



**LAFCO MEETING MINUTES
WEDNESDAY, JUNE 7, 2017**

CALL TO ORDER

The meeting was called to order at 1:20 p.m.

1. ROLL CALL

The following commissioners were present:

- **Chairperson Sequoia Hall**
- **Commissioner Sergio Jimenez**
- **Commissioner Rob Rennie**
- **Commissioner John L. Varela**
- **Commissioner Mike Wasserman**
- **Commissioner Ken Yeager**
- **Alternate Commissioner Russ Melton**
- **Alternate Commissioner Terry Trumbull** (voting in place of Commissioner Susan Vicklund Wilson)

The following staff members were present:

- **LAFCO Executive Officer Neelima Palacherla**
- **LAFCO Assistant Executive Officer Dunia Noel**
- **LAFCO Counsel Malathy Subramanian**

3. PUBLIC COMMENTS

There was none.

3. RESOLUTION OF COMMENDATION FOR LINDA J. LEZOTTE

The Commission unanimously adopted and presented the Resolution of Commendation for former LAFCO Commissioner Linda J. LeZotte.

Doug Muirhead, a resident of Morgan Hill, stated that LAFCO has a challenging mission to promote orderly growth, and protect agricultural lands and open space, and outgoing Commissioner LeZotte made fair and balanced decisions, and came up with good solutions for challenging situations throughout her service on LAFCO and in her other roles.

In response to an inquiry by **Commissioner Yeager**, Ms. Hamilton indicated that it is not clear why pocket residents oppose annexation but she observed that some prefer annexation to a particular city or zip code. She informed that a city she previously worked in took advantage of the streamlined annexation process and annexed many of its pockets but one of the pockets preferred annexation to another jurisdiction.

Commissioner Yeager clarified that the city that Ms. Hamilton is referring to took advantage of the streamlined annexation process for all the good reasons of urban planning and the notion that the cities should provide urban services. In response to his inquiry, Ms. Hamilton indicated that it would be difficult to use the streamlined process in Monte Sereno since its residents want to be a party to decisions in their community, and she noted a recent upheaval when the city council tried to implement state-mandated zoning regulations allowing for all types of housing.

Commissioner Rennie noted that he was seeking a compromise and inquired if the city is making any progress at all related to island annexations. He indicated that the city could have complied with the 2013 conditions for approval if they were attainable. In response to his inquiry, Ms. Hamilton indicated that the city is working to annex the La Hacienda property although there is ongoing litigation and she is unable to discuss details.

In response to an inquiry by **Chairperson Hall**, Ms. Hamilton indicated that she does not know why Monte Sereno withdrew from an agreement between the County and the west valley cities related to hillside preservation.

Commissioner Jimenez stated that it is important that policies are implemented without exception and he inquired if the approval of San Jose's Evergreen #202 USA expansion demonstrates the flexibility of LAFCO policies as stated by Mr. Woodward. Ms. Palacherla informed that the purpose of Evergreen #202 USA expansion was to correct the USA boundary by making it coterminous with the 15% slope line as established by San Jose's urban limit line/green line policy, and was based on a finding that there was a discrepancy between the USA and the 15 percent slope line. She reported that the parcels were annexed to avoid splitting assessment lines but a conservation easement was secured beyond the 15% slope line. She advised that San Jose's expansion is uniquely different from the Monte Sereno application, and she informed that San Jose has policies against growth beyond the 15% slope line, and the city has already annexed many of its pockets. In response to another inquiry by **Commissioner Jimenez**, Ms. Subramanian informed that LAFCO would consider the Civil Grand Jury Report and the Commission's response at the August meeting. She advised that the law requires LAFCO to respond but it does not require it to agree to the findings or implement their recommendations.

Commissioner Wasserman informed that the residents in a Los Gatos pocket have opposed annexation for over 40 years, and even after the County has improved the affected roads. He informed that pocket residents prefer to remain unincorporated so they can build larger homes or keep livestock. He questioned why LAFCO is opposed to this USA expansion request when it generally wants people annexed and prefers that the cities provide urban services. He informed that the application would not result in sprawl but would connect seven properties to sewer and transfer the County's responsibilities for street maintenance and public safety to Monte Sereno. He expressed support for approval based on these reasons.

