



## LAFCO MEETING AGENDA

Board Meeting Chambers, 70 West Hedding Street, First Floor  
San Jose, CA 95110

April 4, 2018

1:15 PM

**CHAIRPERSON: Ken Yeager • VICE-CHAIRPERSON: Susan Vicklund Wilson**

**COMMISSIONERS: Sequoia Hall, Sergio Jimenez, Rob Rennie, John L. Varela, Mike Wasserman**

**ALTERNATES: Sylvia Arenas, Cindy Chavez, Yoriko Kishimoto, Russ Melton, Terry Trumbull**

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### NOTICE TO THE PUBLIC

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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.santaclaralafco.org](http://www.santaclaralafco.org). 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](http://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.santaclaralafco.org](http://www.santaclaralafco.org).
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, 777 North First Street, Suite 410, 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) 993-4705.

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777 North First Street, Suite 410 • San Jose, CA 95112 • (408) 993-4713 • [www.santaclaralafco.org](http://www.santaclaralafco.org)

COMMISSIONERS: Sequoia Hall, Sergio Jimenez, Rob Rennie, John L. Varela, Mike Wasserman, Susan Vicklund Wilson, Ken Yeager

ALTERNATE COMMISSIONERS: Sylvia Arenas, Cindy Chavez, Yoriko Kishimoto, Russ Melton, Terry Trumbull

EXECUTIVE OFFICER: Neelima Palacherla

**1. ROLL CALL**

**2. PUBLIC COMMENTS**

This portion of the meeting provides an opportunity for members of the public to address the Commission on matters not on the agenda, provided that the subject matter is within the jurisdiction of the Commission. No action may be taken on off-agenda items unless authorized by law. Speakers are limited to THREE minutes. All statements that require a response will be referred to staff for reply in writing.

**3. APPROVE MINUTES OF FEBRUARY 7, 2018 LAFCO MEETING**

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**PUBLIC HEARING**

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**4. PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2019**

**Recommended Action:**

1. Adopt the Proposed Budget for Fiscal Year 2018-2019.
2. Find that the Proposed Budget for Fiscal Year 2019 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Proposed Budget adopted by the Commission including the estimated agency costs as well as the LAFCO public hearing notice on the adoption of the Fiscal Year 2019 Final Budget to the cities, the special districts, the County, the Cities Association and the Special Districts Association.

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**ITEMS FOR ACTION / INFORMATION**

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**5. LAFCO FINANCIAL REPORTS AND INDEPENDENT AUDIT SERVICES**

**Recommended Action:**

1. Arrange for an annual audit of LAFCO's financial statements to be conducted by an independent auditor, beginning with the current fiscal year (FY 2018).
2. Direct staff to prepare a Draft Request for Proposals (RFP) for financial audit services, for Commission consideration and approval at its June 6, 2018 meeting.

**6. SPHERE OF INFLUENCE DETERMINATIONS FOR THE CITY OF MONTE SERENO  
SPHERE OF INFLUENCE AMENDMENT**

**Recommended Action:**

1. Adopt Sphere of Influence Determinations for the City of Monte Sereno Sphere of Influence Amendment, approved by LAFCO on February 7, 2018.

**7. UPDATE ON THE COMMUNICATIONS AND OUTREACH PLAN**

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

**8. EXECUTIVE OFFICER'S REPORT**

**8.1 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING**

For information only.

**8.2 CALAFCO WHITE PAPER: STATE OF THE ART ON AGRICULTURAL PRESERVATION**

For information only.

**8.3 MEETING WITH TOWN OF LOS GATOS STAFF ON ISLAND ANNEXATIONS**

For information only.

**8.4 MEETING WITH COUNTY ROADS AND AIRPORTS STAFF & TOWN OF LOS GATOS STAFF ON POTENTIAL ANNEXATION OF REMAINING PORTIONS OF SHANNON ROAD**

For information only.

**8.5 INTER-JURISDICTIONAL GIS WORKING GROUP MEETING**

For information only.

**9. LEGISLATIVE REPORT**

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

**10. PENDING APPLICATIONS / UPCOMING PROJECTS**

**11. COMMISSIONER REPORTS**

**12. NEWSPAPER ARTICLES / NEWSLETTERS**

**13. WRITTEN CORRESPONDENCE**

**14. ADJOURN**

Adjourn to the regular LAFCO meeting on June 6, 2018 at 1:15 PM in the Board Meeting Chambers, 70 West Hedding Street, San Jose.



**LAFCO MEETING MINUTES  
WEDNESDAY, FEBRUARY 7, 2018**

**CALL TO ORDER**

The meeting was called to order at 1:16 p.m.

**1. ROLL CALL**

The following commissioners and alternates were present:

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

The following commissioners and alternates were absent:

- **Vice Chairperson Susan Vicklund Wilson**
- **Alternate Commissioner Sylvia Arenas**
- **Alternate Commissioner Cindy Chavez**
- **Alternate Commissioner Yoriko Kishimoto**

The following staff members were present:

- **LAFCO Executive Officer Neelima Palacherla**
- **LAFCO Assistant Executive Officer Dunia Noel**
- **LAFCO Analyst Lakshmi Rajagopalan**
- **LAFCO Clerk Emmanuel Abello**
- **LAFCO Counsel Malathy Subramanian**

**4. PUBLIC COMMENTS**

There was none.

**5. APPROVE MINUTES OF DECEMBER 6, 2017 LAFCO MEETING**

Ms. Palacherla proposed a correction to the draft minutes to reflect that Dunia Noel was absent at the December 6, 2017 meeting.

The Commission approved the minutes of the December 6, 2017 LAFCO meeting, as corrected.

Motion: Wasserman    Second: Hall

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

NOES: None    ABSTAIN: None    ABSENT: None

**MOTION PASSED**

Upon the request of **Commissioner Wasserman**, there being no objection, the Commission added agenda item numbers 6, 8 and 12 to the consent calendar.

The Commission approved the consent calendar.

**4. CONSENT ITEM: WEST VALLEY SANITATION DISTRICT 2017-02 (TWELVE OAKS ROAD)**

The Commission adopted Resolution No. 2018-02, approving the annexation of approximately 1.46 acres located at 201 Twelve Oaks Road in Los Gatos, to the West Valley Sanitation District.

Motion: Wasserman    Second: Hall

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

NOES: None    ABSTAIN: None    ABSENT: None

**MOTION PASSED**

**5. MONTE SERENO URBAN SERVICE AREA (USA) AND SPHERE OF INFLUENCE (SOI) AMENDMENT 2017 (LUCKY ROAD)**

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

Ms. Palacherla presented the staff report. At the request of **Chairperson Yeager**, Ms. Palacherla provided a brief history of the application and explained that LAFCO had heard this same application twice before and described LAFCO's prior actions on the proposal.

Nick Petredis, representative of the property owners, expressed appreciation to LAFCO for waiving the time requirement and allowing submission of the

application. He stated that the presence of the historic house and the area's proximity to the city limits make it suitable for annexation. He also expressed understanding of the staff's position but indicated that there are equally valid points for annexation. He informed that the property owners would run a sewer line along Lucky Road that would allow neighbors to connect to the sewer system. He informed that the existing septic system is partly broken. He offered to cooperate with the city on annexation of the pockets. Finally, citing the letters from those who are opposed to the proposal, he informed that his clients granted an easement to the San Jose Water Company and are willing to offer \$50,000 towards a road maintenance agreement if necessary. .

**Commissioner Wasserman** indicated his appreciation for the recommendations for denial but indicated that the proposal is not precedent setting and should be considered on its own merits. He expressed understanding of Monte Sereno's position on island annexation as he recalled that while he was serving on the Los Gatos Town Council, a survey found that majority of residents in the pockets were opposed to annexation. He stated that annexation of Monte Sereno islands should not be tied to approving this proposal since these are two separate issues, and that this area has its reasons to be annexed.

**Alternate Commissioner Trumbull** informed that he voted to deny the proposal in June 2017 and that his position remains the same since there has been no change on the status of the application. He informed that LAFCO's job is to enforce the rules for all, and noted that the area is only accessible via a private road. He further informed that Monte Sereno failed to follow through on island annexations and had unilaterally withdrawn from an agreement with the County to protect the West Valley hillsides.

In response to an inquiry by **Commissioner Jimenez**, Ms. Palacherla informed that an example of a growth inducing application was Morgan Hill's USA boundary expansion for city facilities on the urban edge that was approved by LAFCO but after it was developed, the city came back to request for more expansion into farmlands in the vicinity. In response to his follow-up inquiry, Ms. Palacherla informed that the 2015 Cities Service Review was not a reason for the staff recommendation. **Commissioner Varela**, in reference to the comment on Morgan Hill's boundary expansion, informed that the property owners have offered agricultural mitigation for those lands and it was the farmers themselves who have requested annexation of farmlands He indicated that his position on the proposal has not changed as he considers the area an island and that its approval would not induce growth.

The Commission:

- a. Approved the USA/SOI amendment request and directed staff to return with the required SOI determinations at the next meeting.
- b. The Commission, as a Responsible Agency under CEQA, has taken the following actions regarding the Mitigated Negative Declaration for this project:
  1. Found that the Initial Study and Mitigated Negative Declaration approved by the City of Monte Sereno on September 3, 2013 were completed in compliance with CEQA and are an adequate discussion of the environmental impacts of the project.
  2. Found that prior to making a decision on this project, LAFCO reviewed and considered the environmental effects of the project as outlined in the Initial Study and Mitigated Negative Declaration.

Motion: Wasserman

Second: Varela

AYES: Yeager, Jimenez, Rennie, Varela, Wasserman

NOES: Hall, Trumbull

ABSTAIN: None

ABSENT: None

**MOTION PASSED**

**6. CONSENT ITEM: PROPOSED AMENDMENT OF LAFCO BYLAWS**

The Commission amended the LAFCO Bylaws to include the proposed policies regarding LAFCO meeting agendas.

Motion: Wasserman

Second: Hall

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

NOES: None

ABSTAIN: None

ABSENT: None

**MOTION PASSED**

**7. FINANCE COMMITTEE FOR FISCAL YEAR 2018-2019**

The Commission appointed Commissioners Hall, Jimenez and Rennie to the Finance Committee.

**8. CONSENT ITEM: SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA) WORKERS' COMPENSATION RESOLUTION**

The Commission adopted **Resolution No. 2018-01** confirming workers compensation coverage by SDRMA for LAFCO commissioners.



Motion: Wasserman                                Second: Hall

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

NOES: None                                ABSTAIN: None                                ABSENT: None

**MOTION PASSED**

**9. UPDATE ON COMMUNICATIONS AND OUTREACH PLAN & IMPLEMENTATION**

Ms. Palacherla presented the staff report and expressed appreciation to the commissioners for responding to the Survey. She also thanked Commissioner Jimenez for making arrangements to host the LAFCO Communications workshop at San Jose City Hall.

The Commission accepted the report.

Motion: Wasserman                                Second: Jimenez

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

NOES: None                                ABSTAIN: None                                ABSENT: None

**MOTION PASSED**

**10. UPDATE ON THE SANTA CLARA VALLEY AGRICULTURAL PLAN**

Ms. Noel presented the staff report.

In response to an inquiry by **Commissioner Jimenez, Chairperson Yeager** informed that appointments have not been made to the Agricultural Preservation Task Force.

Doug Muirhead, resident of Morgan Hill, proposed that the Plan's benefits must be explained in a way that ordinary citizens will understand the personal benefits of farmlands so as to build public support for preserving agricultural lands.

The Commission accepted the report.

Motion: Jimenez                                Second: Hall

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

NOES: None                                ABSTAIN: None                                ABSENT: None

**MOTION PASSED**

**11. LEGISLATIVE REPORT**

Ms. Palacherla presented the staff report.

The Commission expressed support for the legislative proposal (CLAFCO Omnibus Bill) that would remove the current restriction in state law which does not allow the Santa Clara LAFCO public member to be a resident of a city already represented on LAFCO.

Motion: Varela    Second: Hall

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

NOES: Nome    ABSTAIN: None    ABSENT: None

**MOTION PASSED**

**12. CONSENT ITEM: CALAFCO RELATED ACTIVITIES**

**12.1 2018 CALAFCO STAFF WORKSHOP**

The Commission authorized staff to attend the 2018 CALAFCO Staff Workshop and authorized travel expenses funded by the LAFCO budget.

Motion: Wasserman    Second: Hall

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

NOES: Nome    ABSTAIN: None    ABSENT: None

**MOTION PASSED**

**12.2 CALAFCO BOARD OF DIRECTORS MEETING**

The Commission noted the report.

**13. EXECUTIVE OFFICER’S REPORT**

**13.1 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING**

The Commission noted the report.

**13.2 SANTA CLARA COUNTY ASSOCIATION OF PLANNING OFFICIALS (SCCAPO) MEETING**

The Commission noted the report.

**13.3 MEETING WITH COMMITTEE FOR GREEN FOOTHILLS LEGISLATIVE ADVOCATE**

The Commission noted the report.

**13.4 MEETING WITH CITY OF MORGAN HILL STAFF**

The Commission noted the report.

**13.5 LAFCO ORIENTATION SESSION FOR NEW POLICY AIDES**

The Commission noted the report.

**13.6 INTER-JURISDICTIONAL GIS WORKING GROUP MEETING**

The Commission noted the report.

**14. PENDING APPLICATIONS / UPCOMING PROJECTS**

There was none.

**15. COMMISSIONER REPORTS**

There was none.

**16. NEWSPAPER ARTICLES / NEWSLETTERS**

There was none.

**17. WRITTEN CORRESPONDENCE**

There was none.

**18. ADJOURN**

The Commission adjourned at 1:48 p.m., to the regular LAFCO meeting on April 4, 2018 at 1:15 p.m., in the Board Meeting Chambers, 70 West Hedding Street, San Jose.

Approved on \_\_\_\_\_.

\_\_\_\_\_  
Ken Yeager, Chairperson  
Local Agency Formation Commission of Santa Clara County

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



**LAFCO MEETING:** April 4, 2018  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
**SUBJECT:** PROPOSED LAFCO BUDGET FOR FISCAL YEAR 2019

### **FINANCE COMMITTEE / STAFF RECOMMENDATION**

1. Adopt the Proposed Budget for Fiscal Year 2018-2019.
2. Find that the Proposed Budget for Fiscal Year 2019 is expected to be adequate to allow the Commission to fulfill its statutory responsibilities.
3. Authorize staff to transmit the Proposed Budget adopted by the Commission including the estimated agency costs as well as the LAFCO public hearing notice on the adoption of the Fiscal Year 2019 Final Budget to the cities, the special districts, the County, the Cities Association and the Special Districts Association.

### **BACKGROUND**

#### **LAFCO Budget Process Requirements**

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. Government Code §56381(a) establishes that at a minimum, the budget must be equal to that of the previous year unless the Commission finds that reduced staffing or program costs will nevertheless allow it to fulfill its statutory responsibilities. Any unspent funds at the end of the year may be rolled over into the next fiscal year budget. After adoption of the final budget by LAFCO, the County Auditor is required to apportion the net operating expenses of the Commission to the agencies represented on LAFCO.

LAFCO and the County of Santa Clara entered into a Memorandum of Understanding (MOU) (effective since July 2001), under the terms of which, the County provides staffing, facilities, and services to LAFCO. The associated costs are reflected in the proposed LAFCO budget. LAFCO is a stand-alone, separate fund within the County's accounting and budget system and the LAFCO budget information is formatted using the County's account descriptions/codes.

**Fiscal Year 2018-2019 Budget Timeline**

<b>Dates</b>	<b>Staff Tasks / LAFCO Action</b>
March 12 - April 4	Notice period, Draft Budget posted on LAFCO website and available for review and comment
April 4	LAFCO public hearing on adoption of Draft Budget
April 5	Draft Budget, draft apportionments and LAFCO public hearing notice on Final Budget transmitted to agencies
June 6	Public hearing and adoption of Final Budget
June 6 - July 1	Final Budget transmitted to agencies; Auditor requests payment from agencies

**LAFCO FINANCE COMMITTEE**

At its February 7, 2018 LAFCO meeting, the Commission appointed Commissioners Hall, Jimenez, and Rennie to the LAFCO Finance Committee, and directed the Committee to develop a draft budget for Commission consideration.

The Finance Committee held a meeting on March 19, 2018. The Committee discussed issues related to the budget including the highlights and progress on the current year work plan, and the status of the current year budget.

The Committee recommended that the Commission arrange for an annual audit of LAFCO's financial statements to be conducted by an independent auditor and directed that staff research for the full Commission's consideration, potential costs associated with retaining an independent auditor. See Agenda Item #5 for a full discussion of this issue.

The Committee directed that staff present for the full Commission's consideration and adoption (at the June 2018 meeting), a revision of the LAFCO fee schedule in order to reflect current staff rates; and a proposed policy on LAFCO fee waivers so as to achieve full cost recovery and offset costs to funding agencies.

The Committee also recommended that staff initiate a classification and compensation review for the LAFCO Clerk position, in order to better reflect the requirements, duties and responsibilities of the position. The position was last reviewed and revised in 2008. Since that time, the Clerk’s duties have progressively and substantially increased due to various changes in LAFCO’s operations and State law. The MOU between the County and LAFCO provides a window of time within which LAFCO may request that the County conduct such a review. Staff will coordinate with the County and present the issue for Commission consideration at a future meeting in a timely manner.

**STATUS OF CURRENT YEAR (FISCAL YEAR 2018) WORK PLAN AND BUDGET**

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**Attachment A** depicts the current status of the work items/projects in the Fiscal Year 2018 Work Program. In addition to reviewing and processing LAFCO applications and engaging in various local / regional projects, a major focus of LAFCO’s work during this fiscal year centered around two important matters – (1.) recruitment, hiring and training of the new LAFCO Analyst and (2.) launching the effort to prepare and implement a Public Communications and Outreach Plan.

