331 North First Street in San Jose accommodates the administrative functions of the District. The 17.5-acre property contains a 215,000-square foot office building. River Oaks was purchased in 1991 and opened for business in 1992.

One of the VTA'S bus service yards, located at 3990 Zanker Road in San Jose, occupies 123.2 acres, and includes 116,252 square feet of office space and shops. The Cerone Bus Service Yard serves as the primary base for operations, fueling, servicing, detailing, running repairs, and preventive maintenance for up to 180 buses. The operations and maintenance facility provides centralized major maintenance for the entire bus fleet, which includes paint and body repair, fare box repair, and engine overhaul to name a few.

The Don Pedro Chaboya Bus Service Yard located at 2240 South Seventh Street in San Jose occupies 32.8 acres and includes 57,400 square feet of office space and shops. The Don Pedro Chaboya Bus Service Yard has the capacity to maintain up to 210 buses. The yard includes a maintenance shop, fueling facility, two bus washers, transit operations, bus operator training, and a training and maintenance building.

The North Bus Service Yard located at 2240 La Avenida Street in Mountain View, occupies 16.9 acres and includes 24,229 square feet of office space and shops. The North Bus Service Yard serves as the base for operations, fueling, servicing, detailing, running repair, and preventive maintenance for up to 150 buses.

The light rail vehicles are stored and maintained the Guadalupe Light Rail Service Yard located at 101 West Younger Street in San Jose. Located on 17.5 acres, the yard includes 144,891 square feet of office space and shops. The Guadalupe Light Rail Service Yard performs all operations and maintenance functions associated with light rail vehicles, including major vehicle overhaul, historic trolley maintenance, and light rail operator and maintenance training. The service yard houses the Way, Power and Signal department which is responsible for preventive maintenance and repair of wayside facilities including substations and overhead contract systems, light rail signals, tracks, stations, and park and ride lots. The yard also contains VTA's Operations and Control Center. The Center is responsible for communications with all SCVTA's revenue vehicles.

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## Infrastructure Needs

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The FY12-FY13 biennial budget adopted by SCVTA created 32 new capital projects and augmented 24 existing projects, which fall into one of the categories—bus and light rail vehicle replacement and overhaul, operating facilities upgrades, improvements, and rehabilitation, light rail way, power and signal improvements and replacements, transit passenger facility upgrades, information systems and technology, Measure A programs, and

highway improvements. The projects planned for FYs 12 and 13 amounted to \$1,909,648,000.

As previously mentioned in the Financing Section of this report, the District has planned projects through 2019. As part of the core capital program, VTA has prioritized a number of rehabilitation and replacement projects to keep the bus and light rail system in a state of good repair. Clean fuel, safety and security, and passenger facility improvements will also contribute to improving the overall level of transit service in Santa Clara County. The Measure A program includes 14 planned projects:

- ❖ Extend BART from Fremont through Milpitas to Downtown San Jose and the Santa Clara Caltrain Station;
- ❖ Provide Connections from San Jose International Airport to BART, Caltrain and the VTA Light Rail;
- ❖ Extend Light Rail from Downtown San Jose to the East Valley;
- ❖ Purchase Low Floor Light Rail Vehicles;
- ❖ Improve Caltrain: Double Track to Gilroy and Electrify from Tamien to San Francisco;
- ❖ Increase Caltrain Service;
- ❖ Construct a New Palo Alto Intermodal Transit Center;
- ❖ Improve Bus Service in Major Bus Corridors;
- ❖ Upgrade Altamont Commuter Express (ACE);
- ❖ Improve Highway 17 Express Bus Service;
- ❖ Connect Caltrain with Dumbarton Rail Corridor;
- ❖ Purchase Zero Emission Buses and Construct Service Facilities;
- ❖ Develop New Light Rail Corridors; and
- ❖ Fund Operating and Maintenance Costs for Increased Bus, Rail and Paratransit Service.

