



**LAFCO MEETING  
AGENDA  
Wednesday, JUNE 1, 2011  
1:15 PM**

**Isaac Newton Senter Auditorium  
70 West Hedding Street, First Floor, San Jose, CA 95110**

**CHAIRPERSON: Liz Kniss • VICE-CHAIRPERSON: Pete Constant  
COMMISSIONERS: Margaret Abe-Koga, Mike Wasserman, Susan Vicklund-Wilson  
ALTERNATES: Al Pinheiro, Sam Liccardo, George Shirakawa, Terry Trumbull**

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. Disclosure of Campaign Contributions**

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, 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. For disclosure forms and additional information see:

<http://www.santaclara.lafco.ca.gov/annexations&Reorg/PartyDisclForm.pdf>

**2. Lobbying Disclosure**

Any person or group lobbying the Commission or the Executive Officer in regard to an application before LAFCO must file a declaration prior to the hearing on the LAFCO application or at the time of the hearing if that is the initial contact. Any lobbyist speaking at the LAFCO hearing must so identify themselves as lobbyists and identify on the record the name of the person or entity making payment to them. For disclosure forms and additional information see:

<http://www.santaclara.lafco.ca.gov/annexations&Reorg/LobbyDisclForm.pdf>

**3. Disclosure of Political Expenditures and Contributions Regarding LAFCO Proceedings**

If the proponents or opponents of a LAFCO proposal spend \$1,000 with respect to that proposal, they must report their contributions of \$100 or more and all of their expenditures under the rules of the Political Reform Act for local initiative measures to the LAFCO office. For additional information and for disclosure forms see:

[http://www.santaclara.lafco.ca.gov/sclafcopolicies\\_annex&reorg\\_home.html](http://www.santaclara.lafco.ca.gov/sclafcopolicies_annex&reorg_home.html)

1. **ROLL CALL**
2. **PUBLIC COMMENTS**

This portion of the meeting is reserved for persons desiring to address the Commission on any matter not on this agenda. Speakers are limited to THREE minutes. All statements that require a response will be referred to staff for reply in writing.

3. **APPROVE MINUTES OF APRIL 20, 2011 LAFCO MEETING**

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#### **CONSENT ITEMS**

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- \*4. **WEST VALLEY SANITATION DISTRICT 2011-1 (QUARRY ROAD)**

A petition from the property owner for annexation of property (Assessor Parcel Number 532-27-009) located at 16860 Quarry Road in Los Gatos to the West Valley Sanitation District.

**Possible Action:** Approve annexation to the West Valley Sanitation District and waive protest proceedings.

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#### **PUBLIC HEARING**

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5. **LOS GATOS URBAN SERVICE AREA AMENDMENT 2010 (LANDS OF MIDPENINSULA REGIONAL OPEN SPACE DISTRICT)**

A request by the Town of Los Gatos for retraction of its urban service area (USA) to exclude two parcels (APNs 575-04-011 and 575-05-001) owned by the Midpeninsula Regional Open Space District.

**Possible Action:**

- a. Open public hearing and receive public comments.
- b. Close public hearing.
- c. Consider the request for USA amendment and staff recommendation.

6. **FINAL LAFCO BUDGET FOR FISCAL YEAR 2011-2012**

**Possible Action:**

- a. Open public hearing and receive public comments.
- b. Close public hearing.
- c. Adopt the Final LAFCO Budget for Fiscal Year 2011-2012.
- d. Find that the Final LAFCO Budget for Fiscal Year 2012 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
- e. Authorize staff to transmit the Final LAFCO Budget adopted by the Commission including the estimated agency costs to each of the cities, to the County and to the Cities Association.



- f. Direct the County Auditor-Controller to apportion LAFCO costs to cities and the County using the most recent edition of the Cities Annual Report published by the State Controller, and to collect payment pursuant to Government Code §56381.

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**ITEMS FOR ACTION / DISCUSSION**

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7. **EL CAMINO HOSPITAL DISTRICT AND SERVICES OUTSIDE ITS BOUNDARY**  
*Continued from April 20, 2011 and February 2, 2011*  
**Possible Action:** Accept staff report and provide further direction to staff, as necessary.
8. **APPOINT PUBLIC MEMBER AND ALTERNATE PUBLIC MEMBER**  
*Continued from April 20, 2011*  
**Possible Action:** Reappoint Susan Vicklund-Wilson as LAFCO public commissioner and Terry Trumbull as LAFCO public alternate commissioner, to new four-year terms for a period from May 2011 to May 2015.
9. **PROPOSED REVISION TO LAFCO'S WORK PLAN FOR REMAINING SERVICE REVIEWS**  
**Possible Action:** Revise the Service Review Work Plan to authorize staff to conduct a single countywide service review for all services (excluding fire protection service and water service) provided by cities and special districts.
10. **UPDATE ON ISLAND ANNEXATIONS IN SANTA CLARA COUNTY**  
**Possible Action:** Accept staff report and provide further direction to staff, as necessary.
11. **LEGISLATIVE UPDATE**  
**Possible Action:** Accept staff report and provide further direction to staff, as necessary.
12. **UPDATE ON CALIFORNIA FORWARD'S SMART GOVERNMENT FRAMEWORK AND REGIONAL STAKEHOLDER ROUNDTABLES**  
**Possible Action:** Accept staff report and provide further direction to staff, as necessary.
13. **EXECUTIVE OFFICER'S REPORT**
- 13.1 **UPDATE ON LAFCO'S 2011 COUNTYWIDE WATER SERVICE REVIEW**  
For information only.
- 13.2 **UPDATE ON IMPLEMENTATION OF LAFCO'S ELECTRONIC DOCUMENT MANAGEMENT SYSTEM**  
For information only.

**13.3 UPDATE ON CONDUCTING FURTHER ANALYSIS OF OPPORTUNITIES FOR FIRE SERVICE EFFICIENCIES INCLUDING CHANGES IN GOVERNANCE STRUCTURE OF FIRE DISTRICTS**

For information only.

**13.4 CALAFCO ANNUAL CONFERENCE IN NAPA, CALIFORNIA: AUGUST 31 THROUGH SEPTEMBER 2, 2011**

**Possible Action:** Authorize commissioners and staff to attend the 2011 CALAFCO Annual Conference and authorize travel expenses to be funded by the LAFCO budget.

**13.5 DESIGNATE VOTING DELEGATE AND ALTERNATE FOR SANTA CLARA LAFCO**

**Possible Action:** Appoint voting delegate and alternate voting delegate.

**13.6 NOMINATIONS TO THE CALAFCO BOARD OF DIRECTORS**

**Possible Action:** Consider information and provide direction to staff.

**14. PENDING APPLICATIONS / UPCOMING PROJECTS**

- El Camino Hospital District Annexation 2011

**15. COMMISSIONER REPORTS**

**16. NEWSPAPER ARTICLES / NEWSLETTERS**

**17. WRITTEN CORRESPONDENCE**

**18. ADJOURN**

Adjourn to regular LAFCO meeting on Wednesday, August 3, 2011, at 1:15 PM in the Isaac Newton Senter Auditorium, 70 West Hedding Street, San Jose.

Any disclosable public records related to an open session item on the agenda and distributed to all or a majority of the Commission less than 72 hours prior to that meeting are available for public inspection at the LAFCO Office at the address listed at the bottom of the first page of the agenda during normal business hours. 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 the message is for the LAFCO Clerk.

LOCAL AGENCY FORMATION COMMISSION OF  
SANTA CLARA COUNTY  
MINUTES  
WEDNESDAY, APRIL 20, 2011

**CALL TO ORDER**

**Acting Chairperson Pete Constant** called the meeting to order at 1:15 p.m.

**1. ROLL CALL**

The following Commissioners and Alternate Commissioners were present:

- **Acting Chairperson Pete Constant**
- **Commissioner Susan Vicklund-Wilson**
- **Alternate Commissioner Al Pinheiro** (Acting in place of Commissioner Abe-Koga)
- **Alternate Commissioner Terry Trumbull**

The following Commissioners and Alternate Commissioners were absent:

- **Chairperson Liz Kniss**
- **Commissioner Mike Wasserman**
- **Commissioner Margaret Abe-Koga**
- **Alternate Commissioner George Shirakawa**
- **Alternate Commissioner Sam Liccardo**

The following staff members were present:

- **LAFCO Executive Officer Neelima Palacherla**
- **LAFCO Analyst Dunia Noel**
- **LAFCO Counsel Mala Subramanian**

**2. PUBLIC COMMENT**

Julie Hutcheson, Committee for Green Foothills, provided information and flyers on events in the South County, including the South County Earth Day on April 23, 2011 and Community Design Day on May 14, 2011.

**3. APPROVE THE MINUTES OF FEBRUARY 2, 2011 LAFCO MEETING**

The Commission approved the minutes of February 20, 2011 LAFCO meeting, as submitted.

**Motion:** Susan Vicklund-Wilson

**Second:** Al Pinheiro

**MOTION PASSED**

**AYES:** Pete Constant, Al Pinheiro, Susan Vicklund-Wilson

**NOES:** None

**4. PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2012**

Ms. Palacherla presented the staff report.



Acting Chairperson Constant, co-member of Budget Subcommittee, reported that in order to make the proposed budget more transparent, the \$100,000 in Reserves will be listed separately instead of as an expense item, and the amount for the website update will be included under Data Processing Services rather than under Consultant Services.

In response to an inquiry by Commissioner Wilson, Acting Chairperson Constant and Ms. Palacherla informed that the \$10,000 increase in Salaries and Benefits is because of the County's calculation of employee benefits and that there is no change to staff salaries.

Acting Chairperson Constant declared the public hearing open, determined that there were no members of the public who would like to speak on the item, and declared the public hearing closed.

Commissioner Wilson stated that the \$100,000 allocated as Reserves maybe inadequate in the event of a lawsuit.

The Commission adopted the Proposed LAFCO Budget for Fiscal Year 2012.

The Commission found that the Proposed LAFCO Budget for Fiscal Year 2012 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.

The Commission authorized staff to transmit the Proposed LAFCO Budget adopted by the Commission, including the estimated agency costs as well as the notice for public hearing on the adoption of the Final Fiscal Year 2012 LAFCO Budget, to the County, to the Cities Association and to each of the cities.

**Motion:** Susan Vicklund-Wilson                      **Second:** Al Pinheiro

**MOTION PASSED**

AYES:     Pete Constant, Al Pinheiro, Susan Vicklund-Wilson

NOES:     None

**5. EL CAMINO HOSPITAL DISTRICT AND SERVICES OUTSIDE ITS BOUNDARY  
Continued from February 2, 2011**

Acting Chairperson Constant stated that Commissioner Wasserman requested deferral of the item to the next Commission meeting on June 1, 2011, and determined that there are no members of the public who would like to speak about the deferral of the item.

In response to an inquiry by Commissioner Wilson, Ms. Palacherla informed that the item is not time sensitive.

The Commission deferred the item to the next LAFCO meeting on June 1, 2011.

**Motion:** Susan Vicklund-Wilson                      **Second:** Al Pinheiro

**MOTION PASSED**

AYES:     Pete Constant, Al Pinheiro, Susan Vicklund-Wilson

NOES:     None

**6. APPOINT PUBLIC MEMBER AND ALTERNATE PUBLIC MEMBER**

Acting Chairperson Constant proposed deferral of the item to the next LAFCO meeting on June 1, 2011 in order to allow the other members to participate in making the decision.

Acting Chairperson Constant determined that there are no members of the public who would like to speak on the item.

The Commission deferred the item to the next LAFCO meeting on June 1, 2011.

**Motion:** Al Pinheiro

**Second:** Pete Constant

**MOTION PASSED**

AYES: Pete Constant, Al Pinheiro, Susan Vicklund-Wilson

NOES: None

**7. UPDATE ON LEGISLATION RELEVANT TO LAFCO**

Ms. Palacherla presented the staff report.

In response to the inquiry by Acting Chairperson Constant, Ms. Palacherla read the definition of mutual water company under AB 54 (Solorio) and stated that mutual water companies are formed under the regulations of the State Department of Corporation and are not under the Public Utilities Commission oversight.

Acting Chairperson Constant determined that there are no members of the public who would like to speak on the item.

The Commission accepted the staff report.

**Motion:** Al Pinheiro

**Second:** Susan Vicklund-Wilson

**MOTION PASSED**

AYES: Pete Constant, Al Pinheiro, Susan Vicklund-Wilson

NOES: None

**8. EXECUTIVE OFFICER'S REPORT**

**8.1 UPDATE ON THE 2011 COUNTYWIDE WATER SERVICE REVIEW**

Ms. Noel presented the staff report.

Acting Chairperson Constant determined that there are no members of the public who would like to speak on the item.

**8.2 REPORT ON THE 2011 CALAFCO STAFF WORKSHOP**

Ms. Noel presented the staff report.

Acting Chairperson Constant determined that there are no members of the public who would like to speak on the item.

**8.3 COMMENT LETTER TO THE CALIFORNIA HIGH SPEED RAIL AUTHORITY REGARDING EAST GILROY STATION**

Ms. Noel presented the staff report.

Julie Hutcheson, Committee for Green Foothills, informed that her organization is opposed to the potential Gilroy High Speed Rail station east of US 101 for various reasons, particularly its impact to fertile farmlands. She then provided a copy of their policy to the Commission.

Acting Chairperson Constant determined that there are no other members of the public who would like to speak on the item.

In response to an inquiry by Alternate Commissioner Pinheiro, Ms. Palacherla informed that staff sent a letter to the California High Speed Rail Authority in response to a letter forwarded by the Californians Advocating for Responsible Rail Design (CARRD) to LAFCO commissioners and staff regarding potential station locations in Gilroy. She added that the CARRD letter made references to LAFCO policies and the 1996 Strategies to Balance Planned Growth and Agricultural Viability document and it appeared that there was confusion as to how LAFCO policies would apply to the proposed station location east of US 101. She stated that staff also received inquiries from Commissioners Wasserman and Abe-Koga on the issue. She continued that staff, therefore, sent a letter to the California High Speed Rail Authority clarifying LAFCO's potential role, explaining the potential conflicts with LAFCO policies, and encouraging consideration of alternate station locations.

In response to a follow-up inquiry by Alternate Commissioner Pinheiro, Ms. Palacherla informed that she contacted Gilroy Community Development Director David Bischoff prior to sending out the comment letter but that she did not receive a response.

Alternate Commissioner Pinheiro indicated that the City of Gilroy would conduct a process that would allow the community to provide input on the alternate station locations in an open and transparent manner and that process should not be tainted with premature comments. He informed that the City Council's initial preference is for a downtown station location but that there are several issues that must first be worked out. He indicated that LAFCO and Gilroy staff must ensure more open communication.

Acting Chairperson Constant stated that the LAFCO letter only provided information about relevant LAFCO policies and that it was clear from the letter that LAFCO had not yet taken a position on this. He noted that LAFCO Commissioners may not advocate for the jurisdictions they represent.

Commissioner Wilson stated that there has always been open communication with the City of Gilroy and directed staff to continue to have open communication with the City of Gilroy.

#### **8.4 UPDATE ON CONDUCTING FURTHER ANALYSIS OF OPPORTUNITIES FOR FIRE SERVICE EFFICIENCIES INCLUDING CHANGES IN GOVERNANCE STRUCTURE OF FIRE DISTRICTS**

Ms. Noel presented the staff report.

Acting Chairperson Constant requested that staff provide information to the Commission regarding any discussions for potential regional fire services in areas other than the South County. He also requested staff to closely watch AB 912 (Gordon) in case the Commission decides to go forward with options discussed in the 2010 Countywide Fire Service Review.

In response to an inquiry by Commissioner Wilson, Alternate Commissioner Pinheiro informed that a summary of the South County Working Group meeting would be available soon. He stated that the committee was disbanded and Morgan Hill would work to address its fire service needs individually.

Acting Chairperson Constant reported that the 2010 Countywide Fire Service Review report was discussed extensively by the City of San Jose and used in negotiating staffing changes on the City's fire apparatus. Acting Chairperson Constant determined that there are no members of the public who would like to speak on the item.



**9. PENDING APPLICATIONS**

Ms. Palacherla reported on the status of pending applications and clarified that the El Camino Hospital District Annexation 2011 application is separate from the item on El Camino Hospital District's provision of services outside its boundary.

**10. COMMISSIONER REPORTS**

There were no Commissioner reports.

In response to an inquiry by Acting Chairperson Constant, Ms. Palacherla advised that a Commissioner should notify staff if he/she is unable to attend a LAFCO meeting and staff would then notify the alternate member.

**11. NEWSPAPER ARTICLES / NEWSLETTERS**

The Commission noted a newspaper article and the CALAFCO newsletter.

**12. WRITTEN CORRESPONDENCE**

There was no written correspondence.

**13. ADJOURN**

Adjourned at 2:06 p.m. to the next meeting on Wednesday, June 1, 2011 in Isaac Newton Senter Auditorium, County Government Center, 70 West Hedding Street, San Jose, California.

Approved:

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Pete Constant, Acting-Chairperson  
Local Agency Formation Commission of Santa Clara County

By: \_\_\_\_\_  
Emmanuel Abello, LAFCO Clerk



**LAFCO MEETING: June 1, 2011**  
**TO: LAFCO**  
**FROM: Neelima Palacherla, Executive Officer**  
**Dunia Noel, Analyst**  
**SUBJECT: Los Gatos Urban Service Area Amendment 2010**  
**(Lands of Midpeninsula Regional Open Space District)**

**STAFF RECOMMENDATION**

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**1. CEQA Action**

- a. As a Responsible Agency under CEQA, determine that the proposal is exempt from the provisions of CEQA pursuant to State CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the proposed project has the potential for causing a significant adverse effect on the environment.

**2. Proposal**

- a. Approve the retraction of the Los Gatos urban service area (USA) boundary to exclude two parcels owned by the Midpeninsula Regional Open Space District (MROSD), as depicted in Attachment A.

**PROJECT DESCRIPTION**

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The Town of Los Gatos proposes to amend its Urban Service Area (USA) boundary in order to exclude approximately 16.1 acres of land consisting of two parcels (APNs 575-04-011, and portion of 575-05-001) owned by the Midpeninsula Regional Open Space District from the Town's USA.

If approved by LAFCO, the Town's USA boundary would then be coterminous with the Town's jurisdictional boundary in the vicinity of Hicks Road. See attached map of USA amendment proposal area. (Attachment A)

**BACKGROUND**

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In 2009, the Town of Los Gatos began processing an annexation proposal known as Americh Road No. 2 located along Wagner Road and Hicks Road. Prior to the Town's approval of the Americh Road No. 2 annexation, the boundaries of the proposal were modified several times to ensure that the proposal did not create islands or areas in which it would be difficult to provide municipal services. At one point in the process, it was proposed that the annexation proposal include two parcels (APNs 575-04-011 and a



portion of 575-05-001) that are owned by MROSD in order to avoid creating an island. MROSD proposed that the Town exclude the two parcels from the Town's USA to avoid creation of an island instead of annexing the two parcels to the Town. MROSD indicated that the two parcels are an integral part of the District's Sierra Azul Open Space Preserve and that annexing their open space lands into the Town would result in the District having lands that are within two different jurisdictions in this area (i.e. Town of Los Gatos and County of Santa Clara) and that any required permitting, such as for District trails, would then be problematic because it would need to involve two different land use regulatory agencies.

Additionally, MROSD stated that the properties which are in open space use do not require municipal services such as sewer or water services and therefore need not be annexed to a city or be included within a city's urban service area. In November 2009, following discussions between Town staff, MROSD staff and LAFCO staff, MROSD requested an USA amendment to exclude the two parcels from the Town's USA. In December 2009, the Town of Los Gatos initiated the Arnerich No. 2 annexation proposal and approved a resolution seeking retraction of the Town's USA to exclude the two parcels (APNs 575-04-011 and 575-05-001) which are owned by MROSD. The Town approved the annexation in February 2010 and LAFCO recorded the Certificate of Completion on April 29, 2010, at which time the annexation became effective.

In January 2010, LAFCO received an application from the Town of Los Gatos requesting that LAFCO amend the Town's USA to exclude the two aforementioned parcels. However the application remained incomplete for over a year pending the receipt of a signed indemnification agreement. In May 2011, LAFCO received a signed indemnification agreement from the Town and the application was thus deemed complete and ready for processing.

#### **ENVIRONMENTAL ASSESSMENT**

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The Town of Los Gatos is the Lead Agency under CEQA for the proposed Los Gatos Urban Service Area Amendment. The City has determined that the proposal is exempt from the provisions of CEQA pursuant to State CEQA Guidelines Section 15061(b)(3).

LAFCO is a Responsible Agency under CEQA for the proposal and has similarly determined that the proposal is exempt from the provisions of CEQA pursuant to State CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the proposed project has the potential for causing a significant adverse effect on the environment.

#### **CONSISTENCY WITH THE COUNTY GENERAL PLAN**

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The lands, consisting of the two parcels identified for removal from the Town's USA are currently unincorporated. The County General Plan states that development of unincorporated lands within the Town's USA should be generally compatible with uses and densities allowed by the Town's General Plan. Therefore, currently, the two

MROSD parcels within the Town's USA are governed by the Los Gatos General Plan. With realignment of the USA to remove the two parcels from the Town's USA, the County must assign a General Plan land use designation to the parcels. Upon receiving notification of LAFCO's approval of the USA retraction, County Planning Department staff will administratively apply a General Plan designation of "Other Public Open Lands (OPOL)" to the two parcels, similar to the County's designation for adjacent MROSD lands. No further legislative action by the County is required to make the revision to the County Land Use Plan Map in order to reflect the designation for open space lands owned by public agencies.

## **CONSISTENCY WITH LAFCO POLICIES**

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### **Conversion of / Impacts to Prime Agricultural Lands and Open Space**

The subject parcels do not contain prime agricultural lands. The parcels are owned by MROSD and are part of the District's Sierra Azul Open Space Preserve. The County's proposed General Plan designation would allow for the continuation of open space uses on the parcels. Furthermore, there is a higher likelihood that existing open space lands will remain in such uses if they are located outside a city's USA. Per LAFCO Policies, lands outside an USA will not be provided urban services and cannot be annexed to a city without LAFCO approval.

### **Logical, Orderly and Efficient Boundaries**

The exclusion of the two parcels from the Town's USA would result in a more logical USA that is coterminous with the Town's existing city limits in the vicinity of Hicks Road. In order to avoid an island within the Town, it is appropriate that the parcels are excluded from the Town's USA, rather than annexed to the Town.

### **Growth Inducing Impacts and Provision of Urban Services**

Removal of properties from the USA indicates that the Town will not annex and will not provide services to those properties. The properties removed from the USA will remain unincorporated. Land use and development in unincorporated areas that are located outside of a city's USA Boundary are governed by County's General Plan. The County proposes to apply a General Plan Land Use Designation of "Other Public Open Lands" to the two unincorporated properties removed from the Town's USA consistent with the long-term open space use of the parcels. There is no growth inducing impact as a result of exclusion from the urban service area.

### **Annexation of Unincorporated Islands**

With the retraction of the USA, twenty-five unincorporated islands will remain within the Town's USA boundary. The City has not yet indicated if they will initiate annexation of any of these remaining islands.

### **Fiscal Impact to the Town of Los Gatos and Affected Agencies**

The proposed retraction of the USA boundary will not have a fiscal impact on the Town of Los Gatos. The exclusion of the two subject parcels would not result in any potential tax loss to the Town. The proposed retraction of the USA boundary will not have a fiscal impact on the County or any of the special districts providing service in the area as it will not result in any change to jurisdictional boundaries.

### **CONCLUSION**

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Retraction of the USA would eliminate an island and achieve consistency between the USA Boundary and the Town's existing city limits resulting in more logical planning boundaries in Los Gatos. The two affected parcels are in open space use and are owned by MROSD. The District has indicated that these parcels do not require municipal services now or in the future. Once removed from the Town's USA, the two parcels will not be provided urban services and cannot be annexed to the Town without future LAFCO approval. Staff recommends the approval of the retraction of the Town's USA so that it is coterminous with the Town's existing city limits in the vicinity of Hicks Road.

### **ATTACHMENT**

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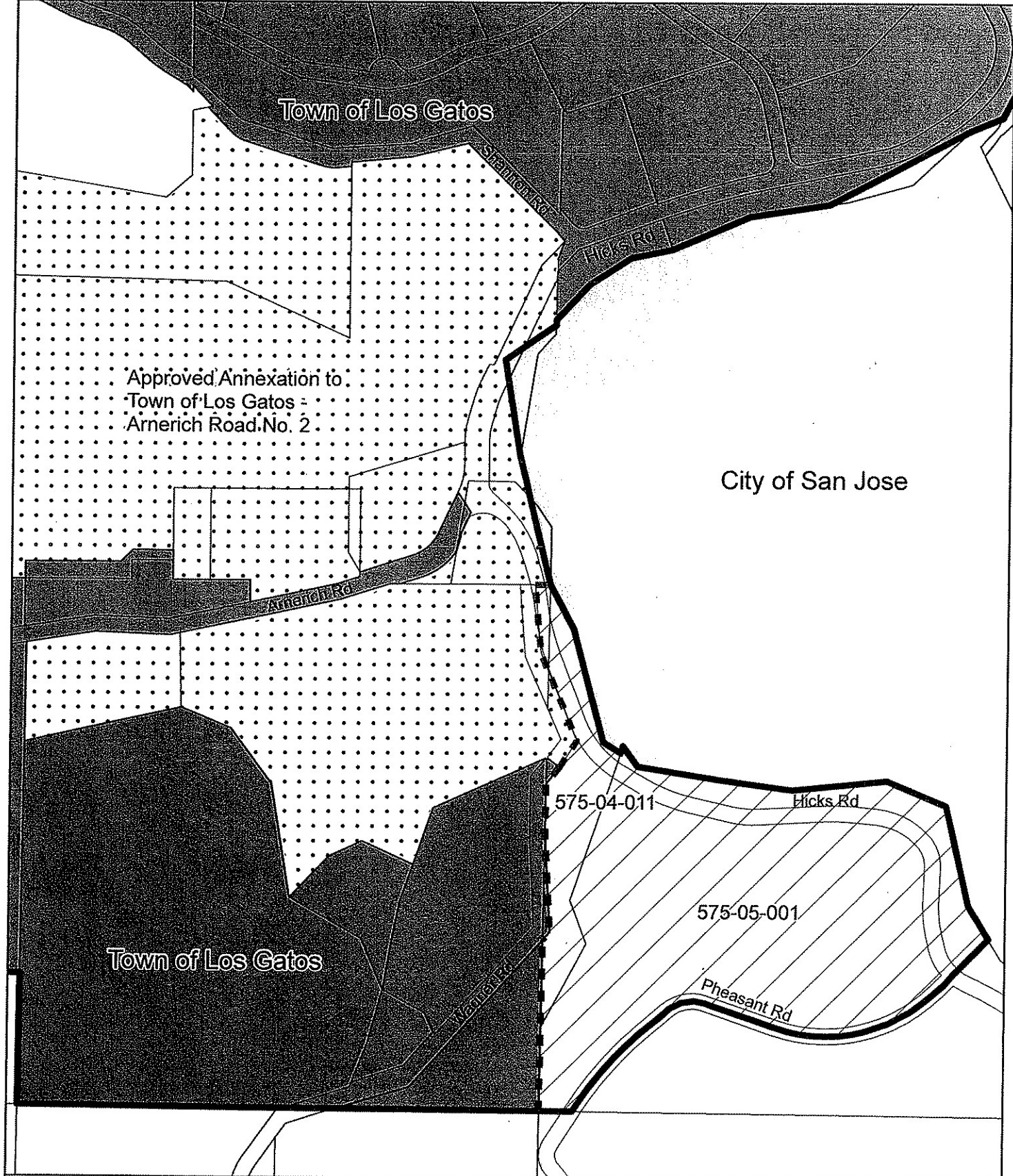
Attachment A:       Map of Proposed Los Gatos Urban Service Area Amendment



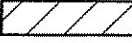




# Los Gatos USA Amendment 2010

(Lands of Mid-Peninsula Regional Open Space District)


AGENDA ITEM # 5  
Attachment A



	Proposed Los Gatos USA
	Existing Los Gatos USA
	Area to be excluded from Town of Los Gatos USA
	Town of Los Gatos
	City of San Jose

## Vicinity Map

This map was created by the Santa Clara County Surveyor's Office. The GIS data was compiled from various sources. While deemed reliable, the Surveyor's Office assumes no liability.



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**LAFCO MEETING: June 1, 2011**  
**TO: LAFCO**  
**FROM: Neelima Palacherla, Executive Officer**  
**SUBJECT: PROPOSED FINAL LAFCO BUDGET FOR FISCAL YEAR 2012**

### **STAFF RECOMMENDATION**

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1. Adopt the Final LAFCO Budget for Fiscal Year 2011-2012. (Attachment A)
2. Find that the Final LAFCO Budget for Fiscal year 2012 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Final LAFCO Budget adopted by the Commission including the estimated agency costs to each of the cities, to the County and to the Cities Association.
4. Direct the County Auditor-Controller to apportion LAFCO costs to cities and the County using the most recent edition of the Cities Annual Report published by the State Controller, and to collect payment pursuant to Government Code §56381.

### **LAFCO BUDGET AND ADOPTION PROCESS**

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The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO to annually adopt a draft budget by May 1 and a final budget by June 15 at noticed public hearings. Both the draft and the final budgets are required to be transmitted to the cities and the County. Government Code §56381 establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. After adoption of the final budget by LAFCO, the County Auditor is required to apportion the net operating expenses of the Commission to the agencies represented on LAFCO.

### **MINOR CHANGE SINCE THE DRAFT / PRELIMINARY BUDGET**

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The Commission on April 20, 2011, adopted LAFCO's preliminary budget for Fiscal year 2011-2012. A minor change in the proposed final budget is due to a small reduction (\$370) in the County's charges for data processing services.

### **COST APPORTIONMENT TO CITIES AND COUNTY**

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The CKH Act requires LAFCO costs to be split in proportion to the percentage of an agency's representation (excluding the public member) on the Commission. Since the City of San Jose has a permanent membership on LAFCO, Government Code §56381.6

requires costs to be split between the County, the City of San Jose and the remaining cities. Hence the County pays half the LAFCO cost, the City of San Jose - a quarter and the remaining cities - the other quarter.

Government Code §56381(c) requires the County Auditor to request payment from the cities and the County no later than July 1 of each year for the amount each agency owes based on the net operating expenses of the Commission and the actual administrative costs incurred by the Auditor in apportioning costs and requesting payment. LAFCO's net operating expenses for Fiscal Year 2012 is \$597,195.

**Cost to Agencies**

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County of Santa Clara	\$298,597
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City of San Jose	\$149,299
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Remaining 14 cities in the County	\$149,299
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The cities' share (other than San Jose's) is apportioned in proportion to each city's total revenue as a percentage of the combined city revenues within a county, as reported in the most recent edition of the Cities Annual Report published by the Controller. The most recent edition of the Controllers Report currently available is the 2008/2009 Report. A draft of the estimated apportionment to the cities is included as Attachment B, to provide the cities a general indication of the costs. The final costs will be calculated by the County Controller's Office after LAFCO adopts the final budget in June.

**ATTACHMENTS**

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- Attachment A: Proposed Final LAFCO Budget for Fiscal Year 2012
- Attachment B: Estimated Costs to Agencies Based on the Proposed Final Budget



**FINAL LAFCO BUDGET  
FISCAL YEAR 2011 - 2012**

**AGENDA ITEM # 6  
Attachment A**

ITEM #	TITLE	APPROVED FY 2011 BUDGET	ACTUALS Year to Date 3/1/2011	YEAR END 2011 PROJECTIONS	FINAL FY 2012 BUDGET
<b>EXPENDITURES</b>					
Object 1:	Salary and Benefits	\$408,826	\$265,184	\$414,007	\$418,342
Object 2:	Services and Supplies				
5258200	Intra-County Professional	\$55,000	\$27	\$40,000	\$55,000
5255800	Legal Counsel	\$55,000	\$30,590	\$55,000	\$55,000
5255500	Consultant Services	\$90,000	\$20,660	\$90,000	\$80,000
5285700	Meal Claims	\$750	\$228	\$750	\$750
5220200	Insurance	\$6,033	\$4,926	\$6,033	\$5,600
5250100	Office Expenses	\$2,000	\$641	\$1,200	\$2,000
5255650	Data Processing Services	\$2,463	\$1,251	\$2,463	\$22,255
5225500	Commissioners' Fee	\$9,000	\$2,000	\$6,000	\$7,000
5260100	Publications and Legal Notices	\$2,500	\$247	\$500	\$2,500
5245100	Membership Dues	\$7,000	\$7,000	\$7,000	\$7,000
5250750	Printing and Reproduction	\$1,500	\$0	\$200	\$1,500
5285800	Business Travel	\$12,000	\$2,922	\$8,000	\$11,000
5285300	Private Automobile Mileage	\$2,000	\$836	\$2,000	\$2,000
5285200	Transportation&Travel (County Car Usage)	\$1,000	\$0	\$0	\$629
5281600	Overhead	\$46,626	\$23,313	\$46,626	\$60,647
5275200	Computer Hardware	\$2,000	\$83	\$1,000	\$2,000
5250800	Computer Software	\$2,000	\$314	\$1,000	\$2,000
5250250	Postage	\$2,000	\$535	\$1,000	\$2,000
5252100	Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000	Reserves	\$100,000	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>		<b>\$809,698</b>	<b>\$360,756</b>	<b>\$683,779</b>	<b>\$739,223</b>
<b>REVENUES</b>					
4103400	Application Fees	\$30,000	\$46,906	\$30,000	\$25,000
4301100	Interest: Deposits and Investments	\$7,000	\$2,846	\$5,000	\$5,000
	Savings/Fund Balance from previous FY	\$187,497	\$275,605	\$275,605	\$112,028
<b>TOTAL REVENUE</b>		<b>\$224,497</b>	<b>\$325,357</b>	<b>\$310,605</b>	<b>\$142,028</b>
<b>NET LAFCO OPERATING EXPENSES</b>		<b>\$585,201</b>			<b>\$597,195</b>
3400800	<b>RESERVES</b>				<b>\$100,000</b>
<b>COSTS TO AGENCIES</b>					
4600100	Cities (San Jose 50% + Other Cities 50%)	\$292,601	\$292,601	\$292,601	\$298,597
5440200	County	\$292,601	\$292,601	\$292,601	\$298,597

May 23, 2011

## 2 0 1 1 / 2 0 1 2 L A F C O C O S T A P P O R T I O N M E N T

### Estimated Costs to Agencies Based on the Final LAFCO Budget

**LAFCO Net Operating Expenses for 2011/2012**

**\$597,195**

Jurisdictions	Revenue per 2008/2009 Report	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
County	N/A	N/A	50.0000000%	\$298,597.50
San Jose	N/A	N/A	25.0000000%	\$149,298.75
Campbell	\$39,896,027	2.3012811%	0.5753203%	\$3,435.78
Cupertino	\$55,647,729	3.2098702%	0.8024675%	\$4,792.30
Gilroy	\$73,534,688	4.2416251%	1.0604063%	\$6,332.69
Los Altos	\$36,977,692	2.1329458%	0.5332365%	\$3,184.46
Los Altos Hills	\$10,968,191	0.6326668%	0.1581667%	\$944.56
Los Gatos	\$39,463,199	2.2763147%	0.5690787%	\$3,398.51
Milpitas	\$93,521,421	5.3944991%	1.3486248%	\$8,053.92
Monte Sereno	\$2,679,619	0.1545657%	0.0386414%	\$230.76
Morgan Hill	\$51,988,524	2.9988001%	0.7497000%	\$4,477.17
Mountain View	\$165,308,552	9.5353216%	2.3838304%	\$14,236.12
Palo Alto	\$418,839,000	24.1594553%	6.0398638%	\$36,069.76
Santa Clara	\$482,843,414	27.8513555%	6.9628389%	\$41,581.73
Saratoga	\$19,205,523	1.1078122%	0.2769531%	\$1,653.95
Sunnyvale	\$242,770,639	14.0034868%	3.5008717%	\$20,907.03
<b>Total</b>	<b>\$1,733,644,218</b>	<b>100.0000000%</b>	<b>100.0000000%</b>	<b>\$597,194.99</b>



**LAFCO Meeting:** April 20, 2011  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Mala Subramanian, LAFCO Counsel  
**SUBJECT:** **El Camino Hospital District and Services Outside its Boundary**  
Agenda Item # 5

**STAFF RECOMMENDATION**

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Accept staff report and provide further direction to staff, as necessary.

