

**AGENDA
REGULAR MEETING
Wednesday, April 9, 2003
1:15 p.m.**

Chambers of the Board of Supervisors
70 West Hedding Street, First Floor, East Wing
San Jose, CA 95110

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

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 12, 2003 MEETING**

4. APPROVE CONSENT CALENDAR

***4.1 WEST VALLEY SANITATION DISTRICT ANNEXATION 2003-01
(AMBRIC KNOLLS ROAD)**

An application by resolution by the West Valley Sanitation District to annex a property located at 14666 Ambric Knolls Road, designated as West Valley Sanitation District (WVSD) 2003-01 (Ambric Knolls Road).

Possible Action: Approve annexation to WVSD and waive protest proceedings.

PUBLIC HEARINGS

**5. MORGAN HILL 2002 URBAN SERVICE AREA (USA) AMENDMENT : AREA I
(DIANA - KUBO/PATEL) AND AREA II (AQUATIC CENTER)**

A request by the City of Morgan Hill to expand its USA to include the following two areas:

- A. Area I consisting of 57.89 acres including 8 parcels and a 19-acre portion of Highway 101 located on the northeast quadrant of the intersection of East Dunne and Highway 101.
- B. Area II consisting of 8.75 acres including one parcel located on the southeast quadrant of the intersection of Barrett Avenue and Condit Road.

Possible Action: Consider the request for USA amendment and staff recommendation.

**6. OUT OF AGENCY EXTENSION OF SEWER SERVICE TO 23270 MORA
HEIGHTS WAY (HUSHER) BY THE TOWN OF LOS ALTOS HILLS**

Possible Action: Consider the request for extension of sewer service and staff recommendation.

7. LAFCO PROPOSED BUDGET FOR FISCAL YEAR 2003-2004

Possible Action: Adopt proposed LAFCO budget for Fiscal Year 2003-2004.

8. MAPS FOR SANITARY /SANITATION DISTRICTS IN SANTA CLARA COUNTY

Possible Action: Adopt maps depicting the boundaries and spheres of influence of the following six special districts providing sewer services in Santa Clara County: Burbank Sanitary District, Cupertino Sanitary District, Sunol Sanitary District, County Sanitation District No. 2-3, West Valley Sanitation District and West Bay Sanitary District.

9. EXECUTIVE OFFICER'S REPORT

- A. Update on Countywide Fire Protection Service Review

- B. Update on Morgan Hill's Measure P Revision Committee Recommendation
- C. Update on Greenbelt Alliance's Coyote Valley Visioning Project

10. PENDING APPLICATIONS

For information only.

- A. Request for annexation of 13441 and 13445 Robleda Road (Corrigan) to the Purissima Hills County Water District
- B. Request for annexation of 12661 Robleda Road (Wu) to Purissima Hills County Water District
- C. Request by the City of San Jose for annexation of Springbrook Avenue Subdivision

11. WRITTEN CORRESPONDENCE

- A. CALAFCO Newsletter
- B. CALAFCO Pamphlet

12. ADJOURN

Adjourn to the next regular business meeting on Wednesday, June 11, 2003.

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 accommodation for this meeting should notify the Clerk of the Board's Office 24 hours prior to the meeting at (408) 299-4321, TDD (408) 993-8272.

Local Agency Formation Commission
of Santa Clara County

MINUTES
WEDNESDAY, FEBRUARY 12, 2003

1. ROLL CALL

The Local Agency Formation Commission (LAFCO) of Santa Clara County convenes this 12th day of February 2003 at 1:17 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 J. 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. APPOINTMENT OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2003

Neelima Palacherla, LAFCO Executive Officer, recommends that Commission appoint Commissioner Alvarado as Chairperson for 2003 and Commissioner Wilson as Vice Chairperson in accordance with the LAFCO rotation schedule.

On motion of Commissioner Gage, seconded by Commissioner Zoglin, it is ordered on a vote of 3-0, with Commissioners Alvarado and Wilson abstaining, that Commissioner Alvarado, County representative, be appointed Chairperson for 2003 and Commissioner Wilson, public member, be appointed Vice-Chairperson for 2003.

Chairperson Alvarado presides over the meeting:

3. PUBLIC PRESENTATIONS

There are no public presentations.

4. APPROVE MINUTES OF DECEMBER 11, 2002 MEETING

On motion of Commissioner Gage, seconded by Commissioner LeZotte, it is unanimously ordered that the minutes of the December 11, 2002 meeting be approved, as submitted.

PUBLIC HEARINGS

5. OUT OF AGENCY (OACS) EXTENSION OF SEWER SERVICE TO 17645 MANZANITA DRIVE (McLAREN) BY THE CITY OF MORGAN HILL

This being the time and place set for public hearing to consider the application of the City of Morgan Hill to extend sewer service to 17645 Manzanita Drive (McLaren),

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the Chairperson declares the public hearing open.

Ms. Palacherla reports that this is a request from the City of Morgan Hill to extend sewer services to a single-family home located in the unincorporated area called Holiday Lake Estates area. The area has about 200 homes and is surrounded by the City of Morgan Hill on three sides and by the Anderson Reservoir on one side. The City provides water services to the area and a few homes receive City sewer service. The County Department of Environmental Health (DEH) recorded nine failing septic systems in the area. Ms. Palacherla notes that since the terrain, soil and vegetation in the area do not permit repair or replacement of failed septic systems, the only option is connection to the sewer lines. She adds that the public health and safety danger is enhanced because the homes are located close to Anderson Reservoir which is designated by the Santa Clara Valley Water District (SCVWD) as a drinking water source.

She indicates that in a meeting of staff with representatives from the City, DEH, Office of Supervisor Gage, and SCVWD, it was agreed that a long-term solution to the problem in the area was provision of sewer services after annexation of the area to the City. However, four issues were identified in that meeting, namely, the lack of documentation of the extent of septic system failures, Measure P restrictions to City's Urban Service Area (USA) amendments, the need for new infrastructure, and the need to identify a source of funding for new sewer lines. In response to an inquiry by the Chairperson, Ms. Palacherla indicates that SCVWD would be responsible to undertake the study of the water quality. She likewise indicates that Measure P restricts further annexations unless the City has less than five years supply of vacant residential land within its USA. At present, the City has about 25 years supply of vacant residential land. She reports that the City Council has created the Measure P Revision Committee and that Measure P amended to include an exemption for the Holiday Lake Estates area. She also indicates that another issue is the need to install new sewer infrastructure in the area because some of the homes do not have access to sewer lines.

For this application, Ms. Palacherla states that LAFCO policies require that the City first annex the area before sewer services are extended. She notes that Measure P has a provision which allows smaller areas that meet certain criteria to be annexed, and staff has determined that the subject parcel meets this specific criteria. Referring to a letter from the City expressing preference for annexing the entire area when it becomes

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possible rather than annexing this particular parcel at this time, Ms. Palacherla states that staff supports the annexation of the entire Holiday Lake Estates. In terms of the growth inducing impact of extending service to this area, she indicates that most of the 200 parcels are already developed, and that the only growth inducing issue is the possible expansion of the home when sewer service is provided. She states that staff recommends approval of this project with the understanding that the City will pursue the annexation of the entire Holiday Lakes Estate area, and conditioned on the payment by the City of the \$318 LAFCO fee based on actual processing cost. Additionally, she advises that the Commission should authorize staff to write a letter to the City requesting the inclusion of language in the proposed amendment to Measure P to exempt the Holiday Lakes Estates area, for staff to update the Commission on the progress of the Measure P Revision Committee in formulating the ballot language for the proposed exemption, and to continue working with other agencies on this matter.

On an inquiry by the Chairperson, Ms. Palacherla advises that the area can be annexed on a parcel by parcel basis if Morgan Hill voters reject the amendment to Measure P. In response to an inquiry by the Chairperson, Ms. Palacherla indicates that DEH is aware of nine homes with failing septic tanks; however, there is no information about the extent of the failures because no comprehensive study has been undertaken in the area.

Commissioner Gage, moves for approval of the staff recommendation and proposes that the Chairperson send a letter to the City of Morgan Hill requesting the annexation of the entire Holiday Lake Estates area because of health and safety threats involved. Commissioner LeZotte seconds the motion. On an inquiry by the Chairperson, Scott Plambaek, Planner, City of Morgan Hill, states that he does not have anything to add to the staff report. Commissioner Wilson proposes to amend Item No. 3 of the staff recommendation, for the Chairperson to write a letter to the City seeking annexation of the entire Holiday Lake Estates and request the City to annex the entire area without specifically directing that the City exempt that area from Measure P. The Chairperson notes that this is an acceptable position because the Commission should not impose on the City. Commissioners Gage and LeZotte agree to amend the motion accordingly.

Dennis Sorensen, former President, Holiday Lakes Estates Homeowners Association, states that during his term in the association, the community was

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overwhelmingly in favor of annexation to Morgan Hill. In response to an inquiry by the Chairperson, he states that the majority of residents in the area were in favor of annexation to the City, particularly since the annexation would not result in large increase in taxes.

Chris Card, DEH staff, reports that homeowners reported failing septic systems to DEH. She reports that there is a memorandum of understanding between DEH and SCVWD, which does not allow any repair of septic system within 200 feet of the high water mark. She indicates that most of the nine septic system failures reported are located on less than one acre parcels and are within 200 feet of Anderson Reservoir. She adds that DEH encouraged homeowners to be connected to sanitary sewer systems; however, the Department has no authority to order it. She also indicates that there is no sewer infrastructure in some parts of Holiday Lakes Estates area. She cites an example of a house right on the edge of the Reservoir with a failed septic system with no space to install any kind of an alternate septic system.

In response to an inquiry of the Chairperson, Ms. Palacherla advises that even if voters approve the amendment to Measure P, annexation may involve a long process since it may require community outreach efforts to provide information regarding annexation. In response to an inquiry by Commissioner Wilson, Ms. Kretchmer notes that OACS (Out-of-Agency Contract for Services) administrative approval by the LAFCO Executive Officer and the Chairperson is possible in case of immediate health and safety risk, which would only require an OACS application and DEH documentation of serious threat to health and safety. Ms. Palacherla adds that the City is required to initiate the OACS administrative approval. In response to an inquiry by Commissioner Gage, Ms. Card states that in the event that the City would not annex the area, DEH may direct homeowners to either use a portable septic system or place two households on one septic system. On a follow-up inquiry by Commissioner Gage, Ms. Card states that DEH, in accordance with the state law and in coordination with the building department, may declare buildings with failed septic systems as uninhabitable. On an inquiry by Commissioner Zoglin, Ms. Card advises that DEH directed homeowners with failed septic systems in 1989 to apply for sanitary sewer connections. Since the City did not accept application for sewer services at that time, the homeowners were forced to perform minor repairs just to keep sewage underground.

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The Chairperson determines that there are no other speakers from the public and declares that the hearing is closed.

It is unanimously ordered that items 1, 2, 4 and 5 of the staff report, the amended Item 3, be approved, conditioned upon the payment by the City of Morgan Hill of fees (\$ 318) in full, and that the Chairperson send a letter to the City of Morgan Hill requesting the annexation of the entire Holiday Lake Estates area.

6. MAPS FOR THE FIRE DISTRICTS IN SANTA CLARA COUNTY

This being the time and place set for public hearing to consider the maps for the fire districts in Santa Clara County, the Chairperson declares the public hearing open.

Ms. Palacherla reports that staff, in cooperation with the fire districts and County Information Service Department (ISD), prepared the boundary and Sphere of Influence (SOI) maps of the Santa Clara County Central Fire Protection District, South Santa Clara County Fire Protection District, Los Altos Hills County Fire District and Saratoga Fire Protection District for the Commission's approval. She adds that once the maps are adopted by the Commission they will be the official maps and will be kept updated by staff. She expresses appreciation to County ISD staff and Don Jarvis, Battalion Chief, County Fire Protection District, for their help in creating these maps, and states that copies will be sent to the fire districts. She indicates that staff recommends approval of the maps. Commissioner Gage requests a copy of a map of South Santa Clara County Fire Protection District. In response to an inquiry by John Ferreira, Fire Chief, South Santa Clara County Fire Protection District, Ms. Palacherla explains that the map shows the existing SOI boundaries as of the 1983 update and adds that the SOI will be reviewed and amended through the Service Review and subsequent SOI update process. Commissioner Wilson advises that the consultant for the Countywide Fire Service Review will contact Mr. Ferreira for his input.

There being no other speakers from the public, the Chairperson declares the hearing closed.

On motion of Commissioner Gage, seconded by Commissioner Zoglin, it is unanimously ordered that the maps depicting the boundaries and SOIs of Santa Clara County Central Fire Protection District, South Santa Clara County Fire Protection District, Los Altos Hills County Fire District and Saratoga Fire Protection District, be adopted.

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7. PROCEDURES FOR THE PREPARATION AND PROCESSING OF ENVIRONMENTAL DOCUMENTS

This being the time and place set for public hearing to consider the procedures for the preparation and processing of environmental documents, the Chairperson declares the hearing open.

Dunia Noel, LAFCO Analyst, states that staff, with assistance from Barbara Graichen of Graichen Consulting, has developed procedures for processing environmental documents. These procedures implement the requirements of the California Environmental Quality Act (CEQA) and supplement the CEQA guidelines issued by the State Secretary of Resources. She indicates that after approval, staff will use these procedures in processing applications. She advises that staff recommends approval of the procedures.

There being no other speakers from the public, the Chairperson declares the hearing closed.

On motion of Commissioner Gage, seconded by Commissioner Wilson, it is unanimously ordered that the procedures for the preparation and processing of environmental documents be adopted.

8. EXECUTIVE OFFICER'S REPORT

8.1 Update on the Fire Service Review

Ms. Palacherla reports that the requests for proposal (RFPs) for the Countywide Fire Service Review have been sent out to prospective consultants. The RFP was revised to include input from the County Fire Chiefs Association. The responses to the RFP are due on February 19, 2003, and interviews will be held on February 27, 2003. She reports that as recommended by the County Fire Chiefs Association, two fire chiefs have been included in the consultant selection committee, namely, Chief Ben Lopes of Central Fire Protection District, representing the special districts; and Chief Jeff Clet of the Gilroy Fire Department, representing the cities.

8.2 Appointment of Alternate Cities Member

Ms. Palacherla reports that the Santa Clara County Cities Association has appointed John Howe, City of Sunnyvale Council Member, as the Alternate Cities Representative.

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8.3 2003 CALAFCO Staff Workshop

Ms. Palacherla reports that CALAFCO will hold a staff workshop from May 1 to 2, 2003 at Clear Lake and recommends that the Commission authorize staff to attend.

On motion of Commissioner Gage, seconded by Commissioner LeZotte, it is unanimously ordered that staff be authorized to attend the 2003 CALAFCO Staff Workshop, and that travel expenses be funded by the LAFCO budget.

8.4 2003 CALAFCO Clerks Workshop

Ms. Palacherla reports that CALAFCO is hosting a Clerks Workshop from April 9 to 12 in Fresno and recommends that the LAFCO Clerk be authorized to attend the workshop.

On motion of Commissioner Zoglin, seconded by Commissioner Wilson, it is unanimously ordered that the LAFCO Clerk be authorized to attend the CALAFCO Clerks Workshop, and that the travel expenses be funded by the LAFCO budget.

8.5 2003 CALAFCO Annual Conference

Ms. Palacherla reports that the 2003 CALAFCO Annual Conference from September 24 to 26, 2003 will be held in San Francisco. She adds that this conference is being hosted by the nine Bay Area LAFCOs and that staff is working with the Facilities and Program Committees.

9. APPOINTMENT OF PUBLIC COMMISSIONER

On motion of Commissioner Gage, seconded by Commissioner LeZotte, it is unanimously ordered, on a vote of 4-0, with Commissioner Wilson abstaining, that Commissioner Susan Vicklund-Wilson be reappointed for another term, from May 2003 to May 2007.

10. SELECTION AND APPOINTMENT OF ALTERNATE PUBLIC COMMISSIONER

Ms. Palacherla briefly describes the interview and selection process for the Alternate Public Member whose term will start in May 2003 and end in May 2007. She indicates that after the interview, the candidate who receives the majority of the votes will be appointed. She also states that Commissioner Wilson will not be able to vote on this item in accordance with the law.

The Commission interviews three candidates, Connie Rogers, Debbie Mytels and Terry Trumbull. The candidates respond to inquiries of the Chairperson, and

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Commissioners Zoglin, Gage and LeZotte. Commissioner Gage nominates Mr. Trumbull for the position. There are no other nominations.

On motion of Commissioner Gage, seconded by Commissioner Zoglin, it is unanimously ordered, on a vote of 4-0, with Commissioner Wilson abstaining, that Terry Trumbull be appointed as the Alternate Public Member for a term beginning in May 2003 and ending in May 2007.

11. PENDING APPLICATIONS

Ms. Palacherla advises the Commission of the following pending applications: (a) request for annexation of 13441 and 13445 Robleda Road (Corrigan) to Purisima Hills County Water District; (b) request for annexation of 12661 Robleda Road (Wu) to Purissima Hills County Water District; (c) request for out-of-agency extension of sewer service to 23270 Mora Heights Way (Husher) by the Town of Los Altos Hills; and (d) request by the City of Morgan Hill to include two areas, Area 1 (64.89 acres) and Area 2 (8.75 acres) within its USA.

12. WRITTEN CORRESPONDENCE

There is no written correspondence.

13. ADJOURNMENT

On order of the Chairperson, there being no objection, the meeting is adjourned at 2:19 p.m. to the next regular meeting to be held on Wednesday, April 9, 2003 at 1:15 p.m. in the Chambers of the Board of Supervisors, County Government Center, 70 West Hedding Street, San Jose, California.