The LAFCO Annual Report which will be published at the end of the current fiscal year will document the applications processed by LAFCO and the various activities/projects that LAFCO has engaged in or completed in Fiscal Year 2018.

**Attachment B** depicts the current Fiscal Year budget status. The adopted LAFCO budget for FY 2018 is \$1,084,733. Based on information through the end of February 2018, total year-end projected expenditures for FY 2018 would be approximately \$182,333 or 16% less than the adopted budget for FY 2018. Revenue for FY 2018 is projected to be slightly lower than that projected in the adopted budget for FY 2018. The County, the cities and the independent special districts paid their respective shares of LAFCO’s FY 2018 costs as apportioned by the County Controller. The actual fund balance rolled over at the end of FY 2017 was \$331,177, which is approximately \$84,338 (\$331,177- \$246,839) more than projected in the adopted FY 2018 budget.

It is projected that there will be a savings or fund balance of approximately \$259,171 at the end of Fiscal Year 2018, which will be carried over to reduce the proposed Fiscal Year 2019 costs for the funding agencies (cities, independent special districts and the County).

$$\begin{aligned} \text{Projected Year-End [FY 18] Fund Balance} &= (\text{Projected Year-End [FY 18] Revenue} + \text{Actual} \\ &\quad \text{Fund Balance from Previous Fiscal Year [FY 17]} + \\ &\quad \text{Funds Received from Local Agencies in FY 18}) - \\ &\quad (\text{Projected Year-End [FY 18] Expenses}) \\ &= (\$31,500 + \$331,177 + \$798,894) - \$902,400 \\ &= \$259,171 \end{aligned}$$

Please note that the fund balance excludes the \$150,000 set aside as the reserve, which is expected to be unused at the end of FY 2018, and will be rolled over to the next year as-is and maintained as the reserve.

### **PROPOSED WORK PROGRAM FOR FISCAL YEAR 2018-2019**

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LAFCO is mandated by the state to process jurisdictional boundary change applications in accordance with the provisions of the Cortese Knox Hertzberg Act. Associated with this mandate, LAFCO has several responsibilities/requirements including but not limited to adopting written policies and procedures, maintaining a website, serving as a conducting authority for protest proceedings and conducting public hearings and providing adequate public notice. Other state mandates for LAFCO include conducting sphere of influence reviews and updates for cities and special districts within the county once every five years, or as necessary, after preparing the associated service reviews for the agencies.

The LAFCO work program for FY 2018- 2019 is presented in **Attachment C**. Some key items in the proposed work plan include the preparation and implementation of the Public Communications and Outreach Plan; development of a plan for and establishment of priorities for conducting the next round of service reviews; and the comprehensive review and update of LAFCO policies and procedures in order to provide better clarity; among other ongoing projects. Further, staff is currently working with the CALAFCO Executive Director in exploring the potential for hosting the 2019 CALAFCO Staff Workshop in San Jose. CALAFCO has issued a RFP for a facility to hold the event in the area. The Workshop will be held in April 2019 and the host LAFCO's responsibilities include organizing a mobile workshop, coordinating opening remarks, recommending local sponsors, organizing a Bounty of the County reception, participating on the program committee, and designing workshop logo/flyer and so on, among other things.

The Committee discussed the proposed work plan for Fiscal Year 2019 and recommended it for Commission consideration and adoption.

### **PROPOSED BUDGET: FISCAL YEAR 2017-2018**

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The Finance Committee recommended the Proposed FY 2019 Budget, for the full Commission's consideration and approval. (See Attachment D). The following is a detailed itemization of the proposed budget.

#### **EXPENDITURES**

Expenditures are divided into two main sections: Staff Salary and Benefits (Object 1), and Services and Supplies (Object 2).



**OBJECT 1. SALARIES AND BENEFITS**

This includes the salary and benefits for the four current LAFCO staff positions including Executive Officer, the two Analyst positions and Clerk position. All four of these positions are staffed through the County Executive's Office. The County projects that the salaries and benefits for the four LAFCO positions would total approximately \$691,802 in FY 2019. The proposed amount is based on the best available projections from the County. Any further changes to the projections for these four positions that occur within the next couple of months will be reflected in the Final LAFCO budget.

**OBJECT 2. SERVICES AND SUPPLIES**

**5255100 INTRA-COUNTY PROFESSIONAL \$45,000**

This amount includes the costs for services from various County agencies such as the County Surveyor's Office, the County Assessors' Office, and the Registrar of Voters.

The County Surveyor assists with map review and approval for boundary change proposals. In addition, the Surveyor's Office also assists with research to resolve boundary discrepancies. The County Assessor's Office prepares reports for LAFCO and the Registrar of Voters provides data necessary for processing LAFCO applications. This item also allows LAFCO to seek GIS mapping services including maintenance and technical assistance from the County Planning Office, as necessary.

**5255800 LEGAL COUNSEL \$70,200**

This item covers the cost for general legal services for the fiscal year.

In February 2009, the Commission retained the firm of Best Best & Krieger for legal services on a monthly retainer. The contract was amended in 2010 to reduce the number of total hours required to 240 hours per year. The contract sets the hourly rate and allows for an annual automatic adjustment to the rates based on the Consumer Price Index (CPI). In 2017, the contract was once again amended to increase the monthly retainer and limit the CEQA work within the retainer to 24 hours annually. Any additional CEQA work above 24 hours would be charged outside the retainer at the same hourly rate.

The monthly retainer for FY 2019 increases to \$5,573, based on a 3.2% increase in the Consumer Price Index for the prior calendar year (2017). This item covers the annual retainer fees and includes additional monies to cover approximately 10 hours of work outside the retainer.

**5255500 CONSULTANT SERVICES \$100,000**

This item is budgeted for hiring consultants to assist LAFCO with special projects such as for preparing service reviews, facilitating a strategic planning workshop, scanning LAFCO records into LaserFische, and conducting the annual financial audit, among others. The Commission must take action to authorize such special projects prior to any

expenditures. This item also includes costs associated with ongoing existing contracts such as costs for hosting the LAFCO website by an outside provider.

**5285700 MEAL CLAIMS \$750**

This item is being maintained at \$750.

**5220200 INSURANCE \$6,000**

This item is for the purpose of purchasing general liability insurance and workers' compensation coverage for LAFCO. In 2010, LAFCO switched from the County's coverage to the Special District Risk Management Authority (SDRMA), for the provision of general liability insurance. Additionally, LAFCO also obtains workers' compensation coverage for its commissioners from SDRMA. Workers' compensation for LAFCO staff is currently covered by the County and is part of the payroll charge. For Fiscal Year 2019, Workers Compensation coverage costs are estimated at \$850 and General Liability insurance costs are estimated at \$5,000.

**5270100 RENT & LEASE**

This item includes the rent for the new office space lease which amounts to \$42,764 for FY 2019.

**5250100 OFFICE EXPENSES \$10,000**

This item includes funds for purchase of books, periodicals, and small equipment and supplies, including photocopier costs.

**5255650 DATA PROCESSING SERVICES \$4,123**

This item includes costs associated with County Information Services Department providing IT services to the LAFCO program including Enterprise Content Management services and solutions (\$1,891), Claranet services (\$1,350), security services (\$728), and sccLearn (\$154).

**5225500 COMMISSIONER'S FEES \$10,000**

This item covers the \$100 per diem amount for LAFCO commissioners and alternate commissioners to attend LAFCO meetings and committee meetings.

**5260100 PUBLICATIONS AND LEGAL NOTICES \$2,500**

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

**5245100 MEMBERSHIP DUES \$8,926**

This amount includes funding for membership dues to CALAFCO – the California Association of LAFCOs. Dues were increased only by the CPI for FY 2018-19 (2.9%). As a result, the 2019 CALAFCO dues will increase to \$8,926.

**5250750 PRINTING AND REPRODUCTION \$1,500**

This covers printing expenses for reports such as service reviews or other studies.

**5285800 BUSINESS TRAVEL \$16,000**

This item includes costs incurred by staff and commissioners to attend conferences and workshops. It would cover air travel, accommodation, conference registration and other expenses at the conferences. CALAFCO annually holds a Staff Workshop and an Annual Conference that is attended by commissioners as well as staff. In addition, this item covers expenses for travel to the CALAFCO Legislative Committee meetings and the CALAFCO Executive Board meetings. Commissioner Wilson serves on the CALAFCO Legislative Committee and on the Executive Board; and EO Palacherla serves on the CALAFCO Legislative Committee.

**5285300 PRIVATE AUTOMOBILE MILEAGE \$2,000**

This item provides for mileage reimbursement when staff travels by private car to conduct site visits and attend meetings / training sessions.

**5285200 TRANSPORTATION AND TRAVEL (for use of County car) \$605**

This item would cover costs associated with the use of a County vehicle for travel to conferences, workshops, site visits and meetings.

**5281600 OVERHEAD (\$79,368)**

This is an amount established by the County Controller's Office, for service rendered by various County departments that do not directly bill LAFCO. The overhead includes LAFCO's share of the County's FY 2018 Cost Allocation Plan which is based on actual overhead costs from FY 2017 – the most recent year for which actual costs are available. Although the budgeted amount is \$79,368, the County recently informed staff that LAFCO will be billed for only \$69,944 as the County had mistakenly applied a charge of \$9,424 for LAFCO facilities. Since the County's Cost Allocation Plan cannot be revised at this time, the original amount of \$79,368 will remain in the LAFCO Budget in order to avoid issues in the County's accounting system. The overhead includes the following charges from:

County Executive's Office:	\$21,641
Controller-Treasurer:	\$7,795
Employee Services Agency:	\$3,928
OBA:	\$343
BHS-MH - Employee:	\$138
ISD Intergovernmental Service:	\$821
ISD:	\$2,213
Procurement:	\$3,336

Further, a “roll forward” is applied which is calculated by comparing FY 2017 Cost Plan estimates with FY 2017 actuals. The FY 2017 cost estimates were lower than the actuals by \$29,729, this amount is added to the FY 2019 Cost Plan. This is a state requirement.

**5275200 COMPUTER HARDWARE \$3,000**

This item is designated for any required hardware upgrades / purchases.

**5250800 COMPUTER SOFTWARE \$4,000**

This amount is designated for computer software purchases, and annual licenses for GIS software and records management (LaserFische) hardware/software annual maintenance agreement.

**5250250 POSTAGE \$2,000**

This amount covers postage costs associated with mailing notices, agendas, agenda packets and other correspondence and is being maintained at \$2,000.

**5252100 TRAINING PROGRAMS \$2,000**

This item covers the costs associated with attendance at staff development courses and seminars. CALAFCO conducts CALAFCO University Courses throughout the year on topics of relevance to LAFCO.

**REVENUES**

**4103400 APPLICATION FEES \$30,000**

It is anticipated that LAFCO will receive approximately \$30,000 in fees from processing applications. The actual amount earned from fees depends entirely on the level of application activity.

**4301100 INTEREST \$4,000**

It is estimated that LAFCO will receive an amount of approximately \$4,000 from interest earned on LAFCO funds.

**RESERVES**

**3400800 RESERVES \$150,000**

This item includes reserves for two purposes: litigation reserve – for use if LAFCO is involved with any litigation and contingency reserve - to be used for unexpected expenses. If used during the year, this account will be replenished in the following year. Since 2012, the reserves have been retained in a separate Reserves account, thus eliminating the need for LAFCO to budget each year for this purpose. LAFCO currently retains \$150,000 in reserves separate from operating expenses.

## **COST APPORTIONMENT TO CITIES, INDEPENDENT SPECIAL DISTRICTS AND COUNTY**

In January 2013, independent special districts were seated on LAFCO. Government Code §56381(b)(1)(A) provides that when independent special districts are represented on LAFCO, the county, cities and independent special districts must each provide a one-third share of LAFCO's operational budget.

The City of San Jose has permanent membership on LAFCO pursuant to Government Code Section 56327. As required by Government Code §56381.6(b), the City of San Jose's share of LAFCO costs must be in the same proportion as its member bears to the total membership on the commission, excluding the public member. The remaining cities' share must be apportioned in proportion to each city's total revenues, as reported in the most recent edition of the Cities Annual Report published by the Controller, as a percentage of the combined city revenues within a county.

Government Code Section 56381 provides that the independent special districts' share shall be apportioned in proportion to each district's total revenues as a percentage of the combined total district revenues within a county. The Santa Clara County Special Districts Association (SDA), at its August 13, 2012 meeting, adopted an alternative formula for distributing the independent special districts' share to individual districts. The SDA's agreement requires each district's cost to be based on a fixed percentage of the total independent special districts' share.

Therefore in Santa Clara County, the County pays a third of LAFCO's operational costs, the independent special districts pay a third, the City of San Jose pays one sixth and the remaining cities pay one sixth. Government Code §56381(c) requires the County Auditor to request payment from the cities, independent special districts and the County no later than July 1 of each year for the amount each agency owes based on the net operating expenses of the Commission and the actual administrative costs incurred by the Auditor in apportioning costs and requesting payment.

### **Calculation of Net Operating Expenses**

$$\begin{aligned} \text{FY 2019 Net Operating Expenses} &= (\text{Proposed FY 2019 Expenditures}) - (\text{Proposed FY} \\ &\quad \text{2019 Fee \& Interest Revenues} + \text{Projected Fund} \\ &\quad \text{Balance from FY 2018}) \\ &= \$809,367 \end{aligned}$$

Please note that the projected operating expense for FY 2019 is based on projected savings and expenses for the current year. Further revisions may be needed as we get a better indication of current year expenses/revenues towards the end of this fiscal year. Additionally, a more accurate projection of costs/revenues for the upcoming fiscal year could become available, particularly for employee salary/benefits. This could result in

changes to the proposed net operating expenses for FY 2019 which could in turn impact the costs for each of the agencies. The following is a draft apportionment to the agencies based on the proposed net operating expenses for FY 2019.

**FY 2019 COST TO AGENCIES**

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County of Santa Clara	\$269,789
<hr/>	
City of San Jose	\$134,895
<hr/>	
Remaining 14 Cities in the County	\$134,895
<hr/>	
17 Independent Special Districts	\$269,789
<hr/>	

Apportionment of the costs among the 14 cities and among the 17 independent special districts will be calculated by the County Controller’s Office after LAFCO adopts the final budget in June. In order to provide each of the cities and districts with a general indication of their costs in advance, **Attachment E** includes draft estimated apportionments based on the selected budget option.

**ATTACHMENTS**

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- Attachment A: Status of FY 2018 Work Plan
- Attachment B: Status of FY 2018 Budget
- Attachment C: Proposed Work Program for Fiscal Year 2019
- Attachment D: Proposed LAFCO Budget for Fiscal Year 2019
- Attachment E: Estimated Costs to Agencies Based on the Proposed Budget

## STATUS OF CURRENT (FY 2018) WORK PLAN

**AGENDA ITEM # 4  
Attachment A**

	PROJECTS	STATUS
<b>LAFCO APPLICATIONS</b>	Process applicant initiated LAFCO proposals	Ongoing, as needed
	Comment on potential LAFCO applications, City General Plan updates and/ or related environmental documents	Ongoing, as needed
	Respond to public enquiries re. LAFCO policies, procedures and filing requirements for LAFCO applications	Ongoing, as needed
<b>ISLAND ANNEXATIONS</b>	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	Ongoing, as needed
	Review and finalize city-conducted island annexations	Ongoing, as needed
<b>PUBLIC OUTREACH / COMMUNICATION</b>	Develop and implement a public information /communications strategy	In progress
	Participate in CALAFCO conferences / workshops/ white papers	Ongoing
	Conduct workshops and/or make presentations re. LAFCO program, policies and procedures to local agencies, organizations, commissioners, community groups, staff	Ongoing
	Participate in local, regional, statewide organizations: SDA, SCCAPO, CALAFCO, GIS Working Group	Ongoing
<b>SERVICE REVIEW &amp; SPHERE UPDATES</b>	Develop a plan, strategies and priorities for conducting the next round of service reviews	TBD
	Continue to follow up on implementation of recommendations from previous service reviews, as necessary, encouraging principles of good governance and management for special districts	Ongoing
<b>ADMINISTRATION</b>	Prepare budget, and work plan	Ongoing
	Revise LAFCO fee schedule and draft a fee waiver policy	In progress
	Conduct a Strategic Planning Workshop for LAFCO	TBD
	Maintain and enhance LAFCO Website	Ongoing
	Maintain LAFCO database	Ongoing
	Maintain LAFCO's electronic document management system	Ongoing
	Prepare Annual Report	August 2017
	Recruit and hire staff for the new LAFCO Analyst position. Staff training and development	December 2017 Ongoing
	Staff performance evaluation	April – May 2018
	Other administrative functions required of a public agency	Ongoing
<b>OTHER</b>	Review and update policies and procedures	Ongoing
	Mapping Mutual Water companies	Ongoing
	JPA filings	On going
	Track LAFCO related legislation (CALAFCO Leg. Committee)	Ongoing
	Participation / comment on the County / OSA's CAPP	On going
	Conduct Special District member election to the Countywide Redevelopment Oversight Board	May 2018