**ISSUE ANALYSIS**

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**Was the Los Gatos Hospital purchased / operated with El Camino Hospital District's funds?**

At the February 2<sup>nd</sup> LAFCO meeting, the Commission deferred the item on El Camino Hospital District, without discussion. On February 18, LAFCO met with the attorneys for the El Camino Hospital District and the El Camino Hospital - a nonprofit corporation, to explain LAFCO's concerns and get more information / additional clarity on the matter of the District providing services outside its boundaries. At the meeting, it became clear that in order to determine if the District was providing services outside its boundaries, more detailed information was necessary on whether or not the Los Gatos Hospital was purchased or operated using funds from the El Camino Hospital District. Please see attached staff report dated February 2, 2011 for background information on the issue, as well as the letter dated February 1, 2011 from the District. (Attachment A).

The District, in a letter dated March 30, 2011 (see Attachment B) provided various documents and a description of how the District has transferred / sold assets/ finances to the Corporation, explaining that the revenues from assets sold or transferred by the District to the Corporation and generated after the date of such sale or transfer are revenues of the Corporation and not the District. The following is a brief summary of the District's letter regarding the agreements on the sale/transfer/lease of between the District and the Corporation.

**Lease of land owned by the District to the Corporation**

The District originally leased the land upon which the Mountain View hospital campus is located to the Corporation for a 30-year term starting in December 1992 and continuing until December 2022, under the terms of the Ground Lease. In November 2004, the terms of the lease were extended to December 2054. The Corporation pays the District an annual rent of \$50,000 set initially and adjusted annually based on CPI index.

### **Sale of District's Buildings to the Corporation**

In December 1992, the Corporation purchased all Mountain View hospital buildings (except the maternal-child health building which was then under construction) from the District for a cash payment of \$31,645,000. The Corporation assumed liabilities of the District in an amount of \$16,950,000. Together, this amount equaled the fair market value of the buildings: \$48,595,000. The Corporation (through the Santa Clara County Financing Authority) issued \$32,576,000 in bonds to raise cash proceeds to purchase the buildings from the District under the Building Sale Agreement. At the end of the Ground Lease, the buildings located on the leased land would revert back to the District and the District would be required to pay the residual value of the buildings to the Corporation.

### **Construction of New Improvements by the District**

In November 2004, it was also agreed that the District would construct a new five level main hospital building of approximately 550,000 square feet on the leased land. These new improvements would be owned by the Corporation and revert back to the District at the end of the Ground Lease. However, the District is not obligated to pay the Corporation for the residual value of the new improvements at the end of the Ground Lease. The cost of new improvements totaled \$460 million, which is funded from proceeds of GO bonds issued by the District for \$148 million and from proceeds of bonds issued by the Corporation for \$200 million. The balance \$112 million was funded by cash reserves of the Corporation. The new improvements were completed in November 2009, six months after the Corporation acquired the Los Gatos Hospital.

### **Transfer of District's Assets to the Corporation**

In December 1992, the District transferred personal property and other assets to the Corporation pursuant to the Asset Transfer Agreement. In exchange, the Corporation agreed to "use, operate and maintain the Transferred Assets exclusively for the benefit of the present and future health care needs of the communities served by the District and the Corporation." The Corporation did not make any payment in cash to the District for the transfer of assets.

### **CONCLUSION**

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Based on the information provided by the District in its letter, it appears that District funds were not used by the Corporation for the acquisition/operation of the Los Gatos Hospital and the District did not contribute any monies directly for the purchase or operation of the Los Gatos Hospital. Therefore, staff concludes that the District is not providing services outside its boundaries.

### **ATTACHMENTS**

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Attachment A: LAFCO Staff Report dated February 2, 2011 Regarding El Camino Hospital District and letter dated February 1, 2011 from Greg Caligari on behalf of the District.

Attachment B: Letter dated March 30, 2011, from Gregory Caligari regarding the El Camino Hospital District



LAFCO Meeting: February 2, 2011  
TO: LAFCO  
FROM: Neelima Palacherla, Executive Officer  
Mala Subramanian, LAFCO Counsel  
SUBJECT: **El Camino Hospital District and Services Outside its Boundary**  
Agenda Item # 4

### **STAFF RECOMMENDATION**

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Accept staff report and provide further direction to staff, as necessary.

### **BACKGROUND**

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#### **El Camino Hospital District**

The El Camino Hospital District's boundaries include the cities of Los Altos, Los Altos Hills, Mountain View, a majority of Sunnyvale, a small portion of Cupertino and some adjacent unincorporated areas. The District was formed in 1956 pursuant to the Health and Safety Code. Funded by property taxes and a bond measure, the District's construction of the El Camino Hospital in Mountain View was completed in 1961.

In 1993, the District created the El Camino Hospital Corporation (Corporation) a 501(c)(3) corporation. The Board of the Corporation was different than the District Board. The District transferred all of its employees to the Corporation. In 1997, the Board of the Corporation resigned and the District Board placed itself as the Board to the Corporation. The District currently has no employees.

The District has several funding sources including a share of the 1% property tax from properties within the District's boundary, maintenance and operations funds from a 1950s bond measure, funds to retrofit and rebuild the El Camino Hospital from a 2003 general obligation bond measure, interest income from District investments and income from leasing the land for the El Camino Hospital to the Corporation.

We have been informed that in 2008, the Corporation purchased land and some assets of a community hospital in Los Gatos using surplus cash from operating the El Camino Hospital and in 2009 started operating a hospital on the Los Gatos Campus.

#### **Locating Facility and Providing Service Outside District's Boundary Using District Funds**

The District has stated that it is the Corporation and not the District that purchased and is operating the Los Gatos Hospital. The District and the Corporation appear on paper to be two different entities; however, we believe that in reality they are operating as one entity. Pursuant to the Bylaws of the Corporation, the District is the sole member of the

Corporation. For instance, the District selects the Corporation's Board, which is the same board as the District, they have the same administration, same website, and in the event of dissolution of the Corporation all assets, including all property such as the Los Gatos Hospital would transfer to the District. We do not believe there is transparency in how these two entities truly operate. While the Corporation purchased the Los Gatos Hospital, the funds for the purchase came from operations of the El Camino Hospital which in turn was constructed with funds from taxes levied by the District. For that reason, we believe District funds have been used to acquire/ operate the Los Gatos Hospital through the Corporation.

We are therefore concerned that the District is operating a health care facility and providing services outside its jurisdiction via the Corporation. While the District can operate a health care facility outside of their boundaries under certain circumstances under the Health and Safety Code, this does not as we understand it, alleviate the requirement for LAFCO approval.

Government Code section 56133 states that a district may provide new or extended services by contract or agreement outside its jurisdictional boundaries only if it first requests and receives written approval from LAFCO. LAFCO may authorize a district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change or reorganization.

The Los Gatos Hospital is located outside the District's jurisdiction and sphere of influence. The area served by the Los Gatos Hospital is benefitting from District services / funding without participating in the funding mechanism. Taxes levied by the District within its boundaries are being used outside the current District's boundary to benefit residents there.

Staff has discussed these concerns with the District and recommended that the District consider submitting an application to LAFCO for expanding its sphere of influence into the areas that it is currently serving and for annexation of those areas. LAFCO in its review of the application will consider among other things, the District's ability to provide/fund service in the new areas and the fiscal/service impacts of the annexation on the residents and other affected agencies in the area.

We have been informed that the El Camino Hospital District will discuss this issue at their February 9<sup>th</sup> Board meeting.

## **NEXT STEPS**

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Staff will send a letter to the El Camino Hospital District informing the District that it is providing service outside its jurisdiction without LAFCO approval (in violation of Government Code Section 56133) and recommend that the District submit an application to LAFCO for a sphere of influence amendment and annexation of the area to the District in order to remedy the situation. Staff will update the Commission as this issue progresses.



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

Gregory B. Caligari  
415.262.5111  
gcaligari@coxcastle.com

February 1, 2011

File No. 58723

BY EMAIL (.PDF)

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

Attention: Neelima Palacherla, Executive Officer  
(Neelima.Palacherla@ceo.sccgov.org)

Re: El Camino Hospital District  
February 2, 2011 LAFCO Meeting, Agenda Item No. 4

Dear Chairperson Kniss and Honorable Commissioners:

On behalf of the El Camino Hospital District (the "District"), we respectfully request that the Commission defer or continue the above-referenced agenda item concerning the El Camino Hospital District.

The District strongly disagrees with the conclusions in the staff report that the District is operating health care facilities outside its jurisdiction without Commission approval in violation of Government Code Section 56113. The staff report bases these conclusions on the premise that the existence of El Camino Hospital, a California nonprofit public benefit corporation (the "Corporation"), as a separate legal entity should be disregarded, which is not supported by the facts before you or the law.

The issues raised in the staff report come on very short notice to the District, and we do not believe that requiring the District to respond to these issues on such an expedited basis is productive. Rather, we believe that providing additional time for these issues to be discussed by the District Board of Directors, and then for continued dialogue between Commission staff and District representatives, is the most productive way to address all parties' concerns regarding this matter. We are not aware of any deadline that requires immediate action by LAFCO on this issue.

In response to our request to Commission staff to continue this matter, we were informed that "The item on the LAFCO Agenda regarding the El Camino Hospital is only to provide information to the [C]ommission on the issue and to let them know about the discussions we have had so far. The item is not on the agenda for a definite action by LAFCO on the issue." We concur, and request that the Commission not take any action on this item at this time.

A. Prior Correspondence with Commission Staff.

By way of background, on November 4, 2010, the District received from Commission staff a written request that the District provide certain information related to the legal and financial relationship between the District and the Corporation. The District provided all requested information in a 144-page response on November 30, 2010.

Subsequently, Commission staff requested a follow-up meeting with Matt Harris, Controller for El Camino Hospital. Mr. Harris and counsel met with Commission staff as requested on January 7, 2011.

The District has been open and cooperative with Commission staff regarding these requests for information and meetings, and previously informed Commission staff that the District would be considering issues raised by Commission staff related to the service boundaries of the District. However, the District Board of Directors has not yet had time to consider these issues and provide direction for continuing discussions with Commission staff, which is one of the reasons why we believe Commission action on this matter at this time is premature.

B. Factual Corrections to Staff Report.

There are a number of factual errors contained in the staff report for this matter. Some examples including the following:

1. The staff report states that the District issued general obligation bonds in 2003. The general obligation bonds were actually issued in 2006.

2. The staff report states that "in 2009 [the Corporation] started operating a hospital on the Los Gatos Campus." To clarify, the Corporation is operating the Los Gatos campus as part of a single hospital that includes both the Mountain View campus and the Los Gatos campus that operate under a single consolidated license issue to the Corporation pursuant to Health and Safety Code Section 1250.8. The Los Gatos campus is not a separate hospital.

3. The staff report states that the Corporation's Board is the same as the District's Board. In fact, the Corporation and the District have separate Boards, which meet separately, and the Corporation's Board includes the Chief Executive Officer of the Corporation, who is not a member of the District's Board.

4. The staff report incorrectly states that District funds have been used to acquire/operate the Los Gatos campus, that the area served by the Los Gatos campus is benefitting from District services/funding without participating in the funding mechanism, and that taxes levied by the District within its boundaries are being used outside the current District's boundary to benefit residents there. As the District has previously disclosed to the Commission staff, no District funds or taxes levied by the District have been used to acquire, purchase equipment for, or operate the Los Gatos campus.

C. Disregarding El Camino Hospital Corporation as a Separate Legal Entity Is Not Justified.

LAFCO staff appears to recommend that the Commission conclude that the District is operating health care facilities outside of its jurisdiction without Commission approval in violation of Government Code Section 56113, essentially because of the Corporation's acquisition of the Los Gatos campus assets in 2009 and the Corporation's operations at the Los Gatos campus. The staff bases this recommendation upon an assertion that the Corporation should be disregarded as a separate legal entity from the District. The staff report asserts that the District and the Corporation are not separate legal entities because of the following:

1. The District is the sole member of Corporation.
2. The District selects the Board of Directors of the Corporation.
3. The District and the Corporation have the same Board of Directors. (As noted above, this is not correct.)
4. The District and the Corporation do not have a separate administrations, employees or websites.
5. In the event of dissolution of Corporation, all assets of the Corporation would transfer the District.

In fact, all of the above factors are extremely common in situations where one legal entity is wholly owned by another legal entity -- and it is well settled that this does not mean that the parent and the subsidiary are not separate legal entities. In California, "[c]orporate entities are presumed to have separate existences" and "common ownership or control alone is never enough to establish parent liability." (*Laird v. Capital Cities/ABC, Inc.* (1998) 68 Cal.App.4<sup>th</sup> 727, 738; *see also, Mid-Century Ins. Co. v. Gardner* (1992) 9 Cal.App.4<sup>th</sup> 1205, 1212 ("*Mid-Century*").) Accordingly, when determining whether to disregard corporate status, "[t]he courts have cautioned against relying too heavily in isolation of the factors of ... concentration of ownership or control." (*Mid-Century, supra*, 9 Cal.App.4<sup>th</sup> at p. 1213.) This caution applies with particular force here, where the District and the Corporation are recognized as separate legal entities under state statutes. (*See, e.g., Health and Safety Code § 32121.7.*) Indeed, it is questionable whether the "alter ego" doctrine can ever be applied against a governmental entity. (*Tucker Land Co. v. California* (2001) 94 Cal.App.4<sup>th</sup> 1191, 1201.)

The staff report then makes the additional incorrect assertion that the revenues from the Mountain View campus operations are not in fact revenues of Corporation, but rather are revenues of District. This is incorrect. The Mountain View campus property has been ground leased by the District to the Corporation since 1992, and the Mountain View campus improvements were purchased from the District by the Corporation in 1992 for fair market value, after such improvements were constructed by the District using tax-exempt debt. As the ground lessee of the property and the owner of the improvements constituting the Mountain View campus, revenues generated by the Mountain View campus are Corporation revenues, not District revenues. To assert otherwise would also requires the Commission to disregard that the Corporation as a separate legal entity from the District, which is not justified or legally defensible.



D. Conclusion.

For the reasons stated above, the District strongly disagrees with statements in the staff report that the District is operating health care facilities outside its jurisdiction without Commission approval in violation of Government Code Section 56113, and that the Corporation should be disregarded as a separate legal entity.

We respectfully request that the Commission defer or continue the El Camino Hospital District item on the agenda for the February 2<sup>nd</sup> Commission meeting until a later date, to allow additional time for Commission staff and District representatives to continue discussions to identify and address all parties' concerns regarding this matter.

Sincerely,



Gregory B. Caligari

58723\4056322v2A

cc: (by email)  
Chairperson Kniss (Liz.Kniss@bos.sccgov.org)  
Vice-Chairperson Constant (Pete.Constant@sanjoseca.gov)  
Commissioner Abe-Koga (Margaret.AbeKoga@mountainveiw.gov)  
Commissioner Wasserman (Mike.Wasserman@bos.sccgov.org)  
Commissioner Vicklund-Wilson (Susan@svwilsonlaw.com)  
Emmanuel Abello, LAFCO Clerk (Emmanuel.Abello@ceo.sccgov.org)  
Malathy Subramanian, LAFCO Counsel (Malathy.Subramanian@bbklaw.com)  
Wesley F. Alles, Board of Directors, El Camino Hospital District (walles@stanford.edu)  
Uwe R. Kladde, Board of Directors, El Camino Hospital District (kladdeu@yahoo.com)  
David Reeder, Board of Directors, El Camino Hospital District (dwreeder@sbcglobal.net)  
John L. Zoglin, Board of Directors, El Camino Hospital District (jzoglin@comcast.net)  
Patricia A. Einarson, M.D., M.B.A., Board of Directors, El Camino Hospital District (peinarson@stanfordalumi.net)  
Ken Graham, President and Chief Executive Officer, El Camino Hospital Corporation (Ken\_Graham@elcaminohospital.org)





## ITEM NO. 5

### ATTACHMENT B

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

Gregory B. Caligari  
415.262.5111  
gcaligari@coxcastle.com

March 30, 2011

File No. 62721

VIA E-MAIL (NEELIMA.PALACHERLA@CEO.SCCGOV.ORG)  
AND U.S. MAIL

Neelima Palacherla, Executive Officer  
Santa Clara Local Agency Formation Commission  
70 West Hedding Street  
11th Floor, East Wing  
San Jose, CA 95110

Re: El Camino Hospital District

Dear Neelima:

We are writing to follow-up on our meeting of February 23, 2011. As requested, we have reviewed the historic files of El Camino Hospital District (the "District") and El Camino Hospital, a California nonprofit public benefit corporation (the "Corporation") in relation to the 1992 sale and transfer of the Mountain View hospital campus facilities and related assets and liabilities from the District to the Corporation.

At the time of such transfer, the Board of Directors of the District determined that it would best serve the interests of the District and the communities served by the District for the District to:

(a) lease its land (not including the buildings, fixtures and other improvements on the land) owned by the District to El Camino Healthcare System, a California nonprofit public benefit corporation, pursuant to that certain Ground Lease Agreement between the District and the Corporation dated as of December 17, 1992 (the "Ground Lease") (note that the Corporation is the successor in interest to the original lessee under the Ground Lease by name change, as reflected in the Corporation's Articles of Incorporation, and such predecessor is also sometimes referred to in this letter as "Corporation");

(b) transfer all of the District's personal property and certain other assets and obligations to the Corporation pursuant to that certain Asset Transfer Agreement between the District and the Corporation dated as of December 17, 1992 (the "Asset Transfer Agreement"); and

(c) sell most of the District's buildings and certain other assets to the Corporation pursuant to that certain Building Sale Agreement between the District and the Corporation dated as of December 17, 1992 (the "Building Sale Agreement").

A copy of the Ground Lease was previously provided as an attachment to the November 30, 2010 letter to you from Matt Harris, Controller of El Camino Hospital. A copy of the Asset Transfer Agreement is attached to this letter as Attachment 1. A copy of the Building Sale Agreement is attached to this letter as Attachment 2.

Pursuant to the original Ground Lease, the real estate upon which the Mountain View hospital campus is located was leased by the District to the Corporation for a 30-year term, commencing on December 31, 1992 and continuing until December 31, 2022, unless otherwise terminated or extended pursuant to the Ground Lease. On November 3, 2004, the District and the Corporation entered into that certain First Amendment to the Ground Lease (the "First Amendment to Ground Lease"), which extended the term of the Ground Lease to December 31, 2054. A copy of the First Amendment to Ground Lease is attached hereto as Attachment 3.

Under the Ground Lease, the Corporation pays the District annual rent that was initially set at \$50,000 per year, and which amount is adjusted annually pursuant to a CPI index adjustment. (See Section 3.1, Ground Lease) In addition, the Corporation is required to undertake a number of other obligations under the Ground Lease, including without limitation, completing construction of the maternal-child health building on the leased property and entering into the PRN Agreement (See Sections 5.7 and 5.9, Ground Lease).

The original Ground Lease provided that, at the end of the term of the Ground Lease, the leased property would revert back to the District along with all the buildings and other permanent fixtures located on the leased property, and that the District would be required to pay the residual value of such buildings and fixtures to the Corporation. In addition to extending the term, the First Amendment to Ground Lease provided that the District would construct certain "New Improvements" (as defined in the First Amendment to Lease) on the leased property, which New Improvements would be owned by the Corporation during the term of the Ground Lease, and which ownership would also revert to the District upon the termination of the Ground Lease. The First Amendment to Ground Lease clarified that the District's obligation to pay the Corporation for the residual value of the buildings and fixtures on the leased property at the end of the term did not apply to the New Improvements, for which no residual value was required to be paid by the District. The New Improvements consisted primarily of a new five-level main hospital building consisting of approximately 550,000 square feet of new and upgraded facilities. The total cost of the new hospital building and associated equipment totaled approximately \$460 million dollars, which was funded in part from proceeds of (i) the District's 2006 General Obligation Bonds issued in December 2006 in the aggregate amount of \$148 million (i.e., the GO Bonds described in the First Amendment to Lease), (ii) the Corporation's Insured Revenue Bonds issued by the Santa Clara County Financing Authority, Series 2007A, 2007B, and 2007C in the aggregate principal amount of \$150 million, and (iii) the Corporation's Variable Rate Revenue Bonds issued by the Santa Clara County Financing Authority, Series 2009A, in the amount of \$50 million. The balance was funded by cash reserves of the Corporation. The new hospital building was not completed and opened for occupancy until November of 2009, over six (6) months after the Corporation acquired the El Camino Hospital Campus in Los Gatos.

Pursuant to the Asset Transfer Agreement, in December of 1992, the District transferred to the Corporation the District's right, title and interest in and to the personal property and other assets defined in the Asset Transfer Agreement as the "Transferred Assets." In exchange, the Corporation agreed to "use, operate and maintain the Transferred Assets exclusively for the benefit of the present and future health care needs of the communities served by [the] District and [the] Corporation." (See Section 1.04, Asset Transfer Agreement.) The Corporation also agreed to indemnify and defend the District and pay any sums ultimately owed by the District with respect to any assessments, fees, taxes or other payments due as a result of the transfer of the Transferred Assets pursuant to the Asset Transfer Agreement, and to administer the employee compensation, benefit and retiree health programs as set forth in Schedule 3.04 to the Asset Transfer Agreement and any revisions thereto. (See Sections 2.02 and 3.04, Asset Transfer Agreement.) The Corporation was not obligated to make any payment of cash to the District in exchange for the Transferred Assets. (See Section 2.01, Asset Transfer Agreement.)

The Asset Transfer Agreement expressly provided that the District did not intend by the transfer of the assets pursuant thereto to dissolve the District, *de facto* or otherwise, that the District intended to maintain its existence as a local hospital district organized under the Local Hospital District Law of the State of California, and that the District would continue to exercise all of its rights and powers under the Local Hospital District Law and did not grant or delegate any such rights or powers. (See Section 5.04, Asset Transfer Agreement). The Asset Transfer Agreement also expressly provided that the agreement did not "vest in District any right to control or govern the activities or operations of [the] Corporation." (See Section 5.04, Asset Transfer Agreement).

Separately, pursuant to the Building Sale Agreement, in December of 1992, the District sold to the Corporation the "Buildings" (as defined in the Building Sale Agreement), consisting of all the buildings and other fixtures and improvements located on the land subject to the Ground Lease, other than the maternal-child health building that was then under construction and was separately included as one of the Transferred Assets under the Asset Transfer Agreement – essentially, all the buildings that constituted the Mountain View hospital. In exchange, the Corporation assumed liabilities of the District in an amount of \$16,950,000, and also made a cash payment to the District in the amount of \$31,645,000, the total of which equaled the \$48,595,000 fair market value of the Buildings. (See Article 3, Building Sale Agreement.)

In 1992, the Board of the Directors of the Corporation authorized the Corporation to incur debt in an amount up to \$40,000,000. Pursuant to this authorization, in December 1992, the Corporation issued \$32,576,000 of Nonrecourse Taxable Commercial Paper Bond Anticipation Notes, to raise cash proceeds that were used by the Corporation to pay the District to acquire the Buildings under the Building Sale Agreement.

The transactions consummated under the Ground Lease, the Asset Transfer Agreement and the Building Purchase Agreement were undertaken by the District in accordance with the Local Hospital District Law, and in particular Health and Safety Code §§ 32121(c) and (p)(1), which at the time of the transfer stated that local hospital districts shall have and may exercise the following powers:

(c) To purchase, receive, have, take, hold, lease, use, and enjoy property of every kind and description within and without the limits of the district, and to control, dispose of, convey, and encumber the same and create a leasehold interest in the same for the benefit of the district.

(p)(1) To transfer, with or without consideration, any part of its assets to one or more nonprofit corporations to operate and maintain the assets for the benefit of the communities served by the district. The initial members of the board of directors of the nonprofit corporation or corporations shall be approved by the board of directors of the hospital district and shall be residents of the district . . . .

A copy of Section 32121 of the Local Hospital District Law in effect as of December 1992 is attached hereto as Attachment 4. There is nothing under the Ground Lease, the Asset Transfer Agreement, the Building Purchase Agreement, or in the Local Hospital District Law which states or requires that revenues from the assets sold or transferred by the District to the Corporation and generated after the date of such sale or transfer are revenues of the District and not of the Corporation.

We hope this information addresses your outstanding questions regarding this matter. That said, please do not hesitate to contact me if you have any further questions or would like us to provide you with any further information.

Sincerely,



Gregory B. Caligari

GBC

62721\4067341v4

cc: (by email/.pdf)

Malathy Subramanian, Esq. (Malathy.Subramanian@bbklaw.com)

Mitchell J. Olejko, Esq. (Mitchell.Olejko@ropesgray.com)

**LAFCO MEETING:** April 20, 2011  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** **Appointment of LAFCO Public Member and Alternate Public Member**  
  
**Agenda Item #6**

### **RECOMMENDED ACTION**

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Reappoint Susan Vicklund-Wilson as Public Member and Terry Trumbull as Alternate Public Member to new four-year terms, for the period from May 2011 to May 2015.

### **BACKGROUND**

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LAFCO Public Member, Susan Vicklund-Wilson's and Alternate Public Member, Terry Trumbull's terms expire in May 2011. Both Commissioners have expressed interest in being reappointed to LAFCO for new 4-year terms starting in May 2011. Government Code Section 56327 requires that the public member be appointed by the four members of the Commission. The statute leaves the public member selection process to the discretion of the four commission members except to provide (applicable to Santa Clara County only) that the public member must not be a resident of a city which is already represented on the Commission.

At the February 2, 2011 LAFCO Meeting, LAFCO staff presented the following two possible options for appointing the public member and alternate public member:

Option 1: Reappoint Public Member Susan Vicklund- Wilson and Alternate Public Member Terry Trumbull each to a 4-year term.

Option 2: Use a formal recruitment process to fill the public member and alternate public member positions.

LAFCO (with Commissioner Vicklund-Wilson abstaining), at its February 2, 2011 Meeting, indicated that they would like to reappoint Susan Vicklund-Wilson as Public Member and Terry Trumbull as Alternate Public Member for a four-year term, from May 2011 to May 2015. LAFCO directed staff to place this item on the April 20, 2011 LAFCO agenda for their action.

**LAFCO MEETING:** June 1, 2011  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** PROPOSED REVISION TO LAFCO'S WORK PLAN FOR REMAINING SERVICE REVIEWS

**STAFF RECOMMENDATION**

---

Revise the Service Review Work Plan to authorize staff to conduct a single countywide service review for all services (excluding fire protection service and water service) provided by cities and special districts.

**BACKGROUND**

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In October 2009, LAFCO approved a work plan, including specific priorities, for conducting LAFCO's second round of required service reviews and sphere of influence updates. LAFCO's first priority, a countywide fire protection service review was completed in December 2010. LAFCO's second priority, a countywide water service review is underway and will be completed in December 2011. According to the Commission's approved work plan, the two remaining service reviews are to be conducted at a sub-regional level, with one review focusing on agencies in central and southern Santa Clara County and the other review focusing on agencies in northern and western Santa Clara County - similar to the approach used for LAFCO's successful inaugural round of service reviews.

**PROPOSED REVISIONS TO WORK PLAN FOR SERVICE REVIEWS AND SOI UPDATES**

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Since October 2009, LAFCO staff has reflected on its various experiences with planning and conducting the service reviews and sphere of influence updates, as well as, pursuing further research on specific options identified in prior service review reports for achieving service efficiencies. After much consideration, staff is recommending that LAFCO revise its work plan for conducting the two remaining service reviews. Specifically, staff is recommending that LAFCO conduct a single countywide service review for all services (excluding fire protection service and water service) provided by the 15 cities and 17 remaining special districts rather than breaking it up into two sub-regional services reviews.

Staff believes that a single countywide service review approach will allow for special districts that provide the same or similar services to be studied together regardless of their location in the county (e.g. Midpeninsula Regional Open Space District which serves the northern part of the County, could be studied alongside the Santa Clara



County Open Space Authority which serves the southern part of the county). This approach would allow for a more comparative review of how a particular service is provided throughout the county, and would allow for the identification of shared issues as well as opportunities for special districts to collaborate to achieve greater service efficiencies. Similarly, the countywide service review approach will continue to allow special districts and cities with overlapping territory to be studied together, which could lead to the identification of opportunities for cities and special districts to collaborate to achieve greater service efficiencies. A single countywide service review approach will also simplify the request for proposals (RFP) process.

Although staff anticipates that there will be some cost savings by conducting a single countywide service review rather than two sub-regional reviews, it is unclear at this time whether the \$80,000 budgeted for FY 2012 will be adequate to secure a qualified consultant to prepare a single, albeit larger, countywide service review. Staff is currently surveying other LAFCOs concerning the typical costs. However, costs are very dependent on the scope of the study and the specific expertise that is needed in order to complete the study.

Given the number of agencies that will need to be addressed in a countywide study and the likely scope of the study, it is anticipated that the timeline for completing it will extend into Fiscal Year 2012-2013. Such a timeline would provide an opportunity for the countywide service review to be completed, if necessary, in two phases and funded over two fiscal years (i.e. FY 2011-2012 and FY 2012-2013).

#### **NEXT STEPS**

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If LAFCO approves the proposed revisions to the work plan, staff will develop a detailed work plan for completing a single countywide service review. Staff will present this work plan, including a recommended budget, to the Commission for their consideration and approval at the October 5<sup>th</sup> LAFCO Meeting.

**LAFCO MEETING:** June 1, 2011  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** UPDATE ON ISLAND ANNEXATIONS IN SANTA CLARA COUNTY

### **STAFF RECOMMENDATION**

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Accept staff report and provide further direction to staff, as necessary.

### **BACKGROUND**

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#### **Letters Sent to Cities Regarding Their Remaining Unincorporated Islands**

In early May, LAFCO staff provided each city (except Campbell and Palo Alto which do not have unincorporated islands) with a customized letter concerning the status of islands within the city's Urban Service Area (USA). The purpose of each letter was to request that the city review their remaining unincorporated islands and inform LAFCO of their plans regarding these islands. Each letter identified the specific city's remaining unincorporated islands including their approximate acreage; identified those islands that may be eligible for the streamlined annexation process; and requested that the city also review remaining islands to determine whether the city intends to retain them within their USA boundary for eventual annexation. For those islands indentified by a city as not appropriate for annexation, staff requested that the city consider whether to exclude these areas from its USA boundary and notify LAFCO staff of their decision.

#### **Received Responses and Inquiries from Milpitas, Mountain View, and Cupertino and Follow-Up Underway**

To date, LAFCO staff has received responses and inquiries from the Cities of Milpitas, Mountain View, and Cupertino. Milpitas staff expressed interest in annexing their one remaining island and LAFCO staff is working with them to facilitate this. Mountain View staff noted that their remaining two islands are owned and operated by Federal interests and inquired as to how that might impact the outcome of an annexation effort. LAFCO staff is researching this issue and will be discussing this issue with City staff.

City of Cupertino staff raised some questions concerning the location and historical accuracy of the City's USA boundary as well as the logic of including various areas within the City's USA boundary. LAFCO staff is scheduled to meet with Cupertino staff on June 2<sup>nd</sup> to discuss the various issues raised in their letter.



## **ATTACHMENT**

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Attachment A: May 2, 2011 Letters to Cities Regarding the Status of Unincorporated Land within Urban Service Area (Unincorporated Islands). *Corresponding maps are available on the LAFCO website as part of this Agenda Item. Hard copies of the maps are also available in the LAFCO Office.*

**LETTERS EMAILED TO CITIES REGARDING  
THEIR REMAINING UNINCORPORATED ISLANDS**

1. [City of Cupertino](#)
2. [City of Gilroy](#)
3. [City of Los Altos](#)
4. [Town of Los Altos Hills](#)
5. [Town of Los Gatos](#)
6. [City of Milpitas](#)
7. [City of Monte Sereno](#)
8. [City of Morgan Hill](#)
9. [City Mountain View](#)
10. [City of San Jose](#)
11. [City of Santa Clara](#)
12. [City of Saratoga](#)
13. [City of Sunnyvale](#)





May 2, 2011

Aarti Shrivastava  
Director of Community Development  
City of Cupertino  
10300 Torre Avenue  
Cupertino, CA 95041

**RE: Status of Unincorporated Lands within the City of Cupertino's Urban Service Area (Unincorporated Islands)**

Dear Ms. Shrivastava:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands within each city's urban service area and to report back to the Commission on each city's plans regarding its islands.

**Five Unincorporated Islands Remain in the City of Cupertino**

The City of Cupertino has a long history of annexing unincorporated islands, having successfully annexed several large populated islands over the last 15 years. As a result, only five islands (see table below and attached maps) still remain in the City's Urban Service Area (USA).