Blanca Alvarado, Chairperson
Local Agency Formation Commission

ATTEST:

Emmanuel Abello, LAFCO Clerk

REPORT OF THE EXECUTIVE OFFICER

Date : April 2, 2003
 Designation : West Valley Sanitation District 2003-01 Ambric Knolls Road
 (Marcinkowski)
 Type of Application: Annexation to District
 Filed By: Resolution 100% Consent
 Date of Hearing: April 9, 2003

1. REVIEW OF PROPOSAL

- a. Acreage and location:
 - 1 parcel of 1 acre located on east side of Ambric Hills Rd., between Big Basin Rd. and Bank Mill Rd. on the southeast side of the City of Saratoga.
 - Conforms to Sphere of Influence? Yes No
 - Creates island, corridor or strip? Yes No
 - Conforms to road policy? Yes No
 - Conforms to lines of assessment? Yes No (if no, explain)
- b. Effect on community services
 - Provision of all municipal services
 - Provision of all district services
 - Municipal/District services not provided
 - Detachment from
 - School District Impact Report
 - County Transit Impact Report
- c. Inhabited Uninhabited
- d. Are boundaries Definite and Certain?
 Yes No
- e. Present land use:
Single Family Home
- f. Proposed land use:
Same as above
- g. Involves prime agricultural land or Williamson Act land? **No**

2. ENVIRONMENTAL REVIEW OF PROPOSAL

- Annexation is Categorical Exempt from CEQA
Class 19, Section 15319 (a) and (b).
- The City is the Lead Agency and completed Initial Study and Negative Declaration/Final EIR
- LAFCO is the Lead Agency and prepared Negative Declaration/Draft EIR

3. SUGGESTED CONDITIONS OR OTHER COMMENTS:

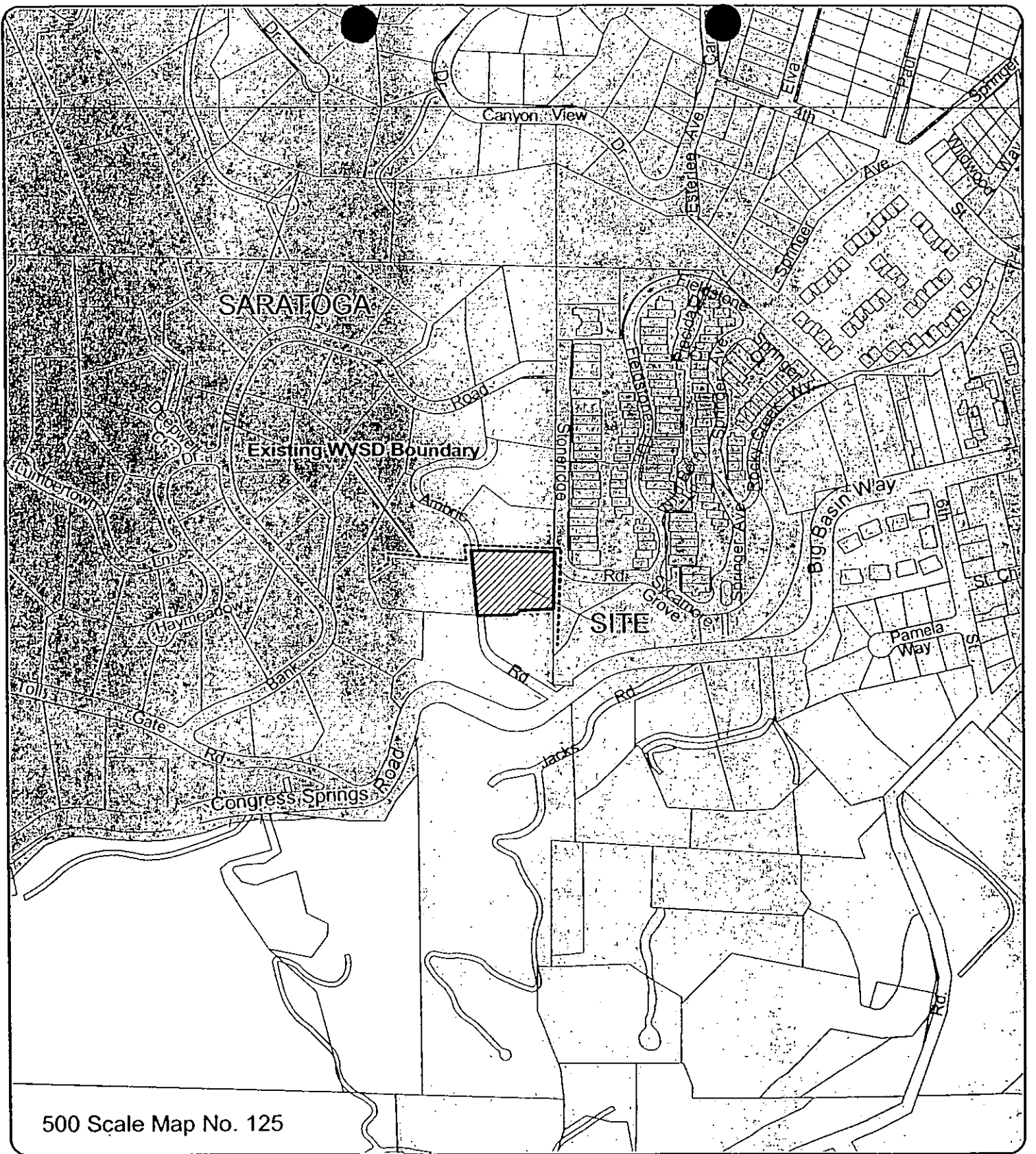
4. PROTESTS:

5. RECOMMENDATIONS:

- Approve annexation to West Valley Sanitation District.
- Waive protest proceedings.

By: Neelima Palacherla
 Neelima Palacherla, Executive Officer

Date: 4/2/03



500 Scale Map No. 125

WVSD 2003-1 Annexation to West Valley Sanitation District

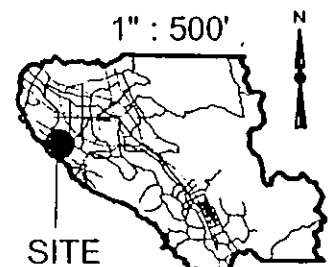


EXHIBIT A

ANNEXATION TO: WEST VALLEY SANITATION DISTRICT

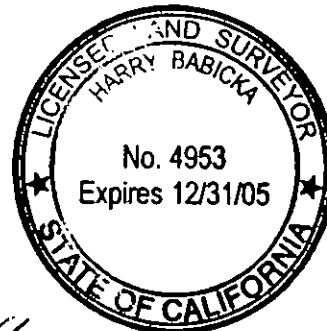
NAME OF ANNEXATION: WEST VALLEY SANITARY DISTRICT ANNEXATION
2003-1 AMBRIC KNOLLS ROAD (MARCINKOWSKI)

DATE: JANUARY 29, 2003

All that real property located in the County of Santa Clara, State of California, being that parcel of land described in that Deed to Barbara Marcinkowski, recorded in Document No. 15927104, Santa Clara Count Records, described as follows:

Beginning at the Northeast corner of said lands of Marcinkowski, at a point on the original West Valley Sanitation District Consolidation Line, and Southeasterly corner of the West Valley Sanitation District Annexation 1998-1; thence along the Southerly limit of said Annexation 1998-1 Westerly 263.35 feet to the Easterly Limit of West Valley Sanitation district Annexation 1959-3; thence Southerly along said Annexation and along the Westerly Boundary of said parcel South 06 Degrees 44 Minutes 10 Seconds East a distance of 206.05 feet; thence North 85 Degrees 57 Minutes 50 Seconds East a distance of 125.49 feet; thence North 33 Degrees 44 Minutes 50 Seconds East a distance of 19.86 feet; thence North 85 Degrees 57 Minutes 50 Seconds East a distance of 103.23 feet to the Easterly limit of Original West Valley Sanitation District consolidation Line; thence along said consolidation line and Easterly boundary of said parcel Northerly 172.00 feet to the point of beginning.

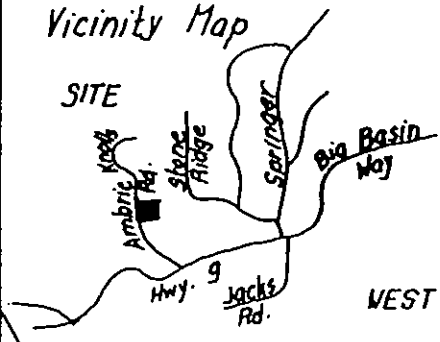
Revised March 26, 2003



Harry Babicka

Vicinity Map

SITE



WEST VALLEY SANITATION DISTRICT
ANNEXATION 1998-1

SCALE 1"=40'

WEST VALLEY SANITATION DISTRICT BOUNDARY

W.V.S.D.
ANNEXATION 1959-3

N 90°00'00" E 263.35'

P.O.B.

LANDS OF MARCINKOWSKI
14666 AMBRIC KNOLL ROAD
APN 503-55-21
1.09 ACRES

N 00°00'00" E 172.00'

ORIGINAL WEST VALLEY SANITATION DISTRICT
CONSOLIDATION LINE

N 06°44'10" W 206.05'

AMBRIC KNOLLS ROAD

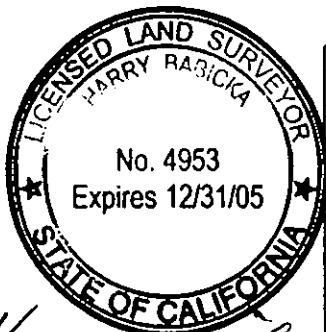
EX. 20' INGRESS, EGRESS
AND PUE

N 85°57'50" E 103.23'

N 33°44'50" E 19.86'

N 85°57'50" E 125.49'

300' +/- TO BIG BASIN
BASIN WAY



Harry Rabicka

EXHIBIT B	
PROPOSED ANNEXATION TO:	
WEST VALLEY SANITATION DISTRICT	
ANNEXATION 2003-1	
CITY OF SARATOGA, COUNTY OF SANTA CLARA CALIFORNIA	
1"=40'	March 2003
WESTFALL ENGINEERS, INC.	

Date prepared: March 24, 2003

Hearing date: April 9, 2003

To: The Santa Clara County Local Agency Formation Commission
From: Dunia Noel, LAFCO Analyst *DN*
Subject: **West Valley Sanitary District Annexation: 14666 Ambric Knolls 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.

West Valley Sanitary District proposes to annex one parcel totaling 1.00 acres (APN: 503-55-021), located on the east side of Ambric Hills Road between Big Basin Road and Bank Mill Road and on the southwest side of the City of Saratoga. The exact address of the property is 14666 Ambric Knolls Road. There is an existing single-family home on the property. The property owner wants to abandon their septic system and connect to sewer through the West Valley Sanitation District.

Regarding the annexation into the West Valley Sanitation District, the parcel at 14666 Ambric Knolls Road is zoned R-1 (Single Family Residential) with a 40,000 square foot minimum lot size and design review requirement. The property is under the jurisdiction of the City of Saratoga, and is not eligible for further subdivision. The proposed annexation to the West Valley Sanitation District is thus exempt from CEQA because this special district annexation meets the requirements of Class 19 exemption.

March 31, 2003

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer *mp*

SUBJECT: **Morgan Hill Urban Service Area (USA) Amendment (2002)**
AREA 1 (Lands of Kubo/Patel)
Agenda Item # 5a

STAFF RECOMMENDATION

1. CEQA Action

As a Responsible Agency under CEQA, LAFCO must take the following actions:

Find that [a] the *Initial Study and Mitigated Negative Declaration* approved by the City of Morgan Hill was completed in compliance with CEQA and is an adequate discussion of the environmental impacts of the project, [b] prior to making a decision on this project, LAFCO reviewed and considered the environmental effects of the project as shown in the *Initial Study and Mitigated Negative Declaration*.

2. AREA 1

- a. Deny the inclusion of Sub Area 1 consisting of 3 parcels (APNs 728-17-024, 025, 011) into the City of Morgan Hill USA.
- b. Approve the inclusion of Sub Areas 2 and 3 consisting of 3 parcels (APNs 728-17-019, 020, 008) and a portion of Highway 101.

PROJECT DESCRIPTION

The City of Morgan Hill proposes to expand its Urban Service Area (USA) boundary to include 8 parcels (APN: 728-17-011, 025, 024, 008, 006, 021, 020 and 019) totaling about 39 acres plus a 19 acre portion of Highway 101 located on the northeast quadrant of the intersection of East Dunne and Highway 101.

LAFCO records indicate that two of the parcels, (APN: 728-17-021 and 006) are already located within the City's USA and the City limits. Therefore these two parcels do not require any further LAFCO approvals and are not considered in this analysis. See attached map of proposal area. (Attachment A)

BACKGROUND

The proposal consists of three Sub Areas. Please see table below for summary description of the Sub Areas.

Sub Area 1 (19.87 acres) is applicant initiated and has a General Plan designation of Office Industrial. No specific development is proposed for the site at this time.

Sub Areas 2 and 3 are city initiated and are being proposed for inclusion in the USA primarily as boundary clean ups and to make the Sub Area 1 contiguous to the City's current USA to the west and south.

Sub Area 2 consists of the Madrone Channel and a portion of Highway 101. Sub Area 3 consists of 2 parcels outside the City USA but within the City limits. These two parcels are designated for commercial uses, but are currently vacant. No specific development proposal has been filed for these properties at this time. Inclusion of this area into the USA would not change the development potential or timing of service provision by the City for these properties.

AREA I			
	SUB-AREA 1 Applicant initiated area outside the City Limits and USA	SUB-AREA 2 City initiated area non-developable area outside USA boundary and City limits	SUB-AREA 3 City initiated area outside USA boundary, but inside the City limits
ASSESSOR PARCEL NUMBERS	728-17-024, 025, 011	728-17-008 & Highway 101	728-17-019, 020,
NUMBER OF PARCELS	3	1+ Portion of Highway 101	2
ACREAGE	19.87 acres	25.77 acres	10.67 acres
CITY GENERAL PLAN/ ZONING	Office Industrial A-140	NA	Commercial HC: Highway commercial and PUD: Planned unit development
COUNTY GENERAL PLAN and ZONING	Medium Scale Agriculture/A-20 (Agriculture- 20 acre minimum)	Medium Scale Agriculture/A-20 (Agriculture- 20 acre minimum), excluding Highway	NA
CURRENT LAND USE	Mushroom farm and City water well	Madrone Channel and Highway	Vacant

ENVIRONMENTAL CONSIDERATIONS

An Initial Study and Mitigated Negative Declaration was prepared for the proposal, a copy of which is attached. An analysis of the environmental information is contained in the attached LAFCO Analyst's staff report. (See Attachment B)

CONSISTENCY WITH MORGAN HILL GENERAL PLAN

Urban Growth Boundary

The proposal area is within the City's urban growth boundary, which was adopted by the City in 1996.

Desirable Infill Standard

Area 1 meets the requirements for urban service area inclusion under the commercial/industrial portion of the City's desirable infill policy by having an industrial land use designation per the City's General Plan and by being contiguous to the City's current USA.

CONSISTENCY WITH COUNTY GENERAL PLAN

The proposal area is consistent with the Growth and Development C-GD 3, which states that urban service areas should include only those areas suitable for urban development by being: reasonably serviceable with public services, relatively free from risks associated with natural hazards, without substantial adverse environmental impacts, and not likely to create severe off-site impacts on the surrounding areas or to any natural resource.

The proposal is only partially consistent with policy C-GD 8. Although the area is contiguous to the existing urbanized area, and all needed public services and facilities can be provided within 5 years without lessening existing levels of service, it is inconsistent with the policy because the city already has more than a 5 year supply of vacant industrial land within its USA. Please see detailed discussion below.

CONSISTENCY WITH LAFCO POLICIES

Conversion of Prime Agricultural Lands and Open Space

According to the U.S. Department of Conservation Farmland Mapping and Monitoring Program (FMMP) Important Farmland Map, Sub-Area 1 of the project area is identified as "prime farmland." Prime Farmland is defined by the California Department of Conservation as land with the best combination of physical and chemical features able to sustain long-term production of agricultural crops. This land has the soil quality, growing season, and moisture supply needed to produce sustained yields."

The project site is underlain by old alluvial soils. Two soil series occur within the project area, including the Arbuckle gravelly loam (ArA) and San Ysidro loam (SdA). Arbuckle gravelly loam (ArA) has a Capability Class of II, a Storie Index of 72, and is considered to be Prime Farmland. San Ysidro loam (SdA) has a Capability Class of III, a Storie Index of 51, and is considered to be Farmland of Statewide Significance.

Also, the majority of the project site is currently used for agricultural purposes. A mushroom farm is located on the northern portion of the project site and a walnut orchard is located on the northwestern portion of the site. According to the 2001 Santa Clara County Agricultural Crop Report, mushrooms are the county's #2 crop, with a 2001 gross crop value of the of 41.7 million dollars.

The project site is adjacent on three sides to unincorporated lands that the County has zoned and planned for agricultural uses. Agricultural uses exist to the north and east of the site. The project could potentially have an impact on surrounding agricultural operations.

The proposal would result in conversion of 19 acres of Prime Farmland from agricultural use to a non-agricultural use.

Logical and Orderly, Efficient Boundaries

The proposed expansion is surrounded by the city and its current USA boundary on two / three sides. Including sub area 2 and 3 would make sub area 1 contiguous to the current USA boundary.

Growth Inducing Impact

Once annexed into the City, Sub-Area 1 could be developed with office industrial uses. Currently there is no site-specific development application for the area. Inclusion in the USA would allow the City to annex the property and provide urban services to the property. It would make other adjacent lands contiguous to the City boundary, potentially inducing growth on those lands as well.

Sub-Area 2 consists of a 20-acre portion of U.S. Highway 101 and a 5.2-acre water channel owned by the SCVWD. Therefore, including this sub-area within the City's USA or changing the jurisdiction of this area would not impact growth.

Sub-Area 3 is already located within the city limits of Morgan Hill. The two parcels are currently vacant. However, because they are not designated for residential use, Morgan Hill's policies allow provision of urban services to these parcels without inclusion in the USA boundary. Therefore, the inclusion of Sub-Area 3 into the City's USA would not induce growth or change the development potential of the area.

Five-Year supply of Vacant Land

The City currently has 383.6 acres of vacant industrial land within its City limits and USA boundary. Based on the City's industrial land absorption rate of 40.05 acres per

year, the City currently has 9.57 years supply of vacant industrial lands within its boundaries.

In cases where there is more than 5 years worth of vacant land within the existing boundaries, LAFCO policies require the City to explain why the additional land is necessary to be included at this time. The City indicates that about half the vacant industrial land is under a single ownership. The City believes that this does not provide adequate market alternatives and that this artificially increases land costs in Morgan Hill. The City also indicates that there is only one other parcel of 6.4 acres designated Office Industrial within the City limits. Although this parcel is adjacent to the freeway, it does not yet have direct access and limits the available alternatives.

