



**AGENDA
REGULAR MEETING
Wednesday, April 7, 2004
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: John Howe, Pete McHugh, Chuck Reed, Terry Trumbull**

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.

Pursuant to Government Code Sections 56700.1 and 81000 et seq., any person or combination of persons who directly or indirectly contribute \$1,000 or more in support of or in opposition to a change of organization or reorganization that has been submitted to Santa Clara County LAFCO and will require an election must comply with the disclosure requirements of the Political Reform Act of 1974 which apply to local initiative measures. These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. Additional information about the requirements pertaining to the local initiative measures to be presented to the electorate can be obtained by calling the Fair Political Practices Commission at (916) 322-5660.

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 11, 2004 MEETING

12. WRITTEN CORRESPONDENCE

13. ADJOURN

Adjourn to the next regular business meeting on Wednesday, June 9, 2004.

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 11, 2004

1. ROLL CALL

The Local Agency Formation Commission (LAFCO) of Santa Clara County convenes this 11th day of February 2004 at 1:19 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 Blanca Alvarado and Commissioners Donald Gage, Linda J. LeZotte and Susan Vicklund-Wilson. Commissioner John Howe represents Commissioner 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 Alvarado and the following proceedings are had, to wit:

2. APPOINTMENT OF CHAIRPERSON AND VICE-CHAIRPERSON

Chairperson Alvarado states that the Chairperson and Vice-Chairperson are appointed annually on rotation basis. For 2004, Neelima Palacherla, LAFCO Executive Officer, recommends the appointment of Commissioner Wilson as Chairperson and Commissioner LeZotte as Vice-Chairperson.

On motion of Commissioner Gage, seconded by Commissioner Howe, it is unanimously ordered on a 3-0 vote, with Commissioners LeZotte and Wilson abstaining, and Commissioner Zoglin absent, that Commissioner Wilson be appointed as Chairperson and Commissioner LeZotte as Vice-Chairperson for 2004.

Morgan Hill, and the project be approved.

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

In response to an inquiry by Commissioner Alvarado, Commissioner Gage advises that a Habitat Conservation Plan would be beneficial for Morgan Hill Unified School District, however, he notes the EIR sufficiently covers all the needed mitigation measures. The Chairperson announces that she will be voting for the USA amendment, however, she indicates that she will continue to make sure that the adjacent agricultural lands are protected.

On motion of Commission Gage, seconded by Commissioner Alvarado, it is unanimously ordered, on a 5-0 vote, that Morgan Hill's request for expansion of the USA boundary to include the two parcels containing the Sobrato High School be approved.

6. COUNTYWIDE FIRE PROTECTION SERVICE REVIEW

This being the time and place set for a public hearing to consider comments to the draft Countywide Fire Protection Service Review report, the Chairperson declares the public hearing open.

Ms. Palacherla indicates that the purpose of today's public hearing is to accept public comments to the draft Countywide Fire Protection Service Review Report. Matrix Consulting Group, Inc., was retained by the Commission to conduct the countywide fire service review. A technical advisory committee (TAC) was established to liaise between LAFCO and the fire agencies and provide technical expertise and guidance throughout the fire service review process. She reports that the TAC membership includes Chief Ben Lopes of the Santa Clara County Fire District, Chief Jeff Clet of Gilroy Fire Department, and Kevin Duggan, Mountain View City Manager, who represents the City Managers Association. The process included several meeting with the fire agencies, the City Managers Association and the Fire Chiefs Association. Ms. Palacherla states that when the draft service review report was released in November 2003, staff

submitted a written comment regarding an option for a single fire agency in the South County. He notes that while the City of Gilroy is not opposed to the proposal, there has to be a detailed study and analysis before that recommendation is implemented. He indicates that the City is also concerned about the ability of the City of Gilroy to obtain LAFCO approval for SOI changes and annexations as a result of the options outlined in the Fire Service Protection Review report. He notes that a regional fire protection service model requires cooperation and approval from many agencies and may not be possible in the South County.

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

In response to an inquiry of Commissioner LeZotte, Ms. Palacherla advises that staff will respond to all the comments made during the hearing. In response to an inquiry by Commissioner Wilson, Ms. Kretchmer advises that the process for approval of the service review report has already been established, and there is no action required for the Commission at this time.

7. MID-PENINSULA REGIONAL OPEN SPACE DISTRICT SOI AMENDMENT AND ANNEXATION OF COASTAL LANDS IN SAN MATEO COUNTY

This being the time and place set for a public hearing to consider sphere of influence (SOI) amendment and annexation by the Mid-Peninsula Regional Open Space District (MROSD) of coastal lands in San Mateo County, the Chairperson declares the public hearing open.

Ms. Palacherla states that the application is for SOI amendment and annexation of coastal land in San Mateo County by the MROSD. She advises that all the lands are located in San Mateo County and Santa Clara LAFCO will only make a recommendation on the proposal to San Mateo LAFCO which would make the final decision on this application. She notes that there is a request to continue the hearing by an interested party, Mr. Oscar Braun, to allow the Commission and the public more time to review the proposal and to wait for the

The Chairperson determines that there are no speakers from the public on the request for hearing continuance and declares the public hearing closed.

The Chairperson indicates that, at this point, the Commission is hearing whether or not to continue the public hearing. Ms. Kretchmer advises that it is the Commission's discretion if they need more information. She adds that letters both for and against the continuance are in the packet. In response to the inquiry of Chairperson, Ms. Kretchmer advises that those who are opposed can take their case to San Mateo LAFCO since Santa Clara LAFCO has vested jurisdiction to San Mateo LAFCO, and since the CEQA lawsuit does not affect any action of Santa Clara LAFCO because it is not the lead agency and will not take any CEQA action. She adds that San Mateo LAFCO will take CEQA action in accordance with the statute, and will consider if the EIR is complete. Ms. Kretchmer continues by stating that other issues raised by the speakers will be heard in full and debated by the San Mateo LAFCO. In response to an inquiry by Commissioner Alvarado, Ms. Palacherla states that San Mateo LAFCO has informed staff that the San Mateo County Assessor has verified the assessed valuation figures and reported that the difference in figures will not significantly affect the projected valuations. She adds that San Mateo LAFCO will review this issue more closely.

On motion of Commissioner Howe, seconded by Commissioner Alvarado, it is unanimously ordered, on a 5-0 vote, that the request for continuance be denied.

Ms. Palacherla advises that Santa Clara LAFCO merely makes a recommendation to San Mateo LAFCO since Santa Clara LAFCO has transferred jurisdiction over this matter to San Mateo LAFCO because all the lands are located in San Mateo County. She adds that the purpose of the SOI amendment and annexation of about 140,000 acres by MROSD is to acquire lands and easements for the preservation of open space for public recreation and protection of natural resources. Ms. Palacherla continues by stating that staff has received

also reports that Santa Cruz LAFCO has adopted a resolution in support of this proposal. She adds that the proposal does not impact services and service providers in Santa Clara County or any of the districts that provide services in the County, and that it is also consistent with LAFCO's goals of preserving open space and agricultural lands. Ms. Palacherla notes that Santa Clara LAFCO will remain as the principal LAFCO for the MROSD. She states that the District has adopted policies and mitigation measures to assure the protection of agricultural lands. She continues by stating that the District has the ability to implement its coastal annexation plan without adversely impacting its present level of service in other areas. Ms. Palacherla advises that staff urges the District to continue working with the stakeholders and the community to resolve issues before the public hearing in San Mateo County. She adds that staff recognizes that San Mateo LAFCO will be reviewing the proposal more closely within the purview of the Cortese Hertzberg Local Government Reorganization Act and its impact to San Mateo County. In this regard, Ms. Palacherla proposes that the Commission approve the staff recommendation.

Craig Britton, MROSD General Manager, informs that the District was created in 1972 by voters in Santa Clara County and extended to San Mateo County in 1976. The District presently covers 330 square miles and protects about 50,000. It currently has 76 staff and 16 seasonal staff, augmented by about 500 volunteers annually. Kathy Woodbury, Planning Director and Matt Freman, Project Manager, MROSD, informs the Commission on the importance of the annexation as well as the programs and projects, and capabilities and resources of the District. Mr. Britton reports that the District encourages the public to participate in the meetings. He adds that there are resolutions of support for the annexation from 19 cities, including all the 9 cities from the County of Santa Clara that are located in the district, state and nationally elected representatives, Santa Clara County, San Mateo County and Santa Cruz County board of supervisors, and Santa Cruz County LAFCO, San Mateo County Farm Bureau,

WEDNESDAY, FEBRUARY 11, 2004

Peter Drekmeier, Stanford Open Space Alliance, expresses support to the annexation to protect the area from pressures of growth. He notes that California grows at a rate of about one San Jose every two years, or one Los Angeles every seven years. The only way to prevent sprawl is to buy open spaces for wildlife and recreation.

David Smernoff, Acterra, advises the Commission, that as a parent, he supports the annexation for his grandchildren and the future generations. He also supports the annexation as a member of the Board of Directors of Acterra, a local non-profit organization with over 2,000 members in both Santa Clara and San Mateo counties. Acterra is dedicated to protect public open spaces.

Mike Ferreira, Mayor, Half Moon Bay, informs the Commission that in the last two years, the Half Moon Bay City Council voted unanimously in support of this coastside annexation on all occasions because there needs to be people who are actively engaged in coastside protection.

Terry Gosset, Californians for Property Rights, expresses concern over the issue of eminent domain resulting from the annexation.

George Bordi, property owner, expresses an opinion that the annexation may deprive schools in the area of property taxes. He adds that MROSD is not doing its job to take care of the open spaces within its boundaries.

Geoff Allen, member, Pescadero Municipal Advisory Council, recalls that as a member of the Coastal Advisory Committee of the MROSD, the issue of eminent domain was the major subject taken up, and certain outcomes attributed to that Committee, such as the MROSD's mission statement, have never been discussed. He asks the Commission to disapprove the application.

Mary Davy, President, Mid-Peninsula Regional Open Space District, requests the Commission to favorably endorse the application in order to preserve a national resource for the future generations.

Oscar Braun, Half Moon Bay Coastside Fire Safe Council, advises Commission that contrary to the staff report, the annexation of the area to

Jan Snyder, a resident in the area, states that the community does not need more parks. He expresses that the annexation would divert property taxes from schools.

Marta Semnal, a resident of La Honda, states that the speakers who speak for the annexation are paid officials while those against are local residents and property owners. She indicates that MROSD should inform the people about the annexation because many of the local residents are unaware of its implications.

Nina Pellegrini, a resident of Montara and member of CPR, shows the Commission maps of the area proposed for annexation, indicating that there is no need for MROSD to protect the area since most of it is already protected under the Williamson Act. She adds that farm workers are losing their homes and jobs, and school children may also lose their schools.

Audrey Rust, President, Peninsula Open Space Trust, request the Commission to endorse the application because MROSD has a nationwide reputation for its excellent open space stewardship.

Kathryn Slater-Carter, Chairperson, Mid-Coast Community Council, advises the Commission to endorse the application to San Mateo LAFCO, since the mission of LAFCO is to preserve agricultural lands and open spaces, and prevent urban sprawl. She opines that with the pressures for growth this annexation should occur soon. She adds that today's important parks and preserves such as the Golden Gate Park went through controversies during their inception, and the MROSD annexation is going through the same process.

Mary Hobbs, a resident of Moss Beach, urges the Commission to favorably endorse the annexation because those who are living on the Peninsula depends on the protection of agricultural lands in the area. She adds that irreplaceable agricultural lands in the U.S. are lost to urban sprawl at the rate of 3,000 acres a day.

April Vargas, Legislative Advocate, Committee for Green Foothills, advises that the Committee, which represents over 1,200 family-members and

WEDNESDAY, FEBRUARY 11, 2004

Terry Brown, a resident in the area, expresses an opinion that the Commission may not have received the letters of property owners opposed to the annexation.

The Chairperson determines that there are no members of the public who would like to speak on this subject.

In response to an inquiry by Commissioner Gage, Ms. Palacherla reports that there is no change to the land use designations in the areas to be annexed to MROSD, and property owners may do what they want on their property. In response to another inquiry by Commissioner Gage, Ms. Palacherla states that if San Mateo LAFCO approves the annexation, property owners and registered voters in the area can protest through a protest hearing for the annexation. She adds that the annexation cannot be pursued if more than 50 percent of either property owners or local voters are opposed to it. She notes, that if there is between 25 to 50 percent protest, the annexation will go to a vote in the annexation area. She adds that it is a weighted vote because it will be one vote per parcel, and also based on the assessed value of the land.

The Chairperson directs staff to collect from MROSD additional fees based on actual processing time and costs of CEQA litigation.

Commissioner Alvarado informs that she has read the letters against the annexation and met with some of the opposition speakers. Commissioner LeZotte informs the public that she has read the letters against the annexation, and adds that she is going to vote in support of the application because LAFCO is mandated to protect open spaces and preserve agriculture. Commissioner Gage informs that he will support the staff recommendation since those opposed to the annexation would still have the opportunity to protest the decision of San Mateo LAFCO. Commissioner Howe likewise states that he met with the group opposed to the annexation and read their letters. He also indicates he did not participate when this matter was taken up by the Sunnyvale City Council at their hearing. Commissioner Wilson indicates that she seriously considered all the

the Santa Clara County Water Retailers Group, George Belhumeur, Vice President for Operations, San Jose Water Company, and Darryl Wong, Utility Engineer, City of Milpitas.