CUPERTINO	
Island ID #	No. of Acres
CP01	189.1
CP02	51.3
CP03	267.7
CP04	3.8
CP05	1.4
<b>Total</b>	<b>513.3</b>

## **Annex Islands that Qualify for the Streamlined Annexation Process**

CP02 (i.e. Creston) is approximately 51.3 acres and consists primarily of private residential development and is eligible for annexation through the streamlined annexation process. Islands such as Creston, are substantially developed and create inefficiencies / confusion in terms of provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing Creston.

## **Review Remaining Islands**

In terms of the City's four other remaining islands (CP01, CP03, CP04, and CP05), please review these islands that may or may not qualify for the streamlined annexation process, and determine whether the City intends to retain them within the City's USA boundary for eventual annexation.

For those islands that the City intends to retain in its USA, please explain what the City's rationale is for retaining them in its USA and when the City plans to annex them.

For those areas not appropriate for eventual annexation, the City should consider whether to exclude these areas from its USA. Please contact LAFCO staff to discuss the USA amendment process and time-line for resolving these islands.

## **A Response is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban

service area amendment plans for these islands as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148 / [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

Cc:

David Knapp, City Manager, City of Cupertino  
Cupertino City Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County  
LAFCO Members





**189.1 Acres**  
CPI 1

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas

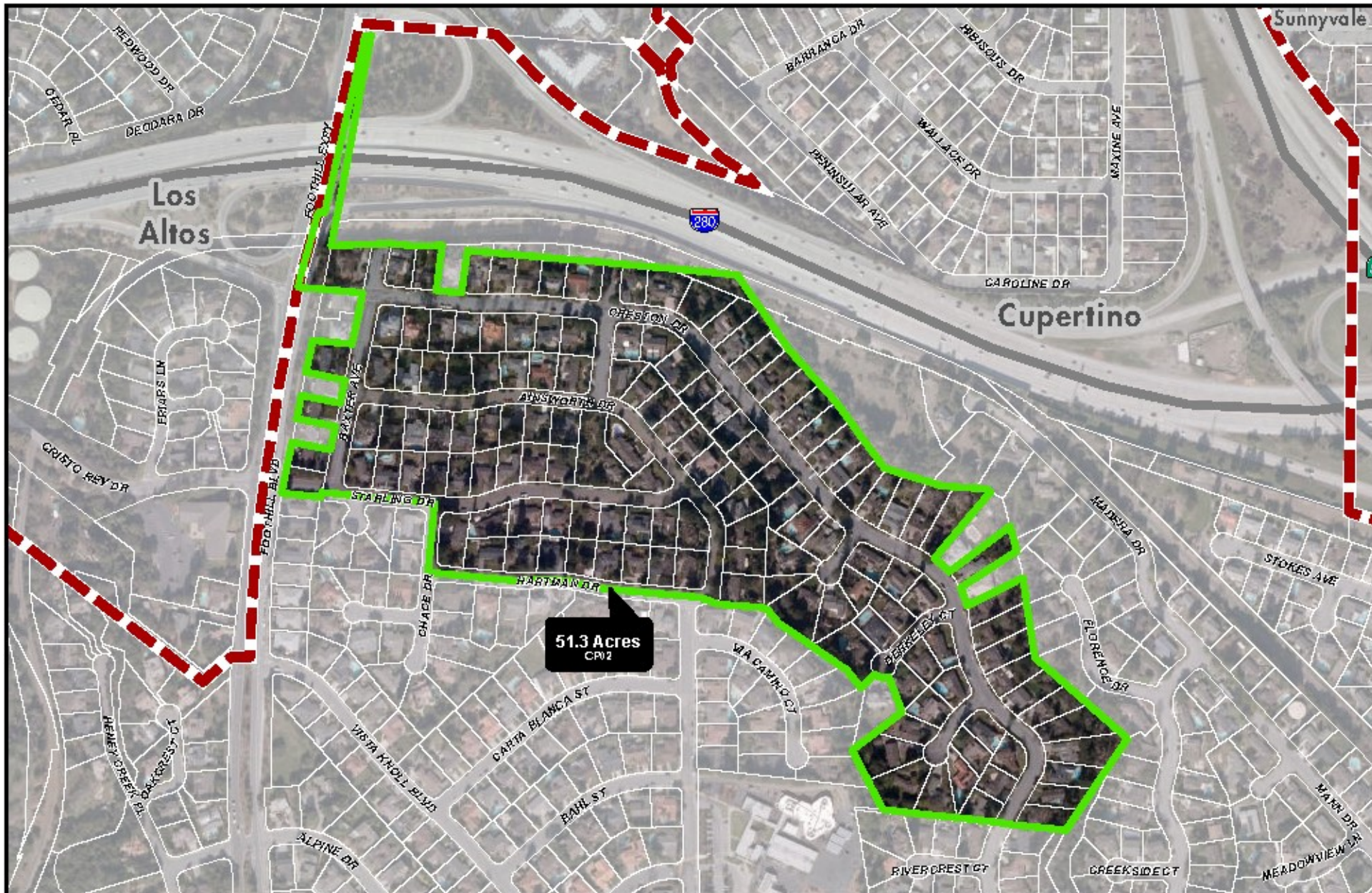


Urban Island > 150 Acres





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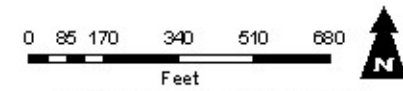


SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

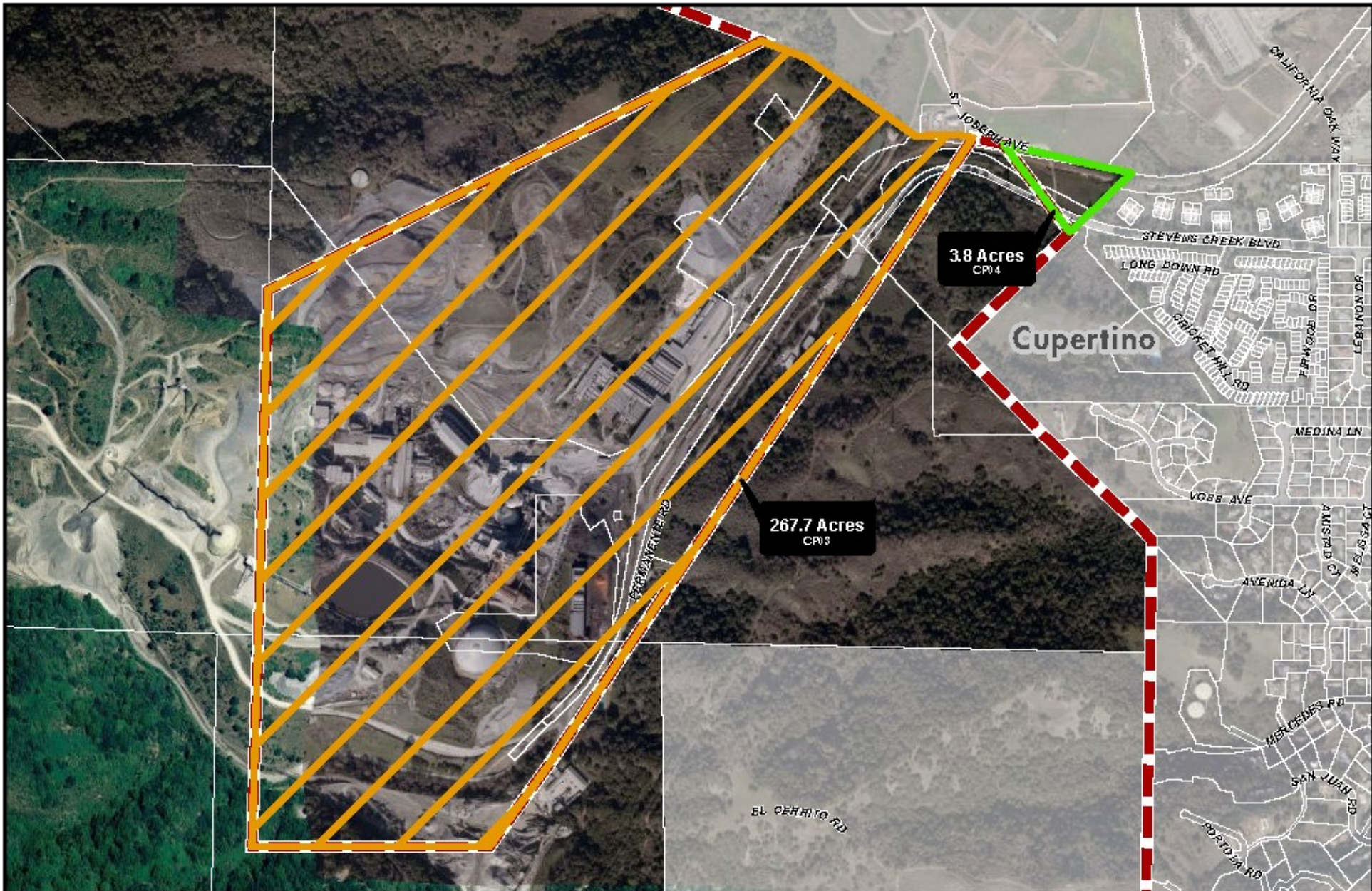
-  Urban Service Area
-  Incorporated Areas

-  Urban Island ≤ 150 Acres
-  Urban Island > 150 Acres




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SANTA CLARA COUNTY  
**Urban Islands 2011**

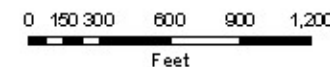
Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

 Urban Service Area

 Incorporated Areas

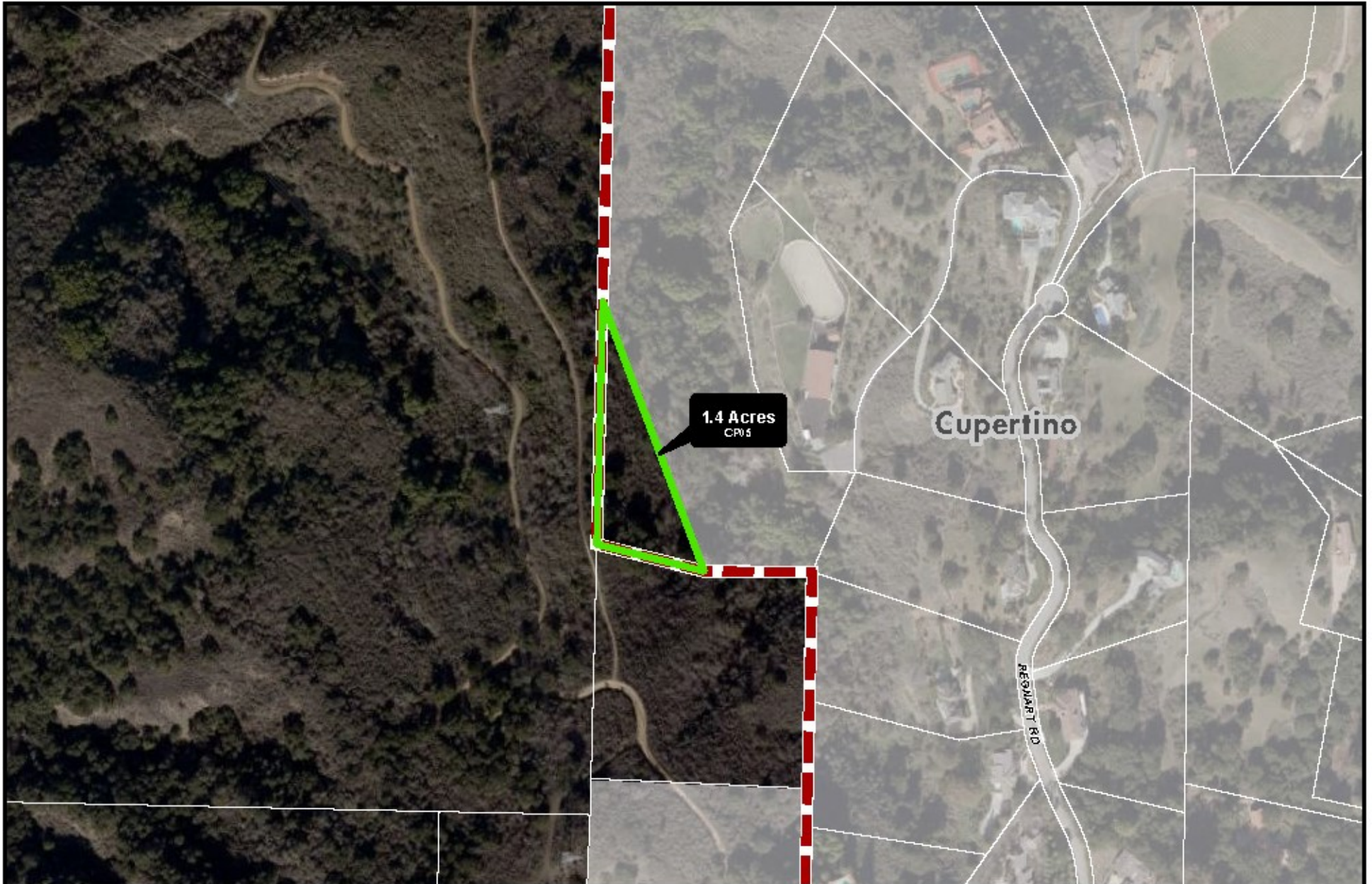
 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres



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SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

0 55 110 220 330 440

Feet



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May 2, 2011

Kristi Abrams  
Manager, Development Center  
City of Gilroy  
7351 Rosanna St.  
Gilroy, CA 95020

**RE: Status of Unincorporated Lands within the City of Gilroy's Urban Service Area (Unincorporated Islands)**

Dear Ms. Abrams:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands and to report back to the Commission on each city's plans regarding its islands.

**Four Unincorporated Islands Remain in the City of Gilroy**

The City of Gilroy has four unincorporated areas/islands within its Urban Service Area (USA). See table below and attached maps.

GILROY	
Island ID #	No. of
GR01	76.5
GR02	12.5
GR03	16.5
GR04	1.0
<b>Total</b>	<b>106.5</b>



## **Annex Islands that Qualify for the Streamlined Annexation Process**

GR04 is approximately 1 acre and consists of a single family home and is eligible for annexation through the streamlined annexation process. Islands such as this, are substantially developed and create inefficiencies / confusion in terms of the provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing GR04.

## **Review Remaining Islands**

In terms of the City's three other remaining islands (GR01, GR02, and GR03), please review these islands that may or may not qualify for the streamlined annexation process, and determine whether the City intends to retain them within the City's USA boundary for eventual annexation.

For those islands that the City intends to retain in its USA boundary, please explain what the City's rationale is for retaining them in its USA and when the City plans to annex them.

For those areas not appropriate for eventual annexation, the City should consider whether to exclude these areas from its USA. Please contact LAFCO staff to discuss the USA amendment process and time-line for resolving these islands.

## **A Response from the City is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban service area amendment plans for these islands as soon as possible and no later than June

10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or at [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148/ [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

**Cc:**

Thomas Haglund, City Manager, City of Cupertino

Gilroy City Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County  
LAFCO Members









**76.5 Acres**  
GR01

**Gilroy**

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Incorporated Areas

-  Urban Island ≤ 150 Acres
-  Urban Island > 150 Acres



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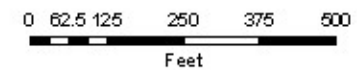
SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

Gilroy: Page 2 of 4

-  Urban Service Area
-  Incorporated Areas

-  Urban Island ≤ 150 Acres
-  Urban Island > 150 Acres



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SANTA CLARA COUNTY  
**Urban Islands 2011**

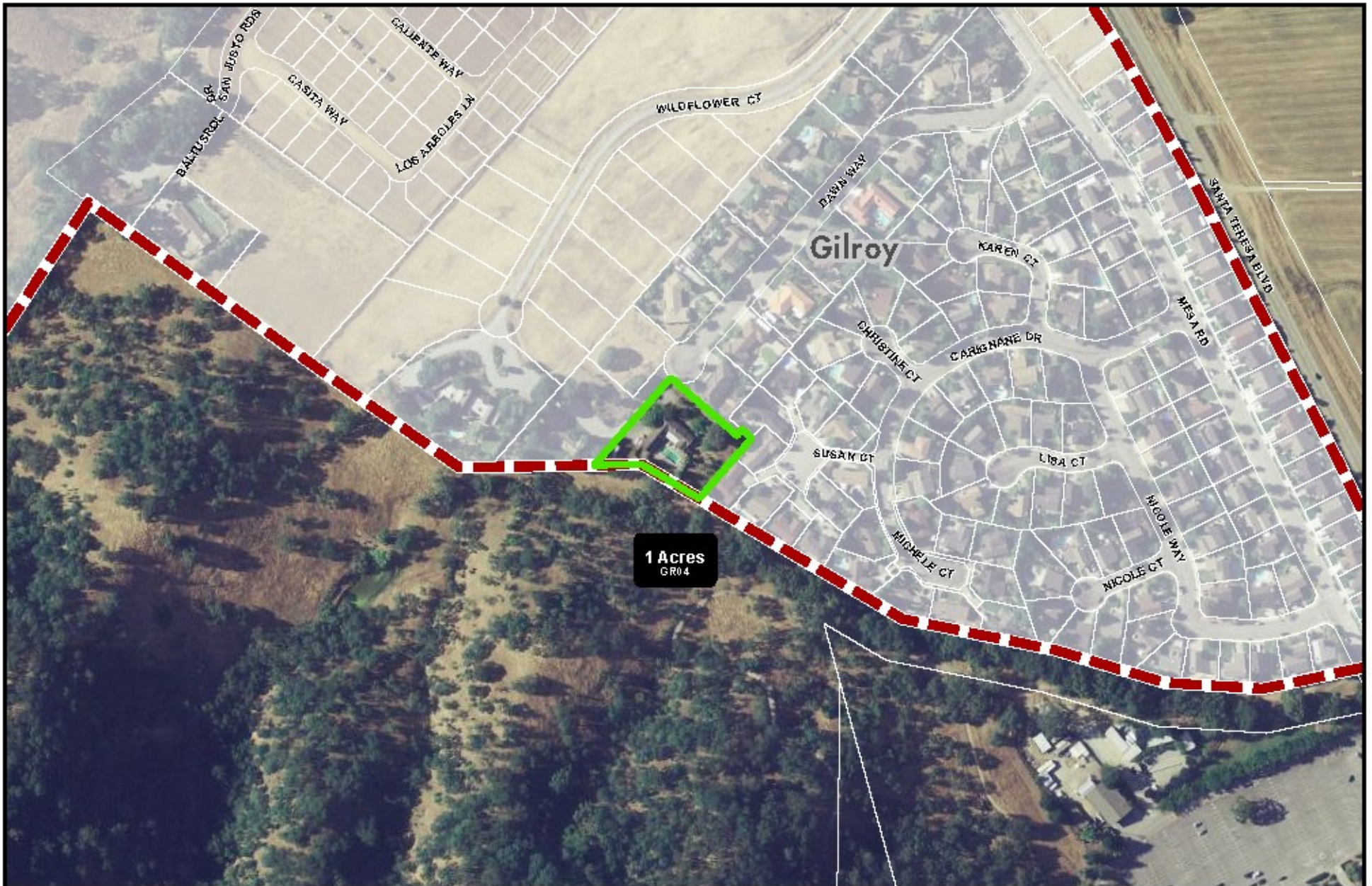
Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres



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1 Acres  
GR04

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

0 62.5 125 250 375 500

Feet



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May 2, 2011

James Walgren, AICP  
Director of Community Development  
City of Los Altos  
One North San Antonio Road  
Los Altos, CA 94022

**RE: Status of Unincorporated Lands within the City of Los Altos' Urban Service Area (Unincorporated Islands)**

Dear Mr. Walgren:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands within each city's urban service area and to report back to the Commission on each city's plans regarding its islands.

**One Unincorporated Island Remains in the City of Los Altos**

The City of Los Altos has a history of annexing unincorporated islands, having successfully annexed two populated islands over the last 6 years. As a result, only one island (see table below and attached map) still remains in the City's Urban Service Area (USA).

LOS ALTOS	
Island ID #	No. of Acres
LA01	627.4
<b>Total</b>	<b>627.4</b>

**Review Remaining Island**

LA01 (i.e. Country Club Area) is approximately 627.4 acres in size and consists primarily of private residential development. LA01 is not eligible for annexation through the streamlined annexation process due to its size (i.e. being greater than



150 acres). Nevertheless, islands such as this are substantially developed and create inefficiencies / confusion in terms of provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them. Annexation of such islands is a high priority for LAFCO and the County. Please provide us with an update on the City's plans and time-line for annexing the Country Club Area.

**A Response is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's plans for this island as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148/ [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

Map of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

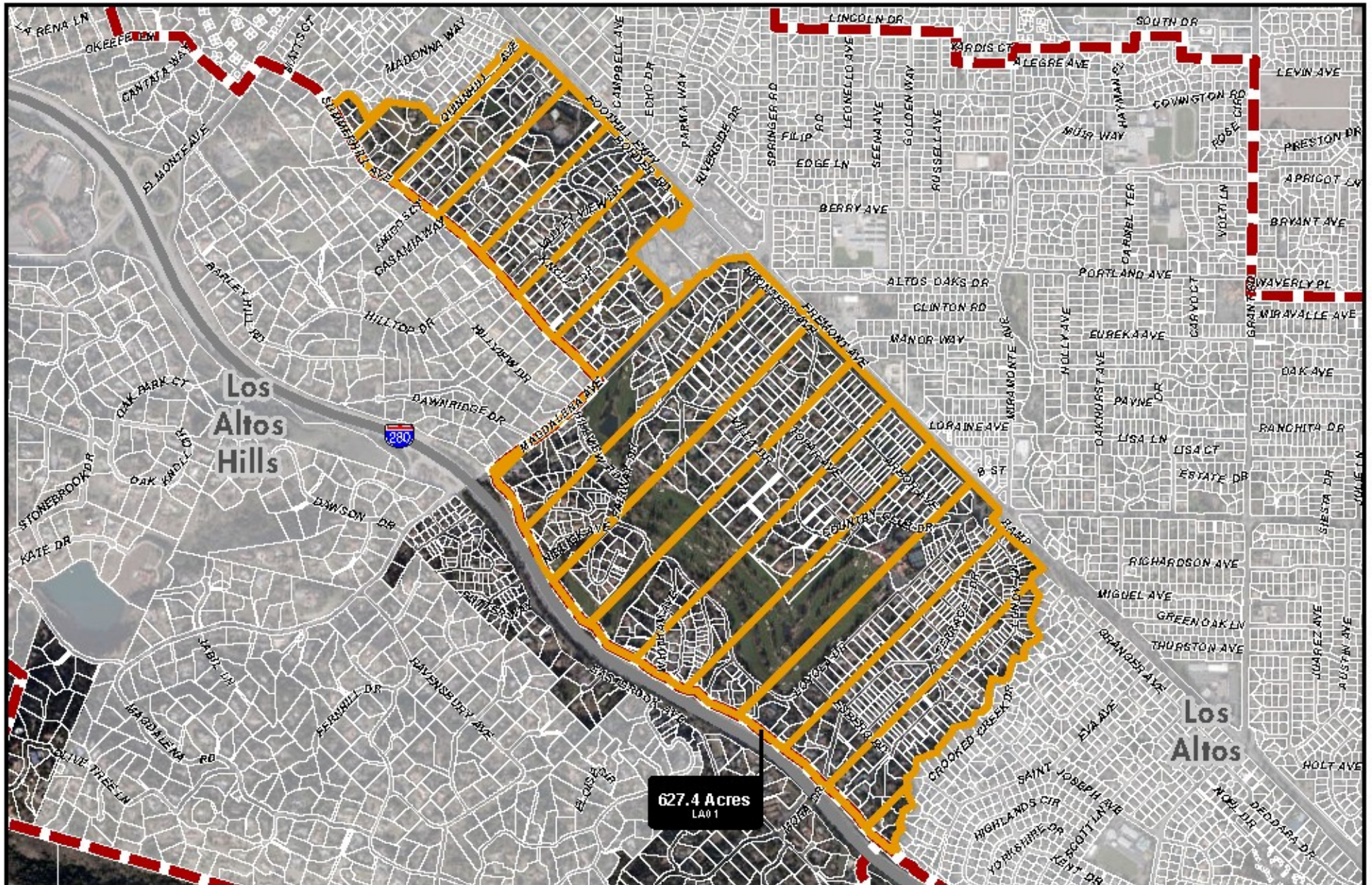
Cc:

Douglas J. Schmitz, City Manager, City of Los Altos

Los Altos City Council Members


Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County  
LAFCO Members







SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

 Urban Service Area

 Incorporated Areas

 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres

0 295 590 1,180 1,770 2,360

Feet



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May 2, 2011

Debbie Pedro, AICP  
Planning Director  
Town of Los Altos Hills  
26379 Fremont Road  
Los Altos Hills, CA 94022

**RE: Status of Unincorporated Lands within the Town of Los Altos Hills' Urban Service Area (Unincorporated Islands)**

Dear Ms. Pedro:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands and to report back to the Commission on each city's plans regarding its islands.

**Five Unincorporated Islands Remain in the Town of Los Altos Hills**

The Town has five unincorporated islands within its Urban Service Area (USA). See table below and attached maps.

LOS ALTOS HILLS	
Island ID #	No. of Acres
LAH01	18.6
LAH02	8.9
LAH03	32.8
LAH04	24.3
LAH05	236.9
<b>Total</b>	<b>321.5</b>



### **Annex Islands that Qualify for the Streamlined Annexation Process**

Islands LAH01, LAH02, LAH03, and LAH04 consist of primarily residential development and rural estates and are eligible for annexation through the streamlined annexation process. Islands such as these, are substantially developed and create inefficiencies / confusion in terms of the provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing LAH01, LAH02, LAH03, and LAH04.

### **Review Remaining Island**


In terms of the Town's large remaining island (LAH05), please review this island and consider opportunities to annex all or portions of it. As you know, LAFCO has approved several out of agency contracts for sewer service to many developed lots in Island LAH05. LAFCO approved those contracts in order to address an existing health and safety concern and with the understanding that the Town would annex these areas as soon as it becomes feasible. Annexation of these areas is now feasible, as they are now contiguous to the Town or would become contiguous as the Town annexes areas where LAFCO approved these out of agency contracts for sewer service.

### **A Response is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban service area amendment plans for these islands as soon as possible and no later

than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148 / [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

Cc:

Carl Cahill, City Manager, Town of Los Altos Hills


Los Altos Hills Town Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County  
LAFCO Members





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

 Urban Service Area

 Incorporated Areas

 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres




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SANTA CLARA COUNTY  
**Urban Islands 2011**

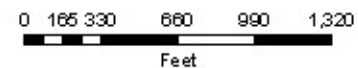
Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

 Urban Service Area

 Incorporated Areas

 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres



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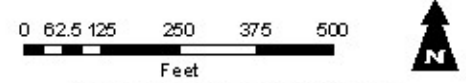
24.3 Acres  
LAH04

Los  
Altos  
Hills

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres





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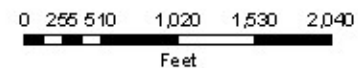


SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Incorporated Areas

-  Urban Island ≤ 150 Acres
-  Urban Island > 150 Acres



This map made by Santa Clara County Planning Office. It is CD and may vary from the actual situation. This map is not to be used for any other purpose. 2011 - 111-101-1 Page 4 of 4 Date: 10/10/11, 10:10:11 AM







May 2, 2011

Wendy Rooney, Community Development Director  
 Town of Los Gatos  
 110 East Main Street  
 P.O. Box 949  
 Los Gatos, CA 95031

**RE: Status of Unincorporated Lands within the Town of Los Gatos' Urban Service Area (Unincorporated Islands)**

Dear Ms. Rooney:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands within each city's urban service area and to report back to the Commission on each city's plans regarding its islands.

**Twenty-Six Unincorporated Islands Remain in the Town of Los Gatos**

With twenty-six unincorporated islands within its Urban Service Area (see table below and attached maps), the Town of Los Gatos currently has the largest number of unincorporated islands in the county.

LOS GATOS	
Island ID #	No. of Acres
LG01	40.7
LG02	171.6
LG03	0.9
LG04	2.8
LG05	3.1
LG06	1.0
LG07	1.8
LG08	17.8
LG09	0.6
LG10	1.9
LG11	0.5
LG12	2.4
LG13	0.5
LG14	0.1

LOS GATOS	
Island ID#	No. of Acres
LG15	0.3
LG16	1.3
LG17	67.8
LG18	4.5
LG19	378.3
LG20	11.7
LG21	179.9
LG22	4.0
LG23	9.9
LG24	12.2
LG25	15.7
LG26	16.0
<b>Total Islands</b>	<b>947.3</b>

### **Annex Islands that Qualify for the Streamlined Annexation Process**

All of the above listed islands (with the exception of LG02, LG08, LG19, LG20, LG21, LG25 and LG26) are of a size and nature that likely makes them eligible for annexation through the streamlined annexation process. Islands such as these are substantially developed and create inefficiencies / confusion in terms of the provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing these islands.

### **Review Remaining Islands**

In terms of the Town's seven other remaining islands (LG02, LG08, LG19, LG20, LG21, LG25 and LG26), please review these islands that may or may not qualify for the streamlined annexation process, and determine whether the Town intends to retain them within the Town's USA for eventual annexation.

For those islands that the Town intends to retain in its USA, please explain what the Town's rationale is for retaining them in its USA and when the Town plans to annex them.

For those areas not appropriate for eventual annexation, the City should consider whether to exclude these areas from its USA. Please contact LAFCO staff to discuss the USA amendment process and time-line for resolving these islands.

### **A Response is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban

service area amendment plans for these islands as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148 / [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

**Attachment:**

Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

**Cc:**

Greg Larson, City Manager, Town of Los Gatos

Los Gatos Town Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County

LAFCO Members





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

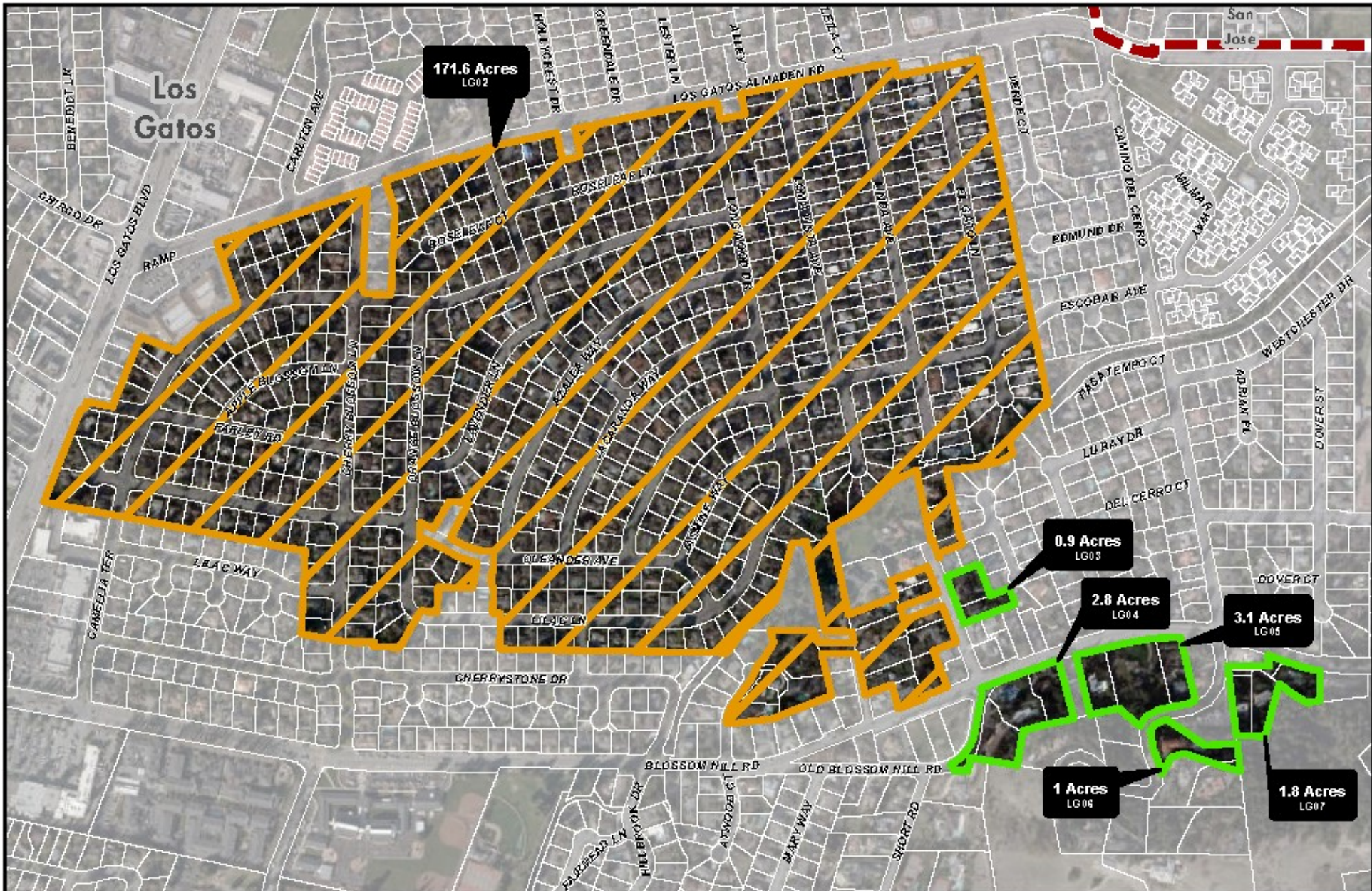
0 100 200 400 600 800

Feet





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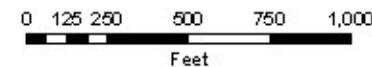


SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Incorporated Areas

-  Urban Island ≤ 150 Acres
-  Urban Island > 150 Acres



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17.8 Acres  
LG08

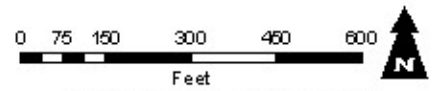
Monte Sereno

Los Gatos

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres



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SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

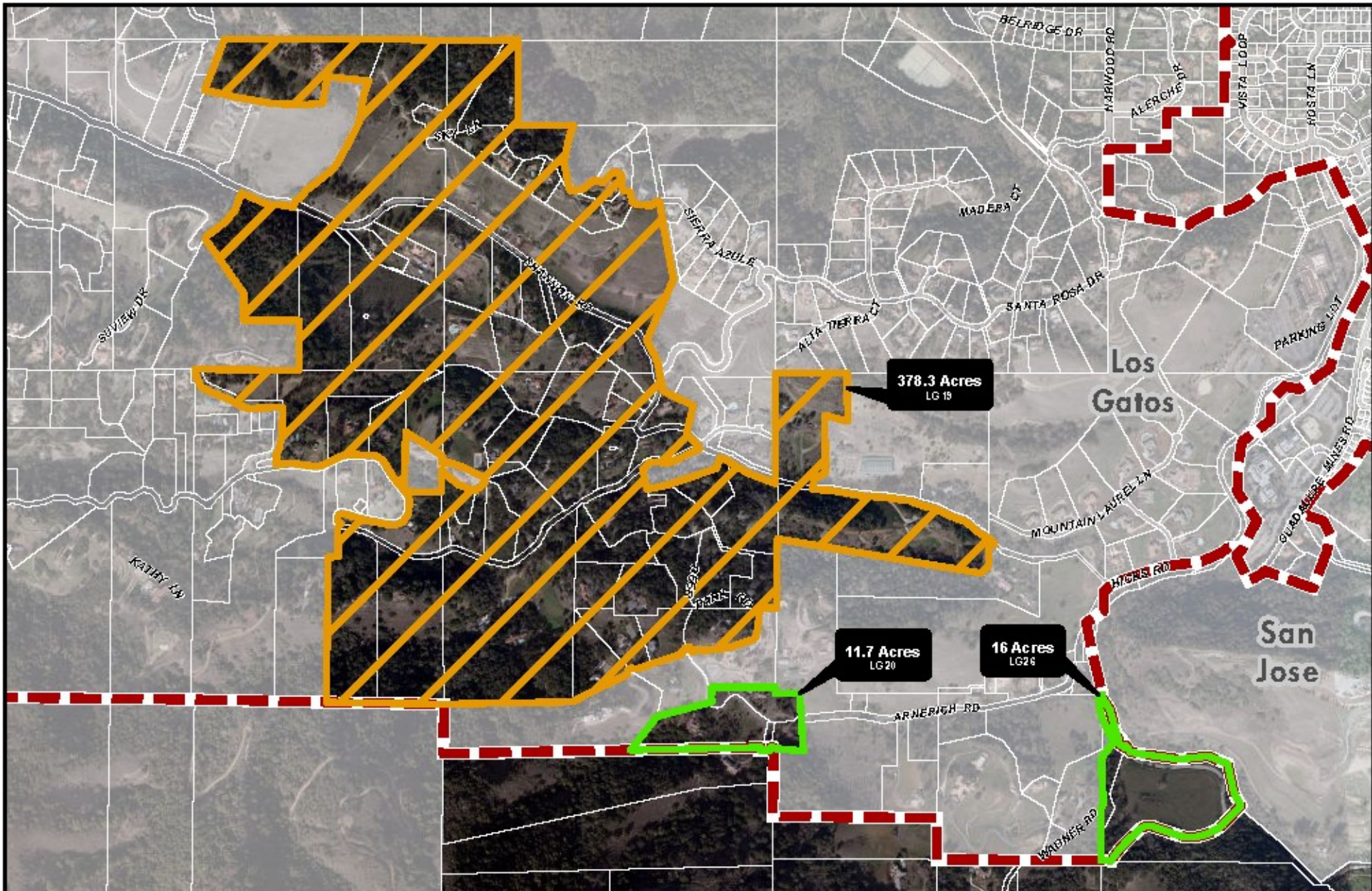
0 100 200 400 600 800

Feet



This map was prepared by the Santa Clara County Planning Division for the 2011 Urban Islands Study. The Planning Division is not responsible for any errors or omissions on this map. The Planning Division is not responsible for any errors or omissions on this map.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

Urban Service Area

Incorporated Areas

Urban Island ≤ 150 Acres

Urban Island > 150 Acres

0 230 460 920 1,380 1,840

Feet




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SANTA CLARA COUNTY  
**Urban Islands 2011**

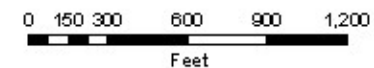
Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

 Urban Service Area

 Incorporated Areas

 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres



This map is provided by the Santa Clara County Planning Division. The GIS data was prepared from the Santa Clara County Planning Division's GIS data. The Planning Division is not responsible for any errors or omissions on this map. The Planning Division is not responsible for any errors or omissions on this map.