Ability of City to Provide Urban Services

Water and Sewer Services

Services such as sewer and water currently exist within the application area along Condit Rd. and Diana Ave. and are sufficiently sized to facilitate the development of the area. City water service is available via an 8-inch water line in Condit Rd. and a 10-inch water line in Diana Ave. A 10-inch sewer line exists within Condit Rd. and is sufficient to accommodate future development.

Water service would be provided to the area by the City of Morgan Hill upon annexation. According to the *Initial Study*, the proposed project would increase demand upon the water supply. However, the impacts to the water system are considered to be less than significant because future demands for development of office industrial uses on the project site are included in the city's water system master plan.

Police and Fire Protection Services

The project area is in an area that is currently patrolled by the Morgan Hill Police Department and is within a 5-minute response time of the Dunne/Hill fire station. The Santa Clara County Fire District would provide fire protection service for the area under a fire services contract. According to the *Initial Study*, the project would result in an incremental increase in demand for fire and police protection as a result of increased development on the site. However, this incremental increase would not require the development of new facilities to serve the site.

Ability of School District to Provide School Facilities

The development of this area with industrial uses will not directly generate any new students or demand for public school services.

Fiscal Impacts Analysis

The Fiscal Impact Analysis (see Attachment C) assumes that the maximum potential development for Sub Area 1 is 14,800 building square feet per acre. Assuming that 15% of the gross acreage of the site would be dedicated to right of way, the 16.87 net acres would be developed with 249,713 square feet of office industrial building space.

Using an estimate of one job per 344 square feet of space, the development of Sub Area 1 would generate about 726 new jobs or employees. The estimated service population is considered to be one half of the new employees plus any new residents generated by the new development. Therefore the estimated service population generated by the development of Sub Area 1 is 363 persons.

Fiscal Impact to City of Morgan Hill

Development of the area is projected to generate a slight deficit of about \$1,656 in Fiscal Year 2003-2004, and is estimated to increase to about \$7,993 by the Fiscal Year 2013-14.

Fiscal Impact to County of Santa Clara

It is estimated that the net increase in service population of 363 persons to the City as a result of the development would generate a County deficit of about \$13,493 in Fiscal Year 2003-04, \$25,086 in Fiscal Year 2008-2009 and \$42,009 in Fiscal year 2013-14.

CONCLUSION

Sub Area 1 consists of 19 acres of prime agricultural land with an existing mushroom farm and walnut orchard. This agricultural land is proposed to be converted to an industrial use. The City currently has 9.7 years supply of vacant industrial land within its existing boundaries. LAFCO policies do not allow inclusion of more than five years supply of vacant land within a City's USA. Staff believes the inclusion of Sub Area 1 within the City's USA would result in premature conversion of agricultural land and recommends that the inclusion of Sub Area 1 be denied at this time.

Sub Area 3 is already within the City Limits and is designated for Commercial use. The properties are currently vacant, but inclusion of this area would not change the development potential of the property. Inclusion of this area within the City's USA would improve the consistency between the City's USA and City limits. Staff recommends that Sub Area 2 be approved for inclusion in the City's USA.

Inclusion of Sub Area 2 within the City's USA is primarily a mapping clean up matter. There is no development potential in this area as it consists of Highway 101 and the SCVWD channel. The area is contiguous to the current City and USA boundary. Staff recommends inclusion of Sub Area 2 in the City's USA.

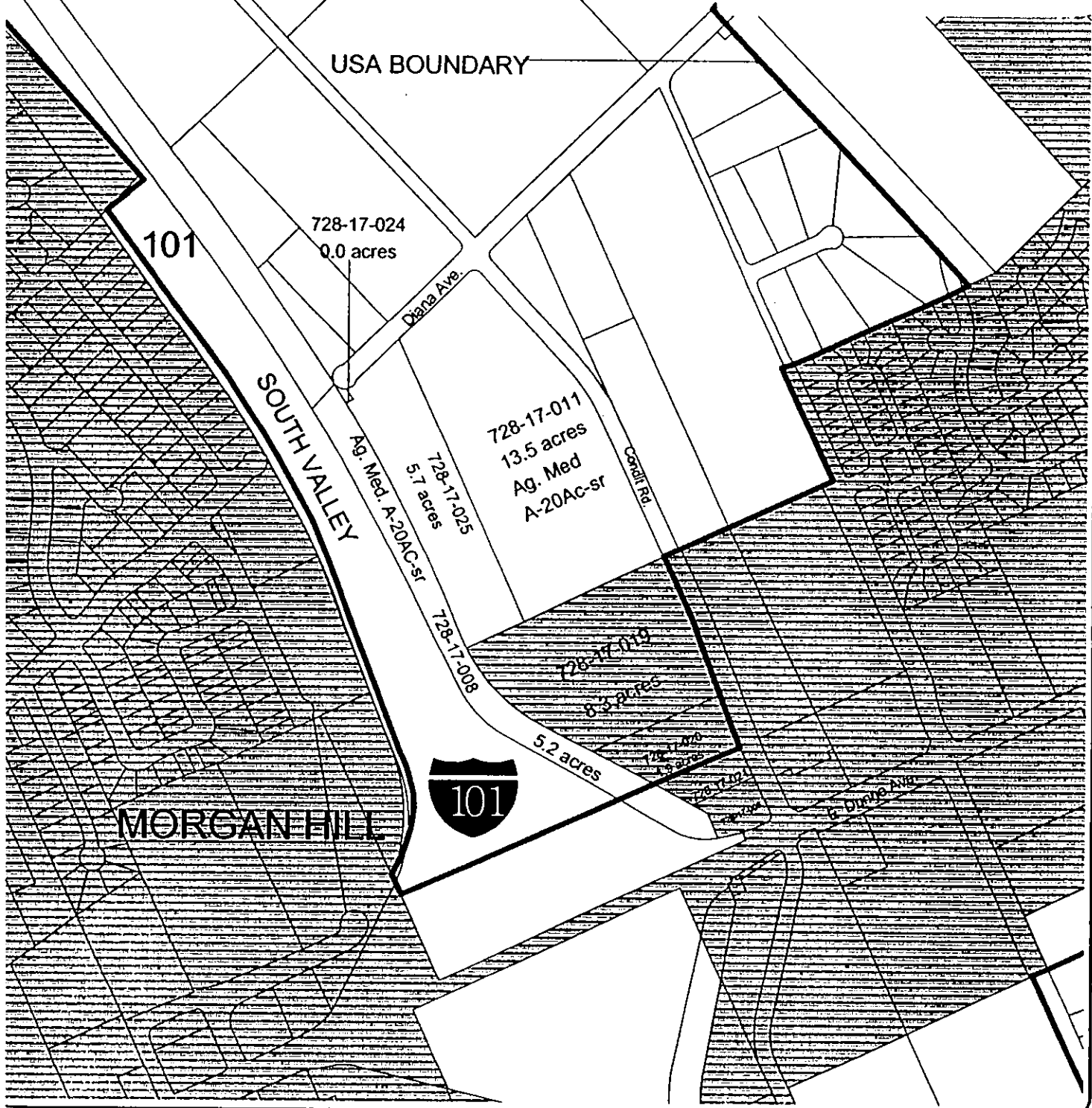
ATTACHMENTS

Attachment A: Map of the Area I

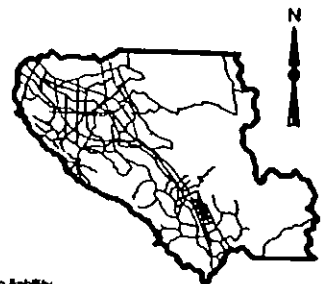
Attachment B: LAFCO Analyst Report with Environmental Analysis

Attachment C: Fiscal Impact Report for Area I

**ITEM 5A
ATTACHMENT A**



Morgan Hill 2002 USA Expansion Request
APNs: 728-17-08, 11, 19, 20, 24, 25, &
a 20 Acre Portion of Highway 101



This map was created by LAFCO of Santa Clara County. The Geographic Information System files were compiled from various sources. While deemed reliable, LAFCO assumes no liability.

Date prepared: March 24, 2003

Hearing date: April 9, 2003

To: The Santa Clara County Local Agency Formation Commission

From: Dunia Noel, LAFCO Analyst *DN*

Subject: **2001 MORGAN HILL URBAN SERVICE AREA EXPANSION –
AREA 1 (Diana-Kubo/Patel)**

Recommended CEQA Action:

As a Responsible Agency under CEQA, LAFCO must take the following actions regarding the Negative Declaration for any project approved by the Commission:

Find that [a] the *Initial Study and Mitigated Negative Declaration* approved by the City of Morgan Hill was completed in compliance with CEQA and is an adequate discussion of the environmental impacts of the project, [b] prior to making a decision on this project, LAFCO reviewed and considered the environmental effects of the project as shown in the *Initial Study and Mitigated Negative Declaration*.

Purpose:

The City of Morgan Hill proposes to expand their Urban Service Area (USA) boundary to include 8 adjacent parcels (APN: 728-17-006, 08, 11, 19, 20, 21, 24, 25 & a 20-acre portion of Highway 101) totaling 57.9 acres located on the south side of Diana Ave., north of Dunne Ave., west of Condit Rd. and up to and including U.S. Highway 101 to the west. The Project Area can be further divided into three sub-areas: 1) Applicant initiated project area outside of the City limits and Urban Service Area boundary; 2) City initiated non-developable area outside Urban Service Area boundary and City limits; and 3) City initiated area outside Urban Service Area boundary, but inside the City limits. All three Sub-Areas are located inside of the City's Urban Growth Boundary.

However, LAFCO records indicate that Assessor Parcel Numbers 728-17-021, and 006 are already located within the City's Urban Service Area boundary. Therefore these two parcels do not require any further LAFCO approvals and are not considered in this analysis. Please see table below for summary description of the proposal.

Background:

General Information for Each Sub-Area

AREA I			
	Application Sub-Areas		
	SUB-AREA 1	SUB-AREA 2	SUB-AREA 3
GENERAL DATA	Applicant initiated project area outside the City Limits and USA	City initiated non-developable area outside USA boundary and City limits	City initiated area outside USA boundary, but inside the City limits
ASSESSOR PARCEL NO.	728-17-024, 025, 011	728-17-008, Highway 101	728-17-019, 020,
NUMBER OF PARCELS	3	1+ Portion of Highway 101	2
ACREAGE	19.37 acres	25.77 acres	10.67 acres
CITY GENERAL PLAN/ZONING	Office Industrial/County A-140	Not Applicable	Planned Unit Development/Highway Commercial
COUNTY GENERAL PLAN	Medium Scale Agriculture/A-20 (Agriculture- 20 acre minimum)	Medium Scale Agriculture/A-20 (Agriculture- 20 acre minimum), excluding Highway	Not Applicable
CURRENT LAND USE	Mushroom farm and City water well	Madrone Channel and Highway	Vacant

Existing Use of the Property

According to the City's environmental document, the northern portion of Sub-Area 1 is a mushroom farm that includes a row of large metal buildings and associated agricultural buildings. The southern portion of Sub-Area 1 is fallow undeveloped land and the northwestern portion of the site is a walnut orchard. Although Sub-Area 1 is not within the City of Morgan Hill, the city limits border the site to the south and extend along the western side of U.S. 101. Sub-Area 2 consists of a 5.2-acre portion of SCVWD's Madrone Channel and a 20-acre portion of Highway 101. Sub-Area 3 is consists of two parcels located outside of the City's USA but within the City limits. These parcels designated for commercial uses, but are currently vacant. No specific development has been filed for these properties at this time.

Proposed Use of the Property

The City is proposing to include the parcels in its USA and to, where applicable, eventually annex the area. A specific timeframe for the annexation has not been identified

in the application. Although no specific development is being proposed for Sub-Area 1 of the Project Area at this time, City staff stated "that inclusion of the site would allow for the future annexation of an Office Industrial site which has both freeway visibility and direct access."

According to the City, inclusion of the Sub-Area 2 would be a mapping clean up matter since the highway and channel are developed to their ultimate use. The City also considers the inclusion of Sub-Area 3 to be a clean up matter given that the properties are presently within the City limits and the agencies with jurisdiction over these areas would not change even when the area is brought into the City's USA.

Applicable General Plan and Zoning Designations

See the table above for specific General Plan and Zoning Designations information for specific parcels and sub-areas.

The City determined that the Project is consistent with the "Commercial and Industrial" section of the City's Desirable Infill policy. The section states "the City may accept and approve an application for expansion of the urban service boundary which are contiguous to the urban service boundary and are designated in the Land Use Element of the Morgan Hill General Plan for commercial or industrial use." For the purpose of applying this policy, the City defined the term "contiguous" to mean an application area being surrounded on 50 percent or more of its perimeter by the current Urban Service Boundary. According to Morgan Hill City staff, approximately 60% of the Area's perimeter is adjacent to the Urban Service Area boundary and City limits which makes the request consistent with the policy.

Surrounding Land Uses

The land uses adjacent to the north and east of the Project Area consist of agricultural land most of which is located within the unincorporated county. The adjoining properties to the south are developed with highway commercial uses. A residential subdivision and an auto dealership are adjacent to the west side. Lands to the south and west are within Morgan Hill's City Limits.

ENVIRONMENTAL ASSESSMENT:

Premature Conversion of Agricultural and Open Space Lands

According to the U.S. Department of Conservation Farmland Mapping and Monitoring Program (FMMP) Important Farmland Map, Sub-Area 1 of the project area is identified as "prime farmland." Prime Farmland is defined by the California Department of Conservation as land with the best combination of physical and chemical features able to sustain long-term production of agricultural crops. This land has the soil quality, growing season, and moisture supply needed to produce sustained yields."

Furthermore, the project site is underlain by old alluvial soils. Two soil series occur within the project area, including the Arbuckle gravelly loam (ArA) and San Ysidro loam (SdA). Arbuckle gravelly loam (ArA) has a Capability Class of II, a Storie Index of 72,

and is considered to be Prime Farmland. San Ysidro loam (SdA) has a Capability Class of III, a Storie Index of 51, and is considered to be Farmland of Statewide Significance.

The Initial Study states that the northern portion of the project site is currently developed as a mushroom farm and that the northwestern portion of the site is a walnut orchard. According to the 2001 Santa Clara County Agricultural Crop Report, mushrooms are the county's #2 crop, with a 2001 gross crop value of the of 41.7 million dollars.

Despite all of the above information, *the Initial Study, Mitigated Negative Declaration* and City staff/officials concluded that "the loss of agricultural potential at the site is not considered to result in a significant impact upon agricultural resources," because Sub-Area "the project site has been designated in the City's General Plan for office industrial uses, and because it is adjacent to U.S. 101, commercial uses, and planned development of industrial and residential use.

Growth Inducement and Precedent Setting Implications

Although the proposal involves 6 parcels, two of the six parcels are already located within the City limits. Therefore, approval of the proposed USA boundary expansion would allow for 4 parcels totaling approximately 25 acres and a 20-acre portion of U.S. Highway 101 to be annexed into the City of Morgan Hill. Twenty of these acres (Sub-Area 1) could be developed with office industrial uses, once annexed into the City. Currently there is no site-specific development application for the Project Area. However, the USA boundary adjustment could increase the development potential of the subject parcels. If the lack of urban services on the subject parcels is an existing constraint to development that the proposed USA boundary adjustment would overcome, the adjustment may increase the amount of development in the project area. Therefore, the proposed USA boundary adjustment would indirectly be growth inducing.

Sub-Area 2 consists of a 20-acre portion of U.S. Highway 101 and a 5.2-acre water channel owned by the SCVWD. Sub-Area 2 is developed to its ultimate use. Therefore including this sub-area in the City's USA and or changing the jurisdiction would not impact growth.

Sub-Area 3 is already located within the city limits and under the City's jurisdiction. The two parcels are currently vacant and are already receiving urban services. Inclusion of Sub-Area 3 into the City's USA would not change the development potential or timing of service provision by the City. Therefore, the inclusion of Sub-Area 3 into the City's USA would not induce growth in the Sub-Area.

Provision of Public Services and Utilities

According to City staff, public services such as sewer and water currently exist within the application area along Condit Rd. and Diana Ave. and are sufficiently sized to facilitate the development of the area. City water service is available via an 8-inch water line in Condit Rd. and a 10-inch water line in Diana Ave. A 10-inch sewer line exists within Condit Rd. and is sufficient to accommodate future development.

The project area is in an area that is currently patrolled by the Morgan Hill Police Department and is within a 5-minute response of the Dunne/Hill fire station. The Santa Clara County Fire District provides fire protection service for the project site. This service is provided to the City of Morgan Hill under a fire services contract that expires October 1, 2005. According to the *Initial Study*, the project will result in an incremental increase in demand for fire and police protection as a result of increased development on the site. However, this incremental increase would not require the development of new facilities to serve the site. No site-specific development applications for the site have been proposed for the Project Area. During subsequent development and CEQA review, future development plans would be required to demonstrate to the satisfaction of the City of Morgan Hill that adverse effects on police and fire services would be less than significant. Therefore, implementation of the proposed USA boundary adjustment would constitute a less than significant impact.

Water service is provided to the Project Area by the City of Morgan Hill. The City of Morgan Hill obtains its water from thirteen groundwater wells located throughout the City. The wells draw water from the Llagas Groundwater Sub-basin and the Coyote Groundwater Sub-basin. There is a well located near the northwest corner of Sub-Area 1. The proposed Project Area is currently served by a 10-inch water main in Diana Avenue and an 8-inch water main in Condit Road; future improvements include a 16-inch water main in Diana Road just north of the Sub-Area 1. According to the *Initial Study*, the proposed project would increase demand upon the water supply. However, the impacts to the water system are considered to be less than significant because future demands for development of office industrial uses on the project site are included in the city's water system master plan.

Wastewater generated at the Sub-Area 1 of the Project Area would be treated at the South County Regional Wastewater Treatment Plant (WWTP), which provides advanced secondary treatment for the cities of Morgan Hill and Gilroy. The treatment plant currently has 7.9 mgd treatment capacity and approximately 7.1 mgd disposal demand. The City of Morgan Hill is entitled to 42 percent of this capacity. Therefore, the City's current sewer system capacity is 3.5 mgd and the City currently uses 2.6 mgd. Expansion of the plant is planned in the next few years. The next expansion phase would add tertiary treatment and increase capacity by 4.15 mgd to 11.25 mgd. Long-range plans call for expanding wastewater treatment capacity to 15 mgd by the year 2018. The Project Area is currently served by a 10-inch sewer line in Condit Road.

