



LAFCO MEETING AGENDA

Wednesday, May 31, 2006

1:15 p.m.

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

CHAIRPERSON: Donald F. Gage

COMMISSIONERS: Blanca Alvarado, John Howe, Linda J. LeZotte, Susan Vicklund-Wilson

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 APRIL 12, 2006 MEETING](#)

CONSENT ITEMS

4. APPROVE CONSENT CALENDAR

*4.1 CUPERTINO SANITARY DISTRICT ANNEXATION: WARDELL ROAD NO. 5

A request by Cupertino Sanitary District (CSD), on behalf of property owners, to annex five parcels totaling approximately 7.7 acres, located along Wardell Road within the City of Saratoga.

Possible Action: Approve annexation to CSD subject to certain terms and conditions, and waive further protest proceedings.

*4.2 WEST VALLEY SANITATION DISTRICT 2006-03 (SHANNON HEIGHTS ROAD)

A petition by landowners for annexation to West Valley Sanitation District (WVSD) of four parcels totaling approximately 13.4 acres, located along Shannon Heights Road within the Town of Los Gatos.

Possible Action: Approve annexation to CSD subject to certain terms and conditions, and waive further protest proceedings.

PUBLIC HEARING ITEMS

5. MILPITAS URBAN SERVICE AREA AMENDMENT 2006

A request by the City of Milpitas to retract its urban service area (USA) boundary to be coterminous with its urban growth boundary in the east foothills, as required by Measure Z.

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

6. DRAFT REPORT FOR SOUTH AND CENTRAL SANTA CLARA COUNTY SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATES

Possible Action: Consider the draft report for the South and Central Santa Clara County Service Review and Sphere of Influence Updates, accept public comment, and direct staff to prepare the final report and set a hearing date.

7. MAPS FOR SANTA CLARA COUNTY LIGHTING SERVICE AREA (SCCLSA) AND MIDPENINSULA REGIONAL OPEN SPACE DISTRICT (MROSD)

Possible Action: Adopt maps depicting existing boundaries and spheres of influence for SCCLSA and MROSD.

8. PROPOSED REVISION TO LAFCO FEE SCHEDULE

Possible Action: Consider adoption of resolution revising the LAFCO Fee Schedule.

9. FINAL LAFCO BUDGET FOR FISCAL YEAR 2007

Possible Action: Consider and adopt the final LAFCO budget for Fiscal Year 2006-2007.

10. PROPOSED LAFCO POLICIES REVISION

10a. POLICIES FOR TRAVEL AND EXPENSES REIMBURSEMENT

Possible Action: Consider and adopt LAFCO policies for travel and expenses reimbursement.

10b. POLICIES FOR ROLE OF ALTERNATE COMMISSIONERS

Possible Action: Consider and adopt LAFCO policies on the role of Alternate Commissioners.

10c. ESTABLISHMENT OF PER DIEM FOR COMMISSIONERS AND ALTERNATE COMMISSIONERS

Possible Action: Consider and adopt resolution establishing the per diem for commissioners and alternate commissioners.

ITEMS FOR COMMISSION DISCUSSION / ACTION

11. UPDATE ON CITIES' ISLAND ANNEXATION EFFORTS

Possible Action: Accept report and provide staff with direction.

12. LEGISLATIVE REPORT

Possible Action: Accept report and take positions.

13. EXECUTIVE OFFICER'S REPORT

A. Report on CALAFCO Staff Workshop

Possible Action: Accept report.

B. CALAFCO Annual Conference in San Diego on September 5-7, 2006

Possible Action: Authorize commissioners and staff to attend the 2006 CALAFCO Annual Conference and authorize travel expenses funded by LAFCO budget.

C. Nominations for CALAFCO Executive Board

Possible Action: Nominate commissioners to CALAFCO Executive Board.

14. COMMISSIONERS' REPORTS

15. WRITTEN CORRESPONDENCE

16. NEWSPAPER ARTICLES

17. PENDING APPLICATIONS

A. West Valley Sanitation District 2006-01 (Mireval Road)

B. West Valley Sanitation District 2006-02 (Paseo Carmelo)

18. ADJOURN

Adjourn to the next regular meeting on Wednesday, August 9, 2006.

NOTE TO COMMISSIONERS:

Upon receipt of this agenda, please contact Emmanuel Abello, LAFCO Clerk, 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 LAFCO Clerk 24 hours prior to the meeting at (408) 299-6415 or TDD (408) 993-8272.

**LOCAL AGENCY FORMATION COMMISSION OF
SANTA CLARA COUNTY
MINUTES**

WEDNESDAY, APRIL 12, 2006

1. ROLL CALL

The Local Agency Formation Commission (LAFCO) of Santa Clara County convenes this 12th day of April 2006 at 1:21 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 Don Gage, Commissioners John Howe and Susan Vicklund-Wilson. Commissioner Alvarado is absent and Alternate Commissioner Pete McHugh is attending in her place. Commissioner LeZotte arrives at 1:24 p.m.

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 the Chairperson and the following proceedings are had, to wit:

2. PUBLIC PRESENTATIONS

There are no public presentations.

3. APPROVE MINUTES OF FEBRUARY 8, 2005 MEETING

On Commission consensus, there being no objection, it is unanimously ordered that the minutes of February 8, 2006 be approved, as submitted.

4. CONSENT CALENDAR

***4.1 CUPERTINO SANITARY DISTRICT ANNEXATION - VIA REGINA ROAD
NO. 2**

On Commission consensus, there being no objection, it is unanimously ordered that Resolution No. 2006-01 be adopted, approving annexation to Cupertino Sanitary

District of 28 parcels with a total area of approximately 47.95 acres located along Via Regina Road in the City of Saratoga to the Cupertino Sanitary District, designated as Cupertino Sanitary District - Via Regina Road No. 2, and waiving protest proceedings.

PUBLIC HEARINGS

5. GILROY URBAN SERVICE AREA AMENDMENT 2006 (BARBERI)

This being the time and place set for hearing to consider the request by the City of Gilroy to expand its urban service area, the Chairperson declares the public hearing open.

Commissioner Wilson indicates that she has a conflict of interest on this item. Alternate Commissioner Terry Trumbull assumes the representation.

Ms. Palacherla reports that the City of Gilroy is proposing an urban service area (USA) expansion to include four parcels totaling 27.7 acres, located on the southwest corner of Luchessa Avenue and Monterey Road. It is bound on the north by a residential subdivision, on the east by a commercial area, on the west by Uvas Creek, and on the south by Gilroy Sports Park. More agricultural lands are located south of the Sports Park. She notes that the site is designated as prime farmland by the California Department of Conservation and the EIR indicates a loss of 26.05 acres of prime agricultural lands. LAFCO policies guide urban development away from prime agricultural lands. Ms. Palacherla reports that the applicant states that agriculture is not feasible because of surrounding urban uses and that the applicant is proposing mitigation for the loss of agricultural lands. She reports that the land became surrounded by urban uses only because of the construction of the Sports Park which isolates this land from other agricultural lands. The developer and the City have entered into a deferred Agricultural Mitigation Agreement (Agreement) that requires payment of in-lieu fees equal to the amount of appraised value of development rights in the "preferred areas," located in Santa Clara County Agricultural Preserve. She states that staff has several concerns about the Agreement, including the timing of mitigation, amount of land to be mitigated, and calculation and use of mitigation fees. She observes

that the Agreement requires payment of in-lieu fees only when the tentative map is approved, a process that may take several years. She recommends that mitigation fees be paid at the time of annexation of the site because it is the first step toward agricultural land conversion. She adds that the Agreement only requires mitigation for 25.69 acres and that additional land may be exempted. She recommends that mitigation be provided for all the land lost to urban uses. Finally, she notes that the Agreement does not specify that the in-lieu fees cover the cost of easement program administration and outreach to landowners. She recommends that these expenses be included in the in-lieu fees. The Agreement states that fees will be in an escrow account, however, she observes that the City does not yet have policies and timelines for use of those funds.

Ms. Palacherla continues by saying that Gilroy has between 9 to 11 years supply of vacant land zoned for residential uses and over 15 years supply of vacant commercial land. She reports on other issues such as the City's ability to provide services, fiscal impact to the City and County, and island annexations. Given the availability of vacant land and impacts to prime agricultural lands, she recommends denial. However, if the Commission chooses to approve the project, she recommends that approval be conditioned on (a) payment of mitigation fees at the time of annexation to the City and within one year of USA expansion; (b) mitigation to be provided for 25.69 acres without further exemptions; and, (c) inclusion of the cost of easement program administration, landowner outreach, and monitoring into the in-lieu fees. She also recommends that the City provide to LAFCO a copy of the amended Agreement. Finally, she recommends that prior to bringing any future USA expansion proposals, the City, along with relevant agencies, should establish policies, timelines and procedures for timely use of in-lieu fees.

In response to an inquiry by Commissioner Howe, Ms. Palacherla advises that the City would decide whether or not to allow development without a tentative map. However, she notes that since the inclusion of the site into the USA is the first step in land conversion, that is the appropriate time to pay the mitigation fee, and if not, the

next appropriate time is when the site is annexed to the City. She explains that if fees will not be required until the recordation of the tentative map, mitigation is delayed because the process may take several years. Commissioner McHugh observes that conditions 2a and 2b seem to be punitive and shows a lack confidence in the City to follow through. Chairperson Gage adds that in-lieu fee is a product of the CEQA action and cannot be waived.

Chairperson Gage declares the public hearing open.

Al Pinheiro, Mayor, City of Gilroy, welcomes the good working relationship between LAFCO and Gilroy and cites the Commission's visit to Gilroy in December, and the City's adoption of Agricultural Mitigation Policy. He states that the policy is a product of consultation with various sectors and has been unanimously adopted by Gilroy's City Council. He requests the Commission to approve the project without conditions and states that the City will implement the required agricultural mitigation.

Bill Faus, Planning Division Manager, City of Gilroy, requests the Commission to approve the project, indicating that the site is in Gilroy's General Plan, adjacent to the city limits, and bounded by urban development. He notes that this is the first project to require mitigation under the Agricultural Mitigation Policy. He also states that Gilroy's vacant land inventory is severely restricted by the recently adopted specific plans.

In response to an inquiry by Commissioner Howe, Mr. Faus states that only one residence can be built without a tentative map, and approval of tentative map would take over two years. He adds that as part of the 27.7 acres will go toward widening of Luchessa Avenue, only 25.69 acres will need to be mitigated. Ms. Palacherla, however, advises against any further reduction from 25.69 acres which may still be possible as per Gilroy's mitigation policy. In response to Commissioners Howe and McHugh, Mayor Pinheiro states that 25.69 acres will be the final acreage to be mitigated. In response to an inquiry by Commissioner Howe, Mr. Faus states that the in-lieu fee includes administrative and other costs in accordance with the EIR, however, he adds that Condition 2c, a condition requiring inclusion of administrative and monitoring cost, is

redundant. In response to this, Ms. Palacherla advises that the language of Condition 2c is directly derived from Gilroy's Agricultural Mitigation Policy.

Connie Rogers, Save Open Space - Gilroy, states that the proposed conditions for approval are critical because both Hecker Pass and Glen Loma Ranch specific plans did not require mitigation under the Land Evaluation and Site Assessment (LESA) model. She urges the Commission that rather than wait for the tentative map, mitigation should be required when land is added into the City's USA because it is the time when land is earmarked for development. She notes that the timeline is important because of a loophole that waives mitigation if land is allowed to remain fallow for four years.

Brian Schmidt, Committee for Green Foothills, expresses support of staff recommendations to either deny the application or approve with all the conditions. He notes that this application is an example of leapfrog development and that the Sports Park closed off contiguous farmlands. He continues by stating that monies accrued in the bank is not mitigation for agricultural land until monies are used to purchase easements or land for preservation.

Richard Barberi, property owner, requests approval of the application stating that agriculture is no longer compatible with surrounding urban development and adds that the site has been fallow for three years now. In response to an inquiry by Commissioner Trumbull, Mr. Barberi states that he will not seek relief from mitigation even if his property is exempted because it is fallow.

Eric Carruthers, former Santa Clara County planner and member of San Jose's Coyote Valley Specific Plan (CVSP) Task Force, states that the Bay Conservation and Development Commission invariably required mitigation as soon as properties around the San Francisco Bay are earmarked for development. He notes that this application is critical because it precedes the Coyote Valley project and urges the Commission to support the staff recommendation, particularly Condition 2c.

In response to an inquiry by Commissioner LeZotte, Mr. Faus states that it is incorrect to say that lands allowed to fallow are exempted from mitigation and notes that Condition 2c is redundant because it is already part of the City's mitigation policy.

In this regard, Commissioner LeZotte suggests that Condition 2c could be retained because it is consistent with Gilroy's mitigation policy.

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

Commissioner Howe, seconded by Commissioner McHugh, moves for approval of USA amendment, conditioned upon the following: mitigation fees be made when tentative map is approved, which shall not exceed two years from the time the City's USA is expanded; no further reduction would be made from 25.69 acres to be mitigated; require in-lieu fees to cover all costs, including easement program administration, outreach to landowners, and monitoring of established easements; (d) Gilroy to adhere to the letter of the City's Agriculture Mitigation Policy as they adopted it; and, this current action does not set a precedent for future proposals or LAFCO's development of agricultural mitigation policy.

In response to an inquiry by Commissioner Trumbull, Commissioner Howe amends his motion to include the CEQA action. Commissioner McHugh is amenable to amended motion. In response to inquiry by Commissioner McHugh, Commissioner Howe clarifies that his motion requires payment of fees when the tentative map is approved. In response to an inquiry by Commissioner LeZotte, Ms. Kretchmer indicates that while the Agreement could require the applicant to provide mitigation at the time of tentative map, it would not be enforceable because LAFCO has no jurisdiction over it and also states that the Agreement can be terminated due to bankruptcy and assignment without consent of the City. Ms. Kretchmer advises that the best time to require payment of in-lieu mitigation fees is when LAFCO finalizes the City annexation.

It is unanimously ordered on 5-0 vote that Resolution No. 2006-02 be adopted approving the request of the City of Gilroy for the 2006 expansion of its USA with conditions.

Commissioner McHugh leaves at 2:24 p.m. Commissioner Trumbull leaves at 2:25 p.m.

Commissioner Wilson resumes representation.

6. PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2006-07

This being the time and place set for public hearing to consider the proposed budget for Fiscal Year (FY) 2006-07, the Chairperson declares the public hearing open.

Ms. Palacherla reports that the Commission established a Budget Sub-Committee in February 2006 composed of Chairperson Gage, Commissioner Howe and LAFCO staff to develop a draft FY 2006-07 budget. The Sub-Committee held two meetings to discuss the budget and related issues. Some of these issues included attendance and participation of alternate commissioners, attendance policy for CALAFCO conferences and reimbursement of expenses, per diem fees for commissioners and alternates commissioners, and LAFCO fees revision. She advises that these issues will be addressed under Item 8, except for fees revision which will be brought to a public hearing on May 31, 2006. Ms. Palacherla states that State law requires LAFCO to adopt a draft budget by May 1, 2006, and the final budget by June 15, 2006 at noticed public hearings. She informs that there is a projected savings of about \$200,000 at the end of FY 2005-2006 due to unspent \$60,000 reserves and savings from salary and benefits, consultants and intra-County professional allocations. She continues by discussing each item of the proposed FY 2006-07 budget and reports that the net operating expenses for FY 2007 will be \$437,612, an amount significantly lower compared to FY 2006.

Commissioner Howe notes that LAFCO is able to increase the reserves and staffing resources while reducing the costs to cities and commends staff.

The Chairperson determines that there are no speakers from the public and orders that the hearing be closed.

On motion of Commissioner Howe, seconded by Commissioner Wilson, it is unanimously ordered on 4-0 vote, with Commissioner McHugh absent, that draft LAFCO budget for FY 2006-2007 be adopted as proposed, find that the draft FY 2007 budget is adequate to allow the Commission to fulfill its statutory responsibilities; and, authorize staff to transmit draft budget, including estimated agency costs, as well as a notice of public hearing on adoption of the FY 2007 Final Budget, to each city, the County and the Santa Clara County Cities Association.

Commissioner Wilson expresses appreciation to the Chairperson and Commissioner Howe for serving on the Budget Sub-Committee.

Commissioner LeZotte leaves at 2:30 p.m.

7. MAPS FOR SANTA CLARA COUNTY LIGHTING SERVICE AREA, SANTA CLARA COUNTY OPEN SPACE AUTHORITY, AND MID PENINSULA REGIONAL OPEN SPACE DISTRICT

This being the time and place set for hearing to consider the maps for Santa Clara County Lighting Service Area (SCCLSA), Santa Clara County Open Space Authority (SCCOSA), and Midpeninsula Regional Open Space District (MROSD), the Chairperson declares the public hearing open.

Ms. Noel recommends adoption of SCCOSA district boundary and sphere of influence (SOI) map, and continuance to May 31, 2006 the consideration and potential adoption of boundary and SOI maps of MROSD and SCCLSA.

Ms. Noel advises that the SCCOSA map, which is current as of March 31, 2006, has been developed based on information received from the district and meetings with district staff. She continues by stating that the SCCOSA map was based on various sources, including historical SOIs, LAFCO resolutions, district legal descriptions, and information from County Assessor, County Registrar of Voters, and district staff. She advises that this map is the official LAFCO map for this special district and will be maintained by staff with the assistance of ISD/GIS. Staff is working with SCCLSA and MROSD to resolve mapping issues and to finalize SCCLSA and MROSD boundary and SOI maps for the May 31, 2006 hearing.

The Chairperson determines that there are no speakers from the public and orders that the hearing be closed.

On motion of Commissioner Howe, seconded by Commissioner Wilson, it is unanimously ordered on a 3-0 vote, with Commissioners LeZotte and McHugh absent, that the map depicting the district boundary and SOI of SCCOSA be adopted, and public hearing be continued to May 31, 2006 relating to consideration of SCCLSA and MROSD boundary and SOI maps.

8. REVIEW OF LAFCO POLICIES

8a. IDENTIFICATION OF NEED FOR REVISIONS TO EXISTING POLICIES OR FOR DEVELOPMENT OF NEW POLICIES

Ms. Palacherla reports that at the LAFCO Planning Workshop on February 16, 2006, the Commission directed staff to review LAFCO policies and recommend revisions as necessary. Staff has reviewed existing policies and recommends changes revision of policies to make them consistent with changes in State law. Specifically, she recommends that LAFCO policies should reflect the extended deadline for completion of Service Reviews and SOI updates, expiration of some SOI requirements, clarification and reiteration of the intent and use of SOI boundary in Santa Clara County; possible expiration of the island annexation policies in 2007; and, removal of requirement to written consent for waiver of protest proceedings. She likewise cites the need to revise or expand existing policies related to processing incorporation proposals. Further, she recommends development of new policies on agricultural mitigation, record retention, reimbursement of expenses incurred in attending meeting and performing duties of the office as required by AB 1234, participation of alternate commissioners in LAFCO meetings, and adoption of per diem for LAFCO Commissioners.

On motion of Commissioner Howe, seconded by Commissioner Wilson, it is unanimously ordered on a 3-0 vote, with Commissioners LeZotte and McHugh absent, that staff be directed to bring back to the Commission policies requiring immediate revision.

8b. DEVELOPMENT OF LAFCO POLICIES FOR AGRICULTURAL MITIGATION

Ms. Palacherla reports that at the Planning Workshop on February 16, 2006, the Commission directed staff to develop mitigation policies for conversion of agricultural lands. She recommends that the process for developing these policies include collecting information, meeting with stakeholders, review of existing policies; research on current conditions affecting agriculture in the County; research and case studies on innovative and new forms of agriculture in the County and in other counties; and, looking into

agencies or organizations that implement agricultural protection programs. She concludes by saying that staff will circulate a draft set of policies to stakeholders and will hold a workshop to discuss the draft policies prior to bringing them to the Commission for consideration and adoption at a noticed public hearing in Fall.

Eric Carruthers requests the Commission to approve the recommended process for development of agricultural mitigation policy.

Commissioner Wilson moves to adopt the staff recommendation with direction to staff to prioritize agriculture mitigation policy in the event that there is a conflict with other urgent policies under Item 8a. Commissioner Howe, however, proposes to amend the motion stating that while agricultural mitigation policy must be prioritized, staff shall also work to comply with AB 1234. Commissioner Wilson accepts the amendment. It is unanimously ordered on vote of 3-0, with Commissioners LeZotte and McHugh absent, that staff recommendation be approved as amended.

9. UPDATE ON CITIES' ISLAND ANNEXATION EFFORTS

Ms. Noel briefly reports on the status of island annexations in Los Altos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and San Jose. In response to the inquiry by the Chairperson, Ms. Noel advises that majority of islands are developed although there are some that are being developed. She notes that cities decide whether or not a specific area meets the streamlined annexation process, however, the area has to be within the city's USA. Commissioner Wilson informs that the CALAFCO Board is working to extend the streamlined island annexation law beyond January 2007.

On motion of Commissioner Howe, seconded by Commissioner Wilson, it is unanimously ordered on 3-0 vote, with Commissioners LeZotte and McHugh absent, that the report on island annexations be accepted.

10. UPDATE ON SOUTH CENTRAL SERVICE REVIEW / SPHERE OF INFLUENCE STUDY

Ms. Noel reports that the Technical Advisory Committee (TAC) met on March 29, 2006 to discuss service review documents and process, SOI recommendations for special districts and cities, proposed CEQA action, and timelines for completing the

project. She advises that the Draft Service Review report, with SOI Recommendations Report and CEQA documentation will be released electronically for a 30-day public review by mid-April 2006. These documents will also be available at the LAFCO website. The first public hearing will be held on May 31, 2006 and the report will be revised based on comments received.

On motion of the Chairperson, seconded by Commissioner Howe, it is unanimously ordered on 3-0 vote, with Commissioners LeZotte and McHugh absent, that the status report on South Central Service Review and SOI study be accepted.

11. SUMMARY OF AND FOLLOW-UP ON ITEMS FROM THE FEBRUARY 16, 2006 LAFCO PLANNING WORKSHOP

Ms. Palacherla reports that at the Planning Workshop on February 16, 2006, Bill Chiat, CALAFCO Executive Officer, facilitated the discussion on development of Santa Clara LAFCO mission statement. Staff will present options for mission statement at a future meeting. Item 8b on this agenda is a result of the discussions on agricultural preservation. In addition, there was discussion on the best time and frequency of LAFCO meetings for which staff will prepare and present proposals and alternatives at a future meeting.

On motion of Commissioner Howe, seconded by Commissioner Gage, it is unanimously ordered on 3-0 vote, with Commissioners LeZotte and McHugh absent, that the report be accepted.

12. WRITTEN CORRESPONDENCE

Ms. Palacherla cites a CALAFCO letter relating to AB 1602, restoring VLF funding allocations for new incorporations, and a LAFCO comment letter sent to the City of Morgan Hill related to the City's proposed Urban Limit Line.

13. NEWSPAPER ARTICLES

There is no newspaper article.

14. PENDING APPLICATIONS

Ms. Palacherla reports that since the application for formation of Redwood Estates Community Services District has been pending with LAFCO for sometime now, staff will determine whether the application be pursued. Staff may deem the application inactive and close the file.

15. ADJOURN

On order of the Chairperson, there being no objection, the meeting is adjourned at 3:00 p.m.

The next regular LAFCO meeting is scheduled to be held on Wednesday, May 31, 2006 at 1:15 p.m. in the Chambers of the Board of Supervisors, County Government Center, 70 West Hedding Street, San Jose, California.

