

**LOCAL AGENCY FORMATION COMMISSION
SANTA CLARA COUNTY**

www.santaclara.lafco.ca.gov

County Government Center, 11th Floor, East Wing
70 West Hedding Street, San Jose, CA 95110
(408) 299-5088 FAX (408) 298-8460

CHAIRPERSON: Linda J. LeZotte
COMMISSIONERS: Blanca Alvarado, Donald F. Gage, Suzanne Jackson, Susan Vicklund-Wilson
ALTERNATES: Patricia Figueroa, Pete McHugh, Chuck Reed, Mary Lou Zoglin

**AGENDA
REGULAR MEETING
Wednesday, April 10, 2002
1:15 p.m.**

**CHAMBERS OF THE BOARD OF SUPERVISORS
70 West Hedding Street, First Floor, East Wing
San Jose, CA 95110**

The items marked with an asterisk (*) are included in the Consent Agenda and will be taken in one motion. At the beginning of the meeting, anyone who wants to discuss a consent item should make a request to remove that item from the Consent Agenda.

If you wish to participate in the following proceedings, you are prohibited from making a campaign contribution of more than \$250 to any commissioner or alternate. This prohibition begins on the date you begin to actively support or oppose an application before LAFCO and continues until three months after a final decision is rendered by LAFCO. No commissioner or alternate may solicit or accept a campaign contribution of more than \$250 from you or your agent during this period if the commissioner or alternate knows, or has reason to know, that you will participate in the proceedings.

If you or your agent have made a contribution of more than \$250 to any commissioner or alternate during the twelve (12) months preceding the decision, in the proceeding that commissioner or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the commissioner or alternate returns the campaign contribution within thirty (30) days of learning both about the contribution and the fact that you are a participant in the proceedings.

1. ROLL CALL

2. PUBLIC PRESENTATIONS

This portion of the meeting is reserved for persons desiring to address the Commission on any matter not on this agenda. Speakers are limited to THREE minutes. All statements that require a response will be referred to staff for reply in writing.

3. APPROVE MINUTES OF FEBRUARY 13, 2002 MEETING

***4. APPROVE CONSENT CALENDAR**

- *4.1** A petition by property owners to annex a 0.375 acre property to Cupertino Sanitary District, located at 13643 Saratoga-Sunnyvale Road, Saratoga, CA 95070, designated as Verde Vista No. 12 (uninhabited).

Possible Action: Approve annexation to Cupertino Sanitary District subject to terms and conditions and waive protest proceedings.

- *4.2 A request by the Cupertino Sanitary District for annexation of 4.22 acres of land located at 22600 Prospect Road, Saratoga, designated as Prospect No. 5 (uninhabited).

Possible Action: Approve annexation to Cupertino Sanitary District subject to terms and conditions and waive protest proceedings.

5. PUBLIC HEARING

5.1 Proposed Workplan for Conducting Service Reviews

Possible Action: Adopt proposed workplan for conducting service reviews.

5.2 Proposed LAFCO Fee Schedule Revision

Possible Action: Adopt resolution revising the LAFCO Fee Schedule.

5.3 Proposed LAFCO Budget for Fiscal Year 2003

Possible Action: Adopt proposed LAFCO Budget for FY 2002-2003.

6. EXECUTIVE OFFICER'S REPORT

A. Legislative Report

B. LAFCO Activity Database

7. PENDING APPLICATIONS

8. WRITTEN CORRESPONDENCE

9. ADJOURN

Adjourn to the next regular business meeting on Thursday, June 13, 2002.

Please note change in schedule of the LAFCO meeting to Thursday, June 13, 2002.

NOTE TO COMMISSIONERS:

Upon receipt of this agenda, please contact Emmanuel Abello, LAFCO Clerk at (408) 299-5088 if you are unable to attend the LAFCO meeting.

In compliance with the Americans with Disabilities Act, those requiring a accommodation for this meeting should notify the Clerk of the Board's Office 24 hours prior to the meeting at (408) 299-4821, TDD (408) 998-8272.

SANTA CLARA COUNTY
Local Agency Formation Commission

MINUTES

WEDNESDAY, FEBRUARY 13, 2002

1. ROLL CALL

The Local Agency Formation Commission (LAFCO) of Santa Clara County convenes this 13th day of February 2002 at 1:16 p.m. in the Chambers of the Board of Supervisors, County Government Center, 70 West Hedding Street, San Jose, California, with the following members present: Chairperson Linda LeZotte, and Commissioners Blanca Alvarado, Donald Gage, Susan Vicklund Wilson and Mary Lou Zoglin.

The LAFCO staff in attendance include Neelima Palacherla, LAFCO Executive Officer; Kathy Kretchmer, LAFCO Counsel; Dunia Noel, LAFCO Analyst.; and, Ginny Millar, LAFCO Surveyor.

The meeting is called to order by Chairperson LeZotte and the following proceedings are had, to wit:

2. PUBLIC PRESENTATIONS

There are no public presentations.

3. APPROVE MINUTES OF DECEMBER 12, 2002 MEETING

On motion of Commissioner Wilson, seconded by Commissioner Gage, it is unanimously ordered that the minutes of the December 12, 2001 meeting be approved as submitted.

4. PUBLIC HEARINGS

4.1 OUT-OF-AGENCY EXTENSION OF SEWER AND WATER SERVICES TO MORGAN HILL BIBLE CHURCH BY THE CITY OF MORGAN HILL

Neelima Palacherla, LAFCO Executive Officer, directs attention to the staff report, dated February 4, 2002, recommending (1) denial of the request for extension of water and sewer service to Morgan Hill Bible Church (MHBC) for its existing 10,360 square foot facility and proposed expansion of 25,000 square feet; and, (2) denial of categorical exemption from CEQA.

She advises that extending services outside of the Urban Service Area (USA) would be inconsistent with the County's General Plan as well as the urban development policies adopted by the City and County in 1973. Any proposed development on the property would be subject to the County's development and zoning regulations. Citing a letter from the County Planning Office, she reports that the Office finds that the proposed 25,000 square foot development would exceed the 10,000 square foot allowable floor area for structures sized to serve only the rural unincorporated population. With regard to the existing 10,360 square foot of facilities, she states that the letter indicates that records only show the approval for 5,826 square feet. She further advises that Morgan Hill's policies provide that extension of services will only be approved if there are health and safety concerns, or if it is beneficial to the general public. The City Council approved the extension citing that religious and social support services outweigh the negative impacts of continued decentralization of services. She notes that there are no health and safety issues that require this extension, and that this extension would set a precedent for other large facilities to relocate into unincorporated rural areas, inducing growth and causing premature agricultural land conversions. She further advises that an extension of services could not be provided if annexation of the site into the City is not anticipated. She concludes by reiterating the staff recommendation to deny the request for urban services and the CEQA categorical exemption.

On the query of Commissioner Gage, Ms. Palacherla states that the City adopted a categorical exemption but LAFCO staff has determined that this project is not categorically exempt. Hence, staff recommends denial of the categorical exemption. She notes that if the request is denied, there would be no need for further CEQA analysis. However, if it is approved, there will be a need for an initial study that would lead either to a Negative Declaration (ND) or an Environmental Impact Review (EIR). In response to an inquiry by Commissioner Gage, she advises that the City planning staff recommended denial of the application and recommended that it be categorically exempt. The City Council approved extension of services to the site.

Terry Linder, Senior Planner of the City of Morgan Hill, speaks in support the extension of services to MHBC because of its proximity to existing water and sewer lines; it has no growth inducing effects; the uniqueness of the circumstances; and, its

vital role in the community. She states that the City has proposed a CEQA categorical exemption because it will only involve a small back-filling project. In response to a query of Commissioner Wilson, Ms. Palacherla explains that annexation of the property will be a huge undertaking because there will be many parcels involved. In response to an inquiry by Chairperson LeZotte, she states that the City's planning office recommended that the application be denied, that the denial was overridden by the City Council, and that she is now representing the City.

In response to an inquiry by Commissioner Gage, Kathy Kretchmer, LAFCO Counsel, advises that the application must satisfy the criteria of (a) health and safety risks, or (b) anticipated annexation in order to be approved. If the application is approved without satisfying these criteria, the approval could be challenged and LAFCO could ultimately incur liability.

Rick Watson, MHBC staff, states that he will address the issue of the existing building and speaks in support of approval of the request because sewer service is safer than a septic system.

Charles Youngkin, MHBC Senior Pastor, speaks in support of approval of the application, stating that the church would be able to provide more support programs for the community.

Keith Higgins, MHBC staff, comments that the 25,000 square foot building plan for the proposed facility has been scaled down to 10,000 square feet; the USA amendment is not feasible because there are many parcels involved; and, the requested services are not required in the proposed expansion. In response to an inquiry of Commissioner Wilson, Mr. Higgins states that MHBC is located north of the properties that are presently planted with strawberries and pumpkins.

Anne Crealock, Greenbelt Alliance, speaks for the denial of the request because the facility is outside the City's USA and cites concerns that it will encourage urban sprawl; it exceeded the building size limit; it will set a precedent; and, it is located in an agriculture exclusive zone.

Kelly Crowley, Audobon Society, comments that MHBC should plan within the City's limits if it wants urban facilities.

Craig Breon, Audobon Society, expresses support to the staff position on CEQA and states that the city's planning staff oppose the project and were overruled by a decision which was political in nature.

Dennis Kennedy, Mayor, City of Morgan Hill, speaks for the approval of the request. He states that the church building used to be the "Silver Saddle Bar and Grill", and connecting it to the sewer and water system would be safer and a better option than a septic system. He continues by stating that the City will ultimately annex the site because it is close to the City limits and will correct the misshapen city boundary.

Receiving no further requests from the public to speak, the Chairperson orders that the hearing be closed.

Commissioner Gage states that he supports churches for the benefits they give to the communities, however, he notes that he is bound by the rules and regulations of LAFCO, and has the responsibility to follow those. He notes that when one exception is granted, other groups and people will also ask for exceptions. He states that he will not be able to support the MHBC request at this time. He states, however, that while the annexation is in process, he will work with MHBC to operate the facility under existing rules. Commissioner Alvarado observes that this is a difficult decision for all the members of the Commission and that the rules must be applied. Commissioners Alvarado and Gage discuss the large group assembly area study and how MHBC can expand its facility up to 10,000 sq. ft.

On motion of Commissioner Alvarado, seconded by Commissioner Wilson, it is ordered unanimously that Resolution No. 02-02 be adopted, denying the request of MHBC for sewer and water services; and, denying the CEQA categorical exemption.

4.2 SPHERE OF INFLUENCE (SOI) AMENDMENT AND ANNEXATION BY WEST BAY SANITARY DISTRICT ALONG LOS TRANCOS CREEK ROAD

Ms. Palacherla directs attention to the staff report dated February 4, 2002, and to amendments dated February 13, 2002. She states that West Bay Sanitary District (WBSD) is proposing to (a) amend its Sphere of Influence (SOI) to include four parcels, three of which are unincorporated and one is in Palo Alto; and, (b) annex these parcels, in addition to 10 other parcels that are within its existing SOI.