The water and wastewater supply effects of the expansion of these facilities to serve future development of the Project Area, in accordance with the General Plan land use designations, were anticipated in the City's Water System Management Plan and Sanitary Sewer Master Plan and associated environmental documents.

ATTACHMENT

1. *Initial Study and Mitigated Negative Declaration for Morgan Hill Urban Service Area Expansion for Area 1 (Kubo-Patel)*



**City of
Morgan Hill**

17555 Peak Avenue • Morgan Hill • CA • 95037

MITIGATED NEGATIVE DECLARATION

I. DESCRIPTION OF PROJECT: A request to amend the Urban Service Area boundary to include a 57.63 acre area located on the south side of Diana Ave., north of Dunne Ave., west of Condit Rd. and up to and including Highway 101 to the west. This area is designated as Commercial and Office Industrial in the City of Morgan Hill General Plan.

Date: December 18, 2002

Application No.: Urban Service Area 01-07:
Diana-Kubo/Patel

APN: APNS 728-17-06, 08, 11, 19, 20, 21, 24, 25 & A 20 ACRE PORTION OF HIGHWAY 101

Address of Project: A 57.63 acre area located on the south side of Diana Ave., north of Dunne Ave., west of Condit Rd. and up to and including Highway 101 to the west.

Applicant: Mr. Dave Kubo
1220 Diana Ave.
Morgan Hill, CA 95037

II. DETERMINATION

In accordance with the City of Morgan Hill procedures for compliance with the California Environmental Quality Act (CEQA), the City has conducted an Initial Study to determine whether the proposed project may have a significant adverse effect on the environment. On the basis of that study, the City makes the following determination:

- Although the project, as proposed, could have had a significant effect on the environment, there will not be a significant effect in this case because mitigation measures have been added to the project, and, therefore, a **MITIGATED DECLARATION** is hereby adopted.

III. FINDINGS

Based on the findings of the Initial Study, the proposed project will not have a significant effect on the environment for the following reasons:

1. The project does not have the potential to significant degrade the quality of the environment, including effects on animals or plants, or to eliminate historic or prehistoric sites.
2. The project will not have any significant adverse impacts on traffic or land use.
3. The project will not generate significant adverse effects on the water, air quality, or increase noise levels substantially.
4. In addition, the project will not:
 - a. Create significant impacts which achieve short-term, to the disadvantage of long-term environmental goals.
 - b. Create impacts which are individually limited, but cumulatively considerable to a significant degree.
 - c. Create environmental effects which will cause significant adverse effects on human beings, either directly or indirectly.

IV. CONDITIONS See attached Exhibit A.

David J. Bischoff, Community Development Director

Date: _____

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EXHIBIT A

MITIGATION MEASURES

AIR QUALITY

Construction-Related Impacts

Mitigation: Future development would be subject to BAAQMD construction dust control measures that are expected to reduce construction impacts to a less than significant level. The following construction practices would be implemented during all phases of construction on the project site.

Programmed Mitigation Measures

- Use dust-proof chutes for loading construction debris onto trucks.
- Water or cover of stockpiles of debris, soil, sand or other materials that can be blown by the wind.
- Cover all trucks hauling soil, sand, and other loose materials or require all trucks to maintain at least two feet of freeboard.
- Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas at construction site.
- Sweep streets daily (preferably with water sweepers) all paved access road, parking areas and staging areas at construction site; and sweep daily if visible soil material is carried onto adjacent public streets.
- Enclose, cover, water twice daily or apply non-toxic soil binders to exposed stockpiles (dirt, sand, etc.).
- Install sandbags or other erosion control measures to prevent silt runoff to public roadways.
- Replant vegetation in disturbed areas as quickly as possible.

BIOLOGICAL RESOURCES

Special Status Plant and Animal Species

Mitigation Future development of the site will be subject to the following General Plan policies to avoid potential biological impacts.

General Plan Policies

Plants and Wildlife

- *Policy 6a:* Preserve all fish and wildlife habitats in their natural state whenever possible. Consider development impacts upon wildlife and utilize actions to mitigate those environmental impacts.
- *Policy 6b:* Minimize impacts upon wildlife when considering extending annexations, urban service areas, and other governmental actions that permit urban development of previously undeveloped property.
- *Policy 6e:* Identify and protect wildlife, rare and endangered plants and animals and heritage resources from loss and destruction. (SCJAP 15.09)

Water Quality

- *Policy 6f:* Require the protection and/or replacement of essential habitat for rare, threatened, or endangered species and species of special concern as required by state and federal law.
- *Policy 6h:* Preserve and protect mature, healthy trees whenever feasible, particularly native trees and other trees which are of significant size or of significant aesthetic value to immediate vicinity or to the community as a whole.
- **Other Programmed Mitigation Measures**
- In conformance with Federal and State regulations regarding the protection of raptors, a preconstruction survey for Burrowing Owls will be completed in conformance with appropriate protocols, no more than 30 days prior to the start of construction. If no Burrowing Owls are located during these surveys, then no additional action would be warranted. If breeding or resident

owls are located on or immediately adjacent to the site, the following mitigation measures will be implemented:

- A 250-foot buffer, within which no new activity will be permissible, will be maintained between project activities and nesting Burrowing Owls. This protected area will remain in effect until August 31, or at the CDFG's discretion and based upon monitoring evidence, until the young owls are foraging independently.
- If pre-construction surveys during the non-breeding season determine that Burrowing Owls occupy the site, and avoiding development of occupied areas is not feasible, then the owls may be evicted from the site upon the approval of the CDFG once mitigation has been provided.
- Prior to specific project development approvals, a tree survey shall be conducted and will include the number and location of each tree, and will identify the species, size, and health of each tree.
- Loss of ordinance sized trees would be mitigated by conformance with the City of Morgan Hill Tree Ordinance, which requires a tree removal permit for every ordinance sized tree removed.

GEOLOGY AND SOILS

Seismic Hazards

Mitigation and Avoidance:

While a specific project has not yet been proposed or designed, implementation of the following General Plan policies and mitigation measures will reduce potentially significant impacts to future development on the site to a less than significant level.

General Plan Policies

Environmental Hazards

- *Policy 1a:* Limit uses on lands with geologic hazards.
- *Policy 1c:* Direct site preparation in hazardous areas at long-term geologic stability.

- *Policy 1o:* Limit development in less hazardous areas and design it to reduce risks to an acceptable level. (SCHAP 15.03)

Other Programmed Mitigation Measures

- At the time a specific project is proposed, all proposed structures will be designed and built in conformance with a design-level geotechnical report and with the requirements of the 1997 Uniform Building Code for Seismic Zone 4. The potential for geologic and soil impacts resulting from existing geologic conditions on the site can be mitigated by utilizing standard engineering and construction techniques.

HAZARDS AND HAZARDOUS MATERIALS

Mitigation: Future development allowed by the project would be subject to the following General Plan policies, which would reduce impacts from hazardous materials to a less than significant level

General Plan Policies

Hazardous Materials

- *Policy 3b:* Continue a program of regular inspections and monitoring to ensure compliance with local, state, and federal regulations, in order to reduce the risks associated with the use and handling of hazardous materials and wastes.
- *Policy 3f:* Require submittal of a hazardous materials handling plan as a prerequisite for developments requiring zone changes and use permits. (SCJAP 9.04)
- *Policy 3t:* Provide mitigation to remedy the effects of new or expanding development over areas with environmental contamination of any and all unauthorized discharges.

Other Programmed Mitigation Measures

Based on existing laws and regulations, the following mitigation measures would be incorporated during project level review of future development to further minimize hazardous materials impacts:

- All demolition activities would be undertaken according to OSHA, and EPA standards to protect workers, and offsite occupants from exposure to asbestos and lead based paint.

Specific measures include air monitoring during demolition/construction activities which include existing buildings.

- Building materials classified as hazardous materials would be disposed of in conformance with Federal, State, and local laws.
- *Deed Restrictions* which limit the types of future uses would be in place, if needed, to ensure that the soil is capped with buildings and/or pavement, that groundwater is not drawn from the site for use, and that the property remains in non-residential uses to ensure that sensitive populations are not exposed to existing contaminants.

Mitigation Measures to be Considered at the Time of Future Development

As part of the City's evaluation of future specific development proposals, the following mitigation measures would be considered as part of the project-specific CEQA analysis, and/or as conditions of project approval.

- Phase 1 environmental investigations will be required to identify the extent of contamination, if any, and to ensure that mitigation incorporated into proposed new development will reduce risks from hazardous materials present on- and off-site to less than significant levels.

HYDROLOGY AND WATER QUALITY

Mitigation: Future development would be subject to the following General Plan policies to reduce water quality impacts to a less than significant level.

General Plan Policies

Flooding

- *Policy 4g:* As flooding affects substantial areas of South County, and the flood control projects now being constructed are designed to protect only existing developed and currently planned urban areas, manage land development to mitigate flooding problems and minimize the need for local public funding for additional flood control and local drainage facilities (SCJAP 12.00)

- *Policy 4h:* Areas which are developed or planned for development should be protected by the construction of flood control facilities. Development should be managed through advanced planning and design standards to minimize off-site flooding and drainage problems. (SSCJAP 12.00)
- *Policy 4i:* Give highest priority for construction of flood protection facilities as follows: 1) to areas of existing development subject to the highest potential flood damage; 2) to undeveloped areas planned for urban development which would be subject to the highest of flood damage; 3) to agricultural lands; and 4) to other undeveloped areas. (SCJAP 12.01)
- *Policy 4n:* Require mitigation of any storm water runoff produced by development that occurs beyond that described in the General Plans of the City and County as of 1982. (SCJAP 12.07)
- *Policy 4o:* Require all local development to provide appropriate mitigation of off-site flooding impact, including limiting runoff to pre-development levels and/or complete solutions to flooding and local drainage problems in the vicinity of the development, using such methods as detention or retention. (SCJAP 12.08)
- *Policy 4p:* Require careful consideration of the cumulative effects of development which would drain into the upper reaches of Llagas Creek and other creeks, in order to avoid the need for channelization and consequent destruction of its riparian vegetation and natural habitat.

Water Quality

- *Policy 5d:* Continue to monitor groundwater and surface water quality conditions throughout the South County to determine if changes in regulations regarding septic systems and land use are needed. (SCJAP 8.04)
- *Policy 5k:* Permit commercial and industrial developments proposed to be located in areas that have soils with rapid water percolation only under the strict safety limitations required by the City's Hazardous Materials Specialists. (SCJAP 8.12)
- *Policy 6a:* Maintain close coordination with the following agencies and organizations which share jurisdiction and interest relative to South County's water supply and water quality: the Regional Water Quality Control Boards, Santa Clara Valley Water District, County Health Department, County Executive's Office, County Planning Office, Gilroy Planning Department, and San Martin Planning Committee. (SCJAP 10.02)

- *Policy 6c:* Work with the Regional Water Quality Control Boards to rigorously enforce regulations relating to solid waste disposal. (SCJAP 8.08)

Other Programmed Mitigation Measures

- Prior to construction the City of Morgan Hill will require that contractor(s) submit a Storm Water Pollution Prevention Plan (SWPP) and a Notice of Intent (NOI) to the State of California Regional Water Quality Control Board. The SWPP will include control measures during the construction period for:
 - soil stabilization practices
 - sediment control practices
 - sediment tracking control practices
 - wind erosion control practices and
 - non-storm water management and waste management and disposal control practices.
- The project design will also include provision for post-construction structural controls in project design and Best Management Practices (BMP) for reducing contamination in storm water runoff as permanent features of the project. These features could include, for example, regular sweeping of parking lots and driveways, installation of inlet features or similar controls in storm water catch basins, vegetated swales, and stenciling on-site catch basins to discourage illegal dumping.
- As part of the mitigation for post-construction runoff and pollutant discharges addressed in the SWPPP, the project would implement regular maintenance activities (i.e., sweeping, cleaning storm water inlets, litter control, etc.) at the site to prevent soil, grease, and litter from accumulating on the project site and contaminating surface runoff.

ATTACHMENT (Item 5A, Attachment B Annex)

Document: Initial Study for Morgan Hill USA Amendments (Lands of Kubo)

Due to limited copies this document will be provided to LAFCO Commissioners only.

ATTACHMENT (Item 5A, Attachment C)

Document: Fiscal Impact Analysis for Urban Service Area Boundary Amendment
Area 01-07

Due to limited copies this document will be provided to LAFCO Commissioners only.

March 31, 2003

TO: LAFCO
FROM: Neelima Palacherla, Executive Officer *NP*
SUBJECT: **Morgan Hill Urban Service Area (USA) Amendment (2002)
AREA 2 (Aquatic Center)
Agenda Item # 5b**

STAFF RECOMMENDATION

1. CEQA Action

As a Responsible Agency under CEQA, LAFCO must take the following actions:

Find that [a] the *Initial Study and Mitigated Negative Declaration* approved by the City of Morgan Hill was completed in compliance with CEQA and is an adequate discussion of the environmental impacts of the project, [b] prior to making a decision on this project, LAFCO reviewed and considered the environmental effects of the project as shown in the *Initial Study and Mitigated Negative Declaration*.

2. AREA 2

Approve the inclusion of Area 2 containing 8.8 acres in to the USA of the City of Morgan Hill.

PROJECT DESCRIPTION

The City of Morgan Hill proposes to expand its USA boundary to include 1 parcel (APN: 817-13-017) totaling about 8.8 acres located on the southeast corner of the intersection of Condit Road and Barrett Avenue. See Attachment A for map of area. This proposal is being initiated by the City of Morgan Hill in order to facilitate the future annexation and development of the property as a public use namely, an aquatic center. The City's plans for the aquatic center include a pool house, recreational pool, a diving pool, a competitive swim pool and associated grandstands, instructional pool, slide pool and associated slide structure, two picnic areas, a wet playground, team locker room, maintenance facilities, lawn and plaza areas, associated parking facilities, and a storm water detention basin.

BACKGROUND

The parcel is contiguous to the City's existing USA and City limits. The City has designated the site as Public Facility in its General Plan and has applied a Public Facility pre-zoning designation. The project site is currently undeveloped and has a County General Plan designation of "Agriculture Medium Scale". The site contained a fruit and nut tree orchard up until 1996, at which time the orchard was cleared from the site.

The area north of the site is developed with the City's soccer field complex. The area to the west is developed with hotels and residential uses, the area south of the site is vacant, beyond which is a hotel and the area to the east is developed with rural residential uses.

ENVIRONMENTAL CONSIDERATIONS

Initial Study and Negative Declaration

An Initial Study and Mitigated Negative Declaration was prepared for the proposal, a copy of which is attached. An analysis of the environmental information is contained in the attached LAFCO Analyst's staff report. (Attachment B)

CONSISTENCY WITH MORGAN HILL GENERAL PLAN

Urban Growth Boundary

The proposal area is within the City's urban growth boundary, which was adopted by the City in 1996.

Desirable Infill Standard

The parcel has a Public Facility land use and zoning designation. Applications for urban service area inclusions with a residential land use designation are required to meet the definition of desirable infill. As a non-residential land use, the policy only requires that the property must be contiguous to the city's current USA. The property is contiguous on its north and west sides to the City.

CONSISTENCY WITH COUNTY GENERAL PLAN

The proposal area is consistent with the Growth and Development C-GD 3, which states that urban service areas should include only those areas suitable for urban development by being: reasonably serviceable with public services, relatively free from risks associated with natural hazards, without substantial adverse environmental impacts, and not likely to create severe off-site impacts on the surrounding areas or to any natural resource.

The proposal is also consistent with policy C-GD 8 in that it is contiguous to the existing urbanized area, and all needed public services and facilities can be provided within 5 years without lessening existing levels of service.

CONSISTENCY WITH LAFCO POLICIES

Conversion of Prime Agricultural Lands and Open Space

According to the U.S. Department of Conservation Farmland Mapping and Monitoring Program (FMMP) Important Farmland Map, the entire project site is designated as "Farmland of Statewide Importance." Lands so designated must have been used for the production of irrigated crops at some time during the four years prior to the mapping date. The mapping date for Santa Clara County was the year 2000. As noted earlier in this staff report, the site has not been used for irrigated agricultural production since 1994-1996, which is four or more years since the last mapping date in 2000. Therefore the site no longer meets the requirements for "Farmland of Statewide Importance." The City believes that because the site is less than 20 acres in size and is surrounded by non-agricultural uses to the north, west, and south, the long-term viability of the project site for agricultural use may be incompatible with the surrounding land uses. The County of Santa Clara typically uses a threshold of 10 acres as a significant loss of agricultural land.

Logical and Orderly, Efficient Boundaries

The proposed expansion is adjacent to the city and its USA on two sides. The proposed inclusion within the USA would create an orderly and logical boundary.

Five-Year Supply of Vacant Land

The Public Facility General Plan land use designation is applied to existing public uses such as schools, parks, and government buildings. The only other vacant site so designated is the 30-acre Catholic High School site included within the City's USA boundary in 2002. The City indicates that there are no available parcels of 8+ acres in size that meet the locational criteria within the City's existing boundaries that is suitable for the development of the aquatic center.

Ability of City to Provide Urban Services

Water and Sewer Services

The City of Morgan Hill would provide sewer and water services to the parcel upon annexation. There is a 12-inch water line in Condit Road. The projected total annual water consumption for the proposed Aquatics Center Complex is estimated to be 3.66 million gallons. Of this volume, approximately 2.6 million gallons are consumed by non-swimming pool facilities (i.e. showers, sinks), and 1.08 million gallons will be utilized for the swimming pools. For comparison purposes, it is estimated that 20-32 dwelling units would consume the same amount of water. According to City staff, the City's current water system capacity is 12.9 mgd (Million Gallons/Day). The City currently uses 7.19 mgd of water. The proposed aquatic center will use 40,821 gpd (Gallons/Day) or .04 mgd.

The project would connect to the existing 10-inch sewer line in Barrett Avenue and the 8-inch sewer line in Condit Road. According to City staff, the City's current sewer system capacity is 3.5 mgd and the City currently uses 2.6 mgd. An estimated peak daily wastewater generation from the proposed project would be a maximum of 50,000 gallons (.05 mgd) of wastewater.

