



**LAFCO MEETING
AGENDA
Wednesday, April 4, 2012
1:15 PM**

**PLEASE NOTE
CHANGE IN VENUE**

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

**CHAIRPERSON: Pete Constant • VICE-CHAIRPERSON: Mike Wasserman
COMMISSIONERS: Margaret Abe-Koga, Liz Kniss, 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

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 FEBRUARY 8, 2012 LAFCO MEETING

PUBLIC HEARING

4. CAMPBELL URBAN SERVICE AREA (USA) / SPHERE OF INFLUENCE (SOI) AMENDMENT 2012 AND CENTRAL PARK REORGANIZATION

A request by the City of Campbell for amendment of its USA/SOI boundaries and detachment of Central Park neighborhood from San Jose and annexation to Campbell.

Possible Action:

- a. Open public hearing and receive public comments.
- b. Close public hearing.
- c. Consider the USA/SOI amendment and reorganization proposal, and the staff recommendation.

5. PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2013

Possible Action:

- a. Open public hearing and receive public comments.
- b. Close public hearing.
- c. Adopt the Proposed LAFCO Budget for Fiscal Year 2012-2013.
- d. Find that the Proposed LAFCO Budget for Fiscal year 2013 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
- e. Authorize staff to transmit the Proposed LAFCO Budget adopted by the Commission including the estimated agency costs as well as the notice of public hearing on the adoption of the Fiscal Year 2013 Final LAFCO Budget to each of the cities, to the County and to the Cities Association.

ITEMS FOR ACTION / DISCUSSION

6. PROPOSED WORK PLAN FOR REMAINING SERVICE REVIEWS**Possible Action:**

- a. Approve the proposed Service Review Work Plan for the remaining special districts to be conducted in two phases followed by the Cities Service Review.
- b. Direct staff to prepare a draft RFP for consultants to conduct the Special Districts Service Review and distribute to affected agencies for their review and comment.

7. AGENCY RESPONSES TO RECOMMENDATIONS IN THE 2011 COUNTYWIDE WATER SERVICE REVIEW REPORT

Possible Action: Accept staff report and provide direction to staff, as necessary.

8. LAFCO WEBSITE REDESIGN: DRAFT REQUEST FOR PROPOSALS**Possible Action:**

- a. Authorize staff to issue a Request for Proposals (RFP) for a professional service firm to redesign the LAFCO website.
- b. Delegate authority to the LAFCO Executive Officer to enter into an agreement with the most qualified consultant in an amount not to exceed \$17,000 and to execute any necessary amendments subject to LAFCO Counsel's review and approval.

9. UPDATE ON LAFCO'S EFFORTS TO PROMOTE TRANSPARENCY AND ACCOUNTABILITY AMONG SPECIAL DISTRICTS

Possible Action: Accept report and provide direction to staff, as necessary.

10. EXECUTIVE OFFICER'S REPORT**10.1 UPDATE ON 2012 AUDIT AND SERVICE REVIEW OF THE EL CAMINO HOSPITAL DISTRICT**

Possible Action: Accept status report and provide direction to staff, as necessary.

10.2 LAFCO STRATEGIC PLANNING WORKSHOP

Possible Action: Accept report and provide direction to staff, as necessary.

10.3 SPECIAL DISTRICTS REPRESENTATION ON LAFCO

For Information Only.

11. PENDING APPLICATIONS / UPCOMING PROJECTS

12. COMMISSIONER REPORTS

13. NEWSPAPER ARTICLES / NEWSLETTERS

- CALAFCO Newsletter: The Sphere

14. WRITTEN CORRESPONDENCE

15. ADJOURN

Adjourn to regular LAFCO meeting on Wednesday, May 30, 2012, 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, FEBRUARY 8, 2012

CALL TO ORDER

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

1. ROLL CALL

The following Commissioners were present:

- Chairperson Pete Constant
- Commissioner Margaret Abe-Koga
- Commissioner Mike Wasserman
- Chairperson Liz Kniss (*arrived at 1:19 p.m.*)
- Commissioner Susan Vicklund-Wilson

The following were absent:

- Alternate Commissioner Sam Liccardo
- Alternate Commissioner Al Pinheiro
- Alternate Commissioner George Shirakawa
- Alternate Commissioner Terry Trumbull

The following staff members were present:

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

2. PUBLIC COMMENT

There was no public comment.

3. APPROVE THE MINUTES OF DECEMBER 7, 2011 LAFCO MEETING

The Commission approved the minutes of December 7, 2011 LAFCO meeting, as written.

Motion: Susan Vicklund-Wilson

Second: Margaret Abe-Koga

MOTION PASSED

AYES: Pete Constant, Margaret Abe-Koga, Mike Wasserman, Susan Vicklund-Wilson

NOES: None

ABSTAIN: None

ABSENT: Liz Kniss

4. **CONTINUED FROM DECEMBER 7, 2011: SARATOGA URBAN SERVICE AREA AMENDMENT 2011**

Neelima Palacherla, LAFCO Executive Officer, presented the staff report and directed attention to the supplemental report which elaborated on Condition #6 and corrected information on prime agricultural lands.

This being the time and place for the public hearing, **Chairperson Constant** declared the public hearing open.

Chuck Page, Mayor, City of Saratoga, stated that the urban service area (USA) amendment would bring the Garrod Trust properties under the jurisdiction of the City of Saratoga. He stated that Condition #7 is unnecessary because the property owners and the City are committed to keeping the properties under Williamson Act contract. He also noted that Saratoga may not have the resources to comply with Condition #6.

The Chairperson determined that there are no members of the public who wished to speak on the item and it was unanimously ordered that the public hearing be closed.

In response to an inquiry by **Commissioner Wasserman**, Ms. Palacherla indicated that Condition #7 may be satisfied by an annual letter from the City of Saratoga stating the status of the Williamson Act contract. In response to another inquiry by **Commissioner Wasserman**, Ms. Palacherla indicated that the City could annex STG01, 07 and 02 under the streamlined process and plan for the future annexation of STG05 which does not qualify under the streamlined process. She added that Condition #6 was based on the City's letter to LAFCO. **Commissioner Wasserman** stated that he is not supportive of forced annexations and of making future USA expansions contingent on island annexations. He added that he would support it if the City is in agreement with the condition. Ms. Palacherla directed attention to the City's letter outlining its island annexation plan. She added that LAFCO policy encourages cities to annex their islands before adding more lands. At the request of **Chairperson Constant**, Mayor Page stated that the City plans to annex islands; however, it does not have the resources to do so at this time. **Commissioner Kniss** informed that the County has a long-standing policy of encouraging island annexations. At the request of **Chairperson Constant**, Ms. Palacherla read LAFCO's Island Annexation policy encouraging the cities to annex islands before expanding their boundaries. In response to an inquiry by **Commissioner Abe-Koga**, Ms. Palacherla advised that initiating the island annexation process would satisfy Condition #6. **Commissioner Wilson** expressed support for the staff recommendation and stated that LAFCO's policy requiring annexation of islands prior to approval of a USA expansion had been previously imposed on Morgan Hill. **Commissioner Kniss** expressed support for staff recommendation indicating the consistency between LAFCO policy and the County policy. In response to an inquiry by **Commissioner Wasserman**, Ms. Palacherla stated that Condition #6 would require the City to initiate island annexations prior to seeking USA expansions and that initiation occurs through the City Council adopting annexation resolution. She continued discussion of each of the City's existing islands. **Commissioner Wasserman** stated that he is not in favor of forcing annexations or of prohibiting USA expansions until islands are annexed.

Chairperson Constant noted that Condition #6 requires the annexation of islands prior to an USA expansion while the Island Annexation policy only encourages annexation of islands and stated that he would not support Condition #6.

At the request of **Commissioner Wasserman**, **Commissioners Wilson** and **Kniss** agreed to separate Condition #6 from the motion. **Commissioner Wilson** commented on the purpose of streamlined island annexations and discussed the difficulty of providing city services to islands.

In response to an inquiry by **Chairperson Constant**, Ms. Subramanian advised that the Commission may separate Condition #6; however, the final vote may be 3-2 in favor or against the motion. She added that bifurcating the motion would show in the minutes that the Commission is unanimous in approving the Garrod application but not in requiring Condition #6.

The Commission approved the staff recommendations, without Condition #6.

Motion: Susan Vicklund-Wilson **Second:** Liz Kniss

MOTION PASSED

AYES: Pete Constant, Liz Kniss, Margaret Abe-Koga, Mike Wasserman, Susan Vicklund-Wilson

NOES: None ABSTAIN: None ABSENT: None

The Commission approved Condition #6. The Commission adopted **Resolution No. 2012-01**. Said Resolution, by reference hereto, is made part of these minutes.

Motion: Susan Vicklund-Wilson **Second:** Liz Kniss

MOTION PASSED

AYES: Liz Kniss, Margaret Abe-Koga, Susan Vicklund-Wilson

NOES: Pete Constant, Mike Wasserman ABSTAIN: None ABSENT: None

5. IMPLEMENTATION OF THE RECOMMENDATIONS OF LAFCO'S 2011 COUNTYWIDE WATER SERVICE REVIEW REPORT

Dunia Noel, LAFCO Analyst, provided a staff report.

The Commission accepted the staff report.

Motion: Margaret Abe-Koga **Second:** Susan Vicklund-Wilson

MOTION PASSED

AYES: Pete Constant, Margaret Abe-Koga, Liz Kniss, Mike Wasserman, Susan Vicklund-Wilson

NOES: None ABSTAIN: None ABSENT: None

6. STATUS REPORT ON ISLAND ANNEXATIONS IN SANTA CLARA COUNTY

Ms. Noel presented the staff report stating that the report was revised to correct information on the islands in the City of Saratoga.

In response to an inquiry by **Commissioner Kniss**, Ms. Noel informed that State law was amended to increase the size of islands eligible for streamlined island annexations from 75 to 150 acres and to extend the sunset date to January 1, 2014. **Chairperson Constant** announced that he would provide staff with a list of San Jose islands which may have mapping errors. In response to an inquiry by **Chairperson Constant**, Ms. Noel advised that LAFCO and San Jose staff met to resolve potential mapping errors; however, there still remain some issues that cannot be handled administratively as they involve private properties.

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

The Commission accepted the staff report.

Motion: Mike Wasserman

Second: Susan Vicklund-Wilson

MOTION PASSED

AYES: Pete Constant, Margaret Abe-Koga, Liz Kniss, Mike Wasserman, Susan Vicklund-Wilson

NOES: None

ABSTAIN: None

ABSENT: None

7. EXECUTIVE OFFICER'S REPORT

7.1 UPDATE ON 2012 AUDIT AND SERVICE REVIEW OF EL CAMINO HOSPITAL DISTRICT

Ms. Palacherla presented the staff report.

7.2 AD-HOC COMMITTEE FOR FISCAL YEAR 2012-2013 LAFCO BUDGET

Ms. Palacherla presented the staff report.

Chairperson Constant and **Commissioner Wasserman** expressed interest in serving on the FY2013 Finance Committee. Ms. Subramanian recommended that the budget committee be considered as a standing committee stating that it would therefore require a 24-hour notice and agenda.

The Commission established the Finance Committee composed of Chairperson Constant and Commissioner Wasserman to work with staff to develop and recommend the proposed FY 2013 budget to the full Commission.

Motion: Susan Vicklund-Wilson

Second: Mike Wasserman

MOTION PASSED

AYES: Pete Constant, Margaret Abe-Koga, Liz Kniss, Mike Wasserman, Susan Vicklund-Wilson

NOES: None

ABSTAIN: None

ABSENT: None

7.3 LAFCO STRATEGIC PLANNING WORKSHOP

Ms. Palacherla presented the staff report and invited input from Commissioners on topics that they would like to discuss.

The Commission delegated authority to LAFCO Executive Officer to enter into an agreement with Bill Chiat, Alta Mesa Group, in an amount not to exceed \$1,500 and to execute any necessary amendments, subject to LAFCO Counsel's review and approval.

Motion: Mike Wasserman

Second: Susan Vicklund-Wilson

MOTION PASSED

AYES: Pete Constant, Margaret Abe-Koga, Liz Kniss, Mike Wasserman, Susan Vicklund-Wilson

NOES: None

ABSTAIN: None

ABSENT: None

7.4 LAFCO STAFF'S PARTICIPATION IN GREENBELT ALLIANCE'S "CHANGEMAKER TRAINING"

Ms. Palacherla presented the staff report.

7.5 2012 CALAFCO STAFF WORKSHOP

Ms. Palacherla presented the staff report. **Chairperson Constant** stated that funds for this purpose are included in the current budget.

The Commission authorized staff to attend the 2012 CALAFCO Staff Workshop and authorized travel expenses funded by the LAFCO budget.

Motion: Susan Vicklund-Wilson

Second: Mike Wasserman

MOTION PASSED

AYES: Pete Constant, Margaret Abe-Koga, Liz Kniss, Mike Wasserman, Susan Vicklund-Wilson

NOES: None

ABSTAIN: None

ABSENT: None

7.6 LEGISLATIVE ANALYST'S OFFICE REPORT ON SPECIAL DISTRICTS AND LAFCOs

Ms. Palacherla presented the staff report.

8. PENDING APPLICATIONS/UPCOMING PROJECTS

8.1 CAMPBELL 2012 URBAN SERVICE AREA/SPHERE OF INFLUENCE AMENDMENT AND REORGANIZATION

Lisa Harmer, Treasurer, Campbell Village Neighborhood Association, requested Commission support for the annexation of Cambrian No. 36 and Central Park neighborhoods to the City of Campbell.

9. COMMISSIONER REPORTS

Chairperson Constant and **Commissioner Kniss** announced that they attended the CALAFCO University course entitled *Understanding Health Care Districts and the Role of LAFCOs* held in San Jose on February 3, 2012.

10. NEWSPAPER ARTICLES / NEWSLETTERS

None.

11. WRITTEN CORRESPONDENCE

11.1 LETTER FROM RAYMOND SANCHEZ RELATING TO SOUTH SANTA CLARA VALLEY MEMORIAL DISTRICT

Commissioner Wasserman requested staff to recommend action in response to the letter by Mr. Sanchez. In response to an inquiry by **Chairperson Constant**, Ms. Subramanian advised that matters on removal from office and Brown Act violation should be referred to the Civil Grand Jury and the District Attorney. In response to an inquiry by **Commissioner Wilson**, Ms. Palacherla informed that staff will present a work plan for the service review of remaining special districts at the April 4, 2012 meeting. **Commissioner Wilson** requested that staff report to the Commission at the next meeting on the status of actions that were taken. **Commissioner Wasserman** requested that the Commission prioritize this matter.

12. ADJOURN

The meeting was adjourned at 2:40 p.m. to the next meeting on Wednesday, April 4, 2012 in Isaac Senter Auditorium, County Government Center, 70 West Hedding Street, San Jose, California.

Approved:

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

By: _____
Emmanuel Abello, LAFCO Clerk

LAFCO MEETING: April 4, 2012
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
SUBJECT: CAMPBELL URBAN SERVICE AREA / SPHERE OF INFLUENCE
AMENDMENT 2012 AND CENTRAL PARK REORGANIZATION

STAFF RECOMMENDATION

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 urban service area (USA) and sphere of influence (SOI) amendment between the cities of Campbell and San Jose to include the unincorporated island of Cambrian #36 and the Central Park neighborhood within the City of Campbell's USA and SOI as depicted in Attachment A.
- b. The USA/ SOI boundary shall revert to the current location if the following does not occur by December 31, 2012:
 1. Annexation of the unincorporated island, Cambrian #36, to the City of Campbell
 2. Detachment of the Central Park neighborhood from the City of San Jose and annexation to the City of Campbell
- c. Approve the detachment of the Central Park neighborhood from the City of San Jose and approve its concurrent annexation to the City of Campbell as depicted in Exhibit A and Exhibit B of Attachment B, conditioned on the following:
 1. Annexation of the unincorporated island of Cambrian #36 to the City of Campbell.
 2. Application by the City of Campbell to LAFCO requesting inclusion of the Central Park neighborhood and Cambrian #36 areas into the sphere of influence of the West Valley Sanitation District and requesting annexation

of the Central Park neighborhood into the West Valley Sanitation District and into the County Library Service Area.

3. Finalization and execution of an agreement between the cities of Campbell and San Jose establishing terms under which the annexation of Cambrian #36 and the reorganization of the Central Park neighborhood would be revenue neutral and would not adversely impact either city.
- d. Find that the territory proposed for Central Park reorganization is inhabited, has less than 100% consent of the affected landowners, and direct the LAFCO Executive Officer to conduct protest proceedings in accordance with LAFCO Policies and the Cortese Knox Hertzberg Local Government Reorganization Act (CKH Act). The Commission, on June 13, 2001, delegated all responsibilities of holding protest proceedings to the LAFCO Executive Officer, as authorized under Government Code Section 57000.
- e. The Certificate of Completion for the Central Park reorganization shall be recorded along with the Certificate of Completion for Cambrian #36 to ensure that the effective date of the reorganization shall be the same as the effective date of the annexation of Cambrian #36 to the City of Campbell.

PROJECT DESCRIPTION

The City of Campbell is seeking an amendment to the urban service area (USA) and sphere of influence (SOI) boundaries between the cities of Campbell and San Jose in order to annex the unincorporated island of Cambrian #36, as requested by the community residents and authorized by the City Councils of San Jose and Campbell. Cambrian #36 is currently located in the USA and SOI of the City of San Jose. In order to avoid illogical boundaries as a result of annexation of Cambrian #36 to the City of Campbell, the City of Campbell is also seeking detachment of the Central Park neighborhood from the City of San Jose and its concurrent annexation to the City of Campbell (designated as Central Park Reorganization) along with a corresponding USA/SOI amendment to include the Central Park neighborhood within the City of Campbell's USA and SOI. Please see attached map (attachment A) The City of San Jose is supportive of the USA/SOI amendment, annexation of the unincorporated island of Cambrian #36 to the City of Campbell and detachment of the Central Park neighborhood from the City of San Jose and its concurrent annexation to the City of Campbell.