She explains that since most of WBSD is located in San Mateo County, San Mateo LAFCO is the principal LAFCO for the district and that the application was referred to the LAFCO Santa Clara County because there are parcels are in Santa Clara County. The Commission will forward its recommendations to San Mateo LAFCO a final decision.

She reports that the staff report has been revised in view of the new information available on the SOI amendment. Staff recommends: (1) approval of the inclusion of one parcel located in Palo Alto into the SOI of WBSD; (2) denial of the inclusion of three other parcels until the results of the survey becomes available; (3) that staff be directed to request the County Environmental Health Department to conduct a field study and submit its results; and, (4) San Mateo LAFCO be authorized to use the results of that study when they become available and to proceed with SOI amendment for the three parcels without the any further review by Santa Clara County LAFCO.

She further reports regarding the annexation, that staff is recommending: (1) approval of the 10 parcels that are already within the SOI of the WBSD; (2) denial of annexation of the 3 parcels that are outside the SOI of WBSD until the parcels are included into that SOI and the related issues are resolved; and, (3) approval of annexation of the parcel located in Palo Alto, provided that (a) there is a resolution for zero tax exchange approved by the WBSD Board of Directors, the City of Palo Alto, and the Santa Clara Board of Supervisors; and that, (b) the legal description and maps are revised and submitted, incorporating the revisions requested by the LAFCO surveyor.

In response to an inquiry by Commissioner Wilson, Ms. Palacherla states that the parcel in the Palo Alto City limits is only being annexed to WBSD for sewer services, and that the land use jurisdiction will remain with Palo Alto. In response to an inquiry of Commissioner Zoglin, Ms. Palacherla advises that staff recommends denial of the three parcels until the results of the field study becomes available, and that San Mateo LAFCO be authorized to decide on the matter without any further review by Santa Clara County LAFCO.

Ernie Selander, Selander Architects, states that he will not waste the time of the Commission since the matter is being forwarded to San Mateo LAFCO.

On motion of Commissioner Alvarado, seconded by Commissioner Wilson, it is ordered that Resolution No. 02-01 be adopted, approving the inclusion of one parcel located in Palo Alto into the SOI of WBSD; denying the annexation of three other parcels until the results of the survey is available; directing staff to request County Environmental Health Department to conduct a field study and submit its results; and, (4) authorizing San Mateo LAFCO to use the results of that study and proceed with SOI

amendment without requiring that the matter be brought back for further review by Santa Clara County LAFCO.

Commissioner Wilson expresses support for the staff attendance in the two workshops.

(Commissioner Wilson leaves at 2:09 PM.)

(Commissioner Alvarado leaves at 2:10 PM.)

5. EXECUTIVE OFFICER'S REPORT

A. Report on LAFCO Workshop for Special Districts

Ms. Palacherla, referring to staff report dated February 6, 2002, notes that staff held a workshop on January 22, 2002 attended by representatives from 15 special districts to inform them of the changes in the law, the new filing requirements, the service reviews, and SOI updates. Staff is now compiling the profiles of special district and developing a map of the special districts in the County.

B. 2002 CALAFCO Staff Workshop (March 14-15, 2002)

Ms. Palacherla announces a CALAFCO Staff Workshop on March 14-15, 2002, and recommends that the staff be authorized to attend that workshop.

C. 2002 CALAFCO Clerks Workshop (April 3-5, 2002)

Ms. Palacherla reports that there will be a CALAFCO Clerks Workshop on April 3-5, 2002, and recommends that the LAFCO Clerk be authorized to attend the workshop.

On motion of Commissioner Gage, seconded by Commissioner Zoglin, it is unanimously ordered that the report on the LAFCO workshop on special districts be accepted (Item No. 5A), and staff be authorized to attend the two CALAFCO workshops (Items No. 5B and C).

6. WRITTEN CORRESPONDENCE

Ms. Palacherla reports that there is a 100 percent consent petition for annexation of a property to Cupertino Sanitary District. The new law requires that this be put as an informational item on a Commission meeting before agenda bringing it to a hearing.

7. ADJOURNMENT

On the order of the Chairperson, there being no objection, the meeting is adjourned at 2:11 p.m. to the next regular meeting to be held on Wednesday, April 10, 2002 at 1:15 p.m. in the Chambers of the Board of Supervisors, County Government Center, 70 West Hedding Street, San Jose, California.

Linda J. LeZotte, Chairperson
Local Agency Formation Commission

ATTEST:

Emmanuel Abello, LAFCO Clerk

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SANTA CLARA

REPORT OF THE EXECUTIVE DIRECTOR

Designation: **Cupertino Sanitary District Annexation, Verde Vista No. 12**

Type of Application: **Annexation**

Filed by: **Petition**

LAFCO Hearing Date: **April 10, 2002**

1. REVIEW OF PROPOSAL

a. Acreage and location: 0.375 acres, 13643
Saratoga-Sunnyvale Rd, between
Verde Vista Lane & El Dorado Court

- Conform to Urban Service Area X /
Yes No

- Create island, corridor or strip / X
Yes No

b. Effect on community services:

X Provision of all municipal/district
services

- Conforms to road policy / N/A
Yes No

 Municipal/district services not
provided as follows:

- Conforms to lines of assessment X /
(if no, explain) Yes No

 Detachment from:

 School District Impact Report

 County Transit Impact Report

e. Present land use: Single family
residential

c. Inhabited Uninhabited X

f. Proposal land use: Single family
residential

d. Boundaries:

- Definite and Certain /
Yes No

g. Involves prime agricultural or Williamson Act land:
No

2. ENVIRONMENTAL REVIEW OF PROPOSAL

X Annexation is categorically exempt from provisions of CEQA.
Class exemption Class 19, Section 15319 (a) and (b)

 The City has rezoned the territory and, as Lead Agency for the environmental review of the annexation, has completed an Initial Study and Negative Declaration/Final EIR (copy attached) which in LAFCO staffs' opinion does/does not adequately address LAFCO regional concerns.

 LAFCO is the Lead Agency for the environmental review of this annexation and staff has prepared the attached Negative Declaration/Draft EIR for your review and adoption.

3. SUGGESTED CONDITIONS OR OTHER COMMENTS: **See Exhibit C, Terms and Condition**

4. PROTESTS:

5. RECOMMENDATIONS: **Approve annexation to Cupertino Sanitary District subject to terms and conditions in Exhibit C and waive protest proceedings**

By: Neelima Palacherla
Neelima Palacherla,
Executive Director

Date: 04/02/02

Date prepared: March 20, 2002

Hearing date: April 10, 2002

To: The Santa Clara County Local Agency Formation Commission
From: Dunia Noel, LAFCO Analyst
Subject: **Cupertino Sanitary District Annexation: Verde Vista No. 12**

Recommended Environmental Action:

Approve Categorical Exemption. The project is categorically exempt from the requirements of CEQA.

Reasons for Recommendation:

The project is exempt under CEQA Class 19, Section 15319 (a) and Section 15319 (b) that states:

Section 15319 (a): Annexation to a city or special district of areas containing existing public or private structures developed to the density allowed by the current zoning or pre-zoning of either the gaining or losing environmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities.

Section 15319 (b): Annexation of individual small parcels of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures.

Cupertino Sanitary District proposes to annex one parcel totaling .375 acres located on the west side of Saratoga-Sunnyvale Road between Verde Vista Lane and El Dorado Court in the City of Saratoga. The parcel, located at 13643 Saratoga-Sunnyvale Road, is located in the City of Saratoga and has an existing home on it. The property owner would like to abandon the existing septic system and connect to sewer through the Cupertino Sanitary District.

Regarding the annexation into the Cupertino Sanitary District, the parcel is zoned R-1-12,500 (Residential with a 15,000 square foot minimum lot size requirement). The parcel is located within the City of Saratoga and is not eligible for further subdivision. The parcel is located inside of the City of Saratoga's Urban Service Area and inside of the

City of Saratoga's Sphere of influence. The parcel is located within Cupertino Sanitary District's Sphere of Influence. The proposed annexation to Cupertino Sanitary District is thus exempt from CEQA because the special district annexation meets the requirements of the Class 19 exemption.

EXHIBIT "C"

TERMS AND CONDITIONS FOR ANNEXATION TO CUPERTINO SANITARY DISTRICT

The annexation shall be subject to the following terms and conditions:

1. In the event that pursuant to rules, regulations or ordinances of the District, as now or hereafter amended, the District shall require any payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of the District, such payment will be made to the District in the manner and at the time as provided by the rules, regulations or ordinances of the District as now or hereafter amended.
2. Upon and after the effective date of said annexation, the Property, all inhabitants within such Property, and all persons entitled to vote by reason of residing or owning land within the Property shall be subject to the jurisdiction of the District, shall have the same rights and duties as if the Property had been a part of the District upon its original formation, shall be liable for the payment of principal, interest and any other amounts which shall become due on account of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of the District and shall be subject to the levying or fixing and collection of any and all taxes, assessments, service charges, rentals or rates as may be necessary to provide for such payment; and shall be subject to all of the rates, rules, regulations and ordinances of the District, as now or hereafter amended.

**THE MAPS AND LEGAL DESCRIPTION
WILL BE PROVIDED AT THE MEETING**

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SANTA CLARA

REPORT OF THE EXECUTIVE DIRECTOR

Designation: Cupertino Sanitary District Annexation, Prospect Road No. 5

Type of Application: Annexation

Filed by: Resolution

LAFCO Hearing Date: April 10, 2002

1. REVIEW OF PROPOSAL

a. Acreage and location: 4.22 acres, 22600 Prospect Road between Fremont Older Open Space area and Rolling Hills Road

- Conform to Urban Service Area X /
Yes No

b. Effect on community services:

- Create island, corridor or strip / X
Yes No

X Provision of all municipal/district services

- Conforms to road policy / N/A
Yes No

 Municipal/district services not provided as follows:

- Conforms to lines of assessment X /
(if no, explain) Yes No

 Detachment from:

 School District Impact Report

 County Transit Impact Report

e. Present land use: Single family residential

c. Inhabited Uninhabited X

f. Proposal land use: Single family residential

d. Boundaries:

- Definite and Certain X /
Yes No

g. Involves prime agricultural or Williamson Act land:
No

2. ENVIRONMENTAL REVIEW OF PROPOSAL

X Annexation is categorically exempt from provisions of CEQA.
Class exemption Class 19, Section 15319 (a) and (b)

 The City has rezoned the territory and, as Lead Agency for the environmental review of the annexation, has completed an Initial Study and Negative Declaration/Final EIR (copy attached) which in LAFCO staffs' opinion does/does not adequately address LAFCO regional concerns.

 LAFCO is the Lead Agency for the environmental review of this annexation and staff has prepared the attached Negative Declaration/Draft EIR for your review and adoption.

3. SUGGESTED CONDITIONS OR OTHER COMMENTS: See Exhibit C, Terms and Condition

4. PROTESTS:

5. RECOMMENDATIONS: Approve annexation to Cupertino Sanitary District subject to terms and conditions in Exhibit C and waive protest proceedings

By: Neelima Palacherla
Neelima Palacherla,
Executive Director

Date: 04/02/02

Date prepared: March 20, 2002

Hearing date: April 10, 2002

To: The Santa Clara County Local Agency Formation Commission
From: Dunia Noel, LAFCO Analyst
Subject: **Cupertino Sanitary District Annexation: 22600 Prospect Road**

Recommended Environmental Action:

Approve Categorical Exemption. The project is categorically exempt from the requirements of CEQA.