May 2, 2011

James Lindsay  
Planning and Neighborhood Services Director  
City of Milpitas  
455 East Calaveras Boulevard  
Milpitas, CA 95035

**RE: Status of Unincorporated Lands within the City of Milpitas' Urban Service Area (Unincorporated Islands)**

Dear Mr. Lindsay:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands within each city's urban service area and to report back to the Commission on each city's plans regarding its islands.

**Only One Unincorporated Island Remains in the City of Milpitas**

The City has one unincorporated island within its Urban Service Area (USA). See table below and attached map.

MILPITAS	
Island ID #	No. of Acres
MP01	1.0
<b>Total</b>	<b>1.0</b>

**Annex Islands that Qualify for the Streamlined Annexation Process**

Island MP01 consists of primarily residential development and is eligible for annexation through the streamlined annexation process. Islands such as this are substantially developed and create inefficiencies / confusion in terms of the provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island

annexations and the County continues to provide financial incentives including covering the costs for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing Island MP01.

**A Response is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban service area amendment plans for these islands as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or at [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148/ [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

Cc:

Thomas C. Williams, City Manager, City of Milpitas

Milpitas City Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County

LAFCO Members





**1 Acres**  
MP01

**Milpitas**

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres



Map prepared by the Santa Clara County Planning Office. It is not a legal document. For more information, contact the Planning Department at (408) 299-1000. 04/10 - 1 - 00000011 of public GIS data for Santa Clara County, CA. Last updated: 04/10/10





May 2, 2011

Brian Loventhal, AICP  
City Manager  
City of Monte Sereno  
18041 Saratoga-Los Gatos Road  
Monte Sereno, CA 95030

**RE: Status of Unincorporated Lands within the City of Monte Sereno's Urban Service Area (Unincorporated Islands)**

Dear Mr. Loventhal:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands within each city's urban service area and to report back to the Commission on each city's plans regarding its islands.

**Three Unincorporated Islands Remain in the City of Monte Sereno**

The City has three unincorporated islands within its Urban Service Area (USA). See table below and attached maps.

MONTE SERENO	
Island ID #	No. of Acres
MS01	9.3
MS02	127.0
MS03	69.0
<b>Total</b>	<b>205.3</b>

**Annex Islands that Qualify for the Streamlined Annexation Process**

Islands MS01, MS02, and MS03 consist of primarily residential development and are eligible for annexation through the streamlined annexation process. Islands such as these are substantially developed and create inefficiencies / confusion in terms of the provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

In 2005, LAFCO staff and County staff worked closely with City staff to try to facilitate the annexation of these islands; including assisting in the preparation of public



education materials; attending community meetings and public hearings; and preparing the required annexation maps and reports. However, the City has yet to annex these islands.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing

**A Response is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban service area amendment plans for these islands as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or at [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148 / [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

Cc:

Monte Sereno City Council Members  
Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County  
LAFCO Members





9.3 Acres  
MS01



Los Gatos

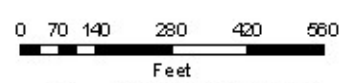
Monte Sereno

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

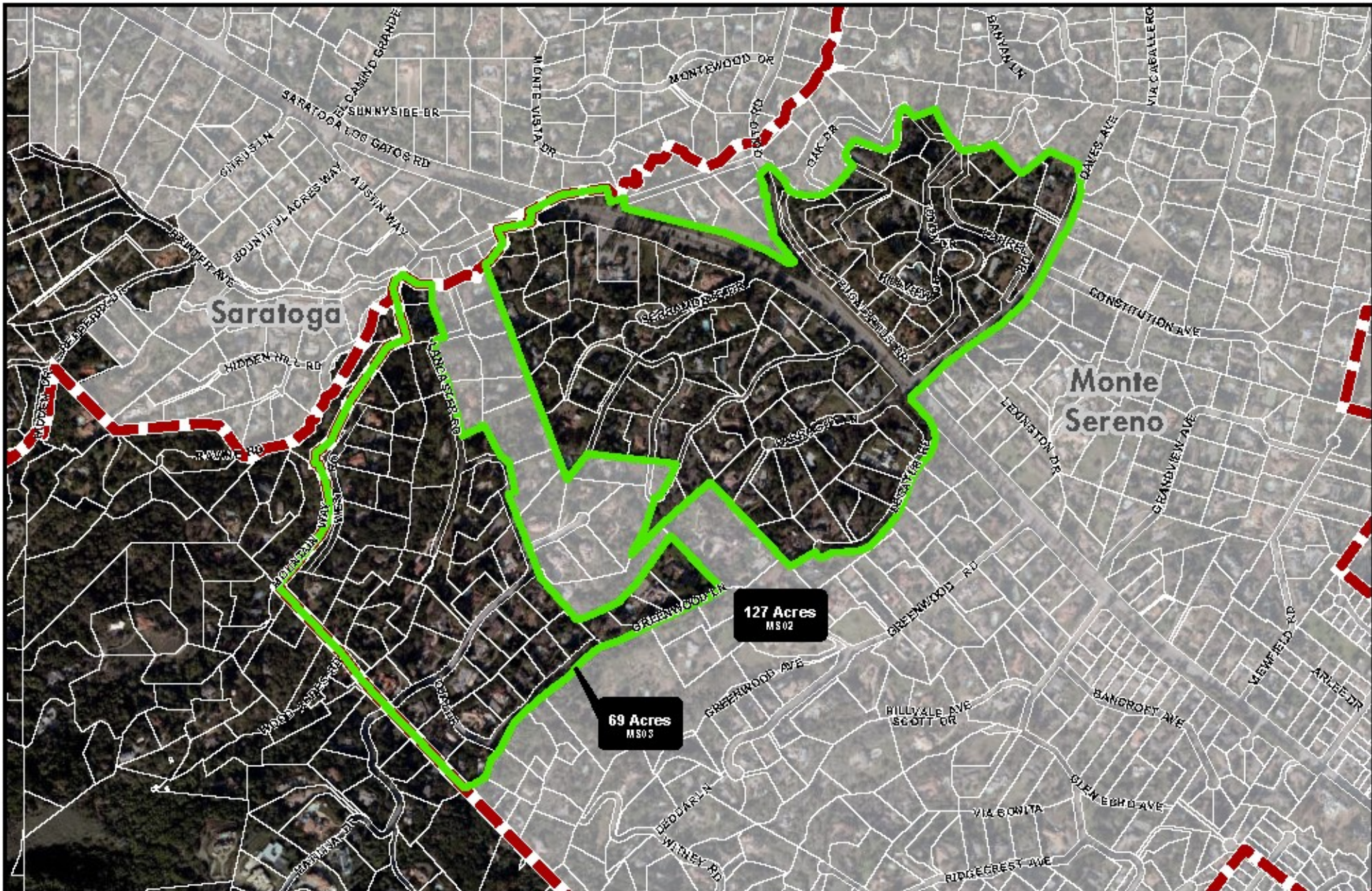
-  Urban Service Area
-  Incorporated Areas

-  Urban Island ≤ 150 Acres
-  Urban Island > 150 Acres




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SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

 Urban Service Area

 Incorporated Areas

 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres



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May 2, 2011

Steve Piasecki  
Director of Community Development  
City of Morgan Hill  
17575 Peak Avenue  
Morgan Hill, CA 95037

**RE: Status of Unincorporated Lands within the City of Morgan Hill’s Urban Service Area (Unincorporated Islands)**

Dear Mr. Piasecki:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands within each city’s urban service area and to report back to the Commission on each city’s plans regarding its islands.

**Two Unincorporated Islands Remain in the City of Morgan Hill**

The City has two unincorporated islands within its Urban Service Area (USA). See table below and attached map.

MORGAN HILL	
Island ID #	No. of Acres
MH01	121.3
MH02	19.9
<b>Total</b>	<b>141.2</b>

**Annex Islands that Qualify for the Streamlined Annexation Process**

Island MH01 (Holiday Lake Estates) is approximately 121.3 acres and consists primarily of private residential development and is eligible for annexation through the streamlined annexation process. Islands such as Holiday Lake Estates, are substantially developed and create inefficiencies / confusion in terms of provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs for

preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing Holiday Lake Estates (Island MH01).

### **Review Remaining Island**

In terms of the City's other remaining island (MH02), please review this island which may or may not qualify for the streamlined annexation process, and determine whether the City intends to retain it within the City's USA boundary for eventual annexation.

If the City intends to retain Island MH02 in its USA boundary, please explain what the City's rationale is for retaining this island within its USA and when the City plans to annex MH02. If the City determines that MH02 is not appropriate for eventual annexation, the City should consider whether to exclude this area from its USA. Please contact LAFCO staff to discuss the USA amendment process and time-line for resolving this island.

### **A Response is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban service area amendment plans for these islands as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or at [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148 / [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

Cc:

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

Morgan Hill City Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County


LAFCO Members







SANTA CLARA COUNTY  
**Urban Islands 2011**

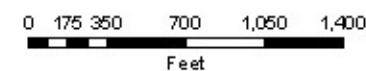
Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

 Urban Service Area

 Incorporated Areas

 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres



This map was prepared by the Santa Clara County Planning Department for the 2011 Urban Islands Study. The Planning Department is not responsible for any errors or omissions. The Planning Department is not responsible for any errors or omissions. The Planning Department is not responsible for any errors or omissions.







SANTA CLARA COUNTY  
**Urban Islands 2011**


Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

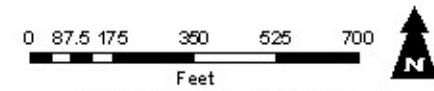
Morgan Hill: Page 2 of 2

 Urban Service Area

 Incorporated Areas

 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres



This map was prepared by the Santa Clara County Planning Division for the 2011 Urban Islands Report. It is not intended to be used for any other purpose. The Planning Division makes no warranty, express or implied, for the accuracy or completeness of the information presented on this map. For more information, please contact the Planning Division at (408) 299-1111.





May 2, 2011

Randy Tsuda, Director of Community Development  
City of Mountain View  
500 Castro Street  
P.O. Box 7540  
Mountain View, CA 94039

**RE: Status of Unincorporated Lands within the City of Mountain View's Urban Service Area (Unincorporated Islands)**

Dear Mr. Tsuda:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands within each city's urban service area and to report back to the Commission on each city's plans regarding its islands.

**Two Unincorporated Islands Remain in the City of Mountain View**

The City has two unincorporated islands within its Urban Service Area (USA). See table below and attached map.

MOUNTAIN VIEW	
Island ID #	No. of Acres
MV01	5.7
MV02	19.3
<b>Total</b>	<b>25.0</b>

**Annex Islands that Qualify for the Streamlined Annexation Process**

Island MV02 is approximately 19.3 acres and consists of primarily residential development and is eligible for annexation through the streamlined annexation process. Islands such as this are substantially developed and create inefficiencies / confusion in terms of provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs

for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing MV02.

### **Review Remaining Island**

In terms of the City's other remaining island (i.e. MV01), please review this island which may or may not qualify for the streamlined annexation process, and determine whether the City intends to retain it within the City's USA boundary for eventual annexation.

If the City intends to retain in its USA boundary, please explain what the City's rationale is for retaining this island within its USA and when the City plans to annex MV01. If the City determines that MV01 is not appropriate for eventual annexation, the City should consider whether to exclude this area from its USA. Please contact LAFCO staff to discuss the USA amendment process and time-line for resolving this island.

### **A Response is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban service area amendment plans for these islands as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or at [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148 / [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

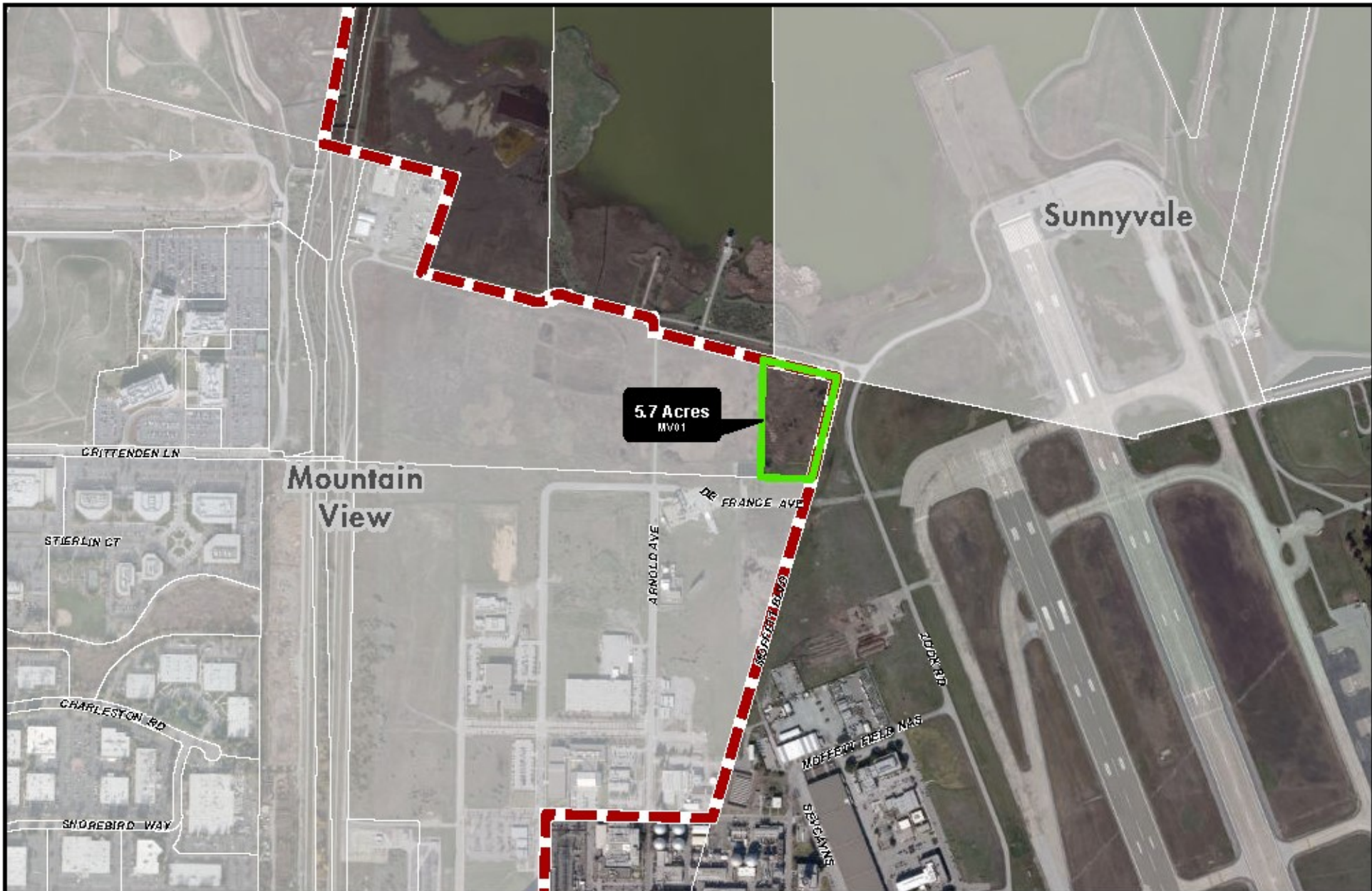
Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

Cc:

Melissa Stevenson-Dile, Interim City Manager, City of Mountain View  
Mountain View City Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County  
LAFCO Members





**5.7 Acres**  
MV01

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

0 155 310 620 930 1,240

Feet



\* All map symbols by the Santa Clara County Planning Office. The GIS data was prepared from the Santa Clara County GIS database. The GIS data is the property of Santa Clara County. © 2011 Santa Clara County Planning Office. All rights reserved.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

Mountain View: Page 2 of 2



Urban Service Area



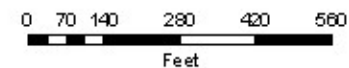
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



\* All map graphics by the Santa Clara County Planning Office. The GIS data was compiled from the Santa Clara County GIS Department. The GIS data is the property of Santa Clara County. © 2011 Santa Clara County Planning Office. All rights reserved.



May 2, 2011

Joseph Horwedel  
 Director of Planning, Building & Code Enforcement  
 City of San Jose  
 200 East Santa Clara Street, 3<sup>rd</sup> Floor  
 San Jose, CA 95133

**RE: Status of Unincorporated Lands within the City of San Jose’s Urban Service Area (Unincorporated Islands)**

Dear Mr. Horwedel:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands within each city’s urban service area and to report back to the Commission on each city’s plans regarding its islands.

**Twenty-Three Unincorporated Islands Remain in the City of San Jose**

The City of San Jose has annexed approximately 46 unincorporated islands over the last five years. As a result, only 23 unincorporated islands (see table below and attached maps) still remain in the City’s Urban Service Area (USA).

SAN JOSE	
Island ID #	No. of Acres
SJ01	9.8
SJ02	388.9
SJ03	312.0
SJ04**	103.4**
SJ05	1.5
SJ06	208.0
SJ07	335.3
SJ08*	149.8*
SJ09	113.8
SJ14	15.3
SJ16	2.2
SJ17	2.7

SAN JOSE	
Island ID#	No. of Acres
SJ18	18.3
SJ19*	47.6*
SJ20	391.5
SJ21	2.5
SJ22	1.1
SJ23	1,421.7
SJ24	8.9
SJ25	0.4
SJ26	7.8
SJ27	225.0
SJ28	0.6
<b>Total All Islands</b>	<b>3,767.3</b>

\* Islands were greater than 150 acres in 2001 and not eligible for streamlined process.

\*\*San Jose approved annexation of island (Cambrian #36) in December 2010, but has not filed paperwork with LAFCO.



### **Annex Islands that Qualify for the Streamlined Annexation Process**

Islands SJ01, SJ05, SJ09, SJ14, and SJ28 consists primarily of private residential development, commercial development, or short road segments and are all eligible for annexation through the streamlined annexation process. Islands such as these are substantially developed and create inefficiencies / confusion in terms of provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing islands SJ01, SJ05, SJ09, SJ14, and SJ28.

### **Review Remaining Islands**

In terms of the City's seventeen other remaining islands (i.e. all islands except SJ01, SJ05, SJ09, SJ14, SJ28, and SJ04), please review these islands that may or may not qualify for the streamlined annexation process, and determine whether the City intends to retain them within the City's USA boundary for eventual annexation.

For those islands that the City intends to retain in its USA boundary, please explain what the City's rationale is for retaining them in its USA and when the City plans to annex them.

For those areas not appropriate for eventual annexation, the City should consider whether to exclude these areas from its USA Boundary. Please contact LAFCO staff to discuss the USA amendment process and time-line for resolving these islands.

## **A Response is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban service area amendment plans for these islands as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or at [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148/ [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

**Attachment:**

Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

**Cc:**

Debra Figone, City Manager, City of San Jose

San Jose City Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County

LAFCO Members



**18.3 Acres**  
SJ18

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

0 55 110 220 330 440

Feet



Map provided by the Santa Clara County Planning Division. The GIS software used for this map was ArcGIS 10.1. The map was created on 11/11/2011. The map was last updated on 11/11/2011. The map was last updated on 11/11/2011. The map was last updated on 11/11/2011.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres



Map provided by the Santa Clara County Planning Division. The GIS software used for this map was ArcGIS 10.1. The map was created on 11/11/2011. The map was created by the Santa Clara County Planning Division. The map was created by the Santa Clara County Planning Division. The map was created by the Santa Clara County Planning Division.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



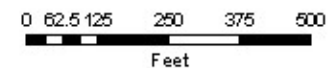
Urban Island ≤ 150 Acres



Incorporated Areas

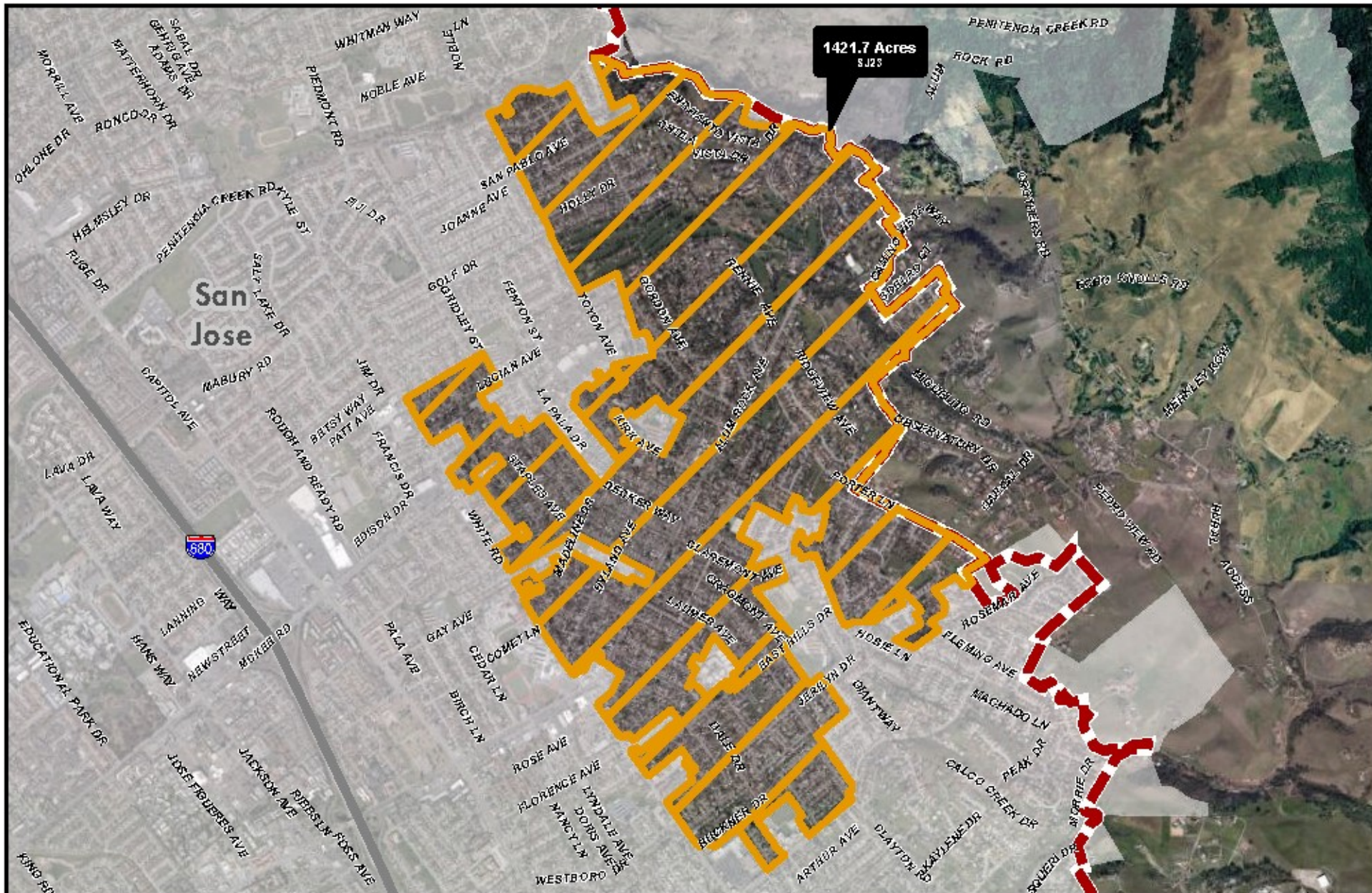


Urban Island > 150 Acres



Map provided by the Santa Clara County Planning Division. The GIS software used for this map was created by the Santa Clara County Planning Division. The map is for informational purposes only. It is not intended for use in any legal proceeding. © 2011 Santa Clara County Planning Division. All rights reserved.



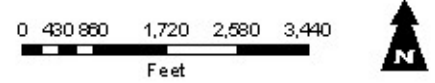


1421.7 Acres  
SJ23

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres



1:50,000 scale map provided by the Santa Clara County Planning Division. The GIS software used for this map is ArcGIS 10.1. The map was created using the following data sources: 2010 Census of Population, Housing, and Economic Characteristics, Census of Business and Economic Activity, and the Santa Clara County Planning Division. The map is for informational purposes only and does not constitute a legal document.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



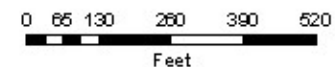
Urban Island ≤ 150 Acres



Incorporated Areas

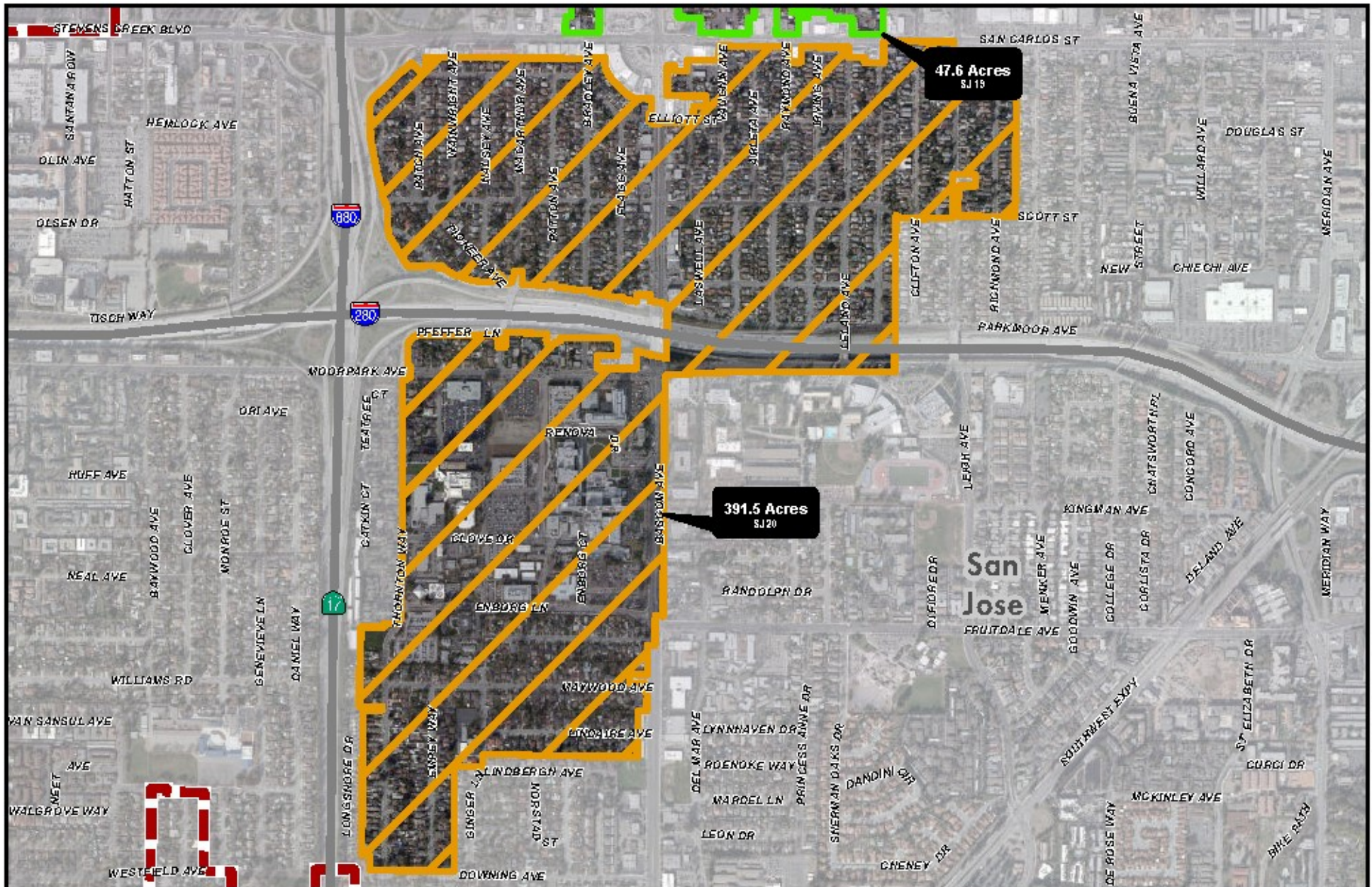


Urban Island > 150 Acres



100% are provided by the Santa Clara County Planning Division. The GIS website is available at <http://www.scccgis.com>. The GIS website is available at <http://www.scccgis.com>. The GIS website is available at <http://www.scccgis.com>. The GIS website is available at <http://www.scccgis.com>.

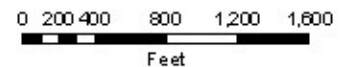




SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres



Map provided by the Santa Clara County Planning Division. All GIS data is copyright 2011 by Santa Clara County. All other data is copyright 2011 by Esri. All other data is copyright 2011 by Esri. All other data is copyright 2011 by Esri.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres



Map provided by the Santa Clara County Planning Division. The GIS website, map files, and other information are available at: <http://www.sccgov.org/planning>. 2011 - 11/22/11 11:24 AM. All rights reserved. Santa Clara County, California





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



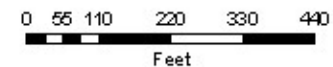
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



Map provided by the Santa Clara County Planning Division. The GIS information was obtained from the Santa Clara County Planning Division. Accuracy is not guaranteed. © 2011 Santa Clara County Planning Division. All rights reserved.





0.4 Acres  
SJ25

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



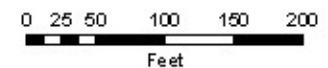
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



Map provided by the Santa Clara County Planning Division. The GIS software used for this map was ArcGIS 10.1. The map was created on 11/11/2011. The map was last updated on 11/11/2011. The map was last updated on 11/11/2011. The map was last updated on 11/11/2011.





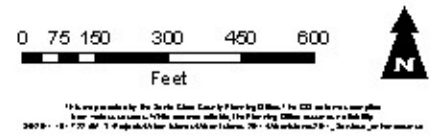
7.8 Acres  
SJ26

San Jose

RURAL ACCESS

VERONA RD  
SAN LUCAS WAY  
JASMINE CIR  
YERBA BUENA RD

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres







SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

San Jose: Page 11 of 21



Urban Service Area



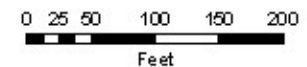
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



Map provided by the Santa Clara County Planning Division. The GIS software used for this map is ArcGIS 10.1. The map was created on 11/11/2011. The map is for informational purposes only. The map is not to be used for legal purposes. The map is not to be used for legal purposes. The map is not to be used for legal purposes.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



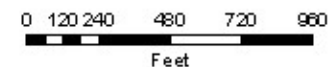
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



Map provided by the Santa Clara County Planning Division. The GIS data was compiled from various sources including the Santa Clara County GIS Department, the Santa Clara County Planning Division, and the Santa Clara County Planning Division. The map is for informational purposes only. © 2011 Santa Clara County Planning Division. All rights reserved.









**149.8 Acres**  
SJ08

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



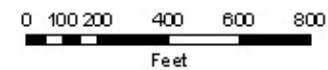
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



149.8 acres provided by the Santa Clara County Planning Division. The GIS software was used to create this map. The map was created on 11/11/2011. The map was created by the Santa Clara County Planning Division. The map was created by the Santa Clara County Planning Division.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres

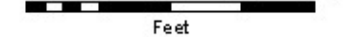


Incorporated Areas



Urban Island > 150 Acres

0 170 340 680 1,020 1,360

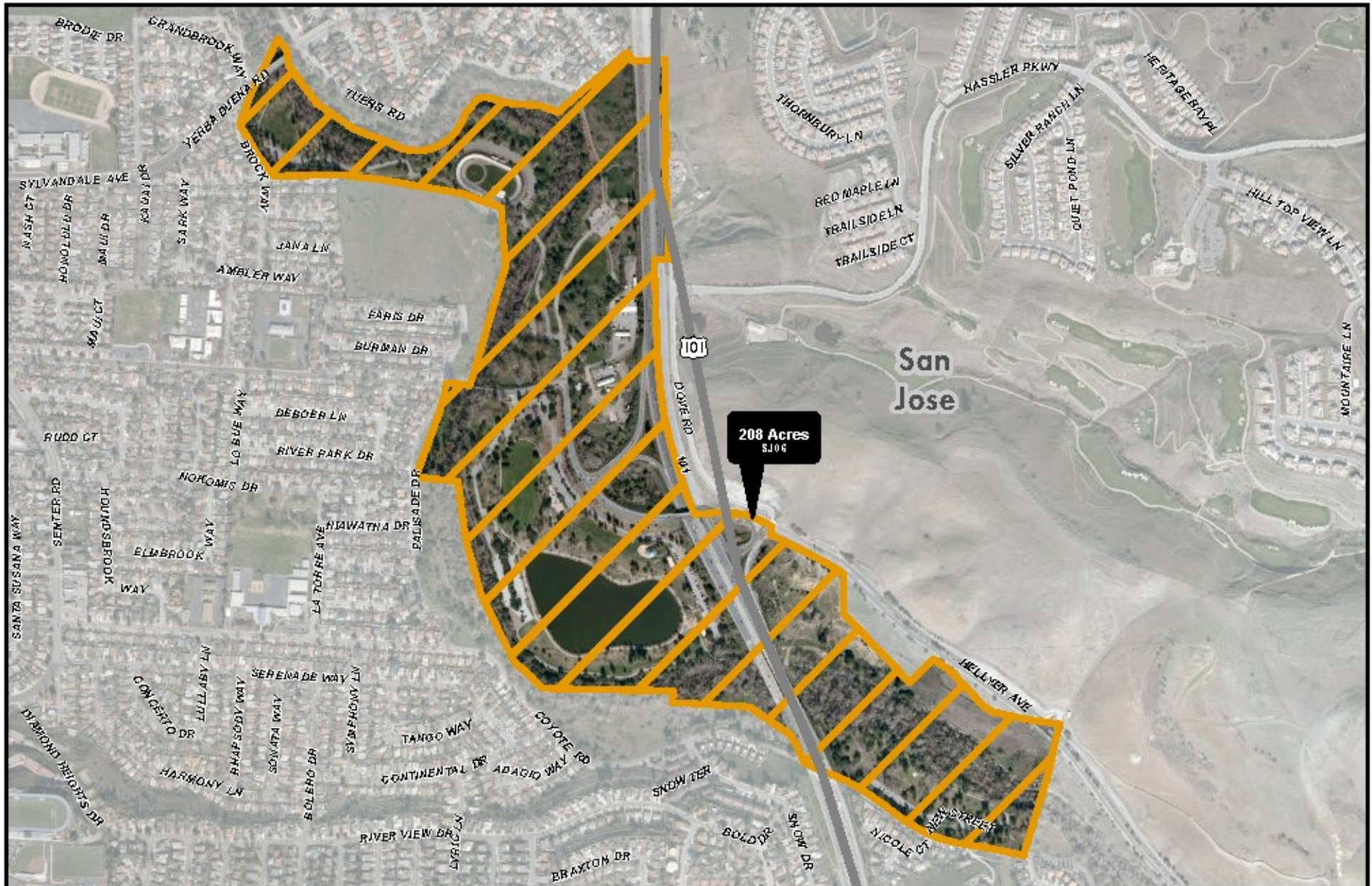


Feet



15. Maps provided by the Santa Clara County Planning Division for the 2011 Urban Islands report. All other content is the property of the Santa Clara County Planning Division. All rights reserved. 2011. 11/22/11 11:44 AM. 11/22/11 11:44 AM. 11/22/11 11:44 AM. 11/22/11 11:44 AM. 11/22/11 11:44 AM.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

San Jose: Page 16 of 21



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

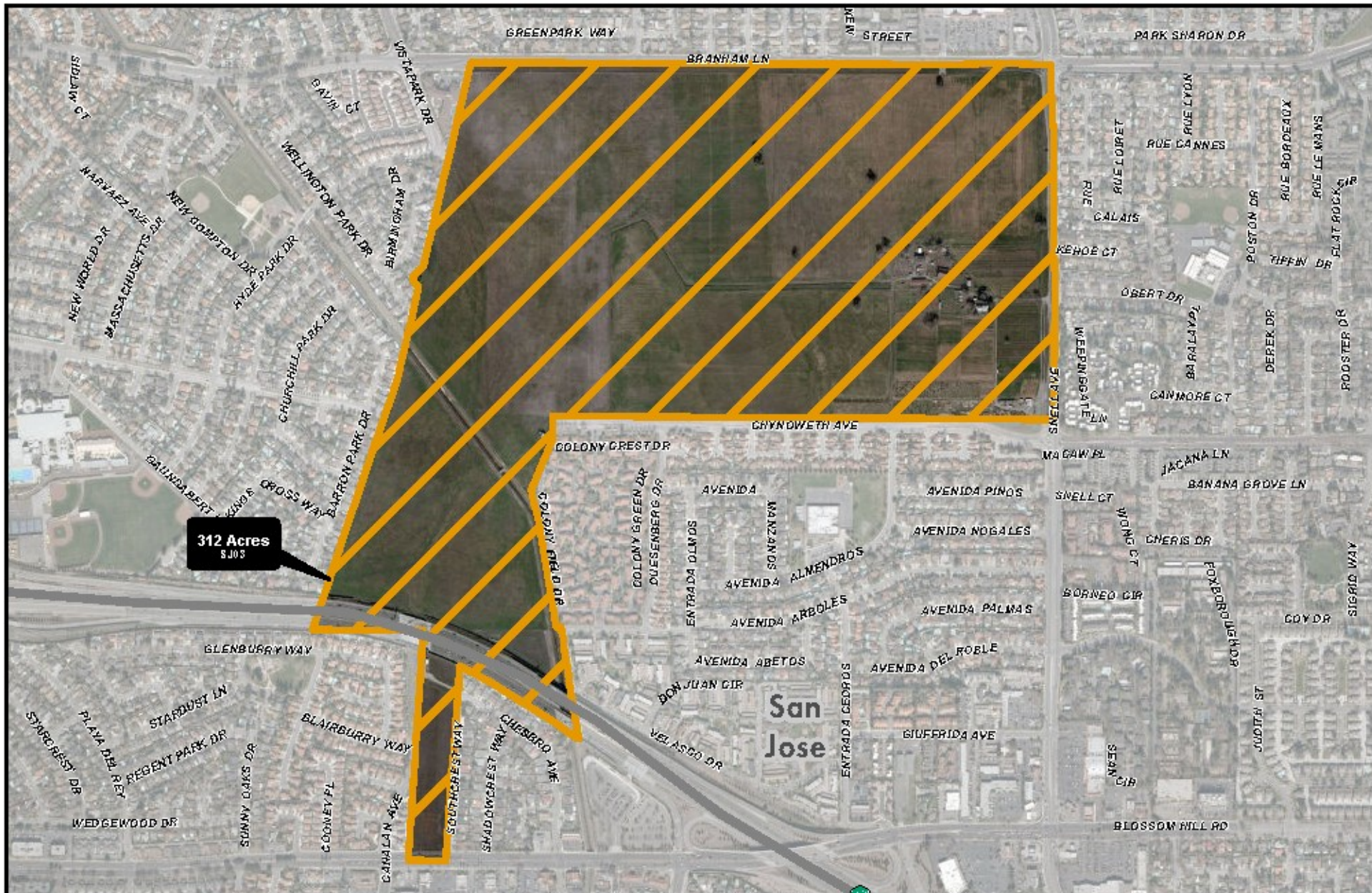
0 175 350 700 1,050 1,400

Feet



Map provided by the Santa Clara County Planning Division. The City of San Jose is not responsible for the accuracy of the information shown on this map. The City of San Jose is not responsible for the accuracy of the information shown on this map. The City of San Jose is not responsible for the accuracy of the information shown on this map.



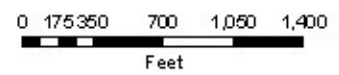


**312 Acres**  
SJ05

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres



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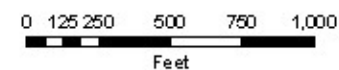




SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Urban Island ≤ 150 Acres
-  Incorporated Areas
-  Urban Island > 150 Acres



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SANTA CLARA COUNTY  
**Urban Islands 2011**


Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

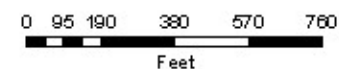
San Jose: Page 20 of 21

 Urban Service Area

 Incorporated Areas

 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres



Map provided by the Santa Clara County Planning Division. The GIS software used for this map is ArcGIS 10.1. The map was created on 11/11/2011. The map is for informational purposes only. The map is not to be used for legal or other purposes. The map is not to be used for legal or other purposes. The map is not to be used for legal or other purposes.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

San Jose: Page 21 of 21



Urban Service Area



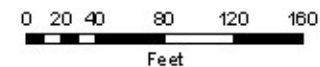
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



Map provided by the Santa Clara County Planning Division. The GIS information is for informational purposes only. It is not intended for use in any legal proceeding. © 2011 Santa Clara County Planning Division. All rights reserved.





May 2, 2011

Kevin L. Riley, AICP  
Director of Planning and Inspection  
City of Santa Clara  
1500 Warburton Avenue  
Santa Clara, CA 95050

**RE: Status of Unincorporated Lands within the City of Santa Clara's Urban Service Area (i.e. Unincorporated Islands)**

Dear Mr. Riley:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands within each city's urban service area and to report back to the Commission on each city's plans regarding its islands.

**Seven Unincorporated Islands Remain in the City of Santa Clara**

The City has seven unincorporated island within its Urban Service Area Boundary (USA). See table below and attached maps.

SANTA CLARA	
Island ID #	No. of Acres
SC01	14.0
SC02	0.9
SC03	2.3
SC04	1.2
SC05	12.1
SC06	0.5
SC07	0.5
<b>Total</b>	<b>31.5</b>

**Annex Islands that Qualify for the Streamlined Annexation Process**

Island SC06 consists of residential development and a small portion of the Saratoga Creek. The remaining islands consist primarily of portions of Guadalupe River and a

small segment of Tasman Drive. All seven islands are eligible for annexation through the streamlined annexation process. Islands such as these are substantially developed and create inefficiencies / confusion in terms of provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing these islands.

**A Response from the City is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban service area amendment plans for these islands as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or at [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148 / [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

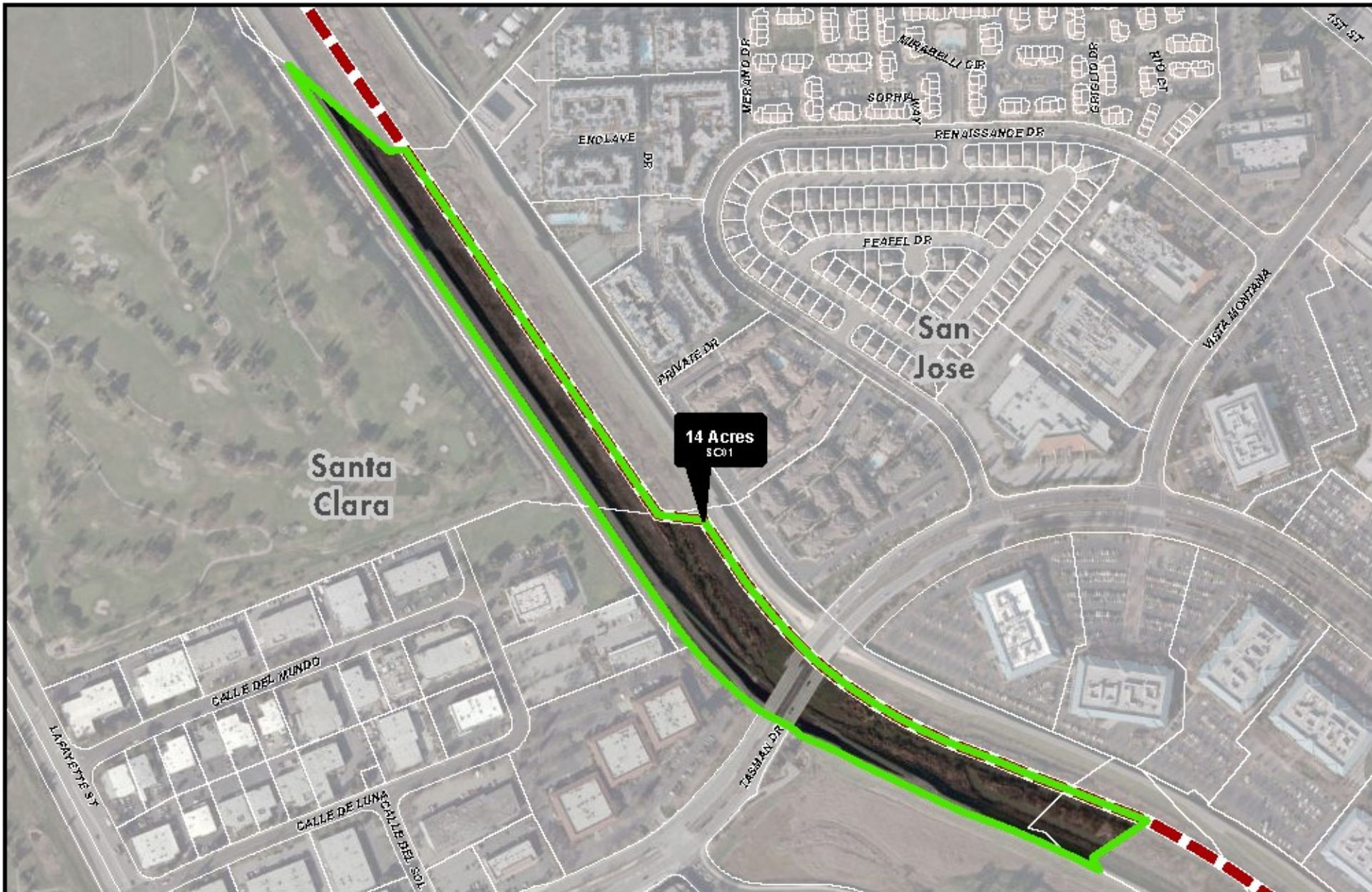
Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

Cc:

Jennifer Sparacino, City Manager, City of Santa Clara  
Santa Clara City Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County  
LAFCO Members





14 Acres  
SC01

Santa  
Clara

San  
Jose

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

0 80 160 320 480 640

Feet



This map was prepared by Santa Clara County Planning Department for the 2011 Urban Islands report. All rights reserved. Santa Clara County Planning Department, 1000 West San Carlos Avenue, San Jose, CA 95128. 408.298.2200. www.sccounty.gov/planning





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

Santa Clara: Page 2 of 5



Urban Service Area



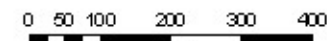
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



Feet



This map was prepared by Santa Clara County Planning Department for the 2011 Urban Islands Inventory. The map is for informational purposes only. The Planning Department does not warrant the accuracy of the information shown on this map. The Planning Department is not responsible for any errors or omissions on this map.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



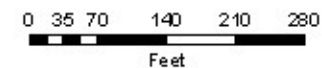
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



This map provided by the Santa Clara County Planning Department is for informational purposes only. The Planning Department does not warrant the accuracy of the information shown on this map. The Planning Department is not responsible for any errors or omissions on this map.





12.1 Acres  
SCIS

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

0 110 220 440 660 880

Feet



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SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

Santa Clara: Page 5 of 5



Urban Service Area



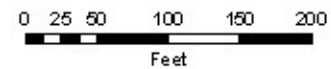
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



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May 2, 2011

Christopher Riordan  
Acting Community Development Director  
City of Saratoga  
1377 Fruitvale Avenue  
Saratoga, CA 95070

**RE: Status of Unincorporated Lands within the City of Saratoga's Urban Service Area Boundary (i.e. Unincorporated Islands)**

Dear Mr. Riordan:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands within each city's urban service area and to report back to the Commission on each city's plans regarding its islands.

**Six Unincorporated Islands Remain in the City of Saratoga**

The City has six unincorporated islands within its Urban Service Area (USA). See table below and attached maps.

SARATOGA	
Island ID #	No. of Acres
STG01	89.5
STG02	8.5
STG04	92.0
STG05	206.9
STG06	0.4
STG07	103.6
<b>Total</b>	<b>500.9</b>

## **Annex Islands that Qualify for the Streamlined Annexation Process**

Islands STG02 and STG04 consist primarily of private residential development and are eligible for annexation through the streamlined annexation process. Islands such as these are substantially developed and create inefficiencies / confusion in terms of provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing islands STG02 and STG04.

## **Review Remaining Islands**

In terms of the City's four other remaining islands (i.e. STG01, STG05, STG06, and STG07), please review these islands that may or may not qualify for the streamlined annexation process, and determine whether the City intends to retain them within the City's USA boundary for eventual annexation.

For those islands that the City intends to retain in its USA boundary, please explain what the City's rationale is for retaining them in its USA and when the City plans to annex them.

For those areas not appropriate for eventual annexation, the City should consider whether to exclude these areas from its USA Boundary. Please contact LAFCO staff to discuss the USA amendment process and time-line for resolving these islands.

## **A Response from the City is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban service area amendment plans for these islands as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss



the City's plans, I can be reached at (408) 299-5127 or at [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148/ [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

Cc:


Dave Anderson, City Manager, City of Saratoga  
Saratoga City Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County  
LAFCO Members




SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

 Urban Service Area

 Incorporated Areas

 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres

0 175 350 700 1,050 1,400

Feet




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SANTA CLARA COUNTY  
**Urban Islands 2011**

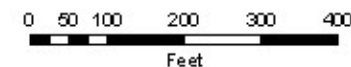
Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

 Urban Service Area

 Incorporated Areas

 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres




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SANTA CLARA COUNTY  
**Urban Islands 2011**

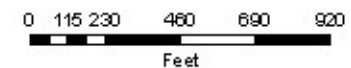
Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

 Urban Service Area

 Incorporated Areas

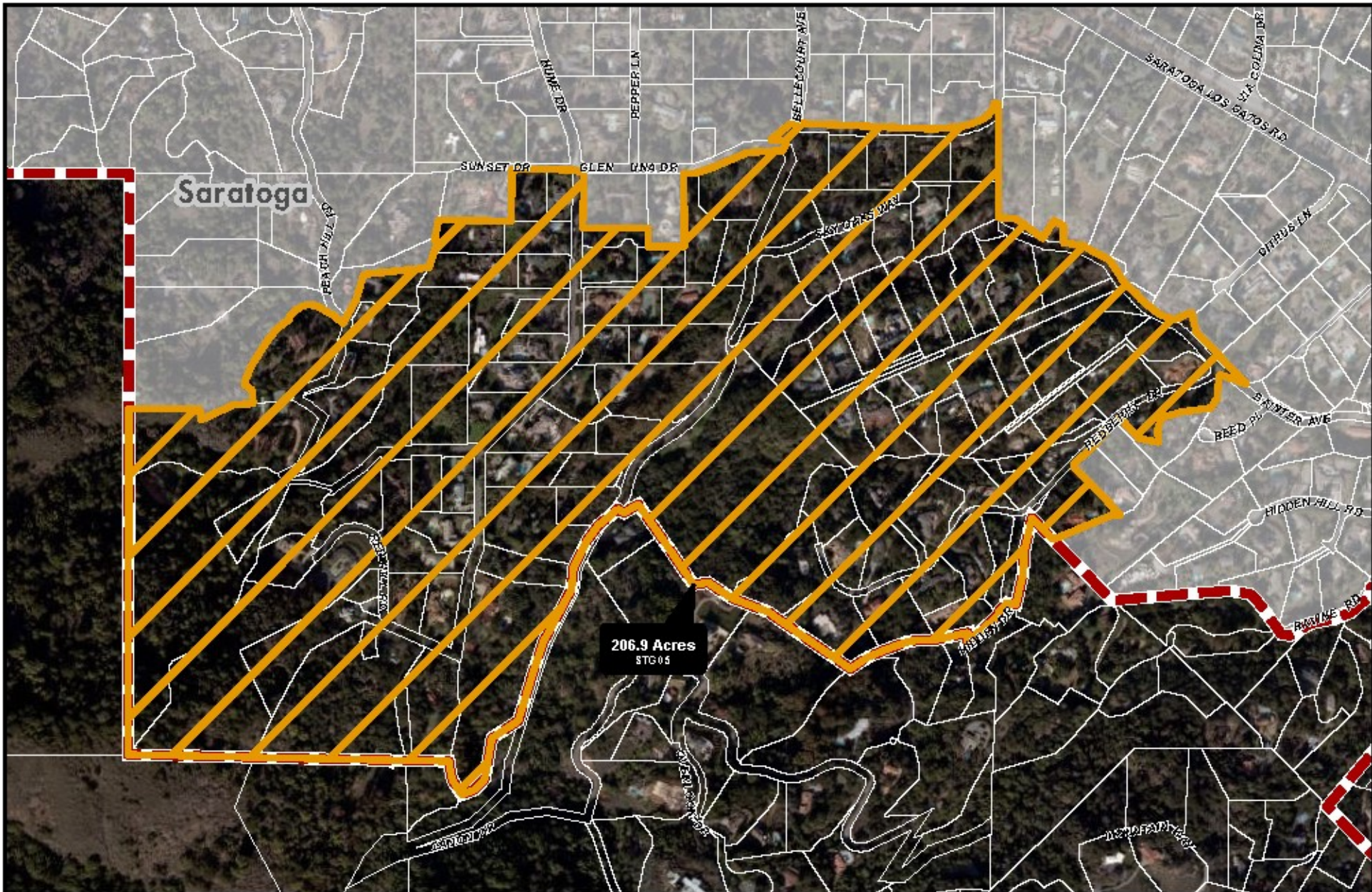
 Urban Island ≤ 150 Acres

 Urban Island > 150 Acres





This map was prepared by the Santa Clara County Planning Division for the 2011 Urban Islands Inventory. The Planning Division is not responsible for any errors or omissions. The Planning Division is not responsible for any errors or omissions. The Planning Division is not responsible for any errors or omissions.





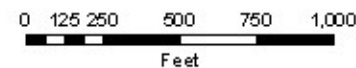


SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)

-  Urban Service Area
-  Incorporated Areas

-  Urban Island ≤ 150 Acres
-  Urban Island > 150 Acres



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SANTA CLARA COUNTY  
**Urban Islands 2011**


Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)

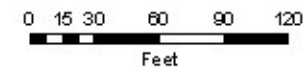
Saratoga: Page 5 of 5

 Urban Service Area

 Urban Island ≤ 150 Acres

 Incorporated Areas

 Urban Island > 150 Acres



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May 2, 2011

Hansom Hom  
Director of Community Development  
City of Sunnyvale  
456 West Olive Avenue  
Sunnyvale, CA 94088-3707

**RE: Status of Unincorporated Lands within the City of Sunnyvale's Urban Service Area Boundary (i.e. Unincorporated Islands)**

Dear Mr. Hom:

In late October 2010, the Local Agency Formation Commission (LAFCO) of Santa Clara County directed its staff to develop an inventory of the remaining unincorporated islands and to report back to the Commission on each city's plans regarding its islands.

**Three Unincorporated Islands Remains in the City of Sunnyvale**

The City has three unincorporated islands within its Urban Service Area (USA). See table below and attached maps.

SUNNYVALE	
Island ID #	No. of Acres
SV01	4.3
SV02	12.0
SV03	5.3
<b>Total</b>	<b>21.6</b>

**Annex Islands that Qualify for the Streamlined Annexation Process**

Island SV01 consists of a segment of Central Expressway. Island SV02 consists of a segment of the Caltrain/Union Pacific railroad tracks and right-of-way. Island SV03 consists of residential development. All three islands are eligible for annexation through the streamlined annexation process. Islands such as these are substantially developed

and create inefficiencies / confusion in terms of provision of emergency and other municipal services. Furthermore, residents of such islands are politically disenfranchised from the city government that surrounds them.

Annexation of such islands is a high priority for LAFCO and the County. In order to encourage these annexations, LAFCO continues to waive its fees for island annexations and the County continues to provide financial incentives including covering the costs for preparing Assessor and Surveyor reports and maps, paying the State Board of Equalization filing fees, and budgeting for road improvements in islands approved for annexation. As you may be aware, the law streamlining the annexation process for qualified unincorporated islands sunsets on January 1, 2014.

We encourage the City to take advantage of this process and the incentives currently being offered by both the County and LAFCO for such annexations. Please provide us with an update on the City's plans and time-line for annexing these three islands.

### **A Response from the City is Greatly Appreciated**

LAFCO staff is willing to work with and assist the City in resolving these island issues. We would appreciate knowing the City's annexation and/or urban service area amendment plans for these islands as soon as possible and no later than June 10, 2011. If you have any questions or concerns or would like to meet to discuss the City's plans, I can be reached at (408) 299-5127 or at [neelima.palacherla@ceo.sccgov.org](mailto:neelima.palacherla@ceo.sccgov.org) or you may contact Dunia Noel, LAFCO Asst. Executive Officer, at (408) 299-5148 / [dunia.noel@ceo.sccgov.org](mailto:dunia.noel@ceo.sccgov.org). Thank for you for your time and consideration.

Sincerely,



Neelima Palacherla  
LAFCO Executive Officer

Attachment:

Maps of Unincorporated Islands in City's Urban Service Area prepared by the Santa Clara County Planning Office

Cc:

Gary Luebbers, City Manager, City of Sunnyvale  
Sunnyvale City Council Members

Jody Hall Esser, Director, Dept. of Planning & Development, Santa Clara County  
LAFCO Members





4.3 Acres  
SV01

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

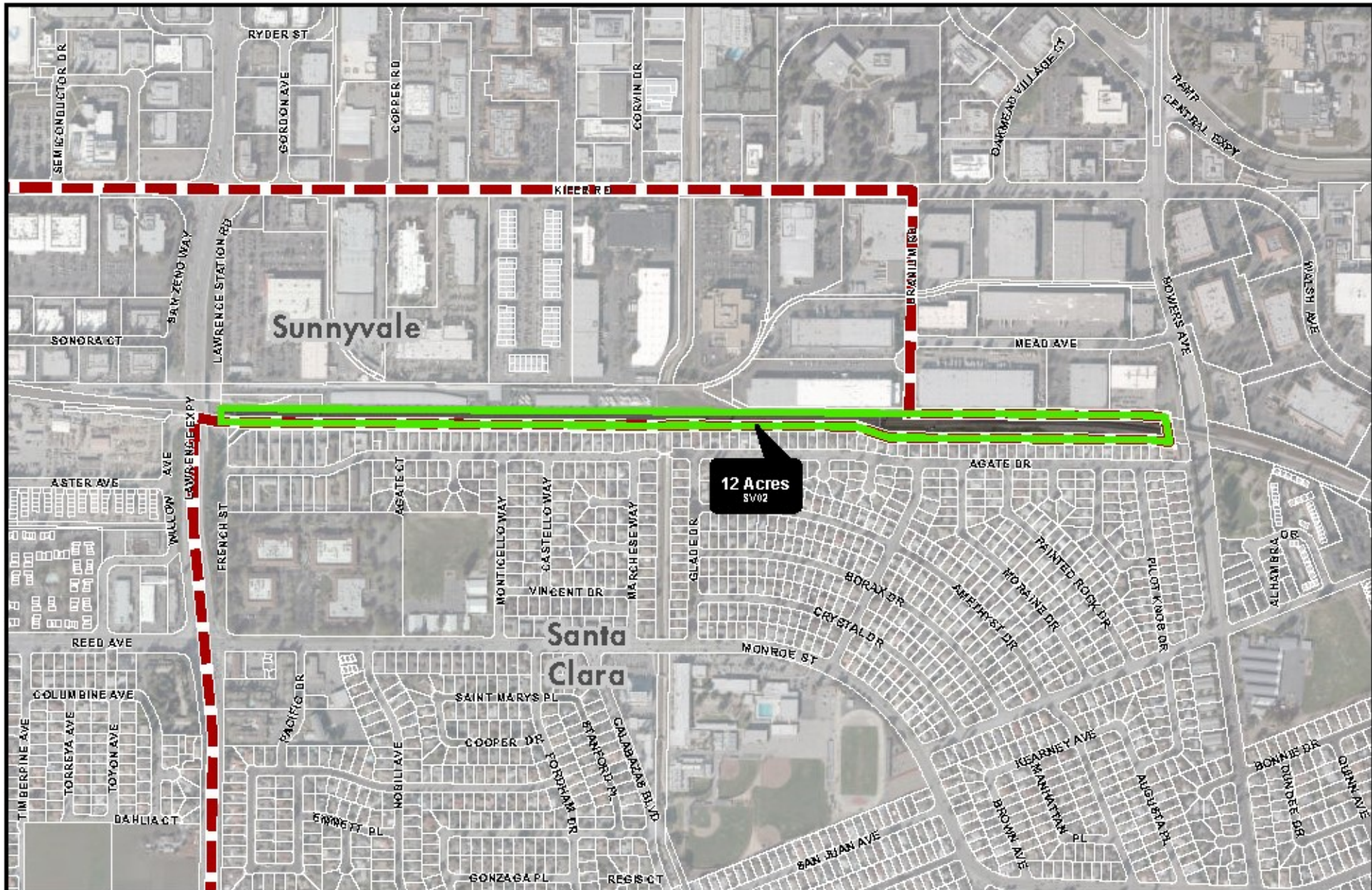
0 60 120 240 360 480

Feet



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12 Acres  
SV02

SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting all incorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



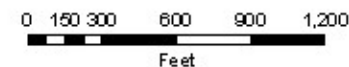
Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres



1:10000 scale map by Santa Clara County Planning Division, Inc. GIS and map design by Santa Clara County Planning Division, Inc. The City of Sunnyvale is not responsible for the accuracy of the information shown on this map. © 2011 Santa Clara County Planning Division, Inc. All rights reserved.





SANTA CLARA COUNTY  
**Urban Islands 2011**

Maps depicting unincorporated lands located within the cities' Urban Service Areas (USAs)



Urban Service Area



Urban Island ≤ 150 Acres



Incorporated Areas



Urban Island > 150 Acres

0 62.5 125 250 375 500



Feet



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**LAFCO MEETING:** June 1, 2011  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** LEGISLATIVE UPDATE

**STAFF RECOMMENDATION**

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Accept staff report and provide further direction to staff, as necessary.

**CURRENT BILLS OF PARTICULAR INTEREST TO SANTA CLARA LAFCO**

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The CALAFCO Legislative Update (May 25, 2011) which contains a complete list and status of the bills under review by CALAFCO is attached. Out of the 35 bills that CALAFCO was tracking, 9 bills died. Upcoming legislative deadlines for the bills are - May 27, 2011 for fiscal committees to hear fiscal bills in the first house and June 3, 2011 is the last day for bills to pass out of the house of origin. Detailed information on each of the bills is available at [www.leginfo.ca.gov](http://www.leginfo.ca.gov). The following is a summary of the bills that are of interest to LAFCO of Santa Clara County:

**AB 912 (Gordon) Special District Dissolution.**

This bill would expedite the special district dissolution process under certain circumstances. It would allow LAFCO to order dissolution of a special district without an election after notice, hearing and protest proceeding, if it is consistent with LAFCO's action from a prior service review or sphere of influence update or another special study. The dissolution may be initiated by an affected local agency, by petition or by LAFCO and could only be terminated if there is a majority protest. In instances where the dissolution is initiated by the District board, the bill would allow LAFCO to order the dissolution without protest proceedings or election. Current law requires an election if a certain level of protest is submitted.

Similar to the island annexation law that provides for a streamlined process for annexing islands, the intent of this law is to remove some of the obstacles related to a lengthy and potentially expensive dissolution process when the dissolution is consistent with a study previously conducted by the commission. Given the interest and discussions regarding consolidation of services and maximizing service efficiencies, the expedited dissolution process may be a key tool in implementing such recommendations.

The CALAFCO Board is in conceptual support of the bill and is working with CSDA and the author in seeking further clarity in the language of the bill.



### **AB 54 (Solario) Mutual Water Companies.**

This bill would require mutual water companies to respond to service review information requests from a LAFCO and to submit a map of its boundaries to LAFCO. It would allow a LAFCO to include information in its service review on whether a mutual water company is in compliance with the Safe Drinking Water Act and would allow a LAFCO to annex territory that is served by a mutual water company to a city or district (which LAFCO can already do). In addition, the bill would amend the Corporations Code on other non-LAFCO issues related to mutual water companies.

The intent of the bill is to encourage more visibility, accountability and oversight of mutual water companies. Although we have a listing of the existing mutual water companies in Santa Clara County, we have little information about the extent and scope of these service providers as they are not under LAFCO oversight, unlike the special districts. The requirement that a mutual respond to LAFCO's request for information is similar to the Public Utility Commission's directive that private water companies respond to LAFCO's requests for information for service reviews and would be beneficial in obtaining a more comprehensive knowledge of water service delivery in Santa Clara County.

CALAFCO has adopted a support position on this bill.

### **SB 244 (Wolk) Disadvantaged Unincorporated Communities.**

This bill would define disadvantaged unincorporated communities as inhabited communities with an annual median household income that is less than 80% of the statewide annual median household income. It would require LAFCO to identify such communities and to make written determinations regarding the location and characteristics of these communities and would require LAFCO to review any sewer, water or fire protection service needs or deficiencies in those communities. In addition, the bill would require that LAFCO, in its service reviews and sphere of influence updates for agencies that provide sewer, water or fire protection services, assess various alternatives for improving efficiency and affordability of services to those communities which are located within or adjacent to those agencies' spheres of influence.

The bill would also require cities and counties to identify, map and include data, analysis, goals and implementation measures to address issues related to such communities in their General Plan updates.

The intent of this bill is to address service deficiencies in these disadvantaged communities by facilitating annexation of these communities to nearby cities or service providers. The goal of the proposed legislation for enhanced services for all communities is an important priority for local government and LAFCOs. However, the assumption that simply changing the boundaries or including an area within a service provider's jurisdictional boundaries will enable adequate services may not achieve the intended goal in many instances. Given that there is no new or additional funding source identified for any needed infrastructure/service improvements for the

communities/local agencies and given the current financial condition of local agencies, it is unlikely that this bill would result in any actual service improvements in these communities. On the contrary, this bill would impose additional and somewhat confusing and vague mandates on LAFCOs, and on cities / counties which would likely require more funding and resources. It also appears that these requirements on LAFCOs and cities/ counties are somewhat duplicative and rather than encouraging coordination and use of information available amongst the agencies, are crafted as independent and separate requirements for LAFCOs and cities/counties.

It is unclear at this time, the extent to which this bill would affect Santa Clara LAFCO's workload for service reviews and sphere of influence updates.

The CALAFCO Board has sent a "concerns letter" and is working with the author on various aspects of the bill. The Board has authorized an "oppose" position should CALAFCO's requests for changes to the language of the bill not be met. The League, CSAC and the APA have taken an "oppose" position based on the unfunded costs to meet the bill's general plan requirements. Several individual LAFCOs are also opposed to the bill.

One suggestion that CALAFCO has is to start a pilot program in areas that are most likely to benefit from such requirements rather than take a statewide approach. Additionally, CALAFCO has also suggested that the proposed amendments to Government Code Section 56133 (see below for discussion) may have greater potential to facilitate the ability of extending services to underserved communities than jurisdictional boundary changes.

**AB 1430 (Committee on Local Government) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 Omnibus Bill.**

This bill would make technical, non-substantive changes to the Cortese-Knox-Hertzberg Act and includes a major update of the various definitions found and used in the Act.

**AMENDMENTS TO GOVERNMENT CODE SECTION 56133**

---

Government Code section 56133 was enacted in 1994 and requires cities and special districts to obtain written approval from LAFCO prior to extending services outside their jurisdictional boundaries. The current law allows LAFCO to approve service extensions outside an agency's boundaries but within an agency's sphere of influence in anticipation of a future change of organization. It also allows LAFCO to approve service extensions outside of an agency's sphere of influence only in response to existing or impending public health and safety threats. This statute has been problematic for several LAFCOs to administer as it does not recognize circumstances when it is reasonable for cities and special districts to provide new or extended services outside their spheres of influence.

Over the last two years, a working group of the CALAFCO Legislative Committee composed of staff from several LAFCOs including the Executive Officer has worked on



finding a solution to this issue. The challenge was to expand the discretion for an individual LAFCO to consider local circumstances while at the same time, ensuring that the statute remains an effective regulatory tool for LAFCOs in fulfilling their mandate to facilitate orderly growth, to encourage efficient services and to protect agricultural and open space lands.

In April, the CALAFCO Board approved a recommendation for an amendment of the statute from the Legislative Committee that would authorize LAFCOs to approve new or extended services outside an agency's sphere of influence without making a public health and safety finding, provided that LAFCO determines at a noticed public hearing that the service extension is (1) evaluated in a municipal service review, (2) will not result in adverse impacts to open space or agricultural lands or in adverse growth inducing impacts and that (3) a later change of organization is not feasible or desirable based on local policies.

Attached is a copy of the proposed amendment to Government Code section 56133 which includes other clarifying revisions. Following a review of the proposed amendments by individual LAFCOs, CALAFCO staff will begin work with potential authors for the legislation and other stakeholder groups.

#### **ATTACHMENTS**

---

Attachment A: CALAFCO Legislative Report (May 25, 2011)

Attachment B Proposed Amendments to Government Code Section 56133

CALAFCO Daily Legislative Report  
as of 5/25/2011

1

**AB 54 (Solorio D) Drinking water.****Current Text:** Amended: 5/19/2011 [pdf](#) [html](#)**Introduced:** 12/6/2010**Last Amended:** 5/19/2011**Status:** 5/23/2011-Re-referred to Com. on APPR.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**5/27/2011 Upon call of the Chair - State Capitol, Room 4202  
ASSEMBLY APPROPRIATIONS, FUENTES, Chair**Summary:**

Would specify that any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for irrigation purposes, and any corporation organized for or engaged in the business of selling, distributing, supplying, or delivering water for domestic use that provides in its articles or bylaws that the water shall be sold, distributed, supplied, or delivered only to owners of its shares and that those shares are appurtenant to certain lands shall be known as a mutual water company. This bill contains other related provisions and other current laws.

**Attachments:**[CALAFCO Support Letter](#)**Position:** None at this time**Subject:** Water

**CALAFCO Comments:** Requires mutual water companies to respond to LAFCo requests for information, requires Mutuals to provide a map of boundaries to LAFCo, adds authority for LAFCo to request MSR data from mutuals and include compliance with safe drinking water standards in MSRs.

**AB 912 (Gordon D) Local government: organization.****Current Text:** Amended: 5/2/2011 [pdf](#) [html](#)**Introduced:** 2/17/2011**Last Amended:** 5/2/2011**Status:** 5/16/2011-Read second time. Ordered to third reading.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/27/2011 #44 ASSEMBLY ASSEMBLY THIRD READING FILE

**Summary:**

Would authorize the commission, where the commission is considering a change of organization that consists of the dissolution of a district recommended for dissolution by a prior action of the commission, to immediately order the dissolution if the dissolution was initiated by the district board, or to, within 60 days following the application being deemed complete by the commission, hold at least one noticed public hearing on the proposal, and order the dissolution without an election, unless a majority protest exists, as specified.

**Position:** None at this time**Subject:** Special District Consolidations, Special District Powers

**CALAFCO Comments:** Allows a commission to dissolve a special district - under specific circumstances - without a vote unless there is a majority protest.

**AB 1430 (Committee on Local Government) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 omnibus bill.****Current Text:** Introduced: 4/5/2011 [pdf](#) [html](#)**Introduced:** 4/5/2011**Status:** 5/19/2011-In Senate. Read first time. To Com. on RLS. for assignment.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Summary:**



Current law defines various terms for purposes of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This bill would revise various definitions within that act, and would make other conforming and technical changes.

**Position:** Support

**Subject:** CKH General Procedures

**CALAFCO Comments:** CALAFCO Sponsored bill. Makes technical, non-substantive changes to Cortese-Knox-Hertzberg. Includes major definitions update.

**SB 244 (Wolk D) Land use: general plan: disadvantaged unincorporated communities.**

**Current Text:** Amended: 5/18/2011 [pdf](#) [html](#)

**Introduced:** 2/10/2011

**Last Amended:** 5/18/2011

**Status:** 5/18/2011-Read second time and amended. Ordered to third reading.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/27/2011 #77 SENATE SENATE BILLS-THIRD READING FILE

**Summary:**

Would require the city or county planning agency, after the initial revision and update of the general plan, to review, and if necessary amend, the general plan to update the information, goals, and program of action relating to these communities therein. By adding to the duties of city and county officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

**Attachments:**

[CALAFCO Letter of Concern - 29 March 2011](#)

**Position:** None at this time

**Subject:** Disadvantaged Communities

**CALAFCO Comments:** Amended to require LAFCo review of disadvantaged unincorporated communities. It adds a definition for disadvantaged unincorporated communities, requires LAFCo to review water, sewer and fire services to the communities in the next SOI update, places more emphasis on LAFCo recommendations on reorganizations for efficient and effective services, requires LAFCo to identify service deficiencies to these communities in MSR, and specifically requires LAFCo to assess alternatives for efficient and affordable infrastructure and services, including consolidations, in MSR. Bill requires LAFCo to look at communities "in or adjacent to the sphere of influence."

2

**AB 46 (John A. Pérez D) Local government: cities.**

**Current Text:** Amended: 4/4/2011 [pdf](#) [html](#)

**Introduced:** 12/6/2010

**Last Amended:** 4/4/2011

**Status:** 5/19/2011-In Senate. Read first time. To Com. on RLS. for assignment.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Summary:**

Would provide that every city with a population of less than 150 people as of January 1, 2010, would be disincorporated into that city's respective county as of 91 days after the effective date of the bill, unless a county board of supervisors determines, by majority vote within the 90-day period following enactment of these provisions, that continuing such a city within that county's boundaries would serve a public purpose if the board of supervisors determines that the city is in an isolated rural location that makes it impractical for the residents of the community to organize in another form of local governance. The bill would also require the local agency formation commission within the county to oversee the terms and conditions of the disincorporation of the city, as specified.

**Position:** None at this time

**Subject:** Disincorporation/dissolution

**CALAFCO Comments:** As written this bill applies only to Vernon, California. It bypasses much of the C-K-H disincorporation process, leaving LAFCo only the responsibility of assigning assets and liabilities following disincorporation.

**AB 187 (Lara D) State Auditor: audits: high-risk local government agency audit program.**

**Current Text:** Introduced: 1/25/2011 [pdf](#) [html](#)

**Introduced:** 1/25/2011

**Status:** 5/11/2011-In committee: Set, first hearing. Referred to APPR. suspense file.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chapters
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/27/2011 Upon call of the Chair - State Capitol, Room 4202

ASSEMBLY APPROPRIATIONS SUSPENSE, FUENTES, Chair

**Summary:**

Would authorize the State Auditor to establish a high-risk local government agency audit program to identify, audit, and issue reports on any local government agency, including any city, county, or special district, or any publicly created entity that the State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy, efficiency, or effectiveness. The bill would also authorize the State Auditor to consult with the State Controller, Attorney General, and other state agencies in identifying local government agencies that are at high risk.

**Position:** None at this time

**Subject:** Financial Viability of Agencies, Service Reviews/Spheres

**CALAFCO Comments:** Would allow the State Auditor to audit and issue reports on any local agency it identifies at being at high risk for waste, fraud, abuse or mismanagement.

**AB 555 (Norby R) Local agency formation.**

**Current Text:** Introduced: 2/16/2011 [pdf](#) [html](#)

**Introduced:** 2/16/2011

**Status:** 5/13/2011-Failed Deadline pursuant to Rule 61(a)(3). (Last location was PRINT on 2/16/2011)

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chapters
Dead	1st House				2nd House				Conc.			

**Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 governs the procedures for the formation, change of organization, and reorganization of cities and special districts. This bill would make technical, nonsubstantive changes to the act.

**Position:** None at this time

**Subject:**

**CALAFCO Comments:** Placeholder bill, currently targeted to C-K-H.

**AB 781 (John A. Pérez D) Preservation of lands: open-space subventions.**

**Current Text:** Amended: 3/23/2011 [pdf](#) [html](#)

**Introduced:** 2/17/2011

**Last Amended:** 3/23/2011

**Status:** 5/19/2011-In Senate. Read first time. To Com. on RLS. for assignment.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chapters
Dead	1st House				2nd House				Conc.			

**Summary:**

Would authorize a city, county, or city and county to accept contributions from public and private entities to offset a reduction in state subvention payments, as specified.

**Position:** None at this time

**Subject:** Ag Preservation - Williamson

**CALAFCO Comments:** Allows a city or county to accept private contributions to offset reductions in Williamson Act funding.

**AB 1265 (Nielsen R) Local government: Williamson Act.**

**Current Text:** Amended: 4/4/2011 [pdf](#) [html](#)

**Introduced:** 2/18/2011

**Last Amended:** 4/4/2011

**Status:** 5/19/2011-In Senate. Read first time. To Com. on RLS. for assignment.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chapters
Dead	1st House				2nd House				Conc.			

**Summary:**



Would, beginning January 1, 2012, and until January 1, 2015, authorize a county, in any fiscal year in which payments authorized for reimbursement to a county for lost revenue are less than 1/2 of the participating county's actual foregone general fund property tax revenue, to revise the term for newly renewed and new contracts and require the assessor to value the property, as specified, based on the revised contract term. The bill would provide that a landowner may choose to nonrenew and begin the cancellation process. The bill would also provide that any increased revenues generated by properties under a new contract shall be paid to the county.

**Attachments:**

[CALAFCO Support Letter](#)

**Position:** Support

**Subject:** Ag Preservation - Williamson

**CALAFCO Comments:** Creates an interim solution to the loss of state subventions for Williamson Act lands by giving counties and alternative landowner-funding approach.

**ACA 17 (Logue R) State-mandated local programs.**

**Current Text:** Introduced: 2/15/2011 [pdf](#) [html](#)

**Introduced:** 2/15/2011

**Status:** 4/14/2011-Referred to Com. on L. GOV.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

**Summary:**

Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, the state is required to provide a subvention of funds to reimburse the local government. With regard to certain mandates imposed on a city, county, city and county, or special district that have been determine to be payable, the Legislature is required either to appropriate, in the annual Budget Act, the full payable amount of the mandate, determined as specified, or to suspend the operation of the mandate for the fiscal year. The California Constitution provides that the Legislature is not required to appropriate funds for specified mandates.

**Position:** None at this time

**Subject:** LAFCo Administration

**CALAFCO Comments:** Changes state mandate law in a proposed constitutional amendment. Included is specific language that releases mandate responsibility if the local agency can change an individual or applicant for the cost of providing the mandated service. Would likely exempt some mandates to LAFCo from state funding.

**SB 31 (Correa D) Local government: lobbyist registration.**

**Current Text:** Amended: 3/23/2011 [pdf](#) [html](#)

**Introduced:** 12/6/2010

**Last Amended:** 3/23/2011

**Status:** 5/10/2011-Failed Deadline pursuant to Rule 61(a)(2). (Last location was E. & C.A. on 3/31/2011)

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

**Summary:**

Would enact a comprehensive scheme to regulate lobbying entities, as defined, that lobby local government agencies, including requirements to register and make periodic reports regarding certain lobbying activities. The bill would require each local government agency to create a commission to implement and enforce the provisions of the bill. By requiring local government agencies to implement a new program, the bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

**Position:** Watch

**Subject:** LAFCo Administration

**CALAFCO Comments:** Would require any "local government agency" to establish a commission to regulate lobbyists and lobbying activities of that agency and prepare periodic reports. Would appear to include LAFCo, although "local government agency" is not defined. In some ways similar to the recent laws requiring disclosure to LAFCo of financial contributions regarding a LAFCo decision.

**SB 46 (Correa D) Public officials: compensation disclosure.**

**Current Text:** Amended: 4/6/2011 [pdf](#) [html](#)

**Introduced:** 12/9/2010

**Last Amended:** 4/6/2011

**Status:** 5/20/2011-Set for hearing May 26.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/26/2011 9:30 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS  
SUSPENSE, KEHOE, Chair

**Summary:**

Would, until January 1, 2019, require every person, except a candidate for public office, who is required to file a statement of economic interests to include, as a part of that filing, a compensation disclosure form that provides compensation information for the preceding calendar year, as specified. This bill would, until January 1, 2019, require each designated employee who is required to file statements under a conflict of interest code to include, as a part of that filing, a compensation disclosure form that provides compensation information for the preceding calendar year. This bill contains other related provisions and other current laws.

**Position:** Oppose

**Subject:** LAFCo Administration

**CALAFCO Comments:** Similar to a 2010 bill, this would require all those who file a Form 700 to also file an extensive compensation and reimbursement disclosure report. Would require all local agencies, including LAFCo, to annually post the forms on their website.

**SB 160 (Huff R) Local government: reorganization.**

**Current Text:** Introduced: 2/2/2011 [pdf](#) [html](#)

**Introduced:** 2/2/2011

**Status:** 5/13/2011-Failed Deadline pursuant to Rule 61(a)(3). (Last location was RLS. on 2/10/2011)

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. This bill would make a technical, nonsubstantive change to that act.

**Position:** None at this time

**Subject:**

**CALAFCO Comments:** Appears to be a placeholder bill. Typically the senior republican on the Senate Finance & Committee introduces this bill as a placeholder. Usually used for some other purpose than LAFCo.

**SB 191 (Committee on Governance and Finance) Validations.**

**Current Text:** Amended: 5/16/2011 [pdf](#) [html](#)

**Introduced:** 2/8/2011

**Last Amended:** 5/16/2011

**Status:** 5/23/2011-In Senate. Concurrence in Assembly amendments pending.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/27/2011 #13 SENATE UNFINISHED BUSINESS

**Summary:**

This bill would enact the First Validating Act of 2011, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

**Attachments:**

[CALAFCO Support Letter](#)

**Position:** Support

**Subject:** LAFCo Administration

**CALAFCO Comments:** One of three annual acts which validate the boundaries of all local



agencies.

**SB 192 (Committee on Governance and Finance) Validations.**

**Current Text:** Amended: 5/16/2011 [pdf](#) [html](#)

**Introduced:** 2/8/2011

**Last Amended:** 5/16/2011

**Status:** 5/19/2011-Ordered to inactive file on request of Assembly Member Charles Calderon.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Summary:**

This bill would enact the Second Validating Act of 2011, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill contains other related provisions.

**Attachments:**

[CALAFCO Support Letter](#)

**Position:** Support

**Subject:** LAFCo Administration

**CALAFCO Comments:** One of three annual acts which validate the boundaries of all local agencies.

**SB 193 (Committee on Governance and Finance) Validations.**

**Current Text:** Amended: 5/16/2011 [pdf](#) [html](#)

**Introduced:** 2/8/2011

**Last Amended:** 5/16/2011

**Status:** 5/19/2011-Ordered to inactive file on request of Assembly Member Charles Calderon.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Summary:**

This bill would enact the Third Validating Act of 2011, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

**Attachments:**

[CALAFCO Support Letter](#)

**Position:** Support

**Subject:** LAFCo Administration

**CALAFCO Comments:** One of three annual acts which validate the boundaries of all local agencies.

**SB 436 (Kehoe D) Land use: mitigation lands: nonprofit organizations.**

**Current Text:** Amended: 5/2/2011 [pdf](#) [html](#)

**Introduced:** 2/16/2011

**Last Amended:** 5/2/2011

**Status:** 5/20/2011-Set for hearing May 26.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/26/2011 9:30 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS SUSPENSE, KEHOE, Chair

**Summary:**

Would, until January 1, 2022, authorize a state or local public agency to provide funds to a nonprofit organization to acquire land or easements that satisfy the agency's mitigation obligations, including funds that have been set aside for the long-term management of any lands or easements conveyed to a nonprofit organization if the nonprofit organization meets certain requirements. The bill would also state the findings and declarations of the Legislature with respect to the preservation of natural resources through such mitigation, and would state that it is in the best interest of the public to allow state and local public agencies and nonprofit organizations to utilize the tools and strategies they need for improving the effectiveness, cost efficiency, and durability of mitigation for California's natural resources.

**Position:** Support

**Subject:** Ag/Open Space Protection

**CALAFCO Comments:** Would allow a local agency to provide funds to a non profit to acquire land or easements to satisfy an agency's mitigation requirements. May be an important tool for LAFCo in agricultural and open space preservation.

**SB 668 (Evans D) Local government: Williamson Act.**

**Current Text:** Amended: 5/10/2011 [pdf](#) [html](#)

**Introduced:** 2/18/2011

**Last Amended:** 5/10/2011

**Status:** 5/23/2011-In Assembly. Read first time. Held at Desk.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Summary:**

Would, until January 1, 2016, authorize a nonprofit land-trust organization, a nonprofit entity, or a public agency to enter into a contract with a landowner who has also entered into a Williamson Act contract, upon approval of the city or county that holds the Williamson Act contract, to keep that landowner's land in contract under the Williamson Act, for a period of up to 10 years in exchange for the open-space district's, land-trust organization's, or nonprofit entity's payment of all or a portion of the foregone property tax revenue to the county, where the state has failed to reimburse, or reduced the subvention to, the city or county for property tax revenues not received as a result of Williamson Act contracts.

**Position:** None at this time

**Subject:** Ag Preservation - Williamson

**CALAFCO Comments:** Would allow an open space district, land trust or non profit to contract with a Williamson Act landowner to keep land in Williamson Act in exchange for paying all or a portion of the foregone property tax to the county if the state has failed to provide subventions.

3

**AB 83 (Jeffries R) Environment: CEQA exemption: recycled water pipeline.**

**Current Text:** Introduced: 1/5/2011 [pdf](#) [html](#)

**Introduced:** 1/5/2011

**Status:** 5/10/2011-Failed Deadline pursuant to Rule 61(a)(2). (Last location was NAT. RES. on 4/11/2011)

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Summary:**

Would exempt from CEQA a project for the installation of a new pipeline, not exceeding a specified length, for the distribution of recycled water within an improved public street, highway, or right-of-way. Because a lead agency, which may include a local agency, is required to determine whether a project qualifies for those exemptions, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

**Position:** None at this time

**Subject:** CEQA

**CALAFCO Comments:** Exempts recycled water pipelines from CEQA in certain circumstances.

**AB 148 (Smyth R) Local government: ethics training: disclosure.**

**Current Text:** Amended: 4/14/2011 [pdf](#) [html](#)

**Introduced:** 1/14/2011

**Last Amended:** 4/14/2011

**Status:** 5/11/2011-In committee: Set, first hearing. Referred to APPR. suspense file.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/27/2011 Upon call of the Chair - State Capitol, Room 4202  
ASSEMBLY APPROPRIATIONS SUSPENSE, FUENTES, Chair

**Summary:**

Current law, for purposes of ethics training for officers and employees of a local government,



defines the term ethics laws to include, among others, laws relating to government transparency. This bill would additionally define the term ethics laws to include compensation setting guidelines as established by specified organizations or the local agency. This bill contains other related provisions and other current laws.

**Position:** None at this time

**Subject:** Financial Disclosure Requirements, LAFCo Administration

**CALAFCO Comments:** Would add compensation setting guidelines to the ethics training requirements for officials.

**AB 162 (Smyth R) Local government: financial reports.**

**Current Text:** Introduced: 1/19/2011 [pdf](#) [html](#)

**Introduced:** 1/19/2011

**Status:** 5/10/2011-Failed Deadline pursuant to Rule 61(a)(2). (Last location was L. GOV. on 2/18/2011)

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Summary:**

Would require that, if an audit of a local agency reveals certain financial irregularities, the findings be sent separately to the Controller immediately after the audit has been concluded. By increasing the duties of local officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

**Position:** None at this time

**Subject:** Financial Viability of Agencies

**CALAFCO Comments:** Requires disclosure to the State Controller of a variety of irregularities discovered in a local agency annual audit. May have some application for MSR updates.

**AB 229 (Lara D) Controller: audits.**

**Current Text:** Amended: 4/14/2011 [pdf](#) [html](#)

**Introduced:** 2/2/2011

**Last Amended:** 4/14/2011

**Status:** 5/11/2011-In committee: Set, first hearing. Referred to APPR. suspense file.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/27/2011 Upon call of the Chair - State Capitol, Room 4202  
ASSEMBLY APPROPRIATIONS SUSPENSE, FUENTES, Chair

**Summary:**

Would require the audit reports prepared in this regard to be submitted to the Controller within 9 months of the end of the period audited or in accordance with applicable federal law. This bill would authorize the Controller to appoint a qualified certified public accountant to complete an audit report if it is not submitted by the local agency within the required timeframe, with associated costs to be borne by the local agency, as specified. This bill would require the audit to comply with the Government Auditing Standards issued by the Comptroller General of the United States. This bill would require the audits to be made by a certified public accountant that is licensed by the California Board of Accountancy and selected by a local agency from a directory of accountants to be published by the Controller by December 31 of each year. The Controller would be required to use specified criteria to determine those certified public accountants that are to be included in the directory. This bill contains other related provisions.

**Position:** None at this time

**Subject:** Financial Viability of Agencies

**CALAFCO Comments:** Requires audits of local agencies to be sent to controller within 9 months and sets requirements for the CPA or firm which conducts the audits.

**AB 253 (Smyth R) Local agencies: accounting.**

**Current Text:** Amended: 4/14/2011 [pdf](#) [html](#)

**Introduced:** 2/3/2011

**Last Amended:** 4/14/2011

**Status:** 5/11/2011-In committee: Set, first hearing. Referred to APPR. suspense file.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered

Dead		<b>Fiscal</b>					Conc.			
	1st House			2nd House						

**Calendar:**

5/27/2011 Upon call of the Chair - State Capitol, Room 4202  
ASSEMBLY APPROPRIATIONS SUSPENSE, FUENTES, Chair

**Summary:**

Current law requires the Controller to prescribe uniform accounting and reporting procedures that are applicable to specified types of local agencies, including special districts. This bill would instead require the Controller to prescribe uniform accounting procedures that are applicable only to specified types of special districts, subject to these provisions. The bill would require the Controller to prescribe uniform accounting procedures for cities, subject to specified criteria, in collaboration with the Committee on City Accounting Procedures, which would be created by the bill.

**Position:** None at this time

**Subject:** Financial Viability of Agencies

**CALAFCO Comments:** Establishes uniform accounting practices for special districts and cities.

**AB 307 (Nestande R) Joint powers agreements: public agency: federally recognized Indian tribe.**

**Current Text:** Amended: 3/29/2011 [pdf](#) [html](#)

**Introduced:** 2/9/2011

**Last Amended:** 3/29/2011

**Status:** 5/12/2011-Referred to Com. on GOV. & F.

<b>2Year</b>	<b>Desk</b>	<b>Policy</b>	<b>Fiscal</b>	<b>Floor</b>	<b>Desk</b>	<b>Policy</b>	<b>Fiscal</b>	<b>Floor</b>	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House			2nd House					Conc.			

**Calendar:**

6/8/2011 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, WOLK, Chair

**Summary:**

Current law authorizes 2 or more public agencies, as defined, to enter into an agreement to exercise common powers. Current law also permits certain federally recognized Indian tribes to enter into joint powers agreements with particular parties and for limited purposes. This bill would include a federally recognized Indian tribe as a public agency that may enter into a joint powers agreement. This bill would also make conforming changes by conforming related code sections. This bill contains other related provisions.

**Position:** None at this time

**Subject:** Municipal Services

**CALAFCO Comments:** Would allow any federally recognized Indian tribe to act as a public agency to participate in any Joint Powers Authority. Significantly expands current law on Indian tribe participation in a JPA.

**AB 392 (Alejo D) Ralph M. Brown Act: posting agendas.**

**Current Text:** Amended: 4/14/2011 [pdf](#) [html](#)

**Introduced:** 2/14/2011

**Last Amended:** 4/14/2011

**Status:** 5/11/2011-In committee: Set, first hearing. Referred to APPR. suspense file.

<b>2Year</b>	<b>Desk</b>	<b>Policy</b>	<b>Fiscal</b>	<b>Floor</b>	<b>Desk</b>	<b>Policy</b>	<b>Fiscal</b>	<b>Floor</b>	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House			2nd House					Conc.			

**Calendar:**

5/27/2011 Upon call of the Chair - State Capitol, Room 4202  
ASSEMBLY APPROPRIATIONS SUSPENSE, FUENTES, Chair

**Summary:**

Would require the legislative body of a local agency to post the agenda and specified staff generated reports that relate to items on the agenda on its Internet Web site, if any, as specified. The bill would require the legislative body of the local agency, if it does not have an Internet Web site, to disclose on the posted agenda a public location where the agency would make an applicable staff generated report available for copying and inspection by a member of the public for at least 72 hours prior to the meeting. The bill would prohibit the legislative body from acting on or discussing an item on the agenda for which a related staff generated report was not properly disclosed at least 72 hours prior to the meeting, except as provided. By expanding the duties of local agencies, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.



**Position:** None at this time  
**Subject:** LAFCo Administration  
**CALAFCO Comments:** Adds additional posting requirements to Brown Act.

**AB 582 (Pan D) Open meetings: local agencies.**

**Current Text:** Amended: 4/14/2011 [pdf](#) [html](#)

**Introduced:** 2/16/2011

**Last Amended:** 4/14/2011

**Status:** 5/11/2011-In committee: Set, first hearing. Referred to APPR. suspense file.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/27/2011 Upon call of the Chair - State Capitol, Room 4202  
 ASSEMBLY APPROPRIATIONS SUSPENSE, FUENTES, Chair

**Summary:**

The Ralph M. Brown Act authorizes a legislative body of a local agency to hold closed sessions with the agency's designated representatives regarding the salary and compensation of represented and unrepresented employees. This bill would require that proposed compensation increases of more than 5% for specified employees be publicly noticed, as prescribed. By adding to the duties of local officials, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

**Position:** None at this time  
**Subject:** Financial Disclosure Requirements  
**CALAFCO Comments:** Requires public disclosure of compensation increases for unrepresented employees.

**AB 779 (Fletcher R) Municipal water districts: oversight.**

**Current Text:** Amended: 3/30/2011 [pdf](#) [html](#)

**Introduced:** 2/17/2011

**Last Amended:** 3/30/2011

**Status:** 5/11/2011-In committee: Set, first hearing. Hearing canceled at the request of author.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Summary:**

Current law, the Municipal Water District Law of 1911, authorizes the formation of a municipal water district to acquire and sell water, and specifies the powers and purposes of a municipal water district. This bill would authorize a municipal water district to establish an independent oversight committee to assist in tracking and reviewing revenues of the district to advance capital improvements, operations and maintenance of district facilities, and allocation methodologies. The bill would authorize an independent oversight committee to perform specified functions for those purposes.

**Position:** None at this time  
**Subject:** Water, Special District Principle Acts  
**CALAFCO Comments:** Allows a municipal water districts to establish an oversight committee on the financial operations of the district.

**AB 785 (Mendoza D) Political Reform Act of 1974: public officers: financial interest.**

**Current Text:** Amended: 4/25/2011 [pdf](#) [html](#)

**Introduced:** 2/17/2011

**Last Amended:** 4/25/2011

**Status:** 5/10/2011-Failed Deadline pursuant to Rule 61(a)(2). (Last location was L. GOV. on 4/26/2011)

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Summary:**

Would provide, for purposes of this prohibition, that a public official who is an elected or appointed member of a state or local government agency has a financial interest in a decision of that agency if an immediate family member of the public official has a financial interest in the decision. In addition, this bill would ascribe a financial interest to an immediate family member (a) who is acting as an agent for, or otherwise representing, any other person by

making a formal or informal appearance before, or by making an oral or written communication to, the state or local government agency, or an officer or employee thereof, for the purpose of influencing the decision or (b) who is a director, officer, or partner of a business entity on which it is reasonably foreseeable that the decision will have a material financial effect. This bill would define "immediate family member" to mean a public official's spouse or domestic partner, child, parent, sibling, or the spouse or domestic partner of a child, parent, or sibling. This bill would impose a state-mandated local program by exposing these public officials to potential criminal penalties for failing to recuse themselves from participation where required by this bill. (2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill contains other related provisions and other current laws.

**Position:** None at this time

**Subject:** LAFCo Administration

**CALAFCO Comments:** Adds additional restrictions on participating in decisions when one's family members as defined have a financial interest or are lobbying on behalf of an interested party.

**AB 1198 (Norby R) Land use: housing element: regional housing need assessment.**

**Current Text:** Introduced: 2/18/2011 [pdf](#) [html](#)

**Introduced:** 2/18/2011

**Status:** 5/10/2011-Failed Deadline pursuant to Rule 61(a)(2). (Last location was H. & C.D. on 3/21/2011)

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

**Summary:**

Would repeal the requirement that the department determine the current and projected need for housing for each region, as specified, and other specified provisions relating to the assessment or allocation of regional housing need.

**Position:** None at this time

**Subject:** Housing

**CALAFCO Comments:** Would repeal the entire RHNA process and Housing and Community Development authority over housing.

**AB 1266 (Nielsen R) Local government: Williamson Act: agricultural preserves: advisory board.**

**Current Text:** Introduced: 2/18/2011 [pdf](#) [html](#)

**Introduced:** 2/18/2011

**Status:** 5/19/2011-In Senate. Read first time. To Com. on RLS. for assignment.

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

**Summary:**

Current law, the Williamson Act, authorizes a city or county to enter into contracts to establish agricultural preserves. Current law also authorizes the legislative body of a city or county to appoint an advisory board to advise the legislative body on agricultural preserve matters. This bill would specify matters on which the advisory board may advise the legislative body of a county or city. This bill would also state that the advisory board is not the exclusive mechanism through which the legislative body can receive advice on or address matters regarding agricultural preserves.

**Position:** None at this time

**Subject:** Ag Preservation - Williamson

**CALAFCO Comments:** Specifies additional responsibilities for the county or city Williamson Act advisory board. May also be a placeholder for more significant modifications to the Williamson Act.

**AB 1287 (Buchanan D) Local government: audits.**

**Current Text:** Introduced: 2/18/2011 [pdf](#) [html](#)

**Introduced:** 2/18/2011

**Status:** 5/13/2011-Failed Deadline pursuant to Rule 61(a)(3). (Last location was L. GOV. on 3/21/2011)

2Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							



**Summary:**

Would require local agencies, defined to include cities, counties, a city and county, special districts, authorities, or public agencies, to comply with General Accounting Office standards for financial and compliance audits and would prohibit an independent auditor from engaging in financial compliance audits unless, within 3 years of commencing the first of the audits, and every 3 years thereafter, the auditor completes a quality control review in accordance with General Accounting Office standards.

**Position:** None at this time

**Subject:** Financial Viability of Agencies

**CALAFCO Comments:** Would require regular audits of all local agencies.

**SB 27 (Simitian D) Public retirement: final compensation: computation: retirees.**

**Current Text:** Amended: 3/3/2011 [pdf](#) [html](#)

**Introduced:** 12/6/2010

**Last Amended:** 3/3/2011

**Status:** 5/20/2011-Set for hearing May 26.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/26/2011 9:30 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS  
SUSPENSE, KEHOE, Chair

**Summary:**

Would revise the definition of creditable compensation for these purposes and would identify certain payments, reimbursements, and compensation that are creditable compensation to be applied to the Defined Benefit Supplement Program. The bill would prohibit one employee from being considered a class. The bill would revise the definition of compensation with respect to the Defined Benefit Supplemental Program to include remuneration earnable within a 5-year period, which includes the last year in which the member's final compensation is determined, when it is in excess of 125% of that member's compensation earnable in the year prior to that 5-year period, as specified. The bill would prohibit a member who retires on or after January 1, 2013, who elects to receive his or her retirement benefit under the Defined Benefit Supplemental Program as a lump-sum payment from receiving that sum until 180 days have elapsed following the effective date of the member's retirement. This bill contains other related provisions and other current laws.