BACKGROUND

Cambrian #36 is a 103-acre unincorporated island, located within the USA and SOI of the City of San Jose. The island is surrounded by the City of San Jose on three sides and abuts the City of Campbell on the west. The City of San Jose initiated annexation of Cambrian #36 in 2010 as part of the City's third and final phase of its County Island Annexation Program for annexing islands less than 150 acres in size. As the City of San Jose progressed in its annexation efforts, the residents of the Cambrian #36 island

petitioned the cities of Campbell and San Jose to allow them to be annexed into the City of Campbell rather than to the City of San Jose. Such an annexation proposal would require a change in the USA/SOI boundaries and would require the City of San Jose to agree to give up annexation of the island and the City of Campbell to agree to annex Cambrian #36 and provides services.

The City of Campbell expressed support for annexation of Cambrian #36 to Campbell. The City of San Jose approved the annexation of Cambrian #36 on December 7, 2010. However, in response to community support for annexation of Cambrian #36 to the City of Campbell, the San Jose City Council directed its staff to refrain for a period of six months from completing the annexation in order to allow the cities of Campbell and San Jose to study and negotiate an agreement allowing annexation of Cambrian #36 to Campbell and requiring that such an agreement must be revenue neutral to the City of San Jose. In June 2011, the San Jose City Council extended the period for these discussions to September 30, 2011. On August 2, 2011, the San Jose and Campbell City Councils approved the key terms of a revenue neutral agreement which included detachment of the Central Park neighborhood from San Jose and annexation to Campbell and authorized their respective City Managers to finalize and execute the agreement on behalf of the cities. Subsequently, to allow for more time to negotiate the details of the agreement, the San Jose City Council further extended the time period for scheduling the reorganization proposal before LAFCO to November 30, 2011. The City of Campbell submitted its application to LAFCO in February 2012. On March 27, 2012, the San Jose City Council adopted a resolution to reconfirm its support for the proposed Central Park reorganization, Cambrian #36 annexation and USA/SOI amendment and to extend the time for finalizing the agreement with Campbell to August 2012.

Detachment of Territory from San Jose

Government Code Section 56751 requires that applications for reorganizations involving detachment of territory from a city be placed on the agenda of the next LAFCO meeting for informational purposes and requires a copy of the proposal to be forwarded to the city from which the detachment is requested. The law provides that if within 60 days of placing the item on the LAFCO agenda, the city adopts and transmits a resolution to LAFCO requesting termination of proceedings, then LAFCO must terminate the proceedings. The proposal for Central Park Reorganization was placed the February 8th LAFCO Agenda as an informational item. The San Jose City Council adopted a resolution on March 27, 2012, reconfirming its support for the proposed detachment from the City of San Jose and annexation of the territory to the City of Campbell.

Public Hearing Notice

Government Code Section 56157 requires mailed notice to be provided to all landowners and registered voters within the affected territory and to all landowners and registered voters within 300 feet of the affected territory of the reorganization proposal. However, the statute also provides that if the total number of notices required

to be mailed exceeds 1,000, then notice may instead be provided by publishing a display advertisement of one-eighth page in a newspaper of general circulation. Since the number of required mailed notices in this case exceeded 1,000, notice was published in the Campbell Express and in the San Jose Post Record on March 14, 2012.

EXISTING AND PROPOSED GENERAL PLAN AND ZONING DESIGNATIONS

Cambrian #36 is a 103 acre unincorporated island surrounded by the San Jose and Campbell. The majority of the properties in this island are developed with single family residences. There are a few commercial uses along Camden Avenue and a few at the intersection of Bascom and Union Avenues.

The Central Park neighborhood, currently located in San Jose, comprises 15.7 acres and includes 96 parcels. Except for one Santa Clara Valley Water District property, all the properties within the neighborhood are in single family residential use.

The City of Campbell approved General Plan and Pre-Zoning designations for the Central Park neighborhood and for the Cambrian #36 island. The pre-zoning will take effect upon annexation of the areas to Campbell. The following table provides information on the General Plan and Pre-Zoning designations applied by the City of Campbell to the two areas.

NEIGHBORHOOD	PROPERTIES	CITY OF CAMPBELL DESIGNATIONS	
		GENERAL PLAN	PRE-ZONING
Central Park Neighborhood	Residential	Low Density Residential (less than 6 dwelling units per acre)	R-1-6
	SCVWD Property along McGlinchy Lane	Open Space	PF/OS
Cambrian #36 Unincorporated Island	Residential	Low Density Residential (less than 4.5 dwelling units per acre)	R-1-8
	Non-residential along Camden Avenue	General Commercial	C-2
	Non-residential at Union & Bascom Avenues	Neighborhood Commercial	C-1

ENVIRONMENTAL ASSESSMENT

The City of Campbell is the Lead Agency under CEQA for the proposed USA amendment. Per Resolution No. 11346, adopted by the Campbell City Council on November 15, 2011, the City determined that the proposed project is exempt under CEQA Guidelines Sections 15305 and 15319. The proposed General Plan Amendment and Pre-Zoning are exempt per Section 15305 which applies to minor alterations in land

use limitations in areas with an average slope of less than 20% and which do not result in any change in land use or densities. The City estimates only minor alterations in land use limitations and densities will occur as the City has applied General Plan and Zoning designations commensurate with existing uses. The project is also exempt per Section 15319 whereby CEQA provides that annexations to a city of areas containing existing public or private structures developed to the densities allowed by the current zoning or pre-zoning of either the gaining or losing governmental agency, provided that the extension of utility services to the existing development would have a capacity to serve only the existing development. The existing neighborhoods are predominantly built-out to the maximum permissible densities and are presently served by public utilities.

LAFCO is a Responsible Agency under CEQA for the USA/SOI amendment proposal and for the reorganization proposal that includes detachment from San Jose and annexation to Campbell. LAFCO has determined that LAFCO's approval of the proposal, which is in part based on the City's statements in its application that no new development is proposed as part of this project and that there would be no significant change in current uses, would be 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 effect on the environment.

CONSISTENCY WITH LAFCO POLICIES

Conversion of / Impacts to Prime Agricultural Lands and Open Space

The proposal area does not contain open space or prime agricultural lands as defined in the Cortese Knox Hertzberg Act. Therefore the USA/ SOI amendment and the reorganization proposal will not impact agricultural or open space land.

Logical, Orderly and Efficient Boundaries

Cambrian #36 is surrounded by the City of San Jose on three sides and abuts the City of Campbell on the west. Annexation of Cambrian #36 into the City of Campbell would result in the Central Park neighborhood (currently in San Jose) to become completely surrounded by Campbell. The proposed detachment of the Central Park neighborhood from San Jose and annexation to Campbell would address this issue, create logical boundaries and avoid splitting existing residential neighborhoods between different jurisdictions. The County Surveyor has determined that the boundaries of the Central Park reorganization are definite and certain and in compliance with LAFCO's road annexation policies. The proposal does not split lines of assessment or ownership. The proposal does not create islands or areas in which it would be difficult to provide municipal services. The Central Park reorganization will facilitate the annexation of Cambrian #36 which is an unincorporated island.

Ability of City to Provide Urban Services

The USA/ SOI amendment will allow for detachment of Central Park neighborhood from San Jose and annexation to Campbell and for annexation of unincorporated island

of Cambrian #36 to Campbell. Upon annexation to Campbell, the responsibility for providing services will transfer from the County (for Cambrian #36 island) and from the City of San Jose (for Central Park neighborhood) to the City of Campbell. The following table summarizes the changes in service providers that will occur as a result of annexation to Campbell.

SERVICE	CURRENT SERVICE PROVIDER		SERVICE PROVIDER UPON ANNEXATION TO CAMPBELL
	CAMBRIAN #36 UNINCORPORATED ISLAND	CENTRAL PARK NEIGHBORHOOD	
WATER	San Jose Water Company	San Jose Water Company	San Jose Water Company
POLICE/ TRAFFIC ENFORCEMENT	County Sheriff, California Highway Patrol	City of San Jose	City of Campbell
SEWER	West Valley Sanitation District	City of San Jose	West Valley Sanitation District
STORM WATER	County	City of San Jose	City of Campbell
LIBRARY	County Library	City of San Jose	County Library
FIRE PROTECTION	Santa Clara County Central Fire Protection District (SCCFPD)	City of San Jose	City of Campbell by contract with SCCFPD
SOLID WASTE	County	City of San Jose	City of Campbell
ANIMAL SERVICES	County	City of San Jose	City of Campbell
STREET SWEEPING	County	City of San Jose	City of Campbell
SCHOOLS	School District remains unchanged		

The City of Campbell has stated that there would be no significant change in land use upon USA/SOI expansion and annexation to the City. The project areas are currently receiving urban level services from various providers depending upon the jurisdictional location of the area. The City of Campbell indicates that Cambrian #36 residents will likely receive improved traffic enforcement, police and emergency services upon annexation to the City.

The Central Park neighborhood currently receives sewer service from the City of San Jose. West Valley Sanitation District provides sewer service to properties within the City of Campbell. The Central Park neighborhood is not within the West Valley Sanitation District boundaries or its SOI. Preliminary discussion with the WVSD has indicated that the District is willing and able to provide service to the Central Park

neighborhood. In order for the WVSD to provide service to the area, the City of Campbell must submit a separate application to LAFCO for adding the Central Park neighborhood and Cambrian #36 areas to the WVSD SOI and for annexation of the Central Park neighborhood to the WVSD.

The City of Campbell currently contracts with the Santa Clara County Central Fire Protection District (SCCFPD) for fire protection services. The SCCFPD would provide fire protection to the area upon annexation. The cost of providing service to this additional area will be incorporated into the service contract at the end of fiscal year 2013 when it is up for renewal. It is expected that the cost of the contract would be increased by up to \$190,000.

The City of Campbell receives library service from the Santa Clara County Library and is within the County Library Service Area boundary. The Central Park neighborhood currently receives library service from the City of San Jose which is not within the County Library Service Area. Although the County Library Service Area currently does not serve any function since it has not been levying assessments since 2005 when its benefit assessment expired, the County Controller's Office uses the County Library Service Area to define the boundaries of the County Library's property taxing authority. The City of Campbell must therefore, submit an application to LAFCO for adding the Central Park neighborhood to the County Library Service Area.

The City of Campbell prepared a financial analysis of the expected revenues and expenses resulting from annexation of the Cambrian #36 and the Central Park neighborhoods. The City determined that the annexation area would generate adequate revenues from property tax, sales tax, transit occupancy tax, vehicle license fees, franchise fees and various other non-general fund assessments to serve the annexed areas, based on existing service and infrastructure maintenance costs in other areas of the city. The City is not proposing to provide any additional or new services to the area and no new development is proposed in the area as part of the USA expansion and annexation.

Growth Inducing Impacts

The USA/SOI amendment and reorganization of the Central Park neighborhood will not result in any growth inducing impacts. The area is fully developed and mostly built out. The proposed General Plan and zoning designations for the Central Park neighborhood closely mirror current land uses / development pattern and existing land use regulations.

Annexation of Unincorporated Islands

The City of Campbell annexed its islands in 2006 and does not currently have any unincorporated islands within its USA. Cambrian #36, currently located in the City of San Jose's USA, is proposed for annexation by Campbell upon inclusion of the area within Campbell's USA and SOI.

Fiscal Impact to the Cities of San Jose and Campbell

The City Councils of San Jose and Campbell have approved the key terms of an agreement to ensure that annexation of Cambrian #36 by Campbell does not adversely affect either of the cities. The initial projected surplus from annexation of the island is estimated at approximately \$199,000 (the net proceeds that San Jose would expect to receive annually if it annexed the area) and is due in large part to a gas station and hotel in the annexation area.

This amount is considered as the base payment by Campbell to San Jose for the first five years of the agreement. The agreement allows for adjustment in the payment amount over the remainder of the 40-year agreement term based on changes in revenue or revenue generating uses in the annexation area and taking into account major capital costs that would be incurred by Campbell for street maintenance in the area. The major terms of the agreement as approved by the two city councils on August 2, 2011, are as follows:

1. Campbell will make an initial guaranteed base payment of \$199,000 for five years, subject to the provisions below
2. Beginning in Year Six, and every five years thereafter, through the term of this agreement, the cities will determine the actual change in net revenue during the past five year period. This change shall equal the difference between: 1) the percentage increase (decrease) in revenues associated with the Cambrian 36 pocket; and 2) CPI change for All Urban Consumers, for the month of February.
3. After the initial five year term, the net revenue change will be shared 50% to afford each city an equal share in any gains or losses accruing from future changes in net revenues.
4. For years 6-40, payment will be adjusted by the net revenue change since the previous calculation, unless such payment amount is negative, in which case no payment will be made for the next five year period.
5. If at any time between the five year calculation period the hotel, located at 1300 Camden Ave., or gas station, located at 1370 Camden Ave., ceases operations or otherwise stops generating tax revenue, a revised calculation, using actual or estimated revenue, will be performed, no later than the end of the fiscal year in which this event occurred and an adjustment to the base payment will be made accordingly. The revised calculation will be used, effective the following July 1, until the next five year calculation is due. Should a new business replace either of these two businesses, a new calculation will be performed as soon as a full year of tax revenue is known by Campbell and an adjustment to the base payment will be made.
6. If any new business is established, which did not exist at the time of annexation to Campbell, and generates more than \$50,000 in tax revenue, a revised

calculation will be performed to adjust the base payment, effective the following July 1, until the next five year calculation is due.

7. Over a period of 40 years, Campbell anticipates it will need to perform at least two street maintenance treatments to maintain the roadway and appurtenances at a level commensurate with their existing pavement condition levels. In today's dollars, this is estimated to cost \$3.3 million. Over the next 40 years, the cost is certain to increase considerably. In order to recognize this significant future expenditure, Campbell will be entitled to a credit in its annual payment to San Jose of \$30,000 beginning July 1, 2021; increasing to \$40,000 in 2031; and \$50,000 in 2041 for the duration of this agreement. These credits will be applied after the five year calculation is performed but cannot reduce the annual payment amount below \$0.
8. The term of this agreement will be for a total of 40 years after which time all payments and obligations of the City of Campbell to the City of San Jose will be completed in full.

No significant fiscal impacts are projected for affected agencies as a result of this USA/SOI amendment and annexation.

SOI DETERMINATIONS

Pursuant to Government Code Section 56425, in amending a SOI for an agency, LAFCO is required to make written findings regarding the following:

1. Present and planned land uses in the area, including agricultural and open space lands.

Present land uses in the area include predominantly single family residential uses with some commercial uses. The area is fully developed with urban uses and services and there are no agricultural or open space lands within the proposal area.
2. Present and probable need for public services and facilities in the area

The area currently receives public services such as sewer, water, solid waste disposal, storm drainage and police and fire protection services from various providers. There is no expected change in the need for public services or facilities in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

The present capacity of public facilities and public services appears to be adequate for the area. No new facilities are required to serve this area. However, the Central Park area should be annexed into the West Valley Sanitation District to receive sewer service and into the County Library Service Area.

4. Existence of any social or economic communities of interest in the area, if LAFCO determines they are relevant to the agency

The area is adjacent to the City of Campbell and as represented by the community, there is a social and economic interaction between the City of Campbell and the area.

CONCLUSION

Although Cambrian #36 is currently located within San Jose's USA/SOI, it borders the City of Campbell. The USA/ SOI amendment and Central Park reorganization would facilitate annexation of Cambrian #36, which is an unincorporated island, to the City of Campbell. Annexation of unincorporated islands to cities is a long standing joint policy objective of the cities, county and LAFCO. The residents of Cambrian #36 have requested annexation to Campbell. The City of San Jose supports annexation of Cambrian #36 to Campbell and detachment of the Central Park from San Jose for annexation to Campbell. The two cities are working on finalizing an agreement that would ensure that there is no adverse fiscal impact on either of the cities as a result of this reorganization and annexation proposal. The City of Campbell has indicated that it has the ability to serve the new area without reducing service levels to its existing residents. It is clear that the USA/SOI amendment and Central Park reorganization proposals and the future actions of the Campbell City Council regarding Cambrian #36 are all interrelated. See Attachment D for a flow chart showing the linkage between key steps and decisions in the process. In order to ensure logical boundaries and a clean transition of services, staff recommends conditional approval of the USA/SOI amendment and reorganization proposal.

NEXT STEPS

LAFCO Protest Proceeding for Central Park Reorganization

The Central Park reorganization proposal does not have consent from all property owners in the Central Park neighborhood for detachment of their property from San Jose and annexation to Campbell. State law requires that following LAFCO approval of such proposals, LAFCO must hold protest proceedings pursuant to the provisions in the CKH Act. A date will be set for the protest proceedings and a public notice will be sent out in accordance with the law. See Attachment C for information on protest proceedings. The LAFCO Executive Officer will conduct the protest proceedings.

LAFCO Hearing on Annexation of Central Park Neighborhood to the West Valley Sanitation District and to the County Library Service Area

The City of Campbell will submit an application to LAFCO for annexation of the Central Park neighborhood to the West Valley Sanitation District for provision of sewer service and for annexation of the area to the County Library Service Area. It is expected that the City Council, at its April 3 meeting, will adopt a resolution seeking LAFCO

approval of the annexation. It will likely be heard by LAFCO at its May 30, 2012 meeting.