Reasons for Recommendation:

The project is exempt under CEQA Class 19, Section 15319 (a) and Section 15319 (b) that states:

Section 15319 (a): Annexation to a city or special district of areas containing existing public or private structures developed to the density allowed by the current zoning or pre-zoning of either the gaining or losing environmental agency whichever is more restrictive, provided, however, that the extension of utility services to the existing facilities would have a capacity to serve only the existing facilities.

Section 15319 (b): Annexation of individual small parcels of the minimum size for facilities exempted by Section 15303, New Construction or Conversion of Small Structures.

Cupertino Sanitary District proposes to annex two contiguous parcels totaling 4.22 acres (3.17 acres and 1.045 acres) located on the south side of Prospect Road between the Fremont Older Open Space Area and Rolling Hills Road in an unincorporated area located west of the City of Saratoga. One parcel has an existing home on it and property owner would like to construct a new single-family dwelling on the other parcel sometime in the future. The developed parcel, at 22600 Prospect Road, wants to abandon their septic system and connect to sewer through the Cupertino Sanitary District. Applicant also requests that the future single-family dwelling be able to connect to sewer through the Cupertino Sanitary District. The applicant does not give a specific date as to when they expect to construct the future single-family dwelling unit.

Regarding the annexation into the Cupertino Sanitary District, both parcels are zoned "Hillside" under the jurisdiction of the County, and are not eligible for further subdivision. The parcels are located outside of the City of Saratoga's Urban Service Area, but inside of the City of Saratoga's Sphere of Influence. The parcels are located in an unincorporated pocket within the County of Santa Clara. The parcels are located within Cupertino Sanitary District's Sphere of Influence. The proposed annexations to Cupertino Sanitary District are thus exempt from CEQA because the special district annexation meets the requirements of the Class 19 exemption.

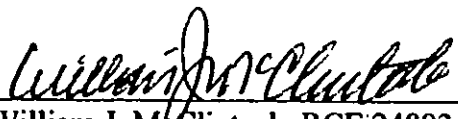
EXHIBIT "A"

**Annexation to the Cupertino Sanitary District
Prospect No. 5
March 29, 2002**

BEGINNING at the northwesterly corner of Parcel One, as said Parcel is described and delineated in that certain Certificate of Compliance-Lot Line Adjustment, filed for record on December 21, 2001 in Document No. 16024970, at the Office of the County Recorder of Santa Clara County; thence from said point, which is coincident with a point on the centerline of Prospect Road, as said right-of-way is shown upon said document, and along the northerly line of said Parcel One and said centerline the following four courses; North 66°09'20" East, a distance of 29.57 feet; thence South 65°03'20" East, a distance of 162.06 feet; thence North 88°10'40" East, a distance of 99.87 feet; thence South 78°54'50" East, a distance of 56.97 feet to the northeasterly corner of said Parcel One; thence along the easterly line of said Parcel One, South 02°25'05" East, a distance of 72.18 feet to a point on the easterly line of said Parcel One, which is coincident with the northwesterly corner of the existing Cupertino Sanitary District Limits Line, as established by Resolution No. 103 entitled, "Prospect No. 1"; thence along the westerly line of said Limits Line the following two courses; South 02°25'05" East, a distance of 84.10 feet; thence South 00°51'05" East, a distance of 365.90 feet to a point on said Limits Line, which is coincident with the southeasterly corner of Parcel Two, as said parcel is shown upon said document; thence leaving said Limits Line and along the southerly line of said Parcels Two and One respectively, South 89°08'55" West, a distance of 333.00 feet to the southwesterly corner of said Parcel One; thence along the westerly line of said Parcel One, North 00°51'05" West, a distance of 591.18 feet to the **POINT OF BEGINNING** and containing an area of 4.215 acres, more or less.

See Exhibit "B" attached hereto and made a part hereof.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyor's Act.


William J. McClintock, RCE 24893
Expires: 12/31/2005

3/29/02
Date



Prepared by the firm of MH engineering Company, Morgan Hill, CA
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Last printed 3/29/2002 3:04 PM

PROSPECT NO. 5

2260 PROSPECT ROAD

CUPERTINO SANITARY DISTRICT

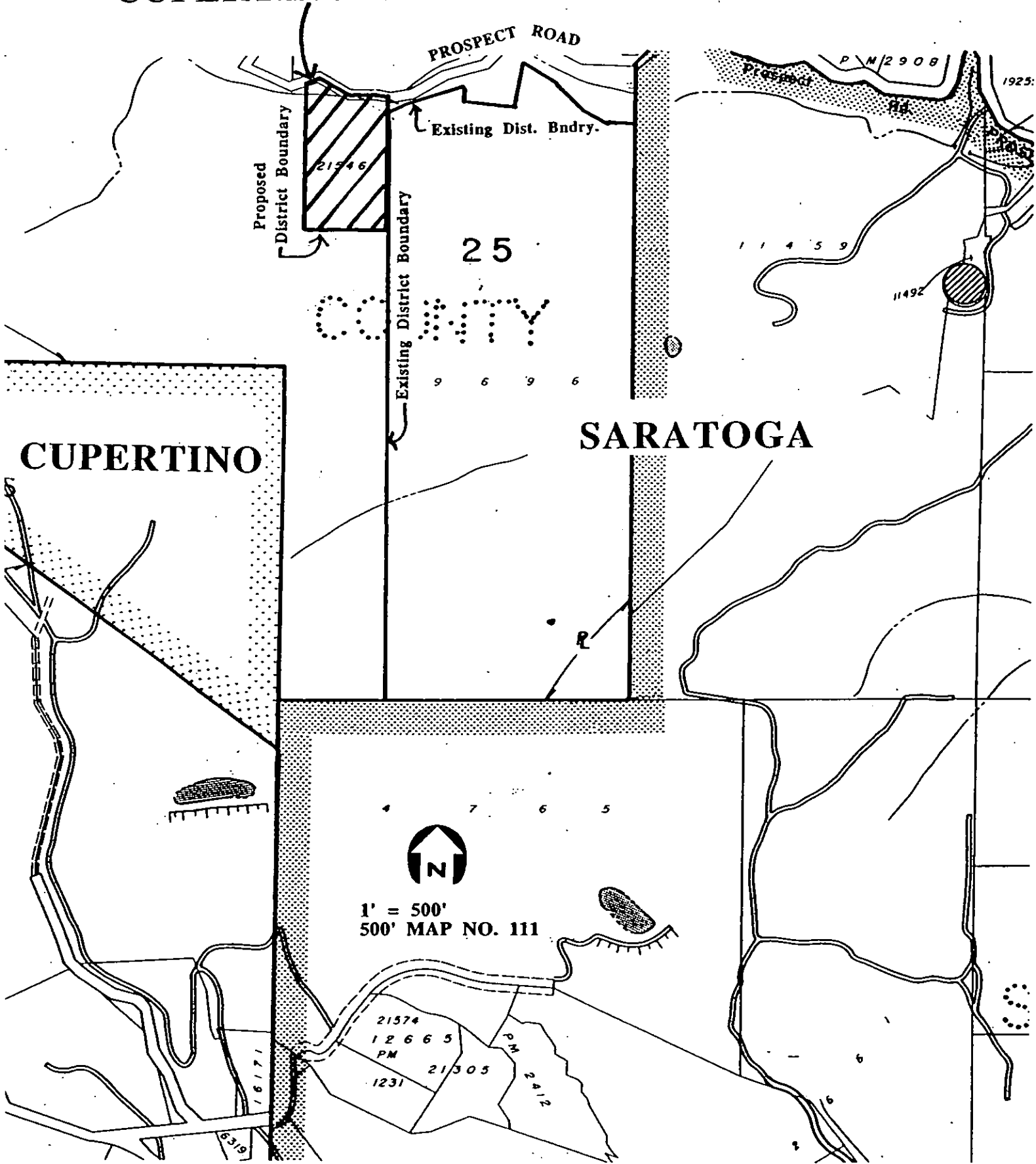


EXHIBIT "C"

TERMS AND CONDITIONS FOR ANNEXATION TO CUPERTINO SANITARY DISTRICT

The annexation shall be subject to the following terms and conditions:

1. In the event that pursuant to rules, regulations or ordinances of the District, as now or hereafter amended, the District shall require any payment of a fixed or determinable amount of money, either as a lump sum or in installments, for the acquisition, transfer, use or right of use of all or any part of the existing property, real or personal, of the District, such payment will be made to the District in the manner and at the time as provided by the rules, regulations or ordinances of the District as now or hereafter amended.
2. Upon and after the effective date of said annexation, the Property, all inhabitants within such Property, and all persons entitled to vote by reason of residing or owning land within the Property shall be subject to the jurisdiction of the District, shall have the same rights and duties as if the Property had been a part of the District upon its original formation, shall be liable for the payment of principal, interest and any other amounts which shall become due on account of any outstanding or then authorized but thereafter issued bonds, including revenue bonds, or other contracts or obligations of the District and shall be subject to the levying or fixing and collection of any and all taxes, assessments, service charges, rentals or rates as may be necessary to provide for such payment; and shall be subject to all of the rates, rules, regulations and ordinances of the District, as now or hereafter amended.

**LOCAL AGENCY FORMATION COMMISSION
SANTA CLARA COUNTY**
www.santaclara.lafco.ca.gov

County Government Center, 11th Floor, East Wing
70 West Hedding Street, San Jose, CA 95110
(408) 299-5127 FAX 295-1613
Neelima Palacherla, Executive Officer

April 10, 2002

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer *NP*
Dunia Noel, LAFCO Analyst *DN*

SUBJECT: APPROVAL OF DRAFT SERVICE REVIEWS WORK PLAN
Agenda Item # 5.1

RECOMMENDATIONS

Staff recommends that the Commission:

1. Approve in concept the Draft Service Reviews Work Plan (Attachment A),
2. Authorize staff to implement the Draft Work Plan, including the hiring of a consultant to assist staff with Stage 2 tasks,
3. Either:
 - a. Appoint a Service Reviews Sub-committee (2 Commissioners) that would review and approve staff recommendations on groupings, priorities, scope and policies for conducting service reviews as well as Sphere of Influence revision policies,
 - OR
 - b. Authorize staff to prepare recommendations on service review groupings, priorities, scope and policies for conducting service reviews as well as Sphere of Influence revision policies, and to bring these recommendations back to the Commission for approval in August.

Establish a Service Reviews Sub-Committee

The Commission has the option of appointing a sub-committee, composed of two commissioners, Executive Officer, LAFCO Counsel, and LAFCO Analyst and to authorize the Sub-committee to review as necessary, draft policies for conducting service reviews and forward the drafts to the Commission for consideration and adoption. The Sub-Committee's review would occur prior to staff's distribution of the draft policies to the various stakeholders. Staff anticipates that the sub-committee would meet twice between May 2002 and July 2002. These meetings would last approximately 2 hours. Additional follow-up, if needed, would be conducted over the telephone.

