

LAFCO MEETING AGENDA

**Wednesday, October 3, 2007
1:00 p.m.**

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

**CHAIRPERSON: Blanca Alvarado • VICE-CHAIRPERSON: Pete Constant
COMMISSIONERS: Don Gage, John Howe, Susan Vicklund-Wilson
ALTERNATES: Pete McHugh, Kansen Chu, 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.

Disclosure Requirements

1. 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.

2. 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. **NEW ALTERNATE COMMISSIONER: KANSEN CHU, SAN JOSE REPRESENTATIVE**
3. **[SANTA CLARA LAFCO RECEIVES "MOST EFFECTIVE COMMISSION" AWARD FROM CALAFCO](#)**
4. **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.

5. **APPROVE MINUTES OF AUGUST 1, 2007 MEETING**

PUBLIC HEARINGS

6. **OUT OF AGENCY EXTENSION OF SEWER SERVICES BY THE TOWN OF LOS ALTOS HILLS (O'KEEFFE)**

A request by the Town of Los Altos Hills to extend sewer service to a property (APN 331-16-117) located at 10885 West Loyola Drive in the unincorporated area outside the city limits of Los Altos Hills.

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

7. **OUT OF AGENCY EXTENSION OF SEWER SERVICES BY THE TOWN OF LOS ALTOS HILLS (VAUGHN)**

A request by the Town of Los Altos Hills to extend sewer service to a three-lot subdivision (APN 331-14-054) located at 10700 Mora Drive in the unincorporated area outside the city limits of Los Altos Hills.

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

8. **FINAL REPORT FOR NORTHWEST SANTA CLARA COUNTY SERVICE REVIEWS AND SPHERE OF INFLUENCE (SOI) UPDATES**

Possible Actions:

- a. Consider and adopt final report for the *Northwest Santa Clara County Service Reviews and SOI Updates*.
- b. Adopt Service Review determinations for each of the cities and special districts.
- c. Update SOIs and adopt SOI determinations for each of the cities and special districts.

ITEMS FOR COMMISSION DISCUSSION / ACTION

9. **CLARIFICATION OF "AGRICULTURAL USE"**

Possible Action: Accept staff report.

10. **SAN MARTIN INCORPORATION PROPOSAL**

10.1 **Invoices for LAFCO Staff Costs**

Information only

11. **UPDATE ON COYOTE VALLEY SPECIFIC PLAN DRAFT ENVIRONMENTAL IMPACT REPORT**

Information only

12. CONSIDERATION OF CHANGE TO LAFCO MEETING TIMES

Possible Action: Change LAFCO meeting times to 1:15 p.m.

13. REPORT BACK ON THE CALAFCO ANNUAL CONFERENCE IN SACRAMENTO

Information only

14. COMMISSIONERS' REPORTS

15. WRITTEN CORRESPONDENCE

- [The Sphere](#)

16. NEWSPAPER ARTICLES

17. PENDING APPLICATIONS / UPCOMING PROJECTS

- West Valley Sanitation District 2007-01

18. ADJOURN


Adjourn to the next regular meeting on Wednesday, December 5, 2007.

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 at TDD (408) 993-8272, indicating that message is for the LAFCO Clerk.

Santa Clara County LAFCO

 HOME



2007 MOST EFFECTIVE COMMISSION AWARD

- ABOUT LAFCO
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Front Row (from left): Commissioners Pete Constant, John How e, Don Gage and Susan Vicklund-Wilson, Chairperson Blanca Alvarado, LAFCO Executive Officer Neelima Palacherla, and LAFCO Surveyor Ginny Millar. Behind (from left): Alternate Commissioners Roland Velasco and Terry Trumbull, LAFCO Analyst Dunia Noel, and LAFCO Counsel Kathy Kretschmer.

Santa Clara LAFCO received the "Most Effective Commission" award from California Association of Local Agency Formation Commissions (CALAFCO) at the August 2007 CALAFCO Annual Conference.

This past year has been an extremely fruitful year for Santa Clara LAFCO, as the Commission successfully completed one significant and controversial policy endeavor (i.e. adoption of Agricultural Mitigation Policies providing recommendations and guidance on how to mitigate for impacts to agricultural lands) and one major programmatic endeavor (i.e. annexation of 54 unincorporated islands, 901 acres and 2,841 residents to 8 cities). Both endeavors are critical to LAFCO and its ability to continue to fulfill its mandate of discouraging urban sprawl, preserving open space and agricultural lands, ensuring efficient delivery of services and encouraging orderly growth and development of local agencies in Santa Clara County.

**LOCAL AGENCY FORMATION COMMISSION OF
SANTA CLARA COUNTY
MINUTES
WEDNESDAY, AUGUST 1, 2007**

1. ROLL CALL

The Local Agency Formation Commission (LAFCO) of Santa Clara County convenes this 1st day of August 2007 at 1:03 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: Vice-Chairperson Pete Constant, Commissioners Don Gage and John Howe, and Alternate Commissioner Terry Trumbull, attending in place of Commissioner Susan Vicklund-Wilson. Alternate Commissioner Roland Velasco is present and Chairperson Blanca Alvarado is absent.

The LAFCO staff in attendance includes Neelima Palacherla, LAFCO Executive Officer; Kathy Kretchmer, LAFCO Counsel; and, Dunia Noel, LAFCO Analyst.

The meeting is called to order by Acting-Chairperson Constant and the following proceedings are had, to wit:

2. PUBLIC PRESENTATIONS

There are no public presentations.

3. APPROVE MINUTES OF MAY 30, 2007 MEETING

On motion of Commissioner Howe, seconded by Commissioner Gage, it is unanimously ordered on a vote of 3-0, with Chairperson Alvarado absent and Acting-Chairperson Constant abstaining, that the minutes of May 30, 2007 meeting be approved, as submitted.

4. DRAFT REPORT FOR NORTHWEST SANTA CLARA COUNTY SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATES

This being the time and place set to consider the Draft Report for the Northwest Santa Clara County Service Reviews and Sphere of Influence (SOI) Updates, Acting-Chairperson Constant declares the public hearing open.

Commissioner Howe states for the record that his wife is employed by the El Camino Hospital District; however, his participation on the Technical Advisory Group did

not favor El Camino Hospital District in any way because he did not participate on discussions relating to that special district.

Acting-Chairperson Constant requests the staff report. Dunia Noel reports that a technical draft report was released for review and comment by participating agencies in June and staff received comments and minor corrections to the data. In early July, the draft report was released for public review and staff received minor comments from the cities of Campbell, Los Altos and Mountain View, and from Rancho Rinconada Recreation and Park District. These comments have either been addressed or will be addressed in the final report. Ms. Noel recommends that the Commission direct staff to prepare the final report and set a hearing date for its adoption. She then requests Mr. Lloyd Zola, consultant for the service review, to present the project and the draft report.

Mr. Zola advises that the Cortese-Knox-Hertzberg (CKH) Act requires LAFCO to update all SOIs in the County by January 1, 2008 and to review the services provided by each of the cities and special districts. The Commission has reviewed water and fire protection services throughout the County, as well as the various services in the south and central portions of the County. This review of services in the northwest portion of the County is the last service review. It covers the cities of Campbell, Cupertino, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Mountain View, Palo Alto, Saratoga and Sunnyvale. It also covers Cupertino Sanitary District, West Bay Sanitary District, West Valley Sanitation District, Lake Canyon Community Services District, El Camino Hospital District, Midpeninsula Regional Open Space District, Rancho Rinconada Recreational and Park District, Santa Clara Valley Transportation Authority, and Saratoga Cemetery District.

Mr. Zola continues his report by providing an overview of services provided by each special district. Cupertino Sanitary District provides sewer services; West Valley Sanitation District handles sewage collection in and around Saratoga, Campbell, Monte Sereno and Los Gatos; Lake Canyon Community Services District maintains a community leach field in the unincorporated area; El Camino Hospital District provides hospital and health care services to Mountain View, Sunnyvale, Los Altos and Los Altos Hills; and, the

Midpeninsula Regional Open Space District protects regional open space resources in most of the area covered by this service review. The majority of the West Bay Sanitary District lies in San Mateo County and San Mateo LAFCO, as the principal LAFCO, will update its SOI. The Rancho Rinconada Recreational and Park District, which is entirely within the City of Cupertino, provides swimming pool, recreational facilities and programs. The Saratoga Cemetery District provides cemetery and funeral services in and around the city of Saratoga and part of Monte Sereno.

Mr. Zola advises that the Commission should make nine service review determinations and four SOI determinations. The nine determinations are: (1) infrastructure needs and deficiencies; (2) growth and population projections for the affected area; (3) financing constraints and opportunities; (4) cost-avoidance opportunities; (5) opportunities for rate restructuring; (6) opportunities for shared facilities; (7) government structure options, including advantages and disadvantages of consolidation or reorganization of service providers; (8) evaluation of management efficiencies; and (9) local accountability and governance. The four SOI determinations are: (a) present and planned land uses in the area, including agricultural and open-space lands; (b) present and probable need for public facilities and services in the area; (c) present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide; and (d) existence of any social or economic communities of interest in the area, if LAFCO determines that they are relevant to the agency.

Mr. Zola goes on to report on key determinations relating to the services of the cities being reviewed. The report indicates a storm drain deficiency in Cupertino, Los Altos Hills, Los Gatos, Monte Sereno, Mountain View and Palo Alto. Another is lack of sewer capacity in Mountain View, Palo Alto and Los Altos, and these cities have identified the problem and are implementing the required improvements. The Town of Los Altos Hills needs 400,000 gallons in additional waste water treatment capacity at build-out, while Los Altos sewer system needs infrastructure improvements that are currently being addressed. Sunnyvale's wastewater treatment plant needs rehabilitation and projects to address this situation have either been funded or are now under construction. In

Campbell and Cupertino, park facilities are below the adopted standards. Campbell, Los Gatos, Mountain View and Sunnyvale need additional library facilities and each of these cities is exploring options to expand their library facilities. Los Altos, Los Gatos, Mountain View, Palo Alto and Sunnyvale need to expand police facilities and determine the specific facilities needed.

Mr. Zola comments that since the northwestern portion of the County is generally built-out and has limited vacant lands, growth would occur as redevelopment or as intensification of present land use.

He adds that Campbell, Cupertino, Los Gatos, Mountain View, Palo Alto, Saratoga and Sunnyvale are facing various types of fiscal challenges, and each city has reported that it has affected or is expected to affect the provision of services.

With regard to annexation of unincorporated pockets, Mr. Zola, notes that residents of Cambrian No. 36, an area adjacent to Campbell but within the SOI of San Jose, have requested an SOI amendment to place that area within Campbell's SOI and enable its annexation to Campbell. The City of Campbell has expressed support for that effort. Cupertino has several unincorporated pockets, of which some have been annexed recently. Los Altos has one 624-acre pocket; Los Altos Hills has several smaller pockets; Los Gatos has several pockets; and Monte Sereno has three unincorporated pockets. Mountain View has several pockets and three of which have been annexed last year and two will be annexed when these sites are developed. Palo Alto has no unincorporated pockets; Saratoga has four pockets; and, Sunnyvale has two pockets which will be annexed when these areas are developed.

Mr. Zola states that the proposed SOI recommendation reaffirms all existing SOIs of the cities, except for a small SOI amendment between Palo Alto and Los Altos Hills. This change will relocate two small areas from Palo Alto to Los Altos Hills.

Mr. Zola informs that the service review has identified issues related to the SOIs of two special districts. First, the El Camino Hospital District is presently providing services outside its SOI to the residents of Sunnyvale and Cupertino. Thus, it is recommended that the El Camino Hospital District's SOI be expanded to include all of Cupertino and

Sunnyvale. Secondly, WVSD provides services to two small areas outside its SOI; and it is recommended that these areas be included in that district's SOI.

Mr. Zola advises the Commission that the SOIs of all special districts be reaffirmed, except those of El Camino Hospital District and WVSD.

In response to an inquiry by Alternate Commissioner Trumbull, Ms. Palacherla replies that the County and Palo Alto signed an agreement that Stanford University will not be annexed to Palo Alto, and it is for this reason that Stanford is not considered as unincorporated island. In response to a follow-up inquiry by Commissioner Trumbull, Ms. Palacherla explains that this service review recognizes that agreement based on the Unincorporated Island law in the context of Santa Clara County policies.

In response to an inquiry by Commissioner Howe, Mr. Zola indicates that Rancho Rinconada receives property tax revenues. He adds that there are about 5,000 residents living in the area. In response to a follow-up inquiry by Commissioner Howe, Mr. Zola informs that the entire District is within the City of Cupertino; however, Cupertino does not intent to absorb the District services unless it is the desire of the residents. Ms. Palacherla adds that Cupertino annexed the Rancho Rinconada area in 1996 and, at that time, it was agreed that Cupertino will not absorb Rancho Rinconada unless it is the desire of the District itself. She adds that the members of the District's Board of Directors are elected by the residents; however, the County Board of Supervisors appoints them if there are no candidates. Currently, all board members have been appointed by the Santa Clara County Board of Supervisors.

Acting-Chairperson Constant opens the public comment period for this item.

Steven Wesolowski, Board Member, Rancho Rinconada Recreation and Park District, directs attention to his letter addressed to the Commission expressing objection to the draft service review report's government structure option for dissolution. He states that the District has no problem with finance, management or services and the service review report does not demonstrate tangible cost savings, service improvements or benefits from dissolution. He notes that the District provides services at cost and that the community is involved in running it. Mr. Wesolowski informs that the District did not

have input when the zero SOI was established in 1983. He comments that the government structure option for dissolution could have been arrived at due to incomplete data and states that the Board of Directors is the best source of information.

Jennifer Griffin, a homeowner in Rancho Rinconada area, states that the District has about 1,500 homes and 5,000 residents, and was annexed to Cupertino in 2000. While Cupertino is able to provide various services, the swim center continues to be a vital part of the neighborhood. She states that residents are very involved in the swim center and are distressed to learn that this facility could be absorbed by Cupertino. She states that the taxpayers in the area are co-owners of the facility and want to keep the District intact and serving the neighborhood.

L. Craig Britton, General Manager, Midpeninsula Regional Open Space District (MROSD), expresses appreciation to the Commission for the draft service review report and informs that there is a gap for open space services in the Loma Prieta area. He proposes that a statement be added in the final report directing MROSD to annex that area because MROSD owns about 60 percent of the lands there and its SOI is co-terminus with the County boundary. He said that a direction from LAFCO will be timely because MROSD is currently preparing a master plan for the area. He likewise expresses support for annexation of Stanford to Palo Alto because most of the affected residents live in that City.

In response to the inquiry of Commissioner Howe, Ms. Palacherla informs that the service review report does not deal with specific annexations such as that being proposed and that LAFCO does not have ability to initiate an annexation. She advises that since the area is already within the SOI of MROSD, the District or the residents in the area could initiate the annexation. Mr. Britton proposes that a statement, "MROSD should consider annexation of the area" be added in the final report.

The Acting-Chairperson determines that there are no other members of the public who wish to speak on the item and orders that the public hearing be closed.

Ms. Palacherla clarifies that there are two government structure options identified for Rancho Rinconada, namely, the status quo or dissolution and provision of service by

Cupertino. She advises that LAFCO is required by law to look at the government structure options and to evaluate their advantages and disadvantages. However, the service review itself does not initiate any action. Dissolution, if desired would be a separate action initiated by the resolution or petition of the residents, or LAFCO.

On motion of Commissioner Gage, seconded by Alternate Commissioner Trumbull, it is unanimously ordered on a vote of 4-0, with Chairperson Alvarado absent, that the Draft Report for Northwest Santa Clara County Service Reviews and Sphere of Influence Updates be accepted, staff be directed to prepare the final report and set the hearing date for October 3, 2007.

5. SAN MARTIN INCORPORATION PROPOSAL

5.1 FEE AGREEMENT FOR THE SAN MARTIN INCORPORATION PROPOSAL

Acting-Chairperson Constant requests the staff report. Ms. Palacherla informs that in compliance to the Commission's direction at the May 30, 2007 meeting, LAFCO and the San Martin Neighborhood Alliance (SMNA) have entered into a fee agreement.

5.2 UPDATE ON COMPREHENSIVE FISCAL ANALYSIS

Acting-Chairperson Constant requests the staff report. Ms. Noel informs that at the Commission's direction, Richard Berkson, Economic Planning System, was selected as the consultant to prepare the Comprehensive Fiscal Analysis (CFA) for the proposed incorporation of the Town of San Martin. LAFCO staff and the consultant held meetings with the proponents, key County staff, local agency staff and representatives from local organizations. Requests for data have been sent to 12 County departments, four special districts and the California Highway Patrol district office. The Consultant will review the data and request additional information if necessary. The administrative draft CFA will be prepared by late October 2007 for review by LAFCO staff. Appropriate County departments will then be requested to review specific sections of the draft CFA. By late November 2007, a public draft will be released and a workshop may be held in February 2008. The revenue neutrality negotiation will be initiated between December 2007 and February 2008. The final CFA report will be released in March 2008, in time for the May and June 2008 public hearings on the incorporation proposal.

5.3 UPDATE ON CEQA PROCESS

Acting-Chairperson Constant requests the staff report. Ms. Noel informs that at the Commission's direction, Steven Jenkins with Michael Brandman Associates, has been selected as the consultant to prepare the CEQA initial study and environmental recommendations for the San Martin incorporation. The professional service agreement with the consultant for the initial study and negative declaration is in the amount of \$20,845; however, if the initial study finds that an environmental impact report is required, the Commission may either amend or terminate the service agreement.

Ms. Noel further advises that staff, the consultant, proponents, and the County planning staff met in July 2007 to review the CEQA process, finalize the project description and objectives, and discuss the alternative boundaries for San Martin. County Planning staff agreed to provide the consultant with environmental and land use plans, development data and information, and geographic information system (GIS) layers.

She reports that staff also met with representatives from some environmental groups where several issues were raised on whether or not the incorporation would be growth inducing; if new services would be required; would the incorporation negatively impact the habitat, wildlife and agricultural resources; and, how could it potentially contribute to global warming. Ms. Noel informs that these issues will be addressed in the environmental review process.

5.4 INDEMNIFICATION AGREEMENT FOR THE SAN MARTIN INCORPORATION PROPOSAL

Acting-Chairperson Constant requests the staff report. Ms. Palacherla reports that this item has been continued from the May 30, 2007 meeting when staff proposed to require the proponents to defend and indemnify LAFCO from any claims against LAFCO's actions on the proposed incorporation and its CEQA documents. At the Commission's direction, staff and the proponents held several discussions where the proponents offered limited indemnification which excludes actions that the proponents object against and those that they file against LAFCO. LAFCO Counsel advised to forego the indemnification agreement because limited indemnification is not practical. She advises that if there is an action against LAFCO, the Commission will decide at that time

whether or not to proceed with the defense of the lawsuit, or offer the defense of the lawsuit to the proponents as the real party of interest.

Richard van'tRood, SMNA, expresses agreement with the staff report stating that litigation should be addressed when it arises rather than through an indemnification agreement. With regard to the invoices for staff time, he requests that they include a general description of the tasks and the amount of staff time spent for each. He likewise requests the Commission to allow the proponents to directly communicate with the consultants on matters like alternative boundaries of San Martin before the administrative draft is released.

In response to an inquiry by Commissioner Howe, Ms. Palacherla advises that at the May 30, 2007 meeting, staff recommended that all discussions between the proponents and consultants occur through LAFCO staff to ensure that the consultants are not influenced and that there will be no perception of bias to their reports. She advises that several meetings have been held between the proponents and the consultants with LAFCO staff present, and adds that if the proponents have any information they would like to provide to the consultant, staff will forward that to the consultant.

5.5 INVOICES FOR LAFCO STAFF COSTS

Acting-Chairperson Constant requests the staff report. Ms. Palacherla advises that the draft invoices for staff time have been provided to the proponents and staff will provide the proponents and the Commission with more detailed invoices. Alternate Commissioner Trumbull recommends that staff follow whatever standard practices the County has on billing the cities for staff hours.

On motion of Commissioner Gage, seconded by Commissioner Howe, it is unanimously ordered on a vote of 4-0, with Commissioner Alvarado absent, that staff reports on the proposed incorporation of the Town of San Martin, items 5.1, 5.2, 5.3, 5.4 and 5.5, be accepted.

6. CLARIFICATION OF "AGRICULTURAL USE"

On motion of Commissioner Gage, seconded by Commissioner Howe, it is unanimously ordered on a 4-0 vote, with Chairperson Alvarado absent, that this item on clarification of "agricultural use" be held to the October 3, 2007 meeting.

7. OPTIONS FOR LAFCO LEGAL SERVICES

Acting-Chairperson Constant requests the staff report. Ms. Palacherla reports that at the May 30, 2007 LAFCO meeting, the Commission directed staff to explore legal services outside the Office of the County Counsel. Staff looked at legal services in other LAFCOs and found that about half of all LAFCOs statewide use legal services outside of the counties. As directed by the Commission, prior to renewing the current legal services agreement, staff will provide options to the Commission, including the issuance of an RFP and a selection process.

In response to the inquiry of Commissioner Gage, Ms. Palacherla advises that staff can provide a rough cost comparison between Office of the County Counsel and that from outside counsel. Commissioner Gage proposes that the Office of the County Counsel should bid on that.

On motion of Commissioner Howe, seconded by Commissioner Gage, it is unanimously ordered on 4-0 vote, with Chairperson Alvarado absent, that staff be directed to prepare an RFP for legal services and to invite the Office of the County Counsel to be one of the bidders.

8. LAFCO'S COMMENTS ON COYOTE VALLEY SPECIFIC PLAN DRAFT ENVIRONMENTAL IMPACT REPORT

Acting-Chairperson Constant requests the staff report. Ms. Noel directs attention to the staff report and LAFCO's comment letter on San Jose's draft Environmental Impact Report (EIR) for the Coyote Valley Specific Plan (CVSP) which was delivered to the City on June 29, 2007. She advises that LAFCO is a responsible agency for CVSP and must have an adequate environmental document to meet the CEQA requirement. LAFCO's primary concern is to determine whether or not the EIR is adequate before San Jose comes to LAFCO to request the amendment of its urban service area (USA). Ms. Noel reports that

the draft EIR is not adequate for LAFCO's use as a responsible agency because it does not discuss CVSP's consistency with LAFCO policies, particularly with regard to USA amendment, island annexation and agricultural mitigation; the EIR's discussion on agricultural resources is likewise inadequate because there is no information about specific agricultural mitigation programs or approaches; and, finally, the EIR's discussion on water supply is inadequate for LAFCO's purposes. Ms. Noel indicates that these comments are in addition to previous LAFCO comments on CVSP. In order to address these concerns, staff requested the City to revise and recirculate the draft EIR for further review and comments. Under CEQA, the City is legally obligated to respond to LAFCO comments in writing within ten days prior to certifying the EIR. Ms. Noel informs that the City staff and the EIR consultant review on these comments.

9. LAFCO ANNUAL REPORT

Ms. Palacherla informs that the last 12 months have been busy for the Commission and staff. She directs attention to the application processing activity report indicating that staff processed 14 city-conducted annexations, five special district annexations, two USA amendments and one out-of-agency contract for services. On top of that, staff also processed 40 island annexations, and coordinated island annexations processes with County staff and the cities' staff. The completed island annexations brought into cities nearly 530 acres of unincorporated territory with a combined population of about 2,600. The Commission developed and adopted the Agricultural Mitigation Policies, a year-long process that involved a wide variety of stakeholders and interests. With the adoption of these policies, LAFCO took a leadership role in initiating a discussion on preserving the remaining agricultural lands in the County, generating interest among the cities and other agencies to preserve agricultural lands, and providing an example for other LAFCOs to develop similar agricultural mitigation policies. Ms. Palacherla also reports that LAFCO completed the South Central Service Review in August 2006 which covers cities and special districts in the south and central region of the County. A copy of this report is on the LAFCO website. She adds that LAFCO has started the Northwest Valley Service Review with the draft report presented at this meeting. With regard to the proposed

incorporation of the Town of San Martin, LAFCO has adopted policies for incorporation, held two informational workshops on the process and hired consultants to start work on the CFA and CEQA analyses. Ms. Palacherla advises that staff is participating in the CVSP Technical Advisory Committee. LAFCO has completed GIS mapping of all special districts in the County and will maintain and update these maps as district boundaries change. Additionally, Commissioners and staff have also participated in the California Association of LAFCOs (CALAFCO) workshops and conferences. Commissioner Wilson is serving as a CALAFCO Board Member and is the Board Secretary. Commissioner Wilson and staff participated in discussions with the California Public Utilities Commission (PUC) on regulating private water companies.

Commissioner Howe moves to accept the staff report. Commissioner Gage seconds the motion. Commissioner Howe expresses appreciation to Ms. Palacherla and staff for a wonderful job this year. He notes that while the agricultural mitigation policies were contentious, Ms. Palacherla stepped in such a way that everybody got along.

It is unanimously ordered on a vote of 4-0, with Chairperson Alvarado absent, that the annual report be accepted.

10. EXECUTIVE OFFICER'S REPORT

10.1 CALAFCO ANNUAL CONFERENCE ON AUGUST 28-31, 2007

Ms. Palacherla advises that each LAFCO is requested to designate a voting delegate at the CALAFCO Conference which will be held in Sacramento on August 28-30, 2007. In response to an inquiry by Commissioner Trumbull, Ms. Palacherla states that each LAFCO has one vote. Commissioner Howe comments that Commissioner Wilson has been designated as the voting delegate last year and proposes that she be designated again this year, with Acting-Chairperson Constant as the alternate voting delegate. Acting-Chairperson Constant expresses agreement. Commissioner Gage seconds the motion.

It is unanimously ordered on a vote of 4-0, with Chairperson Alvarado absent, that Commissioner Susan Vicklund-Wilson be designated as Santa Clara LAFCO's voting delegate at the 2007 CALAFCO Conference, and Vice-Chairperson Constant be designated as the alternate voting delegate.