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## Shared Facilities

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SCVTA shares its infrastructure and facilities with the San Mateo County Transit District, SamTrans, Santa Cruz Metropolitan Transit District, and Monterey/Salinas Transit, to name a few.



Other opportunities to share facilities with other public agencies were not identified given the specialized nature of the services delivered by SCVTA and the security requirements.

## DEMAND FOR SERVICES

SCVTA offers bus service seven days per week, from approximately 5:00 a.m. to 1:00 a.m. The total bus ridership in FY 12 was 32 million passengers. The light rail transit service is offered seven days a week, from 5:00 a.m. to 1:00 a.m. Light rail ridership in FY 2012 was 10 million passengers.

SCVTA has established a minimum standard of 15 boardings per hour for its bus service. The 2013 Annual Transit Plan prepared by the District reports that an average of 27.4 boardings per hour for core bus routes, 24.1 boardings for local weekday bus routes, and 15.5 boardings for community bus routes occurred in 2011. All of the bus routes met the performance standards.

SCVTA also established a minimum standard of 77.8 boardings per hour for light rail service for weekdays, 66.8 boardings per hour for Saturdays, and 44 boardings per hour for Sundays. The 2012 Annual Transit Plan states that in 2011 two out of three light rail lines exceeded the standard for weekdays, one out of three lines exceeded the standard for Saturdays, and two out of three lines exceeded the standard for Sundays.

As shown in Figure 6-9, the total bus and light rail ridership peaked in 2009 and went back down in 2010 and 2011. Overall, however, from FY 07 to FY 11, the ridership increased by 1.4 percent.

**Figure 6-9: Bus and Light Rail Ridership (in 1,000's), FYs 07-11**

Type of Transit Service	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Bus Ridership	30,810	33,104	34,509	31,983	31,395
Light Rail Ridership	10,010	10,451	10,754	9,750	10,015
<b>Total Ridership</b>	<b>40,820</b>	<b>43,555</b>	<b>45,263</b>	<b>41,733</b>	<b>41,410</b>

Source: Biennial Budgets for Valley Transit Authority (FY 2007 through FY 2011)

Figure 6-10 indicates that there has been a decline in service miles (miles driven) and service hours for both, buses and light rail. However, the FY 13 budget indicates that the District plans to increase funding to provide for new bus routes, increase the number of bus trips on various express routes, and to deploy 20 new express buses. The District also budgeted additional funding for service level increases for light rail, including a new weekday schedule, with one additional train to run with 15-minute intervals.

**Figure 6-10: Bus and Light Rail Service Levels (in 1,000's) for Fiscal Years 2008-2011**

Service Level	FY 2008	FY 2009	FY 2010	FY 2011
Bus Service Miles	18,711	18,443	17,685	16,944
Light Rail Train Service Miles	2,224	2,256	2,182	2,190
<b>Total Service Miles:</b>	<b>20,935</b>	<b>20,991</b>	<b>19,867</b>	<b>19,134</b>
Bus Service Hours	1,384	1,375	1,319	1,266
Light Rail Train Service Hours	144	143	141	142
<b>Total Service Hours:</b>	<b>1,528</b>	<b>1,518</b>	<b>1,460</b>	<b>1,408</b>

Source: Biennial Budgets for VTA (FY 2008-2009 through FY 2012-2013)

## GOVERNANCE STRUCTURE OPTIONS

No governance structure options were identified for the Valley Transportation Authority. According to the Santa Clara Valley Transportation Authority Act, the District must include all incorporated and unincorporated territory within Santa Clara County.<sup>86</sup>

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<sup>86</sup> California Public Utilities Code §100031.

## SANTA CLARA VALLEY TRANSPORTATION AUTHORITY SERVICE REVIEW DETERMINATIONS

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### Growth and Population Projections

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- ❖ As of 2010, Santa Clara Valley Transportation Authority (SCVTA) had approximately 1,781,642 residents, based on 2010 Census data.
- ❖ Association of Bay Area Governments (ABAG) projects that the area will experience 1.5 percent average annual growth through 2035. By 2035, the population of SCVTA is expected to reach 2,431,400.