If the Commission decides not to appoint a sub-committee, staff will distribute the draft policies to stakeholders without the Commission's initial review or input. Under either of the options, the full Commission will ultimately review and adopt a final set of policies and procedures for conducting service reviews.

OPR's Service Reviews Guidelines

As the Commission knows, the Cortese Knox Hertzberg Act (CKH Act) requires the Office of Planning and Research (OPR) to develop guidelines for service reviews by July 1, 2001. Although OPR issued a preliminary draft version of the guidelines in August 2001, LAFCO is still awaiting the final version of the guidelines. Staff anticipates that it may be necessary to make some minor changes in the Work Plan once OPR's Final Service Reviews Guidelines are released. Additionally, given that service reviews are a new responsibility for LAFCO and that the reviews will take place over several years, staff may need to revise the Work Plan to address unforeseen issues that arise while conducting the service reviews.

Summary of Draft Service Reviews Work Plan

The Draft Service Reviews Work Plan calls for the project to be implemented in three consecutive stages. A summary of each stage of the Work Plan is provided below.

Stage 1: Information Collection and Preparation

LAFCO staff have already started to implement some elements of Stage 1, such as preparing electronic maps of special district boundaries and their Sphere's of Influence, as well as, collecting basic information on cities and special districts in Santa Clara County and developing profiles for each one. Additionally, LAFCO staff plans to begin meeting with various stakeholder (cities, county and special districts) to inform them about the draft service review work plan, seek their input and identify any process or policy issues. Staff is also recommending that LAFCO hire a consultant to provide staff with additional guidance and to advise staff on potential options for completing Stage 2 tasks, such as developing policies and methodology for conducting service reviews.

Stage 2: Policies and Methodology Development

The focus of Stage 2 of the Draft Work Plan is the development of policies and methodology for conducting service reviews. Staff, with the assistance of a consultant, will 1) prepare draft recommendations for grouping and prioritizing service reviews; 2) prepare policies and procedures for conducting service reviews; and 3) review and revise where necessary, existing LAFCO policies for Sphere of Influence (SOI) updates.

Additionally, staff will meet with the various stakeholders to seek their input on staff's draft recommendations, policies, and procedures. Staff will incorporate these comments and prepare a final staff recommendation on groupings, priorities, scope and policies for conducting service reviews as well as SOI revision policies. Lastly, staff will seek Commission approval of these final recommendations.

Stage 3: Service Review Completion and Adoption

Stage 3 of the Draft Work Plan includes conducting the service reviews, preparing draft service review reports, and making written determinations. Given the quantity, scope and technical nature of the service reviews, staff recommends that LAFCO hire a consultant(s) to conduct the service reviews. There is also the possibility that consultant services might be needed to perform the requisite environmental review.

LAFCO is also required to conduct a noticed public hearing on each draft service review and to accept comments on the review. LAFCO staff will then prepare a final service review report and conduct a noticed public hearing at which time the Commission may adopt the service review report and the written determinations. Once adopted, LAFCO staff will distribute the final service review report and determination to the appropriate parties and will develop a schedule and outline steps to implement the recommendations contained in the service review reports. Lastly, LAFCO staff will propose SOI updates and conduct the requisite environmental review.

Next Steps

If the Commission approves the Draft Service Reviews Work Plan, staff will provide the Commission with a progress report on the implementation of the Work Plan at the next LAFCO meeting.

Attachments

Attachment 1 - LAFCO Service Reviews Project and Draft Service Reviews Work Plan

Attachment 2 - Flowchart for Stage 2 of the Service Reviews Work Plan

LAFCO SERVICE REVIEWS PROJECT

What is a Service Review?

A service review is a comprehensive review of municipal services within a designated geographic area to:

- Obtain information about municipal services in the geographic area,
- Evaluate the provision of municipal services from a comprehensive perspective, and
- Recommend actions to promote the efficient provision of those services.

The Law

Pursuant to Government Code Section 56430, LAFCO is required to conduct service reviews in conjunction with sphere of influence updates. Provided below is the referenced section.

56430. (a) In order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for service review the county, the region, the sub region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

- (1) Infrastructure needs or deficiencies*
- (2) Growth and population projections for the affected area*
- (3) Financing constraints and opportunities*
- (4) Cost avoidance opportunities*
- (5) Opportunities for rate restructuring*
- (6) Opportunities for shared facilities*
- (7) Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers*
- (8) Evaluation of management efficiencies*
- (9) Local accountability and governance*

(b) In conducting a service review, the commission shall comprehensively review all of the agencies that provide the identified service or services within the designated geographic area.

(c) The commission shall conduct a service review before, or in conjunction with, but no later than the time it is considering an action to establish a sphere of influence in accordance with Section 56425 or Section 56426.5 or to update a sphere of influence pursuant to Section 56425.

(d) Not later than July 1, 2001, the Office of Planning and Research, in consultation with commissions, the California Association of Local Agency Formation Commissions, and other local governments, shall prepare guidelines for the service reviews to be conducted by commissions pursuant to this section.

Benefits of Service Reviews

Service reviews will serve as information tools that can be used by LAFCO, the public or other local, regional and state agencies based on their area of need, or statutory responsibility to:

- Promote orderly growth and development with consideration of service feasibility and service costs
- Encourage infill development
- Learn about service issues and needs
- Plan for provision of infrastructure needed to support planned growth
- Support perspectives that address regional issues
- Develop a structure for dialogue among agencies that provide services
- Develop a support network and promote shared resource acquisition
- Provide backbone information for service provider directories
- Develop strategies to avoid unnecessary costs, streamline and improve public service provision
- Provide ideas about different or modified government structures

Origins of Service Review Requirement

The Commission on Local Governance for the 21st Century that was set up in 1998 to make recommendations on revisions to state law regarding local governance recognized that one of the most fundamental purposes of LAFCO is to "encourage orderly growth and to provide planned, well-ordered, efficient

urban development patterns," and to "advantageously provide for the present and future needs of each county and its communities." The implication of these words is that LAFCOs have comprehensive knowledge of the services available within the public agencies of each county and how they interrelate. The Commission found that this was not the case and recommended that LAFCOs undertake service reviews as a response to remedy the issue.

These and several other recommendations made by the Commission were folded into AB 2838 which was signed into law by the Governor as the Cortese Knox Hertzberg Local Government Reorganization Act of 2001 (CKH Act) and became effective on January 1, 2001.

Relationship between Service Reviews and Sphere of Influence Updates

The CKH Act requires LAFCOs to update the Spheres of Influence (SOI) for all applicable jurisdictions that provide facilities or services related to development in the county. Government Code Section 56425 defines a SOI as "...a plan for the probable physical boundary and service area of a local agency or municipality..." The CKH Act requires that a service review be conducted prior to, or in conjunction with the update of a SOI.

DRAFT SERVICE REVIEWS WORK PLAN

The Draft Service Reviews Work Plan calls for the project to be implemented in three consecutive stages. The three stages are as follows:

- Stage 1: Information Collection and Preparation
- Stage 2: Policies and Methodology Development
- Stage 3: Service Review Completion and Adoption

Staff expects to complete Stage 1 and Stage 2 by the end of 2002. The tentative start date for Stage 3 is January 2003.

In order for service reviews to be meaningful and beneficial they must be accomplished with the participation and cooperation of the public and affected local agencies. To this end, the draft work plan contains several opportunities in each stage, for performing public outreach as well as for seeking public and stakeholder input, review and comments.

STAGE 1: INFORMATION COLLECTION AND PREPARATION

In stage 1, staff will undertake some preliminary steps to get organized with information and resources for conducting service reviews. LAFCO staff has already started to implement some elements of Stage 1. The following is a listing of steps involved in this stage.

- 1. Map special district boundaries and their Sphere of Influence (SOI) boundaries in Geographic Information Systems (GIS)**
[In Progress]
 - a. Obtain any hard copy maps of special district boundaries and research location of their existing SOI boundaries
 - b. Hire consultant to map special district boundaries and their SOI boundaries and assist consultant in determining the existing boundaries
 - c. Circulate draft of maps to special district and other agencies for review and comment
 - d. Coordinate, research and resolve any issues before finalizing maps

- e. Place maps on GIS server
 - f. Establish system for future ongoing update and maintenance of boundaries.
- 2. Create and publish a "Profile of Special Districts" in Santa Clara County**
[In Progress]
- a. Send letter to special districts requesting basic information regarding area served, services provided, finances and contacts.
 - b. Layout information and circulate draft to the districts for review and comment
 - c. Finalize document for publication
 - d. Publish hard copies, distribute to agencies and make available on LAFCO web site
- 3. Create and publish a summary or "Profile of Cities" in Santa Clara County**
[In Progress]
- a. Send letter to special districts requesting basic information regarding area served, services provided, finances and contacts.
 - b. Layout information and circulate draft to the districts for review and comment
 - c. Finalize document for publication
 - d. Publish hard copies, distribute to agencies and make available on LAFCO web site
- 4. Review State Office of Planning and Research's (OPR) "Guidelines for Conducting Service Reviews"**
[In Progress]
- a. Review OPR's Draft and Final Service Review Guidelines when available

5. **Identify issues and seek input from stakeholders related to service reviews and/or SOI revisions**
[April, May 2002]
 - a. Meet with the various agencies: cities, county and special districts to inform them about the service review work plan, seek input and identify issues on STAGE II process and policy issues
 - b. Identify other stake holders such as private service providers and other advocacy groups and include them in review process
 - c. Check historic LAFCO applications and identify issues deferred to time of comprehensive SOI review or study

6. **Hire consultant to assist with work assignments in Stage 2**
[April 2002]
 - a. Hire consultant to provide staff with guidance and advise on accomplishing *Stage 2* tasks: policies and methodology development.

STAGE 2: POLICIES AND METHODOLOGY DEVELOPMENT

The focus of Stage 2 of the Draft Work Plan is the development of policies and methodology for conducting service reviews. Staff will be seeking direction from the Commission with regard to whether the Commission would like to set up a sub committee to review the draft policies that are developed by staff and the consultant prior to distributing them to stakeholders and public for comment. Listed below are the tasks involved in this stage.

1. **Prepare draft staff recommendation on method of grouping and prioritizing service reviews**
[May-June 2002]
 - a. Work with consultant to prepare alternative methods of grouping service reviews (for example, by geographic area, by district, by type of services provided, etc.) along with the associated pros and cons of each method
 - b. Work with consultant to develop priorities in conducting service reviews taking into consideration urgency in resolving any outstanding issues, staff workload, regulatory deadlines and other factors
 - c. Develop draft staff recommendations on groupings and priorities

2. Develop draft policies for conducting service reviews

[May-June 2002]

- a. Work with consultant to develop and draft local LAFCO policies and procedures for conducting service reviews including policies for conducting public outreach, adopting final reviews, determining extent scope of reviews etc.

3. Review and revise where necessary, existing LAFCO policies for SOI updates

[May-June 2002]

- a. Review existing SOI policies
- b. Work with consultant to develop and draft new policies for SOI updates referencing service review requirement and other requirements per CKH Act

4. Obtain stakeholder input on draft staff recommendations

[June-July 2002]

- a. Circulate draft policies to various agencies including cities, county and special districts and other stakeholders for review and comment
- b. Meet with affected agencies and stakeholders to discuss issues and seek input
- c. Incorporate comments and prepare final staff recommendations on the groupings, priorities, scope and policies for conducting service reviews as well as for SOI revision policies.