Police and Fire Protection Services

The project site is located in an area that is patrolled by the City of Morgan Hill Police Department. The Santa Clara County Fire District would provide fire protection service for the area under a fire services contract with the City. The first response time meets the District's goal of five and one half minutes or less. The project will result in an increased demand for both fire and police protection services but is not expected to result in a need for new fire or police facilities or personnel.

Ability of School District to Provide School Facilities

The General Plan land use designation for this property is Public Facility. Development of this property with an aquatic center will not directly generate any new students and so will not impact provision of school facilities.

Fiscal Impacts Analysis

The Fiscal Impact Analysis (See Attachment C) assumes that the aquatic center will average 91,200 annual visitors. Based on this, the report estimates that there will be an increase in the daytime City population by 178 persons per day.

The report also anticipates that the proposed center will generate negligible employment growth with only two full time employees. The majority of its work force will be provided by part-time youth who are likely to reside in Morgan Hill. Therefore, the service population is only one.

Fiscal Impact to City

The project is expected to generate a deficit of about \$37,000 in Fiscal year 2003-04 going up to \$49,610 in Fiscal Year 2013-14. This is primarily due to the absence of any significant tax generating activities on the site. Since the property will be publicly owned, it not expected to generate any property taxes and because of the limited taxable sales at the concessions stand, the annexation will not lead to any increase in sales tax revenue. The City Police Department, Recreation and Public Works departments would have increased expenditures due to the expanded services to the new facility. These expenses are not offset by revenue sources and thus lead to negative fiscal balances.

Fiscal Impact to County of Santa Clara

It is estimated that since the net increase in service population is only one person, the fiscal impact to Santa Clara County is only a negligible deficit of \$37 in Fiscal Year 2003-04, increasing to \$116 in Fiscal Year 2013-14.

CONCLUSION

Even though the project site consists of Farmland of Statewide Importance, it has not been farmed in the last 4 to 6 years and it is less than 10 acres in size. The conversion of this land does not directly have a negative impact on other agricultural lands in the area. The City is able to provide all necessary urban services to the proposed development on the site. Staff recommends that Area 2 be approved for inclusion in the urban service area.

ATTACHMENTS

Attachment A: Map of Area 2

Attachment B: LAFCO Analyst Report with Environmental Analysis

Attachment C: Fiscal Impact Report for Area 2

Date prepared: March 24, 2003

Hearing date: April 9, 2003

To: The Santa Clara County Local Agency Formation Commission

From: Dunia Noel, LAFCO Analyst *DN*

Subject: **2002 MORGAN HILL URBAN SERVICE AREA EXPANSION –
AREA 2 (Condit Road-Aquatic Center)**

Recommended CEQA Action and Required Findings:

As a Responsible Agency under CEQA, LAFCO must take the following actions regarding the Negative Declaration for any project approved by the Commission:

1. Find that [a] the *Initial Study and Mitigated Negative Declaration* approved by the City of Morgan Hill was completed in compliance with CEQA and is an adequate discussion of the environmental impacts of the project, [b] prior to making a decision on this project, LAFCO reviewed and considered the environmental effects of the project as shown in the *Initial Study and Mitigated Negative Declaration*.

Purpose:

The City of Morgan Hill proposes to expand their Urban Service Area (USA) boundary to include a portion (8.8 acres) of a 17.6-acre parcel (APN: 817-13-017) located on the southeast corner of the intersection of Condit Road and Barrett Avenue. This proposal is being initiated by the City of Morgan Hill. This area (8.8 acres) is within Morgan Hill's Urban Growth Boundary, but is outside of Morgan Hill's Urban Service Area boundary and City limits. A portion of the parcel is co-terminus with the City's USA boundary and City Limits along Condit Road and Barrett Avenue. The City is requesting an USA expansion to include a portion (8.8 acres) of the parcel in order to facilitate the future annexation and development of the property as a public use. The use described in the application is an aquatic center. The parcel has a Public Facility general plan land use designation and a pre-zone designation of Public Facility.

Background:

Existing and Proposed Use of the Property

The project site is currently undeveloped. The site contained a fruit and nut tree orchard up until 1996, at which time the orchard was cleared from the site. There are no structures on the site. Remnant orchard trees exist along the perimeter of the site. City staff, using

historic aerial photos and a conversation with the land owner, determined that the site has been used to grow fruits and nuts up until sometime between 1994 and 1996. The project site is currently outside of the City of Morgan Hill, however, the City Limits border the project site to the north and west.

The City is proposing to include the parcel in its USA and to eventually annex the area. A specific timeframe for the annexation has not been identified in the application. The current General Plan land use designation for the 8.8-acre site is "Public Facility." According to the environmental documents submitted by City staff, the City plans to construct an aquatic center which would include a pool house, recreational pool, a diving pool, a competitive swim pool and associated grandstands, instructional pool, slide pool and associated slide structure, two picnic areas, a wet playground, team locker room, maintenance facilities, lawn and plaza areas, associated parking facilities, and a storm water detention basin.

Applicable General Plan and Zoning Designations

The parcel currently has a County General Plan designation of "Agriculture Medium Scale", with a zoning designation of "A-20ac-sr" Agriculture (20 acre minimum lot size).

The City's General Plan designation for the 8.8-acre area is "Public Facility" and the pre-zoning designation of "Public Facility." The "Public Facility" designation is intended to accommodate governmental, public utility, educational and community service or recreational facilities. Permitted uses include all facilities owned or leased and operated or used by the city, the county, the state, the government of United States or the Morgan Hill Unified School District. Site development standards for the "Public Facility" allow a maximum building coverage of fifty percent.

Surrounding Land Uses

Land uses surrounding the project site include recreational, commercial, residential and vacant land. Highway 101 is located approximately 565 feet west of the project site. The area north of the site is developed with the City's soccer field complex that contains four soccer fields and a parking lot. The area west of the project site, between Condit Road and Highway 101, is partially developed with two hotels and residential uses, but also includes parcels of vacant land that contain remnant orchards. The area south of the site is vacant land, beyond which is a hotel. The area east of the project is developed with rural residential uses including two residences and a small orchard.

ENVIRONMENTAL ASSESSMENT:

Mitigated Negative Declaration

A Mitigated Negative Declaration was prepared for the site and adopted by the City of Morgan Hill on February 19, 2003. The City determined that "although the project, as proposed, could have had a significant effect on the environment, there will not be a significant effect in this case because mitigation measures have been added to the project." Environmental factors of specific concern to LAFCO are discussed below.

ENVIRONMENTAL FACTORS OF CONCERN TO LAFCO:

Premature Conversion of Agricultural and Open Space Lands

According to the U.S. Department of Conservation Farmland Mapping and Monitoring Program (FMMP) Important Farmland Map, the entire project site is designated as "Farmland of Statewide Importance." "Farmland of Statewide Importance" is similar to "Prime Farmland" but with minor shortcomings, such as greater slopes or less ability to store and hold moisture. "Farmland of Statewide Importance" must have been used for the production of irrigated crops at some time during the four years prior to the mapping date. The mapping date for Santa Clara County was the year 2000. As noted earlier in this staff report, the site has not been used for irrigated agricultural production since 1994-1996, which is four or more years since the last mapping date in 2000. Therefore the site no longer meets the requirements for "Farmland of Statewide Importance." The City believe that because the site is less than 20 acres in size and is surrounded by non-agricultural uses to the north, west, and south, the long-term viability of the project site for agricultural use may be incompatible with the surrounding land uses. The County of Santa Clara typically uses a threshold of 10 acres as a significant loss of agricultural land. Given the above information, the *Initial Study* prepared by the City concludes that the conversion of the 8.8-acre site is not considered to be a significant impact to agricultural resources.

Growth Inducement and Precedent Setting Implications

Approval of the proposed USA boundary expansion would allow for a portion (8.8 acres) of a 17.6-acre parcel to be annexed into the City of Morgan Hill and developed as an aquatic center. The construction of the proposed project could lead to the annexation and development of some nearby unincorporated properties. However, the City of Morgan Hill borders the northern and eastern boundary of the project site and only a couple adjacent unincorporated parcels are located within the City's Urban Growth Boundary (UGB). The UGB (established in 1996), limits expansion of urban services over the next 20 to 30 years to only those parcels located within the UGB.

According the City, they do not have an inventory of vacant land designated as "Public Facility." The only other vacant site, designated as "Public Facility," is the 30-acres Catholic High School site added to the boundary last year. The City's current Urban Service Area boundary and City limits does not include available parcels of 8+ acres in size that mee the location criteria for an aquatic center.

Traffic Impacts

According to City staff, the proposed project will result in a significant impact on the several un-signalized intersections. Therefore the City has included the following mitigation measures for each of the following un-signalized intersection:

1. Murphy Avenue/Dunn Avenue
 - A warrant study will be completed for the Murphy/Dunn Ave. intersection prior to the construction of the project. A follow up warrant study shall be completed

after a one-year operation of the Aquatic Center. If 6 of the 11 warrants are met within either warrant study, a traffic signal will be installed.

2. US 101 Northbound Ramp/Tennant Avenue
 - The installation of a traffic signal at the intersection with protected left-turn phasing
3. US 101 Southbound Ramps/Tennant Avenue
 - The installation of a traffic signal at the intersection with protected left-turn phasing

Provision of Utilities and Service Systems

According to the *Initial Study* and *Mitigated Negative Declaration*, municipal services will be provided by the City of Morgan. Please see below for more detailed discussions concerning the provision of municipal services.

Wastewater Treatment/Sanitary Sewers:

Wastewater generated at the site would be treated at the South County Regional Wastewater Treatment Plan (WWTP), which provides advanced secondary treatment for the cities of Morgan Hill and Gilroy.

The treatment plant currently has 7.9 mgd (Million Gallons/Day) treatment capacity and approximately 7.1 mgd disposal demand. The City of Morgan Hill is entitled to 42 percent of this capacity. According to City staff, the City's current sewer system capacity is 3.5 mgd and the City currently uses 2.6 mgd. Expansion of the plant is planned in the next few years.

The proposed project would generate approximately 3.63 million gallons of wastewater annually. This level of wastewater generation is equivalent to an average of 11,800 gallons per day. An estimated peak daily wastewater generation from the proposed project would be a maximum of 50,000 gallons (.05 mgd) of wastewater.

The project proposes to connect to the existing 10-inch sewer line in Barrett Avenue and the 8-inch sewer line in Condit Road.

Water Supply:

Water service is provided to the project area by the City of Morgan Hill. There is a 12-inch water line in Condit Road. The City of Morgan Hill obtains its water from thirteen groundwater wells located throughout the City. Implementation of the proposed project would increase the demands upon the water supply. The projected total annual water consumption for the proposed Aquatics Center Complex is estimated to be 3.66 million gallons. Of this volume, approximately 2.6 million gallons are consumed by non-swimming pool facilities (i.e. showers, sinks), and 1.08 million gallons will be utilized for the swimming pools. For comparison purposes, it is estimated that 20-32 dwelling units would consume the same amount of water.

According to City staff, the City's current water system capacity is 12.9 mgd (Million Gallons/Day). The City currently uses 7.19 mgd of water. The proposed aquatic center will use 40,821 gpd (Gallons/Day) or .04 mgd.

The implementation of the proposed project would increase the amount of water consumed by the City of Morgan Hill; however, the projected consumption is consistent with the size and use. The City evaluated the project's water use in relation to its Water Master Plan and determined that the anticipated increase in demand would not result in the need to the expansion of the existing water system.

Storm Drainage Facilities:

Development of the project site will create impermeable surfaces on an undeveloped parcel increasing the amount of storm-water runoff. Existing storm drainage systems in the area would not meet the 10-year or 100-year flood standard that the City of Morgan Hill considers appropriate. The proposed project includes the construction of a storm-water detention pond in the southwest corner of the site. The proposed storm-water detention pond will limit storm-water runoff from the project site to pre-development conditions and will provide storage for a 25-year, 24-hour storm with an additional capacity of 25 percent for freeboard. Therefore, the City determined that the proposed project will have a less than significant impact on storm drainage.

Gas and Electric:

Electricity and natural gas is provided to the project area by Pacific Gas and Electric (PG & E). There is sufficient capacity in this utility system to provide adequate service.

Provision of Public Services

Fire Protection/Police Protection:

The first responding station to a call at the project site will be Station 13 of the Santa Clara County Fire District located at 2100 East Dunne Avenue. The response time for Station 13 will be approximately four minutes. The second responding station will be Station 1 of the California Department of Forestry, located 15670 Monterey Road. The project site is located in an area that is currently patrolled by the Morgan Hill Police Department. The project will result in an increased demand for both fire and police protection services. The first due response time meets the Santa Clara County Fire District's goal of five and one-half minutes or less. The proposed project is not expected to result in the need for a new fire or police facility

ATTACHMENT

1. *Initial Study and Mitigated Negative Declaration for Morgan Hill Aquatic Center*



COMMUNITY DEVELOPMENT DEPARTMENT, PLANNING DIVISION

17555 Peak Avenue Morgan Hill CA 95037 (408) 779-7247 Fax (408) 779-7236
Website Address: www.morgan-hill.ca.gov

MITIGATED NEGATIVE DECLARATION

I. DESCRIPTION OF PROJECT: A request to amend the Urban Service Area boundary, amend the General Plan, Prezone and Annex an 8.8 acre area located on the south east quadrant of Barrett Ave. and Condit Rd. The City of Morgan Hill is proposing to construct an Aquatic Complex which will include a pool house, recreational pool, a diving pool, a competitive swim pool and associated grandstands, instructional pool, slide pool and associated slide structure, two picnic areas, a wet playground, team locker room, maintenance facilities, lawn and plaza areas, associated parking facilities and storm water detention basin. Lighting and fencing are also proposed throughout the project site.

Date: February 19, 2003

Application No.: Urban Service Area 02-03, General Plan Amendment 02-05, Zoning Amendment ZA 02-14, Annexation 02-03.

APN: 8.8 acre portion of APN 817-13-017

Address of Project: South east quadrant of the intersection of Condit Rd. and Barrett Ave.

Applicant: City of Morgan Hill
17555 Peak Ave.
Morgan Hill, CA 95037

II. DETERMINATION

In accordance with the City of Morgan Hill procedures for compliance with the California Environmental Quality Act (CEQA), the City has conducted an Initial Study to determine whether the proposed project may have a significant adverse effect on the environment. On the basis of that study, the City makes the following determination:

- Although the project, as proposed, could have had a significant effect on the environment, there will not be a significant effect in this case because mitigation measures have been added to the project, and, therefore, a **MITIGATED DECLARATION** is hereby adopted.

III. FINDINGS

Based on the findings of the Initial Study, the proposed project will not have a significant effect on the environment for the following reasons:

1. The project does not have the potential to significant degrade the quality of the environment, including effects on animals or plants, or to eliminate historic or prehistoric sites.
2. The project will not have any significant adverse impacts on traffic or land use.
3. The project will not generate significant adverse effects on the water, air quality, or increase noise levels substantially.
4. In addition, the project will not:
 - a. Create significant impacts which achieve short-term, to the disadvantage of long-term environmental goals.
 - b. Create impacts which are individually limited, but cumulatively considerable to a significant degree.
 - c. Create environmental effects which will cause significant adverse effects on human beings, either directly or indirectly.

IV. CONDITIONS See Attached Exhibit A.



David J. Bischoff, Community Development Director

Date:

2/20/03

Exhibit A

Mitigation for City of Morgan Hill Aquatic Complex

I AESTHETICS

Impact: The 35 ft. tall lighting standards proposed around the competition and dive pools could result in significant aesthetic impacts associated with lighting of evening use of the facility.

Mitigation and Avoidance: Install separate lighting system for each pool to allow for each pool to be used separately as needed for night time events.

II AIR QUALITY

Impact: Construction of the proposed project could result in significant short-term air quality impacts associated with dust generation.

Mitigation and Avoidance: Development of the proposed project includes the BAAQMD construction dust control measures that will reduce construction related impacts to a less than significant level. The following construction practices would be implemented during all phases of construction of the proposed project.

- Use dust-proof chutes for loading construction debris onto trucks.
- Water or cover of stockpiles of debris, soil, sand or other materials that can be blown by the wind.
- Cover all trucks hauling soil, sand, and other loose materials or require all trucks to maintain at least two feet of freeboard.
- Pave, apply water three times daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas at construction site.
- Sweep streets daily (preferably with water sweepers) all paved access road, parking areas and staging areas at construction site; and sweep daily if visible soil material is carried onto adjacent public streets.
- Enclose, cover, water twice daily or apply non-toxic soil binders to exposed stockpiles (dirt, sand, etc.).
- Install sandbags or other erosion control measures to prevent silt runoff to public roadways.
- Replant vegetation in disturbed areas as quickly as possible.

III BIOLOGICAL RESOURCES

Impact: Although no Species of Special Concern were identified on the project, there is the possibility, however, that special status species, passerines, and/or raptors may be nesting on the project site at the time of project development.

Mitigation and Avoidance: The proposed project includes the following biological resource mitigation measures to avoid potential impacts to biological resources.

Mitigation Measures Included in the General Plan

Plants and Wildlife

- ***Policy 6a:*** Preserve all fish and wildlife habitats in their natural state whenever possible. Consider development impacts upon wildlife and utilize actions to mitigate those environmental impacts.
- ***Policy 6b:*** Minimize impacts upon wildlife when considering extending annexations, urban service areas, and other governmental actions that permit urban development of previously undeveloped property.
- ***Policy 6e:*** Identify and protect wildlife, rare and endangered plants and animals and heritage resources from loss and destruction. (SCJAP 15.09)

Water Quality

- ***Policy 6f:*** Require the protection and/or replacement of essential habitat for rare, threatened, or endangered species and species of special concern as required by state and federal law.
- ***Policy 6h:*** Preserve and protect mature, healthy trees whenever feasible, particularly native trees and other trees which are of significant size or of significant aesthetic value to immediate vicinity or to the community as a whole.

Mitigation Measures Included in the Project

Mitigation for Potential Impacts to Raptors

The following measures shall be incorporated into the project if development causes site disturbance during the nesting season (February through July). The implementation of these measures is to ensure that raptors (hawks and owls) are not disturbed during the breeding season.