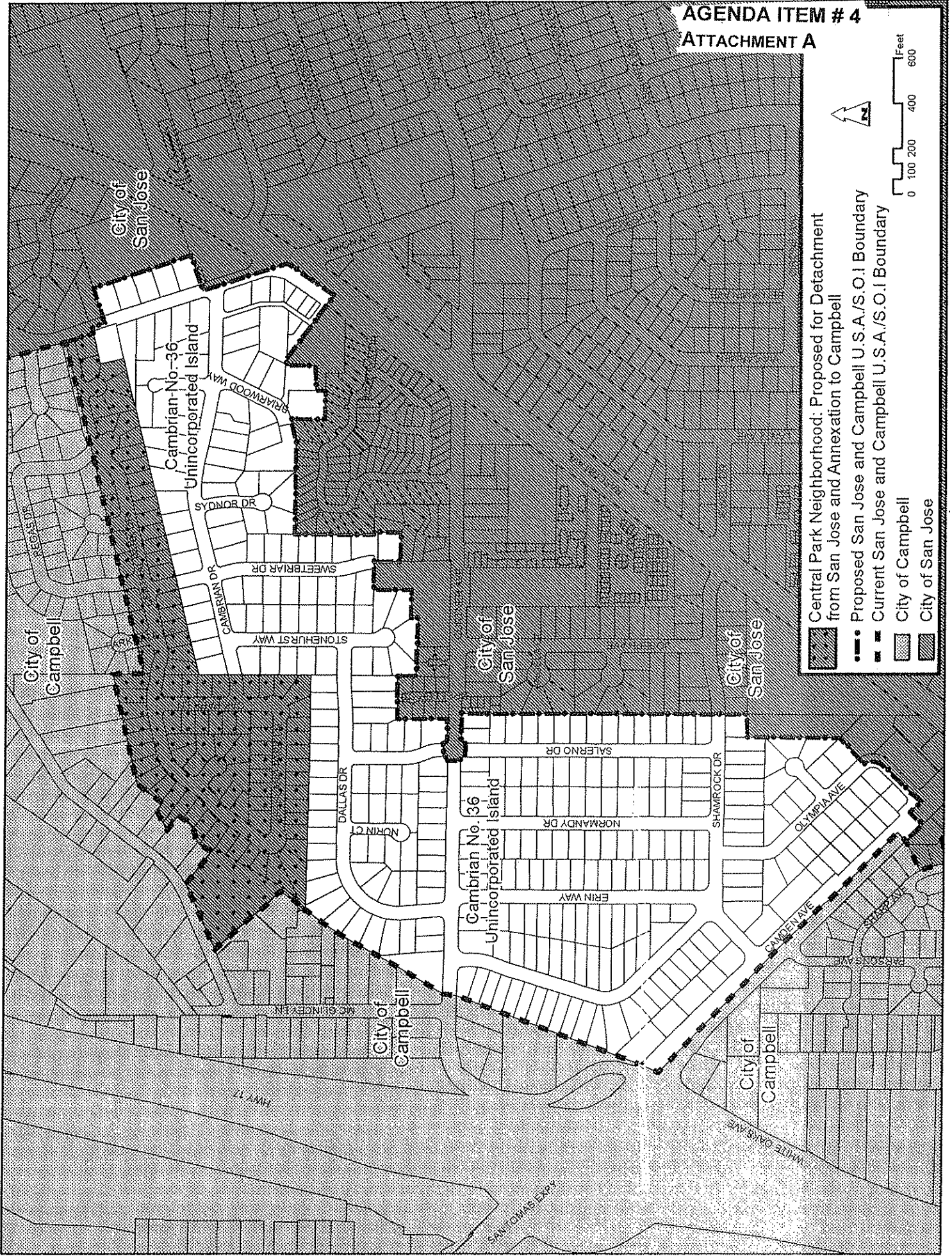
Campbell City Council Hearing on Annexation of Cambrian #36 Upon LAFCO amendment of the USA/SOI, the City of Campbell may proceed with annexation of Cambrian #36 as an unincorporated island under the streamlined island annexation process authorized by Government Code Section 56375.3.

ATTACHMENTS

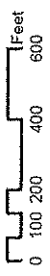
- Attachment A: Map of Proposed USA/SOI Amendment
- Attachment B: Legal description (Exhibit A) and Map (Exhibit B) of proposed reorganization of Central Park.
- Attachment C: Overview of LAFCO Protest Proceedings
- Attachment D: Flow Chart showing Key Steps and Decisions

Central Park Reorganization and Campbell U.S.A./S.O.I Amendment 2012

AGENDA ITEM # 4
ATTACHMENT A



- Central Park Neighborhood: Proposed for Detachment from San Jose and Annexation to Campbell
- Proposed San Jose and Campbell U.S.A./S.O.I Boundary
- Current San Jose and Campbell U.S.A./S.O.I Boundary
- City of Campbell
- City of San Jose



CENTRAL PARK REORGANIZATION
GEOGRAPHIC DESCRIPTION

All that certain Real Property, situate in the South 1/2 of Section 35, Township 7 South, Range 1 West, Mount Diablo Base and Meridian, being all of Tract No. 3401, recorded April 3, 1963 in Book 159 of Maps, at Page 14; all of the lands described in the deed to the Santa Clara Valley Water Conservation District recorded August 8, 1958 in Book 4144 of Official Records, Page 362; and all of Tract No. 2663, recorded August 3, 1961 in Book 136 of Maps, at Pages 2 and 3, Records of Santa Clara County, California.

Beginning at the southeast corner of said Tract No. 2663, said corner being on the existing boundary line of the City of San Jose as established by Leigh No. 7 Annexation to the City of San Jose, distant thereon South 00°18'47" East a distance of 330.06 feet from the intersection of the east line of said Tract No. 2663 with the centerline of Cambrian Drive; thence

- (1) North 89°57'05" West, a distance of 1,056.51 feet to the east line of Campbell Annexation 1958-16 to the City of Campbell; thence along said line
- (2) North 00°10'41" West, a distance of 35.56 feet; thence
- (3) South 82°04'53" East, a distance of 25.66 feet to the west line of the lands described in the deed to the Santa Clara Valley Water Conservation District recorded August 8, 1958 in Book 4144 of Official Records, Page 362; thence
- (4) North 33°53'58" East, a distance of 98.31 feet; thence
- (5) North 45°36'02" West, a distance of 100.15 feet; thence
- (6) North 38°20'02" West, a distance of 76.70 feet; thence
- (7) North 42°27'02" West, a distance of 203.85 feet to the east line of East McGlincey Lane and the south line of Cambell Annexation 1959-14A to the City of Campbell; thence along said line
- (8) North 65°52'00" East, a distance of 340.14 feet; thence
- (9) South 52°51'02" East, a distance of 189.07 feet to the west line of said Tract No. 2663; thence
- (10) North 29°28'00" East, a distance of 69.75 feet; thence
- (11) North 70°26'00" East, a distance of 50.85 feet; thence
- (12) North 55°13'00" East, a distance of 35.06 feet; thence
- (13) North 39°54'00" East, a distance of 62.41 feet; thence
- (14) North 52°51'00" West, a distance of 86.00 feet; thence
- (15) North 63°39'40" East, a distance of 94.99 feet; thence
- (16) South 52°51'00" East, a distance of 41.29 feet; thence
- (17) North 35°36'54" East, a distance of 140.40 feet; thence

- (18) North 76°41'58" East, a distance of 498.34 feet to the west line of McGlincey Annexation 1965-4 to the City of Campbell; thence along said line
- (19) South 00°18'47" East, a distance of 135.89 feet to the north line of said Tract No. 3401 and the south line of said McGlincey Annexation 1965-4; thence along said line and the south line of McGlincey Neighborhood Annexation 79-2 to the City of Campbell
- (20) North 75°53'09" East, a distance of 1,507.14 feet to the northwesterly prolongation of the easterly line of Lot 25 of said Tract No. 3401; thence along said line
- (21) South 18°48'35" East, a distance of 126.47 feet to the south line of Leigh No. 4 Annexation to the City of San Jose; thence along said line
- (22) South 76°21'09" West, a distance of 142.98 feet; thence
- (23) South 13°38'51" East, a distance of 106.36 feet; thence
- (24) South 75°52'47" West, a distance of 1,430.49 feet to the east line of said Tract No. 2663; thence
- (25) South 00°18'47" East, a distance of 489.49 feet to the **Point of Beginning**, containing an area of **24.29 acres**, more or less.

For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described.


Andrew S. Chafer, PLS 8005

3/1/12
Date



Rev. Date: March 1, 2012

DESCRIPTION

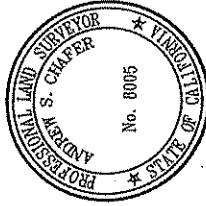
24.29 ACRES, SITUATE IN THE SOUTH 1/2 OF SECTION 35, TOWNSHIP 7 SOUTH, RANGE 1 WEST, MOUNT DIABLO BASE AND MERIDIAN, BEING ALL OF TRACT NO. 3401, RECORDED APRIL 3, 1963 IN BOOK 159 OF MAPS, AT PAGE 14; ALL OF THE LANDS DESCRIBED IN THE DEED TO THE SANTA CLARA VALLEY WATER CONSERVATION DISTRICT RECORDED AUGUST 8, 1958 IN BOOK 4144 OF OFFICIAL RECORDS, PAGE 362; AND ALL OF TRACT NO. 2663, RECORDED AUGUST 3, 1961 IN BOOK 136 OF MAPS, AT PAGES 2 AND 3, RECORDS OF SANTA CLARA COUNTY, CALIFORNIA.

DISCLAIMER

FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.

SURVEYOR'S STATEMENT

PREPARED BY OR UNDER THE DIRECTION OF



Andrew S. Chaver
 ANDREW S. CHAVER, PLS 8005
 DATE 3/1/12

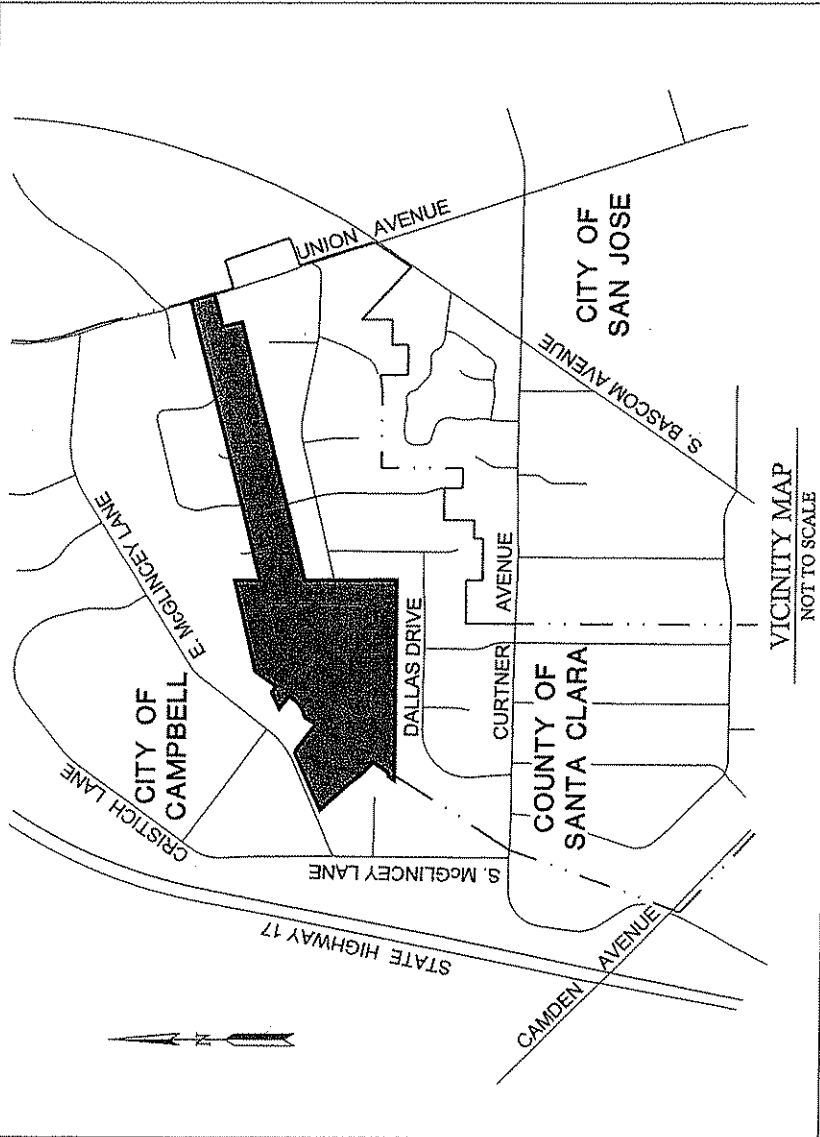
LEGEND

- POB ——— POINT OF BEGINNING
- EXISTING CITY BOUNDARY/ANNEXATION LINE
- PARCEL LINE
- PROPOSED ANNEXATION LINE
- ① COURSE NUMBER
- (R1) TRACT NO. 2663, 136-M-3
- (R2) TRACT NO. 3401, 159-M-14
- (R3) GRANT DEED, 4144-OR-362

MAP OF
 CENTRAL PARK
 REORGANIZATION
 REV. DATE: MARCH 1, 2012

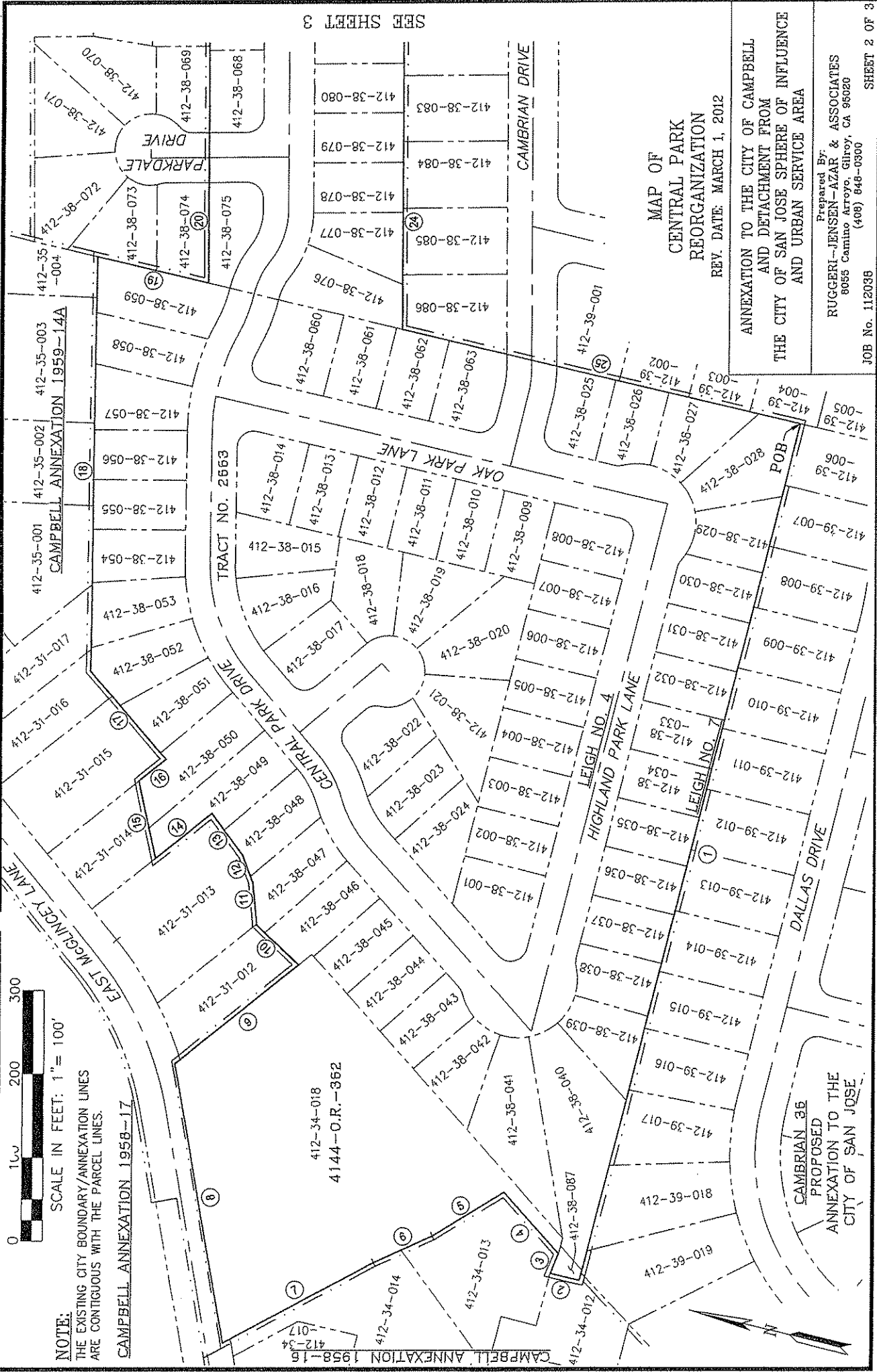
ANNEXATION TO THE CITY OF CAMPBELL
 AND DETACHMENT FROM
 THE CITY OF SAN JOSE SPHERE OF INFLUENCE
 AND URBAN SERVICE AREA

Prepared By:
 RUGGERI-JENSEN-AZAR & ASSOCIATES
 8055 Camino Arroyo, Gilroy, CA 95020
 (408) 849-0300



VICINITY MAP
 NOT TO SCALE

COURSE	BEARING	DISTANCE	RECORD REFERENCE	COURSE	BEARING	DISTANCE	RECORD REFERENCE
1	N89°57'05"W	1056.51'	(R1)	14	N52°51'00"W	86.00'	(R1)
2	N00°10'41"W	35.56'	(R1)	15	N63°39'40"E	94.99'	(R1)
3	S82°04'53"E	25.66'	(R1)	16	S52°51'00"E	41.29'	(R1)
4	N33°53'58"E	98.31'	(R3)	17	N35°36'54"E	140.40'	(R1)
5	N45°36'02"W	100.15'	(R3)	18	N76°41'58"E	498.34'	(R1)
6	N38°20'02"W	76.70'	(R3)	19	S00°18'47"E	135.89'	(R1)
7	N42°27'02"W	203.85'	(R3)	20	N75°53'09"E	1507.14'	(R2)
8	N65°52'00"E	340.14'	(R3)	21	S18°48'35"E	126.47'	(R2)
9	S52°51'02"E	189.07'	(R3)	22	S76°21'09"W	142.98'	(R2)
10	N29°28'00"E	69.75'	(R1)	23	S13°38'51"E	106.36'	(R2)
11	N70°26'00"E	50.85'	(R1)	24	S75°52'47"W	1430.49'	(R2)
12	N55°13'00"E	35.06'	(R1)	25	S00°18'47"E	489.49'	(R1)
13	N39°54'00"E	62.41'	(R1)				



SEE SHEET 3

MAP OF
CENTRAL PARK
REORGANIZATION
REV. DATE: MARCH 1, 2012

ANNEXATION TO THE CITY OF CAMPBELL
AND DETACHMENT FROM
THE CITY OF SAN JOSE SPHERE OF INFLUENCE
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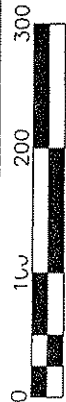
JOB No. 112038

SHEET 2 OF 3

NOTE:

THE EXISTING CITY BOUNDARY/ANNEXATION LINES
ARE CONTIGUOUS WITH THE PARCEL LINES.