**AGENDA ITEM # 4**  
**Attachment B**

**FY 2018 LAFCO BUDGET STATUS**

ITEM #	TITLE	ACTUALS FY 2008	ACTUALS FY 2009	ACTUALS FY 2010	ACTUALS FY 2011	ACTUALS FY 2012	ACTUALS FY 2013	ACTUALS FY 2014	ACTUALS FY 2015	ACTUALS FY 2016	ACTUALS FY 2017	APPROVED FY 2018	YEAR TO DATE 3/9/2018	YEAR END PROJECTIONS 2018
<b>EXPENDITURES</b>														
	Salary and Benefits	\$356,009	\$400,259	\$406,650	\$413,966	\$393,194	\$411,929	\$450,751	\$466,755	\$484,216	\$514,381	\$685,072	\$392,486	\$629,046
Object 2: Services and Supplies														
	5255100 Intra-County Professional	\$66,085	\$57,347	\$13,572	\$4,532	\$6,118	\$5,260	\$5,663	\$4,379	\$18,523	\$1,292	\$45,000	\$1,376	\$3,000
	5255800 Legal Counsel	\$0	\$9,158	\$67,074	\$52,440	\$48,741	\$56,791	\$53,550	\$52,854	\$57,498	\$71,131	\$70,200	\$32,400	\$65,000
	5255500 Consultant Services	\$19,372	\$75,000	\$76,101	\$58,060	\$102,349	\$59,563	\$35,602	\$37,250	\$39,625	\$0	\$100,000	\$0	\$75,000
	5285700 Meal Claims	\$0	\$368	\$277	\$288	\$379	\$91	\$228	\$209	\$367	\$50	\$750	\$580	\$750
	5220100 Insurance	\$491	\$559	\$550	\$4,582	\$4,384	\$4,378	\$4,231	\$4,338	\$4,135	\$4,679	\$5,000	\$4,893	\$4,893
	5250100 Office Expenses	\$1,056	\$354	\$716	\$639	\$1,212	\$536	\$850	\$783	\$6,266	\$48,632	\$9,236	\$6,457	\$10,000
	Rent and Lease											\$42,764	\$34,040	\$42,000
	5255650 Data Processing Services	\$8,361	\$3,692	\$3,505	\$1,633	\$3,384	\$1,663	\$3,311	\$9,024	\$1,519	\$6,869	\$3,600	\$379	\$3,600
	5225500 Commissioners' Fee	\$5,700	\$5,400	\$3,500	\$3,400	\$4,000	\$4,900	\$5,800	\$4,900	\$6,700	\$5,300	\$10,000	\$3,500	\$9,000
	5260100 Publications and Legal Notices	\$1,151	\$563	\$1,526	\$363	\$916	\$222	\$378	\$2,484	\$487	\$191	\$2,500	\$54	\$200
	5245100 Membership Dues	\$5,500	\$7,000	\$7,000	\$7,000	\$7,000	\$14,473	\$0	\$7,428	\$7,577	\$8,107	\$8,674	\$8,674	\$8,674
	5250750 Printing and Reproduction	\$5	\$0	\$0	\$0	\$0	\$0	\$9	\$177	\$703	\$0	\$1,500	\$0	\$500
	5285800 Business Travel	\$7,238	\$8,415	\$4,133	\$8,309	\$3,095	\$4,777	\$5,800	\$4,042	\$5,811	\$3,877	\$16,000	\$6,625	\$12,000
	5285300 Private Automobile Mileage	\$1,016	\$704	\$832	\$1,185	\$615	\$424	\$409	\$396	\$1,009	\$1,264	\$2,000	\$286	\$700
	5285200 Transportation&Travel (County Cai	\$894	\$948	\$629	\$0	\$384	\$250	\$371	\$293	\$559	\$605	\$1,000	\$47	\$600
	5281600 Overhead	\$42,492	\$62,391	\$49,077	\$46,626	\$60,647	\$43,133	\$42,192	\$34,756	\$49,452	\$0	\$28,437	\$14,219	\$28,437
	5275200 Computer Hardware	\$0	\$451	\$0	\$83	\$2,934	\$1,791	\$2,492	\$0	\$106	\$0	\$3,000	\$0	\$3,000
	5250800 Computer Software	\$0	\$0	\$626	\$314	\$579	\$3,124	\$933	\$1,833	\$2,079	\$754	\$4,000	\$3,456	\$4,000
	5250250 Postage	\$1,160	\$416	\$219	\$568	\$309	\$589	\$246	\$597	\$411	\$209	\$2,000	\$101	\$1,000
	5252100 Staff Training Programs	\$0	\$665	\$491	\$250	\$300	\$0	\$0	\$1,431	\$0	\$0	\$2,000	\$0	\$1,000
	5701000 Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$42,000	\$0	\$0
<b>TOTAL EXPENDITURES</b>		<b>\$516,530</b>	<b>\$633,691</b>	<b>\$636,478</b>	<b>\$604,238</b>	<b>\$640,540</b>	<b>\$613,895</b>	<b>\$612,816</b>	<b>\$633,929</b>	<b>\$687,043</b>	<b>\$667,342</b>	<b>\$1,084,733</b>	<b>\$509,573</b>	<b>\$902,400</b>
<b>REVENUES</b>														
	4103400 Application Fees	\$46,559	\$41,680	\$35,576	\$48,697	\$37,426	\$45,458	\$63,561	\$27,386	\$146,168	\$20,436	\$35,000	\$15,216	\$25,000
	4301100 Interest: Deposits and Investments	\$24,456	\$16,230	\$6,688	\$4,721	\$4,248	\$3,416	\$2,674	\$2,844	\$6,073	\$10,830	\$4,000	\$4,241	\$6,500
	Savings/Fund Balance from previous FY	\$271,033	\$368,800	\$334,567	\$275,605	\$209,987	\$208,219	\$160,052	\$226,111	\$187,310	\$293,489	\$246,839	\$331,177	\$331,177
<b>TOTAL REVENUE</b>		<b>\$342,048</b>	<b>\$426,711</b>	<b>\$376,831</b>	<b>\$329,023</b>	<b>\$251,661</b>	<b>\$257,092</b>	<b>\$226,287</b>	<b>\$256,341</b>	<b>\$339,551</b>	<b>\$324,755</b>	<b>\$285,839</b>	<b>\$350,634</b>	<b>\$362,677</b>
<b>NET LAFCO OPERATING EXPENSES</b>		<b>\$174,482</b>	<b>\$206,980</b>	<b>\$259,648</b>	<b>\$275,215</b>	<b>\$388,879</b>	<b>\$356,802</b>	<b>\$386,529</b>	<b>\$377,588</b>	<b>\$347,492</b>	<b>\$342,587</b>	<b>\$798,894</b>	<b>\$158,939</b>	<b>\$539,723</b>
	3400800 RESERVES available				\$100,000	\$100,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
<b>COSTS TO AGENCIES</b>														
	5440200 County	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$281,780	\$156,002	\$187,521	\$220,668	\$225,778	\$266,298	\$266,298	\$266,298
	4600100 Cities (San Jose 50% +other cities 50	\$271,641	\$270,896	\$267,657	\$292,601	\$298,597	\$282,625	\$156,002	\$187,521	\$220,668	\$225,778	\$266,298	\$266,298	\$266,298
	Special Distrcits							\$296,892	\$187,521	\$220,668	\$225,778	\$266,298	\$266,298	\$266,298



## PROPOSED WORK PLAN FOR FISCAL YEAR 2019

**AGENDA ITEM # 4  
Attachment C**

	PROJECTS	TIME FRAME	RESOURCES
<b>LAFCO APPLICATIONS</b>	Process applicant initiated LAFCO proposals	Ongoing, as needed	Staff
	Comment on potential LAFCO applications, City General Plan updates and/ or related environmental documents	Ongoing, as needed	Staff
	Respond to public enquiries re. LAFCO policies, procedures and filing requirements for LAFCO applications	Ongoing, as needed	Staff
<b>ISLAND ANNEXATIONS</b>	Conduct outreach to cities with islands, follow up on responses including review/research of city limits/ USA boundaries, provide assistance with potential annexations and potential USA amendments	Ongoing, as needed	Staff
	Review and finalize city-conducted island annexations	Ongoing, as needed	Staff
<b>PUBLIC OUTREACH / COMMUNICATION</b>	Develop and implement a public information /communications strategy	In progress	Consultant / staff
	Participate in CALAFCO conferences / workshops	Ongoing	Staff
	Conduct workshops and/or make presentations re. LAFCO program, policies and procedures to local agencies, organizations, commissioners, community groups, staff	Ongoing	Staff
	Participate in local, regional, statewide organizations: SDA, SCCAPO, CALAFCO, GIS Working Group	Ongoing	Staff
<b>SERVICE REVIEW &amp; SPHERE OF INFLUENCE UPDATES</b>	Develop a plan, strategies and priorities for conducting the next round of service reviews	TBD	Staff
	Continue to follow up on implementation of recommendations from previous service reviews, as necessary, encouraging principles of good governance and management for special districts	Ongoing	Staff
<b>ADMINISTRATION</b>	Prepare budget, and work plan	Ongoing	Staff
	Prepare administrative procedures	TBD	Staff
	Conduct a Strategic Planning Workshop for LAFCO	TBD	Staff / consultant
	Maintain and enhance LAFCO Website	Ongoing	Staff
	Maintain LAFCO database	Ongoing	Staff
	Maintain LAFCO's electronic document management system	Ongoing	Staff
	Prepare Annual Report	August 2018	Staff
	Staff training and development	Ongoing	Staff
	Staff performance evaluation	March-May 2018	Staff, LAFCO
	Other administrative functions required of a public agency	Ongoing	Staff
<b>OTHER</b>	Review and update policies and procedures	Ongoing	Staff
	Mapping Mutual Water companies	Ongoing	Staff
	JPA filings	On going	Staff
	Track LAFCO related legislation (CALAFCO Leg. Committee)	Ongoing	Staff
	Host the 2019 CALAFCO Staff Workshop	TBD	Staff / CALAFCO



**PROPOSED LAFCO BUDGET  
FISCAL YEAR 2018 - 2019**

**AGENDA ITEM # 4  
Attachment D**

ITEM # TITLE	APPROVED	ACTUALS	PROJECTIONS	PROPOSED
	BUDGET FY 2018	Year to Date 2/28/2018	Year End 2018	FY 2019 BUDGET
<b>EXPENDITURES</b>				
Object 1: Salary and Benefits	\$685,072	\$392,486	\$629,046	\$691,802
Object 2: Services and Supplies				
5255100 Intra-County Professional	\$45,000	\$1,376	\$3,000	\$45,000
5255800 Legal Counsel	\$70,200	\$32,400	\$65,000	\$70,200
5255500 Consultant Services	\$100,000	\$0	\$75,000	\$100,000
5285700 Meal Claims	\$750	\$580	\$750	\$750
5220100 Insurance	\$5,000	\$4,893	\$4,893	\$6,000
5250100 Office Expenses	\$9,236	\$6,457	\$10,000	\$10,000
5270100 Rent & Lease	\$42,764	\$34,040	\$42,000	\$42,764
5255650 Data Processing Services	\$3,600	\$379	\$3,600	\$4,123
5225500 Commissioners' Fee	\$10,000	\$3,500	\$9,000	\$10,000
5260100 Publications and Legal Notices	\$2,500	\$54	\$200	\$2,500
5245100 Membership Dues	\$8,674	\$8,674	\$8,674	\$8,926
5250750 Printing and Reproduction	\$1,500	\$0	\$500	\$1,500
5285800 Business Travel	\$16,000	\$6,625	\$12,000	\$16,000
5285300 Private Automobile Mileage	\$2,000	\$286	\$700	\$2,000
5285200 Transportation&Travel (County Car Usage)	\$1,000	\$47	\$600	\$605
5281600 Overhead	\$28,437	\$14,219	\$28,437	\$79,368
5275200 Computer Hardware	\$3,000	\$0	\$3,000	\$3,000
5250800 Computer Software	\$4,000	\$3,456	\$4,000	\$4,000
5250250 Postage	\$2,000	\$101	\$1,000	\$2,000
5252100 Staff/Commissioner Training Programs	\$2,000	\$0	\$1,000	\$2,000
5701000 Reserves	\$42,000	\$0	\$0	\$0
<b>TOTAL EXPENDITURES</b>	<b>\$1,084,733</b>	<b>\$509,573</b>	<b>\$902,400</b>	<b>\$1,102,538</b>
<b>REVENUES</b>				
4103400 Application Fees	\$35,000	\$21,158	\$25,000	\$30,000
4301100 Interest: Deposits and Investments	\$4,000	\$5,705	\$6,500	\$4,000
<b>TOTAL REVENUE</b>	<b>\$39,000</b>	<b>\$26,863</b>	<b>\$31,500</b>	<b>\$34,000</b>
3400150 FUND BALANCE FROM PREVIOUS FY	\$246,839	\$331,177	\$331,177	\$259,171
<b>NET LAFCO OPERATING EXPENSES</b>	<b>\$798,894</b>	<b>\$151,533</b>	<b>\$539,723</b>	<b>\$809,367</b>
3400800 RESERVES Available	\$150,000	\$150,000	\$150,000	\$150,000
<b>COSTS TO AGENCIES</b>				
5440200 County	\$266,298	\$266,298	\$266,298	\$269,789
4600100 Cities (San Jose 50% + Other Cities 50%)	\$266,298	\$266,298	\$266,298	\$269,789
Special Districts	\$266,298	\$266,298	\$266,298	\$269,789



**LAFCO COST APPORTIONMENT: County, Cities, Special Districts**  
**Estimated Costs to Agencies Based on the Proposed 2019 LAFCO Budget**

Proposed LAFCO Net Operating Expenses for 2019				<b>\$809,367</b>
Jurisdictions	Revenue per 2015/2016 Report	Percentage of Total Revenue	Allocation Percentages	Allocated Costs
<b>County</b>	N/A	N/A	33.3333333%	\$269,789.00
<b>Cities Total Share</b>			<b>33.3333333%</b>	<b>\$269,789.00</b>
San Jose	N/A	N/A	50.0000000%	\$134,894.50
Other cities share			50.0000000%	\$134,894.50
Campbell	\$60,301,132	2.4104175%		\$3,251.52
Cupertino	\$89,560,885	3.5800177%		\$4,829.25
Gilroy	\$98,555,795	3.9395713%		\$5,314.27
Los Altos	\$48,765,263	1.9492941%		\$2,629.49
Los Altos Hills	\$12,123,746	0.4846226%		\$653.73
Los Gatos	\$38,891,129	1.5545953%		\$2,097.06
Milpitas	\$161,941,706	6.4732967%		\$8,732.12
Monte Sereno	\$3,115,782	0.1245472%		\$168.01
Morgan Hill	\$92,720,766	3.7063277%		\$4,999.63
Mountain View	\$247,667,000	9.8999943%		\$13,354.55
Palo Alto	\$482,352,538	19.2810806%		\$26,009.12
Santa Clara	\$744,300,212	29.7519164%		\$40,133.69
Saratoga	\$24,642,602	0.9850389%		\$1,328.76
Sunnyvale	\$396,749,744	15.8592797%		\$21,393.30
<b>Total Cities (excluding San Jose)</b>	<b>\$2,501,688,300</b>	<b>100.0000000%</b>		<b>\$134,894.50</b>
<b>Total Cities (including San Jose)</b>				<b>\$269,789.00</b>
<b>Special Districts Total Share</b>			<b>33.3333333%</b>	<b>\$269,789.00</b>
Aldercroft Heights County Water District		0.06233%		\$168.16
Burbank Sanitary District		0.15593%		\$420.68
Cupertino Sanitary District		2.64110%		\$7,125.40
El Camino Healthcare District		4.90738%		\$13,239.57
Guadalupe Coyote Resource Conservation District		0.04860%		\$131.12
Lake Canyon Community Services District		0.02206%		\$59.52
Lion's Gate Community Services District		0.22053%		\$594.97
Loma Prieta Resource Conservation District		0.02020%		\$54.50
Midpeninsula Regional Open Space District		5.76378%		\$15,550.04
Purissima Hills Water District		1.35427%		\$3,653.67
Rancho Rinconada Recreation and Park District		0.15988%		\$431.34
San Martin County Water District		0.04431%		\$119.54
Santa Clara Valley Open Space Authority		1.27051%		\$3,427.70
Santa Clara Valley Water District		81.44126%		\$219,719.56
Saratoga Cemetery District		0.32078%		\$865.43
Saratoga Fire Protection District		1.52956%		\$4,126.58
South Santa Clara Valley Memorial District		0.03752%		\$101.22
<b>Total Special Districts</b>		<b>100.00000%</b>		<b>\$269,789.00</b>
<b>Total Allocated Costs</b>				<b>\$809,367.00</b>





**LAFCO MEETING:** April 4, 2018  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** LAFCO FINANCIAL REPORTS AND INDEPENDENT AUDIT SERVICES

### **STAFF / FINANCE COMMITTEE RECOMMENDATION**

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1. Arrange for an annual audit of LAFCO's financial statements to be conducted by an independent auditor, beginning with the current fiscal year (FY 2018).
2. Direct staff to prepare a Draft Request for Proposals (RFP) for financial audit services, for Commission consideration and approval at its June 6, 2018 meeting.

### **BACKGROUND**

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Effective January 2001, the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 required LAFCOs to be independent bodies. In June 2001, Santa Clara LAFCO entered into a Memorandum of Understanding (MOU) with the County of Santa Clara under which the County provides staffing, facilities and support services to LAFCO including all payroll, banking and accounting services. LAFCO's funds are maintained in the County Treasury, LAFCO is included in the County's financial accounting system and all LAFCO financial transactions are subject to the internal controls in place at the County. The County provides accounting and reporting on both LAFCO's budget and actual transactions. The County treats LAFCO as a Special Revenue Fund to reflect its status as an independent agency that is separate from the County. The County has included LAFCO in its external audit process, and in its Comprehensive Annual Financial Report (CAFR), however LAFCO is presented together with other funds and therefore there is a lack of separate or detailed information on LAFCO.

In recent discussions, staff at the County Controller's Office concurred that as an independent agency, LAFCO should issue its own financial statements similar to several

LAFCOs around the state, instead of being comingled with the County. This will have the advantage of providing greater clarity and transparency on LAFCO's financials.