11. COMMISSIONERS' REPORTS

There are no reports from Commissioners.

12. WRITTEN CORRESPONDENCE

There is no written correspondence.

13. NEWSPAPER ARTICLES

There are no newspaper articles.

14. PENDING APPLICATIONS / UPCOMING PROJECTS

The Commission takes note of two pending applications: namely, West Valley Sanitation District 2007-1, a district annexation; and a request by the Town of Los Altos Hills to provide sewer service to a property located outside its boundary.

15. ADJOURN

On the order of the Acting-Chairperson, there being no objection, the meeting is adjourned at 2:03 p.m.

The next regular LAFCO meeting is scheduled to be held on Wednesday, October 3, 2007 at 1:00 p.m. in the Chambers of the Board of Supervisors, County Government Center, 70 West Hedding Street, San Jose, California.


Pete Constant, Acting-Chairperson
Local Agency Formation Commission

ATTEST:

Emmanuel Abello, LAFCO Clerk

LAFCO Meeting Date: October 3, 2007

TO: LAFCO

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

SUBJECT: **Out of agency extension of sewer service (Los Altos Hills)**
10700 Mora Drive (Vaughn)
Agenda Item # 7

STAFF RECOMMENDATION

1. Approve Categorical Exemption for this proposal under Class 3, Section 15303(a) and (d) of the California Environmental Quality Act.
2. Approve request for extension of sewer service (3 connections) by the Town of Los Altos Hills to the property located on 10700 Mora Drive.
3. Include in the approval, a statement that LAFCO will not accept any further out of agency contract for services applications from the Town until the Mora Drive area and the subject parcel are annexed to the Town.

PROJECT DESCRIPTION AND BACKGROUND

The Town of Los Altos Hills is seeking LAFCO approval for extending sewer service to a property (APN 331-14-054) located at 10700 Mora Drive.

The property is located in the unincorporated area within the Town of Los Altos Hill's urban service area (USA) and sphere of influence (SOI). Since the proposed extension of service will be outside of the Town's jurisdictional boundaries, LAFCO approval is required. See attached map for location of property and its relationship to the Town and USA boundaries. (Attachment A)

The subject property is 4.6 acres with an existing house. The property owner currently has received a tentative map approval for a three-lot subdivision in the County and proposes to build two new homes on the property. The sewer service extension is being sought to connect the existing home and the proposed two new homes to the Town's sewer system.

ENVIRONMENTAL ASSESSMENT

Categorical Exemption

The project is exempt under CEQA Class 3, Section 15303(a) and Section 15303(d), "New Construction or Conversion of Small Structures" which states:

Section 15303: Class 3 consists of construction and location of limited numbers of new, small facilities or structures; installation of small new equipment and facilities in small structures; and the conversion of existing small structures from one use to another where only minor modifications are made in the exterior of the structure. The numbers of structures described in this section are the maximum allowable on any legal parcel.

Examples of this exemption include but are not limited to:

(a) One single-family residence, or a second dwelling in a residential zone. In urbanized areas, up to three single-family residences may be constructed or converted under this exemption, and

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

CONSISTENCY WITH LAFCO POLICIES

Project within Sphere of Influence

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

Annexation as Alternative to Service Extension

LAFCO policies favor annexation over allowing a City to extend services outside of its boundaries. If immediate annexation is not a feasible alternative, then an extension of services may be approved in anticipation of a future annexation if the agency is able to provide LAFCO with a resolution of intent to annex the area as well as other appropriate assurances of annexation.

Pursuant to the agreement between the property owner and the Town, the property owner has waived protest rights in the event an annexation is proposed for the area.

The property is adjacent to the Mora Drive area (to which LAFCO approved an Out of Agency Sewer extension to 28 properties in 2001). The Mora Drive sewer extension was approved with assurances from the Town that the area would be annexed when annexation became feasible. Additionally, the Mora Drive property owners expressed

support for the future annexation of their area by waiving their right to protest annexation to the Town of Los Altos Hills.

The Mora Drive area itself is contiguous to the West Loyola area, which was annexed by the Town Council on September 13, 2007. The annexation is expected to become effective by the end of October. The completion of West Loyola annexation would make Mora Drive area and the subject property contiguous to the Town. Therefore it would soon become feasible for the Town to annex the Mora Drive area as well as the subject property.

According to the Town Planning Director, two property owners in the Mora Drive neighborhood have expressed interest in being annexed into the Town. There is currently no active application for the Mora Drive annexation but Town staff is working the property owners on the submittal requirements. The annexation effort is in a preliminary planning stage. However, there is no timeline for the annexation.

Consistency with Local General Plans and Policies

The subject parcel is located within the City's USA and SOI, in the unincorporated County. The County's General Plan requires that major land use applications such as subdivision proposals within a city's USA conform to the city's General Plan and residential density policies.

In August 2006, the County issued a tentative map approval for a 3-lot subdivision of the property. The Town of Los Altos Hills has determined that the subdivision is consistent with the Town's General Plan. The subdivision meets the requirements for the installation of a septic system and the County's approval is based on the use of a septic system for the existing house and 2 new septic systems for the new homes on the 2 lots.

Health and Safety/Public Benefit Issues

There appears to be no immediate health and safety issue associated with this request for extension of sewer service. There is an existing residence on the property that is currently being served by septic. According to the applicant and a letter from the County Department of Environmental Health dated August 21, 2007, the existing septic system is old and because of the steep slopes (of 20%), there is a possibility that storm water runoff over the leach fields may adversely affect the long term functionality of the septic systems installed on the parcels.

Ability of the City to Provide Services

The Town of Los Altos Hills has stated that it has the capacity to serve this property and that serving this property outside its boundary will not reduce the level of services it provides to its current customers.

Premature Conversion of Agricultural or Open Space Land

There are no agricultural or open space lands that would be impacted by extending the water system.

CONCLUSION

LAFCO policies generally discourage extension of services beyond an agency's boundaries unless it is in anticipation of annexation. Upon completion of the West Loyola annexation in October, the Mora Drive area and the subject property will become contiguous to the Town, thus making annexation feasible. The property owner has agreed to not protest annexation of the property. The Town has expressed an interest in annexing the area and is working with property owners in the area, although a specific schedule for annexation has not yet been established.

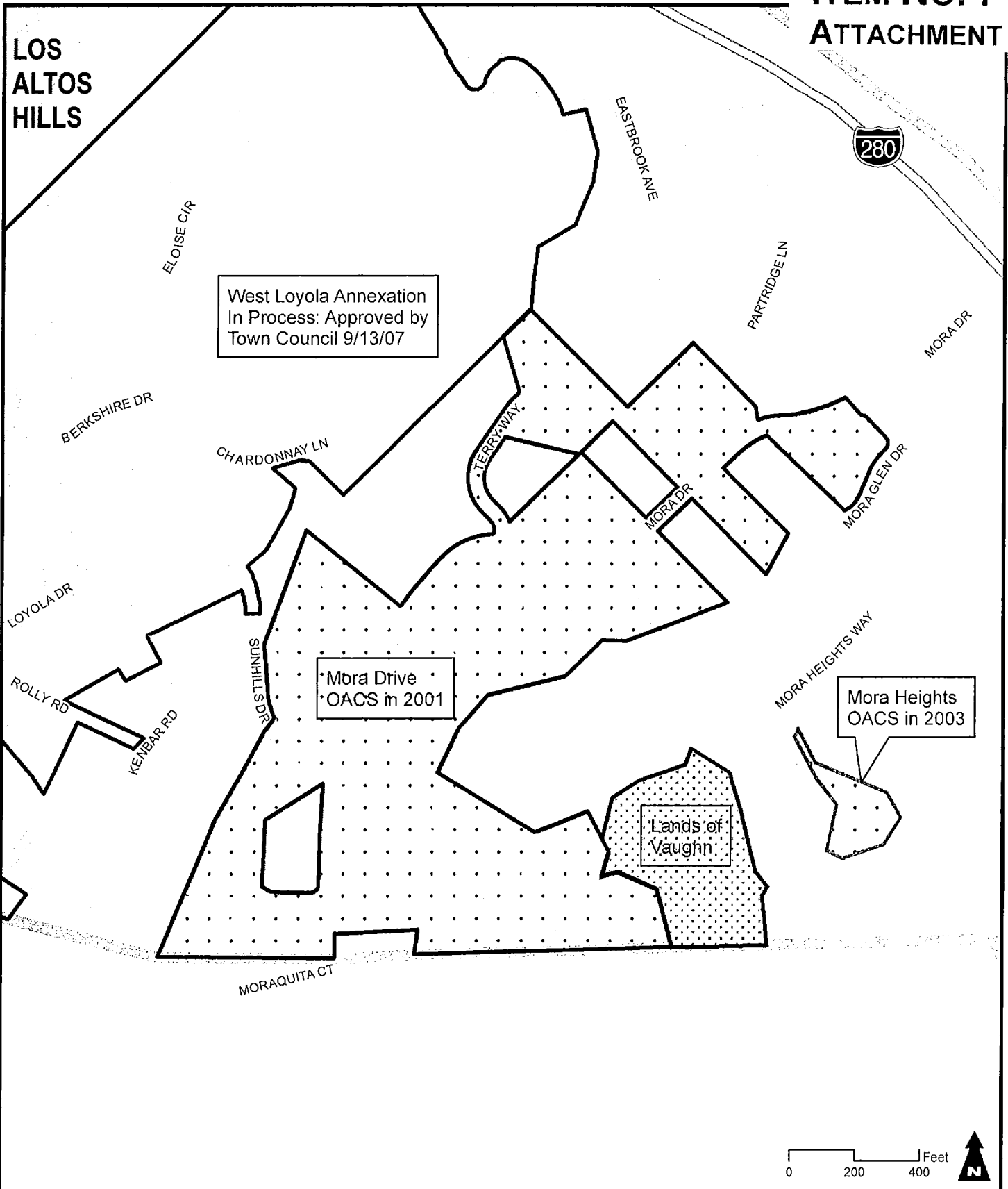
There is no immediate health and safety issue associated with this sewer service extension request. However, due to the topography of the property and the anticipated annexation, connection to the sewer system is a more logical option compared to the construction of new septic systems on the property.

Staff recommends approval of the sewer service extension to the parcel in anticipation of future annexation. To ensure commitment to annexation, LAFCO should not accept any further out of agency contract for service applications from the Town until the Mora Drive area and this parcel have been annexed to the Town.



ATTACHMENTS

- | | |
|---------------|---|
| Attachment A. | Map of subject property and jurisdictional boundaries, including boundaries of the West Loyola annexation area and the Mora Drive area |
| Attachment B | Town of Los Altos Hills Resolution requesting LAFCO approval |
| Attachment C | Sewer Service Agreement between the Town of Los Altos Hills and Property Owner |
| Attachment D | Letters from neighboring property owners supporting the sewer service extension dated June 25 th and June 26 th 2007. |

ITEM No. 7 ATTACHMENT A



Proposed Out of Agency Contract for
Sewer Services by Town of Los Altos Hills
10700 Mora Drive
Lands of Vaughn
APN: 331-14-054

-  Los Altos Hills
-  Urban Service Area

RESOLUTION NO. 56-07

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF LOS ALTOS HILLS
REQUESTING LAFCO ACTION FOR AN OUT-OF-AGENCY CONTRACT FOR SEWER
SERVICE TO 10700 MORA DRIVE IN AN UNINCORPORATED AREA OF THE
COUNTY OF SANTA CLARA**

WHEREAS, the Town wishes to assist property owners within the unincorporated areas in the Town's Sphere of Influence and Urban Service Area by providing sewer service to a three-lot subdivision at 10700 Mora Drive (APN: 331-14-054), in an unincorporated area of the County of Santa Clara; and

WHEREAS, the approved tentative map for the three-lot subdivision is consistent with the Town's General Plan and Subdivision Ordinance.

WHEREAS, the Town has the ability to facilitate sewer service to the proposed area through and in conformance with the "Sewer Agreement Between the City of Los Altos and The Town of Los Altos Hills, of January 26, 2007" without detracting from current service levels to the property owners in the Town; and

WHEREAS, pursuant to California Government Code section 56133, such a request is to be submitted for appropriate action to the County of Santa Clara Local Agency Formation Commission (LAFCO) under an "out-of-Agency Contract for Services" Proposal; and

WHEREAS, this proposal is categorically exempt from the provisions of the California Environmental Quality Act (Class 19, section 15319a).

NOW, THEREFORE, the City Council of the Town of Los Altos Hills does resolve as follows:

The City Council of the Town endorses the application for sewer service to the three-lot subdivision located at 10700 Mora Drive, as specified in the attached Exhibit A.

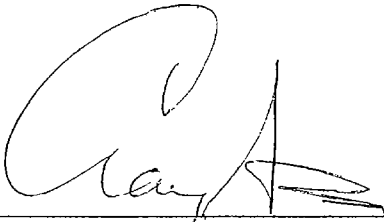
PASSED AND ADOPTED at a regular meeting of the City Council of the Town of Los Altos Hills on this 26th day of July 2007, by the following vote:

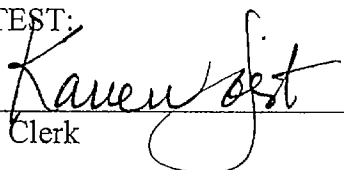
AYES: Mayor Jones, Mayor Pro Tem Mordo, Councilmember Kerr,
Councilmember O'Malley and Councilmember Warshawsky

NAYS: None

ABSTAIN: None

ABSENT: None

By: 
Craig A.T. Jones, Mayor

ATTEST:

City Clerk

**ITEM No. 7
ATTACHMENT C**

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

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

SPACE ABOVE FOR RECORDER'S USE ONLY

**10700 MORA DRIVE SANITARY SEWER
EXTENSION AGREEMENT**

This Sanitary Sewer Extension Agreement ("Agreement") is entered into this ___ day of August 2007, between the Town of Los Altos Hills, a municipal corporation of the State of California ("Town") and Melvin Vaughn ("Property Owner"), the owner of 10700 Mora Drive (APN#: 331-14-054) ("the Property"), in an unincorporated portion of the County of Santa Clara.

WITNESSETH

WHEREAS, the Town wishes to assist property owners within the unincorporated areas in the Town's Sphere of Influence and Urban Service Area by providing sewer service to the property at 10700 Mora Drive, in an unincorporated area of the County of Santa Clara; and

WHEREAS, the Town has the ability to facilitate sewer service to the proposed area through and in conformance with the "Sewer Agreement Between the City of Los Altos and The Town of Los Altos Hills, of January 26, 2007" without detracting from current service levels to the property owners in the Town; and

WHEREAS, pursuant to California Government Code section 56133, such a request is to be submitted for appropriate action to the County of Santa Clara Local Agency Formation Commission (LAFCO) under an "Out-of-Agency Contract for Services" proposal; and

WHEREAS, this proposal is categorically exempt from the provisions of the California Environmental Quality Act (Class 19, section 15319a); and

WHEREAS, on August 15, 2006, a tentative map proposing to subdivide the property at 10700 Mora Drive into three parcels was approved, and found to be consistent with the Town's General Plan land use and residential policies.

NOW THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties do agree as follows:

ARTICLE 1. GENERAL

1.01 Sanitary Sewer Extension

Property Owner, who owns property in an unincorporated area of the County of Santa Clara and within the sphere of influence and urban service area of the Town, is in the process of planning an extension of sewer services and appurtenances to be installed from Mora Heights Way to 10700 Mora Drive and more particularly as shown in the General Area Map attached hereto as Exhibit A ("Extension"). This Extension is intended to serve all three of the parcels identified on the tentative subdivision map for the 10700 Mora Drive property, as approved in August, 2006.

1.02 Sewer Service

The purpose of this Agreement is for the Town to provide for public sewer service to Property Owner pursuant to the "Sewer Agreement Between the City of Los Altos and The Town of Los Altos Hills, of January 26, 2007" and the Resolution authorizing execution of that Agreement, adopted by the Town of Los Altos Hills Resolution No. 2-07 on January 26, 2007, which are attached hereto as Exhibit B and Exhibit C, respectively. Town shall provide public sewer services to Property Owner in accordance with the Sewer Agreement as if Property Owner were situated within the city limits of Town. All references in the Sewer Agreement referring to Town and Town residence will apply equally and fully to the Property and Property Owner.

1.03 Ownership of Sewer Extension

Upon completion of the Extension in accordance with Town Standards, and its acceptance by Town, each property owner will assume responsibility for the maintenance, repair and insurance of same under the terms of the Sewer Agreement.

1.04 Waiver of Annexation Protest Rights

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

1.05 Effective Date and Validity

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

ARTICLE 2. SEWER SERVICE

2.01 Installation of Sewer Extension and Appurtenances

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

2.02 Inspection and Acceptance of Sewer Extension and Appurtenances

Town will have the primary responsibility for the inspection outlined in the Sewer Agreement.

2.03 Sewer Fees, Plan Checking, Permits

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

2.04 Administration

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

2.05 Annual Sewer Service Charges

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

2.06 Maintenance and Repairs

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

2.07 Sewer Main Connection

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

2.08 Indemnity - Hold Harmless

Property Owner agrees to indemnify, defend and hold harmless Town and its elective or appointive Boards, officers, agents and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorney's fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of the Agreement by Property Owner, Property Owner's agents, officers, employees, subcontractors, or independent contractors hired by Property Owner. Property Owner shall take out and maintain insurance with a minimum limit of one million dollars that specifically covers the provisions of this paragraph 2.08 and names the Town as an additional insured from the start of construction to acceptance of the Extension by Town.

ARTICLE 3. MISCELLANEOUS PROVISIONS

3.01 Town Ordinances

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

3.02 Town Costs

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

3.03 Assignment

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

3.04 California Law

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

3.05 Arbitration

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

3.06 Attorneys' Fees

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

3.07 Notice

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

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

Property Owner, 10700 Mora Drive, Los Altos, CA 94024

3.08 Exhibits

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

3.09 Termination

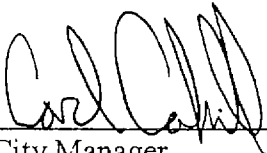
In the event that Property Owner is unwilling or unable to proceed with the Extension, Property Owner may terminate this Agreement by giving notice to the Town pursuant to 3.07 above, which said notice shall be recorded.

3.10 Condition for Recording


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

TOWN OF LOS ALTOS HILLS

PROPERTY OWNER




City Manager



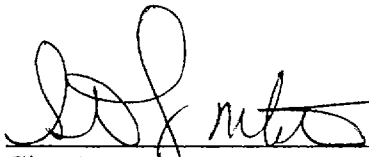
Melvin Vaughn

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney

EXHIBITS:

- A. Mora Drive General Vicinity Map
- B. Sewer Agreement Between the City of Los Altos and the Town of Los Altos Hills (2007)
- C. Resolution Approving the Sewer Agreement Between the City of Los Altos and the Town of Los Altos Hills (2007)
- D. Recording Data

State of California)
County of Santa Clara)

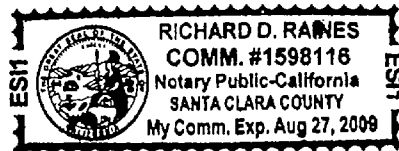
On 8-13-07 before me, Richard D Raines, Notary Public,
Date Name and Title of Notary Public

personally appeared Melvin Vaughn,
Name of Document Signer

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Richard D Raines
Signature of Notary



(Affix seal in the above blank space)

ITEM NO. 7
ATTACHMENT D

June 25, 2007
10724 Mora Drive
Los Altos, CA 94024

To Whom It May Concern:

Re.: Sewer access for the subdivision at 10700 Mora Drive

Dear Sir:

This letter is meant to be an example of the level of support that is present throughout the unincorporated area of Santa Clara County known as San Antonio Hills for the development of property in a fashion that is consistent with the guidelines of the Town of Los Altos Hills.

As the owners of one of the properties that borders on 10700 Mora Drive, my wife and I have a keen interest in this proposed subdivision. The three proposed lots in this subdivision are each more than 1 acre in size, and (as I understand them) conform to the guidelines that the Town of Los Altos Hills has for development in their sphere of influence. Accordingly we have supported the effort to complete this subdivision. In addition, we have initiated the purchase of the lot that is adjacent to our property at 10724 Mora Drive.

We have become aware of an issue regarding whether the lots in this proposed subdivision should be allowed to connect to local the sewer system. As long as the lots in the proposed subdivision do conform to the guidelines of the Town of Los Altos Hills in their size, given the slope of the land, we also support this proposal. We are original members of the Mora Drive Sewer Project, and believe that allowing these lots to have access to the sewer system is consistent with the goals of this successful undertaking.

In short, we believe that if all of the subdivisions had the characteristics of the one discussed in this letter, there would be few, if any, complaints as the small number remaining lots in this area are developed.

Sincerely yours,

Richard A. Blanchard

Richard A. Blanchard

Enrique J. Klein

(650) 559-7477 (Ph/Fax)
ejklein64@comcast.net
P.O. Box 3844
Los Altos, CA 94024-0844

June 26, 2007

Mr. Melvin Vaughn
10700 Mora Drive
Los Altos, CA 94024

Connection to Sanitary Sewer

Dear Melvin:

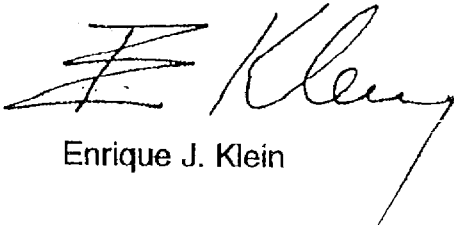
I understand that you are requesting that your property at 10700 Mora Drive in the County of Santa Clara and the Sphere of Influence of the Town of Los Altos Hills be granted a sewer connection permit.

Having been involved in the permitting process and construction of the Mora Drive Sewer Project (MDSP), I affirm that your property was originally included with 41 others in the MDSP area map and was therefore qualified for a sewer connection. Unfortunately, the previous owner of your property chose to opt out of the MDSP.

Had the previous owner of our parcel stayed in the MDSP, your property would have qualified for a sewer connection as part of our Out-of-Agency Contract for Services with Santa Clara LAFCO (approved on April 11, 2001). I am also aware that your property is now being subdivided in conformance with the County General Plan and the County and Town zoning ordinances. I am particularly gratified that the zoning requirement for lot sizes of 1 acre minimum is being respected, since others in our neighborhood are attempting to take advantage of the State Map Subdivisions Act to bypass local zoning ordinances.

I therefore fully endorse your application for an expeditious grant of a sewer connection.

I wish you success in this endeavor,



Enrique J. Klein

LAFCO Hearing: October 3, 2007

TO: LAFCO

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

**SUBJECT: Service Reviews and Sphere of Influence
Recommendations for the Northwest Santa Clara
County Area**

Agenda Item # 8

STAFF RECOMMENDATIONS

CEQA Actions:

Determine that the *Service Reviews and Sphere of Influence Recommendations Report for the Northwest Santa Clara County Area* is categorically exempt from CEQA under §15306 Class 6; §15378 (a) and (b)(5); §15061(b)(3) General Rule; and §15320 Class 20 of the CEQA Guidelines.

Service Review and Sphere of Influence Updates Report Actions:

1. Open public hearing and receive testimony.
2. Close public hearing.
3. Consider any necessary revisions to the
4. Adopt the report for the *Service Reviews and Sphere of Influence Recommendations for the Northwest Santa Clara County* with revisions as necessary.
5. Adopt resolution making service review determinations for each of the cities and special districts (Attachment A)
6. Update the spheres of influence and adopt resolution making SOI determinations for each of the cities and special districts (Attachment B)
7. Direct staff to distribute the adopted *Final Report* to all the affected agencies.

BACKGROUND

State Law Requirements: Service Reviews

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code §56000 et seq.) requires that each LAFCO conduct service reviews prior to or in conjunction with the 5-year mandated sphere of influence updates. As part of the service review, LAFCOs must prepare an analysis and written statement of determinations regarding each of the following nine categories:

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

State Law Requirements: Sphere of Influence Boundary (SOI Boundary) Updates

As part of the sphere of influence update, LAFCO's must prepare an analysis and written statement of determinations regarding each of the following four categories:

- 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 Reviews and SOI Updates in Santa Clara County

To meet this requirement, Santa Clara LAFCO in 2002, established a work plan for conducting service reviews. This work plan required LAFCO to first gather general information and develop resources (mapping and contact information for cities and special districts) and then to develop a methodology for conducting the service reviews. Later in that same year, LAFCO adopted policies for conducting service reviews, developed a method for structuring the service reviews in Santa Clara County and established priorities for conducting the reviews. LAFCO completed the Countywide Fire Protection Service Review in April 2004, the Countywide Water Service Review in June 2005, and the South and Central Santa Clara County Service Review and Sphere of Influence Update in October 2006.

LAFCO staff is in the process of completing an update of sphere of influence boundaries for fire protection districts in Santa Clara County and will present the recommendations to LAFCO in December for their consideration and adoption. LAFCO staff and their consultant will also bring an update of the sphere of influence boundaries for water districts and resource conservation districts to LAFCO in December for their consideration and adoption.