5. Seek Commission approval of final staff recommendations

[August 2002]

- a. Seek commission approval of final staff recommendations at a noticed public hearing
- b. Circulate adopted policies to affected agencies and stakeholders
- c. Make policies available on LAFCO web site

STAGE 3: SERVICE REVIEW COMPLETION AND ADOPTION

Stage 3 of the Draft Work Plan includes conducting the actual service reviews. Prior to starting on each service review, a specific work plan and schedule will be created. Provided below is an overview of the process involved for conducting each service review.

1. Prepare Draft Service Review Report

- a. Hire consultant to perform specific reviews and supervise the preparation of the service review
- b. Develop detailed work plan, schedule public participation process
- c. Develop questionnaire and collect necessary information
- d. Conduct analysis and develop draft determinations
- e. Prepare a Draft Service Review Report

2. Perform environmental review per CEQA

- a. Determine level of environmental review required
- b. Hire consultant to conduct review if necessary and supervise the preparation of the report
OR
Conduct review in-house

3. Conduct LAFCO public hearing on Draft Service Review

- a. Distribute Draft report and provide for 21-day comment period
- b. Conduct a noticed public hearing to accept comment on the draft service review and CEQA review

4. Prepare a Final Service Review Report

- a. Consider and incorporate comments as appropriate
- b. Include comments received during public review period
- c. Prepare a Final Service Review Report

5. Conduct LAFCO public hearing to adopt service review report and determinations

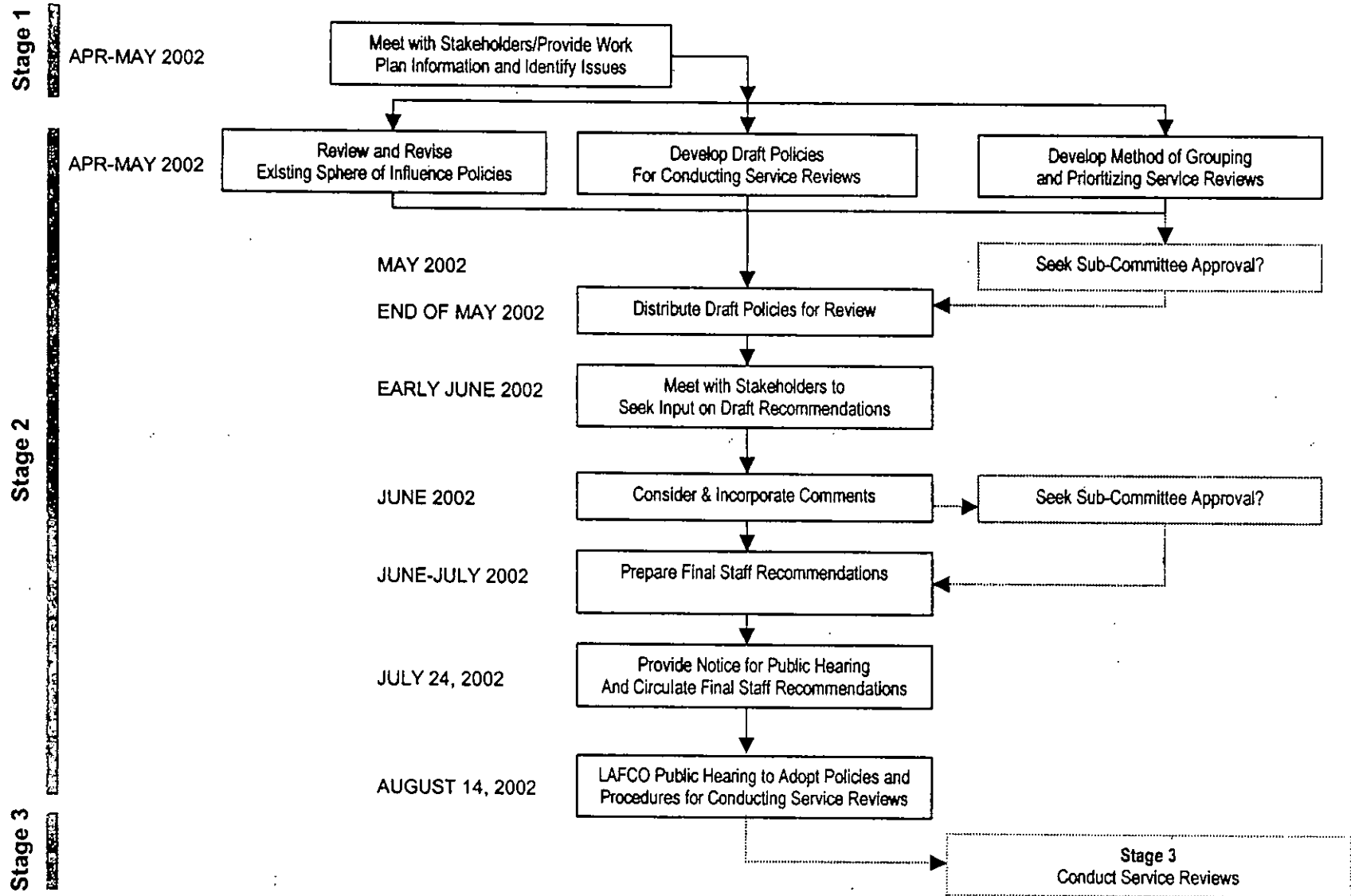
- a. Distribute Final Report 21 days prior to the LAFCO public hearing
- b. Conduct a noticed LAFCO public hearing to adopt the service review report, the service review determinations by resolution and act on CEQA document
- c. LAFCO may adopt other staff recommendations and direct staff to further study issues raised in the service reviews
- d. If the service review supports and if LAFCO has complied with all required processes, it may take action on a SOI update at the same hearing
- e. If the service review supports and if LAFCO has complied with all required processes, it may initiate or adopt a reorganization proposal at the same hearing.

6. Final Steps / Follow up

- a. Distribute the Final Service Review Report to interested and local and regional planning agencies for use as a resource in their work
- b. Develop schedule and steps to implement the recommendations contained in the service reviews
- c. Propose SOI updates and conduct the required environmental review

DEVELOPMENT OF POLICIES AND METHODOLOGY FOR CONDUCTING SERVICE REVIEWS

Stage 2 of Draft Service Review Work Plan



**LOCAL AGENCY FORMATION COMMISSION
SANTA CLARA COUNTY**
www.santaclara.lafco.ca.gov

County Government Center, 11th Floor, East Wing
70 West Hedding Street, San Jose, CA 95110
(408) 299-5127 FAX 295-1613
Neelima Palacherla, Executive Officer

April 3, 2002

TO: LAFCO
FROM: Neelima Palacherla, Executive Officer *NP*
SUBJECT: Proposed LAFCO Fee Schedule Revision
Agenda Item # 5.2

STAFF RECOMMENDATION

Adopt resolution revising LAFCO fee schedule, to be effective June 1, 2002. The proposed fee schedule is Attachment A. The resolution is Attachment B

Background

State law authorizes LAFCO to charge fees for filing and processing of proposals provided that these fees "... shall not exceed the estimated reasonable cost of providing the service for which fees is charged..." (Government Code Section 56383).

LAFCO fees were last revised in 1995. Staff costs have gone up significantly since 1995. The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001 made major changes to the state law affecting policies and procedures for LAFCO. Some of the new requirements, including more the extensive noticing requirements and the new role for LAFCO as conducting authority, add to the staff time spent on individual applications.

In this fee schedule revision, staff is not proposing to change the general format and methodology of the current fee structure. Staff is proposing to revise the fee schedule to more accurately reflect the current staff hourly rates and to take into account the additional procedural requirements mandated by state law.

To determine how Santa Clara County LAFCO fees compared with other LAFCO fee schedules, staff conducted a preliminary evaluation of other LAFCO fee schedules. Staff found that each LAFCO utilizes a different method of charging fees. Some LAFCOs set fees based on acreage of proposals, some based on time and materials or on type of

application, and yet others use a combination of these methods. For this reason staff felt that more detailed analysis of such comparison would not provide much value.

Public Hearing and Notice of Hearing

In addition to following standard noticing requirements for public hearings, a notice regarding this item was mailed out to the County, and all cities and special districts in the county. This item has also been noticed in the San Jose Mercury News. A copy of this staff report has been posted on the LAFCO web site and was so indicated on all the notices.

Revised LAFCO Staff Costs

Revised LAFCO staff costs have been used to determine the proposed revised fees. The LAFCO Counsel, Clerk and Surveyor rates reflect the projected hourly rates for FY 03 that LAFCO would pay to the Office of the County Counsel, Clerk of the Board's Office and the County Surveyor's Office respectively for the staffing services. These rates, established annually by the individual departments, include salary & benefits, productive time, and the administrative overhead costs. The projected hourly rates for the Executive Officer and the LAFCO Analyst are calculated to include the salaries & benefits, productive hours, and the administrative overhead costs taking into consideration the indirect costs based on the projected FY 03 budget.

Staff	Hourly Rates reflecting salary & benefits, productive time and administrative overhead charges
Executive Officer	\$116.00
Analyst	\$103.00
LAFCO Counsel	\$141.00
LAFCO Clerk	\$47.00
LAFCO Surveyor	\$85.77

City Conducted Annexation Applications

Proposed Revision

Increase the processing fee for city-conducted annexation from \$225 to \$340.

Discussion

Currently LAFCO charges a fee of \$225 for processing of city-conducted annexations. The proposed fee increase for processing and staff finalization of city-conducted annexations is based upon the following costs:

Staff Involved in Processing	Time Spent on Application	Staff Costs
LAFCO Executive Officer	0.5 hr.	\$58
LAFCO Clerk	6 hrs.	\$282
Total Cost:		\$340

NOTE: For city conducted annexations, the County Surveyor's Office charges a fee of \$1,365 directly to the city for checking the map and legal descriptions. This fee is not adopted or collected by LAFCO and is not credited to the LAFCO account.

LAFCO Change of Organization Applications

The current fees for changes of organization are set in a two-tier system. Proposals that have 100% consent of all affected landowners are charged a lower fee because they generally do not require a public hearing and are less time consuming (\$1,650 + environmental review fees). The non-100% consent proposals are charged a higher fee (\$2,850 + environmental review fees) because they are generally more complicated and require a public hearing.

The CKH Act made significant changes to the LAFCO annexation process. In the past, protest proceedings were conducted by the affected agency after LAFCO approval of the proposal. The CKH Act now requires LAFCO to conduct the protest proceedings. The CKH Act has also increased the noticing requirements for proposals requiring public hearings. These new responsibilities and requirements along with additional required analysis considerably increase staff time spent on each application. The proposed fees for processing a change of organization application are based on these new procedures and their associated costs.

100% Consent Proposals

Proposed Revision

Increase the LAFCO processing fee from \$1,600, plus environmental review (ER) fee to \$2,770, plus appropriate environmental review (ER) fee.

