



**Local Agency  
Formation Commission  
of Santa Clara County**  
777 North First Street  
Suite 410  
San Jose, CA 95112  
SantaClaraLAFCO.org

**Commissioners**  
Susan Ellenberg  
Sequoia Hall  
Sergio Jimenez  
Linda J. LeZotte  
Rob Rennie  
Mike Wasserman  
Susan Vicklund Wilson

**Alternate Commissioners**  
Cindy Chavez  
Maya Esparza  
Yoriko Kishimoto  
Russ Melton  
Terry Trumbull  
**Executive Officer**  
Neelima Palacherla

## **LAFCO MEETING MINUTES WEDNESDAY, APRIL 3, 2019**

### **CALL TO ORDER**

The meeting was called to order at 1:15 p.m.

### **1. ROLL CALL**

#### **The following commissioners were present:**

- Vice Chairperson Sergio Jimenez
- Commissioner Susan Ellenberg
- Commissioner Sequoia Hall
- Commissioner Linda J. LeZotte
- Commissioner Rob Rennie
- Commissioner Mike Wasserman
- Alternate Commissioner Yoriko Kishimoto
- Alternate Commissioner Russ Melton
- Alternate Commissioner Terry Trumbull (voting in place of Chairperson Susan Vicklund Wilson)

#### **The following commissioners were absent:**

- Chairperson Susan Vicklund Wilson
- Alternate Commissioner Cindy Chavez
- Alternate Commissioner Maya Esparza

#### **The following staff members were present:**

- LAFCO Executive Officer Neelima Palacherla
- LAFCO Assistant Executive Officer Dunia Noel
- LAFCO Analyst Lakshmi Rajagopalan
- LAFCO Counsel Heather Lee

### **2. PUBLIC COMMENTS**

There were none.

The Commission added items 3, 4, 9, 10 and 11, with the exception of 11.3 and 11.4, to the consent calendar. The Commission approved the consent calendar.

Motion: Ellenberg

Second: Wasserman



3. Authorized staff to transmit the Proposed Budget adopted by the Commission, including the estimated agency costs as well as the LAFCO public hearing notice on the adoption of the Fiscal Year 2020 Final Budget to the cities, the special districts, the County, the Cities Association and the Special Districts Association.

Motion: Hall

Second: LeZotte

AYES: Ellenberg, Hall, Jimenez, LeZotte, Rennie, Trumbull, Wasserman

NOES: None

ABSTAIN: None

ABSENT: None

**MOTION PASSED**

**6. APPOINTMENT OF LAFCO PUBLIC MEMBER AND ALTERNATE PUBLIC MEMBER**

**Vice Chairperson Jimenez** noted that a letter from a member of the public has been provided to Commission members.

Ms. Palacherla presented the staff report.

The Commission reappointed Susan Vicklund Wilson as Public Member and Terry Trumbull as Alternate Public Member to new four-year terms, for the period from May 2019 to May 2023.

Motion: Wasserman

Second: Jimenez

AYES: Ellenberg, Hall, Jimenez, LeZotte, Rennie, Wasserman

NOES: None

ABSTAIN: Trumbull

ABSENT: None

**MOTION PASSED**

**7. PROPOSED WORK PLAN FOR SERVICE REVIEWS AND SPHERE OF INFLUENCE UPDATES**

Ms. Noel provided the staff report.

Sophia Badillo, Board Member of Rinconada Recreation and Park District (RRRPD) and district resident, stated that the district should be assimilated into Cupertino. She expressed concern with the district's administrative costs and stated that the pool is not being run very efficiently. She noted that there is a lack of outreach to the community and many residents are unaware of the district. She noted that residents cannot use the pool on some days because a private swim school uses it, and she also raised safety and liability concerns as some people use the pool outside its operating hours.

Anu Mandavilli, a resident of RRRPD, expressed the need for public outreach so the residents would be aware of the district and seek to serve on its board. She noted that the same members have been reappointed over the years. She stated that she has recently started attending the meetings and has raised concerns about the lack of

outreach and accountability. She expressed concern that the district is dysfunctional, and urged LAFCO to review the issues and directed attention to the letter from Ms. Badillo.

Steven Wesolowski, Board Member of RRRPD, stated that he has served on the RRRPD board for 26 years. He noted that an election was held for the first time last year as the number of applicants exceeded the seats available. He stated that several of the points raised by the other speakers are out of context. He indicated that the board is currently on a 2-2 vote stalemate regarding the appointment of the fifth board member. He stated that he would support Cupertino taking over the pool if it could keep it open 300 days a year.

Kevin Davis, General Manager of RRRPD, stated that the letters from Ms. Yeaton and Ms. Henderson, included as attachments A and B of the staff report, paint a negative picture of the district. He reported that since 2013, RRRPD has generated revenues annually, doubled the cash reserves for capital replacement, started a capital replacement fund, modernized the accounting system, digitized office functions, doubled the number of staff and increased minimum wage. He recognized the need for better community outreach and questioned the hostility towards the district. He indicated his support for a special study and noted that it would clarify if there is a benefit to merger with Cupertino and determine how it would be done. He further clarified that an independent audit stated that the district had net revenues, and noted that the general manager's salary was based on a salary survey of California Special Districts Association (CSDA), local special districts and city recreation departments that were published. He reported that the district has written work plans and goals, and human resources policies for its staff, except for top line staff.