SERVICE REVIEW AND SOI UPDATES PROCESS

LSA Retained to Prepare Service Reviews & SOI Updates for Affected Agencies

LSA Consulting Group was retained by LAFCO to conduct the *Service Reviews and Sphere of Influence Updates for the Northwest Santa Clara County Area* as well as the previous service review for the central and southern parts of Santa Clara County. The following agencies/areas are included in the *Service Reviews and Sphere of Influence Recommendations Report for the Northwest Santa Clara County Area*:

Cities/Areas

1. City of Campbell
2. City of Cupertino
3. City of Los Altos
4. Town of Los Altos Hills
5. Town of Los Gatos
6. City of Monte Sereno
7. City of Mountain View

8. City of Palo Alto
9. City of Saratoga
10. City of Sunnyvale
11. Moffett Field

Special Districts

1. Cupertino Sanitary District
2. El Camino Hospital District
3. Lake Canyon Community Services District
4. Midpeninsula Regional Open Space District
5. Rancho Rinconada Recreation and Park District
6. Santa Clara Valley Transportation Authority
7. Saratoga Cemetery District
8. West Bay Sanitary District
9. West Valley Sanitation District

Technical Advisory Committee Formed and *Draft Report* Prepared

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, John Howe, and LAFCO staff, the members of TAC for the *Draft Service Reviews and Sphere of Influence Updates for the Northwest Santa Clara County Area* include:

Representing the Santa Clara County/Cities Managers' Association

Debra Figone, City Manager, Town of Los Gatos (now at the City of San Jose)

Representing the Santa Clara County Municipal Public Works Officers' Association

Glenn Roberts, Public Works Director, City of Palo Alto

Representing the Santa Clara County Special Districts Association

Pete Siemens, Board Member, Midpeninsula Regional Open Space District

Representing the Santa Clara County Planning Officials Association

Steve Piasecki, Community Development Director, City of Cupertino

LAFCO staff and the consultants have met/consulted with, discussed and collected information from all of the affected agencies. In addition, periodic updates on the service review process have been provided to the 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.

June 2007 Release of Technical *Draft Report* and July 2007 Release of the Revised *Draft Report*

A *Technical Draft Service Reviews and Sphere of Influence Recommendations Report for the Northwest Santa Clara County Area* was released to participating agencies in June 2007. 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 Recommendations Report* was released in July 2007 for public review and comment. A Notice of Availability was sent to all affected agencies, LAFCO Commissioners, and interested parties. LAFCO staff and the consultant received comments on the *Draft Report* from the Cities of Campbell, Los Altos, and Mountain View as well as from the Rancho Rinconada Recreation and Park District. LAFCO staff and the consultant have addressed these comments.

August 2007 Public Hearing and Comments

In August 2007, a public hearing was held to consider the *Draft Report* and to accept further comments. Representatives of the Rancho Rinconada Recreation and Park District (RRRPD) and residents that use the District's facilities provided comments at the public hearing. Both parties expressed concern that the *Draft Report* included a recommendation to dissolve the district and have the City of Cupertino provide the services that RRRPD currently provides. LAFCO staff and the consultant clarified that the *Draft Report* does not include a recommendation to dissolve the District. Dissolving the District and having the City of Cupertino provide the services was one of the "government structure" options identified in the *Draft Report*.

However, LAFCO staff's recommendation for the RRRPD's SOI is to reaffirm the District's existing zero Sphere of Influence in recognition that the area should ultimately be served by the City of Cupertino rather than the District.

Additional Comments and Final Revisions to the *Draft Report*

Since the August 1, 2007 public hearing, staff has received new information and additional minor comments from the Cities of Campbell, Mountain View, Palo Alto and Sunnyvale. The *Draft Report* was revised to include this new information and to address the additional comments. The City of Palo Alto has expressed concern about LAFCO staff's recommendation to transfer a portion of the unincorporated Moody Road Area from Palo Alto's SOI into Los Altos Hills SOI (Attachment C). In particular, the City is concerned about their ability to continue to participate in the review of County development in this area given that future development in the area could have a significant aesthetic impact on the City of Palo Alto's parkland that surrounds the area. The City of Palo Alto currently participates in the County's development review process through an informal County/City referral process because the area is currently within Palo Alto's SOI. LAFCO staff's recommendation would result in the area being within Los Altos Hill's SOI rather than Palo Alto's SOI. Thus, the County/City referral process would no longer apply for the City of Palo Alto.

LAFCO staff, City staff, and County Planning staff have discussed options for maintaining the City of Palo Alto's current level of involvement. The County has stated that the City's and the County's interest in ensuring quality development along scenic roads such as Moody Road and Page Mill Road are very similar. The County, through its Design Review process routinely requires a lower light reflective value than in the past, landscaping, well-articulated design, and screening for any substantive neighbor concerns. Furthermore, the City of Palo Alto, as a neighboring property owner (City owns Palo Alto's Foothill Park), will continue to receive notices for projects in the Moody Road Area that require County Design Review and/or Architectural Site Approval. The City may also request to receive agendas for County Zoning Administration and Architecture and Site Approval Committee meetings. Either of these options will provide notice to the City and City staff could then email or call the project planner or hearing officer involved, provide written comments, and also appear at a hearing.

Therefore, LAFCO staff reaffirms its recommendation that the Moody Road Area be removed from Palo Alto's SOI and placed within Los Altos Hill's SOI. The Moody Road area receives fire protection, solid waste disposal and water service from Los Altos Hills' service providers and access to the Moody Road Area is through the Town of Los Altos Hills. Furthermore, the Moody Road Area is not

adjacent to Palo Alto's USA boundary, but is adjacent to Los Altos Hill's USA boundary. Therefore Los Altos Hills is the more logical service provider should the area need urban services (e.g. sewer) in the future.

Release of *Final Draft Report*

A Notice of Availability for the *Final Draft Report* (Attachment D) was sent to all affected agencies, and interested parties on September 12th and the *Final Report* has been available on the LAFCO Website (www.santaclara.lafco.ca.gov) for downloading since September 12th in compliance with the required 21-day public review period. LAFCO staff and the consultant have not received any further comments as of the writing of this staff report. The *Final Report*, including any further changes incorporated into it by LAFCO, will be distributed to all affected agencies in Santa Clara County and posted on the LAFCO website after adoption by the Commission.

SPHERE OF INFLUENCE RECOMMENDATIONS

Staff is recommending that the Commission reaffirm all of the affected agencies SOIs Boundaries, with the exception of the City of Palo Alto, Town of Los Altos Hills, the El Camino Hospital District, and the West Valley Sanitation District.

- (1) The City of Palo Alto's SOI currently includes two unincorporated residential areas (Altamont Circle Area and Moody Road Area) located west of the Town of Los Altos Hills off Page Mill Road. LAFCO staff recommends that LAFCO move these areas from Palo Alto's SOI to the Town of Los Altos Hills' SOI. This would provide for more appropriate future planning.
- (2) The El Camino Hospital District is currently providing services to residents within the Cities of Sunnyvale and Cupertino. Therefore, LAFCO staff recommends that LAFCO expand the District's SOI to include these entire cities, which would more accurately delineate the District's service area.
- (3) The West Valley Sanitation District is currently serving two small areas that are currently located beyond the District's SOI. LAFCO staff recommends that LAFCO expand the District's SOI to include these two areas that are currently receiving District services. This change would more accurately delineate the District's service area and would have no effect on the services that are currently being provided.

ENVIRONMENTAL ANALYSIS

The *Service Reviews and Sphere of Influence Recommendations Report for the Northwest Santa Clara County Area* is categorically exempt from CEQA under §15306 Class 6; §15378 (a) and (b)(5); §15061(b)(3) General Rule; and §15320 Class 20 of the CEQA Guidelines. The project is exempt for the following reasons:

CEQA Guideline Section 15306: Approval of the Service Review qualifies for a Class 6 categorical exemption because the Service Review is a planning study. CEQA Guidelines 15306 states that projects that consist of basic data collection and research that are strictly for information-gathering purposes or as part of a study leading to an action that a public agency has not yet approved, adopted, or funded is categorically exempt.

CEQA Guideline Section 15061 (b)(3): The activity is covered by the general rule that CEQA applies only to projects, which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The Service Review and SOI Updates would not have a significant effect on the environment and are exempt.

CEQA Guideline Section 15320: Class 20 consists of changes in the organization or reorganization of local governmental agencies where the changes do not change the geographical area in which previously existing powers are exercised. The SOI Updates include three such changes:

- (1) The City of Palo Alto's SOI currently includes two unincorporated residential areas located west of the Town of Los Altos Hills off Page Mill Road. The Update proposes moving these areas from Palo Alto's SOI to the Town of Los Altos Hills' SOI. This would provide for more appropriate future planning.
- (2) The El Camino Hospital is currently providing services to residents within the Cities of Sunnyvale and Cupertino. For this reason, it is recommended that the SOI be expanded to these entire cities, which would more accurately delineate the District's service area.
- (3) The West Valley Sanitation District is currently serving two small areas that are currently located beyond the District's SOI. It is recommended that the District's SOI be expanded to include these two small areas that are currently receiving District services. This change would more accurately delineate the District's service area. These changes would have

no effect on the services that are currently being provided. Therefore, these changes qualify for Class 20 categorical exemptions.

NEXT STEPS

Upon adoption of the *Final Report* with any changes recommended by the Commission, the *Final Report* will be distributed to all of the affected agencies and posted on the LAFCO website (www.santaclara.lafco.ca.gov).

ATTACHMENTS

- Attachment A: Resolution making Service Review Determinations (will be provided at the LAFCO meeting)
- Attachment B: Resolution making Sphere of Influence Determinations (will be provided at the LAFCO meeting)
- Attachment C: September 10, 2007 Comment Letter from Steve Emslie, Community Development Director, City of Palo Alto
- Attachment D: Notice of Availability of Final Draft Service Review and SOI Updates Report

***Santa Clara LAFCO: Service Reviews and Sphere of Influence
Recommendations for the Northwest Santa Clara County Area***

CITY OF CAMPBELL

-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

The City's existing standard is to provide three acres of open space, park land, and recreational facilities for every 1,000 residents. However, the City is currently providing 1.97 acres of facilities per 1,000 population, which is below the standard. The City's General Plan recognizes that the City's ability to provide park and recreational facilities may be limited since the City is largely built out and has only small pockets of vacant or underutilized land. However, the City in conjunction with the Campbell Union School District is currently providing 4.5 acres of facilities per 1,000 population, which well above the standard. It should be noted, that continued use of school facilities is not guaranteed given that the facilities are not under control of the City.

The City's Storm Drainage System Analysis states that there are two areas in the City that lack adequate drainage systems due to considerably undersized storm drains and the lack of drainage infrastructure. The Analysis recommends capacity improvements and the addition of infrastructure to enhance the drainage within these areas.

The City's Drainage System Analysis states that overall inadequate capacity exists in the City for a 10-year storm. This generally results in nuisance ponding that can be alleviated over time as funding is available or as new development or redevelopment occurs.

The City's 2001 General Plan EIR states that the existing storm drainage system is in good condition.

The City's 2007–2013 CIP states that the library facility is exceeding its operating capacity; consequently, the City completed a library needs assessment and is exploring funding options to provide for facility improvements.

The City currently has 1.12 sworn police officers per 1,000 population and a ratio of 0.6 non-sworn police department staff to total employees.

2) *Growth and Population*

The City's General Plan and General Plan EIR state that the City is essentially built out and has limited vacant land. Due to this, a large majority of new development and/or growth in the City would involve redevelopment or intensification of previously developed areas.

3) *Financing Constraints and Opportunities*

The 2006–2007 budget states that over the past several years, the City has struggled with a structural budget imbalance in which ongoing revenues were insufficient to fully fund ongoing expenditures. Due to this imbalance the City has reduced expenditures. The budget states that this may result in noticeable service impacts.

The City implements the Quimby Ordinance; however, the Quimby Act does not authorize charging such fees to developments that do not require a subdivision. To provide for additional financing

opportunities, the City has an ordinance that established a supplemental development fee that is assessed to residential development projects that do not require a subdivision.

The City is planning to compete for grants from a future State Library Bond Act to assist in funding library facility improvements.

4) *Cost-Avoidance Opportunities*

The City has cooperative arrangements with other agencies (such as school districts, solid waste and law enforcement agencies) that result in the provision of services or facilities at a reduced cost.

5) *Opportunities for Rate Restructuring*

The City's policy is to annually evaluate and, if necessary, adjust the schedule of user fees and charges to ensure that the fees and charges generate sufficient revenues to meet service delivery costs.

6) *Opportunities for Shared Facilities*

The City has several cooperative agreements with other agencies in the County that provide for service provision in a cost-effective manner. This includes park and recreational facilities, library services, and emergency mutual aid.

7) *Government Structure Options*

The City annexed three unincorporated pockets in 2006. In addition, residents of Cambrian Pocket No. 36, which is an unincorporated island adjacent to Campbell, but located in the SOI of the City of San Jose, has requested a SOI boundary change and annexation to the City of Campbell. The City supports this effort and requested the City of San Jose's and LAFCO's cooperation regarding this area.

8) *Evaluation of Management Efficiencies*

The City's cooperative agreements with other agencies provide management efficiencies in the provision of services.

9) *Local Accountability and Governance*

The City ensures that local accountability and governance standards are met by holding City meetings pursuant to the Brown Act, having them shown on cable television, and having reports available for download on the City's Web site.

CITY OF CUPERTINO
-SERVICE REVIEW DETERMINATIONS-

1) Infrastructure Needs and Deficiencies

The City has a standard of providing a minimum of 3 acres of open space per 1,000 residents. The City is currently providing 2.4 acres of parkland per 1,000 population, which is below the City's standard. The City has an acquisition strategy to obtain additional parkland.

The City's 2005 General Plan states that it is estimated that the City's storm drainage system could accommodate the runoff from a 10-year to a 40-year flood in most areas of the City.

The General Plan states that the City is planning to upgrade parts of the older storm water drainage system through a long-term CIP.

There are a few areas of the City that do not have a storm drainage system and are subject to flooding. Within the Old Monta Vista area, the City has begun to design a storm drainage system to alleviate flooding. This project is planned for completion by the end of 2007.

The Sheriff's Department has stated that there is a need for an "in-field station" to write reports. Currently the Quinlan Center is used for that purpose; however, there is a need for a larger and better-equipped facility than the Quinlan Center.

2) Growth and Population

There are currently 277 acres of vacant land within the City's USA. Due to the limited amount of vacant land, most future development and growth within the City would be redevelopment or intensification of existing land uses.

3) Financing Constraints and Opportunities

The City has been struggling with an operating deficit in recent years. In response, the City has frozen positions and projects and reduced service levels.

The City's 2006-2007 budget notes that 5-year projections show operating expenditures exceeding operating revenues and that funding has not yet been secured to correct this imbalance.

The City has adopted a Fiscal Strategic Plan, which is expected to improve the City's ability to provide services under changing economic circumstances.

Drainage projects are funded through the storm drain impact fees accrued via the building permit process.

The Sheriff's Department has stated that the City's general fund operational revenue issues have directly affected the level of law enforcement services. As revenues increase, the Sheriff's Department would like the service contract enhanced to ensure the level of service that is desired by the City Council.

4) Cost-Avoidance Opportunities

The City requires all new development to construct infrastructure to adhere to the 10-year storm event standard and/or pay storm drainage impact fees on a per-acre basis to new development.

To provide additional park and recreational facilities, the City plans to stretch funding by using school sites, expanding and revising existing park uses, utilizing State funds, and park dedication requirements and/or parkland development impact fees for new developments.

To provide additional recreational facilities in a cost-effective manner, the City has a joint use agreement with the Cupertino Union School District for access to eight sports fields on school grounds in exchange for grounds maintenance by the City.

The Sheriff's Department is currently working on a grant that would fund a "Gang Officer" position.

5) *Opportunities for Rate Restructuring*

The City regularly evaluates and, if necessary, adjusts the schedule of user fees and charges to ensure that the fees and charges generate sufficient revenues to meet service delivery costs.

6) *Opportunities for Shared Facilities*

The City has several agreements with other agencies in the County that provide for service while sharing facilities. These include the Sheriff's substation, library services, and the school district.

7) *Government Structure Options*

The City has several unincorporated pockets within its SOI. The City has recently annexed some of these pockets and has taken advantage of the current streamlined annexation opportunity to implement more efficient planning boundaries. Additionally, the City has a General Plan policy that states that the City will actively pursue the annexation of unincorporated properties within the City's urban service area.

8) *Evaluation of Management Efficiencies*

The City's cooperative agreements with other agencies provide management efficiencies in the provision of services.

9) *Local Accountability and Governance*

The City ensures that local accountability and governance standards are met by holding City meetings pursuant to the Brown Act, having them shown on cable television, and having them available for download on the City's Web site.

CITY OF LOS ALTOS
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

The 2005 Sewer Master Plan states that overall, the City's collection system is in good structural condition. However, improvements related to capacity and pump stations are needed.

The City's 2002 General Plan states that the overall sewer system capacity will accommodate future development of vacant sites and the intensification of commercial areas in accordance with the City's Land Use Element.

Based on the State Department of Finance 2006 population estimate for the City (27,608), the City is currently providing 1.38 acres of parkland per 1,000 population. The City does not have an existing standard to provide a specific ratio of parkland per 1,000 residents, but this is lower than the general standard for cities, which is 3.0 acres per 1,000 population. The 2002 General Plan notes that the City will implement options to lease and/or purchase additional park sites and implement the Quimby Act and the City's Parkland Dedication Ordinance.

The City has stated that the police facility is aging and in need of modernization. In addition, the department is in need of additional space.

The City's department is meeting response time goals for Priority 3 calls, but not for Priority 1 or 2 calls.

2) *Growth and Population*

The City is a developed community with little opportunity for additional growth or major land use changes. In July of 2005, only 2 acres were designated as vacant. Because of this, future growth will occur through redevelopment or intensification of currently developed parcels.

The City has stated that its population projections are consistent with the Association of Bay Area Governments (ABAG).

3) *Financing Constraints and Opportunities*

The City's Service and Financial Plan for FY 2005–2006 and 2006–2007 projects General Fund revenues to increase approximately 9 percent in 2005–2006 and 11 percent in 2006–2007.

The revenue for funding the improvements would be gained from sewer rates.

This standard is implemented through the Quimby Act and the City's Parkland Dedication Ordinance.

4) *Cost-Avoidance Opportunities*

The City has cooperative arrangements with other agencies that provide services at a reduced cost. These include agreements with the Palo Alto Regional Water Pollution Control Plant for wastewater treatment and with the County Library System for library services.

5) *Opportunities for Rate Restructuring*

Each year the City reviews and revises rates for services to ensure consistency with the cost to provide the services and the City Council's subsidy policy. Through this review the City tracks the relationship between fee revenue and the costs to provide service.

6) *Opportunities for Shared Facilities*

The City has several cooperative agreements with other agencies in the County that provide for service provision in a cost-effective manner. This includes the wastewater treatment plant, library services, school district facilities, and emergency mutual aid.

7) *Government Structure Options*

There is one remaining unincorporated island area that is approximately 624 acres and located adjacent to the City. In order to implement more efficient planning boundaries the City should consider pursuing annexation of this unincorporated island area.

8) *Evaluation of Management Efficiencies*

The City's cooperative projects with other agencies provide management efficiencies in the provision of services.

9) *Local Accountability and Governance*

The City ensures that local accountability and governance standards are met by holding City meetings pursuant to the Brown Act, having them shown on cable television, and having them available for download on the City's Web site. The City also has a phone-in service that provides callers with prerecorded information regarding various City questions or issues of concern.

CITY OF LOS ALTOS HILLS
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

The Sewer Master Plan states that the sewer system does not have adequate capacity to accommodate build out peak dry-weather flows. The Master Plan includes a CIP to expand the capacity of the system to be able to accommodate the projected peak dry-weather flows at build out. The Plan states that due to the slow growth and connection rate within the Town, it does not anticipate the need to begin the CIP capacity enhancement projects within the next 10 years.

The Sewer Master Plan states that the Town's sewer system appears to be in good condition. However, the City's 2006–2007 budget notes that the annual cost of projects identified in the Master Plan and through video inspections is estimated to be \$1,000,000.

To meet the expected wastewater demands at build out, the Town needs 0.408 mgd additional capacity at the Regional Water Quality Control Plant and to be conveyed through the City of Los Altos. Currently, the City has tentatively been allocated an additional 0.126 mgd of capacity. The capacity of the sewer system through the City of Palo Alto is sufficient to provide almost all of the future needed capacity for the northeastern portion of the Town.

The Town's Storm Drainage Master Plan identified 28 drainage problem areas in 2004. The deficiencies include existing infrastructure needing rehabilitation or capacity increases and needing additional pipelines or other new infrastructure. The Master Plan includes a CIP, which details recommended upgrades. To date, the work on 13 of the 28 spots have been completed.

2) *Growth and Population*

Given the built-out nature of the Town, the zoning requirement of 1-acre minimum lot size, and development constraints such as topography, easements, and dedications that exist within the Town, minimal growth is expected to occur in the future.

The Sewer Master Plan notes that most of the land within the Town's SOI is either reserved for open space or not suitable for development due to the hilly terrain. Therefore, the SOI is expected to remain unchanged in the future.

3) *Financing Constraints and Opportunities*

Infrastructure upgrades, maintenance, and repairs are funded through fees for services and through general fund reserves, which are set aside annually for these purposes.

The Town's revenue sources are largely from property taxes and service fees.

4) *Cost-Avoidance Opportunities*

The City has several cooperative arrangements with other agencies that provide services at a reduced cost.

5) *Opportunities for Rate Restructuring*

The Town reviews and updates fees for services annually to ensure that eligible costs are recovered.

6) *Opportunities for Shared Facilities*

The new Santa Clara County Sheriff's substation facility that serves the Town also serves the Cities of Cupertino and Saratoga.

The City shares sewer collection lines with the surrounding cities and capacity in the Regional Water Quality Control Plant.

7) *Government Structure Options*

LAFCO identified several unincorporated areas that are less than 150 acres within the Town's USA. In order to implement more efficient planning boundaries and take advantage of the current streamlined annexation opportunity, the Town should consider pursuing annexation of the remaining unincorporated island areas.

8) *Evaluation of Management Efficiencies*

The City's cooperative projects with other agencies provide management efficiencies in the provision of services.

9) *Local Accountability and Governance*

The Town ensures that local accountability and governance standards are met by holding Town meetings pursuant to the Brown Act and having them available for download on the Town's Web site.

TOWN OF LOS GATOS
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

The existing library is inadequate for existing and future needs. The Town is nearing completion of a Civic Center Master Plan, which includes plans for a new library of approximately 40,000 square feet with 69 parking spaces. The new building, as planned, would provide adequate library services for the future.

The Police Department is in need of additional space for employees. The Town Council is currently exploring alternatives for moving the police department to an offsite facility, or to retain it at its current location and rebuild it as part of an upgrade to the civic center complex.

Much of the Town's storm drainage system is very old, shallow, and undersized. The Town is trying to locate and upgrade these systems as resources are programmed and allocated.

2) *Growth and Population*

The Town has stated that its population projections are consistent with ABAG, which are expecting a growth rate of 0.42 percent.

The Town is essentially built out but has vacant and underutilized land. Due to this, there is opportunity for future development and growth within the Town. Therefore, it is difficult to detail what potential affects future development or intensification could have on existing infrastructure.

3) *Financing Constraints and Opportunities*

The Town's revenues have exceeded expenditures for the last two fiscal years. Since FY 2001–2002, the Town has implemented a number of strategies to keep revenues in balance with expenditures. These steps included selected hiring freezes, strategic expenditure slowdowns, and departmental cost-saving efficiencies among other strategies that have allowed the Town to remain fiscally balanced in challenging economic times.

4) *Cost-Avoidance Opportunities*

The Town has several cooperative arrangements with other agencies that provide services at a reduced cost.

The Town participates in public entity risk pools that provide insurance coverage at reduced costs.

5) *Opportunities for Rate Restructuring*

Each year the Town reviews and revises rates for services to ensure consistency with the cost to provide the services. Through this review, the Town evaluates the relationship between fee revenue and the costs to provide service.

6) *Opportunities for Shared Facilities*

The Town's Police department routinely evaluates opportunities to share resources, programs, and equipment with other entities or law enforcement agencies in an effort to reduce costs to the Town

and increase services to the community. The sharing of a training manager and property and evidence management are currently under consideration.

The department has explored resource sharing with the City of Campbell Police Department, which serves an adjacent community. In 2006, the Los Gatos/Monte Sereno Police Department entered into an agreement with the City of Campbell Police Department to share resources for a combined SWAT team.

7) *Government Structure Options*

LAFCO identified several unincorporated pockets within or adjacent to the Town. In order to implement more efficient planning boundaries and take advantage of the current streamlined annexation opportunity, the Town should consider pursuing annexation of the remaining unincorporated island areas.

8) *Evaluation of Management Efficiencies*

The Town's cooperative agreements with other agencies provide management efficiencies in the provision of services.

9) *Local Accountability and Governance*

The Town ensures that local accountability and governance standards are met by holding Town meetings pursuant to the Brown Act, having them shown on the local cable television channel, and having them available for download on the Town's Web site.

CITY OF MONTE SERENO
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

The City owns no public facilities other than the City offices.

The City is in need of upgrades to the existing storm drainage infrastructure.

The Town of Los Gatos Council is currently exploring alternatives for moving the Los Gatos Police Department to an off-site facility or to retain it at its current location and rebuild it as part of an upgrade to the Town of Los Gatos' civic center complex, which would serve the City.

2) *Growth and Population*

The City is over 90 percent developed and has only a small amount of infill development possible. Many of the remaining vacant sites within the City are located on unstable, steep slopes. Similarly, there is very little annexation potential because most of the City's SOI area is not developable.

The City has stated that its population projections are consistent with ABAG, which has a growth rate projection of 0.28 percent a year.

3) *Financing Constraints and Opportunities*

The 2006-2007 Monte Sereno Budget states that the City is in sound financial condition. Therefore, the City would be able to provide for the improvements/maintenance that the City will require.

4) *Cost Avoidance Opportunities*

The Los Gatos/Monte Sereno Police Department entered into an agreement with the City of Campbell Police Department to share resources for a combined SWAT team.

5) *Opportunities for Rate Restructuring*

The City annually reviews the fee schedule. Adjustments are made to reflect actual costs to provide the service. The last amendment to the fee schedule was in 2004.

6) *Opportunities for Shared Facilities*

Monte Sereno owns no public facilities other than the City offices. Therefore, there are no opportunities for shared facilities.