A qualified ornithologist will conduct a pre-construction survey for nesting raptors (including both tree and ground nesting raptors) within 30 days of the onset of ground disturbance, if the ground disturbance is to occur during the breeding season. These surveys will be based on any accepted protocol (e.g., as for the burrowing owl) for the various target species. While burrowing owls are currently absent from the site, these

surveys will explicitly consider them as potential target species and pre-construction efforts will be conducted accordingly.

If nesting raptors are identified on or adjacent to the site, then the ornithologist will, in consultation with the California Department of Fish and Gem, determine a ground disturbance-free setback zone around the nest (usually a minimum of 250 feet). The actual distance of the ground disturbance free zone will depend on the species involved, and site conditions. This setback must be temporarily fenced, and construction equipment and workmen shall not enter the enclosed setback until the conclusion of the breeding season.

As noted above, if a burrowing owl is detected on the site, this would constitute a change in condition, pursuant to CEQA and trigger a subsequent environmental evaluation. This evaluation would ascertain whether or not the project would result in a significant impact to the species, and, if so, what appropriate mitigation should be implemented to reduce impacts to a less-than-significant level.

City of Morgan Hill Interim Burrowing Owl Mitigation Policy

As described above, no burrowing owl or signs of owls (e.g. castings, prey remains, feathers, or excrement) were detected during reconnaissance-level surveys of the project site. The site did contain ground squirrel burrows, however, that appeared to be active. For this reason, it is the professional opinion of the consulting ornithologist that 100% (8.8 acres) of the project site is potential burrowing owl habitat and would be subject to the requirements of the City's Interim Burrowing Owl Mitigation Policy, as described below.

- A) Prior to any activity that alters or disrupts surface soils in areas of open grassland, agricultural lands, ruderal sites, sites with bare soil and or piles of rubble and vacant lots, a reconnaissance level survey shall be conducted by a qualified ornithologist to determine whether or not potential burrowing owl habitat occurs on the site.

- B) If potential burrowing owl habitat is identified, a peak breeding season survey shall be conducted on the site in accordance with the following guidelines.
 - 1. The assessment shall consist of a total of four site visits on separate days (per CDFG protocols). Surveys shall be conducted 2 hours before to 1 hour after sunset, or 1 hour before to 2 hours after sunrise.
 - 2. Surveys shall be conducted during the peak nesting season, April 15 to July 15, unless the protocol identified in B.3 is followed. Mitigation for owls and/or habitat when surveys are conducted during the above referenced dates shall be as follows:
 - (a) If burrowing owls are present or have been known to occupy the site within the last three years, mitigation for lost habitat shall be at a ratio of 1:1 (taken to mitigation).
 - (b) If no owls are detected and have not been known to occupy the site within the last three years, potential habitat shall be replaced at a ratio of 1:0.5 (taken to mitigation).

3. If surveys are conducted outside the peak nesting season (between July 16 and April 14), mitigation shall be as follows:
 - (a) If owls are present or have been known to occupy the site within the last three years, mitigation for lost habitat shall be at a ratio of 1:1 (taken to mitigation).
 - (b) If owls are not present, potential habitat shall be replaced at a 1:1 (taken to mitigation) ratio.
- (C) Habitat replacement may be either on-site or off-site upon approval of CDFG. For off-site mitigation, the applicant shall enter into a Mitigation Agreement (MA) with the California Department of Fish and Game (CDFG). Land for off-site mitigation shall be obtained within 18 months of project approval unless an extension is granted by CDFG. (Currently, the MA requires a letter-of-credit or escrow account adequate to cover costs of mitigation and provides a prescribed interval to secure the required mitigation site. If the project sponsor defaults on the MA, the security deposit is remitted to CDFG for their use in securing a site. CDFG currently estimates that \$10,000 per acre, \$20,000 for initial site protection and enhancement, \$40,000 to establish an endowment to fund long-term site management, is adequate to fulfill off-site mitigation requirements).
- (D) After project approval, in addition to the habitat survey, the applicant shall conduct a preconstruction survey to avoid the take of individual burrowing owls. The preconstruction survey shall be conducted not more than 30 days prior to construction to assure take avoidance of burrowing owls. If owls are observed during the preconstruction survey, no impacts to the owls or their habitat will be allowed during the nesting season (February 1 to August 31).
 1. If there are construction activities during the breeding season, and if burrowing owls are observed on, or within 250 feet of the project site during preconstruction surveys, a 250 foot protective buffer shall be established and monitored.
 2. If preconstruction surveys are conducted during the non-breeding season and burrowing owls are observed on the site, the owls may be relocated upon approval of the CDFG once mitigation has been provided.

IV CULTURAL RESOURCES

Mitigation and Avoidance: The following mitigation measures will reduce cultural resource impacts to a less than significant level:

- In the event that cultural resources are uncovered, all construction within a 50-meter radius of the find would be halted, the Director of the Community Development Department would be notified, and an archaeologist will be retained to examine the find and make appropriate recommendations.
- If human remains are discovered, the Santa Clara County Coroner will be notified. The Coroner would determine whether or not the remains were Native American. If the Coroner determines that the remains are not subject to his authority, he would notify the Native American Heritage Commission, who would attempt to identify descendants of the deceased Native American.

- If the Director of the Community Development Department finds that the cultural resource find is not a significant resource, work would resume only after the submittal of a preliminary report and after provisions for reburial and ongoing monitoring are accepted. Provisions for identifying descendants of a deceased Native American and for reburial would follow the protocol set forth in the CEQA Guidelines. If the site is found to be a significant archaeological site, a mitigation program will be prepared and submitted to the Director of the Community Development Department for consideration and approval, in conformance with the protocol set forth in the CEQA Guidelines.

V GEOLOGY AND SOILS

Mitigation and Avoidance: The following mitigation measures will reduce geologic impacts to a less than significant level:

- The project will follow the recommendations of the design level geotechnical investigation prepared for the project, including proper foundation technique, design, site preparation, sub-grade preparation, and grading.
- Seismic hazards to the proposed project will be mitigated by the project utilizing design and construction practices in accordance with Seismic Zone 4 building criteria, as described in the Uniform Building Code. Zone 4 criteria allows buildings to resist minor earthquakes without damage and major earthquakes without collapse.

VI HAZARDS AND HAZARDOUS MATERIALS

Impact: Because development of the site would result in substantial increases in stormwater runoff and potential stormwater pollution, the proposed project would result in significant drainage and water quality impacts.

Mitigation and Avoidance: The proposed project would be subject to the following General Plan policies to reduce water quality impacts to a less than significant level.

VII HYDROLOGY AND WATER QUALITY

Mitigation Measures Included in the General Plan

Flooding

Policy 4g: As flooding affects substantial areas of South County, and the flood control projects now being constructed are designed to protect only existing developed and currently planned urban areas, manage land development to mitigate flooding problems and minimize the need for local public funding for additional flood control and local drainage facilities (SCJAP 12.00)

Policy 4h: Areas which are developed or planned for development should be protected by the construction of flood control facilities. Development should be managed through advanced planning and design standards to minimize off-site flooding and drainage problems. (SSCJAP 12.00)

Policy 4i: Give highest priority for construction of flood protection facilities as follows: 1) to areas of existing development subject to the highest potential flood damage; 2) to undeveloped areas planned for urban development which would be subject to the highest of flood damage; 3) to agricultural lands; and 4) to other undeveloped areas. (SCJAP 12.01)

Policy 4n: Require mitigation of any stormwater runoff produced by development that occurs beyond that described in the General Plans of the City and County as of 1982. (SCJAP 12.07)

Policy 4o: Require all local development to provide appropriate mitigation of off-site flooding impact, including limiting runoff to pre-development levels and/or complete solutions to flooding and local drainage problems in the vicinity of the development, using such methods as detention or retention. (SCJAP 12.08)

Policy 4p: Require careful consideration of the cumulative effects of development which would drain into the upper reaches of Llagas Creek and other creeks, in order to avoid the need for channelization and consequent destruction of its riparian vegetation and natural habitat.

Water Quality

Policy 5d: Continue to monitor groundwater and surface water quality conditions throughout the South County to determine if changes in regulations regarding septic systems and land use are needed. (SCJAP 8.04)

Policy 6a: Maintain close coordination with the following agencies and organizations which share jurisdiction and interest relative to South County's water supply and water quality: the Regional Water Quality Control Boards, Santa Clara Valley Water District, County Health Department, County Executive's Office, County Planning Office, Gilroy Planning Department, and San Martin Planning Committee. (SCJAP 10.02)

Policy 6c: Work with the Regional Water Quality Control Boards to rigorously enforce regulations relating to solid waste disposal. (SCJAP 8.08)

Mitigation Measures Included in the Proposed Project

- Construct a detention pond to limit runoff from the project site to pre-development conditions.
- Prior to construction the City of Morgan Hill will require that contractor(s) prepare a Storm Water Pollution Prevention Plan (SWPP) and submit a Notice of Intent (NOI) to the State of California Regional Water Quality Control Board. The SWPP will include control measures during the construction period for:

- soil stabilization practices;
 - sediment control practices;
 - sediment tracking control practices;
 - wind erosion control practices and; and
 - non-stormwater management and waste management and disposal control practices.
- The project design includes provisions for post-construction structural controls in the project design where feasible, and Best Management Practices (BMP) for reducing contamination in stormwater runoff are permanent features of the project. These features include regular sweeping of parking lots and driveways, installation of inlet features or similar controls in stormwater catch basins, vegetated swales, and stenciling on-site catch basins to discourage illegal dumping.
 - As part of the mitigation for post-construction runoff and pollutant discharges addressed in the SWPPP, the project will implement regular maintenance activities (i.e., sweeping, cleaning stormwater inlets, litter control, etc.) at the site to prevent soil, grease, and litter from accumulating on the project site and contaminating surface runoff.

IX NOISE

Impact: Pool equipment noise could exceed the existing nighttime background noise level if it is not enclosed.

Mitigation and Avoidance: All pump equipment will be enclosed and designed so that the noise levels generated by the pool equipment at the nearest hotel or residence do not exceed 50 dBA. This will keep equipment noise at the same level as the existing nighttime background noise level.

Impact: Construction of the proposed project could result in short-term noise impacts.

Mitigation and Avoidance: The project includes the following mitigation measures to reduce construction noise impacts to a less than significant level:

- Construction operations will use available noise suppression devices and techniques. The equipment will be properly muffled and maintained.
- Construction activities will be limited to the hours of 7:00 AM to 8:00 PM on weekdays and 9:00 AM to 6:00 PM on Saturdays. There will be no construction activities on Sundays or federal holidays.
- "Quiet Package" construction equipment (e.g., compressors and generators) will be used to the greatest practical extent.

IX TRANSPORTATION

Impact: The proposed project will result in a significant impact to the following unsignalized intersections:

- **Murphy Avenue/Dunne Avenue**
- **US 101 Northbound Ramp/Tennant Avenue**
- **US 101 Southbound Ramps/Tennant Avenue**

Mitigation and Avoidance: The project includes the following mitigation measures to reduce project traffic impacts to a less than significant level:

Murphy Avenue/Dunne Avenue

A warrant study will be completed for the Murphy/Dunne Ave. intersection prior to the construction of the project. A follow up warrant study shall be completed after a one year operation of the Aquatic Complex. If 6 of the 11 warrants are met within either warrant study, a traffic signal will be installed

US 101 Southbound Ramps/Tennant Avenue

The installation of a traffic signal at the intersection with protected left-turn phasing would reduce the impact of the project to a less than significant level. With signalization, the intersection is expected to operate at LOS B- and LOS D during the PM and Saturday Midday peak hours, respectively.

US 101 Northbound Ramp/Tennant Avenue

The installation of a traffic signal at the intersection with protected left-turn phasing would reduce the impact of the project at this intersection to a less than significant level. With signalization, the intersection is expected to operate at LOS C during the PM and Saturday Midday peak hours.

Impact: Insufficient parking facilities will be provided for the proposed project to accommodate the proposed weekend events.

Mitigation and Avoidance: If nearby off-site parking lots will not be available and/or will not provide sufficient parking for anticipated event participants and spectators, remote parking facilities will be provided for major events and weekend peak use at the Aquatic Center and people will be busses/shuttled into the project site from that facility. A parking management plan shall be developed prior to the operation of the facility. The management plan will need to address off site parking availability and funding.

Impact: There are currently no sidewalks on the east side of Condit Road. This encourages pedestrians wishing to access the site from businesses on the west side of Condit or from Dunne Avenue to use the existing sidewalk on the west side and make a mid-block crossing or walk on the shoulder of Condit Road. This is considered a significant sight access and traffic safety impact.

Mitigation and Avoidance: A sidewalk will be provided along the project frontage on the east side of Condit Road.

**OFFICE OF DETERMINATION
CITY OF MORGAN HILL**

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

FROM: City of Morgan Hill
Community Development Dept.
17555 Peak Avenue
Morgan Hill, CA 95037

County Clerk
County of Santa Clara
70 W. Hedding Street
E. Wing 1st Floor
San Jose, CA 95110

SUBJECT: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

Project Title:

Urban Service Area, USA-02-03/General Plan Amendment, GPA-02-05/Zoning Amendment, ZA-02-14/
Annexation, ANX-02-03: City of Morgan Hill Aquatic Complex

State Clearinghouse Number (If submitted to Clearinghouse)	Lead Agency Contact Person	Area Code/Telephone/Extension
N/A	David J. Bischoff	(408)779-7248/779-7249

Project Location (include county)

Southeast quadrant of the intersection of Condit Rd. and Barrett Ave., Morgan Hill, Santa Clara County.
8.8 acre portion of APN 817-13-017

Project Description: A request to amend the Urban Service Area boundary, amend the General Plan, Prezone and Annex an 8.8 acre area located on the southeast quadrant of Barrett Ave. and Condit Rd. The City of Morgan Hill is proposing to construct an Aquatic Complex, which will include a pool house, recreational pool, A diving pool, a competitive swim pool and associated grandstands, instructional pool, slide pool and Associated slide structure, two picnic areas, a wet playground, team locker room, maintenance facilities, lawn And plaza areas, associated parking facilities and storm water detention basin. Lighting and fencing are also Proposed throughout the project site.

This is to advise that the City of Morgan Hill has approved the above described project on February 19, 2003
 Lead Agency *Responsible Agency* (date)

and has made the following determinations regarding the above described project:

1. The project [] will [] will not] have a significant effect on the environment.
2. An Environmental Impact Report (EIR) was prepared for this project pursuant to the provisions of CEQA.
 A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures [were were not] made a condition of the approval of the project.
4. A statement of Overriding Considerations [was was not] adopted for this project.
5. Findings [were were not] made pursuant to the provisions of CEQA.

This is to certify that the final EIR with comments and responses or Negative Declaration and record of project approval is available to the General Public at: City of Morgan Hill, 17555 Peak Avenue, Morgan Hill, CA 95037

Date: 2/20/03



DAVID K. BISCHOFF, AICP
Community Development Director

CALIFORNIA DEPARTMENT OF FISH AND GAME
CERTIFICATE OF FEE EXEMPTION

De Minimis Impact Finding

Project Title/Location (include county):

Urban Service Area, USA-02-03/General Plan Amendment, GPA-02-05/Zoning Amendment, ZA-02-14/Annexation, ANX-02-03: City of Morgan Hill Aquatic Complex

Southeast quadrant of the intersection of Condit Rd. and Barrett Ave., Morgan Hill, Santa Clara County. 8.8 acre portion of APN 817-13-017

Project Description:


A request to amend the Urban Service Area boundary, amend the General Plan, Prezone and Annex an 8.8 acre area located on the south east quadrant of Barrett Ave. and Condit Rd. The City of Morgan Hill is proposing to construct an Aquatic Complex which will include a pool house, recreational pool, a diving pool, a competitive swim pool and associated grandstands, instructional pool, slide pool and associated slide structure, two picnic areas a wet playground, team locker room, maintenance facilities, lawn and plaza areas, associated parking facilities and storm water detention basin. Lighting and fencing are also proposed throughout the project site.

Findings of Exemption (attach as necessary):

An Environmental Initial Study has been prepared for the City of Morgan Hill Aquatic Center and the City of Morgan Hill has determined that there is no evidence that the Urban Service Area, General Plan Amendment, Zoning Amendment and Annexation applications will have any potential for adverse effect on wildlife.

Certification:

I hereby certify that the public agency has made the above finding and that the project will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.



David J. Bischoff (Chief Planning Official)
Title: Community Development Director
Lead Agency: City of Morgan Hill
Date: 2/20/03

ATTACHMENT (Item 5B, Attachment C)

Document: Fiscal Impact Analysis for Urban Service Area Boundary Amendment
Area 02-03

Due to limited copies this document will be provided to LAFCO Commissioners only.

ATTACHMENT (Item 5B, Attachment B Annex)

Document: Initial Study/Negative Declaration for Morgan Hill Aquatic Center
Complex

Due to limited copies this document will be provided to LAFCO Commissioners only.

March 31, 2003

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer *NP*

**SUBJECT: Out of agency extension of sewer service (Los Altos Hills)
23270 Mora Heights Way (APN 331-14-024)
Agenda Item # 6**

STAFF RECOMMENDATION

1. Approve Categorical Exemption for this proposal under Class 3, Section 15303(a) & (d).
2. Approve request for extension of sewer service to a single-family residence located at 23270 Mora Heights Way in the unincorporated area, within the urban service area and sphere of influence of the Town of Los Altos Hills.

PROJECT DESCRIPTION

The Town of Los Altos Hills is seeking LAFCO approval for extending sewer service to a property located at 23270 Mora Heights Way. The property is located in the unincorporated area within the Town's urban service area (USA) and sphere of influence (SOI). Since the proposed extension of service will be outside of the Town's jurisdictional boundaries, LAFCO approval is required. See attached map for property and its relationship to the Town and USA boundaries. (Attachment A)

BACKGROUND

Originally, the property was developed with a 1,600 square foot single family home and a detached two-car garage served by a septic system. In March 2002, a septic system inspection report by a private firm stated that the existing septic system was failing with sewage in the basement and around the house. Percolation tests conducted on the subject property established that the percolation rates were too slow to effectively repair the existing system on the site or to approve a new septic system on the property. A letter dated July 8, 2002, from County Environmental Health Department recommended that sewer service be extended to the site since the septic system failures could not be repaired or the systems replaced thereby posing a potential public health hazard.