At its March 19, 2018 meeting, the LAFCO Finance Committee considered this issue and recommended that the Commission arrange for an annual audit of LAFCO's financial statements to be conducted by an independent auditor. The Committee directed staff to research the potential costs involved in retaining an independent auditor. Staff conducted a survey of LAFCOs and received 15 responses. Thirteen of the LAFCOs that responded prepare annual audits, two of the LAFCOs prepare biennial audits. The cost of audits ranged from \$3,665 up to \$14,000 and the average cost was approximately \$8,100. Many LAFCOs have multi-year contracts (3 to 5 years) with the auditing firm which helps to keep the annual audit costs down. Staff received an initial price quote (\$12,000 to \$15,000) for LAFCO's first year audit, from the audit firm that currently conducts the County's audit. The current year LAFCO budget includes sufficient funds to cover the cost of retaining an external audit firm.

The Finance Committee also discussed whether there is a need for LAFCO to adopt investment strategy policies. The majority of LAFCOs that responded to the survey have not adopted any investment policies as their funds are housed in the County Treasury and they rely on the County to invest on LAFCO's behalf. Two of the LAFCOs that responded have adopted independent investment strategy policies and one LAFCO annually adopts the County's investment policy.

## **NEXT STEPS**

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Should LAFCO decide to retain an independent auditor to conduct annual audits –

1. Staff will prepare a draft Request for Proposal (RFP) for independent audit services, and present it to the Commission for its consideration and approval at the June 6, 2018 meeting.
2. Staff will notify and coordinate with the County Controller's Office and the County Executive's Office regarding LAFCO's intent to conduct independent audits beginning with FY 2018.

**LAFCO MEETING:** April 4, 2018  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** SPHERE OF INFLUENCE DETERMINATIONS FOR THE CITY OF MONTE SERENO SPHERE OF INFLUENCE AMENDMENT

### **STAFF RECOMMENDATION**

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#### **PROJECT ACTION**

Adopt Sphere of Influence Determinations for the City of Monte Sereno Sphere of Influence Amendment, approved by LAFCO on February 7, 2018.

#### **BACKGROUND**

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LAFCO, at its February 7, 2018 meeting, approved the expansion of the Urban Service Area (USA) boundary and Sphere of Influence (SOI) boundary of the City of Monte Sereno to include approximately 7.4 acres of unincorporated lands comprising APNs 510-31-023, 510-31-076, 510-31-077, and a portion of APN 510-31-078 located along Lucky Road. The Commission directed staff to prepare the legally required sphere of influence determinations for the SOI Amendment and to place the determinations on LAFCO's April 4, 2018 meeting agenda for the Commission's consideration and adoption.

#### **SOI DETERMINATIONS**

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Please see **Attachment A** for the proposed Sphere of Influence Determinations for the Monte Sereno Urban Service Area and Sphere of Influence Amendment 2017 (Lucky Road).

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

1. Present and planned land uses in the area, including agricultural and open space lands
2. Present and probable need for public services and facilities in the area

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
4. Existence of any social or economic communities of interest in the area, if LAFCO determines they are relevant to the agency
5. The present and probable need for sewer, municipal and industrial water or structural fire protection services or facilities in disadvantaged unincorporated communities within the existing sphere of influence.

#### **NEXT STEPS**

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Should LAFCO adopt the proposed sphere of influence determinations, staff will finalize the LAFCO Resolution for the Monte Sereno Urban Service Area and Sphere of Influence Amendment 2017 (Lucky Road), record a LAFCO Certificate of Completion for the project, and notify the applicant and all affected agencies of the change in USA boundary and SOI boundary.

#### **ATTACHMENT**

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Attachment A: Sphere of Influence Determinations

**MONTE SERENO URBAN SERVICE AREA AMENDMENT AND  
SPHERE OF INFLUENCE AMENDMENT 2017 (LUCKY ROAD)**

**SPHERE OF INFLUENCE DETERMINATIONS**

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

Present land uses in the area are single family residences on large lots and undeveloped lands. Planned land uses in the area are also single-family residential. There are no agricultural or open space lands in the area.

**2. Present and probable need for public services and facilities in the area**

The area currently receives public services from various providers (i.e. Santa Clara County Central Fire Protection District, County Sheriff, and San Jose Water Company). The City of Monte Sereno contracts with the Los Gatos-Monte Sereno Police Department for police services and the City provides storm water management through its collection system. The property owner intends to annex to the West Valley Sanitation District (WVSD) in order to abandon their existing onsite septic system and connect an existing residence and potential future residences to the WVSD's sewer system.

**3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**

The present capacity of public facilities and public services appears to be adequate for the area.

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

The area is adjacent to the City of Monte Sereno.

**5. The present and probable need for sewer, municipal and industrial water or structural fire protection services or facilities in disadvantaged unincorporated communities within the existing sphere of influence.**

There are no disadvantaged unincorporated communities within the existing sphere of influence of the City of Monte Sereno.



**LAFCO MEETING:** April 4, 2018  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** UPDATE ON THE COMMUNICATIONS AND OUTREACH PLAN

**STAFF RECOMMENDATION**

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Accept report and provide direction, as necessary.

**LAFCO WORKSHOP ON THE COMMUNICATIONS AND OUTREACH PLAN**

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On March 27, LAFCO held a workshop on its Public Communications and Outreach Plan. The purpose of the Workshop was to provide an opportunity for the Commissioners to have an informal, yet public and open discussion about LAFCO's public communication goals, and potential communication strategies. Special thanks to Commissioner Jimenez and his Office for hosting the Workshop at San Jose City Hall and for their assistance with various onsite preparations for the Workshop.

Commissioners Hall, Rennie, Varela, Wasserman, Wilson, and Alternate Commissioner Melton attended the Workshop. A diverse array of stakeholders including local agency staff, environmental advocates, realtors, a lobbyist, and members of the community / general public also attended. LAFCO's Consultant team including Marianna Leuschel, Michael Meehan and Chad Upham also attended the Workshop.

The workshop began with a power point presentation from guest speaker, Don Weden (former Santa Clara County Principal Planner for 34 years), who is now a community and local government educator. Mr. Weden provided a brief history of LAFCO and shared his perspective on LAFCO's role in the future of Santa Clara County as it faces major demographic, economic, environmental and social changes. Special thanks to Mr. Weden for his very informative and thought-provoking presentation.

Ms. Leuschel and Mr. Meehan shared a synthesis of findings from their "discovery" process which included Commissioner surveys, key stakeholder interviews, and review of existing LAFCO communications. The consultant team facilitated an in-depth

discussion among commissioners about communications issues and opportunities and sought commissioner feedback on potential communication strategies.

No action was taken at the Workshop, however, taking into consideration the Workshop discussions, the Consultant team will now prepare a draft Communications Plan and present it for consideration and adoption at a regular LAFCO meeting in summer 2018.

The purpose of the Communications and Outreach Plan is to expand understanding of LAFCO, its mandate and policies among local agencies and the community. In December 2017, LAFCO selected (through an RFP process) and retained L Studio, a consulting firm, to help prepare and implement the plan for LAFCO.

Staff will provide updates to the Commission on this important project as it progresses.



**LAFCO MEETING:** April 4, 2018  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** EXECUTIVE OFFICER'S REPORT

## **8.1 SANTA CLARA COUNTY SPECIAL DISTRICTS ASSOCIATION MEETING**

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### **For Information Only.**

On March 5, 2018, Alternate Commissioner Kishimoto and Executive Officer Palacherla attended the quarterly meeting of the Santa Clara County Special Districts Association (SDA) and provided a report on various LAFCO activities of interest to special districts including, further information on LAFCO's new responsibility to administer the appointment of a special district representative to the new Countywide RDA Oversight Board by July 1, 2018. EO Palacherla informed the Association that LAFCO anticipates convening the Independent Special District Selection Committee (ISDSC) in May 2018 for the purpose of making the appointment.

The meeting also included a presentation by guest speaker, Honorable Richard P. Santos, Santa Clara Valley Water District Board of Directors. The meeting also included a report by the representative of the California Special Districts Association (CSDA) on various CSDA programs and events. Special district members and staff in attendance at the meeting provided updates on current projects or issues of interest to the group. The next meeting of the SDA is scheduled for June 4<sup>th</sup>.

## **8.2 CALAFCO WHITE PAPER: STATE OF THE ART ON AGRICULTURAL PRESERVATION**

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### **For Information Only.**

In February 2018, CALAFCO published a white paper entitled "State of the Art on Agricultural Preservation" (**Attachment A**). The white paper is the result of a collaboration between CALAFCO and the American Farmland Trust (AFT). A small group of LAFCO Executive Officers, including Ms. Palacherla, worked closely with the AFT's Senior Policy and Planning Manager for Northern California, over many months

in order to outline and develop this important white paper. The purpose of the white paper is to inform and inspire LAFCOs seeking to establish new or enhance existing policies that preserve agricultural land while simultaneously promoting orderly growth and development.

### **8.3 MEETING WITH TOWN OF LOS GATOS STAFF ON ISLAND ANNEXATIONS**

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#### **For Information Only.**

On March 9, 2018, Analysts Noel and Rajagopalan met with Joel Paulson (Community Development Director, Town of Los Gatos) and Sean Mullin (Associate Planner, Town of Los Gatos) to discuss the Town's annexation of its islands. The discussion focused on the island annexation process, LAFCO's Island Annexation Program which provides assistance to cities that formally express interest in annexing their unincorporated islands, and best practices for successfully conducting island annexations. The Town is interested in annexing its unincorporated islands and is determining how best to proceed.

### **8.4 MEETING WITH COUNTY ROADS AND AIRPORTS STAFF & TOWN OF LOS GATOS STAFF ON POTENTIAL ANNEXATION OF REMAINING COUNTY PORTIONS OF SHANNON ROAD**

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#### **For Information Only.**

On March 23, 2018, Executive Officer Palacherla met with Harry Freitas (Director, County Roads & Airports Department) and Joel Paulson (Community Development Director, Town of Los Gatos) and Matt Morley (Public Works Director, Town of Los Gatos) to discuss how the Town might potentially annex segments of Shannon Road that remain unincorporated following a recent annexation of adjacent property to the Town of Los Gatos. These small unincorporated remnants of Shannon Road are maintained by the County and result in great inefficiencies. The group also discussed what types of road improvement / maintenance incentives might be available to help facilitate the Town's potential annexation of remaining islands / road sections.

### **8.5 INTER-JURISDICTIONAL GIS WORKING GROUP MEETING**

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#### **For Information Only.**

The LAFCO Office hosted the February 14, 2018 meeting of the Inter-Jurisdictional GIS Working Group that includes various county departments that use and maintain GIS data, particularly LAFCO related data. Analysts Noel and Rajagopalan attended the meeting. The Group discussed the County Registrar of Voter's efforts to collect boundary data from special districts for upcoming elections, LAFCO's city and special district boundary data, and potential options for making Tax Rate Area data more

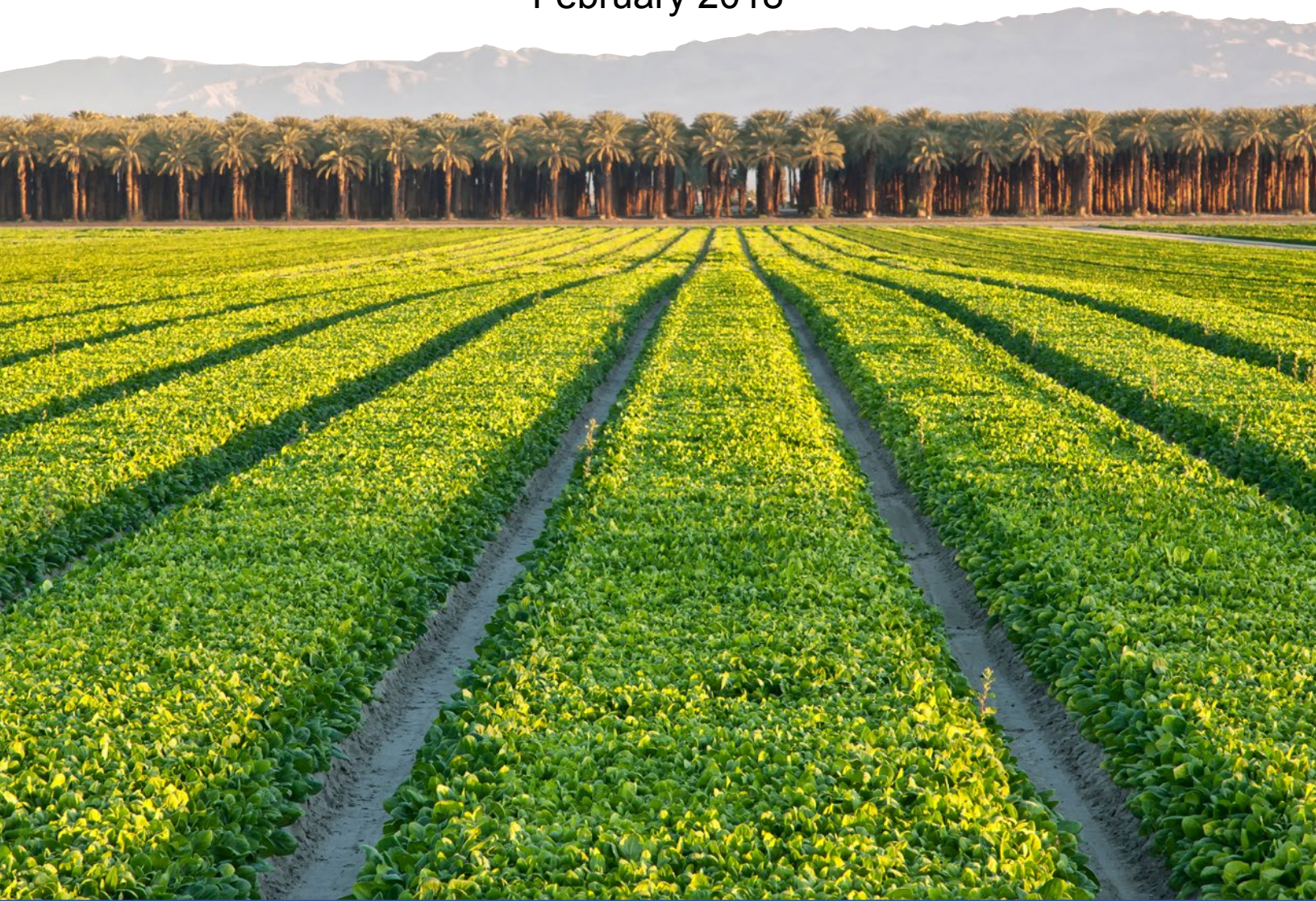
readily available to the public, particularly in a format that maximizes the utility of the data. The next meeting will be hosted by the County Surveyor's Office on April 11, 2018.





# State of the Art on Agricultural Preservation

February 2018



A collaboration of American Farmland Trust and the California Association of Local Agency Formation Commissions



A Research Report of the  
HELEN K. CAHILL CENTER FOR  
FARMLAND CONSERVATION POLICY INNOVATION

# CALAFCO WHITE PAPER

# State of the Art on Agricultural Preservation

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## Acknowledgments

This white paper was produced as a collaborative effort between CALAFCO and American Farmland Trust (AFT). Thank you to the contributors and reviewers for their invaluable depth of knowledge and expertise: Christine Crawford (Yolo LAFCo), David Fey (Fresno LAFCo), Elliot Mulberg (formerly Solano LAFCo), Neelima Palacherla (Santa Clara LAFCo). We also wish to thank the many people who reviewed and commented on the draft version of this paper. AFT would like to acknowledge and thank the Helen K. Cahill Center for Farmland Conservation Policy Innovation for supporting this white paper. The Cahill Center is the research arm of American Farmland Trust in California.

### Contact

California Association of Local Agency  
Formation Commissions  
1215 K Street, Suite 1650  
Sacramento, CA 95814  
916-442-6536  
info@calafco.org

American Farmland Trust  
2001 N Street Suite 110  
Sacramento, CA 95811  
(916) 448-1064  
www.farmland.org  
sunger@farmland.org

## Purpose and Objectives

The purpose of this white paper is to inform and inspire Local Agency Formation Commissions (LAFcos) that are seeking to establish or enhance policies that preserve agricultural land, while simultaneously promoting orderly growth and development. The California Association of Local Agency Formation Commissions (CALAFCO) invited American Farmland Trust (AFT) to work collaboratively on this white paper to exchange and share perspectives on their respective experiences in successful policy implementation and development. This paper explores the parameters of agricultural land preservation and provides guidance in the development of agricultural land preservation policies for individual LAFcos to consider.

This white paper discusses the importance of agriculture to our local communities and why the California Legislature has equipped LAFcos with the powers to curtail urban sprawl and discourage expansion onto the state's agricultural lands. The paper examines LAFcos' statutory role in preserving agricultural lands and presents opportunities for how LAFcos can incorporate the preservation of agricultural land into their local policies. Brief case studies are provided throughout to demonstrate how individual LAFcos have interpreted this responsibility locally through their own policies.

### White Paper Objectives:

- 1) Provide an understanding of the economic, environmental, and cultural importance of agriculture to local communities and the state at large.
- 2) Explain the components of an effective and comprehensive LAFco agricultural preservation policy, including the role of policies that encourage "Avoiding," "Minimizing," and "Mitigating" the loss of farmland.
- 3) Explain the role of the California Environmental Quality Act (CEQA)<sup>1</sup> in both annexation proposals that impact agriculture and in requirements for adopting agricultural preservation policies.
- 4) Explain the role of LAFco in city and county planning processes and how to encourage continuous communication and collaborative planning and studies between public agencies.
- 5) Demonstrate the circumstances in which LAFco may wish to consider an agricultural preservation policy.