Discussion

The majority of reorganization proposals submitted to LAFCO fall under this category. These proposals are generally on the Commission's consent calendar. While the new law changes some aspects of processing these types of proposals, the changes are minor and do not significantly change how these proposals are processed. That is, these proposals do not generally require a public hearing, noticing or a protest hearing. The proposed fee increase for a 100% consent change of organization proposal is based on following costs:

Staff Involved in Processing	Time Spent on Application	Staff Costs
LAFCO Executive Officer	4.5 hrs.	\$522
LAFCO Clerk	11.4 hrs.	\$681
LAFCO Counsel	.5 hr.	\$71
LAFCO Surveyor	17.5 hrs.	\$1,500
Total Cost:		\$2,774 Round off \$2,770

Non-100% Consent Proposals

Proposed Revision

Increase the LAFCO processing fee from \$2,850, plus environmental review fee to \$5,300, plus appropriate environmental review fee.

Discussion

Application history indicates that LAFCO does not receive many proposals of this type. However, these applications are generally far more time consuming because they require public hearing, public noticing and protest proceeding. The proposed fee increase for a non-100% consent change of organization proposal is based on following costs:

Staff Involved in Processing	Time Spent on Application	Staff Costs
LAFCO Executive Officer	24 hrs.	\$2,533
LAFCO Clerk	19.2 hrs.	\$909
LAFCO Counsel	2.5 hrs.	\$353
LAFCO Surveyor	17.5 hrs.	\$1,500
Total Cost:		\$5,295 Round off \$5,300

Environmental Review Fees

Proposed Revision

Increase the LAFCO environmental review fee for:

Categorical exemptions, from \$50 to \$310

Initial Study / Negative Declaration (ND) from \$215 to \$520

Environmental Impact Review (EIR) from \$435 to \$930 and

LAFCO as Lead Agency for ND or EIR from \$1,135 deposit + expenses to \$2,060 deposit + consultant fees + additional expenses.

Discussion

When LAFCO is the Lead Agency for a proposal that would require a ND or an EIR, it is likely that after preliminary review, a consultant will be hired to prepare the environmental report. The proposed fee increase for the various levels of environmental analyses is based on the following time spent by the LAFCO Analyst.

Type of Environmental Review	Time Spent on Review	Proposed Fee
Categorical Exemption (LAFCO is Lead or Responsible Agency)	3 hrs	\$309 Round off \$310
Negative Declaration (LAFCO is NOT Lead Agency)	5 hrs	\$515 Round off \$520
EIR (LAFCO is NOT Lead Agency)	9 hrs	\$927 Round off \$930
LAFCO as Lead Agency (Neg. Dec. or EIR)	20 hrs deposit + consultant time	\$2,060 deposit + consultant fees + any additional staff time / expenses

Deposit Fees

Urban Service Area (USA), Sphere of Influence (SOI) and Out of Agency Contract for Service (OACS) Applications, District Formations, Dissolutions, Consolidations, City Incorporations, Dissolutions

Proposed Revision

Increase the initial deposit from \$5,000 to \$5,500, the total fee based on the actual cost of processing each individual application.

In addition, staff is recommending that when LAFCO is the lead agency for an application, the environmental review fee deposit should also be required upfront if it is determined that an EIR or a Negative Declaration would be required.

Discussion

Currently, LAFCO charges an upfront deposit of \$5,000 for proposals involving USA amendments, SOI amendments, OACS applications and proposals involving district formations, dissolutions, consolidations and city incorporations and dissolutions. If actual costs are less than \$5,000, LAFCO will refund the difference and if the costs exceed this amount, an additional invoice is sent to the applicant.

The Cortese Knox Hertzberg Act (CKH Act) which became effective on January 1, 2001, stipulates additional noticing requirements which increase the time and cost of processing these applications. In view of these changes and increased staff hourly rates, staff is proposing that the deposit be increased by 10% to \$5,500 for the above applications.

USA and OACS proposals can come to LAFCO only by City or District resolution. SOI proposals can come to LAFCO either from the agency or from any individual. When LAFCO is determined to be the lead agency for the purposes of environmental review, the environmental review fee for LAFCO as lead agency will apply in addition to the \$5,500 deposit.

It is likely that these type of proposals would involve other consultant work for preparing necessary reports such as fiscal impact analyses, service reviews or plan for services etc. Such consultant fees would also be billed to the applicant.

Reconsideration Requests

Proposed Revision

Increase the initial deposit from \$450 to \$980, the total fee based on the actual cost of processing application.

Discussion

The current fee for reconsideration requests is a deposit of \$450 plus any additional expenses. Government Code Section 56383 allows charging a cost recovery fee for reconsideration requests. The proposed fee increase is based on increased staff and application processing costs.

Effective Date for the New Fee Schedule

Staff is proposing that the revised fee schedule become effective June 1, 2002.

Revenue Comparison

The following table compares the revenues generated under the current fee system with the potential revenues that would be realized if the proposed fee schedule were in place. As seen in the table below there is a 42% increase in the revenues under the new proposed fee schedule.

Type of Applications	Average # of Applications in last five years	Current Fees	Current Average Revenue	Proposed Fees	Potential Revenue
City Conducted	21	\$225	\$4,725	\$340	\$7,140
100% Consent +Cat Exempt.	6	\$1,650	\$9,900	\$3,080	\$18,480
Non-100% Consent + Cat. Exempt.	1	\$2,850	\$2,850	\$5,610	\$5,610
USA / SOI	1	\$5,000	\$5,000	\$5,500	\$5,500
Out of Agency Contracts	2	\$5,000	\$10,000	\$5,500	\$11,000
Total	32		\$32,475		\$47,730

Next Steps

After Commission adoption of the resolution establishing the Revised Fee Schedule:

The Revised LAFCO Fee Schedule will be mailed to the County, cities and special districts in the county.

The revised LAFCO Fee schedule will be posted on the LAFCO web site.

Attachments

Attachment A. Proposed LAFCO Fee Schedule

Attachment B Resolution adopting revised fee schedule

PROPOSED LAFCO FEE SCHEDULE

Effective on June 1, 2002

	Type of Proposal	Fee
1.	City Conducted Annexations *	\$340 + SBE Fees
2.	LAFCO Change of Organization **	
	100% Consent Proposals	\$2,770 +ER Fees + SBE Fees
	Non-100% Consent Proposals	\$5,300 +ER Fees + SBE Fees
	Environmental Review (ER)	
	Categorical Exemption (LAFCO is Lead or NOT)	\$310
	Negative Declaration (LAFCO is NOT Lead Agency)	\$520
	EIR (LAFCO is NOT Lead Agency)	\$930
	LAFCO as Lead Agency (Neg. Dec. or EIR)	\$2,060 deposit + actual costs
3.	Deposit Fees ***	Actual Costs
	Urban Service Area (USA) Amendments	\$5,500 deposit
	Sphere of Influence (SOI) Amendments	\$5,500 deposit
	Out of Agency Contract for Services (OACS) Requests	\$5,500 deposit
	District Formation, Consolidation, Dissolution and City Incorporation and Dissolution	\$5,500 deposit + SBE fees
	Reconsideration Requests	\$980

All fees / deposits are payable at time the application is filed.

* Please make one check (\$340) payable to LAFCO and one check payable to State Board of Equalization (SBE); see the SBE schedule of processing fees (based on acreage) included in the application packet to determine the SBE fee.

** Cost of individual change of organization applications varies depending on type of proposal and the type of environmental review needed. For example, a 100% consent annexation that qualifies for a categorical exemption is \$3,080. Please see the SBE schedule of fees to determine the SBE fee.

*** Deposit fees are initial payments towards actual costs of processing applications. Actual costs include staff time and any consultant fees. If actual costs are less than deposit, LAFCO will refund the difference to the applicant. If processing costs begin to exceed the deposit, additional fees are required. LAFCO approval will be conditional upon final payment within 35 days of LAFCO hearing date. If LAFCO is the Lead Agency and it is determined that the proposal requires a Negative Declaration or an EIR, an additional deposit of \$2,060 is required. Payment of appropriate SBE fees is required where applicable; please see SBE fee schedule.

RESOLUTION NO. _____

RESOLUTION OF THE SANTA CLARA COUNTY LOCAL AGENCY FORMATION COMMISSION INCREASING FEES

RESOLVED by the Local Agency Formation Commission of the County of Santa Clara, State of California, that

WHEREAS, Government Code section 56383 authorizes the Commission to establish a schedule of fees for the costs of proceedings; and

WHEREAS, the schedule of fees shall not exceed the reasonable cost of providing the service for which the fee is charged; and

WHEREAS, in compliance with Government Code section 66016 the Executive Officer set April 10, 2002 as the hearing date on the revised fee schedule attached hereto as Exhibit A and gave the required notice of hearing; and

WHEREAS, this Commission called the proposal for public hearing, considered the revised fee schedule and the report of the Executive Officer;

NOW THEREFORE, the Local Agency Formation Commission of the County of Santa Clara does hereby resolve, determine, and order as follows:

SECTION 1:

The proposed revision to the Local Agency Formation Commission fee schedule attached hereto as Exhibit A and incorporated herein by reference is hereby approved.

PASSED AND ADOPTED by the Local Agency Formation Commission of the County of Santa Clara, State of California, on _____ by the following vote:

AYES: Commissioners
NOES: Commissioners
ABSENT: Commissioners

CHAIRPERSON
Local Agency Formation Commission

ATTEST:

APPROVED AS TO FORM AND LEGALITY:

EMMANUEL ABELLO
LAFCO Clerk

Kathy Kretchmer

KATHY KRETCHMER
LAFCO Counsel

Exhibit A: LAFCO FEE SCHEDULE

Effective on June 1, 2002

	Type of Proposal	Fee
1.	City Conducted Annexations *	\$340 + SBE Fees
2.	LAFCO Change of Organization **	
	100% Consent Proposals	\$2,770 +ER Fees + SBE Fees
	Non-100% Consent Proposals	\$5,300 +ER Fees + SBE Fees
	Environmental Review (ER)	
	Categorical Exemption (LAFCO is Lead or NOT)	\$310
	Negative Declaration (LAFCO is NOT Lead Agency)	\$520
	EIR (LAFCO is NOT Lead Agency)	\$930
	LAFCO as Lead Agency (Neg. Dec. or EIR)	\$2,060 deposit + actual costs
3.	Deposit Fees ***	Actual Costs
	Urban Service Area (USA) Amendments	\$5,500 deposit
	Sphere of Influence (SOI) Amendments	\$5,500 deposit
	Out of Agency Contract for Services (OACS) Requests	\$5,500 deposit
	District Formation, Consolidation, Dissolution and City Incorporation and Dissolution	\$5,500 deposit + SBE fees
	Reconsideration Requests	\$980

All fees / deposits are payable at time the application is filed.

* Please make one check (\$340) payable to LAFCO and one check payable to State Board of Equalization (SBE); see the SBE schedule of processing fees (based on acreage) included in the application packet to determine the SBE fee.

** Cost of individual change of organization applications varies depending on type of proposal and the type of environmental review needed. For example, a 100% consent annexation that qualifies for a categorical exemption is \$3,080. Please see the SBE schedule of fees to determine the SBE fee.