7) *Government Structure Options*

LAFCO identified three unincorporated pockets within or adjacent to the City. In order to implement more efficient planning boundaries and take advantage of the current streamlined annexation opportunity, the City should consider pursuing annexation of the remaining unincorporated island areas.

8) Evaluation of Management Efficiencies

The City's cooperative agreements with other agencies provide management efficiencies in the provision of services.

9) Local Accountability and Governance

The City ensures that local accountability and governance standards are met by holding City meetings pursuant to the Brown Act.

CITY OF MOUNTAIN VIEW
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

The City has stated that localized sewer system capacity deficiencies may exist. The City is commencing on a Sanitary Sewer Master Plan that will evaluate capacity and make infrastructure recommendations.

The City's 2005 Storm Drainage Master Plan states that the City has experienced localized ponding in various areas, which is the result of inadequate capacity of the existing infrastructure. The Storm Drainage Master Plan concludes that these are minor isolated deficiencies that do not require urgent improvement projects.

The Storm Drainage Master Plan states that with completion of capital improvements to eliminate the capacity deficiencies found in the system, the City's storm drainage system should be able to accommodate the City's projected growth.

The existing police/fire facility is not large enough to accommodate the staff needed to serve the City. In addition, the building needs refurbishment due to age and needs upgrades to meet current Americans with Disabilities Act (ADA) requirements. The City's CIP includes projects that would resolve some of the more significant deterioration issues and funds studies regarding future upgrades.

The library has operating and capacity challenges. To alleviate some of these issues, a space reallocation plan is included in the City's CIP. In addition, the City has identified future improvements, which are larger in scale and would be evaluated further.

2) *Growth and Population*

The City is almost fully built out, with little vacant land left. Because of the developed nature of the City, new development and/or growth within the City has been and will continue to consist of redevelopment or intensification of land uses.

3) *Financing Constraints and Opportunities*

The 2006–2007 budget states that the City has been challenged by a decline in revenues since FY 2001–2002. This revenue reduction required major reductions in expenditures, including personnel and services. While this strategy has kept the City financially strong, there has been an unavoidable impact of service level and quality.

The City's fiscal outlook is beginning to improve. FY 2005–2006 revenues for the General Fund were 7 percent higher than the adopted budget, and the City projects that the General Fund revenue will grow another 2 percent in 2006–2007.

Land dedicated and fees collected through the City's Park Land Dedication Ordinance are used to purchase, develop, rehabilitate, and/or improve park and recreational facilities.

The City has stated that there are revenue constraints that affect the level of service of the library.

4) *Cost-Avoidance Opportunities*

The City has adopted purchasing policies and procedures in an effort to control costs and provide for efficiency and accountability.

The City has several cooperative arrangements with other agencies that provide services at a reduced cost.

The City has stated that it would utilize the Naylor Act, which allows cities to buy open space areas of school district property at 25 percent of the market value to provide additional parkland at a reduced cost.

In 2005, volunteers donated 5,244 hours to the police department. The department 2005 Annual Report estimates this time to be worth \$121,009. This allows some additional law enforcement services to be provided in a cost effective manner.

5) Opportunities for Rate Restructuring

The City has established rate stabilization reserves in order to allow gradual or incremental increases in rates to lessen the impact of rate changes.

The City's revenue policies state that fees and charges for services will be evaluated and, if necessary, adjusted annually. It also states that the City's objective in setting fees and charges for services is to achieve a reasonable level of cost recovery for services.

6) Opportunities for Shared Facilities

The City has several cooperative agreements with other agencies that provide for service provision in a cost-effective manner. This includes the wastewater treatment plant, SMART Station, library services, park and recreational facilities, and law enforcement regional task forces.

The police department shares a facility with the City's Fire Department.

7) Government Structure Options

LAFCO has identified several unincorporated areas within the City's USA. In September 2006, the City annexed three unincorporated pockets. In addition, there are two other properties that have been identified by the City as significant and expected to be annexed in the future when development plans are approved. In order to implement more efficient planning boundaries and take advantage of the current streamlined annexation opportunity, the City should commence annexing the remaining unincorporated pocket areas.

8) Evaluation of Management Efficiencies

The City's cooperative projects with other agencies provide management efficiencies in the provision of services.

9) Local Accountability and Governance

The City ensures that local accountability and governance standards are met by holding City meetings pursuant to the Brown Act and having them available for download on the City's Web site.

CITY OF PALO ALTO
-SERVICE REVIEW DETERMINATIONS-

1) Infrastructure Needs and Deficiencies

The City's Wastewater Master Plan Capacity analysis identifies eight locations in the City's sewer system where capacity improvements are needed and provides recommended improvements.

The City's Storm Drain Master Plan states that much of the existing storm drain system cannot convey the design storm without varying periods of street flooding and recommends that new developments be required to detain peak flows on site in order to avoid increases in runoff. In addition, the Storm Drain Master Plan recommends specific system improvements, which are generally related to increasing capacity.

The City's goal is to maintain a ratio of 1.7 officers per 1,000 residents; however, the City is currently providing 1.51 police officers per 1,000 residents, which is below its sworn staffing goal. However, it should be noted that the City's goal is higher than average, as most cities have a standard of providing 1 sworn officer per 1,000 population.

In March 2006, the City's Blue Ribbon Task Force concluded that the existing police facility is severely overcrowded and inadequate. The City is currently working on preliminary designs and environmental documentation for the new facility.

The City is in the process of expanding and upgrading several library facilities. In addition, the City is planning future library infrastructure projects.

2) Growth and Population

The urbanized area of the City is virtually built out. The City's Comprehensive Plan indicated that, at most, 0.5 percent of the entire City, including the Foothills, which is outside the USA, was vacant.

The lack of vacant land has resulted in an effort to "recycle" land parcels with commercial or industrial zoning that are vacant or have other land uses that are economically marginal.

3) Financing Constraints and Opportunities

Since January 2001, the City has engaged in a series of "Strengthening the Bottom Line" efforts whereby expenses were brought into alignment with available revenues. However, the City continues to face fiscal challenges.

Storm drain improvements, maintenance, and storm water quality protection programs are funded through storm drainage fees charged to residents and businesses on monthly City utility bills.

The City's library facility project is jointly funded by the City's CIP, federal grants, and private donations raised by the Palo Alto Library Foundation and the Friends of the Palo Alto Library.

The City is considering replacing a library, a community center, and the police facility. Currently, the City intends to request voter approval for General Obligation bonds to fund these facility projects. In addition, the City will seek grant funding and private donations.

To provide funding for infrastructure and facilities related to new development within the City, development impact fees are assessed for parks, libraries, community centers, and roadways.

4) Cost-Avoidance Opportunities

The City has adopted purchasing policies and procedures in an effort to control costs and provide for efficiency and accountability.

The City has several cooperative arrangements with other agencies that provide services at a reduced cost.

5) Opportunities for Rate Restructuring

The City reviews and adjusts rates for services annually along with preparation of the operating budget. Rates are adjusted as necessary to cover operating and capital costs, and to maintain reserve levels within policy guidelines.

Proposition 218 requires the City to obtain approval of storm drain fee increases from a simple majority of property owners. It also requires the City to conduct a written protest vote and protest hearings when service rates increases are proposed.

6) Opportunities for Shared Facilities

The Cities of Palo Alto, Mountain View, and Los Altos participate jointly in the cost of maintaining and operating the City of Palo Alto Regional Water Quality Control Plant and related system.

The City is a participant in a cooperative agreement with the Cities of Mountain View and Sunnyvale for the operation and use of the materials recovery and refuse transfer facility.

The City has a cooperative relationship and shares SWAT services with the City of Mountain View.

7) Government Structure Options

Stanford's lands that are designed for academic use in the University Land Use Plan are precluded from being annexed to the City of Palo Alto by a joint agreement between Palo Alto, Stanford, and the County. Non-academic uses include: residential, commercial, industrial, research, medical, and professional facilities.

There are no unincorporated pockets within the City's USA.

8) Evaluation of Management Efficiencies

The City's cooperative projects with other agencies provide management efficiencies in the provision of services.

9) Local Accountability and Governance

The City ensures that local accountability and governance standards are met by holding City meetings pursuant to the Brown Act, having them shown on cable television, and having them available for download on the City's Web site.

CITY OF SARATOGA
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

The City has not noted any infrastructure needs or deficiencies. It should be noted that many of the City's services are provided by Districts, service contracts with other agencies, or the County (such as wastewater, law enforcement, and library). Hence, the City does not own or maintain extensive infrastructure.

2) *Growth and Population*

The City's General Plan states that the City is largely built out and has limited vacant land; therefore, most new development and/or growth in the City would involve redevelopment or intensification of previously developed areas.

3) *Financing Constraints and Opportunities*

Over the past few years, the City's expenditures have exceeded revenues. The City Council and staff have implemented several measures to bring revenues and expenditures into alignment; however, the FY 2006–2007 budget is also expected to result in expenditures that exceed revenue.

Currently, there are no funds for any major storm water drainage improvement projects.

The department is currently working on a grant that would fund additional traffic enforcement in the City.

4) *Cost-Avoidance Opportunities*

The City has cooperative arrangements with other agencies (such as finance agencies and joint powers authorities) that result in cost savings.

5) *Opportunities for Rate Restructuring*

The City's rates for services are determined by actual costs in conjunction with comparisons to other local agency rates. The Fee Schedule is updated each year; however, there have not been any substantial rate reviews or increases in recent years.

6) *Opportunities for Shared Facilities*

The City has several cooperative agreements with other agencies in the County that provide for service provisions in a cost-effective manner. This includes park and recreational facilities, library services, and emergency mutual aid.

7) *Government Structure Options*

There are several unincorporated pockets within or adjacent to the City. Two of the pockets were annexed in 2006. Of the remaining pockets, two are less than 150 acres and two are more than 150 acres. In order to implement more efficient planning boundaries and take advantage of the current

streamlined annexation opportunity, the City should consider pursuing annexation of the remaining unincorporated island areas.

8) *Evaluation of Management Efficiencies*

The City's cooperative agreements with other agencies provide management efficiencies in the provision of services.

9) *Local Accountability and Governance*

The City ensures that local accountability and governance standards are met by holding City meetings pursuant to the Brown Act and having agendas available for download on the City's Web site.

CITY OF SUNNYVALE
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

There are specific locations within the wastewater collection system that may require additional capacity in the future as areas are developed or redeveloped.

The Water Pollution Control Plant has many components that are in need of major rehabilitation. An extensive assessment of infrastructure condition was recently completed to prioritize rehabilitation needs. Several infrastructure projects have been budgeted and/or are under construction.

The City's Surface Runoff Sub-Element states that the capacity of the City's existing storm drain system is adequate to prevent flooding.

The use of space within the police department facility is a continuing challenge, as the area is barely adequate. In addition, the facility's heating and cooling system is problematic and requires regular maintenance.

The library's collection is not keeping up with the growing demand for services, and the Library facility is becoming inadequate to support the current level of services. Potential plans for a new or renovated facility that would meet service needs over the next 20 years are currently being considered by the City.

2) *Growth and Population*

The City is almost completely developed, with only approximately 67.4 acres of vacant land. Due to this, most growth within the City would result from redevelopment of lands or intensification of lands.

3) *Financing Constraints and Opportunities*

The City has had expenditures exceed revenues in FY 2004 and 2005. In addition, the City is expecting to use \$7,371,781 in reserve funds in FY 2006–2007.

In FY 2003–2004 budget, a structural imbalance of \$14–15 million was identified, and a plan consisting of a combination of service level/expenditure reductions and fee increases was implemented to bring the General Fund into balance over the 20-year planning period. The City has been funding this imbalance through use of the 20-Year Resource Allocation Plan Reserve.

In FY 2006–2007 voters approved increases to the City's Transient Occupancy Tax and Business License Tax rates, which provided an additional \$1.4 million annually to address the fiscal challenges.

The FY 2006–2007 budget notes that in spite of the fiscal improvements, the City continues to face a number of challenges to its long-term financial stability.

CIP projects are funded through user fees, connection fees, and other wastewater fees. The City of Sunnyvale Fiscal Sub-Element also identifies funding through the infrastructure reserve and the use of debt financing.

The City provides funding for park and recreational facilities through the Park Dedication Fees that are collected when developers of multifamily housing do not dedicate land for use as parks.

It is currently not known how a new or renovated library facility would be funded. Funding options will be addressed by the City in a Needs Assessment and Plan of Service and Building Program that is currently being prepared.

4) *Cost-Avoidance Opportunities*

The City has adopted purchasing policies and procedures in an effort to control costs and provide for efficiency and accountability.

The City has several cooperative arrangements with other agencies that provide services at a reduced cost.

The police department is active in the acquisition of grant funding and cooperative relationships with other agencies. These efforts are opportunities for avoiding costs.

5) *Opportunities for Rate Restructuring*

As a part of the annual budget process, the City analyzes revenues and the costs to provide services and then recommends rates to the City Council that will generate revenues necessary to meet planned expenditures. Periodically, the City also reviews the methodology used to calculate service rates.

6) *Opportunities for Shared Facilities*

The City has several cooperative agreements with other agencies in the County that provide for service provision in a cost-effective manner. This includes the Materials Recovery and Transfer Station, library services, emergency mutual aid, and numerous agreements with public and private agencies that provide recreation opportunities.

7) *Government Structure Options*

The City has noted two unincorporated pockets that exist within and adjacent to the City limits. The City has stated that it would anticipate annexing the parcels when they are proposed for development. In order to implement more efficient planning boundaries and take advantage of the current streamlined annexation opportunity, the City should consider pursuing annexation of the remaining unincorporated pocket areas in the near future.

8) *Evaluation of Management Efficiencies*

The City's cooperative projects with other agencies provide management efficiencies in the provision of services.

9) *Local Accountability and Governance*

The City ensures that local accountability and governance standards are met by holding City meetings pursuant to the Brown Act, having them shown on cable television, and having agendas and staff reports available on the City's Website.

CUPERTINO SANITARY DISTRICT
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

There are no known existing capacity and/or infrastructure needs or deficiencies.

There are no planned facilities and/or expansion/improvement projects within the District beyond the normal repair and replacement schedule.

2) *Growth and Population*

Currently the District discharges 4.6 mgd, and has rights to discharge up to 8.6 mgd; therefore, the District would be able to accommodate expected growth within the District.

3) *Financing Constraints and Opportunities*

District expenditures have exceeded revenues for the past several years.

The District maintains reserve funds for the CIP, which can be used for emergencies and then replaced. There is currently \$12 million for the CIP.

4) *Cost-Avoidance Opportunities*

The District's use of the wastewater treatment plant in San Jose saves the District the cost of owning and operating its own treatment plant.

5) *Opportunities for Rate Restructuring*

The District sets its rates to its users to cover the costs of operations, maintenance, and repair, plus any increments for known or anticipated changes in program costs. The District last increased service rates by 16 percent for FY 2005. The District may want to review rates again to ensure that revenues cover expenses.

6) *Opportunities for Shared Facilities*

The District has an agreement for wastewater treatment at the San Jose/Santa Clara Regional Water Quality Control Plant for treatment and disposal of wastewater generated within the District. As the District's facilities and services are limited, no other opportunities for sharing facilities have been identified.

7) *Government Structure Options*

No government structure options have been identified. The existing provision of service is efficient in that one agency provides service to a large geographic area.

8) *Evaluation of Management Efficiencies*

The provision of wastewater service to the District's service area is efficient because one entity provides service to four cities and unincorporated areas through one conveyance system. This is a

more efficient provision of service than each City and the County having its own conveyance system and providing maintenance and upgrades to its system.

9) Local Accountability and Governance

The District ensures that local accountability and governance standards are met by holding meetings pursuant to the Brown Act.

EL CAMINO HOSPITAL DISTRICT
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

The District is in the process of constructing a new hospital facility due to be completed by the end of summer of 2009. This facility will meet the requirements of the Hospital Seismic Safety Act.

The hospital completed a number of "Make Ready" projects, which allow the hospital to operate continuously and uninterrupted during its construction of the new hospital project.

2) *Growth and Population*

Based on Association of Bay Area Governments (ABAG) projections, the County is expected to experience a moderate growth rate of 1.19 percent annually through 2025. This growth is not expected to impact the District's service provision capabilities.

3) *Financing Constraints and Opportunities*

The District has had revenues in excess of expenditures for the past several years.

The District is utilizing revenue bonds to finance a portion of the new hospital facility project. The District issued \$148 million in bonds in December 2006 for this project. Then in 2007 the hospital issued \$150 million in revenue bonds and may issue up to another \$100 million in revenue bonds in 2008 to assist in financing the new facility project.

4) *Cost-Avoidance Opportunities*

The District has stated that in the last 7 years El Camino Hospital has experienced an increase in financial performance, which was accomplished through a series measures including reducing supply costs and increasing operational efficiency.

5) *Opportunities for Rate Restructuring*

Hospital rates are reviewed annually. The hospital utilizes a consulting firm to review rates in the marketplace. The hospital then analyzes the information provided by the consultant as well as other financial information to adjust the rates.

6) *Opportunities for Shared Facilities*

Due to the unique services that this public agency provides, there is limited opportunity to share facilities with other agencies.

7) *Government Structure Options*

The existing provision of service is efficient in that one agency provides service to a large geographic area.

Due to the type of services that are provided by the District, the District serves people living outside of its boundaries. Specifically, the District is a provider of services to people residing in the Cities of

Sunnyvale and Cupertino. Because of this, expansion of the District's boundaries to include the entire Cities of Sunnyvale and Cupertino has been identified.

Advantages: The District boundaries would provide a more accurate delineation of the area being served by the District.

Disadvantages: Expansion of the District boundaries would include residents who receive hospital services from a private service provider and would not utilize the District's facilities.

8) *Evaluation of Management Efficiencies*

The District is subject to routine surveys and reviews by federal, State, and local regulatory authorities. The District has received corrective action requests as a result of completed and ongoing surveys from applicable regulatory authorities. Management works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities.

The District's hospital services have received several awards and recognitions. This is indicative of excellent service provision and management efficiencies.

9) *Local Accountability and Governance*

The District ensures that local accountability and governance standards are met by holding meetings pursuant to the Brown Act. In addition, the hospital publishes a newsletter three to four times a year to keep residents of the District informed about hospital activities as well as new programs and services.

LAKE CANYON COMMUNITY SERVICES DISTRICT
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

The Lake Canyon CSD has stated that there are no existing deficiencies or needs for improvements to the system.

2) *Growth and Population*

The Lake Canyon CSD encompasses a specific community, which is mostly developed. The maximum service area of the Lake Canyon CSD is defined by its current boundaries.

The Lake Canyon CSD's facilities have the capacity to accommodate the projected flows from the 10 vacant parcels within the community.

3) *Financing Constraints and Opportunities*

The Lake Canyon CSD's reserves are approximately \$200,000, and revenues have exceeded expenditures. No financing constraints have been identified.

4) *Cost-Avoidance Opportunities*

The Lake Canyon CSD provides limited services to a community that is distinctly separate from other communities within the County. Because the Lake Canyon CSD's facilities are limited and due to the location of the community, no cost-avoidance opportunities have been identified.

5) *Opportunities for Rate Restructuring*

The Lake Canyon CSD annually reviews rates for services. Adjustments are made to reflect actual costs to provide the service.

6) *Opportunities for Shared Facilities*

The Lake Canyon CSD provides services to a community that is distinctly separate from other communities within the County and does not currently share any facilities. Because the Lake Canyon CSD's facilities are limited and due to the location of the community, no opportunities for shared facilities have been identified.

7) *Government Structure Options*

Based on the current provision of service, it is reasonable to conclude that services can continue to be provided by the Lake Canyon CSD under this government structure. As the Lake Canyon CSD is not adjacent to any existing city or district boundary, or SOI, annexation to a city, or district is not feasible.

8) *Evaluation of Management Efficiencies*

The provision of wastewater service to the Lake Canyon CSD's service area is efficient because limited staffing and oversight are needed to provide services.

9) *Local Accountability and Governance*

The Lake Canyon CSD ensures that local accountability and governance standards are met by holding meetings pursuant to the Brown Act.

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

There are no infrastructure needs or deficiencies related to the services of the District. Properties the District acquires and/or manages have few, or very limited, existing improvements or needs for infrastructure.

2) *Growth and Population*

Based on Association of Bay Area Governments (ABAG) projections, the County is expected to experience a moderate growth rate of 1.19 percent annually through 2025. The District's service provision is not directly related to population growth. However, population growth could increase development pressure on nonpreserved open space lands, making the District's acquisition of these areas more difficult.

3) *Financing Constraints and Opportunities*

The District's financing is largely gained from property tax revenue and grant income. The District's revenues have been exceeding expenses, the District is rated AAA by Moody's and Standard and Poor's, and no financing constraints appear to exist.

4) *Cost-Avoidance Opportunities*

The District is a member of the California Joint Powers Insurance Authority. This membership provides cost savings related to insurance services.

The District's pursuit of grant funding provides cost savings.

5) *Opportunities for Rate Restructuring*

The District does not levy rates for services. Hence, no opportunities for rate restructuring have been identified.

6) *Opportunities for Shared Facilities*

The District explores and engages in joint projects to maximize the opportunities for preservation of open space. Currently, the District has numerous shared facilities.

7) *Government Structure Options*

There is no opportunity to consolidate or reorganize any combination of open space service providers located within the District's boundary because the District provides a unique set of services that are complementary to those provided by other service providers, and the District's service fills a gap in the need for open space protection, passive recreation opportunities, and open space management services that other agencies do not have the capacity to provide.

8) *Evaluation of Management Efficiencies*

The District's cooperative projects with other agencies provide management efficiencies in the provision of open space services.

9) *Local Accountability and Governance*

The District ensures that local accountability and governance standards are met by holding meetings pursuant to the Brown Act, maintaining a subscriber mailing list, and implementing a Public Notification Policy.

RANCHO RINCONADA RECREATION AND PARK DISTRICT
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

There are currently no major infrastructure deficiencies. However, the District has stated that the current anticipated needs include, but are not limited to: replacing the toddler/child playground equipment, parking lot improvements, replacement fencing and signage, and new roofing.

The District's main office was built for residential purposes; therefore, many of the electrical fixtures and plumbing requires upgrades to service a commercial-oriented property. The District makes plumbing and electrical upgrades when a specific need arises. However, there are no current plans to upgrade the overall plumbing and electrical infrastructure to commercial standards.

2) *Growth and Population*

The District encompasses specific housing developments that are fully developed. The maximum service area of the District is defined by its current boundaries. No new development in the District is anticipated.

3) *Financing Constraints and Opportunities*

The District has had revenues exceed expenditures for the past several years and has an adequate reserve fund balance. No financing constraints have been identified.

4) *Cost-Avoidance Opportunities*

The District identifies cost-savings opportunities, which include grant funding and the use of volunteers.

5) *Opportunities for Rate Restructuring*

Service rates are evaluated annually along with preparation of the budget. The District raises rates as operating costs increase. However, the District has historically chosen not to raise rates whenever possible.

6) *Opportunities for Shared Facilities*

Opportunities for shared facilities, equipment, or staff may occur if the District were consolidated with the City of Cupertino.

7) *Government Structure Options*

The District is within the City of Cupertino, which also provides pools and recreation programs. Hence, an overlapping of service provision exists. The following two government structure options have been identified.

Dissolution of the District and consolidation with the City of Cupertino Parks and Recreation Department: The services being provided by the District would be provided by the City's Parks and Recreation Department.

Advantages: The existing overlap of service provision by two different agencies would be eliminated; however, services would continue to be provided. The services currently being provided by the District would be provided by the City. Property tax funds used to fund the District could be redistributed to other agencies, including the City. The cost of operating a separate public agency to provide services would be eliminated.

Disadvantages: A specific share of the property tax funds would not be specifically allocated to the recreational facility located on Chelmsford Drive. Residents of the areas adjacent to the recreational facility may not be governing the use of the facility and the services being offered at the facility.

No change to the existing government structure: The District would continue to provide one recreational facility within the City of Cupertino and receive a share of the property taxes to fund its services.

Advantages: Residents of the areas adjacent to the recreational facility would continue to govern its use and services being provided. The specific allocation of property tax funds provided to the District would ensure that the services currently being provided by the District would receive funding.

Disadvantages: The existing overlap of service provision by two different agencies would remain. Property tax funds used to fund the District would not be redistributed. The cost of operating a separate public agency to provide one recreational facility and the associated services would continue.

8) Evaluation of Management Efficiencies

The overall management of service provision would appear to be more efficient if the District were consolidated with the City of Cupertino and the District were dissolved.

9) Local Accountability and Governance

The District has an elected Board of Directors and notices meetings by typically posting the agenda 3 weeks prior to the meeting date.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

VTA continually monitors and evaluates existing transit services and infrastructure needs and implements capital improvements as appropriate. For example, of VTA's 4,344 bus stops, over 1,000 have been identified as having some level of deficiency in terms of accessibility. Using various federal grants, approximately 400 stops have been made more accessible to date. Similarly, new buses are put online and old buses are retired regularly.

2) *Growth and Population*

Based on Association of Bay Area Governments (ABAG) projections, the County is expected to experience a moderate growth rate of 1.19 percent annually through 2025.

3) *Financing Constraints and Opportunities*

VTA revenues have both exceeded and been below expenses within the last several years. Likewise, VTA has budgeted for operating expenses to exceed revenues in FY 2006 and revenues to exceed expenditures in FY 2007. To address these financial issues, VTA has been implementing a program of ongoing financial assessments and service changes to achieve a stable financial balance.

4) *Cost-Avoidance Opportunities*

VTA is a partner in various ventures that expand the transportation options for customers. These relationships provide additional services at a reduced cost.

5) *Opportunities for Rate Restructuring*

The VTA has a policy to review fares in conjunction with development of the biennial budget. The Board recently authorized two fare increases; the last one was implemented in January 2006 in order to compensate for falling revenues and address operating deficits.