Donald F. Gage, Chairperson
Local Agency Formation Commission

ATTEST:

Emmanuel Abello, LAFCO Clerk

REPORT OF THE EXECUTIVE OFFICER

Type of Application: Annexation to the Cupertino Sanitary District
Designation: CUPERTINO SANITARY DISTRICT (Wardell Road #5)
Filed By: Landowner Petition (100% Consent)
Support By: Cupertino Sanitary District, per Resolution No. 1168 Dated 4/19/2006
LAFCO Meeting Date: May 31, 2006 (Agenda Item # 4.1)

1. REVIEW OF PROPOSAL:

a. Acreage and Location of Proposal:

The proposal consists of about 7.73 acres on Wardell Road in the City of Saratoga. The 5 affected Assessor Parcel Numbers are: 366-57-001, 366-57-002, 366-57-003, 366-57-004, and 366-49-032.

b. Proposal is: Inhabited Uninhabited

c. Are boundaries Definite and Certain? Yes No

d. Does project conform to Sphere of Influence? Yes No

e. Does project create island, corridor or strip? Yes No

f. Does project conform to road annexation policy? Yes No

g. Does project conform to lines of assessment? Yes No

If no, explain _____

h. Present land use: Single Family Residential.

i. Proposed land use: No Change

j. Involves prime agricultural land or Williamson Act land? No

2. ENVIRONMENTAL REVIEW:

The proposal is categorically exempt from the provisions of CEQA pursuant to CEQA Class 19, Section 15319 (b), and Class 3, Section 15303 (a) and (d).

3. SUGGESTED CONDITIONS OR OTHER COMMENTS:

See Exhibit C.

4. PROTESTS:

None

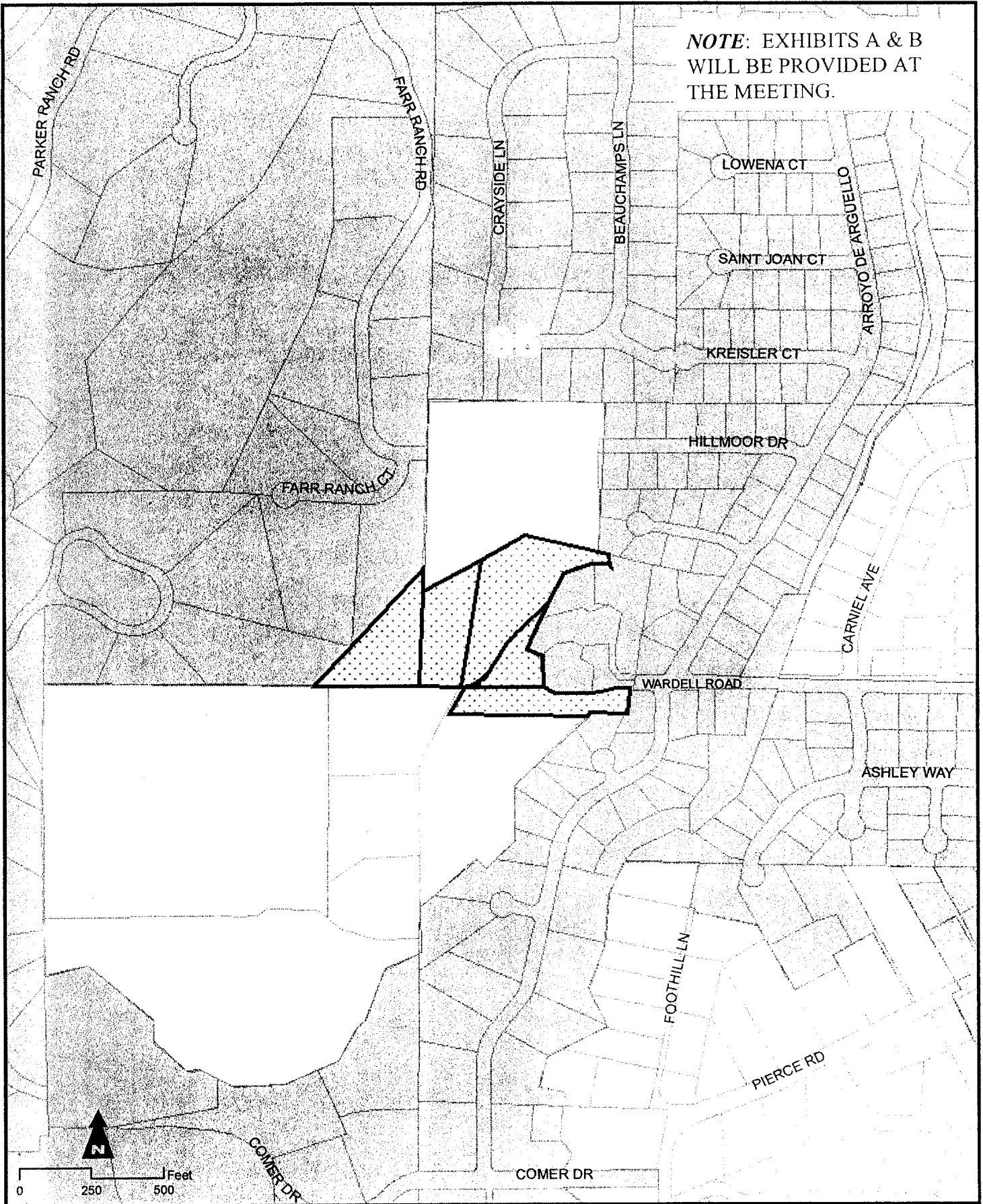
5. RECOMMENDATIONS:

1. Approve annexation to the Cupertino Sanitary District of area depicted in Exhibit A & B and subject to terms and conditions as described in Exhibit C.
2. Waive protest proceedings.
3. Take CEQA action as recommended in the LAFCO Analyst Report (Attachment 1)


By: Neelima Palacherla
Neelima Palacherla, Executive Officer


Date: 5/23/2006

NOTE: EXHIBITS A & B
WILL BE PROVIDED AT
THE MEETING.



Proposed Annexation to
Cupertino Sanitary District
Wardell Road No. 5

 Proposed Annexation

 Cupertino Sanitary District

Date prepared: May 17, 2005

Hearing Date: May 31, 2006

To: The Santa Clara County Local Agency Formation Commission

From: Dunia Noel, LAFCO Analyst *DN*

Subject: Cupertino Sanitary District Annexation 2006 (Wardell Road #5)

Recommended Environmental Action:

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

Reasons for Recommendation:

The project is exempt under CEQA Class 19, Section 15319 (b); and Class 3, Section 15303 (a) and (d) that states:

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

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

(a) One single-family residence or a second dwelling unit in a residential zone.

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

Background

The Cupertino Sanitary District proposes to annex 5 parcels that total about 7.73 acres. The properties are located on Wardell Road in the City of Saratoga. The annexation area consists of Assessor Parcel Numbers 366-57-001, 366-57-002, 366-57-003, 366-57-004, and 366-49-032. The owner of Assessor Parcel Number 366-49-004 is scheduled to demolish an existing home in order to build a new single-family residence and the remaining parcels are currently vacant. Assessor Parcel Numbers 366-57-001, and 002 will be combined to form one lot and then the owner plans to construct a new single-

family residence. A new single-family residence will also be constructed on Assessor Parcel Number 366-57-003 and also on Assessor Parcel Number 366-57-004.

The annexation to the District is proposed in order to provide sewer service to each new residence and to allow property owner of Assessor Parcel Number 366-49-004 to abandon their existing septic system. According to the applicant, sewer service will be provided via the installation of new private sanitary sewer line and new street laterals per Cupertino Sanitary District standards. The private sewer line would then connect to Cupertino Sanitary District's new public manhole and an existing sanitary sewer main that is located in the vicinity Wardell Road (public right of way).

Regarding the annexation into the Cupertino Sanitary District, the 5 parcels are all currently zoned by the City of Saratoga as HR (Hillside Residential) with a 2-acre minimum lot size, based on the slope of the property. The affected parcels are not eligible for further subdivision due to their size. Development of the three vacant parcels would be subject to City of Saratoga's Zoning Ordinance. All of the parcels are located inside of the City of Saratoga's Urban Service Area and Sphere of Influence. The entire area is located within Cupertino Sanitary District's Sphere of Influence. The proposed annexation to the Cupertino Sanitary District is thus exempt from CEQA because this special district annexation meets the requirements of the Class 19 and Class 3 exemptions.

EXHIBIT C

TERMS AND CONDITIONS FOR ANNEXATION TO CUPERTINO SANITARY DISTRICT

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

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

REPORT OF THE EXECUTIVE OFFICER

Type of Application: Annexation to the West Valley Sanitation District
Designation: WEST VALLEY SANITATION DISTRICT (Shannon Heights Road)
Filed By: Landowner Petition (100% Consent)
Support By: West Valley Sanitation District, per Resolution No. 06.04.09 Dated 4/12/2006
LAFCO Meeting Date: May 31, 2006 (Agenda Item #4.2)

1. REVIEW OF PROPOSAL:

a. Acreage and Location of Proposal:

The proposal consists of about 13.4 acres on Shannon Heights Road in the Town of Los Gatos. The 4 affected Assessor Parcel Numbers are: 537-26-054, 537-26-024, 537-26-055, and 537-26-020.

b. Proposal is: Inhabited Uninhabited

c. Are boundaries Definite and Certain? Yes No

d. Does project conform to Sphere of Influence? Yes No

e. Does project create island, corridor or strip? Yes No

f. Does project conform to road annexation policy? Yes No

g. Does project conform to lines of assessment? Yes No

If no, explain _____

h. Present land use: Single Family Residential.

i. Proposed land use: No Change

j. Involves prime agricultural land or Williamson Act land? No

2. ENVIRONMENTAL REVIEW:

The proposal is categorically exempt from the provisions of CEQA pursuant to CEQA Class 19, Section 15319 (b), and Class 3, Section 15303 (a) and (d).

3. SUGGESTED CONDITIONS OR OTHER COMMENTS:

None.

4. PROTESTS:

None

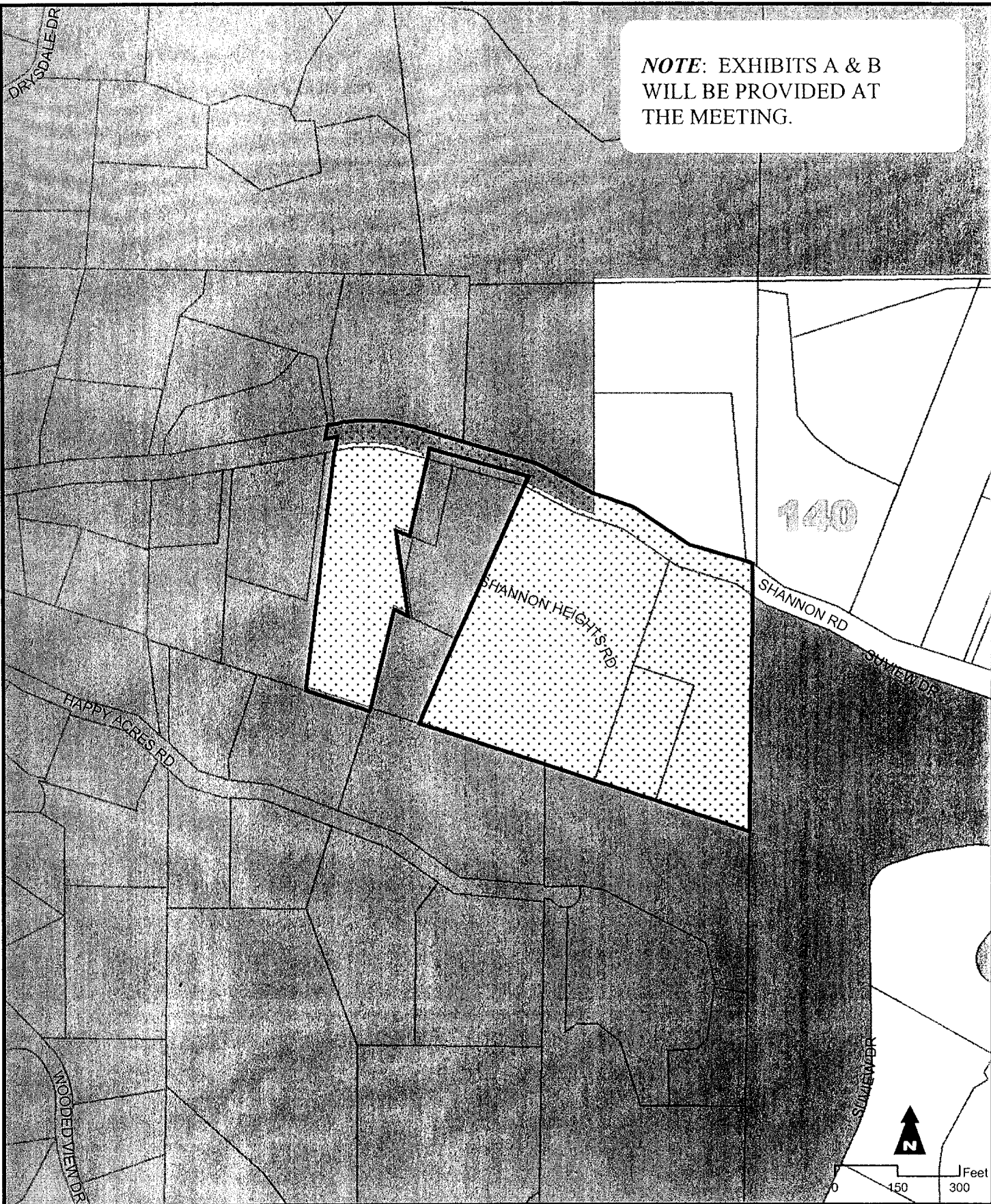
5. RECOMMENDATIONS:

1. Approve annexation to the West Valley Sanitation District of area depicted in Exhibit A & B.
2. Waive protest proceedings.
3. Take CEQA action as recommended in the LAFCO Analyst Report (Attachment 1)

By: Neelima Palacherla
Neelima Palacherla, Executive Officer

Date: 5/23/2006

NOTE: EXHIBITS A & B
WILL BE PROVIDED AT
THE MEETING.



Proposed Annexation to
West Valley Sanitation District
WVSD 2006-03
Shannon Heights Road



Proposed Annexation



West Valley
Sanitation District

Date prepared: May 17, 2005

Hearing Date: May 31, 2006

To: The Santa Clara County Local Agency Formation Commission

From: Dunia Noel, LAFCO Analyst *DN*

Subject: West Valley Sanitation District Annexation 2006-03 (Shannon Heights Road)

Recommended Environmental Action:

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

Reasons for Recommendation:

The project is exempt under CEQA Class 19, Section 15319 (b); and Class 3, Section 15303 (a) and (d) that states:

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

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

(a) One single-family residence or a second dwelling unit in a residential zone.

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

Background

The West Valley Sanitation District proposes to annex 4 parcels that total about 13.4 acres. The properties are located on Shannon Height Road in the Town of Los Gatos. The annexation area consists of Assessor Parcel Numbers 537-26-054, 537-26-024, 537-26-055, and 537-26-020 that are each developed with a single-family residence. The owner of Assessor Parcel No. 537-26-024 is proposing to demolish their existing single-family residence and construct a new single-family residence.

The annexation to the District is proposed in order to provide sewer service to each residence and to allow property owners to abandon their existing septic system. According to the applicant, sewer service will be provided via the installation of new private sanitary sewer line and new street laterals per West Valley Sanitation District standards. The private sewer line would then connect to West Valley Sanitation District's existing sanitary sewer main that is located in the vicinity of Shannon Road.

Regarding the annexation into the West Valley Sanitation District, the 4 parcels are all currently zoned "HR" (Hillside Residential) by the Town of Los Gatos and have a 2 ½ acre minimum lot size, based on the slope of the property. The majority of the affected parcels are not eligible for further subdivision due to their size and slope, with the exception of APN 537-26-055 which is 5.6 acres in size. Depending on the slope of the property, the parcel may be eligible for further subdivision under the Town's current zoning designation. Development of all parcels would be subject to Town of Los Gatos' Zoning Ordinance and General Plan. All of the parcels are located inside of the Town of Los Gatos' Urban Service Area and Sphere of Influence. The entire area is located within West Valley Sanitation District's Sphere of Influence. The proposed annexation to the West Valley Sanitation District is thus exempt from CEQA because this special district annexation meets the requirements of the Class 19 and Class 3 exemptions.

LAFCO Meeting: May 31, 2006
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
SUBJECT: **Milpitas Urban Service Area (USA) Retraction (2006)**
Agenda Item # 5

STAFF RECOMMENDATION

1. CEQA Action

- a. As lead agency for the USA amendment, adopt a Negative Declaration based upon the following findings: that the Negative Declaration was prepared in accordance with law and reflects the LAFCO of Santa Clara County's independent judgment and analysis; that the LAFCO of Santa Clara County has considered the Negative Declaration and all comments received during the comment period; and, that the Project will not have a significant impact on the environment.
- b. Designate the LAFCO Executive Officer as the location and custodian of the documents and other materials that constitute the record of proceedings on which this decision is based.

2. Proposal

- a. Approve the retraction of the Milpitas USA boundary to be coterminous with the City's Urban Growth Boundary (UGB) in the east foothills.

PROJECT DESCRIPTION

The City of Milpitas proposes to retract its Urban Service Area (USA) boundary in order to make it coterminous with its urban growth boundary, as mandated by the voter approved Measure Z in 1998. The proposal consists of removing

approximately 1,937 acres of land, consisting of approximately 37 parcels, from the City's USA.

See attached map of proposal area and listing of properties proposed to be removed from the City's USA. (Attachment A & B)

BACKGROUND

At the November 3, 1998 general election, the voters of Milpitas passed Measure Z establishing an urban growth boundary for the City. The City Council certified the election results on December 1, 1998. Measure Z established an urban growth boundary at the base of the foothills of Milpitas. The City's urban growth boundary is a long term boundary which indicates lands that Milpitas considers as appropriate for urban development and for providing urban services. The UGB was established (1) to preserve the natural character of the Milpitas hillsides by confining urban uses to the valley floor and (2) to conserve the City's financial resources by minimizing hillside development that would require costly infrastructure and high maintenance costs for services such as streets, sewers, water lines and storm drains in the hillsides.

Milpitas's UGB is a 20-year boundary and is effective until December 31, 2018 with some provisions for amendments during that time. The City is required to begin a comprehensive review of the UGB in 2015, prior to its expiration in 2018.

Measure Z also directed the City to apply to LAFCO, for an urban service area amendment to remove areas from the USA that are located outside the adopted UGB and make the USA coterminous with the UGB. The City of Milpitas submitted an application to LAFCO in 1999. However, the application requirements were not fulfilled and the application was incomplete. Within the last year, the County and City have received several inquiries relating to land development in the hillsides above Milpitas. These inquiries prompted the need to resolve the inconsistency between the City's USA and UGB and to bring the City into compliance with its General Plan.

ENVIRONMENTAL ASSESSMENT

Although the City determined that their request to LAFCO was categorically exempt, LAFCO staff believes that LAFCO's consideration of this project warranted further environmental review. This decision was based on the fact that although the USA retraction does not by itself result in a significant impact to the environment, the retraction is in fact the first of several actions (such as application of a County Zoning and County General Plan designation) that must follow the USA retraction and which could potentially have a significant impact on the environment.

CEQA defines a project as the whole of an action and does not allow agencies to segment or piecemeal a project. Therefore, LAFCO staff decided that LAFCO should assume the role of Lead Agency and concluded that an Initial Study was required in order to determine if the project would have a significant impact on the environment. LAFCO decided to partner with the County of Santa Clara in order to jointly prepare an Initial Study covering the whole of the action in order to determine if the project would have a significant impact on the environment.

The project's environmental document, an Initial Study prepared jointly by the County of Santa Clara and LAFCO of Santa Clara County and pursuant to the California Environmental Quality Act (CEQA), fully addresses all aspects of the project over which the County of Santa Clara and LAFCO have responsibility. LAFCO's CEQA responsibility is limited to the retraction of Milpitas' Urban Service Area boundary.

A Notice of Intent to Adopt a Negative Declaration was jointly circulated by the County of Santa Clara and LAFCO to affected property owners and affected agencies for public comment.

The Initial Study outlines the project's impacts with respect to aesthetics, agricultural resources, air quality, biological resources, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, land use and planning, mineral resources, noise, population and housing, public services, recreation, transportation/traffic and utilities and service systems. In each area, the Initial Study classified the project as having "No Impact." Therefore, LAFCO staff is recommending that the Commission adopt a Negative Declaration for the project if the Commission decides to approve the City's request to retract its USA Boundary.

CONSISTENCY WITH MILPITAS AND COUNTY GENERAL PLAN

Measure Z and Urban Growth Boundary

Currently, portions of the City's USA, which is a more short-term boundary than the 20-year UGB, are located outside the UGB. As described above, Measure Z required that the City request LAFCO to relocate the USA boundary so that it is coterminous with the UGB. This USA amendment would make the USA consistent with the City's UGB and General Plan.

County General Plan and Zoning Designations

The County General Plan states that development within the City's USA should be generally compatible with uses and densities allowed by the City's General Plan. Therefore, unincorporated lands within the City's USA are governed by Milpitas General Plan. With realignment of the USA to remove some areas from

the City's USA, the County must assign a General Plan land use designation and zoning designation to the areas that were formerly in the City's USA. The County is proposing to apply a general plan designation and zoning for the area and two public hearings are scheduled on this matter. On June 1, 2006, the County Planning Commission will hold the first public hearing on General Plan Amendment and Rezoning for the area. This will be followed by a second public hearing on June 21, 2006, where the County Board of Supervisors will consider the recommendation from the County Planning Commission and adopt a general plan amendment and rezoning for the area.

CONSISTENCY WITH LAFCO POLICIES

Conversion of / Impacts to Prime Agricultural Lands and Open Space

None of the subject properties is known to have prime agricultural lands. Lands outside the USA will not be provided urban services and cannot be annexed to the City. The County's proposed general plan designation and zoning would allow continuation of agricultural uses such as grazing, viticulture and other low intensity agriculture appropriate to hillside areas. There is a higher likelihood that existing agricultural and open space lands will remain in such uses if they are located outside the USA.

Logical and Orderly, Efficient Boundaries

The proposed relocation of the USA would result in a logical and orderly boundary. Currently, portions of the 5-year USA are located outside the 20-year UGB, which is illogical. Aligning the USA with the UGB so that all lands within the USA are coterminous with or inside the UGB would ensure that the short-term boundary is located within the long-term growth boundary.

Growth Inducing Impacts

Removal of properties from the USA indicates that the City will not annex and will not provide services to those properties. The properties removed from the USA will remain unincorporated (except those properties that are already within the City limits). Land use and development in the unincorporated areas is governed by County General Plan and zoning. The County proposes to apply a General Plan land use designation of "Hillside" and a base-zoning district of "HS, Hillside" to the unincorporated properties removed from Milpitas' USA. The proposed General Plan designation and zoning will maintain the areas in low density residential and open space uses, reduce potential for future subdivision and limit intensity of the few non-residential uses permitted under the proposed land use regulations.

Compared to the City's applicable general plan designation, the proposed County General Plan designation would generally reduce development potential. As indicated in the attached Initial Study, the potential for total number of subdivided lots will be reduced from 129 to 30 under the proposed County General Plan and zoning.

Provision of Urban Services

The provisions of Measure Z prohibit the City of Milpitas from extending urban services and infrastructure to new development outside the City's UGB. So lands removed from the USA will not receive urban services. However, Measure Z permits the City to allow existing infrastructure and service agreements to remain for those lands located within the city limits and for those lands currently receiving such services even though those lands may be located outside the current UGB.

Annexation of Unincorporated Islands

With the retraction of the USA, only two unincorporated islands remain within Milpitas. The City has not yet indicated if they will initiate annexation of these two areas.

Fiscal Impact to City of Milpitas

The proposed relocation of the Milpitas USA will prevent the City of Milpitas from incurring costs associated with maintaining costly hillside infrastructure. No cost savings estimates have been developed but Measure Z, the authorizing voter initiative, provided an example: In fiscal years 1997-1998 and 1998-1999, the City spent over \$600,000 from the General Fund to repair storm related damage to hillside sewer systems.

Fiscal Impact to County of Santa Clara and Special Districts

The proposed retraction of the USA boundary will not have a fiscal impact on the County or any of the special districts providing service in the area as it will not result in any change to jurisdictional boundaries.