### **A Unique Perspective from AFT**

AFT believes in the importance of protecting farmland while supporting sustainable community growth. AFT promotes LAFCoS as key players in conserving agricultural land since most productive farmland is located around cities. Having actively promoted farmland conservation in California for nearly two decades, AFT offers insight on why it is important to preserve farmland and presents best practices.

### **A Unique Perspective from CALAFCO**

The Legislature intends LAFCoS to be responsive to local challenges as well state priorities. An individual LAFCo's policies can lay out LAFCo's statutory mandate to balance the state interest in the preservation of open space and prime agricultural lands with the need for orderly development. LAFCoS have used their planning authority to anticipate and reduce or avoid the loss of agricultural land. Across the state, LAFCo experiences reflect the variance of practices on agricultural preservation between rural, suburban and urban counties.

## **Introduction**

The Legislature created a LAFCo in each county in 1963 with the intent that they fulfill state policy to encourage orderly growth and development. These objectives were deemed essential to the social, fiscal, and economic well-being of the state. The Legislature recognized that the logical formation and determination of local agency boundaries was an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services.

It was also the intent of the Legislature that each LAFCo “establish written policies and procedures and exercise its powers pursuant to statute [Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act)] in a manner consistent with those policies and procedures and in a manner that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns.” (Gov. Code §56300.) These written policies and procedures were required to be adopted by LAFCoS by January 1, 2002.

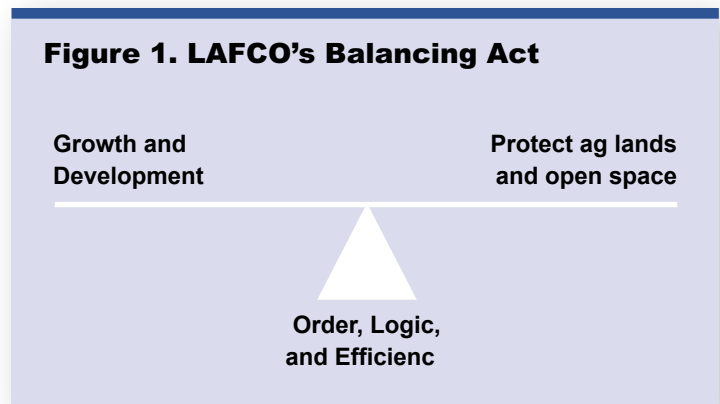
Since 1963, each LAFCo has overseen the growth of its cities and special districts through incorporations, annexations and, since 1973, the establishment of spheres of influence (which were only enforced beginning in 1985). At the time, converting lands once used for agricultural purposes to urban land uses was seen as a necessary part of accommodating the growth of California's cities. It was common for city and county leaders to see agricultural lands around cities as areas for future urbanization, with the assumption that this type of urban development would assure the economic health of the community and provide much needed housing.

Two years after the creation of LAFCoS, the state enacted California Land Conservation Act of 1965 (commonly referred to as the Williamson Act) to address the growing concern that the growth of California cities was coming at the expense of losing agricultural lands. The original purpose of

the Williamson Act was to counteract tax laws that often encouraged the conversion of agricultural land to urban uses (i.e., if you were being taxed at urban rates you might as well sell to urban developers). This act enabled local governments to enter into contracts with private landowners for the purpose of creating agricultural preserves that restrict specific parcels of land to agricultural or related open-space use in exchange for reduced property taxes. Over time, this approach has had mixed success. In an earlier regulatory era, when the subdivision of land far from a city and formation of special districts to provide municipal services was a common practice, creating agricultural preserves under Williamson Act contract was deemed necessary to limit development of those parcels. The likelihood that agricultural land could be converted to urban or rural development was high enough to justify the reduction in property tax revenue in exchange for limiting the land’s development potential.

Today, much of the land under Williamson Act contract in many counties is far from a city’s sphere of influence, where conversion of the most productive farmland most frequently occurs. Yet, the agricultural lands that are under pressure of being converted to non-agricultural uses are most often located on the urban fringe. Due to development speculation of these lands, they are less likely to be protected under a Williamson Act contract, making the role of LAFCo ever more important.

LAFCos were created to implement the state’s growth management and preservation goals. To achieve these objectives, LAFCos were given the sole authority to regulate the boundaries and service areas of cities and most special districts. Though they do not have local land use authority, LAFCos exercise their authority by denying, approving, or conditionally approving expansion proposals by cities and special districts. With this broad authority, each LAFCo uses its own discretion to act in a manner that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. Figure 1 depicts the balance that LAFCos are expected to achieve through their actions.



## Varying Definitions of “Prime” Agricultural Lands

As discussed further below, preserving prime agricultural land is a key statutory mandate of LAFCo. To measure and understand the importance of California’s remaining prime agricultural land, this paper defines what constitutes prime agricultural land. This can be a challenge because federal, state, and local agencies, including LAFCos, all operate under different laws and requirements each setting out different definitions of prime farmland.

As defined by the United States Department of Agriculture, prime farmland is

Land that has the best combination of physical and chemical characteristics for producing food, feed, forage, fiber, and oilseed crops and is also available for these uses. It has the

soil quality, growing season, and moisture supply needed to produce economically sustained high yields of crops when treated and managed according to acceptable farming methods, including water management. In general, prime farmlands have an adequate and dependable water supply from precipitation or irrigation, a favorable temperature and growing season, acceptable acidity or alkalinity, acceptable salt and sodium content, and few or no rocks. They are permeable to water and air. Prime farmlands are not excessively erodible or saturated with water for a long period of time, and they either do not flood frequently or are protected from flooding.”<sup>2</sup>

AFT relies on the California Department of Conservation’s Farmland Mapping and Monitoring Program (FMMP) definition of prime farmland, which originated from the USDA definition. The FMMP was established by the State of California in 1982 to produce agricultural resource maps, based on soil quality and land use. The FMMP maps are updated every two years using aerial photographs, a computer-based mapping system, public review, and field reconnaissance. The FMMP definition of Prime Farmland is “land which has the best combination of physical and chemical characteristics for the production of crops. It has the soil quality, growing season, and moisture supply needed to produce sustained high yields of crops when treated and managed, including water management, according to current farming methods. Prime Farmland must have been used for the production of irrigated crops at some time during the two update cycles prior to the mapping date. It does not include publicly owned lands for which there is an adopted policy preventing agricultural use.”<sup>3</sup> FMMP also maps farmland that is classified as less than prime, such as Unique Farmland, Farmland of Statewide Importance, Farmland of Local Importance (which is defined by local jurisdictions and accepted by FMMP), Urban and Built-up Land, and Other Land.

LAFcos operate according to their own definition,<sup>4</sup> which identifies prime agricultural land as:

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

- (a) Land that qualifies, if irrigated, for rating as class I or class II in the USDA Natural Resources Conservation Service land use capability classification, whether or not land is actually irrigated, provided that irrigation is feasible.
- (b) Land that qualifies for rating 80 through 100 Storie Index Rating.
- (c) Land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre as defined by the United States Department of Agriculture in the National Range and Pasture Handbook, Revision 1, December 2003.
- (d) Land planted with fruit or nut-bearing trees, vines, bushes, or crops that have a nonbearing period of less than five years and that will return during the commercial bearing period on an annual basis from the production of unprocessed agricultural plant production not less than four hundred dollars (\$400) per acre.
- (e) Land that has returned from the production of unprocessed agricultural plant products an annual gross value of not less than four hundred dollars (\$400) per acre for three of the previous five calendar years.

Land that would not qualify as Prime under USDA or FMMP definitions of Prime, may qualify as Prime under the LAFco definition; for example, Unique Farmland, and Farmland of Statewide

Importance, and grazing land can still meet the LAFCo definition of prime agricultural land. Although LAFCos monitor the conversion of Prime Farmland within their own jurisdictions, CALAFCO does not monitor that conversion statewide. Therefore, the following section utilizes the FMMP definition of Prime Farmland to illustrate the trends affecting farmland in California, which, from AFT's perspective, demonstrate the urgency of protecting what remains.

## **An AFT View: Why It Is Important to Preserve What We Have Left—What's at Risk?**

California boasts some of the most productive farmland on the planet, as measured in terms of the ratio of agricultural inputs to outputs. This productivity is largely possible because of California's Mediterranean climate and fertile soils, which require fewer inputs and are less subject to unfavorable climate conditions and pest pressures. This is important for many reasons, including state and national food security, California's prospects for economic growth and competitiveness on the agricultural market, and the efficient utilization of scarce resources such as water.

For nearly four decades, AFT has monitored the conversion of agricultural lands to development, and estimates that nationally, we lose approximately an acre every minute. In California, where the state has been monitoring the conversion of farmland to urban development since the early 1980s, the average rate of loss is 40,000 acres per year. At this rate, California will lose an additional two million acres by 2050, most of which will be prime farmland.

### **Current Trends**

Of California's approximately 100 million acres of land, 31 million acres or one-third, are used for agriculture. Of this agricultural land, 19 million acres are used for grazing land and 12 million acres are used to grow crops. That figure may seem significant, but only about 9 million acres of this cropland are considered to be prime, unique or of statewide importance (as defined by the California Department of Conservation's FMMP).<sup>5</sup> This resource is diminishing and is likely to continue to do so, mostly due to conversion to urban development, but also from other causes. Considering that not all remaining farmland is ideal for agriculture due to current and future water stress, climate and temperature changes, and other constraints such as strong soil salinity, protecting what is left is paramount.

In the last 30 years, California has lost more than one million acres of farming and grazing land, and about half of that loss was prime farmland. Figure 2 below provides a snapshot from the California Department of Conservation of what has happened to farmland over that period.

### **Economic and Cultural Benefits**

California is the leading agricultural producer in the United States. Its agricultural abundance includes more than 400 commodities. Over a third of the nation's vegetables and two-thirds of the nation's fruits and nuts are grown in California.<sup>6</sup> California is the sole producer of an array of commodities consumed by people all over the world. Nearly all of the domestically grown grapes, pomegranates, olives, artichokes, and almonds are grown in California, and over three-quarters

of the nation's strawberries and lettuce come from the golden state.<sup>7</sup> Ensuring the protection of the state's agricultural lands is essential to protecting California's agricultural economy, and supports numerous other social and environmental benefits to our communities.

Agriculture plays a significant role in many of the state's regions, fueling local economies, providing employment, and maintaining over a century of cultural heritage. In 2014, the farm gate value of the state's 76,400 farms and ranches was a record \$54 billion, double the size of any other state's agriculture industry. Of the \$54 billion, over \$21 billion was attributed to California's agricultural exports.<sup>8</sup> Not only is California the country's largest agricultural producer, it is the largest exporter of agricultural products. Agricultural products are one of California's top five exports.<sup>9</sup>

Agriculture creates significant ripple effects (i.e. multipliers) throughout California's economy. Each dollar earned within agriculture fuels a more vigorous economy by stimulating additional activity in the form of jobs, labor income and value-added processes. Farm production is closely linked to many other industries: the production of farm inputs, the processing of food and beverages, the textile industry, transportation and financial services. According to the University of California Agricultural Issues Center, which is located at UC Davis and studies the multiplier effects of California farm industry and closely related processing industries, the combined sectors generated 6.7 percent of the state's private sector labor force (including part-time workers), 1.3 percent of the Gross State Product (GSP) and 6.1 percent of the state labor income in 2009. The Center calculated that during that year, a \$1 billion increase of the value added from agricultural production and processing results in a total of \$2.63 billion of GSP.<sup>10</sup>

Including multiplier effects, each job in agricultural production and processing in 2009 accounted for 2.2 jobs in the California economy as a whole, and each farming job generated 2.2 total jobs. Agricultural production and processing are especially significant to the economy of California's Central Valley where, including ripple effects, they generated 22 percent of the private sector employment and 20.1 percent of the private sector labor income in 2009. Excluding ripple effects, agriculture directly accounted for 10.2 percent of jobs and 9.2 percent of labor income that year.<sup>11</sup>

When California loses productive agricultural lands, it loses the income and jobs associated with those lands. Despite the economic contribution to the state, agricultural lands are under pressure from a variety of forces that have the potential to significantly affect the food production capacity that contributes to the food security of the state, nation and world. Preserving farmland means preserving not only our food security but regional economic productivity, income levels, and jobs throughout the farming and food sectors.

### **Figure 2. Quick Facts on California Farmland, 1984–2012**

Did you know, over the course of 30 years...

- Over 1.4 million acres of agricultural land in California were removed from farming uses (a rate of nearly one square mile every four days)
- Of converted land, 49 percent was prime farmland
- For every 5 acres leaving agricultural use, 4 acres converted to urban land

Source California Department of Conservation, Farmland Mapping and Monitoring Program Farmland Mapping and Monitoring Program, *California Farmland Conversion Summary 1984–2014 and California Farmland Conversion Report, 2015*

In California, agriculture is an important cultural identity to many communities, ranging from large-scale farming operations to small-scale family farms and geographically spanning many regions throughout the state, from coastal metropolitan regions to the heart of the San Joaquin Valley. The expanse of agricultural products that California farmers offer adds to the uniquely California cultural scenery, abundance of fresh food, and greatly contributes to quality of life.

## Environmental Benefits

Although agricultural practices may sometimes have environmental downsides, agricultural use of land also contributes numerous benefits to the environment and communities. Agriculture is both vulnerable to climate change, and can help mitigate the impacts of climate change. Protecting agricultural lands will help communities reduce vehicle miles traveled (VMT) and greenhouse gas emission associated with vehicle travel by avoiding sprawl. Agricultural lands also have huge potential to sequester carbon. These two benefits make the preservation of these lands important strategies in meeting the long-term climate change goals under *California's 2017 Climate Change Scoping Plan*.<sup>12</sup> Additionally, their preservation is vital to maintaining groundwater recharge. The areas where our highest quality farmland is located are the areas that provide for the greatest groundwater recharge. Protecting agriculture keeps land porous and helps rebuild aquifers. One of the most important actions leaders and communities can take to address future water stresses is protecting the prime farmland that is best suited to replenishing groundwater supplies.

### Accounting for Natural Resources Using a Multiple Benefit Approach

The Bay Area Greenprint is a new online mapping tool that reveals the multiple benefits of natural and agricultural lands across the region. It was designed to help integrate natural resource and agricultural lands data into policies and planning decisions that will influence the future of San Francisco Bay Area's vibrant environment, economy and regional character.

Intact ecosystems can provide important benefits for the human population in the Bay Area and throughout the state. The Bay Area Greenprint is an opportunity to aid planners from cities, counties, and LAFcos in understanding and conveying that protecting agricultural land, as a part of intact ecosystems, can provide important benefits for residents in the Bay Area. By conducting multi-benefit assessments (agricultural + habitat + biodiversity + recreation + groundwater + carbon sequestration), the Greenprint provides a more complete understanding of the costs and tradeoffs of developing the region's natural and working lands. It will also assist stakeholders in understanding and communicating both climate change threats and opportunities as well as the multiple values of the Bay Area landscape.

For more information, please visit the tool at [www.bayareagreenprint.org](http://www.bayareagreenprint.org)

## LAFCos' Mandate to Preserve Agricultural Lands

### **Cortese-Knox-Hertzberg Local Government Reorganization Act 2000 (CKH Act)**

*Among the purposes of a commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, encouraging the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances. (Gov. Code §56301, emphasis added.)*

Preserving prime agricultural lands and open space is a key statutory mandate of LAFCos and the CKH Act provides direction to LAFCos on certain policies, priorities, and information that LAFCos should, and/or must consider when analyzing boundary change proposals that could potentially impact agricultural lands. The CKH Act includes policies specific to agricultural preservation, including:

- Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing non-prime agricultural lands, unless the action would not promote the planned, orderly, efficient development of an area. (Gov. Code §56377(a).)
- Development of existing vacant or nonprime agricultural lands for urban uses within the existing jurisdiction of a local agency or within the sphere of influence of a local agency should be encouraged before any proposal is approved which would allow for or lead to the development of existing open-space lands for non-open-space uses which are outside of the existing jurisdiction of the local agency or outside of the existing sphere of influence of the local agency. (Gov. Code §56377(b).)
- Factors to be considered [by the Commission] in the review of a proposal shall include the effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016. (Gov. Code § 56668(e).)

## **Approaches to LAFCo Agricultural Preservation Policies**

Though the CKH Act provides some policies specific to agricultural preservation, these are baseline parameters and guidelines from which individual LAFCos can carry out their mandate. Ultimately, a LAFCo's broad powers will guide and influence annexation decisions and how a LAFCo will respond to the need to balance urban growth and preserving agriculture and open space.

To equip individual LAFCos with the ability to respond to local conditions and circumstances, the CKH Act calls for a LAFCo to:

... establish written policies and procedures and exercise its powers pursuant to this part in a manner consistent with those policies and procedures and that encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. (Gov. Code §56300(a).)