8.3 2004 CALAFCO CLERKS AND STAFF WORKSHOP (APRIL 21-23, 2004) IN SANTA CRUZ, CA

On motion of Commissioner Alvarado, seconded by Commissioner Howe, it is unanimously ordered on a 5-0 vote that LAFCO staff is authorized to attend the 2004 CALAFCO Clerks and Staff Workshop, and that the travel expenses be funded by the LAFCO budget.

8.4 2004 CALAFCO ANNUAL CONFERENCE (SEPTEMBER 8-10, 2004) IN ANAHEIM, CA

Ms. Palacherla informs the Commission that the 2004 CALAFCO Annual Conference will be held in Orange County, CA on September 8-10, 2004. Staff will provide more information to the Commission on this matter.

8.5 REVISED 2004 SCHEDULE OF LAFCO MEETINGS

Ms. Palacherla advises that the April 2004 LAFCO meeting date was moved from April 14 to April 7, 2004. Commissioner Howe requests staff to send copies of the revised schedule to other LAFCO commissioners.

On Commission consensus, it is ordered that the revised 2004 schedule of LAFCO meetings be adopted.

9. PENDING APPLICATIONS

Ms. Palacherla reports that LAFCO has received a petition from a landowner to annex a property (APN 537-24-026) to the West Valley Sanitation District. She indicates that if the application is complete, it will be brought to the Commission in April 2004.

10. WRITTEN CORRESPONDENCE

There is no written correspondence.

Item No. 4

REPORT OF THE EXECUTIVE OFFICER

Date : April 1, 2004
Designation : West Valley Sanitation District 2004-01 (Suviev Drive, Lands of Donnelly)
Type of Application: Annexation / Change of Organization
Filed By: Petition / 100% Consent
Date of Hearing: April 7, 2004

1. REVIEW OF PROPOSAL

a. Acreage and location:

Approximately 15.053 acre parcel (APN 537-24-26) located on Suviev Drive on the south side of Shannon Rd, the north and west of Suviev Drive and east of Happy Acres Rd, on the west side of Suviev Drive and south side of Shannon Road, in Los Gatos.

- Conforms to Sphere of Influence? Yes No
 - Creates island, corridor or strip? Yes No
 - Conforms to road annexation 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

e. Present land use:

Vacant

f. Proposed land use:

Subdivide to 2 parcels for construction of 2 single family homes

c. Inhabited Uninhabited

g. Involves prime agricultural land or Williamson Act land?

d. Are boundaries Definite and Certain?

Yes No

2. Annexation is Categorically Exempt from CEQA

Class 19, Section 15319(b) & Class 3, Section 15303(a) & (d).

- The City is the Lead Agency and completed the 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 of WVSD of territory described in Exhibit A & B. Waive Further protest proceedings.

By: _____
Neelima Palacherla, Executive Officer

Date: _____

Date prepared: March 24, 2004

Hearing Date: April 7, 2004

To: The Santa Clara County Local Agency Formation Commission

From: Dunia Noel, LAFCO Analyst

Subject: West Valley Sanitation District Annexation 2004-01 (Suviev Drive)

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 (b); and Class 3, Section 15303 (a) and (d) that states:

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.

Section 15303: Class 3 consists 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 unit in a residential zone.

(d) Water main, sewage, electrical, gas, and other utility extensions, including street improvements of reasonable length to serve such construction.

Background

The West Valley Sanitation District proposes to annex an approximately fifteen (15.053) acre parcel located on Suviev Drive (no address assignment at this time) on the south side of Shannon Road, the north and west side of Suviev Drive and east of Happy Acres Road. The parcel (APN 537-24-26) is located in the Town of Los Gatos and is currently undeveloped. However, the property owner has plans to subdivide the property into two parcels and then construct a single-family home on each parcel. The annexation to the District is proposed in order to provide sewer service to each new residence. According to the applicant, sewer will be provided via two (2) 4" laterals extending approximately

"EXHIBIT A"

DATE: 1/29/04

ANNEXATION TO: WEST VALLEY SANITATION DISTRICT

NAME OF ANNEXATION: SUVIEW DR. SEWER ANNEXATION

2004 ~ 01

LEGAL DESCRIPTION (WVSD-2004-1)

PARCEL 4, AS SHOWN ON THAT CERTAIN MAP ENTITLED "PARCEL MAP" WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON OCTOBER 15, 1975 IN BOOK 362 OF MAPS AT PAGE 40, MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE CENTERLINE OF SUVIEW DRIVE AS SAID POINT IS SHOWN ON THE AFORESAID PARCEL MAP; SAID POINT ALSO BEING ON THE EASTERLY ¼ SECTION LINE OF THE NW ¼ SECTION OF SECTION 23, T.8S.R.1WM.D.B&M; SAID POINT ALSO BEING ON THE ORIGINAL WESTERLY BOUNDARY LINE OF THE WEST VALLEY SANITATION DISTRICT, ESTABLISHED BY RESOLUTION FILED IN BOOK 1699 OF OFFICIAL RECORDS, PAGES 197 THRU 204, SANTA CLARA COUNTY RECORDS; THENCE FROM SAID POINT OF BEGINNING, AND ALONG SAID SECTION LINE AND SAID DISTRICT BOUNDARY, N 0° 53' 32" W 1025.60'; THENCE LEAVING SAID DISTRICT BOUNDARY AND CONTINUING ALONG SAID ¼ SECTION LINE N 0° 53' 32" W 564.99' TO A POINT ON THE SOUTHERLY LINE OF SHANNON ROAD (60 FEET WIDE) AS SAID LINE IS SHOWN ON THE AFOREMENTIONED PARCEL MAP; THENCE ALONG THE SOUTHERLY LINE OF SHANNON ROAD, THE FOLLOWING COURSES AND DISTANCES:

S 55° 35' 44" E 56.56'
S 68° 45' 21" E 142.24'
S 63° 05' 27" E 166.22'
S 73° 33' 10" E 328.78'
S 60° 16' 49" E 291.92'
S 67° 32' 08" E 149.34'

THENCE LEAVING SAID SOUTHERLY LINE OF SHANNON ROAD;

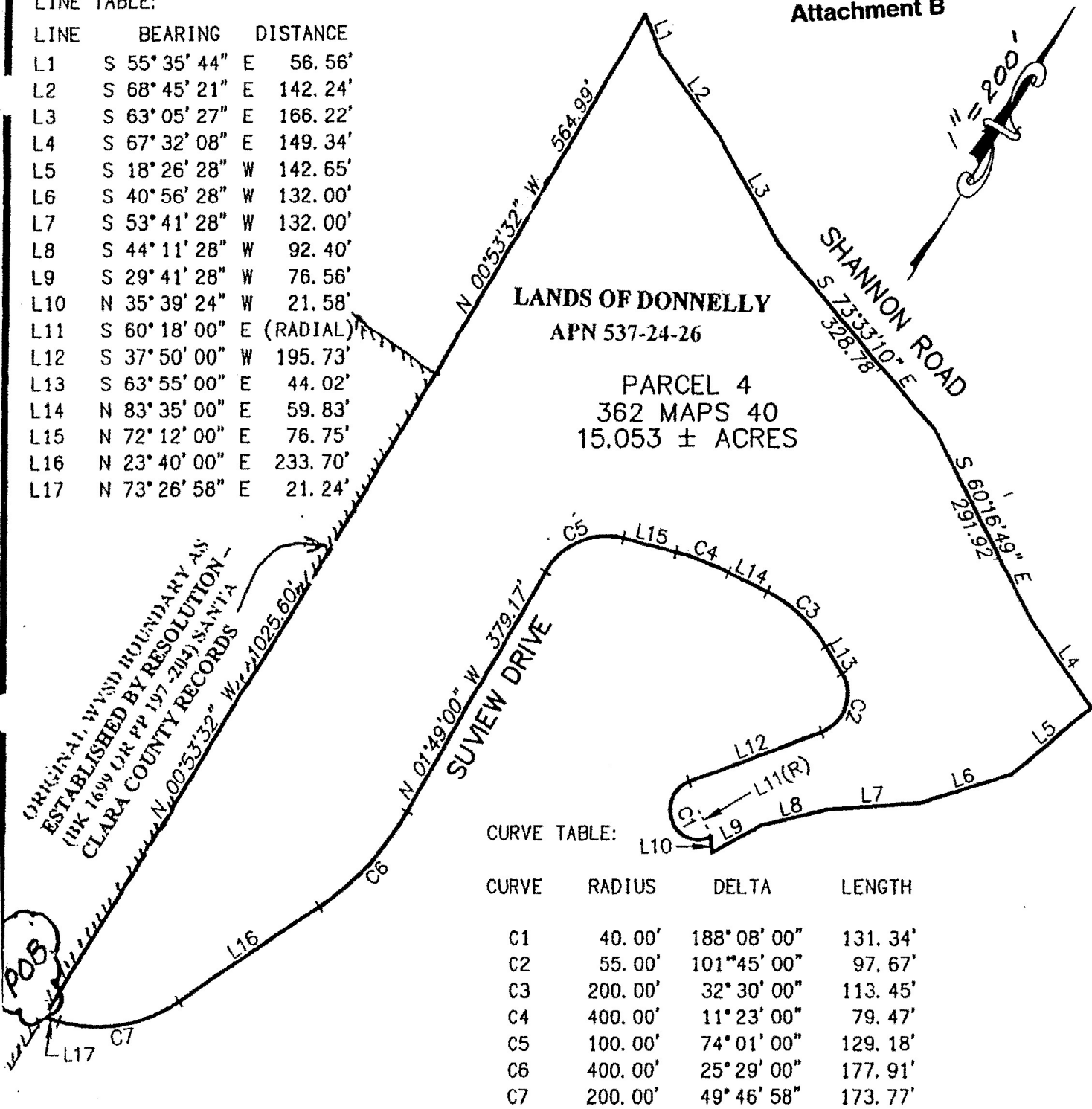
S 18° 26' 28" W 142.65'
S 40° 56' 28" W 132.00'
S 53° 41' 28" W 132.00'
S 44° 11' 28" W 92.40'
S 29° 41' 28" W 76.56'
N 35° 39' 24" W 21.58'

LINE TABLE:

| LINE | BEARING | DISTANCE |
|------|--------------------------|----------|
| L1 | S 55° 35' 44" E | 56.56' |
| L2 | S 68° 45' 21" E | 142.24' |
| L3 | S 63° 05' 27" E | 166.22' |
| L4 | S 67° 32' 08" E | 149.34' |
| L5 | S 18° 26' 28" W | 142.65' |
| L6 | S 40° 56' 28" W | 132.00' |
| L7 | S 53° 41' 28" W | 132.00' |
| L8 | S 44° 11' 28" W | 92.40' |
| L9 | S 29° 41' 28" W | 76.56' |
| L10 | N 35° 39' 24" W | 21.58' |
| L11 | S 60° 18' 00" E (RADIAL) | |
| L12 | S 37° 50' 00" W | 195.73' |
| L13 | S 63° 55' 00" E | 44.02' |
| L14 | N 83° 35' 00" E | 59.83' |
| L15 | N 72° 12' 00" E | 76.75' |
| L16 | N 23° 40' 00" E | 233.70' |
| L17 | N 73° 26' 58" E | 21.24' |

LANDS OF DONNELLY
APN 537-24-26

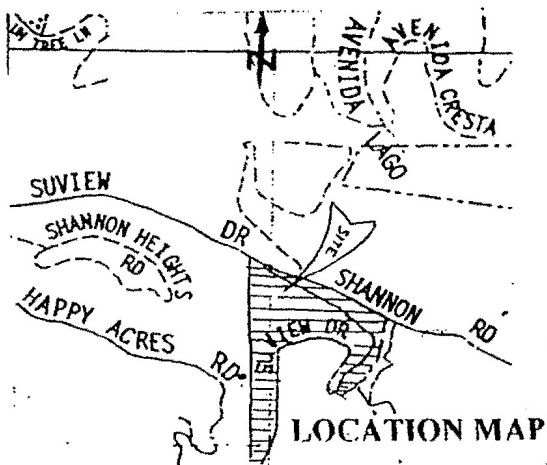
PARCEL 4
362 MAPS 40
15.053 ± ACRES



ORIGINAL WYSD BOUNDARY AS
ESTABLISHED BY RESOLUTION
(H.K. 1699 O.R. P.P. 197-214) SANTA
CLARA COUNTY RECORDS
N 00° 53' 32" W 1025.60'

CURVE TABLE:

| CURVE | RADIUS | DELTA | LENGTH |
|-------|---------|--------------|---------|
| C1 | 40.00' | 188° 08' 00" | 131.34' |
| C2 | 55.00' | 101° 45' 00" | 97.67' |
| C3 | 200.00' | 32° 30' 00" | 113.45' |
| C4 | 400.00' | 11° 23' 00" | 79.47' |
| C5 | 100.00' | 74° 01' 00" | 129.18' |
| C6 | 400.00' | 25° 29' 00" | 177.91' |
| C7 | 200.00' | 49° 46' 58" | 173.77' |



— BOUNDARY LINE OF PROPOSED ANNEXATION
----- EXISTING WYSD BOUNDARY



EXHIBIT B
PROPOSED ANNEXATION
TO WEST VALLEY
SANITATION DISTRICT
ENTITLED **2004-01**
SUVIEW DR. SEWER ANNEXATION
DATE 1/29/04 SCALE 1" = 200'
BY BERRY AND ASSOCIATES

Date Prepared: March 29, 2004
LAFCO Meeting: April 7, 2004
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer *NP*
SUBJECT: **Countywide Fire Protection Service Review
Final Report and Determinations
Agenda Item # 5**

STAFF RECOMMENDATION

Service Review Report

1. Consider comments at the public hearing and consider any necessary revisions to the Countywide Fire Protection Service Review report.
2. Adopt the Countywide Fire Protection Service Review Final Report with revisions as necessary.
3. Adopt service review determinations by resolution for each of the nine categories.
4. Direct staff to prepare the Countywide Fire Protection Service Review Final Report and distribute to all the affected agencies.
5. Direct staff to begin the sphere of influence review and update process for the following four fire districts:

Santa Clara County Central Fire Protection District
South Santa Clara County Fire Protection District
Saratoga Fire Protection District
Los Altos Hills County Fire Protection District

CEQA Action

Determine that the Countywide Fire Protection Service Review is categorically exempt from CEQA under §15306 Class 6 of the CEQA Guidelines.

consultant selection process and provide technical expertise and advice throughout the service review process.