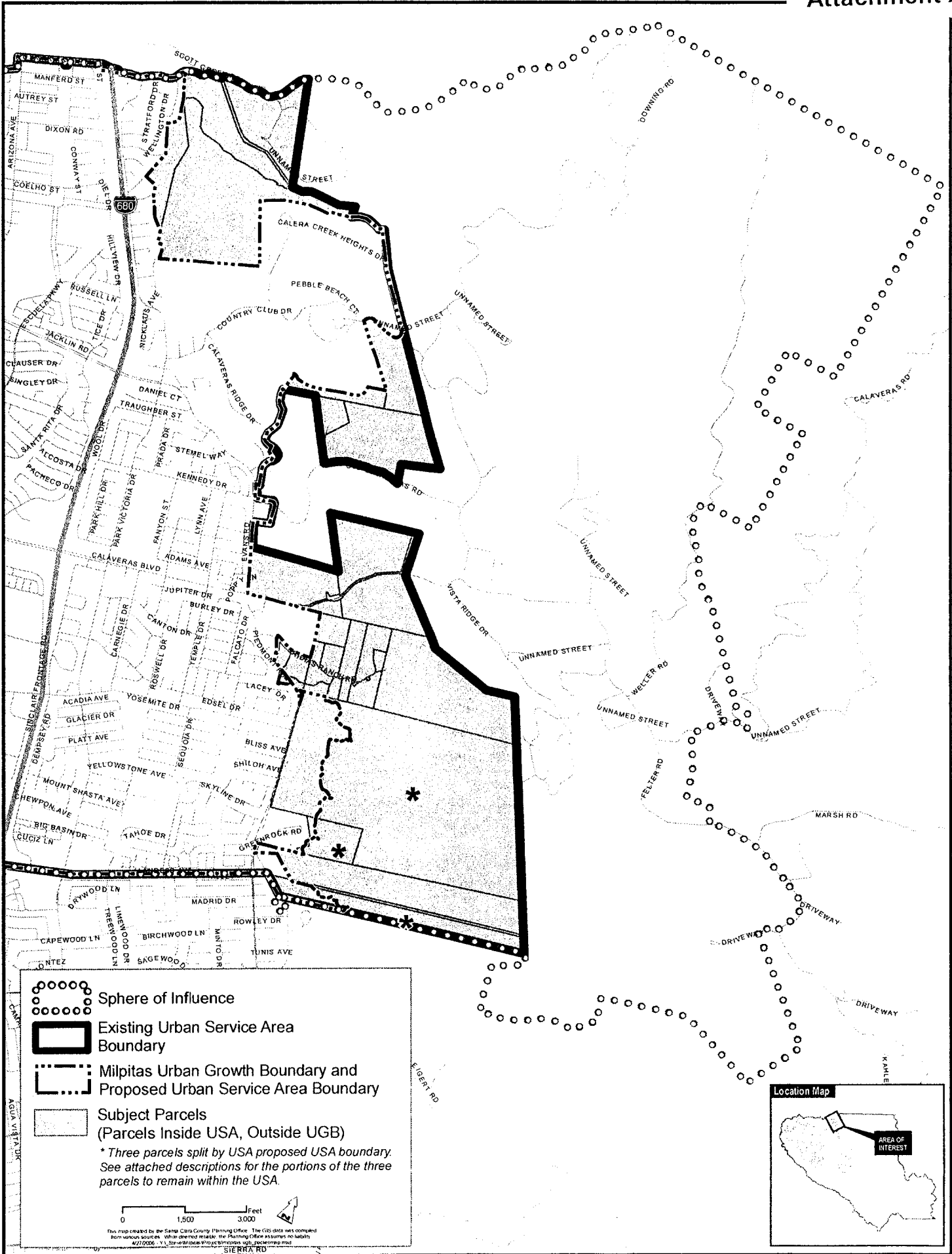
CONCLUSION

The City through its voter approved Measure Z established a UGB and required that the USA be amended to be coterminous with the UGB. Retraction of the USA would achieve consistency between the 5-year USA and the 20-year UGB and allow for logical planning boundaries in Milpitas. The areas removed from the USA will not be provided urban services and cannot be annexed to the city.

The County proposes to apply a Hillside General Plan designation and zoning which would allow very low-density residential development along with limited non-residential uses appropriate in the hillsides. Staff recommends approval of the retraction of the USA to be coterminous with the UGB.

ATTACHMENTS

- Attachment A: Map showing the proposal area
- Attachment B: List of properties proposed to be removed from the USA
- Attachment C: Initial Study and Negative Declaration



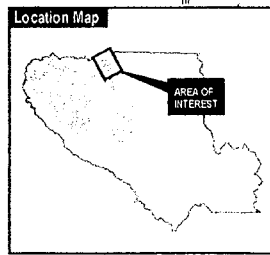
Legend

- Sphere of Influence
- Existing Urban Service Area Boundary
- Milpitas Urban Growth Boundary and Proposed Urban Service Area Boundary
- Subject Parcels (Parcels Inside USA, Outside UGB)

* Three parcels split by USA proposed USA boundary. See attached descriptions for the portions of the three parcels to remain within the USA.

0 1,500 3,000 Feet

This map created by the Santa Clara County Planning Office. The GIS data was compiled from various sources. When opened outside the Planning Office software no liability 4/27/2006. \\s1\server\planning\gis\proj\mips\usa_06\usa_06.mxd



Parcels to be removed from Milpitas USA

#	APN	ACRES
1	029-01-002	45.79
2	029-01-003	4.85
3	029-01-004	63.8
4	029-01-007	163.81
5	029-01-014	26.4
6	029-31-006	5.17
7	029-31-012	49.38
8	029-32-001	45.9
9	029-33-001	56.3
10	029-34-003	14.06
11	029-34-004	78.93
12	029-35-005	38.77
13	029-35-007	15.76
14	*092-34-008	57.62
15	092-34-010	8.62
16	092-34-011	95.13
17	*092-35-002	474.11
18	092-36-006	119.23
19	092-37-008	0.11
20	092-37-021	0.57
21	092-37-029	1.5
22	092-37-033	0.01
23	092-37-036	3.02
24	092-42-001	5.2
25	092-42-002	3.68
26	092-42-003	3.11
27	092-42-004	3.17
28	092-42-005	0.18
29	092-42-006	10.25
30	092-42-007	0.12
31	092-42-008	2.94
32	092-42-009	14.55
33	092-42-010	13.29
34	092-42-013	2.93
35	092-42-015	7.82
36	092-42-016	12
37	*092-45-017	27.13
38	029-30-010	0.67
Total		1475.88

* Portion of parcel remains in USA

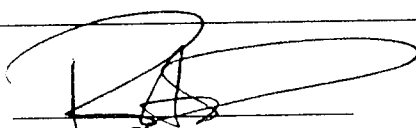
County of Santa Clara

Department of Planning and Development
 County Planning Office
 County Government Center, East Wing, 7th Floor
 70 West Hedding Street
 San Jose, California 95110-1705
 (408) 299-5770 FAX (408) 288-9198
 www.sccplanning.org



Notice of Intent to Adopt a Negative Declaration

Per the California Environmental Quality Act (CEQA), this notice has been prepared to inform you that the following project will not have a significant effect on the environment.

Project Name		Applicant	
General Plan Amendment and Rezoning for lands removed from City of Milpitas Urban Service Area (County of Santa Clara)		City of Milpitas and County of Santa Clara	
Project Location			
Eastern Milpitas Hillside			
Project Description			
<p>The project addressed in the Initial Study includes two related components. It includes (a) an application for an Urban Service Area (USA) Amendment for which the Local Agency Formation Commission (LAFCO) of Santa Clara County is the Lead Agency, and (b) a publicly initiated General Plan Amendment and Zoning Map Amendment for which Santa Clara County is the Lead Agency.</p> <p>The USA amendment is initiated by a request from the City of Milpitas as mandated by the approval of Measure Z (a 1998 voter initiative). Measure Z created the City's Urban Growth Boundary (UGB) and requires modification of the USA boundary on the eastside of the city to make it coterminous with the city's UGB. The project also includes a publicly initiated General Plan amendment to change the County Land Use Plan designation for the subject parcels removed from City of Milpitas USA from "USA" to "Hillside." Areas to be designated "Hillside" in the County General Plan will also be subject to rezoning from their current base zoning district of A, A1, R1 or other base district to "HS, Hillside" (multiple, see Attachment B), to conform with the Hillside General Plan designation. Existing County combining zoning districts such as the "-sr, Scenic Road" or "-d2, Design Review" districts will remain.</p>			
Purpose of Notice			
<p>The purpose of this notice is to inform you that the County Planning Staff has recommended that a Negative Declaration be approved for this project. County of Santa Clara Planning Staff has reviewed the Initial Study for the project, and based upon substantial evidence in the record, finds that the proposed project could not have a significant effect on the environment.</p> <p>A public hearing for the proposed project is tentatively scheduled for the Planning Commission on June 1, 2006, 1:30 PM, and the Board of Supervisors on June 20, 2006 at 2:00 PM in the County Government Center, Board of Supervisor Chambers, 70 W. Hedding, San Jose, CA 95110.</p>			
Public Review Period:		Begins: May 10, 2006	Ends: May 30, 2006
<p>Public Comments regarding the correctness, completeness, or adequacy of this negative declaration are invited and must be received on or before the end of the review period listed above. Such comments should be based on specific environmental concerns. Written comments should be addressed to the County of Santa Clara Planning Office, County Government Center, 70 W. Hedding Street, San Jose, CA 95110, Tel: (408) 299-5770. Oral comments may be made at the hearing. A file containing additional information on this project may be reviewed at the Planning Office under the file number 7307-99GP-99Z. For additional information regarding this project and the Negative Declaration, please contact Kavitha Kumar at (408) 299-5770</p>			
The Negative Declaration and Initial Study may be viewed at the following locations:			
<p>(1) Santa Clara County Planning Office, 70 West Hedding Street, East Wing, 7th Floor, San Jose, CA 95110 (2) Planning Office Website www.sccplanning.org (Environmental Documents under "Find it Fast")</p>			
Approved by:			
Rob Eastwood, Senior Planner, AICP		 Signature	
		5/8/06 Date	

Board of Supervisors: James T. Beall Jr., Blanca Alvarado, Donald F. Gage, Pete McHugh, Liz Kniss
 County Executive: Pete Kutas. Jr.

INITIAL STUDY

Environmental Checklist and Evaluation for LAFCO of Santa Clara County and the Santa Clara County

File Number:	7307-00-00-99GP-99Z	Date: 5/10/06
Project Type:	General Plan and Official Zoning Map Amendment	APN(s): multiple (see attached list)
Project Location / Address	Eastern Milpitas Hillside	GP Designation: Urban Service Area
Owner's Name	N/A	Zoning: multiple (see attached list)
Applicant's Name:	Milpitas and County of Santa Clara	Urban Service Area: Milpitas
Project Description		
<p>The project addressed in this Initial Study includes two related components. It includes (a) an application for an Urban Service Area (USA) Amendment for which the Local Agency Formation Commission (LAFCO) of Santa Clara County is the Lead Agency, and (b) a publicly initiated General Plan Amendment and Zoning Map Amendment for which Santa Clara County is the Lead Agency.</p> <p>The USA amendment (Map A) is initiated by a request from the City of Milpitas as mandated by the approval of Measure Z (a 1998 voter initiative). Measure Z created the City's Urban Growth Boundary (UGB) and requires modification of the USA boundary on the eastside of the city to make it coterminous with the city's UGB.</p> <p>The project also includes a publicly initiated General Plan amendment to change the County Land Use Plan designation for the subject parcels removed from City of Milpitas USA from "USA" to "Hillside." Areas to be designated "Hillside" in the County General Plan will also be subject to rezoning from their current base zoning district of A, A1, R1 or other base district to "HS, Hillside" (multiple, see Map B1, B2 and Attachment C), to conform with the Hillside General Plan designation. Existing County combining zoning districts such the "-sr, Scenic Road" or "-d2, Design Review" districts will remain.</p>		
Environmental Setting and Surrounding Land Uses		
<p>The subject area is approximately 1,500 acres and contains 38 parcels. It is located within the Sphere of Influence of Milpitas, generally at the easterly boundary of the City of Milpitas, from the Santa Clara County boundary in the north southerly to the northern boundary of the city limits of the City of San Jose in the east hills.</p> <p>The parcels are mainly hillside grasslands of the Diablo Mountain Range, consisting of rural agricultural parcels. Scattered low density residential uses exist, along with a few estate subdivisions. There are three quarries in various stages of activity in the subject area.</p> <p>The Hayward Fault line runs through a portion of the subject area, which also includes County Landslide and Fault Rupture Study Zones. The area is a part of the Santa Clara County Habitat Conservation Plan and has identified riparian woodlands in the subject area. The Tularcitas Creek and its southern branches traverse this area, as do a portion of the Celera Creek and the north branch of the Piedmont Creek.</p>		
Other public agencies whose approval is required: (e.g., permits, financing approval, or participation agreement.)		
LAFCO of Santa Clara County is lead agency with regards to the USA modification. The County of Santa Clara is lead agency with regard to the amendment of the County General Plan and associated rezonings.		

The environmental factors checked below would be potentially affected by this project, involving at least one impact as indicated by the checklist on the following pages.

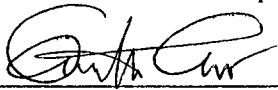
ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

- | | | |
|---|--|--|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agriculture Resources | <input type="checkbox"/> Air Quality |
| <input type="checkbox"/> Biological Resources | <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Geology / Soils |
| <input type="checkbox"/> Hazards & Hazardous Materials | <input type="checkbox"/> Hydrology / Water Quality | <input type="checkbox"/> Land Use |
| <input type="checkbox"/> Noise | <input type="checkbox"/> Population / Housing | <input type="checkbox"/> Public Services |
| <input type="checkbox"/> Resources / Recreation | <input type="checkbox"/> Transportation / Traffic | <input type="checkbox"/> Utilities / Service Systems |
| <input type="checkbox"/> Mandatory Findings of Significance | | <input checked="" type="checkbox"/> None |

DETERMINATION: (To be completed by the Lead Agency)

On the basis of this initial evaluation:

- I find that the proposed project **COULD NOT** have a significant effect on the environment, and a **NEGATIVE DECLARATION** will be prepared.
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A **MITIGATED NEGATIVE DECLARATION** will be prepared.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or **NEGATIVE DECLARATION** pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or **NEGATIVE DECLARATION**, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.
- I find that the proposed project **MAY** have a significant effect on the environment, and an **ENVIRONMENTAL IMPACT REPORT** is required.



Signature

5/9/06

Date

KAVITHA KUMAR

Printed name

For

ENVIRONMENTAL CHECKLIST AND DISCUSSION OF IMPACTS

A. AESTHETICS					
WOULD THE PROJECT:	IMPACT				SOURCES
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2,3,4, 6a,17f
b) Substantially damage scenic resources along a designated scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 6a, 17f
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2,3
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3,4
e) If subject to ASA, be generally in non-compliance with the Guidelines for Architecture and Site Approval?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11
f) If subject to Design Review, be generally in non-compliance with the Guidelines for Design Review Approval?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3,4,12
g) Be located on or near a ridgeline visible from the valley floor?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2,17n

DISCUSSION:

The subject parcels will be removed in their entirety or in part (3 parcels are proposed to be split, see Attachment C) from the City's USA and are to be designated "Hillside" in the County's General Plan Land Use Plan map. The County's "Hillside" policies and related policies of the General Plan concerning preservation of scenic resources address possible visual impacts of future subdivision or land use proposals subject to conformance with the General Plan. The current zoning includes the "-d2" Design Review district, which requires design review for new development. County Design Review zoning is the discretionary approval process intended to specifically address potential for adverse visual impacts of development in the hills to which it applies.

FINDING:

No adverse impacts would result that are attributable to the project.

B. AGRICULTURE RESOURCES

In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland.

WOULD THE PROJECT:	IMPACT				SOURCE
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Convert 10 or more acres of farmland classified as prime in the report <i>Soils of Santa Clara County</i> to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3,23,24,26
b) Conflict with existing zoning for agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	9,21a
c) Conflict with an existing Williamson Act Contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
d) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3,4,26

DISCUSSION:

With regard to potential agricultural impacts, none of the subject properties is known to have prime agricultural soils. Primary agricultural uses would continue to be grazing, viticulture, and other low intensity agriculture appropriate in such hillside areas. The general area is part of the Williamson Act Agricultural Preserve, and contracts are routinely applied to properties within "HS, Hillside" zoning district, with no conflict. Future changes in land use or development status of affected parcels, either through future subdivision or conditional use permit approvals would not likely result in significant conversion of land to non-agricultural use or have other agricultural impacts. If such future development proposals would have such potential, each application is subject to project-specific environmental review under CEQA to determine the extent of potential impacts and mitigations.

FINDING:

No adverse impacts would result that are attributable to the project.

C. AIR QUALITY

Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations.

WOULD THE PROJECT:	IMPACT				SOURCE
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5,28

WOULD THE PROJECT:	YES			NO	SOURCE
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5,29
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5,29
d) Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5,29
e) Create objectionable odors or dust affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5,21, 29, 47

DISCUSSION:

The project would remove the subject parcels from the City's USA and preclude the possibility of development at such density as prescribed under the current Milpitas General Plan. The project components reinforce the prospect that such areas will remain largely rural in character, in open space and natural resource-related uses, and subject to less future development than if they remained in the USA. With respect to individual future projects, standard dust control measures as stipulated by the County and the Bay Area Air Quality Management District will be employed for any individual projects which will ensure that any air quality impacts remain insignificant.

FINDING:

No adverse impacts would result that are attributable to the project.

D. BIOLOGICAL RESOURCES					
WOULD THE PROJECT:	IMPACT				SOURCES
	YES			NO	
*Questions relating to the California Department of Fish & Game "de minimus impact finding" for the Certificate of Fee Exemption are listed in italics.	<i>Potentially Significant Impact</i>	<i>Less Than Significant With Mitigation Incorporated</i>	<i>Less Than Significant Impact</i>	No Impact	
a) <i>Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 7, 17b, 17o,
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3,7, 8a, 17b, 17e, 33
b) <i>Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or US Fish and Wildlife Service?</i>					

WOULD THE PROJECT:	YES			NO	SOURCES
c) <i>Have a substantial adverse effect on federally protected wetlands as defined by section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) or tributary to an already impaired water body, as defined by section 303(d) of the Clean Water Act through direct removal, filling, hydrological interruption, or other means?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 7, 17n, 32
d) <i>Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1,7, 17b, 17o
e) <i>Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional or state habitat conservation plan?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3,4
f) <i>Conflict with any local policies or ordinances protecting biological resources:</i>					
i) <i>Tree Preservation Ordinance [Section C16]?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1,3,31
ii) <i>Wetland Habitat [GP Policy, R-RC 25-30]?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 8a
iii) <i>Riparian Habitat [GP Policy, R-RC 31-41]?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 8a,

DISCUSSION:

The project would generally reduce development potential under the County General Plan Hillside designation, compared to the City’s applicable General Plan designation. Overall, it should have the effect of reducing environmental impact potential for future projects that may be proposed subject to conformance with the County General Plan, such as subdivision. Current County riparian protection policies apply to proposed subdivisions and non-residential uses subject to use permits. In addition, some parcels three acres or less which are proposed to receive the “HS, Hillside” zoning designation will become subject to the Tree Preservation and Removal Ordinance. The project would not conflict with the ongoing Habitat Conservation Plan of the County, Water District, San Jose, and Valley Transportation Authority, among others.

If future development proposals would have such potential, each application is subject to project-specific environmental review under CEQA to determine the extent of potential impacts and mitigations. Those impacts would not be attributable to the General Plan or applicable zoning.

FINDING:

No adverse impacts would result that are attributable to the project.

E. CULTURAL RESOURCES					
WOULD THE PROJECT	IMPACT				SOURCE
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) <i>Cause a substantial adverse change in the significance of a historical resource pursuant to §15064.5 of the CEQA Guidelines?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 16, 19, 40, 41

WOULD THE PROJECT	YES			NO	SOURCE
b) Cause a substantial adverse change in the significance of an archaeological resource as defined in §15064.5 of the CEQA Guidelines?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 19, 40, 41,
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2,3,4,,40,41
d) Disturb any human remains, including those interred outside of formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2, 40,41
e) Change or affect any resource listed in the County Historic Resources Database?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	16

DISCUSSION:

In the event that human skeletal remains are encountered as a result of any parcel-specific development, the applicant is required by County Ordinance Code to immediately notify the County Coroner. Upon determination by the County Coroner that the remains are Native American, the County must contact the California Native American Heritage Commission, pursuant to subdivision (c) of section 7050.5 of the Health and Safety Code and the County Coordinator of Indian affairs. No further disturbance of the site may be made except as authorized by the County Coordinator Of Indian Affairs in accordance with the provisions of state law and this chapter. If artifacts are found on the site a qualified archaeologist shall be contacted along with the County Planning Office. No further disturbance of the artifacts may be made except as authorized by the County Planning Office.

FINDING:

No adverse impacts would result that are attributable to the project.

F. GEOLOGY AND SOILS					
WOULD THE PROJECT:	IMPACT				SOURCE
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:					
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6, 17L, 43
ii) Strong seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6, 17c,18b
iii) Seismic-related ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6, 17c, 17n, 18b
iv) Landslides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6, 17L, 118b
b) Result in substantial soil erosion or the loss of topsoil?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6, 2, 3
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2, 3, 17c, 23, 24, 42

WOULD THE PROJECT:	YES			NO	SOURCE
d) Be located on expansive soil, as defined in the report, <i>Soils of Santa Clara County</i> , creating substantial risks to life or property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	14,23, 24,
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of waste water?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3,6, 23,24,
f) Cause substantial compaction or over-covering of soil either on-site or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 6
g) Cause substantial change in topography or unstable soil conditions from excavation, grading, or fill?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2, 3, 6, 42

DISCUSSION:

Many areas of the Diablo Range foothills contain geologic and seismic hazard areas, delineated by the County’s Geologic Hazard Zone maps. The project would reduce the potential exposure of residents to hazards by reducing the potential for subdivision and creation of new lots. The subdivision potential will be reduced from 129 potential lots to 30 potential buildable lots under County General Plan and Zoning (see Attachment D). In these areas, future subdivision and conditional use permit proposals potentially allowed under the “Hillside” designation would be subject to project-by-project environmental review for CEQA purposes, as well as project-specific geologic reports reviewed by the County Geologist, if located in a County hazard study zone. Were a subdivision to be proposed which located the future home sites in a hazardous landslide area, the proposal could be modified to relocate and otherwise reduce the threat. These provisions, coupled with the minimum lot sizes and density limitations of the “Hillside” designation minimize undue exposure to natural hazards, by ensuring that access roads and building sites can be located for minimum impact from natural hazards.

Future individual development projects will also be subject to the County's Policies and Standards pertaining to grading and erosion control. Any grading project that requires a Grading Permit will be carried out in accordance with the Grading Ordinance and any project-specific conditions stipulated by County Office of Development Services. At the time of construction, all graded areas are to be reseeded to ensure that the project will minimize the potential for erosion on the site. All other land use and engineering aspects of this project will be reviewed and conditioned by the County’s Land Development Engineering section.

FINDING:

No adverse impacts would result that are attributable to the project. Existing policies of the General Plan governing future subdivision, conditional use permit approvals, and any other discretionary approvals, together with county development regulations of the Ordinance Code, are adequate to mitigate potential impacts. Should there be future subdivision or use permit applications which present the potential for adverse impacts, each is subject to CEQA, and each requires its own CEQA clearance in the form of an Initial Study or Environmental Impact Report.

G. HAZARDS & HAZARDOUS MATERIALS					
WOULD THE PROJECT	IMPACT			NO	SOURCE
	YES				
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 4, 5
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2, 3, 5
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within 1/4 mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	46
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	47
e) For a project located within an airport land use plan referral area or, where such a plan has not been adopted, within two miles of a public airport or public use airport, or in the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 22a
f) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5, 48
g) Expose people or structures to a significant risk of loss, injury or death involving wildland fires including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4
h) Provide breeding grounds for vectors?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5
i) Proposed site plan result in a safety hazard (i.e., parking layout, access, closed community, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3
j) Involve construction of a building, road or septic system on a slope of 30% or greater?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 17n
k) Involve construction of a roadway greater than 20% slope for a distance of 300' or more?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 17n

DISCUSSION:

The parcels in question are located in hillside areas that may be subject to wildfire hazards. All are in relatively close proximity to the urban area and in areas subject to mutual response agreements for fire protection services. In order to mitigate potential fire hazards at the site, at the time of individual site development, a project must meet all requirements of the County Fire Marshal's Office for fire protection and fire prevention, such as providing adequate on-site fire

flow, tanks and hydrants, an automatic fire sprinkler system, and appropriate driveway access and turnarounds for fire fighting equipment.

The subject parcels are located in areas of moderate to steep slopes. Future subdivision, use permit, or individual building site approvals may be proposed which involve development on portions of properties with significant slope. However, each project must be evaluated for geologic stability, septic system suitability, and other relevant factors prior to receiving development approvals. The removal of the subject parcels from the USA and redesignation as "Hillsides" in the County General Plan would not exacerbate any existing hazards or development constraints. With less potential for subdivision, fewer impacts from such projects would be anticipated.

FINDING:

No adverse impacts would result that are attributable to the project.

H. HYDROLOGY AND WATER QUALITY					
WOULD THE PROJECT:	IMPACT				SOURCE
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Violate any water quality standards or waste discharge requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	34, 36
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 4
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 17n
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site? (Note policy regarding flood retention in watercourse and restoration of riparian vegetation for West Branch of the Llagas.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3
e) Create or contribute increased impervious surfaces and associated runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5, 36, 21a
f) Otherwise substantially degrade water quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5

WOULD THE PROJECT:		YES			NO	SOURCE
g)	Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 18b, 18d
h)	Place within a 100-year flood hazard area structures which would impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 18b, 18d
i)	Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2, 3, 4
j)	Be located in an area of special water quality concern (e.g., Los Gatos or Guadalupe Watershed)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4, 6a,
k)	Be located in an area known to have high levels of nitrates in well water?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4
l)	Result in a septic field being constructed on soil where a high water table extends close to the natural land surface?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3
m)	Result in a septic field being located within 50 feet of a drainage swale; 100 feet of any well, water course or water body or 200 feet of a reservoir at capacity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3

DISCUSSION:

With reduced subdivision potential under the County's Hillside designation compared to that of Milpitas, there would be less demand placed on groundwater supplies, fewer drainage impacts, and less impervious surface resulting from development. Potential drainage impacts from individual development proposals, such as future subdivision and use permits, would be addressed through the specific project review and CEQA evaluations conducted for each individual project. Grading Permits and project conditions are routinely employed to mitigate for potential stormwater pollution, impacts of grading to water courses, and avoid disturbance of surface or ground water hydrology. Flood hazards are not significant in the project area, and no upstream dams or impoundments would threaten the area if such dams failed.

FINDING:

No adverse impacts would result that are attributable to the project.

I. LAND USE		IMPACT				SOURCE
WOULD THE PROJECT:		YES			NO	
		Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a)	Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2, 4
b)	Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8a, 9, 18a
c) Conflict with special policies:						
i)	San Martin &/or South County?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 8a, 20

WOULD THE PROJECT:	YES			NO	
ii) Los Gatos Specific Plan or Lexington Watershed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 8a, 22c
iii) New Almaden Historical Area/Guadalupe Watershed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 8a
iv) Stanford?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8a, 21
v) City of Morgan Hill Urban Growth Boundary Area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8a, 17a
vi) West Valley Hillside Preservation Area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 8a

DISCUSSION:

The principal change in land use policy would result from the removal of the subject properties from the USA, in part or in whole (see Attachment C). Overall, the pattern of low density residential use and some grazing lands are expected to remain. Removal of subject properties from the City’s USA indicates that the City will not annex and will not provide services to this area. This area will remain under County Jurisdiction and development would occur consistent with County general Plan and Zoning (see Attachment D).

The need to amend the County General Plan Land Use map for the areas in question is a result of proposed retraction of the Milpitas USA boundary. Areas which were previously designated “USA” on the County’s Land Use Plan map are proposed to receive the Land Use Plan designation of “Hillside,” and unincorporated lands in the area are proposed to be rezoned to the “HS, Hillside” base zoning district if not already so designated on Official Zoning Maps. The area is surrounded by the Hillside designation and no other designation that applies to privately owned lands as shown on the County’s General Plan land use map. The Hillside designation is therefore the only possible designation to apply to the properties removed from the USA.

The County’s “Hillside” designation and “HS” zoning district involves limitations and controls that will: (1) maintain the subject areas in low density residential and open space uses, (2) reduce future subdivision (3) limit the intensity of the few non-residential uses permitted under the General Plan and “HS” zoning regulations (4) preserve the natural resources of the areas in question more adequately than before, and (5) prevent the possibility of urban sprawl into the hillsides, consistent with the vision of the County’s and the City’s General Plans for such areas. This is substantiated in **Attachment D: Subdivision Potential for Subject Parcels**. The potential for total number of subdivided lots will be reduced from 129 to 30 under County General Plan and Zoning.

Future subdivision or conditional use permit applications governed by the “Hillside” General Plan designation will be subject to individual project review and CEQA assessments for potential impacts, and may require individual assessments or EIRs depending on the project.

FINDING:

No adverse impacts would result that are attributable to the project.

J. NOISE					
WOULD THE PROJECT:	IMPACTS				SOURCE
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Result in exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8a, 13, 22a, 45
b) Result in exposure of persons to or generation of excessive ground borne vibration or ground borne noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	13
c) Result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 2, 5
d) Result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 2, 5
e) For a project located within an airport land use plan referral area or, where such a plan has not been adopted, within two miles of a public airport or public use airport, or private airstrip would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 5, 22a

DISCUSSION:

The noise levels created during the grading and construction of individual development projects allowed under the "Hillside" designation could create a temporary disturbance to neighboring properties. Any such project shall conform to the County Noise Ordinance. The County Noise Ordinance (NS-517.12, Section B11-151 to 159) sets maximum exterior noise levels for land use categories, and compliance with these specifications will ensure that the neighboring properties are not significantly impacted.

FINDING:

No adverse impacts would result that are attributable to the project.

K. POPULATION AND HOUSING					
WOULD THE PROJECT:	IMPACT				SOURCE
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Induce substantial growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 4

WOULD THE PROJECT:	YES			NO	
b) Displace substantial numbers of existing housing or people, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 2, 3, 4

DISCUSSION:

The removal of the subject areas from the USA will reduce growth potential and the potential need for new roads, which could be growth-inducing. The County and LAFCO's urban development polices do not permit urban scale development outside USAs, thus minimizing the possibility urban intensity uses could occur which could necessitate urban services in the future.

FINDING:

No adverse impacts would result that are attributable to the project.

L. PUBLIC SERVICES					
WOULD THE PROJECT:	IMPACT				SOURCES
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:					
i) Fire Protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5
ii) Police Protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5
iii) School facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5
iv) Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5
v) Other public facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5

DISCUSSION:

The provisions of Measure Z preclude the City of Milpitas from extending urban services and infrastructure to new development outside the city's UGB. Other provisions allow existing infrastructure and service agreements to remain for lands in the city limits and for those lands currently receiving such services. The effect of project eliminates the potential need for urban services and infrastructure improvements and extensions into these areas.

FINDING:

No adverse impacts would result that are attributable to the project.

M. RESOURCES AND RECREATION					
WOULD THE PROJECT:	IMPACT				SOURCES
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Result in the loss of availability of a known mineral resource that would be of future value to the region and the residents of the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 2, 3, 6, 44
b) Result in the loss of availability of a locally-important mineral resource recovery site as delineated on a local general plan, specific plan, or other land use plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 2, 3, 6, 8a
c) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 2, 4, 5
d) Include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 4, 5
e) Be on, within or near a public or private park, wildlife reserve, or trail or affect existing or future recreational opportunities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	17h, 21a
f) Result in loss of open space rated as high priority for acquisition in the "Preservation 20/20" report?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	27

DISCUSSION:

The effect of removing lands from the USA and designating them "Hillside" in the County General Plan is more likely to ensure the conservation rather than the loss of mineral resources. The possibility of residential development incompatible with mineral resource extraction and transport will be reduced. No impacts are anticipated to existing park and recreational facilities.

None of the subject parcels were included in any Study Area defined by the Open Space Preservation 2020 Report, because no lands within Urban Service Areas at that time were included in the report's Study Areas. Nevertheless, the project would not result in the loss of any open space rated as a high priority for acquisition.

FINDING:

No adverse impacts would result that are attributable to the project.

N. TRANSPORTATION / TRAFFIC					
WOULD THE PROJECT:	IMPACT				SOURCE
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio, or congestion at intersections)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 4, 5, 6, 7, 49, 53
b) Exceed, either individually or cumulatively, a level of service standard established by the County congestion management agency for designated roads or highways?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6, 49, 50, 53
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5, 6, 7, 53
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 5, 6, 7, 53
e) Result in inadequate emergency access ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5, 48, 53
f) Result in inadequate parking capacity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	52, 53
g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8a, 21a
h) Not provide safe access, obstruct access to nearby uses or fail to provide for future street right of way?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3, 6, 7, 53

DISCUSSION:

Criteria included under this section of the Initial Study are largely concerned with project-specific impacts of individual land use and development proposals. Item (a) addresses the potential for general increases in traffic or reduced traffic safety. In this regard, parcels removed from the USA and placed in a Land Use designation of "Hillsides" will have less development potential, and what land uses and development may occur under the "Hillside" designation is so insignificant as to have no impact upon cumulative traffic conditions in the general area or region.

FINDING:

No adverse impacts would result that are attributable to the project.

O. UTILITIES AND SERVICE SYSTEMS					
WOULD THE PROJECT:	IMPACT				SOURCE
	YES			NO	
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5,
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5, 21a, 38
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5
d) Require new or expanded entitlements in order to have sufficient water supplies available to serve the project?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5, 21,
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has inadequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5
f) Not be able to be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1, 3, 5
g) Be in non-compliance with federal, state, and local statutes and regulations related to solid waste?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5, 6

DISCUSSION:

Subject parcels in areas outside USAs are not typically served by sanitary sewer, storm drainage systems, or other public service and infrastructure. Development potential under the "Hillside" General Plan designation is limited in terms of subdivision for residential development. Residential development of existing parcels generally requires single building site approval and the effects of such development are addressed if necessary through individual environmental assessments, such as in cases where development areas exceed 30% slope. Development of single building sites on existing lots of record is not attributable to the General Plan.

FINDING:

No adverse impacts would result that are attributable to the project.

P. MANDATORY FINDING OF SIGNIFICANCE					
WOULD THE PROJECT:	IMPACT				SOURCE
	YES			NO	
*Questions relating to the California Department of Fish & Game "de minimus impact finding" for the Certificate of Fee Exemption are listed in italics.	Potentially Significant Impact	Less Than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact	
a) <i>Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1 to 53
b) Does the project have impacts that are individually limited, but cumulatively considerable ("Cumulatively considerable" means that the incremental effects of an individual project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1 to 53
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1 to 53

DISCUSSION:

No cumulative impacts of significance are likely which are attributable to the project. As in most rural unincorporated areas, most development that is of a residential nature occurs on existing lots, through the County's single building site approval process. Development of any existing undeveloped lots is not attributable to the General Plan.

FINDING: No adverse impacts would result that are attributable to the project.

On the basis of the analysis contained in this initial study, it has been determined that the project will not result in any significant impacts. A Negative Declaration shall be prepared for this project. The project would not have any potentially significant cumulatively considerable impacts.

Initial Study Source List*

1. Environmental Information Form
2. Field Inspection
3. Project Plans
4. Planner's Knowledge of Area
5. Experience With Other Projects of This Size and Nature
6. County Expert Sources: Geologist, Fire Marshal, Roads & Airports, Environmental Health, Land Development Engineering, Parks & Recreation, Zoning Administration, Comprehensive Planning, Architectural & Site Approval Committee Secretary
7. Agency Sources: Santa Clara Valley Water District, Santa Clara Valley Transportation Authority, Midpeninsula Openspace Regional District, U.S. Fish & Wildlife Service, CA Dept. of Fish & Game, Caltrans, U.S. Army Core of Engineers, Regional Water Quality Control Board, Public Works Depts. of individual cities, Planning Depts. of individual cities,
- 8a. Santa Clara County (SCC) General Plan
- 8b. The South County Joint Area Plan
9. SCC Zoning Regulations (Ordinance)
10. County Grading Ordinance
11. SCC Guidelines for Architecture and Site Approval
12. SCC Development Guidelines for Design Review
13. County Standards and Policies Manual (Vol. I - Land Development)
14. Table 18-1-B of the Uniform Building Code [1994 version]
15. Land Use Database
16. Santa Clara County Heritage Resource (including Trees) Inventory [computer database]
17. GIS Database
 - a. SCC General Plan Land Use, and Zoning
 - b. Natural Habitat Areas & Riparian Plants
 - c. Relative Seismic Stability
 - d. Archaeological Resources
 - e. Water Resources & Water Problems
 - f. Viewshed and Scenic Roads
 - g. Fire Hazard
 - h. Parks, Public Open Space, and Trails
 - i. Heritage Resources
 - j. Slope Constraint
 - k. Serpentine soils
 - l. State of California, Alquist-Priolo Earthquake Fault Zones, and County landslide & fault zones
 - m. Water Problem/Resource
 - n. USGS Topo Quad, and Liquefaction
 - o. Dept. of Fish & Game, Natural Diversity Data
 - p. FEMA Flood Zones
18. Base Map Overlays & Textual Reports (GIS)
 18. Paper Maps
 - a. SCC Zoning
 - b. Barclay's Santa Clara County Locaide Street Atlas
 - c. Color Air Photos (MPSI)
 - d. Santa Clara Valley Water District - Maps of Flood Control Facilities & Limits of 1% Flooding
 - e. Soils Overlay Air Photos

- f. "Future Width Line" map set
19. CEQA Guidelines [Current Edition]

Area Specific: San Martin, Stanford, and Other Areas

San Martin

- 20a. San Martin Integrated Design Guidelines
- 20b. San Martin Water Quality Study
- 20c. Memorandum of Understanding (MOU) between Santa Clara County & Santa Clara Valley Water District

Stanford

- 21a. Stanford University General Use Permit (GUP), Community Plan (CP), Mitigation and Monitoring Reporting Program (MMRP) and Environmental Impact Report (EIR)
- 21b. Stanford Protocol and Land Use Policy Agreement

Other Areas

- 22a. ALUC Land Use Plan for Areas Surrounding Airports [1992 version]
- 22b. Los Gatos Hillside Specific Area Plan
- 22c. County Lexington Basin Ordinance Relating to Sewage Disposal

Soils

23. USDA, SCS, "Soils of Santa Clara County
24. USDA, SCS, "Soil Survey of Eastern Santa Clara County"

Agricultural Resources/Open Space

25. Right to Farm Ordinance
26. State Dept. of Conservation, "CA Agricultural Land Evaluation and Site Assessment Model"
27. Open Space Preservation, Report of the Preservation 2020 Task Force, April 1987 [Chapter IV]

Air Quality

28. BAAQMD Clean Air Plan (1997)
29. BAAQMD Annual Summary of Contaminant Excesses & BAAQMD, "Air Quality & Urban Development - Guidelines for Assessing Impacts of Projects & Plans" [1999]

Biological Resources/ Water Quality & Hydrological Resources/ Utilities & Service Systems"

30. Site-Specific Biological Report
31. Santa Clara County Tree Preservation Ordinance Section C16
32. Clean Water Act, Section 404
33. Riparian Inventory of Santa Clara County, Greenbelt Coalition, November 1988
34. CA Regional Water Quality Control Board, Water Quality Control Plan, San Francisco Bay Region [1995]
35. Santa Clara Valley Water District, Private Well Water Testing Program [12-98]
36. SCC Nonpoint Source Pollution Control Program, Urban Runoff Management Plan [1997]
37. County Environmental Health / Septic Tank Sewage Disposal System - Bulletin "A"

Initial Study Source List*

38. County Environmental Health Department Tests and Reports

39. Calphotos website:
<http://www.elib.cs.berkeley.edu/photos>

Archaeological Resources

40. State Archaeological Clearinghouse, Sonoma State University

41. Site Specific Archaeological Reconnaissance Report

Geological Resources

42. Site Specific Geologic Report

43. State Department of Mines and Geology, Special Report #42

44. State Department of Mines and Geology, Special Report #146

Noise

45. County Noise Ordinance

Hazards & Hazardous Materials

46. Section 21151.4 of California Public Resources Code

47. State Department of Toxic Substances, Hazardous Waste and Substances Sites List

48. County Office of Emergency Services Emergency Response Plan [1994 version]

Transportation/Traffic

49. Transportation Research Board, "Highway Capacity Manual", Special Report 209, 1995.

50. SCC Congestion Management Agency, "2000 Monitoring and Conformance report"

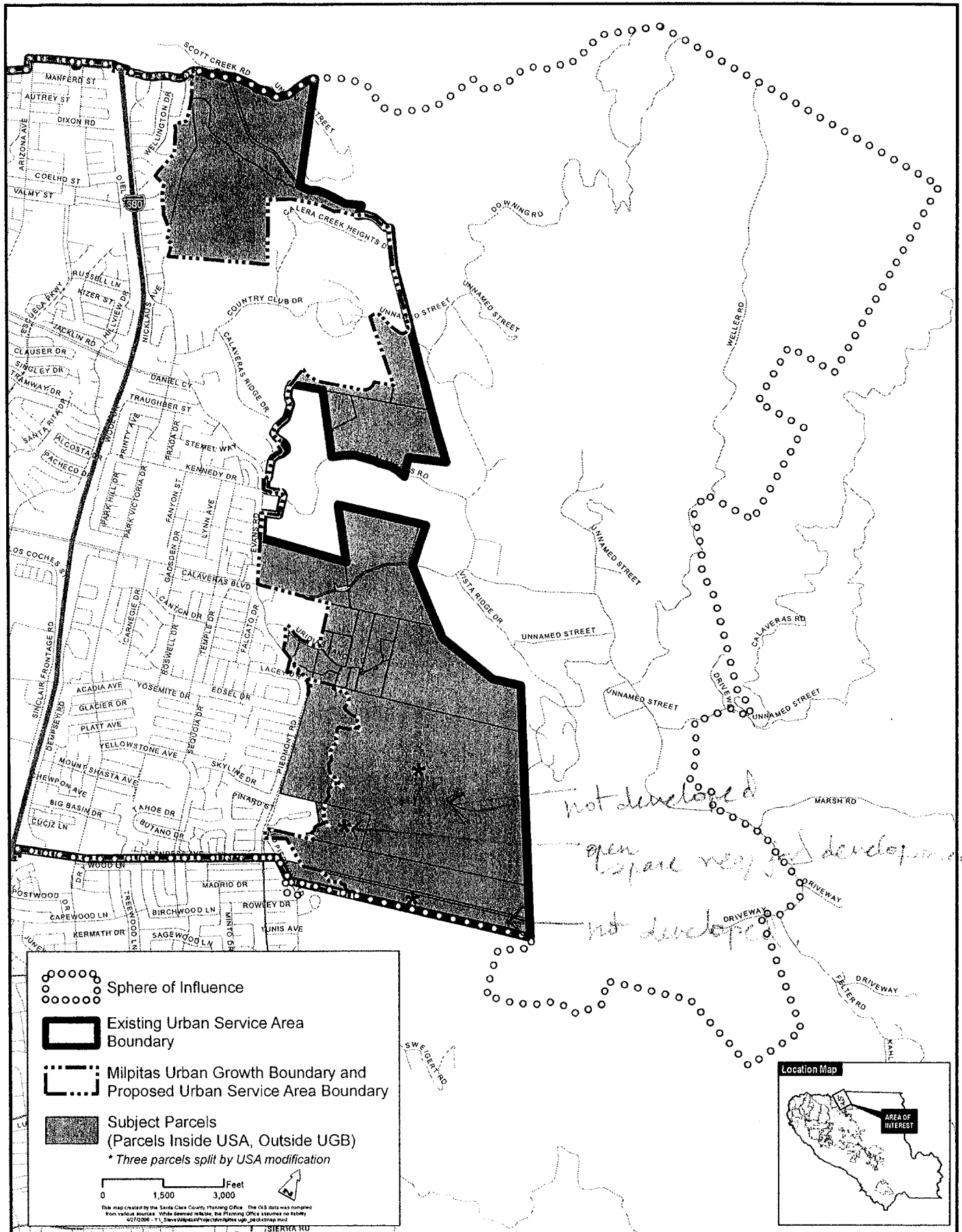
51. Official County Road Book

52. County Off-Street Parking Standards

53. Site-specific Traffic Impact Analysis Report

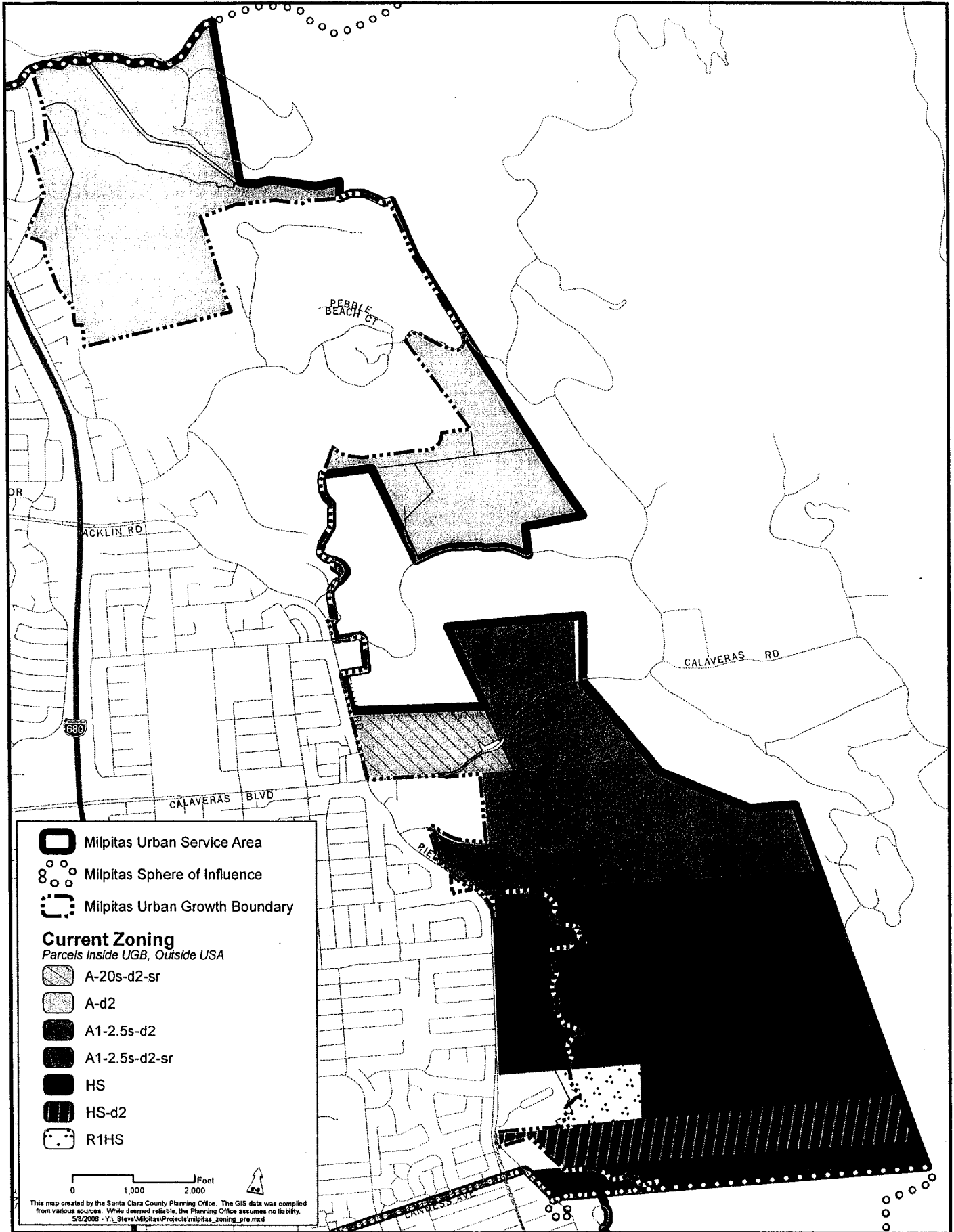
***Items listed in bold are the most important sources and should be referred to during the first review of the project, when they are available. The planner should refer to the other sources for a particular environmental factor if the former indicate a potential environmental impact.**

Map A: Parcels Subject to Urban Service Area Modification, General Plan Amendment and Rezoning



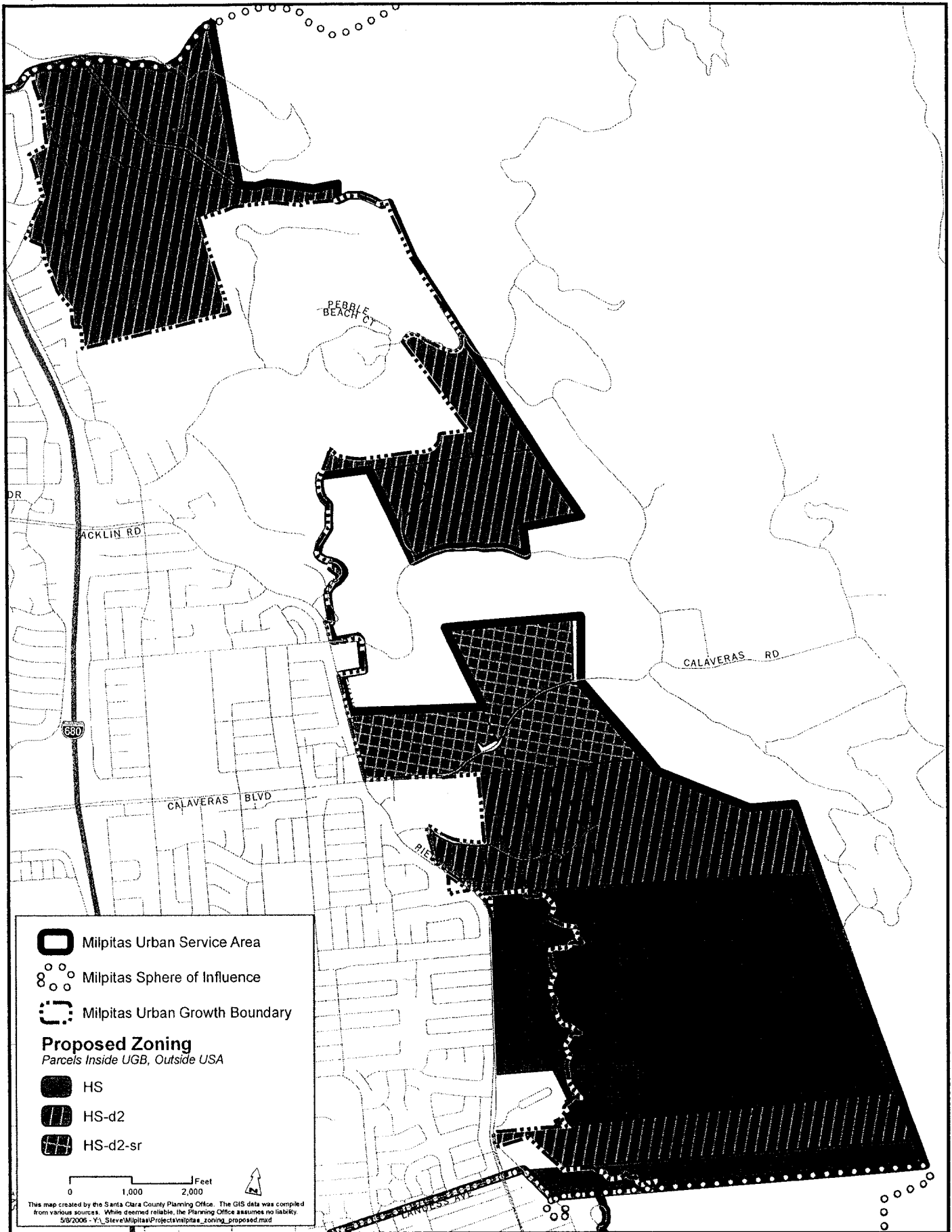
Map B1: Milpitas Urban Service Area Retraction

Current Zoning of Subject Parcels



Map B2: Milpitas Urban Service Area Retraction

Proposed Zoning of Subject Parcels



Attachment C - Subject Parcel List

LIST OF PARCELS SUBJECT TO GENERAL PLAN DESIGNATION AND REZONING

	APN	Current GP Designation	Current Zoning	Acres	Proposed GP Designation	Proposed Zoning
1	029-01-002	USA-Milpitas	A-d2	45.79	Hillside	HS-d2
2	029-01-003	USA-Milpitas	A-d2	4.85	Hillside	HS-d2
3	029-01-004	USA-Milpitas	A-d2	63.80	Hillside	HS-d2
4	029-01-007	USA-Milpitas	A-d2	163.81	Hillside	HS-d2
5	029-01-014	USA-Milpitas	A-d2	26.40	Hillside	HS-d2
6	029-31-006	USA-Milpitas	A-20s-d2-sr	5.17	Hillside	HS-d2-sr
7	029-31-012	USA-Milpitas	A-20s-d2-sr	49.38	Hillside	HS-d2-sr
8	029-32-001	USA-Milpitas	A1-2.5s-d2-sr	45.90	Hillside	HS-d2-sr
9	029-33-001	USA-Milpitas	A1-2.5s-d2-sr	56.30	Hillside	HS-d2-sr
10	029-34-003	USA-Milpitas	A-d2	14.06	Hillside	HS-d2
11	029-34-004	USA-Milpitas	A-d2	78.93	Hillside	HS-d2
12	029-35-005	USA-Milpitas	A-d2	38.77	Hillside	HS-d2
13	029-35-007	USA-Milpitas	A-d2	15.76	Hillside	HS-d2
14	092-34-008	USA-Milpitas	HS	57.62	Hillside	HS
15	092-34-010	USA-Milpitas	HS	8.62	Hillside	HS
16	092-34-011	USA-Milpitas	HS-d2	95.13	Hillside	HS-d2
17	092-35-002	USA-Milpitas	HS	474.11	Hillside	HS
18	092-36-006	USA-Milpitas	A1-2.5s-d2	119.23	Hillside	HS-d2
19	092-37-008	USA-Milpitas	A1-2.5s-d2	0.11	Hillside	HS-d2
20	092-37-021	USA-Milpitas	HS	0.57	Hillside	HS
21	092-37-029	USA-Milpitas	A1-2.5s-d2	1.50	Hillside	HS-d2
22	092-37-033	USA-Milpitas	A1-2.5s-d2	0.01	Hillside	HS-d2
23	092-37-036	USA-Milpitas	A1-2.5s-d2	3.02	Hillside	HS-d2
24	092-42-001	USA-Milpitas	A1-2.5s-d2	5.20	Hillside	HS-d2
25	092-42-002	USA-Milpitas	A1-2.5s-d2	3.68	Hillside	HS-d2
26	092-42-003	USA-Milpitas	A1-2.5s-d2	3.11	Hillside	HS-d2
27	092-42-004	USA-Milpitas	A1-2.5s-d2	3.17	Hillside	HS-d2
28	092-42-005	USA-Milpitas	A1-2.5s-d2	0.18	Hillside	HS-d2
29	092-42-006	USA-Milpitas	A1-2.5s-d2	10.25	Hillside	HS-d2
30	092-42-007	USA-Milpitas	A1-2.5s-d2	0.12	Hillside	HS-d2
31	092-42-008	USA-Milpitas	A1-2.5s-d2	2.94	Hillside	HS-d2
32	092-42-009	USA-Milpitas	A1-2.5s-d2	14.55	Hillside	HS-d2
33	092-42-010	USA-Milpitas	A1-2.5s-d2	13.29	Hillside	HS-d2
34	092-42-013	USA-Milpitas	A1-2.5s-d2	2.93	Hillside	HS-d2
35	092-42-015	USA-Milpitas	A1-2.5s-d2	7.82	Hillside	HS-d2
36	092-42-016	USA-Milpitas	A1-2.5s-d2	12.00	Hillside	HS-d2
37	092-45-017	USA-Milpitas	R1-HS	27.13	Hillside	HS
38	029-30-010	USA-Milpitas	HS-d2	0.67	Hillside	HS-d2

 Parcels split by Urban Service Area modification

Subdivision Potential for Subject Parcels (parcels being retracted from the City's USA)

		MILPITAS				COUNTY	
	APN	ACREAGE	AVG. SLOPE	MIN. LAND/DU ¹	SUBDIV. POTENTIAL ³	MIN. LAND/DU ²	SUBDIV. POTENTIAL ³
1	029-01-002	45.79	16	11.51	4	23.02	1
2	029-01-003	4.85	13	10.70	0	21.40	0
3	029-01-004	63.80	11	10.22	6	20.45	3
4	029-01-007	163.81	17	11.81	14	23.62	6
5	029-01-014	26.40	3	10.00	3	20.00	1
6	029-31-006	5.17	22	13.56	0	27.12	0
7	029-31-012	49.38	13	10.70	5	21.40	2
8	029-32-001	45.90	33	20.13	2	40.25	1
9	029-33-001	56.30	27	15.92	4	31.84	1
10	029-34-003	14.06	1	10.00	2	20.00	0
11	029-34-004	78.93	6	10.00	9	20.00	4
12	029-35-005	38.77	6	10.00	4	20.00	2
13	029-35-007	15.76	10	10.00	2	20.00	0
14	092-34-008	57.62	14	10.96	5	21.92	N/A
15	092-34-010	8.62	15	11.23	1	22.46	0
16	092-34-011	95.13	10	10.00	10	20.00	4
17	092-35-002	474.11	13	10.70	44	21.40	N/A
18	092-36-006	119.23	16	11.51	10	23.02	5
19	092-37-008	0.11	0	10.00	0	20.00	0
20	092-37-021	0.57	0	10.00	0	20.00	0
21	092-37-029	1.50	0	10.00	0	20.00	0
22	092-37-033	0.01	8	10.00	0	20.00	0
23	092-37-036	3.02	0	10.00	0	20.00	0
24	092-42-001	5.20	19	12.45	0	24.90	0
25	092-42-002	3.68	23	13.97	0	27.95	0
26	092-42-003	3.11	35	22.07	0	44.14	0
27	092-42-004	3.17	25	14.88	0	29.77	0
28	092-42-005	0.18	0	10.00	0	20.00	0
29	092-42-006	10.25	21	13.17	1	26.34	0
30	092-42-007	0.12	0	10.00	0	20.00	0
31	092-42-008	2.94	2	10.00	0	20.00	0
32	092-42-009	14.55	15	11.23	1	22.46	0
33	092-42-010	13.29	22	13.56	1	27.12	0
34	092-42-013	2.93	13	10.70	0	21.40	0
35	092-42-015	7.82	33	20.13	0	40.25	0
36	092-42-016	12.00	19	12.45	1	24.90	0
37	092-45-017	27.13	23	13.97	N/A*	27.95	N/A
38	029-30-010	0.67	20	12.8	0	25.6	0
TOTAL #DEVELOPABLE LOTS					129.00		30

¹ Derived from Slope Density Formula for City of Milpitas

² Derived from Slope Density Formula for County of Santa Clara

³ Maximum number of potential new lots through subdivision

Split lines of assessment

* Orchard Common Area

N/A No remaining development potential



"Cindy Maxwell"
<cmaxwell@ci.milpitas
.ca.gov>

05/23/2006 03:05 PM

To: <Neelima.Palacherla@ceo.sccgov.org>
cc: <dunia.noel@ceo.sccgov.org>, "Tom Williams"
<twilliams@ci.milpitas.ca.gov>
Subject: Time extension request

The city of Milpitas respectfully requests a continuance of our application to modify a portion of the Urban Service Area boundary (Milpitas USA Amendment 2006). The application was scheduled to be heard by LAFCO on May 31, 2006.

We are requesting the time extension to conduct additional outreach and education to affected property owners and interested individuals. In accordance with recent City Council policy, we will conduct a community meeting in June to share information and clarify any confusion about the project. This is especially important since a significant amount of time has elapsed since the passage of the authorizing ballot measure was passed in 1998.

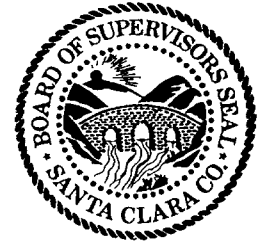
Thank you for your assistance with this project. We look forward to bringing this item back to LAFCO at their next available meeting.

Cynthia Maxwell
City of Milpitas, Planning Dept.
455 E. Calaveras Blvd.
Milpitas, CA 95035
408-586-3287
cmaxwell@ci.milpitas.ca.gov

County of Santa Clara

Office of the Board of Supervisors

County Government Center, East Wing
70 West Hedding Street, 10th Floor
San Jose, California 95110
(408) 299-5030
FAX 298-6637 TDD 993-8272



Pete McHugh
Supervisor Third District

May 24, 2006

Neelima Palacherla
Executive Officer, LAFCO
70 W. Hedding St., 11th Floor
San Jose, CA 95110

Dear Ms. Palacherla,

I respectfully request a continuance of the Milpitas Urban Service Area (USA) item that is on LAFCO's May 31st agenda. I understand that the City of Milpitas has requested a continuance so that City staff may conduct a property owner informational meeting. This meeting is tentatively scheduled for June 21, 2006.

A significant amount of time has passed since the passage of Measure Z, which calls for the retraction of the USA. The informational meeting will provide staff the opportunity to inform property owners of the full ramifications of the retraction. I support this action by the City and request that you continue the meeting until the City of Milpitas is ready to bring the item forward. Should you have any questions please feel free to call Daniel Murillo in my Office at (408) 299-5037.

Sincerely,

Pete McHugh
Supervisor, District Three

CC: Pete Kutras
Valentine Alexeeff



LAFCO of Santa Clara County
70 West Hedding Street, 11th Floor, East Wing
San Jose, CA 95110

May 25, 2006

Dear LAFCO Commissioners:

Greenbelt Alliance has long been supportive of efforts by cities to create and maintain Urban Growth Boundaries (UGB). These boundary lines favor city-centered growth and prevent sprawling developments from needlessly eroding valuable open space. In 1998, Milpitas voters approved the establishment of a 20-year UGB. However, Milpitas' Urban Service Area (USA) still extends past the voter-adopted UGB nearly eight years later.

Now is the time to honor Milpitas voters' wishes by making the USA coterminous with the UGB. Delaying this effort any further would be ignoring the people of Milpitas who several years ago clearly showed how they would like to see their City grow.

Hillside protection has many far-reaching implications for the entire region- from air and water quality to the ability for wildlife to migrate freely. Greenbelt Alliance strongly encourages the LAFCO Commissioners to finish what the voters started in 1998 and bring the USA in line with the UGB.

Sincerely,

Michele Beasley
South Bay Field Representative

MAIN OFFICE • 631 Howard Street, Suite 510, San Francisco, CA 94105 • (415) 543-6771 • Fax (415) 543-6781
SOLANO/NAPA OFFICE • 725 Texas Street, Fairfield, CA 94533 • (707) 427-2308 • Fax (707) 427-2315
SOUTH BAY OFFICE • 1922 The Alameda, Suite 213, San Jose, CA 95126 • (408) 983-0856 • Fax (408) 983-1001
EAST BAY OFFICE • 1601 North Main Street, Suite 105, Walnut Creek, CA 94596 • (925) 932-7776 • Fax (925) 932-1970
SONOMA/MARIN OFFICE • 555 5th Street, Suite 300B, Santa Rosa, CA 95401 • (707) 575-3661 • Fax (707) 575-4275
info@greenbelt.org • www.greenbelt.org



COMMITTEE FOR
GREEN FOOTHILLS

May 25, 2006

Santa Clara County LAFCo
70 West Hedding St, 11th Floor, East Wing
San Jose, CA 95110

Re: LAFCo Meeting of May 31st, Agenda Item #5 – Milpitas Urban Service Area

Dear LAFCo Commissioners;

The Committee for Green Foothills supports the recommendation to finally make the Urban Service Area coterminous with the voter-approved Urban Growth Boundary. The eight years since the voter approval of Measure Z has been more than enough time to update the USA.

An indefinite delay at this point would only further circumvent the voters' intent. Orderly planning and environmental protection, two major components of LAFCo's mission, require the end of these delays.

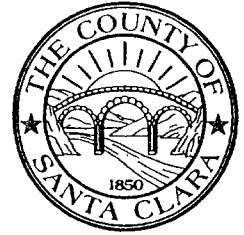
Sincerely,

Brian A. Schmidt
Legislative Advocate, Santa Clara County

County of Santa Clara

Department of Planning and Development
Planning Office

County Government Center, East Wing, 7th Floor
70 West Hedding Street
San Jose, California 95110-1705
(408) 299-5770 FAX (408) 288-9198
www.sccplanning.org



May 25, 2006

Ms. Neelima Palacherla
Executive Officer
Local Agency Formation Commission of
Santa Clara County (LAFCO)
County Government Center,
70 W. Hedding St.
San Jose, CA 95110

RE: Continuance Request for Milpitas Urban Service Area Hearing, May 31, 2006

Dear Ms. Palacherla and Honorable LAFCO Commissioners:

On behalf of the County of Santa Clara Planning Office, I am writing to urge the Commission to proceed with the scheduled May 31, 2006 public hearing and modification for the Milpitas Urban Service Area (USA). Measure Z was approved in 1998, and the initial submittal for modification of the USA was made in 1999. The completion of this project is long overdue, and County staff believe the continuance is unnecessary.

1. Schedule is mutually agreed upon by LAFCO, Milpitas, and the County.

In order to facilitate the conclusion of this long overdue project, staff of the three agencies discussed and mutually agreed to the current schedule, which includes already noticed public hearings before the County Planning Commission on June 1, 2006 and the Board of Supervisors on June 20, 2006. Much work and effort has been expended to ensure timely resolution of the project prior to the Board of Supervisors' July recess. There has been no mention of Council policy regarding a formal community meeting or the need for one, until the continuance request became known.

2. The County Planning Office has completed a full program of public information and notification, with only two inquiries to date from affected unincorporated property owners. Their questions were answered, and there has been no request for a public information meeting or further information.

Of the 38 parcels directly affected by the project, all but two are unincorporated. To ensure adequate public notice and information regarding the project, the Planning Office has (a) distributed to property owners on May 10, 2006 copies of the Proposed Negative Declaration, in compliance with applicable laws, including essential explanatory information about the project; (b) published the proposed Negative Declaration in the San Jose Post Record; (c) mailed individual hearing notices for the June 1, 2006 Planning Commission to all directly affected properties and to all properties within 300 feet of those directly affected properties,

over 600 in total; and (d) published explanatory information on the Planning Office website. The notices encourage interested parties to contact County staff through email or by phone with any inquiries. To date, Planning Office staff has received inquiries from only two affected property owners. Following a brief explanation of the project and its implications, each had no further questions or concerns.

- 3. Only two affected parcels are incorporated, and the project has no effect on their use and development potential. There would appear to be no need to for the City to conduct a community meeting for two property owners unaffected by the project.**

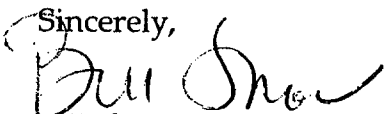
For the two parcels in the City of Milpitas, the project has no effect and does not change permissible uses, development, or subdivision potential as defined presently under City jurisdiction. The project does not include any proposed changes by the City of Milpitas with respect to the City's land use policies or regulations for those two parcels. Consequently, the Planning Office does not see that there is a need for a community meeting or other processes to disseminate information by the City and/or County to the owners of the two parcels in City jurisdiction. If there were additional information needs by affected unincorporated parcel owners, County staff believes it can easily meet their information needs through simpler, informal meetings with interested parties.

- 4. With other pending work plan deadlines and major responsibilities, the County Planning Office is not prepared to commit staff time and resources to unplanned for community meetings, for which there appears to be little to no need or demand, other than delay.**

The County is concerned that a continuance lends precedent for additional requests for continuances and further unnecessary delays. Measure Z and its impacts for the City and the affected properties have been in place and well known since 1998. Measure Z's primary objective was to establish an Urban Growth Boundary (UGB), with accompanying policy provisions precluding further service extensions and annexations outside the UGB. The modification to the USA, as directed by Measure Z, effectuates no greater limitations or controls in regard to annexation or service provision than those effectuated by the UGB. It seems superfluous to hold additional formal community meetings to explain these very basic factual issues, particularly when only two incorporated properties are involved, and no changes to their use and development potential result from any of the proposed actions.

In conclusion, the Planning Office urges the Commission to proceed with the agreed upon hearing schedules.

Sincerely,



Bill Shoe, Principal Planner/Zoning Administrator

CC: Val Alexeeff, Director, Department of Planning and Development
Jane Decker, Deputy County Executive

Date Prepared: May 17, 2006

Hearing Date: May 31, 2006

TO: LAFCO

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

SUBJECT: **Draft South and Central Santa Clara County Service Review and Sphere of Influence Updates Report Annexations**
Agenda Item #6

STAFF RECOMMENDATION

Consider the draft report for the South and Central Santa Clara County Service Review and Sphere of Influence (SOI) Updates and direct staff to prepare the final report and set a hearing date.

PURPOSE

The purpose of a public hearing on this item is to accept further public comment on the *Draft South and Central Santa Clara County Service Review and Sphere of Influence Updates Report* prepared by LSA under the supervision of LAFCO staff.

BACKGROUND

LSA consulting group was retained by the Commission to conduct the *South and Central Santa Clara County Service Review and Sphere of Influence Updates*. A Technical Advisory Committee (TAC) was established to serve as a liaison between LAFCO and the affected agencies, as well as to provide technical expertise and guidance throughout the service review process. In addition to LAFCO Commissioner, Don Gage, and LAFCO staff, the members of TAC for the *Draft South and Central Santa Clara County Service Review and Sphere of Influence Updates* include:

Representing the Santa Clara County/Cities Managers' Association

J. Edward Tewes, City Manager, City of Morgan Hill

Representing the Santa Clara County Municipal Public Works Officers' Association

Richard Smelser, Public Works Director, City of Gilroy

Representing the Santa Clara County Special Districts Association

Jim Moran, Director, Santa Clara County Open Space Authority

Representing the Santa Clara County Planning Officials Association

Laurel Prevetti, Deputy Planning Director, City of San Jose

The consultants have met/consulted with, discussed and collected information from all of the affected agencies in the southern part and central part of Santa Clara County. In addition, periodic updates on the service review process have been provided to the South and Central Santa Clara County Service Review TAC, LAFCO, the Santa Clara County/Cities Managers' Association, Santa Clara County Public Works Officials' Association, Santa Clara County Special Districts Association, and the Santa Clara County Planning Officials Association.

A Technical Draft Service Review and Sphere of Influence Updates Report was released to participating agencies in early March 2006. Several agencies provided comments in writing, by email, and verbally to LAFCO staff and the consultant. The Technical Draft Report was then revised to address each agency's comments. A Revised Draft Service Review and Sphere of Influence Updates Report was released in mid-April for public review and comment. A Notice of Availability (Attachment A) was sent to all affected agencies, LAFCO Commissioners, and interested parties. LAFCO staff and the consultant have received only minor comments from the City of Morgan Hill, as of the writing of this staff report.

LAFCO staff expects to receive additional comments at LAFCO's May 31, 2006 public hearing. LAFCO staff and the consultant will then prepare a written response to all comments received at the public hearing and will revise the Draft Report as necessary.

The Final Draft Report, as well as a response to all of the comments received on May 31, 2006, will be released electronically for public review at least 21 days prior to the August 9, 2006 LAFCO hearing. The Final Report will be available on the LAFCO Website (www.santaclara.lafco.ca.gov) for downloading and a hard copy of the Report will also be available in the LAFCO Office for public review. A public hearing notice will be sent to all affected agencies in Santa Clara County and interested parties in order to announce the availability of the Final Report and the date, time and place for the final public hearing on the Final Report.

NOTICE OF AVAILABILITY OF

**LAFCO's Draft South and Central Santa Clara County Service Review and
Sphere Of Influence Updates, Proposed CEQA Exemption, and
Public Hearing Date**

Date: April 20, 2006
To: Special District Managers
City Managers and County Executive
LAFCO Commissioners
City Planning Directors and County Planning Director (Memo Only)
City Public Works Directors (Memo Only)
Interested Parties (Memo Only)
From: Neelima Palacherla, LAFCO Executive Officer *NP*
Re: Notice of Availability

**LAFCO's Draft South and Central Santa Clara County Service Review and Sphere of Influence
Updates Report Released**

All participating agencies will receive a CD-ROM containing the Draft Report and the Proposed CEQA Exemption. A PDF Version of the Report and Proposed CEQA Exemption have also been placed on the LAFCO Website (www.santaclara.lafco.ca.gov) under the heading "What's New" in order to allow individuals to download these documents. Due to the length of the Report, we encourage you to review the Draft Report as soon as possible. We would appreciate receiving your written comments by May 15, 2006 in order to allow LAFCO staff and the consultant enough time to follow-up with each agency as necessary prior to the public hearing. Comments received by May 15th will be included in the LAFCO packet that will be provided to the LAFCO Commission in advance of the public hearing.

LAFCO Public Hearing on the Draft Report: May 31, 2006

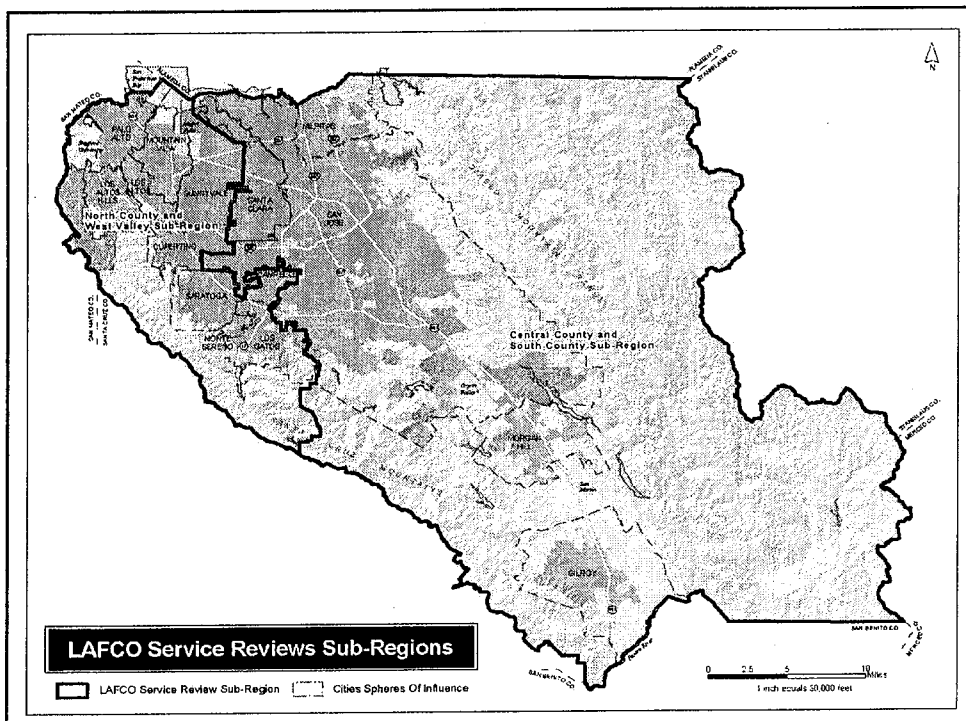
On May 31, 2006, LAFCO will hold a public hearing on LAFCO's Draft South and Central Santa Clara County Service Review and Sphere of Influence Updates Report. At this meeting, the Draft Report will be presented and discussed with the Commission and additional public comments on the Draft Report will be accepted by LAFCO. However, no final action on the Draft Report will be taken at this hearing.

Public Hearing Date: May 31, 2006
Location: Chambers of the Board of Supervisors
County Government Center
70 West Hedding Street, San Jose, California
Time: 1:15 p.m. or soon thereafter

LAFCO is scheduled to consider and adopt the Final South and Central Santa Clara County Service Review and Sphere of Influence Updates at a Second Public Hearing on August 9, 2006. Please feel free to contact me at (408) 299-5127 or Dunia Noel, LAFCO Analyst, at (408) 299-5148 if you have any further questions or concerns about the Draft Report.

LAFCO of Santa Clara County

Service Reviews and Sphere of Influence Recommendations for the South Central Santa Clara County Area



Agencies

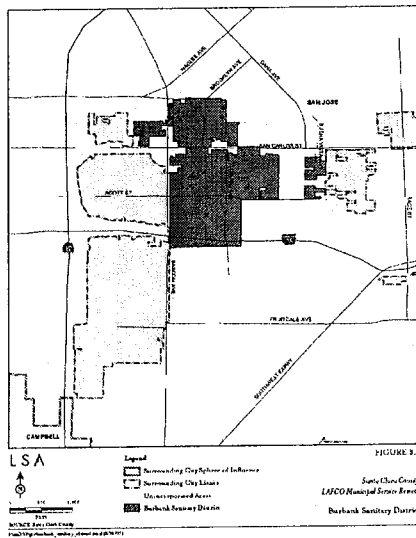
DISTRICTS

- Burbank Sanitary District
- County Sanitation District No. 2-3
- Lion's Gate Community Services District
- Santa Clara County Library Service Area
- Santa Clara County Lighting Service Area
- Santa Clara County Open Space Authority
- Santa Clara County Vector Control District
- South Santa Clara County Valley Memorial District
- Sunol Sanitary District

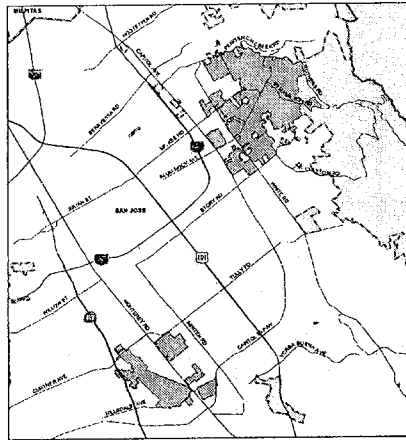
CITIES

- Gilroy
- Milpitas
- Morgan Hill
- San Jose
- Santa Clara

Burbank Sanitary District

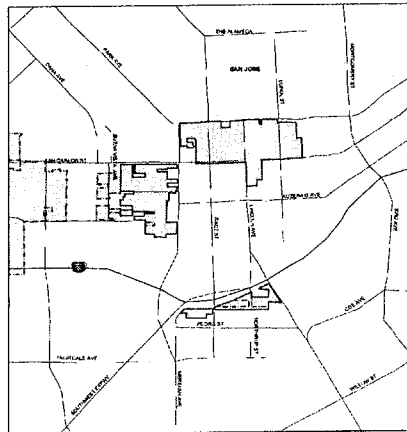


County Sanitation District 2-3



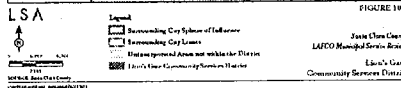
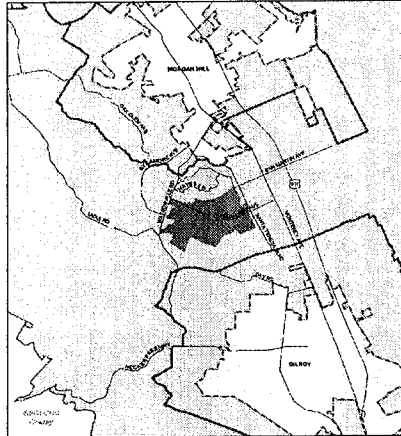
LSA
 Legend
 Surrounding City Limits of Interest
 Surrounding City Limits
 Unincorporated Area
 County Sanitation District No. 2-3
 South Clara County
 LAFCO Municipal Service Branch
 County Sanitation District No. 2-3
 FIGURE 9.1

Sunol Sanitary District



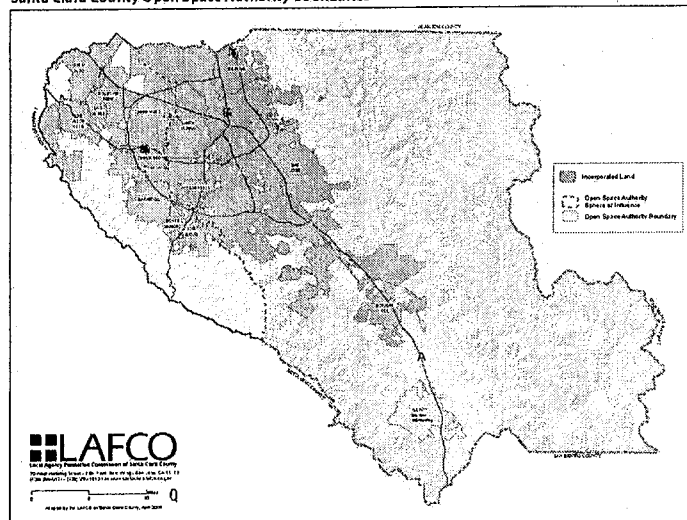
LSA
 Legend
 Surrounding City Limits
 Unincorporated Area
 Sunol Sanitary District
 South Clara County
 LAFCO Municipal Service Branch
 Sunol Sanitary District
 FIGURE 16.1

Lion's Gate CSD

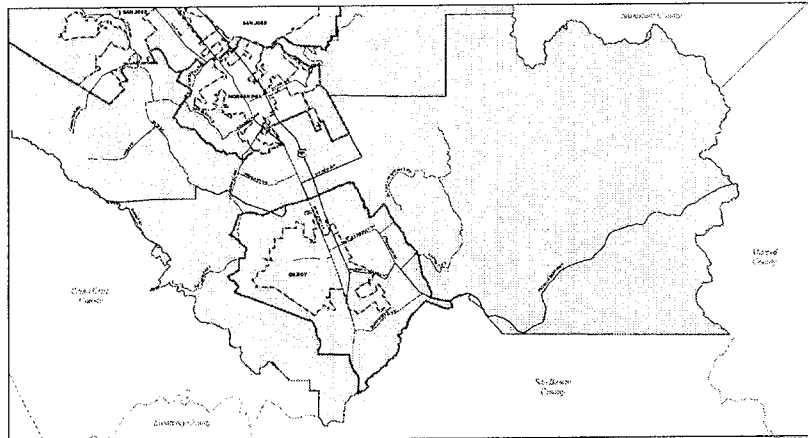


Santa Clara County Open Space Authority

Santa Clara County Open Space Authority Boundaries



South Santa Clara County Valley Memorial District



LSA
1:100,000
1999
SANTA CLARA COUNTY, CALIFORNIA
LAFCO Planning Department
FIGURE 15.
Legend
County Boundary
Unincorporated Areas not within the District
City Sphere of Influence
Cities outside the South Santa Clara Valley Memorial District
South Santa Clara Valley Memorial District
City within Santa Clara Valley Memorial District
Santa Clara County LAFCO Municipal Service Zone
South Santa Clara Valley Memorial District

Cortese-Knox-Hertzberg Act

- LAFCO must update all Spheres of Influence (SOI) by January 1, 2008.
- A Service Review must be conducted prior to or in conjunction with each SOI update.

Nine Required Service Review Determinations

- Infrastructure needs and deficiencies.
- Growth and population projections for the affected area.
- Financing constraints and opportunities.
- Cost-avoidance opportunities.
- Opportunities for rate restructuring.
- Opportunities for shared facilities.
- Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.
- Evaluation of management efficiencies.
- Local accountability and governance.

Spheres of Influence in Santa Clara County

- Long range planning tool to help LAFCO evaluate Urban Service Area boundary changes and annexation requests.
- Areas designated as city's planning area and covered in its General Plan.
- Areas that will not necessarily be annexed or receive services from the city, but areas where the County and city may have shared interests in preserving non-urban levels of land use.
- Areas where County and City have significant interaction.
- Areas containing social or economic communities of interest.
- Urban Service Area boundary is a more critical factor.
 - Indicates if an area may be annexed and provided urban services; directs urban development; ensures the ability to provide services; and preserves agricultural and open space lands.

Four Required Sphere of Influence Determinations, Government Code Section 56425

- Present and planned land uses in the area, including agricultural and open-space lands.
- Present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- Existence of any social or economic communities of interest in the area, if LAFCO determines that they are relevant to the agency.

Service Review Process

- Kick off meeting with affected agencies and Technical Advisory Committee in June 2005.
- Collect and compile agency information.
- Discussions with Technical Advisory Committee regarding Spheres of Influence in Santa Clara County.
- Prepare Administrative Draft Service Review.
- Discussion of Service Review status and timeline with Technical Advisory Committee.
- Agencies review Administrative Draft Service Review including Service Review Determinations.
- Revision of Service Review pursuant to agency comments.

Service Review Process (cont'd)

- Discussion of Sphere of Influence recommendations with Technical Advisory Committee.
- Inclusion of Sphere of Influence discussion, recommendations, and determinations in report.
- Circulate Draft Service Review and Sphere of Influence recommendations, April – May.
- LAFCO Commission Workshop, May 31.
- Revise Draft Service Review pursuant to comments.
- Final LAFCO Hearing for Service Review and Sphere of Influence updates – August 9.

Summary of Service Review Determinations

Infrastructure Needs and Deficiencies

- All Cities are providing park facilities at ratios below their adopted standards.
- Existing library facilities in Gilroy, Milpitas, Morgan Hill are inadequate to meet the existing needs.
 - Morgan Hill is constructing a new library to be completed in April 2007
- Storm drain deficiencies exist in Gilroy, San Jose, and Santa Clara.
 - Specific improvements have been or are being identified by each city.
- The Gilroy Police facility is overcrowded.
 - A new facility will be completed in Fall 2006.
- The Vector Control District's current facility is inadequate due to size.

Infrastructure Needs and Deficiencies (cont'd)

- In San Jose, budget issues have resulted in reductions in availability and maintenance of several facilities.
- The Coyote Valley Specific Plan would require a full range of facilities and the extension of infrastructure.
- The County Sanitation 2-3, Burbank Sanitary, and Sunol Sanitary Districts' facilities have deficiencies due to age and deterioration.

Infrastructure Needs and Deficiencies (cont'd)

- The Milpitas sewer system has 10 areas where pipelines and manholes are deficient.
 - The City's CIP provides recommended upgrades
- Septic system deficiencies exist in the Holiday Lakes Subdivision.
 - An interagency effort is being conducted to create an assessment district and extend Morgan Hill's sewer system.

Growth and Population

- Gilroy and Morgan Hill have residential development control systems that limit annual residential construction.
 - A large amount of vacant land exists within the Gilroy and Morgan Hill growth boundaries.
- Milpitas and Santa Clara are generally built out. Santa Clara has no room for expansion.
- Lion's Gate CSD serves a gated, planned community.
- Growth could increase development pressure on non-preserved open space lands, making preserves more difficult for the Open Space Authority.
- The Memorial District only serves the veterans population.
 - Growth of this segment is difficult to predict.

Growth and Population (cont'd)

- Implementation of the Coyote Valley Specific Plan would create a minimum of 50,000 jobs and 25,000 dwelling units, equaling 70,000 - 80,000 residents.
 - The area is within San Jose's SOI and partly within its Urban Service Area.
- The County Sanitation 2-3, Burbank Sanitary, and Sunol Sanitary Districts serve unincorporated islands within San Jose.
 - Service areas are expected to be annexed into the City, resulting in dissolution.

Financing Constraints and Opportunities

- Cities are facing fiscal challenges. Expenditures have exceeded revenues.
 - Fiscal challenges have effected or will effect services and infrastructure.
 - Areas effected include libraries; police staff, training, programs; and facility maintenance and upgrades.
- Burbank Sanitary District has not yet identified a funding source for rehabilitation projects.
- County Sanitation District 2-3 has ample reserve for infrastructure.
- Lion's Gate CSD will need to comply with Proposition 218 for increases of assessments.
- Funding constraints of the County Library limit hours, staff, and book purchases.
- The Vector Control District's recent assessment increase will provide an additional \$4 million annually.

Cost Avoidance Opportunities

- Cities have cooperative arrangements with other agencies and organizations.
- Cities levy development impact fees to fund needs of new development.
- Morgan Hill, San Jose, and Santa Clara have implemented expenditure reductions and hiring freezes.
- Cost savings may occur if Burbank and Sunol Sanitary Districts were dissolved after annexation into San Jose. This may save administration and Board costs.
- The County Library JPA coordination activities with cities provides cost savings.
- The Memorial District recoups costs by renting the facility to the public.

Opportunities for Rate Restructuring

- The Cities and Districts regularly review rates for services, and adjust them as necessary.
- Future increases in assessments for the Lion's Gate CSD, Vector Control District, Lighting Service Area, and Open Space Authority must be approved pursuant to Proposition 218.

Opportunities for Shared Facilities

- Cities have cooperative arrangements for sharing facilities.
 - Gilroy Morgan Hill Wastewater Treatment Facility and trunk line;
 - Library facilities and equipment for the County system; and
 - School districts for park and recreation facilities.
- The County Sanitation 2-3, Burbank Sanitary, and Sunol Sanitary Districts share trunk line and wastewater treatment plant capacity with San Jose.
- The structure of the County Library allows for coordination of resources among the cities.
- Opportunity may exist for the Open Space Authority to plan preserves next to city open space areas.
- The Vector Control District shares equipment with the County Department of Environmental Health.

Government Structure Options

- Cities should pursue annexation of unincorporated pocket areas, and take advantage of the current streamlined process.
- Milpitas should retract its Urban Service Area to be coterminous with the voter approved Urban Growth Boundary.
- County Sanitation 2-3, Burbank Sanitary, and Sunol Sanitary District areas should be annexed into San Jose, and the Districts should be dissolved.
- The County Library Service Area can no longer levy assessments, and has no function.
 - It is appropriate for the County Board of Supervisors and JPA to its consider dissolution.

Evaluation of Management Efficiencies

- Cities' joint projects with other agencies provide management efficiencies.
- The provision of wastewater service to the County Sanitation 2-3, Burbank Sanitary, and Sunol Sanitary District areas appears to be more efficient if areas were annexed to San Jose and the Districts dissolved.
- The 2003-04 audit for the Burbank Sanitary District notes significant deficiencies in internal control that could adversely affect financial records.
- Management of services to the Lighting Service Area appear to be more efficient if areas were annexed to cities.
- Vector Control District's management efficiencies are evaluated through reports to County Environmental Health and the County Board of Supervisors

Local Accountability and Governance

- The agencies ensure local accountability and governance standards are met by holding meetings pursuant to the Brown Act, having information available on websites, having advisory committees, and publication of newsletters.
- The Lion's Gate CSD is holding an election in November 2006. Thereafter, all Board members will be residents of the District and elected by the residents.

Reaffirm City Spheres of Influence

Existing City Spheres of Influence serve the following purposes:

- A long range planning tool to help LAFCO evaluate USA boundary changes and annexation requests.
- Areas in which the County and City have shared interests in preserving non-urban land uses.
- Areas where the County and City have significant interaction.
- Areas that contain social or economic communities of interest to the City.

District Sphere of Influence Recommendations

- Reaffirm Zero Spheres of Influence for the County Sanitation 2-3, Burbank Sanitary, and Sunol Sanitary Districts.
 - They serve pockets within San Jose.
 - Areas should be annexed and served by the City.
- Reaffirm coterminous Spheres of Influence for Lion's Gate CSD, Open Space Authority, Vector Control District, and Memorial District.
 - These Agencies are not expected to, or cannot, expand.

District Sphere of Influence Recommendations (cont'd)

- Modify the existing coterminous Sphere of Influence for the County Library Service Area to a Zero Sphere of Influence.
 - The service area can no longer levy assessments and has no function.
 - It is appropriate to consider dissolution and a Zero SOI is recommended.
- Modify the existing Zero Sphere of Influence for the County Lighting Service Area to a coterminous Sphere of Influence.
 - Some lighting service areas are not near a city and will not be annexed to a city.

Date prepared: May 17, 2006

Hearing date: May 31, 2006

To: LAFCO

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

Subject: **Maps for the Santa Clara County Lighting Service Area, and The Midpeninsula Regional Open Space District**

Agenda Item #7

RECOMMENDATION

Staff recommends that the Commission adopt maps depicting the boundary and sphere of influence for the following special districts in Santa Clara County:

- 1) Midpeninsula Regional Open Space District, and
- 2) The Santa Clara County Lighting Service Area.

PROJECT DESCRIPTION

The map for the Midpeninsula Open Space District(MROSD) and the map for the Santa Clara County Lighting Service Area are current as of April 31, 2006 and have been prepared for LAFCO adoption. These maps were developed based on information received from each of the districts and meetings and discussions that LAFCO staff have had with each district's staff.

These maps (*to be provided at the LAFCO meeting*) will be LAFCO's official maps for these special districts and will be maintained and kept current by LAFCO staff with the assistance of the County of Santa Clara Information Systems Department.

BACKGROUND

In preparation for LAFCO Service Reviews, LAFCO staff has undertaken the task of developing and maintaining maps of special district boundaries and their Sphere of Influence (SOI) boundaries in Geographic Information Systems (GIS). LAFCO contracted with the County of Santa Clara's Information Systems

Department (ISD) to prepare boundary maps for special districts in Santa Clara County.

Prior to this project, LAFCO did not have boundary maps for special districts in Santa Clara County. As a result, this map was prepared using various information sources, including historical sphere of influence documents, LAFCO resolutions, district legal descriptions, information obtained from the County of Santa Clara Assessor and the County of Santa Clara Registrar of Voters, as well as information obtained from the staff of MROSD and Santa Clara County Lighting Service Area.

These maps could not have been prepared without the efforts of the Midpeninsula Regional Open Space District's staff, Santa Clara County Lighting Service Area's staff, and other County of Santa Clara staff, including staff from the Information Services Department, Surveyor's Office, Controller's Office, Planning Office, Registrar of Voters Office, and Assessor's Office.

LAFCO Meeting: May 31, 2006
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer *up*
SUBJECT: **Proposed LAFCO Fee Schedule 2006 Revision**
Agenda Item # 8

STAFF RECOMMENDATION

Adopt resolution revising LAFCO fee schedule, to be effective June 1, 2006.
Please see Attachment A and B for fee schedule and resolution.

Background

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

LAFCO fees were last revised in June 2004. At that time, fees were revised to reflect the actual staff time spent on applications and the increases in staff hourly rates.

The budget sub committee, at its meeting in March 2006, recommended that staff review and propose revisions to the LAFCO fee schedule, as necessary, to ensure cost recovery.

Public Hearing and Notice of Hearing

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

Revised LAFCO Staff Costs

Revised LAFCO staff costs have been used to determine the proposed revised fees. The LAFCO Counsel and Surveyor rates reflect the projected hourly rates for FY 07 that LAFCO would pay to the Office of the County Counsel and the County Surveyor's Office respectively for their staffing services. These rates, established annually by the individual departments, include salary & benefits,

productive time, and the administrative overhead costs. The projected hourly rates for the Executive Officer, the LAFCO Analyst and the LAFCO Clerk are calculated to include the salaries & benefits, productive hours, and the administrative overhead costs taking into consideration the indirect costs based on the projected FY 07 budget.