**Commissioner Wasserman**, in compliance with LAFCO's ex-parte communications policy, disclosed that he had met with Ms. Yeaton and Ms. Henderson. He thanked staff for expediting the special study on RRRPD and moved for approval of staff recommendation.

**Commissioner Hall** informed that he was a resident of the Rancho Rinconada area 25 years ago. He noted that raising awareness of special districts in a community is hard, and while a controversy might raise the profile it could also be counterproductive in the long run. He indicated that Cupertino was unwilling to take over RRRPD previously but that may have changed now. He encouraged residents to stay involved but cautioned that board officials, unlike community activists, have certain responsibilities regarding public records and posting of information online.

In response to inquiries by **Alternate Commissioner Kishimoto**, Ms. Palacherla stated that a subsidiary district would operate as a special district but the Cupertino City Council would be its governing body.

In response to an inquiry by **Vice Chairperson Jimenez**, Ms. Noel provided a brief overview of the proposed RFP process and noted that the results of the study would inform the Commission, the district and the city. Ms. Palacherla advised that a similar

focused study was done for the Saratoga Fire Protection District after the service review report identified governance options. She noted that this study is an opportunity for the city and RRRPD to evaluate alternative governance options, and that LAFCO could initiate actions such as a merger, dissolution or consolidation action if there was support to move forward.

**Commissioner Hall** noted that service reviews are big deal for special districts and are one of the reasons why special districts are now seated on LAFCO. He informed that previous service reviews did not identify transparency issues for RRRPD. He observed that new members may unintentionally violate laws like the Brown Act. He indicated that he had previously requested that LAFCO create a repository of governance resources for special districts.

**Commissioner Wasserman** stated that LAFCO's past services reviews found a few issues in at least four special districts. He informed that most special districts in the county were created decades ago by residents who saw the need for certain services and were willing to tax themselves, and that residents today are unaware that they are being taxed for those services. He informed that past service reviews reported some special districts that did not have bylaws or financial statements, including a case of a district that opened a facility outside its boundaries and whose board members concurrently served both a special district and a non-profit organization. He noted that based on the information from the people he has spoken to, it is unlikely that the RRRPD issues could be resolved internally, and he requested that the proposed special study include information on the district's financial statement and expenditures, as well as any recommendation regarding special elections. He agreed with Commissioner Hall and hoped to settle the matter amicably, and ensure that the residents are aware of the district to which they pay, know how their tax dollars are spent, and enjoy the community benefit.

**Commissioner Wasserman** moved for approval of staff recommendation and **Alternate Commissioner Trumbull** seconded.

In response to an inquiry by **Vice Chairperson Jimenez**, Ms. Palacherla advised that CSDA has an extensive program for promoting accountability and public transparency of special districts. She stated that CSDA encourages all special districts to participate in the certificate program and awards transparency certificates to those districts satisfying CSDA's criteria for transparency and accountability. **Vice Chairperson Jimenez** requested that the service review process connect special districts with good governance resources.

In response to an inquiry by **Commissioner Rennie**, Ms. Palacherla advised that the 2013 service review recommended further evaluation of governance options for RRRPD, and the proposed special study would focus on the two options, the process for their implementation and their financial impacts. In response to his follow-up inquiry, Ms. Palacherla advised that the City and RRRPD would incur some staff costs for responding to consultant's questions. In response to follow-up inquiry by **Commissioner Rennie**, Ms. Palacherla advised that Cupertino staff expressed

interest in the proposed special study but any potential actions would be considered after the findings of the study become available. **Commissioner Rennie** stated that the study should be done if it is intended to achieve a result and not to put off the issue. Ms. Palacherla indicated that LAFCO has initiated the inquiry in response to the complaints by the residents.

In response to an inquiry by **Commissioner Hall**, Ms. Palacherla stated that the previous service reviews identified an overlap of services provided by the district and the city. She noted that RRRPD is primarily located within the City of Cupertino and is operating a pool even though the city has its own parks and recreation program. **Commissioner Hall** informed that the area was a county pocket and was annexed to the city 10 years ago. He noted that this was the reason for the existence of this district within Cupertino. He stated that previous service reviews did not identify financial mismanagement issues for the district.

**Commissioner Wasserman** informed that LAFCO conducts service reviews every five years and is included in the proposed budget, and the RRRPD special study was moved sooner in response to public concerns.