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### Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

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- ❖ There are no disadvantaged unincorporated communities within or adjacent to the District's service area based upon mapping information provided by the State of California Department of Water Resources.

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### Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

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- ❖ The District's facilities appear to have sufficient capacity, based on the current absence of infrastructure needs, lack of deferred maintenance, and the bus and light rail fleet being within reasonable replacement guidelines. In FY 11, the Federal Transit Administration (FTA) Triennial Review found that the District met all the FTA bus and light rail fleet maintenance requirements.
- ❖ SCVTA plans for its capital improvements through the ten-year capital improvement program, which is divided into the core program, including a number of rehabilitation and replacement projects to keep the bus and light rail system in a state of good repair, and the Measure A program that includes 14 projects financed by the countywide ½-cent sales tax.
- ❖ VTA has established a minimum standard of 15 boardings per hour for its bus service. In 2011, all of the bus routes met the performance standards.
- ❖ SCVTA established a minimum standard for the number of boardings in an hour for the light rail lines for the various days of the week. In 2011, two out of three light rail lines exceeded the standard for weekdays, one out of three lines exceeded the

standard for Saturdays, and two out of three lines exceeded the standard for Sundays.

- ❖ From FY 07 to FY 11, the District's ridership for both, bus and light rail, increased by 1.4 percent.
- ❖ The FY 13 budget provided for service level increases for buses and light rail. The District funded the deployment of 20 additional busses for express service.

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## Financial Ability of Agency to Provide Services

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- ❖ SCVTA reported that its financing levels were adequate to deliver services. No challenges to financing were identified.
- ❖ In each of the past five fiscal years the District's revenues exceeded expenditures.
- ❖ The most significant sources of revenue were grants and sales tax income. Charges for services amounted to six percent of the total revenue in FY 11-12.
- ❖ SCVTA has three financial reserve funds. At the end of FY 12, the operating reserve, established for emergencies, contained an adopted goal of 15 percent of the subsequent year's final operating budget. The Other Post-Employment Benefit (OPEB) Liability Reduction Reserve designed to enhance the District's fiduciary governance at the end of the same fiscal year included \$20.6 million. The Transit Sales Stabilization Fund intended to cover unanticipated revenue shortfalls had \$35 million of sales tax based revenue at the end of FY 12.
- ❖ The District's long-term debt is represented by \$1.2 billion in outstanding bonds. SCVTA issues long-term debt to accelerate the delivery of projects, spread cost over the useful life of an asset, smooth out annual cash flow, optimize overall financial resources, finance unfunded actuarial liabilities, and refund existing debt.
- ❖ SCVTA has adopted a formal, written ten-year capital improvement program budget. The District planned to spend \$1,909,648,000 on capital improvements in FY12 and FY13.
- ❖ The FY 11 Federal Transit Administration (FTA) Triennial Review of the District found no deficiencies in regard to the FTA financial requirements as it pertains to the District's ability to match and manage FTA grant funds, cover cost increases and operating deficits, financially maintain and operate FTA funded facilities and equipment, and conduct and respond to applicable audits.

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## Status and Opportunities for Shared Facilities

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- ❖ SCVTA shares its infrastructure and facilities with the San Mateo County Transit District, SamTrans, Santa Cruz Metropolitan Transit District, and Monterey/Salinas Transit, to name a few.
- ❖ VTA collaborates with other public agencies in Santa Clara County in the delivery of regional transportation services, including the Congestion Management Program and the development of the Valley Transportation Plan 2035.
- ❖ SCVTA has developed the Valley Transportation Plan 2035, which is a long-term vision for transportation in the County as a whole.
- ❖ Other opportunities to share facilities with other public agencies were not identified given the specialized nature of the services delivered by SCVTA and security constraints.

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## Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

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- ❖ SCVTA demonstrated accountability and transparency in its various aspects of operations. The governing body updates constituents, broadcasts its meetings, solicits constituent input, discloses its finances, and posts public documents on its website. The District's website appropriately provides information on VTA services, bus and light rail routes, schedules and fares, and rider tips. SCVTA keeps its financial reporting and budgets up-to-date and readily available to the public. The District fully cooperated with LAFCO requests for information.
- ❖ All members of the Board of Directors have filed the Statement of Economic Interest forms in 2012 and completed biennial ethics training. The District conducts expense reimbursements according to its adopted administrative code.
- ❖ No government structure options were identified for SCVTA.

# SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

## SPHERE OF INFLUENCE UPDATE

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### Existing Sphere of Influence Boundary

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The District's current SOI is countywide and coterminous with SCVTA's boundaries.

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### Recommended Sphere of Influence Boundary

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As the existing SOI for the District is coterminous with the County's boundaries, no further outward expansion is possible. Reduction in the sphere of influence is also not recommended, as the District is the primary provider of these services throughout the County. Services are not duplicated as VTA partners with multiple transit service providers, whose services are not identical but complementary to the ones provided by the District. As there are no areas within the District's boundaries and SOI where the District's services are not provided and according to the SCVTA principal act the District must include all incorporated and unincorporated territory within the County, it is recommended that the Commission retain SCVTA's coterminous SOI.

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### Proposed Sphere of Influence Determinations

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#### *The nature, location, extent, functions, and classes of services provided*

- ❖ SCVTA provides bus and light rail services, regional commuter and inter-city rail service, paratransit service, congestion management, specific highway improvements and other transportation projects, and countywide transportation planning and funding throughout Santa Clara County.

#### *Present and planned land uses in the area, including agricultural and open-space lands*

- ❖ The countywide District contains a wide range of land uses, including all types of urban uses to large areas of hillside, open space, and agricultural uses. While the unincorporated areas are generally not developed, there are numerous unincorporated pocket areas developed with urban uses. Development within the cities ranges from fully developed urban areas to expansive hillside, open space, and agricultural lands.
- ❖ While there are agricultural and open-space lands within SCVTA, no impacts on agricultural resources, open space or Williamson Act contracts will occur as no service changes are proposed.

#### *Present and probable need for public facilities and services in the area*

- ❖ Given that SCVTA is the only public agency that provides transportation services countywide, that other agencies' transit services in Santa Clara are limited and not

identical to the ones provided by VTA, and that the demand for its services in the form of bus and light rail ridership has increased overtime, there is a present and anticipated continued need for the District's services.

- ❖ As the County is expected to experience a moderate population growth rate of 1.5 percent annually through 2035, the demand for transportation services is likely to increase.

*Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide*

- ❖ Given that SCVTA has been meeting or exceeding both bus and light rail minimum boarding standards established by the District, it appears that VTA has sufficient capacity to continue to serve existing and anticipated demand.
- ❖ The District's facilities appear to have sufficient capacity, based on the current absence of infrastructure needs, lack of deferred maintenance, and the bus and light rail fleet being within reasonable replacement guidelines. In FY 11, the Federal Transit Administration (FTA) Triennial Review found that the District met all the FTA bus and light rail fleet maintenance requirements.
- ❖ In its FY 13 budget the District increased funding to accommodate an increase in the level of service for both, buses and light rail, which indicates the District's capacity to expand service levels as necessary.
- ❖ Based on SCVTA'S ability to accommodate demand and meet its established boarding goals and Federal Transportation Administration fleet maintenance guidelines, and the positive customer reviews posted on the VTA website, the District's services appear to be adequate.

*Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency*

- ❖ SCVTA serves the residents of Santa Clara County by providing countywide transportation services. All county residents and visitors benefit from services provided by SCVTA. Residents and visitors of neighboring counties, such as Alameda and San Francisco, benefit from services provided by VTA through its partnerships with other agencies.

