



LAFCO MEETING AGENDA

Board Meeting Chambers, 70 West Hedding Street, First Floor

San Jose, CA 95110

February 4, 2015

1:15 PM

CHAIRPERSON: Susan Vicklund Wilson • VICE-CHAIRPERSON: Linda J. LeZotte

COMMISSIONERS: Cindy Chavez, Sequoia Hall, Johnny Khamis, Cat Tucker, Mike Wasserman

ALTERNATES: Ash Kalra, Yoriko Kishimoto, Tara Martin-Milius, Terry Trumbull, Ken Yeager

NOTICE TO THE PUBLIC

1. Pursuant to Government Code §84308, no LAFCO commissioner shall accept, solicit, or direct a contribution of more than \$250 from any party, or his/her agent; or any participant or his /or her agent, while a LAFCO proceeding is pending, and for three months following the date a final decision is rendered by LAFCO. Prior to rendering a decision on a LAFCO proceeding, any LAFCO commissioner who received a contribution of more than \$250 within the preceding 12 months from a party or participant shall disclose that fact on the record of the proceeding. If a commissioner receives a contribution which would otherwise require disqualification returns the contribution within 30 days of knowing about the contribution and the proceeding, the commissioner shall be permitted to participate in the proceeding. A party to a LAFCO proceeding shall disclose on the record of the proceeding any contribution of more than \$250 within the preceding 12 months by the party, or his or her agent, to a LAFCO commissioner. For forms, visit the LAFCO website at www.santaclara.lafco.ca.gov. No party, or his or her agent and no participant, or his or her agent, shall make a contribution of more than \$250 to any LAFCO commissioner during the proceeding or for 3 months following the date a final decision is rendered by LAFCO.
2. Pursuant to Government Code Sections 56100.1, 56300, 56700.1, 57009 and 81000 et seq., any person or combination of persons who directly or indirectly contribute(s) a total of \$1,000 or more or expend(s) a total of \$1,000 or more in support of or in opposition to specified LAFCO proposals or proceedings, which generally include proposed reorganizations or changes of organization, may be required to comply with the disclosure requirements of the Political Reform Act (See also, Section 84250 et seq.). These requirements contain provisions for making disclosures of contributions and expenditures at specified intervals. More information on the scope of the required disclosures is available at the web site of the FPPC: www.fppc.ca.gov. Questions regarding FPPC material, including FPPC forms, should be directed to the FPPC's advice line at 1-866-ASK-FPPC (1-866-275-3772).
3. Pursuant to Government Code §56300(c), LAFCO adopted lobbying disclosure requirements which require that any person or entity lobbying the Commission or 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. In addition to submitting a declaration, 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. Additionally every applicant shall file a declaration under penalty of perjury listing all lobbyists that they have hired to influence the action taken by LAFCO on their application. For forms, visit the LAFCO website at www.santaclara.lafco.ca.gov.
4. Any disclosable public records related to an open session item on the agenda and distributed to all or a majority of the Commissioners less than 72 hours prior to that meeting are available for public inspection at the LAFCO Office, 70 W. Hedding Street, 11th Floor, San Jose, California, during normal business hours. (Government Code §54957.5.)
5. 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.

70 West Hedding Street • 11th Floor, East Wing • San Jose, CA 95110 • (408) 299-5127 • www.santaclara.lafco.ca.gov

COMMISSIONERS: Cindy Chavez, Sequoia Hall, Johnny Khamis, Linda J. LeZotte, Cat Tucker, Mike Wasserman, Susan Vicklund Wilson

ALTERNATE COMMISSIONERS: Ash Kalra, Yoriko Kishimoto, Tara Martin-Milius, Terry Trumbull, Ken Yeager

EXECUTIVE OFFICER: Neelima Palacherla

1. ROLL CALL

2. APPOINTMENT OF CHAIRPERSON AND VICE-CHAIRPERSON FOR 2015

Recommended Action: Appoint the Chairperson and Vice-Chairperson for 2015.

3. WELCOME LAFCO COMMISSIONER CAT TUCKER AND ALTERNATE COMMISSIONERS ASH KALRA AND TARA MARTIN-MILIUS

4. 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.

5. RESOLUTIONS OF COMMENDATION FOR FORMER COMMISSIONERS PETE CONSTANT AND MARGARET ABE-KOGA

6. APPROVE MINUTES OF OCTOBER 1, 2014 LAFCO MEETING

7. 2015 SCHEDULE OF LAFCO MEETINGS

Recommended Action: Approve the schedule of LAFCO meetings and application filing deadlines for 2015.

8. PROCESS FOR APPOINTMENT OF LAFCO PUBLIC MEMBER AND ALTERNATE PUBLIC MEMBER

Recommended Action: Determine process for appointment of public and alternate public member whose terms expire in May 2015. Appointment will be made at the April 2015 LAFCO meeting.

9. FINANCE COMMITTEE FOR FISCAL YEAR 2015-2016 LAFCO BUDGET

Recommended Action: Establish a committee composed of three commissioners to work with staff to develop and recommend the proposed FY 2015-2016 LAFCO budget for consideration by the full Commission.

10. UPDATE ON LAFCO'S CITIES SERVICE REVIEW

Recommended Action: Accept report and provide direction, as necessary.

11. UPDATE ON THE SOUTHEAST QUADRANT PROJECT

Recommended Action: Accept report and provide direction, as necessary.

12. EXECUTIVE OFFICER'S REPORT

12.1 UPDATE ON COMPLIANCE WITH FPPC REQUIREMENTS: LION'S GATE COMMUNITY SERVICES DISTRICT AND LAKE CANYON COMMUNITY SERVICES DISTRICT

Recommended Action: Accept report and provide direction, as necessary.

12.2 UPDATE ON EL CAMINO HEALTHCARE DISTRICT

For information only.

12.3 UPDATE ON GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT

For information only.

12.4 UPDATE ON PACHECO PASS WATER DISTRICT

For information only.

12.5 MEETING WITH COUNTY OF SANTA CLARA AND CITY OF SAN JOSE ON COMMUNICATIONS HILL ANNEXATION

For information only.

12.6 MEETING WITH CITY OF GILROY AND SANTA CLARA COUNTY OPEN SPACE AUTHORITY

For information only.

12.7 MEETINGS WITH CITY OF GILROY CONCERNING VARIOUS LAFCO RELATED ACTIVITIES

For information only.

12.8 REPORT ON THE SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS (SCCAPO) MEETING

For information only.

12.9 INTER-JURISDICTIONAL GIS WORKING GROUP MEETINGS

For information only.

12.10 ORIENTATION SESSION FOR NEW LAFCO COMMISSIONERS

For information only.

13. CALAFCO RELATED ACTIVITIES

13.1 2015 CALAFCO STAFF WORKSHOP

Recommended Action: Authorize staff to attend the 2015 CALAFCO Staff Workshop and authorize travel expenses funded by the LAFCO budget.

13.2 REPORT ON THE 2014 CALAFCO ANNUAL CONFERENCE

For information only.

13.3 SANTA CLARA LAFCO RECEIVES CALAFCO 2014 “MOST EFFECTIVE COMMISSION” AWARD

For information only.

13.4 REPORT ON CALAFCO LEGISLATIVE COMMITTEE MEETINGS

For information only.

14. PENDING APPLICATIONS / UPCOMING PROJECTS

15. COMMISSIONER REPORTS

16. NEWSPAPER ARTICLES / NEWSLETTERS

17. WRITTEN CORRESPONDENCE

18. ADJOURN

Adjourn to the regular LAFCO meeting on Wednesday, April 1, 2015, at 1:15 PM in the Board Meeting Chambers, 70 West Hedding Street, San Jose.

LAFCO MEETING: February 4, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: APPOINTMENT OF 2015 LAFCO CHAIRPERSON AND VICE-CHAIRPERSON

RECOMMENDATION

Per the rotation schedule, appoint Commissioner Linda J. LeZotte, the Special Districts member, as Chairperson for 2015; and Commissioner Cat Tucker, the Cities member, as Vice-Chairperson for 2015.