Preparation of Fire Services Profile

As a first step, the consultants interviewed and collected information and developed profiles for each of the agencies providing fire protection services in Santa Clara County. Agencies of subject to this service review included 7 cities, 4 special districts, 6 volunteer fire companies and other miscellaneous agencies / private companies providing fire service within Santa Clara County. Based on this information and input from stakeholder meetings, the consultants identified a few key issues relating to fire service provision in the county.

Preparation of the Draft Service Review Report

Through a process of meetings, reviews and revisions with the TAC, stakeholder groups and LAFCO staff, a draft service review report was prepared which included an analysis of the issues along with a listing of alternatives for addressing the issues and the pros and cons of each of the alternatives. This report also included the required service review determinations addressing the nine evaluation categories. This Draft Service review report was released in November 2003 and was followed up with workshops with LAFCO and other groups. The draft report was distributed to all the fire agencies / cities and posted on the LAFCO web site for public review and comment.

Public Hearings

In February 2004, a LAFCO public hearing was held to consider the Draft Service Review and accept further comment. The consultants prepared a response to all the comments received until then and distributed the responses to the agencies. Please see Attachment A for a copy of Consultant's response to comments received to date. We have received comments from the following:

- City of Gilroy
- City of Morgan Hill
- Mountain View Fire Department
- Palo Alto Fire Department
- San Jose Fire Department
- City of Santa Clara
- City of Saratoga
- Sunnyvale Fire Department
- Santa Clara County Central Fire Protection District
- South Santa Clara County Fire Protection District
- Los Altos Hills County Fire Protection District

LAFCO, local agencies or the public may subsequently use the service reviews together with additional research and analysis where necessary, to pursue changes in jurisdictional boundaries or spheres of influence. Such changes in jurisdictional boundaries or spheres of influence will be subject to CEQA.

Government Structure Options and Potential Implementers of Options

The Commission had requested staff to provide some information on who could potentially implement or initiate steps to address the fire service issues raised in the service review report. The report includes several potential government structure options for the affected agencies. Some preliminary analysis of these options including advantages and disadvantages of each option is included in the report. Attachment C consists of tables which summarize the government structure options. As seen from the table, there are some options that would eventually require LAFCO approval or involvement and others that can be implemented without LAFCO involvement. There are some options that LAFCO has the authority to initiate while others must be initiated by affected agencies or registered voters /property owners.

Issues with potential options outside LAFCO's jurisdiction:

- Regional approaches to fire service support such as fire training and emergency communications

Issues with potential options which could require LAFCO approval:

- Fire protection alternatives for areas outside of organized fire protection jurisdictions (underserved areas)
- Regional Fire Protection Service for South County

Issues with potential options which LAFCO could initiate:

- Fire Protection Alternatives for Saratoga and Surrounding Areas
- Fire Protection Alternatives for the area served by Los Altos Hills County Fire Protection District

Prior to implementation of these options by any party, further research and analysis is required. During the SOI review and update process, LAFCO will evaluate these options as part of the SOI review. Other groups or agencies may take this information and decide to apply to LAFCO to pursue a specific action.



2470 El Camino Real, Suite 210
Palo Alto, CA 94306
v.650.858.0507 f.650.858.0509

April 1, 2004

To: Neelima Palacherla, LAFCO Executive Officer
From: Richard Brady, Matrix Consulting Group

Subject: Comments on Fire Protection Services Review from Fire Agencies and Municipalities

The Fire Protection Services Review draft report developed by the Matrix Consulting Group for the Santa Clara County Local Agency Formation Commission (LAFCO) was made available to the public last November. Municipalities, the County and fire agencies had the opportunity to review the Draft Final Report and provide comments and / or corrections of facts. The table, which follows, presents a summary of the comments submitted by the fire protection agencies and municipalities, as well as comments submitted during the LAFCO Commission presentation on February 11, 2004. The table also includes the project team's response to the comments. Corrections, as necessary, will be incorporated into the final report. Comments were received from the following organizations: City of Gilroy, City of Morgan Hill, City of Mountain View, Los Altos Hills County Fire District, City of Palo Alto, San Jose Fire Department, Santa Clara County Central Fire Protection District, South Santa Clara County Fire Protection District, Santa Clara County Fire Chief's Association, Saratoga Fire Protection District, City of Saratoga, City of Sunnyvale, and Spring Valley Volunteer Fire Company. In addition, comments were received from some private citizen.

Item No. 5
Attachment A

| Agency | Draft Report – Section or Page No. | Comment | Matrix Response |
|--|---|---|--|
| Santa Clara County Fire Chief’s Association | | <p>The Santa Clara County Fire Chief’s Association supports LAFCO’s efforts, as well as other agencies, to improve services and governmental effectiveness. We applaud LAFCO’s attempt to identify alternatives to the current fire protection delivery system currently in place throughout the County. We encourage you to continue to focus on:</p> <ul style="list-style-type: none"> • Reducing redundancies • Standardization of training • Joint purchasing agreements • Joint use training facilities • Improving collaboration between jurisdictions. | |
| Los Altos Hills County Fire District | Summary Profile | <p>The Los Altos Hills County Fire District has augmented fire protection to the residents of the District in the following ways: (1) weather station for use by County Fire Station for monitoring weather; (2) specialized fire apparatus for use in the high hazard brush and grass fire areas; (3) assisted in purchasing a new rescue apparatus unit for County Fire; (4) specialized rescue tools; and (5) state-of-the-art fire hydrant and water main testing equipment.</p> <p>Additional programs provided by the LAHCFD include: (1) the replacement of undersized water mains and installation of new water mains and fire hydrants where needed; (2) a brush chipping program for residents; (3) adding staffing (fire fighters) over and above normal staffing; (4) a garden debris drop-off program; (5) funding of a fuel reduction / fire break program at a Town preserve; and (6) annual mailing of fire prevention information to all District residents.</p> | The report recognizes that the LAHCFD provides additional assistance with respect to fire protection and fire prevention to the residents of the LAHCFD. This is addressed in the Summary Profile Chapter in the report. |

| Agency | Draft Report – Section or Page No. | Comment | Matrix Response |
|---|------------------------------------|---|--|
| | Pg. 92 | Fire Protection in the South County Region is a serious problem because inadequate resources have been provided. There are large areas with staffing of 2 or 3 on an engine company, requiring use of mutual aid. This creates a problem in other areas of the County. San Jose is monitoring how often it sends resources into this region and how long they are deployed in comparison to sending resources to aid San Jose. | The report recognizes that these are multi-jurisdictional impacts of service delivery in the South County Region. |
| | Pg. 121 | <p><u>Regional Cooperation of Fire Services Support Services:</u> Training and Emergency Communications joint efforts are encouraged in the report. These are complex issues. The SJFD finds this concept unacceptable at this time.</p> <p>The SJFD are also concerned that this report does not refer to the County Wide Interoperability Project, which will accomplish many of the benefits achieved in a centralized dispatch.</p> | <p>The consultant recognizes that joint training and emergency communications efforts are complex issues. The report acknowledges this on page 128 and 129 in the tables listing the advantages and disadvantages.</p> <p>The County Wide Interoperability Project is a long-term project examining technological solutions for the multiple radio systems used within the County. While the Project will provide a technological solution to Countywide communications, it does not address issues relating to resources and fire service delivery.</p> |
| San Jose Fire Department | Pg. 122 | <u>Training:</u> Regional training takes place currently to an extent that is practical but transitioning to a totally regional training concept is not feasible in the current economic constraints. | The final report will clarify the distinction between the desirability to build joint training centers and the more immediate ability to share training centers. On page 128, the report will reflect the costs associated with the establishment of a regional training facility as a disadvantage. On page 129, the report will include opportunities to share current training centers as an advantage. |
| | Technical Appendix | <u>Summary Profile of Fire Protection Agency</u> has errors that will be dealt with separately – none significant enough to affect the issues or recommendations of the report. | Comments will be incorporated into the final version of the report. |
| Santa Clara County Central Fire District | Pg. 48 | The report states: “the cities of Los Altos, Monte Sereno, Cupertino, Campbell, and Morgan Hill, as well as the Los Altos Hill County Fire District, all contract with County Fire for fire protection services.” Monte Sereno and Cupertino do not contract with County Fire; they are within the District’s boundaries. | This will be reflected in the final version of the report. |

| Agency | Draft Report – Section or Page No. | Comment | Matrix Response |
|---|------------------------------------|--|--|
| | Pg. 118 | Alternative C.3: If these areas were lost to County Fire and served by SFPD, there would be <u>significant</u> impacts on neighboring areas. | The final report acknowledges that this alternative would have significant impacts, such as the difference in the depth of resources provided by County Fire as compared to SFPD; the potential inefficiencies to remaining communities served by County Fire, etc. |
| | Pg. 119 | Alternative C.3 additional disadvantage: The expanded SFPD is still dependent on additional resources from outside SFPD provided either through mutual aid or boundary drop agreement with the now diminished County Fire. SFPD would still rely on County Fire for Haz Mat, Truck, Special Operations, Wildland Interface, etc; and the use of the training facility. Quito and Seven Springs stations would still be the closest fire stations to approximately 20 – 25% of the land area of the City of Saratoga. | The final report recognizes the variance in the depth of resources available to SFPD and County Fire and the potential impact on County Fire. It is noted on page 119 that maintaining the current service delivery system requires that SFPD be reliant on a “boundary drop agreement.” |
| | P. 130 | LAHCFD has only one fire station, the El Monte Station on the Foothill College campus. | This will be reflected in the final version of the report. |
| | Technical Appendix | Errors are addressed separately; none significant enough to effect the issues or recommendations in the report. | Errors will be corrected in the final version of the report. |
| South Santa Clara County Fire District | Pg. 134 | <p>South County Fire only owns Station 2, located off of Matson Ave. on No Name Uno. Station 3 is located at Bonfonte Gardens off Hecker Pass and is owned by the amusement park and South County Fire leases the property.</p> <p>South County Fire has determined that it is in the District's strategic and financial interest to acquire property to relocate Station 3 in the general areas of Watsonville and Redwood Retreat Roads and build a new fire station in the next five years.</p> <p>South County Fire has determined that the Station 2 facility is in need of a major renovation / expansion and are pursuing a revenue bond election to construct two new fire stations.</p> | This will be reflected in the final version of the report. |
| Saratoga Fire Protection | | SFPD has implemented key recommendations from the DMG report conducted in 2000. | The DMG report was a study of the District only; the current study examines regional fire service needs and alternatives. |

| Agency | Draft Report – Section or Page No. | Comment | Matrix Response |
|--|------------------------------------|--|---|
| | Pg. 68 | The report describes the impacts of elapsed time and the survivability of victims suffering cardiac arrest. The SFPD has aggressively addressed this type of service demand since the late 1980s. | The SFPD's ability to meet those standards is reflected in the FLAME analysis which begins on page 76, as well as illustrated on page 109. |
| Saratoga Fire Protection District | Pg. 76 – 77 | <p>The report utilized a computer program to determine presumed response time when actual data is available. Moreover, the percentages set forth on page 77 suggest that the SFPD delivers 4 people in 4 minutes only 48% of the time, 13 people in 8 minutes only 78% of the time, and has a response time of under 4 minutes only 39% of the time.</p> <p>Data for year 2003 show that SFPD multi-company responses yielded on average Engine 30, Rescue 30, and Patrol 30 as a simultaneous “task force” response over 98% of the time to a reported multi-company event. Additionally, SFPD due to its “fast attack” response model yields 5 to 6 firefighting personnel to the scene on fire calls within 4 minutes 54% of the time. Lastly, SFPD meets the balance of the multi-company alarm assignment to the scene within 8 minutes 96% of the time when not cancelled by the first arriving unit. The data were compiled from the SFPD's RMS between January 1, 2003 and December 4, 2003.</p> | An evaluation of the analysis of the District indicates that the FLAME model is relatively close. The project team's estimate that 48% of calls for service receive 4-people or more in 4-minutes or less is approximated by the District's claim that the actual percentage is 54%. It should be noted that the model used the entire Saratoga Region, not just the SFPD. Given this perspective, the model used maintains a high level of confidence. With respect to the 8-Person in 13-minute standard, the District states that it “meets the balance of the multi-company alarm assignment to the scene within 8-minutes 96% of the time when not cancelled.” First, the standard multi-company response does not guarantee a minimum of 13 people in all incidents. “Multi-company responses” are not the same, per se, as delivering 13-people in an 8-minute response time. With respect to the response time of 4-minutes or less to 54% of calls, the project team utilized the data provided by the District. |
| | Pg. 81 | The report does not note that the SFPD routinely provides service to unincorporated areas of the County that are beyond its jurisdictional boundaries, notwithstanding the fact that these areas are actually within the SOI of County Fire. Also, the boundary drop agreement between County Fire and SFPD, which covers these areas that are outside the jurisdiction of any “organized” fire protection agency, is not mentioned. | The final report will include SFPD in the list of agencies that respond into unincorporated areas beyond their jurisdictional boundaries. |