6) *Opportunities for Shared Facilities*

VTA is a partner in various projects that utilize numerous shared facilities to provide transportation. These projects include rail, intercounty bus lines, shuttles, bus stops, park-and-ride lots, and transit stations.

7) *Government Structure Options*

The VTA is governed by a Board of Directors comprised of 17 members and 2 ex-officio members, all of whom are elected officials appointed to serve on the Board by the jurisdictions they represent. No government structure options have been identified.

8) Evaluation of Management Efficiencies

VTA uses several performance measures to assess services. Three key indicators are the percentage of scheduled bus service operated, the number of miles between mechanical schedule loss, and on-time performance. Within the last several years, service has consistently exceeded VTA's adopted goals.

A comprehensive route evaluation process is conducted annually in which VTA uses performance indicators to identify routes with substandard performance. This process of monitoring and evaluating services and operations has helped VTA increase operational efficiency through improved service productivity and cost effectiveness.

9) Local Accountability and Governance

The VTA ensures that local accountability and governance standards are met by holding meetings pursuant to the Brown Act and having them available for download on VTA's Web site.

SARATOGA CEMETERY DISTRICT
-SERVICE REVIEW DETERMINATIONS-

1) *Infrastructure Needs and Deficiencies*

The cemetery does not have any existing infrastructure deficiencies; however, the District is considering and/or planning several improvement projects in the cemetery.

2) *Growth and Population*

Based on Association of Bay Area Governments (ABAG) projections, the Cities of Monte Sereno and Saratoga are expected to experience a moderate growth rate of less than 0.5 percent annually through 2025. This growth is not expected to impact the District's service provision capabilities.

3) *Financing Constraints and Opportunities*

District revenues have exceeded expenditures within the last several years. Likewise, the District has budgeted for operating revenues to exceed expenditures in FY 2006 and 2007.

4) *Cost-Avoidance Opportunities*

The District has a 3-year fixed-price contract with its landscape maintenance and interment contractor. This arrangement allows the District to avoid unexpected costs and ensures that costs are reflected in the rates charged to customers.

5) *Opportunities for Rate Restructuring*

The District normally reviews service rates annually. The last increase was in July 2004. The District increases the price of burial vaults as the cost to the District increases.

6) *Opportunities for Shared Facilities*

Because the District is the only cemetery district in Santa Clara County and utilizes specialized equipment, no opportunities for shared facilities or equipment have been identified.

7) *Government Structure Options*

The District is governed by a Board of Directors comprised of 5 members, all of whom are appointed officials by the County Board of Supervisors. No government structure options have been identified.

8) *Evaluation of Management Efficiencies*

The District provides services through a landscape maintenance and interment contractor. This arrangement is efficient, as the District does not need to manage individual employees; it simply manages the contracts for services. Additionally, the arrangement allows the District to efficiently contract for specific services, as needed.

9) Local Accountability and Governance

The District ensures that local accountability and governance standards are met by holding meetings pursuant to the Brown Act and having the agendas available at the District's office 5 days prior to the meetings.

**WEST VALLEY SANITATION DISTRICT
-SERVICE REVIEW DETERMINATIONS-**

1) *Infrastructure Needs and Deficiencies*

Based on land use and growth projections through 2030, the District will not exceed its Water Pollution Control Plant capacity allocation.

There are no known existing infrastructure needs or deficiencies.

2) *Growth and Population*

Future development will most likely be of a residential nature; however, both residential and commercial/industrial growth is limited, as the District's service area is composed of well-established communities that are nearly built out.

3) *Financing Constraints and Opportunities*

The District's nonoperating revenues have been negatively impacted by low rates of return on interest income. However, operating income will increase due to approved sewer service charge increases over the next 5 years. This should ensure that the District's capital and operating reserves are sufficient to meet anticipated District expenditures in the foreseeable future.

The District's policy is to maintain a reserve level equivalent to 60 percent of the operating budget. The reserves are utilized to fund infrastructure repairs, capacity acquisitions, and employee costs.

4) *Cost-Avoidance Opportunities*

The District is a participant in the California Sanitation Risk Management Authority, which shares the cost of insurance services among participating agencies, thereby reducing District costs.

5) *Opportunities for Rate Restructuring*

In October 2002 the District's Board of Directors enacted an ordinance establishing the sewer service rates for FY 2003–2004 through 2007–2008, thereby restructuring rates through 2007–2008.

6) *Opportunities for Shared Facilities*

The District shares wastewater treatment plant capacity at the San Jose/Santa Clara Water Pollution Control Plant. As the District's facilities are limited, no other opportunities for sharing facilities have been identified.

7) *Government Structure Options*

No government structure options have been identified. The existing provision of service is efficient in that one entity provides service to four different city areas.

8) *Evaluation of Management Efficiencies*

The provision of wastewater service to the District's service area is efficient because one entity provides service to four city areas through one conveyance system. This is a more efficient provision of service than each City having its own conveyance system and providing maintenance and upgrades to its City's system.

9) *Local Accountability and Governance*

The District ensures that local accountability and governance standards are met by holding meetings pursuant to the Brown Act.

ITEM NO. 8

ATTACHMENT B

Santa Clara LAFCO: Service Reviews and Sphere of Influence Recommendations for the Northwest Santa Clara County Area

CITY OF CAMPBELL

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the City of Campbell.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

The Campbell SOI is coterminous with the boundaries of the City. Planned land uses in the City are consistent with existing land uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The need for a full range of public facilities and services is expected to grow modestly in the future.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and public services is generally adequate. However, the library facility is exceeding its operating capacity, some City storm water drainage facilities are deficient, and some areas of the City lack drainage infrastructure.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

All communities of interest within the City limits and USA Boundary are included within the City's SOI boundary. However, Cambrian Pocket No. 36 is a community of interest located adjacent to the City's SOI.

CITY OF CUPERTINO

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the City of Cupertino.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

A variety of urban uses are planned within Cupertino's USA boundary. Both the County of Santa Clara and the City of Cupertino General Plans call for the continuation of non-urban uses beyond the City's USA boundary.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The type of public services and public facilities required within Cupertino's SOI boundary will not change, although the level of demand will increase modestly.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and public services is generally adequate. However, improvements to storm water drainage and flooding are needed, the County Sheriff's Department needs an "in field station," and City park facilities are limited due to the low amount of City parkland acres per capita.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

There exist social and economic conditions that cause interaction and interdependence between the City of Cupertino and the areas within the City's SOI boundary.

CITY OF LOS ALTOS

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the City of Los Altos.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

The Los Altos SOI is almost entirely coterminous with the boundaries of the City. Planned land uses in the City and the City's remaining unincorporated island (i.e. the Country Club Neighborhood) are consistent with existing land uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The need for a full range of public facilities and services is expected to grow modestly in the future.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and public services is generally adequate. However, improvements related to sewer capacity and pump stations are needed; improvements to police facilities and response times are needed; and City park facilities are limited due to the low amount of City parkland acres per capita.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

All communities of social or economic interest within the city limits and USA boundary are included within the City's SOI boundary.

TOWN OF LOS ALTOS HILLS

SOI RECOMMENDATIONS

It is recommended that LAFCO amend the Town's SOI boundary to include two small unincorporated areas (Altamont Circle Area and Moody Road Area) developed with low density residential uses that are located outside but adjacent to the SOI of Los Altos Hills along Page Mill Road (see Map).

It is also recommended that LAFCO re-affirm the remaining portion of the Town of Los Altos Hills' existing SOI boundary.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

The proposed Los Altos Hills SOI includes residentially developed lands, unincorporated lands, and permanently preserved open space and parklands. Planned land uses in the Town, in the Town's remaining unincorporated islands, and in the unincorporated lands within the Town's proposed SOI are consistent with existing land uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The need for a full range of public facilities and services is expected to grow very modestly in the future.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and public services is generally adequate. However, improvements related to the Town's sewer system's capacity to accommodate build-out peak dry-weather flows are needed; additional capacity at the Regional Water Quality Control Plan is needed to meet Town's ultimate build-out; and the Town's storm drainage system has deficiencies that require rehabilitation and new infrastructure.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

All communities of social or economic interest within the City limits, USA boundary, and adjacent to the Town's existing SOI boundary are included within the Town's proposed SOI boundary.

TOWN OF LOS GATOS

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the Town of Los Gatos.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

A variety of urban uses are planned within Los Gatos' USA boundary. Both the County of Santa Clara and the Town of Los Gatos General Plans call for the continuation of non-urban uses beyond these boundaries.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The type of public services and public facilities required in the proposed Los Gatos SOI boundary will not change, although the level of demand will increase modestly.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and public services is generally adequate. However, improvements to storm water drainage are needed, the Police Department needs additional space for employees, and the Town's existing library is inadequate to meet the needs of the community.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

There exist social and economic conditions that cause interaction and interdependence between the Town of Los Gatos and the areas within the City's SOI.

CITY OF MONTE SERENO

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the City of Monte Sereno.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

Planned land uses within Monte Sereno's USA boundary are consistent with existing land uses. Both the County of Santa Clara and the City of Monte Sereno General Plans call for the continuation of non-urban uses beyond these boundaries.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The type of public services and public facilities required within Monte Sereno's SOI boundary will not change, although the level of demand will increase modestly.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and public services is generally adequate. However, improvements to storm water drainage are needed, and the City's police service provider (i.e. Los Gatos Police Department) needs additional space for employees.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

There exist social and economic conditions that cause interaction and interdependence between the City of Monte Sereno and the areas within the City's SOI boundary.

CITY OF MOUNTAIN VIEW

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the City of Mountain View.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

The Mountain View SOI is substantially coterminous with the boundaries of the City. Planned land uses in the City are consistent with existing land uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The type of public services and public facilities required in the proposed Mountain View SOI boundary will not change, although the level of demand will increase modestly.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and public services is generally adequate. However, some areas of the City may need sewer infrastructure improvements, the City's storm water drainage facilities are deficient in localized areas, and improvements to City police facilities are needed. The City is currently working to resolve these issues.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

There exist social and economic conditions that cause interaction and interdependence between the City of Mountain View and the areas within the City's SOI boundary.

CITY OF PALO ALTO

SOI RECOMMENDATIONS

It is recommended that LAFCO amend the City's SOI boundary to exclude two small unincorporated areas (Altamont Circle Area and Moody Road Area) developed with low density residential uses that are located outside but adjacent to the SOI of Los Altos Hills along Page Mill Road (see Map for Los Altos Hills SOI Recommendations).

It is also recommended that LAFCO re-affirm the remaining portion of the City of Palo Alto's existing SOI boundary.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

Planned land uses in the City, and on the unincorporated lands within the City's recommended SOI are consistent with existing land uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The type of public services and public facilities required in the recommended Palo Alto SOI will not change, although the level of demand will increase.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and public services is generally adequate. However, some areas of the City need sewer infrastructure improvements in order to increase capacity, the City's storm water drainage facilities need improvements in order to prevent flooding during a design storm, and improvements to the City's police facility are needed in order to address overcrowding.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

There exist social and economic conditions that cause interaction and interdependence between the City of Palo Alto and the areas within its recommended SOI boundary.

CITY OF SARATOGA

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the City of Saratoga.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*
Planned land uses within Saratoga's USA boundary are consistent with existing land uses. Both the County of Santa Clara and the City of Saratoga General Plans call for the continuation of non-urban uses beyond these boundaries.
2. *Present and Probable Need for Public Facilities and Services in the Area*
The type of public services and public facilities required in the proposed Saratoga SOI boundary will not change, although the level of demand will increase modestly.
3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*
For the most part, the present capacity of public facilities and public services appears to be adequate.
4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*
There exist social and economic conditions that cause interaction and interdependence between the City of Saratoga and the areas within the City's SOI boundary.

CITY OF SUNNYVALE

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the City of Sunnyvale.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

The Sunnyvale SOI boundary is substantially coterminous with the boundaries of the City. Planned land uses in the City are consistent with existing land uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The type of public services and public facilities required in the proposed Sunnyvale SOI boundary will not change, although the level of demand will increase modestly.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and public services is generally adequate. However, wastewater improvements are needed in some areas of the City, some components of the Water Pollution Control Plant need major rehabilitation, the City's Public Safety Department Facility needs modernization and additional space, and the City's existing library is inadequate to meet the needs of the community.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

There exist social and economic conditions that cause interaction and interdependence between the City of Sunnyvale and the areas within the City's SOI boundary.

CUPERTINO SANITARY DISTRICT

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the Cupertino Sanitary District.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

Planned land uses throughout the District are generally similar to those of the existing uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The need for additional wastewater facilities and services is expected to be low in the future.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and provision of service appears to be adequate.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

The District is part of the social and economic community of the Cities of Cupertino and portions of Saratoga, Sunnyvale, Los Altos, and unincorporated areas within Santa Clara County.

EL CAMINO HOSPITAL DISTRICT

SOI RECOMMENDATION

It is recommended that LAFCO expand the El Camino Hospital District's SOI to include the entire Cities of Sunnyvale and Cupertino and be coterminous with their boundaries.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*
Planned land uses throughout the District are generally similar to those of the existing uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*
The need for additional District services is expected to be low in the future.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*
The present capacity of public facilities and provision of service appears to be adequate.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*
The Cities of Los Altos, Los Altos Hills, Mountain View, Sunnyvale, and Cupertino form the social and economic communities of interest for the District because the District serves residents within these areas.

LAKE CANYON COMMUNITY SERVICES DISTRICT

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the Lake Canyon Community Services District.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

The community is not expected to grow beyond the development of the existing vacant parcels. Hence, future development within the Lake Canyon CSD is expected to be minimal and consist of development of the 10 remaining vacant parcels that are planned for single-family residences.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The Lake Canyon CSD was established to provide services to a specific community. Future growth within the Lake Canyon CSD would be minimal and limited to development of vacant parcels.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and provision of service appears to be adequate.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

The Lake Canyon community is a distinct community of interest.

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the Midpeninsula Regional Open Space District.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

Planned land uses throughout these areas are generally similar to those of the existing uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The District is expected to continue to acquire lands for open space preservation throughout its boundary.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of service provided by the Open Space District appears to be adequate.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

All lands within the District's boundary are considered communities of interest.

RANCHO RINCONADA RECREATION AND PARK DISTRICT

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing zero SOI for the Rancho Rinconada Recreation and Park District.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

The District encompasses two fully developed housing tracts. There are no agricultural or open space lands within the District's SOI. As the area is fully developed, planned land uses in the area are consistent with the existing uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

No new development in the District is anticipated. Hence, the need for additional public services that are provided by the District is not expected to change.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present level of services provided by the District appears to be adequate.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

The District is part of the social and economic community of the City of Cupertino.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the Santa Clara Valley Transportation Authority.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*
Planned land uses throughout the County are generally similar to that of the existing uses.
2. *Present and Probable Need for Public Facilities and Services in the Area*
The need for transportation services is expected to increase along with population growth.
3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*
The present level of services provided by the VTA appears to be adequate.
4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*
The VTA currently encompasses all of the communities of interest in the County.

SARATOGA CEMETERY DISTRICT

SOI RECOMMENDATION

It is recommended that LAFCO reaffirm the existing SOI for the Saratoga Cemetery District.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

Planned land uses throughout the cities and County are generally similar to those of the existing uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The need for cemetery services is expected to increase along with population growth.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present level of services provided by the District appears to be adequate.

4. *Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

The District is part of the social and economic community of the Cities of Saratoga and Monte Sereno.

WEST VALLEY SANITATION DISTRICT

SOI RECOMMENDATION

It is recommended that LAFCO expand the West Valley Sanitation District's SOI to include the two small areas located on the southwest side of the District (see Map) that are currently receiving District services.

SOI DETERMINATIONS

1. *The Present and Planned Land Uses in the Area, including Agricultural and Open-Space Lands*

Planned land uses throughout the District are generally similar to those of the existing uses.

2. *Present and Probable Need for Public Facilities and Services in the Area*

The need for additional wastewater facilities and services is expected to be low in the future.

3. *Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide*

The present capacity of public facilities and provision of service appears to be adequate.

4. *Existence of any Social or Economic Communities of Interest in the Area if the Commission Determines that they are Relevant to the Agency*

The District is part of the social and economic community of the Cities of Saratoga, Campbell, Monte Sereno, and Los Gatos.

City of Palo Alto

Department of Planning and
Community Environment

ITEM NO. 8 ATTACHMENT C

Wednesday, September 10, 2007

Neelima Palacherla, LAFCO Executive Officer
Local Agency Formation Commission of Santa Clara County
70 W. Hedding St., 11th Floor
San Jose, CA 95110

**Re: Draft Service Review and SOI Recommendations for the
Northwest Santa Clara County**

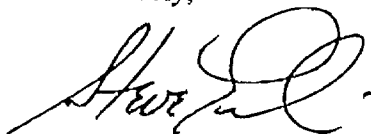
Dear Ms. Palacherla,

This letter responds to LAFCO's draft recommendation to remove two pockets of unincorporated land from Palo Alto's Sphere of Influence (SOI).

The Altamont Circle Area Pocket: The City has no objections to transferring this area to the Los Altos SOI. This area is on periphery of Palo Alto's SOI, is developed and the city is unwilling to provide city services to the development.

The Moody Road Area Pocket: The City is concerned about the recommendation to transfer this area from Palo Alto's SOI. This area is more integrated with Palo Alto—it is surrounded on three sides by Palo Alto's Foothills Park and is at a higher elevation than the surrounding park land. Also, is not yet developed completely. Its location and elevation could allow future development that would have a significant aesthetic impact on the park land that surrounds it. Our ability to participate in the review of future development in this area is important to the City. If annexation is likely, perhaps the two cities can collaborate on a solution that will protect the interests of both cities. If there are no plans for annexation and no negative consequences are associated with leaving this pocket in Palo Alto's sphere of influence, we respectfully request that LAFCO reconsider their recommendation.

Sincerely,



Steve Emslie, Director
Planning and Community Environment
City of Palo Alto

250 Hamilton Avenue
P.O. Box 10250
Palo Alto, CA 94303
650.329.2441
650.329.2154

NOTICE OF AVAILABILITY OF
LAFCO's Final Draft North and West Santa Clara County Service Review and
Sphere Of Influence Updates, Proposed CEQA Exemption, and
Date of Final Public Hearing

Date: September 12, 2007
To: Special District Managers
City Managers and County Executive
City Planning Directors and County Planning Director
City Public Works Directors
Interested Parties
From: Neelima Palacherla, LAFCO Executive Officer
Re: **Notice of Availability of Final Draft Report and Public Hearing**

On August 1, 2007, LAFCO held a public hearing on LAFCO's Draft North and West Santa Clara County Service Review and Sphere of Influence Updates. LAFCO received only minor corrections to information in the Draft Report prior to the August 1st hearing. Since the August 1st hearing, LAFCO staff and the consultant have received additional comments. The Final Draft Report includes minor revisions (please see sections marked "Revised" on the LAFCO Website). LAFCO is scheduled to hold a public hearing on the Final Draft North and West Santa Clara County Service Review and Sphere of Influence Updates Report and to adopt the Report at its October Hearing.

Hearing Date: October 3, 2007
Location: Chambers of the Board of Supervisors
County Government Center
70 West Hedding Street, San Jose, California
Time: 1:00 p.m.

A PDF Version of the Final Draft Report has been placed on the LAFCO Website (www.santaclara.lafco.ca.gov) under the heading "What's New" in order to allow individuals to download the document. LAFCO will send each participating agency a CD of the Final Report once the Final Report has been adopted by LAFCO.

LAFCO would like to thank all agencies and their staff for participating in this service review. 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 Report.

LAFCO Meeting: October 3, 2007
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer *NP*
Dunia Noel, Analyst *DN*
SUBJECT: **Clarification of Agricultural Use**

Agenda Item #9

STAFF RECOMMENDATION

Accept clarification of the term "agricultural use," as used in LAFCO's Agricultural Mitigation Policy #6.

BACKGROUND

At the April 4, 2007 LAFCO meeting, LAFCO unanimously adopted Agricultural Mitigation Policies (see Attachment A), including the word-for-word definition of "prime agricultural land" as found in Government Code section 56064 of the Cortese Knox Hertzberg Act.

LAFCO also directed staff to provide a clarification of the term "agricultural use" as used in Government Code section 56064 at the next LAFCO meeting. The staff report clarifying the term and the comment letters from the City of Morgan Hill, the Coyote Housing Group, and the Home Builder's Association of Northern California were provided to LAFCO at the May 30, 2007 LAFCO meeting. However, due to time limitations LAFCO continued this item to the August 1, 2007 LAFCO meeting without discussion. At the August 1, 2007 LAFCO Meeting, the Commission continued the item to the October 3, 2007 LAFCO meeting in response to Commissioner Alvarado's and Commissioner Wilson's separate continuation requests.

Staff has revised the May 30, 2007 staff report for this item based on the comments received to date.

CLARIFICATION OF TERM “AGRICULTURAL USE”

The statutory definition of “prime agricultural land” begins with the following language:

“ ‘Prime agricultural land’ means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an **agricultural use** and that meets any of the following qualifications: ... ”

The term “agricultural use” is not defined within the Cortese Knox Hertzberg Act. LAFCO has not directed staff to develop a definition, but has simply directed staff to clarify the term “agricultural use” in the context of the CKH Act’s definition of “prime agricultural lands.”

The term, when used by LAFCO and as part of LAFCO’s definition of “prime agricultural land,” will mean uses that relate to producing crops, growing fruit/nut trees, grazing cattle, supporting an agricultural industry or other uses that would not exclude the use of the land for agriculture and that would be compatible with agriculture, including land left undeveloped or fallow.

It is important to note that the heart of the definition of “prime agricultural land” is really in subsections “a” through “e” of the definition in Policy #6. These factors are the main criteria to be used to determine if land is “prime agricultural land.”

COMMENT LETTERS RECEIVED TO DATE

Staff has received comment letters from the City of Morgan Hill, Coyote Housing Group/Home Builder’s Association of Northern California, Greenbelt Alliance, Committee for Green Foothills, and Friends of the Coyote Valley Greenbelt regarding the proposed clarification.

Letters from the City of Morgan Hill, Coyote Housing Group and the Home Builder’s Association of Northern California

Both letters state that the parties do not support LAFCO staff’s May 30, 2007 clarification and instead requests that LAFCO consider adopting a different definition for “agricultural use.” Specifically, they each request that LAFCO adopt the Cortese Knox Hertzberg’s Act definition for “agricultural lands” as the definition of “agricultural use.” Under Government Code 56061, the term “agricultural lands” means lands currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotational program, or land enrolled in an agricultural subsidy or set-aside program.

The Coyote Housing Group/Homebuilder’s Association’s letter also states that LAFCO staff proposes to limit land to be conserved to land within a city’s sphere of influence

and believes that this is “overly limiting and will likely not square with policy decisions already made by the cities within the County.” The letter states that for example, land is “usually placed within a city’s sphere of influence because it is ultimately slated for development and not for preservation as agricultural”. Instead, the letter suggests that preservation of land on the edge of a city’s sphere of influence would be more logical.

Letters from Greenbelt Alliance, the Committee for Green Foothills, and Friends of the Coyote Valley Greenbelt

LAFCO staff also received letters from three environmental organizations supporting the clarification that LAFCO staff has provided. The letters state that LAFCO’s focus should be on land that could support agriculture, even if the land is currently fallow. The letters also state that they support the preservation of smaller parcels that are at the urban fringe because there is a growing demand for specialty vegetables and other crops that are being successfully grown on the urban edge. Furthermore, the letters express concern that LAFCO could undercut the effect of its Agricultural Mitigation Policies by not seeking mitigation for land withheld from production and by doing so would reduce the scope an agricultural mitigation program whose purpose is to protect agricultural lands.

LAFCO Staff’s Response to the Issues Raised in the Letters

1. LAFCO has not directed staff to develop a definition, but to simply clarify the term “agricultural use” in the context of the CKH Act’s definition of “prime agricultural lands.”
2. The term “agricultural lands” is not used in the CKH Act’s definition of “prime agricultural lands,” and if the Legislature wanted to define “prime agricultural lands” by using the CKH Act’s definition of “agricultural lands,” then the State could have, but the statute does not say that.
3. There is a difference between the “use” of the land and the actual “land” or natural resource in and of itself. The CKH Act’s definition of “prime agricultural land” speaks to both the “land” in terms of soil quality and capability, as well as the land’s “use” and therefore they have to be considered together and not separately.
4. The Coyote Housing Group/Homebuilder’s Association letter incorrectly states that LAFCO staff proposes to limit land to be conserved to land within a city’s sphere of influence. LAFCO, on April 4, 2007 adopted Agricultural Mitigation Policies that strongly encourage mitigation lands to be within a city’s sphere of influence. As stated in the Policies, “variations from these policies should be accompanied by information explaining the adequacy of the proposed mitigation.” Keep in mind however, that in Santa Clara County almost all of the prime agricultural land is located within a city’s sphere of influence boundary. As reiterated in the recently

conducted Service Reviews and Sphere of Influence Updates Studies , sphere of influence boundaries for cities in Santa Clara County serve multiple purposes, including serving as:

- A long-range planning tool to help LAFCO evaluate USA boundary changes and annexation requests
- The area designated as a city's planning area or area covered by a city's General Plan
- Areas that will not necessarily be annexed by a city or will not necessarily receive services from the city, but areas in which the County and a city may have shared interests in preserving non-urban levels of land use
- Areas where a city and a county have significant interaction,
- Areas that contain social or economic communities of interest to a city.

Therefore, inclusion of an area within a city's SOI boundary should not necessarily be seen as an indication that a city will either annex or allow urban development and services in the area. A city's urban service area (USA) boundary is the more critical factor considered by LAFCO and serves as the primary means of indicating whether the area will be annexed and provided with urban services. In Santa Clara County, the USA boundary functions in the same manner as a SOI boundary functions in other counties.