The Commission:

1. Established a Work Plan for LAFCO's third round of Service Reviews and Sphere of Influence Updates using the following structure and priorities (listed from highest priority to lowest priority):
  - a. Special Study of Rancho Rinconada Recreation & Park District
  - b. Special Districts Service Review
  - c. Countywide Water and Wastewater Service Review
  - d. Countywide Fire Protection Service Review
  - e. Cities Service Review
2. Directed staff to prepare for the Commission's consideration at the June 5, 2019 LAFCO meeting, a Draft Request for Proposals for a professional services firm to conduct a special study of Rancho Rinconada Recreation & Park District (RRRPD) in order to identify the reorganization process and evaluate the potential fiscal impacts (costs/benefits analysis) of the following two alternative governance structure options: (1) merger of the District with the City of Cupertino; and (2) establishing the District as a subsidiary of the City of Cupertino, as identified in LAFCO's 2013 Service Review for RRRPD.

Motion: Wasserman

Second: Trumbull

AYES: Ellenberg, Hall, Jimenez, LeZotte, Rennie, Trumbull, Wasserman

NOES: None

ABSTAIN: None

ABSENT: None

**MOTION PASSED**



The Commission noted the report.

### **11.2 League of Women Voters Interviews LAFCO Chairperson Wilson**

The Commission noted the report.

### **11.3 Town of Los Gatos Island Annexations Efforts**

Ms. Noel presented the staff report.

In response to an inquiry by **Commissioner Ellenberg**, Ms. Noel advised that LAFCO has policies and incentives to encourage cities to annex islands but does not have additional tools to make it more efficient. Ms. Palacherla informed that the large number of piecemeal annexations of islands in Los Gatos were a result of annexations initiated by individual landowners seeking to develop their properties. She noted that Los Gatos's efforts to pursue annexations of entire islands would address that issue.

**Commissioner Rennie** informed that current policy requires annexation if there is a major remodeling of a home within 300 feet of the city. He noted that implementation of this policy over the years has led to a checkerboard pattern of city-county parcels. He described how these islands cause confusion and inefficient delivery of services. He stated that he spearheaded the Town's island annexation efforts after learning about the issue at LAFCO and he reported that the Town picked 23 of the 32 islands for annexation due to their size and other criteria, and he noted that larger pockets like Blossom Manor will be done later. **Commissioner Ellenberg** suggested that the public be informed that the fragmentation of jurisdictions is a public safety issue because it confuses service providers and increases response time for law enforcement.

**Commissioner Wasserman** informed that when he was on the Town Council, LAFCO contacted the Town twice about island annexations and the County offered to improve the roads, but annexation was not pursued because the Town's surveys indicated that majority of the residents were opposed to annexation. He further informed that there is no boundary distinction for 911 calls as they are routed to whoever is the closest and billed later. He expressed interest in the results of the Town's island annexation efforts, and noted that starting with small pockets and explaining to the residents the benefits of being in the city are good strategies.

### **11.4 Meetings with City of Gilroy Staff on Potential Urban Service Area Expansion**

Ms. Noel provided a staff report.

In response to an inquiry by **Commissioner Ellenberg**, Ms. Palacherla indicated that staff had explained to Gilroy that LAFCO's policies encourage growth within existing boundaries. She informed that over 15 years ago, LAFCO denied the USA expansion but approved its annexation so the Sports Park could be developed within the city limits. She stated that the approval was conditioned on Gilroy mitigating the loss of agricultural lands, but approval had expired since the city did not complete the condition. She stated that Gilroy periodically inquires about the project and staff has



indicated that LAFCO policies remain the same, and requested Gilroy to consider various issues including the city's priorities for growth, the recent voter-approved urban growth boundary, and the General Plan update that is in progress. In response to another inquiry by **Commissioner Ellenberg**, Ms. Palacherla informed that staff only provides advice on potential issues and the Commission makes the final decision.

**Commissioner Rennie** observed the similarities of the Gilroy Sports Park expansion proposal and the Morgan Hill Southeast Quadrant Project as both involve development of city-acquired agricultural lands, except that Gilroy has a voter-approved boundary. Ms. Palacherla expressed agreement and advised that the voter-approved boundary is considered a more stable boundary, and noted that Gilroy also has a service agreement for the property predating the 1994 state law requiring LAFCO approval of services outside of a jurisdiction.

**11.5 Meetings with City of Saratoga Staff on Potential Annexation of Mountain Winery**

The Commission noted the report.

**11.6 Meeting with County Office of Sustainability**

The Commission noted the report.

**11.7 Quarterly Meeting with County Planning Office Staff**

The Commission noted the report.

**11.8 Joint Venture's 2019 State of the Valley Conference**

The Commission noted the report.

**11.9 Santa Clara County Special Districts Association Meeting**

The Commission noted the report.

**11.10 Santa Clara County Association of Planning Officials Meeting**

The Commission noted the report.

**11.11 Inter-Jurisdictional GIS Working Group Meeting**

The Commission noted the report.

**11.12 Comment Letter on City of Morgan Hill's Consideration of Sports Facility Development Process for City Owned Unincorporated Lands**

The Commission noted the report.

**12. LEGISLATIVE REPORT**

Ms. Noel presented the staff report.

**Commissioner LeZotte** thanked staff for the thorough report.

The Commission:

