

**LAFCO MEETING AGENDA**

**Wednesday, October 13, 2004  
1:15 p.m.**

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

**CHAIRPERSON: Susan Vicklund-Wilson**

**COMMISSIONERS: Donald F. Gage, Linda J. LeZotte, Blanca Alvarado, John Howe**

**ALTERNATES: Pete McHugh, Chuck Reed, Terry Trumbull, Roland Velasco**

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

If you wish to participate in the following proceedings, you are prohibited from making a campaign contribution of more than \$250 to any commissioner or alternate. This prohibition begins on the date you begin to actively support or oppose an application before LAFCO and continues until three months after a final decision is rendered by LAFCO. No commissioner or alternate may solicit or accept a campaign contribution of more than \$250 from you or your agent during this period if the commissioner or alternate knows, or has reason to know, that you will participate in the proceedings. If you or your agent have made a contribution of more than \$250 to any commissioner or alternate during the twelve (12) months preceding the decision, in the proceeding that commissioner or alternate must disqualify himself or herself from the decision. However, disqualification is not required if the commissioner or alternate returns the campaign contribution within thirty (30) days of learning both about the contribution and the fact that you are a participant in the proceedings.

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 JUNE 9, 2004 MEETING**

**4. STATUS REPORT ON SAN MARTIN INCORPORATION EFFORTS**

For Information Only.

**5. SAN JOSE'S COYOTE VALLEY SPECIFIC PLAN**

**Possible Action:** Authorize staff to send a comments letter to San Jose regarding issues that LAFCO will consider during the Coyote Valley urban service area amendment process.

**6. LAFCO DATABASE SERVICE AGREEMENT**

**Possible Action:** Authorize LAFCO Executive Officer to enter into a service agreement for the development and upgrade of the LAFCO database.

**7. LAFCO ANNUAL REPORT**

**Possible Action:** Accept the LAFCO Annual Report. (July 1, 2003 – June 30, 2004)

**8. EXECUTIVE OFFICER'S REPORT**

**8.1 Update on Countywide Water Service Review**  
For Information Only.

**8.2 Letter from Creston Improvement Association**  
For Information Only.

**8.3 Update on Mid-Peninsula Regional Open Space District's Annexation of Coastal Lands in San Mateo County**  
For Information Only.

**8.4 Report Back on 2004 CALAFCO Annual Conference**  
For Information Only.

**8.5 Update on LAFCO Workshop Regarding City Conducted Annexations**  
For Information Only.

**9. PENDING APPLICATIONS (Information Only)**

**9.1 Application for Formation of Redwood Estates Community Services District**

**9.2 Application for Detachment from San Jose of Property located at 15221 Skyview Drive (APN 595-06-002)**

**10. WRITTEN CORRESPONDENCE**

**11. ADJOURN**

Adjourn to the next regular business meeting on Wednesday, December 8, 2004.

**NOTE TO COMMISSIONERS:**

Upon receipt of this agenda, please contact LAFCO Clerk, Lena Vasquez at (408) 299-6415 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 OF LAFCO MEETING  
WEDNESDAY, JUNE 9, 2004

## 1. ROLL CALL

The Local Agency Formation Commission (LAFCO) of Santa Clara County convenes the 9<sup>th</sup> day of June 2004 at 1:20 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 Susan Vicklund Wilson, Commissioners Donald Gage, Linda J. LeZotte and John Howe.

The LAFCO staff in attendance includes 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 Wilson and the following proceedings are had, to wit:

## 2. WELCOME NEW COMMISSIONERS

Chairperson Wilson announces that Commissioner Howe, former alternate, has been appointed to the Commission as the cities representative and Roland Velasco has been appointed as the alternate cities representative.

## 3. RESOLUTION OF COMMENDATION FOR COMMISSIONER MARY LOU ZOGLIN

Chairperson Wilson expresses appreciation for Commissioner Zoglin's contribution during her tenure with LAFCO and announces that a commendation resolution has been prepared for her.

On Commission consensus, it is unanimously ordered that a commendation resolution be awarded to Commissioner Zoglin for her contribution to LAFCO.

## 4. PUBLIC PRESENTATION

There are no public presentations.

## 5. APPROVE MINUTES OF APRIL 7, 2004 MEETING

On page three, third paragraph, Chairperson Wilson amends the minutes to reflect that Commissioner Zoglin seconded the motion.

On motion of Commissioner Gage, seconded by Commissioner Alvarado, it is unanimously ordered that the minutes be approved, as amended.

**6. APPROVE CORRECTION TO MINUTES OF FEBRUARY 11, 2004 MEETING**

Ms. Palacherla amends the first page of the February 11, 2004 minutes to reflect that Commissioner Wilson was appointed as Chairperson and that Commissioner Zoglin was appointed as Vice-Chairperson. Further, she points out that due to Commissioner Zoglin's term expiration, Commissioner Howe is now the Vice-Chairperson.

On motion of Commissioner Gage, seconded by Commissioner Lezotte, it is unanimously ordered that the February 11, 2004 minutes be approved, as amended.

**7. APPROVE CONSENT CALENDAR**

On motion of Commissioner Gage, seconded by Commissioner Alvarado, it is unanimously ordered that the consent calendar be approved.

**7.1 WEST VALLEY SANITATION DISTRICT 2004-02 (FORRESTER ROAD)**

On motion of Commissioner Gage, seconded by Commissioner Alvarado, it is unanimously ordered that the petition by landowners to annex approximately 2.89 acres (APN 537-21-008) located at 237 Forrester Road in Los Gatos into the West Valley Sanitation District be approved (LAFCO Resolution No. 04-05) and the protest proceedings be waived.

**8. SARATOGA 2004 URBAN SERVICE AREA (USA) AMENDMENT (BIG BASIN WAY)**

Ms. Palacherla informs the Commissioners that the City of Saratoga is requesting an USA boundary amendment to include two parcels so that the City of Saratoga can obtain greater influence over the two properties. She points out that the two parcels are adjacent to Hakone Gardens, a historical Japanese garden. She explains that if the properties are within the USA, the City would have the option for initiating an annexation or the property owners could request to annex into the City.

Ms. Palacherla refers to a letter from property owners opposing the inclusion of their property in the USA stating that the City would not have any influence over annexation of their property. Ms. Palacherla points out that a proposal for a rebuild of the existing home could require annexation to City.

In response to an inquiry by Commissioner LeZotte regarding the involvement of the County versus Saratoga, Ms. Palacherla explains that if LAFCO does not include the property within the USA, and if the property is going to be developed, the County would have land use



jurisdiction and the City would have no influence over the development of the property. If the property is included in the USA, the County would refer any development proposal to the City.

In response to an inquiry by Commissioner Howe regarding letters from the property owners, Ms. Palacherla comments that, at this time, a letter has been received from only one property owner. In response to an inquiry by Chairperson Wilson regarding how the parcels are being served, Ms. Palacherla states that water service is being provided by San Jose Water Company and sewer service is being provided by West Valley Sanitation District.

John Livingstone, Planner, City of Saratoga, explains that currently the City does not receive any notification regarding projects on those properties. Further, he states that the concern is that Hakone Gardens, listed as a national historic landmark, is adjacent to the properties and the City would like to receive notification if a major development is being planned on the property.

On motion of Commissioner Alvarado, seconded by Commissioner Howe, it is unanimously ordered that the request to amend the USA to include two parcels (APNs 503-48-028 and 029) be approved.

**9. FINAL LAFCO BUDGET FOR FISCAL YEAR 2004-2005**

**Possible Action: Consider and adopt the Final LAFCO Budget for fiscal year 2004-2005.**

Ms. Palachera informs the Commissioners that staff is proposing some revisions to the draft budget that relates to data processing, computer hardware and software, and application fees. She points out that LAFCO received \$20,000 more in revenues than originally projected in the draft budget and that staff is proposing using these additional funds to reduce the net operating expenses for LAFCO. Ms. Palacherla recommends that LAFCO approve the final budget.

On motion of Commissioner Alvarado, seconded by Commissioner LeZotte, it is unanimously ordered that the final LAFCO budget for fiscal year 2004-2005 be adopted.

**10. EXECUTIVE OFFICER'S REPORT**

**10.1 Update on Countywide Water Service Review**

Dunia Noel, LAFCO Analyst, reports that Dudek and Associates have been retained to perform the countywide water service review. She informs the Commissioners that staff has contacted 20 water agencies in the County and forwarded information to the consultants. Staff will be meeting with the Technical Advisory Committee (TAC) and the consultant in the next

few weeks to review any outstanding issues and to come up with indicators to use for the analysis part of the project. She adds that after meeting with the consultants, staff will also meet with various water agencies including the cities to gather any additional information that is needed.

Ms. Noel notes that the first document coming from the service review will be a profile. She emphasizes that these documents will be used to do the analysis part of the review and that staff will continue to provide the Commission with status reports as the project progresses.

## **10.2 Update on Measure P and Holiday Lake Estates Issues**

Ms. Noel informs the Commission that over the past few years, LAFCO has received several requests from the City of Morgan Hill to provide sewer service to the Holiday Lake Estates area. These requests have been on behalf of property owners in the area. Holiday Lake Estates is unincorporated and located east of Morgan Hill and is outside of the City's Urban Service Area (USA) and currently receives water service from the City and some properties also receive sewer service from the City. She notes that LAFCO policies favor annexation over allowing a City to extend services outside of their boundary. However, up until recently, Morgan Hill's policies prevented the City from expanding its USA until there is less than a five year supply of vacant residential designated land to the east of Monterey Road and thus the City of Morgan Hill was unable to annex properties in the Holiday Lake Estates Area. LAFCO staff sent a letter to the City of Morgan Hill requesting that the City take steps to include in the revision, language that facilitates the annexation of the entire Holiday Lake Estates Area.

On March 2004, voters in Morgan Hill passed a Measure that revised Measure P and included language that allows the City to annex existing subdivisions, including Holiday Lake Estates. The Ordinance revising Measure P went in to effect on April 17, 2004. However, a homebuilder filed a lawsuit challenging a portion of the Measure that does not relate to Holiday Lake Estates. At this time, the City does not know if the homebuilder will challenge the entire Measure or just a portion of it.

Ms. Noel continues by stating that Holiday Lake Estates has a history of failing septic systems. Recently, the County Environmental Health Department surveyed the residential area to determine the condition of the septic systems in the area. She announces that a meeting was held in the community and staff from Supervisor Don Gage's Office, Santa Valley Water District, and City of Morgan Hill's Planning Office was in attendance. She notes that according to County Environmental Health Department, the anonymous survey has had a 52%-56% response rate and

well over 50% of those that responded to the survey indicated that they would be interested in annexing to the City of Morgan Hill in order to receive sewer service from the City. However, 90% of those that responded to the survey indicated that they did not have a problem with their septic system at this time.

In response to an inquiry by Chairperson Wilson, Ms. Palacherla responds that the revisions made to Measure P allow LAFCO to condition sewer service extension approvals in the Holiday Lake Estates Area with the requirement that the property annex to the City of Morgan Hill.

### **10.3 Update on Mid-Peninsula Regional Open Space District's Annexation of Coastal Lands in San Mateo County**

Ms. Palacherla announces that in mid February this issue was addressed by LAFCO and LAFCO recommended approval to San Mateo LAFCO. San Mateo LAFCO approved the annexation on April 7, 2004 at a public hearing. She states that the annexation included several conditions and that the next hearing is scheduled for June 11, 2004. Protesters circulated a form to withdraw the protest and that there is a temporary restraining order to stop LAFCO from holding the protest proceedings. She notes that a judge will decide this issue and that there is another lawsuit against San Mateo LAFCO. Further, she states that the day scheduled for the protest hearing is a holiday for the post office and as a result, the hearing is in the process of being postponed to the next day.

### **10.4 Report back on 2004 CALAFCO Clerks and Staff Workshop**

Ms. Palacherla announces that LAFCO staff attended the annual CALAFCO Workshop in April and that this year's workshop combined the clerks and staff workshops. She comments that there were overlapping sessions that focused on technical aspects including tools for archival of records and databases. Emmanuel Abello, former LAFCO clerk, provided a presentation on the Santa Clara County LAFCO's database that was well received. Ms. Kretchmer headed the roundtable session for attorneys and several topics were discussed that will be beneficial in addressing future LAFCO issues.

In addition, Ms. Palacherla comments that there were sessions that covered water and housing issues. Commissioner LeZotte requests Ms. Palacherla to provide a copy of the reports regarding Mid Peninsula and Measure P.

**10.5 2004 CALAFCO Annual Conference (September 8-10, 2004) in Anaheim, CA  
Possible Action: Authorize LAFCO Commissioners and staff to attend the  
workshop and authorize travel expenses funded by LAFCO budget.**

Ms. Palacherla advises that at this time, there is a link to the conference website and notes that the program is not yet finalized. However, she will provide the Commissioners with the necessary information on the Conference via email as it becomes available. She requests that the Commission authorize approval to attend the Conference and travel expenses.

On motion of Commissioner Alvarado, seconded by Commissioner Gage, it is unanimously ordered that authorization be approved to attend the Annual Conference and that the travel expenses be covered through the LAFCO budget.

**10.6 LAFCO Staffing Changes**

Ms. Palacherla announces that Emmanuel Abello will no longer be working for LAFCO due to a reassignment by the Clerk of the Board office. She states that Mr. Abello served as the LAFCO Clerk for three years and was instrumental in creating and maintaining the LAFCO database as well as contributed to many critical functions in the LAFCO office. She welcomes and introduces, Lena Vasquez, as the new LAFCO clerk who comes from the Office of the Clerk of the Board.

**11. UPDATE ON PENDING LEGISLATION**

Ms. Palacherla informs the Commission that the legislation of interest to the Commissioners is related to the Richman Assembly Bill 2306. The Bill prohibits LAFCO from imposing conditions for change of organizations or reorganizations not included in annexation proposals submitted by the city or district. LAFCO cannot impose conditions that would initiate or require another reorganization proposal. She refers to a letter from CALAFCO opposing this Bill. She advises that without flexibility options, LAFCO would be left with denying or approving a project. She states that staff recommends writing a letter to the State Assembly opposing the Bill.

In response to an inquiry by Commissioner Alvarado regarding the reason for the initiation of the Bill, Ms. Palacherla states that, the Bill originated in Ventura County to resolve an issue between Ventura LAFCO and the City of Simi Valley, where Ventura LAFCO has established a policy that requires a city to annex pockets as a condition of annexing other property.

On motion of Commissioner Alvarado, seconded by Commissioner Howe, it is unanimously ordered that staff write a letter to the State Assembly opposing Assembly Bill 2306.

**12. PENDING APPLICATIONS**

**12.1 PETITION FOR FORMATION OF REDWOOD ESTATES COMMUNITY SERVICES DISTRICT**

Ms. Palacherla informs the Commission that the petition for formation of Redwood Estates Community Services District has been found to be sufficient and the affected agencies have been notified. She notes that she still has not received an application for the proposal.

**13. WRITTEN CORRESPONDENCE**

There is no written correspondence.

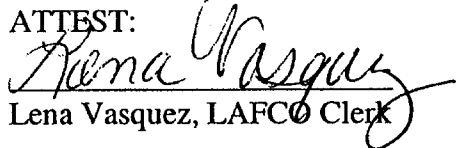
**14. ADJOURNMENT**

On motion of the Chairperson, there being no objection, the meeting is adjourned at 1:57 p.m. to the next regular meeting scheduled to be held on Wednesday, August 11, 2004 at 1:15 in the Chamber of the Board of Supervisors, County Government Center, 70 West Hedding Street, San Jose, California.

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Susan Vicklund-Wilson, Chairperson  
Local Agency Formation Commission

ATTEST:

  
Lena Vasquez, LAFCO Clerk



October 6, 2004

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

SUBJECT: San Martin Incorporation Status Report  
Agenda Item # 4

### **For Information Only**

The purpose of this report is to provide the Commission with an update on the incorporation efforts for the San Martin community including the current status of the incorporation efforts and the next steps in processing the petition for incorporation.

### **Current Status of San Martin Incorporation Efforts**

The San Martin Neighborhood Alliance (SMNA), a non-profit corporation with over 500 members in the San Martin community has been working on incorporation for San Martin. SMNA contracted with Economic and Planning Systems for the preparation of an *Initial Fiscal Analysis of the Proposed San Martin Incorporation*. The report prepared in July 2003, concluded that the incorporation was financially feasible based on a set of assumptions and fiscal conditions. Since then, SMNA has launched a community outreach effort to provide information regarding incorporation and seek community input. Based on the feedback they received, SMNA decided to move forward with the incorporation process.

In July 2004, SMNA members met with LAFCO staff for an initial discussion of the potential boundaries for the San Martin incorporation. At that meeting, LAFCO staff requested SMNA to conduct an analysis of alternatives to incorporation and present their findings in writing. To ensure that incorporation is the appropriate means to solve the community's concern, State Office of Planning and Research Incorporation Guidelines recommend and our local LAFCO policies require an alternative analysis.

SMNA prepared a letter (dated September 17, 2004) that included the analysis and an update on their community outreach activities. (See Attachment A) In response to the information in the SMNA letter and the Initial Fiscal Analysis, LAFCO staff requested by letter (dated October 4, 2004) that SMNA reconsider or clarify the following three issues before proceeding with the process:

- Need for new retail development versus goal of maintaining rural residential landuse
- Fiscal viability of incorporation given changes in state and local government financing structure
- Creation of an Area Planning Commission as an alternative to incorporation

The County in a letter (dated October 5, 2004) has indicated that it cannot support the establishment of an Area Planning Commission for San Martin.

SMNA will be responding to the remaining issues raised by LAFCO staff. As of writing this report, we have not received a response.

#### **Notice of Intent To Circulate a Petition submitted to LAFCO**

Meanwhile, SMNA submitted (on October 1, 2004) a *Notice of Intent to Circulate a Petition* and a draft petition for LAFCO staff review. Staff will review and provide comment as needed. The contents of the petition must be in accordance with requirements in Government Code Section 56700.

#### **Processing an Incorporation Petition**

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If SMNA decides to proceed with the incorporation, staff will notify affected agencies and set up an initial meeting between the affected agencies and the proponents to discuss the proposed city boundaries.

#### **Signature Requirements for a Registered Voter Petition**

After filing the *Notice of Intent to Circulate a Petition* with LAFCO, the proponents may collect signatures on the petition. A registered voter petition requires signatures of not less than 25% of the total number of registered voters living in the area to be incorporated. (§ 56764(a)).

The LAFCO Executive Officer is required to notify the petitioners of the total number of registered voters within the proposed city. The total number of registered voters is to be calculated as of the time of the last report of voter registration by the County Elections Official to the Secretary of State prior to the date the first signature was affixed to the petition. (§56375(f))



## **Petition Verification and Costs**

Signatures on the petition shall be verified by the Registrar of Voters and the cost of verification will be borne by the same agencies which bear the costs of verifying signatures for an initiative petition in the same county. (§56383(e))

## **Timeline for Petition Processing**

As seen in the flow chart (See Attachment B), the proponents have 180 days from the date of the first signature to collect all signatures. The petition must be submitted to LAFCO within 60 days of collecting the last signature. And within 30 days of receiving the petition, the Executive Officer must have the petition verified and issue a "Certificate of Sufficiency" or a "Certificate of Insufficiency". If the petition is insufficient, the Executive Officer must inform the proponents and that they have 15 days after the date of this notice to submit a supplemental petition to LAFCO. If the petition is found to be sufficient, then the proponents may proceed with the incorporation and submit an application to LAFCO.

## **Attachments**

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Attachment A: Letter from SMNA dated September 17, 2004

Attachment B: Flow Chart for Processing Incorporation Petitions





## **San Martin Neighborhood Alliance**

**"Together We Make A Difference"**

September 17, 2004

Neelima Palacherla, Executive Officer  
Local Agency Formation Commission  
70 West Hedding Avenue  
11th Floor, East Wing  
San Jose, California 95110

**RE: San Martin Incorporation Research and Activities**

Dear Ms. Palacherla:

Members of the San Martin Neighborhood Alliance (SMNA) have been researching and evaluating alternatives to determine the best way to provide a viable voice for San Martin community residents on local issues including land use planning and policies. These activities have included a number of community meetings and discussions with various public officials. At our recent meeting with LAFCO, you requested written documentation on these efforts with specific emphasis on our investigation of alternatives to incorporation. This letter responds to your request.

First, it is important to note that San Martin currently has the form of government that provides advisory-only input on local planning issues. Residents believe this system does not meet the needs of our community. As a result, the SMNA, with significant community input and involvement, has been looking to incorporation as a means of gaining local control of land use, growth, planning policies and other governmental activities. The five-member Santa Clara County Board of Supervisors (County BOS) makes all decisions for our unincorporated community. Residents of San Martin account for only 1 percent of the population of the County and only 5 percent of District 1 in which they reside. This makes it difficult for local opinions to influence policy decisions that affect our community.

### **ALTERNATIVES CONSIDERED**

Several alternatives to municipal incorporation were considered for their ability to provide the residents of San Martin a voice in local land use planning and other local issues. The alternatives considered included formal and informal forms of government and are discussed in the following paragraphs.

### **Formal Government**

Formal governments require approval by the Local Agency Formation Commission (LAFCO) and voter approval. Municipal annexation and various special district(s) are examples of formal government. Municipal incorporation is also a formal government and is addressed later under Recent Community Incorporation Activities.

### **Municipal Annexation**

Annexation to one of the cities adjacent to the San Martin community, either the City of Morgan Hill to the north or to the City of Gilroy to the south, was not considered feasible for several reasons. First, the vision of San Martin residents is to preserve a rural residential community. This vision is not consistent with either the general plans for Morgan Hill or Gilroy as both cities are oriented toward urban residential development and the provision of typical urban services. San Martin does not require, nor does it desire, urbanized residential development or traditional municipal services, e.g., water, sewer, sidewalks or streetlights. In addition, San Martin residents do not appear to be in support of annexation based on informal results from surveys taken during the 2003-2004 SMNA Community Outreach Program.

Second, in order for our community to be annexed into either of these cities, the city's urban reserve must be depleted so that annexation of additional residential land would be necessary to meet housing demands. Based on discussions with officials from each of the adjacent cities, this type of annexation could not even be considered for many years, if ever. In addition, the annexation of San Martin does not appear to be of any real benefit to either city.

Finally, annexation would require a Sphere of Influence change for either city, which would require LAFCO approval, as well as the support of registered voters residing within the annexation area.

### **Special District(s)**

Typically, a special district is a form of local government created by a community to meet a specific need. Our research activities included identifying alternative powers and activities of the various types of existing districts authorized by over 50 State statutes within California. These included independent and dependent districts as well as enterprise and nonenterprise districts. While there are numerous types of districts that provide special services within district boundaries, e.g., libraries, water, sewer, transit, etc., the district is limited in their powers and activities when compared to an incorporated municipality.

In addition, the district form of government cannot address the issue of control over local land use policies and planning.

### **Informal Government**

There are a variety of informal types of government that are mechanisms for representing local preferences in County policymaking and administration. These are typically groups that are advisory only and thereby do not set policy or regulations. Examples of groups "formally appointed" by resolution of the County BOS to serve as representatives of their locality and advisors to the Board include Area Planning Commissions, Community Planning Groups, Municipal Advisory Groups and ad hoc appointed commissions. Examples that "do not originate by Board resolution" but have recognition based on their status in the community are community clubs and homeowners' associations.

### **Area Planning Commission**

An Area Planning Commission (APC) is authorized by the County BOS and APC actions are limited to land use applications. The APC substitutes in the community for the County Planning Commission. Members are appointed by the County BOS and exercise delegated authority over land use matters only, and their actions are subject to appeal to the County BOS. The intent of establishing an APC is to provide local planning jurisdiction for land use issues, thereby decentralizing the County planning authority.

This alternative would alleviate some of the project specific land use issues with the existing structure in San Martin by allowing a local authority to approve or deny land use projects. However, the alternative may ultimately create more problems for the County at large. The precedent would be set for other communities within the unincorporated County areas to establish APCs and potentially promote an increasingly decentralization of the County planning process. By decentralizing the planning structure, the County Planning Department could be working with several APCs. Elections or appointments would have to be accommodated, increasing the workload of the County and potentially creating conflicts among the various jurisdictions.

This alternative would add an additional layer to our current governmental structure as all decisions of the APC could be appealed to the County BOS for final decision-making. In addition, an APC would not have any legislative authority to set policy and regulations or to interpret such in a manner consistent with the desires of the majority of the community.

Neelima Palacherla, Executive Officer  
Page No. 4  
September 17, 2004

### **Community Advisory Group**

A Community Advisory Group (CAG) is authorized by the County BOS who appoint each of the members. CAG actions are advisory only and are limited to land use applications. This alternative represents the "Status Quo" of San Martin as the County created the San Martin Planning Advisory Committee (SMPAC) in the mid 1980s to provide the County Planning Department with the community's advisory positions regarding land use applications. This alternative is similar to a Municipal Advisory Council or Planning Advisory Council presented in the *Choices for the Unincorporated Community – A Guide to Local Government – Alternatives in California* published by the University of California, Davis.

Prior to the County establishing the SMPAC, the community had attempted to incorporate, however, the Sphere of Influence (SOI) lines for the cities of Morgan Hill and Gilroy converged at Highland Avenue. The entire San Martin area was included in the SOI of one of the adjacent cities. The County addressed the problem in the 1980s by working with the cities to retract their SOI lines and then created a planning boundary for San Martin. The County worked with the residents to create the *San Martin Integrated Design Plan* that was subsequently adopted by the County.

Recently, based on a recommendation by our Supervisor, the County BOS appointed a San Martin resident to serve as a County Planning Commissioner. This appointment has had a very positive effect on communication between the SMPAC, the County Planning Department and the Planning Commission. In addition, our Supervisor endorsed the creation of the Industrial and Commercial Task Force as a subcommittee of the SMPAC. This subcommittee is tasked with refining the current County commercial and light industrial land use zoning definitions in a manner more appropriate for and in harmony with our rural residential community.

Initiation of these actions has been very positive, however, the residents of our community still have an advisory-only voice in land use planning policies and issues. Also, this alternative is designed to provide community advisory input to County Planning on land use projects that are advanced to the County BOS. In addition, SMPAC has no budget for research or recordkeeping and no legislative authority. These restrictions prevent residents from being able to have a meaningful voice in the creation or implementation of a vision for their community.

Over the years, community residents have spent significant time and money working within the current advisory system. Nevertheless, it has been very difficult to have any impact on what we believe to be inappropriate land use applications much less policy decisions that affect our community. San Martin also needs a long-term plan and clearly defined policies that enhance and protect the rural residential nature of our community and reflect the voice of the residents. Finally, this alternative does not provide residents with a viable voice in setting policies or regulations nor interpretation of those policies and regulations in a manner consistent with the desires of the majority of the community.

### **Community Clubs**

Community Clubs or groups do not originate by Board resolution and the County does not appoint their members. They have recognition based on their status in the community. The San Martin Neighborhood Alliance (SMNA) was created in March of 2000 by a group of residents whose primary goal was/is to ensure that residents have an influential voice in the governing of their community. SMNA has grown from five original members to over 500 members. SMNA is a non-profit corporation, holds monthly community meetings, publishes monthly newsletters, maintains an up-to-date website and has established a positive working relationship with representatives from the adjacent cities. The SMNA maintains active involvement in all community activities, events and issues.

### **PREVIOUS INCORPORATION ATTEMPTS**

The desire to have local authority over the future destiny of San Martin is not a new position for residents or business owners/operators in this community. Incorporation has been considered a couple of times over the past four decades. Although the efforts were not successful, the desire to be self-governing has remained.

The first attempt occurred in the mid 1960s. At that time the population and the attendant tax base were not sufficient to fund incorporation of San Martin without a significant increase in taxes. The community was unable to find a solution to that barrier and the attempt to incorporate failed.

The second attempt to incorporate was during the 1980s. By that time, LAFCO had been established in California. One of the LAFCO requirements for formation of a new city was/is that incorporation could not affect the Sphere of Influence (SOI) lines of existing cities. The SOI lines for the cities of Morgan Hill and Gilroy converged at Highland Avenue. The entire area of San Martin was covered by the SOI of one of the adjacent cities. In addition, the tax base still was not sufficient to provide the same level of services if the town incorporated. Based on LAFCO regulations, consideration of raising taxes to provide

the needed funds was not an option. While the incorporation attempt failed, the desire to be self-governing has remained.

## **RECENT COMMUNITY INCORPORATION ACTIVITIES**

The desire by the residents of San Martin to be self-governing has carried forward from the attempts to incorporate in earlier years. Since its inception in 2000, the SMNA has been researching and evaluating alternatives to incorporation. The SMNA works closely with the residents of the community and works with County and local officials to ascertain the best way to provide a viable voice for San Martin community residents.

Through research and analyses of the alternatives presented above, it was recognized that the existing governmental structure and available alternatives cannot effectively address local needs and concerns, and thereby incorporation of the Town of San Martin became our focus. The following sections discuss the most recent community incorporation activities.

### **Initial Fiscal Analysis of the Proposed Incorporation of San Martin**

The funding of a self-supporting form of government was the initial concern and the need for a financial feasibility analysis was recognized. The SMNA contacted a well-qualified company, recognized for their expertise in preparing financial feasibility studies, and negotiated a contract, scope of services and budget for preparing an initial fiscal analysis of the proposed incorporation of San Martin. A community meeting was held to discuss this option with the residents. By the end of the meeting, sufficient funds were available to retain the consultants and within six weeks a total of \$25,000 had been contributed to the SMNA for completion of the analysis.

SMNA contracted with Economic and Planning Systems (EPS) to evaluate the financial feasibility of incorporation of the Town of San Martin. The EPS analysis provides sources of revenues and expected expenditures. The *Initial Fiscal Analysis of the Proposed Incorporation of San Martin* concluded that there are adequate revenues to fund the current level of services for the incorporation. The new Town would initiate operations on a budget of about \$2.5 million annually with revenues from existing sources estimated to be about \$2.5 million annually. EPS presented these findings to the community on July 17, 2003. Our County Supervisor and the mayors of the adjacent cities attended this community meeting, and each publically voiced support for the incorporation of the Town of San Martin.

Previously you received a copy of the *Initial Fiscal Analysis for the Proposed Incorporation of San Martin* for your review. If additional copies are needed, please let us know.



Neelima Palacherla, Executive Officer

Page No. 7

September 17, 2004

### **San Martin Community Outreach Program**

Based on the positive results of the initial fiscal analysis, the Community Outreach Program was developed to intensify the community outreach efforts. Incorporation is obviously a community-wide decision and residents need to have up-to-date information and numerous opportunities to gather information, ask questions and/or express concerns.

Since July 2003, on-going efforts have been made to provide residents with up-to-date information and gather comments and concerns to get the pulse of the community regarding incorporation. Some of the venues used to disseminate information include the SMNA website, e-mails to members, press interviews and newspaper editorials, media calendars, fliers posted locally, sandwich board signs for meeting announcements and publication of the monthly SMNA newsletters. Community input has been obtained through SMNA monthly meeting discussions, Town Hall meetings, telephone calls, letters and emails. In addition, the Neighborhood Captain Program was initiated.

The Neighborhood Captain Program consists of 38 community residents who volunteered to be the contact person for residents in their neighborhoods. Each Captain was provided with a binder containing incorporation information, e.g., Frequently Asked Questions, a copy of the initial financial feasibility analysis, the existing San Martin planning boundary map and a draft incorporation boundary map. The Captains held incorporation information sharing/gathering meetings for their neighbors. A facilitator from the SMNA Incorporation Committee provided a brief overview of the incorporation process and activities to date at each meeting. The majority of the time was dedicated to listening to the questions and concerns of the attendees, recording their input and answering questions where possible.

The attendees consistently entered with some common threads of concern. Many were concerned that incorporation meant becoming an "urbanized city". They did not realize that incorporation meant residents could determine the destiny of their Town to be rural residential – not urban. Many did not know where the money came from to operate a newly incorporated town and assumed revenues would come from increased taxes. They expressed a strong desire to have more control over decision-making regarding land use and policy issues that affect the community. Residents expressed definite desires to keep this a rural residential community with controlled growth, local-serving businesses based on a long-term plan or vision. They do not want higher taxes nor urbanized services or high-density housing. Based on informal surveys, attendees indicated they were very supportive of SMNA's incorporation efforts.

At the conclusion of all community information sharing/gathering meetings, we informally surveyed attendees who provided very positive remarks regarding the presentation substance,

Neelima Palacherla, Executive Officer  
Page No. 8  
September 17, 2004

the feeling of truly being heard, the determination to remain a rural residential community and the desire to take charge of the destiny of our community.

There is a lot more work that needs to take place regarding community outreach and SMNA is ready and willing to take on this task.

## **SUMMARY**

Residents of San Martin recognize that the existing governmental structure cannot effectively address local needs and concerns. Incorporation of the Town of San Martin would create a local politically-accountable governing body in the form of a Town Council to make decisions for this diverse yet limited geographic area. The Town Council would be more visible, accessible and responsive to the wishes of local residents. Community residents would work with their locally elected Town Council to set policy and regulations and would be better able to voice their opinions on local issues.

In summary, San Martin is a unique part of unincorporated Santa Clara County and already has some of the most positive attributes of a Town. The community has a name, a distinct geographic area, a variety of land uses and a positive working relationship with representatives from adjacent cities. Residents and business owners have true community spirit and are proud to be a part of San Martin. They should have a right to choose to be legally recognized and represented in an incorporated Town.

Our conclusion is that incorporation is the only alternative that will accomplish the desires of the community. Who can better champion the future destiny of San Martin than the people who live and/or work here?

Neelima Palacherla, Executive Officer

Page No. 9

September 17, 2004

We are ready to file a Notice of Intent to Petition and would appreciate your comments and/or direction as soon as practicable. Please call me if you have any questions or require additional information.

Yours sincerely,

SAN MARTIN NEIGHBORHOOD ALLIANCE



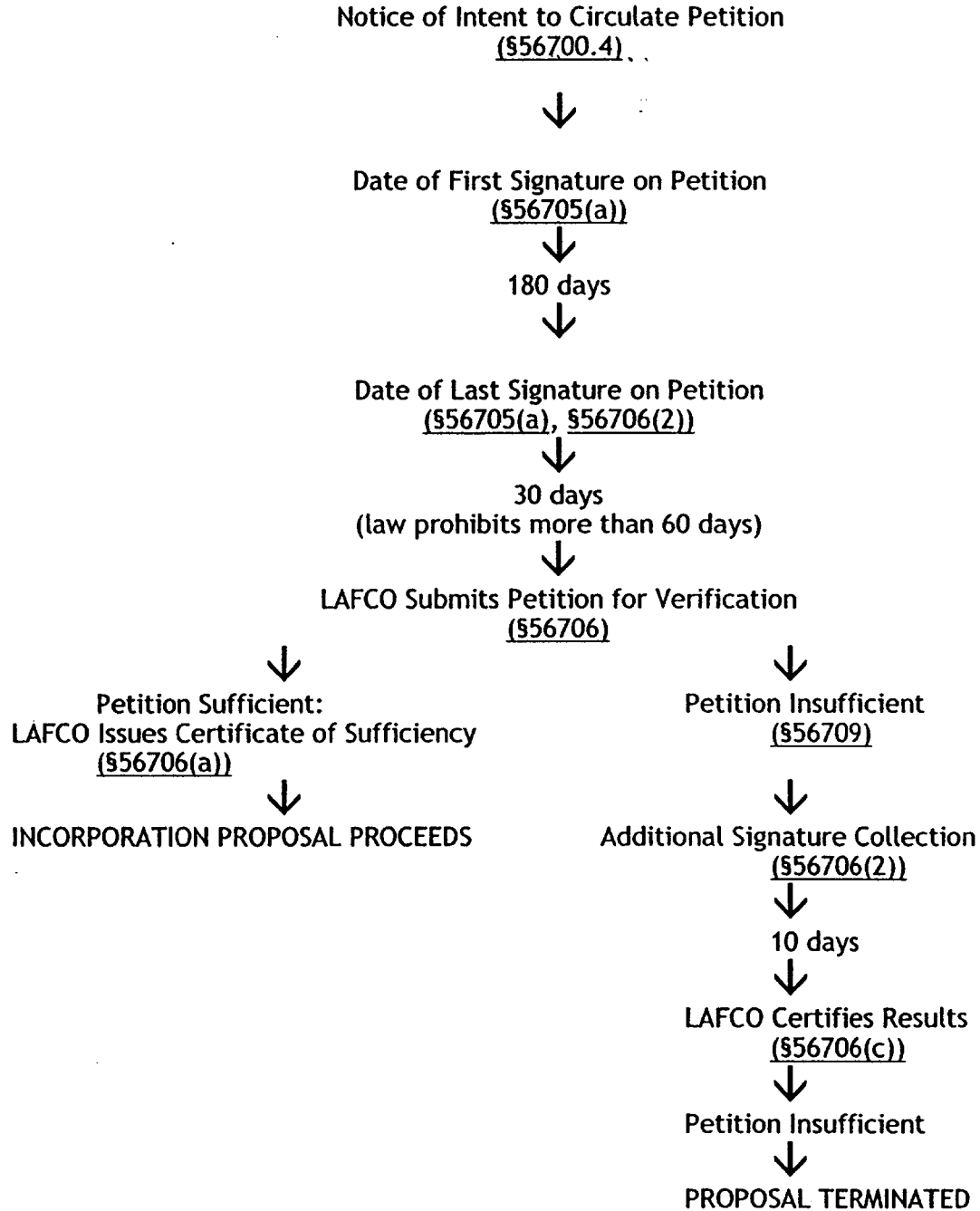
Sylvia Hamilton, President  
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SH/lrs

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[www.smneighbor.org](http://www.smneighbor.org)



**EXHIBIT 2  
TYPICAL TIMELINE FOR  
PROCESSING INCORPORATION PETITIONS**





October 4, 2004

**TO:** Santa Clara County Local Agency Formation Commission (LAFCO)  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** City of San Jose's Coyote Valley Specific Plan:  
Update and Preliminary Comments

Agenda Item # 5

**RECOMMENDATION**

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1. Authorize staff to send a comments letter to San Jose's City Council regarding the issues that LAFCO will be considering during the urban service area amendment and annexation process for Coyote Valley as discussed in this report.

**BACKGROUND**

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**San Jose Begins the Process to Develop the Coyote Valley Specific Plan (CVSP)**

In August 2002, San Jose's Mayor and City Council initiated the preparation of a specific plan for the Coyote Valley. The Coyote Valley Specific Plan (CVSP) area consists of 7,000 acres of mostly undeveloped land in southern reaches of the City of San Jose. The CVSP area is generally bounded by Tulare Hill to the north, Highway 101/foothills to the east, the City of Morgan Hill to the South, and the hills to the west. It is divided into three sub-areas (Attachment A), each with a different existing land use designation per the San Jose 2020 General Plan:

- Sub-Area 1-** North Coyote Valley Campus Industrial area (1,400 acres already within San Jose's city limits),
- Sub-Area 2-** Mid-Coyote Urban Reserve (2,000 acres of unincorporated land currently located outside of San Jose's Urban Service Area), and
- Sub-Area 3-** South Coyote Valley Greenbelt to the south (3,600 acres of unincorporated land that will remain outside of San Jose's Urban Service Area).

## **San Jose City Council Adopts Vision Statement and Expected Outcomes for the Coyote Valley Specific Plan**

At the time of initiating the CVSP, the City Council adopted a visions statement with 15 expected outcomes for the Coyote Valley consistent with the San Jose 2020 General Plan (Attachment B).

Major features of the vision include:

- Urban development in North and mid-Coyote of at least 50,000 jobs and 25,000 housing units, of which 20% would be affordable.
- The urban community to be highly livable, pedestrian and transit friendly with a variety of housing types, schools, parklands, trails, bicycle paths, transit, commercial centers, job center, and other community services.
- The Coyote Valley Specific Plan should include Central and North Coyote for land planning, and South Coyote Valley Greenbelt in the infrastructure financing mechanism only.

City Planning staff and a consultant team headed by the Dahlin Group and KenKay Associates are leading the Specific Plan effort. Other members of the consultant team include Economic and Planning Systems, HMM Engineers, David J. Powers & Associates, Wetlands Research Associates, Schaaf & Wheeler, ENGEO, Hexagon, Basin Research, Lowney Associates, SAGE, and Apex Strategies.

### **Coyote Valley Specific Plan Task Force and Stakeholder Committees Formed**

The San Jose City Council also appointed a 20-member Task Force, co-chaired by Mayor Ron Gonzales and Councilmember Forrest Williams, to guide the preparation of the Coyote Valley Specific Plan. The Task Force also includes Vice Mayor Pat Dando, Supervisor Don Gage, property owners, environmental advocates and other stakeholders. The Task Force generally meets once a month, with occasional additional meetings.

City of San Jose staff have also formed a Technical Advisory Committee (TAC) consisting of San Jose Planning staff, CVSP consultants, staff from various public agencies and environmental advocates including, County of Santa Clara Planning, County of Santa Clara Roads and Airports, County of Santa Clara Parks and Recreation, Santa Clara Valley Water District, City of San Jose Parks Department, Santa Clara Valley Transportation Authority, Greenbelt Alliance, Committee for Green Foothills, Morgan Hill Unified School District, and LAFCO of Santa Clara County. The TAC meets periodically to comment on the various technical aspects of the CVSP. The City of San Jose has also formed smaller more specific technical advisory committees around topics, such as hydrology/water supply planning and circulation/transportation planning.



### **San Jose has Held Four Community Workshops to Seek Public Input**

San Jose staff and CVSP consultants have held four community workshops since May 2004 in order to seek public input on the Specific Plan. The most recent Community Meeting was held September 28, 2004 in south San Jose.

### **San Jose Plans to Apply to LAFCO Early 2006 for an USA Amendment and Annexation of the Mid-Coyote Urban Reserve**

The North Coyote Industrial Area is currently in the city limits of San Jose. However, the mid-Coyote Area is currently unincorporated and outside of the City of San Jose's Urban Service Area. In order for the City to implement the Coyote Valley Specific Plan, the mid-Coyote Urban Reserve Area must first be included in San Jose Urban Service Area and then annexed into San Jose. According to City staff, the City Council is expected to adopt the CVSP in December 2005 (Attachment C). The City then expects to apply to LAFCO to expand San Jose's Urban Service Area boundary and annex the mid-Coyote Urban Reserve in early 2006.

### **CITY WILL BEGIN SCOPING AND PREPARATION OF DEIR IN OCTOBER**

As mentioned above, LAFCO staff has been attending the Coyote Valley Specific Plan community workshops and participating on the CVSP Technical Advisory Committee in order to stay informed about the Plan and to provide input where appropriate.

The City of San Jose will be preparing an Environmental Impact Report (EIR) for the CVSP and expects to start the scoping and preparation of the Draft Environmental Impact Report (DEIR) for the CVSP this fall (October 2004), and to circulate the document for public review and comment in Spring 2005. The City also plans to use this EIR when they apply to LAFCO for an USA amendment and annexation.

The DEIR will include a description of the specific plan project, description of the existing physical environmental conditions in the vicinity of the project, consideration and discussion of the project's environmental impacts, proposed mitigation measures, alternatives to the proposed project, and a discussion of cumulative impacts. The City of San Jose has encouraged agencies and stakeholders to provide input throughout the Specific Plan process by participating in community workshops and submitting comments to the CVSP Task Force.

The upcoming scoping and preparation period is an opportunity for LAFCO to inform the City of San Jose about the issues that LAFCO will be considering as part of the Urban Service Area amendment and annexation process. It is

important that these issues are brought to the attention of San Jose City Council, CVSP Task Force, CVSP staff and consultants at this time in order to allow them the opportunity to consider them during the fiscal and environmental analysis process and address them in the CVSP.

## **ISSUES OF PARTICULAR CONCERN TO LAFCO BASED STAFF'S PRELIMINARY REVIEW**

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### **Project's Consistency With LAFCO's Objectives**

As part of the USA and annexation review process, LAFCO staff will be evaluating whether the project is consistent with LAFCO's four primary objectives. These objectives are as follows:

- Encourage the orderly formation of local governmental agencies,
- Preserve agricultural land and open space resources,
- Discourage urban sprawl, and
- Encourage the efficient provision of services.

LAFCO of Santa Clara County has adopted local policies based on the above objectives. Furthermore, LAFCO has adopted specific policies for Urban Service Area (USA) amendments and annexations (Attachment D). The following are LAFCO's comments in light LAFCO's Urban Service Area amendment policies:

### **Loss of Agricultural Lands and City's Plans for Mitigating That Loss**

Development of the Coyote Valley will result in the conversion of thousands of acres of prime agricultural land. LAFCO policies discourage USA expansions that include agricultural and open space land. LAFCO strongly encourages the city to develop effective mitigation measures to address the loss of the agricultural and open space lands. As part of the USA amendment process, LAFCO will require an explanation of why the inclusion of agricultural and open space lands is necessary and how the loss of such lands will be mitigated.

LAFCO's policies state that mitigation measures could include, but are not limited to: the acquisition and dedication of farmland, development rights, open space and conservation easements to permanently protect adjacent and other agricultural lands within the county, participation in other development programs such as transfer or purchase of development rights, payments to recognized government and non-profit organizations for such purposes, and establishment of buffers to shield agricultural operations from the effects of development.

### **Evidence That An Adequate Water Supply is Available to USA Amendment Area**

City staff has indicated that discussions are occurring between the City and potential water suppliers to determine water supply options for the CVSP. LAFCO will require evidence that an adequate water supply is available to the amendment area and that water proposed to be provided to the new area does not include supplies needed for unserved properties already within the city, the city's Urban Service Area or other properties already committed for city water services.

### **Addressing Local and Regional Impacts of Proposed USA Amendment**

LAFCO will consider factors included in Government Code section 56668 as well as factors such as the following to determine the local and regional impacts of a proposed USA amendment:

- The ratio of lands planned for residential use to lands planned for employment-producing use;
- The existence of adequate regional and local transportation capabilities to support the planned city growth;
- Ability of the city to provide urban services to the growth areas (both lands within the city, as well as, lands within San Jose's USA boundary) without detracting from current service levels; and
- The project's fiscal impact on schools and the ability of school districts to provide school facilities.

### **Addressing Affordable Housing Needs as Part of the CVSP**

LAFCO will discourage proposals that undermine regional housing needs plans, reduce affordable housing stock, or propose additional urbanization without attention to affordable housing needs. Specifically, LAFCO will consider whether the proposal creates conditions that promote local and regional policies and programs intended to remove or minimize impediments to fair housing including city/county general plan housing elements, Analysis of Impediments to Fair Housing or Consolidated Plans for Housing and Community Development and ABAG's regional housing needs assessment and related policies.

### **City's Inventory of Vacant Lands Within its Urban Service Area**

LAFCO will require current information on the amount of vacant lands located in San Jose's Urban Service Area for the various zoning designations. If a city has a substantial supply of vacant land within its Urban Service Area and applies for

an USA expansion, LAFCO will require an explanation of why the expansion is necessary, why infill development is not undertaken first, and how an orderly, efficient growth pattern, consistent with LAFCO mandates, will be maintained.

## **NEXT STEPS**

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### **Authorize LAFCO Staff to Provide Timely Comments to the City of San Jose**

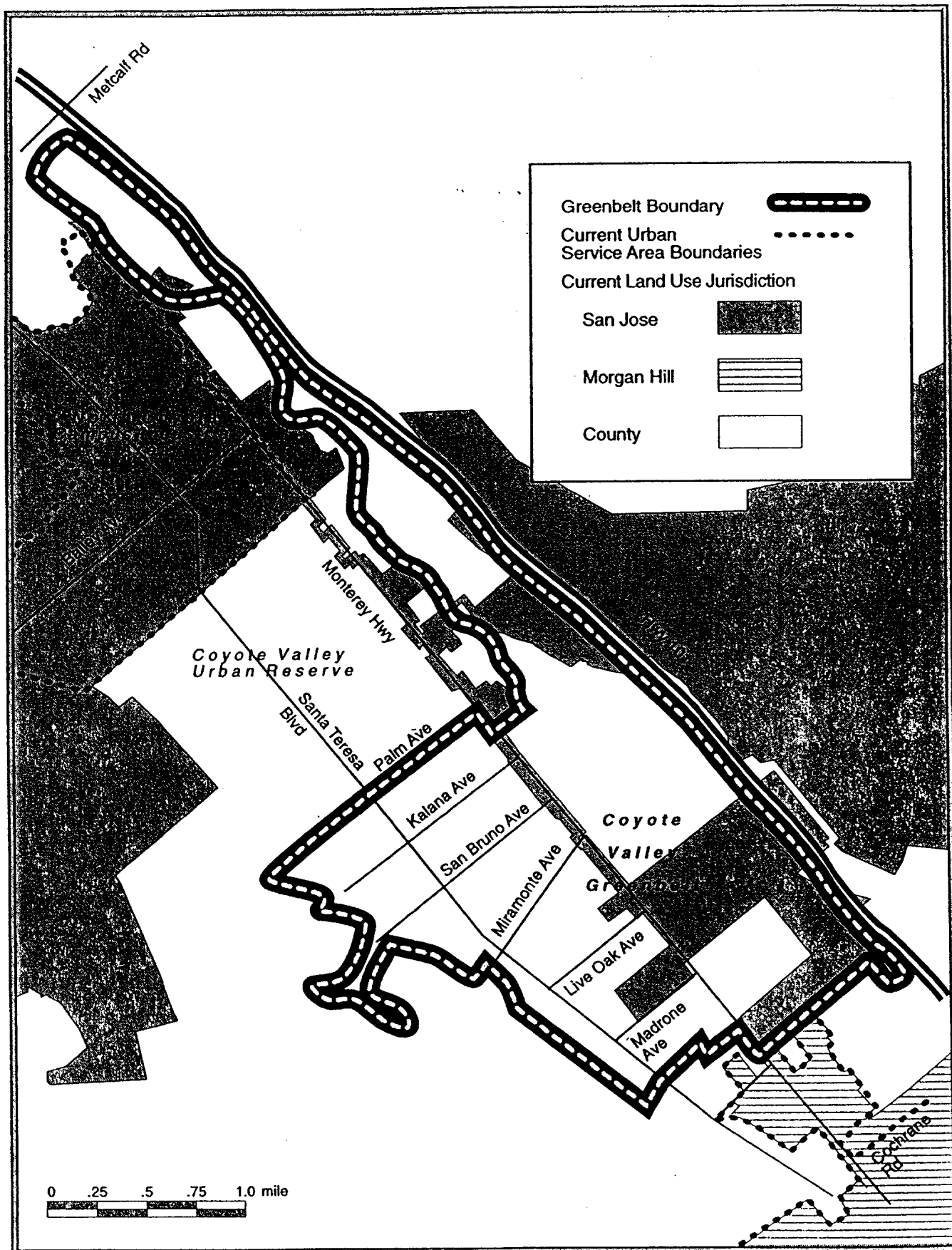
As mentioned earlier, the City of San Jose expects to start the scoping and preparation of the Draft Environmental Impact Report (DEIR) for the CVSP this fall (October 2004). Upon completion of the CVSP (December 2005), the City plans to apply to LAFCO for an USA amendment and annexation of the mid-Coyote Urban Reserve area (early 2006). LAFCO staff believe that the scoping and preparation period provides an opportunity for LAFCO to inform the City of San Jose about the issues that LAFCO will be considering as part of the Urban Service Area amendment and annexation process, so that the City can consider them during the fiscal and environmental analysis process and address them in the CVSP.

## **ATTACHMENTS**

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- A. Map of Coyote Valley Specific Plan Sub-Areas
- B. Coyote Valley Specific Plan - San Jose City Council's Vision and Expected Outcomes
- C. Coyote Valley Specific Plan Process Diagram
- D. LAFCO of Santa Clara County Urban Service Area Amendment Policies

ITEM No. 5  
ATTACHMENT A





**ATTACHMENT 1**

**Coyote Valley Specific Plan  
COUNCIL'S VISION AND EXPECTED OUTCOMES**

1. The plan will include Central and North Coyote for land planning and will include South Coyote in the infrastructure financing mechanism only. South Coyote (Greenbelt) is included only to determine financing and other mechanisms to secure this as a permanent Greenbelt.
2. The line (Greenline) between Central and South shall not be moved.
3. The line between North and Central could be erased to allow for mixed-use throughout as long as 25,000 housing units in Central and 50,000 jobs in North remain as a base. Then, jobs can be added in Central Coyote and housing in North Coyote to achieve mixed-use or develop a property owner agreement to "trade" jobs and housing counts to achieve mixed-use goal.
4. The overall development character of North and Central Coyote Valley should be very urban, pedestrian and transit-oriented community with a mixture of housing densities, supportive businesses and services and campus industrial uses.
5. The Specific Plan should plan for the extension of light rail and heavy rail into Central Coyote and use these facilities to orient development.
6. We shall maximize efficient land usage; i.e., the 25,000 units and 50,000 jobs are both minimums. In North and Central Coyote combined, the total development potential is at least 50,000 jobs and at least 25,000 housing units. Through the Specific Plan process we shall determine the distribution of that potential across north and south, including mixed-use concepts.
7. It will be important to distinguish that the 50,000 jobs referenced are primarily industrial/office jobs, not the additional retail support or public/quasi-public jobs (e.g., City workers) that must also be accommodated in the Plan area for a vibrant, mixed-used, urban community.
8. Identify locations for public facilities (libraries, parks, schools, etc.) in the land use plan as well as include these facilities in the financing plan.
9. North and Mid-Coyote should contain a rich system of parks, trails, and recreation areas.

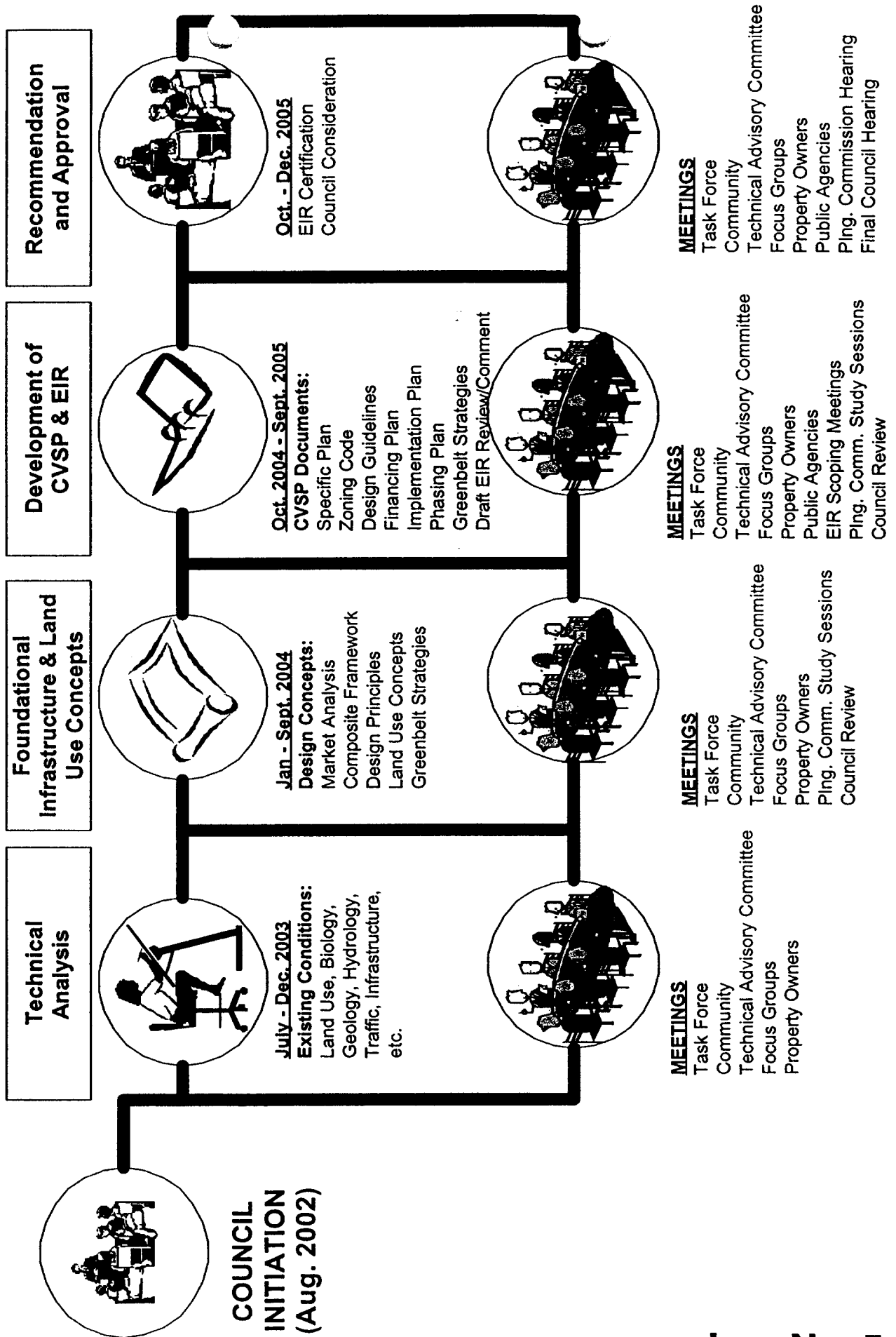
10. The identification of financing measures for the needed capital improvements to support the planned levels of development.
11. The plan must be financially feasible for private development.
12. The plan must develop trigger mechanisms to ensure that increments of housing may not move forward until the appropriate number of jobs are constructed in a parallel timeline to maintain a jobs/housing balance in Coyote Valley.
13. The Task Force should review the potential to utilize "sub-regions" of the valley that will incorporate jobs and housing that can move forward when the subregion has ability to finance the appropriate infrastructure. Residential projects will be issued building permits in parallel with the development of jobs when either the projects are purely mixed-use in their construction or the jobs and housing are constructed simultaneously.
14. The plan should seek mechanisms to facilitate the permanent acquisition of fee title or conservation easements in South Coyote.
15. The plan should allow for the current General Plan budget triggers to be changed to triggers based upon the Valley or its sub-regions jobs and housing revenues covering the General Fund cost of services.

*The plan shall include a requirement that will mandate 20 percent of all units be "deed-restricted, below-market-rate units."*



# COYOTE VALLEY SPECIFIC PLAN (CVSP)

## PROCESS DIAGRAM





## URBAN SERVICE AREA POLICIES

### A. General Guidelines

1. Review and amendment of Urban Service Area (USA) boundaries is the Commission's primary vehicle for encouraging orderly city growth.
2. LAFCO will review/amend a city's Urban Service Area once a year, if such review is desired by the city and initiated by city resolution and application. Until a city's application has been heard and acted upon by the Commission, no further Urban Service Area amendments will be accepted for filing from that city. LAFCO may make an exception to the once a year limitation upon Urban Service Area amendment requests where amendment is needed to carry out some special institutional development or activity that is in the public interest. Such exceptions shall not normally be extended in connection with proposed residential, commercial, or industrial development.
3. Within the Urban Service Areas, LAFCO does not review city annexations and reorganizations if the proposals are initiated by city resolution and meet certain conditions. State law gives cities in Santa Clara County the authority to approve such reorganizations.

### B. Urban Service Area Amendment Policies

1. LAFCO will require application of an appropriate general plan designation to territory proposed for inclusion in an Urban Service Area.
2. LAFCO encourages contractual agreements and/or plans between the cities and the County which define:
  - a. Growth at the urban fringe; and
  - b. Potential new growth areas.
3. LAFCO will consider factors included in Government Code section 56668 as well as factors such as the following to determine the local and regional impacts of a proposed Urban Service Area amendment:
  - a. The ratio of lands planned for residential use to lands planned for employment-producing use
  - b. The existence of adequate regional and local transportation capabilities to support the planned city growth;

- c. Ability of the city to provide urban services to the growth areas without detracting from current service levels;
  - d. The ability of school districts to provide school facilities;
  - e. Whether the conversion of agricultural and other open space lands is premature, or if there are other areas into which to channel growth;
  - f. The role of special districts in providing services;
  - g. Environmental considerations which may apply;
  - h. The impacts of proposed city expansion upon the County as a provider of services;
  - i. Fiscal impacts on other agencies;
  - j. Regional housing needs;
  - k. Availability of adequate water supply; and
  - l. Consistency with city or county general and specific plans.
4. LAFCO will consider the applicable service reviews and discourage urban service area amendments that undermine adopted service review determinations or recommendations.
  5. When a city with a substantial supply of vacant land within its Urban Service Area applies for an Urban Service Area expansion, LAFCO will require an explanation of why the expansion is necessary, why infill development is not undertaken first, and how an orderly, efficient growth pattern, consistent with LAFCO mandates, will be maintained.
  6. The Commission will discourage Urban Service Area expansions which include agricultural or other open space land unless the city has accomplished one of the following:
    - a. Demonstrated to LAFCO that effective measures have been adopted for protecting the open space or agricultural status of the land. Such measures may include, but not limited to, the establishment of agricultural preserves pursuant to the California Land Conservation Act, the adoption of city/County use agreements or applicable specific plans, the implementation of clustering or transfer-of-development-rights policies; evidence of public acquisition; or
    - b. Demonstrated to LAFCO that conversion of such lands to other than open space uses is necessary to promote the planned, orderly, efficient development of the city.

7. The Commission will consider whether an Urban Service Area amendment leading to the conversion of agricultural or other open space land, will adversely affect the agricultural or open space resources of the County. Factors to be studied include, but are not limited to:
  - a. The agricultural significance of the amendment area relative to other agricultural lands in the region (soil, climate, water-related problems, parcel size, current land use, crop value, Williamson Act contracts, etc.)
  - b. The economic viability of use of the land for agriculture;
  - c. Whether public facilities, such as roads, would be extended through or adjacent to other agricultural lands in order to provide services to anticipated development in the amendment area or whether the public facilities would be sized or situated to impact other agricultural lands in the area
  - d. Whether the amendment area is adjacent to or surrounded by existing urban or residential development.
8. If an Urban Service Area proposal includes the conversion of open space lands or agricultural lands, LAFCO strongly encourages the city to develop effective mitigation measures to address the loss of the agricultural and open space lands. LAFCO will require an explanation of why the inclusion of agricultural and open space lands is necessary and how the loss of such lands will be mitigated.

Mitigation measures include, but are not limited to: the acquisition and dedication of farmland, development rights, open space and conservation easements to permanently protect adjacent and other agricultural lands within the county, participation in other development programs such as transfer or purchase of development rights, payments to recognized government and non-profit organizations for such purposes, and establishment of buffers to shield agricultural operations from the effects of development.
9. Where appropriate, LAFCO will consider adopted policies advocating maintenance of greenbelts or other open space around cities in reviewing Urban Service Area amendments.
10. LAFCO will require evidence that an adequate water supply is available to the amendment areas and that water proposed to be provided to new areas does not include supplies needed for unserved properties already within the city, the city's Urban Service Area or other properties already charged for city water services. In

determining water availability, LAFCO will evaluate, review and consider:

- a. The city's plan for water service to the area and statement of existing water supply in terms of number of service units available; service units currently allocated; number of service units within city (and current USA) boundaries that are anticipating future service and service units needed for amendment area.
  - b. Whether the city is able to provide adequate water supply to the amendment area in the next 5 years, including drought years, while reserving capacity for areas within the city and Urban Service Area that have not yet developed.
  - c. Whether the city is capable of providing adequate services when needed to areas already in the city, in the city's Urban Service Area or to other properties entitled to service.
  - d. If capacity is not reserved for unserved property within the city and its Urban Service Area boundary, the current estimate of potential unserved properties and related water supply needs
  - e. Whether additional infrastructure and or new water supplies are necessary to accommodate future development or increases in service demand. If so, whether plans, permits and financing plans are in place to ensure that infrastructure and supply are available when necessary including compliance with required administrative and legislated processes, such as CEQA review, CEQA mitigation monitoring plans, or State Water Resources Board allocation permits. If permits are not current or in process, or allocations approved, whether approval is expected.
  - f. Whether facilities or services comply with environmental and safety standards so as to permit acquisition, treatment, and distribution of necessary water.
11. LAFCO will discourage proposals that undermine regional housing needs plans, reduce affordable housing stock, or propose additional urbanization without attention to affordable housing needs. LAFCO will consider:
- a. Whether the proposal creates conditions that promote local and regional policies and programs intended to remove or minimize impediments to fair housing including city/ county general plan housing elements, Analysis of Impediments to Fair Housing or Consolidated Plans for Housing and Community Development and ABAG's regional housing needs assessment and related policies.

- b. Whether the proposal introduces urban uses into rural areas thus increasing the value of currently affordable rural area housing and reducing regional affordable housing supply.
- c. Whether the proposal directs growth away from agricultural / open space lands towards infill areas and encourages development of vacant land adjacent to existing urban areas thus decreasing infrastructure costs and potentially housing construction costs.
- d. Whether funding of infrastructure to support development in the amendment area imposes an unfair burden on residents or customers within the existing boundaries thus impacting housing construction costs in the area.

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October 5, 2004

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer

**SUBJECT: LAFCO Database Service Agreement**  
Agenda Item # 6

**Staff Recommendation**

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Approve delegation of authority to LAFCO Executive Officer to enter into a service agreement with Dennis DeMattei for the purpose of converting / rewriting the existing LAFCO Database in FileMaker7 and enhancing its reliability / functionality in an amount not to exceed \$5,000 for a period starting from October 15, 2004 through October 30, 2005, following approval by LAFCO Counsel as to form and legality.

**Background**

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The LAFCO database was developed to keep track of application processing. Over time, the former LAFCO Clerk added features and increased its functionality to a point where it could be used as a tool for record keeping as well as for generating reports, mailers and checklists.

However, the database was developed on an ad hoc basis without a professional foundation. As we have come to rely on the database and the information in it more regularly, it has become necessary to ensure that it is built to be reliable and secure. Additionally, a new version of the File Maker software has become available (FileMaker Version 7.0.). We have been advised that the newer version of the software would be more suitable to our database needs. In the process of enhancing the database and making it more secure, we would like to migrate it to the newer software version.

LAFCO staff went through an informal competitive process to select a consultant to develop an updated database with some enhanced and security features.

LAFCO staff contacted three consultants including Cerne Systems, LAN Services and Dennis DeMattei. LAN Services responded to our request for quotes on BuyerZone.com and Cerne Systems was providing database services to the County Building Office. Mr. DeMattei is a former County employee, recently retired. Given the small size of the project, we did not think it was beneficial to put more effort into seeking additional proposals or quotes.

The chart below summarizes the quotes from the three consultants:

Name	Cerne Systems	LAN Services	Dennis DeMattei
Quoted Price	\$15,000 - \$60,000 (depending on extent of work) @ \$125/hour	\$2,400 - \$3,120 @ \$15/hour	Not to exceed \$5,000 @ \$100/hour

We met with all three consultants and based on the discussion with the consultants and review of their cost estimates for the work, we determined that Mr. DeMattei would be able to complete the project with the least amount of LAFCO staff involvement

We also reviewed the quotes with Michael Stuart, Information Systems Manager for the County Clerk of the Board Office. He concurred with us that the quote from Mr. DeMattei was reasonable and the proposed hourly rate was in the market range for the type of work required.

Mr. DeMattei has had experience working on similar projects for the County Planning Office and the County Surveyors Office and we have been pleased with examples of his work.

For these reasons, we have selected Dennis DeMattei for the proposed work.

October 6, 2004

**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
**SUBJECT:** 2003-2004 LAFCO Annual Report  
Agenda Item # 7

**RECOMMENDATION**

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Accept the 2003-2004 Annual Report. (July 1, 2003 to June 30, 2004)

**ANNEXATION & REORGANIZATION ACTIVITY**

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The total number of new LAFCO-conducted reorganization proposals was four. Four other previously approved reorganizations were recorded during this period after compliance with conditions of approval. This reflects about the same level of activity as the previous year which saw five reorganization proposals.

The number of city-conducted annexations that LAFCO staff processed this year totaled 27 proposals in five jurisdictions, as compared to 29 proposals in six cities the year before. The acreage annexed was 43.41 acres in Cupertino, 3.18 acres in Los Gatos, 18.26 acres in Morgan Hill, 47.44 acres in San Jose and 3.105 acres in Saratoga.

**URBAN SERVICE AREA AMENDMENTS**

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LAFCO heard and approved an urban service area amendment for Morgan Hill that included a sphere of influence amendment as well as a reorganization of properties including detachment from San Jose and special districts and annexation to Morgan Hill. The second urban service area amendment for Morgan Hill was heard as an exception to the one amendment request from each city per year rule and approved to include the Sobrato High School site.

LAFCO also approved an urban service area amendment for the City of Saratoga to include about 8 acres of land.

## **OUT-OF-AGENCY CONTRACT FOR SERVICE REQUEST**

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LAFCO Chairperson and the Executive Officer approved a request by the City of Milpitas for an administrative approval to extend water service to a single-family residence located at 550 Vista Ridge Drive outside Milpitas city boundaries.

## **SPHERE OF INFLUENCE AMENDMENT**

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LAFCO forwarded a favorable recommendation to San Mateo LAFCO for the SOI amendment and annexation to Mid Peninsula Regional Open Space District of about 140,00 acres of coastal lands located within San Mateo County.

## **COMMISSION AND STAFF CHANGES**

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Commissioner Mary Lou Zoglin's term on LAFCO expired in May 2005. The Santa Clara County Cities Association appointed John Howe (Sunnyvale) to serve as the cities representative on LAFCO. He was formerly the alternate cities member on LAFCO. Roland Velasco (Gilroy) was appointed as the Alternate Cities Representative on LAFCO, vacated by John Howe.

The Clerk of the Board's Office has assigned Lena Vasquez as the new LAFCO Clerk. She was assigned in place of Emmanuel Abello. There are no other LAFCO staffing changes. The Executive Officer position continues to be staffed at a part time level (0.6 position). The LAFCO Analyst and LAFCO Clerk positions are staffed at a full time level. Other staff include the LAFCO Surveyor staffed from the County Surveyor's Office and the LAFCO Counsel from the County Counsel's Office available on contract to work on LAFCO issues on an as needed basis.

## **OTHER PROJECTS / STUDIES**

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### **Countywide Fire Service Review**

LAFCO's first service review, a countywide fire protection services review, was completed and approved by the Commission in April 2004.

The Commission retained Matrix consulting group in March 2003 to conduct the countywide fire service review. A Technical Advisory Committee (TAC) was established to serve as liaison between LAFCO and the fire agencies as well as to provide technical expertise and guidance throughout the service review process. The TAC consisted of two fire chiefs from the Fire Chief's Association: Chief Lopes of Santa Clara County Central Fire District and Chief Clet from Gilroy Fire Department. Kevin Duggan, City Manager from Mountain View represented the City Managers Association. The process of conducting the service review

included several meetings with the individual fire agencies as well as with the Fire Chiefs Association and City Managers Association.

The final report provides an overview of the overall fire service provision structure in the County along with profiles of all the agencies/ departments that provide fire protection service. It identifies issues related to fire service provision, proposes various options for addressing these issues and provides a brief analysis of the alternatives. The report does not make specific recommendations regarding the alternatives. Lastly, the report includes the required service review determinations for each of the four fire special districts. A copy of this report is available on the LAFCO web site at [www.santaclara.lafco.ca.gov](http://www.santaclara.lafco.ca.gov).

Staff has started working on updating the spheres of influence for the four fire districts.

### **Countywide Water Service Review**

To conduct LAFCO's second service review, a countywide review of water services, the Commission retained Dudek & Associates. LAFCO staff with assistance from the Santa Clara Valley Water District has collected basic water service information from 20 of the 22 water service agencies in the County and forwarded it to the consultants. A Technical Advisory Committee (TAC) has been formed to serve as a liaison between the group of agencies/organizations they represent and the LAFCO Service Review process. In addition to LAFCO Commissioner, Susan Wilson and LAFCO staff, the members of TAC for the water service review include:

Representing the City Managers' Association: Jay Baksa, City Administrator, City of Gilroy

Representing the Municipal Public Works Association: Jim Ashcraft, Public Works Director, City of Morgan Hill

Representing the Santa Clara County Water Retailers Group:  
Walt Wadlow, Chief Operating Officer, SCVWD  
George Belhumeur, V.P. Operations, San Jose Water Company  
Darryl Wong, Utility Engineer, City of Milpitas

### **LAFCO Fee Schedule Revision**

In April 2004, LAFCO adopted a new LAFCO fee schedule. The new schedule became effective on June 1, 2004. The revised fees more accurately reflect the current staff hourly rates.

## **Participation in CALAFCO Activities**

### **CALAFCO Executive Board Member**

Commissioner Susan Vicklund Wilson, public member, was elected to the CALAFCO Executive Board in September 2003 for a 2-year term.

### **CALAFCO Annual Conference (September 2003)**

LAFCO staff served on both the Program Planning and Facilities committees for the Annual CALFSCO conference. LAFCO staff as well as Commissioners Wilson, LeZotte and Policy Aide to Commissioner Alvarado attended the conference.

### **CALAFCO Staff Workshop (April 2004)**

LAFCO staff attended the workshop. Emmanuel Abello, former LAFCO Clerk provided a presentation of the LAFCO Database. Kathy Kretchmer, LAFCO Counsel, headed a roundtable discussion for LAFCO attorneys.

## **Attachment A: LAFCO Application Processing Activity**

**LAFCO APPLICATIONS**  
**July 1, 2003 – June 30, 2004**

**CITY CONDUCTED ANNEXATIONS**

<b>City</b>	<b>Proposal Name</b>	<b>Date of Recordation</b>	<b>Acreage Approved</b>
<b>Cupertino</b>	Monta Vista 02-07	04/04/04	43.41
		<b>City Total</b>	<b>43.41</b>
<b>Los Gatos</b>	Blossom Hill Manor No. 9	01/30/04	0.184
	Englewood Avenue No. 5	04/06/04	0.89
	Hilow Road No. 1	01/07/04	0.72
	La Rinconada No. 8	08/26/03	0.459
	Topping Way No. 2	10/02/03	0.327
	Topping Way No. 3	05/04/04	0.596
		<b>City Total</b>	<b>3.18</b>
<b>Morgan Hill</b>	Cochrane Road No. 12	07/18/03	14.5
	Madrone No. 10	06/11/04	3.764
		<b>City Total</b>	<b>18.26</b>
<b>San Jose</b>	Amos No. 33	07/08/03	2.50
	Bascom No. 37	08/27/03	1.70
	Berryessa No. 67	11/05/03	6.72
	Burbank No. 34	11/18/03	1.2
	Burbank No. 36	03/12/04	0.13
	Burbank No. 37	05/03/04	0.115
	Cambrian No. 32	01/22/04	1.83
	Evergreen No. 189	06/11/04	2.11
	Franklin No. 49	07/16/03	3.8
	Franklin No. 50	08/11/03	16.25
	Franklin No. 51	12/08/03	0.536
	McKee No. 120	03/12/04	5.37
	McKee No. 122	11/05/03	3.33
	McKinley No. 109	05/05/04	0.6713
	Story No. 53	03/12/04	0.584
	Sunol No. 66	10/07/03	0.36
Winchester No. 39	12/16/03	0.238	
		<b>City Total</b>	<b>47.44</b>

**CITY CONDUCTED ANNEXATIONS (Cont'd)**

<b>City</b>	<b>Proposal Name</b>	<b>Date of Recordation</b>	<b>Acreage Approved</b>
Saratoga	Redberry Drive 2003-01	01/05/04	3.105
		<i>City Total</i>	<i>3.105</i>
<b>Total of All Cities</b>			<b>115.40</b>

**URBAN SERVICE AREA AMENDMENTS**

<b>City</b>	<b>Proposal Name</b>	<b>Date of LAFCO Action</b>	<b>Acreage Approved</b>
Morgan Hill	Morgan Hill 2003 USA/ SOI Amendment & Reorganization – Boys Ranch Water Tank	10/08/03	2.01
	Morgan Hill USA Amendment (2003A) – Sobrato High School	02/11/04	27.8
Saratoga	Saratoga USA Amendment (2004) - Big Basin Way	06/11/04	8.79

**SPHERE OF INFLUENCE AMENDMENTS**

<b>City/ Special District</b>	<b>Proposal Name</b>	<b>Date of LAFCO Action</b>	<b>Acreage Approved</b>
Mid-Peninsula Regional Open Space District	SOI Amendment and Annexation of Coastal Lands in San Mateo	02/11/04	Recommendation To San Mateo LAFCO

**SPECIAL DISTRICT ANNEXATIONS**

<b>Special District</b>	<b>Proposal Name</b>	<b>Date of LAFCO Action/ Recordation</b>	<b>Acreage Approved</b>
Cupertino Sanitary District	Pierce Road Lands of Wilson	12/10/03 01/06/04	1.436
Purissima Hills County Water District	13441/13445 Robleda Road Lands of Corrigan	06/11/03 07/18/03	8.87



**SPECIAL DISTRICT ANNEXATIONS (Cont'd)**

<b>Special District</b>	<b>Proposal Name</b>	<b>Date of LAFCO Action/ Recordation</b>	<b>Acreage Approved</b>
<b>Purissima Hills County Water District</b>	12661 Robleda Road	06/11/03	1.53
	Lands of Wu	07/18/03	
<b>West Valley Sanitation District</b>	WVSD 2003-02	08/13/03	78.85
	Shannon Road	09/12/03	
<b>West Valley Sanitation District</b>	WVSD 2004-01	04/07/04	15.053
	Lands of Donnelly	05/11/04	
<b>West Valley Sanitation District</b>	WVSD 2004-02	06/09/04	2.88
	237 Forrester Road	08/10/04	
		<b>Total Acres</b>	<b>108.62</b>

**OUT OF AGENCY CONTRACT FOR SERVICES**

<b>City</b>	<b>Proposal Name</b>	<b>Date of LAFCO Action</b>	<b>Type of Action</b>
<b>Milpitas OACS Administrative Approval</b>	Spring Valley Heights	Administrative Approval	Approved

**LAFCO HEARD CHANGE OF ORGANIZATION**

<b>City</b>	<b>Proposal Name</b>	<b>Date of LAFCO Action/ Recordation</b>	<b>Acreage Approved</b>
<b>San Jose</b>	Evergreen No. 188	06/11/03 08/29/03	<b>25.69</b>



October 6, 2004

**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** Executive Officer's Report  
Agenda Item #8

### **8.1 Update on Countywide Water Service Review**

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#### **Water Service Review TAC Met for the Second Time on September 15, 2004**

The Countywide Water Service Review is progressing. The Water Service Review Technical Advisory Committee (TAC) met on September 15, 2004. At that meeting the consultants presented a draft profile of each water service agency. The draft profiles were developed based on the information that was collected through the LAFCO survey process as well as information collected by the consultants through in-person interviews and phone interviews. The consultants also presented a revised water supply schematic for consideration by the TAC. The schematic identifies all major water agencies in Santa Clara County and their respective water supply sources.

#### **Consultants Presented a Set of Preliminary Issues for TAC's Discussion**

The TAC discussed the following issues:

- The key role that recycled water plays in offsetting potable demand for outdoor water use and should be included into the analysis for water service.
- Morgan Hill's recent issuance of water shortage alert and whether this is a temporary or long-term situation.
- SFPUC has nearly \$1.5 billion in CIP on track. They are mandated to have completed 50% within three years. They are currently less than 2% into the cost.
- County plans do not include an urban level of service in the San Martin area. However, there appears to be increased land use intensity due to the construction of larger homes. This trend creates increased demand for water as well as increased flow to septic systems. This may be exacerbating groundwater quality conditions.
- San Martin County Water District is serving customers outside the District's boundaries.

- There are a number of mutual water companies in the south county area that struggle with management, regulatory requirements and water supply/quality issues. These organizations are not subject to LAFCO purview.
- Gilroy is concerned about how growth and development, including planning and levels of service in the Morgan Hill and San Martin areas will impact groundwater quality.

### **Next Steps**

In mid-October, Dudek & Associates will release a draft of LAFCO's Countywide Water Service Review to water service agencies for their review and comment. The report will be placed on Dudek's website (www.dudek.com) and agencies can download the document and submit their comments to LAFCO staff and the project's consultants. LAFCO staff and the consultants will also be presenting the draft report to the following stakeholder groups in October and November:

- Santa Clara County Water Retailers Group (October 20, 2004)
- Santa Clara County/Cities Managers Association (November 10, 2004)
- Santa Clara County/Cities Public Works Officials Association (November 11, 2004, but may be postponed to December)

LAFCO staff and consultants will carefully consider all comments received on the Draft Report and revise the Report as necessary. The Revised Draft Water Service Review Report will be released in mid November for public review and LAFCO will hold a public hearing on the Revised Draft Report on December 8, 2004 to solicit additional comments. LAFCO staff will revise the Report as necessary. LAFCO will hold a public hearing in February 2005 in order to adopt the Final Water Service Review Report.

### **8.2 Letter from Creston Improvement Association (For Information Only)**

Oral Report. Letter from Association is attached (see Attachment A).

### **8.3 Update on Mid-Peninsula Regional Open Space District's (MROSD's) Annexation of Coastal Lands in San Mateo County (For Information Only)**

The San Mateo LAFCO recorded a Certificate of Completion on September 7, 2004 for annexation of the coastal lands to MROSD subject to certain terms and conditions.

### **8.4 Report Back on 2004 CALAFCO Annual Conference (For Information Only)**

This year's CALAFCO Conference in Anaheim included panel discussions on the following topics:

1. Changing Hats: An Introduction to LAFCO for Commissioners & Staff
2. The Changing Roles of LAFCOs
3. Attorney Roundtable (several topics including a discussion on tribal lands issues and LAFCO)

4. Municipal Service Reviews
5. Planning Our Future: Can California Accommodate its Growth and Maintain its Livability?
6. California Water: Critical Issues in Challenging Times
7. Local Government Finance: A New Look at Municipal Finance & its Impact on Annexation and Incorporations
8. 2004 Legislation Update

LAFCO staff, Commissioners Wilson and Howe, and Policy Aides to Commissioner Gage and Commissioner Alvarado attended this year's CALAFCO Conference. One highlight of the Conference was the keynote address given by Robert M. Hertzberg, Former Assembly Speaker and author of AB2838, the landmark bill that overhauled the LAFCO statute.

#### **8.5 Update on LAFCO's Workshop Regarding City Conducted Annexations (For Information Only)**

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On September 29<sup>th</sup>, LAFCO staff held its annual workshop on the city conducted annexation process. This year's workshop included a special emphasis on the island annexation process and changes in LAFCO law that affect the island annexation process. Colin Jung, Senior Planner for the City of Cupertino, shared his experience managing three successful large pocket annexations (i.e. Rancho Rinconada, Garden Gate, and Monta Vista). He also discussed the key factors that influence the success rate of pocket annexations. Twenty-one planners, public works engineers, and county staff that are involved in the city-conducted annexation process attended the workshop. Staff from six different cities attended, many of these cities are considering whether to mount a major effort to annex the unincorporated islands in their Urban Service Area boundary.



# Creston Improvement Association

A California Domestic Nonprofit Corporation  
 22180 Alderney Court, Los Altos CA 94024  
 creston@creston-ca.org

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September 12, 2004

**To LAFCO**  
**Re: *The future of the unincorporated Creston area***

The Creston Improvement Association, representing the people of the unincorporated Creston area, recently completed a survey showing that our residents and homeowners overwhelmingly (94.5%) favor Los Altos over Cupertino as our city of choice for annexation. The results of the survey are shown below.

All of the unincorporated Creston area is in the 94024 postal zip code, and Creston homes have had a Los Altos address and "identity" since the area's inception in the 1950s. Additionally, a number of residents feel they were led to believe the area was in the Los Altos Sphere of Influence when they purchased their homes. For these reasons, we are presently approaching all parties concerned with a request to change the Sphere of Influence of the unincorporated Creston area from Cupertino back to Los Altos.

Based on the Association's survey, it is clear that Cupertino would not be able to annex Creston without facing considerable grassroots opposition. From the County's point of view, this would not be in the best interest of either Cupertino or Los Altos and could cause unnecessary rifts within Santa Clara County that would be counterproductive.

From Los Altos' point of view, Creston would bring \$65 million of Net Assessed Value and its associated property tax to the City, if annexed. Furthermore, the total present market value of the properties of Creston is approximately \$150 million and growing. Creston is located directly across Foothill Boulevard from Cristo Rey Drive, which is part of Los Altos. The few additional streets in Creston and its 146 homes would be an appropriate annexation for Los Altos geographically. We believe the next right step is for the LAFCO to move unincorporated Creston back into Los Altos' Sphere of Influence, to facilitate Los Altos' annexing Creston, along with its other pockets, in the future. In our opinion this would clearly serve the best interests of the County and bring better use of the property taxes that the people of Creston pay, while placing them in the city of their choice:

SURVEY VOTES	HOUSEHOLDS (HOMES)	REGISTERED VOTERS
Total number of households (homes) in Creston	146	
Number favoring annexation to Los Altos	138	234
Number favoring annexation to Cupertino	1	2
Number expressing "no preference"	4	7
No response (NOTE: homes vacant, for sale)	3	N/A

**To LAFCO**

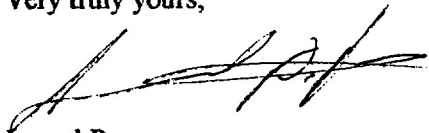
***Re: The future of the unincorporated Creston area***

pg. 2

The Creston Improvement Association values its relationship with Santa Clara County and the county's agencies, and wishes to seek mutually beneficial common ground as we pursue appropriate steps towards an eventual annexation that takes into consideration the choices of our citizens. We are presently also approaching both cities of Los Altos and Cupertino to present the wishes of the people of the unincorporated Creston area.

Please feel welcome to contact the undersigned, at your convenience, within the next 10 days to discuss the above. Should I not hear from you, I will call you to follow up on this correspondence. Thank you for your courtesy and cooperation in this regard.

Very truly yours,



Ismael Perez  
President, Creston Improvement Association  
408-293-7100  
ezperez@pacbell.net



# Creston Improvement Association

A California Domestic Nonprofit Corporation  
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## Position Paper on Creston's Future

Creston is located on the border of two cities: Cupertino and Los Altos. Unincorporated Creston has 146 homes. The area was mostly orchard until it was developed in the mid 1950s. As the cities of Los Altos and Cupertino expanded, Creston continued to be part of the County of Santa Clara as a small, yet vibrant neighborhood. It has very much of a Los Altos "look and feel," with ranch-style homes on larger lots, and was built by Walter Ainsworth and others to integrate eventually with the City of Los Altos.

In recent years, the County of Santa Clara has been encouraging cities to absorb unincorporated neighborhoods while being mindful of the wishes and interests of the residents of those areas, as California State laws require. Cities have also turned to find neighborhoods to absorb and are moving in that direction as it becomes convenient for them, keeping in mind the interests of the residents of the city, the neighborhoods that they are absorbing, their employees and the county.

The Creston Improvement Association, which represents the people of the unincorporated Creston area, recently completed a survey to determine the interests of the residents of Creston. The results of this survey are shown below. Based on the mandate provided by the survey, the Creston Improvement Association decided to approach the City of Los Altos (its City Manager and the City Council) with the goal of seeking an eventual annexation into Los Altos. This Paper presents various reasons why the Association believes Los Altos should support Creston's Sphere of Influence change, and eventually absorb the neighborhood into the city.

### Results of the Recent Survey

Total Households	146
Number in favor of annexation to Los Altos	138
Number in favor of annexation to Cupertino	1
Number undecided or expressing no preference	4
Number who did not vote (in some cases, vacant homes for sale)	3

### Various reasons for Creston to seek Annexation to Los Altos

- (1) **Survey results** – Based on the above survey it is clear that the residents of Creston overwhelmingly favor Los Altos as the city of choice for eventual annexation. Creston residents have consistently held this position since first taking a similar survey in the early 1980s.
- (2) **Proximity to Los Altos** – Creston is adjacent to Los Altos. A drive down Foothill Boulevard takes one right into the center of the city and its beautiful and historic downtown. Most residents in Creston shop regularly in Los Altos and enjoy its restaurants on an evening out. Directly across Foothill Boulevard from Creston's entrance (Starling Drive) is Cristo Rey Drive, which is in the City of Los Altos.
- (3) **The "look and feel" of Creston** – Creston has single family homes on large lots. The houses in Creston are ranch style homes and the streets are without sidewalks, all of which make it very similar to Los Altos.
- (4) **Postal address** – All homes in Creston have the 94024 Zip Code and the USPS sees Creston as part of Los Altos. The homes have had a Los Altos address and "identity" since the neighborhood was first built.

## POSITION PAPER (continued)

### **Why Los Altos should look to annex Creston**

Los Altos has existed as a quiet and beautiful city. It continues to grow gracefully while keeping its look and feel, making it one of the most sought after neighborhoods in Silicon Valley. As the years have gone by, it has maintained its ambience and character, while expanding in a selective and careful fashion. The small community of Creston offers Los Altos the exact small sized growth opportunity that the city looks for. While large annexations might be the norm for neighboring cities, Los Altos has sought small absorptions and carefully planned growth that is in keeping with the city's character.

The average home in Creston sells for about \$1,000,000 and has a lot size of between 10,000 and 15,000 square feet. This is very much in keeping with some parts of Los Altos. The scenic Stevens Creek flows through the edge of Creston and continues on into the border areas of Los Altos. The annexation of Creston would add about \$65million in assessed valuation to Los Altos

Los Altos has historically been the closest community to Creston and residents of Los Altos boarded the train to the City of San Francisco from near the Creston area. Following Los Altos' incorporation in 1952, both Los Altos and Creston have sought annexation. The present time offers a "last chance" opportunity for this.

### **Financial Reasons and Concerns**

The Creston area has a current assessed value of \$65 million and an appraised value of \$150 to \$200 million, insuring that the property tax base will continue to grow. Homes continue to sell regularly in the neighborhood as people flock to the area for its larger lots and the mature, quiet neighborhood with good Cupertino Schools. Using the city's current share of property tax revenue as a guide, the annexation of Creston could result in an increase of about \$100,000 per year in the city's income from property taxes. Creston, with its few quiet streets and location immediately adjacent to the police patrol perimeter, would not be an expensive addition to maintain. While contested annexations have significant costs, Creston's annexation would be uncontested and could be done without an election.

In the longer term, the city of Los Altos needs to implement a policy dealing with unincorporated pockets and adjacent areas. The county and state governments are quite clear that these urban areas are more efficiently served by cities rather than counties, which are not equipped to provide the police, road, and planning services usual to an urban area.

### **Changing the Sphere of Influence: The First Step**

As time moves on and more construction occurs, the character of Creston is changing. This may or may not be in keeping with Los Altos' look and feel. Presently, Creston lies in the Cupertino Sphere of Influence. People approach the county for building permits, but when the level of change exceeds 50% of the existing home, they are forced to get their permits from Cupertino, which is much more permissive in its building codes. The Creston Improvement Association is seeking to have Los Altos request that Creston be returned to the Los Altos Sphere of Influence as a first step towards annexation. We wish to avoid further remodeling and building deviations from County standards, which have been more aligned with Los Altos zoning standards.

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**Creston Improvement Association**

A California Domestic Nonprofit Corporation

## **POSITION PAPER (continued)**

Given the overwhelming response in favor of annexation to Los Altos, this move would proceed without any objection from the residents in Creston. The county, too, would see it as a positive step towards Creston's eventual assimilation into a city. Without this change in the Sphere of Influence, Creston could stay as part of the county for an indefinite period of time. Should the city of Cupertino attempt, once again, to annex Creston the number of voters and property owners required to force an election would be easily found and mobilized because of the neighborhood's clearly articulated opposition. The county would prefer to avoid such a stand-off regarding Creston.

LAFCO should welcome a petition from Los Altos to move Creston into the Los Altos Sphere of Influence as part of an eventual annexation. This should be particularly true in light of the most recent Creston survey.