| Agency | Draft Report -- Section or Page No. | Comment | Matrix Response |
|--|---|---|---|
| Saratoga Fire Protection District | Pg. 111 | <p>The first table incorrectly states that SFPD has a "truck" staffed with 4 personnel, including an officer. The District has a Rescue with this staffing level.</p> <p>While the boundary drop agreement has a stated term, there is no reason to assume that it will be terminated or allowed to expire more than any mutual aid agreement among other agencies. The boundary drop agreement has met the service delivery needs of County Fire and SFPD. There is no reason to assume any motivation by either party to terminate it.</p> <p>The second table on page 111 does not indicate the resources committed by the County exclusively to the City of Saratoga. Although the report acknowledges that a comparison is "complex," in absence of figures showing expenditures and manpower specifically allocated to the City of Saratoga, it is difficult to see how any useful comparison can be made.</p> <p>There is a question about the use of special services and regional facilities provided by the County. These elements include: regional training center and facilities; type I hazardous materials team; dedicated public education staff; special operations companies; and incident command management team.</p> | <p>The final report will reflect changes in factual errors.</p> <p>On page 110 of the final report, there is a description of the boundary drop agreement; it does not assume or predict that either agency will terminate the agreement.</p> <p>Information provided in this table is for descriptive purposes.</p> <p>Special services provided by County Fire are presented in order to illustrate the depth of resources available on a regional basis.</p> |
| | Pg. 114 | <p>The report states: "this may present an opportunity for cost efficiencies through governmental reorganization." The inquiry should be focused upon the adequacy of services being delivered to the residents of Saratoga and not the number of districts.</p> | <p>In addition to reviewing service levels within the fire delivery system in the County, the report reviews potential opportunities for efficiency. The report examines opportunities for efficiency as it relates to cost, as well as service delivery.</p> |

| Agency | Draft Report – Section or Page No. | Comment | Matrix Response |
|---------------------------------|------------------------------------|---|---|
| City of Saratoga | Pg. 112 | Property owners within the Saratoga Fire Protection District boundaries pay an additional assessment to finance bonds issued to construct the new fire station. This tax rate should be added to the Tax Rate Table. | The report will reflect that property owners within SFPD boundaries pay an additional assessment to finance bonds issued to construct the new fire station. |
| | Pg. 113 | The City Council recommends that an additional option be added on page 113. Option (5) Saratoga Fire Protection District contract with Santa Clara County Central Fire District for service. | The report examines fire protection services delivery capabilities, as well as cost efficiencies with fire protection in the County. The report does not consider SFPD, a district specifically formed to provide fire protection service, contracting with another fire protection agency for services as a viable option because it does not present opportunities for improved efficiencies. |
| | Pg. 113 | If the District was absorbed into Central Fire, ownership of the fire station should be retained by the City of Saratoga or that an agreement be signed stipulating that the building be used as a fire station in perpetuity or would revert to the City if the use of the building was to change. | If SFPD were to be absorbed by County Fire, ownership or control of the station would be negotiated by the Districts. If the portion of the City served by SFPD were to withdraw from the District, it would have to negotiate with SFPD for ownership of the fire station. |
| | | The report should address comparisons between the two districts regarding hillside fire capabilities. | The final report will more fully describe the variance of resources available to County Fire and the City regarding hillside fire suppression capabilities. |
| | | Without a permanent long-term boundary drop agreement, the City of Saratoga desires a single agency providing fire protection within the City of Saratoga. | It is the City's choice to pursue the option of a permanent boundary drop agreement, however, such an agreement does not address current issues relating to service delivery, depth of resources, and the like. |
| Citizen of the City of Saratoga | | Section 56430(a)(9) of the California Government Code requires that the LAFOC review include consideration of "local accountability and governance." I believe that you can readily verify that on only one occasion since 1979 have the names of any SFPD commission candidates appeared on a election ballot. With the single exception of the November 2001 election, the SFPD commissioners have, for the past quarter-century, appointed themselves to four-year terms without election. | Beginning on page, "local accountability and governance" is discussed for each of the districts. Additionally, brief description of agency management is addressed on page 39 for the SFPD. |

8. SERVICE REVIEW DETERMINATIONS

This chapter addresses the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56430). This act requires LAFCO to conduct Municipal Service Reviews prior to updating the Spheres of Influence (SOI) for local agencies within the County. As part of the review process, LAFCO is required to make written statements of determinations in each of the nine categories listed below:

- Infrastructure needs and deficiencies
- Growth and population projections
- Financing constraints and opportunities
- Cost avoidance opportunities
- Opportunities for rate restructuring
- Opportunities for shared facilities
- Government structure options (including advantages and disadvantages of consolidation or re-organization of service providers)
- Evaluation of management efficiencies
- Local accountability and governance

In addition to being used in updating the SOIs, the service review process provides a new set of tools that can be used by LAFCO, local agencies and the public to:

- Promote orderly growth and development with consideration of service feasibility and service costs.
- Learn about service issues and needs.
- Plan for the provision of infrastructure needed to support planned growth.

- The City of Morgan Hill, which contracts with County Fire, is currently in the planning stages of adding a 3rd fire station. The City of Gilroy has planned the construction of a fourth fire station. The City of San Jose has a renovation program to renovate multiple stations that were constructed in the 1960s, as well as plans for the construction of two new facilities within the next five years. The City of Mountain View has identified the need for the expansion of two stations and the construction of a fifth permanent station. The City of Santa Clara has identified the need to replace stations 3 and 4 in 2004 and 2005 respectively.
- South County Fire owns Station 2 and leases Station 3. South County Fire has decided to relocate Station 3 in the general areas of Watsonville and Redwood Retreat Roads. Additionally, South County Fire has determined that the Station 2 facility is in need of renovations and expansion. South County Fire is pursuing a revenue bond to construct two new fire stations.
- South County Fire contracts with the California Department of Forestry and Fire Protection (CDF) for fire protection services. Because South County Fire contracts with the CDF, infrastructure needs and operational management practices are determined as part of CDF's statewide systems (rather than developing South County needs independently of other CDF needs within the region and state).
- The LAHCFD contracts with County Fire for services. LAHCFD owns a station and maintains it through its own revenues (for example, a re-roofing project is underway at LAHCFD expense).
- The SFPD is currently constructing a new fire station facility in the same vicinity as the existing facility on Saratoga Avenue.

2. GROWTH AND POPULATION

The efficient provision of public safety services is related to the ability of an agency to plan for future service demands. The purpose of this category of service review is to provide LAFCO with the ability to review both the existing and reasonable future needs for public services and to evaluate whether the projections for future growth and population are integrated into an agency's planning efforts. This analysis may be used to determine whether sphere of influence (SOI) and/or urban service area

may also discover potential innovations, including collaborative strategies, with financing mechanisms which may hold value for affected local agencies.

The following points represent the service review determinations relating to financing constraints and opportunities:

- With continuing public fiscal constraints, the local fire agencies' base property tax revenue may not continue to be available at historical levels.
- The local agencies' abilities to generate revenue through alternative sources such as special assessments, continues to be impacted by the need for two-thirds voter approval.
- The LAHCFD has had a voter-approved authority for a special assessment for years, though it has not exercised that authorization. The ability to use the special assessment is renewed each year.
- Associated with the lack of revenue stability, the high rates of return experienced in various investment tools in the 1990's resulted in "over funding" of PERS (public employee retirement system) accounts. Now, returns on retirement investments through the State funds have declined in the past few years, local agencies will see substantial increases in the rate of PERS contributions required. In other words, as a result of a decline in the rate of return experienced in the 1990s, local agencies will be required to substantially increase PERS contributions.
- Costs are likely to escalate, particularly for South County Fire, as it contracts with another service provider (CDF) for services. Costs will continue to rise as CDF is impacted by increasing salary, wage and benefit pressures from its full-time labor group (e.g., cost impacts on changing workweek, comparable salary and benefits to other agencies, etc.)
- In 2003, the State legislature approved SB1049 which provides for a one-time \$70 per parcel charge for fire protection with an on-going \$35 per year charge for all parcels in State Responsibility Areas (SRA) within the State. Statewide, it is estimated that this will provide \$52 million in additional revenue for CDF. However, analysis by CDF indicates that approximately \$50 million has been shifted out of existing programs. Therefore, the overall impact will be cost neutral.
- Existing budgetary reserves for some agencies may be insufficient to meet future needs. The SFPD, for example, has expressed that it has concerns relating to the trends affecting the depth of its budgetary reserves. However, the LAHCFD has significant reserves and fund balances of over \$12 million.

Although not applicable in all cases, a service review may review agency rates, which are charged for public services, examining opportunities for rate restructuring where possible without impairing the quality of services provided. Agency rates can be reviewed for rate setting methodologies, conditions that could impact future rates, and variances among rates, fees, taxes, charges, etc. within an agency.

The following points represent the service review determinations relating to opportunities for rate restructuring:

- Local fire agencies that provide services such as inspections and permits for which they charge fees have varying fee structures. There are no identified significant opportunities to improve on rates or fees for service.
- Costing on contracts for fire protection services vary greatly from community to community. However, such variation can be expected as different contract agencies provide different in lieu forms of compensations and / or contribute or detract from the existing regional service network.
- South County Fire is in the process of considering whether to pursue creating a development impact mitigation fee for new development. At the time of this report, these fees have not been approved or implemented. Given the projected growth rates in the district, it is difficult to project that these fees will fully account for the fire station improvements or replacement in the planned time frames.

6. OPPORTUNITIES FOR SHARED FACILITIES

The costs of service provision may be reduced and certain efficiencies increased using strategies for sharing resources and the procurement of those resources. Service review considers the development of options for planning for future sharing of facilities and/or resources.

The primary facilities utilized in the delivery of fire protection services are fire stations and training facilities. Many jurisdictions across the State and nationally have

changes to government structure. LAFCO may evaluate the advantages and disadvantages of amending or updating SOIs, annexations to or detachments from cities or special districts, formation of new special districts, incorporation of cities, dissolutions, mergers, consolidations and other re-organization options.

Several government structure options including their advantages and disadvantages are discussed in detail in chapter seven as potential solutions to addressing the issues identified in the provision of fire protection services within Santa Clara County.

Government structure options to address the issue of providing services to the underserved areas in the County include:

- Creation of a new fire district, or expansion of existing fire protection district(s) to cover all underserved areas.
- Creation of a JPA among the Cities of Milpitas and San Jose, the County of Santa Clara, the Santa Clara County Central Fire Protection District (County Fire), the California Department of Forestry and Fire Protection (CDF) and the South Santa Clara County Fire Protection District (South County Fire).
- Creation of a County Service Area (CSA) to cover all underserved areas.
- Continuation of the current system of local service delivery with or without other service improvements or coordination.

Government structure options to develop a unified fire protection service area in the South County Region include:

- Creation of a new fire district, or expansion of existing South County Fire to cover the entire South County Region.
- Creation of a JPA between the Cities of Morgan Hill and Gilroy, the County of Santa Clara and the South County Fire – service contracted out to a single entity.
- Creation of a County Service Area (CSA) to cover entire South County Region.
- Continuation of the current system of local service delivery with or without other service improvements or coordination.

maintenance of qualified employees through training and career development and pursuit of appropriate customer services approaches, including public involvement. Service reviews consider these points in relation to unique local circumstances, resources and issues identified through determinations in other categories.

The following points represent the service review determinations relating to evaluation of management efficiencies:

- A regional approach to providing services in the southern portion of the County would reduce duplication in services in the areas of duty chief coverage, fire prevention efforts and management overhead.
- A regional approach to training and greater consolidation of fire dispatch and communication functions, hold the potential to reduce management overhead in the individual agencies currently providing these services independently.
- There exist efforts at continuation and enhancement of dialogue among agencies. County Fire has demonstrated efforts at soliciting and maintaining dialogue with other agencies. Examples include provision of incident command for public safety agencies in Santa Clara County and formation of specialty response companies that provide services ranging from HazMat (Type 1 Response) to Urban Search and Rescue (USAR). Other examples include successful implementation of a boundary drop agreement between County Fire and SFPD and collaboration among agencies to find funding alternative service scenarios for underserved areas of the County.
- South County Fire is in need of higher degree of automation in dispatch and MIS. CDF is implementing a statewide CAD improvement project that would address this need in 2004.
- As a separate service entity, the LAHCFD incurs many duplicate management and administrative costs associated with clerical, Commission expense, legal and accounting costs, etc., which would not be incurred if it were part of a larger entity. The District Commission retains the services of a part-time 'consultant' who advises it on operations, contract services, fire service trends, etc.