Alternate Commissioner Trumbull expressed agreement about the environmental benefits of the sewer connection. He indicated, however, that the approval of the request violates policies and there is currently no strong argument for LAFCO to do that. He informed that as a former member of the County Planning Commission, he is aware that pockets confuse service providers and that serving a sprawling community is up to seven times more expensive. He warned against changing policies just to accommodate certain applications and expressed concern that Monte Sereno is not a party to the joint County-cities agreement regarding hillside preservation in the west valley. He stated his opposition to the motion.

Chairperson Hall expressed his opposition to the motion since Monte Sereno has not taken any action toward pocket annexations while the other cities recognize that eliminating pockets improves service efficiency and saves taxpayer money, and some cities even took advantage of the streamlined process when their residents opposed annexation. He suggested that Monte Sereno follow Saratoga's example by removing from its USA a pocket that it does not plan to annex. He observed that there has to be a reason why Monte Sereno is expanding its USA boundary to an area that was not in its original USA. He further stated that the Civil Grand Jury report came out too late to be included on the current agenda.

Commissioner Wasserman informed that LAFCO policies, like those of other bodies, were adopted at a time when they were considered appropriate, and they could be replaced or exceptions could be made. He indicated that there is no one policy that fits all circumstances. He noted that the USA expansion proposal is for sewer service and based on his site visit, he does not believe that the application would have an adverse effect on the community.

Commissioner Varela iterated his prior comments and informed that this application would be denied repeatedly if LAFCO strictly applies its policies. He suggested that LAFCO make an exception in order to set a good precedent and to demonstrate that the Commission is open-minded and looking to move forward.

Commissioner Rennie observed that while the application has its positive aspects, he is hesitant to support it without the City annexing any of its islands since that will set a precedent for future incremental expansions.

A motion to approve the USA/SOI amendment request.

Motion: Wasserman

Second: Varela

AYES: Varela, Wasserman, Yeager

NOES: Hall, Jimenez, Rennie, Trumbull

ABSTAIN: None

ABSENT: None

MOTION FAILED

A motion to deny the USA/SOI amendment request.

Commissioner Jimenez indicated that his vote demonstrates his support for the LAFCO policies and his opposition for eroding them or making them flexible, especially in the light of the Civil Grand Jury report. He indicated that LAFCO must decide on an application based on the policies that are in place. He observed that the Civil Grand Jury

Report may have valid points and noted that these issues would keep coming back if they are not addressed.

The Commission denied the USA/SOI amendment request.

Motion: Trumbull

Second: Jimenez

AYES: Hall, Jimenez, Rennie, Trumbull, Yeager NOES: Varela, Wasserman

ABSTAIN: None

ABSENT: None

MOTION PASSED

6. FINAL LAFCO BUDGET FOR FISCAL YEAR 2018

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

Ms. Palacherla informed that the only change on the budget since the April meeting is the addition of a separate line item for office space rent as requested by Commissioner Wasserman.

Commissioner Varela questioned the need to allocate \$100,000 for consultant fees for improving the community's understanding of the importance of agricultural lands. He stated that as a member of the Santa Clara County Farm Bureau he is aware that over 20,000 acres, mostly in District 1, have gone fallow in the last 20 years. He indicated that while large farms are doing well, small farmers are finding it difficult to stay in business. He questioned the need to study the preservation of agricultural lands when the farmers themselves no longer want to farm. In response to his inquiry, Ms. Palacherla advised that staff is proposing to use \$75,000 for the communications plan but there is no specific plan at this time.

Chairperson Hall indicated that the primary mission of LAFCO is to preserve agricultural lands. **Commissioner Varela** stated that the problem is how to make farmers continue farming and **Chairperson Hall** expressed agreement. **Commissioner Rennie** likewise expressed agreement and noted that he toured the farmlands in the South County. He observed that given the nature of the area, a study would give LAFCO a better understanding for how to do its mission of saving farmlands.

Commissioner Wasserman expressed agreement and indicated that there is an ongoing study to identify prime agricultural lands in South County and to determine a strategy to save them, such as clustering of farmlands. He noted that smaller parcels may no longer be viable for farming. **Commissioner Valera** noted the proliferation of McMansions and gated communities in the South County and indicated that an average home is being sold at \$2.5 million. He expressed his interest for various jurisdictions to work together and find a way to save open space and to let the farmers continue farming.

Chairperson Hall expressed disagreement with the idea that small farms are not profitable as he indicated that many farmers have offered to operate a four-acre farm that the Santa Clara Valley Open Space Authority had recently acquired. He informed that there are many farming models with interesting business opportunities.

Commissioner Varela expressed agreement and invited commissioners to attend the Farm Bureau meetings. At the request of **Commissioner Rennie**, **Commissioner Varela** indicated that he would invite LAFCO members to Farm Bureau meetings through the LAFCO Executive Officer. At the request of **Chairperson Hall**, **Commissioner Varela** indicated that he would ensure that those who have subscribed to the Farm Bureau’s email list would regularly receive updates.

Chairperson Hall determined that there are no more speakers from the public and declared the public hearing closed.

The Commission:

1. Adopted the Final Budget for Fiscal Year 2017-2018.
2. Found that the Final LAFCO Budget for Fiscal Year 2018 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Final LAFCO Budget adopted by the Commission including the estimated agency costs to the cities, the special districts, the County, the Cities Association and the Special Districts Association.
4. Direct the County Auditor–Controller to apportion LAFCO costs to the cities; to the special districts; and to the County; and to collect payment pursuant to Government Code §56381.

Motion: Yeager

Second: Rennie

AYES: Hall, Jimenez, Rennie, Trumbull, Varela, Wasserman, Yeager

NOES: None

ABSTAIN: None

ABSENT: None

MOTION PASSED

7. STRATEGIC COMMUNICATIONS AND PUBLIC OUTREACH PLAN/ IMPLEMENTATION

Ms. Noel presented the staff report.

Doug Muirhead, in reference to Commissioner Valera’s invitation to the Farm Bureau meetings, informed that the Farm Bureau’s executive director has indicated to him that their meetings are not open to the public. He suggested that staff attend meetings of various groups and jurisdictions with LAFCO-related agenda items in order to explain LAFCO’s goals and policies and to ensure balanced discussions at those meetings. He likewise proposed that LAFCO participate in the community outreach efforts of its partners, including the County Parks, the open space districts and the Santa Clara Valley Water District, to gain visibility and public support, and to reach out to decision makers.

Chairperson Hall determined that there are no more speakers from the public.

Commissioner Yeager expressed concern that the proposal could be similar to the rebranding efforts of some agencies in the county and he inquired as to the need for such an effort. Ms. Noel advised that the communications plan was recommended at the last Strategic Planning Workshop, and that while staff produced brochures and reports, there is a need for professionally created materials and targeted messages. Ms. Palacherla indicated that the target audience is composed of the local agencies, cities, special

districts, elected officials, planning commissioners, farm bureaus, chambers of commerce and environmental organizations among others. She observed that many of these agencies and groups generally agree with LAFCO's mission and goals, and this effort may help people understand the connection between LAFCO's actions and their shared goals.

In response to the inquiry of **Commissioner Jimenez**, Ms. Palacherla advised that the proposed allocation would remain in the budget if the Commission takes no action.

Commissioner Varela suggested that one idea for outreach is through the Morgan Hill Chamber of Commerce's Friday Night Music Series where LAFCO could pay \$10,000 to have a display tent and a five-minute talk time onstage. He encouraged the importance of partnership with the Chamber of Commerce.