**Position:** None at this time

**Subject:** LAFCo Administration

**CALAFCO Comments:**

**SB 186 (Kehoe D) The Controller.**

**Current Text:** Amended: 4/6/2011 [pdf](#) [html](#)

**Introduced:** 2/7/2011

**Last Amended:** 4/6/2011

**Status:** 5/20/2011-Set for hearing May 26.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/26/2011 9:30 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS  
SUSPENSE, KEHOE, Chair

**Summary:**

Would authorize the Controller to exercise discretionary authority to perform an audit or investigation of any county, city, special district, joint powers authority, or redevelopment agency, if the Controller has reason to believe, supported by documentation, that the local agency is not complying with the financial requirements in state law, grant agreements, local charters, or local ordinances. This bill would require the Controller to prepare a report of the results of the audit or investigation and to file a copy with the local legislative body.

**Position:** None at this time

**Subject:** Financial Viability of Agencies

**CALAFCO Comments:** Allows Controller to audit local agencies and determine fiscal viability.

**SB 194 (Committee on Governance and Finance) Local government: omnibus bill.**

**Current Text:** Amended: 4/7/2011 [pdf](#) [html](#)  
**Introduced:** 2/8/2011  
**Last Amended:** 4/7/2011  
**Status:** 5/16/2011-Referred to Com. on L. GOV.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**  
6/29/2011 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL  
GOVERNMENT, SMYTH, Chair

**Summary:**  
The Shasta County Regional Library Facilities and Services Act establishes the Shasta County Regional Library Facilities and Services Commission, and authorizes the commission to, among other things, issue bonds, levy a special tax pursuant to the Mello-Roos Community Facilities Act of 1982, levy a special tax pursuant to Section 4 of Article XIII A of the Constitution, levy a retail transactions and use tax, and levy service charges and fines, as specified. This bill would repeal this act. This bill contains other provisions and other current laws.

**Position:** None at this time

**Subject:**

**CALAFCO Comments:** This is the Senate local government Omnibus Bill. At this point CALAFCO does not have any items in the bill nor has any objections to any of the items currently in the bill.

**SB 235 (Negrete McLeod D) Water conservation districts: reduction in number of directors.**

**Current Text:** Amended: 3/14/2011 [pdf](#) [html](#)  
**Introduced:** 2/9/2011  
**Last Amended:** 3/14/2011  
**Status:** 4/28/2011-Referred to Com. on L. GOV.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**  
6/15/2011 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL  
GOVERNMENT, SMYTH, Chair

**Summary:**  
The Water Conservation District Law of 1931 generally governs the formation of water conservation districts and specifies the powers and purposes of those districts. This bill would authorize a water conservation district, except districts within the County of Ventura, whose board of directors consists of 7 directors, to reduce the number of directors to 5, consistent with specified requirements.

**Position:** None at this time

**Subject:** Special District Principle Acts

**CALAFCO Comments:** Allows specified water districts to reorganize their board of directors to reduce the number of directors, by action of the Board.

**SB 288 (Negrete McLeod D) Local government: independent special districts.**

**Current Text:** Amended: 3/29/2011 [pdf](#) [html](#)  
**Introduced:** 2/14/2011  
**Last Amended:** 3/29/2011  
**Status:** 4/28/2011-Referred to Com. on L. GOV.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**  
6/15/2011 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL  
GOVERNMENT, SMYTH, Chair

**Summary:**  
Would authorize the governing board of an independent special district, as defined, to provide, by resolution, for the establishment of a revolving fund in an amount not to exceed 110% of 1/12 of the independent special district's adopted budget for that fiscal year, and would require the resolution establishing the fund to make specified designations relating to the purposes for which the fund may be expended, the district officer with authority and responsibility over the fund, the necessity for the fund, and the maximum amount of the fund.



This bill contains other current laws.

**Position:** None at this time

**Subject:** Special District Powers, Special District Principle Acts

**CALAFCO Comments:** Allows special districts as defined by C-K-H to set up special revolving funds.

**SB 449 (Pavley D) Controller: local agency financial review.**

**Current Text:** Amended: 5/19/2011 [pdf](#) [html](#)

**Introduced:** 2/16/2011

**Last Amended:** 5/19/2011

**Status:** 5/20/2011-Set for hearing May 26.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/26/2011 9:30 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS SUSPENSE, KEHOE, Chair

**Summary:**

Would authorize the Controller, if the Controller determines that sufficient funds are made available, to conduct a preliminary review to determine the existence of a local agency financial problem, and perform an audit upon completion of that review, subject to specified criteria. This bill contains other related provisions.

**Position:** None at this time

**Subject:** Financial Viability of Agencies

**CALAFCO Comments:** Allows state controller to audit local agencies.

**SB 618 (Wolk D) Local government: solar-use easement.**

**Current Text:** Amended: 5/11/2011 [pdf](#) [html](#)

**Introduced:** 2/18/2011

**Last Amended:** 5/11/2011

**Status:** 5/20/2011-Set for hearing May 26.

2Year	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
Dead	1st House				2nd House				Conc.			

**Calendar:**

5/26/2011 9:30 a.m. - John L. Burton Hearing Room (4203) SENATE APPROPRIATIONS SUSPENSE, KEHOE, Chair

**Summary:**

Would authorize the parties to a Williamson Act contract to mutually agree to rescind the contract in order to simultaneously enter into a solar-use easement that would require that the land be used for solar photovoltaic facilities for a term no less than 10 years. This bill would require a county or city to include certain restrictions, conditions, or covenants in the deed or instrument granting a solar-use easement. This bill would provide that a solar-use easement would be automatically renewed annually, unless either party filed a notice of nonrenewal. This bill would provide that a solar-use easement may only be terminated by either party filing a notice of nonrenewal. This bill would require that if the landowner terminates the solar-use easement, the landowner shall restore the property to the conditions that existed before the easement by the time the easement terminates. This bill would provide that specified parties may bring an action to enforce the easement if it is violated. This bill would provide that construction of solar photovoltaic facilities on land subject to a solar-use easement that qualifies as a active solar energy system, as defined, would be excluded from classification as newly constructed. This bill contains other related provisions and other current laws.

**Position:** None at this time

**Subject:** Ag Preservation - Williamson

**CALAFCO Comments:** Allows renewable energy generation (wind, solar farms) as an acceptable use for Williamson Act lands.

**SB 648 (Berryhill R) Local government: Williamson Act.**

**Current Text:** Introduced: 2/18/2011 [pdf](#) [html](#)

**Introduced:** 2/18/2011

**Status:** 5/13/2011-Failed Deadline pursuant to Rule 61(a)(3). (Last location was G. & F. on 3/3/2011)

2 Year Dead	Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
	1st House				2nd House							

**Summary:**

Would provide an alternative method of cancellation of a contract by a landowner for contracts that are 10 or more years old, and where the landowner has not received a lowered assessment value on the land during the previous 10 consecutive years based on the existence of a residence, including agricultural laborer housing, on the land being valued. The bill would require the board or council, upon petition by the landowner and a showing that these conditions exist, and would prohibit the board or council from charging a cancellation fee.

**Position:** None at this time

**Subject:** Ag Preservation - Williamson

**CALAFCO Comments:** Provides an alternative method for immediate cancellation of a Williamson Act contract under certain circumstances.

Total Measures: 39  
Total Tracking Forms: 39

5/25/2011 10:52:33 AM





**Proposed Amendments to G.C. Section 56133**

**(Approved by the Legislative Committee on March 25, 2011)**

- (a) A city or district may provide new or extended services by contract or agreement outside its jurisdictional ~~boundaries-boundary~~ only if it first requests and receives written approval from the commission ~~in the affected county~~. The commission may delegate approval of requests made pursuant to subdivisions (b) and (c)(1) below to the Executive Officer.
- (b) The commission may authorize a city or district to provide new or extended services outside its jurisdictional ~~boundaries-boundary~~ but within its sphere of influence in anticipation of a later change of organization.
- (c) ~~If consistent with adopted policy,~~ The commission may authorize a city or district to provide new or extended services outside its jurisdictional ~~boundaries-boundary~~ and outside its sphere of influence under any of the following circumstances:
- (1) ~~To respond to an existing or impending threat to the public health or safety of the residents of the affected territory if both of the following requirements are met:~~
- (1A) ~~The entity applying for the contract approval has provided the commission with documentation of a threat to the health and safety of the public or the affected residents.~~
- (2B) ~~The commission has notified any alternate service provider, including any water corporation as defined in Section 241 of the Public Utilities Code, or sewer system corporation as defined in Section 230.6 of the Public Utilities Code, that has filed a map and a statement of its service capabilities with the commission.~~
- (2) To support existing or planned uses involving public or private properties subject to approval at a noticed public hearing that includes all of the following determinations:
- (A) The extension of service or service deficiency was identified and evaluated in a municipal service review prepared by the commission pursuant to section 56430.
- (B) The effect of the extension of service would not result in adverse impacts on open space or agricultural lands or result in adverse growth inducing impacts.
- (C) A later change of organization involving the subject property and the affected agency is not feasible or desirable based on the adopted policies of the commission.
- (d) The executive officer, within 30 days of receipt of a request for approval by a city or district ~~of a contract to extend services outside its jurisdictional boundary~~, shall determine whether the request is complete and acceptable for filing or whether the request is incomplete. If a request is determined not to be complete, the executive officer shall immediately transmit that determination to the requester, specifying those parts of the request that are incomplete and the manner in which they can be made complete. When the request is deemed complete, the executive officer shall place the request on the agenda of the next commission meeting for which adequate notice can be given but not more than 90 days from the date that the request is deemed complete, unless the commission has delegated approval of ~~those requests made under this section~~ to the executive officer. The commission or executive officer shall approve, disapprove, or approve with conditions the ~~contract for~~ extended services. If the ~~extended services are contract is~~ disapproved or approved with conditions, the applicant may request reconsideration, citing the reasons for reconsideration.
- (e) This section does not apply to ~~contracts or agreements solely involving two or more public agencies where the commission determines the public service to be provided is an alternative to, or substitute for, public services already being provided by an existing public service provider and where the level of service to be provided is consistent with the level of service contemplated by the existing service provider.~~
- (f) This section does not apply to ~~contracts for~~ the transfer of nonpotable or nontreated water.
- (g) This section does not apply to ~~contracts or agreements solely involving the provision of surplus water to agricultural lands and facilities, including, but not limited to, incidental residential structures, for projects that serve conservation purposes or that directly support agricultural industries.~~ However, prior to extending surplus water service to any project that will support or induce development, the city or district shall first request and receive written approval from the commission in the affected county.
- (h) This section does not apply to an extended service that a city or district was providing on or before January 1, 2001.
- (i) This section does not apply to a local publicly owned electric utility, as defined by Section 9604 of the Public Utilities Code, providing electric services that do not involve the acquisition, construction, or installation of electric distribution facilities by the local publicly owned electric utility, outside of the utility's jurisdictional boundaries.
- (j) The application of this section rests solely within the jurisdiction of the commission in the county in which the extension of service is proposed.





**LAFCO MEETING: June 1, 2011**  
**TO: LAFCO**  
**FROM: Neelima Palacherla, Executive Officer**  
**Dunia Noel, Analyst**  
**SUBJECT: UPDATE ON CALIFORNIA FORWARD'S SMART GOVERNMENT**  
**FRAMEWORK AND REGIONAL STAKEHOLDER ROUNDTABLES**

**STAFF RECOMMENDATION**

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Accept staff report and provide further direction to staff, as necessary.

**CURRENT BILLS OF PARTICULAR INTEREST TO SANTA CLARA LAFCO**

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The California Forward's Smart Government Framework outlines a restructuring plan that can produce better results for both taxpayers and those who rely on government services. The framework proposes five priority outcomes (increased employment, improved education, decreased poverty, decreased crime and improved health) along with five draft proposals for reform including:

1. Focus on outcomes
2. Align authority with responsibility
3. Adjust the state role
4. Foster regional collaboration
5. Encourage integration and consolidation.

Attached is California Forward's Executive Summary of the Smart Government Framework. The Draft Proposals 4 and 5 are of particular interest to LAFCOs as these recommendations affect the responsibilities and authorities of LAFCO. CALAFCO sent a comment letter on the Framework outlining its concerns (1) on the proposal's reliance on the Council of Governments (COG) to establish standardized data to evaluate effectiveness of local government and to provide regional coordination of service providers and (2) on the proposal to create another commission on local governance.

Draft Proposal 5 includes two different approaches to achieving consolidation – Proposal 5A involves taking advantage of existing LAFCO service reviews and studies of local agencies including special districts and using this existing resource in identifying any opportunities for consolidation. Whereas Proposal 5B involves creation of a new state commission to review California's local government structure and assess effectiveness and opportunities for consolidation.



California Forward is holding roundtable meetings with stakeholders to learn about what works, what doesn't and what else is needed. The Executive Officer along with Contra Costa and Monterey LAFCO Executive Officers attended the meeting held in San Jose on May 19<sup>th</sup> to provide initial input and (1) to provide information about LAFCOs (2) to request that California Forward first evaluate the information and recommendations presented in two reports - "Growth within Bounds" prepared by the Commission on Local Governance for the 21<sup>st</sup> Century and which resulted in major changes to LAFCO law in 2001 and "Special Districts: Relics of the Past or Resources for the Future" prepared by the Little Hoover Commission, as both these reports contain valuable information to further California Forward's goals and (3) to highlight the resources available at LAFCOs regarding local service providers including special districts – particularly through its service review reports.

California Forward plans to schedule a follow-up meeting in the Bay Area sometime during the month of June. Information about the upcoming workshop will be made available to the commissioners, should any of the commissioners be interested in attending.

#### **ATTACHMENTS**

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- Attachment A: California Forward's Executive Summary of Smart Government Framework
- Attachment B: CALAFCO's Comment Letter on the Conceptual Framework



**Smart Government:  
Making California Work Again**  
*--Executive Summary--*

California may be struggling with a budget crisis and a sluggish economy – but we can fix it. Our state can have a prosperous and environmentally sustainable economy, one that provides equal opportunities for all. To get there, governments at the state and local levels must work together to provide cost-effective services and better results. *California Forward* calls this *Smart Government*. It doesn't happen today as much as it should.

California has a nearly \$90 billion budget without a unified vision and strategy for achieving statewide goals. Most of the state's essential public services are delivered locally, but the state government still sets most of the rules around how the money is spent. Until this relationship between the state and local governments is fundamentally reformed, the state's ongoing budget crisis cannot be fully resolved – and the state's government cannot function effectively.

In the *Smart Government Framework*, *California Forward* outlines a restructuring plan that can produce better results than the current system for both taxpayers and those who rely on government services. It introduces five new priorities for the state, along with five comprehensive proposals for reform.

**FIVE 'SMART GOVERNMENT' PROPOSALS**

**1 – FOCUS ON OUTCOMES**

State operations should be aligned with measurable outcomes.

**2 – ALIGN AUTHORITY WITH RESPONSIBILITY**

Funding and program authority should move to local governments.

**3 – ADJUST THE STATE ROLE**

The state's role should shift to oversight and technical assistance.

**4 – FOSTER REGIONAL COLLABORATION**

Local governments should be incentivized to work together.

**5 – ENCOURAGE INTEGRATION AND CONSOLIDATION**

State and local agencies should be consolidated and integrated where possible.



## SMART GOVERNMENT OUR VISION

California Forward's goal is a state government that works. This goal is shaped by the "Three Es:" At every level, government should be making simultaneous progress toward achieving:

- A Prosperous **E**conomy
- A Quality **E**nvironment
- Community **E**quity

The draft proposals in the *Smart Government Framework* are built around a simple idea: California's three most significant areas of state general fund spending – education, health and human services, and public safety – are fundamentally interrelated. Better education leads to better jobs, which leads to a healthier population, less poverty, less crime, and, ultimately, less pressure on government budgets.

### THE VIRTUOUS CYCLE



Too often, these relationships are obscured by the current governance system. *Smart Government* offers a straightforward approach – along with a comprehensive vision – aimed at addressing this problem.

The state budget is already implicitly addressing these issues, given that the majority of it is spent on education, health and welfare, and prisons. *Smart Government* would require the state to be explicit about the outcomes it is trying to achieve.

In exchange for more authority and flexibility to improve the results of locally-administered programs, local governments would have to hold themselves accountable to these programs' results, to collaborate with other local governments, and to be more transparent.

## SMART GOVERNMENT THE BIG FIVE OUTCOMES

Californians need to know what they are getting for their tax dollars and what government is achieving. The *Smart Government* Framework introduces five new priorities for the state and five comprehensive proposals for reform. The intention is to focus structural and fiscal governance reforms on the Big Five Outcomes below, not just to balance the budget or close a shortfall – but to realign public programs at all levels to deliver these results.



If Californians can come together to restructure the relationship between the state and local governments, the state will see immediate benefits, from better outcomes to increased civic engagement. Studies show that if local governments could integrate services in programs like CalWORKs, public safety, and mental health – and just bring them to the same levels of effectiveness and efficiency as other states – **California could save billions of dollars each year.**

Restructuring California's government, in other words, can be the beginning of a virtuous cycle – improved education, more workforce participation, better health outcomes, and less crime – that can lead to the best possible outcome: A government that achieves positive social gains in a financially sustainable way.



## SMART GOVERNMENT BACKGROUND

The draft proposals described here are only a summary of *California Forward's* comprehensive *Smart Government Framework*, which provides more detail on how to overcome the challenges involved in the complex task of restructuring.

These proposals have been collaboratively developed in ongoing conversations with statewide groups of local government practitioners, stakeholders, and experts involved in a Local Government Task Force, a series of Stakeholder Roundtables, and *California Forward's* Speak Up California civic engagement forums.

Preceding each proposal is a principle statement derived from discussions with these experts and stakeholders that have helped define *California Forward's* approach. The *California Forward Action Fund* plans to pursue these proposals through all appropriate avenues – whether through the initiative process, legislation, or executive order.

**Note:** The proposals are intended to facilitate discussions regarding governance in California and to inform future reform proposals. They are not at this point *California Forward* recommendations, nor do they reflect a view about any specific legislative proposal.

Tell us what you think  
Read the complete version of the Framework and  
comment online at:

[CAFWD.org/framework](http://CAFWD.org/framework)

## SMART GOVERNMENT SUMMARY OF THE PROPOSALS

The *Smart Government* Framework would restructure California's government by aligning it to the goals of improved education, higher employment rates, better health outcomes, less poverty, and less crime. The most effective way to do this is by moving more authority and flexibility to local governments, while changing the role of the state and encouraging more regional collaboration.

### I - FOCUS ON OUTCOMES

- The state budget must be aligned to the Big Five Outcomes.
- The budget is already implicitly addressing these outcomes, given that the majority of it is spent on education, health and welfare, and prisons.
- The state should be explicit about the outcomes it is trying to achieve: Programs should measure their progress toward these goals and make program corrections where needed.

### 2 - ALIGN AUTHORITY WITH RESPONSIBILITY FOR RESULTS

- To promote innovation, efficiency, and effectiveness, the state should grant control of programs and revenues for locally delivered services to local governments.
- **Program authority:** In exchange for program authority, cities, counties, schools, and special districts should hold themselves accountable to outcomes, work together to maximize return on taxpayer investments, and be transparent about their progress.
- **Changes to the tax structure** should be considered and could include broadening the sales tax base and lowering the tax rate, among other ideas.
- **Revenue authority:** To align the revenue structure with local government responsibilities, two steps must be taken:
  1. **A new constitutional authority** is needed that enables local governments to create intergovernmental agreements to distribute locally levied taxes.
  2. **State appropriations** must be adjusted to support integrated regional plans—and to maintain equity.

### 3 - ADJUST THE STATE ROLE

- The state's role should shift to one of leadership, setting a statewide vision, and technical assistance. The state will also continue to oversee many statewide programs, from Medi-Cal and the courts to higher education and state prisons.
- The state's relationship with local governments should focus on: Measuring progress toward the Big Five Outcomes, incentivizing collaboration among local programs, sharing best practices among local governments, and developing fiscal incentives that allow local governments to retain savings.

### 4 - FOSTER REGIONAL COLLABORATION

- Regional Councils of Government should be authorized to extend their Joint Powers Authority to create more representative intergovernmental councils, so they include cities, counties, schools, community colleges, and special districts.
- Each region should design its COG to provide regulatory, fiscal, and other incentives that encourage local collaboration to meet regional needs like workforce development.

### 5 - ENCOURAGE INTEGRATION AND CONSOLIDATION

- The state should conduct an analysis of opportunities for organizational or functional consolidations to reduce complexity, reduce costs, and improve performance.



## SMART GOVERNMENT FIVE DRAFT PROPOSALS

### PRINCIPLE I

California government must be aligned to a clear, unified vision, and restructured to focus decision-making on improving performance, with a renewed emphasis on the clients of public programs. The new structure must systematically encourage decision-makers to change policies, budgets, personnel, and practices to improve results – and the public knowledge of these results is essential to restore accountability to the people.

### DRAFT PROPOSAL I – FOCUS ON OUTCOMES

Aligning program outcomes with larger statewide goals should follow a standard cascading format – similar to those already used in other states – of overarching outcomes, targeted indicators, and ongoing performance measures. A widespread stakeholder process involving both state agencies and local governments will be necessary to establish desired program outcomes. To allow local agencies to demonstrate more progress toward achieving outcomes, the state should allow for greater flexibility in how those outcomes are achieved. This will allow for the development of collaborative services that build on different communities’ strengths.

- **Outcomes:**
  - The state should prioritize at least the Big Five Outcomes – Increased Employment, Improved Education, Decreased Poverty, Decreased Crime, and Improved Health.
- **Indicators of Success:**
  - At least three Indicators of Success in each of these outcome areas should be developed by local governments in consultation with the state. The Indicators of Success should be in line with state (and where appropriate, national) objectives and approved by legislators.
  - Cities, counties, schools, and special districts should develop a five-year strategy and an annual action plan for achieving these Indicators of Success, relying where possible on proven and evidence-based practices. The strategies should be publicly presented annually to their regional Council of Governments.

#### WHAT THIS MIGHT LOOK LIKE: EMPLOYMENT AS AN EXAMPLE

Outcome	Increased Employment
Indicator	State Unemployment Rate
Performance Measures	<ul style="list-style-type: none"> <li>• Number – Families Participating in CalWORKs</li> <li>• Ratio – Case Manager/Participant</li> <li>• Number – CalWORKs Participants Obtaining Employment</li> </ul>

- **Performance Measures:**
  - Progress made by cities, counties, schools, and special districts toward achieving these indicators should be reviewed annually during the state budget process, and quarterly at the state departmental level.
  - This county performance information should be published on the state website and should be used to make programmatic and fiscal decisions at the state and county levels.

**POTENTIAL MODELS** (see these and more online at [CAFWD.org/bestpractices](http://CAFWD.org/bestpractices))

- State of Maryland StateStat: Modeled after the CitiStat performance-measurement and management tool that has been successfully implemented in Baltimore, StateStat uses a data-based management approach to make public programs more efficient and accountable by continually evaluating state performance. Key public safety, health, and social services agencies are already involved, from the Department of Juvenile Services to the Department of Housing and Community Development.
- Washington State Priorities of Government: This budget approach creates a strategic framework for public investment decisions, prioritizing activities that guide the governor's budget proposal to the Legislature – and helping communicate that budget to the public. As part of the Priorities of Government plan, every agency in Washington has been asked to answer eight questions related to whether their activities are essential to state government and whether they are being delivered in the most cost-effective manner.
- Virginia Performs: A performance leadership and accountability system within state government, Virginia Performs aligns specific state agency outcomes with larger statewide goals. Outlining a vision for Virginia's future – including responsible economic growth, an enviable quality of life, good government, and a well-educated citizenry – the state has defined key metrics like obesity in adults, graduation rates, and acres of land preserved to gauge whether it is getting results on its highest priorities.



**PRINCIPLE 2**

Transforming the performance of public programs will require systematic change, not just shifts in responsibilities and resources. The new structure needs to be supported by a restructured fiscal system that constitutionally guarantees control of revenue to the level of government responsible for delivering services. In addition, aligning authority and responsibility with those resources is essential to encourage the integration needed to improve results.

**DRAFT PROPOSAL 2 – ALIGN AUTHORITY WITH RESPONSIBILITY**

California is too large and diverse for a one-size fits all approach to a new governance model. Instead, local governments will need a set of authorities in the constitution and statute that allow them to *organize and finance* their responsibilities – while the state continues to play an important role balancing community strategies with statewide interests. Specifically, this will require changes to the following aspects of state governance:

1. **Program authority**
2. **The tax structure**
3. **Revenue authority**

**PROGRAM AUTHORITY**

Improving outcomes should be a primary responsibility of community governments. Local governments can do this most effectively if they have more control over the way programs are administered. Cities, counties, school districts, and special districts have a mix of responsibilities for the health, safety, and quality of life of their citizens. These responsibilities include educational attainment, public safety, self-sufficiency, social services, and behavioral health programs. To promote greater effectiveness, the state should grant to local governments control of the following:

- **The ability to set priorities** within the framework of the Big Five Outcomes, including which problems, issues, or opportunities they consider most important.
- **The ability to develop strategies, partnerships, and programs** to respond to those priorities. This should include regular publication of agency report-cards detailing each agency's funding allocation, how it was spent, as well as program outcomes. This must make administrative overhead costs, including pension costs, more transparent.
- **The ability to integrate services** to achieve the best outcomes. This should include the ability to share program resources as well as local and state savings that result from local successes.
- **Greater flexibility in contracting with non-profit organizations** working toward the Big Five Outcomes.

**THE TAX STRUCTURE**

To increase the transparency and stability of public services, local governments need a reliable source of revenue that is collected at the same level of government services are provided. To accomplish this, several broad changes to the tax structure should be considered, including providing local governments with additional revenue.

- **Broadening the sales tax base:** One source of additional revenue could come from broadening the sales tax base for selected services.
  - A portion of a broader sales tax could be offset with lower tax rates, and a portion of the revenues could be transferred to counties. The new county portion of the sales tax would then be dedicated to local governments for countywide services and education – increasing transparency, stability, and ease of administration. (Details below under ‘Revenue authority.’)
  - The first opportunity to broaden the sales tax base would be to extend the tax to services that are connected to currently-taxed retail goods such as auto repair. Consideration could also be given to defining transaction taxes to capture new aspects of economic activity, including the ‘greener’ economy.
- **Reclassifying business-related income:** Business-related income that is now taxed under the personal income tax could also be transitioned to the corporate tax in order to have a more transparent and unified system of taxation for business activity. This may have a benefit of reducing volatility in the personal income tax.

**REVENUE AUTHORITY**

Since community governments vary in the types and scale of services they provide, California needs a flexible, *locally-developed* revenue structure. The structure needs to respect historical choices, while also encouraging new fiscal arrangements that allow local governments to be responsive and accountable to citizens, voters, and taxpayers. Local governments currently have limited ability to finance shared services to improve results.

For local governments to effectively align revenues with program responsibilities, two new authorities are needed: (1) A new constitutional authority; (2) A change in state appropriations.

**A New Constitutional Authority:** Local governments need the authority to develop local agreements for reassigning responsibilities and revenue in ways that improve results and make government understandable to the public. These local agreements

**WHAT ABOUT PROP 13?**

The legal agreements described here would not require changes in the tax rate or the property assessment system established by Proposition 13. In the case of the property tax, they would reassign responsibility for allocating the existing tax from the state to local governments.



would include increased authority over distribution of the property tax and the locally levied sales and use taxes. They would also make the revenue system more transparent: One way they might do so, for example, would be to identify on individual property tax bills the portion of revenues that go to different agencies and services, allowing taxpayers to see exactly what their tax-dollars are paying for.

This new constitutional authority can decrease the competition among local governments over revenue streams and allow taxes to be connected to the level of government where services are being provided – promoting transparency, simplicity, and ease of administration.

It would help align authority with responsibility in the following local services:

- **Municipal services:** There is no straight line in the current system between property tax revenues and the provision of municipal services. Some cities receive a larger share of property taxes and others rely on the sales tax. Agencies responsible for municipal services such as law enforcement, fire protection, libraries, utilities, parks and recreation planning, and community development should have the authority to enter into revenue-sharing agreements that will clarify the links between service responsibility and resources. The state should use some portions of state appropriations (see below for an example) to further encourage these service integration efforts.
- **Countywide services:** County programs ranging from election and tax administration to community corrections and health and human services currently rely on a share of the property tax that varies from county to county. The counties' share of the sales tax is limited to unincorporated territory. Counties could be provided with more authority over these local revenue streams in the following ways:
  - **Sales tax allocation:** To ensure that all counties have the resources they need to improve outcomes in health, social services, and criminal justice, the state could dedicate a share of a broader-based sales tax to counties. (See 'Changes to the Tax Structure,' above.) If the state sales tax rate dropped by 1.5 cents after the tax base was broadened, for example, the state might distribute 0.5 cents of that to countywide services, including:
    - ❖ *Local services:* County services that are local in nature and are not administered as an agent of the state, primarily social services programs that do not have a health-related component
    - ❖ *Agent-of-the-state services:* County health and human services that are administered locally by counties serving as agents of the state. This includes public health, mental health services, and health services for local income populations among many others.
  - **Other voluntary options:** Several other locally-levied revenue streams can also be available to counties, including:
    - ❖ Counties' existing authority over a half-cent countywide sales tax.

- ❖ Some portions of state appropriations (see below for an example) that could be used to encourage service integration.
  - ❖ A small portion of the annual growth in property tax revenues, which the state could authorize the counties to use to encourage collaboration.
- **K-14 education:** The current education finance system is the least transparent of all of the state's revenue systems. For the most part, schools and community colleges rely on a mix of property tax and state aid that vary from district to district and county to county. As part of the broadening of the sales tax base described above, the state could also dedicate a portion of the decreased sales tax rate (0.5 percent, for example) to school improvement, allocated on a per-student basis countywide. Other changes to the education finance system should be based on three elements:
    - ❖ A portion of the locally allocated property tax.
    - ❖ A countywide revenue source dedicated to school improvement and distributed on a per-student basis.
    - ❖ A state allocation on a per-student basis weighted toward state objectives.
  - **Regional services:** There is no specified system for financing regional infrastructure, environmental or workforce development activities. To encourage coordination of services on a regional level, a new model would provide fiscal incentives to local governments to develop a region-wide system for addressing infrastructure, environmental and workforce development issues. Elements of such a system might include all or a portion of each of the following:
    - ❖ An authority to use a portion of the vehicle license fee dedicated to regional transportation infrastructure.
    - ❖ A region-wide tax such as a sales tax used for work force development in support of employment needs of the region.
    - ❖ A portion of the growth on state business taxes tied to increased economic activity within the region and used for regional economic development.

**A Change in State Appropriations:** Fiscal incentives are some of the most effective tools the state can use to encourage service integration. State appropriations will play a significant role in helping local governments improve outcomes – especially when targeted appropriations can help drive cooperation among local programs that are already fundamentally interrelated.

The state has several models for allocating state revenues in this way to drive improved local outcomes:

- **The Compact Model:** A compact is a formal bilateral agreement between the state and local governments that would outline roles, responsibilities, and financing. The governments responsible for the service would have broad discretion as to the manner of delivering the service subject to the accomplishment of mutually agreed outcomes.



- **The Pay-for-Service Model:** Local governments could contract with the state to provide a service or vice versa.
- **The Block Grant Model – Children First:** The state could simply set up one or more broadly-crafted grants to support locally defined services directed at improving outcomes for a targeted group such as children. The purpose of the grants would be to provide local government maximum flexibility in the delivery of services and encourage inter-county and regional collaboration.

**POTENTIAL MODELS** (see these and more online at [CAFWD.org/bestpractices](http://CAFWD.org/bestpractices))

- **SB 678:** In 2009, to address the problem of repeat offenders accounting for 40 percent of new felony prison admissions, the state Legislature passed SB 678. The law established a new performance-based funding system to supervise the state's adult felony probationers. It requires interagency collaboration and provides a financial incentive to locals that achieve outcomes by reallocating state savings to local programs.
- **1991 Realignment:** In 1991, the state enacted a major change in the state and local government relationship that involved the transfer of some mental health, social services, and health programs from the state to county control.

**PRINCIPLE 3**

In the new structure the state has an essential role of establishing – in collaboration with local agencies – statewide outcomes reflecting statewide goals and values, ensuring that data is available to measure effort and performance, and facilitating learning and best practices to encourage continuous improvement.

**DRAFT PROPOSAL 3 – ADJUST THE STATE ROLE**

In addition to the draft proposals above, the state needs to restructure legislative and executive activities to provide a new form of leadership and technical assistance. The state also will continue to play a vital role in ensuring minimum standards across the state to maintain equity. Specifically, the state's role will be to:

- Establish the Big Five Outcomes for state programs in collaboration with local communities, and measure indicators of success annually.
- Incentivize collaboration among local programs based on evidence-based practices.
- Provide encouragement and serve as a convener of peer-to-peer technical assistance, so successful local governments can share best practices around achieving better outcomes and improving fiscal management. This also should include performance-based management training.
- Quantify savings to the state based on positive outcomes (e.g. reducing the number of people sent to prison can be directly tied to a reduction in state prison operating costs).
- Allow cities, counties, and schools to retain local savings.
- Streamline regulations that impede economic development and reduce micromanagement compliance activities that detract from a local focus on outcomes.
- Act as an advocate on behalf of local governments before Congress and federal agencies, to forge a partnership around federal programs and funds.
- Focus state budget-making on improved performance:
  - Performance-based budgeting: The governor and legislators should establish clear goals and performance measures for all programs. At least once a year, lawmakers must review programs to determine if they should continue, or how they can be improved.



**POTENTIAL MODELS** (see these and more online at [CAFWD.org/bestpractices](http://CAFWD.org/bestpractices))

- Washington State Priorities of Government: This zero-based budget approach creates a strategic framework for public investment decisions, prioritizing activities that guide the governor's budget proposal to the Legislature – and helping communicate that budget to the public. As part of the Priorities of Government plan, every agency in Washington has been asked to answer eight questions related to whether their activities are essential to state government and whether they are being delivered in the most cost-effective manner.
- Council on Virginia's Future: The Council on Virginia's Future was established in 2003 to develop a vision and long-term goals for Virginia's future. It also was tasked with developing a performance leadership and accountability system for state government that aligns with and supports achieving the vision.
- The Commission for a New Georgia: The Commission for A New Georgia was established in 2003 by Governor Sonny Perdue to launch a management turnaround that would make Georgia the best-managed state in America.
- The Prime Minister's Delivery Unit: The Prime Minister's Delivery Unit was established in June 2001 by former British Prime Minister Tony Blair to monitor progress on and strengthen the British Government's capacity to deliver its key priorities across education, health, crime and transport.
- Substance Abuse Mental Health Services Administration (SAMHSA): SAMHSA is a federal program that allocates funding to the states for substance abuse services and requires recipient agencies to document performance and report information as a condition of receiving funding.