9. LOCAL ACCOUNTABILITY AND GOVERNANCE

Service reviews include an evaluation of local accountability and governance – that is, the extent to which each agency fosters local accountability. Local

- LAHCFD provides many non-fire or fire support services which are widely supported such as chipping, yard waste removal and hillside weed abatement.
- SFPD is an independent special district under the governance of a locally elected 3-member Board.
- All the fire agencies have policies and practices in place to meet Brown Act requirements, other State governance requirements and 'best practices'

**Issue #1: Fire protection alternatives for areas outside of organized fire protection jurisdictions
(underserved areas)**

| Alternative | Potential Initiators | Method | Advantages | Disadvantages |
|--|--|--|---|---|
| <p>Creation of a new fire district or expansion of existing fire protection district(s)</p> <p><i>(LAFCO Approval Required)</i></p> | <p>Any affected local agency for example:</p> <ul style="list-style-type: none"> • County of Santa Clara • County Fire • South County Fire | <p>Application to LAFCO with resolution adopted by legislative body of these affected agencies</p> | <p>Provides a mechanism for funding fire protection services in these areas.</p> <p>Improves accountability for services provided.</p> <p>Could ensure that appropriate fire standards are adhered to for proposed new development in area</p> | <p>Further analyses is required to determine if adequate property tax revenue would be generated by the area to provide for fire services as a new fire district or an existing district would have access to only incremental tax revenue.</p> <p>New taxes would require 2/3rds voter approval.</p> |
| | <p>Registered voters or property owners in area</p> | <p>Application to LAFCO with petition by registered voters or property owners in area</p> | | |
| <p>Creation of a Joint Powers Authority</p> <p><i>(No LAFCO Approval Required)</i></p> | <p>Any affected local agency for example:</p> <ul style="list-style-type: none"> • Milpitas • San Jose • County of Santa Clara • County Fire • South County Fire • CDF | <p>Agreement between these agencies</p> | <p>Provides mechanism for accountability for service provision.</p> <p>Does not require massive governmental reorganization.</p> <p>Provides forum for intergovernmental coordination of other fire support services such as training and facilities.</p> | <p>Does not provide a funding mechanism.</p> <p>Funding received from participating agencies</p> |

**ISSUE #1: Fire protection alternatives for areas outside of organized fire protection jurisdictions
(underserved areas)**

| Alternative | Potential Initiators | Method | Advantages | Disadvantages |
|---|------------------------------|--|---|--|
| <p>Creation of a County Service Area (CSA)</p> <p><i>(LAFCO approval required)</i></p> | <p>County of Santa Clara</p> | <p>Application to LAFCO with resolution adopted by County Board of Supervisors</p> | <p>Provides mechanism for accountability for service provision without creating a separate agency.</p> <p>Allows County to provide fire service to a defined geographic area without making the entire county pay for the services.</p> | <p>Creation of a CSA does not automatically providing funding. Funding mechanism through special taxes assessments must be chosen and would be subject to 2/3rd voter approval.</p> <p>Operational and management issues generated?</p> |

**Issue #1: Fire protection alternatives for areas outside of organized fire protection jurisdictions
(underserved areas)**

| Alternative | Potential Initiators | Method | Advantages | Disadvantages |
|--------------------------|----------------------|--------|--|---|
| <p>Status Quo</p> | | | <p>No governmental reorganization required</p> | <p>Provides no solution to providing fire protection services to "underserved Areas"</p> <p>Does not improve accountability or consistency of service levels to these areas.</p> <p>No compensation is provided to agencies currently providing services outside of their areas of legal responsibility.</p> <p>Could impact service levels of communities that assist in providing services to these underserved areas</p> <p>Does not provide technical support (except for the current training provided by CDF) or monetary support to the functions of the existing volunteer companies.</p> |

Issue #2: Regional Fire Protection for South County

| Alternative | Potential Initiators | Methods | Advantages | Disadvantages |
|--|---|--|---|---|
| <p>Creation of a new fire district or expansion of existing fire protection district(s)</p> <p><i>(LAFCO Approval Required)</i></p> | <p>Any affected local agency:</p> <ul style="list-style-type: none"> • County of Santa Clara, • County Fire • South County Fire | <p>Application to LAFCO with resolution adopted by legislative body of these affected agencies</p> | <p>Provides a foundation for regional planning.</p> <p>Provides more effective coverage.</p> <p>Consolidates functional operations.</p> <p>Consistency in service levels.</p> | <p>Provides lesser degree of local control than current system</p> <p>Integration of labor contracts may be difficult</p> <p>Funding issues</p> |
| <p>Creation of a Joint Powers Authority</p> <p><i>(No LAFCO Approval Required)</i></p> | <p>Any affected local agency:</p> <ul style="list-style-type: none"> • Morgan Hill • Gilroy • South County Fire • County Fire (since Morgan Hill contracts with County Fire) • County of Santa Clara | <p>Agreement between 2 or more of these agencies</p> | <p>Does not require massive governmental reorganization.</p> <p>Provides forum for intergovernmental coordination of other fire support services as well, such as training and facilities in South County area.</p> <p>Provide flexibility to contract services out or merely provide planning and regional coordination.</p> | <p>Creates additional “layer of government”</p> <p>Governance depends on participating agencies, requires consent</p> |

Issue #2: Regional Fire Protection for South County

| Alternative | Potential Initiators | Methods | Advantages | Disadvantages |
|---|------------------------------|--|---|---|
| <p>Creation of a County Service Area (CSA) to include the unincorporated areas in South County as well as the Cities of Gilroy and Morgan Hill</p> <p><i>(LAFCO approval required)</i></p> | <p>County of Santa Clara</p> | <p>Application to LAFCO with resolution adopted by County Board of Supervisors</p> | <p>Provides independent funding source for services upon two-thirds voter approval.</p> <p>Potential to create effective governance.</p> | <p>Creation of a CSA does not automatically providing funding. Funding mechanism through special taxes assessments must be chosen and would be subject to 2/3rd voter approval.</p> <p>Operational and management issues generated.</p> |
| <p>Status Quo</p> | | | <p>No property tax increment adjustments or additional revenue sharing would be needed.</p> <p>Accountability for cost remains at the local level.</p> <p>No need to integrate labor contracts/costs.</p> | <p>Fails to maximize economies of scale.</p> |

Issue #3: Fire Protection for Saratoga and Surrounding Areas

| Alternative | Potential Initiators | Methods | Advantages | Disadvantages |
|---|---|---|---|---|
| <p>Reorganization involving the dissolution of SFPD and annexation to County Fire</p> <p><i>(LAFCO Approval Required)</i></p> | LAFCO | LAFCO Initiates | Maximizes economies of scale for overall governance of system. | Requires a process of voter approval. |
| | <p>Any affected local agency:</p> <ul style="list-style-type: none"> • SFPD • County Fire | Application to LAFCO with resolution adopted by legislative body | <p>Uniform region wide service delivery could be achieved.</p> <p>Enhances levels of service in areas of Saratoga covered by SFPD, County Fire, and could provide a greater “depth of response” for incidents with its infrastructure elements in the region.</p> | <p>Integration of existing labor contracts may be difficult</p> <p>Provides lesser degree of local control than current system.</p> |
| | Registered voters or property owners in area | Application to LAFCO with petition signed by registered voters or property owners in area | Provides moderate degree of local control in the region. | |
| <p>Detachment of the City of Saratoga from SFPD and County Fire. City of Saratoga decides on fire service provider.</p> <p><i>(LAFCO Approval Required for Withdrawal)</i></p> | City of Saratoga | Application to LAFCO with resolution adopted by legislative body | Provides uniform service levels to all residents of the City of Saratoga. | <p>Potential negative revenue and service impacts on County Fire and/or SFPD</p> <p>City lacks internal capacity in infrastructure to create major service delivery department such as fire.</p> <p>Contract costs may be different than existing property tax generated revenues leading to the City subsidizing fire services in the former SFPD area and/or Central Fire area.</p> |

Issue #3: Fire Protection for Saratoga and Surrounding Areas

| Alternative | Potential Initiators | Methods | Advantages | Disadvantages |
|--|--|---|--|---|
| Reorganization involving detachment of City of Saratoga from County Fire and annexation to SFPD <i>(LAFCO approval required)</i> | LAFCO | LAFCO Initiates | Provides uniform service levels to all residents of the City of Saratoga | The additional level of services provided by County Fire would either have to be duplicated by SFPD or they would have to contract for them. The SFPD does not provide the depth of resources provided by County Fire. Potential inefficiencies to remaining communities served by County Fire. Potential revenue reduction for County Fire without an equal reduction in capacity to the service delivery system. |
| | Any affected local agency: <ul style="list-style-type: none"> • SFPD • County Fire • City of Saratoga | Application to LAFCO with resolution adopted by legislative body | | |
| | Registered voters or property owners in area | Application to LAFCO with petition signed by registered voters or property owners in area | | |

Issue #3: Fire Protection for Saratoga and Surrounding Areas

| Alternative | Potential Initiators | Methods | Advantages | Disadvantages |
|--------------------------|----------------------|---------|---|---|
| <p>Status Quo</p> | | | <p>No property tax increment adjustments or additional revenue sharing would be needed.</p> <p>Accountability for cost remains at the local level.</p> <p>No need to integrate labor contracts/costs.</p> | <p>Provides no solution to differences in service levels and differences in tax rates for the same service.</p> <p>Fails to maximize economies of scale.</p> <p>Efficient system delivery dependent upon "boundary drop" agreement with a termination date.</p> |

Issue #4: Regional approaches to fire service support such as fire training and emergency communications

| Alternative | Potential Initiators | Methods | Advantages | Disadvantages |
|--|---|---|---|---|
| <p>Creation of a Joint Powers Authority</p> <p><i>(No LAFCO Approval Required)</i></p> | <p>Fire protection service providers in the county.</p> | <p>Agreement between these agencies</p> | <p>Does not require massive governmental reorganization.</p> <p>Does not require an exchange of property tax increment.</p> <p>Would maintain a high degree of local autonomy.</p> <p>Provides flexibility to provide services or contract services out or merely provide planning and regional coordination.</p> | <p>Revenues dependent upon general fund revenues of agencies.</p> <p>Creates additional "layer of government"</p> <p>Governance depends on participating agencies, requires consent.</p> |
| <p>Status Quo</p> <p>(Continuation of current system of local training delivery)</p> | | | <p>No property tax increment adjustments or additional revenue sharing would be needed.</p> <p>Accountability for cost remains at the local level.</p> <p>No need to integrate labor contracts/costs.</p> | <p>Provides no solution to difference in approaches to training.</p> <p>Fails to maximize potential economies of scale associated with regional training and a regional emergency communication system.</p> |

Issue #5: Los Altos Hills County Fire Protection District

| Alternative | Potential Initiators | Methods | Advantages | Disadvantages |
|--|---|---|---|---|
| <p>Reorganization involving the dissolution of LAHCFD and annexation to County Fire</p> <p><i>(LAFCO Approval Required)</i></p> | LAFCO | LAFCO Initiates | Realizes cost saving associated with remaining a separate agency. | Cost savings may not be sufficient to warrant an organizational change. |
| | <p>Any affected local agency:</p> <ul style="list-style-type: none"> • LAHCFD • County Fire | Application to LAFCO with resolution adopted by legislative body | <p>Creates a more uniform system of single service accountability in the area served by County Fire.</p> <p>May create an opportunity to use revenues to enhance services regionally.</p> | <p>Reduces local accountability.</p> <p>May reduce the broader service levels in LAHCFD (associated with the chipping, yard waste and clearance programs).</p> |
| | Registered voters or property owners in area | Application to LAFCO with petition signed by registered voters or property owners in area | | |
| <p>Status Quo (i.e. retention of LAHCFD)</p> | | | <p>Maximizes local accountability</p> <p>Maximizes service potential locally.</p> | <p>A limited service district contracting with another limited service district creates more complex accountability.</p> <p>Additional costs associated with an independent entity.</p> |

RESOLUTION NO. _____

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SANTA CLARA ADOPTING DETERMINATIONS
OF THE COUNTYWIDE FIRE PROTECTION SERVICE REVIEW**

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

WHEREAS, Government Code Section 56430 requires the Commission to conduct service reviews in order to prepare and update spheres of influence in accordance with Government Code Section 56425; and

WHEREAS, the Commission previously authorized the Countywide Fire Protection Service Review to be prepared; and

WHEREAS, the Executive Officer set February 11, 2004 and April 7, 2004 as public hearing dates on the Countywide Fire Protection Service Review and the recommended Service Review Determinations; and

WHEREAS, this Commission considered the comments received in writing and the comments presented at both the February 11, 2004 and April 7, 2004 public hearings; and

WHEREAS, the Countywide Fire Protection Service Review and the Service Review Determinations are Categorical Exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15306 Class 6 of the CEQA Guidelines;

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

///

///

///

///

COUNTYWIDE FIRE PROTECTION SERVICE REVIEW DETERMINATIONS

1. INFRASTRUCTURE NEEDS AND DEFICIENCIES

- The Santa Clara County Central Fire Protection District (County Fire) has comprehensively identified infrastructure needs in the five year planning horizon. The Driftwood Facility is the only facility rated by County Fire as below "good." There are no significant infrastructure needs as identified by County Fire. With respect to the communities that contract for services with County Fire, the infrastructure component of the delivery system often remains the responsibility and under the ownership of the contracting City.
- The City of Morgan Hill, which contracts with County Fire, is currently in the planning stages of adding a 3rd fire station. The City of Gilroy has planned the construction of a fourth fire station. The City of San Jose has a renovation program to renovate multiple stations that were constructed in the 1960s, as well as plans for the construction of two new facilities within the next five years. The City of Mountain View has identified the need for the expansion of two stations and the construction of a fifth permanent station. The City of Santa Clara has identified the need to replace stations 3 and 4 in 2004 and 2005 respectively.
- South County Fire owns Station 2 and leases Station 3. South County Fire has decided to relocate Station 3 in the general areas of Watsonville and Redwood Retreat Roads. Additionally, South County Fire has determined that the Station 2 facility is in need of renovations and expansion. South County Fire is pursuing a revenue bond to construct two new fire stations.
- South County Fire contracts with the California Department of Forestry and Fire Protection (CDF) for fire protection services. Because South County Fire contracts with the CDF, infrastructure needs and operational management practices are determined as part of CDF's statewide systems (rather than developing South County needs independently of other CDF needs within the region and state).
- The LAHCFD contracts with County Fire for services. LAHCFD owns a station and maintains it through its own revenues (for example, a re-roofing project is underway at LAHCFD expense).
- The SFPD is currently constructing a new fire station facility in the same vicinity as the existing facility on Saratoga Avenue.