BACKGROUND

Appointment of the Chair and Vice-Chair is made on a calendar year basis, usually at the December LAFCO Meeting. Since the December 2014 LAFCO meeting was cancelled, the appointments will occur at the February 2015 LAFCO meeting. Pursuant to the LAFCO bylaws, the rotation schedule is as follows:

- Cities member
- County member
- San Jose member
- Special Districts member
- County member
- Public member
- Special Districts member

The Chairperson for 2014 calendar year was Commissioner Susan Vicklund Wilson, Public member; and the Vice-Chairperson was Commissioner Linda J. LeZotte, Special Districts member. In accordance with the rotation schedule, the Special Districts member is appointed as 2015 Chairperson and Cities member as the 2015 Vice-Chairperson.

LAFCO MEETING: February 4, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: WELCOME NEW LAFCO COMMISSIONERS

For Information Only

In December 2014, the Santa Clara County Cities Association selected Cat Tucker (Councilmember, City of Gilroy) as the replacement for Commissioner Margaret Abe-Koga whose term on the Mountain View City Council ended in December 2014. Commissioner Tucker will complete Commissioner Abe-Koga's remaining term on LAFCO which is set to expire in May 2016.

In January 2015, the Cities Association selected Tara Martin-Milius (Vice-Mayor, City of Sunnyvale) as the Cities Alternate Commissioner on LAFCO. Alternate Commissioner Martin-Milius replaces Alternate Commissioner Tucker and will serve the remainder of Alternate Commissioner Tucker's term which is set to expire in May 2016.

In January 2015, the San Jose City Council appointed Ash Kalra as the City of San Jose's Alternate Commissioner on LAFCO. Commissioner Kalra replaces Alternate Commissioner Pete Constant, whose term on the San Jose City Council ended in December 2014. Commissioner Kalra will complete Alternate Commissioner Constant's remaining term on LAFCO which is set to expire in May 2016.

The Commission adopted **Resolution No. 2014-06**, approving the amendment of the South Santa Clara County Fire Protection District's (SSCCFPD) Sphere of Influence and approving the annexation of certain property to SSCCFPD.

Motion: Wasserman

Second: LeZotte

AYES: Chavez, Hall, Khamis, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED

5. ANNUAL REPORT

Dunia Noel, LAFCO Analyst, presented the staff report.

Commissioner LeZotte proposed that the Commission take action on the failure of the Lake Canyon Community Services District (LCCSD) and the Lion's Gate Community Services District (LGCSD) to file their statements of economic interest (FPPC Form 700) with the County Clerk. Ms. Noel advised that the Clerk's office is working with LCCSD and the County Counsel's office is working with the LGCSD. A discussion ensued and it was determined that staff will provide a status report to the Commission on the Form 700 filings by LCCSD and LGCSD, and will recommend any action, as necessary, at the next meeting.

The Commission accepted the 2013-2014 Annual Report (July 1, 2013 to June 30, 2014).

The Commission directed staff to provide a report on the status of FPPC filings by LGCSD and LCCSD and, if necessary, recommend action at the next LAFCO meeting.

Motion: LeZotte

Second: Wasserman

AYES: Chavez, Hall, Khamis, Abe-Koga, LeZotte, Wasserman, Wilson

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED

6. AMENDMENT OF LAFCO'S CONFLICT OF INTEREST CODE

The Commission noted the non-substantive changes to LAFCO's Conflict of Interest Code.

7. EXECUTIVE OFFICER'S REPORT

7.1 UPDATE ON THE CITY OF MORGAN HILL'S SOUTHEAST QUADRANT PROPOSAL

In addition to the written staff report, Ms. Palacherla provided an overview of more current information on the Southeast Quadrant (SEQ). She informed that the four agencies, LAFCO, the County, Morgan Hill and the Santa Clara County Open Space Authority (OSA) continue to work on developing a plan to preserve agricultural lands and accommodate Morgan Hill's growth needs consistent with existing policies and with minimal conversion of agricultural lands. She noted that the group met several times since June, and OSA hired a consultant to work on a scope of work for developing a SEQ agricultural preservation plan.

Ms. Palacherla continued that, on a parallel track, Morgan Hill is working on its General Plan Update 2035 (GPU). She advised that the GPU process, with the EIR to begin in Spring 2015, is also considering various land use alternatives including further boundary expansions, but the SEQ is not included in the GPU process. On another parallel track, while the partner agencies work is occurring, she reported that the City is continuing to pursue the original SEQ project which involves conversion of half of the agricultural lands in the SEQ. She stated that the partner agency efforts intend to put together an alternative preservation plan that reduces the conversion of agricultural lands with a commitment from the City for a stable growth boundary. She noted that the City Manager expects to receive further direction from the City Council on this issue at its Strategic Planning Session on Friday.

Doug Muirhead, a resident of Morgan Hill, requested that LAFCO prepare a response to assertions that Morgan Hill must annex lands in order to prevent development of homes in the SEQ.

In response to an inquiry by Commissioner Chavez, Ms. Palacherla advised that the three separate tracks may or may not converge into a common process. She indicated that the ideal situation is for the SEQ project to occur within the GPU process and that the City allow the partner agencies process to be completed before taking further actions on the SEQ. She continued that Morgan Hill has decided instead, to complete the SEQ proposal before beginning the EIR for the GPU in order to establish the SEQ as an existing condition. Ms. Palacherla noted that Morgan Hill plans to complete the SEQ proposal by December 2014; however, she opined that the partner agency process will take longer than that. Commissioner Chavez acknowledged Morgan Hill's position where they receive feedback but make their own decisions on the SEQ.

In response to an inquiry by Commissioner Chavez, Ms. Palacherla advised that there was no written agreement among the four agencies for Morgan Hill to put a hold on the process but that it was the understanding amongst the partners. Chairperson Wilson informed that Morgan Hill's SEQ proposal will come to LAFCO for approval. She also noted that Morgan Hill's Final EIR has not addressed the deficiencies identified in LAFCO's comment letter.

7.2 A SUMMIT ON THE IMPORTANCE OF LOCAL FARMLAND TO SANTA CLARA VALLEY'S FUTURE HEALTH AND WELL-BEING

Ms. Palacherla presented a brief video on the highlights of the Summit, prepared by Emmanuel Abello and informed that a video of the entire Summit will be posted on the LAFCO website.

Commissioner Chavez expressed appreciation to staff for organizing the Summit. **Commissioner LeZotte** informed that she received positive comments that the event was well-planned with representation from different public agencies and private organizations. **Chairperson Wilson** expressed agreement and noted that given the interest that this event has generated, a similar event in the future may be organized for a full day.

7.3 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING

Ms. Palacherla presented the report.

7.4 INTER-JURISDICTIONAL GIS WORKING GROUP MEETING

Ms. Palacherla presented the report.

7.5 PACHECO PASS WATER DISTRICT

Ms. Palacherla presented the report.

In response to an inquiry by **Commissioner Hall**, Ms. Palacherla informed that the Pacheco Pass Water District's (PPWD) North Fork dam is within Santa Clara County. She also indicated that San Benito LAFCO must determine the assets and liabilities of PPWD as part of the dissolution process.

8. PENDING APPLICATIONS

There are none.

9. COMMISSIONER REPORT

There is none.

10. NEWSPAPER ARTICLES / NEWSLETTERS

There are none.

11. WRITTEN CORRESPONDENCE

There is none.

12. ADJOURN

The Commission adjourned the meeting at 2:24 p.m. to the next regular meeting on December 3, 2014 in the Board Meeting Chambers, County Government Center, 70 West Hedding Street, San Jose, California.

Approved:

Susan Vicklund Wilson, Chairperson
Local Agency Formation Commission of Santa Clara County

By: _____
Emmanuel Abello, LAFCO Clerk

**2015 SCHEDULE OF LAFCO MEETINGS AND
APPLICATION FILING DEADLINES**

LAFCO MEETING	DEADLINE TO FILE APPLICATION
Wednesday February 4, 2015 Board Meeting Chambers	December 4, 2014
Wednesday April 1, 2015 Board Meeting Chambers	February 5, 2015
Wednesday June 3, 2015 Board Meeting Chambers	April 2, 2015
Wednesday August 5, 2015 Board Meeting Chambers	June 4, 2015
Wednesday October 7, 2015 Board Meeting Chambers	August 6, 2015
Wednesday December 2, 2015 Board Meeting Chambers	October 8, 2015

TIME OF MEETINGS: 1:15 PM

LOCATION OF MEETINGS: Board Meeting Chambers
70 West Hedding Street
San Jose, CA 95110

FILING LOCATION: LAFCO Office
70 West Hedding Street, 11th Floor
San Jose, CA 95110
(408) 299-6415

To be ratified by the Commission at its February 4, 2015 meeting.

LAFCO MEETING: February 4, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: PROCESS FOR APPOINTMENT OF LAFCO PUBLIC MEMBER AND
ALTERNATE PUBLIC MEMBER

STAFF RECOMMENDATION

Determine process for appointment of public and alternate public member whose terms expire in May 2015. Appointment will be made at the April 2015 LAFCO meeting.

BACKGROUND

LAFCO public member, Susan Vicklund Wilson's and alternate public member, Terry Trumbull's terms expire in May 2015. Both the commissioners have expressed interest in being reappointed to LAFCO for 4-year terms starting in May 2015.

Government Code Section 56327 requires that the public member be appointed by the other members of the commission. The statute leaves the public member selection process to the discretion of the commission except to provide that the public member must not be a resident of a city which is already represented on the commission.

Two Options

LAFCO has two options for the appointment of the public member and alternate public member:

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

Susan Vicklund Wilson: Commissioner Wilson was selected through an interview process by LAFCO in 1995 to serve as the public member. She has since been reappointed to the position in 1999, 2003, 2007, and 2011. She has served as Chairperson of LAFCO four times, most recently in 2014. Commissioner Wilson has been an involved member of the commission and has made significant contributions - she has volunteered and served on the policy subcommittee for developing LAFCO's Agricultural

Mitigation Policies; she has participated on the technical advisory committees for the countywide fire and water service reviews, and the audit and service review of the El Camino Healthcare District; and she has participated in the selection process for service review consultants and for LAFCO legal counsel.

Furthermore, Commissioner Wilson has been active in CALAFCO (i.e., the state association of LAFCOs). She served on the CALAFCO Executive Board for nine years, holding several leadership positions, before completing a final term as Chairperson of CALAFCO in 2011. She also served on the CALAFCO Legislative Committee for nine years (2004-2012) where she assisted in the review of proposed legislation and crafted provisions to further LAFCO goals.

In 2006, she participated in discussions between the California Public Utilities Commission and CALAFCO to promote better communication between water companies and LAFCOs. She has also attended almost all the CALAFCO Annual Conferences since 1995, has served as Program Chair for the 2005 Conference and has been a speaker / moderator at various conference sessions.

Terry Trumbull: Alternate Commissioner Terry Trumbull was selected through an interview process to serve as alternate public member in 2003. He has been an active participant on LAFCO, regularly attending LAFCO meetings and some CALAFCO conferences and courses.

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

LAFCO would advertise the positions in the newspaper and on its website. Detailed information regarding the positions would be prepared and posted on the LAFCO website. A filing period would be established. Interested candidates would be required to submit a resume and participate in a group interview to be conducted at the next LAFCO meeting by the six members of the commission, using questions prepared beforehand. Selection would be made at the end of the interview. Current members would be eligible to apply for the positions.

LAFCO MEETING: February 4, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: FINANCE COMMITTEE FOR FISCAL YEAR 2015-2016 LAFCO
BUDGET

STAFF RECOMMENDATION

Establish a committee composed of three commissioners to work with staff to develop and recommend the proposed FY 2015-2016 LAFCO budget for consideration by the full Commission.

BACKGROUND

The Cortese Knox Hertzberg Local Government Reorganization Act of 2000 (CKH Act) which became effective on January 1, 2001, requires LAFCO, as an independent agency, 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, the special districts and the County. LAFCO's Finance Committee will discuss and recommend both a preliminary and then a final FY 2014-2016 LAFCO budget to the Commission for adoption.

Commissioners Khamis, Abe-Koga and Hall served on LAFCO's Finance Committee for Fiscal Year 2014-2015. The time commitment for commissioners serving on this committee would be limited to 2-3 meetings, between the months of February and May.

LAFCO MEETING: February 4, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: UPDATE ON LAFCO'S CITIES SERVICE REVIEW

STAFF RECOMMENDATION

Accept report and provide direction, as necessary.

CITIES SERVICE REVIEW

In December 2014, LAFCO retained Management Partners to prepare the Cities Service Review. The firm was selected through a RFP and interview process. Members of the Technical Advisory Committee (TAC) for the Cities Service Review, including Commissioners LeZotte and Kishimoto; and Andrew Crabtree (Community Development Director, City of Morgan Hill) participated in the consultant selection process.

Staff met with Management Partners on December 11th in order to finalize the scope, process, and timeline for completing the project. Staff also met with the consultants on January 15th in order clarify the types of data that will be collected from the affected agencies and the process that the consultants will use to collect the data and to verify the accuracy of this data with the affected agencies.

The Technical Advisory Committee (TAC) met on January 21st and discussed the role of the TAC, service review's purpose and process, agencies and services that are included in the service review, issues that will be addressed in the service review, data collection and verification process, and schedule for completing the major tasks. The TAC will meet in late February to discuss the criteria that will be used to develop specific service review determinations for the affected agencies.

A newsletter (Attachment A) announcing that LAFCO's Cities Service Review is now underway and providing details on the project was emailed to all affected agencies and interested parties on January 23rd. The newsletter is also available on the LAFCO website

at: www.santaclaralafco. Staff will continue to provide the Commission with updates on this project as it progresses.

ATTACHMENT

Attachment A: Newsletter entitled "LAFCO of Santa Clara County Begins its Cities Service Review"

LAFCO of Santa Clara County Begins its Cities Service Review

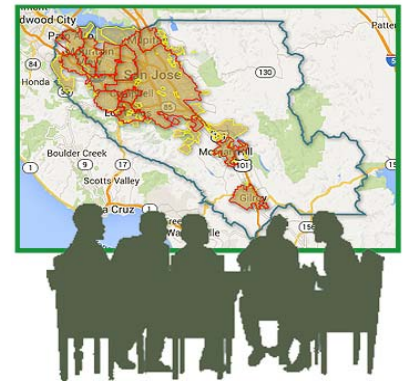


January 2015

The Local Agency Formation Commission (LAFCO) of Santa Clara County's "Cities Service Review" will involve a comprehensive review of the 15 incorporated cities in Santa Clara County, as well as certain unincorporated areas (i.e. Moffet Field, San Martin, and Stanford). The review will cover a range of services provided by the cities, including waste water, solid waste, parks and recreation, streets, storm water, law enforcement, library services, lighting, animal control, gas & electricity, broadband and planning / building. Fire and water services were covered in previous service review reports.

Partnerships to Achieve Common Goals

In addition to the required written statement of service review determinations, and any recommendations for changes to city spheres of influence, the report will review current practices and potential opportunities for collaboration amongst cities and other local agencies or organizations to achieve common goals and efficient delivery of services. The review will focus on joint efforts and /or opportunities related to shared services, sprawl prevention/infill development, and preservation of agricultural lands.



Technical Advisory Committee (TAC)

The TAC will serve as a liaison between LAFCO and the affected agencies, help select a consultant for the project and provide technical expertise / advice throughout the process.

TAC Members	Appointed by
Linda J. LeZotte LAFCO Commissioner	LAFCO of Santa Clara County
Yoriko Kishimoto Alternate LAFCO Commissioner	LAFCO of Santa Clara County
Carl Cahill , Town Manager Town of Los Altos Hills	County / Cities Managers' Association
Andrew Crabtree , Comm. Development Director, City of Morgan Hill	County Association of Planning Officials
David Kornfield , Planning Services Manager, City of Los Altos	County Association of Planning Officials
Kent Steffens , Assistant City Manager City of Sunnyvale	County Municipal Public Works Officials Association

Agencies & Areas of Study
Cities
<ul style="list-style-type: none"> • Campbell • Cupertino • Gilroy • Los Altos • Los Altos Hills • Los Gatos • Milpitas • Monte Sereno • Morgan Hill • Mountain View • Palo Alto • San Jose • Santa Clara • Saratoga • Sunnyvale
Unincorporated Areas
<ul style="list-style-type: none"> • Moffet Field • San Martin • Stanford

Service Review Consultant

Management Partners, selected through a RFP process, has been retained by LAFCO to conduct the Cities Service Review. They will be contacting the cities and pertinent organizations shortly to begin data collection.

LAFCO Service Review Responsibilities

State law mandates that once every 5 years, each LAFCO review and update as necessary, the spheres of influence for cities and districts. A Service Review must be conducted prior to or in conjunction with the sphere of influence review /update and must include an analysis and written statement of determination regarding each of the following categories:

- Growth and population projections for the affected area
- Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including infrastructure needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence
- Financial ability of agencies to provide services
- Status of, and opportunities for, shared facilities
- Accountability for community service needs, including governmental structure and operational efficiencies
- Any other matter related to effective or efficient service delivery, as required by commission policy.

LAFCO completed a Countywide Fire Service Review in 2010, a Countywide Water Service Review in 2011, an Audit and Service Review of the El Camino Hospital District in 2012, and a Special Districts Service Review in 2013. The Cities Service Review is the only outstanding review left in LAFCO's second round of service reviews.

Intended Use of the Service Review Report

The Service Review Report will serve as an information resource on cities in Santa Clara County for LAFCO, local agencies and the public. Service providers may use the Report to pursue service delivery changes or to further assess the options identified in the Report for providing more efficient services. LAFCO may use the information in the Report, when reviewing future proposals for jurisdictional boundary changes. LAFCO, local agencies or the public may use the Report, together with additional analysis where necessary, to pursue changes in governance, and/or changes in jurisdictional boundaries or spheres of influence.

Opportunities for Input

In addition to direct communication with the cities and other affected organizations, the service review process will include periodic updates to the County/Cities Managers' Association, County Association of Planning Officials, County Municipal Public Works Officers' Association, and to LAFCO. Members of the public, interested groups or affected agencies are encouraged to contact LAFCO staff to provide input, to discuss/request that a specific issue be addressed in the report or to obtain more information on the project. Further information on service reviews and on LAFCO is available on the LAFCO website at: www.santaclaralafco.org.

Project Timeline	
Dec 2014	Start project, establish TAC, select consultant
Jan-Mar 2015	Data collection and verification of data by agencies
Mar-July	Data analysis, develop preliminary findings, prepare Draft Report
Aug	Release Draft Report for public review and comment
Oct	LAFCO public hearing on Draft Report (October 7)
Nov	Release Revised Draft Report for public review and comment
Dec	LAFCO public hearing on Revised Draft Report (December 2)



COMMISSIONERS

Cindy Chavez
Sequoia Hall
Johnny Khamis
Linda J. LeZotte
Cat Tucker
Mike Wasserman
Susan Vicklund Wilson

ALTERNATE COMMISSIONERS

Ash Kalra
Yoriko Kishimoto
Tara Martin-Milius
Terry Trumbull
Ken Yeager

STAFF

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LAFCO MEETING: February 4, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: UPDATE ON THE SOUTHEAST QUADRANT PROJECT

STAFF RECOMMENDATION

Accept report and provide direction, as necessary.

BACKGROUND

Collaboration Efforts (Summer 2014)

In June 2014, LAFCO staff began working with staff from the County of Santa Clara, the Santa Clara County Open Space Authority (OSA) and the City of Morgan Hill on an alternative plan / program for the Southeast Quadrant (SEQ). The group discussed various alternatives and agreed that a more detailed analysis was required and accepted OSA's offer to retain a consultant to assist in the preparation of a scope of work for developing an alternative plan for the SEQ. The group met several times and discussed various alternative approaches, and reviewed case studies and a draft scope of work prepared by the consultant. While these collaboration efforts were underway, the City began to move forward on various SEQ actions in August. Expressing concern, the group requested that the City hold off on decision making and allow the group to complete its dialogue to identify an alternative approach. At a meeting in late September, the City informed the group of its intention to complete City Council actions on the SEQ by December 2014, following which, the group's /consultant's work to develop an alternative plan was discontinued.

Joint Letter to the Morgan Hill City Council

The County, OSA and LAFCO, sent a joint letter (See Attachment A) to the Morgan Hill City Council requesting that the City not approve the proposed SEQ project and the Final EIR. Instead, the letter encouraged the City to step back from its current plan to develop agricultural lands and in partnership with the three agencies, develop a SEQ proposal that better aligns with local and regional policies / goals. The letter also summarizes the agencies' key concerns with the SEQ project and CEQA review / process

which include (1) various significant inconsistencies between the City's stated goal of agricultural preservation in the SEQ and its proposed actions; and (2) an inadequate environmental analysis and segmented review/ approval process. **These issues are yet to be resolved and continue to remain a concern.** LAFCO, OSA and the County had raised these and other concerns related to the SEQ project and its EIR, previously in their various separate letters to the City and in their discussions with City staff.

City Council Moves Forward with Actions on SEQ

The City Council at its November 5, 2014 meeting, approved the Final EIR, established an Agricultural Lands Preservation Program; and Agriculture and Sports/Recreation /Leisure General Plan designations, and directed City staff to continue collaboration with the partner agencies. In December, the City Council directed that the remaining SEQ actions be placed on the February 4th Council agenda for action and directed further collaboration with the partner agencies.

Further Opportunities for Collaboration

In January, staff from the County, OSA, and LAFCO met to discuss the potential for further meaningful collaboration with the City. Over the past several months, the three agencies had dedicated considerable staff time and financial resources to the project with the strong belief that these efforts would be fruitful. Given the direction that the City took, staff requested clarification from the City on its interest to proceed in a collaborative manner.

In response, City Manager Rymer, in his letter, indicated that the City intends to take action at its February 4th meeting on establishing an Urban Limit Line and an Urban Growth Boundary; and on amending the General Plan to designate areas for SRL and high school in the SEQ; and intends to continue to collaborate with the partner agencies. However, he noted that despite City Council action, there is opportunity to further refine the program and amend the General Plan based on the outcome of any future collaborative work. (See Attachment B for letter from City Manager)

It is LAFCO's mission and mandate to preserve agricultural land and the SEQ is an important agricultural resource in the County. **LAFCO staff will continue to work with the City and the partner agencies in order to pursue our mutual goals in the area.** Staff will send a letter to the City Council reiterating LAFCO's interest in working with the City on this issue and urging the City to not move forward on the project in order to allow for a constructive, meaningful and collaborative resolution of the identified issues.

NEW FUNDING OPPORTUNITIES FOR AGRICULTURAL LAND PLANNING AND CONSERVATION EASEMENTS

Recently, on January 20, 2015, the Strategic Growth Council (SGC) approved guidelines for the Strategic Agricultural Lands Conservation Program (SALC) which would in 2015, receive approximately \$5 million in funding. This program includes two elements:

- (1) Sustainable Agricultural Lands Strategy (\$1 million, with a cap of \$100,000): Funding for cities, counties and their partners, to inventory and evaluate which agricultural lands are most highly productive and critically threatened and develop locally appropriate strategies, programs and actions that ensure the long term protection of those lands, and
- (2) Agricultural Lands Conservation Easements (\$4 million): Funding to leverage the protection of strategically located, highly productive, and critically threatened agricultural land, via permanent agricultural conservation easements.

In addition, the SGC also approved guidelines for the Affordable Housing and Sustainable Communities Program (AHSC) which would receive \$120 million in 2015. This program would provide grants and loans for affordable housing, infill and compact transit-oriented development, and infrastructure connecting these projects to transit.

In developing these programs, the SGC recognizes that urban development plans directly impact efforts to preserve agricultural lands and that supporting development at the expense of converting agricultural lands is detrimental to its goals of reducing greenhouse gas emissions. It therefore encourages a comprehensive and integrated approach that promotes projects with complementary goals of compact urban development and agricultural land conservation. In fact, to further underscore this point, the SGC prohibits the use of its funds to build on agricultural or natural resource lands.

Given the clear indication of SGC's funding priorities and policy, it is in our long term interest to find solutions that steer growth away from agricultural lands and to develop an effective agricultural preservation strategy that has the support of key partners and that can be the grounds on which to seek SGC funds for agricultural conservation easements in the future.

Applications from interested cities and / or the County for the Strategy grants are due on March 20. LAFCO and other interested agencies such as the OSA may partner with the cities / County.

ATTACHMENTS

Attachment A: Joint letter from the County, OSA and LAFCO to the City Council of Morgan Hill, dated November 5, 2014.

Attachment B: Letter from the Steve Rymer, City Manager of Morgan Hill to Neelima Palacherla, dated January 28, 2015.



AGENDA ITEM # 11
Attachment A



VIA E-MAIL

November 5, 2014

Honorable Mayor Tate and City Council Members
City of Morgan Hill
17575 Peak Avenue
Morgan Hill, CA 95037

RE: SOUTHEAST QUADRANT (SEQ) LAND USE PLAN AND CITYWIDE AGRICULTURAL LANDS PRESERVATION PROGRAM

Honorable Mayor Tate and City Council Members,

The purpose of this joint letter is to express our concerns and to request that the City **not** approve the proposed SEQ Project and the Agricultural Lands Preservation Program and **not** approve the Final EIR. Attachment 1 summarizes our concerns. We encourage the City to step back from its current plan to develop agricultural lands, and in partnership with the County of Santa Clara (County), LAFCO of Santa Clara County (LAFCO), and the Santa Clara County Open Space Authority (OSA) develop a SEQ proposal that better aligns with local and regional policies/ goals.

Collaboration Efforts To-Date

Since July of this year, staff from the County, the OSA, and LAFCO have been meeting with City staff to develop an alternative agricultural preservation program in the SEQ. Staff explored conservation and financing strategies for a viable agricultural lands preservation program while addressing the City's growth needs in a sustainable manner in conformance with longstanding urban development policies.

Staff from the four agencies met several times over the course of the three months to discuss a range of potential strategies. In a good faith effort, the OSA arranged for a consultant to help staff prepare a Scope of Work for developing and implementing a viable plan for financing agricultural land preservation in the area. Successful models that the staff were beginning to evaluate would link economic incentives and initiatives (such as TDRs, conservation easements) with complementary growth management strategies (i.e. well-defined growth boundaries). The benefits of such approaches are accommodating growth without significantly impacting agricultural land; limiting development pressure in areas identified as important for continued agricultural production and providing reasonable certainty to landowners and developers.

Unfortunately, the work was cut short as the City indicated its intent to complete City Council action on the project by December 2014.


A More Balanced Approach to Preserving Agricultural Lands in SEQ


We urge the City Council to not approve the project as proposed, and to consider an alternate vision to achieve a successful outcome – significantly reducing the amount of agricultural land planned for conversion in the SEQ and delineating a meaningful and stable urban growth boundary. Such actions by the City Council would confirm the City’s commitment to long-term agriculture in the SEQ and enable the Group to resume developing and implementing an effective, workable agricultural preservation program in the SEQ that includes specific programs, such as easement acquisitions and TDR programs.


Importantly, this would be more in alignment with statewide and regional goals for building sustainable communities; specifically it would prevent urban sprawl, encourage more compact urban form, and enable the city to focus its budgetary resources on existing neighborhoods. It would allow the partner agencies to jointly support the City in applying for California Strategic Growth Council planning grants and for other potential future grants for developing conservation easement projects and for critical agricultural infrastructure needs planning.

Thank you for considering our request.

Sincerely,


Sylvia Gallegos
Deputy County Executive
County of Santa Clara


Andrea Mackenzie
General Manager
Open Space Authority


Neelima Palacherla
Executive Officer
Santa Clara LAFCO

c: OSA Board Members
LAFCO Members
Mike Wasserman, Supervisor District One

Attachment 1: Partner Agencies’ Concerns with the Proposed SEQ Plan, Citywide Agricultural Lands Preservation Plan and Associated CEQA

Attachment 1:

PARTNER AGENCIES' CONCERNS WITH THE PROPOSED SOUTHEAST QUADRANT (SEQ) PLAN, CITYWIDE AGRICULTURAL LANDS PRESERVATION PLAN AND ASSOCIATED CEQA

The following summarizes some of the key concerns identified by the County of Santa Clara, LAFCO of Santa Clara County and the Santa Clara County Open Space Authority (OSA) with regard to the City of Morgan Hill's proposed plan for the SEQ and the associated CEQA review and process. Please note that the three agencies have previously raised these and other concerns in their various separate letters to the City and in their discussion with City staff.

A. INCONSISTENCIES BETWEEN STATED GOAL OF AGRICULTURAL PRESERVATION IN SEQ AND PROPOSED ACTIONS

1. Proposed Project Involves Premature and Unnecessary Conversion of Agricultural Lands in the SEQ

Even though the City has indicated that it is their goal to have permanent agricultural preservation in the SEQ and declared the SEQ as their Agricultural Priority area, the proposed plans depict that nearly half of the prime agricultural lands in the SEQ will be converted to urban uses. Out of a total of 597 acres of prime farmland, over 251 acres of prime farmland are slated for conversion to Sports Recreational and Leisure (SRL) and public facility uses. The purpose of the conversion is to allow four separate development proposals initiated by private property owners / developers on 106 acres of prime farmland. Since these four development proposals are not contiguous and are spread out in the SEQ, the City is proposing to re-designate the intervening 192 acres of prime farmland for urban use in order to simply establish contiguity. Thus the proposed urban growth (UGB) and urban limit line (ULL) boundaries, (which are proposed to include these lands) seem driven by the desire to facilitate private applicant initiated proposals rather than by the public benefit interest of farmland preservation.

2. Annexation Not Necessary for Preservation of Agricultural Lands in the SEQ

Another problematic aspect of the SEQ proposal is that it will require eventual city annexation of unincorporated lands located outside the City's urban service area (USA). First, such an annexation would directly conflict with the joint urban development policies, LAFCO policies and County General Plan which call for urban development and services within USAs; and resource conservation and rural uses outside the USA. Importantly, in keeping with the joint urban development policies, the County has established a long standing record for maintaining rural land uses and not providing public water and sewer services in the unincorporated county whereas the City has established no such record and has provided no assurances for conserving these lands. Further, it seems to be a misunderstanding amongst some people that the area would be better protected for agriculture under City jurisdiction and that annexation of the SEQ would prevent further rural residential development in the SEQ. Given that a single family home may be constructed by right on every legal lot whether it is in the County or City provided it meets the underlying building regulations, it is unclear

how the City would have the ability to somehow prohibit the construction of single family homes on recognized legal lots.

3. Designating Unincorporated Lands “Agriculture” in City General Plan Provides No Additional Protection for Unincorporated Agricultural Lands in the SEQ

Further, the City claims that by its proposal to designate unincorporated lands as Agriculture, the City would implement its General Plan policies related to agriculture and communicate its commitment for agricultural preservation within the SEQ. It is misleading and inaccurate to assume that the City’s designation offers any further protection from development for these lands, than their remaining in the County. These lands are currently designated Agriculture Medium Scale under the County General Plan. Since these lands are not proposed for annexation to the City at this time, they will continue to remain unincorporated and be subject to the County General Plan and its land use regulations. Therefore, the City’s General Plan designation would not apply to these lands and it would have no direct land use jurisdiction over these unincorporated lands.

4. Proposed Funding in the City’s Agricultural Lands Preservation Program Is Insufficient to Achieve 1:1 Mitigation

As a number of agencies have previously commented, the City’s proposed Agricultural Land Preservation Program designates the SEQ as the Agricultural Priority area within which mitigation should occur, however, it underestimates the land/easement costs and in-lieu fees necessary to preserve land in the SEQ by using lower land values more appropriate in other parts of the County. So therefore, even though the Program calls for a 1:1 mitigation, the funding generated by the proposed mitigation fees would not be sufficient to cover the 1:1 mitigation in the SEQ. It is very unlikely that the City’s program will result in any actual preservation of agriculture in the SEQ.

While the four agencies share a common goal of viable agriculture and agricultural preservation in the SEQ, the City’s project and process continue to directly conflict with these goals and with existing policies.

5. Proposed Clustering Program within Unincorporated Area is Infeasible

The City has indicated its interest in continuing to work with the three agencies to establish a Transfer of Development Rights (TDR) and clustering program *in the County only* for a specific landowner (Chialas) located within the SEQ.

With regard to establishing a clustering program within the unincorporated county for existing legal lots, the agencies have had extensive discussions and have identified significant concerns with such a program; these concerns range from inconsistencies of such development with the current County General Plan to potential lack of public benefit value of developing such a program in the County and include issues such as likely conflict between urban densities and rural character of unincorporated lands, environmental and service provision concerns, and the undesirable precedent setting nature of such a proposal on other parts of the unincorporated county. An effective TDR program in balance with other preservation strategies will need to address transferring development rights to receiving sites within the City.

B. INADEQUATE ENVIRONMENTAL ANALYSIS AND SEGMENTED REVIEW / APPROVAL PROCESS UNACCEPTABLE FOR SUCH A MAJOR LAND USE DECISION

1. City's Environmental Analysis is Deficient and Does Not Meet the Intent or Requirements of CEQA

As you know, the CEQA process is designed to identify and disclose to decision makers and the public the significant impacts of a proposed project prior to its consideration and approval. LAFCO, the County of Santa Clara, and the Santa Clara County Open Space Authority have each provided previous comments to the City on the City's environmental review process and documentation. In February 2014, these agencies identified significant deficiencies in the Draft EIR, including that the project description is unclear; the Draft EIR segments the environmental analysis; improperly defers environmental analysis by conducting programmatic review of project-level proposals; fails to sufficiently mitigate significant impacts to agricultural resources, air quality, public services and utilities, and utility systems; and also fails to analyze a reasonable range of alternatives. Subsequently, the City prepared a Final EIR which attempted to address the abovementioned comments. Rather than clarifying the issues raised by LAFCO, the County of Santa Clara, the Santa Clara County Open Space Authority, and others, the City's Final EIR neglects to adequately respond to the comments, and in many cases adds to the confusion identified in the comments concerning the scope of the project and the analysis of its environmental impacts.

2. Separation of the SEQ Land Use Plan from the City's General Plan Update Process is a Violation of Rational Planning Practices and CEQA

The City is currently in the midst of conducting a comprehensive update of its General Plan, which among other things, is considering various land use alternatives, including further outward expansion of city boundaries to accommodate anticipated growth. However, the SEQ project which requires major amendment to the City's General Plan is not part of the Comprehensive General Plan update. This is contrary to City/ County General Plan policies which require that UGB be only amended in conjunction with a comprehensive General Plan review /update. It is our understanding that the City intends to complete decisions on the SEQ by December 2014 in order to establish the SEQ project as a pre-existing condition for the Comprehensive General Plan Update EIR analysis, in clear violation of sound planning principles and CEQA Guidelines.



January 28, 2014

AGENDA ITEM # 11
Attachment B

Ms. Neelima Palacherla
Executive Officer
LAFCO of Santa Clara County

Dear Ms. Palacherla,

Thank you for talking with me and subsequently Andrew Crabtree about the continued interest of staff from LAFCO, County Planning, and the Open Space Authority (OSA), to work collaboratively with the City on agricultural preservation and Sports Recreation and Leisure (SRL, including a high school) uses in Morgan Hill's Southeast Quadrant (SEQ). As an initial step, you proposed that staff from the three agencies and the City develop a Memorandum of Understanding (MOU) to be considered by our respective governing bodies.

During our conversation, you indicated to me that you believe that we will be unable to work collaboratively if the Morgan Hill City Council takes further actions at this time. Thus, you asked that City staff recommend our Council defer any further agricultural preservation and land use decisions until we can work together to develop a mutually agreed upon plan to fulfill the Council's agricultural preservation and SRL goals. In essence, you are asking that we postpone all decisions until a new City General Plan is adopted in late 2016. As we communicated to you, City staff is not in a position to make that recommendation. However, we remain confident that the agencies can continue to work together even if the Council takes limited actions as follows on February 4. I also want to assure you that your position will be clearly communicated to the City Council as you requested of me. We will be recommending that our Council:

1. Amend the General Plan land use diagram (GPA14-08) to establish an Urban Limit Line (ULL) and to expand the Urban Growth Boundary (UGB) within the Southeast Quadrant;
2. Amend the General Plan land use diagram as proposed through GPA 08-02 Tennant-Roman Catholic Bishop of San Jose, GPA 08-03 Fisher-Granum Partners, GPA 08-04 Tennant-Puliafico, GPA 08-05 Condit-Craiker, and GPA 14-10 SEQ-City of Morgan Hill to designate areas for SRL and a high school;
3. Defer consideration of GPA 08-12 Maple-Chiala until the conclusion of the Morgan Hill 2035 General Plan Update; and
4. Direct staff to continue discussions with the Chiala family, Santa Clara County, LAFCO and other stakeholders to advance the City's agricultural preservation efforts in a manner that may include a property clustering program and/or transfer of development rights that could be incorporated into the City's General Plan and Residential Development Control System (RDCS) in 2016 as part of the General Plan Update process.

The primary purpose of my letter is to share how the City believes that a collaborative process remains possible. While the City has taken some actions, including adoption of an Agricultural Lands Preservation Program, and is also in the process of considering General Plan Amendments and revisions to its Urban Growth Boundary as noted above, these actions do not preclude us from continuing to work together to develop and implement an overall strategy for the preservation of agricultural lands within the SEQ. In adoption of the Agricultural Lands Preservation Program, both our Planning Commission and City Council were very clear that they considered it a “first step” in the process and a document which can and should be further refined as we further explore different agricultural preservation strategies. Further refinements to the General Plan could also be developed and incorporated into the City’s General Plan update anticipated for consideration by the City before the end of 2016.

Specifically, we propose that we continue to work with the County, LAFCO, OSA, and landowners to address the following:

- 1) Analysis of specific tools that will be used to protect agricultural lands, including but not limited to, a potential TDR, TDC or clustering program that creates new development potential in order to economically support the preservation of agricultural land
- 2) The acreage of land that will be preserved as agriculture
- 3) The ultimate boundaries for the City of Morgan Hill within the SEQ
- 4) Further refinements to the City’s Agricultural Lands Preservation Policy
- 5) Adoption of an implementing ordinance for the Agricultural Lands Preservation Policy
- 6) Changes to the City’s General Plan, RDCS, Zoning, etc., necessary in order to implement the preservation plan
- 7) Actions by County and/or LAFCO necessary to implement the preservation plan
- 8) Other actions as necessary or appropriate

Furthermore, the City is thankful for the efforts of Supervisor Wasserman’s office to facilitate meetings with the Chiala family, County Planning, and the City. The initial efforts have resulted in the Chiala family proposing a new, creative approach that meets the needs of the landowners, demonstrates the family’s long-term commitment to preserving agriculture (not just open space) on the Chiala’s property well into the future, and establishes a potential foundation to assist with agricultural viability throughout the entire SEQ. As a result of the latest proposal by the Chiala family, County staff has indicated that they believe we have the right framework in place and they will continue to be involved in the process as it evolves during the City’s comprehensive General Plan Update.

I believe that it is important to celebrate that this new approach was a direct result of our conversations last summer in which LAFCO, County, and OSA staff communicated significant concern with the proposed land use plan and preservation strategy for that specific area within the SEQ. Moving forward, we all concur that an appropriate next step is to schedule a time for the Chiala family and City to meet with you (and ultimately other stakeholders) to describe the family’s proposal and begin the dialogue on the merits of this approach for long-term agricultural preservation.

Finally, the City is confident that the aforementioned collaborative process can be duplicated in other facets of our land use planning for the SEQ. Thank you again for your continued support and efforts in working with the City, landowners, and our partner agencies. We look forward to our future conversations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Rymer".