Chairperson Hall indicated that LAFCO does not have enough resources for this type of community outreach. He stated that LAFCO has a good website and indicated that LAFCO must invest in professionally developed collateral materials to communicate LAFCO's messages efficiently as staff does not have this type of expertise.

Alternate Commissioner Trumbull proposed to appoint a commissioner to the consultant selection panel. **Commissioner Rennie** offered to participate in the consultant selection process. He indicated that based on his experience as a former product manager, he understands that a different skillset is required to develop communication materials and that staff is focused on other skills. He advocated for developing a communications plan as he believed that most people do not understand what LAFCO does. He noted that the targeted communications will help explain LAFCO's decisions to the public which in turn will help LAFCO make better decisions.

Commissioner Wasserman requested that staff provide information on how the \$75,000 would be spent and the public benefit it would provide. He expressed concern about spending public resources for the communication strategy and materials since members of the public rarely interact with LAFCO unless they need to annex a property. He moved to defer the item to the next meeting and directed staff to provide additional information with options. Ms. Palacherla advised that the purpose of issuing the RFP is to hire a consultant who would determine the best communications strategies and mechanisms to communicate how LAFCO's work affects people's daily lives and why LAFCO does what it does. **Commissioner Wasserman** indicated that regardless of whether the public is aware about and appreciate what LAFCO does, they would only come if they need LAFCO services. He stated that he is requesting more information to understand the public benefit of the effort. **Commissioner Rennie** suggested that LAFCO consider how the communications materials can help advance LAFCO policies. As an example, he explained that the communications materials may be used to explain that island annexations promote efficient delivery of services and save tax dollars.

In response to an inquiry by **Chairperson Hall**, **Commissioner Rennie** indicated that he would be willing to work with staff on the communications plan. Ms. Noel advised that a key step in the process is a strategic planning session with the Commission to develop consensus on the focus of the communications efforts but it requires a consultant to guide the Commission through the planning process. **Chairperson Hall** stated that the staff time is focused on applications and service reviews and, therefore, staff has limited

9.3 MEETING WITH MIDPENINSULA REGIONAL OPEN SPACE DISTRICT STAFF

The Commission noted the report.

9.4 UPDATE ON RECRUITMENT FOR NEW LAFCO ANALYST POSITION

The Commission noted the report.

9.5 SAN JOSE FOOD WORKS IMPLEMENTATION KICK-OFF MEETING

The Commission noted the report.

9.6 UPDATE ON THE SANTA CLARA VALLEY CLIMATE & AGRICULTURE PROTECTION

The Commission noted the report.

9.7 SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS MEETING

The Commission noted the report.

9.8 INTER-JURISDICTIONAL GIS WORKING GROUP MEETINGS

The Commission noted the report.

10. PENDING APPLICATIONS / UPCOMING PROJECTS

Ms. Palacherla informed that staff received an application for annexation to the West Valley Sanitation District.

11. COMMISSIONER REPORTS

12. NEWSPAPER ARTICLES / NEWSLETTERS

13. WRITTEN CORRESPONDENCE

Ms. Palacherla directed attention to the letter from the South Santa Clara Valley Memorial District's legal counsel, dated June 6, 2017, in response to correspondence from Robert Armendariz of American Legion Post 217.

She also informed that the Civil Grand Jury Report was released on June 5, 2017, and LAFCO has until September 5, 2017 to provide a formal response. She indicated that staff will work with the Chairperson and Vice-Chairperson to prepare a draft response to the report which the Commission will consider at its August meeting.

**14. CLOSED SESSION
PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

The Commission adjourned to Closed Session at 2:52 p.m., and reconvened to an open meeting at 3:05 p.m.

Chairperson Hall announced that there is no report from the Closed Session.

13. ADJOURN

The Commission adjourned at 3:06 PM to the regular LAFCO meeting on August 2, 2017 at 1:15 PM in the Board Meeting Chambers, 70 West Hedding Street, San Jose.

Approved on _____.

Sequoia Hall, Chairperson
Local Agency Formation Commission of Santa Clara County

By: _____
Emmanuel Abello, LAFCO Clerk