2. GROWTH AND POPULATION

- Cities and fire districts in Santa Clara County use varying data sources and methodologies when determining the population they serve and projecting growth in their service population (e.g., number of parcels, number of structures, number of households, and number of persons).

group (e.g., cost impacts on changing workweek, comparable salary and benefits to other agencies, etc.)

- In 2003, the State legislature approved SB1049 which provides for a one-time \$70 per parcel charge for fire protection with an on-going \$35 per year charge for all parcels in State Responsibility Areas (SRA) within the State. Statewide, it is estimated that this will provide \$52 million in additional revenue for CDF. However, analysis by CDF indicates that approximately \$50 million has been shifted out of existing programs. Therefore, the overall impact will be cost neutral.
- Existing budgetary reserves for some agencies may be insufficient to meet future needs. The SFPD, for example, has expressed that it has concerns relating to the trends affecting the depth of its budgetary reserves. However, the LAHCFD has significant reserves and fund balances of over \$12 million.

4. COST AVOIDANCE OPPORTUNITIES

- Implementation of a regional fire system in the South County Region could provide sufficient economies of scale to facilitate service improvements throughout the region. It could provide for consistent duty chief coverage on a regional basis. It could provide sufficient economies of scale to facilitate truck company and/or special rescue operations. Combining support service resources for such functions as training and communications would provide these resources at a lower unit cost than on individual agency basis.
- South County Fire currently uses CDF infrastructure for communications. Integration of South County Fire into the County Communications infrastructure could enhance operational efficiencies. However, as the CDF dispatch center serves State purposes as well, there are no capital or infrastructure savings available.
- The implementation of a countywide regional approach to fire training and communications for EMS/ambulance and fire related dispatch could result in a reduction in the total investment required of local agencies for both operational and capital costs.
- The existence of the LAHCFD as a legal entity results in costs that would not otherwise exist. For example, insurance expense, legal and accounting, administrative and management overhead, etc. could be eliminated if LAHCFD were merged with another entity. This presents a limited ability to generate cost savings in the order of \$100,000 - \$150,000 per year.

5. OPPORTUNITIES FOR RATE RESTRUCTURING

- Local fire agencies that provide services such as inspections and permits for which they charge fees have varying fee structures. There are no identified significant opportunities to improve on rates or fees for service.

- Creation of a JPA among the Cities of Milpitas and San Jose, the County of Santa Clara, the Santa Clara County Central Fire Protection District (County Fire), the California Department of Forestry and Fire Protection (CDF) and the South Santa Clara County Fire Protection District (South County Fire).
- Creation of a County Service Area (CSA) to cover all underserved areas.
- Continuation of the current system of local service delivery with or without other service improvements or coordination.

Government structure options to develop a unified fire protection service area in the South County Region include:

- Creation of a new fire district, or expansion of existing South County Fire to cover the entire South County Region.
- Creation of a JPA between the Cities of Morgan Hill and Gilroy, the County of Santa Clara and the South County Fire – service contracted out to a single entity.
- Creation of a County Service Area (CSA) to cover entire South County Region.
- Continuation of the current system of local service delivery with or without other service improvements or coordination.

Government structure options to provide fire protection service in the Saratoga Region include:

- Dissolution of the Saratoga Fire Protection District (SFPD) and annexation of existing district to County Fire.
- Withdrawal of the City of Saratoga from the County Fire and the SFPD. Ultimate method of providing fire protection within the City decided by Saratoga City Council.
- Expansion of boundaries of the SFPD to include all of the City of Saratoga. Detachment of relevant properties from the County Fire.
- Continuation of the current system of local service delivery with or without other service improvements or coordination.

Government structure options for the Los Altos Hills County Fire District (LAHCFD) include:

- Dissolution of LAHCFD and annexation to County Fire.
- Maintaining current situation (i.e. retention of LAHCFD).

broad perspective as well as an awareness at the County level with respect to fire service and emergency medical response issues.

- County Fire utilizes extensive use and analysis of data, including GIS applications, to evaluate programs and services and makes adjustments as necessary.
- South County Fire is a dependent special district under the governance of the Board of Supervisors as its Board of Directors. The Board appointed a 7-member commission and delegated to it the authority to manage the affairs of the District except for (1) land use, acquisition or disposal (2) contracts with other public agencies, and (3) employment of counsel. These matters are reserved for the Board of Directors to handle.
- South County Fire is still somewhat hampered by the manual nature of the CDF dispatch system. The installation of a new CAD system by 2004 should alleviate many of the challenges in this area. In the absence of more effective management information tools, access by the public to this information is affected.
- LAHCFD is a dependent special district under the governance of the Board of Supervisors as its Board of Directors. The Board established a 7 member Fire Commission and delegated all of its powers to the Commission to manage the affairs of the district, except that the Commission may not initiate litigation without the prior approval of the Board. This provides local accountability for fire and other services provided by or through the District.
- LAHCFD provides many non-fire or fire support services which are widely supported such as chipping, yard waste removal and hillside weed abatement.
- SFPD is an independent special district under the governance of a locally elected 3-member Board.
- All the fire agencies have policies and practices in place to meet Brown Act requirements, other State governance requirements and 'best practices'

Date Prepared: March 29, 2004
LAFCO Meeting: April 7, 2004

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer *NP*

SUBJECT: **Proposed LAFCO Fee Schedule Revision**
Agenda Item # 6

STAFF RECOMMENDATION

Adopt resolution revising LAFCO fee schedule, to be effective June 1, 2004. The proposed fee schedule is Attachment A. The resolution is Attachment B

Background

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

LAFCO fees were last revised in June 2002. At that time, fees were revised to reflect the procedural changes and new requirements mandated by the CKH Act. Staff is proposing this fee schedule revision to take into account the substantial increase in staff costs since 2002. Also, some of the current fees underestimate the staff time spent on applications. We have had to add some new steps to our application processing such as for obtaining consolidated Tax Rate Areas (TRA), and for maintaining and updating the GIS maps for cities and special districts. LAFCO staff now reviews and approves all GIS mapping changes to boundaries of cities and special districts resulting from applications.

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

City Conducted Annexation Applications

Proposed Revision

Increase the processing fee for city-conducted annexation from \$340 to \$670.

Discussion

Currently LAFCO charges a fee of \$340 for processing of city-conducted annexations. The proposed fee increase for processing and staff finalization of city-conducted annexations is based upon the following costs:

| Staff Involved in Processing | Time Spent on Application | Staff Costs |
|-------------------------------------|----------------------------------|--|
| LAFCO Executive Officer | 0.5 hr. | \$64.5 |
| LAFCO Analyst | 1.5 hrs. | \$187.5 |
| LAFCO Clerk | 7 hrs. | \$420 |
| Total Cost: | | \$672 Round off \$670 |

City conducted annexations typically involve detachment of territory from two / three special districts along with annexation of the territory to the city. As a final step to the processing of these annexations, LAFCO staff ensures that the boundaries of special districts and cities in GIS are accurately updated to reflect the approved annexation. This task is critical to having accurate and up to date information available in the GIS for use by LAFCO, the County, the cities, special districts as well as the public and others.

NOTE: For city conducted annexations, the County Surveyor's Office charges a fee of \$2,000 directly to the city for checking the map and legal descriptions. This fee is not adopted or collected by LAFCO and is not credited to the LAFCO account.

LAFCO Change of Organization Applications

The current fees for changes of organization are set in a two-tier system. Proposals that have 100% consent of all affected landowners are charged a lower fee because they generally do not require a public hearing and are less time consuming (\$2,770 + environmental review fees). The non-100% consent proposals are charged a higher fee (\$5,300 + environmental review fees) because

Non-100% Consent Proposals

Proposed Revision

Increase the LAFCO processing fee from \$5,300, plus environmental review fee to \$7,880, plus appropriate environmental review fee.

Discussion

In 2002, this fee was revised to take into account the significant changes to the LAFCO annexation process made by the CKH Act of 2000. Previously, protest proceedings were conducted by the affected agency after LAFCO approval of the proposal. The CKH Act requires LAFCO to conduct the protest proceedings. The CKH Act has also increased the noticing requirements for proposals requiring public hearings. These new responsibilities and requirements along with additional required analysis considerably increase staff time spent on each application.

Application history indicates that LAFCO does not receive many proposals of this type. Since the last fee revision in 2002, we have not had any proposals under this category. However, these applications are generally far more time consuming because they require public hearings, public noticing and protest proceeding. The proposed fee increase for a non-100% consent change of organization proposal is based on increased staffing costs:

| Staff Involved in Processing | Time Spent on Application | Staff Costs |
|------------------------------|---------------------------|----------------|
| LAFCO Executive Officer | 22 hrs. | \$2,838 |
| LAFCO Analyst | 3 hrs. | \$375 |
| LAFCO Clerk | 36 hrs. | \$2,160 |
| LAFCO Counsel | 4 hrs. | \$652 |
| LAFCO Surveyor | 17.5 hrs. | \$1,855 |
| Total Cost: | | \$7,880 |

Deposit Fees

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

Proposed Revision

Increase the initial deposit from \$5,500 to \$8,570 for USA or SOI proposals; the total fee would be based on the actual cost of processing each individual application.

Increase the initial deposit from \$5,500 to \$6,810 for OACS proposals; the total fee would be based on the actual cost of processing each individual application.

Require a mandatory pre-application meeting with LAFCO staff (preferably prior to seeking signatures on petition) for applications involving formation of districts or city incorporations. Establish a fee of \$970 for such pre-application meetings. Increase the initial deposit from \$5,500 to \$8,570 for incorporations or special district formation proposals; the total fee based on actual cost of processing each individual application.

Discussion

Currently, LAFCO charges an upfront deposit of \$5,500 for proposals involving USA amendments, SOI amendments, OACS applications and proposals involving district formations, dissolutions, consolidations and city incorporations and dissolutions. Staff has found that typically, the USA / SOI applications require relatively more processing time than the OACS applications. Therefore staff has calculated a separate deposit amount for USA/SOI and OACS applications.

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

In addition, staff is recommending that when LAFCO is the lead agency for an application, the environmental review fee deposit should also be required upfront if it is determined that an EIR or a Negative Declaration would be required. If proposals require other consultant work for preparing necessary reports such as fiscal impact analyses, service reviews or plan for services etc., such costs would be billed to the applicant. Other costs such as noticing or printing or copying costs would also be billed to the applicant.

If actual costs are less than the deposit, LAFCO will refund the difference and if the costs exceed this amount, an additional invoice will be sent to the applicant.

Reconsideration Requests

Proposed Revision

Increase the initial deposit from \$980 to \$1,590; the total fee based on the actual cost of processing application.

Discussion

The current fee for reconsideration requests is a deposit of \$980 plus any additional expenses. Government Code Section 56383 allows charging a cost recovery fee for reconsideration requests. The proposed fee increase is based on increased staff and application processing costs.

Research Fee

Proposed Revision

Staff is proposing that an hourly fee of \$127 be charged for staff research.

Discussion

Currently, there is no established fee for staff time spent in consultation or on research of a specific issue. The proposed research fee is based on average costs for LAFCO staff analytical work.

Effective Date for the New Fee Schedule

Staff is proposing that the revised fee schedule become effective June 1, 2004.

Revenue Comparison

The following table compares the revenues generated under the current fee system with the potential revenues that would be realized if the proposed fee schedule were in place. It is assumed that the level of activity will remain the same in the upcoming year. As seen in the table below there is over a 50% increase in the revenues under the new proposed fee schedule.

Attachment A: PROPOSED LAFCO FEE SCHEDULE

| | Type of Proposal | Fee |
|----|---|---|
| 1. | City Conducted Annexations * | \$670 + SBE Fees |
| 2. | LAFCO Change of Organization ** | |
| | 100% Consent Proposals | \$3,920 +ER Fees + SBE Fees |
| | Non-100% Consent Proposals | \$7,880+ER Fees + SBE Fees |
| | Environmental Review (ER) | |
| | Categorical Exemption (LAFCO is Lead or NOT) | \$460 |
| | Negative Declaration (LAFCO is NOT Lead Agency) | \$630 |
| | EIR (LAFCO is NOT Lead Agency) | \$1,130 |
| | LAFCO as Lead Agency (Neg. Dec. or EIR) | \$2,500 deposit + Actual Costs |
| 3. | Deposit Fees *** | |
| | Urban Service Area (USA)/Sphere of Influence (SOI) Amendments | \$8,570 deposit + Actual Costs |
| | Out of Agency Contract for Services (OACS) Requests | \$6,810 deposit + Actual Costs |
| | Pre-Application Meeting for district formations /incorporations | \$970+ Actual Costs |
| | District Formation, Consolidation, Dissolution and City Incorporation and Dissolution | \$8,750 deposit + SBE fees + Actual Costs |
| | Reconsideration Requests | \$1,590 deposit + Actual Costs |
| 4. | Research Fees | \$127 / hour |

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

* Please make one check (\$670) payable to LAFCO and one check payable to State Board of Equalization (SBE); see the SBE schedule of processing fees (based on acreage) included in the application packet to determine the SBE fee.