In December 2002, the property owners obtained a demolition permit to tear down the existing house and garage on the property. The home was demolished in January 2003. Plans for a new 6000 square foot single-family residence were submitted to the County and a building permit was issued in February 2003. This building permit has since been

suspended when the County Building Office was informed that the sewer extension to the property was pending LAFCO approval.

ENVIRONMENTAL ASSESSMENT

Categorical Exemption

The project is categorically exempt from CEQA under Class 3, Section 15303(a) and (d). See attached report from LAFCO Analyst. (Attachment B)

CONSISTENCY WITH LAFCO POLICIES

Project Within Sphere of Influence

State law and local LAFCO policies allow consideration of an agency's proposals for extending services only within its SOI. This proposal is within the SOI of the Town of Los Altos Hills.

Annexation as Alternative to Service Extension

LAFCO policies require annexation prior to extension of services beyond an agency's boundaries. State law allows extension of services outside an agency's jurisdiction in anticipation of future annexation of the area.

The property lies within the USA and SOI of the Town of Los Altos Hills. However, the property is not currently contiguous to the Town's boundary. The sewer extension agreement between the Town and the property owner (See Attachment C) includes a provision that requires the property owner to waive protest rights when annexation is proposed for the area. This provision is established to run with the land and ensures that future owners of this property would also be subject to this agreement.

Growth Inducing Impacts

Approval of the sewer extension would allow the property owner to build a single-family home on the property that is substantially larger than the previous home on the property.

The new sanitary sewer line would be about 1,700 feet in length and would connect to the newly installed Mora Drive sewer line in the vicinity of Mora Drive and Eastbrook Avenue. The sewer line would then run along Mora Glen Drive to the end of Mora Heights Way. There are at least 17 other properties along the sewer line that could seek connection to the sewer line in the future. According to Town staff, the Town at this time is not able to approve additional sewer connections because the Town has reached the maximum capacity rights allowed per the master sewer agreement between the Town and the City of Los Altos. However, it may still be possible to secure capacity rights from private parties. About 10 capacity rights are currently available from private parties.

The Town is working on a Sewer Master Plan to study the current and build-out scenarios for providing sewer service. The study is scheduled to be completed by the end of the year. This would allow the Town to renegotiate the sewer agreement with the City of Los Altos. Any future additional connections to the sewer main would require LAFCO approval.

Health and Safety/Public Benefit Issues

The letter dated July 8, 2002, from County Department of Environmental Health recommends that sewer service be extended to the site since the existing septic system had failed and it was not possible to repair the existing system or replace it with a new system. The letter states that the condition could pose a potential public health hazard.

However, since the existing house has been demolished, there does not exist a current public health hazard. The property owner is proposing to build a new home and the only method of providing sewer service to this property is by connecting to the Town's sewer system since it has been determined that installing a new septic system on the site is not possible.

Ability of the City to Provide Services

The property owner purchased a sewer capacity right for sewer connection from a private party. The Town and the City have indicated that they have the capacity to provide the service to this single family home.

Premature Conversion of Agricultural or Open Space Land

This area is developed with single-family homes on lots averaging about an acre. Extending the sewer system would not impact agricultural or open space lands.

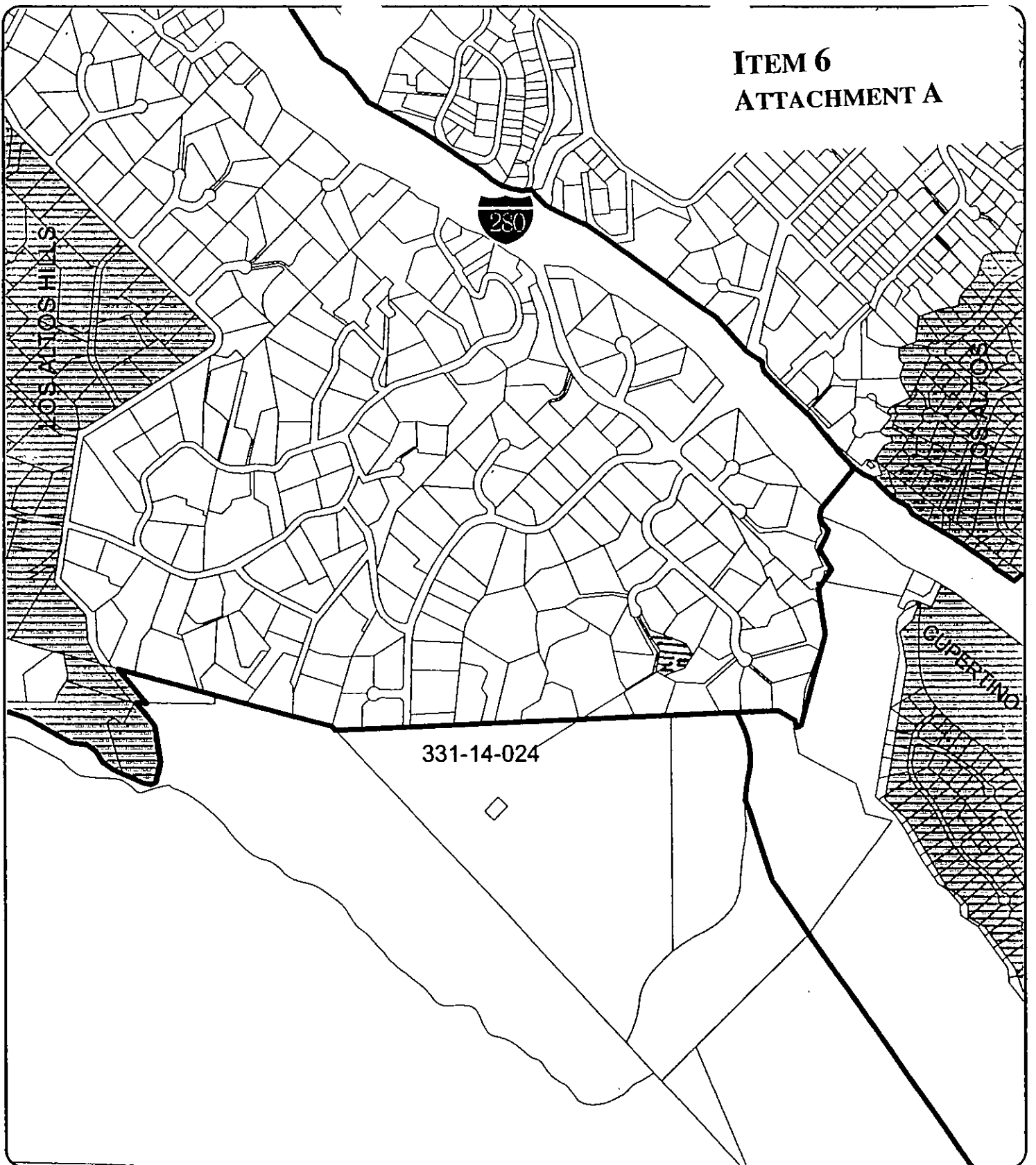
CONCLUSION

The property's septic system was failing and it has been determined that repair of the existing system or installation of a new system is not possible. Connection to the City's sewer system is the only alternative to obtaining service for the proposed new home on the property. LAFCO policies generally discourage extension of urban services beyond an agency's boundaries. In this case, the property is not contiguous to the Town's boundary. The property owner has agreed to waive any right to protest future annexation of the property when such annexation is proposed. Staff recommends approval for extension of service.

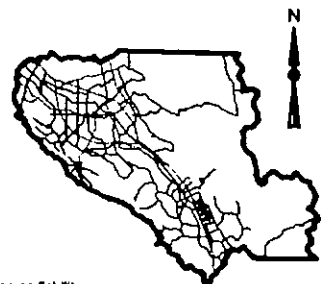
ATTACHMENTS

- Attachment A. Map showing properties and jurisdictional boundaries and detailed map.
- Attachment B LAFCO Analyst Report
- Attachment C Sewer Service Agreement between the Town and Property Owner

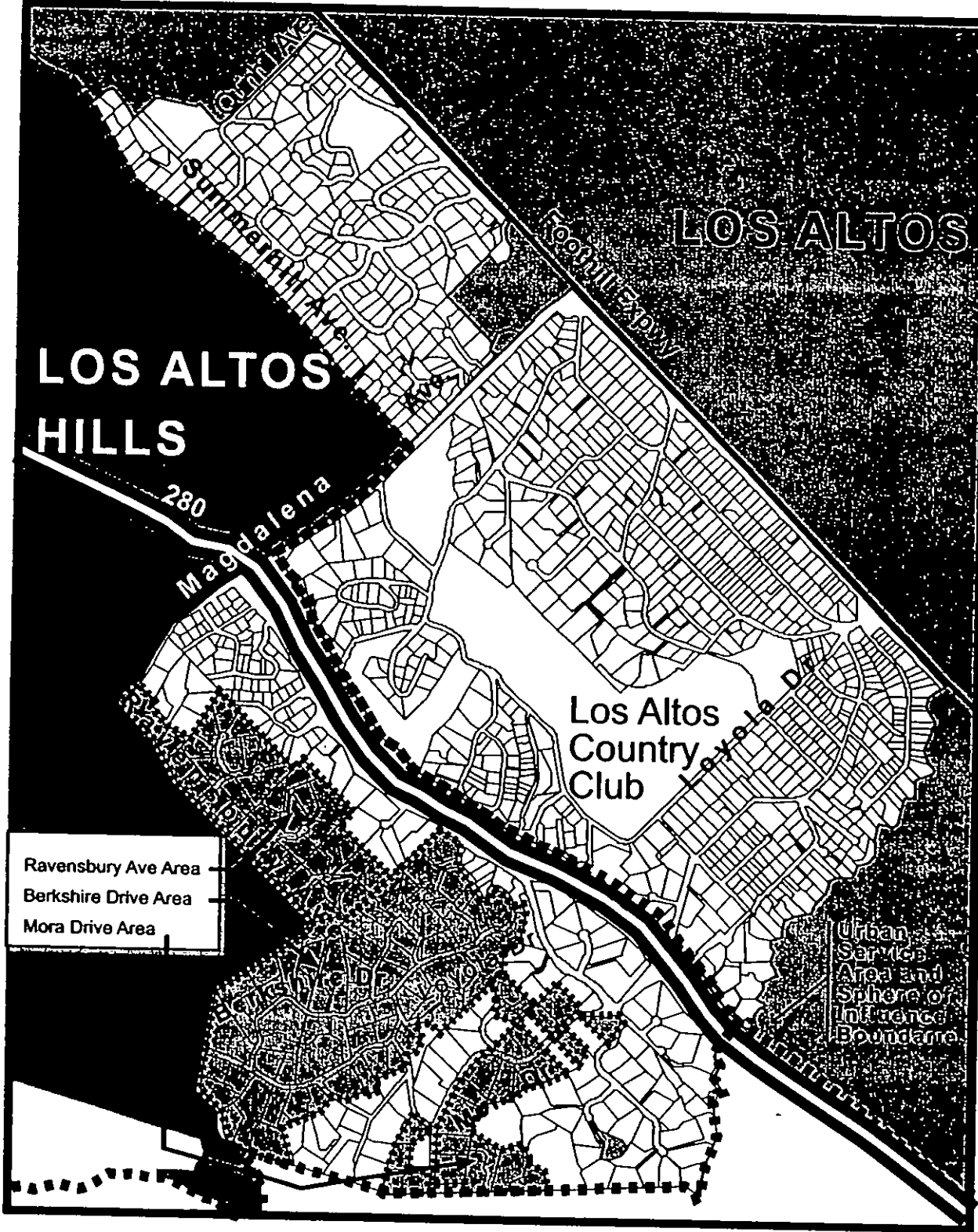
**ITEM 6
ATTACHMENT A**



**Out of Agency Contract for Sewer Service
23270 Mora Heights Way, Los Altos Hills
APN: 331-14-024 (unincorporated)**



SAN ANTONIO HILLS / COUNTRY CLUB / SUMMERHILL
UNINCORPORATED POCKETS



LOS ALTOS
HILLS

LOS ALTOS

Los Altos
Country
Club

- Ravensbury Ave Area
- Berkshire Drive Area
- Mora Drive Area

Urban Services
Area and
Sphere of
Influence
Boundary

Date prepared: March 24, 2003

Hearing date: April 9, 2003

To: The Santa Clara County Local Agency Formation Commission

From: Dunia Noel, LAFCO Analyst *DN*

Subject: **Out of Agency, Town of Los Altos Hills, Extension of Sewer Service to 23270 Mora Heights Way (Husher)**

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 3, Section 15303(a) and Section 15303(d), "New Construction or Conversion of Small Structures" which states:

Section 15303: Class 3 consist of construction and location of limited numbers of new, small facilities or structures, installation of small new equipment and facilities in small structures... The number of structures described in this section are the maximum allowable on any legal parcel. Examples of this exemption include, but are not limited to:

- (a) One single-family residence or a second dwelling in a residential zone.*
- (d) Water main, sewage, electrical, gas, and other utility extensions, including street improvements, of reasonable length to serve construction and location of limited numbers of new, small facilities or structures.*

BACKGROUND

Project Description

The Town of Los Altos Hills is requesting on behalf of John Husher, the property owner of 23270 Mora Heights Way, LAFCO approval of an Out-of-Agency contract for sewer services. The subject parcel is approximately 1.1 acre. In December 2002, the property owner obtained a demolition permit to demolish the existing 1,600 sq. ft. single-family home and a detached 2-car garage in order to construct a new single family home and garage. Plans for a new single-family residence were submitted to the County and a building permit was issued in February 2003. This building permit was then suspended when the Building Office was informed that the sewer extension to the property was pending LAFCO approval.

The contract would allow the Town of Los Altos Hills to provide sewer service the new single-family residence located on 23270 Mora Heights Way (APN 331-14-024) within an unincorporated area outside of the Town Los Altos Hills (Mora Heights). This parcel is within the Urban Service Area and the Sphere of Influence of Town of Los Altos Hills. Since the proposed extension of sewer service will be outside of the Town of Los Altos Hill's jurisdictional boundaries, an out-of-agency approval is required from LAFCO.

The owner of this parcel is requesting this service agreement in order to connect to the Town of Los Altos Hill's sewer service due to the failure of the existing septic system on the property. A letter from A-1 Septic Tank Service, Inc. indicated that the septic system had a broken in-let pipe, and that there was sewage in the basement and around the house. According to the County of Santa Clara's Environmental Health Department, percolation rates on the property were too slow to approve the construction of a new residence on this property and that based on A-1's report, conditions at the property posed a potential public health hazard. The County Santa Clara's Environmental Health Department concluded that because of the poor percolation rates encountered on the site the existing failing septic system could not be effectively repaired. Therefore, County Environmental Health recommended that sewer service be extended to the property to correct the situation. The nearest sewer service provider is the Town of Los Altos.

John D. Husher, the property owner will construct a new sanitary line (approximately 1,700 sq. ft. in length and connect to the newly installed Mora Drive Sewer Project at the vicinity of Mora Drive and Eastbrook Avenue. The property owner will fund the Mora Heights Way sewer extension. The estimated cost of the proposed sanitary sewer is \$186,000. The property owner has secured a sewer connection right from a private part at a cost of \$6,000. Construction documents has been reviewed and approved by the Town of Los Altos Hills and City of Los Altos.

Town of Los Altos Hills staff recommended approval of the request at the January 16, 2003 Town Council meeting because the finding of a direct adverse impact on the public health and safety could be made. The Town's finding was supported by letters from a private sanitary system inspection company and the County of Santa Clara's Environmental Health Department (DEH). DEH concluded that "because of poor percolation rates encountered on the site, the existing failing septic system cannot be effectively repaired." DEH therefore recommended that sewer service be extended to this property.

The proposed extension of sewer service is thus exempt from CEQA because it meets the requirements of the Class 3 exemption.

ENVIRONMENTAL FACTORS OF CONCERN TO LAFCO

Premature Conversion of Agricultural and Open Space Lands

The property around the area is developed with single-family homes on lots averaging approximately one acre. There are no agricultural or open space lands that would be impacted by extending the sewer system. Therefore, the project will not result in the premature conversion of either agricultural or open space lands on the site or in the surrounding area.

Growth Inducement and Precedent Setting Implications

According to the County Zoning Ordinance, the current zoning designation for the subject property and other surrounding parcels in this unincorporated area is R1E-1AC (One-family residential estate with a 1-acre gross, minimum lot size combining district). Surrounding parcels include other single-family residences. The project site and surrounding area's developed parcels have been developed to the maximum density allowed by the current zoning (R1E-1AC). However, it is possible that the extension of sewer service to the property could allow the property owner to develop a new home that is substantially larger than the previous home that was on the property.

There are at least 17 other properties along the sewer line that could seek connection to the sewer line in the future. At this time no other sewer connections will be approved because the Town has reached the maximum capacity rights allowed per the master sewer agreement between the Town and the City of Los Altos. However, it may be possible to secure capacity rights from private parties. About 10 capacity rights are currently available from private parties.

Furthermore, because no other parcels on or adjacent to Mora Heights Way have signed under the sewer extension agreement for this application, future applications for extension of sewer service would be subject to further CEQA analysis. Providing sewer service to the site would allow the property owner to abandon the failing septic system and correct a public health hazard. Any future requests by property owners in the area to connect to the Town's sewer would also have to demonstrate that such a connection is necessary to alleviate a health or safety threat. Therefore, the project would not result in a precedent for other sewer connections in the area or result in any growth-inducing impacts.

Provision of Public Services

The Town of Los Altos Hill has provided documentation stating that it does have the capacity to serve this property and that serving this property, which is outside its boundary, will not reduce the level of services it provides its residents.

ITEM 6
ATTACHMENT C

RECORDING REQUESTED BY:
Town of Los Altos Hills
No fee for recording. (Gov. Code, § 27383)

Number of property owners 69

AND WHEN RECORDED MAIL TO:
Los Altos Town Hall
26739 Fremont Road
Los Altos Hills, CA 94022

Recorded as Doc.# 16773396
on 1/24/2003

SPACE ABOVE FOR RECORDER'S USE ONLY

MORA HEIGHTS WAY SEWER PROJECT
SANITARY SEWER EXTENSION AGREEMENT

This Mora Heights Way Sewer Project Sanitary Sewer Extension Agreement ("Agreement") is entered into this 16th day of January 2003 between the Town of Los Altos Hills, a municipal corporation of the State of California ("Town") and John D. Husher ("Property Owner"), the owner of 23270 Mora Heights Way ("the Property"), in an unincorporated pocket of the County of Santa Clara. The parties to this Agreement as follows:

ARTICLE 1. GENERAL

1.01 Sanitary Sewer Extension

Property Owner, who owns property in an unincorporated area of the County of Santa Clara and within the sphere of influence and urban service area of the Town, is in the process of planning an extension of a sanitary sewer main and appurtenances to be installed within Mora Heights Way and more particularly as shown in the Mora Heights Way Sewer Project ("MHWSP") General Area Map attached hereto as Exhibit A ("Extension").