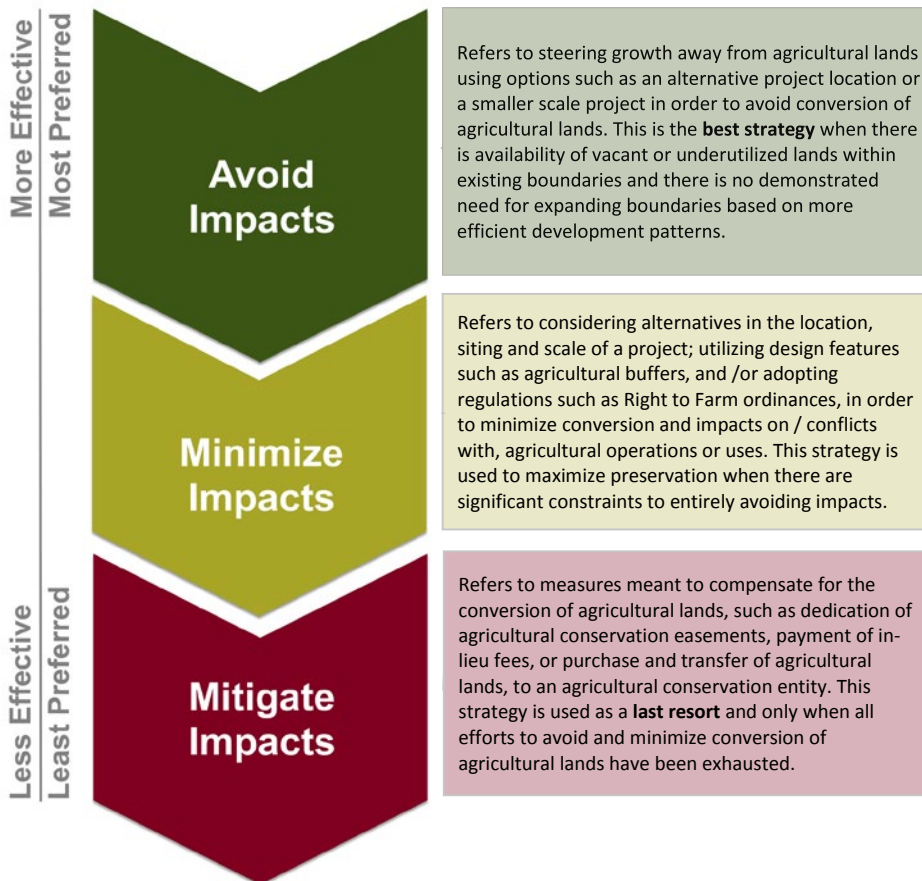
Over the years, LAFcos, on an individual basis, have adopted various local policies and procedures to assist them in their effort to preserve agricultural lands. These policies generally call for the avoidance, minimization, and mitigation of adverse impacts to agricultural lands.

**Avoidance** consists of anticipating and taking measures to avoid creating adverse impacts to agricultural lands from the outset, such as steering development away from agricultural lands to avoid their conversion to other uses. This most efficiently occurs at the time a city or county is updating its general plan and the issue can be viewed at a regional level and not based on an individual proposal.

**Minimization** consists of measures to reduce the duration, intensity, and significance of the conversion and/or the extent of adverse impacts to agricultural lands (including direct, indirect and cumulative impacts as appropriate) that cannot be completely avoided.

**Mitigation** consists of measurable preservation outcomes, resulting from actions applied to geographic areas typically not impacted by the proposed project, that compensate for a project’s significant adverse impacts to agricultural lands that cannot be avoided and/or minimized.

**Figure 3. Hierarchy for Agricultural Land Preservation Strategies**



LAFCo’s unique mandates to preserve prime agricultural lands and discourage urban sprawl, and the fact that agricultural lands are a finite and irreplaceable resource, make it essential to avoid adversely impacting agricultural lands in the first place.



## Applying These Approaches

These three approaches form an agricultural preservation hierarchy that should, if followed sequentially—avoid, minimize, and then mitigate adverse impacts. These approaches and the recommended applications below may serve as a guide for LAFCos to adopt an agricultural preservation policy, including criteria to guide LAFCo’s review of boundary change proposals, thereby possibly streamlining the evaluation of proposals. It may also serve as a guide for proactive participation and collaborative discussion during a city’s general plan update. Collaborative planning may help jurisdictions better understand and prepare for the requirements of LAFCo early in the planning process.

**Avoidance** is preferable because it is the best way to ensure that agricultural lands are not adversely impacted, whereas minimization and mitigation actions include, by definition, some level of residual impact to agricultural lands. Avoidance can also help LAFCos address other important mandates, such as curbing urban sprawl and encouraging the efficient delivery of services by encouraging vacant and underutilized lands within urban areas to be developed before prime agricultural and agricultural land is annexed for non-agricultural purposes. Avoidance is also consistent with the growing recognition at the state level that future development should, when and where possible, be directed into infill areas located within existing urban footprints to limit the amount of transportation related greenhouse gases generated. LAFCos can adopt specific policies and procedures that encourage cities to first utilize their existing vacant and underutilized lands within urban areas for development. What LAFCos can do to **AVOID** conversion of agricultural lands:

- Consider removal of excessive amounts of land from city spheres of influence, (i.e. where SOI is much larger than what is needed over a long-range development horizon).
- Adopt policies that encourage cities to implement more efficient development patterns, adopt stable growth boundaries that exclude agricultural lands, promote infill first, and consider alternative locations within city limits in order to remove development pressure on agricultural lands.
- Encourage continuous communication and collaborative planning and studies between public agencies to ensure that consideration of avoidance begins as early as possible in a jurisdiction’s planning process.
- Participate in city general plan update processes to discourage the premature conversion of agricultural lands and to limit development pressure on agricultural lands.

### Case Study: Reducing the Spheres of Influence

In 2007, the Kings County LAFCo reduced its spheres of influence through its Comprehensive City and Community District Municipal Service Review (MSR) and SOI Update. The LAFCo utilized the MSR requirement from the Cortese-Knox Hertzberg Local Government Reorganization Act of 2000 to coordinate future urban growth considerations in a more streamlined and accountable manner. In developing the MSRs, Kings LAFCo rewarded the good planning efforts of its four cities by reaffirming well planned areas with planned services, while areas within existing spheres of influence not currently planned for urban growth would require more extensive MSR updates. This approach allowed Kings LAFCo an opportunity to successfully remove almost 11,000 acres from future growth consideration where urban services were not planned and agriculture was the established use.

- Discourage extension of urban services outside city boundaries for new development.
- Request that the Lead Agency CEQA assessment includes analysis of alternatives that do not result in conversion of agricultural lands as defined in the CKH Act.
- Require that the jurisdiction demonstrate that infill or more efficient use of land is not possible *prior* to considering SOI expansion and/or annexation into agricultural lands.

**Minimizing** adverse impacts to agricultural lands should be considered and applied to the maximum extent practicable if all project alternatives have been considered and avoidance is truly not feasible. Minimization, by definition, means reducing the significance of the conversion and/or reducing the adverse impacts by making changes to a project. In other words, some impacts will be incurred, however, they will be less severe than if changes had not been implemented. Minimization measures must be carefully planned, implemented and monitored to assess and to ensure their long-term effectiveness.

What LAFCoS can do to **MINIMIZE** conversion of agricultural lands:

- Encourage continuous communication and collaborative planning and studies between public agencies and LAFCo.
- During a city's general plan update process, encourage jurisdictions to adopt a long-term growth management strategy that provides for more efficient development.
- Encourage jurisdictions to adopt a "Plan for Agricultural Preservation."
- Encourage more efficient use of land to limit development of surrounding farmland. Require that the jurisdiction demonstrate that infill or more efficient use of land is not feasible *prior* to considering SOI expansion and/or annexation into agricultural lands.
- Encourage proposals to show that urban development will be contiguous with existing or proposed development; that a planned, orderly, and compact urban development pattern will result; and that leapfrog, non-contiguous urban development patterns will not occur.
- During a CEQA process, request that jurisdictions demonstrate how a proposal will affect the physical and economic integrity of impacted and surrounding agricultural lands.
- As part of a city's general plan process, encourage jurisdictions to map, analyze, and describe all agricultural lands within or adjacent to land proposed for annexation, including analysis of any multiple land-based values such as

### Case Study: Greenbelts and Agreements

Ventura County has established greenbelts around its urban areas. Greenbelts are created through voluntary agreements between the Board of Supervisors and one or more City Councils regarding development of agricultural and/or open space areas beyond city limits. They protect open space and agricultural lands and reassure property owners located within these areas that lands will not be prematurely converted to uses that are incompatible with agriculture.

Cities commit to not annex any property within a greenbelt while the Board agrees to restrict development to uses consistent with existing zoning.

Ventura County LAFCo will not approve a sphere update if the territory is within one of the greenbelt areas unless all parties to the greenbelt agreement are willing to accept an amendment to the agreement.

The Ventura policies generally follow Gov. Code §56377.

agricultural, biodiversity, recreation, groundwater, and carbon sequestration, to identify areas of high natural resource value where development is best avoided.

- Encourage agreements among jurisdictions that outline conditions for expanding boundaries. Agreements can be recognized by LAFCo.
- Recommend project requirements to protect agricultural lands adjoining land covered in applications to LAFCo, both to prevent their premature conversion to non-agricultural uses and to minimize potential conflicts between proposed urban development and adjacent agricultural uses, such as:
  - Agricultural buffers. A buffer is typically an on-site strip of land along the perimeter of a development proposal. These provide a way to minimize conflict by creating spatial separation and other barriers such as walls and landscaping between agricultural operations and urban residents. Buffers may be established through city-county agreements and encouraged under locally adopted LAFCo policies.
  - Encourage the adoption of right-to-farm ordinances. These ordinances are developed to offset the perception that typical farming practices are a “nuisance” by 1) providing dispute resolution mechanisms for neighbors as an alternative to filing nuisance-type lawsuits against farming operations; and 2) notifying prospective buyers about the realities of living near farms before they purchase property.
  - Development of educational and informational programs to promote the continued viability of surrounding agricultural land.
  - Encourage the development of a real estate disclosure ordinance to fully inform all directly affected prospective property owners about the importance of maintaining productive agriculture in the area.

**Mitigation** of impacts to agricultural lands should be considered and applied to the maximum extent practicable if all project alternatives have been considered and avoidance is truly not feasible and if minimization measures have been applied, but adverse impacts remain significant. Mitigation measures must be carefully planned, implemented and monitored to assess and to ensure their long-term effectiveness. Regardless of the type of mitigation measures pursued, this path will inevitably lead to a net loss of agricultural land if it is converted. Some key agricultural mitigation principles to consider include:

- Is the proposed mitigation a fair exchange for the loss of the agricultural resource?
- Is the proposed mitigation designed, implemented and monitored to achieve

### **Case Study: Mitigation through Memorandums of Understanding/Agreement**

Some LAFCos, including San Luis Obispo and Monterey, have entered into MOUs or MOAs with local land use jurisdictions. Such agreements enable the local jurisdictions to express their intent to jointly pursue orderly city-centered growth and agricultural preservation. In San Luis Obispo, the agreement is with San Luis Obispo County. In Monterey, LAFCo has developed agreements with the County and four of the five cities within the agriculturally rich Salinas Valley (Salinas, Soledad, Greenfield and Gonzales) to encourage development of MOAs and MOUs. Though on one occasion, Monterey LAFCo was a third party to the MOA (with Greenfield), the regular practice has been to encourage each city and the County to enter into the MOA/MOU.

clear, stated and measurable outcomes for agricultural preservation?

- Will the proposed mitigation result in a genuine positive change on the ground, which would not have occurred anyway?
- Will the proposed mitigation result in permanent protection of agricultural land, given that the loss of agricultural land is generally irreversible?

Examples of typical measures include:

- The acquisition and transfer of *ownership* of agricultural land to an agricultural conservation entity for permanent protection of the land.
- The acquisition and transfer of *agricultural conservation* easements to an agricultural conservation entity for permanent protection of the land.
- The payment of in-lieu fees to an agricultural conservation entity that are sufficient to fully fund the cost of acquisition and administration/management of agricultural lands or agricultural conservation easements for permanent protection.

### Case Study: A Mitigation Menu

Contra Costa LAFCo recently adopted a policy that allows the applicant to choose from a menu of mitigation measures. Those measures can include a 1:1 policy whereby each acre lost is mitigated by an acre preserved for agricultural use. Other options can include fees in lieu of land, conservation easements, agricultural buffers, compliance with an approved habitat conservation plan, and participation in other development programs such as transfer or purchase of development credits. Under this policy, Contra Costa LAFCo will consider any reasonable proposal. If the applicant does not suggest a measure, the Commission has the option to impose one or deny the project.

## CEQA and Agricultural Preservation

Working proactively with local agencies to avoid or minimize impacts to agricultural land in the first place is preferable to mitigation. Agricultural mitigation requirements (for example, protecting other off-site lands at a certain ratio) are beneficial, but do not prevent agricultural land from being converted.

However, as a last resort, CEQA can be a tool to help LAFCos leverage agricultural preservation in furtherance of LAFCos' state-mandated purpose. Even in the absence of locally adopted agricultural preservation policies, agencies are required to consider project impacts on agricultural resources. Therefore, LAFCos can still promote agricultural preservation even when the local political climate may not allow for strong local policies. CEQA does not require LAFCos to adopt local agricultural conservation or mitigation policies, but some LAFCos may find it useful to adopt clear and transparent expectations via a local policy.

Public Resources Code, Section 21002 states (emphasis added):

*The Legislature finds and declares that it is the policy of the state that public agencies should not approve projects as proposed if there are **feasible alternatives or feasible mitigation measures available which would***

### Note

LAFCo can suggest, request, or require feasible mitigation measures, even in the absence of local agricultural preservation policies.

*substantially lessen the significant environmental effects of such projects, and that the procedures required by this division are intended to assist public agencies in systematically identifying both the significant effects of proposed projects and the feasible alternatives or feasible mitigation measures which will avoid or substantially lessen such significant effects. The Legislature further finds and declares that in the event specific economic, social, or other conditions make infeasible such project alternatives or such mitigation measures, individual projects may be approved in spite of one or more significant effects thereof.*

Pursuant to CEQA, public agencies shall not approve projects as proposed if there are feasible alternatives or feasible mitigation measures that would substantially lessen the significant environmental effects of the project.

### **LAFCo as a Responsible Agency**

Typically, a LAFCo will review a CEQA document, such as an Environmental Impact Report (EIR) or Negative Declaration as a “responsible agency”. Under CEQA, the “lead agency” means the public agency which has the principal responsibility for carrying out or approving a project which may have a significant effect upon the environment.<sup>13</sup> A responsible agency is any public agency, other than the lead agency, which has the responsibility for carrying out or approving the project.<sup>14</sup> Normally, the lead agency is the agency with general governmental powers such as a city or a county. Agencies with limited powers such as LAFCos, or agencies providing a public service or utility service, tend to be a responsible agency. However, LAFCos may be the lead agency and typically serve in this role for certain projects such as approvals of sphere of influences or out-of-agency municipal service extensions.

In the role of responsible agency, LAFCos can apply some leverage because LAFCo approval is necessary to implement the project. As a responsible agency, LAFCo has an obligation to address environmental impacts within its jurisdiction. If a LAFCo has adopted local agricultural preservation policies such as required conservation ratios, buffering setbacks, etc., LAFCo can comfortably assert recommendations on a project while the lead agency is still processing the CEQA document because: (1) the lead agency, in desiring LAFCo approval, likely will be amendable to compliance with LAFCo requirements and policies; and (2) the project proponent presumably would prefer to make any project changes and/or revisions to the CEQA document in compliance with LAFCo policy up front rather than waiting until the matter is before the LAFCo, thereby optimizing the time spent securing approvals. However, a LAFCo does *not* have to have formally adopted local policies in order for LAFCo to recommend that the lead agency require a given mitigation measure such as a conservation easement to mitigate for conversion of agricultural lands. CEQA's mandate requires the lead agency to implement feasible alternatives and mitigation measures whether or not a LAFCo has a locally adopted policy. Further, even if a lead agency or project proponent is not amenable to complying with LAFCo recommendations, if LAFCo believes that a project would have a significant impact to agricultural lands that the lead agency has not identified, the LAFCo, as a responsible agency, could require subsequent environmental review. In the context of that subsequent environmental review, a LAFCo could impose its own mitigation measures to protect agricultural lands if necessary to protect against a true threat to its resource.

## **Notice of Preparation (For EIRs only, not Negative Declarations)**

If a LAFCo is a responsible agency on a project, it should respond in writing to the Notice of Preparation. The response should identify the significant environmental issues and reasonable alternatives and mitigation measures that the responsible agency will need to have explored in the draft EIR.<sup>15</sup> This is LAFCo's opportunity to notify the lead agency of any relevant policies and potential concerns with a project that should be included in the EIR analysis. The LAFCo should be clear and forthright about project issues and LAFCo policies and requirements at the outset in the interest of providing the earliest possible notice to the interested parties. This will enhance the LAFCo's long-term credibility in the community and help keep political and other relationships in a positive state.

The intent is to avoid, minimize, and mitigate project impacts to agricultural land. Questions to consider during the NOP process include: Do options exist to minimize or avoid impacts to agricultural land? Should project alternatives be considered? What mitigation measures should be included?

Here are a few code sections to keep on hand. The following statutes can be cited to provide support when promoting LAFCo agricultural preservation goals:

- CKH Act, California Government Code, Section 56377: In reviewing and approving or disapproving proposals which could reasonably be expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-space uses, the commission shall consider . . . (a) Development or use of land for other than open-space uses shall be guided away from existing prime agricultural lands in open-space use toward areas containing nonprime agricultural lands, unless that action would not promote the planned, orderly, efficient development of an area.
- CEQA Guidelines, Title 14, California Code Regulations, Section 15041: The responsible agency may require changes in a project to lessen or avoid only the effects, either direct or indirect, of that part of the project which the agency will be called on to carry out or approve.
- CEQA Guidelines, Title 14, California Code Regulations, Section 15096(g)(2): When an EIR has been prepared for a project, the Responsible Agency shall not approve the project as proposed if the agency finds any feasible alternative or feasible mitigation measures within its powers that would substantially lessen or avoid any significant effect the project would have on the environment. With respect to a project which includes housing development, the Responsible Agency shall not reduce the proposed number of housing units as a mitigation measure if it determines that there is another feasible specific mitigation measure available that will provide a comparable level of mitigation.