** Cost of individual change of organization applications varies depending on type of proposal and the type of environmental review needed. For example, a 100% consent annexation that qualifies for a categorical exemption is \$4,380. Please see the SBE schedule of fees to determine the SBE fee.

*** Deposit fees are initial payments towards actual costs of processing applications. **Staff time spent on pre-application assistance will be counted towards the deposit.** Actual costs include staff time, any consultant fees and miscellaneous costs such as noticing, copying etc. If actual costs are less than deposit, LAFCO will refund the difference to the applicant. If processing costs begin to exceed the deposit, additional fees are required. LAFCO approval will be conditional upon final payment within 35 days of LAFCO hearing date. If LAFCO is the Lead Agency and it is determined that the proposal requires a Negative Declaration or an EIR, an additional deposit of \$2,500 is required. Payment of appropriate SBE fees is required where applicable; please see SBE fee schedule.

RESOLUTION NO. _____

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

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

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

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

WHEREAS, in compliance with Government Code section 66016 the Executive Officer set April 7, 2004 as the hearing date on the revised fee schedule attached hereto as Attachment A and gave the required notice of hearing; and

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

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

SECTION 1:

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

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

AYES: Commissioners

NOES: Commissioners

ABSENT: Commissioners

CHAIRPERSON
Local Agency Formation Commission

ATTEST:

APPROVED AS TO FORM AND LEGALITY:

EMMANUEL ABELLO
LAFCO Clerk



KATHY KRETCHMER
LAFCO Counsel

Date Prepared: March 29, 2004
LAFCO Meeting: April 7, 2004

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer *NP*

SUBJECT: Proposed Draft Budget FY 2004-2005
Agenda Item # 7

STAFF RECOMMENDATION

1. Adopt the Draft LAFCO Budget for fiscal year 2004-2005.
2. Find that the Draft FY-05 Budget is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the draft budget adopted by the Commission including the draft agency costs to each of the cities, the County and the Cities Association.

BACKGROUND

LAFCO Budget and Adoption Process

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft 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.

countywide water service review has also been initiated. Data collection and consultant hiring for the water service review is currently underway. Upon completion of the water service review, staff will proceed with the sub regional service reviews as per the service review work plan adopted by LAFCO.

Application processing activities are expected to continue at the current high levels. In addition to the general application activity, staff expects to receive one or two major proposals such as formation of a special district and an incorporation in the upcoming months.

LAFCO's public information / communication aspect of the work load includes among other things, upgrading of the LAFCO web site, conducting workshops, making presentations if requested by agencies, communities or other groups, maintaining and updating digital boundary maps of cities and special districts, and actively participating in CALAFCO conferences and workshops.

Other general work areas of LAFCO staff include administration of the LAFCO program, review and update of LAFCO polices and procedures when necessary, participation in training activities, tracking LAFCO and other related legislation, preparing budgets and fee schedule revisions.

The LAFCO Annual Report which will be published at the end of the current fiscal year will detail the types of applications processed and various activities / projects that LAFCO has completed in the current year.

STATUS OF CURRENT YEAR BUDGET (FY 2004)

The approved budget for the current year is \$562,642. It is projected that there will be a savings of about \$143,470 at the end of this fiscal year.

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

Projected Year End Savings = \$608,841-\$465,370

Projected Year End Savings = \$143,470

This savings amount is largely due to the following:

1. Not having spent the entire amount budgeted for consultant services in FY 04
2. Not having spent the amount (\$60,000) allocated as reserves
3. Having a larger fund balance at the end of the previous year (FY 2003). Last year, \$165,601 was anticipated as savings from the FY 03 budget. However, the actual fund balance available was \$201,799

proposed salary and benefits for the full time position is \$65,160. The Clerk of the Board's Office estimates an administrative overhead of \$29,141 totaling to \$94,300 for the service.

LAFCO Counsel \$48,900

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 \$163 (for FY 05) for an estimated 300 hours annually.

LAFCO Surveyor \$42,400

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 \$106 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, if necessary.

5255500 CONTRACT SERVICES \$100,000

This amount provides for hiring consultants to conduct service reviews or sphere of influence studies. An amount of \$100,000 is included in the current budget.

5210100 FOOD \$750

This item is being maintained at \$750.

5220200 INSURANCE \$204

This item is being decreased slightly from \$288 to \$204 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.

5250100 OFFICE EXPENSES \$2,000

This item is being reduced from \$3,000 to \$2,000 and provides for the purchase of books, periodicals, small equipment and supplies throughout the year.

5285300 PRIVATE AUTOMOBILE MILEAGE \$500

This item is maintained at \$500 and provides for travel to conduct site visits, attend meetings, training sessions etc.

5285200 TRANSPORTATION AND TRAVEL (for use of County car) \$500

This item would allow for the use of County vehicle for travel to conferences, workshops and meetings.

5281600 OVERHEAD \$28,165

This amount that the County charges for overhead costs has increased significantly (by almost \$20,000) from the previous year. This is an amount established by the County Controller's Office, for service rendered by various county departments that do not directly bill LAFCO for service. The FY 2005 costs include three elements:

First, the overhead includes the LAFCO share of the County's FY 2005 Cost Allocation Plan which is based on actual overhead costs from FY 2003 – the most recent year for which actual costs are available and include the following charges for LAFCO totaling to \$13,848:

County Executive and OBA: \$7,111
Controller-Treasurer: \$4,259
Employee Services Agency: \$1,776
General Services Agency: \$3,129
Other Central Services: \$40

Secondly, a "roll forward" of \$9,762 is applied which is calculated by comparing FY 2003 Cost Plan with FY 2003 actuals. Since actuals exceeded the Plan by \$9,762, this amount is added to the FY 2005 Plan.

And lastly, an additional adjustment of \$4,555 is being made in the FY 2005 Cost Plan and is meant to reflect the increase in actual PERS costs in FY 2005. By making the adjustment at this time, the County is hoping to "flatten out" the roll-forward that would be charged in 2 years, when comparing the FY 2005 plan to the FY 2005 actuals.

5275200 COMPUTER HARDWARE \$1,000

This item is being reduced to \$1,000 from \$2,000 and will be used for hardware upgrades / purchases.

COST APPORTIONMENT TO CITIES AND COUNTY

Calculation of Net Operating Expenses

FY 2005 Net Operating Expenses = Proposed FY 2005 Expenditures – Proposed FY2005 Fee Revenues
– Projected Year End Savings

FY 2005 Net Operating Expenses = \$603,316 - \$77,000- \$143,470

FY 2005 Net Operating Expenses = \$382,846

The proposed net operating expenses for FY 05 is slightly higher (about \$30,000) than the current year net operating expenses. The cost to the cities and the County increases slightly from the previous year. The projected operating expenses for FY 2005 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 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 2005 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 2005 (\$382,846).

Cost to Agencies

| | |
|--------------------------------------|-----------|
| County of Santa Clara | \$191,423 |
| <hr/> | |
| City of San Jose | \$95,712 |
| <hr/> | |
| Remaining 14 cities in the County | \$95,712 |

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 after LAFCO adopts the final budget in June. A draft of the estimated apportionment to the cities is included as Attachment B to provide the cities a general indication of the LAFCO costs.

ATTACHMENTS

Attachment A: Proposed Draft Budget for FY 2004-2005

Attachment B: 2004-2005 Draft LAFCO Cost Apportionments to Cities

**DRAFT LAFCO BUDGET
FISCAL YEAR 2004 - 2005**

**Item No. 7
Attachment A**

| ITEM # | TITLE | APPROVED FY 03-04 BUDGET | END OF YEAR PROJECTIONS | PROPOSED FY 04-05 BUDGET |
|---|--|---|--|---|
| EXPENDITURES | | | | |
| Object 1 | Salary and Benefits | \$168,130 | \$168,130 | \$185,233 |
| Services and Supplies | | | | |
| 5258200 | Intra-County Professional | \$189,986 | \$189,986 | \$200,618 |
| 5255500 | Consultant Services | \$100,000 | \$75,000 | \$100,000 |
| 5210100 | Food | \$750 | \$500 | \$750 |
| 5220200 | Insurance | \$288 | \$266 | \$204 |
| 5250100 | Office Expenses | \$3,000 | \$2,000 | \$2,000 |
| 5255650 | Data Processing Services | \$7,500 | \$4,000 | \$6,776 |
| 5225500 | Commissioners' Fee | \$1,500 | \$1,500 | \$1,500 |
| 5260100 | Publications and Legal Notices | \$3,000 | \$1,000 | \$1,000 |
| 5245100 | Membership Dues | \$2,070 | \$2,070 | \$2,070 |
| 5250750 | Printing and Reproduction | \$1,500 | \$400 | \$1,500 |
| 5285800 | Business Travel | \$7,000 | \$5,000 | \$7,000 |
| 5285300 | Private Automobile Mileage | \$500 | \$300 | \$500 |
| 5285200 | Transportation&Travel (County Car Usage) | \$500 | \$300 | \$500 |
| 5281600 | Overhead | \$8,918 | \$8,918 | \$28,165 |
| 5275200 | Computer Hardware | \$2,000 | \$2,000 | \$1,000 |
| 5250800 | Computer Software | \$2,000 | \$1,000 | \$1,000 |
| 5250250 | Postage | \$2,500 | \$1,500 | \$2,000 |
| 5252100 | Staff Training Programs | \$1,500 | \$1,500 | \$1,500 |
| 5701000 | Reserves | \$60,000 | \$0 | \$60,000 |
| TOTAL EXPENDITURES | | \$562,642 | \$465,370 | \$603,316 |
| REVENUES | | | | |
| 4103400 | Application Fees | \$45,000 | \$55,000 | \$75,000 |
| 4301100 | Interest: Deposits and Investments | \$2,000 | \$2,000 | \$2,000 |
| Total Interest / Application Fee Revenue | | \$47,000 | \$57,000 | \$77,000 |
| 4600100 | Cities (Revenue from other Agencies) | \$175,021 | \$175,021 | |
| 5440200 | County | \$175,021 | \$175,021 | |
| Savings/Fund Balance from previous FY | | \$165,601 | \$201,799 | \$143,470 |
| TOTAL REVENUE | | \$562,643 | \$608,841 | |
| NET LAFCO OPERATING EXPENSES | | \$350,041 | | \$382,846 |
| COSTS TO AGENCIES | | | | |
| | County | \$175,021 | | \$191,423 |
| | City of San Jose | \$87,510 | | \$95,712 |
| | Other Cities | \$87,510 | | \$95,712 |

S:\Lafco\LAFCO\LAFCO BUDGETS\LAFCO Budget 2005\[DraftBudget05.xls]DraftBudget05

2004/2005 LAFCO COST APPORTIONMENT
DRAFT DRAFT DRAFT

LAFCO Net Operating Expenses for 2004/2005 **\$382,846**

| Jurisdictions | Revenue per 2000/2001 Report | Percentage of Total Revenue | Allocation Percentages | Allocated Costs |
|----------------------|---|--|-----------------------------------|----------------------------|
| County | N/A | N/A | 50.0000000% | \$191,423.00 |
| San Jose | N/A | N/A | 25.0000000% | \$95,711.50 |
| Campbell | 36,271,878 | 2.0398036% | 0.5099509% | \$1,952.33 |
| Cupertino | 43,313,943 | 2.4358247% | 0.6089562% | \$2,331.36 |
| Gilroy | 58,512,057 | 3.2905136% | 0.8226284% | \$3,149.40 |
| Los Altos | 25,913,960 | 1.4573105% | 0.3643276% | \$1,394.81 |
| Los Altos Hills | 8,184,330 | 0.4602581% | 0.1150645% | \$440.52 |
| Los Gatos | 29,520,650 | 1.6601382% | 0.4150345% | \$1,588.94 |
| Milpitas | 99,212,928 | 5.5793883% | 1.3948471% | \$5,340.12 |
| Monte Sereno | 1,907,200 | 0.1072543% | 0.0268136% | \$102.65 |
| Morgan Hill | 54,922,004 | 3.0886215% | 0.7721554% | \$2,956.17 |
| Mountain View | 141,605,713 | 7.9634103% | 1.9908526% | \$7,621.90 |
| Palo Alto | 345,255,600 | 19.4159681% | 4.8539920% | \$18,583.31 |
| Santa Clara | 634,280,747 | 35.6697321% | 8.9174330% | \$34,140.04 |
| Saratoga | 34,048,750 | 1.9147827% | 0.4786957% | \$1,832.67 |
| Sunnyvale | 265,254,646 | 14.9169941% | 3.7292485% | \$14,277.28 |
| Total | 1,778,204,406 | 100.0000000% | 100.0000000% | \$382,846.00 |
| Total Cities | | | | \$95,713.50 |

April 7, 2004

TO: LAFCO

FROM: Neelima Palacherla, LAFCO Executive Officer
Dunia Noel, LAFCO Analyst

SUBJECT: Update on the Countywide Water Service Review
Agenda Item #8

PROJECT UPDATE

LAFCO Staff is Negotiating with Dudek & Associates for the Countywide Water Service Review Contract

LAFCO staff is currently negotiating with the consulting firm "Dudek & Associates" (with Crosthwaite Consulting as a sub-consultant) on the terms of the contract for the preparation of LAFCO's Countywide Water Service Review. LAFCO staff expects to finalize this contract by the April 7, 2004 LAFCO meeting or soon after. Dudek and Associates with Crosthwaite Consulting as a sub-consultant have completed and are in the process of completing several LAFCO service reviews that focus on water and wastewater services.