Staff	Current Rates	Proposed Rates
	FY 2005 hourly rates reflecting salary & benefits, productive time and administrative overhead charges	FY 2007 hourly rates reflecting salary & benefits, productive time and administrative overhead charges
Executive Officer	\$129	\$152
Analyst	\$125	\$139
LAFCO Counsel	\$163	\$183
LAFCO Clerk	\$60	\$93
LAFCO Surveyor	\$106	\$125

City Conducted Annexation Applications

Proposed Revision

Increase the processing fee for city-conducted annexation from \$670 to \$959.

Discussion

Currently LAFCO charges a fee of \$670 for processing of city-conducted annexations. The proposed fee increase for processing and staff finalization of city-conducted annexations is based upon the following costs:

Staff Involved in Processing	Time Spent	Staff Costs
LAFCO Executive Officer	0.5 hr.	\$76
LAFCO Analyst	1 hr.	\$139
LAFCO Clerk	8 hrs.	\$744
Total Cost:		\$959

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

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

LAFCO Change of Organization Applications

The current fees for changes of organization are set in a two-tier system. Proposals that have 100% consent of all affected landowners are charged a lower fee because they generally do not require a public hearing and are less time consuming (\$3,920+ environmental review fees). The non-100% consent proposals are currently charged a higher fee (\$7,880 + environmental review fees) because they are generally more complicated, require extensive noticing, a public hearing and a protest hearing with notice.

The proposed fees for processing a change of organization application are based on these procedures and their associated costs.

100% Consent Proposals

Proposed Revision

Increase the LAFCO processing fee from \$3,920 to \$4,658 plus appropriate environmental review (ER) fee.

Discussion

The majority of reorganization proposals submitted to LAFCO fall under this category. These proposals are generally on the Commission's consent calendar. That is, these proposals do not generally require a public hearing, noticing or a protest hearing. The proposed fee increase for a 100% consent change of organization proposal is a direct result of the increase in staffing costs and LAFCO's responsibility to keep the mapping of city and special district boundaries up to date. The proposed fee is based on the following costs:

Staff Involved in Processing	Time Spent	Staff Costs
LAFCO Executive Officer	3 hrs.	\$456
LAFCO Analyst	3 hrs.	\$417
LAFCO Clerk	15.7 hrs.	\$1,460.10
LAFCO Counsel	.75 hr.	\$137.25
LAFCO Surveyor	17.5 hrs.	\$2,187.50
Total Cost:		\$4,657.85 Round off \$4,658

Non-100% Consent Proposals

Proposed Revision

Increase the LAFCO processing fee from \$7,880 to \$10,098, plus appropriate environmental review fee.

Discussion

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

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

Staff Involved in Processing	Time Spent on Application	Staff Costs
LAFCO Executive Officer	18 hrs.	\$2,736
LAFCO Analyst	6 hrs.	\$834
LAFCO Clerk	38.8 hrs.	\$3,608.4
LAFCO Counsel	4 hrs.	\$732
LAFCO Surveyor	17.5 hrs.	\$2,187.5
Total Cost:		\$10,098

Environmental Review Fees

Proposed Revision

Increase the LAFCO environmental review fee for:

- Categorical exemptions, from \$460 to \$514
- Initial Study / Negative Declaration (ND) from \$630 to \$695
- Environmental Impact Review (EIR) from \$1,130 to \$1,251, and
- LAFCO as Lead Agency for ND or EIR from \$2,500 deposit + consultant fees and additional expenses to \$2,780 deposit + consultant fees and additional expenses.

Discussion

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

Type of Environmental Review	Time Spent on Review	Proposed Fee
Categorical Exemption (LAFCO is Lead or Responsible Agency)	3.7 hrs	\$514.3 Round off \$514
Negative Declaration (LAFCO is NOT Lead Agency)	5 hrs	\$695
EIR (LAFCO is NOT Lead Agency)	9 hrs	\$1,251
LAFCO as Lead Agency (Neg. Dec. or EIR)	20 hrs deposit + consultant time	\$2,780 deposit + consultant fees + any additional staff time/ expenses

Deposit Fees

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

Proposed Revision

Increase the initial deposit from \$8,570 to \$9,968 for USA or SOI proposals; the total fee to be based on the actual cost of processing each individual application.

Increase the initial deposit from \$6,810 to \$8,151 for OACS proposals; the total fee would be based on the actual cost of processing each individual application.

Increase the fee for mandatory pre-application meetings from \$970 to \$1,163. A mandatory pre-application meeting is required with LAFCO staff (preferably prior to seeking signatures on petition) for applications involving formation of districts or city incorporations.

Increase the initial deposit from \$8,570 to \$9,968 for incorporations or special district formation proposals; the total fee based on actual cost of processing each individual application.

Discussion

Currently, LAFCO charges an upfront deposit of \$8,570 for proposals involving USA amendments, SOI amendments, and proposals involving district formations, dissolutions, consolidations and city incorporations and dissolutions and an upfront deposit of \$6,810 for OACS applications.

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

In addition, staff is recommending that when LAFCO is the lead agency for an application, the environmental review fee deposit should also be required upfront if it is determined that an EIR or a Negative Declaration would be required. If proposals require other consultant work for preparing necessary reports such as fiscal impact analyses, service reviews or plan for services etc., such costs would be billed to the applicant. Other costs such as noticing or printing or copying costs would also be billed to the applicant. Several of these types of applications require extensive staff assistance prior to receipt of an application. Staff time spent on such review and meetings will be counted against the deposit.

The proposed fee increase for USA / SOI proposals is based on average time spent on such applications taking into account increased staffing costs:

Staff Involved in Processing	Time Spent	Staff Costs
LAFCO Executive Officer	23 hrs.	\$3,496
LAFCO Analyst	18hrs.	\$2,502
LAFCO Clerk	22 hrs.	\$2,046
LAFCO Counsel	3 hrs.	\$549
LAFCO Surveyor	11 hrs.	\$1,375
Total Cost:		\$9,968

The proposed fee increase for an OACS proposal is based on average time spent on such applications taking into account increased staffing costs:

Staff Involved in Processing	Time Spent	Staff Costs
LAFCO Executive Officer	23 hrs.	\$3,496
LAFCO Analyst	13 hrs.	\$1,807
LAFCO Clerk	18 hrs.	\$1,674
LAFCO Counsel	3 hrs.	\$549
LAFCO Surveyor	5 hrs.	\$625
Total Cost:		\$8,151

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

Reconsideration Requests

Proposed Revision

Increase the initial deposit from \$1,590 to \$1,985; the total fee to be based on the actual cost of processing application.

Discussion

The current fee for reconsideration requests is a deposit of \$1,985 plus any additional expenses. Government Code Section 56383 allows charging a cost recovery fee for reconsideration requests. The proposed fee increase is based on increased staff and application processing costs.

Research Fee

Proposed Revision

Staff is proposing that an hourly fee of \$146 be charged for staff research.

Discussion

This fee is for staff time spent in consultation or on research of a specific issue. Currently, the fee is \$127. The proposed fee increase is based on increase in average costs for LAFCO staff analytical work.

Island Annexation Fees

Proposed Revision

No change is proposed at this time. Staff is proposing to bring back this issue to the commission towards the end of this calendar year.

Discussion

LAFCO is currently offering a fee waiver for cities processing annexations for entire islands. The fee waiver will expire on January 1, 2007 along with the islands annexation law that allows streamlined annexations without protest or elections. There is an effort in the legislature to extend the island annexation provision for another 7 years. LAFCO should revisit this issue at a later meeting based on the extension of the annexation law.

Effective Date for the New Fee Schedule

Staff is proposing that the revised fee schedule become effective June 1, 2006.

Revenue Comparison

The following table compares the revenues generated under the current fee system with the potential revenues that would be realized if the proposed fee schedule were in place. This estimation is based on average level of application activity over the last five years (not including the current year activity). As seen in the table below there is almost a 25% increase in the revenues under the new proposed fee schedule.

However, it should be noted that application activity for the current year is lower than the 5-year average and therefore revenues for the current year are lower than those indicated in the table below.

Potential Revenue Generation

Type of Applications	Average # of Applications in last 5 years	Current Fees	Average Revenue (estimated)	Proposed Fees	Potential Revenue (estimated)
City Conducted	23	\$670	\$15,410	\$959	\$22,057
100% Consent +Cat Exempt.	5	\$4,380	\$21,900	\$5,172	\$25,860
Non-100% Consent + Cat. Exempt.	0	\$7,880	\$8,340	\$10,612	\$0.00
USA / SOI	2	\$8,570	\$17,140	\$9,968	\$19,936
Out of Agency Contracts	2	\$6,810	\$13,620	\$8,151	\$16,302
Total	32		\$68,070		\$84,155

Next Steps

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

- The Revised LAFCO Fee Schedule will be mailed to the County, cities and special districts in the county.
- The revised LAFCO Fee schedule will be posted on the LAFCO web site.

Attachments

Attachment A: Proposed LAFCO Fee Schedule

Attachment B: Resolution adopting revised fee schedule

Attachment A: PROPOSED LAFCO FEE SCHEDULE

	Type of Proposal	Fee
1.	City Conducted Annexations *	\$959 + SBE Fees
2.	LAFCO Change of Organization **	
	100% Consent Proposals	\$4,658 +ER Fees + SBE Fees
	Non-100% Consent Proposals	\$10,098+ER Fees + SBE Fees
	Environmental Review (ER)	
	Categorical Exemption (LAFCO is Lead or NOT)	\$514
	Negative Declaration (LAFCO is NOT Lead Agency)	\$695
	EIR (LAFCO is NOT Lead Agency)	\$1,251
	LAFCO as Lead Agency (Neg. Dec. or EIR)	\$2,780 deposit + Actual Costs
3.	Deposit Fees ***	
	Urban Service Area (USA)/Sphere of Influence (SOI) Amendments	\$9,968 deposit + Actual Costs
	Out of Agency Contract for Services (OACS) Requests	\$8,151 deposit+ Actual Costs
	Pre-Application Meeting for district formations /incorporations	\$1,164+ Actual Costs
	District Formation, Consolidation, Dissolution and City Incorporation and Dissolution	\$9,968 deposit + SBE fees + Actual Costs
	Reconsideration Requests	\$1,985 deposit + Actual Costs
4.	Research Fees	\$146 / hour

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

* Please make one check (\$959) payable to LAFCO and one check payable to State Board of Equalization (SBE); see the SBE schedule of processing fees (based on acreage) included in the application packet to determine the SBE fee.

** Cost of individual change of organization applications varies depending on type of proposal and the type of environmental review needed. For example, a 100% consent annexation that qualifies for a categorical exemption is \$5,172. Please see the SBE schedule of fees to determine the SBE fee.

*** Deposit fees are initial payments towards actual costs of processing applications. **Staff time spent on pre-application assistance will be counted towards the deposit.** Actual costs include staff time, any consultant fees and miscellaneous costs such as noticing, copying etc. If actual costs are less than deposit, LAFCO will refund the difference to the applicant. If processing costs begin to exceed the deposit, additional fees are required. LAFCO approval will be conditional upon final payment within 35 days of LAFCO hearing date. If LAFCO is the Lead Agency and it is determined that the proposal requires a Negative Declaration or an EIR, an additional deposit of \$2,780 is required. Payment of appropriate SBE fees is required where applicable; please see SBE fee schedule.

RESOLUTION NO. _____

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

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

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

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

WHEREAS, in compliance with Government Code section 66016 the Executive Officer set
May 31, 2006 as the hearing date on the revised fee schedule attached hereto as Attachment A
and gave the required notice of hearing; and

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

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

SECTION 1:

The proposed revision to the Local Agency Formation Commission fee schedule attached hereto
as Attachment A and incorporated herein by reference is hereby approved and is effective June 1,
2006.

PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Clara County,
State of California, on May 31 , 2006 by the following vote:

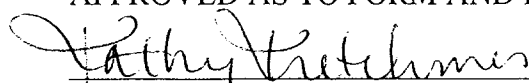
AYES: Commissioners
NOES: Commissioners
ABSENT: Commissioners

CHAIRPERSON
Local Agency Formation Commission

ATTEST:

APPROVED AS TO FORM AND LEGALITY:

EMMANUEL ABELLO
LAFCO Clerk



KATHY KRETCHMER 5-18-06
LAFCO Counsel

Proposed LAFCO Fee Revision

May 31, 2006

Proposed Fee Revision

Staff Hourly Rates

Staff	Current	Proposed
Executive Officer	\$129	\$152
Analyst	\$125	\$139
LAFCO Counsel	\$163	\$183
LAFCO Clerk	\$60	\$93
LAFCO Surveyor	\$106	\$125

Proposed Fee Revision

Flat Fees

	Current	Proposed
City Conducted	\$670	\$959
100% Consent Reorganizations	\$3,920	\$4,658
Non-100% Consent Reorganizations	\$7,880	\$10,098

Proposed Fee Revision

Deposit Fees

	Current	Proposed
USA / SOI	\$8,570 + Actual Costs	\$9,968 + Actual Costs
OACS	\$6,810 + Actual Costs	\$8,151 + Actual Costs
Research Fee	\$127/hour	\$146/hour

Proposed Fee Revision

Deposit Fees

District Formations and City Incorporations

	Current	Proposed
Pre-Application Meeting	\$970	\$1,164
Application	\$8,570 + Actual Costs	\$9,968 + Actual Costs

Proposed Fee Revision

Projected Revenues

*Based on 5-Year Average # of Applications/Year
not including current year**

Revenue Estimate With Current Fees	Projected Potential Revenue
\$ 68,070	\$ 84,155

**Application activity for current year is lower than 5-year
average*

LAFCO Meeting: May 31, 2006
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer *up*
SUBJECT: **Proposed Final Budget FY 2006-2007**
Agenda Item # 9

STAFF RECOMMENDATION

1. Adopt the Final LAFCO Budget for fiscal year 2006-2007. (Attachment A)
2. Find that the Final FY-07 Budget is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the final budget adopted by the Commission including the estimated agency costs to each of the cities, the County and the Cities Association.
4. Direct the County Auditor-Controller to apportion LAFCO costs to cities and the County using the most recent edition of the Cities Annual Report published by the Controller, and collect payments pursuant to GC § 56381.

BACKGROUND

LAFCO Budget and Adoption Process

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft and the final budgets are required to be transmitted to the cities and the County. The CKH Act establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled into next fiscal year budget. After the adoption of the final budget, the County Auditor is required to apportion the net operating expenses of the Commission to the agencies represented on LAFCO.

CHANGES TO THE DRAFT / PRELIMINARY BUDGET

The Commission on April 12, 2006, adopted the preliminary budget for Fiscal Year 2006-2007. The preliminary budget was prepared using the best information

available at that time. Since then, staff has been able to make closer estimates for end of year expenses and is proposing revisions based on this information. Also, LAFCO has received higher revenues in the current year than was estimated in the preliminary budget.

Taking all these changes into consideration, **the actual operating expenses are reduced to \$430,410, which represents a further reduction in LAFCO's net operating costs from the draft preliminary budget.** Presented below are the proposed revisions to items:

EXPENDITURES

Object 1: SALARY AND BENEFITS (end of year projection for FY 2006)

The end of year projections for this item is being increased to \$260,000.

5258200 INTRA-COUNTY PROFESSIONAL (end of year projection for FY 2006)

The end of year estimate for item is being increased by \$3,000 to \$90,000.

5250250 POSTAGE (end of year projection for FY 2006)

The end of year estimate for this item is being increased by \$300.

REVENUES

**4103400 LAFCO APPLICATION FEES (end of year projection for FY 2006)
(Increase from \$30,000 to \$44,527)**

LAFCO collected about \$14,500 more in revenues than what was anticipated in the year-end projections, which was estimated at \$30,000. Depending on application activity prior to close of this fiscal year, it is possible that additional revenues may be collected.

**4301100 INTEREST (end of year projection for FY 2006)
(Increase from \$9,000 to \$11,321)**

It is estimated that LAFCO will receive \$2,300 more in interest than the \$9,000 that was projected for the end of this current year.

**NET LAFCO OPERATING EXPENSES
(Decrease from \$437,612 to \$430,410)**

As a result of the above listed estimated changes in costs and revenues, the net operating expenses of LAFCO for FY 2007 are reduced from \$437,612 in the Draft

Budget to \$430,410 in the Final Budget. This would correspondingly reduce the costs to agencies.

COST APPORTIONMENT TO CITIES AND COUNTY

The CKH Act requires LAFCO costs to be split in proportion to the percentage of an agency’s representation (excluding the public member) on the Commission. Since the City of San Jose has a permanent membership on Santa Clara LAFCO, the law requires costs to be split between the County, the City of San Jose and the remaining cities. Hence the County pays half the LAFCO cost, the City of San Jose a quarter and the remaining cities the other quarter. The cities’ share (other than San Jose’s) is apportioned in proportion to each city’s total revenue as reported in the most recent edition (2002-2003) of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county.

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

Provided below is the draft apportionment to the agencies based on LAFCO’s net operating expenses for FY-07 (\$430,410). Cost to individual cities is detailed in Attachment B.

Costs to Agencies

	FY 05-06 Costs	FY 06-07 Costs
County of Santa Clara	\$251,620	\$215,205
City of San Jose	\$125,810	\$107,603
Remaining 14 cities in the County	\$125,810	\$107,603

ATTACHMENTS

- Attachment A: Final Budget for FY 2006-2007
- Attachment B: 2006-2007 LAFCO Cost Apportionments to Cities and the County

**FINAL LAFCO BUDGET
FISCAL YEAR 2006 - 2007**

**ITEM NO. 9
Attachment A**

ITEM #	TITLE	APPROVED FY 05-06 BUDGET	END OF YEAR PROJECTIONS	FINAL FY 06-07 BUDGET
EXPENDITURES				
Object 1:	Salary and Benefits	\$321,329	\$260,000	\$307,637
Object 2:	Services and Supplies			
5258200	Intra-County Professional	\$107,320	\$90,000	\$112,400
5255500	Consultant Services	\$100,000	\$45,000	\$100,000
5210100	Food	\$750	\$750	\$750
5220200	Insurance	\$96	\$96	\$281
5250100	Office Expenses	\$2,000	\$1,500	\$2,000
5255650	Data Processing Services	\$12,193	\$5,000	\$15,689
5225500	Commissioners' Fee	\$1,500	\$1,500	\$5,400
5260100	Publications and Legal Notices	\$1,000	\$400	\$1,000
5245100	Membership Dues	\$2,161	\$2,161	\$4,000
5250750	Printing and Reproduction	\$1,500	\$1,000	\$1,500
5285800	Business Travel	\$9,000	\$9,000	\$10,500
5285300	Private Automobile Mileage	\$1,200	\$1,200	\$1,200
5285200	Transportation&Travel (County Car Usage)	\$1,500	\$1,000	\$1,500
5281600	Overhead	\$14,120	\$14,120	\$27,531
5275200	Computer Hardware	\$2,000	\$2,000	\$2,000
5250800	Computer Software	\$2,000	\$1,500	\$2,000
5250250	Postage	\$2,000	\$1,500	\$2,000
5252100	Staff Training Programs	\$2,000	\$1,000	\$2,000
5701000	Reserves	\$60,000	\$0	\$90,000
TOTAL EXPENDITURES		\$643,669	\$438,727	\$689,388
REVENUES				
4103400	Application Fees	\$35,000	\$44,527	\$30,000
4301100	Interest: Deposits and Investments	\$5,000	\$11,321	\$5,000
	Total Interest / Application Fee Revenue	\$40,000	\$55,848	\$35,000
4600100	Cities (Revenue from other Agencies)	\$251,620	\$251,620	
5440200	County	\$251,620	\$251,620	
	* Savings/Fund Balance from previous FY	\$100,429	\$103,617	\$223,978
TOTAL REVENUE		\$643,669	\$662,705	
NET LAFCO OPERATING EXPENSES		\$503,240		\$430,410
COSTS TO AGENCIES				
	County	\$251,620		\$215,205
	City of San Jose	\$125,810		\$107,603
	Other Cities	\$125,810		\$107,603

* This amount includes all the unspent funds and the unspent reserves

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2006/2007 LAFCO COST APPORTIONMENT
Estimated Costs to Agencies Based on the FINAL Budget

LAFCO Net Operating Expenses for 2006/2007				\$430,410
Jurisdictions	Revenue per 2002/2003 Report*	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
County	N/A	N/A	50.0000000%	\$215,205.00
San Jose	N/A	N/A	25.0000000%	\$107,602.50
Campbell	\$32,891,311	2.3481246%	0.5870311%	\$2,526.64
Cupertino	\$54,314,503	3.8775353%	0.9693838%	\$4,172.32
Gilroy	\$64,950,590	4.6368500%	1.1592125%	\$4,989.37
Los Altos	\$24,185,913	1.7266425%	0.4316606%	\$1,857.91
Los Altos Hills	\$6,976,235	0.4980364%	0.1245091%	\$535.90
Los Gatos	\$26,221,022	1.8719298%	0.4679825%	\$2,014.24
Milpitas	\$72,963,039	5.2088621%	1.3022155%	\$5,604.87
Monte Sereno	\$1,694,050	0.1209389%	0.0302347%	\$130.13
Morgan Hill	\$36,342,726	2.5945225%	0.6486306%	\$2,791.77
Mountain View	\$131,435,450	9.3832322%	2.3458081%	\$10,096.59
Palo Alto	\$305,150,000	21.7847872%	5.4461968%	\$23,440.98
Santa Clara	\$414,752,756	29.6093741%	7.4023435%	\$31,860.43
Saratoga	\$18,118,864	1.2935133%	0.3233783%	\$1,391.85
Sunnyvale	\$210,751,676	15.0456510%	3.7614128%	\$16,189.50
Total	\$1,400,748,135	100.0000000%	100.0000000%	\$430,410.00
Total Cities				\$107,604.50

* The 2002-2003 Report is the most current available to date. The 2003-2004 Report is expected to be published soon.
The cities' cost estimates will be revised according to the 2003-2004 Report by the County Controller's Office.

LAFCO Meeting: May 31, 2006

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer *NP*
Kathy Kretchmer, LAFCO Counsel

SUBJECT: **Proposed Policy on Travel and Expense Reimbursement**
Agenda Item # 10a

STAFF RECOMMENDATION

Adopt the Travel and Expense Reimbursement Policies to be effective immediately. See Attachment A for the Policies.

BACKGROUND

CKH authorizes reimbursement to LAFCO Commissioners for reasonable and necessary expenses incurred in attending meetings and in performing the duties of office. AB1234, effective January 1, 2006, requires local agencies that provide reimbursement for expenses to members of its legislative body to adopt written policies on functions qualifying for reimbursement as well as reimbursement procedures for travel.

Although LAFCO is not a local agency as defined in AB 1234, LAFCO Commissions do receive reimbursement for travel and meeting expenses and it is recommended that LAFCO adopt a formal written travel and reimbursement policy. At its April 12, 2006 meeting, LAFCO authorized staff to draft a travel and reimbursement policy for its consideration.

Travel and Expense Reimbursement

The elements of AB 1234 that should be addressed by LAFCO in its policies include:

- a) Reconfirm per diem paid to Commissioners for attendance at LAFCO Commission meetings.
- b) Specify which duties qualify for reimbursement of actual and necessary expenses.

- c) Specify reimbursement rates for travel, meals, and lodging, and other actual and necessary expenses. If lodging is in connection with a conference or organized educational activity, limit lodging costs to group rate provided lodging at that rate is available.
- d) Provide that any expenses that do not come within the adopted reimbursement policy be approved by the Commission.
- e) Include the requirement that expense report forms shall be provided for reimbursement purposes and must be submitted within a reasonable time after incurring the expense. The policy should indicate that the expense report forms are public record.
- f) Include that after attendance at a meeting at the expense of LAFCO, one of the attendees should provide a brief report on the meeting.

Ethics Training

AB 1234 further requires that if a local agency provides any type of compensation or reimbursement for expenses, the local agency officials must receive ethics training. In regard to the ethics training, all LAFCO Commissioners, except the public member, will be meeting the ethics training requirement through their position as County Supervisors or City Council members. Staff intends to keep the public member informed of ethics training opportunities, although the public member is not required by this law to fulfill this obligation. The LAFCO Executive Officer and LAFCO Analyst intend to also attend the ethics training session.