ATTACHMENTS

- Attachment A: LAFCO's Agricultural Mitigation Policies as adopted on April 4, 2007
- Attachment B: May 29, 2007 Letter from the City of Morgan Hill Re: Clarification of Agricultural Definitions
- Attachment C: May 30, 2007 Letter from the Coyote Housing Group/Home Builder's Association of Northern California
- Attachment D: July 23, 2007 Letter from the Greenbelt Alliance
- Attachment E: July 24, 2007 Letter from the Committee for Green Foothills
- Attachment F: Letter from the Friends of Coyote Valley Greenbelt (FROG)

AGRICULTURAL MITIGATION POLICIES

ITEM NO. 9 ATTACHMENT A

Background

LAFCO's mission is to encourage orderly growth and development, discourage urban sprawl, preserve open space and prime agricultural lands, promote the efficient provision of government services and encourage the orderly formation of local agencies. LAFCO will consider impacts to agricultural lands along with other factors in its evaluation of proposals. LAFCO's Urban Service Area (USA) Amendment Policies discourage premature conversion of agricultural lands, guide development away from existing agricultural lands and require the development of existing vacant lands within city boundaries prior to conversion of additional agricultural lands. In those cases where LAFCO proposals involve conversion of agricultural lands, LAFCO's USA Amendment Policies require an explanation of why the inclusion of agricultural lands is necessary and how such loss will be mitigated.

Purpose of Policies

The purpose of these policies is to provide guidance to property owners, potential applicants and cities on how to address agricultural mitigation for LAFCO proposals and to provide a framework for LAFCO to evaluate and process in a consistent manner, LAFCO proposals that involve or impact agricultural lands.

General Policies

1. LAFCO recommends provision of agricultural mitigation as specified herein for all LAFCO applications that impact or result in a loss of prime agricultural lands as defined in Policy #6. Variation from these policies should be accompanied by information explaining the adequacy of the proposed mitigation.
2. LAFCO encourages cities with potential LAFCO applications involving or impacting agricultural lands to adopt citywide agricultural mitigation policies and programs that are consistent with these policies.
3. When a LAFCO proposal impacts or involves a loss of prime agricultural lands, LAFCO encourages property owners, cities and agricultural conservation agencies to work together as early in the process as possible to initiate and execute agricultural mitigation plans, in a manner that is consistent with these policies.
4. LAFCO will work with agricultural entities, the County, cities and other stakeholders to develop a program and public education materials to improve the community's understanding of the importance of agriculture in creating sustainable communities within Santa Clara County.

5. LAFCO will review and revise these policies as necessary.

Definition of Prime Agricultural Lands

6. "Prime agricultural land" as defined in the Cortese Knox Hertzberg Act means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:
 - a. Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.
 - b. Land that qualifies for rating 80 through 100 Storie Index Rating.
 - c. Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July, 1967, developed pursuant to Public Law 46, December 1935.
 - d. Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.
 - e. Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

Mitigation Recommendations

7. Proposals involving the conversion of prime agricultural lands should provide one of the following mitigations at a not less than 1:1 ratio (1 acre preserved for every acre converted) along with the payment of funds as determined by the city / agricultural conservation entity (whichever applies) to cover the costs of program administration, land management, monitoring, enforcement and maintenance of agriculture on the mitigation lands:
 - a. The acquisition and transfer of ownership of agricultural land to an agricultural conservation entity for permanent protection of the agricultural land.
 - b. The acquisition and transfer of agricultural conservation easements to an agricultural conservation entity for permanent protection of the agricultural land.

- c. The payment of in-lieu fees to an agricultural conservation entity that are sufficient to fully fund*:
 - 1. The cost of acquisition of agricultural lands or agricultural conservation easements for permanent protection, and
 - 2. The cost of administering, managing, monitoring and enforcing the agricultural lands or agricultural conservation easements, as well as the costs of maintaining agriculture on the mitigation lands.

* with provisions for adjustment of in-lieu fees to reflect potential changes in land values at the time of actual payment
- 8. Agricultural lands or conservation easements acquired and transferred to an agricultural conservation entity should be located in Santa Clara County and be lands deemed acceptable to the city and entity.
- 9. The agricultural mitigation should result in preservation of land that would be:
 - a. Prime agricultural land of substantially similar quality and character as measured by the Average Storie Index rating and the Land Capability Classification rating, and
 - b. Located within cities' spheres of influence in an area planned/envisioned for agriculture, and
 - c. That would preferably promote the definition and creation of a permanent urban/agricultural edge.
- 10. Because urban/non-agricultural uses affect adjacent agricultural practices and introduce development pressures on adjacent agricultural lands, LAFCO encourages cities with LAFCO proposals impacting agricultural lands to adopt measures to protect adjoining agricultural lands, to prevent their premature conversion to other uses, and to minimize potential conflicts between the proposed urban development and adjacent agricultural uses. Examples of such measures include, but are not limited to:
 - a. Establishment of an agricultural buffer on the land proposed for development. The buffer's size, location and allowed uses must be sufficient to minimize conflicts between the adjacent urban and agricultural uses.
 - b. Adoption of protections such as a Right to Farm Ordinance, to ensure that the new urban residents shall recognize the rights of adjacent property owners conducting agricultural operations and practices in compliance with established standards.
 - c. Development of programs to promote the continued viability of surrounding agricultural land.

Agricultural Conservation Entity Qualifications

11. The agricultural conservation entity should be a city or a public or non-profit agency. LAFCO encourages consideration of agricultural conservation entities that:
 - a. Are committed to preserving local agriculture and have a clear mission along with strategic goals or programs for promoting agriculture in the areas that would be preserved through mitigation,
 - b. Have the legal and technical ability to hold and administer agricultural lands and agricultural conservation easements and in-lieu fees for the purposes of conserving and maintaining lands in agricultural production and preferably have an established record for doing so, and
 - c. Have adopted written standards, policies and practices (such as the Land Trust Alliance's "Standards and Practices") for holding and administering agricultural lands, agricultural conservation easements and in-lieu fees and are operating in compliance with those standards.

Timing and Fulfillment of Mitigation

12. LAFCO prefers that agricultural mitigation be in place at the time of LAFCO approval or as soon as possible after LAFCO approval. The mitigation (as detailed in the Plan for Mitigation) should be fulfilled no later than at the time of city's approval of the final map, or issuance of a grading permit or building permit, whichever occurs first.
13. Cities should provide LAFCO with information on how the city will ensure that the agricultural mitigation is provided at the appropriate time.
14. Cities should provide LAFCO with a report on the status of agricultural mitigation fulfillment every year following LAFCO approval of the proposal until the agricultural mitigation commitments are fulfilled.
15. The agricultural conservation entity should report annually to LAFCO on the use of the in-lieu fees until the fees have been fully expended.

Plan for Mitigation

16. A plan for agricultural mitigation that is consistent with these policies should be submitted at the time that a proposal impacting agricultural lands is filed with LAFCO. The plan for mitigation should include all of the following:
 - a. An agreement between the property owner, city and agricultural conservation entity (if such an entity is involved) that commits the property owner(s) to provide the mitigation for the loss of prime agricultural lands and establishes the specifics of the mitigation. Upon LAFCO approval of the proposal, the agreement should be recorded with

the County Recorder's office against the property to be developed. The agreement should specify:

1. The type of mitigation that will be provided in order to mitigate for conversion of agricultural lands. (purchase of fee title or easement or payment of in-lieu fees)
 2. The agricultural conservation entity that will be involved in holding the lands, easements, or in-lieu fees.
 3. The acreage that would be preserved through mitigation and /or the amount of in-lieu fees that would be paid (with provisions to adjust fees to reflect land values at time of payment) along with the methodology adopted by the entity for calculating the in-lieu fees.
 4. The location of the mitigation lands, when possible.
 5. Information on the specific measures adopted by the city as encouraged in Policy #10 (mitigation for impacts to adjacent agricultural lands)
 6. The time-frame within which the mitigation will be fulfilled, which should be no later than at the time of city's approval of the final map, or issuance of the grading permit or building permit, whichever occurs first.
 7. The mitigation agreement is to be contingent on LAFCO approval of the proposal.
- b. Applicant should provide all other supporting documents and information to demonstrate compliance with these policies.



17555 Peak Avenue
Morgan Hill, CA 95037-4128
TEL: 408-779-7271
FAX: 408-779-3117
www.morganhill.ca.gov

STEVE TATE
Mayor

ITEM No. 9

ATTACHMENT B

May 29, 2007

Santa Clara County Local Agency Formation Commission
County Government Center, 11th Floor, East Wing
70 West Hedding Street
San Jose, CA 95110

Re: Clarification of the Agricultural Definitions

Dear LAFCO Commissioners:

In adopting the Cortese-Knox-Hertzberg Act of 2000, the Legislature recognized that determining local agency boundaries is an important factor in promoting orderly development, and in balancing that development with the sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently extending government services, and providing housing for persons and families of all incomes.

Section 56010 of the Act provides that "unless the provision or context otherwise requires, the definitions contained in this chapter govern the construction of this division. The definition of a word applies to any of that word's variants." Sections 56011 through 56080 of the Act present definitions adopted under the chapter, including the definition of Agricultural Lands in §56016 and the definition of Prime Agricultural Land in §56064. Section 56375 of the Act does not allow LAFCOs to adopt definitions different from those in state law.

56016. "Agricultural lands" means land currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotational program, or land enrolled in an agricultural subsidy or set-aside program.

56064. "Prime agricultural land" means an area of land, whether a single parcel or contiguous parcels, that has not been developed for a use other than an agricultural use and that meets any of the following qualifications:

- a) Land that qualified, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.
- b) Land that qualifies for rating 80 through 100 Storie Index Rating.
- c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Handbook on Range and Related Grazing Lands, July, 1967, developed pursuant to Public Law 46, December 1935.
- d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.

- e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

At its April 2007 meeting, the LAFCO Board directed its staff to provide a clarification of the term "agricultural use". The clarification as presented in the staff report for this meeting is as follows:

"The term "agricultural use" is not defined within the Cortese Knox Hertzberg Act. LAFCO will interpret the term "agricultural use" very broadly. The term, when used by LAFCO and as part of LAFCO's definition of "prime agricultural land" will mean uses that currently or at any point in time relate to producing crops, growing fruit/nut trees, grazing cattle, supporting an agricultural industry or other uses that would not exclude the use of land for agriculture and that would be compatible with agriculture, including land left undeveloped or fallow."


The City of Morgan Hill does not support the above interpretation of "agricultural use", and does not believe that LAFCO has the authority to create a broad new definition. The existing definition of "agricultural lands" in the State law already indicates what agricultural lands the State intended to be considered when balancing factors that would guide orderly development. The Statute is intended to apply to agricultural land as defined by 56016:

"Agricultural lands" means land currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotational program, or land enrolled in an agricultural subsidy or set-aside program. [Emphases added]

The City of Morgan Hill believes that the appropriate clarifying action for LAFCO to take would be to insert the above Cortese Knox Hertzberg definition of "Agricultural Lands" in Policy #6 of the adopted policies, such that this definition precedes that provided for "Prime Agricultural Lands". This will make it clear that the policies apply to land that first is determined to be Agricultural Lands; and if the lands are agricultural, are then also determined to be Prime Agricultural Lands.

By providing this clarification, LAFCO's policies will be consistent with carrying out the intent of State law, and will use existing definitions provided in the State law. Thank you for considering adding this clarification to your policies rather than accepting your staff suggestion that there is no definition of agricultural use in state law and that it would be interpreted "very broadly", which we believe would be outside of the authority granted to LAFCO by the Legislature.

Respectfully submitted,


Steve Tate
Mayor

C: Morgan Hill City Council Members
Ed Tewes, City Manager



ITEM NO. 9 ATTACHMENT C

Cox, Castle & Nicholson LLP
555 California Street, 10th Floor
San Francisco, California 94104-1513
P 415.392.4200 F 415.392.4250

Anne E. Mudge
415.262.5107
amudge@coxcastle.com

May 30, 2007

VIA FACSIMILE AND U.S. MAIL

Neelima Palacherla
Local Agency Formation Commission of Santa Clara County
County Government Center, 11th Floor, East Wing
70 West Hedding Street
San Jose, CA 95110

Re: **Comments on Revised Draft Agricultural Mitigation Policies**

Dear Ms. Palacherla:

We are writing on behalf of Coyote Housing Group and the Home Builder's Association of Northern California. This letter relates to staff's most recent proposal to amend the Agricultural Mitigation Policies, in particular, the proposed definition of "agricultural use" and the proposed limitation on conserved lands being within a city's sphere of influence.

Definition of "Agricultural Use."

Staff says the Cortese Knox Hertzberg (CKH) Act does not define "agricultural use," but fails to explain that Section 56016 of the Act defines "agricultural lands." Section 56016 provides that "agricultural lands" mean "lands currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotational program or land enrolled in an agricultural subsidy or set-aside program."

Given this, the term "agricultural use" for purposes of the definition of "prime agricultural land" in Government Code section 56054 should be defined in reference to Section 56016 for purposes of LAFCO's policy as follows:

The term, "agricultural use" when used by LAFCO and as part of LAFCO's definition of 'prime agricultural land,' will mean "uses that currently relate to producing an agricultural commodity for commercial purposes, including uses that leave land temporarily fallow under a crop rotation program or as part of a agricultural subsidy or set aside program. Such uses include, but are not limited to, growing crops, growing fruit/nut trees, and grazing cattle. "

Staff's proposed definition (see below) goes well beyond the statutory definition of "agricultural land by trying to include land that was ever used for agricultural purposes "at any point in time." Staff's definition is:

"The term 'agricultural use' is not defined within the Cortese Knox Hertzberg Act. LAFCO will interpret the term 'agricultural use' very broadly, The term, when used by LAFCO and as part of LAFCO's definition of 'prime agricultural land,' will mean uses that currently or at any point in time relate to producing crops, growing fruit/nut trees, grazing cattle, supporting an agricultural industry to other uses that would not exclude the use of the land for agricultural and that would be compatible with agriculture, including land left undeveloped or fallow."

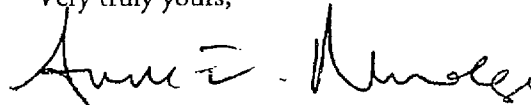
Since the Legislature has limited "agricultural land" under the Act to land "currently used" for agricultural purposes, "agricultural use" cannot include use of land that no longer qualifies as "agricultural land."

Location of Land to be Conserved

Staff proposes to limit land to be conserved to land within a City's sphere of influence. This is overly limiting and will not likely square with policy decisions already made by the cities within the County. For example, land is usually placed within a city's sphere of influence because it is ultimately slated for development not for preservation as agricultural. Preservation of land on the edge of a city's sphere of influence would be more logical.

Thank you for consideration of this letter.

Very truly yours,



Anne E. Mudge

AEM/rc

54188\102058v1

cc: Kerry Williams, Coyote Housing Group
Beverley Bryant, Home Builders Association, Northern California
Vera Toderov, City Attorney's Office
Joseph Horwedel, Director of Planning, Bldg and Code Enforcement
Laurel Prevetti, Director of Planning, Bldg and Code Enforcement

ITEM No. 9
ATTACHMENT D



July 23, 2007

Local Agency Formation Commission of Santa Clara County
70 West Hedding Street
11th Floor, East Wing
San Jose, CA 95110

Dear Commissioners:

Greenbelt Alliance supports the staff recommendation regarding the definition of agricultural use and urges the Commissioners to adopt this definition. The purpose of the agricultural mitigation policies is to preserve a resource that has been rapidly disappearing throughout California and especially in Santa Clara County.

A definition that is too narrow would undermine the effectiveness of LAFCO's recently adopted policies. The focus should be on land that currently supports crops, orchards and cattle or has the potential to do so, even if the land has been left fallow.

The face of agriculture is changing as communities grow and the need for locally grown fresh produce becomes more apparent. Smaller parcels that support specialty crops at the urban fringe are becoming increasingly popular as a nationwide and international Slow Food Movement begins to take off. A broad definition of agricultural uses supports this movement and again Greenbelt Alliance encourages the Commissioners to support staff's definition.

LAFCO is charged with the promotion of orderly growth and the protection of farmland. Directing new development into existing cities before greenfield development is the right way to grow. Annexing land- especially land that can support farming- should be viewed as a last resort. However, in instances when annexations of these valuable lands are approved, strong policies that protect additional farmlands must be in place to make this loss apparent. Making it easy to avoid this mitigation would be a disservice to the greater community.

Sincerely

Michele Beasley
South Bay Field Representative



COMMITTEE FOR
GREEN FOOTHILLS

ITEM No. 9 ATTACHMENT E

July 24, 2007

Santa Clara County LAFCO

Dear LAFCO Commission Members;

For the reasons previously stated by LAFCO staff and by the Friends of the Coyote Valley Greenbelt, the Committee for Green Foothills also supports the staff recommended definition for agricultural use. Smaller parcels have been shown to have agricultural value that requires mitigation. Furthermore, smaller parcels tend to have a higher per-acre value than large parcels while the per-acre agricultural mitigation costs will be unchanged, so the relative burden of mitigation versus the value of the land after incorporation will be much lower for smaller parcels.

For these reasons, the proposed definition best suits the LAFCO purpose of orderly development with minimized impacts.

Please contact us if you have any questions.

Sincerely,

Brian A. Schmidt
Legislative Advocate, Santa Clara County



Friends of the Coyote Valley Greenbelt (FROG)

ITEM NO. 9 ATTACHMENT F

Local Agency Formation Commission of Santa Clara County
70 West Hedding Street, 11th floor East Wing
San Jose CA 95110

Dear Commission Members:

The Friends of the Coyote Valley Greenbelt (FROG) urge your Commission to approve the staff recommendation regarding the definition of agricultural use. We support that definition because it can be more effective in supporting small scale agriculture at the urban edge in Santa Clara County. This is a form of agriculture that is growing in importance. It is different from the large scale single crop agriculture that has been the agriculture of our past, that is farming characterized by large parcels planted in a single commodity crop such as orchards.

There is a growing demand for specialty vegetables and other crops, which are being farmed successfully on small parcels at the urban edge in our region. Bay Area grocery stores, restaurants, and consumers are increasingly using locally grown produce. Indeed, this is just the local manifestation of a nationwide movement being reported by the mainstream media.

We expect that you will receive communications proposing a more restrictive definition in order to reduce the effective scope of an agricultural land mitigation program. If farmland next to an urban area is considered unsuitable for mitigation, then we will be open to serial annexations that will not require mitigation, substantially undercutting the effect of your new policy. Similarly, excluding lands that are withheld from production to remove them from mitigation requirements should not be rewarded. We urge you to consider that one of the missions of LAFCO is to protect agriculture in Santa Clara County and adopt the staff recommendation.

Sincerely,

Trixie Johnson

PROPOSED INCORPORATION OF THE TOWN OF SAN MARTIN

STATEMENT OF LAFCO STAFF COSTS

Statement Period: December 2006 to May 2007

Beginning Balance	AMOUNT
CREDIT FOR DEPOSIT PAID ON FEBRUARY 7, 2007	9,968.00

Staff Time up to May 2007					\$ 3,897.95
	LAFCO Staff	Hours	Hourly Rate	Cost	
	LAFCO Clerk	16.75	\$ 93.00	\$ 1,557.75	
	LAFCO Analyst	1.00	\$ 139.00	\$ 139.00	
	LAFCO Counsel	0.40	\$ 183.00	\$ 73.20	
	LAFCO Executive Officer	14.00	\$ 152.00	\$ 2,128.00	
Expenses					\$ 78.96
	Notice of Intent Postage (\$0.42 x 93)			\$ 39.06	
	Certificate of Sufficiency Postage (\$0.42 x 95)			\$ 39.90	
TOTAL DUE FOR THE CURRENT STATEMENT					\$ 3,976.91

CREDIT FROM DEPOSIT TO DATE	\$ 5,991.09
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NOTE: Pursuant to the Fee Agreement for the San Martin Incorporation Proposal, the payment for LAFCO staff costs is due prior to the first LAFCO public hearing, which is expected to occur in May 2008. An invoice will be provided thirty days prior to the first hearing.

MAY 2007

STAFF	DATE	ACTIVITY/TASK	HOUR UNITS	MONTHLY TOTAL
EXECUTIVE OFFICER	05/07/07	CFA interviews, preparation and follow-up	9.00	14.00
	05/09/07	Follow up with EPS re CFA contract	2.00	
	05/14/07	Continue follow up with EPS and proponents re CFA contract	1.50	
	05/17/07	Continue follow up with EPS and proponents re CFA contract	0.50	
	5/30/2007	Review and provide insurance requirements for CEQA RFP; LAFCO meeting	1.00	
LAFCO ANALYST	5/1/2007	Prepare/coordinate for CFA consultant interviews	1.00	1.00
LAFCO COUNSEL	5/31/2007	Review and comment on agreement with EPS, execute final document; telephone call from Rick Van't Rood on follow-up from LAFCO meeting	0.40	0.40
LAFCO CLERK	12/01/06	Generate mailing list and mail Notice of Intent to Circulate Petition	5.00	16.75
	02/17/07	Receive application, sort documents and organize file	0.75	
	02/17/07	Deliver LAFCO's request to verify sufficiency of petition to ROV	0.75	
	02/17/07	Collect verification from ROV	0.75	
	03/06/07	Mail Certificate of Sufficiency	3.00	
	04/05/07	Mail CFA RFP to consultants and post on LAFCO and CALAFCO websites	2.50	
	05/07/07	Prepare for CFA consultant interviews	3.50	
	05/30/07	Update files on San Martin, add staff reports and update website	0.50	

PROPOSED INCORPORATION OF THE TOWN OF SAN MARTIN

STATEMENT OF LAFCO STAFF COSTS

Statement Period: June 2007

Beginning Balance	AMOUNT
CREDIT FROM THE PREVIOUS STATEMENT	\$ 5,991.09

Staff Time for June 2007					\$ 8,949.09
	LAFCO Staff	Hours	Hourly Rate	Cost	
	LAFCO Clerk	11.25	\$ 93.00	\$ 1,046.25	
	LAFCO Analyst	16.00	\$ 139.00	\$ 2,224.00	
	LAFCO Counsel	1.20	\$ 183.00	\$ 219.60	
	LAFCO Executive Officer	35.92	\$ 152.00	\$ 5,459.84	
Expenses					\$ -
	None				
TOTAL DUE FOR THE CURRENT STATEMENT					\$ 8,949.09

BALANCE DUE TO DATE	\$ 2,958.00
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NOTE: Pursuant to the Fee Agreement for the San Martin Incorporation Proposal, the payment for LAFCO staff costs is due prior to the first LAFCO public hearing, which is expected to occur in May 2008. An invoice will be provided thirty days prior to the first hearing.

JUNE 2007

STAFF	DATE	ACTIVITY/TASK	HOUR UNITS	MONTHLY TOTAL
EXECUTIVE OFFICER	6/1/2007	CFA invoice to proponents; phone conversation with Berkson.	0.50	35.92
	6/5/2007	Phone conversation with S. Hamilton re invoices and email	0.17	
	6/5/2007	Review data file from Berkson	0.25	
	6/6/2007	Set-up accounting, EPS, miscellaneous	1.00	
	6/7/2007	Meeting with Bill Shoe, County Planning Office, on boundaries; work on fees agreement	2.00	
	6/8/2007	Phone conversation with Berkson; work on fees agreement, data contacts, develop detailed schedule	3.00	
	6/11/2007	Emails; continue work on data requests process	2.00	
	6/15/2007	Meeting with proponents and Berkson on CFA process, follow up	3.00	
	6/18/2007	Miscellaneous phone calls; review data and discuss miscellaneous issues re CFA data requests	6.00	
	6/20/2007	data requests review, discuss w/ Berkson and finalize	8.00	
	6/27/2007	CFA data meeting w/ County departments, Berkson	2.00	
	6/28/2007	CEQA interviews, preparation and follow up	8.00	
LAFCO ANALYST	6/1/2007	Prepare and finalize CEQA RFP	8.00	16.00
	6/28/2007	Prepare, coordinate and conduct interviews	8.00	
LAFCO COUNSEL	6/1/2007	Questions from Dunia re procedure for questions from potential consultants on RFP for environmental evaluation	0.10	1.20
	6/7/2007	Prepare Fee Agreement	1.00	
	6/21/2007	Information regarding proponents position on indemnification	0.10	
LAFCO CLERK	06/01/07	Update LAFCO website, prepare HTML layout and posting instructions	1.75	11.25
	06/01/07	Mail CEQA RFPs to consultants, post on LAFCO and CALAFCO websites	2.50	
	06/25/07	Prepare for meeting on CFA data requests	3.50	
	06/26/07	Prepare for interview of CEQA consultants	3.00	
	06/28/07	Organize files on San Martin; scan to PDF	0.50	

PROPOSED INCORPORATION OF THE TOWN OF SAN MARTIN

STATEMENT OF LAFCO STAFF COSTS

Statement Period: July 2007

Beginning Balance	AMOUNT
BALANCE FROM THE PREVIOUS STATEMENT	\$ 2,958.00

Staff Time for July 2007					\$ 4,054.70
	LAFCO Staff	Hours	Hourly Rate	Cost	
	LAFCO Clerk	2.25	\$ 93.00	\$ 209.25	
	LAFCO Analyst	2.25	\$ 139.00	\$ 312.75	
	LAFCO Counsel	2.90	\$ 183.00	\$ 530.70	
	LAFCO Executive Officer	19.75	\$ 152.00	\$ 3,002.00	
Expenses					\$ -
	None				
TOTAL DUE FOR THE CURRENT STATEMENT					\$ 4,054.70

BALANCE DUE TO DATE	\$ 7,012.70
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NOTE: Pursuant to the Fee Agreement for the San Martin Incorporation Proposal, the payment for LAFCO staff costs is due prior to the first LAFCO public hearing, which is expected to occur in May 2008. An invoice will be provided thirty days prior to the first hearing.