1.02 Sewer Service

The purpose of this Agreement is for the Town to provide for public sewer service to Property Owner pursuant to the SEWER AGREEMENT BETWEEN THE CITY OF LOS ALTOS AND THE CITY OF THE TOWN OF LOS ALTOS HILLS ("Master Agreement") adopted March 26, 1985, and the FIRST AMENDMENT TO THE AGREEMENT adopted by the Town of Los Altos Hills Resolution No. 26-93 on April 7, 1993, which are attached hereto as Exhibit B and Exhibit C. Town shall provide public sewer services to Property Owner in accordance with the Master Agreement as if Property Owner were situated within the city limits of Town. All references in the Master Agreement referring to Town and Town residence will apply equally and fully to the Property and Property Owner.

1.03 Ownership of Sewer Extension

Upon completion of the Extension in accordance with Town Standards, and its acceptance by Town and the granting of easements to the Town from the County for the Extension, Town will assume ownership of the sewer main, appurtenances, laterals and manholes in the public right of way and assume responsibility for the maintenance, repair and insurance of same under the terms of the Master Agreement.

1.04 Waiver of Annexation Protest Rights

Property Owner, for himself and on behalf of his successors, heirs and assigns, agrees not to oppose annexation should the Town, LAFCO, or the County initiate annexation proceedings. Property Owner, for himself and on behalf of his successors, heirs and assigns, hereby waives protest rights in the event that annexation is proposed for the area. This Agreement is intended to and shall run with the land. This Agreement shall be recorded.

1.05 Other Property Owners

Other Property Owners ("Others") on or adjacent to Mora Heights Way and its vicinity will only be entitled to connect to any portion of the Extension at a later date, if as long as such Others comply with all applicable state statutes and ordinances, rules, and regulations of the Town, the City of Los Altos ("City"), the County of Santa Clara, and the County of Santa Clara Local Agency Formation Commission ("LAFCO"), including any applicable requirements regarding out-of-agency service agreements.

1.06 Effective Date and Validity

The effective date ("Effective Date") of this Agreement shall be the date set forth above. The terms of this Agreement shall not become operative until such time as the extension of services described in this agreement are approved by LAFCO. This Agreement shall become null and void if not approved by LAFCO within one year of the Effective Date.

ARTICLE 2. SEWER SERVICE

2.01 Installation of Sewer Extension and Appurtenances

Property Owner is responsible for the installation of the Extension including design, bidding and construction and acquisition of encroachment permit in accordance with local, state and federal requirements. Prior to awarding a construction contract, Property Owner will place in an escrow account sufficient funds to pay the contractor, including a 10% contingency amount.

2.02 Inspection and Acceptance of Sewer Extension and Appurtenances

Town will have the primary responsibility for the inspection and acceptance of the Mora Heights Way Sewer Project Sanitary Sewer Extension. Inspection and acceptance will follow the criteria outlined in the Master Agreement.

2.03 Sewer Fees, Plan Checking, Permits

- a. Property Owner will pay for the construction of a sewer main on and in public rights of way and will pay fees in advance to applicable responsible agency for reviewing construction plans and related documents consistent with all applicable agency requirements.
- b. Property Owner upon connecting to the Extension will advise the Town in advance and pay to the City of Los Altos ("City") a capacity rights fee and connection fee as set forth in the Master Agreement, and other fees as applicable.

2.04 Reimbursements

Property Owner will provide the initial funding to pay for the entire cost of the Extension. Property Owner shall subsequently receive reimbursement in accordance with the provisions of the Town's Municipal Code and the reimbursement agreement referenced in 1.04 above from any and all future users of the Extension ("Others"), regardless of the connection site along the entire length of the Extension. Consistent with existing practices, collection of reimbursement monies paid by Others will be made by Town to the MDSP or designated distribution agent by one check on December 31st of each calendar year. Distribution to Property Owner shall remain unchanged at such time that the area is annexed to Town.

2.05 Administration

Administration of sewer service will be provided by the Town as set forth in the Master Agreement and shall include the collection of reimbursements and fees in accordance with the provisions of the Town's Municipal Code and the Reimbursement Agreement.

2.06 Annual Sewer Service Charges

City will calculate and process the annual Sewer Service Charge for individual parcels in conformance with the Master Agreement. This fee shall be paid through the County Tax Roll and secured by a lien against each property (authorized by Section 5471 of the California Health and Safety Code). Property Owner hereby consents to such charges and liens.

2.07 Maintenance and Repairs

Except as otherwise set forth in the Master Agreement, Property Owner will be responsible for maintenance and repair of the sewer lateral pipes and connections within the Property.

2.08 Sewer Main Connection

The Extension will provide sewer service to the Property Owners as shown on Exhibit A and will connect to an existing public sewer line at Eastbrook Avenue.

2.09 Indemnity – Hold Harmless

Property Owner agrees to indemnify, defend and hold harmless Town and its elective or appointive Boards, officers, agents and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorney's fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of the Agreement by Property Owner, Property Owner's agents, officers, employees, subcontractors, or independent contractors hired by Property Owner. Property Owner shall take out and maintain insurance with a minimum limit of one million dollars that specifically covers the provisions of this paragraph 2.09 and names the Town as an additional insured from the start of construction to acceptance of the Extension by Town.

ARTICLE 3. MISCELLANEOUS PROVISIONS

3.01 Town Ordinances

All applicable regulations and ordinances of Town and the Master Agreement set out in Exhibit B and Exhibit C shall apply to this Agreement and to the performances hereunder.

3.02 Town Costs

Prior to execution of the Agreement by Town, Property Owners shall pay all applicable fees and costs including any legal fees incurred by the Town in connection with preparation and execution of this Agreement.

3.03 Assignment

This Agreement shall be binding upon the successors, heirs and assigns of the parties hereto.

3.04 California Law

This Agreement shall be governed by the laws of the State of California.

3.05 Arbitration

Any dispute between the parties to this Agreement concerning any of its provisions and/or interpretation of its terms shall be resolved by arbitration in accordance with the provisions of the Santa Clara County Bar Association ADR program.

3.06 Attorneys' Fees

In the event of any dispute concerning the terms and provisions of its Agreement, the prevailing party shall be entitled to its reasonable costs and attorneys' fees resulting from any arbitration in enforcing the terms and provisions of this Agreement.

3.07 Notice

Notice under this Agreement shall be deemed effective upon the deposit in first class mail, postage prepaid and addressed to the parties as follows:

Town of Los Altos Hills, c/o of City Clerk, Los Altos Town Hall,
26739 Fremont Road, Los Altos Hills, CA 94022;

Property Owner, 23270 Mora Heights Way, Los Altos, CA 94024

3.08 Exhibits

All exhibits to which reference is made in this Agreement are incorporated in this Agreement by the respective reference to them, whether or not they are actually attached.

3.09 Termination

In the event that Property Owner is unwilling or unable to proceed with the Extension, Property Owner may terminate this Agreement by giving notice to the Town pursuant to 3.07 above, which said notice shall be recorded.

3.10 Condition for Recording

This Agreement will not be recorded until LAFCO approves this Out-of Agency Service Agreement for this Extension. Recording data is set out in Exhibit D incorporated by this reference.

TOWN OF LOS ALTOS HILLS

PROPERTY OWNER

Bob Fenwick
Mayor

John D. Husher
John D. Husher

ATTEST:

Karen Jost
City Clerk

APPROVED AS TO FORM:

[Signature]
City Attorney

EXHIBITS:

- A. Mora Heights Way General Vicinity Map
- B. Sewer Agreement Between the City of Los Altos and the Town of Los Altos Hills (1985)
- C. First Amendment to the Sewer Agreement Between the City of Los Altos and the Town of Los Altos Hills (1993)
- D. Recording Data

March 31, 2003

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer *NP*

SUBJECT: Proposed Budget FY 2003-2004
Agenda Item # 7

STAFF RECOMMENDATION

1. Adopt the Proposed LAFCO Budget for fiscal year 2003-2004.
2. Find that the Proposed FY-04 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 03-04 will be the third 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.

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 2003-2004 BUDGET TIMELINE

Dates	Staff Tasks / LAFCO Action
March 19- April 9	Notice period, proposed budget posted on LAFCO web site and available for review and comment on April 3
April 9	Public Hearing and adoption of proposed budget
April 9- May 21	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 11	Public hearing and adoption of final budget
June 12 - 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 2004 will remain the service reviews. Staff is working on LAFCO's first service review – a countywide fire service review. It is anticipated that this service review will be completed by the end of this calendar year and LAFCO will start on a countywide water service review. 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 \$533,091. It is projected that there will be a savings of about \$140,814 at the end of this fiscal year.

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

Projected Year End Savings = \$572,167-\$431,353

Projected Year End Savings = \$140,814

This savings amount is largely due to the following:

1. Not having spent the entire amount budgeted for consultants and Intra County Professional
2. Not having spent the amount (\$50,000) allocated as reserves
3. Having a larger fund balance at the end of the previous year. Last year, \$122,262 was anticipated as savings from the FY 02 budget. However, the actual fund balance available was \$160,338.

The unspent funds and the larger than anticipated fund balance from FY-02 would result in an estimated savings of about \$140,814 at the end of the current fiscal year. These savings would be carried over to reduce the proposed FY 04 budget's costs for the cities and the County.

PROPOSED FY 2002-2003 BUDGET

The proposed budget for FY 2003-2004 is \$552,642 which is slightly higher 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 \$168,130

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 \$63,902 and the salary and benefits for the LAFCO Analyst is \$104,228.

This item is being increased from \$163,400 to \$168,130 to account for the cost of living expense salary raises for the two positions.

2. SERVICES AND SUPPLIES

2321 INTRA-COUNTY PROFESSIONAL \$189,986

LAFCO Clerk \$91,686

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 \$ 59,316. The Clerk of the Board's Office estimates an administrative overhead of \$32,370 totaling to \$91,686 for the service.

LAFCO Counsel \$48,300

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 \$161(for FY 04) for an estimated 300 hours annually.

LAFCO Surveyor \$35,000

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 about \$85.77 per hour.

Miscellaneous Staffing \$15,000

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.

2329 CONTRACT SERVICES \$100,000

This amount provides for hiring consultants to conduct service reviews. An amount of \$100,000 is included in the current budget and it is projected that about \$75,000 would be spent by the end of the year on the fire service review project that is currently underway.

2145 FOOD \$750

This item is being maintained at \$750.

2171 INSURANCE \$288

This item is being increased slightly from \$242 to \$288 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 maintained at \$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 and upgrade of the LAFCO web site. 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

This 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 maintained at \$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 the statewide CALAFCO, the California Association of LAFCOs.

2586 PRINTING AND REPRODUCTION \$1,500

An amount of \$1,500 is being budgeted for printing expenses.

2751 TRANSPORTATION AND TRAVEL \$7,000

The amount budgeted for this item is maintained at \$7,000 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.

2955 OVERHEAD \$8,918

The County cost plan allocation amount billed to LAFCO for the upcoming year has been estimated at \$8,918. The space and equipment use related costs as well as the cost of other county services such as ESA, Purchasing and Controller's Office services are included in this amount. This expense is under the line item "County Departmental Charges" in the current year budget. This line item is proposed to be deleted in the proposed budget and the costs are more appropriately included under the line item, "Overhead".

2962 COMPUTER HARDWARE \$2,000

This item is being maintained at \$2,000 for hardware upgrades / purchases.

2963 COMPUTER SOFTWARE \$2,000

This item is for purchases of computer software that would be required for the program and is being maintained at \$2,000.

2992 POSTAGE \$2,500

This amount is budgeted for the cost of mailing notices, agendas, agenda packets and other correspondence. This amount is being maintained at \$2,500.

2995 TRAINING PROGRAMS \$1,500

This item provides for staff development courses and seminars and is being reduced by \$1,000.

6001 RESERVES \$50,000

This item includes reserves for two purposes: litigation reserve – for use if LAFCO is involved with any litigation and contingency reserve - to be used to deal with any unexpected expenses.

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 \$2,000

It is estimated that LAFCO will receive an amount of about \$2,000 from interest earned on LAFCO funds.

COST APPORTIONMENT TO CITIES AND COUNTY

Calculation of Net Operating Expenses

FY 04 Net Operating Expenses = Proposed FY04 Expenditures – Proposed FY04 Fee Revenues – Projected Year End Savings

FY 04 Net Operating Expenses = \$552,642 - \$47,000 - \$140,814

FY 04 Net Operating Expenses = \$364,828

The proposed net operating expenses for FY 04 is only slightly higher (about \$500) than the current year net operating expenses. The cost to the cities and the County remains about the same as the previous year.

The projected operating expenses for FY-04 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-04 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-04 (\$364,828).

Cost to Agencies

County of Santa Clara	\$182,414
City of San Jose	\$91,207
Remaining 14 cities in the County	\$91,207

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

ATTACHMENTS

Proposed Budget for FY 2003-2004

**PROPOSED LAFCO BUDGET
FISCAL YEAR 2003 - 2004**

**ITEM 7
ATTACHMENT A**

ITEM #	TITLE	APPROVED FY 02-03 BUDGET	END OF YEAR PROJECTIONS	PROPOSED FY 03-04 BUDGET
EXPENDITURES				
Object 1	Salary and Benefits	\$163,400	\$163,400	\$168,130
	Services and Supplies			
2321	Intra-County Professional	\$175,312	\$157,000	\$189,986
2329	Consultant Services	\$100,000	\$75,000	\$100,000
2145	Food	\$750	\$500	\$750
2171	Insurance	\$242	\$266	\$288
2301	Office Expenses	\$3,000	\$1,000	\$3,000
2331	Data processing Services	\$7,500	\$7,500	\$7,500
2343	Commissioners' Fee	\$1,500	\$1,300	\$1,500
2401	Publications and Legal Notices	\$3,000	\$2,000	\$3,000
2574	Membership Dues	\$2,070	\$2,070	\$2,070
2586	Printing and Reproduction	\$1,500	\$400	\$1,500
2751	Transportation and Travel	\$7,000	\$7,000	\$7,000
2752	Private Automobile Mileage	\$500	\$100	\$500
2756	County Garage Automobile Services	\$500	\$500	\$500
2770	County Departmental Charges	\$7,817	\$7,817	\$0
2955	Overhead	\$0	\$0	\$8,918
2962	Computer Hardware	\$2,000	\$0	\$2,000
2963	Computer Software	\$2,000	\$1,500	\$2,000
2992	Postage	\$2,500	\$2,500	\$2,500
2995	Staff Training Programs	\$2,500	\$1,500	\$1,500
6001	Reserves	\$50,000	\$0	\$50,000
TOTAL EXPENDITURES		\$533,091	\$431,353	\$552,642
REVENUES				
9198	Application Fees	\$45,000	\$45,000	\$45,000
9251	Interest: Deposits and Investments	\$1,500	\$2,500	\$2,000
	Total Interest / Application Fee Revenue	\$46,500	\$47,500	\$47,000
9751	Cities	\$182,164	\$182,164	
7300	County	\$182,165	\$182,165	
	Savings/Fund Balance from previous FY	\$122,262	\$160,338	\$140,814
TOTAL REVENUE		\$533,091	\$572,167	
NET LAFCO OPERATING EXPENSES		\$364,329		\$364,828
COSTS TO AGENCIES				
	County	\$182,165		\$182,414
	City of San Jose	\$91,082		\$91,207
	Other Cities	\$91,082		\$91,207

April 9, 2003

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: Maps for the Sanitary/Sanitation Districts in Santa Clara County
Agenda Item #8

RECOMMENDATION

Staff recommends that the Commission adopt maps depicting the boundaries and spheres of influence for the following six special districts that provide sanitary/sanitation services in Santa Clara County:

- 1) Burbank Sanitary District,
- 2) County Sanitation District No. 2-3,
- 3) Cupertino Sanitary District,
- 4) Sunol Sanitary District,
- 5) West Bay Sanitary District, and
- 6) West Valley Sanitation District.

PROJECT DESCRIPTION

Maps for the six sanitary/sanitation districts are current as of March 31, 2003 and have been prepared for LAFCO adoption. These maps have been thoroughly reviewed by sanitary/sanitation district staff.

BACKGROUND

In preparation for LAFCO Service Reviews, LAFCO staff has undertaken the task of developing and maintaining maps of special district boundaries and their Sphere of Influence (SOI) boundaries in Geographic Information Systems (GIS). LAFCO contracted with the County of Santa Clara's Information Systems Department (ISD) to prepare boundary maps for special districts in Santa Clara County. The second set of maps prepared by LAFCO staff is for the sanitary/sanitation districts that serve various parts of Santa Clara County. These maps will be an important resource for upcoming Service Reviews.

Prior to this project, LAFCO did not have boundary maps for special districts in Santa Clara County. As a result, these six maps were prepared using various information sources, including historical sphere of influence documents, LAFCO resolutions, district legal descriptions, information obtained from the County of Santa Clara Assessor and the County of Santa Clara Registrar of Voters, as well as information obtained from sanitary/sanitation district staff. In preparing these maps, LAFCO staff worked closely with the following sanitary/sanitation district staff:

- 1) Kim Kuebler, District Secretary, Burbank Sanitary District,
- 2) Sid Nash, District Engineer, County Sanitation District No. 2-3,
- 3) Carl Beckham, District Engineer, Cupertino Sanitary District,
- 4) David Pasquinelli, District Engineer, Sunol Sanitary District, and
- 5) Jonathan Lee, Senior Civil Engineer, West Valley Sanitation District.

These maps could not have been prepared without the efforts of the various sanitary/sanitation district staff, and County of Santa Clara staff, including staff from the Information Services Department, Surveyor's Office, Controller's Office, Planning Office, Registrar of Voters Office, and Assessor's Office.

These maps are the official LAFCO maps for these special districts and will be maintained and kept current.