Steve Rymer
City Manager

CC: Andrea McKenzie, OSA General Manager
Kirk Girard, County Planning Manager
Andrew Crabtree, Morgan Hill Community Development Director

LAFCO MEETING: February 4, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: EXECUTIVE OFFICER'S REPORT

**12.1 UPDATE ON COMPLIANCE WITH FPPC REQUIREMENTS:
LION'S GATE COMMUNITY SERVICES DISTRICT AND
LAKE CANYON COMMUNITY SERVICES DISTRICT**

Recommendation

Accept report and provide direction, as necessary.

Discussion

On November 12, 2014, staff provided LAFCO with an update (Attachment A) on issues relating to Lion's Gate Community Services District's and Lake Canyon Community Services District's compliance with Fair Political Practice Commission (FPPC) requirements. In January 2015, LAFCO staff requested and received updates from the County Counsel's Office and the County Clerk of the Board's Office (CoB) concerning the two Districts as follows:

- Lion's Gates Community Services District's Conflict of Interest Code was adopted by the County Board of Supervisors on December 9, 2014 and the District's filers have submitted all the required Form 700s to the Clerk of the Board's Office.
- Lake Canyon Community Service District's Form 700s filings are current with the exception of one member of the District's Board of Directors who has an outstanding Form 700s filing from January 2013, when he assumed office. The CoB has sent Mr. Bryan Cameron two separate notices of non-filing but has not sent any final enforcement notification to the FPPC. According to the CoB, if this individual remains in non-compliance, the CoB will submit this to FPPC enforcement by June 2015.

12.2 UPDATE ON EL CAMINO HEALTHCARE DISTRICT

For Information Only.

On November 12, LAFCO staff met with the El Camino Healthcare District: Iftikhar Hussain, Chief Financial Officer; Brenda Taussig, Government Relations Manager; and Matt Harris, Controller; to discuss the District's budget document in light of the recommendations from LAFCO's Audit and Service Review for the District. Executive Officer Palacherla recommended that the District make further revisions to its budget format in order to provide greater detail, consistency and clarity. Executive Officer Palacherla also recommended that the District review other public agency budgets, such as cities, for ideas on formatting and structure; and provided links to websites that discuss best practices for preparing public agency budgets.

The District has submitted a reformatted budget document and staff is in the process of reviewing it.

12.3 UPDATE ON GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT

For Information Only.

On November 13, LAFCO staff met with Stephanie Moreno, the new Executive Director for the Guadalupe-Coyote Resource Conservation District. Ms. Moreno provided an update on the improvements that the District has made in terms of its overall management, transparency, and public accountability. Ms. Moreno also discussed the District's priorities for the upcoming year, which include conducting more public outreach, applying for and obtaining grants, and managing their own projects.

12.4 UPDATE ON PACHECO PASS WATER DISTRICT

For Information Only.

In October 2014, San Benito LAFCO initiated the dissolution of Pacheco Pass Water District (PPWD) and set January 22, 2015 as the public hearing date on the issue. On December 9, Executive Officer Palacherla participated in a conference call with staff representatives of the San Benito LAFCO, San Benito County Water District (SBCWD) and Santa Clara Valley Water District (SCVWD) to continue previous discussions on potential dissolution of PPWD and transfer to SCVWD and/or SBCWD. The districts reported on the progress they are making with their analysis and studies to evaluate the costs and benefits of the proposal and requested that San Benito LAFCO continue its January hearing to allow for a full analysis to be completed.

San Benito LAFCO continued its hearing on the potential dissolution of PPWD to May 28, 2015. On January 28, Executive Officer Palacherla participated in another conference call with staff from San Benito LAFCO, SCVWD and SBCWD. Representatives of the two water districts reported on the status of their studies to determine the feasibility of acquiring PPWD's assets and taking over the District's service responsibilities.

12.5 MEETING WITH COUNTY OF SANTA CLARA AND CITY OF SAN JOSE ON COMMUNICATIONS HILL ANNEXATION

For Information Only.

In October 2014, Executive Officer Palacherla participated in meetings with staff from the City of San Jose and from the County of Santa Clara to help resolve issues related to annexation of Communications Hill, which is an unincorporated island surrounded by the City of San Jose. Executive Officer Palacherla provided information on the provisions related to island annexations and explained the possible exemptions that could be considered for excluding the County Communications site from the annexation proposal given its unique circumstance.

12.6 MEETING WITH CITY OF GILROY AND SANTA CLARA COUNTY OPEN SPACE AUTHORITY

For Information Only.

On November 13, LAFCO staff met with Kristi Abrams (Community Development Director, City of Gilroy), Sue Martin (Planning Director, City of Gilroy), and Bill Parkin (Legal Counsel, Santa Clara County Open Space Authority) to discuss the potential for the City of Gilroy to become a part of the Open Space Authority (OSA). LAFCO staff provided information on the general process and requirements and some potential issues for the City and OSA to consider. On December 1, 2014, the Gilroy City Council considered this option and decided not to move forward at this time.

12.7 MEETINGS WITH CITY OF GILROY CONCERNING VARIOUS LAFCO RELATED ACTIVITIES

For Information Only.

Revision of City of Gilroy's Agricultural Mitigation Program

On November 13, LAFCO staff met with Kristi Abrams (Community Development Director, City of Gilroy) and Sue Martin (Planning Director, City of Gilroy). Gilroy staff discussed the City's plans to review and potentially revise its agricultural mitigation program to address various issues and provided an update on the City's potential urban service area amendment requests. LAFCO staff clarified the status of LAFCO's conditional approval of the Gilroy Sports Park and discussed LAFCO's "Strategies to Balance Planned Growth and Agricultural Viability" and "Policies for the Gilroy Agricultural Lands Area."

Proposed North Gilroy Neighborhood District's Urban Service Area Amendment

On January 12, LAFCO staff met with Sue Martin (Planning Director, City of Gilroy), Skip Spiering (developer's representative), and EMC Planning Group (environmental consultants) in order to discuss the City's proposed North Gilroy Neighborhood District's Urban Service Area Amendment and the City's plans to prepare an EIR for the

proposed project. Staff identified which LAFCO policies should be analyzed as part of the City's environmental review process. The meeting was very helpful in terms of LAFCO staff gaining a greater understanding of the developer's perspective concerning the proposed project.

12.8 REPORT ON THE SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS (SCCAPO) MEETING

For Information Only.

LAFCO staff attended the SCCAPO meeting in December 2014 hosted by the City of Milpitas at Flextronics, an innovative technology company located in Milpitas. These meetings are great opportunities for LAFCO staff to learn about current issues affecting the cities and the County, and to report on or seek input from city/county planning directors on LAFCO issues. Steven McHarris (Planning Director, City of Milpitas) discussed the City's efforts to attract technology companies and to encourage these companies to consider remodeling and locating their operations in older industrial buildings. Attendees discussed the challenges of attracting such development, despite progressive policies. Attendees also discussed the importance of having Santa Clara County represented on ABAG and MTC's Regional Advisory Working Group (RAWG) for the Plan Bay Area Update which will be underway soon.

12.9 INTER-JURISDICTIONAL GIS WORKING GROUP MEETINGS

For Information Only.

Analyst Noel attended the October and November 2014 meetings of the Inter-Jurisdictional GIS Working Group that includes staff from various county departments that use and maintain GIS data, particularly LAFCO related data. At the meeting, participants shared updates on current GIS and boundary change activities within their department or agency. The group did not meet in December 2014 or January 2015.

12.10 ORIENTATION SESSION FOR NEW LAFCO COMMISSIONERS

For Information Only.

On January 22, staff conducted an orientation session for new Commissioners which was attended by Commissioner Cat Tucker, and Alternate Commissioners Ash Kalra and Tara Martin-Milius.

ATTACHMENT

Attachment A: November 12, 2014 memo to LAFCO re: Update on Compliance with FPPC Requirements: Lion's Gate Community Services District and Lake Canyon Community Services District



DATE: November 12, 2014
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: UPDATE ON COMPLIANCE WITH FPPC REQUIREMENTS:
Lion's Gate Community Services District
Lake Canyon Community Services District

LAFCO, at its October 1, 2014 meeting, requested a report on issues relating to Lion's Gate Community Services District's and Lake Canyon Community Services District's compliance with Fair Political Practice Commission (FPPC) Requirements.