### **Draft EIR or Negative Declaration**

At the draft EIR or Negative Declaration stage of the process, a LAFCo may comment on the adequacy of the draft environmental document's analysis, mitigation measures and conclusions. The

### **A Note About Ag Mitigation Ratios**

Conservation easements are effective and commonly used mitigation strategies. However, they do not make up for the loss of agricultural land and may not necessarily reduce the impact of agricultural land loss to a less than significant level.

lead agency is required to consult with LAFCo if it is a responsible agency. Among questions to think about during either draft EIR or Negative Declaration review: Are the analysis and stated impacts to agricultural land sound, reasonable and acceptable to LAFCo? Have all feasible project alternatives and mitigation measures been considered and required?

A LAFCo should ordinarily only make substantive comments regarding those activities involved in the project that are within LAFCo's scope of authority under the CKH Act, or aspects of the project required to be approved by LAFCo, and should be supported by specific documentation when possible. In a CEQA responsible agency role, LAFCos are required to advise the lead agency on environmental effects, and shall either submit to the lead agency complete and detailed performance objectives for mitigation measures addressing those effects or refer the lead agency to appropriate, readily available guidelines or reference documents concerning mitigation measures. If the responsible agency is not aware of mitigation measures that address identified effects, the responsible agency must so state.<sup>16</sup>

Examples of potential project alternatives to reduce impacts to agricultural lands include, among others: reduced footprint, clustered density, setbacks and buffers. Examples of feasible mitigation measures include: right to farm deed restrictions, setbacks and buffers, and conservation easements on a 1:1, 2:1 or 3:1 ratio.

### **Evaluation of and Response to Comments/Final EIR (For EIRs only, not Negative Declarations)**

After the public comment period closes, the lead agency then evaluates and provides a written response to comments received. The written response by the lead agency must describe the disposition of the issues raised, detailing why any specific comments or suggestions were not accepted. There must be a good faith, reasoned analysis in the response. Unsupported conclusory statements will not suffice. The lead agency cannot simply make generalizations stating that requiring conservation easements is not economically feasible, for example. As a responsible agency, LAFCo should review the written response provided and determine if it adequately resolves the issues raised in its Draft EIR comment letter. If not, LAFCo should reiterate its remaining concerns via letter and/or orally at the public hearing to certify the EIR.

### **Approval of a Negative Declaration or EIR**

When approving a project, the lead agency must find that either (1) the project as approved will not have a significant effect on the environment; or (2) the agency has eliminated or substantially lessened all significant effects where feasible, and determined that any remaining significant effects are found to be unavoidable. Therefore, even if the lead agency is adopting a Statement of Overriding Considerations, it does *not* relieve the agency from the requirement to adopt all feasible mitigation measures. In other words, an EIR Statement of Overriding Considerations is not a "free pass" to avoid mitigation. As a responsible agency, LAFCos should be involved in the CEQA process to ensure, as much as possible, the lead agency has implemented all feasible mitigation measures.

## **Mitigation Monitoring and Reporting Program**

Although mitigation monitoring is the lead agency's responsibility (and LAFCos should ensure mitigation language is written to ensure the responsibility for monitoring and tracking clearly lies with the lead agency and the timing mechanism is clear), as a responsible agency it is good practice to keep tabs on local development timing to follow up and ensure any required mitigation actually occurs.

## **LAFCo as a Lead Agency**

At times, LAFCos may act as the lead agency on a CEQA document. Examples include adoption of SOIs or approval of service extensions. However, often times LAFCos choose to not serve as the lead agency on a project where significant impacts may occur. For example, a LAFCo may choose not to enlarge a city's SOI until a development project has been proposed (and the land use authority as lead agency has conducted CEQA review instead) so that the LAFCo can process the SOI update concurrent with annexation. However, if a LAFCo finds itself as the lead agency on a project, the discussion above regarding lead agency requirements now would apply to LAFCo.

## **Caution Regarding Reliance on Habitat Conservation Plans as Agricultural Mitigation**

Habitat Conservation Plans (HCPs) often permit developers to pay an in-lieu fee for the purchase of comparable habitat to mitigate for a development's impact to sensitive species. Generally, the priority under HCPs is to mitigate for special status species, not necessarily agricultural land. An HCP would not necessarily address loss of agricultural land as an agricultural resource itself, but would rather address the loss of agricultural land in terms of the associated impacts to special-status species and sensitive habitats. This is a generalization as there is no "one size fits all" answer whether an HCP can or should be used as a mitigation strategy to mitigate for project impacts to agricultural land. Thus, LAFCos cannot automatically assume that HCPs will provide adequate mitigation for the loss of agricultural lands and fact-specific analysis would be required.

If use of an HCP for mitigation is proposed by the lead agency, that HCP needs to be reviewed to determine how the fees will be used and if comparable, compensatory mitigation will be provided. In other words, question how the HCP will use the fee. Does the fee get used just to place the land into a conservation easement that prohibits future development or will it be used for habitat restoration that will eliminate agricultural uses (such as mitigation for wetland or vernal pool mitigation)? The second key question is how the fee relates to the impact. Does it result in an appropriate ratio that compensates for the lands to be developed or is the proposed conservation easement "stacked" with other easements? Many conservation easements used for raptor habitat, for example, will prohibit vineyards and orchards, thereby limiting a raptor's ability to hunt, thus placing constraints on agricultural productivity. If the lead agency cannot demonstrate that the HCP fee would fully mitigate for the loss of agricultural land, other mitigation options should be explored outside of the HCP.



## Working with Cities and Counties

City and county planning processes directly influence whether local agriculture is sustainable and viable. LAFCos can play an important role early on in a jurisdiction's planning processes and can encourage continuous communication and collaborative planning between agencies.

In addition to adopting their own local LAFCo policies, LAFCos can help cities and counties adopt meaningful agricultural preservation policies in their general plans. By taking the initiative to engage and build relationships with cities and counties, LAFCo can influence local agencies in their planning processes and advocate for the protection of farmland and the farming economy. The Governor's Office of Planning and Research considers early consultation and collaboration between local agencies and LAFCo on annexations to be a best practice. This includes coordinating on CEQA review, general process and procedures, and fiscal issues.

By providing feedback throughout the general plan adoption process, LAFCos are able to coordinate with and encourage local agencies to adopt strong farmland protection policies in their general plans, specific plans, plans for development in unincorporated areas, and even within city limits. By engaging in a dialogue over plan development with cities and counties long before those agencies submit formal applications, LAFCo can help ensure that applications will be successful.

LAFCos can formalize this kind of proactive participation in local planning processes by tracking city and county agendas and planning cycles, anticipating when such jurisdictions will pursue plan updates or make amendments, and including general plan participation in LAFCo annual work plans. Formalizing this participation through the LAFCo annual work plan provides structure for ongoing engagement, and over time, normalizes the interaction so that cities and counties will come to expect LAFCo to be actively engaged.

Not only can LAFCos engage in early, informal discussions about what kinds of policies would be useful and compatible with LAFCo policies and mandates, but they can also submit formal comments as part of the public planning process. The executive officer can submit these formal comments on behalf of the commission.

To help local agencies assess the impacts of their plans on agricultural resources, LAFCos can draw information from many sources. The California Department of Conservation's Farmland Mapping and Monitoring Program can provide information about valuable farmland, including statistical trend data that can be used for analyzing impacts on agricultural resources. Storie index maps can help LAFCos understand the location of the best soils, so that urban growth can be directed away from those areas. LAFCos should also track the location of agricultural conservation easements, and properties under Williamson Act contracts. The county agricultural commissioner's office can help other local agencies understand local agriculture and how planning decisions will have an effect.

LAFCos can help cities make good decisions with regard to annexations, following the avoid-minimize-mitigate protocol mentioned earlier in this white paper. LAFCos have the power to review and approve annexations with or without amendment, wholly, partially, or conditionally, or disapprove proposed annexations, reorganizations, and incorporations, consistent with written policies, procedures, and guidelines adopted by the commission. By working with a city early on in

the process, LAFCo can provide ongoing guidance in the development of an annexation proposal, encouraging attributes that will lead to its success.

LAFCo can also influence county planning processes via the formation or expansion of special districts.

## Best Practices for LAFCos

When considering an agricultural preservation policy, the following actions provide background operational context:

1. *An appropriately-scaled policy framework is necessary.*

A policy framework implements a goal, which ideally describes the end-state desired by a LAFCo. Each policy implemented over time, and as applicable, incrementally fulfills a LAFCo's goal. The end-state should reflect the LAFCo's values and by extension the values of the greater community of local agencies that it serves.

A policy adopted without a corresponding over-arching goal is less effective.

2. *The agricultural preservation policy must be consistent with the authority and limitations of a LAFCo.*

LAFCos have broad statutory authority to approve, approve with conditions, or deny proposals for a change of organization or reorganization initiated by a petition or by resolution of application.<sup>17</sup> However, LAFCos shall not impose any conditions that would directly regulate land use density or intensity, property development, or subdivision requirements.<sup>18</sup>

3. *LAFCos should have commitment from the local agencies involved in the implementation of the policy.*

LAFCo policies should be developed in consultation with the affected local agencies and stakeholders in the county. Also, policies should be developed so that they work in coordination with the local agencies' approval process. Preferably, LAFCo policies are consistent and complementary with cities' general plans and the master plans of special districts under LAFCo's jurisdiction.

4. *The policy should be simple, uncomplicated, and easy for the local agency staff to administer and the public to understand.*

Over 78 percent of LAFCos are staffed with four or fewer employees.<sup>19</sup> This means that most LAFCos have very limited resources with which to implement and monitor complicated policies, implementation or mitigation measures.

5. *The policy should include a programmatic incentive for proposal applicants to either agree with the effect of the policy or not protest implementation.*

Once adopted, the policy should influence how local agencies implement their growth plans.

6. *Importantly, local agencies, stakeholders and the public must know about and understand the agricultural preservation policy and its potential use. In other words, a public education program is essential.*

Community involvement in the development of the goal and its supporting policy is critical. Such input should be requested, synthesized, and reflected in the goal to represent the community's interest. LAFCo interests are best served when the community's understanding is clear about how that goal is achieved, how long it should take to reach, and how one or more policies is used to reach it.

7. *There should be flexibility in the specific details of how a given proposal can implement overarching policy goals.*

Individual LAFCo policies can lay out a LAFCo's statutory mandate to balance the state interest in the preservation of open space and prime agricultural lands against the need for orderly development. A policy can state that a proposal provide for planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space and agricultural lands within those patterns. But the policy does not have to prescribe a specific course of action that an applicant should take in order to be considered satisfactory in addressing this overarching policy goal. The policy places the onus on the applicant to explain or justify how the proposal balances the state interest in the preservation of open space and prime agricultural lands against the need for orderly development. The policy can be explicit in asserting a LAFCo's authority to deem incomplete and/or deny proposals that do not adequately put forth a rationale for a LAFCo to weigh against the policy goals.

## Endnotes

1. California Public Resources Code, Section 21000 et seq.
2. SSM, USDA Handbook No. 18, October 1993. United States Department of Agriculture. Accessed on August 9, 2017: [https://www.nrcs.usda.gov/wps/portal/nrcs/detail/null/?cid=nrcs143\\_014052](https://www.nrcs.usda.gov/wps/portal/nrcs/detail/null/?cid=nrcs143_014052).
3. California Department of Conservation Farmland Mapping and Monitoring Protection Program. Accessed January 15, 2018: [http://www.conservation.ca.gov/dlrp/fmmp/Documents/soil\\_criteria.pdf](http://www.conservation.ca.gov/dlrp/fmmp/Documents/soil_criteria.pdf).
4. California Government Code Section 56064.
5. California Department of Conservation, Farmland Mapping and Monitoring program (FMMP).
6. California Department of Food and Agriculture, 2015.
7. U.S. Census of Agriculture, [National Agricultural Statistics Service](#), 2015.
8. California Department of Food and Agriculture, 2015.
9. U.S. Census Bureau, 2016.
10. *The Measure of California Agriculture*, 2012 update. University of California Agricultural Issues Center. Accessed on December 13, 2017: <http://aic.ucdavis.edu/publications/moca/MOCABrochure2013.pdf>.
11. Ibid.
12. California Air Resources Board. *California's 2017 Climate Change Scoping Plan*. Accessed on December 15, 2017: <https://www.arb.ca.gov/cc/scopingplan/scopingplan.htm>.
13. California Public Resources Code, Section 21067.
14. California Public Resources Code, Section 21069.
15. CEQA Guidelines Section 15082 (b).
16. CEQA Guidelines Section 15086 (c) and (d).
17. California Government Code Section 56375 (a)(1): The commission shall have the powers and duties to review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, consistent with written policies, procedures, and guidelines adopted by the commission.  
California Government Code Section 56021: "Change of organization" means any of the following:
  - (a) A city incorporation.
  - (b) A district formation.
  - (c) An annexation to a city.
  - (d) An annexation to a district.
  - (e) A detachment from a city.
  - (f) A detachment from a district.
  - (g) A disincorporation of a city.
  - (h) A district dissolution.
  - (i) A consolidation of cities.
  - (j) A consolidation of special districts.
  - (k) A merger of a city and a district.
  - (l) Establishment of a subsidiary district.
  - (m) The exercise of new or different functions or classes of services, or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district.
18. California Government Code Section 56375 (a)(6).
19. CALAFCO survey, CaLAFCO.org, 2015.

**LAFCO MEETING:** April 4, 2018  
**TO:** LAFCO  
**FROM:** Neelima Palacherla, Executive Officer  
Dunia Noel, Analyst  
**SUBJECT:** LEGISLATIVE REPORT

### **STAFF RECOMMENDATION**

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

### **LEGISLATIVE REPORT**

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Commissioner Wilson participated by phone in the CALAFCO Legislative Committee meeting held on February 16, 2018 in Sacramento. EO Palacherla participated by phone in the CALAFCO Legislative Committee meeting held on March 16, 2018 in Irvine.

The CALAFCO Executive Board appoints members to the CALAFCO Legislative Committee. Commissioner Wilson was appointed as the CALAFCO Board representative and EO Palacherla was appointed as an alternate staff member.

In the second year of the 2017-2018 legislative session, CALAFCO is sponsoring two bills: 1.) AB 3254 is CALAFCO's annual omnibus bill introduced on March 14<sup>th</sup> by the Assembly Local Government Committee to include largely non-substantive / non-controversial changes to the Cortese Knox Hertzberg Act, and 2.) AB 2258 is seeking one-time grant funding for LAFCOs as a follow-up to recommendations in the Little Hoover Commission report.

CALAFCO is also tracking a number of bills which have direct and indirect impact on LAFCOs. Please see **Attachment A** for the CALAFCO Legislative Report which is a summary report on the status of various LAFCO-related legislation.

### **ATTACHMENT**

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Attachment A: CALAFCO Legislative Update – March 27, 2018



**CALAFCO Daily Legislative Report  
as of Tuesday, March 27, 2018**

1

**AB 2050 (Caballero D) Small System Water Authority Act of 2018.**

**Current Text:** Amended: 3/19/2018 [html](#) [pdf](#)

**Introduced:** 2/6/2018

**Last Amended:** 3/19/2018

**Status:** 3/20/2018-Re-referred to Com. on E.S. & T.M.

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

**Calendar:**

4/10/2018 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

**Summary:**

Would create the Small System Water Authority Act of 2018 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2019, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance with applicable drinking water standards as of December 31, 2018.

**Position:** Watch

**Subject:** LAFCo Administration, Municipal Services, Water

**CALAFCO Comments:** This bill is sponsored by Eastern Municipal Water District and the CA Municipal Utilities Assoc. The intent is to give the State Water Resources Control Board (SWRCB) authority to mandate the dissolution of existing drinking water systems (public, mutual and private) and authorize the formation of a new public water system. The focus is on non contiguous systems. The SWRCB already has the authority to mandate consolidation of these systems, this will add the authority to mandate dissolution and formation of new public agencies.

CALAFCO met with the sponsors several times and they indicate a desire to work with LAFCos on creating a process that works. However, it is our understanding that LAFCo will lack any discretion in the dissolution of any public water agency mandated by the SWRCB and the formation of a new entity as mandated by the SWRCB. CALAFCO will continue to work with the sponsors and author.

**AB 2238 (Aguilar-Curry D) Change of organization or reorganization: local agency formation commission review: hazard mitigation plan: safety element.**

**Current Text:** Introduced: 2/13/2018 [html](#) [pdf](#)

**Introduced:** 2/13/2018

**Status:** 3/1/2018-Referred to Com. on L. GOV.

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

**Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 specifies the factors that a local agency formation commission is required to consider in the review of a proposal for a change of organization or reorganization, including, among other things, the proposal's consistency with city or county general and specific plans. This bill would additionally require the commission to consider any relevant hazard mitigation plan or safety element of a general plan, and the extent to which the proposal will affect any land identified as a very high fire hazard severity zone or land determined to be in a state responsibility area, as provided.

**Position:** Watch

**Subject:** Climate Change, Growth Management

**CALAFCO Comments:** This bill seeks to add another factor for LAFCo consideration in the review of a proposal. That factor is any relevant hazard mitigation plan or safety element of a general plan, and the extent to which the proposal will affect any land identified as a very high fire hazard

severity zone (pursuant to Gov. Code Sc. 51178) or land determined to be in a state responsibility area (pursuant to PRC Sec. 4102).

This bill is in response to the rash of wildfires throughout the state over the past several years and the ongoing threat of same as a result of climate change.