*** Deposit fees are initial payments towards actual costs of processing applications. Actual costs include staff time and any consultant fees. If actual costs are less than deposit, LAFCO will refund the difference to the applicant. If processing costs begin to exceed the deposit, additional fees are required. LAFCO approval will be conditional upon final payment within 35 days of LAFCO hearing date. If LAFCO is the Lead Agency and it is determined that the proposal requires a Negative Declaration or an EIR, an additional deposit of \$2,060 is required. Payment of appropriate SBE fees is required where applicable; please see SBE fee schedule.


04/03/02

**LOCAL AGENCY FORMATION COMMISSION
SANTA CLARA COUNTY
www.santaclara.lafco.ca.gov**

ITEM 5.3

County Government Center, 11th Floor, East Wing
70 West Hedding Street, San Jose, CA 95110
(408) 299-5127 FAX 295-1613
Neelima Palacherla, Executive Officer

April 3, 2002

TO: LAFCO
FROM:  Neelima Palacherla, Executive Officer
SUBJECT: Proposed Budget FY 2002-2003
Agenda Item # 5.3

STAFF RECOMMENDATION

1. Adopt the Proposed LAFCO Budget for fiscal year 2002-2003.
2. Find that the Proposed FY-03 Budget, which is \$3,031 less than the FY-02 budget, is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the proposed budget adopted by the commission including the draft agency costs to each of the cities, the County and the Cities Association.

BACKGROUND

The budget for the FY 02-03 will be the second budget under the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001.

Budget and Adoption Process

The CKH Act requires LAFCO to annually adopt a proposed budget by May 1 and a final budget by June 15 at noticed public hearings. Both the proposed and the final budgets are required to be transmitted to the cities and the County. The CKH Act establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled into next fiscal year budget. After the adoption of the final budget, the County Auditor is required to apportion the net operating expenses of the Commission to the agencies represented on LAFCO.

Commissioners: Blanca Alvarado, Donald F. Gage, Suzanne Jackson, Linda LeZotte, Susan Vicklund Wilson
Commission Secretary: (408) 299-5088

Apportionment of LAFCO Costs

The CKH Act requires LAFCO costs to be split in proportion to the percentage of an agency's representation (excluding the public member) on the Commission. Since the City of San Jose has a permanent membership on LAFCO, the law requires costs to be split between the County, the City of San Jose and the remaining cities. Hence the County pays half the LAFCO cost, the City of San Jose a quarter and the remaining cities the other quarter.

The cities' share (other than San Jose's) is apportioned in proportion to each city's total revenue as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county.

The CKH Act requires the County Auditor to request payment from the cities and the County no later than July 1 of each year for the amount each agency owes based on the net operating expenses of the commission and the actual administrative costs incurred by the Auditor in apportioning costs and requesting payment.

FY 2002-2003 BUDGET TIMELINE

Dates	Staff Tasks / LAFCO Action
March 20- April 10	Notice period, proposed budget posted on LAFCO web site and available for review and comment on April 3
April 10	Public Hearing and adoption of proposed budget
April 11- May 22	Proposed budget along with draft apportionment amounts transmitted to agencies (cities and County) together with notice of public hearing for the final budget hearing
June 13	Public hearing and adoption of final budget
June 14 - July 1	Final budget along with final agency apportionments transmitted to agencies; Auditor requests payment from agencies

WORK PLAN FOR FY 2002-2003

The key areas of focus in Fiscal Year 2003 will be the service reviews. As discussed in detail in a separate item on the Commission agenda, staff has developed a work plan to conduct service reviews. The first part of FY 03 will be spent on Stage 2 of the work plan

and it is anticipated that staff will be ready to work on Stage 3 by the end of the calendar year. In addition to service reviews, staff will also be working on developing a LAFCO policies and procedures manual. Other general work areas of LAFCO staff include, providing public information, processing applications, tracking legislation, participating in training, general administration and conducting other special projects such as developing an enhanced LAFCO web site. The LAFCO Annual Report which will be published at the end of the current fiscal year will detail the various activities / projects that LAFCO has completed in the current year.

STATUS OF CURRENT YEAR BUDGET

The approved budget for the current year is \$502,612 including \$30,000 in reserves. It is projected that there will be a savings of about \$92,262 at the end of this fiscal year. These savings are mainly from not being fully staffed at the beginning of the year and also from not having started on the service review project partly due to the delay by the State in preparing guidelines. These savings would be carried over to reduce next year's costs for the cities and the County. In terms of revenues from application fees, it is projected that LAFCO would collect over \$30,000 in fees from applications for the current year. Also, it is estimated that LAFCO would accrue about \$1,000 in interest earned on LAFCO funds. The savings and revenues (including interest and application fee revenues) would go towards reducing next year costs. The current year reserves which were unspent, including the \$5,000 litigation reserve and the \$25,000 contingency reserve fund would be rolled over to the next year's budget and are not included in the calculation of savings. Please also see attached Proposed Budget for FY-03.

Projected Year End Savings = Projected Year End Revenue - Projected Year End Expenses - Reserves

Projected Year End Savings = \$508,612 - \$386,350 - \$30,000

Projected Year End Savings = \$92,262

PROPOSED FY 2002-2003 BUDGET

The proposed budget for FY 2002-2003 is \$499,581 which is slightly lower than the budget for the current year. A detailed itemization of the budget is provided below.

I. SALARIES AND BENEFITS

Executive Officer and LAFCO Analyst \$162,390

The Executive Officer and LAFCO Analyst positions would continue to be staffed through the County Executive's Office. The Executive Officer's position is expected to remain at the 60% level. The Analyst would remain

full time. The proposed salary and benefits for the Executive Officer is \$61,618 and the salary and benefits for the LAFCO Analyst is \$92,543.

This item is being increased from \$154,161 to \$162,390 to account for the cost of living expense salary raises for the two positions. The projected \$20,000 savings in this item for the current year is primarily due to not having filled the Analyst position for a portion of the year.

2. SERVICES AND SUPPLIES

2321 INTRA-COUNTY PROFESSIONAL \$172,812

LAFCO Clerk \$92,164

The LAFCO Clerk position would continue to be filled through the County's Clerk of the Board Office and will remain full time. The proposed salary and benefits for the full time position is \$58,134. The Clerk of the Board's Office estimates an administrative overhead of \$34,031 totaling to \$92,164 for the service.

LAFCO Counsel \$33,840

LAFCO would continue to contract with the Office of the County Counsel for this position on an as needed basis at an hourly rate of \$141 (for FY 03) for an estimated 20 hours per month.

LAFCO Surveyor \$34,308

The County Surveyor will continue to assist with map review and approval. It is estimated that about 400 hours of service will be required in the next fiscal year. The County Surveyor's Office charges at the rate of \$85.77 per hour.

Miscellaneous Staffing \$12,500

This amount allows LAFCO to seek technical assistance from the County Planning office on CEQA or other planning issues. LAFCO accesses data in the County Planning Office's GIS server. This item includes maintenance and technical assistance for GIS. In the current year budget, the amount for GIS is under a separate line item "Professional and Special Services" of \$5,000, which has now been combined with this item for the proposed budget and increased to \$7,500. In the proposed budget, the line item "Professional and Special Services" has been deleted.

2329 CONTRACT SERVICES \$100,000

This amount provides for hiring consultants to provide technical expertise for projects such as service reviews and sphere of influence updates and policies

and procedures manual revision. An amount of \$100,000 is included in the current budget and it is projected that about \$65,000 would be spent by the end of the year on consultants to complete several projects including digitizing special district boundaries and sphere of influence maps in GIS, developing policies for conducting service reviews and sphere updates, and assisting in revising other LAFCO policies.

2145 FOOD \$750

This item is being increased slightly by \$150 to \$750, anticipating conducting additional stakeholder outreach workshops as part of the service review workload.

2171 INSURANCE \$242

This item is being increased from \$72 to \$242 and is based on an estimate provided by the County to cover general liability, auto liability and other miscellaneous coverages. Worker's Compensation is part of the payroll charge.

2301 OFFICE EXPENSES \$3,000

This item is being reduced from \$5,000 to \$3,000 and provides for the purchase of books, periodicals, small equipment and supplies throughout the year.

2331 DATA PROCESSING SERVICES \$7,500

This item is for computer systems maintenance and upgrades and is estimated at 35 hours per year at the County's rate of approximately \$92 per hour. In addition funds (\$4,000) are also being added to provide for enhancement of the LAFCO web site. The current year budget did not include funds for web site upgrades as the web site had been newly established. It is anticipated that maps and additional documents could be added to the LAFCO site in the upcoming year.

2343 COMMISSIONER'S FEES \$1,500

Provides for a per diem of \$50 to the commissioners for attendance at the 6 LAFCO meetings through the year.

2401 PUBLICATIONS AND LEGAL NOTICES \$3,000

The budget for this item is being reduced from \$4,000 to \$3,000 in the proposed budget and is based on the anticipated level of applications and other activities which will require publication of hearing notices.

2574 MEMBERSHIP DUES \$2,070

This amount provides for membership to CALAFCO the California Association of LAFCOs.

2586 PRINTING AND REPRODUCTION \$1,500

This item is being separated from postage costs in the proposed budget. An amount of \$1,500 is being budgeted for this expense.

2751 TRANSPORTATION AND TRAVEL \$7,000

The amount budgeted for this item is reduced to \$7,000 from \$8,000 and includes air travel, accommodation and registration for attending conferences and workshops for both staff and commissioners. CALAFCO annually holds a Clerk's Conference, a Staff Workshop and an Annual Conference that is attended by commissioners as well as staff.

2752 AUTOMOBILE MILEAGE \$500

This item provides for travel to conduct site visits, attend meetings, training sessions etc.

2756 GARAGE AUTOMOBILE SERVICES \$500

This item is being separated from Transportation and Travel item to better conform to the county accounting system. This item would allow for the use of County vehicle for travel to conferences, workshops and meetings.

2770 COUNTY DEPARTMENTAL CHARGES \$7,817

These costs include County space and equipment use related to costs for building use, space rental, utilities and depreciation costs for equipment as well as the county cost plan allocation to LAFCO which includes other county services including services from ESA, OBA, Purchasing, and Controller's Office. The County cost plan allocation amount billed to LAFCO for the upcoming year has been increased from \$3,672 to \$4,081. The space and equipment use related costs are estimated to remain the same as in FY-02.

2962 COMPUTER HARDWARE \$2,000

Again, for better conformance to the County accounting system, the computer hardware and software items are being separated. This item is being reduced from \$6,500 to \$2,000 for hardware. Last year the office bought a new PC workstation and a laptop. Only one PC workstation needs to be upgraded in the coming year.

2963 COMPUTER SOFTWARE \$2,000

This item is for purchases of computer software that would be required to for the program.

2992 POSTAGE \$2,500

This is the cost of mailing notices, agendas, agenda packets and other correspondence. This amount reflects the increased level of mailings to agencies, landowners and registered voters involved with applications as well as an anticipated increase in U.S. Mail rates.

2995 TRAINING PROGRAMS \$2,500

This item provides for staff development courses and seminars.

6001 RESERVES \$20,000

Litigation Reserve \$10,000

The current budget includes \$5,000 under the litigation reserve funds. Under the proposed budget, another \$10,000 would be included in this item to bring it to a total of \$15,000. This amount is reserved for use if LAFCO is involved with any litigation.