Based on the information LAFCO staff recently received from the County Counsel's Office and the County Clerk of the Board's Office, it appears that these issues are being addressed by the responsible County departments. **It does not appear that further action by LAFCO is required at this time.**

Lion's Gate Community Services District (LGCS D)

LAFCO's service review for LGCS D indicated that the District has not filed Form 700s. LAFCO staff has worked with the District and the responsible County departments in order try to resolve this issue, as follows:

- In January 2014, LAFCO staff sent a letter to LGCS D requesting that they ensure that all District staff and District Board Members submit Form 700s to the County Clerk of Board's Office as required by law. LAFCO staff also sent an email to the County Clerk of the Board's Office and the County Counsel's Office requesting that they address this issue.
- In February 2014, LAFCO staff and the District's Counsel discussed and exchanged emails regarding specific disclosure requirements and LAFCO Counsel recommended that the District contact the FPPC for specific advice.
- In March 2014, the District initiated communications with the FPPC on the disclosure requirements and began working with the County on a Conflict of Interest code (COI code). In June 2014, the County Counsel's Office informed the District that it had several concerns with the draft COI code. The District then decided to seek advice from the FPPC with respect to whether or not the District should be adopting a code.

- In July 2014, the District's Counsel submitted a request to the FPPC arguing that the District is not a "Local Government Agency" and therefore not required to adopt a COI code.
- In October 2014, in response to a request from LAFCO staff, the County Counsel's Office contacted the District and learned that the FPPC recently concluded that the District is required to adopt a COI code. On October 22, 2014, the County Counsel's Office reported that they are working with the District to adopt a COI code that meets County Counsel's requirements. The County Counsel's Office further noted that it is anticipated that the COI code will go to the District's Board for approval and then to the County Board of Supervisors for approval, as the code reviewing body, before the end of the year. Once this occurs, District staff and District Board Members will be required to file their completed Form 700 Statements of Economic Interest with the Clerk of the Board's Office, within 30 days.

Lake Canyon Community Service District (LCCSD)

LAFCO's service review for the LCCSD indicated that District staff and some District Board Members have not filed Form 700s for one or more of the preceding years. LAFCO staff has worked with the District and the responsible County departments in order to resolve this issue, as follows:

- In January 2014, LAFCO staff sent a letter to LCCSD requesting that they ensure that all District Staff and Board Members submit Form 700s to the Clerk of Board's Office, as required by law. LAFCO staff also sent an email to the Clerk of the Board's Office and the County Counsel's Office requesting that they address this issue.
- LAFCO did not receive a response from the District.
- In March 2014, the Clerk of the Board's Office provided a response to LAFCO confirming that District staff and certain District Board Members are still in non-compliance and that the Office would address this issue.
- In response to a follow-up request from LAFCO staff in July 2014, the Clerk of the Board's Office once again confirmed the violations, reported that these cases are slated to be forwarded to the FPPC for further enforcement, and stated that the processing of Form 700s has not received the focused attention it should have received due to lack of staff resources. The Office indicated that they anticipate having their backlog eliminated within 120 days.
- In response to another follow-up request by LAFCO staff in mid-October 2014, the Clerk of the Board's Office reported that Stacey Johnson (General Manager for the District) has filed his 2012 Form 700 Annual Statement and is now in compliance. However, District Board Members Aaron Behman and Bryan Cameron both remain out of compliance and Mr. Behman recently left the District's Board of Directors. The Clerk of the Board's Office plans to submit complaints to the FPPC on lack of compliance by Mr. Behman (2012 and 2013) and Mr. Cameron (2012) on November 14, 2014.

LAFCO MEETING: February 4, 2015
TO: LAFCO
FROM: Neelima Palacherla, Executive Officer
Dunia Noel, Analyst
SUBJECT: CALAFCO RELATED ACTIVITIES

13.1 2015 CALAFCO STAFF WORKSHOP

Recommendation

Authorize staff to attend the 2015 CALAFCO Staff Workshop and authorize travel expenses funded by the LAFCO budget.

Discussion

The CALAFCO Annual Staff Workshop is scheduled for April 15-17 at the Holiday Inn Express & Courtyard Suites in the City of Grass Valley. Nevada County LAFCO is hosting the Workshop. The workshop provides an opportunity for staff to gain and share knowledge about some of the best practices used by LAFCOs to address various issues facing local agencies across the state. The LAFCO Budget for Fiscal Year 2015 includes funds for staff to attend the Workshop.

13.2 REPORT ON THE 2014 CALAFCO ANNUAL CONFERENCE

For Information Only

LAFCO staff and Commissioners Kishimoto and Wilson attended this year's CALAFCO Annual Conference which was held in Ontario, California from October 15th through October 17th. The annual conference provides an opportunity for LAFCOs across the state to share some of their best practices and learn new techniques and approaches from other LAFCOs.

Commissioner Wilson moderated a breakout session entitled "Water Supply & Analysis: Policies & Practices" where a panel of experts discussed the legal framework provided by the CKH Act, CEQA, LAFCO policies and recent court decisions that help shape LAFCO's role in water supply assessment at this critical time as policy makers try to balance the water supplies of local jurisdictions with the needs of agricultural producers and urban development.

The program for the first day of the conference included a session on “LAFCO 101: Understanding & Applying the Basic”; and general sessions entitled “Walking With Dinosaurs- History of LAFCO”; “Cyber Security: Are You and Your Public Agency Adequately Protected?”; and “Groundwater Basins: Governance Today & in the Future.”

Thursday’s program included commissioner and staff roundtable discussions organized by region and breakout sessions on “Lead by Design- Create Your Future Using Next Generation GIS Technology Today”; “Water Supply & Analysis: Policies & Practices”; “Shared Services: Growing Trends in Collaborative Service Delivery”; “LAFCOs and Joint Power Authorities: Defining a Relationship That Makes Sense”; and “Performance Evaluations: Do They Help or Hinder.” Friday’s program included breakout sessions on “Connecting LAFCOs and CoGS For Mutual Benefit”; “How to Effectively Engage the Public in LAFCO Actions”; “SOI’s: They’re Not That Scary”; and a Legislative Update from representatives of the CALAFCO Legislative Committee.

13.3 SANTA CLARA LAFCO RECEIVES CALAFCO 2014 “MOST EFFECTIVE COMMISSION” AWARD

For Information Only.

Santa Clara LAFCO received the 2014 “Most Effective Commission” Achievement Award at the Annual CALAFCO Conference. The award recognized LAFCO’s proactive multi-year Service Review efforts to provide greater oversight of special districts in order to improve their accountability and transparency; and its efforts to increase awareness of LAFCO’s mandate and oversight efforts through its new content-rich website.

The achievement also highlights the significant progress that LAFCO has made towards reaching the priority goals identified by the Commission at its August 2012 Strategic Planning Session. Thanks to the Commission’s leadership, Santa Clara LAFCO continues to be respected for its influential and impactful work. Santa Clara LAFCO also received the “Most Effective Commission” award in 2007 for adoption of its Agricultural Mitigation Policies and for implementation of its successful Island Annexation Program.

13.4 REPORT ON CALAFCO LEGISLATIVE COMMITTEE MEETINGS

For Information Only.

Executive Officer Palacherla is a member of the CALAFCO Legislative Committee which held its first meeting for the 2015 legislative session on December 12, 2014. The Committee:

- Established an ad-hoc committee to review the legislative committee’s guidelines and recommend changes, as necessary.
- Discussed various proposals for inclusion in the 2015 Omnibus bill. The Omnibus bill is the annual vehicle that CALAFCO uses to make non-substantive, technical corrections to the Cortese-Knox-Hertzberg Act.

- Discussed various potential legislative proposals including changes to protest provisions, LAFCO and JPA relationship, and Section 56133 related to providing services outside agency boundaries.

The second meeting of the Legislative Committee was held on January 23, 2015. The meeting focused on discussing proposed provisions and procedures for disincorporation of cities, which is a legislative priority for the CALAFCO Board. The Committee also received an update on the status of the Omnibus bill and discussed further additions to it.

The next meeting of the Legislative Committee is scheduled for February 27.