ATTACHMENTS

Attachment A: Draft Travel and Expense Reimbursement Policies

POLICY ON TRAVEL AND EXPENSE REIMBURSEMENT

PURPOSE

The purpose of this policy is to provide guidance to commissioners and staff on the use and expenditure of LAFCO resources and to establish a written policy for reimbursement of necessary expenses by commissioners and staff.

AUTHORIZED EXPENSES

1. LAFCO funds, equipment, supplies (including letterhead), titles, and staff time must only be used for authorized LAFCO business. In addition to the day to day business activities of LAFCO, expenses incurred in connection with the following types of activities generally constitute authorized expenses:
 - A. Communicating with representatives of local, regional, state and national government on LAFCO business
 - B. Attending educational seminars designed to improve skills and information levels
 - C. Participating in local, regional, state and national organizations whose activities affect LAFCO's interests
 - D. Recognizing service to LAFCO (for example, thanking a longtime employee with a retirement gift or celebration of nominal value and cost)
 - E. Attending LAFCO or CALAFCO events
2. All other expenditures incurred will require prior approval by the Commission.
3. Any questions regarding the propriety of a particular type of expense should be resolved before the expense is incurred.

MEETING PER DIEM / STIPEND §56334

Consistent with LAFCO Resolution #_____, LAFCO commissioners including alternate commissioners will receive a \$100 per diem for attendance at LAFCO meetings. This compensation is in lieu of reimbursement for travel and other expenses incurred in attending the LAFCO meetings.

LAFCO COMMISSIONER ATTENDANCE AT CALAFCO CONFERENCE

Regular LAFCO commissioners will be given first priority for attending the CALAFCO Annual Conference. If a regular commissioner is unable to attend, the alternate for that commissioner may attend.

TRANSPORTATION, LODGING, MEALS, AND OTHER INCIDENTAL / PERSONAL EXPENSES

1. Reimbursement for authorized transportation, lodging, meals and other incidental expenses shall be provided in conformance with the current Travel Policy of the County of Santa Clara.
2. Registration and travel arrangements including airline reservations must be coordinated through the LAFCO Office.

EXPENSE REPORTING

Within 14 calendar days of return from a LAFCO business trip or event, a final accounting of all expenses must be submitted to the LAFCO office. Original receipts are required for processing reimbursement. LAFCO staff will then fill out the necessary forms and submit to the appropriate County department in compliance with the County Travel Policy.

AUDITS OF EXPENSE REPORTS

All expenses are subject to verification that they comply with this policy.

REPORTS TO LAFCO

At the following LAFCO meeting, a report shall be presented on meetings attended at LAFCO expense.

COMPLIANCE WITH LAWS

Some expenditures may be subject to reporting under the Political Reform Act and other laws. LAFCO expenditures, expense report forms and supporting documentation are public records subject to disclosure under the Public Records Act.

ETHICS TRAINING

LAFCO is not a local agency whose officials are required to comply with the requirement of ethics training pursuant to Government Code Section 53235. Since LAFCO provides reimbursement for expenses, LAFCO Commissioners, Executive Officer and Analyst are encouraged to receive ethics training. LAFCO Commissioners who are County Supervisors or City Council members will receive this training in their respective roles as county/city officials. LAFCO staff will advise the public members of opportunities to receive the training.



LAFCO Policies Revision

- a. Travel and Expense Reimbursement**
- b. Role of Alternates**
- c. Commissioner Per Diem**



Travel and Expense Reimbursement Policies

- AB 1234 (Compensation and Ethics) became effective January 1, 2006
- It is recommended that LAFCO adopt policies on travel, reimbursement and ethics even though LAFCO is not a local agency as defined in AB 1234
- Policy will guide LAFCO on use and expenditure of LAFCO resources



Travel and Expense Reimbursement Policies

Main points:

- Authorized expenses qualify for reimbursement
- Commissioner Attendance at CALAFCO Conference
- Transportation, lodging, meals, other expenses reimbursed per current County Travel Policy
- Expense reporting with 14 days, original receipts required
- Reports to LAFCO after attending meetings



Travel and Expense Reimbursement Policies

Ethics Training:

- Commissioners and staff encouraged to receive ethics training
- At least two hours of training in general ethics principles and laws every two years
- Commissioners Wilson and Trumbull have attended ethics training
- Staff to inform of available training opportunities

LAFCO Meeting: May 31, 2006

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer *NP*
Kathy Kretchmer, LAFCO Counsel

SUBJECT: **Proposed Policy on Role of Alternate Commissioners**
Agenda Item # 10b

STAFF RECOMMENDATION

Adopt the Role of Alternate Commissioners Policy to be effective immediately.
See Attachment A for the Policy.

BACKGROUND

Currently, Santa Clara LAFCO alternate members do not attend or participate in the LAFCO meetings when the regular member is present.

At a budget sub committee meeting in March, it was discussed whether alternate Commissioners should attend all LAFCO meetings even if they are not needed to take the place of the regular LAFCO commissioners. This issue was brought to the attention of full Commission in April and the Commission directed staff to bring back a policy regarding this issue for consideration.

Staff surveyed other LAFCOs and reviewed their policies related to alternate member participation. The majority of LAFCOs responded that they encourage or expect alternate members to attend all the LAFCO meetings, even when not needed to serve in place of the regular members and have included this as part of their formal policies.

Staff recommends that LAFCO adopt a policy that expects alternate commissioners to attend and participate (except making motions or voting) in the LAFCO meetings. It would allow the alternates to be fully informed if and when they must vote in place of the regular members who are absent or disqualified.

ATTACHMENT

Attachment A Draft Policy on Role of Alternate Commissioners

POLICY ON ROLE OF ALTERNATE MEMBERS

In each member category, the alternate commissioner shall serve and vote in place of a regular member who is absent or who disqualifies herself or himself from participating on a specific matter before the commission (§ 56325)

All alternate members are expected to attend and participate in all Commission meetings, even if the regular member(s) is (are) present.



Local Agency Formation Commission of Santa Clara County

LAFCO Meeting: May 31, 2006

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer *up*
Kathy Kretchmer, LAFCO Counsel

SUBJECT: **Proposed Per Diem for LAFCO Commissioners & Alternates**
Agenda Item # 10c

STAFF RECOMMENDATION

Establish a per diem of \$100 for the LAFCO commissioners and alternates for attendance at LAFCO meetings to be effective July 1, 2006.

BACKGROUND

Government Code §56334 authorizes payment of a per diem to commissioners and alternates for attendance at meetings of the commission. Currently, Santa Clara LAFCO pays a per diem of \$50 to LAFCO commissioners attending a LAFCO meeting. This amount was established in 1977 by the Board of Supervisors by Ordinance # NS-300.243. At present, LAFCO does not pay a per diem to alternates for attendance at the LAFCO meetings unless they are required to vote in place of the regular member. As an independent agency, LAFCO must authorize payment of a per diem through the adoption of a resolution.

The per diem amount paid to LAFCO commissioners across the state varies. The amount ranges from \$50 to \$125. Some LAFCOs do not provide a per diem to county supervisors, some LAFCOs do not provide a per diem to alternate commissioners when they are not required to vote, some provide a per diem plus expenses and so on.

The Budget Sub-Committee, at its meeting in March 2006, recommended that the full commission review and consider revision of the per diem amount to \$100 for both commissioners and alternates. The per diem amount is for the performance of duties at the LAFCO meeting and is in lieu of reimbursement for travel and other expenses incurred in attending LAFCO meetings. The proposed budget for fiscal year 2006-2007 assumes a \$100 per diem for both commissioners and alternates. If the commission does not approve this increase, the unspent funds will simply be rolled over to the following year. The per diem must be adopted by resolution. See attachment for draft resolution establishing per diem amount.

ATTACHMENTS

Attachment LAFCO Resolution establishing a per diem amount for commissioners and alternates

RESOLUTION NO. _____

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF SANTA CLARA COUNTY ESTABLISHING A PER DIEM**

RESOLVED by the Local Agency Formation Commission of Santa Clara County (LAFCO), California, that

WHEREAS, Government Code Section 56334 authorizes payment of a per diem to Commissioners and Alternates for attendance at meeting of the Commission; and

WHEREAS, LAFCO currently pays a per diem of \$50 to LAFCO Commissioners attending a LAFCO meeting which per diem was established by Ordinance #NS-300.243 of the Board of Supervisors of Santa Clara County in 1977; and

WHEREAS, LAFCO is a commission established by state law and is independent of the County; and

WHEREAS, LAFCO desires to increase the per diem and to authorize payment of the per diem to Alternates as well as Commissioners who attend a Commission meeting; and

WHEREAS, the Executive Officer set May 31, 2006 as the hearing date for this item; and

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

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

Effective June 1, 2006, Commissioners and Alternates in attendance at a meeting of LAFCO are entitled to a per diem of \$100. The per diem amount is for the performance of duties at the LAFCO meeting and is lieu of reimbursement for travel and other expenses incurred in attending the meeting.


PASSED AND ADOPTED by the Local Agency Formation Commission of Santa Clara County, State of California, on May 31 , 2006 by the following vote:

AYES: Commissioners
NOES: Commissioners
ABSENT: Commissioners

CHAIRPERSON
Local Agency Formation Commission

ATTEST:

EMMANUEL ABELLO
LAFCO Clerk

APPROVED AS TO FORM AND LEGALITY:


KATHY KRETCHMER
LAFCO Counsel

Date Prepared: May 17, 2006

LAFCO Meeting: May 31, 2006

TO: LAFCO

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

SUBJECT: Update on Island Annexations
Agenda Item #11

For Information Only

Cities Actively Pursuing Island Annexations

LAFCO staff continues to work with the cities of Los Altos, Monte Sereno, Morgan Hill, Mountain View, and Saratoga to facilitate several island annexations. There is still a possibility that the streamlined provisions in state law will not be extended and LAFCO staff expects that other cities could at the last moment decide to take advantage of the law. The following is a brief update on each the two new cities that LAFCO is now working with:

LAFCO Staff is Now Working With San Jose and Cupertino

San Jose

On April 25, 2006 the San Jose City Council directed City staff to proceed with the County Island Annexation Process, and specifically to:

- (a) Prepare initiation of the annexation of unincorporated islands under the provisions of California Government Code Section 56375.3 and refer related costs to the budget process for yearly appropriations.
- (b) Request that the County provide the necessary mapping, legal descriptions, Surveyor's and Assessor's Reports as a part of the annexation process.
- (c) Initiate the necessary rezonings for the parcels within the areas proposed for annexation and complete the related environmental review.
- (d) Request that the County provide street improvements of the pockets pursuant to the County offer of July 6, 2005.

LAFCO staff expects to meet with City staff in late May or early June to discuss the City's plans and timeline for completing these island annexations.

Cupertino

The Cupertino City Council has directed City staff to prepare to initiate the annexation of eight unincorporated islands. Both the County Surveyor's Office and County Assessor's Office are in the process of preparing the necessary maps and reports. The City Council intends to initiate proceedings for the annexation of these islands in June and complete the process by the end of the summer.

LAFCO Meeting: May 31, 2006

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst

SUBJECT: **Legislative Report**
Agenda Item # 12

AB 2223 (Salinas)
Extension of the Island Annexation Sunset Date

Recommended Action

Support AB 2223 (Salinas), and authorize LAFCO to send a letter of support.

Background

On April 1st, AB 2223 (Salinas) was amended to become the bill to extend the island annexation sunset in Government Code 56375.3 and 56375.4. This bill would delete the January 1, 2007 limitation and extend this date to January 1, 2014. CALAFCO is urging LAFCOs, counties and cities to send a letter of support.

CALAFCO also recently completed surveying LAFCOs across the state in order to gather data on islands annexed to date, pending island annexations, and potential island annexations that could occur if the sunset date were to be extended. In addition, LAFCO staff was asked about barriers that prevented cities from initiating annexations, and actions or policies that have been taken to encourage and/or to remove barriers to island annexation applications from cities. Twenty-nine LAFCOs, including LAFCO of Santa Clara County, responded to the survey. Of those that responded, all support an extension of the "sunset" date and according to the survey about 194 additional island annexations could occur if the sunset date were to be extended to January 1, 2014. This information has been provided to the Assembly and Senate Local Government Committee staffs.

AB 1602(Laird)
Local Government Finance: Incorporations and Annexations

Recommended Action

Support AB 1602 (Laird), and authorize LAFCO to send a letter of support.

Summary

The statutory adjustments following Proposition 1A, the 2004 budget measure, had the effect of freezing newly incorporated cities and cities with populated annexations out of future property taxes which were meant to cover the city losses of vehicle license fees (VLF). This renders incorporations and annexations of populated areas less financially viable. This bill restores VLF revenue to newly incorporated cities and cities that annexed inhabited areas after the VLF-property tax swap system was enacted.

AB 2158(Evans)

Regional Housing Needs: Improved Coordination with LAFCO

Recommended Action

Support AB 2158 (Evans), and authorize LAFCO to send a letter of support.

Summary

Existing law requires that at least 2 years prior to a scheduled revision of a city or county housing element of its general plan, each council of governments (such as ABAG) shall develop a proposed methodology for distributing the existing and projected housing need to cities, counties within the region. The methodology includes a list of specified factors. This bill would add the adopted spheres of influence and adopted policies of LAFCO to the list of factors that Council of Governments must take into account when distributing housing needs numbers to cities and counties. AB 2158 is co-sponsored by CALAFCO and the League of California Cities.

AB 2259(Salinas)

Local Agency Formation: Extension of Services to Unincorporated Unserved Territory

Recommended Action

Support AB 2259 (Salinas), and authorize LAFCO to send a letter of support.

Summary

Existing law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, authorizes a LAFCO, until January 1, 2007, to review and approve a proposal that extends services into previously unserved territory within unincorporated areas and to review the creation of new service providers to extend urban type development into previously unserved territory within unincorporated areas to ensure that the proposed extension is consistent with the policies of the commission and certain policies under state law. This bill would extend the operation of the above provision to January 1, 2013. AB 2259 is co-sponsored by CALAFCO and the League of California Cities.

**AB 3074(Committee on Local Government)
Local Government Reorganization: CALAFCO Omnibus Bill**

FOR INFORMATION ONLY.

Summary

The CALAFCO sponsored omnibus bill, AB 3074, makes several non-substantive clarifications/corrections to LAFCO law as well as the Public Resources, Water, and Health & Safety Codes.

LAFCO Meeting: May 31, 2006
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, LAFCO Analyst
SUBJECT: **Executive Officer's Report**
Agenda Item # 13

A. Update on 2006 CALAFCO Staff Workshop

For Information Only

This year's CALAFCO Staff Workshop in South Lake Tahoe included staff training sessions on topics such as CEQA for Clerks, and How to Clerk a LAFCO Meeting. It also included several facilitated discussions on Leadership and LAFCOs, the Realities of Managing Public Agencies Today, and the Business of LAFCO. There were also interesting panel discussions on LAFCO's Role in Regional Planning, Examples of Successful LAFCO Partnerships, and LAFCO and Water Issues. In addition, Kathy Kretchmer, LAFCO Counsel, as part of the Attorney Roundtable Session, facilitated a discussion on AB 1234, a new law which requires that a written policy be adopted by all local agencies that specifies the types of occurrences that qualify a local agency official to receive reimbursement of expenses and requires that all local agency officials receive training on general ethics principles and ethics laws.

One of the highlights of the Staff Workshop was that LAFCO staff was able to meet and have discussions with several LAFCOs concerning their LAFCO's role in agricultural preservation and mitigation. We met with the staff of Yolo County LAFCO and El Dorado County LAFCO in order to learn more about their agricultural mitigation policies. Yolo County LAFCO's agricultural mitigation policy is considered to be one of the strongest agricultural mitigation policies of all LAFCOs and was first adopted in 1994 and has been amended over the last 12 years. Our discussions with Yolo LAFCO staff focused on learning about how their mitigation requirement works, such as the following:

- ◇ What types of projects are subject to their agricultural mitigation requirement?
- ◇ When does their mitigation occur?
- ◇ Where (location) does their mitigation occur?
- ◇ What amount of mitigation (i.e. ratios/fees) does their policy require?

- ◇ What type of land acquisition agencies or organizations do they work with?
- ◇ What land acquisition mechanisms are typically used in Yolo County?
- ◇ How are ongoing administration costs, such as monitoring and enforcement addressed in their mitigation requirement?

Also, we learned that several LAFCO's are currently in the process of reviewing and strengthening their agricultural preservation policies. Our meeting with Yolo LAFCO staff and discussions with several other LAFCO staff will come in use as LAFCO staff begins draft an agricultural mitigation policy for LAFCO of Santa Clara County.

B. CALAFCO Annual Conference (September 5-7) in San Diego

Recommendation

Authorize staff and commissioners to attend the conference and authorize travel expenses funded by the LAFCO budget.

The CALAFCO Annual Conference is scheduled for September 5-7 at Westin Horton Plaza Hotel in San Diego. San Diego LAFCO will host the conference. A flyer with draft program and registration information will be sent to the commissioners in the next month.

C. Nominations for CALAFCO Board of Directors

Recommendation

The Commission may nominate a candidate for the open offices, in the county, city and public member categories.

Nominations for the CALAFCO Board of Directors are now open. There are eight seats up for election in 2006 including:

- 2 Special district members
- 2 County members
- 2 City members
- 2 public members

The election will be held at the CALAFCO Annual Conference in San Diego on Wednesday, September 6, 2006. The Committee is accepting nominations until August 6, 2006. Nominations will also be permitted from the floor during the meeting.

Commissioner Wilson is serving her second term on the CALAFCO Executive Board. Her term expires in 2007.

WEDNESDAY
SAN JOSE MERCURY NEWS
MAY 10, 2006

The Mercury News

South county ranch to be preserved in deal

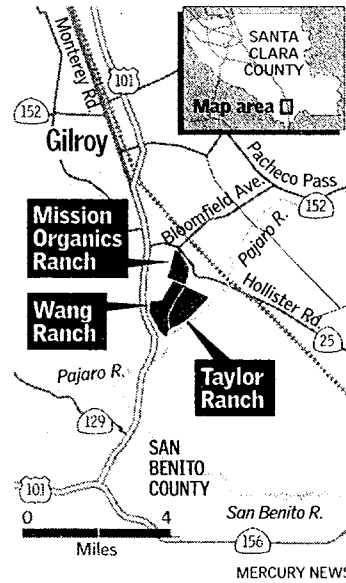
DEVELOPMENT RIGHTS GO FOR \$2.1 MILLION

By Paul Rogers
Mercury News

Lettuce fields stretching over 510 acres of prime farmland along the Pajaro River at the Santa Clara-San Benito county line will be spared from development in perpetuity under a deal negotiated by a San Jose land-conservation group.

Under the transaction, announced Tuesday, the non-profit Silicon Valley Land Conservancy paid \$2.1 million to buy the development rights on Taylor Ranch, south of Gilroy.

The ranch is owned by Bruce Taylor, CEO of Taylor Farms, based in Salinas. The company is a national agricultural powerhouse that sells more than \$750 million a



See **RANCH**, Page 6B

RANCH | Development averted

Continued from Page 1B

year of bagged salad, along with cut lettuce and vegetables to restaurants such as McDonald's, Subway and Burger King.

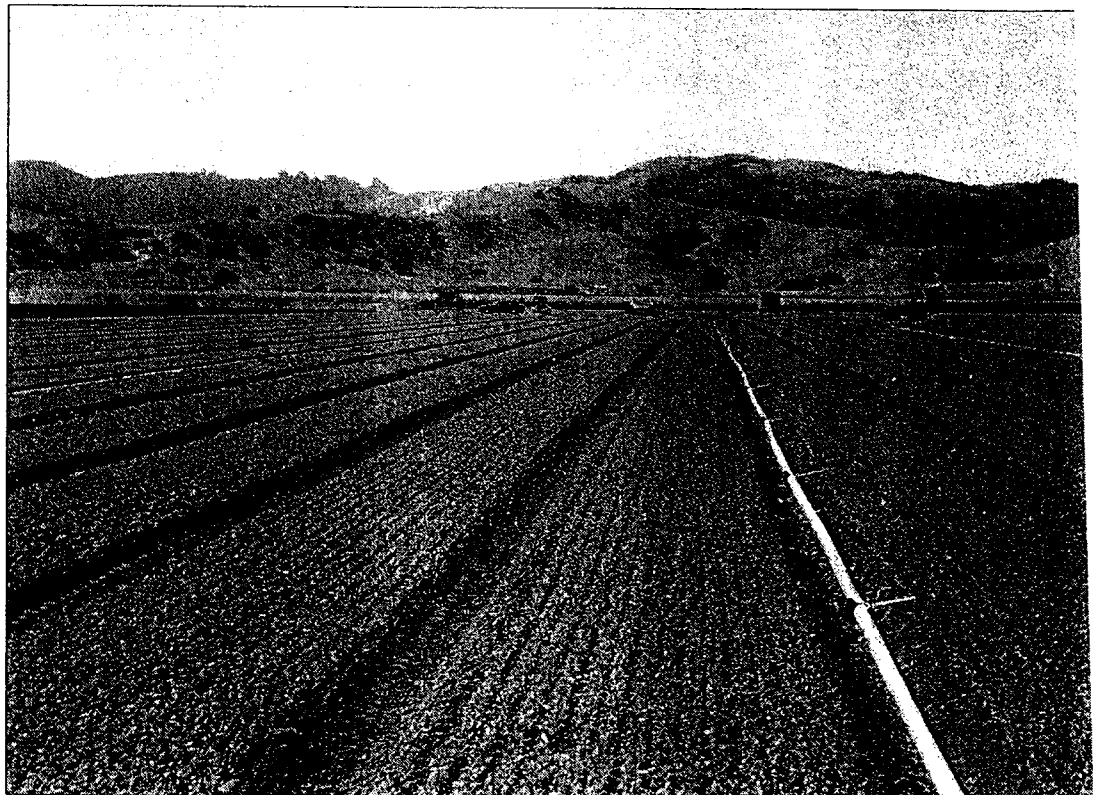
Taylor also is chairman of the board of the National Steinbeck Center in Salinas.

"As people drive down Highway 101 south of Gilroy, they will know that this open space will remain just that — open," said Don Gralnek, co-chairman of the conservancy.

Since 2002, the conservancy has helped close various deals to acquire land and development rights on 1,150 contiguous acres — an area the size of San Francisco's Golden Gate Park — at the southern tip of Santa Clara County. In addition to Taylor Ranch, it has helped preserve two adjacent properties, the Wang Ranch and the Mission Organics Ranch.

All the lands sit two miles south of Gilroy, east of Highway 101 near Highway 25.

The goal is to preserve



SILICON VALLEY LAND CONSERVANCY — SPECIAL TO THE MERCURY NEWS

In addition to Taylor Ranch, the Silicon Valley Land Conservancy has helped preserve two adjacent properties two miles south of Gilroy, the Wang Ranch, shown above, and the Mission Organics Ranch.

farming amid the rapid growth between Gilroy and Hollister. Also, the conservancy has set out to protect the upper watershed of the Pajaro River, which empties into Monterey Bay. Apart from saving wildlife and scenery, leaving farmland unpaved allows rainwater to soak into the ground slowly, reducing the risk of floods downstream near Watsonville.

"We're trying to protect the headwaters of the Pajaro River," said Eric Branden-

burg, conservancy co-chairman.

Taylor was not available for comment.

The property will remain privately owned, with no public access. The conservancy will hold the conservation easement, a contract that limits development for all future owners so that only one house can be built on the 510 acres, rather than as many as 12, which existing zoning could

have allowed.

Funding came from three sources: The Santa Clara County Open Space Authority, a government agency funded by property taxes, contributed \$500,000; the state Department of Conservation provided \$820,000; and the U.S. Natural Resources Conservation Service provided \$820,000.

The Silicon Valley Land Conservancy was founded in

1998 as the Land Trust for Santa Clara County. In recent years, it has changed its name and worked to expand its conservation work and fundraising.

IF YOU'RE INTERESTED

For more information, go to www.siliconvalleylc.org.

Contact Paul Rogers at progers@mercurynews.com or (408) 920-5045.