JULY 2007

STAFF	DATE	ACTIVITY/TASK	HOUR UNITS	MONTHLY TOTAL
EXECUTIVE OFFICER	7/2 - 7/6	Follow up with Jenkins re contract, insurance	4.00	19.75
	7/16/2007	Continue work on CEQA contract, work scope, schedule, approach	3.00	
	7/17/2007	Review CFA data materials and data requests, coordinate data responses	2.00	
	7/18/2007	Meeting with Jenkins, County Planning, and proponents	6.00	
	7/23/2007	Meeting with representatives of environmental organizations re CEQA issues	0.75	
	7/30/2007	Email Brian Stott, Morgan Hill, re SOI issues; meeting w/ Gary Rudholm re Cordevalle	2.00	
	7/31/2007	CFA data requests follow up and coordinate responses	2.00	
LAFCO ANALYST	7/23/2007	Meeting w/ environmental organizations re project and CEQA	0.75	2.25
	7/30/2007	Meeting with G. Rudholm, County Planning, re Cordevalle Development and Hayes Lane Subdivision	1.00	
	7/31/2007	Discuss Williamson Act lands and data with D. Peak, B. Shoe and M. Thompson.	0.50	
LAFCO COUNSEL	7/9/2007	Review and comment on service agreement with Michael Brandman Associates	0.40	2.90
	7/11/2007	Work on agreement with consultant for Initial Study	1.50	
	7/12/2007	Additional questions on consultant contract for environmental evaluation, revisions to language, review revised agreement	0.80	
	7/16/2007	Questions from Neelima regarding language in CEQA consultant agreement identifying company and question from Neelima regarding language on accounting for staff costs	0.20	
LAFCO CLERK	7/12/2007	Prepare monthly billing format and details	1.50	2.25
	7/16/2007	Continue working on actual staff time billing	0.75	

PROPOSED INCORPORATION OF THE TOWN OF SAN MARTIN

STATEMENT OF LAFCO STAFF COSTS

Statement Period: August 2007

Beginning Balance	AMOUNT
BALANCE FROM THE PREVIOUS STATEMENT	\$ 7,012.70

Staff Time for August 2007					\$ 1,002.02
	LAFCO Staff	Hours	Hourly Rate	Cost	
	LAFCO Clerk	1.50	\$ 93.00	\$ 139.50	
	LAFCO Analyst	1.00	\$ 139.00	\$ 139.00	
	LAFCO Counsel	0.00	\$ 183.00	-	
	LAFCO Executive Officer	4.76	\$ 152.00	\$ 723.52	
Expenses					\$ -
	None				
TOTAL DUE FOR THE CURRENT STATEMENT					\$ 1,002.02
BALANCE DUE TO DATE					\$ 8,014.72

NOTE: Pursuant to the Fee Agreement for the San Martin Incorporation Proposal, the payment for LAFCO staff costs is due prior to the first LAFCO public hearing, which is expected to occur in May 2008. An invoice will be provided thirty days prior to the first hearing.

AUGUST 2007

STAFF	DATE	ACTIVITY/TASK	HOUR UNITS	MONTHLY TOTAL
EXECUTIVE OFFICER	8/8/2007	Email response to Jenkins re boundaries	0.18	4.76
	8/15/2007	Data requests follow-up, review project description from Jenkins and respond	2.00	
	8/17/2007	Check with Berkson and email follow-up on data responses	0.50	
	8/22/2007	Phone conversation with Jenkins re project description and follow up	0.75	
	8/27/2007	Email Jenkins re CEQA issues follow-up	0.33	
	8/30/2007	Follow up with Roads re data as requested by Jenkins	1.00	
LAFCO ANALYST	8/9/2007	Phone conversation and emails to Richard Berkson requesting status of CFA data collection and copies of new CFA data received	0.25	1.00
	8/14/2007	Emails to and from Jenkins concerning CFA and GIS data for IS and format template.	0.25	
	8/17/2007	Calls and discussion with CHP and Santa Clara Open Space Authority concerning CFA data request	0.25	
	8/21/2007	Phone conversation with County Roads and Airports Engineering staff concerning traffic counts data	0.25	
LAFCO COUNSEL		No activity		
LAFCO CLERK	8/15/2007	Process invoices for CFA and CEQA interviews; maintain files	1.50	1.50

LAFCO Meeting: October 3, 2007

TO: LAFCO

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

SUBJECT: **Update on the Coyote Valley Specific Plan (CVSP)**
Agenda Item #11

For Information Only

LAFCO staff will be meeting with the City of San Jose Planning staff in mid October to discuss the extensive comments that LAFCO provided on June 29th to the City of San Jose regarding the City's Draft Environmental Impact Report for the Coyote Valley Specific Plan.

LAFCO is a Responsible Agency for the Coyote Valley Specific Plan. Of primary concern to LAFCO is that the City's Environmental Impact Report is adequate for LAFCO's consideration of any future Urban Service Area amendment and annexation requests. In general, LAFCO staff found that the DEIR is inadequate for LAFCO's use as a Responsible Agency.

LAFCO staff's discussion with the City's staff will focus on LAFCO's various concerns, including but not limited to the EIR being:

- (1) Inadequate in its discussion of the project's consistency with various relevant LAFCO Policies (i.e. Urban Service Area Policies, Island Annexation Policies, and Agricultural Mitigation Policies)
- (2) Incomplete and inadequate in its discussion of impacts to agricultural resources and lacking consideration and analysis of associated performance standards and mitigation measures that could be used to address those impacts.
- (3) Inadequate in its discussion and analysis of availability of water supply for LAFCO's purposes, as required in LAFCO's USA Policies.

LAFCO staff will also seek clarification on the proposed phasing of the CVSP as well as the status of the City's General Plan triggers. Lastly, LAFCO staff is also concerned that the Coyote Valley Specific Plan is not consistent with the longstanding Joint Urban Growth and Development Policies adopted by the County, LAFCO and the 15 Cities. These Policies strongly encourage Cities to pursue urban infill and use of vacant lands within cities rather than the premature development of agricultural and open space lands. Implementation of the CVSP would result in the conversion of over 2,000 acres of prime agricultural lands.

August, 2007

Fontana Completes Ambitious Island Annexation Program **32 Islands, 2,932 acres and 13,000 residents**

By Cecilia Lopez-Henderson, Annexation Program Coordinator, City of Fontana

By the end of 2006, the City of Fontana had annexed 29 of its 32 islands, after approval by the San Bernardino Local Agency Formation Commission. As of June 15, 2007, the City proudly announced that its Island Program was completed: San Bernardino LAFCo recently approved the last remaining islands.

Background

Since the passage of Senate Bill 1266 (the "island annexation" bill) in 2005, the City of Fontana has been committed to annexing as many island areas that would qualify under the revised island annexation provisions. In working with San Bernardino LAFCo staff, the City identified 32 islands of unincorporated territory. The island areas were located in the City's central, eastern and southern portions of its Sphere of Influence.

To provide a better perspective on the magnitude of this undertaking, the island areas collectively comprised 2,932 acres equating to 4.58

square miles; contained over 13,000 residents and 4,299 registered voters; and included over 4,000 individual parcels.

Fontana's Growth Surge

Almost overnight, Fontana added

about 13,000 residents. With the annexation of the island areas and the inclusion of additional residents into the City, the population of Fontana now stands at 181,640. According to the State Department of Finance, Fontana's annual change in population was 9.8% (January 1, 2006 through January 1, 2007). With the addition of these new residents, Fontana passed Rancho Cucamonga and Ontario to become the second most populous city in San Bernardino County—right behind the City of San Bernardino. Fontana may retain this coveted position for some time, especially with the recent annexation of three Bloomington islands, which will add another 2,000 new residents.

Affect on Annexed Residents

Sales tax revenues will remain local, instead of being diverted to other areas of the county. The City will be able to utilize that revenue to make needed improvements to roads, parks and services in the annexed areas. In fact, plans had been underway since July 2005 to prepare for the increase in population as well as corresponding service needs.

In anticipation of annexing such a large number of previously unincorporated island areas, the City has beefed up many departments with the 2005/06 and 2006/07 budget adoptions. Those areas include the Police Department, Public Works Department, Community Improvement Division and the Community Services Department.

Continued on Page 10

**SPECIAL
CONFERENCE
EDITION**

SUSTAINABILITY

**LAFCO's Role in
Meeting the Challenge**



**CALAFCO 2007 Conference
SACRAMENTO**

See pages 6-7 for the
**CALAFCO Annual
Report and Business
Meeting information**

Welcome to Sacramento!



The Sphere

CALAFCO Journal

August, 2007

The Sphere is a quarterly publication of the California Association of Local Agency Formation Commissions.

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To submit articles, event announcements, comments or other materials noteworthy to LAFCo commissioners and staff, please contact the Editor at 916-442-6536 or wchiat@calafco.org.

The contents of this newsletter do not necessarily represent the views of CALAFCO, its members, or their professional or official affiliations.

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CALIFORNIA ASSOCIATION OF
LOCAL AGENCY FORMATION
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FROM THE EXECUTIVE DIRECTOR

LAFCo at a Tipping Point?

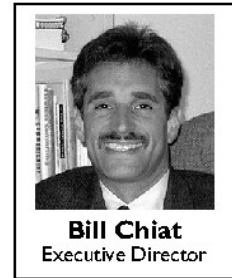
"LAFCo, an obscure public agency ..." Remember those days when we lamented about the invisibility of the work of LAFCo? It seems as though today LAFCo regularly makes headline news. Hardly a day goes by when Google News Alerts doesn't carry at least one LAFCo story. And the June issue of the Bay Area Home Builder (magazine of the Home Builders Association of Northern California) featured LAFCo on its cover – albeit on the bottom of a shoe.

Has LAFCo reached a kind of tipping point in carrying out its legislative mandate originally crafted some 45 years ago?

Recognition of LAFCo's Role

There is no question that LAFCo has become a 'household' word among local agencies. Developers, community groups and the environmental community are among the external groups that are also increasingly aware of LAFCo roles and authority. That increased through the work of the Hertzberg Commission and its conclusions in *Growth Within Bounds*. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 significantly expanded responsibilities and the potential stature and authority of LAFCo.

Municipal Service Reviews and sphere of influence updates have resulted in regular interactions between LAFCo and local agencies not to mention opportunities for increased public service efficiencies. More LAFCos have moved to greater degrees of independence from county administration. Growth pressures—traditionally the purview of urban and suburban LAFCos—now affect boundary and service decisions in most rural LAFCos. Commissions are asked to make decisions on increasingly more complex applications with significant long-term impacts on growth, agricultural and open



Bill Chiat
Executive Director

space protection, and public service delivery, all resulting in many commissions taking a greater proactive role in their mission.

Legislative Confirmation

Very telling were the reactions to LAFCo-related legislation in Sacramento this summer. Most LAFCo bills had broad bipartisan support and passed the legislature nearly unanimously. SB 819 removes the sunset on LAFCo's power to consolidate unlike districts and adds the authority to initiate a petition to form a successor district. Co-authored by Senators Hollingsworth (R) and Kehoe (D), a key to the success of the bill was the support of the California Special Districts Association—something unlikely several years ago—which exhibits an increasing level of trust in the objectivity of LAFCos by local agencies. So too was the reaffirmation by the Legislature in the ability of LAFCos to use its legislative powers to help ensure efficient delivery of public services.

AB 745 reaffirms and strengthens financial disclosure requirements. It too enjoyed near unanimous support in the Legislature. Discussion of the bill recognized the importance of actions before LAFCo and the public's knowledge of where the support is based.

SB 162 adds environmental justice to the list of factors a LAFCo must consider in boundary decisions. Though not introduced nor supported by CALAFCO, it is an indicator of the importance the Legislature places on the decisions each LAFCo makes regarding local agency boundaries and services.

In 2000 Malcolm Gladwell popularized the term "Tipping Point" in his landmark book *The*

Continued on Page 10

FROM THE BOARD CHAIR

A Reflection on the Last Two Years

By Kathy Long, CALAFCO Board Chair

As the summer months bring us wonderful days for recreation, family vacations, and sweltering tedious budget hearings in Sacramento, I'm reflecting on my past two years serving as Chair of the CALAFCO Board of Directors and taking a moment to look ahead to our fall conference in Sacramento. Over these two years, I've enjoyed working with an outstanding Board of Directors and our exemplary Executive Director Bill Chiat, as we've moved the Association ahead meeting the many goals we've set as a Board.

We continue to prioritize member services for education, communication and peer support. We have positioned our voice at many of our peer association tables in addressing our legislative platforms and engaging in research and workshops to assist staff and professionals in their respective roles. Our successful legislative committee work has earned us many new bills to strengthen our position locally and statewide to fulfill the goals of Cortese-Knox-Hertzberg.

Our sponsored workshops on Island Annexations, Incorporations, Municipal Service Reviews and many others were invaluable opportunities to learn from one another the "best practices" that worked. The Board of Directors gave the green light for future CALAFCO U programs as requested by our members, again to support the good work of our local commissions.

During our strategic planning retreat this year, the Board discussed many future opportunities to build on our membership benefits, to strengthen our role with our partner associations, and to

continue to define our core principles through our strengthened legislative committee work and our public engagement. Our expanded CALAFCO website and newsletter, creation of databases and member surveys are all tools to provide added value for our members. The fall conference in Sacramento – "Sustainability LAFCo's Role in Meeting the Challenge" will offer again many quality workshops, panels and opportunities to network with fellow commissioners and hear about successes and challenges.

It has been my pleasure to serve as Chair of this Association and to work with many outstanding dedicated and knowledgeable individuals. I look forward to seeing you at the conference and appreciate your investment in CALAFCO. **See you in Sacramento!**

DATES SET FOR FUTURE CALAFCO CONFERENCES AND WORKSHOPS

2008 Staff Workshop

April 2-4, 2008 ♦ Crowne Plaza San Jose

2008 Annual Conference

September 2-4, 2008 ♦ Sheraton Universal City, Los Angeles

2009 Staff Workshop

April 29-May 1, 2009 ♦ The Cliffs Resort, Shell Beach

2009 Annual Conference

October 27-30, 2009 ♦ Tenaya Lodge at Yosemite



KATHY LONG
CALAFCO Board Chair

Board of Directors

BOARD ADOPTS STRATEGIC PLAN

The CALAFCO Board of Directors adopted a new strategic plan for the Association at its June meeting. The plan updates the mission and establishes goals and strategies for the next three years.

A Revised Mission

CALAFCO provides educational, information sharing and technical support for its members by serving as a resource for, and collaborating with, the public, the legislative and executive branches of state government, and other organizations for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.

Strategic Focus and Goals for 2008

Educational forums and professional development opportunities

- ♦ Continue CALAFCO U with additional courses geared towards current issues and best practices; provide a quality, education focused conference and workshop

Build strong member LAFCos and a strong association

- ♦ Redesign website and member library to expand resources and accessibility of site; expand communication with members; support regional meetings of LAFCos; enhance administrative support from Sacramento office

Support and sponsor research

- ♦ Produce white papers and other research documents which examine issues of LAFCO practice; develop data warehouse of special district and LAFCo data

Advocate for LAFCo legislative and regulatory issues

- ♦ Advance CALAFCO's legislative agenda; develop and communicate clear LAFCo legislative policies and priorities; expand relations with regulatory agencies on private utility services

The complete strategic plan, along with the notes from the Board's retreat, is available in the members section of the CALAFCO website.

TRACKS

Around the State



AMADOR LAFCo

Amador LAFCo has appointed a new alternate Public Member. **Byron Damiani, Jr.** of

Sutter Creek will serve a term ending 2010. Alternate Damiani is employed in the Office of Legislative Counsel where he has worked for 10 years. He and his wife also own the Sutter Creek Theater.

ORANGE COUNTY LAFCo LAFCo Completes All MSR and SOI Reviews

Orange County LAFCo has completed Municipal Sphere Reviews (MSRs) and sphere of influence reviews for all 60 agencies. OCLAFCO's Municipal Service Reviews involve an extensive, facilitated stakeholder process which has occasionally driven staff off the deep end but has produced meaningful results, including a voluntary reorganization of two water districts, an incorporation proposal and several large annexations. We also continue to be proactive in annexing small unincorporated islands through our Unincorporated Small Islands Program. To date this has been one the Commission's most successful programs, with 37 of the 50 small islands targeted having been annexed. Our staff, not being one to shy away from trying to move unincorporated territory into cities when higher levels of municipal services can be provided to residents, also continues to collaborate with many Orange County cities regarding the future annexation of the County's remaining large unincorporated areas.

Approximately 94% of Orange County is incorporated and while this might indicate that this OCLAFCO is not busy, the opposite is true. There are a lot of challenges left, including a 600-acre inhabited annexation to the City of Anaheim, and an approximately 1500-acre unincorporated area that includes an ecological reserve, and complex water district boundaries. OCLAFCO is also working on an innovative future governance study for a 12,000 acre development to ensure that the area does not remain a developed, unincorporated area far into the future. Finally, OCLAFCO is working closely with Los Angeles LAFCo to produce a joint report on cross-county boundary issues.

During 2007 Orange County LAFCo also hosted the Staff Workshop in Newport Beach, near the Newport Back Bay.



SAN BERNARDINO LAFCo Long-Time Clerk Retires

Debbie Chamberlin retired in July having served 15 years as Clerk to the Commission/Office Manager for San Bernardino LAFCo. During her tenure, she always provided the highest level of professional assistance to the citizens, cities, special districts and county staff on the intricacies of the LAFCo process.

She assisted in the development of policies for implementation of the new requirements from AB 2838, such as out-of-agency service extension, municipal service reviews, and mandatory sphere of influence updates. She oversaw the processing of all the proposals, circulating them for review and determining the technical and statutory requirements, proofing the staff reports, drafting the resolutions, and completing the proposals. She was also the office manager, supervised the deputy clerk and temporary personnel, and ensured that the office ran smoothly.



For 15 years, Debbie produced roughly 15 to 20 pages of detailed minutes per LAFCo hearing. In all it is estimated that she produced over 2,700 pages of minutes during her time as Clerk. At her last San Bernardino LAFCo hearing, Commission members praised her for her thorough and accurate minutes, even members of the public commended her minutes during the public comment portion of the hearing.

Debbie was an indispensable and invaluable part of San Bernardino LAFCo. In addition to her dedication to the job for over 15 years, she gained the love and admiration of her fellow staff members. The staff of San Bernardino LAFCo is honored to have worked with Debbie throughout her tenure and her experience, professionalism, and presence in the office will be sorely missed.

SAN DIEGO LAFCo Staff and commissioners change

Several staffing and commission changes have occurred at the San Diego LAFCo. In early 2007, the San Diego LAFCo added Local Government Consultant **Harry Ehrlich** to its staff roster. Mr. Ehrlich retired as the Deputy General Manager of the Olivenhain Municipal Water District in 2006 and was retained by the San Diego LAFCo to assist with legislative research and special district projects.

On June 11, 2007, **Mayor Carl Hilliard** of Del Mar was installed as one of three city commissioners replacing Mayor Ron Morrison of National City. Mayor Hilliard has resided in Del Mar since 1976 and is an attorney.

Continued on next page

Around the State – Continued

On July 1, 2007, Administrative Assistant **Claire Riley** was promoted to the position of Local Government Analyst. Ms. Riley started with LAFCo two years ago and has been responsible for reviewing jurisdictional boundary changes and developing an electronic information warehouse to streamline the Commission's municipal service review and sphere of influence program.

On December 19, 2007, **William (Bill) D. Smith** will retire as Legal Counsel to the San Diego LAFCo and Senior Deputy County Counsel for the County of San Diego. After serving as the San Diego LAFCo's chief Legal Counsel for 25 years, Bill Smith decided to devote more time to his family and favorite hobbies of golfing and the Opera. During his tenure with the San Diego LAFCo, Bill Smith provided legal advice at over 300 LAFCo meetings; reviewed over 12,000 meeting agenda items; wrote 67 LAFCo legal opinions; assisted in the successful defense of the San Diego LAFCo in court proceedings; and maintained the highest of legal standards in all work performed for his clients. Over the years, Bill conducted training classes for CALAFCO, the County of San Diego, and the San Diego LAFCo. The San Diego LAFCo will miss his scholarly knowledge of the law and his dedicated professionalism.

Submitted by: Mike Ott, San Diego LAFCo

SANTA BARBARA LAFCo New Public Members Added

Santa Barbara LAFCo welcomes a new Public Member and Alternate Public Member, both seated within the past two months, and looks forward to their contributions and their leadership in fulfilling LAFCo's responsibilities in Santa Barbara County.

Marty Mariscal, who was previously a member of the Santa Maria City Council, became the new Public Member on June 7. Commissioner Mariscal is an extremely active member of the community, serving on Countywide and Santa Maria Valley governmental and civic organizations. Commissioner Mariscal will complete the unexpired term of **Bernie Stableford**, whose service as Public Member lasted just two years. A vibrant Commissioner and Chair, she reluctantly resigned from LAFCo to battle abdominal cancer, and, unfortunately died less than three months after leaving the Commission.

Bob Short, the new Alternate Public Member, a resident of Montecito, was seated on July 5. Commissioner Short, a partly-retired professional engineer, served on the County Grand Jury and has chaired a joint committee of County officials, the League of Women Voters and the County Taxpayers Association that resulted in Santa Barbara County's adopting performance-based budgeting and management as its standard. Commissioner Short replaces **Penny Leich** who had served in that position for 16 years. Bright and energetic into her 80's Commissioner Leich resigned from the Commission due to illness, passing away less than three months after completing her lengthy service on LAFCo.

SONOMA LAFCo New Member Welcomed

Sonoma LAFCo has recently welcomed a new Alternate Commissioner. In June, **Teresa Barrett** was seated as the Commission's Alternate City Member. Elected to the City of Petaluma City Council in November 2006, Teresa served for six years on the Petaluma Planning Commission. A community advocate, she served on the City's Tree Advisory Committee and Site Planning and Architectural Review Committee and also participated for several years on Sonoma County Community Development Committee.

Mark Your Calendars!



NEW STAFF AT CALAFCO

Szutowicz Joins CALAFCO

Ms. **Jamie M. Szutowicz** has joined CALAFCO as the new contract administrative assistant. Jamie is an ongoing student at California State University Sacramento pursuing degrees in communication and geology. Ms. Szutowicz owned and operated a nationally accredited childcare facility in Sacramento from 1990 until 2005. During this time frame she also managed two health club facilities, was a competitive bodybuilder, and continued her education receiving degrees in early childhood education and liberal arts. She is a state certified early childhood education master teacher and tutor. Initially Jamie will be working with CALAFCO eight hours per week.



Previous to contracting with CALAFCO, Ms. Szutowicz worked as a master tutor for the Beacon Program at American River College, tutoring students in the disciplines of science and mathematics. She worked directly with the program's director in promoting the on-campus student resource by conducting student workshops and in-class presentations. Her diverse business skills include: customer service, public relations, data processing, office management, computer management, web design, bookkeeping, and mentoring.

Ms. Szutowicz resides in Sacramento with her husband Scott Fitzpatrick and daughter Alicia. Her hobbies include gardening, black and white photography, digital photography, and travel.

CALIFORNIA ASSOCIATION OF
LOCAL AGENCY FORMATION
COMMISSIONS

CALAFCO

Sharing information and resources

Annual Business Meeting

Thursday, August 30, 2007
8:30 a.m. to 10:15 a.m.

The Hyatt Regency Hotel at Capital Park
Regency Ballroom
Sacramento, California

AGENDA

1. Call to Order/Roll Call of the LAFcos – Kathy Long, Chair
2. Election of the Board of Directors
 - 2.1. Nominations Committee report from Matt Gourley, Chair
 - 2.2. Nomination from the floor
 - 2.3. Candidates Forum**
 - 2.4. Initiate voting process to elect members of the Board
3. Approve Minutes from the September 6, 2006, CALAFCO Business Meeting at the Weston Horton Plaza Hotel, San Diego, CA.
4. Report from Kathy Long, Chair, Board of Directors, on significant Board and Association activities in 2007
5. New Business
 - 5.1. Other new business
6. Announcements
7. Adjourn to 2008 Business Meeting, Thursday, September 4, 2008, Sheraton Universal Hotel, Universal City, CA

CALAFCO BOARD OF DIRECTORS ELECTIONS Nominations Committee Announces Candidates

The CALAFCO Board's Nomination Committee solicited nominations from member LAFcos for the Board of Directors. Chair Matt Gourley (Monterey) announced the following slate of candidates:

CITY MEMBER

Two seats

Cindy Coffey (Napa)
Peter Herzog (Orange)*
Josh Susman (Nevada)*

COUNTY MEMBER

Two seats

Jack Hanson (Lassen)
Ted Novelli (Amador)
Ed Robey (Lake)

PUBLIC MEMBER

One seat

Charles Leavitt (Madera)
Susan Wilson (Santa Clara)*

SPECIAL DISTRICT

Two seats

Jocelyn Combs (Alameda)*
Cathy Schlottmann (Santa Barbara)*

** Incumbent*

A **Candidates Forum** is scheduled at 8:30 a.m. on Thursday at the Business Meeting during the annual conference in Sacramento. It is a great chance to hear from the candidates and their vision for CALAFCO.

The Board consists of 15 members who serve two-year terms. According to the By-Laws, there are four seats each for city, county, and special district members, and three seats for public members. Board members must be either current Commissioners or Alternate Commissioners on their LAFco. Nominations may also be made from the floor during the CALAFCO Annual Business Meeting.

Continuing Board members include Roger Anderson (Santa Cruz), Jerry Gladbach (Los Angeles), Matt Gourley (Monterey), Mary Jane Griego (Yuba), Gay Jones (Sacramento), Kathy Long (Ventura), Sepi Richardson (San Mateo), and Chris Tooker (Sacramento).

CALAFCO Gold ASSOCIATE MEMBERS

IBBk

BEST BEST & KRIEGER
ATTORNEYS AT LAW



MWH



Baker Manock
& Jensen PC
ATTORNEYS AT LAW



RSG
INTELLIGENT COMMUNITY DEVELOPMENT



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Thank you for your support!