Dudek & Associates is a multi-disciplinary engineering firm and Crosthwaite Consulting's Principal, Joyce Crosthwaite, has extensive experience working as staff to two LAFCO's and completing several LAFCO municipal service reviews. Both firms are located in Southern California and as a team they have proposed to complete Santa Clara LAFCO's Countywide Water Service Review for \$74,075.

LAFCO Staff Has Begun Collecting Basic Information on Water Service Providers

LAFCO staff expects that the consultants will begin their work on the service review, upon execution of the contract and complete the project by December 2004. LAFCO staff, with the assistance of the Santa Clara Valley Water District, has already begun collecting basic information on the various water service providers by way of an Electronic Information Questionnaire that was e-mailed to water districts, resource conservation districts, cities, private water companies and other water service providers within the County.

On March 15, 2004, a Consultant Selection Committee consisting of LAFCO staff and the following members of the Technical Advisory Committee (TAC):

- Susan Wilson, LAFCO Commissioner,
- Waltor Wadlow, Chief Operating Officer, Santa Clara Valley Water District,
- George Belhumeur, Vice President of Operations, San Jose Water Company, and
- Jim Ashcraft, Public Works Director, City of Morgan Hill

interviewed representatives from all three consulting firms. All three firm's proposals were satisfactory and all three interviews went well. However, the majority of Selection Committee members determined that Dudek & Associates with Crosthwaite Consulting as sub-consultants were the most appropriate firm for LAFCO's Countywide Water Service Review.

Countywide Water Service Review Technical Advisory Committee (TAC)

The Countywide Water Service Review Technical Advisory Committee (TAC) was formed in February 2004 and consists of LAFCO staff as well as the following individuals:

1. Susan Wilson, LAFCO Commissioner,
2. Waltor Wadlow, Chief Operating Officer, Santa Clara Valley Water District,
3. George Belhumeur, Vice President of Operations, San Jose Water Company,
4. Jay Baksa, City Administrator, City of Gilroy,
5. Jim Ashcraft, Public Works Director, City of Morgan Hill, and
6. Darryl Wong, Principal Civil Engineer, City of Milpitas.

The Santa Clara County Water Retailers Group has selected Waltor Wadlow, George Belhumeur, and Darryl Wong to represent the interests of their various members. The Santa Clara County City Managers' Association has selected Jay Baksa to represent their organization's interests. The Santa Clara County Municipal Public Works Officers' Association has selected Jim Ashcraft to represent the Association's interests.

Item No. 9

March 31, 2004

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: **Update on Island Annexations in Santa Clara County**
Agenda Item #9

Oral Report

March 31, 2004

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: Legislative Report

Agenda Item #10

Attached is the most recent report from the CALAFCO ad-hoc legislative committee. The committee has adopted positions on several active bills in Sacramento that relate to Local Agency Formation Commissions. The attached report includes summaries of these bills as well as CALAFCO's positions on them.

At the April 7, 2004 LAFCO meeting, LAFCO staff or Commissioner Wilson, who is a member of the CALAFCO Executive Board, will report on legislation that is of particular interest to Santa Clara LAFCO.

OPPOSE

AB 2634 (Canciamilla) Local government organization.

1 - 02/20/2004

Status:
03/16/2004 - ASM L. GOV. Set, first hearing. Hearing cancelled at the request of author. (Refers to 3/16/2004 hearing)

Calendar:
04/28/04 1:30 p.m. - Room 126 ASM LOCAL GOVERNMENT

Summary:
Existing law relating to local agency formation commissions requires, among other things, that commission determinations relating to changes of local organization or reorganization, actions to waive restrictions that result in isolated unincorporated areas or actions to waive the effect of annexing an assessment district be consistent with the spheres of influence of local agencies affected by those determinations. This bill would require that every determination made by a commission and every approval of a change of organization or reorganization made by a commission shall be consistent with urban limit lines approved by the voters of the affected agencies.

| Organization | Assigned | Position | Priority | Subject | Groups |
|--|-----------------|-----------------|-----------------|----------------|---------------|
| CALAFCO | | Oppose | | CKH | |
| <i>There are many types of urban growth boundaries throughout the state, so the one-size fits all models in this bill could cause significant problems. CALAFCO has conveyed to the author that LAFCOs already are required to give emphasis to the consistency of proposals to general plans -- and that general plans typically contain urban growth boundaries within them.</i> | | | | | |

SB 1266 (Torlakson) Annexation.

1 - 02/13/2004

Status:
03/03/2004 - SEN L. GOV. Set for hearing April 21.

Calendar:
04/21/04 9:30 a.m. - Room 112 SEN LOCAL GOVERNMENT

Summary:
Under existing law, the local agency formation commission in each county has specified powers and duties concerning the review and approval and disapproval of proposals for changes of organization or reorganization of cities and districts within the county. However, a commission may not disapprove an annexation of contiguous territory to a city initiated by resolution of the citygoverning body if the commission finds that the territory meets any of a number of specified conditions. One of these conditions is that the territory is surrounded or substantially surrounded by the city or by the city and a county boundary or the Pacific Ocean, is substantially developed or developing, is not prime agricultural land, as defined, is designated for urban growth by the general plan of the city, and is not within the sphere of influence of another city. This bill would revise that condition underwhich the commission may not disapprove the annexation to specify that: (1) not less than 51 percent of the exteriorboundary of the territory to be annexed is surrounded by the annexing city, by that city and a county boundary or the Pacific Ocean, or that city and another city, (2) the territory is either developed or designated for urban growth bythe general plan of the annexing city, (3) sewer service, structural fire protection service, streets and roads, and domestic water service will be available upon annexation, and (4) the territory does not exceed 1,000 acres.

| Organization | Assigned | Position | Priority | Subject | Groups |
|--|-----------------|-----------------|-----------------|----------------|---------------|
| CALAFCO | | Oppose | | CKH | |
| <i>This bill will lower the threshold for mandatory approval of city initiated, substantially surrounded annexations. It defines "substantially surrounded" as 51%. There is no definition in the code at this time, and at least four LAFCOs have much higher standards. No argument is offered for the selection of a definition of 51%.</i> | | | | | |

ACTION REPORT WITH SUMMARY BY POSITION

zoning for nonresidential use and to growth projections of the general plan in order to identify the total housing needs in the element. This bill would declare the Legislature's intent to require each city, county, and city and county to make available sufficient land to accommodate the jurisdiction's 20-year need for housing.

| Organization | Assigned | Position | Priority | Subject | Groups |
|--------------|----------|----------|----------|---------|--------|
| CALAFCO | | See Note | | Housing | |

Position: Watch in current form; oppose if amended to reinstate mandates from previous version.

This bill originally proposed to mandate that local planning authorities set aside territory to accommodate the 20-year housing needs projected for the area. The bill would have allowed the agency to set aside land in the sphere of influence for this purpose, which might have put pressure on LAFCOs to expand spheres. However, as of January 16, 2004, the bill has been "gutted" and replaced with intent language. The Legislative Counsel's comments are a bit misleading, as the bill now says that agencies should make land available for housing needs over the next 20 years. It does not say that the Legislature intends to require that local agencies do this. It no longer speaks to spheres of influence.

SB 1774 (Committee on Local Government) Local agency reorganization: spheres of influence. I - 02/20/2004

Status:

03/11/2004 - SEN L. GOV. To Com. on L.GOV.

Calendar:**Summary:**

Existing law requires the local agency formation commission, among other duties, to develop and determine the sphere of influence of each local governmental agency within a county pursuant to specified procedures. This bill would prohibit the commission from amending spheres of influence more frequently than 4 times during any calendar year, as specified.

| Organization | Assigned | Position | Priority | Subject | Groups |
|--------------|----------|----------|----------|---------|--------|
| CALAFCO | | See Note | | CKH | |

Peter Detwiler reports that this is a placeholder. CALAFCO is watching the bill and will oppose in current form if it is scheduled for hearing.

SPONSOR

AB 2067 (Harman) Local government reorganization: special district consolidation. I - 02/17/2004

Status:

03/16/2004 - ASM L. GOV. Set, first hearing. Hearing cancelled at the request of author. (Refers to 3/15/2004 hearing)

Calendar:

04/28/04 1:30 p.m. - Room 126 ASM LOCAL GOVERNMENT

Summary:

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, establishes procedures for the organization and reorganization of cities and special districts. With respect to the consolidation of special districts, existing law requires that all of the districts to have been formed pursuant to the same principal act. This bill would delete that requirement and would authorize the local agency formation commission to approve a proposal for reorganization that includes the consolidation of 2 or more special districts not formed pursuant to the same principal act if specified conditions are met. Among those conditions would be that the commission is able to designate a successor agency or agencies to deliver all of the services provided by the consolidating districts at the time of consolidation and that for any power for which no successor agency is designated the commission determines that there will be no adverse effect to public health or safety.

| Organization | Assigned | Position | Priority | Subject | Groups |
|--------------|----------|----------|----------|---------|--------|
| CALAFCO | | Sponsor | | CKH | |

CALAFCO sponsored bill to allow consolidation of districts formed under different principal acts. CALAFCO and ACWA are discussing alternative language to address certain concerns of ACWA.

ACTION REPORT WITH SUMMARY BY POSITION

Establishes the Environmental Justice Fund and Community Based Transportation Fund for grants to federal, state, local, and non-profit agencies for specified projects. States the Legislature's intent to allocate not less than \$6 million annually to those funds. The bill may struggle to get out of Appropriations, but signals the Legislatures growing interest in environmental justice.

AB 1195 (Cohn) Midpeninsula Regional Open Space District: annexation project: eminent domain. A - 02/12/2004

Status:

03/18/2004 - ASM ASSEMBLY Re-referred to Com. on L. GOV. pursuant to Assembly Rule 77.2.

Calendar:

03/24/04 1:30 p.m. - Room 126 ASM LOCAL GOVERNMENT

Summary:

Existing law establishes procedures for the formation of park and open-space districts, and prescribes the powers, functions and duties of those districts. Existing law authorizes a district to take by grant, appropriation, purchase, gift, devise, condemnation, or lease, and to hold, use, enjoy, and lease or dispose of real personal property of every kind, and rights in real and personal property within or without the district, to the full extent of its powers. This bill would, notwithstanding those provisions, prohibit the Midpeninsula Regional Open Space District from exercising the power of eminent domain to acquire any real property or interest in real property in the San Mateo County Coastal Annexation Area, as defined in a specified resolution adopted by the Board of Directors of the district. The bill would make legislative findings and declarations with respect to the need for special legislation in the district. This bill contains other related provisions.

| Organization | Assigned | Position | Priority | Subject | Groups |
|--|----------|----------|----------|----------|--------|
| CALAFCO | | Watch | | District | |
| <i>This bill places limitations on the District after annexation. It does not place limitations on the principal LAFCO, San Mateo.</i> | | | | | |

SB 1089 (Johnson) State Water Pollution Control Revolving Fund. A - 03/03/2004

Status:

03/11/2004 - SEN ENV. QUAL. Withdrawn from committee. Re-referred to Com. on ENV. QUAL.

Calendar:**Summary:**

Existing law continuously appropriates state and federal funds in the State Water Pollution Control Revolving Fund for the construction of publicly owned treatment works by a municipality, the implementation of a management program, the development and implementation of a conservation and management plan, and other related purposes in accordance with the federal Clean Water Act and the Porter-Cologne Water Quality Control Act. This bill would require the State Water Resources Control Board, for the purposes of administering that fund, to give preference, to the maximum extent possible, to capital improvement projects that are undertaken by a municipality that is subject to an administrative compliance order relating to its sanitary sewer collection system.

| Organization | Assigned | Position | Priority | Subject | Groups |
|--------------|----------|----------|----------|----------|--------|
| CALAFCO | | Watch | | Planning | |

States the Legislature's intent that the State Water Resources Control Board, in administering the State Water Pollution Control Revolving Fund, give preference to capital improvement projects undertaken by a municipality in response to an administrative compliance order for its sanitary sewer collection system. This change might have implications for some municipal service reviews.

SB 1272 (Ortiz) Special districts. I - 02/13/2004

Status:

03/01/2004 - SEN L. GOV. Set for hearing April 21.

Calendar:

04/21/04 9:30 a.m. - Room 112 SEN LOCAL GOVERNMENT

Summary:

Existing law requires the county auditor to either make or contract for an annual audit of the accounts and records of every special purpose district within the county for which an audit is not otherwise provided. This bill would require these audits to be performed in accordance with General Accounting Office standards for financial and compliance audits and would impose various other requirements on these audits, thus imposing a state-mandated local program. The bill would require the Controller to review the audits under specified procedures. This bill contains other related provisions and other existing laws.

| Organization | Assigned | Position | Priority | Subject | Groups |
|--------------|----------|----------|----------|-----------|--------|
| CALAFCO | | Watch | | Oversight | |

This bill would place county auditors in a stronger oversight position with respect to special district accounting.