Contingency Reserve \$10,000

The current budget includes \$25,000 under this item. Another \$10,000 is being added to bring it to a total of \$35,000. This amount would be used to deal with unexpected situations.

3. REVENUES

9198 Application Fees \$45,000

The estimated revenue from LAFCO application fees is budgeted at \$45,000 and is based on the adoption of a revised LAFCO fee schedule by the commission. The actual amount would depend entirely on the actual level of application activity.

9251 Interest \$1,500

It is estimated that LAFCO will receive an amount of about \$1,500 from interest earned on LAFCO funds.

COST APPORTIONMENT TO CITIES AND COUNTY

Calculation of Net Operating Expenses

FY 03 Net Operating Expenses = Proposed FY03 Budget – Proposed FY03 Fee Revenues – Projected Year End Savings

FY 03 Net Operating Expenses = \$499,581 - \$46,500 - \$92,262

FY 03 Net Operating Expenses = \$360,819

The proposed net operating expenses for FY 03 is about 25% lower than the current year net operating expenses. This proportionately reduces the cost to the cities and the County. This reduction in LAFCO operating expenses is mainly due to the projected increase in application fee revenues from the fee schedule revision and also due to the projected savings from the current year budget that offsets the costs in Fiscal year 2003.

The projected operating expenses for FY-03 are based on projected savings and expenses for the current year and not actual figures. It is therefore to be expected that there will be revisions to the final budget as we get a better indication of current year expenses towards the end of this fiscal year. This could result in changes to the proposed net operating expenses for FY-03 which could in turn impact the costs for each of the agencies. Provided below is the draft apportionment to the agencies based on the proposed net operating expenses for FY-03 (\$360,819).

Cost to Agencies

County of Santa Clara	\$180,410
City of San Jose	\$90,205
Remaining 14 cities in the County	\$90,205

Apportionment of the costs among the 14 cities will be based on percentage of total revenues and will be calculated by the County Controller's Office.

ATTACHMENTS

Proposed Budget for FY 2002-2003

**PROPOSED LAFCO BUDGET
FISCAL YEAR 2002 - 2003**

ITEM 5.3

ATTACHMENT 1

ITEM #	TITLE	APPROVED FY 01-02 BUDGET	END OF YEAR PROJECTIONS	PROPOSED FY 02-03 BUDGET
EXPENDITURES				
Object 1	Salary and Benefits	\$154,161	\$130,000	\$162,390
	Services and Supplies			
2321	Intra-County Professional	\$169,823	\$155,000	\$172,812
2329	Consultant Services	\$100,000	\$65,000	\$100,000
2145	Food	\$600	\$450	\$750
2171	Insurance	\$70	\$72	\$242
2301	Office Expenses	\$5,000	\$2,000	\$3,000
2322	Professional and Special Services	\$5,000	\$5,000	\$0
2331	Data processing Services	\$3,300	\$1,000	\$7,500
2343	Commissioners' Fee	\$1,500	\$1,300	\$1,500
2401	Publications and Legal Notices	\$4,000	\$1,000	\$3,000
2574	Membership Dues	\$2,000	\$2,070	\$2,070
2586	Printing and Reproduction	\$1,000	\$400	\$1,500
2751	Transportation and Travel	\$8,000	\$4,500	\$7,000
2752	Private Automobile Mileage	\$250	\$400	\$500
2756	County Garage Automobile Services	\$0	\$250	\$500
2770	County Departmental Charges	\$7,408	\$7,408	\$7,817
2962	Computer Hardware	\$6,500	\$5,000	\$2,000
2963	Computer Software	\$0	\$1,500	\$2,000
2992	Postage	\$2,000	\$2,500	\$2,500
2995	Staff Training Programs	\$2,000	\$1,500	\$2,500
6001	Reserves	\$30,000	\$0	\$20,000
TOTAL EXPENDITURES		\$502,612	\$386,350	\$499,581
REVENUES				
9198	Application Fees	\$25,000	\$30,000	\$45,000
9251	Interest: Deposits and Investments	\$0	\$1,000	\$1,500
TOTAL INTEREST / APPLCIATION FEE REVENUE		\$25,000	\$31,000	\$46,500
9751	Cities	\$238,806	\$238,806	
7300	County	\$238,806	\$238,806	
TOTAL REVENUE		\$502,612	\$508,612	
PROJECTED SAVINGS			\$92,262	
NET LAFCO OPERATING EXPENSES		\$477,612		\$360,819
COSTS TO AGENCIES				
	County	\$238,806		\$180,410
	City of San Jose	\$119,403		\$90,205
	Other Cities	\$119,403		\$90,205

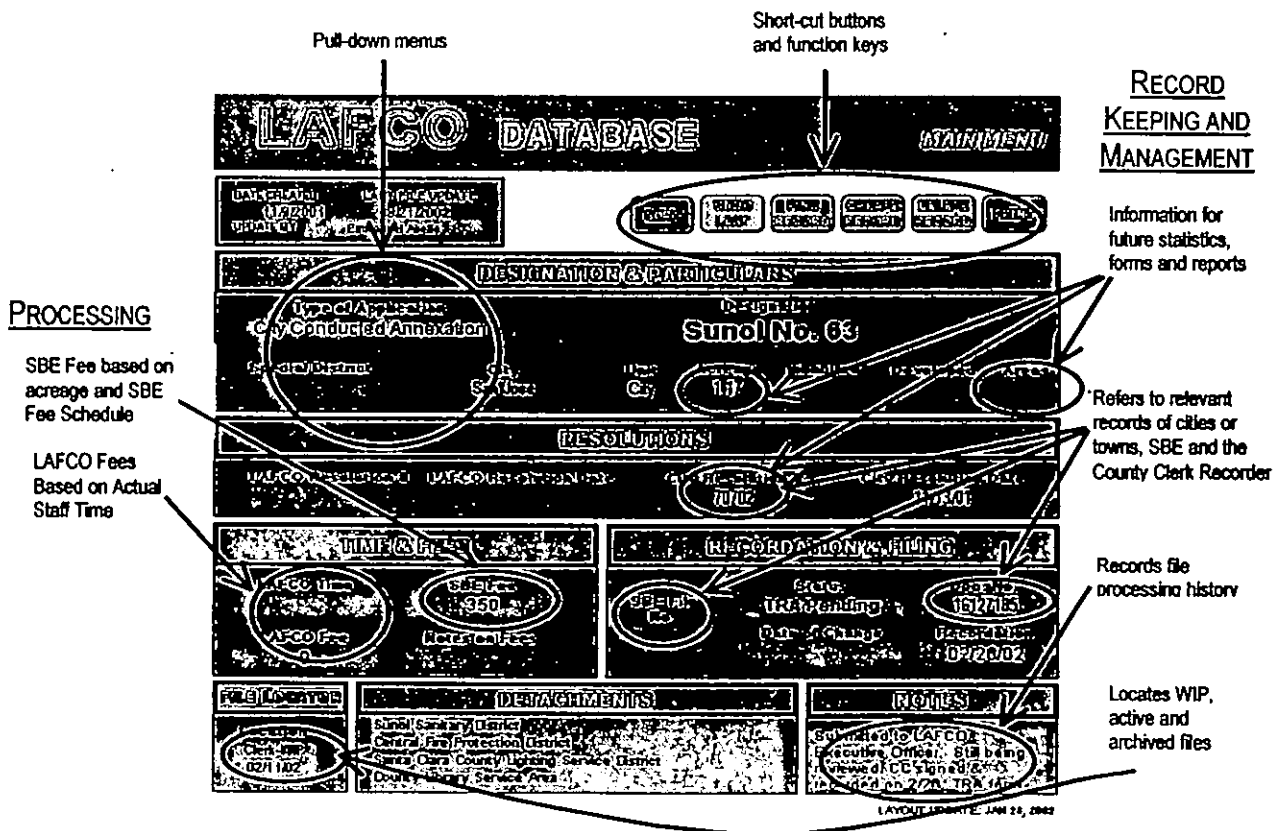
LAFCO DATABASE

The LAFCO Database is a Filemaker Pro file designed to integrate some of the basic clerical requirements. It is user friendly because of the pull-down menus and short cut buttons. The pull-down menus save time by doing away with encoding of recurrent information. The short cut buttons integrate several function scripts into single actions. The database allows (a) record keeping and management, (b) file location and status tracking, (c) minor calculations, and (d) forms and reports generation.

At present, it has data for about 3,700 files – or practically all the LAFCO files in the Clerk of the Board’s records. The staff will soon be provided with access to the database to log in their actual time under the new fee schedule and to able to access information on the progress of each application.

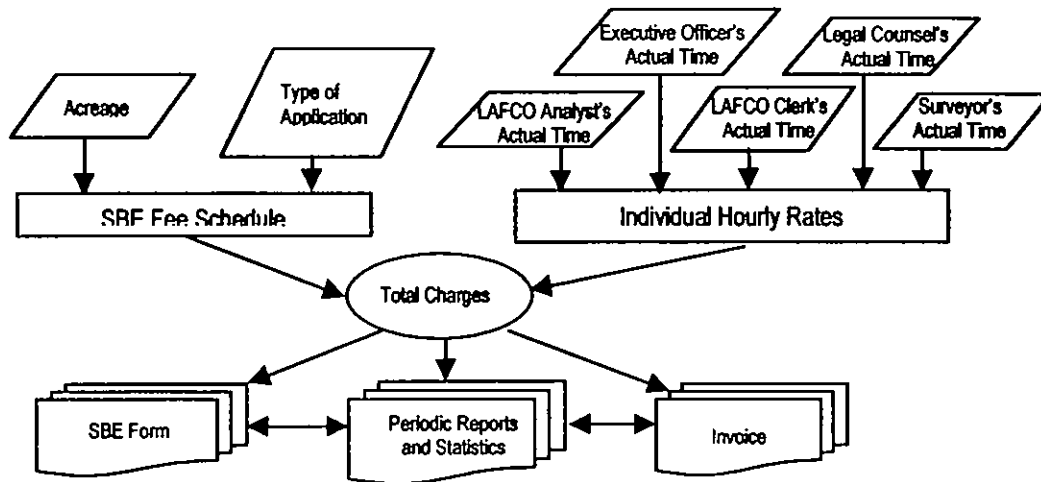
RECORD KEEPING AND MANAGEMENT

The database includes fields of information that will be useful for future statistics, forms and report. It has fields that relate a particular application to the other relevant records maintained by a particular city or town, the State Board of Equalization (SBE), Clerk to the Board (COB), and the County Clerk Recorder. It shows the status of an application, and its processing history. Some of these functions are outlined below:



DATA PROCESSING

The database can process certain data to determine the required fees, saving time and ensuring accuracy. For instance, it will automatically calculate the SBE fee based on the acreage of the application and the fee schedule. It also calculates the correct LAFCO fee based on staff's actual time spent on an application and hourly rates under the new fee schedule. It also keeps a history of time spent by each of the staff. Below is a flow process of these functions:



REPORT/FORMS GENERATION

The database generates different types of reports (e.g., annual or other periodic reports, status reports of certain application categories, reports on work in progress and pending files, etc.). It also generates forms necessary in processing of applications such as the Certificate of Completion, SBE Form, and the TRA Assignment Form. Other kinds of forms and reports that may be needed in the future can be created from the existing data.