**PRINCIPLE 4**

The new structure needs to provide regulatory, fiscal and other incentives to encourage cooperation among local governments in partnership with the private sector to efficiently and effectively meet regional needs. This strategic alliance should align public efforts with regional economic activity and match the scale of effort to the magnitude of regional challenges.

**DRAFT PROPOSAL 4 – ENCOURAGE REGIONAL COLLABORATION**

The state's current regional system of voluntary Councils of Governments is institutionally inadequate to the task of fostering regional collaboration, because its members only include cities and counties. To encourage cooperation among local governments to efficiently and effectively meet regional challenges that cross city and county lines, regions should be authorized to extend their Joint Powers Authority to create more representative intergovernmental councils. These Regional Councils of Government – or, in areas where it is appropriate, other existing collaborative planning entities – should include all of the governmental entities in a region involved in achieving the Big Five Outcomes. This includes cities, counties, schools, community colleges, and special districts.

These councils should be designed locally under a uniform statewide set of statutory authorities that would give them the power to provide regulatory, fiscal, and other incentives to encourage cooperation among local government entities to meet regional needs. This should include a particular focus on developing a robust pipeline between the educational system and the workforce needs of the regional economy.

Regional Councils of Government should also develop an annual reporting process to review city, county, school, community college, and special district strategies for achieving the Big Five Outcomes, and to encourage progress toward achievement of Indicators of Success.

This new statutory authority should include protections that give regions long-term flexibility throughout the period of implementation.



**POTENTIAL MODELS** (see these and more online at [CAFWD.org/bestpractices](http://CAFWD.org/bestpractices))

- **Senate Bill 375 (Chapter 728, Statutes of 2008)**: SB 375 directs the Air Resources Board to set regional targets for the reduction of greenhouse gas emissions. Aligning these regional plans is intended to help California achieve GHG reduction goals for cars and light trucks under AB 32, the state's landmark climate change legislation.
- **Strategic Growth Council grants**: The Strategic Growth Council manages and awards grants and loans to support the planning and development of sustainable communities. These grants aim to coordinate the activities of state agencies to improve air and water quality, improve infrastructure systems, and assist in sustainable planning.
- **California Partnership for the San Joaquin Valley**: The California Partnership for the San Joaquin Valley is a public-private partnership focused on improving the region's economic vitality and quality of life for the 3.9 million residents of the San Joaquin Valley. The Partnership is addressing the challenges of the region by implementing measurable actions on six major initiatives to help the San Joaquin Valley.
- **California Stewardship Network**: The California Stewardship Network is composed of 11 diverse regions across California who came together to develop regional solutions to the state's most pressing economic, environmental, and community challenges.
- **California Regional Economies Project**: Through a regional perspective, the California Regional Economies Project improves understanding of how the economy is changing, where changes are concentrated, and what catalysts and conditions are causing those changes. In addition, the project assesses how change in one region affects other regions and the state as a whole.

**PRINCIPLE 5**

Government should be organized in a way that most cost-effectively improves results. Local agencies need the incentives and the analysis to make organizational or functional consolidations to reduce costs and improve service.

**NOTE:** The draft proposals below outline two potential – but quite different – approaches to consolidation. A local commission (the Local Agency Formation Commission, or LAFCo) tasked with examining the efficiency and effectiveness of local agencies already exists in each county. Rec. 5A proposes several ways these commissions might be refocused on consolidation. LAFCos do have some built-in political constraints, however, since LAFCo commissioners also represent cities and counties. Rec. 5B examines another option, which would involve creating an independent commission to conduct these analyses statewide.

**DRAFT PROPOSAL 5A – ENCOURAGE INTEGRATION AND CONSOLIDATION**

LAFCos in each region – which are currently tasked with “encouraging the orderly formation and development of local agencies based upon local conditions and circumstances,” along with contributing “to the logical and reasonable development of local agencies in each county... [in an] efficient and accountable manner” – should establish a process with their Regional Councils of Government to present standardized data on the quantity, cost, and effectiveness of local governments in the region.

- This should take advantage of existing LAFCo municipal service reviews, comprehensive studies designed to better inform regional bodies, local agencies, and the community about the provision of municipal services.
- LAFCo reviews also should include regional analyses of the number of jurisdictions in each region, their boundaries, the role of each agency in the jurisdiction, these agencies’ goals and results, and identify any opportunities for consolidation.

**DRAFT PROPOSAL 5B – ENCOURAGE INTEGRATION AND CONSOLIDATION**

The governor and Legislature should jointly create a commission similar to the California Redistricting Commission or New York’s State Commission on Local Government, consisting of experts and local government stakeholders who would conduct a comprehensive review of California’s local government structure. This commission would hold public hearings and issue a report on the following:

- The number and types of local government jurisdictions, the basis for their creation, and the opportunities to restructure or consolidate.
- Opportunities to regionalize local government functions and services.
- The effectiveness of existing state laws and programs designed to assist local government efficiency, consolidation, and partnerships.



**POTENTIAL MODELS** (see these and more online at [CAFWD.org/bestpractices](http://CAFWD.org/bestpractices))

- **A New NY: A Blueprint to Reform Government:** In 2008, The New N.Y. Government Reorganization and Citizen Empowerment Act was enacted into law to reduce New York's 10,521 overlapping governments. In his 2011 State of the State speech, Gov. Andrew Cuomo proposed a set of grants at up to \$100,000 each for local communities to conduct dissolution and consolidation studies.
- **San Mateo Regional Fire Services:** This memo estimates that the cost of fire protection in San Mateo County could be reduced by nearly \$20 million if five cities and the county jointly contracted with a single entity rather than using five separate fire departments.
- **Sacramento City-County Functional Consolidation:** A 2010 report identified annual savings upward of \$5 million if the City of Sacramento leveraged functional consolidation opportunities with the County of Sacramento. The following savings would be achieved if the city and county consolidated: emergency dispatch communication (\$2.2 million); major crimes investigation (\$750,000); police property and evidence management (\$290,000); police special teams units (\$840,000); police air support (\$200,000-\$500,000); and, animal care services (\$308,000).
- **California School District Unification:** In 1964, to encourage voters to form unified school districts, AB 145 (Unruh) stipulated that the funding level for qualified unified school districts be increased by \$15 per ADA. In addition to increasing support for unified school districts, for each elementary school district that voted in favor of unification, even if the whole proposition failed, the funding level of that district would be increased by \$15 per ADA.



30 March 2012

2011  
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Ms. Sunne Wright McPeak  
California Forward Leadership Council Member  
1107 9th Street, Suite 650  
Sacramento, CA 95814

Dear Sunne:

Thank you for the opportunity to serve on the Stakeholder Roundtable. Today I received the agenda for the Thursday/Friday meeting along with the revised framework. Having not been consulted regarding the original or revised recommendations for Principal 5, I wanted to correct some inaccurate information and offer a suggestion or two prior to the meeting tomorrow.

The framework states that LAFCos are staffed by city and county representatives. This is inaccurate. LAFCo staff are independent of any local agencies and specifically report to their commission. The independence of staff was a key component in the major revision of LAFCo law (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000). Commissioners are locally appointed and consist of elected officials from city councils, board of supervisors and, in many cases, special district boards. There is also a public member on every commission. In some instances it may be accurate to say that the commission could have a built-in political constraint since they are making decisions which might affect their jurisdiction.

We urge California Forward staff to look at the Municipal Service Reviews prepared by LAFCos for cities, special districts subject to LAFCo review, and county municipal services. You will find they already include substantial information, such as inventories of local agencies, sphere and service boundaries (LAFCos may actually have the most accurate maps), role of agencies in service deliveries and opportunities for efficiencies or reorganizations. Granted the level of detail varies from LAFCo to LAFCo – often depending on the financial resources available – however the foundation of information called for in Draft Proposal 5A exists in many parts of the state. LAFCos are limited in that they do not have oversight of school districts, college districts, transportation agencies, joint power authorities, or private service providers (such as investor-owned utilities or mutual water companies).

We continue to be concerned with the focus on Regional Councils of Governments. While recognizing the important role many regional councils play, they are not organized under any state law, membership consists only of the county and cities, and they are generally transportation-focused. LAFCos have been conducting service reviews for over a decade. It seems that the emphasis on Draft Proposal 5A should be on enhancement and better use of the existing service review resource rather than establishing a new process with Regional Councils to conduct this work.

With respect to Draft Proposal 5B, perhaps California Forward is not aware of the extensive amount of work that went into the deliberations and recommendations from



the Commission on Local Governance for the 21<sup>st</sup> Century. The Commission released a report – very similar to the cited New York report – entitled *Growth Within Bounds: Planning California Governance for the 21<sup>st</sup> Century*. This resulted in the substantial rewrite of Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. Before recommending the creation of yet another commission and report, it may be of greater value to revisit the findings in *Growth Within Bounds* and evaluate the recommendations and outcomes in terms of the goals of California Forward and today's circumstances. It may also be of value to review the earlier commission and report from 1960 which ultimately resulted in the creation of LAFCOs: *Meeting Metropolitan Problems: Report of the Governor's Commission on Metropolitan Area Problems* (Governor Edmund Brown).

Finally, earlier this month voters approved the 482<sup>nd</sup> city in California, Jurupa Valley in Riverside County.

We hope you find these comments of value. Thanks again for the opportunity to participate.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Criat', with a stylized flourish extending to the right.

William Criat  
Executive Director

**LAFCO MEETING: June 1, 2011**  
**TO: LAFCO**  
**FROM: Neelima Palacherla, Executive Officer**  
**Dunia Noel, Analyst**  
**SUBJECT: EXECUTIVE OFFICER'S REPORT**

### **13.1 UPDATE ON LAFCO'S 2011 COUNTYWIDE WATER SERVICE REVIEW**

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#### **For Information Only**

LAFCO's consultant team of Baracco and Associates, Shibatani Group, and Policy Consulting Associates continue to collect and analyze relevant data from affected water service agencies and organizations. In early April, the consultants and LAFCO staff met individually with the Directors/Managers of the four water districts and two resource conservation districts in order to collect specific additional data. In mid June, the consultants and LAFCO staff will meet individually with the Water Utility Department/Public Works Department Directors of cities in order to collect specific additional data. The consultant team is currently developing a draft profile for each affected agency, conducting analysis, and developing preliminary findings. The Consultants and LAFCO staff are also in the process of developing draft methodology/guidelines for evaluating the availability of adequate water supply for LAFCO proposals, consistent with LAFCO's Policies.

The Technical Advisory Committee for the Water Service Review, which includes Commissioner Wilson, will meet on June 20<sup>th</sup> in order to review and discuss the draft methodology and discuss the Consultant's preliminary analysis and findings. A public review draft of the Service Review and Sphere of Influence Updates Report is expected to be released in September.

### **13.2 UPDATE ON IMPLEMENTATION OF LAFCO'S ELECTRONIC DOCUMENT MANAGEMENT SYSTEM**

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#### **For Information Only**

Since the last status update on the implementation of LAFCO's Electronic Document Management System (EDMS) in August 2010, Peelle Technologies has digitally imaged approximately 90 percent (3,840 records) of LAFCO's files covering the period of 1963 through 2009. These files, which are composed of city-conducted annexations and urban service area amendments, are now accessible through LAFCO's Laserfische Electronic Document Management System. The remaining LAFCO files, which include out of agency contract for services, sphere of influence amendments, special district annexations and historical documents in that same period, will be sent to Peelle Technologies for digital imaging within the next two weeks.



### **13.3 UPDATE ON CONDUCTING FURTHER ANALYSIS OF OPPORTUNITIES FOR FIRE SERVICE EFFICIENCIES INCLUDING CHANGES IN GOVERNANCE STRUCTURE OF FIRE DISTRICTS**

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#### **For Information Only**

LAFCO staff continues to conduct further research on options to address various fire service issues and opportunities to achieve fire service efficiencies, including changes in governance structure of fire districts. Regarding the subject of consolidation / dissolution of districts and annexation to adjacent districts, LAFCO staff has prepared materials outlining the process and requirements. Staff has also met with various County staff and with the Santa Clara County Central Fire Protection District staff on this matter. Additionally, LAFCO staff has contacted the Saratoga Fire Protection District in order to set-up a meeting with the chairperson of the District's Board in order to discuss this matter. Staff continues to monitor the status of Assembly Bill 912 (Gordon) which would streamline the dissolution process for special districts.

At the April 20, 2011 LAFCO meeting, Commissioner Constant requested that staff provide information on any efforts in the north county with regard to regionalization of fire protection services. LAFCO staff inquired into this and found that many cities are exploring opportunities for sharing services. Some examples include:

1. Several north county cities are considering the purchase of a single Computer Assisted Dispatch (CAD) system and are discussing sharing dispatch operations on some limited level and potentially sharing fire prevention and investigation specialists.
2. Santa Clara County Central Fire Protection District along with the cities of Palo Alto, Mountain View, Sunnyvale and potentially Santa Clara, are discussing a proposal to expand the existing automatic aid agreements to include the response of Battalion Chiefs in addition to the first-due fire engine.
3. Some city managers in the north county region have expressed interest in studying how a complete regional approach to providing fire and police services could be implemented in the area.

According to Mountain View's Fire Chief, LAFCO's recent Countywide Fire Service Review and its recommendations have caught the attention of north county cities.

### **13.4 2011 CALAFCO ANNUAL CONFERENCE IN NAPA, CALIFORNIA: AUGUST 31 THROUGH SEPTEMBER 2, 2011**

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#### **Recommendation:**

Authorize Commissioners and staff to attend the Annual Conference and direct that associated travel expenses be funded by the LAFCO Budget.

The upcoming CALAFCO Annual Conference will be held in Napa from Wednesday, August 31<sup>st</sup> through Friday, September 2<sup>nd</sup>. The conference provides an annual

opportunity for Commissioners and staff to gain additional knowledge about changes in LAFCO legislation, LAFCO policies and practices, and issues facing LAFCOs, cities and special districts across the state. The LAFCO Budget includes funds for staff and Commissioners to attend the Conference.

### **13.5 DESIGNATE VOTING DELEGATE AND ALTERNATE FOR SANTA CLARA LAFCO**

#### **Recommendation:**

Appoint a voting delegate and an alternate voting delegate.

Elections for the 2012 CALAFCO Board of Directors will occur on September 1, 2011 at CALAFCO's Annual Conference. Each LAFCO must designate a voting delegate and alternate that is authorized to vote on behalf of their LAFCO.

### **13.6 NOMINATIONS TO THE CALAFCO BOARD OF DIRECTORS**

#### **Recommendation:**

Consider information and provide direction to staff.

Commissioner Susan Vicklund Wilson's one-year term on the CALAFCO Executive Board as the Public Member for the Coastal Region, as well as her service as the chairperson of the CALAFCO Board of Directors, will conclude at the end of December 2011. Commissioner Wilson has indicated that she will not seek re-election to the CALAFCO Board.

Nominations for the 2012 CALAFCO Board of Directors are now open (see Attachment B). LAFCO of Santa Clara County is part of the Coastal Region. Within the Coastal Region, nominations are being accepted for "City Member" and "Public Member." The deadline for LAFCO to submit nominations is Tuesday, August 2<sup>nd</sup>. Serving on the CALAFCO Board is a unique opportunity to work with other LAFCO Commissioners throughout the state on legislative, fiscal and operational issues that affect LAFCOs, counties, cities, and special districts. The Board meets four times each year at alternate sites around the state. The time commitment is small and the rewards are great. Any LAFCO Commissioner or alternate commissioner is eligible to run for a Board seat.

### **ATTACHMENTS**

- |               |  |
|---------------|--|
| Attachment A: | Information on the CALAFCO 2011 Annual Conference              |
| Attachment B: | Information on Nominations for 2012 CALAFCO Board of Directors |







**Exploring New Boundaries**  
August 31, 2011 – September 2, 2011  
Silverado Resort/Napa  
Longitude: 38.3° / Latitude: -122.3°

**REGISTER NOW!**

**CALAFCO 2011 Annual Conference**



Travel Distances From Local Airports:

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**Wednesday August 31 through Friday September 2, 2011**

**Silverado Resort / 1600 Atlas Peak Road | Napa | California | 94558**

Napa LAFCo is pleased to host CALAFCO's 2011 Annual Conference at the Silverado Resort. Please join us for three days in the Napa Valley discussing new and emerging trends affecting LAFCos' planning and regulatory duties. This year's theme is aptly titled "Exploring New Boundaries" and reflects LAFCos' evolving role in overseeing regional growth management. Scheduled sessions include:

- Exploring the Big Picture:  
Growth Trends in California
- Exit Strategies:  
Disincorporation and Consolidation of Cities
- Terms and Conditions:  
How Far Can/Should We Go?
- Managing the Agricultural/Urban Interface
- The Stanislaus Experience: Three Fire Agencies' Regional Approach to Cooperative Solutions
- Dissolution/Consolidation/Insolvency Issues and Trends with Special Districts
- Recycled Water: Opportunities and Challenges in Growth Management
- Next Generation of Municipal Service Reviews: Improving Value by Increasing Collaboration
- Social Justice Criteria: Tulare Case Study
- LAFCo 101: Covering the Basics
- LAFCo 201: Ethics

**CONFERENCE REGISTRATION**

Member (before 8/1).....	390.00
Member (after 8/1).....	440.00
Non Member.....	500.00
Member One-Day.....	225.00
Non Member One-Day.....	300.00
Guest/All Meals.....	190.00
Guest/Banquet Only.....	100.00

Additional MCLE Credit.....	50.00
Golf Tournament (8/30 @ 1:00 PM)...	100.00
Mobile Workshop (8/31 @ 7:45 AM)...	44.00

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## REGISTRATION DETAILS



### On-Line Registration – With Credit Cards

You now have the option to conveniently register for the conference, guest meals and the golf tournament on-line and pay with a credit card\*. Registration may also be done by check without the processing fees.

To register please visit [www.calafco.org](http://www.calafco.org) or click on these links:

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- ◆ **Guest Meals and Golf Tournament Registration** <http://tinyurl.com/RegisterByCC-Guest-Golf>



\* Credit card registrations are charged a small processing fee

### Registration Rates

Early Bird Member Full Registration (by 1 August)	\$390
Regular Member Full Registration (after 1 August)	\$440
Non-Member Full Registration	\$500
Member One-Day Registration (Wed or Thurs)	\$225
Non-Member One-Day Registration (Wed or Thurs)	\$300
Guest Registration – All Meals	\$190
Guest Registration – Banquet/Reception Only	\$100
Mobile Workshop (Wednesday, 31 August, 7:45 a.m.)	\$44
Golf Tournament (Tuesday, 30 August, 1:00 p.m.)	\$100

### CANCELLATION & REGISTRATION REFUND POLICY

1. Registrations are considered complete upon receipt of fees.
2. Cancellation requests made in writing and received by 10 August 2011 receive a 100% refund less \$20 handling fee and any transaction fees.
3. Cancellation requests made in writing and received after 10 August up to 19 August 2011 may carryover for a period of one year one registration credit in the amount paid, less a \$20 handling fee, to apply to a future CALAFCO event.
4. Registration fees are transferable to another person not already registered provided the request is received in writing.
5. Registration fees for guests and special events are fully refundable (minus any transaction fees) if requests are made in writing and received by 19 August 2011 or if the special event is cancelled.
6. Cancellation requests must be made by e-mail, fax or mail to the CALAFCO office.
7. Cancellation requests made after 19 August 2011 are not eligible for a refund or credit.

### Hotel Reservations

The conference will be held at the Silverado Resort in Napa. CALAFCO has a significantly discounted room rate available until 31 July 2011. Rates increase on 1 August 2011.

- ◆ Guestroom \$139/night\*\*
- ◆ Junior Fireplace Suite \$149/night\*\*
- ◆ One Bedroom Suite \$159/night\*\*
- ◆ Two Bedroom Suite \$209/night\*\*

\*\* Plus \$22.80/night resort fee and tax. Includes internet access, parking, local calls, tennis, fitness center and paper.

Click <http://tinyurl.com/SilveradoReserve>, visit [www.calafco.org](http://www.calafco.org) for the link to on-line reservations, or call 800-532-0500. *Note – Reserve early as there are limited rooms in some categories.*

### Special Events

Be sure and plan on these special events during the conference!



**MOBILE WORKSHOP** (Wednesday 7:45 – 1:15) – See firsthand cutting edge winery practices in energy efficiency, organic farming practices, sustainable agricultural commerce and cross-government approaches to farmworker housing. Tour three of Napa's most renowned wineries and enjoy lunch on the grounds of Beringer's historic Winery.  
*Advanced registration required: \$44/person includes lunch.*



**CALAFCO OPEN – GOLF TOURNAMENT** (Tee off Tuesday 1:00 p.m.) – Join in on the first CALAFCO open at the beautiful and recently upgraded Silverado Resort Golf Course. Enter a LAFCo team, enjoy networking with commissioners and staff, and play on one of the top courses in the county.  
*Advanced registration required : \$100/person includes 18 holes green fee, cart, and prizes.*



**CALAFCO 5<sup>TH</sup> WINE COMPETITION AND RECEPTION** (Wednesday 5:00 – 6:30) – Join us at "The Grove" at Silverado for this annual networking event. LAFCo and Associate Members are encouraged to enter a case of wine or beer that showcases their county! Medals awarded for top vote getters. Wonderful opportunity to network; taste the best of California in a unique setting.  
*Included in registration fee and guest registration fees. Must be registered to attend.*



Exploring New Boundaries  
August 30, 2011  
Silverado Resort/Napa 2, 2011  
Longitude: 38.3 / Latitude: -122.3

**TUESDAY, AUGUST 30, 2011**

**12:00 p.m.**

**CALAFCO 2011 OPEN – GOLF TOURNAMENT**

Enjoy a day of golfing on one of two 18-hole PGA championship golf courses. Registration begins at 12:00 p.m. with tee-off at 1:00 p.m.

**WEDNESDAY, AUGUST 31, 2011**

**7:30 a.m.**

**CONFERENCE REGISTRATION (ALL DAY)**

**7:45 a.m. – 1:15 p.m.**

**MOBILE WORKSHOP: SUSTAINING AGRICULTURE IN THE NAPA VALLEY**

- Far Niente Winery, Oakville
- Frog's Leap Winery, Rutherford
- River Ranch Public Farmworker Housing Center, St. Helena
- Beringer Vineyards, St. Helena

**10:30 a.m. – 12:00 p.m.**

**PRE-CONFERENCE SESSION: LAFco 101**

This informative session covers LAFco basics and is ideal for new commissioners and staff as well as return attendees seeking a refresher.

**Presenter:** David Church, Executive Officer  
San Luis Obispo LAFco

**1:30 p.m.**

**CONFERENCE OPENING**

Welcoming Remarks

- Bill Chiat, CALAFCO Executive Director
- Bill Dodd, Napa LAFco Chair
- Juliana Inman, Napa LAFco/CALAFCO Board

**WEDNESDAY, AUGUST 31, 2011**

**1:45 – 3:15 p.m.**

**GENERAL SESSION:**

**The Big Picture: Exploring California's Growth Trends**

*A narrative discussion on California's recent, current, and anticipated growth trends. The discussion will include assessing the demographic changes in the state and its affect on municipal land use planning*

**Keynote Speaker:** Bill Fulton, President  
Solimar Research Group

**3:15 – 3:30 p.m.**

**BREAK**

**3:30 – 5:00 p.m.**

**ROUNDTABLE BREAKOUT SESSIONS**

**Commissioners by Region**

- Central Moderator:** Steven Souza, Yolo
- Coastal Moderator:** Cathy Schlottmann, Santa Barbara
- Northern Moderator:** Mary Jane Griego, Yuba
- Southern Moderator:** Andy Vanderlaan, San Diego

- Staff Moderator:** Jose Henriquez, El Dorado
- Counsel Moderator:** Clark Alsop, CALAFCO
- Associates Moderator:** Bruce Baracco/Gary Thompson

**5:30 – 7:00 p.m.**

**CALAFCO 5<sup>TH</sup> ANNUAL WINE & BEER RECEPTION AND COMPETITION**

Enjoy wines and beers from across the state with hors d'oeuvres at Silverado's Redwood Grove.

**7:00 p.m.**

**DINNER ON YOUR OWN**



## THURSDAY, SEPTEMBER 1, 2011

- 7:30 – 8:45 a.m.**
- REGIONAL BREAKFAST AND BOARD ELECTIONS**
- Central Moderator: Kate McKenna, Monterey  
Coastal Moderator: Lou Ann Texeira, Contra Costa  
Northern Moderator: SR Jones, Nevada  
Southern Moderator: June Savala, Los Angeles
- 8:45 – 10:15 a.m.**
- CALAFCO ANNUAL BUSINESS MEETING/  
INSTANT POLLING**
- 10:15 – 10:30 a.m.**
- BREAK**
- 10:30 a.m. – 12:00 p.m.**
- BREAKOUT SESSIONS**
- **Managing the Agricultural/Urban Interface**  
*Examine the dynamics facing LAFcos in facilitating orderly urban growth while protecting agricultural and open space resources. Session will include case studies on how different communities are establishing and managing the agricultural/urban interface.*
  - **The Stanislaus Experience: Three Fire Agencies' Regional Approach to Cooperative Solutions in Challenging Times**  
*This session will discuss the successful collaboration of three levels of government agencies, District, City and County, as one solution to financing municipal services.*
  - **Social Justice Issues and Case Studies**
  - **LAFco 201: Ethics and LAFco**  
*The decisions we make as Commissioners and professionals sometimes involve ethical and moral codes of conduct. In this session, we will look at the history of ethics, review the results of the instant polling ethics questions, review codes of ethics and what they mean, and explore ethical dilemmas we may face. Can an emphasis on ethics in the public sector in the post-Bell era play an important role in gaining back some of the credibility local government agencies have lost? What are our own ethical tendencies or points of view?*

## THURSDAY, SEPTEMBER 1, 2011

- Noon**
- LUNCHEON AND KEYNOTE SPEAKER**
- Speaker: Andy Beckstoffer, Beckstoffer Vineyards**  
*Andy will draw on his experiences as one of the prominent grape growers in California and discuss managing the relationship between agricultural commerce/preservation and urban growth*
- 1:30 – 3:00 p.m.**
- GENERAL SESSION:**
- Disincorporation/Consolidation of Cities (Exit Strategies)**  
*The economic downturn and decline in the housing market has challenged the solvency of local agencies in California. John Knox represented the City of Vallejo in its Chapter 9 bankruptcy filing in 2008. Mr. Knox explores the history of disincorporation in California; options for financially "strapped" cities; and LAFco's role in processing disincorporation, consolidations, and winding down the affairs of an insolvent city.*
- Speaker:** John Knox, Esq  
Orrick, Herrington, & Sutcliff, LLP
- 3:15 – 4:45 p.m.**
- BREAKOUT SESSIONS:**
- **Dissolution/Consolidation/Insolvency Issues and Trends with Special Districts.**  
*"When Special Districts Fail" - This session is a focused discussion from the "pros" and their experience with recent case studies, and utilizing service reviews as a valuable tool.*
  - **Recycled Water: Growth Management Challenges and Opportunities.**  
*Discuss practices and trends involving recycled water. Session will include both statewide and agency-specific perspectives on the use of recycled water as well as its relationship to LAFco's task in overseeing municipal growth and development in California.*

## THURSDAY, SEPTEMBER 1, 2011

3:15 – 4:45 p.m.

### BREAKOUT SESSIONS:

- **Making California Work Again: Restructuring State-Local Relationships.**  
*Join California Forward, a statewide non-partisan non-profit organization, in an in depth discussion of California Forward's proposals to improve the way state and local governments work together.*
- **The Next Generation of MSRs: Improving Value by Increasing Collaboration**  
*Are your MSRs gathering dust? Were they time consuming? Have the cities and special districts in your County stopped returning your calls? Is your LAFCO relevant? Want to make things easier? Want to do something about it? Well, we have two new innovative programs that will you step up your game. The Financial Early Warning System and the Shared Services Programs will demonstrate how you can do more with less and create living programs that will do your work for you.*

6:30 p.m.

### CALAFCO RECEPTION

7:00 p.m.

### DINNER AND AWARDS CEREMONY

## FRIDAY, SEPTEMBER 2, 2011

7:30 – 9:00 a.m.  
**CALAFCO BOARD OF DIRECTORS MEETING & BREAKFAST**

7:30 – 9:00 a.m.  
**NETWORKING BREAKFAST**  
Covered Patio

### GENERAL SESSION:

**Terms and Conditions: How Far Can/Should We Go?**  
*Cortese-Knox-Hertzberg Act gives LAFCo broad authority regarding the terms and conditions placed on a proposal. This interactive session explores the legal and policy boundaries regarding the extent of LAFCo's authority and enforceability. Each LAFCo uses its conditioning authority based on its own discretion and policies. Conditions can be used creatively to solve a particular problem or mitigate a potential impact. As long as LAFCo does not stray too far into the land use authority of a jurisdiction, we generally have the authority to place a variety of conditions on proposals.*

**Speaker:** Michael Colantuono, Partner  
Colantuono and Levin

10:30 – 10:45 a.m.  
**Break**

10:45 a.m. – Noon  
**GENERAL SESSION**  
**Legislative Update**

**Presenter:** Bill Chiat, CALAFCO Executive Director  
Legislative Committee Chair

12:00 p.m.

**CONFERENCE ADJOURNS**





Exploring New Boundaries

August 31, 2011 – September 2, 2011

Silverado Resc 7/Napa

Longitude: 88.8 / Latitude: -122.8

## ALL ABOARD THE MOBILE WORKSHOP!

### Sustaining Agriculture in the Napa Valley

Wednesday, August 31, 2011 @ 7:45 AM

Space is Limited; Registration Cost is \$44 Per Person

**7:45 AM**  
Depart from the Silverado Resort  
Workshop Guide: Juliana Inman, Napa Commissioner

**8:00 AM**  
**9:00 AM**  
Far Niente Winery, Oakville  
Innovation Part I: Tour one of the most renowned wineries in Napa Valley that has become a leader in energy efficiency as highlighted by its \$4.5 million "floating solar panels" project.

**9:15 AM**  
**10:15 AM**  
Frog's Leap Winery, Rutherford  
Innovation Part II: Tour another renowned winery in Napa Valley and learn about its innovative organic farming practices as well as its commitment to permanent farmworker employment.

**10:30 AM**  
**11:15 AM**  
River Ranch Farmworker Housing Center, St. Helena  
Visit this unique cross-governance public farmworker housing center supported by a countywide special district formed by Napa LAFCo in 2003.

**11:30 AM**  
**12:45 PM**  
Beringer Vineyards, St. Helena  
Explore this historical winery site and its hand-chiseled tunnels. Enjoy lunch on the grounds of the Rhine House with a special speaker from UC Davis discussing opportunities and challenges tied to sustaining agricultural commerce.

**1:15 PM**  
Arrive back at the Silverado Resort  
On with the 2011 Annual CALAFCO Conference...

Napa LAFCo  
Production

2011

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Santa Clara LAFCo

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Deputy Executive Officer

20 May 2011

**To:** Local Agency Formation Commission  
Members and Alternate Members

**From:** Gay Jones , Co-Chair  
Cathy Schlottmann, Co-Chair  
Recruitment Committee  
CALAFCO Board of Directors

**RE: Nominations for 2012 CALAFCO Board of Directors**



Nominations are now open for the fall elections of the Board of Directors. Serving on the CALAFCO Board is a unique opportunity to work with other commissioners throughout the state on legislative, fiscal and operational issues that affect us all. The Board meets four times each year at alternate sites around the state. The time commitment is small and the rewards great! Any LAFCo commissioner or alternate commissioner is eligible to run for a Board seat.

The following offices on the CALAFCO Board of Directors are open for nominations.

<u>Northern Region</u>	<u>Central Region</u>	<u>Coastal Region</u>	<u>Southern Region</u>
County Member	City Member	City Member	County Member
District Member	Public Member	Public Member	District Member

The election will be conducted during regional caucuses at the CALAFCO annual conference prior to the Annual Membership Meeting held on Thursday, September 1st, 2011 at the Silverado Resort in Napa.

Please inform your Commission that the CALAFCO Recruitment Committee is accepting nominations for the above-cited offices until Tuesday, 2 August 2011. Incumbents are eligible to run for another term. Nominations received by August 2nd will be included in the Recruitment Committee's Report, copies of which will be available at the Annual Conference. Nominations received after this date will be returned; however, nominations will be permitted from the floor during the Regional Caucuses or during at-large elections, if required, at the Annual Membership Meeting.

The Board has made several changes to the elections process to be more inclusive for all members. For those member LAFCos who cannot send a representative to the Annual Meeting, a new electronic ballot will be made available. In the past nominees receiving the most votes were elected. With the smaller number of voters in the regional system that could result in members elected with less than majority support. Therefore the system has been changed to a majority election with run offs in the



event of a tie or no majority. These two changes to the process are underlined in the attached procedures.

Should your Commission nominate a candidate, the Chair of your Commission must complete the attached Nomination Form and the Candidate's Resume Form, or provide the specified information in another format other than a resume. Commissions may also include a letter of recommendation or resolution in support of their nominee. ***The nomination forms and materials must be received by the Recruitment Committee Chair no later than Tuesday, 2 August 2011.***

Please forward nominations to:

CALAFCO Recruitment Committee  
c/o Sacramento LAFCo  
1112 I St, Suite 100  
Sacramento, California 95814-2836  
FAX: 916/874-2939

Electronic filing of nomination forms and materials is encouraged to facilitate the recruitment process. Please send e-mails with forms and materials to [Diane.Thorpe@saclafo.org](mailto:Diane.Thorpe@saclafo.org). Alternatively, nomination forms and materials can be mailed or Faxed to the above address.

Attached please find a copy of the CALAFCO Board of Directors Nomination and Election Procedures. Members of the 2011 CALAFCO Recruitment Committee are:

Gay Jones, Co-Chair, Sacramento LAFCo (Central Region)  
Cathy Schlottmann, Santa Barbara LAFCo (Coastal Region)  
Kay Hosmer, Colusa LAFCo (Northern Region)  
Jon Edney, Imperial LAFCo (Southern Region)

If you have any questions, please contact Gay at (916) 208-0736 or Cathy at (805) 733-2964.

*Please consider joining us!*

Enclosures