**AB 2258 (Caballero D) Local agency formation commissions: grant program.**

**Current Text:** Amended: 3/15/2018 [html](#) [pdf](#)

**Introduced:** 2/13/2018

**Last Amended:** 3/15/2018

**Status:** 3/19/2018-Re-referred to Com. on L. GOV.

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

**Summary:**

Current law establishes the Strategic Growth Council in state government and assigns to the council certain duties, including providing, funding, and distributing data and information to local governments and regional agencies that will assist in the development and planning of sustainable communities. This bill would require the Strategic Growth Council, until January 1, 2024, to establish and administer a local agency formation commissions grant program for the payment of costs associated with initiating and completing the dissolution of inactive districts, the payment of costs associated with a study of the services provided within a county by a public agency, and for other specified purposes, including the initiation of an action, based on determinations found in the study, as approved by the commission.

**Attachments:**

[CALAFCO Support March 2018](#)

[CALAFCO Support March 2018](#)

**Position:** Sponsor

**Subject:** Other

**CALAFCO Comments:** As introduced this is a spot bill. This is a CALAFCO sponsored bill following up on the recommendation of the Little Hoover Commission report of 2017 for the Legislature to provide LAFCo's one-time grant funding for in-depth studies of potential reorganization of local service providers. CALAFCO is working with the Strategic Growth Council in preparing a process and actual language will be coming soon.

**AB 2600 (Flora R) Regional park and open space districts.**

**Current Text:** Introduced: 2/15/2018 [html](#) [pdf](#)

**Introduced:** 2/15/2018

**Status:** 3/8/2018-Referred to Com. on L. GOV.

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

**Calendar:**

4/11/2018 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

**Summary:**

Would authorize the formation of a district by the adoption of a resolution of application by the legislative body of any county or city that contains the territory proposed to be included in the district. The bill would require the resolution to contain certain information, including the methods by which the district would be financed. The bill would require a public hearing before the adoption of the resolution, as provided.

**Attachments:**

[CALAFCO Support March 2018](#)

**Position:** Support

**CALAFCO Comments:** This bill would expand the process of initiating the formation of a regional park and open space district by adding that a local governing body may adopt a resolution proposing to form a new district. This would be in lieu of having a 5,000 signature petition. The LAFCo process remains intact.

The intent of this bill is to create an easier way to proposed the formation of these types of districts, thereby removing the need for special legislation to do so. The bill is author-sponsored.

**AB 3254 (Committee on Local Government) Local government organization: omnibus.**



**Current Text:** Introduced: 3/14/2018 [html](#) [pdf](#)

**Introduced:** 3/14/2018

**Status:** 3/22/2018-Referred to Com. on L. GOV.

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

**Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act) provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Current law defines various terms for purposes of that Act, including the terms "affected territory" and "inhabited territory." This bill would revise those definitions to include territory that is to receive extended services from a local agency, and additionally define the term "uninhabited territory" for purposes of the Act.

**Attachments:**

[CALAFCO Support](#)

**Position:** Sponsor

**CALAFCO Comments:** This is the annual Assembly Local Government Committee Omnibus bill, sponsored by CALAFCO.

**[SB 1215](#) ([Hertzberg D](#)) Drinking water systems and sewer systems: consolidation and extension of service.**

**Current Text:** Introduced: 2/15/2018 [html](#) [pdf](#)

**Introduced:** 2/15/2018

**Status:** 3/20/2018-Set for hearing April 4. April 4 set for first hearing canceled at the request of author.

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

**Summary:**

Current law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes. This bill would also authorize the state board to set timeline and performance measures to facilitate completion of extension of service of drinking water. This bill contains other related provisions and other current laws.

**Position:** Watch With Concerns

**Subject:** Disadvantaged Communities, Water

**CALAFCO Comments:** This bill would authorize the State Water Resources Control Board (SWRCB) to mandate extension of service or consolidation of wastewater systems - both public and private, under certain circumstances. The process mirrors the process set forth in SB 88 giving the SWRCB authority to mandate the same for drinking water systems.

**[SB 1496](#) ([Committee on Governance and Finance](#)) [Validations](#).**

**Current Text:** Introduced: 3/1/2018 [html](#) [pdf](#)

**Introduced:** 3/1/2018

**Status:** 3/22/2018-Set for hearing April 4.

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

**Calendar:**

4/4/2018 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

**Summary:**

Would enact the Second Validating Act of 2018, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

**Attachments:**

[CALAFCO Support March 2018](#)

**Position:** Support

**[SB 1497](#) ([Committee on Governance and Finance](#)) [Validations](#).**

**Current Text:** Introduced: 3/1/2018 [html](#) [pdf](#)

**Introduced:** 3/1/2018

**Status:** 3/22/2018-Set for hearing April 4.

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

**Calendar:**

4/4/2018 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

**Summary:**

Would enact the First Validating Act of 2018, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities. This bill would declare that it is to take effect immediately as an urgency statute.

**Attachments:**

[CALAFCO Support March 2018](#)

**Position:** Support

**Subject:** LAFCo Administration

**SB 1499 (Committee on Governance and Finance) Validations.**

**Current Text:** Introduced: 3/1/2018 [html](#) [pdf](#)

**Introduced:** 3/1/2018

**Status:** 3/15/2018-Referred to Com. on GOV. & F.

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

**Calendar:**

4/4/2018 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

**Summary:**

Would enact the Third Validating Act of 2018, which would validate the organization, boundaries, acts, proceedings, and bonds of the state and counties, cities, and specified districts, agencies, and entities.

**Attachments:**

[CALAFCO Support March 2018](#)

**Position:** Support

**Subject:** LAFCo Administration

**AB 2268 (Reyes D) Local government finance: property tax revenue allocations: vehicle license fee adjustments.**

**Current Text:** Introduced: 2/13/2018 [html](#) [pdf](#)

**Introduced:** 2/13/2018

**Status:** 3/1/2018-Referred to Com. on L. GOV.

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

**Summary:**

Would, for the 2018–19 fiscal year, instead require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount in the 2004–05 fiscal year, if a specified provision did not apply, and the product of the amount as so described and the percentage change in gross taxable assessed valuation within the jurisdiction of that entity between the 2004–05 fiscal year to the 2018–19 fiscal year. This bill, for the 2019–20 fiscal year, and for each fiscal year thereafter, would require the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year and the product of the amount as so described and the percentage change from the prior fiscal year in gross taxable assessed valuation within the jurisdiction of the entity.

**Position:** Support if Amended

**Subject:** Tax Allocation

**CALAFCO Comments:** Sponsored by the League, this bill will reinstate ERAF funding for inhabited annexations.

**AB 2491 (Cooley D) Local government finance: vehicle license fee adjustment amounts.**

**Current Text:** Introduced: 2/14/2018 [html](#) [pdf](#)

**Introduced:** 2/14/2018

**Status:** 3/5/2018-Referred to Com. on L. GOV.

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

**Summary:**

Would establish a separate vehicle license fee adjustment amount for a city incorporating after January 1, 2012, and for a qualified city, as defined, incorporating after January 1, 2012, would establish an additional separate vehicle license fee adjustment amount. This bill contains other related provisions and other existing laws.

**Attachments:**

[CALAFCO Support March 2018](#)

**Position:** Support

**Subject:** Tax Allocation

**CALAFCO Comments:** Sponsored by the League, this bill will reinstate ERAF funding for cities incorporating after 2017.

**[AB 2501](#) (Chu D) Drinking water: consolidation and extension of service.**

**Current Text:** Introduced: 2/14/2018 [html](#) [pdf](#)

**Introduced:** 2/14/2018

**Status:** 3/8/2018-Referred to Com. on E.S. & T.M.

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

**Calendar:**

4/10/2018 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

**Summary:**

The California Safe Drinking Water Act authorizes the State Water Resources Control Board to order extension of service to an area within a disadvantaged community that does not have access to an adequate supply of safe drinking water so long as the extension of service is an interim extension of service in preparation of consolidation. The act defines "disadvantaged community" for these purposes to mean a disadvantaged community that is in an unincorporated area, is in a mobilehome park, or is served by a mutual water company or small public water system. This bill would redefine "small public water system" for these purposes as a system with 200 connections of less.

**Position:** Watch

**Subject:** Disadvantaged Communities, Water

**[AB 3023](#) (Medina D) California Environmental Quality Act.**

**Current Text:** Amended: 3/19/2018 [html](#) [pdf](#)

**Introduced:** 2/16/2018

**Last Amended:** 3/19/2018

**Status:** 3/20/2018-Re-referred to Com. on NAT. RES.

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

**Summary:**

Would require lead agencies to post the notices required by CEQA and any environmental review document for a project on their Internet Web sites, if any, or to submit those notices and environmental review documents to the State Clearinghouse for inclusion in the database as specified. Because this bill would impose additional duties on lead agencies, this bill would impose a state-mandated local program.

**Position:** Watch

**Subject:** CEQA

**[AB 1889](#) (Caballero D) Santa Clara Valley Water District.**

**Current Text:** Introduced: 1/18/2018 [html](#) [pdf](#)

**Introduced:** 1/18/2018

**Status:** 2/5/2018-Referred to Com. on L. GOV.

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

**Summary:**

The Santa Clara Valley Water District Act authorizes the district to impose special taxes at minimum rates according to land use category and size. The district act authorizes the district to provide an exemption from these taxes for residential parcels owned and occupied by one or more taxpayers who are at least 65 years of age, or who qualify as totally disabled, if the household income is less than an amount approved by the voters of the district. This bill would authorize the district to require a taxpayer seeking an exemption from these special taxes to verify his or her age, disability status, or household income, as prescribed. The bill would authorize the board of directors of the district to provide the exemption.

**Position:** Watch

**AB 2019 (Aguiar-Curry D) Health care districts.**

**Current Text:** Amended: 3/22/2018 [html](#) [pdf](#)

**Introduced:** 2/5/2018

**Last Amended:** 3/22/2018

**Status:** 3/22/2018-Referred to Com. on L. GOV. From committee chair, with author's amendments: Amend, and re-refer to Com. on L. GOV. Read second time and amended.

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

**Summary:**

The Local Health Care District Law provides for local health care districts that govern certain health care facilities. The bill would require a district that is authorized and elects to use the design-build process, as specified, for the construction of housing to require that at least 20% of the residential units constructed be subject to a recorded affordability restriction for at least 55 years and be affordable to lower income households, very low income households, extremely low income households, and persons and families of low or moderate income, as defined, unless the city, county, or city and county in which the district is predominantly located has adopted a local ordinance that requires a greater percentage of the units be affordable to those groups. This bill contains other related laws and provisions.

**Position:** Watch

**AB 2179 (Gipson D) Municipal corporations: public utility service: water and sewer service.**

**Current Text:** Introduced: 2/12/2018 [html](#) [pdf](#)

**Introduced:** 2/12/2018

**Status:** 3/1/2018-Referred to Com. on L. GOV.

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

**Summary:**

Would authorize a municipal corporation to utilize the alternative procedures to lease, sell, or transfer that portion of a municipal utility used for furnishing sewer service outside the boundaries of the municipal corporation.

**Position:** Watch

**Subject:** Municipal Services

**AB 2262 (Wood D) Coast Life Support District Act: urgent medical care services.**

**Current Text:** Introduced: 2/13/2018 [html](#) [pdf](#)

**Introduced:** 2/13/2018

**Status:** 3/21/2018-From committee: Do pass and re-refer to Com. on L. GOV. (Ayes 14. Noes 0.) (March 20). Re-referred to Com. on L. GOV.

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

**Summary:**

Current law establishes the Coast Life Support District and specifies the powers of the district. The district is authorized, among other things, to supply the inhabitants of the district emergency medical services, as specified. This bill would additionally authorize the district to provide urgent medical care services. This bill contains other related provisions.

**Position:** Watch

**Subject:** LAFCo Administration, Special District Powers

**CALAFCO Comments:** This is a single district bill in which the district is seeking to activate latent powers (actually to codify powers they have been performing for a number of years) and bypassing LAFCo. CALAFCO and the local LAFCo are working with the author's office to keep this matter local. Will watch the bill.

**AB 2339 (Gipson D) Water utility service: sale of water utility property by a city.**

**Current Text:** Introduced: 2/13/2018 [html](#) [pdf](#)

**Introduced:** 2/13/2018

**Status:** 3/20/2018-From committee: Do pass and re-refer to Com. on L. GOV. (Ayes 12. Noes 1.) (March 20). Re-referred to Com. on L. GOV.

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

**Summary:**

Would permit a city that owns and operates a public utility for furnishing water service to sell the public utility for the purpose of consolidating its public water system with another public water system pursuant to the procedures that are generally applicable to the sale of real property by a city, only if the potentially subsumed water system is wholly within the boundaries of the city, if the city determines that it is uneconomical and not in the public interest to own and operate the public utility and if certain requirements are met. The bill would prohibit the city from selling the public utility for one year if 50% of interested persons, as defined, protest the sale.

**Position:** Watch

**Subject:** Water

**SB 522 (Glazer D) West Contra Costa Healthcare District.**

**Current Text:** Amended: 1/3/2018 [html](#) [pdf](#)

**Introduced:** 2/16/2017

**Last Amended:** 1/3/2018

**Status:** 1/30/2018-In Assembly. Read first time. Held at Desk.

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

**Summary:**

Current law provides for the formation of local health care districts and specifies district powers. Under existing law, the elective officers of a local health care district consist of a board of hospital directors consisting of 5 members, each of whom is required to be a registered voter residing in the district and whose term shall be 4 years, except as specified. This bill would dissolve the existing elected board of directors of the West Contra Costa Healthcare District, effective January 1, 2019, and would require the Board of Supervisors of the County of Contra Costa, at its election, to either serve as the district board or appoint a district board, as specified.

**Position:** Watch

**Subject:** Special Districts Governance

**SB 561 (Gaines R) Fallen Leaf Lake Community Services District: elections.**

**Current Text:** Amended: 1/23/2018 [html](#) [pdf](#)

**Introduced:** 2/17/2017

**Last Amended:** 1/23/2018

**Status:** 1/30/2018-Read third time. Passed. (Ayes 36. Noes 0.) Ordered to the Assembly. In Assembly. Read first time. Held at Desk.

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

**Summary:**

Under current law, the Fallen Leaf Lake Community Services District is a resident voting district. This bill, notwithstanding existing law, would provide that voters who are residents of the district, and voters who are not residents but either own a real property interest in the district or have been designated by the owner of a real property interest to cast the vote for that property, may vote in a district election in the Fallen Leaf Lake Community Services District.

**Position:** Watch

**Subject:** Special Districts Governance

**[SB 623](#) (Monning D) Water quality: Safe and Affordable Drinking Water Fund.**

**Current Text:** Amended: 8/21/2017 [html](#) [pdf](#)

**Introduced:** 2/17/2017

**Last Amended:** 8/21/2017

**Status:** 9/1/2017-From committee: Without recommendation. (Ayes 11. Noes 0.) (September 1)  
Re-referred to Com. on RLS.

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

**Summary:**

Would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board. The bill would require the board to administer the fund to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. The bill would authorize the state board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, bequests, and settlements from parties responsible for contamination of drinking water supplies.

**Position:** Watch

**Subject:** Water

**[SB 778](#) (Hertzberg D) Water systems: consolidations: administrative and managerial services.**

**Current Text:** Amended: 7/13/2017 [html](#) [pdf](#)

**Introduced:** 2/17/2017

**Last Amended:** 7/13/2017

**Status:** 9/1/2017-Failed Deadline pursuant to Rule 61(a)(12). (Last location was APPR. on 8/23/2017)(May be acted upon Jan 2018)

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

**Summary:**

Would require, on or before March 1, 2018, and regularly thereafter, as specified, the State Water Resources Control Board to track and publish on its Internet Web site an analysis of all voluntary and ordered consolidations of water systems that have occurred on or after July 1, 2014. The bill would require the published information to include the resulting outcomes of the consolidations and whether the consolidations have succeeded or failed in providing an adequate supply of safe drinking water to the communities served by the consolidated water systems.

**Position:** Watch

**Subject:** Municipal Services

**[SB 929](#) (McGuire D) Special districts: Internet Web sites.**

**Current Text:** Amended: 3/6/2018 [html](#) [pdf](#)

**Introduced:** 1/25/2018

**Last Amended:** 3/6/2018

**Status:** 3/21/2018-Set for hearing April 4.

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

**Calendar:**

4/4/2018 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

**Summary:**

The California Public Records Act requires a local agency to make public records available for inspection and allows a local agency to comply by posting the record on its Internet Web site and directing a member of the public to the Web site, as specified. This bill would, beginning on January 1, 2020, require every independent special district to maintain an Internet Web site that clearly lists contact information for the special district, except as provided. Because this bill would require local agencies to provide a new service, the bill would impose a state-mandated local program.

**Position:** Watch

**[SB 1459](#) (Cannella R) Local government organization: disincorporated cities.**

**Current Text:** Introduced: 2/16/2018 [html](#) [pdf](#)

**Introduced:** 2/16/2018

**Status:** 3/8/2018-Referred to Com. on RLS.

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

**Summary:**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts by local agency formation commissions. Under that act, upon disincorporation of a city, on and after the effective date of that disincorporation, the territory of the disincorporated city, all inhabitants within the territory, and all persons formerly entitled to vote by reason of residing within that territory, are no longer subject to the jurisdiction of the disincorporated city. This bill would make a nonsubstantive change to this provision.

**Position:** Watch

**Subject:** Disincorporation/dissolution

**CALAFCO Comments:** This is a spot bill.

**SB 1498 (Committee on Governance and Finance) Local Government Omnibus Act of 2018.**

**Current Text:** Introduced: 3/1/2018 [html](#) [pdf](#)

**Introduced:** 3/1/2018

**Status:** 3/22/2018-Set for hearing April 4.

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

**Summary:**

Current law sets forth various provisions governing cities that reference various officers and employees. This bill would make these references gender neutral.

**Position:** Watch

**CALAFCO Comments:** This is the annual Senate Governance & Finance Committee Omnibus bill.

Total Measures: 25

Total Tracking Forms: 25

3/27/2018 7:39:24 PM