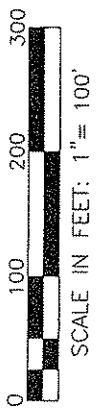
CAMBELL ANNEXATION 1958-17



SCALE IN FEET: 1" = 100'

CAMBELL ANNEXATION 1958-17

CAMBRIAN 36
PROPOSED
ANNEXATION TO THE
CITY OF SAN JOSE



LEIGH NO. 22
ANNEXATION
TO THE CITY OF
SAN JOSE

LEIGH NO. 4
ANNEXATION
TO THE CITY OF
SAN JOSE

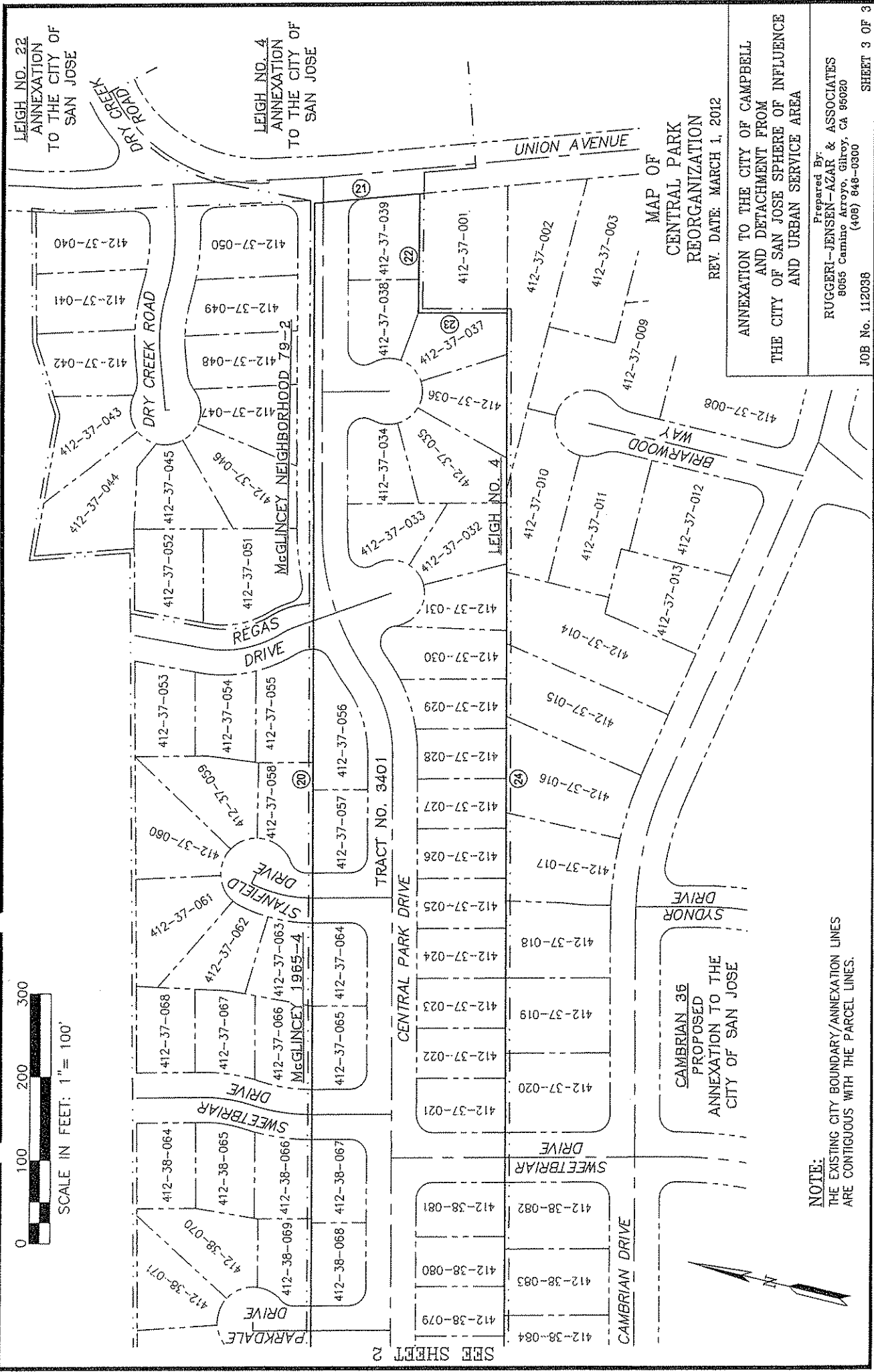
MAP OF
CENTRAL PARK
REORGANIZATION
REV. DATE: MARCH 1, 2012

ANNEXATION TO THE CITY OF CAMPBELL
AND DETACHMENT FROM
THE CITY OF SAN JOSE SPHERE OF INFLUENCE
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Prepared By:
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(408) 848-0300

JOB No. 112036

SHEET 3 OF 3



NOTE:
THE EXISTING CITY BOUNDARY/ANNEXATION LINES
ARE CONTIGUOUS WITH THE PARCEL LINES.

SEE SHEET 2

OVERVIEW OF LAFCO PROTEST PROCEEDINGS PROCEDURES

This application is a Non-100% Consent annexation proposal because it does not have consent from all of the property owners in the proposed annexation area. Therefore, following LAFCO approval of a Non-100% Consent annexation proposal, the LAFCO Executive Officer must hold protest proceedings (Government Code Section 57000(c)) as follows:

1. Within 35 days of the adoption of the resolution by the Commission, and not prior to the 30-day reconsideration period for a Commission decision, the Executive Officer shall notice the proposal for protest hearing (Government Code Section 57002(a)).
2. Notices are required to be posted and published 21 days prior to the hearing. Notices are required to be sent to each affected city, district or county, all landowners owning land within the subject area, all registered voters within the subject area, and to anyone requesting special notice (Government Code Section 57025(b), (c), and (d)). As part of the protest hearing notice, landowners and registered voters in the affected area will receive a written protest form which they may mail or deliver to the LAFCO office. Protest may be filed with LAFCO from the date of the notice until the conclusion of the protest hearing.
3. The hearing date should be between 21 to 60 days from the date of the notice (Government Code Section 57002(a)).
4. At the protest hearing, the Commission's resolution is summarized and any oral or written protests are heard or received. Protests may be filed with LAFCO from the date of the notice until the conclusion of the protest hearing. Written protests may be withdrawn anytime prior to conclusion of the protest hearing. The law specifies rules for a valid protest. (Government Code Section 57050(b))
5. Within 30 days after the hearing, a finding is made on the value of written protests filed and not withdrawn (Government Code Section 57052), and based on that value ((Government Code Section 57075(a)) a resolution is adopted that:
 - a. Terminates proceedings (Government Code Section 57075(a)(1))
 - b. Orders the proposal without an election (Government Code Section 57075 (a)(3)), or
 - c. Orders the proposal subject to confirmation by the registered voters, i.e., an election must be conducted (Government Code Section 57075 (a)(2)).
6. The finding is based solely on the percentage of valid written protests that were submitted prior to the close of hearing.
7. If an election must be conducted, LAFCO is required to inform the Board of Supervisors of the Commission's determination and request them to direct the elections official to conduct the election.

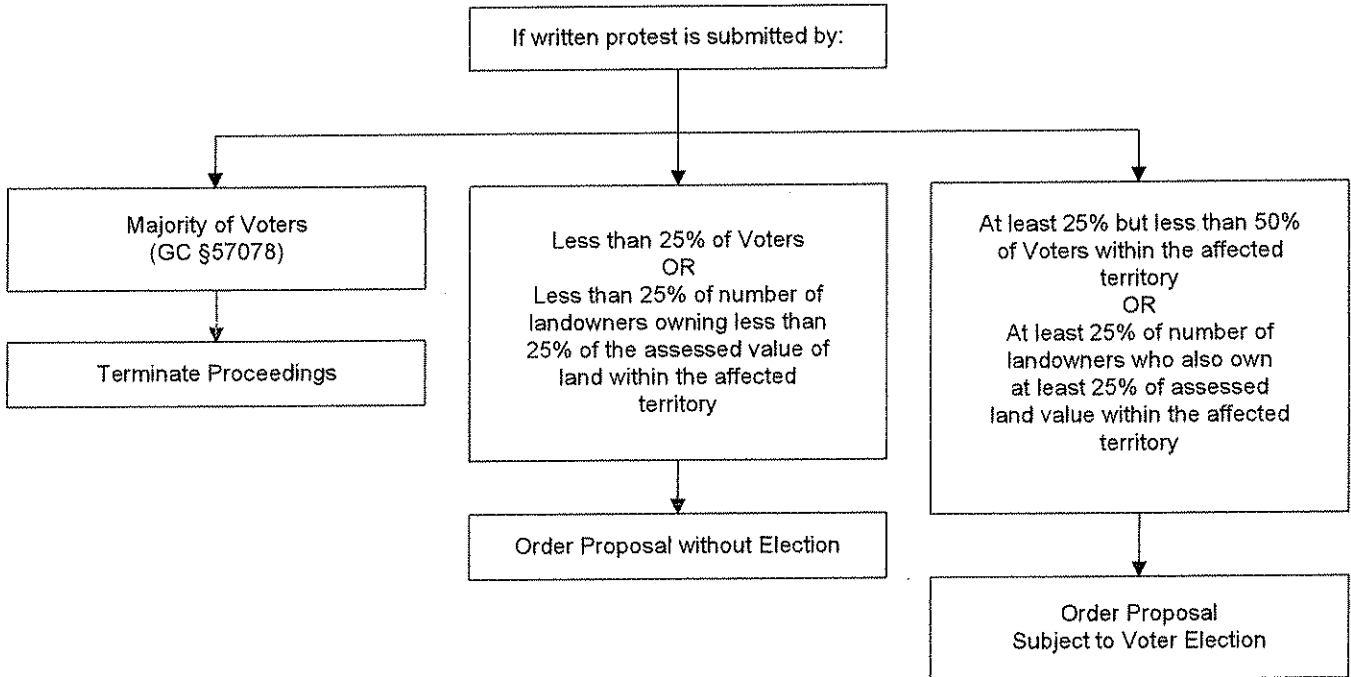
PROTEST THRESHOLDS

GC §57075

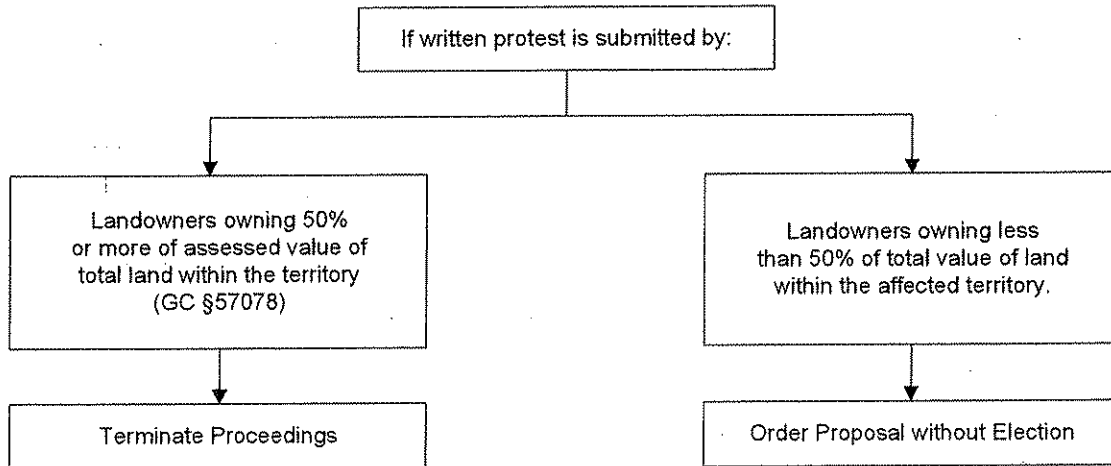
For change of organizations or reorganizations involving annexations and/or detachments

Inhabited* Proposals (GC §57075[a])

*Areas in which 12 or more registered voters reside (GC §56046)

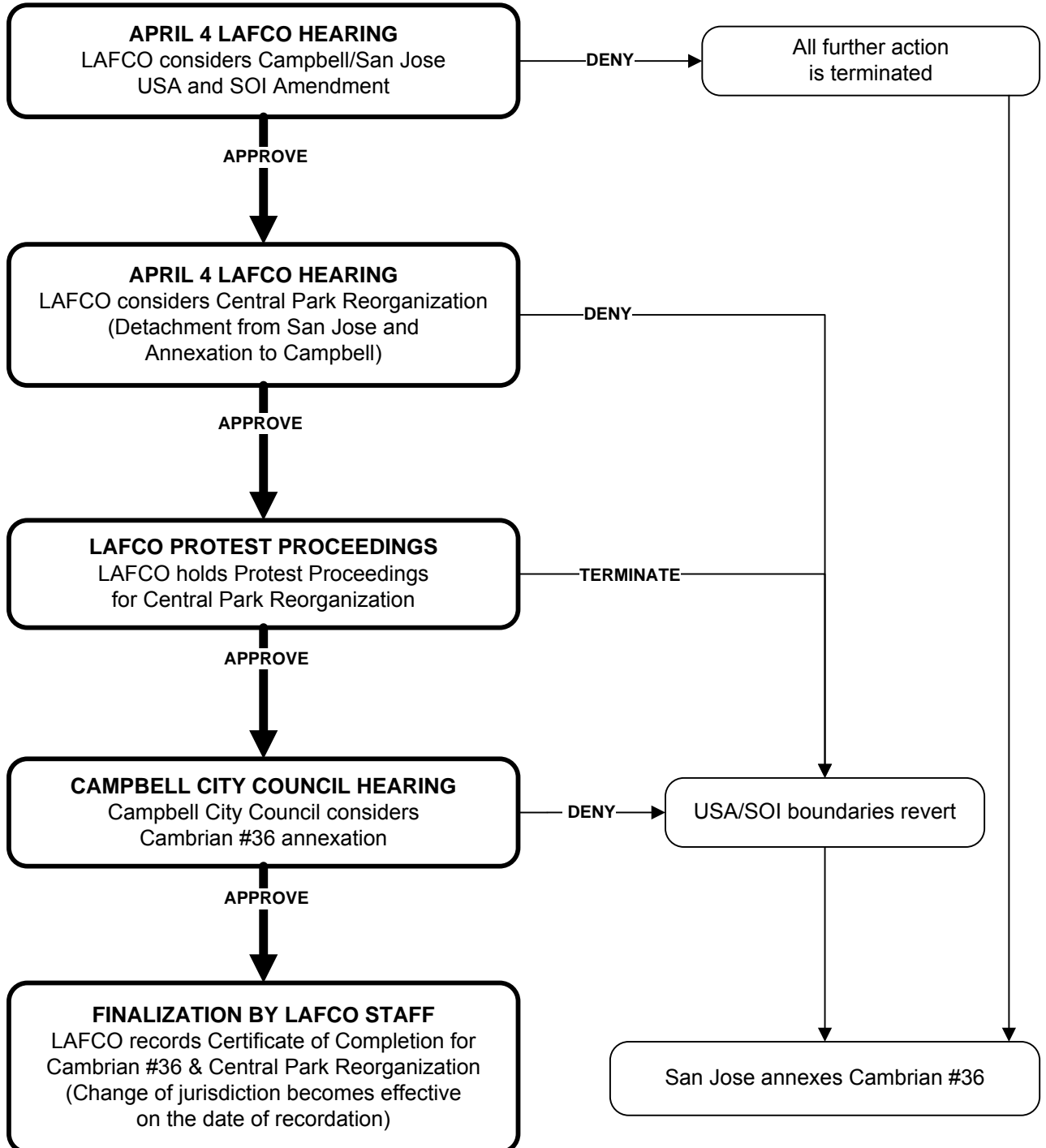


Uninhabited Proposals (GC §57075[b])



CAMPBELL USA/SOI AMENDMENT 2012 AND CENTRAL PARK REORGANIZATION

KEY STEPS AND DECISIONS



LAFCO MEETING: April 4, 2012
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
SUBJECT: PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2013

STAFF RECOMMENDATION

1. Adopt the Proposed LAFCO Budget for Fiscal Year 2012-2013.
2. Find that the Proposed LAFCO Budget for Fiscal year 2013 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Proposed LAFCO Budget adopted by the Commission including the estimated agency costs as well as the notice of public hearing on the adoption of the Fiscal Year 2013 Final LAFCO Budget to each of the cities, to the County and to the Cities Association.

BACKGROUND

LAFCO Budget and Adoption Process

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

Apportionment of LAFCO Costs

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

The cities' share (other than San Jose's) is apportioned in proportion to each city's total revenue as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within the county. 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.

FISCAL YEAR 2012-2013 BUDGET TIMELINE

Dates	Staff Tasks / LAFCO Action
March 14 – April 4	Notice period, draft budget posted on LAFCO web site and available for review and comment
April 4	Public Hearing and adoption of draft budget
April 5	Draft budget along with draft apportionment amounts transmitted to agencies (cities and County) together with notice of public hearing for the final budget hearing
May 30	Public hearing and adoption of final budget
May 30 - July 2	Final budget along with final agency apportionments transmitted to agencies; Auditor requests payment from agencies

STATUS OF CURRENT YEAR WORK PLAN AND BUDGET (FISCAL YEAR 2012)

The LAFCO Annual Report which will be published at the end of the current fiscal year will document the types of applications processed and the various activities / projects that LAFCO has completed in fiscal year 2012. Attachment A depicts the current status of the work items/projects in the Fiscal year 2012 Work Plan.

The adopted LAFCO budget for the current year is \$739,223. It is projected that there will be a savings of about \$173,047 at the end of this Fiscal Year. Please note that this amount excludes the \$100,000 currently budgeted as reserves. The \$100,000, expected to be unused, will be rolled over to the next year as is and maintained as the reserve and is not included in the calculation.

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

Projected Year End Savings = \$837,182 - \$664,134

Projected Year End Savings = \$173,048

This savings amount will largely be due to having a larger fund balance than anticipated from the previous fiscal year. The actual fund balance from FY 2011 was approximately \$ 97,959 more than projected. (\$209,987 - \$112,028)

The estimated savings of \$173,047 at the end of the current fiscal year 2012 will be carried over to reduce the proposed FY 2013 costs for the cities and the County. Please see Attachment B for table showing status of LAFCO Budget for Fiscal year 2012.