2006-07 Member Services Report

Legislation, CALAFCO University, Website Top List



2007 brought a continued emphasis on enhancing member services by the Board of Directors and staff. CALAFCO advanced a significant legislative agenda while at the same time expanding CALAFCO U courses and continuing to enhance other services such as the website and responsiveness to member and public request for services.

Operationally the Board adopted a comprehensive policies and procedures manual, updated the conference and workshop guide for hosts, adopted a new strategic plan and resolved outstanding tax issues with the IRS. Additionally, the Board revamped its legislative process and for the first time in a dozen years has begun a complete review of the Association's legislative policies.

EDUCATIONAL SERVICES

Conference and Workshop

Continued our tradition of a quality, educational annual conference in Sacramento and staff workshop in Newport Beach.

CALAFCO University

New this year was the popular Incorporations course. Nearly 90 LAFCo staff, proponents, county staff and other stakeholders participated in the two courses. CEQA, water determinations and homeowner associations were also among the other topics offered by the Association in the past year.

Website

Additions were made to the website, including expansion of educational and resource materials and increased use by members for posting job announcements and RFPs. Timely updates are made at least twice a week. Visits to the website increased nearly 50% and now average over 6,500 visits/week.

Publications

Published the quarterly journal, *The Sphere*, now with a circulation of over 800. Published the annual *Membership Directory* with regular updates of the on-line version.

ListServes

Provide communication vehicle among LAFCos through maintenance of four email listserves: Executive Officers, Counsel, Clerks, and all members.

LEGISLATIVE SERVICES

Legislative Agenda

Sponsored or supported five pieces of legislation and advocated for LAFCo interests on a number of others. Legislation includes: 1) removal of sunset for consolidation of unlike districts and addition of authority to initiate successor district proposal, 2) streamline MSR determinations, 3) financial disclosure requirements, 4) removal of sunset and clarification on process for city/county sphere meetings, and 5) the C-K-H Omnibus bill.

Hosted a workshop of LAFCo staff and counsels to discuss the statewide issues surrounding \$56133, extension of services outside of boundaries.

Legislative Resource

Serve as an educational resource to Members and legislative staff on LAFCo issues, such as the statewide survey on special district consolidations. Maintain the Capital-Track legislative report on the CALAFCO website.

Regulatory Reform

Created a CALAFCO team to work with the state Public Utilities Commission to improve communication and reporting between the PUC, investor-owned utilities and LAFCo. Efforts resulted in PUC order M-4818 requiring improved communications.

Legislative Committee

Provide staff support to Legislative Committee and work on issues with member LAFCos, peer associations and legislative staff. Initiated a streamline of the committee process and a complete rewrite of the CALAFCO legislative policies.

OUTREACH SERVICES

Presentations and Exhibits

Provide presentations and exhibits on LAFCo to members, peer associations (League of Cities, CSDA, ACWA, RCRC), state agency staff (OPR, HCD), and other groups.

Participation in State Coalitions

Represent LAFCo interests with workgroups working on CEQA reform, statewide growth and land use policy reform, and regional blueprint plans.

LAFCo Survey

Conducted and posted the results on the website of the survey of LAFCo operations over the last year.

CALAFCO Workgroups

Support workgroups with Councils of Governments to bring LAFCo perspective to the blueprint planning process and to share information among neighboring LAFCos.

ASSOCIATION MANAGEMENT

Fiscal Management

Fiscal systems and records are now maintained electronically with regular reports with CPA review.

Expanded Membership

Alpine LAFCo became the 57th CALAFCO member. Also expanded associate membership. CALAFCO now has eight gold and 19 silver associate members.

State and Federal Regulatory Compliance

Achieved complete compliance with IRS and state FTB for all past tax returns including full waiver of all late fees and penalties.

Board Strategic Retreat

Board completed a biannual strategic retreat and adopted a new strategic plan which emphasizes member services and updates the Association's mission and goals.

Policies/Procedures Manuals

Completed and adopted CALAFCO Policies and Procedures Manual and updated Guide for Hosting CALAFCO Conferences and Workshops.

CALAFCO Support

Retained services of a part-time administrative assistant for the CALAFCO office and registration services.

THANK YOU

None of this would have been possible without the time, energy and resources of volunteer LAFCo staff from around the state. We thank all who have contributed to their Association. Several LAFCos have gone well beyond the call of duty, and we want to particularly recognize the outstanding contributions from Los Angeles, Orange, Sacramento, San Luis Obispo, Sonoma, Ventura, and Yolo LAFCos.

Thank you to all who make CALAFCO a success!

CAPITAL REPORT

CALAFCO Legislation Moves to Governor



Five pieces of legislation affecting LAFCOs continue their progress through the legislative process. As of late July two bills have been signed by the Governor, one is on his desk for signature and another is expected to be enrolled. Several bills of concern to LAFCO have been turned into two-year bills and will be on the agenda again next year.

AB 745 – Financial Disclosures

Clarifies existing law requiring disclosure requirements for contributions and expenditures to parties submitting proposals to a LAFCO. It will require that contributions and expenditures for political purposes on boundary changes considered by a LAFCO be disclosed and reported in a similar manner as the Fair Political Practices Act requires for local initiative measures. It also allows LAFCO to establish more specific requirements. The bill passed the Legislature and was signed by the Governor on 20 July. The provisions will take effect on 1 January 2008. CALAFCO supported this bill.

AB 1262 – City/County Sphere Meetings

Removes the sunset on the required city/county meeting and makes the meeting a permanent component of the law (§56425). The bill has passed the Legislature and is on the Governor's desk for signature. CALAFCO supports this bill.

AB 1263 – MSR Determinations

Makes changes to §56430 (a) on the content of municipal service reviews. Because this bill had no opposition and the support of stakeholders and the Local Government Committees, it has been placed in the Assembly Omnibus Bill, AB 1744.

The gutted bill is now a two-year placeholder for LAFCO-related

legislation next year. CALAFCO has identified several items to include.

AB 1744 – Cortese-Knox-Hertzberg Omnibus Bill

This is the annual bill which makes technical, non-significant changes to C-K-H. It is a consensus bill, and only items which are agreed to by all stakeholders and Local Government Committee members are included. This year the bill includes eight items, including the streamlining of MSR determinations. CALAFCO sponsored this bill.

The bill is currently on the Senate consent agenda. It will then go back to the Assembly for concurrence before going to the Governor for signature. Because this is a consensus bill, no objections are expected.

This will reduce the requirements for future MSRs. In particular it removes the management efficiencies item from the reviews and consolidates the others.

SB 162 – Environmental Justice Factor

Would add environmental justice to the list of the factors a LAFCO must consider in boundary decisions in §56668. This bill would also add “voters” and “residents” of the affected territory to the list of people whose comments must be considered in boundary decisions. CALAFCO neither introduced nor supported this bill. The bill has passed both the Senate and Assembly and is now back to the Senate for concurrence. The votes have been along party lines. It is expected to go to the Governor after the legislative break.

Assuming this bill is signed, it will require LAFCOs to begin considering environmental justice along with the other 14 factors a LAFCO must consider in boundary changes, beginning 1 January 2008.

SB 301 – Incorporation Studies

This bill would declare the intent of the legislature to enact legislation to provide funding to interested residents who want to commission a study on the logistics and costs (CFA) of incorporating a city. The bill became a two-year bill and will be considered again next year.

SB 819 – Consolidation of Unlike Districts

This bill will remove the sunset provisions in §56030 (et al) on the authority of LAFCO to consolidate districts formed under different statutes. It will also add the ability in §56375 for LAFCO to initiate a proposal for the formation of a successor district. The bill passed the Legislature and was signed by the Governor on 20 July. The provisions will take effect on 1 January 2008. CALAFCO sponsored this bill.

CALAFCO continues to follow several bills which would allocate the land use planning funds passed by the votes in Proposition 84 last fall. Another bill of concern, **SB 375** (Steinberg) would establish regional “preferred growth scenarios” for planning growth and transportation projects. These could have an impact on future LAFCO actions. Included in this is funding for projects consistent with the growth scenarios. We continue to study this legislation.

Current status of LAFCO legislation, along with copies of letters sent by the Association, can be found on the CALAFCO website.

PUC Issues **Administrative Order** *Goal to Improve LAFCO—Private Water Company Communication*

In March the Public Utilities Commission issued **Administrative Resolution M-4818** directing all PUC-regulated water and wastewater utilities to cooperate with data and information requests from a LAFCO for an SOI or MSR studies. This order is a first step in several collaborative projects initiated by meetings between CALAFCO and PUC staff and administrative judges. The order also requires the notification to LAFCO of any application for transfer, purchase or mergers of a company.

Work continues on other issues, such as boundary change notification. CALAFCO has also initiated discussions with the private water association on improving communication between investor-owned utilities and LAFCO.

David versus Goliath in the Redwoods

By Patrick McCormick, Santa Cruz LAFCo Executive Officer



Fifty years ago, the San Lorenzo Valley was a series of small communities along a river in a redwood forest north of Santa Cruz. The local economy was based upon logging and summer tourism. The valley's population has since grown and changed to become five unincorporated communities where relatively affordable full-time homes are located for people who work elsewhere in Santa Cruz County and "over the hill" in Santa Clara County.

In 1965, upon the urging of valley residents, the San Lorenzo Valley Water District (SLVWD) decided that the valley's series of small funky water systems should be fixed up and interconnected. Felton and several of the towns in the SLVWD were served by separate systems owned by the Citizens Water Company. SLVWD prepared to sell bonds to acquire the water systems owned by the Citizens Water Company. The majority of the people in Felton liked their small water company and feared that the water district's plans would result in costly water. So, by mutual consensus, Felton was left out of the district boundary and the assessment. Using eminent domain, the SLVWD completed the public acquisition of the other water systems in the valley.

When LAFCo drew the first water agency spheres of influence in the San Lorenzo Valley, it excluded Felton from any public agency's sphere. LAFCo was protecting the turf of the Citizens Water Company. Everything was fine and dandy until the Felton system was sold to a large American water corporation in 2001 and sold the next year to a larger European corporation. The new owners proceeded to make a series of operational changes and filed for large rate hikes with the California Public Utilities Commission (PUC). The residents

of Felton organized to fight the rate hikes and the lack of any local control over the water system. They were confounded why water service in Felton should cost a lot more than the four other communities in the valley that had virtually the same water sources and service geography.

The Feltonians organized a non-profit and lobbied the County government and the water district to help argue their position with the PUC. The water company's position was that the Felton system wasn't for sale and that they would continue to file for rate increases as permitted under the PUC's rules.



After not being able to get a sympathetic ear with the PUC, the Feltonians convinced LAFCo to amend the SLVWD sphere of influence to include Felton, and convinced the Board of Supervisors to call for an election to form a Mello-Roos Community Facilities District. The purpose of the Mello-Roos District was to provide financing through the sale of bonds to buy the Felton water system and convey it to SLVWD for operation. Their theory was that, with public ownership of the system, their property tax bills would go up and their water bills would go down. They estimated that their break-

even point would be several years into the future, but not in the distant future. In 2005, the Board of Supervisors met in Felton to consider calling an election on the Mello-Roos District assessment. The subject service area in Felton contained approximately 1310 connections. The election would authorize up to \$11,000,000 in bonds to cover the acquisition process and purchase price. The projected maximum cost to a typical homeowner was \$696 per year for 30 years. The Feltonians in the hall gave the Board a standing ovation for deciding to call the election, and the assessment subsequently passed with a 75% affirmative vote.

The PUC authorized two rounds of rate hikes over the objections of the Felton customers and the County. The PUC has also refused to order that the company divest its Felton system by selling it to a public agency. Most recently, the European corporation that bought into the US market enthusiastically in 2002 has announced that it is not satisfied with its returns and will be selling off all its US interests in an Initial Public Offering. The Wall Street Journal ("Dry Hole, Great Expectations for Private Water Fail to Pan Out," June 26, 2006) quoted the CEO of the European corporation as saying that water is a "very local business" where a global corporation "just doesn't have outstanding advantages."

The corporation is poised to sell off its U.S. interests in the stock market; however, it has refused to sell off its Felton system to a willing buyer--the people of Felton. Using funds from the Mello-Roos assessment, the San Lorenzo Valley Water District has annexed Felton and filed suit to acquire the Felton water system by eminent domain. The case is titled dryly as the "*San Lorenzo Valley Water District v. the California-American Water Company*".

The press is portraying this story as "David v. Goliath." The people of Felton are hoping that, when the final story is written, they will still be David.

Tipping Point

Continued from page 2

Tipping Point: How little things can make a big difference (2000, Little Brown). The term has its origin in sociology in the 1960s to identify a previously rare phenomenon which becomes rapidly and drastically more common. Is such the case for LAFCo? Have we reached a point where something unknown is becoming common and expected?

Gladwell argues that trends which reach a tipping point are sparked by three factors: The Law of the Few; the Stickiness Factor; and the Power of Context.

The Law of the Few suggests that small groups of individuals who have ties across many realms can champion ideas into popular thought. LAFCo benefits from the commissioners and staff who champion the mission of LAFCo locally and around the state. The Stickiness Factor refers to a compelling, unique quality that sticks in the mind of the public. Perhaps it's the independent authority of LAFCo to objectively evaluate proposals and review boundary changes and service providers that are compelling to communities seeking to prevent sprawl yet accommodate growth and services for the future. In the moment is the Power of Context. Perhaps the interest in managing growth, concerns over infrastructure and services—particularly water—and loss of agricultural lands are creating the right time and place context for LAFCo.

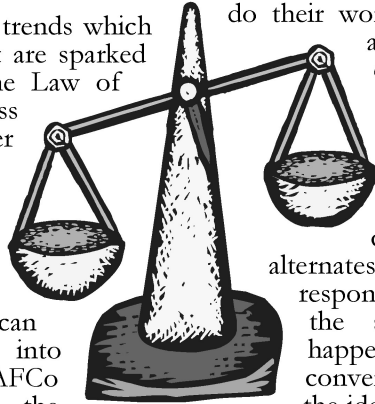
The Tipping Point is also about managing chaos and change. Change rarely occurs without resistance. A measure of whether a tipping point is near is the level of resistance encountered. Many LAFCos can attest to the challenges of resistance and change. The article in the *Bay Area Home Builder* discusses resistance to ag mitigation policies which are being studied by several LAFCos. But there are many other areas where policy and proposal decisions are drawing

engagement and participation by a cross-section of the community. Many of the sessions at the Annual Conference will highlight these issues and the efforts of LAFCos. This resistance may be another indicator that LAFCos are doing their job.

So is LAFCo at a tipping point on influencing growth in the state? Quite possibly so. And if that's true, it raises the bar on expectations for the state's 58 LAFCos. As LAFCos do their work in orderly growth and development essential to the social, fiscal and economic well-being of the state, it becomes more incumbent on the 558 commissioners and alternates to consider their responsibilities in shaping the state's future. This happens in the daily conversations championing the ideals of LAFCo, and in the objective consideration of policies and changes of organization or reorganization.

There will be no shortage of opportunities in the future for LAFCo involvement. Regional blueprint plans, infrastructure bond funding, a multitude of incorporations (12 applications are expected by the end of the year), island annexations, sphere amendments, district consolidations ... all of these and more provide the context for a tipping point for LAFCo to craft the future and to carry out its mission to assure orderly growth, prevent sprawl, preserve agricultural and open space lands, and efficiently extend public services.

LAFCo obscure? Not any more.



From the Cover

Fontana Completes Annexations

Promises Conveyed are Kept

Since the publication of the last *Sphere*, Fontana has received many calls from cities throughout the state wondering how Fontana accomplished a seemingly insurmountable task. In the words of Mayor Mark Nuaimi, "Promises conveyed are promises kept. What we have been able to do is keep Fontana's revenues in Fontana." In annexing the island areas, the City conveyed a promise and has kept its promise to invest resources in the City's infrastructure, to keep the resources local, and to include all Fontanans in one community. Fontana, a "City of Action" is truly a "City of Achievement."

More in the Works

Proposed annexations in additional areas are in the works. In July, San Bernadino LAFCo approved annexation of territory between Cherry and Hemlock Avenues, south of Foothill Blvd; this brings 1,050 new residents into the City.

In addition, the Annexation Team has been directed to "test the waters" for three additional annexation areas. The first area lies in the central portion of the City's Sphere of Influence. The second area would "square off" the City's southern boundaries and corresponds to revising and updating the Southwest Industrial Park Specific Plan. The third area lies in the City's southeastern Sphere of Influence; a primarily residential, built-out area that would benefit from the comprehensive City services. This annexation area would assist in "squaring-off" the City's corporate limits and would fill in the remaining unincorporated area within Fontana's sphere.

Fontana's Annexation Team seems to have its work cut out for them. With the commitment of staff and resources to staying the course, and the commitment from top City administrators to blur departmental lines to achieve outstanding team work, you can hear the words loud and clear "BRING IT ON!" The Annexation Team stands ready to meet the next challenge.

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VENTURA LAFCo Skeletons earns EO the Tombstone Award

Ventura LAFCo Executive Officer **Everett Millais** was recently recognized for a noteworthy Municipal Service Review (MSR) achievement by his staff.

Beginning in the early part of 2004, Everett began working on the MSR for the Bardsdale, El Rancho Simi and Piru Public Cemetery Districts. Culminating a three-year long process during which the districts were analyzed "to death," the Commission accepted the report and approved the nine determinations in May, 2007.

In reality, the morbidly long process was a victim of its own success in meeting the primary objective of C-K-H to prepare an MSR prior to reviewing and updating a sphere of influence. Based on information submitted with the MSR questionnaire and subsequent audits, LAFCo let loose a number of skeletons from their closets. While the determinations for the Bardsdale Cemetery District were positive overall, LAFCo discovered that the el Rancho Simi and the Piru Public Cemetery Districts had significant infrastructure deficiencies, serious operational and financial record-keeping deficiencies including failure to comply with requirements to prepare annual budgets and financial reports. Both Districts were also found to be out of compliance with regard to the Brown Act and FPPC regulations.

Ultimately, LAFCo determined that the Piru Public Cemetery District has insufficient financial resources at this time to function as an independent governmental agency. Although this process demonstrated the value of MSRs in their potential to uncover agency-specific issues associated with the provision of municipal services, the challenges associated with digging up and sifting through information can be very time consuming.

By the time the MSR was ready for final approval by the Commission, LAFCo staff were so relieved that this project was finally being put to

rest, they prepared a surprise "Tombstone" Award, which they presented to Everett immediately following the meeting. A small ceremony complete with guests, a very large chocolate cake and punch (not spiked) took place in the conference room.



Editor's Note: *In addition to his duties as Ventura Executive Officer, Everett also serves as CALAFCO Executive Officer. This spring Everett announced his retirement at the end of the year. The Board and entire CALAFCO family is grateful to Everett for the job he has done as Executive Officer and Deputy Executive Officer of the Association. His leadership will be reflected in the work of CALAFCO for many years to come. Thank you Everett for an outstanding job leading the Association!*

EL DORADO LAFCo

El Dorado LAFCo extends a warm welcome to three new special district representatives. They were the top vote getters of a twelve-candidate, triple seat special district election; noteworthy not just for the number of seats up for grabs but also because a quorum of ballots was received before the election close date. **Ken Humphreys** from Rescue FPD will serve a new four-year term as Commissioner, **Harry Norris** from El Dorado Irrigation District will finish a two-year term as Commissioner, and **Michael Cooper** from Georgetown Public Utility District will serve a new four-year term as alternate Commissioner. They assumed their positions in May. Welcome to all!

CALAFCO BIENNIAL SURVEY The Results Are In

By Carole Cooper, Sonoma LAFCo and Survey Coordinator

Commissioners and staff often declare "One size does not fit all" in reference to LAFCos. That statement was certainly evident in the results of the CALAFCO biennial survey, to which 42 LAFCos responded earlier this

year. The survey, completed every two years, asked LAFCos to respond comprehensively about a variety of topics, including commissioners; organizational structure; staffing; budget and operations; applications; municipal service reviews, and use of consultants. Complete survey results can be viewed on the CALAFCO website, in the "members" section, but here are some interesting findings:

Of the responding LAFCos,

- ◆ 25 have special district representatives.
- ◆ 5 have specially designated seats, mostly for city representation.
- ◆ Most LAFCos meet monthly, but 4 meet every two months and 3 meet quarterly.
- ◆ Wednesday is the most popular day for the LAFCo meeting.
- ◆ Mornings or afternoons are the most popular meeting times, but 7 LAFCos meet in the early evening.
- ◆ Commission stipends/per diems range from \$0 (10) to \$175 (1).
- ◆ Overwhelmingly, LAFCos cover the cost of commissioners attending the Annual Conference.
- ◆ 16 of the 21 LAFCos that reported a contract or MOU with the county indicated that staffing was part of this; 13 LAFCos are completely independent, and 8 are part of a county department.
- ◆ 20 LAFCos contract for accounting or payroll services, mostly from counties.
- ◆ 28 LAFCos maintain standing or ad hoc sub-committees for budget, administration, policy and procedures, and/or personnel.
- ◆ 19 Executive Officers, whose tenures vary between 1 and 25 years, have planning backgrounds while 16, EOs for 1 to 26 years, come from administrative backgrounds; 2 EOs combine both.
- ◆ Including the EO, 16 LAFCos are staffed by 3 full- or part-time employees, 10 LAFCos have 2 staffers, each, and 7 have 3 staff members; 6 LAFCos have 5 or more staff; and at one LAFCo, the EO does it all.
- ◆ The fewest MSRs completed by a LAFCo by November 1, 2006, were two and the most, 169.
- ◆ 2006-07 adopted budgets varied from a low of \$23,700 to a high of \$1,346,700.

Thanks to Carole and Cynthia Olson of Sonoma LAFCo for their work on this project.

The Sphere

CALAFCO Journal

CALIFORNIA ASSOCIATION OF LOCAL AGENCY
FORMATION COMMISSIONS

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CALAFCO provides educational, information sharing and technical support for its members by serving as a resource for, and collaborating with, the public, the legislative and executive branches of state government, and other organizations for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.

Sharing Information and Resources

Who Says It Gets Easier?

Morro Bay Has Challenging SOI Update

By Paul Hood, SLO LAFCo Executive Officer

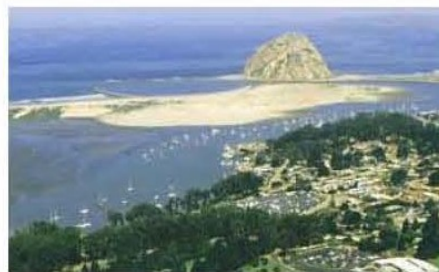
The City of Morro Bay is the last city MSR/SOI update to be completed by SLO LAFCo and is something of a challenge. The existing SOI was established in 1981 and includes approximately 21,800 acres (approximately 7 times the city limits, exclusive of water). This expansive SOI was requested by the city to follow the watershed boundaries. At the time the Commission agreed and adopted the sphere. Since 1981 LAFCo has only processed one minor (7,800 sq.ft.) city annexation.

The SOI update evaluated four study areas (2,350 acres) adjacent to the city for possible inclusion within the sphere. These study areas were recommended for review by the city council and city staff. An additional area was subsequently request by city staff. The added area comprised 3,200 acres owned by the Chevron Land Company and located northeast of the city. The Chevron facility has been decommissioned and there is some discussion of a future change in land use from the current agricultural zoning. To complete the picture, all of the land surrounding the city is zoned agricultural with the exception of a mobile home park. Additionally, there are 7,665 acres of Williamson Act land and a 1,375 conservation easement bordering the city.

LAFCo staff recommended that the city's SOI be reduced to the current city limits (with one minor exception) based on:

- ◆ The General Plan focuses on the city's existing limits and does not include policies regarding future planned uses for areas located outside city limits. The plan does call for maintaining agricultural and open space uses around the fringe of the city.

- ◆ The city and county did not come to an agreement on the future development of unincorporated areas on the fringe of the city or the location of the SOI.
- ◆ The city's water and sewer master plans do not address the provision of services to areas outside the city limits.
- ◆ Most of the study areas are in the coastal zone where land use decisions are subject to review by the California Coastal Commission. It is unlikely, given the agricultural and coastal resources in the area, that the Coastal Commission would approve levels of development requiring urban services.



In analyzing the four areas, LAFCo staff recommended that the city consider the following actions if the Commission is to consider expanding the SOI in the future:

- ◆ Update the General Plan and service plan to include policies regarding the future planned uses for areas located outside the city limits.
- ◆ Work with the county to come to an agreement regarding future development of the unincorporated areas on the fringe of the city.
- ◆ Complete a cost/revenue analysis to

ensure that the long and short term costs of serving these areas are commensurate with revenues generated.

- ◆ Document that city financial circumstances have stabilized and services can be provided outside the city without negatively impacting existing residents.

LAFCo staff pointed out that a sphere can be amended at a time when plans for specific areas are more concrete and the City has adopted policies or plans for those areas. This should give the city adequate time to plan for the future uses and services needed for development.

The City Council disagreed with LAFCo staff recommendation and requested that all four study areas be included in a new SOI. Reducing the SOI to the current city limits was perceived by the city as taking away its "influence" over the area. LAFCo staff stressed that land bordering the city will not be developed under current zoning and will not need city services unless it is rezoned. Further, the reduced SOI follows LAFCo guidelines, State law, and preserves lands zoned for agriculture and inactive agricultural uses.

The item was set for consideration by the Commission in June. The city requested a continuance. LAFCo staff suggested that a Memorandum of Agreement between the city and the county be drafted to establish a "referral area" that would formalize rules for development in the county that could impact the city. The Commission continued the matter until September to allow time to develop an agreement. LAFCo staff, with the help of Commissioner Bruce Gibson, the County Supervisor who represents Morro Bay, is facilitating the process in time for the council and board to approve the agreement before the Commission meets in September.

More to come ...