PROPOSED WORK PROGRAM FOR FISCAL YEAR 2012-2013

LAFCO is mandated by the state to process jurisdictional boundary change applications in accordance with the provisions in the Cortese Knox Hertzberg Act. Associated with this mandate, LAFCO has several responsibilities / requirements including but not limited to adopting written policies and procedures, maintaining a web site, serving as a conducting authority for protest proceedings and conducting public hearings and providing adequate public notice. Other state mandates for LAFCO include preparation of service reviews and the corresponding sphere of influence review and update for each city and special district within the County. The LAFCO work program for FY 2012-2013 is presented in Attachment C.

PROPOSED FISCAL YEAR 2012-2013 BUDGET

At its February 8, 2012 LAFCO meeting, the Commission appointed Commissioners Wasserman and Constant to the LAFCO Finance Committee. The Commission directed the Committee to develop a draft budget for Commission consideration. The Finance Committee held a meeting on February 29, 2012 to discuss issues related to the budget and to formulate the budget for FY 2013. The Finance Committee discussed current and future budget related issues including the status of the current year budget, the highlights and progress on the current year work plan, and the proposed work plan for the upcoming fiscal year and recommended the proposed budget for FY 2013.

Furthermore, the Committee directed staff to:

1. Include "The Role of LAFCO in the Oversight of Special Districts in Santa Clara County" as an agenda item for LAFCO's Strategic Planning Workshop scheduled for June 6, 2012. (see Agenda Item 10.2)
2. Provide a report at the April 4 LAFCO meeting on LAFCO's current efforts to promote public accountability and transparency among special districts in Santa Clara County. (see Agenda Item 9)
3. Research the potential of and issues related to implementing digital or paperless LAFCO agenda packets.

The proposed budget for FY 2012-2013 is \$766,607 (see Attachment D). A detailed itemization of the proposed budget, as recommended by the Finance Committee is provided below.

OBJECT 1. SALARIES AND BENEFITS \$392,182

All three LAFCO staff positions are staffed through the County Executive's Office. There is no change in the proposed salaries for the LAFCO staff. The cost of benefits is based on the most current information available from the County. Any changes made to

this item by the County in the next few months will be reflected in the Final LAFCO budget.

OBJECT 2. SERVICES AND SUPPLIES

5258200 INTRA-COUNTY PROFESSIONAL \$55,000

This amount remains the same as the current year budget and includes costs for services from the County Surveyor's Office and the County Assessors' Office.

LAFCO Surveyor \$50,000

The County Surveyor will continue to assist with map review and approval. In addition, the Surveyor's Office will also assist with research to resolve boundary discrepancies. It is estimated that about 400 hours of service will be required in the next fiscal year. The County Surveyor's Office charges a rate of \$117 per hour for FY 2013.

Miscellaneous Staffing \$5,000

This amount pays for the cost of reports prepared by the County Assessor's Office for LAFCO proposals. Additionally, it allows LAFCO to seek technical assistance from the County Planning Office on GIS/ mapping issues. LAFCO accesses data in the County Planning Office's GIS server. This item includes maintenance and technical assistance for GIS, if necessary.

5255800 LEGAL COUNSEL \$55,000

This item covers the cost for general legal services for the fiscal year. In February 2009, the Commission retained the firm of Best Best & Krieger for legal services on a monthly retainer. The contract was amended in 2010 to reduce the number of total hours required to 240 hours per year. The contract sets the hourly rate and allows for an annual automatic adjustment in the rates based on the Consumer Price Index (CPI). The monthly retainer for 2013 increases to \$4,546 - an increase of \$115 based on a 2.6% increase in the Consumer Price Index for the prior calendar year 2011.

5255500 CONSULTANT SERVICES \$120,000

This item is allocated for hiring consultants to assist LAFCO with special projects. This year, the amount is allocated for hiring consultants to conduct service reviews and sphere of influence updates for the remaining special districts and for any follow-up special studies that maybe required.

5285700 MEAL CLAIMS \$750

This item is being maintained at \$750.

5220200 INSURANCE \$5,600

This item is for the purpose of purchasing general liability insurance and workers' compensation coverage for LAFCO. In 2010, LAFCO switched from the County's coverage to the Special District Risk management Authority (SDRMA), for the provision

of general liability insurance. Additionally, LAFCO also obtains workers' compensation coverage for its commissioners from SDRMA. Workers' compensation for LAFCO staff is currently covered by the County and is part of the payroll charge.

5250100 OFFICE EXPENSES \$2,000

This item is being maintained at \$2,000 and provides for purchase of books, periodicals, small equipment and supplies throughout the year.

5255650 DATA PROCESSING SERVICES \$2,700

This item includes \$2,700 for support from County Information Services Department (ISD) including for active directory (\$426), email support and licenses (\$1,082) and 10 hours of LAN support services (\$1,126).

5225500 COMMISSIONER'S FEES \$7,000

This item includes a \$100 per diem amount for LAFCO Commissioners and Alternate Commissioners to attend LAFCO meetings and committee meetings in the Fiscal Year 2013.

5260100 PUBLICATIONS AND LEGAL NOTICES \$2,500

This is being maintained at \$2,500 and will be used for publication of hearing notices for LAFCO applications and other projects/ studies, as required by state law.

5245100 MEMBERSHIP DUES \$7,154

This amount provides for membership dues to CALAFCO - the California Association of LAFCOs. In 2006 the Association amended its Bylaws to include a new dues structure. The new dues were phased in over three years. The Bylaws state that the dues would increase by the state CPI every year after the dues phase in. Beginning with the 2009-10 dues, the Board voted not to implement the CPI increase because of the growing economic crisis. That action was repeated again in 2010 and 2011, and the CPI increase was not implemented and Santa Clara LAFCO's dues have remained at \$7,000. This year the Board voted to apply the CPI increase in order to cover the CALAFCO operating costs. The California Department of Finance estimates the state CPI for FY 2011-12 will be 2.2%. Therefore the 2012-13 CALAFCO dues invoices reflect an increase of 2.2%.

5250750 PRINTING AND REPRODUCTION \$1,500

An amount of \$1,500 is being budgeted for printing expenses for reports such as service review reports or other studies.

5285800 BUSINESS TRAVEL \$11,000

This item is for both staff and commissioners to attend conferences and workshops. It would cover air travel, accommodation, conference registration and other expenses at the conferences. CALAFCO annually holds a Staff Workshop and an Annual Conference that is attended by commissioners as well as staff. In addition, this item

covers the travel expenses for staff/commissioners' travel to the CALAFCO Legislative Committee meetings. Commissioner Wilson and the Executive Officer serve on the CALAFCO Legislative Committee.

5285300 PRIVATE AUTOMOBILE MILEAGE \$2,000

This item provides for travel to conduct site visits, attend meetings and training sessions etc.

5285200 TRANSPORTATION AND TRAVEL (for use of County car) \$1,088

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

5281600 OVERHEAD \$43,133

This is an amount established by the County Controller's Office, for service rendered by various County departments that do not directly bill LAFCO for service. The overhead includes LAFCO share of the County's FY 2013 Cost Allocation Plan which is based on actual overhead costs from FY 2011 – the most recent year for which actual costs are available. This amount totals to \$43,133 and includes the following charges from:

County Executive's Office:	\$27,606
Controller-Treasurer:	\$8,566
Employee Services Agency:	\$2,897
OBA:	\$440
Procurement:	\$16
Other Central Services:	\$113
ISD Intergovernmental Service:	\$4,219
ISD	\$1,050

Secondly, a "roll forward" is applied which is calculated by comparing FY 2011 Cost Plan estimates with FY 2011 actuals. Since the FY 2011 cost estimates exceeded the actuals by \$1,774, this amount is reduced from the FY 2013 Cost Plan. This is a state requirement.

5275200 COMPUTER HARDWARE \$2,000

This item is being maintained at \$2,000 and will be used for hardware upgrades / purchases.

5250800 COMPUTER SOFTWARE \$2,000

This item is maintained at \$2,000 and is designated for computer software purchases.

5250250 POSTAGE \$2,000

This amount is budgeted for the cost of mailing notices, agendas, agenda packets and other correspondence and is being maintained at \$2,000.

5252100 TRAINING PROGRAMS \$2,000

This item provides for attendance at staff development courses and seminars.

5701000 RESERVES \$50,000

See discussion below.

3. REVENUES

4103400 APPLICATION FEES \$25,000

It is anticipated that LAFCO will earn about \$25,000 in fees from processing applications. The actual amount earned from fees is not within LAFCO control and depends entirely on the actual level of application activity.

4301100 INTEREST \$5,000

It is estimated that LAFCO will receive an amount of about \$5,000 from interest earned on LAFCO funds.

4. RESERVES

3400800 RESERVES \$150,000

This item includes reserves for two purposes: litigation reserve – for use if LAFCO is involved with any litigation and contingency reserve - to be used for unexpected expenses. If used during the year, this account will be replenished in the following year. LAFCO has not had to use the reserves and the amount has been rolled over to the following year to offset costs. Since last year, the reserves have been retained in a separate Reserves account if unused at the end of the Fiscal Year, thus eliminating the need for LAFCO to budget each year for this purpose. In anticipation of working on several controversial issues, an additional \$50,000 is proposed to be added to the reserve account this year bringing the total in LAFCO reserves to \$150,000.

COST APPORTIONMENT TO CITIES AND COUNTY

Calculation of Net Operating Expenses

**FY 2013 Net Operating Expenses = Proposed FY 2013 Expenditures – Proposed FY 2013 Fee Revenues
– Projected FY 2012 Year End Savings**

FY 2013 Net Operating Expenses = \$766,607 - \$30,000 - \$173,047

FY 2013 Net Operating Expenses = \$563,560

The proposed net operating expense for FY 2013 is approximately 5% lower than that of the current year. Therefore there is a small reduction in the cost to the cities and the County from the previous year. Please note that the projected operating expenses for FY 2013 are based on projected savings and expenses for the current year and are not actual figures. It is therefore to be expected that there may be revisions to the budget as we get a better indication of current year expenses towards the end of this fiscal year. Additionally, a more accurate projection of costs for the upcoming fiscal year could be made available by the County particularly as they relate to employee benefits. This could result in changes to the proposed net operating expenses for FY 2013 which could in turn impact the costs for each of the agencies. Provided below is the draft

apportionment to the agencies based on the proposed net operating expenses for FY 2013 (\$563,560).

Cost to Agencies

County of Santa Clara	\$281,780
City of San Jose	\$140,890
Remaining 14 cities in the County	\$140,890

Apportionment of the costs among the 14 cities will be based on a percentage of the cities' total revenues and will be calculated by the County Controller's Office after LAFCO adopts the final budget in June. A draft of the estimated apportionment to the cities is included as Attachment E to provide the cities a general indication of the costs.

ATTACHMENTS

- Attachment A: Status of Current Year Work Plan (FY 2012)
- Attachment B: Status of Current Year Budget (FY 2012)
- Attachment C: Proposed Work Program for Fiscal Year 2013
- Attachment D: Proposed LAFCO Budget for Fiscal Year 2013
- Attachment E: Estimated Costs to Agencies Based on the Proposed Budget

STATUS OF CURRENT YEAR (FY 2012) WORK PLAN

	PROJECTS	STATUS	NOTES
SERVICE REVIEWS & SPHERE OF INFLUENCE UPDATES	Countywide Water Service Review and Spheres of Influence Update Report	Completed in December 2011	
	Water Service Review Report recommendations follow up	Underway	Not listed in FY 2012 Work Plan
	El Camino Hospital District Audit and Service Review	Underway: May 2012 LAFCO Public hearing	Not listed as a separate review in FY 2012 Work Plan
	Revised work plan for remaining Service Reviews	Underway: April 2012 LAFCO Meeting	Not listed in FY 2012 Work Plan
	Countywide Fire Service Review recommendations: <ul style="list-style-type: none"> • Saratoga Fire District Special Study • Review issues re. Los Altos Hills Fire District reserves 	Underway: Draft RFP for May 2012 LAFCO meeting Begin review in May 2012	Not listed in FY 2012 Work Plan
ISLAND ANNEXATIONS	Island Annexation letters to cities and review of responses from cities	Completed in February 2012	
	Follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	On going	
	Finalizing island annexations	Ongoing	
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Ongoing	e.g., Garrod USA, Cambrian 36
	Provide comments on potential LAFCO applications and/ or related environmental documents	Ongoing	e.g., Morgan Hill SEQ, USA amendment proposals
	Respond to public / local agency enquiries re. policies, procedures and filing requirements for LAFCO applications	Ongoing	
PUBLIC OUTREACH AND COMMUNICATION	Maintain and update maps of cities and special districts in GIS	Ongoing	
	Publish updated wall map of cities	Not started	
	Participate in CALAFCO conferences / workshops	Ongoing	CALAFCO Annual conference & Course on Health Care Districts
	Recognize 40 th anniversary of LAFCO-County-Cities Joint Urban Development Policies	Not started	
	Redesign LAFCO website and Add new information on special districts*	Underway: RFP for April LAFCO meeting	*Recent project
	Respond to general public inquiries and info. requests	Ongoing	
	Conduct workshops and make presentations re. LAFCO program, policies and procedures	Ongoing	
	Attend and participate in the work of local, regional, statewide organizations	Ongoing: GIS Working Group, SDA, SCCAPO	Community workshops, CA Fwd, CALAFCO Leg. Comm.
ADMINISTRATION	Track LAFCO related legislation and participate on CALAFCO Legislative Committee	Ongoing	
	Maintain LAFCO database	Ongoing	
	Maintain LAFCO's electronic document management system (archiving)	Ongoing	
	Conduct Strategic Planning Workshop	Scheduled for June 6, 2012	
	Prepare Annual Report	August 2011	
	Review and update policies and procedures, as necessary	Ongoing	Service review, special districts and evaluation of efficiencies
	Prepare budget, work plan, fee schedule revisions	Ongoing	

FY 2012 LAFCO Budget Status

**AGENDA ITEM # 5
ATTACHMENT B**

ITEM #	TITLE	ACTUALS FY 2008	ACTUALS FY 2009	ACTUALS FY 2010	ACTUALS FY 2011	APPROVED 2012	YEAR TO DATE 2/16/2012	YEAR END PROJECTIONS 2012
EXPENDITURES								
Object 1:	Salary and Benefits	\$356,009	\$400,259	\$406,650	\$413,966	\$418,342	\$242,014	\$403,698
Object 2:	Services and Supplies							
5258200	Intra-County Professional	\$66,085	\$57,347	\$13,572	\$4,532	\$55,000	\$1,238	\$5,000
5255800	Legal Counsel	\$0	\$9,158	\$67,074	\$52,440	\$55,000	\$31,017	\$55,000
5255500	Consultant Services	\$19,372	\$75,000	\$76,101	\$58,060	\$80,000	\$64,237	\$80,000
5285700	Meal Claims	\$0	\$368	\$277	\$288	\$750	\$88	\$400
5220200	Insurance	\$491	\$559	\$550	\$4,582	\$5,600	\$4,188	\$5,600
5250100	Office Expenses	\$1,056	\$354	\$716	\$639	\$2,000	\$50	\$2,000
5255650	Data Processing Services	\$8,361	\$3,692	\$3,505	\$1,633	\$22,255	\$3,229	\$22,255
5225500	Commissioners' Fee	\$5,700	\$5,400	\$3,500	\$3,400	\$7,000	\$2,700	\$5,000
5260100	Publications and Legal Notices	\$1,151	\$563	\$1,526	\$363	\$2,500	\$126	\$1,000
5245100	Membership Dues	\$5,500	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
5250750	Printing and Reproduction	\$5	\$0	\$0	\$0	\$1,500	\$126	\$500
5285800	Business Travel	\$7,238	\$8,415	\$4,133	\$8,309	\$11,000	\$1,533	\$8,000
5285300	Private Automobile Mileage	\$1,016	\$704	\$832	\$1,185	\$2,000	\$601	\$2,000
5285200	Transportation&Travel (County Car	\$894	\$948	\$629	\$0	\$629	\$178	\$600
5281600	Overhead	\$42,492	\$62,391	\$49,077	\$46,626	\$60,647	\$30,324	\$60,647
5275200	Computer Hardware	\$0	\$451	\$0	\$83	\$2,000	\$2,934	\$2,934
5250800	Computer Software	\$0	\$0	\$626	\$314	\$2,000	\$579	\$1,000
5250250	Postage	\$1,160	\$416	\$219	\$568	\$2,000	\$54	\$500
5252100	Staff Training Programs	\$0	\$665	\$491	\$250	\$2,000	\$300	\$1,000
5701000	Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES		\$516,530	\$633,691	\$636,478	\$604,238	\$739,223	\$392,516	\$664,134
REVENUES								
4103400	Application Fees	\$46,559	\$41,680	\$35,576	\$48,697	\$25,000	\$15,036	\$25,000
4301100	Interest: Deposits and Investments	\$24,456	\$16,230	\$6,688	\$4,721	\$5,000	\$2,672	\$5,000
	Savings/Fund Balance from previ	\$271,033	\$368,800	\$334,567	\$275,605	\$112,028	\$209,987	\$209,987
TOTAL REVENUE		\$342,048	\$426,711	\$376,831	\$329,023	\$142,028	\$227,695	\$239,987
NET LAFCO OPERATING EXPENSES		\$174,482	\$206,980	\$259,648	\$275,215	\$597,195	\$164,821	\$424,147
3400800	RESERVES				\$100,000	\$100,000	\$100,000	\$100,000
COSTS TO AGENCIES								
	County	\$271,641	\$270,896	\$267,657	\$292,601	\$298,598	\$298,598	\$298,598
	City of San Jose	\$135,821	\$135,448	\$133,829	\$146,300	\$149,299	\$149,299	\$149,299
	Other Cities	\$135,821	\$135,448	\$133,829	\$146,300	\$149,299	\$149,299	\$149,299

* Did not allocate reserves in the FY 2012 budget - the unspent \$100,000 (reserves) in the FY 2011 budget was kept aside as reserves at end of FY 2011.

PROPOSED WORK PLAN FOR FISCAL YEAR 2013

	PROJECTS	TIME FRAME	RESOURCES
SERVICE REVIEWS & SPHERE OF INFLUENCE UPDATES	Remaining Special Districts Service Review: Phase I and Phase II	Phase I: July 2012 – February 2013 Phase II: December 2012 –August 2013	Consultant
	Follow up on Water Service Review Report recommendations	Underway - TBD	Staff
	Complete El Camino Hospital District Audit and Service Review Report and follow up on recommendations in Report, as necessary	Report: Underway – August 2012 Follow-Up Actions: TBD	Consultant Staff
	Saratoga Fire District Special Study: Issue RFP, Select consultant, conduct study	June 2012 – December 2012	Consultant
	Follow up on Fire Service Review Report Recommendations: Review issues re. Los Altos Hills Fire District reserves	TBD	Staff
	Prepare RFP for Cities Service Review and Spheres of Influence Update	June 2013	Staff
ISLAND ANNEXATIONS	Follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	Ongoing, as needed	Staff
	Finalizing island annexations	Ongoing, as needed	Staff
LAFCO APPLICATIONS	Process applicant initiated LAFCO proposals	Ongoing, as needed	Staff
	Comments on potential LAFCO applications and/ or related environmental documents	Ongoing, as needed	Staff
	Respond to public enquiries re. policies, procedures and filing requirements for LAFCO applications	Ongoing, as needed	Staff
PUBLIC OUTREACH / COMMUNICATION	Maintain and update maps of cities and special districts in GIS	Ongoing, as needed	Staff
	Publish updated wall map of cities	TBD	Staff
	Participate in CALAFCO conferences / workshops	Ongoing, as needed	Staff
	Recognize 40 th anniversary of LAFCO-County-Cities Joint Urban Development Policies	TBD	Staff
	Conduct workshops and make presentations re. LAFCO program, policies	Ongoing, as needed	Staff
	Participate in local, regional, statewide organizations SDA, SCCAPO, CA Forward, CALAFCO, GIS Working Grp.	Ongoing, as needed	Staff
ADMINISTRATION	Track LAFCO related legislation (CALAFCO Legislative Committee)	Ongoing, as needed	Staff
	Maintain and enhance LAFCO Website	Ongoing, as needed	Staff
	Maintain LAFCO database	Ongoing, as needed	Staff
	Maintain LAFCO’s electronic document management system (archiving LAFCO records)	Ongoing, as needed	Staff
	Explore digital agenda packets	TBD	Staff
	Prepare Annual Report	August 2012	Staff
	Review and update policies and procedures	After Strategic Planning Workshop	Staff
	Staff performance evaluation	TBD	Staff, LAFCO
	Prepare budget, work plan, fee schedule revisions	Ongoing, as needed	Staff

**PROPOSED LAFCO BUDGET
FISCAL YEAR 2012 - 2013**

**AGENDA ITEM # 5
ATTACHMENT D**

ITEM #	TITLE	APPROVED FY 2012 BUDGET	ACTUALS Year to Date 2/16/2012	YEAR END PROJECTIONS 2012	PROPOSED FY 2013 BUDGET
EXPENDITURES					
Object 1:	Salary and Benefits	\$418,342	\$242,014	\$403,698	\$392,182
Object 2:	Services and Supplies				
5258200	Intra-County Professional	\$55,000	\$1,238	\$5,000	\$55,000
5255800	Legal Counsel	\$55,000	\$31,017	\$55,000	\$55,000
5255500	Consultant Services	\$80,000	\$64,237	\$80,000	\$120,000
5285700	Meal Claims	\$750	\$88	\$400	\$750
5220200	Insurance	\$5,600	\$4,188	\$5,600	\$5,600
5250100	Office Expenses	\$2,000	\$50	\$2,000	\$2,000
5255650	Data Processing Services	\$22,255	\$3,229	\$22,255	\$2,700
5225500	Commissioners' Fee	\$7,000	\$2,700	\$5,000	\$7,000
5260100	Publications and Legal Notices	\$2,500	\$126	\$1,000	\$2,500
5245100	Membership Dues	\$7,000	\$7,000	\$7,000	\$7,154
5250750	Printing and Reproduction	\$1,500	\$126	\$500	\$1,500
5285800	Business Travel	\$11,000	\$1,533	\$8,000	\$11,000
5285300	Private Automobile Mileage	\$2,000	\$601	\$2,000	\$2,000
5285200	Transportation&Travel (County Car Usage	\$629	\$178	\$600	\$1,088
5281600	Overhead	\$60,647	\$30,324	\$60,647	\$43,133
5275200	Computer Hardware	\$2,000	\$2,934	\$2,934	\$2,000
5250800	Computer Software	\$2,000	\$579	\$1,000	\$2,000
5250250	Postage	\$2,000	\$54	\$500	\$2,000
5252100	Staff/Commissioner Training Programs	\$2,000	\$300	\$1,000	\$2,000
5701000	Reserves	\$0	\$0	\$0	\$50,000
TOTAL EXPENDITURES		\$739,223	\$392,516	\$664,134	\$766,607
REVENUES					
4103400	Application Fees	\$25,000	\$15,036	\$25,000	\$25,000
4301100	Interest: Deposits and Investments	\$5,000	\$2,672	\$5,000	\$5,000
	Savings/Fund Balance from previous FY	\$112,028	\$209,987	\$209,987	\$173,047
TOTAL REVENUE		\$142,028	\$227,695	\$239,987	\$203,047
NET LAFCO OPERATING EXPENSES		\$597,195	\$164,821	\$424,147	\$563,560
3400800	RESERVES	\$100,000	\$100,000	\$100,000	\$150,000
COSTS TO AGENCIES					
4600100	Cities (San Jose 50% + Other Cities 50%)	\$298,597	\$298,597	\$298,597	\$281,780
5440200	County	\$298,597	\$298,597	\$298,597	\$281,780

2012/2013 LAFCO COST APPORTIONMENT

Estimated Costs to Agencies Based on the Proposed LAFCO Budget for Fiscal Year 2013

LAFCO Net Operating Expenses for 2012/2013				\$563,560
Jurisdictions	Revenue per 2009/2010 Report	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
County	N/A	N/A	50.0000000%	\$281,780.00
San Jose	N/A	N/A	25.0000000%	\$140,890.00
Campbell	\$37,199,184	2.0182051%	0.5045513%	\$2,843.45
Cupertino	\$51,593,772	2.7991693%	0.6997923%	\$3,943.75
Gilroy	\$65,499,455	3.5536085%	0.8884021%	\$5,006.68
Los Altos	\$37,223,642	2.0195321%	0.5048830%	\$2,845.32
Los Altos Hills	\$10,074,345	0.5465737%	0.1366434%	\$770.07
Los Gatos	\$50,773,160	2.7546478%	0.6886620%	\$3,881.02
Milpitas	\$94,121,506	5.1064697%	1.2766174%	\$7,194.51
Monte Sereno	\$2,604,662	0.1413134%	0.0353283%	\$199.10
Morgan Hill	\$47,513,050	2.5777738%	0.6444434%	\$3,631.83
Mountain View	\$163,494,125	8.8702129%	2.2175532%	\$12,497.24
Palo Alto	\$491,995,000	26.6927047%	6.6731762%	\$37,607.35
Santa Clara	\$478,854,381	25.9797733%	6.4949433%	\$36,602.90
Saratoga	\$18,947,298	1.0279670%	0.2569918%	\$1,448.30
Sunnyvale	\$293,287,941	15.9120487%	3.9780122%	\$22,418.49
Total	\$1,843,181,521	100.0000000%	100.0000000%	\$563,560.00
Total Cities (excluding San Jose)				\$140,890.00

LAFCO Meeting: April 4, 2012
TO: **LAFCO**
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: **PROPOSED WORK PLAN FOR REMAINING SERVICE REVIEWS**

STAFF RECOMMENDATION

1. Approve the proposed Service Review Work Plan for the remaining special districts to be conducted in two phases followed by the Cities Service Review as depicted in Attachment A.
2. Direct staff to prepare a draft RFP for consultants to conduct the Special Districts Service Review and distribute to affected agencies for their review and comment.

PROPOSED WORK PLAN FOR SPECIAL DISTRICTS SERVICE REVIEW

At the February 2012 LAFCO meeting, the Commission directed staff to prioritize the service review for the South Santa Clara Valley Memorial District in light of the recent complaints brought forward by a member of the District Board¹.

LAFCO's first round of service reviews which were completed in 2005 and 2006 also raised several issues regarding special districts including discussion of service overlap issues in the case of Rancho Rinconada Recreation and Park District, dissolution of the County Library Services Area, and governance options for the South Santa Clara Valley Memorial District, among others.

In order to prioritize and pursue the identified issues in a timely manner and in order to stagger the workload, staff is proposing that the Special Districts Service Review be conducted in two phases as depicted in Attachment A. The first phase will include seven districts (mostly small districts that provide miscellaneous services in various parts of the County) and will begin in July 2012 and be completed by February 2013. The second phase of the service review including the remaining 9 districts (all of the districts that provide sewer services and the two open space districts) will begin in December 2012 and be completed by August 2013. The phasing of the service review will also give staff the opportunity to follow-up on the recommendations from the first phase of the service review while the second phase is in progress.

¹ As directed by the Commission, staff forwarded the complaint to the Public Integrity Unit of the District Attorney's Office. The Office is in the process of researching the issues raised in the letter.

Based on issues raised in the past service reviews for the districts and more current issues, the Special Districts Service Review will address three key areas for each district, as appropriate (in addition to the required service review determinations and sphere of influence review/update and determinations for each district):

1. Purpose of the district

What services is the district currently providing? Is the district currently providing the services for which it was originally created? Is there a change in the mission of the district or in the needs of the community since creation of the district?

2. Opportunities for consolidation of services

Is a separate government agency necessary to perform the current functions of the district or could another existing public agency provide those services more efficiently? Would a consolidation or other change in governance result in cost savings and or in higher service levels?

3. Opportunities for increased transparency in operations, management and administration and for increased public accountability of districts

What measures should the district take to establish transparency in the operation, administration and management of the district and in order to be more accountable to the public / community that it serves?

Furthermore, staff will consider the various changes in Government Code Section 56430 that became effective on January 1, 2012, pertaining to written determinations required for service reviews. Many of the changes concern needs and deficiencies related to sewers, water and fire protection services in disadvantaged unincorporated communities within the county. These issues will be more relevant in the second phase of the Special Districts Service Review and in the Cities Service Review.

CITIES SERVICE REVIEW

The process for the Cities Service Review will begin in May 2013. As the Commission is aware, staff is currently working with several cities on island annexations and helping with review of urban service area boundaries, for potential amendment, where the city does not support annexation of an island. Staff will continue to work on and resolve these issues in preparation for the Cities Service Review.

NEXT STEPS

Upon approval of this work plan by the Commission, staff will prepare a Draft RFP for consultants to conduct the Special Districts Service Review and distribute it to affected agencies for their review and comment. Staff will consider the comments received and prepare the RFP for commission authorization at its May 2012 meeting.

ATTACHMENT

Attachment A: Work Plan for Remaining Service Reviews

WORK PLAN FOR REMAINING SERVICE REVIEWS			
	SPECIAL DISTRICTS SERVICE REVIEW		CITIES SERVICE REVIEW
	PHASE 1	PHASE 2	
	<ol style="list-style-type: none"> 1. South Santa Clara Valley Memorial District 2. Saratoga Cemetery District 3. Rancho Rinconada Recreation and Park District 4. County Lighting Services Area 5. County Library Services Area 6. Santa Clara County Vector Control District 7. Santa Clara Valley Transportation Authority 	<ol style="list-style-type: none"> 1. Burbank Sanitary District 2. County Sanitation District No. 2-3 3. Cupertino Sanitary District 4. West Valley Sanitation District 5. West Bay Sanitary District 6. Lake Canyon Community Services District 7. Lion's Gate Community Services District 8. Santa Clara County Open Space Authority 9. Midpeninsula Regional Open Space District 	All 15 Cities
	MAJOR TASKS	MAJOR TASKS	
April 2012	<ul style="list-style-type: none"> • LAFCO approve work plan • Circulate RFP & Scope of Services for Special Districts Service Review to affected agencies for review and comment 		
May 2012	Prepare RFP for LAFCO authorization to release		
June 2012	Select consultant to conduct the Special Districts Service Review		
July 2012	Begin Phase 1 of Service Review		
August 2012			
September 2012			
October 2012			
November 2012	Circulate draft report for public review and comment		
December 2012	First public hearing (December 12th)	Start Phase 2 of Service Review	
January 2013	Circulate revised draft report for public review and comment		
February 2013	Second public hearing		
March 2013			
April 2013			
May 2013		Circulate draft report for public review and comment	Start Service Review
June 2013		First public hearing	
July 2013		Circulate revised draft report for public review and comment	
August 2013		Second public hearing	
September 2013			
October 2013			
November 2013			
December 2013			

LAFCO MEETING: April 4, 2012
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Emmanuel Abello, LAFCO Clerk
SUBJECT: **AGENCY RESPONSES TO RECOMMENDATIONS IN THE 2011
COUNTYWIDE WATER SERVICE REVIEW REPORT**

STAFF RECOMMENDATION

Accept staff report and provide direction as necessary.

BACKGROUND

As directed by the Commission at its February 8, 2012 meeting, staff requested a written response from each affected agency on how the agency plans to implement the recommendations presented in LAFCO's 2011 Countywide Water Service Review Report, along with the time-frame for implementation, and an explanation if the agency does not plan to implement a recommendation. Staff requested that responses be provided by March 14, 2012.

LAFCO has received written responses from Aldercroft Heights County Water District, San Martin County Water District, Guadalupe-Coyote Resource Conservation District, Loma Prieta Resource Conservation District, Purissima Hills Water District and Pacheco Pass County Water District. Please see **Attachment A** for responses from these agencies. Agency responses will be posted on the LAFCO website. The City of Morgan Hill has not provided a response yet.

Staff will track each agency's implementation of the recommendations and be available to the agency for consultation and assistance, especially on issues involving potential LAFCO applications. Periodic status reports will be provided to the Commission on the implementation status.

ATTACHMENT

Attachment A: Response letters from:

Aldercroft Heights County Water District
Guadalupe-Coyote Resource Conservation District
San Martin County Water District
Loma Prieta Resource Conservation District
Purissima Hills Water District
Pacheco Pass County Water District

Aldercroft Heights County Water District
20895 Panorama Dr.
Los Gatos, CA 95033
(408)353-4255

AGENDA ITEM # 7
ATTACHMENT A

12 March 2012

LAFCO
70 West Hedding Street
11th Floor East Wing
San Jose, CA 95110

Response to Implementation of the Recommendations of LAFCO's 2011 Countywide Water Service Review

Recommendations	Response	Timeframe
Annex APN 558-22-019	District initially required property owners to annex and provided paperwork at beginning of hookup. District will initiate petition on our side and encourage property owner to carry out their petition to annex.	Will work with property owner to start by Oct 2012
Website	Business Office includes news of note in monthly bills. Haven't had requests for website for water issues.	Do not plan to implement
Statements need to be more comprehensive	Will pass on to our auditor	By 4/14/2012
Submit FY 09-10 audit to County and prepare future audits on time	Have already submitted specified audit and working on FY10-11.	Done
Widely advertise Board vacancies	Will insert notices in monthly bills.	Next Vacancy
Establish multi-year capital improvement program	Underway. Will do at least 2 years of capital planning.	Next budgeting process. Assumed finish date 7/31/2012.

Sincerely,

Kim Gardner
Business Manager
AHCWD



GUADALUPE - COYOTE RESOURCE CONSERVATION DISTRICT

888 NORTH FIRST STREET RM. 204, SAN JOSE, CA 95120

OFFICE (408) 288-5888 FAX (408) 993-8728

March 15, 2012

Via facsimile and first class mail

Neelima Palacherla, Executive Officer
LAFCO of Santa Clara County
70 West Hedding Street
11th Floor, East Wing
San Jose, CA 95110
(408) 295-1613 (fax)

Re: Implementation of the Recommendations of LAFCO's 2011 Countywide Water Service Review Report

Dear Ms. Palacherla:

The Guadalupe Coyote Resource Conservation District (GCRCO) has reviewed Chapter 8 of the 2011 Water Service Review Report (Service Report) and begun developing a plan to implement the recommendations presented therein. As requested in your letter dated February 12, 2012, we outline our plans for implementation below.

As stated in our November 23, 2011 comments on the revised, draft Service Report, we support the Water Service Review's aim of improving the accountability and efficiency of special districts and other agencies providing water-related services in Santa Clara County. We believe that current GCRCO programs and practices provide a range of unique and valuable services. However, the GCRCO is always open to recommendations for enhancing the efficiency of our organization and the benefit of our programs. To this end, we have initiated a search for an Executive Director to coordinate daily operations, and to improve conservation programs by building up the GCRCO's technical and fundraising capacities.

A. LAFCO Recommendations for Improving Accountability and Transparency

The GCRCO intends to implement the LAFCO's recommendations for improving accountability and transparency as described below.

1. Continue to populate website with further information and documents

The GCRCO is working to implement this recommendation. We have directed staff to prioritize website management activities and develop a plan to populate the website and maintain the currentness of information posted. More specifically, the GCRCO has directed staff to research the following strategies to determine which would be more efficient:

- Training staff to manage the website;

- Seeking out volunteer(s) with appropriate expertise to carry out initial information upload and/or provide ongoing management for the GCRCD website;
- Contracting with a web/IT consultant to populate and/or manage the GCRCD website; and
- Partnering with other resource conservation districts or local non-profits to share resources and expertise necessary to manage the website.

The GCRCD Directors have committed to work with staff to evaluate existing information that should be posted on the website, and to determine what information the GCRCD should develop for its website.

The timeframe for implementation of planned activities is six to nine months, with an ongoing commitment to maintenance and upkeep of the website.

2. **Prepare a plan for services that the District intends to provide that do not overlap with SCVWD efforts or SCVWD's enabling act**

The GCRCD is identifying and developing proposals for additional projects it can provide that are within the scope of its existing services, but do not overlap with work being done by the Santa Clara Valley Water District (SCVWD). These projects include:

- Riparian and watershed restoration projects on private land not meeting SCVWD's criteria for expenditure of funds (e.g. property which is not owned in fee title or under easement, and on which action is not necessary to protect SCVWD infrastructure and/or public safety).
- Activities not directly related to water resource management and flood protection, such as sustainable farming programs, small parcel livestock and land management, and wildlife habitat management efforts.

In developing these projects, the GCRCD will try to prioritize those that are eligible for non-competitive Natural Resources Conservation Service (NRCS) funding (such as the Environmental Quality Incentives Program). The GCRCD has begun consulting with the NRCS and other RCDs to learn more about how to create successful proposals for funds. We already have learned that it may be necessary to increase our technical capabilities in order to apply for and carry-out NRCS funded projects, so we intend to pursue one or more of the following strategies:

- Working with the NRCS to secure a summer intern position;
- Partnering with neighboring RCDs to pool technical expertise; and/or
- Hiring additional full or part-time staff to provide technical services.

As stated above, the GCRCD is planning to hire a full or part-time Executive Director to help with day-to-day and long-range, strategic operations. We expect the Executive Director to assure that the GCRCD's project-load includes a range of services by effectively managing new and existing programs, and actively pursuing appropriate grant opportunities. More generally,

hiring an Executive Director is expected to allow the GCRCD to provide a more consistent and professional level of service across all programs and services.

The GCRCD has been consulting with neighboring RCDs to identify opportunities and funding to implement additional projects, either on its own or in collaboration with others. While the GCRCD is considering opportunities to collaborate with others on projects that may have a broad geographic scope, it is also focused on developing projects within its service area.

As part of its effort to develop and implement new projects, the GCRCD plans to develop specific criteria for selecting future projects. We will also develop criteria for evaluating successful completion of projects as part of the annual work plan, and improve project tracking to better document the extent to which tax payer funds within the GCRCD service area are leveraged through grants and other organizational partnerships for the benefit of GCRCD's service area.

We expect to have identified specific, new projects, including sources of funding and technical assistance to support such projects, not later than December 2012. We will also have pre-project selection process and a post-project evaluation process in place by that time.

3. **Establish policies and guidelines for reviewing development projects to increase transparency & provide consistency**

The GCRCD intends to revise its long range plan to more clearly articulate the policies and/or standards that will be used in evaluating development projects, including a policy for review and approval of consultant comments to ensure consistency between different reviewers and different projects.

We expect to complete the revision of the long-range plan by December 2012.

4. **Track workload of staff and evaluate staff on a regular basis**

The GCRCD has begun requiring staff to track its time by task/project. Based on our initial review, we have determined that the GCRCD needs an Executive Director to coordinate daily operations and to assist with long-range, strategic planning. The Directors continue to review the allocation of existing staff's time in order to determine whether it is being used effectively, and to inform decisions regarding the Executive Director position. For example, we have not yet determined whether the GCRCD would be better served by a part-time or full-time Executive Director. We want to assure that staff capacity is adequate to meet existing and planned program needs. The GCRCD is also consulting with the California Association of Resource Conservation Districts and other RCDs regarding appropriate staff management practices.

B. Recommendations for Jurisdictional Boundary Changes to Improve Services or Governance

LAFCO recommended “[r]evaluation of Guadalupe-Coyote RCD and its SOI considering the District’s plan and application for new or different services.” It outlined a three-step process for the recommended reevaluation:

1. District returns to LAFCO, by the December 2012 LAFCO meeting, with a plan for services that the District intends to provide that do not overlap with SCVWD’s efforts and could not otherwise be provided by SCVWD through its enabling act.
2. District initiates a request for a change in services and SOI amendment by resolution
3. District submits application to LAFCO

As discussed in more detail above (*see* “Recommendations for Improving Accountability and Transparency”), the GCRCD is developing a plan to emphasize projects that do not overlap with the SCVWD’s efforts. We expect to have identified specific, new projects, including sources of funding and technical assistance to support such projects, not later than December 2012. We will also have a project selection process and a post-project evaluation process in place by that time.

Based on our initial work to identify and develop new projects, we believe that new projects that do not overlap with SCVWD’s efforts may be implemented without changing the GCRCD’s scope of services. The Service Report identifies a range of service types currently provided by the GCRCD, including:

- Watershed management
- Flood plain management
- Waterway protection and restoration
- Scientific studies/education
- Creek cleanup
- Vegetation/habitat preservation
- Farm/range land management
- Native species information/education

See LAFCO Report, pp. 200-201. To evaluate the need, if any, for a change in services or SOI amendment, the GCRCD will review potential projects against this list and our records to identify any projects that do not fall within the categories of existing services. We will consult with LAFCO staff regarding the need to file an application for change in services and/or an SOI amendment if it appears that any of the propose projects may fall outside of these services.

Conclusion

We look forward to working with LAFCO Staff to implement recommendations made in the 2011 Countywide Water Service Review Report to improve our effectiveness in serving the

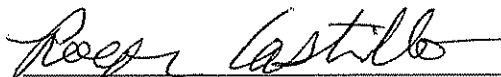
Neelima Palacherla

March 15, 2012

Page 5

interests of our constituents and the broader public. Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in cursive script, reading "Roger Castillo", written over a horizontal line.

Roger Castillo, President

GUADALUPE COYOTE RESOURCE CONSERVATION
DISTRICT

(408) 288-5888

San Martin County Water District

Serving the San Martin Area East of Monterey Road



P.O. BOX 120, SAN MARTIN, CALIFORNIA 95046-0120

PHONE (408) 683-4101

March 13, 2012

VIA EMAIL

Neelima Palacherla
LAFCO Executive Officer
70 West Hedding Street
11th Floor, East Wing
San Jose, CA 95110

Dear Ms. Palacherla:

Listed below are the recommendations of LAFCO's 2011 Countywide Water Service Review Report and San Martin County Water District Board of Director's planned implementations and responses.

LAFCO: WEBSITE- Establish a website or publish a newsletter

SMCWD: The District previously maintained a website which received virtually no visitors. The District currently does not have anyone on the Board or Staff trained to maintain a website and does not feel the cost of hiring outside talent is justified. The District does include significant announcements in their monthly billing and has done special mailings of information when necessary, such as during the perchlorate incident and during construction projects. A regular "newsletter" is not justified at this time since little of significance happens on a month to month time scale. The District does mail an annual "Consumer Confidence Report" to all customers, which details water quality testing and other important information about the district.

LAFCO: AUDITS Submit audit for last 5 years to the County & establish audit schedule for future audits

SMCWD: The District agrees and will get up to date in the next few months.

LAFCO: ELECTIONS Widely advertise to fill extended board vacancies & to ensure contested elections

SMCWD: The District announces upcoming elections in their monthly bill and the annual Consumer Confidence Report. In July 2011, the District started paying a small meeting stipend (\$100.00) in an attempt to attract candidates. This past election we contacted people who had expressed an interest in the past and delivered a candidate package to one of those people. In the early years of the District, there was much more interest in serving on the Board because of some dissatisfaction with the service provided by the District and a desire to help correct deficiencies. Indeed, there was even a recall of most Board members in the first few years. We hope the current lack of interest in serving on the Board is because our customers are generally satisfied with the service the District provides. Here's what we mailed with the billing in the summer of 2011:

ATTENTION

This November, the San Martin County Water District will elect members to the Board of Directors. Three (3) full-term (4-year) positions and one short-term position (2-year) are available. We have candidates for two full-term positions, but none for the one long-term or the short-term position. Therefore, these two positions will be uncontested.

The minimum qualifications to serve as a San Martin County Water District Board Member are:

1. Board members must be registered voters.
2. Board members must live OR own property in the San Martin County Water District. (Either residence or property ownership qualifies.)
3. Board members must be available to attend Board Meetings on the third Tuesday of each month at 5:30 PM.

Meetings seldom last longer than 2 hours and usually are only one hour long. Board members receive a small stipend (payment) for attending meetings. There is no cost to you for filing as a candidate.

If you would be interested in serving your community as a San Martin County Water District Board of Directors member, please call Peter Forest, District Manager (408) 779-4633 and request a candidate package. The DEADLINE for filing nominations is August 12, 2011, so call soon!

LAFCO: PLANS / PROGRAMS Prepare master plan & project future water demands and storage needs. Establish multi-year capital improvement program

SMCWD: The District will update their master plan and capital improvement plan over the next few months. Note: There is no projected significant increase in future water demands and the District water source currently provides more than 20-times our current water demand.

LAFCO: OPERATIONAL PRACTICES Seek LAFCO approval before extending services outside District boundary

SMCWD: The District agrees and will seek LAFCO approval for all future connections outside the District boundary.

LAFCO: MANAGEMENT PRACTICES Track District & staff workload

For the last 11 years, the Board has received a monthly written "Manager's Report" detailing the activities of the contracted water treatment operator and manager with dates and time expended. Additionally, the Board receives monthly invoices detailing time expended and materials used. Activities that are the same every month (billing, routine customer contacts) are billed at a fixed monthly rate and therefore not tracked in detail. Extra-ordinary activities, such as customer contacts during the perchlorate incident and delinquent account collection activities are tracked and reported. Additionally, activities related to the Department of Health are recorded on written charts for the Department of Health.

RECOMMENDATIONS FOR JURISDICTIONAL BOUNDARY CHANGES TO IMPROVE SERVICES OR GOVERNANCE

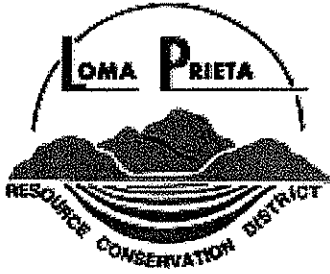
Address Illegal Water Service Connections

SMCWD: The District will address all existing connections requiring authorization from LAFCO in a single application to be submitted with the next out-of-district service request received by the District.

Sincerely yours,



Secretary, SMCWD Board of Directors



March 12, 2012

Neelima Palachera
LAFCO Executive Officer
70 West Hedding Street
11th Floor East Wing
San Jose, CA 95110

Dear Ms. Palachera:

Per LAFCOs recommendation, on February 15, 2012, the Board of Directors of Loma Prieta Resource Conservation District (LPRCD) passed a resolution (attached) to annex those portions of the Cities of Gilroy and Morgan Hill and the community of San Martin that are served by our outreach but are not currently within LPRCDs boundaries. I have been authorized to complete an online application and to work with you to pursue annexation and revenues. I hope to complete this process by August, 2012.

LPRCDs board also agreed that we will more closely align our Long Rang and One Year Plans and reports to reflect the requirements of these plans and reports in Division 9 Public Resource Code, section 9413. Both reports and Plans will be initiated in June and completed in July, 2012.

Thank you for your assistance.

Sincerely,

Susan M. Meyer
Loma Prieta Resource Conservation District, Executive Director



8010 Wayland Lane 1D
Gilroy, California 95020
(408) 847-4171
FAX: (408) 847-1521

Board Resolution #6i

At the regular meeting of the Board of Directors of the Loma Prieta Resource Conservation District on February 15, 2012, the following resolution was proposed and approved by the board:

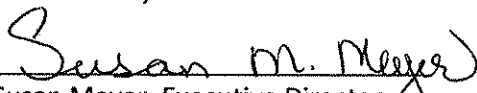
Whereas the mission of the Loma Prieta RCD is to facilitate the education of landowners and the general public about creating and promoting sustainability in all human activities that interface with the world of Natural Resources,

Whereas annexing those portions of the Cities of Gilroy and Morgan Hill, and the community of San Martin that are included in our outreach efforts but are not currently within Loma Prieta Resource Conservation District boundaries, will contribute financial support to our outreach goals,

Be it hereby resolved that the action taken on this day passed by the following vote:

Burt Malech	Yes
Sandy Petersen	Yes
David Robledo	Yes
Johnevan Shay	Yes
David Boll	Absent

Submitted by


Susan Meyer, Executive Director

***Purissima Hills
Water District***



March 16, 2012

Neelima Palacherla
Executive Officer
LAFCO of Santa Clara County
70 West Hedding Street
11th Floor, East Wing
San Jose, California 95110

Dear Ms. Palacherla:

I am responding to LAFCO's letter dated February 1, 2012, regarding the implementation of the recommendations of LAFCO's 2011 Countywide water service review report.

LAFCO's recommendation for improving accountability and transparency for the Purissima Hills Water District (District) was to enhance water conservation program efforts to address large lots. We believe that, in recent years, we have been successful in our water conservation program, resulting in a 34% decline in water usage due to our customers changing their landscaping, primarily reducing turf. The District will continue to enhance its conservation efforts.

Below is a brief summary of the water conservation activities conducted by the District:

- ❖ Dedicated a conservation specialist to help customers understand and troubleshoot their water usage and determine water savings opportunities. Offers information on proper landscape maintenance and informs residents of water conservation rebates offered via the Santa Clara Valley Water District.
- ❖ Hosted landscaping seminars:
 - Proper Irrigation Techniques
 - Turf Alternatives
 - Drought Tolerant Plantings
 - California Natives
- ❖ Sponsored landscaping seminars:
 - Bay Area Water Supply and Conservation Agency* seminar series
 - Los Altos Hills Water Conservation Committee* seminars—
 - Turf Talk and Slow the Flow

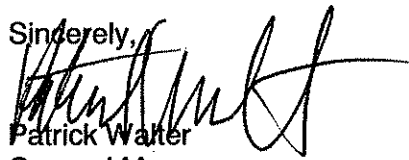
Neelima Palacherla
Executive Officer
LAFCO of Santa Clara County
March 16, 2012

- ❖ Information booth at all Town of Los Altos Hills events:
 - Town Picnic
 - Earth Day
 - Other local community events
- ❖ Lead sponsor of the Los Altos History Museum educational exhibit "Shaped by Water: Past Present and Future"
- ❖ Publish monthly conservation newsletters
- ❖ Supports the Town of Los Altos Hills Water Conservation Ordinance
- ❖ Future programs that we are implementing:
 - Developing water usage analytics through our website
 - Developing an internet device that will enable customers to view water usage online through a smart phone application.

Unfortunately, the District will always be a target for water conservation due to the fact that approximately 98% of the properties within the District are zoned for minimum one- acre parcels.

We have appreciated the opportunity to work with LAFCO on this Countywide water service review report.

Sincerely,


Patrick Walter
General Manager

LAFCO MEETING: April 4, 2012
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Emmanuel Abello, LAFCO Clerk
SUBJECT: LAFCO WEBSITE REDESIGN: DRAFT REQUEST FOR PROPOSALS

STAFF RECOMMENDATION

1. Authorize staff to issue a Request for Proposals (RFP) for a professional service firm to redesign the LAFCO website.
2. Delegate authority to the LAFCO Executive Officer to enter into an agreement with the most qualified consultant in an amount not to exceed \$17,000 and to execute any necessary amendments subject to LAFCO Counsel's review and approval.

BACKGROUND

The current LAFCO website was created in 2000. While the content of the Santa Clara LAFCO website is regularly updated, the website technology and design has not been updated since its creation. The goal of the redesign is to make the website more user-friendly for the public and to make it more efficient for LAFCO staff to manage the content. The redesign will ensure compliance with the Americans with Disabilities Act, update to content management system technology and improve content organization and visual design.

The LAFCO Budget for Fiscal Year 2012 includes funding for the website redesign. LAFCO staff recommends an allocation of \$17,000 for this project. The LAFCO Executive Officer will negotiate the final project cost with the selected firm.

Upon LAFCO authorization, staff will post the RFP on the LAFCO and CALAFCO websites and notify web design firms on LAFCO's consultant list. Responses to the RFP are due on Tuesday, May 1, 2012. Following selection of the most qualified firm, a final services agreement including budget, schedule, and final scope of services statement will be negotiated before executing the contract. Work is expected to begin in June 2012 and is expected to be completed by October 31, 2012.

ATTACHMENT

Attachment A: Draft RFP

REQUEST FOR PROPOSALS

Redesign of the Santa Clara LAFCO Website

I. Objective

The Local Agency Formation Commission (LAFCO) of Santa Clara County is seeking proposals from professional firms to redesign its website. The goal of the redesign is to ensure compliance with the Americans with Disabilities Act of 1990 (ADA), update to content management system (CMS) technology, improve content organization and visual design in order to make the website more user-friendly for the public and efficient for LAFCO staff to manage. The redesign will utilize information on the existing website as well as add new content and features suggested by LAFCO and the selected consultant. The redesign will be implemented using Joomla 2.5.3 or its most current version as the content management system.

II. Background

Government Code §56300(f), requires LAFCO to establish and maintain a website. While the content on the Santa Clara LAFCO website is regularly updated, the website technology and design has not been updated since its creation in 2000. The Santa Clara LAFCO website address is www.santaclara.lafco.ca.gov.

III. Scope of Services

The consultant will redesign the LAFCO website to include:

- An attractive and professional website design with consistent page layout
- User-friendly functionality with quick loading graphics and printer-friendly pages
- Joomla 2.5.3 content management system
- ADA compliance

The redesigned website will include content from the existing LAFCO website as well as new information, including but not limited to the following:

General LAFCO Information

- Mission statement
- Office hours, location and driving directions
- Announcements
- Site search function

- Translation to Spanish
- Registration to receive email notices
- Awards
- Frequently asked questions

Commission and Staff

- Commissioners roster
- Staff roster

LAFCO Meetings

- Current year agenda with staff reports and minutes
- Archive of agendas with staff reports and minutes
- Schedule of LAFCO meetings

LAFCO Policies, Forms and Procedures

- LAFCO policies
- Process flowcharts
- Filing requirements
- Fee schedule
- Application forms

Island Annexations

- Island annexation
- Island annexation policies
- Streamlined island annexation flow chart
- Maps of unincorporated islands
- Current status of island annexations

Service Reviews

- Service review policies
- Work plan
- Adopted service review reports
- Summary of recommendations
- Implementation of service review recommendations

Cities

- List of cities in Santa Clara County hyperlinked to city websites
- Map of Santa Clara County and cities
- Link to Santa Clara County Cities Association

Special Districts

- List of special districts in Santa Clara County hyperlinked to district websites
- Profile page for each special district containing information on or links to principal acts/legal mandate, maps of district boundaries, links to service

review reports, summary of service review recommendations, and status of implementation of service review recommendations

- Link to Santa Clara County Special Districts Association

Other

- LAFCO mission
- LAFCO strategic plan
- Annual work plan
- Annual report
- Fiscal year budget

Resources

- Useful external links
- Publications

The new website will include additional features and functions such as the following:

- Hidden login for both back-end and front-end content management system
- “You are leaving our website” page
- Customized “Page Not Found” redirection page
- Visitor tracking
- Google map for LAFCO office
- Compatibility with mobile browsers
- Dynamic site map

A final statement of services to be provided will be negotiated with the firm selected to perform the work prior to reaching agreement and will be included as part of the professional services agreement.

IV. Budget

A final budget amount for this project will be negotiated with the firm selected for the work prior to reaching agreement. The anticipated project cost of the proposal should not exceed \$17,000.00.

V. Schedule

It is anticipated that the selected consultant will start work in early June 2012 and be completed by October 31, 2012. The final schedule for this project will be negotiated with the selected firm prior to reaching an agreement.

VI. Proposal Requirements

The response to this Request for Proposals must include the following:

1. Firm Description and Experience

Provide a description of the firm, including type of business, years in business and office location(s). Summarize the firm’s qualifications for website design,

including its experience in using the Joomla software. Please provide links to at least three (3) websites that the firm has designed.

2. Project Team

Identify the key staff members that would be assigned to the project. Briefly describe each member's responsibility and relevant work experience as it relates to the project.

3. Proposed Scope of Services

Provide a proposed scope of services for the website redesign. Identify key tasks and indicate any additional software to be used.

4. Schedule

Provide a schedule for completion of the project including a timeline for each of the major tasks.

5. Proposed Cost

Identify a proposed not-to-exceed cost to complete the project. The proposed cost of the project should itemize each major task. All hourly rates and fees should be clearly stated.

6. Optional Services and Costs

Describe optional services and costs relating to hosting (if available) and ongoing maintenance for the website. Hosting and ongoing maintenance may be considered under a separate contract.

7. References

Provide contact information for at least two (2) client references, preferably local government agencies.

VII. Submission Requirements

DUE DATE AND TIME: Tuesday, May 1, 2012 at 5:00 PM. Proposals received after this time and date may be returned unopened.

NUMBER OF COPIES: 3 hard copies and one compact disc

DELIVER TO: Neelima Palacherla, Executive Officer
LAFCO of Santa Clara County
70 West Hedding Street, 11th Floor
San Jose, CA 95110

Note: If delivery is to be in person please first call the LAFCO office at (408) 299-5127 or 299-6415 to arrange delivery time.

VIII. Evaluation Criteria and Selection Process

Firms will be selected for further consideration based on the following criteria:

- relevant work experience

- completeness of the responses
- overall project approaches identified
- proposed project budget

Consultants will be interviewed and the most qualified firm will be selected based on the above evaluation criteria and reference checks. Interviews will be held in early May 2012. Following the selection of the most qualified firm, a final services agreement will be negotiated and executed. The agreement will include a budget, schedule, and final Scope of Services statement.

LAFCO reserves the right to reject any or all proposals, to issue addenda to the RFP, to modify the RFP or to cancel the RFP.

IX. LAFCO Contact

Neelima Palacherla, Executive Officer
LAFCO of Santa Clara County
Phone: (408) 299-5127
Fax: (408) 295-1613
Email: neelima.palacherla@ceo.sccgov.org

X. Attachment

1. Draft Professional Service Agreement and Insurance Requirements

LAFCO Meeting: April 4, 2012
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Emmanuel Abello, LAFCO Clerk
SUBJECT: **UPDATE ON LAFCO'S EFFORTS TO PROMOTE TRANSPARENCY AND ACCOUNTABILITY AMONG SPECIAL DISTRICTS**

STAFF RECOMMENDATION

Accept report and provide direction to staff, as necessary.

UPDATE / DISCUSSION

The LAFCO Finance Committee directed staff to provide a report on LAFCO's current efforts to promote public accountability and transparency among special districts in Santa Clara County.

LAFCO recently completed the Countywide Water Service Review which presents several recommendations related to improving public accountability and transparency of agencies. See Agenda Item #7 for information on how the special districts intend to implement these recommendations. The audit and service review of the El Camino Hospital District will include information on this topic as well. The upcoming service reviews of special districts (see Agenda Item #6) will also include information on this topic.

Besides the work that LAFCO is doing on special districts within the service review context, staff is preparing summary information on special districts in an effort to make it more widely available and easily accessible. The following is a summary of the work in progress:

1. Information on availability of the agency's policies and financial documents on the special district's website

Staff has included new information on the LAFCO website regarding whether or not special districts maintain websites and whether or not the district's bylaws/policies and audits/financial reports are posted on the agency's website. See Attachment A for a table summarizing this information. The LAFCO website <http://santaclara.lafco.ca.gov/specialdistricts.html> includes direct links to the special districts websites and the documents listed in the table.

2. Information on special district audit cycles and audit compliance

Staff has requested information from the County Controllers' Office on the special district audit cycles and compliance with audit requirements and whether the

districts submitted a copy of the audit reports to the Controllers' Office. See Attachment B for a table summarizing the information provided by the Controller's Office on special district audit cycles and audit compliance.

As noted in Attachment B, five of the districts including Burbank Sanitary District, Loma Prieta Resource Conservation District, Guadalupe Coyote Resource Conservation District, Lake Canyon Community Services District and the South Santa Clara Valley Memorial District are on modified audit schedules rather than on the typical annual schedule. Government Code 26909(b) allows the audit requirements for a special district to be modified, by unanimous approval of the district's governing body and unanimous approval of the County Board of Supervisors. Permissible modifications include revising the audit schedule from an annual audit to a biennial audit covering a 2-year period or to a five-year period if the special district's annual revenues do not exceed an amount specified by the Board of Supervisors or to an audit conducted at specific intervals, as recommended by the County Auditor, that shall be completed at least once every five years. The County has established that special districts with annual revenues not exceeding \$1,000,000 may be allowed to modify their audit period to a five-year period.

3. Special districts' legal requirements

Staff is working with legal counsel on an informational matrix showing legal requirements for various types of special districts which are related to ensuring that the districts are accountable to the public and are operated and managed effectively. This information will also be added to the LAFCO website when it is ready.

4. The redesigned LAFCO website will include special district profiles

LAFCO will soon begin the redesign of its website. (See Agenda Item #8) The redesigned LAFCO website will feature a profile page for each special district containing information such as the date of district formation, district area, enabling legislation, authorized services, current services, selection of board members, number of board members, board members terms of office, district funding sources, annual revenues, special taxes and assessments, district reserves, staffing and employees, meeting schedule, meeting location, office location, contact information. In addition, links to a map of the district boundaries, to the service reports discussing the district and to a status of districts' implementation of the recommendations in the service review report will be included on the website.

ATTACHMENTS

- Attachment A: Availability of Information on Special District Websites
- Attachment B: Special Districts Audit Cycle and Compliance

AVAILABILITY OF INFORMATION ON SPECIAL DISTRICT WEBSITES*

Independent Special Districts	District Website?	Online Availability	
		By-Laws/Policies	Audit /Financial Reports
1. Aldercroft Heights County Water District	No	-	-
2. Burbank Sanitary District	Yes	Not available online	Not available online
3. Cupertino Sanitary District	Yes	Operations Code available	Annual reports available
4. El Camino Hospital District	Yes	By-laws available	Audit reports available
5. Guadalupe Coyote Resource Conservation District	Yes	Not available online	Not available online
6. Lake Canyon Community Services District	No	-	-
7. Lion's Gate Community Services District	No	-	-
8. Loma Prieta Resource Conservation District	Yes	Not available online	Not available online
9. Midpeninsula Regional Open Space District	Yes	Policies available	2012 Budget & Controller's Report available
10. Pacheco Pass Water District	No	-	-
11. Purissima Hills County Water District	Yes	Not available online	Not available online
12. Rancho Rinconada Recreation and Park District	Yes	Not available online	Not available online
13. San Martin County Water District	No	-	-
14. Santa Clara County Open Space Authority	Yes	Policies available	Annual reports available
15. Santa Clara Valley Water District	Yes	District Act available	Budget & annual financial reports available
16. Saratoga Cemetery District	Yes	Not available online	Annual financial & management reports available
17. Saratoga Fire Protection District	Yes	Not available online	2011 Audit Report available
18. South Santa Clara Valley Memorial District	No	Not available online	Not available online
19. West Bay Sanitary District	Yes	Code of General Regulations & Purchasing Policy available	Budget and audit report available
Dependent Special Districts			
Dependent Special Districts	District Website?	Online Availability	
		By-Laws / Policies	Audit /Financial Reports
20. County Sanitation District No. 2-3	No	-	-
21. County Library Service Area	Yes	Not available online	Not available online
22. County Lighting Service Area	No	-	-
23. Los Altos Hills County Fire Protection District	Yes	Not available online	Not available online
24. Santa Clara County Central Fire Protection District	Yes	Not available online	Annual reports and audit reports available
25. Santa Clara County Vector Control District	Yes	Not available online	Not available online
26. South Santa Clara County Fire Protection District	Yes	Not available online	Annual reports and 2011 Auditor's Report available
27. Santa Clara Valley Transportation Authority	Yes	Not available online	Annual financial reports available.
28. West Valley Sanitation District	Yes	Ordinance Code available	Budgets and annual reports available

*LAFCO website has hyperlinks to special district websites and documents listed.

SPECIAL DISTRICTS AUDIT CYCLE AND COMPLIANCE

Independence Special Districts	Audit Cycle	FY10 Audit?	FY11 Audit?
1. Aldercroft Heights County Water District	Annual	Yes, Hard Copy	
2. Burbank Sanitary District	2-year Cycle	Yes, Hard Copy	
3. Cupertino Sanitary District	Annual	Yes, Hard Copy	
4. El Camino Hospital District	Unknown Not on list	Yes, Online	Yes, Online
5. Guadalupe Coyote Resource Conservation District	3-year Cycle	Yes, 2008	2011 due
6. Lake Canyon Community Services District	5-year Cycle	Yes, 2006	2011 due
7. Lion's Gate Community Services District	Annual	Yes, Hard Copy	
8. Loma Prieta Resource Conservation District	3-year Cycle	Yes, 2009 Hard Copy	
9. Midpeninsula Regional Open Space District	Annual	Yes, Hard Copy	
10. Pachecho Pass Water District	San Benito County		
11. Purissima Hills County Water District	Annual	Yes, Hard Copy	Yes, Hard Copy
12. Rancho Rinconada Recreation and Park District	Annual	Yes, 2009 Hard Copy	
13. San Martin County Water District	Annual	None Received	None Received
14. Santa Clara County Open Space Authority	Annual	Yes, Hard Copy	Yes, Hard Copy
15. Santa Clara Valley Water District	Annual	Yes, Hard Copy	Yes, Hard Copy
16. Saratoga Cemetery District	Annual	Yes, Hard Copy	
17. Saratoga Fire Protection District	Annual	Yes, Hard Copy	
18. South Santa Clara Valley Memorial District	5-year Cycle	Yes, 2008	2013 due
19. West Bay Sanitary District	San Mateo County		
Dependent Special Districts	Audit Cycle	FY10 Audit	FY11 Audit
20. County Sanitation District No. 2-3	Annual	Yes, Hard Copy	Yes, Hard Copy
21. County Library Service Area	Annual	Yes, Hard Copy	Yes, Hard Copy
22. County Lighting Service Area	Annual	Yes, included in County Audit	Yes, included in County Audit
23. Los Altos Hills County Fire Protection District	Annual	Yes, Hard Copy	Yes, Hard Copy
24. Santa Clara County Central Fire Protection District	Annual	Yes, Hard Copy	Yes, Hard Copy
25. Santa Clara County Vector Control District	Annual	Yes, Hard Copy	Yes, Hard Copy
26. South Santa Clara County Fire Protection District	Annual	Yes, Hard Copy	Yes, Hard Copy
27. Santa Clara Valley Transportation Authority	Annual	Yes, sent CD	Yes, sent CD
28. West Valley Sanitation District	Annual	Yes, Hard Copy	Yes, Hard Copy

LAFCO Meeting: April 4, 2012
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
SUBJECT: EXECUTIVE OFFICER'S REPORT

10.1 UPDATE ON 2012 AUDIT AND SERVICE REVIEW OF THE EL CAMINO HOSPITAL DISTRICT

Recommendation

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

LAFCO's ad-hoc committee for the El Camino Hospital District Audit and Service Review, consisting of Commissioners Abe-Koga and Wilson and staff met with the consultants on March 14, 2012 to discuss consultant progress on analysis and findings. The consultant has submitted an administrative draft of the Audit and Service Review Report for staff review. Following staff review and comment, the consultants will provide the Report to the El Camino Hospital District by mid April for review and comment and hold an exit conference with the District. The project is proceeding as scheduled and it is expected that the Report will be released for public review and comment in late April 2012. The LAFCO public hearing on the Report will be held on May 30, 2012.

10.2 UPDATE ON LAFCO STRATEGIC PLANNING WORKSHOP

Recommendation

Accept report and provide direction to staff, as necessary.

LAFCO's 2012 strategic planning workshop is tentatively scheduled for the morning of June 6th. The LAFCO Finance Committee has directed that one of the topics at the Strategic Planning Workshop include a discussion of LAFCO's role in oversight of special districts. Staff will work with the facilitator to prepare an agenda for the workshop. More information on the details of the workshop will be made available soon.

10.3 SPECIAL DISTRICTS REPRESENTATION ON LAFCO

For Information Only

At its meeting on March 5, 2012, the Santa Clara County Special Districts Association considered the issue of special districts having a seat on LAFCO and requested more

information on the cost implications for the individual districts. LAFCO Staff in coordination with the County Controllers' Office, prepared the requested information on potential costs for each independent special district should districts be represented on LAFCO. See Attachment A for the potential cost allocations. The individual special districts will review this information and consider the issue. A majority of independent special districts must adopt resolutions in support of having a seat on LAFCO before LAFCO can approve special district representation. There are 17 independent special districts in Santa Clara County.

ATTACHMENTS

Attachment A: LAFCO Cost Apportionment: Cities, County, and Special Districts

LAFCO C O S T A P P O R T I O N M E N T: County, Cities, Special Districts
Estimated Costs to Agencies Based on the 2012 LAFCO Budget

LAFCO Net Operating Expenses for 2012				\$597,195
Jurisdictions	Revenue per 2009/2010 Report	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
County	N/A	N/A	33.3333333%	\$199,065.00
Cities Total Share				\$199,065.00
San Jose	N/A	N/A	50.0000000%	\$99,532.50
Other cities share				\$99,532.50
Campbell	\$37,199,184	2.0182051%		\$2,008.77
Cupertino	\$51,593,772	2.7991693%		\$2,786.08
Gilroy	\$65,499,455	3.5536085%		\$3,537.00
Los Altos	\$37,223,642	2.0195321%		\$2,010.09
Los Altos Hills	\$10,074,345	0.5465737%		\$544.02
Los Gatos	\$50,773,160	2.7546478%		\$2,741.77
Milpitas	\$94,121,506	5.1064697%		\$5,082.60
Monte Sereno	\$2,604,662	0.1413134%		\$140.65
Morgan Hill	\$47,513,050	2.5777738%		\$2,565.72
Mountain View	\$163,494,125	8.8702129%		\$8,828.74
Palo Alto	\$491,995,000	26.6927047%		\$26,567.92
Santa Clara	\$478,854,381	25.9797733%		\$25,858.32
Saratoga	\$18,947,298	1.0279670%		\$1,023.16
Sunnyvale	\$293,287,941	15.9120487%		\$15,837.66
Total Cities (excluding San Jose)	\$1,843,181,521	100.0000000%		\$99,532.50
Total Cities (including San Jose)				\$199,065.00
Special Districts Total Share				\$199,065.00
Aldercroft Heights County Water District	\$201,129	0.0545415%		\$108.57
Burbank Sanitary District	\$503,197	0.1364553%		\$271.63
Cupertino Sanitary District	\$8,522,957	2.3112266%		\$4,600.84
El Camino Hospital District	\$15,836,355	4.2944492%		\$8,548.75
Guadalupe Coyote Resource Cons. District	\$156,831	0.0425289%		\$84.66
Lake Canyon Community Services District	\$71,203	0.0193086%		\$38.44
Lion's Gate Community Services District	\$711,675	0.1929896%		\$384.17
Loma Prieta Resource Cons. District	\$65,201	0.0176810%		\$35.20
Midpeninsula Regional Open Space District	\$30,831,223	8.3607067%		\$16,643.24
Purissima Hills County Water District	\$4,370,288	1.1851199%		\$2,359.16
Rancho Rinconada Rec. and Park District	\$515,955	0.1399149%		\$278.52
San Martin County Water District [1]	\$143,000	0.0387783%		\$77.19
Santa Clara County Open Space District	\$37,927,411	10.2850270%		\$20,473.89
Santa Clara Valley Water District	\$262,814,725	71.2692077%		\$141,872.05
Saratoga Cemetery District	\$1,035,169	0.2807136%		\$558.80
Saratoga Fire Protection District	\$4,935,972	1.3385202%		\$2,664.53
South Santa Clara Valley Memorial District	\$121,069	0.0328311%		\$65.36
Total Special Districts	\$368,763,360	100.0000000%		\$199,065.00
Total Allocated Costs				\$597,195.00

Notes:

[1] San Martin County Water District did not file Special Districts Financial Transactions Report for several years. Revenue data is from LAFCO of Santa Clara County's 2011 Countywide Water Service Review report.

**PACHECO PASS WATER DISTRICT
P. O. BOX 1382
HOLLISTER, CA 95024**

March 26, 2012

**TO: LAFCO
FROM: WATER BOARD
SUBJECT: IMPLEMENTATION OF RECOMMENDATIONS**

The President and Secretary reviewed the “recommendations for improving accountability and transparency” and “exploring options for reorganization of the water district.”

Here is a summary of our actions:

1. **Website:** At this time, we do not have the expertise to develop a website. However, the secretary is in the process of contacting a web designer to determine the cost of initial design and also on-going maintenance of a website. Time frame for implementation is within 6 months if funds permit.
2. **Financial records:** Starting with this fiscal year which began July, 2011, the secretary is posting all transactions on Quick Books so that profit and loss and balance sheets will be available in a timely manner and at least monthly.
3. **Audit:** The audit for period 2010 has been submitted to the County. We are working with a CPA firm in Hollister to set up a 5-year schedule.
4. **Elections:** We work with the County Elections office to canvass San Benito County to try and fill the board vacancies. The notice is published in the Freelance and the Pinnacle newspapers.
5. **Plans/Programs:** We have approached the San Benito and Santa Clara counties' water districts to discuss some type of merger. To date, neither has gotten back to us with a proposal.
6. **Operational Practices:** “N O A” is working with us on installing automatic gates. This will facilitate water movement and flow measurements.
7. **Management Practices:** Currently, the tracking of workload and hours of the staff has not been addressed. This item will be discussed at the next Board meeting.

Exploring Options for Reorganization: At this time, we have not received any indication that either the San Benito Water District nor the Santa Clara Valley Water District are interested in consolidating with the Pacheco Pass Water District.